



Adrianna B. Kripke
Senior Environmental Counsel

San Diego Gas & Electric Company
8330 Century Park Court, CP32C
San Diego, CA 92123
Tel: 858-654-1536

January 10, 2017

SENT BY EMAIL

Robert Peterson, California Public Utilities Commission
c/o Tom Engels, Horizon Water and Environment, LLC
180 Grand Avenue, Suite 1405
Oakland, CA 94612
<suncrestproject@horizonh2o.com>

Re: San Diego Gas & Electric Company's Comments on the Draft Environmental Impact Report for the Suncrest Dynamic Reactive Power Support Project Proposed by NextEra Energy Transmission West, LLC

Dear Mr. Peterson:

Thank you for the opportunity to comment on the Draft Environmental Impact Report (EIR) for the Suncrest Dynamic Reactive Power Support Project (Proposed Project).

San Diego Gas & Electric Company (SDG&E) agrees that an alternative that locates a dynamic reactive device within the Suncrest Substation, which SDG&E owns and operates, is environmentally superior to the Proposed Project. The Proposed Project would expand the footprint of electric transmission facilities in the surrounding area. As the Draft EIR notes, the expanded footprint would have aesthetic and other environmental resource implications. By comparison, locating the device within the substation would have relatively minimal environmental impacts.

SDG&E is concerned that the Draft EIR goes beyond its purpose of analyzing environmental impacts. References to Next Era Energy Transmission West, LLC's (NEET West) construction, ownership, and operation of a Static VAR Compensator (SVC) within the substation are unnecessary for the environmental analysis of alternatives. SDG&E therefore requests that the Final EIR:

1. Revise the description of the Suncrest Substation Alternative not to reference the entity who will construct, own, and operate a dynamic reactive device within the substation. Removing this reference avoids the suggestion that the environmental analysis depends on that entity. Additionally, removing this reference is

consistent with the likely infeasibility of a NEET West device within the substation due to concerns about security, electric transmission operations, and a lack of property rights.

2. Confirm that any NEET West facility must not conflict with SDG&E's ongoing, legally binding mitigation obligations for the Sunrise Powerlink.

These changes will ensure that the analysis in the Final EIR fulfills the California Environmental Quality Act's (CEQA) primary goal of environmental protection and recognizes all existing environmental constraints in the vicinity of the Proposed Project.

I. The Description of the Suncrest Substation Alternative Should Not Reference the Entity Who Will Construct, Own, and Operate a Dynamic Reactive Device Within the Substation

The Draft EIR describes the Suncrest Substation Alternative as follows:

Under the Suncrest Substation Alternative, the SVC would be installed within the existing Suncrest Substation and, therefore, no transmission line would be required. San Diego Gas & Electric (SDG&E) has indicated that there is room within the existing substation to construct the SVC without expanding the substation footprint. Under this alternative, NEET West would construct, own, and operate the SVC.¹

SDG&E requests that the Final EIR delete all references that "NEET West would construct, own, and operate the SVC" within the Suncrest Substation. SDG&E makes this request because an alternative that locates a dynamic reactive device within the substation is environmentally superior regardless of who constructs, owns, and operates it.

A. Specifying the Entity Who Will Construct, Own, and Operate the Device Within the Substation Is Outside CEQA's Scope

When considering the feasibility of project alternatives, the California courts have ruled that the California Environmental Quality Act (CEQA) "should not be interpreted to allow discrimination between project applicants for an identical project based upon the financial status of the applicant."² This rule recognizes that CEQA's primary goal is environmental protection.³

¹ Draft EIR at 20-12.

² *Center for Biological Diversity v. County of San Bernardino*, 185 Cal. App. 4th 866, 883 n.5 (2010) (quoting *Uphold Our Heritage v. Town of Woodside*, 147 Cal. App. 4th 587, 599-600 (2007); *Maintain Our Desert Environment v. Town of Apple Valley*, 124 Cal. App. 4th 430, 448-49 (2004)).

³ See Cal. Pub. Res. Code §§ 2100-21001.

References to the appropriate project applicant, whether based on financial status or some other factor, are outside CEQA's scope.

Given this recognition by the California courts, the Final EIR should be silent on who constructs, owns, and operates a dynamic reactive device within the substation. This will prevent the Final EIR from straying outside CEQA's primary focus on environmental protection.

B. The Analysis in the Final EIR Should Be Consistent with the Likely Infeasibility of a NEET West Device Within the Substation

The Draft EIR properly determines that an alternative that locates a dynamic reactive device within the substation "would avoid virtually all of the potential environmental impacts of the Proposed Project."⁴ The Draft EIR also properly determines that an alternative that locates the device within the substation "would be a cost-effective alternative that does not require construction of the proposed mile-long 230-kV underground transmission line."⁵

The alternatives analysis in the Final EIR should be consistent with the likely infeasibility of NEET West's construction, ownership, and operation of the device within the substation. The CEQA Guidelines define the term "feasible" as "capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, legal, social, and technological factors."⁶

1. A NEET West Device Within the Substation Would Introduce Regulatory Conflicts

In Order No. 1000, the Federal Energy Regulatory Commission (FERC), among other things, required all jurisdictional utilities to participate in regional transmission planning and to remove federal rights of first refusal to construct transmission facilities from their open access transmission tariffs.⁷ FERC emphasized, however, that its action did not alter a utility's right to construct upgrades to its own facilities or the use and control of its existing rights-of-way.⁸ The California Independent System Operator's (CAISO) planning process tariff provisions give effect to this principle by stating that the "Participating Transmission Owner will have the

⁴ Draft EIR at 20-12.

⁵ *Id.* at 20-8.

⁶ Cal. Code Regs. tit. 14, § 15364.

⁷ *See generally Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g and clarif.*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff'd sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41, 412 U.S. App. D.C. 41 (D.C. Cir. 2014).

⁸ Order No. 1000 at P 319.

responsibility to construct, own, finance and maintain . . . any upgrade or addition to an existing transmission facility.”⁹

The Approved Project Sponsor Agreement between NEET West and CAISO recognizes that constructing the Proposed Project within the substation is reserved for the utility pursuant to Order No. 1000 and CAISO’s Tariff by stating:

If the siting agency orders the Project facilities to be sited within the substation footprint of the Interconnecting [Participating Transmission Owner (PTO)], the CAISO will consult with the Approved Project Sponsor and may take such action, including termination of this Agreement, as it determines to be necessary and appropriate in accordance with Section 24.6.4 of the CAISO Tariff.¹⁰

In its application testimony for the Proposed Project, NEET West “cites this provision as one reason why it is not feasible for NEET West to locate the SVC and related equipment within the existing Suncrest Substation.”¹¹ NEET West also states that “the Approved Project Sponsor Agreement is relevant to any required consideration of the feasibility of project alternatives.”¹²

Specifically, NEET West explains that “CAISO may terminate NEET West’s right to develop the Suncrest SVC Project if the project is required to be sited within the Suncrest Substation after consultation with NEET West” and that “[u]nder the CAISO Tariff, only the incumbent utility can construct a project within an existing substation, so NEET West would not have been awarded the project if it were located within the substation.”¹³

2. A NEET West Device Within the Substation Raises Concerns About Security and Electric Transmission Operations

A NEET West device within the substation also raises concerns about security and electric transmission operations. The North American Electric Reliability Corporation’s Cyber

⁹ CAISO Tariff, § 24.4.10, *available at* http://www.caiso.com/Documents/Section24_--ComprehensiveTransmissionPlanningProcess_asof_Mar28_2016.pdf.

¹⁰ Approved Project Sponsor Agreement Between NEET West and CAISO, Appendix E at 43-44 (Annex C to NEET West Testimony in Support of Application for a Certificate of Public Convenience and Necessity for the Suncrest Dynamic Reactive Power Support Project (Aug. 31, 2015) (“NEET West Testimony”).

¹¹ NEET West’s Reply to Responses to Its Application for a Certificate of Public Convenience and Necessity for the Suncrest Dynamic Reactive Power Support Project at 7 (Oct. 15, 2015) (“NEET West Reply”).

¹² *Id.*

¹³ NEET West Testimony at 26:3-9.

and Physical Security Standards would require SDG&E and NEET West to establish cyber and physical security barriers within the substation, including a separately enclosed and monitored facility and control shelter. This would complicate access and electric transmission operations, as well as reduce SDG&E's ability to install new equipment within the substation to reliably serve its customers.

The interconnection between the Suncrest Substation and Imperial Valley Substation is one of the most critical electric links in the CAISO electric transmission system and delivers large amounts of renewable energy to Southern California load centers. Locating a NEET West device within the substation would place two commercial entities within the substation. This adds complexity to the substation's operations and could negatively affect electric transmission operations during system events or equipment failure.

For instance, if a fire at the NEET West device required shutting down the substation, SDG&E crews would not be able to enter the substation to start restoration efforts until NEET West personnel could make the device safe. This delay would expose electricity customers to unnecessary reliability risk.

3. NEET West Lacks Property Rights Within the Substation

Under CEQA, the California Public Utilities Commission may consider whether a project applicant "can reasonably acquire, control or otherwise have access to the alternate site."¹⁴ NEET West does not have property rights within the substation. NEET West has correctly stated that SDG&E will not agree to NEET West's construction of the dynamic reactive device within the substation.¹⁵ NEET West has also stated that its construction of the device within the substation would be infeasible due to issues with site control and timing.¹⁶

To obtain property rights within the substation, NEET West would likely need to initiate a condemnation proceeding against SDG&E in San Diego Superior Court. This proceeding could take approximately one to two years to resolve. SDG&E would also need to request approval to encumber its substation property under California Public Utilities Code Section 851. These property rights proceedings involve legal and timing issues that could make a NEET West device within the substation infeasible.

¹⁴ Cal. Code Regs. tit. 14, § 15126(f)(1).

¹⁵ NEET West Reply at 7-8; NEET West's Proponent's Environmental Assessment – Suncrest Dynamic Reactive Power Support Project at 5-30 (Aug. 31, 2015) ("PEA").

¹⁶ PEA at 5-31.

II. The Final EIR Should Confirm that Any NEET West Facility Must Not Conflict with SDG&E's Ongoing, Legally Binding Mitigation Obligations

The project description in the Draft EIR identifies SDG&E's ongoing, legally binding mitigation obligations for the Sunrise Powerlink regarding site restoration at the Wilson Construction Yard and transfer of the Lightner Mitigation Site for conservation purposes.¹⁷ The discussion of these properties in the Final EIR should confirm that any NEET West facility, whether part of the Proposed Project or another alternative, must not conflict with SDG&E's ongoing, legally binding mitigation obligations for these properties. This confirmation will ensure that the Final EIR recognizes all existing environmental constraints in the vicinity of the Proposed Project.

Thank you for the opportunity to review the Draft EIR and for considering these comments. Please contact me if you have any questions.

Sincerely,



Adrianna B. Kripke
Senior Environmental Counsel
San Diego Gas & Electric Company

cc: Wendy D. Johnson, Regulatory Business Manager, SDG&E

¹⁷ Draft EIR at 2-5, 2-9.