

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**Preventing Undue Discrimination and Preference in Transmission Services** ) **RM05-25-000**  
)  
) **RM05-17-000**

**COMMENTS OF THE SOUTHWEST AREA TRANSMISSION SUB-REGIONAL  
PLANNING GROUP ON THE NOTICE OF PROPOSED RULEMAKING**

Pursuant to the May 19, 2006 Notice of Proposed Rulemaking on Preventing Undue Discrimination and Preference in Transmission Service (“NOPR”) issued by the Federal Energy Regulatory Commission (“FERC” or the “Commission”), the Southwest Area Transmission (“SWAT”) sub-regional planning group hereby submits its comments.

**I. Communication**

All communications, including any correspondence, pleadings or other documents, related to this matter should be directed to the following individual:

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**II. Identification of SWAT and its Participants**

The Southwest Area Transmission (SWAT) sub-regional planning group promotes and performs sub-regional transmission planning in the Western Interconnection. SWAT is comprised of representatives from electric utilities and interested stakeholders from Arizona, New Mexico, Southern California, West Texas, Southern Nevada, and Southern Colorado who work to promote collaborative regional planning in the Desert Southwest region of the Western Interconnection. Participants in SWAT projects and technical subgroups variously include the Arizona Attorney General's Office, Arizona Corporation Commission, Arizona Power Authority, Arizona Public Service Company, BHP Billiton, California Independent System Operator, Central Arizona Project, Dine Power Authority, El Paso Electric Company, Electrical Districts 2, 3 and 4 of Pinal County (Arizona), Gila Bend Power Partners, Gila River Generating Station/Entegra, Imperial Irrigation District, New Mexico Attorney General's Office, New Mexico Public Regulation Commission, PacifiCorp, Public Service Company of New Mexico, Navajo Tribal Utility Authority, Nevada Power Company, Rocky Mountain/Desert Southwest Reliability Center, Salt River Project, Sithe Global, Southern California Edison Company, Southwest Transmission Cooperative, Southwestern Power Company, Tri-State Generation and Transmission Association, Tucson Electric Power Company, Western Area Power Administration, a number of municipalities from affected states, and other interested parties. All interested parties are invited to attend and participate in SWAT meetings and planning activities.

SWAT submits these comments on Section V.B of the NOPR, relating to coordinated, open and transparent transmission planning.

### **III. Comments**

#### **A. SWAT Generally Supports the Commission’s Proposal for Strong Regional Transmission Planning Processes and Agrees that the Regional and Sub-Regional Planning Processes in the Western Interconnection Cited by the Commission are Successful.**

SWAT supports the Commission’s interest in promoting coordinated, open and transparent transmission planning on a regional and sub-regional level to facilitate the effective expansion of a region’s transmission infrastructure. SWAT believes that its open transmission planning processes developed on a voluntary basis are consistent with the reforms proposed by the Commission in this NOPR.

##### **1. WECC Regional Planning Processes**

As acknowledged by FERC in Paragraph 211 of the NOPR, electric utilities, regulators and interested stakeholders in the West have for some time actively participated in effective open transmission planning processes both regionally and sub-regionally. For example, the Western Electricity Coordinating Council (“WECC”) and its predecessor the Western Systems Coordinating Council (“WSCC”), have conducted coordinated transmission planning since their inception and have implemented and maintained formal, regional transmission planning processes for over ten years for the purposes of maintaining system reliability, meeting load requirements and load growth, and ensuring that existing transfer capabilities are not diminished when new transmission facilities are added. These processes include the WECC Regional Planning Process, Path Rating Process and Progress Reporting.<sup>1</sup>

In 2006, the WECC Board approved WECC’s assumption of additional regional transmission planning responsibilities: maintenance of the region-wide economic transmission expansion planning data base and production cost modeling developed by

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<sup>1</sup> Please see the Western Electricity Coordinating Council website: [www.wecc.biz](http://www.wecc.biz).

PacifiCorp and the Transmission Planning Work Group of the Seams Steering Group-Western Interconnection (“SSG-WI”); guidance of Western Interconnection-wide transmission expansion planning activities, including congestion studies, that will consider opportunities for transmission expansion beyond those of reliability and serving load; and support of the U.S. Department of Energy’s (DOE) initiative to evaluate transmission congestion and identify national interest transmission corridors in order to maximize the utility of DOE’s work for the Western Interconnection. The focus of these new functions will be the identification of long-term transmission needs through scenario analysis.

To oversee the performance of these responsibilities, WECC has formed and approved the charter for the Transmission Expansion Planning Policy Committee, which is made up of representatives from the WECC Board, sub-regional planning groups, transmission owners, load serving entities, state energy offices, public utility commissions, generators, consumers, environmental interests, etc. Through meaningful coordination with sub-regional planning efforts these new collaborative planning responsibilities for WECC will allow for a range of transmission needs and objectives to be consolidated in the analysis of potential transmission projects and development of a biennial report.

The WECC Board’s consideration of these functions was in response to recommendations from a significant ad hoc industry stakeholder effort conducted in 2005, the Western Assessment Group, that included substantial involvement from the Western Governors Association and its Committee on Regional Electric Power Cooperation (comprised of representatives from state electric regulatory commissions).

## **2. The SWAT Sub-regional Planning Process**

### **a. History of SWAT**

A form of coordinated transmission planning has been utilized in various sub-regions in the Western Interconnection since the 1950s, when utilities began to join together to plan, build and operate generation and transmission facilities. Such joint projects, often consisting of generation remote from loads coupled with long transmission lines to load centers, allowed for multiple utilities to participate in a project to reduce construction, operations and maintenance costs through economies of scale, to take advantage of less expensive fuel resources, and to share relatively scarce transmission corridors.

Formal coordinated transmission planning in the southwest began in 1995 with the formation of the Southwest Regional Transmission Association (“SWRTA”), whose primary objectives were to promote transmission access and open regional transmission planning and to produce a single coordinated sub-regional transmission plan in the southwest region on a biennial basis. SWRTA, along with the Western Regional Transmission Association (“WRTA”) and the Northwest Regional Transmission Association (“NRTA”), also formed in 1995, were the first regional transmission associations in the nation to be approved by the Commission. In 1997, the Western Interconnection Coordination Forum (“WICF”) was established to more closely coordinate the work of these regional transmission associations and WSCC, with WICF issuing biennial transmission plans in May 1998 and June 2000.

The Central Arizona Transmission Study (“CATS”) process, an outflow of the SWRTA and WICF transmission planning processes and needs of the Arizona

Corporation Commission's newly established Biennial Transmission Assessment process, was initiated in March 2000. The open stakeholder CATS study process resulted in siting approval for generation projects, switchyards, and approximately 150 miles of 500 kV transmission lines. All of the transmission will be jointly owned. Construction has been initiated, with construction of some projects completed. There are also numerous other 500 kV transmission projects planned through 2015 through the CATS process, some of which has been sited and permitted.

The SWAT planning group, which evolved from the CATS process to encompass additional areas in the southwest, promotes and performs sub-regional transmission planning in the Western Interconnection. SWAT is comprised of representatives from electric utilities, regulators and interested stakeholders from Arizona, New Mexico, Southern California, West Texas, Nevada, and Colorado who work to promote collaborative regional planning in the desert southwest region of the Western Interconnection.

SWAT entered into discussions with the WestConnect Participants<sup>2</sup> and the Colorado Coordinated Planning Group ("CCPG") in 2005 to develop joint planning principles among the three groups for the WestConnect footprint. These principles, which include providing input for WestConnect to produce a single biennial transmission plan that addresses all transmission needs across the WestConnect footprint, were

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<sup>2</sup> WestConnect Participants are: Arizona Public Service Company, El Paso Electric Company, Imperial Irrigation District, Public Service Company of Colorado, Public Service Company of New Mexico, Sierra Pacific/Nevada Power Company, Salt River Project Agricultural Improvement and Power District, Southwest Transmission Cooperative, Inc., Tri-State Generation and Transmission Association, Inc., Tucson Electric Power Company, and Western Area Power Administration.

approved by all three groups effective April 13, 2006.<sup>3</sup> SWAT has also worked with WestConnect and CCPG to draft WestConnect's objectives and procedures for regional transmission planning. This document, which is nearing completion, will promote an open and transparent process among all stakeholders within the WestConnect footprint for the development of a biennial transmission assessment that will be coordinated with other sub-regional planning efforts within the Western Interconnection and the WECC.

SWAT holds general oversight meetings four to five times per year, with additional meetings, as necessary, for their study groups and committees. These groups currently provide a forum through open session meetings<sup>4</sup> for the exchange of data and the coordination of existing and proposed projects. Additionally, common long range transmission needs are identified and alternative transmission proposals are considered. All interested parties, including representatives from state regulatory agencies, end users, merchants, generators and transmission providers, are invited to attend. They are given an opportunity to review all study assumptions as well as any draft studies, and recommendations are encouraged. Interested parties may also request additional studies. All documents concerning the studies are distributed and posted on the SWAT website.<sup>5</sup>

#### **b. SWAT Supports Voluntary Regional and Sub-regional Transmission Planning**

SWAT urges the Commission to allow existing regional transmission planning processes, such as SWAT, WECC and other sub-regional planning efforts in the Western Interconnection, that have formed voluntarily to meet regional needs, that are robust and

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<sup>3</sup> See WestConnect-SWAT-CCPG Principles for Sub-Regional Transmission Planning, [www.westconnect.com](http://www.westconnect.com) and [www.azpower.org](http://www.azpower.org).

<sup>4</sup> Meeting notices are sent from the regional planning group's distribution list. Participation on the distribution list is available to *all* interested parties.

<sup>5</sup> See [www.azpower.org](http://www.azpower.org) and [www.westconnect.com](http://www.westconnect.com).

active, and that meet the Commission's proposed eight requirements, to continue as voluntary, not mandatory, efforts. As can be seen from the historical underpinnings of SWAT, open, transparent and collaborative sub-regional transmission planning has evolved in the southwest because of the needs and interests of the utilities, public utility commissions and stakeholders in the region and the development of trust in the process. As the evolving planning processes proved workable and fruitful, more parties have been encouraged to come to the table to express their needs and interests and to share constructive information on potential loads and resources.

SWAT is concerned that mandatory processes may fail to produce solid input from unwilling participants, thus erecting barriers to creativity and the formation of collaborative relationships that result from interested parties voluntarily working cooperatively to produce meaningful results. Instead, SWAT recommends that the Commission provide encouragement, support and incentives to move a region to initiate a robust, open and transparent transmission planning process. One alternative would be for the Commission to allow regions that are not now conducting regional planning two to three years to establish transmission planning processes that meet the characteristics and needs of their regions and the FERC's proposed requirements. FERC could participate in planning processes to evaluate their effectiveness and provide input through biennial evaluations. The Commission would mandate adoption of regional transmission planning only if a region fails to meet the established timetable.

**B. With the Exception of Principle 8, the Commission's Proposed Criteria for Acceptable Regional Planning Processes Are Substantially Similar to the Existing SWAT Planning Processes**

**1. Principle 8 – Congestion Studies**

SWAT agrees that periodic congestion studies provide valuable information to utilities, regulators, and stakeholders on projected areas of high use, including the season and number of hours that particular parts of a system may be at or near the path limit, and on the economics of alternatives to provide access to more or other resources.

However, SWAT urges the Commission to revise its proposed Principle 8 to allow for transmission providers in the West to meet the congestion study requirements through participation in the Interconnection-wide biennial transmission expansion planning function recently assumed by WECC, described in Section A.1 of these comments. As stated in Section A.1, the WECC process builds upon the SSG-WI analyses done over a five year period for the Western Interconnection, and will use a proven production cost model and a well-vetted Interconnection-wide data base to identify transmission congestion and opportunities for economic transmission expansion. The WECC Board's decision to assume this function was in response to recommendations from a twelve month ad hoc industry stakeholder effort conducted in 2005--the Western Assessment Group--that included substantial involvement from the Western Governors Association and its Committee on Regional Electric Power Cooperation (comprised of representatives from state electric regulatory commissions). Recommendations from the Western Assessment Group are reflected in the biennial analysis and report requirements outlined in the TEPPC Charter.

From SWAT's perspective, the Western Interconnection has learned important lessons in the five years that the SSG-WI Planning Work Group addressed Interconnection-wide transmission expansion studies, including congestion studies. These include:

- For the West, transmission constrained production cost studies to evaluate regional transmission congestion must be conducted on an Interconnection-wide basis to have any substantive meaning.
- Cost production congestion studies should not be performed individually by the 34 control areas in the Western Interconnection:
  - There would be no practical way to ensure consistency of data and analysis among the 34 studies.
  - The results of the individual studies would need to be compiled and integrated across the Interconnection in order to produce meaningful conclusions.
  - The time and effort required for utilities, regulators and stakeholders to conduct, follow, coordinate and then compile 34 different congestion studies on an annual basis would be prohibitively expensive and largely non-productive.
- Conducting a meaningful Interconnection-wide study is a very substantial undertaking, requiring the efforts and coordination of numerous parties. Such studies are therefore more effectively performed over the course of a two year study program. A one-year-long study program has proved insufficient to coordinate, perform and report on studies of this scope. Moreover, biennial studies are more than sufficient for analyzing congestion and alternatives to alleviate congestion.

## **2. Principle 1 – Coordination**

SWAT agrees with the Commission that a coordinated, open and transparent regional transmission planning process requires opportunities for all interested stakeholders to meet on a regular basis and to share information. SWAT routinely posts

information such as meeting notices and agendas, maps, study results, on a web site to facilitate such coordination<sup>6</sup>

SWAT urges the Commission, however, to not be overly prescriptive in the Coordination requirement. Each planning group needs the flexibility to determine the most effective way to handle the details of meetings, frequency and format of information. The focus of the Commission's requirements should be on giving adequate notice and promotion of communication methods that encourage participation by any interested stakeholder.

**3. Principle 2 - Openness**

Meetings of the SWAT and other sub-regional planning groups are open to interested parties and notices are posted in advance on the applicable websites.

**4. Principle 3 - Transparency**

SWAT is committed to having planning data as transparent as possible. The WECC transmission expansion planning database will be open and publicly available. However, the availability of maps and certain technical studies, such as power flow studies, must continue to be restricted, subject to confidentiality agreements, in order to protect confidential commercial information and Critical Energy Infrastructure Information, or "CEII".

**5. Principle 4 – Information Exchange**

SWAT believes that all potential users of the transmission system must be encouraged to participate meaningfully in regional transmission planning processes through submittal of projected transfer capability needs for the horizon of the particular planning process. This will increase the probability of timely development of new

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<sup>6</sup> Please see [www.westconnect.com](http://www.westconnect.com) and [www.azpower.org](http://www.azpower.org).

transmission resources that address all needs more cost effectively. Relying on transmission interconnection and transmission service requests to make transmission needs known can lead to fragmented development and most likely higher cost to the transmission requester.

**6. Principle 6 – Dispute Resolution**

SWAT agrees with the Commission’s recommendation on establishing a requirement for senior executives to meet to resolve a dispute prior to referral of the dispute to a formal dispute resolution process.

**7. Principle 7 – Regional Participation**

SWAT generally supports the Commission’s recommendation that sub-regional planning efforts encompass as broad a region as possible, given the interconnected nature of the transmission grid and the efficiency of addressing planning issues in a single forum. SWAT’s process already encompasses Arizona, New Mexico, Southern California, West Texas, Southern Nevada, and Southern Colorado. Additionally, SWAT supports the Interconnection-wide transmission planning work that is now being taken on by WECC. However, sub-regional planning allows focus, specific studies, and participation that cannot be performed on an interconnection wide basis. For these reasons, both types of studies and efforts are required.

#### **IV. Conclusion**

SWAT thanks the Commission for the opportunity to submit these comments and for its consideration of the issues they address.

Respectfully submitted this 7<sup>th</sup> day of August, 2006

*/s/ Robert E. Kondziolka*  
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