

**Zephyr and Chinook Transmission Projects Comments on
the
CTPG Phase 2 and 3 Study**

Please consider the comments of Zephyr Power Transmission, LLC (Zephyr) and Chinook Power Transmission, LLC (Chinook) in further development of transmission development plans for the State of California. These comments are being provided in response to the invitation to comment made by the CTPG at the August 4, 2010 CTPG Stakeholder Meeting in San Diego.

BACKGROUND

Zephyr is developing a 1,100-mile, 500 kV high voltage direct current (HVDC) transmission line originating near Medicine Bow, Wyoming and terminating south of Las Vegas, Nevada, while Chinook is developing a 1,000-mile, 500 kV HVDC transmission line that will originate near Harlowton, Montana, and terminate south of Las Vegas, Nevada in the Eldorado Valley. Each project will provide a direct electrical interconnection and long-term firm transmission for 3,000 MW of high-quality wind generation from Wyoming and Montana, respectively, to a California balancing authority at Eldorado, Marketplace or McCullough substations. Each project will cost approximately \$3 billion to construct.

Zephyr has completed a non-discriminatory, transparent open season process to allocate its transmission capacity. The open season, which closed on March 10, 2010, resulted in bids submitted in excess of the transmission capacity available. The bids have been evaluated, and 3,000 MW of transmission capacity has been allocated to creditworthy wind developers in Wyoming. These wind developers subsequently signed precedent agreements with Zephyr. This is significant; unlike other proposed transmission projects, Zephyr is the first major merchant transmission line to be fully subscribed by creditworthy wind generators in a non-discriminatory and binding open season.

Zephyr would provide a contiguous and verifiable firm transmission path to a California balancing authority. California consumers will directly benefit from having access to the best wind resources in the Western Electricity Coordinating Council (WECC), as well as additional resource diversity and new renewable procurement options. Zephyr would significantly contribute to California's ability to cost-effectively achieve its stated renewable energy goals.

Comments:

- 1) Zephyr and Chinook agree with the Draft CTPG Phase 3 Study Report of July 21, 2010 (the Report) where it identifies the need to "Continue to evaluate "high" and "medium" potential transmission needs" and "Develop a plan to further investigate out-of-state resource scenarios and associated transmission needs"¹.

¹ page 8.

Comments (continued):

- 2) Zephyr and Chinook appreciate the amount of work that has gone into creating a primarily in-state resource and “least regrets” transmission development plan for California. However, California has an opportunity to access lower cost and higher quality renewable resources via the Eldorado Valley in southern Nevada that should not be ignored in the CTPG process. Currently there are several transmission development projects that could bring well over 12,000 MW of new renewable capacity to the Eldorado Valley for delivery to the California balancing authorities. These transmission projects connect renewable energy from rich renewable energy zones in Montana, Wyoming, Idaho, Arizona, Nevada and New Mexico; as well as potentially providing an interconnection with Texas and Oklahoma.
- 3) In addition to Zephyr and Chinook, there are a number of transmission projects being developed to take new renewable and other low emission generated electricity from the Eldorado Valley into southern California. Not all of these projects will be commercially viable, but the CTPG should certainly consider a portion of these projects commercially credible and likely to get built. SWAT has initiated an Eldorado Valley Study Group with a view to coordinating the development of the power system configuration in the Eldorado Valley. All of the major Eldorado Valley transmission owners along with the CAISO are now involved in this important initiative. A web site for this initiative has recently been established at http://www.westconnect.com/planning_swat_evsg.php.
- 4) Zephyr and Chinook request that the CTPG work to develop a transmission plan that includes a transmission system capable of handling a significant amount of renewable energy delivery into the Eldorado Valley and on to California. At a minimum, the CTPG plan should take into account delivery of Zephyr’s 3000 MW of renewable energy capacity into the Eldorado Valley. It should also consider larger blocks of renewable energy capacity delivery into the Eldorado Valley and on to California, somewhere between 6,000 and 12,000 MW. This plan should include a transmission system that provides for delivery of this new renewable energy capacity from the Eldorado Valley to southern California.
- 5) Zephyr and Chinook’s proposed to the CTPG plan could be handled by looking at staging alternatives for renewable energy delivery into the Eldorado Valley in blocks of 3, 6, 9 and 12 GW.

Zephyr and Chinook thanks the CTPG for the opportunity to comment and looks forward to participating in the next phase of work. For more information see the Zephyr and Chinook web page at <http://www.transcanada.com/zephyr.html> or contact John Dunn at 403 920-5566 or john_dunn@transcanada.com.