

INFORMATIONAL HEARING AND SITE VISIT
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

DOCKET	
06-AFC-5	
DATE	<u>DEC 12 2006</u>
RECD.	<u>DEC 28 2006</u>

In the Matter of:)
)
Application for Certification) Docket No.
for the PANOCHÉ ENERGY CENTER) 06-AFC-5
_____)

MENDOTA COMMUNITY CENTER
195 SMOOT AVENUE
MENDOTA, CALIFORNIA 93640

TUESDAY, DECEMBER 12, 2006

5:17 p.m.

Reported by:
Peter Petty
Contract No. 170-04-001

COMMITTEE MEMBERS PRESENT

Jeffrey D. Byron, Presiding Member

James D. Boyd, Associate Member

HEARING OFFICER AND ADVISORS

Paul Kramer, Hearing Officer

Kevin Kennedy, Advisor

Peter Ward, Advisor

STAFF AND CONSULTANTS PRESENT

James Reede, Jr., Project Manager

Dick Ratliff, Staff Counsel

Eileen Allen

Beverly Bastian

Dorothy Torres

Che McFarlin

Stan Yeh

Lance Shaw

PUBLIC ADVISER

Nick Bartsch

APPLICANT

Allan Thompson, Attorney

David Jenkins, Environmental Consultant

Gary Chandler, President

Michael King, Project Manager

Panoche Energy Center, LLC

Bullard Energy Center, LLC

APPLICANT

Margaret Fitzgerald, Senior Project Manager
URS Corporation

PROPOSED INTERVENOR

Gloria D. Smith, Attorney
Adams, Broadwell, Joseph and Cardozo
California Unions for Reliable Energy

ALSO PRESENT

Jerry Robbins
United States Bureau of Reclamation

Mukasa Kezala

Guy Lamothe, Executive Director
Thoroughbred Owners of California

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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

2 5:17 p.m.

3 PRESIDING MEMBER BYRON: Good afternoon,
4 everyone; almost evening. My name is Jeff Byron,
5 Commissioner at the California Energy Commission,
6 and I'd like to welcome you to the Mendota
7 Community Center.

8 This is an informal hearing for the
9 Panoche Energy Center. I am the Presiding Member
10 of this Siting Committee, along with my Associate
11 Member, Commissioner Boyd. And to my left is
12 Kevin Kennedy, my Senior Advisor; and I believe
13 Peter Ward -- there he is, Peter Ward is
14 Commissioner Boyd's Advisor.

15 I just would like to give an indication
16 of why we're here today; and then I'm going to
17 turn it over to our Hearing Officer. The power
18 plant licensing process, which incorporates
19 requirements equivalent to the California
20 Environmental Quality Act considers all relevant
21 engineering and environmental aspects of the
22 proposed project.

23 The licensing review provides a public
24 forum allowing the applicant, Commission Staff,
25 whom we have a number of here today, governmental

1 agencies, adjacent landowners and members of the
2 general public to consider the advantages and
3 disadvantages of the project; and to propose
4 changes, mitigation measures and alternatives, as
5 necessary.

6 This informal hearing provides an
7 opportunity for members of the community in the
8 Panoche area to obtain information and to offer
9 their comments and to view the project site, which
10 hopefully many of you already did with us.

11 The applicant's going to go through and
12 explain their plans for developing the project and
13 the facility. And the Energy Commission Staff
14 will then explain the administrative licensing
15 process and the staff's role in reviewing the
16 application.

17 So, with that, I'd just like to
18 introduce Paul Kramer, and we'll turn it over to
19 him, who's going to run our informal hearing from
20 this point. Paul.

21 HEARING OFFICER KRAMER: Thank you.
22 First order of business is for the parties to
23 identify themselves. We'll let the applicant
24 identify their members and consultants.

25 MR. JENKINS: My name's David Jenkins;

1 I'm Program Manager representing EIF for the
2 Panoche project. And I'm pleased to work here
3 with Mike King and Gary Chandler, who's also with
4 EIF representing Panoche, as well.

5 And also Maggie Fitzgerald who is with
6 URS Corporation, our primary environmental
7 consultant. And also Allan Thompson, who is our
8 AFC-related counsel. And Dale Fredericks, who's
9 one of our project originators.

10 HEARING OFFICER KRAMER: Thank you.
11 Staff.

12 DR. REEDE: Good evening, ladies and
13 gentlemen; my name is Dr. James Reede and I'm the
14 Energy Facility Siting Manager assigned to the
15 Panoche Energy Center. With me is Senior Staff
16 Counsel Dick Ratliff. We also have Siting Program
17 Manager, Ms. Eileen Allen.

18 We have cultural resource specialist
19 Beverly Bastian. And Ms. Dorothy Torres. We have
20 Mr. Che McFarlin, Project Manager. Mr. Stan Yeh,
21 Project Manager. Both of them are siting project
22 managers. We have Mr. Lance Shaw who will be the
23 compliance project manager once the project
24 starts.

25 Additionally we have from the Public

1 Adviser's Office Mr. Nick Bartsch.

2 Thank you, Mr. Kramer.

3 PRESIDING MEMBER BYRON: If I may
4 interrupt for just a moment. Commissioner Boyd
5 may be in his last month here at the Energy
6 Commission, although we hope that's not the case.
7 And here he is; he came all the way out here to
8 Mendota. Commissioner Boyd, would you like to add
9 anything?

10 ASSOCIATE MEMBER BOYD: No, it's just a
11 pleasure being here. I enjoyed the tour of the
12 countryside. As a fourth generation Californian I
13 love seeing any parts of California.

14 PRESIDING MEMBER BYRON: That's great;
15 that's why he's here. All right, thank you. Go
16 ahead, Paul.

17 HEARING OFFICER KRAMER: Do we have any
18 representatives from any agencies here today? The
19 Air District, for instance, or the County?

20 We have a representative from CURE who
21 has applied to be one of the intervenors in this
22 case. Do you want to introduce yourself?

23 MS. SMITH: Gloria Smith from Adams,
24 Broadwell, Joseph and Cardozo; and I represent
25 California Unions for Reliable Energy.

1 HEARING OFFICER KRAMER: Again, as
2 Commissioner Byron said, the purpose of this
3 meeting here today is to provide you, members of
4 the public, information about this project and an
5 opportunity to ask questions. And also to tell us
6 if you're concerned about anything related to the
7 project.

8 The review of the application is in its
9 very early stages. Staff is starting to -- well,
10 Dr. Reede will go into that in more detail, so I
11 won't step on his presentation.

12 But this, for you, as members of the
13 public, this is a very good time to tell both the
14 Committee and the staff if you have any concerns
15 about any part of the project. And they can keep
16 those in mind as they go about doing their work.

17 The application for certification, and
18 that's -- you'll often hear the term AFC bandied
19 about. That's the application for a permit to
20 build the power plant. It was filed on August 2nd
21 by Energy Investors Fund, LLC.

22 Basically the project is a 400 megawatt
23 peaking power plant consisting of four natural gas
24 fired turbines and all the equipment that goes
25 along with those. It will be located near PG&E's

1 Panoche Substation; it's on West Panoche Road,
2 approximately two miles east of Interstate 5.

3 Notice of today's hearing was mailed on
4 November 21 to all the parties, landowners who
5 adjoin the proposed project site, interested
6 government agencies and some other individuals.
7 And a notice was published in The Fresno Bee on
8 December 3rd.

9 Today's hearing is the first in a series
10 of formal Committee events that will extend over
11 approximately the next year. And the staff will
12 also be conducting perhaps one or more workshops
13 independent of the Committee that will occur
14 during that same period.

15 The key thing we need to communicate
16 today, it may sound arcane, but the law requires
17 that the Commission's decision on this project be
18 based just on the evidence that is presented; what
19 we call the record. In other words, at formal
20 hearings. It cannot be based on conversations
21 that are held outside of that process. The idea
22 being that everybody needs to see what the
23 evidence is so they can respond to it, and if they
24 disagree, present their own evidence.

25 So, we have what we call an ex parte --

1 I believe that's Latin -- rule that prohibits
2 private communications between members of the
3 public or the applicant or the staff with members
4 of the Committee or their Advisors on any
5 substantive topics relating to this case.

6 So, if you have an opinion about the
7 project you shouldn't be trying to call up one of
8 the Commissioners, or their Advisors or me and
9 telling me what you think.

10 Now, there is the opportunity for
11 communication to occur about issues of procedure,
12 for instance scheduling of hearings and that sort
13 of thing. But we just want to alert you to that
14 rule so that if you try to talk to us about
15 something and we say no, no, we can't talk to you
16 about that, you'll understand why. And take no
17 offense, please. We just need to properly conduct
18 ourselves so that we have a proper process.

19 This, again, is just the first
20 opportunity for people to provide input about the
21 project. As I said, it's a good time because
22 we're just starting, and whatever input you
23 provide can be given the maximum use, as opposed
24 to the end of the project where, you know, a lot
25 of work has been done and it becomes more painful

1 to visit new issues. So it's good to raise any
2 issues you have at the beginning.

3 But there will be other opportunities.
4 Dr. Reede will describe the process. Again, I'm
5 not going to make him repeat what I would have
6 said. But we encourage you to participate. There
7 are many ways to do so.

8 You could choose to become a formal
9 party; Mr. Bartsch will explain how that works in
10 a minute. You could just provide written
11 comments. You could testify at hearings.

12 And as far as monitoring this case, and
13 all the information that's available, the best
14 place to do that is the Commission's website.
15 It's pretty thorough. You'll find all the
16 important documents in this case will be posted
17 there as they're created.

18 And there's a mailing list you can join
19 so you get email notices of documents as they're
20 filed. You can also get them by postal mail if
21 you want, but it's quicker and probably easier to
22 get it by email if you're equipped to do that.

23 So, without stepping on anybody else's
24 presentation any more, let me turn this over to
25 Mr. Bartsch on behalf of the Public Adviser. He

1 can explain their role and how they can help you
2 participate in this process.

3 MR. BARTSCH: Thank you, Paul.

4 DR. REEDE: You're going to need to pick
5 up that microphone so you're on the record,
6 please.

7 MR. BARTSCH: My name is Nick Bartsch; I
8 represent Margret Kim, the Public Adviser to the
9 Energy Commission. And our role basically is to
10 insure that the public has full participation,
11 full opportunity to participate in the public
12 proceedings in this particular project.

13 And that includes from now through all
14 the other proceedings, which typically the whole
15 process lasts about a year before the final
16 determination on this application.

17 And during that process, as Mr. Kramer
18 said, the earlier the better. You have two ways
19 to participate. You can just participate as an
20 interested party or you can actually become a
21 formal participant where your comments are part of
22 the record. And you'll have the opportunity to
23 participate formally, cross-examine in hearings,
24 the witnesses, et cetera.

25 So if you are thinking about becoming a

1 formal participant, please see me and I can
2 provide you with all the information necessary,
3 either here or later on. I can give you my card
4 and we'd be happy to assist you to become part of
5 this process. However, please keep in mind that
6 we cannot represent you in these proceedings.

7 Also, the other thing that we usually do
8 is give you an idea about the outreach that we do
9 in cases. In this particular case, in addition to
10 the items mentioned by Mr. Kramer, we have done
11 considerably outreach, particularly given this
12 sparsely populated six-mile radius around this
13 project.

14 We have included in our outreach the
15 closest communities of Mendota and Firebaugh. We
16 have distributed about 6000 flyers about the event
17 today in The Firebaugh/Mendota Journal. Also an
18 additional 4000 flyers we distributed through
19 libraries; some of the major stores in this area;
20 community centers; city halls, et cetera, thanks
21 to the cooperation of the Cities of Firebaugh and
22 Mendota.

23 And we have also arranged for public
24 announcements, both in Spanish and in English, on
25 Univision that covers this whole area. So we hope

1 that we have done a good outreach to the area and
2 reached all those who might be interested. But in
3 the event we have missed someone, or if you know
4 someone who's still interested, please have them
5 contact us and we'll be happy to help them.

6 Are there any questions at this point
7 about public participation? Thank you very much.

8 HEARING OFFICER KRAMER: Thanks. Now
9 we're going to ask the parties to make their
10 presentations in the following order: First, the
11 applicant will describe the project and explain
12 its plans for developing the project site.

13 Then the Commission Staff will provide
14 you a more detailed overview of the Commission's
15 licensing process and staff's role in reviewing
16 the proposed project.

17 And we'll have an opportunity for
18 questions. And then we will go on to discuss
19 scheduling and other matters that were addressed
20 in the two parties' issues identification reports.
21 And then there'll be another opportunity for
22 questions.

23 So far I only have one card of someone
24 requesting to speak. If anyone else wants to ask
25 questions -- you don't have to fill out a card,

1 but if you'd like to, see Mr. Bartsch to do that.

2 So, let the applicant begin their
3 presentation.

4 MR. JENKINS: I'll set up the pc --
5 (Pause.)

6 MR. JENKINS: Commissioners, CEC Staff
7 and members of the public, again, very much
8 appreciate you folks being here at the Panoche
9 Energy Center's first informational workshop. On
10 behalf of the support licensing team here I'm very
11 pleased to be able to provide you a very brief
12 overview.

13 And I want to say that as I and my team
14 here prepared this relatively brief overview, we
15 did so really looking at the public as being our
16 principal audience. So bear in mind that that's
17 the case and if you would, you can reserve
18 questions or comments after this brief overview,
19 and we'll get as technical or otherwise, to the
20 extent we need to. So, again, thank you very much
21 for being here.

22 Again, as Paul Kramer noted, Panoche
23 Energy Center is designed around four 100 megawatt
24 General Electric units. These are considered
25 simple cycle units, principally to meet PG&E's

1 peaking power needs. And again, peaking means
2 that they just want to dispatch these units on an
3 as-needed basis, so they won't run around the
4 clock necessarily, but will be dispatched and run
5 to meet, again as the name implies, peak energy
6 demands here in the Central Valley. And I'll get
7 into a few more details on that later.

8 PG&E went through a rather extensive
9 what they refer to as a request for offers process
10 whereby they solicited a number of privately owned
11 electric generator entities to propose a
12 generating project that would meet their peaking
13 and intermediate power needs.

14 Again, this was a very lengthy process
15 and I'll get into more details around that in a
16 moment.

17 I will say that this project is
18 privately held. It's owned by Energy Investors
19 Funds, the nearest office of which is in San
20 Francisco. And EIF, as we refer to it, is an
21 organization that owns and manages funds that are,
22 again, privately held and represent very large
23 clients including pension fund holders and such.

24 To my knowledge, EIF is the largest
25 privately held entity of this nature that focuses

1 on generation assets here in the United States.

2 As part of the success of winning that
3 proposal, EIF negotiated, as was required in the
4 RFO, a 20-year power purchase agreement. So what
5 that means is that this project, upon construction
6 and operation, is guaranteed, through that
7 agreement, to operate for 20 years. And all the
8 financials and everything are centered around
9 that.

10 And I'll get into some of the milestones
11 here in a moment, but I think there's some things
12 that you should know. We plan to contract the
13 construction. And one of our requirements for
14 reaching a construction agreement will be that the
15 primary or principal labor sources will come
16 through the California building trades.

17 With that I'd like to move over and give
18 you a little more detail about the project
19 location. I think most of us here took the rather
20 lengthy circuitous rural route to the site, so
21 you've seen how to approach this from the south.
22 But from here, is an aerial to kind of give you a
23 scale on this.

24 And I know you can't really read the
25 annotation there, but the principal road that runs

1 from the southwest there to the northeast is West
2 Panoche Road. And you can see the outline of the
3 substation and the two small existing power plants
4 at about the middle of that aerial.

5 And then to the south and west of the
6 substation you can see the overlay of the proposed
7 four-unit Panoche Energy Center along with the
8 eight-acre or so laydown area there to the south.
9 And we'll describe those in a little more detail
10 in a moment.

11 As far as some of the over-arching
12 project benefits, certainly from our perspective,
13 and also, I believe, from PG&E's perspective as
14 they reviewed and awarded us our proposal, is that
15 this plant will provide reliable, efficient
16 peaking and intermediate power. And, again,
17 that's to meet electrical needs primarily in the
18 Fresno, Fresno County and Central Valley area for
19 times when demand is really high and baseloaded
20 plants just can't meet that intermediate spiking,
21 which generally happens on very hot days, or in
22 the morning rush periods or in late afternoon
23 periods. And I'll get into a little bit more of
24 the operations around that peaking operation later
25 on.

1 Again, to meet PG&E's energy demands
2 they have forecasted that there's going to be, is
3 currently and will continue to be considerable
4 growth in electricity demand here in the Central
5 Valley. And PG&E believes, as do we, that the
6 site location there adjacent to the existing
7 Panoche Substation will allow for very effective
8 use of existing infrastructure. That
9 infrastructure being, of course, the electricity
10 transmission system there, but also the current
11 existence of natural gas pipeline which will fuel
12 the plant. And we'll talk more about that in a
13 moment.

14 So, again, from our perspective, and
15 again, I think, from PG&E's, this is a very
16 optimal location for interconnection relative to
17 existing infrastructure and also for electricity
18 efficiency.

19 Getting into some of the design and
20 technology surrounding this facility, again I
21 mention that we are going to be relying on four
22 100 megawatt machines. These are the latest
23 iteration of General Electric's technology. And
24 for those of you who may not know, GE has been in
25 this combustion turbine electrical generation

1 market for many many many years. In fact, were
2 probably the real initiators of using combustion
3 turbines as a source for generating electricity.

4 And these are really based on an
5 evolution of General Electric's, what they refer
6 to as their land and marine units. They're very
7 similar to aircraft engines, but being land- and
8 marine-based, they just don't have to have all of
9 the weight savings. But otherwise they're very
10 highly advanced from a technology standpoint.

11 These LMS100s that we hope to employ at
12 Panoche are going to be some of the first used
13 here in the United States. It won't be the first,
14 but will be among the first. And we have, as I'll
15 get into, good reasons for selecting these
16 particular machines.

17 I think first and foremost the LMS100
18 promises to be an extremely efficient machine for
19 one of these peak loading types of machines that
20 can be started up and shut down very quickly. The
21 previous iteration of the GE machines were about
22 10 percent less efficient than this latest model.
23 So, 10 percent is, for you that have any knowledge
24 of the energy business, would recognize that's a
25 pretty incredible increase in efficiency.

1 Built into this design is not only
2 efficiency, but also by the use of the latest
3 emission controls technologies, and the fact that
4 they will rely only on natural gas, these units
5 are amongst the cleanest sources of electricity
6 generation machines, equipment, on the planet.
7 Particularly of electricity that's produced on a
8 peaking and intermediate basis.

9 Again, we could go into a lot more
10 detail on these machines, but we don't want to
11 bore you too much, and a lot more detail is
12 actually available in the application.

13 ASSOCIATE MEMBER BOYD: Could I ask you
14 one question before you leave the machines?
15 What's the heat rate of this unit?

16 MR. JENKINS: I'll defer to Mike King
17 for that, and it depends on what basis you want
18 to --

19 MR. KING: On a gross unit heat rate
20 basis, it's about 8800 Btus a kilowatt hour.

21 ASSOCIATE MEMBER BOYD: Okay, thank you.

22 MR. JENKINS: From a design standpoint
23 and also given the sensitivity around water use
24 here in the Central Valley, we have a water supply
25 plan that will utilize rather deep source of

1 water. It's not in what we call the primary
2 aquifer, but it's in a secondary aquifer.

3 We'll be pulling water up to, I believe,
4 about 700 acrefeet per year. That would be the
5 most that we would do if we operated at full
6 permitted capacity.

7 And I think it's important to note,
8 again given the sensitivity of water use here in
9 the Valley, that this water is of a rather saline
10 nature. It's certainly not suitable for drinking
11 water or finished water, as they might call it, or
12 potable water. And even from an irrigation
13 perspective, while it could be used, it's just not
14 a preferred source of irrigation water because of,
15 again, of the high salt and salinity content in
16 that water.

17 From a wastewater management
18 perspective, again these kind of go hand-in-hand
19 in terms of having the lowest impact that we can
20 on surface waters and groundwaters here in the
21 Valley. Our wastewater plan calls for a deep
22 injection system whereby we are actually going to
23 pump approximately 350 acrefeet -- again that
24 would be a maximum number -- 350 acrefeet per year
25 into the ground at a zone of a depth of about 5000

1 feet, which is well below these upper nearly
2 freshwater aquifers.

3 So, I think it's -- again, we feel that
4 our water management, that being the supply and
5 the disposal sides, will minimize our impact, the
6 power plant's impact on a very valuable local
7 water resource.

8 Moving over just an overview of the
9 operations. We anticipate that we will employ 12
10 full-time employees. We'll have a number of off-
11 and-on contract employees for various services.
12 But of the 12 full time, six of those will be
13 operators; four will be maintenance technicians;
14 and then we'll have an office administrator and a
15 plant manager.

16 And, again, there will be a number of
17 people employed, either through contract or on a
18 part-time basis from an operational support
19 perspective.

20 Again, as I noted early on these units
21 will be dispatched by PG&E based on their local
22 and regional needs. And we expect, while we're
23 permitting these at 5000 hours per year, we expect
24 to be dispatched almost to that point pretty early
25 on, given the fact that these are very efficient

1 machines, number one, as I mentioned; and also
2 given the fact that they're located in an area
3 where the grid really needs the added power.

4 Again, the beauty of these things from
5 an operational perspective is that they can meet
6 peaking and intermediate, or another fancy name,
7 it's called load following load demands by virtue
8 of the fact that these machines can be started
9 from cold, all the way up to full load, 100
10 megawatts each, within ten minutes. Which
11 compares to about one hour plus for the previous
12 iteration machines.

13 So very remarkable from that
14 perspective. And I have to add, doing so and
15 still meeting the stringent air quality
16 requirements here in California. So, again, I
17 think that's one of the things PG&E looked to the
18 proposal on, that is these machines do have that
19 rather remarkable ability for a quick startup and
20 shutdown, for that matter.

21 And also not only quick startup and
22 shutdown, but very quick ramping of the load
23 qualities, both up and down the scale.

24 HEARING OFFICER KRAMER: By previous
25 generation do you mean the LM6000s?

1 MR. JENKINS: LM6000s, that's more of a
2 double --

3 MR. KING: Yeah, I don't know if I have
4 the figures on cold start on the LM6000.

5 HEARING OFFICER KRAMER: I was just
6 wondering if those were the ones you mean to
7 compare them with? Or something earlier?

8 MR. KING: When we talk about the 10
9 percent improving efficiency that's the direct
10 comparison with the LM6000.

11 HEARING OFFICER KRAMER: Okay.

12 MR. KING: And startups, I think it was
13 somewhere between a half hour and an hour on the
14 cold startup for those.

15 HEARING OFFICER KRAMER: Thanks.

16 MR. JENKINS: Next slide. From a
17 project timeline perspective, again the power
18 purchase agreement -- the 20-year power purchase
19 agreement was signed with PG&E in April. And
20 we've got an obligation to go online in the summer
21 of 2009.

22 So in between those two major milestones
23 are a number of other major milestones, some of
24 which we've already met. We did submit the AFC, I
25 think, certainly as the Commission knows, to date.

1 And we expect the final CEC approval sometime late
2 in 2007. Followed by commencement of construction
3 in February of 2008. And then following about a
4 year and three months or so construction period,
5 we would anticipate startup. And testing in April
6 of 2009. Then followed with full commercial
7 operation in August of 2009.

8 And, again, those dates are, or at least
9 the final date is pretty much driven by the
10 contractual obligation we have under the PG&E
11 agreement.

12 Again, that was a pretty quick overview.
13 There's certainly going to be a need certainly for
14 people from the public, but I'm sure the
15 Commission, as well, to follow up with us; ask
16 questions; share information and so on. And I
17 want to note that URS Corporation, I think as I
18 noted in the introduction, is our principal
19 environmental consultant for this project. And
20 Maggie Fitzgerald is actually our program manager
21 with URS, through whom we're funneling most, if
22 not all, of the communications from us to the
23 Commission. So, call Maggie first. Thank you,
24 Maggie.

25 But aside from that, myself, Mike, Gary,

1 Allan, Dale, anybody on our team, is certainly
2 available to answer questions. And I'm sure that
3 Maggie, at some point, would prefer your questions
4 that come through her to any one of us, or a
5 number of our engineering and other legal
6 consulting folks.

7 So, again, I'd certainly entertain any
8 questions or comments at this point.

9 HEARING OFFICER KRAMER: Let's hold
10 those off until after the staff presentation.

11 MR. JENKINS: Thank you.

12 (Pause.)

13 DR. REEDE: Good evening, ladies and
14 gentlemen, again. My name is Dr. James Reede and
15 I'm the Energy Facility Siting Project Manager
16 assigned to review of the application for
17 certification by the Panoche Energy Center, Energy
18 Investors Funds.

19 Next, please. The purpose of the siting
20 process is to insure that a reliable supply of
21 electrical energy is maintained at a level
22 consistent with the need for such energy for
23 protection of public health and safety, for the
24 promotion of general welfare and for environmental
25 quality protection.

1 Now, the Energy Commission's role is
2 that we are the sole permitting authority for
3 thermal power plants 50 megawatts or greater. So,
4 in other words, if the electricity is generated
5 from or as a product of heat, we have sole
6 permitting authority. And also all the related
7 facilities such as electric transmission lines,
8 the water supply pipelines, the natural gas
9 pipelines, waste disposal facilities and access
10 roads.

11 The Energy Commission is the lead state
12 agency for the California Environmental Quality
13 Act. We have a certified regulatory program that
14 is the equivalent of exceeds California
15 Environmental Quality Act.

16 Now, there's a three-step licensing
17 process once an application is submitted to the
18 California Energy Commission. The first step is
19 data adequacy, where we review to see that the
20 application has the minimum amount of information
21 needed for us to begin to proceed.

22 Once we have made that determination we
23 then move into discovery phase. That includes the
24 issues identification report, of which there are
25 copies on the front table; we then issue data

1 requests, which were just recently sent out, I
2 believe, this past Friday. We'll hold workshops
3 and we'll issue two staff documents, the
4 preliminary staff assessment and the final staff
5 assessment.

6 I might add that for workshops we hope
7 to hold them here in the community of Mendota; and
8 I would very much like to thank the City of
9 Mendota for giving us this facility so we could
10 hold it in your community.

11 We then move into the final stage or
12 step of the licensing process, which is the
13 evidentiary hearing and decision. Now, the
14 Committee, the two Commissioners that were
15 introduced to you earlier, will hold evidentiary
16 hearings to accept evidence into the formal
17 hearing record; to accept testimony. Witnesses
18 can be cross-examined by other parties.

19 And they will then take all that
20 information, roll it up into a ball, and issue a
21 Presiding Member's Proposed Decision, which is
22 basically that they have looked at staff's
23 recommendations. They've heard everything the
24 community said. And they're going to issue a
25 decision.

1 It will then go before the full
2 Commission of the full five Energy Commissioners,
3 and they will make their formal decision.

4 Now, our discovery and analysis process
5 which I referred to earlier includes the applicant
6 down in the lower left-hand corner; the public,
7 which is one of the reasons that we have our
8 workshops in the community; local, state and
9 federal agencies such as the San Joaquin Valley
10 Air Pollution Control District, U.S. Bureau of
11 Reclamation, Fresno County various departments
12 such as public works, planning.

13 Intervenors, people who have filed to
14 become formal parties to the proceeding. And the
15 Public Adviser, which is the link between the
16 public and the intervenors.

17 We will then perform our analysis and
18 issue a preliminary staff assessment. Take
19 additional public comment on that staff
20 assessment. And then file a final staff
21 assessment, which will be our testimony for the
22 evidentiary hearings.

23 Now, in that evidentiary hearing process
24 I will say that the two Commissioners will
25 conduct, they will take staff's testimony, which

1 will be our formal final staff assessment, the
2 applicant's testimony. If there are any
3 intervenors they will take their testimony.
4 Public comments. And the Committee puts together
5 a proposed decision. At which time they take
6 additional public comment on their proposed
7 decision.

8 They then issue that final decision. I
9 might add that the local, state and federal
10 agencies also contribute to the testimony that's
11 submitted during the evidentiary hearings.

12 Now, our staff's analysis of the
13 application for certification. We are obliged by
14 law to determine that the proposal complies with
15 all the laws, ordinances, regulations and
16 standards that may apply. We'll conduct an
17 engineering and environmental analysis by first
18 identifying the issues; evaluating the
19 alternatives; identifying any mitigation measures
20 that may be possible or feasible, I should say;
21 and recommend conditions of certification.

22 The conditions of certification are
23 those conditions under which the plant would
24 operate should we make a recommendation that the
25 plant be approved.

1 We also attempt to facilitate public and
2 agency participation. We'll pick up the phone and
3 call the different sister agencies in state
4 government; we'll call our sister agencies in
5 federal government and local agencies, to make
6 sure that if they have issues those issues can be
7 included in our analysis.

8 And as I said before, we have two
9 primary staff products, the preliminary staff
10 assessment and the final staff assessment. And
11 finally, we'll make a recommendation to the
12 Committee that you see here.

13 As I said, we work very closely with the
14 local, state and federal agencies. For example,
15 the Fresno County Planning Department San Joaquin
16 Valley Air Pollution Control District, the State
17 Air Resources Board, Department of Water
18 Resources, Department of Toxic Substances Control.
19 We work with the federal agencies such as the U.S.
20 Environmental Protection Agency and the U.S.
21 Bureau of Reclamation. We have Mr. Jerry Robbins
22 here from the Bureau of Reclamation.

23 And then what happens after we issue
24 this 600 to 800 page document, and literally
25 there's 23 different technical disciplines that

1 are looked at in our analysis. And it can reach
2 800 pages.

3 The Committee will issue their Presiding
4 Member's Proposed Decision and it will contain
5 findings that relate to environmental impacts,
6 public health and engineering, and the project's
7 compliance with all the laws, ordinances,
8 regulations and standards. And they'll recommend
9 conditions of certification. And they'll
10 recommend to the full Commission whether or not to
11 approve the project.

12 The full Commission of the five
13 Commissioners will make the final decision. And
14 then, should they choose to approve it, Mr. Shaw,
15 our Compliance Project Manager, will monitor
16 compliance with all the conditions of
17 certification for the life of the project.

18 Now, I don't know if he, particularly,
19 is going to be working for the Commission another
20 30 years. But someone will watch that project
21 until facility closure.

22 Now, we try to encourage an open public
23 process as the California Environmental Quality
24 Act requires. The workshops and hearings will be
25 noticed at minimum ten days in advance. We have

1 detailed mailing lists that both the Public
2 Adviser has put together, the applicant has put
3 together, and we independently have put together.

4 All of our documents are available for
5 public review either at the Mendota library, the
6 Firebaugh library, Sacramento, Los Angeles, San
7 Francisco, San Diego, Fresno and Eureka. And I
8 doubt seriously if anybody's going to go to Eureka
9 to look at these documents. But also at the
10 Energy Commission library in Sacramento. This is
11 the website, www.energy.ca.gov/siting
12 cases/Panoche. You don't have to put the index
13 html, but it'll still get you there. Or at the
14 docket units if you want a hard copy.

15 Now you can submit written comments, or
16 you can make statements to the Commission by
17 filing out a blue card. You can provide oral
18 comments at the various public workshops and
19 hearings that we'll have.

20 You can become a formal intervenor by
21 contacting Mr. Bartsch or Ms. Kim, the Public
22 Adviser. And you can always provide written
23 comments on the preliminary staff assessment, the
24 final staff assessment or the Presiding Member's
25 Proposed Decision.

1 And with that I'm going to take a break.

2 HEARING OFFICER KRAMER: Okay. One
3 question for you and Mr. Bartsch. Should members
4 of the public assume, because they got something
5 in the mail, that they're already on the mailing
6 list? Or should -- if they want to be on the
7 mailing list should they come see you to make
8 sure?

9 MR. BARTSCH: Yes, that or they can sign
10 up on our website, or let us know and we'll put --

11 HEARING OFFICER KRAMER: Okay, so they
12 should take another step, then, to --

13 MR. BARTSCH: Yes, --

14 HEARING OFFICER KRAMER: -- make sure
15 they're going to be on the list.

16 MR. BARTSCH: -- it's advisable.

17 HEARING OFFICER KRAMER: Okay. We have
18 one blue card who requested to speak, and we'll
19 take other questions from the public. I'm sorry
20 if I mangle your name. Mukasa Kezala. We need
21 you to come up and you don't have to be real close
22 to this microphone, but close enough that the
23 court reporter can pick you up. If you want to
24 stand up here, that's great.

25 MR. KEZALA: Kezala. Thank you for the

1 opportunity for the public comment. My interest
2 in this was kind of brought upon the existing two
3 power plants.

4 The problem I have with those plants is
5 they haven't been here very long, but they have
6 been operating on a variance. They have received
7 two Air Pollution Control variances. That means
8 those plants were not permitted properly.

9 I guess I made a mistake of kind of
10 inquiring, try to find out and to get more
11 information about one of the variances; and the
12 APCD kind of told me where to go. So, I say, I'm
13 going to get in on this one on the ground floor;
14 kind of see how the process works and actually
15 make comments.

16 And I guess one of the questions I have
17 is the information in the application, is that
18 binding? I mean is that enforceable by the
19 Commission? Just in case the APCD doesn't do its
20 job, is there another place to go and say, hey,
21 there's a problem here.

22 So, that out of the way, I had -- I saw
23 the notice in the newspaper last Friday, I believe
24 Friday. So I haven't had time, too much time to
25 look through the documents. But the air pollution

1 part reads kind of straightforward.

2 The one big issue I have with these type
3 of project is the siting. Here in Fresno I see
4 really very very many opportunities to recover all
5 that wasted energy. What, 800 degrees Fahrenheit
6 gas going through what, 13-foot stack? That's a
7 lot of wasted energy. Really, why couldn't it be
8 sited some other place like in some other --
9 operation, animal rendering where they can use
10 the, you know, use the steam, the heat? Dry
11 raisins?

12 And that way the project could create
13 its own emission reduction credits by taking
14 something like a boiler, just kind of, maybe just
15 keep it on low fire. When this project comes
16 online then the boiler shuts down. So, really,
17 the opportunities to conserve energy here.

18 And looking through the documents on
19 your website, one of the documents I find is this
20 Energy Action Plan. Really, if you look at this,
21 and then you see what you're doing here, it is not
22 consistent. So, really we need to kind of -- I
23 don't know, maybe this is too late that you cannot
24 go back once and put it at a different location.

25 But for the future perhaps that's

1 something we need to look at. How on earth can
2 you throw away that much heat?

3 Okay, one other thing. The reason we
4 can afford to do that is because it's PG&E. If
5 the investors was selling the power directly to
6 the customers at market value, they couldn't do
7 that. But, PG&E is going to recoup their money,
8 but it's going to be the government or the
9 Commission giving a rate hike increase, and get it
10 from the ratepayers, you and I. They can afford
11 to be inefficient. So, really that's something to
12 think about, just bothers me very much.

13 Again, talking about complies with the
14 other projects. In case this one doesn't, where
15 that 2.5 ppm NOx limit. Anytime they exceed it, I
16 would like to have some kind of a (indiscernible)
17 contribution made to the local community, like the
18 community center here. If they go over the
19 emissions by one ton, they should contribute
20 \$20,000 or the fair market value of offsets, NOx
21 offsets or whatever they go over, to the local
22 community which is impacted by this plant.
23 Instead of going to the APCD, we calculate just
24 has nothing to do with the area or the pollution.

25 One other thing I notice in the

1 documents as I went through real quickly, I
2 believe it is the health risk assessment done by
3 URS. The emissions in that do not seem to be the
4 same as in the application, itself. I don't know
5 if that was looked at when you did your -- is it
6 risk assessment?

7 MS. FITZGERALD: The health risk
8 assessment.

9 MR. KEZALA: Yeah. The emissions there
10 look -- appear to be a bit lower than the ones in
11 the application. So maybe, we may have been
12 short-changed.

13 Also, I guess the receptors, -- I'm just
14 a local guy, I'm not a scientist or anything -- I
15 guess you call it just the local residents, but in
16 my experience on what type of the fuels and the
17 common fuels, and (indiscernible) fuels, that
18 anyone at anytime they may be like 6-to-100 for
19 nearby. So are those taken into account when you
20 do your risk assessment? Or just the couple guys
21 who stay nearby there? So that was just kind of a
22 question that if found (indiscernible) that plume
23 is going to actually affect them. So that was
24 just kind of a thought.

25 In the application kind of, again, on

1 energy resources or energy conservation or
2 effective use of resources, the other comment in
3 the application you say you replace the catalyst
4 (indiscernible). Again, that's because the
5 utility company is using your money to finance
6 that in order to, they can afford to put that kind
7 of money into the power plant -- that you can
8 afford to throw away the catalyst every three to
9 five years. Catalysts can actually last up to ten
10 years if you maintain it.

11 So, since we, the ratepayers, are going
12 to pay for it, I'd would actually like to see that
13 catalyst actually, don't put that in the
14 application because it's binding. If you say
15 you're going to do that, you don't do it, is that
16 a violation? So maybe you want to change that and
17 say, hey, if we need to spend, then you replace
18 it. So that was the other one.

19 Environmental justice. Yes, you have
20 that six-mile radius or whatever. That, again,
21 goes out to the farmworkers who walk in the
22 general area. You may see busloads of those guys
23 walking in there. So I believe they are affected
24 by the emissions from this facility.

25 And then the other thing that kind of

1 gets to me, I understand the project will create
2 jobs for the local area, especially during
3 construction. But during the operation there's
4 only 12 jobs. That's not very many. I understand
5 they're high-paying jobs, but that's not very many
6 jobs.

7 And then what gets to me is these, I
8 guess kind of just speaking off the top of my
9 head, just doesn't affect anything, but the
10 project is going to suck up all the emission
11 reduction credits in the County, you know, the
12 general area. So, when other companies try to
13 locate here, the companies which need like five
14 tons here, two tons here, that could create 25
15 jobs each, they won't have anything.

16 So, I guess that's really immaterial,
17 but it's just kind of a point that you are going
18 to use up all the ERCs and leave nothing for the
19 other companies which are going to create actually
20 more jobs than these.

21 Or for Mendota, I mean say, hey, that's
22 another look at it that this is creating jobs, but
23 that's going to make it very very difficult for
24 other companies to come in the local area because
25 all the emission reduction credits will be sucked

1 up.

2 Thank you very much.

3 HEARING OFFICER KRAMER: Thank you. Any
4 other questions or comments from anyone in the
5 audience?

6 Okay, we'll move on to the issues
7 identification reports and scheduling. Staff
8 filed an issues identification report last week,
9 and Dr. Reede's going to go over that for us right
10 now.

11 DR. REEDE: Good evening, again, ladies
12 and gentlemen. The purpose of staff's issues
13 identification report is to inform the participant
14 of potential issues, so that we can have an early
15 focus on important topics.

16 Now, the criteria for these issues are
17 that there are significant impacts that may be
18 difficult to mitigate. There is a noncompliance
19 with the various laws, ordinances, regulations and
20 standards. There are conflicts between the
21 parties. In this case there's only two parties
22 right now, the applicant and Commission Staff,
23 about appropriate findings or conditions of
24 certification for the Commission decision that
25 could delay the schedule.

1 There's three potential issues that are
2 identified by staff. Number one, land use, noise,
3 geological, soils and water resources -- that's
4 kind of an amalgam grouped together -- and
5 transmission system engineering.

6 Land use. Now, the primary issue
7 regarding land use is that to use this particular
8 parcel it requires partial cancellation of the
9 Williamson Act contract which may take up to a
10 year.

11 The applicant, on November the 6th,
12 filed with the County of Fresno a request for
13 partial cancellation. However, in conversations
14 with the County of Fresno on December 1st, staff
15 was told that the cancellation proceedings have
16 not yet been initiated by county staff on the
17 applicant's cancellation request of November the
18 6th.

19 So if it takes up to a year that may
20 delay the Commission's findings and decision.
21 Additionally, the Fresno -- well, California
22 Subdivision Map Act, which the County of Fresno
23 has adopted, has requirements regarding parcel
24 split that are yet undetermined.

25 The 128-acre parcel is having portions

1 of it split out from the Williamson Act contract.
2 And that may trigger a need to subdivide the
3 parcel.

4 Noise. Now, the power plant noise at
5 the nearest noise-sensitive residential receptors,
6 which are the homes, they're designated ML-1 and
7 ML-2. ML-1 are three residential units and ML-2 -
8 - I'm sorry -- ML-1 are five residential units and
9 ML-2 are three residential units.

10 Their noise levels, respectively, would
11 exceed the Fresno County's nighttime noise limit
12 of 45 decibels.

13 Geological, soils and water resources.
14 Now, these are typically looked at separately, but
15 they all have a problem or issue in common. The
16 project is planning on injecting wastewater via
17 new deep-injection well, approximately 5000 feet
18 below ground surface.

19 A class 1 underground injection control
20 permit from the U.S. Environmental Protection
21 Agency is required, prior to filing a full
22 exploratory boring onsite. Now, the permit
23 application, which was submitted on September
24 15th, can take up to 12 months before it can get
25 USEPA approval, if approval is granted.

1 In conversations with George Robbins of
2 the USEPA on Monday, he stated that it can take
3 anywhere from nine to 12 months, reaffirming what
4 he had told staff before. Therefore, the permit
5 may not be approved prior to issuance of the final
6 staff assessment.

7 Now, the initial geological modeling
8 analysis indicates that conditions beneath the
9 site should support a confined wastewater
10 injection with no permeation. In other words, it
11 won't leak into the surrounding soils or
12 groundwater, or collapse of the wall structures
13 favorable for wastewater injection. In other
14 words, it won't collapse around this deep bore.

15 However, until the exploratory boring is
16 completed, staff cannot determine whether the
17 underlying geologic formations and deep injection
18 well would actually be impermeable, would not
19 accidentally release water, and would be physically
20 stable.

21 Now, in the event the proposed
22 wastewater injection well is found to be unusable
23 as intended originally because of the underlying
24 geographic formation, the applicant intends to
25 submit additional information to request drilling

1 at another site or use an alternate wastewater
2 disposal method.

3 Staff prefers to have the project-
4 specific wastewater disposal method identified
5 prior to the final staff assessment and the
6 decision. Staff was informed when the applicant
7 issued their issues identification response that
8 they intend to use zero liquid discharge in the
9 event that the deep-injection well is not usable.

10 However, that would not be found out
11 prior to when staff has to issue their FSA. They
12 cannot drill the boring until such time as USEPA
13 has issued an exploratory permit.

14 And the final issue is transmission
15 system engineering. A system impact study was
16 submitted with the application for certification
17 with the notation that PG&E was reevaluating the
18 transmission system impact study.

19 That system impact study required
20 mitigation of 37 miles of reconductoring of 230 kV
21 line between the Panoche Substation and the Los
22 Banos Substation. Staff has not received from the
23 applicant nor PG&E the revised system impact study
24 and facility study.

25 On to the proposed schedule. Hearing

1 Officer Kramer, are you ready for that, or --

2 HEARING OFFICER KRAMER: Go ahead.

3 DR. REEDE: Okay. As has already been
4 said, the applicant filed an application for
5 certification August 2nd. We filed our Executive
6 Director's recommendation on November the 6th. It
7 was decided that there was enough information in
8 the application for certification to go forward
9 with discovery and analysis process on November
10 the 8th.

11 We issued our issues identification
12 report on December the 6th. We filed our data
13 requests on December the 8th. Today is the
14 informational hearing and site visit.

15 Hopefully by January the 9th the
16 applicant will have provided the data responses to
17 the requests that we sent. We intend to hold
18 another workshop approximately January 17th or
19 18th.

20 We should get local, state and federal
21 agency draft determinations, such as the
22 preliminary determination of compliance from the
23 Air Pollution Control District by February 27th.
24 By the end of March we should be filing our
25 preliminary staff assessment.

1 We will then have a workshop 10 to 15
2 days afterwards. And hopefully our sister
3 agencies will issue their final determinations by
4 mid-April.

5 We will try to file our final staff
6 assessment by April the 30th. At that time it
7 would then move into evidentiary hearings. And
8 those are yet to be determined, as those are the
9 Committee's call. Such as the Committee filing a
10 proposed decision, holding the hearings on the
11 proposed decision. If they file a revised
12 proposed decision, and the final date from one
13 year from when they found it data adequate would
14 be November the 8th, 2007.

15 Thank you, Hearing Officer Kramer.

16 HEARING OFFICER KRAMER: Okay, does the
17 applicant want to summarize its response?

18 DR. REEDE: I'm sorry. Meeting the
19 schedule will depend on the applicant's timely
20 response to staff data requests; timely filing of
21 the Air Pollution Control District's determination
22 of compliance; any other determinations from the
23 local, state and federal agencies; and there may
24 be other factors yet known.

25 If anyone wants to contact me, my

1 information is on the screen right now. Margret
2 Kim is the Public Adviser. And Susan Gefter is
3 not the Hearing Officer, Paul Kramer is.

4 UNIDENTIFIED SPEAKER: And we would get
5 his information.

6 HEARING OFFICER KRAMER: Can I go home
7 then?

8 (Laughter.)

9 HEARING OFFICER KRAMER: Applicant.

10 MR. JENKINS: Yes, Commissioners,
11 members of staff, people from the public, again on
12 behalf of EIF and Panoche Energy we are very
13 pleased that we could help the CEC host this
14 introductory workshop.

15 As Dr. Reede pointed out there are a
16 number of perceived and real issues, and a very
17 aggressive schedule associated with resolving
18 those. Myself and my team feel confident that we
19 are well on our way, and we are eager to present
20 responses to the data requests that we received
21 recently in a very timely manner. And demonstrate
22 to you folks that we have the responses to
23 confidently move this project forward.

24 So, again, I want to thank you all for
25 the opportunity, and look forward to the

1 subsequent workshops.

2 HEARING OFFICER KRAMER: I had a couple
3 questions, then. On this issue of zero liquid
4 discharge, as a backup wastewater disposal option,
5 are you planning on providing information to staff
6 so they can evaluate that as a backup? Or are you
7 going to wait and see what happens before you go
8 down that road?

9 MR. JENKINS: No, we plan to file that
10 as a true alternative, recognizing some of the
11 physical uncertainties. It's not a zero risk game
12 as far as the deep well injection; we recognize
13 that. So we plan to file ZLD as a bona fide
14 alternative in the proceedings.

15 HEARING OFFICER KRAMER: Okay, and then
16 just as an observation. When I was skimming your
17 application package, and then looking at the data
18 requests from staff, I didn't see any mention of
19 alternatives. But it seemed to me that your
20 original alternatives discussion and your
21 application was much shorter than normal. It
22 didn't really discuss any alternatives.

23 And I raise it today because I hate to
24 first ask where it is at the time of the
25 evidentiary hearings and have the project be held

1 up because of that.

2 MR. JENKINS: Mr. Kramer, could you help
3 me clarify? Do you mean alternatives for --

4 HEARING OFFICER KRAMER: For the
5 project.

6 MR. JENKINS: -- the site selection?

7 HEARING OFFICER KRAMER: Right.

8 Basically what you said was the PG&E contract
9 doesn't allow it to be anywhere else; therefore,
10 we don't think we have to discuss any.

11 But, I mean the parties are welcome to
12 brief that, but I have a question in my mind, at
13 least, as to whether or not the Committee could
14 adopt that approach. Or whether it has to. And
15 preparing an alternatives analysis, it does take a
16 bit of time. So, again, I don't want to see that
17 wait till the end.

18 DR. REEDE: Hearing Officer Kramer,
19 staff has to independently file an analysis of the
20 alternatives in the preliminary staff assessment,
21 and subsequently in the final staff assessment.
22 Whether the applicant has done an admirable job or
23 a miserable job, we still have to do our job and
24 look at the alternatives.

25 And if we don't, as staff, feel that

1 they have looked at all the reasonable
2 alternatives we're going to say so and make an
3 appropriate recommendation.

4 Granted they only have the bare minimum;
5 but we have to do the maximum.

6 HEARING OFFICER KRAMER: Okay, so you
7 may be adding to what they've done there is what
8 you're saying?

9 DR. REEDE: No. We're going to do our
10 own analysis. We're going to look at all the
11 alternatives, whether they addressed them
12 adequately or not.

13 HEARING OFFICER KRAMER: Okay. And then
14 the reason I didn't see anything the data request
15 was you didn't feel the need to pick their brain
16 in order to do that?

17 DR. REEDE: No, we asked regarding --
18 our primary concern was wastewater. If they don't
19 get the exploratory permit prior to the time that
20 we have to file the FSA, we have to recommend an
21 alternative. Because we have to view their
22 inability to get a permit before our document is
23 due, as that permit isn't coming.

24 So, this is the alternative that we can
25 recommend approval with. For example, ZLD. But

1 we can't recommend approval for exploratory
2 drilling.

3 So we will perform our alternatives
4 analysis.

5 HEARING OFFICER KRAMER: I'm actually
6 talking about alternative sites and technologies.

7 DR. REEDE: We have to look at all that.

8 HEARING OFFICER KRAMER: Those things
9 that you traditionally see in your analysis.

10 DR. REEDE: You will see that in our
11 analysis --

12 HEARING OFFICER KRAMER: Okay.

13 DR. REEDE: -- in depth.

14 HEARING OFFICER KRAMER: I just wanted
15 to highlight it as --

16 DR. REEDE: I have to --

17 HEARING OFFICER KRAMER: -- an issue.

18 DR. REEDE: -- write it.

19 HEARING OFFICER KRAMER: Good luck to
20 you.

21 DR. REEDE: It'll be in-depth.

22 HEARING OFFICER KRAMER: Any other
23 comments from anyone in the public?

24 MR. KEZALA: Well, I'd just like -- I
25 just wanted to comment --

1 HEARING OFFICER KRAMER: Well, we need
2 to get you on the transcript. Just say your name
3 again so the court reporter --

4 MR. KEZALA: My name's Mukasa Kezala.
5 My other comment is actually again has to do with
6 waste of energy. I believe under CEQA, what's the
7 term -- can somebody help me out here -- it has to
8 do something like irresponsible use of energy, the
9 project cannot use -- waste energy; I believe
10 that's a CEQA requirement. Could somebody look
11 into that, please.

12 Because that wasted energy bugs me big
13 time. Again, the question you're asking about
14 alternative sites. I'm willing to help here in
15 Fresno to look around, who's good at boiler, who
16 can actually use that much energy. Just, I mean,
17 save it, or even for free. So, better use it.

18 Thanks.

19 HEARING OFFICER KRAMER: Thank you.

20 MS. SMITH: I have a question for
21 clarification. Gloria Smith on behalf of CURE.
22 I, too, had a question about the alternatives
23 analysis. But I wasn't going to bring it up here.

24 Am I hearing you say if the application
25 does not have an adequate alternatives analysis

1 that the Commission, itself, will write one
2 independent of the applicant?

3 DR. REEDE: The Commission is required,
4 under certify regulatory programs, to perform an
5 alternatives analysis whether they've supplied one
6 or not. Our data adequacy requirements do not
7 require an alternatives analysis. But we still
8 have to perform one.

9 We take everything we get with a grain
10 of salt. And we have to perform an independent
11 analysis of that issue.

12 DR. KENNEDY: And just to clarify, I
13 believe our data adequacy regulations do require
14 an alternatives analysis. The level of detail
15 required is not necessarily what staff would
16 expect in their own analysis. But, one was
17 required; one was provided.

18 HEARING OFFICER KRAMER: Let me ask then
19 if any members of the Committee wish to make any
20 additional comments?

21 ASSOCIATE MEMBER BOYD: Yes, --

22 PRESIDING MEMBER BYRON: I would like --

23 ASSOCIATE MEMBER BOYD: -- go ahead.

24 PRESIDING MEMBER BYRON: Okay, I'll go
25 first. I would like to, of course, thank our

1 hosts today for the snack and for the tour. Very
2 nice.

3 We have some critical path items that we
4 can tell are in the issues report that we've heard
5 today. And so I'd really ask that you pay close
6 attention to those so that we can be responsive to
7 you in trying to meet your schedule.

8 And, of course, that also ties back to
9 the data requests. I don't know how many
10 applications you've been involved with, but my
11 limited time indicates that your responsiveness
12 helps us to be responsive to you.

13 I'd also like to let the public know
14 that we welcome your input. We'll see you again,
15 I suspect, later on here. There will be a staff
16 assessment workshop scheduled later on, and then
17 at the evidentiary hearings.

18 But we do take the staff input seriously
19 and the public input. So, please feel free to
20 provide your input.

21 Commissioner Boyd.

22 ASSOCIATE MEMBER BOYD: I was just going
23 to compliment the one public speaker, Mr. Kezala,
24 for his knowledge of the energy area. I'm sure
25 the staff will look into the fact that existing

1 plants are operating on variances, if indeed
2 that's true, as you brought up.

3 Your point about recovering waste heat,
4 I don't want to get into a debate of that with
5 regard to this particular plant right now, but
6 your point about it theoretically not being
7 consistent with the Energy Action Plan is a very
8 astute point.

9 Many of us in the energy business,
10 particularly at the Commission, have been pushing,
11 and I know Commissioner Byron is kind of new to
12 the Commission, but has been in the energy area a
13 long time, certainly knows what we talk about
14 cogeneration. And what we're talking about, when
15 in our strategic plan at the Energy Commission,
16 talk about the need to do a better job of
17 recovering waste heat.

18 I've forgotten the calculation in our
19 2005 Integrated Energy Policy Report, but we
20 acknowledge that waste heat in California could
21 generate an incredible number of megawatts of
22 additional energy.

23 The trouble is what's needed is to bring
24 all the siting factors together into one area.
25 And that's still being wrestled with. And I don't

1 want to get into this plant because we're sitting
2 here wearing our black robes, and we, you know,
3 adjudicating this.

4 But the idea of bringing the various
5 kinds of facilities together in one spot is not
6 all that easy. And either you could locate a
7 giant factory out here right next to the
8 generating station in order to recover the waste
9 heat. It's probably a little tougher to move
10 power plants from their various sites to be in
11 close proximity to industries. But that's what
12 cogeneration is all about and that's what
13 recovering waste heat is all about.

14 So, your point's a very good one in terms
15 of what California has to do to continue to push
16 that point.

17 The other areas I guess I'll let go
18 because I think the staff and the project
19 proponents will, by necessity, be addressing some
20 of your points about the health risk assessment or
21 the economic benefits issue.

22 Fortunately or unfortunately, your
23 recourse with regard to variances is first with
24 your local air district. And I guess you'll have
25 to pursue that.

1 The idea of employment is something you
2 have to deal with with your local government
3 folks. That's something that's a little bit of a
4 strain for the Energy Commission to worry about.
5 But it does get referenced in the socioeconomic
6 analysis that the staff works on.

7 So, your points are very good, and I
8 just wanted to compliment you, as a member of the
9 public here in this area for the points you bring
10 forward.

11 With that, thank you. And thanks to our
12 hosts.

13 HEARING OFFICER KRAMER: Okay, one
14 question I forgot to ask. CURE has filed a
15 petition to intervene. We wanted to know if any
16 other parties were intending to object to that.
17 It's been on file for about a week. The Committee
18 meets to rule pretty soon.

19 MR. JENKINS: On the surface of it I
20 don't see a need to object. Procedurally --

21 MR. RATLIFF: Staff will not be
22 objecting.

23 MR. JENKINS: -- I'm not sure if there's
24 a formal period in which we have to further
25 evaluate that. But on the surface of it I have

1 no, I don't believe we have any need to object to
2 that.

3 HEARING OFFICER KRAMER: Well, if we
4 don't hear anything by the end of the week we'll
5 rule on that basis.

6 And the next other document you will see
7 from the Committee is a scheduling order we'll
8 issue in the next week or so, based on today's
9 proceedings.

10 Again, thanks to the City of Mendota for
11 the facility. If there are no further questions
12 from any party or the public? Seeing none, we are
13 adjourned. Thank you.

14 (Whereupon, at 6:32 p.m., the
15 Informational Hearing was adjourned.)

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CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Informational Hearing; that it was thereafter transcribed into typewriting.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of December, 2006.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345