

Responses to WREZ3 Report Recommendations

SPSC/CREPC Meeting
April 4, 2012

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Recommendations	State/ Province	CREPC	SPSC	WGA/ WIEB	WECC/ SPGs
1. Host trial discussion groups to explore resource development and interstate transmission for WREZ hubs of common interest				X	
2. Discuss potential changes in resource planning and procurement processes to facilitate WREZ and transmission development				X	
3a. Require utilities to evaluate WREZ resources and associated transmission in resource planning and procurement processes	X				
3b. Ask subregional groups to evaluate transmission alternatives to WREZ hubs of interest; involve state/provincial decision-makers	X				
3c. Evaluate transmission alternatives to access WREZ resources					X
4. Discuss options for harmonizing renewable energy credits	X			X	
5. Explore interaction of utility planning/procurement with subregional/regional transmission planning		X	X		
6. Foster coordinated siting and permitting of transmission lines				X	
7. Consider whether to advocate for FERC transmission incentives for interstate lines that access regional renewable energy zones		X			
8. Evaluate options for mitigating pancaked transmission rates		X			X
9. Continue to explore ways to improve use of existing transmission		X	X		
10. Vet ideas for increasing system flexibility for integration		X			
11. Examine where freed-up transmission could access WREZ hubs and factors affecting repurposing of transmission lines			X		X
12. Consider changes to cost recovery statutes to facilitate interstate lines for renewable resources that provide long-term benefits	X				

Recommendation 2 – Resource Planners’ Forum

The Resource Planners’ Forum hosted by WECC and the Western Interstate Energy Board in 2012 should discuss potential changes in resource planning and procurement processes to facilitate joint development and other forms of coordinated procurement among utilities.

Related actions:

- In October, CREPC/SPSC directed staff to begin planning for the next Resource Planners’ Forum.
- Staff proposed a hybrid Resource Planners’ Forum and CREPC/SPSC meeting for fall.
 - Staff request for CREPC/SPSC volunteers to join utility team to develop Forum agenda

Recommendation 3 – Evaluate Transmission to WREZ Hubs

3b. States and provinces should request subregional planning groups to evaluate transmission alternatives to WREZ hubs of common interest among member transmission developers and involve state and provincial decision-makers.*

Related actions:

- TEPPC has conducted some renewable resource relocation studies
- States/provinces could request subregional planning group (SPG) studies addressing WREZ hubs of common interest

*Some subregional planning groups already have taken steps in this direction. For example, Northern Tier Transmission Group (NTTG) studied four scenarios with high levels of renewable resources in quality wind areas in Wyoming and Montana for its 2010-2011 transmission plan. NTTG determined that additional transmission, beyond the foundational lines, would be needed to accommodate such resources.

Recommendation 5 – Resource Planning and Transmission Planning

CREPC and SPSC should explore the interaction of utility resource and procurement processes with subregional and regional transmission planning, particularly in light of FERC Order 1000 which requires each transmission provider to consider needs driven by public policy requirements in both local and “regional” planning. Such work should include evaluation of modeling tools to optimize selection of wind and solar sites to increase energy output, minimize output variability and foster increased power trading among states.

Related actions:

- Staff proposal for hybrid Resource Planners’ Forum and fall CREPC/SPSC meeting
- CREPC/SPSC Order 1000 Task Force considering governance of subregional planning groups, incorporation of public policies in SPG planning, and cost allocation/cost recovery
- SPSC work group evaluated a proposal to fund a model to optimize the location of wind and solar and rejected proposal
- Operational tools, such as an EIM, are being examined to minimize output variability and increased power trading.

Other Possible Actions on Recommendation 5

- Discuss interaction of utility resource planning/procurement with transmission planning at the next Resource Planners' Forum and the fall CREPC/SPSC meeting. For example:
 - How do utility resource plans inform subregional and regional transmission planning today? Conversely, how could subregional and regional transmission planning studies better inform utility resource plans?
 - Are there opportunities for improving the usefulness of subregional and regional transmission plans for utility resource planners and state/provincial decision-makers? Are there opportunities for improving the usefulness of utility resource plans in subregional and regional transmission planning, particularly for resource relocation and transmission expansion alternatives?
 - Can the flow of information between utility, subregional and regional planning efforts be improved?
- Produce a paper on how utility resource and procurement processes could take into account regional transmission planning and how regional planning could inform utility-level resource plans

Recommendation 7 – Incentives for Interstate Transmission Lines

CREPC should consider whether to advocate for FERC transmission incentives for interstate lines that access renewable resources from regional renewable energy zones designated through a stakeholder-driven process in areas with low environmental conflicts.

Related actions:

- None

Possible actions:

- At its fall meeting, CREPC/SPSC could consider developing recommendations to FERC for incentives for transmission to regional renewable energy zones.

Recommendation 8 – Pancaked Transmission Rates

CREPC and subregional planning groups should evaluate options for mitigating pancaked transmission charges. CREPC could begin exploring this issue at its spring 2012 meeting, inviting utility transmission managers and other experts to participate in a panel on this subject.

Related actions:

- None. WestConnect has an ongoing de-pancaking experiment.

Possible actions:

- Fall CREPC/SPSC meeting panel on de-pancaking pilots and utility and PUC commissioner views on de-pancaking in the context of accessing high quality renewable resources. Possible follow-up based on discussion at meeting.

Recommendation 9 – Increased Grid Utilization, Advanced Transmission Technologies

SPSC and CREPC should continue to explore ways to improve utilization of the existing transmission system in order to reduce the need for new lines to deliver energy from WREZ hubs to loads. The SPSC's planned 2012 workshop on advanced transmission technology could explore this topic.

Related actions:

- Proposals for Transmission Technology Forum being developed. This recommendation could be addressed in the Forum.
- Options to make better use of the existing transmission system, such as an Energy Imbalance Market and intra-hour scheduling, are being explored.
- In its January 2012 TEPPC study request, the SPSC asked WECC to continue to build into its Promod modeling more real-world institutional constraints limiting optimal use of the transmission system.
- SPSC is considering a consulting funding proposal to enable widespread analysis of unused transmission capacity. Proposed work with NREL would link historical flows and production profiles in WREZ hubs.

Recommendation 10 – System Flexibility

CREPC should serve as a forum to vet ideas for increasing system flexibility – through demand-side measures, market mechanisms, operational changes, optimized siting of wind and solar resources, and new technologies – in order to mitigate growing concerns about integrating variable resources that may dampen renewable energy development overall.

Related actions:

- Draft WGA white paper on barriers to lowering cost of integrating variable generation, and actions to overcome barriers, presented at this meeting and being reviewed by technical committee
- Staff proposal for SPSC consulting funds to develop a “dashboard” on company actions to lower integration costs vetted at this meeting
- SPSC work group evaluated a proposal to fund a model to optimize the location of wind and solar and rejected proposal
- PUC EIM group is evaluating a Western Energy Imbalance Market

Possible action:

- Include in fall CREPC/SPSC meeting discussion of voluntary market mechanisms for demand response sharing in the West

Recommendation 11 – Repurposing Transmission Lines

Further examine in regional and subregional transmission planning studies where transmission freed-up due to changes in resource mix and power plant operation could help deliver energy from WREZ hubs to load centers; in subregional studies consider factors that affect repurposing transmission lines for delivering variable energy resources.

Related actions:

- No CREPC/SPSC action (but this idea was covered in study requests others have made to TEPPC)

Recommendation 12 – **Cost Recovery for Lines for Renewable Resources**

Consider changes to cost recovery statutes to facilitate interstate lines for renewable resources that provide long-term benefits for retail consumers and encourage efficient build-out of the grid.

Related actions:

- CREPC/SPSC Order 1000 Task Force considered relationship between cost allocation and cost recovery
- Task Force awaiting any further instructions from discussion at this meeting on Order 1000 implementation

WREZ3 Final Report

Executive summary and full report posted
on Western Governors' Association
Regional Transmission Expansion Planning page:

<http://www.westgov.org/initiatives/rtep>