

## Comments from Linc Wolverton on June 17, 2004 Membership §5.2.3(iii)

What industry with cogeneration and/or on-industrial-site generation is seeking is the opportunity to choose which membership category best represents its interests. Thus, the latest version of the by-laws has moved away from that concept into a formula concept is unacceptable.

In addition to the generator issue is another that has not been raised but is emerging as important: the absence of subclasses within the generator class based on size of generation.

### Cogeneration and On-Site Generation Issue

The formula-based approach is inappropriate. Cogenerator interests are not necessarily synonymous with the size of the loads at, perhaps, dozens of plants and offices within Grid West versus the size of generation that a company owns. If a company has serious problems with obtaining transmission services—similar to the problems experienced by IPPs—but has little problem with its load service, it is likely that such a company would want to exert its influence in the generator class.

Generator issues of key importance might be must-run and dispatch obligations imposed by Grid West, buying and selling in the redispatch and reconfiguration markets operated by Grid West, the determination of specific TTC and ATC that would affect the ability to sell power.

The formula-based approach also has structural problems. What is the status of a joint venture owned by a large wood-products company and a partner? Do the MWs count or not toward this determination? How many of the MWs count? If the joint venture is eligible in its own right to be a member of the generator class, is the industrial company prohibited from selecting a representative or assisting in the selection of that representative?

Other issues arise. There are a number of wood-products loads, for example, that are seasonal. If generation capability exceeds loads in the winter, but loads exceed generation in the summer, does this mean that in the winter the company is a member of the generation class and a member of the end-user class in the summer? Similarly, lower loads during an economic downturn can tip the balance as well.

If Grid West persists with its current add-'em-up formulation, then we need to raise a problem with the "contiguous" wording. What if the generator is separated from the industrial plant by a narrow strip of land owned by a credit union? Or by a highway or a rail line? Apparently, those circumstances leave the company neither with representation as a generator (unless the 'orphaned' generation plant can join as a member on its own) or as an offset to its load tally. With the add-'em-up formulation, we

are not sure what purpose there is for this provision, except to exclude certain generation capability unfairly from determination of a membership class.

In order to avoid controversy and constant membership determinations and to make Grid West more attractive to industries with cogeneration or on-site generation, the right to choose the membership category is imperative. Thus, we recommend a return to the earlier wording, where choice is allowed.

### Generation Sub Classes

We are concerned that small generators—distributed generation, small wind farms, entities with backup generation—could dominate, in numbers, the generator class. These interests, of course, need to be represented, but it would seem reasonable that some breakdown by generator size would more fairly represent the impact of the generator interests in the system.

One way to accomplish this would be to have weighted voting based on size (perhaps up to a limit). Another would be to put minimums on the size of generators that can belong. Alternately, the by-laws could establish at least two sub classes—Renewables and Other Small Generators (under 5 MW?)—to go along with the general generator class.