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PSCO GENERATOR INTERCONNECTION QUEUE REFORM

FREQUENTLY ASKED QUESTIONS

Please note that this FAQ document describes a draft and evolving proposal. Although Public Service Company of Colorado ("PSCo") endeavors to keep these FAQs updated in a timely manner, the developing proposal may change from the one described herein. Our goal is to provide information and receive comments from interested stakeholders on our proposal prior to an OATT change filing at FERC. This document may be updated and amended from time to time as our proposal evolves. Please direct comments and questions to PSCoInterconnection@xcelenergy.com.

<u>Process timeline:</u>

Q: What is the timeline to reform the PSCo generator interconnection process?

A: We plan to post our initial proposal on Friday, May 4th. The proposal will include proposed revisions to the Large Generator Interconnection Procedure ("LGIP") (Attachment N) in the Xcel Energy Tariff. This will give stakeholders approximately two weeks to review the proposal before the stakeholder meeting on Friday, May 18th. We plan to discuss the proposal on May 18th and hope to receive feedback from stakeholders at that meeting. We also encourage written stakeholder feedback over the following two weeks; up to June 1. We then plan to incorporate the feedback in a revised proposal, which we hope to file at FERC at the end of June. We plan to propose an effective date at the end of August or beginning of September, depending on the ultimate filing date. We expect that this proposal will impact most interconnection requests in our current generation interconnection queue as well as any future requests.

<u>Proposed interconnection process:</u>

Q: How are you proposing to reform your interconnection process?

A: We are proposing two separate queues; one called a "definitive" (Definitive System Impact Study or "DISIS") queue and the other called "preliminary" (Preliminary System Impact Study "PISIS") queue. The definitive study process leads to a Large Generator Interconnection Agreement ("LGIA") and the preliminary study process provides valuable information to the interconnection customer. Both the DISIS and the PISIS will use cluster studies. PSCo is proposing the same study deposits for each process and an allocation of study costs for participating interconnection facilities.

Q: What are the study deposits and the allocation of study costs that PSCo is proposing?

A: PSCo is proposing a tiered study deposit equal to a) $75,000 for requests less than 50 MW, b) $150,000 for requests between 50 MW and 200 MW, and c) $250,000 for requests 200 MW and greater. Customers will be responsible for the actual costs of the studies, and the cost of the study cluster is proposed to be allocated 50% pro-rata based on the number of Interconnection Requests and 50% pro-rata based on the MWs included in the study.

Q: Is this just a short term transitional process that will be replaced when PSCo joins SPP as part of Mountain West Transmission Group?

A: No. PSCo announced on April 20th that we are ending our participation in MWTG. PSCo will not be joining SPP.

Definitive Study Process:

Q: Please describe the DISIS proposal?

A: The DISIS is a cluster study that includes a 150 day clustered system impact study followed by a 150 day facilities study. PSCo is proposing certain milestones in addition to the study deposits for inclusion into the DISIS, where some milestones are the at-risk financial requirements that increase through the study process.

Q: What milestones are proposed?

A: A valid DISIS related system impact study application includes the study deposits discussed above and a) demonstration of site control and adequacy, b) definitive point of interconnection, c) point of delivery (for NRIS), d) definitive plant size, e) generator technical information, f) designation of either ERIS or NRIS, and g) one of the following: 1) a financial security deposit, 2) an executed contract, 3) inclusion in a resource plan, or 4) evidence the project will qualify as a designated network resource.

Q: If a customer chooses the financial milestone (e.g. $3000/MW), is any of that financial milestone payment refundable?

A: Yes. If the request is withdrawn in the first study cycle, before any restudies of the cluster or before the facilities study agreement is executed, then 75% of the milestone is refundable. If the request is withdrawn after the first study cycle, then the study deposit is nonrefundable.

Q: What forms of security are considered acceptable?

A: A letter of credit or cash will be accepted for milestone and study deposits.

Q: Is PSCo proposing alternative options from financial deposits under (g) above?

A: Yes, PSCo is proposing alternatives to financial milestone payments for entry in the DISIS. For example being included in a proposed resource plan or having an executed power purchase agreement are alternatives PSCo plans to propose.

Q: Are there different milestones applied if the cluster is restudied or upon execution of the facilities study agreement?

A: Yes. For instance, PSCo is proposing increasing the milestone payments as the process proceeds and increasing the at-risk portion. If the cluster requires restudy, the milestone payment would increase from $3000/MW to $5000/MW. The total financial milestone payment to enter the facilities study is equal to the cost of the upgrades identified in the system impact study report. Financial milestones will not be refundable after the first system impact study is complete unless the generating facility reaches commercial operation.

Q: Is PSCo proposing to change the ultimate funding mechanism for upgrades related to generation interconnection. For instance, is PSCo proposing to directly assign the costs of generation interconnection related network upgrades to the interconnection customer?

A: No. PSCo is not proposing to directly assign the costs of network upgrades to interconnection customers. Interconnection customers will be eligible for credits associated with upfront funding of network upgrades. The ultimate cost responsibility of network upgrades will be PSCo's network transmission customers. The interconnection customer is responsible for the costs of interconnection facilities.

Q: Might the cost of interconnection facilities be shared with multiple customers in a cluster?

A: Yes, one of the values of using a cluster study process is that we can design an interconnection facility for multiple parties and appropriately allocate the costs of that facility.

Preliminary Study Process:

Q: How is the PISIS different from the DISIS?

A: The PISIS is intended to provide customers valuable information to inform them on business decisions, but will not lead to a LGIA.

Q: Are the additional milestones required for the PISIS?

A: No.

Q: Please describe the proposed PISIS process

A: PSCo is proposing, in collaboration with customers in the cluster, to first develop study models and assumptions. PSCo will then run the study and provide the study report. PSCo hopes to work with stakeholders to make this process valuable for customers.

Other Study Process Changes:

Q: Is PSCo removing the Feasibility Study process?

A: Yes, PSCo is proposing removing the feasibility study from the tariff.

Q: Is PSCo proposing to remove the Optional Study?

A: Yes.

Q: Is your proposed process the same as Public Service of New Mexico's ("PNM") or Southwest Power Pool's (" SPP") generator interconnection process?

A: The proposed process is modeled after PNM and is similar to SPP, but we are proposing modifications that address PSCo's unique situation and current industry issues. We note that the current PNM and SPP processes continue to have issues with delays caused by restudies and excessively large cluster sizes.

Q: Will your proposed changes incorporate compliance items from FERC Order No. 845?

A: We plan to incorporate the changes discussed in Order No. 845 (issued April 19, 2018) into the Xcel Energy Tariff LGIP and LGIA. We may make these changes in the initial queue reform filing, or in a second Order No. 845 compliance filing. The compliance filing is due ninety (90) days after Order No. 845 is published in the *Federal Register*.