

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

Monthly Briefing Update: **March 2006**

1. Imperial Valley: IID, SDG&E, LADWP.

In March 2006, SDG&E and IID signed a Memorandum of Agreement to share the ownership, construction and operation of a 500 kV line from the Imperial Valley to San Diego. This line has been shown to be essential for the export of geothermal and other renewable resources from the Imperial Valley. Until now, IID and SDG&E had been competing for the right to build the line.

Under the new agreement, IID and Citizens Energy Corporation will build and own the section of this line from the Imperial Valley Substation (near El Centro) to the existing Narrows Substation, near the border of Imperial and San Diego Counties in Anza Borrego Park. This section of the line will now be known as “IID Green Path Southwest.” (This project had previously been called the “IID/Citizens San Felipe Project”).

SDG&E will build and own the portion of the 500 kV line from the Narrows Substation to a new 500 kV/230 kV substation near Warner Springs; and new/upgraded 230 kV lines from that substation into its load centers. The SDG&E project is called the Sunrise Powerlink. The CAISO will operate the entire line, including the portion owned by IID. This means that power purchasers connected to the CAISO grid will be able to take delivery of Imperial Valley geothermal power at the IV substation. Generators connected to the IID system will, however, have to pay a transmission tariff to IID for transport of their power to the CAISO grid at the IV substation.

On March 20, SDG&E announced its preferred routing for its portion of the line. As a result of the agreement with IID and its choice of routing, SDG&E informed the CPUC on March 21 that it would amend the CPCN application it has filed for the Sunrise Powerlink. The amended application, which will include the required environmental studies on its preferred and alternative routings, will be filed later in 2006. This schedule would allow the CPUC to issue a decision on the project in mid-2007.

Regional study work continued in March on the Los Angeles Green Path project (LAGP). On March 28, the WECC Project Review Group approved the Study Plan that will be used to evaluate the effect of the proposed project on regional transmission and identify any needed mitigations. The plan of service proposed by LADWP for this line includes export of 400 MW of geothermal resources from the Salton Sea region to Los Angeles.

- 2. CDEAC Transmission Recommendations.** The Clean and Diversified Energy Advisory Committee (CDEAC) empanelled by the Western Governors Association met in Denver March 7-8 to finalize its recommendations for the addition of 30,000 MW of clean energy to the western grid. The Governors are expected to act on these recommendations at the next WGA meeting, June 11-13 in Sedona, AZ.

The draft recommendations proposed by the CDEAC Transmission Task Force contain measures that will greatly enhance the development of transmission to access renewables. Among other issues, the transmission needs of location-constrained resources and geothermal projects specifically are given special consideration. The final CDEAC Transmission Task Force recommendations will be released in early April and will be available at:

www.westgov.org/wga/initiatives/cdeac/transmission.htm.

- 3. I.05-09-005, Renewables-Transmission.** An all-party meeting in this CPUC proceeding was held on March 1 to review parties' comments on transmission cost recovery issues. Commissioner Grueneich announced that she would issue a decision in April or early May on how the investment responsibility for the transmission to access renewables should be apportioned and the costs repaid. The issue of changes to the Transmission Ranking Cost Report (TRCR) methodology used to assign proxy transmission costs to RPS bids was also discussed, along with the effect of CAISO queue procedures on RPS bidding/contracting. There was no agreement on the extent to which future phases of this proceeding should take up these issues.

On March 23, a workshop on streamlining the CPUC transmission permitting process was held in this proceeding. Parties will have additional opportunities to comment on CPUC staff proposals for improving and shortening the approval process for new transmission facilities without negatively affecting CEQA requirements.

- 4. PG&E Transmission Investments.** On March 1, PG&E announced that it has budgeted \$1.82 billion in capital expenditures for transmission lines and pipelines over the next five years. That amount does not include out-of-state facilities that the company said are also needed. PG&E believes the federal Energy Policy Act of 2005 (EPAct) will greatly increase the growth in infrastructure upgrades in the West. PG&E explicitly mentioned access to wind and geothermal resources in Oregon and Nevada as included in its assessment of infrastructure needs. Later the same week, PG&E announced that it had signed a long-term contract for 120 MW of geothermal power from the Military Pass-Newbury Volcano Project near Bend, OR. That project will require transmission to the CAISO grid.

- 5. Reminder: New Frontier Power Summit, April 17-19 in San Diego.** All of the major transmission developments proposed in the western US will be presented and discussed at this conference. These include the Frontier Line (WY-UT-NV-CA); the TransWest Express (WY-UT-AZ, with possible spur lines to NM); the Sierra Pacific Ely-Las Vegas project; New Mexico projects; and Tehachapi and Imperial Valley

transmission. Most of these proposed transmission lines are potentially of interest to geothermal development.

The conference will be held at the Coronado Island Marriott, 2000 Second Street, San Diego. For an agenda, go to: <http://summit.frontierline.org/agenda.htm> and to register, contact <http://summit.frontierline.org/default.asp>.

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

David Olsen, California Geothermal Energy Collaborative
olsen@avenuecable.com
805-653-6881