

BUSINESS MEETING  
BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

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

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

WEDNESDAY, MAY 8, 2002  
10:10 A.M.

Reported by:  
Peter Petty  
Contract No. 150-01-006

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

William J. Keese, Chairman

Robert A. Laurie

Arthur H. Rosenfeld

James D. Boyd

Margaret J. Kim, Ex Officio

STAFF PRESENT

Steve Larson

William Chamberlain

Susan Bakker, Advisor

Mark DiGiovanna

Fernando DeLeon

Connie Bruins

Bill Pfanner

Philip Misemer

Linda Spiegel

John Beyer

Elizabeth Shirakh

PUBLIC ADVISER

Grace Bos

ALSO PRESENT

Michal Moore

Pat Holley, Compliance Manager

Danielle Tinman, Director of Policy-Communications  
Covanta Energy Group, Inc.

Three Mountain Power Project

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

10:10 a.m.

CHAIRMAN KEESE: Good morning; we'll call this meeting of the Energy Commission to order. Mr. Boyd, would you lead us in the Pledge, please.

(Whereupon, the Pledge was recited in unison.)

CHAIRMAN KEESE: Good morning, and good morning, Margaret. Thanks for joining us on behalf of the Secretary.

As a first item of business I would like to report on the actions of the closed session of the Commission on April 17th.

At the April 17, 2002 business meeting the Commission held a closed session to discuss three items concerning existing or potential litigation.

First, the Commission directed the Executive Director to work with all affected agencies to resolve the UIIS contract matter so that the security guards who serve our building can get paid as soon as possible.

Second, the Commission approved the Chief Counsel's proposal for his office to

1 continue with representation of the Commission in  
2 the Monterey County litigation on the Moss Landing  
3 Power Project, which is called Voices of the  
4 Wetlands.

5 In particular, the Commission authorized  
6 supporting a petition for a writ of prohibition to  
7 overturn the judge's ruling on the demurrers and  
8 supporting the position of the Water Boards and  
9 the certificate holder during the trial on its  
10 merits.

11 Third, the Commission decided to make  
12 comments on the draft EIR for the Haynes  
13 Repowering Project of the Los Angeles Department  
14 of Water and Power. The comments state that the  
15 project appears to be within the siting  
16 jurisdiction of the Commission, and that LADWP's  
17 apparent attempt to avoid the Commission's  
18 jurisdiction by reducing generating capacity is  
19 not good public policy at a time of potentially  
20 short electricity supplies.

21 COMMISSIONER LAURIE: Mr. Chairman, did  
22 you make reference to General Counsel's  
23 representation, or misrepresentation. Was that  
24 word --

25 CHAIRMAN KEESE: I certainly hope it was

1 representation.

2 COMMISSIONER LAURIE: Representation,

3 okay.

4 (Laughter.)

5 COMMISSIONER LAURIE: Don't hear well --

6 CHAIRMAN KEESE: Thank you. And

7 sometimes I don't read very well, either.

8 Before we start this meeting as a point  
9 of order, you know, there are some employees who  
10 seem to have always been here. And we have one of  
11 those around today.

12 For that purpose, Mr. Boyd, do you have  
13 anything to say?

14 COMMISSIONER BOYD: Yes, Mr. Chairman,  
15 thank you. It's very rare I get to participate in  
16 a celebration of a milestone, and we've reached a  
17 milestone.

18 It's particularly special to me to  
19 celebrate the milestone of somebody working in  
20 state government, being a public servant, i.e.,  
21 serving the citizens of the nation-state of  
22 California, and the United States for 25 years.

23 And it's my pleasure today to do just  
24 that. Now, it comes as a mild surprise to the  
25 individual because she didn't want such a

1 celebration. But Susan Bakker, will you join me  
2 at the podium.

3 (Applause.)

4 COMMISSIONER BOYD: I really had to work  
5 hard to trick her. Now --

6 (Laughter.)

7 COMMISSIONER BOYD: I've never met her  
8 husband, Jim, Jim Bakker. And I know he's a great  
9 guy because he shares the same first name that I  
10 do; and I know he's a good guy because we both  
11 have the same initials, J.B. That does create a  
12 little bit of a problem for Susan. She has to be  
13 careful using those initials.

14 MS. BAKKER: It's also easy in some  
15 respects.

16 COMMISSIONER BOYD: Anyway, I had to  
17 trick Susan into following me down here to this  
18 because she's a shy and retiring young lady.

19 MS. BAKKER: That's me.

20 COMMISSIONER BOYD: It really gives me  
21 pleasure to celebrate somebody who's given 25  
22 years of their life to public service here in the  
23 State of California, a great and unique place.

24 And it's particularly a pleasure to me  
25 to -- and it's a situation that I respect a lot

1 where somebody devotes virtually their entire  
2 career to one organization.

3 In any event, Susan is almost a true  
4 native Californian. She was born in Iowa; came  
5 here when she was seven. We'll forgive her those  
6 seven years. In this day and age that makes  
7 somebody almost a native. Coming from a real  
8 native, that is quite a compliment.

9 She came to work for the state on May  
10 23, 1977, Department of Water Resources, which  
11 also happens to be where I started my state  
12 career, so you had good training.

13 She left Water Resources, however, a few  
14 months later and went to the CHP. She left the  
15 CHP a few months later in that same year, and came  
16 here. Found obviously her home, and has been here  
17 ever since.

18 She's a graduate of Sac State, did  
19 attend UC Davis. She and Jim have one son who  
20 attends the grad school at Davis, and is the proud  
21 father of their grandson, Braulio, if I'm saying  
22 it right. Her other son, their other son is an  
23 attorney who happened to represent an intervenor  
24 in a power plant siting case recently that I  
25 became involved with, and Susan had to recuse

1 herself from the case, we thought. But he pulled  
2 out at the last minute and made it possible for  
3 Susan to participate with me in that particular  
4 hearing.

5 Now, since this had to be somewhat of a  
6 surprise; we didn't openly go about preparing a  
7 celebration, what we have done is gone around and  
8 gotten a few comments from folks about Susan. So  
9 I'm going to read you a few of those for the  
10 record, and then we'll, perhaps Lana can type them  
11 up nicely and give them to her as a part of her  
12 memory book that we'll put together as a result of  
13 this situation.

14 But, a comment from Dick Bilas, a former  
15 Commissioner, quote, "All I can say about Susan,  
16 that she is one of the most, if not the most  
17 courageous woman I've ever had the pleasure of  
18 knowing. And thank you for asking me about her,"  
19 he said.

20 From Rosella, a friend and coworker.  
21 She says, quote, "We all know Susan is a woman of  
22 strong opinions. Whether we agree or disagree  
23 with her position no one can ever say that she  
24 doesn't make her position clear. This is  
25 invaluable in an Advisor to a Commissioner." And

1 I can say, hear, hear to that, based on my short  
2 tenure here.

3 Also Rosella says that she's a good  
4 editor. And coming from Rosella, I think that's  
5 very high praise people tell me. "Susan excels in  
6 her ability to cut out unnecessary verbiage and  
7 keep to the point in any document she edits. Many  
8 Commission filings have benefitted from her  
9 editorial review."

10 I can say from the short time I've been  
11 here, it's a distinct pleasure to have her on my  
12 staff as a good writer, because I'm kind of a  
13 fanatic about that subject, and she comes to my  
14 rescue on occasion. So I can attest to Rosella's  
15 long-held opinion there.

16 A quote from a loyal friend who didn't  
17 want to be identified, "Through thick and thin  
18 Susan has proven to be a constant and loyal friend  
19 to many at the Commission. Her kindness and  
20 concern for a person's well being lasts for  
21 decades. Once she digs into a topic Susan becomes  
22 an expert."

23 A quote from her friend Karen VanEgdon,  
24 "Susan Bakker is one of the brightest, most  
25 outstanding women I have known in my life. She is

1 a true and loyal friend, confidante" -- I did  
2 forget my glasses, so -- "advisor" -- Lana, I  
3 forgot my glasses, do you get the message --  
4 after --

5 (Laughter.)

6 COMMISSIONER BOYD: -- "advisor, mentor,  
7 health guru. Anyone who can call her friend is  
8 truly lucky. She is the best soccer player I have  
9 ever known. She has actually won medals playing  
10 soccer. She has also had her share of black eyes,  
11 bruises, skinned knees and sprains playing  
12 soccer." And I can attest to that, because she  
13 hobbled into the office here a couple of weeks  
14 ago, having sprained an ankle.

15 And I'm going to deviate from -- well,  
16 let me finish this and then I'll --

17 CHAIRMAN KEESE: Mr. Boyd, you know,  
18 this place seems to be haunted also, because I'm  
19 hearing echoes of a voice from the past.

20 COMMISSIONER BOYD: You are, huh?

21 CHAIRMAN KEESE: Yes.

22 COMMISSIONER BOYD: You're getting  
23 echoes of a voice from the past? All right. Let  
24 me finish this quickly.

25 CHAIRMAN KEESE: Well, I thought we

1 might all listen to the voices from the past.

2 MR. MOORE: Mr. Chairman, --

3 COMMISSIONER BOYD: Ahh, we have a voice  
4 from the past.

5 MR. MOORE: Mr. Chairman, if I can have  
6 the floor for just a moment to stand virtually  
7 next to Commissioner Boyd, I have something that  
8 I'd like to rectify, if I can.

9 COMMISSIONER BOYD: Ladies and  
10 gentlemen, if you don't recognize that voice, it's  
11 former Commissioner Michal Moore.

12 MR. MOORE: Mr. Chairman and  
13 Commissioner Boyd, I should tell you that when I  
14 hired Susan Bakker, against the advice of a couple  
15 of my then sitting colleagues, and --

16 (Laughter.)

17 MR. MOORE: -- who were actually very  
18 vocal, very vehement that this was the absolute  
19 wrong choice for me, I agreed that I would put her  
20 on probation working for the office. And I regret  
21 to tell you that I never took her off probation.

22 So, Commissioner Boyd, with your  
23 permission I'd like to remove that restriction  
24 from -- and say that she is -- be permanent, and  
25 hopefully, with your conceding, is off probation

1 at this point.

2 And I'd like to just make a couple of  
3 comments, if I may, on this very momentous kind of  
4 occasion.

5 Susan Bakker is one of the most  
6 incredible people I have ever worked with. I  
7 think that she brings one of the most remarkable  
8 institutional memories that is available in the  
9 Energy Commission anywhere. And she's proved that  
10 she's not only tenacious and smart about things,  
11 but she's got something that is so rare in the  
12 wide world today. That is she's got a sense of  
13 morality. She knows what's right and she knows  
14 what's wrong, and she's not afraid to express it.

15 And that means to her bosses, as well as to  
16 the outer world. And we all benefit from that.

17 I think we've all strived, as elected or  
18 appointed officials, to uphold our oath of office.  
19 And I simply point out that Susan Bakker has taken  
20 no oath of office, but she upholds the oath that  
21 we all took, as well as anyone I've ever known in  
22 my life.

23 And I just tell you that I'm very proud  
24 to count her as one of my best friends, and that I  
25 can tell you that I'm honored to have served with

1 her. And I believe that, Jim, she will be one of  
2 the most exemplary public servants you've ever  
3 served with, and certainly honors the Commission.

4 And I thank you for letting me speak.

5 CHAIRMAN KEESE: Thank you, Michal.

6 COMMISSIONER BOYD: Thank you very much,  
7 Michal, and I frankly can't top those words. The  
8 few remaining quotes I have here I will, as I say,  
9 will give to Susan for her memory book.

10 Let me just say that Susan volunteered  
11 to be on probation when we first met, and she  
12 already has the attributes that I admire in a  
13 public servant. So I don't think she and I will  
14 have any difficulties.

15 She's intensely loyal to this  
16 organization; she's proven herself loyal to the  
17 offices that she serves. And I'm very pleased to  
18 have her as an Advisor, and very proud of somebody  
19 who toughed it out for 25 years, from somebody who  
20 has long ago toughed it out for 25 years. I feel  
21 very strong for somebody who's willing to put up  
22 with what you've put up with in public service.

23 So, with that, Michal, with you still  
24 standing here next to me, I would like to present  
25 to Susan this certificate, a framed certificate,

1 commemorating her 25 years in state service, that  
2 has been signed by the Governor and by the  
3 Secretary of State. Susan, congratulations,  
4 and --

5 (Applause.)

6 COMMISSIONER BOYD: -- and as a token of  
7 the appreciation of the people of the State of  
8 California, here is the proverbial gold watch.

9 MS. BAKKER: Thank you, that's  
10 beautiful.

11 COMMISSIONER BOYD: And the microphone  
12 is yours, should you like to afford yourself the  
13 opportunity. These are yours, too.

14 MS. BAKKER: Thank you. I really  
15 appreciate your taking the time to do this, even  
16 though I didn't want you to do it. It's very kind  
17 of you. And someday my grandson will be able to  
18 see these words in writing, and I'm sure that will  
19 make him proud. It certainly does me.

20 Thank you very much.

21 (Applause.)

22 MS. BAKKER: Can I go back to my office?

23 COMMISSIONER BOYD: With that, Mr.

24 Chairman, --

25 (Laughter.)

1 COMMISSIONER BOYD: -- and, Susan, yes,  
2 you may go back to your office.

3 CHAIRMAN KEESE: Thank you. And thank  
4 you, Commissioner Moore, for joining us.

5 MR. MOORE: No, thank you very much for  
6 letting me join you, and I miss you all.

7 CHAIRMAN KEESE: Okay, --

8 MR. MOORE: Bye, bye.

9 CHAIRMAN KEESE: Bye.

10 Item 1, consent calendar. Do I have a  
11 motion?

12 COMMISSIONER LAURIE: Mr. Chairman, a  
13 request. I would ask that we take up items a, c  
14 and d. I have to abstain on b, since I'm a member  
15 of the Regional Energy Office Board, and thus will  
16 abstain. I would thus request that you vote on b  
17 separately.

18 CHAIRMAN KEESE: Okay, I request a  
19 motion, then on a, c and d.

20 COMMISSIONER BOYD: So moved.

21 COMMISSIONER ROSENFELD: Second.

22 CHAIRMAN KEESE: Moved by Commissioner  
23 Boyd, second by Commissioner Rosenfeld.

24 All in favor?

25 (Ayes.)

1           CHAIRMAN KEESE: Opposed? Adopted four  
2 to nothing.

3           Then we will have a motion on item b.

4           COMMISSIONER ROSENFELD: I move item b.

5           CHAIRMAN KEESE: Moved by Commissioner  
6 Rosenfeld.

7           COMMISSIONER BOYD: Second.

8           CHAIRMAN KEESE: Second by Commissioner  
9 Boyd.

10          All in favor?

11          (Ayes.)

12          COMMISSIONER LAURIE: Please note my  
13 abstention for the record, Mr. Chairman.

14          CHAIRMAN KEESE: Three to nothing with  
15 Commissioner Laurie abstaining.

16          Item 2, Utility Generation Procurement  
17 and Renewable Resource Development. Possible  
18 approval for participation in the California  
19 Public Utilities Commission's proceeding R.01-10-  
20 024. Good morning.

21          MR. DeLEON: Good morning,  
22 Commissioners. Commission Staff is seeking  
23 Commission approval to continue its participation  
24 in the agenda captioned proceeding dealing with  
25 utility energy procurement in 2003 and long-term

1 renewable energy policy.

2 The Commission filed opening comments in  
3 December of last year, and intends to file  
4 testimony later this month.

5 Staff also is asking the Commission to  
6 assign a Committee to oversee its participation in  
7 this proceeding.

8 CHAIRMAN KEESE: Thank you. Do we have  
9 any comments? Let me just say that in a matter  
10 related to this item the Energy Commission intends  
11 to file testimony in the direct access proceeding  
12 addressing the issue about whether exit fees  
13 should be assessed on customers using distributed  
14 generation.

15 The following objectives will form the  
16 basis of the upcoming testimony. Number one,  
17 distributed generation has important public policy  
18 benefits, and should not be discouraged by  
19 unfortunate DWR repayment and other stranded  
20 costs.

21 Second, the CPUC needs to determine what  
22 each customer should be assessed in terms of  
23 actual services received.

24 Third, the manner in which stranded  
25 costs are recovered should not interfere with

1 public policy objectives.

2 And fourth, exemptions from cost  
3 recovery should be considered for certain  
4 customers, and will be the focus of internal  
5 debate during the next week or so.

6 Procedurally the Energy Commission  
7 testimony is due at the CPUC on May 20th. The  
8 reply testimony is due on June 3rd. We understand  
9 that staff will develop an issue intervention memo  
10 for the May 29th business meeting to seek approval  
11 to file reply testimony.

12 You have heard what staff has presented  
13 to us today. Mr. Boyd and I are in concurrence on  
14 what I have just put on the record.

15 COMMISSIONER LAURIE: Mr. Chairman, if I  
16 may.

17 CHAIRMAN KEESE: Commissioner Laurie.

18 COMMISSIONER LAURIE: When you make  
19 reference to Commissioner Boyd and yourself,  
20 you're referring to your membership on the  
21 Electricity Committee, which it is proposed will  
22 take the lead on this item, is that understanding  
23 correct?

24 CHAIRMAN KEESE: That's correct.

25 COMMISSIONER LAURIE: And I support

1 that, Mr. Chairman.

2 Mr. Chairman, I would move approval for  
3 participation as requested. I concur with your  
4 comments. You know that the Siting Committee is  
5 working on a distributed generation strategic plan  
6 which we'll bring back to you for full  
7 consideration in June.

8 And we would hope that we would move in  
9 a common manner and with a consensus on these  
10 issues, which requires input on the PUC rulemaking  
11 at this time.

12 Accordingly, I so move as noted, Mr.  
13 Chairman.

14 CHAIRMAN KEESE: Motion by Commissioner  
15 Laurie.

16 COMMISSIONER BOYD: Second.

17 CHAIRMAN KEESE: Second by Commissioner  
18 Boyd.

19 COMMISSIONER LAURIE: And the motion  
20 should include having the Electricity Committee  
21 act as lead on these comments.

22 CHAIRMAN KEESE: Thank you.

23 COMMISSIONER BOYD: Concur.

24 CHAIRMAN KEESE: Concurred.

25 All in favor?

1 (Ayes.)

2 CHAIRMAN KEESE: Opposed? Adopted four  
3 to nothing. And, Commissioner Laurie, recognizing  
4 your yeoman's work on the distributed generation  
5 project, we certainly will rely on the completion  
6 of that project. It's been a long arduous task,  
7 and I --

8 COMMISSIONER LAURIE: I understand.

9 CHAIRMAN KEESE: -- it's not over yet,  
10 but --

11 COMMISSIONER LAURIE: No, it's a great  
12 important issue, Mr. Chairman, and I appreciate  
13 everybody's participation.

14 CHAIRMAN KEESE: Thank you.

15 Item 3, Three Mountain Power Plant.  
16 Possible approval of petition to amend various air  
17 quality conditions of certification. The  
18 modification will clarify the emission measurement  
19 testing method for PM10 and revised SO2 emission  
20 limits.

21 Good morning.

22 MS. BRUINS: Good morning,  
23 Commissioners. My name is Connie Bruins; I'm the  
24 Compliance Project Manager for the Three Mountain  
25 Power Plant project.

1           The Three Mountain Power Plant project  
2           is a 500 megawatt facility located in Shasta  
3           County, specifically in Burney, just outside of  
4           Redding, California.

5           It is owned by Covanta Energy  
6           Corporation. They're headquartered in Fairfield,  
7           New Jersey. And the facility was licensed in May  
8           of 2001.

9           Their construction, which was supposed  
10          to begin last summer has been delayed to the  
11          spring of 2003, and their online date has also  
12          been postponed to some time in 2005.

13          Three Mountain Power Covanta Energy  
14          filed for a voluntary chapter 11 reorganization on  
15          April 1st, but they have assured the Commission  
16          that the reorganization will allow them to  
17          continue the development of the Three Mountain  
18          project.

19          They have requested the amendment that  
20          is before you today, which was submitted in  
21          December of 2001, to do three things, all of which  
22          are related to air quality conditions.

23          Number one, they want to change the  
24          sulfur content limit of the natural gas fuel  
25          source. They want to revise the SO2 emission

1 limits that were miscalculated in the District's  
2 DOC. And then correct some minor typographical  
3 errors.

4 This has been a public process from the  
5 beginning. The notice of receipt was mailed to  
6 the mailing list associated with the siting  
7 process in January. Staff's analysis was mailed  
8 and posted on the Commission's webpage on March  
9 1st. It was approved by the Siting Committee on  
10 April 15th.

11 Throughout this process I've been in  
12 direct contact with the Burney Resource Group who  
13 was an intervenor during the siting case process.  
14 They have expressed some concerns, all of which  
15 have been addressed by Tuan's analysis. Tuan is  
16 the air quality specialist who drafted the  
17 analysis.

18 Or one other final question will be  
19 handled today by Pat Holley who is in attendance.  
20 He is the Compliance Manager at Three Mountain  
21 Power.

22 As far as the findings go, the Shasta  
23 County Air District has already approved these  
24 modifications and will make adjustments to their  
25 permit to operate if you approve this amendment

1 request today.

2 The continued operation of the project,  
3 after it becomes operational, as amended, will not  
4 cause any additional or new significant  
5 environmental impacts. The commission meets all  
6 the criteria of section 1769. And staff  
7 recommends approval of the amendment petition.

8 CHAIRMAN KEESE: Thank you. Mr. Holley.

9 MR. HOLLEY: Good morning. My name is  
10 Pat Holley. I'm the Compliance Manager for  
11 Covanta Energy, Three Mountain Power. I'm a  
12 registered environmental assessor in the State of  
13 California. And also joining me today is Danielle  
14 Tinman, our Director of Policy and Communication  
15 for Covanta Energy.

16 We are here today representing our  
17 company's petition for amendment of the conditions  
18 of certification of the Commission decision on  
19 Three Mountain Power.

20 I have carefully reviewed all the  
21 modifications sought in the petition for  
22 amendment, and have worked closely with the CEC  
23 Staff, the Shasta County Air Quality Management  
24 District, and our staff at TMP to insure that the  
25 modifications are both necessary and technically

1 correct.

2 We believe that the modifications, as  
3 proposed, are in the interests of the Commission,  
4 the public interest that you serve, and the Three  
5 Mountain Power project.

6 A couple of brief responses to some  
7 questions that were raised by the Burney Resources  
8 Group. One was why can't we leave sulfur content  
9 level at 0.4 grains per 100 standard cubic feet.

10 Well, TMP is not seeking to increase the  
11 sulfur content of the natural gas that we will  
12 purchase. TMP only seeks to have a limit stated  
13 in our permit which is consistent with natural gas  
14 available on the market.

15 Natural gas supplied to northern  
16 California as specified by PG&E gas supplier  
17 contracts is not to exceed 1 grain per 100  
18 standard cubic feet. The sulfur in gas content  
19 varies somewhat, but is the same today as it was  
20 before our permit was issued. And will stay the  
21 same likely in the future.

22 TMP cannot specify a sulfur limit lower  
23 than the marketplace as established by regulation  
24 and gas supplier contracts.

25 An additional question that Ms. Bruins

1 referred to was posed by Burney Resources Group.  
2 The question is additional -- well, it's stated as  
3 a statement: Additional wood stoves only mitigate  
4 winter months.

5 We re-calculated the SO2 emissions and  
6 found that they were incorrect in the final  
7 determination of compliance. That has nothing to  
8 do with the change in the sulfur in gas content.  
9 The assumptions remain the same.

10 When we re-did the calculations in  
11 concert with the CEC Air Quality Staff, 0.4 was  
12 the assumed level. So even in our petition we are  
13 still assuming the 0.4 grains of sulfur. But we  
14 had to correct the calculation, and it did result  
15 in some calculated increase in emissions of SO2.  
16 Approximately seven tons per year.

17 The replacement of one wood stove  
18 reduces PM10 emissions by 197 pounds. We proposed  
19 early on in the process ten additional wood  
20 stoves. Well, that gives us a total mitigation of  
21 1970 pounds, or approximately one ton.

22 The air quality staff, in their review,  
23 determined that we only needed to mitigate 350  
24 pounds, which represented the winter months in  
25 Burney. So, with our proposed mitigation of ten

1 additional wood stoves, we are far in excess of  
2 the amount required to be mitigated.

3 And additionally, since the project is  
4 delayed in construction, the mitigation effects  
5 will be felt for a period of two and a half years  
6 prior to even beginning construction. So, we're  
7 offering the Burney Basin offsets even prior to  
8 our beginning the construction on the main  
9 project.

10 That's all of my comments.

11 CHAIRMAN KEESE: Thank you. Do we have  
12 a recommendation of staff to accept this  
13 modification?

14 MS. BRUINS: Yes, you do.

15 CHAIRMAN KEESE: Do I have a motion?

16 COMMISSIONER LAURIE: Mr. Chairman, if I  
17 may, the Siting Committee has reviewed the  
18 proposed amendment. The Siting Committee concurs  
19 with staff recommendation. And accordingly, I  
20 offer a motion to approve the amendment based upon  
21 findings a, b, c and d, as contained in the staff  
22 report.

23 CHAIRMAN KEESE: Motion, Commissioner  
24 Laurie.

25 COMMISSIONER ROSENFELD: Second.

1 CHAIRMAN KEESE: Second by Commissioner  
2 Rosenfeld.

3 All in favor?

4 (Ayes.)

5 CHAIRMAN KEESE: Opposed? Adopted four  
6 to nothing. Thank you.

7 COMMISSIONER LAURIE: Mr. Chairman,  
8 before we take the next item, we should note that  
9 we have a guest upon the dais with us this  
10 morning. Would you like to make that  
11 introduction, or --

12 CHAIRMAN KEESE: I briefly did at the  
13 front end. Margaret Kim --

14 COMMISSIONER LAURIE: I'm sorry.

15 CHAIRMAN KEESE: -- has joined us,  
16 representing the Secretary's Office.

17 COMMISSIONER LAURIE: Great. Sorry.

18 CHAIRMAN KEESE: Thank you. Item 4,  
19 City of Vernon-Malburg Generating Station Project.  
20 Commission consideration of the Executive  
21 Director's data adequacy recommendation for the  
22 City of Vernon-Malburg Generating Station project  
23 application for certification. The applicant is  
24 requesting a six-month process.

25 MR. PFANNER: Good morning, Chairman

1 Keese and Commissioners. My name is Bill Pfanner,  
2 and I'm the Project Manager on behalf of the  
3 Energy Commission for the City of Vernon-Malburg  
4 Generating Station, dockets number 01-AFC-25.

5 Arlene Ichien is here today sitting in  
6 for Dave Abelson, who is staff legal counsel.

7 The Malburg Generating Station project  
8 is a proposed 134 megawatt combined cycle power  
9 plant located on approximately 3.4 acres of the  
10 existing City of Vernon Station A Power Generating  
11 Facility. This site has been, in effect, a power  
12 station since 1933.

13 The City of Vernon is comprised  
14 predominately of industrial development with  
15 approximately 55,000 employees and less than 100  
16 residents.

17 The applicant, the City of Vernon,  
18 submitted their AFC on December 21st, and  
19 requested the Energy Commission review their  
20 application under the provisions of the six-month  
21 certification process.

22 At the January 16th business meeting the  
23 AFC was found to be incomplete, and a list of the  
24 deficiencies based on the Executive Director's  
25 recommendation was adopted by the Commission.

1           Staff has been working with the  
2           applicant over the past four months, and with the  
3           submittal of all the requested supplemental  
4           information has found the AFC to be complete for  
5           both the 12-month and the six-month process.

6           Staff is therefore recommending that the  
7           Commission accept the AFC as complete. And that  
8           the application be processed under the six-month  
9           regulatory process. I'd be happy to answer any  
10          questions of the Commissioners at this time.

11          COMMISSIONER LAURIE: Question, Mr.  
12          Chairman.

13          CHAIRMAN KEESE: Commissioner Laurie.

14          COMMISSIONER LAURIE: Mr. Executive  
15          Director, our rules indicate that the  
16          recommendation is to come from you. Do you concur  
17          with staff's recommendation?

18          MR. LARSON: I do.

19          COMMISSIONER LAURIE: Mr. Chairman, I  
20          have no additional questions. I'm prepared and I  
21          desire to move staff -- strike that -- move the  
22          Executive Director's recommendation.

23          CHAIRMAN KEESE: We have a motion by  
24          Commissioner Laurie.

25          COMMISSIONER ROSENFELD: Second.

1                   CHAIRMAN KEESE:  Second by Commissioner  
2   Rosenfeld.

3                   All in favor?

4                   (Ayes.)

5                   CHAIRMAN KEESE:  Opposed?  Adopted four  
6   to nothing.

7                   We'll take up item 5, City of Vernon-  
8   Malburg Generating Station.  Possible approval of  
9   Committee.

10                  I would entertain a motion that  
11   Commissioner Boyd be lead, and Commissioner  
12   Pernell be second.

13                  COMMISSIONER LAURIE:  So moved.

14                  CHAIRMAN KEESE:  Motion by Commissioner  
15   Laurie.

16                  (Laughter.)

17                  COMMISSIONER ROSENFELD:  Second.

18                  CHAIRMAN KEESE:  Second by Commissioner  
19   Rosenfeld.

20                  All in favor?

21                  (Ayes.)

22                  CHAIRMAN KEESE:  Approved four to  
23   nothing.  Comment by the City?  You're not  
24   obligated if --

25                  MR. PFANNER:  Thank you.

1           CHAIRMAN KEESE: Thank you. Good luck.  
2           Blythe Energy, items 6 and 7; this item  
3 has been pulled from the agenda.

4           Item 8, Innovations Small Grant Program.  
5 Possible approval of 12 grant projects totaling  
6 \$892,052 under the Public Interest Energy Research  
7 program funding.

8           MR. MISEMER: Good morning; my name is  
9 Philip Misemer and I work in the Energy Technology  
10 Systems Division and manage the Energy Innovations  
11 Small Grant Program.

12           Chairman Keese, Commissioners, I am  
13 pleased to bring the tenth funding recommendation  
14 grant program to you for consideration.

15           The grant program was started with the  
16 recognition that establishing the feasibility of  
17 energy research concepts is often the critical  
18 starting point on the path to commercialization.  
19 The grant program provides funding to groups that  
20 are impacted by the costs associated with  
21 responding to the PIER solicitations for research  
22 contract funding.

23           Given these facts, the Research  
24 Development and Demonstration Committee directed  
25 staff to implement a grant program that would

1 provide funding to small businesses, individuals,  
2 academics and nonprofit organizations to establish  
3 the feasibility of R&D concepts relating to the  
4 Public Interest Energy Research program.

5 Round ten was opened on October 5, 2001,  
6 with proposals due on November 16, 2001. One  
7 hundred and seventeen grant applications were  
8 received. That, by the way, is the highest number  
9 we've ever seen come into the grant program. And  
10 12 are being recommended for funding.

11 Since March of 1998 over 400 grant  
12 applications have been evaluated, and 83 grant  
13 awards have been made.

14 The grant projects before you represent  
15 concept feasibility R&D from three small  
16 businesses, two individuals -- excuse me, nine  
17 small businesses, two individuals and one academic  
18 institution for technologies that include biomass-  
19 to-energy, real-time metering and supermarket  
20 refrigeration efficiency.

21 All are worthy projects that the staff  
22 recommends for funding. May I answer any  
23 questions?

24 CHAIRMAN KEESE: No, I think -- I have  
25 no questions. It's a good presentation.

1                   COMMISSIONER ROSENFELD: The Committee  
2 was pleased with these recommendations, so I so  
3 move.

4                   COMMISSIONER LAURIE: Second.

5                   CHAIRMAN KEESE: Motion by Commissioner  
6 Rosenfeld; second by Commissioner Laurie. Any  
7 further comments?

8                   COMMISSIONER BOYD: I'd just like to say  
9 I got a thorough briefing from the staff on these  
10 items, and I'm very impressed and prepared to  
11 vote.

12                   CHAIRMAN KEESE: All in favor?

13                   (Ayes.)

14                   CHAIRMAN KEESE: Opposed? Adopted four  
15 to nothing. Thank you.

16                   MR. MISEMER: Thank you.

17                   CHAIRMAN KEESE: Item 9, Inter-Con  
18 Security Systems. Possible approval of contract  
19 200-01-00 for, I'll note the change, \$53,000 to  
20 provide for the services of the security officers  
21 for this building.

22                   Do I have a motion?

23                   COMMISSIONER ROSENFELD: So moved.

24                   COMMISSIONER LAURIE: Second.

25                   CHAIRMAN KEESE: Motion by Commissioner

1 Rosenfeld; second by Commissioner Laurie.

2 All in favor?

3 (Ayes.)

4 CHAIRMAN KEESE: Opposed? Adopted four  
5 to nothing. Thank you.

6 Item 10, California Air Resources Board.  
7 Possible approval of contract 500-01-031 for  
8 \$500,000 to develop a less costly portable ambient  
9 air monitoring that can be used to better evaluate  
10 background air pollution of proposed power plant  
11 sites and indoor air.

12 COMMISSIONER BOYD: So moved, Mr.  
13 Chairman.

14 COMMISSIONER ROSENFELD: Second.

15 CHAIRMAN KEESE: We have a motion by  
16 Commissioner Boyd; second by Commissioner  
17 Rosenfeld. Any further conversation?

18 All in favor?

19 (Ayes.)

20 CHAIRMAN KEESE: Opposed? Adopted four  
21 to nothing. Thank you, great presentation.

22 (Laughter.)

23 CHAIRMAN KEESE: Item 11, The Regents of  
24 the University of California, Santa Cruz.  
25 Possible approval of contract 500-01-032 for

1       \$1,000,484 to reduce avian fatalities and  
2       electrical outages caused by avian electrocution  
3       and collisions with power structures.

4               MS. SPIEGEL: Good morning. This is an  
5       interagency agreement with the University of  
6       California and more specifically the Predatory  
7       Bird Research Group, which is affiliated with the  
8       UC Santa Cruz.

9               The purpose is to have them administer  
10       the avian transmission system monitoring program,  
11       which is a program to conduct research that  
12       supports the development and application of  
13       methods and technologies for reducing negative  
14       impacts to birds from utility structures,  
15       specifically from electrocution and collisions.

16               The program will be administered in the  
17       form of several contracts including sole source,  
18       solicitations and graduate research assistants.  
19       And we anticipate most of the sole source being  
20       with the utilities and APLIC, which is the Avian  
21       Power Line Interaction Committee.

22               CHAIRMAN KEESE: When you say electrical  
23       power structures, you mean towers, wires? Do you  
24       get into windmills?

25               MS. SPIEGEL: No, this is not for

1 windmills. This is mainly collisions with  
2 transmission lines --

3 CHAIRMAN KEESE: Transmission power  
4 structures.

5 MS. SPIEGEL: -- and electrocutions with  
6 poles.

7 CHAIRMAN KEESE: Thank you.

8 COMMISSIONER ROSENFELD: I so move.

9 CHAIRMAN KEESE: Motion by Commissioner  
10 Rosenfeld.

11 COMMISSIONER LAURIE: Second.

12 CHAIRMAN KEESE: Second by Commissioner  
13 Laurie.

14 All in favor?

15 (Ayes.)

16 CHAIRMAN KEESE: Opposed? Adopted four  
17 to nothing. Thank you.

18 Item 12, Catalytica Energy Systems, Inc.  
19 Possible approval of contract 500-01-030 for  
20 \$2,997,986 to develop the catalytic combustion  
21 system for achieving ultra-low emission in small  
22 multi-combustor gas turbines.

23 Good morning.

24 MR. BEYER: Good morning, Commissioners.

25 I'm John Beyer; I'm the Commission Contract

1 Manager on this project.

2 This was one of a group of nine projects  
3 approved for funding within the EPAG Group,  
4 environmentally preferred advanced generation, as  
5 a result of a solicitation released on April 4th  
6 of last year. The NOPA was released on September  
7 10th. So this is a group of nine, one of the  
8 group of nine.

9 The interest here is development of  
10 catalytic systems, catalytic combustors and gas  
11 turbines to reduce NOx emissions below 2.5 ppm.  
12 Catalytica, the company here, has received prior  
13 Commission money in the PIER program to develop  
14 these combustors. And they have done so  
15 successfully for single combustor turbines.

16 This is a proposal to continue to  
17 develop this technology for multi-combustor  
18 turbines, so that the benefits of these low  
19 emissions can be brought to a wider spectrum of  
20 gas turbines.

21 CHAIRMAN KEESE: Thank you.

22 COMMISSIONER BOYD: Question of staff,  
23 Mr. Chairman.

24 CHAIRMAN KEESE: Mr. Boyd.

25 COMMISSIONER BOYD: This makes reference

1 to small combustors and multi-combustors, at that.  
2 To what degree -- what's the definition of small,  
3 for one? And the second half of the equation is  
4 to what degree is it staff's feeling that some of  
5 this can be extrapolated up to larger turbines?

6 MR. BEYER: Our working definition of  
7 small within the EPAG Group is less than 20  
8 megawatts. We feel that this is not a formal  
9 industry-wide definition, it's just a working  
10 number we use. We feel that these are very  
11 appropriate for distributed generation  
12 applications.

13 The fact remains this technology can be  
14 applied to larger industrial turbines, as well.

15 COMMISSIONER BOYD: Thank you.

16 CHAIRMAN KEESE: Thank you. Do I have a  
17 motion?

18 COMMISSIONER ROSENFELD: I so move.

19 CHAIRMAN KEESE: Motion, Commissioner  
20 Rosenfeld.

21 COMMISSIONER BOYD: Second.

22 CHAIRMAN KEESE: Second, Commissioner  
23 Boyd.

24 All in favor?

25 (Ayes.)

1           CHAIRMAN KEESE: Opposed? Four to  
2 nothing, and good luck.

3           MR. BEYER: Thank you.

4           CHAIRMAN KEESE: Item 13, Collaborative  
5 for High Performance Schools. Two: item a,  
6 Division of the State Architect. Possible  
7 approval of contract 400-01-031 to receive \$60,000  
8 to expand by six the number of Energy Commission  
9 planned design workshops conducted on the Best  
10 Practices Manual.

11           And item b, Collaborative for High  
12 Performance Schools. Possible approval of  
13 contract 400-01-032 for \$60,000 to conduct at  
14 least six design workshops on the Best Practices  
15 Manual.

16           Looks like a pass-through.

17           MS. SHIRAKH: Good morning.

18           CHAIRMAN KEESE: Good morning.

19           MS. SHIRAKH: My name's Elizabeth  
20 Shirakh, and I work with the Energy Efficiency  
21 Division.

22           And today for your consideration I have  
23 two related items. The first is to accept an  
24 interagency agreement from the Division of the  
25 State Architect for \$60,000 to conduct workshops

1 on the collaborative for high performance schools  
2 best practice manual.

3 And the second is a proposed contract  
4 for \$60,000 with the collaborative for high  
5 performance schools organization, also known as  
6 CHPS. This contract will enable the CHPS  
7 organization to offer a series of design workshops  
8 conducted on the CHPS best practice manual.

9 This training is a continuation of  
10 ongoing efforts to reach all schools construction  
11 decision-makers in the public and private sectors.

12 The purpose of the contract would expand  
13 training opportunities based on the best practices  
14 manual. Approval of this contract will allow at  
15 least six additional training courses to reach  
16 approximately 300 additional decision-makers,  
17 including the Division of State Architect Staff.

18 The State Architect has asked for  
19 training on high performance school concepts for  
20 all his staff and consultants under contract to  
21 his office.

22 In summary, these training courses will  
23 be extremely helpful in steering the next  
24 generation of school construction towards a more  
25 energy efficient design. And building high

1 performance schools will result in long-term  
2 energy efficiency and peak load reduction in K  
3 through 12 schools; and fundamentally change for  
4 the better the construction practices of this  
5 large energy consuming sector.

6 This item was approved by our Committee  
7 on May 1st, and this concludes my presentation.

8 CHAIRMAN KEESE: Thank you. And I will  
9 just comment that this is an area in which  
10 different members of the Commission over the last  
11 five years have been working very diligently. and  
12 it is wonderful to see breakthroughs like this.

13 COMMISSIONER ROSENFELD: So I so move.

14 CHAIRMAN KEESE: Motion, Commissioner  
15 Rosenfeld.

16 COMMISSIONER BOYD: Second.

17 CHAIRMAN KEESE: Second, Commissioner  
18 Boyd.

19 All in favor?

20 (Ayes.)

21 CHAIRMAN KEESE: Opposed? Adopted four  
22 to nothing.

23 MS. SHIRAKH: Thank you.

24 CHAIRMAN KEESE: Item 14, Advanced  
25 Technology and Efficient Gasoline Fuel Vehicle

1 Incentive Program. My notes indicate that this  
2 item is off until May 29th.

3 Item 15. In honor of Commissioner  
4 Moore's attendance here by phone, we have the  
5 minutes of February 27, March 5, March 20, April  
6 3, April 17, which brings us up to date.

7 COMMISSIONER ROSENFELD: Wow.

8 CHAIRMAN KEESE: We are now current.  
9 So, if somebody wants to let Commissioner Moore  
10 know that during his appearance we got there.

11 Do I have a motion?

12 COMMISSIONER ROSENFELD: So moved.

13 CHAIRMAN KEESE: Motion by Commissioner  
14 Rosenfeld.

15 COMMISSIONER BOYD: Second.

16 CHAIRMAN KEESE: Second by Commissioner  
17 Boyd.

18 COMMISSIONER BOYD: Having actually read  
19 them all.

20 CHAIRMAN KEESE: Having actually read  
21 them.

22 All in favor?

23 (Ayes.)

24 CHAIRMAN KEESE: Opposed? Adopted four  
25 to nothing.

1                   Item 16, Commission Committee and  
2           Oversight. Do we have anything to be brought  
3           before us?

4                   COMMISSIONER LAURIE: Just a note from  
5           the Siting Committee, Mr. Chairman. The draft  
6           strategic plan on distributed generation is now a  
7           public document. It's been submitted for public  
8           review. We expect to receive comments, make  
9           appropriate revisions, and bring the item to the  
10          Commission for your consideration on or about June  
11          12th.

12                  CHAIRMAN KEESE: Thank you.  
13                  Chief Counsel's report.

14                  MR. CHAMBERLAIN: Yes, Mr. Chairman. We  
15          will need a closed session to discuss the items  
16          that you mentioned at the beginning of the  
17          meeting.

18                  CHAIRMAN KEESE: Thank you.  
19                  We will, at the end of this meeting, go  
20          into executive session in my office.

21                  Executive Director's report.

22                  MR. LARSON: None at this time.

23                  CHAIRMAN KEESE: Public Adviser's  
24          report.

25                  MS. BOS: None at this time.

1           CHAIRMAN KEESE: Thank you. Any public  
2 comment?

3           Hearing none, this meeting is adjourned,  
4 subject to us going into executive session.

5           COMMISSIONER LAURIE: I'm sorry, Mr.  
6 Chairman, I thought we had an afternoon  
7 discussions.

8           CHAIRMAN KEESE: I'm sorry, thank you  
9 for that. We were moving too fast.

10          MR. LARSON: That's true.

11          CHAIRMAN KEESE: We are closing this  
12 meeting. We will go into executive session.  
13 After executive session?

14          MR. LARSON: Yes.

15          CHAIRMAN KEESE: We will meet in the  
16 third floor conference room?

17          MR. LARSON: Right.

18          CHAIRMAN KEESE: For a presentation by  
19 staff to the Commission, which is an open public  
20 forum in which no action will be taken.

21          MR. LARSON: Correct.

22          CHAIRMAN KEESE: After that meeting this  
23 meeting will be adjourned.

24          Thank you.

25          (Whereupon, at 10:56 a.m., the meeting  
26 was adjourned into executive session.)

## CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of May, 2002.

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