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**TRANSCRIPT OF PUBLIC SCOPING MEETING
FEDERAL ENERGY CORRIDOR DESIGNATION**

**Thursday, 2:10 p.m.
October 27, 2005
Little America Inn
Cheyenne, Wyoming**

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P R O C E E D I N G S
(Public scoping meeting proceedings)

21 the group that will be preparing the initial scoping for
22 the programmatic impact statement. There's a website, can
23 use a fax machine, written comments, verbal comments given
24 here at the meeting.

25 one word of caution, **if** you do want to mail

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1 comments to the Department of Energy in Washington, **it** may
2 take a while for **it** to get there. **It's** not a comment on
3 the efficiency of the U.S. postal service; however, all the
4 mail to the federal agencies are asked to go through a very
5 rigorous screening process that usually destroys most of
6 the mail and makes sure nothing bad happens, also nothing
7 good happens, either. **But it** may work best to fax a
8 comment **if** you are not -- are not wanting to use a website,
9 or **if** you have a document -- a video or something of that
10 nature you want to send, one of the express companies can
11 get that to them fairly quickly and efficiently.

12 we've asked that folks corral their pagers and
13 telephones and things of that nature. I remembered this
14 time to turn mine off, which I don't usually do. so that
15 helps on the buzzing and the ringings and things.

16 okay. I'd ask our first speaker to come up.
17 It's Rob Hurless from the energy and telecom adviser to the
18 governor's office.

19 MR. HURLESS: Thank you, Mr. cunningham.

20 My name is Rob Hurless, H-U-R-L-E-S-S, and I am
21 energy and telecommunication policy adviser to Governor
22 Freudenthal.

23 First of all, welcome to Wyoming.

24 MR. CUNNINGHAM: Thank you.

25 MR. HURLESS: we appreciate you coming here

1 and pursuing this process of gathering comments on these
2 important issues and taking the time to listen to folks
3 here. we think that will be important. I'm going to give
4 a few brief comments from the -- kind of the 30,000-foot
5 level, if you will, and we may file written comments later
6 as the process develops.

7 As you might expect, we believe the west is
8 special. And it's special not only because we live here,
9 but because it has attributes that make it a little
10 different than other parts of the country. If you look at
11 the amount of federal land in the west and that percentage
12 as a percent, pardon me, of land area of the western
13 states, it's very high with Nevada, I think, ranked number
14 one with nearly 88 percent federally owned land. Wyoming,
15 at 50 percent, is really number 7 among the western states,
16 so you can see that federal lands are a big issue, as you
17 well know, in the west.

18 And to that point, it would be very hard, I
19 think, to site any kind of energy corridor, be it electric
20 transmission, natural gas corridors without involving
21 federal land to some degree. so that's one of the reasons
22 why we think this is an important process.

23 what we also find is that the national interest
24 oftentimes does match up with regional interests. we have
25 that -- the attribute in the west of large population

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1 center separated by vast distances, and that leads to some
2 unique problems and challenges in the west, which this

3 effort has a potential of addressing in a very successful
4 manner, ■ believe. But the physical realities of that
5 separation, as well as the federal ownership, really do
6 make this a bit of a different place.

7 I'm here to also offer from the governor's office
8 that we fully intend to cooperate in this process and offer
9 our assistance, in whatever form that may take, to help
10 move the ball down the field, if you will, because the
11 nature of our economy, as a commodity state, we have vast
12 resources, energy resources, in this state that we want to
13 get to markets, to the benefit of the nation. And
14 corridors are, obviously, the key part of that, be it a
15 transmission line, which I'll reference in a moment,
16 that's -- that is contemplated from Wyoming to California
17 through both Utah and Nevada, or natural gas transmission
18 lines, the most recent of which will start in Wyoming and
19 terminate -- the most recently announced, pardon me, start
20 in Wyoming and terminate in Kansas for the first phase.

21 so energy transmission corridors are life blood
22 to the economy of this state, and will be the life blood
23 for a long time, and that's why we have particular interest
24 in the activities that are outlined here. we have a
25 number, because of those characteristics, of mature

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1 organizations in the west, I think, that can contribute to
2 this process, including the western Electric Coordinating
3 council, which I'm sure you're familiar with, that takes a
4 very broad view of the electric grid in the west. And many
5 coordinating efforts and activities are worked through that
6 organization to the benefit, I think, of all the states in
7 the west.

8 we also have seen the results of an open and
9 collaborative process entitled the Rocky Mountain Area
10 Transmission study, which was undertaken, ■ guess, about
11 three years ago now. And looking at the electric
12 transmission constraints in Wyoming and surrounding states
13 that revealed, as might be expected, that there is great
14 benefit to consumers in the west of increasing transmission
15 capacity, electric transmission capacity, through -- to
16 markets and also to strengthening the reliability of the
17 electric grid in this part of the world.

18 That was, ■ think, a particularly good example of
19 a collaborative process where people -- all the
20 stakeholders were invited to be there. It was based on
21 science and had some very significant outcomes in terms of
22 the consumer benefits for increasing transmission. The
23 Frontier line, which I mentioned a moment ago, started life
24 really with Governor Levitt at the time, governor of Utah,
25 and Governor Freudenthal, which was an agreement to explore

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1 transmission constraints that led to RMATS, the creation of
2 RMATS. From RMATS sprang the notion of the Frontier line.
3 we now have a MOU between the four governors of Wyoming,
4 Utah, Nevada and California, that with the purpose of
5 exploring and ultimately creating the Frontier line, what's
6 been called the Frontier line, which will -- envisions
7 moving electric energy, both coal-fired and renewables in
8 the form of wind, from the supply states, being Wyoming, to
9 some degree Utah, Nevada would probably be both a consumer
10 and supplier, to the load centers in California. That, as
11 you might expect, is a very complex process, but it has the

12 wonderful attribute of kind of making common sense.
13 Doesn't mean it's going to be any easier to construct, but
14 it does mean that -- kind of on the surface it does seem to
15 make sense and that we should go forward with that.

16 The other thing that I want to pass on and get on
17 the record is that Wyoming has done a good job, in my
18 judgment, of putting their money where their mouth is,
19 particularly as it relates to energy corridors. In this
20 state we have both the Wyoming Natural Gas Pipeline
21 Authority and the Wyoming Infrastructure Authority. Those
22 are two unique organizations that have the mission of
23 developing electric or -- pardon me, energy transmission.
24 Energy, in the form of natural gas and natural gas liquids
25 and oil in the context of the pipeline authority and

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1 electric transmission in the context of the infrastructure
2 authority.

3 Both of those organizations, in addition to
4 having their own boards and operating budgets, have bonding
5 authority of a billion dollars. So through the legislature
6 and the governor's leadership, through time, I think that's
7 a manifestation of our recognition of the importance of
8 moving energy out of this state to markets.

9 And we also recognize when we don't have
10 sufficient capacity on those energy corridors, the economic
11 impact of this state, we see that in -- a couple of recent
12 examples may bring that point home. Most recently, slack
13 Hills Power had the permits and ability, financing, to
14 build a 350-megawatt power plant with state-of-the-art coal
15 combustion technology up in the Powder River Basin. After
16 extensive market analysis, that plant was scaled back to 90

17 megawatts, and part of the reason, not all the reason, but
18 part of the reason for that was 90 megawatts was the amount
19 of power that they could consume locally within Wyoming.
20 That meant that in the range of 250 megawatts could not be
21 moved, was not developed, at least now, and the constraint
22 was transmission.

23 This is at a time when -- when you see power
24 prices in other markets that suggests that that 250
25 megawatts would have found a ready market had transmission

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1 been available.

2 on the natural gas side of the ledger, we see a
3 significant differential between prices -- natural gas
4 prices at opal, which is a large marketing hub in the
5 southwestern part of the state, and Henry hub for
6 California order -- border or other market points, some of
7 that, of course, is made up of actual transmission -- or it
8 mean transportation costs, which are certainly legitimate,
9 but there's a good part of that differential probably in
10 the range right now of a dollar and a half at MCF. That
11 doesn't accrue to either the producers or via taxes to the
12 state of Wyoming. Those are significant dollars and those
13 are important to both the producers and the state of
14 Wyoming, and so there are on-the-ground, real world
15 examples that you can point to and attach hard dollars to
16 look at the cost of not having the kinds of energy
17 corridors that would make good sense.

18 And with that, I will wrap up and again offer the
19 governor's help -- governor's office help in moving
20 forward. Thank you very much.