

Federal Electric Transmission Siting NARUC Summer Committee Meetings



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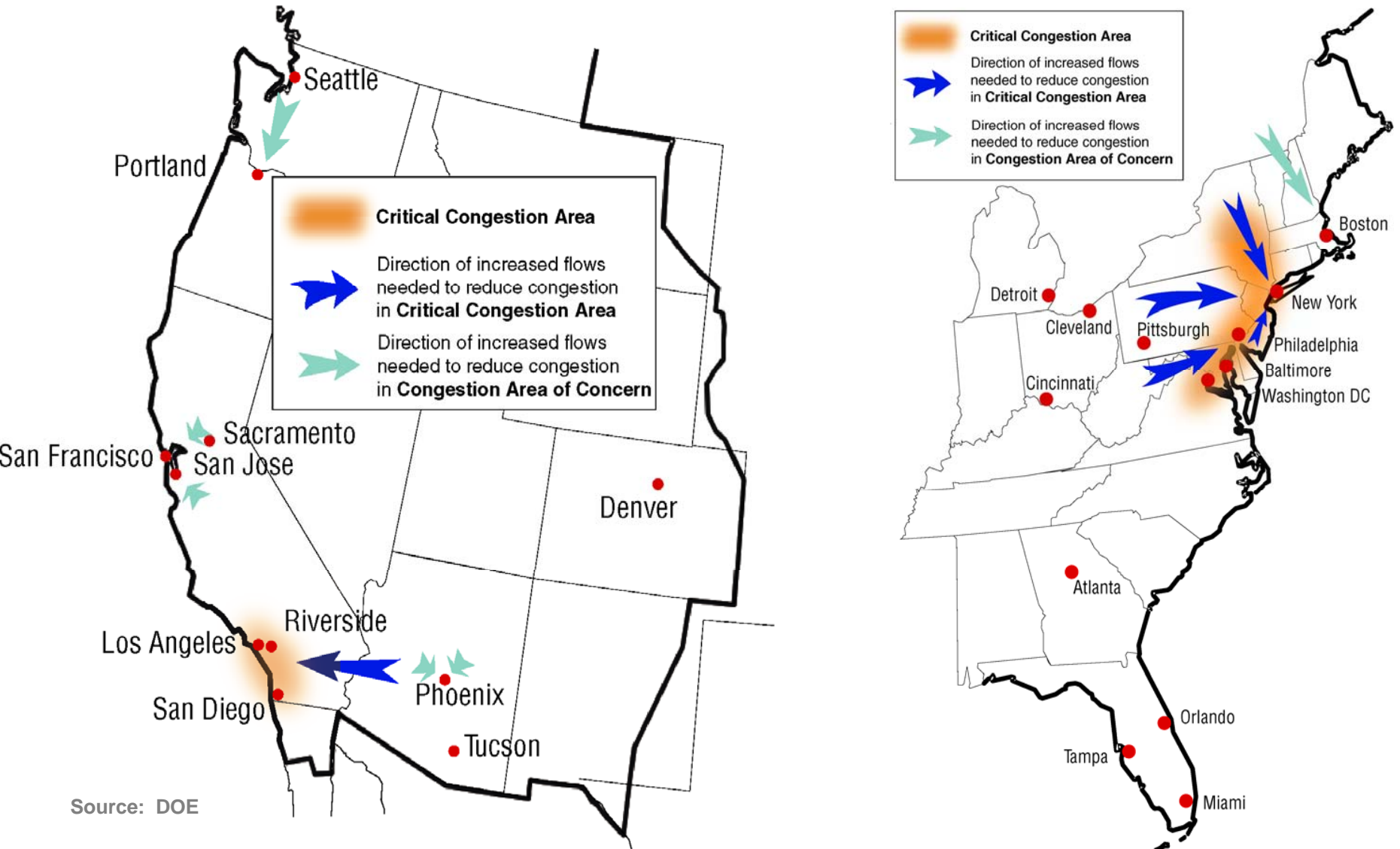
Energy Policy Act of 2005 (EPAct)

Supplemental Electric Transmission Siting Authority

Section 1221 of EPAct

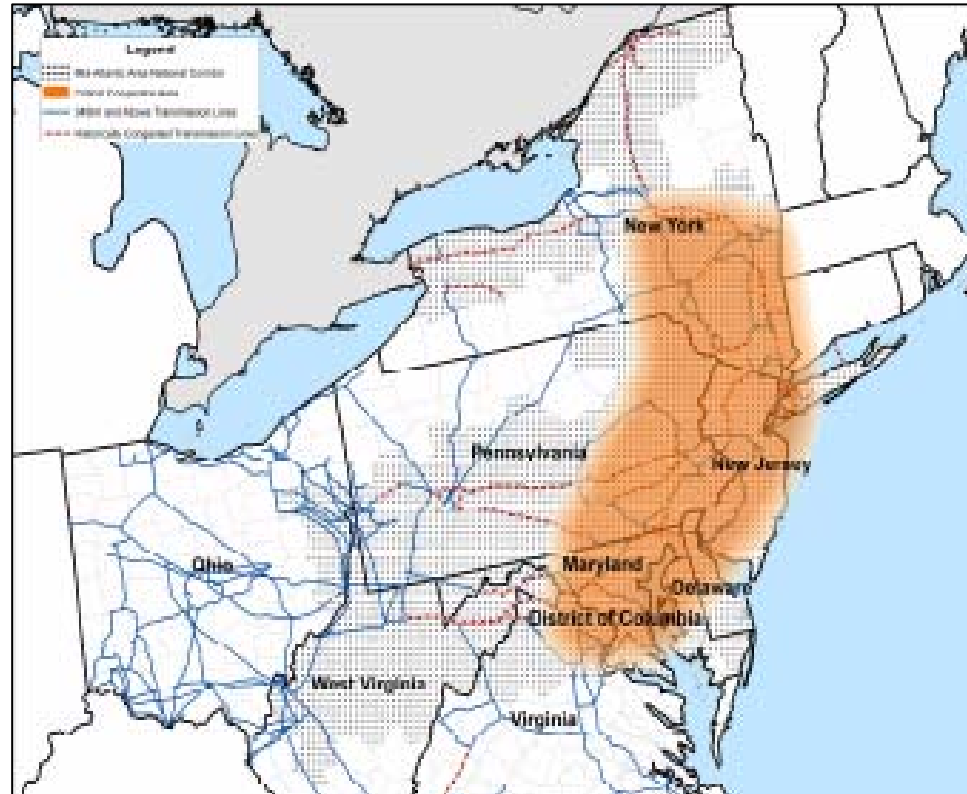
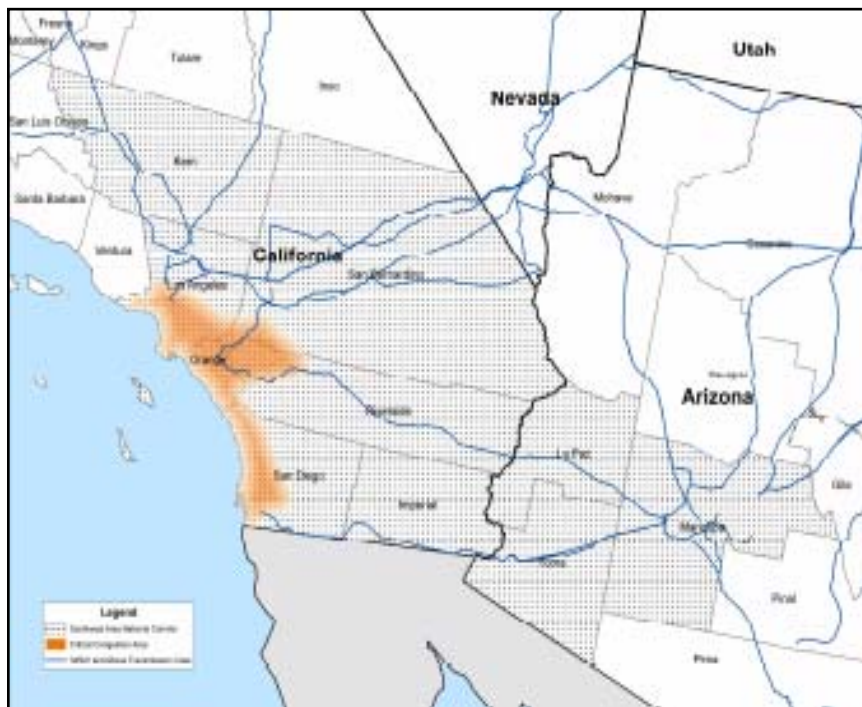
- DOE issues national congestion study (August 2006)
- Based on the study results, DOE may designate any geographic area experiencing capacity constraints or congestion that adversely affects consumers as a National Interest Electric Transmission Corridor (National Corridor)
- DOE designates first National Corridors (October 5, 2007)
- Under certain circumstances, FERC may issue construction permits for electric transmission facilities located in National Corridors

DOE National Electric Transmission Congestion Study Critical Congestion Areas & Areas of Concern (August 2006)



DOE Designated National Corridors (October 2007)

Southwest National Corridor



Mid-Atlantic National Corridor

Commission's Transmission Siting Authority

The Commission is authorized to:

- ➔ Review applications for proposed transmission facilities to determine if they meet statutory criteria
- ➔ Coordinate processing of authorizations issued under federal law
- ➔ Issue construction permits for facilities located in National Corridors that meet statutory criteria

Commission's Permit Review Process

Commission may issue a permit if it finds:

- ⇒ Authorized states have had at least one year to approve facilities;
- ⇒ The proposed project:
 - Will be located in a National Corridor;
 - Will be used in interstate commerce;
 - Is in the public interest;
 - Will significantly reduce congestion and protect and benefit consumers;
 - Is consistent with sound national energy policy and will enhance energy independence; and
 - Will maximize the use of existing facilities, to the extent reasonably and economically possible.

FERC Regulations for Transmission Siting Applications

- ⇒ Notice of proposed rulemaking (NOPR) issued June 16, 2006
- ⇒ Final Rule (FERC Order No. 689) approved November 16, 2006
- ⇒ Federal appeals court review
 - Oral argument presentations May 16, 2008

Permit Process - Pre-filing

In the pre-filing process the participants will:

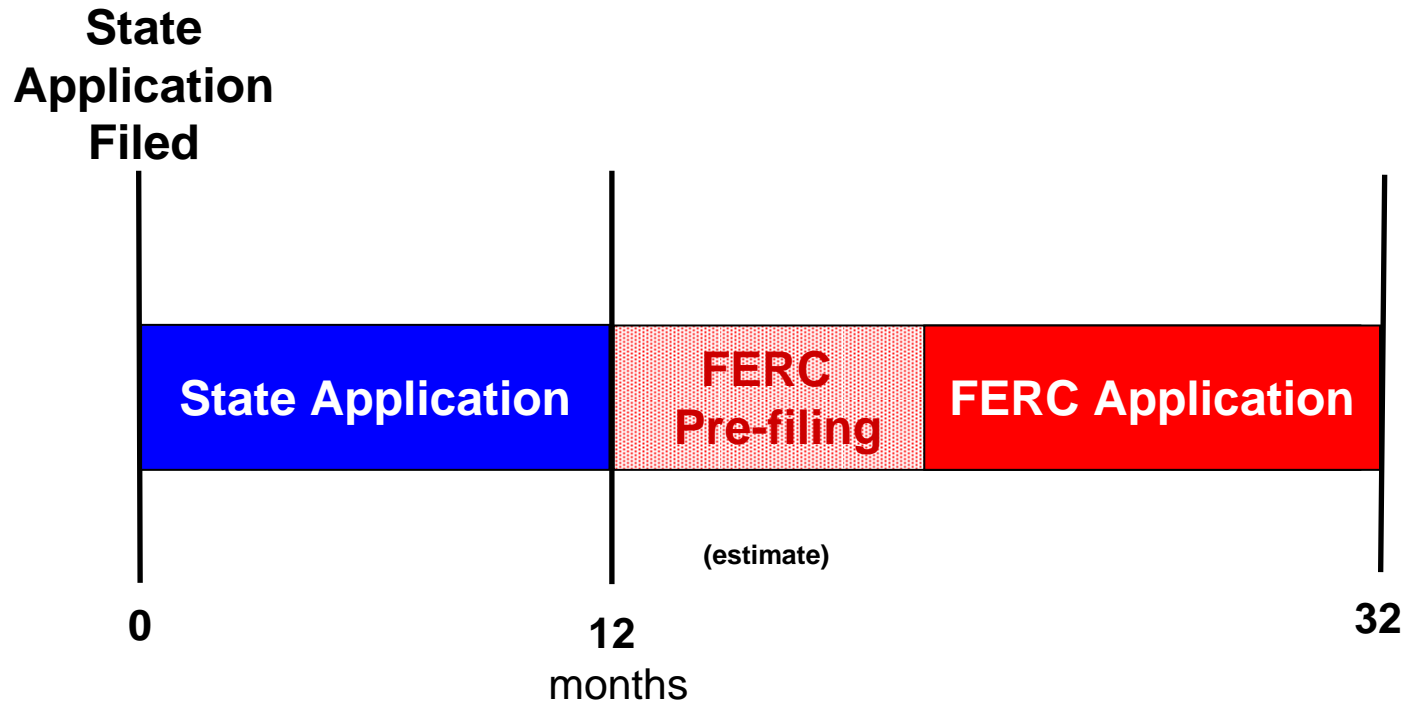
- ➔ Implement a Project Participation Plan to inform and to include states and other interested entities in the process
- ➔ Gather information necessary to complete the application including information generated in any state proceeding
- ➔ Work to resolve issues at the local, state, and regional level

Permit Process - Application

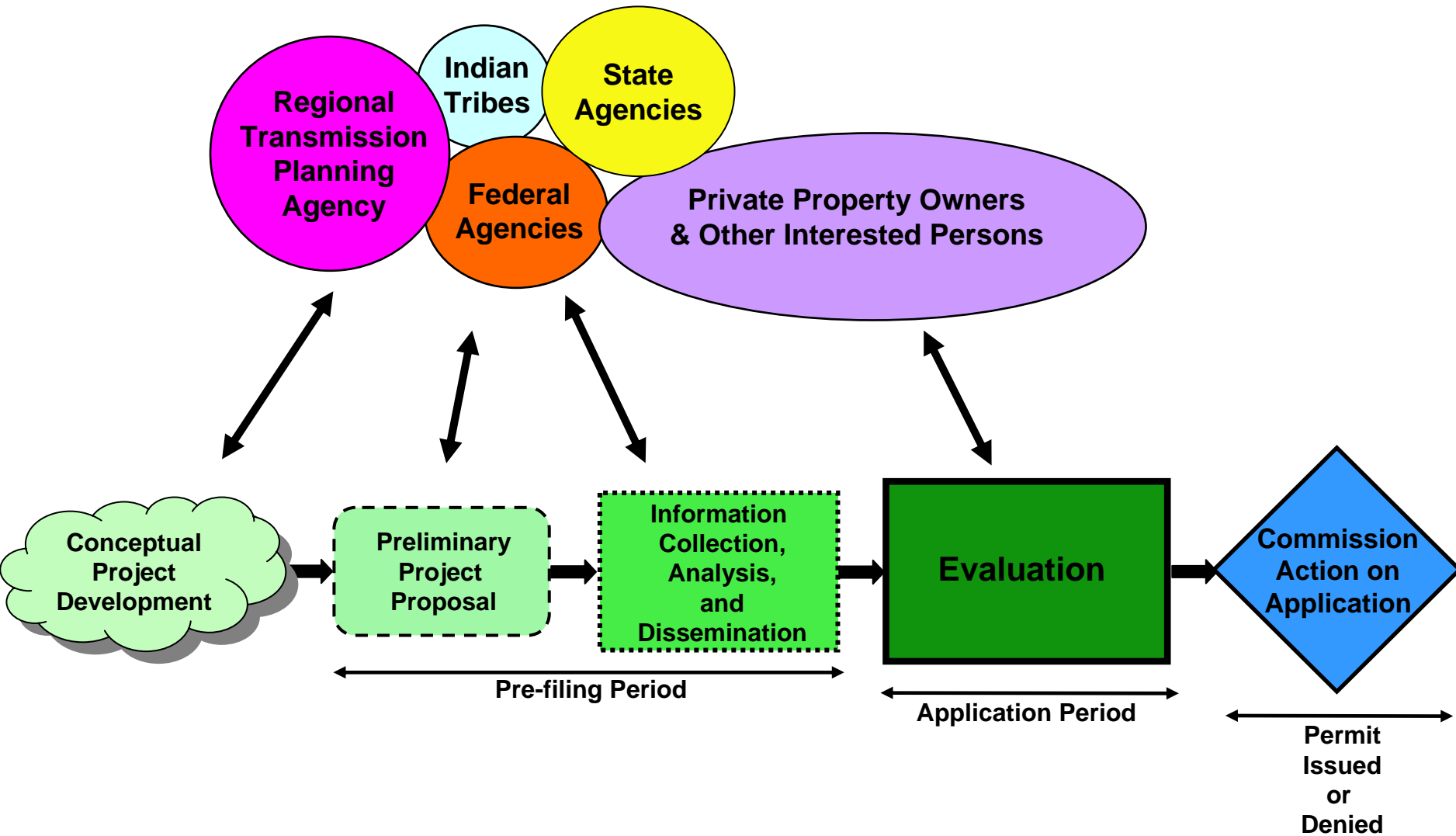
Following filing of an application FERC will:

- ➔ Complete the environmental review process in consultation with affected state(s)
- ➔ Coordinate all federal authorizations for the proposed facilities
- ➔ Conduct a thorough evaluation of the record recognizing the input of the state(s)
- ➔ Prepare an order on the merits
- ➔ Decide on the application within one year as required by EPAAct

Permit Process – Timelines



Stakeholders Help Transmission Project Take Shape Through a Variety of Formal and Informal Input



Case Study

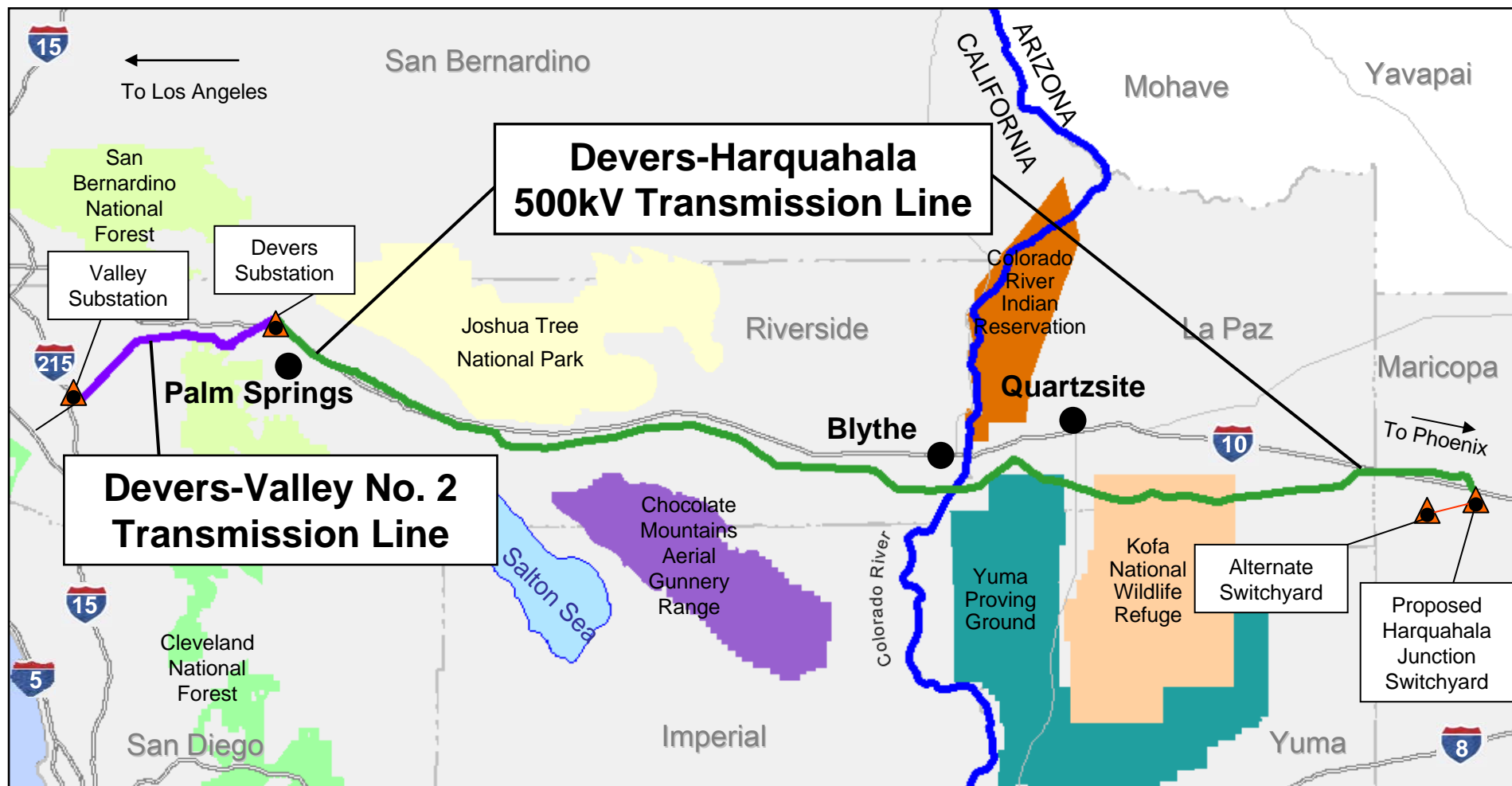
Devers-Palo Verde No. 2 Project

Southern California Edison

Devers-Palo Verde No. 2 (DPV2) Transmission Line Project - Background

- ⇒ DPV2 is a proposed 267-mile 500 kV transmission line project from CA to AZ (97 miles in AZ)
- ⇒ Consists of two segments: Devers-Harquahala Line (225 miles) and Devers-Valley #2 Line (42 miles)
- ⇒ Adjacent to existing 500 kV DPV1 line and is entirely within DOE's Southwest NIETC

Devers-Palo Verde No. 2 (DPV2) Transmission Line Project – Overview Map



Source: Energy Velocity and SCE

Devers-Palo Verde No. 2 (DPV2) Transmission Line Project – Background, cont'd

- ➔ Southern California Edison (SCE) submitted applications to CPUC in April 2005 and ACC in May 2006
- ➔ CPUC approved CA portion in January 2007 and ACC denied AZ portion in June 2007
- ➔ SCE appealed the ACC decision in August 2007
- ➔ SCE & ACC filed a joint request to stay appeal to allow SCE & ACC to work on a solution

Devers-Palo Verde No. 2 (DPV2) Transmission Line Project – FERC Status

- ⇒ SCE initiated consultation with OEP Director on February 25, 2008
- ⇒ SCE filed pre-filing request with Director on May 16, 2008
- ⇒ Director approved SCE's pre-filing request on May 30, 2008
- ⇒ Commission issued NOI to prepare a draft EIS on June 17, 2008
- ⇒ Commission staff held two scoping meetings in AZ, July 8-9, 2008

Devers-Palo Verde No. 2 (DPV2) Transmission Line Project - Challenges

- ➔ Congestion evaluation
- ➔ Analysis of reasonable alternatives
- ➔ Environmental impacts
- ➔ Cumulative impacts
 - Water usage
 - Air quality
 - Climate change, CO₂

Conclusion

- ➔ FERC encourages state siting whenever possible
- ➔ FERC's supplemental siting process is in place
- ➔ Ultimately, success will be measured by energized projects that reduce congestion and increase reliability.