BEFORE THE U. S. HOUSE OF REPRESENTATIVES
Committee on Resources, Subcommittees on Water and Power and Forests and Health

Testimony of James P. Avery
For San Diego Gas & Electric Company

"Meeting Electricity Demand in the West through Responsible Development of Energy Rights-of-Way on Federal Lands"

Tuesday, June 27, 2006

Mr. Chairman, Ladies and Gentlemen, my name is James P. Avery and I am the Senior Vice President over the electric operations for San Diego Gas & Electric Company ("SDG&E"). I would like to thank you for providing me with this opportunity to share my experience in siting new transmission facilities, but most of all, for taking the time to involve yourselves with what I believe is a very important issue that is facing this country today.

SDG&E provides electric utility service to 1.3 million customers in and around San Diego, California. San Diego is the nation's eighth largest city and the nation's sixth largest county, with an economy in excess of $70 billion of goods and services per year, and SDG&E is the sole electric utility serving this area.

SDG&E also provides electricity to many critical defense facilities. San Diego is the west coast home base for the U.S. Pacific Fleet. Our service territory includes Camp Pendleton, the largest Marine Corps Base in the US, as well as 16 Navy and Marine bases. The total military population on these bases exceeds 100,000 military personnel and over 20,000 civilian personnel.

As I look back at the energy crisis of 2000 and 2001, and the time periods before and after that, perhaps the most important lesson we should take away is that California, and this country in general, has become dependent on inefficient and antiquated power plants and transmission infrastructure. Here we stand six years after the crisis, and very little has changed.

While it is true that several new power plants and some new transmission lines have been placed into service over the last few years, we are still dependent on infrastructure that was largely constructed many decades ago.

Over the next decade, California must construct over 15,000 megawatts of new generation in order to meet the needs of our growing economy. At the same time, we will have to replace an equal amount of generation as older power plants are retired and removed from service. In addition, new transmission lines will be required to enable movement of power and energy from these new generation sources to local load centers, and to alleviate congestion that has come about as a result of growth over the past two decades. Putting it very simply, our investment in generation and transmission has not kept pace with our economic and physical growth. As a result, our interstate transmission system has become congested making it inefficient to move energy between generators and our customers.

Today, our customers in the San Diego region pay over $200 million each and every year to buy our way around the inefficiencies in a transmission infrastructure that was designed to serve the loads of 20 years ago. And congestion can be found on virtually every transmission network located across this country.

I did not come here today to complain about our problems. I came here today to inform you about what we are doing to solve them so you can help us to make these solutions a reality.

First and foremost, SDG&E is committed to promoting our energy conservation initiatives. Second, we are pursuing demand response programs to enable our customers to become a part of the solution. And third, SDG&E has been recognized as a leader in this country for expanding the development of new and clean energy from renewable resources such as wind, geothermal, biomass and solar energy. For example, SDG&E has contracted with Stirling Energy Company for what will become the largest solar energy power plant in the world. But to deliver this energy, a new transmission line crossing federal land is needed. In addition, federal land will also be needed to site the Stirling Energy solar power plant.

To meet these needs, and to reinforce the existing transmission network that serves the San Diego region, SDG&E has proposed a new 500 kilovolt transmission line known as the Sunrise Powerlink. The Sunrise Powerlink will be the first new transmission link built to serve the San Diego region in over 20 years and will increase the deliverability of power into the region by over 40 percent. At the same time, the Sunrise Powerlink will be capable of delivering approximately 1000 megawatts of clean and efficient energy from renewable resources while reducing costs through the elimination of some

of the inefficiencies that exist in our transmission network. The elimination of these inefficiencies alone will save our customers over $100 million per year.

The Sunrise Powerlink will originate in the Imperial Valley and extend about 140 miles west to the center of SDG&E's system. To do this, we will have to cross approximately 40 miles of federal land under the control of the Bureau of Land Management. In addition, this line will come in close proximity to other federal lands under the control of the Department of Defense. SDG&E is committed to working with these agencies to ensure that this line is designed and engineered to meet strict environmental standards. To date, both the Bureau of Land Management and the Department of Defense have worked collaboratively to move this project along. In this regard, we acknowledge the recent efforts of the Department of Energy to implement regulations governing transmission development on federal land under authority granted by the 2005 Energy Policy Act.

But other obstacles still exist. There are competing interests for the use of federal land. For example, our recent experience suggests that federal land managers suffer serious staffing constraints making it difficult to timely and effectively address access issues. My request to you is that you send a clear message to all federal agencies to place a high emphasis on the use of federal land to support new energy infrastructure that is critical to the future of this country.

Our efforts are not stopping there. Beyond our service territory, we are supporting the study efforts that have been initiated by the Governors of California, Nevada, Utah and Wyoming, who are working together to spearhead the development of the Frontier Line. The Frontier Line is a proposed new interstate high-voltage electric transmission line proposed across the Western U.S., originating in Wyoming and with terminal connections in Utah, Nevada and California.

The utilities involved in the study work are Southern California Edison, Pacific Gas and Electric, Sierra Pacific Power, Nevada Power, Rocky Mountain Power, Utah Power and SDG&E. This partnership will work with other players in the region that are planning transmission expansion, including National Grid, Arizona Public Service and the Wyoming Infrastructure Authority. This effort will also coordinate with the proposed TransWest Express project.

The Frontier Line has the potential to spur the development of thousands of megawatts of new renewable-generated power and clean coal power to consumers in the southwest. The Frontier Line, with its associated generation resources, is the largest clean and renewable energy infrastructure project ever proposed in the Western U.S.

Behind the need for studying such development is the fact that the West is the fastest growing region of the country. Accordingly, new electric infrastructure is required. In addition, the need to diversify the region's energy resource base, providing further protection for consumers against energy price spikes and shortages, is essential.

The Frontier Line project also has the potential to:

- Strengthen the reliability of the West's transmission system;
- Reduce reliance on foreign energy imports and enhance domestic energy security; and
- Encourage new technologies that can accelerate the development of renewable energy generation and reduce the cost of controlling emissions from the West's vast fossil fuel resource base.

The need to serve the public demand for electricity, along with the need to be sensitive to land use and environmental preservation, are not mutually exclusive. Rather, these needs must and can co-exist. Regulators need to recognize that there will always be opposition to infrastructure development by special interest groups. While such groups may raise issues of concern for consideration, regulators must weigh these concerns against the need for electric infrastructure and strike a balance where new infrastructure is allowed to be built while at the same time protecting the environment. Further, we need to work together to better educate the public in regard to the need for infrastructure development. SDG&E fully supports working with community groups and holding open stakeholder meetings for the exchange of ideas as we have demonstrated with our public outreach efforts on the Sunrise Powerlink.

In summary, we must all work together to do the right thing for the public benefit. What we need from you is your support and your commitment to remove any unreasonable obstacles, and to send a clear message to all federal agencies to place a high emphasis on supporting new energy infrastructure that is needed to serve the future needs of our consumers. As we say in San Diego, "we are serving you today and planning for tomorrow".

Thank you again for the opportunity to speak today.