

In the Matter of:	)	Docket No. 08-IEP-1
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Preparation of the	)	COMMENT ON DRAFT 2008 IEPR REPORT
2008 Integrated Energy Policy Report	)	
(2008 IEPR)	)	
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Comments of the California Public Utilities Commission on the Draft 2008 IEPR Update Report

The California Public Utilities Commission (CPUC) respectfully submits these comments to the California State Energy Resource Conservation and Development Commission (CEC) in regards to the *Draft 2008 IEPR Report* ("Draft Report"). The CPUC is pleased to be collaborating with our sister agency, the CEC, in the 2008 IEPR Update proceeding ("proceeding"). In various formal settings, the CPUC has expressed its intention to collaborate in the 2008 IEPR Update proceeding. For example, the Long-Term Procurement Plan (LTPP) Order Instituting Rulemaking (OIR), R.08-02-007 placed in scope two issues directly related to the IEPR: (1) quantification of energy efficiency (EE) in the CEC load forecast and (2) development of a common portfolio analysis methodology in the LTPPs. We appreciate the CEC's ongoing support in the LTPP proceeding, where collaborating staff has made significant contributions.

CPUC staff has actively participated and/or made oral or written comments in several workshops throughout the proceeding, including:

- (1) Oral comments at the March 11 workshop on energy efficiency and demand forecasting,
- (2) Written post-workshop comments on the March 11 workshop,
- (3) Oral comments at the April 28 scoping hearing on the 2008 and 2009 IEPRs,
- (4) Panelist representation and oral comment at the July 14 workshop on use of Procurement Review Groups,
- (5) Panelist representation and oral comment at the July 21 workshop on higher levels of renewables,
- (6) Panelist representation and oral comment at the August 12 workshop on the demand forecasting process,
- (7) Oral comment at the August 18 on procurement issues, and
- (8) Presentation and oral comment at the October 1 workshop on feed-in tariffs.

We commend the CEC for assembling the Draft Report - a comprehensive document on wide – ranging issues – in a relatively compressed timeframe. In many respects, the Draft Report reflects positions on which the two Commissions agree, particularly as regards improving delineation of energy efficiency in the load forecast, procurement issues related to portfolio analysis, strategies to achieve 33

percent renewables by 2020, and evaluation of the Self-Generation Incentive Program. In other respects, we suggest changes to the Draft Report that clarify issues or adequately represent the CPUC's views on matters such as procurement issues related to PRGs and the utility RFO process, renewable feed-in tariffs (FiTs), transmission siting authority, and progress towards meeting demand response (DR) goals. We trust these comments will be meaningfully reflected in the Final Report because, as a leading state policy document, the IEPR should properly embody the knowledge, expertise and perspectives of all parties and agencies participating in the proceeding.

California's Renewable Energy Future

The CPUC offers the following itemized clarifications and comments in regards to RPS and renewable feed-in tariffs:

- **Draft Report:** *"To help encourage renewable development and provide price certainty to renewable developers, the CEC and the CPUC should work collaboratively on developing a pilot program to provide standardized contracts and prices for renewable projects larger than 20 MW."*¹
 - o **CPUC Response:** The CPUC supports encouraging large-scale renewable development. Senate Bill (SB) 1078 established the RPS and the competitive procurement process for commercial-scale renewable projects. RPS projects face various project development challenges, but overall, the procurement process is working. The CPUC Staff believes collaboration with other state agencies to focus our collective resources on overcoming the project development challenges is a priority, rather than replacing the competitive procurement process with standardized contracts or feed-in tariffs (FiTs). CPUC Staff recommends that before acting to implement such a pilot program, it is important to review evidence demonstrating how standardized contracts will help renewable projects over 20 MW overcome the project development challenges.
- **Draft Report:** *"The CAISO has noted that when looking at a 33 percent goal, it is important to consider the contribution from behind-the-meter distributed solar installations, which could provide enough energy to satisfy as much as 4 to 8 percent of that goal. GreenVolts, a developer of distributed generation PV systems, referred to the RETI Phase 1B Draft Resource Report, which identifies the potential for 27,500 MW of distributed solar PV projects rated at 20 MW that could be placed close to existing substations. These projects could generate nearly 60,000 GWh annually, which is significant given that the current estimate of 33 percent of retail sales in 2020 is about 102,000 GWh."*²

¹ Exec. Summary, p. 3

² Chapter 1, p. 23

- o **CPUC Response:** The CPUC is committed to 33% renewables as a key AB32 implementation measure, and has recommended this measure to the California Air Resource Board (CARB) in D.08-10-037 on GHG regulatory strategies, approved on October 16, 2008. We agree that behind-the-meter DG contributes to a 33% renewables goal since it reduces total load. As a clarification, GreenVolts is on the system side of the meter and is not behind-the-meter DG. The CPUC supports evaluating the resource and economic potential of various strategies to achieve 33% renewables, including wholesale DG. For example, the Renewable Energy Transmission Initiative (RETI) Phase 1B Report identified robust resource potential of solar DG, but it did not evaluate economic potential, implementation challenges, or distribution-level impacts. According to the report, the generation costs of solar DG are higher than any other renewable resource and range from \$192-285/MWh. More analysis and research is needed to understand how much solar DG can be developed economically.
- **Draft Report:** *“FiTs reduce uncertainty and allow developers to obtain lower-cost financing and to be less vulnerable to costs related to delays in permitting, siting, interconnection, and equipment procurement.”*³
 - o **CPUC Response:** The Draft Report does not provide sufficient support for this statement and the CPUC Staff believes the actual situation is more complex than the statement implies. FiTs are a procurement mechanism and they do not necessarily address project development barriers. For example, the qualifying facility (QF) program offered standard must-take contracts, yet QF renewable project developers faced the same project development barriers that today’s renewable project developers face. FiTs potentially transfer more risk from generator to the ratepayer through the standardized terms and conditions identified in the tariff and through a fixed price that may be not be an accurate reflection of market prices. As a result, this requires a broader policy discussion regarding risk allocation. A primary driver for a FiT program for under 20 MW is to reduce transaction cost to buyer, seller, and regulator. Any discussion of FiTs needs to address these transaction costs through the numerous existing programs.
- **Draft Report:** *“There is a need for continued evaluation of how feed-in tariffs could be used to decouple the price paid for renewable energy from the price of natural gas by focusing on the actual cost of generation of renewable resources.”*⁴
 - o **CPUC Response:** CPUC Staff is very interested in ensuring that renewable energy producers are paid the value of the products they provide and ratepayers receive full

³ Chapter 1, p. 30

⁴ Chapter 1, p.34

value for their payments. Currently natural gas fueled resources are the marginal producers of electric energy and energy prices reflect this. As the state moves forward with the Energy Action Plan, the fuel source on the margin may change and the rate structure should change to reflect this. There are many ways to decouple the price paid for renewable energy from the price of natural gas; FiTs may be one, but not the only mechanism to accomplish this goal.

- **Draft Report:** *“The 2009 IEPR should include a thorough evaluation of the issues required to transition to a higher renewable future, and how other key issues, such as once-through cooling, aging power plants retirements, and GHG reductions are affected.”*⁵
 - o **CPUC Response:** The CPUC Staff looks forward to working with the CEC in evaluating the issues required to transition to a higher renewable future. The CPUC Staff is undertaking the 33% RPS Implementation Analysis, which should be a valuable resource for the 2009 IEPR, and we look forward to collaborating with the CEC in that effort. We appreciate the Draft Report’s acknowledgement of the “need to consider conclusions from that study...in any [2009 IEPR] cost evaluations.”⁶ The CPUC and the CAISO will also be evaluating other key energy supply issues such as once-through cooling, aging power plants, and GHG reductions. The CPUC Staff recommends the CEC focus its analysis on long-term policy issues, post 2020, such as the 2050 GHG goal, climate impacts on the electricity sector, and the water-energy nexus.
- **Draft Report:** *“The CPUC must take control of the procurement process for new renewable resources and conduct its own evaluation of proposals based upon cost criteria, as well as likely project success, locational benefits, and land use and environmental considerations, without the direct participation of the IOUs. Other non -market participants and the Energy Commission should assist.”* (Chapter 1: Recommendations, p. 37; also Exec. Summary, p. 2)...⁷
 - o **CPUC Response:** The CPUC regulatory oversight of the procurement process is undertaken under the direction of the Public Utilities Code. Provisions of Public Utilities Code Section 454.5 direct utilities to develop procurement plans for fossil and renewable resources that include “a competitive procurement process under which the electrical corporation may request bids for procurement-related services, including the format and criteria of that procurement process.”⁸

⁵ Chapter 1: Recommendations, p. 35

⁶ Chapter 1, p. 31.

⁷ Chapter 1: Recommendations, p. 37; also Exec. Summary, p. 2

⁸ Pub. Util. Code § 454.5(b)(5).

- o **CPUC Response:** The CPUC has directed the utilities to explain details related to RFO design and bid evaluation criteria through procurement review groups, a voluntary advisory group comprised of non-market participants with access to market-sensitive information granted through non-disclosure agreements. While the procurement review groups have no decision-making authority, they play a vital role in streamlining the discovery process and mitigating potentially litigious issues before utilities file formal applications. At the July 14 IEPR Committee Workshop on procurement review groups, CPUC staff emphasized that while it is admittedly an imperfect process, it is the best alternative to appropriately balance transparency and expediency in the review process, while protecting market sensitive information.
- **Draft Report:** *“There continues to be a need for greater transparency regarding signed RPS contracts. The IEPR Committee recommends that IOUs be required to provide aggregated information on contract prices, project locations, and schedules to assure policy makers that RPS contracts are providing the greatest strategic and economic value to the state. In addition, the CPUC should make public the aggregate amount of above-market funds being allocated to RPS contracts.”⁹*
 - o **CPUC Response:** While the CPUC is committed, to the greatest extent possible, to ensuring transparency and openness in the public domain, we also have an obligation to protect ratepayers from unreasonable prices by mitigating market power. D.06-06-006 requires the following information regarding renewable resource contracts under the RPS program to be public: “Contract summaries public, including counterparty, resource type, location, capacity, expected deliveries, delivery point, length of contract and online date.” Thus, project locations and online dates (schedules) on an individual project basis are already public. D.06-06-006 requires the following information to remain confidential for a maximum of three years: “Other terms are confidential for three years, or until one year following expiration, whichever comes first.” Depending on the level of aggregation, if the CPUC were to reveal information on contract prices, a possible risk is that the procurement process would lose the downward pressure of competition and could lead to higher costs for California ratepayers. CPUC staff is willing to explore the nature and extent of disclosures that would meet the intent of this recommendation, while avoiding market distortions.

⁹ Chapter 1: Recommendations, p. 37; also Exec. Summary, p. 2

- **Draft Report:** *“The CPUC should include land use and environmental considerations in selection of RPS contracts with assistance from the CEC.”¹⁰*
 - o **CPUC Response:** The CPUC does not select contracts; per Pub. Util. Code Section 399.14, the IOUs select contracts, and the CPUC then reviews those contracts for price reasonableness and consistency with the IOU's CPUC-approved renewable energy procurement plan. Projects are in various stages of development at the time of CPUC PPA review. In some cases, developers have not yet obtained site control and view the PPA as a crucial step towards obtaining financing and furthering project development. We believe, therefore, that environmental impacts are most appropriately considered later in the project development process, at the permitting stage. We note, however, that consideration of project viability in the solicitation and contract review processes is an issue that will be addressed in R.08-08-009, one of the CPUC's two RPS proceedings. Parties will have the opportunity in that proceeding to consider appropriate treatment of this issue, to the extent that environmental concerns are anticipated to affect the viability of a project, by putting the project at risk of delay and/or denial during the permitting process.
- **Draft Report:** *“The potential costs associated with not meeting those goals, including higher electricity rates resulting from high natural gas prices as well as the economic effects of catastrophic climate change, must be considered in any evaluation of the costs of moving to higher levels of renewables...The Energy Commission should evaluate the price and technical impacts of increased use of renewable resources on natural gas demand and price as well as the impacts of regional changes in natural gas supply and demand on California demand and prices.”¹¹*
 - o **CPUC Response:** The CPUC Staff agrees with the CEC's analysis and recommendation. Evaluating the economic effects of catastrophic climate change as well as the price and technical impacts of higher levels of renewable resources on natural gas demand and price will contribute to our understanding of the impacts a 33% RPS. This analysis will be especially useful in understanding the long-term effects of climate change on the electricity sector.

Energy Efficiency and Demand Forecasting

The Draft Report is aligned with the CPUC's interests as set forth in (1) the 2008 Long-Term Procurement Plan (LTPP) Order Instituting Rulemaking (OIR) (R.08-02-007); (2) the CPUC Staff's

¹⁰ Chapter 1: Recommendations, p. 38

¹¹ Chapter 1, p. 31; also Chapter 1: Recommendations, p.37.

presentation at the March 11, 2008 IEPR Update Workshop on Energy Efficiency and Demand Forecasting, and (3) the CPUC Staff's Post-Workshop Comments filed in the 2008/09 IEPR docket on April 25, 2008. As noted in the Draft Report, CPUC has hired the consultant, Itron, to assist the CEC in sorting out differences between the CPUC's energy efficiency goals and the CEC's demand forecasting model. We are pleased that the schedule shows that any necessary modifications to the existing demand forecast, as well as developing enhanced projection capabilities for near-term energy efficiency impacts, will be completed by fall 2009 in time for the utilities' 2010 LTPP filing.

Electricity Procurement Practices and Resource Planning Activities

The CPUC Staff concurs with the CEC's recommendation that we should continue to collaborate on portfolio analysis elements of the resource planning activities in the 2008 LTPP proceedings. In oral comments, CPUC staff have repeatedly acknowledged the value of this collaboration and the considerable technical expertise that CEC staff bring to the LTPP proceeding.

Regarding recommendations for inclusion in the 2009 IEPR, we are particularly interested in seeing an exploration of how to overcome constraints faced by utilities in reducing the carbon footprint of their portfolio over the long run. We believe this is a very important effort given the challenges utilities face to comply with AB32 (and more aggressive 2050) GHG goals with the existing portfolio of gas-fired, renewable and demand-side resources at their disposal.

Regarding procurement and siting issues, we refer to our response above on p. 4-5 in regards to the renewable procurement process. Expanding further on this topic, the CPUC took steps in the most recent Long Term Procurement Plan decision (D.07-12-052) to improve the procurement oversight process. D.07-12-052 requires that IOUs:¹²

- Hold a meeting with the Independent Evaluator (IE), PRG, and Energy Division (ED) to outline their plans (quantities and types of products they intend to solicit, category definitions if multiple bid categories are envisioned, any unique circumstances to be addressed in the RFO) and solicit feedback prior to drafting RFO bid documents;
- Develop draft RFO bid documents under the oversight of an IE, including (for internal review by the PRG and Energy Division staff) clear descriptions of the bid criteria (including the rationale for selecting and weighting the criteria) and the evaluation and selection process;
- Vet draft bid documents through the PRGs, and resolve any differences with Energy Division staff in advance of the public issuance of bid documents; and

¹² D.07-12-052, p. 150.

- Provide the PRGs and Energy Division staff a decision rationale with respect to each selected and rejected bid upon completion of an RFO.

Evaluation of the Self-Generation Incentive Program (SGIP)

The SGIP section of the Draft Report presents some preliminary findings and makes some general recommendations about expanding and continuing the SGIP program. The consultant, TIAX, LLC, who did the evaluation, took as a starting point the *California Standard Practice Manual*, used by CPUC to evaluate energy efficiency programs. This is useful methodology in terms of producing compatible or comparable results to future studies undertaken by the CPUC. The consultant did consider additional macroeconomic impacts like job creation through small renewable generation projects, but did not seem to consider any resulting job losses in large scale central station plants for example. In fact, many of the details of the SGIP evaluation report will be forthcoming when the draft evaluation is released later this month. TIAX and CEC have certainly made great efforts in a short amount of time to develop a comprehensive look at SGIP and other DG programs.

We look forward to the final, complete draft of this ambitious study. Following are some areas of interest for the CPUC when the SGIP evaluation report is released:

- The inputs to describe the environmental impacts of the SGIP installations
- The calculation and approximation of the Transmission and Distribution System impacts
- The Methodology used to determine the locational benefits of these installations
- The support for the recommendation to include CHP and other technologies under SGIP

State Progress on IEPR Recommendations - Demand Response (DR)

The CPUC Staff has two itemized clarifications and comments in regards to the Draft Report's characterization of state "progress" on DR-related IEPR recommendations:

- **Draft Report:** *"The CPUC and the Energy Commission must vigorously pursue actions to ensure that the state's demand response goals are met (2005 IEPR). The state has made little progress on this recommendation. The 2005 IEPR called for a 5 percent peak reduction from price-responsive demand response in the IOU service territories by 2007. This goal was not met partly because the CPUC refused to approve an all-party settlement that would not have adopted default opt-out critical peak pricing (CPP) rates for large customers. Commercial and industrial customers and trade groups argued against the default rates because of potential business cost increases. In the settlement, the parties proposed opt-in instead of opt-out CPP rates, which did not represent a significant change from existing rates. The CPUC decided to reintroduce default CPP rates in the next general rate case cycle rather than adopt the settlement*

agreement. Another barrier to meeting the 5 percent goal was the need for interval or advanced meters for customers with loads below 200 kilowatts. The most recent timetable for the roll out of advanced meters shows installation being completed by 2012 for all three IOUs."¹³

- o **CPUC Response:** The underlined section needs to be rewritten because it implies that the state has not met its 5 percent peak reduction DR goal for 2007 because the CPUC did not adopt a settlement. If the CPUC had adopted that settlement, CPP rates would have continued to be voluntary, opt-in. CPUC staff believes the current voluntary, opt-in CPP is one reason why the 5 percent goal has not been reached. The next two sentences in the cited text make that point.
- o **CPUC Response:** The CPUC continues to be a strong advocate of advanced metering infrastructure (AMI). In 2002, the CPUC initiated a rulemaking to develop the analysis frameworks for the three major utilities' filings of the AMI business case. To date, the CPUC has approved \$4 billion of ratepayer funding to deploy a total 17 million of AMI meters over a five-year period (2007-2012) in PG&E's, SCE's, and SDG&E's service territories (11.8 million electric meters and 5.1 million gas meters). Currently, about 700,000 AMI meters (electric and gas) have been installed. CPUC Staff believes this demonstrates the CPUC's commitment to meeting the 5 percent DR goal.

State Progress on IEPR Recommendations – Renewable Energy

The CPUC Staff has several itemized clarifications and comments in regards to the Draft Report's characterization of state "progress" on renewable energy-related IEPR recommendations:

- **Draft Report:** *"The CPUC should immediately implement a feed-in tariff, set initially at the market price referent, for all RPS-eligible renewables up to 20 megawatts in size (2007 IEPR)."*¹⁴
 - o **CPUC Response:** Perhaps this section of the report could be enhanced by mentioning contracts already signed as part of the current AB 1969 FiT program. For example PG&E has approximately 10 projects in the queue totaling about 7 MWs.
- **Draft Report:** *"Implementation of [AB 1613] requirement[s] [are] being undertaken through CPUC Rulemaking 06-05-027."*¹⁵
 - o **CPUC Response:** AB 1613 is being considered in R.08-06-024, not R.06-05-027 (which was replaced with R.08-08-009)

¹³ Chapter 6, p. 102 (emphasis added)

¹⁴ Chapter 6, p. 106

¹⁵ Chapter 6, p. 106

- o **CPUC Response:** This section should include an update on FiT collaboration up to 20 MW in R.08-08-009. The CPUC established the scope and schedule for additional work on implementing feed-in tariffs in an Amended Scoping Memo and Ruling issued June 5, 2008. As a result of the Amended Scoping Memo and ruling, Decision 08-09-033 was issued on September 18, 2008 expanding feed-in tariffs to customers of SDG&E. Also, under consideration is the expansion of eligible project size, how to count excess sales toward feed-in tariff program limits, and the expansion of the feed-in tariff program to third-party ownership of RPS eligible facilities.
- **Draft Report:** *“The CEC and the CPUC are working together to develop a report that addresses the uses and options regarding FiTs for projects greater than 20 MW.”*¹⁶
 - o **CPUC Response:** This statement is inaccurate. The CPUC Staff is monitoring the CEC process, but is not actively collaborating with the CEC on the report that addresses the uses and options regarding FiTs for projects greater than 20 MW.
- **Draft Report:** *“The CPUC must take control of the procurement process for new renewable resources and conduct its own evaluation of proposals based upon cost criteria, as well as likely project success, locational benefits, and land use and environmental considerations, without the direct participation of the IOUs. Other non-market participants and the CEC should assist.”*¹⁷
 - o **CPUC Response:** Please see our previous response to this issue. The CPUC has stated in Scoping Memo and Ruling for R.08-08-009 to “consider whether LCBF analysis gives proper weight to the locational value of energy” based on comments received on the OIR (p.4). Therefore, we believe the CPUC is already doing this.

State Progress on IEPR Recommendations - Transmission

The CPUC has several comments in regards to the Draft Report’s characterization of state “progress” on transmission-related IEPR recommendations::

- **Draft Report:** *“...the Energy Commission recommends that the Legislature transfers transmission permitting responsibility from the CPUC to the Energy Commission...(2005 IEPR).”*¹⁸
- **CPUC Response:** The CPUC has not in the past, nor does it now, recommend the transfer of transmission permitting responsibility to the California Energy Commission (CEC), for the following reasons:

¹⁶ Chapter 6, p. 107

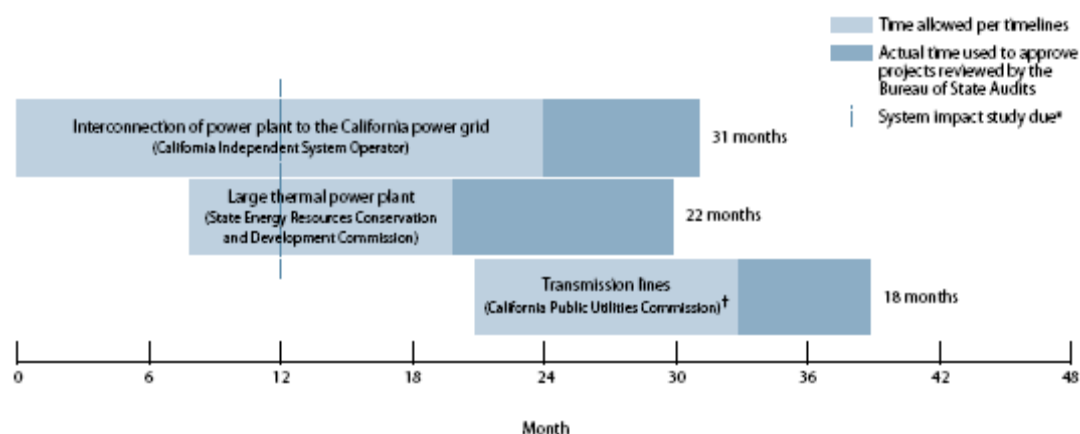
¹⁷ Chapter 6, p. 107

¹⁸ Chapter 6, p. 111

- o The California Constitution designates the CPUC as *the* state agency that determines rules, rates, and regulations for public utilities. This includes permitting for public utility-owned transmission infrastructure. Investor owned utilities (IOUs) must have CPUC approval before they can construct any electric infrastructure, including a transmission line. Because the IOU already needs CPUC approval, duplication is avoided if transmission siting activities are part of the CPUC approval process. Transferring transmission permitting authority to the CEC would result in burdensome legal obstacles and duplicative regulatory oversight.
- o Transferring permit authority to another agency will not eliminate controversial land use and environmental issues associated with most transmission projects, which often traverse several jurisdictions, sensitive populations, and land use types. Any agency siting transmission lines would be confronted with the same controversial and timing issues.
- o The CEC power plant permitting process is not necessarily faster than the CPUC's permitting process. For example, air quality issues identified by the South Coast Air Quality Management District may extend a CEC project. In addition, this CEC project was already delayed five months in the CEC permitting due to water quality and availability challenges.
- o The CPUC has considerable experience in handling controversial transmission projects along with the knowledge and capability to carry out the legal mandates of CEQA and NEPA and to work with other state and federal agencies and environmental groups. This is evidenced by the two large renewables transmission permits (500 kV Sunrise Transmission Line and Tehachapi Renewable Transmission) currently under consideration.
- o Finally, we note that a recent study by the California State Auditor found that the CPUC transmission approval process takes less time, on average, than both the CAISO's interconnection process and the CEC's generation permitting process (see chart below).¹⁹

¹⁹ California State Auditor, *Solar Energy: As the Cost of This Resource Becomes More Competitive With Other Renewable Resources, Applications to Construct New Solar Power Plants Should Increase*, Report No. 2007-119, January 2008, p. 37.

Figure 7
Number of Months Needed to Approve Applications Related to New Power Plants



Sources: Information provided by the California Independent System Operator (CAISO), the State Energy Resources Conservation and Development Commission (energy commission), and the California Public Utilities Commission (utilities commission).

* Both the CAISO and the energy commission require the completion of a system impact study as part of their approval processes. For purposes of this graphic, we aligned the approval processes at the point when each agency's timeline shows a completed system impact study. The CAISO's timeline shows this study occurring about a year after the start of its approval process. The energy commission's timeline shows this study occurring at 100 days.

† An application for a certificate of public convenience and necessity from the utilities commission may be initiated concurrently with other approvals. However, the utilities commission cannot issue this certificate until the developer obtains approval for the power plant from the energy commission. Because of the absence of a more detailed requirement defining how the two timelines relate to each other, we placed the midpoint of the utilities commission's timeline at the end of the energy commission's timeline to indicate how the two might overlap. Further, according to staff of the CAISO, the energy commission, and the utilities commission, a power plant can begin providing power at a reduced capacity over the existing infrastructure until the necessary upgrades to transmit power at full capacity are completed.

- **Draft Report:** *"In establishing a statewide corridor planning process, the Energy Commission should work collaboratively with the CPUC, the California ISO, other key state and federal agencies....and other interest groups (2005 IEPR)."*²⁰
 - o **CPUC Response:** The CPUC Staff agrees and welcomes the CEC participation in the statewide corridor planning process. The CPUC, along with the CEC and CAISO, has played a key participation role in the RETI process that involves transmission corridor planning for renewable development. The CPUC Staff will continue to be involved in all phases of the process. Given the CPUC's transmission permitting experience, the CPUC Staff along with the CEC want to ensure that the RETI transmission process reflects environmental and permitting perspectives to reduce impacts that could delay renewable projects.
- **Draft Report:** *"The Energy Commission should actively participate in the recently initiated federal corridor planning efforts to evaluate issues associated with designation of energy corridors on federal lands in 11 western states, beginning with filing comments in the scoping of the programmatic environmental impact statement (2005 IEPR)."*²¹

²⁰ Chapter 6, p. 113

²¹ Chapter 6, p. 114

- o **CPUC Response:** The CPUC has actively participated in the Energy Policy Act federal corridor planning process. As with the CEC, the CPUC became a cooperating agency and was heavily involved with the Interagency Working Group in advocating the designation of federal corridors. The CPUC on its own strongly proposed additional federal corridors across US Forest Service lands deemed necessary for renewable transmission in the LA Basin. Those corridors may not have been otherwise considered by the agencies.
- o **CPUC Response:** As a cooperating agency and MOU participant to BLM and DOE, the CPUC will continue to be actively involved in the Solar Programmatic EIS to support the proper siting of solar projects and any related transmission connections.

As to other IEPR recommendations, the CPUC Staff supports:

- The designation of statewide corridors future transmission siting challenges.
- Changes to CAISO tariff to facilitate wholesale rate financing and development of renewable transmission lines. This will support connection of remote renewables to CAISO controlled grid.
- Mandatory requirement of energy elements in local government general plans to support RPS and transmission development needs. All government agencies need to develop a greater awareness of the importance of facilitating energy infrastructure in support of RPS and climate change policy.

We thank the CEC for the opportunity to provide comments on this important document.