

In the Matter of:) Docket 03-IEP-01
)
Informational Proceeding and)
Preparation of the 2004 Integrated) Comments for the Committee
Energy Policy Report (IEPR) Update) on the 2004 Transmission Update
) Draft Staff White Paper and
) August 23, 2004 Workshop

Comments of the Cities of Alameda, Palo Alto and Santa Clara

The Cities of Alameda (Alameda Power and Telecom), Palo Alto and Santa Clara (Silicon Valley Power) hereafter called Cities, commend the California Energy Commission (CEC) for seeking input from stakeholders and the public on its draft staff White Paper entitled, *Upgrading California's Electric Transmission System: Issues and Actions for 2004 and Beyond*. The Cities appreciate this opportunity to provide comments to the CEC Committee on the draft staff White Paper.

The Cities endorse the remarks and comments made on behalf of BAMx¹ by Mr. Ed Chang of Flynn Resource Consultants Inc. at the CEC August 23, 2004 Transmission Workshop. These written comments are meant to further explain and expand upon those presented.

Corridor Banking

The CEC needs to develop a means to prioritize its efforts to identify, permit and acquire critical multi-use corridors in California. That process needs to recognize that the greatest benefit will come in congested urban areas like the Greater Bay Area and the San Diego area. The state should develop a self supporting funding mechanism and then acquire the rights needed for multi-use infrastructure development in the identified corridors. The state should charge an ongoing usage fee to entities that utilize the corridors so that, over time the program will be self supporting.

Identify the Economics of Transmission Expansion Beyond that Needed for Reliability

The CEC is ideally suited to concentrate on this area. There is a need to have the CEC on a systematic basis consider adding transmission infrastructure to relieve congestion and local reliability (RMR) costs on a systematic basis. The concept of constructing transmission infrastructure for reliability needs has been the real focus of the planning process of the ISO and the PTO's. A lot of discussion has occurred in recent years about constructing transmission for economic reasons. However, no entity is systematically

¹ The Cities of Alameda, Palo Alto and Santa Clara also comprise the Bay Area Municipal Transmission group (BAMx), whose objective is to promote reliable electric supply to and within the San Francisco Bay Area at reasonable cost.

identifying which transmission additions can be justified on an economic basis. Its identification of the utilization of a social discount rate for this analysis is an indication of the impact the CEC can have on the economic justification for transmission. We support that concept and encourage the CEC to suggest circumstances where it should be utilized.

Identify the need for Transmission to Protect Against Unlikely Events

The Cities also endorse the concept of identifying events that are so unacceptable their impact needs to be lessened through transmission additions despite their relative unlikely occurrence. The CEC has identified this insurance value of transmission. The Cities encourage the CEC to further refine this concept. As you study the economic benefits of transmission you should identify scenarios whose effects upon California are unacceptable.

Allocation of Resources

The Cities are encouraged by the progress of the CEC in developing a transmission vision as part of its biennial report process. As we ask for more effort in some areas we are cognizant of the limited resources of not only the CEC but of all stakeholders. We encourage the CEC to estimate the effort level of each activity and critically evaluate which entity or entities are best suited to pursue a concept or process. It is important to share those assessments with stakeholders.

The Cities appreciate the opportunity to comment on the staff's White Paper and will continue to share its opinions as the 2004 IEPR update is developed.