STATE OF WASHINGTON
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • TTY (360) 586-8203

May 2, 2000

Mr. Allen J. Fiksdal
Manager
Energy Facility Site Evaluation Council
PO Box 43172
Olympia, WA, 98504-3172

Re: Comment of WUTC and Energy Division of CTED on the Draft Environmental Impact Statement for the Sumas II project.

Dear Mr. Fiksdal:

We write to offer a comment on the Sumas Energy 2 Generation Facility Draft Environmental Impact Statement issued on March 15, 2000, by the Energy Facility Site Evaluation Council (EFSEC).

The Washington Utilities and Transportation Commission (WUTC) is the agency in Washington responsible for regulating the rates, terms, and conditions for retail electricity service provided by three investor-owned utilities: Puget Sound Energy (PSE), Avista Corporation, and PacifiCorp. These three utilities serve roughly 40 percent of Washington's retail electricity customers. The rates these customers pay for electricity service, and the reliability with which that service is delivered, are inevitably affected by operation of the bulk power transmission grid over which native load, competitive, and federal power must flow. Our statutory responsibility is to exercise our regulatory authority broadly in the public interest. To that end, we are often involved in matters, such as the formation of transmission management institutions, that go beyond, but nonetheless affect, the interests of the customers of the three utilities falling under our jurisdiction.

The Energy Policy Group of the Department of Community, Trade, and Economic Development (CTED) is the lead agency for implementation of state energy policy (RCW 43.21.F). In that capacity, we work closely with the WUTC on electricity issues of importance to the state's citizens. Both the construction and operation of large new electricity generating facilities such as the SE2 project, and the impacts of such generation on the state and regional electricity transmission system clearly have significant statewide energy implications.

We believe that the Draft EIS issued March 15, 2000, for the SE2 project is not adequate in the following respect. It fails to analyze, or even to acknowledge, the consequences that interconnection of the proposed 660 MW of new generation may have for the transfer capability of the interconnected transmission grid in northwest Washington. 1

While the Draft EIS identifies electricity transmission as "a significant area of controversy or uncertainty," it focuses only on the proposed interconnections linking the plant to the regional power grid. The primary proposal is to connect the plant over 230 kV transmission to the Clayburn substation in British Columbia. Because it is unlikely that the plant's output will find a market in British Columbia, an alternative is also examined which involves interconnection over dual 115 kV lines in Whatcom County. The latter would tie the plant into Bonneville Power Administration (BPA) transmission through an upgrade of some existing Puget Sound Energy (PSE) facilities. The scope of the EIS evaluation of transmission impacts extends only to these two interconnection facilities: the proposed 230 kV line into Canada and the 115 kV lines considered in Whatcom County. The Draft states explicitly, "[t]his EIS has not examined the capacity of the U.S. Canadian intertie,..." (Summary at 9). It notes that transmission service beyond the points of interconnection at Clayburn or in Whatcom County could be acquired either by the purchaser of power, or by SE2.

The latter point is certainly correct under open-access transmission tariffs regulated by British Columbia north of the border and by the Federal Energy Regulatory Commission south of the border. However, the tariffs provide open-access only to that transfer capability which is available. We note that the Ministry of Employment and Investment in British Columbia raised the issue of transfer capability in its September 23, 1999, letter to the Council regarding the EIS scope. The Ministry said:

> The addition of new generation at Sumas, irrespective of whether it is connected at the BC Hydro or BPA system, may potentially limit the transfer capability of the Northern Intertie between British Columbia and Washington State. BC Hydro, Bonneville Power Administration, Puget Sound Energy, and Seattle City Light have recently expended considerable resources to study, in the context of reliability standards, the transmission system conditions in the Northwest which presently adversely affect the transfer capability from British Columbia...Given the current transmission constraints which have been driven by reliability concerns, we believe the Environmental Impact Statement should consider and address the potential for further negative impacts on the transfer capability of the Northern Intertie.

We agree with the Ministry. The scope of the EIS should extend to these impacts. But the Northern Intertie is not simply a conduit for cross-border transfer. It affects, and is in turn affected by, all of the transmission transfer capability in northwest Washington and Southwestern British Columbia. Its reliability conditions affect interconnection with adjacent parts of all utilities serving load in northwest Washington. These conditions may, under adverse circumstance, affect the reliability of electricity service to every customer in Western Washington. It is simply insufficient to limit an examination of transmission impacts to those involving only the paths by which the proposed generation will interconnect with the grid. If reliability is adversely affected, this is a socioeconomic impact. If additional transfer capability must be built, this is similarly a socioeconomic impact with additional environmental impacts. Alternative sites for new generation may not have like impacts. 1

The Draft EIS notes that the scope is to include, "...[a]n evaluation of the potential direct, indirect, and cumulative impacts..." (Summary at 1). Impact on transfer capability and reliability conditions in the northwest Washington transmission grid falls squarely within this scope and should be considered a "connected action" for reasons similar to those enumerated for considering the 115 kV optional interconnection. (Summary at 4).

We are not suggesting here that the magnitude, or even the direction, of potential grid consequences is known; only that examination of this issue properly falls within the scope of the EIS. This is particularly relevant since the Draft cites a variety of sources as evidence that new generation is needed to meet growing loads in the Northwest. If the proposed site is found to add to presently existing transmission congestion, or if the proposed project is found to cause an adverse impact on grid reliability, these factors need to be considered before any conclusion can be drawn that new generation at the proposed site makes an altogether positive contribution to regional generation adequacy, or that it is otherwise in the public interest.

EFSEC could draw on some studies that have been undertaken to examine these impacts and others that we understand to be in preparation. BC Hydro examined the issue for its system, but this examination does not investigate impacts on the Intertie.[1] PSE has examined the issue both for its system and potential impacts for the transmission grid north of King County. PSE's examination is also preliminary, but it does suggest that additional costs on the order of $50 to 80 million may be necessary on PSE's system alone to accommodate the new generation while maintaining reliability standards.[2] We understand that BPA is preparing a study that may be completed by the end of May, 2000. 1

Finally, we note that this siting proceeding occurs at the same time elaborate discussions are underway in the Northwest and throughout the western interconnection to establish new governance structures for operation of the bulk transmission system. In response to FERC Order 2000, transmission-owning utilities north and south of the border are working with many parties to develop a Northwest Regional Transmission Organization (NWRTO). Several years ago the Northwest Regional Transmission Association (NWRTA) was formed, again in response to FERC direction, to facilitate transmission access for parties including merchant plants like the proposed project. In all of these discussions the authority of the states to consider the impacts of facility siting has been affirmed and preserved. The reliable and efficient operation of the transmission grid will fall to the NWRTO, or to whatever transmission management entity is ultimately formed. But the state siting process is expected to examine the way any particular transmission or generation project may affect the public interest. The exercise of this state authority is the primary, if not the only, venue for considering the full range of impacts a proposal entails. If the scope of Washington state siting review is to be limited and not to consider broader grid impacts – as is the case in the Draft EIS – then the public interest affected by these impacts will either go unexamined, or will fall necessarily to some as yet unanticipated new venue. We don't believe the first outcome is acceptable. Regarding venue, we believe it would be preferable to keep these issues in state jurisdiction and to set the scope of EFSEC evaluations appropriately to consider all relevant impacts.

---

[1] *A Preliminary Feasibility Study to Integrate the Sumas 710 MW Generation into the BC Hydro System at Clayburn Substation.* BChydro Transmission and Engineering. February 23, 1999.
[2] *Sumas II - Transmission Constraints Scoping Study.* Puget Sound Energy, January 21, 2000.

We hope EFSEC will consider our comment on the Draft EIS to be constructive and respond by broadening the scope and compiling the information necessary to evaluate the impact the propose project may have for transmission grid transfer capability and reliability.

Sincerely,

Marilyn Showalter, Chair
Washington Utilities and Transportation Commission

David Warren, Director, Energy Division
WA Dept. of Community, Trade and Economic Development

Richard Hemstad, Commissioner
Washington Utilities and Transportation Commission

William R. Gillis, Commissioner
Washington Utilities and Transportation Commission

cc: Dave Danner, OFM
Martha Choe, Director, CTED
Ann Rendahl, WUTC