



To: Clare Laufenberg Gallardo, CEC
From: Solar Millennium LLC
Date: November 19, 2008
RE: Comments on RETI Phase 1B Draft Report

Solar Millennium LLC appreciates the opportunity to comment on the RETI Phase 1B Draft Report and the collaborative nature of the RETI process. Below are Solar Millennium's comments on the Report:

- It is very difficult, if not impossible, to determine from the reports and maps what the CREZ boundaries are. This is particularly true of the CREZ that were split into A & B (e.g. Riverside East –A and B). The Report should contain a fuller explanation of why these CREZ were split, what criteria were used and what the resulting impact was in terms of ranking.
- Some CREZ exclude known projects. The Report should more fully explain why and how this scaling back of pre-identified projects was determined and what impact that determination had on the CREZ ranking. The data on pre-identified projects data is the best data we have about the potential build out of these areas. We are concerned that not modeling known projects impacted the CREZ rankings and skews the overall analysis that RETI is charged with.
- Some highly ranked areas appear to only include proxy projects. While these areas may be suitable in theory for renewable development, we are concerned that the Report does not paint a realistic picture of the potential build out of these areas. In particular, the Fairmont and Tehachapi CREZ look attractive for solar projects but have a high concentration of very fragmented private land, making development of large solar projects in the area much less feasible than the rankings suggest. We should note that Solar Millennium's preference is to develop projects on previously disturbed and degraded areas, but fragmentation, like in these CREZ, makes it extremely difficult to develop projects in these areas. Overall, we are concerned that CREZ, like Fairmont and Tehachapi, could be prioritized for transmission build out based on an unsubstantiated and unrealistic development. It is in no one's interest to build transmission to an area with low development potential.
- Given the large band of uncertainty in both the economic and environmental assessments, Solar Millennium recommends RETI move forward with a larger group of CREZ than those currently identified as meeting the net short in the Report, and that CREZ with known projects be prioritized over zones with proxy projects.

- While we recognize that the Report was prepared based on available data, we want to note that the NREL data used for the DNI inputs in the economic modeling is not precise. NREL is making ongoing efforts to combine its data with ground measurements which will improve its accuracy. While this information is not yet available we want RETI to be aware that this inaccuracy exists and based on our experience and testing would likely impact the ranking of CREZ with solar projects.
- The Report should explain how and why Black and Veatch allocated “free transmission” to certain areas and how this allocation impacted the CREZ rankings.
- Solar Millennium continues to be concerned that this Report will be used to evaluate and assess actual projects, and would like to reiterate, as an active participant in the RETI process, that the metrics used for both the economic and environmental assessments are imprecise and cannot speak to the merits of individual projects.