



TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC.

HEADQUARTERS: P.O. BOX 33695 DENVER, COLORADO 80233-0695 303-452-6111

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Corporate Communications
Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228

Tri-State Generation and Transmission Association, Inc. (Tri-State) appreciates the opportunity to provide input to the Western Area Power Administration (Western) process for revising and updating its Open Access Transmission Tariff (Tariff). Tri-State understands Western's interest in complying with most of the Order 890 requirements imposed on regulated utilities, but urges Western to be cognizant of potential unintended consequences and increased manpower necessary to achieve the level of a "safe harbor" ruling from the Federal Energy Regulatory Commission (FERC).

Tri-State generally supports the changes that Western has incorporated into its proposed revisions to its Tariff. Tri-State is particularly pleased to see that Western has decided not to adopt the FERC recommended changes to Section 23.1, Procedures for Assignment or Transfer of Service. Many cooperative and municipal utilities have opposed FERC's proposal to allow resale of transmission at market prices. Resale of Western's transmission is inconsistent with Western's long history of cost based rates. Tri-State supports preservation of the "at cost" philosophy of the Federal power program for all Federal resources.

Tri-State also strongly supports Western's decision not to adopt Order 890 financial penalties associated with transmission study timelines. Western has struck an appropriate balance between avoiding financial risk, which would ultimately be borne by Western's firm power customers, and accountability by reporting study progress to the FERC.

Tri-State submits the following additional comments for Western's consideration.

In **Section 1.29**, New Rate, Western should add "or ancillary services" after "transmission service."

In **Sections 3 and 3.2**, Western has adopted the Order 890 addition of Other (non-generating) sources for VAR support. How does Western intend to implement these provisions? Will Western develop Western-wide principles, and seek customer involvement, for inclusion of such assets in its Ancillary Services rates?

In **Section 15.4 (a)** Western added the following statement: "and is contingent upon the availability to Transmission Provider of sufficient appropriations and/or authority, when needed, and the Transmission Customer's advanced funds." This wording is confusing and might be better worded as follows: "and is contingent either upon the availability to Transmission





Provider of sufficient appropriations, or authority, when needed, for the expenditure of Transmission Customer's advanced funds."

In most places in the Tariff Western has replaced the term "due diligence" with "Reasonable Efforts." **Section 15.4 (b)** still contains phrase "due diligence;" should the reference be "Reasonable Efforts?"

Section 15.4 (and associated citations) Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System, Redispatch or Conditional Curtailment. In its proposed revisions, Western has adopted FERC *pro forma* changes regarding offering conditional service or redispatch. Tri-State strongly encourages Western to limit its offering under its Tariff to Conditional Curtailment. Western should NOT offer redispatch as defined by FERC in Order 890. Western may opt to not offer redispatch by taking advantage of the potential exception that FERC gave Western and the Bonneville Power Administration in Order 890. This exception could allow Western to relieve itself of the requirement to offer Redispatch service as a short-run alternative to construction of transmission. In Paragraph 948 of Order 890, FERC stated:

"We also repeat that planning redispatch service does not need to be provided if doing so would impair the firmness of service to existing transmission customers. For example, pre-existing federal obligations, such as those described by Bonneville, WAPA and Bureau of Reclamation, would qualify as the type of firm commitments to others that would excuse transmission providers from the planning redispatch obligation to the extent that redispatch impaired service to these customers."

In Order 890, FERC decided to require hydroelectric-based systems to review the capability to provide redispatch service on a case-by-case basis. This decision appears to be based on the assumption that large hydroelectric systems, such as the Bonneville Power Administration, have significant operational flexibility. Hydropower flexibility is severely restricted within most of the power systems managed by Western. For example, the Rocky Mountain Region already restricts the use of the Mount Elbert Pumped Storage Plant to meet its firm power obligation in order to reserve capacity and energy to meet its Balancing Authority obligations. Redispatch in this region would definitely impair the region's ability to meet its firm power commitments to its customers. Another example is the Colorado River Storage Project (CRSP). Most of the primary resources of the CRSP—Glen Canyon Powerplant, the Flaming Gorge Powerplant, and the Aspinall Unit are significantly restricted to meet environmental considerations. Deviation from approved release patterns at Glen Canyon is only allowed to meet emergency conditions and is closely scrutinized by the Bureau of Reclamation. In the Upper Midwest the Pick-Sloan Missouri River Basin Program must manage its resources within the bounds of the Corps of Engineers' Master Manual and the guidelines prepared by the Missouri River Recovery Implementation Committee.

The hydroelectric resources managed and dispatched by Western are often stretched to the limits of their operating capability and environmental restrictions. This stress is often due to the





increasing demand for Ancillary Services under Western's existing Tariff. Although in Order 890, FERC rejected the requests of Western, Bonneville and the Bureau of Reclamation for blanket exemption for hydroelectric-based systems, Western needs to make this argument once again. Demands on Federal resources have continued to increase since FERC made its decision in 2007, and in some areas operational and environmental restrictions on Western-operated power systems have increased. Western should determine that the existing restrictions on its power systems are significant enough that offering redispatch service will impair service to its firm power customers on an across the board basis.

In **Section 19.2** Western should consider adding forfeiture of deposit for a customer who opts out of a cluster study.

Schedule 4 Energy Imbalance Service (and Schedule 9, Generator Imbalance Service) In its proposed revisions to Schedules 4 and 9, Western has deleted most of the Order 890 provisions describing the parameters of Energy and Generator Imbalance Services. At its Informal Information meeting on June 2nd, Western staff explained that it made this decision because it did not want to predetermine the rates for this service. Rates for these imbalance services would be determined on a system by system basis under Western's formal procedures for rate adjustments. Tri-State recognizes the validity of Western's position on regional rate setting requirements. However, Tri-State believes that Western went a step too far by entirely eliminating the FERC framework for establishing imbalance bandwidths. While it may be appropriate for each of Western's regions to adopt different methods of determining charges and "penalties" for exceeding imbalance bandwidths, it was not appropriate to disregard the bandwidths entirely. Western should accept the imbalance bandwidths adopted in Order 890 and depart from those bandwidths only when it can demonstrate that it has met the FERC standard of "equal to or superior to" the FERC pro forma. Tri-State has attached a suggested revision to Schedule 4 that reflects this concept.

Attachment C. On page 96, Western identifies the term, Miscellaneous Impact. Miscellaneous Impact is not well defined. Since these impacts may result in modifications of Available Transmission Capability, Miscellaneous Impact should be defined more clearly.

Attachment Q, Section 3.3, Establishing Credit Limits. Why would Western establish a credit limit for Tariff Service? Western is not in the business of loaning money to its customers and always requires payment in advance. Is this section intended to be a requirement to advance fund 5 months of service if the customer is not creditworthy, rather than a credit limit?

In **Section 19.1** of the Large Generator Interconnection Agreement and **Section 7.1** of the Small Generator Interconnection Agreement, Western has changed the assignment language to be bilateral, allowing Western the opportunity to assign its rights and obligations under the either agreement. This seems inconsistent with past Western practice. Does Western intend to exercise such an option?





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Generator Interconnection Procedures. Tri-State encourages Western to review the industry changes that have been proposed by RTOs and should actively engage with the WestConnect Large Generator Interconnection Procedures Work Group. Where appropriate Western should consider adoption of some procedural enhancements, such as increased deposits, elimination of Interconnection Feasibility Studies and other measures that may improve the processing of interconnection requests in Western's interconnection queues.

Tri-State commends Western for the efforts that its staff has put into this Tariff revision. If you have questions please call me at 303-254-3355.

Ron Steinbach
Transmission Policy Administrator

RS/fw
Attachment



SCHEDULE 4

Energy Imbalance Service

Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within a Control Area over a single hour. The Transmission Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either obtain this service from the Transmission Provider or make alternative comparable arrangements to satisfy its Energy Imbalance Service obligation. To the extent the Control Area operator performs this service for the Transmission Provider, charges to the Transmission Customer are to reflect only a passthrough of the costs charged to the Transmission Provider by that Control Area operator. The Transmission Provider may charge a Transmission Customer a penalty for either hourly energy imbalances under this Schedule or a penalty for hourly generator imbalances under Schedule 9 for imbalances occurring during the same hour, but not both unless the imbalances aggravate rather than offset each other.

The Transmission Provider shall establish a deviation bands of not less than the following: (i) deviations within of not less than +/- 1.5 percent (with a minimum of not less than 2 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s); (ii) deviations greater than +/- 1.5 percent up to 7.5 percent (or greater than 2 MW up to 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s) and (iii) deviations greater than +/- 7.5 percent (or 10 MW) of the scheduled transaction to be applied hourly to any energy imbalance that occurs as a result of the Transmission Customer's scheduled transaction(s). Unless Transmission Provider has a rate schedule promulgated pursuant to applicable Federal laws, regulations and policies which requires financial settlement of energy imbalances, parties should attempt to eliminate energy imbalances within the limits of the deviation band within thirty (30) days or within such other reasonable period of time as is generally accepted in the region and consistently adhered to by the Transmission Provider. If an energy imbalance is not corrected within thirty (30) days or a reasonable period of time that is generally accepted in the region and consistently adhered to by the Transmission Provider, the Transmission Customer will compensate the Transmission Provider for such service. Energy imbalances outside the deviation band will be subject to charges to be specified by the Transmission Provider. Compensation for Energy Imbalance Service will be as set forth below.

The Transmission System specific compensation for Energy Imbalance Service is set forth in the appropriate rate schedule attached to and made part of the applicable Service Agreement. The rates or rate methodology used to calculate the charges for service under this schedule were promulgated and may be modified pursuant to applicable Federal laws, regulations and policies.

The Transmission Provider may modify the compensation for Energy Imbalance Service upon written notice to the Transmission Customer. Any change to the compensation to the Transmission Customer for Energy Imbalance Service shall be as set forth in a

subsequent rate schedule promulgated pursuant to applicable Federal laws, regulations and policies and attached to and made part of the applicable Service Agreement. The Transmission Provider shall charge the Transmission Customer in accordance with the rate then in effect.