

**Proposed FY 2006-2007 Work Plan for the
Western Interstate Energy Board
(3/24/06)**

The work plan directs staff to undertake programs and projects addressing issues of Board concern. The work plan is also designed to reflect the priorities of the Western Governors' Association (WGA) and to contribute to the implementation of the WGA work plan.

There are three major uncertainties in the work plan: (1) whether Governors in the Western Interconnection will establish a Western Interconnection Regional Advisory Body and whether such a body will be financed by mandatory fees under Section 215 of the Federal Power Act; (2) whether control areas will make voluntary contributions to state/provincial work on regional power issues as requested by Western Governors; and (3) what, if any, follow-up activities to the WGA clean and diversified energy initiative the Board will undertake. This draft work plan assumes a WIRAB is not created, no voluntary contributions are received from control areas, and there are no follow-up activities to the WGA clean and diversified energy initiative.

The major changes in emphasis from 2005-2006 would be:

- Eliminate support for WGA clean and diversified energy initiative as the CDEAC¹ will have completed its work. Eliminate work on wind development. In FY 2005-2006, WIEB provided major support to the CDEAC Wind Task Force and Transmission Task Force and, to a less extent, the CDEAC.
- Reduce support to CREPC to that needed to hold two meetings per year. In FY 2005-2006, significant support was provided in the areas of resource adequacy, transmission planning/expansion, transmission cost allocation/recovery, and market monitoring/assessment. The rationale for limiting work on regional electric power issues is that most of these issues are not one time events, but involve long-term participation in resource intensive processes (e.g., interconnection-wide and sub-regional transmission planning, setting and enforcing reliability standards). There are no resources to sustain such efforts and thus the Board should not expend its limited budget surplus on tasks that cannot be completed and where the Board would have to abandon such work part way through the process.
- Eliminate participation in industry regional transmission planning processes and reduce participation in DOE efforts under Section 1221 of EPAct regarding the study of transmission congestion, designation of National Interest Electric Transmission Corridors, and coordination of permitting among federal agencies

¹ CDEAC is the WGA Clean and Diversified Energy Advisory Committee which is to make its recommendations to Governors in June 2006.

and with states. Expand work to preserve state authority to site and permit transmission.

- Support the scoping of a future WIEB project on petroleum adequacy.
- Increase staff time to support the Board’s High-Level Radioactive Waste Committee and reduce outside contractor support of the Committee.
- Restore resources for sharing information among states/provinces and analyzing energy developments. This core function of WIEB was minimized in 2006-2007 because of other demands (e.g., CDEAC, WIRAB).

The following table summarizes the proposed allocation of resources by program.

Summary of Work Plan, Budget and Revenue Sources

| | Expenditure | Restricted revenue | Unrestricted revenue |
|--|----------------|-----------------------|-------------------------|
| I) Affordable and Reliable Energy Supplies | | | |
| A) Electricity | | | |
| 1) Information sharing and meetings of CREPC | 42,000 | 12,000 | 30,000 |
| 2) Resource adequacy | 0 | | 0 |
| 3) Reliability | 0 | | 0 |
| 4) Transmission planning and expansion | 10,000 | | 10,000 |
| 5) Cost allocation/cost recovery for new transmission | 0 | | 0 |
| 6) Market assessment/monitoring | 0 | | 0 |
| 7) Transmission permitting | 30,000 | | 30,000 |
| B) Petroleum | 25,000 | | 25,000 |
| C) Natural gas | 5,000 | | 5,000 |
| II) Energy Byproducts | | | |
| A) High-level radioactive waste transportation shipments | 250,000 | 250,000 | |
| B) Coal mine reclamation and abandoned mine clean-up | 30,000 | | 30,000 |
| C) Carbon sequestration | 14,000 | 14,000 | |
| D) Promote natural gas pipeline safety | 2,000 | | 2,000 |
| III) Information Exchange | | | |
| A) Sharing information and experience | 100,000 | | 100,000 |
| B) Analyze and report energy developments | 100,000 | | 100,000 |
| IV) WIRAB | 0 | | |
| V) CDEAC follow-up | 0 | | |
| TOTAL | 608,000 | 276,000 | 332,000 |

The Board will review the proposed work plan at its annual meeting on April 3-4.

MISSION

The Western Interstate Nuclear Compact, the legal basis of the Board, states that the purpose of the Board is to provide the instruments and framework for cooperative efforts to “enhance the economy of the West and contribute to the individual and community well-being of the region’s people.” The Board seeks to achieve this purpose through cooperative efforts among member states/provinces and through cooperative efforts between the West and the federal government in the field of energy. The Board also supports the efforts of the Western Governors’ Association through technical study and policy analysis.

WIEB has the following objectives:

- < Provide a forum for identifying, evaluating, and resolving regional energy-related issues;
- < Build the capacity of states/provinces to effectively address issues related to the production, distribution and consumption of energy and its byproducts;
- < Promote cooperative efforts between the U.S. federal government and western states/provinces that foster the well-being of the region’s people;
- < Provide for the timely analysis and sharing of information among western states/provinces on energy-related issues; and
- < Provide policy and technical support to the Western Governors’ Association.

PROGRAMS

Programs in the proposed WIEB work plan are grouped into three categories. Two potential additional categories – implementation of the Western Interconnection Regional Advisory Body and follow-up from the Governors’ actions on the CDEAC recommendations – are shown below, but no activities are proposed.

1) Affordable and Reliable Energy Supplies

A) Electricity²

- 1) Information sharing and meetings of CREPC
- 2) Resource adequacy
- 3) Reliability
- 4) Transmission planning and expansion, including transmission corridors
- 5) Cost allocation/cost recovery for new transmission
- 6) Market assessment/monitoring
- 7) Transmission permitting

B) Petroleum

² For more details, see [CREPC 2006 work plan](#) that was approved by the Board in September 2006.

C) Natural gas

II) *Energy Byproducts*

- A) Safety in high-level radioactive waste transportation shipments
- B) Successful active coal mine reclamation and abandoned mine clean-up
- C) Carbon sequestration
- D) Natural gas pipeline safety

III) **Information Exchange**

- A) Expand the quality and timeliness of interstate sharing of information and experience
- B) Analyze and report energy developments

IV) **Western Interconnection Regional Advisory Body**

V) **Follow-up from WGA Clean and Diversified Energy Initiative**

Acronyms

CDEAC WGA's Clean and Diversified Energy Advisory Committee
CREPC WIEB's Committee on Regional Electric Power Cooperation
DOE Department of Energy
EPAct Energy Policy Act of 2005
FERC Federal Energy Regulatory Commission
HLW High-level radioactive waste
NERC North American Electric Reliability Council
NTAC Northwest Transmission Assessment Committee
RMATS Rocky Mountain Area Transmission Study
SWAT/CCPG Southwest Area Transmission study/Colorado Coordinated Planning Group
WECC Western Electricity Coordinating Council
WGA Western Governors' Association
WIRAB Western Interconnection Regional Advisory Body

I. Affordable and Reliable Energy Supplies

A. Electricity

- 1) Information sharing and meetings of CREPC
- 2) Resource adequacy
- 3) Reliability
- 4) Transmission planning and expansion, including transmission corridors
- 5) Cost allocation/cost recovery for new transmission
- 6) Market assessment/monitoring
- 7) Transmission permitting

GOAL Promote actions that contribute to the goal of affordable and reliable electricity supplies. (WGA Resolutions [05-29](#), [05-30](#), [05-02](#), [03-27](#), and [03-19](#))

BENEFITS Affordable and reliable supplies of electric power can provide significant economic benefits to the West. Businesses and citizens of the West spend more than \$51 billion annually on electric power (or over \$800 per capita). Given the interconnected nature of the western electric power system and the diversity of governmental entities (e.g., state PUCs, state siting agencies, FERC, Canadian provinces) exercising regulatory authority over parts of the system, it is essential that there be close communication and cooperation among states and provinces, with the U.S. federal government, and with the industry participants in order to foster economic efficiency and achieve other regional objectives, such as system reliability, stable prices and minimizing environmental impacts.

OBJECTIVES AND STRATEGIES

- 1) Provide a forum for state/provincial regulators, energy agencies and facility siting agencies to share information and collectively interact with FERC, DOE and the Western electric power industry.
 - Hold two meetings of the Committee on Regional Electric Power Cooperation (CREPC) at which outside parties, such as FERC, DOE and industry, would be invited to address issues of interest to Committee members.
 - As noted in items 2-7 below, limited or no work would be done most of the areas of activity in the CREPC work plan which was approved by the Board in September 2005.
- 2) No staff support would be provided for CREPC's work on resource adequacy.
- 3) Monitor reliability activities of WECC, NERC and FERC to enable the expeditious start-up of the Western Interconnection Regional Advisory Body, should Governors in the Western Interconnection elect to establish the WIRAB under Section 215(j) of the Federal Power Act.
- 4) No work would be done related to regional transmission planning (WECC, SWAT/CCPG, NTAC, STEP, RMATS). DOE/FERC implementation of Section 1221 of EPAct would be monitored.

- 5) No staff support would be provided for CREPC's work related to transmission cost allocation/cost recovery.
- 6) No staff support would be provided for CREPC's work on market monitoring/assessment. A briefing on Lawrence Berkeley Lab's work for CREPC on market assessment would be held in conjunction with a fall 2006 CREPC meeting.
- 7) Staff work in the area of transmission permitting would be expanded and focus on protecting state authority over transmission permitting and coordination of permitting of interstate transmission lines pursuant to the WGA Transmission Permitting Protocol.

BUDGET: \$12,000 from the Western Conference of Public Service Commissioners; \$70,000 from unrestricted revenues.

I.B. Petroleum

GOAL: Foster state/provincial preparedness to address petroleum product shortfalls.

BENEFITS: The economy of the West and well-being of Westerners depends on adequate supplies of petroleum products. Tight world petroleum markets and instability in major oil producing regions have increased the likelihood of disruptions in the supply of petroleum to the economies of Western states/provinces. Tight markets are aggravated by potential infrastructure failures due to accidents, natural disasters or terrorism. Improved information sharing among states/provinces can help lessen the impact of petroleum supply disruptions.

OBJECTIVES AND STRATEGIES

- 1) Follow-up on actions identified at the June 2006 energy emergency exercise that the Board and the Department of Energy are holding in Salt Lake City.
- 2) Begin scoping of a petroleum adequacy study.

BUDGET: \$25,000 from unrestricted revenues

I.C. Natural Gas

GOAL: Develop a better assessment of the adequacy of natural gas supplies and infrastructure to meet demand in Western states/provinces. (WGA resolution [03-19](#)).

BENEFITS: Natural gas supplies for the Western economy have become very tight and high priced. Electric load serving entities, state/provincial energy policy makers and utility regulators are increasingly concerned about the adequacy and price of natural gas supplies. An improved assessment of the adequacy of natural gas supplies and delivery infrastructure would

inform decisions by such entities regarding the choice of new generating resources and potential problems in supplying existing gas demand.

OBJECTIVES AND STRATEGIES

- 1) Continue Western state/provincial cooperation with the natural gas supply assessment being prepared by the California Energy Commission.

BUDGET: \$5,000 from unrestricted revenues.

II. Energy Byproducts

A. Safe high-level radioactive waste transportation shipments

GOAL To ensure adequate preparations are made to support the safe and uneventful transportation of spent nuclear fuel and high-level radioactive waste in the West and to provide technical support to WGA on nuclear waste issues. (WGA Resolutions [05-15](#), [04-02](#), and [03-16](#))

BENEFITS Protect citizenry from unnecessary risks from the transportation of spent fuel and HLW and ensure that the costs of preparations for shipments are borne by the beneficiaries of such shipments.

OBJECTIVES AND STRATEGIES

1. Evaluate and provide a regional perspective on high-level radioactive waste transportation issues being conducted by the Department of Energy's Office of Civilian Radioactive Waste Management with the intent of:
 - Facilitate communications between western states and the Department of Energy and other regions; and
 - Identify and resolve regional transportation concerns to permit the safe and uneventful transportation of spent fuel and HLW in the West.

These activities would be financed under the WIEB-DOE Cooperative Agreement.

2. Provide technical expertise in support of WGA nuclear waste programs and policies.
3. Respond to western state information needs.

BUDGET \$250,000 from the third year of funding under a five-year cooperative agreement between DOE and WIEB.

B. Successful active coal mine reclamation and abandoned mine clean-up

GOAL To clean up abandoned coal (and other) mines under the Surface Mining Control and Reclamation Act and improve state active coal mine regulatory programs.

BENEFITS Cleaning up abandoned mines will improve the environment and reduce public health and safety risks. Improved administration of state coal mine regulatory programs will lessen environmental impacts from coal mining and lower reclamation costs.

OBJECTIVES AND STRATEGIES

1. Pursuant to WGA Resolution [03-02](#), work with WGA to ensure that any reauthorization of the abandoned mine land fee on coal which expired in 2004, but has been temporarily extended several times, meets the needs of the West, including:
 - a. Automatic return of the state share of any future collections;
 - b. Return of the states' share of the unappropriated balance in the Abandoned Mine Land Fund.
2. As needed, hold meetings and conference calls of the WIEB Reclamation Committee to address issues such as technical assistance to state programs, regulatory and Abandoned Mine Land grants, and oversight of state programs by the federal Office of Surface mining.

BUDGET \$30,000 from unrestricted funds.

C. Carbon Sequestration

Assist WGA in providing education and outreach support to DOE and the four regional carbon sequestration partnerships in the West.

BENEFITS As pilot projects, both geologic projects that inject CO₂ into the ground and terrestrial, are conducted for the Phase II, it is important that the progress being made is communicated regularly to the Governors, state energy and environmental agencies, stakeholders and the general public.

OBJECTIVES AND STRATEGIES Continue to participate in each of the four partnerships' meetings and in the monthly DOE outreach work group conferences calls. Provide feedback on outreach products. Organize meetings between the partnerships and state energy advisors.

BUDGET \$14,000 through a contract with WGA (WGA received a grant from DOE via the Southwest Carbon Sequestration Partnership.)

D. Promote natural gas, crude oil and petroleum product pipeline safety

GOAL Promote safety in the operation of Western natural gas pipelines. (WGA Resolution [04-15](#))

BENEFITS Prevent injuries, deaths and property damage from failure of natural gas pipelines.

OBJECTIVES AND STRATEGIES

On behalf of WGA, coordinate state participation in the pipeline safety project of the National Association of State Fire Marshalls. Maintain a page on the WIEB [web site](#) for pipeline safety issues.

BUDGET \$1,000 from unrestricted fund

III. Information Exchange

A. Expand the quality and timeliness of interstate sharing of information and experiences

GOAL To improve the quality of state/provincial decision-making and to coordinate interstate actions affecting regional energy-related interests through the timely sharing of quality information.

BENEFITS Rapid sharing of information among states/provinces: (1) enables coordinated action; (2) avoids unnecessary conflicts resulting from misunderstandings; and (3) reduces costs to individual states and provinces by allowing one state/province to benefit from the experience and analyses of another.

OBJECTIVES AND STRATEGIES

1. Hold meetings to share information and experience on specific topics of common interest
2. Promote an understanding of the objectives of each state/province to allow increased reliance by one state/province on another state/province for information and analysis
3. Speed the sharing of information through electronic means.

BUDGET \$100,000 from unrestricted funds

B. Analysis and reporting of energy developments

GOAL Provide states/provinces and WGA with timely information and analysis

on events affecting their energy-related interests. Issue an annual report that provides a synopsis of Board activities and fulfills the statutory requirements of the Western Interstate Nuclear Compact, the Board's legal basis.

BENEFITS Analysis and dissemination of information on energy-related developments affecting the West can be done at lower cost by a central staff than by each individual state/province. Capturing these economies of scale lowers costs to individual states/provinces and improves understanding of developments outside of one's borders.

OBJECTIVES AND STRATEGIES

1. Conduct special analyses at the request of states and provinces and WGA
2. Prepare and post the Board's annual report on the WIEB Home Page

BUDGET \$100,000 from unrestricted funds

IV. Western Interconnection Regional Advisory Body

GOAL Implement the provisions of Section 215(j) of the Federal Power Act that authorizes the creation of Regional Advisory Bodies to provide a vehicle for collective advice from Western states/provinces to WECC, the Electric Reliability Organization, and FERC on reliability issues and to DOE on transmission corridors under Section 1221 of EPAct. (WGA Resolutions [05-29](#), [05-30](#), [03-27](#), and [03-19](#))

BENEFITS Development and implementation of reliability standards applicable to the Western Interconnection will promote transmission system reliability without imposing unnecessary costs on Western consumers. Official consultation with DOE on the implementation of Section 1221 would promote the cooperative implementation of transmission corridor permitting and help to avoid unproductive legal battles.

OBJECTIVES AND STRATEGIES

No tasks will be undertaken until Western Governors create the WIRAB.

BUDGET: \$0³

³ At its April 3-4 meeting, the Board will consider whether to set aside contingent funds to jumpstart the operation of the WIRAB before potential revenues from mandatory fees under Section 215 of the Federal Power Act are received. It is expected that such revenues would be available in January 2007, at the earliest. For this to happen, FERC will need to clarify its rules that Regional Advisory Bodies are to be

V. CDEAC Follow-up

GOAL To be determined by Governors at their June 2006 meeting following receipt of the CDEAC recommendations.

BENEFITS The development of clean and diversified generating resources and increasing the efficiency with which electricity is used can help protect the western economy and western consumers from electricity price shocks, reduce the cost of meeting the demand for services provided by electricity, and reduce the environmental impacts from electricity generation.

OBJECTIVES AND STRATEGIES

N/A

BUDGET: \$0

funded from mandatory fees under Section 215 and FERC most likely would need to approve the WIRAB budget.