



03/28/12

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Vice President, Permitting and Regulatory Affairs
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RE: DEPARTMENT OF ENERGY, [OE Docket No. RRTT-IR-001], Rapid Response Team for Transmission

Dear Mr. Lamont Jackson,

Please accept these comments from Ridgeline Energy in reference to the Request for Information publicly noticed on February 27, 2012 in the Federal Register, Vol. 77, No. 38.

1: a. Describe the challenges created both by the timeline for obtaining Regulatory Permits for transmission and by the Incongruent Development Times.

- The permitting schedule for a transmission line is not always clear to the developer, especially in states like California. The utilities provide a range as to when transmission might be available, and, so, developers try to schedule the development of their projects and their in-service date within that projected range. The cost of the transmission development, the schedule, and the availability are all risks that the developer takes when developing a project. This is compounded by not knowing for sure what the interest of a utility might be with regards to renewable energy projects from year to year.
- Currently, in California, developers that are developing renewable energy projects for the larger utility markets fall into different clusters that anticipate a projected range of time in which a project might be able to interconnect to a new line or one that is proposed for an upgrade resulting in additional capacity.

b. To what extent do the Incongruent Development Times hamper transmission and/or generation infrastructure development?

- In some ways each are anticipating the development of either transmission or energy projects that might use the available transmission capacity.
- At least with renewable energy projects and the recent desire for them over the past 5-10 years has resulted in a situation now where the utilities are trying to build transmission lines to keep up.
- Typically, energy development projects can be permitted on a shorter timeline than large transmission projects. If the major utilities are just now initiating the permitting of new lines it

might put certain projects in jeopardy as to whether or not there will be capacity on a given transmission line.

- It also creates a permitting backlog with such agencies as BLM. It would be difficult at best for certain BLM offices in California and other areas of the West to permit both renewable energy projects and major transmission lines at the same time.
- The incongruous nature in which transmission and projects are developed can also result in certain projects having long generation ties with the major transmission lines.

c. What are the primary risks associated with developing transmission vis-a-vis the timeline for obtaining Regulatory Permits as well as the Incongruent Development Times?

- A delay in a proposed transmission line being built for a project or several projects will also delay when those projects can be in-service. This would have serious implications related to the financing of a project, and the project's commitment to a PPA for a certain in-service date. This could result in severe penalties for the renewable energy developer(s).
- It can also have serious implications with regards to whether or not a utility can meet its renewable energy portfolio standard.
- Government policy can change during the time it takes to permit a major transmission line such that it forces the utility or developer to prepare a supplement to a DEIS, conduct further studies, or somehow be burdened with additional stipulations in the Record of Decision. All of this would cause a significant delay in the schedule for the development of a major transmission line.
- From time to time there has also been major difficulties in the coordination of federal and state agencies necessary for the permitting of a major transmission line as it relates to the review of a project and its associated impacts and/or decisions that might need to be agreed to before an EIS or related document can be prepared and finalized. An example of this has been the recent Draft Eagle Conservation Plan Guidance issued by US Fish and Wildlife Service that has delayed a number of projects across the West.
- The review process for resources and associated impacts from major transmission development by federal and state agencies has been redundant and required additional work by utilities and developers because of differences in permitting policy between certain agencies, study protocols, and poor coordination.
- There also needs to be some consideration as to what needs to be accomplished to permit a major transmission line. Some of these projects will most likely require some change in how public land is currently being managed. This might result in a further delay if a resource management plan amendment is required.

d. How is the financing for developing the attendant transmission influenced by its lengthy development time and by the Dissonant Development Times?

- The uncertainty in permitting and the lengthy development time for both major transmission and energy projects creates a very chaotic pipeline of projects needing transmission. It is

constantly changing which impacts the development schedule, the cost shared for transmission development by energy developers, and when an energy project can seek financing for its construction. Banks will not finance projects that do not have available transmission. Transmission construction will be delayed when too many projects requesting the new or upgraded transmission line withdraw their request for interconnection. This is playing out to some degree in southern California with the CAISO and the changes in the clusters since projects are withdrawing their interconnection applications.

- The cost for interconnecting to a major transmission line has also changed significantly placing a further financial burden on developers.

e. How if at all, do development timelines and the Incongruent Development Times affect the decisions made in utilities' integrated resource planning, if applicable?

- Again, it affects when, where, what and how some major transmission lines are built. Unfortunately, the incongruous nature in which needs are defined and when actual major transmission lines can be built often results in a separation of time that can be a number of years. This can result in long generation interties, projects never being built, or significant impacts to the construction schedule and cost of a given project.

f. How do development timelines and the Incongruent Development Times affect the ability of parties to enter into open seasons or power-purchase agreements?

- A number of energy projects are forced into substations and generation interties that can make it such that a project is no longer economically feasible. Projects may become less competitive due to delays in construction of major transmission lines, or there simply not being a good point of interconnection.
- To alleviate transmission constraints in certain areas agencies may be required to consider new transmission corridors and/or expanding existing ones. It might result in long generation interconnections that in turn result in longer permitting schedules due to necessary environmental work and longer permitting processes. All of this can make it difficult for a developer to obtain a PPA from a utility.
- Changes in agency policy like with Bald and Golden Eagles can stop what were productive PPA negotiations if a utility believes that there is now too great a risk to be taken in purchasing power from an energy project that might be in jeopardy due to a new issue with eagles or another resource concern.

(2) Besides improving the efficiency of permitting and approving transmission, are there any other steps the federal government could take to eliminate the barriers created by the Dissonant Development Times?

- When a utility understands that it will be applying for a number of major transmission lines and/or a line that will result in a complex permitting regime like one that crosses multiple states, it should consider additional support for the lead agency permitting the project. This can be accomplished by the utility paying for additional staff that can be contracted by the lead agency, or the utility can actually contract additional staff that can directly support the lead agency. The latter might be more efficient given that the contracting rules for the federal government can cause further delays.
- Better coordination with other agencies that are stakeholders in the permitting process. This might be accomplished by more clearly identifying lead roles in the various agencies that will service the permitting process. Too often there will be more than one staff person interacting independent of a lead person within their agency that creates some confusion around study protocols, next steps, the administrative process, etc.
- When two or more permitting processes have to be applied due to a federal, state, and local permitting requirements, there can be significant delays, poor coordination, redundancy environmental work and resource impact assessments, and poorly administered public processes. This can all be improved by there being a singular permitting process that is administered by DOE or another federal agency with the other necessary permitting bodies participating as cooperating agencies and not forcing projects through another round of permitting for state and local government approvals.

(3) What strategies can the Federal government take to decrease the time that Federal agencies require for evaluating Regulatory Permits for transmission? What other steps can the Federal government take to address the challenges created by Incongruent Development Times?

- There should be regulated review periods for federal, state, local agencies to review the environmental resource work, permitting documents and any other involvement. Major impacts to permitting schedules can be attributed to coordinating agency discussion on environmental work protocols and the results of that work and response time for comments related to permitting documents like the draft EIS.
- There needs to be a serious consideration of what has happened to a number of federal government agencies that have had serious staffing reductions related to retirements, decreasing budgets, and retention of agency staff.
- Good and consistent professional development related to permitting processes and consistent understanding and application of regulations, guidelines and policy by agency staff can all benefit a permitting schedule.

(4) One way to make the Regulatory Permit process and development times between remote generation and attendant transmission more commensurate, is to decrease the time for permitting transmission by some amount. In determining how much time can be saved, developing a benchmark may be helpful. What benchmark should be used? a. Example—power purchase agreements as the benchmark: how far in the future do load serving entities (LSE's) seek to purchase energy or capacity from remote resources? Do LSE's seek PPAs that begin delivering energy/capacity 3 years from the signing of the PPA? 7 years? 10 years? Please explain why PPA's are signed at this time. b. Example—development times as the

benchmark: How long does it take to design, permit and build different types of remote generation? No comment.

(5) In your experience, how long does it take to design, permit and build transmission?

I have seen major transmission line permitting and construction take from 4-15 years.

(6) Assume that Federal, state, Tribal and local governments sought to set a goal for the length of time used for completing the Regulatory Permitting process for transmission projects so that the development times between generation and transmission were more commensurate, what goal should that be? As the length of the project and the number of governments with jurisdictions increase so will the time necessary for permitting and approvals; accordingly, consider providing a goal that could be scalable according to the length of the line.

If uniform environmental study protocols could be established and consistent application of guidelines applied, one hierarchical permitting strategy determined, a good lead agency and project manager with support through additional full-time employees or contracted staffing, a regulated response time from participating agencies and organizations, frivolous appeals and protests dealt with in a timely manner, good appeals and protests resolved in a timely manner, then, there might be an opportunity to reduce the permitting time for a major transmission line and more better align it with energy projects being developed. It might be difficult to have a scalable approach to permitting major transmission lines since a lot of it will be determined by whether or not the line can be sited to avoid significant impacts to certain resources managed by the various agencies involved in the permitting process.

If you have any question concerning these comments, please contact Kevin Harper at the above address or by phone at 602-315-3225.

Respectfully,



Kevin Harper
Vice President