

CALIFORNIA ENERGY COMMISSION  
OFFICE OF THE COMMISSIONERS  
1516 NINTH STREET  
SACRAMENTO, CA 95814-5512



<b>DOCKET</b>	
<b>07-OIR-1</b>	
DATE	SEP 11 2007
RECD.	SEP 20 2007

## NOTICE OF PROPOSED ACTION

Adoption of Regulations  
to  
Establish a Process to Designate Transmission Corridor Zones

Docket No. 07-OIR-1  
September 11, 2007

The California Energy Commission (Commission) proposes to adopt new regulations to establish a process for designating transmission corridor zones in accordance with the Commission's authority under Public Resources Code section 25330 et seq. The regulations would implement, interpret, and make specific Public Resources Code sections 25330—25341, which were added in 2006 (S.B. 1059, Stats. 2006, ch. 638, § 2). The proposed action is authorized under Public Resources Code sections 25213 and 25218(e).

### NOTICE THAT PUBLIC HEARING IS SCHEDULED:

The date set for the adoption of regulations at a public hearing is as follows:

Commission Business Meeting  
November 21, 2007  
Beginning 10:00 a.m.  
California Energy Commission  
Hearing Room A  
1516 9th Street  
Sacramento, CA 95814

Hearing Room A is wheelchair-accessible.

### ORAL AND WRITTEN STATEMENTS

Interested persons wishing to comment on the proposed regulations must submit their comments in writing to the Commission by November 14, 2007. All comments must be identified with "Docket No. 07-OIR-1" and may be submitted in one of three ways:

1) mailing them to:

Docket Unit  
California Energy Commission  
Docket No. 04-SIT-2  
1516 9th Street, MS-4  
Sacramento, CA 95814

- 2) e-mailing them to: [[DOCKET@energy.state.ca.us](mailto:DOCKET@energy.state.ca.us)], or
- 3) faxing them to Dockets at (916) 654-4354,

### **COPIES OF THE INITIAL STATEMENT OF REASONS AND THE TEXT**

The Commission has prepared an initial statement of reasons for the proposed regulations. To obtain a copy of the initial statement of reasons or the express terms of the proposed regulations, please visit the Commission's website at: <http://energy.ca.gov/sb1059/index.html> or contact Gary Collord at (916) 651-9006 or by e-mail at [[Gcollord@energy.state.ca.us](mailto:Gcollord@energy.state.ca.us)].

### **INTERNET ACCESS**

The Commission maintains a website in order to facilitate public access to documents prepared and considered as part of this rulemaking proceeding. Documents prepared by the Commission for this rulemaking, including this notice of proposed action, the text of the proposed regulations, the initial statement of reasons, and the economic and fiscal impact statement, as well as any other document in the rulemaking file, have been posted at: <http://energy.ca.gov/sb1059/index.html>.

### **COPY OF THE FINAL STATEMENT OF REASONS**

At the conclusion of the rulemaking, persons may obtain a copy of the final statement of reasons once it has been prepared by visiting the Commission's website at: <http://energy.ca.gov/sb1059/index.html> or contacting Gary Collord, Project Manager, at (916) 651-9006 or by e-mail at [[Gcollord@energy.state.ca.us](mailto:Gcollord@energy.state.ca.us)].

### **POSSIBLE CHANGES**

Changes to the proposed regulations may result from public comments, staff recommendations, or recommendations from Commissioners. Changes may also result if they improve the clarity or effectiveness of the regulations. If the Commission considers changes, they will be nonsubstantial or grammatical in nature or sufficiently related to the original text as allowed by Government Code section 11346.8. In addition, a full copy of the text with all proposed changes will be available for review at least 15 days prior to the date on which the Commission adopts the proposed regulations.

### **PUBLIC ADVISER**

The Commission's Public Adviser's Office is available to assist any person who wishes to participate in this proceeding. For assistance from the Public Adviser's Office, please call (916)654-4489 or toll-free in California at (800)822-6228.

### **CONTACT PERSON**

Inquiries concerning all aspects of the rulemaking process, including the substance of the proposed regulations, should be directed to Arlene L. Ichien, Assistant Chief Counsel, at (916) 654-3959 or by email at [[aichien@energy.state.ca.us](mailto:aichien@energy.state.ca.us)].

## **INFORMATIVE DIGEST**

The proposed regulations would make specific the process for implementing the California Energy Commission's new authority to designate transmission corridor zones for future high-voltage electric transmission lines within the state. The Commission's new authority stems from Senate Bill 1059, which was enacted in September 2006. (Stats. 2006, Ch. 638) Specifically, SB 1059 added Chapter 4.3, or sections 25330 to 25341, to the Warren-Alquist Act, which is the Energy Commission's enabling statute in the Public Resources Code. Section 25331 of the Public Resources Code specifically authorizes the Energy Commission to designate transmission corridor zones on its own motion or by application of a person who plans to build a high-voltage electric transmission line in the state.

Federal law has a similar provision that directs the Secretaries of Agriculture, Commerce, Defense, Energy, and Interior to designate, under their respective authorities, "energy corridors" on federal lands across 11 Western states. (Energy Policy Act of 2005, Pub.L. No. 109-58, § 368 (Aug. 8, 2005), 119 Stat. 594.) Whereas state law authorizes the Energy Commission to designate suitable corridors for high-voltage electric transmission lines, federal law directs several federal agencies to designate corridors not only for electric transmission and distribution lines, but also for oil, gas, and hydrogen pipelines. Under the Energy Policy Act of 2005, the federal agencies are preparing a programmatic environmental impact statement in accordance with the National Environmental Policy Act, to assess the potential environmental impacts from the designation of several proposed energy corridors in the 11 contiguous Western states. One of the objectives of the state's designation process is to coordinate the designation of transmission corridor zones with federally designated energy corridors so that the state and federal designations result in continuous corridors to the extent practicable.

Current law directs the Energy Commission to adopt a strategic plan, representing an important part of the transmission planning process, to identify and recommend actions for investments in future transmission-line infrastructure. (Pub. Resources Code § 25324.) The goal of the strategic plan is to identify and recommend actions that will ensure transmission reliability, relieve congestion, and meet forecasted growth in load and generation in the state, with consideration given to renewable resources, energy efficiency, and other demand-reduction measures. Depending on available information, analyses performed, and forecasts of future conditions, the strategic plan sets forth the state's needs and objectives for developing infrastructure for the state's transmission grid, taking into account the state's energy and environmental policies.

The strategic plan, in turn, is part of the integrated energy policy report (IEPR) that the Energy Commission is required to adopt every two years. (Pub. Resources Code § 25302.) The biennial IEPR presents policy recommendations based on an integrated analysis of the most current and pressing energy issues facing the state. After adoption, the IEPR is sent to the Governor, who is then expected to review it and report to the Legislature whether the Governor agrees or disagrees with the policy recommendations and, if there is disagreement, what the alternate policy shall be. The Governor's report to the Legislature becomes the Governor's official statement of energy policy. (Pub. Resources Code § 25307.)

Given the authority to designate transmission corridors, the Energy Commission can now augment the transmission planning process, as summarized in the strategic plan, by identifying feasible corridors for future use consistent with the state's needs and objectives for electric

transmission. Indeed, the Commission is required to make findings regarding the conformity of a proposed transmission corridor with the adopted strategic plan. With careful planning and designating of corridors, the eventual permitting of transmission projects within those corridors is expected to be a seamless and more efficient final step in the regulatory process that results in needed electric transmission lines.

The Energy Commission's new authority to designate corridors also comes with responsibilities to work with stakeholders, federal, state, and local agencies, property owners, and the general public to study alternative corridor zones and to coordinate state planning with local and federal planning to the extent feasible. At the local level, counties and cities have the responsibility under the law to consider designated transmission corridor zones when making land use decisions that could affect the viability of a designated corridor to accommodate a future transmission line.

The Energy Commission's designation of a transmission corridor zone is subject to the California Environmental Quality Act. The Energy Commission will serve as the lead agency for designating and regularly reviewing and revising transmission corridor zones. (Pub. Resources Code § 25332.)

#### **INCORPORATION BY REFERENCE**

The proposed regulations would not incorporate any documents by reference.

#### **SMALL BUSINESS IMPACTS**

The proposed regulations would not affect small businesses. No small business would be legally required to comply with the regulations nor would any small business necessarily derive a benefit or incur a detriment as a result of these regulations being adopted. The proposed regulations set forth and specify the process by which corridors for future high-voltage electric transmission lines would be proposed, analyzed, and decided. To seek designation of a proposed transmission corridor and be subject to the regulations would be strictly by choice.

#### **LOCAL MANDATE DETERMINATION**

If adopted, the proposed regulations would not impose a mandate on local agencies or school districts.

#### **COST/SAVINGS ESTIMATE**

There would be no cost or savings to any state agency as a result of the regulations being adopted. Nor would there be any cost to local agencies or school districts as a result of the regulations being adopted and, thus, no cost that is required to be reimbursed under Government Code section 17500 et seq. There would be no cost or savings in federal funding to the state if the regulations are adopted and implemented. Further, there would be no nondiscretionary costs or savings imposed upon local agencies.

#### **INITIAL DETERMINATION – STATEWIDE ECONOMIC IMPACT ON BUSINESSES**

Adoption of the proposed regulations would not have a significant, statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with

businesses in other states. This initial determination is based upon the following facts (1) the proposed regulations describe a process that would apply only if a person chooses to propose a transmission corridor for state designation; (2) the proposed regulations have no provisions that would require, mandate, or impose anything directly affecting business in the state; and (3) the ultimate goal of the regulations is to standardize the process that will facilitate transmission planning and permitting such that the state's economic future benefits from a well planned electric transmission system. Utilities that have the option of proposing corridors for designation by the Energy Commission have expressed support for a seamless planning and permitting process in which designating corridors promotes agreement on the need for transmission lines proposed within designated corridors and streamlines or focuses environmental review in the permitting process.

Even though the adoption of the proposed regulations would not automatically impose any requirements, restrictions, standards, or prohibitions on businesses, nevertheless, in the interest of discussing costs and benefits that may accrue to the state's investor-owned utilities should they elect to request designation of transmission corridors, an economic impact analysis was conducted. The potential costs and benefits identified in the analysis assume a business choosing to take advantage of the corridor-designation process.

The analysis shows the estimated cost to a utility or applicant to prepare and file an application for corridor designation ranges between \$200,000 and \$5 million. The total cost of the initial application and an update is estimated to be between \$1.3 million and \$8.5 million. The potential net benefit, assuming corridor designations result in needed transmission structures in the state, would be \$86 million. This benefit would be to the state's utilities and ratepayers from improving California's electricity reliability, reducing current transmission system congestion costs, and improving access to lower-cost electricity.

#### **COST IMPACT TO PRIVATE PERSON OR BUSINESS**

The Energy Commission is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

#### **ASSESSMENT REGARDING JOBS AND BUSINESSES**

The proposed regulations, describing a process for anyone who chooses to apply for a corridor designation, would have no effect on the creation or elimination of California jobs, the creation of new business, or the elimination or expansion of existing business within California. The proposed regulations would not require business enterprises or individuals who choose not to apply for a corridor designation to submit reports, maintain records, or comply with new requirements. Those who do choose to apply to the Energy Commission would submit an application as prescribed and follow the procedures set forth in the regulations.

#### **IMPACT ON HOUSING COSTS**

The regulations proposed for adoption will have no effect on housing costs.

#### **CONSIDERATION OF ALTERNATIVE PROPOSALS**

Before adopting the proposed amendments, the Energy Commission must determine that no reasonable alternative considered by it or that has otherwise been identified and brought to the

Commission's attention would be more effective in carrying out the purpose for which the adoption is proposed or would be as effective and less burdensome to affected private persons than the proposed adoption. To date, the Commission is not aware of any alternative that would be more effective or less burdensome than the proposed regulations, given the statutory requirements and objectives of the designation process.