California Geothermal Energy Collaborative

Transmission Planning Issues of Interest to Geothermal Development

Monthly Briefing Update: **December 2005**

1. **WECC Transmission Expansion Planning Workshop**. A meeting to define the role of the Western Electricity Coordinating Council (WECC) in economic transmission expansion planning will be held in Salt Lake City on **February 15, 2006**. Geothermal interests may want to attend, to ensure that renewable energy development is appropriately considered. The goal of the workshop is to develop stakeholder consensus on this new planning process, including defining the roles of key actors.

   Until now, WECC transmission planning has been concerned solely with grid reliability. Regional planning for transmission expansion to relieve congestion, reduce power costs and connect new generation has been performed by the Seams Steering Group-Western Interconnection (SSG-WI). As a result of review by the Western Governors Association and recommendation by the Western Assessment Group in 2005, this planning will be moved to the WECC, beginning in 2006. Criteria defining "economic" transmission planning, as this function is called, must be clarified, and ultimately adopted by the WECC board of directors. Whether or not state renewable energy mandates should be considered in "economic" transmission planning is a significant issue.

   Attendees will include representatives of state Public Utility Commissions, transmission owners, load-serving entities, and generation companies. The workshop will be held at the Hilton Salt Lake City Center, 255 South West Temple St., from 8:00 AM-3:00 PM on February 15, 2006. For more information, contact Jay Loock, WECC Director of Technical Services, at 801-582-0353; jay@wecc.biz.

2. **CPUC Renewables-Transmission Proceeding**. In late December 2005, the California Public Utilities Commission established four priority issue areas for attention in this proceeding, I.05-09-005. They are: cost recovery, pursuant to Public Utilities Code §399.25; streamlining the transmission permitting process; coordinating RPS procurement with transmission planning; and identifying transmission investment by the IOUs that do not require review by the CPUC. The plan for addressing these issues is outlined in the Assigned Commissioner's Ruling (ACR) issued December 21, 2005.

   This ruling also orders each utility to: 1) provide a detailed project-by-project report on the permitting status of projects for which RPS contracts have been executed, identifying any delays and the reasons for such delays; and 2) identify any renewable projects that can be implemented without new, long-term transmission infrastructure. It asks the CAISO to provide a list of upgrades capable of supporting renewable resource development without requiring large-scale transmission construction. This

ruling, which is based on the results of the November 7, 2005 Pre-Hearing Conference and the December 6-7, 2005 workshops in this proceeding, also lays out the schedule of all activities in this proceeding for the first several months of 2006. The ruling is available at: http://www.cpuc.ca.gov/PUBLISHED/RULINGS/52310.htm

3. **IOU 2006 Renewable Energy Procurement Plans.** PG&E, SCE and SDG&E filed their 2006 RPS Procurement Plans with the CPUC on December 22, 2005. These plans update each utility's renewable procurement goals, and report on needed transmission upgrades that affect RPS procurement. All the IOUs emphasize that lack of transmission may prevent them from meeting the 20% renewable energy goal by 2010. Building transmission to access renewables carries the risk, however, that not enough generating projects in a given resource area will materialize to fully recover the costs of the new transmission.

   PG&E suggests that one way to reduce this risk is to identify corridors that would be needed under more than one development scenario. PG&E identifies six such 500 kV corridors that could enable delivery of renewable resources to meet the 20% RPS goal, five of which it has now included in its Electric Transmission Grid Expansion Plan. The projects which may be of interest to the geothermal community in northern California include:
   - Vaca Dixon – Contra Costa 230 kV Reinforcement; and Cottonwood-Vaca Dixon 230 kV Capacity Increase. These two projects would increase the capacity to deliver power from potential resources located near PG&E's Cortina, Cottonwood and Round Mountain Clusters into the San Francisco Bay Area load center.
   - Table Mountain – Vaca Dixon 230 kV Reinforcement. PG&E is investigating options to increase the capacity to deliver power from potential resources at the Table Mountain Cluster, or the Round Mountain and Cottonwood Clusters, depending on how many generating projects materialize in each area, after the installation of series capacitors on the four 230 kV lines between the Cottonwood and Vaca Dixon substations.

4. **Expansion of the LADWP/SCPPA Southern Transmission System; Renewable Energy Bonds**. The Southern California Public Power Authority (SCPPA) will soon issue a second request for proposals, with the goal of acquiring nine new renewables projects, in conjunction with the accelerated renewable portfolio standard that the Los Angeles Department of Water and Power (LADWP) recently adopted. To provide transmission capacity for renewables coming into Southern California, the two public power organizations are proposing to build a new 500 kV direct current transmission line from the Intermountain Power Project in Delta, Utah to Los Angeles, paralleling the existing 500 kV DC line (known as the Southern Transmission System) which they now own and operate. This could provide geothermal projects in central Utah (or potentially eastern Nevada) transmission access to Southern California, provided that they can deliver to the Intermountain area.

SCPPA/LADWP are considering financing some of the generating projects involved with the Clean Renewable Energy Bonds (CREBs) created by the Energy Policy Act of 2005. CREBs are intended to provide governmental entities and electric cooperatives with the ability to obtain interest-free financing for certain renewable energy projects by providing investors with a tax credit in lieu of interest.

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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