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WestConnect Stakeholders Meeting
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LGIP Issues/Background

- Transmission Provider Queues are backlogged
- No assurance on cost or study timeframes for generators
- Large drop out rate causing restudies



LGIP Work Group Goals

- Create more certainty for Transmission Provider and Interconnection Customers in regards to study timeframes and interconnection costs
- Reduce the length of time it takes to go through interconnection process
- Reduce Re-studies



LGIP Work Group Participation

- Arizona Public Service
- BrightSource
- Element Power
- El Paso Electric Company
- EnXco
- Foresight Wind
- Grid Power
- Imperial Valley Irrigation District
- NMRETA
- NV Energy
- PDS Consulting
- Public Service of New Mexico
- RES-America
- Salt River Project
- Shell Wind
- Southwestern Power Group
- Southwest Transmission Cooperative
- Tessera Solar
- Tri-State G & T Association
- Tucson Electric Power
- Western Area Power Administration



FERC Filing/Acceptance

- APS & El Paso filed for revisions to their LGIP on September 2, 2011
- Accepted by FERC as of November 1, 2011
- Subject to Compliance Filing due November 30, 2011



Elimination of Feasibility Study

- Many interconnectors are requesting to waive the Feasibility study
- The Feasibility studies are performed serially and not by cluster and therefore results can change substantially in the System Impact Study stage
- If some interconnectors in a cluster window elect to have a Feasibility study performed and others want to move directly to a System Impact Study, it causes a delayed start date for the System Impact Study for those that want to skip the Feasibility study
- Eliminates duplication of cost by not having to perform both feasibility and system impact studies



Elimination of Feasibility Study

- Approved
- Effective November 1, 2011
- Applies to new and existing interconnection requests unless customers have a Feasibility Study in progress or are further along in the process



Deposit Amounts & Timing

Customer Pays Total Deposit at time of Application

- Initial Deposit is increased
- Deposit is used for System Impact Study **and** Facilities Study

160K for Generators up to 75MW

- Same as the total deposits currently required under the pro forma OATT

250K for Generators 76MW and Larger

- Exceeds the current total deposit amounts, but is less than the amount normally incurred by customer in existing process



Deposit Amounts & Timing

- Approved
- Applies to all Interconnection Requests received as of November 1, 2011



Deposit Refunds

- Actual costs are non-refundable
- \$25K non-refundable at the start of the SIS (Start of SIS is when actual study work starts)
- \$50K non-refundable when the Facilities Study Agreement is signed
- The non-refundable amounts are not cumulative
- Forfeited deposit money to fund re-studies for other applicants required due to higher queued generators dropping out of the queue



Deposit Refunds

- Approved
- Applies to all Interconnection Requests received as of November 1, 2011



Site Control and Deposits in lieu of Site Control

Modify Tariff to allow deposits in lieu of site control (TP's to develop individual business practices regarding site control)

Reasons:

- The proposed elimination of feasibility studies
- The utilities recognize that a generator that is seeking to use state, federal or tribal land may not be able to complete that process in a timely manner

January 29, 2010



Deposits in Lieu of Site Control

160K up to 75MW and 250K 76 MW and above

Deposit Refund

- \$25K non-refundable at the start of the SIS (Start of SIS is when actual study work starts)
- \$50K non-refundable when the Facilities Study is signed
- Deposit is refunded when Interconnection Customer can demonstrate site control



Deposits in Lieu of Site Control

- Approved
- Effective November 1, 2011



Cluster Windows

- Six month windows
- April 1 through September 30th
- October 1 through March 31st

- Approved
- Effective April 1, 2012



Eliminate +/- 10 or 20% Cost Option for Facilities Studies

- Estimates are based on the best information at the time the facilities study is performed
- The most common fluctuation in cost is related to the time span between when the Facilities Study is performed and when facilities are actually built
- The interconnector will pay actual construction costs regardless of the estimate



Eliminate +/- 10 or 20% Cost Option for Facilities Studies

- Approved
- Applies to all Interconnection Requests that sign a Facilities Study Agreement as of November 1, 2011



Optional Study Deposit

- Deposit Amount increased to 25K
- Applies to all Optional Study Agreements entered into as of November 1, 2011



Changes not Approved by FERC

- **Interest Rate**
 - Allow utilities to pay the existing FERC interest rate or an interest rate equal to actual interest rate earned in order to ensure that TP's remain cost neutral
- **Standard Engineering & Procurement Agreement**
 - Develop a standardized E & P agreement using current FERC approved E & P agreements as a template



Questions?

