BEFORE THE

CALIFORNIA ENERGY COMMISSION

In the Matter of:	)	
	)	Docket No. 09-IEP-1D
Joint IEPR/Siting Committee	)	
Hearing on the Joint Committees	)	
Draft 2009 Strategic Transmission	)	
Investment Plan	)	

ORIGINAL

Committee Workshop
Draft 2009 Strategic Transmission
Investment Plan

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

THURSDAY, OCTOBER 8, 2009

9:00 a.m.

Reported by:
Kent Odell
Contract Number:

Commissioners Present

Jeffrey Bryon

Staff Present

Suzanne Korosec
Sarah Michael
Mark Hesters
Chuck Najarian
Chris Tooker
Roger Johnson
Melinda Merritt

Via WebEx

Also Present

Presenters

Judy Grau, Strategic Transmission
Planning Office

I N D E X

P R O C E E D I N G S

OCTOBER 8, 2009 9:05 a.m.

MS. KOROSEC: All right, let's go ahead and get started this morning. Good morning. I am Suzanne Korosec. I lead the Energy Commission's Integrated Energy Policy Report Unit, or IEPR. Welcome to today's hearing on the Draft 2009 Strategic Transmission Investment Plan. This hearing is being conducted jointly by the Energy Commission's Integrated Energy Policy Report Committee and its Siting Committee. Although we were informed just moments ago that, unfortunately, Chairman Douglas was called away and is unable to attend this morning.

Just a few housekeeping items before we get started. The restrooms are out the double doors and to your left. There is a snack room on the second floor of the atrium, under the white awning, and if there is an emergency and we need to evaluate, please follow the staff out the doors to the park that is kitty corner to the building and wait there until we are told to return.

Today's hearing is being broadcast through our WebEx recording system. Parties should be aware that we are recording the workshop and we will make the recording available a few days after the workshop, followed by the transcript being posted about two weeks after that.

This hearing is being held under the Energy

Commission's 2009 IEPR Proceeding. We are required by statute to develop an IEPR every two years that provides an overview of current issues and trends in California's electricity, natural gas, and transportation energy sectors, and also provides recommendations for actions needed to help the state meets its goal of providing reliable, affordable, and environmentally benign energy to citizens of California. As part of the biennial IEPR, the Energy Commission also adopts the Strategic Transmission Investment Plan. This identifies actions that are needed to ensure reliability, relieve congestion, and meet future growth in electricity loads and in generation. The Committee's Draft Strategic Transmission Plan was developed in parallel with the 2009 Draft IEPR. The Draft IEPR was posted for public comment on Wednesday, September 30th, and the IEPR Committee is holding a hearing next week on the 14th to receive public comments on that. Our plan is to present the IEPR for adoption at the December 2nd Business Meeting.

In the 2008 IEPR update, the Energy Commission noted that the main barrier to increasing the amount of renewable generation in California was still the lack of transmission infrastructure. The report identified two specific issues, the need to promote joint transmission projects between publicly owned utilities and investor owned utilities, and the need to continue to actively address the

environmental and land issues, as well as public opposition to transmission development by working very closely with stakeholders throughout the process. The transmission plan discusses these issues and also describes what California needs to do to plan, permit, construct, operate, and maintain a cost-effective and reliable transmission system.

We have a very simple agenda today, it is on the screen, starting with an overview of the plan by Judy Grau of our Energy Commission staff, and then we will move immediately on to public comments. During the comment period, we will hear first from those of you that are here in the room, and then we will open up the lines for the WebEx. For those of you here in the room, please do come up to the center podium and use the microphone so that you are captured on the transcript, and so that the WebEx participants can also hear your comments. And with that, I will turn it over to Commissioner Byron for opening comments.

COMMISSIONER BYRON: Thank you, Ms. Korosec. Good morning and welcome, everyone. I am Jeff Byron and I chair the Integrated Energy Policy Report Committee. I also chair the Electricity and Natural Gas -- I am sorry, I mentioned the wrong one -- I chair the Siting Committee, and this is a Joint Committee Workshop on those two subjects. My associate members of those committees unfortunately are not

able to be here today, Commissioner Boyd on the IEPR, however, I am joined by his new -- or I should say re-joined -- by Sarah Michael, who has a long outstanding record at this Commission, and she is Commissioner Boyd's new Advisor. So welcome, Ms. Michael. I hope to be joined by one of my Advisors soon, Kristy Chew.

And as Ms. Korosec said, we do have a relatively short agenda, however, that does not limit the input that we are seeking. As many of you know, we do have a Draft IEPR out. The Integrated Energy Policy Report is available in its draft form. This is an enormous undertaking for this Commission, for the State, actually, as we garner input from all the agencies, Commission, and parties around all issues energy in the State of California. We are beginning to receive comments already, hearing some of them directly myself, and that will be the focus of my office for the next couple of months, is finalizing that report for Commission adoption, hopefully the first week of December.

With regard to this document, I have an analogy I would like to share with you. I read recently that the most powerful, yet relatively unknown agency in the State of California is the Air Resources Board. Now, most all of us know the Air Resources Board, but most people do not. Now, I would like to tell you that I think the most important, yet relatively unknown transmission planning document in the

state is the Strategic Transmission Investment Plan. I think the staff has done an excellent job on this, a lot of effort has gone into it, and a lot has happened since we did the last STIP, as we refer to it. Well, before I mention those names, let me reiterate why I think the STIP is so important. Back in 2004, SB 1565 directed the Energy Commission to "adopt the Strategic Transmission Investment Plan for the state." I am sorry, I put my quotes in the wrong place, adopt that plan, [quote] "it shall identify and recommend actions required to implement investments needed to ensure reliability, relieve congestion, and meet future growth in load and generation."

Now, there are a number of key transmission experts in California, I had dinner with many of them last night, about 250 of them, I think, at the Sheraton. Concurrently with our meeting today, the Independent System Operators is conducting a workshop to seek stakeholder input and it is difficult for this agency to compete with providing such a nice dinner for 249 of our closest friends. Nevertheless, we are seeking the input of experts today, and if not today, certainly in writing for the STIP, which is planned to be adopted as part of the IEPR, as I indicated. Now, much has happened in the last couple of years since we last published this plan. I think you are all aware of the Renewable Energy Transmission Initiative, and the relative

success that we have had in soliciting input of numerous stakeholders in an early planning process for transmission. There is a new organization that has sprung up, the California Joint Transmission Planning Group, and I hope that we will talk a little bit about their import. On a regional level, the Western Energy Coordinating Council's Transmission Expansion Planning Policy Committee has really adjusted -- or transformed -- their approach to regional transmission planning. The FERC ordered a 90, I believe, has also been passed in the last couple of years, there is enormous Federal emphasis now on renewables, as well as, we all know the state's emphasis, there is even legislation at the federal level introduced around transmission planning. Much activity taking place. I would like to offer my bottom line-up now, early on, think of it as a hypothesis: we need a new way of doing transmission planning, we need to do everything we have done in the past, but we also need to be inclusive of all stakeholder interests and we must have early involvement of those local interests. We must give people something to be for, rather than always giving them something to be against. Now, that is not to say that there will not be continued opposition to transmission planning in the siting; as we know, some people are not interested in the public good, and they are not interested in addressing climate change, sometimes they are not even interested in

listening to differing views. But this cannot stop the complete inclusion of everyone in a transparent stakeholder process. I believe that is what the staff has attempted to outline here in our STIP.

Now, everyone has said that I have talked to, transmission planning and siting takes too long, that it is too difficult, and that it takes too long -- did I say it takes too long? If not today, we are interested in your comments and feedback and those of all parties in writing on the following key issues in the STIP: the proposed planning process that we have outlined in this document, the key recommendations, which we will get into here in a little bit, and also, do we have the right transmission lines that must be built in our recommendations section. I think I will stop at this point and we will move on to our agenda. Ms. Michael, do you have anything you wish to add?

MS. MICHAEL: No.

COMMISSIONER BYRON: All right, well I am glad you are here. Let's continue with the agenda. I am sorry I do not have it in front of me. Ms. Korosec.

MS. KOROSEC: We will hear first from Judy Grau, who is going to give us an overview of the contents of the STIP.

MS. GRAU: Thank you, Suzanne. Good morning, I am Judy Grau with the Commission's Strategic Transmission

Planning Office. I will be providing an overview of the contents of the Joint IEPR and Siting Committee's Draft Strategic Transmission Plan, which was released on September 28th. We have bound copies with the green cover on the back table for those of you who have not yet picked one up, please do so. It is also online, and has been online since the 28th. And after my presentation, we will get into the heart of the hearing, which is to hear from parties on the draft document.

Before I get into my technical presentation on the contents of, and the recommendations contained in, the document, I would like to thank first the IEPR Committee, Commissioners Byron and Boyd, and their Advisors, Laurie ten Hope, Kristy Chew, Kelly Birkinshaw, and welcome, Sarah Michael, as well as the Siting Committee, which is, again, Commissioner Byron, as well as Chairman Douglas, and Chairman Douglas's advisors Panama Bartholomy and Galen Lemei, for their guidance throughout the workshops and the preparation of the draft document. And in addition, I would like to thank Jim Bartridge, advisor to Commissioner Levin, for lending his expertise in the review of the document.

While my role has been as the project manager for the Strategic Plan, this has truly been a group effort, and you can see many of my group here. I would like to thank the dedicated staff who have contributed so effectively

throughout the entire process for their technical expertise and patience as we wended our way through the crafting and editing of this document. First is Don Kondoleon, who is the "man behind the curtain." He provided the overall strategic direction that is found in each chapter of this committee draft. Grace Anderson is a charter member of the Western Electricity Coordinating Council's Transmission Expansion Planning Policy Committee, or WECCTEPPC, and she is the primary author of Chapter 3 on Western Regional Transmission Initiatives. Chuck Najarian represents the Energy Commission on the Renewable Energy Transmission Initiative (or RETI) Coordinating Committee and he is the primary author of Chapter 4 on the challenges to achieving a coordinated statewide transmission plan. Chris Tooker is the lead author on Chapter 5, which addresses the Commission's corridor designation program and statewide transmission corridor planning issues. Melinda Merritt, I believe, is on the WebEx with us, she had a major hand in that chapter, as well as in many of the California trends and drivers described in Chapter 2. Mignon Marks, also on our WebEx, wrote the section in Chapter 5 on cost recovery for land investments within designated corridors. Mark Hesters, here with us this morning in the back row, is an active member of the RETI Phase 2 transmission planning work group and is the primary author of the portion of Chapter 6

dealing with the prioritization of the transmission projects. Roger Johnson, who just walked in, is the lead for the Commission's corridor designation program, is a member of RETI's Environmental Working Group, and developed staff's proposed method for selecting corridors for further study for possible designation. Ean O'Neill applied staff's method and prepared the RETI transmission line segment case study evaluation in Chapter 6. She also wrote Chapter 7, which deals with the development of long-term statewide transmission scenarios for illustrative purposes, under the guidance of Don Kondoleon, as well as the summary of the proposed regional projects in Appendix D. Clare Laufenberg Gallardo, who is running our WebEx this morning, serves as the Commission's representative on RETI's Stakeholder Steering Committee. She developed the project write-ups in Chapter 1 and Appendix C. And Jamie Patterson, who I do not see here this morning, is the lead for the Public Interest Energy Research Transmission Research Program. He and his staff wrote Appendix A on trends in transmission research for renewables integration.

I would also like to thank our very capable IEPR team of Suzanne Korosec, Lynette Esternon-Green, and Donna Parrow for keeping me on track and integrated with their efforts. And, finally, I would like to thank our staff editor, Carol Robinson, who read every word of this draft

document, including the footnotes, on an expedited basis.

And with that, now I would like to get into the technical part of today's presentation. I think Suzanne may have mentioned this in her opening remarks, that with respect to California's renewable energy future, the Commission's 2008 Integrated Energy Policy Report Update noted that "the primary barrier to increased development of renewable resources continues to be the lack of transmission to access these resources, particularly in remote areas of the state." And to that, I would like to add, "an ounce of prevention is worth a pound of cure." And as we all know, this expression means that it is better to try to avoid problems in the first place, rather than try to fix them once they arrive. This gets at what Commissioner Byron said this morning about giving people something to root for, rather than root against.

So with respect to transmission, we believe that an ounce of prevention in the transmission planning phase can avoid the pound of cure problems that tend to plague the transmission planning process. So in this Strategic Plan, the joint committees are therefore emphasizing the need for coordinated and effective statewide transmission planning. So let's begin with what we consider the main problem statement. California lacks a transmission planning process that: is statewide and fully coordinated, achieves state

policy goals and objectives, has broad stakeholder support, adequately considers transmission line routing and related land use and environmental implications, links planning decisions to permitting decisions, and looks beyond 10 years. So why are all of these attributes important? Well, a fully coordinated and statewide planning process ensures that the needs of all parties are considered, thus providing the opportunity to avoid potential duplication of lines, which would result in less timely -- well, the duplication of lines would be less timely and less cost-effective and we are trying to be more timely and more cost-effective. Achieving state policy goals and objectives is fair self-explanatory, but, again, this step must be explicitly considered in the planning process if the resulting permitting process is going to yield the projects that help us to achieve these goals. Broad stakeholder support gets back to the idea of an ounce of prevention being worth a pound of cure. Obtaining broad stakeholder support requires a planning process that is user friendly, transparent, proactive, and seeks consensus. This broad stakeholder support also gets at the next bullet point, which is the need to adequately consider transmission line routing and related land use and environmental implications in the planning process so that fatal flaws can be avoided, and preferred areas of development can be identified. Together,

these two attributes give confidence to the public that governmental and utility entities are taking actions that are in the best interest of the state, its citizens, and its environment. Linking planning decisions to permitting decisions should save time in the permitting process, as well as ensure continuity between the stakeholder consensus decisions made in planning and the projects that are proposed. Finally, looking beyond 10 years is critical to the bigger picture, especially since the future brings increasingly tighter policy goals, as well as R&D technologies that may expand the range of options available to us. Looking beyond 10 years is also appropriate for identifying corridors that may be needed. And so the purpose of the strategic plan process is to identify the transmission investment impediments to achieving state policy objectives, and to identify recommendations by parties, including state and local agencies, investor-owned, and publicly owned utilities, environmental and stakeholder groups, and the public. And the value of the strategic plan process is its ability to bring together these key stakeholders in an open forum that allows for these impediments and recommended actions to be vetted for the committee's consideration.

Here is some context for the efforts leading up to today, for those of you who may not have followed us from

the beginning of the cycle. The IEPR Committee released its Scoping Order for the 2009 IEPR back on January 9th. The Scoping Order directs the 2009 Strategic Plan to do four things, first, it shall identify and evaluate regulatory and policy changes that will reduce barriers to transmission projects, including joint investor-owned and publicly-owned utility projects. Second, it shall identify near term transmission projects that will ensure reliability, relieve congestion, provide increased access to renewable generation, and meet future load growth. Third, it shall discuss federal and state corridor designation efforts to identify potential transmission corridors in advance of need, in order to streamline future permitting of transmission lines needed to access top priority renewable resource zones. Fourth, it shall discuss permit transmission related research and development to help resolve transmission barriers. And on January 14th, the Energy Commission began its data gathering process by adopting its forms and instructions for submitting electric transmission related data. Responses are received from California's investor-owned and publicly-owned utilities on March 16th.

On May 4th, the joint committees held a workshop that vetted these responses, as well as the most recent information from the California Renewable energy

Transmission Initiative, or RETI, the California Independent System Operator, and regional transmission planning efforts. The Committees began the process of addressing two major high-level policy issues via the two stakeholder panel discussions, first, how to facilitate and coordinate transmission planning to achieve the state's renewable policy goals, and second, valuing environmental decisions in transmission planning and permitting via a programmatic approach. Another joint IEPR Siting Committee workshop was held on June 15th. We received a summary of the RETI Phase 2A, Draft Results. We then continued the discussion begun at the May 4th workshop on facilitating coordinated statewide transmission planning. Staff presented its straw man short-term and long-term statewide planning process diagrams for comment by stakeholders. Staff also presented its proposed transmission corridor designation selection methodology for stakeholder review. And finally, on September 28th, the Energy Commission published the Joint Committee Draft Strategic Plan, which draws upon the entire record of the Utility Forms and Instructions submittals, workshop presentations, workshop discussions, written comments, as well as developments taking place in related forums at the PUC, the CAISO, RETI, Western Regional Forums, and the recently formed California Transmission Planning Group. The Committees made several recommendations at the end of each

chapter of the draft 2009 Strategic Plan. All of these recommendations are contained in the Executive Summary, and then those recommendations are prioritized at the end of the Executive Summary.

My presentation this morning focuses on the highest priority recommendations. The first recommendation is that the Energy Commission staff should work with the recently formed California Transmission Planning Group (CTPG), as well as the California ISO to establish a ten-year statewide transmission planning process that uses the Strategic Plan process to vet the CTPG plan, with broad stakeholder participation. You can see how this recommendation encapsulates many of the items identified in the Problem Statement back on Slide 3. So this recommendation says what we should do, and the next slide shows the diagram of how we should do it.

Again, some of you who have been at our earlier workshops may recognize an earlier version of this slide that was shown at the June 15th workshop. Based on feedback received, the proposed process was modified in several ways. Among other things, this revised diagram reorders the various processes into a logical progression, beginning with the basic identification of projects by the individual utilities in Step 1, leading to the coordinated ISO plan that covers the IOUs in Step 2, leading to a true statewide

plan that looks for synergies among the IOU and POU projects in Step 3, leading to a final blessing by the Energy Commission for state policy consistency, Step 4, before heading into permitting. This revised process diagram also distinguishes between projects of statewide significance versus those of more local significance, and it also explicitly shows where RETI stakeholders can exert their influence. So just in a little more detail on each step, first in Step 1, the electric utilities undertake transmission planning for their individual service areas, and this step is not new, they already do this. In Step 2, the California ISO conducts its annual planning process to identify needed transmission projects for its control area. RETI stakeholders play a role at this stage by helping ensure that RETI conceptual transmission planning results are adequately considered. In Step 3, projects of statewide significance that emerge from the California ISO and publicly owned utility planning processes would be vetted by the CTPG. The CTPG would identify potential common routing options and work with parties to maximize joint use of corridors and projects in order to minimize redundancy, costs, and the land use and environmental impacts. This step is really the heart of a consolidated statewide planning. Implicit within this step is the expectation that the CTPG reflect stakeholder interests, including RETI, and

state policies in an open process. In step 4, the CTPG statewide plan, rather than the individual utility plans, would be submitted to the Strategic Plan process. The Strategic Plan process would serve as the public forum to ensure that the state's interest regarding policy goals and objectives are evaluated. In addition, the process would make recommendations for corridor designation using a program approach. In step 5, the CPUC and publicly owned utility governing boards would give great weight to the strategic plan findings in their permitting processes. With the environmental and land use perspective considered and integrated into the California ISO, CTPG, and Strategic Plan processes that proceed permitting, the goal is to present the permitting agencies with viable projects that have broad stakeholder support.

Another priority recommendation is that the Energy Commission staff should work with the California ISO, POUs and the CPUC on a simplified need assessment process that fosters the use of common assumptions and streamlined decisions. Having all parties on board, and coordinated in their assumptions throughout the statewide planning process described in the previous slide is intended to streamline the need determination process during permitting. Again, this action responds to the belief that an ounce of prevention is worth a pound of cure.

The next high priority recommendation is that the Energy Commission staff should continue to support the Renewable Energy Action Team's mission to streamline and expedite the permitting processes for renewable energy projects, while conserving endangered species and natural communities at the ecosystem scale in the Mojave and Colorado Desert regions through the Desert Renewable Energy Conservation Plan (DRECP). The Renewable Energy Action Team was established in response to Governor Schwarzenegger's Executive Order No. S-14-08, which was signed in November 2008, which establishes the 33 percent Renewables Portfolio Standard. In support of this effort, earlier this week the staffs at the Energy Commission, the California Department of Fish and Game, U.S. Bureau of Land Management, and U.S. Fish and Wildlife Service released a Draft Best Management Practices and Guidance Manual, and this manual will be discussed at a public workshop in the City of Victorville next Tuesday, October 13th. And for more information on the implementation of this Executive Order, you can go to the Commission's website at www.energy.ca.gov/33by2020/index.html.

The next recommendation is to prioritize transmission planning and permitting efforts for renewable generation at the California ISO, CTPG, and the Energy Commission and work on overcoming barriers and finding

solutions that would aid their development. And the Committees are recommending a three-tiered approach for this recommendation, which is described on the next three slides. And so, first, the first priority is to develop projects already supported by the past two Strategic Plans, 2005 and 2007. A total of ten projects are recommended between the two documents. And I will not go into detail here because they are covered in both Chapter 1, as well as in Appendix C. One specific project recommendation that is new for 2009 is Southern California Edison's El Dorado-Ivanpah Transmission Project. SCE filed their application for a Certificate of Public Convenience and Necessity in May of this year, and the Committees note that their endorsement of this transmission project is not an endorsement of the solar partners, Ivanpah Solar Electric Generation System, which is currently being evaluated by the Energy Commission.

The next priority is the RETI "No Regrets" renewable foundation and renewable delivery line segments that limit environmental impacts by using existing, or by expanding existing, corridors. Together with the previously recommended projects, these segments would provide a strong system that could move and deliver electricity throughout California. Two additional projects, Gregg-Alpha Four and Tracy-Alpha Four, do not meet the criterion of using existing or expanded corridors, but are needed to complete a

link to Northern California load centers. And so the first five that you see on this list are RETI renewable foundation lines, and the last three are classified as renewable delivery lines.

The third priority is to begin outreach for the RETI "no regrets" segments that require new corridors, and to begin planning work for the priority renewable areas outside Tehachapi, the Imperial Valley, and Eastern Riverside County.

COMMISSIONER BYRON: Ms. Grau, would you mind providing us with your definition of "no regrets?"

MS. GRAU: I would have to turn to Mark Hesters, who was involved in the working committee that, I think, came up with that classification. Are you prepared to --

MR. HESTERS: I can give a quick definition. What a "no regrets" line in the RETI, through the Phase 2A report, were those lines that were not dependent upon development of a specific CREZ or renewable area. So they still had benefits even if there was not development in any specific renewable energy zone.

COMMISSIONER BYRON: So "no regrets" means we would not regret building them?

MR. HESTERS: Exactly.

MS. GRAU: So they look attractive, no matter what the future holds, I think, was a short way of saying that.

Which areas should be given priority will require revisiting because there are several factors that affect the viability of some of these areas. For example, the proposed National Monument in the Mojave Desert area could reduce the size of several of RETI's competitive renewable energy zones, or CREZ's. Also, the BLM Solar Programmatic Environmental Impact Statement effort will likely identify preferred solar development areas, while removing others from development. And the California ISO is completing its first clustered interconnection studies based on the new generator interconnection process. The Energy Commission staff should continue supporting ongoing RETI-related activities by providing appropriate personnel and contract resources. And, as I noted at the beginning of my presentation, the Energy Commission has several staff participating actively in all levels of RETI, in addition to providing contract resources.

You may recall that, at the June 15th workshop, Roger Johnson presented staff's proposed transmission corridor designation selection methodology for identifying which of the 102 transmission line segments contained in the RETI Phase 2 Report Conceptual Plan should be considered for corridor designation. In Chapter 6 of the Committee Draft Strategic Plan, staff refined its proposed method based on stakeholder comments, and went through a case study to

demonstrate the revised method. And so the Committees recommend that the Energy Commission staff should continue to coordinate with the RETI stakeholders group to incorporate RETI's latest information in applying staff's method in order to reach consensus on the appropriate transmission line segments that should be considered for corridor designation to promote renewable energy development.

And as described in Chapter 6, staff's case study used the 102 RETI Phase 2A line segments as the starting point and evaluated them based on on-line service date, environmental concerns, the types of right-of-way required, and the energy potential of each line segment.

Next, the Energy Commission should continue participation in, and support for, Western Interconnection transmission planning efforts. This includes representation on WECC's Transmission Expansion Planning Policy Committee, which manages the regional transmission planning process and coordinates transmission congestion and expansion analyses. This recommendation also includes participation in the Western Governor's Association WREZ Initiative, Western Renewable Energy Zone Initiative, to ensure consistency with RETI results in terms of California's preferred renewable development areas, as well as environmentally sensitive areas that should be avoided. Another important recent

development is the funding opportunity announcement made by the U.S. Department of Energy in response to the American Recovery and Reinvestment Act. Topic A deals with Interconnection Level Analysis and Planning, for which the WECC submitted its response on August 12th, and Topic B deals with Cooperation Amongst States on Electric Resource Planning and Priorities, for which the Western Governor's Association submitted its response on September 11th.

Finally, the Energy Commission staff should identify and establish a method for the 2011 Strategic Plan that uses scenarios in the development of a 30-year transmission plan for California, building upon the long-term planning process proposed in Chapter 4, as well as the scenario analysis in Chapter 7. This recommendation is an outgrowth of workshop discussions in which parties suggested it was important to look out 20 or more years. For this cycle, staff developed long-term scenarios, using the RETI Phase 2A results as a starting point, in order to illustrate how such a scenario-based approach could be applied. The goal is to jump-start the discussion of how long-term scenario planning should be conducted, and then factor that into a long-term planning process such as the one proposed in Chapter 4. Again, this was just done for illustrative purposes, and we are not suggesting necessarily that all of the assumptions in there are the final answer, we just

wanted to throw something out as a straw man. And so staff looked at three scenarios, 40 percent RPS by 2030, 50 percent RPS by 2030, and 50 percent RPS by 2040. And staff also examined some of the transmission siting planning and operational consequences of these futures and the role that new and emerging technologies can play in reshaping these results.

In addition to the main chapters of this report, there are several technical appendices I just want to call your attention to briefly, that support the Committees' discussions and conclusions. Appendix A is the Trends in Transmission Research for Renewables Integration. Again, this came from Jamie Patterson and the PIER Program. Appendix B provides more detail on the WECC and WGA responses to the DOE's funding opportunity announcement. Appendix C summarizes the ten recommended projects of statewide significance that were supported in the previous two Strategic Plans, and Appendix D summarizes Western Regional Projects that could help California meet its goal of 33 percent renewables by 2020.

The Committees look forward to oral comments received today, as well as written comments by Friday, October 23rd. All comments received will be considered for inclusion in the Joint Committees' Final Strategic Plan, which is scheduled for release by November 16th. The Joint

Committees' final version will be considered for adoption by the full Commission at its regular Business Meeting on December 2nd, along with the Committee Final Integrated Energy Policy Report. So that concludes my presentation. I would like to open it up for comments or questions on my presentation, first from the dais, and then parties in the room, and then to any WebEx folks on the line. And then, after we get through that, we will open up the hearing for public comments, again, starting first with parties in the room, and then parties on WebEx. And so, first, are there any questions for me, from you, Commissioner Byron?

COMMISSIONER BYRON: Ms. Grau, no, there are not. This is a committee document, we have reviewed it thoroughly, will continue to review it, and we will continue to welcome any input from others. But, no, you have done a very good job on this; you are an excellent Project Manager. I am not going to ask you any questions. Let's open it up and see what we hear.

MS. GRAU: Okay. Are there any questions for me? Okay, do we have anyone on the line, Clare, who would like to ask any questions or make comments?

MS. LAUFENBERG GALLARDO: Let me unmute them and we will see. You can address them now.

MS. GRAU: Do we have anybody on the WebEx line who would like to ask a question regarding my presentation?

Okay. With the publishing of the Draft Strategic Plan on September 28th, and then the Draft Integrated Energy Policy Report two days later on the 30th, we realized that we have given interested parties something over 400 pages long to read in a very short amount of time. And so we recognize that today's hearing may be too soon for you or your organization to have reviewed the Strategic Plan fully. However, the Committees would still appreciate any perspective you have for us today on any or all of the following, whether your organization plans to file comments, written comments, by October 23rd, any overall impressions or high level comments you have, and if you have been able to complete your review of the entire document, any detailed comments you would like to share with us. And so, with that, I do not know if anybody filled out a blue card, we are kind of keeping this informal, so if you would just like to come up, either sit at the table if you prefer to sit, or stand at that podium, and make your comments, and we will open it up now to, first, the folks in the room, and then we will go to the folks on WebEx. Thank you.

COMMISSIONER BYRON: I do not have any blue cards. Did we solicit blue cards?

MS. KOROSEC: We did not solicit them. As Judy said, we are doing this fairly informally. So anybody who wishes to speak, please, just come up and have at it.

COMMISSIONER BYRON: Yeah, so let me start with this. You know, coming from the private sector and realizing that there is this fallacy that us state employees sometimes have, that everybody sitting out there waiting for our documents and our meeting notices to appear so they can show up and provide comments. We are very interested in having you hear. I apologize for the short notice and the difficulty in reviewing these extensive documents on such short notice, but we would of course welcome if you have any preliminary comments you would like to provide. I am assuming that we will get written comments probably in spades from many of the stakeholders, but there are a number of folks here, and we are going to shut this workshop down early if there are no comments. This would be the time. Please come forward.

MR. SPARKS: Good morning, I am Robert Sparks from the California ISO. I just had some high-level comments. The first comment that came to mind -- I have been a Planning Engineer for about 20 years and the corollary I would like to add to these words of wisdom about the primary barrier to increased development of renewable resources, being the lack of transmission development, is that the primary barrier to developing transmission is not knowing where the generation is going to develop. It is a little bit of a chicken and egg problem, I guess, both of these

statements are sort of like saying the reason there is not enough chickens is because there are not enough eggs. But anyway, with that, the STIP Report recommends the establishment of a ten-year statewide transmission planning process, and the ISO definitely supports the development of a California-wide, coordinated transmission plan; however, kind of getting back to my corollary, the report does not make any recommendations as far as the establishment of a coordinated, long-term resource planning process across California, and I just think that type of process, even if it is just for the purpose of stimulating the development of transmission, is an essential part of the development of a coordinated transmission plan. We really need to know where the resources are going to be, you know, along the coast, or even out in the KREZ's, in order to develop a coordinated plan. The ISO also agrees with the statement in the STIP Report applauding the RETI effort. I just would like to add a specific observation. The most significant contribution from RETI is actually the publication of the widely accepted Statewide Renewable Resource Forecast that can be a basis for the transmission plan. I guess the last thing is that there are a number of specific project endorsements in the plan, you know, the list of projects we had up there, the trouble is it is difficult for the ISO, sort of like some of the disclaimers in the STIP report itself about, you know,

we like this Ivanpah transmission plan, but that does not mean the CEC endorses this solar project. It is a similar problem for us, is that it is difficult for us to endorse any of these specific projects without appearing to bias our own planning process. You know, many of those projects we have approved, so obviously we support those, the ones we have not, you know, the jury is still out. That is really all I have for now.

COMMISSIONER BYRON: Mr. Sparks, thank you. Are you aware of the joint effort, or maybe you are participating in the joint effort of the three energy agencies of the state, the ISO, the PUC, and this Energy Commission, I call it the "once-through cooling working group," the effort to provide a long-term reliability based plan to meet the rule that the State Water Resources Control Board is promulgating. Are you aware of that plan?

MR. SPARKS: I am following that, yes.

COMMISSIONER BYRON: Well, and of course that goes fundamentally to your question about where is the generation going to be, is it going to be on the coast? Is it going to be inland? Will it be new generation? Will it be repower of existing sites? These are yet to be decided to a great extent and they involve parties outside of our control, but clearly we are moving towards renewables. Are you familiar, or have you participated at all in the Renewable Energy

Transmission Initiative?

MR. SPARKS: I am following that one even to a lesser extent, but, yes, I am following that, as well.

COMMISSIONER BYRON: So we are hopeful that will also help identify those renewable zones that we can rely upon building transmission to. The "no regrets" lines, it seems, are those that all the stakeholders agree are going to be necessary, regardless of which renewable zone. So have you had an opportunity to review those -- and I do not like to use those kinds of phrases, but those lines that we think are necessary to build anyhow, the "no regrets" lines?

MR. SPARKS: Again, I did look at the list, but I am not sure I remember exactly which ones are "no regrets" and which ones were just endorsements, but there are various projects, obviously Sunrise, we approved that project, even the PUC has approved that project, it is certainly full support for that project. Some of the other ones, you know, to the extent we are still evaluating them, it is difficult to take a position at this point.

COMMISSIONER BYRON: Okay, well, we are looking for comments and feedback on any categories that you are able to provide. The most important have to do with the joint planning process for the statewide efforts. And we know that the ISO is integrally important to this, even though the ISO really only has control over approximately,

what, the service territory, about 75 percent of the state, it is every other load control area is, let's say, embedded within that 75 percent. So the ISO's input here is extremely important. I thank you for coming. Thank you for your comments. We look forward to the written comments.

MR. SPARKS: Thank you.

MS. KOROSEC: If there are no other comments in the room, let's go ahead and open up the lines for WebEx. Those of you on WebEx, your lines are open if you would like to make any comments. Ken Kules, if you are on the line, your line is open if you would like to ask a question.

MR. KULES: Hi. My general question is how will the CEQA compliance process be integrated into the plans that will be developed? It is a question, not a comment, I am sorry I was not quick enough to get in on the question session.

COMMISSIONER BYRON: That is all right, Mr. Kules. Would you please identify yourself for the Court Reporter, and if you are representing an organization?

MR. KULES: I work for the Metropolitan Water District of California. My last name is Kules, K-u-l-e-s.

COMMISSIONER BYRON: Thank you.

MS. LAUFENBERG GALLARDO: His question was how will the CEQA compliance be integrated into the planning process.

MS. KOROSEC: All right, the question is how will CEQA compliance be integrated into the planning process. Can I get one of the transmission staff up there to answer that?

MR. NAJARIAN: Chuck Najarian, Engineering Office. The CEQA process, first of all, anything that comes out of a planning process must eventually work its way into permitting, and in the permitting process, full CEQA compliance is required. So in the planning process itself, there is no formal CEQA process that we envision.

COMMISSIONER BYRON: Mr. Kules, any response?

MR. KULES: Well, that, I think, leads me to understand that the individual parties that are going to be constructing the transmission will have to then go through a subsequent CEQA process?

MR. TOOKER: This is Chris Tooker from the Energy Commission. As Ms. Grau pointed out, the corridor designation process carried out by the Energy Commission, if requested by a utility or on its own motion, will have as a part of it, a programmatic CEQA review of a proposed corridor. We are looking at alternatives and looking at many of the options going forward for the development of future infrastructure, and hopefully that programmatic environmental review will provide a record for purposes of project specific permitting at a later stage.

MR. KULES: So you are thinking of a programmatic approach where you have an initial plan that has a programmatic approach, and then there will be a layered EIR following that?

MR. TOOKER: As it pertains to designating corridors, not with respect to the broader plan, perhaps, put together by the utilities.

MR. KULES: Thank you.

MS. KOROSEC: All right, we have no other comments online. Last chance for anybody in the room that would like to say anything.

COMMISSIONER BYRON: All right, well, I think we are going to close here shortly. I have some closing comments I would like to reiterate. You know, we have taken what we have learned at the Energy Commission on a statewide transmission planning and siting basis and we have outlined a process in this Strategic Transmission Investment Plan that involves all the electric utilities, key agencies such as the Independent System Operator, the Public Utilities Commission, the Energy Commission, new organizations such as the California Transmission Planning Group, and stakeholders -- and when I say "stakeholders," I mean developers, environmental concerns, property owners, competing land interests, the folks that have other uses for the land that is in consideration, elected officials, even federal

agencies and military, I mean, the list of stakeholders goes on and on, and they must all be included -- and regional planners need to be part of this process, as well, the Western Electric Coordinating Council and the Western Governor's Association. And there is a role for FERC in this planning process, too. It is complicated, it is difficult, and it is necessary. We received a lot of comments about not making it any more difficult than it is, and I will go back to my premise, that we have got to make sure that we include all of the constituents early on. We know it adds layers of complication, the goal is not the process, the goal is to build transmission and to meet California's economic and environmental interests going forward. We are really interested in de-litigating the process. There are some extraordinary transmission planners involved at the ISO, at the California Transmission Planning Group, but we know that the transmission is expensive, too, but it is really a relatively small part of the consumers' electric bill. As we move towards increased electrification such as the transportation sector, population growth is going to lead to increased needs for transmission and electricity. Even though we are going to implement really strong energy efficiency policies in the state, we are going to still need more transmission. We are going to need it for renewables. But we need to simplify need assessment

process for determining what transmission is needed, a process that fosters the use of common assumptions and streamlined decisions. We need to frontload the process with inclusion and unload the litigious aspect on the backend in determining need.

The key agencies have a stake in this and are essential to our success, it cannot be done without all of them included. But there is really only one statewide authority with the staffing, the lack of commercial interest -- read: objectivity -- and the motivation and interest to facilitate transmission planning and siting to meet all of California's needs, and I believe that is the Energy Commission. I would like to ask you to please provide us comments focusing on the five steps for transmission planning that are outlined in this report. I would like to also ask for your feedback on the efforts to simplify and reduce the redundancy in determining need. I would like to certainly acknowledge the value of the CTPG, and we believe, if done credibly and inclusively, that will be an extraordinarily important group going forward for the state. The STIP could provide the necessary cover of a full transparent public process to a group such as the CTPG, and if the CTPG includes all the stakeholders and environmental considerations, the CEC will give great weight to the results in the STIP. If not, I believe the STIP will really

become the forum for analyzing and deciding what is needed. I would like to thank the staff, I think they did an extraordinary job on this. If we had more time, I am sure we could do a better job. I would like to thank the participants for being here, we welcome your comments and input. It is 10:00. We will be adjourned.

(Whereupon, at 10:00 a.m., the workshop was adjourned.)

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CERTIFICATE OF REPORTER

I, KENT ODELL, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Workshop; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, nor in any way interested in outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of October, 2009.

_____
KENT ODELL

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I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a notary public, Certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF,

I have hereunto set my hand this 19th day of October, 2009.

Peter Petty,
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