Pacific Gas and Electric Company®

Diane Ross-Leech
Director
Environmental Stewardship

77 Beale Street
San Francisco, CA 94105

Mailing Address
Mail Code B24A, Room 2473
Pacific Gas and Electric Company
P. O. Box 770000
San Francisco, CA 94177

415.973.5696
Internal: 223.5696
Fax: 415.973.0230

January 27, 2010

DOCKET
09- RENEW EO-1
DATE JAN 27 2010
RECD. JAN 29 2010

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 09-Renew EO-01
1516 Ninth Street
Sacramento, CA 95814-5512

Subject: Pacific Gas and Electric Company's Comments on Draft Best Management Practices & Guidance Manual: Desert Renewable Energy Projects dated December 2009. Docket No. 09-Renew EO-01.

Dear Sir or Madam,

PG&E appreciates the second opportunity to comment on the draft Best Management Practices & Guidance Manual: Desert Renewable Energy Projects dated December 2009. Again, we commend the collaborative efforts of the administration and state and federal agencies in proactively addressing complex issues associated with achieving the 20% by 2010 Renewable Portfolio Standard (RPS) mandate, and the 33% by 2020 goal.

We recognize the Desert Renewable Energy Conservation Plan (DRECP) is an enormous undertaking requiring substantial and sustained collaboration among agencies, with input from developers, conservation groups, local governments and others to achieve success. PG&E is a committed participating partner in this effort and we offer the following comments with the intent of strengthening the effectiveness of the BMP Guidance Manual.

1. Request for clarification regarding how the BMP manual will integrate into and support the final DRECP.
We would greatly appreciate additional insight into the *process* of developing the DRECP and how the BMP & Guidance Manual will support and be integrated into the final planning documents.

2. Requirements for Transmission Interconnection Prior to Permitting. Chapter 2: Pre-application Filing Guidance Summarized, Pg. 16, Item 9.

There should be no interconnection requirements prior to project permitting or at most a requirement that only an interconnection application has been filed with the CAISO.

Under the new CAISO Large Generator Interconnection Procedures, a developer is required to make a $250,000 deposit at the time of application. This begins the first

phase of a two phase interconnection study process. Each phase takes approximately one year to complete. At the end of Phase I, the developer is required to post a deposit equal to 20% of the total network upgrade cost, with a maximum of $7.5 million. For most large solar projects in the desert (over 100 MW) this cap will be reached. Only one-half of this amount is refundable if the project is withdrawn. Therefore, a developer is at risk for $3.5 million of a non-refundable interconnection deposit if entitlements are not eventually obtained, and it is most likely the developer will not know the status of all required permits before the deposit is due because the federal, state or local permitting processes usually takes more than one year.

Furthermore, the full cost of the interconnection and system upgrades will be due at the end of Phase II. These costs could easily range into the $10s of millions and in some occasions have ranged into the $100s of millions. In the event that the interconnection study process is finished before completion of all required permit approvals, a developer would be faced with making these interconnection payments without assurance of all required permits, obviously an unworkable situation.

Renewable energy developers face significant schedule and cost uncertainties, especially in California, due to fluctuating environmental standards. Water use standards, the use of evaporation ponds, habitat mitigation ratios, and the need for and scope of cumulative impact studies are all areas where this has been an issue. Guidance recommendations and permitting requirements should consistently align across agencies, complement other efforts, and avoid duplicative permitting requirements.

Further, there should be a permitting incentive for developers to commit to implementing BMPs early on in the form of expedited permitting review and limited expansion of jurisdiction and mitigation requirements by regulatory staff. To that end, the BMPs should not become minimum requirements but rather voluntary measures that will streamline the permitting processes. Finally, if a developer commits to BMPs in its application, the environmental review should focus only on environmental impacts that may remain after incorporation of the BMPs into the overall project development plan.

3. Air Quality BMPs. Pg. 23-25, Item 5 and Item 8.
5a) We recommend revising this BMP to state that roads will be paved *if possible*. Site-specific conditions may not make paving feasible and alternatives such as applying a gravel base or wetting the driving areas should be allowed

5b) We recommend water be included as an option to control fugitive dust in addition to non-toxic soil stabilizer.

8) We recommend that instead of providing specific Tier emission levels for vehicles, the BMPs use language provided in the earlier version… "Ensure construction and maintenance vehicles and equipment comply with California Air Resources Board and USEPA emissions standards."

In conclusion, we welcome the thorough AFC process described in the BMPs, but urge the Renewable Energy Action Team (REAT) agencies to continue their work as individual permitting agencies and collectively as the REAT to pursue every avenue possible for specific process improvements that will remove obstacles to a timely and efficient permitting process.

PG&E greatly appreciates your consideration of our remarks. We look forward to continuing to work with all parties as the DRECP moves forward towards completion.

Respectfully submitted,

Diane Ross-Leech
Director, Environmental Stewardship