

# Public Consent and Large Asset Permitting

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## *The Regulatory Assistance Project*

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# Introduction

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## Regulatory Assistance Project

RAP is a non-profit organization, formed in 1992, that provides workshops and education assistance to state government officials on electric utility regulation. RAP is funded by the Energy Foundation, US EPA & US DOE.

Richard Sedano was Commissioner of the Vermont Department of Public Service, 1991-2001



# Topics for Today

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- Public Engagement -- try harder
- Transmission Planning Transparency and a new process in Vermont
- Climate Change: Regional Solutions and “Leakage”



# Intervenors...

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- ...Have legitimate issues
  - ❖ History is filled with steamrolling infrastructure that was later found to be ill-advised; can't reverse some effects on communities
  - ❖ And some intervenors are selfish and narrow



# Sources of Negative Reaction from Intervenors

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- Surprise
- Opaque rationale
- Close issues that need debate and balance
- Disputes among Intervenors



# Planning Qualities

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- Transparency
- No resource bias; all resources considered
  - ❖ With a sufficient horizon for implementation of demand resources to delay power lines
- Transmission recommended after other less expensive options are exhausted
  - ❖ Evaluation method important



# Public Engagement

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- No surprises -- we all know that is what we want in our lives
  - ❖ So what do we do with large assets?
- Have we tried to educate the public, or have we assumed that this is hopeless?
- Is the considerable cost of public engagement part of the cost of doing business?
- <http://www.vermontsenergyfuture.info/>



# A New Process in Vermont

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# Lawmakers Identify A Problem

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- Vermont Legislature responds to unpopular (but promptly permitted) power line
  - ❖ Directs regulator to implement a new transmission planning process that fully values distributed resources 30 VSA Sec 218c (d)
  - ❖ <http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=30&Chapter=005&Section=00218c>



# Regulatory Implementation

- VT PSB opens workshop process, hires facilitator (docket 7081)
  - ❖ Parties work diligently, develop a settlement (CLF does not join, some munis also)
  - ❖ PSB approves settlement in June 2007
    - ◆ <http://www.state.vt.us/psb/orders/2007/files/7081finalorder.pdf>
    - ◆ <http://www.state.vt.us/psb/orders/2007/files/7081mouwithattachments.pdf>

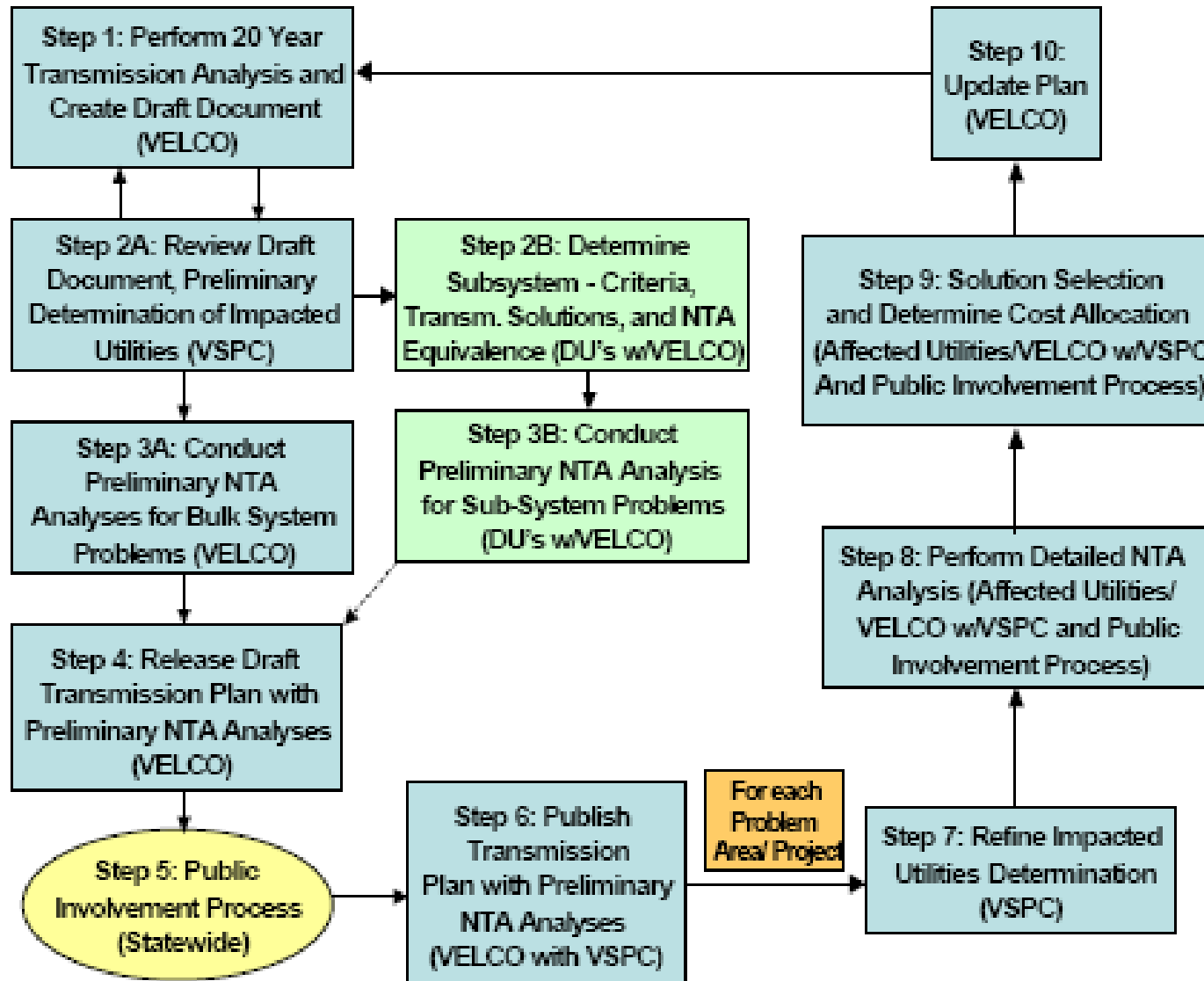


# Gist of Approved Plan

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- Transmission will be subject to a long term plan
- Reliability Deficiencies will be identified well in advance
- Solutions will include wires and non-transmission alternatives with same avoided costs – externality and risk adders can be different
- An “open door policy” will prevail
- A Vermont System Planning Committee will oversee this process, including EVT and 3 people

## Transmission Planning Process Including Non-Transmission Alternatives





# Board Rationale

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- Certain consideration of non-wires alts
- Standards to evaluate non-wires alternatives
- Better coordination among utilities
- Timely decision-making
- More public participation
- Longer planning horizon
- Encourage market based solutions (RFP)



## Other Conclusions

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- Substantial improvement over status quo
- Reassess performance in 2009 and entertain changes, if any, at that time



# CLF Concerns

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- Sets up an overly cumbersome and bureaucratic process that fractures decision-making and responsibility
- Limits public input
- Weakens Standards for evaluating projects
- Fails to treat non-transmission alternatives equivalent to transmission for funding



# Take Away

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- Strong integration of EE in transmission planning and investment
- Strong regulatory language
- Needed transmission will be clear
- This is really a pilot and will improve as participants get confidence in what they are doing, it is meant to be a permanent direction with statutory backbone

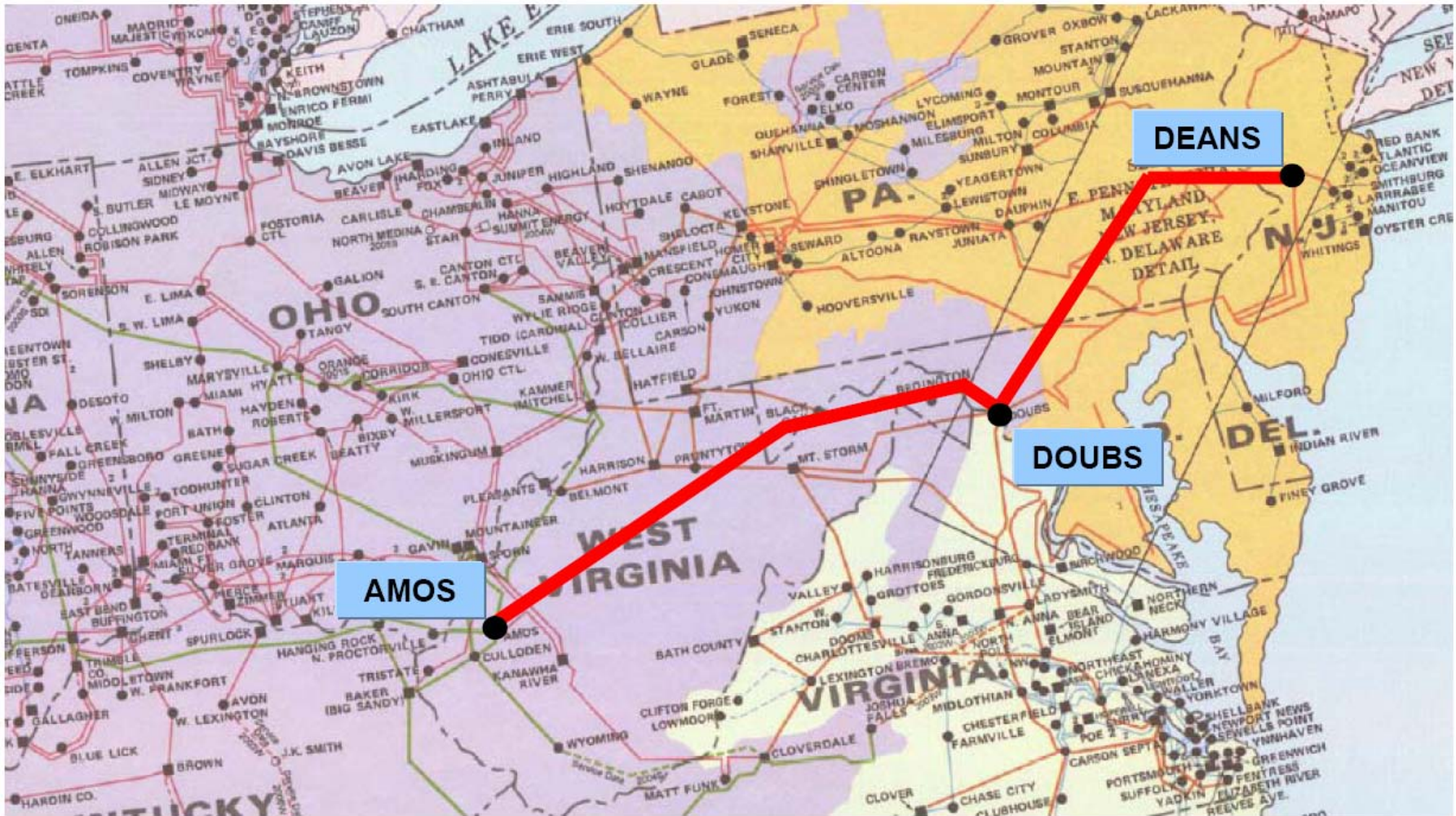


# Climate Change

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- Regional solutions are vulnerable to “leakage”
  - ❖ Generation with high carbon from outside compliance region can serve load in the compliance region unless the complying states build in protection
  - ❖ Public will use climate change as an issue to block projects they don't like for other reasons

# This is Leakage





# Load Side Cap Addresses Leakage

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- Load serving entities get a “Carbon budget”
  - ❖ Generation from anywhere would count
  - ❖ Carbon Budget declines over time to meet climate goals
  - ❖ No added cost to clearing price for carbon compliance
- Downsides
  - ❖ Generators don’t get allowances for free to trade among themselves
  - ❖ Auction revenue not available for purposes (good and bad)



# For more information...

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*“Another Option for Power Sector Carbon Cap and Trade Systems – Allocating to Load”*

*“Addressing Leakage in a Cap-and-Trade System: Treating Imports as a Source”*

*“Why Carbon Allocation Matters – Issues for Energy Regulators”*

Memos for the Regional Greenhouse Gas Initiative (RGGI)  
--Posted at [www.raonline.org](http://www.raonline.org)

*Thanks for listening*

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