

California Energy Action Plan

Goal IV Upgrade and Expand the Electricity Transmission and Distribution Infrastructure

1. CPUC Decisions, Proceedings
2. Integrated Energy Policy Report

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Major Transmission Projects

- o Recently **approved by CPUC**
 - o SDG&E's Mission-Miguel Project and SCE's Viejo Project approved July 2004. **Adds 1,560 MW of transmission capacity.**
 - o Jefferson-Martin Transmission Project approved September 2004. **Adds 400 MW of transmission capacity.**
- o **Under CPUC review**
 - o Otay-Mesa PPA transmission line. CPCN application deemed complete by ED staff July 20th; CEQA review underway.
- o **On the horizon**
 - o SCE directed to file CPCN for Tehachapi transmission upgrades in December 2004.

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Transmission OII (I.00-11-001) – **Examines transmission needs** throughout California, including that stemming from RPS and procurement

- o CPUC is examining the ISO's **transmission economic need assessment methodology**.
 - o Ruling issued in January 2004. In response the CAISO submitted its methodology in June to the CPUC; workshops followed.
 - o Next Steps: Ruling reflecting coordination between this proceeding and the transmission OIR.

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Transmission OII (I.00-11-001) (continued)

- o CPUC is evaluating **transmission needs and upgrades in the Tehachapi** region.
 - o June 2004 decision (D.04-06-010) directed formation of study group and directed SCE to file CPCN for the first phase of upgrades by December 9th.
 - o Next Steps: Ruling following SCE's September 1st statement and September 9th reply comments of parties.

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Transmission OII (I.00-11-001) (continued)

- o CPUC is pursuing the development and use of **transmission costs in assessing RPS bids** (a.k.a., “transmission adders”).
 - o June 2004 decision (D.04-06-013) adopted the concept of transmission adders for RPS procurement.
 - o Next Steps: Ruling approving the transmission cost estimates in the IOU’s Transmission Ranking Cost Reports and implementation of transmission adders for RPS procurement.

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Transmission OIR (R.04-01-026) -- **Streamlines transmission need determination**

- o This proceeding opened in January 2004.
- o Possibly amend GO 131-D and **defer to ISO's need methodology**
- o Next Steps: Pre-Hearing Conference to be scheduled.

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Procurement (R.04-04-003) – **Implements a long-term resource planning process** to review and approve utility resource plans.

- o This proceeding opened in April 2004.
- o Identifies transmission upgrades necessary to support resource plans.
- o Next Steps: Continue evidentiary hearings and issue decision in December 2004.

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Energy Commission 2004 *Integrated Energy Policy Report* Transmission Update

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Summary of Transmission Process for 2004 IEPR Update

- **Developed topics from staff's 2003 Transmission white paper and the Commission's 2003 Energy Report**
- **Prepared topical background papers**
- **Held focused IEPR Committee workshops**
- **Invited a wide range of stakeholders (e.g., IOUs, munis, federal power marketers, state and local agencies, consumer groups)**
- **Solicited oral and written comments before, during, and after workshops**
- **Established a record as the basis for findings and recommendations**

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Staff Conclusions/Recommendations in the 2004 IEPR Update Proceeding

The state should conduct long-term transmission planning that accomplishes the following:

- **Builds upon the CA ISO annual grid planning process**
- **Provides a statewide perspective (i.e., includes munis and federal power marketers)**
- **Explores use of social discount rate**
- **Includes quantification of the insurance value of transmission and other strategic benefits**
- **Incorporates corridor planning results**
- **Considers non-transmission alternatives**

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Next Steps for 2004 IEPR Update

- **Draft Committee document release: Sept. 15**
- **Hearings around the state in early October**
- **Release of Final Committee document: October 20**
- **Consideration for adoption by full Commission: November 3**
- **Transmit final document to Governor: November**

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Transmission Activity Goals for the 2005 IEPR

- **The Energy Commission will initiate long-term transmission planning consistent with the Committee recommendations. The Commission will coordinate with:**
 - the CA ISO and IOUs
 - munis and federal power marketers
 - the CPUC and other federal, state, and local agencies

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Transmission Activity Goals for the 2005 IEPR

- **The Energy Commission will conduct corridor studies on high-priority corridors**
- **The Energy Commission will investigate issues regarding land use banking for corridors**
- **The Energy Commission will investigate operational issues associated with renewables integration**
- **The Energy Commission will conduct an annual examination of short-term projects and issues**

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EAP Goal IV Accomplishments

- **Coordinated development of the transmission project “watch list” and monthly updates.**
- **Collaborated with the municipal utilities on near-term transmission needs in the 2004 Update.**
- **Completed stakeholder workshops and staff report on transmission planning needs and state’s role in transmission planning for the 2004 Update.**