SOUTHERN CALIFORNIA EDISON
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California Energy Commission
DOCKETED
13-IEP-1E
TN 70920
MAY 21 2013

May 21, 2013

California Energy Commission
Docket Office, MS-4
Sacramento, CA 95814-5512
docket@energy.state.ca.us

Re: *California Energy Commission Docket No. 13-IEPR-1E Transmission Planning and Permitting Issues*

To Whom It May Concern:

On May 7, 2013, as part of the California Energy Commission's (Energy Commission's) 2013 Integrated Energy Policy Report (2013 IEPR) process, the Energy Commission held a Lead Commissioner Workshop to address California's and Western states' transmission planning and permitting issues (the Workshop). Southern California Edison (SCE) participated in the afternoon panel session focusing on the Synchronization of Generation and Transmission Permitting to Achieve Renewable Policy Goals. SCE appreciates the opportunity it was afforded to participate in the Workshop and to provide these written comments.

A. The Desert Renewable Energy Conservation Plan (DRECP) Could Improve Synchronization of Generation and Transmission Planning to Better Achieve the State's Renewable Policy Goals

SCE is committed to investing in the transmission infrastructure necessary to support the state's renewable energy goals.[1] To this end, SCE is investing more than $5 billion[2] for approximately 9,000 MW in new and expanded transmission capacity throughout its service territory, as described in further detail in Attachment 1.

In spite of these efforts, planning for renewable generation and associated transmission remains a challenge. SCE believes that a more comprehensive, long-term land-use planning strategy, as provided by the DRECP, could improve the synchronization of generation and transmission permitting.

[1] California's 33% Renewable Portfolio Standard (RPS).

[2] SCE received abandoned plant cost recovery treatment from the Federal Energy Regulatory Commission (FERC) for $5 billion in upfront financing for these transmission upgrades.

- The DRECP, when complete, could provide the regulatory framework necessary to support investment in renewable energy resources and associated electrical transmission facilities.

    - Despite aggressive renewable procurement, challenges to meeting the state's renewable energy goals remain. These challenges include permitting and siting renewable energy projects and related transmission facilities—two areas that the DRECP seeks to address.

    - Transmission planning efforts have identified upgrades and additions needed to meet today's renewable energy goals; however, uncertainty remains as to the location, amount, and type of renewable energy resources that will be developed today, and in the future.

    - Integration of land-use and transmission planning efforts, informed by the DRECP, could provide greater certainty; resulting in a more orderly, rational, timely, and cost-effective state and regional transmission planning and permitting process.

- Coordination of state and regional planning efforts through the DRECP, including broad stakeholder participation, and agency collaboration, is essential to achieving the state's renewable energy goals.

    - Successful transmission projects, such as SCE's Tehachapi Renewable Transmission Project (TRTP), should be examined to identify best practices, including opportunities for improvement, to ensure that mitigation requirements are consistent across agencies, duplicative technical and environmental analyses are eliminated, and project "scope creep" is minimized.

    - State and regional planning efforts, like WECC and others, should continue to be coordinated with DRECP and related planning efforts to identify potential transmission corridors that are seamless, contiguous, and strategically sized, on public and private lands, so as to facilitate transmission upgrades and additions to safely and reliability meet the state's renewable energy goals.

For additional details, please refer to SCE's previously filed comment letter on the DRECP, submitted to the Energy Commission on November 23, 2011, attached hereto as Attachment 1.

B. SCE's Development Focus Area (DFA) Suitability and Transmission Planning Process

Although there is a strong correlation between the SCE transmission projects currently underway and the DFAs identified in the DRECP,[3] planning for transmission infrastructure is also informed by the California Independent System Operator (CAISO) generation

[3] *See* Executive Order S-14-08.

interconnection queue. As of May 7, 2013, the queue included 40,001 MW of generation, of which 22,259 MW were located in SCE's territory. An additional 3,141 MW of generation existed in SCE's Wholesale Distribution Access Tariff (WDAT) queue. Approximately 10,200 MW of renewable generation will be needed to meet California's 33% RPS target, which indicates that the generator interconnection queue is currently oversubscribed.

Over the last several years, the CAISO has initiated and obtained FERC approval for several revisions to improve its generation interconnection process, including a fundamental change that integrated the generator interconnection and transmission planning processes known as "GIDAP" (Generator Interconnection and Deliverability Allocation Procedures). SCE supports GIDAP and believes that it provides a good foundation for improving the queue management process going forward. As stated in SCE's Workshop presentation, the large number of interconnection requests, particularly from renewable generators, has presented significant challenges for SCE, the CAISO, and the renewable generators. Generators in this process that have completed their studies but have not signed generation interconnection agreements cause uncertainty about the availability of system capacity. When capacity is reserved for generators that have not signed interconnection agreements, other potentially more viable, but later-queued, generators can trigger upgrades that may not be necessary. Although protocols exist to allow the removal of languishing generators, these protocols are difficult to implement because they often lead to litigation.

In addition to issues unique to the generation interconnection process, many historical transmission issues continue to present planning challenges. These challenges include reliability concerns over replacing base-load generation with more intermittent renewable generation, and the potential need for system upgrades when interconnecting renewable generators that are located in areas far from the generators that they are intended to replace. There is also a misconception that proximity to existing transmission facilities guarantees available transmission capacity, which is often not the case. Moreover, because transmission upgrades may take over seven years to license and construct, the current ten-year transmission planning model provides a relatively constrained planning horizon.

Upfront financing has addressed some of the challenges faced by renewable developers. In addition, SCE seeks to assist generators who are applying for interconnection by publicly providing maps depicting areas within the SCE system that have capacity or constraints. SCE also offers to hold pre-scoping meetings for developers with SCE engineers to inform generators of transmission capacity and constraints in specific regions prior to their submission of interconnection applications. SCE continues to support collective industry queue reform efforts, such as those being undertaken by the CAISO, as these efforts have enhanced the interconnection study process as a whole.

C. The CPUC and Energy Commission Should Develop Uniform Best Practices for CEQA Implementation

California is in the midst of a period in which significant investment in electricity infrastructure is necessary to deliver renewable power and to replace aging infrastructure. As such, it is essential that the Energy Commission and other state agencies seek ways to improve

the permitting process to ensure the efficient development of environmentally sensitive infrastructure. SCE therefore encourages the Energy Commission to consider ways to improve interagency coordination with the California Public Utilities Commission (CPUC) and other state agencies in their application of CEQA.

In SCE's experience, disparate application of CEQA requirements has led to considerable misalignment between the development timeline for renewable energy projects and the transmission projects needed to deliver their energy to electricity customers. Accordingly, SCE advocates for an interagency stakeholder process to align the agencies' interpretations of state law and policy and to develop uniform best practices for permitting and construction that promote efficiency and reduce costs.

For instance, an interagency stakeholder process should consider ways to eliminate the numerous instances of redundancies in the permitting process that result in costly delays. The current review and approval process for variances, Temporary Extra Work Spaces (TEWs), and Notices to Proceed (NTPs) delays construction despite the fact that the utility has already obtained a license to build. Delays are similarly experienced when technical studies and analysis are conducted to draft the Proponent's Environmental Assessment (PEA) by a transmission applicant's environmental consultants and then repeated by the lead agency's consultants in the development of the Draft Environmental Impact Report/Statement (DEIR/DEIS).[4] Interagency coordination and collaboration with the utility or developer could resolve these inefficiencies. Likewise, a best practice, from both a time and cost perspective, is to have a single consultant perform analyses for the agency and the utility or developer. Duplication of effort also occurs in connection with agency oversight. For instance, utility-hired biological and cultural monitors provide field oversight that need not be duplicated by agency counterparts. Instead, agencies should create a guideline or Memorandum of Understanding that establishes the environmental consultant's oversight responsibilities in the field.

Mitigation is also an area that could be improved through increased coordination between the Energy Commission and CPUC. Currently, the two agencies often do not concur on the initial determination of whether mitigation is required, which results in uncertainty for developers who are trying to plan projects. Interagency coordination and standardized uniform guidance on this issue would make the process more predictable, provide developers and utilities with certainty, and potentially reduce costs by eliminating unnecessary mitigation efforts and reducing consultant time preparing Mitigated Negative Declarations (MNDs) and DEIR/ DEIS. Agencies should also work together to relax inflexible and burdensome mitigation methods and afford transmission project applicants and developers, who have considerable technical expertise, the ability to develop reasonable and feasible mitigation means and methods that are properly tailored to the circumstances. SCE suggests that the agencies collaborate to develop reasonable, uniform approaches for preventing the taking of nesting birds, mitigating restoration of biological habitats, developing requirements for invasive plant management, protecting special status species, and allowing land owners to keep clean soil.

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[4] Nor is the transmission applicant afforded the opportunity to collaborate with the lead agency to ensure conclusions in the "re-review" are reasonable and feasible for the project.

D. Out-of-State Renewable Developers May Participate in SCE RFP Process

At the Workshop, a developer for out-of-state wind projects expressed interest in serving California's electricity customers. SCE invites and encourages all developers to participate in SCE's requests for proposals to supply renewable products. Through this process, SCE solicits bids for a wide-range of products, including long-term bundled energy products from WECC-interconnected renewable resources. As outlined in its presentation before the Energy Commission on April 12, 2012,[5] SCE evaluates each bid in a fair, equitable manner that ensures SCE's customers get the best value for their procurement dollars. Large generation projects pursuing interconnection into SCE's border substations in the Blythe, Boulder City, or Laughlin areas are likely to drive the need for new transmission facilities in SCE's service territory. Accordingly, SCE's methodology appropriately includes evaluating the cost of delivering power to California and any associated investment in transmission infrastructure. Likewise, SCE recognizes that out-of-state projects can provide value to SCE's customers and thus takes those considerations into account when evaluating whether the developer's bid is competitive.

E. Status Updates on Major Projects

Set forth below is a status update on the seven major projects currently being undertaken.

1. Devers-Palo Verde Corridor – Devers-Colorado River, Devers-Palo Verde No. 2, Devers-Valley No. 2, and Colorado River Substation: Although construction of all of these facilities is near completion, the June 2013 target date likely will not be met. A timeline for mitigation measures for nesting birds has not been established, which could delay construction. Accordingly, the anticipated operating date will likely be in the beginning of the third quarter of 2013.

2. Red Bluff: Construction is near completion. The target operating date is in July 2013.

3. West of Devers: West of Devers will file a PEA in October 2013.[6] If it is approved, construction may begin in 2016, depending on the timing of approval. The target operating date is anticipated to be 2019-2020.

4. Eldorado Ivanpah Transmission Project: Construction is near completion and the target operating date is June 20, 2013.

5. TRTP: Undergrounding evidentiary hearings at the CPUC concluded in April 2013. A CPUC decision is expected in July 2013. The original operating date of 2015 may be

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[5] This presentation is available at: http://energy.ca.gov/2012_energypolicy/documents/2012-04-12_workshop/presentations/19_Ulrich_SCE.pdf

[6] During the workshop, SCE made reference to an August 2013 date. That reference was in error. The date recently changed to October 2013.

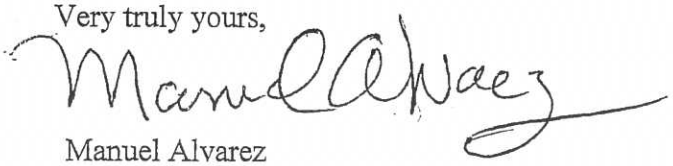
adjusted depending on the outcome of the hearings. SCE understands that TRTP will try to meet a target operating date of 2015.

6. **Coolwater-Lugo Transmission Project (a.k.a South of Kramer):** Project will file a PEA to CPUC and Bureau of Land Management in August 2013. If approved, construction may begin in 2016, depending on the timing of approval. The operating date is anticipated to be in 2018.

7. **Path 42:** SCE is currently preparing a MND with the Imperial Irrigation District (IID). IID is the CEQA lead. The target operating date is anticipated to be in April 2014.

In conclusion, SCE appreciates the Energy Commission's consideration of these comments and looks forward to its continuing collaboration with the Energy Commission. Please do not hesitate to contact me at (916) 441-2369 with any questions or concerns you may have. I am available to discuss these matters further at your convenience.

Very truly yours,



Manuel Alvarez

ATTACHMENT 1

SOUTHERN CALIFORNIA EDISON
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November 23, 2011

Desert Renewable Energy Conservation Plan
Dockets Office, MS-4
Docket No. 09-RENEW EO-01
1516 Ninth Street
Sacramento, CA 95814-5512

Attention: David Harlow
Director
Desert Renewable Energy Conservation Plan

Subject: Southern California Edison Company comments on the Preliminary Conservation Strategy for the Desert Renewable Energy Conservation Plan

To the Desert Renewable Energy Conservation Plan Team:

Southern California Edison (SCE) is pleased to provide comments on the Preliminary Conservation Strategy (PCS) of the Desert Renewable Energy Conservation Plan (DRECP), released by the California Energy Commission (CEC) on October 26, 2011.

SCE provides these comments as constructive recommendations for improvements on specific issues of importance to our utility operations consistent with our obligation to plan, permit, construct, own and operate transmission infrastructure to meet renewable energy and reliability needs in a safe, reliable, and cost-effective manner.

SCE believes that the DRECP will, when complete, provide the regulatory framework necessary to support investment in renewable energy resources and associated electrical transmission facilities, while ensuring effective protection and conservation of the state's native wildlife and plant species and the natural communities that support them. SCE's experience operating under HCP/MSHCP/NCCP models has yielded significant benefits, including reducing the amount of time to secure necessary "take" permits (from years to months), providing cost certainty (pre-determined mitigation fee schedule), and reducing the risk of litigation (plan consistency versus individual projects).

California's renewable energy and climate change goals are among the most ambitious in the nation. In support of these goals, SCE procures more energy from renewable resources than any other utility in the country. Despite aggressive renewable energy procurement, challenges to meeting the state's renewable energy goals remain. These challenges include permitting and siting renewable energy projects and related transmission facilities, two areas that the DRECP seeks to address. SCE supports efforts to streamline the approval of renewable energy generation projects, and the necessary transmission system infrastructure to support such generation, to facilitate environmentally responsible utility-scale renewable development in a timely fashion.

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Transmission upgrades and additions will be needed to safely and reliably interconnect renewable energy resources from remote areas of the state to population centers. State and regional transmission planning efforts have identified transmission upgrades and additions needed to meet today's renewable energy goals, based upon best available information. Uncertainty remains, however, as to the location, amount, and type of renewable energy resources that will be developed today, and in the future.

Integration of land-use and transmission planning efforts, informed by the DRECP, will provide greater certainty, resulting in a more orderly, rational, timely, and cost-effective state and regional transmission planning and permitting process. Coordination of state and regional planning efforts of the California Independent System Operator (CAISO), California Public Utilities Commission (CPUC), the California Energy Commission (CEC), and the Western Electricity Coordinating Council (WECC), including broad stakeholder participation, are essential to achieving the state's goals.

Facilitate Cost-Effective, Environmentally Sound Transmission Planning, Siting, and Permitting: The DRECP should facilitate cost-effective, environmentally sound transmission planning, siting, and permitting. The DRECP should recognize the need for sufficient transmission system upgrades and additions to integrate renewable energy resources. Moreover, the DRECP should acknowledge the need to designate additional transmission corridors or expand existing corridors in coordination with regional planning efforts by WECC and others, and should take into consideration the cumulative impact to the electrical grid of multiple downstream transmission infrastructure changes to accommodate new renewable generation projects. The DRECP should recognize the need for utilities to acquire sufficient lands to support transmission corridors, upgrades and additions, and to hold such lands for future use consistent with the DRECP planning horizon.

Specifically, DRECP should:

- Provide flexibility in the Reserve Design to facilitate the siting and permitting of transmission corridors, upgrades and additions in a cost-effective, environmentally sound manner.
- Identify transmission system upgrades and additions, including collector substations, network upgrades, downstream upgrades, corridors, and related infrastructure (such as roads and telecommunication), sufficient to support the delivery of electricity from renewable energy development in the RESAs and to maintain a reliable and safe electrical system.

  Proximity to existing transmission lines does <u>not</u> guarantee availability. It is important to note that transmission lines located in proximity to Renewable Energy Study Areas (RESAs) may not necessarily have sufficient capacity to accommodate the anticipated renewable generation in RESAs.
- Encourage the use of existing roads, transmission rights-of-way, and corridors, wherever feasible, consistent with all applicable reliability planning criteria required by the North American Electricity Reliability Corporation (NERC), Western Electricity Coordinating Council (WECC), and the California Independent System Operator (CAISO).

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- Analyze transmission upgrades, additions, new or expanded corridors, and related infrastructure in sufficient detail so as to facilitate timely permitting by local, state, and federal entities.

  DRECP should pay particular attention to the need for the designation of seamless, contiguous transmission corridors that would facilitate transmission upgrades and additions needed to support renewable energy development in RESAs, the import and export of renewable energy resources, and the development of interstate interties, in a cost-effective, safe and reliable manner. DRECP should also support the CEC's designation of transmission corridors that include sufficient right of way to support such transmission upgrades and additions.

- Coordinate with the CAISO's Transmission Planning Process (TPP) to ensure that transmission upgrades and additions needed to support renewable energy development in areas identified by DRECP are considered for inclusion as "policy driven projects".

- Coordinate with the WECC regional transmission planning efforts to ensure consistency and compatibility across the western region of North America. Coordination of state and regional planning efforts could lead to a fully integrated west-wide transmission system, taking advantage of generating characteristics of both variable and flexible generation to lower costs, increase reliability, and to facilitate "system balancing" across broad geographic regions to "smooth out" the variability of renewable energy resources.

  DRECP should pay particular attention to transmission corridors, upgrades and additions that may be needed to safely and reliably integrate renewable energy resources, both imported and exported, in to the electrical grid consistent with the DRECP planning horizon.

- Coordinate with long term, comprehensive energy and environmental planning efforts, including the CPUC Long Term Procurement Plan (LTPP) and the BLM Solar PEIS to direct development to high renewable resource value, low conflict areas.

Thank you for the opportunity to provide comments and suggestions to the DRECP. Please find attached specific comments keyed to the PCS by chapter, section, and page. SCE looks forward to working with you to ensure that the DRECP facilitates cost-effective, environmentally sound transmission planning, siting, and permitting.

Sincerely,

Roger Overstreet

Roger Overstreet
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Corporate Environment, Health & Safety
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