

# Transmission access and other Items to consider in responding to Utility RFPs

Or

How to navigate the RFP Ocean

Jim Charters

Western States Energy Solutions

# Disclaimer

- ▶ Opinions are those of the speaker and not Western, DOE, DOI, USA, England, or Spain.
- ▶ Comments are provided to assist the tribe in presenting an RFP by knowing the background information.

# Power Language

- Capacity Factor Capacity versus Energy
- LSE Load Serving Entity
- BA Balancing Authority
- Ancillaries
  - Single largest hazard
  - Regulation, ramping, scheduling, imbalance
- WECC Western Electricity Coordinating Council
- NERC North American Electric Reliability Corporation
- OATT Open Access Transmission Tariff
- FERC Federal Energy Regulatory Commission
- NEPA EIS National Environmental Protection Act  
Environmental Impact Statement
-

# Project Feasibility

- ▶ As part of the Open Access Transmission Tariff (OATT) the Transmission Owner of the Interconnection to the “Grid” will enable a “Feasibility Study” which is costly and very detailed.
- ▶ Before expending significant funds the tribe should perform a Pre-Feasibility Study because the costs for the Interconnection and Network upgrades may be immediately obvious and the project found to be economically not viable.

# Pre-feasibility Contents

- ▶ The generation product location, sizing and desirability
- ▶ Ability to deliver
  - Interconnection
  - Transmission Service
- ▶ Cost to deliver
  - Wheeling
  - Losses
  - Ancillaries
- ▶ Scheduling and the Balancing Authority
- ▶ Financial Considerations
- ▶ Tribal Involvement
- ▶ Retention of Wholesale Energy (Wholesale versus Retail)
- ▶ Land Control
- ▶ The California loads

# The Generation Product Location, Sizing and Desirability

- ▶ Generator location
- ▶ Sizing of the generator plant
- ▶ Desirability / Firmness of the product.
  - Wind/PV Solar
  - CSP Solar w/ storage
  - Geothermal
- ▶ Capacity versus energy
- ▶ Time of delivery versus peak
- ▶ Can you meet the specific requirements of the RFP?
- ▶ Can you provide a competitive price?

# Ability to Deliver

## ▶ Interconnection ability

- Queue
  - Location of adequate sized lines
  - Cost of a long gen tie increases the cost of the project
  - Cost of higher voltage interconnection is greater
  - Are there projects in the queue ahead of you that preclude your timely interconnection and increase costs?
- Cluster
- Network Upgrades

# Ability to Deliver (Contd.)

## ▶ Transmission Service

- Queue
  - Are there so many ahead in the queue that transmission is not available or will not be available if others drop out?
- Cluster
  - Can tribe work in a cluster
  - Network Upgrades
- Cost of wheeling and Ancillaries

# Cost of Delivery

- ▶ Wheeling
  - The Art of pancaking
  - Types of Wheeling
    - Firm
    - Non-firm
    - Conditional Firm
    - Network
  - Wheeling cost
- Losses
- Ancillaries
  - Reserves
  - Regulation
  - Imbalance

# Scheduling and the Balancing Authority

- ▶ Network / Energy
- ▶ Normal Scheduling
- ▶ Dynamic Scheduling
- ▶ Balancing Authority

# Financial Ability

- ▶ There are many expenses before being able to bid; many projects are bust before being able to bid.
  - State and Federal Regulatory Processing
  - Bank Due diligence
    - Preliminary plant design
    - Preliminary plant cost estimates
    - Preliminary pre interconnection / transmission feasibility studies
    - Preliminary estimate of interconnection and transmission costs
    - Estimating the cost and pricing of energy and capacity

# Financial ability (contd.)

- NEPA EIS
  - One to One and half years
  - Cost between \$300K to \$500K
- OATT
  - LGIP \$350K
    - SIS
    - Facilities Study
  - TSR
    - SIS
    - Facilities Study
- Network Upgrades

# Tribal Involvement

- ▶ Is the tribe the energy owner?
- ▶ Is a Developer the energy owner?
- ▶ Who is the bidder?
  - Developer
  - Tribe

# Land Control

- ▶ Who owns the land and do they have control?
  - If reservation, can it be used for this?
  - Does the RFP submitter have the authority to use the land? How does the LSE know?
  - In a tribal situation the LSE doesn't know who has the authority to sign. How can you assist the LSE? Do it up front rather than have them guess. They will not assume correctly.

# California Loads

- ▶ In-state versus imports
- ▶ Dealing with the CAISO
  - Scheduling Coordinator
  - Understanding the CAISO procedures and costs
- ▶ BAs and Dynamic Scheduling

# Retention of wholesale energy

- ▶ Tribe retention of some of the generation for its own use if possible

# The Reality Coefficient

- There are many renewable projects. Most of these will not survive. When the LSE reviews the RFP they will consider the “Reality” of the project. This includes the technical and financial health of the project. The LSE perception of all the above will enable presentation of how real your project is in consideration of award.
- Presentation of the feasibility data and completion of the various pre construction studies with positive results indicates “reality”.
- Participation in transmission planning groups and keeping your project in front of the LSE as real also adds to “reality”
- Discussion of your project with the LSE adds confidence in its “reality”.

# The “Reality Coefficient (Contd.)

- ▶ Decision capability
- ▶ Past dealings
- ▶ Participation in Industry plans to network
- ▶ Tips to enhance the deal

# Decision Capability

Able to make timely decisions

- ▶ Able to follow through with decisions
- ▶ Able to prove that the decisions can be made and followed in a timely manner.

# Tips to Enhance the Deal

- ▶ Tribe can reach out to the LSE to integrate tribe loads and generation to benefit both tribe and LSE.
- ▶ Perhaps the tribe could partner with the LSE in some way. If the LSE is the developer and has more control they often prefer that.
- ▶ Is there a way the tribe can use their “Nation” status to work with the LSE?
- ▶ Perhaps the tribe can provide a better resource / partner than other suppliers?

# Tips to Enhance the Deal (Contd.)

- ▶ Find a way to assure that the LSE has no issues with the tribe.
- ▶ Did the tribe have a confrontation with another power company or entity – Word gets around? Assure that the LSE is aware that they have a good partner in the deal.
- ▶ Paybacks are subtle but effective
- ▶ You may still apply but people have long memories.

# Tips to Enhance the Deal (Contd.)

- ▶ The LSE will view a developer on tribal land as representing the tribe on some level.
- ▶ Consult with the LSE on a possible developer. (While they may not answer, the fact that you asked shows that you wish to work with them.)
- ▶ The quality of the developer and its track record enhance “reality”.

# Conclusion / Risk

- ▶ Like the California Gold Rush of 1849 there are many developers
- ▶ Before the bid there are significant expenses
- ▶ The LSE has many renewable projects to choose from
- ▶ Know what you are doing and who you are doing it with
- ▶ From a sailor: may the wind be at your back and may you have fair sailing.

# Contact Information

- ▶ Western States Energy Solutions, LLC
  - Jim Charters
    - 26419 N 93<sup>rd</sup> Ave
    - Peoria, AZ 85383
    - 623 572 7972 Cell 602 618 4029
  - Milt Percival
    - 480 994 8695