

BUSINESS MEETING  
BEFORE THE  
CALIFORNIA ENERGY COMMISSION

In the Matter of: )  
 )  
 ) Volume I  
Business Meeting )  
\_\_\_\_\_ )

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

THURSDAY, AUGUST 9, 2012  
10:06 A.M.

Reported by:  
Tahsha Sanbrailo

Commissioners Present

Robert B. Weisenmiller, Chair  
Carla J. Peterman  
Andrew McAllister

Staff Present

Jennifer Jennings  
Michael Levy  
Rob Oglesby  
Harriet Kallemeyn

	Agenda Item
Dale Rundquist	3
Mary Dyas	4
Eric Veerkamp	5
Kevin Bell	6
Amir Ehyai	7 & 8
Kate Zocchetti	9 & 10
Mike Gravely	11
Jacob Orenberg	12
Shahid Chaudhry	13
Andre Freeman	14

**Also Present**

Interested Parties (\*on phone)

	<u>Item #</u>
Christopher Ellison, Ellison, Schneider & Harris	3
*Brendan Bates, County of San Bernardino Department of Public Works	3
Allison Smith, Stoel Rives, LLP	4
George Piantka, NRG	4
Michelle Murphy	4
Scott Galati, Galati & Blek, LLP	5
Scott Busa, NextEra Energy	5
Tiffany North, Riverside County	5
Lisa Belenky, Center for Biological Diversity	5
Jennifer Didlo, AES	6
Melissa Foster, Stoel Rives, LLP	6
Tim Tutt, SMUD	7 & 8
Kumar Plocher, Yokayo Biofuels	12

I N D E X

	Page
Proceedings	
Items	
1. CONSENT CALENDAR	10
a. COMPREHENSIVE HOUSING SERVICES, INC. Possible approval of Amendment 1 to Contract 200-10-007 with Comprehensive Housing Services, Inc. for an eight month, no-cost time extension to May 13, 2013, and to modify the terms and conditions of the contract. The agreement is to provide technical and administrative assistance to Energy Commission staff and Energy Efficiency Block Grant recipients to comply with the wage rate and certified weekly payroll process under the Davis Bacon Act. (ARRA funding.)	
b. SAN DIEGO GAS AND ELECTRIC COMPANY. Possible approval of Amendment 2 to Contract 500-08-025 with San Diego Gas and Electric Company for a five month no-cost time extension to March 31, 2013, to align the project term with a scheduled associated United States Department of Energy contract for the Borrego Springs microgrid demonstration project. (PIER electricity funding.)	
c. NEW BUILDINGS INSTITUTE. Possible approval of Amendment 1 to Contract 500-08-049 with New Buildings Institute, Inc., for a five month no-cost time extension to March 29, 2013. (PIER electricity funding.)	
d. EDISON MATERIAL TECHNOLOGY CENTER. Possible approval of Amendment 1 to Agreement PIR-10-058 with Edison Material Technology Center to execute a novation that transfers the rights and responsibilities of the agreement to Clustered Systems Company, Inc., because Edison Material Technology Center has closed its operations. There is no increase in funding or term extension. (PIER electricity funding.)	

I N D E X

Page

Items

1. CONSENT CALENDAR (Continued).

e. CROWE HORWATH LLP. Possible approval of Amendment 3 to Contract 150-09-004 with Crowe Horwath LLP for a seven month no-cost time extension to March 31, 2013, and to update the terms and conditions of the contract. The Department of Energy has granted additional time to perform evaluation, measurement, and verification on American Recovery and Reinvestment Act awards. This extension will allow the contractor to perform audits later in the period of performance. There is no change to the scope of work or amount of the agreement. (ARRA funding.)

f. NATIONAL ENERGY TECHNOLOGY LABORATORY. Possible approval of Amendment 1 to Contract 500-08-047 with the National Energy Technology Laboratory for a seven-month no-cost time extension to June 30, 2013 due to delays during early exploratory development work. The time extension will allow for the completion of the remaining tasks identified in the Scope of Work and submission of the Final Report. (PIER electricity funding.)

g. CITY OF TURLOCK. Possible approval of Amendment 2 to Loan Agreement 001-10-ECC with the City of Turlock for a one-year, no-cost term extension to August 31, 2013. This term extension will allow the City to complete the upgrade of its streetlights from sodium vapor and mercury vapor to induction lighting. (ECAA funding.)

h. EMERGING TECHNOLOGY COORDINATING COUNCIL. Possible approval of a no-cost co-sponsorship and use of the Energy Commission's name and logo for the 2012 Emerging Technologies Summit (ET Summit), October 15-17, 2012. The ET Summit showcases emerging energy efficiency technologies from rate payer-funded California programs.

2. ENERGY COMMISSION COMMITTEE APPOINTMENTS. Possible approval of appointments to the Energy Commission's Standing Committees and Siting Case Committees. **HOLD**

I N D E X

Items	Page
3. ABENGOA MOJAVE SOLAR PROJECT (09-AFC-5C). Possible approval of the petition to amend the California Energy Commission Decision to remove the wording in Condition of Certification BIO-7 requiring traffic not to exceed a speed of 25 miles per hour on Harper Lake Road during construction and operation.	10
4. EL SEGUNDO POWER REDEVELOPMENT PROJECT (00-AFC-14C). Possible approval of a petition to change the range of ammonia injection rates, remove a venturi scrubber on the ammonia storage tank and to rename the project El Segundo Energy Center.	16
5. GENESIS SOLAR ENERGY PROJECT (09-AFC-8C). Possible approval of the petition to amend the California Energy Commission Decision to relocate the gen-tie line, the natural gas line, and to revise Air Quality Conditions of Certification.	33
6. HUNTINGTON BEACH ENERGY PROJECT (12-AFC-02).	51
a. Possible approval of the Executive Director's data adequacy recommendation for the Huntington Beach Energy Project (HBEP). The proposed HBEP is a natural gas-fired, combined-cycle, air-cooled, 939-megawatt electrical generating facility that would be constructed on the site, following the demolition of the AES Huntington Beach Generating Station. HBEP will consist of two independently operating, three-on-one, combined-cycle gas turbine power blocks. The project is located on the Pacific Coast Highway, just north of Huntington Beach.	
b. Possible appointment of a siting committee for the Huntington Beach Energy Project.	

I N D E X

	Page
Items	
7. ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT PROGRAM GUIDELINES. Possible adoption of changes to the Energy Efficiency and Conservation Block Grant Program Guidelines to extend the program deadline from September 13, 2012 to September 13, 2013, or by such later date as may be permitted by the U.S. Department of Energy. Other non-substantive changes to the Guidelines are also being proposed for clarification purposes.	61
8. ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANTS. Possible approval of an Energy Commission resolution directing the Executive Director to amend certain Energy Commission grants, funded through the American Recovery and Reinvestment Act of 2009 (ARRA), to extend the term of these agreements by six months from September 13, 2012 to March 13, 2013, consistent with the Energy Commission's Energy Efficiency and Conservation Block Grant program award from the U.S. Department of Energy.	61
9. RENEWABLES PORTFOLIO STANDARD ELIGIBILITY GUIDEBOOK. Possible adoption of the Renewables Portfolio Standard (RPS) Eligibility Guidebook, Sixth Edition. The RPS Eligibility Guidebook explains the requirements and process for certifying eligible renewable energy resources for the California RPS program, and describes how the Energy Commission tracks and verifies compliance with the RPS.	65
10. RENEWABLE ENERGY PROGRAM OVERALL PROGRAM GUIDEBOOK. Possible adoption of the Overall Program Guidebook for the Renewable Energy Program, Fifth Edition. The Overall Program Guidebook describes how the Renewable Energy Program is administered and includes information and requirements that apply overall to the program elements, including aspects related to California's Renewables Portfolio Standard (RPS). Some of the RPS-eligible renewable energy resources may qualify for funding under elements of the Renewable Energy Program.	65

I N D E X

Items	Page
11. SCHLUMBERGER CARBON SERVICES. Possible approval of Contract 500-11-032 for \$2,731,000 with Schlumberger Carbon Services, a division of Schlumberger Technology Corporation, to provide data analysis and geotechnical services on field samples collected in California for the West Coast Regional Carbon Sequestration Partnership (WESTCARB). Schlumberger will also conduct field seismic surveys and run static and dynamic geologic models to identify potential locations suitable for future underground characterization research in California and other WESTCARB partner states. Schlumberger is providing over \$2 million in cost share funding for this project. This contract is a required element of the Energy Commission-managed DOE WESTCARB Grant and is fully funded with DOE funds. (WESTCARB/DOE funding.)	77
12. YOKAYO BIOFUELS, INC. Possible adoption of a Mitigated Negative Declaration under the California Environmental Quality Act and approval of grant agreement ARV-11-030 for a grant of \$1,860,330 to Yokayo Biofuels, Inc. to expand their biodiesel production facility. The grant will enable Yokayo Biofuels, Inc. to increase production capacity at their facility near Ukiah, California from 1,400 gallons per day to 2,000 gallons per day, using an enzyme catalyst process. The new process will allow for the use of a lower cost feedstock and will also reduce the energy use, water use, and waste associated with the production of each gallon of biodiesel. (ARFVT funding.)	79
13. CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION. Possible approval of an augmentation of \$225,483 to an existing low interest Energy Conservation Assistance Act loan (001-11-ECD) of \$2,056,229 to the California Department of Corrections and Rehabilitation for lighting systems upgrading at the Substance Abuse Treatment Facility, Corcoran. On completion, the project will reduce the facility's annual energy use by 3.83 million kilowatt hours and greenhouse gas emissions by 1,321 tones of CO2 equivalent. The simple payback period is 6.52 years based on the loan amount. (ECAA funding.)	86

I N D E X

Items	Page
14. ALTERNATIVE AND RENEWABLE FUEL VEHICLE BUY-DOWN INCENTIVES. Possible approval of a total of \$114,000 in vehicle buy-down incentive reservations for Big Valley Ford, Inc. (OEM - Ford Motor Company, BDIR-12-04) for the buy-down of 19 propane gas vehicles of 8,501 to 14,000 pounds gross vehicle weight. (ARFVT funding.).	88
15. Minutes	
a. Possible approval of the July 11, 2012, Business Meeting Minutes.	91
b. Possible approval of the July 24, 2012, Business Meeting Minutes.	<b>HOLD</b>
16. Lead Commissioner or Presiding Member Reports	91
17. Chief Counsel's Report:	101
18. Executive Director's Report	101
19. Public Adviser's Report	101
20. Public Comment	103
21. Consideration pursuant to Government Code section 11125.3, subd. (a)(2) as to whether there exists a need to take immediate action on item 22. below, and that the need for action came to the attention of the Energy Commission after the August 9, 2012, agenda was posted. (This item requires a two-thirds vote.)	<b>HOLD</b>
22. SoloPower, Inc. Possible approval and execution of a new Intercreditor Agreement between the California Energy Commission, Bridge Bank, N.A., State of Oregon Department of Energy, MIHI, LLC (also sometimes referred to as "MacCap" or "Macquarie") and SoloPower, Inc. regarding Clean Energy Business Financing Program loan number 010-10-CEB. The proposed new Intercreditor Agreement would allow additional funds to be loaned to SoloPower, Inc. by MIHI, LLC. This item will only be considered if item 21 is approved by a two-thirds vote of the Energy Commission.	<b>HOLD</b>

I N D E X

	Page
Items	
Recess	103
Certificate of Reporter	104

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
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P R O C E E D I N G S

AUGUST 9, 2012 10:06 a.m.

CHAIRMAN WEISENMILLER: Let's start the Business Meeting with the Pledge of Allegiance.

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

CHAIRMAN WEISENMILLER: In terms of just providing context for the meeting in terms of where we're going, first Item 2 will be held. And then also I want to note, and we'll have more discussion later, that Items 21 and 22 have been added to the Agenda, pursuant to government code 11125.3 and will be taken up on Tuesday.

So with that let's go to Item 1, the Consent Calendar.

COMMISSIONER PETERMAN: I'll move the Consent Calendar.

COMMISSIONER MCALLISTER: I'll second.

CHAIRMAN WEISENMILLER: All those in favor?  
(Ayes.) Consent Calendar passed unanimously.

Let's go to Item 3, Abengoa Mojave Solar Project (09-AFC-5C). Possible approval of the petition to amend the California Energy Commission Decision. And I believe Dale Rundquist is going to

1 go through this?

2 MR. RUNDQUIST: Yes, sir.

3 CHAIRMAN WEISENMILLER: Please, go ahead.

4 MR. RUNDQUIST: Good morning, Commissioners.

5 My name is Dale Rundquist and I am the Compliance  
6 Project Manager for the Abengoa Solar Power Project.  
7 With me this morning is Kevin Bell, Senior Staff  
8 Counsel and Technical Staff from Biology and Traffic  
9 and Transportation

10 COMMISSIONER MCALLISTER: Could you speak  
11 into the microphone a little bit more?

12 MR. RUNDQUIST: Sure.

13 COMMISSIONER MCALLISTER: Okay. Thank you.

14 MR. RUNDQUIST: How's that?

15 COMMISSIONER MCALLISTER: That's perfect.

16 MR. RUNDQUIST: Also present are  
17 representatives from Mojave Solar, LLC., the owner of  
18 Abengoa Solar Project, and on the telephone there are  
19 representatives from San Bernardino County Department  
20 of Public Works.

21 The Abengoa Mojave Solar Power Project was  
22 certified by the Energy Commission on September 8,  
23 2010 and is currently under construction. It will be  
24 a 250 megawatt project located near the town of  
25 Hinkley, approximately 20 miles northwest of the City

1 of Barstow in San Bernardino County.

2 On March 30, 2012 Abengoa Solar Incorporated  
3 filed a petition with the California Energy Commission  
4 requesting to remove the wording in condition of  
5 certification BIO-7, requiring project-related  
6 vehicular traffic not to exceed a speed limit of 25  
7 MPH on Harper Lake Road during project construction  
8 and operation.

9 The modifications proposed in the petition  
10 would reduce the potential public safety hazard caused  
11 by requiring project-related vehicles to drive  
12 substantially less than the posted speed limit on  
13 Harper Lake Road. Staff initially believed that the  
14 25 MPH speed limit would help reduce the chance of  
15 impacts to desert tortoises crossing Harper Lake Road.

16 Staff reviewed the proposed change and  
17 concluded that there will be no additional impacts to  
18 the desert tortoise on Harper Lake Road because  
19 tortoise exclusion fencing exists on both side of the  
20 road for nearly the entire length.

21 The notice of receipt was mailed to the  
22 Abengoa Mojave Solar Certification mailing list,  
23 docketed and posted on the Energy Commission website  
24 on May 2, 2012.

25 Staff's analysis of the petition was mailed

1 to interested parties on June 15, 2012 and was  
2 docketed and posted to the web on June 20, 2012. One  
3 comment was received during the comment period on the  
4 current condition of Harper Lake Road. The condition  
5 of Harper Lake Road is outside the scope of this  
6 Amendment; however, staff assured the neighbor that  
7 San Bernardino County is working with Abengoa Mojave  
8 Solar to repair and maintain the road.

9 Energy Commission Staff reviewed the  
10 petition and finds that it complies with the  
11 requirements of Title 20, Section 1769(a) of the  
12 California Code of Regulations and recommends approval  
13 of the project modification and associated revision to  
14 the biological resources condition of certification  
15 BIO-7, based upon staff's findings and subject to the  
16 revised condition of certification.

17 Thank you.

18 CHAIRMAN WEISENMILLER: Thank you. Let's  
19 hear from the Applicant now.

20 MR. ELLISON: Thank you, Commissioners.  
21 Christopher Ellison, Ellison, Schneider & Harris  
22 representing the Applicant. To my right is Matt  
23 Stuckey from the Applicant and in the audience is Trey  
24 Bassett, representing the Applicant. I'll be very  
25 brief.

1                   The issue here is not an attempt on  
2 Abengoa's part to drive more quickly on Harper Lake  
3 Road. We don't care what the speed limit is. What we  
4 care about, and the County can set the speed limit as  
5 they believe appropriate and we're happy to work with  
6 them on that. The issue is not having two very  
7 different, 30 MPH different, one for the public and  
8 one for the Abengoa people. This is a road that has  
9 undulations in it. It has some limited visibility and  
10 the 30 MPH difference in vehicular traffic is a public  
11 safety hazard. That's the reason for this amendment  
12 and we hope that you support it.

13                   CHAIRMAN WEISENMILLER: Thank you. I  
14 believe we also have folks on the line from the  
15 county. If they want to say anything this would be a  
16 good time.

17                   MR. BATES: (PHONE LINE OPENED LATE) 25 but,  
18 however, later this month on the 21<sup>st</sup> we are  
19 considering our own reduced speed for the road due to  
20 the conditions on the road. And that would apply to  
21 everyone.

22                   CHAIRMAN WEISENMILLER: Okay. Sorry. You  
23 were cut off in the beginning so would you introduce  
24 yourself? I assume this is Brendon Bates from the  
25 Public Works Department?

1 MR. BATES: Correct.

2 CHAIRMAN WEISENMILLER: But if you could  
3 introduce yourself for the record and then if you  
4 could just repeat what you said from the start that  
5 would be great.

6 MR. BATES: Okay. Good morning. I'm  
7 Brendon Bates with the County of San Bernardino  
8 Department of Public Works. I'm the Deputy Director  
9 of Operations. And we do concur with the statement  
10 that was just made by the Applicant that it is best to  
11 get rid of the 25 MPH due to the tortoise because of  
12 the 2 different speeds that are currently present on  
13 the road. However, later this month on the 21<sup>st</sup> we are  
14 considering going with our Board of Supervisors to  
15 implement a reduced speed for the road. That'll apply  
16 to everybody just due to the condition of the roadway.

17 CHAIRMAN WEISENMILLER: Thank you.  
18 Commissioners, do you have any questions or comments  
19 on this Item?

20 COMMISSIONER PETERMAN: No.

21 CHAIRMAN WEISENMILLER: Okay. Motion?

22 COMMISSIONER PETERMAN: If there's no other  
23 comment than I will move Item 3.

24 COMMISSIONER MCALLISTER: I'll second.

25 CHAIRMAN WEISENMILLER: All those in favor?

1                   (Ayes.) Item 3 passes unanimously. Thank  
2 you.

3                   Let's go on to Item 4, which is El Segundo  
4 Power Redevelopment Project. (00-AFC-14C). Possible  
5 approval of a petition to change the ammonia injection  
6 rates, remove a scrubber and to rename the project.  
7 Mary Dyas?

8                   MS. DYAS: Good morning, Commissioners. My  
9 name is Mary Dyas. And I'm the Compliance Project  
10 Manager for the El Segundo Power Redevelopment  
11 Project. With me at the table is Kevin Bell, Senior  
12 Staff Counsel and we also have technical staff in  
13 attendance if questions arise.

14                   The original 630 megawatt El Segundo Power  
15 Redevelopment Project was certified by the Energy  
16 Commission on August 31, 2005. A subsequent amendment  
17 to convert the project to a 560 megawatt rapid  
18 response combine cycle facility using dry cooling and  
19 zero liquid discharge technology was approved by the  
20 Energy Commission on June 30, 2010.

21                   The facility is located in El Segundo,  
22 approximately 2 miles south of the Los Angeles  
23 International Airport in Los Angeles County.  
24 Currently, the redevelopment project is under  
25 construction and is approximately 40 percent complete.

1           On April 17, 2012 NRG Energy filed a  
2 petition to modify the final decision. The changes  
3 requested include a change to the range of ammonia  
4 injection rates specified in Air Quality Condition of  
5 Certification AQ2 to be consistent with the estimated  
6 operational parameters of the seaman's turbines and  
7 into ensure compliance with maximum permitted levels  
8 of NOx.

9           With the elimination of the ammonia pipeline  
10 option the project will only receive ammonia  
11 deliveries to the existing onsite storage tank by  
12 tanker truck. Therefore the requirement for venturi  
13 scrubber on the ammonia storage tank to control  
14 emissions during refueling of the tank by a pipeline  
15 as provided in Air Quality Condition of Certification  
16 AQ31 is no longer necessary.

17           Also, hazardous materials management  
18 condition of certification has 3 - requires the  
19 project owner to update the risk management plan to  
20 expand its discussion to prevent and control  
21 accidental releases of ammonia from the pipeline.  
22 Based on the elimination of the ammonia pipeline,  
23 parts of Haz 3 are no longer necessary.

24           And the third requested change is a change  
25 to the name of the project from the El Segundo Power

1 Redevelopment Project to the El Segundo Energy Center  
2 Project to reflect the 2008 Energy Commission approved  
3 changed in ownership and make the name of the project  
4 consistent with the owner's name.

5           A notice of receipt for the petition of  
6 amendment was mailed to the El Segundo post  
7 certification mail list, docketed and posted to the  
8 web on May 2, 2012. Staff's analysis of the petition  
9 to amend was mailed to interested parties, docketed  
10 and posted to the web on June 29, 2012. The public  
11 comment period ended on July 29, 2012 and staff has  
12 not received any comments.

13           Staff has determined that the adoption of  
14 the revised conditions of certification in the  
15 technical areas of air quality and hazardous materials  
16 management, the modification of the El Segundo Power  
17 Redevelopment Project with conform to federal, state  
18 and South Coast Air Quality Management District air  
19 quality laws, ordinances, regulations and standards  
20 and would not result in significant environmental  
21 impacts.

22           At this time staff recommends approval of  
23 this petition with the proposed revisions and  
24 additions to the conditions of certification.

25           CHAIRMAN WEISENMILLER: Thank you.

1 Applicant?

2 MS. SMITH: Good morning. Allison Smith,  
3 Stoel Rives, LLP. I have with me George Piantka, the  
4 Project Manager for El Segundo as well as our air  
5 permitting consultant should you have any technical  
6 questions for him. Tom Andrews with CR Research.

7 We concur with staff's analysis and  
8 conclusions that the project if amended will continue  
9 to comply with all LORs relative to the project and  
10 that this amendment will not have a direct or  
11 cumulative impact, environmental impact. And we do  
12 request the Commission's approval of it.

13 CHAIRMAN WEISENMILLER: Thank you. Anyone  
14 else in the room or on the phone?

15 MS. MURPHY: Yes. Michelle Murphy.

16 CHAIRMAN WEISENMILLER: Please, go ahead.

17 MS. MURPHY: Hi. I'm a neighbor. I did not  
18 file anything because I know nothing about ammonia. I  
19 just wanted to urge special consideration of what I  
20 have found that NRG, the Applicant, has not been  
21 honest with the Commission or with its neighbors or  
22 throughout this process. Most particularly, right  
23 now, in the visual matters, which all of us neighbors  
24 can see.

25 They have ignored the conditions that were

1 required – of certification, that were required of  
2 them. And so with the ammonia, which scares me as a  
3 neighbor living 15 feet from the plant, I would hope  
4 that the Energy Commission, that the Staff, has looked  
5 very carefully at this delivery by trucks. All I know  
6 is that cars can be very unsafe, look at Princess Di  
7 and her drunk driver. I don't expect any drunk  
8 drivers driving trucks but there will be some on the  
9 road because that's the nature of roads. And I am  
10 worried about the safety of this change to their  
11 application.

12 CHAIRMAN WEISENMILLER: Thank you for your  
13 concerns. Anyone else on the line? Staff? I'll let  
14 first the staff and then the Applicant address her  
15 concern. And then there may be questions from the  
16 dais.

17 MS. DYAS: I believe all of the – this is  
18 Mary Dyas again. The truck traffic was reviewed and  
19 dealt with during the original proceeding for the  
20 final decision. And because the truck traffic is not  
21 appreciably increasing the impacts have already been  
22 vetted by staff.

23 CHAIRMAN WEISENMILLER: Actually, Mary, it  
24 would probably be helpful to just sort of separate in  
25 your comments first. She obviously raised a concern

1 on the safety issues and I want to get on the record  
2 that to the extent that you've considered the safety  
3 implications, the ammonia. And then she raised on the  
4 record the visual issue. And I think it'd be good  
5 just to give an update of where we are on the visual.  
6 But, obviously, if that's not on the agenda today,  
7 again, to cover both of those and, again, we'll give  
8 the Applicant a second after you finish.

9 MS. DYAS: Okay. The hazardous materials  
10 staff did review the - I think there was an additional  
11 1 or 2 trucks as far as the delivery of the ammonia to  
12 the site. And hazardous materials management staff  
13 did review that and commented in their section for  
14 this, the petition staff analysis, there would be no  
15 increased impacts for the delivery of ammonia.

16 And then as to the visual impacts that's  
17 under an ongoing complaint process, under a separate  
18 process, we are currently in the middle of a comment  
19 period on staff's analysis on that. And then, I  
20 believe, that comment period ends on the 16<sup>th</sup> of this  
21 month.

22 CHAIRMAN WEISENMILLER: That's correct.  
23 Okay. Applicant, do you want to discuss both of  
24 those? Again, realizing that the complaint issue is  
25 being dealt with in a separate proceeding but to the

1 extent that one of the members of the public has  
2 raised in this context I think it'd be useful to at  
3 least address it.

4 MS. SMITH: Absolutely. And we'd be happy  
5 to address any questions the Commissioners might have  
6 on particular safety issues. But what the petition is  
7 requesting is for the method of delivery of ammonia to  
8 be changed slightly. Rather than having it delivered  
9 by a pipeline from the neighboring Chevron refinery.  
10 It will continue to be delivered to the site by a  
11 tanker truck.

12 So while we're asking for an increase in the  
13 range of permitted rates of ammonia injection flow  
14 into the selective catalytic reduction system we're  
15 not, overall, increasing substantially the amount of  
16 ammonia that the facility will use. So the range in  
17 rates is just to allow the facility to meet its  
18 permitted emissions rates for NOx and also for ammonia  
19 slip and to comply with the permit conditions that are  
20 in place from the Air District and from the  
21 Commission. Those emission rates will not change.  
22 We're just looking to expand the range so that we can  
23 comply with our permit conditions.

24 In terms of safety, as Ms. Dyas mentioned,  
25 the facility originally and currently has delivery of

1 ammonia to an existing tank, an onsite tank, by a  
2 tanker truck. And during the amendment process for  
3 this project it was contemplated that we might put in  
4 a pipeline to allow delivery directly from the Chevron  
5 refinery. This petition would amend that, remove that  
6 option, put in the pipeline and have additional tanker  
7 truck deliveries – additional, not above the baseline  
8 amount of truck deliveries that the facility currently  
9 has but above the amount that would be necessary if  
10 there was a pipeline.

11           It's important to note that with the  
12 construction of the pipeline that was contemplated  
13 truck deliveries would not be eliminated entirely  
14 because there would be routine maintenance and  
15 unscheduled outages of the pipeline. And so there  
16 were several truck trips for ammonia deliveries that  
17 were contemplated under the project, in any case. So  
18 this would just keep the status quo of having all  
19 ammonia deliveries to the site by a tanker truck.

20           CHAIRMAN WEISENMILLER: And on the complaint  
21 issue?

22           MS. SMITH: There is a complaint pending  
23 before the Commission regarding landscaping and visual  
24 resource issues. There's no overlap between the  
25 issues that are raised in the complaint and the issues

1 that are before you today with this petition to amend.  
2 The ammonia tank that's in question for this petition  
3 to amend is an existing tank used by the facility.  
4 That's not going to be altered by the project and  
5 would not be changed with this petition to amend. We  
6 would be reducing potential visual impacts by  
7 eliminating the construction and the presence of the  
8 pipeline associated with the project with this  
9 petition to amend. But they're on separate parts of  
10 the site as well.

11 The issues with the complaint relate to the  
12 South side of the site and landscaping and visual  
13 issues adjacent to 45<sup>th</sup> Street.

14 CHAIRMAN WEISENMILLER: Thank you.

15 MR. PIANTKA: I'm George Piantka with NRG  
16 and representing El Segundo Power Redevelopment  
17 Project. And I'll echo what Ms. Smith said. We are  
18 addressing the visual concerns in our complaint  
19 process. That is we are in the comment period. We  
20 will file comments. We take all the conditions very  
21 seriously and we're - you know we'll work through the  
22 process that's before us. And we're confident we'll  
23 come up with a resolution and continue to comply.

24 CHAIRMAN WEISENMILLER: Questions?

25 COMMISSIONER PETERMAN: Just more of a

1 comment. Ms. Dyas or the public adviser, can you just  
2 put on the record if one did want to file comments as  
3 a part of that complaint process what they would need  
4 to do?

5 MS. DYAS: They can file electronically to  
6 myself and my information is online. As well as they  
7 could also file and / or with dockets and the Public  
8 Adviser.

9 COMMISSIONER PETERMAN: Okay. So they could  
10 just search for the project name on the website and  
11 this information will become available?

12 MS. DYAS: Right.

13 COMMISSIONER PETERMAN: Or contact the  
14 Public Adviser?

15 MS. DYAS: Right.

16 COMMISSIONER PETERMAN: Thank you.

17 MR. LEVY: Commissioner. Pardon me. The  
18 deadline to file those comments on the complaints is  
19 the 16<sup>th</sup>.

20 COMMISSIONER PETERMAN: Great. Thank you.  
21 Of August?

22 MR. LEVY: Correct.

23 COMMISSIONER PETERMAN: Thank you.

24 COMMISSIONER MCALLISTER: So –

25 MS. MURPHY: I have some comments.

1 COMMISSIONER MCALLISTER: Sure.

2 MS. MURPHY: I just wanted to say that I am  
3 alarmed by the flow rate of 1 gallon per hour to 75  
4 gallons but I have to trust both NRG and the  
5 Commission staff because I know nothing about flow  
6 rates and I want my air as clean as possible so. I'm  
7 not really talking about that.

8 But it's my understanding that currently we  
9 get about one truck trip a week and it's going to  
10 double. And doubling whatever danger is there and I  
11 see danger in trucks with ammonia is doubling the  
12 danger. As it had been originally certified it would  
13 have been 1 or 2 trips per year so that's more than  
14 doubling. My impression then, I believe, if you  
15 looked at the Applicant, they will say that the pipe  
16 is safer than truck trips. And that makes sense to me  
17 that it would be because trucks involve humans and  
18 we're not very reliable.

19 Anyway, those are my concerns. I hope staff  
20 has addressed them. I only have to rely on faith and  
21 my faith is shaken because of the visual issues.

22 Thank you.

23 CHAIRMAN WEISENMILLER: Again, I think Mary  
24 was clear that we do have staff experts in the area of  
25 hazardous materials. And they have looked at this and

1 ultimately signed off on it.

2 MS. MURPHY: Right.

3 CHAIRMAN WEISENMILLER: So that was  
4 certainly part of the review process for the  
5 amendment.

6 MS. MURPHY: Thank you.

7 COMMISSIONER MCALLISTER: So just a couple  
8 questions. I want to thank the commenter there for an  
9 articulate kind of expression of her concern.

10 So the ammonia that is coming into the site,  
11 is it all still coming from a Chevron refinery or can  
12 it be coming from wherever?

13 MS. SMITH: The pipeline was never built.

14 COMMISSIONER MCALLISTER: Right.

15 MS. SMITH: It wasn't allowed under the  
16 existing decision from the Commission.

17 COMMISSIONER MCALLISTER: So where is the  
18 ammonia coming from now?

19 MS. SMITH: It's currently delivered by a  
20 tanker truck.

21 COMMISSIONER MCALLISTER: From?

22 MR. PIANTKA: Commissioner, I can help  
23 address that. The facility has - includes right now  
24 Unit 3 and 4, which were base loaded plants when  
25 originally designed.

1 COMMISSIONER MCALLISTER: Right.

2 MR. PIANTKA: And since we put our SCR  
3 System in to reduce NOx emissions the plant has been  
4 served by tanker trucks by third-party vendor that  
5 distributes ammonia to the site. And what we have for  
6 our project and with the amendment that occurred in  
7 2010 the project was originally, El Segundo Power  
8 Redevelopment Project, was originally going to be a  
9 base-loaded plant. So you would have had a base-  
10 loaded 2-on-1 combined cycle in Units 3 and 4.

11 With the amendments that we have, and what  
12 we're currently building, is we're building a peaking,  
13 intermittent resource that's not a baseload. Unit 3  
14 retires as part of this - as part of the amendment and  
15 Unit 4 would be the remaining unit subject to OTC  
16 compliance.

17 So, overall, we're seeing a reduction of  
18 ammonia demand on the site as the site has changed  
19 from what was a prior Unit 3 and 4 operating at a  
20 larger capacity factors. I hope I've answered your  
21 question about the supplier is a third-party that  
22 delivers trucks.

23 COMMISSIONER MCALLISTER: Not really. I'm  
24 wondering where - so the Chevron refinery is nearby,  
25 right? So if you can build a pipeline over there it's

1 nearby. So I guess I'm just wondering if I'm - what  
2 the pathway for existing for the ammonia actually is  
3 and where - how far is it coming from? Those sorts of  
4 patterns. Are they - you know if it were coming by  
5 truck from the Chevron refinery next door than that  
6 would be different from it coming from, you know,  
7 Northern California, say.

8 MR. PIANTKA: I hadn't - the third-party  
9 supplier, where they get the ammonia, if they have a  
10 business-to-business relationship with a refinery they  
11 - and the refinery was - could supply them. That  
12 could be a direct pathway by truck to the site. And  
13 then it comes by a route that's been well traveled for  
14 all our deliveries since we've had an ammonia system.  
15 We also have a risk management plan in place to  
16 address any of the safety issues in the management of  
17 ammonia at the site. These are all documents that  
18 have been well in place.

19 COMMISSIONER MCALLISTER: Yeah. So. I  
20 understand these issues were worked out previously in  
21 the application but that predates me and it's nice to  
22 hear it directly from the Applicant.

23 So roughly how many tankers are coming and  
24 how many will be coming in?

25 MR. PIANTKA: It's 1-2 a week, is what we

1 estimate with the unit that's - Unit 4 that would  
2 continue to operate and the new units. And at a point  
3 when Unit 4 is no longer operating we anticipate that  
4 to drop down to about 1 truck a week.

5 COMMISSIONER MCALLISTER: Per week. Okay.  
6 Okay, thanks. No more questions from me.

7 CHAIRMAN WEISENMILLER: Okay. I was going  
8 to ask the basic question of, at this point, when do  
9 you contemplate this plant coming online?

10 MR. PIANTKA: The new plant is scheduled to  
11 come on next summer of 2013.

12 CHAIRMAN WEISENMILLER: What part of the  
13 summer? When?

14 MR. PIANTKA: We have online date by August  
15 1. If it - I'm not sure if it's -

16 CHAIRMAN WEISENMILLER: Okay. Well.

17 MR. PIANTKA: When each of the trains will  
18 come on earlier than that. That's certainly an  
19 objective to have them available earlier.

20 CHAIRMAN WEISENMILLER: Well, obviously the  
21 elephant in the room is zone 3 and 2 and we're now  
22 working on contingency plans assuming those plants  
23 aren't online next summer or the following summer.

24 Those are a big part of the resources in  
25 Southern California. I would not that this morning at

1 10:15 the CAISO called Flex Alert for Southern  
2 California between now and August 12 asking for people  
3 to conserve resources. And one of the things that  
4 certainly we're looking at, you know, obviously it's  
5 more interesting to us to have the plant come online  
6 June 1<sup>st</sup> as opposed to August 1<sup>st</sup>, is the bottom-line.

7 MR. PIANTKA: Thank you. We understand  
8 that. Believe me all of the people are pushing toward  
9 having that unit, the new units, available as soon as  
10 possible.

11 I will also note that Unit 3 has a 90-day  
12 provision after first fire of the new units and so  
13 Unit 3 currently we estimate would be available  
14 through Q1 of 2013 and then Unit 4 is continuing to be  
15 available.

16 CHAIRMAN WEISENMILLER: Okay. And having  
17 said that, obviously it's very important to us that,  
18 you know, the staff is, on the compliance side, really  
19 on their toes on particularly issues that involve  
20 transport of hazardous waste materials. So, again,  
21 really encourage that the staff did a current review  
22 of this amendment.

23 And also, certainly, as the neighbor  
24 indicated there's some concerns that the alleged lack  
25 of compliance with our siting conditions for this

1 project get to the integrity of the Applicant. And,  
2 certainly, would strongly, strongly encourage NRG to  
3 work with the staff to get this resolved fast.

4 So, with that, any motions?

5 COMMISSIONER MCALLISTER: Okay. That's all.  
6 I'll reiterate that definitely have to take those  
7 complaints and those trust issues seriously. I mean  
8 that's a fundamental way we have to do business is  
9 make sure we have trust with the community wherever  
10 that's possible.

11 Could you maybe just talk about what the  
12 potential barriers are for getting this thing  
13 installed? I mean is it a construction coordination  
14 issue? Are there still local permitting - what are  
15 the potential delays that you might see going forward  
16 to get this in place by summer next year?

17 MR. PIANTKA: I'm sorry. You're referring  
18 to the whole power plant? Energy center plant?

19 COMMISSIONER MCALLISTER: Yes. Yes.

20 MR. PIANTKA: We don't see barriers. We've  
21 been moving forward on schedule since construction  
22 started. And I don't see barriers to being online  
23 next summer.

24 COMMISSIONER MCALLISTER: So I will move to  
25 approve Item 4.

1 COMMISSIONER PETERMAN: I'll second.

2 CHAIRMAN WEISENMILLER: All those in favor?

3 (Ayes.) Item 4 passes unanimously. Thank  
4 you.

5 Let's go on to Item 5. Genesis Solar Energy  
6 Project (09-AFC-8C). Possible approval of the petition  
7 to amend the Commission's Decision. Eric Veerkamp.

8 MR. VEERKAMP: Yes. Good morning.

9 CHAIRMAN WEISENMILLER: Good morning.

10 MR. VEERKAMP: Again, good morning,  
11 Commissioners. My name is Eric Veerkamp, and I'm the  
12 compliance project manager for the Genesis Solar  
13 Energy Project. Here in the room this morning is  
14 Joseph Hughes with Air Quality Staff. We also have  
15 Laura Zaninovich and Amy Golden with our Biological  
16 Unit. And we have representatives of the project  
17 owner. I think we have Ken Stein here, Kenny Stein,  
18 Scott Galati and Scott Busa as well. I think we have  
19 some folks on the phone who have submitted comment  
20 letters. I think we have Tiffany North from the  
21 County of Riverside and I think we have Lisa Belenky  
22 with the Center for Biological Diversity as well.

23 Genesis is a solar thermal electrical  
24 generating station certified by the Energy Commission  
25 on September 29, 2010. The project is currently under

1 construction and is approximately 15 percent complete.  
2 The project will provide 250 megawatts of power when  
3 completed. The GSEP Project is located approximately  
4 25 miles west of the City of Blythe in Riverside  
5 County.

6 And I just wanted to step out for a moment  
7 and mention that you may have heard that there was a  
8 significant rain event at Genesis last week. I can  
9 tell you that onsite staff, both the CBO and NextEra  
10 staff, are still doing their data recovery and damage  
11 assessment. I hope to have that material very shortly  
12 and I'll be making – the plan right now is to prevent  
13 a brief to the Commission next week at the Citing Lead  
14 meeting.

15 On April 7, 2012 Genesis Solar filed a  
16 petition with the Energy Commission to amend the  
17 Commission final decision for a relocated Gen-tie  
18 line, a relocated natural gas line and to bring  
19 revised Mojave Desert Air Quality Management District  
20 permits into consistency with amended Energy  
21 Commission conditions.

22 Can I ask that the Exhibit be rotated 90  
23 degrees clockwise?

24 COMMISSIONER PETERMAN: While we're taking  
25 that pause, I will ask everyone as they speak to make

1 sure to pull their microphone close and speak slightly  
2 slower and clearer because I think we may have some  
3 trouble with folks hearing on the line. Thanks.

4 MR. VEERKAMP: Genesis has requested  
5 modifying the approved generator tie-line, as you can  
6 see in the exhibit on screen. Making minor  
7 adjustments to the alignment primarily related to  
8 where the line passes under the existing Eagle  
9 Mountain transmission line, Option A, which is in  
10 purple.

11 Genesis has also requested approval of  
12 Option B for the generator tie-line. The alignment of  
13 Option B differs from Option A in that the line jogs  
14 to the north and east as it leaves the project site,  
15 running north of the Wiley's Well Rest Area before  
16 turning south and continuing until it crosses  
17 Interstate 10 and connects with the Blythe Energy  
18 Transmission Line, which is actually out of the  
19 picture of this exhibit.

20 As a result of a new point of interconnect  
21 required by Southern California Gas Company Genesis is  
22 requesting 2 new alignments for the natural gas line,  
23 again Option A and Option B.

24 Option A in the center of the screen in the  
25 yellow highlight you can see the point of interconnect

1 for the gas line. Option A follows roughly the  
2 alignment of Gen-tie line Option A, running west from  
3 the point of natural gas interconnect, then north to  
4 the project site.

5 Option B follows roughly the alignment of  
6 Gen-tie line Option B, running east from the gas  
7 interconnect point, then north behind and north of  
8 Wiley's Well Rest Area before turning west to the  
9 project site.

10 Due to terms of a new large generation  
11 interconnection agreement Genesis is also constructing  
12 a new small substation outside the fence perimeter of  
13 the Colorado River substation to accommodate metering  
14 and protection equipment for the Genesis Project.

15 Genesis is also seeking consistency between  
16 the Mojave Desert Air Quality Management District  
17 Permit and Energy Commission air quality conditions of  
18 certification directly related to 3 items: 1. Updated  
19 equipment descriptions and emissions information for  
20 equipment actually purchased. 2. Slight changes to  
21 emissions from some of the engines based on  
22 manufacturer specifications. And 3. The change from 2  
23 large wet mechanical draft cooling towers to 2 large  
24 air cooled condensers and 2 small package type wet  
25 cooling systems.

1           Finally, the use of portable generators is  
2 being proposed to provide power during commissioning  
3 activities due to uncertainty in the timing of an  
4 agreement for obtaining back feed power from the  
5 Blythe Energy transmission line.

6           Energy Commission staff has reviewed the  
7 petition to amend and have assessed impacts on  
8 environmental quality, public health and safety and  
9 proposes new conditions of certification for air  
10 quality, and a modified condition of certification for  
11 biological resources.

12           It's staff's opinion that with the  
13 implementation of the new and revised conditions that  
14 the project will remain in compliance with applicable  
15 laws, ordinances, regulations and standards. And that  
16 the proposed modifications will not result in  
17 significant adverse, direct or cumulative impact to  
18 the environment.

19           I will say that the staff analysis dated  
20 June 29 of 2012 was docketed and posted to the website  
21 on the same date. The public review period ended on  
22 Monday, July 30, 2012. We received a comment letter  
23 from the CBD on the deadline July 30. And we also  
24 received just yesterday, the 8<sup>th</sup> of August, a comment  
25 letter from Riverside County.

1           If you would please put up the second  
2 Exhibit, the comment bullets. And I'd like to address  
3 each of these comments briefly.

4           CHAIRMAN WEISENMILLER: Please hold off  
5 until we call on you.

6           MR. VEERKAMP: First, the Center for  
7 Biological Diversity had 3 distinct comments.

8           Number one, as part of the American Badger  
9 and Desert Kit Fox Mitigation and Monitoring Plan, CBD  
10 has suggested that the plan include provisions for  
11 radio collaring to allow for data collection as an  
12 additional measure for monitoring the effects of  
13 hazing activities on the species.

14           Based on this comment the Energy Commission  
15 will remain open to including, as part of the "as yet  
16 to be approved" American Badger and Desert Kit Fox  
17 Mitigation and Monitoring Plan, allowances for future  
18 radio collaring of foxes to facilitate data gathering.  
19 Any allowance of such measures would be subject to  
20 consultation with other resource agencies,  
21 particularly the California Department of Fish and  
22 Game.

23           The second comment raised by CBD was that  
24 staff's analysis of the proposed modifications did not  
25 adequately consider the potential impact to Mojave

1 Fringe-toed lizard habitat. And in response to this  
2 comment about the habitat of the Fringe-toed lizard,  
3 staff is confident that any impacts to lizard habitats  
4 have been adequately mitigated. The overall acreage  
5 of the proposed modifications for both Option A and B  
6 are less than the acreage of the Gen-tie and natural  
7 gas line originally approved and mitigated for for the  
8 Fringe-toed lizard habitat impacts, potential impacts.  
9 Staff's conclusion is that there is an insignificant  
10 impact to the lizard habitat from the proposed route  
11 changes and impacts remain less than significant.

12           Comment number 3. The third comment raised  
13 by CBD was that staff's analysis failed to include an  
14 assessment of greenhouse gas emissions, or GHGs,  
15 associated with the proposed use of diesel generators  
16 during commissioning, or bringing online of the  
17 project. And in response air quality – in response to  
18 CBD's comment, Air Quality staff has conducted an  
19 evaluation of GHG emissions resulting from the use of  
20 generators run on either natural gas or diesel,  
21 ideally natural gas. Even though generators would  
22 only be used on a contingency basis the evaluation of  
23 a worst case scenario revealed that GHG emissions  
24 resulting from the generator's operation would be a  
25 maximum of 7 percent of the GHGs generated during

1 project construction. And this fractional potential  
2 increase is more than made up for by the long-term  
3 benefits of the project.

4           The other comment letter we received was  
5 from the County of Riverside. And the County has  
6 expressed a concern that portions of the proposed  
7 modifications may be located on or involve the use of  
8 county property or county rights of way. And in  
9 response to Riverside County's expressed concern the  
10 Energy Commission staff has consulted with the  
11 Applicant as well as our own staff to reconfirm that  
12 the proposed modifications do not involve any county  
13 rights of way or easements.

14           So again Energy Commission staff has  
15 reviewed this petition and have assessed impacts on  
16 environmental quality, public health and safety in  
17 light of the concerns raised by the Center for  
18 Biological Diversity and the County of Riverside.  
19 Staff's determination is that the project will remain  
20 in compliance with applicable laws, ordinances,  
21 regulations and standards. And that the proposed  
22 modifications will not result in any significant  
23 adverse direct or cumulative impact to the  
24 environment.

25           And that concludes my presentation. I'm

1 open to questions.

2 CHAIRMAN WEISENMILLER: Okay. Thank you.

3 Let's hear from the Applicant next.

4 MR. GALATI: Scott Galati, representing  
5 NextEra.

6 MR. BUSA: And Scott Busa with NextEra.

7 MR. GALATI: Thank you, Commissioners. We  
8 appreciate staff's thorough analysis. We have  
9 reviewed staff's analysis. We agreed with the  
10 conditions that are proposed in there. We also agree  
11 with the conclusions. If I could add a little bit of  
12 information about the condition on biological  
13 resources that you heard staff describe, which deals  
14 with the Kit Fox and American Badger Monitoring Plan.

15 That condition was not changed as a result  
16 of anything that's going on with this particular  
17 amendment. But, in fact, was modified to reflect how  
18 the mitigation plans have changed over time with  
19 respect to the project. And so we believe, as staff  
20 believes, that any comments or any input on the  
21 Monitoring Plan should be properly handled through the  
22 compliance process and not as part of this amendment.  
23 So we'd actually ask you to support that change.

24 The rest of the changes, there are no  
25 objections to and we agree to so we appreciate your

1 approval on that.

2 In addition with the comment from the County  
3 of Riverside we believe that there is no county owned  
4 property or county right of ways or easements that  
5 need to be crossed by the project site and, therefore,  
6 those issues are not relevant to your decision here.

7 Would also remind the Commission that just  
8 like the Blythe Project had to do this change in the  
9 transmission line right of way was primarily  
10 associated with accommodating the move of the Colorado  
11 River Substation and the results of the  
12 interconnection agreements.

13 So we ask your approval and we're here to  
14 answer any other questions that you might have.

15 CHAIRMAN WEISENMILLER: Let's now hear from  
16 the County of Riverside. I think we have Tiffany  
17 North on the line?

18 MS. NORTH: Good morning, Commissioners.  
19 Tiffany North, Deputy County Counsel, County of  
20 Riverside.

21 I just want to thank both staff and the  
22 Applicant for confirming that the county easements and  
23 county roads are not involved in the project. It was  
24 unclear to me from the petition materials whether or  
25 not that was the case.

1                   CHAIRMAN WEISENMILLER:   Okay.  Thank you.

2   In terms of interveners Lisa Belenky, are you on the  
3   line?

4                   MS. BELENKY:   Yes.  Can you hear me?

5                   CHAIRMAN WEISENMILLER:   Yes.

6                   MS. BELENKY:   Okay.  Thank you.  Thank you,  
7   Commissioners.  I am glad to hear the responses from  
8   staff to the issues that we raised and particularly  
9   glad to hear that the staff is going to provide a  
10  report about the recent rain event and washout at the  
11  site next week.  And I'm assuming that will be posted  
12  and provided to all the – to the public as well.

13                   We're very concerned.  We remain very  
14  concerned about the issues with the Kit Fox on this  
15  site.  And while we do support the conditional  
16  monitoring requirements that are being proposed, we  
17  also feel very strongly that there needs to be a  
18  better set of monitoring put in place and although  
19  it's fine for the Applicant to say that we should deal  
20  with this within the compliance process there is no  
21  clear process engagement at that stage.  And this is  
22  very difficult therefore for members of the public,  
23  including ourselves who are interveners, to then have  
24  input.

25                   We are very concerned with the large number

1 of gaps on the site – of the Desert Fox and the spread  
2 of distemper throughout the population in this area.  
3 This is an impact that was raised by interveners  
4 during the process of approval, the question of  
5 impacts to the species. It was, we think, largely  
6 ignored and now we see a very bad outcome –

7 CHAIRMAN WEISENMILLER: Okay.

8 MS. BELENKY: on this site. As for the  
9 Mojave fringe-toed lizard question the documents do  
10 not provide any information and accepted that that be  
11 statement that it's less acreage. One acre is not  
12 necessarily the same as another and we think that  
13 there should have been more detailed provided on the  
14 actual impacts to the Mojave Fringe-toed lizard  
15 habitat and the quality of that habitat instead of  
16 just a blanket statement that, "Oh, it won't be a  
17 problem."

18 We're very glad to see the GHG evaluation  
19 was now done that we had asked for. So, in sum, I  
20 think we still feel that there is a big problem on  
21 this site and the impacts from this project to the Kit  
22 Fox and we would like to see the Commission step up  
23 and require more monitoring as well as look at new  
24 ways, in the future, to avoid similar conflicts.

25 CHAIRMAN WEISENMILLER: Thank you. Anyone

1 else on the line?

2           Actually, let me start out with just a  
3 couple of things. First, I would like to note that  
4 Commissioner Douglas is actually on duty in D.C. today  
5 and she is our Lead Commissioner on the Citing stuff  
6 but is engaged on a lot of the DOE CP stuff so could  
7 not be here.

8           So, with that, we'll have to really make  
9 sure that the staff passes on to her your comments on  
10 these issues but, again, I think she's had a marvelous  
11 record here on attendance. But, as I said, duty calls  
12 elsewhere.

13           In terms of just following up, I wanted to  
14 make sure that the staff confirms on the record that  
15 the report would be made publically available,  
16 hopefully next week, on the flood impacts?

17           MR. VEERKAMP: Yeah. I feel certain that in  
18 some form or fashion it will be either posted on our  
19 website, made public but I'm not exactly sure what  
20 form that will take at this point.

21           CHAIRMAN WEISENMILLER: Okay. And, also, in  
22 terms of could you give any guidance to her and other  
23 interveners on how best to interact with staff on  
24 development of the protocols on the compliance plan  
25 for the Kit Fox?

1           MR. VEERKAMP: With respect to the Kit Fox  
2 impacts?

3           CHAIRMAN WEISENMILLER: Yeah.

4           MR. VEERKAMP: I know that our staff still  
5 needs to consult and coordinate with, as I said, the  
6 other resource agencies. And, to some degree – to a  
7 large degree, this issue with the Kit Fox and these  
8 protocols are more of a Department of Fish and Game  
9 issue and less of a Genesis – CEC issue because it's  
10 kind of grown beyond the scope of this project. But  
11 we certainly are – I've talked with staff and I know  
12 they can speak more at length on this than I can. But  
13 I know we are willing – they're willing to work with  
14 the CDFG and if they feel it's necessary to expand on  
15 these protocols for collaring and data tracking that  
16 we will consider that, certainly.

17           But I think, you know, that being said this  
18 idea of collaring just for the sake of gathering data,  
19 you know, is beyond kind of the normal compliance  
20 practices that we engage in as part of our compliance  
21 duties.

22           CHAIRMAN WEISENMILLER: Again, I don't think  
23 we necessarily want to get into that as much today as  
24 at least trying to figure out, at least on a follow up  
25 basis, the best way for CBD to interface with that

1 development as protocols.

2           So, anyway, and I'm sure that will be  
3 something that Commissioner Douglas will be interested  
4 in sort of pursuing with you.

5           MR. VEERKAMP: All right.

6           CHAIRMAN WEISENMILLER: Any other questions  
7 or comments?

8           COMMISSIONER MCALLISTER: Yeah. I have a  
9 question. So, yeah, on the Kit Fox and the American  
10 Badger Plan I think it is important that there be a  
11 process that is transparent and is followed and is  
12 open as possible so that ineligible stakeholders can  
13 help guide that. And, you know, to the extent that  
14 the additional monitoring has some merit,  
15 scientifically.

16           I don't think the fact that it's a bigger  
17 issue than our traditional vetting of a power plant  
18 should impede our sort of advocacy for doing it right.  
19 So that's the nature of the Citing process in this day  
20 and age. So I think that we kind of need to go with  
21 what's needed. Rather than drawing any artificial  
22 barriers around our vetting process. And to the  
23 extent that there are many other agencies involved we  
24 have to just work with them.

25           So I did have a question about – so I wasn't

1 clear, maybe I missed this in the write-up, but so the  
2 Option A and the Option B, what is the motivating  
3 factor behind having 2 options? And what's the  
4 process for choosing one or the other? Is that down  
5 the road? What's the sort of context there?

6 MR. VEERKAMP: Well I would like to differ  
7 to the Applicant but I can tell you that they have  
8 requested, if it wasn't clear, approval by the  
9 Commission of either Option so that they could choose  
10 either Option A or Option B.

11 COMMISSIONER MCALLISTER: Yeah. So I  
12 understand that. And I guess so that just brings up  
13 what are the issues that have prevented that decision  
14 from being made already?

15 MR. GALATI: There were two options as  
16 described. Option A is basically the original Option  
17 that was approved by the Commission with just a very  
18 minor modification to that. And Option B was actually  
19 a better route, in our minds. It has less  
20 environmental impacts, in particular some cultural  
21 features associated with Option A that is avoided by  
22 using Option B. But because Option A was sort of the  
23 original route and Option B was kind of a new area we  
24 just wanted to lay out both for the review by the  
25 staff and by the Commission so we didn't know if one

1 or the other would be approved. We gave 2 options -  
2 sort of an original and an improved alternative.

3 The decision will be made once approved by  
4 the Commission and by the Bureau of Land Management.  
5 They also need to approve an amendment to the NEPA  
6 documents to also approve these options. But  
7 certainly the company NextEra is leaning towards what  
8 we consider the less impactful option, Option B, but  
9 just because of the uncertainty of which one or both  
10 if they might get approved we've asked for approval  
11 for 2 options at the Commission, and are doing the  
12 same thing with the BLM.

13 COMMISSIONER MCALLISTER: Okay. So just to  
14 understand. So Option B is what you'd really like and  
15 you're keeping Option A on the table just in case?

16 MR. GALATI: Just in case and because it was  
17 basically just the original option that was approved  
18 by the Commission.

19 COMMISSIONER MCALLISTER: Okay. So and what  
20 are the factors that have come up since the original  
21 approval that have led you to say, "Oh. Option B would  
22 be better than Option A."?

23 MR. GALATI: Well, one in particular, and  
24 it's actually just slightly off the screen here. It's  
25 where the options connect to the east/west Gen-tie

1 route that takes us to the Colorado River substation.

2 And during the construction of Southern  
3 California Edison's Devers - Palo Verde 2 500 kV line,  
4 which runs in the same corridor just to the south  
5 here. They've uncovered some Native American remains.  
6 Option A takes us very close not, not into those, but  
7 very close to.

8 So one of the reasons that we prefer Option  
9 B it moves us further away from where the issues arise  
10 from Southern California Edison's project. It also  
11 straightens out the Gen-tie a little bit so there's  
12 less visual impact with Option B. And it was really  
13 just a development of early planning and as we  
14 actually got into the detailed engineering of the  
15 transmission line, recognized that Option B would have  
16 been a better choice from the beginning.

17 COMMISSIONER MCALLISTER: Okay. Okay.  
18 Thank you for that.

19 COMMISSIONER PETERMAN: No questions. I  
20 appreciated staff's response, oral response, to the 2  
21 comment letters filed.

22 COMMISSIONER MCALLISTER: Okay. I'll make a  
23 motion to approve Item 5.

24 COMMISSIONER PETERMAN: I'll second.

25 CHAIRMAN WEISENMILLER: All those in favor?

1 (Ayes.) Item 5 is approved.

2 Let's go on to Item 6. Thank you, staff.

3 Huntington Beach Energy Project (12-AFC-02).

4 Kevin Bell? Item A is possible approval of Executive  
5 Director's data adequacy recommendation.

6 MR. BELL: Yes. Good morning, Chairman  
7 Weisenmiller. Commissioners Peterman and McAllister.  
8 My name is Kevin Bell. I'm the Senior Staff Counsel  
9 assigned to the Huntington Beach Energy Project. The  
10 project manger for this matter is Felicia Miller, who  
11 could not be with us today. Standing in for her is  
12 Pat Kelly, seated next to me.

13 On June 27 of this year AES Corporation  
14 submitted an application for certification for AFC to  
15 construct and operate the Huntington Beach Energy  
16 Project. The project is proposed to replace the  
17 existing Huntington Beach Power Plant on the 20.6 acre  
18 parcel located in the City of Huntington Beach,  
19 California.

20 The proposed Huntington Beach Energy Project  
21 would be a natural gas fired, combined-cycle, air-  
22 cooled, 939 megawatt electrical generating facility.  
23 The project will consist of 2 power blocks. Each  
24 composed of 3 natural gas combustion turbine engines  
25 with supplemental heat recovery steam generators, a

1 steam turbine generator, an air cooled condenser and  
2 ancillary facilities. The project will connect to the  
3 existing high voltage electric transmission and  
4 natural gas pipeline systems that are already present  
5 on the site, avoiding the need to construct any new  
6 offsite linear facilities.

7           On July 27, after reviewing the application  
8 for certification, staff filed a recommendation  
9 indicating that the AFC was not yet complete. Staff  
10 determined that the information contained in the AFC  
11 was deficient in 5 areas: air quality, biological  
12 resources, cultural resources, public health and  
13 transmission system design.

14           On August 6, the Applicant filed a  
15 supplement to the AFC. Staff has completed its data  
16 adequacy review of the supplemental information  
17 together with the original AFC and has determined that  
18 the information provided by the Applicant meets all  
19 the requirements listed in Title 20, California Code  
20 of Regulations, Section 1704, Appendix B.

21           Just to get off script for a moment, I do  
22 want to thank staff and the Applicant for coordinating  
23 their efforts to get this information completed and a  
24 review completed in a very quick time.

25           One comment has been submitted in this

1 matter. On August 3, 2012, the California Coastal  
2 Commission submitted comments on staff's data adequacy  
3 review in accordance with the 2005 Memorandum of  
4 Agreement between the Energy Commission and the  
5 Coastal Commission regarding that Agency's statutory  
6 role in the Energy Commission's AFC proceedings. In  
7 its comments, the Coastal Commission identified 4  
8 specific areas of concern: biological resources,  
9 geologic hazards, cumulative impacts regarding nearby  
10 proposed desalinization facility and alternatives.

11           The Coastal Commission has requested that  
12 the Energy Commission hold in abeyance any  
13 determinative data adequacy until its concerns are  
14 addressed. However, with the recent submittal of the  
15 supplemental information by the Applicant staff has  
16 determined that sufficient information has been  
17 provided to meet the data adequacy requirements of the  
18 Energy Commission's regulations.

19           Additionally, Energy Commission staff  
20 believe that some of the information needs that have  
21 been identified with Coastal Commission go beyond the  
22 scope of information requirements in the Energy  
23 Commission's regulations.

24           Energy Commission staff will work with the  
25 CCC to prepare data requests that will be sent to the

1 Applicant immediately following acceptance of the AFC  
2 as complete, pursuant to the Energy Commission's  
3 regulations.

4 In closing, Energy Commission staff  
5 recommends that the Energy Commission accept the AFC,  
6 together with the supplemental AFC, as complete and  
7 appoint a committee for the Huntington Beach Energy  
8 Project.

9 CHAIRMAN WEISENMILLER: Thank you. I think  
10 we have some issues on WebEx on the line. Allison,  
11 could you explain what's going on or what people  
12 should do or Harriet?

13 I'm sorry, for the public, but I just want  
14 to make sure that you got the coherent point in your  
15 presentation. We had a chance to talk about the  
16 issues we're facing and then we'll go back to this  
17 issue. Technical issues, I guess, is what I should  
18 clarify.

19 MS. KALLEMEYN: So, Chair Weisenmiller, this  
20 is Harriet Kallemeyn. We are having some issues with  
21 audio on the WebEx. People who are unable to hear can  
22 call in on our conference call number or contact the  
23 Public Adviser's Office for further information.

24 If you wish to call in on the conference  
25 call the toll free is 1-888-823-5065. The Passcode

1 for the meeting is Business Meeting and when you're  
2 asked for the call leader, please say, "Jerome Lee."  
3 You will be able to hear everything that goes on in  
4 the room and, if you wish to testify, you can let the  
5 operator know that and you will be able to testify  
6 during the hearing.

7 COMMISSIONER PETERMAN: And, Harriet, I  
8 assume this information has been posted in terms of  
9 the area where you can type messages online for those  
10 who cannot hear?

11 MS. KALLEMEYN: We will not be folks can't  
12 participate directly through the WebEx. If you do  
13 want to participate in the meeting you do have to call  
14 in to the conference calling center. That is no  
15 change from our regular procedure. It's always been  
16 that way.

17 COMMISSIONER PETERMAN: Okay.

18 MS. KALLEMEYN: And, again, if you're not  
19 getting the audio on the WebEx you can hear the  
20 proceeding whether you wish to participate or not.  
21 The number again 1-888-823-5065.

22 COMMISSIONER MCALLISTER: So if, Harriet, if  
23 you could type - if somebody could type in in the box  
24 there that number so that if people can't hear they  
25 can actually have it.

1 COMMISSIONER PETERMAN: Thank you for that  
2 update.

3 CHAIRMAN WEISENMILLER: Thank you. I don't  
4 know if we have anything generally on the – if there  
5 are issues on audio or whatever to please contact the  
6 Public Adviser's Office. That's good.

7 So, with that, let's go back to this Item.  
8 Applicant?

9 MS. FOSTER: Good morning, Commissioners.  
10 Melissa Foster with Stoel Rives, counsel for the  
11 Applicant. With me here today is Jennifer Didlo,  
12 President of AES Southland Development. On behalf of  
13 Applicant, I'd like to thank staff and thank Kevin  
14 Bell for the summary.

15 We agree with staff's recommendation and Ms.  
16 Didlo would like to say a few words on behalf of the  
17 project, if that is okay.

18 CHAIRMAN WEISENMILLER: Sure. Go ahead.

19 MS. DIDLO: Good morning, Commissioners and  
20 staff. Thank you for your efforts to date and your  
21 commitments to California's complex energy needs.

22 Sustaining power generation at the  
23 Huntington Beach site as this project will do is  
24 imperative for regional reliability. The efforts this  
25 year to make sure that Huntington Beach's Unit 3 and 4

1 were operational while the San Onofre units were down  
2 was a tangible example of that.

3           Developing and permitting technology in a  
4 configuration that supports the California Renewable  
5 Portfolio Standard, eliminates the use of ocean water,  
6 improves the efficiency and the reliability while  
7 helping California solve its problem around the aging  
8 infrastructure. Definitely support California meeting  
9 its clean energy and clean air objectives.

10           AES is committed to California and AES is  
11 committed to this project. And we recognize the  
12 project's importance to the bigger picture of  
13 California. That is a picture of a future that  
14 includes continued sustainable stable supply of  
15 electricity while maximizing the use of renewable  
16 sources. Thank you for your time.

17           CHAIRMAN WEISENMILLER: Thank you. I'll  
18 just echo the sort of connection, obviously, just  
19 repeating myself that San Onofre is out in 2 and 3.  
20 And in terms of a planning purpose at least we're  
21 planning for the next couple of years in case it's not  
22 back. And, as you indicated, one of the things we've  
23 painfully discovered this year is that there are few  
24 power plants in that part of the state and Huntington  
25 Beach is certainly critical in that context.

1           But, again, I will say that, as you know, we  
2 will have a very thorough review process here and but  
3 we certainly appreciate staff and Applicant working  
4 diligently to correct the issue  
5 s and move this one forward. But, again, I promise  
6 everyone a public process to have a very thorough  
7 review as part of it.

8           COMMISSIONER PETERMAN: I'll just add.  
9 Thank you for your comments, Chairman, and  
10 particularly for the comment about the necessity still  
11 for need for a thorough review. As we move forward  
12 and try to repower facilities to deal with 1:01:53.1  
13 requirements as well as renewables integration, we  
14 will still keep our mandate to make sure we're  
15 minimizing significant impacts seriously. And so  
16 thank you for your comments on this Item.

17           COMMISSIONER MCALLISTER: I will hold off on  
18 comments actually until Item 7, I think.

19           CHAIRMAN WEISENMILLER: Okay. So do we have  
20 a motion for accepting the Executive Director's?

21           COMMISSIONER PETERMAN: So are we taking  
22 this in part?

23           CHAIRMAN WEISENMILLER: Yeah.

24           COMMISSIONER PETERMAN: I'll move Item 6(a).

25           COMMISSIONER MCALLISTER: I'll second.

1           CHAIRMAN WEISENMILLER: All those in favor?

2           (Ayes.) Item 6(a) passes unanimously.

3           Going on to 6(b) possible approval of a  
4 committee. The committee will be chaired by  
5 Commissioner McAllister, with the second member being  
6 Commissioner Douglas.

7           COMMISSIONER PETERMAN: If no comments on  
8 that I will move Item 6(b).

9           COMMISSIONER MCALLISTER: So I meant 6(b)  
10 not 7. So I just wanted to reiterate something that  
11 Commissioner Weisenmiller said, or Chair Weisenmiller  
12 said, which is that as this will be my first case or  
13 my first siting case that I'm the lead on and, you  
14 know, certainly we take all the stakeholders very  
15 seriously. There are a number of – each plant is  
16 unique. Each siting case is unique. It really does  
17 require a lot of heavy lifting on the part of staff  
18 and we know that when a – if and when a plant gets  
19 through that process and gets approval, that approval  
20 is often substantially different than what it went in  
21 looking like because of staff's diligence and all the  
22 work with stakeholders. And it's not a, definitely  
23 not a rubber stamp. And the process is meant to end  
24 up with results that are bullet proof. That are  
25 really very robust, defensible and take both the best

1 interests of the state and the reliability needs that  
2 we have to uphold. But also allow stakeholders who  
3 are interested and impacted to have a say and  
4 influence and, particularly, participate in the  
5 process in the maximum way possible.

6           So, just wanted to make sure that it was  
7 very clear that we are extremely committed to that  
8 process. And that notwithstanding all the reliability  
9 needs and the San Onofre situation and Huntington  
10 Beach is in the critical here where we need to support  
11 another ancillary services. I think I'm looking  
12 forward to managing that process and to working with  
13 all the stakeholders and staff, particularly, on this  
14 project. So thanks very much.

15           So I'll second.

16           CHAIRMAN WEISENMILLER: All those in favor?

17           (Ayes.) Item B passes unanimously. I would  
18 disclose by noting that I had the opportunity in the  
19 80's to work with the founders of AES, Roger Sant,  
20 Dennis Bakke and Bob Hempel and they have very, very  
21 high ethical and environmental values. And,  
22 certainly, I expect that tradition to be continued  
23 with this project.

24           MS. FOSTER: Thank you.

25           CHAIRMAN WEISENMILLER: Let's go on to -

1 we're going to discuss Item 7 and 8 jointly but we'll  
2 then vote separately on those.

3           So Item 7 is Energy Efficiency and  
4 Conservation Block Grant Program Guidelines and Item 8  
5 is Energy Efficiency and Conservation Block Grants.  
6 And these are part of the Energy Efficiency and  
7 Conservation Block Grants awarded by the U.S.  
8 Department – through us by the U.S. Department of  
9 Energy, under the ARRA Program. Amir?

10           MR. EHYAI: Thank you, Chairman. Good  
11 morning, Commissioners. My name is Ami Ehyai and I'm  
12 with the Special Projects office. With me is Gabe  
13 Herrera of the Commission's Legal Office and, as  
14 you've mentioned, I will be speaking on Items 7 and 8  
15 as they are related.

16           I'm here to seek your approval of the 6th  
17 edition to the Energy Efficiency and Conservation  
18 Block Grant Program Guidelines. The Block Grant  
19 Program is set to expire on September 13, 2012.  
20 However, at the request of the Energy Commission staff  
21 the U.S. Department of Energy has granted the  
22 Commission a 1-year no cost time extension on the  
23 program. The revised guidelines will: 1) extend the  
24 period of performance for this program by one year and  
25 2) replaces all reference to the ARRA ad-hoc committee

1 with the Executive Director.

2           There are also other non-substantive changes  
3 proposed for clarifications purposes. The revised  
4 guidelines were docketed and publicly noticed on July  
5 25. As of today there have been no comments.

6           I would like to take a moment and provide an  
7 update on the Block Grant Program. The Energy  
8 Efficiency and Conservation Block Grant Program was  
9 created by the Energy Independence and Security Act of  
10 2007 and funded by the American Recovery and  
11 Reinvestment Act of 2009.

12           The program has provided billions in  
13 economic incentive investment nationally to stimulate  
14 the economy. In California, the Energy Commission's  
15 Special Projects Office is administering the block  
16 grant program for the small cities and counties. The  
17 program includes two phases. Under Phase I the  
18 Commission awarded over \$32 million to 279 local  
19 governments. As of June 14, 2012 all Phase I projects  
20 are complete.

21           The majority of funding has gone to upgrade  
22 interior and exterior lights. This is followed by  
23 heating, ventilation and air conditioning equipment  
24 and controls. Staff estimates that the annual energy  
25 savings from all Phase I projects will exceed 38

1 million kilowatt hours of electricity and 350,000  
2 therms of natural gas. This equates to roughly \$5.5  
3 million in utility cost savings each year for the  
4 participating jurisdictions. A monitoring,  
5 verification and evaluation effort is currently  
6 underway by a third-party engineering firm to verify  
7 the energy savings estimates and to evaluate the  
8 program as a whole. Next slide, please.

9           In January 2012, staff released the EECBG  
10 Phase II solicitation. This was done to ensure that  
11 the benefits of the Block Grant Program will remain in  
12 California. The reason is that under Phase I a number  
13 of awardees cancelled or withdrew from the program as  
14 well a number of the completed projects have come in  
15 under budget. This leads unspent, upwards of \$3  
16 million out of the initial \$32 million in awards that  
17 can be redirected to Phase II projects.

18           Earlier this year, the Commission approved  
19 15 Phase II projects, which will be funded as unspent  
20 Phase I funds become available. To date, staff has  
21 funded the first 6 Phase II projects. Your approval  
22 of the revised guidelines will provide the Phase II  
23 grantees additional time to complete their projects  
24 and expand the ARRA funds as approved by the U.S.  
25 Department of Energy.

1 I'm happy to answer any questions you may  
2 have.

3 CHAIRMAN WEISENMILLER: Thank you very much.  
4 Commissioners, any questions or comments?

5 COMMISSIONER MCALLISTER: I'll just note  
6 that this is really a, in my view, a good management -  
7 both of these Items, actually, good management of our  
8 funds. And making sure we actually get the money  
9 spent in California doing good things. And clearly  
10 this is a successful program. The local governments,  
11 the small, local governments, that were a part of this  
12 program, really need the resources. And there are  
13 many valuable projects, many more than we can fund,  
14 with available resources and the ones we prioritized  
15 there through this process are worthy. We want to get  
16 down this list as much as we can with whatever fallout  
17 from the Phase I. So as further funds come available  
18 hopefully we'll be able to fund some of those but it's  
19 really math at this point to figure that out.

20 So I appreciate the flexibility at the  
21 Department of Energy, absolutely, and I think this is  
22 a very worthwhile thing for us to approve so. Thank  
23 you. Thank you for all your efforts.

24 So I'll move to approve Item 7.

25 COMMISSIONER PETERMAN: I'll second.

1 CHAIRMAN WEISENMILLER: All those in favor?

2 (Ayes.) Item 7 is approved.

3 Let's go on to Item 8.

4 MR. EHYAI: Sure. Again, this Item is a  
5 companion to agenda Item 7. I'm seeking your approval  
6 of a resolution directing the Executive Director to  
7 extend the term of the 15 Phase II projects by 6  
8 months from September 13, 2012 until March 13, 2013.

9 CHAIRMAN WEISENMILLER: Thank you.

10 COMMISSIONER MCALLISTER: No comment from  
11 me. I'll go ahead and move to approve Item 8.

12 COMMISSIONER PETERMAN: I'll second.

13 CHAIRMAN WEISENMILLER: All those in favor?

14 (Ayes.) Item 8's approved.

15 Let's go on to Item 9. Now, again, we're  
16 going to discuss 9 and 10 together and then we'll vote  
17 separately on each of those Items.

18 So 9 is the Renewables Portfolio Standard  
19 Eligibility Guidebook. Well, just to set it up is the  
20 Renewables Energy Program overall, program overall,  
21 Guidebook. And, again, we will discuss those together  
22 and then vote separately. Thanks Kate and Gabe, of  
23 course.

24 MS. ZOCCHETTI: Thank you. Good morning,  
25 Chairman and Commissioners. I'm Kate Zocchetti with

1 the Renewable Energy Office. I manage the RPS Program  
2 here at the Energy Commission. With me is Gabe  
3 Herrera, Legal Counsel, and technical staff Mark  
4 Koostra.

5 Staff proposes that the Energy Commission  
6 adopt minor revisions to the Renewables Portfolio  
7 Standard Eligibility Guidebook, 5<sup>th</sup> Edition and to the  
8 Overall Program Guidebook for the Renewable Energy  
9 Program 4<sup>th</sup> Edition. Both of which were adopted by the  
10 Energy Commission on May 9 of this year.

11 With guidance and input from Commissioner  
12 Peterman, the Lead Commissioner for Renewables, staff  
13 proposes these limited changes to the guidebooks to  
14 respond to public comments received during the comment  
15 period for that proceeding.

16 The RPS Eligibility Guidebook describes the  
17 eligibility requirements and process for certifying  
18 renewable resources as eligible for the RPS and  
19 describes how the Commission verifies compliance.

20 The Overall Program Guidebook describes how  
21 the Energy Commission's Renewable Energy Program is  
22 administered and includes information and requirements  
23 that apply overall to the program elements and to  
24 California's RPS, including a glossary of terms.

25 Revisions to these Guidebooks are done

1 periodically to respond to changes in law, CPUC  
2 decisions that affect the RPS rules and lessons  
3 learned from program implementation.

4           During my presentation on May 9 I noted that  
5 these changes would be presented for consideration at  
6 an upcoming Business Meeting but that further public  
7 notice was warranted. The Energy Commission released  
8 a public notice summarizing these changes and showing  
9 the changes in red line format on July 30. Written  
10 comments were due by August 3 and we received comments  
11 from 3 parties.

12           I'd like to summarize the staff's proposed  
13 changes to the RPS Eligibility Guidebook first. Staff  
14 proposes to clarify that facilities located outside  
15 the United States must demonstrate that the facility  
16 has developed and operated in a manner that is as  
17 protective of the environment as a similar facility  
18 located in California. Staff proposes to clarify that  
19 these environmental requirements are limited to  
20 facilities that are connected to a balancing authority  
21 that is not a "California balancing authority" as  
22 defined in the Overall Program Guidebook for the  
23 Renewable Energy Program.

24           Staff proposes to allow generation from a  
25 certified 40 megawatt, hydra-electric generating unit

1 that is operated as part of water supply or conveyance  
2 system to count towards a utility's RPS procurement  
3 requirements beginning on the effective date of Senate  
4 Bill X1-2, which was December 10, 2011, if an  
5 application for certification is received by October 1  
6 of this year.

7 Because 40 megawatt, hydra-electric  
8 generating units may not have a FERC permit staff  
9 proposes to allow an applicant to submit project  
10 licenses, permits and exemptions issued by FERC only  
11 if applicable to the facility and if - excuse me, and  
12 if none were issued the Applicant must submit  
13 explanatory documentation.

14 Staff proposes to clarify that, in general  
15 only an Applicant who seeks to revise a facility's day  
16 of Commercial operations must apply for eligibility as  
17 a re-powered facility.

18 We also propose to clarify that to receive a  
19 beginning on date for eligibility, beginning with the  
20 month during which an application is received, the  
21 application for certification must be submitted within  
22 90 days of the facility's commencement of commercial  
23 operations.

24 We propose to clarify that for utility -  
25 excuse me, for a utility-certified facility to qualify

1 for a certification extension after its contract  
2 expires if that occurs after October 1, 2012 the  
3 facility applicant must submit an application no later  
4 than 90 days after the termination date of the  
5 contract.

6           The 5<sup>th</sup> Edition of the Guidebook provided an  
7 aggregated application process for wind and solar  
8 facilities – excuse me, solar PV facilities, having  
9 similar characteristics and registered in regius as  
10 aggregated units. Staff proposes to allow an  
11 Applicant to submit an amended application to remove  
12 an ineligible facility from the group within 30 days  
13 without the group losing certification as an entire  
14 unit.

15           Lastly, for that Guidebook, staff proposes  
16 to require that applications for certification and  
17 pre-certification be submitted electronically under a  
18 specified format unless the Applicant receives advance  
19 approval from staff.

20           Moving on to the Overall Program Guidebook  
21 we just have 1 proposed change, which is to add a  
22 definition of "name plate capacity". And the  
23 definition that we propose is consistent with the  
24 definition used by regius, which has been the Energy  
25 Commission's practice all along.

1           And, in addition to these revisions and  
2 clarifications staff has also corrected minor errors -  
3 grammatical, typographical and formatting and so forth  
4 in both of these guidebooks.

5           So that summarizes the changes that we  
6 propose. I'd like to add, though, that several  
7 stakeholders commented during the previous proceeding  
8 to adopt the Guidebooks in May that the Energy  
9 Commission should adopt an exemption for some  
10 renewable distributed generation facilities that  
11 operate with generation behind the meter from the  
12 requirement for revenue grade meters that have been  
13 independently verified to an accuracy of +/- 2 percent  
14 for purposes of RPS accounting.

15           Commissioners indicated at that time that  
16 they would consider such a change to the meter  
17 accuracy requirement in the future if accuracy could  
18 be assured, acknowledging that energy grade meters are  
19 appropriate for the RPS since revenue is being  
20 exchanged. And the integrity of the RPS depends on  
21 accurately reported generation data.

22           Staff was redirected to revisit the research  
23 that we had done over the past year or more on this  
24 topic and to determine if there was additional  
25 information that had yet to be considered. Since that

1 time after conducting additional research and  
2 analyzing the various options staff recommends the no  
3 change option. This option preserves the accuracy  
4 that is required for all RPS certified facilities. It  
5 maintains a level playing field across technologies  
6 and across utilities and aligns with the state's other  
7 performance based renewable energy programs.

8           While maintaining this requirement would  
9 mean that some DG facilities would need to add a  
10 revenue grade meter for a utility to claim its  
11 generation for the RPS. And that this added cost may  
12 be prohibitive in some cases. Allowing an exemption  
13 for meter accuracy for existing facilities does not  
14 benefit the state nor does it help the state achieve  
15 the Governor's goal of 12,000 megawatts of renewable  
16 DG by 2020.

17           Maintaining the meter accuracy requirement  
18 also ensures that new DG facilities in the RPS will  
19 have the independently verified revenue grade meters.

20           This concludes my presentation. I ask that  
21 the Commission adopt these Guidebooks with staff's  
22 proposed changes and I'd be happy to respond to  
23 questions.

24           CHAIRMAN WEISENMILLER: Okay. First we do  
25 have 1 request to speak. Tim Tutt?

1           MR. TUTT: Good morning, Chair Weisenmiller.  
2 Commissioners, staff. SMUD supports the ongoing  
3 implementation of the RPS and the changes to the  
4 Guidebook here today. We didn't see any issues  
5 related to the minor changes that were proposed and  
6 are going to be, presumably, adopted here today.

7           I'm just here to let you know that as we  
8 looked at those changes we did take sort of a cover-  
9 to-cover look at the RPS Guidebook and we, therefore,  
10 will be filing some comments later today addressing  
11 other issues in the Guidebook for future reference. I  
12 just wanted to make sure that you were aware that we  
13 were filing that today. Thank you.

14           CHAIRMAN WEISENMILLER: Thank you. Is there  
15 anyone else, either in the room or on the phone, who  
16 wants to comment?

17           So, with that, Commissioners, any questions  
18 or comments? Commissioner Peterman -

19           COMMISSIONER PETERMAN: I'll offer a comment  
20 or two and then turn to my fellow Commissioners and  
21 see if they have any questions.

22           First of all, thank you Mr. Tutt for the  
23 cover-to-cover read. Our documents are always  
24 improved with the stakeholders who are actually having  
25 to implement this work on the ground, giving us

1 feedback. As the Guidebooks are, they are living  
2 documents, as the RPS Program continues to evolve and  
3 there'll obviously be some changes in the future  
4 Guidebooks going forward as we further implement the  
5 new RPS legislation.

6           Commissioners, I just wanted to comment that  
7 I am supportive of staff's recommendations.  
8 Particularly, I just wanted to add a final comment on  
9 the revenue meter – the revenue grade meter issue. In  
10 our Business Meeting where we adopted the Guidebook  
11 the first time around. We heard stakeholder feedback  
12 about the decision to require revenue grade meters and  
13 I think all of the Commissioners were interested in  
14 further analysis being done. I directed staff to do  
15 so.

16           Thank you, staff, for doing that further  
17 analysis. They engaged with the various stakeholders  
18 and gathered data to really understand what the impact  
19 of this decision would be. As Ms. Zocchetti explained  
20 well, the objective of the program is to make sure  
21 that we are accurately measuring renewable energy that  
22 the state is providing a premium for and these revenue  
23 grade meters will allow us to do that. Again, it  
24 provides an even playing field and consistency across  
25 all parties participating in the program.

1           Distributed generation is very important to  
2 the state and we are engaged in a number of efforts to  
3 promote distributed generation. This decision does  
4 not preclude any DG facilities from participating in  
5 the RPS if they acquire or upgrade to a revenue grade  
6 meter they can participate. Also, the solar PV  
7 systems that we're talking about have been  
8 incentivized by the state already as a part of either  
9 a state or a utility-level subsidy program. So this  
10 was a discussion about an additional incentive,  
11 participating in the RPS. So, indeed, I think we're  
12 moving in the right direction. Looking forward to  
13 more DG, again, with these accurate meters and thank  
14 staff for their time.

15           If there is any other questions I'm happy to  
16 have discussion with my fellow Commissioners on the  
17 Item.

18           COMMISSIONER MCALLISTER: I'll just say that  
19 I really appreciate Commissioner Peterman's leadership  
20 on this and really enjoyed my briefing on this topic  
21 with Ms. Zocchetti and her staff.

22           And, you know, it's a sticky issue with lots  
23 of stakeholders and those are always the ones that  
24 require the most due diligence and involvement with  
25 those stakeholders by staff and the Commissioners.

1           In having been involved in the DG world at  
2 the CSI and everything for a lot of years, understand  
3 the passion on all sides of this issue. But agree  
4 with Commissioner Peterman's analysis of this and with  
5 staff's that, you know, our – we want to incentivize  
6 new DG, with a level playing field; we'll have a  
7 market to engage under rules that make sense. And,  
8 so, going forward these requirements, these sort of  
9 rules are appropriate. Costs for revenue grade meters  
10 and that accuracy have gone down and we expect them to  
11 continue to come down so this will be more and more  
12 accessible to the marketplace. And, existing systems,  
13 can step up if they so desire and participate as well.  
14 And, so, that really is the main goal. And so I am  
15 very supportive of this and would move to approve Item  
16 9.

17           CHAIRMAN WEISENMILLER: I just have one  
18 comment, which was, again, certainly have appreciated  
19 the staff's efforts to really maintain the integrity  
20 of the programs. And, as Commissioner Peterman said,  
21 to the extent that we're providing a lot of subsidies  
22 and sort of encouragement for Californians to use  
23 renewables. It's our job to make sure that it's  
24 really green renewables stuff that's being certified.  
25 So, good job.

1                   COMMISSIONER PETERMAN:   Indeed.   We're  
2   trying to make sure we're really getting the state and  
3   ratepayer value.   And I think these Amendments do  
4   that.

5                   COMMISSIONER MCALLISTER:   I'll just actually  
6   add too because I think the backdrop here is that we  
7   need a market for our RECs, right?   We need an  
8   understandable – if a relatively small system owner is  
9   going to participate in the REC market there need to  
10   be clear rules.   And it needs to be pretty plug and  
11   chug or – it can't be a custom job to participate in  
12   RPS because that costs too much money and then there's  
13   no value proposition for that entity or that system.

14                   So, you know, the price for RECs is very  
15   uncertain and it'll be variable going forward.   And  
16   whether it's a real cash-flow stream for an individual  
17   project that's trying to sell their RECs I think is an  
18   open question.   Hopefully, it will be in my view.   But  
19   these rules, I think, are critical for making that  
20   happen.   And letting the marketplace know exactly what  
21   it means to participate and making it as, sort of,  
22   straight forward as possible is a big step in the  
23   right direction.   So, thanks.

24                   COMMISSIONER PETERMAN:   Great.   So I  
25   believe, Commissioner McAllister, there was a motion?

1 COMMISSIONER MCALLISTER: Yes.

2 COMMISSIONER PETERMAN: So I will second the  
3 motion for Item 9.

4 CHAIRMAN WEISENMILLER: And all those in  
5 favor?

6 (Ayes.) Item 9 passes unanimously.

7 Let's go on to Item 10. I think the staff  
8 presentation covered Item 10 also so.

9 COMMISSIONER PETERMAN: All right. I will  
10 move Item 10.

11 COMMISSIONER MCALLISTER: I'll second.

12 CHAIRMAN WEISENMILLER: All those in favor?

13 (Ayes.) Item 10 passed unanimously.

14 Let's go on to - thank you. Thanks again.

15 Let's go on to Item 11. Schlumberger Carbon Services.

16 Possible approval of Contract 500-11-032 for

17 \$2,731,000. And these are funded out of the WESTCARB

18 grant and fully funded with DOE funds. So, again,

19 this is WESTCARB/DOE funding. Mike?

20 MR. GRAVELY: Good morning, Chairman,

21 Commissioners. I'm Mike Gravely from the R&D

22 Division. I'm here today to bring forward the

23 Schlumberger contract, which is one of several

24 contracts we have under the \$20 million DOE grant that

25 the Energy Commission manages for DOE. As you

1 mentioned, this contract is fully funded under DOE  
2 funds.

3 Under this effort Schlumberger will be  
4 completing additional data and analysis from the  
5 Northern California characterization well that was  
6 completed in 2011. They will also be completing  
7 detailed seismic analysis and collecting data, both in  
8 California and some of the other WESTCARB states.

9 This seismic data will be used to overlay  
10 with existing underground geological characterization  
11 data to help us identify areas that are especially  
12 good for CCS and areas that we want to avoid for some  
13 potential seismic information. Also, as mentioned,  
14 they will be providing over \$2 million in cost share.

15 I'll be glad to answer any questions I can  
16 for this effort.

17 CHAIRMAN WEISENMILLER: Thank you.  
18 Commissioners, any questions or comments?

19 COMMISSIONER PETERMAN: I'll just say that  
20 I'm glad to see that we're still moving on CCSS and  
21 trying to understand the potential in that area. So I  
22 will move - unless there's any other comments, I will  
23 move Item 11.

24 COMMISSIONER MCALLISTER: I'll second.

25 CHAIRMAN WEISENMILLER: All those in favor?

1                   (Ayes.) Item 11 passes unanimously. Thanks,  
2 Mike.

3                   Let's go on to Item 12. Yokayo Biofuels,  
4 Inc. This is a possible adoption of a Mitigated  
5 Negative Declaration under the California  
6 Environmental Quality Act and approval of grant  
7 agreement ARV-11-030 for a grant of \$1,860,330. And  
8 this is ARFVT funding. Jacob Orenberg?

9                   MR. ORENBERG: Good morning, Chairman and  
10 Commissioners. My name is Jacob Orenberg. And I am  
11 the Project Manager for this proposed Yokayo Biofuels  
12 Inc. grant.

13                   Yokayo proposes to use Energy Commission  
14 grant funds to expand and convert an existing  
15 biodiesel production facility located in  
16 unincorporated Mendocino County near Ukiah,  
17 California.

18                   The project will expand production of  
19 biodiesel from approximately 1,400 gallons per day to  
20 2,000 gallons per day, primarily using waste  
21 restaurant grease as a feedstock. In addition, the  
22 project will convert the facility to use a new  
23 production process - switching from a chemical  
24 catalyst to an enzymatic catalyst. The new production  
25 process will reduce or eliminate energy inputs,

1 wastewater and hazardous waste while increasing  
2 biodiesel yield per gallon of feedstock.

3           This agenda Item consists of 2 parts. The  
4 first of which is the proposed adoption of a  
5 mitigated, negative declaration for this project for  
6 compliance with the California Environmental Quality  
7 Act for the mitigated negative declaration. The  
8 Energy Commission Citing Division prepared an initial  
9 study for the project and determined that although the  
10 proposed project could have a significant effect on  
11 the environment these effects are mitigated by  
12 measures included in the grant's special terms and  
13 conditions.

14           The mitigated negative declaration was  
15 posted for public review for 30 days and no comments  
16 have been received. I believe there's also a  
17 resolution to adopt this mitigated negative  
18 declaration, which is available on the table by the  
19 entrance to Hearing Room A.

20           The second part of this agenda Item seeks  
21 the approval of a \$1,860,330 grant for Yokayo to  
22 construct new facilities or rehabilitate existing  
23 facilities, purchase and install equipment and begin  
24 production with a new enzymatic process. Yokayo was  
25 recommended for this grant in a March 23, 2012 notice

1 of proposed awards for the Biofuels Production  
2 Facility Solicitations number PON-11-601 under the  
3 alternative and renewable fuel and vehicle technology  
4 program.

5 Staff requests the Energy Commission approve  
6 agenda Item 12. Also, Kumar Plocher, the Chief  
7 Executive Officer of Yokayo Biofuels, has prepared a  
8 brief statement on the benefits of this project and is  
9 available for any questions you may have.

10 MR. PLOCHER: My name is Kumar Plocher. I'm  
11 the CEO of Yokayo Biofuels. And it has been a very  
12 exciting project for us to work on this project to  
13 expand and upgrade our facility.

14 We've been working on the plan for the last  
15 several years and when the grant was announced in  
16 January it was a chance for us to incorporate new  
17 elements to it based on our work with a company called  
18 Piedmont Biofuels in North Carolina that had developed  
19 this enzymatic process.

20 Right now is a very interesting time in the  
21 biodiesel industry. It's a very threatened industry  
22 and one thing that I want to focus on in my statement  
23 is the way that this will solidify our existence in  
24 this industry and add a lot of jobs to what we are  
25 doing at Yokayo Biofuels and at our production plant,

1 in specific.

2           There's a lot of subsidies right now from  
3 the federal government that are in flux with this  
4 industry and this is part of the plan to not only  
5 lower our carbon footprint but also make sure that we  
6 have staying power so that we can have those  
7 additional jobs and maintain our business strategy on  
8 into the future.

9           COMMISSIONER PETERMAN: Hi. Good morning.

10          MR. PLOCHER: Good morning.

11          COMMISSIONER PETERMAN: Thank you for being  
12 here and for coming from quite a far away to share  
13 your comments and thoughts with us.

14          Just wondering, how many people are employed  
15 at this facility and will there be new hires because  
16 of the expansion?

17          MR. PLOCHER: Currently, we have 17 and I  
18 expect to have at least 8 new hires; probably several  
19 more than that due to the expansion.

20          COMMISSIONER PETERMAN: Great. I'll just  
21 offer a comment and fellow Commissioners may have some  
22 questions as well.

23          MR. LEVY: Just one point of clarification,  
24 Commissioners. The resolution is directed to both the  
25 mitigated negative declaration and the grant

1 agreement. So your approval of the resolution is what  
2 you're being ask for today. Thank you.

3 COMMISSIONER PETERMAN: I'll just add that  
4 I'm supportive of this project. Biodiesel is a key  
5 part of the state's meeting some of its alternative  
6 fuel and climate change goals. And really serves the  
7 market area goods movement, heavy duty trucks, which  
8 we need to address and we have less solutions for, if  
9 you will. And it's great to see this company using  
10 this new process to both lower the cost to bring more  
11 resources to the market as well as improve the  
12 efficiency and environmental impact.

13 And it's also great to see these fuels being  
14 manufactured in California. And I hope this is a  
15 model that can be expanded.

16 MR. PLOCHER: Thank you.

17 CHAIRMAN WEISENMILLER: Any other questions  
18 or comments?

19 COMMISSIONER MCALLISTER: Yeah. Let's see.  
20 So I totally agree with that. I mean this is a hard  
21 nut to crack and there's a lot of innovation going on  
22 and I think that's exactly what the R&D elements or  
23 what the Commission is trying to do with AB 118  
24 funding.

25 I'll just make a note that I think you've

1 experienced and we take seriously CEQA. Because part  
2 of that innovation really is making these decisions  
3 with the best and most complete vetting possible.  
4 And, you know, we all know that it's very difficult to  
5 get through the whole process. But we're all better  
6 for it when we do that due diligence. And it's a lot  
7 of effort that ends up being worth it.

8           And when – you know, your facility and  
9 together with the county and the Commission and all  
10 the other stakeholders that you have to work with, I  
11 think, you'll be on excellent footing going forward.  
12 And we'll be able to even more, rightly, going to use  
13 this as an experience that we can learn from in the  
14 California context because it is a unique context. So  
15 thanks for your perseverance. Thanks very much to  
16 staff and in particular Jake has been working hard on  
17 this project so I think congratulations and looking  
18 forward to what you can do.

19           MR. PLOCHER: Thank you.

20           COMMISSIONER PETERMAN: I'll just add that  
21 this declaration, particularly the impact analysis  
22 really represents a good coordination and  
23 collaboration amongst parties within the agency  
24 because to do this type of work you have to both  
25 understand what's happening in the alternative fuel

1 space as well as the environmental implications of  
2 citing as well as some of the legal concerns. And so  
3 thank you for staff for working together and I hope  
4 that's a model that we can employ with future projects  
5 as we move forward.

6 So if there are no other comments, sir -

7 MR. PLOCHER: I'd like to add one thing to  
8 what Jacob said. And, first of all, thank you Jacob  
9 for working with us for awhile on this, making sure  
10 this can happen. It's been a real pleasure to work  
11 with the Energy Commission.

12 The one thing that I would add is that Jacob  
13 mentioned that the project uses recycled restaurant  
14 fryer grease. That's the feedstock we've been using.  
15 We're certainly going to continue to use it but we're  
16 also developing a new waste feedstock as part of this  
17 project, which is trap grease. And that's something  
18 that the new process is specifically aimed toward  
19 using. So that's an even lower value waste feedstock.

20 COMMISSIONER PETERMAN: I have to ask,  
21 what's trap grease? I'm not familiar with that.

22 MR. PLOCHER: So there's 2 types of grease  
23 that comes from a restaurant. There's the type that  
24 comes from the deep fryers. That's what biodiesel  
25 companies that use recycled restaurant fryer oil

1 typically use. That's what we've been using for  
2 years.

3 And then there's the grease that's washed  
4 down the drain. And over the last, I don't know how  
5 many years there's been regulations to make sure that  
6 every restaurant has grease traps in place, grease  
7 interceptors, to capture that grease that goes down  
8 the drain. That's a much harder to use grease. Most  
9 existing processes cannot utilize it. The one that we  
10 are bringing in can.

11 COMMISSIONER PETERMAN: That's terrific. I  
12 also now feel that it's okay for me to eat fries  
13 tonight, because I might be supporting the biodiesel  
14 industry.

15 [LAUGHTER]

16 COMMISSIONER PETERMAN: Well, then  
17 Commissioners – thank you for the explanation. That  
18 was useful. I would then move Item 12.

19 COMMISSIONER MCALLISTER: I'll second.

20 CHAIRMAN WEISENMILLER: All those in favor?

21 (Ayes.) Item 12 passes unanimously. Thank  
22 you.

23 Let's go on to Item 13. California  
24 Department of Corrections and Rehabilitation.  
25 Possible approval of an augmentation of \$225,483 to an

1 existing low interest Energy Conservation Assistance  
2 Act loan (001-11-ECD) of \$2,056,229 to the Department  
3 of Corrections and Rehabilitation. These are ECAA  
4 fundings. And Shahid Chaudhry, please.

5 MR. CHAUDRY: Good morning, Chairman. Good  
6 morning, Commissioners. I'm Shahid Chaudry with the  
7 Special Projects Office. And I am here today to  
8 request your approval to augment \$225,483 to an  
9 ongoing loan to the California Department of  
10 Corrections and Rehabilitation.

11 To give you a little background, the  
12 California Department of Corrections and  
13 Rehabilitation received a loan of \$2,056,229 from the  
14 Energy Commission under ECAA to fund energy efficient  
15 lighting at its Corcoran Drug and Rehabilitation  
16 Center located in Kings County.

17 The project included replacing close to  
18 15,000 inefficient lighting fixtures to reduce the  
19 center's building demand by 700 kilowatt and annual  
20 energy use by 3,600 megawatt hours per year.  
21 Resulting in an annual cost savings of \$330,000.

22 During the process, CDCR identified  
23 additional opportunities to replace 3,471 inefficient  
24 lighting at an additional cost of \$225,483, the  
25 revised total of 18,600 inefficient fixtures. The

1 replacement will reduce the facility's electricity  
2 demand by a little over 800 kilowatt and annual use by  
3 3,800 megawatt hours per year. This will result in  
4 annual energy cost savings of \$350,000.

5 In addition, the project will reduce annual  
6 greenhouse gas emissions by 1,300 tons of carbon  
7 dioxide equivalent. To replace the revised number of  
8 inefficient lighting the CDCR has requested to augment  
9 \$225,483 to the existing loan. This will increase  
10 CDCR's loan amount to \$2,281,712. The Energy  
11 Commission loan is funded at an interest rate of 3  
12 percent and with the added amount the payback period  
13 is 6 ½ years.

14 Since the augmentation request to the  
15 existing loan falls well within the program guidelines  
16 the staff recommends your approval. I'm here to  
17 answer any questions you may have.

18 CHAIRMAN WEISENMILLER: Thank you.  
19 Commissioners, any questions or comments?

20 COMMISSIONER MCALLISTER: Just a quick  
21 comment. This, pretty much in my view, is a no  
22 brainer. These are great retrofits to be doing. It's  
23 a great use of the ECAA program and it's an existing  
24 project and the change basically reflects that the in  
25 the field, going out and counting all the

1 installations in the jurisdiction or in the facilities  
2 ended up with a different number than what was  
3 originally applied for. So similar technologies  
4 that's all very scoped out. So it's a pretty low risk  
5 project. So I appreciate everybody getting their  
6 ducks in a row to get the right number in front of us  
7 on this. So, thank you. So I'll move Item 13.

8 COMMISSIONER PETERMAN: I'll second.

9 CHAIRMAN WEISENMILLER: All those in favor?

10 (Ayes.) This Item passed unanimously.

11 Thank you.

12 MR. CHAUDRY: Thank you, Commissioners.

13 CHAIRMAN WEISENMILLER: Let's go onto Item

14 14. Alternative and Renewable Fuel Vehicle Buy-Down

15 Incentives. Possible approval of a total of \$114,000

16 in vehicle buy-down incentives. Andre Freeman?

17 Excuse me, this is ARFVTP funding.

18 MR. FREEMAN: Good morning/afternoon,

19 Commissioners. My name is Andre Freeman. I'm a

20 member of the Fuels and Transportation Divisions''

21 Emerging Fuels and Technologies Office.

22 Today I'm seeking approval of the latest

23 batch of incentive reservations for 19 propane

24 vehicles, totaling \$114,000 that are funded through

25 the Alternative and Renewable Fuels and Vehicles

1 Technologies Program.

2           As you know, the Natural Gas and Propane  
3 Vehicle Buy-Down Program is designed to promote the  
4 purchase of clean, alternative fueled vehicles to  
5 replace aging gasoline and diesel fleets. This  
6 program provides incentives for consumers to adopt  
7 these alternative technologies, which provide both  
8 economic and environmental benefits to the State of  
9 California.

10           Including the reservations pending your  
11 approval today, the 2012 Buy-Down program will have  
12 supported the purchase of 600 vehicles, including more  
13 than 500 natural gas and 100 propane vehicles. At  
14 last month's Business Meeting I mentioned that we were  
15 looking for new ways to get some of the propane  
16 funding out because it had a lot lower demand than the  
17 natural gas funding did, which is now gone. Since  
18 then we have met with several stakeholders and we  
19 definitely have some new concepts that we're thinking  
20 about applying to the program to help speed up the  
21 allocations of those funds. So we'll be bringing that  
22 to Commissioner Peterman most likely in the coming  
23 months.

24           Thank you.

25           CHAIRMAN WEISENMILLER: Great.

1 Commissioners, any questions or comments?

2 COMMISSIONER PETERMAN: I'll just say.

3 Thank you, Mr. Freeman for continuing to work with the  
4 industry and stakeholders and customers to see what we  
5 need and how we need to revise our programs. We want  
6 to make sure that these things work on the ground so  
7 sounds like you and staff are being very responsive.

8 And I'll also add that, Mr. Freeman, you  
9 always seem to be at the end of the Business Meeting  
10 agenda. So you're very patient sitting through the  
11 meeting so thank you for that. I don't know how you  
12 always get that straw but -

13 MR. FREEMAN: I won't say that I sit through  
14 the entire meeting but -

15 [LAUGHTER]

16 MR. FREEMAN: Less pressure. Less people in  
17 the room.

18 [LAUGHTER]

19 COMMISSIONER PETERMAN: Well, that's all for  
20 my comments. Anyone else?

21 Okay. Thank you. I will move Item 14.

22 COMMISSIONER MCALLISTER: I'll second.

23 CHAIRMAN WEISENMILLER: All those in favor?

24 (Ayes.) Item 14 passed unanimously.

25 MR. FREEMAN: Thank you.

1                   CHAIRMAN WEISENMILLER: Thank you. Let's go  
2 on to the Minutes. First let's do A, July 11, 2012.

3                   COMMISSIONER PETERMAN: I'll move Item  
4 15(a).

5                   COMMISSIONER MCALLISTER: Second.

6                   CHAIRMAN WEISENMILLER: All those in favor?  
7 (Ayes.) Item 15(a) passes unanimously.

8                   Let's go on to 15(b). Wait a minute -  
9 check. Were you here for a - ? So we just did a  
10 quick check. Item b will be held for a subsequent  
11 meeting when Commissioner Douglas is here.

12                   Let's go on to Item 16. Lead Commissioner  
13 Presiding Member Reports. Commissioner Peterman?

14                   COMMISSIONER PETERMAN: Yeah. Of course  
15 always lots going on. I'll just mention that today we  
16 have staff and parties meeting in Los Angeles for our  
17 Southern California EPIC Workshops. We had  
18 successfully 2 days of workshops here in Sacramento,  
19 which the Commissioners were present. And I had the  
20 opportunity to call into the LA one and progress is  
21 moving along. We've got a good turnout there. And so  
22 we're all looking forward to the feedback that we get.  
23 I encourage the stakeholders over the 2 days to think  
24 about research directions that will eventually funnel  
25 through our renewable deployment program, the research

1 and the deployment should be going hand-in-hand.

2 And, also, to think about projects that  
3 really do bring ratepayer value. And we're very  
4 thankful to the PUC for adopting the EPIC decision.  
5 And we are working very hard on our role to implement  
6 EPIC.

7 We also had a workshop since the last  
8 Business Meeting on the transition to advanced  
9 biofuels, specifically the transition from corn  
10 ethanol facilities to advanced biofuels. We had a  
11 very good turnout, lots of interesting representation  
12 from the industry as well as other stakeholders. And  
13 we're waiting for comments back. I think comments are  
14 due by August 17 and we will consider the comments and  
15 if there's anything further that the state should be  
16 doing to further that transition. As you all are  
17 probably aware we are already investing in advanced  
18 biofuels and we had some successful solicitations.  
19 And we do want to figure out how to connect what's  
20 happening more at the pilot stage and the R&D stage to  
21 larger scale and commercial deployment. And so stay  
22 tuned to where we go on that issue.

23 CHAIRMAN WEISENMILLER: Thank you. We both  
24 attended that workshop and I thought it was best if  
25 the Lead Commissioner were to cover that. And we both

1 have been covering the EPIC workshop, although,  
2 certainly Commissioner McAllister was at the – part of  
3 the first one. And as we go forward I was just going  
4 to mention, I think I've already hit the San Onofre  
5 stuff enough for today and the Flex Alert for today,  
6 and also the other event that I did last week was the  
7 Climate Vulnerability and Adaptation Study release.  
8 And we had a press event, including Secretary Laird,  
9 and analytics. So the Governor's Office, resources  
10 agency and certainly Cal FIRE out at Cal EMA got a lot  
11 of press coverage. There's a video clip of the entire  
12 press conference on the web. I guess a lot of  
13 takeaways.

14           Obviously, I focus more on the energy part  
15 and the basic message is our climate is already  
16 changing. You know that if you look at the history  
17 we're talking about something like a 1.7 degree rise  
18 since 1885 'til now and we're projecting a much  
19 greater increase in the future. And one of the  
20 scarier sides is actually Cal FIRE if you're looking  
21 at any of the fire storms we've had. History was  
22 about 1 a decade. And since about 2000 there's been  
23 about 1 a year. So this really scary stuff and  
24 certainly has lots of implications for us but the  
25 bottom line is our climate is already changing and

1 that, you know, if you look out in the future this was  
2 the first study to try to really bring down from the  
3 sort of global, statewide to much more local –  
4 although, obviously, UCLA – Los Angeles has done a  
5 very good study on sort of local impacts. This  
6 highlighted Bay Area impacts but, again, a pretty good  
7 summary of that.

8 I think, and part of the context for this,  
9 will feed into OPR is putting out an adaptation tools  
10 to local governments and resources and EPA are in the  
11 process of updating the adaptation plan for the state.  
12 And so we're certainly caught up in that and involved  
13 in sort of the update for energy in terms of, again,  
14 adaptation and, certainly the – a lot of the  
15 infrastructure that were looking were there for 40, 50  
16 years. And so it's important to understand whether  
17 it's in a flood plain or in a fire hazard area, you  
18 know. What we should be doing there.

19 And, I guess, one of the interesting things  
20 too, which sort of connects one of the dots, is what  
21 they're finding in terms of the Bay Delta is that not  
22 only do we have ocean rise but you have subsidence.  
23 So the extent that a lot of our infrastructure goes  
24 through the Bay Delta could be threatened. And,  
25 obviously, that involves PG&E storage systems, its

1 pipelines, electric systems, oil and pipelines.  
2 There's a whole bunch of things, which have greater  
3 vulnerability than I ever knew. It's sort of a wakeup  
4 call and certainly would encourage people to look at  
5 the there's a good summary report of - actually  
6 there's probably 34 reports that actually underlie  
7 this that are synthesized in that.

8           So basically, you know, certainly the  
9 message is that it's there but, certainly, this  
10 Administration's policies are based on science. And  
11 certainly the state's taking - this Agency is taking a  
12 key role in helping develop that scientific  
13 foundation. So with that -

14           COMMISSIONER PETERMAN: Chair, I just want  
15 to follow up with an additional comment. That you  
16 mentioned the heightened fire risk and particularly  
17 the reports from CAL FIRE and we've heard in our  
18 workshops over this year how the under collection of  
19 biomass in the forest is exasperating this issue. And  
20 really looking for some real opportunities to both  
21 reduce the biomass in those forests and utilize them  
22 for good purposes for the state.

23           They can be beneficial for renewable energy,  
24 meeting some local reliabilities as well as providing,  
25 you know, renewable energy job opportunities in some

1 of the poorest regions of the state. Not doing it  
2 provides a real risk for transmission lines and we  
3 might be subject to that risk from fires in others  
4 states as well. And so this really does involve and  
5 will need input from a number of different agencies  
6 and will continue to work on it and report on it at  
7 the Commission. But we've been having conversations  
8 with CAL FIRE and other parties and I encourage all  
9 the agencies in the Administration to look at this  
10 issue seriously. So I think there's some real  
11 opportunities here.

12           CHAIRMAN WEISENMILLER: Oh yeah. Yeah.  
13 Again – the whole thing is scary. But, I mean, in  
14 terms of a wake-up call but the fire part and thinking  
15 that California was important.

16           The researchers did find that 2 areas of  
17 vulnerability on the transmission system are the  
18 inter-tie from the northwest up near the top of the  
19 state have real vulnerabilities and also some of the  
20 lines going into the L.A. Basin. So as we deal with  
21 the – once the cooling conundrums part of the message  
22 is that we should not be – if anything we have to  
23 reduce our reliance on transmission capacity going  
24 into that basin as opposed to assuming, again, instead  
25 of having localized generation there be it DG or gas

1 plants or whatever that, you know, that anything we  
2 need to be looking at generation solutions there. And  
3 less the transmission. Or if we do transmission we  
4 have to make sure that we're citing the corridor so  
5 again they're not in the fire hazard areas. So.

6 COMMISSIONER MCALLISTER: So I would also  
7 just say regarding the fire issue that throughout  
8 Southern California obviously big, big, big deal.  
9 Every 5-7 years it seems like there's a major fire  
10 that is around newly urban areas. You know peri-urban  
11 areas and the cost of those fires are just immense.  
12 Not just on the electric system but over the years  
13 that I've lived in Southern California I've noticed  
14 people really just - I mean fire is just a daily -  
15 it's a thing people are aware of.

16 Whenever those Santa Ana winds blow people  
17 know that in the last 20 years it seems like things  
18 have changed. And so I think that this is the slow  
19 evolution that we're seeing and we just have to get it  
20 in our heads that this is the new reality.

21 I think Scripps and some of the institutions  
22 those jurisdictions, San Diego Foundation down in San  
23 Diego, have done a good job on similar efforts to look  
24 at vulnerability, adaptation and just general impacts  
25 of climate change with a pretty sophisticated

1 geospatial models and climate models and forecasting  
2 so, I think, similar efforts are happening throughout  
3 the state. That's great that that's now becoming a  
4 statewide effort.

5 CHAIRMAN WEISENMILLER: Certainly the land  
6 use patterns are very important. I talked about  
7 transmission but, obviously, there are very, very big  
8 implications of people where they're putting their  
9 houses in terms of that urban interface, you know,  
10 forestry interface provides much, much, much greater  
11 vulnerability for them in the future going forward.

12 So there are things, you know, we generally  
13 around here focus on mitigation for climate change,  
14 which is basically trying to reduce greenhouse gas  
15 emissions. But, certainly, as we think about going  
16 forward on all of our infrastructure plans it's  
17 important that the adaptation come in and we think  
18 about what we're doing in a way to make it less  
19 vulnerable to climate change impacts.

20 COMMISSIONER MCALLISTER: I'll just mention  
21 a couple of things. I don't have a lot of comments.  
22 But I want to thank the other Commissioners, including  
23 Commissioner Douglas who's not here today, for backing  
24 me up on a conflict that I had at the last Business  
25 Meeting. So I was not here, which is why we couldn't

1 approve the minutes.

2           But I was at the Pacific Coast Collaborative  
3 Meeting, which was actually very productive. Very  
4 interesting for me and, I think, very potentially  
5 powerful collaboration with other jurisdictions up and  
6 down the coast trying to harmonize efforts on a number  
7 of fronts including efficiency standards and other  
8 issues. And, clearly, interesting, smart people  
9 working in other jurisdictions. It's not just  
10 California teaching them. It's also learning what  
11 they're doing in their own context. So that was a  
12 very useful meeting and I was appreciative to be able  
13 to go. Also, for the Governor's Office approving that  
14 out of state travel.

15           And then another thing I went to last week  
16 was down in Southern California. It was a military  
17 event. It was a jobs – essentially a special  
18 development jobs summit focused on veterans. And it  
19 really brought home the challenges of all the  
20 different societal, you know, disruptions that we have  
21 going on right now.

22           And the energy field, I think, is a really  
23 prime field for veterans coming back with highly  
24 technical skills. They're lacking sort of certain  
25 experiences in the professional environment. Obviously

1 they're coming back to an extremely different - if  
2 they were deployed overseas they were, in any case -  
3 they're coming back from an extremely different  
4 cultural settings. So challenges there with getting  
5 reincorporating and so I was impressed with how the  
6 military is really engaging strongly with that issue  
7 and trying to help, trying to create resources and  
8 deploy help for veterans coming back.

9           And given the amount of innovation, the  
10 technologies, the venture capital community and the  
11 start ups that are out there in energy, I think there  
12 are certain veterans that's really a sweet area for  
13 them to potentially be able to get into it at a lot of  
14 levels. From a more, you know, field and  
15 installation, more service oriented jobs all the way  
16 up to the most highly technical jobs and program  
17 development, project development, technology  
18 development, deployment. I think there are a lot of  
19 interesting opportunities there and a lot of  
20 interesting challenges that we need this sort of "can  
21 do, roll up your sleeves, get it done" mentality that  
22 a lot of veterans bring.

23           So, in closing, very interesting. Big  
24 challenge but, I think, there's a lot of potential  
25 there so SDG&E and the Navy and other branches of the

1 military put this event together and I think it was  
2 very good. So wanted to report back on that. Thanks.

3 CHAIRMAN WEISENMILLER: Chief Counsel's  
4 Report?

5 MR. LEVY: Good afternoon, Commissioners. I  
6 have no report for you today.

7 CHAIRMAN WEISENMILLER: Executive Director's  
8 Report.

9 MR. OGELSBY: Nothing to add today as well.

10 CHAIRMAN WEISENMILLER: Public Adviser's  
11 Report?

12 MS. JENNINGS: Thank you. I have nothing to  
13 report.

14 CHAIRMAN WEISENMILLER: Thanks. If we could  
15 just go back to the Executive Director for a second.  
16 Sir, how many years of state service do you have now?

17 MR. OGELSBY: Coming on 25.

18 CHAIRMAN WEISENMILLER: Twenty-five?  
19 Congratulations. I think all of us appreciate your  
20 public service.

21 COMMISSIONER PETERMAN: Congratulations.

22 CHAIRMAN WEISENMILLER: And you can go for  
23 Jim Boyd's record.

24 MR. OGELSBY: Not likely to make that one.

25 [LAUGHTER]

1 COMMISSIONER MCALLISTER: Same here.

2 Thanks.

3 CHAIRMAN WEISENMILLER: Public Comment?

4 Okay. Let me make sure I get – okay. At this point  
5 the Business Meeting will be adjourned until Tuesday,  
6 August 14, 2012 at 9 a.m. pursuant to Government Code  
7 Section 11128.5 at which time Items 21 and 22 will be  
8 considered. We are now in recess. Thank you.

9 [RECESS TAKEN AT 12:05 P.M.]

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