

Transmission Siting Authority: What Need of Need ? The View from OZ

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Toto, this isn't Kansas anymore . . .

- Outdated paradigm
- What do we want new transmission to accomplish?
- Who do we want to build it ?
- Is regulatory sea change needed?
- Is regulatory regime change needed?

In search of the Emerald City . . .

- Mitigation of climate change
- Energy production with lower carbon footprint, renewable sources
- Foster export of renewables to energy sink states, urban load centers
- Foster transmission of fossil fuels from renewable producing states

Invite the Scarecrow, Tin-man and Lion . . .

- Utilities
 - Old school: transmission to local, owned plants
 - Local control of transmission system (in West)
 - Counterproductive incentives favor utility owned fossil, ignore third party merchant renewable
- Third-Party Transco's
 - Likely to propose economically viable projects
 - Incentive to encourage multiple suppliers

Dodge the apple-throwing trees . . .

- Allow non-utility construction
- Expand eminent domain powers
- Improve cost-recovery and financing
 - Remove or allocate costs from rate base
 - State bonding authority
 - Region-wide rate setting (e.g., ERCOT model)
 - Separate siting and need from ratemaking
 - Tribal sovereignty

Here come the flying monkeys . . .

- Multi-agency siting decisions
 - Prohibitive transaction costs and timing
 - Simplify approval process
 - Bake in expert environmental review
 - Local input absolutely necessary
- Local vs. regional, national or global footprint
 - Balkanized grid, pancaked rates in West
 - Eliminate or expand definitions of need and public interest
 - Improve cost recovery

The Wizard's balloon is ready to go . . .

- Expanded definition of “need” and public interest:
 - Resource mix accessible to consumers
 - Global environmental effects
 - Impact on state and region's economy and economic development
 - Effect on competition
 - Effect on congestion etc. and other shortcomings of existing grid
 - “Reliability” to include national energy security, therefore renewables

Toto, we are still in Oz !

- New Mexico experience
 - Vast renewable sources
 - Solar capacity factors equivalent to fossil
 - Regulatory best practices
 - N.M. RETA limited by resources
 - No significant lines in N.M. since 1980's

Click the ruby slippers three times and say . . .

- Regional footprint for planning, siting and cost recovery
- Availability of financing
- Certainty of recovery and approvals -- Alberta
- Revisit Western RTO's - Waxman/Markey
 - Backlash from RTO/ISO wars
 - States rights to control their destiny

The Good Witch of the North or the Wicked Witch of the West ?

- Regional self-regulation
 - Tradition of cooperation in West – WECC and CREPC
 - Commerce Clause, Compact Clause issues
 - Presumptive need, public interest and siting
 - Voluntary standard criteria (such as ABA Model Acts)
 - Tribal involvement
 - Northern Tier Transmission Group model: “Don’t prejudge, pre-think”