

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 11, 2005

10:02 A.M.

Reported by:
Peter Petty
Contract No. 150-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

Joseph Desmond, Chairperson

Arthur Rosenfeld

James D. Boyd

John Geesman

Jackalyne Pfannenstiel

STAFF PRESENT

Scott Matthews, Acting Executive Director

William Chamberlain, Chief Counsel

Song Her, Secretariat

Connie Bruins

Nancy Tronaas

Ignacio Garcia

Tim Olson

Joseph Wang

Robert Kennedy

Cheryl Raedel

Rachel Salazar

Madeline Meade

Hassan Mohammed

George Simons

Kevin Kennedy

PUBLIC ADVISER

Margret Kim

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ALSO PRESENT

Ronald E. Sues, JD
Bottle Rock Power Corporation

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P R O C E E D I N G S

10:02 a.m.

CHAIRPERSON DESMOND: I'd like to call this meeting to order. Stand up and join me in the Pledge of Allegiance.

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

CHAIRPERSON DESMOND: Thank you. The first item this morning will be the consent calendar. We have before us possible approval of a contract, amendment 1, for \$20,000 and an additional year to Peters Shorthand Reporting Corporation.

COMMISSIONER GEESMAN: I'd move the consent calendar.

COMMISSIONER ROSENFELD: Second.

CHAIRPERSON DESMOND: So moved.

All in favor?

(Ayes.)

CHAIRPERSON DESMOND: Opposed? So moved.

Item 2, possible approval of a petition

23 to add a binary cycle turbine (organic Rankine
24 cycle) to the existing steam turbine.
25 Modifications will increase the generating

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1 capacity from 185 megawatts to 215 megawatts and
2 enhance operational efficiencies. Go ahead.

3 MS. BRUINS: Good morning,
4 Commissioners; and welcome, Chairman Desmond.

5 CHAIRPERSON DESMOND: Thank you.

6 MS. BRUINS: I'm Connie Bruins, the
7 siting division, compliance unit. This amendment
8 before you today is for the Salton Sea Geothermal
9 Project. This project is owned by CalEnergy.
10 It's 185 megawatt project; will be located in the
11 Imperial Valley just south of the Salton Sea.

12 The original project was licensed in
13 December of 2003. Construction was originally
14 scheduled to begin in the early 2004, but was
15 delayed until the fall of 2005.

16 The reason for the delay was that when
17 the project owner solicited bids from engineering
18 construction firms, the proposals received
19 recommended a more efficient, cleaner technology
20 that would reduce costs and enhance the economics
21 of the project.

22 The primary changes include adding a

23 binary cycle turbine to capture dissipated energy;
24 an increase to the brine flow, adding a production
25 and injection well; increase the voltage from 161

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1 to 230 kiloVolts. Add 20 acres to the site, and
2 increase the size of the cooling tower.

3 These and other minor modifications will
4 increase generation by 30 megawatts from 185 to
5 215.

6 The amendment process is a public
7 process. The amendment petition was received in
8 December of 2004. A notice of receipt was mailed
9 to the post-certification mailing list in
10 January. Staff's analyses was mailed to
11 interested parties in April. There were only five
12 entities that received a copy of this analysis.
13 An addendum was mailed in May which reflected
14 minor changes to the District's determination of
15 compliance. No comments have been received to
16 date.

17 Although the technology is more
18 efficient, an increase in the brine flow and the
19 additional wells will increase emissions.
20 However, all impacts are fully mitigated. And the
21 Imperial Valley Air Pollution Control District has
22 approved the modification and has issued a revised

23 DOC.

24 Staff has made the following findings:

25 The amendment meets the filing criteria of

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1 regulation 1769 concerning post-certification
2 project modifications. The modifications will not
3 change the findings from the original decision.
4 The project will remain in compliance with all
5 laws, ordinances, regulations and standards.

6 The modification will be beneficial to
7 the project owner by improving efficiency and
8 reducing per-kilowatt capital costs by
9 approximately 300 to 400 per kilowatt -- I'm
10 sorry, dollars per kilowatt.

11 The modification will also benefit the
12 state by increasing power. And all power will go
13 to California loads.

14 Staff recommends approval of the project
15 modifications and the associated conditions of
16 certification.

17 In attendance today, representatives
18 from CalEnergy, Bernard Raemy, Project Development
19 Manager to my immediate right; and Vince
20 Signoretti, VP of Real Estate Assets. On the
21 telephone is also, from CalEnergy, Cathy Woolums,
22 who is the Vice President of Environmental

23 Compliance. Technical staff is also on the
24 telephone if you have any question; Will Walters;
25 he drafted the air quality analysis.

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1 We recommend approval and happy to
2 answer any questions.

3 CHAIRPERSON DESMOND: Is there a motion?

4 COMMISSIONER GEESMAN: Mr. Chairman, the
5 matter was taken up last week by the Siting
6 Committee. We recommend approval, so I would move
7 approval of the amendment.

8 COMMISSIONER BOYD: I'll second that
9 motion.

10 CHAIRPERSON DESMOND: Further
11 discussion? Call for a vote.

12 All in favor?

13 (Ayes.)

14 CHAIRPERSON DESMOND: Opposed? So
15 moved.

16 MS. BRUINS: Thank you.

17 CHAIRPERSON DESMOND: Thank you. Before
18 moving on to item 3, I'd like to take a moment off
19 the agenda and allow Commissioner Boyd to address
20 the Energy Commission regarding the EPA.

21 COMMISSIONER BOYD: Thank you, Chairman
22 Desmond. Last week I had the privilege of

23 representing this Commission at an award ceremony
24 in Washington, D.C., conducted by the USEPA, who
25 presented the Energy Commission their climate

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1 protection award for the year 2005. For the
2 Energy Commission's almost three decades
3 demonstration of state and national leadership in
4 the area of climate change through efficiency,
5 renewable energy, alternative transportation,
6 technologies and fuels and what-have-you.

7 So I have here the very heavy document
8 or award or plaque that was provided to us. And I
9 just want to say a little bit about it. It was an
10 extremely nice ceremony, and well attended by
11 large numbers of folks.

12 This award is kind of unique in that
13 this wooden plaque is what they choose to call one
14 hundred percent recycled wood. In other words
15 it's salvaged from a 19th century barn in the
16 Shenandoah Valley. And it's painted and stained
17 with natural materials that were utilized by the
18 artist. And the center medallion is made of
19 recycled glass.

20 And so the EPA so informed me that we
21 could take this apart and recycle all the pieces
22 of it. But I don't recommend that we do that.

23 So the artisans were interesting folks,
24 as well. They are both people who resettled to
25 this country by the International Rescue

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1 Committee; one an artisan from Bosnia and the
2 other from Russia, who put a lot of effort into
3 this particular plaque.

4 So I was extremely proud and pleased to
5 be the recipient of that. And, Mr. Matthews, I'd
6 like you to come and collect it, because I think
7 it should go on display in the trophy case,
8 because it's a presentation to the entire
9 Commission for all that is done through the years,
10 not just what we've done lately.

11 UNIDENTIFIED SPEAKER: Photo op.

12 COMMISSIONER BOYD: Ah, photo op.

13 (Laughter.)

14 (Applause.)

15 COMMISSIONER BOYD: Thank you, Mr.
16 Chairman.

17 CHAIRPERSON DESMOND: Thank you,
18 Commissioner Boyd.

19 ACTING EXECUTIVE DIRECTOR MATTHEWS:
20 Chairman Desmond, I'd just say a brief word. I
21 had an opportunity to attend an earlier EPA
22 ceremony, and they are quite impressive. This

23 represents 30 years of work of a lot of people,
24 starting with the original energy efficiency
25 standards all the way through the most recent

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1 renewable photovoltaic installation. And so I
2 think it's well deserved for everybody that's
3 worked on this through all these years.

4 CHAIRPERSON DESMOND: Great. Mr.
5 Matthews, I'd ask one thing, and that we prepare a
6 letter of thanks and acknowledgement from the EPA,
7 and also indicating our continued support to
8 cooperate with them.

9 ACTING EXECUTIVE DIRECTOR MATTHEWS:
10 Will do.

11 CHAIRPERSON DESMOND: Thank you.

12 Moving back to the original scheduled
13 agenda, item number 3 is possible approval of a
14 petition to extend environmental monitoring during
15 suspended facility operations.

16 MS. TRONAAS: Yes, good morning; I'm
17 Nancy Tronaas, the Compliance Project Manager for
18 the Bottle Rock Power Plant.

19 The Bottle Rock geothermal power plant
20 located in Lake County has not operated since 1990
21 due to a lack of steam. In 1993 the Energy
22 Commission approved a reduced environmental

23 monitoring program for suspended operations. And
24 in 1997 the Commission extended the program for
25 three years to allow the Department of Water

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1 Resources to find a buyer for the plant or
2 decommission it.

3 In May of 2001 the Energy Commission
4 approved a transfer of ownership from DWR to the
5 Bottle Rock Power Corporation.

6 The petition before you today will
7 extend the suspended operations environmental
8 monitoring program for an additional 18 months to
9 allow the Bottle Rock Power Corporation to secure
10 financial resources to restart the power plant.

11 Staff has concluded there will be no
12 environmental impacts from the continued suspended
13 operations of the power plant with the
14 implementation of the existing program and
15 proposed revisions to the monitoring program.

16 Based on several years of environmental
17 monitoring data for the project we recommend
18 eliminating or revising several biological
19 resources requirements such as reducing the
20 surface water sampling of nearby creeks to two
21 rather than four times per year.

22 We also propose minor revisions to other

23 technical conditions such as air quality, water,
24 cultural, safety and noise for consistency with
25 the Commission's current administrative format.

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1 We did receive one email in support of
2 the petition from a resident in the community of
3 Cobb yesterday. And we did not receive any
4 comments from public agencies.

5 It's staff's opinion that the proposed
6 modification and extension will comply with
7 section 1769 and it will remain in compliance with
8 all LORS. We recommend approval of the petition
9 to extend the monitoring program until November
10 11th of 2006. And the project owner and technical
11 staff are here to answer any questions you may
12 have.

13 CHAIRPERSON DESMOND: Go ahead.

14 COMMISSIONER GEESMAN: Mr. Chairman,
15 this matter was reviewed by the Siting Committee
16 last week and we do recommend approval. So I
17 would move approval of the petition.

18 CHAIRPERSON DESMOND: Is there a second?

19 COMMISSIONER BOYD: Second.

20 CHAIRPERSON DESMOND: Second. The
21 question I have for the developer, if they're
22 present, do they anticipate any timeline in which

23 they would begin commercial operation once again?

24 MS. TRONAAS: I will allow Mr. Sues to

25 respond to that.

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1 MR. SUESS: My name is Ronald Suess,
2 President of Bottle Rock Power Corporation. And,
3 Mr. Chairman, in direct answer to that question,
4 yes, there is a timeline that we are pursuing
5 right now, that within that 18-month period we
6 should be able to complete rehabilitation of the
7 steam field and the power plant, itself. And
8 comply with all of the requisite requirements
9 pursuant to the Title 20, section 1769 CEC
10 requirements. And be ready for commercial
11 operation within that timeframe.

12 CHAIRPERSON DESMOND: Great. Thank you.
13 Any further questions? Call for a vote.

14 All those in favor?

15 (Ayes.)

16 CHAIRPERSON DESMOND: Opposed? So
17 moved. Thank you.

18 MR. SUESS: Thank you.

19 MS. TRONAAS: Thank you.

20 CHAIRPERSON DESMOND: Item number 4 is
21 the International Energy Program, and possible
22 approval of funding for the top nine IEP

23 proposals. Currently there's \$75,000 available
24 for the first three proposals, with remaining
25 proposals contingent upon availability of

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1 additional funds; with maximum awards of \$25,000
2 each. Go ahead, Mr. Garcia.

3 MR. GARCIA: Thank you. Good morning;
4 my name is Ignacio Garcia of the fuels and
5 transportation division here to request possible
6 funding approval of nine proposals requesting
7 funds of the International Energy Program.

8 These nine proposals are from selected
9 California companies to implement a variety of
10 energy projects throughout Mexico.

11 In December 2004 the Energy Technology
12 Export Program released the fiscal year 2004/2005
13 competitive solicitations. During this cycle the
14 Energy Commission received ten proposals; nine of
15 those proposals received passing scores.

16 The Transportation Committee recommends
17 approval of all nine proposals at the levels
18 listed in exhibit A, which amounts to a total of
19 \$150,000. \$75,000 is available for the first
20 three proposals who are contingent on available
21 funding. Proposals four through nine would each
22 receive lesser amounts.

23 Funding of these projects helps fulfill
24 the energy worktable joint declaration of the
25 Board of Governors Commission of which

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1 Commissioner Boyd is a member.

2 Thank you.

3 CHAIRPERSON DESMOND: Thank you.

4 Discussion?

5 COMMISSIONER BOYD: Mr. Chair.

6 CHAIRPERSON DESMOND: Go ahead.

7 COMMISSIONER PFANNENSTIEL: Yes, Mr.

8 Chairman, I just want one clarification on the
9 record. The first \$75,000 are currently budgeted
10 and that would be earmarked right away for these
11 projects.

12 The next \$75,000, where do you
13 anticipate the funding for that to come, the next
14 six projects?

15 ACTING EXECUTIVE DIRECTOR MATTHEWS:

16 Commissioner Pfannenstiel, Scott Matthews, if I
17 can provide some light on that. We have
18 reallocated in third quarter funding to meet needs
19 that have yet to be met. And the Budget and
20 Management Committee approved the additional
21 funding for these projects, among other things.

22 COMMISSIONER PFANNENSTIEL: I'm sorry,

23 for the first three or the next six?

24 ACTING EXECUTIVE DIRECTOR MATTHEWS: For

25 all nine.

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1 COMMISSIONER PFANNENSTIEL: So they are
2 all funded --

3 ACTING EXECUTIVE DIRECTOR MATTHEWS:
4 They are all funded for this fiscal year.

5 COMMISSIONER PFANNENSTIEL: -- at this
6 point? So, when we approve, we're approving the
7 actual allocation money to those nine?

8 ACTING EXECUTIVE DIRECTOR MATTHEWS:
9 Yes, ma'am.

10 COMMISSIONER PFANNENSTIEL: Thank you.

11 CHAIRPERSON DESMOND: Commissioner Boyd.

12 COMMISSIONER BOYD: I was just going to
13 say the Transportation Committee, which has
14 responsibility for this item, did thoroughly
15 review the proposal; and part of the discussion
16 there was the issue that Commissioner Pfannenstiel
17 just brought up, that we had underfunded with a
18 contingency of possibly finding additional funds
19 for the program for the year. And I'm happy to
20 see that that has been provided.

21 And as indicated further, we have
22 fulfilled our pledge to our friends and neighbors

23 to the south consistent with the Board of
24 Governors work in this past two years, to reach
25 our hands across the border and help the projects

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1 down there.

2 So I would like to make a motion to
3 approve this item.

4 CHAIRPERSON DESMOND: Okay.

5 COMMISSIONER PFANNENSTIEL: I second.

6 CHAIRPERSON DESMOND: Okay. I have some
7 additional questions.

8 Under project number two, which is the
9 Princeton Development Corp. If I were to look at
10 these projects, most of them are either very
11 specific to energy efficiency, efficiency audits
12 or cogeneration applications.

13 This project looks at an exploration of
14 development opportunities, and I'm just trying to
15 get a sense of the valuation criteria used for
16 business development and exploration as opposed to
17 those companies that bear those costs on their
18 own.

19 MR. GARCIA: Well, we reviewed their
20 application to see the merits of their
21 capabilities of being able to accomplish their
22 goals of how they planned to do that, who they

23 were going to organize it with, and what schedule
24 they were about to keep.

25 CHAIRPERSON DESMOND: Okay, they're

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1 proposing a wind development for a potential light
2 rail project. And I'm trying to understand the
3 relationship between an intermittent resource and
4 a rail project.

5 MR. OLSON: Mr. Chairman, my name is Tim
6 Olson; I'm the Manager of this program.

7 CHAIRPERSON DESMOND: Thank you.

8 MR. OLSON: And also reviewed the
9 proposals. In terms of -- we use criteria that
10 screens projects based on the potential for actual
11 development. Each one of these projects would
12 have to go through some feasibility stage. So
13 even the energy efficiency projects, the result is
14 a feasibility study that defines an actual
15 project. In essence, does the due diligence steps
16 to attract investors and development teams.

17 In some cases many of these people are
18 part of that development team and contributing
19 money. So one of our requirements is they have to
20 match at least the our share of what we're
21 contributing for the feasibility stage.

22 But one of the key criteria is they have

23 to have the capability to do the investment of the
24 development of the follow-up project.

25 CHAIRPERSON DESMOND: Okay, thank you.

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1 Then I'll simply add, I think it's particularly
2 interesting and encouraging that these are all
3 border-related projects, which is something I know
4 that is part of the 2005 IEPR.

5 So at this point I'll call for a vote.

6 All those in favor?

7 (Ayes.)

8 CHAIRPERSON DESMOND: Opposed? So
9 moved. Thank you, Mr. Olson.

10 Next item on the agenda is the El Monte
11 City Unified School District, and possible
12 approval of a \$248,852 loan, which will augment
13 the District's existing loan for its cogeneration
14 project at the central kitchen; and covers the
15 additional cost of roof structure modifications to
16 accommodate the cogeneration units.

17 MR. WANG: Good morning, Commissioners;
18 my name is Joseph Wang, and I'm the Project
19 Manager for the loan.

20 El Monte Unified School District has an
21 existing loan with the CEC to install a 180 kW
22 cogeneration system and a 60 ton absorption

23 chiller at the central kitchen.

24 During the permitting process the

25 District found out that the existing roof cannot

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1 support the cogen system without modification. So
2 the total cost for engineering costs and roof
3 modification is about \$248,852.

4 The original loan did not budget for
5 this change order, so the District is now applying
6 a new loan to cover this cost.

7 With the additional cost the payback for
8 this project has increased from 8.4 to 9.8 years.
9 Staff has reviewed this application and recommends
10 approval of this loan.

11 CHAIRPERSON DESMOND: Okay, is there a
12 motion?

13 COMMISSIONER PFANNENSTIEL: Mr.
14 Chairman, this project was discussed at the
15 Efficiency Committee; and because it remains under
16 the ten-year payback period, we approved it, the
17 Efficiency Committee approved it.

18 And I move the approval.

19 CHAIRPERSON DESMOND: Is there a second?

20 COMMISSIONER ROSENFELD: I second.

21 CHAIRPERSON DESMOND: No further
22 discussion. I'll call for a vote.

23 All those in favor?

24 (Ayes.)

25 CHAIRPERSON DESMOND: Opposed? So

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1 moved. Thank you.

2 MR. WANG: Thank you.

3 CHAIRPERSON DESMOND: Next item is the
4 Governor's Office of Emergency Services and
5 possible approval of contract for training and
6 outreach services on the event of how to request
7 and receive fuel under emergency conditions. Go
8 ahead.

9 MR. KENNEDY: Thank you, Chairman,
10 Commissioners. My name is Robert Kennedy; I work
11 in the energy transportation fuels office here at
12 the Energy Commission.

13 We are requesting approval of a \$75,000
14 contract that will have a contractor from the
15 Office of Emergency Services provide training and
16 outreach for the fuel set-aside program. And the
17 contractor will also update the California Energy
18 Emergency Contingency Plan.

19 CHAIRPERSON DESMOND: Discussion?

20 COMMISSIONER BOYD: Mr. Chairman, this
21 item was reviewed by the Transportation and Fuels
22 Committee, and recommended its approval.

23 And I'd just note that this kind of
24 builds on the exercise we had here just a couple
25 weeks ago, with all the state agencies that would

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1 be involved in emergency preparedness. And since
2 our exercise theme was fuels, this is consistent
3 with the commitments we made there to do some
4 updating of some of the materials and what-have-
5 you.

6 So, with that, I'd like to move its
7 approval.

8 CHAIRPERSON DESMOND: Okay, is there a
9 second?

10 COMMISSIONER PFANNENSTIEL: Second.

11 CHAIRPERSON DESMOND: Unless there's any
12 further comments we'll call for a vote.

13 All those in favor?

14 (Ayes.)

15 CHAIRPERSON DESMOND: Opposed? So
16 moved. Thank you.

17 MR. KENNEDY: Thank you.

18 CHAIRPERSON DESMOND: Next item, agenda
19 item 7 is California State University Foundation,
20 Sacramento. Possible approval of contract
21 amendment to the CSUS Foundation for student
22 contract services.

23 MS. RAEDEL: Good morning, --

24 CHAIRPERSON DESMOND: Good morning.

25 MS. RAEDEL: -- Commissioners. My name

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1 is Cheryl Raedel; I'm the Manager of the contracts
2 office, and I'm filling in for Randy Roesser, who
3 is our budget officer on this contract, who is at
4 a hearing over at the Legislature today.

5 But the contract amendment is requesting
6 that we add 1.5 million, 500 thousand for the next
7 three fiscal years to support our student workload
8 here at the Commission.

9 CHAIRPERSON DESMOND: Okay.

10 COMMISSIONER GEESMAN: Mr. Chairman,
11 I'll move the item.

12 CHAIRPERSON DESMOND: Okay.

13 COMMISSIONER PFANNENSTIEL: Second.

14 CHAIRPERSON DESMOND: Okay. Since I'm
15 new to this Commission it would help me in the
16 future, based on this information, number of
17 students, number of hours and the types of tasks.
18 And I would like the opportunity to do that. But
19 certainly at this time I know it's a very
20 important program, so unless there's any further
21 comments we'll call for a vote.

22 MS. RAEDEL: I could answer one of the

23 questions.

24 CHAIRPERSON DESMOND: Certainly.

25 MS. RAEDEL: We have approximately 70

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1 students onboard right now that support the
2 Commission. And the contract total authority with
3 this addition would be \$12 million.

4 CHAIRPERSON DESMOND: Great.

5 COMMISSIONER PFANNENSTIEL: Mr.
6 Chairman.

7 CHAIRPERSON DESMOND: Yes.

8 COMMISSIONER PFANNENSTIEL: I might
9 suggest, because I had some of the same questions,
10 that it might be real useful if we got just a
11 single page summary of, you know, what this
12 project has been over time, the funding level, the
13 students. I understand that it's very valuable
14 and is something we rely on.

15 So it might be just a useful bit of
16 background for us.

17 CHAIRPERSON DESMOND: Yes.

18 MS. RAEDEL: Okay.

19 COMMISSIONER PFANNENSTIEL: Thank you.

20 CHAIRPERSON DESMOND: Thank you.

21 MS. RAEDEL: Um-hum.

22 COMMISSIONER GEESMAN: You know, if I

23 can add one other aspect to that request for
24 information, if you could also identify the number
25 of students that end up becoming permanent

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1 employees here. Because I do have a sense that
2 it's a pretty good feeder system for entry into
3 our staff.

4 ACTING EXECUTIVE DIRECTOR MATTHEWS: Mr.
5 Chairman, I can't resist this.

6 CHAIRPERSON DESMOND: Go right ahead,
7 Mr. Matthews.

8 ACTING EXECUTIVE DIRECTOR MATTHEWS: I
9 started out my state career as a student. And am
10 very supportive of the student program for all
11 sorts of reasons, but getting future employees is
12 only one of many.

13 CHAIRPERSON DESMOND: Since we're all
14 confessing, I also, as a college student, did an
15 internship with a utility, as well, under the
16 program. So we certainly know it's a good tool.

17 So, thank you. If you'd prepare that
18 information. Yes, Commissioner Rosenfeld.

19 COMMISSIONER ROSENFELD: And we also
20 train students here who end up, as you say,
21 working not for us, but working in this field.

22 CHAIRPERSON DESMOND: Um-hum.

23 COMMISSIONER ROSENFELD: NRDC, for
24 example, got one of our recent graduates.

25 CHAIRPERSON DESMOND: Okay, thank you.

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1 At this point I'll call for a vote.

2 All those in favor?

3 (Ayes.)

4 CHAIRPERSON DESMOND: Opposed? So
5 moved. Thank you.

6 Next item is item 8, possible approval
7 of a contract for \$3,194,028 with KEMA to provide
8 technical assistance to the renewable energy
9 program. Ms. Salazar, go ahead.

10 MS. SALAZAR: Good morning,
11 Commissioners. My name is Rachel Salazar; I work
12 in the technology market development office here
13 at the Energy Commission. And I just recently
14 took over contract management duties for our tech
15 support contract from Madeline Meade.

16 And the item before you today is
17 requesting approval of a contract with KEMA,
18 Incorporated, formerly Xenergy, for an amount of
19 just under \$3.2 million. This contract will
20 provide technical support for the renewable energy
21 program. It's a three-year contract with a
22 proposed start date of June 13, 2005 through June

23 30, 2008. Our present tech support contract ends
24 on June 16, 2005. So we would have a couple of
25 days of overlap.

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1 KEMA was chosen through a competitive
2 request for a proposal process. And the work
3 under this contract is work-authorization driven,
4 which means that it's on an as-needed basis.

5 Some of the examples that we've used the
6 tech support contract for in the past, and that
7 we'll probably continue to use them for, is
8 assistance with RPS implementation and WREGIS
9 development, certifying eligible PV modules and
10 inverters for the emerging program. And also the
11 work authorizations is typical of tech support
12 contracts.

13 CHAIRPERSON DESMOND: Okay.

14 COMMISSIONER GEESMAN: Mr. Chairman,
15 this matter was taken up by the Renewables
16 Committee. We recommend approval, so I would move
17 approval of the contract.

18 COMMISSIONER PFANNENSTIEL: Second.

19 CHAIRPERSON DESMOND: Okay. I actually
20 have some questions I'd just like, the previous
21 contract was for what term? One year or three
22 years? This is a three-year contract.

23 MS. SALAZAR: Our current contract was
24 also a three-year contract.

25 CHAIRPERSON DESMOND: It was?

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1 MS. SALAZAR: Yes.

2 CHAIRPERSON DESMOND: Okay. And you
3 said competitive solicitation. How many responses
4 were there to the solicitation?

5 MS. SALAZAR: This particular
6 solicitation process we only received the one from
7 KEMA. We held a prebid conference back in
8 February where we had five interested parties for
9 being the prime contractor. And we mailed out 735
10 solicitation letters. It was advertised on our
11 website, as well as the DGS website.

12 So we did all of our steps necessary to
13 try and advertise for the solicitation. We just
14 got the one bid.

15 CHAIRPERSON DESMOND: Okay. So I guess
16 the question is in the write-up and justification
17 it talks about a cost comparison that was done for
18 comparable expertise and services. If you had one
19 solicitation what did you use as a reference for
20 the cost comparison?

21 MS. SALAZAR: I will direct that to
22 Madeline Meade; she was contract manager at that

23 time and has previous experience.

24 MS. MEADE: In the past I have looked at

25 PIER contracts that have contracted for similar

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1 technical expertise. And have compared the rates
2 that KEMA submitted to those contracts. And they
3 were certainly comparable.

4 As well, the total average hourly rate
5 of the KEMA contract this time, in their response
6 to this solicitation, was actually lower to the
7 average hourly rate that they submitted for our
8 last technical support solicitation.

9 CHAIRPERSON DESMOND: Okay. Just one
10 last comment. Again, in the documents here that I
11 have, it talked about the importance of insuring
12 that the contractor expand their technical
13 expertise in this area. And I certainly recognize
14 the value that they provide.

15 I would simply add that we consider also
16 adding that expertise of the Commission Staff, as
17 well, and not solely relying on the outside
18 contractors.

19 So, with that, I'd like to call for a
20 vote.

21 All those in favor?

22 (Ayes.)

23 CHAIRPERSON DESMOND: Opposed? So

24 moved. Thank you.

25 MS. SALAZAR: Thanks.

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1 ACTING EXECUTIVE DIRECTOR MATTHEWS: Mr.
2 Chair.

3 CHAIRPERSON DESMOND: Yes.

4 ACTING EXECUTIVE DIRECTOR MATTHEWS: I'd
5 like to point out that Ms. Salazar is another
6 example of an alternative way to move forward at
7 the Energy Commission. She started out as a
8 clerical --

9 MS. SALAZAR: I actually started as a
10 student over at CDF.

11 ACTING EXECUTIVE DIRECTOR MATTHEWS:
12 Okay, started out as a student and a clerical, and
13 is now --

14 MS. SALAZAR: My lead pulled me over
15 here and I started as an OA here at the
16 Commission.

17 ACTING EXECUTIVE DIRECTOR MATTHEWS:
18 Right.

19 CHAIRPERSON DESMOND: Okay.

20 MS. SALAZAR: Thank you.

21 CHAIRPERSON DESMOND: Thank you. Item
22 number 9, Local Government Commission (LGC). This

23 is possible approval of an amendment for \$475,000,
24 a one-year extension of the PIER contract for
25 assistance with community choice aggregation. We

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1 have Mr. Mohammed.

2 MR. MOHAMMED: Good morning, Mr.
3 Chairman; good morning, Commissioners. This is --
4 my name is Hassan Mohammed and I work for PIER
5 renewables at the Energy Commission. And I was
6 managing of this PIER contract with Local
7 Government Commission on community choice
8 aggregation.

9 This item before you is an amendment for
10 \$475,974, and a one-year extension to the
11 contract. The extension will provide more
12 comprehensive assessment of the feasibility of
13 community choice aggregation process for
14 California communities when considering an
15 expanded renewable portfolio.

16 The amendment also provides additional
17 analysis for more pilot communities and continue
18 monitoring and reporting on the extended
19 California Public Utilities Commission
20 proceedings.

21 If you want I can give you a brief
22 background about this contract. This is community

23 choice aggregation is, as defined in the
24 legislation AB-117, permits any city or county to
25 aggregate the electric loads of residents,

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1 businesses and (inaudible) to facilitate the best
2 use of electrical energy.

3 The purpose of these contracts is to
4 assist local government evaluate the advantage,
5 and this advantage of various ways of implementing
6 community choice aggregation significantly exceed
7 RPS goal status achieving renewable portfolio mix
8 of 40 percent, and shares their experiences with
9 other communities.

10 With this, I recommend approval of this
11 amendment.

12 CHAIRPERSON DESMOND: Okay.

13 COMMISSIONER GEESMAN: Mr. Chairman.

14 CHAIRPERSON DESMOND: Yes.

15 COMMISSIONER GEESMAN: This item was
16 taken up by the R&D Committee. Commissioner
17 Rosenfeld was not present when we took it up, so I
18 determined it was a good idea. I'm certain if he
19 had been there he would have joined me in that
20 opinion. But we'll test that with a vote. So I
21 would move the item.

22 COMMISSIONER PFANNENSTIEL: Second.

23 CHAIRPERSON DESMOND: We have a motion
24 and a second. I do have a question, and that is
25 the first phase, have they completed the initial

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1 report on the results? We've already expended
2 close to a million dollars on this effort.

3 MR. SIMONS: Yes, they have. My name is
4 George Simons; I'm the team lead in the PIER
5 renewables area.

6 The Local Government Commission, with
7 the subcontractor of Navigant, have produced a
8 number, several different reports. One is on the
9 PUC proceeding up to date, where the PUC has
10 bifurcated the proceedings to look at the exit fee
11 question, which is one of the reasons for the
12 amendment.

13 They've also produced a report on the
14 economic feasibility of looking at a 40 percent
15 renewable portfolio under the community choice
16 aggregation vehicle. And that report is really
17 encouraging to us because, in fact, what we're
18 seeing from that is, again, based on the limited
19 number of studies that they've done, they've
20 looked at 13 communities.

21 If those communities have a significant
22 commercial or industrial mix in them, then, in

23 fact, the economics look very favorable to going
24 to a 40 percent portfolio. And, in fact, we would
25 expect to see a very minor increase in rates to

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1 those constituencies, on the order of about 1 to
2 an upper limit of 5 percent.

3 And those rates would only exist until
4 the exit fees expire in approximately 2012.

5 CHAIRPERSON DESMOND: Okay. Thank you.
6 Just a follow-up question. As I understand,
7 yesterday there was enough signatures filed on a
8 petition to foreclose choice at the retail level.
9 Do we know if that would impact this program? And
10 if so, and that were to be adopted, how this
11 contract might be modified?

12 MR. SIMON: We don't know yet. Again,
13 that's part of the -- there's been a lot of back-
14 and-forth in these proceedings. The exit fees and
15 how they're going to affect community choice
16 aggregation is still an open question.

17 CHAIRPERSON DESMOND: Okay. Thank you.
18 At this point I'd like to call for a vote.

19 All those in favor?

20 (Ayes.)

21 CHAIRPERSON DESMOND: Opposed? So
22 moved. Thank you.

23 Item number 10, the 2005 Integrated
24 Energy Policy Report. Consideration and possible
25 decision to initiate enforcement activities.

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1 ACTING EXECUTIVE DIRECTOR MATTHEWS: Mr.
2 Chairman, as you know, we've been working on
3 collecting data from various utilities for the
4 Integrated Energy Report proceeding over the last
5 several months. This is a continuation of that
6 effort.

7 At the last business meeting the
8 Commission directed LADWP to complete the forms S1
9 and S2 that had been due last March 1st. The
10 Commission adopted an order at that meeting
11 directing L.A. to file this information, but
12 directed staff to only serve the order if the
13 information was not received within one week.

14 L.A., in fact, filed the requested
15 information which completes the filing
16 requirements for the data that was due March 1st.
17 So we're done with the March 1st set.

18 Kevin Kennedy, the Project Manager of
19 the IEPR, is here to report on the status of the
20 filings for the final batch which were due on
21 April 1st.

22 CHAIRPERSON DESMOND: Thank you.

23 MR. KENNEDY: Thank you. Good morning,

24 Mr. Chair, Commissioners.

25 The final batch of information that we

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1 had requested were scenarios and uncertainty
2 analyses related to the resource plans for the
3 different utilities, and also transmission plans.

4 These were all due on April 1st, and we
5 have had, overall, very good compliance with this.

6 At this point we actually only have two
7 utilities that we're still working with to get
8 information. One is the City of Roseville
9 Municipal Utility and we've been in discussion
10 with them. And also with the California Municipal
11 Utilities Association in terms of trying to get
12 the information we need from them. We're
13 anticipating receiving that in the near future.

14 The other one that remains outstanding
15 at this point is LADWP. As Scott mentioned, we
16 have been working with them very closely to get
17 the information from the previous set of filings
18 up to last week. And since we received the March
19 1st filings last week, we've been talking to them
20 about the additional information we would need to
21 complete the April 1st filings.

22 One piece of information that we had

23 specifically requested from them for the
24 uncertainties and scenarios was an accelerated
25 renewable scenario that would take a quantitative

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1 look at what it would take LADWP to actually meet
2 the requirements that this Commission had
3 recommended be put into place as part of the 2004
4 IEPR update.

5 What we've been told by LADWP at this
6 point is that they don't anticipate actually
7 providing that quantitative information. In part
8 because the staff that would be involved are in
9 the middle of actually finalizing their own RPS
10 that is supposed to be published tomorrow, and
11 actually go up for adoption by their Board next
12 week at their May 20th meeting.

13 Based on the conversations that I've had
14 to date with Randy Howard, I expect that we
15 probably can get at least a qualitative discussion
16 of the sorts of costs that they might face meeting
17 that sort of scenario. And I anticipate being
18 able to get that in the relatively near future.

19 From staff's perspective, it probably --
20 that information, if we get it, and gives a good
21 discussion of that, will give us a lot of the
22 information that we would hope to be able to glean

23 out of the more quantitative analysis.

24 And at this point we would not recommend

25 enforcement action to go after the more detailed

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1 information.

2 One of the other pieces of information
3 that we have talked to LADWP about, and came up at
4 both of the last two business meetings, relates to
5 LADWP's role in the Devers-Palo Verde II
6 transmission line. the transmission plan that
7 they had filed with us did not mention the Devers-
8 Palo Verde II proposal.

9 The short answer that I've gotten from
10 them at this point is that that proposal and their
11 potential role in that would actually not affect
12 their overall transmission capability coming into
13 their system, because essentially what they are
14 looking to do is replace capacity that they
15 currently have leased on the existing line with a
16 share of the new line.

17 We've asked them to provide a more
18 detailed explanation of that in writing as part of
19 a filing, sort of completing the April 1st.

20 So, at this point, we're in the process
21 of preparing a letter that will go to them
22 spelling out exactly what we are expecting to get

23 from them; expressing concern that they indicate
24 that they're not providing the quantitative
25 information on the accelerated renewables that we

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1 had hoped. But, again, at this stage we would not
2 recommend enforcement action based on that.

3 There is one other loose end that has
4 come up a couple of times in my previous reports.
5 And that relates to the possibility of asking the
6 Northern California Power Agency to report on
7 behalf of their member agencies. That was
8 something that was reserved as a right that the
9 Energy Commission could request at CPA to do that.

10 And as we've looked at the information
11 we received from their members, their larger
12 members have provided information. The ones that
13 we have not received information from represent
14 only about 350 megawatts out of a total of, if I
15 recall correctly, it's about 1750 megawatts total
16 for NCPA. And it's about 11 of the smaller
17 utilities.

18 And at this point staff does not
19 recommend that we formally go after NCPA for that
20 small increment at the end. We basically have the
21 information we need to be able to do the analysis
22 that we can do at this point.

23 So, at this point we're not recommending
24 any enforcement action based on the April 1st
25 filings.

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1 CHAIRPERSON DESMOND: Okay. Any
2 questions?

3 COMMISSIONER PFANNENSTIEL: Mr.
4 Chairman.

5 CHAIRPERSON DESMOND: Yes.

6 COMMISSIONER PFANNENSTIEL: Kevin, let
7 me get this sequence straight on LADWP. There
8 will be another letter going out to them
9 specifying precisely what additional information
10 we're seeking?

11 MR. KENNEDY: That's correct.

12 COMMISSIONER PFANNENSTIEL: And that
13 will give them some period of time to respond.
14 What kind of period of time are you thinking of
15 there? A week, ten days?

16 MR. KENNEDY: I think probably ten days
17 would be appropriate in terms of the discussions
18 I've had with them so far. And --

19 COMMISSIONER PFANNENSTIEL: And then
20 assuming they do respond in that timeframe, then
21 we will be back on schedule for the IEPR
22 information that we need? I'm just trying to see,

23 you know, at what point do we need to get back to
24 them. Are we going to be okay in meeting our IEPR
25 needs?

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1 MR. KENNEDY: Yes. If we receive what I
2 am expecting we will receive from LADWP we will
3 have what we need to be able to complete the
4 analyses.

5 And I should mention that while I
6 understand that Randy Howard is traveling at the
7 moment, I do believe that there's a couple members
8 of his staff monitoring the business meeting. If
9 there are any questions that any of you have for
10 LADWP I believe that they would be prepared to
11 answer them. But, --

12 COMMISSIONER PFANNENSTIEL: That's fine.
13 So, if we don't get anything we'll know by the
14 next business meeting --

15 MR. KENNEDY: Exactly.

16 COMMISSIONER PFANNENSTIEL: -- what the
17 status is?

18 MR. KENNEDY: Yeah.

19 COMMISSIONER PFANNENSTIEL: Thank you.

20 CHAIRPERSON DESMOND: Did you have any
21 indication from LADWP if their proposed adoption
22 of their RPS is consistent with what the Energy

23 Commission has recommended?

24 MR. KENNEDY: No. It is actually much

25 less ambitious than what we had recommended. I

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1 believe what they're looking at is 20 percent by
2 2017 if I remember correctly. And we had been
3 recommending much more aggressive.

4 CHAIRPERSON DESMOND: Okay, and with
5 respect to the Palo Verde-Devers II line, I know
6 that there is some ongoing dispute under the
7 contract provisions as to who may or may not
8 construct that line. Has LADWP indicated in any
9 of their replies any of the ongoing disputes
10 between themselves and the other owner of the
11 line?

12 MR. KENNEDY: My understanding is they
13 were planning to file something this week with the
14 CPUC relating to Southern California Edison's
15 application at the PUC.

16 CHAIRPERSON DESMOND: All right, thank
17 you.

18 MR. KENNEDY: You're welcome.

19 CHAIRPERSON DESMOND: Further comments?
20 Call for a vote.

21 All those -- well, actually, there's no
22 action, so, no action. Do we need to retain this

23 on the next agenda meeting?

24 COMMISSIONER GEESMAN: I think we've

25 carried it as a continuing item for several months

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1 now. It would probably be a good idea. Seems to
2 be an ongoing saga.

3 CHAIRPERSON DESMOND: Okay. So we'll
4 leave it there until we hear back that they comply
5 within that, and at that point.

6 MR. KENNEDY: That will work, yes.
7 Thank you.

8 CHAIRPERSON DESMOND: Okay. Thank you.
9 Item number 11 is adoption of the minutes. The
10 minutes have been distributed. I've had a chance
11 to review these, as the other Commissioners have.
12 We're looking for --

13 COMMISSIONER PFANNENSTIEL: So moved.

14 COMMISSIONER GEESMAN: Second.

15 CHAIRPERSON DESMOND: Call for a vote.

16 All those in favor?

17 (Ayes.)

18 CHAIRPERSON DESMOND: Opposed? So
19 moved.

20 Item 12, Commission Committee and
21 Oversight. Nothing, okay.

22 Moving to item number 13, Chief

23 Counsel's report.

24 MR. CHAMBERLAIN: Yes, Mr. Chairman. I

25 just wanted to inform the Commission that after a

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1 considerable period of time working on the orders
2 implementing your action on April 13th, those
3 orders have now been fully executed and we are
4 sending them out today.

5 I suggested that we send them out with a
6 cover letter indicating that the 14-day period
7 that's in the regulations, after which we would
8 make the information that we've found to be not a
9 trade secret, public. That the 14-day period
10 would basically run from today, when we're mailing
11 these orders out.

12 So that's going to be done this
13 afternoon.

14 CHAIRPERSON DESMOND: Okay. Anything
15 else? That's it, okay.

16 Next item, 14, Executive Director's
17 report.

18 ACTING EXECUTIVE DIRECTOR MATTHEWS: Mr.
19 Chair, Commissioners. Most of my report has to do
20 with the budget activities are continuing at the
21 Legislature.

22 Subcommittee 3, I guess, is done because

23 I see Mr. Roesser is back. And they were meeting
24 on adopting trailer bill language for PIER that
25 would require -- that will, because it passed --

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1 require us to give them a report on the long-term
2 research priority program management and staffing
3 plan for PIER. Designate a priority order of the
4 research; identify the most effective and
5 efficient program management structure and
6 staffing; and the appropriate mix of contractors
7 and state employees.

8 We were successful, I'm informed, of
9 getting that report moved to March 5th to match
10 our existing requirement for a five-year plan for
11 PIER. So we just do two reports at one time. So
12 that makes life a little easier. That's on the
13 Assembly side. We're assuming we'll see similar
14 language on the Senate side.

15 The Senate Sub 2 Budget Committee is
16 scheduled to look at the May revise and open
17 issues. We have no open issues other than the
18 trailer bill language.

19 On Tuesday, May 17th, and Wednesday, May
20 18th, we expect our only item in May revise is the
21 frontier line BCP. So that's the calendar.

22 In other news the remote access pilot

23 where everybody -- where we ran the opportunity
24 for people to use this remote access system so
25 that the groupwise looks like on your own screen

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1 exactly as it does here at work. It was very
2 successful, and we're opening that up to all
3 staff. And budget and management authorized
4 additional funding to put another server in the
5 system so that we're sure that everybody can log
6 on. I've tried it at home and like it very much;
7 certainly better than the old system.

8 There will be no leg report today
9 because Cece Martin is at the Appropriations
10 Committee after she's done with the Budget
11 Committee. So, that's it for me.

12 CHAIRPERSON DESMOND: Thank you. Is
13 there a Public Adviser's report today?

14 MS. KIM: Nothing specific to report.
15 However, I'd like to remind everyone about the
16 IEPR workshop. We have quite a few next week. On
17 Monday, May 16th, there's an IEPR workshop here at
18 the Commission on California's petroleum
19 infrastructure need.

20 On Tuesday, May 17th, we have IEPR
21 workshop on transportation energy demand forecasts
22 and options to reduce petroleum fuel use.

23 On Wednesday in San Diego we have an
24 IEPR Committee workshop on California/Mexican
25 border energy issues.

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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 18th day of May, 2005.

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