

WESTERN STATES TRANSMISSION INITIATIVE

A partnership between Gridworks
and CREPC responding to
transmission needs in the West



GRIDWORKS

Gridworks is a non-profit that convenes, educates, and empowers stakeholders working to decarbonize our economy.

We are the facilitator and organizer of the Western States Transmission Initiative (WSTI).





The Western States Transmission Initiative Process

Process of refining stakeholder recommendations and insights into actionable steps CREPC may pursue to achieve its transmission goals

What is the Western States Transmission Initiative?

- Partnership between Gridworks and CREPC
- Focus on transmission planning and cost allocation
 - Is the current approach to transmission planning and cost allocation sufficient in the West?
 - What changes might be helpful?
 - What is the appropriate role for state/provincial regulators and energy officials?
- Interviews with government officials, utilities, NGOs, Tribes, and others throughout the West
- Background webinars to support learning
- Recommendations created by engaging with CREPC leaders
- Presentation and discussion of recommendations with full CREPC today



Gridworks

CREPC Recommendations Development Process

Developed a shared problem statement and launched WSTI

April 2023, Spring CREPC

CREPC members invited to join in Western States Transmission Initiative

May – June 2023, Spring WCPSC and Western NASEO

Gathered dozens of recommendations and insights through interviewing more than 40 organizations

June – August 2023

Participating CREPC leaders considered, evaluated, and prioritized recommendations over 3 meetings

August – September 2023

Recommendations finalized for full CREPC consideration

September 2023

Recommendations shared with full CREPC membership

October 2023

Recommendation Development Convenings

OBJECTIVE

Develop a set of recommendations CREPC may pursue to advance its charter goals related to transmission, including approaches to regional coordination.

WHO AND WHEN

Gridworks engaged ~18 CREPC leaders over the course of three meetings.

AUGUST 9

Kick-Off Meeting

3 hours

Presentation of stakeholder interview findings; scope and problem statement development

August 30

Deep-dive

3.5 hours

Presentation and discussion of synthesized recommendations for Western coordination

September 13

Deep-dive

3.5 hours

Finalization of recommendations to bring before full CREPC body at October meeting

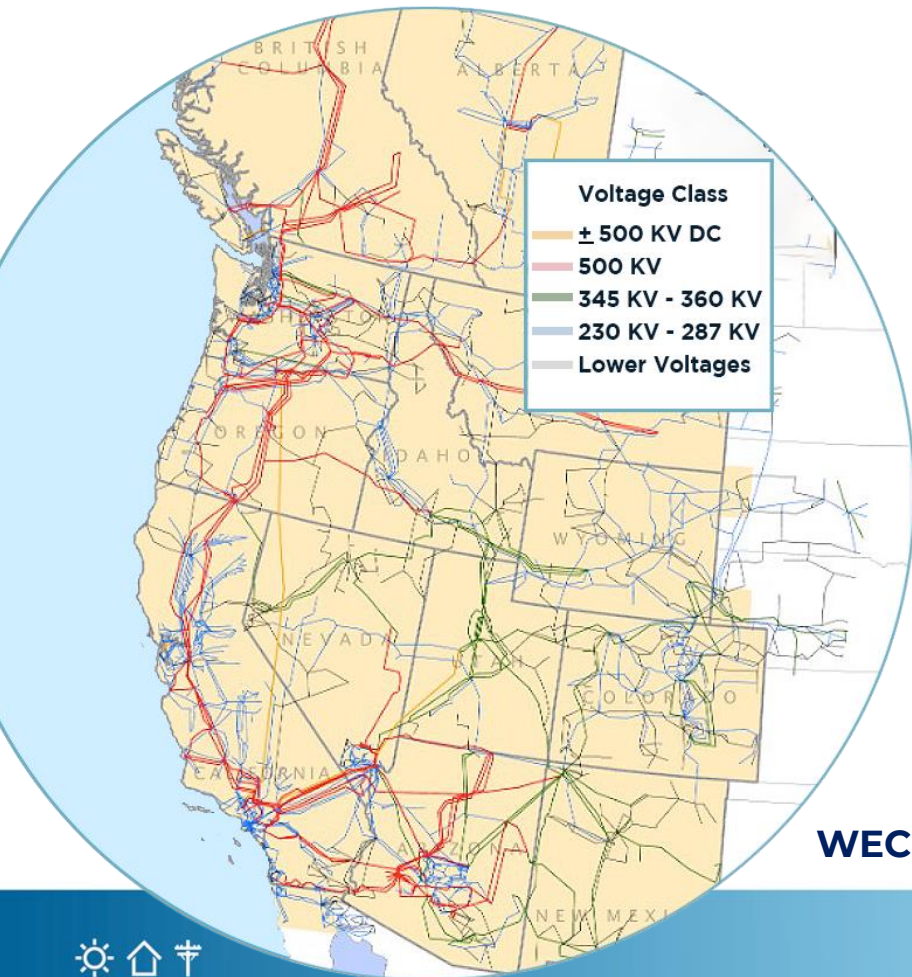
OUTCOME

Today's presentation and discussion of recommendations for continued West-wide coordination on transmission planning and build-out.



The West's Transmission Landscape

A brief introduction to the
state of transmission in the
Western Interconnect



Western Transmission Grid

The Western Interconnect stretches 1.8 million square miles of land

136,000 miles of transmission:

- Long, high-voltage lines connect remote generation resources with population centers
- Interties between the Northwest, California, and the Southwest enable substantial exports and imports responding to diverse conditions within the Interconnect

Transmission Benefits

- **Enhanced grid reliability and resilience**
 - Transmission helps alleviate impacts of extreme weather on demand and grid operations
 - Imports reduce loss of load probability
 - Better prepared to address ongoing load and supply changes
- **Capture advantages of regional diversity**
 - Different seasonal peaks
 - Weather/fuel availability at different times
 - Time zones impact both demand and supply
- **Reduced congestion/power costs**
- **Economic development for power exporters and importers**
- **Helps states achieve policy goals**



Increased Focus on Transmission

▪ **Nationally**

- FERC rulemakings
- NERC interregional transfer capacity study
- Federal siting coordination
- Proposed permitting reform legislation
- DOE transmission studies

▪ **The West**

- WPP/BPA transmission planning initiative
- WECC assessments
- Connected West study
- RMI Regional Transmission Planning Initiative
- WSTI



Barriers to Transmission Development

Transmission planning

- Not sufficiently long-term and anticipatory
- Minimal levels of regional planning outside of California and no meaningful interregional planning

Cost allocation

- New transmission requires substantial investments
- Some utilities don't have the resources to finance major projects
- Free rider problem

Siting

- The siting process can be extremely lengthy
- Significant amount of federal land in the West
- States may not take benefits to other states into account



How is Transmission Planned in the West?

Utility projects

- Planning consistent with integrated resource plans

Two or more utilities jointly planning projects

Federal government

- BPA (75% of high voltage transmission in the Northwest)
- WAPA (10% of the transmission grid in the Western Interconnect)

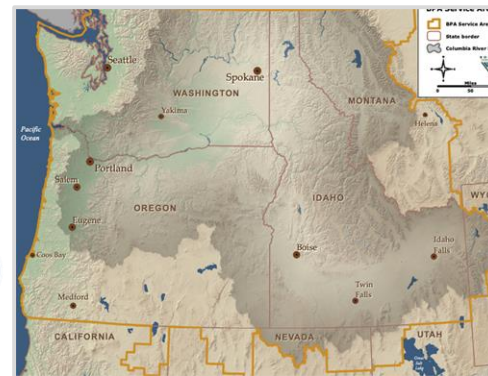
FERC Order No. 1000 regional planning

- This process has not led to any projects outside of California
- Primarily a bottoms-up approach

Merchant transmission

- Independent companies take on the risk to develop, build, and sell the transmission capacity for their projects

BPA Footprint



WAPA Footprint



Western Transmission Planning Regions

CAISO

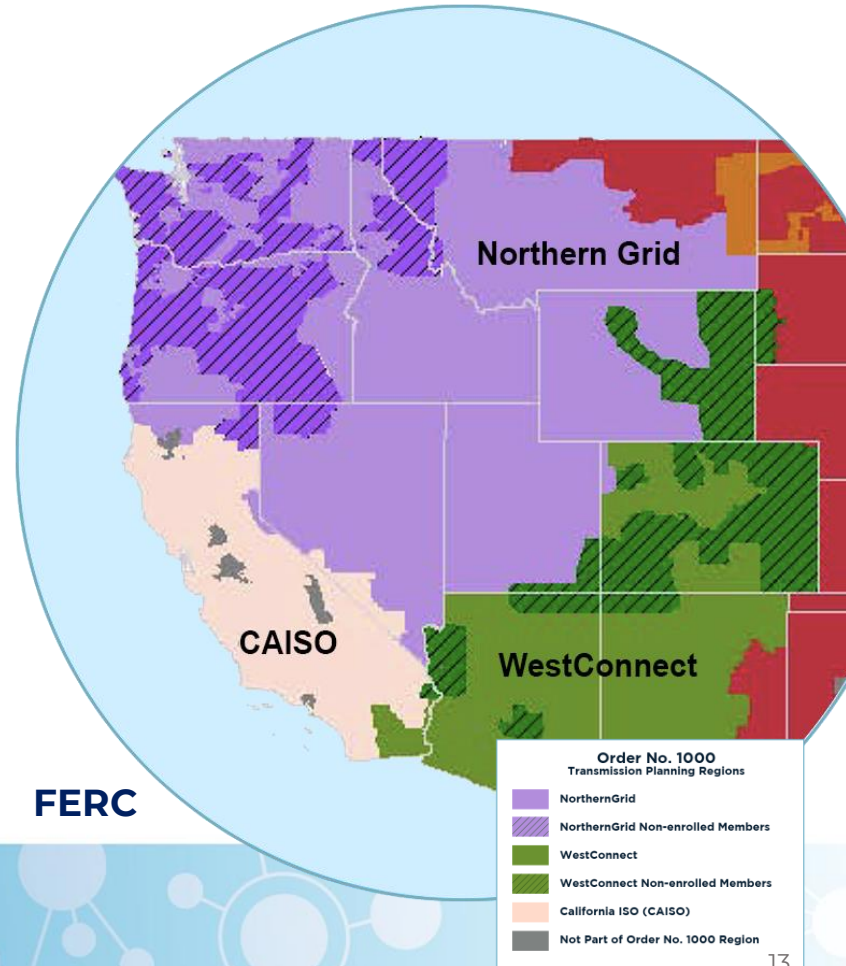
Plans for and manages the flow of electricity for about 80 percent of California and a small part of Nevada

Northern Grid

Facilitates regional transmission planning across the Pacific Northwest and Intermountain West. Members include Bonneville Power Administration and investor-owned utilities and consumer-owned utilities located in California, Idaho, Montana, Oregon, Utah, Washington, Nevada, and Wyoming

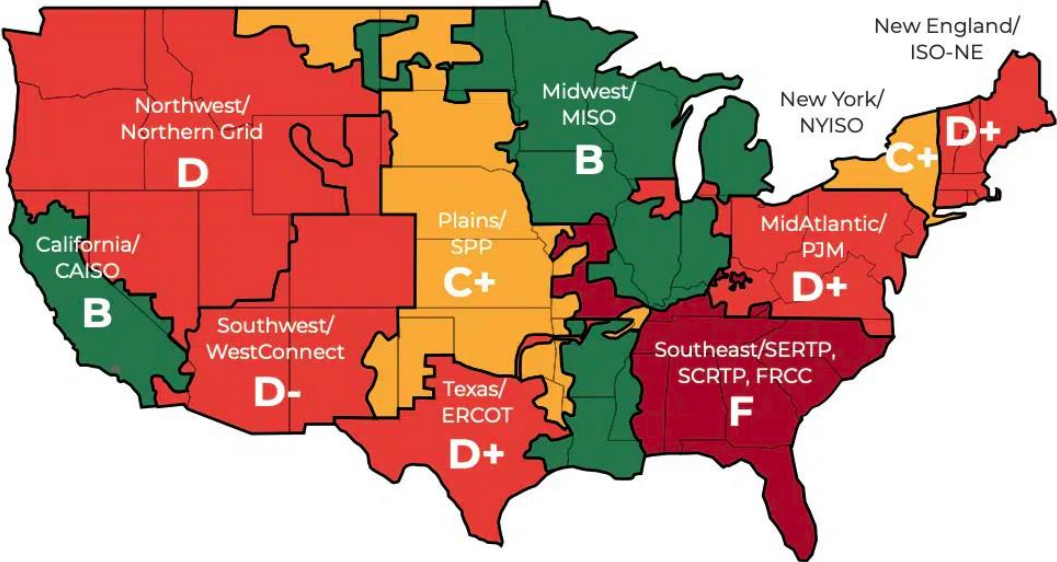
WestConnect

Conducts regional transmission planning for Southwestern and Interior West states, including Arizona, California, Colorado, New Mexico, South Dakota, Wyoming, and Utah



Regional Transmission Planning Efforts, Ranked

Americans For a Clean Energy Grid [recently ranked transmission planning efforts](#) nation wide.



Moving beyond barriers together...

Kris Raper
Vice President of Strategic Engagement & External Affairs,
Western Electricity Coordinating Council (WECC)

*What are the barriers to transmission
development, both regional and
interregional?*

Western States Transmission Initiative
Transmission Needs & Barriers Webinar
Thursday, July 27, 2023 | 10 - 11:30 a.m. Pacific





Transmission Cost Allocation

- Who pays? Who benefits?
- State ratemaking for utility-built projects outside of RTO
- Utility agreements on jointly developed projects
- Merchant projects rely on the subscription model
- Order No. 1000 process
 - Approved cost allocation methodologies for regionally planned projects
 - Costs must be allocated “roughly commensurate” with benefits
 - FERC will defer to “state agreements” allocating costs
 - MISO-negotiated cost allocation considered a good model
- FERC NOPR defers to states to agree on cost allocation

Reaching agreement through foundational facts...

Lauren Azar
Former President, Organization of MISO States
Attorney and Advisor at Azar Law

*How to Reach Agreement
Amongst Regulators*

Western States Transmission Initiative
Transmission Cost Allocation Webinar
Wednesday, August 16, 2023 | 10 - 11:30 a.m. Pacific





Stakeholder Interviews

Insights gained from 40 stakeholder interviews on the state of transmission planning and cost allocation in the West

Key Takeaways From Stakeholder Interviews

- The current pace of transmission development is insufficient
- Regional transmission planning widely panned outside of California
- There is very little meaningful interregional or interconnection-wide planning
- Cost allocation is a major impediment to transmission development
- Most utilities lack resources to build big projects on their own
- Merchant transmission has both benefits and limits
- State/provincial coordination can play an important role in transmission development but more resources are needed
- The federal utilities have an important role to play



SLIDO QUESTION

Which of these stakeholder takeaways resonates most with you?

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WSTI Recommendations for CREPC Consideration

Actionable items CREPC could undertake today to achieve positive movement for transmission development in the West

Form a CREPC Transmission Working Group

- **Seek funding to hire staff and consultants**
- **Focus on state of Western transmission grid and potential cost allocation approaches**
- **Identify interregional transmission projects**
 - Hire transmission planning firm
 - Investment-grade analysis of significant Western transmission needs
 - Identify potential major multi-state projects
 - Possible designation as NIETCs
- **Facilitate state transmission cost allocation coordination**
- **Host a Western transmission conference**
 - Multiple stakeholders including provincial and state government
 - Examine state of Western transmission grid

Other Potential Actions

- **Improve regional and interregional transmission planning processes**
 - Encourage independent planning processes
 - Promote forward looking and inclusive planning
 - Monitor FERC planning and cost allocation rulemaking and participate in compliance proceedings
 - Participate in other regional efforts, such as the WPP/BPA process
- **Encourage additional federal transmission investments**

Proposed Process Ahead

OCTOBER 2023

- Presentation of WSTI recommendations to CREPC
- CREPC body provides feedback to the CREPC Co-chairs regarding interest in pursuing the recommendations at a virtual webinar planned for October 25 or 27
- Co-chairs determine whether to move forward

November 2023

- CREPC's willing members signal an intent to move forward (if determined) by:
 - Announcing the formation of a CREPC Transmission Working Group
 - Launching efforts to request DOE's technical assistance in identifying important transmission corridors in the West
 - Leveraging CREPC consultants to support and enact action items



Questions?

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