

Tuleyome

DEEP HOME PLACE

Protecting the wild and agricultural heritage of the Northern Inner Coast Range and the Western Sacramento Valley for existing and future generations.

We Dream, We Act, We Get Things Done

July 1, 2009

Howard Posner, Chair and
SMUD Board Members
6201 S St.
Sacramento, CA 95817

Re: Status TANC Powerline Project

Dear Board Members,

The 30 June TANC/Navigant presentation before the Yolo County Board of Supervisors, and the Board's reaction, indicates a significant likelihood that the transmission line project needs to be rethought or withdrawn entirely. The meeting did not show the TANC/SMUD organization in a good light, frankly – having none of the SMUD Board present was probably unfortunate, as Jim Shetler was unable to attend at the last minute. It is also unfortunate that no representatives of the Gualco Company were present to answer questions, forcing TANC's single employee Jim Beck and Navigant Consultant Patrick Mealoy to deal with important relationship questions (explored further below) in this important public agency meeting. The following is a summary of current issues facing the project, which I believe indicates a building consensus against this project.

Disclosure:

Tuleyome owns a 640 acre ranch in the Blue Ridge in western Yolo County. While the ranch itself does not lie under a proposed powerline route we recently realized that the deeded road access corridor to the ranch does underlie the proposed Central 3 route.

SB 460

I have previously mentioned my thoughts that the issues surrounding the proposed project have begun to move beyond the project itself. A tangible example of this is Senator Lois Wolk's Transmission Lines bill (SB 460.) This bill will require a local publicly owned electric utility to certify during the application process to the State Energy Resources Conservation and Development Commission that it has participated in a joint transmission planning process conducted by the California Independent System Operator. This is what we have been saying all along, that consideration of the TANC project should be combined with consideration of other transmission line projects to assure that California's interests are served in identifying and approving only the best alternatives. |

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TANC's poorly-planned public effort has been so flawed that now SMUD will possibly have to contend with new law as a direct result. This should never have happened.

Need for the Project

TANC and SMUD have not made the case as to why this project should be approved, even without considering other alternatives. Moreover, the ongoing lack of transparency about the project by its proponents makes its connection to renewable energy even more tenuous.

In presentations TANC/SMUD has often referred to a variety of background studies that have supposedly been prepared for the project, including regional planning studies, economic studies, and engineering studies. While one regional planning study is posted on the TANC web site, the other studies (which are fundamental to making informed public decisions) are not. On numerous occasions the public has requested that the engineering and economic studies for this project be made available, but that has not occurred. As we have said on numerous occasions, decision-making for this project must not be a black box operation. The public must have the necessary background information to ensure meaningful comments.

Statements continue to be made that this project is primarily about renewable energy, but there is little or no substantiation for such statements. We are told that many energy-generating companies are "ready to go" in the Lassen CREZ but that they need transmission capacity. Which companies are those, and what is their level of commitment? Why would it not be presumed that these companies would favor the use of other transmission lines that are being considered in California, rather than the TANC project?

SMUD continues to assert there are lots of renewable energy sources that will be served by this project and that SMUD is investing resources in that effort, but the RETI 2A report further downgrades the renewable energy potential in the identified source area. In addition, the RETI report is clear that the environmental costs are extremely high.

A supported defensible case for this project has clearly not yet been made.

Piecemealing and Cumulative Impacts

The extent to which SMUD and other applicants have attempted to circumvent the requirements of the CEQA process by piecemealing assessments of the issues raised by the Lassen CREZ is astonishing. Potential development of the Lassen CREZ is an integral part of this transmission project. Why is the combined effect of the energy development not being considered an integral part of the transmission, and vice versa?

In addition, there is an unanswered question about the actual extent of the energy generation that will be served by this project. It appears that the project either is designed for or can be readily amended to include energy from geothermal and wind projects in

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northern Nevada. The CEQA process for the transmission line must also analyze the impacts of extending the line to Nevada that is mentioned in numerous documents.

It is unclear that the proposed TANC project is actually the least environmentally damaging alternative. We are aware that PG&E is proposing a powerline project that parallels the proposed TANC project. While discussions have apparently begun about coordinating the TANC and PG&E projects (which we have called for and do appreciate), it is unclear that SMUD is actually willing to forego the TANC project if it turns out to be the less-beneficial option.

The public must be involved in these discussions. A workshop format at this point might be a good start with both TANC and PG&E in the room. Hearings before the State Energy Resources Conservation and Development Commission and the legislature are another option, and probably a better one, since these bodies can assure that all potential impacts of generation and transmission can be considered jointly, and that the options selected maximize the gain for California while minimizing the environmental impacts.

Aside from the legislative and regulatory oversight concerns, the analytical CEQA process that TANC/SMUD is pursuing for the proposed powerline clearly must be broadened to incorporate the relevant alternatives. How can the lead agencies or the public understand the relative benefits and costs of the project if the impacts of the project pieces are not all addressed? Piecemealed assessments and lack of consideration of cumulative impacts are not acceptable actions.

Additional Alternatives Screening Process

We appreciate the introduction of an additional screening step in the project EIR process. It is clear that there was a lack of adequate screening criteria in the designation or the currently proposed powerline routes.

How will route designations in the additional screening process be made? What are the criteria for eliminating routes or route segments? What will the public process be in deciding on criteria? We have asked these questions in meetings with the TANC staff and Navigant consultants and what we have heard is that they will take care of it. Clearly this is not an adequate response to valid public concerns for the project's development process.

Governance

The issue of governance was discussed on several levels at the Yolo County Board of Supervisors (BOS) meeting. These issues are central to the difficulties that we have identified for this project and need to be addressed.

The TANC Commission is an appointed body of staff from member agencies. These are not elected representatives, yet they wield the power of eminent domain over regions that are not even within the member agencies' jurisdictions. We have seen little oversight of the actions of the TANC by the member agencies.

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TANC has one employee. At the Yolo BOS meeting Patrick Mealoy was again introduced as a representative of TANC, but he is actually a consultant and Navigant employee. What is the relationship between TANC and Navigant? Is there really an arm's-length relationship between TANC and Navigant, with "checks and balances" to protect the public? (We have requested copies of the basic contract agreement between TANC and Navigant and copies of billings for the past year, but have not yet received them.)

TANC does not even have an office – TANC has a room in the Navigant office suite. In fact TANC does not even have a sign on the door to the Navigant office suite. In the energy business consultants are clearly an important component, but it is also vital that relationships between public utilities and private firms be clear and transparent. Navigant is a private, very large international energy consultant. Are Navigant's interests really the same as TANC's and SMUD's interests? Navigant has a vested interest in the planning, implementation, and operation of this powerline project.

Which private energy-generating companies does Navigant represent? Do any of them have interests in the Lassen CREZ area? Will Navigant benefit from their energy-development projects, which may be associated with the TANC powerline? What other business relationships is Navigant involved in that may affect their participation in this project?

At this point it appears in effect that, through TANC, Navigant has become a private company with eminent domain powers. This strikes us as only questionably in the public interest.

Summary

We respect SMUD's demonstrated commitment to conservation, renewable energy, and its rate payers. However, it is becoming clear to us, and it should be clear to SMUD, that SMUD's association with the TANC powerline project jeopardizes that well-earned reputation.

It may be time to put this project on hold.

Sincerely,



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