



## Chapter 6 - Summary of Recommendations and Next Steps

### A. Transmission Recommendations

Phase I of the RMATS process yielded two sets of recommendations for projects which are capable of producing increased transmission capacity and significant economic benefits.

**Recommendation 1:** Inside the RMATS footprint, three discrete projects are recommended: the Montana System Upgrade, the Bridger Expansion Project, and the Wyoming to Colorado Project. As discussed in Chapter 3, an economic comparison of Recommendation 1 with the two Reference Cases indicates these three transmission expansion projects are cost justified and capable of producing annual net savings of \$61 million to \$531 million per year. While each project is discrete, the three projects together provide the greatest benefit to the region. This outcome illustrates the substantial value of regional cooperation to develop a solution which fairly allocates and recovers the costs and benefits of these projects.

**Recommendation 2:** This Recommendation, also discussed in Chapter 3, builds on Recommendation 1 by identifying optional transmission projects to export an additional 3,900 MW of electricity from the RMATS region to relatively higher-cost markets in the West, including California. These projects bring the benefits of fuel diversity and lower generation costs while promoting competitive market development.

Using reasonable assumptions, Recommendation 2 shows significant consumer benefits for the Western Interconnection. An economic comparison of Recommendation 2 with the two Reference Cases indicates that these transmission expansion projects are cost justified and capable of producing annual net savings of \$516 million to \$986 million per year.

RMATS recommends that further work on Recommendation 2 should be coordinated with California transmission planners and SSG-WT's west-wide planning process. Planning for cost allocation and cost recovery for Recommendation 2 should be on a basis broader than the RMATS footprint in recognition of the distribution of potential benefits.

### B. Phase II and Beyond: Recommendations for Further Action in Project Development

Much work remains. There are important financial, regulatory, legal and practical issues that must be addressed to facilitate development of the RMATS recommendations. Chapter 4 provides a detailed discussion on cost allocation and cost recovery issues, with specific recommendations for proceeding to address these issues. Other key issues that need to be addressed in Phase II are discussed in Chapter 5.

As an initial step to begin Phase II, RMATS recommends that for each discrete transmission expansion project, the Governors of the states involved with each project convene a meeting with their public service commissioners and the senior executives of the entities most likely to benefit from the expansion project. These meetings would include a review of the RMATS findings and begin discussing further steps in project development. If successful, these meetings will result in commitments from parties to sponsor further work on each recommendation, including technical studies and discussion on regulatory treatment and financing.

RMATS also recommends several institutional improvements. To improve the process of evaluating and financing transmission expansion and operate the existing transmission system more efficiently, RMATS recommends that:

- Multi-state transmission expansion pricing principles be developed;
- The Wyoming Infrastructure Authority be engaged in transmission expansion financing discussions;
- Efforts begun in the RMATS process to link load-serving entity resource plans to regional transmission plans be expanded;
- The evaluation of transmission expansion to facilitate power exports from the RMATS region be integrated with regional planning in other parts of the Western Interconnection;
- Governors and regulators consider the formulation of a Regional Transmission Organization (RTO) with features appropriate to the region, including independence and cost-effectiveness; and,
- That transmission owners develop conditional firm or priority non-firm transmission products that quantify curtailment risks and curtailment priority in order to better utilize physical transfer capacity on existing lines.

Further, the following specific actions are recommended:

1. To address cost allocation and recovery uncertainties, RMATS recommends that the state public utility commissions and energy agencies in the five states in the RMATS footprint deliver a report to their Governors in six months discussing multi-state transmission expansion cost recovery and pricing principles.
2. RMATS recommends that the regulatory commissions in Colorado, Idaho, Montana, Utah and Wyoming enter into a memorandum of agreement adopting pricing principles, and jointly file the MOA with FERC, requesting its endorsement. These principles would then apply to any applications for transmission cost recovery received by regulatory commissions within the RMATS region, providing a degree of certainty and consistency in regulatory treatment.
3. RMATS recommends that its transmission recommendations be considered in the development of resource plans of load-serving entities in the Rocky Mountain region and regulatory commission reviews of such plans. RMATS also recommends that future regional transmission planning in the Rocky Mountain region reflect the resource plans and acquisition activities of load-serving entities in the region.
4. RMATS recommends that the RMATS Steering Committee, Load Forecasting Work Group, Resource Additions Work Group, Transmission Additions Work Group, and Cost Allocation/Cost Recovery Team be maintained and be available to conduct additional work as conditions warrant. An agreement among states and the electric power industry to maintain and finance a pro-active transmission planning process in the Rocky Mountain region is needed.
5. RMATS recommends that SSG-WI use RMATS export case analyses in the development of an interconnection-wide “realistic” generation scenario that would be studied in late 2004 and early 2005.

### **C. Conclusion**

Over the past twelve months, the first phase of RMATS reached consensus conclusions recommending specific transmission expansion projects and a number of next steps for Phase II. This successful conclusion of Phase I can be attributed solely to the significant contributions from the participants, including State policy-makers and regulators, utilities, generation and transmission developers, and other interested parties. Phase II will be successful only if this participation continues. Phase II will depend on interested parties stepping forward with commitments to sponsor projects, and forming partnerships which may include public and private entities, regulators and policy-makers.