

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

**Order Instituting Investigation into Implementation of
Assembly Bill 970 Regarding the Identification of
Electric Transmission and Distribution Constraints,
Actions to Resolve Those Constraints, and Related
Matters Affecting the Reliability of Electric Supply.**

**Investigation 00-11-001
(Filed November 2, 2000)**

**REPLY COMMENTS OF THE
CALIFORNIA WIND ENERGY ASSOCIATION
AND OAK CREEK ENERGY SYSTEMS, INC.
ON THE PROPOSED DECISION OF MARCH 2, 2004**

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March 29, 2004

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Pursuant to Rule 77.5 of the Commission's Rules of Practice and Procedure, the California Wind Energy Association (CalWEA) and Oak Creek Energy Systems (Oak Creek) respectfully submit their joint reply comments on the March 2, 2004 Proposed Decision.

I. The Commission should phase the process to expedite construction of the Pardee-Antelope-Tehachapi line, which is in an advanced planning stage.

SCE gives multiple reasons for why its CPCN application could be delayed beyond the time period specified in the PD. At Part II, SCE says it cannot apply for a CPCN without details about specific information about each interconnecting generator. At Part III, SCE says that if the study group determines a route or upgrade different from those addressed in the conceptual study, SCE will be unable to make the PD's six-month deadline.

SCE's comments indicate that the Commission's goal of expedition faces some obstacles. In response, we suggest two modifications to the current plan as set forth in the PD.

First, we recommend that the Commission phase the process, distinguishing between (a) major upgrades which we know will be necessary and for which substantial planning already has been done; and (b) upgrades which will require further study to determine the best alternative.

The study process anticipated by the PD (which we sought) is necessary to assure full and efficient realization of Tehachapi's energy resources. However, carrying out that study need not delay the work which now can go forward based on the study SCE and others already have done.

The Pardee-Antelope-Tehachapi path is such a facility. It would be network in nature, would provide benefits to all transmission customers, and could be readied for CPCN filing without completing the full Tehachapi-wide study. This first phase project should be designed to

accommodate an upgrade to 500 kV in the future. This project would anticipate, rather than preclude or duplicate, transmission needed to carry out the full plan. The combination of forward-looking planning and sensible incremental construction, responsive to stakeholder needs, will serve statutory and commercial purposes.

Second, where projects already are in the queue because they have made the necessary financial commitments and funded studies, these projects should go forward where they cause no obvious obstacle to the larger planning process. There is no reason to put these projects on hold to complete the larger process.

Our approach thus differs from SCE's. SCE uses the queued projects to avoid the larger planning process. We support the PD's finding that the substantial study process is necessary but ask that queued projects be allowed to move forward where possible. The Commission can specify which queued projects fit into this category upon application by such projects.

II. PG&E incorrectly labels network facilities as gen-ties.

PG&E (at 15-16) contends that the Tehachapi upgrades will be entirely “gen-ties” and attacks the PD for “reclassifying ‘the higher voltage portions of the contemplated Tehachapi upgrades used to carry power from multiple wind projects’ as ‘network upgrades.’” PG&E further contends that “the only apparent basis for the distinction” between gen-ties and network upgrades drawn by the PD is that network upgrades connect more than one generator to the grid whereas gen-ties connect a single generator to the grid. Id.

PG&E ignores the record. The record shows that the Tehachapi upgrades will be network upgrades, entitled to rolled-in treatment under the Federal Power Act as well as under sections 383.6 and 399.25 of the California Public Utilities Code. As explained in Oak Creek’s testimony and in its Reply Brief (at 5-21), both SCE’s Tehachapi Transmission Project and the CAISO’s proposed alternative will provide a potential new 230 kV supply to loads in the Tehachapi area, and a potential 230 kV outlet for existing wind generation in the Tehachapi area. Either alternative will resolve the existing deficiencies. Elimination of the existing deficiencies will occur because a new 230 kV supply line into the Tehachapi area will have a higher capacity and a lower impedance than does the existing 66 kV transmission facilities serving Tehachapi. These alternatives will alleviate overloads and maintain the requisite levels of voltage during base load conditions and stressed conditions. Moreover, both the ISO plan and SCE’s concept will reinforce and strengthen a crucial portion of the ISO-controlled grid.

Oak Creek's witnesses further explained that the Project will include a number of facilities located at or beyond the point at which the generator connects to the grid. In addition, these facilities all will be located in parallel with the existing CAISO-controlled grid. As a result, these new facilities will perform functions that enhance grid operation. These facilities include:

Upgrades to Pardee, Vincent, and Antelope Substations.

Replacement of existing lines between Antelope and Pardee, and Antelope and Vincent.

New 230 kV transmission lines between Pardee, Vincent, Antelope, and Substations 1, 2, 3 and 4, and including any new right of way.

New 230/66 kV Substations 1, 2, 3 and 4, including all facilities in these substations, and the land for these substations.

Any interconnection of existing facilities (the Antelope-Bailey 66 kV system) to the new system, including any upgrades to such facilities.

The Project thus benefits from its "looped" character, giving it the essential characteristics of a network facility. PG&E ignores all these facts.

Other features of these upgrades that make them network facilities are as follows:

Proximity to other system facilities: These facilities are nearby other existing system facilities in need of reinforcement. The wind generation to be connected to the Project is not remote; the distance from Antelope Substation to Substation #1 is only about 30 miles.

Creation of additional paths: As a result of project design, there will be an additional parallel path between the Vincent and Pardee Substations.

Contribution to the reliability of the existing system: The project has the potential to relieve ongoing reliability problems on the existing system in the Antelope-Bailey area.

Relief from existing overloads: The Project will likely relieve existing overloads and other criteria violations on the existing 66 kV system in the Tehachapi area. Oak Creek's witnesses explained that this relief is likely to result from disconnecting at least some of the existing user load and QF wind generation from the Antelope-Bailey 66 kV system and reconnecting it to the new 66 kV and 230 kV Tehachapi Transmission Project. These facts were acknowledged by SCE's witness Mr. Chacon (Ex. 6-108, p. 19, ln 6-9).

III. Two projects' progress does not support scrapping a Commission-monitored planning process.

In Part I of its comments (at pp. 1-2), SCE says there are two projects that are pursuing interconnection, without the process articulated by the PD. SCE implicitly asks the Commission

to extrapolate from these two projects the conclusion that timely and economical construction of transmission, sufficient to assure full compliance with the state renewables mandate, will occur somehow without Commission intervention. There is no basis for this extrapolation. SCE says nothing about the costs to these projects of pursuing the process, of SCE's level of cooperation with them (which has been uneven at best), or of the uncertainties and pitfalls in the multiple steps that lie ahead. The vagueness of the phrase ("pursuing their projects") speaks for itself; it says nothing about whether these projects are being unfairly disadvantaged. Also not mentioned by SCE: the two proposed projects involve entities with unusually large financial resources, unrepresentative of the many entities capable of developing the renewable resources in this area. A big benefit of the PD's approach is that it will make the development process more predictable and less costly, leading to more diversity, more competition and thus lower costs for consumers.

IV. In the special case of Tehachapi, early arriving generators should not have to fund interconnection studies that will benefit all customers.

PG&E (at 5) wants the generators to fund the interconnection studies. While PG&E is correct that the FERC interconnection tariffs usually require generator funding of studies, PG&E draws an incorrect analogy. The obligation under the FERC tariff applies to specific studies required by specific projects. The Tehachapi situation is different, as the PD recognizes. The need here is to conduct studies not for specific identified projects, but broader studies that anticipate the fulfillment of a state mandate. By definition, this study addresses potential projects not at the table. While there is an overlap between the nature of the studies required by the PD and the studies that would be performed under the FERC tariff, the studies required by this Commission are the FERC-required studies; they are studies required not by a specific generator seeking specific service, but by the Commission seeking to plan the transmission system to accommodate the state law renewables mandate.

PG&E in effect would impose a tax on those developers that find the time and resources to assist the study process (the utilities' costs are funded through budgets recoverable in retail rates). If PG&E's approach deters participation from developers, the study process would be dominated, if not exclusively run, by the utilities and the ISO, contrary to common sense.

There is no need for the utilities to be concerned. PG&E asks the Commission to establish a memorandum account for the costs of studies and to otherwise comply with the Commission's transmission orders. CalWEA and Oak Creek agree with this approach. The

utilities should know that reasonable costs incurred, prior to the next rate case, will be eligible for recovery.

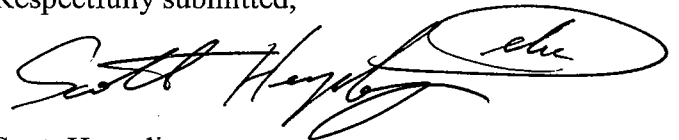
V. Adding participants can add value, but local land use planning is outside the Commission's jurisdiction.

SCE (at Part V) states that the "Department of Defense and the counties of Kern and Los Angeles all have interests in the location, size and characteristics of the wind resources and transmission facilities," and that these entities "can be critical to the optimal transmission solution contemplated by the Proposed Decision." SCE wants the PD to solicit their participation, "[a]t a minimum." (SCE does not say what should be the "maximum.")

That those with an interest in Tehachapi transmission should participate goes without saying (and could have gone without saying). But the guest list offered by SCE suggests that SCE means to expand the issues along with the invitations. Local land use planning -- a special concern of DoD and the counties -- is outside the boundaries of this proceeding and the Commission's jurisdiction. This proceeding is to arrive at an economical transmission plan: it must culminate in a list of specific upgrades and a schedule for completing them, consistent with present and future needs. Local land use is a local matter involving local procedures.

Yes transmission planning, even as confined by this Commission's jurisdictional boundaries, must be cognizant of land use concerns. But SCE knows well what its comments do not state: that the DoD, the counties, and the developers are in communication with each other, and that local ordinances have been or are being written to address any land use concerns.¹ There is no need -- or legal grounds -- to re-introduce these issues in the present proceeding.

Respectfully submitted,



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March 29, 2004

¹ The DoD, Kern County and the wind industry have been working together on land use for over two years. A local ordinance is now in place to coordinate structure height interaction between military uses and land uses. A form and procedure exists for SCE to give notice and expeditiously gain pre-clearance for any structures covered by the ordinance. Land Use Planning guidance maps will be available for review in April 2004 in that forum. A Kern County adopted Master Environmental Assessment for Wind Energy covers a substantial wind resource consistent with the Commission's transmission planning. Other land use planning activities are in progress in Kern and L.A. Counties.

APPENDIX

CalWEA's Proposed Findings of Fact and Conclusions of Law

Findings of Facts

The Commission should make the following additional findings of facts:

A comprehensive Tehachapi transmission development plan need not delay the work that SCE and others already have done for specific projects. These projects should anticipate, rather than preclude or duplicate, transmission needed to carry out the full plan. The Pardee-Antelope-Tehachapi path is such a facility, and could be readied for CPCN filing without completing the full Tehachapi-wide study.

Where projects already are in the queue because they have made the necessary financial commitments and funded studies, these projects should go forward where they cause no obvious obstacle to the larger planning process, as determined by the Commission upon application by such projects.

Conclusions of Law

The Commission should make the following additional conclusions of law:

Projects already in the queue that have made the necessary financial commitments and funded studies, should go forward where they are consistent with the full plan and cause no obvious obstacle to the larger planning process, as determined by the Commission upon application by such projects.

Certificate of Service

I hereby certify that I have this day served a copy of the

***Reply Comments of the California Wind Energy Association
and Oak Creek Energy Systems, Inc. on the Proposed Decision of March 2, 2004***

on all known parties to I.00-11-001 by sending a copy via electronic mail and by mailing a properly addressed copy by first-class mail with postage prepaid to each party named in the official service list without an electronic mail address.

Executed on March 29, 2004, at San Francisco, California.


Parashita Marschall