UNITED STATES OF AMERICA
BEFORE THE FEDERAL ENERGY REGULATORY COMMISSION

Public Service Company of Colorado	Docket No. ER18-1201-000

COMMENTS AND PROTEST OF THE WESTERN POWER TRADING FORUM

Pursuant to Rule 211 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (the "Commission"),[1] the Commission's March 28, 2018, "Combined Notice of Filings #1," and the Western Power Trading Forum's ("WPTF") previously submitted motion to intervene, WPTF hereby submits these comments and protest of Public Service Company of Colorado ("PSCo") Tariff Revisions to Modify Suspension Language in the Large Generator Interconnection Agreement ("LGIA").[2]

I. COMMUNICATIONS

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[1] 18 C.F.R. § 385.211, *et seq*. (2010).

[2] Public Service Company of Colorado, "§205(d) Rate Filing: OATT Att N - LGIP Amend Suspend Lang, *Docket No. ER18-1201-000*, filed March 28, 2018 ("PSCo Interconnection Proposal" of "filing").

II. BACKGROUND

On March 28, 2018, PSCo filed proposed tariff revisions to modify the suspension language in PSCo's LGIA. Specifically, PSCo's filing proposes changes to the Xcel Energy Operating Companies Open Access Transmission Tariff to modify the suspension terms in Section 5.16 of the LGIA. PSCo has requested that the Commission grant a waiver of the requirements of 18 C.F.R. § 35.13 and make the proposed changes effective on March 29, 2018 (one day after the proposed modifications were filed with the Commission).

PSCo points to a large quantity of generation interconnection requests pending in the queue (22,800 MW) and a need to fairly and efficiently allocate interconnection service to allow projects that are likely to come to fruition to proceed with development in time to secure the federal Production Tax Credit ("PTC") and Investment Tax Credit ("ITC"). PSCo points out that suspended generation creates uncertainty for lower-queued projects and may prevent achievement of the milestones necessary for viable projects to secure the maximum PTC or ITC.

In order to remedy the concerns, PSCo proposes changes to the suspension terms in the Xcel LGIA. Whereas, today suspension is permitted for any reason for up to three years, PSCo now proposes that suspension would only be permitted for up to three consecutive years if a Force Majeure event occurs. Additionally, projects entering suspension would also be required to provide security for interconnection-related upgrades, which is intended to reduce the uncertainty to lower-queued generation projects. PSCo points to precedent from a similar provision, which the Commission authorized Midcontinent Independent System Operator ("MISO") to use in 2008.[3]

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[3] Midwest Indep. Transmission Sys. Operator, Inc., 124 FERC ¶ 61,183 (2008) ("MISO Queue Reform Order").

PSCo requests approval of the proposed changes effective March 29, 2018, to alleviate concerns that many generators may be entering into suspension in the upcoming 60-day notice period.

III. COMMENTS AND PROTEST OF WPTF

WPTF appreciates that PSCo is in a difficult position given the current terms of its LGIA, the size of its interconnection queue, and the upcoming deadlines to obtain the maximum amount of federal tax credits for wind and solar generation. However, WPTF protests PSCo's proposal, as filed, as unjust and unreasonable and, absent revisions to the proposal, recommends that the Commission reject the proposal, without prejudice.

WPTF protests PSCo's filing for the following reasons:

1. The metrics used to justify PSCo's proposed modifications are inappropriate and overstate the magnitude of the problem.
2. PSCo has not adequately demonstrated the need for the Commission to waive the requirements of 18 C.F.R. § 35.13; and, absent such demonstration, waiving the notice period is unjust and unreasonable.
3. As filed, the proposed changes are unjust and unreasonable to interconnection customers and, at a minimum, should be accompanied by an extension of the grace period for determining whether to execute an LGIA after receiving a draft Interconnection Facilities Study, similar to the accommodations made by MISO.

WPTF requests that the Commission reject, without prejudice, PSCo's current filing. PSCo should refile proposed modifications to its generator interconnection process in the future. WPTF's suggests that, PSCo should work through a stakeholder process to determine appropriate queue modifications and, at a minimum, future revisions should extend the "grace period" for determining whether to accept the draft Interconnection Facilities Study results of the LGIA to six months. Additionally, going forward, PSCo may wish to more closely align its interconnection process with PSCo's likely Regional Transmission Organization partner: the Southwest Power Pool ("SPP"). Since PSCo will be transitioning to SPP's interconnection processes when (and if) it joins the SPP market, it may make sense to begin to align those processes now.

Below, WPTF explains its protest and provides comments in this docket.

IV. PROTEST

WPTF protests PSCo's filing for the following reasons.

A. The metrics used by to justify the modification are inappropriate and overstate the magnitude of the problem

PSCo highlights a backlog of interconnection requests, which total 85 requests and as much as 22,800 MW of new generation. Testimony of Ian R. Benson notes that "it would be impossible for all of these generators to interconnect to the PSCo transmission system and serve PSCo load or [Balancing Authority Area or "BAA"] load since the total amount of generation is more than double PSCo's current total BAA load."[4] While PSCo does have a large interconnection queue, there are a number of issues with the comparisons used in the filing.

First, as discussed in more detail below, comparing nameplate capacity of wind and solar generation to system peak is not an accurate comparison metric. Second, PSCo has not disclosed whether, to its knowledge, any of the customers in its interconnection queue may be seeking to serve needs outside of its BAA. Third, the size of PSCo's BAA, and presumably the need for generation in that area, are expected to increase significantly when (and if) PSCo joins the Southwest Power Pool. Therefore, this comparison is not an appropriate explanation of the problem PSCo faces.

[4] PSCo Filing, Direct Testimony of Ian R. Benson, at page 8, lines 9-12.

WPTF notes that, while there is no question the PSCo generation interconnection queue is large and PSCo is facing interconnection issues, PSCo is using an inappropriate metric for comparison throughout the filing. PSCo's comparisons are generally based on MW of nameplate capacity in the queue compared to MW of peak demand or peak need. But nearly all of PSCo's interconnection queue is made up of wind and solar resources which have lower capacity factors than conventional resources. Comparing the nameplate capacity for wind and solar to PSCo's peak load and peak capacity needs is inappropriate and overstates the magnitude of the problem.

Additionally, the Direct Testimony of Ian R. Benson notes that PSCo's BAA load is only expected to increase by about 600 MW over the next five years.[5] It goes on to state that even if generation is retired, the amount of generation needed to serve this need is an order of magnitude less that the amount of current interconnection requests on the PSCo system.[6] Again, PSCo is looking at system peak needs in comparison to nameplate capacity of variable energy resources. In actuality, the expected nameplate capacity of resource additions, for PSCo's needs alone, are expected to be far more significant than stated in the filing and Direct Testimony of Ian R. Benson. WPTF notes that, as part of a Stipulation entered into in 2017, PSCo will retire some generation and solicit a portfolio of new generation which could include up to 1,000 MW of wind, 700 MW of solar, and 700 MW of natural gas.[7] Therefore, PSCo's total capacity needs may be far higher (closer to 2,400 MW) than what its filing suggests, even before accounting for other needs that

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[5] *Id*. At page 9, lines 16-17.

[6] *Id.* At page 9-10.

[7] Stipulation in the Matter of the Application of Public Service Company of Colorado for Approval of its 2016 Electric Resource Plan, Before the Public Utilities Commission of the State of Colorado, Proceeding No 16A-0396E, available at: http://192.234.137.143/staticfiles/xe-responsive/Company/Rates%20&%20Regulations/Resource%20Plans/CO-Energy-Plan-Stipulation-Agreement.pdf and Xcel press release available here: http://192.234.137.143/staticfiles/xe-responsive/Company/Rates%20&%20Regulations/Resource%20Plans/CO-Energy-Plan-News-Release-August-2017.pdf

may occur in the PSCo BAA, the potential that some generators may seek to wheel their power out of the PSCo BAA, or the potential expansion of PSCo's BAA as a part of SPP participation.

B. PSCo's Filing Does Not Adequately Demonstrate the Need to Waive the Requirements of 18 C.F.R. § 35.13

PSCo's filing requests a waiver of the 60-day notice period required under 18 C.F. R. § 35.13. It states this waiver is necessary because waiting for sixty days may enable "a number of interconnection projects expected to execute LGIAs in the next two months to enter suspension and thereby affect or delay dozens of lower-queued projects."[8] However, PSCo has not provided evidence of the actual expected magnitude of the issue (e.g. the number of MWs that might be expected to enter suspension and how that may impact other interconnection customers). Given the potential impact of the requested effective date on generators that are in the middle of the interconnection process with PSCo now, PSCo has not demonstrated that the waiving of this 60-day notice period is just and reasonable.

In fact, the substantial modifications to the LGIA, and proposal to make them effective immediately, may result in unjust and unreasonable impacts to generators that are in the middle of establishing the necessary business arrangements for their projects to move forward. Many generators are likely in the middle of commercial negotiations and, if PSCo's request is approved, these generators would have virtually no time to adjust to the changes and significantly compressed timeline. For instance, if PSCo's filing is accepted, a generator receiving its draft Interconnection Facilities Study results on March 29th may now only have three months to make a decision about signing a binding LGIA, where it would have had more than three years under the current PSCo

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[8] PSCo Interconnection Filing, page 10.

process. This outcome is unjust and unreasonable and may result in otherwise commercially viable projects being unable to move forward.

It is notable that these changes have been proposed on an expedited basis but, to WPTF's knowledge, PSCo did not initiate any stakeholder discussions prior to making this filing. Instead, following this filing, on April 13, 2018, PSCo issued a notice of a future queue reform stakeholder process on its Open Access Same Time Information System ("OASIS").[9]

PSCo points to the MISO Queue Reform Order as precedent for its proposed changes. But, when MISO filed its proposed modification on June 26, 2008, it requested, and was granted, an effective date of August 25, 2008. Therefore, the standard 60 notice period was provided in MISO's case, giving generators additional time to adapt to the modifications (in addition to the stakeholder process that MISO used to develop the modifications). The lack of any such notice period or stakeholder process in the PSCo case, makes PSCo's proposed modifications, as filed, unjust and unreasonable, whereas MISO's were accepted by the Commission as just and reasonable.

C. The Restriction of Suspension to Force Majeure Events Should be Accompanied by an Extension of the Grace Period Prior to Signing an LGIA

PSCo's filing would create drastic changes to the suspension terms in the LGIA, and if implemented as requested by PSCo, would do so without giving interconnection customers any notice period. The modifications proposed by PSCo are overly burdensome to generators, who have not had a chance to prepare for the modifications to the LGIA and were not engaged in stakeholder discussions about the need for modifications to Xcel's interconnection process.

[9] Available at: http://www.oasis.oati.com/PSCO/PSCOdocs/Queue_Reform_Stakeholder_Meeting_Notice.pdf

While PSCo suggests that there is precedent for these changes given FERC's approval of the MISO Queue Reform Order, WPTF points out that the circumstances surrounding MISO's changes were very different. Notably, MISO's proposal originated from a stakeholder process where MISO and stakeholders reviewed the MISO interconnection processes to identify remedies and potential solutions. Therefore, in the case of MISO's revisions, generators were provided with sufficient notice of the proposed changes through the stakeholder process. WPTF is unaware of any stakeholder process that was conducted by PSCo prior to its filing in this docket. Instead, following this filing, PSCo has issued a notice of a "queue reform" stakeholder process that will begin in May 2018.[10] WPTF contends that it is unjust and unreasonable to propose these substantial modifications which impact commercial negotiations with neither a stakeholder process nor meaningful customer input prior to the filing and no accommodations made for generators in the middle of the interconnection (and commercial negotiation) process.

When MISO enacted its modifications, it simultaneously extended various "grace periods" in its interconnection processes. For instance, the interconnection customer's timeline for demonstrating commercial milestones was extended to six months, which was *in addition* to the existing three-month grace period between completion of the Facilities Study and signing of an Interconnection Agreement. The Commission found that the proposed grace periods provided sufficient flexibility for generators to make necessary business arrangements.[11]

In this case, PSCo has proposed substantial changes to its interconnection processes that would become effective immediately and have not been widely discussed with stakeholders. These changes impact generators' commercial development plans and timelines and could serve

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[10] *Id.*

[11] MISO Queue Reform Order at P 110.

to make projects that were close to achieving commercial offtake agreements no longer viable due to the change in timing in PSCo's LGIA. Yet, PSCo has offered no extension of its grace period beyond what is currently contained in its LGIA. It is unjust and unreasonable to make such significant modifications to the terms and timelines of the interconnection processes, without providing any additional time to address the changes to generators that are affected by the change and without providing any notice of the upcoming changes.

The lack of notification period and the failure to simultaneously enact an extension to any grace periods currently included in the interconnection process make PSCo's proposed changes unjust and unreasonable. The proposed changes create significant hardship for those currently working through the PSCo interconnection process, while also arranging for offtakers of the power. Therefore, WPTF requests the Commission reject PSCo's proposal as filed.

V. COMMENTS

WPTF protests PSCo's filing, as discussed above and recommends that absent modifications the Commission reject PSCo's filing, without prejudice. Should PSCo file a revised proposal, WPTF offers the following comments on the proposed nature of future modifications to PSCo's proposal.

A. The grace period for executing LGIA's should be extended to at least six months

PSCo proposes to "retain" a three-month period after which customers have received their draft Interconnection Facilities Study reports in which they can decide whether to enter into an LGIA. WPTF suggests that PSCo extend this "grace period" to at least six months to provide interconnection customers with additional time to work through commercial terms and conditions and determine whether to move forward with an LGIA. These generators had been operating under the assumption that they would have up to three years, so providing an additional three months is more than reasonable. Therefore, WPTF suggests a revised filing with an extended grace period provision.

B. PSCo should consider aligning interconnection conditions with those of SPP

PSCo and a number of other entities are currently in the process of proposed integration into SPP. The entities are targeting a "go-live" date for this market expansion of early 2020. Interconnection customers are already faced with a great deal of uncertainty as to how the transition of interconnection queues and processes will occur when and if PSCo joins SPP. In recognition of the fact that PSCo is moving forward with potential participation in SPP, WPTF recommends that PSCo consider beginning to align its interconnection suspension provision more closely with those of SPP.

C. Future PSCo proposals should be discussed through the stakeholder process

PSCo should work with its stakeholders to address the challenges it is facing in the queue and to determine appropriate solutions, which are just and reasonable to both PSCo and its interconnection customers. For instance, such a stakeholder process could consider higher study deposit requirements, which others have used to help address interconnection crowding concerns.[12]

VI. CONCLUSION

WPTF understands that PSCo is facing a difficult situation with the current status of its queue. However, in total, PSCo's proposed modifications are unjust and unreasonable and do not provide sufficient time for generators to make commercial arrangements. WPTF believes there are remedies which would provide PSCo the needed relief, while also providing just and

[12] For instance, Arizona Public Service Company, Public Service Company of New Mexico and the California Independent System Operator require fairly large deposits as part of their Large Generator Interconnection Procedures.

reasonable outcomes by giving interconnection customers reasonable time to adapt to the proposed modifications contained in PSCo's filing.

Respectfully submitted,

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