

November 18, 2008

The Honorable Mike Gleason, Chairman
The Honorable Kristin Mayes
The Honorable William Mundell
The Honorable Jeff Hatch-Miller
The Honorable Gary Pierce
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

RE: Next steps in the BTA for renewable energy resources
Docket Number E-00000D-07-0376

Dear Mr. Chairman and Commissioners,

This letter summarizes some of the important findings of the BTA renewable transmission task force (RTTF) and reiterates some of the next steps discussed at the Special Open Meeting held on renewable energy transmission October 26, 2008.

As a result of Commission direction, the utilities developed the RTTF to identify renewable energy resource areas and the transmission necessary to bring that generation to load centers. I participated in task force meetings and compliment the utilities and their staffs for their leadership, openness to new information, and the quality end products developed in the process.

As you are aware, the maps that were produced by the RTTF identified very large, general areas that possess significant renewable energy resources. The maps also identified possible transmission lines necessary to bring those resources to load centers. While these efforts are valuable, they are very broad in scope. It is now time to refine the renewable energy zones and transmission lines needed and adopt the policies to get the necessary transmission developed. There is urgency to this issue because renewable energy generation can be built much more quickly than transmission. Thus, transmission is fast becoming the limiting factor to building renewable energy resources.

The following are ideas and activities discussed at the October 26 meeting that the Interwest Energy Alliance and Western Grid Group support.

- **Share information among transmission and resource planners.** As allowed by FERC regulations, create collaborative opportunities to bring utility generation planners together with utility transmission planners to share information among various utilities to identify amounts and types of generation to be built and the transmission needed to serve this generation. At the open meeting, workshops were suggested to facilitate this objective. We believe workshops could be held either at the ACC or hosted by a utility.
- **Provide pre-approval of cost recovery for the planning of transmission lines for renewables.** Planning activities for new transmission is a minor portion (typically about 10%) of the cost of building transmission. Conducting robust, thorough planning will result in cost-effective development of new transmission capacity. Arizona’s regulated utilities should be provided with pre-approval for expenditures on transmission planning activities that relates to renewable energy resources.
- **Further refine renewable energy resource zones.** The RTTF produced valuable information on renewable energy resource zones, but this information needs to be further updated, refined and narrowed to be able to inform transmission efforts. To refine zones, the RTTF should incorporate the materials developed by the Western Governors’ Association – Western Renewable Energy Zone initiative, identify and apply screens for military lands, land use and environmental issues, engage state and federal land managers and environmental and non-governmental organization stakeholders in the process, and apply land ownership information to maps.
- **Identify the highest priority transmission additions to meet near-term needs.** The RTTF was charged with identifying all the necessary transmission to access all identified renewable energy generation. The next step can be to conduct an evaluation and ranking of the identified transmission proposals to identify the most important lines to study and construct first.
- **Evaluate the siting approval process with an eye for its effectiveness for renewable energy projects.** It may be necessary to allow for a Certificate of Environmental Compatibility for power plants and transmission lines to be approved for a longer period of time to allow flexibility to coordinate project and transmission line development. In addition, the “needs” assessment may need to be modified to take into account that transmission development activities may be made in advance of generation decisions.
- **Conduct flow studies on constrained lines to or near renewable energy resource areas.** Often existing transmission lines are contractually constrained but physical flows may be constrained only for a few hours per year. In areas that are determined to be high priority, flow-based studies can provide valuable information on existing transmission availability and will help to maximize the use of the existing transmission system.

Interwest Energy Alliance and Western Grid Group believe that implementing these actions are important next steps to building the infrastructure necessary to enable renewable energy development. Thank you for your leadership on this issue. The BTA and the RTTF have provided an important focus in Arizona and are being viewed by other western states as a model to assess transmission.

Best Regards,

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Interwest Energy Alliance is a 501(c)(6) trade association partnership of the renewable energy industry and West's advocacy community.

The Western Grid Group (formerly known as West Wind Wires) works in the Western Interconnection to expand transmission access for wind, solar geothermal and other clean, renewable energy technologies, and to help utilities understand the value of these technologies as generating resources.