

TRANSMISSION AGENCY OF NORTHERN CALIFORNIA

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November 28, 2005

Office of Electricity Delivery
And Energy Reliability
Room 8H-033
U.S. Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

The Transmission Agency of Northern California (TANC) is pleased to submit its initial comments to the United States Department of Energy (DOE) related to its West-Wide Corridor Programmatic Environmental Impact Study. TANC participated in DOE's public scoping meeting held in Sacramento, California, on November 1, 2005, and we look forward to working with DOE in the future to identify energy corridors in the West. If there are any questions with respect to TANC's initial comments, please do not hesitate to contact me at (916) 852-1673.

Sincerely,

A handwritten signature in cursive script that reads "Bryan W. Griess".

Bryan W. Griess
Assistant Executive Director

Enclosure

**INITIAL COMMENTS OF THE
TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
TO THE
U.S. DEPARTMENT OF ENERGY'S
WEST-WIDE ENERGY CORRIDOR
PROGRAMMATIC ENVIRONMENTAL IMPACT STUDY**

The Transmission Agency of Northern California (TANC) is pleased to provide these initial comments to the United States Department of Energy (DOE) regarding the West Wide Energy Corridor Programmatic Environmental Impact Study (PEIS).

TANC is a California joint exercise of powers agency that provides electric transmission facilities and services to its Members: the California Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah; the Sacramento Municipal Utility District; the Modesto Irrigation District; and the Turlock Irrigation District. The Plumas-Sierra Rural Electric Cooperative is an associate member of TANC. TANC is the largest Participant in, and the Project Manager of, the California-Oregon Transmission Project (COTP), a \$430 million, 339 mile, 500-kV transmission project extending from just north of the California-Oregon border to central California.

In addition, TANC also has an allocation of 300 MW of firm bi-directional service from the Pacific Gas and Electric Company (PG&E) pursuant to the Principles for Tesla-Midway Transmission Service reflected in PG&E FERC Rate Schedule No. 143 (SOTP). TANC receives 300 MW of transmission service across California's Path 15 under the SOTP. TANC has previously explored additional transmission projects, including a Path 15 upgrade project. The Western Area Power Administration (Western), in developing and constructing its Path 15 Upgrade Project, utilized environmental activities previously undertaken by TANC for Path 15.

TANC is strongly encouraged that the Congress included Section 368 in the Energy Policy Act of 2005. TANC agrees that there is a need to designate corridors for electric transmission facilities across federal lands. We believe that the designation of key corridors will be a critical step required to begin seriously address improving electric reliability, improving transmission congestion, enhancing the capability of the national

electric grid, and providing for the further development of a western North American competitive wholesale market.

The western United States and California energy crisis of 2000 and 2001 can be attributed to various causes, but a major component of that crisis was insufficient energy infrastructure. Over the past five years, many of TANC's Members and other public power agencies have embarked on ambitious generation resource additions. Unfortunately, California and the West are not "out of the woods" and additional energy infrastructure including generation, transmission and gas pipelines are required to ensure future reliable delivery of electricity to the energy consumers in the West.

Several of the better locations for major new power plants are not located near the West Coast's growing load centers. Wind and geothermal resources must be developed at the location of the energy source, and the opportunity for further development of resources in the Rocky Mountains and potentially western Canada requires significant transmission infrastructure to move both renewable and fossil fuel generation to load. Therefore, it is critical that transmission and gas pipeline corridors be established and, more importantly, preserved.

Energy corridors (and eventual transmission lines) in the West will prove critical for the successful development of new abundant energy supplies; however, the energy corridors are only the first step. The actual development of the transmission facilities will require years of planning, engineering, and construction as well as hundreds of millions of dollars to build. Transmission lines will not be built if generation is not also developed to be delivered along the transmission facilities, and the generation facilities will not be developed without transmission facilities to deliver the electricity and customers to purchase the output from the generation plant. Energy infrastructure development of this magnitude will require the investment of billions of dollars. Parties will not make this level of investment without assurance of recovery of its costs and the rights to utilize its investment for its own use.

Utilities responsible for serving load need to have firm, physical rights to justify investments in large projects; TANC believes that this should be a cornerstone of any projects across federal land. *Transmission project participants for projects on federal land and/or sponsored by DOE will need to have the ability and authority for firm, physical transmission rights.*

Any other proposed treatment of investment will surely leave only speculators to invest in transmission facilities and may result in needed infrastructure not being built. While TANC recognizes that this issue may be outside the current scope of this PEIS, we strongly believe that it is important that DOE establish this principle immediately and that such principle will lead to significantly more participation in the development of needed transmission facilities, which we believe is the intent of Congress.

As DOE explores and ultimately defines/establishes corridors in the West, it is important that DOE ensure that the corridors are of sufficient breadth to handle various energy related projects. Also important will be the inclusion of sufficient land to allow for electrical substations within the corridors. This is especially true when the corridors are near load centers (urban areas). TANC believes that, early in the process for any electric transmission corridor, DOE should identify specific land use requirements (i.e. substations), and increase the corridor size to accommodate such requirements.

TANC also believes that in establishing potential corridors DOE should strive to seek corridors that maximize the opportunity for interregional participation and also maximize the opportunity for multiple party participation. When TANC began the development and planning work for the COTP, nearly all of the electric utilities in California, as well as other parties, were invited to participate in the planning, development, and ownership of the COTP. Likewise when the parties that built and own the Mead-Phoenix and Mead-Adelanto Transmission Projects were in the development phases, all interested utilities in the southwestern United States were afforded the opportunity to participate. This approach has led to the joint development of the last two major inter-state transmission projects in the West. Therefore, we believe it important for DOE to solicit input from the electric utilities in the West and other

interested parties to define those projects that will be required and where the opportunities for joint collaboration exist.

In contemplating the criteria for the selection of corridors, TANC recommends that DOE carefully consider and emphasize reliability, fuel and resource diversity, and interregional significance as three potential criteria. Reliability considerations should include the importance of the transmission facilities and the corridor to the power system stability in the Western United States. Fuel and resource diversity considerations should include the ability of the corridor and transmission facilities to increase the utilization of additional renewable resources that could reduce or displace the reliance on natural gas. Interregional importance should be weighed by examining the power transfer capability of a particular corridor and transmission facilities and should also account for those corridors that will promote significant interregional power exchanges.

As DOE considers land use decisions, it is important that principles be established which will accommodate the conjunctive use of the designated corridors in order to promote the efficient use of federal lands, and ensure that one use for the corridor does not necessarily come at the detriment of other uses. Furthermore, it is particularly important to protect and preserve the existing high voltage transmission corridors that provide the backbone of the transmission system in the Western United States.

TANC is currently in the preliminary phase of exploring several new transmission projects that we believe may be appropriate for DOE to consider right-of-way corridors to assist in the development of the projects. These projects include: (a) a new transmission path connecting northern California to the desert Southwest; (b) a new transmission path from northern California to northeastern Nevada and potentially beyond; (c) a new transmission path from the California-Oregon Border to Washington State or British Columbia; and (d) an additional transmission path from central California into the congested San Francisco Bay Area. TANC and our Members are also exploring smaller transmission projects, but the above are the major transmission projects currently being explored by our Agency.

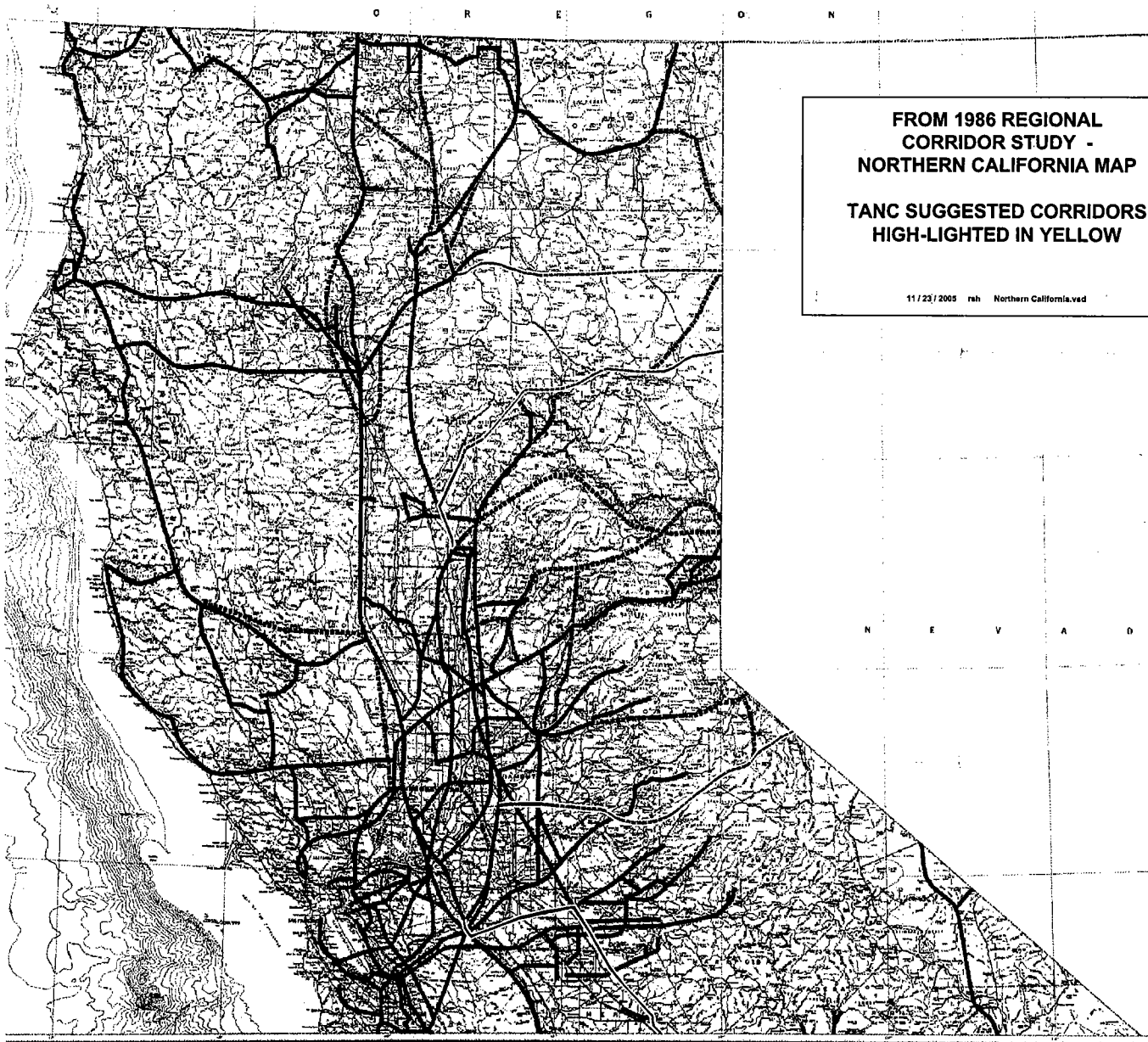
TANC is encouraged by the Congress' direction and the efforts to date by DOE to address corridor issues in the West. TANC recognizes that this recent effort to identify energy corridors represents the continuation of previous studies performed by DOE. We believe that much of the past work undertaken by DOE, specifically the Western Regional Corridor Study 1986, still contains several very important corridor designations in northern California, northern Nevada, the Pacific Northwest, and desert southwest, as highlighted in Appendix A. These corridors, even today, represent critical paths that can serve to interconnect developing generation resources to areas of significant load growth. In addition to the corridors highlighted in Appendix A, we believe that other corridors between central California and the Greater Bay area should also be explored to help relieve congestion.

Finally, TANC believes that coordinated participation by the federal government is critical to successful development of transmission projects in the West (Western is a participant in the COTP, Mead-Phoenix, and Mead-Adelanto projects). TANC is willing and able to meet with DOE staff and management to discuss our proposed projects and how we may be able to assist DOE in your current efforts. As the Project Manager for the planning, development, land acquisition, construction, and operation and maintenance of the COTP, TANC has developed significant experience in working with multiple agencies and stakeholders to not only plan transmission projects but also to see them built and become part of the solution to a reliable electric grid in the West.

APPENDIX A

TANC SUGGESTED TRANSMISSION CORRIDORS FROM THE WESTERN REGIONAL CORRIDOR STUDY – 1986

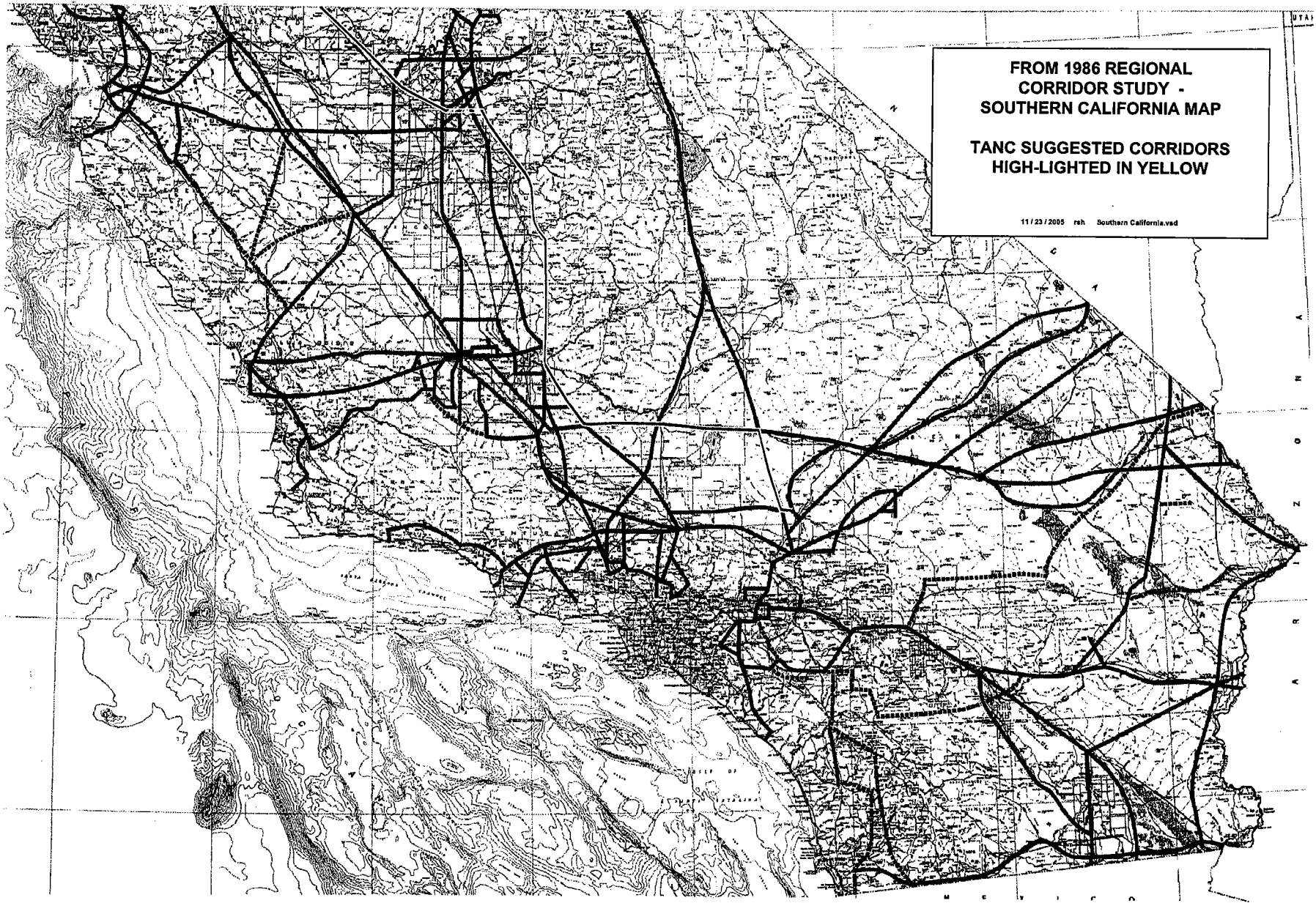
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- **SOUTHERN CALIFORNIA**
- **NORTHERN NEVADA**
- **OREGON**
- **WASHINGTON**
- **NORTHERN UTAH**
- **WYOMING**
- **IDAHO**



**FROM 1986 REGIONAL
CORRIDOR STUDY -
NORTHERN CALIFORNIA MAP**

**TANC SUGGESTED CORRIDORS
HIGH-LIGHTED IN YELLOW**

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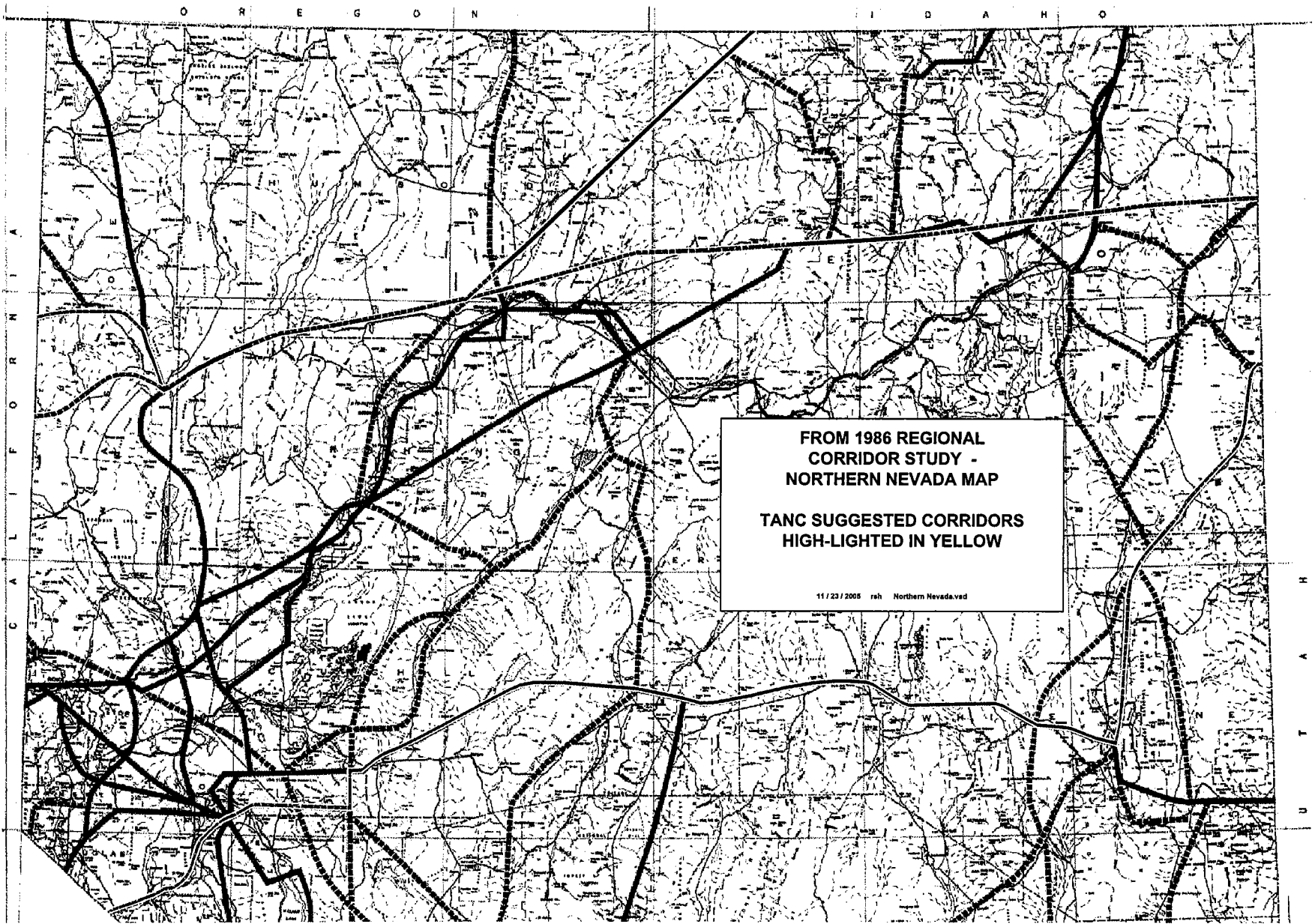


**FROM 1986 REGIONAL
CORRIDOR STUDY -
SOUTHERN CALIFORNIA MAP**

**TANC SUGGESTED CORRIDORS
HIGH-LIGHTED IN YELLOW**

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**FROM 1986 REGIONAL
CORRIDOR STUDY -
NORTHERN NEVADA MAP**

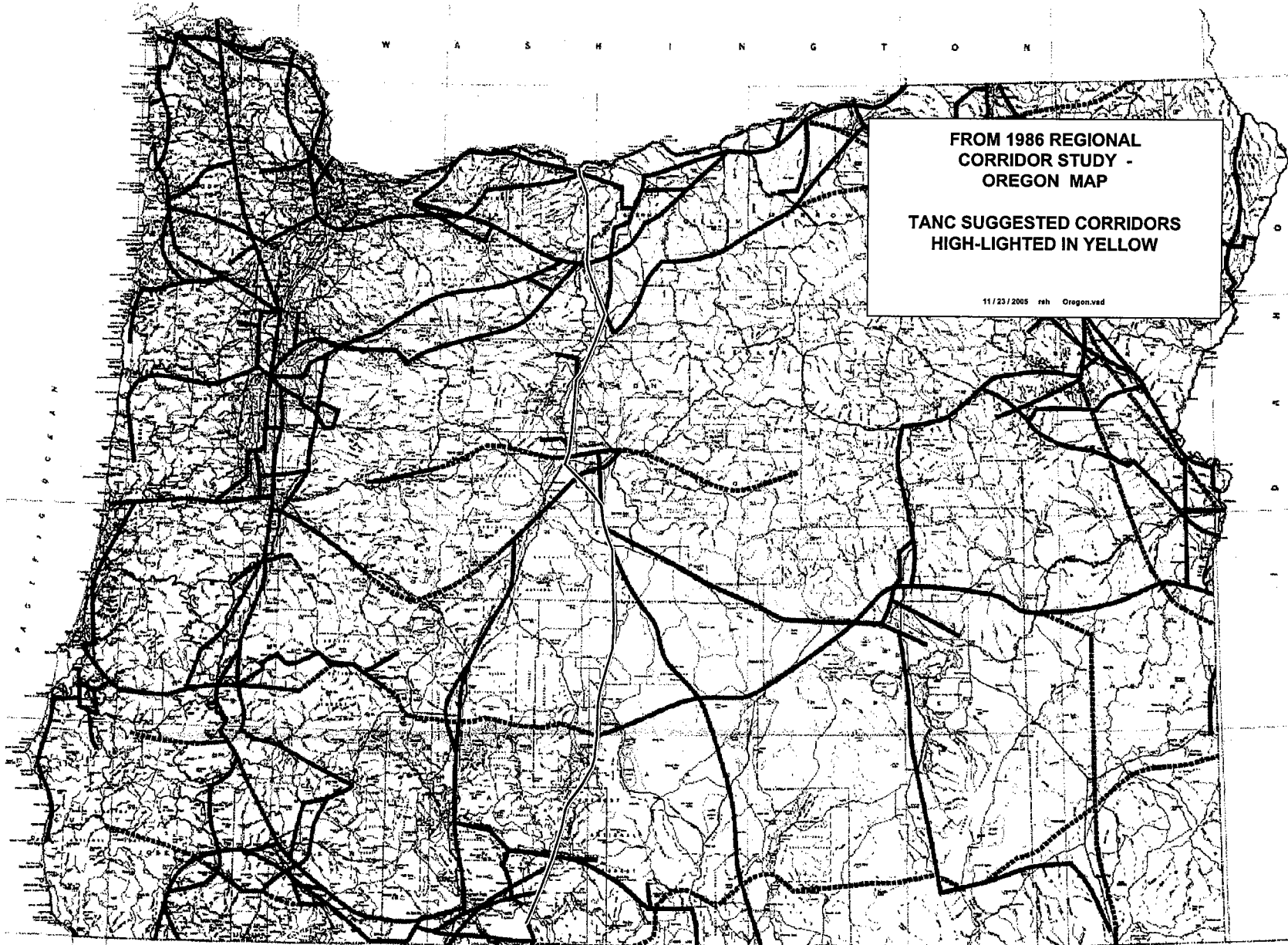
**TANC SUGGESTED CORRIDORS
HIGH-LIGHTED IN YELLOW**

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O R E G O N I D A H O

C A L I F O R N I A

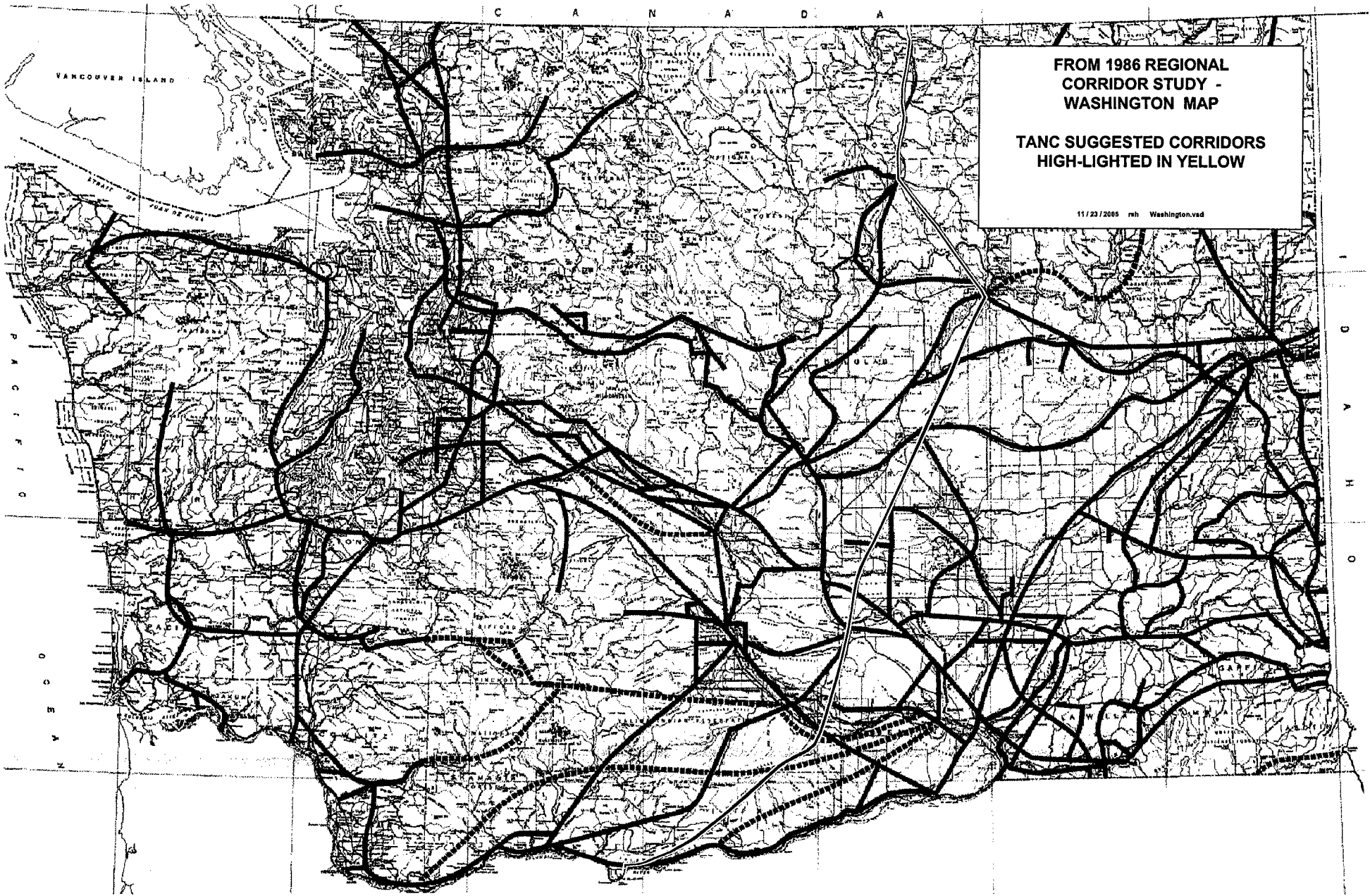
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FROM 1986 REGIONAL
CORRIDOR STUDY -
OREGON MAP

TANC SUGGESTED CORRIDORS
HIGH-LIGHTED IN YELLOW

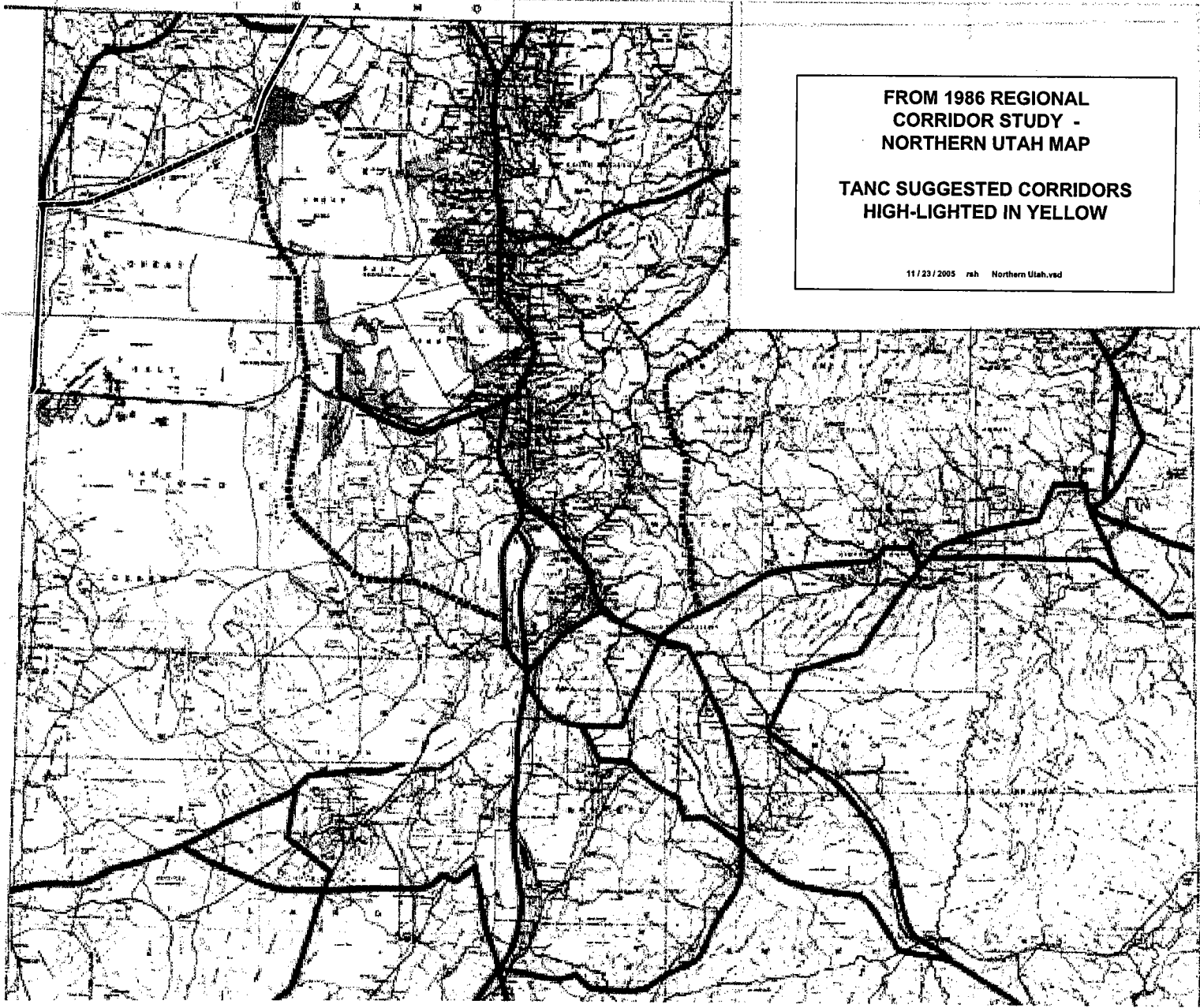
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FROM 1986 REGIONAL
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WASHINGTON MAP

TANC SUGGESTED CORRIDORS
HIGH-LIGHTED IN YELLOW

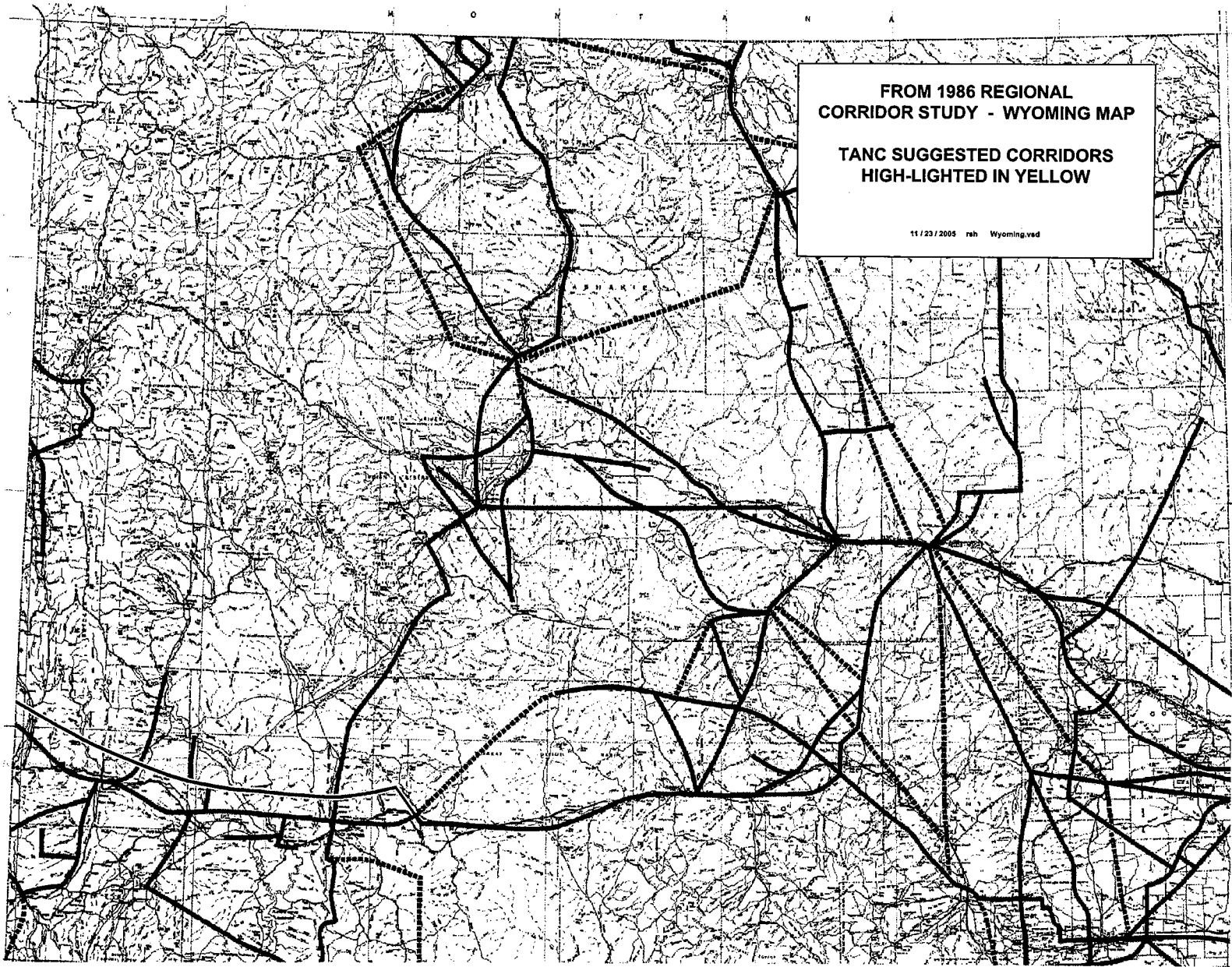
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**FROM 1986 REGIONAL
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NORTHERN UTAH MAP**

**TANC SUGGESTED CORRIDORS
HIGH-LIGHTED IN YELLOW**

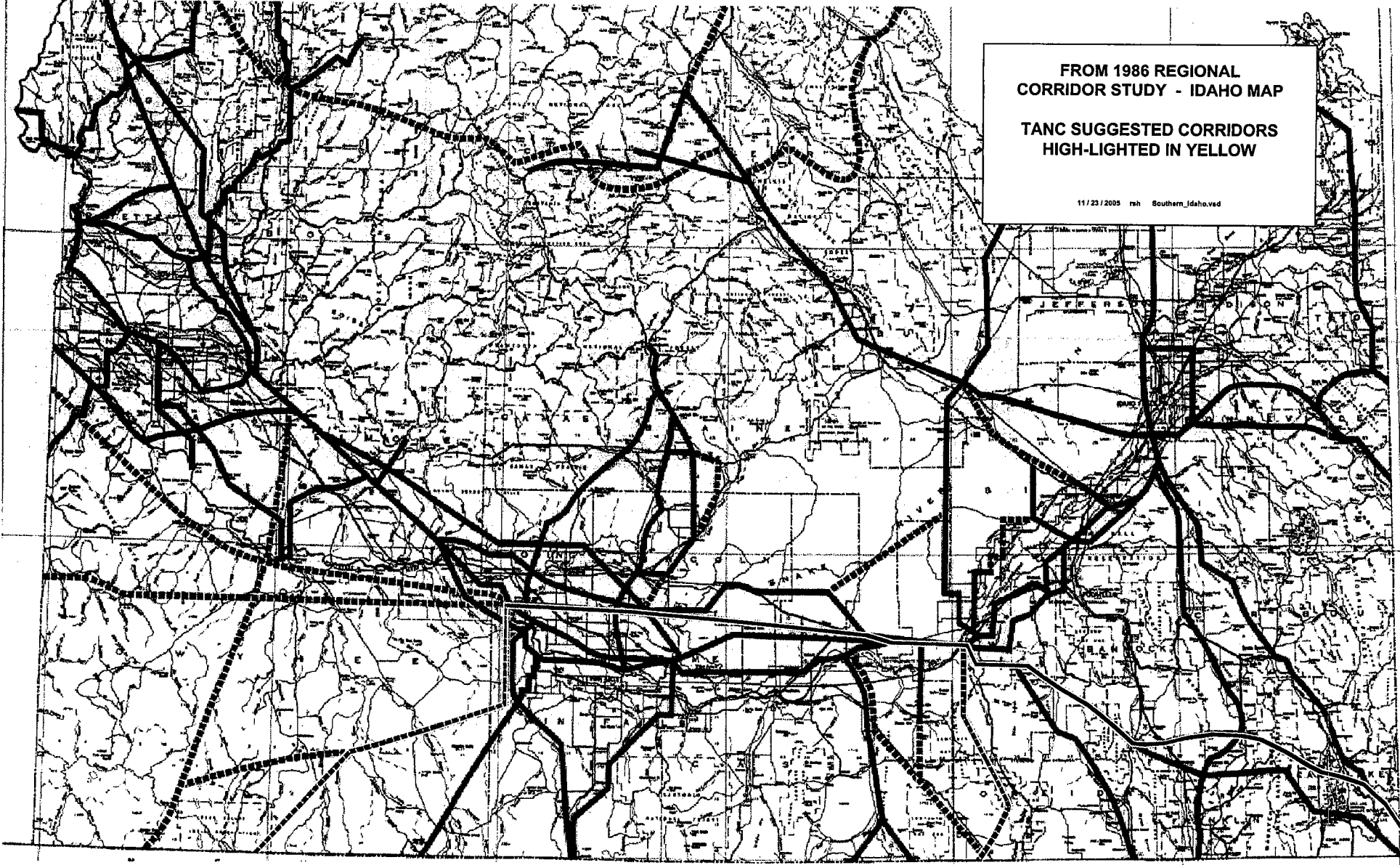
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FROM 1986 REGIONAL
CORRIDOR STUDY - WYOMING MAP

TANC SUGGESTED CORRIDORS
HIGH-LIGHTED IN YELLOW

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**FROM 1986 REGIONAL
CORRIDOR STUDY - IDAHO MAP**

**TANC SUGGESTED CORRIDORS
HIGH-LIGHTED IN YELLOW**

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