

Renewable Energy
Transmission Company (RetCo) Inc.

On behalf of the Wyoming Collector System Task Force

Presentation to the

**Wyoming Legislative Task Force
on Wind Energy Eminent Domain**

Stephen Burnage
President, RetCo

Casper, WY
May 27, 2010



Index

- I. The Wyoming Collector System Task Force
- II. Overview of the Wyoming Collector System
- III. Eminent Domain
- IV. Conclusions

I. The Wyoming Collector System Task Force

Inter-state transmission developers



Wyoming regulated utility



Public bodies



I. The Wyoming Collector System Task Force

Seven responsible transmission owners and developers - cooperating *with goals of* ensuring Wyoming and customers benefit from:

Design

- A higher voltage network, with lower capital costs and lower electrical losses.
- A robust, secure, redundant, backbone Wyoming transmission network.
- Improved connections between wind areas and to natural gas fired generation.
- Providing generators with access to more than one export hub / export market.

Environmental / Permitting

- Avoiding the unnecessary duplication of infrastructure.
- Making best possible use of available Wyoming transmission rights of way.
- More efficient permitting processes, with fewer parties involved.

Cooperation

- Explore shared infrastructure opportunities with PacifiCorp, Black Hills, WAPA.

Outreach

- Reassure Wyoming and customer States of a responsible development process.

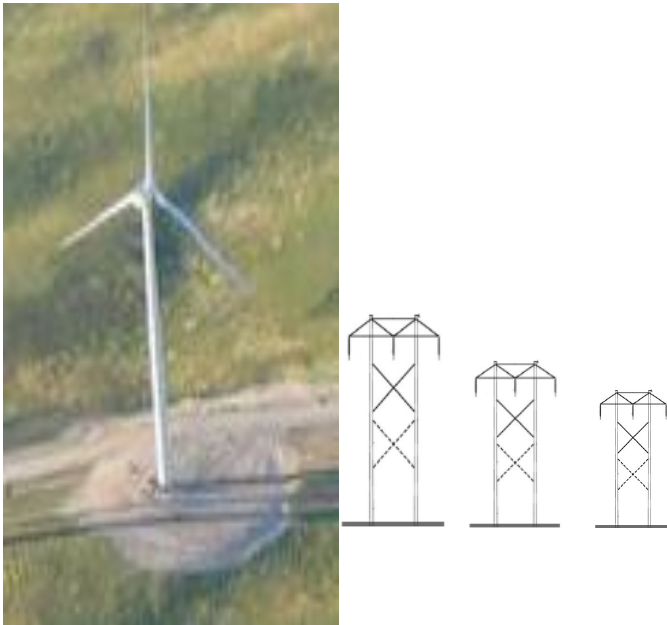
II. The Wyoming Collector System

1. Formed with the encouragement of Western and the WIA.
2. Possible program of:
 - 2010: System and cost studies; regulatory and business structures;
 - 2011 – 2013: engineering design, permitting, contractual structuring;
 - 2014 – 2015: construction of first circuits.e.g. decisions on routes / design unlikely inside next 12 months.
3. Will likely be built out over many years, in phases.
4. Costs to be carried by end use customers, accessed through PPA's.
5. Will examine shared infrastructure with PacifiCorp and Wyoming utilities.
6. Will examine question of how Wyoming wind to be balanced and how new Wyoming natural gas fired generation can provide this balance.
7. Likely FERC regulated tariff with capacity allocation to multiple users.
8. Proposal to progress project as public private partnership, with Western.

II. The Wyoming Collector System

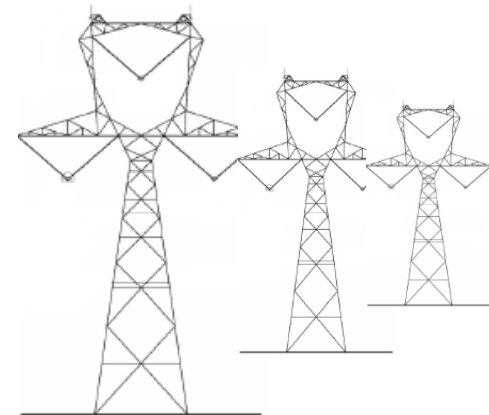
An important distinction

Wind farm + generator feeder line



- serves single wind farm
- some freedom to site
(abundance of wind areas)

Common carrier



- serves multiple users
- limited freedom to site
(limited available corridors)

III. Eminent Domain

Responsible transmission owners / developers:

- Place a high priority on respectful, open relationships with (existing and future) landowners that host a transmission tower(s) on their land.
- Recognize that this relationship needs to be even closer than with (buried) pipelines.
- View eminent domain as an absolute last resort, to be avoided if at all possible.
- Only ever use eminent domain rarely (< ~ 3%), and in many cases never, ever.

Why have eminent domain?

- Purpose on linear project easements different from land / property acquisition.
- With ranch land, most cattle grazing, crop growing still fully viable.
- Necessary where a clear public interest requires its use, either:
 - because there is only one viable transmission line route; or
 - alternative routes would involve significant, additional, environmental impact.

Closely linked to compensation:

- Acts as a disincentive to holding out for a better deal (than adjacent landowners).
- Therefore, intrinsically linked to, and a reinforcement of, compensation methodology.
- Compensation today based upon loss of fair market value. A well proven approach.

IV. Conclusions

1. Wyoming has an attractive wind resource. Its development will likely provide significant economic and employment benefits to the State.
2. Transmission is 70 year + infrastructure, as is inter-state railroads and highways, with near and long term benefits to the State beyond wind.
3. Development of Wyoming wind + transmission is not inevitable and needs nurturing. States are waking up to the development opportunities.
4. Through the Task Force, transmission developers, utilities, WAPA and the WIA are closely cooperating to achieve the best outcome for Wyoming.
5. Responsible developers rarely, if ever, use eminent domain. Access to eminent domain is, however, essential for linear infrastructure.
6. We understand how sensitive eminent domain is. We recognize the difficult role of the task force in balancing public and private need.
7. The Wyoming Collector System Task Force seeks to actively support the legislative task force, as it examines eminent domain and compensation.

