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California Energy Commission
Dockets Office, MS-4
Re: Docket No. 09-Renew EO-01
1516 Ninth Street
Sacramento, CA 95814-5512

Subject: Pacific Gas and Electric Company's Comments on Draft Best Management Practices & Guidance Manual: Desert Renewable Energy Projects

Dear Sir or Madam,

PG&E appreciates the ongoing opportunity to comment on the draft Best Management Practices & Guidance Manual: Desert Renewable Energy Projects (manual) published in September 2010. We continue to commend the collaborative efforts and work of the administration and state and federal agencies in proactively addressing complex issues associated with achieving not only the 20% by 2010 Renewable Portfolio Standard (RPS) mandate, but also a 33% by 2020 Renewable Energy Standard, just established in September by the California Air Resources Board.

As an active participant in the development of the manual we have provided comments on previous iterations of this evolving document. The enclosed comments express our ongoing support for provisions of process flexibility as well as the need for permitting incentives for developers to commit to implementing Best Management Practices (BMPs) early on. Our comments also include input on changes made to the document since January, 2010.

I. General Comments

Flexibility:
As stated in our previous comment letters, we strongly believe that the pre-application filing guidance should provide flexibility for a streamlined permitting process. More specifically, the application process should be allowed to commence when most, but not all, of the critical actions have occurred. For example, approval of interconnection requests are out of the control of project developers and, as such, requiring developers to obtain a completed system impact study and final approval from the California ISO before starting the application process could unnecessarily delay projects from commencing the environmental review process. In addition, as we learn more about renewable energy development, the application of specific BMPs needs to be continually re-examined, and the process should allow for modifications as needed. The process should also retain flexibility to allow parallel agency review processes if needed, to accommodate development projects on accelerated timeframes in order to meet RPS

goals. Finally, we recommend that statutory provisions for the permitting of private and public renewable energy projects in the desert be reviewed for consistency and streamlined to align across agencies, complement other government efforts, and avoid duplicative permitting requirements. The manual should retain flexibility to incorporate changes in the evolving regulatory procedures (such as pending legislation) and broad-scale planning projects associated with permitting renewable energy projects in the California desert.

Incentives:
We would like to reinforce the benefit of including permitting incentives that would encourage developers to commit to implementing BMPs early in the development process. Such incentives could include expedited permitting review and limited expansion of jurisdiction and mitigation requirements by regulatory staff. In addition, we believe the incentive system should encourage and promote voluntary agreements between developers and agencies, such as safe harbor agreements, that would allow renewable energy developers to safely maintain and operate energy facilities while enhancing habitat. Furthermore, we support the guidance and BMPs offered in the manual remaining voluntary measures; if these measures were to become minimum requirements, permit processes for projects that may be inconsistent with the manual could be intentionally delayed or assigned lower priority with agency review staff. Finally, if a developer commits to the manual's BMPs in its application, the environmental review should focus only on environmental impacts that may remain after incorporation of the BMPs. This will incentivize a developer to commit to BMPs early and will allow the staff assessments to be reasonable in size and scope. Due to the large acreages involved, there appears to be a concomitant expansion in the breadth of environmental analysis beyond areas like biology and cultural resources that are clearly influenced by the project footprint.

California Condor BMPs:
PG&E is working collaboratively to pursue new sources of wind, solar, and other renewable resources while protecting sensitive habitat and species. We support a balanced approach to developing responsible well-sited wind energy projects in the historic range of the California condor. In general, we strive to reduce impacts to birds and bats from our wind energy projects through implementing specific guidelines developed by the CEC and the California Department of Fish and Game, "The California Guidelines for Reducing Impacts to Birds and Bats from Wind Energy Development." We are also actively following the efforts of the California Condor Recovery Team and the recently formed U. S. Fish and Wildlife Service Condor Wind Working Group. We support development of Avian and Bat Protection Plans and the incorporation of voluntary condor conservation management plans in company-owned wind projects within condor habitat. The new California condor BMPs for Wind Energy Power Plants, listed on page 72, as currently written, would require applications for projects proposed within the range of the condor to include design and operations standards that demonstrate the project would not result in the take of condors, a requirement that is overly restrictive and unrealistic. We believe wind projects that include adequate

protection and mitigation for impacts to condors can be successfully sited in condor range with a low risk of direct mortality to the species. However, it may be difficult for certain wind development projects to completely eliminate all possibilities of take (as defined in the Endangered Species Act) of a condor no matter how unlikely this take may be. As a result, this requirement could discourage wind projects, as few developers would choose to risk a development with a strict requirement which appears unachievable. In this sense, the BMP could constrain the ability to meet RPS goals and should be removed from the manual. In the alternative, the requirement could be modified to state that projects within the range of the condor must include design and operations standards that substantially reduce the risk the project would result in take of condors.

Bald and Golden Eagle BMPs:
PG&E supports responsible well-sited projects that implement Avian Bat Protection Plans and incorporate adaptive management to minimize impacts to bald and golden eagles. The new Bald and Golden Eagle BMP number four listed on page 36 states, "avoid siting project facilities and infrastructure in a location or manner that would cause bald and golden eagle mortality, injury, and/or disturbance; i.e. locate facilities outside of eagle breeding home ranges as well as important breeding, wintering, and dispersal foraging areas, migration stopovers and corridors, and areas used by eagles for thermal or orographic lift." Similar to our comment regarding the California condor above, the area described by this BMP includes most of the undeveloped areas of California where renewable wind projects may be planned. Because the golden eagle is a regular inhabitant of most of the California terrestrial habitats, this requirement seems overly restrictive. Applications for renewable energy projects that include adequate protection and mitigation for impacts to golden eagles and their habitat should be allowed to pursue developments in these areas.

Electricity Transmission Guidance:
This section describes our recommendations for clarifying the updated and expanded guidance for Electricity Transmission facilities listed on pages 45 through 47. First, the guidance for Electricity and Transmission should state whether the guidance applies to either the generation interconnection and/or the network transmission lines that may be required for projects.

Second, we are unfamiliar with the state policies for transmission siting listed on page 45 and suspect that the listed bullets are common industry practices rather than state policies. Generally, when siting new transmission routes, PG&E performs studies to develop a range of alternative routes to evaluate and select the preferred least cost environmentally superior alternative capable of meeting the basic transmission planning objectives. Environmental, technical and economic information are used to evaluate and compare the alternatives to aid in choosing a preferred route. Also, we do not understand the last bullet ("Where there is a need to construct additional transmission, seek among all interested utilities on the efficient use of that capacity").

Third, complying with guidance to present "comprehensive physical transmission structure information to the appropriate agencies as soon as possible for initial feedback

on environmental impacts, and later in proposed project applications for thorough analysis" would pose a major risk to developers. Designing a transmission line prior to lead agency approval could unnecessarily waste project budgets and delay schedules because the lead agency, through the approval process, could require extensive route or structure design changes. Utilities typically perform preliminary engineering to assess preliminary impacts that could be shared with agencies for initial feedback.

Finally, the guidance should clarify the California ISO's involvement in renewable energy siting. The guidance advises project developers "to meet early and often with the staffs of the interconnecting utility and the California ISO or other transmission control area operator to determine the location/route, size, length, and visual character of new or upgraded facilities." From our experience, California ISO relies on the utility to develop transmission line routes and its design. It's more important to consult with local planning, and state and federal resource agencies to plan the route and design of the transmission line. The Guidance also implies that the interconnection studies include an evaluation of impacts and mitigation measures. As a non-governmental transmission planning authority, with no permitting authority, the California ISO does not evaluate environmental impacts during its transmission planning studies or provide measures to mitigate potential environmental impacts of the "on the ground" projects that will ultimately be developed in response to ISO planning-level approvals. The document needs to clarify whether a discussion of environmental impacts and associated mitigation measures would be required in applications in addition to the interconnection study.

We would like to reiterate our support of the individual agencies that form the Renewable Energy Action Team (REAT) in continuing to work collectively to improve the timing and efficiency of the permitting process for renewable energy projects.

PG&E greatly appreciate your consideration of our remarks. We look forward to working with all parties as the Desert Renewable Energy Conservation Plan process moves forward.

Respectfully submitted,

Diane Ross-Leech
Director, Environmental Stewardship