

DRAFT
FY 2009-10 Work Plan for the
Committee on Regional Electric Power Cooperation

Contents

- I. Overview
- II. Background
- III. Statement of goals
- IV. Proposed funding and tasks for FY 2009-10

The Work Plan for the Committee on Regional Electric Power Cooperation (CREPC) identifies proposed activities and funding sources for the next fiscal year from July 1, 2009 to June 30, 2010. This proposed work plan will be reviewed and considered by the WIEB Board at its April 6-7, 2009 meeting. The work plan may be amended following discussion at the April 8-9 CREPC meeting.

Section I below provides an overview of the work plan. Section II discusses the background and context for the new work plan. Section III presents CREPC's goals for the current fiscal year 2008-09. Section IV identifies proposed tasks and funding for the next fiscal year.

I. Overview

In FY 2009-10, it is proposed that CREPC's work be supported by contributions of \$63,000 from the Western Interstate Energy Board, \$25,000 from the Western Conference of Public Service Commissioners, CREPC meeting registration fees, and in-kind contributions from CREPC members. CREPC will:

- Hold two meetings, one in the fall and one in the spring. Depending on the agenda topics, one or both meetings may be joint meetings with WIRAB.
 - **Fall meeting** potential focus – Western Renewable Energy Zones and associated transmission; WECC transmission expansion modeling results; federal proposals to fund and require interconnection-wide transmission planning; federal proposals to preempt transmission siting and cost allocation; status of proposed transmission projects; update on the Western Wind and Solar Integration Study and the Joint Initiative; NERC high renewables scenario in its Long-Term Reliability Assessment.
 - **Spring meeting** potential focus – Integrating renewables on the grid; NREL's Western Wind and Solar Integration Study findings and recommendations on virtual consolidation of control areas and next steps; acquisition of generation to complement variable output generation; natural gas storage and management to accommodate

variable output generation; climate change policy developments under federal legislation and the Western Climate Initiative.

- Offer comments on DOE or FERC initiatives on transmission planning, siting, cost allocation, proposed NIETCs, and implementation of any federal RPS or Renewable Energy Zone legislation.
- Pursue next steps to build a resource planning forum with LSE resource planners and state IRP staff for the purpose of sharing information on common concerns regarding RPS requirements, integration of renewables, transmission planning and carbon emission limits.
- Hold a series of webinars on western electricity topics.

II. Background

Recent Developments

Over the past year, we take note of the following developments influencing and helping to shape our perspective for 2009-10.

- WGA launched the Western Renewable Energy Zone (WREZ) project in May 2008. Phase 1 will be completed by June 2009 with the identification of renewable energy zones. Phase 2 is underway with the development of the WREZ transmission model that derives the cost of power from different zones to load areas, and the submittal of a study request to WECC's TEPPC.
- A number of states are moving forward with their own projects to identify renewable energy zones including California, Colorado, Wyoming, Arizona, Nevada and Utah.
- WIEB/CREPC, WGA and WECC held the Western Interconnection resource planners meeting February 23-24 in San Diego. The meeting identified many near-term and longer-term [priorities](#) and may lead to a regular forum among resource planners to share information on common areas and address resource planning topics of broad interest.
- WECC held a long-term transmission planning conference February 2-3 in Phoenix. This meeting explored technological and policy issues regarding long term options to expand the grid.
- WECC's Transmission Expansion Planning Policy Committee (TEPPC) completed interconnection-wide transmission modeling scenarios including the WIRAB series specifying 15% renewables penetration, 20% energy efficiency, and 15% carbon emission reductions.
- In early 2009, Western Governors issued a [paper](#) to the Obama Administration transition team, a [letter](#) to Congress on transmission expansion policy, and a [letter](#) to western utility CEOs.
- Congress enacted a stimulus bill, the American Recovery and Reinvestment Act (ARRA) that included energy provisions allocating \$80 million for interconnection-wide transmission planning and \$3.25 billion in load guarantees each to Bonneville Power Administration and the Western Area Power Administration.

- Senators Reid and Bingaman have each proposed legislation that would expand federal authority over interconnection-wide transmission planning, siting and cost allocation.
- FERC Chairman Wellinghoff endorsed interconnection-wide transmission planning and expansion of FERC authority on siting and cost allocation for transmission.
- Secretaries of Energy, Interior and Agriculture approved Section 368 energy corridors over public lands across 11 western states.
- Fourth Circuit Court of Appeals decision rejected FERC authority under Section 1221 of EPAct to preempt state transmission permit authority when a state denies a proposed transmission project located in the National Interest Electric Transmission Corridor.
- President Obama's State of the Union address outlined the administration plan for a national cap and trade system on greenhouse gas (GHG) emissions and to establish an auction system for GHG allocations.
- Western Climate Initiative released its design framework for a regional cap and trade system.

Previous CREPC Workplans

In September 2005, CREPC adopted and the WIEB Board approved a work plan for CREPC activities in eight areas during Calendar Year 2006:

1. CREPC committee operations
2. Resource assessment and adequacy
3. Reliability
4. Transmission expansion and planning
5. Cost allocation/cost recovery for new transmission projects
6. Transmission permitting
7. Market monitoring/assessment
8. PUC special projects contracts

At that time, the Western Governors envisioned that voluntary contributions from control areas would finance state and provincial activities to strengthen the Western Interconnection. In Calendar Year 2006, CREPC received voluntary contributions from one control area that represented 2.5% of the \$620,000 in requested contributions. The lack of funding from control areas caused CREPC to reevaluate its expectations about reliance on voluntary contributions for a large part of the CREPC budget. As a result, not all of the activities in the CREPC 2006 work plan were funded. Also in 2006, Western Governors created the Western Interconnection Regional Advisory Body which has addressed some items in the original 2006 CREPC work plan (e.g., reliability).

In its 2007-08 work plan, CREPC added the topic of LSE resource plans and climate change. However, given resource constraints, the 2007-08 work plan funded CREPC operations, work on LSE resource plans and climate change and, to a lesser extent, collaboration with FERC market monitoring activities. Other activities were

conducted by CREPC member volunteers (e.g., resource assessment/resource adequacy by the CREPC Westwide Resource Assessment Team, state participation in the NTTG on cost allocation/cost recovery work) or the Western Interconnection Regional Advisory Body (WIRAB) (grid reliability, low carbon transmission expansion planning scenarios).

The 2007-08 and 2008-09 Work Plans identified five goals for CREPC and nine activities. We believe these goals and activities are still relevant for CREPC, and serve as the foundation of its 2009-10 work plan.

III. Statement of CREPC Goals for 2009-10

1. Implement policies that can increase the capacity of the western electric power system to meet state RPS requirements, including integration of large amounts of variable renewable generation.

- a) Foster the execution of high quality, multi-utility wind diversity and wind/solar integration studies across all parts of the Western Interconnection
- b) Promote the evaluation of virtual consolidation of control areas as a means of enabling the integration of more intermittent resources
- c) Promote the development/deployment of generation that can complement variable renewable generation

2. Improve the quality and participation in regional transmission planning and LSE resource planning

- a) Implement FERC Order 890 in a way that promotes greater participation of states/provinces, strengthens TEPPC and sub-regional planning organizations, ensures there is coordination and cohesion among the sub-regional planning organizations, and addresses concerns about cost allocation issues
- b) Coordinate LSE resource planning with regional transmission planning and promote complementary schedules
- c) Promote transmission studies that support generation necessary to meet state/provincial policy objectives

3. Identify and act on opportunities for interstate collaboration on climate change-related policies that affect electric power resource decision making (e.g., generation acquisition decisions)

- a) Share information on the evaluation of carbon emissions in IRP processes
- b) Explore how changes in Western Interconnection generation resources, energy efficiency, and transmission expansion can help meet climate change policy goals

4. Protect state authority over siting of transmission lines and promote the development of needed transmission

- a) Collaborate with WECC in the evaluation of transmission congestion in support of DOE’s responsibilities to study congestion (EPAAct Section 1221)
- b) Respond to any DOE proposed NIETC designations
- c) Pursue improvements to FERC’s implementation of its backstop transmission siting authority
- d) Share information on permitting actions related to proposed interstate transmission projects and assist in the implementation of the WGA transmission siting protocol, if triggered by governors

5. Pursue transparency and information disclosure to enhance transmission planning and power supply evaluation; develop resource adequacy guidelines throughout the interconnection

- a) Promote adoption by WECC of a resource adequacy framework, support its analytic implementation by WECC, and support consideration of its results by states/provinces.

IV. Proposed FY 09-010 Tasks and Funding

In 2009-10 the following tasks will be undertaken. Resources for executing the tasks are noted.

1. Committee Operations

CREPC would meet twice in FY 09-10 to share information and collectively interact with FERC and the western industry. Between meetings, CREPC would engage in other activities as listed below.

Tasks

- 1.1 Hold two CREPC meetings next fiscal year
- 1.2 Monitor western electricity developments
- 1.3 Offer collective comments to FERC on FERC proposals,
- 1.4 Hold educational webinars on germane topics

Below is an illustrative calendar of webinars that will be conducted under the work plan. Some of the webinars may be organized jointly with other parties.

<i>Month</i>	<i>Activity</i>
July 2009	Webinar on Renewable Energy Zones
August	Webinar on legislation which expands federal authority over interconnection-wide transmission planning, siting, and cost allocation
November	Webinar on initial TEPPC transmission expansion study results from the WREZ study requests
December	Webinar on NREL’s Western Wind and Solar Integration Study with findings on scenarios and potential recommendations

February	Webinar on the Joint Initiatives project by ColumbiaGrid, NTTG, and WestConnect
March	Webinar on developments of the Western Climate Initiative
May	Webinar update on NERC's integrating variable generation task force (IVGTF) and WECC's Variable Generation Subcommittee (VGS)
June	Webinar on WREZ recommendations for conceptual transmission plans

Central staff work on these tasks would be funded by contributions from WIEB (\$30,000), and Western Conference of Public Service Commissioners (\$25,000). Some meeting expenses would be offset by meeting registration fees. In-kind contributions are anticipated from CREPC members, WIRAB and presenters in webinars.

2. Resource Assessment and Adequacy Tasks

Existing WECC interconnection-wide adequacy assessments are improving but further improvements are needed. NERC prepares an annual Long Term Resource Assessment (LTRA) to assess the adequacy of the system. The 2007 LTRA stated NERC's intent to address, in future years, the implications of large amounts of renewable generation, limits on carbon emissions and the dependency on natural gas generation.

The following tasks are designed to help develop a sound analytical basis for adequacy assessments/targets and enable regulators to use such assessments/targets..

Tasks

- 2.1 Promote the adoption of a resource adequacy framework by WECC. Support the implementation of the adequacy framework by WECC, and the consideration of results by states/provinces in their resource planning decisions.
- 2.2 Promote use of open, transparent and consistent data and assumptions in transmission planning and resource adequacy work consistent with FERC Order 890. Counter efforts to restrict access to such data by unreasonable claims of confidentiality.

Execution of this task will depend on voluntary labor from CREPC members and in-kind contributions from WIRAB's work.

3. Reliability

Since WIRAB has become an established voice for western state and provincial interests, CREPC will look to WIRAB as the lead entity on reliability issues and collaborate on important reliability topics. CREPC may offer comments on certain high priority topics to emphasize a unique CREPC perspective and reinforce western interests.

No resources are budgeted for work by CREPC since WIRAB has assumed responsibility for reliability. CREPC may co-sponsor webinars with WIRAB on reliability issues.

4. Transmission Expansion and Planning

Transmission planning provides the foundation for expanding the transmission system to diversify the generation resources and to meet growing demand. States and provinces have an interest in transmission planning to implement utility resource plans, reach renewable portfolio standard goals, and respond to possible future carbon policies.

The Department of Energy may provide new federal stimulus funding authority under ARRA may to expand interconnection-wide planning and the production of plans in the Western Interconnection. Proposed federal legislation calls for new interconnection-wide plans that are beyond the scope of current planning in the West. These proposals may prompt a significant change in the process and outputs from the current WECC approach to interconnection-wide planning.

Tasks

- 4.1 Represent state and provincial interests in the creation of any new interconnection-wide transmission planning process in the Western Interconnection.
- 4.2 Represent state interests in DOE's analysis of transmission congestion, the designation of National Interest Electric Transmission Corridors, and potential preemption of state siting authority in National Interest Transmission Corridors or other new federal initiatives.
- 4.3 Promote compliance with FERC's transmission planning principles in Order 890.
- 4.4 Promote transmission planning that complements state/provincial policy objectives (e.g., RPSs, carbon limitations) and enables the use of planning results in regulatory proceedings by ensuring the planning analyses and data are transparent.

The execution of this task will rely heavily on the voluntary labor of CREPC participants. WIRAB will also provide in-kind assistance on transmission planning.

5. Cost Allocation/Cost Recovery for New Transmission Projects

In 2004, CREPC formed the Transmission Regulatory Principles (TREG) work group to explore cost allocation and recovery. The Northern Tier Transmission Group (NTTG) established cost allocation principles and formed a process to review cost allocation issues on proposed projects. FERC's Order 890 will require transmission

providers to comply with the ninth principle of cost allocation. CREPC participants have a timely opportunity to participate in new efforts to apply cost allocation principles in transmission tariff requirements.

Proposed federal legislation calls for interconnection-wide adoption of common cost allocation rules. This proposal would prompt a significant change in the current institutional arrangement for cost allocation issues for transmission.

Task

- 5.1 Represent state and provincial interests in response to federal initiatives to establish interconnection-wide cost allocation rules.
- 5.2 Represent state and provincial interests in transmission planning forums developing cost allocation principles under FERC Order 890.

Execution of this task will depend on voluntary labor from CREPC members.

6. Transmission Permitting

In 2002, twelve Western Governors, the Premier of Alberta, and four federal agencies signed a protocol for coordinating the reviews of proposed interstate transmission lines. The protocol has yet to be triggered by a new interstate transmission project. If new projects do invoke the protocol, Western states should be prepared to respond and implement the requirements of the WGA Transmission Permitting Protocol. Additionally, there is a need to collaborate with federal agencies as well as block abuses of the federal “backstop” authority created by EPCRA.

Proposed federal legislation calls for expanded federal authority in FERC to preempt state siting authority for transmission. This proposal would prompt a significant change in the current institutional arrangement for transmission siting.

Tasks

- 6.1 Represent state and provincial interests in response to federal initiatives to preempt state siting authority.
- 6.2 Help coordinate the implementation of the WGA Transmission Permitting Protocol once an interstate transmission project has been proposed.
- 6.3 Represent state interests in the implementation of FERC’s backstop (pre-emption) siting authority for projects in National Interest Electric Transmission Corridors, including opposition to sham applications to bypass states.

6.4 Share information on the status of permitting interstate transmission, including federal agency permitting delays.

The execution of this task will rely primarily on voluntary labor from CREPC members and a \$10,000 contribution from WIEB.

7. LSE Resource Plans and Climate Change

A majority of the electric load in the Western Interconnection is supplied by entities that are required to prepare public plans for the acquisition of new generation and demand side resources to meet demand. A variety of analytic approaches are used by LSEs in the development of their plans. In support of CREPC's work over the past several years, LBNL has reviewed many of the major western LSE resource plans and provided CREPC with briefings and publications on issues such as how the plans treat energy efficiency,¹ natural gas price risk,² renewable energy,³ and carbon risk.⁴

Tasks

7.1 Workshops or webinars for CREPC members to convey information on climate change topics, including proposals to limit carbon emissions.

7.2. Work with Western Interconnection transmission expansion planning processes (e.g., WECC, SWAT, ColumbiaGrid, NTAC, NTTG, CCPG) to include evaluations of low GHG emissions resource addition scenarios.

7.4 Collaborate with WECC to establish a resource planners forum for PUC IRP staff and LSE resource planners.

These tasks would be accomplished with a \$20,000 contribution from WIEB, in-kind support from WIRAB on low carbon transmission planning studies and voluntary labor from CREPC members.

8. Market Assessment/Monitoring

In September 2006, CREPC held a workshop in San Diego on a regional approach to market monitoring in the West. The workshop featured a presentation by LBNL and the Analysis Group on their research on potential market monitoring tools available in the

¹ Hopper, N., C. Goldman, and J. Schlegel, Energy Efficiency in Western Utility Resource Plans: Impacts on Regional Resource Assessment and Support of WGA Policies

² R. Wisner, M. Bolinger, M. St. Clair, Easing the Natural Gas Crisis: Reducing Natural Gas Crisis Through Increased Deployment of Renewable Energy and Energy Efficiency, January 2005;

³ Bolinger, M. and R. Wisner, Balancing Cost and Risk: The Treatment of Renewable Energy in Western Utility Resource Plans, August 2005; C. Chen, R. Wisner, and M. Bolinger, Weighing the Costs and Benefits of Renewable Portfolio Standards: A Comparative Analysis of State-Level Policy Impact Projections, January 2007.

⁴ Wisner, R. and M. Bolinger, An Overview of Alternative Fossil Fuel Price and Carbon Regulation Scenarios, October 2004.

West. Additionally, FERC's Office of Market Oversight and Investigations made a presentation on their tools and methods of monitoring western electric markets.

FERC market monitoring staff holds monthly conference calls with states and provinces on market conditions. This effort has been significantly enhanced through FERC's new market monitoring web site. FERC has also launched a program to enable states to participate at FERC's offices in market monitoring and conduct joint market monitoring research projects.

Task

8.1 Expand state/provincial participation in FERC's monthly market monitoring calls and work to increase the value of the calls to states/provinces.

This task will be funded by \$3,000 from WIEB for central staff support and voluntary labor of CREPC members.

9. PUC special projects contracts

This category serves as a placeholder for special projects yet to be determined that would be supported by funds from public utility commissions.