

Ferguson: Energy Matters

June 8, 2007

Arizona Says NO

Backpacking in the Sierra many years ago, I arose early one morning and climbed to a spot that overlooked the San Joaquin Valley. Ten thousand feet below I could see the two major freeways with trucks headed south to feed the maw of Southern California. State Water Project canals snaked through the valley carrying water to the thirsty Southland. Power lines prepared to provide air conditioning for the megopolis lurking south of the Grapevine. I could practically hear the giant sucking sound of Southern California devouring the region's resources.

The Arizona Corporation Commission evidently had the same view on May 30 when it unanimously denied an application from Southern California Edison to construct a second transmission line from Palo Verde in Arizona to the Devers substation near Palm Springs (PVD2).

California Public Utilities Commission member Dian Grueneich made an unprecedented personal appearance before the ACC to plead the case for the line but ran into unexpected hostility. The Arizonans saw the proposal sole purpose as stealing cheap power from needy consumers in Phoenix and Tucson.

Not only did they scold Grueneich for trying to grab their electricity, they also criticized California for outlawing coal-fired power plants, nukes, and recently turning down a liquefied natural gas terminal. In response, Grueneich promised to return to California and report on the "perception" problem.

And by the way, some Arizona utilities still haven't been paid for power delivered to California in 2001. Quite a list of complaints.

I have never been a fan of PVD2, either. The notion that California should increase its dependence on electricity generated from coal, nuclear, and natural gas by its Western neighbors is repugnant to me.

In addition, PVD2 didn't make electrical sense. California is short on peak power needed on hot days to meet air conditioning loads. But those are precisely the times when Arizona needs power, too. Electricity through PVD2 would be available primarily off-peak when California needs it least.

Nevertheless, the CPUC estimated it would save California over \$1 billion/year and the California Independent System Operator blessed the line as well. From

the ACC point of view, that was proof of California's intent to steal from long-suffering Arizona citizens.

What happens next? It seems unlikely that the ACC decision will be overridden by FERC under its new authority to site transmission lines it deems needed, but which have been turned down by local authorities. However, PVD2 has been an integral part of Edison's and other utilities' planning for many years. I guess it is back to the drawing boards.

Edison is not alone in looking to imported power to solve its problems. PG&E is touting a new power line to British Columbia, claiming it is needed to import wind power to meet its renewable energy requirements. Meanwhile, PG&E refuses to consider buying wind power from Tehachapi, California, practically in its back yard. Go figure.

California utilities are building few new power plants these days—merchant companies can build them cheaper. But utility investment in transmission lines provides a handsome and guaranteed rate of return. Could it be that these power line proposals have more to do with utility profit than with keeping the lights on?

By all accounts, Grueneich weathered the Arizona storm like a trooper and put the best face on debacle that she could. If we're lucky, the result of the PVD2 fiasco will be a new commitment by California to increase its dependence on home-grown green power and abandon the fantasy of cheap dirty power from its neighbors.

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