

# Quarterly Report for Western Governors' Association

## MANAGEMENT REPORT

### Progress Report

1. DOE Award – DE-OE0000422
2. Resource Assessment and Interconnection-Level Transmission Analysis and Planning for the Western Interconnect.  
Project Director – Rich Halvey
3. Period Covered – January 1 – March 31, 2011
4. Comparison of Goals with Actuals  
Goals of the project remain the same as originally stated.
5. Major Activities/Accomplishments for the Period  
With most subrecipients under contract, WGA and WIEB have been moving forward with implementing workplans and gathering stakeholders.

#### Task: WREZ 3

Lisa Schwartz, from Regulatory Assistance Project (RAP), has been interviewing Western utility resource planners to assess interest in specific WREZ zones, as well as effort to coordinate procurement of WREZ zone resources. Preliminary findings from these interviews were presented at the April SPSC meeting in Seattle. Thus far, RAP interviewed about 25 companies. Initial results show inconsistencies between what WREZ model results suggest verses the reality of utility plans. Rationale for utilities selecting different resources than suggested by the WREZ model are: incentives to purchase in-state renewable resources, pancaking charges, existing transmission is already in place, and difficulty in permitting lines that cross several states and federal lands. Such obstacles make close-in resources more appealing to utilities. RAP identified barriers to long distance renewable resource procurement highlighting local RPS eligibility requirements, lack of competitive advantage, lack of transmission, federal incentive uncertainty, along with other regulatory hurdles. These hurdles and more will be highlighted in RAPs upcoming report. This report will be presented to the SPSC who will then determine next steps.

#### Task: WREZ 4

WGA hosted a *Federal Land Siting* meeting in January, 2011. This meeting was held in coordination with a planned SPSC meeting. The meeting focused on transmission developer's decision points on whether to build on federal vs. private land. (Agenda: [http://www.westgov.org/index.php?option=com\\_content&view=article&id=311&Itemid=81](http://www.westgov.org/index.php?option=com_content&view=article&id=311&Itemid=81)). Utility companies from California, Idaho, merchant developers, and state and federal officials gathered to discuss obstacles to developing on federal lands, and provide insight on how to coordinate efforts to develop on federal land. David Solan, Energy Policy Institute, presented obstacles faced in building the Gateway West transmission

line. This line crosses federal lands, along with numerous state and local jurisdictions and is a good case study on challenges associated with transmission crossing several decision making authorities.

The resounding message that came from the panel discussions is that siting can be successfully conducted over federal lands if the stakeholders work to develop a collaborative team. By establishing clear objectives at the onset of a project and involving all the relevant players, it is possible to create a project timeline for which utilities, states and federal agencies can be held accountable. Public involvement and regular meetings were deemed integral to the overall siting and permitting process.

WGA staff has also interviewed state PUC staff to determine the viability of creating sub-groups to work through state regulatory barriers for transmission facilities crossing state lines. The goal is to host sub-regional meetings and address specific lines that target bringing renewable resources to load centers. The effort will aim at developing consensus and processes/recommendations for siting approvals.

#### Task: Wildlife DSS

Significant progress continues to ensure the eight pilot projects result in completed DSSs in each state that are compatible with each other. States continue to leverage lessons learned from individual pilots across the region, and WGA convenes the states monthly to provide overall guidance on achieving the goal of regional compatibility.

WGA staff and a Wildlife Council representative continue to participate on the SPSG's Environmental Data Task Force to help inform how state DSSs can be incorporated into the current, and future, transmission planning models. Additionally, WGA staff is working with NREL to develop a methodology for incorporating wildlife information from state DSSs into modeling assumptions related to the future availability and location of generation. A presentation on progress to date will be giving to the full Wildlife Council at members of the public at their upcoming meeting May 16-17 in Boise, Idaho.

#### Task: Input to Topic A

#### **SPSC Meeting**

The State-Provincial Steering Committee (SPSC) met in San Diego, CA on January 11-12. Discussion topics and action items included:

- WECC staff presented study results on four SPSC requested 2020 cases: (1) Reference case; (2) High Load case; (3) High Demand Side Management (DSM) case; and (4) Low Carbon case. WECC staff anticipated they would begin running 20-year cases with their new Long-term Modeling Tool in mid-2011. The SPSC Scenario Work Group will prepare proposals for SPSC on elements of the 2030 Technology Breakthrough case. Tom Carr (SPSC staff) led a discussion of modeling issues arising in the Low Carbon and High DSM cases.
- SPSC reviewed and agreed to submit nine new study requests in 2011 to WECC's Transmission Expansion Planning Policy Committee (TEPPC). Members submitted

- priority rankings that will be considered during discussions with TEPPC following the January 31 submission deadline.
- SPSC designated its Scenario Work Group to represent the SPSC in the TEPPC Technical Advisory Subcommittee and other WECC groups charged with drafting the WECC 10-year transmission plan. The SPSC approved guidelines for the Work Group.
  - Jeff Miller (Columbia Grid and Subregional Planning Group Coordination Group (SCG) Chair) briefed SPSC on current activities and meeting topics of the SCG, including preparation of a reliability analysis of the WECC 10-Year Regional Transmission Plan.
  - SPSC staff updated members on developments for a proposed Western Energy Imbalance Market (EIM). Presentations covered the potential value of an EIM to consumers, a description of market elements, an update on the WECC cost/benefit study and consideration of tariff issues. SPSC members were encouraged to attend the January 18 WECC workshop and the March 7-8 EIM Crossroads meeting in Portland.
  - Rebecca Wagner (Nevada Public Utilities Commission) was elected Chair of the DSM Work Group.

### **SPSC 2011 WECC Study Requests**

On January 31, 2011, the SPSC submitted the following eight study requests to WECC and endorsed WGA's request for a 10-year and 20-year prolonged drought and climate change study:

- Updated Reference Case to reflect current Integrated Resource Plans and government policies
- High demand side management (DSM) and high distributed generation (DG) policies in 10-year and 20-year cases throughout the Western Interconnection
- Geographically targeted high DSM/DG scenario
- Alternative California electric import policies and west wide Renewable Energy Credit (REC) policy scenarios
- Lower renewable generation scenario
- Alternative Southwest solar development scenario
- Plant retirements in the low carbon cases
- Increased utilization of the existing grid scenario
- Variable generation Integration analysis

### **WECC 10-Year Plan**

SPSC staff actively participated in WECC's TAS meetings (January 25-26 and February 16) and TEPPC meetings (February 24-25) during this quarter which addressed development of the 10-year transmission plan. Doug Larson addressed SPSC recommendations on the draft of the 10-year plan with the WECC Board at its meeting in March.

SPSC held webinars on February 10 and 22 to update members on activities in the WECC's TEPPC and TAS meetings regarding the development of the WECC 10-year transmission plan. Slides for these webinars have been [posted on the SPSC website](#). The SPSC will

continue its engagement in the development of the 10-year plan with the intent to provide independent input.

### **Integration of Variable Generation**

The State-Provincial Steering Committee (SPSC) co-coordinated the [Energy Imbalance Market \(EIM\) Crossroads](#) meeting which was held in Portland on March 7-8. The purpose of the meeting was to identify additional information and analysis necessary to enable parties in the Western Interconnection to decide whether to create an EIM. The EIM Crossroads meeting was preceded by four educational webinars (coordinated by SPSC staff) and a Joint Committee meeting of WECC where initial results of the first phase of the benefit analysis was presented. Approximately 160 participants attended the EIM Crossroads meeting in person, with another 20 participating by webinar. Panel discussions during the meeting focused on:

- Analysis of potential benefits of an EIM
- EIM footprint, market operator and governance issues
- EIM start-up and exiting issues
- Key tariff issues
- EIM's impact on the challenges of integrating variable generation

Slide presentations for the panel discussions are posted on the [EIM Crossroads website](#).

Based on stakeholder input, the following “next steps” were identified:

Identify what additional information is needed to make a go/no-go decision on creating an EIM in the West

1. Identify what additional information is needed to make a go/no-go decision on creating an EIM in the West
2. Provide input into WECC benefit/cost study
3. For states/provinces, discuss the EIM at the April 11-13 CREPC/SPSC meeting
4. Most important: Encourage BA to BA discussions to determine if there is a critical mass

### **Coordination with Topic A Activities and Western States/Provinces**

- The SPSC staff contributes information on SPSC activities to the WECC bi-weekly newsletter for members of its Scenario Planning Steering Group.
- SPSC staff meets weekly with WGA staff to provide SPSC activities updates and support WGA activities in the RTEP initiative.
- SPSC staff and state/provincial representatives participate in meetings and webinars of TEPPC, TEPPC's Technical Advisory Subcommittee and work groups, and WECC's Variable Generation Subcommittee and its work groups. SPSC staff participated in WECC committee and work group meetings throughout the quarter addressing the development of the 2011 10-year plan.
- SPSC staff actively participated in support of WGA's water-energy nexus and wild-energy nexus work in RTEP throughout the quarter.
- SPSC staff participated in all meetings of the SPSG Environmental Data Task Force throughout the quarter.
- SPSC staff participated in the WECC's Scenario Planning Steering Group (SPSG)

- development of long-term futures scenarios for use in the long-term planning tool and 20-year plan.
- SPSC staff and some SPSC members participate in TEPPC monthly coordination calls.

#### Task: Water and Energy

WGA is implementing the work plan for the energy-water component of the regional transmission expansion plan. This entails coordinating the various technical and policy experts who are contributing to analysis of water consumption, drought impacts, and water supply implications for different WECC transmission and generation scenarios. Preliminary results are now available and will be discussed in this update.

On March 30, 2011, WGA convened a meeting of the Western States Water Council, WECC, the national labs, and DOE to present preliminary results and to discuss the integration of water supply into WECC's transmission planning effort. The meeting was held at WECC, and specific topics included the analysis of water consumption under WECC study cases, finalizing the drought scenario scope of work, and a discussion of integrating water constraints into WECC's 20-yr model. One specific outcome of that meeting is report text and an appendix on energy-water for the WECC 10-yr Plan Report. That text is available for review upon request.

Two other critical technical activities are underway. First, we are conducting a drought analysis to understand how drought conditions may affect water availability and electricity generation at thermoelectric and hydroelectric power facilities throughout the West. Second, we are working with the Western States Water Council to refine our understanding of water availability in the Western states, to inform decisions about plant location and water shortage risk for existing and proposed plants. The national labs, led by Sandia, are leading these efforts.

WGA is also developing case studies on the energy-water nexus in the West, focusing on state-specific or plant-specific issues associated with permitting water supplies for solar electric facilities in the Southwest. In conjunction with this effort, WGA has conducted a survey of Western states water managers to understand how energy development is considered by water managers and how it may affect state water management strategies and water resources. The results of this work will be used to inform policy and management recommendations for addressing the energy-water nexus in the West.

Finally, WGA has continued to conduct outreach on this project, with a focus on explaining the significance of water supply to stakeholders in the traditional energy and transmission planning community. In addition to the meeting described above, we held a webinar for the State-Provincial Steering Committee, the Scenario Planning Steering Group, and the Environmental Data Task Force on April 6, and Alex Davis presented on the energy-water nexus to the SPSG-CREPC meeting the following week on April 13. These efforts will be essential to the integration of water supply into transmission planning.

Next steps include implementation of the technical analyses and continued outreach with stakeholder groups.

6. Cost Status –

Input to Topic A	\$914,151
WREZ 3 & 4	59,724
DSS Pilot Projects	908,232
Water/Energy	96,670
Outreach/Admin	13,027
Total	<span style="border: 1px solid black;">\$1,991,806</span>

NOTE: States were provided upfront funding to engage consultants for DSS development.

7. Schedule Status: See attached document

8. Changes in Approach:  
No changes in approach.

9. Problems:  
None at this time.

10. Changes in personnel  
None.

11. Products produced  
Website updates are ongoing.