



Control Number: 34577



Item Number: 264

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OPEN MEETING COVER SHEET

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MEETING DATE: October 8, 2009

DATE DELIVERED: October 8, 2009

AGENDA ITEM NO.: 16

CAPTION: Project No. 34577 - Proceeding to Establish
Policy Relating to Excess Development in
Competitive Renewable Energy Zones

ACTION REQUESTED: Memo from Commissioner Nelson

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Public Utility Commission of Texas

Memorandum

TO: Chairman Barry T. Smitherman
Commissioner Kenneth W. Anderson, Jr.

FROM: Commissioner Donna L. Nelson *can*

DATE: October 7, 2009

RE: **Open Meeting Item 16; Project No. 34577 - Proceeding to Establish Policy Relating to Excess Development in Competitive Renewable Energy Zones.; October 8, 2009 Open Meeting**

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At the last open meeting, we gave Staff some guidance regarding the rules for excess development in the CREZs. I would like to commend their speedy and thorough work in preparing a draft for our consideration at this meeting. I have some suggested modifications to clarify a few points in the preamble and rule.

I suggest the following changes to the preamble:

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- Add after the last sentence under "Commission Response" near the bottom of the page:
However, the rule has been amended to provide a refund of collateral after an interconnection agreement is signed in recognition of a new level of commitment being made by wind developers.

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- Modify the second sentence under "Commission Response" as follows: However, the commission determines that it is preferable initially to leave it to the competitive market to determine winners and losers. The commission should only intervene when there is evidence that the market fails to resolve issues regarding excess development with potentially harmful consequences.

I also recommend the following change to subsection (d)(9) to clarify our finding regarding the southern three CREZs:

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- Modify this provision as follows: ~~This subsection does not apply to a pending CREZ CCN application~~ Commission findings in Docket Numbers 33672, 35665, and 36146 establish that the level of financial commitment is sufficient under PURA §39.904(g)(3)

to grant CCNs for transmission facilities designated by the commission as a Default Project in Ordering Paragraph 1 of the Order in Docket Number 36146 and, ~~In addition, this subsection does not apply to a pending CREZ CCN application for transmission facilities in the Panhandle designated by the commission as a Priority Project in Finding of Fact 136 in the Order on Rehearing in Docket Number 33672. This finding of sufficient financial commitment shall be recognized in all pending and future CCN proceedings for Default and Priority Projects and shall not be addressed further in those proceedings. subsection applies to all other pending and future CREZ CCN applications.~~

Finally, as I mentioned at the last meeting, I still have some concerns with the test for financial commitment and look forward to discussing some alternatives with you tomorrow including the possibility of some consideration of lease agreements to satisfy a portion of the financial commitment required by statute.

I look forward to discussing this with you in the open meeting.