



May 15, 2007

To Xcel Energy
Attn: Shane Gutierrez, shane.gutierrez@xcelenergy.com

Comments of the Interwest Energy Alliance on SB 100 Implementation

We agree with the comments filed by Invenergy, LLC. Invenergy makes the following comments:

1. Zone 1 should be subdivided to permit focus on potential wind development in the northeast and northwest sectors. Each sector will require a different mix of transmission additions.
2. By October 31, transmission projects should be identified to support potential wind generation in Zones 1, 2, and 3. The Xcel Energy plan to focus on Zone 1 will not meet the requirements of SB 100, and will not permit the development of wind resources in Zones 2 and 3 in the upcoming RFP in 2008.
3. The transmission projects developed for Zones 1, 2, and 3 should be related to the potential development within these zones. The Xcel plan to base these plans on projects in the transmission interconnection queue, believing that this is a proxy for the development potential, is fatally flawed. Xcel should drop its requirement that competitors submit confidential data.

We make the following additional comments:

1. The plans made to implement SB 100 should be coordinated with the Colorado Coordinated Planning Group. It is the purpose of the CCPG to coordinate transmission planning among Colorado utilities. The applications filed on October 31 should represent statewide coordinated transmission plans that are supported by all the state's utilities.
2. Planning and coordination that supports the October 31, 2007 filing should be consistent with plans for long-term resource development and export markets.

3. Xcel Energy's northern transmission intentions deserve support. Xcel's intentions are good as far as they go, but they need to go farther.
4. Xcel should analyze the resources in adjacent states and the needs for transmission to develop these resources.
5. Data about resources should support choices of resource development areas. By looking more carefully within the big Xcel areas for finer resolution on resources that have transmission needs, more focused, rational, and supportable transmission solutions might become apparent. The need to base resource areas on resource data applies to all Xcel resource regions identified to date. Specifically, Xcel should consider use of ten-year, hourly and three-year, ten-minute 80 meter wind data supplied by Windlogics that was used for Effective Load Carrying Capability (ELCC) and wind integration cost studies to construct wind resource areas based on data about wind resources. This report "Wind Integration Report for Public Service Company of Colorado," dated May 22, 2006, responding to settlement and PUC orders in Docket 04A-325E, is found at: <http://www.xcelenergy.com/docs/PSCoWindIntegStudy.pdf> and representations of study areas that should be considered for finer resolution of resources that need transmission are found on pages 10 to 13 of this study. Note the assumed gas prices on page 38 of the study averaged \$6.04 over the study year, 2007.
6. Data about exclusion areas should be gathered and reported, as we commented in a separate joint letter with The Nature Conservancy and Western Resource Advocates. There are some areas that are not appropriate for development because of ownership, land use, wildlife or habitat, or other reasons. Including this data in selecting resource areas for transmission planning could help define rational development areas.
7. Sole focus on transmission for a single area violates both the letter and the intention of SB 100. There is no provision in SB 100 that supports the notion of a single generation area as the sole focus for resource development or transmission investment. Generation resource diversity is the policy that SB 100 is intended to foster. Sole focus on a single area does not lead to generation resource diversity, but rather to its opposite: concentration. Concentration of resources in a single area will not lead to competitive results when bids are solicited.
8. There is record evidence in the previous "least cost" generation acquisition process that Xcel's lack of timely transmission investment led to bids for cost-effective wind resources being reduced or rejected. A detailed characterization of these transmission deficiencies, from the public version of Xcel's December 2005 All-Source RFP Bid Evaluation Report, is posted to our website at <http://www.interwest.org/documents/reports/2006-01-05.pdf>. SB 100 was designed to remedy this failure to make timely transmission investments. The evidence showed that wind resources in Northeast and Southeast Colorado were prevented from serving Colorado Xcel customers. SB 100 filings must remedy these failures.

Shane Gutierrez

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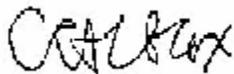
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9. Curtailment payments to wind generators were allowed by the PUC in the last bid round. Xcel should again request curtailment payment approvals from the Commission to guard against untimely provision of transmission in the upcoming bid round for the period 2012-2016.
10. There is no provision in SB 100 that allows utilities to defer needed transmission investments by waiting for the speculative transmission investments of other utilities to take place. Therefore, deferring planning of, and investment in, transmission in renewable resource areas because Tri-State is studying its resource and transmission plans in southeastern Colorado is unwarranted.
11. The 2006 CCPG Long Range Transmission Plan failed, by its own terms, to coordinate mutually exclusive “northern” and “southern” transmission scenarios. Continuing this division of the state between Xcel transmission plans and Tri-State transmission plans appears to be the present course of action for implementing SB 100. Instead, there should be one, coordinated, statewide transmission plan rather than two, mutually exclusive, uncoordinated plans.
12. Sizing transmission to meet needs of projects in transmission interconnection queues is inadequate. This was a major failure of the 2006 CCPG plan and should not be repeated in implementing SB 100.

The Interwest Energy Alliance looks forward to working constructively with Xcel Energy, the Public Utilities Commission, the Colorado state government, other utilities and all stakeholder parties in implementing SB 100 in the spirit intended by the legislature. The intent of this bill, which passed by large legislative majorities and which Governor Ritter signed into law in March, is to promote Colorado’s clean energy development through a more robust transmission infrastructure, to advance rural economies through new renewable energy development, and to lay the groundwork for exporting this clean, renewable power to other states in the region.

Thank you very much.

Sincerely,



Craig Cox
Executive Director