

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

Monthly Briefing Update: **September 2005**

1. **Imperial Valley Transmission Plan.** The Imperial Valley Study Group (IVSG) filed its conceptual development plan for exporting 2,200 MW of geothermal and other renewable resources from the Imperial Valley with the California Energy Commission on September 30, 2005. SDG&E will file the IVSG plan at the CPUC on October 4, 2005.

The IVSG plan consists of five volumes: a main report, which presents the plan, and four volumes of technical appendices which document the transmission planning studies on which the plan is based. All five volumes are available on the IVSG website, www.energy.ca.gov/ivsg/.

As described below, the CPUC will take comment on the IVSG generation-transmission development plan in its recently announced proceeding on proactive transmission development. CEC hearings on the draft 2005 Integrated Energy Policy Report in September and October present another opportunity to comment on the IVSG plan.

The plan provides transmission access for all KGRAs in Imperial County. Two related Imperial Valley development issues were also recently announced:

Los Angeles Department of Water and Power. LADWP recently briefed the CAISO on its proposal to build a new 500 kV line from Indian Hills, on the Devers-Palo Verde #2 transmission line, to a new Upland substation in the northeast sector of its system. According to LADWP, this line could provide transmission access for 400+ MW of Imperial Valley geothermal resources. The Indian Hills-Upland line may be integrated into the IVSG development plan. LADWP and IID will present this proposal at the October 28, 2005 STEP meeting, which will be held at SDG&E headquarters in San Diego.

No New Transmission Needed for Near-Term Geothermal Development.

Earlier this year, Ormat announced the sale of 20 MW of Imperial Valley geothermal power to SCPPA, the Southern California Public Power Authority. In September 2005, CalEnergy announced a contract to sell 50 MW of Salton Sea geothermal power to Arizona Public Service, in response to an APS solicitation for renewable energy. The contract specifies that 10 MW will be sourced from an existing plant, and 40 MW from a new plant, to be on-line by the end of 2007. There is sufficient transmission capacity to support both the Ormat and the CalEnergy power purchase agreements; no new transmission capacity is required on the IID, SCE or WAPA systems. The CalEnergy sale to APS is expected to partially offset flows from Arizona into California.

2. **Proactive Development of Transmission.** On September 8, 2005, the California Public Utilities Commission opened a new proceeding to determine the actions required to develop sufficient transmission to achieve the state's renewable energy goals ("Order Instituting Investigation to facilitate proactive development of transmission infrastructure to access renewable energy resources for California," I. 05-09-005). Comments on the scope of the proceeding were due September 28, 2005. This is a rate-setting proceeding, and a hearing will be scheduled for late October-early November.

This Order requires SDG&E to file the Imperial Valley Study Group report, and invites comment on that report by October 25, 2005. Reply comments on the IVSG report are due by November 4, 2005. Other issues to be addressed in the proceeding include:

- near-term opportunities to increase access to renewables;
- the calculation of network benefits and congestion costs;
- the appropriate allocation of transmission costs across a cluster of RPS bids;
- adjustment to the transmission cost adder methodology now used in the RPS solicitation process;
- utilization of the CAISO's new proactive transmission planning process to facilitate development of renewable resources;
- allocation of cost responsibility for proactively built transmission across IOUs, ratepayers and developers;
- changes to the CAISO tariff needed to support transmission development on the basis of renewable resource potential rather than on a project-by-project basis;
- cost recovery for the proactive development of transmission;
- identification of changes to FERC's current approach to cost recovery needed to support proactive transmission development.

The CAISO's recently announced proactive transmission planning process addresses transmission needed for reliability or economic (congestion relief) reasons. Expanding this scope to include transmission access for renewables is likely to be a key issue in the proceeding. The CAISO proactive planning policy is available at www.aiso.com. The CPUC Order itself is available on the Commission's website, www.cpuc.ca.gov.

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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