



energize**EASTSIDE**

community advisory group **FINAL REPORT**

January 2015



Community Advisory Group (CAG) Dissenting Report

cense

Coalition of Eastside Neighborhoods for Sensible Energy CENSE

Excerpt from PSE's Community Advisory Group (CAG) Minority Report Appendix B

Dissenting Report

We, the undersigned members of the "Community Advisory Group" (CAG) for PSE's Energize Eastside project, declare our dissent from the recommendations included in the Final Report of the CAG.

The CAG did not truly represent the wishes of the community for the following reasons:

1. CAG members were selected by PSE, not the community.
2. PSE misrepresented the full purpose of Energize Eastside.
3. PSE did not provide real data establishing the need for the project.
4. PSE did not provide a complete list of alternative solutions, and CAG members weren't allowed to discuss alternatives.
5. The CAG was not given real choices, because some of the route segments were never viable.
6. Few CAG members participated in critical evaluations.
7. The CAG facilitator was not impartial and frequently pressured members to support the group's conclusions.
8. CAG members were not asked to officially endorse the outcome of the CAG process.

The remainder of this report will provide additional detail regarding these eight objections.

1. CAG selection

Composition of the CAG was determined by PSE, not the community. PSE diluted the votes of residential neighborhoods that had the most at stake. Only one quarter of the voting members represented neighborhoods, and many affected neighborhoods had no representative. Some members represented organizations which receive generous donations from the PSE Foundation.

2. The full purpose of Energize Eastside

Documents available from ColumbiaGrid, Seattle City Light, and the Bonneville Power Administration make it clear that Energize Eastside solves three simultaneous problems: 1) load for PSE, 2) load for Seattle City Light, and 3) regional grid reliability for Bonneville Power Administration (a federal agency). According to a 2012 Memorandum of Agreement signed by PSE, SCL, and BPA, transmission lines in the Puget Sound region can become congested when high local needs coincide with high flows of electricity to British Columbia, especially when there are faults on BPA's trunk lines. This is a concern because the United States is obligated to provide electricity to Canada through the Columbia River Treaty. The large scale of the Energize Eastside project addresses both local and international electricity needs. However, Energize Eastside is not the only solution that can do this. It might not even be the most economical solution, when the project's impact on the community is considered. Reduced property values along the entire 18-mile length of the line cause declines in economic activity and tax receipts, which must be compensated by increasing tax rates on other residents, or decreasing support to people who need tax-funded services.

PSE never disclosed the whole purpose of the project to CAG members. The company sought to minimize regional questions by claiming only 3-8% of power flow serves Canada. While this might be true on a normal day, Energize Eastside is designed to handle extraordinary power flows that occur in rare emergency conditions. Without a full disclosure of the scope and purpose of the project, CAG members were not able to accurately represent the views of their constituents regarding the project.

3. Eastside need

PSE illustrates the need for Energize Eastside using a graph titled “Eastside Customer Demand Forecast.”¹ This graph has been simplified so it can be easily grasped by the public. It shows demand growing at an average rate of 1.9% per year, crossing the “System Capacity” line in 2017. According to PSE, electricity outages will become more likely after that.

CAG members are well-informed individuals who had months to understand the issues. Therefore, we expected PSE would provide CAG members with more detailed information regarding the need for the project. There are many questions that members had. How has the Eastside’s electricity demand grown over time? Why is demand supposedly growing at a much faster rate than population or economic growth? Why is PSE’s projection of Eastside’s demand growth more than double that of Seattle’s or Portland’s? Would programs such as Demand Response help mitigate our demand growth?

PSE did not answer these questions, saying that they were outside the scope of the CAG’s stated mission. The CAG was formed only to provide recommendations on which route the overhead lines should take through the five Eastside cities. PSE said that community input was not needed regarding any other aspect of the project.

4. Alternative solutions

CAG members also raised questions about alternative solutions. They wondered why alternatives were eliminated from consideration and further discussion of alternatives was not allowed.

We believe it is important to list reasonable and viable alternatives to Energize Eastside here, since these ideas do not appear in the limited Final Report. The alternatives described below address only the Eastside’s local need. BPA would have to build its own project to solve Canadian reliability issues, at a lower cost to PSE’s customers.

The issue of cost is of critical importance to many CAG members, especially organizations representing low-income residents like Hopelink and the YMCA. It is also of interest to businesses that are sensitive to the cost of electricity. Adding 1-2% to electricity costs for the next 40 years may affect their profitability. Many CAG members would have supported lower-cost alternatives if PSE had allowed them to be explored by the CAG.

- a. **Demand-side Resources.** Demand-side Resource (DSR) programs are used by utilities in almost every state to reduce the stresses of peak load service and avoid construction of new generation and transmission infrastructure. In the Northwest, Portland General Electric devotes 14 pages of its latest Integrated Resource Plan to descriptions of various programs, including a curtailment tariff, residential direct load control, critical peak pricing, and conservation voltage reduction. Similar programs were studied in a detailed report created by the Cadmus Group for PSE’s most recent IRP². Which of these programs is PSE planning to implement? The IRP says, “Demand response program costs are higher than supply-side alternatives at this time, and PSE does not currently have a program in place.” Translation: it’s cheaper to burn coal in a plant located in Colstrip, Montana (one of the dirtiest coal plants in the nation) that provides nearly 1/3 of the Eastside’s electricity. The economics of cheap coal

¹ http://energizeeastside.com/Media/Default/AbouttheProject/2013_1030_Single_Line_Load_Chart_v3.png

² https://pse.com/aboutpse/EnergySupply/Documents/IRP_2013_AppN.pdf

and guaranteed returns for capital improvements like Energize Eastside provide little financial incentive for PSE to pursue DSR programs.

- b. **Lake Tradition transformer.** For several years before Energize Eastside was conceived, PSE proposed to meet Eastside demand by adding a new 230/115 kV transformer located at Lake Tradition (near Issaquah). Additional power would be delivered on existing 115 kV lines to the Lakeside substation. PSE now claims that this solution causes other transformers to overload in power flow simulations conducted by the company. However, these simulations include the surge of electricity caused by faults in BPA's trunk lines. If BPA were to solve those problems with their own project, Lake Tradition might become a viable solution with much lower costs and community impacts than Energize Eastside.
- c. **Upgrade 115 kV lines.** It's possible to use thicker wire and higher capacity transformers on existing lines to increase capacity by approximately 29%. That is enough to delay further action for at least a decade. During that time, it's likely that technologies such as grid batteries, distributed generation, and increasing efficiency will make other solutions possible. This will be cheaper than Energize Eastside, and better for the environment. Upgrading the lines at their current voltage will spare nearly 8000 mature trees that must be cut or removed along the Oak or Willow routes to accommodate a 230 kV line (according to PSE's counts). There is no record that PSE studied this option. It was never mentioned during CAG meetings.
- d. **Gas powered plant.** PSE studied the possibility of meeting Eastside needs using a gas-powered generation plant. They dismissed this option in 3 sentences in their Solutions Study. Two of the potential sites for the plant were judged to be too difficult to permit, although this determination was made solely by the company without input from city officials. A third site was dismissed because it would require construction of transmission lines. Neither the CAG nor the cities were given further details about the costs of such a plant, where the transmission lines would be located, how reliability of local generation compares to remote generation, how it impacts the community, or how it might help reduce use of coal that creates much higher emissions of atmospheric carbon, mercury, and sulfur.
- e. **Micro-grids and small turbines.** A national expert says that the Puget Sound area is an ideal place to use small gas turbines to inexpensively and incrementally serve peak loads. There is no record that PSE studied this option.
- f. **Grid batteries.** PSE says grid batteries are likely to play an important role in the future. The company already has a pilot battery project in Bainbridge. But according to PSE, batteries are too expensive and too risky to use at this time. The company says it can forecast future demand, but it can't forecast the viability of technology solutions that might address that demand.

We believe that one or more of the above solutions would address Eastside's demand and reliability needs for many years at a lower cost than Energize Eastside, allowing us time to develop clean, sustainable solutions rather than rushing a project that is out of scale for our needs as well as our beautiful scenery.

For completeness, we will mention two other alternatives that CAG members were interested in. Both of these would solve Canadian reliability issues as well as Eastside need, but for a considerably higher price tag:

- g. **Underground lines.** We list this alternative because it is the most frequently asked question by the public: “In this day and age, why can’t we bury our transmission lines?” PSE has made this option politically impossible, due to a tariff the company proposed to the Washington Utilities and Transportation Commission (and which the UTC subsequently adopted). The tariff requires each community who requests an underground line to bear the high cost of underground infrastructure on their own. With the exorbitant costs estimated by PSE, this is not a realistic option for any community. While this tariff seems reasonable for local distribution lines, we hope its application to regional transmission lines will be revisited by the UTC.
- h. **Underwater lines.** There are many examples in the U.S. of high-voltage transmission lines being placed in lakes, rivers, and bays. This technology is maturing rapidly. PSE said they would write a white paper on this alternative. The white paper was not released in time for consideration by the CAG.

5. No real choices

It should be no surprise that the final routes selected by the CAG mostly follow the existing transmission corridor. This is the result PSE expected from the beginning, and was confirmed by a senior PSE engineer who said the process of route selection was needed to help the public feel like they were involved in the project.

In particular, the choice between the L and M segments was a false choice. The L segment was never a legally viable option due to well-known conflicts and impacts. PSE should have known this. It is also highly questionable that the B segment was viable, due to the large amount of new right-of-way that would need to be acquired to construct that segment.

We believe the CAG process was more about PR for PSE than real choices for the community.

6. CAG participation

In several cases, only a few CAG members participated in important evaluations. For example, at the July 9th meeting, it was revealed that only 8 CAG members (less than a third of the CAG membership) participated in an evaluation process to eliminate potential routes. These low participation rates didn’t occur because CAG members were lazy or on vacation. Many of the residential representatives refused to participate because they objected to the process.

7. CAG process

The facilitator for the CAG was a contractor hired by PSE, harming the appearance of impartiality. The facilitator appeared to have two goals: 1) produce a route recommendation that isn’t too onerous to PSE, and 2) achieve this result using “consensus building” techniques.

Unfortunately, these goals were achieved by pressuring or cajoling CAG members to abandon their preferences and join the consensus view. For example, the facilitator would often say to a reluctant member, “Could you live with the emerging consensus of the group?” Or, “Do you want your name to be listed as the dissenting vote?” There were many times when a dissenting member would reluctantly

give up significant objections to avoid appearing obstinate or going against the other members. An anonymous ballot would have produced a different result than the facilitated outcome.

Do decisions made in this manner truly represent community values? One need only observe the audience at the final CAG meeting to answer that question. At least 90% of the 400-member audience enthusiastically supported dissenting remarks made by members of the CAG. We conclude the recommendations of the CAG do not represent the desires of the community.

This is also evident in the routes that were finally selected. Both the CAG and hundreds of residents voting online agreed that the top factor to be used to judge routes was "Avoids residential areas." For both the CAG and the community, this factor rated significantly higher than any other. However, in the rush to consensus, the CAG ignored the criterion they previously agreed was the most important and focused instead on cost. All of the routes inequitably burden residential neighborhoods with poles as high as 135 feet that are out of scale with residential land use codes.

8. No endorsements

As of December 15, CAG members were not asked to endorse the Final Report with their signatures. We note a stark contrast with the outcome of a different advisory group for a previous PSE project:

"We, the members of the Sammamish-Juanita 115 kV Project Stakeholder Advisory Group, affirm and support this recommendations report to Puget Sound Energy. We believe PSE's community-involved siting process for this project has been transparent and reflects community input."

Why aren't members of our CAG signing a similar statement in support of their recommendations for Energize Eastside? Could members of this CAG sign a positive statement like this in good faith?

Conclusion

Energize Eastside is one possible step towards our energy future. This is a decision that should be made by citizens and their elected representatives, taking into account values such as community impact, environmental impact, cost, reliability, and safety. This decision should not be made by a utility company or an advisory group with little community support.

The undersigned members of the CAG declare our dissent with the CAG's Final Report.

(By signing this document, we are not rescinding the opinions we expressed or votes we cast during CAG meetings, but simply stating our dissent with the overall project and process.)

Norman Hansen CAG, BELLEVUE BRIDLE TRAILS COMMUNITY
Kaseburg
Tim McHARG, CITY OF NEWCASTLE

Darius F. Richards

Stem D. O'Donnell

Paul T. Evans

Lindy Bruce Sunset Community Assn.