

## **Stakeholder Involvement Crucial to Better Plans**

### **Comments of Western Grid Group<sup>1</sup>**

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Transmission lines and other large infrastructure projects routinely face multi-year approval schedules. This delay is sometimes occasioned by the fact that the plans presented for approval often reflect the relatively narrow interests of project proponents. Many such plans do not adequately address broader public interest concerns or consider alternatives. This complicates permitting and often makes approvals contentious.

These comments outline the case that presenting decision-makers with better plans has great potential to speed up permitting and approval processes; and that producing better plans requires more inclusive planning. We present recent examples of project planning in which non-utility stakeholders have improved transmission plans and in so doing, have created broader support for their approval.

#### **1. Better Planning Is the Most Effective Mechanism for Accelerating Approvals; Stakeholder Involvement Essential.**

Transmission projects that minimize environmental as well as economic costs and which are responsive to local and regional concerns can invite less controversy, facilitate approval and minimize post-approval litigation. Stakeholder involvement can improve project design in several dimensions. Examples include:

##### **a. Better Electrical Design.**

In 2004, the California Public Utilities Commission (CPUC) identified wind resources in the Tehachapi Mountains region as able to support more than 4,500 MW of renewable energy generation. It ordered Southern California Edison (SCE) to develop a transmission plan to access those resources, in consultation with the Tehachapi Collaborative Study Group formed by the same CPUC order. In 2005, SCE proposed its Tehachapi Renewable Transmission Project, comprised of a series of trunklines on which power would flow predominately in one direction, from wind sites to load centers.

Stakeholders on the Tehachapi Collaborative Study Group proposed to the California Independent System Operator (CAISO) and SCE that the project be redesigned as a series of network connections to replace the trunklines. This approach improved the operational flexibility of the upgrades and deployed

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them in ways that strengthened the state backbone grid. The new design was approved by the CAISO in 2007.

Many stakeholder constituencies, including renewable energy generating companies and environmental and consumer groups, have recently hired or retained transmission experts to advise them. In contrast to the conventional wisdom that non-utility stakeholders cannot understand, let alone improve, electrical design, all parties should now expect stakeholders to comment knowledgeably on and in some cases help improve project electrical design.

#### b. Better Environmental Design

California's Renewable Energy Transmission Initiative (RETI) is charged with identifying and ranking Competitive Renewable Energy Zones and developing a conceptual transmission plan to access them. By consensus agreement of the 30 constituencies represented on the RETI Stakeholder Steering Committee, the transmission plan gives equal weight to environmental and economic factors. RETI transmission planning incorporates environmental concerns at the earliest planning stage.

Representatives of more than 50 local environmental groups and state and federal agencies participate in RETI's Environmental Work Group (EWG). These participants have detailed knowledge of local habitat, species and terrain features; local environmental, agricultural and cultural concerns; and permitting requirements. EWG involvement warned transmission planners away from electrical connections that likely could not obtain permit approvals. Incorporating this environmental knowledge early in the planning process saved the time and expense of developing projects that would later likely have to be abandoned.

RETI environmental evaluation ensures that existing corridors are fully utilized before new ones are considered. This is a prerequisite for environmental group support. As specific transmission projects emerge from the conceptual planning process, RETI provides a venue for identifying workable routings that respect excluded lands, solving siting problems and developing compromises that may enable environmental groups to support project approvals. Developers of the SunZia Southwest Transmission Project report similar benefits from early stakeholder involvement in project design.

#### c. Design for Approval

The most effective mechanism for accelerating transmission development is to design projects deliberately to facilitate their being approved.

Transmission project design often relies heavily, if sometimes unconsciously, on the power of eminent domain conferred by a license to construct. The prospect of wielding this power can undermine the perceived

value of designing projects in ways that increase possibilities of earning local and environmental support.

Many projects are proposed without consideration of strategies for minimizing controversy, improving public acceptance or obviating litigation. This focuses the inevitable controversy surrounding transmission proposals at state commissions, which may have to extend the timeline of their approval processes as a result.

To accelerate transmission development, projects can instead be designed from the first to facilitate their being approved. Making license approvals a central design criterion requires anticipating the difficulties decision-makers will have in evaluating the impacts, costs and benefits of the project. It requires anticipating objections—aesthetic, environmental, economic, commercial, political—and structuring the project to be responsive to as many valid concerns as possible. Stakeholder input is a prerequisite for such design.

## 2. Focus on System Planning, Not Transmission Planning, to Build Agreement on Key Assumptions.

Fundamental public concerns about transmission are issues of energy, climate change and environmental policy—resource mix, energy security, economic development, carbon reduction, public health, land use and habitat protection. Although it of course has its own specific benefits and costs, much of the public sees transmission as infrastructure to support achievement of broader social and political goals. FERC Order 890 requirements have helped make assumptions underlying planning scenarios and proposed transmission projects more open to public view. But stakeholder processes often ask transmission planners to adjudicate resource mix and environmental policy issues they cannot and are not equipped to resolve.

Influential constituencies cannot support new transmission unless they are convinced upgrades are truly required for meeting goals that transcend utility company self-interest. In addition to reliability and economic (congestion relief) concerns, issues central to such determination include whether existing transmission capacity is fully utilized, and whether dynamic load resources—location- and timing-specific energy efficiency savings, Demand Response flexibility, distributed photovoltaic generation—have been appropriately considered in planning assumptions. Issues of supply mix, generation dispatch and the emissions profile of the electric system that new transmission is proposed to support are also of critical concern to many constituencies. Transmission planning stakeholder processes are often not an effective venue for discussion of these policy issues. Instead, proceedings convened by state commissions could help build shared understanding of the policy goals transmission will then be proposed to support. DOE-requested Interconnect-wide planning in both the Eastern and Western Interconnects may provide another venue for developing more agreement among key constituencies on the goals transmission planning will ultimately support.

National policy establishing carbon reduction or renewable generation targets would resolve several of these issues and so make transmission planning easier. In the absence of such national standards, evolving state renewable generation targets can anchor regional and Interconnect planning.

### 3. Build Stakeholder Support for Project Approvals, Resolution of Cost Allocation and Siting Controversies.

Significant public acceptance is a prerequisite for developing transmission on the scale and with the urgency required to meet emerging carbon reduction and clean energy goals. The electric sector and state commissions cannot reasonably be expected to create such public acceptance or influence state and national policy by themselves. A task so large may best be approached by designing ways to make its achievement every citizen's responsibility. Involving key stakeholder constituencies in transmission planning and project design appears to be an effective foundation on which broader public acceptance can then be built.

RETI distinguishes stakeholders who are willing to work in good faith to resolve project planning, routing and siting issues from others who will only oppose transmission for self-interested reasons. Members of the RETI Stakeholder Steering Committee agree to work in good faith to achieve consensus on key issues, and to be willing to actively and publicly support approval of transmission plans and projects found by the committee to be responsibly designed and required to meet state needs. Steering Committee members represent and actively communicate with large and diverse constituencies, who are called on to support projects that RETI stakeholders have been involved in helping plan. The support of such informed and credible stakeholders provides an effective counter to inevitable local opposition that challenges the need for or siting of transmission projects, and facilitates decision-making by regulatory authorities who ultimately issue construction licenses.

Although we don't yet have experience to point to, it may be useful to consider the extent to which similarly-involved statewide stakeholder collaboratives could be effective in helping resolve interstate cost allocation controversies. Having a group which represents a wide range of diverse interests and perspectives explain the purpose, design rationale and benefits and costs of interstate projects may help catalyze the understandings necessary to support politically workable cost sharing.

FERC Order 890 requires transmission planning to include stakeholder processes that provide opportunities for public comment on proposed projects. The new processes take a step toward more openness and transparency. Utilities typically tightly manage these processes, not only because they are legitimately concerned that such meetings provide a forum mainly for transmission opponents and waste time, but also because they do not believe that stakeholder input can help improve project design, or that stakeholder support for proposed projects is necessary. As a result, the

Order 890 stakeholder process as now practiced cannot build the quality of stakeholder involvement or stakeholder support that RETI is demonstrating to be effective in California.