

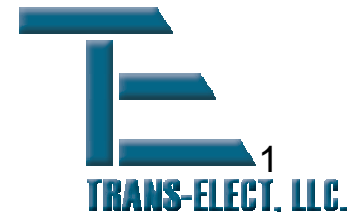
TOT 3 Project Update

A Public/Private Partnership

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Wyoming Infrastructure Authority

Jerry Vaninetti, Vice President Development
Trans-Elect Development Company LLC

March 15, 2007 Interwest Energy Alliance



Presentation Agenda

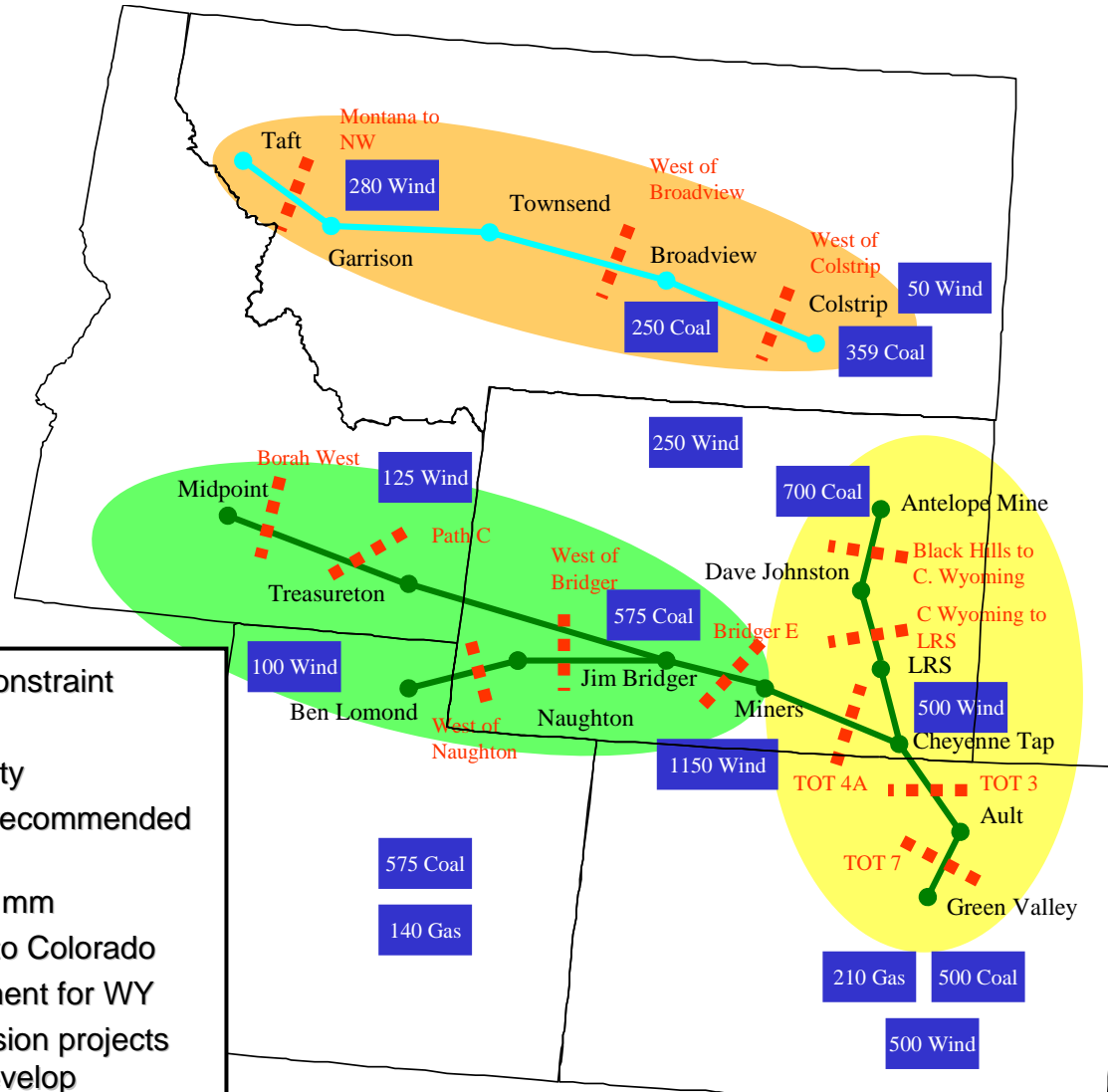
- Overview of TOT 3 Project
- Geared to get input from Wind industry
 - Shared development for imports from Wyoming
 - Initial discussions towards an Open Season

Wyoming Infrastructure Authority

- Formed in June 2004 by the Wyoming State Legislature to diversify and grow the state's economy through transmission development
 - Implementation of RMATS transmission projects
 - www.wyia.org with project websites under development
 - Loyd Drain – Development Director
- WIA's tools and responsibilities:
 - Issue revenue bonds to \$1 billion
 - Partnerships with private & public parties
 - Study transmission corridors
 - Own & Operate transmission, if needed
 - Role in developing advanced coal plants

TOT 3 Overview

- Modified Interface
- Added Resource
- Added 345 kV Line
- Added Series Compensation Only



Montana Upgrades

Bridger Expansion

New WY- CO lines

Long-Standing Transmission constraint

- 6 transmission lines
- 1,600 MW of capacity

One of 3 high-priority projects recommended by RMATS for expansion

- 250 miles @ >\$300 mm
- Coal & wind power to Colorado
- Economic development for WY

TOT 3 is one of the 3 transmission projects the WIA was formed to develop

TOT 3 Public/Private Partnership

- Fall-05: WIA/WAPA/Trans-Elect Partnership
 - WIA: Provides support from State of Wyoming for development
 - Trans-Elect: Independent transmission developer with successful track record; funded by AES
 - WAPA: Current operator of TOT 3
- WAPA Solicitation of Interest: 2,000 – 7,000 MW
 - CO utility customers, wind developers & coal developers
- Technical & Economic Feasibility Phase
 - Study costs shared by WIA and Trans-Elect
 - Study work is confirming RMATS estimates
 - Supportive political climate driven by renewables & economics
 - Next Steps: capacity commitments with LSEs and generators for a 2009-2010 on-line date for first/wind phase of project

TOT 3 Project Work Plan

PHASE I: PROJECT FEASIBILITY & COMMITMENTS

4Q-05 1Q-06 2Q-06 3Q-06 4Q-06 1Q-07 2Q-07 3Q-07 4Q-07

	4Q-05	1Q-06	2Q-06	3Q-06	4Q-06	1Q-07	2Q-07	3Q-07	4Q-07
PARTNERSHIP FORMATION	█								
PRELIMINARY MARKET ASSESSMENT	█	█							
TECHNICAL STUDIES			█	█	█	█			
CORRIDOR, PERMITTING & ROW ASSESSMENT					█	█			
DESIGN & COST STUDIES						█	█		
PROJECT FEASIBILITY DETERMINATION							█		
SECURE CAPACITY COMMITMENTS								█	█
STAKEHOLDER INTERACTIONS: CCPG, WECC, AWEA, UTILITIES, GENERATORS, PUC	█	█	█	█	█	█	█	█	█

Preliminary Study Results

- Consultant studies by PTI/Siemens and Burns & McDonnell nearly completed
- Confirms RMATS Study
 - 345 kV line with ~750 MW capacity @ ~\$325 MM
- Interconnect at Pawnee (PSCO)
- Radial vs. Integrated Scenarios
- OATT Queue Position Established at Pawnee
- WECC Transmission Planning Process Initiated
- Stakeholders Apprised of Progress: CCPG
- Potential for Phased Development

Phased Development



Phase 2:
175-200 mile line
to tap mine-
mouth coal
and/or wind;
2013-2014

Phase 1:
175 mile 345 kV
line to tap 40%-
45% C.F.
wind; 2009-2010

Colorado Market Developments

- Demise of gas-at load as an exclusive solution for power supply
- Pro-Wind and Pro-Transmission Legislation in Colorado
 - Expanded RPS, including public power
 - Transmission Authority
 - Resource Zones
 - Transmission in advance/separate from generation: CWIP
- Colorado Transmission Infrastructure Task Force Findings
- Colorado Energy Forum
- Widespread understanding that transmission expansions will be required in Colorado
- Role of Imports of Wind from Wyoming?
 - Economics vs. RPS compliance
 - A role for both Colorado and Wyoming wind

Electricity Demand Growth

Table 5-1 - Potential Resource Mix, 2015 and 2025			
Year	2006	2015	2025
Peak (MW)	10,080	12,400	15,114
Requirement (MW)	11,591	14,260	17,381
Energy Forecast (GWh)	52,656	64,662	78,351
Capacity (MW)			
Existing Baseload (MW)	6,569	6,569	6,569
Existing Intermediate (MW)	3,018	3,018	3,018
Existing Peaking (MW)	2,145	2,145	2,145
New Baseload (MW)		1,471	3,053
New Intermediate (MW)		600	1,530
New Peaking (MW)		456	1,066
Total Capacity (MW)	11,732	14,260	17,381

Source: Colorado's Electricity Future, Colorado Energy Forum, Sept-06
 From "Colorado Power Market Study" by R.W. Beck Consulting

Next Steps after Phase I

- Finalize capacity commitments
- Finalize route selection
- Permitting
- Acquire Right-of-Way in CO & WY
- Detailed design and costs
- Secure financing
- Select construction firm
- Construction management

Capacity Commitment Process

- FERC permits negotiated rates for merchant transmission based on evaluation of ten criteria, where the developer must:
 - Assume market risk;
 - Operate under an open access tariff;
 - Create secondary transmission rights;
 - Hold an open season to initially allocate transmission rights;
 - Post the results of the open season;
 - Provide no preference for affiliated shippers;
 - Assure competitors are not precluded access to the project;
 - Have a market monitor, if available;
 - Coordinate with reliability requirements; and
 - Not impair pre-existing transmission rights.
- The key criterion is the open season.
 - The Commission wants the initial contracts to be entered into pursuant to an open season.
 - However, this does not mean that this project cannot work with potential shippers to obtain strong indications of interest before the start of the open season.

Open Season Process

- Before the open season
 - The project may work with interested customers to develop the rates, terms and conditions of service.
 - These rates, terms and conditions must be sufficient to achieve financing for the project.
 - E.g., contracts with creditworthy shippers for 10, 15, or 20 years.
 - The rates may have escalators to reflect inflation and contingencies.
- The open season
 - During the open season interested shippers would sign agreements, committing themselves to capacity.
 - If the project is oversubscribed;
 - Capacity will be allocated on a present value basis.
 - Shippers who tie on a present value basis will have their capacity pro-rated.

TOT 3 Expectations

- Capacity Subscribers
 - LSEs & Generation Developers
- Phased or Complete Development will be Determined by the Results of the Open Season
- Phase I
 - ~750 MW capacity radial 345 kV line to Chugwater area
 - Wind only line requiring firm commitments
 - On-line in 2009-2010 time frame (depending on results of the open season)
- Phase II
 - Coal and geographic diversity for wind
 - Facilitator for reselling capacity via OASIS, for improved economics
 - Multiple products, including contingent firm/priority non-firm

Input Needed from Wind Developers

- Making Colorado LSEs aware of Wyoming's Wind Resources
 - NREL & Other Public Data
 - Project-Specific Information
- Designing the Open Season for Wind Commitments
 - Group & Individual Input Opportunities Available
 - Timing of Need
 - Size of Increments, in MW
 - Term: 5, 10, 20 years?
 - Transmission Products
 - Contingencies?

Questions & Follow-Up

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