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Via Electronic Mail to: [Lamont.Jackson@hq.doe.gov](mailto:Lamont.Jackson@hq.doe.gov)

Mr. Lamont Jackson  
Office of Electricity Delivery and Energy Reliability  
US Department of Energy  
1000 Independence Avenue, SW  
Washington, DC 20585

Dear Mr. Jackson:

On behalf of Portland General Electric (PGE), Oregon's largest utility, I am responding to the Request for Information (RFI) posted to the Federal Register on February 27, 2012 regarding the challenges created by the differing permitting requirements for transmission and generation projects.

PGE is a publically traded, investor owned, electric utility serving more than 800,000 customers in the Portland area and the Willamette Valley. We are focused on providing reliable, responsibly generated power from a variety of sources at a reasonable cost. PGE has proposed the double circuit 500 kilovolt (kV) 215-mile Cascade Crossing Transmission Project ("Cascade Crossing") to help meet Oregon's growing energy needs, enable transmission access for more power projects, including renewables, and enhance reliability of the region's electrical grid. The project would connect new and existing electricity power sources east of the Cascades to the Willamette Valley.

PGE appreciates the Administration's interest in improving the permitting process for major transmission lines. We are pleased that Cascade Crossing was selected as one of seven pilot projects for focused attention by the Administration's Rapid Response Team for Transmission (RRTT). We believe the efforts of the RRTT have already resulted in improved coordination between the federal agencies and among the federal government, the state siting authority and tribal governments. Going forward, we encourage the Administration to build on this progress by providing clear direction to agencies to allow responsive, early federal agency engagement and clarity regarding their roles with respect to major transmission project proposals.

The RFI focuses on the discrepancy between the timelines for transmission development and generation development. Although this incongruence creates challenges for utility planners, the challenge must be viewed in the context of the appropriate limits to the federal government's authority in this area. We believe the Administration is on the right track in focusing on making

the federal agency role in transmission development more efficient while enhancing coordination with state and Tribal regulatory processes. We agree with the recommendation of the Edison Electric Institute (EEI) that agencies should set a goal of completing federal reviews and authorizations within one year of receiving an application to site a transmission facility.

### **Regarding the incongruence between generation and transmission development**

Siting a linear infrastructure project like a transmission line is very challenging. A project could be delayed by relatively small permitting issues in a single section of the line. Lengthy transmission lines are more likely to cross lands managed by different jurisdictions with differing regulatory responsibilities and obligations, while also impacting many private landowners. The longer a transmission line is, the more likely there will be a variety of environmental or cultural resource issues involved. All of these factors add to the regulatory uncertainty – and the process timeline as well. In contrast, generation projects have a smaller footprint and in many cases, there is not federal jurisdiction over the siting process. With these facts in mind, it is easy to see why transmission and generation can have such divergent development timelines.

Experience has shown that permitting for a modest transmission line can take up to 48 months or more while permitting for a typical generating plant can be accomplished in 24 to 30 months. Overall development, permitting, engineering procurement and construction for a generating project can be in the order of four to five years. The same activities for a significant transmission line project can be seven to eight years or more. Hence, the development of a generating project that is dependent on the development and construction of a new transmission line can be stalled until the permitting of the transmission project is completed.

The financing for a generation project may also hinge on the construction of new transmission. If the permitting of a transmission project takes 48 months or more, a generation developer may not be able to obtain project financing until the transmission permitting is completed. To reduce generation project development time, a developer may choose to initiate permitting for the generating plant and overlap the transmission permitting process, but this entails taking development risk and making significant investment for generation plant permitting with no guarantee that the required transmission can be successfully permitted.

For a renewable energy project like a wind farm or a solar energy complex, thousands of acres may be required. In that instance, the permitting will be more extensive, requiring assessment of environmental impacts on the project land area. Nevertheless, a transmission line that can span over a hundred miles or more is likely to impact private, state, federal, local, and tribal lands, each of which has unique regulatory permitting oversight.

For the transmission developer, the primary risk is the lengthy development and permitting time required. The transmission project developer must make significant investments over the permitting period with no guarantee of successful completion and no guarantee of regulatory recovery of the dollars expended.

Because a transmission line can traverse significant distances, multiple permitting and regulatory agencies are involved in the permitting process. For an intrastate project, typically a single state permitting agency has jurisdiction. That agency coordinates the numerous state agencies that have oversight. For an interstate project, multiple state agencies would need to coordinate permitting actions. If a project crosses federal lands, a federal NEPA process would be required. If there is no central state permitting agency then a project would need to obtain permits from multiple counties, municipalities and other local agencies. Finally, if a project traverses Tribal lands, an additional tribal permitting process is required. Consequently, significant coordination is required to navigate the permitting processes. These coordination efforts contribute to the extended permitting timeframe and the attendant financial risk.

In contrast, a generating project impacts significantly less land area and therefore the permitting challenges and issues are more contained. For a conventional generating project like a gas-fired combined cycle plant, a footprint of 25 to 50 acres may be required. Hence, the number of permitting issues and relevant permitting agencies is significantly reduced. Importantly, unless the project is located on federal land, federal permitting is not required. While an air permit would be required, typically compliance with the federal Clean Air Act is delegated by the EPA to the appropriate state environmental quality regulatory agency.

In the end, the mismatch in permitting timeframes between transmission and generation projects creates a "chicken and egg" dilemma. A generation project may not go forward unless the required transmission is permitted and going forward. A transmission project may not go forward unless the generation, proposed to be connected to it, goes forward. Some states, such as Texas, have addressed this issue by establishing "competitive renewable energy zones." In these zones, if transmission is built to connect to these zones, a transmission developer will be allowed to recover its development/permitting costs. The generation project developers, in turn, will have assurance that needed transmission will be built.

In Oregon, there is an integrated resource planning (IRP) process, which identifies the need and timing of future energy and capacity resources, the technology mix, costs, environmental issues and risks. Where applicable, the IRP process also identifies needed transmission projects. The IRP also factors in the timelines associated with both generation and transmission development. Nonetheless, for a regulated investor-owned utility, there is generally no guarantee of recovery until a utility facility is in-service and thereby considered "used and useful."

## **Conclusion**

Although incongruent development timelines between generation and transmission affect some transmission projects, in general we believe the bigger issue is the uncertainty that generally surrounds all large transmission projects with respect to the NEPA process and timely agency coordination. PGE believes the federal government, through the RRTT, should continue to focus on making the federal permitting process as efficient as possible by developing early guidance and direction to agencies, by encouraging agencies to communicate and participate early in the

development of NEPA documents, by providing adequate staffing and training resources, and by encouraging innovative approaches to environmental mitigation. We believe the RRTT has already made good progress in this area with respect to our Cascade Crossing proposal and we encourage the Administration to expand the concept to additional projects.

Thank you again for the opportunity to respond to the RFI.

Sincerely,

A handwritten signature in black ink, appearing to read "John P. Sullivan", with a stylized, flowing script.

John Sullivan  
Director of Transmission Projects