

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

Monthly Briefing Update: **October 2005**

- 1. Imperial Valley Transmission Development.** At the October 28, 2005 STEP meeting, Los Angeles Department of Water and Power (LADWP) presented the results of its studies of a new 500 kV line connecting its system to the Imperial Irrigation District at or near the Devers substations, on the Devers-Palo Verde #2 transmission line. According to LADWP, this line could provide transmission access for 400+ MW of Imperial Valley geothermal resources. This project would also create two additional interconnection points between the LADWP and CAISO systems, at which Imperial Valley geothermal projects could deliver power to sellers across the CAISO grid.

LADWP, IID and Citizens Energy Corp. have formed an alliance to develop and build this connection between the IID and LADWP systems. Citizens Energy, a non-profit corporation founded by Joseph Kennedy, would finance the line as a merchant transmission project, and return its fee by subsidizing electricity bills for low-income customers of LADWP. The parties propose to put the new facilities into CAISO transmission rates, even though LADWP would own and operate the line. This would enable the financing to be secured with a tariff approved by FERC. The ISO and its members would have to approve such a plan.

The transmission development plans of SDG&E, IID and LADWP are all moving forward rapidly, with SDG&E expected to file the need-determination portion of the CPCN application for its proposed Sunrise Powerlink before the end of 2005. At its October 28 meeting, STEP requested that SDG&E, IID and LADWP resolve which parties will build/own which facilities in the Imperial-San Diego-Riverside region by the end of November. This resolution will enable environmental studies of the specific transmission routings to begin.

- 2. Proactive Development of Transmission.** The California Public Utilities Commission proceeding to determine the actions required to develop sufficient transmission to achieve the state's renewable energy goals, I.05-09-005, is now underway. In October 2005, California IOUs and renewable energy project developers submitted Comments and Reply Comments on the Order Instituting Investigation of these matters. A Pre-hearing Conference in this proceeding will be held on **November 7, 2005**. This hearing will help to set the schedule and subjects to be addressed in the proceeding. Companies having projects needing transmission access may want to participate.

- 3. West Coast Governors Global Warming Initiative.** This on-going initiative of the Governors of California, Oregon and Washington has identified renewable energy development as a major strategy for reducing greenhouse gas (GHG) emissions from the power sector. Expedited development of renewables will require changes in transmission policies as well as new transmission construction. The CA, OR and WA staffs of the West Coast Governors Global Warming Initiative have formed a transmission committee to raise the visibility of such issues and to recommend policy proposals for the Governors' consideration. These recommendations may include: tariff changes to allow existing transmission infrastructure to be used more fully; REC trading throughout the WECC; better coordination of renewable energy procurement with transmission development; and proactive transmission planning for renewable energy development.

- 4. DOE Transmission Corridors.** The Energy Policy Act of 2005 requires DOE to study transmission congestion and to identify, by August 2006, national interest transmission corridors that could help reduce congestion. In October 2005, DOE and BLM conducted public scoping meetings in several locations around the western US on development of a Programmatic Environmental Impact Statement (PEIS) for such corridors. In these meetings, DOE and BLM staff advised interested parties to recommend geographically-specific routings for study (e.g., a potential corridor 25 miles wide, from one specific bus to another bus on the WECC high-voltage grid).

The American Wind Energy Association (AWEA) submitted comments on the corridor study in these meetings, and will identify specific transmission corridors capable of connecting wind power to the WECC grid. Geothermal developers in New Mexico, Nevada, Oregon and California may find it helpful to coordinate with AWEA on the recommendation of corridors for study, to the extent that such corridors provide access for their potential projects, and/or to identify other potential corridors needed to support geothermal development.

As part of this process, the WECC has proposed to DOE to study congestion on its system and recommend new transmission facilities to relieve congestion. It will create an Ad Hoc Western Interconnection Task Force for this purpose, made up of representatives of sub-regional transmission planning groups including SSG-WI, NTAC, SWAT and STEP. Geothermal developers with projects in Southern California-Nevada can provide their input through STEP; in New Mexico, through SWAT; in Northern California, through the CAISO; and in Oregon, through NTAC.

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