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THE STATE OF CALIFORNIA
BEFORE THE
CALIFORNIA ENERGY COMMISSION

In the Matter of:	)	
	)	
Preparation of the	)	Docket No. 09-IEP-1D
Integrated Energy Policy Report	)	

POST-WORKSHOP COMMENTS OF JOINT PARTIES ON TRANSMISSION PLANNING INFORMATION AND POLICY ACTIONS

Pursuant to the Notice of Joint Committee Workshop dated April 27, 2009, the California Independent System Operator Corporation ("ISO"), California Municipal Utilities Association, Imperial Irrigation District, City of Los Angeles Department of Water and Power, Pacific Gas and Electric Company, Sacramento Municipal Utility District, San Diego Gas & Electric Company, Southern California Edison Company, and the Transmission Agency of Northern California (collectively "Joint Parties") respectfully submit these Comments on the questions posed for the May 4, 2009 Workshop. These responses are submitted by Joint Parties collectively to further administrative economy in the Integrated Energy Policy Report ("IEPR") process and also to emphasize the consensus nature of the positions on core transmission planning issues among Joint Parties. Individual entities listed above may file separate comments.

COMMENTS

These Comments are organized using the specific questions posed to Panel #1 at the May 4th Workshop.

1. **Are the existing transmission planning processes the most effective means for achieving the state's renewable energy goals?**

and

2. Would a coordinated statewide transmission planning process be more effective in achieving the state's renewable goals?

Joint Parties respond to these questions in tandem as they are highly interrelated. Like any other process, there is no doubt that the existing transmission planning efforts could be improved. Nevertheless, Joint Parties do not believe the existing processes are inherently broken, although they will benefit from the improved collaboration currently being implemented. Further, it seems apparent that siting obstacles rather than planning deficiencies are the main stumbling block to developing transmission to access renewable resources.

In the last IEPR process and in other forums, the issue of developing transmission necessary to access renewable resources has been discussed at length, and a consensus has developed. When pressed with the question of whether planning deficiencies or siting challenges were the main impediment to building new facilities, the unanimous response from workshop participants was that siting is the main challenge.[1] A lack of planning does not appear to be the sticking point in getting transmission built. The sticking point appears to be the land use and siting process, which necessarily involves trade offs and hard choices in order to get to the areas with renewable resource potential. The siting process requires tough decisions in which many people will not get their preferred outcome or alternative.

Consistent with the view that improvements to the existing process are preferable to creating a new planning organization, Joint Parties have launched the California Joint

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[1] *In the Matter of: Preparation of the 2008 Integrated Energy Policy Report Update and the 2009 Integrated Energy Policy Report; Transmission Iusses for 33 Percent Renewables by 2020,* Docket No. 08-IEP-1B, Staff Workshop, Transcipt at 139-155 (July 23, 2008).

Transmission Planning Group ("CJTPG"). The purpose of the CJTPG is to find the best transmission solutions for meeting California's environmental, reliability, economic and other policy objectives. Working together we avoid transmission duplication, optimize use of existing rights-of-way, reduce environmental impacts and lower costs for consumers. The CJTPG is intended, along with existing efforts, to fulfill the Joint Parties obligations and requirements under Order No. 890[2] issued by the Federal Energy Regulatory Commission ("FERC"). It is notable that Order No. 890 requirements include nine transmission planning principles that address many of the issues central to an open and inclusive planning process, including (1) coordination with customers and neighboring transmission providers; (2) open meetings available to all parties; (3) transparent in methodology, criteria, and processes; (4) opportunities for customer data and methodological input; (5) the obligation to meet specific service requests of transmission customers on a comparable basis; (6) a clear dispute resolution process; (7) regional coordination; (8) study of economic impact of congestion and integration of new resources; and (9) a process for allocating costs of new projects.

Furthermore, the CJTPG will bring together the various California transmission planning and operating entities to utilize consistent assumptions and methodologies to identify and address the transmission needs of California. CJTPG will support regional and subregional planning activities in the Western Electricity Coordinating Council ("WECC") as required by WECC regional transmission planning procedures and guidelines. Another component of the CJTPG planning activities is compliance with the

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[2] *Preventing Undue Discrimination and Preference in Transmission Service,* Order No. 890, 72 FR 12,266 (March 15, 2007), FERC Stats. & Regs. ¶ 31,241 (2007) (Order No. 890), *order on reh'g,* Order No. 890A, 73 FR 2984 (Jan. 16, 2008), FERC Stats. & Regs. ¶ 31,261 (2007).

North American Electric Reliability Corporation ("NERC") and WECC reliability standards so that the health of the power grid is not compromised.

Question No. 2, and the Workshop in general, focus on the need to plan transmission to achieve the state's renewable targets. The goal of increasing renewable resources is shared by all Joint Parties, and is likely necessary to meet AB 32 requirements to reduce greenhouse gas emissions and stated goals of achieving an 80% reduction by 2050. However, as transmission planners, transmission owners, and in certain instances the operators of Balancing Authorities, Joint Parties must view transmission planning and expansion in a holistic fashion. When it comes to transmission planning, it is inappropriate to consider transmission segments to interconnect renewable resources in isolation from comprehensive transmission planning that takes into account reliability, the economic costs of dispatching generation, load growth, environmental impacts and other factors. It is the CJTPG goal to develop a statewide transmission plan that takes into account all relevant transmission factors and sets forth a comprehensive transmission plan for California.

3. What are the key elements of a statewide plan?

As stated above, any transmission plan must take into account several factors, including the power system requirements for reliable operation and compliance with national and regional reliability criteria, developed in an open and transparent process as required by FERC pursuant to the Federal Power Act. Any transmission plan must also take into account power delivery costs including relief of congestion and minimization of generation dispatch costs. Also, any transmission plan must be consistent with state and federal environmental laws and cognizance of relevant state and local land use policies.

In addition, a sound transmission plan should ensure that the inadequacy of transmission is not an impediment to achieving state energy policies to lower Greenhouse Gas emissions and develop renewable resources

4. What is the best time horizon for a statewide plan?

The answer to this question requires a distinction between transmission planning with a focus on land use and reservation of future transmission corridors to secure sites for major transmission investment, and engineering transmission planning that emphasizes nearer term requirements of the transmission grid necessary to serve load reliably.

With respect to future land use determinations that would be used to set aside corridors for future energy infrastructure, Joint Parties believe a 20-25 year planning horizon is necessary to assess load growth, the potential impact of state energy policy, and the need to ensure that local land use determinations leave room for necessary energy infrastructure. In addition, the proposed reduction in carbon emissions in order to meet state climate change goals must be factored into the planning process.

With respect to engineering transmission planning that is focused on technical issues such as interconnection requirements, transmission line ratings, impacts on the grid and neighboring systems, and other factors, a 5-10 year planning horizon is appropriate.

5. Are joint IOU/POU transmission projects critical to a statewide plan?

California has a long history of joint development and operation of high-voltage interregional transmission facilities, including the California Oregon Transmission Project, the Southwest Power Link, the Pacific DC Intertie, the Mead Adelanto and Mead

Phoenix Projects, and others. These joint projects are operated and costs paid for pursuant to terms of agreements between the project owners and operators.

Going forward, transmission projects should be the outgrowth of a California transmission planning process that begins with a definition of system needs. Possible joint projects are the result of such a process. Factors that may be considered in determining whether a joint project is desirable include the reliability, environmental impact, economic, renewable access, right-of-way requirements, geographic location, electrical considerations, siting requirements, project financing, and cost sharing advantages. In certain instances, joint investor-owned utility ("IOU") and publicly-owned utility ("POU") projects may more easily identify a broader group of beneficiaries willing to pay for the project, thus lowering costs for each participant. Also, joint projects may be able to better utilize existing transmission infrastructure and rights-of-way. However, it is difficult to state a broad policy on joint ownership of transmission, which has implications for operations, the interconnection study process and cost allocation. The Joint Parties share the view that these determinations are so fact-specific that they must be considered on a case-by-case basis. When consideration of these factors makes a joint IOU/POU project advantageous, it is expected that joint projects will be developed as they have been over the past several decades.

6. What is the best forum for statewide planning?

Consistent with the observations above, Joint Parties believe any statewide plan should be developed by those that have the responsibility to see that the transmission grid is expanded in a prudent manner, and can take into account the myriad of factors that must be included in any prudent transmission plan, including cost, reliable system

operation, environmental impacts, and the achievement of state energy policy goals. Ultimately, transmission planning should be as close as possible to those vested with working through the siting process, so that planning determinations are not made in a vacuum from the hard siting decisions that follow, and duplication is avoided. That is why the Joint Parties have launched the CJTPG -- to identify statewide transmission needs and identify opportunities for collaboration in order to maximize benefits, reduce land use impacts and better achieve statewide energy goals.

Joint Parties believe the Renewable Energy Transmission Initiative ("RETI") has real value as an input to the transmission planning process contemplated by the CJTPG. Consistent with the RETI Mission Statement, RETI is a valuable input into several aspects of the ISO, IOU, and POU transmission plans and, in particular, can inform long term planning needs that may direct the establishment of transmission corridors by the CEC, as set forth in Addendum D to the RETI Mission Statement.[3] Although the output of the RETI process is fairly limited in scope and not intended to be a comprehensive transmission plan, all Joint Parties are actively involved in RETI and view the RETI work product as a valuable input into a comprehensive transmission plan.

7. What actions are necessary to implement a statewide transmission planning process and the resulting statewide plan?

Joint Parties do not believe a new statewide transmission planning process is necessary to develop a joint transmission plan outside of the constructs of FERC's Order 890 planning process or the CJTPG. The CJTPG will offer a process that includes planning for the systems operated by the ISO as well as facilities interconnected to but

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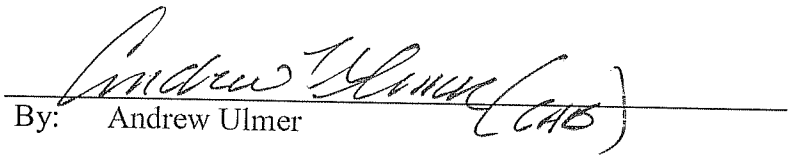
[3] California Renewable Energy Transmission Initiative Mission Statement, Addendum D (California Energy Commission Transmission Corridor Designation Process), April 25, 2008.

outside of, the ISO footprint. Joint Parties also note that the creation of yet another entity to delve into transmission planning is unlikely to be effective. There are many transmission planning forums right now that already address local and regional planning. A sampling of relevant forums includes regional and subregional planning through the WECC, joint subregional efforts among certain transmission owners, the ISO, the CPUC, and RETI. The CEC has visited transmission planning through the last two IEPR processes and as required by its Strategic Transmission Plan development process as well. The CJTPG is intended to coordinate existing transmission planning efforts among the major transmission owners and Balancing Authority Areas in California, in order to eliminate duplication and streamline the process. Rather than develop another planning process, the Joint Parties propose to provide periodic updates regarding the progress of our joint planning effort. We are committed to the collaborative process that we recently initiated and look forward to an outcome that helps meet California's electricity policy objectives.

Dated: May 29, 2009

Respectfully submitted,



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