

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, APRIL 21, 2004
10:04 A.M.

Reported by:
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COMMISSIONERS PRESENT

William J. Keese, Chairman

James D. Boyd

John L. Geesman

STAFF PRESENT

Robert Therkelsen, Executive Director

Arlene Ichien, Assistant Chief Counsel

Song Her, Alternate Secretariat

Terry O'Brien

Roger Johnson

Bob Eller

Bill Pfanner

Dick Ratliff

Elizabeth Shirakh

Tim Tutt

Gabriel Herrera

Jerry Wiens

Martha Brook

Guido Franco

Mike Magaletti

Allan Ward

Mark Rawson

PUBLIC ADVISER

Margret Kim

ALSO PRESENT

Michael Boyd
Californians for Renewable Energy (teleconference)

Jeanne M. Sol,, Deputy City Attorney
City and County of San Francisco

Marie Harrison

Karl Krupp
GreenAction

Roby Roberts, Manager
PPM Energy, ScottishPower Company

Mark J. Skowronski
Solargenix Energy, formerly Duke Solar Energy

Stephen Schwika
Motion Dynamics Group (teleconference)

Ramona Gonzalez, Associate Civil Engineer
East Bay Municipal Utility District

Jane Painter
Save Medicine Lake Coalition (teleconference)

Peggy Risch
Mt. Shasta Bioregional Ecology Center
(teleconference)

Manuel Alvarez
Southern California Edison Company

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P R O C E E D I N G S

10:04 a.m.

CHAIRMAN KEESE: I'll call this meeting of the Energy Commission to order. And we'll recite the Pledge.

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

CHAIRMAN KEESE: Good morning. Commissioner Rosenfeld is out this week. Mr. Therkelsen.

MR. THERKELSEN: Good morning, Commissioners. Mr. Chairman, I was wondering if we could take a brief moment for an administrative activity. We have some folks that have worked for the Commission for about 150 years --

(Laughter.)

MR. THERKELSEN: Maybe that's cumulative time, I don't know, but Mr. O'Brien has a brief comment if we may?

CHAIRMAN KEESE: Yes, we will. That would be just fine. We'll take a moment of special order for Mr. O'Brien.

MR. O'BRIEN: Thank you very much, Mr. Chairman and Commissioners. I have the distinct pleasure this morning to present 25-year service

1 awards to two outstanding Energy Commission
2 employees, Roger Johnson and Bob Eller, who
3 fortunately for us have spent most of their 25
4 years in state service at our Commission.

5 Twenty-five years is a really long time.
6 And to put that in perspective, if you go back to
7 when Roger and Bob started working for the state,
8 Rutherford Hayes was President --

9 (Laughter.)

10 MR. THERKELSEN: -- and Hiram Johnson
11 was California's Governor. So, you're talking
12 about a lot of history.

13 Starting with Bob Eller, Bob began
14 working for the state while in college as a key
15 data operator at the Franchise Tax Board. And I
16 don't even think the equipment he used still
17 exists. Bob came to the Commission in 1979 as a
18 student assistant. And after a brief stop at the
19 ARB, he returned to the Commission and worked in
20 the conservation division on residential retrofit
21 and conservation tax credit programs.

22 He joined the siting division as a
23 regulatory project manager in 1986 during the
24 first peak workload surge in siting cases. And in
25 1995 he went to work for the Biennial Report

1 Committee. And shortly thereafter became an
2 Adviser to Commissioner David Rohy. Bob returned
3 to the systems assessment and facilities siting
4 division in 2000 just in time to do yeoman's
5 service as a project manager during the second
6 major inundation of siting cases prompted by the
7 energy crisis.

8 Just surviving the experience of those
9 three years when the Commission approved 46
10 projects totaling over 18,500 megawatts, is a
11 major accomplishing and deserving of an award.

12 So, Bob, I'm pleased, on behalf of the
13 Commission, to congratulate you on your
14 contributions to the success of the Energy
15 Commission's programs and present you with your
16 25-year service award, and give you an opportunity
17 to make any comments regarding this milestone.

18 (Laughter.)

19 MR. ELLER: Thank you, Terry.

20 MR. O'BRIEN: You're welcome.

21 (Applause.)

22 MR. ELLER: I'll make this brief and
23 save the long speech for my retirement, which is
24 sometime in the future here.

25 Terry said I came when Rutherford Hayes,

1 I believe, was President. I would note that Terry
2 was working here, as well, when I came as a full-
3 time employee.

4 (Laughter.)

5 MR. ELLER: These kind of events tend to
6 make you reflect on your life. And this morning I
7 was reflecting on how a small item can change your
8 life. And one day I walked into the environmental
9 studies department at Sac State, found a notice
10 for an environmental assistant at the Energy
11 Commission.

12 And what I found were a group of people
13 doing interesting and important work, and I still
14 find that today. And I'm happy to continue doing
15 so.

16 Thank you very much.

17 (Applause.)

18 CHAIRMAN KEESE: Thank you.

19 MR. O'BRIEN: Roger Johnson began work
20 for the State of California as a seasonal aide for
21 the California Department of Fish and Game in
22 1973. And from there he moved to the Energy
23 Commission as a student assistant. And I would
24 note that Roger's son, Daniel, worked for the
25 Energy Commission as a student assistant last

1 summer. So we have a family tradition that's been
2 established.

3 From student assistant Roger became an
4 energy analyst in the synthetic fuels office in
5 the development division. And this experience
6 prompted him to return to Fish and Game --

7 (Laughter.)

8 MR. O'BRIEN: -- as a water quality and
9 fisheries biologist. However, Roger returned to
10 the fold in 1985 as a siting office regulatory
11 project manager. And he also worked on the surge
12 of siting cases in the mid 1980s, including the
13 now infamous Bay Area Resource Recovery Facility
14 project, more commonly referred to as the BARF
15 project.

16 (Laughter.)

17 MR. O'BRIEN: Roger became a supervisor
18 in the environmental office in the early 1990s,
19 the regulatory program manager in the late 1990s,
20 and the siting office manager in the new
21 millennium. A few months ago Roger became the
22 environmental office manager.

23 And I don't think it's an exaggeration
24 to say that Roger's skill and knowledge and
25 extremely hard work, including countless hours of

1 unpaid overtime and personal sacrifice, were
2 instrumental in the Energy Commission's ability to
3 successfully process the staggering number of
4 power plant cases that were filed during the
5 energy crisis.

6 So, Roger, I would like to congratulate
7 you and express, on behalf of the Energy
8 Commission, great appreciation for your service to
9 the state and present you with your 25-year
10 service award, and give you an opportunity to make
11 any comments on your accomplishment in achieving
12 this quarter-century milestone.

13 (Applause.)

14 MR. JOHNSON: Just a couple words. It's
15 really true what they say, time flies when you're
16 having fun. This has been a great experience
17 these last 25 years. Most of it has been in the
18 shelter of the siting division.

19 I just want to say there's a great group
20 of people here to work with, and it just makes the
21 job a great thing. Thanks very much.

22 CHAIRMAN KEESE: Thank you, Roger.

23 (Applause.)

24 CHAIRMAN KEESE: Thank you, Mr. O'Brien.

25 Consent calendar, do I have a motion?

1 COMMISSIONER GEESMAN: So moved.

2 CHAIRMAN KEESE: Motion, Commissioner
3 Geesman.

4 COMMISSIONER BOYD: Second.

5 CHAIRMAN KEESE: Second, Commissioner
6 Boyd.

7 All in favor?

8 (Ayes.)

9 CHAIRMAN KEESE: Opposed? Adopted three
10 to nothing.

11 Item 2, San Francisco Electric
12 Reliability Project. Commission consideration of
13 the Executive Director's data adequacy
14 recommendation for the San Francisco Electric
15 Reliability Project's application for
16 certification. Good morning.

17 MR. PFANNER: My name's Bill Pfanner;
18 I'm the project manager for the Energy Commission
19 on the San Francisco Electric Reliability Project.
20 We refer to it SFERP. Docket number 04-AFC-1. We
21 have Dick Ratliff here today representing staff's
22 legal counsel for the project.

23 On March 18, 2004, the application was
24 filed with the Energy Commission. This project is
25 to be located in the City of San Francisco on the

1 site of the former PG&E Potrero Power Plant now
2 owned by Mirant Potrero, LLC.

3 SFERP would be a nominal 145 megawatt,
4 simple cycle power plant. The natural gas for the
5 facility would be delivered through a new 250-foot
6 long, 12-inch diameter pipeline. It would be
7 connected with PG&E's San Francisco load center.

8 Water for the facility would be provided
9 through wastewater that would be treated on the
10 SFERP site. A one-mile pipeline would connect the
11 City's wastewater pumping station and the SFERP's
12 onsite treatment facility. And the onsite
13 treatment system would be designed to produce
14 Title 22 quality recycled water.

15 The project will be owned and operated
16 by the City and County of San Francisco. And we
17 have here today representing the applicant, Jeanne
18 Sol, with the San Francisco City Attorney's
19 Office.

20 Staff has reviewed the application and
21 found the AFC to be data adequate in all areas for
22 a 12-month process. Therefore, we are
23 recommending that the application be deemed
24 complete. If you have any questions I would be
25 happy to try to answer them at this time.

1 CHAIRMAN KEESE: Thank you. We don't
2 have anybody on the line for this one? Do we have
3 any questions here?

4 COMMISSIONER BOYD: Mr. Chairman, I'll
5 move adoption of staff recommendation.

6 CHAIRMAN KEESE: Motion, Commissioner
7 Boyd.

8 COMMISSIONER GEESMAN: Second.

9 CHAIRMAN KEESE: Second, Commissioner
10 Geesman.

11 Do we have any public comment? We have
12 Mr. Boyd, Michael Boyd. Mr. Boyd.

13 MR. BOYD: Hello?

14 CHAIRMAN KEESE: You're on, Michael.

15 MR. BOYD: Okay. I just wanted to give
16 you guys some background information about this
17 project.

18 One is that on June 21, 2003, CARE, on
19 behalf of San Francisco Bayview/Hunter's Point
20 members filed an administrative complaint with the
21 Department of Energy's Office of Civil Rights
22 against the City and County of San Francisco. At
23 that time they were proposing to site all four
24 peakers at the airport -- I mean at the Potrero
25 Power Plant site.

1 And as a result several of our
2 Bayview/Hunter's Point members were concerned
3 about the location of that generation in their
4 community which is already disparately impacted by
5 energy generation projects there, existing energy
6 generation projects.

7 And our position is not that we're
8 opposed to the City having the turbines, but we
9 think that should be sited at the airport where
10 the Commission has already approved a permit for a
11 50 megawatt plant there. And had a proposal for
12 a, I think, 450 megawatt combined cycle project
13 there at one time for United Golden Gate. I'm
14 sure Commissioner Keese remembers that.

15 So, our basic position is that we're not
16 against their project, we're just against their
17 site. And --

18 CHAIRMAN KEESE: Michael, Michael?

19 MR. BOYD: -- so we just would like to
20 let you know our concerns up front. And let you
21 know that we'd like to participate as an
22 intervenor in the project.

23 And when you go to the next item where
24 you talk about the Committee selection I'd also
25 like to make a comment then, too, if that's

1 allowed. Thank you.

2 CHAIRMAN KEESE: Thank you. The issue
3 before us today is data adequacy. You're not
4 challenging the data adequacy?

5 MR. BOYD: No, sir, I'm not objecting to
6 your Commission Staff determination that the
7 project is data adequate for analysis.

8 CHAIRMAN KEESE: Thank you. Is this
9 Marie?

10 MS. SOL: This is Jeanne Sol,.

11 CHAIRMAN KEESE: Okay.

12 MS. SOL: I just wanted to briefly
13 introduce --

14 CHAIRMAN KEESE: And your representation
15 is?

16 MS. SOL: Yes. This is Jean Sol,; I am
17 here for the City and County of San Francisco. I
18 work with the City Attorney's Office.

19 CHAIRMAN KEESE: Thank you.

20 MS. SOL: And I just wanted to give a
21 brief introduction. I wanted to thank you for the
22 opportunity to address you today. I wanted to
23 specifically thank the staff for a tremendous
24 effort in reviewing our application very promptly.
25 Timing is a big concern for the City for this

1 project.

2 We recognize that the onus is on us to
3 work, you know, as openly and forthcomingly with
4 the CEC and with the intervenors to make a timely
5 process possible. And we recognize, as well, that
6 it has to be a completely thorough and
7 comprehensive process.

8 Quickly, our objectives for this project
9 are to provide for the closure of existing dirty
10 and unreliable in-City generation. Closure of the
11 Hunter's Point Power Plant has been a City
12 objective since 1998. That's our first order of
13 business.

14 Once that plant is closed down, and as
15 additional transmission and efficiency and
16 renewables, which we also intend to pursue
17 aggressively, come into place we'll be looking at
18 replacing some of the Potrero plants.

19 It's our understanding that with eight
20 transmission projects that are already in place,
21 three CTs at the proposed location will provide
22 for closure of the Hunter's Point Power Plant.
23 The ISO testified to this effect at a hearing last
24 month held by Supervisor Maxwell.

25 And we just want to stress that we

1 recognize that because of space, zoning and
2 utility hookup issues, the location of the SFERP
3 is in a neighborhood that has a disproportionate
4 share of power generation and industrial
5 facilities. And so we're committed to making this
6 project a net gain for that community. We're
7 seeking local offsets for the NOx and POC
8 emissions, and we're going to engage in the next
9 couple of months in an intensive effort working
10 with the community to develop a PM10 mitigation
11 and community benefits package.

12 So, we realize that this is the
13 beginning, and we're looking forward to working
14 with you and the community on a thorough
15 environmental investigation.

16 CHAIRMAN KEESE: Thank you. Any
17 questions? Thank you.

18 Marie Harrison.

19 MS. HARRISON: Good morning. As you
20 stated, my name is Marie Harrison from Bayview/
21 Hunter's Point, representing several individual
22 homeowners, as well as public housing residents
23 who live less than 50 feet from the power plant of
24 PG&E, and a little less than three miles from the
25 intended site for the City's siting of the three

1 CTs that they want to site.

2 And one of the major concerns, and if
3 you were at that hearing that you spoke about, was
4 that the ISO never clearly defined their closing
5 of the existing power plants. That has been, and
6 still remains, a major concern. Has not fully
7 been addressed.

8 The City's plan, while we do not oppose
9 it in its written form, we do, however, oppose it
10 in the fact that it does not close anything. In
11 their view, from my understanding, their hands are
12 tied until the ISO says that they can shut down
13 Bayview/Hunter's Point.

14 Every time the ISO has given criteria to
15 shut this plant down, the margins -- moves. Okay.
16 It's been taking wings of its own and growing legs
17 and just walking around. It seems to keep moving
18 around. We have nothing that says that once these
19 CTs are sited the rest of this outdated polluting
20 equipment is going to go.

21 What we are facing and what we are
22 looking at, and what we've been asking for
23 repeatedly is information, data that we can go
24 through and educate my community on. And that's
25 my job. And I haven't been satisfied with the

1 information that we've been getting.

2 So, as far as the data that the City has
3 presented to you, it's fine, what's written. We
4 don't have the guarantees in place; we don't have
5 the information that shows that the ISO's hands
6 are tied. They cannot, once these CTs are sited,
7 Bayview/Hunter's Point goes away. Once the CTs
8 start to run unit 3, then power's down and it's
9 gone.

10 This is what we're looking for and we
11 don't see it in what the City presented; in what
12 the ISO is saying. And as I said, the ISO is
13 constantly moving their measuring stick, as well
14 as the date for the closure of this plant.

15 I'm going to also request for several of
16 the organizations in Bayview/Hunter's Point that
17 are not here that have asked me to speak for their
18 behalf, that they're allowed additional time to
19 review the City's plan, get the information that
20 we've already requested that we're going to
21 review. They're going to review the City's plan.
22 We're going to come together and put it together
23 and see how best to help the City move this
24 process.

25 CHAIRMAN KEESE: Thank you, Ms.

1 Harrison. And, thank you for letting us know of
2 the concern, which actually all three speakers
3 have indicated, there is concern here. This is
4 step one in our process where our sole
5 determination is whether the application contains
6 enough information to start the process. Our next
7 step will be to appoint a Committee. And then
8 very shortly that Committee will hold an event in
9 the community to hear an explanation of the
10 project and the concerns of the citizenry.

11 So, we appreciate hearing that there's
12 going to be an issue, but we don't deal with the
13 issue here.

14 MS. HARRISON: Well, that's true, but
15 Mr. Keese, at every opportunity I must restate
16 that issue because some kind of way it seems to
17 lose focus when we start to talk about whether we
18 agree or disagree with what's in the book. It
19 doesn't give us the other picture. And what we
20 want is both pictures at the same time.

21 We need to be -- we're very visual
22 folks, so we need to see what's going on on both
23 spectrums here, and what we're not getting. We're
24 getting a very clear visual from one side, and
25 nothing on the other side, you see.

1 What happens if the ISO says, and PG&E,
2 if you know, has already applied for a brand new
3 five-year extension. That technically means that
4 within the next five years they could continue to
5 run and operate that plant irregardless to whether
6 or not the City sites their peakers or not. Okay.

7 We know for a fact that in order for the
8 City to gain any true value from the operation of
9 those peakers, they must run them. So what we're
10 looking at is a potential of unit 3 continuing on,
11 Bayview/Hunter's Point continuing on, and then the
12 City coming online with three additional peakers.

13 That spells absolute total disaster for
14 my community, and for the folks that I represent.
15 We're not seeing anything going away. And every
16 time we get right to that point where we ask,
17 okay, at what point does this go away permanently,
18 it's down, the City doesn't operate anything. If
19 they don't operate anything they don't get the
20 gains that they need to gain. If nothing shuts
21 down we then continue the death rate and the march
22 that we have going.

23 So, we haven't seen that picture. And
24 so at every opportunity, and like I said, the book
25 gives a lot of information; I'm confident that the

1 information is as correct as they could possibly
2 put it together. Unfortunately they're looking at
3 it from their perspective, and not seeing that
4 opposite picture, as well. That's our job to make
5 sure that they see both pictures.

6 CHAIRMAN KEESE: Thank you.

7 MS. HARRISON: Um-hum.

8 CHAIRMAN KEESE: Thank you.

9 COMMISSIONER GEESMAN: Mr. Chairman, if
10 I could say something there.

11 CHAIRMAN KEESE: Commissioner Geesman.

12 COMMISSIONER GEESMAN: If I could say
13 something there. You know a lot more about this
14 situation than I do at this point. But I will
15 tell you --

16 MS. HARRISON: Probably, and that's a
17 sad thing because I'm not supposed to.

18 COMMISSIONER GEESMAN: Well, I don't
19 think --

20 CHAIRMAN KEESE: On the other hand we're
21 judges up here, and we're not supposed to know
22 anything before we get the facts.

23 MS. HARRISON: Okay.

24 COMMISSIONER GEESMAN: But I do know
25 something about this forum and the nature of the

1 permit that we give on particular applications.
2 And I want to make clear from the very outset,
3 because today is my first involvement with this
4 matter at the Energy Commission.

5 I am skeptical of this Commission's
6 ability to do anything other than address the
7 issues raised in this permitting application. And
8 I am skeptical of our ability to influence or
9 order anything having to do with the operation of
10 a plant owned and operated by a completely
11 different company.

12 And I understand that you have quite
13 rightfully determined that it makes sense for you
14 to raise these concerns at every opportunity, and
15 I respect that. But I also believe that your
16 local government is one of the most open local
17 governments in the world, and conducts itself in
18 this type of matter in a very public process. I
19 don't know their ability to influence the
20 operation of two different plants owned and
21 operated by two different entities.

22 But I would suggest to you that you'll
23 probably make your presence known there in City
24 Hall, as well as here.

25 MS. HARRISON: Please believe me that my

1 presence is known throughout San Francisco well.
2 I won't say that it's known good, but it is
3 definitely known. And please, don't disallow
4 yourself the kind of credit and the power that you
5 have in making decisions that these individuals
6 will pay attention to. Elsewise they would have
7 proceeded without coming before you.

8 So, anytime they have to come before you
9 keep in mind that something that you do or you say
10 will take or have some value, will make some
11 decision in their minds. Okay?

12 COMMISSIONER GEESMAN: I'll try to do
13 that.

14 MS. HARRISON: Because we also believe
15 that while PG&E is continually saying that they
16 want to shut this plant down, it offers no real
17 value to them at this particular point, it's a
18 handicap to them. They're saying they want to
19 shut it down, however they're saying that the ISO
20 won't allow them to shut it down.

21 I have this contingency that if it's
22 mine and I don't want to use it anymore, I don't
23 use it anymore. And by the time that I'm finished
24 I'm sure that PG&E's going to see that. Because
25 by myself I'm just one mother, one grandmother and

1 one community activist who is very determined to
2 get something done for my community.

3 But, once my City comes together behind
4 me, and they are slowly but surely getting there,
5 because I don't give up easily, and once you
6 realize the power that you have, as Commissioners,
7 to make the decision to either grant or not grant
8 permits, then everybody comes to the table.

9 When we first brought all these folks
10 together at the table in San Francisco nobody knew
11 who had the final say-so. Everybody assumed that
12 somebody else had the final say-so. So that's
13 part of the learning process.

14 So I want to bring you in on that curve
15 in advance. You do have power. What decisions
16 that you make will make a very definite
17 difference, not only to the individuals who are
18 attempting to permit these plants, but to the
19 people on whom these plants are going to be
20 running in their faces. And to the children that
21 these plants are going to be destroying the lives
22 of.

23 So you have power. There is definite
24 power within each and every one of your hands.
25 And I'm just here to make sure that you use that

1 power properly, that you put people first, that
2 you proceed with the precautionary principle that
3 means that anything that potentially causes harm,
4 that you find a better way before it's installed.

5 CHAIRMAN KEESE: Thank you, Ms.
6 Harrison.

7 Karl Krupp.

8 MR. KRUPP: Good morning; I'm Karl Krupp
9 from GreenAction. I'd like to frame this just
10 slightly differently. It's the same issue, but
11 it's a question of data adequacy that we're
12 talking about here.

13 CHAIRMAN KEESE: Yes, that's the sole
14 question before us here today. Editorials are
15 nice, but that's the question.

16 MR. KRUPP: Well, one of the things that
17 the community is really concerned about is that
18 the application does not address adequately the
19 cumulative impacts of the plant on the community
20 that is basically going to have to be the host for
21 these plants. That's really what we're talking
22 about here.

23 One of the interesting things about the
24 application, for instance, is that they gather air
25 quality information at one point that's very near

1 to the plant, but they ignore the fact that people
2 in Bayview/Hunter's Point, who have tremendous
3 health difficulties, are less than a mile away.
4 And they're not gathering enough air quality
5 information around that site.

6 So this is basically a peninsula, we're
7 talking about San Francisco being 49 square miles.
8 We're talking about Potrero and Bayview/Hunter's
9 Point being communities that are literally on top
10 of each other. And these particulates are going
11 to actually fall over both of those cities.
12 They're going to go out three miles and then
13 they're going to start falling.

14 So what we would like to see is we would
15 like to see more attention being paid in the
16 application to what's going to happen to the
17 communities around Potrero, number one. Because
18 Bayview/Hunter's Point right now, one in four
19 children we estimate has asthma.

20 So, you know, the application for what
21 it addresses seems to be okay, but it's too narrow
22 a focus. And we think the focus has to be widened
23 for you to make a good decision about whether it's
24 a good application or not.

25 Thank you.

1 CHAIRMAN KEESE: Thank you. You raise a
2 valid point. Let me just ask Mr. Pfanner,
3 obviously the point that's been raised is a point
4 that the Committee will consider in the process.
5 Are you -- I gather staff is satisfied that the
6 preliminary filing gets us to the point where the
7 Committee can deal with this issue?

8 MR. PFANNER: That is correct. And the
9 next step would be data requests; at the public
10 workshops we'd be focusing on those specific
11 issues that if we did not feel we had the
12 information to get into the cumulative impacts, it
13 would be a data request item, which I think that
14 that would be the place for it to be addressed.

15 CHAIRMAN KEESE: Thank you. Thank you,
16 Mr. Krupp. I --

17 MR. KRUPP: You know, I --

18 CHAIRMAN KEESE: -- understand your
19 point and, you know, staff doesn't make the final
20 decision on the issues you've just dealt with.
21 Those issues are presented to the Committee.
22 Staff attempts to flesh them out through the data
23 request process that we've got here.

24 So I think you've brought it to our
25 attention; we'll make sure it's covered.

1 MR. KRUPP: Okay, I'm looking forward to
2 that. Thank you.

3 CHAIRMAN KEESE: Thank you. Any other
4 comments? Hearing none, I'd appreciate a motion.

5 COMMISSIONER BOYD: You had a motion.

6 CHAIRMAN KEESE: I'm sorry.

7 MR. ROBERTS: Mr. Chairman, I just got
8 here. Forgive me for --

9 CHAIRMAN KEESE: One more.

10 MR. ROBERTS: One more.

11 CHAIRMAN KEESE: All right, let me
12 just-- and you are?

13 MR. ROBERTS: My name is Roby Roberts.
14 I work for PPM Energy. And I sent -- emailed my
15 comments yesterday, and I have a very few things
16 I'd like to say, if you wouldn't mind.

17 CHAIRMAN KEESE: Fine. We are dealing
18 with the issue of data adequacy.

19 MR. ROBERTS: Yes.

20 UNIDENTIFIED SPEAKER: Not yet --

21 MR. ROBERTS: Oh, okay. I was told this
22 was the time. Sorry.

23 (Laughter.)

24 CHAIRMAN KEESE: All right. That's
25 good. All right, we have a motion and a second.

1 All in favor?

2 (Ayes.)

3 CHAIRMAN KEESE: Opposed? Data adequate
4 is accepted.

5 Item 3 is the San Francisco Electric
6 Reliability Project. Possible approval of a
7 Committee for the San Francisco Electric
8 Reliability Project AFC. Seeing a short
9 Committee, I would entertain a motion that Mr.
10 Boyd be lead on this, and Commissioner Geesman be
11 Second on the San Francisco Electric Reliability
12 Project.

13 COMMISSIONER GEESMAN: I'll make that
14 motion.

15 COMMISSIONER BOYD: Second.

16 CHAIRMAN KEESE: Motion, Geesman;
17 second, Boyd.

18 Michael Boyd has asked to speak on this
19 issue. Michael? What was your comment?

20 MR. BOYD: What I wanted to comment
21 about is I think this is important that the
22 Commissioners assigned to this case take into
23 consideration the fact that really there's no one
24 on the Commission that represents the community,
25 per se. And because of the fact that there's no

1 persons of color on the Commission right now; and
2 in fact, there's -- and I just wanted to point out
3 that there's no women on the Commission, because
4 this is --

5 COMMISSIONER BOYD: Not true.

6 MR. BOYD: -- this issue also affects
7 women, disproportionately.

8 COMMISSIONER GEESMAN: Mr. Boyd, you
9 ought to read the newspaper.

10 CHAIRMAN KEESE: You're a little behind,
11 Michael.

12 MR. BOYD: And, in any case -- oh, I
13 must have missed something. You got a new
14 Commissioner?

15 COMMISSIONER GEESMAN: Yes, we do.

16 MR. BOYD: Okay.

17 (Laughter.)

18 CHAIRMAN KEESE: Okay, thank you --

19 MR. BOYD: So on --

20 CHAIRMAN KEESE: -- thank you, Michael.

21 MR. BOYD: Well, I wanted to also point
22 out something that, you know, everybody -- it's
23 real good and everything that it sounds like the
24 City is an open --

25 CHAIRMAN KEESE: Michael, Michael, the

1 issue before us is the appointment of a Committee.

2 MR. BOYD: -- is the Committee. I
3 understand.

4 CHAIRMAN KEESE: What did you have to
5 say about the appointment of a Committee?

6 MR. BOYD: Well, I just hope that the
7 Committee is ready to step up to the plate and
8 look out for the concerns of this community. And,
9 you know, and that's basically what I wanted to
10 find out, is that they're ready for this project,
11 because there's going to be a lot of public
12 involvement.

13 CHAIRMAN KEESE: They've agreed to
14 accept the responsibility. Thank you, Michael.

15 MR. BOYD: Thank you.

16 CHAIRMAN KEESE: All in favor?

17 (Ayes.)

18 CHAIRMAN KEESE: Opposed? Adopted three
19 to nothing. Good luck, San Francisco.

20 (Laughter.)

21 CHAIRMAN KEESE: I would just make the
22 comment I guess that my personal viewpoint, San
23 Francisco has escaped narrowly the last three
24 years what should have been odds on blackouts.
25 And I do hope that we can deal with the situation

1 of resources, adequate resources for the San
2 Francisco area before we inevitably see a bad roll
3 of the dice, and San Francisco goes down.

4 Item 4, Santa Anita Church. Possible
5 approval of a loan to Santa Anita Church, dba
6 Barnhart School, for \$28,385 to install energy
7 efficiency lighting.

8 Good morning.

9 MS. SHIRAKH: Good morning; my name is
10 Elizabeth Shirakh. Today for your consideration
11 we have a proposed loan for \$28,385 with Santa
12 Anita Church, doing business as Barnhart School,
13 to install energy efficient lighting.

14 This project will be installed at the
15 Ethel Barnhart School that houses the kindergarten
16 through sixth grade classrooms, and at the
17 Margaret Steven Center, which houses seventh and
18 eighth grade classrooms.

19 This project is estimated to save the
20 school about \$10,00 annually, with a simple
21 payback of 2.83 years. The lighting retrofit
22 projects are estimated to curtail 32.1 kW and save
23 the school about 71,536 kW annually.

24 The funding for the loan will come from
25 the Energy Conservation Assistance Act, ECAA,

1 account with an interest rate of 3.95 percent.

2 Barnhart School submitted their
3 financial statements and passed the Energy
4 Commission's loan financial test for nonprofits.
5 The Commission Staff has reviewed the project and
6 believes it is both technically and economically
7 feasible, meets the loan program requirements, and
8 recommends approval of the loan.

9 This item was approved at the Energy
10 Efficiency Committee on April 7th, and I'd be
11 happy to answer any questions.

12 CHAIRMAN KEESE: Thank you. I think
13 most of the questions were answered when you said
14 2.83 year payoff.

15 MS. SHIRAKH: Okay.

16 CHAIRMAN KEESE: Do I have a motion?

17 COMMISSIONER GEESMAN: So moved.

18 CHAIRMAN KEESE: Motion, Commissioner
19 Geesman.

20 COMMISSIONER BOYD: Second.

21 CHAIRMAN KEESE: Second, Commissioner
22 Boyd. Any other public comment?

23 All in favor?

24 (Ayes.)

25 CHAIRMAN KEESE: Opposed? Adopted three

1 to nothing; thank you.

2 MS. SHIRAKH: Thank you.

3 CHAIRMAN KEESE: Item 5. Renewables
4 Portfolio Standards Program. Possible adoption of
5 guidebooks and guidebook revisions governing the
6 Renewables Portfolio Standard Program. Mr. Tutt.

7 MR. TUTT: Thank you, Chairman Keese.
8 My name is Tim Tutt. Commissioners, today staff
9 requests that the Energy Commission adopt three
10 renewable program guidebooks regarding RPS
11 implementation in California.

12 Two of these guidebooks are new. We
13 have a renewable portfolio standard eligibility
14 guidebook and a new renewable facilities program
15 guidebook. These guidebooks have not been part of
16 the renewable energy program before. They are now
17 added to the program because of the new RPS in the
18 state was enacted.

19 The third guidebook, the overall program
20 guidebook, we're modifying that to -- or
21 requesting that you modify that to take into
22 account these new parts of the renewable energy
23 program. And also reallocate some funds from the
24 customer credit program to other aspects of the
25 renewable energy program pursuant in part to a

1 decision the Commission made last year to shut
2 down the customer credit program and reallocate
3 those funds. This guidebook now puts that
4 officially into the program rules, the
5 modifications on allocations.

6 At the present time the customer credit
7 program had 10 percent of the renewable energy
8 program funds. And the Commission is -- or the
9 guidebook allocation decision would move 1 percent
10 of that total of 10 percent to the consumer
11 education program for purposes of tracking and
12 verification; and 4.5 percent to the emerging
13 program; and another 4.5 percent would be held for
14 further reallocation in the future, according to
15 the guidebook.

16 As you adopt these guidebooks we will
17 fulfill or substantially fulfill two out of three
18 of our obligations under SB-1078. And those are
19 to develop eligibility criteria for the RPS and to
20 address how supplemental energy payments will be
21 allocated. We still have in progress a tracking
22 system implementation which we are not adopting
23 today, but will come back with as we get that
24 system further in place.

25 These guidebooks are coming to you

1 pursuant, as I said, to SB-1078 and SB-1038. We
2 have had a substantial public record over the last
3 year in developing the rules and requirements set
4 forth in these guidebooks, including at least
5 eight hearings starting in March on the phase one
6 and phase two draft decisions and hearings on the
7 draft guidebooks earlier this year.

8 The major topics addressed in the
9 guidebooks include eligibility for in- and out-of-
10 state facilities, repowering of facilities and how
11 they might qualify for supplemental energy
12 payments, caps and reallocation of funds, as I
13 mentioned earlier.

14 We have made changes from the January 6
15 draft guidebooks to this March 19th draft that
16 we're requesting that you adopt to the
17 certification process we originally recommended,
18 now allowing IOUs to certify facilities. In some
19 cases, to the delivery requirements pursuant to
20 SB-183 and -67. And changed how we deal with
21 hybrid facilities going forward in terms of
22 allowing 25 percent or less natural gas or fossil
23 fuel use in those facilities. Provides languages
24 on RECs, and provides language for small hydro in
25 response to comments of the State Water Resources

1 Control Board. And other changes in response to
2 public comments.

3 We asked for public comments on these
4 guidebooks as we are preparing to adopt them.
5 Several parties have provided thoughtful comments
6 on the draft guidebooks being considered today.
7 And we are looking to address some of those
8 comments.

9 We recommend that today you adopt the
10 guidebooks as they currently stand, and then we
11 will address the comments as soon as we can. The
12 renewable energy program operates under a
13 guideline structure where for these new guidebooks
14 there's a 30-day period required while they're out
15 in public before you adopt them. And then for
16 revisions to guidebooks we have a ten-day period
17 where we can publish a proposed revision and adopt
18 it within ten days, or ten days after that
19 publication, so that it's out for public comment
20 within ten days.

21 We are looking to use that revision
22 process to address some of the comments we receive
23 today or in written comments that we have
24 received, and perhaps comments we'll receive today
25 verbally. Including changes with again the hybrid

1 technologies, allowing that QFs will qualify for
2 all of their output to be renewable, even if they
3 exceed the current limit of 2 percent fossil fuel
4 use in the guidebooks. Making some changes so
5 that existing small hydro facilities can
6 participate in the program even if they weren't
7 under contract to a utility at a particular point
8 in time.

9 Changes potentially to utilities'
10 certification or program certification of the
11 existing baseline renewable projects that are
12 counted in the RPS today. And changes potentially
13 to delivery requirements requiring confirmation of
14 generation using language that reflects input that
15 we received after the guidebooks were sent out
16 from the Independent System Operator.

17 So, in summary, this is a fluid process.
18 The guidebooks can be modified as we move forward,
19 and we anticipate doing that fairly quickly as a
20 result of comments we've received leading up to
21 this adoption.

22 CHAIRMAN KEESE: Thank you. There is
23 obviously much meat there that the Committee has
24 digested and will have to deal with. I would
25 appreciate it, as we hear comments today, you

1 would let us know inclinations of staff's position
2 on these, and whether they're open issues or
3 closed issues.

4 MR. TUTT: Certainly, Chairman Keese.

5 CHAIRMAN KEESE: Thank you. I have
6 three on the phone and two here. Mr. Roberts, now
7 is the time.

8 (Laughter.)

9 MR. ROBERTS: All right.

10 COMMISSIONER GEESMAN: We will be
11 holding workshops on that San Francisco project,
12 though --

13 (Laughter.)

14 MR. ROBERTS: Mr. Chairman, my name's
15 Roby Roberts; I work for PPM Energy. I appreciate
16 you indulging me with that publicity stunt there.

17 I work for PPM Energy, and we are a
18 renewable gas-fired and gas-storage development
19 company located in Portland, Oregon. Our parent
20 is Scottish Power. And our focus in these
21 comments is wind, -- that it's the focus of our
22 company.

23 We have 830 megawatts of wind that we've
24 developed in North America with our partners and
25 we have two projects in California that we have

1 developed with our partners, one in northern
2 California and one in southern California.

3 I want to focus my comments on the
4 renewable policy standard eligibility guidebook,
5 500-04-02FD, and want to really focus on out of
6 state. We are developing instate projects in
7 California and out-of-state projects, but I just
8 want to focus on the out-of-state section.

9 First of all I do want to really thank
10 the Commission and the Commission Staff for the
11 timely manner in which the renewable portfolio
12 standard and renewable programs have been
13 developed. It has been a very inclusive process
14 and I really appreciate the work of the Commission
15 and the staff.

16 Three points that I want to really focus
17 on. Do you have my comments before you? I have
18 some -- I did submit them electronically.

19 MR. TUTT: We received comments. I
20 don't know if they --

21 COMMISSIONER GEESMAN: Yeah, I read them
22 last night electronically.

23 MR. ROBERTS: Okay, and I have a map
24 that I want to make sure we look at.

25 COMMISSIONER GEESMAN: Actually if you

1 have something physical I would appreciate it.

2 MR. ROBERTS: I do, and I did have some
3 for the crowd.

4 (Pause.)

5 MR. ROBERTS: What I want to focus on
6 briefly are the three points in the renewable
7 section of the guidebook. One is the
8 environmental quality requirements. I think they
9 are very noble goals, except for in out-of-state
10 where there's going to be some jurisdictional
11 questions. And what we've asked in these comments
12 is to make sure the condition that any renewable
13 projects developed in other states or countries
14 need to meet California environmental standards.
15 Very difficult to enforce that. I know that is in
16 the law, but that is something that is going to be
17 problematic in the future.

18 Secondly, there's also a point that says
19 meets any other conditions established by the
20 Energy Commission in the future. Certainly, you
21 do not want to obligate future Commissions;
22 however, when you're trying to finance a project
23 and develop a project, if we have open-ended
24 conditions established it makes funders or
25 financiers very nervous to see that sort of thing.

1 And I just wanted to -- there's got to be a better
2 way to make that comment.

3 Lastly, and I think most importantly, is
4 how we connect out-of-state projects to
5 California. And I think that a lot of the
6 problem, I think the Legislature's intent is to
7 make sure that a majority of the renewable
8 development is developed in the State of
9 California. I think that's a goal of any RPS.
10 But I think it's also important to include out of
11 state. Certainly there's some commerce clause of
12 reasons, but I think there's some market reasons
13 that are very important, too. If you allow out-
14 of-state developments to part of an RPS then that
15 tends to keep the prices competitive.

16 Now, the way this section is written it
17 basically says that the interconnection of a
18 project has to be interconnected within the State
19 of California. And that is a physical boundary,
20 but it isn't an electrical boundary. And on this
21 map that I've included -- and I hope in the
22 audience you also have it -- if you really want
23 flexible low-cost projects in the State of
24 California, you want to make your market hubs or
25 injection points be at least Cobb, Mead, Palo

1 Verde, I would argue Mona is also very important,
2 including NP15 and SP15.

3 The reason is that the utilities in the
4 State of California have transmission ownership
5 rights and transmission rights, so any projects
6 that are interconnected to those points will have
7 an impact a) on the market, and b) have a downward
8 pressure on gas prices in the future. And I think
9 those are important goals that the RPS has.

10 So I would ask that, I think after
11 talking to staff, that the idea is adopt these,
12 the guidebook, and then work with others to sort
13 of tweak some of these issues. But I think that
14 we really want to focus on making sure that
15 there's some eligibility for out-of-state
16 renewables and it's done in a way that allows for
17 the utilities and the developers the utmost
18 flexibility.

19 CHAIRMAN KEESE: Thank you. Mr. Tutt.

20 MR. TUTT: Yes, Chairman Keese. On
21 PPM's three points I'd just like to say that we
22 recognize, as well, at the staff level that the
23 environmental constraints or California
24 environmental standards, imposing those on out-of-
25 state, out-of-country facilities is going to be an

1 interesting and difficult process.

2 It is required by the law only for those
3 facilities that are receiving or expecting to
4 receive supplemental energy payments. So, if
5 Roby's facilities bid low enough that they don't
6 get supplemental energy payments, they don't have
7 to worry about that, but --

8 MR. ROBERTS: Well, I don't think that's
9 the case.

10 (Laughter.)

11 MR. TUTT: On the comment about any
12 other conditions imposed by the Energy Commission,
13 I think at a staff level we recognize that that
14 could cause some uncertainty and are willing to
15 take a look at that in the revisions that we're
16 going to be doing over the next couple of weeks.

17 And I'd like to ask Gabe to talk about
18 the third point, interconnected in versus these
19 major hubs in California, if he would.

20 MR. HERRERA: Good morning,
21 Commissioners. Gabe Herrera with the legal
22 office. Before I get to the deliverability
23 requirement, just one other point.

24 There's one other requirement that
25 applies to out-of-state facilities that Mr.

1 Roberts identified, and that is the any other
2 condition imposed by the Energy Commission. We
3 included that in the guidebook because that is
4 specifically required or authorized in the
5 statute, as are the other two criteria on
6 environmental quality standards. So all we did
7 was basically pull those requirements out of the
8 statute and insert them in the guidebook and put a
9 little meat around them, telling individuals how
10 we were going to enforce those provisions, or at
11 least attempt to.

12 Regarding deliverability, there were
13 several changes in the law, SB-183 and I believe
14 in -67, that imposed in our view a deliverability
15 requirement that out-of-state facilities were
16 obligated and must demonstrate they're delivering
17 their generation instate, so that it benefits the
18 end users who are paying the public good charge to
19 fund renewable energy programs.

20 And there's been a lot of comments,
21 received a lot of stakeholder comments. This
22 issue was discussed a number of times at workshops
23 and at hearings. And the language that's inserted
24 in there now would essentially impose this
25 requirement and demonstrate, at least in our view,

1 to the satisfaction of the legal requirements that
2 the generation is being delivered instate.

3 This is something that I think the
4 Energy Commission is going to have to explore in
5 the future. I think there's some pending
6 legislation right now that would implement
7 renewable energy credits, and would kind of turn
8 this on its head. But like Tim said, we are going
9 to address this particular issue in the near
10 future. And certainly will discuss these issues
11 with Mr. Roberts. In fact, --

12 CHAIRMAN KEESE: Thank you.

13 MR. HERRERA: -- I had a conversation
14 with him yesterday, so.

15 CHAIRMAN KEESE: Thank you. Thank you,
16 Mr. Roberts. Mark Skowronski.

17 MR. SKOWRONSKI: My name is Mark
18 Skowronski; I represent Solargenix and the solar
19 thermal electric generation industry, as a whole.
20 We have some concerns with regard to the 25
21 percent gas rule change. I'd like to commend the
22 staff for their open-mindedness, and we certainly
23 will take them up on their offer to have further
24 discussions here in the next week or two.

25 The best we can figure out there are two

1 concerns that we should address. Number one is
2 emission concern from a hybrid solar plant. The
3 existing 354,000 kilowatts up at SEGS, Solar
4 Electric Generating Station, they are dirty
5 plants. And the new generation can be up to ten
6 times cleaner than the existing SEGS unit.

7 If emissions are a concern I think we
8 can get around that by simply making a
9 recommendation that any hybrid cannot have higher
10 emissions than the equivalent market price
11 reference, whatever the market price reference is.
12 You don't have to get into the emissions regulated
13 game, but simply saying you can't have higher
14 emissions than the fossil units you're replacing.
15 And that way the people of California will break
16 even from an emissions standpoint, and certainly
17 have a significant advantage from a fuel diversity
18 standpoint.

19 The second main concern is issuing a
20 REC, renewable energy credit, for fossil fuel.
21 And we believe this has some downsides, also. I'd
22 like to point out that a solar plant will have gas
23 backed up either onsite or offsite. If it is
24 offsite, now you're talking about a stand-alone
25 solar thermal power plant, and this would drive

1 the cost up at least 3 cents, 3.5 cents. And we
2 will build a lot less solar plants if we have to
3 raise the price by 3 or 3.5 cents.

4 Secondly, if you have the gas onsite and
5 take advantage of the synergy available with gas,
6 and lower that price back down by another 3, 3.5
7 cents, the IOU then would have a disincentive to
8 purchase the plant simply because you're losing
9 this 25 percent REC over what they have now. And
10 this is a disincentive for them to rank our
11 project appropriately in the cost ranking system.

12 I'd also like to point out that the
13 existing SEGS will never repower. SEGS basically
14 puts out the equivalent emissions of 3500
15 combustion turbines. It's not a clean plant. The
16 new plants will eventually displace the SEGS unit
17 simply because the units will eventually -- they
18 won't be renewed. But the way the law is now
19 you're giving them an incentive never to repower
20 and you are basically curtailing the competition
21 to get these units retired.

22 The bottomline on all this is the change
23 the current definition -- the change in the
24 current definition of solar thermal gas assist
25 will result in fewer solar thermal plants being

1 built because of the reduction in the REC to the
2 IOUs. And if this reduction exceeds 25 percent,
3 then the people of California lose simply because
4 you're having 25 percent less solar power plants.

5 Thank you, and we will work with the
6 staff.

7 CHAIRMAN KEESE: Thank you. Appreciate
8 that. Let's go to Stephen Schwika on the phone.

9 MR. SCHWIKKA: This is Steve Schwika, the
10 Executive Director at Motion Dynamics Group.
11 We're an environmental energy technology
12 development and power generation company. And we
13 have electronically submitted data on new sources
14 of renewable energy to the Commission via the
15 public comment. I'm wondering if your staff had
16 got that notice, something like notice of
17 petition.

18 I'd like you guys to review that again,
19 and I want to commend you on your efforts and
20 progress that you're making. Although if I had
21 standing I would have to motion to oppose the
22 existing guidelines for RPS guidelines for
23 renewables due to the lack of wordage that would
24 allow for other sources of renewable energy like
25 our company is proposing to offer to California

1 and to the utilities.

2 I'm also the current Acting Director of
3 Atomic Remediation Labs Org Association who have
4 authorized the use of their new urine battery
5 power plant technology for upgrading human waste,
6 sewage treatment plants, and produce continual
7 24/7 sustainable, I can't say certified 100
8 percent renewable utility power because that is
9 the reason I'm contacting you today, is due to the
10 lack of guidelines for certifying, for pre-
11 qualifying or pre-certifying our technologies.

12 We're working with at least one of the
13 major utilities, electric providers, in
14 California, but they requested that our technology
15 be pre-certified. And there's no, at this time I
16 don't see any way to do that until the guidelines
17 have been adopted.

18 And the reason I'm contacting you is due
19 to a phrase I've seen in one of your documents.
20 It says, this guidebook will be considered for
21 formal adoption by the Energy Commission on April
22 21, 2004. That's today. And that's why I mention
23 I would have to oppose this adoption without some
24 form of provision to allow the technologies that
25 we would like to offer to be certified.

1 I'm not exactly --

2 CHAIRMAN KEESE: Mr. Schwika, hold it a
3 moment. Mr. Tutt.

4 MR. TUTT: Do you want me to respond to
5 Mr. Schwika?

6 CHAIRMAN KEESE: Is this a new --

7 MR. SCHWIKKA: I have other comments --

8 CHAIRMAN KEESE: Is this a new issue you
9 are hearing?

10 MR. TUTT: No. We've received comments
11 from Mr. Schwika in written form, and we've talked
12 to him, several of staff, in the last week or so.
13 So we know about Mr. Schwika's issues.

14 MR. SCHWIKKA: Just briefly to reiterate
15 for the benefit of everyone listening today, we
16 sent in documentation on three new technologies,
17 the AC battery energy storage power plant, grid
18 intertie, new form of electronic system. It's an
19 inverterless technology that makes the power
20 inverter obsolete. And that is based -- I'd like
21 to comment on your provision, your certified
22 status for pump hydro storage. That's what
23 prompted me to contact your Commission to begin
24 with.

25 Pumped hydro is a certified renewable.

1 We designed our AC battery power plant system to
2 displace the prior -- pump storage system, which
3 is only 30 percent efficient. And since there's
4 no provision for the 85 percent efficient AC
5 battery, which is a chemical storage based on ATP,
6 adenosine triphosphate, it's the human -- that's
7 the chemical in the human body that makes
8 electrical power for the human cells, human body
9 cells.

10 What I'm trying to say is the pump hydro
11 storage is 30 percent efficient. If you put your
12 renewables into your pumped hydro at 30 percent
13 efficiency you're going to be dumping all those,
14 two out of every three wind machines' power down
15 the rat hole. It's not going to be effective.

16 CHAIRMAN KEESE: Mr. Schwika, --

17 MR. HERRERA: Chairman Keese, if I could
18 just comment. Gabe Herrera with the legal office.
19 Mr. Schwika, I've seen your comments and some of
20 your technologies. And I've read through there.

21 But it occurs that you may be missing
22 part of the point here is that the statute directs
23 the Energy Commission to certify RPS-eligible
24 facilities and identifies those type of renewable
25 resources that qualify.

1 Even though there is a category right
2 now for solid waste --

3 CHAIRMAN KEESE: You know, I'm going
4 to -- this is fine. This is not Commission work
5 that we're talking about here. Unless somebody
6 else here feels that we're competent --

7 MR. SCHWIKKA: I'm talking about -- what
8 I want to ask is what is the --

9 CHAIRMAN KEESE: I think you're going to
10 have to ask this of staff offline. Staff has
11 indicated that they're willing to look at issues
12 and take them up in the ten-day process. But,
13 this Commission is not prepared to discuss the
14 details of these technologies and issues and the
15 technicalities of how they fit in this program in
16 this forum.

17 Staff and the Committee that's working
18 on it have represented that with the adoption of
19 this they will start the discussions that would
20 lead to the ten-day program. So I think that's
21 the forum you're going to have to deal with it.

22 You have let us know it's an issue.
23 Staff is aware. We're aware that staff's aware.
24 So, I think that's about as far as we can go here
25 today. So I don't really believe that doing the

1 Committee work in front of the Commission is going
2 to be appropriate. Is that acceptable? That's
3 the opinion of the Commission.

4 MR. SCHWIKI: And who would you
5 recommend that I communicate with regarding this
6 new source of electric power regarding --

7 CHAIRMAN KEESE: Mr. Tutt is the person
8 that you should be in discussion with.

9 MR. TUTT: And we will talk again, Mr.
10 Schwika.

11 MR. SCHWIKI: Okay, thank you very much,
12 gentlemen. And I appreciate your efforts; you're
13 doing a good job.

14 CHAIRMAN KEESE: Thank you.

15 MR. SCHWIKI: Thank you.

16 CHAIRMAN KEESE: Ramona Gonzalez.

17 MS. GONZALEZ: Thank you for hearing me
18 speak today. My name is Ramona Gonzalez and I am
19 representing East Bay MUD, a municipal water
20 district serving water to the East Bay.

21 We did provide some comments on the RPS
22 eligibility. The issue that we submitted in
23 written form to you was regarding the inclusion of
24 small hydro which is not owned by IOU. East Bay
25 MUD has small hydro that we own that we think

1 should be included.

2 And so we disagreed with the eligibility
3 requirements. We've reviewed statutory language
4 and we've come to a different conclusion. And so
5 we just, and as the CEC has stated here, they are
6 going to take the first ten days to try to include
7 that. So I wanted to take this opportunity to
8 hear in public forum what the response was.

9 Thank you.

10 CHAIRMAN KEESE: Thank you.

11 MR. TUTT: I've had a previous
12 conversation with Ms. Gonzalez. Our attorney and
13 myself will take a look at the law, the language,
14 and we'll do that ten-day process that we
15 mentioned, make some changes if it seems
16 appropriate, to satisfy the situation.

17 CHAIRMAN KEESE: Thank you. On the
18 phone we have Jane Painter, Save Medicine Lake
19 Coalition.

20 MS. PAINTER: Hello?

21 CHAIRMAN KEESE: Ms. Painter.

22 MS. PAINTER: Yes, hello. I'm Jane
23 Painter. I'm with the Save Medicine Lake
24 Coalition. I have a few concerns regarding the
25 RPS guidebook provisions.

1 Back in 1988 Calpine Corporation
2 received nearly \$50 million in conditional funding
3 for their Four Mile Hill and Telephone Flat
4 geothermal project in Medicine Lake Highlands.
5 Since receiving these awards, Calpine has failed
6 time and again to meet CEC guidelines and
7 deadlines for the project.

8 And Calpine has not acquired all of
9 their necessary permits to meet the guidelines.
10 And yet the CEC continues to extend the funding
11 award for these projects.

12 And with that in mind I would like to
13 ask the CEC to assure provision in all the
14 guidebooks that contain language to assure that
15 any project that is certified for the RPS has
16 completed its environmental review, and that all
17 impacts must be mitigated to less than
18 significant.

19 CHAIRMAN KEESE: Let me ask staff, are
20 we making any changes relevant to this concern?

21 MR. HERRERA: I think our process is
22 going to be the same if we're not the lead agency
23 under CEQA, that we're going to rely upon the lead
24 agency's environmental documents, and only approve
25 funding awards for projects that are eligible for

1 them once that process has been completed. It
2 would be proper and appropriate under the law for
3 this agency's environmental document, and so we
4 will in approving SEP awards.

5 CHAIRMAN KEESE: Have the guidebooks
6 changed the terms of previously granted --

7 MR. TUTT: No, sir. The guidebooks
8 aren't really germane to those previous awards
9 under the new account. They are not covered by or
10 altered by these guidebooks.

11 CHAIRMAN KEESE: Thank you.

12 MS. PAINTER: Yeah, but with that in
13 mind, I just want --

14 CHAIRMAN KEESE: I'm aware of your
15 concern, Ms. Painter, and I'm searching for the
16 appropriate forum. I suppose if you wanted to
17 inquire of the Commission we could answer your
18 question as to the status of those projects. But
19 this is not a forum in which we can carry on that
20 discussion.

21 MS. PAINTER: Okay, but I just want to
22 say one more thing. And it's to address the CEC.
23 And it's the legal issues, you know, surrounding
24 Calpine's project, it's doubtful that they'll be
25 back on -- that they'll have these projects built

1 and online by the next CEC deadline of December
2 31, 2005.

3 And I would hope that the CEC will not
4 continue to extend funding for projects that do
5 not meet the CEC guidelines, and that the CEC
6 releases its money for more deserving projects,
7 renewable projects.

8 CHAIRMAN KEESE: Thank you. Well, I can
9 think of two forums, if they come up under that
10 consideration for extension or renewal, that would
11 be appropriate. But you are certainly welcome to
12 query us right now and we will tell you what we
13 believe the status is.

14 So, if you'd like to address written
15 comments to us, we will respond.

16 MS. PAINTER: Thank you very much.

17 CHAIRMAN KEESE: Thank you. Peggy
18 Risch.

19 MS. RISCH: Hello?

20 CHAIRMAN KEESE: Yes, Ms. Risch, you're
21 on.

22 MS. RISCH: Okay, great. My name is
23 Peggy Risch and I'm an Environmental Research
24 Associate for the Mount Shasta Bioregional Ecology
25 Center. And I would also like to thank the

1 Commissioners for this opportunity to participate
2 and the Public Advisers who helped make it
3 possible via telephone conferencing.

4 We did submit our comments
5 electronically April the 19th, along with the
6 Native Coalition of Medicine Lake Highlands
7 Defense. And I just want to assure that the
8 Commissioners had -- that they did receive them
9 and had an opportunity to review them?

10 CHAIRMAN KEESE: We have.

11 MS. RISCH: Okay, great.

12 CHAIRMAN KEESE: I speak personally for
13 myself and Commissioner Geesman.

14 MS. RISCH: Okay, thank you very much.
15 I will not repeat all those comments in detail
16 because you've said that you've looked at them.
17 But what I want to do is highlight some of the
18 issues that are important.

19 And what our recommendations were is
20 that basically the Commissioners not to adopt the
21 current guidebooks, each and every one of them
22 that are before you today, because they're
23 incomplete.

24 Mr. Tutt has addressed the fact that
25 they are incomplete in many areas, and that there

1 is a ten-day period. But I think what the
2 Commissioners need to know is that the guidebooks
3 actually describe that there is a ten-day period
4 where the Commissioners will be processing
5 applications for certification and
6 precertification.

7 So what I see is that, you know, it's
8 like you have a ten-day period that you are
9 directed to process the applications, knowing
10 right now if you adopt them, that they're
11 incomplete.

12 So I would really recommend that the
13 Commissioners stop and take a moment to reflect on
14 what processes that Mr. Tutt is recommending to
15 the Commissioners to review in the next ten days
16 before they adopt the guidebooks.

17 The other thing I want to mention that's
18 come up in --

19 CHAIRMAN KEESE: Why don't we get Mr.
20 Tutt's response to that. He --

21 MS. RISCH: And then I -- could I go on,
22 because I'm not finished?

23 CHAIRMAN KEESE: -- did outline some of
24 the issues at the front end.

25 MS. RISCH: Because what he didn't

1 address also, as well, is that the specific issues
2 that the Native Coalition raised and the Ecology
3 Center has raised regarding environmental justice
4 issues and the lack of criteria and the deficiency
5 in the guidebooks regarding the language.

6 I did not hear Mr. Tutt mention that
7 these were anything that he was going to be
8 looking at in these, you know, in the subsequent
9 ten days, if they were to be adopted. And that
10 actually causes me some concern. Because we
11 haven't been contacted by the California Energy
12 Commission regarding our comments. And we've been
13 participating all along through all the various
14 hearings and submitting comments. But we haven't
15 had that working relationship that others who have
16 commented today have described in terms of looking
17 at their issues with the guidebooks.

18 And so --

19 CHAIRMAN KEESE: We're not closing you
20 off now. Let's just get an answer from Mr. Tutt,
21 a clarification of that. And then we'll come back
22 to you.

23 MS. RISCH: Okay.

24 MR. TUTT: I just wanted to dispel any
25 confusion on what ten-day process we're talking

1 about here. In terms of certifying facilities,
2 they don't have ten days from this adoption date.
3 We are committing, to the extent that we can, to
4 respond to a facility that submits a certification
5 request to us within ten days, regardless of when
6 that certification request occurs.

7 In fact, we suggest in the guidebook
8 that in the early period when we might be faced
9 with a significant number of certification
10 requests it might be difficult to commit or to
11 meet that ten-day turnaround period that we have
12 for certification.

13 With regards to the ten-day revision
14 process, it's not ten days, again, from the
15 adoption date here. Once the guidebooks are
16 adopted they are a living document that can be
17 revised at any point in the future. The
18 requirement is that we provide the revisions to
19 the public for ten days of comment before adopting
20 those revisions.

21 And I think we would anticipate in this
22 initial stage revisions we talked about today, not
23 doing it within ten days, as I said, but perhaps
24 by the May 19th business meeting we will have time
25 to put out a set of revisions for ten days prior

1 to that meeting.

2 CHAIRMAN KEESE: Thank you. Go on, Ms.
3 Risch.

4 MS. RISCH: Okay, well, thank you, Mr.
5 Tutt. However, I didn't hear you respond to my
6 question regarding the very issues that we raised
7 on the comments on these guidebooks, you know,
8 being any of those that were of concern. And
9 perhaps, you know, you might, when I finish my
10 comments here, you can maybe speak more
11 specifically to them.

12 I think the one thing that I would like
13 to acknowledge to the Commissioners and the work
14 that's been done on the guidebook is that there
15 has begun to be language in there that addresses
16 the environmental justice issue, which, you know,
17 unfortunately renewable projects have that
18 potential to, you know, to be part of.

19 And that what we are not seeing in these
20 guidebooks is the provisions and the criteria that
21 would basically allow projects that have known
22 documented environmental justice impacts to
23 basically, you know, the guidebooks would allow
24 those projects to be certified, which sets them up
25 for the availability of funding, knowing that this

1 funding and these financial incentives are going
2 to be part of the process that will result in an
3 environmental justice impact. And in the case of
4 the Medicine Lake Highlands, resulting in the
5 desecration of those sacred lands.

6 Now, our attorney has submitted comments
7 over time, over the many years, regarding these
8 projects that are geothermal; they are classified,
9 you know, as renewable energy projects. And yet
10 there is that known documented environmental
11 justice impact. And we have asked time and time
12 again that the Energy Commission, you know,
13 utilize language, specific, clear language in
14 these guidebooks that would prohibit certifying
15 and precertifying and awarding such payments for
16 projects that have this type of documented impact.

17 And I think what Ms. Painter was trying
18 to get at, as well, is that the guidebooks need to
19 contain language that says those projects, even if
20 they're renewables, that have impacts that are
21 significant and can't be mitigated to less than
22 significant, we're going to eliminate them from
23 certification and precertification and set awards.

24 I think in doing so, the guidebooks then
25 will begin to do what the intent of the

1 legislation was, which was to implement renewable
2 energy projects that were a benefit to the
3 environment and to the people, including minority
4 people, and low income people, in the State of
5 California.

6 Now, what I also addressed in the
7 comments was that the California Energy Commission
8 is exercising its discretion in the administration
9 of this renewable portfolio program, which
10 includes the setting of the provisions and the
11 criteria in all of the existing guidebooks. And
12 that this discrimination -- excuse me, this
13 discretion in determining whether an applicant has
14 complied with these requirements.

15 Now, what I'd like the Energy
16 Commissioners to be aware of, that discretionary
17 project, under CEQA, means that there is an
18 exercise of judgment or deliberations when a
19 public agency or body decides to approve or
20 disapprove a particular activity.

21 So right now, because the Energy
22 Commissioners have discretion, this aspect of
23 these guidebooks actually meet the requirement to
24 look at environmental review under CEQA. Not of
25 the project, per se, of itself, but of those

1 discretionary decisions that you're making right
2 now in this RPS guidebooks. They are under the
3 purview of CEQA.

4 Now, this is basically listed public
5 agency under CEQA at 15279, that definition
6 includes not only the state agency or board, but
7 also commission. And this is the California
8 Energy Commission. There is also the statute that
9 define a project to mean activities directly
10 undertaken that have the potential to result in
11 either a direct physical change in the environment
12 or a reasonably foreseeable indirect physical
13 change in the environment.

14 And it is clear to me through all the
15 evidence that has been provided to the California
16 Energy Commission, you know, since the beginning
17 of time with these renewable energy program, is
18 that there is that possibility. And we have
19 fulfilled the criteria of substantial evidence,
20 and the potential of a significant effect on the
21 environment by the discretionary decisions that
22 you are making by implementing the provisions in
23 the guidebooks.

24 And so I would ask the Commission to
25 really think about what, you know, your actions

1 today are really premature if you adopt the
2 guidebooks.

3 As we have said in our comments, that
4 there currently is absolutely no specific language
5 that would direct funding away from those projects
6 that have documented environmental justice
7 impacts. The RPS guidelines for certification and
8 precertification are basically empty on this
9 point, as well.

10 The CEC basically has looked at
11 continuing that process of conditionally awarding
12 funding under the supplemental energy payments
13 that is based on some future CEQA/NEPA approval,
14 knowing that over the years we have informed the
15 Commission that this really biases the lead
16 agencies, you know, in their ability to come up
17 with their decisions.

18 We have asked you not to adopt the
19 guidebooks until this additional criteria is
20 included, and that would include how will the
21 California Energy Commission give that
22 preferential support to the renewable energy
23 projects as defined in the Public Utilities Code
24 3.8, 3.5.

25 And I understand that that provision of

1 the utility code says may provide. However, we
2 are asking you, based on the information, you
3 know, that we have told you, is that your
4 decisions are going to have an incredible
5 influence on where these renewable projects go and
6 what is at stake. Is \$65 million --

7 CHAIRMAN KEESE: Thank you. Ms. Risch,
8 thank you. I think you've made your point here.
9 Let me ask staff and legal counsel for a response.

10 MS. RISCH: Yeah, I would appreciate to
11 hear one as it relates to your discretionary
12 actions and why the guidebook hasn't come under
13 the purview of CEQA. And I'm not talking about
14 this specific project, I'm talking about your
15 specific decisions today --

16 CHAIRMAN KEESE: That's what I'm asking
17 staff and legal counsel to tell us, their opinion
18 and the opinion of the Committee that sent this
19 forward to us.

20 MR. HERRERA: Chairman Keese, Gabe
21 Herrera with the legal office. In the past the
22 way the Commission has operated, as Ms. Risch has
23 indicated, and indicated correctly, is that we
24 have relied upon the lead agency's actions under
25 CEQA.

1 Obviously if we were the lead agency we
2 would follow our siting regulations and the
3 regulation process we've developed under the
4 Warren Alquist Act.

5 In terms of whether the act of adopting
6 these guidebooks is, itself, an action, a
7 discretionary action subject to CEQA, which would
8 require an environmental assessment, that issue we
9 frankly haven't discussed with other attorneys in
10 the office. And I would like the opportunity to
11 do that, and perhaps brief the Renewables
12 Committee next week when staff briefs the
13 Committee on possible changes to address some of
14 the comments that have been made.

15 CHAIRMAN KEESE: Thank you. Is that
16 satisfactory?

17 COMMISSIONER GEESMAN: I think it's
18 completely satisfactory and I would suggest that
19 we proceed. We have looked at these questions, as
20 a Committee. And, you know, I think all of the
21 members of the Commission are familiar with the
22 concerns that are repeatedly voiced about the
23 Medicine Lake geothermal developments.

24 I would make one small point of
25 distinction with what Ms. Painter (sic) says. And

1 that is that simply sending us information as to
2 what she and others in her organization believe to
3 be the case, is not the same as documenting it to
4 the satisfaction of some evidentiary proceeding.

5 I think we're very well informed of
6 their viewpoint. And I think that we've been made
7 well informed of the way in which various courts
8 have responded to their viewpoint.

9 I think we're on very firm ground here
10 in terms of proceeding to adopt our guidelines. I
11 look forward to Gabe's comments at our Committee
12 meeting next week, but I certainly am not of the
13 view that the adoption of these guidelines
14 requires an environmental assessment.

15 Nor have I been made aware of any
16 deficiency in the current CEQA process that will
17 not catch each and every problem that Ms. Painter
18 alleges may occur with respect to any specific
19 project.

20 CHAIRMAN KEESE: Thank you. Mr.
21 Alvarez, briefly.

22 MR. ALVAREZ: Very brief, Commissioners.
23 Manuel Alvarez, Southern California Edison. I
24 think actually most of my questions were answered
25 in the dialogue that took place with the various

1 participants earlier, but I do want to raise a
2 point with you.

3 I'm comfortable with the ten-day process
4 that Mr. Tutt identified and the timeframe in
5 which he's going to address these issues. And I'm
6 looking forward perhaps to bringing these back on
7 the May 19th business meeting, if that's possible.

8 The concern I had was not knowing those
9 dates beforehand, how much time would lapse
10 between the adoption of today's document and the
11 consideration of the comments that came in.

12 And so knowing that they're going to be
13 dealt with expeditiously, we feel comfortable
14 addressing those questions. Thank you.

15 CHAIRMAN KEESE: Thank you. Michael
16 Boyd, very briefly. Mr. Boyd?

17 MR. BOYD: Hello.

18 CHAIRMAN KEESE: Yes, very briefly.

19 MR. BOYD: Okay. The attorney just said
20 something about the guidelines as currently
21 written don't -- they already address all of the
22 requirements of CEQA because they're being taken
23 care of by another agency besides the CEC.

24 The problem with that theory is that by
25 you allowing the project to be awarded funding

1 prior to a certified environmental document being
2 completed by the agency, you are, in fact,
3 precommitting for the approval of that project,
4 because they've already got an award there which
5 means that they can get funding for this project.

6 CHAIRMAN KEESE: Funding and approval.
7 You know, every project that comes before this
8 Commission has to get funding before --

9 MR. BOYD: Right, --

10 CHAIRMAN KEESE: -- it gets our
11 approval.

12 MR. BOYD: -- so what I'm thinking,
13 you're precommitting for the approval of that
14 project before whatever agency they go before for
15 their CEQA certification process by precommitting
16 to the funding for the project.

17 So, that's an issue that --

18 CHAIRMAN KEESE: That's an issue that
19 was before us --

20 MR. BOYD: -- you have discretion over
21 and --

22 CHAIRMAN KEESE: -- when we took up this
23 specific project some time ago. But it's not
24 before us today.

25 MR. BOYD: Well, certainly if -- the

1 issue that's being raised is the fact that the
2 renewable portfolio --

3 CHAIRMAN KEESE: It's been raised --

4 MR. BOYD: -- standards guidebook is not
5 setting up a environmental criteria by which these
6 projects are being done. They're basically being
7 called renewable it appears, and by being called
8 renewable they're automatically eligible for
9 funding from you guys.

10 And the issue that's trying to be raised
11 here is the fact that you're not allowing the
12 appropriate review to occur in the right frame of
13 time to protect the affected community from
14 adverse harm by these projects that your criteria
15 is, you're setting the criteria for funding for.

16 CHAIRMAN KEESE: Thank you, Mr. Boyd.

17 MR. BOYD: So, -- to be amended or
18 changed to, you know, address the concerns there.

19 CHAIRMAN KEESE: Thank you. Any other
20 public comment? Very briefly.

21 MR. SKOWRONSKI: Mark Skowronski,
22 Solargenix. I may have been presumptuous in
23 speaking on the solar thermal industry as a whole.
24 Let me just qualify my remarks. They were
25 Solargenix's opinions.

1 CHAIRMAN KEESE: Thank you. We have the
2 guidebooks before us.

3 COMMISSIONER GEESMAN: I'd move
4 adoption.

5 CHAIRMAN KEESE: Motion, Commissioner
6 Geesman.

7 COMMISSIONER BOYD: Second.

8 CHAIRMAN KEESE: Second, Commissioner
9 Boyd.

10 All in favor?

11 (Ayes.)

12 CHAIRMAN KEESE: Opposed? Adopted three
13 to nothing. Thank you. And, staff, you have your
14 work, and I would appreciate you dealing with all
15 commentators and letting them -- keeping them
16 abreast of the process.

17 MR. TUTT: Thank you, Commissioners.

18 COMMISSIONER GEESMAN: Just to add one
19 note of clarification, Mr. Chairman, because some
20 of the dialogue, particularly Mr. Boyd, did get a
21 little convoluted.

22 The projects that have come before us
23 previously are not RPS projects. They were GRDA
24 grants that the Commission provided. The RPS
25 program is still months away from having any

1 projects associated with it. We have not yet done
2 an RPS solicitation.

3 So we haven't seen any individual
4 projects that will come under these particular
5 guidelines.

6 CHAIRMAN KEESE: Thank you. You might,
7 if you're discussing it with Mr. Boyd, you might
8 point that out.

9 Item 6, Gladstein, Neandross and
10 Associates, LLC. Possible approval of contract
11 600-03-024 for \$89,999 to manage the interstate
12 clean transportation corridor project to assist in
13 the deployment of alternative fuel heavy-duty
14 vehicles and fueling infrastructure.

15 MR. WIENS: Good morning, Mr. Chairman
16 and Commissioners, --

17 CHAIRMAN KEESE: Briefly, please.

18 MR. WIENS: -- I'm Jerry Wiens with the
19 transportation technology office in the
20 transportation energy division.

21 The item's requesting approval of a
22 contract with Gladstein, Neandross and Associates
23 to manage the interstate clean transportation
24 corridor project. It's funded by a pollution
25 prevention grant from the U.S. Environmental

1 Protection Agency Region IX. And has been
2 approved by the Transportation Committee.

3 Since its inception in 1996 the ICTC
4 project has been the nation's most successful
5 public/private partnership to accelerate the
6 market penetration of clean alternative-fueled
7 vehicles in interstate goods movement.

8 The ICTC --

9 COMMISSIONER BOYD: We're pretty
10 familiar with the project, and I'd --

11 MR. WIENS: Okay.

12 COMMISSIONER BOYD: -- just move
13 approval of the item.

14 CHAIRMAN KEESE: Motion, Commissioner
15 Boyd.

16 COMMISSIONER GEESMAN: Second.

17 CHAIRMAN KEESE: Second, Commissioner
18 Geesman. Public comment?

19 All in favor?

20 (Ayes.)

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

23 COMMISSIONER BOYD: Thank you, it's a
24 good project.

25 MR. WIENS: Thank you.

1 CHAIRMAN KEESE: Thank you. Item 7,
2 Department of Energy Lawrence Berkeley National
3 Laboratory. Possible approval of contract 500-03-
4 041 for \$744,000 to develop, evaluate and
5 demonstrate practical HVAC systems for classrooms.

6 MS. BROOK: Good morning, I'm Martha
7 Brook from the PIER buildings program. And in the
8 interests of time, I'm just here to answer any
9 questions you might have. The R&D Policy
10 Committee has approved this item.

11 CHAIRMAN KEESE: Your perception is
12 magnificent.

13 (Laughter.)

14 COMMISSIONER GEESMAN: And I should add
15 it's not just practical, it says very practical.

16 MS. BROOK: Very.

17 COMMISSIONER GEESMAN: I'd move the
18 item.

19 CHAIRMAN KEESE: Motion, Commissioner
20 Geesman.

21 COMMISSIONER BOYD: Second.

22 CHAIRMAN KEESE: Second, Commissioner
23 Boyd. Public comment?

24 All in favor?

25 (Ayes.)

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

3 COMMISSIONER BOYD: I just hope they're
4 very practical.

5 CHAIRMAN KEESE: Item 8, U.S. Department
6 of Energy Pacific Northwest National Lab.
7 Possible approval of work authorization under PIER
8 research agreement 500-02-004 previously approved
9 with PNNL through it's global technology strategy
10 program.

11 MR. FRANCO: Chairman Keese,
12 Commissioners, my name is Guido Franco. I'm with
13 the Public Interest Energy Research program. This
14 is a PIER program, research project to fund the
15 study of future technologies at the national and
16 international level, and to coordinate those
17 studies with some work that's going to be going on
18 at UC Berkeley as part of our climate change
19 resource center.

20 The project was approved by the
21 Committee; and I'm here to ask you for approval of
22 this project.

23 COMMISSIONER BOYD: I'm very familiar
24 with this and I'd like to move approval.

25 CHAIRMAN KEESE: Motion, Commissioner

1 Boyd.

2 COMMISSIONER GEESMAN: Second.

3 CHAIRMAN KEESE: Second, Commissioner
4 Geesman.

5 All in favor?

6 (Ayes.)

7 CHAIRMAN KEESE: Opposed? Three to
8 nothing. Thank you.

9 Item 9, ICF Associates. Possible
10 approval of contract 500-01-006, amendment one, to
11 extend the contract for approximately one year
12 providing continuation of the technical programs,
13 and to fund the extension in the amount of
14 \$1,200,000.

15 MR. MAGALETTI: Good morning,
16 Commissioners. My name is Mike Magaletti. I work
17 with the Public Interest Energy Research program.

18 Items number 9, number 10 and number 11
19 are before you this morning. They are extensions
20 for a little over one year of technical support
21 contracts which we've had for the last three years
22 with these contractors.

23 I'm here to answer any of your
24 questions.

25 CHAIRMAN KEESE: A diverse number of

1 projects under these different contracts?

2 MR. MAGALETTI: Yes, multiple.

3 CHAIRMAN KEESE: Okay.

4 COMMISSIONER GEESMAN: I would move each
5 of the items. If you would like three separate
6 motions, I can do that, or I can attempt to
7 combine each of the three items into one motion.

8 CHAIRMAN KEESE: Well, let me --
9 actually, let me just read number 10 and number
10 11, then.

11 Item 10, Science Application
12 International Corp. Possible approval of contract
13 500-01-007, amendment one, to extend this
14 contract.

15 And item 11, Navigant Consulting.
16 Possible approval of contract 500-01-008,
17 amendment two, to extend this contract.

18 And we have a motion to pass items 9, 10
19 and 11 by Commissioner Geesman.

20 COMMISSIONER BOYD: And a second.

21 CHAIRMAN KEESE: Second by Commissioner
22 Boyd.

23 All in favor?

24 (Ayes.)

25 CHAIRMAN KEESE: Opposed? All three are

1 adopted three to nothing.

2 MR. MAGALETTI: Thank you very much.

3 CHAIRMAN KEESE: Item 12, Combined Heat
4 and Power Bid. Possible approval of the four
5 passing proposals from the Combined Heat and Power
6 competitively bid request for proposals. You have
7 them on your agenda, item a. Tecogen, Inc; item b.
8 D.E. Solutions; item c. CMC-Engineering; and item
9 d. Alzeta Corporation.

10 Good morning.

11 MR. WARD: Good morning, Commissioners.
12 My name is Allan Ward and I work in the
13 environmentally preferred advanced generation team
14 of the PIER program, and I'm here to answer any
15 questions on these projects.

16 CHAIRMAN KEESE: Fully reviewed by the
17 R&D Committee?

18 MR. WARD: Yes, they were approved by
19 the R&D Committee.

20 COMMISSIONER GEESMAN: I'll move the
21 item, Mr. Chairman.

22 CHAIRMAN KEESE: Motion, Commissioner
23 Geesman.

24 COMMISSIONER BOYD: Second.

25 CHAIRMAN KEESE: Second, Commissioner

1 Boyd. Any public comment?

2 All in favor?

3 (Ayes.)

4 CHAIRMAN KEESE: Opposed? Adopted three
5 to nothing.

6 MR. WARD: Thank you.

7 CHAIRMAN KEESE: Item 13, Distributed
8 Generation OII. Possible opening of an order
9 instituting investigation for exploring issues
10 associated with implementation and distribution
11 and planning of distributed generation. I would
12 correct your agenda, this OII would support both
13 the CPUC order instituting rulemaking for DG and
14 the 2005 Integrated Energy Policy Report.

15 MR. RAWSON: Good morning, thank you.
16 My name is Mark Rawson; I work in the PIER
17 program. I have about a 20-minute PowerPoint
18 presentation I wanted to make to you on this item,
19 but in the interest of time --

20 (Laughter.)

21 MR. RAWSON: -- I'll answer any
22 questions you may have about this OII.

23 CHAIRMAN KEESE: Thank you.

24 COMMISSIONER GEESMAN: I'll move the
25 item.

1 CHAIRMAN KEESE: Motion, Commissioner
2 Geesman.

3 COMMISSIONER BOYD: Second.

4 CHAIRMAN KEESE: Second, Commissioner
5 Boyd.

6 All in favor?

7 (Ayes.)

8 CHAIRMAN KEESE: Opposed? Adopted three
9 to nothing. Thank you.

10 MR. RAWSON: Thank you.

11 CHAIRMAN KEESE: Minutes of April 7th.

12 COMMISSIONER BOYD: Move approval.

13 CHAIRMAN KEESE: Motion, Commissioner
14 Boyd.

15 COMMISSIONER GEESMAN: Second.

16 CHAIRMAN KEESE: Second, Commissioner
17 Geesman.

18 All in favor?

19 (Ayes.)

20 CHAIRMAN KEESE: Opposed?

21 Commission Committee and Oversight.

22 Executive Director's Report.

23 MR. THERKELSEN: Commissioners, our
24 budget process starts this week with a meeting
25 tomorrow with the Senate Budget Committee Staff.

1 And hearings tomorrow, or hearings next week.

2 CHAIRMAN KEESE: I apologize for getting
3 that out of order.

4 Chief Counsel's Report.

5 MS. ICHIEN: I have nothing to report
6 this morning.

7 CHAIRMAN KEESE: Thank you. Public
8 Adviser's Report.

9 MS. KIM: Nothing.

10 CHAIRMAN KEESE: Thank you. Public
11 comment?

12 This meeting is adjourned. Thank you.

13 (Whereupon, at 11:36 a.m., the Business
14 Meeting 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 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 27th day of April, 2004.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345