

You received a set of comments earlier today. In my haste to send these out I omitted a paragraph which I intended to include. This new paragraph has been incorporated into the original comments as revised below. My apologies for the confusion.

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At the kickoff meeting on April 24, you asked for comments on the draft Xcel proposal by May 15. These comments are on behalf of Invenergy LLC.

SB 100 requires Xcel to accomplish at least 3 things by October 31, 2007:

1. Designate energy resource zones
2. Develop plans for the construction or expansion of transmission facilities necessary to deliver electric power consistent with the timing of of the development of beneficial energy resources located in or near such zones.
3. Submit proposed plans, designations, and applications for certificates of public convenience and necessity to the Commission for review.

At the meeting on April 24, Xcel proposed 4 energy resource zones. Zones 1-3 related to primarily potential wind generation, and Zone 4 related to potential solar generation. Invenergy believes that these zones accurately portray potential wind development and transmission constraints in developing wind resources within Colorado in these areas.

The stated purpose of SB 100 is to promote the development of new electric generation facilities to serve Colorado consumers. With this in mind, Zone 1 should be subdivided into two areas of focus. The wind maps show a large area of potential generation in extreme northeast Colorado (northeast Zone 1). Additionally, there is a large area of potential wind generation in northwest Zone 1, extending into Laramie County, Wyoming. Each of these two areas in Zone 1 will require a

different mix of transmission additions to support additional wind generation development. Hence, each area of Zone 1 should be evaluated separately.

Xcel proposed that, due to time constraints, they propose by October 31 only transmission additions required to support new generation in Zone 1, northeast Colorado. They also proposed to size the transmission additions to projects in the transmission interconnection queue or otherwise being contemplated. Invenergy believes that both of these proposals are inadequate.

SB 100 requires that transmission plans be developed by October 31 for ALL energy resource zones so that transmission can be in place consistent with the TIMING of development in these zones. Xcel's next RFP will presumably include a provision for new wind resources (consistent with HB 1281), and the resource plan on which the RFP will be based will be filed with the PUC in October 2007. Unless transmission plans are developed for Zones 2 and 3, then effectively new wind resources will be restricted to Zone 1 in the upcoming RFP. This is a serious deviation from the language and intent of SB 100.

One of the reasons that Xcel gave for focusing initially on Zone 1 is that Tri-State has proposed generation and transmission additions in Zone 3. Xcel does not want to duplicate transmission additions in this area. However, Tri-State recently announced that their plans are on hold and they are re-evaluating their entire project. First, even if Tri-State goes forward with their original project on the original timetable, transmission additions will not be in place to support the development of wind resources in Zone 3 for the 2008 RFP. Second, up to this point Tri-State's plan has not included any provision for developing wind resources in Zone 3. Tri-State's plan was only to support their own generation additions. Invenergy strongly believes that Xcel should independently develop transmission plans for supporting new wind generation in Zone 3. If and when Tri-State re-confirms their commitment to their generation project, then when their transmission additions are made many years down the road they will have the opportunity to integrate their additions with the Xcel transmission additions in the vicinity of Zone 3.

Xcel proposes to size the transmission additions to support projects in the transmission interconnection queue, or projects that are otherwise on the drawing board. Xcel believes that this plan is flawed. The queue does not accurately represent the generation potential within a zone. First, in the last RFP Xcel expressly prohibited any projects being bid from independently entering the transmission interconnection queue. If you were not awarded a contract in the RFP, there was never a need to be in the queue. Second, up to this point Xcel has been the only serious purchaser of wind energy, and they will only do it within the rules of the RFP. The queue should be reserved for real projects with real customers. Third, HB 1281 provides that Xcel will have the opportunity to own and rate base wind generation. Xcel is essentially asking for competitors' data. SB 100 relates solely to building transmission to potential generation areas. Xcel should not use SB 100 to gain an unfair advantage for purposes of HB 1281.

Invenergy believes that the transmission additions should be related to the generation potential within the zones. Using projects in the transmission interconnection queue as a proxy for the generation potential is a meat axe approach that is fundamentally flawed.

HB 1281 sets renewable energy standards for entities other than Xcel. Ideally, the transmission plans to allow generation additions in the resource zones should be coordinated by all affected parties in the SB 100 filing of 2009. This joint approach would be better facilitated if the Colorado utilities could establish some form of ISO, RTO, or at the minimum, a formal joint planning entity (more comprehensive than "planning coordination").

In summary, 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 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.

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