

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

Monthly Briefing Update: **May 2006**

- 1. CAISO Initiative In Support of Transmission for Renewables.** At its June 13, 2006 board meeting, the California Independent System Operator (CAISO) will consider creating new criteria to enable it to approve transmission facilities which do not necessarily fall under traditional reliability and economic justifications for transmission upgrades but which are needed to meet state renewable energy goals.

To this end, the CAISO proposes to request that FERC recognize a new category of transmission assets similar to the “renewable energy trunk lines” advanced by SCE last year. The cost of such “trunk lines” needed to meet RPS goals would be rolled in to transmission rates paid by all customers of the grid, rather than by generators or by only the interconnecting transmission owner. The CAISO anticipates seeking guidance from FERC on this issue via a petition for a declaratory order, before seeking final ISO board approval and a tariff filing at FERC. If approved by FERC, such a policy would do much to facilitate the development of transmission for renewables, in California and beyond.

Meanwhile, at its June 15, 2006 meeting, the California Public Utilities Commission is expected to adopt a decision on back-stop cost recovery for renewable energy transmission, in proceeding I.05-09-005. This decision is intended to ensure that utilities can recover any costs for the development and construction of transmission for renewables in retail rates that FERC does not allow to be recovered in transmission rates. If the CAISO then succeeds in obtaining tariff-based cost recovery for renewables transmission from FERC, this back-stop cost recovery would no longer be necessary. But until then, CPUC back-stop cost recovery is essential.

- 2. California-South Regional Transmission Plan (CSRTP).** The CAISO study of the combined Tehachapi, Imperial Valley and LEAPS (Lake Elsinore Advanced Pumped Storage) transmission alternatives continued in May. The CAISO held the first public meeting in this study process on May 19-20 in San Diego, to solicit input from, and communicate the study goals to the public. Power flow and production simulations of the proposed facilities are expected to be completed in August 2006.
- 3. Frontier Line Feasibility Study.** The Steering Committee of this study effort met May 16 in San Francisco to establish a structure and process for its work. The Steering Committee consists of representatives of PG&E, SCE, SDG&E, Sierra Pacific/Nevada Power, PacifiCorp/MidAmerican Energy Holding Company, and Arizona Public Service. Public Service New Mexico committed to join the study the study but will not serve on the Steering Committee. The Steering Committee will meet at least monthly.

The Steering Committee established four subcommittees: Loads and Resources (chaired by PG&E); Transmission Analysis (also chaired by PG&E); Economic Analysis (chaired by SCE); and Stakeholder Process (chaired by PacifiCorp/MidAmerican). Each subcommittee submits a work plan for its work by the first or second week of June.

The Steering Committee intends to invite the participation of utilities, transmission providers, generators, regulators, environmental and consumer groups and other categories of stakeholders in the feasibility study effort. The study is expected to explore combining several major proposed transmission projects, including the TransWest Express and the Sierra Pacific Eastern Nevada Intertie.

The feasibility study provides an opportunity for geothermal interests to request that alternatives be considered which could be designed to provide access to geothermal resources in Utah, Nevada and California.

- 4. Renewable Energy Certificates.** The CPUC RPS proceeding, R.06-02-012, took up the issue of unbundled and tradable RECs in May, as parties submitted first-round comments on the CPUC Division of Strategic Planning White Paper, "Renewable Energy Certificates and the California Renewables Portfolio Standard Program." Reply comments on the White Paper are due June 4. The CPUC has also indicated that it will further consider the issue of tradable RECs later in 2006, also in this proceeding.

The renewables industry hopes to change current policy, which does not allow the use of RECs for RPS compliance. If RECs are approved, this could significantly broaden the market for geothermal power, without waiting for new transmission to be built. It is very much in the interest of geothermal development to support this change in policy at the CPUC, via participation in this proceeding.

- 5. Geothermal Members Needed for Teams to Implement CDEAC Transmission Recommendations.** The 14 Western Governors are expected to adopt a resolution accepting the recommendations of its Clean and Diversified Energy Advisory Committee (CDEAC) for adding 30,000 MW of clean power to the western grid at the next WGA meeting, June 11-13 in Sedona, AZ.

To help ensure that the CDEAC transmission recommendations get incorporated into state policies, the National Wind Coordinating Committee (NWCC) is working to form Implementation Teams. The NWCC is hosting a meeting July 18-19 in Denver devoted entirely to the organization of these teams. At least one Governor, a FERC Commissioner, several state legislators and PUC Commissioners and the new Assistant Secretary of DOE for Energy Efficiency and Renewable Energy will attend.

The teams will include representatives of all renewable energy technologies, geothermal specifically included, along with participants from state public utility

commissions, utilities, environmental and consumer groups and other stakeholders. The teams are organized around two major issue areas: Using More of the Grid (access to, and more efficient use of existing transmission facilities); and Expanding the Grid (identifying and approving the new facilities necessary to support the overall 30 GW clean energy goal).

To register for the July 18-19 workshop, go to:

<https://www.nationalwind.org/calendar/register.asp?CalendarID=319>.

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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