

139 FERC ¶ 61,171
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, DC 20426

June 1, 2012

In Reply Refer To:
El Paso Electric Company
Docket No. ER12-1429-000

El Paso Electric Company
Attn: Mary E. Kipp, Esq.
General Counsel and Chief Executive Officer
PO Box 982
El Paso, TX 79960

Dear Ms. Kipp:

1. On April 2, 2012, El Paso Electric Company (El Paso) filed an unexecuted conforming Large Generator Interconnection Agreement (LGIA) with Mescalero Ridge Wind, LLC (Mescalero) for a 320 MW wind generator (Mescalero Project) to be built in Chaves County, New Mexico. El Paso estimates that the siting, permitting, environmental impact assessments, engineering, procurement, and construction activities will span approximately four years.
2. El Paso states that it disagrees with Mescalero over the level of payment detail that should be included in Appendix A (Interconnection Facilities, Network Upgrades and Distribution Upgrades) to the LGIA. According to El Paso, Mescalero seeks to include within the LGIA, specific dates and costs to be incurred for each tender of security or cash payment required over the course of the construction period. Attachment C to El Paso's April 2, 2012 filing includes Mescalero's statement of position regarding Appendix A, which reads as follows:

Mescalero desires interconnection service and does not want its interconnection request deemed withdrawn. However, Mescalero disagrees with the terms of the proposed LGIA. All LGIAs should contain detailed costs and milestone payment

terms. [Mescalero] believe[s] it is unreasonable to ask a project to proceed on such onerous terms.¹

3. El Paso contends that the level of detail included in Appendix A (e.g., identification of interconnection facilities and Network Upgrades, and their estimated costs) is reasonable. Moreover, El Paso explains that section 11.5 of the LGIA, Provision of Security, would govern tenders of security, and it would require security to be provided such that at least 30 calendar days prior to the commencement of the engineering, procurement, installation, or construction of a discrete portion of the identified facilities, security would be provided. Additionally, El Paso states that it has offered to meet with Mescalero to discuss the various phases of the project from start-up to completion.

4. Notice of the filing was published in the *Federal Register*, 77 Fed. Reg. 21,552 (2012), with interventions and protests due on or before April 23, 2012. None was filed.²

5. We find that Appendix A as proposed provides a sufficient level of detail for El Paso and for Mescalero. The project is at an early stage and so Appendix A appropriately identifies the interconnection facilities and network upgrades and provides an estimate of the costs to be incurred. As the costs are estimates, it is likely that over the four year duration of the project, both dates and costs would be subject to modification. In fact, Appendix A acknowledges that all costs listed therein are “Good Faith” estimates and may change when facilities are ordered or constructed.³ Additionally, Appendix A provides that at the initiation of the Mescalero Project, all parties to the LGIA will form a committee to perform the detailed engineering, design and construction scheduling. We find that this construction committee, coupled with the provision of security in section 11.5 of the LGIA, will allow Mescalero to obtain detailed costs and milestone payment terms within a reasonable time.

6. We, therefore, accept the LGIA, effective June 1, 2012. However, we note that El Paso incorrectly filed the LGIA as a rate schedule instead of as a service agreement under its Open Access Transmission Tariff (OATT). We direct El Paso to resubmit the

¹ El Paso’s April 2, 2012 Transmittal Letter at Attachment C.

² El Paso included Mescalero’s comments in its submittal in lieu of Mescalero filing a formal protest. *See* n.1.

³ Transmittal letter, Attachment B, at A-1.

LGIA as a service agreement under its OATT in a compliance filing, within 30 days of the date of this order.⁴

By direction of the Commission.

Nathaniel J. Davis, Sr.,
Deputy Secretary.

⁴ El Paso states that, subject to the Commission's decision in this docket and to the extent that Mescalero proceeds with the interconnection, El Paso would use the corrected version of Appendix A found in Attachment B to its filing. El Paso states that it would renew the request it made to Mescalero to fill in its own Interconnection Facility list in Appendices A and C, as well as its own facility milestone dates in Appendix B. *See* n.4 of El Paso's transmittal letter.