TRANSMISSION AGENCY OF NORTHERN CALIFORNIA

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Comments of the

Transmission Agency of Northern California

In Response to the Western Area Power Administration's

Request for Public Comments on a

Proposed Transmission Infrastructure Program

April 3, 2009

The Transmission Agency of Northern California (TANC) is pleased to provide these comments to the Western Area Power Administration (Western) in response to Western's Request for Public Comments on a proposed Transmission Infrastructure Program (Program).

TANC is a California joint exercise of powers agency organized under the provisions of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, and a Joint Powers Agreement dated as of December 10, 1984. TANC's Members include the Cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah, the Modesto Irrigation District, the Turlock Irrigation District, the Sacramento Municipal Utility District, and the Plumas-Sierra Rural Electric Cooperative.

TANC is the largest participant in, and the Project Manager of, the California-Oregon Transmission Project (COTP), a $430 million, 339 mile, 500-kilovolt (kV) transmission project extending from just north of the California-Oregon border to central California. Specifically, the COTP interconnects with the Bonneville Power Administration (BPA) at the BPA Captain Jack Substation in Southern Oregon; and with Pacific Gas and Electric Company (PG&E) in California at the PG&E Tesla Substation near Tracy, and the PG&E Los Banos Substation near Los Banos. Between 1984 and 1993, TANC and Western collaborated on the planning, design, permitting, and construction of the COTP. Western has performed as the operations and maintenance contractor for the COTP since commercial operation began on March 17, 1993.

Recently, TANC initiated the Public Scoping process for the TANC Transmission Project (Project or TTP), a proposed series of both 500-kV and 230-kV transmission line segments, which will span nearly 600 miles in northern California, improving the reliability of northern California's electric system and providing access to planned renewable generating resources in this region. TANC has rigorously studied the TTP, including the issuance of a Request for Information to renewable energy resource developers, dated May 9, 2008, that resulted in the

identification of significant levels of planned renewable energy resources within northern California and northwestern Nevada, regions to and/or through which the TTP is planned for development. Necessary environmental processes related to the TTP are being completed in cooperation with Western, as the TTP's lead federal agency, to ensure consistency with applicable requirements of the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA). The Scoping Process provides an opportunity for public comment on relevant environmental issues and alternatives that should be addressed in a Joint Environmental Impact Report/Environmental Impact Statement (EIR/EIS) that TANC and Western will prepare for the TTP.

The western United States and California energy crisis of 2000 and 2001 can be attributed to various causes, but a major component of that crisis was insufficient energy infrastructure. Over the past five years, many of TANC's Members and other public power agencies have embarked on ambitious generation resource additions. Unfortunately, California and the Western Interconnection are not "out of the woods" and additional energy infrastructure including generation, transmission, and gas pipelines are required to ensure future reliable delivery of electricity to the energy consumers in the Western Interconnection. TANC is strongly encouraged that Congress included Section 402 in the Recovery Act and believes that Western's implementation of an effective Transmission Infrastructure Program is a critical step required to overcome transmission infrastructure deficiencies within the Western Interconnection and to promote the development of renewable energy resources throughout the western United States.

TANC has reviewed the proposed Program, as outlined by Western in the Federal Register, and generally agrees with the principles and programmatic elements described therein. In addition to these considerations, TANC has identified several other principles that ought to be addressed in developing Western's Program. These principles have been drafted to emphasize the importance of collaboration, advanced planning, multi-regional development, and procedural flexibility in Western's Program by providing funding priority to projects that have actively addressed these considerations. In particular, TANC believes that Western should consider including the following specific principles/provisions in its Program:

- Transmission projects that are currently undergoing development activities should receive funding priority as Western administers the allocation of initial stimulus monies.
- Transmission projects that have completed necessary sub-regional planning efforts should receive stimulus funding priority.
- Western should favor direct participation in transmission projects that have completed necessary sub-regional planning efforts.
- Transmission projects that have initiated requisite environmental processes, such as NEPA, should receive stimulus funding priority.
- Western should favor direct participation in transmission projects that have initiated requisite environmental processes.

- Western should limit the distribution of stimulus funding for individual transmission projects to an amount between 10 percent and 40 percent of total project costs, which will allow Western to stimulate development for a larger number of proposed projects.
- Western should attempt to fund transmission projects within the respective jurisdictions of each of its regional offices.
- Transmission projects that clearly identify preferred partnering structures should receive stimulus funding priority.
- Similarly, transmission projects that clearly identify multiple partner options should receive stimulus funding priority.
- Procedural flexibility should be included within Western's Program principles to ensure that region-specific planning considerations and issues can be addressed in evaluating individual projects.
- Any business-sensitive, project-specific information provided to Western by participating/commenting entities should be treated as confidential to the extent reasonable and practical.
- Western should carefully consider the imposition of any eligibility restrictions with respect to proposed transmission projects.
- TANC strongly supports Western's goal of leveraging its borrowing authority by encouraging non-Federal project participation.

TANC believes that the inclusion of such principles and/or provisions will help qualify highly viable projects, will promote collaboration among prospective participants and/or developers, will increase the number of projects supported with available stimulus funding and will provide Western with an appropriate level of flexibility in administering this process. TANC is encouraged by Congress' recent actions and the efforts to date by the Department of Energy to address deficient energy infrastructure in the Western Interconnection. TANC recognizes that the Recovery Act represents a momentous opportunity to correct these deficiencies, improve overall system reliability, and increase access to renewable energy resources throughout the western Unites States. TANC believes that coordinated participation by the federal government is critical to successful development of transmission projects in the Western Interconnection (Western is a participant in the COTP, Mead-Phoenix, and Mead-Adelanto transmission projects).

TANC appreciates Western's consideration of its proposed principles and/or provisions for the Transmission Infrastructure Program. TANC is willing and able to meet with Western staff and management to discuss our proposed projects and how we may be able to assist Western in developing and implementing its Transmission Infrastructure Program. As the Project Manager for the planning, development, land acquisition, construction, and operation and maintenance of the COTP, TANC has significant experience in working with multiple agencies and stakeholders to not only plan transmission projects but also to see them built and become part of the solution to a reliable electric grid in the Western Interconnection.