



101 Ash Street
San Diego, CA 92101-3017

November 28, 2005

**Office of Electricity Delivery and Energy Reliability
Room 8H-033
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, DC 20585**

Re: Comments on the DOE/DOI PEIS

Sempra Energy (Sempra) supports the Department of Energy, the Department of the Interior Bureau of Land Management, and the Department of Agriculture Forest Service (the Agencies) preparation of a Programmatic Environmental Impact Statement (PEIS) to evaluate issues associated with designation of energy corridors on federal lands in eleven Western states. Sempra views this as important issue to ensure the safe, reliable and cost-effective delivery of energy to the American people.

The need for additional transmission facilities, and upgrades to existing facilities is clear. As recently as this past August 25th, the California Independent System Operator declared a transmission emergency causing forced power outages for more than 450,000 customers in our utility's service territory that lasted nearly 45 minutes. Sempra firmly believes these service disruptions can be avoided with adequate system planning and resource coordination across all levels of government, and the private sector.

At the highest level, Sempra believes the corridor designation process must support three principle system-wide objectives:

1. Enhance public safety and system-wide reliability;
2. Create opportunities to optimize the cost-effective delivery of energy in a competitive manner; and,
3. Support to the extent feasible, the renewable portfolio objectives of the Western States.

System-wide reliability and public safety

Sempra supports the corridor designation process as a key step in fulfilling the requirements of any regional reliability plan. To be successful, regional reliability planning is dependent upon the support of both government and private interests to

identify where investments are needed and facilitate the investment in energy infrastructure.

Our customers expect the safe and reliable delivery of energy. By designating corridors, the ability to license and site new transmission facilities that expand transfer capability and increase the number of connections between areas of high generation and load centers is enhanced. Increased transfer capability will allow more out-of-area generation to be imported in the event local generation is forced off-line. By adding additional transmission paths between generation sources and loads, the consequences of the unexpected outage of one path are mitigated. In this way the corridor designation process can support the safe and reliable delivery of energy.

Cost-effective energy delivery

Optimizing energy delivery for customers depends on several factors. From the perspective of this process, it involves access to, and availability of energy infrastructure.

Sempra believes it is important that the agencies specifically ensure the corridor designation process does not distort competitive markets. This can become an unintended consequence if the process is conducted utilizing inappropriate criteria, or does not have adequate checks and balances. To ensure this does not become the case, we recommend the agency rely extensively on the single alternative that involves an optimization analysis of both new and existing corridors based on a set of criteria and strategies that incorporate environmental concerns, projected supply and demand, network efficiencies, landscape features, the availability of new technology and cost. In addition, Sempra recommends the agencies take into account the competitive process for the delivery of energy. If done correctly this comprehensive analysis should identify the best possible solutions which maximize overall system-wide benefits for all stakeholders.

Renewable energy

Many states have taken the initiative and imposed renewable portfolio standards on their regulated utilities. In order for these regulated entities to meet their goals, land throughout the country must be set aside for renewable energy project development and these projects must have competitive access to markets.

California for example has a goal of achieving 20% of its demand served by renewable energy by the year 2010. This is an aggressive target, and will require the cooperation of both state and federal agencies if the goal is to be achieved. Sempra supports and encourages the federal government to work closely with the State of California to ensure this process does its part in helping the state meet that goal.

Specific areas of interest to Sempra

Sempra's regulated business units are confronted by some specific infrastructure challenges which warrant consideration in this process. These include:

1. **We recommend that Department of Defense (DOD) property be explicitly considered in this process.** The Federal Government is one of Southern

California's largest land owners and in particular serves as a home to numerous defense facilities. On the one hand, this adds a national security component to the importance of ensuring adequate energy delivery systems for the region. But it also adds a unique difficulty. In aggregate, these facilities encompass large swaths of land that in many cases block access to existing or proposed energy transmission infrastructure. We need to solve this problem by explicitly considering these properties in this process. Doing so opens up critical areas of government land to energy infrastructure development and adds to the security of these installations.

2. **Corridors for Natural Gas Transmission Pipeline projects associated with the delivery of LNG supplies to our service territories.** Sempra believes our rate payers need the supply diversity and price protection afforded by access to new LNG supply deliveries into our service territory. The most practical corridor routes for pipeline facilities associated with the LNG delivery include significant areas of DOD controlled property. We encourage the agencies to closely review where LNG suppliers will be introducing new supplies into the grid, and where the corridor designation process can assist these supplies access to markets. We would be glad to provide more detail upon request.
3. **Corridors within and adjacent to the U.S. Marines Camp Pendleton.** SDG&E has a natural gas transmission main located within Camp Pendleton which has been in place since the early 1930's. Recent efforts to secure permits for routine operation and maintenance activities to protect the safety and integrity of that pipeline have taken 24 to 36 months. We view this as unacceptable when the safety and integrity of our pipelines could be at stake. We know from working with federal agencies in areas where we have predetermined programmatic permit working requirements in place, that in most cases we are afforded the ability to quickly and effectively maintain our critical facilities. To reinforce the importance of public safety and system integrity, we encourage the agencies to include in their recommendations a requirement that "all" federal agencies work cooperatively with permit holders to ensure permit requirements for maintenance and repair activity conducted inside these corridors are conducted in a timely manner.
4. **Corridors adjacent to federal lands.** The problem described in item #3 above is similar to an issue Southern California Gas Company (SoCal) is having with the Angeles National Forest regarding our Storm Damage repairs for Line 85. SoCal has been trying to obtain the necessary permits to make critical permanent repairs for over 10 months to no avail. Again, we encourage the agencies to include in their recommendations a requirement that "all" federal agencies work cooperatively with permit holders to ensure permit requirements for maintenance and repair activity conducted inside these corridors are conducted in a timely manner.

5. **Corridors expanding our electrical connections with SCE's system to the north and to our transmission system supplying Orange County.** Camp Pendleton/SONGS is currently SDG&E's only northern interconnection to the rest of the CAISO grid and the only gateway to SDG&E's Orange County system. Continuing load growth in San Diego County, as well as in SDG&E's Orange County service area, may require expansion of SDG&E's infrastructure ties to the CAISO grid at SONGS (located inside Camp Pendleton) to improve system-wide reliability, and enhance deliverability options. We ask the agencies to closely evaluate both new and existing corridors which serve (or may serve) this purpose.
6. **Corridors providing for additional electrical connections to our Sycamore Canyon substation.** Sycamore Canyon substation, which is located on military land, is becoming a major high voltage (230 kV) distribution hub to serve growing loads on the eastern side of the San Diego basin. It is an end point for our new 230 kV expansion connecting the planned Otay Mesa power plant to distribution points within our service area. We expect that the new Sunrise Powerlink will feed into this substation making it an even more critical distribution point. As our system grows, it is reasonable to expect that we will require additional connections into and out of that substation.
7. **Corridors connecting potential wind generation sites in eastern San Diego County to SDG&E's existing electric transmission system, and our planned Central substation.** There are number of potential wind generation sites along the eastern periphery of our service area. SDG&E will need new energy corridors to access these locations, and tie them into our existing transmission system. Among the ideas being discussed are connections between the Boulevard/Crestwood area and Los Coches substation; a connection between the Boulevard/Crestwood area and the existing Southwest Powerlink; a connection between the Warners area and Los Coches substation; and a connection between the Warners area and the new Central substation. It is critical that the agencies both recognize SDG&E's 20% renewable resource goal, and provide corridors for access to these resources.
8. **Corridors allowing for a bulk power electric connection between Imperial Valley substation and central San Diego County.** Access to BLM land will likely be required for SDG&E's proposed Sunrise Powerlink 500 kV transmission line that connects the existing Imperial Valley substation¹ to central San Diego County. This project was developed as a result of San Diego area reliability requirements, the need to enhance the ability of load serving entities within the California load centers to economically access renewable energy sources in the Imperial Valley, and the need to improve economic access to low cost generating resources throughout the desert Southwest. The Sunrise Powerlink may also

¹ The Imperial Valley substation is located just north of the U.S./Mexico border and south of the Salton Sea.

include a new 500/230 kV San Felipe substation² that may also require access to BLM land. Finally, to the extent the corridor designation process includes tribal lands, and depending on the specific route selected for the Sunrise Powerlink project, it is possible that SDG&E could require access to tribal lands along Highway 76 in northern San Diego County.

9. **We encourage the federal government where appropriate to consider working cooperatively with Mexico on the identification of energy corridors, and energy infrastructure opportunities to ensure the best possible solutions for citizens on both sides of the border.** Directly south of our California utilities' service territory is the sovereign nation of Mexico which presents some unique issues. For example, the close proximity of load centers on both sides of the border creates the need for new energy projects and delivery infrastructure. These issues are further complicated by the fact that projects within Mexico are outside the jurisdiction of the US planning processes – like California's CPUC - making planning and infrastructure decisions difficult. To the extent the agencies are able, we encourage working cooperatively with Mexico on these issues to ensure the best possible solutions for regions on both sides of the border.

Sempra Energy supports the designation of energy corridors on federal land, and we thank the agencies for their efforts to date. We will remain active participants in the debate and look forward to working with the agencies to achieve a successful outcome to this process. If you have any questions regarding our comments, please do not hesitate contacting me at 619-696-2512, or George Williams at 202-662-1701.

Sincerely,



W. A. Zobel
Corporate Manager, Legislative Policy

² While a specific location has yet to be established, the San Felipe substation is expected to be located on the western edge of the Imperial Valley, due west of the southern tip of the Salton Sea.