Department of Water and Power the City of Los Angeles

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DOCKET
08-IEP-1B
DATE AUG 07 2008
RECD. AUG 19 2008

August 7, 2008

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 08-IEP-1B
1516 Ninth Street
Sacramento, CA 95814-5512

Attention: Ms. Suzanne Korosec

Dear Ms. Korosec:

Subject: Comments on Staff Workshop on Transmission Issues for 33 Percent Renewables by 2020

Enclosed herewith are Los Angeles Department of Water and Power's comments on the Staff Workshop on Transmission Issues for 33 Percent Renewables by 2020.

An electronic file was also submitted to docket@energy.state.ca.us on August 1, 2008.

If you have any questions concerning this matter, please contact Mr. John Kerrigan at (213) 367-1286.

Sincerely,

Aram H. Benyamin
Senior Assistant General Manager - Power System

JK:lkm
Enclosures

c/enc: Mr. John Kerrigan

THE STATE OF CALIFORNIA
BEFORE THE
CALIFORNIA ENERGY COMMISSION

In the Matter of:	)	
	)	
Preparation of the	)	Docket No. 08-IEP-1B
2008 Integrated Energy Policy Report	)	
Update and the 2009 Integrated		
Energy Policy Report	)	

POST WORKSHOP COMMENTS
OF THE
LOS ANGELES DEPARTMENT OF WATER AND POWER

Pursuant to the Notice of the Staff Workshop on Transmission Issues for 33% Renewables by 2020, the Los Angeles Department of Water and Power (LADWP) respectfully submits these Post-Workshop Comments on issues regarding transmission infrastructure development to meet renewable energy goals. LADWP appreciates the opportunity to submit comments to the California Energy Commission (CEC) on this workshop. We are also thankful for having been granted the opportunity to participate in the panel discussion on this topic. LADWP remains committed to working with the State to find solutions to the barriers for transmission planning and development that slow down the expansion of renewables beyond the current 20% Renewable Portfolio Standard (RPS).

As the largest municipal utility in the United States, LADWP is undergoing a utility-wide transformation to provide reliable, affordable and renewable energy to over 4 million residents, or approximately 10% of California's population. In response to this commitment LADWP adopted a Renewable Portfolio Standard of 20% by 2010 and 35% by 2020. To reach these goals, LADWP must have the requisite transmission capability

to bring this clean energy to the citizens of Los Angeles from distant and remote locations where an abundance of wind, solar, and geothermal opportunities exist. Certain regulatory changes and business policies in recent years, along with transmission siting and permitting challenges slow down the ability to attain these levels of renewable energy. A statewide renewables goal of 33% renewables by 2020 is only feasible if the State engages in a concerted effort to remove barriers for transmission.

Initiatives

LADWP agrees that the initiatives discussed at the workshops, California's Renewable Energy Transmission Initiative (RETI) (of which LADWP is a participant), the U.S. Department of Energy's and Bureau of Land Management's Solar Energy Development Programmatic EIS, the Western Governors' Association Western Renewable Energy Zones effort, and the California Independent System Operator's generation interconnection queue reform effort, are steps in the right direction to facilitate the expansion of renewable energy and reduction of GHG emissions.

Bilateral Agreements Among Transmission Entities

To serve its long-term transmission needs, LADWP has a long history of joint transmission development with its neighboring utilities and has been a party to numerous successful joint transmission projects involving other publicly owned utilities, investor-owned utilities, and other governmental and private entities. Examples include the Mead-Phoenix/Mead-Adelanto Project, Southern Transmission Project, Navajo South Transmission Line, and Pacific DC Intertie (PDCI).

These bilateral agreements employed historical contract principles with a long-standing tradition of collaborative planning, development and joint funding/ownership of

major transmission lines in the West. This includes participation of many FERC non-jurisdictional public power utilities as well as jurisdictional IOUs. Projects built as a combined undertaking typically include a contract percentage allocation of the ownership rights and responsibilities, including the incremental transfer capability to each participant based on relative capital input. Upgrades to jointly held project facilities are treated in the same way. Approximately 42 percent of the transmission system in the western interconnection is owned and operated by public power entities that favor long-term contracts for transmission and energy. The CAISO and member IOUs own only nine percent of the transmission. The benefits of the larger share owned by public power are grid reliability, greater economies of scale, minimum environmental impact, and most important to public power organizations – price certainty and predictability.[1] Furthermore, two-thirds of the load served in the West use contract-based transmission.

Since the creation of the CAISO as the Balancing Authority for all Investor-Owned Utilities in California, any potential joint transmission projects face a serious roadblock. Notably, the CAISO operates under a FERC-approved tariff and, therefore, entities that tender their projects under that tariff are subject to frequent, unexpected, and unilateral modifications to the CAISO tariff. It's imperative to make the CAISO tariff and contract-based paradigms compatible with one another. LADWP believes that a collaborative process between compatible tariff and contract-based paradigms will contribute to successfully developing future jointly owned transmission projects, especially with respect to any statewide transmission initiative in California.[2]

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[1] Experiences with Joint Transmission-Project Development in the West, July 2008, Page 2
[2] Ibid

Another roadblock to entering into joint transmission projects with IOUs is the stringent CAISO policy under which any joint developments of transmission infrastructure with the CAISO participant requires: (1) the asset to be operated by the CAISO; and (2) once in service, all operational cost, planning and expansion must comply with the CAISO tariff regardless of any contractual agreements between the various owners of the line.[3]

To expeditiously reach our RPS and GHG targets, the State must find solutions for the current impasse on joint-transmission projects between the CAISO and other balancing authorities. The most challenging barrier to overcome is the incompatibility of CAISO's tariff approach with the bilateral based contracts utilized by the other western states' balancing authorities. Resolving this inconsistency should be the focus of our efforts.

Transmission Line Siting Constraints

Early public outreach and education are critical to the successful siting and development of transmission projects for renewable energy. By engaging the public in the initial stages, this will both demonstrate commitment by the utilities to amicably address local concerns and promote early buy-in by the interested parties.

Transmission Permitting

LADWP concurs with other stakeholders that the permitting process is overly cumbersome. The process should be streamlined to facilitate coordination between the often disparate agencies and jurisdictions involved in the siting of transmission facilities, as well as to shorten the overall permitting timeline. Any such changes must be done in ways that maintain an open and fair public process. Permitting reform is an absolute

[3] Ibid, Page 9

necessity in meeting both the 33% goal and our GHG reduction targets. LADWP is eager to work with all stakeholders to come up with ideas that would lead to a process that is fair, efficient, and equitable.

Conclusion

Constructing power transmission in California to deliver renewable energy represents the biggest challenge for utilities in meeting the RPS Goals of 20% by 2010 and 33% by 2020. Streamlining the permitting process and overcoming local siting obstacles are important barriers to overcome in order to allow greater renewable integration into the electric system. Furthermore, because of the high expense of new transmission and the limited land available for the necessary corridors, collaborative projects with other utilities are the most efficient means to pursue. However, the restrictive policy on joint projects imposed by the CAISO make participation in any statewide collaboration in California extremely challenging if not impossible for LADWP and other municipal utilities not under the CAISO. LADWP will continue the dialogue with the CAISO and other parties to pursue initiatives and agreements that will help electric utilities meet the State's RPS and emission reduction goals.

Dated: August 1, 2008

Respectfully submitted,

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