

TO: Western Interstate Energy Board

FROM: Doug Larson, Executive Director

DATE: May 15, 2001

SUBJECT: **WGA Transmission Roundtable; Summary of Board Meeting**

May 9 WGA Transmission Roundtable

On May 9, Western Governors held a Transmission Roundtable in Salt Lake City. WIEB staff was integrally involved in the organization and execution of the workshop. Click on the following address for the Action Plan that emerged from the meeting:  
[http://www.westgov.org/wga/initiatives/energy/review\\_draft\\_transmission.htm](http://www.westgov.org/wga/initiatives/energy/review_draft_transmission.htm) .

The Action Plan requires CREPC and/or state commission actions. Specifically, the Action Plan states:

- By June 15, a working group of public utility commissions in Idaho, Utah, Wyoming, Oregon, Arizona, and Washington should be formed to examine PacifiCorp's restructuring plan. Such a working group could provide a template for inter-regional cooperation in the allocation of the cost of transmission enhancements.
- By June 15, proposed principles for transmission expansion will be developed for consideration by the governors. The effort will begin with draft principles developed by WGA staff and Jack Davis (Arizona Public Service – APS).
- Under the leadership of WGA lead governors on energy, Governors Geringer and Kitzhaber, by July 15 a “conceptual plan” will be developed identifying where new transmission capacity in the Western Interconnection may be economical or needed for reliability purposes. Jack Davis (APS) and Marsha Smith (Committee on Regional Electric Power Cooperation) will co-chair the effort to draft a proposal for the governors. The conceptual plan should include a preliminary list of problems, alternatives, costs and benefits, and reliability and environmental impacts. WGA staff is directed to promote balance among the interests participating in the development of the conceptual plan and to include Federal land management agencies and tribes. The plan should identify existing and future transmission constraints and high priority transmission additions.

At the Western Governors' Association Annual Meeting on August 13, the conceptual plan will be presented and development of a financing strategy will be discussed. According to the Action Plan, “A financing strategy will be developed based on the input of the diverse interests in the Western Interconnection.”

Please let me know if you want to join the group to develop the “conceptual plan.”

## April 16-17 WIEB Board of Directors Meeting

With 11 states and three provinces in attendance (AB, AZ, BC, CA, ID, MT, NE, NV, NM, OR, UT, SK, WA, WY), the Board:

- Approved the minutes of the October 16, 2000 meeting in Boise;
- Approved the proposed budget and workplan for FY 2001-2002 and directed that cost-of-living adjustments for staff be based on the yearly cost increases in the Denver area;
- Agreed to request a contribution of \$4,400 from individual PUCs to support the work of the Committee on Regional Electric Power Cooperation;
- Elected the following officers of the Energy Board from the coming year – John Savage (OR), Chairman, Bill Keese (CA), First Vice Chairman, Jeff Burks (UT), Second Vice Chairman, and Bill Eastlake (ID), Treasurer – and the following officers of the Western Interstate Nuclear Board for the coming year – Bill Keese, Chairman, Jeff Burks, Vice Chairman, Bill Eastlake, Treasurer;
- Discussed with Jim Souby, Executive Director of the Western Governors' Association, the energy meeting in Denver on December 20, the Energy Summit held in Portland on February 2, the upcoming May 9 Governors' Transmission Roundtable in Salt Lake City, and a proposed Memorandum of Understanding between western governors and the White House;
- Discussed with Jeff Genzer, National Association of State Energy Officials, national efforts to better link energy and environmental issues and agencies and the President's proposed energy budget;
- Reviewed a proposed web site on energy conservation actions in western states with Cathy Ghandehari (DOE-Denver);
- Discussed with Chris Warner with Earth 911 the concept of expanding their activities in the environmental arena to energy conservation;
- Met with the Howard Useem and Leon Lowery with the staff of the Senate Energy Committee to discuss potential Congressional action to address the western electricity crisis;
- Set the next meeting for late October at a place and time to be decided by the Executive Committee; and
- Received state reports on recent actions.

### **State Reports on Recent Actions**

Jeff Burks (UT) reported the governor is now reviewing a conservation plan. The state buildings initiative in 1999 has been effective in convincing the governor of the value of efficiency investments. PacifiCorp is rolling out a 20/20 plan similar to that in California. Bill Keese (CA) reported that the governor has signed bills providing \$800 million over two years for efficiency. One key element of the legislation is to develop positive controls on air conditioning systems in large buildings. Carl Linvill (NV) reported on the Department of Emergency Management's web site (<http://www.dem.state.nv.us>) and the governor's conservation plan for state government.

He also reported on the statewide conservation plan expected in three weeks that will include a clearinghouse for state, local and utility programs and advertisement of PUC programs. Larry Charach (AB) reported that 4,000 MW of new generation is expected in the next four years. Paul Cartwright (MT) reported on the array of policy options still on the table in the final days of the legislature and the governor's order on reducing energy use in state buildings. Dave Warren (WA) reported that drought and electricity alerts are in place, BPA has terminated water spills at dams, direct service industries have been shut for two year, and 75,000 acres of irrigated agriculture have been bought out. 880 MW of mobile diesel generation is coming into the state along with several hundred megawatts of simple cycle natural gas turbines. There are concerns about gas deliverability. Gordon Robinson (BC) reported that power rates in the province are frozen. The province is focused on greenhouse gas emissions. The BCUC is looking at ways to enable small cogeneration at greenhouses and a new process for siting small hydro facilities. John Nunley (WY) reported on legislation creating the Wyoming Energy Commission to develop a state energy plan. He noted that Cheyenne is expecting a 250 percent increase in electricity prices as a 40-year power purchase contract expires. If the PSC does not spread the costs of the rate increase over six years but implements the full rate increase immediately rates will increase by 700 percent. The legislature also passed a net metering bill. Mike Balfour (SK) reported on the province's focus on climate change issues and the absence of an electricity shortage. Bill Eastlake (ID) reported that Idaho Power Company (IPC) is seeking \$221 million rate increase to cover power purchase costs. The legislature has authorized the PUC to spread the rate increase over several years. IPC is paying 15 cents/Kwh for buyback power and is expecting to acquire 250 MW and another 50 MW from a phosphate plant. PacifiCorp's buyback program is not coming on-line as soon as IPC's. IPC is bringing 25 diesel generators into Boise and a new gas-fired powerplant is under development in Boise. IPC expects a total reduced demand and increased supply this summer of 500 MW. It is expected that with these measures Idaho will be okay this summer, but the winter could be a problem. John Savage (OR) reported on the governor's energy package, which is on the governor's web site. 1000 MW of new generation is expected by winter. The state has an expedited process for siting temporary generation. Legislation is pending to strengthen the governor's emergency powers and enable emergencies to be triggered when electricity prices reach a certain price. Industrial customer time-of-use pricing will be in place by October. Numerous buyback programs are in place. BPA and the state are looking at technology options to lower consumption in vending machines.

Call me if you have any questions (303/573-8910).