

BUSINESS MEETING  
BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of: )

Business Meeting )  
----- )

ORIGINAL

CALIFORNIA ENERGY COMMISSION  
HEARING ROOM A  
1516 NINTH STREET  
SACRAMENTO, CALIFORNIA

WEDNESDAY, SEPTEMBER 8, 1999

10:07 A.M.

CALIF. ENERGY COMMISSION

SEP 13 1999

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Reported by:  
Valorie Phillips  
Contract No. 150-99-002

5000

COMMISSIONERS PRESENT

William J. Keese, Chairman  
David A. Rohy, Vice Chairman  
Robert Pernell  
Robert A. Laurie  
Michal Moore

STAFF PRESENT

Kent G. Smith, Acting Executive Director  
William Chamberlain, Chief Counsel  
Lana Beckstrom, Secretary  
Eileen Allen  
Mike Sloss  
Sandy Miller  
Don Kondoleon  
James D. Boyd  
Elizabeth Boynton

ALSO PRESENT

Allan J. Thompson, Attorney  
21 'C' Orinda Way, #314  
Orinda, California 94563

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## P R O C E E D I N G S

10:07 a.m.

CHAIRMAN KEESE: I call this meeting to order. Thank you.

Consent calendar. May I have a motion?

COMMISSIONER MOORE: So move.

COMMISSIONER LAURIE: Second.

CHAIRMAN KEESE: Motion and second on the consent calendar. All in favor?

(Ayes.)

CHAIRMAN KEESE: Opposed?

Adopted five to nothing.

Item 2, Otay Mesa Generating Company data adequacy recommendation. Committee consideration of the Executive Director's data adequacy recommendation for the Otay Mesa Generating Project application for certification.

Mr. Smith.

ACTING EXECUTIVE DIRECTOR SMITH: Eileen Allen of our Siting Licensing Division will present the item.

MS. ALLEN: The Applicant, Otay Mesa Generating Company LLC, filed its application for certification for its Otay Mesa Project on August 2nd, 1999.

1           The staff has recommended that the  
2 Executive Director find the application inadequate  
3 because of information deficiencies in 17 areas.  
4 Staff expects that the Applicant will file  
5 supplemental material this month.

6           Here are some brief facts about the  
7 project. It's proposed to be a 510 megawatt  
8 natural gas-fired combined-cycle power plant  
9 project.

10           The 15-acre site is about 15 miles  
11 southeast of San Diego, and about 1.5 miles north  
12 of the U.S./Mexico border.

13           There will be a short transmission line  
14 connection of about a tenth of a mile to an  
15 existing 230 kV line owned by San Diego Gas and  
16 Electric. This existing line may need to have  
17 some conductors or wires added to accommodate the  
18 proposed new capacity.

19           The Applicant is proposing that SCONOX  
20 technology be used for NOx emission control with  
21 offsets coming from mobile emission reduction  
22 credits. The project will use dry cooling  
23 technology with water for steam generation and  
24 potable uses supplied by the Otay Water District.

25           The Applicant plans to complete

1 construction and start project operation by the  
2 summer of 2002. During construction an average of  
3 400 workers would be employed. And during  
4 operation the power plant would employ  
5 approximately 20 full-time staff.

6 CHAIRMAN KEESE: Thank you.

7 COMMISSIONER MOORE: Mr. Chairman.

8 CHAIRMAN KEESE: Commissioner Moore.

9 COMMISSIONER MOORE: Question for  
10 Eileen, and that is how long do you think it would  
11 take to get the --

12 MS. ALLEN: It depends on when we  
13 receive it from the Applicant. The Applicant's  
14 consultants have said that they hope to get it to  
15 us by September 10th.

16 The staff is hard pressed to deal with  
17 the work that we have now. So, I don't think  
18 there will be enough time for us to review it  
19 quickly, within two to three days, and get it to  
20 you giving you, the Commissioners, the week that  
21 you need to review it.

22 COMMISSIONER MOORE: So we'll see this  
23 in October sometime?

24 MS. ALLEN: That's my guess. We've  
25 talked with the Applicant about how we think the

1 October 6th business meeting is the most realistic  
2 time, but we can't discourage them vehemently from  
3 trying for the 22nd.

4 CHAIRMAN KEESE: Okay, why don't we hear  
5 from the Applicant.

6 MR. THOMPSON: Thank you very much. My  
7 name is Allan Thompson, I'm Project counsel.

8 A couple minor points before I talk  
9 about the schedule. This is a power plant that  
10 many of you know has been in the works for some  
11 years. My suspicion is that plants would have  
12 been coming through this process long before this  
13 had the offsets been available. I believe the  
14 PG&E Generating Company has found a way by  
15 purchasing basically whatever there is to bank,  
16 and then looking at MERCs, which are mobile  
17 sources.

18 Eileen mentioned the 2002 date. Here we  
19 are in September. We will be attending a meeting  
20 tomorrow that has been called by the Independent  
21 System Operator, the ISO, at SDG&E headquarters in  
22 San Diego.

23 We understand the purpose of that  
24 meeting is to discuss the critical nature of new  
25 power generation in the San Diego region. We

1 don't know anything other than that. We have  
2 heard that there is going to be a press release by  
3 the ISO tomorrow.

4 But, if the ISO has come to that  
5 conclusion and makes it public tomorrow, we will  
6 most likely come back here with a petition or  
7 motion to expedite treatment of this application.

8 We understand that this is probably the  
9 busiest that the Energy Commission has ever been.  
10 And we appreciate that. We also appreciate the  
11 fact that we cannot ask the Energy Commission and  
12 its staff to expedite our application without  
13 certain obligations falling on Applicant.

14 And that would include things like a  
15 shortened construction schedule, which costs more  
16 money. Ordering long lead time items early.  
17 Releasing the project for project engineering  
18 early. And basically doing whatever we can to  
19 have the air district respond sooner than required  
20 under the law.

21 All that is to say that when Ms. Allen  
22 says that we will try for the 22nd, we very much  
23 would like to be on the agenda for the 22nd. When  
24 I leave this meeting today I'm going to Woodward  
25 Clyde's Sacramento office, and my direction is to

1 work on those responses so that they will be in on  
2 Friday.

3 And we anticipate that we will be  
4 addressing every area of data inadequacy. And  
5 that we would hope, given the schedule  
6 implications, that we could be heard on the 22nd.

7 Thank you.

8 CHAIRMAN KEESE: I would suggest -- I  
9 have two observations. I would suggest then that  
10 we'll just put it on the 22nd and see what  
11 happens, recognizing the staff's burdens here.

12 My comment, and I'm glad you mentioned  
13 the air district, our 12 months is a reasonably  
14 compressed schedule, just in the number of cases  
15 I've been on, and I believe the rest of the  
16 Commissioners.

17 What we're finding is the greatest  
18 pressure on that schedule is not staff and it is  
19 not necessarily the applicant. It is the other  
20 agencies with which we must deal.

21 And when air districts come in six or  
22 eight weeks after we had hoped they'd come in,  
23 that is not -- that puts a stress on the staff,  
24 but the stress is not that staff pick up those six  
25 or eight weeks. It just takes a certain amount of

1 time afterwards.

2 So, while I am interested in expediting  
3 every siting process that we have, and would hope  
4 that, you know, we could find something shorter  
5 than 12 months, experience shows that the way  
6 other agencies respond to our requests and your  
7 requests makes it very difficult to expedite much  
8 shorter than 12 months. And it is, in fact, a  
9 challenge to make the 12 months.

10 MR. THOMPSON: I appreciate that,  
11 Commissioner Keese. We have been working with the  
12 district on the concept of the MERCs, and this  
13 district has the mobile resources in their present  
14 rules, so it doesn't require a rule change thank  
15 god -- thank goodness.

16 We have also been working with EPA who  
17 is very supportive. We have been working with  
18 CARB and we have been in contact with staff. And,  
19 in fact, a member of your air quality staff is  
20 going to be attending a meeting tomorrow in San  
21 Diego that we have with the district where we are  
22 going to formally propose a shorter than 180-day  
23 schedule to the district.

24 My experience, as well, with all the  
25 siting cases, I think without exception, the

1 siting cases that I've done, air quality and  
2 getting the district PDOC and FDOC remains -- has  
3 always been the critical time issue.

4 So, we hear you, Mr. Commissioner, and  
5 will not come and ask for expedited treatment if  
6 the district is not in a position to expedite  
7 their process, as well.

8 CHAIRMAN KEESE: Thank you.

9 COMMISSIONER MOORE: Question, Mr.  
10 Chairman.

11 CHAIRMAN KEESE: Commissioner Moore.

12 COMMISSIONER MOORE: Allan, who is  
13 issuing the invitations on the meeting in San  
14 Diego?

15 MR. THOMPSON: The ISO meeting? I  
16 suspect it's the ISO. The two names that come to  
17 mind are Mr. Winter and Mr. Fleckinger are going  
18 to be speaking there. Other than that I couldn't  
19 tell you.

20 COMMISSIONER MOORE: To me this is  
21 something Commissioner Rohy maybe could make --  
22 schedule. It might be nice to have some  
23 representation there to elicit. Perhaps we can  
24 call Terry and ask him if one of our Commissioners  
25 can sit in, or if it meets their schedule, the

1 geographic location, it would sure be nice to have  
2 an ear for the five of us there.

3 COMMISSIONER LAURIE: I assume this is a  
4 public meeting, it's not a private meeting?

5 MR. THOMPSON: I assume it's a public  
6 meeting. I am going, so --

7 CHAIRMAN KEESE: I am aware the Energy  
8 Commission has done some work on this hearing, and  
9 Mr. Kondoleon will be there. I believe one of the  
10 principal purposes is transmission in the San  
11 Diego area. Obviously generation is a compatible  
12 area for discussion also, but we can perhaps ask  
13 Mr. Kondoleon to -- well, let us ask Mr.  
14 Kondoleon, who may be listening to us, to inform  
15 us before this hearing's over of what he's doing  
16 at that hearing.

17 COMMISSIONER LAURIE: I would very much  
18 appreciate that, Mr. Chairman.

19 CHAIRMAN KEESE: And then we can deal  
20 with this other part. Thank you.

21 COMMISSIONER LAURIE: On the issue --  
22 thank you, Mr. Chairman.

23 On the question of expediting, Mr.  
24 Thompson, if you were to send in a letter asking  
25 the Commission to expedite, what does that mean to

1 you Because I can tell you I wouldn't know what  
2 it means to me.

3 MR. THOMPSON: Well, I don't think it  
4 means anything except that I would attach a ten-  
5 month proposed schedule. The first date of that  
6 would be September 22nd. And if we don't make  
7 data adequacy there, because of our failure to  
8 file information, there would be slippage.

9 It would also contain commitments on the  
10 part of the Applicant and to the extent that we  
11 can commit to having the air district have their  
12 information in early.

13 I see this as a joint effort. If we are  
14 going to shorten the schedule I see it as a joint  
15 effort where all of us have responsibility, and  
16 that's what I would try and lay out.

17 And I don't think that a petition on my  
18 part like that would lock the Commission into any  
19 given date at the end because so many things  
20 happen during the course of one of these  
21 proceedings.

22 What I would anticipate is that it would  
23 lay out the ISO position, to the best I can do it,  
24 to the Commission; and then it would be a joint  
25 effort, if we decided to go down that road, to try

1 and shorten the schedule.

2 COMMISSIONER LAURIE: That would  
3 certainly be something for the Committee to  
4 consider when appointed, Mr. Chairman.

5 And, again, your request to have Mr.  
6 Kondoleon offer comments today on the meeting  
7 tomorrow would be appreciated.

8 CHAIRMAN KEESE: Yes. During the  
9 Executive Director's report?

10 ACTING EXECUTIVE DIRECTOR SMITH: Yes.

11 CHAIRMAN KEESE: Thank you.  
12 Commissioner Rohy.

13 VICE CHAIRMAN ROHY: Just a short  
14 comment, having San Diego as my hometown, I am  
15 concerned about the power system down there. And  
16 several other folks are also. Senator Pease  
17 requested in the budget this year a \$250,000 study  
18 to look at the electricity situation in San Diego.  
19 That did not get through the budget situation, as  
20 I recall.

21 You can, and San Diego has been looking  
22 at trying to get the study going, also, of the  
23 electricity situation in the San Diego area. And  
24 they have requested that this Commission help in  
25 that. Unfortunately, we're not funded for such a

1 study.

2 But it is a very serious situation now.  
3 We have been importing power in San Diego from  
4 Mexico, the Sierra Prieto Geothermal site, and now  
5 they're using that power, and not exporting it to  
6 San Diego.

7 So it will be interesting to hear what  
8 the ISO says tomorrow.

9 CHAIRMAN KEESE: Thank you.  
10 Commissioner Pernell.

11 COMMISSIONER PERNELL: Thank you, Mr.  
12 Chairman. When you talk about expediting the  
13 schedule you're talking about your construction  
14 schedule?

15 MR. THOMPSON: Well, sir, I guess I  
16 would really talk about the entire schedule.  
17 That's really the question.

18 If the ISO, for example, says that they  
19 would dearly like to have new generation or new  
20 transmission, whatever, on line before a summer  
21 peak of let's say July of '02, we would then work  
22 back and we would give to you a shortened  
23 construction schedule. We would make commitments  
24 of when we would order long lead time items, like  
25 the combustion turbine.

1           And then you'd arrive at a decision  
2           date. And if the decision date was six months  
3           from now, we'd say, sorry, ISO, we can't do it.  
4           If that decision date was 10 or 11 months from  
5           now, we'd come to this Commission and say, here's  
6           what we'll do. Can we work toward achieving this  
7           decision goal, and we'll do the construction side  
8           of it.

9           So, it's a number of different pieces  
10          that add up to the summer of '02.

11          COMMISSIONER PERNELL: Okay. and you  
12          know that there is some parameters that I think  
13          each agency has to work within. And I guess what  
14          I was asking is in terms of your parameters as to  
15          the construction schedule, we have other  
16          parameters we got to get, as has been mentioned,  
17          information from other agencies to put the package  
18          together.

19          So, as Chairman Keese has said, we're  
20          interested in getting this done as soon as  
21          possible. We understand that. We want to be on  
22          schedule.

23          So I guess, for me I would have to see  
24          what your expedited schedule is, and how that  
25          affects us in terms of our legalities and what we

1 can and can't do.

2 MR. THOMPSON: I understand that. And  
3 one thing I did not mention was our obligation to  
4 work with other agencies so that this Commission  
5 can have the benefit of knowledgeable agency input  
6 at the proper time, I think is certainly a part of  
7 that.

8 COMMISSIONER PERNELL: Thank you.

9 MS. ALLEN: Mr. Chairman, Jeff Ogata,  
10 the staff counsel, and I will be attending this  
11 meeting in San Diego tomorrow, too. And if it  
12 would be helpful I can look for Don upstairs when  
13 I'm done.

14 SPEAKER: He's on his way down now.

15 CHAIRMAN KEESE: Okay, that's fine,  
16 thank you. Yeah, we'll have a discussion of it  
17 when we have the Executive Director's report.

18 COMMISSIONER MOORE: Move to find the  
19 submittal data inadequate.

20 CHAIRMAN KEESE: Motion.

21 COMMISSIONER PERNELL: Second.

22 CHAIRMAN KEESE: Motion and second. Any  
23 further conversation? Any other public comment?

24 All in favor?

25 MR. CHAMBERLAIN: Mr. Chairman, just for

1 the record, I assume the motion was to find it  
2 inadequate --

3 COMMISSIONER MOORE: -- per the  
4 Executive Director's report and including --

5 MR. CHAMBERLAIN: Thank you.

6 CHAIRMAN KEESE: All in favor of the  
7 motion?

8 (Ayes.)

9 CHAIRMAN KEESE: Opposed? Adopted five  
10 to nothing.

11 Thank you. We'll set it for the 22nd,  
12 and just roll it if we're not ready. Thank you.

13 Item 3, energy Conservation Assistance  
14 Account. Possible approval of a \$105,000 loan to  
15 the County of Sacramento to install light emitting  
16 diode traffic signals at 118 intersections.

17 MR. SLOSS: Good morning. Mike Sloss  
18 from the Energy Efficiency Division Staff. This  
19 is one, like many that you've seen, for LED  
20 installations in various public jurisdictions.

21 In this case the total project cost is  
22 \$205,173. SMUD has provided \$100,000 rebate to  
23 Sacramento County to assist in the installation.  
24 Our loan is for \$105,173. And the simple payback  
25 on the loan through energy savings is about 1.6

1 years. And the staff recommends approval.

2 VICE CHAIRMAN ROHY: Mr. Chairman, may I  
3 move approval for this item.

4 COMMISSIONER MOORE: Second.

5 CHAIRMAN KEESE: Motion and second. Any  
6 further discussion up here? Any public comment?

7 All in favor?

8 (Ayes.)

9 CHAIRMAN KEESE: Opposed. Five to  
10 nothing. Thank you.

11 Thank you, and I certainly hope that we  
12 can publicize this in the municipal community,  
13 because these kind of pay-backs --

14 MR. SLOSS: We are, we're working with  
15 local governments on this, yes.

16 CHAIRMAN KEESE: -- save the taxpayer  
17 money.

18 Item 4, Renewable Technology Program  
19 Guidebook. Possible approval for adopting the  
20 proposed changes to the Guidebook for the  
21 Renewable Technology Program, Volume 3, Emerging  
22 Renewable Resources Account.

23 COMMISSIONER MOORE: Mr. Chairman, we  
24 periodically make adjustments to the renewable  
25 program, and this is part of the ongoing update of

1 that.

2 As we see market performances we  
3 understand the constructive and otherwise wide-  
4 ranging criticism of the program over time.  
5 Points that we didn't consider before, we take  
6 them into account and try to make sure that the  
7 guidelines are brought as up to date as possible.

8 So, this is a continuation of that  
9 effort to fine-tune and bring the guidelines into  
10 compliance with what the market is actually doing  
11 and expecting.

12 And with that, I'm going to turn to  
13 Sandy and ask him to briefly overview what we have  
14 in front of you. And I apologize for not having  
15 this in your packet ahead of time. And to  
16 indicate the change, we're going to pull one of  
17 these and hold it for a couple of weeks.

18 CHAIRMAN KEESE: Thank you. I'm going  
19 to take that as a suggestion that once we've heard  
20 the staff's presentation of the change, the  
21 Committee is going to be supportive of what  
22 staff's going to recommend. So, staff, would you  
23 present what you're suggesting we change this  
24 program to be?

25 MR. MILLER: Thank you. My name is

1 Sandy Miller. I'm the Account Manager for the  
2 Emerging Program.

3 We have four proposed changes. One of  
4 them we would like to pull for another business  
5 meeting. The second item, which refers to the PV  
6 concentrator modules, we have had some recent  
7 discussions with Endecon Engineering, which is the  
8 contractor running the PVUSA site, and they have  
9 recommended some slightly different language.

10 So, at the advice of our legal counsel,  
11 we would like to pull that for a future business  
12 meeting when we have finessed the language so that  
13 we have Endecon actually in agreement with that  
14 language.

15 COMMISSIONER MOORE: Would you indicate  
16 specifically which of these revisions you're  
17 suggesting?

18 MR. MILLER: The changes that we want to  
19 pull or --

20 COMMISSIONER MOORE: Yes.

21 MR. MILLER: -- or just the second item  
22 there, the PV concentrator modules, successfully  
23 tested to IEEE15. Yeah, we'll bring that back  
24 once we get some better language.

25 COMMISSIONER MOORE: At a future

1 business meeting.

2 MR. MILLER: Yeah. Let me go back to  
3 the other proposed changes right now. The current  
4 guidebook right now has only a 12-month  
5 demonstration period for wind machines. There's  
6 no testing that a manufacturer could potentially  
7 undergo and get the machine, that particular  
8 machine qualified or certified to be eligible for  
9 the program.

10 There are some international testing  
11 standards and these wind manufacturers do have  
12 access to that, so what we're proposing today is  
13 to allow wind manufacturers to go to nationally  
14 recognized or internationally recognized wind  
15 testing facilities, and if that particular machine  
16 can pass those tests, then they would be eligible  
17 for our program.

18 So that would give the manufacturer a  
19 couple options, not only the 12-month  
20 demonstration period, but also the option of going  
21 and getting their machines tested.

22 The second item that we would like to  
23 have changed is there are -- we have seen that  
24 there are circumstances beyond the control of  
25 reservation holders which can prevent them from

1 following through with their reservation.

2           There may be changes in the site,  
3 changes that building department approval  
4 processes requiring a longer period of time in  
5 order to get their systems built. In some cases  
6 they have gone out and committed substantial  
7 amounts of money.

8           And what we would like to do is allow  
9 the guidebook to give more flexibility to those  
10 reservation holders where they can prove that they  
11 have a certain financial commitment to their  
12 project. That they are in need of potentially up  
13 to six months more time to get the project built.  
14 Or in some cases, at the same time if they have  
15 committed that money and they need to change that  
16 location, that they have some flexibility with the  
17 approval of the program staff, so that they can  
18 have more assurance that they can get their  
19 reservation and their claim when they finish their  
20 system.

21           The third item is proof of warranty on  
22 the systems through the program here. We have our  
23 technical support contractor, RER. They went out  
24 and over the past three or four months have done a  
25 verification program of the first 55 systems that

1 were installed under the program here.

2 And a full 23 of those systems, the  
3 people did not have a warranty that they could put  
4 their hands on. And because we have in the  
5 guidelines a requirement that there should be a  
6 warranty, we feel that what we are proposing is at  
7 the time that the reservation holder comes in to  
8 claim their rebate from the Commission, that we  
9 require them to show a proof that they have a  
10 system warranty.

11 So those are the three changes that we  
12 would like to get approved today.

13 COMMISSIONER MOORE: Move for approval.

14 COMMISSIONER PERNELL: Second.

15 CHAIRMAN KEESE: We have a motion and a  
16 second for approval of the recommendations. Any  
17 public comment?

18 All in favor?

19 (Ayes.)

20 CHAIRMAN KEESE: Opposed?

21 Adopted five to nothing. Thank you.

22 Item 5, Delta Energy Center. Possible  
23 Committee assignment for Delta Energy Center  
24 Project Application for Certification.

25 As I indicated at our last meeting,

1 Commissioner Pernell has been nominated to serve  
2 as the Second Member of the Delta Energy Center  
3 Committee.

4 Do I have a motion?

5 COMMISSIONER MOORE: Move.

6 VICE CHAIRMAN ROHY: Second.

7 CHAIRMAN KEESE: Motion and second.

8 All in favor?

9 (Ayes.)

10 CHAIRMAN KEESE: Opposed?

11 Welcome aboard.

12 COMMISSIONER PERNELL: Thank you.

13 CHAIRMAN KEESE: Item 6, Energy in  
14 Agriculture Program. Possible approval of two  
15 energy efficiency loans; one to Kevin and Ronda  
16 Blount Dairy for \$15,500, and one to Doomenbal  
17 Dairy for \$26,875, totaling \$42,375. These are  
18 similar to previous loans we've approved here for  
19 purpose of installation of adjustable speed drive  
20 vacuum in milk pump savings.

21 Hello, Elizabeth. Do we wish to hear --

22 MS. BOYNTON: Good morning. I'm  
23 Elizabeth Boynton from the Energy Efficiency  
24 Division.

25 COMMISSIONER LAURIE: Elizabeth, let me

1 interrupt for a moment. Mr. Chairman, staff has  
2 reviewed these loans pursuant to Commission  
3 criteria. These applications meet that criteria.  
4 And the recommendation is for approval.

5 I would support that, absent any  
6 immediate questions. I would thus move for  
7 approval of the recommendation.

8 CHAIRMAN KEESE: Motion.

9 VICE CHAIRMAN ROHY: Second.

10 CHAIRMAN KEESE: Motion and second.

11 All in favor?

12 (Ayes.)

13 CHAIRMAN KEESE: Opposed?

14 Adopted five to nothing.

15 COMMISSIONER LAURIE: And thank you,  
16 Elizabeth.

17 CHAIRMAN KEESE: Thank you.

18 COMMISSIONER PERNELL: Great  
19 presentation.

20 (Laughter.)

21 CHAIRMAN KEESE: Keep bringing those  
22 applications in. We like to see agricultural  
23 energy efficiency.

24 Item 7, Resources Agency. Possible  
25 approval of Contract 200-99-009 for \$82,500 to

1 provide assistance and coordination for new  
2 initiatives dealing with long-term environmental  
3 and economic strategies for managing natural  
4 resources.

5 COMMISSIONER LAURIE: Move the  
6 recommendation, Mr. Chairman.

7 VICE CHAIRMAN ROHY: Second.

8 CHAIRMAN KEESE: Motion and second.

9 All in favor?

10 (Ayes.)

11 CHAIRMAN KEESE: Opposed?

12 COMMISSIONER PERNELL: Nice  
13 presentation.

14 CHAIRMAN KEESE: Thank you. Five to  
15 nothing.

16 Item 8 has been removed from the agenda.  
17 Okay. Advance notice would be nice.

18 Item 9, we have the minutes of June 23rd  
19 and July 14th. Do I have a motion to approve the  
20 minutes?

21 COMMISSIONER MOORE: Move the minutes.

22 COMMISSIONER PERNELL: Second.

23 CHAIRMAN KEESE: Motion and second.

24 All in favor?

25 (Ayes.)

1 CHAIRMAN KEESE: Opposed?

2 Adopted five to nothing.

3 CHAIRMAN KEESE: Mr. Smith. I'm sorry,  
4 Commissioner Laurie.

5 COMMISSIONER LAURIE: Item 8 has been  
6 put over? Where does that information come from?  
7 I don't think that I knew about that.

8 CHAIRMAN KEESE: I didn't know about  
9 that.

10 MS. BECKSTROM: Removed from agenda it  
11 looks like during the agenda review meeting.

12 COMMISSIONER LAURIE: During when, Lana?

13 MS. BECKSTROM: During the agenda review  
14 meeting. Just letting you know the -- I'm sorry,  
15 I didn't know that.

16 MR. CHAMBERLAIN: As I recall John Sugar  
17 indicated that they weren't ready to make that  
18 presentation. I'm sorry I don't have any more  
19 detail than that.

20 CHAIRMAN KEESE: Okay, I would ask a  
21 question whether -- do we have a caucus of Mr.  
22 Smith and Mr. Kondoleon taking place?

23 MR. CHAMBERLAIN: Yes.

24 CHAIRMAN KEESE: Why don't we have the  
25 Chief Counsel's report? Do we have a Chief

1 Counsel's report?

2 MR. CHAMBERLAIN: A brief one, Mr.  
3 Chairman.

4 CHAIRMAN KEESE: Thank you.

5 MR. CHAMBERLAIN: Since the last meeting  
6 I believe you've all gotten copies of the filing  
7 that we made in the Sutter proceeding.

8 In addition, I wanted to bring to your  
9 attention that on September 28th the Western  
10 Interconnection Coordination Forum will be having  
11 a workshop in Las Vegas, Nevada. I believe this  
12 could be a fairly significant event. They're  
13 going to be discussing the proposed governance of  
14 the new Western Interconnection Organization that  
15 would take the place of WSCC and all the other  
16 alphabet soup entities.

17 There is -- for those who might want to  
18 attend, there is a 70-page document which we're  
19 all supposed to read in order to understand what's  
20 going on. And I can make that available to anyone  
21 who --

22 COMMISSIONER MOORE: Actually I think we  
23 already have that, counselor. I have one. I  
24 assume everyone else got one.

25 MR. CHAMBERLAIN: Okay. The only other

1 thing I would bring to your attention is a letter  
2 that I distributed to your offices, which I will  
3 be sending out later this week, assuming there are  
4 no problems with it. This is to the Redondo Beach  
5 developer related to the question of the  
6 Commission's jurisdiction over plants of various  
7 sizes.

8 CHAIRMAN KEESE: Thank you.

9 Mr. Rohy, Mr. Chamberlain, Commissioner  
10 Rohy submitted a letter to you about a month ago  
11 regarding testimony at siting hearings, and  
12 whether there was a difference between the  
13 testimony of applicants and the oral testimony of  
14 witnesses who merely appeared at the hearing.

15 And suggested that perhaps any testimony  
16 given --

17 MR. CHAMBERLAIN: Yes, I apologize for  
18 not having gotten back to you in writing on that.

19 VICE CHAIRMAN ROHY: Well, Bill, --

20 CHAIRMAN KEESE: I'm just asking either  
21 party if --

22 VICE CHAIRMAN ROHY: No, that's fine,  
23 because I think I know the answer. But --

24 MR. CHAMBERLAIN: I think the answer  
25 that you suggested is the correct one. The

1 Commission certainly can rely upon testimony, even  
2 if it's not by a party. Particularly if it's  
3 sworn. but even if it's not sworn, even if it's  
4 only a public comment, the Commission can rely  
5 upon it.

6           However, if it's not sworn and subject  
7 to cross-examination, then it is in the nature of  
8 hearsay. And the Commission cannot rely upon  
9 hearsay as the sole basis for a finding. But if  
10 it's cumulative to other testimony that has been  
11 subject to cross-examination, then certainly that  
12 can be considered part of the record.

13           VICE CHAIRMAN ROHY: Thank you.

14           CHAIRMAN KEESE: Thank you. I just  
15 wanted to close that issue.

16           COMMISSIONER PERNELL: Mr. Chairman, for  
17 my benefit, what was the question?

18           CHAIRMAN KEESE: The --

19           COMMISSIONER LAURIE: May I summarize,  
20 Mr. Chairman?

21           CHAIRMAN KEESE: All right.

22           COMMISSIONER LAURIE: During the course  
23 of siting hearings, Commissioner Pernell, there  
24 are actual parties to the proceeding, normally the  
25 applicant and intervenors.

1           And when they submit information they do  
2           so under sworn testimony like it's an actual  
3           trial; a very formal proceeding. And then in  
4           addition to that, neighbors or other interested  
5           parties participate and simply testify on the  
6           record.

7           The issue arose to me, and I think  
8           perhaps to others, is what weight can we or do we  
9           give to the testimony of the other participants  
10          that are not providing sworn testimony.

11          And the answer is you give them almost  
12          as much weight -- and, Bill, correct me if you  
13          disagree -- give them almost as much weight as the  
14          sworn testimony. That is, you don't ignore it.  
15          It is, in fact, part of the record. It cannot  
16          stand by itself.

17          So, if a neighbor stands up and says  
18          this thing is toxic, without any supporting  
19          evidence, then that should be given very little  
20          weight. As opposed to if a sworn witness gave  
21          that information, it would be given more weight.

22          Is that fair, Mr. Chamberlain?

23          MR. CHAMBERLAIN: Yes, I think you'd  
24          also want to evaluate what the qualifications of  
25          the witness are. Obviously, if they're, you know,

1 a chemical engineer and they're giving testimony  
2 that's relevant to their field, you would tend to  
3 give that more weight than if I gave that kind of  
4 testimony.

5 CHAIRMAN KEESE: The conclusion of  
6 which, in my mind, is that one does not have to  
7 become an intervenor in order to enter their  
8 testimony on the record.

9 MR. CHAMBERLAIN: That's right.

10 CHAIRMAN KEESE: They can be a member of  
11 the public, show up at the hearing, and make their  
12 statement about the high lines going over their  
13 house, or the plume that is visible, and that's  
14 acceptable in the record and can be considered by  
15 the Committee.

16 MR. CHAMBERLAIN: Yes.

17 CHAIRMAN KEESE: They don't have to  
18 become an intervenor.

19 Thank you.

20 COMMISSIONER PERNELL: Thank you, Mr.  
21 Chairman.

22 CHAIRMAN KEESE: Okay. Mr. Smith.

23 ACTING EXECUTIVE DIRECTOR SMITH: Yes, a  
24 couple of things. Regarding item 8, I apologize  
25 for your not being notified in advance that at the

1 utility's request it was put over. They requested  
2 additional time for preparation for that.

3 VICE CHAIRMAN ROHY: You know, Kent, I  
4 don't know if that was my mess-up or not. I don't  
5 think so. I shouldn't -- let the Commissioners  
6 know that the Energy Efficiency Committee has a  
7 meeting, I think it's tomorrow afternoon, with CB  
8 Board member representatives. It's a Committee  
9 meeting, so all officers are invited. And it's  
10 for the purpose of providing input into the report  
11 that is being prepared.

12 COMMISSIONER LAURIE: Could it be that  
13 somebody said we're having this meeting instead of  
14 the public presentation? Yes. I don't recall  
15 that, but it could very well have been my error.

16 ACTING EXECUTIVE DIRECTOR SMITH: Okay,  
17 well, we'll report to the Commission in terms of  
18 future status of that.

19 CHAIRMAN KEESE: Thank you.

20 ACTING EXECUTIVE DIRECTOR SMITH: The  
21 other thing I was going to mention before I  
22 introduce Don for a brief comment on the event  
23 tomorrow in San Diego, is that our budget  
24 proposals have moved on in the process to the  
25 Department of Finance.

1           However, resource agency is extending  
2 their policy review. I believe this is a good  
3 thing for us. The Department of Finance has  
4 fiscal concerns, as we're aware, the reserves in  
5 the energy surplus or energy surcharge account was  
6 relatively low.

7           A number of our proposals were for  
8 funding from other sources, including state  
9 general fund. Not unexpectedly the Department of  
10 Finance has some concerns about that.

11           We will report to you as soon as there  
12 are some decisions with regard to the package.  
13 But the package, itself, has moved on to the next  
14 step, and we're awaiting decisions on the policy  
15 side from resource agency.

16           The other thing we talked about earlier  
17 was --

18           CHAIRMAN KEESE: May I --

19           ACTING EXECUTIVE DIRECTOR SMITH: Yes.

20           CHAIRMAN KEESE: -- ask a question?

21           ACTING EXECUTIVE DIRECTOR SMITH: Sure.

22           CHAIRMAN KEESE: Briefly, have the  
23 issues regarding the payments to our account been  
24 resolved satisfactorily so that we can receive a  
25 report?

1           ACTING EXECUTIVE DIRECTOR SMITH: It's a  
2 continuing process. And there was one element of  
3 success that we reported to you awhile back.  
4 There's another separate element, so that our  
5 concerns about the revenue flow into the surcharge  
6 account are diminished. They're still there,  
7 we're still pursuing some issues with the Board of  
8 Equalization.

9           CHAIRMAN KEESE: For our next meeting,  
10 then, could you give us a report, either  
11 confidential or public, of the activities taking  
12 place in this sphere?

13           ACTING EXECUTIVE DIRECTOR SMITH: Yeah,  
14 I'll do that.

15           CHAIRMAN KEESE: Okay.

16           ACTING EXECUTIVE DIRECTOR SMITH: The  
17 next thing I wanted to do is to, well, hear a  
18 little bit more about the event in San Diego  
19 tomorrow.

20           CHAIRMAN KEESE: Mr. Kondoleon. Don, if  
21 the issue came up regarding the Otay Mesa and the  
22 reference that was made by the developer that  
23 there's going to be a meeting in San Diego on  
24 generation.

25           I indicated on another subject that you

1 had mentioned that you were going to be there, I  
2 believe, regarding the transmission aspects of the  
3 hearing, and working with the ISO.

4 And we also heard that I think Jeff  
5 Ogata is going to be there, also? A number of  
6 staff will be there.

7 So could you just inform us what the  
8 meeting is and what --

9 MR. KONDOLEON: Okay. Well, to my  
10 knowledge, what will be happening tomorrow is the  
11 ISO will be giving a public briefing on San  
12 Diego's reliability issues at Sempers Headquarters  
13 in San Diego tomorrow morning. The participants  
14 will be ISO staff and San Diego staff.

15 And they'll talk a little bit about the  
16 ISO's grid planning process, and then they will  
17 get into the details of the assessment studies  
18 that have been done specifically for San Diego.  
19 And they're supposed to highlight the needs of the  
20 area. These transmission assessments are the  
21 annual studies for the five-year horizon that are  
22 undertaken by the three PTOs, by San Diego, by  
23 Edison and by PG&E.

24 And specifically, as I said, they'll  
25 highlight the results of the transmission

1 assessments to date for the San Diego area. Now,  
2 those assessments which we participated in have  
3 identified a number of fixes that could take place  
4 in the San Diego area to increase their import  
5 capability.

6 I think most of us are well aware of the  
7 fact that there's been increased load growth in  
8 San Diego, but there hasn't been an accompanying  
9 increase in supply and generation in the area.  
10 And we do know that there are limitations in the  
11 amount of imports that can come into the area,  
12 both from the north, via the interconnection at  
13 the San Onofre nuclear power plant, and then their  
14 San Diego power link out to the east.

15 What have been identified through these  
16 planning studies were a number of, as I said,  
17 fixes. I'd note seven that have been noted here  
18 for the time horizon of June of 2000 to the year  
19 of June 2004. And, again, most of these are to  
20 increase the transfer capability from the north.  
21 And they'll give them a few hundred megawatts  
22 increase in transfers through that time period.

23 Most of these are just transformer  
24 additions, things that we call reinforcements.  
25 Substation capacity additions, things such as

1 that.

2           There has been identified a possibility  
3 of adding a 500 kV, which is, you know, a major  
4 transmission line that would link the Valley  
5 substation at the southern part of the Southern  
6 California Edison service territory to a new  
7 substation called Rainbow at the northern part of  
8 the San Diego Gas and Electric service territory.

9           Now, this has been identified as a  
10 potential project that could help overcome this  
11 import capability problem that they're now  
12 realizing. However, it's not expected that this  
13 line would be brought into service within the  
14 five-year time horizon. So we're looking at  
15 something close to 2004.

16           So, basically my understanding is that  
17 Terry Winter at the ISO, along with the San Diego  
18 Staff, will be discussing the results of the  
19 studies and what sort of fixes. As I said,  
20 there's three that have been identified. They  
21 could be on-line as early as June of 2000. A  
22 couple more in June of 2001. One in June of 2002.  
23 Another in June of 2004.

24           And how those wuld proceed through the  
25 process of having those go for approval before the

1 ISO Board, and then ultimately be funded and  
2 constructed in the timeframes identified.

3 I'm really not aware of any other  
4 discussions on the generation front. I know there  
5 has been some discussions by Al Thompson, here,  
6 earlier, but I don't know if there's going to be a  
7 presentation made on that. It's not noted on the  
8 agenda that I have.

9 And, as I said, I think this information  
10 is consistent with the discussions I've had with  
11 the ISO Staff in regard to this matter.

12 CHAIRMAN KEESE: Thank you. I'm sure  
13 that since this has been brought to the  
14 Commission's attention, we'd appreciate a report  
15 on the meeting.

16 Is that satisfactory to everybody here?  
17 Okay, thank you.

18 Mr. Smith, did you have anything else?

19 ACTING EXECUTIVE DIRECTOR SMITH: No,  
20 that's all.

21 CHAIRMAN KEESE: The Public Adviser  
22 joined Commissioner Moore and I at Moss Landing  
23 last night, and stopped off in Pittsburg to deal  
24 with an intervenor in the Delta case, and is not  
25 here today.

1 Do we have any public comment at this  
2 time? We're open to public comment.

3 Commissioner Rohy.

4 VICE CHAIRMAN ROHY: Mr. Chairman, I'd  
5 just like to mention that the conference that you  
6 and I attended last week in Oakland, the Fourth  
7 Biomass Conference of the Americas, was hosted by  
8 the Energy Commission, and was, in my opinion,  
9 after talking to several of the attendees, a  
10 tremendous success.

11 We had approximately 500 to 600  
12 attendees from around the world. And the people I  
13 talked to felt they got their money's worth from a  
14 very expensive conference. They paid over \$700 to  
15 register for this. So that they paid a lot, they  
16 got a lot.

17 And I want to specifically thank Val  
18 Tiangco of our staff who was leading the effort to  
19 make it a successful conference, and all the other  
20 staff members. I'll mention a few: Susan  
21 Patterson, Jennifer Williams, Bob Hare. I know  
22 there were a lot others who made this conference a  
23 success.

24 The attendees went away very happy that  
25 they had gotten their money's worth. And I want

1 to thank our staff for that.

2 CHAIRMAN KEESE: Thank you. And I would  
3 share, I attended a portion of that conference and  
4 was impressed with the quality of the  
5 participants, both in attendance and the  
6 presenters were outstanding. But the participants  
7 also were very high level.

8 Any other comments from Commissioners?

9 VICE CHAIRMAN ROHY: Mr. Chairman, just  
10 briefly, a couple weeks ago Commissioner Moore  
11 brought up the issue of intervening status, and  
12 potential issues that may arise as the result of  
13 increasing numbers of cases.

14 That matter had been discussed briefly  
15 by the Siting Committee some time ago. But we  
16 have agendized it again for discussion tomorrow  
17 morning.

18 So if you would notify your appropriate  
19 staffs and insure attendance, I think it would be  
20 helpful.

21 CHAIRMAN KEESE: Thank you. Meeting's  
22 adjourned.

23 (Whereupon, at 10:55 a.m., the Business  
24 Meeting was adjourned.)

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## CERTIFICATE OF REPORTER

I, VALORIE PHILLIPS, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Business Meeting; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said business meeting, nor in any way interested in the outcome of said business meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of September, 1999.

*Valorie Phillips*

VALORIE PHILLIPS