



555 Seventeenth Street
Suite 2400
Denver, CO 80202
Tel 303.298.1000
Fax 303.299.1356

VIA EMAIL DELIVERY

May 21, 2013

California Energy Commission
Dockets Office, MS-4
1516 Ninth Street
Sacramento, CA 95814-5512
docket@energy.ca.gov

California Energy Commission

DOCKETED
13-IEP-1E

TN 70927

MAY 22 2013

Re: 2013 IEPR – Transmission Planning and Permitting Issues (13-IEP-1E)

Dear Commissioners:

TransWest Express LLC (TransWest) appreciates the opportunity to provide comments on Recommendations #10 and #11 in the Renewable Action Plan. TransWest's comments focus on the underlying reasons for the synchronization problem between the development duration for transmission and generation projects and recommendations on how to better inform timely decisions to alleviate the problem.

TransWest is an independent transmission developer that is focused on permitting and developing the TransWest Express Transmission Project (TWE Project). The TWE Project is one of the seven transmission projects identified by the Rapid Response Team for Transmission (RRTT) in October 2011, and it is the only RRTT project designed to deliver high-capacity renewable energy to the highly-populated Desert Southwest markets in Arizona, Nevada and Southern California.

The TWE Project represents a massive investment in strengthening the western U.S. power grid. With 3,000 MW of capacity and a 600 kV direct current design, this 725-mile system will provide a much-needed transmission backbone between the Intermountain and Desert Southwest regions. There is no way to connect these two regions without crossing federally owned land. In line with federal energy policies, approximately 67% of the proposed route is sited on federal land mainly administered by the BLM and U.S. Forest Service.

BLM and Western Area Power Administration (Western) are preparing an Environmental Impact Statement (EIS) for the TWE Project in compliance with the National Environmental Policy Act. To date, a Notice of Intent has been published and public scoping completed in the first quarter of 2011. A Draft EIS is anticipated to be released in June 2013. Construction is anticipated to start in 2015 and take three years to complete.

Comments

1. What challenges have been created to date by the lack of synchronization of generation and transmission permitting to achieve renewable policy goals? What additional challenges do you foresee as California considers higher levels of renewables?

Remote renewable energy resources oftentimes present the most environmentally and cost attractive alternative to meet California's renewable energy goals. These remote locations, whether in the California desert or along the Continental Divide in Wyoming, often require new or upgraded long distance transmission lines to provide the California market with access to these resources. Due to the nature of all transmission line projects that often span multiple jurisdictions, landscapes and environmental resources, the amount of time to secure permits takes longer than the time to obtain similar permits for the resource projects themselves. Efforts to streamline transmission permitting are always welcomed, however the fundamental nature of the long linear facilities and the related permitting and siting complexities will always provide a constraint on the process. Shortcutting the transmission process would not allow the various entities along the line to participate in the process fully. Any single-location, renewable energy project regardless of the size involves fewer potentially impacted entities and complexities.

Given the realities in the relative development timelines for generation and transmission projects, the focus to achieve the goals should be placed on first identifying the best renewable energy zones, followed by the required transmission for the market to access these resources. This transmission should be identified and permitting started ahead of the specific generation project development to provide the generators certainty that the synchronization between the projects has been adequately addressed. This smart from the start development approach has been used throughout the West and most recently with the Tehachapi and Sunrise transmission projects.

2. How has your specific generation project been affected by this lack of synchronization?

California has not been able to access or even consider accessing Wyoming's abundant, low cost renewable resources due to the tendency to think the generation development takes more time than transmission development, which places a false sense of priority on selecting specific generation projects to meet the RPS. There are many renewable energy projects in Wyoming poised to meet the needs of the California market that are synchronized with the TWE Project construction timeframe.

3. What are the major causes of generation permitting being out of step with transmission permitting?

See answer to question 1.

4. What are the most effective solutions for addressing these causes and challenges in the short term? In the longer term?

The Energy Commission and the various planning groups in California should fully consider the remote resources throughout the West and the transmission projects currently under development to provide the California market with access to these resources. TransWest has requested the CAISO to conduct economic planning studies on this important subject within their annual transmission planning process. The CAISO rejected these requests repeatedly and has directed TransWest to request the Energy Commission and the CPUC to include Wyoming within the CPUC scenarios so

that they could conduct a study utilizing their Public Policy Transmission planning process. The CAISO has raised concern over the lack of 'commercial interest' in Wyoming resources based on the lack of executed and approved Power Purchase Agreements. This 'generation-first' development assumption applied by the CAISO to limit the consideration of long lead time transmission development is causing the synchronization problem focused on within the workshop. In lieu of exploring alternative planning paradigms that are not solely based on the 'generation-first' assumption, California is severely constraining its flexibility in achieving the RPS goals.

The current planning paradigm for the CAISO's Public Policy transmission projects are solely based on this 'generation-first', interconnection request driven process. The interconnection process serves well to provide generators, particularly natural gas generators that have a high degree of geographic flexibility and can be located near load to minimize transmission investments, with access to the transmission network. The interconnection process gets strained as the required transmission lines get longer and the corresponding development time increases. This strain can be seen throughout the market as Interconnection Queue reforms are pursued continuously and the synchronization challenges between the generators and the transmission projects become more apparent.

Long distance transmission lines have been planned and built in California and the West for several decades. However, very little if any long distance lines have been initiated and executed as part of an interconnection process. Economic studies that focus on optimizing the balance between transmission and generation investments over the long term have been the foundation to support these decisions throughout the industry. The Tehachapi and Sunrise projects being built in part to meet the RPS used this type of comprehensive long term planning process. The CAISO tariff includes provisions to conduct the required studies within their annual transmission planning process, however they are reluctant to conduct such studies citing a lack of 'commercial interest' and appropriate CPUC scenarios that include these remote resources.

TransWest is not seeking support from the Energy Commission to streamline the permitting process to better synchronize the development schedule for the TWE Project with that of potential generators. Instead we request the Energy Commission to consider the underlying reasons for the synchronization challenges and to consider alternative planning processes and alternative renewable resource areas that California could access through the building of transmission lines.

There are many uncertainties in any planning process. Two certainties that the Energy Commission should consider is that the required development time for transmission is longer than generation and that the synchronization problem will always exist, and may limit options to address all the other uncertainties, unless transmission is proactively considered separate from specific generation project development. Transmission projects can always be delayed with little penalty if found to not be needed prior to construction starting. However, transmission development cannot be accelerated from the early development stages to catch up with generation development or any new needs that may arise as planning assumptions (e.g. load growth, permitting delays, project failure rates, etc.) are not realized in future years.

TransWest looks forward to further interaction with the Energy Commission on these matters and request consideration of these comments. Please contact David Smith, Director of Engineering at david.smith@tac-denver.com or 303.299.1545 should you have any questions about these comments or about the TWE Project.

Sincerely,

/s/ David F. Smith
David F. Smith
Director of Engineering

Copy: Judy Grau