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**SUB-REGIONAL TRANSMISSION PLANNING
FOR THE
ROCKY MOUNTAIN STATES**

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Utah Governor Mike Leavitt and Wyoming Governor Dave Freudenthal are cosponsoring a transmission planning initiative to bring a serious focus to identifying specific, incremental transmission and generation projects which may be needed to meet the growing consumer demands in the Rocky Mountain region. Their goal is to identify in an open and public process, the most critical electric transmission and generation project needs in the Rocky Mountain States. With broad stakeholder involvement, this framework for regional collaboration will help to improve the Western interconnection by identifying technical, financial and environmentally viable projects for siting, investment and development in the near future. The process will also identify any potential obstacles to prudent development of these needed facilities.

A transmission planning framework for the entire western region has been initiated and several sub-regional planning efforts are underway within the western region. There are important processes underway to evaluate local generation, efficiency and demand-side options within the jurisdiction of single utilities. However, there is no forum for developing information on generation and transmission options that involve multiple load serving entities and generation developers within the Rocky Mountain Sub-region. This project will generate information on such generation and transmission options that will be valuable to utilities, project developers and regulatory agencies.

Electric transmission in the Rocky Mountain region is constrained and as a result, the region's vast wind, natural gas and coal resources are underutilized. The formation of a regional transmission organization (RTO) to address this problem, as encouraged by the Federal Energy Regulatory Commission, is at best still many years from effective operation. The region can ill afford to wait any longer, as it has already been many years since any significant transmission infrastructure expansions have occurred. Over those same many years, electricity demands across the Rocky Mountain States have grown substantially. There currently is no collaborative Rocky Mountain planning effort to consider transmission expansion from a regional, holistic perspective. Governors Leavitt and Freudenthal are taking action to close this significant gap.

In August, 2001, in the wake of an electricity crisis that held the West in its grip for many months, a report was presented to the Western Governors' Association (WGA), entitled *Conceptual Plans for Electricity Transmission in the West*. This study revealed that new transmission and generation infrastructure located remotely from population centers can produce benefits for consumers throughout the West. This investment strategy was shown to be the best means to ensure growing electricity demands in the West are met with a diverse portfolio of resource options, including renewables and coal, to avoid the West putting all its eggs in the basket of heavy dependence on new natural gas fired generation.

Unfortunately, to date there has not been adequate follow-through on the findings presented to the WGA two summers ago. The study prepared for WGA was conceptual, and didn't identify specific projects or embark on the detailed work toward establishing financial viability, obtaining approvals, siting and construction. Meanwhile, the immediacy surrounding the electricity crisis has waned, and California's market structure problems appear to be on the mend. However, the fundamental policy concerns regarding over reliance on natural gas to fuel new electricity generation remains. In fact, the concern is growing more acute by the day as natural gas prices continue their high and volatile trend in the market place.

This planning process will focus on the Rocky Mountain region, particularly the States Colorado, Idaho, Montana, Utah and Wyoming. Parties from other States are not precluded from participation if there is interest. The planning focus on these five States will fully recognize the Rocky Mountain area is a subset of the Western interconnection, which is comprised of all or a major portion of 11 States, two Canadian Provinces, and Northern Mexico. Electrically, this large geographic area operates synchronously. Infrastructure expansions in the Rocky Mountain sub-region will likely impact operations and benefit consumers throughout the West. Necessarily, the transmission integration studies performed as part of this sub-regional planning initiative will capture the economic and operational impacts throughout the West.

Process

Over the years Western Governors have found a common set of principles underlying the most promising approaches and successful resolution of challenging environmental and energy issues in the west. These principles were formally adopted in 1997 by the Western Governor's Association as the *Enlibra Principles*. The *Enlibra* principles have come to represent a recognized framework in the west that can be used to guide energy, natural resource, and environmental policy decision-making.¹ Governors Leavitt and Freudenthal believe *Enlibra* principles provide an appropriate framework for the Rocky Mountain States Sub-regional Transmission Planning process and envision the work undertaken by this effort will be informed and guided by these principles².

Consistent with *Enlibra* principles Governors Leavitt and Freudenthal anticipate a collaborative, public process that is balanced and inclusive of all stakeholders. The

¹ The Western Governor's Association Energy Policy Roadmap Policy Statement declares that "[I]n developing and implementing energy policy in the west, decisions should be guided by *Enlibra* principles." For more information see <http://www.westgov.org/wga/initiatives/enlibra/default.htm>

² In practice *Enlibra* is a philosophy that recognizes successful policy implementation is best accomplished through balanced, open and inclusive processes at the appropriate geographic level. Interested stakeholders work together to formulate critical issue statements and develop local solutions based on analysis of ecological, economic, social and political factors specific to the geography of the issue. In the end plans that are developed under the *Enlibra* framework benefit from having more public support and increased chances of involved parties staying committed to the implementation of the solutions identified through the process.

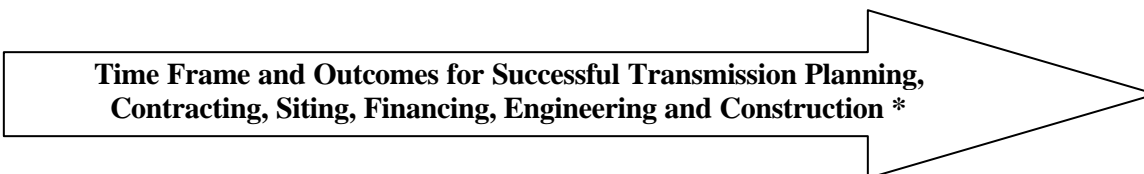
process is open to Western interconnection electric utilities, independent power producers, merchant transmission entities, rural electric generation and transmission cooperatives, municipalities, federal power, transmission and marketing agencies, renewable and thermal resource project developers, fossil fuel producers, demand-side management experts, power brokers, financiers, entrepreneurs, state and federal regulators, legislators and other officials, state energy office representatives, consumer and environmental groups, and anyone else interested in regional electric generation and transmission planning.

Sub-regional Transmission Planning for Rocky Mountain States will commence with the kick-off meeting in Salt Lake City.³ After welcoming introductory remarks from Governors Leavitt and Freudenthal, an independent facilitator will be introduced. Mr. Jim Byrne, former Utah Public Service Commissioner, has been retained to facilitate the planning process. Discussion on objectives for the process and agreement on a charter will be the next steps. Participants will then be asked to identify their needs and interests in the planning initiative. Working groups and assignments will then be established and the analytical work will commence in subsequent meetings of smaller groups.

As illustrated in Table One, this planning initiative is the first step of a multi-phase process necessary for successful transmission expansion in the Rocky Mountain region. In this Phase I, the planning and defining of representative generation and specific transmission projects will be identified. Phase I will produce an in-depth understanding of the impacts on system-wide production costs of specific transmission investments in the sub-region, with an assessment of regulatory approvals and financial backing for the projects and any obstacles to moving forward. Phase I will lay the foundation for future work on siting, obtaining regulatory approvals, contracting, financing, engineering and finally, construction of projects where appropriate (i.e., Phases II and III.) The goal of Phase I is to provide enough information to interested stakeholders for their further analysis to determine if there is economic interest in

³ Further information, including an agenda can be found at:
<https://psc.state.wy.us/htdocs/subregional/home.htm>

TABLE ONE



Phase I – Planning and Project(s) Definition	Phase II – Regulatory Approvals, Contracting, Siting, and Financing	Phase III – Engineering and Construction
Time Frame: September 2003 – March 2004	Time Frame: To be determined by Project Sponsors	Time Frame: To be determined by Project Sponsors
Outcomes: <ul style="list-style-type: none"> • Specific transmission projects are defined to support resource additions as proposed, including renewables and thermal plants • Impacts of transmission and generation additions are derived, including: generation capacity utilization; path loading duration curves; congestion and power flow implications; and, where and how consumers benefit • Indications of interest in subscribing to and financial support for specific projects • Identification of any barriers to project advancement • Development of information necessary to pursue regulatory approvals • Study results incorporated in West-wide transmission studies, including SSG-WI 	Outcomes: <ul style="list-style-type: none"> • Siting and permitting of specific selected transmission and generation projects • Where appropriate, sponsoring Governors initiate the State/Federal siting protocol collaboration • Subscription, contracting and financial arrangements put in place on specific projects • If any, barriers to project advancement are removed, where possible, including Governors’ initiative, if necessary 	Outcomes: <ul style="list-style-type: none"> • Engineering design and construction of selected projects, subsequent to successful siting, approval and permitting, and removal of any identified obstacles

** Emphasis shifts from the Sub-regional Planning Effort to project developers as you go from left to right across the Table.*

pursuing project development. Phase II and Phase III will occur as Project Sponsors decide to move forward with projects.

Working Groups

The work of the planning process will occur in several working groups. Issue areas needing working groups will be defined by the group at the kick-off meeting. Initial expectations are that a Resource Additions Workgroup, a Transmission Additions Workgroup, a Report Writing Workgroup and a Steering Group will be necessary. Other working groups may also be identified and established.

Resources and Funding

An independent facilitator has been retained to help lead the process forward. Wyoming and Utah will provide some of the funding necessary to support this facilitation. Additional funding may be necessary, and any contribution from participating entities is welcome. The website referenced above includes a link to a pledge form to help provide this element of financial support. A budget for independent project facilitation has been developed and is available upon request. The technical studies contemplated for this transmission planning requires extensive access to models that simulate the operation of the Western electrical system, as well as the expertise to perform and evaluate the analysis. The stakeholders will determine the assumptions and scenarios to be studied. PacifiCorp has volunteered to run the technical models and provide an in-kind contribution of resources to perform this work, in full collaboration with participants and the defined working groups that will be established.

Project Management

Project management independent from any individual economic interest is an important element of this initiative. The Steering Group will be comprised of process participants. The independent facilitator will work with this Steering Group to address any project management issues that may arise over the course of the planning process.

Relationship to Other Transmission Processes

The West is not without a plethora of groups, processes and acronyms associated with electric transmission planning. Sub-regional Transmission Planning for Rocky Mountain States is intended to bring a sharper focus to identifying specific, incremental transmission expansion projects in the sub-region. This focused effort should complement the broader transmission efforts underway, including the development of RTOs, the Seams Steering Group – Western Interconnect (SSG-WI) planning, and other multi-State sub-regions in the Western interconnect that have or, are expected to, initiate similar undertakings to focus on specific project alternatives and complement Western interconnection transmission planning.

This study will be conducted within the parameters of reliability requirements of the Western Electricity Coordinating Council (WECC) and its Planning Coordination Committee. As projects proceed, sponsors will need to comply with the WECC regional planning and path rating procedures. The Sub-regional Transmission Planning Study for the Rocky Mountain States will provide proactive sub-regional planning at the front end of the WECC process, while the WECC process will provide follow through and closure for sponsored projects moving through to implementation and facility rating.

In order to ensure coordination and cooperation with the aforementioned groups, one or more participants will be identified to provide a liaison between these groups and the working groups and Steering Committee for this Rocky Mountain Study.

**For additional information on this study,
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