

Commissioners Present

Robert B. Weisenmiller, Chairperson
Karen Douglas
Andrew McAllister
Carla Peterman

Staff Present:

Rob Oglesby, Executive Director
Michael Levy, Chief Counsel
Jennifer Jennings, Public Advisor
Harriet Kallemeyn, Secretariat

Agenda Item

Barbara Byron	
Adam Gottlieb	
Paul Kramer	3
Alana Mathews	3
Roger Johnson	3
Raoul Renaud	4
Kevin Bell	4
Eric Solorio	4
Dale Rundquist	5
Jacob Orenberg	6
Le-Quyen Nguyen	7
James Haile	8
Andre Freeman	9
Isaiah Larsen	10, 11
Elizabeth Shirakh	12
Garry O'Neill	12

Also Present

Interested Parties (* Via WebEx)

John McKinsey, Stoel Rives	3
George Piantka, PE, NRG Inc.	3
*Michelle Murphy	3
*Bob Perkins	3
Melissa Foster, Stoel Rives	4
David Jenkins, APEX Power Group, LLC	4
*Gretel Smith, Atty for Intervenor	
Rob Simpson	4
Manny Robledo, Anaheim PUD	5

Public Comment

Agenda Item

*Ann Delaine Clark, State of New Mexico	
Susan Durbin, California Dept. of Justice	
*Rochelle Becker, Alliance for Nuclear Responsibility	
*Bill Powers, Powers Engineering	4
Valerie Winn, PG&E	7
*Bonnie Corwin, Cobalt Power Systems	7
*Nina Rizzo, Sun, Light & Power	7
Tamara Rasberry, Sempra Energy Utilities	10
Tim Tutt, SMUD	10

I N D E X

	Page
Proceedings	6
Presentation of Resolution to Barbara Byron	6
Presentation of Video	20
Items	
1. CONSENT CALENDAR.	23
a. ASPEN ENVIRONMENTAL GROUP	
b. ARIZONA GEOLOGICAL SURVEY	
c. THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	
d. SATCON TECHNOLOGY CORPORATION	
e. TERRALOG TECHNOLOGIES	
f. LAWRENCE BERKELEY NATIONAL LABORATORY	
g. CALIFORNIA REPORTING, LLC	
h. L'MONTE INFORMATION SERVICES	
i. DATAONE SOFTWARE	
j. CITY OF FRESNO	
k. CLEAN WORLD PARTNERS, LLC	
2. ENERGY COMMISSION COMMITTEE APPOINTMENTS	
3. EL SEGUNDO POWER REDEVELOPMENT PROJECT COMPLAINT (12-CAI-03)	24
4. PIO PICO ENERGY CENTER (11-AFC-01)	35
5. CANYON POWER PROJECT (07-AFC-9C)	62
6. CLEAN ENERGY BUSINESS FINANCING PROGRAM	67
7. NEW SOLAR HOMES PARTNERSHIP GUIDEBOOK	71

	Page
Items	
8. BUSINESS ADVANTAGE CONSULTING, INC.	83
9. ALTERNATIVE AND RENEWABLE FUEL VEHICLE BUY-DOWN INCENTIVES	86
10. SOUTHERN CALIFORNIA GAS COMPANY	88
11. CR&R INCORPORATED	91
12. SCOTT VALLEY UNIFIED SCHOOL DISTRICT	94
13. INFORMATION ITEM: Presentation of the 2012 Bioenergy Action Plan.	99
14. Minutes	117
15. Lead Commissioner or Presiding Member Reports	117
16. Chief Counsel's Report	124
17. Executive Director's Report	125
18. Public Adviser's Report.	125
19. Public Comment	125
Adjourn	126
Certificate of Reporter	127

1

1 PROCEEDINGS

2 SEPTEMBER 12, 2012

1:08 p.m.

3 CHAIRPERSON WEISENMILLER: Good afternoon, let's
4 start the meeting with the Pledge of Allegiance.

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

7 CHAIRPERSON WEISENMILLER: So, for today's
8 business meeting we are first going to have some events
9 first and then we're going to go into the regular business
10 meeting.

11 The first thing I want to do is; we have a
12 resolution for Barbara Byron. And many of you know
13 Barbara, who's been an institution here. Actually,
14 Barbara, stand up or whatever.

15 (Laughter)

16 CHAIRPERSON WEISENMILLER: For those of you who
17 don't know Barbara, that's Barbara Byron.

18 And as I said, she's been an institution at the
19 Energy Commission. Certainly, I had the pleasure of
20 working with her when I was here the first time, and also
21 as a consultant, and now as the Chair, where she's been an
22 advisor to a number of us on nuclear issues.

23 And as with everything with the passage of time,
24 after making this her career and her life for 35 years,
25 she's now moving on to bigger and better things.

1 So with that, I have a resolution I would like to
2 read and I think we have some folks on the phone who also
3 want to comment.

4 So, in terms of the resolution:

5 "Whereas Barbara Byron has dedicated 35 years as
6 a public servant working for the California Energy
7 Commission and in that time has demonstrated a strong
8 commitment to excellent and diligent effort on behalf of
9 the people of the State of California and;

10 Whereas on May 23rd, 1973 Assemblyman Charlie
11 Warren stated, 'Nuclear fusion reactors present serious
12 problems which as yet have not been satisfactorily resolved
13 and these problems concern the reliability of the essential
14 emergency core cooling systems, radioactive waste disposal,
15 and security against hostile forces. Until these and other
16 problems are resolved it appears foolhardy to continue on a
17 course of action which will result in an increase of the
18 number of operating reactors from the present two to
19 anywhere from 80 to 100 in the next 25 years' and;

20 Whereas on April 1st, 1977 Barbara began her
21 career working at the California Energy Commission's
22 Nuclear Assessments Office alongside the best and brightest
23 technical energy analyst and;

24 Whereas Barbara contributed to a comprehensive
25 technical assessment of federal nuclear waste facilities

1 throughout the United States, interviewed technical experts
2 at these facilities, organized public hearings and reviewed
3 major nuclear energy reports that resulted in California
4 law abandoning land use permits for certification for new
5 nuclear power plants until certain conditions were met and;

6 Whereas Barbara served as nuclear policy advisor
7 to four California Energy Commissions, Charles Imbrecht,
8 Chair, Robert Laurie, Commissioner, James Boyd, Vice-Chair,
9 and Robert B. Weisenmiller, Chair, who were the state
10 liaison officers to the Nuclear Regulatory Commission,
11 providing expert analysis, policy recommendations and
12 motivational support on a variety of controversial and
13 contentious issues related to nuclear waste issues and;

14 Whereas Barbara, as Senior Nuclear Policy
15 Advisor, has represented the California Energy Commission
16 for more than 25 years on the Western Interstate Energy
17 Board's High Level Waste Committee, the Western Governors'
18 Association, WIPP, Temperer Safety Technical Advisory
19 Group, and the California Nuclear Transportation Working
20 Group and;

21 Whereas Barbara has coordinated and led numerous
22 working groups to discuss matters that cross agency
23 jurisdictional boundaries to provide input on major federal
24 proceedings and develop policies on nuclear waste
25 transportation, pushed on 11 requirements, the Nuclear

1 Waste Transportation and Storage Policies, and the highly
2 successful Nuclear Waste Transportation Safety Program and;

3 Whereas Barbara shares the recognition with her
4 camping and canoeing partner, husband Earl Byron, and her
5 sons, Richard and John, daughter-in-law Janna,
6 granddaughter Kyla, and her most loyal advisor, Barney,
7 and;

8 Therefore be resolved that the California Energy
9 Commission recognizes and thanks Barbara Byron for her
10 extraordinary diligence and professional contributions to
11 the safety and well-being of the citizens of California,
12 and their environment, and for reminding us being a public
13 servant is an honorable goal, and wish her good health and
14 all the best in her future endeavors."

15 Thank you.

16 (Applause)

17 CHAIRPERSON WEISENMILLER: Now, we have on this
18 phone at this point, let's start with Ann Delaney Clark,
19 from the State of New Mexico.

20 MS. DELANEY CLARK: Hi, thank you very much for
21 the chance to speak about Barbara Byron. Barbara has been
22 a good friend and a trusted colleague for the last 11 years
23 and I'm following in her footsteps in a few months and
24 retiring, as well.

25 I greatly appreciated Barbara's concern about

1 nuclear waste issues in a very thoughtful and deliberate
2 manner.

3 Barbara always took the time to put in all -- to
4 dot all the I's and cross all the T's, to put in all those
5 special details that made sure that our most valid, our
6 deepest concerns were addressed.

7 And I have some words that came from other people
8 involved in our program. Our program, Barbara actually
9 works with me on two programs. One is the Western
10 Governors' Association, with Technical Advisory Group on
11 Transportation, and New Mexico is the host to WIPP. The
12 Waste Isolation Pilot Plan is what that stands for.

13 So, the safe transportation of nuclear waste to
14 the WIPP site is a very important thing to New Mexico since
15 we're the host state, and Barbara was a part of that
16 program.

17 And she also served on the Western Interstate
18 Energy Board High Level Waste Committee for 15 years.

19 And Doug Larson, who is the Executive Director of
20 the Western Interstate Energy Board, asked me to say the
21 following: "It has been my honor to work with Barbara for
22 more than 15 years. Barbara Byron's leadership of western
23 states in developing ways to safely transport nuclear waste
24 was like a patient velvet hammer."

25 (Laughter)

1 MS. DELAINE CLARK: "Patiently Barbara went toe-
2 to-toe with indecisive federal agencies over years, with
3 relentless, logical and persuasive arguments all done with
4 unwavering civility and charm.

5 Barbara's deep knowledge and flawless work gave
6 confidence to ever western state in her leadership of the
7 region.

8 We will sorely miss Barbara and wish her the best
9 in retirement."

10 Joe Strolin, from the State of Nevada, asked me
11 to say this: "In all my years of government and private
12 sector work I have never met anyone as honest, sincere,
13 dedicated, competent and reliable as Barbara. She was
14 always a joy to work with and a very wonderful and special
15 person to be around. She will be sorely missed, I'm sure,
16 by the State of California and her wise and valuable
17 counsel will be missed by all of the western states she has
18 worked so effectively with all of these years.

19 Barbara, you have been a great colleague and a
20 good friend, I wish you every good thing in retirement."

21 Jim Williams, who is the Coordinator of the High
22 Level Waste Program at the Western Interstate Energy Board,
23 adds this: "As the sad person responsible for working with
24 the committee and its co-chairs, I am in a position to
25 appreciate Doug's analogy to a patient, velvet hammer.

1 This was in particular evidence in her leadership to
2 produce a national set of principles for agreement on
3 transportation issues. All of us in the west have been
4 lucky to be able to work with Barbara Byron. And these
5 principles for agreement will be the basis of the
6 conversation that we are about to enter into with the
7 Department of Energy, again, on the transportation of high
8 level waste and spent nuclear fuel. And I will be going to
9 help represent WIEB in that initiation of that conversation
10 at the beginning of October, in D.C., and we will be using
11 that principles for agreement as the basis of our stance.
12 And it is an extremely important document that Barbara
13 carefully developed in conjunction with other members of
14 our group, but she really was the driving force behind it.
15 We cannot appreciate that contribution enough.

16 Barbara, you have also been a great friend. You
17 were one of two other women in the group when I joined the
18 WGA Technical Advisory Group and it was amazing how well we
19 worked together, and how you welcomed me into the fold 11
20 years ago. I've always found your calm, clear-headed
21 thinking to be a comfort in times of stress. And you're
22 just a calmly welcoming, warm person. I'm sure everyone
23 there knows this out of personal experience, but I just
24 don't think it can be said enough. Thank you so much,
25 Barbara."

1 And that concludes my comments.

2 CHAIRPERSON WEISENMILLER: Okay, thank you very
3 much.

4 Susan Durbin.

5 MS. DURBIN: Good afternoon and thank you. My
6 name is Susan Durbin, I'm with the Attorney General's
7 Office.

8 I'd like to say how much Barbara has meant to our
9 office and how effective she has been in working on nuclear
10 issues for the State of California.

11 People say that there are no indispensable people
12 but, clearly, Barbara is the exception.

13 I've worked on nuclear issues for nearly 30 years
14 which means, inevitably, that I have known, liked,
15 respected and admired Barbara for about 30 years.

16 And I also speak for Brian Hembacher in our Los
17 Angeles Office, who's done the same.

18 Barbara has probably the most full-rounded,
19 complete knowledge of California nuclear law and policy of
20 anyone in the State. In a real sense she is the State's
21 institutional memory on this subject.

22 I have never talked with her about any California
23 plant, about any technical nuclear issue, about almost any
24 legal nuclear issue on which she didn't have a wide range
25 of knowledge and an amazing grasp of both facts and policy.

1 Whenever the lawyers in our office who did or do
2 nuclear work, each of us having 10, to 20, to 30 years of
3 experience needed more information, we'd always call
4 Barbara first and she never disappointed. She's used this
5 knowledge extremely effectively for California.

6 In many instances lawyers in our office would
7 find out rather late about a nuclear issue, an NRC
8 rulemaking, a DOE action, whatever, and we'd worry that
9 we'd come too late to be able to participate. In literally
10 every such case, where I was involved, I'd call Barbara in
11 a panic and find out that she was already way ahead of me.

12 Usually, she would already have submitted a long,
13 detailed comment letter on behalf of California that raised
14 all the appropriate issues, a letter that we would then use
15 and rely on in our legal actions. Not only that, but
16 without being aware, herself, she'd always raise the right
17 legal issues. I don't know how she did it.

18 She is an amazingly effective communicator and
19 facilitator. Over several years I regularly saw Barbara
20 chair the meetings of the Nuclear Waste Transport Working
21 Group. California agencies that virtually or literally
22 never talk to each other anywhere else came to those
23 meetings here and actually communicated with each other
24 under Barbara's leadership.

25 We'd sit around the table, we'd eat the baked

1 goods she always brought, a technique I learned and copy in
2 my own hostile meetings, now.

3 (Laughter)

4 MS. DURBIN: And she was so calm, so able to calm
5 everyone else that she kept the meetings useful, productive
6 and focused on the tasks at hand. Given the range of
7 people from scientists, to engineers, to law enforcement
8 personnel, to lawyers, they all worked together when
9 Barbara asked them to. Again, I don't know how she did it.
10 She is probably the calmest person I've ever known.
11 Certainly, the calmest I've ever worked with. Quiet,
12 clear-eyed, sensible, and she could calm everyone else,
13 too, without losing the momentum of a meeting.

14 I'm going to miss her intensely professionally,
15 but since we both live in Davis I hope not to have to miss
16 her personally. Thank you, again.

17 CHAIRPERSON WEISENMILLER: Thank you. Rochelle
18 Becker.

19 MS. BECKER: Thank you so much. This is Rochelle
20 Becker from the Alliance for Nuclear Responsibility and I'm
21 calling from San Diego, the home of the San Onofre Nuclear
22 Plant.

23 (Laughter)

24 MS. BECKER: Barbara was the first person in
25 State government to actually welcome the public into

1 proceedings on nuclear power. She did not side with us,
2 but reviewed all information we sent and passed along to
3 decision makers when information warranted the Commission's
4 decision.

5 There is no doubt that this has been a tightrope
6 job for Barbara and she has walked it well. She has
7 listened to all sides of the nuclear argument and
8 responsibly passed along questions and issues that all
9 State agencies and legislators had ignored for almost two
10 decades.

11 It is thanks to the Energy Commission that its
12 sister agencies are now listening to the myriad of problems
13 facing our State as we deal with aging reactors on
14 California's seismically active coast.

15 The Alliance credits Barbara with the
16 Commission's determination to encourage the State to take
17 these problems seriously.

18 The Alliance credits the Commission for listening
19 to Barbara, to the public, to numerous stakeholders who
20 will be impacted by California's actions. We could not
21 afford to be there today, but we are there in spirit, and
22 we send Barbara a hug and all of our thanks.

23 Thank you very much. And thank you, Commissioner
24 Weisenmiller, for the resolution.

25 CHAIRPERSON WEISENMILLER: Thank you. Anyone

1 else?

2 Barbara, you want to step forward and we can you
3 the resolution and we'll get our pictures taken.

4 And, obviously, Barbara, if you want to comment
5 on the record you're welcome to do that, or if you want
6 to --

7 MS. BYRON: I just wanted to say really quickly
8 how much I've enjoyed working with all the people here,
9 both within the agency and the agencies -- I mean the
10 public members and agencies outside the organization.

11 And it's been an honor to work with you and thank
12 you so much for everything. I'll keep it short.

13 CHAIRPERSON WEISENMILLER: Sure. Commissioners,
14 any other Commissioners want to comment?

15 COMMISSIONER DOUGLAS: I just wanted to say that
16 it's been a pleasure working with Barbara. And over the
17 time that I've been on the Commission from time to time I
18 would urgently need to know something in the nuclear area,
19 and Barbara would come to my office and she would always be
20 so tremendously helpful and I would get all the background
21 I wanted. And I would get more background than I wanted
22 sometimes, and we would sit through and go through it.

23 And, you know, we will really miss you and I just
24 want to thank you, myself, for your hard work and your
25 leadership in this area.

1 COMMISSIONER PETERMAN: I'll just second everyone
2 else has said, it's all true. And just on a personal note,
3 Barbara, I don't know if you always appreciated this, but I
4 always appreciated the fact that I had to go past your
5 office to go to mine. Because oftentimes I'll be in a rush
6 getting into my first morning meeting and Barbara was
7 always at her desk, very calm, very collected, and I knew
8 if I needed further inspiration about what we're doing, why
9 we're doing it, and the dedication of our staff I just had
10 to say hello to Barbara. And she would stop what she was
11 doing and smile, and that calmness has been so important to
12 me and you will truly be missed.

13 COMMISSIONER MC ALLISTER: I can't be left out.
14 But we haven't worked together much, if at all, just a
15 little bit when I first showed up and got some briefings,
16 and I really appreciated those.

17 But I'm really hoping you've trained somebody to
18 come in and step into your monstrous shoes so we can keep
19 it going.

20 Because, you know, fantastically happy for you to
21 move on and get to the next phase of your life but, of
22 course, the business goes on here at the Commission and
23 it's really -- to lose an institution, like you, is
24 something we need to appreciate in the moment and also plan
25 for.

1 So, thanks for all your service to the State and
2 to the Commission.

3 MR. OGLESBY: I'd like to add my acknowledgement
4 of Barbara's hard work, some of which has already been
5 said, but I'd like to bring up the fact that Barbara has
6 been willing to delay or come back from retirement in order
7 to continue to fulfill the role which she filled so
8 capable.

9 And I would think out of all the compliments and
10 accolades that she's received here today the one word
11 that -- if I had to boil it down to one word that describes
12 my experience with Barbara it would be dedicated. And so
13 for that I want to thank her service.

14 (Applause)

15 CHAIRPERSON WEISENMILLER: Now, I also promised a
16 second context thing. So with that, as you know, we're
17 putting a strong emphasis on the communications office to
18 really enhance our capabilities in the video area, so we're
19 now going to roll our second video.

20 Bob, Adam, you want to say anything?

21 MR. GOTTLIEB: Commissioners, the video you're
22 about to see is the second in a series that we hope to
23 continue to populate both our YouTube and our Facebook
24 page.

25 So, I just wanted to acknowledged the hard work

1 that went into this, both from Katie Chan and Katie
2 Kukulka, recently who had to leave our offices as students,
3 but we are hopeful for the future.

4 It's also notable that it's been voiced by Rob
5 Schlichting, a long-time media communications staffer.

6 So with that, I think --

7 CHAIRPERSON WEISENMILLER: Actually, I would note
8 that Katie Kukulka is here today.

9 MR. GOTTLIEB: Hey. A warm round of applause,
10 yes.

11 (Applause)

12 MR. GOTTLIEB: Hit it.

13 (Video plays)

14 (Applause)

15 COMMISSIONER PETERMAN: Excellent. Well done,
16 another terrific video. It's funny because we obviously
17 approve a number of these initiatives in business meetings
18 but there's nothing like a picture to really put it in
19 perspective.

20 And I thought that was a great video and
21 congratulations to our staff and our students who worked on
22 this.

23 You know, as Adam kind of alluded to, I hope
24 we'll be able to bring more students in, in the future, to
25 continue to do such valuable projects and really get the

1 word out about all the great works that those in this room,
2 and those throughout the building, and the State are doing.

3 COMMISSIONER DOUGLAS: Well, I just want to also
4 thank Adam and the team for putting the video together. I
5 think they did a great job. I wasn't the easiest interview
6 candidate even to pin down and get in a room for that but
7 once I managed to do that part, things went really well.

8 And I just, you know, really appreciate your
9 support and help in getting the word out about standards
10 because the latest building standards that the Energy
11 Commission approved really were path-breaking in many ways.
12 They introduced new elements of the standards that we've
13 never had before, such as solar-ready roofs, and whole
14 house fans, and other innovations, and they represent the
15 greatest incremental increase in energy savings that the
16 standards that we've moved forward have ever required.

17 So they were a major step and a major achievement
18 for the Energy Commission.

19 And thanks for pulling the video together.

20 COMMISSIONER MC ALLISTER: So, you know, holding
21 the standard high for those of us who are yet to be
22 interviewed in some capacity for this kind of thing. But
23 great for you, thanks very much Adam and team.

24 And I wanted to just acknowledge Commissioner
25 Douglas that what she said there was the most distilled

1 description of -- it had some meat on it and it was so
2 distilled, and it rely belies the huge amount of lifting on
3 her part, and by staff, and her staff to get to the point
4 that we are now with the standards. Just every word in
5 that short script has, you know, books behind it.

6 And so that's the process, working with all the
7 stakeholders, trying to work out the issues, having an open
8 process and getting to some kind of a consensus based on
9 the imperative that we have here on the policy and levels
10 here, in California, where we're trying to go.

11 There's a lot of work, and coordination, and
12 bringing in lots of different viewpoints and resolving them
13 to get to some agreement that we can move forward with.
14 And I think just it's been really marvelous to watch that
15 in action in the short time I've been here.

16 And I'm looking forward to implementing all of
17 this stuff, so thanks Commissioner Douglas.

18 CHAIRPERSON WEISENMILLER: Yeah. I was going to
19 say I've been thinking, again, I put a high priority on
20 enhancing communication. Certainly, these videos are a
21 part of that. Adam and the two Katies have done a
22 marvelous job.

23 This one, once we got those new interns, this had
24 to really be a rush production.

25 Also, Grant Mack, from my office, has been

1 heavily involved on this stuff, too. Certainly, we're
2 working as hard as we can to maintain this capability going
3 forward, and certainly have ideas for future videos. I
4 think the next one, hopefully, will be on 1/18, again to
5 try and get the word out.

6 But, again, we're sort of dealing with the State
7 personnel rules that we have. But, again, hopefully, we're
8 going to continue to grow this capability in the future.

9 So again, thanks team for a good job.

10 COMMISSIONER PETERMAN: Just a quick question;
11 where can folks find this on the web in case they want to
12 link to it, themselves?

13 MR. GOTTLIEB: Why, Commissioner, that's a
14 wonderful question. They can certainly go to our YouTube
15 account, which is calenergycommission. They can also be
16 friends with us on our Facebook page, at caenergy.

17 And if you are following us on Twitter, please go
18 to calenergy. We've got cards up front, so people can take
19 these on the way out.

20 COMMISSIONER PETERMAN: Terrific, thank you.

21 CHAIRPERSON WEISENMILLER: Okay. So, let's turn
22 to the consent calendar. Let's hold Item a. and deal with
23 the rest of the consent calendar.

24 COMMISSIONER DOUGLAS: I move the consent
25 calendar without Item a.

1 COMMISSIONER PETERMAN: I'll second.

2 CHAIRPERSON WEISENMILLER: All those in favor?

3 (Ayes)

4 CHAIRPERSON WEISENMILLER: Okay, so I'm going to
5 recuse myself on Item a., so I'll be back.

6 COMMISSIONER DOUGLAS: All right, so can we have
7 a motion on Item 1.a.?

8 COMMISSIONER PETERMAN: I'll move Item 1.a.

9 COMMISSIONER MC ALLISTER: I'll second.

10 COMMISSIONER DOUGLAS: All in favor?

11 (Ayes)

12 COMMISSIONER DOUGLAS: Item passes unanimously,
13 with Chairman Weisenmiller abstaining.

14 COMMISSIONER MC ALLISTER: And now he's back.

15 CHAIRPERSON WEISENMILLER: So, we have nothing
16 for Item 2 today.

17 So, let's go on to Item 3, El Segundo Power
18 Redevelopment Project Complaint, 12-CAI-03.

19 MR. KRAMER: Good afternoon, Commissioners, I'm
20 Paul Kramer from the Hearing Office.

21 Because there's a settlement before you I'll be
22 very brief in my description of this matter.

23 On July 3rd Michelle Murphy and Bob Perkins filed
24 a formal complaint alleging that the El Segundo Project was
25 being constructed in violation of several conditions of

1 certification that relate to landscape and lighting design
2 of the project.

3 Staff then, as required, filed an analysis of the
4 complaint on August 2nd. And a hearing was originally
5 scheduled at the end of August, but at the request of the
6 parties was continued to today.

7 Petitions to intervene were also filed by Lyle
8 and Elsie Cripe, and Doris and Richard Nickelson.

9 On September 5th, a week ago, the parties,
10 including the potential interveners, submitted a joint
11 statement of agreement to the Commission in which the El
12 Segundo Project affirmed its commitment to conformance
13 construction to the project, to the conditions of approval
14 with two exceptions. They agreed to adjust a slope of a
15 berm that faces the complainants and the proposed
16 interveners, and to move the final southern perimeter fence
17 to a location that is to the north of where an existing
18 fence has been constructed. In other words, it's a little
19 bit away from the road at the southern boundary.

20 And they also acknowledged a couple of other
21 instances where what's been constructed, and they're just
22 in the middle of construction, now, the project is not
23 completed, varied from what the conditions required, and
24 they are agreeing to remedy those variances.

25 And then they requested that the Commission, in

25

1 order to give teeth to this agreement, order that the El
2 Segundo Project comply with the terms of the joint
3 statement.

4 So, yesterday I circulated to the parties and
5 brought up to your offices a proposed order which would do
6 just that.

7 And one of the other features is it would deny
8 the petitions to intervene as being moot in light of this
9 settlement.

10 So, recommend that you take any comment that
11 might be proposed and adopt the proposal.

12 CHAIRPERSON WEISENMILLER: Great, we so note.

13 Staff, do you have comments?

14 MS. MATHEWS: Alana Mathews, staff counsel, I do
15 have one brief comment for the record. The compliance
16 staff have reviewed the terms of the agreement and all of
17 the proposed actions appear to be in conformance with the
18 approved certification conditions.

19 However, we just want to be clear that if, under
20 this agreement, in the future any of the actions are
21 outside of what the Commission approved in the
22 certification the formal process for a petition would have
23 to be followed.

24 CHAIRPERSON WEISENMILLER: Applicant?

25 MR. MC KINSEY: Thank you, Commissioners. John

1 McKinsey on behalf of the project owner, which is El
2 Segundo Energy Center, LLC, and also with me is Mr. George
3 Piantka who represents the project owner, as well as NRG,
4 the parent company of the project, and I think he wanted to
5 say a few things.

6 CHAIRPERSON WEISENMILLER: Sure, go ahead.

7 MR. PIANTKA: Yeah, thank you. Good afternoon
8 Commissioners. I'm George Piantka; I'm Environmental
9 Director of NRG's west region, and I'm speaking on behalf
10 of NRG and El Segundo Energy Center, LLC.

11 And first I want to say, you know, we agree with
12 the complainants and the staff with, you know, some of the
13 aspects of the project in the southern portion was built
14 and constructed to date outside of compliance.

15 You know, we worked hard with the -- you know,
16 with the complainants, with the residents of 45th Street to
17 come up with an agreement and to timely remedy these
18 complaints.

19 And, you know, this is our reinforcement of our
20 commitment to continue to comply with the conditions of
21 certification and continue to meet the obligations of the
22 license.

23 You know, this process has allowed us to really
24 reinforce those obligations and reinforce our commitment
25 and relationships to the community.

1 CHAIRPERSON WEISENMILLER: Okay, Michelle Murphy?

2 MS. MURPHY: Yes, I want to thank especially the
3 staff who helped us in this process, in particular Jennifer
4 and Mary.

5 But also I have some sort of general remarks.
6 I'll be very brief, I hope. This complaint-driven process
7 worked for us, but my husband and I are retired lawyers,
8 with time on our hands and the ability to file a complaint,
9 and request that NRG live up to its agreements.

10 And it's not going to work for everybody.
11 Somebody living next door to a power plant that conceded
12 they're not complying might be daunted by the procedure
13 that we went through to bring this complaint to your
14 attention.

15 Also, at one point the compliance staff, not Mary
16 Dyas, but someone else told us that only -- the NRG could
17 only -- the NRG was not violating any building codes so,
18 therefore, the compliance department couldn't do anything
19 about it.

20 That shouldn't be the way it works. It shouldn't
21 be only if we file a formal complaint is there any looking
22 at what the conditions of certifications require.

23 The other thing, and this is a real fear for me,
24 is that I cannot -- I can look over and see that it's ugly,
25 that it doesn't comply with the visual conditions. I can't

28

1 tell what's happening with safety, and pollution, and those
2 things.

3 And if the Energy Commission waits for a
4 complaint from that, I mean you might have to wait until
5 somebody gets lung cancer and then we can't tell it's from
6 that and not from the cars.

7 So, I would just urge, I know it would be a
8 really change in your system to move away from this
9 complaint-driven process to more of a compliance
10 requirement by staff.

11 If you require me to help, I'm only one citizen,
12 but lobby for more money that allows you to do this, I
13 would suggest that that would be a good thing to do with
14 it.

15 For us this process worked. I'm glad of it. But
16 for the future I would hope and wish, and for even the
17 plant next to us I would hope and wish that somebody is
18 taking care of the people of California's health and
19 safety.

20 That's it. And as far as the agreement, if NRG
21 lives up to its end of the agreement, then we'll be
22 satisfied; if they don't, we'll probably come back and yell
23 some more.

24 CHAIRPERSON WEISENMILLER: Okay, thank you.

25 Bob Perkins?

1 MR. PERKINS: Hi, I'm Michelle Murphy's husband,
2 and so I'm a joint complainant. I agree with what she had
3 to say. We certainly agree with the staff's recommended
4 order and with the joint resolution which the owners and
5 the residents hammered out, of which we and the others
6 signed.

7 I, personally, have no opinion on whether
8 dismissing the interventions as moot is the procedural
9 right way to go, or not, and I'm not a potential intervener
10 so I shouldn't speak to that issue.

11 But for the issues that are mine, we certainly
12 would ask the Commission to adopt the proposed agreement.
13 And thank the staff and the Commission for allowing us to
14 try to set this thing right, and with the cooperation of
15 the owners to do so.

16 CHAIRPERSON WEISENMILLER: Okay, thank you. Any
17 other comments?

18 Okay, Commissioners, do you have any questions or
19 comments?

20 COMMISSIONER DOUGLAS: Just a couple of comments.
21 First, I do want to thank Jennifer for her support and
22 assistance to members of the public when they do engage in
23 our process and it is helpful, and I'm glad to hear that it
24 was helpful in this case.

25 Secondly, I thought it might be helpful if Roger

1 Johnson, who I see here today, were to give some
2 description of the inspections on the compliance side of
3 our process, just so that the folks on the phone, who
4 expressed a concern about, you know, our resources and
5 ability to catch health and safety issues that might
6 arise -- you know, so they could hear some description of
7 the compliance, for the process.

8 I know, Roger, you're not prepared, I didn't warn
9 you that I was going to ask for this, but it would be
10 helpful if you could give us, and give everybody some
11 background.

12 MR. JOHNSON: Thank you, Commissioners; Roger
13 Johnson, Deputy Director for the Siting, Transmission and
14 Environmental Division.

15 The Commission does have the compliance
16 responsibilities for all projects that we permit and we
17 carry that responsibility through the construction
18 operation and closure of the project.

19 And when we do that we act as the chief building
20 official, we are the chief building official. And,
21 essentially, we hire a third party. We approve a third
22 party contractor to act as chief building official for us.

23 And they have primary responsibility for
24 reviewing all of the design requirements, to sign off on
25 all those designs to make sure they're in compliance with

1 the codes that are required.

2 They also have a function as safety observer.

3 Essentially, the applicants have their own safety
4 consultants on site, but the CBO also acts as a second set
5 of eyes for the Commission for safety issues.

6 And then every condition of certification needs
7 to be met throughout construction and operation. We work
8 very hard to ensure that happens. We have an enormous
9 compliance process here where all submittals are logged
10 into a database and distributed to staff to review, and to
11 sign off, or to ask for more information before they get
12 the final sign off.

13 And so we regularly visit these sites. We have a
14 compliance project manager that's assigned to every
15 project. During construction they go out there twice a
16 month to meet with the CBO, to inspect the site, take
17 pictures.

18 One of the requirements for every project that's
19 under construction is the developer needs to work -- the
20 CBO needs to develop a website that's available to staff
21 here at the Commission, to receive weekly updates on status
22 of construction, to see photos of the progress of
23 construction. And that's a password-protected website
24 available to the staff so that they can keep track of the
25 project without traveling down there as frequently as might

1 be needed to see more.

2 And so with that, we have complaint numbers that
3 are posted for members of the public to call if there's a
4 noise complaint, an odor complaint, anything like that to
5 be investigated within 24 hours.

6 So, we try to do a good job of monitoring these
7 projects during construction. We have -- I don't have the
8 exact number right now, but more than 10 projects are under
9 construction today and we're monitoring all those each day.

10 COMMISSIONER DOUGLAS: Thank you, Roger. Just as
11 one final comment, not a question to you, obviously, we
12 take compliance with the conditions of licensing here at
13 the Commission very seriously.

14 And so I want to thank the people who brought the
15 complaint for raising issues for our attention, that needed
16 to be raised for our attention, and I wanted to thank NRG
17 for working with the community to resolve those issues in a
18 mutually satisfactory way.

19 COMMISSIONER MC ALLISTER: I just want to
20 reiterate that the public process -- so, it's great. So, I
21 want to thank the complainant because, you know, we need
22 to -- we're living in a society of contracts and have to
23 respect those contracts. And I think NRG is trying to be a
24 good corporate citizen and that's really essential to
25 maintain the trust of this whole process.

1 So, you know, it's better if it doesn't get to
2 sort of a compliance level in a complaint resolution, so
3 good relationships among the community and the applicant is
4 always sort of the best route.

5 But as far as other -- so, for non-lawyers to
6 really engage with this process, I just want to point
7 out -- or folks that have other limitations, just to make
8 sure everyone knows about the public adviser, and
9 Jennifer's availability to help figure out what to do to do
10 anything, including potentially bringing a complaint. But
11 even short of that, too, to help get something in front of
12 the staff, in front of the Commission to raise the flag on
13 a problem, so that Roger and his staff can engage and
14 figure out what's going on as part of their duties.

15 So, you know, yes, we really take this seriously
16 and make this -- I think is a great, you know, a
17 satisfactory resolution to this issue so, thanks everybody
18 for getting to the table and working it out.

19 CHAIRPERSON WEISENMILLER: Yeah, again, I would
20 like to thank all the parties. I mean I think the reality
21 is when we go through our siting cases we come up with
22 hundreds of conditions in a courtroom, and then those have
23 to be translated into the construction sites.

24 And that's a pretty significant responsibility
25 for Roger and his crew to make sure that those conditions

1 are indeed implemented seriously.

2 And that I think, I'm sort of sorry that this
3 seems to have gone off track in a couple of areas.
4 Certainly appreciate NRG stepping forward to try to work
5 with the neighbors. Obviously, this is going to be a long-
6 term relationship there and it's important to build and
7 maintain public trust on the operation of the facility.

8 So, again, certainly appreciate the interveners
9 bringing these to our concern, appreciate the staff
10 investigating it, and then appreciate a resolution.

11 So, with that any motions?

12 COMMISSIONER DOUGLAS: I'll move approval of the
13 order on this item.

14 COMMISSIONER MC ALLISTER: And I'll second.

15 CHAIRPERSON WEISENMILLER: All those in favor?

16 (Ayes)

17 CHAIRPERSON WEISENMILLER: This item passes
18 unanimously. Again, thank you.

19 COMMISSIONER PETERMAN: Chairman, before we move
20 to Item Number 4, I was wondering would it be possible to
21 increase the volume on the speakers for when we hear
22 comments over the phone line? I'm finding it just on the
23 brink of being challenging.

24 CHAIRPERSON WEISENMILLER: Okay. So, let's go to
25 Item Number 4, which is Pio Pico Energy Center, 11-AFC-01;

1 possible adoption of Presiding Member's proposed decision.

2 Raoul Renaud.

3 MR. RENAUD: Thank you. Should we wait for
4 Commissioner Peterman or proceed?

5 CHAIRPERSON WEISENMILLER: No, go ahead.

6 MR. RENAUD: Well, the Pio Pico Energy Center
7 would be a natural gas-fired, simple cycle, peaking and
8 load following facility rated at 300 megawatts, powered by
9 three 100-megawatt General Electric LMS 100 turbine
10 generators.

11 It would be located immediately adjacent to the
12 existing Otay Mesa generating project, which is also a
13 natural gas-fired power plant in San Diego County, in the
14 area called Otay Mesa.

15 The applicant proposes to initiate construction
16 of the PPEC in the first quarter of 2013 and have
17 commercial operations by May of 2014, if you approve it.

18 Just the procedural history on this is that the
19 AFC was submitted on February 9, 2011, and on April 20th,
20 2011 the Commission deemed the AFC data adequate.

21 The parties, of course, were the applicant and
22 the staff and, eventually, Rob Simpson and the Corrections
23 Corporation of America became interveners.

24 The site visit and informational hearing was
25 conducted on May 16, 2011 and a number of workshops

1 followed that, most of which were held in Chula Vista.

2 The FSA was published on May 22nd, 2012 and the
3 committee conducted a pre-hearing conference on July 9, and
4 the evidentiary hearing on July 23rd, 2012.

5 We issued the PMPD on August 6th, 2012, which
6 began the running of the 30-day public comment period, and
7 conducted a committee conference on August 29th.

8 The notice period for public comment ended on
9 September 5, and the committee issued an errata on
10 September 10, which incorporated the comments submitted by
11 the parties to that date.

12 Before you then for adoption is the Presiding
13 Member's proposed decision and the errata.

14 In comments submitted by Intervener Simpson to
15 both the PMPD and to the errata, Mr. Simpson has raised a
16 question of whether or not notice should have been provided
17 of these proceedings to prison facilities in the vicinity.

18 One is the Donovan State Prison, which is about
19 4,000 feet north, and another is a complex of facilities,
20 including the Federal Immigration Detention Facility and
21 some county facilities, about 4,800 feet from the site.

22 I've looked into that and the Commission
23 regulations call for notice to the owners of parcels within
24 1,000 feet of the proposed site. And that was done,
25 there's no question about that.

1 So, these facilities do fall outside that 1,000-
2 foot range.

3 More important than that, though, is the fact
4 that the impacts of the project, and particularly the
5 public health impacts, which is what we'd be concerned
6 about in connection with the prison facility, were analyzed
7 within a three-mile radius, and it was determined that
8 there were no impacts to receptors within that three-mile
9 radius. So, those concerns really are, I think could be
10 deemed moot.

11 So I would, anyway, suggest that the committee is
12 prepared to recommend adoption of the PMPD and the errata,
13 and I'll open it up for questions or comments.

14 CHAIRPERSON WEISENMILLER: Let's hear from the
15 staff.

16 MR. BELL: Thank you. Staff has had the
17 opportunity to read and consider all documents filed in
18 this matter, including the comments that were filed this
19 morning on behalf of Mr. Simpson.

20 I just want to add to one thing that Mr. Renaud
21 said, which is with respect to staff's analysis as to
22 impacts. Staff assumed the presence of sensitive receptors
23 in conducting its analysis.

24 And at the end of that analysis we found that
25 there were no impacts. So, we assumed the presence of

1 those receptors in the analysis, itself.

2 The other issue that Mr. Simpson raised was with
3 respect to whether or not the Commission should be
4 considering the Chula Vista Energy Upgrade Project as
5 precedential, and that's an issue that's been raised
6 previously by Mr. Simpson. It has been considered by the
7 Commission and previously addressed.

8 But I would put on the record that Government
9 Code section 11425.6 covers this area. And I can say,
10 without a doubt, that the Chula Vista Project was not
11 considered to be precedential and shouldn't be treated as
12 such by the Commission.

13 And as I stated before, this has already been
14 previously addressed.

15 COMMISSIONER PETERMAN: Staff, before you move on
16 from the points raised by Mr. Simpson, he also raised a
17 concern about notification to Mexico. And could one of you
18 speak to our international notification process with EPA?

19 MR. BELL: Mr. Renaud?

20 MR. RENAUD: This is a subject that we've
21 explored in previous facilities. I know with the Otay Mesa
22 facility this came up. And there are no treaties, NAFTA or
23 otherwise, that require us to extend our notice provisions
24 outside what's already required by regulations.

25 So, staff has complied with the regulations with

1 respect to notice of the facility.

2 COMMISSIONER PETERMAN: And just a little bit
3 more on that, our requirement is we notify EPA Region 9,
4 and then they reach out to a number of parties in Mexico;
5 is that correct?

6 MR. RENAUD: Yes, I've been told that that is, in
7 fact, EPA's procedure and that they notified some 14
8 government officials in Mexico concerning these
9 proceedings.

10 MR. BELL: That's my understanding.

11 MR. RENAUD: Concerning their proceedings, I
12 should say, the EPA proceedings.

13 COMMISSIONER PETERMAN: Thank you. And I'll note
14 that these were issues that the committee and I believe
15 staff considered in the -- during the entire proceeding,
16 and not only in response to the comments filed this
17 morning.

18 MR. RENAUD: Correct.

19 CHAIRPERSON WEISENMILLER: Okay, applicant?

20 MS. FOSTER: Good afternoon, Commissioners;
21 Melissa Foster with Stoel Rives, on behalf of applicant.
22 With me here today is Dave Jenkins, who would like to say a
23 few words on behalf of the project.

24 MR. JENKINS: Well, good afternoon Presiding
25 Members, Commissioners. My name's David Jenkins, I'm with

1 the Pio Pico Energy Center development team.

2 And speaking on behalf of the team I would just
3 like to simply say that we concur with the PMPD and the
4 errata thereto. And we also would like to say that we
5 appreciate the analysis and work by staff, and the
6 consideration by the Presiding Members and committee for
7 approval of this most needed project. Thank you.

8 CHAIRPERSON WEISENMILLER: Thank you.

9 I believe Gretel Smith is here on behalf of
10 the -- who is speaking on behalf of Rob Simpson.

11 MS. SMITH: That is correct. Can you hear me?

12 CHAIRPERSON WEISENMILLER: Yes, we can.

13 MS. SMITH: Oh, okay. Basically, we don't
14 believe that the alternatives were adequately analyzed in
15 the PMPD. We believe that the no project alternative is
16 the viable solution as set forth in Mr. Powers' testimony
17 at the evidentiary hearing, and set forth in our comments.

18 Additionally, BACT requires a solar component
19 incorporated in the facility. The EPA held Palmdale, that
20 BACT requires a solar component as set forth in Mr.
21 Simpson's comments 1-a, that were filed this morning, or
22 docketed this morning.

23 Finally, the APCD has never provided any response
24 in this regards to Mr. Simpson's PDOT comments.

25 Because the analysis is incomplete and

1 inadequate, BACT requires solar, and because Mr. Simpson
2 never received any response to his PDOT comments, we
3 believe that certification of Pio Pico at this time is
4 premature.

5 CHAIRPERSON WEISENMILLER: Okay, thank you. I
6 believe that's all the interveners, although I believe Mr.
7 Powers has public comment.

8 MR. POWERS: Yes, this is Mr. Powers, expert for
9 Mr. Simpson. And I just wanted to clarify, before I make
10 comments, how much time I have?

11 CHAIRPERSON WEISENMILLER: Three minutes.

12 MR. POWERS: Three minutes?

13 CHAIRPERSON WEISENMILLER: Yes.

14 MR. POWERS: The first point I'd like to make is
15 that I was an expert in the Chula Vista Energy Upgrade
16 Project, which was denied by the full Commission on land
17 use ordinance issues and in the same decision indicated
18 that rooftop solar could do the same -- fill the same
19 function cost effectively compared to the gas turbine.

20 I take issue with the reading of the California
21 Code because we are a common law nation. And once you have
22 made a decision at the CEC, if we go to court to challenge
23 it, we will be referring to other decisions the CEC has
24 made.

25 And so I really take issue with the fact that you

1 could do such a suburb job on the 100-megawatt Chula Vista
2 Project, and then say it is erased from our collective
3 memory.

4 The issue in Chula Vista, the alternatives
5 analysis looked at solar alternative, demand side
6 management, and biomass.

7 In this case the alternative analysis was limited
8 to another form of gas turbine or engine, so there really
9 was no alternative looked at, other than the technology at
10 issue.

11 The demand side management issue, the only load
12 that is increasing on a summer afternoon, after midday, is
13 residential air conditioning, that's it.

14 In 2006 PG&E was approved to do an air
15 conditioning cycling program that included 400,000
16 residential air conditioners, target reduction 345
17 megawatts, more than Pio Pico.

18 We have about 600,000 homes in SDG&E territory
19 with residential air conditioners. The same program
20 applied in SDG&E territory would provide more load
21 reduction than Pio Pico.

22 Another alternative is energy storage. One of
23 the exhibits that I submitted was AES Storage, the June
24 2012 PowerPoint, where they specifically compared the cost
25 effectiveness of utility scale battery storage to an LMS

1 100 and found that when you include all of the attributes
2 of the battery storage it was far more cost effective than
3 the LMS 100s.

4 The State also -- the Governor has a 12,000
5 megawatt target for local renewable energy. I was in that
6 CEC hearing last May. The allocation, if it were done that
7 way for SDG&E, would be about 1,000 megawatts of additional
8 by 2020. SDG&E has 140 megawatts of rooftop solar. That
9 means we would need to add about 900 megawatts between now
10 and 2020. That hasn't happened.

11 Our load is flat. Our peak load has been flat
12 for six years. This year would be, if we hold at 4,300
13 megawatts, which is our peak so far, it would be less than
14 any year since 2006. We've had no rise in peak load.

15 The other issue that's come up with this turbine
16 is ramp rate. Well, that was exactly an issue in Chula
17 Vista.

18 CHAIRPERSON WEISENMILLER: Your three minutes is
19 up, could you please wrap up?

20 MR. POWERS: Yes. The wrap-up is the
21 alternatives analysis is woefully deficient and it's
22 inconsistent with the other State policies that the CEC,
23 itself, is promoting. Thank you.

24 CHAIRPERSON WEISENMILLER: Thank you.

25 Commissioners, any questions or comments?

1 COMMISSIONER PETERMAN: Commissioners, as lead
2 Presiding Member on this case I'd like to make a few
3 comments, as well as hear your questions and comments.

4 As you can see from the discussion so far, two of
5 the PMPT areas that had a lot of discussion were the public
6 health and the alternatives, and so let me just offer a few
7 more comments.

8 I think we've said a lot about the public health
9 already. And that I want to emphasize, though, just how
10 the Energy Commission, when we look at public health and
11 sensitive receptors, the level of the nature of that
12 analysis.

13 The Commission's public health risk analysis uses
14 extremely conservative health protective exposure and
15 toxicity assumptions to evaluate potential of impact to the
16 most sensitive individuals in this population.

17 So, we're talking about the elderly, and infants,
18 and people with pre-existing medical conditions.

19 Furthermore, this analysis is based on the worst
20 case assumptions. It uses the highest emissions factors,
21 assumes the worse weather conditions, and calculates
22 effects at the point of maximum impact so that any actual
23 risk to sensitive receptors would be much lower than at any
24 other location.

25 In this case the analysis determined that acute

1 and chronic risk from project operating emissions fall
2 below the significance level of 1.0 and that the cancer
3 risk is below the significance level of 10 in one million.

4 Because of the location of this project and how
5 close it is to a number of facilities from which folks can
6 leave, we were sensitive to the issues of those in the
7 prison's population, as well as from our neighbors in
8 Mexico.

9 And I'm satisfied that staff did sufficient and
10 even beyond the call-of-duty analysis on the impact to
11 those receptors.

12 On the alternatives, as was noted, Mr. Simpson,
13 and Mr. Powers and his comments raised a lot of concerns
14 about the alternatives analysis.

15 We evaluate a range of alternatives and found no
16 site alternatives would meet the project objectives or
17 reduce environmental impacts.

18 I do appreciate Mr. Simpson's contention that a
19 combination of rooftop solar and demand side management
20 could meet the objectives of the project.

21 We found this alternative could simply not
22 reliably replace the project's contribution of up to 300
23 megawatts of flexible, dispatchable, load-following
24 generation in San Diego.

25 As you all are probably familiar, the Commission,

1 through a number of its activities, promotes renewable
2 energy, demand-side management, energy efficiency, and
3 distributed generation. And to the extent that we can use
4 those resources to meet the State demand, we will.

5 That being said, as well, the 300 megawatts of
6 flexible capacity this project will bring is expected to be
7 up and running in one to two years. It would take much
8 longer for that amount of DG to be permitted and installed
9 at individual sites around San Diego.

10 And, finally, comparisons have been made to the
11 Chula Vista project. Although I was not involved with that
12 one, I will say that these projects are different. They
13 are different in terms of their size and the particulars of
14 the situation, which is why we don't have these cases be
15 precedential, albeit there's collective learning from all
16 those experiences.

17 So, based on my assessment of the record, I'm
18 supportive of approving this project.

19 COMMISSIONER DOUGLAS: Commissioners, I was the
20 Associate Member on this committee. I appreciate
21 Commissioner Peterman's presentation on this issue and I
22 agree with all of it.

23 I think that between the hearings, and the formal
24 process, and the work that each of us put in on the record
25 and on going through the issues raised by the intervener

1 I'm satisfied that this case is ready to move forward for
2 Commission approval.

3 COMMISSIONER MC ALLISTER: So, I have just a few
4 comments. You know, I think we have to acknowledge that
5 we're in the SONGS influence area. San Diego does need
6 resources that have those capabilities, you know, rapid
7 ramping and dispatchability.

8 And, you know, the arguments that we need
9 generation that can shore up renewables I think are real.

10 As lead on energy efficiency, which also includes
11 demand response, I really have a fire under me right now to
12 try to make those demand side resources ready for prime
13 time.

14 And the automated demand response, you know,
15 quickly deployable energy efficiency, and strategic
16 distributed generation, renewable or otherwise, I think
17 have to be part of our medium-term to long-term, ASAP,
18 really, solution to maintain reliability and the robustness
19 of our electricity grid.

20 So, I have to say that this plant -- so, I
21 totally respect -- I mean these processes are onerous,
22 there are lots of stakeholders involved, and there are a
23 lot of compelling reasons to move forward with this
24 project.

25 And I do -- long-term, if we really are going to

1 take our policy goals to their logical and final
2 conclusion, I do get a little nervous when we're talking
3 single cycle, when we're talking -- so, we are leaving some
4 efficiency on the table, just sort of at the top level
5 analysis here.

6 So, I am kind of wondering if the alternatives
7 analysis did -- so, if you could describe the alternatives
8 analysis in a little bit more depth to see, to describe,
9 you know, why the combined cycle plant was not in the
10 offering?

11 And I think the timing issue here really is the
12 overriding concern. San Onofre is likely to be off next
13 summer. We don't have much time. I'm actually interested
14 in kind of hearing about the construction timeframe for
15 this thing, and the status of your kind of negotiations, if
16 there are any about that, with SDG&E.

17 Because if we're going to -- the value of this
18 plant, actually, going to what I said before, I think the
19 long-term play has to be on the demand side and more
20 flexibility in sources that are cleaner.

21 I don't think we have much time for this
22 transition and so I think that we'll really have to hold
23 ourselves to a higher standard going forward, whether it's
24 traditional power plants or whether it's renewable power
25 plants.

1 So, I would -- much of the value of this plant, I
2 think, is going to be unlocked in the very near term, so
3 the quicker it can come online, the better, presumably.

4 So, you know, I have mixed feelings about a
5 single-cycle plant. Now, of the sites that such a plant
6 could be sited at, this is an excellent site. It has some
7 sensitive receptors around, but less than virtually any
8 other site you can imagine. It's already disturbed land.
9 It's right next to an existing power plant. It's got lots
10 of sort of reasons why it's easier to mitigate than some of
11 the more heavily populated and less disturbed places.

12 So, I think it's got a lot going for it, you
13 know, the site was chosen well.

14 There are these longer-term issues that
15 definitely concern me and I wanted to just voice those
16 alongside the urgency that I also feel to solve the
17 capacity problems down in Southern California related to
18 SONGS and potentially otherwise as our electricity demand
19 continues to grow.

20 So, I think Mr. Powers brings up a lot of good
21 points and those -- he's been hammering on these points for
22 a long times in a number of forums. And so I think, you
23 know, they are being heard in one way or another, but I
24 think there are different ways and different pathways for
25 the points that he's making, right. Some of them might

1 take a more sort of operational than others, but the timing
2 issue, again, is huge.

3 So, if I could get a little more background on
4 the development of the project and why the choices were
5 made for the particular technologies would be helpful for
6 me.

7 COMMISSIONER PETERMAN: And I would say, as staff
8 addresses Commissioner McAllister's question, it seems like
9 the question is also appropriate for applicant to take a
10 first stab at in terms of your technology choice and the
11 rationale for it.

12 Chair Weisenmiller, do you have comments, first?

13 CHAIRPERSON WEISENMILLER: Yeah. No, good, I
14 think this one is an LMN 100 so, basically, you have either
15 very efficient peakers or very responsive combined cycles.
16 They've gone with the more efficient peaker.

17 Go ahead and explain why?

18 COMMISSIONER MC ALLISTER: Well, I guess just
19 the -- and so that's useful, yeah.

20 I guess, you know, when I'm looking at the
21 description of the power plant and it could run up to 4,300
22 hours, I think it was, and that's sort of not the
23 traditional definition, or at least it's not strictly a
24 peaker, right, so just interested in how that process, that
25 decision process played out.

1 MR. JENKINS: I'd be glad to address that. The
2 LMS 100 technology was chosen and ultimately selected by
3 SDG&E because of its rapid start-up response and also its
4 capability of following load, thereby directly supporting
5 renewable energy fall-offs and pick-ups, depending on
6 weather conditions and so on, something that a combined
7 cycle unit cannot simply do.

8 So, SDG&E was actually the party that chose
9 peaking type technology over combined cycle for that very
10 purpose. And we, as the applicant, merely responded and,
11 thankfully, we were successful in being awarded a contract
12 therein.

13 Shall I elaborate more?

14 COMMISSIONER MC ALLISTER: Well, it's good to
15 know.

16 CHAIRPERSON WEISENMILLER: I was going to say can
17 you at least walk through the efficiency of this plant
18 relative to other peakers, along with the response times
19 relative to combined cycles?

20 MR. JENKINS: Okay, I'll do my best.

21 First of all in terms of efficiency, the LMS 100
22 is roughly, depending on ambient conditions, roughly ten
23 percent more efficient than the next class peaking
24 facility.

25 And that's why sometimes people in the industry

1 refer to the LMS 100 as not only a peaking, but also an
2 intermediate class machine. Again, it's roughly ten
3 percent more efficient, which is pretty significant in my
4 view.

5 The other follow-up question, please remind me?

6 CHAIRPERSON WEISENMILLER: What is the start-up
7 time?

8 MR. JENKINS: Oh, start-up times, we can reach
9 compliance within -- in full load within ten minutes.

10 Compared to a cold -- and that's a cold iron
11 condition.

12 CHAIRPERSON WEISENMILLER: Right.

13 MR. JENKINS: A typical combined cycle plant
14 would take several hours from cold iron to reach compliance
15 and then on up to full load, many, many hours, up to say
16 eight hours.

17 COMMISSIONER PETERMAN: Staff, did you want to
18 comment?

19 MR. BELL: Eric Solorio is here. Mr. Solorio is
20 the project manager who prepared the alternatives section,
21 and I can let him address that.

22 MR. SOLORIO: Yes, essentially, my alternatives
23 analysis agreed with what Mr. Jenkins described. And
24 primarily using the approach described in CEQA, which is to
25 start with the project's objectives.

1 Having the quick start capability, also up to a
2 98 percent availability, as well, I did rule out the
3 combined cycle because it simply would start as quickly as
4 needed under the RFO.

5 COMMISSIONER MC ALLISTER: So, and that is
6 even -- just to be clear, even the first stage of the
7 combined cycle, so the turbines on the front end of the
8 combined cycle can't be made to ramp as needed before a
9 steam cycle gets warmed up and ready to go?

10 MR. JENKINS: I can speak to that. The
11 combustion turbine part of a combined cycle has relatively
12 fast ramping capabilities, but at a lower operating
13 efficiency, roughly ten percent, so that was certainly a
14 factor in SDG&E's solicitation for a peaking and,
15 ultimately, us winning the LMS bid because of it's even
16 added efficiency.

17 COMMISSIONER MC ALLISTER: So, if it were a pure
18 peaker I think I would be more likely to kind of see that
19 point as an overriding point, than if it's really going to
20 be expected to operate significant hours. So right now,
21 you know, it could be as high as 50 percent. Again, that
22 does concern me.

23 CHAIRPERSON WEISENMILLER: Yeah. Although,
24 again, I think if you look at the actual operation of
25 plants in California, you know, even the combined cycles

1 are typically under 50, and by the time you get to these --
2 I know they're permitting worst case but, again, if you had
3 the actual hours. You know, most peakers are more --
4 you're talking about under 100, steam turbines more like
5 400, so --

6 COMMISSIONER MC ALLISTER: Yeah, I know for sure.
7 So, I guess I would ask sort of realistically what capacity
8 profile or what generation profile do you think or what
9 capacity factor do you really think it's going to be?

10 MR. JENKINS: You know, I wouldn't want to go on
11 the record with speculating because we do not -- in all
12 seriousness we do not, as the operators and owners,
13 dispatch the units.

14 COMMISSIONER MC ALLISTER: Right.

15 MR. JENKINS: That would be a question, maybe, to
16 CAISO, or perhaps SDG&E, and they would probably come back
17 with the same response, there's just no way to predict.

18 Again, these machines will likely be used to
19 fortify ups and downs from renewable sources and those are
20 hard to predict.

21 COMMISSIONER MC ALLISTER: So, I guess really
22 what I'm trying to get at here is that we -- you know, we
23 have exactly the same set of questions for demand side
24 resources as well. You know, demand response and from the
25 ISO's perspective, you know, we want to get to the point

1 where demand response could be as reliable as generation.
2 And, in fact, you could maybe get into the same market, and
3 the ISO is a different -- and so it's going to take time to
4 get there across agencies and that's really the origin of
5 my temporal concern. I have no doubt that we have to get
6 there on the demand side.

7 And so the urgency that I feel is to kind of
8 avoid having to put up more power plants in the meantime to
9 satisfy kind of the most conservative kind of approach.

10 SONGS has really forced our hand on this because
11 really down in that part of the world we kind of need all
12 of the above. But I don't want to, you know, necessarily,
13 just by the fact that we've got to just --

14 CHAIRPERSON WEISENMILLER: Let me push you back.
15 Because I think Mr. Powers said he testified before us in a
16 workshop, and the question I asked him then was what
17 happens at midnight?

18 You know, at midnight the gas turbine can fire up
19 if we lose SWPL then. It can fire up if we lose a
20 transmission line, it can fire up if SONGS goes out.
21 Distributed gen cannot do that.

22 And at that point he also pointed out, rightly
23 so, that the solar thermal units also would not be able to
24 cycle up at night. And, certainly, none of the renewables
25 can cycle up, you know, they're already fully loaded. So,

1 if you lose something, they're not a resource that can
2 respond in a half-hour.

3 You know, let's face it, I mean I was a Special
4 Master for the New York Bankruptcy Court on power market
5 issues, so I understand this stuff pretty well, and
6 certainly responsible for billions of investments in
7 California, for all the major projects. Again, I
8 understand this stuff well.

9 And I'm afraid a lot of this analysis is pretty
10 simplistic. I mean you have to be able to deal -- the
11 peakers really deal with contingencies. They're not
12 necessarily dispatched every day, it's sort of what happens
13 if you lose SONGS, and what happens if you lose Carlsbad?
14 That's over 50 years old. What happens if you lose a
15 transmission line?

16 What happens if it's at night? I mean rooftop
17 solar reduces your load, but it cannot respond in that sort
18 of situation.

19 Now, as you said, demand response, in theory,
20 could. When we looked in San Diego for this summer, in
21 terms of how much can respond in 30 minutes, the answer is
22 zero. Under the current program zero. You know, nothing
23 under six hours, a lot the next day.

24 What we happen to know, the next day the wind,
25 the wind is going to stop blowing, or when SONGS -- you

1 now, when the thermal plant's going to trip off that can
2 help you. But it cannot help you on an operational side.

3 So for that purpose, I mean this is exactly what
4 you need.

5 Now, certainly, San Onofre's outage amplifies
6 this although, frankly, San Onofre doesn't cycle at all. I
7 mean it's not -- it's a different type of product and we
8 would not build peakers to replace San Onofre, you know, at
9 all. This is not -- it is total apples and oranges.

10 And in thinking back, I think we were both --
11 well, at the ISO's symposium they showed loads, they netted
12 out solar on peak, they netted out wind. You see
13 phenomenal winds, you know, in the morning as the sun's
14 coming up and the wind's going down. You see the
15 phenomenal wind, you know, in the afternoon after the
16 solar's netted out, you know, you see phenomenal wind when
17 the sun sets.

18 So, you need something that can ramp up and down
19 pretty fast. And these types of plants are those types of
20 things. It's either this or storage, or demand response.
21 And demand response, I'd love to get us there. I'm hoping
22 you can help us with that. But right now the current stuff
23 is zero down there.

24 And storage is a great opportunity, but no one I
25 know really thinks that we're ready for full scale rollout

1 at this stage. We need a lot of innovation to drive the
2 cost down to get storage into -- you know, we're really
3 ignoring pump storage, which has been around for decades.

4 So, you know, I'm convinced we really need to
5 move forward on this and we certainly have to move forward
6 on similar plants as we just try to deal with how to keep a
7 reliable system in California.

8 But at the same time let's try to build up the
9 portfolio in the area of demand response and also in the
10 area of storage.

11 And, certainly, energy efficiency, or DG, or
12 other things that reduce load are good, but they're not
13 providing these sort of services.

14 COMMISSIONER MC ALLISTER: Yeah, so just to
15 respond. Absolutely, and my intention here is not to --
16 you know, not to question Chair Weisenmiller's expertise in
17 this area. I mean, you know, I've got quite a bit of
18 utility experience and worked on many power plants in my
19 career, but also lots of efficiency and lots of renewables.

20 And so, you know, I'm really feeling the policy
21 imperatives we have to bring innovative resources. And
22 this is an innovative resource. It's a very modern plant,
23 you know, it's very efficient.

24 So, I'm really sort of using this as a forum to
25 have exactly this discussion because I feel like we, on

1 siting cases particularly, the Commissioners don't have a
2 lot of chances to sort of interact at this forum. So, you
3 know, I feel like having this conversation happen in a
4 public place is a good thing.

5 But no, absolutely, I feel like the ramping, the
6 increases in ramping needs are pretty momentous, right,
7 absolutely.

8 And I really just wanted to kind of dig in on
9 this plant, this particular plant as a demonstration of the
10 issues that we face.

11 CHAIRPERSON WEISENMILLER: No, that's very good.
12 I would note for the record that in my prior career here I
13 was responsible for taking out the Sun Desert Nuclear
14 Plant, in conception LNG, and either two or four coal
15 plants, so I understand what you can do in these types of
16 things. But I just don't think that that type of -- we're
17 not in that situation, now.

18 COMMISSIONER PETERMAN: And, Commissioner
19 McAllister, I appreciate your questions and your comments,
20 and that is why we all -- it's good to have Commissioners
21 who are not as involved with the record on the case to
22 raise some of these policy points.

23 I will say, through our evidentiary hearings, the
24 majority of the time I would say was spent talking about
25 alternatives. There were significant presentations, I

1 would even say -- I'll have to say the committee provided
2 more leeway for inclusion of information that we might have
3 or are required to otherwise, simply because the points you
4 raise are the exact questions that we are wrestling with.

5 And as you know, in our various hats we wear at
6 the Commission, we're working on getting those other
7 resources available. But in the meantime, we need to make
8 sure we keep the lights on.

9 And so I appreciate your attention to the issue
10 and all your questions are welcome.

11 COMMISSIONER MC ALLISTER: So, thanks very much,
12 I'll lay off then.

13 But again, I know a lot of -- you know a lot of
14 what I'm asking, but that's exactly -- kind of exactly the
15 point, right. The open meetings rules kind of direct us in
16 that; they put us in that space.

17 COMMISSIONER PETERMAN: Gives you a taste of the
18 things you'll need to consider when you do your first case
19 and do your alternatives.

20 COMMISSIONER MC ALLISTER: Yeah, exactly. Yeah,
21 thanks.

22 MR. RENAUD: And I'll just echo Commissioner
23 Peterman's statement about the alternatives evidence at the
24 evidentiary hearings, we really did spend most of the live
25 testimony on alternatives and it was a pretty lively debate

61

1 between well-qualified experts.

2 COMMISSIONER PETERMAN: Commissioners, any other
3 comments, or any other comments from staff or applicant?

4 Chair Weisenmiller, any other public comment,
5 concern, we've had a lively discussion here, don't want to
6 deny that opportunity.

7 Well, if there are no other questions or comments
8 I will move Item 4.

9 COMMISSIONER DOUGLAS: Second.

10 MR. RENAUD: And just for clarity of the record,
11 the motion is to adopt the PMPD and the errata?

12 CHAIRPERSON WEISENMILLER: Right.

13 COMMISSIONER PETERMAN: And thank you for that.
14 And also thank you for the good comments that helped us
15 provide the errata, those are very useful from all parties.

16 Let me correct that and say I will move Item 4,
17 including the errata.

18 COMMISSIONER DOUGLAS: Second.

19 CHAIRPERSON WEISENMILLER: All those in favor?

20 (Ayes)

21 CHAIRPERSON WEISENMILLER: Item 4 passes
22 unanimously. Thank you.

23 Let's go to Item Number 5, which is Canyon Power
24 Project, 07-AFC-9C. Dale Runquist.

25 COMMISSIONER PETERMAN: Let everyone settle in

1 the room.

2 CHAIRPERSON WEISENMILLER: Please go forward.

3 MR. RUNQUIST: Okay, thank you. Good afternoon
4 Commissioners, my name is Dale Runquist and I'm the
5 Compliance Project Manager for the Canyon Power Project.

6 With me this afternoon is Kevin Bell, Senior
7 Staff Counsel, and technical staff from Air Quality.

8 Also present are representatives from the Canyon
9 Power Project.

10 The Canyon Power Project was certified by the
11 Energy Commission on September 8th, 2010 and began operation
12 in November of 2011. It's a 200-megawatt peaking power
13 project located in the City of Anaheim, in Orange County,
14 California.

15 On May 8th, 2012 Southern California Public Power
16 Agency filed a petition with the California Energy
17 Commission requesting to modify the Canyon Power Project.
18 The proposed modification will increase the carbon monoxide
19 or CO start-up limit and condition of certification AQ2
20 from 6.3 pounds per hour to 11.6 pounds per hour.

21 The change is needed to allow the operation of
22 the Canyon Power Project's turbine, in compliance with
23 applicable air quality regulations and permits and make AQ2
24 consistent with changes in the permit to operate issued by
25 the South Coast Air Quality Management District.

1 The proposed CO start-up limit is consistent with
2 other similar peaking projects recently permitted by the
3 Energy Commission in the South Coast Air Quality Management
4 District.

5 Further, the air basin is attainment for CO and
6 this project did not and does not need to obtain CO
7 offsets.

8 Therefore, the new permit level does not require
9 offsets or cause project emissions impacts to come at all
10 close to CO ambient air quality standards.

11 The notice of receipt was mailed to the Canyon
12 Power Project, the post-certification mailing list,
13 docketed and posted on the Energy Commission website on
14 June 13th, 2012.

15 Staff's analysis of the petition was mailed to
16 interested parties, docketed and posted to the web on July
17 16th, 2012.

18 One comment was received on June 18th, 2012 from
19 Christopher Walker, owner of the business across the street
20 from the power plant. Mr. Walker was concerned about the
21 increase in CO during the start-up of the turbines.

22 Staff assured Mr. Walker that the proposed
23 amendment is within the limits of the CO emissions at other
24 newly licensed power plants and that he is welcome to
25 participate in the upcoming business meeting.

1 Staff followed up with a phone call to Mr. Walker
2 on August 21st, 2012 to make sure his concerns had been
3 addressed. Mr. Walker was in conference, but the person
4 that answered the phone said the City of Anaheim had been
5 very attentive to them and had answered questions for them.
6 She said if Mr. Walker had any questions, he would call
7 back.

8 Well, Mr. Walker never called back, but Air
9 Quality staff and myself had a conference call with him
10 this morning and we wanted to just make sure that his
11 concerns were still addressed.

12 He did raise some concerns about the CO limits,
13 but we assured him that we would do everything possible to
14 make sure that the limits were within the limits of the Air
15 Quality Management District. And he said he'd be satisfied
16 with that.

17 Energy Commission staff reviewed the petition and
18 finds that it complies with the requirements of Title 20,
19 section 1769(a) of the California Code of Regulations, and
20 recommends approval of the project modification and
21 associated revision to the Air Quality condition of
22 certification AQ2, based upon staff's findings and subject
23 to the revised condition of certification.

24 Thank you.

25 CHAIRPERSON WEISENMILLER: Applicant?

1 MR. ROBLED0: Yes, good afternoon Commissioners.
2 My name is Manny Robledo, I'm the Electric Operation
3 Manager for the City of Anaheim.

4 The City of Anaheim is the operator of the
5 facility owned by Southern California Public Power
6 Authority and all of the energy does go to the City of
7 Anaheim, which is within the California ISO.

8 I'd like to thank the staff for their diligent
9 efforts in preparing the staff assessment. And we do
10 request that the Commission approve the petition to amend.

11 CHAIRPERSON WEISENMILLER: Is there any public
12 comment?

13 Okay, Commissioners, any questions or comments?

14 COMMISSIONER DOUGLAS: Just a brief comment.
15 First, I want to thank staff for your diligence in
16 following up with Mr. Walker and just ensuring that you
17 were able to have a conversation with him, and that his
18 concerns had been addressed.

19 And I'll note, you said this, but this change
20 would still have the power plant, you know, at a carbon
21 monoxide level that is consistent with the plants that
22 we're permitting today, so it's well within the air quality
23 requirements that we impose on power plants.

24 So with that, I would recommend this for your
25 support, but I'll see if there are any other questions or

1 comments.

2 COMMISSIONER PETERMAN: I appreciate your
3 comments, Commissioner Douglas, on this issue.

4 COMMISSIONER DOUGLAS: Right, so I will move Item
5 5.

6 COMMISSIONER PETERMAN: And I'll second.

7 CHAIRPERSON WEISENMILLER: All those in favor?

8 (Ayes)

9 CHAIRPERSON WEISENMILLER: This item is adopted
10 unanimously.

11 Let's go on to Clean Energy Business Financing
12 Program. And this is possible approval of a resolution
13 directing the Executive Director to provide written
14 consent. And we have Jacob Orenberg.

15 MR. ORENBERG: Good afternoon Chairman and
16 Commissioners. My name is Jacob Orenberg and I am the
17 Project Manager for the loans under the Clean Energy
18 Business Financing Program, otherwise known as the CEBFP.

19 The CEBFP provided low interest loans to
20 California private sector manufacturers of renewable energy
21 products. Borrowers under the CEBFP periodically need to
22 obtain new or renewed lines of credit or bridge loans for
23 operating and other business expenses.

24 In addition, the companies may need to finance
25 new operations by taking additional debt.

1 Additional debt also often requires new or
2 modified creditor agreements. However, all CEBFP loans
3 have a covenant requiring the borrower to obtain Energy
4 Commission consent prior to incurring additional debt.

5 Currently, borrower requests to obtain additional
6 debt are referred to the Energy Commission's financial
7 advisors. The advisors evaluate the financial merit of
8 each request, identify possible risks to the Energy
9 Commission, and recommend whether or not the Energy
10 Commission should approve the request.

11 If recommended, the request is scheduled to be
12 heard at an Energy Commission Business meeting to seek
13 consent. This is a time consuming and costly process, both
14 for borrowers and the Energy Commission.

15 In addition, long approval times have the
16 potential to negatively impact the day-to-day operations of
17 manufacturers.

18 This agenda item seeks to delegate approval of
19 both additional debt and loan modification requests to the
20 Executive Director. Approval will be contingent upon the
21 Energy Commission's financial advisors recommending
22 approval in a formal memorandum.

23 Any request that increases the amount of the
24 CEBFP loan changes the scope of the project or modifies the
25 purpose of the agreement will still require approval at a

1 public business meeting.

2 If approved, this change should shorten the
3 amount of time required to obtain Energy Commission consent
4 and reduce the risk of negatively impacting the day-to-day
5 operations of the participating companies while maintaining
6 loan safeguards.

7 I'm happy to answer any questions. Thank you.

8 CHAIRPERSON WEISENMILLER: Thank you.

9 Commissioners, any questions or comments?

10 COMMISSIONER DOUGLAS: Just a brief comment.

11 Commissioners, all of us probably remember well the effort
12 that we had to go through to deal with this issue when it
13 came up recently with a company that had a deadline that
14 was well before our next business meeting, and so we
15 continued a business meeting and we assembled as quickly as
16 we could to hear the item. And that was an inconvenience
17 for all concerned and it did not really add to or improve
18 the process. The issue had been vetted very thoroughly
19 internally.

20 And so I think that it's -- I think that this is
21 an important step in order to ensure that we have the
22 ability to move quickly, when needed, with our private
23 partners in the loan program.

24 I think it's very important that we maintain the
25 same level of diligence, you know, working with the FDC,

1 certainly, and also maintaining our own communications with
2 companies and our own assessment of risk, and our own kind
3 of internal checks and reviews on these items.

4 But I'm comfortable with moving forward as
5 proposed here.

6 COMMISSIONER PETERMAN: I'll also just add on
7 that. Even though approving this would allow the Executive
8 Director to approve the taking on additional debt, I'd ask
9 parties to the extent possible to please provide as much
10 time as possible for that review.

11 I appreciate sometimes that circumstances don't
12 permit that, but that the review is always going to be
13 better if there's more time available.

14 And just being mindful that just as much as the
15 last situation was challenging, timing-wise, for all
16 parties, it will still be challenging going forward with
17 the Executive Director's approval if the materials are not
18 provided in a timely and comprehensive manner.

19 COMMISSIONER MC ALLISTER: I'll just agree with
20 all that, that's been said. You know, it was definitely a
21 big inconvenience last time and kind of didn't -- you know,
22 it probably wasn't the highest and best use of a lot of our
23 time. And so I think, you know, as long as the diligence
24 can happen and, you know, the process is not diluted and we
25 get to a similar result and, you know, I think the

1 Commissioners and staff still need to be kept in the loop
2 on what's actually happening and, you know, Rob has been
3 really good at doing that, so I'm comfortable having this
4 process changed to allow that flexibility that we really
5 need to have for our stakeholders.

6 CHAIRPERSON WEISENMILLER: Yeah, I'm just going
7 to ask the Executive Director if, when this occurs, he can
8 report at the next business meeting, you know, and that we
9 can, as part of this process, understand -- you know, we
10 have our current approach that we know what the pitfalls
11 are. It's important, I think, to keep us and the public
12 aware of these transactions going forward and that, again,
13 we all look for any pitfalls that emerge in this practice.

14 COMMISSIONER DOUGLAS: So, for the record, that
15 was a yes and with that I move approval of Item 6.

16 COMMISSIONER MC ALLISTER: I'll second.

17 CHAIRPERSON WEISENMILLER: Okay, all those in
18 favor?

19 (Ayes)

20 CHAIRPERSON WEISENMILLER: Item 6 passed
21 unanimously.

22 Let's go on to Item 7, New Solar Homes
23 Partnership Guidebook; Possible approval of proposed
24 revisions to New Solar Homes Partnership Guidebook.

25 Le-Quyen Nguyen.

1 MS. NGUYEN: Good afternoon Chairman and
2 Commissioners. My name is Le-Quyen Nguyen and I'm the
3 Program Lead for the New Solar Homes Partnership Program.

4 With me I have Christa Salo from our legal
5 office.

6 The New Solar Homes Partnership Program, also
7 known as NSHP, began in January 2007, with the goal of
8 installing 400 megawatts of solar by the end of the program
9 in 2016.

10 The program is designed to offer incentives for
11 builders and homeowners to install eligible solar systems
12 on energy efficient new residential construction.

13 The first proposed provision to the NSHP
14 Guidebook clarifies the information required of projects
15 that are participating in their utility's virtual net
16 metering tariff.

17 Under virtual net metering, a system owner can
18 allocate the system, the kilowatt hours generated by the
19 solar energy system to individually metered accounts on
20 that property, such as the common area or tenant loads.

21 And the type of electric load that's offset by
22 that solar energy system can determine the incentive rate
23 that's used to calculate that NSHP incentive.

24 So, to ensure that the correct amount is reserved
25 for a project and later paid out upon project completion,

1 staff is proposing that on the NSHP reservation application
2 form the system generation allocation percentages for
3 virtual net metering projects be provided, and that they
4 later be verified by the program administrator at the
5 payment process.

6 The second proposed revision improves the payment
7 process. And currently applicants are required to submit a
8 complete payment claim package on or prior to the
9 reservation expiration date.

10 If a complete payment claim package is not
11 submitted on or prior to that reservation expiration date
12 then the applicant is asked to reapply, and they're subject
13 to the guidebook requirements in effect, and incentive
14 levels in effect at the time of their reapplication.

15 A complete payment claim package does include the
16 utility interconnection approval letter, as well as
17 relevant third-party field verification documentation. And
18 those documents can only be completed and submitted once
19 the utility has approved the interconnection of a system.

20 The time it takes the utility to approve the
21 interconnection of a system can vary based on a variety of
22 factors. And so to prevent the penalization of a customer
23 for the unexpected delays in the interconnection process,
24 staff proposes that if a complete interconnection package
25 is submitted to the utility interconnection department on

1 or prior to the NSHP reservation expiration date, then the
2 system interconnection and third party field verification
3 documentation must be completed within 90 days of the NSHP
4 reservation expiration date.

5 This change provides additional time for the
6 utility to approve the interconnection, and for the
7 interconnection letter, and third party field verification
8 documentation to be submitted as part of the NSHP payment
9 claim.

10 And at this time I respectfully request your
11 approval of a resolution for the adoption of these proposed
12 revisions to the New Solar Homes Partnership Guidebook.
13 And I would happy to take any questions or comments you may
14 have.

15 CHAIRPERSON WEISENMILLER: Thank you.
16 Commissioners, any questions or comments?

17 COMMISSIONER PETERMAN: I'd just offer a comment,
18 and I know we also have some public speakers that could
19 probably also add an additional amount to this.

20 The proposed changes that staff are proposing
21 today are meant to make the program run more efficiently,
22 and get the money out sooner, immediately.

23 They're in response to a number of one-off issues
24 that have been raised by different parties, which could
25 only be addressed through a guidebook change.

1 In many ways, addressing these today is a
2 function of our success because now that we have money in
3 the program, and as applicants are now receiving their
4 payments there have been issues that have arisen and these
5 corrections are made to address them.

6 Over the course of this year, as we've looked for
7 opportunities to continue to fund the New Solar Homes
8 Partnership Program, stakeholders have provided a number of
9 other suggestions and things we could address in the future
10 guidebook. And, indeed, those are not being ignored.

11 In fact, staff is starting to do the work to
12 prepare for a broader workshop on solar, on new homes,
13 because we've learned that the business models have been
14 changing over the last few years, and that there's a lot of
15 interest by the builders. And so we're going to do a
16 deeper dive into what's happening in this sector and use
17 that information to improve the guidebook.

18 So, expect a longer guidebook revision process to
19 come. But I appreciate staff's initiative to address these
20 issues, now, and address the other issues in the next few
21 months. So, thank you.

22 CHAIRPERSON WEISENMILLER: Okay. And let me ask,
23 we do have some public comments and let me get those, and
24 then Commissioner Peterman, if you want to respond. But
25 let's get the public, first.

1 Okay, so Valerie Winn.

2 MS. WINN: Good afternoon Commissioners, Valerie
3 Winn for PG&E.

4 I just wanted to express PG&E's support for these
5 changes because they are beneficial for our customers.
6 Primarily, the one on interconnection will, you know, in
7 those limited cases where things are taking a little bit
8 longer customers will be able to be paid their incentives
9 while the interconnection process is moving forward.

10 We are looking forward to getting the new forms
11 and we're hopeful that they will help continue to
12 streamline this process, so thank you very much.

13 CHAIRPERSON WEISENMILLER: Okay, thank you.

14 Bonnie Corwin, I believe is on the line.

15 MS. CORWIN: Yes, thank you. This is Bonnie
16 Corwin, I'm with Cobalt Power Systems.

17 We've been caught in a situation, when the new
18 handbook was released, where we feel there needs to be an
19 additional accommodation. Historically, the New Solar
20 Homes Program has provided a stop-clock option on a case-
21 by-case basis, and we have supporting documentation on
22 those cases where we have the clock stopped.

23 With the release of the new handbook, subsequent
24 to this one they're proposing, we had a job that was
25 granted a stop-the-clock and is now not being honored.

1 We could have advised the homeowner of the sense
2 of urgency to meet the deadline, if it weren't for the fact
3 that we felt safe as we were granted a stop-the-clock.

4 We have been told that we need to re-file at the
5 lower incentive. This is unfair and unjust, there needs to
6 be an accommodation for this kind of scenario in the
7 handbook. So, that's about it.

8 CHAIRPERSON WEISENMILLER: Thank you. Let me ask
9 Nina Rizzo.

10 MS. CORWIN: We are a solar installer company.

11 MS. RIZZO: Hello, this is Nina Rizzo with Sun,
12 Light & Power. I'd like to thank Le-Quyen and the CEC,
13 again, for the improvements in the guidebook related to
14 interconnection and the forms to get information on the
15 virtual net metering allocations up front. I think those
16 are great improvements.

17 And my one question is could we please have an
18 update on how much funding is still available for projects
19 that do not yet have a reservation?

20 COMMISSIONER PETERMAN: Thank you for that
21 question. Le-Quyen, would you like to answer that
22 question?

23 MS. NGUYEN: Yes. So, we do have a processing
24 list that's posted online on the Go Solar website. It's
25 updated roughly twice a month.

1 And if we are to take into account all of the
2 projects currently on that processing list, we have about
3 \$10 million left over to process any additional
4 applications or funding requests that we may receive.

5 COMMISSIONER PETERMAN: And I'll also add,
6 Commissioners, as we roll down the RTF, PGC funding and
7 seeing where remaining funds are, those will also be made
8 available, to the extent possible, to the New Solar Homes
9 Partnership Program.

10 So at this time I'm not concerned about the
11 reservations not being able to be fulfilled.

12 I'll also just add a comment following up on Ms.
13 Corwin's comment, pardon if I got that pronunciation
14 incorrectly, and ask staff, number one, to just note the
15 concern. And will say, just observe that a number of the
16 questions and requests we've gotten related to the
17 guidebook really are somewhat about tradeoffs between
18 allowing the program and the funding to be as flexible as
19 possible, and as fair as possible.

20 When we had to establish the wait list, staff has
21 always tried to work with applicants to make sure they can
22 get funding and make it available.

23 But as we established the wait list, which is
24 first come, first served really had to respect the rules
25 that we had in place and make sure that parties are meeting

1 all their obligations.

2 I'm not familiar with the particular situation
3 you've raised, but I will ask staff to follow up. But I
4 just wanted to offer that general context-setting
5 observation because oftentimes that is oftentimes the
6 tradeoff that's being requested.

7 MS. CORWIN: Thank you very much.

8 COMMISSIONER PETERMAN: And also, thank you to
9 Ms. Nguyen and Sun, Light & Power for raising their support
10 and for bringing concerns to us. You all are closer to the
11 ground with these projects than we are, and this is a
12 living, continuously adapting document that's meant to
13 address a number of these concerns.

14 And so, please advise as you move forward of any
15 additional changes needed.

16 MS. RIZZO: Thank you.

17 COMMISSIONER MC ALLISTER: Yeah, so it's really
18 great to see the reservation and the dialogue around the
19 program design. And, really, just I'm completely
20 supportive and onboard, and agree very much with just the
21 fundamental importance of paying attention to the
22 marketplace, listening to the stakeholders who are actually
23 out there doing projects, and streamlining as much as
24 possible.

25 And I think oftentimes we kind of get scared, you

1 know, that there are sort of downside risks, or we're going
2 to lose some kind of control, or that there are
3 informational problems that might come up if we streamline
4 too much. And that's a balance that we always have to kind
5 of strike between the public policy goals and actually
6 supporting the marketplace.

7 And I think solar is a big success story in the
8 State and I think the challenges, obviously, with new
9 construction have been much, much greater than with the
10 existing buildings. The market for existing buildings has
11 taken off there in the housing market, we all know about
12 that. So, I think NSHP has faced some real challenges in
13 these periodic revisiting of, you know, listening to
14 stakeholders and really revisiting what's needed, and how
15 we might help the marketplace do the right thing and
16 support -- you know, use the NSHP and other policy
17 instruments to support the development of the marketplace.

18 It's just, you know, the way the process ought to
19 work. And so I really commend Commissioner Peterman, and
20 the team, and the staff for listening and making that
21 happening.

22 I think, you know, in the existing buildings
23 where there was a lot more project flow because of just the
24 way the economy was going, et cetera, I think the
25 experience also has shown that when you listen, and work

1 through, and really evaluate the complaints and the
2 observations that you get from the marketplace the ones
3 that are really important become clear and you can fix
4 them. You can almost always fix them.

5 And so I think that dialogue is just
6 fundamentally important for keeping us all going in the
7 same direction. And I really commend the team here at the
8 Commission, and all the stakeholders for being engaged in
9 the process. So thanks.

10 COMMISSIONER PETERMAN: And I'll ask staff, as
11 they plan this next workshop, to please consult
12 Commissioner McAllister's calendar to make sure he can
13 attend, because the New Solar Home Partnership Program does
14 aim to achieve the objective or support the objective of
15 zero net energy homes, which crosses both our renewables
16 and energy efficiency spaces, as well as your professional
17 background involved with these programs and these projects
18 on the ground.

19 COMMISSIONER MC ALLISTER: Yeah, so I have
20 written down a point here about Title 24 updates. But, you
21 know, we only have two Title 24 code cycles before we have
22 to be at zero net energy residential by 2020. And moving
23 solar into new construction, more fundamentally, I think is
24 a really key part of how we're going to reach our goals on
25 Title 24.

1 So, really, and I think that's been the plan all
2 along at the Commission. The long-term strategy has been
3 to use these programs to develop the marketplace so that
4 when we really have to go scale that all the conditions are
5 present such as the market can actually do that.

6 And so I think this is a -- you know, there's
7 always hiccups in the first few years of a program, there's
8 almost no program that doesn't see that. And working it
9 out with the stakeholders is the way to get where we need
10 to do.

11 And I think the NSHP team is doing a great job
12 with that. So, I'm really, really -- I think this
13 integration of efficiency, and DG, you know, we're
14 talking -- you know, it's all increasingly related. And so
15 in a way it's daunting because you sort of have to have --
16 when you're doing siting, you have to have the demand side
17 conservation. When you're doing -- you know, it's
18 always -- technology is enabling all of this and it's very
19 exciting in a lot of ways, but it's also daunting.

20 And so I think all of us, you know, will -- I
21 mean it's really nice to have this Commission where we
22 bring the right skills to the table, and we're diverse
23 enough to kind of get -- to have a good dialogue about
24 these things. So, thanks again.

25 COMMISSIONER PETERMAN: So, if there are no other

1 comments, thank you again to staff and our legal department
2 for their work on this issue, and I will move Item Number
3 7.

4 COMMISSIONER MC ALLISTER: I'll second.

5 CHAIRPERSON WEISENMILLER: All those in favor?

6 (Ayes)

7 CHAIRPERSON WEISENMILLER: This item passes
8 unanimously.

9 MS. NGUYEN: Thank you.

10 CHAIRPERSON WEISENMILLER: Thank you.

11 Let's go on to Number 8, Business Advantage
12 Consulting, Inc.; possible approval of purchase order
13 12409.00-002, for \$183,480 to Business Advantage
14 Consulting.

15 And James Haile. This is ERPA funding.

16 MR. HAILE: Good afternoon Commissioners, my name
17 is -- oh, all right.

18 Good afternoon Commissioners, my name is James
19 Haile, I'm an energy analyst with the Renewable Energy
20 Office.

21 Recent legislation, especially SBX12, have new
22 data collection and analysis requirements for RPS
23 verification and certification that are beyond the
24 limitations of the Renewable Energy Office's current data
25 management systems.

1 REO staff has been working with ITSB to develop a
2 new data management system to overcome these limitations.
3 The next step in this process is to conduct a feasibility
4 study and develop a technology procurement plan.

5 REO staff released a request for offers to CMAS
6 consultant firms to do this study and develop the plan.

7 After much and very careful consideration, we
8 selected Business Advantage Consulting, as they had the
9 most experience conducting such feasibility studies.

10 With your approval of their proposal, they will
11 work with REO and ITSB staff to complete the study and
12 develop the plan before the end of this year, at a cost of
13 \$183,480, which is under the original staff estimate of
14 \$200,000.

15 We ask for your approval today so we may quickly
16 get to work on this issue, which is of great importance to
17 the RPS program.

18 And I can answer any questions that you may have
19 or if you have any questions for Business Advantage
20 Consulting, they do have a representative here, Mark
21 Hensley.

22 COMMISSIONER PETERMAN: Thank you, James. Would
23 anyone from Business Advantage Consulting like to speak;
24 otherwise I'll provide some comments. Okay. Pardon? Or
25 both.

1 Well, thank you for being here with us today. As
2 Lead Commissioner on renewables, this is a very -- the
3 first step in a very important project for the Commission
4 and the State.

5 One of the consequences of having passed our new
6 RPS legislation last year, and expanding it to include more
7 utilities, as well as raising the target, is that we will
8 have a lot more data to track. And it is important that we
9 do this in an efficient manner, that we will be able to
10 verify it.

11 And this is the first step, doing this
12 feasibility plan for developing that database.

13 Of course, as with anything, I'd like to have it
14 tomorrow. But I appreciate there are a number of careful
15 steps that need to be taken.

16 That being said, James, I appreciate your comment
17 about moving forward as quickly as possible. We look
18 forward to you doing that and thank you in advance for that
19 work.

20 And, Commissioners, I am supportive of approving
21 this expenditure.

22 CHAIRPERSON WEISENMILLER: Any other comments or
23 questions?

24 COMMISSIONER PETERMAN: With that, I will move
25 Item 8.

1 COMMISSIONER MC ALLISTER: And I'll second.
2 CHAIRPERSON WEISENMILLER: All those in favor?

3 (Ayes)

4 CHAIRPERSON WEISENMILLER: Item 8 passes
5 unanimately. Thanks James.

6 MR. HAILE: Thank you.

7 CHAIRPERSON WEISENMILLER: Let's go on to 9,
8 Alternative Renewable Fuel Vehicle Buy-Down Incentives;
9 possible approval for a total of \$78,000.

10 And this is Andre Freeman, and this is ARFVT
11 funding.

12 MR. FREEMAN: Good afternoon Commissioners, my
13 name is Andre Freeman. I'm part of the Fuels and
14 Transportation Division's Emerging Fuels and Technologies
15 Office.

16 There is one change for this item. Rather than
17 being for 13 vehicles for \$78,000, it will be for 11
18 vehicles at \$66,000.

19 As you know, the Natural Gas and Propane Vehicle
20 Buy-Down Program is designed to promote the purchase of
21 clean, alternative-fueled vehicles to replace the aging
22 gasoline and diesel fleets.

23 This program provides incentives for consumers to
24 adopt these new technologies, which provide both
25 environmental and economic benefits to the State of

1 California.

2 Including the reservations pending your approval
3 today, the 2012 Buy-Down Program will have supported the
4 purchase of over 600 natural gas vehicles and 100 propane
5 vehicles.

6 I would note, recently we have received feedback
7 from several propane dealerships involved with the Buy-Down
8 Program, on giving us recommendations on ways to expedite
9 the process for both getting the reservations out to those
10 dealerships, as well as processing the paperwork and
11 getting the checks cut to the dealerships to recoup their
12 funds.

13 We've summarized these and presented them to
14 Commissioner Peterman and a recent Lead Commissioner
15 meeting for the Fuels and Transportation Division, and
16 we'll also be addressing investments in propane, and
17 investments in rural area of fuels and transportation
18 technologies at our upcoming September 19th advisory
19 committee meeting.

20 I'm available for any questions you may have,
21 thank you.

22 CHAIRPERSON WEISENMILLER: Thank you.
23 Commissioners, any questions or comments?

24 COMMISSIONER PETERMAN: I'll just comment that
25 this is just one of the many successful elements of the

1 AB118 program and these incentives are resulting in more
2 alternative fuel vehicles out there in the market.

3 And we look forward to, at some point, not even
4 needing to provide subsidies because as we see these fuel
5 costs coming down sooner, than later, I think these
6 technologies will be cost effective.

7 And so thank you for the division's work on this
8 and I'm supportive of approving this item.

9 CHAIRPERSON WEISENMILLER: Any other questions or
10 comments?

11 COMMISSIONER PETERMAN: If there are no other
12 comments or questions, I move Item Number 9.

13 COMMISSIONER DOUGLAS: Second.

14 CHAIRPERSON WEISENMILLER: All those in favor?

15 (Ayes)

16 CHAIRPERSON WEISENMILLER: Item Number 9 passed
17 unanimously.

18 MR. FREEMAN: Thank you.

19 CHAIRPERSON WEISENMILLER: Thank you.

20 Let's go on to Item Number 10, Southern
21 California Gas Company; possible approval of agreement ARV-
22 12-004, for a grant of \$216,000 to Southern California Gas
23 Company. This is ARFVT funding. And this is Isaiah
24 Larsen.

25 MR. LARSEN: Good afternoon Chairman and

1 Commissioners. My name is Isaiah Larsen, with the Emerging
2 Fuels and Technology Office.

3 Staff requests your approval for ARV-12-004,
4 which is a \$216,000 grant agreement with Southern
5 California Gas Company, using funding from the Alternative
6 and Renewable Fuel and Technology Program, under AB118.

7 This project involves the design, construction,
8 and operation of a public CNG fueling station at the gas
9 company's existing Lancaster field office, located in
10 Northern Los Angeles County.

11 The type CNG station will have both publicly
12 accessible and dedicated fleet components separated by a
13 facility gate. The fleet and public portions of the
14 station will be independently capable of dispensing CNG at
15 a rate of 5 gasoline gallon equivalents per minute.

16 The public dispensing for this will have a
17 universal card reader for convenient credit card
18 transactions.

19 It is predicted that the Lancaster CNG station
20 will displace over 147,000 gallons of gasoline between 2013
21 and 2015.

22 The GHG reductions for 2013 are estimated to be
23 nearly 76 tons of CO₂, increasing to over 186 tons of CO₂
24 per year by 2015.

25 In terms of criteria pollutants, a NO_x reduction

1 of over 1.4 tons per year and a particulate matter
2 reduction of 152 pounds per year by 2015 are expected.

3 The proposed station will provide a long-term CNG
4 fueling commitment to the region along the Route 14
5 corridor in the Mojave Desert.

6 The Lancaster CNG station is part of a larger So
7 Cal Gas undertaking to strategically expand CNG service
8 throughout Southern California, including construction or
9 expansion of seven other stations, and the commitment to
10 purchase 1,000 dedicated CNG vehicles companywide over the
11 next several years.

12 I respectfully ask for your approval of this
13 grant agreement and would be glad to answer any questions.
14 Thank you.

15 CHAIRPERSON WEISENMILLER: Thank you. Any
16 questions or comments from any of the Commissioners?

17 COMMISSIONER PETERMAN: Commissioners, I'll just
18 focus on one of the words in Mr. Larsen's presentation,
19 which is "public" and what -- why I'm supportive of this
20 project is that it does provide public fueling
21 infrastructure. It's one of the many ways in which the
22 Commission is trying to provide public infrastructure for a
23 variety of alternative fuels.

24 And I appreciate that it's also part of a larger
25 plan by one of the State's utilities to expand fueling

1 options and so I'm supportive of the initiative.

2 COMMISSIONER MC ALLISTER: So, I just wanted to
3 say I'm also very supportive of this. And I think I'm
4 really interested in knowing what the public use of the
5 station actually is. It would be great if that could be
6 tracked sort of formally, and I think maybe you already
7 have plans to do that, which is great.

8 Because, you know, CNG vehicles have a clear
9 place in the marketplace and it's going to be good to see
10 sort of how that pans out, and so we can have good
11 information in the future, or good decision making in
12 channeling resources when they appear.

13 So, thanks for all the hard work on this, good
14 stuff.

15 COMMISSIONER PETERMAN: So, Commissioners, if
16 there are no other comments on this item, I will move Item
17 10.

18 COMMISSIONER DOUGLAS: Second.

19 CHAIRPERSON WEISENMILLER: All those in favor?

20 (Ayes)

21 CHAIRPERSON WEISENMILLER: This item passed
22 unanimously. Thank you.

23 Let's look at Item Number 11, which is CR&R,
24 Inc.; possibly approval of agreement ARV-12-005 for a grant
25 of \$300,000 to CR&R, Inc. to construct and operate slow-

1 fill CNG refueling stations. This is also ARFVT funding,
2 and also Isaiah Larsen.

3 MR. LARSEN: Good afternoon, again,
4 Commissioners. Staff requests your approval for ARV-12-
5 005, which is a \$300,000 grant agreement with CR&R,
6 Incorporated, a waste and recycling services company, using
7 funding from the Alternative and Renewable Fuel and Vehicle
8 Technology Program, under AB118.

9 This project involves the design, construction
10 and operation of a private CNG refueling station at CR&R's
11 material recovery and transfer station in the City of
12 Paris, located in Riverside County.

13 It will be co-located with a digester biomethane
14 production facility, which is scheduled to be completed by
15 the beginning of 2015, and which is partially funded
16 through an AB118 grant.

17 CR&R has obtained a contract with So Cal Gas to
18 provide pipeline quality natural gas to the refueling
19 station until the renewable biomethane facility is
20 operational.

21 The slow-fill type CNG station will be accessible
22 to fleet vehicles and capable of fueling up to 50 trucks
23 simultaneously, with 40 diesel gallon equivalents over a 9-
24 hour period overnight.

25 Currently, CR&R has 18 solid waste collection

1 trucks and seven street sweepers, in its Paris fleet, that
2 run on CNG, and plans to convert an additional 100 diesel
3 vehicles to CNG by 2020.

4 It is projected that the Paris CNG station will
5 displace over 1.9 million gallons of diesel between 2013
6 and 2015. The GHG reductions over the same period are
7 estimated to be nearly 11,000 tons of CO2.

8 In terms of criteria pollutants, a NOx reduction
9 of over 60 tons per year and a particulate matter reduction
10 of 1.2 tons per year by 2015 are expected.

11 I respectfully ask for your approval of this
12 grant agreement and would be glad to answer any questions.
13 Thank you.

14 CHAIRPERSON WEISENMILLER: Thank you.
15 Commissioners, any questions or comments?

16 COMMISSIONER PETERMAN: Commissioners, I'll note
17 that what I think is particularly worth highlighting about
18 this project is its plans to use and to use increasingly
19 renewable natural gas. And, indeed, you know, that is the
20 direction the Commission would like to see these facilities
21 going.

22 And also, as Mr. Larsen noted, this will meet a
23 number of fleet needs, you know, street sweepers for
24 example.

25 And, you know, hearing about -- having issues

1 like this brought before me remind me of the diversity of
2 vehicles we have. We often think about the cars that we
3 drive, but there are a tremendous amount of different
4 vehicles, with different uses, that all need to be
5 converting to alternative fuels. And so I appreciate the
6 efforts we're doing in this space to meet some of those
7 fleet needs.

8 I got a thumbs up from Commissioner McAllister,
9 so I think we are good to go if there's no other
10 Commissioner comment? If not, I will move Item 11.

11 COMMISSIONER DOUGLAS: Second.

12 CHAIRPERSON WEISENMILLER: All those in favor?

13 (Ayes)

14 CHAIRPERSON WEISENMILLER: Item 11 passes
15 unanimously. Thanks again.

16 Let's go to Item Number 12, Scott Valley Unified
17 School District; possible approval of agreement 001-12-ECF
18 for a \$380,000 loan. And this is ECAA funding.

19 And Elizabeth Shirakh.

20 MS. SHIRAKH: Yes, good afternoon Commissioners.

21 My name is Elizabeth Shirakh, I work with the Special
22 Projects Office in the Fuels and Transportation Division.

23 And today for your consideration is a \$380,000
24 loan to Scott Valley Unified School District, located in
25 Fort Jones, in Siskiyou County, California.

1 The loan projects include the replacement of
2 older interior lighting with new energy-efficient lighting
3 and controls, and the installation of a new photovoltaic
4 system.

5 The energy projects are planned for school sites
6 in the district, at Etna High School, Etna Elementary
7 School, Scott Valley Junior High School, and Ft. Jones
8 Elementary School.

9 First, the lighting projects include mostly
10 replacing old T-12 florescent lamps and magnetic ballasts
11 with new energy-efficient T-8s and electronic ballasts.

12 Also included in the lighting retrofit projects
13 are the replacement of incandescent lamps to compact
14 fluorescents and the installation of occupancy sensors to
15 control lighting in classrooms that are not in use.

16 The second project is the installation of four
17 photovoltaic systems at four school sites. The sites vary
18 in size from 14 KW to 87 KW, with the four school sites
19 totaling 180 KW.

20 The PV system will be constructed in ground-
21 mounted arrays.

22 The total project cost for the recommended energy
23 project package is estimated to be \$1,236,273. In addition
24 to the Energy Commission loan, the project will be
25 financing by \$300,000 in rebates from Pacific Power, and a

1 municipal lease totaling \$556,269.

2 The combined projects are estimated to save
3 \$345,615 KWH of electricity annually, totally energy cost
4 savings of \$36,602 every year.

5 The simple pay back based on the loan amount is
6 10.38 years.

7 These energy projects are expected to reduce
8 annual carbon dioxide emissions by over 119 tons.

9 The funding for this loan will come from the
10 Energy Conservation Assistance Act, ECAA, and the interest
11 rate will be three percent.

12 This concludes my presentation and I'd be happy
13 to answer any questions.

14 CHAIRPERSON WEISENMILLER: Thank you.
15 Commissioners, any questions or comments?

16 COMMISSIONER DOUGLAS: No, it sounds like a
17 really valuable project. Did you have a comment?

18 COMMISSIONER MC ALLISTER: Oh, yeah, no, just
19 saying, you know, these sorts of projects in schools are a
20 slam dunk, generally. And this one, in particular, I think
21 is a really good mix of technologies. Lighting is so
22 important for our school environments, and it's also where
23 we have the most savings potential in many or most cases.
24 So, I think it's just a great infrastructure investment
25 that is good all around. So, thanks.

1 COMMISSIONER DOUGLAS: Great. So, I'll move
2 approval of Item 12.

3 COMMISSIONER MC ALLISTER: Second.

4 CHAIRPERSON WEISENMILLER: All those in favor?

5 (Ayes)

6 CHAIRPERSON WEISENMILLER: Item 12 passed
7 unanimously.

8 COMMISSIONER PETERMAN: Chairman, before we --
9 thank you.

10 Before we hear the next item, I see we have a
11 representative in the audience from San Diego Gas &
12 Electric, and I was wondering if you would like to comment
13 on Item 10, which was the approval of an agreement for a
14 grant to So Cal Gas Company to design, construct, and
15 operate a compressed natural gas fueling station?

16 Thank you, Ms. Rasberry, please come to the mic.

17 MS. RASBERRY: Thank you. I was listening in my
18 office and I thought I would make it here in time for the
19 item, so I apologize that I missed it. But I'm actually
20 here for the next item, too.

21 But I hope that it was approved and --

22 COMMISSIONER PETERMAN: It was.

23 MS. RASBERRY: Okay, great.

24 COMMISSIONER PETERMAN: It would be awkward if it
25 wasn't, I guess, right.

1 MS. RASBERRY: Right. Thank you. Well, CNG and
2 the availability of on-site fuel is an important tenet for
3 Southern California Gas Company and a large part of their
4 business operations, and so we are happy to receive the
5 funds and supply the matching grants.

6 And the team -- I don't know if Ed Hardy was on
7 the call -- okay -- when this item came up, but this is a
8 very important project to the company and we're glad that
9 the Commission sees the importance of that in our business
10 construction. Thank you.

11 COMMISSIONER PETERMAN: Thank you. Mr. Larsen,
12 in his presentation of the item, did note that this fits
13 into a larger effort of So Cal Gas to expand
14 infrastructure, CNG infrastructure in the southern part of
15 the State, which we appreciate, and also appreciate your
16 comments.

17 Now, I'll note we have in our meetings, often,
18 the representatives from the regulatory affairs folks from
19 the different utilities, and we really appreciate your
20 presence here, as well as your comments on especially
21 initiatives that we're doing in coordination.

22 And so, I'll see Ms. Nguyen, and Mr. Tutt, and
23 Ms. Rasberry, and I won't call on Manny, he's usually here.
24 But I guess I just did. So, thanks for having your
25 attendance and your comments.

1 CHAIRPERSON WEISENMILLER: So, we're ready for
2 13, which is an information item. It's a presentation of
3 the 2012 Bioenergy Action Plan. Gary O'Neill, please.

4 MR. O'NEILL: Hi, I want to thank everybody for
5 allowing me the opportunity to present this. Good
6 afternoon Commissioners.

7 This will be a brief overview of California's
8 Bioenergy Action Plan.

9 The policy drivers for the Bioenergy Action Plan
10 and bioenergy in general are led mostly by California's RPS
11 and California's low carbon fuel standard.

12 We have very aggressive goals for renewable
13 energy in California and also for low carbon fuels, of
14 which -- for low carbon biofuels. At least, in the near
15 term, bioenergy will be a major part of that for renewable
16 energy and will play a much smaller role, but also an
17 important role.

18 As part of our greenhouse gas reduction and
19 climate change adaption forestry biomass, in particular,
20 and dairy biomass will also play an important role, helping
21 reduce some of the impacts from climate change on our
22 forests, and also to reduce some of the methane emissions
23 from dairies, and landfills, and wastewater treatment
24 plants.

25 We also have aggressive diversion goals for

1 landfills, up to 75 percent by 2020 is the new State goal.
2 And 60 percent of the material landfill each year are
3 actually biomass organics.

4 So, the Bioenergy Interagency Working Group are
5 comprised of various State agencies, including the Air
6 Resources Board, the Energy Commission, Environmental
7 Protection Agency, Department of Food and Agriculture,
8 Department of Forestry and Fire Protection, the Department
9 of General Services, the Public Utilities Commission, Cal-
10 Recycle, and also the Water Resources Control Board.

11 The California Biomass Collaborative also plays a
12 very important role in our working group, providing
13 detailed information on technical issues, and academic
14 issues, and upcoming research.

15 So, the status of bioenergy in California; this
16 slide is as of 2010. Some things may have changed in the
17 last year, but as of 2010 there were 33 existing solid fuel
18 biomass facilities operating, representing roughly 600
19 megawatts of capacity. They generated nearly three
20 terawatt hours per year.

21 There were also 11 dairy digesters built, most
22 are operational. There are also a number of dairy
23 digesters that were not operational in California.

24 There are roughly 500 megawatts from wastewater
25 treatment plans and landfills throughout the State and

1 somewhere between 50 and 100 million gallons of ethanol and
2 biodiesel were produced.

3 So, with all of that production of bioenergy in
4 California we are currently only using roughly 15 percent
5 of the technical potential for biomass in California.

6 The Biomass Collaborative estimates that there is
7 36 million bone dry tons of biomass from urban, agriculture
8 and forestry sectors that still could be tapped. This
9 could generate up to 32 terawatt hours per year or one
10 billion gallons of biofuels.

11 There will be competing interests, so not
12 necessarily all of this technical potential can be
13 accessed, and the economics of accessing some of this
14 biomass may not be feasible.

15 So, following up on Governor Schwarzenegger's
16 2006 Executive Order, setting some pretty aggressive goals
17 for biomass, the first Bioenergy Action Plan was drafted
18 and released by the Bioenergy Interagency Working Group.

19 This first plan contained over 50 actions and
20 they were designed to address some of the challenges that
21 were identified at the time.

22 The major accomplishments from this plan was the
23 adoption of California's low carbon fuel standard and the
24 development of two programmatic EIRs for digesters
25 throughout the State; one for dairy digesters in the

1 Central Valley and another for general waste digesters
2 throughout the State.

3 In 2009 we had a progress report on the plan,
4 which showed that despite implementing most of the actions
5 in the plan, the progress was still slow and the existing
6 facilities were shutting down.

7 And there was a recommendation in that progress
8 report that the 2006 plan be updated to address the current
9 challenges facing the industry and to update the actions to
10 be more relevant and in line with the current policy
11 objectives.

12 This recommendation was adopted by or brought
13 into the 2009 IEPR that was adopted by the Energy
14 Commission.

15 So, when 2010 staff started a public process to
16 develop the 2011 Bioenergy Action Plan, the public process
17 included two stakeholder workshops. And through these
18 workshops staff identified numerous challenges facing
19 bioenergy.

20 Some of those challenges are very similar to
21 other energy production facilities, such as siting
22 challenges, local permitting issues, but there are also
23 very unique challenges specific to bioenergy as far as
24 renewables are concerned, such as the cost of collecting
25 and delivering feedstock to the facility, and emission

1 controls that need to be on the facilities.

2 The plan was adopted by the Energy Commission --
3 after identifying those challenges and barriers to
4 bioenergy development, Energy Commission staff worked with
5 stakeholders to develop the strategies, and goals, and
6 actions to advance bioenergy facilities in California.

7 The plan, the 2011 plan was adopted by the Energy
8 Commission in March of 2011. Because the 2011 plan was
9 developed primarily in 2010, during a time when the
10 Administration was transitioning over, some of the agencies
11 were not able to commit to aggressive new actions for the
12 2011 plan.

13 So, there was a recommendation from the working
14 group's chair that we reassess the 2011 plan, kind of
15 update it to reflect the new Administration's policy goals
16 and include some stronger actions, more aggressive actions
17 for bioenergy.

18 So, I'm going to briefly go over a summary of the
19 challenges we identified in the 2011 plan. We didn't do
20 more workshops to reassess these challenges, since there
21 was only a year difference between. And these are a very
22 high level, I just want to look at mostly what we are
23 addressing is sustainability of feedstock sourcing, some of
24 the regulatory issues, and utility interconnection issues.

25 Financing and economics were not addressed by the

1 2011 plan, but there are some actions in the 2012 plan that
2 will be addressing some of the economics and financing for
3 biomass.

4 Statutory and regulatory; there are a lot of --
5 there were a lot of issues that were identified in the 2011
6 plan that have since, we hope, been addressed in current
7 legislation that was recently passed, and also there is
8 some work being done by CDFA through an internal working
9 group that brings in stakeholders and other parties to the
10 table, and they're working to kind of address some of the
11 regulatory challenges that were identified.

12 There's also a need for additional research and
13 development. There are technologies that are on the cusp
14 of being commercialized in California, but there is need to
15 bring down the cost of these technologies.

16 And there's also a need to demonstrate some
17 ultra-low generation technologies or ultra-low cost
18 emission control equipment, specifically in South Coast Air
19 District and San Joaquin Valley.

20 So, the 2012 Bioenergy Action Plan set
21 California's long-term objective to creating a competitive
22 bioenergy market in California, including biopower,
23 biofuels and biogas.

24 Through this -- so this objective will be
25 addressed through actions to increase the environmentally

1 and economic sustainability of bioenergy production from
2 biomass waste, encouraging development and deployment of
3 bioenergy technologies, including complying heat and power,
4 local energy production, DG sources, renewable natural gas,
5 and renewable transportation fuels.

6 Bioenergy is well positioned to create green jobs
7 in remote urban areas throughout the State and also
8 provides an opportunity to reduce the fire danger, improve
9 air quality, particularly around dairies, and reduce waste
10 being sent to landfills.

11 So, kind of an overview of the actions in the
12 action plan, the topic areas. There are over 50 actions in
13 the 2012 Bioenergy Action Plan so I won't go into any
14 specifics here.

15 But the actions in the action plan focus on
16 research and development, and demonstration of bioenergy
17 technologies and applications to assess their technology
18 costs, and benefits and impacts.

19 And hope to get out information to bring down
20 technology costs and bring more advanced technologies to
21 market, develop and make accessible information about the
22 availability of biomass feedstocks throughout the State.

23 California has a general policy that bioenergy
24 facilities will utilize waste-based feedstocks for the most
25 part.

1 Streamlining and consolidating permitting of
2 bioenergy facilities. A lot of this work is undergoing
3 right now. There is still some other work that needs to be
4 done on the local level, work with the local permitting
5 agencies to -- and to also reconcile any conflicting
6 regulatory requirements on the State level.

7 There is a need to assess and monetize the
8 economic, and energy, and safety, environmental and other
9 benefits of bioenergy.

10 Monetizing these benefits, putting a dollar
11 amount on these benefits can help some of these facilities,
12 provide some of these facilities with an additional revenue
13 stream, help keep some of these facilities operational,
14 make them more profitable.

15 And then facilitate access to transmission
16 pipelines and other distribution networks. So, a lot of
17 these facilities are located in remote areas throughout the
18 State, don't necessarily have easy access to transmission,
19 the natural gas pipeline systems, making their projects
20 less feasible and more expensive.

21 So, the action plan will be implemented through
22 coordinating our actions with various State agencies. So,
23 the Energy Commission, for example, will coordinate any
24 kind of air-related actions with the local air districts,
25 or with the Air Resources Board, and so on.

1 The working group will meet regularly to discuss
2 the progress to the plan and adapt the plan to changing
3 market conditions. So, if something works well, and we can
4 adapt that action, take it a step further, we will. If
5 something's just not working and the challenge is becoming
6 a little bit worse than we thought it was, we will address
7 that and alter the action accordingly.

8 We will also coordinate with stakeholders and
9 other State agencies that are not included in the working
10 group. We want to bring a number of people to the table to
11 see what other challenges we have not addressed by the
12 plan, what other actions we could bring into our arsenal to
13 address these challenges.

14 And I guess that concludes my presentation. So,
15 if you want more information on the Bioenergy Action Plan,
16 both the 2011 Bioenergy Action Plan and the 2012 Plan can
17 be downloaded from the Commission's website by going to the
18 "renewables" tab, scrolling down to the "Bioenergy Action
19 Plan," or you can go directly to the link on the screen.

20 And I will open it up to comments from the dais,
21 thank you.

22 CHAIRPERSON WEISENMILLER: Thank you. Let me
23 see, actually, I think we have some public comment, so
24 let's get the public comment and then we'll ask the
25 Commissioners for questions for you, and responses. Okay.

1 First, Tim Tutt.

2 MR. TUTT: Good afternoon. Thank you Chair
3 Weisenmiller, Commissioners. Thank you, Gary, for the good
4 presentation.

5 I just had two points of information on this
6 informational item in front of you today. The Bioenergy
7 Action Plan, the 2012 plan proposes actions to address
8 regulatory and other challenges that have held back
9 distributed generation from biomethane or bioenergy, and
10 biomethane injections into pipelines, and it specifically
11 mentions, of course, the long-standing issue of gas utility
12 tariffs preventing some landfill gas injection to pipelines
13 in the State.

14 We're just going to suggest that one of the
15 current sort of barriers to biomethane use is your agency's
16 actual suspension of biomethane that is still in place.

17 And encourage expedited removal of that
18 suspension once the bills that are currently on the
19 Governor's desk get handled by him one way or the other,
20 that removal of that suspension will have a great near-term
21 impact on the biomethane market in general. Please?

22 And then, secondly, the Bioenergy Action Plan
23 proposes that a certain amount of -- or a significant
24 amount of the EPIC funding that's being considered be
25 addressed to some of the bioenergy issues.

1 And one suggestion I would have is to maybe
2 address some of that research funding to looking at the
3 actual benefits and impacts of bioenergy and biomethane on
4 the State.

5 It might be implicit in the concept that there is
6 a Bioenergy Action Plan that the State believes that
7 bioenergy is good for the State, but there's been some
8 claims brought up in the last year or so that some parts of
9 the bioenergy market are not good for the State, and you
10 should really do some comprehensive research to address
11 those claims and address those issues. Thank you.

12 COMMISSIONER PETERMAN: Mr. Tutt, thank you for
13 your comments. And I know that SMUD has a significant
14 amount of various types of bioenergy resources in its
15 portfolio.

16 And you mentioned EPIC funding, and for those who
17 are not familiar, for the first three years of the
18 investment plan EPIC will provide a minimum of \$9 million
19 to do work and research in bioenergy.

20 Now, considering that the public utilities are
21 not a part of that EPIC proceeding, could you speak to what
22 plans SMUD has to do research and work on bioenergy, and
23 could you speak to the funding that's been spent to date by
24 the utility in that area?

25 MR. TUTT: I don't have a total for the funding,

1 Commissioner, but we've done a lot of research on bioenergy
2 at SMUD, including a comprehensive study of the potential
3 for bioenergy in our service territory, and in surrounding
4 areas.

5 We've funded a variety of several research
6 projects developing bioenergy production at local dairies.
7 We have two dairies in production and two more that are
8 coming online soon, and we're considering adding another
9 dairy or two.

10 And, actually, we've looked at the potential for
11 funding with kind of -- or at least partially funding this
12 kind of impacts benefits analysis from our own perspective.

13 So, we're doing quite a bit. I know there's
14 others that I'm leaving out and, if you give me the
15 opportunity, I can provide you a comprehensive compendium
16 of our research on bioenergy.

17 COMMISSIONER PETERMAN: Well, thank you for that.
18 And as EPIC moves forward, I am looking to our public
19 utilities, particularly leaders like yourself, and LADWP,
20 to invest in similar types of projects for your ratepayers,
21 as well, so they can also receive some of the benefits for
22 moving towards those cleaner resources.

23 MR. TUTT: Duly noted.

24 COMMISSIONER PETERMAN: Thank you.

25 CHAIRPERSON WEISENMILLER: Tamara?

1 MS. RASBERRY: Thank you, Mr. Chair; once again,
2 Tamara Rasberry representing the Sempra Utilities, Southern
3 California Gas Company and San Diego Gas & Electric.

4 And we were very pleased to see our company
5 specifically named in the Bioenergy Action Plan, on page
6 29, if you haven't read it, regarding our biogas tariff
7 that's pending in front of the PUC.

8 I'm pretty sure I've talked to all of you about
9 bioenergy plan and, again, for the Gas Company and SDG&E a
10 priority for the company and a large investment of our
11 resources into developing this market.

12 As this plan moves forward into action, in
13 actionable items, I would like for you to consider us a
14 partner in moving this forward.

15 We were disappointed that the Legislature wasn't
16 able to pass SB1455, Senator Kehoe's bill to extend the
17 AB118 program. But I think in that failure this will be
18 pursued and this will be an opportunity to incorporate,
19 maybe, some of these action items into new legislation that
20 may come out of the AB118 extension. Because plans are
21 good, but we know in California that they are supported by
22 the State, and by that I mean financial support, then we
23 actually see some measurable items that we can consider a
24 success.

25 I was also pleased to see that on the last page

1 the offset protocols for AB32 is a priority for the
2 Commission, and that's also a priority for the gas
3 companies, so we would like to move forward with you all on
4 this, also. Thank you.

5 COMMISSIONER PETERMAN: Thank you. And I was
6 just going to say I do see the utilities as vital partners
7 in this work, so thank you for your careful read of the
8 plan and looking forward to working with you all on the
9 implementation.

10 MS. RASBERRY: Great, thank you.

11 CHAIRPERSON WEISENMILLER: Okay, Valerie Winn.

12 MS. WINN: Hi, Valerie Winn with PG&E. I, too,
13 thank the staff for this presentation. I have to say I'm a
14 little behind and haven't had an opportunity, actually, to
15 review this. I must have missed a list serve or something.

16 I did want to say that, you know, PG&E is
17 supportive of bioenergy as part of its portfolio in
18 providing a diverse supply to its customers.

19 But, certainly, one of the things that we're
20 always considering when we're looking at bioenergy is, you
21 know, how can we include that in a way that's safe for our
22 systems, affordable for our customers, and helps us provide
23 reliable energy.

24 You know, we are the largest purchaser of biomass
25 in the State and it's a significant part of our current

1 renewables portfolio.

2 We were among the first to go out and sign dairy
3 biogas contracts and work through those many issues of gas
4 quality, and how to inject it in our pipelines. And we
5 were successful in getting some of those online, although
6 some of those facilities have had other issues and may not
7 currently be producing.

8 And that's just -- I just wanted to make a few of
9 those points and our focus really is on, you know,
10 affordability for our customers and the gas quality.

11 Biogas, in many ways, was very cost competitive
12 when natural gas was at \$8 net per MMBtu, and you're
13 willing to pay a premium at that point for bioenergy.

14 When natural gas is at \$3 per MMBtu that cost
15 premium for our customers is significant.

16 So, I appreciate the focus on how can we drive
17 down and remove some of the barriers to getting biomass to
18 the market, or biogas to the market, so that it can be cost
19 competitive with other sources.

20 The other issue with gas quality, not all biogas,
21 biomethane is the same. And while we were able to get the
22 dairy biogas to point where it was of acceptable and
23 consistent quality to take in our system, we do have
24 continuing concerns about landfill gas and our ability to
25 accept that into our pipelines, just because it can cause

1 corrosion on the pipes and we want to make sure that public
2 health and safety is not endangered by injecting all types
3 of biogas into our system. And we look forward to working
4 with you on addressing those issues. Thank you.

5 COMMISSIONER PETERMAN: Thank you, Ms. Winn. And
6 I'll just comment that when this plan was released, which
7 was in August -- is that correct, Gary? In August, it
8 happened to be -- it missed the flurry of the end of the
9 legislative session. And so there was a press release from
10 the Governor's office.

11 But as was noted by Gary, there are a number of
12 agencies that worked very hard, in a coordinated effort, to
13 produce this update and so all the agencies, through their
14 different mechanisms, will be presenting the information
15 because it really was a collective effort. So, we won't be
16 adopting it formally as it really is something for the
17 whole State, and really has the executive leadership behind
18 it.

19 And I will say, from participating in the
20 meetings, the meetings on this really involved the heads of
21 different agencies, the heads of divisions and because
22 there was that attention from the top -- you know,
23 attention from the top and work from the bottom, if you
24 will, because I'm looking at Gary and Heather Raitt did a
25 tremendous amount of heavy lifting on this effort.

1 But I think we're all committed to it. We see
2 how it really does span a number of different agencies and
3 priorities and he touched upon a few that each of the
4 stakeholders involved is thinking about a variety of
5 issues, greenhouse gases, air quality, safety and certain
6 resources are preferable to others, depending on what
7 you're trying to optimize.

8 And so the plan works to acknowledge that, as
9 well to acknowledge the role of bioenergy in the
10 transportation sector, as well.

11 And so we appreciate your comments and, again,
12 look forward to working with you as a partner.

13 MS. WINN: Thank you.

14 CHAIRPERSON WEISENMILLER: So, Commissioners, any
15 questions or comments for Gary, or for any of the -- any of
16 our colleagues we just heard from?

17 COMMISSIONER MC ALLISTER: Well, I'd just say
18 nice job and, you know, all the good work, clearly a lot of
19 heavy lifting on that.

20 And, you know, to echo a little bit what Ms. Winn
21 said, I think not bioenergy is created equal. I think, you
22 know, going forward and looking at the possibilities for
23 landfill gas is really important. There's a lot of it out
24 there but we have to have comfort, everybody has to have
25 comfort with its ability to be cleaned up and injected, so

1 that's a good activity going forward and I think we'll
2 produce some good results. And, yeah, those are the extent
3 of my comments.

4 COMMISSIONER DOUGLAS: Well, I also appreciate
5 the presentation and your hard work on this so, thank you.

6 COMMISSIONER PETERMAN: I'll also just add,
7 because we didn't focus on it in the presentation, and it
8 really wasn't the focus on the plan, that the State's
9 interest in bioenergy also provides an opportunity to have
10 renewable development in different parts of the State.
11 Particularly as we look at areas hard hit by the economic
12 recession, such as the Central Valley, Tulare County, these
13 are areas that have a resource that is going to waste.

14 And, really, that's one of the interesting things
15 about bioenergy, the opportunity to use the waste stream.

16 I was on a panel yesterday, and the EPA had a
17 symposium on bioresources policy, and I was on a panel with
18 someone from the San Joaquin Air District, and they were
19 talking about how Tulare County is very proud to be the
20 largest producer of cow waste and we don't want to let
21 those resources go to waste. How many times can I say
22 "waste" in once sentence, if you will?

23 And so there really are some job opportunities
24 and economic development opportunities here. So, even
25 these are complicated and complex issues to work through,

1 we are supportive of doing that.

2 So, Chairman?

3 CHAIRPERSON WEISENMILLER: Yeah. Again,
4 certainly, Gary, we want to thank you for your hard work on
5 this and for the nice presentation.

6 CHAIRPERSON WEISENMILLER: With that, the
7 minutes?

8 COMMISSIONER DOUGLAS: Approval of the minutes.

9 COMMISSIONER PETERMAN: I'll second.

10 CHAIRPERSON WEISENMILLER: All those in favor?

11 (Ayes)

12 CHAIRPERSON WEISENMILLER: Lead
13 Commissioner/Presiding Member reports. Go ahead.

14 COMMISSIONER PETERMAN: I'll start since I'm on
15 the left. It has been a busy few weeks, probably a busy
16 year for all, many things to report back on. Let me just
17 recall the ones that come to mind.

18 At the end of last week I was in Los Angeles, at
19 Port Tech, L.A.'s expo. The Ports of L.A. and Long Beach
20 held a symposium focused on clean tech technologies.

21 And we, the Energy Commission, was present
22 because we funded a number of initiatives related to the
23 port and goods movement. Specifically, we participated in
24 a press conference on Trans Power, a company in Southern
25 California that has produced an all-electric truck that can

117

1 move up to 80,000 pounds of cargo.

2 And when we're really looking at some of the
3 needs in the alternative fuels sector, medium-, heavy-duty
4 vehicles are about two percent of the State's vehicles, but
5 16 percent of fuel use.

6 And so, opportunities to displace petroleum and
7 diesel usage, particularly along some of those corridors,
8 is incredibly important.

9 And the ports have already done a tremendous job,
10 I think they've reduced their NOx emissions by 75 percent,
11 and they're looking for opportunities to further do that
12 through electrification and alternative fuels.

13 So, I'd like to thank our Media Office for being
14 proactive and helping to coordinate some of the press
15 coverage of that event because we want to get these good
16 stories out there. It will take a tremendous amount of
17 more investment.

18 As I noted in my speech there, the AB118 program
19 is a sizeable investment in alternative fuels and vehicles,
20 \$100 million annually. But that \$100 million annually is
21 less than Californians spend on gasoline in a day, which is
22 \$200 million.

23 So, obviously, the State will be an investor in
24 these areas, but we really do need that private investment,
25 as well as that federal support.

1 So, let's see, and I'll think about what else I'm
2 doing after everyone else speaks.

3 COMMISSIONER MC ALLISTER: Well, goodness, I'm
4 really getting my -- fully embedded in the various topics
5 in energy efficiency and trying to push them forward.

6 In particular, I think, you know, as we talked
7 about earlier in the meeting, figuring out sort of the
8 applicability of the load order -- loading order, figuring
9 out how it can move on all fronts, you know, while we're
10 faced with resource concerns. Trying to frame the Southern
11 California SONGS being offline as an opportunity to learn
12 and to implement some innovation without, obviously,
13 sacrificing reliability.

14 I think it's something that's coming up in the
15 energy efficiency activities and demand response
16 activities, where the agencies and Governor's office are
17 very tuned in to these issues. And I think it's creating a
18 bit of a -- a nice environment for having discussions and
19 trying to figure out plans for pushing all these things
20 forward in a substantive way, and not just -- not talking
21 about them, but actually figure out, okay, how can we
22 determine or how can we plan for making demand response,
23 and other deployable resources, like storage, workable,
24 doable.

25 And I think we're all working on that in our own

1 ways. And I think demand response is one that's been
2 hanging around there for a while. That needs to sort of
3 get tuned up to be truly usable in the ways that we already
4 talked about earlier. So, I'm excited to push that
5 discussion.

6 AB758 we're trying to move forward on. Staff has
7 worked really hard on that and that's the statewide
8 retrofit program, the Skinner Bill from a few years ago.
9 We're working on the implementation and development of the
10 process in earnest. In October we'll have some workshops
11 on, really, to get all the smart -- as many smart people in
12 the room as we can to talk about, really, the various
13 issues, financing, workforce development, and really all
14 what the contractors need to be able to make this
15 marketplace work for retrofits on both non-residential and
16 residential.

17 So, I think if we can support the marketplace and
18 get it to scale more quickly than it has in the last few
19 years, then it can have a huge impact on California long
20 term, and it could improve our citizens' lives in a lot of
21 ways that actually don't have anything to do with energy,
22 but are comfort and health, and all this other stuff, and
23 home values, and our economy, and et cetera.

24 So, I think there are a lot of collateral
25 benefits to this but, fundamentally, there's a lot of

1 energy to be saved and there's a lot of buildings that
2 aren't optimized.

3 So, hopefully, we can figure out a road to allow
4 the marketplace to provide those services and save people a
5 lot of money.

6 You know, so those are my organizing principles
7 at the moment.

8 CHAIRPERSON WEISENMILLER: Yeah, I'll hit three
9 topics. I mean, first, for those of you who listened to a
10 podcast on iTunes, at this point in terms of our media
11 reach I had two interviews with Go Green, and they're now
12 available -- myself and Suzie Moser on climate change
13 adaptation and vulnerability studies, and they're now
14 available for download on iTunes.

15 Yeah, actually, we had a great session the first
16 time and they invited us back for a second session. We
17 went through all the questions, so I don't think we're on
18 tap for a third, but who knows.

19 But, anyway, they're pretty -- again, we're
20 trying to get out the message on what's been some fairly
21 complicated science in a way that's, you know, looking for
22 the various channels to get that out to the public.

23 On similar complicated science, Joan and I went
24 down to San Onofre on the 31st and did a tour there. I
25 guess a couple of things. I mean one is that when you get

1 to they hand you the earplugs for the noise and, of course,
2 the whole thing is dead silence, you know, it's -- so, I
3 had the unopened earplugs at this stage. And it was pretty
4 clear, for people who operate power plants, they were not
5 happy to hear all the silence on the site.

6 We got a pretty good demonstration from Arriva
7 on -- for those of you know, on the gas side, we're talking
8 about pigging the pipelines. Well, these are essentially
9 similar things that they are sending in these probes
10 through each of the tubes, and measure any current and
11 stuff to look for faults, and thinning in the walls. So,
12 it was interesting to sort of see that demonstration of the
13 various pigs -- well, I'm going to say "pigs" but, anyway,
14 whatever the electrical term would be for that, and the
15 data analysis they were using to do the measurements.

16 At that point the expectation was they would file
17 a letter application with the NRC sometime in mid-
18 September, this has sort of slipped a couple of times. I
19 just saw that the chair of the NRC is expecting it more
20 like, now, in early October.

21 So, that, obviously, only covers unit 2. Unit 3,
22 everyone is -- well, knows the situation is much worse, but
23 that Edison has to do a demonstration, now, on unit 2,
24 whether it's safe to bring it back to service, under what
25 conditions, and for how long.

1 That, obviously, is then leading to the
2 Administration's efforts to come up with a contingency
3 plan. Where, again, as a contingency plan you want to do a
4 worse case, and the assumption is that neither unit will be
5 available on the summer of 2013 or 2014.

6 And as I said, San Onofre 2 may well be, it may
7 not be, but it may be. While 3 is pretty clear it will not
8 be.

9 And Edison has announced sort of a downsizing of
10 staff and that the fuel will be unloaded from unit 3
11 sometime this month.

12 So, again, as we -- I keep pushing staff on the
13 proverbial question of as you look at LTP, or if you look
14 at any of the number of things we're doing, you know, the
15 study on air quality in South Coast.

16 Well, we know one thing that's going to be the
17 case is that near term it's not -- unit 3 is not there, so
18 how is that being reflected in our analysis?

19 And so far, everyone seems to be trying to stake
20 around that elephant, ignore the elephant there. But it
21 certainly affects our analysis, certainly, the PUCs
22 ignoring to see an elephant in the LTP at this point.

23 So, there's that part and, actually, many of us
24 were at the CAISO's symposium and heard those issues. I
25 was involved in a press conference there with

1 Commissioner -- or President Peevey, Steve Berberich, and
2 Bob Foster on -- we topped a thousand megawatts of utility-
3 scale generation on the ISO system. Actually, conveniently
4 enough, it occurred during the Flex Alert. It was solar,
5 but it occurred during the high load periods in Southern
6 California, it was the first time we topped 1,000, so that
7 was nice.

8 The other thing that was really noticeable there,
9 and again, to talk about impacts, when they did the Flex
10 Alert you could see loads drop 1,000 megawatts relative to
11 what the expectation was. So, again, it shows how people's
12 involvement can make a difference. And, certainly, in this
13 situation it's necessary.

14 But we had the press conference, I think a lot of
15 us did break-out sessions or other aspects. I introduced
16 President Peevey for the luncheon speech. And I thought it
17 was a good, sold-out event.

18 So, we've all gone. No comments?

19 Okay, Chief Counsel's report.

20 MR. LEVY: Commissioners, I'd like to request a
21 Closed Session on Item d., on the Closed Session agenda,
22 which is Latteri v. Energy Commission, please?

23 CHAIRPERSON WEISENMILLER: Okay, we'll do that.
24 Michael, do you have an estimate of how much time for that?

25 MR. LEVY: Five minutes, ten minutes.

1 CHAIRPERSON WEISENMILLER: Yeah, I thought maybe
2 we would go into that in five minutes.

3 MR. LEVY: Sure.

4 CHAIRPERSON WEISENMILLER: Okay, Executive
5 Director's report.

6 MR. OGLESBY: Short report. I'd like to announce
7 the -- well, first, to preview, our long-time employee, Pat
8 Perez, the Deputy Director for the Fuels and Transportation
9 Division is going to be retiring in November, and we
10 conducted a recruitment effort, a hiring effort, and I'm
11 very pleased to announce that Randy Roesser, who's served
12 well here at the Energy Commission, particularly most
13 recently for his tireless service for the ARRA projects,
14 has been named his successor.

15 CHAIRPERSON WEISENMILLER: And, of course, we're
16 going to ask for assurance that the ARRA stuff will be
17 pushed over the fence, even with that move.

18 MR. OGLESBY: Well in hand.

19 CHAIRPERSON WEISENMILLER: Public Adviser?

20 MS. JENNINGS: I have nothing to report, thank
21 you.

22 CHAIRPERSON WEISENMILLER: Thank you.

23 Public Comment?

24 Okay, so we are going to take a brief recess and
25 we'll be back.

1 (Off the record for the Executive Session
2 at 3:52 p.m.)

3 (Reconvened at 4:00 p.m.)

4 CHAIRPERSON WEISENMILLER: The Executive Session
5 is over, this meeting is adjourned.

6 (Whereupon, at 4:05 p.m., the business
7 meeting was adjourned.)

8 --o0o--

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25