

# 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).



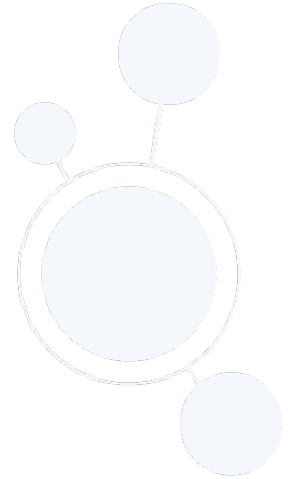


# The Western States Transmission Initiative Process

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.

|   |   |   |
|---|---|---|
| <b>AUGUST 9</b><br><b>Kick-Off Meeting</b><br>3 hours<br><i>Presentation of stakeholder interview findings; scope and problem statement development</i> | <b>August 30</b><br><b>Deep-dive</b><br>3.5 hours<br><i>Presentation and discussion of synthesized recommendations for Western coordination</i> | <b>September 13</b><br><b>Deep-dive</b><br>3.5 hours<br><i>Finalization of recommendations to bring before full CREPC body at October meeting</i> |
|---|---|---|

## OUTCOME

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



# The West's Transmission Landscape

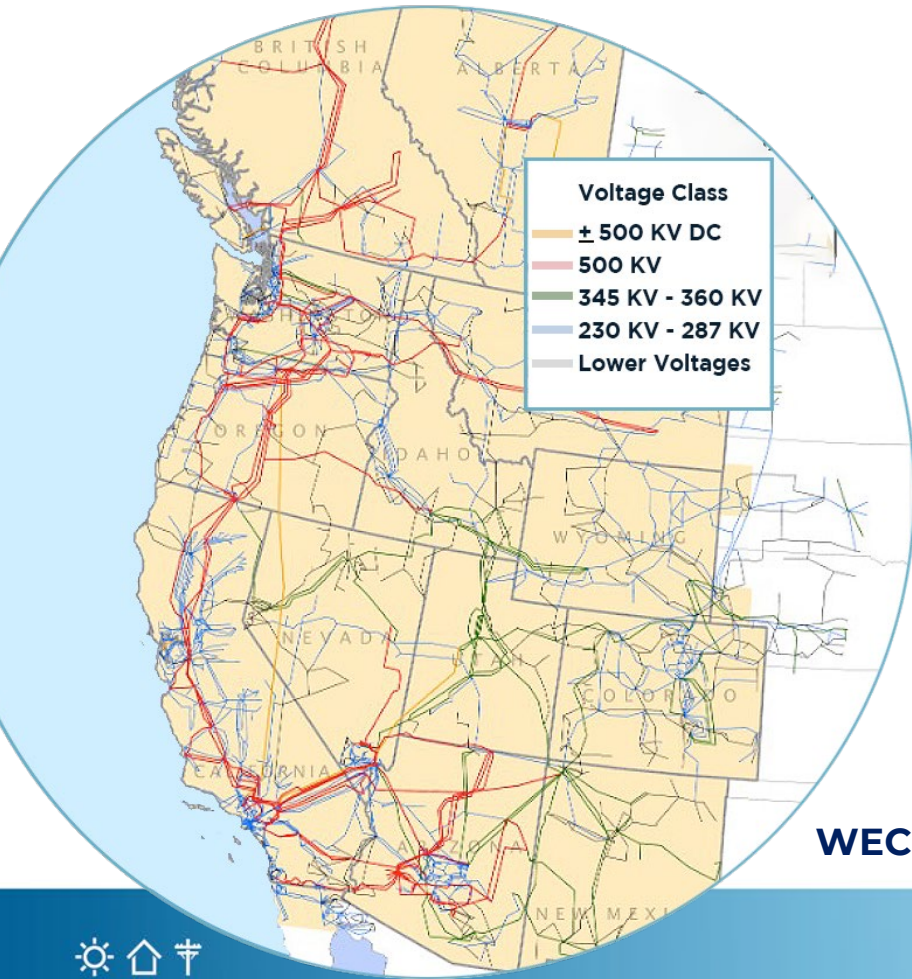
A brief introduction to the  
state of transmission in the  
Western Interconnect

# 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)

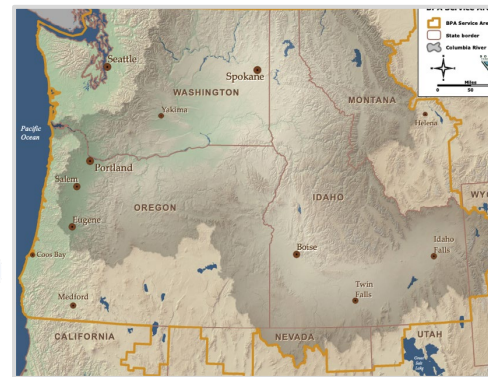
## FERC Order No. 1000 regional planning

- 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

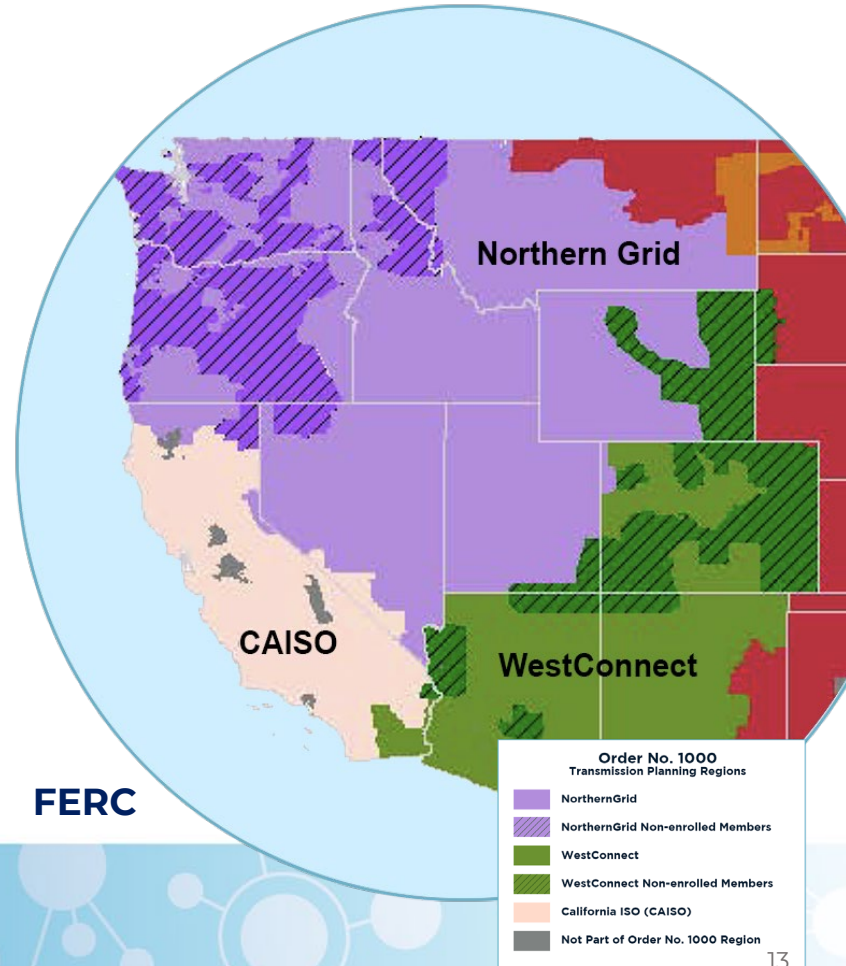
Plans for and manages the flow of electricity for about 80 percent of California and a small part of Nevada

## 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

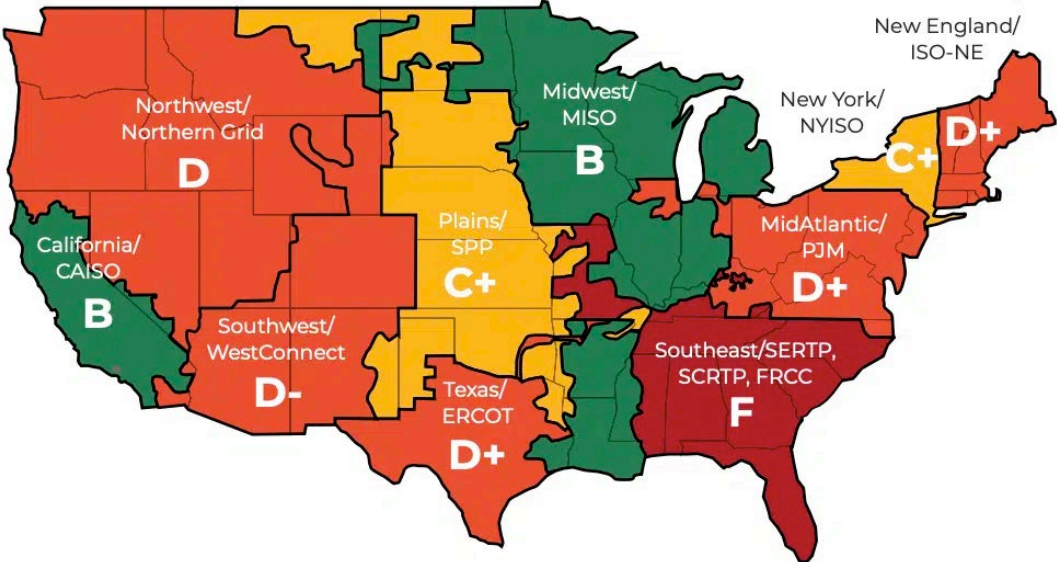
## WestConnect

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)

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

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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

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*How to Reach Agreement  
Amongst Regulators*

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



GRIDWORKS



# 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?

## CONTACT

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