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Testimony of

Richard Halvey
Energy Program Director

Representing the

WESTERN GOVERNORS' ASSOCIATION

Regarding

Getting Past Gridlock: Models for Renewable Energy Siting and Transmission

Chairwoman Napolitano, Chairman Costa, Representative McClintock, Representative Lamborn and Members of the Committee:

My name is Richard Halvey. I am the Energy Program Director for the Western Governors' Association. Thank you for the invitation to testify today concerning renewable energy siting and transmission.

In April 2008, the Western Governors partnered with the U.S. Departments of Energy, Interior, Agriculture and the Federal Energy Regulatory Commission to create the Western Renewable Energy Zones project. The Department of Energy has been the primary funder for this project. The purpose of this project was to identify those areas with the potential for large-scale, cost-attractive renewable energy development across the Western region and the high voltage transmission that would ensure this electricity can be delivered to demand centers. Moreover, a critical element of the project was to assess the developability of these areas by evaluating potential obstacles related to such things as wildlife habitat, topography, and military land use. By identifying the most developable renewable resource zones throughout the Western Interconnection, load-serving entities, transmission providers, and state regulators will be able to make the most informed decisions about the costs of renewable power, the optimum transmission needed to move renewable power to consumers, and which entities might have the potential to form partnerships for developing transmission to access renewable energy. By promoting a regional perspective, we can blunt the potential balkanization of renewables markets, while respecting each state's primary jurisdiction in siting generation and transmission facilities. We can pave the way for interstate collaboration on the permitting of multi-state transmission lines and more equitably allocate and recover the costs of new transmission.

In June 2009, the Western Governors released the project Phase 1 report quantifying the potential of the richest renewable resource areas. But this only gets us part of the way to where we hoped to be. In assessing developability we quickly realized the need to perform more comprehensive and uniform assessments of wildlife sensitivity across the West. We need to develop information that will decrease uncertainty on the part of project developers, utility planners and transmission companies. We have substantial work planned on this project over the next five years. We will be working with utilities and Western Electricity Coordinating Council to identify the preferred renewable energy zones. We will engage utilities and regulators to zero in on zones in which there are multiple interested load serving entities, including working to promote regional cooperation on transmission siting and permitting. We will be working to improve the integration of wildlife, natural resource and environmental values into decisions on the development of generation and associated transmission in these renewable energy zones. We will produce studies that tell us how to maintain grid reliability if we add substantial amounts of variable renewable energy. We will study recent permitting successes and failures to determine how best to efficiently locate facilities and transmission lines. Finally, we will suggest options for fair and effective cost allocation as it applies to the West and developing recommendations for "right sizing" transmission lines.

The challenge, not only for the West, but for any area of the country that would like to see an expansion of renewable energy generation, is to determine how we can shift an existing paradigm that generally favors smaller, more locally viable facilities to one that includes larger,

contiguous areas of renewable development, high capacity, long distance transmission lines, and permitting processes that diminish the gap between project completion and transmission availability. Promoting a generation and transmission system that includes renewable energy developments both small and large must be considered when considering energy policy, and we must be able to accomplish this on a timeline which meets state and federal energy objectives. The governors believe there must be a way to protect wildlife and other natural resources and still issue permits in a shorter time than the three to ten years we often see.

The Western Governors have mentioned this previously, and we will mention again the need for the federal government to be responsible for ensuring that near-term projects proposed to serve large, geographically constrained, low carbon resource areas are adequately sized to meet long-term needs and will preserve options for correctly sizing transmission projects in the future. Trying to increase the capacity of an already constructed transmission line is both difficult and expensive. When we know future demand will materialize, action by the federal government to correctly size lines will help projects capture economies of scale in building transmission and avoid environmental impacts from the construction of multiple lines to the same area. We propose that the federal government pay for the incremental cost of building higher capacity lines to these areas. This strategy will require federal legislation.

We also believe it is critically important to work in concert with federal agencies, especially the FERC and the Departments of Energy and Interior, to identify common objectives, share information, and maximize our resources.

Finally, we believe it is important for both the states and the federal government to look to the future. Ultimately we need to identify a generation and transmission system that will achieve our long-range energy, environmental, natural resource, and wildlife protection goals. We need to do it in an integrated, comprehensive, and collaborative way that includes states, federal agencies, and the affected stakeholders.

We are also including the Phase 1 Report for the Western Renewable Energy Zones Project as part of our testimony.

WGA stands ready to work on energy siting and transmission. Thank you for the opportunity to talk with you about this important topic.