

Major Renewables Hub Tres Amigas Advances Toward Key Milestones

Developers of the proposed Tres Amigas Superstation project to link all three U.S. electricity grids — and thereby enable dramatically expanded renewable energy markets — are aiming to submit critical filings with the Federal Energy Regulatory Commission later this year, including a first “anchor” customer contract, according to the project’s FERC counsel, an indication that the project is advancing toward key milestones.

Slated to be located in New Mexico on a 22-square-mile site near the Texas border, Tres Amigas will transmit energy and balance power loads among the three U.S. grids using a massive network of underground superconductor pipelines and AC/DC converters, eventually opening the entire country to renewable energy access, according to the company.

Up until now, the Tres Amigas company management has focused heavily on the design of the “totally unique facility” and now has a firm, near-final project design that has been tested and, from an engineering standpoint, is “ready to go,” according to Dave Raskin, a partner in the electric power practice at Steptoe & Johnson and the Tres Amigas project’s FERC counsel. The company has entered into agreements with component suppliers and other firms.

At the same time, the company is negotiating interconnection agreements with Amarillo, TX-based Southwestern Public Service (SPS) Company east of the project and Albuquerque-based Public Service Company of New Mexico to the west. SPS is part of the Southwest Power Pool, which is conducting reliability studies due out soon. After the studies are completed, Tres Amigas will move to get the interconnection agreements signed and filed.

Tres Amigas is in discussions with one entity that wants to be the first “anchor” customer for the project and that negotiation is moving along quite well, says Raskin. “We also have a draft of our open access transmission tariff that we’re working on and expect to file some time later this year, hopefully together with the anchor customer contract,” he says.

The company also has several proposals it is trying to move forward to get the project connected with the Electric Reliability Council of Texas (ERCOT), which functions outside FERC’s jurisdiction because Texas has a self-contained grid that Tres Amigas would open to inter-regional electricity markets. FERC and ERCOT need to be comfortable that there is a legal mechanism in place to complete the interconnection without changing the existing jurisdictional status, Raskin says. He emphasizes that “there is no dispute” between FERC and ERCOT over the proposed connection. FERC has said nothing that indicates it has any interest in changing the jurisdictional status of ERCOT.

Last year, Tres Amigas put forward a proposal to achieve the legal mechanism to ensure the jurisdictional status quo but FERC concluded it was “a bridge too far” without a specific interconnection proposal to review, Raskin says. FERC put the issue off until there is a specific proposal and the commission will rule on the interconnection issue down the road, he says.

For now, the Tres Amigas plan is to focus on the linkage between the Eastern Interconnection and the Western Electricity Coordinating Council (WECC).

Tres Amigas would open the market for renewable generation in that area. Today, for example, a renewable generator located in northern Texas outside of ERCOT has no opportunity to sell its power either into ERCOT or the WECC. Tres Amigas would allow that generation to interconnect with the grid and then sell power through the super station into the WECC and ERCOT, and vice versa.

“It allows transactions to go in all directions,” Raskin says. So it is creating an expanded interstate market both for renewable and other forms of power that currently can’t reach markets because of the physical separation of the three basic grid systems. It will be a very liquid market hub and central switching station for all the transactions among the interconnections.

The WECC and Eastern Interconnection agreements could be signed this year, a goal Tres Amigas is pushing hard to make happen, Raskin says. The ERCOT tie may follow just shortly after that, he says.

The extreme high heat in Texas last month seems to indicate that Texas would benefit if it had greater interconnection with the rest of the grid, Raskin suggests. “Its isolation operationally has created problems for them,” he says. But Tres Amigas hopes that when the facts are out, the parties in Texas will be more comfortable with the super station plan, Raskin adds.