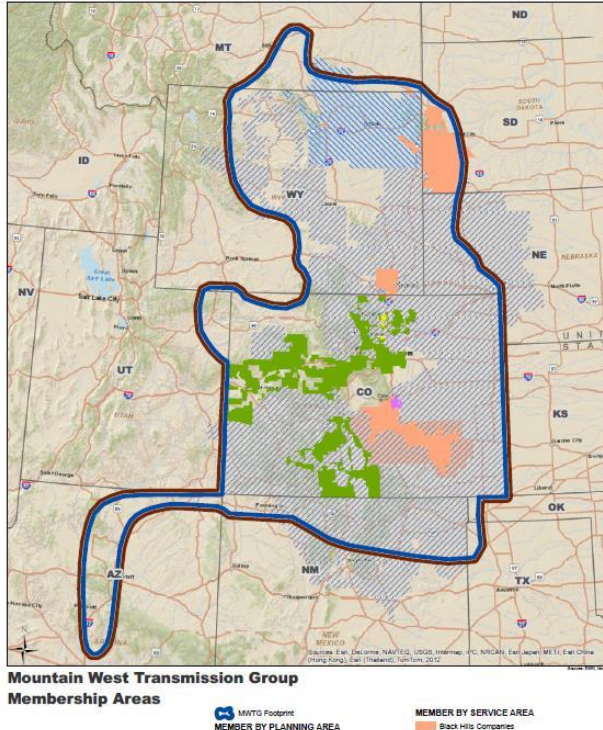


Mountain West Transmission Group Q&A

WHO IS INVOLVED?



MWTG is an informal collaboration of electricity service providers formed in 2013 to evaluate transmission market options in the changing electricity landscape. MWTG includes:

1. Basin Electric Power Cooperative (BEPC)
2. Black Hills Corporation's three electric subsidiaries: Black Hills Power (BHP); Black Hills Colorado Electric Utility Company (BHCE); Cheyenne Light Fuel & Power Company (Cheyenne)
3. Colorado Springs Utilities (CSU)
4. Platte River Power Authority (PRPA)
5. Public Service Company of Colorado (PSCo)
6. Tri-State Generation and Transmission Association (Tri-State)
7. Western Area Power Administration (WAPA): Loveland Area Projects (LAP); Colorado River Storage Project (CRSP)

WHY COLLABORATE ON TRANSMISSION?

Smaller electrical systems managed in isolation face greater challenges and costs as the proportion of variable generation and customer participation on the system increases. An evolution to more collaborative or coordinated system management in other parts of the country is resulting in cost reductions and operational efficiencies. The managers of the MWTG participants (utilities, associations, cooperatives) would like to find economically and operationally efficient ways to address these challenges, and are investigating various options in order to achieve these goals.

WHAT IS THE MWTG TRYING TO ACCOMPLISH?

The MWTG is examining whether there are operational and cost benefits to the individual participants involved to either developing a common tariff or joining an existing RTO. The research and planning will result in a decision by each party, pending regulatory approval, to seek to join, or not join, an organization with either a common transmission tariff or a complete RTO. MWTG is in discussion with the Southwest Power Pool (SPP) RTO about how the two organizations might work together toward MWTG's and SPP's common goals. In Mid-March 2018, the SPP board of directors approved a set of policies defining the terms of MWTG's membership.

Updated March 2018

WHAT ARE THE POTENTIAL BENEFITS OF MWTG COLLABORATION?

Generally speaking, a common tariff could:

- Create more cost-effective paths to deliver electricity to load
- Avoid duplication of transmission investments across participants
- Create additional siting opportunities for new resources through collaborative strategic planning

Generally speaking, joining an RTO could:

- Support enhanced coordination, increased reliability, greater efficiency, and more economic integration of renewable resources
- Enable better planning for future construction, procurement, and transmission utilization
- Reduce the need for both planning and operating reserves by optimizing use of ancillary services and dispatch across greater geographic areas

Naturally, the specifics and magnitude of various benefits and costs would depend on the details of the MWTG's selected course of action, and in the event that it joins an RTO such as SPP, would also depend on the structures and resources in place within that RTO.

WHAT TOPICS HAVE BEEN RAISED BY STAKEHOLDERS ABOUT MWTG JOINING AN RTO?

Stakeholder meetings are being convened around the West in various forums to discuss the prospect of MWTG joining an RTO such as the SPP. Topics for discussion have included:

- The possibility of stranded assets - prices could fall due to market structures, which could benefit ratepayers but may make certain facilities too costly to run, rendering them stranded assets for the power plant owners
- Creation of 'seams' between the MWTG region and the rest of the West that is not in the same RTO
- Opportunities for stakeholder engagement in an expanded RTO, and other governance matters
- The extent to which MWTG joining SPP will lead to new renewable build

WHY IS MWTG RELEVANT TO THE WIND INDUSTRY?

Whatever the outcome of the MWTG process, it is likely to result in a number of regional entities, in areas with developable wind resources, working together in planning for the future, and collaborating to some extent in the use of transmission resources across the region to meet load. This could create opportunities for more wind development through better system balancing and reduced transmission costs to get energy from wind plants to distant load.

WHAT DOES THE OUTCOME OF THIS PROCESS MEAN FOR OTHERS IN SIMILAR SITUATIONS?

The management of transmission capacity and the availability of markets for various electricity services is evolving across the West, with the goal of more efficient use of resources on a rapidly changing system. The research performed by the MWTG participants is relevant to other non-participant utilities, as many of the conclusions could be applied in other regions. The decisions ultimately made by each MWTG participant could affect system operation across the West.