

BEFORE THE  
CALIFORNIA ENERGY COMMISSION

In the Matter of: )  
 ) Docket No. 09-IEP-1D  
Joint IEPR/Siting Committee )  
Hearing on the Joint Committees )  
Draft 2009 Strategic Transmission )  
Investment Plan )

Committee Workshop  
Draft 2009 Strategic Transmission  
Investment Plan

CALIFORNIA ENERGY COMMISSION  
HEARING ROOM A  
1516 NINTH STREET  
SACRAMENTO, CALIFORNIA

THURSDAY, OCTOBER 8, 2009

9:00 a.m.

Reported by:  
Kent Odell  
Contract Number:

Commissioners Present

Jeffrey Bryon

Staff Present

Suzanne Korosec  
Sarah Michael  
Mark Hesters  
Chuck Najarian  
Chris Tooker  
Roger Johnson  
Melinda Merritt

Via WebEx

**Also Present**

Presenters

Judy Grau, Strategic Transmission  
Planning Office

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1 P R O C E E D I N G S

2 OCTOBER 8, 2009

9:05 a.m.

3 MS. KOROSK: All right, let's go ahead and get  
4 started this morning. Good morning. I am Suzanne Korosec.  
5 I lead the Energy Commission's Integrated Energy Policy  
6 Report Unit, or IEPR. Welcome to today's hearing on the  
7 Draft 2009 Strategic Transmission Investment Plan. This  
8 hearing is being conducted jointly by the Energy  
9 Commission's Integrated Energy Policy Report Committee and  
10 its Siting Committee. Although we were informed just  
11 moments ago that, unfortunately, Chairman Douglas was called  
12 away and is unable to attend this morning.

13 Just a few housekeeping items before we get  
14 started. The restrooms are out the double doors and to your  
15 left. There is a snack room on the second floor of the  
16 atrium, under the white awning, and if there is an emergency  
17 and we need to evaluate, please follow the staff out the  
18 doors to the park that is kitty corner to the building and  
19 wait there until we are told to return.

20 Today's hearing is being broadcast through our  
21 WebEx recording system. Parties should be aware that we are  
22 recording the workshop and we will make the recording  
23 available a few days after the workshop, followed by the  
24 transcript being posted about two weeks after that.

25 This hearing is being held under the Energy

1 Commission's 2009 IEPR Proceeding. We are required by  
2 statute to develop an IEPR every two years that provides an  
3 overview of current issues and trends in California's  
4 electricity, natural gas, and transportation energy sectors,  
5 and also provides recommendations for actions needed to help  
6 the state meet its goal of providing reliable, affordable,  
7 and environmentally benign energy to citizens of California.  
8 As part of the biennial IEPR, the Energy Commission also  
9 adopts the Strategic Transmission Investment Plan. This  
10 identifies actions that are needed to ensure reliability,  
11 relieve congestion, and meet future growth in electricity  
12 loads and in generation. The Committee's Draft Strategic  
13 Transmission Plan was developed in parallel with the 2009  
14 Draft IEPR. The Draft IEPR was posted for public comment on  
15 Wednesday, September 30<sup>th</sup>, and the IEPR Committee is holding  
16 a hearing next week on the 14<sup>th</sup> to receive public comments on  
17 that. Our plan is to present the IEPR for adoption at the  
18 December 2<sup>nd</sup> Business Meeting.

19 In the 2008 IEPR update, the Energy Commission  
20 noted that the main barrier to increasing the amount of  
21 renewable generation in California was still the lack of  
22 transmission infrastructure. The report identified two  
23 specific issues, the need to promote joint transmission  
24 projects between publicly owned utilities and investor owned  
25 utilities, and the need to continue to actively address the

1 environmental and land issues, as well as public opposition  
2 to transmission development by working very closely with  
3 stakeholders throughout the process. The transmission plan  
4 discusses these issues and also describes what California  
5 needs to do to plan, permit, construct, operate, and  
6 maintain a cost-effective and reliable transmission system.

7           We have a very simple agenda today, it is on the  
8 screen, starting with an overview of the plan by Judy Grau  
9 of our Energy Commission staff, and then we will move  
10 immediately on to public comments. During the comment  
11 period, we will hear first from those of you that are here  
12 in the room, and then we will open up the lines for the  
13 WebEx. For those of you here in the room, please do come up  
14 to the center podium and use the microphone so that you are  
15 captured on the transcript, and so that the WebEx  
16 participants can also hear your comments. And with that, I  
17 will turn it over to Commissioner Byron for opening  
18 comments.

19           COMMISSIONER BYRON: Thank you, Ms. Korosec. Good  
20 morning and welcome, everyone. I am Jeff Byron and I chair  
21 the Integrated Energy Policy Report Committee. I also chair  
22 the Electricity and Natural Gas -- I am sorry, I mentioned  
23 the wrong one -- I chair the Siting Committee, and this is a  
24 Joint Committee Workshop on those two subjects. My  
25 associate members of those committees unfortunately are not

1 able to be here today, Commissioner Boyd on the IEPR,  
2 however, I am joined by his new -- or I should say re-joined  
3 -- by Sarah Michael, who has a long outstanding record at  
4 this Commission, and she is Commissioner Boyd's new Advisor.  
5 So welcome, Ms. Michael. I hope to be joined by one of my  
6 Advisors soon, Kristy Chew.

7           And as Ms. Korosec said, we do have a relatively  
8 short agenda, however, that does not limit the input that we  
9 are seeking. As many of you know, we do have a Draft IEPR  
10 out. The Integrated Energy Policy Report is available in  
11 its draft form. This is an enormous undertaking for this  
12 Commission, for the State, actually, as we garner input from  
13 all the agencies, Commission, and parties around all issues  
14 energy in the State of California. We are beginning to  
15 receive comments already, hearing some of them directly  
16 myself, and that will be the focus of my office for the next  
17 couple of months, is finalizing that report for Commission  
18 adoption, hopefully the first week of December.

19           With regard to this document, I have an analogy I  
20 would like to share with you. I read recently that the most  
21 powerful, yet relatively unknown agency in the State of  
22 California is the Air Resources Board. Now, most all of us  
23 know the Air Resources Board, but most people do not. Now,  
24 I would like to tell you that I think the most important,  
25 yet relatively unknown transmission planning document in the

1 state is the Strategic Transmission Investment Plan. I  
2 think the staff has done an excellent job on this, a lot of  
3 effort has gone into it, and a lot has happened since we did  
4 the last STIP, as we refer to it. Well, before I mention  
5 those names, let me reiterate why I think the STIP is so  
6 important. Back in 2004, SB 1565 directed the Energy  
7 Commission to "adopt the Strategic Transmission Investment  
8 Plan for the state." I am sorry, I put my quotes in the  
9 wrong place, adopt that plan, [quote] "it shall identify and  
10 recommend actions required to implement investments needed  
11 to ensure reliability, relieve congestion, and meet future  
12 growth in load and generation."

13 Now, there are a number of key transmission  
14 experts in California, I had dinner with many of them last  
15 night, about 250 of them, I think, at the Sheraton.  
16 Concurrently with our meeting today, the Independent System  
17 Operators is conducting a workshop to seek stakeholder input  
18 and it is difficult for this agency to compete with  
19 providing such a nice dinner for 249 of our closest friends.  
20 Nevertheless, we are seeking the input of experts today, and  
21 if not today, certainly in writing for the STIP, which is  
22 planned to be adopted as part of the IEPR, as I indicated.  
23 Now, much has happened in the last couple of years since we  
24 last published this plan. I think you are all aware of the  
25 Renewable Energy Transmission Initiative, and the relative

1 success that we have had in soliciting input of numerous  
2 stakeholders in an early planning process for transmission.  
3 There is a new organization that has sprung up, the  
4 California Joint Transmission Planning Group, and I hope  
5 that we will talk a little bit about their import. On a  
6 regional level, the Western Energy Coordinating Council's  
7 Transmission Expansion Planning Policy Committee has really  
8 adjusted -- or transformed -- their approach to regional  
9 transmission planning. The FERC ordered a 90, I believe,  
10 has also been passed in the last couple of years, there is  
11 enormous Federal emphasis now on renewables, as well as, we  
12 all know the state's emphasis, there is even legislation at  
13 the federal level introduced around transmission planning.  
14 Much activity taking place. I would like to offer my bottom  
15 line-up now, early on, think of it as a hypothesis: we need  
16 a new way of doing transmission planning, we need to do  
17 everything we have done in the past, but we also need to be  
18 inclusive of all stakeholder interests and we must have  
19 early involvement of those local interests. We must give  
20 people something to be for, rather than always giving them  
21 something to be against. Now, that is not to say that there  
22 will not be continued opposition to transmission planning in  
23 the siting; as we know, some people are not interested in  
24 the public good, and they are not interested in addressing  
25 climate change, sometimes they are not even interested in

1 listening to differing views. But this cannot stop the  
2 complete inclusion of everyone in a transparent stakeholder  
3 process. I believe that is what the staff has attempted to  
4 outline here in our STIP.

5 Now, everyone has said that I have talked to,  
6 transmission planning and siting takes too long, that it is  
7 too difficult, and that it takes too long -- did I say it  
8 takes too long? If not today, we are interested in your  
9 comments and feedback and those of all parties in writing on  
10 the following key issues in the STIP: the proposed planning  
11 process that we have outlined in this document, the key  
12 recommendations, which we will get into here in a little  
13 bit, and also, do we have the right transmission lines that  
14 must be built in our recommendations section. I think I  
15 will stop at this point and we will move on to our agenda.  
16 Ms. Michael, do you have anything you wish to add?

17 MS. MICHAEL: No.

18 COMMISSIONER BYRON: All right, well I am glad you  
19 are here. Let's continue with the agenda. I am sorry I do  
20 not have it in front of me. Ms. Korosec.

21 MS. KOROSEC: We will hear first from Judy Grau,  
22 who is going to give us an overview of the contents of the  
23 STIP.

24 MS. GRAU: Thank you, Suzanne. Good morning, I am  
25 Judy Grau with the Commission's Strategic Transmission

1 Planning Office. I will be providing an overview of the  
2 contents of the Joint IEPR and Siting Committee's Draft  
3 Strategic Transmission Plan, which was released on September  
4 28<sup>th</sup>. We have bound copies with the green cover on the back  
5 table for those of you who have not yet picked one up,  
6 please do so. It is also online, and has been online since  
7 the 28<sup>th</sup>. And after my presentation, we will get into the  
8 heart of the hearing, which is to hear from parties on the  
9 draft document.

10 Before I get into my technical presentation on the  
11 contents of, and the recommendations contained in, the  
12 document, I would like to thank first the IEPR Committee,  
13 Commissioners Byron and Boyd, and their Advisors, Laurie ten  
14 Hope, Kristy Chew, Kelly Birkinshaw, and welcome, Sarah  
15 Michael, as well as the Siting Committee, which is, again,  
16 Commissioner Byron, as well as Chairman Douglas, and  
17 Chairman Douglas's advisors Panama Bartholomy and Galen  
18 Lemei, for their guidance throughout the workshops and the  
19 preparation of the draft document. And in addition, I would  
20 like to thank Jim Bartridge, advisor to Commissioner Levin,  
21 for lending his expertise in the review of the document.

22 While my role has been as the project manager for  
23 the Strategic Plan, this has truly been a group effort, and  
24 you can see many of my group here. I would like to thank  
25 the dedicated staff who have contributed so effectively

1 throughout the entire process for their technical expertise  
2 and patience as we wended our way through the crafting and  
3 editing of this document. First is Don Kondoleon, who is  
4 the "man behind the curtain." He provided the overall  
5 strategic direction that is found in each chapter of this  
6 committee draft. Grace Anderson is a charter member of the  
7 Western Electricity Coordinating Council's Transmission  
8 Expansion Planning Policy Committee, or WECCTEPPC, and she  
9 is the primary author of Chapter 3 on Western Regional  
10 Transmission Initiatives. Chuck Najarian represents the  
11 Energy Commission on the Renewable Energy Transmission  
12 Initiative (or RETI) Coordinating Committee and he is the  
13 primary author of Chapter 4 on the challenges to achieving a  
14 coordinated statewide transmission plan. Chris Tooker is  
15 the lead author on Chapter 5, which addresses the  
16 Commission's corridor designation program and statewide  
17 transmission corridor planning issues. Melinda Merritt, I  
18 believe, is on the WebEx with us, she had a major hand in  
19 that chapter, as well as in many of the California trends  
20 and drivers described in Chapter 2. Mignon Marks, also on  
21 our WebEx, wrote the section in Chapter 5 on cost recovery  
22 for land investments within designated corridors. Mark  
23 Hesters, here with us this morning in the back row, is an  
24 active member of the RETI Phase 2 transmission planning work  
25 group and is the primary author of the portion of Chapter 6

1 dealing with the prioritization of the transmission  
2 projects. Roger Johnson, who just walked in, is the lead  
3 for the Commission's corridor designation program, is a  
4 member of RETI's Environmental Working Group, and developed  
5 staff's proposed method for selecting corridors for further  
6 study for possible designation. Ean O'Neill applied staff's  
7 method and prepared the RETI transmission line segment case  
8 study evaluation in Chapter 6. She also wrote Chapter 7,  
9 which deals with the development of long-term statewide  
10 transmission scenarios for illustrative purposes, under the  
11 guidance of Don Kondoleon, as well as the summary of the  
12 proposed regional projects in Appendix D. Clare Laufenberg  
13 Gallardo, who is running our WebEx this morning, serves as  
14 the Commission's representative on RETI's Stakeholder  
15 Steering Committee. She developed the project write-ups in  
16 Chapter 1 and Appendix C. And Jamie Patterson, who I do not  
17 see here this morning, is the lead for the Public Interest  
18 Energy Research Transmission Research Program. He and his  
19 staff wrote Appendix A on trends in transmission research  
20 for renewables integration.

21 I would also like to thank our very capable IEPR  
22 team of Suzanne Korosec, Lynette Esternon-Green, and Donna  
23 Parrow for keeping me on track and integrated with their  
24 efforts. And, finally, I would like to thank our staff  
25 editor, Carol Robinson, who read every word of this draft

1 document, including the footnotes, on an expedited basis.

2           And with that, now I would like to get into the  
3 technical part of today's presentation. I think Suzanne may  
4 have mentioned this in her opening remarks, that with  
5 respect to California's renewable energy future, the  
6 Commission's 2008 Integrated Energy Policy Report Update  
7 noted that "the primary barrier to increased development of  
8 renewable resources continues to be the lack of transmission  
9 to access these resources, particularly in remote areas of  
10 the state." And to that, I would like to add, "an ounce of  
11 prevention is worth a pound of cure." And as we all know,  
12 this expression means that it is better to try to avoid  
13 problems in the first place, rather than try to fix them  
14 once they arrive. This gets at what Commissioner Byron said  
15 this morning about giving people something to root for,  
16 rather than root against.

17           So with respect to transmission, we believe that  
18 an ounce of prevention in the transmission planning phase  
19 can avoid the pound of cure problems that tend to plague the  
20 transmission planning process. So in this Strategic Plan,  
21 the joint committees are therefore emphasizing the need for  
22 coordinated and effective statewide transmission planning.  
23 So let's begin with what we consider the main problem  
24 statement. California lacks a transmission planning process  
25 that: is statewide and fully coordinated, achieves state

1 policy goals and objectives, has broad stakeholder support,  
2 adequately considers transmission line routing and related  
3 land use and environmental implications, links planning  
4 decisions to permitting decisions, and looks beyond 10  
5 years. So why are all of these attributes important? Well,  
6 a fully coordinated and statewide planning process ensures  
7 that the needs of all parties are considered, thus providing  
8 the opportunity to avoid potential duplication of lines,  
9 which would result in less timely -- well, the duplication  
10 of lines would be less timely and less cost-effective and we  
11 are trying to be more timely and more cost-effective.  
12 Achieving state policy goals and objectives is fair self-  
13 explanatory, but, again, this step must be explicitly  
14 considered in the planning process if the resulting  
15 permitting process is going to yield the projects that help  
16 us to achieve these goals. Broad stakeholder support gets  
17 back to the idea of an ounce of prevention being worth a  
18 pound of cure. Obtaining broad stakeholder support requires  
19 a planning process that is user friendly, transparent,  
20 proactive, and seeks consensus. This broad stakeholder  
21 support also gets at the next bullet point, which is the  
22 need to adequately consider transmission line routing and  
23 related land use and environmental implications in the  
24 planning process so that fatal flaws can be avoided, and  
25 preferred areas of development can be identified. Together,

1 these two attributes give confidence to the public that  
2 governmental and utility entities are taking actions that  
3 are in the best interest of the state, its citizens, and its  
4 environment. Linking planning decisions to permitting  
5 decisions should save time in the permitting process, as  
6 well as ensure continuity between the stakeholder consensus  
7 decisions made in planning and the projects that are  
8 proposed. Finally, looking beyond 10 years is critical to  
9 the bigger picture, especially since the future brings  
10 increasingly tighter policy goals, as well as R&D  
11 technologies that may expand the range of options available  
12 to us. Looking beyond 10 years is also appropriate for  
13 identifying corridors that may be needed. And so the  
14 purpose of the strategic plan process is to identify the  
15 transmission investment impediments to achieving state  
16 policy objectives, and to identify recommendations by  
17 parties, including state and local agencies, investor-owned,  
18 and publicly owned utilities, environmental and stakeholder  
19 groups, and the public. And the value of the strategic plan  
20 process is its ability to bring together these key  
21 stakeholders in an open forum that allows for these  
22 impediments and recommended actions to be vetted for the  
23 committee's consideration.

24 Here is some context for the efforts leading up to  
25 today, for those of you who may not have followed us from

1 the beginning of the cycle. The IEPR Committee released its  
2 Scoping Order for the 2009 IEPR back on January 9<sup>th</sup>. The  
3 Scoping Order directs the 2009 Strategic Plan to do four  
4 things, first, it shall identify and evaluate regulatory and  
5 policy changes that will reduce barriers to transmission  
6 projects, including joint investor-owned and publicly-owned  
7 utility projects. Second, it shall identify near term  
8 transmission projects that will ensure reliability, relieve  
9 congestion, provide increased access to renewable  
10 generation, and meet future load growth. Third, it shall  
11 discuss federal and state corridor designation efforts to  
12 identify potential transmission corridors in advance of  
13 need, in order to streamline future permitting of  
14 transmission lines needed to access top priority renewable  
15 resource zones. Fourth, it shall discuss permit  
16 transmission related research and development to help  
17 resolve transmission barriers. And on January 14<sup>th</sup>, the  
18 Energy Commission began its data gathering process by  
19 adopting its forms and instructions for submitting electric  
20 transmission related data. Responses are received from  
21 California's investor-owned and publicly-owned utilities on  
22 March 16<sup>th</sup>.

23           On May 4<sup>th</sup>, the joint committees held a workshop  
24 that vetted these responses, as well as the most recent  
25 information from the California Renewable energy

1 Transmission Initiative, or RETI, the California Independent  
2 System Operator, and regional transmission planning efforts.  
3 The Committees began the process of addressing two major  
4 high-level policy issues via the two stakeholder panel  
5 discussions, first, how to facilitate and coordinate  
6 transmission planning to achieve the state's renewable  
7 policy goals, and second, valuing environmental decisions in  
8 transmission planning and permitting via a programmatic  
9 approach. Another joint IEPR Siting Committee workshop was  
10 held on June 15<sup>th</sup>. We received a summary of the RETI Phase  
11 2A, Draft Results. We then continued the discussion begun  
12 at the May 4<sup>th</sup> workshop on facilitating coordinated statewide  
13 transmission planning. Staff presented its straw man short-  
14 term and long-term statewide planning process diagrams for  
15 comment by stakeholders. Staff also presented its proposed  
16 transmission corridor designation selection methodology for  
17 stakeholder review. And finally, on September 28<sup>th</sup>, the  
18 Energy Commission published the Joint Committee Draft  
19 Strategic Plan, which draws upon the entire record of the  
20 Utility Forms and Instructions submittals, workshop  
21 presentations, workshop discussions, written comments, as  
22 well as developments taking place in related forums at the  
23 PUC, the CAISO, RETI, Western Regional Forums, and the  
24 recently formed California Transmission Planning Group. The  
25 Committees made several recommendations at the end of each

1 chapter of the draft 2009 Strategic Plan. All of these  
2 recommendations are contained in the Executive Summary, and  
3 then those recommendations are prioritized at the end of the  
4 Executive Summary.

5 My presentation this morning focuses on the  
6 highest priority recommendations. The first recommendation  
7 is that the Energy Commission staff should work with the  
8 recently formed California Transmission Planning Group  
9 (CTPG), as well as the California ISO to establish a ten-  
10 year statewide transmission planning process that uses the  
11 Strategic Plan process to vet the CTPG plan, with broad  
12 stakeholder participation. You can see how this  
13 recommendation encapsulates many of the items identified in  
14 the Problem Statement back on Slide 3. So this  
15 recommendation says what we should do, and the next slide  
16 shows the diagram of how we should do it.

17 Again, some of you who have been at our earlier  
18 workshops may recognize an earlier version of this slide  
19 that was shown at the June 15<sup>th</sup> workshop. Based on feedback  
20 received, the proposed process was modified in several ways.  
21 Among other things, this revised diagram reorders the  
22 various processes into a logical progression, beginning with  
23 the basic identification of projects by the individual  
24 utilities in Step 1, leading to the coordinated ISO plan  
25 that covers the IOUs in Step 2, leading to a true statewide

1 plan that looks for synergies among the IOU and POU projects  
2 in Step 3, leading to a final blessing by the Energy  
3 Commission for state policy consistency, Step 4, before  
4 heading into permitting. This revised process diagram also  
5 distinguishes between projects of statewide significance  
6 versus those of more local significance, and it also  
7 explicitly shows where RETI stakeholders can exert their  
8 influence. So just in a little more detail on each step,  
9 first in Step 1, the electric utilities undertake  
10 transmission planning for their individual service areas,  
11 and this step is not new, they already do this. In Step 2,  
12 the California ISO conducts its annual planning process to  
13 identify needed transmission projects for its control area.  
14 RETI stakeholders play a role at this stage by helping  
15 ensure that RETI conceptual transmission planning results  
16 are adequately considered. In Step 3, projects of statewide  
17 significance that emerge from the California ISO and  
18 publicly owned utility planning processes would be vetted by  
19 the CTPG. The CTPG would identify potential common routing  
20 options and work with parties to maximize joint use of  
21 corridors and projects in order to minimize redundancy,  
22 costs, and the land use and environmental impacts. This  
23 step is really the heart of a consolidated statewide  
24 planning. Implicit within this step is the expectation that  
25 the CTPG reflect stakeholder interests, including RETI, and

1 state policies in an open process. In step 4, the CTPG  
2 statewide plan, rather than the individual utility plans,  
3 would be submitted to the Strategic Plan process. The  
4 Strategic Plan process would serve as the public forum to  
5 ensure that the state's interest regarding policy goals and  
6 objectives are evaluated. In addition, the process would  
7 make recommendations for corridor designation using a  
8 program approach. In step 5, the CPUC and publicly owned  
9 utility governing boards would give great weight to the  
10 strategic plan findings in their permitting processes. With  
11 the environmental and land use perspective considered and  
12 integrated into the California ISO, CTPG, and Strategic Plan  
13 processes that proceed permitting, the goal is to present  
14 the permitting agencies with viable projects that have broad  
15 stakeholder support.

16 Another priority recommendation is that the Energy  
17 Commission staff should work with the California ISO, POUs  
18 and the CPUC on a simplified need assessment process that  
19 fosters the use of common assumptions and streamlined  
20 decisions. Having all parties on board, and coordinated in  
21 their assumptions throughout the statewide planning process  
22 described in the previous slide is intended to streamline  
23 the need determination process during permitting. Again,  
24 this action responds to the belief that an ounce of  
25 prevention is worth a pound of cure.

1           The next high priority recommendation is that the  
2 Energy Commission staff should continue to support the  
3 Renewable Energy Action Team's mission to streamline and  
4 expedite the permitting processes for renewable energy  
5 projects, while conserving endangered species and natural  
6 communities at the ecosystem scale in the Mojave and  
7 Colorado Desert regions through the Desert Renewable Energy  
8 Conservation Plan (DRECP). The Renewable Energy Action Team  
9 was established in response to Governor Schwarzenegger's  
10 Executive Order No. S-14-08, which was signed in November  
11 2008, which establishes the 33 percent Renewables Portfolio  
12 Standard. In support of this effort, earlier this week the  
13 staffs at the Energy Commission, the California Department  
14 of Fish and Game, U.S. Bureau of Land Management, and U.S.  
15 Fish and Wildlife Service released a Draft Best Management  
16 Practices and Guidance Manual, and this manual will be  
17 discussed at a public workshop in the City of Victorville  
18 next Tuesday, October 13<sup>th</sup>. And for more information on the  
19 implementation of this Executive Order, you can go to the  
20 Commission's website at  
21 [www.energy.ca.gov/33by2020/index.html](http://www.energy.ca.gov/33by2020/index.html).

22           The next recommendation is to prioritize  
23 transmission planning and permitting efforts for renewable  
24 generation at the California ISO, CTPG, and the Energy  
25 Commission and work on overcoming barriers and finding

1 solutions that would aid their development. And the  
2 Committees are recommending a three-tiered approach for this  
3 recommendation, which is described on the next three slides.  
4 And so, first, the first priority is to develop projects  
5 already supported by the past two Strategic Plans, 2005 and  
6 2007. A total of ten projects are recommended between the  
7 two documents. And I will not go into detail here because  
8 they are covered in both Chapter 1, as well as in Appendix  
9 C. One specific project recommendation that is new for 2009  
10 is Southern California Edison's El Dorado-Ivanpah  
11 Transmission Project. SCE filed their application for a  
12 Certificate of Public Convenience and Necessity in May of  
13 this year, and the Committees note that their endorsement of  
14 this transmission project is not an endorsement of the solar  
15 partners, Ivanpah Solar Electric Generation System, which is  
16 currently being evaluated by the Energy Commission.

17           The next priority is the RETI "No Regrets"  
18 renewable foundation and renewable delivery line segments  
19 that limit environmental impacts by using existing, or by  
20 expanding existing, corridors. Together with the previously  
21 recommended projects, these segments would provide a strong  
22 system that could move and deliver electricity throughout  
23 California. Two additional projects, Gregg-Alpha Four and  
24 Tracy-Alpha Four, do not meet the criterion of using  
25 existing or expanded corridors, but are needed to complete a

1 link to Northern California load centers. And so the first  
2 five that you see on this list are RETI renewable foundation  
3 lines, and the last three are classified as renewable  
4 delivery lines.

5 The third priority is to begin outreach for the  
6 RETI "no regrets" segments that require new corridors, and  
7 to begin planning work for the priority renewable areas  
8 outside Tehachapi, the Imperial Valley, and Eastern  
9 Riverside County.

10 COMMISSIONER BYRON: Ms. Grau, would you mind  
11 providing us with your definition of "no regrets?"

12 MS. GRAU: I would have to turn to Mark Hesters,  
13 who was involved in the working committee that, I think,  
14 came up with that classification. Are you prepared to --

15 MR. HESTERS: I can give a quick definition. What  
16 a "no regrets" line in the RETI, through the Phase 2A  
17 report, were those lines that were not dependent upon  
18 development of a specific CREZ or renewable area. So they  
19 still had benefits even if there was not development in any  
20 specific renewable energy zone.

21 COMMISSIONER BYRON: So "no regrets" means we  
22 would not regret building them?

23 MR. HESTERS: Exactly.

24 MS. GRAU: So they look attractive, no matter what  
25 the future holds, I think, was a short way of saying that.

1 Which areas should be given priority will require revisiting  
2 because there are several factors that affect the viability  
3 of some of these areas. For example, the proposed National  
4 Monument in the Mojave Desert area could reduce the size of  
5 several of RETI's competitive renewable energy zones, or  
6 CREZ's. Also, the BLM Solar Programmatic Environmental  
7 Impact Statement effort will likely identify preferred solar  
8 development areas, while removing others from development.  
9 And the California ISO is completing its first clustered  
10 interconnection studies based on the new generator  
11 interconnection process. The Energy Commission staff should  
12 continue supporting ongoing RETI-related activities by  
13 providing appropriate personnel and contract resources.  
14 And, as I noted at the beginning of my presentation, the  
15 Energy Commission has several staff participating actively  
16 in all levels of RETI, in addition to providing contract  
17 resources.

18           You may recall that, at the June 15<sup>th</sup> workshop,  
19 Roger Johnson presented staff's proposed transmission  
20 corridor designation selection methodology for identifying  
21 which of the 102 transmission line segments contained in the  
22 RETI Phase 2 Report Conceptual Plan should be considered for  
23 corridor designation. In Chapter 6 of the Committee Draft  
24 Strategic Plan, staff refined its proposed method based on  
25 stakeholder comments, and went through a case study to

1 demonstrate the revised method. And so the Committees  
2 recommend that the Energy Commission staff should continue  
3 to coordinate with the RETI stakeholders group to  
4 incorporate RETI's latest information in applying staff's  
5 method in order to reach consensus on the appropriate  
6 transmission line segments that should be considered for  
7 corridor designation to promote renewable energy  
8 development.

9           And as described in Chapter 6, staff's case study  
10 used the 102 RETI Phase 2A line segments as the starting  
11 point and evaluated them based on on-line service date,  
12 environmental concerns, the types of right-of-way required,  
13 and the energy potential of each line segment.

14           Next, the Energy Commission should continue  
15 participation in, and support for, Western Interconnection  
16 transmission planning efforts. This includes representation  
17 on WECC's Transmission Expansion Planning Policy Committee,  
18 which manages the regional transmission planning process and  
19 coordinates transmission congestion and expansion analyses.  
20 This recommendation also includes participation in the  
21 Western Governor's Association WREZ Initiative, Western  
22 Renewable Energy Zone Initiative, to ensure consistency with  
23 RETI results in terms of California's preferred renewable  
24 development areas, as well as environmentally sensitive  
25 areas that should be avoided. Another important recent

1 development is the funding opportunity announcement made by  
2 the U.S. Department of Energy in response to the American  
3 Recovery and Reinvestment Act. Topic A deals with  
4 Interconnection Level Analysis and Planning, for which the  
5 WECC submitted its response on August 12<sup>th</sup>, and Topic B deals  
6 with Cooperation Amongst States on Electric Resource  
7 Planning and Priorities, for which the Western Governor's  
8 Association submitted its response on September 11<sup>th</sup>.

9           Finally, the Energy Commission staff should  
10 identify and establish a method for the 2011 Strategic Plan  
11 that uses scenarios in the development of a 30-year  
12 transmission plan for California, building upon the long-  
13 term planning process proposed in Chapter 4, as well as the  
14 scenario analysis in Chapter 7. This recommendation is an  
15 outgrowth of workshop discussions in which parties suggested  
16 it was important to look out 20 or more years. For this  
17 cycle, staff developed long-term scenarios, using the RETI  
18 Phase 2A results as a starting point, in order to illustrate  
19 how such a scenario-based approach could be applied. The  
20 goal is to jump-start the discussion of how long-term  
21 scenario planning should be conducted, and then factor that  
22 into a long-term planning process such as the one proposed  
23 in Chapter 4. Again, this was just done for illustrative  
24 purposes, and we are not suggesting necessarily that all of  
25 the assumptions in there are the final answer, we just

1 wanted to throw something out as a straw man. And so staff  
2 looked at three scenarios, 40 percent RPS by 2030, 50  
3 percent RPS by 2030, and 50 percent RPS by 2040. And staff  
4 also examined some of the transmission siting planning and  
5 operational consequences of these futures and the role that  
6 new and emerging technologies can play in reshaping these  
7 results.

8           In addition to the main chapters of this report,  
9 there are several technical appendices I just want to call  
10 your attention to briefly, that support the Committees'  
11 discussions and conclusions. Appendix A is the Trends in  
12 Transmission Research for Renewables Integration. Again,  
13 this came from Jamie Patterson and the PIER Program.  
14 Appendix B provides more detail on the WECC and WGA  
15 responses to the DOE's funding opportunity announcement.  
16 Appendix C summarizes the ten recommended projects of  
17 statewide significance that were supported in the previous  
18 two Strategic Plans, and Appendix D summarizes Western  
19 Regional Projects that could help California meet its goal  
20 of 33 percent renewables by 2020.

21           The Committees look forward to oral comments  
22 received today, as well as written comments by Friday,  
23 October 23<sup>rd</sup>. All comments received will be considered for  
24 inclusion in the Joint Committees' Final Strategic Plan,  
25 which is scheduled for release by November 16<sup>th</sup>. The Joint

1 Committees' final version will be considered for adoption by  
2 the full Commission at its regular Business Meeting on  
3 December 2<sup>nd</sup>, along with the Committee Final Integrated  
4 Energy Policy Report. So that concludes my presentation. I  
5 would like to open it up for comments or questions on my  
6 presentation, first from the dais, and then parties in the  
7 room, and then to any WebEx folks on the line. And then,  
8 after we get through that, we will open up the hearing for  
9 public comments, again, starting first with parties in the  
10 room, and then parties on WebEx. And so, first, are there  
11 any questions for me, from you, Commissioner Byron?

12 COMMISSIONER BYRON: Ms. Grau, no, there are not.  
13 This is a committee document, we have reviewed it  
14 thoroughly, will continue to review it, and we will continue  
15 to welcome any input from others. But, no, you have done a  
16 very good job on this; you are an excellent Project Manager.  
17 I am not going to ask you any questions. Let's open it up  
18 and see what we hear.

19 MS. GRAU: Okay. Are there any questions for me?  
20 Okay, do we have anyone on the line, Clare, who would like  
21 to ask any questions or make comments?

22 MS. LAUFENBERG GALLARDO: Let me unmute them and  
23 we will see. You can address them now.

24 MS. GRAU: Do we have anybody on the WebEx line  
25 who would like to ask a question regarding my presentation?

1 Okay. With the publishing of the Draft Strategic Plan on  
2 September 28<sup>th</sup>, and then the Draft Integrated Energy Policy  
3 Report two days later on the 30<sup>th</sup>, we realized that we have  
4 given interested parties something over 400 pages long to  
5 read in a very short amount of time. And so we recognize  
6 that today's hearing may be too soon for you or your  
7 organization to have reviewed the Strategic Plan fully.  
8 However, the Committees would still appreciate any  
9 perspective you have for us today on any or all of the  
10 following, whether your organization plans to file comments,  
11 written comments, by October 23<sup>rd</sup>, any overall impressions or  
12 high level comments you have, and if you have been able to  
13 complete your review of the entire document, any detailed  
14 comments you would like to share with us. And so, with  
15 that, I do not know if anybody filled out a blue card, we  
16 are kind of keeping this informal, so if you would just like  
17 to come up, either sit at the table if you prefer to sit, or  
18 stand at that podium, and make your comments, and we will  
19 open it up now to, first, the folks in the room, and then we  
20 will go to the folks on WebEx. Thank you.

21 COMMISSIONER BYRON: I do not have any blue cards.  
22 Did we solicit blue cards?

23 MS. KOROSSEC: We did not solicit them. As Judy  
24 said, we are doing this fairly informally. So anybody who  
25 wishes to speak, please, just come up and have at it.

1           COMMISSIONER BYRON: Yeah, so let me start with  
2 this. You know, coming from the private sector and  
3 realizing that there is this fallacy that us state employees  
4 sometimes have, that everybody sitting out there waiting for  
5 our documents and our meeting notices to appear so they can  
6 show up and provide comments. We are very interested in  
7 having you hear. I apologize for the short notice and the  
8 difficulty in reviewing these extensive documents on such  
9 short notice, but we would of course welcome if you have any  
10 preliminary comments you would like to provide. I am  
11 assuming that we will get written comments probably in  
12 spades from many of the stakeholders, but there are a number  
13 of folks here, and we are going to shut this workshop down  
14 early if there are no comments. This would be the time.  
15 Please come forward.

16           MR. SPARKS: Good morning, I am Robert Sparks from  
17 the California ISO. I just had some high-level comments.  
18 The first comment that came to mind -- I have been a  
19 Planning Engineer for about 20 years and the corollary I  
20 would like to add to these words of wisdom about the primary  
21 barrier to increased development of renewable resources,  
22 being the lack of transmission development, is that the  
23 primary barrier to developing transmission is not knowing  
24 where the generation is going to develop. It is a little  
25 bit of a chicken and egg problem, I guess, both of these

1 statements are sort of like saying the reason there is not  
2 enough chickens is because there are not enough eggs. But  
3 anyway, with that, the STIP Report recommends the  
4 establishment of a ten-year statewide transmission planning  
5 process, and the ISO definitely supports the development of  
6 a California-wide, coordinated transmission plan; however,  
7 kind of getting back to my corollary, the report does not  
8 make any recommendations as far as the establishment of a  
9 coordinated, long-term resource planning process across  
10 California, and I just think that type of process, even if  
11 it is just for the purpose of stimulating the development of  
12 transmission, is an essential part of the development of a  
13 coordinated transmission plan. We really need to know where  
14 the resources are going to be, you know, along the coast, or  
15 even out in the KREZ's, in order to develop a coordinated  
16 plan. The ISO also agrees with the statement in the STIP  
17 Report applauding the RETI effort. I just would like to add  
18 a specific observation. The most significant contribution  
19 from RETI is actually the publication of the widely accepted  
20 Statewide Renewable Resource Forecast that can be a basis  
21 for the transmission plan. I guess the last thing is that  
22 there are a number of specific project endorsements in the  
23 plan, you know, the list of projects we had up there, the  
24 trouble is it is difficult for the ISO, sort of like some of  
25 the disclaimers in the STIP report itself about, you know,

1 we like this Ivanpah transmission plan, but that does not  
2 mean the CEC endorses this solar project. It is a similar  
3 problem for us, is that it is difficult for us to endorse  
4 any of these specific projects without appearing to bias our  
5 own planning process. You know, many of those projects we  
6 have approved, so obviously we support those, the ones we  
7 have not, you know, the jury is still out. That is really  
8 all I have for now.

9 COMMISSIONER BYRON: Mr. Sparks, thank you. Are  
10 you aware of the joint effort, or maybe you are  
11 participating in the joint effort of the three energy  
12 agencies of the state, the ISO, the PUC, and this Energy  
13 Commission, I call it the "once-through cooling working  
14 group," the effort to provide a long-term reliability based  
15 plan to meet the rule that the State Water Resources Control  
16 Board is promulgating. Are you aware of that plan?

17 MR. SPARKS: I am following that, yes.

18 COMMISSIONER BYRON: Well, and of course that goes  
19 fundamentally to your question about where is the generation  
20 going to be, is it going to be on the coast? Is it going to  
21 be inland? Will it be new generation? Will it be repower  
22 of existing sites? These are yet to be decided to a great  
23 extent and they involve parties outside of our control, but  
24 clearly we are moving towards renewables. Are you familiar,  
25 or have you participated at all in the Renewable Energy

1 Transmission Initiative?

2 MR. SPARKS: I am following that one even to a  
3 lesser extent, but, yes, I am following that, as well.

4 COMMISSIONER BYRON: So we are hopeful that will  
5 also help identify those renewable zones that we can rely  
6 upon building transmission to. The "no regrets" lines, it  
7 seems, are those that all the stakeholders agree are going  
8 to be necessary, regardless of which renewable zone. So  
9 have you had an opportunity to review those -- and I do not  
10 like to use those kinds of phrases, but those lines that we  
11 think are necessary to build anyhow, the "no regrets" lines?

12 MR. SPARKS: Again, I did look at the list, but I  
13 am not sure I remember exactly which ones are "no regrets"  
14 and which ones were just endorsements, but there are various  
15 projects, obviously Sunrise, we approved that project, even  
16 the PUC has approved that project, it is certainly full  
17 support for that project. Some of the other ones, you know,  
18 to the extent we are still evaluating them, it is difficult  
19 to take a position at this point.

20 COMMISSIONER BYRON: Okay, well, we are looking  
21 for comments and feedback on any categories that you are  
22 able to provide. The most important have to do with the  
23 joint planning process for the statewide efforts. And we  
24 know that the ISO is integrally important to this, even  
25 though the ISO really only has control over approximately,

1 what, the service territory, about 75 percent of the state,  
2 it is every other load control area is, let's say, embedded  
3 within that 75 percent. So the ISO's input here is  
4 extremely important. I thank you for coming. Thank you for  
5 your comments. We look forward to the written comments.

6 MR. SPARKS: Thank you.

7 MS. KOROSK: If there are no other comments in  
8 the room, let's go ahead and open up the lines for WebEx.  
9 Those of you on WebEx, your lines are open if you would like  
10 to make any comments. Ken Kules, if you are on the line,  
11 your line is open if you would like to ask a question.

12 MR. KULES: Hi. My general question is how will  
13 the CEQA compliance process be integrated into the plans  
14 that will be developed? It is a question, not a comment, I  
15 am sorry I was not quick enough to get in on the question  
16 session.

17 COMMISSIONER BYRON: That is all right, Mr. Kules.  
18 Would you please identify yourself for the Court Reporter,  
19 and if you are representing an organization?

20 MR. KULES: I work for the Metropolitan Water  
21 District of California. My last name is Kules, K-u-l-e-s.

22 COMMISSIONER BYRON: Thank you.

23 MS. LAUFENBERG GALLARDO: His question was how  
24 will the CEQA compliance be integrated into the planning  
25 process.

1 MS. KOROSSEC: All right, the question is how will  
2 CEQA compliance be integrated into the planning process.  
3 Can I get one of the transmission staff up there to answer  
4 that?

5 MR. NAJARIAN: Chuck Najarian, Engineering Office.  
6 The CEQA process, first of all, anything that comes out of a  
7 planning process must eventually work its way into  
8 permitting, and in the permitting process, full CEQA  
9 compliance is required. So in the planning process itself,  
10 there is no formal CEQA process that we envision.

11 COMMISSIONER BYRON: Mr. Kules, any response?

12 MR. KULES: Well, that, I think, leads me to  
13 understand that the individual parties that are going to be  
14 constructing the transmission will have to then go through a  
15 subsequent CEQA process?

16 MR. TOOKER: This is Chris Tooker from the Energy  
17 Commission. As Ms. Grau pointed out, the corridor  
18 designation process carried out by the Energy Commission, if  
19 requested by a utility or on its own motion, will have as a  
20 part of it, a programmatic CEQA review of a proposed  
21 corridor. We are looking at alternatives and looking at  
22 many of the options going forward for the development of  
23 future infrastructure, and hopefully that programmatic  
24 environmental review will provide a record for purposes of  
25 project specific permitting at a later stage.

1           MR. KULES: So you are thinking of a programmatic  
2 approach where you have an initial plan that has a  
3 programmatic approach, and then there will be a layered EIR  
4 following that?

5           MR. TOOKER: As it pertains to designating  
6 corridors, not with respect to the broader plan, perhaps,  
7 put together by the utilities.

8           MR. KULES: Thank you.

9           MS. KOROSEC: All right, we have no other comments  
10 online. Last chance for anybody in the room that would like  
11 to say anything.

12           COMMISSIONER BYRON: All right, well, I think we  
13 are going to close here shortly. I have some closing  
14 comments I would like to reiterate. You know, we have taken  
15 what we have learned at the Energy Commission on a statewide  
16 transmission planning and siting basis and we have outlined  
17 a process in this Strategic Transmission Investment Plan  
18 that involves all the electric utilities, key agencies such  
19 as the Independent System Operator, the Public Utilities  
20 Commission, the Energy Commission, new organizations such as  
21 the California Transmission Planning Group, and stakeholders  
22 -- and when I say "stakeholders," I mean developers,  
23 environmental concerns, property owners, competing land  
24 interests, the folks that have other uses for the land that  
25 is in consideration, elected officials, even federal

1 agencies and military, I mean, the list of stakeholders goes  
2 on and on, and they must all be included -- and regional  
3 planners need to be part of this process, as well, the  
4 Western Electric Coordinating Council and the Western  
5 Governor's Association. And there is a role for FERC in  
6 this planning process, too. It is complicated, it is  
7 difficult, and it is necessary. We received a lot of  
8 comments about not making it any more difficult than it is,  
9 and I will go back to my premise, that we have got to make  
10 sure that we include all of the constituents early on. We  
11 know it adds layers of complication, the goal is not the  
12 process, the goal is to build transmission and to meet  
13 California's economic and environmental interests going  
14 forward. We are really interested in de-litigating the  
15 process. There are some extraordinary transmission planners  
16 involved at the ISO, at the California Transmission Planning  
17 Group, but we know that the transmission is expensive, too,  
18 but it is really a relatively small part of the consumers'  
19 electric bill. As we move towards increased electrification  
20 such as the transportation sector, population growth is  
21 going to lead to increased needs for transmission and  
22 electricity. Even though we are going to implement really  
23 strong energy efficiency policies in the state, we are going  
24 to still need more transmission. We are going to need it  
25 for renewables. But we need to simplify need assessment

1 process for determining what transmission is needed, a  
2 process that fosters the use of common assumptions and  
3 streamlined decisions. We need to frontload the process  
4 with inclusion and unload the litigious aspect on the  
5 backend in determining need.

6           The key agencies have a stake in this and are  
7 essential to our success, it cannot be done without all of  
8 them included. But there is really only one statewide  
9 authority with the staffing, the lack of commercial interest  
10 -- read: objectivity -- and the motivation and interest to  
11 facilitate transmission planning and siting to meet all of  
12 California's needs, and I believe that is the Energy  
13 Commission. I would like to ask you to please provide us  
14 comments focusing on the five steps for transmission  
15 planning that are outlined in this report. I would like to  
16 also ask for your feedback on the efforts to simplify and  
17 reduce the redundancy in determining need. I would like to  
18 certainly acknowledge the value of the CTPG, and we believe,  
19 if done credibly and inclusively, that will be an  
20 extraordinarily important group going forward for the state.  
21 The STIP could provide the necessary cover of a full  
22 transparent public process to a group such as the CTPG, and  
23 if the CTPG includes all the stakeholders and environmental  
24 considerations, the CEC will give great weight to the  
25 results in the STIP. If not, I believe the STIP will really

1 become the forum for analyzing and deciding what is needed.  
2 I would like to thank the staff, I think they did an  
3 extraordinary job on this. If we had more time, I am sure  
4 we could do a better job. I would like to thank the  
5 participants for being here, we welcome your comments and  
6 input. It is 10:00. We will be adjourned.

7 (Whereupon, at 10:00 a.m., the workshop was  
8 adjourned.)

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CERTIFICATE OF REPORTER

I, KENT ODELL, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Workshop; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, nor in any way interested in outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ day of October, 2009.

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KENT ODELL