

TO: Participants in February 24-25 Resource Planning Meeting

FROM: Doug Larson, Western Interstate Energy Board

DATE: March 4, 2009

SUBJECT: **Next steps from Western Interconnection Resource Planning Meeting**

This memo elaborates on the next steps identified at the February 24-25 Western Interconnection resource planning meeting. It is divided into next steps with specific assignments and next steps that need to be further vetted.

I encourage you to review the next steps and share with the recipients of this email your insights and additional ideas on next steps.

Thanks for a productive discussion in San Diego. The Powerpoint presentations used at the meeting are linked to the agenda at <http://www.westgov.org/wga/initiatives/wrez/gtm/LSE-PUCagenda.pdf>.

A. Next Steps with Specific Assignments

- 1) At an appropriate time in the development of the Joint Initiatives transmission reforms (e.g., intra-hour scheduling, dynamic scheduling, bulletin board), ask the Northern Tier Transmission Group/Columbia Grid/WestConnect to conduct a webinar for resource planners (and others) on the impact of approved Joint Initiatives transmission reforms on cost of integrating wind and solar. **Kristi Wallis** will take the lead.
- 2) Hold a webinar to share with resource planners (and others) PG&E's new tool on evaluating integration costs. **Antonio Alvarez** will take the lead. **Tom Carr**, WIEB staff, will help with logistical requirements.
- 3) Ask NREL to be the home for confidential information on CSP plant performance (e.g., profiles). **Lynn Coles** (NREL) will take the lead.
- 4) Ask Lawrence Berkeley National Laboratory to review newer IRPs and determine the degree to which recent and older IRPs address the nine questions^[1] raised by Galen Barbose (LBNL). **Galen Barbose** will take the lead.

^[1] Galen Barbose questions:

1. What kind of future should the base-case carbon price projection reflect?
2. How wide of a range of alternate carbon price projections needs to be considered?
3. Is it critical that forms of carbon regulation other than a tax or cap-and-trade be considered?

- 5) Utility identification of preferred REZs by June 1 for input into WECC transmission planning studies.
- a) At this week's meeting of the Western Electricity Industry Leaders' group, **Pat Vincent-Collawn** (PNM) will ask members of the WEIL group to have their companies provide information to WECC (**Brad Nickell**) on their preferred Renewable Energy Zones by approximately June 1.
 - b) Final Renewable Energy Zones and associated updated model inputs will be available in May. **Tim Mason** and **Doug Larson** will take the lead in notifying resource planners of the availability of new information.
 - c) **Brad Nickell** and **Tom Carr** will develop and share with meeting participants an overlay of major proposed transmission projects and WREZ Qualified Resource Areas and Renewable Energy Zones (when developed).
- 6) Training on the WREZ model
- a) Participants in the meeting will be sent version 1.0 of the WREZ model on delivered cost of power from Renewable Energy Zones in the next two weeks. **Tim Mason** (B&V) will take the lead.
 - b) In March, WGA and Black & Veatch will organize webinars to provide training on WREZ model. Notice of the webinars will be sent to participants in the San Diego meeting. **Tim Mason** and **Doug Larson** (WIEB) will take the lead in organizing the webinars.
- 7) Exploration of coordinated procurement from Renewable Energy Zones

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- 4. How best to ensure that the set of low-carbon candidate portfolios considered are sufficiently diverse?
 - 5. How best to ensure that the carbon risk reduction of EE is fully valued within the portfolio analysis and selection process?
 - 6. What assumptions should be made about the cost and availability of IGCC, CCS, and new nuclear power over the next 10-20 years?
 - 7. What types of interactive effects are potentially most significant and how should they best be estimated and incorporated into the portfolio modeling?
 - 8. How can the results from the carbon risk analysis best be used to inform the portfolio selection process?
 - 9. How best to make tradeoffs between the expected cost of candidate portfolios and the variability in cost across carbon scenarios?

- a) **Evelin Wheeler** (PNM), **Lisa Schwartz** (OR PUC) and **Antonio Alvarez** (SCE) volunteered to work with a WREZ task force to define the scope of Phase 3 of the WREZ project – coordinated procurement of generation from preferred Renewable Energy Zones. Other utility and PUC representatives are invited to participate. **Doug Larson** (WIEB – dlarson@westgov.org) is the contact point.
 - b) All LSE resource planners at the meeting will be asked to indicate if they or someone else in their company is the right person to contact on issues of coordinated procurement. **Doug Larson** will take the lead in asking for contacts.
 - c) Working with Tom Carr and Doug Larson, **Paul Smith** (APS) will help develop a short summary of the experience in the Southwest in coordinating procurement and lessons learned. Others are encouraged to provide summaries of their coordinated procurement efforts.
- 8) Understanding implications of robust REC's market (e.g., dump energy)
- a) **Pat Vincent-Collawn** (PNM) will ask members of the WEIL group who have begun to examine a REC's trading market to include in their work an examination of the implications of such a market on electricity flows and disposition.
- 9) Sharing information on interstate regulatory collaboration on transmission and renewable energy procurement
- a) NREL is organizing a law conference in Denver (May 19 tentative), with a specific focus on Colorado, New Mexico, Utah and Wyoming and what their utility codes permit or prohibit. **David Hurlbut** (NREL) is lead.

B. Next Steps that Require Additional Vetting

Below is a listing of the broader topics that were raised. Implementation requires further action. No specific next steps were identified. You are encouraged to share with the participants in the meeting who are receiving this email your thoughts on these broader topics and potential specific next steps.

1) Resource planning

- a) Acquire resources that are robust regardless of what kind of future unfolds (DSM, renewable resources and associated transmission)

- b) Promote an iterative process between resource planning analysis and public policy development

2) Carbon

- a) File utility carbon reduction plans based on hard caps (not carbon prices) for PUC review
- b) Establish explicit policies to remove barriers to customer-side resources and accelerate the transition to low-carbon resources

3) Renewable integration

- a) Improve certainty of transmission schedules for wind generation through better wind forecasting (including real-time data from turbines) and require curtailment of schedules for substantial deviations

4) WREZ preferred Renewable Energy Zones

- a) Resource planners coordinate with transmission planners within the utility and region-wide

5) Coordinated procurement

- a) Evaluate impact of coordinated procurement on creating a critical mass for new transmission
- b) Form multi-utility partnerships to acquire generating resources (“combined” competitive bidding)
- c) Synchronize IRPs among neighboring utilities

6) Transmission siting reform

- a) Speed environmental process for transmission siting
- b) One-stop permitting
- c) Give it to FERC
- d) If FERC doesn’t get authority, figure out a western game plan

7) Generation and transmission planning

- a) Need to overhaul the process for generation and transmission planning and approval to: simplify; coordinate; streamline; improve; broader participation by:
 - i) Staging process against (federal deadlines);
 - ii) Telescoping process so steps are taken in parallel rather than serially;
 - iii) Better notice (more consistent, from single source);
 - iv) Joint review; and
 - v) Strong scenarios to allow adjustment for anticipated changes.
- b) Sharing information practices regarding the consideration of transmission in resource planning decisions
 - i) For example, Xcel/Wyoming-Colorado Intertie
 - ii) Within IRPs (e.g., IPC, PacifiCorp, AZ utilities)
- c) File transmission assessments for Commission review, including proposed funding design

8) Research agenda

- a) Gas nominations
- b) What does it take to have Intra-day gas nominations – ask FERC to look in

Moving integration costs upstream