

California Geothermal Energy Collaborative
Transmission Planning Issues of Interest to Geothermal Development

Monthly Briefing Update: **January 2006**

1. Imperial Valley Export Projects.

Sunrise Powerlink. SDG&E filed the first part of its CPCN application (Certificate of Public Convenience and Necessity) for this 500 kV line, from Imperial Valley substation to central San Diego, on December 15, 2005. Opposition has been filed by environmental and consumer groups, landowners and by the Imperial Irrigation District (IID), which is competing with SDG&E to build the line. The CPUC held the first of several public hearings on the Sunrise project on January 31. The development of a new 500 kV connection between Imperial County and San Diego County will provide renewable resources located anywhere in Imperial County access to the CAISO grid. It will also free up capacity on the existing 500 kV Southwest Powerlink (SWPL), increasing transfer capacity from Arizona into San Diego. Geothermal companies having development interests in the region may want to participate or at least monitor this process. Approval of the new facilities is not assured, regardless of whether SDG&E or IID builds them, and the support of renewables generators may be needed to help counter local opposition to the construction of any new transmission facilities.

Green Path Coordinated Projects. IID, LADWP and Citizens Energy are proposing three transmission projects: internal upgrades of the IID system, which would transport geothermal and other resources from Imperial County to the high-voltage grid; a new 500 kV line from Indian Hills (near Coachella on the IID system) to a new Upland substation in the northern section of LADWP territory; and the Imperial Valley-San Felipe Transmission Project, from the Imperial Valley substation into central San Diego County. This last project is in direct competition with the Sunrise Powerlink proposed by SDG&E; only one such 500 kV connection will be able to be approved and financed.

IID and LADWP have begun the WECC Regional Planning process for the Green Path Coordinated Projects. They have constituted a Project Review Group and held the first two meetings in this process, as required by WECC. Generators or other parties interested in participating or monitoring this path rating/Comprehensive Progress Report process can ask to be added to the distribution list by contacting David Barajas at IID: dlbarajas@iid.com.

LEAPS (Lake Elsinore Advanced Pumped Storage). The LEAPS project, a proposed 500 MW pumped storage project located in northern San Diego County, would provide transmission to connect the SDG&E and SCE systems. The project might complement the Sunrise Powerlink, which does not include such a connection; and it could provide operational flexibility to grid operators to support the integration of renewables in the Imperial Valley, San Diego County and/or Riverside County.

However, it is not certain that both the project and the Sunrise Powerlink will be approved. LEAPS filed a Section 205 rate request at FERC in December, 2005. The CAISO has not determined that the project is needed, and also takes issue with the rate treatment requested by LEAPS; both the ISO and SDG&E filed protests in this action in January 2006.

This protest notwithstanding, CAISO operators have expressed the need for greater operational flexibility, especially in SP 15, to support the integration of renewable resources in that region.

2. **CAISO Proactive Transmission Planning.** In January 2006, the CAISO announced the process it will use to develop an integrated, statewide transmission plan. This annual plan is intended to anticipate the need for new transmission infrastructure, for reliability and economic (congestion relief) purposes. It will also use RPS transmission needs as a data input. It will attempt to integrate IOU and publicly-owned utility data to construct a unified statewide plan, to facilitate study of western regional connections to California (e.g., imports from the Northwest and Southwest).

Renewables advocates are working to have the ISO structure its planning process such that the transmission required to meet state renewables goals is established as a justification for new infrastructure development.

3. **CPUC Renewables-Transmission Proceeding (I.05-09-005).** This proceeding is now focused on the cost recovery issues. Transmission owners will not undertake the study, permitting or construction of new facilities unless they are sure that they will be able to recover their costs for those expenditures. As a result, transmission development to meet the state's renewable energy goals requires cost recovery certainty. Parties filed opening briefs on cost recovery on January 27, 2006, as directed by the Assigned Commissioner Ruling. The CPUC intends to consider this issue over the next three months, with a decision expected in April or early May.

If FERC approves high-voltage transmission facilities, the costs of those upgrades are recovered from all users of the CAISO grid, through the ISO Transmission Access Charge (TAC). If FERC does not approve the facilities to be included in transmission rates, the CPUC can order the IOUs to include their costs in retail distribution rates. The California RPS law gives the CPUC explicit authority to order such cost recovery for transmission needed to meet RPS requirements, under Public Utilities Code Section 399.25. The CPUC has not yet used this authority for renewables transmission projects; this is one issue in the current proceeding. Another is whether the costs of such transmission should be collected only from the customers of the IOU to which the renewable generator is connected, or whether the costs should be spread across the customers of all IOUs (PG&E, SCE, SDG&E), since the benefits of renewables generation accrue to the state as a whole.

4. **STEP (Southwest Transmission Expansion Plan).** The January 24, 2006 STEP meeting at SDG&E included reports on East of the River/West of the River (EOR/WOR) short-term upgrades, which are designed to increase transfer capacity between Arizona, southern Nevada and California; the WECC Congestion Assessment Task Force, which is required by EPAct 2005; the IID-LADWP proposed Green Path transmission projects and the Sunrise Powerlink; SWAT planning; the CAISO proactive transmission planning process; and the TransWest Express project proposed by Arizona Public Service (APS).

One configuration of the TransWest Express project would provide a new and/or expanded 500 kV link between Arizona and New Mexico. The New Mexico Transmission Task Force is exploring development of transmission that would collect wind and geothermal power from across that state and transport it to a high-voltage connection to Arizona (and southern Nevada/California). Such a link would provide geothermal projects in New Mexico access to the largest southwest power markets.

Monthly Briefing Updates are a service of the California Geothermal Energy Collaborative. For more information on the issues and programs discussed here, contact:

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