Date: June 1, 2018

To: WestConnect Planning Management Committee (PMC) members:

From: Select Transmission Developer and Key Interest Group Members (see footnote below for list of these members)[1]

Aspects of the WestConnect Regional Planning process for this current Biennial cycle (2018-19) and the last cycle make finding a regional transmission need in WestConnect nearly impossible. We previously submitted some of these recommendations in a letter dated 10/30/17.

First, the ability of each TOLSO to add local transmission projects to solve reliability and possibly economic issues without any criteria for inclusion in the model can mask system needs. There is no requirement that makes a TOLSO accountable to actually build the local project or if they don't, to provide a reason why. A TOLSO can add or remove projects each cycle from the models with little regard to how this may impact neighboring systems. This makes it very difficult to find a regional need since all the problems are taken care of by these proposed local projects. Criteria should be developed for inclusion and removal of local transmission projects in regional models.

Second, at the May Planning Subcommittee meeting, it was stated that if a TOLSO in the outer years of the 10 year study finds that they are short of resources to meet their load, they can simply add resources into the model with no criteria to guide them. This can be used to mask congestion on the system and/or reliability issues that could otherwise justify a regional project and results in no attempt to see if another TOLSO's footprint has excess resources that could be delivered to the TOLSO area that is short on resources by a regional transmission project. At the very least, a resource inclusion criteria should be established in the WestConnect Planning process that each TOLSO, short on resources, would follow to make sure an appropriate type and location of resource is added to the model.

Third, that although N-1 analysis is done during the reliability portion of the planning cycle, N-1 constraints (and N-2 constraints for common corridor lines)

[1] Members participating in these comments include American Transmission Company, ITC Grid Development LLC, National Resource Defense Council (NRDC), Southwestern Power Group, TransCanyon and Western Energy Connection

are not included in the Production Cost Modeling (PCM) or economic analysis portion of the planning cycle. Without doing this increased constraint analysis, it is difficult to fully evaluate the congestion on the WestConnect regional transmission system, because congestion is generally more likely to occur on with these constraints, than on simple constraints not under contingency. Just because there is congestion on an N-1 constraint, it does not mean there is a reliability issue. Rather it means that the constraint may be limiting the system from dispatching the lowest cost generation on the system. It is also possible that a Remedial Action Scheme (RAS) may address a constraint, however it is difficult to know this without considering these constraints. N-1 constraints (and N-2 constraints for common tower/structure lines) should be added to the economic analysis portion of the planning cycle.

Finally, there was pushback during the May PMC meeting to not take any of the recommendations from the Backcast Study done last year to improve the model output. Since the intent of this study was to improve the quality and establish the credibility of the base modeling of the WestConnect footprint, our feeling is that all the recommendations should be implemented unless a compelling reason can be found to not implement any of them.

For instance, during the May 23, 2018 webinar hosted by Energy Strategies on the "Primer of the Backcast Study", the recommendation to reduce wheeling charges by 50% was discussed. This recommendation improved model accuracy the most and has a straightforward explanation. There are firm and non-firm energy purchases in the energy market. However, all purchases in the model are being charged non-firm wheeling rates, even though firm purchases should generally not be because they often use pre-paid firm transmission service (either through firm transmission payments, transmission line ownership or swapping of firm transmission service). Assuming firm purchases are roughly 50% of total purchases, it makes perfect sense that more accurate model results are achieved when 50% of non-firm wheeling charges are used.

We think these issues should be addressed as part of this Biannual Planning cycle and look forward to discussing at future WestConnect PMC meetings