

May 10, 2019

By Electronic Mail

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California Public Utilities Commission
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Re: Comments of Horizon West Transmission, LLC (formerly known as NextEra Energy Transmission West, LLC) (U 222-E) on Draft Alternatives Screening Report for the Estrella Substation and Paso Robles Area Reinforcement Project (A.17-01-023)

Dear Mr. Peterson:

Horizon West Transmission, LLC (formerly known as NextEra Energy Transmission West, LLC) (U 222-E) (“Horizon West”) provides these comments on the Draft Alternatives Screening Report prepared for the California Public Utilities Commission (“Commission”) to document its process for developing a range of potentially feasible alternatives for the proposed Estrella Substation and Paso Robles Area Reinforcement Project (“Proposed Project”) (“Draft ASR”).¹ Horizon West appreciates the work of the Commission’s California Environmental Quality Act (“CEQA”) Unit and its consultants in preparing the Draft ASR and welcomes the opportunity to submit these comments. Consistent with CEQA, these comments are intended to ensure that the alternatives carried forward for detailed analysis in the Environmental Impact Report (“EIR”) encompass a reasonable range of potentially feasible alternatives that would accomplish most of the Proposed Project’s basic objectives and avoid or lessen its potentially significant environmental impacts.

I. INTRODUCTION

Horizon West and Pacific Gas and Electric Company (“PG&E”) are joint applicants seeking Commission approval for the Proposed Project. On January 25, 2017, Horizon West and

¹ Horizon West recently changed its name. This was a change in name only and there was no change in ownership or control. Horizon West is filing a notice of name change in Docket No. 17-01-023 and submitting a notice of name change to the Commission’s Deputy Executive Director with copies to other Commission personnel.

PG&E filed Application 17-01-023 (“Application”) requesting separate Permits to Construct (“PTCs”) for their respective portions of the Proposed Project. The Horizon West portions consist of a new 230 kV substation and associated 230 kV components (these components in the location proposed by Horizon West are referred to herein collectively as the “Proposed Estrella Substation”). (Application, pp. 9-10.) The PG&E portions of the Proposed Project consist of a new 70 kV substation to be constructed on the same site as the new 230 kV substation, a new 70 kV power line segment, and reconductoring work on an existing 70 kV power line (PG&E’s portions in the locations and configurations proposed by PG&E are referred to herein collectively as the “Proposed PG&E Components”).² (Application, pp. 10-12.)

In these comments, Horizon West addresses the Draft ASR’s methodology and analysis for developing a reasonable range of potentially feasible alternatives to the Proposed Project, with a focus on the Draft ASR’s discussion of alternatives to the Proposed Estrella Substation. PG&E is submitting separate comments that address the potential alternatives to the Proposed PG&E Components.

The following is a summary of Horizon West’s comments, which are discussed in detail in Section II below and organized according to order of appearance in the Draft ASR:

- A. In Section 1.1 (Purpose and Background), the Draft ASR should be modified to include a description of the joint applicants’ extensive public outreach and the nature of comments received through that process.
- B. Section 1.2.3 (Proposed Project Objectives) should recognize the fundamental objective of increasing service reliability by meeting the dual transmission and distribution components of the CAISO-identified reliability need. Section 2.2.1 (Consistency with Basic Project Objectives) should ensure that selected transmission alternatives would meet that reliability need.
- C. Section 2.1.3 (Independent Evaluation and Consideration of CPUC Initiatives) should be revised to focus on evaluating alternatives according to CEQA requirements and should not use this review to promote storage procurement initiatives that do not apply to Horizon West.

² PG&E also will construct the 230 kV interconnection for Horizon West’s Proposed Estrella Substation.

- D. In Section 3.2 (Substation Siting (SS) Alternatives):
1. Alternative SS-1 (McDonald Ranch Substation Site) should be screened out because it would not eliminate or reduce environmental impacts of the Proposed Estrella Substation; and
 2. The Draft ASR properly eliminates Alternative SS-2 (Mill Road West Substation Site), but should be revised to recognize additional environmental impacts that further support that conclusion.
- E. Section 3.4 (Existing Substation Expansion (SE) Alternatives) properly retains Alternative SE-1 (Templeton Substation Expansion), but its environmental impacts likely are greater than the Proposed Estrella Substation.
- F. In Section 3.6 (Battery Storage (BS) Alternatives), Alternative BS-1 (Battery Storage to Address the Transmission Objective) should be eliminated from detailed analysis in the EIR because it would not meet the CAISO-identified reliability need.

II. COMMENTS

- A. In Section 1.1 (Purpose and Background), the Draft ASR should be modified to include a description of the joint applicants' extensive public outreach.**

The Draft ASR describes the public outreach conducted by Commission staff and their consultants, but fails to describe the extensive public outreach conducted by the joint applicants. Horizon West and PG&E implemented a comprehensive public outreach program to solicit public input and comment on the Proposed Project and alternative substation sites and power line routes. The joint applicants held meetings with the City of Paso Robles, San Luis Obispo County, the Chamber of Commerce, and numerous other stakeholder groups. The joint applicants also held public meetings on the following dates and at the following locations:

- December 7, 2015 at the Paso Robles Elks Lodge;
- December 8, 2015 at the Paso Robles Event Center;
- January 11, 2016 at the Paso Robles Park Ballroom;
- January 12, 2016 at the Paso Robles Event Center;
- June 22, 2016 at the Paso Robles Elks Lodge; and
- June 23, 2016 at the Park Ballroom.

The majority of comments received through this public outreach focused on transmission line routing locations. Additionally, several comments addressed the alternative labeled in the Draft ASR as Alternative SS-1 (McDonald Ranch Substation Site). The owners of Bonel Ranch and other property owners expressed strong opposition to the McDonald Ranch Substation Site. Property owners cited concerns about potential impacts to property values and aesthetic resources and potential security concerns. Detailed information regarding this public outreach and the comments received were provided in the Proponents' Environmental Assessment ("PEA"). (See PEA Section 1.5 (summarizing joint applicants' agency coordination and public outreach efforts), Section 3.5.3.3 (describing the joint applicants' Native American tribal outreach efforts), and Section 4.4 (describing PG&E's public outreach efforts during the transmission line routing process).)

The Draft ASR should be revised to include a record of the foregoing public outreach efforts and the associated stakeholder comments that led to selection in the PEA of the components comprising the Proposed Project, including the Proposed Estrella Substation.

B. Section 1.2.3 (Proposed Project Objectives) should recognize the fundamental objective of increasing service reliability by meeting the dual transmission and distribution components of the CAISO-identified reliability need, and Section 2.2.1 (Consistency with Basic Project Objectives) should ensure that selected alternatives would meet that reliability need.

In Section 1.2.3, the Draft ASR references the joint applicants' description of the project objectives in the PEA, but states that the Commission and its consultants have formulated their own CEQA objectives for the Proposed Project by defining a separate "Transmission Objective" and "Distribution Objective" as follows:

- **Transmission Objective:** Mitigate thermal overload and low voltage concerns in the Los Padres 70 kV system during Category B contingency scenarios, as identified by the CAISO in its 2013-2014 Transmission Plan.
- **Distribution Objective:** Accommodate expected future increased electric distribution demand in the Paso Robles [Distribution Planning Area ("DPA")], particularly in the anticipated growth areas in northeast Paso Robles.

(Draft ASR, p. 1-11.)

Section 2.2.1 (Consistency with Basic Project Objectives) characterizes these two objectives as “essentially separate (although interconnected in some ways)” and states that “[t]he screening process considered whether a potential alternative addressed at least one of the two basic objectives.” (*Id.*, p. 2-8.)

As discussed below, the Draft ASR’s formulation of the “transmission” project objective does not accurately define the CAISO-identified reliability need and thus allows consideration of alternatives that do not meet the actual need. This should be corrected in the final ASR and the EIR.

- 1. The Draft ASR’s formulation of project objectives should be revised to reflect the CAISO-identified reliability need that the Proposed Project is designed to resolve, and the dual transmission and distribution reliability issues that the Proposed Estrella Substation is needed to address.**

The CAISO designated the Proposed Project as a “reliability” project that is needed by a date certain. The Proposed Project was identified in the CAISO’s 2013-2014 Transmission Plan as a project needed to mitigate thermal overloads and voltage concerns in the Los Padres 70 kV system (specifically in the San Miguel, Paso Robles, Templeton, Atascadero, Cayucos and San Luis Obispo areas). CAISO modeling determined that thermal overloads and very low voltage conditions, including voltage collapse in the area, could occur in this system following either one of two Category B1 contingencies: (1) loss of the Templeton 230 kV/70 kV #1 Transformer Bank; or (2) loss of the Paso Robles-Templeton 70 kV Transmission Line. If either the #1 Transformer Bank at the Templeton Substation or the 70 kV transmission line connecting the Paso Robles and Templeton Substations were to fail for any reason, that failure would result in dangerous overloading and low voltage conditions in the regional system.

This occurs due to both high load (*i.e.*, electrical service demand) in the Paso Robles area relative to substation capacity, and a lack of transmission redundancy in the system. Currently, the only sources of power to the Paso Robles Substation are the San Miguel-Paso Robles 70 kV Transmission Line from the north and the Paso Robles-Templeton 70 kV Transmission Line from the south, with the latter providing the bulk of the power and the nearest connection to a

230 kV power source. The San Miguel-Paso Robles 70 kV Transmission Line does not have the capacity to accommodate the load served through the Paso Robles Substation should the power source from Templeton Substation fail; therefore, thermal overloads, low voltages, and/or voltage collapse in the area, could occur during one of the Category B contingencies identified by the CAISO. Because PG&E has an interim operational plan (an under-voltage load shedding scheme) that serves to protect the transmission system infrastructure in the event of such overload scenarios, load would be systematically dropped to bring voltages to acceptable levels. This operational plan could result in 60 to 70 megawatts (MW) of load in Paso Robles being dropped during one of the Category B contingencies described above.

The Proposed Project is designed to meet this CAISO-identified reliability need. The CAISO specified that: “As described in the ISO Functional Specification for the Estrella Substation project, the substation will address reliability issues in the Paso Robles area by providing Paso Robles Substation with more reinforced 70 kV sources from Templeton and Estrella Substations.” (Application, Exhibit H—CAISO Estrella Substation Project—Project Sponsor Selection Report, p. 2.) The CAISO’s functional specifications explain that the Proposed Project would meet the reliability need as follows:

The project will mitigate the thermal overloads and voltage concerns identified in the Los Padres 70 kV system, specifically in the San Miguel, Paso Robles, Templeton, Atascadero, Cayucos and San Luis Obispo areas following a Category B contingency due to loss of either the Templeton 230/70 kV #1 Bank or the Paso Robles-Templeton 70 kV Line. These two Category B contingencies put approximately 60-70 MW of load at Paso Robles at risk by activating the existing Paso Robles UVLS during summer peak conditions to alleviate the thermal and low voltage concerns. Also, a Category C3 contingency condition involving loss of Morro Bay-Templeton and Templeton-Gates 230 kV lines results in thermal overloads and low voltages in the underlying 70 kV system. With the additional source from the Gates 230 kV system, the Estrella Substation Project will provide robust system reinforcement to the Paso Robles and Templeton 70 kV system operations.

(Application, Exhibit K—CAISO Estrella Substation Project Description and Functional Specifications for Competitive Solicitation, pp. 2-3.)

The CAISO further specified that the identified reliability need must be met by May 2019: “The ISO Functional Specification specifies that the latest in-service date for the Estrella Substation is May 2019.” (Application, Exhibit H—CAISO Estrella Substation Project—Project Sponsor Selection Report, p. 2.) The Proposed Project thus is needed today—which means it should be built as soon as possible—to meet the CAISO-identified reliability need and avoid the risks of load shedding.

The CAISO’s recent studies confirm that the Proposed Project is still needed as soon as possible for reliability at the transmission and distribution level. The CAISO performed revised transmission planning studies for the 2017-2018 transmission planning process. The CAISO restudied the need for the Proposed Project in the near-term planning horizon using the 2019 and 2022 summer peak base cases used in the 2017-2018 transmission planning process with the Proposed Project removed from the model. The CAISO explained that the results “would be very similar in 2027” and explained:

For the P1 (N-1) contingency, the reliability constraint is overloading of the Coalinga-San Miguel 60 kV and San Miguel Paso-Robles 60 kV lines as well as voltage collapse in the area.

...

The reliability studies are consistent with the current loading and reliability constraints in the area. . . . an outage of the Templeton-Paso Robles 60 kV will result in an overloading of the San Miguel-Paso Robles 60 kV lines in addition to voltage stability in the area. The loading on the Coalinga-San Miguel 60 kV line is the same as the San Miguel-Paso Robles 60 kV line and would also be overloaded. The interim operational action plan to address the reliability constraints in the area, until the Estrella Substation project is in-service, is to rely on an under voltage load shedding (UVLS) scheme that will trip load in the area that addresses the overload and voltage stability conditions under the P1 contingency condition.

The Estrella Substation project was originally approved in the 2012-2013 transmission planning process to address the

transmission reliability constraints identified above in addition to the need PG&E has identified for a new load interconnection point for the distribution system in the area. The ISO has reviewed an alternative that would add an additional 230/70 kV transformer at the Templeton substation, reconstruction of the Templeton substation by PG&E, upgrades to the Paso Robles substation, and a new Templeton-Paso Robles 70 kV line. The alternative would address the transmission reliability constraints but at a higher estimated cost than the Estrella Substation Project and does not address the need identified by PG&E for a new load interconnection point for the distribution system in the area.

(CAISO Letter from J.E. (Jeff) Billinton, Manager, Regional Transmission—North to Mr. Rob Peterson, Energy Division, Infrastructure Permitting and CEQA, California Public Utilities Commission (February 23, 2018), pp. 4-5.)

The Draft ASR's proposed Transmission Objective fails to fully capture this reliability need, the objective for avoiding loss of load, and the fundamental dual transmission/distribution reliability objective served by adding a 230/70 kV substation to support the 70 kV system while also adding a new load interconnection point for the distribution system in the area. The Draft ASR also fails to reflect the fact that the Proposed Project is a reliability project that is needed as soon as possible to meet the CAISO-identified reliability need. The timing of this PTC process has already prevented achievement of the CAISO's deadline of May 2019. Timing is now a critical concern. To be retained for full analysis in the Draft EIR, a potential alternative must be capable of meeting the CAISO's reliability need as soon as possible, on a timetable comparable to the schedule for the Proposed Project.

For these reasons, the Draft ASR's formulation of project objectives should be revised to specify the following:

- **Dual Transmission/Distribution Objective:** Increase service reliability, mitigate thermal overload and low voltage concerns, and eliminate voltage collapse in the Los Padres 70 kV system during Category B contingency scenarios as identified by the CAISO in its transmission planning studies, while providing a new load interconnection point for the distribution system in the area.

- **Additional Distribution Objective:** Accommodate expected future increased electric distribution demand in the Paso Robles DPA, particularly in the anticipated growth areas in northeast Paso Robles.
- 2. **The Draft ASR should be modified to ensure that selected alternatives meet the dual transmission/reliability need addressed by the Proposed Estrella Substation.**

As noted above, the Draft ASR applies a screening process that considers whether a potential alternative addresses either objective as formulated in the Draft ASR, and finds that alternatives could be combined or constructed in tandem to meet all of the basic project needs. (Draft ASR, pp. 2-8 through 2-9.) As explained above, the Draft ASR's formulation of the "Transmission Objective" should be revised to ensure that selected alternatives would meet the reliability need and avoid loss of load in an effective manner to meet the CAISO-identified need.

Additionally, the detailed alternatives analysis in the EIR must not understate the environmental impacts of an alternative in relation to the Proposed Project. This is a concern based on the Draft ASR's analysis of alternatives, which states that certain alternatives that meet only part of the need could be combined with other alternatives. The analysis itself, however, does not describe how alternatives would be combined, or consider whether the cumulative impacts of combined alternatives could result in total impacts exceeding the Proposed Project's total impacts. The detailed alternatives analysis in the EIR should consider all impacts of a combined set of alternatives that together meet the CAISO-identified reliability need. Just as consideration of a proposed project's impacts cannot be phased or piecemealed to understate its total impacts, the EIR's analysis of alternatives also should not bifurcate or piecemeal consideration of alternatives that are not sufficient alone to meet the complete CAISO-identified reliability need, including the dual transmission/distribution objectives addressed by the Proposed Estrella Substation and the additional distribution objectives addressed by the Proposed PG&E Components.

C. Section 2.1.3 (Independent Evaluation and Consideration of CPUC Initiatives) should be revised to focus on evaluating alternatives according to CEQA requirements and should not use this review to promote storage procurement initiatives that do not apply to Horizon West.

CEQA's requirement that EIRs identify and discuss alternatives to a project stems from the fundamental statutory policy that public agencies should require the implementation of feasible alternatives or feasible mitigation measures to reduce the project's significant environmental impacts. (Public Resources Code § 21002.) The CEQA Guidelines specify that an EIR must identify a reasonable range of alternatives to a project, or its location, that would feasibly attain most of the project's basic objectives while reducing or avoiding any of its significant effects. An EIR must evaluate the comparative merits of those alternatives. (14 Cal. Code Regs. § 15126.6(a).)

Applying these CEQA requirements, the Draft ASR should focus on evaluating alternatives that would feasibly attain the Proposed Project's basic objectives—particularly the objective to increase service reliability and the included dual and interrelated transmission and distribution level components of that need—while reducing any significant environmental impacts. The Draft ASR improperly deviates from these CEQA requirements, however, and describes a purpose of promoting the Commission's initiatives for increasing reliance on storage. This objective is not appropriate for this proceeding, which should focus on environmental review and compliance with CEQA, not on advancing other Commission policy initiatives.

The Draft ASR's focus on storage initiatives also is prejudicial to Horizon West, which is not a load-serving utility that is subject to the Commission's requirements for procurement of battery storage. The Commission decisions cited in Section 2.1.3 of the Draft ASR do not apply to a transmission-only utility such as Horizon West. Because it is not a load-serving entity, Horizon West does not procure energy or capacity and is not in a position to buy or deploy battery storage through procurement initiatives that apply to load serving entities. To the contrary, Horizon West was awarded a substation project in the CAISO's competitive solicitation and is contractually obligated to build the reliability-driven transmission project identified in the CAISO's transmission planning process. It is not clear how Horizon West could

transform the Proposed Estrella Substation into a battery storage project under its agreement with the CAISO. A requirement in this process to build a battery storage project instead of the Proposed Estrella Substation thus could lead to termination of Horizon West's project. In this way, the suggestion in the Draft ASR that a battery storage alternative to the Proposed Estrella Substation might better serve the Commission's policy initiatives could undermine the CAISO transmission planning process and eliminate the low cost bid that was selected through the CAISO's competitive process. The Draft ASR should be modified to remove references to the Commission's storage initiatives and all suggestions that this proceeding will consider how to advance those initiatives.

In addition, the Draft ASR cites Public Utilities Code Sections 1002.3 and 1002 as requiring consideration of "cost-effective alternatives to transmission facilities that meet the need for an efficient, reliable and affordable supply of electricity," but these statutory requirements apply to proceedings in which the Commission is considering whether to grant a certificate of public convenience and necessity ("CPCN"), not to PTC proceedings such as this one.³ This was confirmed in the Final EIR for the Valley-IvyGlen Project on page 3-2, footnote 1 as follows: "The applicant filed an application for a Permit to Construct for the proposed Valley-Ivyglen Project; therefore, the California Public Utilities Code Section 1002.3 requirements do not apply to the Valley-Ivyglen Project." (Valley-Ivyglen 115 kV Subtransmission Line and Alberhill System Projects Final Environmental Impact Report (April 2017), A.07-01-031, A.09-09-022, SCH Nos. 2008011082, 2010041031, p. 3-2, footnote 1.) Public Utilities Code Section 1002 similarly only applies when the Commission is granting a CPCN.

Public Utilities Code Sections 1002.3 and 1002 therefore do not support the objectives articulated in the Draft ASR for advancing the Commission's battery storage initiatives. The

³ The *Administrative Law Judge's Ruling Giving Notice of Anticipated Scope of Issue; Timing of Prehearing Conference; and Addressing Other Procedural and Substantive Matters* issued July 14, 2017 in Docket No. A.17-01-023 ("ALJ Ruling") clearly determined that this proceeding was properly filed as a joint PTC application, and did not require joint applicants to submit a CPCN application. ALJ Ruling, p. 9 ("Accordingly, rather than a CPCN, Joint Applicants require a PTC to construct the Estrella Project as a CPCN is only required for the construction of "major" electric transmission facilities which are designed to operate at 200 kV or more. (GO 131-D, Section III.A.).").

Draft ASR should be modified to remove those statutory references and the related discussion and to focus on identifying alternatives that meet the CAISO-identified reliability need without reference to goals for increasing storage.

D. Section 3.2—Substation Siting (SS) Alternatives.

1. Alternative SS-1 (McDonald Ranch Substation Site) should be screened out because it would not eliminate or reduce environmental impacts of the Proposed Estrella Substation site.

In retaining Alternative SS-1 (McDonald Ranch Substation Site) for detailed analysis, the Draft ASR both overstates the Proposed Estrella Substation site's potential environmental impacts, and understates the potential impacts of the McDonald Ranch Substation Site. First, the Draft ASR incorrectly concludes that the McDonald Ranch Substation Site could reduce identified impacts of the Proposed Estrella Substation site related to aesthetics. (Draft ASR, p. 3-9.) The Draft ASR's rationale is that the Proposed Estrella Substation site would be visible from numerous wineries and from motorists along Union Road. The Draft ASR then concludes that the McDonald Ranch Substation Site would reduce aesthetic impacts because it would not be visible from any vineyards or wineries and would affect a fewer number of motorists, as the average daily traffic along Estrella Road is substantially less than the along Union Road. (Draft ASR, pp. 3-9 through 3-10.) This analysis, however, fails to consider potential changes to the visual character and quality of the site that would result from the McDonald Ranch Substation Site's potential visual incompatibility with the surrounding landscape, as seen from Estrella Road. Those changes would result in the McDonald Ranch Substation Site having a significant adverse effect on aesthetics. Moreover, as shown in Figure 3-1 of the Draft ASR, the McDonald Ranch Substation Site would require a 230 kV extension that may need to cross the Estrella River to avoid conflicts with the proposed 70 kV double circuit line existing at the site. The Draft ASR notes the potential for a host of additional biological, cultural, and tribal impacts, a longer construction time, and potential for increased erosion, sedimentation, and fugitive dust. (Draft ASR, p. 3-8.) The Draft ASR improperly downplays these potential impacts, however, which would result in greater impacts than the Proposed Estrella Substation site, as discussed

further below. For these reasons, the McDonald Ranch Substation Site should be screened out because it does not meet the requirement for reducing impacts of the Proposed Project.

Second, the Draft ASR overstates the Proposed Estrella Substation site's potential impacts to agricultural resources, which leads to the incorrect conclusion that the McDonald Ranch Substation Site would reduce the Proposed Estrella Substation site's significant effects on agricultural resources. The Draft ASR concludes that the Proposed Estrella Substation site would result in potentially significant impacts to agricultural resources due to the conversion of 11.73 acres of Unique Farmland and 2.66 acres of Farmland of Statewide Importance. (Draft ASR, p. 3-10.) This ignores the significance standard applied by the Commission in other cases. The Commission has applied a standard of significance based on Government Code Section 51222 (*see* Shepherd Substation Project Initial Study/Mitigated Negative Declaration (May, 2012), pp. 3.2-8 through 3.2-9), which identifies 10 acres as the size of a parcel large enough to sustain agricultural use in the case of prime agricultural land, and 40 acres for Farmland of Statewide Importance, Unique Farmland, and non-Prime Williamson Act lands. (*See also*, page 3.2-21 of the Proponent's Environmental Assessment (PEA) for PG&E's Shepherd Substation Project (A.10-12-003, approved May 23, 2013).) Because the Proposed Estrella Substation site would not result in the permanent conversion of agricultural land in excess of the Commission's established thresholds, the PEA found the impacts to agricultural resources to be less than significant. Because impacts from the Proposed Estrella Substation site would be less than significant according to Commission's previously established significance thresholds, the alternatives analysis should not focus on alternatives that avoid or lessen impacts to agriculture. The Draft ASR should be modified accordingly.

The Draft ASR also neglects to consider impacts to Williamson Act contracted lands. Both the Proposed Estrella Substation site and the McDonald Ranch Substation Site would be located on Williamson Act contracted lands. Therefore, from a Williamson Act standpoint, impacts to agricultural resources would be equivalent. Third, the Draft ASR fails to consider the McDonald Ranch Substation Site's impacts in other resource areas, which would be greater than the Proposed Estrella Substation site. In this regard, the "Potential to Avoid or Reduce

Significant Environmental Impacts” discussions in Chapter 3 of the Draft ASR focus exclusively on aesthetic and agriculture impacts. However, Section 15126.6(a) of the CEQA Guidelines specifies that an EIR must describe a reasonable range of alternatives that would “feasibly attain most of the basic objectives of the project but would avoid or substantially lessen *any* of the significant effects of the project...” (emphasis added). The Draft ASR states that the Applicant-Proposed Measures (“APMs”) included in the PEA likely would be considered mitigation measures in the EIR. (Draft ASR, p. 1-12.) The PEA includes APMs to reduce potentially significant impacts to aesthetics, agriculture, biological resources, and cultural resources, as well as air quality and noise. Therefore, because the Draft ASR identifies impacts to biological resources, cultural resources, and wildfire risk as potentially significant, but possibly less than significant with mitigation, the discussion of alternatives also should focus on alternatives capable of avoiding or substantially lessening these impacts as well as air quality and noise impacts.

Applying this analysis, the McDonald Ranch Substation Site would have greater impacts than the Proposed Estrella Substation site when considering the aggregation of all resource areas. The McDonald Ranch Substation Site would require a longer 230 kV interconnection to the substation (approximately 700 feet longer) than the interconnection required for the Proposed Estrella Substation site. Not only would this interconnection require more ground disturbance, the northern interconnection also would span the Estrella River and require more overall vegetation removal (both temporary and permanent), due to the presence of riparian habitat that extends along the Estrella River. The McDonald Ranch Substation Site’s close proximity to the Estrella River also has the potential to impact unknown cultural and tribal resources, which have a higher likelihood of occurring in the area next to the Estrella River.⁴

Additional indirect impacts could also result from the amount of ground disturbance and the longer construction duration (estimated to be one to two months longer than for the Proposed Estrella Substation site), resulting in a potential for increased soil erosion and sedimentation, as well as increased fugitive dust. The longer construction period also could result in increased

⁴ See PEA § 4.3.1.2 for details regarding the McDonald Ranch Substation Site.

construction-related noise impacts compared with the Proposed Estrella Substation site. The McDonald Ranch Substation Site's close proximity to the Estrella River also results in soils that are less conducive to compaction, which could necessitate additional import/export of fill material. The corresponding increases in truck trips would result in increased construction-related air quality impacts, as well as increased greenhouse gas ("GHG") emissions compared to the Proposed Estrella Substation site.

In sum, as compared with the Proposed Estrella Substation site, the McDonald Ranch Substation Site would result in greater impacts to biological resources, cultural resources, air quality, and noise; would result in similar impacts to agriculture (both less than significant); would not substantially reduce the aesthetic impacts compared to the Proposed Estrella Substation site; and would not meet the Distribution Objective.⁵ As a result, the McDonald Ranch Substation Site should be eliminated and not carried forward for full analysis in the EIR.

2. The Draft ASR properly eliminates Alternative SS-2 (Mill Road West Substation Site) but should be revised to recognize additional environmental impacts that further support this conclusion.

Horizon West supports the Draft ASR's conclusion that Alternative SS-2 (Mill Road West Substation Site) should be screened out because it would not eliminate or substantially reduce potential impacts. (Draft ASR, pp. 3-12 through 3-13.) The Draft ASR should be revised, however, to recognize additional impacts from the Mill Road West Substation Site that further support that conclusion.

Although the Mill Road West Substation Site's location farther away from Union Road would make it less visually prominent to drivers traveling along that route, it would have additional impacts that should be documented in the Draft ASR.⁶ The Mill Road West

⁵ In addition to having greater impacts, the McDonald Ranch Substation Site is outside of the 2.2-mile radius from the intersection of State Route (SR-) 46 and the Morro Bay-Gates/Templeton-Gates 230 kV transmission corridor that was identified in the CAISO Functional Specifications. The McDonald Ranch Substation Site therefore does not provide a location for future distribution facilities near the anticipated growth areas in northern Paso Robles. In contrast, the Proposed Estrella Substation site fully meets the CAISO-identified need with fewer environmental impacts.

⁶ See PEA § 4.3.1.3 for details regarding the Mill Road West Substation Site.

Substation Site is located in the middle of vineyard rows and would require road improvements to effectuate access. To accommodate construction equipment and all-weather access during operations and maintenance, approximately one mile of an existing dirt road would require improvements such as widening, paving, turning aprons to accommodate equipment turn radii, drainage improvements such as culvert improvements, and roadside drainage ditches. Consequently, this road would require more vineyard removal and temporary and permanent ground disturbance as a result of road and drainage improvements. Use of this road also could cause conflicts with ongoing adjacent vineyard operations, particularly during harvest season. In addition, the Mill Road West Substation Site would require a 230 kV interconnection measuring approximately 1,000 feet in length, resulting in more disturbance of Farmlands of Statewide Importance and Williamson Act contracted lands compared to the Proposed Estrella Substation site. Ground disturbing activities associated with interconnection and access road improvements for the Mill Road West Substation Site would result in greater impacts to hydrology and water quality, air quality, GHG emissions, and noise as compared with the Proposed Estrella Substation site. By comparison, the Proposed Estrella Substation site would require an interconnection measuring approximately 700 feet in length.

Additionally, the Mill Road West Substation Site is adjacent to an irrigation pond along its western and southern boundaries, and also is bordered by Dry Creek, an ephemeral tributary to Huerhuero Creek, west of the Mill Road West Substation Site. While construction and operation activities would avoid the irrigation pond and Dry Creek, due to the proximity to these water features and greater ground disturbance requirements, the potential for erosion and sedimentation risks associated with the Mill Road West Substation Site would be greater. However, similar to the Proposed Estrella Substation site, impacts to the water features would be avoided and erosion and sedimentation risks would be mitigated through the implementation of Best Management Practices. Therefore, impacts to hydrological resources would be similar

In sum, impacts of the Mill Road West Substation Site to agriculture, air quality, and noise, as well as GHG emissions would be greater than the Proposed Estrella Substation site, and impacts to hydrology and water quality would be similar to the Proposed Estrella Substation site.

These reasons should be added to the conclusions in the Draft ASR as further support for the decision to eliminate the Mill Road West Substation Site from detailed analysis in the EIR.

E. Section 3.4 (Existing Substation Expansion (SE) Alternatives) properly retains Alternative SE-1 (Templeton Substation Expansion) but its environmental impacts likely are greater than the Proposed Estrella Substation.

Horizon West does not object to retaining Alternative SE-1 (Templeton Substation Expansion) for full analysis in the EIR. It is likely, however, that the environmental impacts of the Templeton Substation Expansion would be greater than the environmental impacts of the Proposed Estrella Substation. This should be addressed comprehensively in the EIR, but a full analysis likely will show that the Proposed Estrella Substation best meets the identified reliability need and is the environmentally superior alternative. Below is a brief overview of how the two sites compare.

The Templeton Substation Expansion would involve expansion of the existing Templeton Substation, which already supports existing electrical infrastructure, including the Templeton Substation, 230 kV transmission lines and towers, 70 kV power line and poles, and distribution lines and poles. (See Draft ASR, pp. 3-24 through 3-26 and Figure 3-7.) The Templeton Substation Expansion would require a longer 230 kV interconnection to the substation (approximately 500 feet longer) than the Proposed Estrella Substation. The Templeton Substation Expansion site would be located closer to El Pomar Road than PG&E's Templeton Substation; therefore, it would be more prominent to motorists traveling via El Pomar Road, which has higher average daily traffic than Union Road. The Templeton Substation Expansion site also would be visible from the surrounding vineyards; however, the addition of an expanded Templeton Substation would not appear incompatible with the surrounding visual character of the landscape.

The Templeton Substation Expansion would disrupt traffic flow along El Pomar Road. Because average daily traffic is greater than Union Road, the potential for traffic impacts would be greater than the Proposed Estrella Substation. The Templeton Substation Expansion would occur on lands identified as Farmland of Local Importance, and would avoid impacts to Unique

Farmland, Farmland of Statewide Importance, and Williamson Act-contracted lands. The Draft ASR therefore finds that the Templeton Substation Expansion “may reduce agricultural resource impacts compared to the [Proposed Estrella Substation site].” (Draft ASR, pp. 3-28 through 3-29.) As explained above, however, applying the Commission’s established significance thresholds for evaluating agricultural resource impacts, the Proposed Estrella Substation’s impacts are less than significant. The analysis in the EIR should apply those Commission standards.

A full analysis also likely will show that the Templeton Substation Expansion would result in significant impacts to biological resources and therefore is not environmentally preferable to the Proposed Estrella Substation. For example, construction of the Templeton Substation Expansion may result in the removal of oak trees—some of which would likely be considered “heritage oaks”—and 11 acres of suitable nesting and foraging habitat, which would reduce habitat for passerine birds and raptors, including one special-status bird (golden eagle) that is likely to occur in the Templeton Substation Expansion site. The Templeton Substation Expansion would also be located approximately 1 mile closer to an active golden eagle nest than the Proposed Estrella Substation.

For these reasons, impacts to biological resources likely would be greater with the Templeton Substation Expansion than with the Proposed Estrella Substation. This should be evaluated fully in the EIR.⁷

⁷ The Templeton Substation Expansion also is outside of the 2.2-mile radius from the intersection of State Route (SR-) 46 and the Morro Bay-Gates/Templeton-Gates 230 kV transmission corridor identified in the CAISO Functional Specifications. The Templeton Substation Expansion Site therefore does not provide a location for future distribution facilities near the anticipated growth areas in northern Paso Robles. In contrast, the Proposed Estrella Substation meets the CAISO-identified need to provide a location for future distribution facilities near the anticipated growth areas in northern Paso Robles.

F. In Section 3.6 (Battery Storage (BS) Alternatives), Alternative BS-1 (Battery Storage to Address the Transmission Objective) should be eliminated because it would not meet the CAISO-identified reliability need and is potentially not feasible.

The Draft ASR evaluates Alternative BS-1, which “would include one or more battery energy storage systems (BESSs) to address the CAISO-identified deficiencies at transmission voltages (*i.e.*, above 50 kV),” and concludes that Alternative BS-1 should be retained for full analysis in the EIR. (Draft ASR, p. 3-52.) This conclusion is not correct because Alternative BS-1 would not meet the CAISO-identified reliability need and its dual transmission and distribution reliability components, as explained below. Alternative BS-1 therefore fails to qualify under CEQA as an alternative that would satisfy most of the basic project objectives.

Battery storage would not meet the CAISO-identified reliability need because it would not provide a solution to mitigate the identified thermal overloads and voltage conditions and avoid voltage collapse in the area. As explained above, CAISO modeling determined that thermal overloads and very low voltage conditions, including voltage collapse in the area, could occur following either loss of the Templeton 230 kV/70 kV #1 Transformer Bank, or loss of the Paso Robles-Templeton 70 kV Transmission Line. If either component fails for any reason, it would result in dangerous overloading and low voltage conditions in the regional system. This is due to high electrical service demand relative to substation capacity, and lack of transmission redundancy in the system. Currently, the only sources of power to the Paso Robles Substation are the San Miguel-Paso Robles 70 kV Transmission Line from the north and the Paso Robles-Templeton 70 kV Transmission Line from the south, with the latter providing the bulk of the power and the nearest connection to a 230 kV power source. The San Miguel-Paso Robles 70 kV Transmission Line does not have the capacity to accommodate the load served through the Paso Robles Substation should the power source from Templeton Substation fail; therefore, thermal overloads, low voltages, and/or voltage collapse in the area could occur during one of the Category B contingencies identified above.

Horizon West performed a preliminary assessment of battery storage in this area and concluded that adding battery storage under these conditions would not solve these reliability

problems. Absent a new 230 kV source, use of battery storage would reduce the existing distribution system bank capacity for recharge purposes and may create new, or exacerbate existing, local distribution planning area reliability issues that the Proposed Project is designed to relieve. Ultimately, the CAISO would need to confirm whether a BESS would meet its reliability need. Battery storage also does not accommodate future load growth, whereas the Proposed Estrella Substation would provide a new source of 230 kV power to allow distribution feeders that provide additional service capacity.

An additional concern is that Alternative BS-1 is not potentially feasible. Alternative BS-1 would require installation of 65 MW or 120 MW of BESS, potentially at multiple sites within the zone depicted in the Draft ASR in Figure 3-12. Figure 3-12 shows that there are a very limited number of potential sites capable of supporting the BESS described in the Draft ASR. The Draft ASR states that “[t]he preliminary site screening exercise identified 5 parcels within 0.75-mile of the Paso Robles Substation, totaling 6.69 acres” that “are potentially suitable from an engineering and environmental perspective.” (Draft ASR, p. 3-47.) The Draft ASR recognizes, however, that “the site screening did not consider . . . whether the Applicants could reasonably obtain site control within an acceptable timeline for development of the alternative.” (*Id.*)

The limited number of potentially suitable parcels, and the limited amount of space at each parcel, suggest that deployment of the BESS contemplated in Alternative BS-1 would require use of multiple parcels. It is not clear that multiple parcels are available for acquisition or suitable for use for installation and operation of multiple BESS. Another concern is that it would be necessary to complete the CAISO interconnection process for BESS units, which would require additional time that would delay deployment. This interconnection delay would be further exacerbated if multiple sites—and multiple interconnection requests—were necessary. It also is not clear that BESS could be deployed at the necessary sites in a manner consistent with local zoning and land use restrictions. These factors indicate that Alternative BS-1 likely is not potentially feasible.

III. CONCLUSION

Horizon West appreciates the opportunity to submit these comments and requests that the Draft ASR be modified as described herein.

Respectfully submitted,

Very truly yours,



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