



Control Number: 34577



Item Number: 25

Addendum StartPage: 0

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5 November 2007

Ms. Adrienne Brandt
Senior Analyst
Competitive Markets Division
Public Utility Commission of Texas
1701 Congress Avenue
Austin, Texas 78701

VIA HAND-DELIVERY

Re: PUC Project No. 34577 – *Proceeding to Develop Policy Related to
Excess Development in Competitive Renewable Energy Zones –
AES SeaWest's Initial Comments*

Dear Ms. Brandt,

Pursuant to the Public Utility Commission of Texas' ("Commission's") request on September 26, 2007, AES SeaWest, Inc. ("AES SeaWest") files these brief comments in the above-styled rulemaking.

Dispatch priority is a very important component of the overall CREZ proceeding. AES SeaWest supports using a dispatch priority system for dealing with potential excess wind development in a CREZ. Developers that participated in the contested CREZ proceeding should have priority for dispatching their wind energy in the event of transmission congestion resulting from additional generation that was not planned for and did not participate in the CREZ proceeding. Participating parties spent many resources, revealed development plans, presented witnesses and testimony regarding financial commitments, and helped develop a record for the Commission to determine which CREZs should be designated. Further, participating parties prepared to post the 10% deposit for transmission facilities should be given even greater priority.

The Commission asked whether the five options for dealing with potential excess development discussed at the September 17, 2007 workshop represents the universe of potential ways the Commission could deal with potential excess wind development in the CREZ regions, and which one of the options listed in question is the most appropriate.

Generally the five options presented at the first workshop do, in the opinion of AES SeaWest, represent the universe of potential ways to deal with excess wind development in a CREZ, although some details still need to be worked out. AES SeaWest is still evaluating the latest details of some of the other options. At this time AES SeaWest supports "option d", the "Offer Curve Adder" option. However, AES SeaWest could support other options as they are being modified.

Making the overall CREZ process work and ensuring that wind curtailment does not happen in the future requires recognizing that dispatch priority is a crucial factor in the CREZ proceeding as well as future CREZ proceedings. Without a dispatch priority rule in this proceeding, interested parties may decide to simply wait on the sidelines in a future CREZ proceeding rather than go through the time and expense. To continue to have effective CREZ processes, developers should see concrete value for participating in the initial phase of the first CREZ docket.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Shannon J. McClellan". The signature is fluid and cursive, with a long horizontal stroke extending to the right.