BUSINESS MEETING

BEFORE THE

CALIFORNIA ENERGY RESOURCES CONSERVATION

AND DEVELOPMENT COMMISSION

In the Matter of:)
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Business Meeting)
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SACRAMENTO, CALIFORNIA

WEDNESDAY, FEBRUARY 27, 2008

10:03 A.M.

ORIGINAL

Reported by:
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Contract Number: 150-07-001

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Marni Weber, on behalf of
Legislative Director Smith

Harriet Kallemeyn, Secretariat

Garret Shean

Lisa DeCarlo

Jim Holland

Karen Perrin

Kelly Birkinshaw

Allan Ward

Cheryl Raedel

Mark Hutchison

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Nick Bartsch

ALSO PRESENT

Scott Galati, Attorney
Galati and Blek, LLP

ALSO PRESENT

Victor Yamada
Edison Mission Energy

Mohsen Nazemi, Assistant Deputy Executive Officer
South Coast Air Quality Management District

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P R O C E E D I N G S

10:03 a.m.

CHAIRPERSON PFANNENSTIEL: This is the Energy Commission business meeting. Please join me in the Pledge of Allegiance.

(Whereupon, the Pledge of Allegiance was recited in unison.)

CHAIRPERSON PFANNENSTIEL: There are a couple changes to this morning's agenda. Item number 3 has been put off to the March 12th business meeting. Item 4 is moved to the April 2nd business meeting. And item 10 is moved to the March 12th business meeting.

And let me just note, as I do this, that, in fact, the business meetings in March and April are a little off synch from our usual every two weeks. So please make sure that you note that there's, I think, only one in March and three in April. So people who come regularly should make sure you check out the right schedule of that.

With that, the consent calendar.

COMMISSIONER ROSENFELD: I move the consent calendar.

COMMISSIONER BYRON: I'll second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Consent calendar is approved.

Item number 2, the possible adoption of the Presiding Member's Proposed Decision and Committee errata on the Walnut Creek Energy Park. Mr. Shean, good morning.

MR. SHEAN: Good morning, Commissioners. The Committee is bringing before you its Presiding Member's Proposed Decision, a revision and three errata. What I propose to do for you is give you a brief explanation of how we've gotten where we've gotten, where we are recommending approval of this project, both for your own sake as well as, I think, the record, given the number of changes that have occurred.

Following evidentiary hearings in the summer of 2007 the Committee released its Presiding Member's Proposed Decision which you have here. And based upon the record we had developed at the time, it appeared that given the unique and ultra-modern technology this project using the GE LMS1000, that there was the potential for the operation of this facility into the overnight hours, given its high efficiency based

upon testimony we received from the staff.

During the public comment hearing on the PMPD it became clear that the staff's testimony with regard to the capacity factors of the project had assumed that it was a combined cycle and not a simple cycle project.

As a result staff revised their capacity factor number down to basically where the applicant had come in at something not greater than 40 percent.

As a result of that it became clear that the noise issue, which the City of Industry is basically located between two portions of the unincorporated portion of Los Angeles County, where there are residents, that the noise issue had largely gone away. But neither the Commission Staff nor the applicant could say that there would never be the operation of the project into the evening or what generally are considered some portion of the four consecutive quietest nighttime hours.

As a result the applicant offered what Mr. Galati had termed a belt-and-suspenders approach to the potential, given it a very small potential, that there would be such nighttime

operation. And it basically has led to modification of the conditions which are found in a document that's called the revision to the Presiding Member's Proposed Decision.

And that revision essentially was that the applicant offered, in the event of a legitimate complaint by a resident who is near the monitoring stations on either side essentially of the project north and south, if there was a legitimate complaint the applicant would initially determine whether or not the project was operating within its design specifications.

And if it were, it would, working with the owner of the property, work out an offsite mitigation which we have used in several cases here, though not frequently. But there are some, SMUD, and I think Sutter. In an attempt to satisfy the owner of the property so that any future operation of the project under those circumstances would not cause a noise complaint.

And in addition to that, what the Committee and the applicant and the staff did was to indicate that should that complaint not be resolved, and should there be an instance of that evening or late nighttime operation, that the

applicant would limit the noise produced by the facility to 49 dba.

And that the sole exception to that limitation would be circumstances under which the project was dispatched in order to avoid a ISO-declared electrical emergency, or it were being operated during such an emergency.

We have gone through, in errata number 1 and number 2, refinement of that concept. And I think it now is to the satisfaction of both the applicant, staff and clearly the Committee.

I should indicate, too, that in October when we were prepared to come to the full Commission with this for a vote, that meeting had followed by about six weeks the adoption by the South Coast Air Quality Management District of its new rule 1309.1.

As a result of that adoption, at the October 10th business meeting, Mr. Nazemi, who is here today and is from the South Coast Air Quality Management District, had indicated to the Commission that in the District's view the better course was to allow the District to revise its final determination of compliance.

It has done that, and on January 21st of

this year, it promulgated its addendum to the final determination of compliance which, for the District, itself, started two different comment periods. One, their own 30-day comment period; and under Title 5, a federal program, a comment period that initially had a period for the requesting of a hearing. And if that hearing were granted, a 30-day comment period after that.

Apparently, based upon the comments by the District at our February 21st hearing, which was essentially to bring ourselves up to date and find out where we were and then package this thing appropriately, the District indicated that there had been only comments from the applicant and from the USEPA.

We then have received a letter dated February 22nd from Mr. Nazemi indicating those changes that they were going to make to the addendum as a result of responding to the comments of the EPA.

We have embodied in the third errata the changes resulting from three of the five comments that were received by the federal EPA. The remaining two are not necessary to make our conditions either address something different, or

in some way are not applicable.

But I think where we are, that therefore in summary and conclusion, is that, taken together, the PMPD, the revisions to the PMPD and the first, second and third errata, if viewed in succession, bring us to the point where this project now is fully mitigated with respect to noise, and fully complies with all the applicable rules and regulations related to air quality. And is, therefore, ready for your consideration and possible adoption.

CHAIRPERSON PFANNENSTIEL: Thank you, Mr. Shean. Mr. Galati, do you have any comments?

MR. GALATI: Scott Galati on behalf of Edison Mission Energy; and with me is Vic Yamada with Edison Mission Energy.

We'd like to thank the Committee for all of its hard work. We agree with Mr. Shean's characterization as well as the conclusion that the record in front of you, up through the third errata, will satisfy the Commission's requirements to approve the project. And we ask your approval.

CHAIRPERSON PFANNENSTIEL: Thank you. Ms. DeCarlo, any comments?

MS. DeCARLO: Thank you, Chairman and

Commissioners. Lisa DeCarlo, Senior Staff Counsel. Just want to say that we believe that the third errata accurately incorporates the proposed changes by the South Coast Air Quality Management District in response to USEPA's comments.

And that these changes are not substantial and do not affect staff's conclusions that the project will comply with all applicable LORS, and will not result in any unmitigated significant adverse environmental impacts.

And we support adoption of the proposed PMPD with the revisions and the three errata.

CHAIRPERSON PFANNENSTIEL: Thank you. Mr. Nazemi, since you traveled here to share your support, I believe, of what's in front of us, why don't we hear your comments.

MR. NAZEMI: Good morning. Thank you, Commissioner, and good morning to all. I think Mr. Shean summarized our position accurately with respect to where we stand, and is correctly stated as of February 22nd, last Friday, we made a final determination of compliance for Walnut Creek project relative to the latest amendments to our rule 1309.1, which is priority reserve rule.

I just was attempting to come here to, first of all, make sure if there are any questions, I can answer, since this is the first project going through with the new 1309.1.

And also to let you know where we go from here. The project also needs to obtain a Title 5 permit to construct from South Coast Air Quality Management District.

And as part of our Governing Board-adopted rule 1309.1, in order for the applicant to be able to obtain their priority reserve credits or offsets from the District, there are two conditions that have to be met.

One of them is for the Energy Commission to issue their license. And the second is that the applicant obtain a long-term power purchase agreement contract with the local utility or the state.

And for the second condition the applicant can actually choose to go back to our Governing Board and request a waiver of the long-term contract.

But I just want to make sure that we need the CEC license before we can issue our Title 5 permit, and the applicant needs to either get a

long-term contract or get a waiver from our Board for the long-term contract.

CHAIRPERSON PFANNENSTIEL: Thank you, Mr. Nazemi. So this is the first in the state to go through the process under your revised rule?

MR. NAZEMI: Under the, right, August 3, 2007 revised rule, this is the first one going through.

CHAIRPERSON PFANNENSTIEL: Thank you. Commissioners, other questions on this project? None.

Well, since I am the remaining Committee on this project, why don't I go ahead and move the approval then.

COMMISSIONER DOUGLAS: I'll second.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: It's been approved. Thank you all very much.

MS. DeCARLO: Thank you.

MR. SHEAN: Madam Chair, Members of the Commission, this is my farewell to you, my last case. Finished before my last day on payroll, I want to bid you farewell, arrivederci, and thank you.

CHAIRPERSON PFANNENSTIEL: And to you, thank you, Mr. Shean.

COMMISSIONER BYRON: Good luck --

MR. SHEAN: And I have a signature page prepared for you --

CHAIRPERSON PFANNENSTIEL: Yes, I have it and I will circulate it.

MR. SHEAN: All right, thank you.

CHAIRPERSON PFANNENSTIEL: Thanks.

We then move on to item 5, possible approval of a $330,000 loan to the City of Lynwood to upgrade the City's traffic signals from incandescent to light emitting diode technology. Mr. Holland, good morning.

MR. HOLLAND: Good morning, Madam Chairman and Commissioners. I'm Jim Holland from the public programs office. And I am seeking approval of a loan to the City of Lynwood for $330,000 for that City to retrofit their traffic signals from incandescent lamps to LED technology.

This loan will provide the funds for a citywide traffic signal retrofit where the current incandescent bulbs at 55 street intersections will be replaced with light emitting diode modules.

This retrofit includes yellow, green and

pedestrian lamps throughout the City, and some of the red lamps. These upgrades are estimated to save 426,371 kilowatt hours per year; have a 48.7 kilowatt demand reduction.

This project is estimated to reduce greenhouse gas emissions by approximately 174 tons of carbon dioxide annually. And the City expects to see $44,679 in annual cost savings as a result of this retrofit.

The total project cost is $330,000, which will be reduced by utility rebates estimating $21,000. The project is consistent with the 2007 Integrated Energy Policy Report to capture and implement cost effective energy efficiency projects.

This loan has been approved by the Efficiency Committee. And with that, I ask your approval of this loan.

CHAIRPERSON PFANNENSTIEL: Thank you. Are there questions?

COMMISSIONER ROSENFELD: Jim, I have just a numerical question for you. The payback time is kind of long. On the next item the payback time is only three years.

MR. HOLLAND: Yes, sir.

COMMISSIONER ROSENFELD: How come this is seven years?

MR. HOLLAND: The reason is for that in many cases the City does their own labor at a much cheaper rate. In this case they need to contract out the labor. So although the LED modules, themselves, are the same as other projects that we've seen come before the Commission, in this case Lynwood is actually having to hire out for contractors to do the change. And the hourly rate is much higher.

However, it's still well below the payback.

COMMISSIONER ROSENFELD: No, sure, it's a good idea. But I was of the impression that the labor costs weren't really very large because traffic lights only last like a year or two, and one has to go out and replace the lamps anyway. And so changing the module wouldn't be that much extra cost.

MR. HOLLAND: Yes, sir. For this project, going out throughout the City and charging -- changing the lamps, we estimate an hourly cost for this at 43.75, $43.75 an hour. In past cases we've actually used approximately $34

or $35 per hour.

So it's that contract cost of going out all at one, not necessarily because the lamps need to be changed, but to retrofit to LEDs that's giving us one-time higher costs.

COMMISSIONER ROSENFELD: Oh, okay, sounds fine. I move the item.

CHAIRPERSON PFANNENSTIEL: Is there a second?

COMMISSIONER BYRON: Second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: It's approved, thank you, Jim.

MR. HOLLAND: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 6, possible approval of a $607,466 loan to the City of Chula Vista to upgrade lighting, improve HVAC systems and install variable speed drives for chilled water, hot water and air handling systems at six City facilities. Good morning.

MS. PERRIN: Good morning, Commissioners. My name is Karen Perrin; I'm with the public programs office.

This new loan before you today will help

the City of Chula Vista with its goal of improving energy efficiency at its facilities.

The project consists mainly of mechanical and lighting systems and will affect six of its facilities. The total project cost is estimated at $810,601 and the utility, San Diego Gas and Electric, will provide an estimated $203,155 in rebates. The balance of the loan will be $607,446.

These projects will save the City about $180,000 annually and result in a simple payback of 3.4 years after the rebate. These projects will also meet the state's energy efficiency goals and reduce greenhouse gas emissions by 558 tons per year.

The loan is consistent with the CEC's 2007 Integrated Energy Policy Report to reduce energy and greenhouse gas by implementing cost effective energy projects.

And engineers from the Center of Sustainable Energy, formerly the San Diego Regional Energy Office and Energy Commission, have evaluated all the energy cost savings calculations and determined that this loan is technically feasible and meets all requirements for a loan

under the Energy Conservation Assistance Act.

This item has been previously approved by the Efficiency Committee. And staff is seeking your approval on this item.

CHAIRPERSON PFANNENSTIEL: Thank you. Are there questions?

COMMISSIONER ROSENFELD: I move the item.

COMMISSIONER BYRON: I'll second it with a question. Commissioner Rosenfeld, have we blanketed all the cities yet in the state with these LED lights?

COMMISSIONER ROSENFELD: Well, you know, I thought we had and they keep cropping up. Maybe Jim Holland can answer that.

COMMISSIONER BYRON: Do we know how many cities we've covered at this point? Would you track --

MR. HOLLAND: I'm sorry, sir, I don't have the statistics on it, but I know most of them have been done. And it's the latecomers to the party, the regulations party, that are realizing that their supply of incandescent bulbs has dried up. And that they need to hurry up and get LEDs, and while they're at it, they might as well use

our funds to do it because they may not have budget for it.

You know, they put it off and put it off, and now they're finding all sources of incandescent traffic signal lamps used up or hoarded by other larger entities. And they're just at a point now where they have to use the LEDs. And they may not have funds, which is beneficial for our loan program.

COMMISSIONER BYRON: Okay, thank you. Did you want to add something?

MS. PERRIN: Yeah, I wanted to add that the Chula Vista loan is not for the traffic signals; this one is for their lighting and HVAC.

COMMISSIONER BYRON: Right, right. Well, thank you very much.

MS. PERRIN: Thank you.

COMMISSIONER BYRON: And there was a second in there.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Thank you, both.

Item 7, possible approval of an interagency agreement with the Department of Water

Resources to indemnify DWR in connection with the Rosetta Resources CO2 storage project planned for DWR's Grizzly Slough property. Thank you. Kelly. Good morning.

MR. BIRKINSHAW: Good morning, Commissioners. For the record I'm Kelly Birkinshaw with the R&D division. And what we're asking for is your consideration of a legal agreement with the Department of Water Resources that would allow us to go forward with the pilot scale geologic sequestration demonstration just west of here in Rio Linda under Western Regional Carbon Sequestration Partnership.

As you may recall earlier discussions on this, we have two demonstration projects under phase two, one of which is just outside of Rio Linda, to put into the ground into a depleted natural gas field, and then even deeper, a saline formation, a small amount of CO2 to demonstrate the technology and to show that we have the ability to predict the ultimate fate of the CO2 under this type of sequestration.

The project site happens to be located on property owned by the Department of Water Resources and so we need an agreement with them

for site access and to do this project.

Allan Ward, Staff Counsel, has been working with his counterparts at the Department of Water Resources. And I think we've reached some closure on a possible agreement.

I think I'd like to turn it over to him now, unless there are some questions. We can talk more about the specifics of that agreement.

MR. WARD: Good morning, Chairman Pfannenstiel and Commissioners. Allan Ward from the Commission's legal office.

I would like to go through some of the provisions today, but I should make clear that my role is not to recommend or not recommend this particular agreement. I'm just here to clarify what the provisions are because I'm not a carbon sequestration expert. So you get both of us. Kelly can't explain the provisions; I can't explain the technical. So we're tag-teaming this.

This is a 20-year agreement which is a long time, but it is a vast improvement over the original agreement that DWR sent over, which was for an indefinite period of time. So we were able to negotiate it down to 20 years.

This agreement would obligate the Energy

Commission to indemnify and hold harmless DWR, its officers and employees for any personal injury or property damage that might occur under this project.

Even though that's sort of the bad news, that it's a 20-year agreement and it is an indemnity and holding DWR harmless, it should be noted that there are specific restrictions that I think are important to note.

First of all, this is specifically restricted to personal injury and property damage. Now, obviously in lawsuits those can be very large damage-type of awards. However, it is restricted to those two types, and it doesn't cover things like contracts.

There's going to be a separate contract between the Department of Water Resources and the other WestCarb members that the Commission will not be a party to. And if there's any problems with that contract, or any other contractual arrangements between DWR related to the property and this project, the Energy Commission would not be responsible for any of those losses or damages.

This agreement is specific to DWR, its officers and employees, and does not cover any of

its contractors. It also cannot be assigned without the Commission's approval at another business meeting to any other entity. Thus if the property is sold to any other entity, it would not transfer to them.

It only applies to this small-scale test. If the small-scale test is successful as anticipated, there might be a desire to go ahead and conduct a much larger scale test on the property. This indemnity agreement does not cover anything else other than this very small-scale test. Anything for anything else would have to be negotiated further.

I think one of the most important ones is that the agreement is limited by a provision that indicates that if it's DWR, itself, through its own actions that causes the loss or the harm, the Energy Commission has no responsibility to pay for those damages, as well.

I would also like to point out that separate from this agreement the other agreement that's in the works between the Department of Water Resources and the other WestCarb members will also have indemnity provisions. So those other entities will also be under the same type of

responsibility.

What this means is that even though DWR could act under its rights under either agreement, the most likely result would be if there was any damages or results that the Commission might be liable through this agreement, those other parties would also be liable. So there would be a shouldering of the burden.

I in no way want to diminish the fact that this is a 20-year agreement with uncertain legal liability, but I do want to point out that all that DWR is doing is granting access to the land. Through agreements already in place the Energy Commission has already taken on the responsibility for managing and funding this work.

Therefore, the Energy Commission's already assumed a certain level of risk related to this project. And it is unlikely, at least as far as I could tell, given the respective responsibilities of DWR and the Energy Commission, that if anything did happen of a legal nature, that we would not be a party to that action versus DWR.

And with that, we can open it up to questions on both the provisions and the technical

aspects of the project.

CHAIRPERSON PFANNENSTIEL: Are there questions?

COMMISSIONER ROSENFELD: Yeah, Allen, I read this stuff last night, and I'm mystified. I don't really have a clue as to what sort of risk we're thinking about.

Can you or Kelly give an example of what could go wrong and what we might be in for?

MR. BIRKINSHAW: Well, there are, you know, some industrial processes that need to occur to facilitate this project in the sense that we're going to need to bring large drill rigs onsite. They need to drill into the formations. And then we'll have roughly 100 trucks of liquified CO2 brought in to --

COMMISSIONER ROSENFELD: Inject.

MR. BIRKINSHAW: -- inject into the formation. So, I guess if I had to guess, it would be during that industrial phase of this project is where there would be risk.

On the other hand, we are contracting with reputable service providers who have considerable experience in these kinds of operations. And, in fact, I think contractual

requirements mandate that they have their own insurance for these kinds of things, as well.

Beyond that, there will be scientists onsite to monitor the plume of CO2 with various instruments. But that's a fairly benign activity, I would say. Though I guess it's always possible for someone to trip over a rock or, you know, hurt themselves in some other way while they're on the site.

Beyond that, it comes down to what you think the risks will be associated with the CO2, itself. Our modeling suggests that the plume will extend perhaps 100 feet or 200 feet beyond the injection level, itself. And is a relatively small amount of CO2, given the volume of the reservoir.

It is possible that you could have a leak of the well casing. There really aren't any contained areas where it could accumulate and become dangerous, however.

And so we don't see really any particular risk associated with even the long-term storage of this amount of CO2 at this location.

COMMISSIONER ROSENFELD: Thank you.

COMMISSIONER BYRON: Would the

monitoring continue during that 20-year period?

MR. BIRKINSHAW: No. We expect to be onsite to verify the modeling; in fact, I would have to say I think that is one of the primary objectives. To do this kind of a test in-field, to demonstrate, validate our ability to predict the CO2.

Once we've done that, when we're fairly certain that we have a good predictive model, we would vacate the site.

I think it's important to remember that it is virtually impossible for an explosive release of CO2. And so what we're talking about is a very small leak, in the worst case. And it's a gas that we all breathe and are doing so right now.

If there's no place for it to accumulate, and that is virtually the case here because it is an agricultural area, then there really is very little potential for at least harming the public or other flora and fauna around the area.

COMMISSIONER DOUGLAS: Now, Allen, my understanding from our briefing yesterday is that the fact that we are funding this project and

managing the contracts, making the contracts to have this project undertaken means that we are potentially liable for things going wrong, for anything that might go wrong in any case.

MR. WARD: Yes.

COMMISSIONER DOUGLAS: So is it fair to say that the additional potential liability from this item really is just that we're saying that DWR would not be available to share the burden if there were a lawsuit coming out of this project?

MR. WARD: That's a fair characterization of it. I tried to think of circumstances in which only DWR might somehow be responsible. But once I added the provision that said if they're negligent or their own acts cause the harm, we're not responsible, it was hard for me to think of any.

COMMISSIONER DOUGLAS: I think this is, while not sort of agreement that I hope we do often, not a very serious expansion of liability we had taken on anyway when we decided to do the project. And I also think it's a very important project.

COMMISSIONER BYRON: Absolutely.

CHAIRPERSON PFANNENSTIEL: Is that a

motion?

COMMISSIONER DOUGLAS: I'll move this item.

COMMISSIONER ROSENFELD: Second.

COMMISSIONER BYRON: And if I may add just as well, you know, attorneys abhor uncertainty, and I appreciate your concern. But, you know, carbon capture and sequestration R&D is extremely important. And it's part of -- my advisors remind me, it's part of the wedge of miracles that's necessary to reduce CO2 in the long run.

So, we've got to take some risk at sometime. I agree with my fellow Commissioner Douglas that this is a very low risk item. And I, too, support this.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Thank you very much.

MR. BIRKINSHAW: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 8, possible approval of contract 200-07-006 for $45,000 with the Governor's Office of Planning and Research to provide writing and research services

for planning and policy discussion documents on the state's energy issues. Good morning.

MS. RAEDEL: Good morning, Chairman and Commissioners. I'm Cheryl Raedel of the contracts office. And I'm requesting approval of the Commission's annual agreement with the Governor's Office of Planning and Research for $45,000.

This agreement provides writing and research services from the Governor's Office. And it's the type of agreement that is shared by all agencies underneath the resources branch.

So, that said, I would thank you for your consideration of this agreement.

CHAIRPERSON PFANNENSTIEL: Is there a motion?

COMMISSIONER ROSENFELD: I move it.

COMMISSIONER BYRON: Second.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Thank you.

MS. RAEDEL: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 9, possible approval of transfer of -- and this is a change in the dollar amount from what is in the agenda -- $461,681,784 from the new renewable

resources account funds to California Electrical Corporation serving customers subject to the renewable energy public goods charge. Mr. Hutchison, good morning.

MR. HUTCHISON: Good morning, Chairman and Commissioners. I am Mark Hutchison with the renewable energy office.

The item before you returns, as you mentioned, $461,681,784 to Pacific Gas and Electric, Southern California Edison, San Diego Gas and Electric and Golden State Water Company doing business as Bear Valley Electric, pursuant to the requirements of SB-1036.

Among other things, SB-1036 abolishes the new renewable resources account and the renewable resources trust fund and transfers the funds from the account to the utilities.

These funds were primarily collected between 2002 and 2007, which we commonly refer to as the RPS SEP phase, supplemental energy payments. And that totaled about $430.8 million.

In addition to that, there was another $49 million and some change that was collected prior to 2002. That essentially was two canceled projects, two projects that we recently canceled.

I would like to note that the amount proposed for transfer to the utilities has been reduced by $18.2 million. This is the amount of the remaining loan to the general fund that dates back to 2002.

Once or if the general fund repays this loan, these funds will be transferred back to the utilities under the same methodology.

This item has been approved by the Renewable Committee, and your approval of this transfer is requested. And myself and Madeline here are available to answer any questions.

CHAIRPERSON PFANNENSTIEL: Thank you, Mark Just to be clear, this is the end of the supplemental energy payment program, right? So now the funds go back --

MR. HUTCHISON: Correct.

CHAIRPERSON PFANNENSTIEL: -- to the utilities from whence they came through their public goods charge. And any subsidy for renewables projects will be done through the utilities directly rather than through the Energy Commission?

MR. HUTCHISON: Correct. In fact, moving forward beginning this January of 2008, the

revenues coming into the renewable resource trust fund have been reduced by 51.5 percent, which reflects the fact that we will not be handling the new generation supplemental energy payment program.

CHAIRPERSON PFANNENSTIEL: Right. So maybe this will fix the RPS. Are there other questions?

Is there a motion?

COMMISSIONER ROSENFELD: I move it.

COMMISSIONER BYRON: I'll second, moving this, you know, half-a-billion and change item.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Thank you.

MR. HUTCHISON: Thank you.

CHAIRPERSON PFANNENSTIEL: Minutes, approval of the minutes of the February 13th business meeting.

COMMISSIONER ROSENFELD: I move the minutes.

COMMISSIONER DOUGLAS: Second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: The minutes

are approved.

Any Commission Committee presentations or discussions? None.

Chief Counsel report, Mr. Chamberlain.

MR. CHAMBERLAIN: Madam Chairman, I need a brief closed session with the Commission to discuss two litigation matters which we provided a memo on.

CHAIRPERSON PFANNENSTIEL: Thank you. Executive Director's report.

MS. CHANDLER: I have no report, thank you.

CHAIRPERSON PFANNENSTIEL: Thank you. Leg?

MS. WEBER: Good morning, Chairman and Commissioners. As you know this last Friday was the deadline for bill introduction in the Legislature. And the Commission now has an additional 125 bills approximately to take a look at that deal with energy issues. This makes our total for the two-year session around 180 bills.

These bills can be heard in policy committee as early as March 17th, so the Resources Agency has requested analyses on 25 bills that are due to them within the next two weeks. So I

imagine the OGA is going to be keeping staff very busy looking at bill analyses.

Approximately half the bills that were introduced this past year deal with alternative fuels and renewables. So you can see where the Legislature is going.

As far as upcoming hearings there's a joint hearing in the Assembly Natural Resources and Senate Subcommittee on Alternative Energy on March 3rd that's going to look at the implementation of AB-32. I don't believe we're going to be highly involved in that one.

On March 4th there's a hearing in the Senate Energy Utilities and Communications Committee. This one is going to deal with an informational hearing on direct access. Again, the CEC is not going to be directly involved in this one.

Then on March 10th we have the Assembly Utilities and Commerce, an information hearing on integration of renewable resources for California's electricity system and greenhouse gas reduction goals in the energy sector.

On March 10th is the Senate Energy and Utilities and Communications Committee, an

informational hearing on transmission and delivery of renewables. We had staff meet with the committee consultants on that yesterday afternoon; and they're developing the agenda for that. So hopefully we'll have more information for you in the next business meeting.

COMMISSIONER BYRON: Marni, excuse me, was that last one you mentioned March 10 or March 11?

MS. WEBER: March 11th is the Senate Energy and Utilities.

CHAIRPERSON PFANNENSTIEL: Would you put this in just a note to the Commissioners so that we have in front of us the upcoming hearings, dates, committees, role that we might play? I think it's just helpful if we kind of have it in front of us.

MS. WEBER: Certainly, I'd be happy to.

CHAIRPERSON PFANNENSTIEL: Thank you. Anything else?

MS. WEBER: That's it.

COMMISSIONER BYRON: Wow.

CHAIRPERSON PFANNENSTIEL: One hundred and eighty bills.

MS. WEBER: A hundred and eighty bills.

CHAIRPERSON PFANNENSTIEL: I don't know why you guys are here; you should be up there to sort through them.

(Laughter.)

CHAIRPERSON PFANNENSTIEL: Public Adviser report.

MR. BARTSCH: Madam Chair, Members, Nick Bartsch here representing the Public Adviser's Office. We don't have anything new for you at this time. Thank you.

CHAIRPERSON PFANNENSTIEL: Thank you. Public comment, any further public comment? Anybody on the phone, Harriet? None.

We'll be adjourned.

(Whereupon, at 10:42 a.m., the business meeting was adjourned.)

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CERTIFICATE OF REPORTER

I, PETER PETTY, 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 meeting, nor in any way interested in outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of February, 2008.