Addressing Transmission Challenges - One IPP's Thoughts

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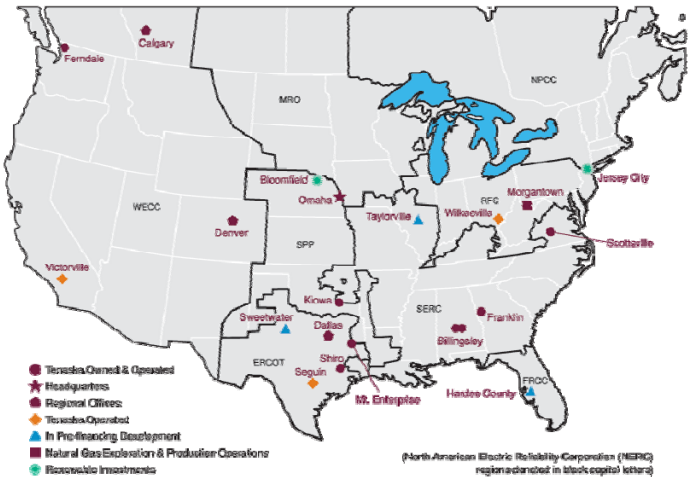
High Plains Regional Transmission Summit

Tenaska Offices & Project Locations



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Power Generation Overview

Project	MW	Power Purchaser	Tenaska's Role
Tenaska Virginia Generating Station Tenaska Virginia Partners, L.P. Scottsville, Virginia, USA (2004)	885	Shell Energy North America (US), L.P.	Developer/Owner/Operator/Managing Partner
Tenaska Kiamichi Generating Station Kiowa Power Partners, LLC Kiowa, Oklahoma, USA (2003)	1,220	Shell Energy North America (US), L.P.	Lead Developer/Owner/Operator/Managing Partner
Tenaska Central Alabama Generating Station Tenaska Alabama II Partners, L.P. Billingsley, Alabama, USA (2003)	885	Shell Energy North America (US), L.P.	Developer/Owner/Operator/Managing Partner
Tenaska Lindsay Hill Generating Station Tenaska Alabama Partners, L.P. Billingsley, Alabama, USA (2002)	845	BE Alabama LLC	Developer/Owner/Operator/Managing Partner
Tenaska Georgia Generating Station Tenaska Georgia Partners, L.P. Franklin, Georgia, USA (Phase 1 – 2001; Phase 2 – 2002)	944	Exelon Generation Company, LLC	Developer/Lessee/Operator/Managing Partner
Tenaska Gateway Generating Station Tenaska Gateway Partners, Ltd. Mt. Enterprise, Texas, USA (2001)	845	Shell Energy North America (US), L.P.	Developer/Owner/Operator/Managing Partner
Tenaska Frontier Generating Station Tenaska Frontier Partners, Ltd. Shiro, Texas, USA (2000)	830	Exelon Generation Company, LLC	Developer/Owner/Operator/Managing Partner
Tenaska Ferndale Cogeneration Station Tenaska Washington Partners, L.P. Ferndale, Washington, USA (1994)	270	Puget Sound Energy, Inc.	Developer/Owner/Operator/Managing Partner

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IPP Transmission Issues and Gen Development

- Cost Allocation/Recovery
- Interconnection queues and process
- Planning
- Implementation

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Cost Allocation and Recovery

- IPPs need the opportunity to recoup the value of their transmission investment - from the addition of hard assets to intellectual capital
- Various alternatives:
  - Receiving credits – not FTRs
  - Revenues from transmission service
  - Payments from other users for the incremental use of the new or upgraded facilities
  - Allowing IPPs to construct and have ownership-like rights

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Interconnection Queue and Process

- Process premised on “but for” theory
- Identifies incremental additions rather than coordinated planning
- Fixing cost allocation issues will help move towards an overall solution instead of small band-aid improvements

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Plan, Plan, and Plan some more

- Various orders and events have eroded incentive to plan
- Impression is that if costs can be passed to IPPs (others), then wait to plan until requests are received
- Entities should be rewarded for planning and taking appropriate risks to increase transmission capacity

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Implementation

- NIMBY – not in my backyard is still around and stronger than ever
- Born out of a lack of understanding about how the transmission system works
- Interconnected transmission lines (even smaller 69 kV lines) provide benefits to all customers – YES, even across state lines

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Thank You!

Questions?