

**Colorado Perspective on Transmission
Infrastructure, Grid Interconnection and
Regional Transmission Organization Options**

Before Transportation Legislative Review Committee

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PUC Investigation

- In October 2016, Colorado PUC opened proceeding 16I-0816E as a repository for information concerning the Mountain West Transmission Group (MWTG), made up of seven utilities in Colorado, including PUC-regulated Public Service Company of Colorado (PSCo) and Black Hills Energy, to determine whether they should join a regional transmission organization (RTO)
- AARP Colorado monitored efforts of PSCo and Black Hills to join Southwest Power Pool (SPP), an RTO headquartered in Little Rock, AK and part of the eastern interconnect.



Real Possibilities

Recent Announcements

- On April 20, 2018, PSCo announced that it would not be joining SPP due to cost uncertainties and the lack of ratepayer benefit.
- The plan with SPP included consumer-unfriendly carve outs for the MWTG region and could have subjected Colorado ratepayers to charges to build new interconnections with the east as well as in neighboring states.

Interconnection in Colorado

- Colorado is in the western interconnection
- The state is not connected to the eastern interconnection except for four small tie lines
- By contrast, the Peak Reliability (Peak) control center in Loveland has provided reliability coordination services for Colorado and the Western U.S
- However, PSCo gave notice in April 2018 that it wants to transfer reliability control to the California Independent Systems Operator (CAL ISO)
- Peak announced on July 18, 2018 that it will cease operations at the end of 2019

The Future of Interconnection

- Transferring control to CAL ISO, SPP or PJM Connex, previously in partnership with Peak and the east coast RTO, to improve reliability efficiencies is a continuing concern. Neither SPP, CAL ISO nor PJM has any experience with the Colorado power grid.
- RTOs have been increasingly imposing costs on retail consumers through charges for transmission built in other states, uplift fees and other mechanisms.
- Several states have enacted single state subsidies for power plants undercutting the viability of the RTO competitive wholesale power auction, further complicating costs to consumers.



Real Possibilities

Should Colorado Join An RTO?

- Colorado has not joined an RTO since formation
- Without a good reason as to how an RTO would benefit monopoly consumers, the General Assembly and PUC should not endorse either PSCo or Black Hills joining an RTO
- Joining an RTO cedes authority, including higher return on equity, to Federal Energy Regulatory Commission
- Additional information is needed on the specific impact on Colorado of Peak Reliability ceasing operation in Loveland at the end of 2019



Real Possibilities

Where do we go from here?

- Before Colorado determines whether either of the two regulated electric utilities can join any RTO or how reliability coordination is transferred from Peak, the PUC and General Assembly should consider:
 - Costs and benefits of such a move in comparison to no RTO or a PUC-regulated, Colorado-only RTO
 - Whether a western-only RTO is the best option
 - Whether the governance of the CAL ISO Board, appointed by the California Governor, would be suitable for Colorado's needs, given that the Board cannot expand to other states without changing its governance through legislative action
 - Considerations of costs associated with joining an RTO including substantial exit fees, assessments to build transmission in other states, along with returns on equity
 - Costs and inconveniences of attending stakeholder meetings outside Colorado that may not provide the same level of regulatory oversight and guidance currently through direct PUC regulation

