California Energy Commission
DOCKETED
14-IEP-01
TN 74127
DEC 08 2014

December 8, 2014

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 14-IEP-1
1516 Ninth Street
Sacramento, CA 95814-5512
Via email: docket@energy.ca.gov

Re: Comments of the San Luis & Delta-Mendota Water Authority on the 2014 Draft Integrated Energy Policy Report Update, Docket No. 14-IEP-1

Dear Commissioners,

The San Luis & Delta-Mendota Water Authority ("Authority") appreciates the opportunity to submit comments on the California Energy Commission's 2014 Draft Integrated Energy Policy Report Update, posted for review on November 10, 2014. The Authority addresses its comments to Chapter 8 and the section beginning on page 183 related to transmission.

Background on the San Luis Transmission Line

The Authority was formed in 1992 as a joint powers authority and consists of 28 member agencies, 26 of which contract with the Bureau of Reclamation ("Reclamation") for supply of water from the federal Central Valley Project ("CVP"). The Authority's member agencies collectively hold contracts with Reclamation for the delivery of approximately 3.3 million acre-feet of CVP water. CVP water provided to the Authority's member agencies supports approximately 1.2 million acres of agricultural land, as well as more than 100,000 acres of managed wetlands, private and public, in California's San Joaquin Valley, and nearly 2 million people in the "Silicon" and San Joaquin Valleys. The Authority has also assumed the operation and maintenance responsibilities of certain United States Bureau of Reclamation Central Valley Project facilities.

The Authority is working with the Western Area Power Administration ("Western") to build a 62-mile high-voltage electric transmission line to provide electricity necessary for the economical and reliable delivery of CVP water to the Authority member agencies. This new transmission line, known as the San Luis Transmission Line, or SLTP, would connect Reclamation's C.W. ("Bill") Jones Pumping Plant and generating plants near Los Banos, California to Western's transmission system near Tracy, California. The SLTP would replace Western's current long-term PG&E contract for electric transmission service, which expires in 2016. Thus, time is of the essence for the Authority and Western.

842 SIXTH STREET
SUITE 7
P.O. BOX 2157
LOS BANOS, CA
93635
209 826-9696
209 826-9698 FAX

The Authority only needs a 230kV line to meet its needs, but the Authority recognized that there was an opportunity to build a larger project in the existing corridor and is considering, along with Duke American Transmission Co ("DATC"), a 500kV line. A 500kV line would afford an additional 1,200 megawatts of transfer capacity in this corridor at an extremely cost-effective price for the incremental capacity, thus optimizing the use of one of the most important and constrained electric transmission corridors in the State. Physically, there is only room to build one more line in the affected corridor. The SLTP should also increase the reliability of the grid in California and provide additional options for renewable generation interconnection. It should also increase flexibility in operating the electric system.

If the Authority and Western approve a 500kV line, DATC's portion of the line would be under the operational control of the California ISO, so ISO approval would be required. The Authority is going to proceed with building a line one way or the other, so the opportunity to take advantage of securing more capacity in this corridor is one that presents itself now. In 2015, the Authority and Western will be taking steps to move forward with the SLTP. And, therefore, the Authority and Western will be deciding by the second quarter of 2015, the size of the line. Thus, California ISO approval, in its 2014-15 Transmission Plan, of the portion of the 500kV line that would be under its operational control, is essential.

Comments on Chapter 8 of the 2014 Draft Integrated Energy Policy Report Update

The Draft IEPR Update references the Garamendi Principles, articulated by the Legislature in 1988, which the Energy Commission has incorporated into its processes. These principles articulate that, with respect to the construction of new transmission lines, "the construction of new high-voltage transmission lines with new rights-of-way impose financial hardships and adverse environmental impacts on the state and its residents," and the Legislature concluded it is in the interests of the state to accomplish all of the following:

1. Encourage the use of existing rights-of-way by upgrading existing transmission facilities where technically and economically feasible;

2. When construction if new transmission lines is required, encourage expansion of existing rights-of-way, when technically and economically feasible;

3. Provide for the creation of new rights-of-way when justified by environmental, technical or economic reasons, as determined by the appropriate licensing agency;

4. When there is a need to construct additional transmission, seek agreement among all interested utilities on the efficient use of that capacity.

SB 2431 (Stats. 1988, Ch. 1457).

The Draft IEPR Update discusses the issue of "right sizing," or planning the facility to optimize the use of the corridor, and indicates that this could maximize the value of the transmission grid as well as the value of the land devoted to transmission infrastructure. This policy of optimizing the use of transmission corridors when there is the opportunity and where it is both technically and economically feasible, should be reflected in the decision making of all entities involved in the planning and construction of California's transmission infrastructure, including the California ISO.

When determining what policy-driven transmission solutions to consider in its transmission planning process, the California ISO looks to state, federal, municipal and county directives. *See* California ISO Tariff, section 24.3.2(i). The Energy Commission, along with the California Public Utilities Commission, provides input to the ISO about the policies the Commission finds should be considered by the ISO in its transmission planning process, and the ISO in turn takes these policies into account in its decision making process.

The Authority supports the suggestion in the Draft IEPR Update that the energy regulatory agencies encourage transmission projects to be designed and approved to optimize the use of existing corridors, consistent with the Garamendi Principles, and requests that the Energy Commission communicate to the California ISO that this policy should be considered by the ISO in its 2014-2015 transmission plan. The Authority believes that the principles behind this policy – upsizing to allow for capacity for future use, maximizing the value of land dedicated to transmission infrastructure, and bringing entities together to allow for the most efficient use of the capacity – are met by the SLTP.

Again, the Authority appreciates the chance to provide these comments and encourages the Energy Commission to provide the input to the California ISO as soon as practicable so that the ISO can consider this policy as it evaluates the projects that it will approve early next year.

Sincerely,

Daniel G. Nelson
Executive Director
San Luis & Delta-Mendota Water Authority