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ROBERT E. KONDZIOLKA
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Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

RE: SRP's Renewable Transmission Project Report
Docket No. E-00000D-07-0376, Decision No. 70635

Dear Sir/Madam:

The Salt River Project Agricultural and Improvement District (SRP) has participated in the Arizona Corporation Commission (ACC) stakeholder workshops in response to ACC Decision #70635. During the past 10 months SRP participated in Southwest Area Transmission (SWAT) Arizona Renewable Resources and Transmission Identification Subcommittee (ARRTIS) and Finance Subcommittees to support the ACC effort to identify Renewable Transmission Projects.

The outcome of the participation in the ACC workshops, ARRTIS, and Finance Subcommittees is the attached report highlighting SRP's top three Renewable Transmission Projects as requested by the ACC.

Sincerely,

Robert Kondziolka

Robert E. Kondziolka

REK:LVT:CMS

Enclosure

cc: Jana Brandt (SRP)

Original and 13 copies of the foregoing filed with Docket Control.

October 30, 2009

Salt River Project's Renewable Transmission Projects

A report to address Arizona Corporation Commission's Decision #70635

Docket #:E-00000D-07-0376

Executive Summary

Salt River Project Agricultural and Improvement District ("SRP") has identified its top three renewable transmission projects ("RTPs") in accordance with the Arizona Corporation Commission's Decision No. 70635, issued December 11, 2008, that in part required Commission-regulated electric utilities to:

- Conduct a joint workshop, or a series of planning meetings, by April 30, 2009, to develop ways in which new transmission projects can be identified, approved for construction, and financed in a manner that will support the growth of renewable resources in Arizona;
- Take the results of the Arizona Renewable Transmission Task Force and the SWAT Renewable Transmission Task Force Plans developed for the Fifth Biennial Transmission Assessment and identify the top three potential renewable transmission projects in their respective service territories; and
- Either alone or in cooperation with other interested utilities, develop plans to identify future renewable transmission projects, develop plans and propose funding mechanisms to construct the top three renewable transmission projects, and file these plans and mechanisms with the Commission no later than October 31, 2009.

Although not regulated by the Commission for the activities ordered in Decision No. 70635, SRP participated in the workshops and meetings and hereby voluntarily submits this report that documents SRP's top three renewable transmission projects as well as several future renewable transmission projects.

SRP's top three renewable transmission projects are:

- Pinal West – Pinal Central 500kV Line
- Pinal Central – Tortolita 500kV Line
- Delaney – Palo Verde 500kV Line

SRP has selected these three projects because of their ability to move renewable resources to SRP customers, their access to resource dense areas, and their potential use for export of renewable resources. An added benefit of these projects is their proximity to the Palo Verde Hub which allows for access to both Arizona and external markets and the connections to Pinal County open up opportunities to the east and south of Phoenix. In addition to providing access to renewable resources, these transmission projects provide additional benefits for meeting SRP's electric system needs, maintaining or enhancing system reliability, and accessing other economical generation resources.

SRP also identified several future renewable transmission projects. These include: Palo Verde to North Gila #2, Coronado to the Valley, SunZia, and Palo Verde - Blythe. These 500kV projects, while providing access to renewable resource areas are projects that are either further out in time, longer in length, and/or are not permitted.

Several policy issues were identified during the process of selecting these renewable transmission projects. SRP has highlighted the following policy issues and recommends that they be addressed to assist in the development of the renewable transmission projects:

- Definition of "renewable transmission project" should be broadly defined to allow all owners and operators unrestricted access to the facilities and prevent any discrimination of transmission customers.

- Identification of future renewable transmission projects should be a collaborative effort between generation developers, utilities and other interested parties (towns, counties, federal and state agencies).

- To facilitate the development of renewable resources and renewable transmission projects in and through Arizona, there are two issues related to the Certificates of Environmental Compatibility ("CEC"):

  1) The term of the CEC prior to the "in-service" date for the transmission lines should be extended. To recognize the lead-time typically required for renewable resources and associated transmission, SRP recommends that CECs have a minimum 10-year term and potentially 20-year term. Additional time would provide certainty to renewable resource developers and align development time frames for transmission and renewable generation.

  2) The traditional definition of "need" should be expanded. Traditionally "need" has been defined based on reliability and load growth. In order to recognize the need for transmission to access renewable resources for both import and export, SRP recommends the definition be broadened.

SRP plans to continue to fund all of its future transmission projects utilizing the least cost funding mechanisms available to SRP and does not seek incentivized rates of return for renewable energy identified projects. SRP will continue to support ongoing efforts to assist developers, state and federal agencies, and utilities in their efforts to locate and construct renewable generation. As renewable projects are identified, SRP will continue to work with involved parties to build multi-purpose transmission for renewable resources.

SRP Renewable Transmission Projects

A report to address Arizona Corporation Commission's Decision #70635

Table of Contents

Background and Overview

This section provides a brief overview of Arizona Corporation Commission ("ACC" or "Commission") Decision No. 70635, dated December 11, 2008, SRP's participation in the process, and the subcommittees that provided support to the utilities in identifying the renewable resource areas in Arizona and ultimately in the determination of each utility's top three renewable transmission projects.

The Decision

The Arizona Corporation Commission biennially reviews ten-year plans filed by Commission-regulated utilities and other entities, such as SRP, who want to construct transmission within the State of Arizona.[1] After analyzing the ten-year plans and conducting workshops for stakeholder input, ACC Staff drafts the Biennial Transmission Assessment ("BTA"), evaluating the adequacy of existing and planned transmission facilities to reliably meet the present and future needs of the State.[2] Every two years, the Commission approves the BTA.[3]

The Commission's Fourth BTA Decision ordered that, for the Fifth BTA, Commission-regulated electric utilities should prepare a plan to identify: the renewable resource areas in the state, the amount of available transmission capacity available to deliver the identified renewable resources to load, and the transmission needed to deliver the identified renewable resources in Arizona to load.[4] To aid in compliance with the Commission's Order, in 2007, the utilities developed the Renewable Transmission Task Force ("RTTF"), as a formal task force of the Southwest Area Transmission ("SWAT")[5] subregional planning group, to identify renewable energy resource areas and the transmission necessary to bring those resources to load centers. SRP is a member of SWAT. Following coordinated efforts between the utilities and stakeholders, SWAT issued the *2007 SWAT Renewable Energy Transmission Task Force Report* identifying the location and a theorized amount of renewable energy development opportunities for several different

[1] ARS §40-360.02.
[2] ARS §40-360.02(G).
[3] Id.
[4] ACC Decision No. 69389 (March 22, 2007), at 8.
[5] SWAT is part of a group that handles sub-regional transmission planning in the Desert Southwest. See WestConnect <http://www.westconnect.com/planning.php> (last visited August 21, 2009). It is comprised of transmission regulators/governmental entities, transmission users, transmission owners, transmission operators and environmental entities. See WestConnect <http://www.westconnect.com/planning_swat.php> (last visited August 21, 2009).

locations in Arizona, and the transmission lines necessary to bring those resources to load centers.[6]

Following the completion of the Fifth BTA, the Commission issued a decision in December 2008, directing the Commission-regulated utilities to develop plans to identify future renewable transmission projects and to develop plans and proposed funding mechanisms to construct the top three RTPs in their respective service territories.[7] In addition, the Commission-regulated utilities were directed to conduct a joint workshop or series of planning meetings to develop ways in which new transmission projects can be identified, approved for construction, and financed in a manner that will support the growth of renewable energy in Arizona.

SRP's Participation

SRP is required to submit its Ten Year Transmission Plan to the ACC on an annual basis, pursuant to A.R.S. §40-360.02. Additionally SRP has voluntarily participated in the Commission's BTA Process since the statute was modified in 1999 to require such a review. SRP supports the state-wide assessment and has participated in a number of jointly-owned transmission projects with other Arizona utilities. In addition, SRP continues to be involved in numerous regional planning organizations, providing technical support and leadership.

SRP's primary goal in its involvement in these regional planning entities is to produce a reliable and economical transmission system connected to available energy sources to provide reliable power at reasonable prices to its customers. While SRP is not a Commission-regulated utility, SRP has voluntarily participated in the effort to identify renewable transmission projects, recognizing the need and importance of renewable resources to all Arizona residents as well as to facilitate coordination with other utilities and to keep the ACC apprised of such projects. SRP believes that, through proper planning, multi-purpose transmission can be identified that allows for joint development and ownership of transmission that serves both SRP needs and needs of others.

Establishment of the Subcommittees under SWAT RTTF

The RTTF established the Arizona Renewable Resource and Transmission Identification Subcommittee ("ARRTIS") to identify more specifically those areas in Arizona with the best potential for renewable generation project development and to aid the utilities in their response to the BTA Decision.[8] The ARRTIS convened a process to gather, review, and map renewable resource and environmental sensitivity data for the State of Arizona and to provide input and

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[6] See 2007 SWAT Renewable Energy Transmission Task Force Report (filed in Docket No. E-00000D-07-0376, May 15, 2008). The opportunities included wind, solar, biomass, hydro and/or geothermal renewable energy types.

[7] See ACC Decision No. 70635 (December 11, 2008), at 8-9.

[8] See WestConnect <http://www.westconnect.com/planning_swat_rttf_arrtis.php> (last visited August 21, 2009).

support to the renewable transmission planning efforts of the RTTF. The process identified areas within the state where solar and wind resources were available for utility-scale generation development.

The ARRTIS developed resource maps identifying environmental exclusion and sensitivity areas, with an overlay of existing and potential future transmission corridors.[9] The RTTF used the information provided by the ARRTIS to identify transmission options that would link the resource areas to the existing transmission system to load pockets within the state or for export from Arizona.[10]

The RTTF also established a Finance Subcommittee to investigate and recommend methods for financing RTPs in Arizona.[11] Areas of investigation included: developing a working definition for a renewable transmission project; reviewing various project subscription methodologies; developing provisions for recovery of reasonable and prudent costs, including various methods for allocation of both a base and incentive return on equity for development of RTPs; and assessing relevant legislative and regulatory developments. The Finance Subcommittee held several meetings to discuss a range of issues related directly to financing methodologies. The Subcommittee coordinated its efforts with the ARRTIS to provide recommendations to electric utilities to assist in the identification of each utility's top three renewable transmission projects.

The Finance Subcommittee formed a smaller legal working group to formulate recommendations for the subcommittee's consideration. The Finance Subcommittee adopted the recommendations and included them in the final report. The final report of the Finance Subcommittee included recommendations for filing future Renewable Transmission Action Plans (RTAPs) and the process to identify future renewable transmission projects. The proposed RTAP Process, to be concurrent with the ten year plan filings, outlines how future renewable transmission projects should be described, including how it advances renewable penetration in Arizona, capacity, and schedule, among a number of other requirements.[12]

Both of these efforts culminated in a report filed with ACC Docket Control and posted on the WestConnect Website. The ARRTIS report is identified as "Final Report of the Arizona Renewable Resource and Transmission Identification Subcommittee" and is dated September 2009. The final report for the Finance Subcommittee is identified as "A Final Report on the Activities of the Finance Subcommittee" and is dated October 5, 2009.

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[9] See *Final Report of the Arizona Renewable Resource and Transmission Identification Subcommittee* (September 2009)

[10] Id.

[11] See WestConnect <http://www.westconnect.com/planning_swat_rttf_finance.php> .

[12] Finance Subcommittee Final Report dated October 5, 2009.

Development of Highest Ranking Renewable Transmission Projects

The following sections highlight the criteria used to select SRP's highest ranking renewable transmission projects.

Factors Considered

SRP considered numerous factors in ranking potential renewable transmission projects. Primarily, the factors considered in ranking potential renewable transmission projects were:

1) Proximity to renewable resources,
2) Meeting SRP's long term needs,
3) The project's ability to provide renewable resources and to serve multiple purposes,
4) Access multiple resources, resource dense areas or energy hubs,
5) Relative cost and schedule
6) Distance from SRP's service territory
7) Integration into local transmission system
8) The project's ability to align partnerships
9) Permitting issues, and
10) Enhancing system reliability

SRP Selected Projects

Project Descriptions

SRP selected the following renewable transmission projects based on "Factors Considered" in the previous section of this report. Each project is shown in Figure 1. A short description of the project, including the anticipated development of the project follows.

Pinal West - Pinal Central

The Pinal West - Pinal Central Project, a part of the larger Southeast Valley (SEV) Project, is a 50 mile double circuit 500kV and 230kV project that will connect west Pinal County with the central area of Pinal County. Completion of the Pinal West - Pinal Central portion of the SEV Project (a joint participant project[13]) will provide a critical link in connecting the Palo Verde Hub with the far southeast portion of the Phoenix Valley, provides a new parallel path to the existing lines connecting Palo Verde to the Phoenix area, accesses proposed solar resources in the Palo Verde area, accesses proposed solar resources in the Jojoba area, and accesses proposed solar resources at the Pinal Central area. This project was certificated in Decisions 68093 and 68291 and the CEC is effective until August 25, 2025.

This project encompassing Hassayampa-Pinal West-Pinal Central-Browning (SEV Project) has eleven interconnection requests for renewable energy projects totaling 3500MW, all solar. This project has a transfer capability of approximately 2000MW.

SRP believes that the Pinal West - Pinal Central 500 kV Project best meets its renewable transmission project selection criteria. This project ranks high in its ability to meet all the "Factors Considered" as this project provides transmission to solar projects that SRP is pursuing in the Palo Verde area, increases the transfer capability of the Palo Verde East transmission path, increases the load serving capability of the metro Phoenix area, and increases access to the Palo Verde Hub. The Pinal West - Pinal Central Project provides access to one of the richest solar resource areas with one of the shortest transmission segments.

This project is already certificated and has an expected in-service date of 2014. This project is currently in the right-of-way acquisition and design phase, with initial construction anticipated to begin in 2013. We anticipate that the cost of the line will be in the range of $90-110M[14].

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[13] Project participants include SRP as Project Manager, Tucson Electric Power (TEP), Electrical Districts # 2, 3 and 4 (ED2, ED3 and ED4), and Southwest Transmission Cooperative, Inc., (SWTC).

[14] Identification of specific projects costs are challenging due to the large number of factors that occur over a five to ten year or longer time frame. These factors include the costs of public involvement, siting and permitting, right of way and land acquisition, engineering and design, material and equipment procurement, and construction. A definitive plan of service of all requirements has not been finalized.

Pinal Central - Tortolita

The Pinal Central - Tortolita 500kV Line, another joint participant project[15], will connect the central Pinal County area with the southern Pinal County area. Development of this project would allow for development of renewables between Phoenix and Tucson load centers as well as possible export to California markets. A major project participant, the SunZia Project, is also considering interconnection at Pinal Central or Tortolita to bring renewable resources from southeast Arizona and New Mexico to central Arizona.

This project has three interconnection requests for renewable energy projects totaling 500MW at this time. The transfer capacity of the project is approximately 1000MW although the exact capacity has yet to be determined.

The Tortolita - Pinal Central 500kV Project meets most of the "Factors Considered" criteria as it provides SRP with access to renewable resources in the central and southern Pinal County area, primarily potential solar or biomass projects. The project provides transmission access to solar resource projects SRP is pursuing east of the Tortolita Substation. The Tortolita - Pinal Central Project would also provide additional reliability for SRP, APS, TEP and WAPA transmission systems in central Arizona. As a joint project, it meets SRP's long term needs, needs of others, is a relatively inexpensive project, and integrates into the proposed local transmission system.

No CEC has been applied for at this time. However, TEP has performed public involvement work for the project for over one year and expects to file for a CEC in late 2009.

This project has an expected in-service date of 2014 and is currently in the environmental study and public outreach phase. We expect the project costs to be approximately $70-85M[16].

Delaney - Palo Verde

The Delaney - Palo Verde Project is an 18 mile single circuit 500kV project that connects the Harquahala Valley with the Palo Verde Hub. The Delaney to Palo Verde Project is a portion of the Palo Verde to TS5 (Sun Valley) 500kV Project that was certificated by APS in 2005 (ACC Decision 68063). The Delaney to Palo Verde Project is also anticipated to be a component for the Palo Verde to Blythe 500kV Project (the Arizona segment of the Palo Verde to Devers II Project). The Delaney Station is located in a solar resource rich Harquahala Valley area of private and BLM managed lands.

This project has seven interconnection requests for renewable energy projects totaling 3300MW, all solar. This project has a transfer capability of approximately 1500MW, although

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[15] Tucson Electric Power is the Project Manager.

[16] Identification of specific projects costs are challenging due to the large number of factors that occur over a five to ten year or longer time frame. These factors include the costs of public involvement, siting and permitting, right of way and land acquisition, engineering and design, material and equipment procurement, and construction. A definitive plan of service of all requirements has not been finalized.

the exact capacity has yet to be determined. The total solar generation potential in this vicinity could exceed 10,000MW.

The Delaney - Palo Verde 500kV Line Project meets most of the "Factors Considered" list. This project will allow for access to additional solar resources west of the Palo Verde Hub and possible export to California markets. The interconnection of Delaney to future APS projects in 2014 will provide an outlet for the renewables located in the hub area to meet Phoenix metropolitan needs. The Delaney - Palo Verde 500kV Project will provide access for SRP at the Palo Verde Hub to solar projects near the proposed Delaney Substation and Harquahala region. Additionally, when connected with the proposed PV to TS-5 to TS-9 Segments, the project will provide the Valley with additional access to the Palo Verde Hub and system reliability to both APS and SRP.

SRP is a participant in this project with APS and CAWCD. The anticipated in service date for the Delaney-Palo Verde Line is 2014. The estimated cost of this project is $60M to $75M[17].

[17] Identification of specific projects costs are challenging due to the large number of factors that occur over a five to ten year or longer time frame. These factors include the costs of public involvement, siting and permitting, right of way and land acquisition, engineering and design, material and equipment procurement, and construction. A definitive plan of service of all requirements has not been finalized.

Map of the Projects

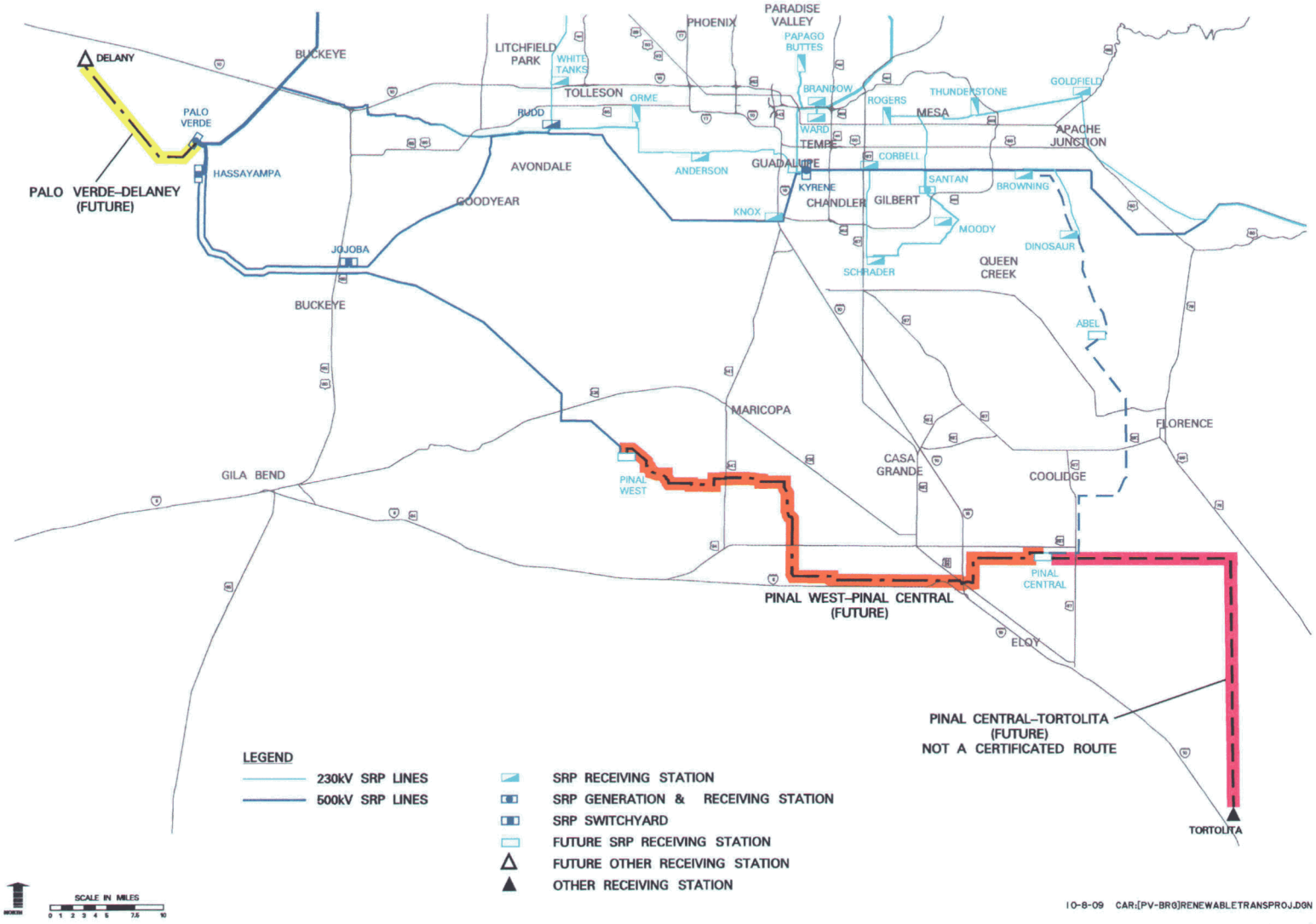

Figure 1 - SRP Renewable Transmission Projects

Identification of Future Renewable Transmission Projects

SRP identified the following projects as part of this effort, but primarily because they don't meet as many of the evaluation criteria noted in the "Factors Considered" section, they were not selected as part of SRP's top three RTPs. Should resource cost, development viability, and priority assumptions change, future Renewable Transmission Action Plans (RTAPs) might identify these, or other projects.

Palo Verde - North Gila II

The Palo Verde - North Gila II Project, a joint participation project[18], is a 500kV line connecting the Palo Verde Hub (Hassayampa) to APS' North Gila Substation just outside of Yuma. The development of this line traverses an area that is rated high with solar capability. The addition of this project to the Phoenix metro area would allow import of the solar resources to the Valley with completion of the Pinal West to Pinal Central Project as well as export to California since existing transmission extends into California from the North Gila Substation.

A CEC for this project was received by APS, as Project Manager, in January 2008 in Decision 70127.

This project is under evaluation by Western Area Power Administration through their Transmission Infrastructure Program (TIP).

Valley to Coronado

Large amounts of wind, and to a lesser extent, solar resources have been identified near or along the area between the Mogollon Rim and the New Mexico border in northeastern Arizona. The existing 500 and 345kV lines that traverse the renewable-rich parcels are already fully committed. To bring additional renewable resources from this area to the Phoenix Valley more transmission is needed. The size, number, and location of the lines will be dependent on the type, amount, and location of the renewable resources.

SunZia

The SunZia Southwest Transmission Project, a 500kV joint participant project[19], intends to connect New Mexico to Arizona via an approximately 460 mile line. This project could provide access to significant wind, solar, and geothermal energy in southeastern Arizona and central/southwestern New Mexico.

The project has initiated federal NEPA permitting.

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[18] Participants are APS, SRP, Imperial Irrigation District and Wellton-Mohawk Irrigation District.
[19] Participants are Southwestern Power Group (Project Manager), Energy Capital Partners, Shell Wind Energy, SRP, Tucson Electric Power, and Tri-State G&T.

Palo Verde - Blythe

The Arizona portion of the project formerly known as Palo Verde –Devers II is a 500kV project first proposed by Southern California Edison that would parallel the existing Palo Verde-Devers 500kV line. Development of this project could provide access to Arizona and California markets for burgeoning renewable (solar) resources.

The Palo Verde-Blythe project is comparable to the Palo Verde – North Gila II project. This project is under evaluation by Western Area Power Administration through their Transmission Infrastructure Program (TIP). This project has completed most of the federal NEPA permitting.

SRP Policy Issues

As with any new goal or policy, there are implementation issues. This section identifies some of the policy implications of building transmission for renewable energy projects.

Definition of "Renewable Transmission Projects"

As suggested by the Finance Subcommittee of the RTTF, "renewable transmission projects" must be broadly defined. In its final report, the Subcommittee provided the following definition:

> Identification of RTPs, which includes the acquisition of transmission capacity, such
> as, but not limited to, (i) new transmission line(s), (ii) upgrade(s) of existing line(s),
> or (iii) the development of transmission project(s) previously identified by the utility (whether conceptual, planned, committed and/or existing), all of which provide **either**:
>
> - Additional direct transmission infrastructure providing access to areas within the state of Arizona that have renewable energy resources, as defined by the Commission's Renewable Energy Standard Rules (A.A.C. R14-2-1801, *et seq.*), or are likely to have renewable energy resources;
>
> **Or**
>
> - Additional transmission facilities that enable renewable resources to be delivered to load centers.

SRP supports the work and recommendations of the Finance Subcommittee on the definition of renewable transmission projects. A broad definition of "renewable transmission projects" will allow utilities to build transmission that will provide access to renewable energy resource rich areas and promote development of these renewable resources while not restricting the use of the transmission to meet or perform its traditional functions. Allowing for such multi-use will allow utilities to provide the greatest reliability possible with the least impact to their customers.

It is also important that RTPs not be narrowly defined to discriminate against other transmission customers. As required by FERC, transmission providers cannot discriminate among types of generation in providing transmission service under their OATTs to credit-worthy transmission customers. Therefore, FERC policy requires that transmission providers not give preference to renewable generation in providing transmission service.

Need for Collaboration

The identification of future renewable transmission projects should be a collaborative effort between resource developers, utilities and other interested parties (towns, counties, federal and state agencies). Coordination amongst resource and transmission providers will assist in specifically identifying transmission needs of each party through Power Purchase Agreements (PPAs) or long term transmission service agreements. Joint ownership of transmission projects

allow projects to be developed for multiple purposes which will likely achieve higher utilization and minimize costs to customers. These types of collaboration should help advance the development of renewable resources for both in-state needs and export to neighboring states.

Longer Terms for CECs

As transmission identified for renewable resource areas materializes, the term of CECs before the required "in-service" date of the project should be longer—a minimum of 10 years and up to 20 years. An extended term will accommodate the vagaries of obtaining funding (primarily for the renewable resource developers) and provide certainty for the renewable resource developers that the necessary transmission can and will be built. A longer term CEC will afford transmission line proponents the time to complete the necessary public outreach well before specific generation projects are identified within a renewable resource area.

Broader Definition of Need within CECs

CEC applications for new transmission projects require that "need" be established. Need is not defined in statute but traditionally, it has been proven by demonstrating the need to accommodate load-growth or improvements to reliability. In order to recognize the need for transmission to access renewable resources for both import and export, SRP suggests that the definition of "need" be broadened to include the need for non carbon emitting resources to meet renewable energy mandates.

Appendix

April 16, 2009 Presentations by SRP

- SRP Policy Comments

Arizona Corporation Commission

Fifth Biennial Transmission Assessment Commission Decision 70635

Workshop on Transmission to Support Renewable Energy Development

SRP General Comments Concerning Policy Issues

Robert E. Kondziolka, P.E.
Manager, Transmission Planning
Salt River Project

April 20, 2009

Docket E-00000D-07-0376

Timing

SRP Will Invest and Develop Transmission Based on Load Growth and Renewable Energy Requirements Defined by SRP's Board

Permitting of Corridors to Renewable Energy Zones

- ***ACC should support the siting and permitting of corridors for transmission in advance of specific projects***
- ***Broader Evaluation of Need***
- ***Provide access to renewable resources***
- ***Identify transfer capability needs***
- ***Facilitate in-state needs and export opportunities***

Longer Terms of CEC

- ***Reduce development time frame difference in development between transmission and renewable resources***
- ***Provide certainty to renewable energy financing***
- ***Provide certainty to renewable energy development process***

Who Pays

SRP Will Seek Lowest Cost Options to Develop Transmission

SRP Will Only Invest in Transmission That Has Direct Benefits to SRP Customers

SRP supports joint ownership of transmission projects. Parties are responsible for investments to meet their needs. Each party responsible for their pro rata share of ownership

SRP will not invest for speculative or third party interest

SRP believes the direct beneficiary should pay the cost to develop the transmission.

Import/Export

SRP will participate in regional and sub-regional planning to identify transmission options that meet multiple purposes

SRP will endeavor to work with other parties to develop the most economical, efficient, and versatile transmission projects

SRP will seek opportunities to include wholesale or export options in transmission development

Definition of Renewable Transmission Projects

The definition of a Renewable Transmission Project should be based on broad characteristics and the projected ability to meet designated objectives, such as "Any new transmission or transmission upgrade that provides for access to and delivery of renewable energy resources in Arizona." An upfront designation will provide certainty for development.

Definition should avoid the use of a specific capacity or energy-hours targets for transmission. How do you measure for compliance (instantaneous values or averaged over different time frames) and what are consequences for non-compliance?

Use of capacity or energy-hour target values introduces potential non-discriminatory open access issues to transmission that would further complicate the use of a specific target. Might introduce private-use type restrictions.

SRP will not limit transmission for renewable energy to designated renewable energy zones as this will likely restrict access to renewable projects

Prioritization of Projects

SRP desires transmission that can meet long term needs and has the ability to serve multiple purposes

Can access multiple resources or energy hubs

Cost and schedule

Distance from service territory

Integration into local transmission system

Ability to align partnerships

Permitting issues