

OPENING STATEMENT

STEPHEN CONANT

Senior Vice President, Anbaric Transmission, LLC

FERC Technical Conference on Independent and Merchant Transmission

Washington, DC

March 15, 2011

My name is Stephen Conant. I am Senior Vice President with Anbaric Transmission, an independent transmission development company with offices located in Wakefield, Massachusetts. Thank you for the opportunity to provide my brief comments on this timely topic. Specifically, I would like to address the case of independent merchant transmission and how it can be used to connect location-constrained resources to markets.

As I mentioned Anbaric is an independent *transmission* company. We have no interest in being in the generation business. Meanwhile, I understand there are few here in the generation business with no interest in being transmission business. Maybe we have the makings of what could be a beautiful friendship.

The interdependency of transmission and generation has never been more apparent than in the case of how we build transmission to serve location-constrained resources. These resources are often distant from load, but in many cases may be a fairly short distance from the integrated grid. The particulars of relatively low capacity factors for wind generation as opposed to fossil or nuclear powered plants present special challenges. With wind or solar, it's not as simply as it is with a coal or nuclear plant to build a generator lead line and roll in the cost of transmission in with the overall cost of the plant. With a coal or nuclear plant the

transmission line and capacity to be available at the same time. The generator builds the generator line with the same capacity as the capacity of the plant. From the outset there's no need to determine how any excess capacity is accommodated.

To serve the full generating potential of a remote wind and/or solar resource area is not as simple. For wind, the lead lines are ideally sized to accommodate the full capacity of a region when the wind is blowing, but all the capacity is not developed at once and in areas that may cover tens of square miles there may be more than one generation developer who may want access to the line.

New problems call for new approaches. I'd like to offer a few suggestions. First, let's let generation developers build generation and transmission developers build transmission. The two groups need not, and perhaps should not, be affiliated with one another. Instead of a wind generation developer going through the contortionist exercise of demonstrating that the megawatts from wind farms it is developing in a location constrained area magically adds up to size of the transmission line it is building to get its first megawatt to market in order not to avoid the need to file an OATT or be designated as a transmission owner, why not acknowledge the reality and establish a construct where a transmission developer can build the line and all the generation developer needs to worry about is developing its wind farm or solar farm.

The concept I put forward here is that of a "Merchant Generator Lead Line" where multiple generators, not necessarily affiliated, use one radial lead line to get to the integrated transmission system. Here I'm speaking about *calibrated regulation* with a structured approach. It addresses one-way radial lines whose sole purpose is to connect to RTO/ISO transmission system. It can be structured such that an anchor customer or customers, up to as high as 75% of the line's capacity if necessary, can finance the initial construction of the radial line. Rates to

use the line would be negotiated and would decline as additional generation is added. Open seasons would be held for the remaining capacity of at least 25%.

The point of interconnection for all the generators is where the radial line hits the integrated RTO/ISO transmission system. Interconnection to RTO/ISO and upgrades required would be for the initial generator. Additional generators would be studied at the RTO/ISO interconnection point on an incremental basis as they are added to the radial line. Multi-party Interconnection Agreements with RTO/ISO would be entered into amongst the generator, merchant generator lead line owner, RTO/ISO, and interconnecting transmission owner. The RTO/ISO would have operating control over the line and determine scheduling and curtailment at point of interconnection.

So what are the benefits of this approach? We see at least seven. First, it allows wind and solar generation developers to stick to what they do best – develop generation. Second, it facilitates the financing of radial lead lines needed to bring location-constrained resources to market. Third, it is a cost efficient operation without excessive regulation and administrative overhead. Fourth, it encourages additional generators to use the line through the open access process. Fifth, RTO/ISO network upgrades are built as-needed and when-needed on an incremental basis. Sixth, it uses existing RTO/ISO OATT processes. Finally, this calibrated regulatory approach combines existing Commission policies and precedent into efficient whole. The new approach is simple, transparent, cost-effective and financeable, while also providing open access and encouraging full use of radial lines by multiple unaffiliated generators.

I thank you for your time and will be happy to take questions.