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Tx Summit Explores California's Link to Rest of West

October 28, 2019

By Hudson Sangree

SCOTTSDALE, Ariz. — The often tense relationship between California and other Western states occupied much of this year's Transmission Summit West, where the debate focused on whether states such as Idaho and Wyoming should draw closer to the Golden State or keep their distance.



Transmission Summit West and the Mountain West Renewables Summit took place in side-by-side meeting rooms at a resort in Scottsdale, Ariz. | © RTO Insider

The summit was held in conjunction with the Mountain West Renewables Summit, both organized by Infocast, at the Scottsdale Resort at McCormick Ranch.

Some speakers at the summits argued that a Western RTO made eminent sense, while others said their states didn't want to feed California's appetite for renewable energy without seeing enough benefits in return.

Arizona, for instance, is a politically conservative state with low electricity costs, said Michelle De Blasi, executive director of the Arizona Energy Consortium, a group that promotes the state's energy industry. Arizona has the nation's

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largest nuclear power plant, the 4,000-MW Palo Verde Generating Station, and one of the country's youngest coal fleets, De Blasi noted. Both produce low-priced electricity that benefits Arizona ratepayers, she said.

Arizona's electric utilities will take California's solar power, particularly when there's negative pricing, but they haven't found interstate cooperation sufficiently useful to justify major investments, she said.

"It hasn't made sense for them to go and build power lines and build generation feeding outside of the state," De Blasi said. "We did not want to be a giant outlet for California."

The state's largest utility, Arizona Public Service, is a member of [CAISO's](#) Western Energy Imbalance Market. Salt River Project and Tucson Electric Power plan to join in 2020 and 2022, respectively.



Letting California access out-of-state renewables, including through new transmission, was the topic for (left to right) Holly Taylor, Western Interstate Energy Board; Michelle De Blasi, Arizona Energy Consortium; Michael Colvin, Environmental Defense Fund; Doug Marker, Bonneville Power Administration; and David Smith, Transwest Express. | © RTO Insider

Some utilities of the interior West have determined the savings achieved through the EIM — a wholly voluntary, real-time interstate trading market — make it worth rubbing shoulders with CAISO, despite their states' political differences with California. CAISO says the EIM saved its nine-member utilities more than \$736 million in the past five years.

Interior states aren't keen to get much closer to California than the loosely knit EIM, however.

Large areas of Wyoming and Idaho are served by PacifiCorp, an EIM member. But utility commissioners from those states expressed misgivings at the summit about serving California's needs with renewable energy, paying for transmission upgrades or joining a CAISO-led RTO.

Who Pays for New Transmission?

During a panel titled "Enabling California to Access Out-of-State Resources," David Smith described the [TransWest Express](#), a proposed 730-mile transmission project that would link the wind-producing areas of Wyoming to Southern California via Utah and Nevada. Currently there's little transmission linkage between California and Wyoming.



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"TransWest is a project that would fill in that gap from Wyoming into the existing transmission capacity," said Smith, the project's director of engineering and operations.

The problem is, who pays for the project's estimated \$3 billion cost?

California would receive the energy to help fulfill its ambitious clean energy goals. Under last year's landmark bill, SB 100, the state must rely entirely on carbon-free electricity sources by 2045.

Wyoming and other states would export that electricity, helping to offset the loss of coal production. A company controlled by billionaire Philip Anschutz, who also owns vast wind farms in Wyoming, would develop the project.

Smith suggested the costs of the new high-voltage lines should be shared among those who would benefit.

Public and private investors are part of the plan. The Western Area Power Administration is supporting the project through its Transmission Infrastructure Program, and the federal Bureau of Land Management is a backer. (See [Wyoming Wind Power Revs up, but is it too much?](#))



Allocating costs for new western transmission provoked a lively discussion among (left to right) Steven Johnson, Washington Utilities and Transportation Commission; Idaho PUC Commissioner Kristine Raper; and Wyoming PSC Commissioner Mary Throne. | © RTO Insider

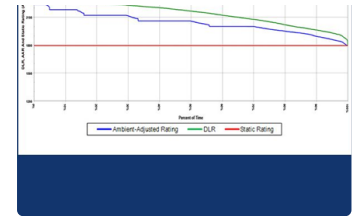
Kristine Raper, a member of the Idaho Public Utilities Commission and an outspoken critic of California's policy-driven energy goals, said she doesn't see much upside to the proposal.

"Why would you socialize the cost of transmission in order for California to meet its renewable energy goals?" Raper said. "Idaho doesn't have the same goals as California does in order to meet renewable energy," nor does it need out-of-state electricity to meet its needs, she said.

Wyoming Public Service Commissioner Mary Throne expressed similar reservations in panels on Western regionalization and the allocation of transmission costs. She said Wyoming's wind farms are no substitute for its once thriving coal industry, which has been shutting down.

"The number of renewable jobs will never replace the coal jobs we're losing," Throne said. "Coal to wind is not an even trade in Wyoming."

Coal isn't a "four-letter word" in Wyoming, like it is in California, she said.



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"We kinda like coal in Wyoming," Throne said. "It pays our bills."



(Left to right) New Mexico PRC Commissioner Cynthia Hall; Wyoming PSC Commissioner Mary Throne; and Utah PSC Chair Thad Levar, discussed options for a western regional market. | © RTO Insider

Regionalization Debate

The idea of forming an organized Western electricity market, especially one with California leading it, generated even more controversy than the transmission line proposal.

In a presentation called the "Rationale for Western Grid Integration," Johnny Casana, a senior manager with Pattern Energy Group, a San Francisco-based renewable energy firm, laid out his case for regional cooperation.



Johnny Casana, Pattern Energy | © RTO Insider

Historically, much of the West's transmission has been built to serve load in California, which has a huge population compared with the sparsely inhabited states of the Intermountain West, Casana said.

In a decade, wind and solar projects may be cheaper to build than keeping natural gas and coal-fired generators running, he said. Inexpensive energy from windy states such as Wyoming and sunny ones such as Arizona could fuel the cities of the West Coast, benefiting all involved, he contended.

"This is a world we're going into that is unlike the world we come from," Casana said. "There's a lot of winners across the board when we think of ourselves as a unified region."

Compared to the West, the eastern U.S. is far more connected with greater generating capacity, he noted. RTOs are the norm in the Eastern Interconnection; the West needs to catch up, Casana argued.

"We have a shared destiny with our neighbors," he said.

Some speakers agreed, particularly environmentalists from California advocating for a greater dependence on out-of-state renewables. The proposed expansion of the Western EIM, a five-minute market, to an extended day-ahead market (EDAM) is seen by many as the next step in the evolution of the West's energy landscape.

Samuel Golding, president of Community Choice Partners, a Los Angeles group that advocates for community choice aggregators (CCAs), moderated a panel on the EDAM. Representatives of CAISO, the EIM and environmental groups spoke on the panel, supporting the move. Like the EIM, they said, the EDAM would be voluntary, with utilities keeping control of their assets and allowed to leave at will.



CAISO's proposed extended day-ahead energy trading market was examined by (second from left, to right) Samuel Golding, Community Choice Partners; Don Fuller, CAISO; EIM Governing Body Vice Chair John Prescott; Craig Lewis, Clean Coalition; and Kathleen Anderson, Idaho Power. | © RTO Insider

"If you don't like it ... you can get out of it the next day," said Craig Lewis, executive director of the Clean Coalition, a nonprofit that advocates for a quicker transition to renewable energy. He criticized some from the interior West for disregarding the potential windfall if they join with California and help serve its energy goals.

"There's this massive economic development to your states, and it doesn't seem to be part of the consideration," Lewis said.

During the panel on transmission cost allocation, Raper said the EDAM could increase the likelihood of a Western RTO. But she said there's a slim chance other states will join an organized market whose leaders are chosen by California's elected officials.

Members of CAISO's governing body are appointed by California's governor and confirmed by its State Senate — meaning the ISO's agenda is dictated by the state's progressive policy goals, she said. CAISO takes control, but not ownership, of the transmission lines of its member utilities. A Western RTO could only happen if California agrees to a board composed of representatives from other states, she said.

"It would be irresponsible for me as a regulator to cede all the assets of my utilities to California," Raper said.



Additional news on this topic:

CAISO Day-ahead Could be Tailored for West



CAISO's Extended Day-Ahead Market proposal could be done without the political entanglements involved with an RTO, Sarah Edmonds said. | © RTO Insider



Mountain West RTO Could Pose Competition for CAISO

An effort to create an organized electricity market is taking shape in the inland West even as CAISO attempts to expand.



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CAISO is recommending cutting more than \$2.7 billion from current transmission spending estimates across the 2027 planning horizon. | © RTO Insider

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