

**State/ Provincial Roundtable:
Western Interstate Energy Board**

April 6-7, 2009
San Diego, CA

Saskatchewan

Mike Balfour reported that there are plans for a meeting between the Premier of Saskatchewan and the Governor of Montana to discuss joint work on carbon sequestration. This initiative is currently in the conceptual phase. Saskatchewan is studying a proposal for a nuclear power station in the province. A large clean coal project discussed at the last Board meeting is also under review and a decision to proceed with the project is expected in December 2009.

New Mexico

Joanna Prukop provided an update on energy issues in the current legislative session. The New Mexico legislature did not adopt a proposal for a greenhouse gas registry bill. A comprehensive carbon sequestration bill morphed into a bill to define ownership rights for pore space for CO₂ sequestration and failed to pass in the face of opposition from multiple stakeholders including the oil and gas industry, private landowners, and the state engineer for water resources. An industry proposal to extend the date for implementing clean car standards was vetoed by the Governor.

Colorado

Morey Wolfson summarized several developments in Colorado. The Colorado PUC has initiated an investigatory docket on transmission that has led to many workshops and productive discussions. The High Plains Express transmission project will hold a stakeholder meeting on Friday, April 18 in Denver. Governor Ritter participated in an opening ceremony for a large new wind manufacturing factory in Pueblo, Colorado. A major study is underway by the Governor's Energy Office on the location and policy for new major transmission expansion. The study will be released July 30.

Alberta

Ian McKay discussed Alberta's energy strategy. The strategy identifies three goals: clean energy production; wise energy use; and sustained economic prosperity. The strategy specifies a set of levers or tools to achieve the goals including: address the environmental footprint; add value in the desired resource development; change energy consumption behavior; innovation in energy technology and human capital; enhance the electricity system capability; bolster knowledge and awareness of energy issues; ensure alignment to other initiatives and policies. Alberta intends to enhance the electricity system by developing a comprehensive plan, adopt a policy to build a high voltage DC transmission system, adopt a policy to build interties, review and streamline the regulatory process for

transmission siting, assemble multi-use corridors for siting energy transportation infrastructure, facilitate hydro and wind generation development, support the development of smart grid technology, and investigate underground transmission technologies.

Transmission will be an important part of the provincial strategy. New transmission will be built to connect renewable energy (over 11,000 MW of wind potential in AB), and a proposed nuclear plant and biomass generation in northwestern Alberta. There is also hydro potential on the border with the Northwest Territories. About \$8 billion of new transmission is proposed in Alberta. This will increase resident customer rates only about \$8/month. There is a risk of overbuilding, but it was deemed to be a risk worth taking. New legislation on transmission will be considered by the legislature this year. It may define the development of new transmission as being in the public interest, provide fair compensation to landowners. By determining that transmission is in the public interest, it eliminates the discussion of need when issuing siting permits.

The Province is investing \$2 billion in carbon capture and storage.

Washington

Tony Usibelli reviewed Washington energy activities. Proposed state legislation to implement a cap and trade provisions consistent with the Western Climate Initiative ran into trouble due to fundamental opposition to emissions trading. Numerous parties in Washington engaged in negotiations to clean up provisions of Washington's RPS and energy efficiency standard that was created by initiative in 2006. After two years, a voter-approved initiative can be amended by the legislature by a majority vote. That effort appears to have stalled over multiple contentious issues. In a 9-0 ruling, the state's Supreme Court rejected a local government ban on wind farms. Finally, Washington's state climate action group developed a series of recommendations and is moving forward on energy efficiency proposals.

British Columbia

Shelley Murphy reported that the BC Utilities Commission Act was amended in 2008 to provide that utilities must pursue all economical energy efficiency opportunities. Additionally, in December a framework was established for the Commission to: determine transmission needs over a 30-year period; undertake a renewable energy zone-type process; look at demand options; consider interties for exports given climate and renewable energy goals in the rest of the interconnection; and consider the danger of undersizing transmission to an area. The Commission will issue a draft report in 2010.

California

Bill Chamberlain presented an update for California. At the last meeting, the roundtable featured a discussion on California's AB 32 legislation to address climate change. As a preface to the AB 32 update, Chamberlain spoke of an article titled [Plan B](#) which

considers new technologies that go beyond the options generally discussed to reduce carbon emissions. These technologies may be important to achieve large carbon emission targets. California's AB 32 sets the goal to reduce greenhouse gas emissions to 1990 levels by 2020. AB 32 takes a multi-sector approach to reduce emissions. The electricity sector has been targeted to reduce emissions by 40%. The California PUC and CEC issued joint recommendations that call for adopting all cost effective energy efficiency measures, a 33% RPS, and a price on carbon that would reduce carbon in the electricity sector by 40%.

The CPUC and CEC made a controversial decision on the allocation of allowances. In the initial allocation year, 80% of the allowances would be distributed free and 20% would be auctioned to bidders. In each subsequent year, an additional 20% of the allowances would be shifted to an auction distribution. There is debate over whether the free distribution should be allocated by sales or historic use. Utilities can auction the allowance and use the revenue for energy efficiency and ratepayer relief. There is also recognition for rate payer relief. LADWP asked for reconsideration over the proposed allocation scheme. LADWP was concerned that it would be making payments to IOUs under the proposal. The CPUC and CEC denied reconsideration. The CEC is beginning to look at next steps in the post 2020 period on such topics as building standards, moving towards net zero energy homes, and appliance energy standards. The CEC is hoping for a more cooperative federal government. It has asked DOE to repeal its television test standard to enable the state to regulate energy consumption by televisions.

Finally, Governor Schwarzenegger issued an order to expedite siting for new generation.

Wyoming

Steve Ellenbecker discussed important issues for Wyoming. Seven major transmission projects have been proposed in Wyoming. Some projects would be sized for a single circuit 345 kV line and other projects propose 500 kV lines. Governor Freudenthal's goal is to maximize transfer capacity and minimize impacts. He is encouraging project sponsors to work with the state to achieve this goal. He is also engaging WECC on transmission line separation issues. The WREZ project is raising important issues about future wind and transmission development in the state. On a separate topic, Governor Freudenthal is encouraging the University of Wyoming and GE to establish an advanced coal research center. Money for the center is to come from the state's share of federal Abandoned Mine Land reviews. These revenues are endangered under the President's 2010 budget proposal.

Oregon

Jeff Keto noted that the Oregon legislature is dealing with many energy related issues. One proposal under consideration is a cap-free carbon system that would create a voluntary carbon fee. Another topic is work to address commercial energy codes. In addition OR is considering a ban on lines greater than 400kV on farm land.