

**From:** Wolfinger, Michaela  
**Sent:** Tuesday, March 27, 2012 12:07 PM  
**Subject:** RE: Request for Information-Federal Register Notice

Attached is our response to the RFI from Clyde Henderson. Contact me if you have any questions.

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1. Describe the challenges create both by the timeline for obtaining Regulatory Permits for transmission and by the Incongruent Development Times.

Incongruent Development Times create difficulty for transmission developers to get shippers to subscribe to transmission open seasons. Lack of open season subscribers then makes it difficult to demonstrate need to regulators.

b. To what extent do the Incongruent Development Times hamper transmission and/or generation infrastructure development?

This is a significant problem that can delay transmission projects for years or simply outright prevent transmission from developing.

c. What are the primary risks associated with developing transmission vis-à-vis the timeline for obtaining Regulatory Permits as well as the Incongruent Development Times?

The primary risks are the inabilities of both transmission and generation developers to commit development capital to their respective projects due to uncertainty. In other words, generators are uncertain that transmission will be available to move their power while transmission developers are uncertain that there will be sufficient generation capacity to fill their line with paying customers.

d. How is the financing for developing the attendant transmission influenced by its lengthy development time and by the Dissonant Development Times?

See response 1.c above

e. How, if at all, do development timelines and the Incongruent Development Time affect the decisions made in utilities' integrated resource planning, if applicable?

Resource planners tend to not consider more distant energy resources, even though they may provide a more cost effective resource to meet their load requirements, due to the fact they are uncertain that transmission can be built to access those distant resources.

f. How do development timelines and the Incongruent Development Time affect the ability of parties to enter into open season or power-purchase agreements?

These incongruent time frames inhibit power purchase agreements for the same reasons noted in the response to question 1.e.

2. Besides improving the efficiency of permitting and approving transmission, are there any other steps the federal government could take to eliminate the barriers created by the Dissonant Development Times?

The federal government should provide financing mechanisms to “right size” or otherwise financially back or guarantee uncommitted transmission capacity. This is clearly articulated in a white paper written in 2010 by the Stoel Rives law firm entitled, *Transmission – The Way Forward, Why Transmission Right Sizing and Federal Bridge Financing Hold the Key to Western Renewable Resource Development*. The white paper states “This concept should be understood to involve sizing high-priority transmission facilities from resource-rich locations to population loads in a quantity sufficient to enable meeting longer-term carbon reduction goals. In the case of transmission expansion, the federal government can achieve national goals through a program that provides up-front financial risk mitigation—rather than through a far more expensive federal construction reimbursement program funded by a user tax”.

3. What strategies can the Federal government take to decrease the time that Federal agencies require for evaluating Regulatory Permits for transmission? What other steps can the Federal government take to address the challenges created by Incongruent Development Times?

At minimum, the Federal government should continue with its current rapid response effort.

4. One way to make the Regulatory Permit process and development times between remote generation and attendant transmission more commensurate, is to decrease the time for permitting transmission by some amount. In determining how much time can be saved, developing a benchmark may be helpful. What benchmark should be used?

a. Example-power purchase agreements as the benchmark: how far in the future do load serving entities (LSE’s) seek to purchase energy or capacity from remote resources? Do LSE’s seek PPAs that begin delivering energy/capacity 3 years from the signing of the PPA? 7 years? 10 years? Please explain why PPA’s are signed at this time.

b. Example – development times as the benchmark: How long does it take to design, permit and build different types of remote generation?

Establish a federal bridge transmission financing mechanism that requires a partnership between a transmission developer and the federal government whereby a threshold of federal bridge financing is established, such as say up to 30% to 50% of the financing requirement. The federal government bridge

financing would cover the cost of uncommitted transmission capacity until such time as the transmission developers can obtain a commitment for any unused transmission capacity at which time the federal bridge financing would be paid off.

5. In your experience, how long does it take to design, permit and build transmission?

Our experience is that right now it takes 5 to 7 years to design, permit and build transmission.

6. Assume that Federal, state, Tribal and local governments sought to set a goal for the length of time used for completing the Regulatory Permitting process for transmission projects so that the development times between generation and transmission were more commensurate, what goal should that be? As the length of the project and the number of governments with jurisdictions increase so will the time necessary for permitting and approvals; accordingly, consider providing a goal that could be scalable according to the length of the line.

Transmission development time could realistically be reduced to 3 to 5 years while still meeting proper permitting considerations.