

BUSINESS MEETING  
BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

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

WEDNESDAY, JULY 27, 2005

10:00 A.M.

Reported by:  
Sean Willard  
Contract No. 150-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, Chairperson

John L. Geesman, Commissioner

James D. Boyd, Commissioner

STAFF PRESENT

Song Her, Acting Secretary

Nick Bartsch

Scott Matthews

Bill Chamberlain

Alec Jenkins

Lance Shaw

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

2 10:00 a.m.

3 CHAIRPERSON PFANNENSTIEL: The meeting  
4 will come to order. We will recite the pledge.

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

7 CHAIRPERSON PFANNENSTIEL: A nice quiet  
8 day and a quiet business meeting. We have two  
9 changes to the agenda as was noticed. Item No. 5  
10 is being held until a later meeting. Item No 13,  
11 which we were going to consider taking up today,  
12 will also be held for a later meeting, so we don't  
13 have to consider that. I'm sorry, Item No. 3 has  
14 also been put over making a brief agenda even  
15 briefer.

16 Consent calendar, do we have a motion?

17 COMMISSIONER GEESMAN: So moved.

18 (Thereupon, the motion was made.)

19 COMMISSIONER BOYD: Second.

20 (Thereupon, the motion was seconded.)

21 CHAIRPERSON PFANNENSTIEL: Moved and  
22 seconded. All in favor?

23 (Ayes.)

24 CHAIRPERSON PFANNENSTIEL: So, that  
25 passes three nothing.

1           Item No. 2, Walnut Energy Center.  
2       Possible consideration and approval of a petition  
3       to increase the number of wells drilled and  
4       increase the size of the drilling area to provide  
5       backup and "bridge" water supply for the facility.

6           Yes, Mr. Shaw?

7           MR. SHAW: Good morning, Commissioners  
8       and audience. I am Lance Shaw. This is about  
9       Walnut Energy Center which is a 250 MW natural  
10      gas-fired combined cycle plant located in the City  
11      of Turlock.

12           It is owned and operated by Walnut  
13      Energy Center Authority. The project was  
14      certified February 18, 2004, is under construction  
15      and is approximately 81 percent complete, expect  
16      to obtain commercial operation November 2005.

17           A summary of the petition. Condition  
18      Soils and Water-5 was amended already on January  
19      19, 2005 to allow Walnut Energy Center to use poor  
20      quality ground water from the upper aquifer by  
21      drilling two wells, one well to operate and the  
22      other as standby on either the 18-acre project  
23      site or property owned by Turlock Irrigation  
24      District on South Washington Road.

25           The owner drilled a test well on the 18-

1 acre site, and it had low productivity and could  
2 supply only about 50 percent of the water  
3 requirement. Now the owner proposes to change the  
4 number of wells to be drilled to meet the water  
5 needs during this bridge period.

6 That bridge period is currently defined  
7 as the time between commencement of commercial  
8 operation and the earlier of December 31, 2006 or  
9 when recycled water from the City of Turlock's  
10 Waste Water Treatment Plant is available to the  
11 project.

12 In addition, the owner wishes to expand  
13 the area on which to drill to the 69-acre parcel  
14 on which the 18 acre site is located. The owner  
15 wishes to preserve the option of locating two  
16 wells on South Washington Road, which was already  
17 granted. On that site, Turlock Irrigation  
18 District has a peak project.

19 The total water use remains the same as  
20 in the decision, two million gallons per day or  
21 1,800 acre feet a year.

22 State with the owner's agreement wishes  
23 to make a couple of language clean ups, the most  
24 significant being changing the bridge period from  
25 commencement of commercial operation to the start

1 of commissioning operations in the definition of  
2 the bridge period.

3 Staff Analysis. Staff in its analysis,  
4 which was completed July 7, 2005, found there will  
5 be no significant impacts in increasing the number  
6 of wells drilled and increasing the acreage on  
7 which to drill to meet plant water needs during  
8 the bridge period.

9 Staff concludes there will be no  
10 significant impacts because the amount of water to  
11 be supplied by the wells will not change from the  
12 maximum already allowed.

13 The petition to modify was filed and  
14 docketed May 24 and a supplement came in on May  
15 31, 2005.

16 Notice of receipt and staff analysis  
17 were mailed and sent to the web for posting on  
18 July 13. On the mailing notice is the post  
19 certification mailing list includes interested  
20 agencies and those who are potentially impacted  
21 who own wells in that area.

22 Findings. The petition meets all the  
23 following criteria of 1769(a) concerning post-  
24 certification project modifications.

25 The modification will not change the

1 findings in the Commission's Final Decision  
2 pursuant to Section 1755.

3 The project will remain in compliance  
4 will applicable laws, ordinances, regulations, and  
5 standards, subject to the provisions of Public  
6 Resources Code Section 25525.

7 The change will be beneficial to the  
8 project owner by allowing flexibility in the  
9 number of wells that can be drilled to supply  
10 bridge, water, and backup water, and a larger area  
11 on which to drill the 69-acre parcel which  
12 includes the 18-acre project site.

13 There has been a change in the  
14 circumstances since the Commission amended this  
15 condition previously. The owner, because of  
16 drilling a test well, found out that the water  
17 availability was adequate from a single well.

18 Staff recommends that the Commission  
19 approve the project modification and the  
20 associated revision of Soils and Water-5.

21 CHAIRPERSON PFANNENSTIEL: Thank you.  
22 Is there discussion?

23 COMMISSIONER GEESMAN: The Siting  
24 Committee took this up in late June I believe, and  
25 as a consequence, I would recommend that we

1 approve the staff recommendation.

2 (Thereupon the motion was made.)

3 COMMISSIONER BOYD: As a member of the  
4 Siting Committee, I'll second that.

5 (Thereupon, the motion was seconded.)

6 CHAIRPERSON PFANNENSTIEL: Is there  
7 further discussion?

8 (No response.)

9 CHAIRPERSON PFANNENSTIEL: Hearing none,  
10 all in favor?

11 (Ayes.)

12 CHAIRPERSON PFANNENSTIEL: Approved  
13 three to nothing. Thank you.

14 COMMISSIONER BOYD: Good work,  
15 applicant.

16 CHAIRPERSON PFANNENSTIEL: Item No. 4.  
17 Trustees of the California State Universities.  
18 Possible approval of Contract 500-98-014 Amendment  
19 4, with Trustees of the California State  
20 Universities, to add \$8 million to the Energy  
21 Innovations Small Grant Program agreement and to  
22 extend it by two years. This amendment includes  
23 adding a one year gas ratepayer-funded public  
24 interest component to the EISG program.

25 Mr. Jenkins.

1           MR. JENKINS: Good morning Madam Vice  
2 Chair and Commissioners. I am Alec Jenkins, I am  
3 the Program Manager for the Energy Innovation  
4 Small Grant Program. I'm bringing for your  
5 consideration Amendment 4, which would extend the  
6 program for two years. It would fund it -- this  
7 is PIER electricity portion, fund that portion at  
8 \$3.5 million a year. In addition, initiate for \$1  
9 million for one year only a Natural Gas Energy  
10 Innovation Small Grant Program.

11           The \$3.5 million per year is an increase  
12 of \$500,000 over the previous periods funding.  
13 The \$500,000 is proposed and consists of two  
14 parts, one part is to split the size of awards  
15 from the current \$75,000 to a \$95,000 level and a  
16 \$50,000 level. The \$50,000 level is to fund  
17 modeling, which we have never done before, and the  
18 \$95,000 level is to take care of the rising costs  
19 that we have experienced over the year, the  
20 grantees have experienced over the year in funding  
21 testing, which often has to be done in off-site  
22 laboratories.

23           The other component of the \$500,000 is  
24 \$200,000, which funds a tech transfer initiative.  
25 This program generates a 10 to 1 ratio of follow

1 on funding, the grant funding, and the more that  
2 we can do to encourage the program to attract  
3 further follow-on research and development and  
4 eventual commercialization, the more pay-off we  
5 expect the program to have.

6 The \$1 million for the Natural Gas  
7 Program is the kick off for the gas ratepayers of  
8 a PIER gas R & D program.

9 I would be pleased to answer any  
10 questions.

11 CHAIRPERSON PFANNENSTIEL: Commissioner  
12 Geesman.

13 COMMISSIONER GEESMAN: Madam Chair, this  
14 is one of the more successful aspects of the PIER  
15 Program and has turned up a number of very good  
16 ideas for us over the course of its history. The  
17 R & D Committee has taken this up, and I would  
18 move that accept the staff recommendation.

19 (Thereupon, the motion was made.)

20 COMMISSIONER BOYD: Madam Chair, I would  
21 like to raise just a point about Exhibit A, the  
22 top of the second page talks about legislation  
23 that was introduced. Since this was written, this  
24 legislation was introduced and has approved, so I  
25 am wondering if our narrative might not be

1 reflected to show that legislation was approved  
2 that provides for this. It is no longer an  
3 uncertainty. The governor did sign it I believe  
4 last week.

5 Other than that, I will be glad if we  
6 can make that slight change, I second the motion  
7 that that would be incorporated into the motion.

8 (Thereupon, the motion was seconded.)

9 CHAIRPERSON PFANNENSTIEL: Moved and  
10 seconded. Any other discussion?

11 (No response.)

12 CHAIRPERSON PFANNENSTIEL: In favor?

13 (Ayes.)

14 CHAIRPERSON PFANNENSTIEL: Thank you,  
15 Mr. Jenkins. Approved three to nothing.

16 I think next we will take up the minutes  
17 of the July 13, 2005 Business Meeting. Is there a  
18 motion because I wasn't in attendance?

19 COMMISSIONER BOYD: Move approval.

20 (Thereupon, the motion was made.)

21 CHAIRPERSON PFANNENSTIEL: A second?

22 COMMISSIONER GEESMAN: I believe I was  
23 here, so I second.

24 (Thereupon, the motion was seconded.)

25 CHAIRPERSON PFANNENSTIEL: All right,

1 approval?

2 (Ayes.)

3 CHAIRPERSON PFANNENSTIEL: Thank you.

4 Commission Committee and Oversight. I  
5 think the only report that I would make is that  
6 the Energy Commission has continued working with  
7 the Public Utilities Commission in drafting and  
8 updated the Energy Action Plan, and we have  
9 received a great number of comments from  
10 interested parties, incorporated those comments,  
11 and it is expected that within the next or two, a  
12 revised version of this will come up on both the  
13 Energy Commission and the PUC's website.

14 The intent is to bring this to both  
15 Commissions for adoption by the end of August.  
16 That is the current schedule. As I say, another  
17 version will be up on the website today or  
18 tomorrow or perhaps Friday.

19 Any other comments, anything else,  
20 Commissioners?

21 Chief Counsel's Report.

22 MS. ICHIEN: I have nothing today.

23 CHAIRPERSON PFANNENSTIEL: Executive  
24 Director's Report.

25 MR. MATTHEWS: (Indiscernible)

1 Commissioners, BB is home on personal business  
2 this morning, will be in this afternoon, so,  
3 therefore, I get the pleasure of introducing an  
4 award.

5 For over 20 years, the employees of the  
6 Energy Commission have given the Gift of Life to  
7 the Sacramento Blood Source. We have donated over  
8 6,000 pints of blood and has been used by every  
9 hospital in the region.

10 It takes many volunteers to put on our  
11 Sixth Annual Blood Drives, some organizing and  
12 encouraging through perseverance, to coordinating  
13 the blood source, and setting up Hearing Room A.

14 This morning we honor and thank one of  
15 the many Commission volunteers for her five years  
16 of generosity and unwavering support in helping  
17 the Energy Commission's numerous blood drives  
18 successful, Suzanne Korosec.

19 Commissioner Pfannenstiel, I believe you  
20 have the award.

21 CHAIRPERSON PFANNENSTIEL: I do. I have  
22 a letter of appreciation from the Commission, and  
23 if Suzanne will come forward, I will read it.

24 It is our pleasure to recognize Suzanne  
25 Korosec for her outstanding efforts as a member of

1 the California Energy Commission's Blood Drive  
2 Committee. Over the past five and a half years,  
3 you have prepared scrumptious food trays that were  
4 served at the Energy Commission's Blood Source  
5 Drives where staff generously donate their time  
6 and their blood to this important cause.

7           These wonderful food trays rival any  
8 caterers, and you do it all at cost. Blood Source  
9 staff frequently comment that the Energy  
10 Commission's refreshment center exceeds in  
11 abundance and variety all their other locations.

12           We appreciate that you readily volunteer  
13 to keep on the donors and insure that they are  
14 ready to go back to work. At the end of the Blood  
15 Drive, you work with the rest of the Committee to  
16 put Hearing Room A back together. Your help makes  
17 the entire process run smoothly and efficiently.

18           We are proud that the Sacramento Blood  
19 Source recognized your five years of volunteer  
20 efforts, however, it is the staff at the Energy  
21 Commission who directly benefit from the loving  
22 care in which you assemble these wonderful feasts.

23           Most important, it is the numerous  
24 people who receive the gift of life from the  
25 Energy Commission staff during these blood drives

1 who benefit the most.

2           On behalf of the entire Energy  
3 Commission, thank you, Suzanne for contributing  
4 your time and talent to this important endeavor.

5           I have here from the official source, a  
6 paper weight and a letter. Thank you.

7           (Applause.)

8           CHAIRPERSON PFANNENSTIEL: Thanks,  
9 Suzanne. Any other report, Scott.

10           MR. MATTHEWS: Suzanne, of course, is  
11 also the lead author on the IEPR and probably has  
12 some paper that she needs to weigh down I would  
13 guess.

14           (Laughter.)

15           MR. MATTHEWS: No, that is the end of my  
16 report, thank you.

17           CHAIRPERSON PFANNENSTIEL: Thanks.  
18 Legislative Director's Report. I don't see  
19 anybody from there.

20           MR. MATTHEWS: Although I do have some  
21 good news on the Leg front, the Hall Amendment to  
22 the Federal Energy Bill, which would have  
23 overridden our Ninth Circuit victory on being able  
24 to collect appliance data was removed, and so that  
25 last minute threat has been taken off our

1 shoulders here, so that was great news this  
2 morning.

3 CHAIRPERSON PFANNENSTIEL: In fact, I  
4 understand that the energy legislation, that looks  
5 like it is going to pass has a number of energy  
6 efficiency features that we would support and that  
7 we have supported and worked hard on and some tax  
8 incentives. So, we look forward to seeing an  
9 analysis of that.

10 Public Advisor's Report, Nick.

11 MR. BARTSCH: Madam Chair, Nick Bartsch  
12 for Margaret Kim, we don't have anything new to  
13 report.

14 CHAIRPERSON PFANNENSTIEL: Thank you.  
15 Public comment, anyone from the public, sparse  
16 though it is.

17 (No response.)

18 CHAIRPERSON PFANNENSTIEL: Okay, no  
19 other business to bring before the Commission. We  
20 will be adjourned.

21 (Thereupon, the business  
22 meeting was adjourned to  
23 closed session at 10:20 a.m.

24 --oOo--

25

CERTIFICATE OF REPORTER

I, SEAN WILLARD, 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 business meeting, nor in any way interested in outcome of said matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 5th day of August, 2005.

Sean Willard