



April 16, 2012

Mr. Neil Millar
California Independent System Operator
250 Outcropping Way
Folsom, CA 95630

Via email

Dear Mr. Millar,

The Sierra Club is pleased to provide comments on the California Independent System Operator's (CAISO's) 2012/13 Transmission Planning Process (TPP) Stakeholder Meeting and Renewable Portfolio Scenarios. We believe it is important to incorporate biological and environmental considerations into these processes as much as possible, and thank you for the opportunity to participate in this process.

The Sierra Club is a national nonprofit organization of approximately 1.3 million members and supporters dedicated to exploring, enjoying, and protecting the wild places of the earth; to practicing and promoting the responsible use of the earth's ecosystems and resources; to educating and enlisting humanity to protect and restore the quality of the natural and human environment; and to using all lawful means to carry out these objectives. The Sierra Club's concerns encompass protecting our public lands, wildlife, air and water while at the same time rapidly increasing our use of renewable energy to reduce global warming.

1. Transmission Planning and the Desert Renewable Energy Conservation Plan.

We support the California Energy Commission's ("CEC") and the California Public Utilities Commission's ("CPUC") recommendation that the land use assumptions and natural resource data developed in the Desert Renewable Energy Conservation Plan ("DRECP") process be incorporated into transmission planning. However, the DRECP is still very much a work-in-process. Although the DRECP has released its Preliminary

Conservation Strategy (“PCS”) with maps identifying areas that are being studied for designation as Renewable Energy Study Areas (“RESAs”), as we noted in our November 23, 2011 comments to the Preliminary Conservation Strategy:

Missing from the list of plan elements is the basic foundation of the PCS, namely the identification of lands containing habitats for the covered and planning species that are determined necessary to achieve the primary goals and objectives of the DRECP in conformance with the NCCP Act for the life of the plan. These lands and their associated habitats need to be identified in the context of what is required to protect and conserve ecosystems within the planning area. It is premature, and inappropriate, to identify anything but preliminary Renewable Energy Study Areas (RESAs) in the absence of lands determined necessary for ecosystem protection and conservation. Indeed, it should be clearly articulated that these RESAs would be revised, adjusted and/or eliminated as the conservation strategy is developed (Including the conservation goals, objectives, targets and reserve design).¹

We are concerned that incorporating the RESAs as presented in the PCS into the TPP will lead to guiding generation to some areas that may be inappropriate for renewable energy development due to high conservation value.

2. Scenarios.

The scenario chosen by the CPUC and implemented by the CAISO will have major implications on the manner in which transmission planning proceeds within California and where new generation resources are developed. Despite their importance, there has been little opportunity for stakeholder input in scenario development. Moreover, the CPUC has not adequately justified why it believes the “Cost-Constrained Scenario” is the preferred scenario. The CPUC must be more transparent in the assumptions that went into developing the “Cost-Constrained Scenario” and allow for comment on that process.

By guiding transmission investment in a specific manner, the scenario chosen by the CPUC will help to realize the outcome that scenario defines. For example, a high DG scenario would make higher levels of more DG likely. Conversely, a scenario that does not assume high levels of DG and guides transmission investments elsewhere will frustrate realization of high levels of DG. We urge the CPUC incorporate assumptions from the Environmental and High DG Scenarios into the base case scenario so that these

¹http://www.drecp.org/documents/comments_prelim_conservation_strategy/DOW_Sierra_Club_Friends_of_Desert_Mtns_et al_comments.pdf:

outcomes are more likely to be realized.

3. 33% RPS Calculator-Project Scoring Methodology.

We are concerned that the environmental scoring in the 33% RPS Calculator does not adequately take biological considerations into account. Although conceptually we support giving lower environmental scores for projects located in RESAs, as discussed previously, it is premature to rely on the preliminary RESAs released in the PCS as the DRECP conservation planning process may determine these areas have high biological value.

Additionally, although we support giving better environmental scores for projects Located on disturbed lands, landfills, wastewater treatment facilities, etc, these criteria are inadequate in fully determining the environmental impacts of generation projects. Therefore (and recognizing that the DRECP and RETI processes may capture many of these designations), we request giving lesser environmental scores to generation projects located in areas designated: as Areas of Critical Environmental Concern, Wildlife Habitat Management Areas, Significant Ecological Areas, Wilderness Areas; Wilderness Study Areas; BLM National Conservation Areas; National Recreation Areas; National Monuments; private preserves and reserves; Inventoried Roadless Areas on USFS lands; National Historic and National Scenic Trails; National Wild, Scenic and Recreational Rivers; HCP and NCCP lands precluded from development, conservation mitigation banks under conservation easements approved by the state Department of Fish and Game, U.S. Fish and Wildlife Service or Army Corps of Engineers; California State Wetlands; California State Parks; Department of Fish and Game Wildlife Areas and Ecological Reserves and National Historic Sites.

Because land use designations often do not adequately capture the environmental impacts of generation projects (and particularly operational impacts) we also urge the CPUC and ISO to include recommendations from wildlife agencies and comments from environmental non-governmental organizations with regards to specific generation projects in their calculator. We are happy to provide a letter summarizing our criteria for evaluating the environmental impacts of specific generation projects, as well as a list of generation projects we feel have negative biological impacts.

4. Energy Efficiency Assumptions.

We recommend that CAISO include future efficiency in developing the unified planning assumptions and study plans for the 2012-2013 Transmission Planning Process. In CAISO's 2011-2012 TPP, future efficiency programs, codes, and standards, were excluded from the load forecasts. Instead, CAISO only considered these future efficiency

savings (incremental uncommitted energy efficiency) in a sensitivity analysis. Future efficiency was not included in the actual scenarios planned for adoption. It is imperative that CAISO include incremental uncommitted energy efficiency in its unified planning assumptions, and not merely as sensitivity analysis, in order to better forecast future load. Efficiency savings (a reduction in load growth) are positively correlated with many factors that increase load growth. Thus, including estimates of future efficiency improves the accuracy of the forecast. Furthermore, all other energy and climate related agencies in the state account for future efficiency in their long-term plans, and CAISO should work to improve coordination among these agencies. Therefore, we strongly urge CAISO to include incremental uncommitted efficiency in its unified planning assumptions and study plans.

Thank you for your consideration of these comments.

Sincerely,

A handwritten signature in cursive script that reads "Sarah K. Friedman".

Sarah K. Friedman
Senior Campaign Representative
Beyond Coal Campaign
Sierra Club