



April 3, 2009

Western Area Power Administration  
Transmission Infrastructure Program  
P.O. Box 281213  
Lakewood, CO 80228-8213

RE: Comments pursuant to the proposed principles, policies and practices on section 402 of the American Recovery and Reinvestment Act of 2009

To Whom It May Concern:

Pursuant to The Western Area Power Administration's ("Western's") "Notice of Proposed Program and Request for Public Comments" posted in Vol. 74, No. 41, page 9391 of the Federal Register on March 4, 2009, TransWest Express, LLC ("TWE") respectfully submits comments on the proposed principles, policies and practices of the Transmission Infrastructure Program ("Program") developed by Western to implement the Authority within section 402 of the American Recovery and Reinvestment Act of 2009. We would like thank Western for the opportunity to provide these comments.

TWE is developing the TransWest Express Project, which is a 3,000 MW high voltage direct current transmission line between Wyoming and Nevada. The Project is designed to deliver renewable resources, primarily wind resources, to the markets in Arizona, Nevada, and Southern California. TWE has also identified other transmission project opportunities, which have been included along with the TransWest Express Project, in a Statement of Interest pursuant to Western's Request for Interest in the Program. We've included one of these opportunities here within these comments due to what we believe is Western's unique opportunity and obligation to lead a review of its own assets to identify and prioritize a plan to increase the capacity of Western's strategic assets that would meet help the objectives of the Program.

TWE would be pleased to discuss our comments further at your convenience.

Sincerely,

/S

David F. Smith

Director of Engineering and Operations  
TransWest Express, LLC

### **Entity**

TransWest Express, LLC (“TWE”) is a limited liability company that was formed in Nevada on July 24, 2008. TWE is wholly-owned by The Anschutz Corporation (“TAC”), a privately held company based in Denver, Colorado. The principal offices of TWE are located at 555 Seventeenth Street, Suite 2400, Denver, Colorado. TAC formed TWE to hold and develop certain electric transmission assets.

TWE is an extension of TAC’s long and successful tradition of resource development and investment in the western United States. TWE is focused on responding to the nation’s demand for clean renewable energy while continuing TAC’s commitment to the responsible development of natural resources.

### **Entity Contact Information**

David F. Smith  
Director – Engineering and Operations  
TransWest Express, LLC  
555 Seventeenth Street, Suite 2400  
Denver, CO 80202  
Office: (303) 299-1545  
Facsimile: (303) 299-1356  
[david.smith@tac-denver.com](mailto:david.smith@tac-denver.com)

---

## **TWE's Comments**

**Program Goal: Identification and Prioritization ...[of] new or upgraded transmission facilities and additions that will help bring renewable energy resources to market across the West.**

### Western's Strategic Transmission Assets

With respect to the Program's goal to identify and prioritize participation, TWE respectfully suggests that Western, as an owner and operator of transmission assets within high potential renewable resource areas such as Wyoming, should identify and prioritize strategic transmission upgrade projects involving these assets. Additional transmission network capacity is needed to facilitate the development and delivery of renewable resources to market. The network capacity is required between resource interconnection points to the network and the local markets and the proposed Wyoming export transmission lines such as the TransWest Express project. Wyoming renewable resource projects will require a collector system to be built to deliver energy from the renewable resources to these export lines. Western's assets are strategically located amongst the various potential resource sites, the proposed major export lines and also the Denver market. The attached maps indicate the strategic location of Western's assets in Wyoming.

Western's system in Wyoming consists essentially of a loop that connects the various Qualified Resource Areas, as recently identified within the Western Governor Association's Western Renewable Energy Zone identification process, major proposed transmission projects and the northern Denver area. The loop contains relatively low capacity, and fully subscribed, 115 kV and 230 kV circuits. Rebuilding these assets with higher capacity lines presents Western a unique opportunity and an obligation.

The opportunity arises due to the nature of re-build projects that utilize existing corridors to minimize overall environmental impact. Such a reuse of existing assets, including the corridors, provides an opportunity to complete these types of projects in shorter time frames than greenfield projects. Transmission entities throughout the country that have been challenged with capacity expansion needs, have successfully utilized the rebuild approach over the past two decades. Western's successful Mircale Mile to Ault 230 kV project is such a project. As Western's needs have not required extensive expansion to date, several of Western's assets are ideal candidates for the expansion required to help facilitate the development and delivery of renewable energy. Rebuilding assets also provides benefits through the operation and maintenance of new assets.

The obligation for Western to lead the planning (e.g. identification and prioritization) of these potential projects is based on Western's ownership of these facilities. This obligation to lead the effort does not limit Western's ability to leverage private participation. There are several successful models currently being employed within the industry that have been successful in attracting private capital and participation to construct, own and operate assets planned by others.

**Program Goals: Prioritization ... [of] new or upgraded transmission facilities and additions that will help bring renewable energy resources to market across the West.**

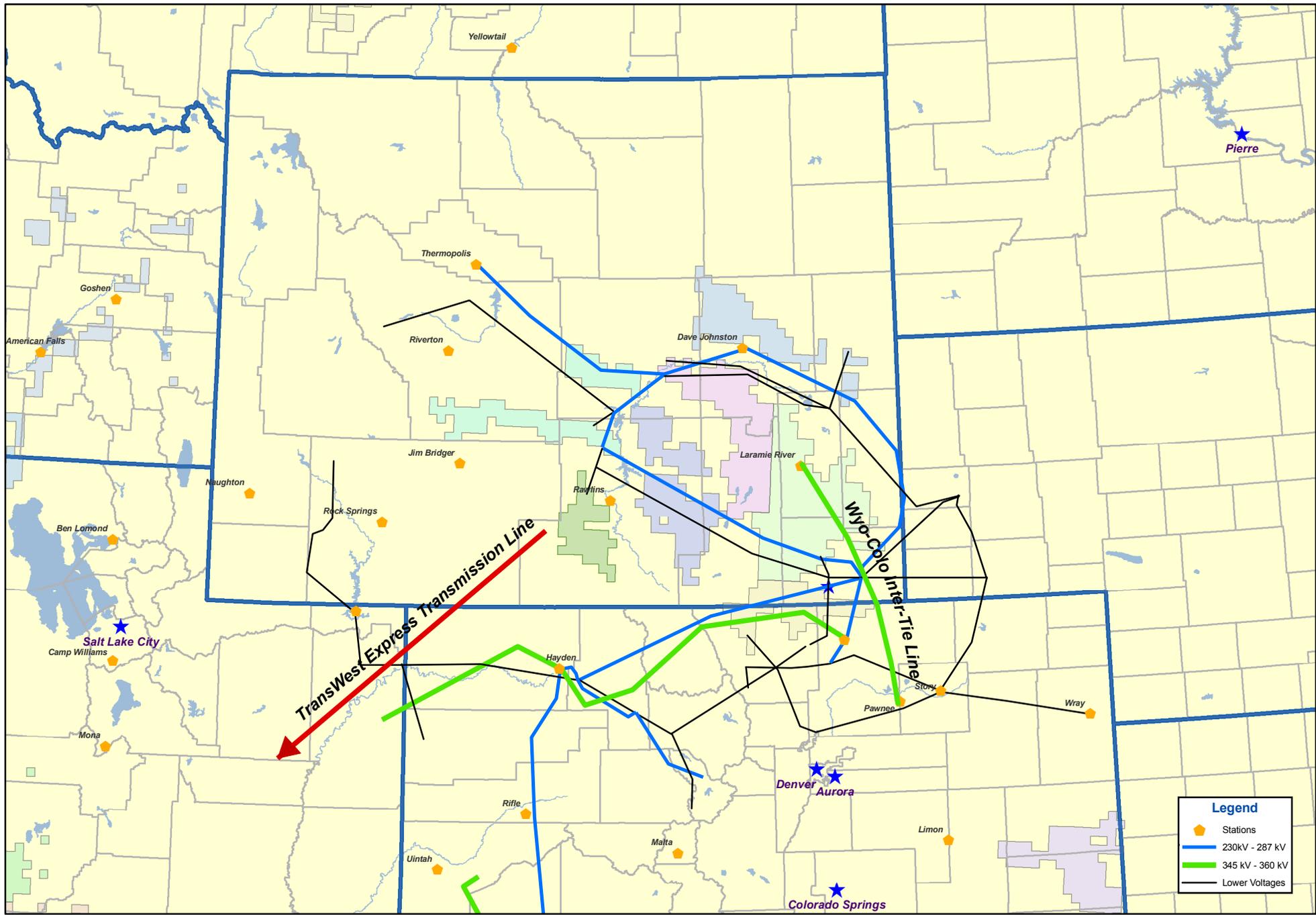
With Respect to the Program's goal to prioritize participation, TWE respectfully suggests that Western should place a high priority on fundamentally sound and well structured transmission projects. Western has the opportunity to participate in projects, which may be in one of several phases of development. Fundamentally projects need to progress through four general phases: conceptual, pre-construction development, construction, and then operation. Each of these phases are distinguished by an increase in project specificity and in the level of commitment required to complete each successive phase. Western's evaluation of projects should identify the project phase and assess both the overall economic fundamentals of the project and the strength and soundness of the plan to move to the next phase.

Western's project participation will be structured by the respective parties to improve the overall strength and soundness of the project's plan. Western's evaluation of the project should be based on this improved project plan. However, Western's ability to impact the overall economic fundamentals of any project is limited. The evaluation of the project's economic fundamentals should be evaluated with and without consideration of Western's participation. Western's ability to impact the fundamentals of any project needs to be closely scrutinized. Given Western's public interest and revenue recovery principles, Western should prioritize on projects where Western's participation does not materially impact the economic fundamentals of the project.

The important distinction is that if Western's participation is necessary to change a sub-marginal project to an economic project, one can conclude that the project is too risky for private industry and therefore is not prudent for Western's participation. Again the priority should be placed on projects with sound economic fundamentals. Western's participation is required on the strategic transmission assets cited within the first comment due to Western's ownership of these existing assets.

TWE fully supports the concept of "right-sizing" transmission infrastructure projects to minimize the cumulative impact on the environment by maximizing the utilization of the corridors. TWE's TransWest Express Project, at 3,000 MW, is an example of our commitment

to this concept. The evaluation suggested above of a project's economic fundamentals should also apply to the incremental scope required to "right-size" a project. If such an incremental scope is only economic due to Western's sole participation in this increased scope, than the incremental scope should not be prioritized. This does not mean Western should not participate in "right-sized" projects. It simply means that Western's project exposure should in no way be riskier than what private entities are willing to take on. Western should participate as equals with other equity/capacity partners to reduce the overall risk of a project but should never participate in a project only to reduce the risk of the private entities while taking on relatively higher risks. Such a structure would not be in the public interest nor could revenue recovery be assured with such a structure. Western's participation in a project should be structured to ensure there is a balanced risk profile for both the private entities as for Western.



QRAs with WAPA System Overlay

