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September 1, 2011

Western Electric Industry Leaders
c/o Michael R. Niggli
President & COO
SDG&E
8330 Century Park Court
San Diego, CA 92123

Dear Members of WEIL:

Thank you for your letter of June 29. WGA agrees with you that the difficulty of getting transmission projects permitted is a major problem for the West. Not only is transmission critical for the states to meet their clean energy goals, it has a major role in supporting the growing population of the West. WGA is willing to assist you in finding ways to improve the transmission planning and siting process in order to move critical new transmission projects from the planning phase to implementation.

While it is easy to describe the obstacles to a more efficient transmission planning and siting process, agreeing on a solution that would serve all stakeholders -- including those most immediately impacted by the location of transmission structures -- is more complicated. Federal processes do constitute a difficult hurdle for transmission developers. However, after numerous discussions with the upper management at federal agencies, we are convinced they are just as interested in making the permitting process work better as you are; and we would note that the Federal Energy Regulatory Commission (FERC) recently issued Order 1000 which expands upon the Order 890 planning process referenced in your June 29 letter. Given all of this, we believe the timing is right to implement policies and procedures that will reduce the time necessary to get transmission permitted and built.

We do want to hear your ideas as to what kinds of changes or actions would help all of us achieve the goal of more efficient permitting. Toward that end, I suggest a meeting between WEIL members, WGA Executive Committee governors' staff, and WGA staff to identify specific strategies WGA could pursue to more effectively work with federal agencies to bring about change. Please contact Rich Halvey of my staff to let him know whether you are available for a meeting in Denver either September 27 or 29.

Together we can find solutions that will enable the West to meet its clean energy, economic and environmental goals.

Sincerely,

Pam O. Inmann
Executive Director

June 29, 2011

Western Governors' Association
1600 Broadway, Suite 1700
Denver, CO 80202

Dear Members of the Western Governors' Association:

No organization has done more than the WGA to help western policymakers and stakeholders understand the integral relationship between renewable energy expansion in the West and the need for new transmission to deliver these resources to where they are needed. The WEIL group applauds your leadership and significant contribution to the renewable energy growth the West has experienced in recent years, and earnestly requests your help with improving the transmission permitting/siting process in order to move critical new transmission projects from the planning phase to implementation.

As you know, the robust planning framework put in place by FERC Order No. 890 has provided valuable opportunities for stakeholder input and development of regional transmission plans. However, the value of these efforts can only be captured through implementation of the resulting plans, and constructing projects. Our members are finding that the considerable disconnect between local, state and federal permitting requirements has become a real obstacle to such implementation. The need for a coordinated permitting/siting approach with defined timelines for decisions is critical to getting needed transmission projects built.

Simply put, continued growth in renewable energy resources will be severely limited without new transmission capacity in the West. Our members believe state and national support for renewable and low-carbon resources will continue to grow. This policy support for renewables has helped pave the way for utility-scale wind projects to be permitted, sited and constructed within a very short timeframe of less than two years in many cases.

In contrast, major transmission projects may require from seven to 10 years to materialize. For example, Idaho Power and PacifiCorp are jointly developing the Energy Gateway West transmission project — an approximately 1,100 mile, primarily 500 kV line from Eastern Wyoming to Western Idaho, interconnecting at several points within each of their service territories. The Gateway project, as designed, will allow continued development of wind resources in Wyoming. The companies filed in late 2007 with the Bureau of Land Management ("BLM") to begin the Environmental Impact Statement ("EIS") process for the project. Originally the draft EIS was set to be released in June 2009, but due to subsequent delays is now expected in fall of 2011 — *more than two years beyond the original target release date*. A Record of Decision for the project could be issued within two years, assuming no appeals, with

another three years required for construction, making this a nine-plus year project from concept to reality.

Clearly, this circumstance is not limited to Energy Gateway West; several other Western utilities are planning transmission projects and are in various stages of the NEPA process, including Portland General Electric, Idaho Power and the Bonneville Power Administration. In the case of Portland General Electric's Cascade Crossing project, the lead agency (the U.S. Forest Service) has been very cooperative, but the federal NEPA process remains extremely lengthy and expensive. PGE predicts it will take nearly five years to obtain necessary approvals by late 2014 — and that assumes no procedural delays. Procedural delays on these projects introduce both regulatory and reliability risk by making it difficult or impossible for certain of these utilities to meet their renewable energy requirements, require major shifts in planned capital commitment, or impose a direct impact on the timing of other transmission or generation projects dependent upon the additional infrastructure.

Similarly, transmission developers face various hurdles in obtaining construction permits through various state and local agencies. In many cases, local requirements must also be met at each county and city with jurisdiction along project routes, often with varying — or even conflicting — requirements and decision timeframes. Due process and public input are key to obtaining stakeholder acceptance for large transmission projects, particularly in the communities where they will be located. Likewise, a common and unified permitting process with a predictable timeframe is essential to the success of interstate transmission projects.

We believe strongly — and hope you will agree — that clear direction/definition on a streamlined process is needed for federal permitting of transmission projects. The lack of defined timelines and coordination among the various permitting entities is not only a disincentive to invest in new transmission projects, but a real threat to our members' ability to fulfill the need for this infrastructure on a timely and cost-effective basis. You have the authority and ability to provide that direction. The coordination between the Department of Interior and California permitting authorities on renewable energy development and related in-state transmission is an example of the kind of focus and commitment needed at the regional level. The U.S. DOE Federal Rapid Response Team is another good example, but there is further need for meaningful forward progress by all action agencies.

On behalf of the constituencies/constituents we share, we look forward to any opportunity to work together with the WGA to help get transmission projects permitted, constructed and serving customers. We sincerely appreciate your continued engagement on this important matter. Thank you.

Respectfully Submitted,



Arizona Public Service



Avista Corporation



Bonneville Power Administration



California Independent System Operator



Idaho Power



Los Angeles Department of Water & Power



Northwestern



NV Energy



Pacific Gas & Electric Company



PacifiCorp/Pacific Power



PacifiCorp/Rocky Mountain Power



Portland General Electric



Public Service Company of New Mexico



Puget Sound Energy



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