

Arizona Corporation Commission

Fifth Biennial Transmission Assessment Commission Decision 70635

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

**TEP and UNSE
General Comments Concerning
Policy Issues**

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April 20, 2009

Docket E-00000D-07-0376

Renewable Transmission Policy Issue: Timing

- Coordinating generation and transmission is essential
- Transmission takes longer than generation to implement
- Renewable energy projects are locationally constrained and are more dependent on transmission infrastructure

Renewable Transmission Policy Issue: Timing

- Risk of transmission being “early”
 - Economically inefficient
 - Potential stranded transmission cost
- Risk of transmission being “late”
 - Possible delay of, or barrier to renewable energy development
 - Potential stranded generation cost

Renewable Transmission Policy Issue: Timing

- Streamline project implementation
 - Advance permitting
 - Accelerate ROW acquisition
- Timely return on capital

Renewable Transmission Policy Issue: Who Pays?

- Not Business as Usual
 - Benefits are more global
- Cost Recovery Options
 - Transmission Provider Native / Network / PtP Customers
 - Merchant Generation / Merchant Transmission Project Developers
 - Explore state transmission authority or other model such as the Tehachapi model

Renewable Transmission Policy Issue: Arizona versus Export

- Focus on Arizona renewable energy projects
 - Identify Renewable Transmission Projects (RTPs) that enable Arizona resources to be delivered to Arizona customers
 - RTPs to relieve congestion between resource and load

Renewable Transmission Policy Issue: Arizona versus Export

- Export Renewable Transmission Projects
 - Large projects
 - Longer lead time to permit and build
- Reduce financial risk to TPs and GPs (Including renewables)
- Potentially maximize in-state *renewable* energy production

Renewable Transmission Policy Issue: Definition of RTP

- Primary intent is to transmit renewable resource output to Arizona Load Serving Entities
- Other benefits
 - Increased load serving capability
 - Improved system reliability
 - Reduced congestion

Renewable Transmission Policy Issue: Renewable Project Prioritization

- Renewable Energy Projects – TEP considerations
 - Cost
 - Size
 - Location
 - Timing (In-Service Date)