



May 21, 2012

California Energy Commission
Dockets Unit, MS-4
1516 Ninth Street
Sacramento, CA 95814-5512

RE: Docket No. 09-Renew EO-0 1
Center for Energy Efficiency and Renewable Technologies' and Large-scale Solar
Association's Preliminary Comments on the DRECP development Scenario

Dear Dave Harlow,

The Center for Energy Efficiency and Renewable Technologies (CEERT) and the Large-scale Solar Association (LSA) would like to thank the Governor's Office and the Renewable Energy Action Team (REAT) agencies for the opportunity to provide additional comments on the Development Focus Area (DFA) scenarios presented by the Desert Renewable Energy Conservation Plan (DRECP), as well as to revisit our previous submission of additional development areas. At your request, we have reviewed the new development zones proposed by BLM and have comments regarding the DFA scenarios.

Summary and Recommendations:

While it's clear that much time and effort went into developing the DFAs, we are greatly concerned that the present approach could well fail to achieve one of the DRECP's two primary objectives: to establish robust and appropriate areas for renewable energy projects. A basic analysis reveals many of the scenarios do not support reaching either the state's or the DRECP's renewable energy goals in any but the most ideal conditions, which simply do not exist when it comes to real-world development. The California Public Utilities Commission's approach to Renewables Portfolio Standard (RPS) is instructive in this regard: under the program it has overseen since the inception of the RPS, it anticipates a 40% rate at which anticipated projects may not be developed. The difficult development hurdles of much of the land identified in the scenarios would substantially increase the reasonably expected failure rate. While CEERT and LSA understand the time constraints under which this process is operating, it's imperative to the success of the DRECP that the DFAs are modified to reflect areas that can reasonably be developed for the diverse renewable energy and transmission development needed to achieve California's goals for the DRECP, the RPS and AB32.

These comments provide suggestions that we believe would add significantly to the viability of future DFA scenarios, and would enable a more productive conversation about potential paths to balancing development, conservation and other land uses that could be adopted in the preferred alternative, after the opportunity for that discussion is provided to the stakeholders and agencies.

Inadequate development potential in scenarios:

To begin, the DFAs are substantially deficient in reasonably developable land in five of the six scenarios, although significant numbers of acres were designated for streamlining projects in each of the scenarios. We are concerned by the disconnect between the developable land that is to be considered for streamlining in the plan and the goal presented by the REAT, which suggested approximately 500,000 acres of land would be made available for streamlined development processes. It would not forward the goals of the DRECP or the California RPS to propose streamlining on land that is largely not useful for development.

DRECP directors have clarified in public meetings two important points about DFAs: 1) that DFAs represent those areas where streamlined permitting will be allowed, and 2) development within the DRECP will be allowed to proceed outside of DFAs. If the DRECP is to be successful in attracting development to DFAs, the DRECP must provide sufficient reasonably developable land within DFAs. However, the 6 scenarios as described at the April stakeholder meeting rely too heavily on unanalyzed private land and other lands that have significant barriers to development, thus fall far short of supporting adequate development.

Reaching the climate goals identified in the planning document will require us to identify and overcome as many barriers to development as possible in the DRECP. Unfortunately, as mentioned in the REAT's presentation at the last stakeholder meeting, only those *potential* conflicts with development that exist on public lands have been cataloged by the DRECP process, which has resulted in an almost complete avoidance of DFAs on public lands. The very real barriers to development on private land, let alone potential conflicts, have not been identified in the DRECP process, and thus the DFAs exhibit an overreliance on private lands which are inappropriate and/or unviable for development. It concerns CEERT and LSA that these lands comprise the core of the scenarios, as this is a very shaky foundation for the DRECP, and may lead to its failure.

CEERT and LSA understand that both the analysis and decision making process require the use of incomplete data due to the constraints placed on the DRECP by a limited timeframe and insufficient resources. The information gaps we identify below are critical in that they demonstrate not the largest gaps in knowledge, which center around species and conservation quality, but that they show the most critical gaps to fill in order for adequate planning to proceed. We believe that if concerns surrounding these gaps are well-addressed by the DRECP, the plan will include large enough and diverse enough development areas to allow the renewable energy industry to meet California's growing demand.

- a. **High Reliance on Private Land Without County Support.** CEERT and LSA are concerned that in addition to future barriers that may develop, none of the affected counties or cities have signed onto the DRECP plan. The counties in the DRECP are currently in various stages of developing

and implementing local planning efforts for renewable energy. This creates uncertainty on all the land included in the planning area. Not only will local governments have an additional opportunity to further reduce the DFA areas, the mitigation strategies will be impacted by actions taken by local governments within their jurisdiction. These are key elements that will “make or break” the success of the DRECP, and we encourage (support?) the DRECP directors to reach resolution with the affected local entities as soon as possible.

- b. **Unrealistic Expectations on Development Potential for Residential & Parcelized Areas.** Rural residential areas and granular land parcelization create barriers to development and have a direct influence on project size, cost and financeability, and thus on project viability. To this point, we provide an illustration (below, map 1), which shows an area west of Victorville that is highly both parcelized and contains many residences. While it is possible that some small projects could be developed in this area, it is unreasonable to expect any substantial quantity of that land would be usable for development. This is only one example of how residential areas and parcelization can affect project technology and size. Unfortunately, significant proportions of the DFAs in five of the six scenarios contain these types of land conflicts, which obviously preclude development of the very projects for which the DRECP is designed to enable. While the DRECP assumes large amounts of DG, the purpose of this process is to identify areas most suitable for the development of the large projects that will be needed to meet the RPS goals and provide significant quantities of energy throughout the year.
- c. **Unrealistic Expectations for Conversion of Agricultural Areas.** Almost all the scenarios rely on the assumption that a substantial amount of agricultural lands can be converted from food and fiber production to renewable energy development. This is most apparent in the fact that all the DFA scenarios set aside almost the entire irrigated agricultural basin of Imperial Valley. Identifying or isolating productive farmlands as DFA areas presents both economic and local planning conflicts and concerns. Economically, many developers will not be able to pay – and the ratepayers will not be able to shoulder the costs – to lease or purchase productive agricultural land, particularly when competing against leasing lands that are marginally- or non-productive. Additionally, we are concerned that some of the proposed DFAs include lands that are classified as Prime Agricultural Land, Farmland of Statewide Importance or are under Williamson Act contracts. We believe these areas are too large and potentially in conflict with local government plans and policies. We suggest consultations with local government and affected stakeholders to “right size” these DFAs. While we agree that the DRECP should streamline areas that present low environmental conflicts, it is not a robust assumption that this agricultural land will add substantially to the RPS or to climate goals through conversion to renewable energy generation facilities.
- d. **Failure to Consider Competition for Land by Other Development.** CEERT and LSA are concerned that the DRECP has not considered that additional barriers will be created as other development pressures also compete for disturbed areas near population centers, such as housing developments, light industry, and municipal facilities. This should not be considered an

insignificant factor over the next 30-40 years, as these uses will significantly reduce the amount of land available for both renewable development and possible mitigation areas.

- e. **Failure to Consider Cultural Issues.** CEERT and LSA strongly support careful consideration of cultural issues and priorities in identifying lands for development. The scenarios, and their assumptions for quantities of development, fail to take into consideration the potential that significant quantities of land within the DFAs identified to date may be placed off-limits due to cultural concerns. The DFAs should include a broader array of areas to ensure that cultural issues, which are certain to arise, will not prevent the DRECP from achieving its goals.

In addition to private lands that have significant unaddressed barriers, there are other areas suggested in the DFA scenarios that should not be considered for permit streamlining, or as with certain disturbed land or certain farmland, should not be expected to contribute to development acreage within the DRECP. It has been widely agreed upon in other stakeholder processes that most of these areas are, in general, not viable for renewable development and if they are included, should be addressed explicitly by the REAT. We highlight the following:

- a. Feinstein National Monument – This area was considered off limits as is it being considered under current legislation. While it does not meet the requirement of ‘legally protected,’ it is presently unrealistic to expect renewable development to proceed in this area. Indeed, most development plans have been halted within the boundaries of Senator Feinstein’s proposal. The CEERT/LSA development area proposal may include areas that could be within the monument boundary. We are currently in the process of confirming this, and will modify our proposal to exclude this area.
- b. Iron Mountain – There is long-standing and broad agreement among stakeholders in both RETI and the solar PEIS processes that Iron Mountain is an area of high environmental conflict due to its extreme seclusion and adjacency to many wilderness areas. The area is also far from viable transmission linkages, which compounds both the difficulty and cost of development. Therefore, this area is not ideal for development.
- c. Trona - (Located in Scenarios 4, 5, and 6) This area, while being of low ecological value, was highlighted on the CEC tour as being undesirable for development for several reasons. First, there exist significant barriers to transmission and infrastructure, particularly water issues that would hinder development. Local government representatives also cite visual impact concerns, which would cause significant economic harm due to impairment of the film industry.

The Need for New DFA Scenarios – CEERT and LSA suggest that additional DFA scenarios be developed representing areas that can support and sustain viable, cost-effective renewable development. As discussed above, the original DFA scenarios lack fundamental development elements. All but Scenarios 5 and 6 appear to completely ignore the areas outlined in the industry’s proposals, and are instead based on metrics that simply do not prioritize development potential or even viability. We stand ready to assist in discussion of these additional DFAs, to provide input on areas that are most developable

from a commercial standpoint, identify development hurdles and to help address potential conflicts as well as to mitigate real conflicts.

As the DRECP develops new DFA scenarios, CEERT and LSA strongly recommend assuming that scenario 5 be used as the example of how much “potential conflict” or “overlap” land should be included to address additional needs of California, beyond just land conservation. We also recommend that new DFAs appropriately illustrate and propose the likely tradeoffs between needed prime development areas and lands best suited for conservation. In addition to assuming an appropriate level of development in the right areas, these new scenarios should also include the proportional conservation/mitigation contribution that the scenarios will likely require.

The new DFA scenarios should use, as a minimum starting point, the commercial interest expressed by the participating industries. This point cannot be overemphasized. Adoption of the DRECP will affect the future and success of both renewable energy projects and the investment necessary to support them.

The DRECP planning area is home to some of the best solar resource areas in the world - made even more unique and important by virtue of its proximity to load in a state whose economic strength rivals that of most countries.

In order to avoid disruption in the industry and the market, the DRECP must clarify that renewable energy projects will be supported throughout the DRECP planning area, in addition to streamlining project permitting within DFA areas. Simply basing DFA scenarios on lowest “potential conflict” areas, without attempting to determine how much actual conflict there may be or how actual conflicts may be mitigated, and assuming development can shoehorn into those areas is neither consistent with NCCP practices, nor likely to result in a successful plan.

Prior to the release of alternatives, and in order to encourage a robust dialogue that supports real progress towards the DRECP goals, it’s critical to engage in a conversation about the tradeoffs among alternative ways to structure the plan. The following is a list of three additional scenarios CEERT and LSA request to see completed, reviewed and incorporated into draft alternatives:

- a. **Low Risk/Public Lands Scenario** – In addition to the concerns expressed earlier in this document, there are other reasons why overreliance on private land will cause unintended restrictions on development. To name a few: Local governments which have not currently signed on to the plan could exclude additional areas from development at some future point. Private lands costs are increasing as the need for lands for renewable development becomes more public. The REAT agencies have more authority over public lands, and DFA scenarios that do not rely on external (local?) governing bodies for completion of the plan goals are much more likely to successfully meet the goals of the DRECP.
- b. **Resource Driven Scenario/Low Cost Scenario** – The pressure to procure inexpensive renewables is a driving force in the RPS. It is reasonable to assume, for all scenarios, that cost will continue to be a significant factor in project selection by the utilities. The DRECP must identify lower-cost development areas via the prioritization of the highest

quality resource lands for each renewable sector, and due to pre-established leasing fees on public lands, to ensure adequate public land is made available for development.

- c. **Transmission Constrained Scenario** –Siting of new transmission lines carries with it costs, siting challenges and significant lead times. CEERT and LSA suggest creating scenarios that maximize the use of existing transmission capacity. In addition, transmission feasibility and barriers must be evaluated for each of the DFAs, and those DFAs that can support both renewable resource diversity and adequate development capacity considering transmission feasibility should be prioritized.

CEERT and LSA would again like to thank you for this opportunity, for all of the effort you have made to-date, and for your ongoing work toward our shared goals. We look forward to working with you to refine the solar development planning of the DRECP in a transparent and open manner. If you have any concerns or need additional information please don't hesitate to contact Anne Baker or Ryan Drobek at CEERT or Shannon Eddy at LSA.



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