

PV projects. Most biomass projects are also not within CREZs, as they are generally smaller and can be sited to take advantage of existing transmission infrastructure. Many of the non-CREZ resources are located in northern California.

Resources that are not reliant on large-scale transmission planning to be integrated into the system may be able to be brought on-line faster and at lower cost than CREZ resources that are reliant on such transmission.

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Of the non-CREZ resources, a total of seven wind and geothermal projects were considered competitive with California CREZs in the base case. These projects total about 430 MW and 2,200 GWh/yr of annual generation. This is a relatively small fraction of the total supply needed to meet California's RPS. Because of the uncertainty of the costs and timing for the large scale transmission needed to reach CREZs, it is very likely that significantly more than 430 MW of non-CREZ resources will be developed in California.

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1.5 Uncertainty and Sensitivity Analysis

It is very important to consider the uncertainty in the estimates used to quantify and value resources. By their very nature, these estimates include a margin of error due to the assumptions made by the RETI team. In addition to general uncertainty, there are wide variety of plausible future scenarios which may affect the modeling results and the ranking of the CREZs. An uncertainty and sensitivity assessment was carried out to identify which CREZs and resources areas might be economically viable under certain situations. As a result of this assessment it was found that the following CREZs and resource areas could be cost-competitive under certain scenarios³:

- British Columbia-B
- Inyokern
- Owens Valley
- Twentynine Palms
- San Bernardino - Lucerne
- Pisgah-A
- San Diego South
- San Diego North Central
- Carrizo North
- Lassen North-A

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³ This list includes CREZs and resource areas whose rank cost is within one standard deviation of \$0/MWh. One standard deviation represents 68 percent of the expected uncertainty in major project variables. If the uncertainty band is changed to two standard deviations (95 percent confidence), the low band of the rank cost for nearly every CREZ and resource area passes below \$0/MWh.