BrightSourceEnergy

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Mr. Ryan Pletka
Black and Veatch
2999 Oak Rd, Suite 490
Walnut Creek, CA 94597

Dear Mr. Pletka:

Please find enclosed our comments to the Renewable Energy Transmission Initiative (RETI) Phase 1A Draft Report.

Please call me at (510) 550-8905 if you have any questions regarding our comments.

Best Regards,

Robert B. Stuart

Robert B. Stuart
Senior Director of Transmission

Cc: Joshua Bar-Lev
Tom Doyle
Doug Buchanan
Chris Ellison

1999 Harrison Street, Suite 2150 • Oakland, Ca 94612 • Telephone: 510-550-8161 • Fax: 510-550-8165
Email: info@brightsourcenergy.com • Website: www.brightsoruceenergy.com

BrightSource Energy's Comments on

The Draft RETI Phase IA Report

BrightSource Energy, Inc. (BSEI), a technology and development company that is developing solar thermal power tower technology, strongly supports the Renewable Transmission Initiative ("RETI") to facilitate the planning, permitting and construction of additional transmission capacity for renewable generation resources.

Additional transmission capacity is absolutely critical to the development of renewable power resources for California and other states. Renewable resources are typically located hundreds of miles from load centers and oftentimes far from existing high voltage transmission network facilities. Traditional approaches to increasing transmission capacity in California will not serve Californians well in that it is a cumbersome process that adds uncertainty and potentially years to the permitting and construction process. It's clear a new more innovative approach is needed.

BSEI has reviewed the RETI Phase 1A draft report produced by Black and Veatch (B&V) and believes that B&V has done a credible job of identifying the issues and in proposing a methodology for creating a CREZ (Competitive Renewable Energy Zones) framework.

While BSEI believes that the RETI initiative is a viable approach to addressing renewables transmission policy, we have a major concern regarding the characterization of solar technologies within the report.

BrightSource Energy, through its subsidiary Luz II, was an early adopter of trough technology and in the early 1990's, successfully implemented 354MW of solar trough power generation in the Mojave Desert. These "SEGS" plants continue to operate today.

With the launch of BrightSource Energy, the Luz II team has adopted more advanced concentrated solar power (CSP) technologies for addressing the renewables marketplace. We believe the current RETI Phase 1A draft to be flawed by an inappropriate assumption that the older solar trough technology is a valid proxy for all concentrating solar power technologies being proposed to meet the state's RPS needs.

Specifically, the RETI report should anticipate and accommodate new CSP technologies and recognize that:

- 'Solar trough" technology is only one of several commercially viable CSP technologies.
- There are several more advanced technologies commercially available that may substantially increase the efficiency and reduce the costs of CSP.

- There are other CSP technologies that are either currently being implemented or are rapidly being developed that should be considered and accommodated in the Phase 1B report.

BrightSource Energy, as well as others, are rapidly developing alternative systems such as "parabolic dish engine", "power towers" and "compact lense Fresnel reflectors" that were correctly noted in the Phase 1A report. The report is mistaken, however, in suggesting that only the trough technology is commercially viable within the RETI timeframe.

BSEI recently signed a large power purchase agreement with PG&E and will be installing 400 MW of "power tower" technology in the Mohave Desert with the first phase becoming commercial in 2011. The fact that BSEI has a contract and is in active permitting for a utility-scale application of this technology is ample evidence that is commercially viable. BSEI intends to provide information to B&V regarding the performance and impacts of its technology and strongly believes it should be considered in the Phase 1B report.

BSEI believes that RETI must be sensitive to the differences in near-term improvement in CSP technology, particularly compared to other renewable technologies such as wind and geothermal that are not advancing as rapidly. In the Phase 1B report, RETI should consider at a minimum the range of costs and performance for various CSP technologies. Solar trough technology should not be the only measure of the practicality, efficiency, cost or performance of thermal CSP.

In summary, BSEI supports RETI as a long term plan to provide the most cost effective and efficient road map for connecting renewable resources. BrightSource Energy looks forward to working with Black and Veatch and the RETI Stakeholder Steering Committee on these important issues in the future.