

Response to Comments on Section III, Environmental Assessment of CREZs Draft RETI Phase 1B Report

The majority of the comments on Section III of the draft Phase 1B Report, which addresses environmental concerns, can be divided into the following four categories:

- Process Concerns (including makeup of the Stakeholder Steering Committee (SSC) and obstacles to public participation such as an inadequate public comment period)
- Criticisms of the Approach and Assumptions Used (including the narrow focus on utility-scale projects and transmission rather than conservation and distributed renewable technologies; insufficient protection of environmental resources and utilization of disturbed lands; failure to consider relevant wildlife and other information; assumptions applicable to wind facilities; and lack of consideration of out-of-state areas)
- Inadequate CREZ descriptions and maps
- Potential Uses of the Report

Each category is discussed below together with response(s) to the concerns raised.

A. Process Concerns

Numerous commentators raised concerns about the RETI process, focusing on the adequacy of representation and involvement as well as barriers to public participation. The concerns identified included the limited voting representation of environmental interests on the SSC and EWG; the lack of participation by specific state and federal agencies, including the Bureau of Land Management (BLM), the U.S. Fish and Wildlife Service, and the California Department of Fish and Game; and obstacles to public involvement,, including lack of public notice of EWG meetings, difficulties accessing the meetings and an inadequate time period for reviewing and commenting on the Phase 1B report.

Response: It is true that there are only two environmental representatives on the SSC, which totals some 40-odd members, and thus only two environmental representatives could vote on the EWG. However, the EWG's work was conducted by consensus, and few, if any, decisions were determined by vote. EWG meetings were held regularly every other Thursday from 10:30 to 12:30 by phone and web-based conference, although it is also true that neither this schedule nor the instructions for web-based conferencing were posted on the RETI website until recently. The EWG co-chairs have arranged for the EWG meeting notices, including web-based conference instructions, to be included on the RETI website and RETI schedules going forward. Despite the lack of posting, there was broad-based participation in the EWG meetings, including participation by numerous environmental representatives. Environmental representatives were also active participants in several of the subgroups that were established to address key issues, including wildlife issues, and appropriately played critical and important roles in those subgroups.

RETI and its EWG are voluntary efforts and cannot require any individual or agency to join. Governor Schwarzenegger recently issued an executive order asking state wildlife and other agencies to participate more actively in RETI, and we welcome their further involvement.

Environmentalists and industry representatives alike commented negatively on the short time period allowed for review and comment on this report. From the outset, RETI has been operating on a tight timetable, which has led to short time periods for public participation. We are grateful to the numerous individuals and organizations that were able – despite the short comment period – to submit comments on our work product.

B. Criticisms of the Approach and Assumptions Used

1. Criticisms of the environmental rating approach

Numerous criticisms were raised about the approach adopted by the EWG for purposes of assessing the likely degree of environmental concern that development of CREZs would entail. These included, for example, criticisms of the use of proxy projects and the failure to focus the work of the EWG on the identification of the most appropriate land for development, such as disturbed lands. They also included criticisms of the EWG’s classification scheme.*

Response: Some of these comments on the EWG approach were beyond the scope of the EWG: for example, the decision to use proxy projects was made by the SSC and the EWG, a subgroup of the SSC, was obliged to proceed in accordance with that decision. Others were not timely: for example, although it may be true, as several commentators asserted, that the EWG should have begun with a proactive search for disturbed lands that were appropriate for utility-scale development, the decision to start with identification of Category 1 and 2 lands (which are, respectively, lands excluded from consideration and lands where development would be limited) was made many months ago; given the RETI timetable, that decision cannot be changed now. As for the issues of disturbed lands and limitations on development on BLM-managed lands, including especially the 1% development cap and other limitations on activities in designated Areas of Critical Concern (ACECs), as the text notes the EWG struggled with these issues for extended period of time. In large part as the result of comments received on the interim draft and draft reports, we have realized that these issues could not be adequately addressed in Phase 1, which was intended to apply formulas using uniform criteria to rate the CREZs on a relative basis. Consequently, readers of the report will now see text explaining that these issues will be addressed in Phase 2, during the CREZ confirmation process. This process, which will involve the EWG, will analyze the CREZs that have been delineated, identify the problems, if any, associated with renewable development in those CREZs (including stringent limitations on development), and determine appropriate changes needed. As part of this Phase 2 investigation, we will also determine whether the areas

* The wind industry’s concerns about specific criteria developed by the EWG are addressed below in the section entitled “**Concerns regarding wind facility assumptions**”.

cited by a group of environmental representatives as potentially appropriate development sites were included in the CREZs delineated by Black & Veatch and, if not, why not.

Other criticisms of the EWG approach focused on specific lands assigned to Category 2. Many environmental advocates thought that ACECs and special wildlife management areas, in particular, should have been assigned to Category 1. Although technically these comments are not timely (the SSC approved these classifications earlier this year), it bears emphasis that the BLM participated in the classification process. In addition, the CREZ confirmation process referred to above will address these questions as well as others raised by reviewers on the draft versions of this report.

2. Narrow focus on utility-scale projects and transmission

A great many reviewers criticized RETI's focus on utility-scale projects and transmission to those projects, and asserted that inadequate attention was being paid to conservation, energy efficiency and distributed renewable (or "direct-to-grid") technologies (such as rooftop PV panels).

Response: Although, as noted by several commentators, RETI's mission statement requires it to evaluate and recommend economic and environmentally-responsible transmission to deliver enough renewable energy to reach California's 33% goal, the SSC has acknowledged the concern that our focus has been too narrow. The SSC has therefore directed that this report be amended to explain that RETI is designed to deal with only part of the challenges of reaching 33% renewable energy use in California and of reducing global warming. The SSC has also acknowledged, most recently at its November 24th meeting, that the state must carry out a comprehensive program including conservation, energy efficiency and installation of as much distributed renewable technology (including rooftop PV) as practicable in order to achieve those goals. At that meeting, the SSC decided to accompany this report with a standalone document explaining both the RETI mandate and the urgency of transmission development in relation to possibilities for expanded reliance on energy efficiency and distributed generation. Once completed, the document will be posted on the RETI website.

3. Failure to utilize information such as maps and reports submitted by members of the public

Numerous participants in the RETI process, including, but not limited to, a number of environmental representatives, provided extensive amounts of information to the EWG for potential use in the process. For example, a report entitled "A Constraints Study of Cultural Resource Sensitivity within the California Desert," dated July 2008, and an associated map (both of which were prepared for the Mojave Desert Land Trust) were provided for use in delineating and rating CREZ. A number of commentators questioned the failure to use this information in the CREZ delineation process and/or in the EWG rating methodology.

Response: Unfortunately, while much of the information we received from members of the public was extremely helpful to the EWG, some of the information, including the report and map referenced above, was region- or area-specific, rather than statewide and uniformly applicable to all California lands and all CREZs delineated by Black & Veatch. As the Phase 1 environmental ratings for the CREZs are relative in nature, the EWG decided at one of its very first meetings to utilize only statewide data that were available for all lands and all CREZs in this stage of the process. We are not ignoring the data provided, however. They will be utilized in Phase 2 of RETI, during which, as noted, we will confirm CREZs – i.e., examine the proposed CREZs in detail to identify what problems, if any, each presents, as well as to determine the implications of those problems for renewable energy generation projections. At a number of points in the text, language has been added to refer to this CREZ confirmation process. This process will also address questions that were raised about other decisions made by the EWG, including whether decisions to allocate certain federal and other lands to categories 1 or 2 were appropriate.

4. Wildlife concerns, including lack of data

Several environmental commentators were particularly critical of the wildlife data that were utilized in the EWG rating methodology. They pointed out the following concerns: 1) not all available data, including various plan- and species-specific data compiled by federal agencies and wildlife corridor information, were used in the analyses; 2) the data used in the analyses did not take into account the rarity of species or their populations, but only the presence of species; and 3) the approach did not take a regional focus, which some reviewers argued would be preferable to the statewide focus that was taken.

Response: RETI's statewide focus was a decision of the SSC, and the EWG early on decided to rely only a state-wide data in order treat all parts of the state equally. As the draft text noted, there are no statewide data on wildlife populations. Nor are there statewide data on rarity. The text has been changed to reflect the limitations of the data with respect to the rarity of species. Additionally, the CREZ confirmation process will include consultation with federal and state agencies, including members of the Desert Managers Group.

5. CREZ design and assumptions made about CREZ design

A number of commentators were critical of what appeared to be the placement of projects and/or trunk lines in areas designated Category 1 or Category 2 lands, including several wilderness areas, where such activities would be precluded by law.

Response: The CREZ boundaries are conceptual: RETI is *not* a project-level appraisal and the CREZs do not represent judgments about the location or “approvability” of actual projects, including pre-identified projects, or the trunk lines they will need. Trunk lines were mapped solely as connections between two (or more) points and were not intended to indicate the actual siting of such lines. Similarly, the CREZ boundaries do not represent any kind of authorization or approval for activities within their boundaries and,

although RETI will not be involved in the approval of any individual projects, RETI's participants are confident that all applicable laws, policies and land use plan designations will be complied with by those who are. The placement of projects in Category 2 lands for purposes of analysis, in particular, does not convey any suggestion that projects in those areas will actually be developed. In the confirmation process, RETI will take into account all such considerations and adjust CREZ boundaries and/or ratings as appropriate.

6. Need for sensitivity analysis of EWG approach

One individual and the California Wind Energy Association requested that a sensitivity analysis be done on the EWG methodology for assessing the potential environmental concern that development in a CREZ would entail.

Response: Many different types of sensitivity analyses are possible, and neither commentator suggested a particular methodology. As the text makes clear, comparisons of the sets of ratings using different values in several criteria, including different values for the wind-area footprint in Criterion #3, Sensitive Areas in CREZs, and Criterion #6, Wildlife Corridors, and different weightings for wind projects in Criterion #7, Important Bird Areas, were performed and the results – no meaningful change in ratings – were reported. The EWG co-chairs in consultation with Steering Committee members and the RETI facilitators have rejected the request for additional sensitivity studies beyond these comparisons. Neither the co-chairs nor others claim that the chosen methodology for evaluating environmental concerns is superior to other methodologies, only that it is the methodology that the EWG was able to develop in the time available. Developing alternative methodologies would not only take substantial additional time; it is not clear that a demonstrably superior methodology would be the result. It can also be argued that a more elaborate methodology would not be appropriate, given the incomplete and limited environmental data available. In any event, additional text has been added to Section III to make clear that the methodology developed by the EWG has never been used before and has not been subjected to rigorous statistical analysis.

7. Concerns regarding wind facility assumptions

Prior to the release of the draft Phase 1B report, wind industry representatives to the RETI process and EWG submitted objections to the methodology for rating environmental concerns. See Draft RETI Phase 1B Report, page 1-2, note 3. Chief among their objections were the inclusion of a “5X” weighting factor associated with wind in Criterion #7, Important Bird Areas and the size of the wind project footprint in Criteria #3, Sensitive Areas in CREZs, and #6, Wildlife Corridors.

Response: With the assistance of six leading wind companies and the wind industry's representative, the industry's concerns were addressed as follows. First, the “5X” factor was eliminated by the EWG, after a comparison of rankings was performed for different values of the wind-area weighting factor in this criterion. The results of this comparison showed that the varying these weighting factors did not produce any significant

difference in the overall CREZ ratings. Consequently, the formula for Criteria #7 included in this version of the 1B report is not the same as the formula included in the draft version. Second, the EWG formulas for Criteria #3 and #6 were tested using different figures for the footprint of wind projects and the results compared, revealing minor differences in rankings. Text describing the industry's concerns was added to the Executive Summary and text and a table showing the results of the formulas tested were included in Section III of the report.

C. Inadequate CREZ descriptions and maps

Numerous criticisms were received regarding the adequacy of the descriptions of the CREZs and the quality of the maps presented in the draft report. The identification of the sub-CREZs caused confusion noted by several commentators.

Response: The maps have been improved in this version of the report, and provide further delineation of the CREZs. The sub-CREZs are not separate geographical areas, but rather subsets of the projects within the CREZs segregated primarily by estimated economic performance. Further explanation of the sub-CREZs has been included in Section II of the report.

D. Use of EWG information

Despite the inclusion of language in the draft report attempting to confine the use of CREZ ratings based on the EWG methodology to the RETI transmission planning effort, several commentators felt that more clarification on this point was needed.

Response: As at least one commentator specifically recognized, RETI cannot prevent readers from using its work products in any way they may choose. Nonetheless, additional text has been added regarding the limited intent of the CREZ ratings as well as on the context of the EWG methodology within RETI.