

**Renewable Energy Transmission Initiative (RETI)
Stakeholder Steering Committee (SSC)
DRAFT Minutes
Meeting of February 26, 2010
California Energy Commission**

Announcements – 10 AM

The SSC welcomed Carl Linvill of Aspen Environmental Group as RETI co-coordinator.

Minutes

Action Item - The minutes of the January 19, 2010 meeting of the SSC, as posted on the RETI web site, were approved without modification.

Comments from Commissioner Byron

Commissioner Byron recognized and thanked the SSC for their efforts. He discussed the Desert Renewable Energy Conservation Plan (DRECP) and the need for RETI and DRECP alignment. Bob Copper will lead the DRECP efforts.

Phase 2 Update Work Group

Ryan Pletka presented a status report on the resource update work by Black & Veatch and responded to questions. A written report will be ready in April.

CREZ refinement changes relative to the Phase 2A report were identified. Some CREZs were decreased due to land use considerations and the CA Desert Protection Act. The Westlands CREZ (5,000 MW) was added and the Owens Valley CREZ increased (3,600 MW). The capacity of a number of CREZ were decreased. The net impact is an increase in California CREZ capacity of 3,332 MW.

CREZ economics were updated to reflect new ARRA tax incentives, changes in technology economics and new assumptions for Out-of-State (OOS) and in-state transmission costs. New supply curves were compared to those presented previously; OOS costs increased while in-state costs decreased for the most part. The OOS resources may have better economics under different default assumptions. PG&E requested that eco tax incentives be assumed in the base case; the Update Work Group will consider this at the March 4 meeting.

Changes in CREZ ranking were presented. The top 5-6 CREZs were the same. Santa Barbara CREZ was in the top 10 now due to low transmission cost. OOS CREZs were also ranked with Utah West at the top – its costs are similar to middle-ranked in-state CREZs. Transmission line costs are the biggest driver.

Remaining work is on uncertainty and sensitivity.

Low Load Net Short – Carl Linvill (RETI Co-Coordinator)

Carl Linvill discussed the three areas that fed into the adjusted low load net short calculations.

1. Incremental energy efficiency: A January CEC report identified IOU uncommitted EE at 12,225 GWh. Using a 75% - 25% IOU/POU ratio, a total Incremental EE value is 16,267 GWh.
2. Incremental Combined Heat and Power (CHP): per PIER-sponsored ICF report, a value of 13,669 GWh is assumed to 2019. CHP is “load reduction” and not RPS.

3. Miscellaneous other generation: RETI previously approved private-side DG of 7,358 GWh; assume same for producer side. Subtracting 876 GWh for PV portion of SCE MW project leaves 6,482 GWh.

The total Renewable net short for the Low Load Case is 37,239 GWh. Other groups analyzing DG include REDEC and the CPUC Long-Term Procurement Plan (LTPP) proceeding.

Action to approve numbers was deferred to the next meeting to allow SSC members to more fully review the information.

Scenarios – Rich Ferguson (RETI Coordinator)

Rich Ferguson presented key factors for consideration by the SSC for how RETI scenarios will address a “discounted core” consisting of projects deemed most likely to be operational by 2020. The larger the discounted core, the fewer CREZ needed. The RETI scenarios will be fed to the CTPG for inclusion in either Phase 2 or Phase 3 modeling efforts.

The SSC considered the following options:

1. No core;
2. Small core consisting of projects with executed interconnection agreements;
3. Larger core with two further options;
 - a. Projects *approved* by appropriate entity (CPUC or POU board) and having approved permit applications. (PPA + approved permit is about ~10,000 GWh and is publicly-available information.)
 - b. Same as above with the addition of projects *pending permits* but not yet approved. (approved PPA + permit pending = ~16,000 GWh).

Arguments pro/con include:

- “No core”. CTPG is already using a commercial case and if RETI scenarios include similar projects, the results would be skewed and not consistent with scenario modeling. Using a no-core case would, when combined with CTPG commercial cases, would identify commonalities.
- Small core. LGIA signing has no teeth so small core not appropriate.
- Larger core consisting of projects with Power Purchase Approval (PPA) and permit approval/filing. Ignoring PPA is not appropriate. New projects may be better. Approved PPA and approved permit favors OOS and wind. Allowing for filed permits includes more solar.

Additional scenarios to fill in the gap between core and net short were discussed for possible inclusion in CTPG phase III work. The scenarios include:

1. Heavy in-state scenario (70/30 in-state/OOS)
2. Heavy OOS scenario (70/30 OOS/in-state)
3. Environmental scenario

A motion was made to advance a no-core case to RETI. PG&E objected and indicated that they would oppose advancing a no core case to RETI. The smaller core of PPA plus approved permit was proposed. PG&E opposed this motion as well. PG&E proposed the larger core where PPA plus filed or approved permit should be advanced to RETI. Some opposition was expressed. CalWEA representative noted that RETI would provide more value to the scenario analysis by providing a scenario driven by its CREZ data rather than one with a heavy

commercial emphasis. Opposing parties agreed to allow the high core case to go forward to CTPG owing to CTPG's critical need to get a scenario by Monday, March 1.

Decision on Phase 2 Scenario: Rich Ferguson will develop the worksheet for the high core scenario and pass to the CTPG by Monday, March 1. After commercial projects, net short would be filled by CREZ in lower left quadrant (LLQ) of bubble chart. A number of options were identified to determine LLQ CREZ contribution (pro-rata, largest first, other weighting scheme). Pro-rata will be used for the March 1 CTPG case.

Additional scenarios or sensitivities could be given to the CTPG for modeling in Phase III. CTPG indicated that it can readily model a heavy in-state scenario but modeling a heavy OOS scenario with 70% out of state resources may not be feasible, even in phase III.

An Environmental Scenario was presented in concept but no agreement was reached on the nature of such a scenario.

CTPG indicated it would need any RETI scenarios or sensitivities for Phase 3 modeling by early April.

CTPG Presentation – Mike Deis (SMUD)

Mike Deis discussed CTPG work status and responded to questions. IEP requested that CTPG planning assumptions be clearly identified in report; Mike indicated that the CTPG writing team has been requested to explain differences such as forecast and differences in CREZ selected for modeling.

CAISO Presentation – Gary DeShazo (CAISO)

2010 Transmission Plan will be briefed to CAISO Board in March. The 33% transmission planning process straw proposal was presented in December 2009. CAISO will be realigning its Transmission Plan to reflect 33% objectives and CTPG efforts. A Statewide Transmission Plan is expected by end of 2010.

Transmission Corridor Designation – Jim Bartridge (CEC)

Jim Bartridge presented slides on Energy Commission involvement in transmission corridor designation (TCD) and how potential corridors could be identified for review. A call was held with interested RETI members earlier in the week to solicit approaches. Participants suggested using the Planning Alternative Corridors for Transmission Lines (PACT) model be considered to help identify land use/community values and to develop cooperative planning with local governments. Criteria suggested for identifying possible TCD options included collector lines, delivery lines, generations areas, gateway stations.

Desert Renewable Energy Conservation Plan – Roger Johnson (CEC)

Roger Johnson provided a DRECP update. He identified the various parties and how they interact (e.g., Renewable Energy Action Team (REAT) management and technical groups; Stakeholder Advisory Committee; Independent Science Panel, Technical Advisory Group, the public and developers. DRECP covered activities, next steps and a list serve were presented.

CPUC Presentation – Anne Gillette (CPUC)

Anne Gillette provided an LTTP update. Renewable scenarios are being developed. Initial scenarios are expected in May and final scenarios in July. The Renewable Distributed Energy Collaborative (REDEC) is developing a work plan. Its focus is on projects 20 MW or less.

Renewable Energy Projects Update – Susan Lee (Aspen Environmental Group)

Susan Lee provided information on how the ARRA solar project environmental analyses are providing additional information to supplement the RETI EWG environmental ranking criteria. The projects under review by the CEC only, CEC and BLM, BLM only and by counties were identified. Major findings include: a flexible project design can help avoid sensitive areas; disturbed lands can present biological challenges as well; location near wilderness areas may not be a major impediment in some cases; sand transport/dune habitat an issue; elevation may increase biological impacts. The project reviews are resulting in considerable data gathering that could be used to more accurately predict impacts on future projects.

Next Steps

The next SSC meeting was scheduled Monday April 5, 2010, to be held at the CPUC in San Francisco.

The meeting was adjourned at 5 PM.