

**Testimony of Dian M. Grueneich  
Commissioner, California Public Utilities Commission**

**Before the  
California Senate Energy, Utilities & Communications Committee**

**Hearing On The Proposal To Create  
A New State Department Of Energy**

**June 16, 2009**

**Introduction**

Chairman Padilla and Members of the Committee: Thank you for your invitation to testify today. My name is Dian Grueneich and I am a Commissioner at the California Public Utilities Commission (CPUC or Commission). I was appointed to the Commission in 2005 by Governor Schwarzenegger and I bring over 30 years of experience in energy and environmental issues to my service on the Commission. In my four years at the Commission, I have served as the lead commissioner on a number of major transmission permitting cases, with a focus on siting transmission lines to areas of high renewable potential. I am also one of California's representatives on the Western Renewable Energy Zones (Western REZ) Initiative to plan for interstate transmission to meet renewable goals, and a representative on the Western Electricity Coordinating Council's Transmission Expansion Planning and Policy Committee (TEPPC).

I currently serve on a number of energy advisory counsels, including the U.S. Department of Energy's Electricity Advisory Committee (EAC) and its Smart Grid Subcommittee and the U.S. EPA/DOE's National Action Plan for Energy Efficiency Leadership Group. Last year I participated in the EAC's preparation of reports on both what needs to be done at the federal level to support a smart grid, and how we should move forward on transmission planning and permitting.<sup>1</sup>

**Overview**

My testimony addresses the proposal to create a new California Department of Energy (CDOE), and merge certain other agencies and/or government functions into the new agency. Specifically, I address transmission permitting and the proposal to move this function from the CPUC to another agency.

I will explain the CPUC's current transmission permitting processes, what we have done to improve and streamline those processes over the last 4 years, and the

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<sup>1</sup> Both Electricity Advisory Committee reports are available at: <http://www.oe.energy.gov/eac.htm>

implications of transferring the CPUC's transmission permitting function to another agency.

In my view, moving transmission permitting from the CPUC to another agency will cause significant delays in permitting renewable transmission lines in California, thus delaying and threatening California's renewable goals. A reorganization would also increase uncertainty for renewable developers, utilities and others. Instead, we should focus on producing immediate streamlining benefits, and I discuss some of those below.

## **The CPUC Permitting Process Today**

Currently, the CPUC has the exclusive jurisdiction to permit investor-owned utility transmission lines in California. For larger lines, a permitting proceeding at the CPUC involves both the utility proposing the line and numerous parties commenting on the need for, alternatives to, or the route of, the line. The CPUC provides procedural due process to all of these parties, as well as intervener compensation for certain classes of parties representing ratepayer concerns.

Before permitting lines over 200kV, the CPUC is obligated by law to ensure that the proposed transmission line is "needed" for the public convenience and necessity,<sup>2</sup> the so-called Certificate of Public Convenience and Necessity (CPCN). This determination of need requires a balancing of technical need for the line against the ratepayer cost, environmental cost, and an assessment of alternatives.

The CPUC is obligated to perform an environmental review of the proposed line and alternatives to the line pursuant to the California Environmental Quality Act (CEQA). Apart from CEQA, other state law requires the CPUC to take a number of public concerns into account, including community values, recreational and park areas, and historical and aesthetic values.<sup>3</sup> State law also specifically requires the CPUC to consider alternatives to proposed transmission projects, including demand-side alternatives such as energy efficiency and ultraclean distributed generation.<sup>4</sup>

All of these factors go into the analysis of need for a line, and if the line is needed, the appropriate route for the line.

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<sup>2</sup> PU Code Sec. 1001. Lines under 200 kV are exempt from this need determination and are processed pursuant to CPUC General Order 131-D.

<sup>3</sup> PU Code Sec. 1002.

<sup>4</sup> PU Code Sec. 1002.3.



## Transmission Permit Streamlining Is A CPUC Priority

In the four years that I have been overseeing the CPUC's transmission permitting cases, we have transformed the Commission process into a well-managed and staffed Commission branch that is prepared to handle a rapidly increasing work load. We currently have 11 transmission-related applications pending before us, and we anticipate that number to double before the end of the year.

The following are some of the key activities we have implemented:

**Pre-Filing Process Established – 2006** - After a top to bottom review of the CPUC permitting process compared against federal permitting processes, the CPUC established a CPUC/utility pre-filing process focused on facilitating communication and education between CPUC staff and the utilities to improve the quality and completeness of the transmission CPCN applications submitted for processing. Higher quality applications that meet CPUC requirements result in faster processing. Our goal is to have all applications filed at the CPUC deemed fully complete within 30 days of filing.

**Quarterly Transmission Tracking Meetings Established – 2006** - To ensure consistency across all transmission cases, communication of lessons learned, and adherence to transparent schedules, the CPUC holds quarterly project management meetings among all CPUC staff working on transmission cases. I personally participate along with our Executive Director and Energy Division Director. Commission staff report on the status of every transmission line case pending before the CPUC, as well as proposed transmission lines in the pre-filing process and approved projects. Tracking charts are posted on the CPUC's website.<sup>5</sup>

**Audit Finds CPUC Processes Applications Faster Than Others – 2007** - A Bureau of State Audits review found that the CPUC processed transmission project applications significantly faster than either the CAISO or the CEC processed their transmission and generation-related applications. This is significant given that the CPUC is the only one of these entities that must fully comply with CEQA. The CEC performs a "CEQA-equivalent" process for significantly smaller sites than those evaluated by the CPUC, and the CAISO has no environmental review or due process obligations with which it must comply.

**Renewable Energy Transmission Initiative (RETI) Established – 2007** – The CPUC initiated RETI because we recognized that collaboration among state agencies and stakeholders is the key to future permit streamlining. RETI is a collaborative study effort among California stakeholders seeking to develop renewable generation and associated transmission. The RETI effort is overseen by a Coordinating Committee composed of staff from the CPUC, the California Energy Commission, the CAISO, and representatives from three municipal utility organizations. The analysis and decisions coming from

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<sup>5</sup> See <http://www.cpuc.ca.gov/PUC/energy/transmission.htm>

RETI are driven by the Stakeholder Steering Committee comprised of investor-owned utilities, publicly owned utilities, renewable developers, federal land use agencies, environmental organizations, consumer organizations, local government organizations, and others.

RETI's consensus study and decision process is committed to developing high quality information critical to informing permitting decisions – thus facilitating consensus support for specific transmission lines and streamlining of future renewable transmission permit applications.<sup>6</sup>

**Quarterly Streamlining Meetings With Utilities Established – 2008** - CPUC staff meet quarterly with utility representatives to discuss how the CPUC and utilities can work together to further streamline the permitting process. Issues discussed focus on critical milestones that can impact a schedule to ensure both CPUC staff and the utility applicant agree on what the end-product should contain. This regularly scheduled communication prevents unnecessary delays often caused by the analysis of project routing alternatives, development of visual simulations, and conduct of biological surveys – all time consuming parts of the permitting process.<sup>7</sup>

**Multi-Agency Coordination Meetings Established – 2009** - Recognizing the need to meet with all agencies involved in transmission line permitting, the CPUC has taken the lead to establish regular multi-agency meetings. The first meeting in February 2009 included representatives from the Federal Bureau of Land Management, the U.S. Forest Service, the U.S. Fish and Wildlife Service, U.S. EPA, the Army Corp of Engineers, State Fish and Game, CalEPA, State Parks, State Lands Commission, and the State Water Resources Control Board. The CPUC established the agenda, including an explanation of the CPUC permitting process and how the CPUC partners with other agencies. The meeting was so well-received that future meetings are planned.

## **Transferring Transmission Permitting To Another Agency Will Delay RPS Implementation**

I hope I have successfully communicated to you that transmission permitting – done right – is not easy. The CPUC it has been very successful in developing a streamlined program that properly balances legal obligations with California's renewable goals, and with ratepayer and environmental concerns.

Transferring transmission permitting to another agency will necessarily result in delays, overlap, and additional state resources. There will be start up problems. There will be loss of the lessons learned and the extensive experience that our staff have

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<sup>6</sup> Additional information about RETI is available at <http://www.energy.ca.gov/reti>.

<sup>7</sup> Documents providing overviews of the CPUC's environmental review and other permitting processes, including checklists and FAQs, are available on the CPUC's website at: <http://www.cpuc.ca.gov/PUC/energy/Environment/>.



developed to address the unique environmental and social issues raised by transmission line permit applications.

Further, over the past four years a major CPUC emphasis has been on building relationships with federal agencies because transmission permitting is often a joint federal/state process. Transferring the permitting function to a new agency will require creating new relationships with these federal agencies.

I propose that instead the Legislature focus on reforms which can result in immediate time savings to the transmission permitting process.

### **Targeted CEQA Reform Could Result In Immediate Time Savings**

CEQA, and the information that the CEQA process generates, is critical to informed agency decision making. However, targeted CEQA reform could result in immediate time savings in the permitting process, and clarify uncertainties created by existing law.

For example, the environmental impacts of using existing high voltage rights of way for new lines is minimal, yet the CPUC is required to perform extensive CEQA analysis of such proposals. We should consider amending CEQA to streamline environmental review in such circumstances.

### **Conclusion**

A streamlined transmission permitting process – like the process currently in place at the CPUC – combined with RETI's stakeholder driven transmission planning process, are the best tools to ensuring the transmission needed to meet California's renewable goals. Moving the transmission permitting process to another agency will result in delays in RPS implementation, and uncertainty for both utilities and developers. Instead, efforts should be focused on identifying meaningful opportunities to reduce uncertainty and to further streamline the process for siting lines in existing high voltage transmission rights of way – primarily through CEQA reform.

Thank you for the opportunity to provide these comments. It has been an honor to appear before you.