Transmission Siting Authority: What Need of Need?
The View from OZ
Harvard Energy Policy Group
October 2, 2009

Joanne Reuter
Reuter Legal and Consulting Services
Albuquerque, New Mexico
505-980-9264
Joannereuter@comcast.net
Toto, this isn’t Kansas anymore . . .

- Outdated paradigm
- What do we want new transmission to accomplish?
- Who do we want to build it?
- Is regulatory sea change needed?
- Is regulatory regime change needed?
In search of the Emerald City . . .

- Mitigation of climate change
- Energy production with lower carbon footprint, renewable sources
- Foster export of renewables to energy sink states, urban load centers
- Foster transmission of fossil fuels from renewable producing states
 Invite the Scarecrow, Tin-man and Lion . . .

• Utilities
  – Old school: transmission to local, owned plants
  – Local control of transmission system (in West)
  – Counterproductive incentives favor utility owned fossil, ignore third party merchant renewable

• Third-Party Transco’s
  – Likely to propose economically viable projects
  – Incentive to encourage multiple suppliers
Dodge the apple-throwing trees . . .

• Allow non-utility construction
• Expand eminent domain powers
• Improve cost-recovery and financing
  – Remove or allocate costs from rate base
  – State bonding authority
  – Region-wide rate setting (e.g., ERCOT model)
  – Separate siting and need from ratemaking
  – Tribal sovereignty
Here come the flying monkeys . . .

• Multi-agency siting decisions
  – Prohibitive transaction costs and timing
  – Simplify approval process
  – Bake in expert environmental review
  – Local input absolutely necessary

• Local vs. regional, national or global footprint
  – Balkanized grid, pancaked rates in West
  – Eliminate or expand definitions of need and public interest
  – Improve cost recovery
The Wizard’s balloon is ready to go . . .

• Expanded definition of “need” and public interest:
  – Resource mix accessible to consumers
  – Global environmental effects
  – Impact on state and region’s economy and economic development
  – Effect on competition
  – Effect on congestion etc. and other shortcomings of existing grid
  – “Reliability” to include national energy security, therefore renewables
Toto, we are still in Oz!

• New Mexico experience
  – Vast renewable sources
  – Solar capacity factors equivalent to fossil
  – Regulatory best practices
  – N.M. RETA limited by resources
  – No significant lines in N.M. since 1980’s
Click the ruby slippers three times and say . . .

- Regional footprint for planning, siting and cost recovery
- Availability of financing
- Certainty of recovery and approvals -- Alberta
- Revisit Western RTO’s - Waxman/Markey
  - Backlash from RTO/ISO wars
  - States rights to control their destiny
The Good Witch of the North or the Wicked Witch of the West?

- Regional self-regulation
  - Tradition of cooperation in West – WECC and CREPC
  - Commerce Clause, Compact Clause issues
  - Presumptive need, public interest and siting
  - Voluntary standard criteria (such as ABA Model Acts)
  - Tribal involvement
  - Northern Tier Transmission Group model: “Don’t prejudge, pre-think”