

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY COMMISSION

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DATE	SEP 15 2010
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In the Matter of:)
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Business Meeting)
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CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, SEPTEMBER 15, 2010

10:00 A.M.

 ORIGINAL

Reported by:
Kent Odell

COMMISSIONERS PRESENT

Karen Douglas, Chair
Jeffrey D. Byron
Robert Weisenmiller
Anthony Eggert

STAFF PRESENT

Melissa Jones, Executive Director
Levy, Chief Counsel's Office
Jennifer Jennings, Public Advisor
Harriet Kallemeyn, Secretariat
Claudia Chandler, Chief Deputy Director

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P R O C E E D I N G S

SEPTEMBER 15, 2010 10:05 a.m.

CHAIRPERSON DOUGLAS: Good morning. Welcome to the California Energy Commission Business Meeting of September 15th, 2010.

Please join me in the Pledge.

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

CHAIRPERSON DOUGLAS: Item 1. Solar Power, Inc. Possible approval of Agreement 001-10-CEB -

MS. JONES: Madam Chairman?

CHAIRPERSON DOUGLAS: Yes.

MS. JONES: We have Superior Accomplishment Awards.

CHAIRPERSON DOUGLAS: Ah, we have Superior Accomplishment Awards. Well, before we take up Item 1, Ms. Jones, please present the Superior Accomplishment Awards.

MS. JONES: Good morning. We only have a few today. As you know, the State has a program that allows us to give Superior Accomplishment Awards to staff who make excellent contributions to improving State Government. Today, it is my pleasure to give awards to four people. Our first Awardee is Larry Rillera. Larry has shown superior accomplishment and outstanding

1 abilities by taking on increased responsibilities in the
2 development of the Energy Commission's new Local Energy
3 and Land Use Assistance Unit, and an involvement with the
4 ARRA Programs. He played a key role in developing the
5 Energy Commission's new Local Energy and Land Use
6 Assistance Unit, he provided valuable insight and
7 perspective on the development of a strategic plan to
8 define a course of action, to implement the land use
9 directives contained in the 2006 and the 2007 Integrated
10 Energy Policy Reports. Similarly, with his efforts, the
11 Energy Commission has had a seat at the table with the
12 Strategic Growth Council and is able to promote the
13 Energy Commission's interests as the Council develops its
14 policies. So, Larry, it is my pleasure. [Applause]

15 Great. Deborah Godfrey is our next Awardee.
16 Deborah Godfrey was central to the Energy Commission's
17 ARRA Program. She was able to help us launch the program
18 for Small Jurisdiction Block Grants, as well as to
19 provide liaison with the Department of Energy on both
20 EECEBG, which is the Energy Efficiency Block Grants and
21 the State Energy Program, the SEP Program, while writing
22 both of the plans for those programs, as required by the
23 Department of Energy. Her performance on the Programs
24 required both ongoing efforts to assist jurisdictions in
25 overcoming barriers to participation, as well as

1 incidents of outstanding effort to bring remote
2 jurisdictions into the program. The program has had
3 excellent participation among far northeastern
4 jurisdictions. I am very happy to give this award to
5 Deborah, and it is my pleasure to now award you this.
6 [Applause]

7 Thank you. And our next Awardee is John
8 Butler. John Butler was central in the Energy
9 Commission's being able to launch the Small Jurisdiction
10 Block Grant Program, as well as providing additional
11 liaison work with the Department of Energy on both the
12 Block Grant Program and the SEP Program. He helped to
13 write both of the plans that were submitted to the
14 Department of Energy. Without Mr. Butler's energy and
15 willingness to solve problems as this program has
16 developed, and has been implemented, the Energy
17 Commission could not meet the DOE's May 2010 deadline
18 with this program design. His work is making it possible
19 to assist over 200 small jurisdictions, improve their
20 energy efficiency, and provide jobs to accomplish this
21 work. So, it is my pleasure to give you this, John.

22 [Applause]

23 And our last recipient today is John Sugar.
24 John Sugar developed several teams and provided oversight
25 and crucial guidance to ensure the development of these

1 three innovative economic stimulus programs. The
2 programs included a new \$29 million Energy Efficiency and
3 Block Grant Program, a \$25 million State Energy Program,
4 Energy Conservation Assistance Account Program, for low
5 interest and energy efficiency loans, and a \$30 million
6 Clean Energy Business Financing Program. John has
7 performed exceptionally well in managing, organization,
8 and completing tasks under very tight federal deadlines.
9 Through John's leadership, the Energy Commission has
10 established three new programs that will provide local
11 government and the private sector with additional funding
12 to increase energy efficiency, expand renewable energy
13 development, as well as to retain and create much needed
14 jobs in California. And so, John. [Applause]

15 So, with the help of these outstanding
16 employees, we are wrapping up our commitments of ARRA
17 funds and we are moving on with the programs. So, thank
18 you.

19 COMMISSIONER BYRON: Ms. Jones, is that the
20 completion of the awards?

21 MS. JONES: Yes, it is the last of the awards.

22 COMMISSIONER BYRON: Of the Superior
23 Accomplishment Awards?

24 MS. JONES: That is correct.

25 COMMISSIONER BYRON: I think Mr. Gotlieb wants

1 pictures.

2 MS. JONES: Oh, that is right, can't forget the
3 photo ops, sorry.

4 MS. CHANDLER: So, while the staff is joining
5 in, I wanted to say that John put his funds from the
6 Superior Accomplishment Award to good use and hosted a
7 picnic for his whole office. [Applause]

8 CHAIRMAN DOUGLAS: Well, thank you, Ms. Jones.
9 It is very important that we recognize our staff as we
10 move through the really tremendous workload and
11 tremendous accomplishments that the Energy Commission has
12 made this year. So, thank you for that.

13 Very well, we will go to Item 1. Solar Power,
14 Inc. Possible approval of Agreement 001-10-CEB for a \$5
15 million loan to Solar Power, Inc. to purchase equipment
16 to manufacture photovoltaic solar panels at Solar Power's
17 future McClellan, California factory. Mr. Rillera.

18 MS. SMITH: Good morning, Chairman and
19 Commissioners. My name is Marcia Smith and I am here
20 today with Jacob Orenberg, and we work in the Clean
21 Energy Commission's Fuels and Transportation Division on
22 the Clean Energy Business Financing Program. I am here
23 to request the Energy Commission's approval of a loan in
24 the amount of \$5 million with Solar Power, Inc. under the
25 Clean Energy Business Financing Program.

1 Solar Power, Inc. is one of eight winning
2 Applicants selected for funding under the Energy
3 Commission's loan program announcement for the Clean
4 Energy Business Financing Program, PON-09-606. The
5 purpose of the Solar Power, Inc. loan is to purchase a
6 photovoltaic cell sorter, a tabbing and stringing
7 machine, and other production machines to manufacture PV
8 solar panels at their future factor in McClellan,
9 California. The project, which is scheduled to be
10 completed by January 2011, will have production capacity
11 of 50 megawatts annually. It will create an estimated
12 698 full-time equivalent jobs and will offset an
13 estimated 25,076 tons of carbon dioxide per year. The
14 total project cost is nearly \$25 million, of which Solar
15 Power will provide almost \$20 million in leveraged
16 financing.

17 I should note that the Energy Commission has
18 already approved loans for four of the eight winning
19 applicants under PON-09-606. Loans for the remaining
20 four winning Applicants, including this loan to Solar
21 Power, Inc. are being considered at today's Business
22 Meeting. Staff requests the Energy Commission approve
23 the loan in the amount of \$5 million with Solar Power,
24 Inc. Thank you.

25 CHAIRMAN DOUGLAS: Thank you. Questions or

1 comments, Commissioners.

2 COMMISSIONER BYRON: Ms. Smith answered all the
3 questions I jotted down with regard to the awards and
4 numbers, and perhaps I missed these at the last meeting,
5 but I am just really impressed to see this kind of
6 leveraging of these funds, and I would like to thank the
7 staff very much for the work on this. I am obviously in
8 favor of it.

9 MS. SMITH: Thank you.

10 COMMISSIONER WEISENMILLER: Yeah, I think the
11 good news as we are moving forward on these programs in
12 getting the money out, that ultimately we need to spend a
13 little time think about what happens when the money
14 cycles back in, and obviously we have some luxury on the
15 timing of that. But, with that, I would certainly say
16 this is a good program, I would like to see the money
17 come back in, and the program to grow more. So I would
18 certainly move the program.

19 COMMISSIONER EGGERT: Just one quick comment.
20 I was also involved in some of the selections of these
21 and I think the staff did an excellent job bringing these
22 various projects before us. I note, as you mentioned,
23 the \$20 million in leveraged financing, I added up this
24 one and the next three, the total of \$36 million in
25 leveraged financing, basically, you know, private

1 financing, which I think is a great testament to the
2 level of activity in this field, and specifically in
3 California, so this is great to see.

4 COMMISSIONER BYRON: Madam Chair, I move the
5 item.

6 CHAIRMAN DOUGLAS: Is there a second?

7 COMMISSIONER EGGERT: Second.

8 CHAIRMAN DOUGLAS: All in favor?

9 (Ayes.)

10 This item is approved.

11 Item 2. Quantum Fuel Systems Technologies
12 Worldwide, Inc. Possible approval of Agreement 005-10-
13 CEB for a loan of \$4,356,500 to purchase equipment to
14 expand the manufacture of photovoltaic solar modules in
15 Irvine, California. Ms. Smith.

16 MS. SMITH: Thank you. Agenda Item 2 is also a
17 CEBFP loan request for ARRA-SEP funding. Quantum Fuel
18 Systems Technologies Worldwide, Inc. seems a CEBFP loan
19 to purchase and install equipment, including buffers,
20 applicators, work stations, and vacuum laminators, to
21 launch a photovoltaic solar module manufacturing facility
22 in Irvine, California. The facility will have an annual
23 production capacity of 45 megawatts by their expected
24 completion date of January 2011. The project will create
25 or retain 94 full-time equivalent jobs, and the annual

1 production of solar panels will offset an estimated
2 29,834 tons of carbon dioxide per year. The total
3 project cost is nearly \$15 million, of which Quantum will
4 provide almost \$10.6 million in leveraged financing.
5 Staff requests the Commission support approval of Item 2
6 for a loan agreement with Quantum Fuel Systems
7 Technologies Worldwide, Inc. in the amount of \$4,356,50.
8 Thank you.

9 CHAIRMAN DOUGLAS: Thank you, Ms. Smith. Other
10 questions, Commissioners, or comments?

11 COMMISSIONER EGGERT: Maybe just a quick
12 comment. I note the company, Quantum, is an interesting
13 one based in Irvine, in that they have gotten involved in
14 sort of a diverse set of activities, including Advanced
15 Vehicle Technologies, fuel cell technologies, and
16 electric vehicle technologies, and now renewable
17 generation. It is somewhat familiar in that they are a
18 very sort of confident engineering team that they have
19 there, and it is good to see that they are expanding
20 their activity in this space. So, I would move the item.

21 COMMISSIONER WEISENMILLER: Second.

22 CHAIRMAN DOUGLAS: All in favor?

23 (Ayes.)

24 The item is approved.

25 And finally - not finally, but Item 3. Morgan

1 Solar, Inc. Possible approval of Agreement 008-10-CEB
2 for a loan of \$3,305,000 to Morgan Solar, Inc. to
3 purchase equipment to expand the manufacture of
4 concentrated photovoltaic solar panels in Chula Vista,
5 California. Ms. Smith.

6 MS. SMITH: Thank you. Agenda Item 3 is
7 another CEBFP loan request for ARRA-SEP funding. Today,
8 Morgan Solar, Inc. seeks a CEBFP loan to purchase and
9 install equipment, including specialized molds and
10 machinery to establish a concentrated solar energy system
11 manufacturing facility in Chula Vista, California. The
12 facility will have an annual capacity of 10 megawatts by
13 the expected completion date of November 2011. In
14 addition, the project will create 105 full-time
15 equivalent jobs and the annual production of solar cells
16 will offset an estimated 19,968 tons of carbon dioxide
17 per year. The total project cost is \$6.6 million, of
18 which Solar Power is providing approximately \$3.3 million
19 in leveraged funding. Staff requests the Commission's
20 support approval of Item 3 for a loan agreement with
21 Morgan Solar, Inc. in the amount of \$3,305,000. Thank
22 you.

23 CHAIRMAN DOUGLAS: Thank you. Questions or
24 comments on this item?

25 COMMISSIONER EGGERT: Actually, I do have a

1 question that relates to this and the previous two and
2 the next one, and that is, I notice this one uses a
3 concentrating PV, and I know we have provided some
4 funding for research on that type of technologies through
5 PIER in the past. Is there any PIER connection to any of
6 these companies, either in terms of past grants, or of
7 any sort? I noted -

8 MR. RILLERA: Commissioner, Larry Rillera with
9 the Fuels and Transportation Division. There is not any
10 PIER connection with respect to the specific companies
11 funded under the CEBFP, and the ones you are approving
12 today, as well.

13 COMMISSIONER EGGERT: Okay, thanks. Yeah, I
14 noted - what was it - Nanosolar, that we had a
15 presentation through the IEPR Workshop, that had received
16 a grant for \$75,000 several years ago, and now it is
17 expanding to half a billion dollar manufacturing facility
18 in the state, so...

19 MR. RILLERA: So, staff has had considerable
20 contact with the companies that were interested in the
21 funding that may have had a PIER connection, but they did
22 not go through their program, they were able to access
23 private capital, like Nanosolar moving forward.

24 COMMISSIONER EGGERT: Okay, thanks.

25 COMMISSIONER BOYD: Mr. Rillera, since you are

1 up there, let me ask, and I think you may be able to
2 answer this, as well, but what will the sales for these
3 manufactured projects be? Did they indicate in their
4 proposals that this is primarily for California sales?
5 Or worldwide sales?

6 MR. RILLERA: For the companies that are here,
7 they are both California and domestic and international.
8 For the companies that are relocating to California, such
9 as Morgan Solar, they are going to take advantage of
10 their existing demand and market and then add onto it as
11 they look for their market in that share in California.

12 COMMISSIONER BYRON: Thank you.

13 CHAIRMAN DOUGLAS: Thank you, Mr. Rillera.
14 Additional questions on this item, or comments? Is there
15 a motion?

16 COMMISSIONER BYRON: Move approval.

17 COMMISSIONER EGGERT: Second.

18 CHAIRMAN DOUGLAS: All in favor?

19 (Ayes.)

20 The item is approved.

21 Finally, Item 4. Solaria Corporation.

22 Possible Approval Of Agreement 009-10-Ceb for a loan of -
23 and I understand the number has changed by \$11.00 - by a
24 loan of \$753,992? Is that correct --

25 MS. SMITH: Correct.

1 CHAIRMAN DOUGLAS: -- to Solaria Corporation to
2 purchase equipment to expand the manufacture of
3 photovoltaic solar panels at Solaria's Fremont,
4 California manufacturing facility. Ms. Smith.

5 MS. SMITH: Thank you. Agenda Item 4 is the
6 final CEBFP loan request for ARRA-SEP funding. Solaria
7 Corporation seeks a CEBFP loan to purchase and install
8 equipment, including a glass scanner and photovoltaic
9 assembly machine to increase capacity at their solar
10 panel manufacturing facility in Fremont, California. The
11 facility will have an annual capacity of 6 megawatts by
12 their expected completion date of October 2011. In
13 addition, the project will create or retain 79 full-time
14 equivalent jobs, and the annual production of solar cells
15 will offset an estimated 3,914 tons of carbon dioxide per
16 year. The total project cost is \$3.5 million, of which
17 Solaria Corporation will provide more than \$2.7 million
18 in leveraged financing. Staff requests that the
19 Commission support approval of Item 4 for a loan
20 agreement with Solaria Corporation in the amount of
21 \$753,992. Thank you.

22 CHAIRMAN DOUGLAS: Thank you, Ms. Smith.
23 Questions or comments on this one? I have one question.
24 Is this the last of the Clean Energy Business Financing
25 Loans to come before us? Or are there more?

1 MS. SMITH: No, we expect this is the last.

2 CHAIRMAN DOUGLAS: This is the last. So maybe
3 I should wait until after we move this item, but I just
4 want to - I will wait until after we move this item.

5 COMMISSIONER BYRON: Madam Chair, I move
6 approval of Item 4.

7 COMMISSIONER EGGERT: Second.

8 CHAIRMAN DOUGLAS: All in favor?

9 (Ayes.)

10 That item is approved. Thank you, Commissioner
11 Byron, for helping move this along and -

12 MS. CHANDLER: Madam Chair, may I speak to
13 Commissioner Eggert's question --

14 CHAIRMAN DOUGLAS: Oh, please do.

15 MS. CHANDLER: -- earlier. We have leveraged
16 through this program of \$28 million, approximately \$28
17 million, \$114 million in private sector funding. It will
18 create about 506 megawatts in terms of that annual
19 production, it will reduce greenhouse gas emissions 282
20 tons, and create about 1,588 jobs. To speak to
21 Commissioner Weisenmiller's question, we have put into
22 the budget trailer bill language, a revolving loan
23 account, so that the money is actually returned back to
24 the Energy Commission and establish and revolving loan
25 account here at the Energy Commission, under which we

1 will have control. If we had not done that, we would
2 have ended up going into the ARRA DOE account, but with
3 DOE's blessing and approval, we established this account,
4 and that will allow the staff to evaluate lessons
5 learned, allow staff to look at maybe what emerging
6 technologies we might want to direct future program
7 funding levels at, and also, of course, these loans,
8 because they are manufacturing loans, and although the
9 interest rate, I think you may recall, is 2.45 percent,
10 they will begin paying back on the equipment very soon,
11 and installment payments of, I think, up to seven years,
12 was it? But the funding will come back in, you know,
13 beginning immediately.

14 CHAIRMAN DOUGLAS: Well, thank you, Ms.
15 Chandler for that information. It is a tremendous
16 record. We got great projects in, and I just have to
17 acknowledge that, while this is one of the new programs
18 that has been closest to my heart, I also recognize that
19 this has been one of the biggest reaches for us in terms
20 of going into an area that we had not done a lot of work
21 in, providing loans, which is an area that we have less
22 experience in, developing new partnerships with other
23 agencies in order to implement this program, and I say
24 "this" program - this plus the companion AB 118 programs
25 - that also are focused on manufacturing. So, I want to

1 personally thank staff for taking up the challenge and
2 delivering to us a very high quality program in record
3 time, in a very new area for us. So, I am really pleased
4 here we are in mid-September and we are closing this
5 down, we are through the ARRA dollars.

6 COMMISSIONER BYRON: Madam Chair, if I may, I
7 would also like to add my thanks and compliments to
8 staff. I had the opportunity to work for a company over
9 30 years ago that tried manufacturing parabolic through
10 collectors, in Mountain View, and they did not last very
11 long, and part of the reason, I think, obviously is they
12 did not have the right State policy in place as we do
13 now, they did not have the technological advances that we
14 have seen over the last three decades, but, also, the
15 right financing structure. These are loans, I believe
16 this is the right way to do this going forward. Thanks
17 to staff, they have leveraged a lot of funds here, a lot
18 of private sector money is in play, you have dispersed
19 these throughout the State, it looks like there are a lot
20 of jobs associated with these, so my congratulations.
21 Well done. This is exactly how these ARRA funds should
22 be used.

23 CHAIRMAN DOUGLAS: Thank you. We will move on
24 to Item 5. Blythe Solar Power Project (Docket No. 09-
25 AFC-6). Possible adoption of the Presiding Member's

1 Proposed Decision on the Blythe Solar Power Project, and
2 Errata. Mr. Renaud* [ph.].

3 HEARING OFFICER RENAUD: Thank you, Chairman
4 Douglas. Good morning, good morning, Commissioners.
5 First, a bit of procedural history, the Application for
6 Certification for the Blythe Solar Power Project was
7 submitted on August 24, 2009, and a Supplement was
8 submitted on October 26th, 2009. At the November 18th,
9 2009 Business Meeting, the Commission deemed the AFC data
10 adequate and review began. The Committee appointed
11 consists of Chairman Douglas presiding and Commissioner
12 Weisenmiller, Associate. On January 25, 2010, the
13 Committee conducted a site visit and informational
14 hearing in Blythe at the Blythe City Hall, and the
15 initial staff assessment and draft Environmental Impact
16 Statement was issued on March 11. The RSA, Revised Staff
17 Assessment, was issued on June 4th, and we conducted a
18 Pre-Hearing Conference on June 17th, and Evidentiary
19 Hearings on July 15 and 16. The Committee then published
20 the Presiding Member's Proposed Decision, or PMPD, on
21 August 11, and conducted a Committee Conference on August
22 31st. The 30-day comment period for that expired on
23 September 10th, 2010. The project itself is located in
24 the inland desert, eight miles west of Blythe and two
25 miles north of Interstate 10 in Riverside County. The

1 Applicants are seeking a right-of-way grant from the BLM
2 for approximately 9,400 acres of land administered by the
3 BLM, and construction and operation of the project will
4 actually cover approximately 7,025 acres. This project
5 would use solar parabolic trough technology, having four
6 independent units, each generating 250 megawatts for a
7 total of 1,000 megawatts. The project would use dry
8 cooling. Its water needs would be approximately 600 acre
9 feet a year for mirror washing, feed water makeup, fire
10 water supply, domestic use, cooling water for auxiliary
11 equipment, heat rejection and dust control. The PMPD,
12 which is this document, reflects the Committee's
13 consideration of thousands of pages of documents in the
14 record, and the testimony at the Evidentiary Hearings.
15 The Committee found that the project would have
16 significant impacts on biological resources, but those
17 impacts would be mitigated to below the level of
18 significance through a comprehensive mitigation scheme
19 that is set forth in the PMPD. The Committee also
20 determined that the project would have contributions to
21 impacts on cultural resources, land use, and visual
22 resources, which would be significant in the accumulative
23 sense, when considered and combined in combination with
24 other foreseeable projects in the region, and determined
25 also that the project's mirrors have a potential to cause

1 glint and glare impacts relative to the Blythe Airport,
2 which is one mile south of the project, and that could
3 conflict with a Riverside County Land Use Compatibility
4 Plan section, which prohibits uses that could cause
5 sunlight reflected toward approaching or departing
6 aircraft. In light of those impacts, the Committee then
7 considered the benefits of the project, particularly its
8 contribution toward remediating renewable energy and
9 greenhouse gas reduction goals, and weighing the benefits
10 against the impacts, the Committee determined that
11 overriding considerations warrant the approval of the
12 project, as mitigated, that the project is required for
13 public convenience and necessity, and that there are no
14 more prudent and feasible means of achieving such public
15 convenience and necessity.

16 Now, after the PMPD was published on August
17 11th, a review process began, which resulted in the
18 publication of an Errata, which you have before you.
19 Although it appears rather daunting at 79 pages in
20 length, the fact is that pages 11 to 70, which is roughly
21 60 pages, are biological resources and soil and water
22 resources Conditions of Certification, which were
23 published in their entirety simply to make it crystal
24 clear exactly what the final form of those would be.
25 That leaves approximately 19-20 pages of errata in the

1 sense of changes, or errors, whatever, which is actually
2 a fairly typical amount for a PMPD of this size. The
3 items in the errata are, I think, quite clear, and none
4 of them is considered substantive. They are
5 clarifications and corrections. Since publication of the
6 errata, though, we have had a lot of eyes on it, and
7 there are four things that we need to fix on the record,
8 quite minor. In the Errata, we are going to delete Items
9 29 and 41, number 29 simply does not belong there, we are
10 not sure exactly how that appeared, but it does not
11 belong and it is not needed.

12 COMMISSIONER BYRON: Mr. Renaud, just to make
13 sure I have got it, on page 6, under Hazardous Materials,
14 is Item 29, is that what we are referring to?

15 HEARING OFFICER RENAUD: Yes, thank you. That
16 is a good clarification.

17 COMMISSIONER BYRON: Under Biological - no, I
18 am sorry, Commissioner Eggert corrected me, I was reading
19 one header above. Good, I understand what you mean by
20 Item 29.

21 MR. RENARD: Okay, they are numbered
22 sequentially.

23 COMMISSIONER BYRON: Thank you.

24 HEARING OFFICER RENAUD: And then, if we turn
25 to page 9 at the bottom, Item 41, we are also deleting

1 that. This was an attempt to clarify or add emphasis to
2 some factual language, which just became too complex and
3 we decided the best thing to do was just get rid of it.
4 Then, two additions, or three, really, on page 75 of the
5 PMPD, in Paragraph 3, there is the statement that the
6 project has two turbines; in fact, it has four. So, that
7 will get changed. And then, on page 511, it states, Item
8 1 states, that the steel transmission line poles are 140
9 feet, they are actually 145 feet. And Item 3, the HDF
10 heater should be deleted, that is no longer part of the
11 project.

12 Finally, in a late breaking development, I was
13 informed as we were entering the room today that staff
14 came in this morning to find on their fax machine a
15 letter from the Colorado River Board of California. This
16 letter, and I have copies for all of you, simply
17 reasserts the Board's position that the project's pumping
18 of groundwater could impact the Colorado River. The
19 Committee thoroughly vetted this issue, it is very
20 thoroughly discussed in the PMPD, and the Conditions of
21 Certification, particularly numbers 2 and 16, address
22 this so as to ensure that any impacts are mitigated,
23 fully mitigated, and further that the groundwater levels
24 are monitored throughout the life of the project. Again,
25 this is nothing new, this is an assertion that was made

1 by the Board in March, in a March letter, and was
2 addressed in the evidence and in the testimony, and is
3 discussed in the PMPD, and in fact I can tell you where,
4 starting on page 321, where there is a discussion of
5 groundwater base and balance. So, that help is the last
6 minute breaking development on this one. And with that,
7 I will turn it back to the Chair, and if you have any
8 questions, please let me know.

9 CHAIRMAN DOUGLAS: Thank you, Hearing Officer
10 Renaud. Let's hear from the Applicant.

11 MR. GALATI: Scott Galati representing Palo
12 Verdes Solar, LLC, which is a Solar Millennium company.

13 MS. HARRON: Alice Harron, Director of Solar
14 Millennium.

15 MR. GALATI: We have reviewed the Presiding
16 Member's Proposed Decision and the Errata, including the
17 changes you heard today and we agree with those, and we
18 would urge you to approve the project, and we are
19 available to answer any questions for you, and would like
20 to make a statement after your vote.

21 CHAIRMAN DOUGLAS: Thank you, Mr. Galati.
22 Staff?

23 MR. SOLOMON: Alan Solomon, Project Manager
24 with the Siting Division.

25 MS. HAMMOND: Christine Hammond, Staff Counsel,

1 sitting in for Lisa DiCarlo.

2 MR. SOLOMON: Staff has reviewed the decision
3 document and the errata and we have no questions,
4 comments, or disagreements with the decision document.

5 CHAIRMAN DOUGLAS: Thank you.

6 MR. SOLOMON: I would like to make a statement
7 after the vote, as well.

8 CHAIRMAN DOUGLAS: Thank you. Very well,
9 Commissioners, as the Presiding Member for the Blythe
10 Solar Power Project, I am pleased to recommend your
11 approval of the project today. This is the largest solar
12 thermal project to ever come before the California Energy
13 Commission, and its approval and its eventual
14 construction will be a significant step forward if it is
15 approved today, and also by our partners at the Bureau of
16 Land Management. At a full 1,000 megawatts of capacity,
17 once it is fully constructed, it can power approximately
18 800,000 homes. This is also, Commissioners, the third
19 ARRA project to come before us for a Commission vote, but
20 it is the first to come to a vote of the projects that
21 are on Federal land, where we have had the Federal-State
22 relationship that has enabled us to get this far on the
23 projects on federal lands. And I would like to say a few
24 words about that and acknowledge the role of Bureau of
25 Land Management, Fish & Wildlife Service, and the

1 Department of Interior, in working with us, and in
2 bringing these projects to a decision point by the ARRA
3 deadlines.

4 As, I think, Commissioner Byron knows more
5 intimately than any of the rest of us sitting here today,
6 in the Ivanpah Project, we began working closely with
7 BLM, in really trying to grapple with the issues of joint
8 process, and really trying to understand by doing how to
9 bring these two extremely different processes to a
10 conclusion through a process where we work together,
11 where staff worked together, where BLM increasingly came
12 to our workshops, or we had joint workshops, or joint
13 hearings, sharing the record, and taking items in our
14 record that were in theirs, and so on. This was all new
15 to us. I think it probably is still a matter of some
16 frustration over there, that they are not able because of
17 our rules and our State law, to talk to decision-makers
18 in these cases and, of course, the working relationship
19 and communication with staff has been extraordinarily
20 good. We are building on a series of MOUs with other
21 agencies involved in this joint process, beginning - or I
22 do not even know if I should say "beginning," but in
23 August of 2007, there was an MOU signed by Bebe Blevins
24 at the Commission, with the Bureau of Land Management,
25 that began to set out the joint process that we followed

1 and really worked hard to make work for the Ivanpah
2 project. Later, in November of 2008, there was another
3 MOU with the Federal Government that actually brought in
4 the four agencies that have been working so closely
5 together to make this happen, Department of Fish & Game,
6 Energy Commission, BLM, and Fish & Wildlife Service, and
7 that intensified and increased the coordination that we
8 had been building on.

9 And then, more recently, and many of you may
10 remember this event, in October of 2009, the State of
11 California signed an MOU with the Department of Interior
12 prompted in large part by the ARRA deadlines, where we
13 agreed and we set out a process to work together to
14 identify what the ARRA projects were, what the fast-track
15 projects were that we were going to try to work through
16 both the State and Federal processes to get to a decision
17 point by ARRA deadlines. And we agreed to meet every
18 other week to help keep the processes and projects on
19 track, and this is staff, of course, not Commissioners,
20 and to, I think, just as importantly, work together on
21 the DRECP, the Desert Renewable Energy Conservation Plan,
22 the Solar PEIS, coordinate with the Department of
23 Defense, with the U.S. Forest Service, with other
24 agencies that also are incredibly big players in this.
25 And what my hope is, is that out of this close working

1 relationship that we have developed with the Federal
2 Government, we will be able to not only move through
3 these projects that are before us this month, and this
4 year, but also increasingly develop a partnership also
5 with stakeholders that can help us create a common vision
6 for development and conservation in the desert, across
7 both State and Federal land. So, I think these are
8 projects that helped get us to a point where we will be
9 able to build on it, and we may be able to get there.
10 So, with that, I would really like to personally thank
11 the staff at the Energy Commission, DFG, BLM, U.S. Fish &
12 Wildlife Service, as well as the leadership from the
13 Department of Interior, Secretary Salazar, who is Chief
14 of Staff, Steve Black, Janea Scott, who is an assistant
15 to Steve Black in this, and also a former colleague of
16 mine from Environmental Defense Fund. I would like to
17 thank and acknowledge the Applicant for their commitment
18 to our process, for taking the chance and making it to
19 this point, and also for bringing us not only the largest
20 solar thermal project under consideration here, but also
21 one of the least controversial, and that is in large part
22 because of good site selection. You selected a site with
23 comparatively few biological and cultural impacts, and
24 through your use of dry cooling technology, it certainly
25 limited the water issues without, as Hearing Officer

1 Renaud noted, without eliminating the water issues that
2 we had to consider. Of course, it is impossible to build
3 a project of this magnitude without causing any
4 environmental impacts, and so the PMPD does put forward
5 some limit overrides, as Hearing Officer Renaud
6 described. But I am convinced that the substantial
7 benefits of this project definitely outweigh those
8 remaining impacts that cannot be mitigated, so I would
9 like to recommend your approval.

10 COMMISSIONER WEISENMILLER: As the second
11 member of the Committee, I would obviously like to echo
12 the comments of the Chair on this. I think, again, part
13 of the story on how this has moved forward, it has taken
14 an awful lot of hard work on the part of our staff, and
15 BLM, and the other agencies to move it forward, and
16 certainly the Applicant. But I think, early on, I made
17 the comment that it is easier for all of us when the
18 Applicants try to go through the door as opposed to the
19 wall, and this is certainly one where the Applicant has
20 come in with a very comparatively good project, that
21 makes it much easier to get to this point.

22 I think, obviously, in terms of it is not a
23 perfect project, there are some impacts that we really
24 have tried hard to overcome, or mitigate fully, but I
25 think the overriding considerations come back to, given

1 the challenge of climate change at this time, it is very
2 important to reduce fossil fuel use by moving forward
3 with the largest solar project in California at this
4 stage, we are taking a major step towards reducing the
5 threat of future climate change impacts on the State and,
6 at the same time, the other real challenge for the State
7 is the economy, and certainly when you look at the City
8 of Blythe and you look at Riverside County, there are
9 very high unemployment rates at this time. I think when
10 we were at the site and visited, people talked of 25
11 percent. And to the extent that this will provide
12 hundreds of well paying jobs that we need at this point,
13 I think that is important for California, both to deal
14 with its climate challenge, and its economic challenges.
15 So, given all these factors, I certainly second your
16 motion to approve this project.

17 CHAIRMAN DOUGLAS: I actually did not move it,
18 why don't you move it?

19 COMMISSIONER WEISENMILLER: Okay, I would like
20 to move this project.

21 COMMISSIONER BYRON: Madam Chair, a question,
22 if I may. You know, I think it is an excellent job that
23 everyone has done on this, I just have a quick
24 clarification question that I would like to ask and that
25 is to Mr. Renaud. There was a little bit of confusion

1 earlier this morning with regard to having the correct
2 errata. I just want to make sure, was that confusion
3 confined to this dais? Or did others suffer the same
4 problems?

5 HEARING OFFICER RENAUD: Other than me?

6 COMMISSIONER BYRON: No, no.

7 HEARING OFFICER RENAUD: The errata was posted
8 yesterday, it was docketed yesterday, it is on the
9 project website, it is the right one

10 COMMISSIONER BYRON: Excellent.

11 HEARING OFFICER RENAUD: Somehow, the only
12 error was in making the copies, and we got that fixed and
13 we are set.

14 COMMISSIONER BYRON: Good.

15 COMMISSIONER WEISENMILLER: I guess I should
16 actually amend my motion to say I am referring to the
17 Decision, the errata, and the corrections from today, and
18 also would second the Hearing Advisor's observation on
19 the Colorado River issues, that we certainly thoroughly
20 considered those in the record, and they were thoroughly
21 briefed.

22 COMMISSIONER BYRON: Madam Chair, may I second
23 the motion?

24 COMMISSIONER EGGERT: If I could, I just want
25 to thank the Committee on this one, as well. I think

1 this is really a tremendous accomplishment, you know, 1
2 gigawatt of solar. And actually, the question - so this
3 is the biggest one in California, is there any other
4 bigger in the country?

5 MS. HARRON: It is my understanding it will be
6 the biggest in the world.

7 COMMISSIONER EGGERT: It will be the biggest in
8 the world. And I might not get the numbers exactly
9 right, but I believe last year, or at the end of this
10 last year, there was maybe around 2,000 megawatts total
11 in the country, so this would - just this singular
12 project would increase the total by 50 percent. Of
13 course, by that time, hopefully we will have many more,
14 as well. I want to thank the Committee for, I think, a
15 good balancing of the benefits of this project and what I
16 would characterize as proper consideration of those
17 benefits in the context of the overrides, you know, this
18 is really an exciting day, so happy to be a part of it.

19 CHAIRMAN DOUGLAS: Thank you, Commissioner
20 Eggert. We have a motion and a second. All in favor?

21 (Ayes.)

22 The project is approved. Thank you. And I
23 understand that both staff and Applicant would like to
24 make a comment. Go ahead, Applicant.

25 MR. GALATI: First, I would like to say that I

1 think what Commissioner Weisenmiller said about choosing
2 doors vs. running through walls, I would like to echo
3 that. I think you have seen me before you many times.
4 It has been my pleasure here because this particular
5 Applicant, on very very short notice, and short amount of
6 time, was able to be very creative in their problem
7 solving, and that makes, I think, all of our jobs easier.
8 And so I just wanted to echo again what Commissioner
9 Weisenmiller said, that the approach that this Applicant
10 took, I just wanted to thank them for that because I
11 think that is the reason that we are here this day, as
12 opposed to next year on some day.

13 MS. HARRON: Alan, are you sure you don't want
14 to go first?

15 CHAIRMAN DOUGLAS: Would you like Alan to go
16 first?

17 MS. HARRON: You know, I really would.

18 MR. SOLOMON: I wanted to be a gentleman. In
19 October of last year, the Application for Certification
20 for the Blythe Project was deemed data adequate. Today,
21 less than a year later, we are discussing the decision
22 document for this project. I want to thank staff for
23 conducting a thorough analysis of this project. As has
24 been noted, a project of this size and wattage has never
25 been analyzed before, and as Project Manager, I can tell

1 you that staff did a superb job. Additionally, as has
2 been noted, not only was Energy Commission staff working
3 on this project, but we were also working very closely
4 with the California Department of Fish & Game, the U.S.
5 Fish and Wildlife Service, and the U.S. Bureau of Land
6 Management. Because of our success, our success being
7 the four agencies working so well together, we were able
8 to complete our analysis for this project in less than a
9 year. I also want to thank Solar Millennium. Alice and
10 I spent many hours on the phone, including weekends and
11 holidays, clarifying information, and Energy Commission
12 staff, other agency staff, and Solar Millennium staff
13 spent many late hours at workshops resolving our
14 differences, and I am glad and appreciate that I had the
15 opportunity to work with Solar Millennium and their
16 staff.

17 Lastly, I want to thank the Interveners and the
18 members of the public for their willingness to stay so
19 late at the workshops, and also for their professionalism
20 in bringing their concerns to staff's attention. Thank
21 you.

22 MS. HARRON: I had to catch my breath. It has
23 been a long process and Alan is right that we spent many
24 many days, many nights, working out issues, and you noted
25 the BLM, but I also want to recognize CDFG and USWS, as

1 well as the CEC staff. I learned quite a bit and there
2 is a lesson in cooperation and, as Mr. Galati said,
3 problem solving. And I think that was the key to it.
4 But for Solar Millennium, we are extremely proud to
5 become a major contributor to bringing renewable energy
6 to California. You know, the Blythe Solar Power Project
7 will help build the bridge for renewable energy here in
8 California, it will take renewable energy from being a
9 small portion of our energy base, to becoming the
10 backbone of the State's power base. And I am probably
11 going to echo your comments, Commissioner, that besides
12 energy, our power project will mean jobs to California,
13 particularly to Riverside County, Coachella Valley, and
14 Blythe, California. These jobs will not only be at the
15 plant, but be part of further economic development for
16 that entire area.

17 As an analogy, our office recently moved to
18 downtown Oakland and I see the jobs not only at our
19 office building, but also in the surrounding businesses
20 in Oakland. In the same vein, I see our power project
21 bringing not only green jobs to California, but also
22 those indirect jobs for the entire community. We will be
23 in Blythe, California for at least 30 years. Solar
24 Millennium plans on being an active involved neighbor.
25 We have communicated and met with Native American tribes

1 and look forward to continued relations. We have been
2 involved and will continue to work with community
3 colleges and other academic institutions for training for
4 green jobs. And we have already joined the Blythe Chamber
5 of Commerce, as well as the Coachella Valley Economic
6 Partnership. And, again, assuming the BLM issues, the
7 ROD, we will dedicate this plant to Ray Draker, our
8 colleague and visionary whom we lost this last summer,
9 this past summer. I personally would like to name our
10 access road Draker Drive, I am not sure I am going to win
11 that one, but if I do, I hope in years to come somebody
12 may ask, "Well, who the heck is Draker?" And hopefully
13 someone will say that, "If it weren't for Ray, California
14 would have been decades away from even thinking about
15 providing this amount of solar power for its citizens."
16 I want to thank you for the permit to build and operate,
17 we will meet all conditions. Blythe will be constructed
18 and operated in an environmentally responsible manner.
19 We look forward to maintaining this momentum for our
20 other projects in front of the Commission. We will
21 hopefully be celebrating other decisions for our other
22 solar projects, further expanding California's renewable
23 resources. So, I thank you again.

24 CHAIRMAN DOUGLAS: Thank you. Commissioner.

25 COMMISSIOENR BYRON: Madam Chair, I would like

1 to make a few comments. But, before I do, I would like
2 to turn to Mr. O'Brien, give him the opportunity on
3 behalf of the Siting Division, given that you had
4 indicated this is the first of the partnership projects
5 with our Federal partners; I do not deal with them a
6 great deal, and I know our staff does, and I was hoping
7 that he might speak a little bit to that relationship and
8 its importance, and also how it has been proceeding. Mr.
9 O'Brien, if you do not mind, or anything else you would
10 like to say, of course.

11 MR. O'BRIEN: Thank you, Commissioner. I think
12 that it goes without saying that the Energy Commission
13 has been very fortunate in the working relationship that
14 we have had, and the Chairman, you know, mentioned this,
15 with the other agencies, three agencies, in particular,
16 and I think it has been particularly beneficial to the
17 State of California to develop such a close and
18 cooperative working relationship with the Federal
19 agencies. I cannot speak highly enough about the
20 cooperation we have received from the Bureau of Land
21 Management, in particular, as the land owning agency, but
22 also from Fish & Game, our sister State agency, and the
23 U.S. Fish and Wildlife Service, and this is ongoing, and
24 I expect it will continue far into the future under the
25 auspices of the Renewable Energy Action Team. So, you

1 know, from my perspective, as I said, it has been a
2 significant benefit to the people of the State of
3 California to have this very close working relationship
4 with the Federal Government. And then, the other thing I
5 would say is, obviously, my compliments to the Siting
6 Division staff, the staff has faced a workload, I think,
7 unprecedented in the history of the Energy Commission.
8 We are in the process, obviously, of changing the
9 electricity system. I think most of us find that
10 extremely invigorating and challenging, and fortunate to
11 be here at this point in time in terms of making such
12 important contributions from an environmental
13 perspective. And obviously, these projects are not
14 within impacts, the Committee and Commission obviously
15 recognizes that in terms of the override, but as all of
16 you mentioned, this was a project that went forward in a
17 very timely manner because of the fact that they chose a
18 better site. And, at the end of the day, it is all about
19 choosing good sites. And as the Chairman mentioned, in
20 terms of the DRECP, that is the goal, to provide a
21 roadmap in the future in terms of how we want to see the
22 desert developed.

23 And then, lastly, I would like to offer my
24 compliments to the Hearing Officers and the
25 Commissioners, you know, you have shared in this

1 extraordinary workload and the fact that we have a
2 decision here in well under 12 months is also testimony
3 to the fact of how hard the Commissioners have worked,
4 and how the Hearing Office has worked in conjunction with
5 the staff, to make this all happen.

6 COMMISSIONER BYRON: Madam Chair, if I may,
7 just a couple of comments. Thank you, Mr. O'Brien, and
8 thank you very much for all of your efforts over the last
9 year on this project, and so many others. I think the
10 staff has done an excellent job. I just wanted to make
11 sure that we acknowledged our Federal partners, as well.
12 My thanks goes to my fellow Commissioners who presided
13 over this particular case, obviously there is a lot of
14 accolades to go around, but these projects do not find
15 them through the process this easily without your
16 attention to them. I think you have done an excellent
17 job on this.

18 And I guess I would just like to end with some
19 thoughts or words for the Applicant. Clearly, you have
20 gotten your kudos here today. Mr. Galati, there does
21 seem to be a certain association with excellent projects
22 and you before this dais, I would like to - you know, I
23 suspect, although I do not know, that your clients are
24 paying attention to your recommendations, and they are
25 certainly having an impact with regard to speed and the

1 quality of the projects. These are exactly the kinds of
2 projects that we want before this Commission, and I would
3 like to thank you both, Ms. Palen - I am sorry, I was
4 thinking about the other project - Ms. Harron. Ms.
5 Harron, I was - actually, I was supposed to be in Salt
6 Lake City yesterday and today on some transmission
7 issues, but these siting cases are preoccupying all of
8 our minds right now. I wish you the best of luck. I
9 hope that the financing is forthcoming for this, I
10 encourage you - not encourage you, I guess I would ask
11 you - please go build this project, this is exactly what
12 we are looking for.

13 CHAIRMAN DOUGLAS: Thank you, Commissioner
14 Byron. I wholeheartedly agree with, particularly, your
15 last comment. We hope to see this project come to
16 fruition, so thank you.

17 MS. HARRON: Thank you.

18 CHAIRMAN DOUGLAS: Very well. We are on to
19 Item 6. Possible approval of the Minutes of the
20 September 8th, 2010 Business Meeting. Is there a motion
21 on the Minutes?

22 COMMISSONER WEISENMILLER: I would move the
23 Minutes.

24 COMMISSIONER EGGERT: Second.

25 CHAIRMAN DOUGLAS: All in favor?

1 (Ayes.)

2 COMMISSIONER BYRON: And I abstain.

3 CHAIRMAN DOUGLAS: So, the motion passes with
4 one abstention from Commissioner Byron. Item 7. Are
5 there any Commission Committee presentations and
6 discussion today?

7 COMMISSIONER WEISENMILLER: Yeah, I think we
8 should all pause and think about the implications of the
9 San Bruno accident last Thursday. I know, when I was
10 talking to Nancy Ryan on Friday, I just - well, I think
11 all of us were immediately struck by the tragedy of the
12 deaths there. When I talked to Nancy on Friday, and
13 discovered that, indeed, one of the PUC staffers and her
14 daughter had died, that really hit that organization very
15 hard. And in talking to PV* [ph.] over the weekend, it
16 is clear that he understands the challenge to the
17 Commission at this stage, and certainly I offered our
18 assistance in any way we could on this, is to, 1) make
19 sure that, in fact, public safety is not in danger by any
20 of these pipeline facilities, they really have to do a
21 thorough investigation of what happened, do a thorough
22 audit of the system and, again, try to reassure the
23 public. They also need to do a thorough audit of the
24 regulatory system, again, to make sure this does not
25 happen. So, again, they have a very challenging

1 situation. I think it will certainly have implications
2 for us, and all of our gas-fired power plant cases.
3 Certainly, the public will want reassurance from us that
4 they are not being endangered by the pipelines. So, I
5 think it is going to take a very concerted regulatory
6 effort between us and the PUC, particularly the PUC, and
7 the Federal Government to deal with this.

8 CHAIRMAN DOUGLAS: Thank you, Commissioner
9 Weisenmiller. Anything else, today? And thanks for
10 raising that, and I agree with your comments.

11 Item 8. Chief Counsel's Report.

12 MR. LEVY: Yes, good morning, Commissioners. I
13 have three items I would like to request a closed session
14 to discuss, Items 8A, 8B and also to discuss whether or
15 not facts and circumstances exist that warrant the
16 initiation of litigation.

17 CHAIRMAN DOUGLAS: Thank you, Mr. Levy, we will
18 go to Executive Session after the meeting. Item 9.
19 Executive Director's Report.

20 MS. JONES: I have nothing to report this
21 morning.

22 CHAIRMAN DOUGLAS: Item 10. Public Advisor's
23 Report.

24 MS. JENNINGS: I have nothing to report.

25 CHAIRMAN DOUGAS: Item 11. Public Comment?

1 Very well, we will move to Executive Session.

2 (Whereupon, at 11:04 a.m., the business meeting was

3 adjourned.)

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REPORTER'S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF,

I have hereunto set my hand this 9th day of September, 2010.

Kent Odell

Kent Odell
CER**00548