

JOINT COMMITTEE WORKSHOP
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:

Preparation of the 2009 Integrated)	Docket No.
Energy Policy Report)	09-IEP-1D
)	
Transmission Planning Information)	
And Policy Actions)	
_____)	

 ORIGINAL

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1 COMMISSIONERS PRESENT

2 Jeffrey D. Byron, Commissioner,
3 Presiding Member, IEPR Committee, Siting Committee

4 James D. Boyd, Vice Chair,
5 Associate Member, IEPR Committee

6 Karen Douglas, Chairman
7 Associate Member, Siting Committee

8 SPEAKERS PRESENT

9 Suzanne Korosec, IEPR Lead

10 Judy Grau
11 Strategic Transmission Planning Office

12 Dave Olsen
13 Center for Energy Efficiency & Renewable Technologies

14 Roger Johnson
15 Engineering and Corridor Designation Office

16 PANELISTS PRESENT

17 Chuck Najarian, CEC Moderator, Session #1 Panel
18 Discussion - Achieving a Coordinated Statewide
19 Transmission Planning Process

20 Dave Olsen
21 Center for Energy Efficiency & Renewable Technologies
22 California Energy Commission

23 Tony Braun
24 California Municipal Utilities Commission

25 Juan Carlos Sandoval
Imperial Irrigation District

Jim Shetler
Sacramento Municipal Utility District

Jon Eric Thalman
Pacific Gas & Electric

Patricia Arons
Southern California Edison

1 Mohammed Bashir
 Los Angeles Department of Water and Power

2 Karen Edson
 3 California Independent System Operator

4 Nancy Ryan
 California Public Utilities Commission

5 Grace Anderson
 6 California Energy Commission

7 Roger Johnson, CEC Moderator, Session #2 (For all
 interested parties) - Staff Proposed Transmission
 8 Corridor Designation Selection Methodology

9 ALSO PRESENT

10 Bob Stuart
 BrightSource Energy

11 Faramarz Nabavi
 California Wind Energy Association

12 Helen O'Shea
 13 Natural Resources Defense Council

14 Karen Mills
 California Farm Bureau

15 Laurie Ten Hope, Advisor to Commissioner Byron
 16 California Energy Commission

17 Susan Brown, Advisor to Vice Chair Boyd
 California Energy Commission

I N D E X

	Page
19 Introduction	
20 Suzanne Korosec	6
21 Opening Comments	
22 Commissioner Jeffrey Byron	8
23 Vice Chair James Boyd	10
Chairman Karen Douglas	19
24 Over and Goals for Today's Workshop	
25 Judy Grau	10
Renewable Energy Transmission Initiative (RETI)	

1	Phase 2A Results	
2	Dave Olsen	17
3	Session #1 Panel Discussion - Achieving a	
	Coordinated Statewide Transmission Planning Process	
4	Session #1 Stakeholder Questions and	68
5	Feedback Directed to Panelists	
6	Session #2 (For all interested parties) -	
7	Staff Proposed Transmission Corridor Designation	
	Selection Methodology	
8	Session #2 Questions and Feedback	142
9	Closing Comments	185
10	Adjournment	193
11	Certificate of Reporter	194

P R O C E E D I N G S

MS. KOROSSEC: We'll go ahead and get started. I'm Suzanne Korosec. I lead the Energy Commission's Integrated Energy Policy Report Unit, and welcome to today's workshop on Transmission Planning and Corridor Designation Opportunities. This workshop being conducted jointly by the Commission's Integrated Energy Policy Report and Siting Committee.

Transmission planning continues to be a major issue in California. We have an aging transmission infrastructure and needed upgrades and/or replacement, coupled with the need for new transmission infrastructure to access renewable resources to help us meet the state's greenhouse gas reduction goals, both complicated by long lead times for permitting and building transmission infrastructure, so it's essential that we do have coordinated statewide transmission planning process as well as a long-term strategic transmission plan.

Transmission planning is also a major component of efforts underway at the national level. In fact, on Friday I read testimony for a hearing open house energy and counter subcommittee on the energy environment to discuss proposals for new transmission legislation. FERC Chairman Wellinghoff called for a national policy commitment to develop the transmission infrastructure

1 bringing renewable energy from remote areas into our
2 metropolitan areas, and also stressed that transmission
3 planning needs to look beyond the needs of a single
4 utility or even a single state.

5 So before we start in on technical discussions,
6 I need to cover a few housekeeping items. Our restrooms
7 are out in the atrium through the double doors and to your
8 left. There's a snack room on the second floor at the top
9 of the stairs behind the white line. And if there's an
10 emergency and you need to evacuate the building, please
11 follow the staff outside to Roosevelt Park, which is
12 diagonal to the building and wait there until it's safe to
13 return.

14 Today's workshop is being broadcast through our
15 WebEx conferencing system. Parties should be aware that
16 we are recording the workshop. We'll make that recording
17 available on our website immediately after the workshop.
18 Once the written transcript is completed, we will post
19 that and replace the WebEx recording on our website.

20 For speakers and commenters today, please be
21 aware we've been having some minor difficulties with our
22 audio for WebEx, so please speak very closely into the
23 mic. It will sound like you're speaking very loud in the
24 room but the WebEx people will be able to hear you a
25 little bit better.

1 This workshop is being held under the 2009
2 Integrated Energy Policy Report or IEPR proceeding. The
3 Energy Commission is required by statute to prepare an
4 IEPR every two years that provides an overview of energy
5 transit issues in California and also provides policy
6 recommendations to help the state meet our energy goals.

7 In 2004, Senate Bill 1565 added a requirement to
8 the Public Resources Code for the Energy Commission to
9 adopt a strategic plan for the state's electric
10 transmission grid that identifies and recommendations
11 actions to ensure reliability, relieve congestion, and
12 meet future growth in electricity loads and to include
13 that plan in biennial IEPR. So the results of today's
14 workshop we'll get into that document, which is the 2009
15 Strategic Transmission Investment Plan, which will be
16 adopted along with the 2009 IEPR in November of this year.

17 So with that brief introduction, Commissioners,
18 I'll turn it over to you for opening comments.

19 COMMISSIONER BYRON: Thank you, Ms. Korosec.
20 Good morning. I'm Jeff Byron and I chair the Energy
21 Commission's Integrated Energy Policy Report Committee.
22 I'd like to welcome everyone here this morning. I see a
23 lot of familiar faces, and I very much appreciate your
24 being here for this important IEPR workshop.

25 The Chairman I think will join us shortly. This

1 is a joint, is it a joint committee?

2 VICE CHAIR BOYD: Yes.

3 COMMISSIONER BYRON: Yes. Siting and IEPR as
4 you know on the various transmission issues that are
5 extremely in the state, and we're really interested in the
6 input of all the stakeholders that are involved in this
7 process and the public. Commissioner Grunig had planned
8 to be here. She wrote me yesterday indicating that she
9 would not be able to make it. As I indicated, the Chair
10 will be down shortly.

11 We're very interested I think you'll see. In
12 open dialogue, I think you'll see that that the staff has
13 created some sessions that are really conducive to that
14 and we welcome your input and comments particularly on
15 some of the recent staff thinking with regard to how we'll
16 go forward with the renewable energy transmission
17 initiative.

18 As many of you know, the Strategic Transmission
19 Investment Plan is a requirement of the legislature of
20 this agency. We're required to do it every two years, and
21 that's why we need to move forward quickly with this
22 workshop and follow up to the May 4th workshop on the same
23 subjects so that we can indeed produce an IEPR to the
24 November time frame as required by legislation.

25 I'll keep my remarks brief this morning, but I

1 would like to also introduce my advisor to my left, Ms.
2 Laurie Tenhope. All the way to the right is Commissioner
3 Boyd's advisor, Susan Brown, and Commissioner Boyd who is
4 my associate member on the IEPR committee. Commissioner,
5 do you have any comments?

6 VICE CHAIR BOYD: Thank you. I think you've
7 covered it all for the subject since you chair both the
8 Siting Committee and the IEPR Committee. I defer to your
9 judgments and look forward to Commissioner Douglas's
10 participation as the other member of the Siting Committee.
11 I'm a veteran of the Integrated Energy Policy Report, so
12 nothing more needs to be said. This is my fourth one I
13 guess through all these years, so let's get on with it.
14 Thank you.

15 COMMISSIONER BYRON: Okay. Well, we're really
16 just following through on a lot of your earlier
17 recommendations here. Ms. Korosec, let's go ahead. I
18 think when Commissioner Douglas comes, we will give her an
19 opportunity as well to make some comments, and that would
20 be following whatever presentation is going on at that
21 time.

22 MS. KOROSSEC: All right. So we'll start with
23 Judy Grau from the Strategic Transmission Planning Office.

24 MS. GRAU: Thank you, Suzanne. The first thing
25 I'd like to do is if everyone could take out their copy of

1 the agenda. We do have some changes and additions, and so
2 I'd just like to make everyone aware of those.

3 On page 2 where we list the panelists for the
4 first session, we have some folks that say invited by
5 their name. They are now confirmed, so Pat Arons from
6 Southern California Edison, is she here?

7 IDENTIFIED FEMALE: Not yet, but she'll be here.

8 MS. GRAU: And Karen Edson from the California
9 Independent System Operators is confirmed. One more
10 thing, do we have a representative from Los Angeles
11 Department of Water and Power?

12 MR. OLSEN: Mo Bashir (phonetic).

13 MS. GRAU: Mo Bashir. Okay. Thank you. And
14 then finally on the next page, the invited stakeholders,
15 from BrightSource Energy replacing Author Haubenstock is
16 Bob Stuart, and instead of Dariush Shirmohammadi we have
17 Faramarz Nabavi representing the California Wind Energy
18 Association, and the Environment representative is Helen
19 O'Shea with the Natural Resources Defense Council.

20 And one other note, Dave Olsen's presentation,
21 we do have an (inaudible), a one page of recommendations.
22 There are handouts in the back next to his presentation.
23 It's a separate one-page sheet so make sure you all get
24 that also.

25 As Suzanne noted, we are WebExing this

1 presentation this morning, and so what we will do when we
2 do open the floor for comments, we will take comments in
3 the following order, first from the dais, second from
4 parties in the room, and then third from the WebEx
5 participants who have either typed a question in the chat
6 function of WebEx or have raised their hand online.

7 And just a few other instructions for those on
8 WebEx, you can communicate with the WebEx host during a
9 full-screen presentation if you think hit keyboard's
10 escape key and then you can type a message in the tab
11 window. And please send a message only to the host;
12 otherwise, it will be read by all other WebEx
13 participants, and please we ask do not send messages to
14 the presenter because he or she will not be able to see
15 it. And so on WebEx if you would like to speak during the
16 workshop, again hit your escape key to exit the full-
17 screen view at the PowerPoint slide, and then you can used
18 the raised hand function in the participants window.

19 And when we are ready and open up the floor,
20 like I said, in the order, first the dais, then in the
21 room and then WebEx, at that point the host will unmute
22 you and you'll be able to ask your question. Thank you.

23 Okay. And as Commissioner Bryon noted, this is
24 the second joint workshop between the Integrated Energy
25 Policy Report Committee and the Siting Committee. The

1 first one was held on May 4th. And at that workshop, we
2 accomplished several things. We discussed the load
3 serving entities responses to the Commission's adopted
4 transmission forms and instructions. We also heard about
5 the status at that time of California's Renewable Energy
6 Transmission Initiative or RETI, and the California
7 Independent System Operator, CAISO, gave us an overview of
8 the 2009 and 2010 transmission plans, and we also heard
9 about a number of regional transmission planning
10 initiatives and projects.

11 We had a panel discussion on facilitating
12 coordinated transmission planning to achieve the state's
13 renewable policy goals, and we had a panel discussion on
14 valuing environmental decisions in transmission planning
15 and permitting using a programmatic approach.

16 In addition to the oral comments received at the
17 May 4th workshop, we received three sets of written
18 comments after the workshop, and I'll just briefly mention
19 those. The Metropolitan Water District of Southern
20 California expressed concern that its Colorado River
21 aqueduct transmission system was being studied by RETI for
22 possible winter connection and/or reconductoring. And
23 they recommended that because the RETI results were being
24 vetted in our IEPR process, they recommended that the
25 Energy Commission ensure each potentially affected

1 transmission owner receive prompt and direct notice of the
2 consideration of a proposed transmission project in a plan
3 at the earliest possible date.

4 The Transmission Agency of Northern California
5 or TANC supports joint planning processes that facilitate
6 investor-owned and publically-owned utilities' abilities
7 to develop the necessary transmission infrastructure to
8 meet their renewable energy goals as well as those of the
9 state's. TANC believes that a statewide coordinated
10 transmission planning process must be careful not to
11 impede transmission development at the individual utility
12 level. They note that accessing renewable energy is but
13 one reason to build transmission but that the primary
14 purpose for transmission is to reliably deliver energy to
15 load centers.

16 In short, they believe a statewide plan must be
17 descriptive but not prescriptive. The planning for
18 specific transmission projects is best accomplished by the
19 processes already in place at the CAISO and the individual
20 utilities.

21 The final set of written comments was by the
22 joint parties consisting of the CAISO, California
23 Municipal Utilities Association, Imperial Irrigation
24 District, Los Angeles Department of Water and Power,
25 Pacific Gas and Electric, Sacramento Municipal Utility

1 District, San Diego Gas and Electric, Southern California
2 Edison, and TANC. Not coincidentally, many of these
3 entities have agreed to participate as panelists in this
4 morning's panel discussion on achieving a coordinated
5 statewide transmission planning process.

6 In the written comments, the joint parties state
7 that improvements to the existing planning processes are
8 preferable to creating a new planning organization. And
9 in that light, they have launched the California Joint
10 Transmission Planning Group. This group is intended to
11 coordinate existing transmission planning efforts among
12 the major transmission owners and balancing authorities in
13 California in order to eliminate duplication and
14 streamline the process.

15 We will have an opportunity later this morning
16 to hear from members of the joint parties about their
17 process and how it may or may not fit with staff's strong
18 and process diagrams, when we get to that Panel
19 discussion. However, before that, we have a presentation
20 by Dave Olsen on the RETI Phase 2A results. And Dave is
21 the co-coordinator for the RETI effort, so he is our next
22 speaker. Are there any questions from the DAIS?

23 COMMISSIONER BYRON: No question really, but I
24 think as Mr. Olsen comes up, I'll make a comment or two.

25 MS. GRAU: All right. And do we have any

1 questions from the parties in the room? And moving on, do
2 we have any questions on WebEx? Okay. Thank you.

3 COMMISSIONER BYRON: Mr. Olsen, as you're coming
4 up and you're loading your presentation, if I just may I'd
5 like to just take a moment to acknowledge the folks that
6 participate in RETI and I always look for this
7 opportunity.

8 It's kind of an extraordinary undertaking with
9 the number of stakeholders. I know you're going to go
10 through the objectives and some of the recent results and
11 effort. And of course, your organization is under
12 contract to the Energy Commission to help facilitate this
13 initiative, but I just can't thank the stakeholders
14 enough, the agencies that have been involved, the ISO, the
15 PUC. I think you've been exemplary in trying to move
16 forward a very important initiative in the state.

17 We all recognize the importance of renewables.
18 The calculations indicate that we're going to need to
19 build large sites and can't do this all in the load
20 centers. I'd like to certainly thank you and Dr.
21 Ferguson. I'm not sure if Rich Ferguson is here today,
22 the stakeholders that are involved, and the environmental
23 organizations that have participated at great hardship and
24 peril at times.

25 David, thank you very much for shepherding this

1 through. We're not done. I hope you're not going
2 anywhere for a while.

3 MR. OLSEN: No, not at the moment. Thank you
4 very much, Commissioner Boyd and Commissioner Byron,
5 Advisors Brown and Tenhope. Thank you for this
6 opportunity to give a progress report on the Renewable
7 Energy Transmission Initiative.

8 Commissioner Byron, I'd just like to echo a lot
9 of the comments you just made. I want to thank you first
10 for the support of the Energy Commission in this
11 undertaking and specifically your support because you
12 followed our work closely. That's really made a material
13 difference. And the Energy Commission staff also has
14 really made extraordinary effort. I'd like to recognize
15 Claire Loffinberg-Galardo (phonetic), who serves as the
16 Energy Commissioner representative on the RETI stakeholder
17 staring committee, Chuck Najarian and Don Condolian
18 (phonetic). There are several other members of the Energy
19 Commission who provided really extraordinary support along
20 with the members of the coordinating committee of RETI.

21 Certainly, the support of the Public Utilities
22 Commission, the California Independent System Operator,
23 and the publically-owned utilities together launched this
24 initiative in September of 2007, and it's taken their
25 active support to get to the point that we are today.

1 I've been working on their report.

2 All of this work really represents a huge amount
3 of effort. If you had an opportunity to look at any of
4 the appendices of the Draft Phase 2A report, you'll get a
5 sense of the enormous amount of data that we've collected
6 and analyzed. And as Commissioner Byron noted, this
7 represents a really huge amount of work with each
8 organization paying it's own costs by not only the
9 transmission planners in all of the load serving entities
10 and transmission providers, but all of the staffs of the
11 state and federal permitting agencies, the environmental
12 organizations who have devoted an enormous amount of time.

13 With all that said, what we have here in this
14 draft report is very decidedly not a business as usual
15 approach to conceptual transmission planning. And this
16 nontraditional approach to conceptual planning I think has
17 pretty much everyone uncomfortable. So a lot of the
18 transmission planners are uncomfortable. Many of the
19 renewable energy generators are uncomfortable. The
20 environmental organizations are uncomfortable. I think as
21 I go through the results of where we are today, you'll get
22 a sense of why that is.

23 I think it's certainly an understandable result
24 because it's really not a business as usual approach and
25 it's appropriate for people not to be entirely comfortable

1 at this point. Let me emphasize that this is a draft
2 report. The point of the draft is really to solicit
3 comments. We have a public comment period going on right
4 now. I'm going to talk a little bit more about that
5 comment period. These are certainly preliminary results.
6 We're looking to improve and refine this plan. We're very
7 open to the larger task of how we identify the
8 transmission infrastructure that's going to be necessary
9 to meet state goals.

10 So with that preface, I'd like to go ahead and
11 give you an overview of what I'm going to talk about.
12 First a very brief review of the RETI mission goals and
13 structure and a review of the work we completed in Phase
14 1, then an overview of the two main tasks of Phase 2,
15 which were to reconfirm and revise our competitive
16 renewable energy zones that we identified in Phase 1, and
17 then develop a statewide conceptual transmission plan.
18 I'm going to spend most of the presentation on that
19 conceptual plan and then close with next steps for RETI.

20 We've been joined by Chairman Douglas. Madam
21 Chair, would you like to make any remarks before I
22 proceed?

23 CHAIRMAN DOUGLAS: Thank you, Dave. I don't
24 want to interrupt the flow of your presentation. I'll
25 just take this opportunity to welcome everybody as well to

1 the Energy Commission. Transportation planning is vitally
2 important for the state for both meeting our renewables
3 goals and improving -- Did I say transportation? That's
4 because I was whispering with Commissioner Boyd about a
5 transportation issue not too long ago, transmission
6 planning, and so I'm very happy to see everyone today and
7 very happy to be here today. Thank you.

8 MR. OLSEN: Thank you. So a brief review of the
9 purpose and goals of RETI. The RETI's mission is to
10 identify the transmission necessary to meet the state's
11 policy goals. That includes both greenhouse gas reduction
12 goals and the 33 percent renewable energy goal in 2020, to
13 do so in a way that supports future energy policy
14 development, and to do this in a way that minimizes both
15 financial and environmental costs.

16 As we evaluate the transmission necessary, we
17 want to do so in a way that then facilitates the siting
18 and permitting of any of the potential lines that have
19 been found to be -- subsequently found to be needed and do
20 this evaluation in a way that also support the
21 identification and preservation of corridors for
22 transmission infrastructure.

23 Perhaps most importantly in creating a consensus
24 statewide plan of build broad support for the actual
25 approval of transmission projects, two main premises

1 underline RETI work. The first is that transmission that
2 we need for 2020 has to be developed. We have to develop
3 this proactively. We cannot wait for generator
4 interconnection requests. We have to develop the
5 transmission infrastructure now.

6 The most effective way to organize that
7 development is around competitive energy renewable zones
8 or CREZ. CREZ focus generation development into small
9 geographic areas in order minimize both environmental
10 impacts and costs. We can't afford to build transmission
11 everywhere. If we can minimize the areas that we build
12 the transmission to, that certainly will help control both
13 those categories of cost.

14 The second measure premise underlying RETI is
15 that the most effective way to build active support for
16 approval of transmission projects is to involve
17 stakeholders from the outset in helping to conceptualize
18 the projects, what kinds of projects, where should they
19 go, and how should they be organized. So those are the
20 premises underlying RETI work.

21 To that end, RETI is structured as a stakeholder
22 collaborative with the stakeholder steering committee
23 directing the effort. The steering committee forms
24 working groups as necessary, quite a few actually since
25 the beginning of this whole initiative. There's a

1 coordinating committee made up of the Energy Commissioner,
2 the Public Utilities Commission, the Independent System
3 Operator, and the publically-owned Utilities that ensures
4 that RETI meets state policy goals. There's also a
5 plenary stakeholder group that's open to the public and
6 welcome to all who are concerned about these issues of
7 renewable generation development and other transmission
8 necessary to support that development.

9 The structure of the steering committee actually
10 includes -- we have 29 members at the moment. It includes
11 all of the transmission owners and operators in the state,
12 all of the power buyers in the state, all of the renewable
13 energy generator representatives of all of those
14 technologies, the state regulatory and permitting
15 agencies, so not only the Energy Commission and Public
16 Utilities Commission, but also the California Department
17 of Fish Game, the federal permitting agencies, the
18 military, environmental organizations, consumers, counties
19 and tribes. So again, the steering committee -- the
20 intent of the steering committee is represent a broad
21 ranger of stakeholder interest and concern across the
22 state.

23 COMMISSIONER BYRON: Mr. Olsen, if I may
24 interrupt. The effort has been to be inclusive. Of
25 course, this is a voluntary organization and it takes

1 resources and effort to attend. You've had numerous
2 meetings I think on the order of one or two a week
3 sometimes. Are there any key groups that we're missing at
4 this point?

5 MR. OLSEN: In terms of interest to be
6 representative, I would say not. One of the criticisms
7 that we hear of RETI is that it is industry dominated.
8 And I think if you look at the structure, it's hard to
9 sustain that criticism because of the number of
10 governmental agencies, both state and federal, the local
11 organizations, the environmental organizations, the
12 renewable generators, so this is neither a utility-
13 dominator nor really an industry-dominated structure.

14 There is great concern that environmental
15 organizations in particular across the state do not feel
16 adequately represented. We have two environmental
17 representatives on this 29-member steering committee, and
18 there are literally hundreds of local environmental
19 organizations, many of them active in areas in which a
20 generation development -- a renewable generation
21 development and/or transmission development is proposed,
22 many of them in the Mojave region, and they do not feel
23 that they are adequately represented. This is something
24 that our steering committee has struggled with from the
25 outset.

1 The balancing act here is to have a small enough
2 steering committee that is able to function and reach
3 collective decisions. If this were to be a 50-person
4 steering committee, for example, it would be effectively
5 impossible I think to function in this way.

6 COMMISSIONER BYRON: Or you would be aging at a
7 much faster rate.

8 MR. OLSEN: So this is -- This is an ongoing
9 balancing act to attempt to address the concern that not
10 enough local environment perspective is represented in
11 RETI considerations. We have had a number of public
12 meetings especially in desert area. We have another one
13 next week.

14 COMMISSIONER BYRON: I believe -- Is it this
15 week?

16 MR. OLSEN: No. It's June 18th actually in
17 Victorville.

18 COMMISSIONER BYRON: That's this week.

19 MR. OLSEN: It is this week. Good point about
20 the aging information. So I will tell you that the public
21 meetings that we do have are very well attended by local
22 environmental organizations, you know, in the affected
23 areas. But there's still very much or very much an issue
24 here that we're looking for ways we could build in greater
25 local environmental or just a concerned citizen kind of

1 perspective as we go forward, so more public meetings or
2 any ideas people have about how we could do this more
3 effectively would be most welcome.

4 COMMISSIONER BYRON: And I think I'd like to add
5 one more thing, and I apologize for interrupting. I think
6 over the course of the last two years, I've met with just
7 about everyone of these stakeholders at least once or
8 more, and there are concerns that are expressed on the
9 part of each of them that this is a government-run
10 organization and that this is -- the agencies are trying
11 to control it and we are not.

12 We have worked very hard at maintaining a
13 stakeholder control over the process. Accordingly, the
14 community is there to provide guidance, but this really is
15 a stakeholder-run process and we welcome the involvement
16 of the public and these other constituents that you
17 mentioned to the extent that they can participate. But
18 it's extremely difficult, I know, because of the amount of
19 time and effort it take and the detail that's involved in
20 this, but I just wanted to make that emphasis.

21 MR. OLSEN: And I would also like to second as
22 someone who works both with the steering committee and
23 with the coordinating committee, I greatly appreciate the
24 fact that the agencies on the coordinating committee
25 really do defer to the steering committee, so this is a

1 stakeholder-led effort all the way.

2 VICE CHAIR BOYD: Mr. Chairman?

3 COMMISSIONER BYRON: Please.

4 VICE CHAIR BOYD: May this grumpy, aged
5 Commissioner make a comment?

6 COMMISSIONER BYRON: Go ahead. Your aging
7 process has slowed.

8 VICE CHAIR BOYD: Dave and I go way back even
9 before my years on the Commission. I just want to thank
10 you for all the work he's done on this project. But I
11 just want to say the comments that have been going back
12 and forth here about how people feel they haven't, you
13 know, they would like to be represented and they haven't
14 been represented. It's just so unfortunately typical and
15 not atypical of our society.

16 I mean I've decided at my age we're incredibly
17 tribal and that every tribe doesn't have a representative
18 at the table. Then they claim process doesn't work and
19 people have a tough time delegating up to other
20 representatives, so I think you've done an outstanding
21 job. I think you've done the best that you possibly can
22 do in the -- in as far that and I don't know how far that
23 may not be. We've evolved in our ability to handle issues
24 like this, so I think the process has been quite good.

25 And I agree with Commissioner Byron that you and

1 that he in particular continues to try to reach out to
2 everybody, but you would be extremely aged if you did
3 touch everybody and they couldn't rely on some of their
4 peers to represent their points of view. So I think
5 you've done more than I would have expected to possibly
6 under the circumstances.

7 MR. OLSEN: Thank you very much, Commissioner.
8 I will say though that, to everyone here and there are
9 many of my colleagues on the steering committee and many
10 people who have been actively involved in putting this
11 plan together and certainly all of the governmental and
12 agencies representatives here, the reason that we're here
13 really is to find a way to make it easier and faster to
14 actually approve transmission infrastructure.

15 And all of us who see this need in wanting to
16 achieve that result, have to continue to work to find ways
17 to make it possible with public and concerned people in
18 every local area, so that when we do have a transmission
19 project that is up approval, we can assist the decision
20 makers in actually in approving that transmission. So
21 this is a task I would say for all of us who want to get
22 transmission actually approved is to find out how we can
23 bring enough of the public along to make it easier to
24 improve these facilities.

25 So to go on to just a brief review of Phase 1

1 work in RETI. Phase I the purpose was to identify and
2 rank competitive renewable energy zones. We did this with
3 three reports. The first report in last May set out the
4 assumptions and the methodology that we would use to
5 actually identify competitive renewable energy zones, so
6 this is where we agree, the stakeholder collaborative
7 agreed on all of the assumptions about technology
8 operating characteristics and costs and all of those kinds
9 of things.

10 We followed that up with two reports, and
11 finally the Phase I gave a report last December and
12 identified 29 CREZ in California and several out of state
13 areas. And we did this using a three-step process really.
14 First was to identify environment exclusionary, so areas
15 in which generation development was actually prohibited or
16 would be so difficult because of the sensitivity of the
17 lands involved that we could not -- it just would not make
18 sense to foresee generation development there.

19 And then we did an economic analysis of all the
20 projects each technology, the four major technologies that
21 we consider, biomass, geothermal, solar, and wind. We
22 aggregated the most economic of those projects into these
23 small geographic areas that had the best resource
24 potential, and then applied a relative environment ranking
25 to those projects to identify a relative environment score

1 for the CREZ. We also performed a number of sensitivities
2 analyses to under the uncertainty around major assumptions
3 about cost and timing of development.

4 In Phase 2 to go on, there are too many tasks.
5 The first was to confirm the developability of generating
6 projects in each CREZ, and then to revise the boundaries
7 and descriptions of those CREZ as necessary. To that end,
8 the steering committee formed a CREZ revision workgroup,
9 which was also assisted by the environmental workgroup
10 that was formed in Phase 1.

11 The second major task of Phase 2 work was to
12 prepare a conceptual transmission plan. And for that
13 work, the steering committee formed a conceptual planning
14 workgroup. The planning workgroup subsequently
15 established several subcommittees to carry out the
16 specific tasks. For example, evaluating out of state
17 resources in more detail, a workgroup on how the report --
18 how the results of this ranking or evaluation of
19 transmission assets should be performed or how it should
20 be reported, rather.

21 And finally, we had two panels of environmental
22 experts that assisted us in evaluating the environmental
23 impacts of potential transmission lines.

24 The work of revising the CREZ really was an on
25 the ground job, so actually going to these particular CREZ

1 that we analyze using satellite and mapping information in
2 Phase I, and getting a sense of on the ground, what were
3 the issues that would either make permitting generation
4 projects difficult or perhaps infeasible.

5 One of them -- One of these issues was the
6 parcelization of land ownership, which we did not
7 appreciate in Phase 1 work. So for example, if there are
8 many, many owners of a projected generating project area
9 that makes the -- it makes it infeasible to think that
10 generating project could actually be developed. For
11 example, more of the criteria that this group came up with
12 is if there are more than 20 owners per a two-square-mile
13 area or a project site area, that would mean that a
14 generation developer would have to negotiate with so many
15 owners that it would make the likelihood of a generation
16 development there would certainly make it unlikely. So we
17 moved projects that had been placed on areas that had
18 many, many owners and found alternative locations. In
19 some cases that meant adjusting the boundaries of the
20 CREZ.

21 We also applied the effect of the Bureau of Land
22 Management one-percent cap on development in desert
23 wildlife management areas. This is an issue that we
24 certainly knew about in Phase 1, but we did not have and
25 BLM could not provide us with GIS coordinates for these

1 areas in Phase 1. We took that into account in Phase 2
2 work and revised the CREZ appropriately.

3 We also certainly took note of the proposed
4 Mojave Desert National Monument in this work. And as the
5 result of this real in-depth look at our CREZ, we revised
6 the estimate of the energy output potential of each of the
7 CREZ, and calculated a new economic and environmental
8 ranking of each of the CREZ. And here is that ranking
9 displayed as a bubble chart. The size of the bubble is
10 proportional to the energy in each of these CREZ. The
11 environmental -- relative environmental concern is on the
12 x-axis with the larger numbers representing a higher
13 environmental concern. The relative economic score, which
14 is a measure of both cost and of value of the energy
15 output of the CREZ is on the y-axis, again with higher
16 costs going up.

17 You'll note that the out of state areas, so
18 starting here at Oregon, Nevada, British Columbia, Baja,
19 they're all in the middle of the environmental concern
20 axis. That's because we could not get comparable
21 environmental data on out of state areas to evaluate them
22 in the way that we had evaluated the environmental concern
23 of the California areas, so the workgroup made the
24 decision of assigning the median environmental score of
25 all of the California workgroups assigning that to these

1 out of state areas until such time as we can obtain
2 comparable environmental data to evaluate those out of
3 state areas. So this is the new economic and
4 environmental ranking of CREZ as revised as a result of
5 the Phase 2 work.

6 Any questions before I go on to conceptual
7 transmission planning? So I'd like to turn now to the
8 draft conceptual transmission plan. Once again, the
9 draft -- the word draft here is italicized to draw
10 attention to the fact that it is a draft. We are looking
11 for comment, and this is preliminary in a number of ways,
12 as I will indicate.

13 I'd like to start with a summary of the results
14 and the major outcomes. Then I'm going to review the
15 caveats and limitations associated with the plan, review
16 the guidelines for compiling this plan that were
17 established by the stakeholder steering committee, walk
18 through the methodology that we used to evaluate all of
19 these potential transmission connections, talk a little
20 bit about how we group them into transmission groups, how
21 we then ranked these transmission groups, and then talk
22 about recommendations and the next steps toward this
23 conceptual planning and exercise.

24 So summary, the first thing to say that this
25 draft plan assesses the relative value of line segments to

1 access and deliver renewable energy from CREZ, so we're
2 not looking at all power. We're looking at renewables
3 flows from CREZ.

4 The base case scenario that I'll talk about here
5 evaluates a little over 100 network line segments, so
6 network segments again, not trunk lines or generation tie
7 lines but actually connections to the interconnected
8 network of California and the western interconnection.

9 The scenario groups these 100 network line
10 segments into 14 renewable foundation lines, 13 renewable
11 delivery lines, and a set of renewable collector lines.
12 I'm going to talk about each of those groups. It
13 recommends -- The plan again in summary recommends that
14 the foundation lines and the delivery lines be studied
15 immediately by the California Independent System Operator
16 and the publically-owned utilities, any of these lines
17 that not already being studied. Several are.

18 Again in summary, these foundation lines and
19 delivery lines represent what the planning group believes
20 to be the least-regrets upgrades to the California grid.
21 So again, least-regrets additions are transmission
22 facilities that likely to be needed regardless of
23 renewable generation development, regardless of how the
24 load grows in the state.

25 And finally, this plan utilizes existing right-

1 of-way and existing corridors to the greatest extent
2 possible, so that's in summary.

3 Now I call attention to two major outcomes. The
4 first is that we have a recommendation of a broad set of
5 stakeholders that these two sets of major lines,
6 foundation lines and delivery lines, be studied
7 immediately by the ISO and the publically-owned utilities.
8 That in itself, getting this broad group, remember back to
9 the composition of the steering committee, so all the
10 transmission owners, and utilities interests, but also the
11 generators the environmental groups, this broad set of
12 interests recommending these two major steps of additions
13 to the California grid to be studied. That in itself is a
14 significant outcome.

15 The second is the development of a transparent
16 and objective methodology for conceptual planning so that
17 it allows for participation by a diverse set of
18 stakeholders.

19 Conceptual planning is usually done by experts.
20 It's a lot faster and a lot more efficient if transmission
21 planners, who know the grid, know congestion problems, and
22 have a sense of the dynamic interaction on the grid can
23 identify potential new transmission connections. It's
24 been very difficult to involve a broad range of
25 stakeholders in this work of identifying potential

1 transmission connections. And it certainly hasn't made
2 sense to look at environmental considerations at the
3 conceptual planning stage when we're only talking about
4 potential transmission or potential electrical
5 connections.

6 The RETI approach does both of those things.
7 Instead of using expert judgment, it has an objective
8 methodology that then makes it possible for non-expert
9 stakeholders to help conceptualize where potential
10 electrical connections would make sense and to do so in a
11 way that builds in environmental considerations from the
12 very beginning. That is a major departure and one of the
13 major outcomes of the RETI to date.

14 To go on to the limitations of the plan, I will
15 say that I think everyone that has been actively involved
16 in the RETI initiative is acutely aware of the limitations
17 of the draft plan that we have here in our Phase 2A draft
18 report. Many of the caveats and limitations derive from
19 the fact that this is all related to conceptual
20 transmission planning. The purpose of conceptual planning
21 is to recommend potential transmission projects for study.
22 It's a very limited purpose. That's all. There are no
23 decisions being made. This is a recommendation of
24 potential projects for study.

25 Conceptual planning does not provide information

1 about actual power flows. It's about the actual amount of
2 power that would flow, for example, from CREZ onto the
3 western interconnective grid. It does not provide
4 information about congestion. It does not provide
5 information about the dynamic stability or interaction of
6 the grid.

7 Conceptual planning does not determine need. It
8 does not determine whether or not any particular proposed
9 transmission project is in fact needed. That is a
10 regulatory decision. That is not the function of
11 conceptual planning.

12 And finally, conceptual planning cannot
13 determine the extent to which the existing grid, existing
14 transmission infrastructure could accommodate the flows of
15 new renewable generation from each of these CREZ. We
16 don't have the tools to do so with conceptual planning.
17 That really does require power flow analysis to understand
18 whether or not or the extent to which the existing grid
19 could accommodate all of the new renewable generation that
20 will be needed to meet the state goals in 2020.

21 The second group of limitations of this plan is
22 that it is based on what we know today about the cost of
23 generation from the different technologies, each of these
24 different renewable generating technologies, the cost of
25 those technologies. Certainly, the economics of these

1 CREZ are uncertain. The development patterns and timing
2 is uncertain, so the best we can do today is to make an
3 informed estimate with the information again provided and
4 agreed to by the stakeholder steering committee.

5 So all the assumptions we have about the quality
6 of the resources, the amount of solar insulation, or the
7 energy in the wind in particular areas, and the cost of
8 the technologies to convert those resources into
9 electricity we're just using again stakeholder agreed
10 assumptions about those costs and what we know today.

11 The plan is based on a shift factor methodology.
12 I'm going to talk a little bit about that. This shift
13 factor methodology can only approximate how power would
14 flow on lines, so it's a rough approximation and nothing
15 more.

16 And finally, this analysis that we have done to
17 compile this initial conceptual plan is really a short-
18 term look. It is not useful for the kind of benefit cost
19 analysis that decision makers will have to employ to
20 determine whether or not to approve a line. It looks only
21 to 2020 when transmission assets have 50-year lives or
22 more. So the transmission that we are beginning to plan
23 right now will very likely be in service in 2060 or 2070.

24 So we also have made no attempt to quantify the
25 benefits that any of these potential transmission projects

1 would provide to relieve congestion, deliver lower cost
2 power to consumers, improve the reliability of the overall
3 grid. There's no estimate of that whatsoever in this
4 work. So those are some of the limitations of the plan.

5 The stakeholder steering committee established a
6 set of guidelines for the conceptual planning workgroup to
7 use in compiling this initial plan. First was to plan
8 using a statewide perspective without respect to the
9 ownership or operation of any of the potential
10 transmission facilities. So in other words, the plan was
11 not to be the sum of proposed transmission projects of any
12 of the transmission owners. You know all of the
13 transmission owners have proposed projects of their own
14 that they've developed to meet the needs in their service
15 territories. If you add all of those projects together,
16 that's not necessarily an optimal statewide plan.

17 So in order to minimize the number of
18 facilities, the guidance from the steering committee was
19 to start with the CREZ, start with the renewable
20 generation and identify the optimum set of transmission
21 solutions that would provide access to those CREZ, without
22 respect to who owns them or how they would be operated.

23 The second guideline has to do with the amount
24 of energy that this infrastructure will have to
25 accommodate. To do that we calculated something we refer

1 to as the renewable net short. This is the amount of
2 renewable energy that each load serving entity will have
3 to have in the year 2020. So if you add the renewable
4 requirements of all of the load serving entities in
5 California, that adds up to about 60,000 gigawatt-hours a
6 year in 2020.

7 Now to provide a planning margin of the steering
8 committee directive of the conceptual plan to actually be
9 able to accommodate 1.6 times that amount or 96,000
10 gigawatt-hours a year of renewable energy in 2020, the
11 purpose of having a planning margin is to allow for
12 unforeseen eventualities and certainly to provide for
13 competition amount CREZ, among transmission providers, so
14 that the plan that we have or the guidance from the
15 steering committee was to provide a plan that could
16 actually accommodate 96,000 gigawatt-hours of renewable
17 energy in 2020.

18 A third guidance was to develop a plan that was
19 capable of providing access to all of the California CREZ
20 and to out of state resource areas and in an amount of
21 15,000 gigawatt-hours of imports. So those are three
22 broad categories of guidance as a starting point for
23 developing this plan.

24 Now to walk through the methodology that the
25 conceptual planning workgroup used to evaluate these

1 potential transmission connections, so the first thing
2 here is that the conceptual planning workgroup identified
3 about 100 potential transmission solutions that could be
4 useful in providing access to the 29 CREZ across the
5 state, every part of the state, and out of state resource
6 areas. So we have about 100 different line segments.

7 To evaluate them, we started with the Western
8 Electricity Coordinating Council 2018 configuration. What
9 that means is all of the lines that the WECC expects to be
10 in place in 2018 in the entire western interconnection.
11 To that configuration for the entire western
12 interconnection, we added the 106 line segments that our
13 conceptual planning workgroup has identified as
14 potentially being useful to provide access to CREZ, and
15 that became the RETI system configuration that we used for
16 purposes of analysis.

17 We then calculated the renewable net short for
18 each load serving entity. Each load serving entity
19 provided their estimate and the steering committee
20 verified that. That again in the aggregate adds up to
21 60,000 gigawatt-hours a year of renewable energy in 2020.

22 We then used this information to calculate what
23 are called shift factors. These are also known as
24 distribution factors and they work like this; these shift
25 factors were calculated by or calculated for RETI by San

1 Diego Gas and Electric Company. We're very grateful for
2 enormous analytical work supplied by SDG&E. By using a
3 computer program called AVB Grid View. The shift factors
4 insert a small amount of energy from each CREZ one at a
5 time, and then withdraw that energy from each load serving
6 entity load center in proportion to that load serving
7 entity's net short, so we have a flow of energy from CREZ
8 to load centers.

9 The program -- The Grid View program then
10 calculates the amount of energy injected at each CREZ that
11 would flow on every line into the WECC grid because it's
12 an interconnected grid including the 106 lines in the RETI
13 model configuration. So in that way, we come up with a
14 shift factor that represents a proportion of energy from
15 CREZ flowing on one of the RETI line segments, so that is
16 the heart of the analytical methodology that the steering
17 committee has used to evaluate these 100 potential line
18 segments.

19 With that shift factor information, we then
20 combine that shift factor information with four sets of
21 energy data from the CREZ so that the four sets of energy
22 data are first the economic ranking of each CREZ, so we
23 have that information from Phase 1, the environmental
24 ranking of the CREZ. Remember back to the bubble chart.
25 We had both economic score and environmental score for

1 each CREZ, so we've taken that information, combined it
2 with shift factor information, so we have a sense of both
3 flow from CREZ and the value or the ranking of the CREZ.
4 We're taking that into account.

5 A third set of energy information is the actual
6 amount of energy, how many gigawatt-hours of wind or solar
7 or geothermal generation does that CREZ produce. And a
8 fourth set of energy information here from the CREZ
9 represents the commercial interest in that CREZ as
10 indicated by either the amount of energy under power
11 purchase agreements or in positions in interconnection
12 hues.

13 So we took those four categories of information,
14 CREZ economic score, CREZ environmental score, the amount
15 of energy -- amount of renewable energy from each CREZ,
16 and the commercial interest energy from each CREZ,
17 combined it with the shift factors and produced a ranking
18 of these line segments.

19 With that information, we then grouped these 100
20 line segments into different functional groups that
21 provides us the transmission group energy information. So
22 now we information about the energy from the CREZ on these
23 line segments.

24 We then combine that with information about the
25 cost of building these transmission facilities, and the

1 relative environmental concern associated with the
2 transmission solutions to these CREZ, so at the end here
3 we have a set of transmission groups that have energy
4 access information, have environmental concern
5 information, and investment cost information.

6 You know this is detailed stuff. I appreciate
7 everyone -- Many of you, I know, are veterans. Those in
8 the room have been through this before. If this is your
9 first time through, it will give you a sense -- it would
10 help you appreciate the kind of analytical work that has
11 gone into this, a lot of thinking by a lot of people to
12 come up with as far as we know a new and unprecedented way
13 of evaluating renewable energy flows on transmission
14 lines, so that's what's new about this and one of the
15 reasons it's difficult. It's the first time.

16 So the groups that we've ended up with, as a
17 result of this analysis in our preliminary plan here, it's
18 again first a set of renewable foundation lines. We call
19 them foundation lines because they increase the flows both
20 north and south as needed up and down the state. They
21 essentially are additions to the California backbone grid.
22 There are 14 of them. They carry power from any CREZ, and
23 they're likely to be useful regardless of how renewable
24 generation develops. That's again why we called them
25 least-regrets.

1 The second group is renewable delivery lines.
2 Delivery lines move energy from the foundation lines to
3 cities. There are 13 of these particular line segments.
4 They carry power from several CREZ, not as many as the
5 foundation lines, but more than usually two or three CREZ.

6 The third transmission group we call renewable
7 collector lines, and these carry power from CREZ to the
8 foundation lines or the renewable delivery lines. Usually
9 they access just one or two CREZ, so they carry
10 proportionally less renewable energy. Their function is
11 just to collect it and bring it to these major upgrades to
12 the grid. Some of them are connected to inter-ties
13 providing access to out of state energy.

14 To look at what these mean on the map, starting
15 with Southern California, the foundation lines are in
16 green. It's a little difficult to see on this map, but
17 you'll see here, for example, from Kramer to Midway and
18 then going north. Delivery lines are in orange and
19 collector lines are in blue, so many collector lines
20 bringing power from, for example, geothermal, solar, and
21 wind areas and bringing that power then to the foundation
22 and delivery lines.

23 On the map, some of the delivery lines --
24 actually some of all of the categories are overlaying on
25 top of one another. We don't have the map display

1 software to be able to show all three line segments
2 simultaneously. That's something we're working on right
3 now, but this will give you a sense of the scope of the
4 line segments that have been identified to provide access
5 to the CREZ.

6 Then looking at Central and Northern California,
7 again the foundation lines in green, so a major line
8 coming up the middle of the state, a delivery line here,
9 and then to Tracy and then to Sacramento, major collector
10 lines to Northern California and then out of state to
11 Oregon and British Columbia.

12 As we then look at the ranking of these groups
13 of foundation lines, delivery lines, and collector lines,
14 we have three different categories. If you remember the
15 dimensions of interest here, first is the CREZ energy in
16 gigawatt-hours. So for foundation lines, you see that the
17 foundation lines because they carry energy from many CREZ
18 carry a very large amount of power, so 53,000 gigawatt-
19 hours of renewable energy flowing on foundation lines.

20 Foundation lines have a high environmental
21 score. Again, adding the 14 line segments here together,
22 they have a lot of environmental concern. And one of the
23 reasons is that, if getting back to the map, we have a
24 major set of lines going up the middle of the state, so
25 long lines with some new right-of-way, so relatively high

1 environment concern with the foundation groups, and then a
2 cost for the foundation group.

3 The cost by the way were compared using
4 standardized costs, so what we did was agree on a
5 methodology for costing the components of all the
6 projects, and then we used one set of cost figures for
7 line mile for termination cost, the substation cost so
8 that the costs are comparable. Regardless of who service
9 territory they're in or who might have originally proposed
10 them, the costs are all comparable. That doesn't mean
11 that they are -- they're certainly not project specific.
12 That's something we'll have wait until a later stage. But
13 we have here again looking at the foundation lines, the
14 delivery lines, the amount of energy, one major factor in
15 evaluating these groups, the environmental score, and the
16 cost.

17 Going on the collector group, there are 12
18 different sets of collector groups here across the state
19 necessary to access all of the CREZ. Just to walk through
20 this a little bit, Tehachapi for example, the Tehachapi
21 group if you look at just the CREZ energy that's carried
22 on the segments in the Tehachapi group, so there are 11
23 line segments in the Tehachapi transmission project. They
24 carry about 31,000 gigawatt-hours of renewable energy.
25 Tehachapi is a bit of a special case because many of these

1 line segments in fact performed the functions of all three
2 transmission groups. They function as foundation lines
3 because several of the Tehachapi segments in fact form
4 another leg in path 26 going north and south up and down
5 the state. There are also segments of Tehachapi that
6 function as delivery lines that are aggregating a lot of
7 energy from the Tehachapi region and delivering it mainly
8 to the Southern California load center, and then there are
9 pure collector lines in Tehachapi.

10 If you follow Tehachapi then over to the
11 environmental score, you'll see that it has a relatively
12 good or low environmental score and considerably below the
13 median environmental score of all these transmission
14 groups. Again, maybe because of many relatively short
15 lines, and then you can look at the cost of the Tehachapi
16 lines.

17 One word about this ranking here, the purpose of
18 the ranking is to provide information to decision makers
19 about the relative priority of these lines as we think
20 about what should we do first to ensure that we are going
21 to have enough in the structure to meet our state policy
22 goals in 2020. But that does not mean that any of these
23 transmission groups could not be a valuable and useful
24 project.

25 Take Carrizo, for example, which actually

1 carries the least amount of renewable energy, but the
2 Carrizo group of lines has the best environmental score by
3 a long way and also has the least cost, so the Carrizo
4 project may be a very good project from a particular point
5 of view. It certainly provided access to two CREZ and
6 there's no reason not to do that. You just have to keep
7 in mind that it's providing relatively little renewable
8 energy. It does not mean it is not a good project, so
9 that important to keep in mind in evaluating all of these
10 rankings.

11 If we then take this information about CREZ
12 energy, environment score, and cost and display it on a
13 bubble chart, we get something like this. So again, this
14 is in the same format as the bubble chart for the CREZ
15 ranking that I showed earlier, so relative environmental
16 concern again on the x-axis with higher values to the
17 rights, and cost on the y-axis, and the size of the bubble
18 proportional to the combined energy in each of the groups.

19 So these are the -- The groups now, these are
20 not CREZ, these are groups of transmission segments that
21 are now evaluated in terms of the energy so the energy
22 carried on these group segments with environmental concern
23 and cost.

24 Going on at this point, I just have a few more
25 slides and then we can stop, Commissioner, and take

1 questions.

2 We have four recommendations in the draft
3 report. Again, let me emphasize this is a draft report.
4 The first is that ISO and the publically-owned utilities
5 study any of the foundation and delivery lines that
6 they're not already studying as soon as possible to
7 determine which are needed to meet state goals in 2020.
8 That's our first recommendation.

9 The second is to avoid duplicative transmission
10 facilities to the extent that joint investor-owned utility
11 and publically-owned utility projects can help do that.
12 We should promote those joint projects including and that
13 means specifically removing barriers to development and
14 operation of joint projects. So for example, that might
15 mean that there would be two tariffs on one transmission
16 line, a California ISO tariff and a publically-owned
17 utility tariff in effect on the same physical wire to
18 facilitate the ability of the publically-owned utility and
19 the investor-owned utilities using the same physical
20 infrastructure.

21 The third recommendation is that customers
22 buying energy from California CREZ pay only a single
23 transmission charge. So for example, if PG&E wants to
24 access geothermal energy from the Imperial Valley, it
25 should have to pay only one transmission charge even if

1 it's going across Imperial Irrigation District System, Los
2 Angeles Department of Water and Power System, and the
3 California ISO System. Or, if SMUD wants to access energy
4 from the Mojave Desert, it should have to pay only one
5 transmission charge, again, for purposes of facilitating
6 and supporting development of transmission infrastructure
7 necessary to access renewables. If we're meeting
8 statewide goals, we have to think from a broad public
9 interest point of view rather than a transmission owner
10 point of view in doing this.

11 And the fourth recommendation is for the Energy
12 Commission to move quickly to designate new corridors
13 beyond those now established as right-of-way or
14 established by the BLM or other federal agencies and to do
15 so in a way that's coordinated with the other agencies,
16 particularly as the Bureau of Land Management establishes,
17 for example, solar energy zones. That these corridors be
18 coordinated with those other processes but this work needs
19 to begin as soon as possible. Those are the four
20 recommendations in our draft report.

21 And then the draft report itself was posted for
22 public comment on June 3rd. There are three public
23 meetings to solicit comment in Victorville later this
24 week, in Redding and Sacramento next week. The comment
25 period ends June 26th, so we would encourage all parties

1 that can provide suggestions for improving this plan,
2 making it better, making it more inclusive, making it more
3 feasible, coming up with results that move in the
4 direction of being able to approve these facilities to
5 give us those reports so that we can integrate them into
6 the Phase 2A draft final report, which will be sent to the
7 steering committee around July 4th. The steering committee
8 will review it on July 8th, and we will post a RETI Phase
9 2A final report in mid July.

10 The last slide just to conclude the next work
11 for RETI, the first thing is to coordinate more closely
12 with ISO and publically-owned utility planning processes
13 to make sure that the results that RETI produces is useful
14 and helps to advance those projects that are already being
15 studies and helps to support the study, the detailed power
16 flow and reduction cost simulations of proposed projects
17 that are not now being studied by the ISO and the POUs.

18 Major work beyond Phase 2A of RETI is to reduce
19 the number of line segments and prioritize them. If
20 you'll recall the guidance that we were given that the
21 steering committee established for this conceptual plan
22 was to have it accommodate only the amount of renewable
23 energy needed in 2020.

24 The plan that I went through this morning can
25 accommodate much more than that 60,000 gigawatt-hours. So

1 one of the things we have to do -- that the planning
2 workgroup has to do is to reduce that number of line
3 segments from 100 to a much smaller number and to
4 prioritize those so that we'll have a better sense of
5 which ones should be built first, which ones are most cost
6 effective and provide the most value. We have a process
7 in mind to do that. It will take more work and
8 discussion. It cannot be done for the Phase 2A report.

9 The third is to reduce again the transfer
10 capacity of the plan, as I mentioned, to the 33 percent of
11 the renewable target while recognizing that we are
12 identifying transmission assets that have a very long life
13 and we have evolving policy goals. Several of the RETI
14 stakeholders have made it a real point to remind the RETI
15 steering committee that 2020, as a transmission planning
16 target, is short term. And while we're meeting the state
17 policy goal in 2020, we should do so with an eye on the
18 longer-term future that we're planning.

19 And finally, we have to reconsider out of state
20 resources. There are indications that there could be more
21 cost-effective resources from Nevada, Oregon, Baja, and
22 British Columbian than were found to be cost effective in
23 our Phase 1 analysis, so it was new information. We will
24 reconsider that. That, however, directly affects planning
25 for transmission to access the CREZ in California. Right

1 now with the planning target that we have used of
2 importing 15,000 gigawatt-hours of out of state energy,
3 that means that we would utilize roughly a third of the
4 identified generation potential of the California CREZ.
5 So if we just use -- If we import 15,000 gigawatt-hours
6 from out of state, we'll only use a third of the
7 generation potential in the California CREZ. So if we
8 were to increase the amount of renewable energy that we
9 were importing from out of state, we would then decrease
10 the amount of California generation in the CREZ, below 33
11 percent. It could go to 25 percent depending on how, and
12 so that becomes then a policy decision and an important
13 one that I want to alert all of the decision makers to.
14 It doesn't make sense to import so much renewable energy
15 from out of state when we have such great in state
16 generating potential.

17 What is the appropriate mix of out of state and
18 in state? There are certainly different considerations
19 from different load centers or some load centers.
20 Importing from out of state may make much more sense. But
21 from a state policy point of view, this is going to be an
22 important decision in how we then finalize this conceptual
23 plan.

24 And with that, I will stop and be glad to take
25 any questions.

1 COMMISSIONER BYRON: Mr. Olsen, thank you very
2 much. I think we have about ten or fifteen minutes for
3 questions. I'll make a couple of comments and turn it
4 over to my colleagues here today.

5 First of all, thank you for taking the time of
6 go through all this. I think it may be more detail than
7 most people probably really want to know, but I found it
8 very helpful. It demonstrates this is complicated. There
9 are many limitations involved in this kind of analysis.

10 I hope everyone is satisfied about the openness
11 and the consensus building aspect of the process. Twenty-
12 nine stakeholders. We continue to grow. Of course, I
13 note 29 CREZs. I guess everybody got a CREZ.

14 And I'd also like to point out that there's
15 significant interest in the results from this work. We
16 know that it's really based upon the Governor's Executive
17 Order that we're moving forward and his interest in
18 accelerating renewable development.

19 This Commission is very interested in the
20 results from the report as it informs our corridor
21 designation process. The PUC is interested in these
22 results. The ISO is depending upon it to some extent for
23 solving the queue congestion issue. I don't want to
24 confuse issues, the queue backlog. And of course, we know
25 that there's also interest on this on a regional basis.

1 The Western Governor's Association I believe is meeting
2 yesterday and today, and one of the things they will do
3 will be to approve their draft report on the Western
4 Renewable Energy Zones.

5 So extremely important results, and we're all
6 depending upon this. I'll stop there for a moment and ask
7 if any of my fellow Commissioners have any questions or
8 comments.

9 CHAIRMAN DOUGLAS: One question. You said that
10 you have a process in mind or there is a process under
11 consideration for reducing the number of line segments and
12 prioritizing line segments in the future. And it would be
13 helpful to me if you could expand on that a bit.

14 MR. OLSEN: Well, this is our fourth session by
15 the conceptual planning workgroup, but if we were to
16 extend the shift factor analysis that I explained, what we
17 would do is remove the lowest scoring line segments and
18 then recalculate the shift factors. So and we would
19 continue to do that until we end up with the minimum
20 number of lines that would provide access to the 60,000
21 gigawatt-hours of energy. But we would do that through
22 sequential analysis of each of those segments, so
23 calculating the lowest score and removing those lines.

24 We know that there are in several CREZ there are
25 redundant or duplicative lines, and that's something we

1 want to pay special attention to. The potentially
2 redundant lines may or may not be redundant depending on
3 assumptions about generation development in a particular
4 CREZ. So this is going to take a lot of careful thought
5 as we eliminate potentially duplicative lines, but we
6 would use basically the shift factor analysis.

7 CHAIRMAN DOUGLAS: Let me make sure I understand
8 or let me -- I guess I'll phrase the question another way.
9 I can see that you can do more analysis of the information
10 that you've already got to drop some of the lower scoring
11 lines and that makes some sense.

12 At the same time over the next couple of years,
13 I would expect that we would get more new information into
14 the process. For example, as you note, some of these
15 transmission lines might have multiple benefits beyond
16 simply accessing renewable. At the same time, I think
17 we're going to be refining our ideas about which CREZs are
18 able to be permitted in the most expeditious or
19 accelerated format and that may affect the priorities for
20 which transmission lines ought to be accelerated.

21 So is the process that's being discussed
22 flexible enough to take into account new information as
23 well as the reevaluating and re-ranking lines based on
24 existing information?

25 MR. OLSEN: Yes. I know that's something we're

1 going to talk about later today is the purpose of refining
2 or the usefulness of refining a conceptual plan as we
3 develop more information. For example, as the ISO and the
4 publically-owned utilities perform power flow studies of
5 these potential transmission connections, that would
6 provide a lot of information about the usefulness and cost
7 benefit of potential facilities.

8 And as we develop the desert renewable energy
9 conservation plan, for example, that will affect certainly
10 the geographic priorities. So, yet, RETI would take that
11 both those sets of information into account to more
12 carefully target the transmission facilities that we
13 recommended.

14 CHAIRMAN DOUGLAS: Good. Thank you and thanks
15 for all of your hard work in this.

16 COMMISSIONER BYRON: Commissioner Boyd?

17 VICE CHAIR BOYD: Well, I'm going to hold most
18 of my comments to after I hear from the folks in the
19 audience and their reaction to all the data that's
20 presented. And my one concern or question was about our
21 ability to move more actively in future and Commissioner
22 Douglas raised that issue with you.

23 I'm a great student of process and systems
24 analysis and what have you, and I think you've done a
25 grand job here in the face of all the prodding that had to

1 take place over the years on the need to move in this
2 arena, and therefore, I think I'm really anxious to hear
3 what other folks have to say and see what you've
4 accomplished there. Thank you.

5 COMMISSIONER BYRON: Well, let's go ahead and
6 open it up if there's any questions then from attendees
7 here this morning if you have a question or a comment if
8 you wouldn't mind coming forward. We don't have a podium,
9 but you can certainly come forward and sit briefly and
10 identify yourself.

11 VICE CHAIR BOYD: I was about ready to say,
12 Dave, totally intimidated everybody but me.

13 MR. OLSEN: Or put them to sleep.

14 COMMISSIONER BYRON: Yeah. As long as the green
15 light is on, you're good.

16 MS. MILLS: I'm good. I don't have to hold down
17 like my other meetings and I don't need cookies. Karen
18 Mills. I'm with the California Farm Bureau Federation,
19 and I appreciated the overview that Dave provided because
20 I tried getting through the report and it was much more
21 helpful to have somebody talk me through it.

22 I guess I'd just like to echo what Commissioner
23 Byron pointed out and as Dave pointed out also that in our
24 eagerness to embrace transmission infrastructure that we
25 not lose sight of those many caveats that Dave listed up

1 there about what this process can and can't do. And I
2 think there's so much interest in trying to identify
3 transmission projects, that we want this outcome of RETI
4 sometimes to be more than it really can be.

5 And as the effort to move forward faster,
6 smarter with transmission infrastructure, it's important
7 that it not be lost sight that these projects do have
8 impacts on real life property and property owners.
9 Certainly, that's our interest. I am involved very much
10 in the past couple of years or so about the impacts that
11 transmission infrastructure has on folks, businesses,
12 homes, and livelihood.

13 And so the effort to move forward quickly
14 obviously cannot supplant deliberative, focused planning
15 as part of it and notice to land owners and engagement of
16 them as I think that Dave and others know how important
17 that is. Certainly, the theoretical aspects that RETI
18 brings forward and pragmatic ones also, but they are
19 perhaps juxtaposed with real life projects that are going
20 on like the TANC transmission project, which obviously has
21 generated a lot of interest by affected landowners and
22 residences in the northern part of the state.

23 And I think one of the most important outcomes
24 of this project that would be great to see would be if the
25 transmission owner/entities could begin to cooperate in

1 identifying how they can work together to identify
2 transmission lines and use them cooperatively.

3 I think of great concern to a lot of folks in
4 the northern part of the state is looking at the TANC
5 transmission project and knowing that PG&E also has a
6 project that they would like to be built. And after
7 having been to many meetings related to the TANC
8 transmission project, I know that the only thing that
9 would create more interest would be if there were another
10 line proposed in much the same area.

11 So you know it's important to bring back the
12 realities of what these projects entail and not to lose
13 sight of the fact that even though we want to move forward
14 quickly and identify projects for a lot of reasons, but
15 there's still a need to carefully study them and the RETI
16 process cannot displace all those other important
17 processes that we have to take a look at and carefully.

18 COMMISSIONER BYRON: Yes. And we also hear from
19 those that are involved in those processes not wanting
20 more transmission planning processes.

21 MS. MILLS: Yes.

22 COMMISSIONER BYRON: And I realize that
23 everybody's resources are stretched very thin. Those are
24 very comments. Do you have anything else you want to add?

25 MR. OLSEN: No. That was it. Thank you. Thank

1 you very much, and I appreciate being able to have an
2 overview of how the -- what the report says. Thank you.

3 COMMISSIONER BYRON: Thank you. And I would add
4 that in addition to your concerns about making sure that
5 we all understand, RETI cannot supplant the landownership
6 interests nor can it replace the CEQA and NEPA
7 requirements, the federal and state laws, environmental
8 laws that have to be met as well.

9 Do we have someone else that wanted to comment?
10 Please come forward and identify yourself.

11 MS. O'SHEA: Good morning. I'm Helen O'Shea. I
12 work for the Natural Resources Defense Council, and we are
13 one of the two environmental organizations that sit on the
14 RETI stakeholder steering committee. My colleague Johanna
15 Wald has been working on the process for quite a while
16 now. I'm sure some of you know her.

17 I just wanted to echo a few comments and
18 highlight one thing Dave said at the beginning of his
19 presentation, which is incredibly important from our
20 perspective, which is taking environmental concerns into
21 account at the beginning of the transmission planning
22 process. I think we've learned recently that when we try
23 to tack them on at the end we can find ourselves facing
24 some very challenging situations.

25 And I think if we can incorporate them at the

1 beginning, that hopefully will move us towards area of
2 lesser conflict, which will move us towards faster
3 permitting and siting, and I think that's what everyone
4 here is ideally trying to get towards to support our clean
5 energy goals, so that's incredibly important from our
6 perspective.

7 Dave also mentioned that RETI is open to looking
8 at more opportunities for public engagement and
9 stakeholder engagement. I do feel very fortunate that my
10 organization is directly taking part in the process and we
11 are trying to coordinate with our colleagues in the
12 environmental community. It's not a homogenous community,
13 so it's a big job to try to bring everyone's concerns and
14 perspectives to the table. So I would encourage everyone
15 involved in RETI if we can look for even more ways to get
16 folks engaged. That's incredibly important.

17 And I think I'll limit myself to one more
18 comment right now. Coordinating the work of all the
19 utilities, coordinating the planning is also incredibly
20 important from our perspective with the end goal of
21 reducing the number of lines we need to build. As Dave
22 said and I think as Karen mentioned, if we can do
23 everything possible to avoid redundant or excessive lines,
24 that goes a long way towards giving people confidence that
25 we're not over building, and that again leads you towards

1 more public support and hopefully moving forward with
2 projects that are going to get us to RPS and at some point
3 beyond. I think I'll cut myself off.

4 COMMISSIONER BYRON: No, you don't have to.
5 Very good comments. Thank you. And I think that merits
6 mentioning, although Mr. Olsen mentioned it in his caveats
7 to some extent, I added a third. Not all of these lines
8 will be built. Of course, what they're trying to do here
9 in the RETI process is to provide some prioritization
10 based upon all the data that they can accumulate. But it
11 is important that we maintain public confidence that this
12 not seeing how much we can build.

13 As you know though, Ms. O'Shea, we do have
14 constituents that feel there's no need to build any
15 additional transmission lines, and I think the evidence is
16 pretty clear that that's not the case. I was very
17 impressed with the net short calculations that the RETI
18 initiative did, and my staff has made similar
19 calculations. We are going to need to develop large solar
20 projects. We're going to need to build transmission to
21 it. But your point is well taken about maintaining public
22 confidence and the need for joint projects, which I think
23 the previous commenter made as well.

24 Any other comments or questions. Mr. Olsen, do
25 you want to add anything to that?

1 MR. OLSEN: I'd just like to give an example of
2 the benefit of including environmental considerations at
3 the beginning of the planning process. So our conceptual
4 planning workgroup started by identifying potential
5 transmission solutions to provide access to CREZ.

6 And after we had an initial set of potential
7 lines, the RETI environmental workgroup then reviewed all
8 those lines. We actually had a joint meeting of the
9 environmental workgroup and the conceptual planning
10 workgroup. And the environmental workgroup, which
11 includes many representatives of the desert communities,
12 the environmental workgroup is not limited to steering
13 committee members. It has -- It's open to all, and we've
14 benefitted from having the participation of a lot of local
15 groups.

16 And as we talked about, each of these
17 connections to dessert CREZ -- CREZ in the dessert area,
18 some of the environmentalists who knew those areas were
19 able to point out that it would be very, very difficult to
20 actually have lines permitted crossing some of these
21 sensitive areas. And as a result, the conceptual planning
22 workgroup eliminated potential connections from
23 consideration and found alternative routings, alternative
24 ways to get access to those CREZ that did not cross
25 sensitive lands. If we wouldn't have had that involvement

1 at the beginning, we would have gone ahead and evaluated a
2 set of lines that probably couldn't have been permitted,
3 and it would have wasted everyone's time.

4 COMMISSIONER BYRON: Very valuable.

5 MR. OLSEN: That's an illustration of the value
6 of including this kind of environmental intelligence at
7 the beginning of planning process.

8 COMMISSIONER BYRON: That's very valuable. And
9 then, of course, we know those rerouting cost more, which
10 costs are passed on to the consumers, so there's tradeoffs
11 at every turn here.

12 Are there any more questions or, Commissioner
13 Boyd, did you indicate you wanted to make some more
14 comments at this time?

15 VICE CHAIR BOYD: Not at this time, no.

16 COMMISSIONER BYRON: Well, I think we're in
17 pretty good shape on time. I know we went a little bit
18 long with that session, but I think it was very valuable.
19 Thank you, Mr. Olsen.

20 MS. GRAU: Commissioners, just so you know where
21 we are on the schedule, our next item is a panel
22 discussion. We actually have that going until noon, and
23 then we also have a continuation. Assuming the lunch
24 break is from noon to one, we have another hour to go with
25 the panel discussion as needed.

1 So just to let you know if we do start to run
2 past 12 o'clock, I believe everyone can stay through to
3 two o'clock. I haven't heard anyone say they have to
4 leave before then. So if we're making a lot of progress
5 and you want to keep going, you're welcome to do that, but
6 I also want to let you know that we have the opportunity
7 to come back after lunch.

8 And with that if you would be open to a break of
9 five or ten minutes, we would like to set up the place
10 cards and get our panelists up there, so would that work,
11 say until --

12 COMMISSIONER BYRON: Yes.

13 MS. GRAU: -- come back at 11?

14 COMMISSIONER BYRON: Let's take a ten-minute
15 break.

16 MS. GRAU: So by this clock.

17 COMMISSIONER BYRON: Eleven o'clock.

18 MS. GRAU: Thank you.

19 (Off the record.)

20 COMMISSIONER BYRON: If you'll all be seated,
21 we'll go ahead and restart. We're a little bit behind.
22 Mr. Najarian is going to moderate a very interesting panel
23 discussion, and I am very much looking forward to this,
24 but we do have some constraints on time that we want to be
25 sensitive to. I understand we may be losing some folks,

1 and we certainly want to take advantage of your being
2 here.

3 We appreciate very much your participation. So
4 we may press on through 12:30 or even 1:00 as long as that
5 works for those of you that are still here. We will take
6 a lunch break, but it may be a little bit later. I
7 apologize. But again, we're really looking for the
8 participation of our panelists here today so, Ms. Grau, to
9 you or to Mr. Najarian?

10 MS. GRAU: Yes, just to me very briefly. And so
11 what I want to do is just talk about some of ground rules
12 here. Our moderator is Chuck Najarian. He's our
13 transmission systems specialist with the Energy
14 Commission's Strategic Transmission Planning office. And
15 we have ten panelists seated around the table, and Chuck
16 will moderate the session. I just wanted to also note
17 that after that session has taken place, we have the
18 invited stakeholders; Bob Stuart of BrightSource Energy,
19 Faramarz Nabavi of the California Winder Energy
20 Association, and Helen O'Shea from the Natural Resource
21 Defense Council. And so we'd like to ask all the
22 panelists to remain seated and then each of those three
23 individually can come up to this podium where I am and
24 make their remarks to the stakeholders and Commissioners.
25 And so with that, I will turn it over to Chuck.

1 And by the way for the audience, the centerpieces for this
2 discussion are attached to the agenda. They are two
3 strawman documents. The first figure is the shorter term
4 by 2020 process and the second figure is the longer-term
5 process for the coordinated (inaudible), so that's the
6 basis for the panel discussion this morning. Thank you.

7 MR. NAJARIAN: Good morning. Today's we're
8 going to be building on the panel discussion we had at our
9 May 4th hearing that actually introduced the transmission
10 planning process questions and issues that we're currently
11 grappling with.

12 We're very grateful that most of the panel is
13 from May 4th. Actually, we had you return to continue the
14 conversation. We failed to scare them off. We're also
15 grateful that we have several new panelists to join the
16 fray today.

17 As I indicated in May, these are some of the
18 best transmission policy and planning people in the
19 business and I'd like to introduce them at this time. We
20 have Patricia Arons of Southern California Edison, Tony
21 Braun of California Municipal Utilities Association, Karen
22 Edson, California ISO, Nancy Ryan, CPUC, Juan Carlos
23 Sandoval, IID, Jim Shetler from SMUD. We also have in
24 terms of new panelists Jon Eric Thalman from Pacific Gas
25 and Electric. He's here from Kevin Dasso who is on

1 vacation. Then we've added Dave Olsen from CEERT to our
2 panel. As the RETI coordinator, he has a special
3 perspective on RETI and its implications to transmission
4 planning. Grace Anderson from the California Energy
5 Commission, she is our expert in terms of Western State
6 Transmission System, and she brings a special perspective
7 about that. And also Mo Bashir of LADWP has joined us
8 today. Thank you.

9 Okay. As Judy indicated the purpose of the
10 panel today is to discuss several strawman proposals that
11 staff developed. They are designed to stimulate
12 conversation about alternative transmission planning
13 approaches in California. They do not imply that we've
14 solved all the transmission planning issues that face
15 California today, and it does not imply that we have a
16 fixed position with regards to a transmission planning
17 process.

18 We are looking for constructive conversation
19 today, and we want to make progress in this area, so let's
20 go ahead and call up the first diagram, figure one, on the
21 screen, please.

22 MS. KOROSSEC: We're having a slight technical
23 difficulty.

24 MR. NAJARIAN: Thank you. The strawman
25 proposals have certain assumptions that they carry. One,

1 we assume that transmission planning in California needs
2 improvement. We assume that the land use and
3 environmental considerations are as important as
4 electrical considerations. We also assume that state
5 goals and objectives must be part of the solution to
6 transmission planning in California, and that we assume
7 that improvements to planning will significantly benefit
8 transmission permitting. We assume that Nancy Ryan agrees
9 with that last assumption.

10 So let's refer to this first transmission
11 process flowchart that's on the screen. This is a chart
12 that looks to 2020, the 33 percent goal. This particular
13 strawman chart is built on and informed by the RETI
14 stakeholder process. It envisions that RETI in some form
15 will continue in updating cycles over time, and it assumes
16 that REIT participation is critical in terms of
17 facilitating transmission planning in California.

18 The second box refers to the fact that it
19 emphasizes transmission planning role in California of the
20 California electric utilities and the California ISO. It
21 envisions development at a generally IOU, investor-owned
22 utility, and POU, publically-owned utility, sub-regional
23 plan for California. We're aware that this effort is
24 already underway with the formation of the California
25 Joint Transmission Planning Group comprised of electric

1 utilities and the California ISO.

2 We're going to be hearing probably a lot more
3 about this as the panel discussion unfolds today from some
4 of our panelists. Referring to box three, the strawman
5 leverages the Strategic Transmission Investment Plan to
6 facilitate stakeholder participation and confirm RETI
7 integration and consideration of state goals and
8 objectives in the statewide plan. It implies that RETI
9 stakeholders will be part of the proceedings.

10 Box four envisions that the ISO and the
11 publically-owned utilities Balancing Authorities will be
12 influenced by the Strategic Transmission Investment Plan
13 recommendations regarding a sub-regional plan. For
14 example, it envisions that the California ISO annual
15 transmission planning process will be influenced by
16 recommendations from the Strategic Transmission Investment
17 Plan.

18 It also recognizes that there are advantages to
19 targeting transmission corridor designation at this stage
20 to preserve long-term transmission corridors. You're
21 going to be hearing more about transmission corridor
22 designation this afternoon.

23 And finally, this strawman understands that
24 permitting processes will ultimately benefit from an
25 enhanced and effect statewide transmission planning

1 process.

2 So let's switch to figure two, the longer-term
3 planning process strawman. Up front, there's a
4 relationship between this strawman and the previous
5 strawman. In this strawman, the assumption is that it is
6 influenced by the outcome of the previous process, that it
7 starts from there and works out to as long as 2040 time
8 frame.

9 It envisions that the Strategic Investment Plan
10 is the actual vehicle for preparation of what it calls a
11 30-year abstract plan. It's trying to separate itself
12 from a conceptual plan, which by definition has more
13 detail. It also envisions that the abstract plan would
14 then link back into the next RETI transmission conceptual
15 planning process and ultimately feed into corridor
16 designation on a longer-term basis.

17 And as I alluded to earlier, it also envisions
18 that RETI proceeds over time in some form in an updating
19 cycle, in this case every two years. Before we get into
20 the actual questions and exchanges with the panel, I'm
21 going to ask if there's any comment or question from the
22 dais.

23 COMMISSIONER BYRON: No. I'd much rather hear
24 from them first.

25 MR. NAJARIAN: All right.

1 COMMISSIONER BYRON: Commissioner Boyd, did you
2 have a comment or question?

3 VICE CHAIR BOYD: No.

4 CHAIRMAN DOUGLAS: No.

5 VICE CHAIR BOYD: Move on.

6 COMMISSIONER BYRON: Sorry.

7 MR. NAJARIAN: All right. Thank you. The first
8 question we're going to be focusing on the first figure,
9 the 2020 time frame chart initially. And the first
10 question had to with that but also I think we could talk
11 about the longer-term process as well.

12 And it's really something that I'd like to
13 direct to all the panelists, and I am interested in very
14 short response to this. Staff is interested in knowing
15 what the initial reactions to these charts are. Is there
16 any promise in what we put forth? Are they confusing?
17 Are they scary? We're just interested in knowing what
18 your initial reaction to the chart is and you know looking
19 at 30 seconds max. So, Juan Carlos, I'll start at this
20 end of the table. What is your overall reaction to the
21 strawman proposals?

22 MR. SANDOVAL: I could see what is the intent of
23 CEC in trying to incorporate (inaudible) RETI process into
24 the overall planning process. I think you could see that
25 and include the benefits of the open stakeholder process,

1 and eventually providing for transmission corridor
2 designation of whatever plan is moving on.

3 MR. NAJARIAN: Okay. Thank you. Patricia?

4 MS. ARONS: My first reaction was a little bit
5 of confusion about what the existing planning process is
6 that were involved would really look like and how
7 information flows. I think I too can understand the
8 intent in terms of how RETI wanting to link into the
9 existing processes to end up with real projects coming out
10 of it.

11 I am somewhat concerned about the order of steps
12 two and three. I think my first reaction there would be
13 to reverse those. I wouldn't want to if I were the CEC be
14 waiting for various products to be feeding into a
15 strategic investment plan coming out of a joint
16 transmission plan.

17 And the reason why I say that is when we develop
18 transmission plans, I mean, we started working on
19 Tehachapi in '96 or '97. It's a very long-term time
20 frame. It takes a lot of coordinated work and interaction
21 with stakeholders to really firm up what your plans really
22 look like. So you take concepts and you begin to work on
23 them, and it's actually a longer process than this two
24 year cycle that seems to be what they're (inaudible) here,
25 so I think that I wouldn't want to see any CEC processes

1 held up by that.

2 But as far as all the pieces, I think I need
3 more time to really think about, you know, how we interact
4 with the Western Electricity Coordinating Council, the
5 activities that we're involved with there, and how we
6 bring all the pieces together. I think just a simple -- I
7 think it would be fairly simply to reverse steps two and
8 three and have a little bit more of a coherent series of
9 steps involved.

10 MR. NAJARIAN: Okay.

11 MS. ARONS: The other comment I would make is I
12 don't think that RETI necessarily has to be a two-year
13 cycle. The greatest value out of it is the land use
14 assumptions and the economics of CREZs, and I don't really
15 think that they tend to move all that often. I think a
16 two-year cycle is probably too frequently, and maybe a
17 four or five-year cycle would work for that in my mind.

18 MR. NAJARIAN: Okay. Thank you. Jon Eric, just
19 initial reaction to the strawman proposals?

20 MR. THALMAN: We're pleased to see the inclusion
21 of what looks to be what we're working on with the
22 California Joint Planning, and still wet from the process
23 with the RETI studies. We're cautious about its process
24 in the future. We acknowledge the value there. And as we
25 look at the arrows and lines here, we're anxious to

1 understand more how that might work in future.

2 I agree with Pat on that maybe we need to look
3 at timing and cycles and what the values are to the
4 different steps.

5 MR. NAJARIAN: Okay. Thank you. Grace?

6 MS. ANDERSON: I will give you a very really
7 quite positive response. Those aspects of these charts
8 from a western perspective I think that are most important
9 would be the box two, figure one, which is the challenge
10 to prepare a California sub-regional transmission plan
11 that would go hand-in-hand with what we heard today about
12 the California Joint Transmission Planning Group. Other
13 portions of the west have organized themselves in this
14 way, and that is the most effective way to communicate
15 your policies and your assumptions to the regional
16 analyses. For example, on which your line segment shift
17 factor analysis is based.

18 And it also will position you well should the
19 federal government require an interconnection-wide
20 transmission plan. This would be what would be rolled up
21 into that plan, and it will also be important if the FERC
22 goes down the path of adopting an interconnection-wide
23 transmission plan, so I'd encourage you to move forward
24 and go down this path.

25 MR. NAJARIAN: Thank you. Nancy, initial

1 reactions from the CPUC?

2 MS. RYAN: I'll just focus on the RETI piece and
3 echo the remarks that I've already heard so that I can
4 expand upon them. I think that the RETI process is
5 immensely valuable but it's also very expensive in terms
6 of the time and effort of all the stakeholders that are
7 involved. I agree with I think we really have to ask the
8 question what is the right cycle to conduct this on.

9 And I would agree with Pat's remarks that I
10 think that the types of information and more important
11 consensus that could come out of the RETI process probably
12 don't need to be updated every two years. We really need
13 to revisit these questions in a time frame in which the
14 land use and probably more importantly the project
15 economics are likely to change, so that's worthy of
16 further discussion.

17 I mentioned that I thought that the RETI process
18 was also really valuable, and I think in part I think
19 we'll really see the benefits of it. Not so much -- Well,
20 we'll see the benefits in the permitting process, and I
21 really think that's where -- that's the pudding that the
22 proof will exist. Does it indeed help speed up the
23 permitting process, and I am very optimistic that it will.

24 So that asks the question of is kind of is there
25 a way for the RETI process to sustain itself over time in

1 a way and perhaps be institutionalized but do so in a way
2 that really preserves what I believe is its most important
3 aspect, which is this bringing together of stakeholders
4 and the sort of distinction between RETI and the agencies
5 that sponsor it. I think that was -- Somebody made a
6 remark earlier today about how important, I think
7 Commissioner Byron did, about how it was not an agency
8 process, although there was agency involvement but that
9 it's above all of us here and a stakeholder process, and I
10 think it will really only realize its value if it
11 continues operates in that form.

12 MR. NAJARIAN: Thank you. Karen Edson?

13 MS. EDSON: Good morning, Commissioners. I want
14 to start it's going to start being a little redundant I
15 think at this point, but let me just reiterate the value
16 that we see in the RETI work especially (inaudible) the
17 land use constraints on transmission development.
18 Bringing that in early in the planning process is
19 absolutely critical to avoid those mistakes that we've all
20 seen in past years, so I really want to commend the RETI
21 effort for the work that it's done.

22 Second, I think that when I look at the charts
23 and the process my concern is that it doesn't -- you have
24 to reflect the kind of integration with the existing
25 processes that are in place. As you know, we, and all of

1 the balancing authorities here, conduct planning in an
2 open transparent mechanism with stakeholder involvement
3 under FERC order 890. It's not to say that there isn't a
4 role to the California strategic plan. I think there
5 absolutely is, but this will need I think some attention
6 to make sure that we have properly brought these together.
7 Pat's idea of maybe flipping two and three may be one of
8 the steps that would accomplish that.

9 The last thing I want to note is just to
10 acknowledge that in the case transmission a ten-year
11 horizon is really a developed horizon. It's the longer
12 term where I think the strategic issues really come to
13 bear, where these land use considerations, where the
14 conceptual work really has the most important role to
15 play. I think if you're going to begin to map out how
16 long it takes a plan to develop these serial projects that
17 cross so many jurisdictions including balancing areas and
18 land use authorities, then it's clear that ten years is
19 not a long-term plan.

20 And my final point is simply that it's
21 absolutely critical we're absolutely on board with
22 minimizing the number of lines and the possible redundancy
23 of these lines, which is why we're working so closely with
24 the municipal utilities and the investor-owned utilities
25 to come together and really begin to plan for system needs

1 as opposed to the interested individual balancing areas.

2 Thank you.

3 MR. NAJARIAN: Thank you, Karen. Mo, DWP's
4 initial reaction to the strawmen?

5 MR. BASHIR: I guess I don't really have to much
6 to add to what was already said, but I think the cycle
7 issue is number one I guess for me because I do recall
8 what was said before because I don't think the two-year
9 cycle is appropriate for this kind of work.

10 The focus I think going forward really is going
11 to be in the California Transmission Group work, which has
12 been occurring, because that's really where we're going to
13 take the projects or the conceptual plans into what could
14 happen with the projects and makes them happen. I think
15 that's really where the effort is going to be.

16 But other than that, I think the same issues and
17 same comments, which were said before.

18 MR. NAJARIAN: Thank you, Mo. Jim?

19 MR. SHETLER: Well, I almost wanted to say
20 ditto, but you asked for my initial reaction. When I
21 first saw the horror of another process we had to
22 participate in, I've lost track of how many planning
23 processes there are out there right now.

24 In looking at the chart, I think, number one, we
25 clearly understand the desire and the need to make sure

1 the RETI process, which I will agree have been a valuable
2 addition to looking at how we access renewables and how
3 that's imbedded going forward, I will share the same
4 thought that I'm not sure every two years makes sense. I
5 don't know what that cycle is and planning that every two
6 years. I appreciate the fact that you tried to imbed the
7 Joint Transmission Planning Group in this. We're very
8 serious about trying to pull together the planning for the
9 State of California and in a way that will meet the needs
10 of all of the entities at the table. We want to do that
11 in an open process. Order 890 requires that we do.

12 Beyond that, I think we're still digesting the
13 details of this, but we want to make sure that whatever
14 this is dovetails well with the other processes that are
15 out there. We don't want to duplicate planning efforts
16 that are already underway out there, so we want to figure
17 out how would that integrate here.

18 MR. NAJARIAN: Thank you, Jim. Tony, does CMUA
19 have anything to add to what we've already heard?

20 MR. BRAUN: Not a lot. I mean to the extent
21 that the straw proposal reflects a desire to continue to
22 make improvements on transparency, that's certainly
23 something we support. To the extent the straw proposal
24 emphasizes the need to get environmental and land use
25 factors into the planning process in the initial stages,

1 that's obviously something we also support.

2 As far as some of the nitty-gritty details of
3 what boxes are where, I think that's something that
4 probably needs a little more discussion and time to
5 digest.

6 MR. NAJARIAN: Thank you, Tony. Dave Olsen?

7 MR. OLSEN: I'd certainly agree with Nancy that
8 RETI is an extensive process, and extensive in terms of
9 the huge amount of time that's been required to date to
10 put together a conceptual plan that, as I indicated, could
11 be done a lot more quickly and more efficiently by
12 experts. To the value again, it's the value of the
13 stakeholder participation early.

14 As a stakeholder effort, all of the transmission
15 owner and provider members of the steering committee are
16 represented on this panel, so the issue of whether or not
17 the stakeholders feel that there is enough value generated
18 by this process and to continue to devote the substantial
19 amount of work is really up to the organizations
20 represented here in terms of transmission planning.

21 And so as the coordinator, I can only turn back
22 to the other participants here for their indications of or
23 the perception that there's going to be enough value
24 provided to justify the substantial commitment of staff
25 and resources.

1 MR. NAJARIAN: Thank you, Dave. Okay. At this
2 time, I'd like to get into some specific questions I'll be
3 directing to individual panelists and then I'll try to
4 elicit discussion on the response.

5 And so moving on to question number one, can the
6 RETI collaborative model be maintained over time to
7 produce biennial plans addressing a ten-year horizon.
8 Because we've already touched on this with several initial
9 responses, so I'm going to ask Dave to get into that in a
10 little more detail.

11 MR. OLSEN: Chuck, I'm sorry?

12 MR. NAJARIAN: In terms of the first question,
13 can the RETI collaborative model be maintained over time
14 to produce plans. Now we suggested that in the strawman
15 that that could be done on a two-year cycle. We've heard
16 already from some panelists that that could be an issue.

17 And as you know, RETI is looking at ten-year
18 horizon now, so the question really has to do with can
19 this effort be maintained? Is two years the correct
20 cycle? I mean I think you could even get into what form
21 it might be in in the future. I know that we envision as
22 an update cycle and not necessarily something where we're
23 starting the effort over, so there is a difference there.
24 Anyway, I'll turn it over to you.

25 MR. OLSEN: Well, the first thing is we're going

1 to have to understand the value of this initial conceptual
2 plan. Does it really assist the ISO and POU's to identify
3 potential transmission facilities for study, so is there
4 some value added? Have we either eliminated potential
5 connections from consideration and that's a value or
6 identified other potential connections that are not
7 priorities for any of the existing transmission providers
8 to study? Is there any indication that this will in fact
9 expedite siting for permitting?

10 I think we don't know yet, and we haven't
11 completed -- at this point, we have completed even this
12 initial plan, and we don't have a sense of how well this
13 going to coordinate with the existing processes. For
14 example, will this help the ISO in its given process,
15 confirm clusters, or confirm areas for study?

16 So until we have sense of that real value, I
17 don't think we're a position to say. I do share the sense
18 that two years may too frequent as an update. Although if
19 we were to have an initial plan that is then vetted or
20 considered by the ISO and the POU's and there is some sense
21 that there is value added there, it would be relatively --
22 it would be much less expensive and time consuming to do
23 an update of that and to come back.

24 And for example, as the desert renewable energy
25 conservation plan areas are identified to merge to the

1 RETI CREZ information with the DRECP results, that could
2 be done relatively quickly and that could valuable in
3 providing stakeholder input to migrate whatever planning
4 the ISO and POU's are doing to accommodate DRECP results.
5 That could be done much more quickly if we're agreed that
6 this initial plan is provided with an adequate basis so
7 that stakeholders believe that the results are useful.

8 But I think at this point we need to work this
9 through a little bit further before we'll be able to
10 conclude anything.

11 MR. NAJARIAN: Okay. A quick follow up to that,
12 assuming that the scope of work for RETI in any subsequent
13 phases would be reduced, do you think it's correct to say
14 that DRECP work, the desert plan work, would allow RETI to
15 focus on conceptual transmission planning going forward or
16 do think that there would be work effort, scope of work
17 involved in CREZ facilitation in the future?

18 MR. OLSEN: I think both actually. That again
19 remains to be worked but how are the DRECP zones, the
20 desert generation development zones going to build on RETI
21 CREZ. We don't know that, so that remains to be worked
22 out.

23 What we do have is large group of mobilized
24 stakeholders who have become knowledgeable as well as
25 concerned about these zones, and that stands to benefit

1 the DRECP process, so I think there is some continuing
2 involvement on the part of the CREZ work as the desert
3 plan is refined and could add a lot of value.

4 And certainly as the desert zones are defined,
5 we may have to adjust some of the conceptual planning
6 work, and that remains to be seen again, and it could be
7 that the ISO and POU and the joint transmission planning
8 work has already taken that into account. Our report
9 can't easily take that into account.

10 MR. NAJARIAN: Okay. Thank you, Dave. Any
11 reaction to what we've heard from Dave? All right. Let's
12 move on to question number two.

13 COMMISSIONER BYRON: If I may, Mr. Najarian,
14 just for a moment. Now I looked back at your
15 presentation, Mr. Olsen, about all the changes that took
16 place between the Phase 1 and Phase 2 and all the
17 additional information that became available, you know,
18 the land ownership parcelization, BLM's one percent
19 development, and other environmental concerns.

20 I think back, based upon what I know of mapping
21 data and accuracy improvements, there were additional
22 stakeholders that came into play. The site visits that
23 really helped everyone understand better the impact that
24 of the CREZs that were being looked at, and public input,
25 what I characterize as the reeducation of the public that

1 would need to be taking place periodically.

2 And as a Commissioner, I'm very interested in
3 the public's perception and input of all of this process,
4 notwithstanding all of your expectations and abilities to
5 do all this transmission planning. So I'll put out there
6 as a question, why not do this every two years? You're
7 certainly all benefitting from it.

8 MR. NAJARIAN: Jim?

9 MR. SHETLER: I'm going to maybe add on to
10 Dave's comment and I'll try to answer your question. I do
11 think we need to get through a cycle, and by a cycle I
12 mean I think we do need to take the input from RETI and
13 accurately marry that up with the pieces that are done as
14 part of the RETI process, which are the (inaudible) issues
15 and the reliability issues, and the other issues that we
16 have look from the transmission planning standpoint.

17 And what we may find out is when we marry those
18 up we may end up with a very different transmission plan
19 at least in some areas. And I think it would be helpful
20 to understand that and that would inform how best we
21 should go forward in the future. So I do think we need a
22 complete cycle under our belt to understand that better.

23 As far as the public input, there's never enough
24 no matter how far down the road you go, and certainly
25 we're interested in having that. We also are interested

1 in dealing with that through our transmission planning
2 group and how we can make sure we have that public input
3 as well.

4 COMMISSIONER BYRON: Thank you. I'll take any
5 other comments back. Please, Ms. Arons.

6 MS. ARONS: The concern I would have is that
7 you're creating a constant set of assumption changes.
8 That if they were to alter your transmission --

9 COMMISSIONER BYRON: A constant set of
10 assumption changes?

11 MS. ARONS: Well, it's like a tempest in the
12 teapot. Your assumptions have to land on the ground at
13 some point in time in order to build the rocket that
14 you're launch to the moon. So if you're creating the
15 environment where your assumptions are continually
16 changing, you can't make decisions.

17 Transmission investments are very long-term
18 decisions, and there is a sense in which you have to build
19 a robust transmission grid to respond to changing
20 conditions. But in the planning process, you really need
21 to put your assumptions on the ground and begin to do the
22 technical scoping work. But if you're forever changing
23 land use and moving from here to there and to A to B, you
24 get caught up in an inability -- it's an analysis
25 paralysis is where you end up.

1 So I think a five-year cycle is good enough for
2 my world to give me five years of planning time to scope
3 things, cost things out, and begin to develop the project
4 with other utilities that may eventually need to have
5 their say.

6 So I would suggest a longer cycle, not a shorter
7 cycle. It will just create too much -- too many problems
8 in terms of do we have the perfect set of assumptions
9 moving forward to make a decision. And I think we'll find
10 that in that kind of environment we're not going to have a
11 perfect set of assumptions because your next plan is going
12 to change everything again, so I would be very concerned
13 about.

14 I don't believe those plans are going change
15 that much in terms of land-use decisions. I think these
16 things change slowly over time, and I think it's
17 appropriate to think about a four-year or five-year cycle.

18 COMMISSIONER BYRON: So land use issues not
19 changing much over time. Are you thinking within that
20 ten-year plan horizon or beyond the ten-year planning
21 horizon.

22 MS. ARONS: Well, I think it's where a large
23 part where population is going to grow. And if our growth
24 rate in California is, you know, less than two percent per
25 year, we're dealing with trying to find routes through

1 environmentally sensitive areas, trying to avoid
2 population areas, trying to get power into the population
3 areas. Having a perfect set of assumptions where nothing
4 needs to be mitigated is not a possible future.

5 In fact, the first time you started putting the
6 math together for RETI, what we found out was all of
7 California was blacked out. There was no place to put
8 transmission. And I think through opening up and
9 reconsidering some of that information, we needed to
10 understand that what we were striving for was the best
11 possible decision but not a perfect decision.

12 So I think that going toward a two-year cycle is
13 thinking that there is a perfect set of assumptions there.
14 I think there's a good enough world where we can make
15 decisions to move forward on something.

16 MR. NAJARIAN: All right. Thank you. I'd like
17 to move on to the next question. I'm going to really
18 combine the next two questions, and then I'm going to ask
19 that Karen Edson reply to those.

20 So question number two: Is the development of
21 regional coordinated transmission planning readily
22 achievable and in what time frame, and then moving from
23 there, will IOUs and POUs effectively integrate RETI plans
24 in that process.

25 MS. EDSON: Thank you, Chuck. Let me start with

1 your second question first and that answer is absolutely
2 yes. At the California ISO, we are already considering
3 what's come out of the RETI process in our Order 890
4 process. It's informing scenario work that we're doing.
5 The timing was such that it couldn't be pulled in other
6 ways, but it absolutely will inform that and as well has
7 been discussed in the context of the joint transmission
8 group as a critical input to the work that will be
9 happening there.

10 And I say that really to reinforce the value of
11 this work. I think we all recognize that having a much
12 better understanding of the land use constraints and the
13 relative potential and economic costs of the various
14 renewable energy zones is really in all of our interests
15 to have that part of our process.

16 And before I forget, I'm going to make a
17 little side note here having to do with those renewable
18 energy zones. As you probably know, the California ISO
19 has special tariff provisions, which allows us to
20 implement financing of interconnections in renewable
21 energy zones that have been certified by the California
22 Energy Commission and the California Public Utilities
23 Commission. So having these zones identified through the
24 RETI process and potentially certified by both the
25 Energy Commission and the CPUC is also something of great

1 value.

2 Will we succeed in developing a statewide plan?
3 I absolutely think we will. We're working hard and in
4 good faith to do that. The actually timing of the results
5 is a little tougher to predict.

6 We're dealing with some of the tougher issues
7 now, but we know that we have some immediate plans that
8 need to be taken into account to make sure we're avoiding
9 the kind of redundancy that RETI is assigned to address.
10 So I think there will be positive results before the end
11 of this year. Whether they'll be a completely
12 comprehensive California in that timeline, I'm not sure.
13 I'm looking to the other entities that are part of that
14 process.

15 MR. NAJARIAN: Okay. Thank you, Karen. Jim, I
16 was wondering if you had any reaction to that. I know
17 you're a major player in that sub-regional planning group,
18 and we also are aware that that sub-regional group has
19 been kicking around planning in a process jointly for
20 quite some time. So you know part of the question is what
21 we could be seeing in terms of a time frame for a product
22 out of the group?

23 MR. SHETLER: Well, I will echo Karen's comment
24 that the time frame may be a little bit hard to predict
25 right this minute. As far as how long we've been kicking

1 this around, we've had a lot of interesting discussion
2 over the last six or eight months, but I think the serious
3 discussions of actually trying to pull this together and
4 have I'll say a sub-regional planning group has really
5 started over the last 60 days or so.

6 We are making progress. My guess is we're
7 probably talking a year if I were to throw a number out
8 there to try to get through our process and then work
9 through the details of putting together a plan. It would
10 be my first cut just off the top of my head on time frame.
11 But there are others around the table that may have a more
12 educated guess that I do on that.

13 COMMISSIONER BYRON: If I may just for a moment,
14 this is the CJTPG. Remind me again what the acronym is.

15 MR. SHETLER: I've forgotten. California Joint
16 Transmission Planning Group.

17 COMMISSIONER BYRON: Thank you, Mr. Shetler.
18 And I did have an opportunity to meet with a number of the
19 members of that joint planning group last week, and I want
20 you to know you have my whole support for your efforts
21 going forward.

22 MR. NAJARIAN: Mo?

23 MR. BASHIR: I guess the same. It's probably a
24 good time to talk about this group. I guess we've been
25 leading efforts to get it to a point where we can really

1 talk about it, what the name is. I guess the name of
2 CJTPG anymore, but it's I guess CTPG without the J, so
3 it's California Transmission Planning Group. I think we
4 can work around the naming. That took a few hours I could
5 say just to come up with the right name, but that's really
6 the name we're going to go with going forward.

7 But we have restructured a few things around it,
8 and I think it's just for the benefit of everybody right
9 now. Maybe I can just go through some of this stuff
10 because I may come back and forth later on, so I want to
11 make just an understanding that everybody knows where
12 we're going forward.

13 So that is the name we have is California
14 Transmission Planning Group. Of course, the purpose going
15 forward is to provide a forum for conducting and doing
16 transmission planning and coordinating in transmission
17 activities to meet the needs of California consistent with
18 FERC Order 890, so that's really the general plan going
19 forward, and thus the purpose we aspiring for us.

20 As part of the process, we are identifying
21 issues, which this group needs to address. In addition to
22 the renewables, we have many other issues with reliability
23 being one. But also we do have the AB 32 issues. We have
24 considerations with the, you know, once through cooling
25 considerations and how is the reliability of the system,

1 and many, many issues, which is really part of daily life
2 in transmission planning in California.

3 So we would be really foolish not to think
4 along, you know, in cooperating and encompassing all those
5 pieces as part of doing our transmission planning process,
6 so that is the general concept.

7 But as far as doing it, we're going to be
8 following the 890 rules, transparency, openness, and
9 doing, you know, all the nine principles as part of the
10 890 planning principles that's part of our other work.

11 Presently, we have identified the kind of
12 membership and requirement because we did think the way --
13 to do this thing is really to have transmission providers
14 with transmission planning responsibility (inaudible)
15 because they're going to be contributing the resources of
16 people and going to lead the effort and extensive
17 discussions and process.

18 So as part of the process, we have identified
19 the California ISO, Imperial Irrigation District, LADWP,
20 Pacific Gas and Electric, Southern California Edison,
21 Southern California Public Power Authority, San Diego Gas
22 and Electric, Sacramento Municipal Utility District,
23 Transmission Agency of Northern California, Turlock
24 Irrigation District, and Western will be part of this
25 group, and we'll be meeting. Right now we have had a few

1 meetings already and trying to roll out all the issues.

2 We have set up committee structures. We have an
3 executive committee. We have the steering committee, and
4 we also have other study groups, which we are planning to
5 work out as part of the process. So I just wanted to give
6 you a feeling of how this thing is structure. We haven't
7 really had a good -- well, come up with a timeline of when
8 and where and what the process is to come up with a final
9 deliver on this. But we do anticipate (inaudible) reports
10 as well as all types of reports, drafts, and at the end of
11 the day, we'll have a joint California-wide transmission
12 plan.

13 Our aspiration is to have this on an annual
14 basis. We'll produce a transmission -- a California-wide
15 transmission plan on an annual basis. Our timeline may
16 move from July -- from July 1st to June. That's what we
17 are aspiring. Six months of preparation and the last six
18 months of pulling reports and finalizing the reports.
19 That's kind of the general concept. We'll probably have
20 more information (inaudible).

21 COMMISSIONER BYRON: Very good. Thank you.

22 MR. NAJARIAN: Thank you, Mo.

23 VICE CHAIR BOYD: May I make a comment I guess
24 here? First, you know let me commend the group for the
25 creation of the, whatever you want to call it, California

1 Joint Transmission Planning Group or just the California
2 Transmission Planning Group. And I heard more than once
3 it's predicated upon the FERC Order 890. I think FERC
4 Order 890 has been around longer than I have, so I'm glad
5 to see that it has prompted something.

6 The trouble is I've been sitting up here seven
7 and a half years, you know, waiting for this day and,
8 therefore, I commend you for arriving at this point where
9 we have joint planning. If I sound a little cynical, I
10 am. I bear deep scars from the electricity crisis during
11 which we talked about what are the things we need to do in
12 California. And one of the earliest things, besides just
13 get more iron on the ground and generation, was the
14 transmission issue. And we engaged in some joint
15 planning, and one of the tribes broke ranks and scuttled
16 it. And we've been struggling through IEPRs, through the
17 joint transmission plan requirements, and through this
18 rather marvelous RETI process, which has been long and I
19 don't want to say cumbersome, but I think it's been
20 (inaudible) to bring us where we are today.

21 So I don't know whether I have a question here
22 is what finally brought you to create the California Joint
23 Transmission Planning Group, strike the Joint if you so
24 desire, and I don't if anybody can answer this, but I'm
25 glad to see it has occurred. I'm disappointed it's taken

1 so long to get to this point.

2 I may be wrong but I kind of think this agency
3 with its planning efforts and with its threats in seven
4 years worth of IEPRs and whatever, and now etcetera,
5 etcetera. Either you do it or we'll do it for you. I
6 don't think we ever wanted to do it. Nonetheless, we have
7 finally reached a point where joint planning is apparently
8 taking place. And a lot of concerned people about who we
9 expressed earlier concerns about multiple lines and why
10 can't, you know, folks get together and plan a single
11 line.

12 It sounds like you're finally going to get there
13 and the State of California is going to get there through
14 this process and I can retire a happy person. I am
15 disappointed, you know, it has taken us so long.

16 And I'm very glad that Commissioner Byron became
17 the transmission Commissioner after the previous
18 Commissioner retired. I certainly wouldn't want to touch
19 it because of the frustration. I'm willing to be on the
20 Agri Committee, so don't let me pour any cold water on
21 this event.

22 Just let me point out it has taken us a long,
23 long time to get here, far too long, and we do have to
24 move. I mean we're way behind schedule. We're really
25 struggling to get to the 20 percent. Lord knows how we're

1 going to get to 33 percent RPS. I don't want to ever be
2 in the position, you know, of being plunged into semi-
3 darkness again.

4 So the debate about whether two years is too
5 much or five years is too much, it's interesting. In this
6 world of the every accelerating pace of everything, we
7 almost have to a real time plan.

8 So you all decide whether two years or five
9 years is the time horizon. I found -- Two years assumed
10 the perfect assumptions. I found that in reality two
11 years assumes assumptions are going change constantly so
12 you better take another quick look at things. But you
13 settle on two versus five, but I do urge this process to
14 move rapidly because the world is not waiting for us.
15 Enough said.

16 And I don't know if there's really a question
17 there or whether you should even try to answer it if you
18 found one in it.

19 MR. NAJARIAN: I think that the next question we
20 have will hopefully get at some of your remarks. I'm
21 going to ask John to respond to this question. Would
22 using the Strategic Transmission Investment Plan process
23 to confirm utility coordination of the like that
24 Commissioner Boyd just addressed and to confirm RETI
25 integration be effective. So that is using the Energy

1 Commission's process to do that, do you see a value in
2 that?

3 MR. THALMAN: I think there's definitely a
4 value.

5 COMMISSIONER BYRON: Is your microphone on?

6 MR. THALMAN: Yes, I believe so. I think
7 definitely there's a value. The question, Commissioner
8 Boyd, was what's taken so long. I think it's because we
9 see there's a value here, and we have to come together.
10 My credit to I think ISO and SMUD is really what's brought
11 us together in this joint person discussions that have
12 happened a handful of months ago that made the
13 (inaudible).

14 Is this something we need to do? What should we
15 do? Is this the course we're going to take because we
16 have to do this? And so in that environment, we feel very
17 positive that an investment plan like what you proposed
18 here would be helpful.

19 I think most people have acknowledged the fact
20 that the stakeholder involvement that RETI has been able
21 to accomplish has value. We'll find that value out more
22 as Nancy mentioned when we get to the permitting process,
23 but I don't think that's going to take a while to get to
24 and hopefully not too long.

25 Let's see, and there's a second half of the

1 question. What has been provided so far has provided a
2 context as we've begun initial meetings in the California
3 Joint Group as a starting point. There's been some great
4 coordinations happen as we've come together in RETI and in
5 talking about different projects and how they would
6 relate. And I think that has also led to our good
7 progress in coming together in the California Joint
8 Planning Group where we recognize the need to work
9 together on these projects.

10 So the development of an investment plan I think
11 lays the environment for more detailed talks and get us
12 over that hump where before you wouldn't have that general
13 plan out there so.

14 MR. NAJARIAN: All right. Thank you, John. I'm
15 going to ask, you know, Dave Olsen is fairly familiar with
16 the Energy Commission's processes and procedures. I'm
17 going to ask Dave to react to that question as well.

18 MR. OLSEN: I do think that the Commission
19 Strategic Transmission Investment Plan could help to --
20 well, certainly it could confirm the coordination and
21 ensure that the RETI stakeholder results are appropriately
22 considered.

23 I know from working with each of the
24 transmission owners, the transmission owners do take the
25 Order 890 planning arm that's in the stakeholder

1 involvement requirements in that order very seriously and
2 have filed their plans to comply with the requirements of
3 the order with FERC. That said, RETI provides an
4 additional dimension of stakeholder involvement probably
5 beyond anything that any of the transmission owners now
6 anticipates incorporating into its planning just because
7 of the breadth of it and the diversity of the different
8 stakeholder perspectives that are brought together in the
9 RETI collaborative.

10 So I think there is some additional value
11 certainly in terms of land use considerations and
12 identification of generation develop zones that could be a
13 very useful and effective or a good compliment to what's
14 now considered in your 890 compliance. So I think there's
15 also a broader concern here is that and I'll just speak
16 from the example of what we've gone through in the RETI
17 process the last six months in coming up with this initial
18 conceptual plan.

19 So you'll note, as I mentioned, the guidance
20 from the steering committee -- from the RETI steering
21 committee was to plan without regard to ownership or
22 operation. And that is I think the intent of this Joint
23 Transmission Planning Group as well. It's to plan without
24 regard to the ownership or operation of the facilities.

25 In the case of RETI work, the spirit was willing

1 but the flesh was weak, so there's a lot of good intent to
2 do that planning from the statewide perspective. But when
3 we got closer to have to actually recommend specific
4 facilities and rank them, what tended to dominate was the
5 proposed projects of different transmission owners. So
6 and almost all of the transmission owners had identified
7 projects, many with great thought, and over many years,
8 and they want to see those projects move forward.

9 And those individual projects tended to trump
10 any kind of consideration of statewide coordinated,
11 optimized, minimized transmission kind of perspective for
12 understandable reasons. And what we tried to do in RETI
13 is to have the statewide perspective dominate over
14 individual transmission owners for those projects, but
15 that's a very difficult discussion. And I would imagine
16 it's going to be a difficult discussion for the Joint
17 Transmission Group as well.

18 This is where having broader stakeholder
19 perspectives who can come in and say from a consumer point
20 of view, from a county point of view, from a state and
21 federal agency point of view, well, wait a minute, we
22 don't need all of these transmission lines, so which ones
23 should be priorities from a statewide point of view. It
24 could assist I think.

25 What I'm suggesting is that having a stakeholder

1 kind of perspective the way that RETI does bring can
2 actually help with the resolution of the conflict between
3 some of the individual transmission owner plans and the
4 development of a truly coordinated optimized statewide
5 plan, which is not as I noticed a before or cannot be
6 probably merely the sum of all the individual transmission
7 owner plans.

8 I think that some kind of public agency process,
9 for example, is it could be provided by the Strategic
10 Transmission Investment Plan could be a venue to review
11 and allow this broader set of stakeholder interest to help
12 improve and optimize the result that's produced by the
13 Joint Transmission Planning Group.

14 MR. NAJARIAN: Okay. Thank you, Dave. Any
15 reaction to what Dave just said?

16 MS. EDSON: I just want to add two points. One
17 is at the ISO we have the luxury of not owning
18 transmission, so at least we don't have to worry about
19 whether or not we have projects that we own that we care a
20 lot about. And it's not the case with others, but I think
21 it's important to understand that there are reasons that
22 people want to have their own ownership.

23 The second point I want to make is just to
24 underscore one of the principles that we've agreed to in
25 the Joint Transmission Planning Group and that is that we

1 aren't going to start with owned projects. We're not
2 going to start with operational agreements. We're going
3 to do the planning based on these needs and we let those
4 kinds of considerations come out at the end of the process
5 where you identify the needs that you're meeting with the
6 system, this renewable integration need, the once through
7 cooling needs, greenhouse gas objectives, etcetera.

8 You plan your system with those constraints in
9 mind including, of course, reliability, and then look at
10 what comes out of that, and understand where the common
11 interests are and agree on those ownership interests and
12 operational interests on a case-by-case basis.

13 MR. NAJARIAN: Thank you, Karen.

14 MR. BASHIR: I just want to add to what Karen
15 just said. I think the process is set up really to work
16 out the technical portion first and get into those issues
17 of ownership at a later stage when we really are going --
18 finalizing and find out the interrelationship.

19 But I'm very optimistic because I think going
20 back in the early years, we did build transmission on a
21 joint basis. I mean we had a lot of success stories to
22 tell, and we built the transmission that was already --
23 was done as a joint project, as a planning process leading
24 to construction and ownership and development of
25 transmission.

1 So I don't think, even though we have this issue
2 (inaudible), I think there was really some issues we were
3 trying to get out of the way before we got into this
4 transmission planning group, which I think was standing in
5 the way, but now I think we have a clear view on how to
6 address those issues. So I'm very optimistic that I think
7 the process is going to help us and lead us to a
8 successful transmission involvement.

9 MR. NAJARIAN: Tony.

10 MR. BRAUN: Thanks, Chuck. I mean as far as the
11 state is concerned, which is think was one of the bases of
12 the question, you know, SB 1565 is a model of simplicity.
13 It barely over ten lines long and so I think that it
14 probably bears a lot of discussion of what role the state
15 process would have in the context of all the discussions
16 we're having here.

17 What is clear in 1565, however, is that it
18 anticipates a comprehensive plan taking into account a
19 host of factors whether it be reliability, serving
20 increased load requirements, relieving congestion as well
21 as the state energy goals of the energy efficiency
22 removals and demand response programs.

23 So we look forward to sorting out as we
24 carefully consider the planning processes that we might
25 get to ultimately and where the STIP fits in, but we do

1 view it as a comprehensive effort that takes into account
2 a host of relevant factors and goals that we're all
3 seeking to attain.

4 MR. OLSEN: Thank you, Tony. In fact, let's
5 carry on with that thought in the next question, Tony. Do
6 you envision that the POU's and the ISO would integrate
7 STIP recommendations? I know we're speculating on what
8 those recommendations might do to help improve and
9 optimize the result that is produced by the joint
10 transmission planning group.

11 MR. NAJARIAN: Okay, thank you, Dave. Any
12 reaction to what Dave just said?

13 MS. EDSON: I just want to add two points. One
14 is that the ISO. We have the luxury of not owning
15 transmission so at least, we don't have to worry about it.
16 We (inaudible) whether or not we have projects that we've
17 done that we care a lot about and it's not the case with
18 others but I think it is important to understand that
19 there are different reasons that people want to have their
20 own ownership.

21 The second point I want to make is just to
22 underscore one of the principles that we've agreed to in
23 the joint transmission planning group and that is that we
24 aren't going to start our own projects. We're not going
25 to start operational agreements. We're going to do the

1 planning based on these meetings and we'll let those kinds
2 of considerations come out at the end of this process
3 where you identify the needs that you're needing with
4 assistance, and this renewable and integration needs, the
5 once through cooling needs, greenhouse gas objectives,
6 etcetera.

7 You plan your system with those constraints in
8 mind and including reports reliability and then, look at
9 what comes out of that, understand where the common
10 interests are and agree on the, those ownership interests
11 and operational interests on a case by case basis.

12 MR. NAJARIAN: Thank you, Karen.

13 MR. BASHIR: I just want to add to what Karen
14 just said. I think the process is set up to really work
15 out the technical portion first and then get into those
16 issues of ownership at a later stage when you really are
17 going, finalizing any technical issue but I'm very
18 optimistic because I think going back to the early years,
19 we did go to transmission on the joint basis.

20 When we had to, we had a lot of success stories
21 to tell and building the transmission was already, I mean,
22 was done a joint project. That was a planning process
23 leading to construction and the ownership and development
24 of transmission. So, I don't think, even if we have this
25 issue we saw, I think there was really some issues we were

1 trying to get out of the way before we got into this
2 transmission planning goal which I think was, is 30 months
3 away but now, I think we have a clear view on how to
4 address those issues.

5 So I'm very optimistic that I think the process
6 is going to help us and lead us to a successful
7 transmission development.

8 MR. NAZARIAN: Tony?

9 MR. BRAUN: Thanks, Chuck. As far as the State
10 is concerned which I think is one of the bases of the
11 question, you know, SE1565 is a model of simplicity. It's
12 barely over ten lines long and so I think that probably
13 bears a lot on the discussion on exactly what role the
14 STIP process would have in the context of all the
15 discussions we're having here.

16 What is clear in 1565, however, is that it
17 anticipates a comprehensive plan taking into account a
18 host of factors, whether the reliability and a certain
19 increased load will harm and will lead to congestion as
20 well as the State energy goals of energy efficiency,
21 renewables, demand response programs.

22 So we look forward to sorting out as we
23 carefully consider the planning processes that we're going
24 to get to, ultimately, where the STIP is in but we do view
25 it as a comprehensive effort that takes into account most

1 of the prevalent factors and goals that we're all seeking
2 to attain.

3 MR. NAJARIAN: Okay, thank you, Tony. In fact,
4 let's carry on with that thought in the next question,
5 Tony. Do you envision that the POU's and ISO's, and the ISO
6 would integrate STIP recommendations? I know we're
7 speculating on what those recommendations might be other
8 than what the scope and content might be of the strategic
9 transmission plan at this stage as you just pointed out
10 but do you envision a role for that process within your
11 clients' transmission planning proceedings?

12 MR. BRAUN: The State is required under State
13 law so I think it started then as a starting point that
14 it's in statute and therefore, anything that's in there
15 must be factored in. I mean, as far as anything more
16 detailed than that, it's unclear what the precise
17 relationship is between the STIP and the natural siting
18 and permitting authorities and planning authorities and
19 obligations of entities under California law, including
20 many of the folks around the State.

21 Certainly, I think it's safe to say that the
22 STIP recommendations would be factored into anyone's
23 consideration of a plan.

24 MR. NAJARIAN: Thank you. Any other comment on
25 that point? Okay. The next question has to do with

1 timing. Several panelists have brought up the question of
2 timing of RETI vis-à-vis the other planning processes and
3 procedures. Why don't we talk a little bit more about the
4 meshing of all these processes? In the next question, I'm
5 going to have Patricia take this off.

6 Can, you know, we talked about RETI. People
7 have mentioned two years up to five years. I believe
8 Patricia was with, you were looking at and we're looking
9 at annual transmission planning processes that are going
10 to be continuing over time both at the ISO IOUs and POUs
11 and transmission permitting will spin off of those
12 processes over time. So, do you think there's a way where
13 all these can be meshed at some point? Do you have any
14 ideas at this stage on how we could proceed?

15 MS. ARONS: I'm a very clear thinker. My first
16 thought is that you have to develop a point of view of
17 what RETI is, what its value is but you have to understand
18 the assumption I keep going back to is that the assumption
19 of RETI is that every CREZ will be connected and every
20 CREZ will be utilized to some degree in delivering
21 renewable power.

22 That is not the reality that we face as a
23 utility. It's a great long true view that says maybe over
24 the course of 20 or 30 years, those will ultimately be
25 accessed as CREZs and that might be the ultimate

1 transmission plan that we build.

2 What I'm (inaudible) today is my generator
3 interconnection queue and my reliability needs of short
4 term. So there has to be a reconciliation process that
5 takes place between the theory of generation and accessing
6 CREZs over the long term versus what we're grappling with
7 today. And I think that that may be some of the struggles
8 that we had in terms of getting our projects into the RETI
9 process.

10 It's been kind of a, things are happening in two
11 different timetables. So I think that RETI, the greatest
12 value is land use. The idea of, that you have a potential
13 transmissions that you might ultimately want to build that
14 could advise you today on the appropriate size of
15 facilities to build, we might be placing a generator
16 interconnection request. This is satisfied with a 230KV
17 line but when you go to RETI and you look at what the
18 potential is for the CREZ area and what's in the State-
19 wide plan, it may be appropriate to instead of building a
20 230 project, build a 500KV project.

21 That, to me, is the big value of RETI. It
22 advises our decisions in the short term so that we can
23 build out RETI as time goes by with an ultimate plan. It
24 may not be in the ultimate that we're going to be
25 accessing every CREZ in California. It may be that we're

1 capped on the amount of wind that we can integrate and
2 therefore, we have to rely more heavily on out of state
3 resources or something will happen that will tip the
4 balance on these assumptions that could ultimately yield
5 to a different plan at the end of the day.

6 That's going to be the strategic part of our
7 thinking. It hasn't yet happened. We need to be thinking
8 about the future in terms of what can change our
9 transmission decisions. And, you know, we're, what are
10 the important things that we have to do today because we
11 are obligated to interconnect generation today? How we do
12 that is under our control and the decisions that we make
13 that we all buy into, I think is critical. So we have to
14 have a discussion, I think, that everybody agrees with on
15 the values and how to use this information and what we do
16 next with it.

17 MR. NAJARIAN: Okay, thank you. Let's focus a
18 little bit more on what we articulated in the ten year
19 chart, the 33 percent chart in terms of corridor
20 designation and that the chart envisions a corridor
21 designation plays a critical role both with the short term
22 chart and the long term chart. And I'd like to get some
23 reaction from people to this process.

24 Now, it's a new process. I know there are some
25 questions about the value but I think, generally, people

1 see great potential here, particularly in preserving
2 corridors of a long term. So, let me first, let me first
3 Nancy a side question on this about direct linkage on the
4 corridor designation to transmission permit and whether or
5 not you see that as an important step in the permitting
6 process or not?

7 MS. RYAN: Probably not. Actually, provided
8 persons that asked that question is perceived as tenable
9 unit (inaudible) question, I'll answer it that way. I
10 would just say that I think that if you have a designated
11 core for coming into the permitting process, you want to
12 put a little about, applicant wants to put a line in the
13 designated core, when they committed the permitting
14 process, I think they come into it on better footing in
15 terms of that they are chasing an entirely new route.
16 That's about all I can say.

17 MR. NAJARIAN: Good. Dave, do you have any
18 reaction to that in terms of the, of how corridor
19 designation fits in this process? I know there are some
20 questions about timing, you know, the joint transmission
21 planning group, when that takes off, how all these
22 processes ultimately mesh but aside from that, we do have
23 corridor designation. So does that help, you know, cut
24 through some of these timing problems?

25 MR. OLSEN: Well, I think we all know from our

1 experience in trying to permit different facilities and,
2 certainly, the discussion of RETI indicates that any
3 corridor designation process is so controversial and so
4 difficult that we need to start now to identify and
5 reserve corridors in addition to the ones that are already
6 identified in reserve. And they're probably not in
7 California.

8 RETI, for example, has made every effort to
9 utilize existing right-of-way, existing corridors but we
10 also know that we are going to need additional corridors.
11 And we have a stakeholder process with RETI that, I think,
12 is fair and balanced, once representing, again, a broad
13 range of different stakeholder interest that can provide,
14 I believe, a lot of value in making sure that whatever
15 corridors are identified can be designated in a way that
16 recognizes all the different interests to the extent
17 possible.

18 It takes them into appropriate consideration and
19 comes out with recommendations for corridors that have the
20 best chance of having enough support to actually be
21 designated and approved. And that work should begin now
22 because any of the projects that we're talking about that
23 are not an existing right-of-way other than they have to
24 have this kind of help or review approved if we have any
25 chance of meeting our 2020 goals.

1 MR. NAJARIAN: Okay, thank you. All right,
2 well, let's then focus on the second chart which is what
3 we call the ultra-long term planning process.

4 It's designation is an important part that we
5 envision in that strawman and the first question is, would
6 an ultra-long term statewide abstract transmission
7 planning process building on the ten year RETI plans and
8 looking 20 years beyond RETI's horizon be desirable and
9 constructive? I'm going to ask Juan Carlos to take a shot
10 at that question.

11 MR. SANDOVAL: Definitely, you know, the effort
12 already done in RETI in Phase 2A is (inaudible) contains a
13 lot of facilities to be on the ten year and should be
14 probably on the 20, 30 year horizon. And it is my belief
15 that the California transmission planning group is going
16 to undertake the further evaluation of these facilities
17 and incorporate, you know, the other aspects or other
18 goals the stakeholders might (inaudible) -- emission
19 reductions -- (inaudible) and once that is to be
20 completed, we can ask (inaudible) a final product
21 (inaudible) build for further evaluation for transmission
22 purposes. That's all.

23 But definitely, I think it will be desirable.
24 It isn't working for (inaudible), I don't think that has
25 been done yet but that would be the way if you want this

1 long term.

2 MR. NAJARIAN: Okay, thank you. You know, let's
3 go to the next question, the last question. We can switch
4 back and forth here a little bit but I'd like Grace to
5 take a shot at this next question.

6 You know, by definition, once you get out on ten
7 years, you're faced with a lot of uncertainty. I mean,
8 there's a lot of uncertainty in ten years let alone 20 or
9 30. So, by definition, you have a little bit of different
10 process here and I know when staff was looking at this
11 timeframe, it was struggling with it, just had to attack
12 it. And so this question is what would be the objective,
13 including sculpting content of an ultra-long term abstract
14 plan?

15 And I'll ask Grace to try to kick this off and
16 then, I'll ask others to join in. Grace?

17 MS. ANDERSON: Thank you for asking. It's a bit
18 of a surprise, I'd say. I've addressed this question. It
19 is a question that's being asked in the larger United
20 States also so it's timely.

21 One of the most important objectives, I think,
22 of looking longer than ten years which we very much
23 support is that you can try to posit a range of sort of
24 big picture futures that no one can know what is going to
25 happen but if you're looking longer out, gives you an

1 opportunity to see where are the commonalities that come
2 out of your analysis so different longer term futures?
3 And that can guide you toward the most robust options for
4 investment that you might see, you know, in the next 10 to
5 15 years.

6 So, it also, you know, allows you to have more
7 low-growth farther into the future and that might give you
8 a little more policy space to expand your horizons of
9 where you think your resources might come from. And since
10 I was asked to wear a Western hat for this panel, I'd be
11 remiss if I didn't say, you know, the west is blessed with
12 an amazing array of renewable resources and anyone in the
13 East group would do anything to have that opportunity.

14 And the REZ report, the Phase I REZ report was
15 adopted this morning by the Governor and they, contains
16 the only identification of -- it's called mapping
17 concentrated high quality resources to meet demand in the
18 western area connection distant markets. It has a
19 transmission tower on the front page.

20 So, out there in the West, they're very focused
21 on, you know, each State having its resources and how to
22 get them to distant loads and that's kind of I'll go to
23 California or coastal states. So, I want to echo that
24 it's a little bit of an artificial distinction of what you
25 would look at in, you know, in your ten year plan versus

1 your ultra-long term, you know, process.

2 Really, your near term planning can be informed
3 by REZ now that you have their document and in its next
4 phase, it will create conceptual transmission lines and
5 those are going to be available. And just because 33%
6 percent, you know, is our floor, it doesn't mean we want
7 to defer, you know, acquisition of the more remote
8 resources to oppose 2020 or greater than 33% percent
9 market.

10 And it's very good that we got the 15,000 GW
11 hours and then had it added in Oregon and British Columbia
12 and Baja resources in this. Just to encourage that now
13 and in this longer term plan, you look to REZ and to your
14 neighboring sub-regional planning group plans to give you
15 the information that might help you characterize the
16 transmission statements and the environmental concerns
17 associated with not only the nearby out of state resources
18 but the more distant opportunities.

19 MR. NAJARIAN: Thank you, Grace. Go ahead, Mo,
20 and Jon next.

21 MR. BESHIR: I think I was more, I tried to
22 focus on this ultra -- I guess I call it ultra planning or
23 long goals term plan more than that. I thought this
24 probably made sense to me more than the other one. I
25 mean, the other one was, I guess, I look at it from the

1 California in terms of planning goals, the transmission
2 planning focus, but this one really meant a lot on really
3 how transmission is really --

4 In the early planning days, somebody said the
5 transmission plan is a 30 year plan -- ten years to plan
6 it; another ten years to construct it; and the third and
7 the 30 years really to operate it. So you start the cycle
8 again to operate the transmission mine. So it's really a
9 30 year plan, 30 year cycle and I think that's probably
10 supported empirically in most cases, that's the way it's
11 been happening. So 30 years is not really long, long from
12 the transmission point of view.

13 So I think this is really a process which really
14 could jump in and it would also work, as is being done, I
15 think for properly sufficient to get us going for the next
16 ten years on, if we can really do what RETI has identified
17 for planning and from the transmission conceptual plan.
18 If we can take that to the next ten years, to build those
19 transmission, I think we'd be ahead, way ahead of the
20 game, I can tell you that.

21 So, I think that really is the focus. This is
22 really a good plan from what my perspective is.

23 MR. NAJARIAN: Thank you, Mo. Jon?

24 MR. THALMAN: Just wanted to chime in here that
25 representing a utility that has and is currently building,

1 working on a large transmission projects that evaluation
2 and developing products and evaluating constant analysis
3 of the projects, the large projects that look at benefits
4 far out in the future is a challenge and that the addition
5 of another assessment that looked out that far would be
6 welcome and would be an added data point or figure to
7 help. There's benefits beyond.

8 The corridor designation is definitely an aide
9 but just another study that looked out that far and
10 addressed benefits looking into that part of analysis is
11 still good and often, you feel like you're kind of a,
12 it's a challenging question looking out that far because
13 there are so many variables. At the same time, another
14 look at it, another opinion would be kind of help.

15 MR. NAJARIAN: Okay, is scenario planning the
16 approach once you get out that far? Jim?

17 MR. SHETLER: I think I said a piece of it,
18 you've got to start looking at what are our goals and our
19 thrusts, our Boards told us we've got to reduce our carbon
20 footprint by 90% percent by 2050. Now, I'm fortunately
21 not too worried about 2050. I know that my staff is and
22 we need to start thinking about that. And then the
23 question that what are the scenarios that help us get
24 there? We have to look at those alternative scenarios.

25 The other thing I think we need to look at is,

1 you know, from my experience, at the time you think about
2 and design permit, environmentally, due to studies and
3 construct a transmission line, you're probably ten years
4 out. And that means for 2020, we need to be homing in on
5 what those transmission plans are and what we're going to
6 build in the next 12 to 24 months. We can't spend the
7 next five years trying to decide what those transmission
8 alternatives ought to be in 2020.

9 So, I think by definition, we start to move
10 forward. We need to start looking beyond 2020 and I
11 agree; I think the longer term plan makes more sense from
12 my perspective.

13 MR. NAJARIAN: Go ahead.

14 MS. RYAN: I just wanted to build on Jim's
15 remark and say that I advocated for using scenario
16 planning for the long term planning process the last time
17 I was here and the main reason that I recommended that was
18 just because I think there was so much uncertainty to be
19 looking that far about technology, the builds and costs,
20 the realization of economies of scale that, you know, you
21 really do have some sort of means to push some structure
22 on the uncertain futures and try to identify in particular
23 what I think Grace referred to this commonalities when all
24 of a sudden you've got this no regrets option whether it's
25 the number one thing we think that far out in terms of

1 actions that you can take in the present is preserving
2 options, preserving optionality. And that's a good tool
3 for that but that seems to me to be the number one
4 objective for long term planning in terms of actual
5 actions that we would take today.

6 MR. NAJARIAN: Okay, thank you. Anyone else on
7 that topic? Oh, one thing we wanted to do is to allow for
8 some feedback from several selected stakeholders who are
9 in the audience today. So I think what -- unless there
10 are any other questions from the dais or any other
11 comments? We can proceed on that basis, okay.

12 All right. Let's see. We have Bob Stuart from
13 Bright Source here today and I'm going to ask Bob if he
14 can go up to the podium over here and any comments and
15 questions and the panel will react to it. Thank you.

16 MR. STUART: Great. It's an honor to be here.
17 Bob Stuart, Bright Source Energy. There are a lot of good
18 comments here and, you know, I think the most recent one
19 by Jim Shetler hits the point of urgency. He knows we've
20 got to get this transmission planning process right but we
21 need to also move forward. And speaking as a generation
22 developer, we're here to see some wire in the air and,
23 perhaps, in the ground.

24 And, so first of all, I commend that the strong
25 end proposal was integrated public and private

1 transmission planning as we want to redo and it's great
2 that everyone's here. Having said that, this process to
3 implement all this seems it's already a lengthy process,
4 time-consuming and expensive so how can these ideas we
5 hear here in planning instead be expedited to reduce the
6 length of the process and not extend the process?

7 MR. NAJARIAN: Okay, is anyone willing to
8 respond to that question?

9 MS. EDSON: I think that's exactly the concern
10 we're hearing from those --

11 COMMISSIONER BYRON: Ms. Edson, unfortunately,
12 you need to speak into the microphone.

13 MS. EDSON: I get to speak with my (inaudible).
14 Pardon me. I do think the concern about drying the
15 process out given the sense of urgency is, contributes to
16 some reluctance to having additive transmission planning
17 process.

18 As Jim, I think it was Jim who talked further
19 about getting through a cycle, I think it's absolutely
20 critical that we have the RETI information; we're pulling
21 it into our processes as we speak. We need to get through
22 this initial cut at things before we start piling on
23 additional mechanisms. It's why I think all of us haven't
24 have indicated that we really would like to think about
25 this more carefully before coming back with detailed

1 comments on what the process options might be.

2 MR. STUART: Thank you, Karen. Just about a few
3 more questions for everyone here. So everybody's here,
4 all the interested parties that have anything to do with
5 planning in California. I just want to know is there a
6 commitment? What will it take for, to get this committee
7 off the ground and all the IOUs and POUs along with the
8 CalISO and all the regulatory bodies to commit to this
9 integrated process? That's where the (inaudible)
10 question. I just, I hope there is a commitment and I'm
11 just asking what commitment there is.

12 MR. BESHIR: I think what the commitments in the
13 planning process to get (inaudible) right now, we keep
14 asking though is this commitment full commitment by all
15 the players?

16 And as of now, I think everybody's really
17 committed. We can see the kind of resource everybody is,
18 the planning to put into the process and the kind of
19 people are involved in the meetings and in the congruent
20 activities so I think there is a full commitment.

21 If there is going to be any backstabber or
22 anything of that nature, I cannot really say at this point
23 but I think the kind of peer pressure and I think every
24 day is a day we're trying to accomplish something and I
25 think that is really incentive for everybody to commit to

1 the process. So we feel we have the commitment.

2 MR. STUART: Thank you, Mo. Patricia mentioned
3 something which I also wanted to follow-up on in terms of
4 the generation interconnection process. That's also
5 something very, pretty interesting to us and how will
6 this, the existing -- it's not clear to me how the
7 generation interconnection process will be integrated into
8 RETI and into the strawman proposal here since this is a
9 short term process.

10 MS. ARONS: Well, I think what we need to do is
11 we have proposed upgrades that are coming out of the
12 generation interconnection process. Now, granted we're
13 processing cluster studies with 77,000MW of
14 interconnection requests in our area, 75 different
15 projects, approximately, so that, as you can imagine, is
16 drawing a lot of new transmission most of which is
17 probably going to go away because we only have a peak load
18 of 25,000MW so, you know, it would be a very long time
19 before 77,000MW are used.

20 But what it has forced us to begin to do for
21 proposed cluster studies is develop the transmission plans
22 that could integrate 77,000MW. And we've been able to
23 bring components of that plan that we've known about at
24 the time. Still, in the middle of the processing part of
25 it but where we've been able to bring some master plans

1 into the RETI, we're trying to do that so that we have a
2 RETI process that reflects various components that we're
3 seeing the need for in our generation interconnection
4 process.

5 But I think as time goes by, additional cycles
6 get under our belt, we'll be able to do more of that
7 moving potential projects into the long term and vice
8 versa. So the long term projects may come into the short
9 term needs to get built. It really depends, in my mind,
10 which generation projects move forward and which do not
11 and that's something that only time is going to tell us.

12 MR. STUART: Okay, thank you, Patricia. Just
13 one other comment I wanted, that reminded me of the
14 comments that Dave Olsen made initially in terms of this
15 plan has to really lay out and get, you know, make a very
16 solid transmission plan without being over-concerned about
17 whether the generation's going to show up because I think
18 a lot of the plans, particularly foundation-wise, were
19 there as at least regrets or no regrets regardless of
20 renewable energy, they needed to get built.

21 I guess the other comment I wanted to make and
22 this also goes to one of the recommendations of RETI is to
23 be very focused on what out of state transmission needs to
24 be done, interstate transmission. And there's already an
25 existing transmission dais from Arizona and Nevada into

1 California that's already extremely constrained plus tens
2 of hours of congestion in RETI and folding that into the
3 renewal plans and being able to integrate resources
4 outside of the state that will complement resources in the
5 inside of the state is going to be very important.

6 I just want you to bear with me one last comment
7 or question in terms of technology. The true smart grid
8 out of there's lots of technologies out there today that
9 are really maturing or are going to be fairly mature and I
10 just want to know how will technology be integrated into
11 the ongoing plans of, will there be flexibility
12 transmission plans to integrate and update this technology
13 comes in play?

14 MR. NAJARIAN: I know that Grace had a comment
15 so let's start there.

16 MS. ANDERSON: Well, I was just going to and
17 quickly try to address this question of urgency or
18 commitment, where does that come from? And, perhaps, it
19 will come, whether we want it to or not, from the federal
20 government and everyone's aware that, you know, there's
21 legislation.

22 No one knows whether that will pass. It's a
23 pretty unpredictable atmosphere and time in Washington so,
24 you know, something could pass but according to that, the
25 first step is indicated to the western state

1 representatives.

2 They're building up their forte right now to
3 require interconnection wide plans. We have the governors
4 of the West in a letter to the Congress saying that they
5 intend to approve an air conditioning light plan. And
6 whether or not any of this is good news or whether it
7 unfolds, it does provide one dimension that is
8 encouragement to California to try to move forward into
9 that integrated process, an integrated plan because
10 they're more well-positioned to engage when the region and
11 the federal government comes to call on us.

12 MR. NAJARIAN: Thank you, Grace. Karen?

13 MS. EDSON: I just wanted to, about one thing, I
14 think the optionality that Nancy mentioned a few minutes
15 ago is absolutely important. We're pushing very hard, as
16 hard as we can, to make sure that the smart grid is smart
17 that it communicates from the transmission level all the
18 way down to the system and talk to one another and I think
19 we absolutely have to position ourselves to be able to
20 take advantage of the value that those technologies hold
21 out there in addition to a known variety of technologies,
22 not just transmission technologies.

23 So, I think that's a very important point. It's
24 something that everyone around this table is, I think,
25 committed.

1 MR. STUART: Thank you very much.

2 MR. NAJARIAN: Thank you, Bob.

3 COMMISSIONER BYRON: Mr. Najarian, if I may take
4 a second? I'd like to acknowledge I think an important
5 point Mr. Stuart made. I think a number of them but the
6 one that I really wanted to focus on is the sense of
7 urgency about all of this.

8 As we sit around and talk as regulators, as
9 investor-owned utilities, publicly-owned utilities,
10 etcetera, we're talking cycles and how this process, how
11 many years it takes and Mr. Stuart, representing a
12 developer and let's say all developers in general here,
13 they have money on the line. This job to some extent, is
14 based upon the amount to get this done when we get it done
15 but we have to balance that with some sense of regulatory
16 certainty. I know that this Commission, having been in
17 developing activity myself in the past, I always wondered
18 why it took the Energy Commission so long to site the
19 (inaudible).

20 Now, working on this side of dais, I see that
21 the thoroughness of the process really contributes to that
22 regulatory certainty. I'm not trying to defend the Energy
23 Commission's process here but we still are batting a
24 thousand percent in terms of our challenges in the Supreme
25 Court all over siting positions. And regulatory certainty

1 is worth something and I think that would be the first
2 side of the urgency issue. We'd like this all to be done
3 tomorrow but we know it does take a little bit of time to
4 make sure that we cover all the bases, environmentally,
5 legally and provide that certainty as well.

6 So, Mr. Stuart and all the other developers that
7 are out there, that's really the goal that we're working
8 on here.

9 MR. NAJARIAN: Thank you. I think we've got
10 about 10-11 minutes before we start to lose our panel so
11 let's continue. Helen, NRDC.

12 MS. O'SHEA: Hi, I'm Helen O'Shea with the
13 National Resources Development Council. I have a couple
14 of comments rather than questions for men, two specific
15 questions that may be are better directed towards EC
16 staff. I don't know if there's anyone present. You can
17 speak to the details of the strawman proposal. I know the
18 panelists are probably going to do that.

19 COMMISSIONER BYRON: Absolutely, ma'am.
20 Absolutely.

21 MS. O'SHEA: My two comments, I'll try to keep
22 them fairly short. One of my first thoughts upon looking
23 at the strawman proposal was not the need to plan for a
24 whole system, not just transmission and generation.
25 Obviously, there's planning efforts specific to each but

1 to think of the whole that works together and supports
2 everything, our energy goals. So that's just one comment
3 offered.

4 And the second one, transmission planning is
5 incredibly technical and for stakeholders like myself who
6 are still coming up to speed with the engineering prior to
7 that, the language is almost a different language than we
8 speak in other meetings. It's really helpful to have a
9 framework for non-engineering stakeholders to participate.

10 And while the thought of more planning process
11 within our framework can be daunting, I think it's really
12 important to remember that that you don't provide a
13 meaningful opportunity for those to engage. They may be
14 able to come to a meeting but they can't really dig into a
15 process. It's just something, I know when you're in a
16 field, when you speak the language, it's hard to remember
17 that some folks who really want to play a role may need a
18 little extra help activate your role. So that would be my
19 comment.

20 And then, the two questions, what I would just
21 want to raise now, I may not be able to go into them in
22 great detail but looking at the flowchart, the question
23 that popped into my mind were where in the process is the
24 environmental review going to take place and where are
25 there going to be opportunities for stakeholder

1 engagement? It would be great to hear more from whoever
2 appropriate answer that, get a little bit more detail
3 about where and how that might take place.

4 MR. NAJARIAN: Okay, I'll correspond to that
5 note quickly.

6 First of all, let's go to the first, Figure 1
7 chart. The RETI process is really, initiates what this
8 strawman scribes and, as you know, that's a stakeholder
9 process.

10 The other, I think, you know, we've heard about
11 first requirements for the sub-regional planning. So,
12 there is some opportunity there and there certainly would
13 be opportunity through the CDC's strategic investment
14 planning process. That's an open public forum. In fact,
15 we see that in this strawman as potentially taking some
16 pressure off of the sub-regional planning process itself,
17 knowing that there's an opportunity for full vetting of
18 that result through the strategic plan. And the process,
19 you see the swooping arrow from RETI going into that. So
20 there's opportunities there.

21 And then, you have annual planning. I know the
22 ISO is a stakeholder annual planning process so there's
23 opportunities there and then permits in which you have
24 different parties to the proceedings. So, I think, real
25 quickly in response -- we can provide more details later -

1 - that's how we see participation.

2 MS. O'SHEA: Okay, that definitely helps. We'll
3 probably land more questions later that we have to
4 clarify. And do you envision (inaudible) that's stapled
5 or input from RETI into this process that would be
6 (inaudible)?

7 MR. NAJARIAN: Yeah, in fact, we actually, yeah,
8 we do envision that. We see RETI as effectively being a
9 party to the strategic investment plan proceeding. We've
10 heard already from the participants on the sub-regional
11 planning that they intend to use RETI input to help them
12 drive their process. So, yeah, to respond to your
13 question, yes.

14 MS. O'SHEA: Okay, I think that's it.

15 MR. NAJARIAN: Thank you.

16 MS. O'SHEA: Thank you.

17 COMMISSIONER BYRON: And I'd like to acknowledge
18 briefly what Ms. O'Shea said that although we've got a lot
19 of transmission planning expertise at the table, forgive
20 me, down at the station --

21 MS. O'SHEA: (inaudible) education and
22 transportation planning.

23 MR. NAJARIAN: They're transporting electrons
24 over.

25 COMMISSIONER BYRON: You've got a great deal of

1 transmission planning expertise at the table. Ms. O'Shea
2 indicated that we're still missing the stakeholder
3 involvement that she's interested in and I would note
4 that's, in your case, the environment community but the
5 public in general, I think, that's (inaudible) has to feel
6 they have an input to all of this process.

7 MS. O'SHEA: It definitely applies beyond the
8 environmental community.

9 COMMISSIONER BYRON: Thank you.

10 MR. NAJARIAN: Okay, Faramarz?

11 MR. NABAVI: So, I'd just like to thank you all
12 and I have comments both, you know, positive and otherwise
13 and I want to preface it by saying I think everyone in
14 this process has done a herculean effort whether we're
15 talking about environmental stakeholders getting up to
16 speed on the technical issues, engineers getting up to
17 speed on staple, their concerns and regulatory staff, you
18 know, and RETI coordinators being able to make move this
19 process forward.

20 So, here are my general remarks. First of all,
21 the conceptual transmission planning effort has been very
22 beneficial. We see in one of the (inaudible) comes being
23 this California joint transmission planning workgroup, the
24 recommendations they've also presented, these have been
25 very valuable.

1 Regionally, RETI, every two years, we take away
2 scarce resources from other processes that were coming on.
3 However, a long term, an ultra long term abstract plan,
4 may provide some benefits and maybe that's where this
5 discussion should go.

6 Transmission costs are very small relative to
7 generation. We should keep that in mind. But the most
8 crucial thing is resulting the coordination between the
9 transmission owners and operators and I think we see that
10 commitment here today, sir.

11 First of all, CalWEA, the California Wind Energy
12 Association, concurs with the recommendations of Phase 2A
13 transmission planning workgroup has identified. Looking
14 at which sets of lines are part of this (inaudible)
15 approach that Dave mentioned, trying to find out how we
16 can overcome barriers to do joint projects rather than
17 duplicating facilities. And one aspect of this process
18 that is obviously very crucial from the developers'
19 perspective is having a single transmission charge if not
20 having a dual (inaudible) pancaking.

21 And then, finally, thinking forward not just ten
22 years but, as Patricia Arons mentioned, that we need to
23 look at these investments with a long term perspective in
24 mind. Doing a dance corridor designation is very helpful.

25 Okay, some of the issues that we have not

1 necessarily agreed with all of the details of the right-
2 of-way process one of which is we think that uncertainty
3 process needs to be highlighted. We're working with RETI
4 coordinators to get that in the final case of our report.

5 The economic methodology needs to be updated.
6 The assumptions in Phase 1B, they were accurate at the
7 time they were made but as we know President Obama's made
8 a significant commitment to renewables and we need to
9 incorporate that in the present revision for Phase 2B.

10 And then, finally, with regard environmental
11 methodology, wind industry has mentioned this and we are
12 working with environment staple (inaudible) but we want to
13 make sure that our premise represent accurately.

14 Other things in terms of next steps. We think
15 that it is important to make sure that we have a credible
16 plan and that does not mean that every sediment that's in
17 Phase 2A is going to happen. We all know much of that
18 won't happen but how we approach that is the question.

19 We think rather than saying we think x, y, and z
20 transmission segments are the ones that are going to move
21 forward, it makes sense based on the high level analysis
22 that RETI has done to rather look at the timing. Which
23 ones are the ones that are most likely to move forward
24 quickly, have the least environmental concerns at the
25 greatest economic justification rather than saying we are

1 prioritizing these? We are just recognizing these are
2 going to be the ones that are most likely going to come to
3 us first.

4 So that's that point. And I think another point
5 that's important is to make sure that we're not trying to
6 aim just for 33% percent. You know, if you're a major
7 league baseball player, you're not aiming at the outfield.
8 You're aiming much higher and then the ball will go where
9 you want it to go and the same concept applies here for
10 RPS. If we shoot just for 33% percent, given the risks
11 that are involved, it's quite likely that we would come up
12 short. And I know that the CPUC actually just released a
13 report that talks about this.

14 Some of the discussion questions, they answered
15 questions that Chuck brought up, we think that redoing the
16 full RETI process is probably not necessary. There are
17 aspects of it that could be updated, particularly in terms
18 of the transmission side, and we're looking into that.
19 The crucial factor though again is the work that the
20 people at the table here are doing right now.

21 RETI plans are indicative and everybody has
22 talked about this. I think everyone here is in agreement
23 and these processes are being incorporated. What we do
24 think though is that in terms of timing, the biennial
25 concept probably is too ambitious given the resource

1 constraints not only of the transmission planners but
2 especially the stakeholders who need to keep that in mind.
3 If we have a process that's moving forward at one speed
4 and other folks are looking forward to a different speed,
5 we're going to have problems. So that's something that we
6 need to keep in mind.

7 I want to talk about this ultra long term
8 abstract plan. This could have some real benefits for us
9 but we need to keep in mind that analysis has to be at a
10 high level. We won't be able to do the whole RETI
11 analysis even if we wanted to but the level of detail --
12 and I have to give tremendous credit to folks like Roger
13 Johnson, Mark Hesters and James Reed from Energy
14 Commission who have just spent countless hours working on
15 this. We won't be able to do the sort of 500 front level
16 analysis of transmission and generation sites. But it
17 would be valuable to have a variety of scenarios, analyze
18 them and to look at them in certain ways.

19 And so, what are some of these potential
20 scenarios? One thing that we need to keep in mind, again,
21 thinking long term, the intergovernmental panel on climate
22 change tells us that we're going to need to cut our
23 greenhouse gas emissions by 80% percent and in order to
24 achieve that 80% percent, we're going to have to overshoot
25 that in electricity and transportation because there are

1 other sectors that won't be able to make it. So that
2 means we have incurred an ambitious long term goal and
3 given the lack of transportation -- I, myself, I took
4 public transit to get here -- you know, we're going to
5 need to increase the amount of electricity generation.
6 And that's above and beyond the energy efficiency
7 initiatives that we have.

8 So another point -- again, not to get too
9 technical but just keep it at a high level -- we need to
10 look at a variety of scenarios for technology costs and
11 assumptions. I know a number of people in the floatable
12 (inaudible) staple group contacted RETI withdrawing its
13 assumptions but it's not just about affordable takes.
14 It's also applicable to wind, to solar thermal, to
15 geothermal, biomass. We should have a scanner instead of
16 assumptions and look at them for each technology.

17 And then, finally, the quarter started this.
18 Again, it cannot be underestimated, the importance of
19 looking at the outset, what are our showstoppers in terms
20 of environmental issues and then try to set aside
21 potential quarters that we're going to need so we're not
22 going to be in a tough spot a few years down the road.

23 Okay, not to get too much detail in transmission
24 costs but, again, there are some ways in which these
25 analyses that were done initially that led to

1 overestimation of what it might be. And I think RETI has
2 done a good job with trying to address that. So, just
3 something to keep in mind again going forward.

4 And I talked about why we should not limit
5 transmission and this is my last slide so, again, in terms
6 of work meaning rate pancaking from a developer's
7 perspective, can really kill a project.

8 Promoting co-ownership and co-location of
9 (inaudible) is also beneficial. It reduces the up-front
10 costs, potentially two generators, but above and beyond
11 that, it has both economic and environmental benefits for
12 stakeholders as a whole. One should be large enough to
13 accommodate each party if we add joint POU and IOU lines
14 and the capacity should be made available.

15 One more thing that I think should be mentioned
16 is that when you have general projects, it inevitably
17 leads to some beneficial outcomes on the site. So, if you
18 have a regular framework for cooperation, when you're
19 upgrading an existing line and having joint use rather
20 than having duplication. And, ultimately, this is going
21 to result in more costs and lower debt per capital outlays
22 for both IOUs and POUs.

23 So that is my presentation and I thank you for
24 hanging in there. I think everyone is eager to go home.
25 So, thank you very much.

1 MR. NAJARIAN: Thank you. I think we're done.
2 I just want to thank all the panelists. I think we've
3 built an excellent record here today. I appreciate it
4 very much.

5 COMMISSIONER BYRON: Yes, I do too. For those
6 of you returning, we'll reconvene at two o'clock and for
7 those of you that we're losing due to other commitments,
8 thank you so much for being here this morning.

9 [Off the record]

10 MS. GRAU: Are we waiting for Chairman Douglas?

11 MR. JOHNSON: No, I don't think so. I think we
12 should go ahead and start.

13 MS. GRAU: Okay. Well, thank you all of you who
14 came back after lunch and it was a very long morning but
15 we do have one more major section and that is on the staff
16 proposed transmission court ordered designation selection
17 methodology and I would like to introduce Roger Johnson
18 who is the lead for the Commission's transmission quarter
19 designation program.

20 He has a Powerpoint presentation and we would
21 notice seven questions in the agenda and he is offering
22 anybody the opportunity to respond to those questions.
23 And, Roger, you are taking comments as you go through your
24 presentation; is that correct? Or would you prefer to
25 wait?

1 MR. JOHNSON: I prefer to wait.

2 MS. GRAU: Okay, so can you go through this
3 Powerpoint and then, we'll open it up to questions from
4 the dais in the room and then the folks on Webex. And
5 with that, Roger, you can come on up here.

6 MR. JOHNSON: Okay, thanks. Good afternoon.
7 Good afternoon, Commissioners, and audience. Thank you
8 very much for coming back and participating in this
9 afternoon's discussion of the staff's proposed corridor
10 designation methodology.

11 Unlike Dave Olsen, I forgot that the italicized
12 draft in front of this but it is a draft proposal and we
13 are, since we're offering, this is another strawman.
14 There's another one today for people to consider and offer
15 us their comments and recommendations on how we might be
16 able to use this methodology to identify possible
17 transmission corridors for designation.

18 This works out really well because Dave Olsen
19 does an excellent job and this is what I'm talking about
20 the RETI process that I'm going to be able to focus really
21 quick on the background of RETI's interest in my segments
22 have come from.

23 So Dave mentioned the RETI process this morning,
24 Phase 1 we talked about as far as defining the criteria,
25 assumptions and methodology. And then, the Phase 1B

1 report, we're identifying the CREZ and the ranking. The
2 Phase 2 report which we just now put out the draft, had
3 the CREZ refinement that Dave did a good job of explaining
4 and also the conceptual transition plans of service.

5 And those who are in the service are, what we're
6 looking at as far as word, which of these lines might be a
7 good candidate for a corridor designation? And then the
8 Phase 3 detailed transition plans as far as, is to follow.

9 As Dave mentioned this morning, the RETI Phase 2
10 draft report had a series of, had four recommendations and
11 the fourth recommendations was for the Energy Commission
12 to get busy.

13 Actually, I tell you, immediately (inaudible)
14 should start designating corridors beyond those already
15 established by the federal agencies or utility's rights-
16 of-way to reserve and protect transmission access.
17 Corridor designation must be coordinated among
18 state/federal agencies and support access to renewable
19 energy areas, not only as it is identified by RETI but by
20 the Bureau of Planning and (inaudible).

21 So, energy goals, they're going to be identified
22 based upon the Secretary's order and the Desert Renewable
23 Energy Conservation plan, the DRECP, but the Energy
24 Commission and Fish and Game are tasked to identify as
25 part of the Governor's executive order.

1 So, and as we heard this morning, RETI came out
2 with 29 CREZs of five commercial energy potential then by
3 throughout California and these areas have wind, solar,
4 geothermal and biomass resources.

5 The transmission line segments that came out in
6 the conceptual plan, there were renewable foundation lines
7 which Dave did a good job of describing. Fourteen of
8 those renewable delivery lines, 13 and then the collector
9 lines which connect the CREZs to either the delivery or
10 the foundation lines. There are 17 of those identified in
11 the Phase 2A report.

12 So, just a quick recap of these renewable
13 foundation lines -- it will increase the amount of energy
14 that can go between New Orleans and Southern California so
15 we needed toward delivering global energy from all the
16 CREZs and their likelihood to be needed to be growing here
17 (inaudible) just regardless of generation source.

18 And this is the same holds true for the delivery
19 lines. The renewable delivery lines will move energy from
20 foundation lines to major load centers and they're likely
21 to be in regardless of energy source, generation source
22 and then finding the collector lines, usually, a large
23 number of lines that have been identified for carrying
24 power from the CREZs to the delivery lines and foundation
25 lines.

1 So here's a nice sketch of the segments that
2 have been identified. As Dave mentioned, this map, you
3 can't really discern when you've got multiple projects,
4 multiple segments in the same right-of-way or corridor.
5 We just discussed today a bunch. In fact, we created some
6 new maps that were going to go on the website today that
7 will give you a little more information about the
8 segments. That will be available this afternoon or
9 tomorrow which I think should be helpful.

10 And then, a Southern California map, you can
11 see, again, the delivery lines foundation and the
12 collector lines and those gray service spider veins are
13 the CREZs that have been identified.

14 So, we're putting together this designation
15 methodology. One of the assumptions we were considering
16 was a corridor of designation for any RETI transmission
17 segment included in 2009 Strategic Investment Transmission
18 Plan. We'll be in conformance with that plan. For a
19 corridor to be designated by the, for a corridor to be
20 applied for and designated by the Commission, it needs to
21 be in conformance with the most recent Strategic
22 Investment Plan and our thought was that if we incorporate
23 these various segments, there should be automatically, if
24 you would, (inaudible) being in conformance.

25 Another assumption we had that corridor

1 designations should not be considered for transition
2 segments with on-line service agents prior to 2015. Those
3 segments, essentially, there's not enough time to,
4 essentially go to the corridor designation and then take
5 that to room permitting and then construction to meet a
6 2015 on-line date. And you'd be cutting it real close and
7 as we all know, (inaudible) tend to slip, not get closer.
8 So that was an assumption.

9 RETI transition line segment factors -- we
10 looked at these different segments and looked to see what
11 factors could be evaluated for essentially determining
12 which one might be, which ones might be preferred for
13 designation and when these corridors, when these
14 designated -- excuse me -- the segments were evaluated, we
15 used the (inaudible) principles to look at the different
16 types of right-of-way.

17 Essentially, there's a preference for non-
18 expanding the right-of-way, people using existing right-
19 of-ways either by redeductoring the existing transition
20 towers or replacing those towers but in the same right-of-
21 way without expanding it.

22 And then, after those two types of evaluating,
23 you have the expansion of the existing right-of-way where
24 you need to make that somewhat larger to handle either a
25 new line or a redeductoring or (inaudible) a rebuilding of

1 an existing line.

2 And then, there's a new right-of-way that's co-
3 located near an existing right-of-way and when we use co-
4 located, we use the, we look out for half a mile. It's
5 considered co-located. So anything that's near an
6 existing right-of-way up to half a mile is considered co-
7 located and then finding there's a right-of-way that's a
8 new right-of-way that's not co-located is now,
9 essentially, in new territory. And that would be the
10 fifth and least desirable type of new corridor.

11 We also looked at on-line service dates for this
12 mission that we didn't consider any segments that had
13 online dates earlier than 2015. We did look at the total
14 energy potential and the commercial interest, the CREZs
15 that are being accessed by the segment. The total energy
16 was determined by RETI to be what they believe based upon
17 the resource potential would be available there and the
18 commercial interest, essentially something that has a
19 number of applications, if you would, in that area.

20 And so, sometimes, when the commercial interest
21 of it is larger than the total interest, it's because we
22 have, in the past, multiple applications for a lot more
23 megawatts than RETI believed would be developing that
24 area.

25 The location of the CREZ being accessed was

1 considered as well as environmental concerns, the cost of
2 the segment and other factors.

3 So we decided that there's these three different
4 types of segments -- the collectors, the foundation,
5 delivery. The collectors can only be evaluated by the
6 factors we looked at, the right-of-way, the on-line date,
7 the energy potential, the CREZ location and the economic,
8 the environmental concern, the economic score and other
9 factors.

10 The other factors we considered were could
11 multiple segments use the same corridor? Or will federal
12 corridors be connected with the corridor?

13 The foundation and delivery lines, because the
14 energy potential was considered to be the same for each of
15 those types of lines and each of those lines are supposed
16 to have been able to access and provide access for all
17 CREZs, those categories weren't considered in that type of
18 evaluation for that segment type.

19 Okay, I got a correction. Oh, you're right.
20 The economic score, we changed that to be segment cost
21 instead of economic score because we were able to find the
22 cost for each segment in the appendix.

23 So, for the rights-of-way breakdown, we started
24 out with 106 segments identified in the RETI report and 41
25 of those segments would be using existing right-of-ways so

1 those are excluded from this methodology since they
2 already have their right-of-way and 65 segments require
3 expanded or renewed right-of-way and those will be carried
4 forward to further evaluations. So the type there, you
5 can see that a total of 32 would expanded and 19 new co-
6 located and 14 need a new right-of-way.

7 So when you look at the on-line service
8 breakdown, those lines projected to be needed by 2015 on-
9 line date. There's seven total. Four by 2016 and 11
10 lines for 2020. So that takes us to 22 lines that are
11 being considered.

12 And then we the collector lines are sorted by
13 right-of-way type, we identified the projects -- get my
14 mouse -- the name of the project, we've changed that to an
15 alpha designation just so that we don't get people excited
16 about which projects potentially are the best right now.
17 The collector group has been identified and I think in
18 this group is that group of collector lines, all the lines
19 are together in a group and these are the CREZs that were
20 accessed by those collector lines and then the type of
21 right-of-way required. So it's sorting by right-of-way
22 required. The expanding of the right-of-way would be
23 heard activity versus the newer co-located right-of-way.
24 And then we kept out, just for information purposes, we
25 took the energy, the total energy, the commercial energy,

1 environmental concern -- high, medium, and low -- and then
2 the cost of the segment in millions of dollars.

3 All right. So then, you can sort the lines by
4 their total energy potential and you get a different set
5 of ordering. And then we can sort them by environmental
6 concerns. We did another order with these particular
7 segments. The medium was the lowest environment concern
8 and high was higher.

9 The environmental concern value was created for
10 each segment by a group of environmental experts that
11 evaluated the segment and determined based upon looking at
12 it a number of criteria, whether or not there was a high,
13 medium or low environmental concern with the construction
14 of that segment.

15 And then, finally, we sorted the lines by cost.
16 We get another ordering. The times two indicates this is
17 a transmission -- actually, these are two segments but
18 it's the same line. One segment is essentially one half
19 of the circuit and the other segment is another half of
20 the circuit. And when RETI took these segments out there,
21 it was understood that initially only one circuit would be
22 used and then as the CREZ built out, the second circuit
23 would be added.

24 This is where (inaudible) for environmental
25 concern though. There was a thought that you should give

1 a, you know, a high concern or a medium concern to the
2 first project because that's where you're actually
3 creating land use impacts, if you would and it's affecting
4 your environmental species and then the second project
5 which is just a conductor to those types of power should
6 get a low because it's essentially very minimal impact.

7 So then, there was concern that there was, you
8 have, maybe the second half of the project scoring higher
9 than the first half of the project and being recommended
10 before we go to the first project. So we gave the same
11 concern to both halves of the project and here, we show
12 them times two to show that that cost, \$1.6 million, is
13 actually double that for having a double circuit project.

14 So what do you do with all these scores and this
15 data? Well, we just decided, let's just put together this
16 data and basic, if you would, just a summary table where
17 we, on the rights-of-way, there's either an expanded, a
18 co-located, a new right-of-way or a co-located or a new
19 right-of-way that's not co-located. And so, we gave those
20 values of one, two or three.

21 Under potential energy, we'll go ahead and use
22 the the number of the score, essentially, the best, the
23 highest energy project was 8 and so we've got a score of 1
24 and then the second highest was B in this case and you've
25 got a score of 2.

1 Environmental concern, there was three levels of
2 concern -- low, medium, high -- so we just, for this
3 effort, for this exercise, we just used 1 for low, 2 for
4 medium and 3 for high. And the cost, we also allocated as
5 the lowest cost of project had a score of 1 and the
6 highest project in this particular set of projects got a
7 9.

8 So then, a simple adding up of the scores -- we
9 don't get a 3.75. Let's see. Oh, the average of these
10 scores, simple average, okay, is 3.75, 2.75 being the
11 lowest and 5.25, the highest.

12 So this just gives you just a suggestion of an
13 order of preference of these projects. The 2.75, that's
14 awful close to three so we knew there are some other ways
15 that we should be evaluating these segments.

16 So, like we mentioned before, another area would
17 be renewable areas access for collector lines. The
18 recommendation suggested that these lines also be into
19 accessed by BLM and DREZP areas and so that would be, we
20 would be having information. It should be later this
21 summer. BLM will be identifying the areas for solar
22 energy project and the DREZP should be coming out later
23 this summer with some initial areas for a preferred
24 development in the state for renewable energy.

25 So we have that information to help us

1 understand which of these segments would offer access to
2 all three type of areas. Just a second please to check my
3 notes. And another consideration for trying to evaluate
4 which of these corridors would be preferred would be
5 whether or not a segment would connect to a federal
6 corridor. And then, also whether or not a segment would
7 be available for more than one segment. Excuse me,
8 whether or not a corridor would provide the ability to
9 have more than one line that's not duplicative and provide
10 a corridor, two lines, I'd say.

11 So with those types of additional factors, we're
12 hoping to be able to identify the one, two or three
13 preferred segments that should be considered per
14 designation. That was for the collector lines.

15 For the foundation lines, because we weren't
16 able to say anything about commercial interests or about
17 accessing different corridors, excuse me, the different
18 CREZs because they said, the report says that these
19 foundation lines won't provide access to all CREZ and
20 serve essentially the same number of, same kind of energy
21 classified, those numbers are repeated here. Really, the
22 only thing we could sort out was environmental concern and
23 then we sort those on cost of these foundation lines,
24 giving you an idea of what would be the preferred ones.

25 And then, finally, the same as the delivery

1 lines. In this case, we're going into two we look at --
2 environmental concern, we're can sort on those and we can
3 also sort on cost.

4 And then, we put a note on here, if there is no
5 clear favored project, then we could confer with the new
6 joint transmission planning group and ask for their
7 guidance on what they would recommend as far as a project
8 for corridor designation.

9 So that's briefly this proposal on how we might
10 take these 106 segments and put them through some sort of
11 a methodology to come up with a recommendation. Then, I
12 have a set of questions here that staff put together and
13 if I could just go through the questions with you and
14 then, if you care to comment on methodology for the
15 questions, I ask if you could come up and provide your
16 comments. These are on the hand-outs as well.

17 COMMISSIONER BYRON: Before you end, Mr.
18 Johnson, could we ask some clarifying questions here?

19 MR. JOHNSON: Yes, please.

20 COMMISSIONER BYRON: I got to see your
21 presentation I think last night for the first time and --
22 on-line -- so I didn't very much have a chance to jot down
23 some questions but now that you've gone through it, I'm
24 stuck with a couple of things here that I'd like to see if
25 I'm understanding it correctly.

1 So the criteria for the 2015 cut-off date is
2 because we can't get through this process any faster than
3 that?

4 MR. JOHNSON: That's correct. Or going through
5 a designation is going to take anywhere from six months to
6 a year to prepare an application for a designation. It's
7 going to take a year to process that application and then,
8 it will take, because we went through the corridor
9 designation process, you might be able to get the
10 permitting guide in six months to a year and then, it will
11 take two years for construction. So we ended up with
12 2015 and that's if everything goes without any problems.

13 COMMISSIONER BYRON: Okay. So those, any
14 projects that are in discussion prior to that are
15 basically on their own and they won't benefit from this
16 process?

17 MR. JOHNSON: That's correct. They should go
18 straight to permitting.

19 COMMISSIONER BYRON: Okay. I have to note that
20 all of the manipulation of the numbers, it kind of
21 troubles me. For instance, if I work you at slide 19
22 where you've gone ahead and averaged all these rankings,
23 essentially, they're rankings. Most of them are rankings.
24 It's kind of a net weighting. Everything has equal
25 weight, correct?

1 MR. JOHNSON: Correct.

2 COMMISSIONER BYRON: And it seems very
3 simplistic to me. Had you considered using the RETI
4 stakeholders, and asked them how to go about this rating
5 process, taking advantage of the 29 stakeholders that are
6 involved in that?

7 MR. JOHNSON: Well, that was what I was hoping
8 we would start in this discussion today.

9 COMMISSIONER BYRON: Okay. Why do you only have
10 a limited number of lines? For instance, there's only two
11 delivery lines listed.

12 MR. JOHNSON: Those are the delivery lines,
13 there's only two of them that are needed after 2015.

14 COMMISSIONER BYRON: Oh, I see. Okay, I think
15 I'll stop there and go ahead and I'll conduct the
16 questions unless there are any other questions or
17 clarification that anyone has. Let's go ahead and
18 (inaudible) up to your list of questions.

19 MR. JOHNSON: Okay, thank you. Well, first, the
20 question that I would like to know, first off, what
21 changes should we make to improve this methodology for
22 selecting RETI transmission line segments for corridor
23 designation? And we've only had the report for about five
24 days and this is a brainstorming we had as far as
25 (inaudible). It's simplistic but it gives you a

1 suggestion of what a preferable project might look like.

2 And the second question is what's the earliest
3 on-line date for a RETI transmission line segment we
4 should assume? We've been 2015, do you think that we can
5 do it any earlier than that? And is the on-line date
6 slippage a factor that we should consider in our
7 methodology? We sort of think that most of transition and
8 generation, if you would, of dates, of on-line dates tend
9 to slip and if we know that, should we somehow factor that
10 into the methodology?

11 The fourth question is should transmission line
12 segments identified by the RETI process that are included
13 in the 2009 STIP be considered in conformance with the
14 plan for purposes of the corridor designation needs
15 determination?

16 And then, under what circumstances do you
17 believe that designating a corridor at that time could
18 shorten and improve the overall transmission line
19 permitting process and outcome? Staff (inaudible) are the
20 numbers that we believe that could save a year on a
21 project that goes through a designation versus just go
22 straight to developing an application going through a
23 permitting process. Those are some of the issues that
24 come up with permitting.

25 And then, if the Energy Commission identifies in

1 the 2009 Strategic Transmission and Investment Plan a
2 certain RETI transmission line segment as a candidate for
3 corridor designation, should the transmission line owner
4 prepare and submit an application for a corridor
5 designation?

6 If the answer is no, what would be the reasons
7 for not applying a designation?

8 So those are essentially the questions we have
9 and I'll entertain additional questions and any comments
10 on methodology. So, if anybody would like to come up to
11 the microphone?

12 MR. NABAVI: I'll take the question. They say
13 people are poor at silence so I'll (inaudible) on this
14 one. I'd like to thank Roger for putting this
15 presentation together. This is really the first time
16 someone has attempted to put this all together in this
17 fashion and I think that what we should do is we should
18 look at how we can integrate this with what California
19 Joint Transmission Planning Group is looking at in terms
20 of commercial interests.

21 So, that's not to say that we should only do
22 commercial interests because I think there is a long term
23 benefit to looking at some corridors where there may not
24 be a high degree of commercial interests right now and
25 that is what this methodology could present. But, in

1 addition to those lines that may be indicated by this
2 methodology, I think, you know, having that overlay with
3 the, let's say, the generator interconnections that
4 Patricia Arons was referring to in her presentation, I
5 think there would be a lot of value in how, in having that
6 synergy though.

7 MR. STUART: Roger, I'm wondering why you
8 couldn't speed up the process in terms of, if it needs to
9 --

10 MR. JOHNSON: Could you state your name for the
11 record, please?

12 MR. STUART: Oh, I'm sorry. Bob Stuart,
13 Brightsource Energy.

14 MR. JOHNSON: Thank you.

15 MR. STUART: I'm wondering why instead of 2013,
16 you're assuming a two-year time to construct despite a
17 reasonable, not all the criteria where that all could be
18 moved up to 2013 say it meets all the criteria in terms of
19 the corridor designation if that's another 2009 plans,
20 what have you. Why does the project have to be
21 constructed if these permitters are about to construct,
22 shovel ready?

23 MR. JOHNSON: I'm sorry, Bob. I lost that
24 question. Could you --

25 MR. STUART: Okay, rephrase it. So going to

1 reiterate, you mentioned 2015 cut-off date. Why not a
2 proposed 2013 saying if it's going through all of the
3 needs designation, meets all of the criteria for the
4 corridor line, and why settle with a two-year construction
5 period? We saw the date. It didn't seem to go move
6 ahead. It didn't seem like it has to wait for the
7 construction period.

8 MR. JOHNSON: Well, meeting the criteria for a
9 corridor designation only means that someone can prepare a
10 corridor application and go through a 12-month corridor
11 designation process. So that could be a year and a half
12 right there to get a designation from the Energy
13 Commission. And then, after you have a designation, then
14 you go through permitting.

15 So you'd have to take your designation process
16 and, hopefully, the permit you gave the POU or the IOU
17 going through the CPC in with the CPUC, California Public
18 Utilities Commission, could benefit from the program
19 (inaudible) that was done for the corridor designation and
20 reduce the permitting time for that segment. So that
21 could be six months to a year there. So that's two and a
22 half years and then two years for construction would be
23 four and a half years so if you started 2010 as when you
24 would start your application process for the designation,
25 that's 2014 for four years. So that's why we were

1 thinking 2015 would probably be the earliest.

2 MR. STUART: I see. Are there some
3 opportunities for doing some of these in parallel?

4 MR. JOHNSON: Well, we could do multiple
5 corridors designations. Yes, there are opportunities. It
6 just takes, you know, the other question is, one of the
7 questions I posed was should utilities prepare their
8 applications and if not, why not? The Commission can
9 designate corridor forward on some motion. It said, when
10 would we do that? When will the Commission take the lead
11 versus the transmission owner, if you would, preparing
12 their own application?

13 MR. STUART: So just a point of clarification
14 then, I heard the Commissioner say that those projects
15 that are not going to make the 2015, they're sitting
16 around at home in terms of their, the permitting process?

17 MR. JOHNSON: Every transmission line project
18 has to go through permitting.

19 MR. STUART: I understand.

20 MR. JOHNSON: So when we say they're on their
21 own, that means they should just go straight to permitting
22 and not to take advantage of the corridor designation
23 because that's not going to give them any, if you would,
24 advantage on getting a permit in that short time frame
25 between now and 2015.

1 MR. STUART: Okay. That's what I was kind of
2 wondering why shouldn't in having the corridor designation
3 have some benefit in terms of speeding up the permitting
4 process?

5 MR. JOHNSON: Well, I think it could, maybe, you
6 know, depending on the need determination unit at the PUC.

7 MR. STUART: Okay, all right.

8 MR. JOHNSON: Thank you, Anne.

9 MS. GILLETTE: Anne from the PUC. Just a couple
10 of nitty gritty questions, I guess, but thank you very
11 much, Mr. Roger. This is really, it had some good
12 thinking that has gone into this. Just a question on page
13 20. You have four lines listed. I was wondering if there
14 was any particular reason that these four are listed? I
15 didn't see any correlation between the scores on page 19
16 or is this just an example of you just choose three or
17 four of the top lines?

18 MR. JOHNSON: It's just an example.

19 MS. GILLETTE: Okay.

20 MR. JOHNSON: We just didn't have the time. We
21 didn't have space on the slide to put more room for it so
22 we just left it as an example of the process.

23 MS. GILLETTE: Okay, and then, I would like to
24 think through the overall methodology more but it just
25 struck me on page 19, they're doing a simple average on

1 the four scores that have different ranges and so, the
2 right-of-way goes up to only 1 to 2 but total energy has 1
3 to 9. So just averaging them would cause a lot more
4 weight to come on the energy potential and the cost rather
5 than on right-of-way than on environmental concern.

6 MR. JOHNSON: That's true.

7 MS. GILLETTE: That's something to think about.

8 MR. JOHNSON: We read into that when we were
9 doing the environmental scoring of the transmission line
10 segments. One of the scores dealt with length and so a
11 200 mile long line had a huge disadvantage over a 50 mile
12 long line if you were just using simple averages. So
13 there, we came up with the system of buckets where we took
14 the projects and divided them up into quintiles, if you
15 would, so we might go and do something here as well with
16 those factors but not having more time and input on that,
17 we just went with a simple average just to get you guys to
18 react to it.

19 MS. GILLETTE: Okay. Okay, and then on your
20 question, the second to the last question, if you identify
21 in the STIP a certain RETI transmission as a candidate
22 should -- oops, sorry, no. I'm sorry, the fourth question
23 on slide 25. Do you have any thinking on, you mentioned
24 that maybe the lines in the RETI conceptual plan would
25 just be automatically adopted by the STIP? Is that kind

1 of what you're trying of thinking or would this
2 methodology used in the STIP to vet the RETI lines or this
3 would be used after the STIP to vet RETI lines that came
4 through STIP? I guess I'm having trouble seeing the
5 combination.

6 MR. JOHNSON: Right now, any corridor
7 designation has to, any transmission line is coming to the
8 Commission for a corridor designation has to be in
9 conformance with the most recent Strategic Investment
10 Transmission Plan.

11 MS. GILLETTE: Uh-huh.

12 MR. JOHNSON: And so by bringing in all RETI
13 segments regardless of date, regardless of the suggestion
14 that because RETI has produced those, proposed those as
15 transmission segments for the purposes of renewable energy
16 that that would, the fact that they were presented in a
17 strategic plan would meet the requirement for being in
18 conformance with the plan.

19 Now, a different project, if someone brought
20 another project to the Commission that hadn't gone through
21 RETI and was a different transmission project, there are
22 other requirements of meeting, conforming with the STIP as
23 far as meeting the goals and objectives of the Commission
24 other than the State's energy policy.

25 So there are other criteria that these projects

1 in particular and the methodology were going to be used
2 for staff to recommend designation for certain projects.
3 Not that all of it would be recommended for designation,
4 just that if someone were to propose one, it would be
5 found to be in conformance with the corridor but then
6 Stanford use of methodology within the strategic plan to
7 propose the Commission designate, (inaudible) not
8 designate but identify certain segments that should go to
9 designation.

10 MS. GILLETTE: You said that designation, so
11 this would be done as part of the STIP? This evaluation
12 would be done. So the STIP would meet the recommendations
13 not only of which ones were eligible to apply but of which
14 ones would be considered a priority?

15 MR. JOHNSON: Which ones should be recommended
16 for priority designation, yes.

17 MS. GILLETTE: Okay.

18 MR. JOHNSON: So we would identify those
19 segments that we felt should, would benefit the most,
20 would benefit the most from designating for the future.

21 MS. GILLETTE: Okay, thank you.

22 MR. JOHNSON: We use the methodology to pick
23 those.

24 MS. GILLETTE: Right, thank you.

25 MR. JOHNSON: Any other questions or comments?

1 Okay.

2 MR. OLSEN: I'm Dave Olsen with RETI. Roger,
3 thank you, again, for putting this together.

4 One thing I would note in the proposal to use
5 line segments identified by RETI as candidates to be in
6 conformance, seen in conformance with the STIP, please
7 keep in mind that the draft plan that we have now is
8 really preliminary and we are going to do some
9 prioritization of the line segments we have identified
10 which will narrow those down.

11 And so, I think it would make a lot of sense to
12 wait until RETI has had an opportunity to significantly
13 reduce the number of line segments and prioritize them and
14 that would provide a better basis for consideration of any
15 of these segments in STIP.

16 I would also would like to ask a clarifying
17 question. Again, could you clarify the effect on a
18 proposed transmission project of being in a designated
19 corridor? Is the intention here to designate corridors
20 which then would go through a full sequel review so that
21 transmission projects in designated corridors would be in
22 essence pre-approved?

23 MR. JOHNSON: No. The, I think your question
24 is, what's the advantage of the project being identified
25 and having a designated corridor than a (inaudible)

1 project?

2 MR. OLSEN: Yes.

3 MR. JOHNSON: Our hope is that the issues that
4 would go along with that designation will be taken care of
5 during the designation process and there would be an
6 agreement between the local agencies and the public that
7 a, this is the appropriate corridor for a new transmission
8 project and so when it comes time for permitting, those
9 issues would have been addressed, hopefully, and the per
10 implemented EIR that was used to designate that corridor
11 would then be used by the permitting agency to tier off of
12 it to essentially provide for an expedited permit.

13 MR. OLSEN: Uh-huh.

14 MR. JOHNSON: So that would be the advantage of
15 using a corridor.

16 MR. OLSEN: So, and that's the basis for your
17 estimate that this could take six to twelve months off the
18 permitting time?

19 MR. JOHNSON: Correct.

20 MR. OLSEN: And, but the project would still
21 have to apply for a CPCN? It would submit a CPCN
22 application and go through that process in case of
23 investor owned utilities at the PUC?

24 MR. JOHNSON: That's correct. They still have
25 to go through the process but hopefully, it would be an

1 expedited process.

2 MR. OLSEN: One final comment. I think that in
3 this morning's panel discussion, a couple of the panelists
4 emphasized the value of preserving optionality for future
5 development as being in the strategic interest of the
6 State and I would certainly second that. That looks
7 beyond potentially 2020 with the RETI timeframe and so, I
8 would really encourage the Commission to look longer term
9 at potential corridors or potentials for corridors that
10 are not essentially in the RETI analysis now since we've
11 only looked really to 2020. It's going to become
12 increasingly difficult to preserve any kind of corridors
13 as population develops and as we learn more about
14 ecosystems and the need to preserve basic ecosystem
15 functions. So it's in our interest to identify these
16 corridors and maybe, if necessary, over a much longer term
17 now. And I don't see that in this approach here. So
18 that's just something that I would suggest.

19 MR. JOHNSON: Okay, thank you, Dave. Pat?

20 MS. ARONS: Roger, I think this is a really
21 great starting point for us to talk about how do we go
22 about deciding what to designate as a corridor but let me
23 ask a question of you.

24 If we believe that this plan sets out long term
25 options and we wanted to look at this as kind of a

1 coherent plan that maybe it takes us some number of years
2 to build out maybe an approach to think about is to move
3 forward with the plan that creates designations for the
4 major portion of these lines that we think can be
5 designated and so divide up, carve up the work over a
6 number of years.

7 Have you thought about how long it would take to
8 take this plan as it stands right now through a corridor
9 designation process as far as the CEC is concerned with
10 its resources? If you don't take it piecemeal segment by
11 segment but if you look at it as the whole, how many years
12 do you think it would take us to get this through kind of
13 a comprehensive set of designated corridors?

14 MR. JOHNSON: That's a good question. Since we
15 believe that we're probably staffed until the end of two
16 corridor designations simultaneously, to do more than that
17 would go beyond our resources and with our current
18 concern about resources for the State of California,
19 that's a concern. But we never suggested or were thinking
20 that it would be (inaudible) to designate corridors for
21 the whole plan.

22 We felt that there's probably those key
23 corridors that can provide the State with the best
24 results, if you would, for energy and for multi-purpose.
25 That's why we were suggesting that we're going to wind us

1 down to one or two or maybe even three key projects to go
2 forward with designation. So, I don't know if that
3 answered your question.

4 MS. ARONS: I think it's something that we may
5 need to think about in terms of a strategic view of, you
6 know, what are the pressures that we're facing with
7 growth, what are the pressures that we're facing
8 environmentally and if we're trying to provide a path into
9 the future that maybe takes us 20 or 30 years down the
10 road, maybe we only do one or two at a time but it
11 certainly puts us on a path having a comprehensive set of
12 transmission options for the future.

13 MR. JOHNSON: Okay.

14 MS. ARONS: Just a suggested thought that maybe
15 we think about this in terms of the work that we want to
16 do as opposed to priority because like you, each of these
17 is either moving directly into a permit process or
18 becoming a long term option for the future and we can't
19 tell whether that future is ten years out or eight years
20 out or twenty years out. So we focus on the work to be
21 done and how we want to go through or how we want to go
22 down that path in terms of which one do we do first, which
23 one goes second. Thank you.

24 MR. JOHNSON: Thank you, Ms. Arons.

25 COMMISSIONER BYRON: Before you leave, you sound

1 you're pretty familiar then with the legislation that
2 created this corridor designation process, the SB 1059 and
3 it passed I think two years ago. Does that sound right?

4 MS. ARONS: I'm not a lawyer.

5 COMMISSIONER BYRON: Three years ago. And we've
6 wrestled, I've wrestled with this Commission in terms of
7 what it's value is. Again, it looks like it's creating
8 another process. What's your thought about the potential
9 for any value from this corridor designation process?

10 MS. ARONS: I think it's huge. I think that to
11 the extent that we lay out the system of potential areas
12 where we might want to build transmission in the future.
13 What you then do is incorporate those into cities and
14 counties' general plans so that everybody out there in the
15 world can build up to whatever ownership rights we're able
16 to establish through acquisition right away.

17 The corridor designation alone is not enough.
18 You've got to go and allow utilities to acquire right-of-
19 way within the corridor and then, you can allow
20 development up to the edge of right-of-way.

21 What you don't do is you don't set up a dynamic
22 for the future. Ten years or twenty years, we're going to
23 be doing a lot of condemnation. Condemnation is probably
24 the worst outcome in any sort of permit process that you
25 have to go through and you can get into a lot of legal

1 wrangling about the, you know, the validity of the work
2 that was done to establish the permit and you don't want
3 to go there.

4 You're better off telling the public, here's the
5 path that we're on. We want to be able to build
6 transmission. We will need to build transmission. These
7 are State goals. We're allowing utilities or transmission
8 developers to procure right-of-way. We're allowing them
9 to collect on that investment through rates and,
10 therefore, you can only build your homes, you know, your
11 shopping centers, whatever, up to the edge and at least
12 you're holding open a right-of-way.

13 And that, it becomes critical in the areas where
14 you think development can occur next. So if we were, if
15 we had our Johnny Carson turban on, you know, we could
16 tell the future very well, the question would be where do
17 we think growth is going to obliterate a transmission
18 option because then, it becomes a condemnation exercise?

19 If you knew that for sure, then you could focus
20 on just those areas but you don't know and transmission
21 has to have corridors that all connect together. So I
22 think the approach that we've got is very good but I think
23 it needs to be viewed as very long term options for the
24 State and a legitimate question to ask is how many
25 transmission options does the State need to have in its

1 hip pocket to be sure that we'll be able to achieve our
2 renewable goals?

3 What we have right now in the RETI plan may be
4 way too much. Maybe we don't need all those options but
5 it does give you the ability, you know, as the future
6 unfolds as we have projected in the RETI studies, these
7 transmission lines will be built. But because the future
8 is so uncertain, other transmission lines may be needed
9 but so then you, you don't need everything that we've laid
10 out. It wouldn't need a designated corridors for
11 everything but there's got to be a happy medium. And so,
12 in doing the planning, I think you're better off thinking
13 about the uncertainties, pinpointing them and then
14 establish an appetite for acquisition of right-of-way and
15 putting that in rates versus the only other option that
16 you have to this path is to build transmission early and
17 you don't want to overbuild. We want to end up building
18 something that's appropriate for the needs at the time as
19 we see them at the time. And I think that's what makes
20 corridor designation so attractive in my mind is by simply
21 holding the property, not overbuilding transmission. You
22 may be overinvesting in potential transmission right-of-
23 way but that's something that can be sold off at a later
24 date.

25 So I think as a manageable set of assets, what

1 you've got is something that gives you the option and it's
2 an option cost that you're experienced in holding that
3 property in rates and going through this exercise.

4 COMMISSIONER BYRON: As I learned last Friday
5 when you and I both participated in that transmission
6 efficiency workshop down in Southern California, you are a
7 key transmission planner or the transmission planner in
8 Southern California. Can we anticipate that Southern
9 California soon will be applying for any corridor
10 designations to this agency?

11 MS. ARONS: I believe so. I think one of the
12 things that we have to have time to do is to go back into
13 the office, digest all of this stuff and really begin to
14 apply strategic thinking to the whole plan in terms of
15 what are our thoughts about where growth will grow? What
16 are our thoughts about land use issues and being able to
17 secure right-of-way and putting people on notice and
18 starting to go through that process?

19 Right now, we have a couple of big permitting
20 processes that we're involved with so we're going to have
21 to achieve, you know, some milestones there, free people
22 up to be able to initiate applications but I think,
23 definitely, these are, I think it's critical for the
24 State. I think it's going to be valuable for the State in
25 10 or 20 years when my junior planners become, you know,

1 senior planners. They're going to be the ones that are
2 going to be building this stuff out, not me, but,
3 hopefully, I will have left them with something that is
4 roadmap into, you know, gives them the flexibility of
5 maintaining these procurement goals that the State has set
6 out for us.

7 COMMISSIONER BYRON: Thank you.

8 MR. JOHNSON: Any more questions or comments?
9 Thank you.

10 COMMISSIONER BYRON: Whoa. I'm sure we can
11 solicit a few more comments. I'm really pleased that the,
12 we do have some investor owned utilities that are still
13 here. I was hoping that PG&E might be willing to make
14 some comments or questions, either ask you some questions
15 or provide some comments. Any possibility of that?

16 MR. JOHNSON: Jon?

17 MR. THALMAN: Thank you for volunteering me.

18 COMMISSIONER BYRON: Yes, thanks for
19 volunteering.

20 MR. THALMAN: Sure. Usually, he's not this
21 quiet. Jon Eric Thalman, PG&E. Roger, the question that
22 comes to my mind while I was reading through your
23 questions is you posed a question -- should the Energy
24 Commission file for a corridor designation if utilities do
25 not? Maybe I'm more curious what scenario you might be

1 thinking of there and, if so, what would be the value of
2 having a corridor designated without any interest from
3 utilities?

4 MR. JOHNSON: Well, I wasn't thinking it wasn't
5 in the interest of (inaudible). I guess, I was thinking
6 that if we came up with the top segment that would qualify
7 for a designation, it would be the, you know, best thing
8 for California, what if the utility didn't care to file an
9 application? It didn't see the value of that? So would
10 the Commission then on its own motion take that through
11 designation and make it available in the future. That was
12 the question.

13 MR. THALMAN: Okay, so then, the follow-up is
14 and Pat touched on this some but if a utility just, from
15 the utilities perspective, you might decide, we don't need
16 to do that. The Energy Commission's done that and it's
17 waiting for when we need it. Is that a, is that viewed as
18 an advantage for the State because from a public
19 standpoint, corridors have been designated and set-up?
20 Because then, the potential, the potential here is that
21 events change, variables change and ten, fifteen years
22 from now, there's a need that, where a segment that was
23 designated, a corridor designation previously now has some
24 serious disadvantages but yet, it is designated that and
25 to build on in a different area now than up to about --

1 because not only do you have to go through the full
2 process. You've got to prove why this non-designated
3 corridor is better than the one that was designated. And
4 if that's the truth, then you're still going to have an
5 uphill battle.

6 MR. JOHNSON: But we're required to essentially
7 re-evaluate all designated corridors at least once every
8 ten years.

9 MR. THALMAN: Okay.

10 MR. JOHNSON: To see if it should remain
11 designated. We're hoping that we don't have to
12 essentially carry the water and do this, you know. Since
13 we're dealing with the State's situation, the way it is in
14 our budget, whoever designates the corridor pays for all
15 the process and it's fully reimbursable so it won't be
16 inexpensive to, you know, essentially pay for all the
17 cities and counties and anybody else that needs to
18 participate for them to designate a process.

19 But, to answer your question, I think it would
20 be an advantage to the State to have that corridor
21 designated because we believe that it's important for
22 their reliability of the State and to meet our energy
23 goals and our, essentially, especially our renewable
24 energy goals and I guess we want to see that designated
25 and hope whatever, maybe, essentially expedite and improve

1 the permitting process when it happened.

2 MR. THALMAN: PG&E thinks this is a good idea
3 and, just, you know, we like the idea of being able to
4 designate corridors. We don't anticipate a case where the
5 State would have to do that without utilities doing so. I
6 was just curious, maybe what scenario you were thinking
7 of.

8 MR. JOHNSON: I'm so glad to hear that.

9 COMMISSIONER BYRON: If I may? PG&E, I believe,
10 participated in our May 4th workshop and we did hear from
11 them on this as well. And I think we've got favorable
12 support from PG&E in particular and I think some other
13 investor owned utilities as well. We have staffing
14 limitations. In fact, as Mr. Johnson indicated, those may
15 become more severe as these sweeps begin to take place.
16 And we've anticipated that the value in this since the
17 legislation's passed. We've developed regulations around
18 this but yet, we've not seen corridor designation.

19 You raised a good point. We have not seen
20 applications for corridor designation. You raised a good
21 point. It's kind of like why would you proceed at this
22 point if we, myself, apply. Resources being what they
23 were, if I'm doing my math correctly, we could do about
24 two, you said, simultaneously? We could do about four, if
25 someone else was doing the applying because there is -- I

1 don't need to speak for staff on this -- because there is
2 obviously time and effort involved in these applications.
3 We're not seeing a movement in the interest there yet.
4 I'm just wondering if publicly we're hearing one thing but
5 privately, there's another restriction that's going on as
6 to why, why the investor owned are not moving forward with
7 the applications at this point?

8 MR. JOHNSON: There aren't any that I'm aware
9 of. I think it's more of and Pat alluded to this that
10 we're still trying to figure out how all this fits into
11 the project plans. When is the most appropriate time from
12 the corporate, the company standpoint to go ahead and
13 apply for corridor designation?

14 We see the advantage to it at the time. I mean,
15 it's more an issue of time.

16 COMMISSIONER BYRON: Yeah. And I've always
17 struggled with the limited advantages associated with it
18 and like you say, timing and the length of time it takes.
19 Things change. We know that Southern California has
20 dropped its Palo Verdes (inaudible) to one, two,
21 continuing through Arizona, something they worked down for
22 an order of, I'll say decades. But things change. So
23 there is an application resources here that used to be
24 considered for these long term planning processes.

25 We really value the input of utilities on this

1 issue and welcome some more public or private input as to
2 whether or not we're, we have the right tool here in front
3 of us in the way of the corridor designation has been
4 given to us by legislation.

5 So, thank you very much and I would solicit any
6 other utilities that are present that would care to
7 comment. I don't see any.

8 May I ask a question of Mr. Olsen? You're very
9 kind when you came forward, Mr. Olsen. Is this the kind
10 of process that RETI had in mind when you made your
11 recommendation the other day? I'm sorry. But yeah, when
12 the RETI Phase 2 report recommendation is CEC designate
13 new corridors beyond those now established in coordination
14 with others. Does the RETI process envision that this, do
15 the RETI stakeholders understand the length of time that's
16 involved in this corridor designation process?

17 MR. OLSEN: I don't know because we haven't
18 talked about this specifically in the steering committee
19 so I'm not sure that all of the members of the steering
20 committee are aware of the length of time involved.

21 The feeling of the RETI steering committee is,
22 as Pat Arons expressed, is to preserve the long term
23 options for, that would make it possible to develop
24 transmission projects in the future. So I think as the
25 RETI stakeholders put this recommendation together in this

1 draft report, it was looking beyond not just the initial
2 projects in the conceptual plan but we're looking longer
3 term, thinking about the needs of the State, of beyond
4 2020.

5 COMMISSIONER BYRON: If we go with Mr. Johnson's
6 notion that this process really applies to things beyond
7 at least 2015, should we be concentrating on just
8 delivery? Should we be thinking more in terms of the
9 delivery lines, the higher value lines as opposed to
10 foundation and collectors? Should we do the two delivery
11 lines first?

12 MR. OLSEN: Well, certainly, the conceptual plan
13 makes the case that there are at least regrets upgrades
14 and they do carry, all those lines carry a lot of
15 renewable energy. So that would certainly argue for
16 giving priority to those lines.

17 But as I also pointed out, there are several
18 others that also could be excellent projects that access
19 considerable renewable energy and given that you are
20 subject, of course, to staff, staffing constraints and the
21 mechanics of being able to designate these corridors,
22 there are several others.

23 But, again, I would encourage a longer term
24 view. The projects that have been identified today, I
25 think the proponents are prepared to apply and forward

1 permits for those projects now without necessarily having
2 the benefits of corridor designation. But as we think
3 about longer term goals, having corridors identified, that
4 I mean, the benefit really comes from having corridors
5 available for projects that have not been well defined at
6 the moment. So, again, it's the idea of preserving the
7 option of having rights-of-way available in the future.

8 COMMISSIONER BYRON: And you used a time frame
9 beyond 2020?

10 MR. OLSEN: Correct. Yes.

11 COMMISSIONER BYRON: Well, any other questions
12 or comments for Roger? I'm reluctant to let Mr. Johnson
13 go as you can see. Please? Ms. Mills, welcome back. We
14 just like to (inaudible) the first commentor and you may
15 be the last.

16 MS. MILLS: Okay, first and last. Great. I
17 guess, I just, with respect to the corridor designation
18 process, we were active in the legislation and then,
19 later, as the Energy Commission adopted the regulations,
20 because of our concern about the impact on the resources
21 and the landowners that own those resources and many of
22 the issues that we're facing with respect to renewable
23 generation and transmission and delivery has a larger
24 impact on resources.

25 And I guess, as I was listening to the

1 discussion about what the purpose of the corridors would
2 be, and we think that it would be very important to have
3 in mind exactly what the, what you were trying to stir
4 with that transmission corridor designation and being sure
5 that it was something that there really was a project for
6 out there or we don't have enough land resources in the
7 State to just identify a number of them just in the off-
8 chance that there's going to be needed transmission down
9 the road.

10 It needs to be very specific because many times,
11 there are varying needs for the area based on what the
12 genesis of what the transmission is whether it's from
13 reliability or renewable generation or to connect with
14 something else. So, I would think that you need to be
15 fairly, have a fairly good idea about what basically needs
16 to be stirred.

17 COMMISSIONER BYRON: Well, you sound like me.
18 You're holding out for space pace generation and wireless
19 transmission.

20 MS. MILLS: I'm not quite that idealistic.

21 COMMISSIONER BYRON: But my point is that not,
22 these aren't random undertakings. We are trying to look
23 out a lot further than just 2020. I think you
24 characterized it correctly. As I look at the maps and see
25 the land use demand, there's not much opportunities left

1 now let alone maybe 30 years from now.

2 MS. MILLS: Right, and so there really isn't an
3 option to just carve out various, in the hopes that, in
4 hopes that there's going to be an ability to connect
5 places. I think that toward these types of designations,
6 there's going to have to be a fairly specific idea of what
7 the transmission is needed for based on what all these
8 lines, same as there were in the RETI report. I think
9 there's plenty out there. I think there's a lot of
10 transmissions planned for out there already.

11 COMMISSIONER BYRON: Well, those aren't planned,
12 of course. Those are potential.

13 MS. MILLS: Well, I know but there in the
14 planning process, if you will. So there is kind of a walk
15 out there already. Thank you.

16 COMMISSIONER BYRON: Thank you. Do we open it
17 up to Webex? Is that what you'd like to do?

18 MS. GRAU: I've just taken everybody off of
19 mute.

20 COMMISSIONER BYRON: If there's anyone on Webex
21 that has a question, now is the time. Please identify
22 yourself. We can hear them but no questions.

23 MS. GRAU: No.

24 COMMISSIONER BYRON: Okay. All right, Mr.
25 Johnson, you're off the hook.

1 MR. JOHNSON: Thank you, Commissioner.

2 MS. GRAU: Thank you, Roger. That ends the
3 formal part of the workshop. We do now have a general
4 public comment period if there is anyone first on the dais
5 then in the room, then on Webex would like to make a
6 comment about anything they've heard all day. So to start
7 with the Commissioners? Okay.

8 COMMISSIONER BOYD: I have some closing
9 comments.

10 MS. GRAU: Okay. We'll wait. Okay. We'll get
11 to that then. Is there anyone in the room who would like
12 to make any general comment on anything from today? Okay,
13 and finally, I assume, there's no one on Webex who wants
14 to make any general comment on anything today? Okay.
15 False alarm. All right, okay. Thank you very much then.
16 I'll turn it back to you for closing comments.

17 COMMISSIONER BYRON: Mr. Boyd, would you like to
18 make any comments?

19 COMMISSIONER BOYD: Just a couple of comments
20 and it might fit in the last discussion more than in
21 closing but the last, Roger's issue brought up a lot of
22 interesting questions and all the questions about us
23 unilaterally designating corridors are an area of concern.
24 And I agree with you. I don't think anything in the
25 process that's been demonstrated here all day today, in

1 the processes, are in the least bit capricious. And I
2 don't think prior to this time, we've had any discussion
3 that I've been involved in about just what (inaudible)
4 designating corridors because people don't step up. But
5 as indicated in the last discussion, there are a lot of
6 things right on the edge.

7 And the next comment's a tough thing to say in
8 the middle of a recession but for the past, Lord knows how
9 many years, the California line as being gobbled up, as I
10 love to say, the last few years, in the middle of nowhere,
11 anywhere left in California and there is a fear and
12 concern about the future and there being land available to
13 facilitate transmission and people having to go through
14 the condemnation process which is painful, expensive,
15 etcetera. So this is something that deserves a lot of, I
16 guess, additional discussion as, you know, what is our
17 future and how are we going to deal with it. And I guess,
18 I predicate some of this concern on my experience in four
19 decades in government with the incredibly poor land use
20 planning this State, well, actually, the local government
21 and the State have engaged in which leaves us continually
22 with problems.

23 And I don't want to get into my feelings about
24 Prop 13 but the dilemma of local governments financing
25 themselves and their for developing every square inch of

1 land etcetera, etcetera, leaves us with quite a dilemma to
2 wrestle with. So earlier in the day, there was some
3 references to seeking the opportunity with all these
4 people now coming together and realizing that they should
5 be working together to solve even other problems. The
6 collusion that you and I have talked about of once through
7 cooling, air pollution rules, light emission offsets,
8 climate change, AB32, the renewable goals, the goals we
9 have for facilitating distributing generation, etcetera,
10 etcetera. Those really are to be all considered once in
11 making all these decisions but that's, that's seems bigger
12 than we're capable of taking, what we're chewing and
13 swallowing but we are moving in that direction and we just
14 have to deal with some of these issues.

15 So I was very pleased with what I heard today
16 and all those who were a little critical this morning, I
17 was just plain grumpy about how many years it's taking to
18 get to this point where we're at today which is really way
19 behind the curve of what would have been the best thing to
20 do but, okay, the glass is half full. Let's look forward.
21 Let's make the best of the process but we are running out
22 of time and so we are, you know, as a society, going to
23 have to deal with this and we can't argue too too much
24 longer about process or the exact process or let's wait a
25 little longer in case, you know, the law, and a great

1 belief in technology, in case your wireless feature comes
2 along. In any event, this has been very interesting and
3 educational for me and I want to encourage everybody to
4 keep up the good work and move it along as rapidly as we
5 can lest we're totally locked out of simple solutions in
6 the future. Thank you.

7 COMMISSIONER BYRON: Thank you, Commissioner.
8 I'd like to end on a positive note as well. I'm
9 optimistic. I'm very optimistic about some of the things
10 that I heard here today. I kudos to whatever the acronym
11 is, the California Joint Transmission Planning group. I
12 think this is a great step forward. When I learned about
13 it earlier this week, I was very pleased as these are
14 important constituents to a transmission planning process.
15 These are the folks that serve customers. They're
16 concerned about reliability. They want to meet the
17 growing demand going forward. That's extremely important
18 and for them to be talking about joint projects and the
19 other many benefits that come from improved communication
20 amongst all the transmission planners in the State, that's
21 very good.

22 I think we are missing some key stakeholders in
23 that process. I don't know yet fully what it means to be
24 a FERC 890 open and transparent process but if, indeed, it
25 is, such that constituents, the public constituents can

1 participate and as Ms. O'Shea indicates, understand the
2 vocabulary of what everybody's talking about, I think that
3 can work very well.

4 I also noted that there is this June 18th
5 workshop that will be taking place this week in
6 Victorville and a few others that will follow. I applaud
7 RETI's effort to get out and meet with local electives and
8 public where they will be impacted by all this.

9 It's, you know, and when we say RETI, you know,
10 we're talking about the stakeholders that are involved,
11 the 29 stakeholders. That meeting will take place in the
12 Victorville City Hall at ten o'clock. I plan to be there.
13 And I also plan to remain in the afternoon when we, the
14 Energy Commission is holding a desert renewable energy
15 conservation plan workshop in accordance with the
16 governor's executive order.

17 So, I can't, I'm trying to think, I always, I
18 don't think there's anything that has a lead time for
19 planning and approval and construction like transmission,
20 siting this. And barring the space pace generation and
21 wireless transmission, we must proceed with this process.
22 The floor is 33% percent by 2020. We need to make sure we
23 can have open for more. We're still seeing there's a
24 tremendous downturn in demand due to the economic crisis
25 that this state is in. We're still going to see load

1 growth return at the 1% to 1.2% percent kind of annual
2 growth and that's what we call the energy efficiency all
3 in. It's just increasing population more than anything
4 else that's driving that.

5 So, we do have land use constraints. We do have
6 issues that we're going to have to deal with and I think
7 the RETI results have proven to be very valuable. I note
8 that everybody's using the results but there's a certain
9 reluctance to proceed with additional effort there. And
10 we're willing to talk about that some more. We're not
11 interested in creating that, another transmission planning
12 process or bureaucracy that gobbles up the limited
13 resources that there are available to do these things.
14 But I think the involvement in the environmental community
15 and the public and other stakeholders that aren't
16 necessarily represented here today is extremely important.
17 In fact, I'd say that the environmental organization
18 involved is key in order to give them something they'd be
19 for instead of to always have to be put in the position of
20 being against the transmission side.

21 I think my commitment that RETI, if it's going
22 to continue in any way, has to add value to this process.
23 As I said, we're not interested in creating additional
24 bureaucracy and organizations. And I think, thus far, it
25 has added value. There are a lot of folks using results.

1 And, if I could, as much as I am in favor of the
2 joint transmission planning group and have my complete
3 support, it's still essential to California energy policy
4 to have a voice in transmission planning. There's many
5 policies that we're trying to put forward here, not just
6 reliability, not just serving customers' needs. There's
7 environmental considerations, our goals for renewables and
8 as Commissioner Boyd indicated, there are others around
9 once through cooling and emission credits that have to be
10 addressed as well. My hope is that the CTPG sees the
11 value of the RETI in that process and will request it in
12 future years.

13 I'll end with this. We are all motivated to
14 move forward with renewables. I've been in the generation
15 business for 35 years. This is the holy grail of what we
16 want to do in our industry. Except for the issues like
17 land use and impact on the environment and little things
18 like perhaps, higher costs, everyone wants to move forward
19 with renewables and we need to do it in such a way that
20 provides some regulatory certainty for the development to
21 be able to take place.

22 So, we move forward to your written comments.
23 I'm sure Jane will tell us when those are due. I'd like
24 to, again, thank all of the folks that were here today.
25 Some already had to leave. I found this to be very

1 valuable and I'm sure that Commissioner Boyd and I will
2 derive much good from this workshop today in terms of
3 recommendations that we will make going forward in the
4 integrated energy policy department.

5 Ms. Grau, comments are due?

6 MS. GRAU: Comments are due June 24th.

7 COMMISSIONER BYRON: And we welcome, we would
8 ask if you could meet that deadline. There was a request
9 to delay this workshop and, unfortunately, we could not
10 comply with delaying it because we're on a difficult
11 schedule, a tight schedule in order to complete this work
12 for our legislator requirement where it's going to be
13 (inaudible). Ms. Grau, you have something?

14 MS. GRAU: Yes, I'm just going to say what,
15 we're working backward from November 4th adoption date for
16 the 2009 Strategic Transmission Investment Plan so if you
17 work backward from that, on September 3rd we have the joint
18 IPER siting committee hearing on the committee draft
19 document and then, in mid-October, after the written
20 comment period for that, we would release the committee
21 final leading them to the adoption on November 4th. So, we
22 all have our work cut out for us this summer and, yes, we
23 appreciate timely comments so that we can make this
24 committee draft document the best it can be.

25 COMMISSIONER BYRON: Okay, my thanks for the

1 staff for getting together a good workshop on short
2 notice. Thank you all for being here. We'll be
3 adjourned.

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(Whereupon, at 3:22 p.m. the workshop adjourned)

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1 CERTIFICATE OF REPORTER
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3

4 I, MARY CLARK, a certified electronic reporter,
5 do hereby certify that I am a disinterested person herein;
6 that I recorded the foregoing California Energy Commission
7 Workshop, dated June 15, 2009; that it was thereafter
8 transcribed into typewriting.

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

12 IN WITNESS WHEREOF, I have hereunto set my hand
13 this 9th day of June, 2009.
14
15
16
17

18 MARY CLARK, CERT*D-214
19 California Reporting LLC
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