

**Input to RETI on B&V Plan 1B report RE: Baja CA CREZ –
Original Comments submitted on 11/12/08, with Supplemental Comments of 11/18 below**

Michael Folloni - Asociados PanAmericanos (APA) Nov. 12, 2008 <http://www.apawind.com/>
510 268-9999 MikeFolloni@APAwind.com Input to RETI on B&V Plan 1B report

This is in support of Black & Veatch and RETI further increasing the coarse estimate of 5,000 MW of wind power available from Baja CA, and taking a more “out of the box” common sense approach to making transmission available to it.

In actuality a narrow sliver of the Baja CA CREZ within 100 miles of San Diego has more high quality developable wind power than the entire state of CA, all concentrated in less than 1/200th the land area. That’s close to 60,000 MW before environmental offsets, and if one were to make a similar broad stroke 70% environmental offset estimate as is used in CA, it would leave almost 20,000MW of wind, or about 4 times as much as is currently used to establish the ranking of this CREZ. (Assuming that the ranking was calculated based on the 5,000MW noted in one portion of today’s presentation, and not on the 2,300MW noted on the Plan 1B report – PLEASE DOUBLE CHECK THIS!) This terribly distorts assessment of the area and runs contrary to the reality of over a ½ dozen major players developing serious projects there.

This is problematic in that at worst it could result in RETI missing out on what could be one of its most-cost-efficient and least environmentally impacting resources, and at best in that it could balkanize efforts of the developers there – resulting in great inefficiencies, unnecessarily redundant environmental impacts and low levels of overall utilization. If Baja’s wind resources aren’t developed for powering CA, they will relatively soon be developed for when Baja is connected to the mainland Mexican grid, and the RETI and WREZ processes may therefore be the best opportunity to influence how sensible this resource development is and how minimal the overall environmental impact will be.

While there’s a lot of uncertainty regarding environmental and government subsidy issues for Baja, there’s also a compelling common sense argument that if RETI planners consider a more realistic percentage of its wind resource, (not to mention the solar resource in the same region) and if they planned it from a more global and practical perspective servicing a larger portion of the resource with a new backbone transmission that is not tied to having to depend on the geographically remote and environmentally controversial interconnection point in the Imperial Valley, then the Baja CREZ could very likely create the greatest economies of scale from both a construction cost and an environmental point of view; costing the least per MW mile of construction and disturbing the least amount of land per unit of renewable energy output of any CREZ in CA.

Nick Puga at Bates and White estimates that this could be done at 80% less cost than what is identified in the Phase 1B report. And it could streamline environmental assessment.

While there is substantial legitimate concern about environmental standards in Baja, Nick Puga also points out that at least two of the major projects proposed in the area (1,300MW worth) have completed and filed environmental impact reports in compliance with Mexican laws and regulations (Manifestaciones de Impacto Ambiental - MIAs) which in his opinion are quite thorough and

comparable with the EIR/EIS requirements in California. Nick has carried out a comprehensive side by side comparison of the CEQA and NEPA requirements vis-a-vis the Mexican requirements and have found them to be functionally equivalent, and I understand that he has begun to share this information with the EWG, who have been quite receptive to learning more about this.

Supplemental Comments of 11/18

Note that regarding cost of transmission, a perfectly acceptable solution under Mexican law is for transmission gen-ties in Baja CA to be built privately, without CFE – so long as the 1st interconnection point is on the WECC grid in CA, not to CFE’s grid. This will greatly reduce the costs and time for construction. Additionally, it is not at all unlikely that more than one developer will cooperate and share one transmission line in Baja- reducing further redundancy and the cost per MW mile of transmission.

Regarding the available land, while developers have 5,000MW of Baja wind projects in the CAISO serial and transition clusters, they have ready access to several times that, and it is typical that this is not just via proxy holdings, but actual land control far in excess of the MW reserved at CAISO. This means that even after environmental, wind speed or other offsets, that there is a much richer source of power likely available to realistically reduce the weighted average rank cost. This cannot be shown from the original base case of 2,368MW as was used in the 1B report of November 4:

Table 5.2: Region Capacity (MW) Annual Energy (GWh/yr)
Weighted Average Rank Cost (\$/MWh) Baja California Norte **2,368MW** 7,633GWh -11

Similarly, the CREZ Economic Analyses *5.8.7 Uncertainty and Sensitivity Analysis Conclusions*; “In addition to California CREZ, there are several sensitivity scenarios where additional out-of-state resources appear to be cost competitive. The maximum amount for each region under these different scenarios is shown below: • Baja California Norte – 3,500 MW”

This does not take into account the almost 60,000MW pre-offset potential, including ½ over 14.5mph and another ½ over 16mph, all just a little further down the same Sierra Juarez ridge than was originally considered in just the “La Rumorosa” area directly bordering the USA. A maximum of 9,000MW as was recommended by CalWEA in September, or a maximum of 17,850 from using the same 70% stipulated offset as is used in CA, would better represent the developable reality.

While environmental considerations can certainly vary dramatically even within a few miles, and that this is indeed probably the case here, perhaps it is not unreasonable at this early stage of screening to not exclude Baja resources based on unknowns, and possibly even for the short run to compare them to the better known reference points of environmental screens in the adjoining Southern San Diego region, separated only by an artificial political border?

Thank you for your work.