

Ferguson: Energy Matters

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Parental Discretion Required

As every 2-year old learns, “needing” something is much more persuasive than merely “wanting” something. Almost everyone in the electricity business thinks that more high voltage transmission lines are “needed.” Congress even went so far as to decree recently that if a new power line is “needed” and the locals refuse to build it, the Federal Energy Regulatory Commission has the authority to order it built over local objections.

But who are the parents that decide whether a new power line is really “needed” rather than merely “wanted”? The FERC? The California Public Utilities Commission? The California Energy Commission? The California Independent System Operator? All of these agencies? And on what basis is the decision made?

Not long ago the grid operator and the CPUC agreed that California “needed” another power line to bring more electricity from the Palo Verde hub in Arizona to Southern California. However, the Arizona Corporation Commission—the CPUC’s counterpart—declared unanimously that California merely “wanted” the line in order to siphon off cheap power from their state and denied the project.

The grid operator is now considering trying to convince FERC that California “needs” Palo Verde 2. FERC—now with three Western Commissioners on its board—knows that any decision it makes will trigger a tantrum from one of the kids and understandably doesn’t want to have to decide which one to satisfy.

On the Sunrise Powerlink high voltage line planned by San Diego Gas & Electric, even the grid operator and the CPUC can’t agree. The San Diego utility wants to build a second power line to import more power from Imperial County. After its review, the grid operator agreed with SDG&E that the line is “needed.” “Not so fast,” said the CPUC, “California Environmental Quality Act gives the CPUC the last word on whether Sunrise is ‘needed’ or merely ‘wanted,’ as opponents of the line claim.” A CPUC decision is pending.

The grid operator is now upset with the CPUC, and SDG&E doesn’t know if it will get its candy or not. Grandpa FERC may again be asked to referee the family squabble.

When you stop and think about it, whether something is needed or not depends on what the options are. If you *must* pound a nail, then you *need* a hammer. But *must* the nail be pounded? Perhaps the wood should be fastened with glue or screws instead of nails.

If you assume that California isn't going to build enough power plants, then perhaps it "needs" Palo Verde 2. If enough local generation isn't built in San Diego, then perhaps Sunrise is "needed." The decisions hinge on the assumptions.

The ultimate problem is that the parents haven't decided between themselves what they want for the children's future. Do they want San Diego to grow up dependent on imported power or not? Until the grid operator and the CPUC reach agreement on San Diego's future, the kid will continue to whine about "needing" Sunrise. Until California and Arizona agree on California's dependence on imported power, the interstate squabble will continue.

Electricity from natural gas can be generated almost anywhere. All that is required is a gas pipeline to the power plant and neighbors that don't complain too much about the pollution. Underground gas pipelines aren't nearly as controversial as overhead 500 kV power lines.

Unfortunately, energy from other sources to make electricity isn't as portable as gas. Coal is heavy lumpy stuff that has to be moved by rail and creates a lot of pollution when burned. If you want electricity from coal, you "need" power lines to deliver it.

Electricity from renewable energy resources is even more "locationally constrained" (new buzzwords in the industry jargon.) Hydroelectricity must be generated where there is water and a place for a dam. If you decide to depend on hydro, you "need" power lines from the dams to the cities, like the lines California started building a century ago.

If you decide that global warming really is a threat and solar power is one of the solutions, you 'need' power lines from the sunny deserts to the cities.

Unfortunately, California's electricity parents—the grid operator, CPUC, and Energy Commission—haven't agreed on what the state's electricity future will be. It should therefore come as no surprise that the kids whine first to the parent most likely to give them what they "need" and that nasty parental disagreements ensue.

Over the last decade or so, the conventional advice to parents has been to avoid the necessity for future planning altogether by relying on the "market," as if no one cared about power lines, pollution, or global warming. Not surprisingly, the result has been worse than turning a bunch of bratty kids loose in the mall. If the last ten years have taught us anything, it's that markets are useful only when you've decided what you want to buy.

As family guidance counselor, my analysis is that the parents have some growing up to do themselves. The perennial transmission squabbles and whining will continue until the parents get their own act together and agree on the state's electricity future.

As all of us parents know, this is not easy.

Nevertheless, when it comes to "needing" new power lines, parental discretion is required.

And no TV until the homework is done.

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