

## Western Governors' Roadmap for Transmission to Move Low-Carbon Generation

Western Governors have been leading efforts to identify and develop transmission to move location constrained, low-carbon generating resources to consumers.<sup>1</sup> To meet climate and energy goals, it is important that federal initiatives complement and not conflict and slow down the progress being made in the West. The federal steps outlined below will advance our mutual agenda.

### Transmission Expansion

- Enact legislation to authorize the Secretary of Energy to pay for the incremental cost of optimizing the size of new electric transmission lines to areas of large amounts of location-constrained, low-carbon generation.
  - In exchange for financing the incremental cost of the new line the federal government would receive the increased transfer capacity created by the federal investment. The government would sell the incremental capacity as demand for the transfer capacity increases.
  - This will capture economies of scale in transmission construction and reduce the impact on the environment by eliminating the need for future lines to the same area.
- Redirect the implementation of Section 368 of the Energy Policy Act of 2005 by the Department of Energy (DOE), Bureau of Land Management, Forest Service, and Department of Defense to focus on the designation of energy corridors across federal land for transmission to reach location-constrained, low-carbon resource areas. Use the results of the WGA Western Renewable Energy Zone project as a basis for designating corridors in the Western Interconnection.
- Revise agency implementation of Section 1221 of the Energy Policy Act of 2005 to:
  - Limit the designation of National Interest Electric Transmission Corridors (NIETC) by DOE to corridors necessary to move large amounts of location-constrained, low-carbon generation.
  - Require DOE to conduct a more rigorous analysis of transmission congestion and the need for a corridor designation than was done in the 2006 DOE congestion study. The analysis should consider future congestion that would result from the deployment of location-constrained, low carbon generation.
  - Require federal permitting agencies to process permits for proposed transmission lines carrying large amounts of location-constrained, low-carbon generation within one year.
  - Have agencies use the results of the WGA Western Renewable Energy Zone project as a basis for designating any National Interest Electric Transmission Corridors in the Western Interconnection.

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<sup>1</sup> In 2001, Western Governors launched the first Western Interconnection-wide transmission expansion planning effort. They supported the institutionalization of interconnection-wide transmission planning first at the Seams-Steering Committee-Western Interconnection and now at the Western Electricity Coordinating Council. In 2002, a protocol was adopted for interstate coordination in the permitting of transmission which has been signed by 12 Western Governors, the Premier of Alberta and four federal agencies (DOE, DOE, USDA, CEQ). In 2004, the Governors launched a Clean and Diversified Energy Initiative to develop policies to enable deployment of 30,000 MW of renewable generation. In 2008, the Governors initiated an interconnection-wide Renewable Energy Zone project.

- Use agency discretion to provide that prior to pre-empting state siting law in a designated NIETC the Federal Energy Regulatory Commission (FERC) must find that the proposed transmission project is needed to transport location-constrained, low-carbon generation and the line is properly sized to capture economies of scale and minimize environmental impacts.
- Use agency discretion to refocus the granting of incentives for transmission investment granted by the FERC to proposed projects that carry large amounts of location-constrained, low-carbon generation and which are optimally sized over the long-term.
- Use agency discretion under FERC Order 890, to require transmission owners, in cooperation with states, to develop interconnection-wide transmission expansion plans to move large amounts of low-carbon electricity generation. In granting incentive rates of return on transmission investments, FERC should give priority to projects that comport with such plans and that carry large amounts of low carbon generation.
- Continue the DOE's support for the WGA Western Renewable Energy Zone project and determine if this approach should be applied in the Eastern Interconnection.
- Enact legislation to provide that income from bonds issued by state transmission infrastructure authorities are exempt from federal taxation.

#### Grid Operation

- Use discretion available to DOE and FERC to pursue policies that lower the cost of integrating large amounts of variable renewable generation in the system. Such policies should lead to expanding the geographic size of balancing areas, improving markets for ancillary services, adding flexible generation to the fleet of generation, and utilizing wind and solar forecasting services in system operations.
- Use policy and funding discretion available to DOE and FERC to pursue the deployment of: plug-in electric hybrid vehicles; smart grid technologies; and improved demand-side resource capability.