Tamara Rasberry
Governmental Affairs Manager
State Agency Affairs

925 L Street, Suite 650
Sacramento, CA 95814

(916) 492-4252
trasberry@sempra.com

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California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512

RE: DOCKET 09-IEP-1D, 2009 IEPR TRANSMISSION. San Diego Gas and Electric's Comments on the California Energy Commission's September, Draft 2009 *Strategic Transmission Investment Plan*

Dear Commissioners:

San Diego Gas and Electric ("SDG&E") hereby submits its comments on the California Energy Commission's ("CEC's") Draft 2009 Strategic Transmission Investment Plan.

1. Effective Transmission Planning Requires Public Confidence

SDG&E agrees with the CEC that:

> "Ineffective transmission planning...results in a lack of public confidence that government, utility, and other organizations responsible for various aspects of transmission infrastructure are taking actions that are in the best interests of the state of California, its citizens, and its environment."[1]

The challenge is to find an efficient means of making the transmission planning process effective. The CEC makes a number of recommendations for reforming the existing transmission planning process and, with two exceptions as noted below, SDG&E supports those recommendations. SDG&E welcomes the CEC's continued participation in the existing transmission planning processes conducted by the CAISO, the California Transmission Planning Group ("CTPG") and the California Renewable Energy Transmission Initiative ("RETI").

The two exceptions are (1) the CEC's recommendation to "use" the Strategic Plan proceeding to vet the CTPG plan," and (2) the CEC's recommendation that a 30-year conceptual transmission planning process should be "implemented in the 2011 Strategic Plan proceeding."[2]

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[1] CEC's 2009 Strategic Transmission Investment Plan at p. 57.
[2] *Id.* at p. 3.

SDG&E is not convinced it would be the best use of resources to create new processes at the CEC for vetting the results of the CTPG work and for developing a 30-year conceptual transmission plan. Instead SDG&E believes the results of the CTPG work should be vetted with stakeholders using the RETI forum. CTPG has already made this proposal to RETI. SDG&E also believes that while the development of a 30-year conceptual plan is commendable idea, it would be better to wait and see what the WECC Transmission Expansion Planning Policy Committee (TEPPC) comes up with as part of its first 20-year long range plan, which is due in 2013. This would help to minimize the possibility of redundant work and the possibility that already-constrained resources are further stretched.

2. The CEC Can Support Transmission Planning Efforts that Account for the Retirement of Once-Through-Cooling Units

With respect to the State Water Resource Control Board's June 30, 2009 *Draft Statewide Water Quality Control Board Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling*, the CEC observes that:

> "Many of the plants that use once-through cooling are old, well past their 30-year operating lives and do not operate enough to justify the significant expenditures required to change to a new form of cooling. As a result, many will likely stop operating if the proposed policy is adopted. Because many of these plants are located in major load centers where it is difficult to build replacement generation due to air quality rules and lack of air emissions credits, new transmission may be required, especially in the Los Angeles Basin."[3]

SDG&E agrees with the CEC that the probable retirement of the fossil-fired once-through cooling units along the coast of California may create a need for additional transfer capability into certain load centers. In order to be prepared for these potential retirements, entities engaged in transmission planning studies need clear direction on the timing of unit retirements as well as planned repowers/new generation at these coastal sites. The CEC is in a good position to keep parties informed of this information.

3. The CEC Should Continue its Support of Transmission Research, Especially for "Smart Grid" Technologies

The CEC plan describes "trends in transmission research for renewables integration."[4] Transmission research needs to encompass new technologies associated with the "Smart Grid" concept. The "Smart Grid" will increase operational efficiency, improve grid reliability, and reduce maintenance requirements. "Smart Grid" technologies include synchrophasors, fast switching on the distribution system, early fault detection of underground cables, automated distributed energy resource management, renewable resource arbitrage, renewable resource intermittency management and automated demand response.

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[3] *Id.* at p. 35.
[4] *Id.* at p. 39, Appendix A.

4. The CEC's Approach to Prioritizing the Development of Renewable Transmission Projects May Need to be Revisited

The CEC finds that because "only a limited number of facilities can be planned, permitted, and constructed at any given time... California must prioritize the use of its resources."[5] The CEC sets forth its belief that "the development of the RETI segments should be divided into phases that separate the segments based on their function (Renewable Foundation, Delivery, or Collector), their potential environmental impacts, and the likelihood that the renewable generation that they would interconnect would be developed."[6]

SDG&E has misgivings about one element of the CEC's prioritization approach, namely the use of "function" to determine how to phase implementation of the various elements of the RETI conceptual transmission plan. While RETI tried mightily to define discrete functions for each element in the RETI conceptual transmission plan, the unalterable reality is that all network transmission elements perform exactly the same function: they each carry power from generators to loads. SDG&E does not believe "function" is a legitimate criterion for determining which elements of the RETI conceptual transmission plan should be pursued ahead of other elements.

5. "Third Priority" Transmission Projects Should Not be Linked to a "No Regrets" Concept

SDG&E agrees that a "third priority" should: (i) include transmission planning evaluation of RETI-identified network line segments "that require new corridors," and (ii) should consider "phased solutions" for adding those network upgrades that will facilitate the development of renewable resources within "specific renewable zones as generators commit to developing power plants."[7]

6. The WECC's Reliability Criteria Does Not Prevent Transmission Providers from Placing Multiple Transmission Lines in a Single Corridor

The CEC indicates that one of the two "major issues" affecting the viability of its corridor designation process is:

> "the potential conflict between the state's transmission planning priorities and Western Electricity Coordinating Council's (WECC) reliability criteria, which restrict the placement of multiple transmission lines in a single corridor."[8]

WECC reliability criteria does not "restrict" the placement of multiple transmission lines in a single corridor. Rather, the WECC reliability criteria requires project proponents to "study" the consequences of multiple line outages and, where the probability of a multiple line outage is determined to be high enough, to mitigate the adverse consequences of such outages (such as by

[5] *Id.* at p. 92
[6] *Id.* at p. 92.
[7] *Id.* at p. 9.
[8] CEC's 2009 Strategic Transmission Investment Plan at p. 13.

generator tripping and/or controlled load drop)[9]. Of course, where cost and environmental considerations permit, greater separation between circuits can reduce the probability of multiple line outages to levels that are so low that mitigation would be of questionable usefulness.

7. FERC-Mandated Cost Allocation Could be Beneficial to California

The CEC notes that:

> If FERC mandates a cost allocation method, California could be required to pay for projects not consistent with the California Renewable Energy Transmission Initiative (RETI), the Desert Renewable Energy Conservation Plan results, California Renewables Portfolio Standard (RPS) goals, and carbon reduction policies.[10]

However, the reverse is also true. If FERC were to mandate a cost allocation method, entities outside the state of California could be obligated to pay for a portion of an interstate transmission project that benefits both California and non-California parties. Absent a federally-imposed cost allocation mandate, parties outside of California can effectively block interstate transmission development that would be beneficial to California by refusing to approve, or pay for, any portion of the proposed project.

8. The Existing and Projected Availability of Interstate Transfer Capability Needs to be Established

The CEC plan states that:

> A plethora of proposed transmission projects...raises alarms for regulators and questions for all, since many would be headed for California while more than 7,000 MW of capacity appears to be headed for the El Dorado Valley near Las Vegas, yet little firm transmission is available from those locations to major nearby load centers.[11]

While the relationship, if any, between the reference to "headed for California" and the reference to "headed for the El Dorado Valley near Las Vegas" is unclear, SDG&E believes that the CEC believes there will not be enough "firm transmission" to move renewable power from the Las Vegas area to the southern California load centers. If southern Nevada becomes a collection point for renewable power generated in Nevada, Utah and the Rocky Mountain states, loads in the Las Vegas area may not be large enough to absorb a massive influx of renewable generation, and existing transmission between southern Nevada and southern California could become

[9] Generator tripping and controlled load drop schemes are widely used and accepted operating practices for ensuring grid integrity under severe contingency conditions.
[10] CEC's 2009 Strategic Transmission Investment Plan at p. 41.
[11] *Id.* at p. 53.

heavily congested. This, in turn, would suggest that additional transfer capability between southern Nevada and southern California should be evaluated.

In order to determine the extent to which additional transfer capability may be needed, and the timing of such a need, data should be produced to establish the level of existing commitments, and the duration of those commitments, on the southern Nevada to southern California transmission path. To date, this data has not been produced.

In the RETI process[12], and in comments on the CPUC's 33% RPS Implementation Analysis Preliminary Results report[13], SDG&E has suggested that data be produced to demonstrate the degree to which the existing inter-ties into the state of California are encumbered with commitments that preclude the use of existing transfer capability for purposes of accommodating the development of out-of-state renewable resources.

Specifically, SDG&E suggests that the CAISO and the California municipal utilities provide data and information which identifies: (1) the capability of existing inter-ties into the state of California; (2) the quantity and nature of existing commitments for this transfer capability which would encumber the ability to use this transfer capability to facilitate out-of-state renewable resource development; and (3) the duration of such existing commitments. This latter piece of information is particularly important because as out-of-state renewable resources are added over time, there will be a corresponding decline in the amount of out-of-state fossil fired commitments which California load serving entities will require in order to meet their load serving obligations.[14]

This concludes our comments.

Respectfully submitted,

Tamara Rasberry

[12] See SDG&E's November 19, 2008 comments on section 3.5.3 of the RETI Phase 1B draft report at http://www.energy.ca.gov/reti/documents/phase1B/comments/.

[13] See SDG&E's August 28, 2009 response to question 13 posed by the CPUC in connection with the CPUC's 33% RPS Implementation Analysis Preliminary Results report at http://www.cpuc.ca.gov/NR/rdonlyres/9F64C88C-11BE-4149-8564-5055961AB28C/0/SDGEResponsetoTechnicalQuestions.pdf.

[14] This data and information would, for example, explain how much of the 6637 MW of existing transfer capability between southern Nevada and southern California (the "Northern System" of the West of the Colorado River (WOR) path (Path 46)) is encumbered by prior commitments and the dates on which these prior commitments will expire. Of this 6637 MW, approximately 2952 MW is subject to CAISO control and 3686 MW is subject to control by non-CAISO municipal utilities.