

In cooperation with the  
Western Governors'  
Association

# Implementing Wind Energy & Transmission in the West

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*The National Wind Coordinating Collaborative (NWCC), through its Western Transmission Leadership Group (WTLG), ensures wind stakeholder engagement in transmission activities and develops and shares information about integrating wind into the Western grid through institutional, regulatory, and operational changes. These quarterly newsletters highlight transmission-related wind energy happenings in the Western Governors' Association (WGA) territory with updates on corresponding NWCC WTLG activities. This is our third newsletter; the first two volumes available [here](#).*

*Feel free to pass this newsletter along to other individuals and groups who may be interested. Please [contact us](#) to be added to or removed from the newsletter distribution list. We welcome your [feedback](#) on the newsletter and [suggestions](#) for improving it. Also, if you have updates for the next edition, please [tell us!](#)*

## Western Governors Issue Clean Energy Progress Report

A year after the Clean and Diversified Energy Advisory Committee (CDEAC) gave its report "Clean Energy, a Strong Economy, and a Healthy Environment" to the Western Governors, a [first annual progress report](#) has been issued documenting the progress made toward achieving the region's energy goals.

The goals established by the governors at the 2004 North American Energy Summit were to:

- Develop an additional 30,000 megawatts of clean energy by 2015 from both traditional and renewable sources;
- Achieve a 20% increase in energy efficiency by 2020; and
- Ensure a reliable and secure transmission grid for the next 25 years.

The 2007 update attests to an increase in clean and diverse energy generation in Western states, noting that an approximately 20% jump in annual clean energy generation was achieved in the period from 2004 to 2006. If current trends continue, the report anticipates that clean sources of energy will constitute 19 percent of total Western energy generation by 2015. The report also gives an overview of the actions undertaken to promote clean energy on the part of state legislatures, regional and federal entities, regulatory bodies, utilities, and consumers.

[What Does That Mean?](#)  
Not sure what one of the terms here refers to? Try consulting our transmission glossary!

[Contact Us!](#)  
Please send updates or suggestions for future editions to:

Katie Kalinowski, NWCC  
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We welcome your feedback!

**For More Information**

[www.nationalwind.org](http://www.nationalwind.org)  
[www.westgov.org](http://www.westgov.org)  
[www.westgov.org/wieb/](http://www.westgov.org/wieb/)  
[www.awea.org](http://www.awea.org)  
[www.uwig.org](http://www.uwig.org)

With regard to expanding transmission capacity, the report describes the region's proposed transmission projects, as well as other state, regional, and federal initiatives aimed at increasing capacity.

To view the report, visit <http://www.westgov.org/wga/initiatives/cdeac/>.

**NWCC Activities**

On September 27-28, the NWCC, Western Governors' Association, and the Geothermal Energy Association are co-hosting the summit *Increasing Renewable Energy in the Western Grid*. The meeting builds on the July 2006 leadership forum on wind energy and transmission that NWCC and WGA put on. A top-notch group of speakers are to be featured at the summit. The capstone session is on public policies and business strategies for energy and climate security. Governor Ritter and Governor Freudenthal will open this session and ask questions of utility and commission leaders on the panel. After the summit, related materials will be available on the NWCC website at <http://www.nationalwind.org/events/summit/default.htm>.

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## Idaho PUC Approves Transmission Settlement With Innovative Cost Recovery Mechanism

The Idaho Public Utilities Commission (PUC) has approved the settlement of a dispute between wind developers and Idaho Power Co. over the cost allocation of transmission upgrades in the state's Magic Valley region. Idaho Power claimed developers should bear the cost of the estimated \$60 million in upgrades required to service two proposed wind farms in the area. The wind farms' developer, Jared Grover, maintained that ratepayers should help to finance upgrades that benefit all ratepayers' reliability.

Under the terms of the settlement, the transmission upgrades will take place in five phases, with Idaho Power covering the cost of the first phase. Costs of subsequent four construction phases would be divided. Grover and Idaho Power will each cover a quarter of those costs, and other wind developers will cover the remaining 50% of upfront costs. Once wind installations become commercially viable, however, wind developer's costs will be included in utility rate base, paid by all utility consumers, and refunded to Grover and wind developers over a maximum period of ten years.

The PUC observed that an arrangement requiring wind developers to bear at least 25% of the transmission costs encourages developers to consider economic efficiencies when siting wind farms.

For further information on the case, visit <http://www.puc.idaho.gov/internet/cases/summary/IPCE0621.html>.

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## Grid Operators Express Concern About FERC Order 890 Provision

At a recent technical conference, transmission operators expressed concerns to the U.S. Federal Energy Regulatory Commission (FERC) staff about the potential for a provision of Order 890 to impede efficient operator response in emergencies.

As reported in the last issue of this newsletter, the [Federal Energy Regulatory Commission \(FERC\)](#) issued [Order 890](#) in February 2007, which reformed its *pro forma* open access transmission tariff. The provision in question stipulates that in order to sell firm power in real-time markets, utilities must “undesignate” 24 hours in advance the transmission that was intended as a resource for ensuring network reliability. Under this provision, conference participants asserted, available power might not be undesignated quickly enough to prevent unintentional load curtailment. In addition, inherently variable resources such as wind and hydropower could be penalized, as grid operators will be reluctant to buy non-firm power without complete reserve guarantees. Participants described other potential complications and urged FERC representatives to shorten the undesignation period.

FERC representatives indicated that the intent of the undesignation rule was to refrain from unfairly privileging network customers. If network customers are allowed the flexibility to change their transmission plans within an hour, the Commission fears they may block access to the capacity for other point-to-point customers waiting in the queue. FERC staff did not indicate whether they would recommend that the Commission change the provision.

For further information on Order 890, please visit <http://www.ferc.gov/industries/electric/indus-act/oatt-reform.asp>.

### NWCC Activities

The [National Association of Regulatory Utility Commissioners \(NARUC\)](#), the [Western Governors' Association \(WGA\)](#), and NWCC co-hosted a webcast entitled [FERC Order 890: What Does It Mean For The West?](#); click on the webcast title for a summary of the presentations. The webinar focused on the Order 890 issues of most importance for wind power, i.e., conditional firm, energy imbalances and redispatch, and transmission planning. Featured speakers included Dan Hedberg and Mason Emnett, FERC; Grace Soderberg, NARUC; Natalie McIntire, Renewable Northwest Project; Rob Gramlich, American Wind Energy Association; and Rob Kondziolka, Salt River Project & Southwest Area Transmission.

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## Insufficient Transmission an Obstacle to California's Renewables Goals

Although California investor-owned utilities (IOUs) have the contracts to meet the state's goal of 20% renewables by 2010, new resources might not be in place by the deadline. The majority of new generation will come from wind, and transmission remains a significant obstacle to delivering energy.

In a recent ruling, California Public Utilities Commission President Michael Peevey made note of obstacles to reaching RPS goals and asked IOUs to consider two means to address them: either by postponing 2008 solicitations in order to focus on rendering current contracts deliverable, or by soliciting short-term contracts in 2008.

For more information on California's RPS and utilities' plans for meeting the deadline, please visit <http://www.cpuc.ca.gov/static/energy/electric/renewableenergy/index.htm>.

The Intermittency Analysis Project report, produced by Exeter Associates, also concluded that the state's longer-term goal of 33% renewables by 2020 entails significant changes to the grid. The report analyzed current and projected future scenarios of increased amounts of renewables on the grid. To accommodate the amount of renewables necessary to reach the 33% standard, the study found \$5.7 billion in transmission investments, an increase in fast-start generation, greater grid flexibility, and policy changes are required.

According to the report, the intermittency of renewables means a grid attaining the 33% standard will need to be more flexible and perhaps include a load-following service. Moreover, greater tolerance of forecast errors will be necessary, as the magnitude of hour-ahead forecast errors could increase by 20% and day-ahead errors could double. The report suggested that energy policies, regulations, and markets should also adapt to a more flexible grid structure and ensure it is valued accordingly.

To view the report, go to <http://www.uwig.org/opimpactsdocs.html>.

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## Western Transmission Authorities Hold First Regional Meeting

Six offices responsible for promoting energy infrastructure in their states held their first joint meeting in Rapid City, South Dakota on June 13, 2007. Representatives of transmission authorities from Kansas, New Mexico, North Dakota, South Dakota, Wyoming and the Colorado Governor's Energy Office discussed shared opportunities and common challenges. Participants identified several potential joint projects, including facilitating the construction of regional transmission lines. The group plans to hold its next meeting in Santa Fe, New Mexico in early December.

### **NWCC Activities**

The October 31<sup>st</sup> NWCC Transmission Update call will feature various state transmission authorities discussing their current activities and future plans. To join the transmission update listserv and receive call notices, contact Katie Kalinowski, NWCC Outreach Coordinator, at [kkalinowski@resolv.org](mailto:kkalinowski@resolv.org).

## Wyoming and New Mexico on Board with High Plains Express

The transmission authorities of Wyoming and New Mexico have joined the group studying the High Plains Express project, an initiative study aimed at expanding and upgrading transmission that traverses those two states, as well as Colorado and Arizona. The project's goal is to develop a reliable, accessible transmission system that can accommodate new clean and diverse energy generation in the region. The project's first stage, a feasibility study, is already underway. The Wyoming and New Mexico transmission authorities join eight existing participants, including the Public Service Company of New Mexico, Salt River Project, the Western Area Power Administration, and Xcel Energy. The Colorado transmission authority is expected to be invited to join as well. The group plans to complete the first phase study in fall 2007.

More information on the study is available at [http://www.rmao.com/wtpp/HPX\\_Studies.html](http://www.rmao.com/wtpp/HPX_Studies.html).

### NWCC Activities

At the *Increasing Renewable Energy in the Western Grid* summit, Jerry Vaninetti with Trans-Elect will present on the High Plains Express and Wyoming-Colorado Intertie transmission lines. Bob Smith with Arizona Public Service will present information on the TransWest Express line.

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## Western Coalition Launches Cooperation on Regional Transmission Projects

Several Western entities have agreed to collaborate on two new regional transmission lines that would link generation facilities in Wyoming to service territories in the Southwest. The Wyoming Infrastructure Authority, Arizona Public Service, PacifiCorp, and National Grid plan to work together on the study of the two projects, in the hopes that their cooperation will allow them to streamline permitting and regulatory processes, as well as to identify cost savings and common transmission corridors. With these two new transmission projects, the companies are endeavoring to meet growing regional demand for energy while increasing electric reliability and access to renewable resources.

More information on the transmission projects is available at <https://transwest.azpsoasis.com/> and [http://www.pacificorp.com/Press\\_Release/Press\\_Release76145.html](http://www.pacificorp.com/Press_Release/Press_Release76145.html).

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## DOE Reviewing Comments on Draft Southwest Area National Corridor

As reported in the [May issue](#) of this newsletter, the U.S. Department of Energy (DOE) issued two draft National Interest Electric Transmission Corridor designations in May 2007 – the Mid-Atlantic and Southwest Area National Corridors - and solicited public comment on the draft designations. The public comment period closed on July 6, and the agency is now reviewing approximately 2,000 comments submitted, which can be viewed at <http://nietc.anl.gov/nationalcorridor/index.cfm>. Once its review is complete, DOE will make a recommendation to the Secretary of Energy on whether to finalize or modify the draft designations. While there is no deadline for issuing recommendations, the agency states that the process is moving forward expeditiously.

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## Board Members Named to New Mexico's RETA

In our [May newsletter](#), we reported on creation of New Mexico's Renewable Energy Transmission Authority (RETA), responsible for developing transmission infrastructure for renewable energy resources. On August 21, Governor Bill Richardson announced appointment of RETA's eight-member board. As specified by the act establishing RETA, members include State Treasurer James Lewis; the state investment officer (or designee); Energy, Minerals, and Natural Resources Cabinet Secretary Joanna Prukop (ex officio); and three members appointed by the governor, one by the speaker of the house, and one by the president pro tempore of the state senate.

Governor Richardson designated the following members:

- Robert E. Busch – retired President and COO of Public Service Enterprise Group Services Corp.
- Ned Farquhar – Mountain West Energy/Climate Advocate, Natural Resources Defense Council (NRDC)
- Steven S. Michel – Senior Staff Attorney, Energy Program, Western Resource Advocates

Speaker of The House Ben Lujan appointed:

- Beatriz (Betty) Rivera – Founding member of Energy Resource Associates, LLC

President Pro-Tempore of the Senate Ben D. Altamirano selected:

- Robert (Bob) McNeil – Retired executive from El Paso Electric Co.

For the text of the bill establishing RETA, go to [http://legis.state.nm.us/lcs/\\_session.asp?chamber=H&type=++&number=188&year=07](http://legis.state.nm.us/lcs/_session.asp?chamber=H&type=++&number=188&year=07). For a fact sheet on RETA, click [here](#).

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## SCE Receives Approval for Transmission Study

Our last newsletter reported that Southern California Edison (SCE) had filed a [revised Advice Letter](#) to request the California Public Utilities Commission's (CPUC) approval for a feasibility study to access renewable resources in California's Salton Sea region and Inyo and Eastern San Bernardino Counties, western Nevada, and western Arizona. The company has now received CPUC approval to proceed with the study under the auspices of California's Renewable Energy Transmission Initiative (RETI). Established in response to SCE's initial study request, RETI is a statewide cooperative effort that aims to develop plans for accessing wind, solar, and geothermal renewable energy resources.

SCE will now take part in Phase 1 of the RETI study to analyze the cost effectiveness of renewable resource areas and prioritize them. In Phase 2, SCE will perform transmission studies on areas identified by RETI in the previous phase.

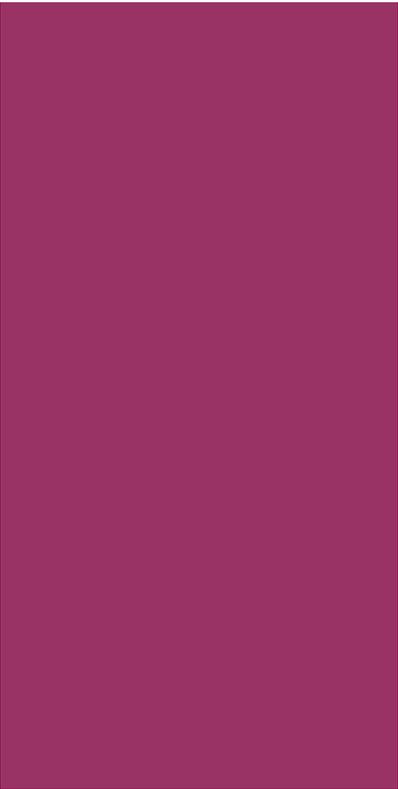
For more information on RETI, visit <http://www.energy.ca.gov/creti/index.html>.

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## NWCC Western Transmission Leadership Group

Recognition and thanks to members of the NWCC Western Transmission Leadership Group (WTLG) for their guidance and action to make more transmission available for renewable energy:

Bob Anderson, Bob Anderson Consulting	Debra Lew, National Renewable Energy Laboratory
Hap Boyd, GE Wind Energy	Steve Lindenberg, U.S. Department of Energy
Jim Byrne, Rocky Mountain Area Transmission Study	Carl Linvill, Aspen Environmental Group
Tom Carr, Western Interstate Energy Board	James Lyons, GE
Brian Connor, U.S. Department of Energy	Michael Milligan, National Renewable Energy Laboratory
Craig Cox, Interwest Energy Alliance	Fred Morse, Morse Associates
Tom Darin, Western Resource Advocates	Brad Nickell, U.S. Department of Energy
Ed DeMeo, Renewable Energy Consulting Services	David Olsen, Center for Energy Efficiency and Renewable Technologies
Steve Ellenbecker, Wyoming Governor's Office	Amanda Ormond, The Ormond Group
Ned Farquhar, Natural Resources Defense Council	Brian Parsons, National Renewable Energy Laboratory
Larry Flowers, National Renewable Energy Laboratory	Kevin Porter, Exeter Associates
Karl Gawell, Geothermal Energy Association	Rhone Resch, Solar Energy Industries Association
Bob Gough, Intertribal Council on Utility Policy	Rachel Shimshak, Renewable Northwest Project
Rob Gramlich, American Wind Energy Association	Eric Simons, Competitive Power Ventures
Rich Halvey, Western Governors' Association	Robert Sims, AES Wind Generation
Roger Hamilton, West Wind Wires	Charlie Smith, Utility Wind Integration Group
Pamela Jacklin, Stoel Rives	Brian Smith, National Renewable Energy



Mike Jacobs, UPC Wind

Alyssa Kagel, Geothermal Energy  
Association

Doug Larson, Western Interstate Energy  
Board

Ron Lehr, American Wind Energy Association

Laboratory

Beth Soholt, Wind on the Wires

Steve Wegman, South Dakota Public Utilities  
Commission

John White, Center for Energy Efficiency and  
Renewable Technologies

Andrew Young, Horizon Wind Energy