California Energy Commission
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California Energy Commission
**Submitted via email to: docket@energy.ca.gov**
Dockets Office, MS-4
Re: Docket No. 14-IEP-1C
1516 Ninth Street
Sacramento, CA 95814-5512

**Re: CBEA Comments on August 5, 2014 CEC Workshop Re Integrating Environmental Information in Renewable Energy Planning Processes (Incorporating Land Use and Environmental Considerations in Energy Infrastructure Planning)**

The California Biomass Energy Alliance (CBEA) is the trade organization of the solid-fuel biomass energy industry in California, representing the state's 30 operating biomass power plants. Biomass power is an important renewable energy source in California, providing more than 660 MW of schedulable and reliable baseload power to the state's integrated electricity grid, and providing a beneficial use outlet and low environmental-impact disposal option for more than 8.5 million tons of solid biomass wastes and residues annually in California.

The August 5, 2014, IEPR Report Lead Commissioner Workshop on Integrating Environmental Information in Renewable Energy Planning Processes was strongly oriented to solar and wind generating systems, particularly those that will be sited in the California desert and are included in the DRECP process. While it is true that wind, and especially solar, are winning nearly all of the contracts in the RPS solicitations being run by the IOUs, there are in fact important other categories of eligible renewables that can make valuable contributions to California's electric system, and in many cases these alternatives have environmental implications that are very different in nature than the environmental implications of desert-sited solar and wind. In this proceeding the California Biomass Energy Association (CBEA) is primarily concerned with ensuring that baseload renewables, as well as intermittent renewables, are fully included in planning exercises conducted by the CPUC and the California ISO, and that both the environmental benefits of renewable energy production, as well as the costs, are considered in long-term electric-system planning exercises conducted for California.

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The purpose of constructing differing and contrasting alternative scenarios for future renewable energy development in California is to allow these differing alternatives to be compared on a multivariable basis. While it is often valuable to construct scenarios for analytical purposes that represent the analyst's best guess about the likely future for renewables, it is important that the analysis not be limited to these kinds of scenarios. Useful planning efforts need to consider a broad range of scenarios, including some that are constructed specifically to provide counterpoints to base case, or somehow optimized scenarios, so that the full range of alternative futures can be illuminated.

In theory, the least-cost/best-fit (LCBF) paradigm that is embedded in the RPS statutes is the place where environmental costs and benefits, as well as other categories of non-market values, are inserted into the selection process for the awarding of contracts for renewable generators. As an SCE representative stated at the August 5 workshop, up to now the best-fit part of LCBF has been barely perceptible, if at all, in bid ranking of RPS solicitations. However, she assured the workshop that SCE's next RPS solicitation will for the first time be oriented to balancing the RPS resource mix that makes up the shortlist, and that the best-fit part of LCBF will at last assume its rightful significance. We hope that SCE carries through their promise to finally make LCBF more than simply, least-cost.

We address the eight questions attached to the August 5, 2014, workshop agenda below.

1. What kind of environmental information is most helpful to the CPUC and California ISO in development of renewable energy scenarios and analyzing related transmission needs? What type and level of information is most suitable and how should it be assembled, vetted and utilized?

The primary rationale underlying California's efforts to encourage the development of renewable energy is that the environmental implications of renewable energy systems of all kinds are qualitatively superior to the environmental costs of non-renewable energy systems. This overarching advantage of renewables should always be kept in mind as the state performs planning studies relating to the future development of renewable energy. The corollary of this overarching policy goal is that erecting barriers to the development of any kinds of renewables on the basis that these options may not be as environmentally beneficial as other renewables is likely to have the perverse effect of limiting the displacement of non-renewable energy use in the state. In other words, while it is important to take the environmental implications of renewable energy systems into account in planning studies in the RPS and LTPP proceedings, it is equally important to take into account the much worse environmental implications of non-renewable energy systems.

Renewable energy systems include a variety of resources and technologies, and the environmental implications of different renewable energy options can vary as well, not only in intensity, but also across categories of impact. In addition, while all renewable energy systems entail environmental costs, some renewable energy systems also provide significant

environmental benefits. For example, biomass energy production provides an environmentally superior disposal option for many forms of biomass wastes and residues, eliminating landfill disposal of fuel-usable biomass materials, reducing net airborne emissions associated with the disposal of agricultural and forestry residues that would otherwise be open burned, and reducing the pollution and losses of sequestered carbon associated with wildfires in stressed, overgrown California forests. In addition, improved management of California's forested watersheds provides multiple benefits, including water-quality improvement, increased water yield from the watershed, and improved habitat for fish and wildlife. The benefits of improved forest management in the water realm can be complemented by benefits in the energy realm through use of the residuals of the management operations for renewable energy generation. It is crucially important to take into account the environmental benefits, as well as the costs, of renewable energy systems in all kinds of energy planning studies for the state.

The CEC has sponsored and/or reviewed a wide variety of studies concerning the environmental costs and benefits of renewable energy use. It is CBEA's opinion that the greatest service that the CEC can provide with respect to supplying environmental information to the CPUC and the CAISO for use in planning studies is to provide the information it has in hand in as clear and understandable a presentation as possible. We believe that the CEC should work on a generic basis for the most part, and provide information on environmental costs and benefits that are applicable to each kind of renewable option that can contribute to the California energy system.

2. Should the Energy Commission continue to provide project-specific environmental scores to the CPUC for the development of renewable energy scenarios or should the Energy Commission provide more aggregated values to help inform development of the scenarios? Should the approach that the Energy Commission takes to scoring differ for projects in areas where there is a plan such as DRECP, and if so, how?

The parties represented at the workshop appear to fall into two opposing camps with respect to the basic approach that should be used to bring environmental considerations into the renewable-energy planning process. On the one hand are parties that favor the approach that was developed originally for RETI, and has been massaged and refined since the RETI process was completed. In this approach a set of environmental indicators is first identified, following which alternative supply options under consideration are ranked with respect to each of the indicators, and eventually given a composite score. On the other hand are parties that oppose using this kind of environmental scoring, and instead prefer to depend on the traditional environmental permitting process to ensure that the environmental costs of renewable energy production are minimized and mitigated.

Trying to compare disparate environmental costs is often referred to as comparing apples and oranges. How, for example, do you compare the costs of two generating alternatives when one produces primarily air pollutants, while the other entails the use of large expanses of fragile desert land? The true answer is that there is no entirely analytical methodology that can do this. Value judgments are an intrinsic and unavoidable part of the process. Because of this, we tend to

join the parties who are skeptical of the use of the environmental ranking systems. On the other hand, we believe that environmental factors should be taken into account in long-term planning processes for electricity generation. We think that there are better ways available than the environmental ranking systems currently in use.

The Energy Commission should certainly provide whatever environmental information that it has on a project-specific basis to the CPUC, for the CPUC's use in developing scenarios in both the RPS and the LTPP proceedings. However, we believe that the greatest service the CEC can provide is to provide generic environmental information on the various renewable options that can be marshalled in California.

3. Should environmental information about transmission needs associated with different scenarios be considered in conjunction with environmental information about differing locations of renewable energy generation in the scenarios? If high-level environmental information about transmission is incorporated in decisions about transmission for renewable energy planning, should that same information be considered by the California ISO in other transmission planning activities (reliability needs or economic needs) that aren't related specifically to renewable energy transmission?

Yes, environmental information about transmission needs associated with different scenarios should be considered in conjunction with environmental information about differing locations of renewable energy generation in the scenarios used for renewables planning purposes. Environmental information about transmission needs associated with different scenarios should also be considered in conjunction with all other transmission planning activities, including all-resource planning studies, and planning for reliability needs or economic needs.

The discussion at the workshop was primarily concerned with the costs and impacts of building new transmission facilities needed for solar and wind development in the defined DRECP region. However, state-level planning should also take into account the transmission-system costs and benefits of alternatives that are outside of DRECP. Biomass energy generators, for example, are often able to be sited for connection to existing transmission and distribution infrastructure, and in many cases rurally-located, reliable biomass generators provide significant grid benefits, such as voltage stabilization and var support for remote segments of the grid. These grid benefits should be included in planning studies, just as the need to build new transmission lines should be included in state planning studies for the future of the interconnected electricity grid. In addition, a diverse energy mix in general promotes grid stability by reducing the risks of common-mode failure associated with over-reliance on a single energy source, or energy sources located in a single area. Diversity in the renewable energy supply also spreads the economic and regional-development benefits of renewable energy development around the state.

4. How should planning efforts such as the DRECP be used to inform development of renewable energy scenarios and analysis of related transmission needs? What uses of DRECP or related efforts may not be appropriate in these processes?

DRECP should be treated as a source of environmental and other information for use in the planning and procurement processes. It should not be used as the underlying basis for procurement, or to favor resources covered in DRECP over resources that are located outside of the DRECP boundary.

5. How should the Energy Commission, the CPUC and the California ISO deal with differing levels of information in other regions of the state or out of state where differing levels of information may be available?

As we have discussed above, the environmental costs and benefits of various renewable energy systems, located in various regions of the state or outside of the state, vary greatly. Even if the CEC had perfect information on each renewable option, it would still be impossible to compare them on a purely analytical basis. They can only be compared by making judgment calls, based on the best information available. The greatest contribution that the CEC can make is to collect and present the best information that is available to the CPUC and the California ISO, for their use in renewable energy planning.

6. How and to what extent should DRECP or related efforts feed into the procurement process? What uses of DRECP or related efforts may not be appropriate in the procurement process?

Please see answer to question no. 4 above.

7. To what extent should local government renewable energy planning help inform energy agency processes, and how? What additional recommendations do participants have for how the Energy Commission, CPUC and California ISO should work together to improve coordination, transparency and outcomes in renewable energy planning.

All energy projects must meet local, as well as state and federal rules and regulations. Therefore, state agencies involved in energy planning should base their planning on a thorough understanding of local regulations throughout the state. State agencies can also use local government renewable energy planning studies to inform their own efforts with respect to local desires for and/or against the promotion of renewable energy development in their jurisdictions. However, it is important to keep in mind that it is the duty of state-level planners to maintain state policy goals, which sometimes may require going against competing local interests.

8. What data or information could state and federal agencies provide to help project developers minimize costs and uncertainty in project siting?

The most important thing that state and federal agencies can do to help project developers is to provide consistency and predictability in their handling of regulatory matters. It is the job of project developers, not government agencies, to minimize costs and uncertainty in all aspects of project siting and development. The only way that developers can perform their jobs effectively

is if they have a clear understanding of what the rules and regulations are pertaining to their projects, and how these rules and regulations will be applied.

Sincerely,

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