

Arizona Corporation Commission

Fifth Biennial Transmission Assessment Commission Decision 70635

**Workshop on Transmission to Support
Renewable Energy Development**

**APS General Comments
Concerning Policy Issues**

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Renewable Transmission - Policy Issues

- **Timing:**

- Objective should be to eliminate the “chicken-and-egg” problem
- Transmission project timing should not delay desired renewable resource projects
 - What may be needed to accomplish this?
 - Permitting prior to anticipated need
 - Changes to CEC requirements:
 - Modify “clear need” requirement
 - Provide longer timeframes before construction must be started
 - Right-of-Way acquisition
 - Assurance of cost recovery for up-front development costs
- Avoid installing new transmission in advance of first need
- Risk of allowing transmission development to get too far ahead of need

Renewable Transmission - Policy Issues

- **Who Pays?**

- What are the options?
 - Captive transmission customers of provider (including native load retail)
 - Renewable resource project developers
 - Merchant transmission project developers
 - State funds
 - Interconnection-wide cost allocation (as per Reid or Bingaman bills)
- Some of the policy implications:
 - Cost of transmission should be recovered from those that will realize the benefits from the line(s)
 - Observation that merchant transmission is not likely to move forward on a speculative basis
 - Who bears the risk that the transmission project does not get fully utilized?

Renewable Transmission - Policy Issues

- **Other Issues:**

- **Export market could have additional challenges:**
 - Some export alternatives may be dependent upon incremental transmission projects outside Arizona
 - Policies in other states favoring in-state versus out-of-state procurement of renewable energy
 - Changes to renewable targets in other states
 - Alignment with other policies impacting competitiveness of Arizona renewable resources (land use, water, etc.)
- **Defining a renewable transmission project:**
 - Original intent of line may not match ultimate use
 - FERC policies do not currently allow for discrimination of use
 - The most “robust” transmission projects may have multiple potential benefits
- **Prioritization of transmission projects:**
 - Which projects are likely to bring the best economic value to APS customers?