

# *Board and Committee Activities*

Following are:

- I. [A synopsis of Board actions and Board activities in support of WGA initiatives since the April meeting;](#)
- II. [A review of the committee structure of the Board;](#) and
- III. [A report on the activities of the Committees since April.](#)

## **I. Synopsis of Board Actions Since the May Meeting in San Diego**

### **Work with Western Governors**

**Federal Electricity Legislation:** The Board continues to provide close support to WGA in implementing the governors' electricity policies in the pending federal energy legislation. The governors' objectives are to: secure enactment of the Senate-passed reliability provisions; block any efforts to grant FERC the power of eminent domain for transmission lines; and oppose expanding federal intrusion into state retail electricity issues. See [governors' letter to the conferees](#).

- **Reliability:** The work on reliability is closely coordinated with the Western Electricity Coordinating Council, the North American Electric Reliability Council and other parties to the coalition that got the provisions adopted by the Senate. Bill Chamberlain (CEC) has been the lead person for the Western states on the reliability provisions.
- **FERC eminent domain:** There are no provisions in the Senate bill to grant FERC the power of eminent domain for electric transmission. Similarly, there are no provisions in the House-passed energy bill (HR 4), however, HR 4 does not include any electricity provisions. House Energy and Commerce Committee Chairman Joe Barton (R-TX) and DOE are pushing hard to add in committee (??) FERC eminent domain provisions. With Larry Nordell's (MT DEQ) assistance, WIEB staff has prepared a [fact sheet](#) on the reality of the states' role in transmission permitting.
- **Federal intrusion into state retail authorities:** During the floor debate, the Senate bill was stripped of provisions allowing FERC and the Federal Trade Commission to preempt state retail electricity decisions (e.g., interconnection standards, consumer information and protection).

**FERC's Standard Market Design (SMD) Rule:** WGA's lead governors for energy (Kitzhaber, OR; Geringer, WY) [submitted a letter to FERC](#) as part of the Commission's SMD meeting in Boise in August outlining several issues that have arisen in their initial review of FERC's proposed SMD rule. On September 16, 2002 [Western and Eastern governors sent a "we the undersigned" letter](#) to the Senate

Energy Committee stating that FERC is moving too fast on the SMD rule and not doing adequate analysis of the issues. The SMD rule has been the subject of several CREPC conference calls and is the major focus of the CREPC meeting in Vancouver. FERC has extended the comments deadline on the SMD rule from October 15 to November 15.

**Permitting of Interstate Electric Transmission Projects:** At the WGA meeting in June, Western governors and representatives of the Secretaries of Energy, Interior and the President's Council on Environmental Quality signed the WGA transmission permitting protocol. Subsequent to the meeting, the remaining governors in the Western Interconnection and the Secretary of Agriculture signed the protocol. Under the protocol, governors are to appoint a lead person and issue an executive order or take other action to implement the protocol in their states. Thus far only Nevada has appointed a lead contact person (Carl Linvill). WIEB staff has established a web page for the protocol that includes information on state laws, proposed transmission, and transmission planning. It is also proposed to have links to appropriate federal agency sites. PLEASE REVIEW THE INFORMATION ON THE PROTOCOL WEB SITE AND PROVIDE WIEB STAFF WITH NEEDED ADDITIONS AND CORRECTIONS.

**WGA/Federal Agency MOU:** Little progress has been made with federal agencies, particularly DOE, in implementing the memorandum of understanding Western governors signed last August with the Departments of Energy, Interior and Agriculture, the EPA, and the President's Council on Environmental Quality. At the June meeting of WGA, a letter supporting the WGA information and planning grant proposal was received from DOE Secretary Abraham. The letter indicated DOE would provide financial support in FY 2002-2003.

**Renewable Energy Credits:** As follow-up to the recommendations made to Western governors at their environmental summit on April 24-26, 2002, at the June meeting, [WGA adopted a resolution](#) (Section B.) endorsing the formation of a Renewable Energy Credit (REC) market in the Western Interconnection. Governor Leavitt (UT) offered the amendment. Jeff Burks (UT) has taken the lead in developing a project to create a REC market. An initial planning meeting was held with several experts in the field in Portland on July 30. A [work plan has been drafted](#) and funds are being sought to implement the work plan.

## **Energy and air quality**

The Board has two on-going projects related to using energy efficiency and renewable energy measures to meet regional haze objectives.

The Board continues to provide some staff support to the Air Pollution Prevention Forum of the Western Regional Air Partnership. This activity is funded under the WRAP's grant from EPA. Modeling of the renewable and energy efficiency recommendations is nearly complete and a presentation on the AP2 Forum's work

was made to the WRAP in July. The next steps are to complete reports on modeling and efficiency recommendations, develop a final report, and prepare a two-page set of recommendations for the WRAP to consider for adoption at its November meeting. A follow-up budget has been proposed to the WRAP that includes: limited monitoring and reporting activities; funding development of a Renewable Energy Credits market, which is one of the Forum's recommendations for regional action; and providing assistance to states electing to develop Section 309 regional haze State Implementation Plans. The Board's involvement in future activities would be in the area of monitoring and reporting.

In August, Doug Larson made a presentation to DOE and NREL on the results of the modeling.

Under a subcontract with the WGA, WIEB is helping to develop a guidebook for incorporating renewables and energy efficiency into regional haze State Implementation Plans (SIPs). Depending on the number of states that elect to file Section 309 SIPs, the proposed single workshop may evolve into technical assistance meets for individual states. This activity is funded by a grant from DOE to WGA

### **Funding**

- In September, DOE selected the Board's three-year, \$200,000 proposal for work on wind energy. The proposal was submitted under DOE's broad-based solicitation of last year. Under the project, the Board will facilitate the creation of a database that would provide state regulators, grid management institutions, and federal and state siting agencies critical information necessary to expand region-wide wind development opportunities.
- In September, the Board signed an agreement with the Wyoming Energy Office for a \$20,000 project on distributed generation. The Wyoming Energy Office submitted the proposal to DOE on behalf of the Board. Under the project, the Board will promote the sharing of information on actions planned or taken to expand distributed generation in the Western Interconnection and examine the interaction of distributed generation and transmission and reliability standards.
- As of September 18, the following states and provinces have paid dues for the current fiscal year Arizona, Alberta, British Columbia, California, Idaho, Colorado (2/3), Montana, Nebraska, Nevada (2/3), New Mexico, Oregon, Saskatchewan, Wyoming.

### **People**

- Matt Lowry joined the WIEB staff in August as a policy analyst. Matt has an undergraduate degree in economics and has completed law school. He has done some work for the wind industry. At WIEB he is focusing on issues related to FERC's proposed Standard Market Design rule and execution of the Board's contracts with DOE on wind and distributed generation.

## **II. Committee Structure**

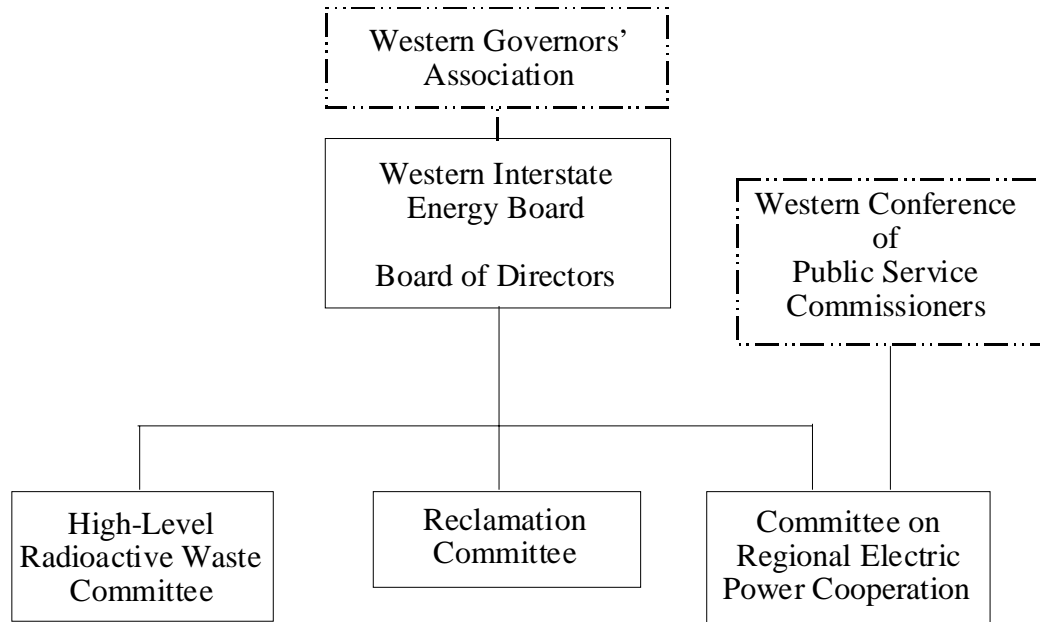
The Board has three committees. The committee structure allows subgroupings of states/provinces to pursue particular issues in depth. One committee, the Committee on Regional Electric Power Cooperation, is a joint committee of the Board and the Western Conference of Public Service Commissioners.

The Board chair appoints committee chairs. (The exception is the chair of the Committee on Regional Electric Power Cooperation, who is jointly appointed by the chairs of WIEB and the Western Conference of Public Service Commissioners.)

Board members make appointments to committees of interest to their state/province. Typically, Board members have appointed the state/provincial experts in a particular topic to such committees. Often committee appointments are from agencies other than the Board member's agency.

In pursuing their issues, the committees have developed working relationships with outside parties, such as: the Reclamation Committee's work with the Office of Surface Mining and the Interstate Mining Compact Commission (which represents eastern states); the Committee on Regional Electric Power Cooperation's relationship with the Western Systems Coordination Council, western regional transmission groups, DOE, and the Federal Energy Regulatory Commission; and the High-Level Radioactive Waste Committee's relationship with DOE's Office of Civilian Radioactive Waste Management, the Department of Transportation, and the Nuclear Regulatory Commission.

The following chart shows the Board's committees.



### III. Committee Activities Since October

#### *Reclamation Committee*

*[The Reclamation Committee includes the states of Colorado, Montana, New Mexico, Utah and Wyoming. Rick Chancellor, Administrator of the Wyoming Land Quality Division of the Department of Environmental Quality, chairs the Committee.]*

#### **Activities Since April**

- On June 28, 2002, Board Chairman John Savage (OR) appointed Rick Chancellor (WY) to chair the Board's Reclamation Committee. Rick replaces Mike Long (CO) who left state employment. Rick has been a long-standing member of the Reclamation Committee.
- In a September 17 letter to Jeff Jarrett, Director of the federal Office of Surface Mining (OSM), the Committee expressed its hope that the personnel changes instituted by Jarrett will not adversely affect the excellent working relationship that has developed between Western states and OSM. Jarrett moved Brent Wahlquist, OSM's Western Regional Director, to the OSM's Eastern Regional Office to deal with continuing significant problems in coal mine reclamation in Appalachia.

- With WIEB staff assistance, WGA has launched an effort to ensure that federal legislation that may reauthorize the Abandoned Mine Land fee on coal meets the needs of the West. The fee is set to expire in 2004. The federal government has failed to return one-half of fee collections to the state of origin and has diverted AML funds to other purposes (e.g., funding the health benefits of some retired coal miners). As a result, Western states are owed more than \$400 million. With a financial contribution from Wyoming, WGA has retained Don Crane to advance Western interests in this Congress and outline a gameplan for the coming Congress. In the early 1980s, the Reclamation Committee hired Don Crane to work with Congress to increase AML appropriations. This was the only time in the program's history that there was a significant increase in appropriations. The Reclamation Committee is expected to work closely with Don Crane.

### ***High-Level Radioactive Waste Committee***

*[This Committee focuses on issues related to the transportation of commercial spent nuclear fuel and high-level radioactive defense waste (SNF/HLW) under the Nuclear Waste Policy Act (NWPA). Ken Niles of the Oregon Office of Energy chairs the Committee.]*

### **Activities Since October**

- The Committee has not met since April. However, as a result of the Congressional override of the State of Nevada's veto of the proposed repository at Yucca Mountain, the Committee is interested in again becoming active in high-level waste and spent nuclear fuel transportation issues. On August 18th, Committee Co-Chair Ken Niles (OR) sent a letter to the Director of DOE's Office of Civilian Radioactive Waste Management urging DOE to cooperate with Western states in transportation planning under the Nuclear Waste Policy Act. OCRWM staff has been discussing interim funding for the Committee under a dormant cooperative agreement between the Board and DOE. The unfunded agreement expires in April 2003. In response to a DOE request, WIEB staff provided DOE with two budgets for the period November 1, 2002 to April 15, 2003, a minimum budget to reactivate the committee (\$49,000) and a sustaining budget that would enable the Committee to begin to address the transportation concerns outlined by existing WGA policies (\$98,000). Funding is dependent on Congressional action on DOE's nuclear waste budget. For the period after April 15, 2003, DOE staff proposes to execute a new cooperative agreement with the Board. DOE eliminated funding for its regional cooperative agreement groups (including WIEB) in 1999, and shelved further development of its transportation program.
- On June 25, Western governors readopted their [policy on the safe and uneventful transportation of spent fuel and high-level waste](#). The policy guides the work of the Board's HLW Committee.
- Yucca Mountain developments: On July 9, the Senate voted 60 to 39 to complete the override of Nevada's veto of the proposed Yucca Mountain repository. DOE still has

to secure a license from the Nuclear Regulatory Commission. Nevada also has several lawsuits pending against DOE.

- PFS interim storage proposal: Private Fuel Storage (PFS), a group of eight electric utility companies, plans to build a facility to store spent fuel rods on the reservation of the Skull Valley Band of Goshute Indians in Skull Valley, Utah. Many expect the NRC to issue a license for the site later this year. The PFS storage facility would have many of the same transportation impacts on the West as a repository at Yucca Mountain.

### ***Committee On Regional Electric Power Cooperation (CREPC)***

*[This is a joint committee of the Board and the Western Conference of Public Service Commissioners. It includes all the states and provinces in the electrically-synchronized western grid, plus Saskatchewan. The Northwest Power Planning Council is also a member of the Committee. Marsha Smith, Commissioner of the Idaho Public Utility Commission, chairs the Committee.]*

#### ***Activities Since April***

- Also see discussion of Board activities in support of Western governors.
- CREPC is implementing two grants the Board has received from DOE. Members of the Western Interconnection Wind Evaluation Team, which is headed by Roger Hamilton (OR), have been participating in the SSG-WI regional transmission planning effort. The Demand Response Team, headed by Bill Eastlake (ID PUC), has been developing the demand response discussion for the CREPC meeting in Vancouver. The CREPC meeting in April included roundtable reports by states and provinces on the demand response measures being implemented within their jurisdictions. At that time CREPC decided to focus on 2-3 demand response programs of greatest interest. WIEB staff circulated to CREPC members a ballot with 22 different demand response programs. The programs of greatest interest were a Georgia Power and a PacifiCorp program. (See CREPC meeting briefing material for more information.)
- SMD and Western RTO Formation
  - On July 31, FERC proposed a Standard Market Design rule. The far-reaching changes in the electric power industry proposed have garnered the attention of CREPC and Western governors. (See above report of Board activities in support of Western governors.) CREPC held conference calls on August 27<sup>th</sup> and 28<sup>th</sup>. There were also two CREPC conference calls on the 6<sup>th</sup> and 24<sup>th</sup> of September. FERC held two workshops on SMD in the West. The August 22<sup>nd</sup> meeting in Boise was

open to all interested parties. The September 4 meeting in Las Vegas was for state PUCs, governors' offices and energy offices.

- On September 18, FERC ruled on RTO filings by WestConnect, RTO West and the California ISO.
- CREPC members [Steve Ellenbecker/Bryce Freeman (WY), James Loewen (CA), Phil Carver (OR), Prasad Poturri (NM), and Doug Larson (WIEB staff)] have been active in the SSG-WI [Transmission Planning Work Group](#). Progress is being made. The Work Group has agreed to model the Western Interconnection in 2008 and 2013. The 2013 scenarios to be modeled include a renewable generation scenario, a coal scenario and a gas scenario. Sensitivity analyses will be run to reflect differing demand forecasts (hopefully including demand response), high natural gas prices, and different hydro conditions. 2008 modeling results should be available by the end of December. Results from the 2013 scenarios should be done by next May. FERC staff participated in the September 5 Planning Work Group meeting and are supportive of the effort. Proactive transmission planning has been one of the priorities of Western governors.
- Generator Interconnection: On August 16, 2002 FERC issued an [advanced notice of proposed rulemaking governing interconnection standards for small generators \(e.g., less than 20 MW\)](#). Comments are due November 4, 2002. FERC proposes interconnection standards and procedures similar to those used by PJM and Texas. The rulemaking is in addition to an October 25, 2001, [Advanced Notice of Proposed Rulemaking on Standardizing Generator Interconnection Agreements and Procedures](#). CHECK IF FERC PROPOSED RULES SINCE OCTOBER  
Members of CREPC have been reviewing the proposed interconnection standards, but the Committee has not considered the issue.
- The CREPC meeting in Vancouver will focus on demand response and the elements of SMD and Western RTO proposals. Other issues to be discussed include a roundtable on the experience with retail competition.