

Commissioners Present (*Via Phone)

Karen Douglas, Chair
James D. Boyd, Vice Chair
Jeffrey D. Byron
Robert B. Weisenmiller

Staff Present:

Melissa Jones, Executive Director
Michael Levy, Chief Counsel
Jennifer Jennings, Public Advisor
Harriet Kallemeyn, Secretariat

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P R O C E E D I N G S

FEBRUARY 2, 2011 10:04 a.m.

CHAIRMAN DOUGLAS: Good morning. Welcome to the California Energy Commission Business Meeting of February 2, 2011.

Please join me in the Pledge.

(Whereupon, the Pledge of Allegiance was received in unison.)

CHAIRMAN DOUGLAS: Commissioners, before we take up today's business, I'd like to take note of the fact that my term as Chair of the Commission is coming to an end on February 5th and, on February 6th, Commissioner Weisenmiller, assuming that he is confirmed today in the Senate Rules Committee and tomorrow in the Senate, full Senate, will take up the duties of Chair. It's been a great privilege, first of all, to serve on the Energy Commission, and particularly over the last two years, it's been a tremendous honor to serve as Chair. We have faced tremendous challenges in the last two years in the areas of renewable energy siting, efficiency in T.V. Standards, in particular, administering the Recovery Act money and maintaining our regular workload and duties and responsibilities, and the 118 program, and the PIER Program, and more. So it's been a challenge

1 and it's been hard at times, but we have proven
2 ourselves to be up to the challenge, and so I want to
3 take this opportunity to publicly thank my fellow
4 Commissioners, who have been travelers on a hard row
5 this last couple of years, and for your support, your
6 dedication, your vision, and your hard work, and your
7 tremendous contributions to what the Energy Commission
8 has been able to do. And I would also like to thank
9 staff for rising to meet the completely unreasonable
10 challenges that were placed on you in the past two
11 years, and not only not walking out of the building,
12 but managing to meet these challenges with the
13 creativity and competence and good humor and
14 commitment that we've come to expect of you, probably
15 possibly taken to extremes at time in the past couple
16 of years. So, thank you for rising to the challenges
17 and really helping us create programs and approve
18 projects and move forward in ways that, two years ago,
19 we would not have imagined we'd be able to do, whether
20 it be the renewable energy siting, or Energy Upgrade
21 California, or the 118 program getting off the ground
22 in spite of all of the challenges that ARRA projects
23 placed in front of it, administratively.

24 Commissioner Weisenmiller has brought an
25 unparalleled expertise in electricity, in particular,

1 to this Commission, and also a great ability to work
2 with people, to hear diverse stakeholders and
3 concerns, a strong environmental ethic that I have
4 encountered time and time again in our work together
5 in the siting committee, and an attention to detail
6 and a willingness to work hard on all matters,
7 interesting and mundane, which you encounter as Chair,
8 particularly the mundane, as well as the incredibly
9 fascinating and fun. So, I really believe that he'll
10 be a great Chair and wish him very good luck this
11 afternoon, and congratulations.

12 COMMISSIONER WEISENMILLER: Thank you. It's
13 good to be back to the Commission. I realize this is
14 my third time, actually, at the Commission and I
15 believe it's going to be charmed! But, anyway, as you
16 said, I certainly at some point today - I'm sure
17 relatively early - have to head out of this meeting to
18 go back over to the Capitol for a few more meetings
19 and discussions. So, anyway, I look forward to
20 working with people this year and certainly have
21 appreciated the opportunity to work with you in the
22 past year.

23 CHAIRMAN DOUGLAS: Very well. Well, we'll
24 start with today's business unless, Commissioner Boyd?

25 VICE CHAIR BOYD: Well, I was going to save

1 this for later, but since you broached the subject, I
2 just wanted to add my thanks to you as Chair. We've
3 traveled some interesting roads together, you and I,
4 in terms of our participation on policy committees,
5 particularly launching AB 118 that you mentioned,
6 while you were on the Transportation Committee, and
7 then having you have greater responsibility for it as
8 Chair. So, I thank you for your service and I know
9 that we all look forward to continue to work with you,
10 at least me, for the next 11 months, so many days, and
11 whatever until we reach this point next year when my
12 term will be, by then, 10 years on the Commission.
13 So, it's a great place to be and look forward to
14 continuing to work with you in the future. And good
15 luck to our soon to be Commissioner/Chairman and your
16 adventures in the Capitol today and tomorrow. I think
17 we've all been pulling for you and all kind of bet
18 heavily that you are going to make it. So far, you're
19 fulfilling our bet for us, so trust all will be just
20 as well in the next two days and we'll see you back at
21 your desk.

22 COMMISSIONER WEISENMILLER: Well, thank you.
23 I certainly look forward to working with you on these
24 tough issues this year.

25 COMMISSIONER BYRON: Well, not to go quiet

1 on this issue, Madam Chair, thank you very much from
2 me, as well, for your leadership these last two years,
3 it has been a very challenging couple of years. We
4 are a Commission in transition, with comings and
5 goings, I believe I'll be here for another Business
6 Meeting, the Governor has asked me to stay until March
7 1, when Commissioner Carla Peterman will be sworn in.
8 Commissioners, I've enjoyed it, obviously, a great
9 deal. Madam Chair, thank you for your leadership. We
10 don't want to pre-judge what the Senate will do, but
11 I'm sure they will find you as charming as we do,
12 Commissioner, and wish you good luck this afternoon.

13 COMMISSIONER WEISENMILLER: Thanks,
14 Commissioner.

15 CHAIRMAN DOUGLAS: Well, thank you,
16 Commissioners. I appreciate your kind words, and I
17 normally would do this at the end of the business
18 meeting, but I do know that Commissioner Weisenmiller
19 is about to run out of here, or will run out of here,
20 early. So, I didn't want to miss him and force him to
21 read the transcript later.

22 So, a couple changes on the agenda. Item 4
23 is going to be continued to the next business meeting
24 and, in recognition of Commissioner Weisenmiller's
25 need to leave the business meeting early, we would

1 like to take up Items 5 and 6 first because he's the
2 presiding member of the Siting Committee and he would
3 like to be here for Items 5 and 6. So, is staff and
4 Applicant - actually, before we take up Items 5 and 6,
5 we'll do Consent and we will consider a question of
6 whether the need for immediate action exists on
7 appointments to two Siting Committees. So, we'll
8 start with Item 1, the Consent Calendar.

9 VICE CHAIR BOYD: Move Consent.

10 COMMISSIONER BYRON: And I'll second.

11 CHAIRMAN DOUGLAS: All in favor?

12 (Ayes.)

13 The consent calendar is approved.

14 All right, now the second question that
15 we'll take up before we get to Item 5 is the question
16 of whether, in addition to the agenda that was
17 distributed on January 21st, 2011, the Commission will
18 take a vote to consider whether there exists a need
19 for immediate action on the following items: Item 12.

20 The Siting Committee appointments for the Palmdale
21 Hybrid Power Plant Project and the Mariposa Energy
22 Project. So, Renee, could you take us through that?

23 MS. WEBSTER-HAWKINS: Yes, Madam Chair and
24 Commissioners, thank you. The original agenda for
25 this meeting was posted pursuant to the Bagley-Keene

1 Open Meeting Act on January 18th. One January 25th,
2 Governor Brown announced the appointment of Dr. Robert
3 Weisenmiller not only back to the Energy Commission,
4 but that also he would assume the duties as Chair of
5 the Energy Commission effective February 6th. Based on
6 that news, and the additional responsibilities that
7 accompany the Chairmanship, it was decided that, to
8 provide for the more effective adjudication of two
9 imminent siting proceedings, that it would be prudent
10 to immediately reassign the duties for which Chairman
11 Weisenmiller is currently assigned, and to reassign
12 those duties to other Commissioners to effectively
13 attend to the duties of the Siting Committees. Since
14 there are scheduled proceedings in both of those
15 matters prior to the next regularly scheduled business
16 meeting on February 23rd, the need for immediate action
17 exists. The news of this need came to the attention
18 of the Commission after the original agenda for
19 today's business meeting was posted; the revised
20 agenda and notice of the new item was posted on
21 January 26th, therefore, the Commission may comply with
22 the Bagley-Keene Open Meeting Act to address this item
23 with the immediate need upon a two-thirds vote
24 affirming these findings. According to Government
25 Code Section 11125.3 of Bagley-Keene, the Commission

1 may take action on an item that was not posted on the
2 original agenda, as long as a two-thirds vote of the
3 state body, or, if less than two-thirds of all the
4 members are present, a unanimous vote, there exists a
5 need to take immediate action, and that the need for
6 action came to the attention of the State body after
7 the original agenda was posted.

8 CHAIRMAN DOUGLAS: Thank you, so what we
9 would do is first vote on a determination of whether
10 an immediate need exists, and, then, if we were to
11 find that need, take a vote on the actual committee
12 assignments.

13 MS. WEBSTER-HAWKINS: That is correct.
14 There should be two votes.

15 CHAIRMAN DOUGLAS: All right, so
16 Commissioners, is there a comment or a motion on the
17 immediate need?

18 COMMISSIONER BYRON: Madam Chair, I'd like
19 to comment briefly if I may. The Commission has
20 endeavored to find the intersection of the Governor's
21 decisions and his schedule, the Bagley-Keene Open
22 Meeting Act issues - I should say, law - our own
23 regulations with regard to conducting evidentiary
24 hearings on power plant siting cases, and our
25 obligations to the public and to the Applicant in

1 providing a timely decision on their AFC, Application
2 For Certification, before this Commission. I believe
3 this is as fast as we could have moved in order to
4 make these adjustments and I would certainly endorse
5 that we add this item on the agenda at this time
6 because I think the public is well served in our
7 making these adjustments so we can conduct the
8 evidentiary hearings of these cases as quickly as we
9 can.

10 VICE CHAIR BOYD: If that was a motion, then
11 I will second it.

12 COMMISSIONER BYRON: It is a motion,
13 Commissioner.

14 COMMISSIONER WEISENMILLER: I was going to
15 make one quick comment. I think this is very good
16 because, first, it reflects the fact that, with
17 Commissioner Byron's scheduled departure, that he
18 certainly will not be part of the decision-making
19 process on these cases, and I believe all four of us
20 believe that it's very important that the Commissioner
21 who ultimately is making a determination on the record
22 should be there for these hearings, so I think that
23 meant we had to make this adjustment, and I certainly
24 appreciate Chair Douglas stepping forward to pick up
25 these responsibilities, and I think we have to just

1 now keep these cases on schedule.

2 COMMISSIONER BYRON: Thank you,
3 Commissioner. If I may add one more item, with your
4 reappointment to this Commission, also came with the
5 Notice from the Governor as to how long he would like
6 me to stay on, we didn't know that prior to all these
7 imaginations, as well, so I will be here until March
8 1st. But, Commissioner Weisenmiller is correct, I
9 would not be here long enough to be involved in these
10 decisions, so I think these adjustments will be
11 helpful to all parties.

12 CHAIRMAN DOUGLAS: Thank you, Commissioners.
13 We have a motion and a second. All in favor?

14 (Ayes.)

15 All right, the Commission has found a need
16 for immediate action. So, we have added Item 14 to
17 the agenda and since we're on it, why don't we just
18 take care of it.

19 Possible approval of the appointment of
20 Karen Douglas, Presiding Member and Jeffrey Byron,
21 Associate Member of the Energy Commission's Siting
22 Committees for the Mariposa Energy Project Power Plant
23 Licensing (09-AFC-03) and the City of Palmdale Hybrid
24 Power Plant Project (08 AFC-9). I'll just add that we
25 have retained Commissioner Byron as the Associate

1 Member on these committees, so it's certainly possible
2 that he would accompany me to some of the pre-hearing
3 conferences, but, in fact, what I would anticipate is
4 that, as we hopefully get the last appointment to the
5 Commission and have a full Commission, that we would
6 in the next business meeting notice Associate Members
7 for those two committees.

8 COMMISSIONER BYRON: Madam Chair, if you're
9 ready for a motion, I would move approval of Item 14.

10 VICE CHAIR BOYD: Second.

11 CHAIRMAN DOUGLAS: All in favor?

12 (Ayes.)

13 All right, Item 14 is approved.

14 Now, we'll go to Item 5. Black Rock 1, 2, 3
15 Geothermal Power Plant Project (02-AFC-2C). Possible
16 approval of the petition to amend the Energy
17 Commission Decision to modify the original Salton Sea
18 Unit 6 Geothermal Power Plant Project, a 215 megawatt
19 (MW) multiple-flash unit, to construct the Black Rock
20 1, 2, 3 Geothermal Power Plant Project. Mr.
21 Rundquist.

22 MR. RUNDQUIST: Good morning, Commissioners.
23 My name is Dale Rundquist and I'm the Compliance
24 Project Manager for the Black Rock 1, 2, 3 Geothermal
25 Power Plant Project. With me is Kevin Bell, Staff

1 Counsel. And we have representatives from Cal Energy
2 Operating Corporation, and that is an affiliate of Ce
3 Obsidian. Black Rock 1, 2 and 3 Geothermal Power
4 Plant Project, originally called Salton Sea Project
5 Unit 6, is located near the southern end of Salton Sea
6 in Imperial County, and is owned by Ce Obsidian. The
7 Salton Sea Unit 6 project was licensed in 2003 as a
8 185 megawatt multiple-flash geothermal project. The
9 Energy Commission approved an amendment in May 2005 to
10 increase the generating capacity to 215 megawatts. Ce
11 Obsidian is now seeking to modify the project to
12 construct the Black Rock 1, 2 and 3 Geothermal Power
13 Plant Project, which would have three 53 megawatt
14 single-flash units for a total of 159 megawatts of
15 generating capacity.

16 If approved by the Energy Commission,
17 construction of the modified facility is expected to
18 commence in 2011, this year, and last for 46 months.
19 This new design would include the following: an
20 increase in size from 80 to 160 acres, nine production
21 wells on a three well pads, single-flash technology
22 that will not produce waste during normal operation
23 which, in turn, will reduce truck traffic and waste
24 transport. A Regenerative Thermal Oxidizer will
25 control H₂S by converting it to sulfur dioxide and

1 pump it into the brine injection stream for disposal
2 back into the source. The proposed changes to the
3 conditions of certification include the following: for
4 air quality, changes to air quality conditions of
5 certification largely to the changes in the conditions
6 imposed by the Air District and the Air Permit for the
7 facility, as well as updating air quality standards
8 and the best management practices employed to reduce
9 project impacts. Staff is recommending Condition of
10 Certification AQSC11 which requires the project owner
11 to create cost-effective H2S emission reductions at
12 the California Ambient Air Quality Standards for H2S
13 are exceeded and biological resources, the project as
14 revised, will no longer impact the wetland habitat.
15 Staff has deleted two Conditions of Certification
16 concerning the wetland habitat and revised one
17 condition of certification to mitigate for the loss of
18 habitat for the Yuma Clapper Rail and other sensitive
19 species. In Cultural Resources, CUL-10 and CUL-11 are
20 deleted because there is no longer an impact to
21 Obsidian Butte which is an important Native American
22 cultural site. No additions to the Conditions of
23 Certification are recommended. In land use, the
24 project would convert a total of approximately 190
25 acres of land to non-agricultural uses. Soil used

1 from an approved borrow site will be replaced with top
2 soil from the main plant construction site to satisfy
3 requirements of the State Mining and Geology Board for
4 returning the borrow site to agricultural use. In
5 soil and water resources, the Applicant is proposing
6 to use imported soil from a new borrow site for
7 construction of various project features. To mitigate
8 for an increased potential for soil erosion and storm
9 water run-off, staff recommends revising three
10 Conditions of Certification. Evaporative losses from
11 the surface of the raw water storage pond decreased
12 from 30 acre feet per year to 3.61 acre feet per year.
13 In visual resources, there are no changes to the
14 Conditions of Certification. It is important to note,
15 however, that the amended project structures and
16 visible plumes would be smaller in size and less
17 visible than the original project.

18 Staff filed an errata addressing a
19 typographical error in the staff assessment. The word
20 "recuperative" was changed to the word "regenerative"
21 in three instances in the document. The staff
22 assessment was developed with regenerative thermal
23 oxidizer as a system being assessed. The petition
24 meets all filing criteria of Section 1769(A)(1)
25 concerning post-certification project modifications.

1 Staff recommends approval of the Black Rock 1, 2 and 3
2 Petition to Amend.

3 CHAIRMAN DOUGLAS: Thank you, Mr. Rundquist.
4 Can we hear from the Applicant?

5 MR. LARSEN: We have no statement other than
6 to say that we appreciated the staff and how
7 diligently then worked through all the issues with us
8 throughout the entire process. It was a great
9 relationship there in trying to address all of those.
10 And that we're very excited about moving forward and
11 building 159 megawatts worth of renewable power in a
12 county that has got 30 percent unemployment.
13 Hopefully, we'll provide 340 construction jobs for
14 almost 40 years and 50 plus permanent jobs, as well.
15 So, we're excited about that.

16 CHAIRMAN DOUGLAS: Thank you. And thanks
17 for your comments. Commissioners?

18 COMMISSIONER BYRON: Sir, I'm sorry, I
19 didn't hear your names.

20 MR. LARSEN: I'm sorry, Steve Larsen, I'm
21 President at Cal Energy.

22 COMMISSIONER BYRON: Mr. Larsen, geothermal
23 power plants are certainly something this Commission
24 is interested, and the State, in permitting. I note
25 that the original permit goes back to 2003. I believe

1 Commissioner Boyd was here, still, then, but it's
2 taken a long time for you to get to this point and
3 we're interested in seeing geothermal power plants
4 built, they're a great renewable resource. Would you
5 mind sharing with this Commission at all - obviously,
6 it's not easy to get these things done for some
7 reason. Is it technical in nature? Is it local
8 permitting? Would you mind sharing with us at all the
9 difficulties you had in building and getting this
10 thing to this point?

11 MR. LARSEN: The original plan was Salton
12 Sea 6, which would have - it would have taken on 3-
13 flashes, it was a little bit different design, a
14 little bit larger plant, and quite frankly, we ran
15 into some significant economic challenges on that. I
16 took over as President about four years ago, we
17 revitalized the whole development plan. We started
18 with lessons learned document from then and
19 essentially changed the design to the way we amended
20 the permit at that time. That design effectively
21 eliminated some of the pots and pans, if you will, on
22 the surface, and traded it for some more wells,
23 geothermal wells that would be associated with that.
24 That did a couple of things for us, 1) it improved the
25 environmental profile, and 2) it helped us control

1 some of the costs that were a little bit of a runaway
2 for us. The Salton Sea is not an easy field to work
3 in, it's a hyper saline field that is probably the
4 only one in full production in the world. We have
5 significant erosion and corrosion that leads us to
6 using high end alloys. We use titanium in the well
7 casings, duplex stainless steels in injection casings,
8 and a lot of high end nickel, as well, on a lot of the
9 vessels in there. And if you've tracked alloy markets
10 over the last few years, they have spiked. They came
11 back down and, you know, they're starting to go back
12 up again. And, so, to eliminate some of that exposure
13 by moving towards more wells and less pots and pans,
14 or vessels on the surface, we were able to control
15 that. That drove us to a new design change and that
16 wasn't an easy change, that took us several million
17 dollars in engineering and permitting and several
18 other things to get us to that point. I would say our
19 greatest challenge today to move forward would be some
20 of the transmission issues here in Southern
21 California, and we're trying to work through those
22 now, as well.

23 COMMISSIONER BYRON: So, transmission will
24 be an issue for the development and construction of
25 this plant, as well?

1 MR. LARSEN: Absolutely. We reside in the
2 Imperial Irrigation District and the Imperial
3 Irrigation District is now part of the CAISO and there
4 are some issues in between getting the power between
5 those two entities where most of the customers are and
6 most of the IOUs. And so we're trying to work through
7 those.

8 COMMISSIONER BYRON: All right, well, thank
9 you and staff, thanks for your recommendation on this.

10 VICE CHAIR BOYD: I'm just going to join
11 Commissioner Byron in saluting you for your
12 perseverance in bringing this forward as a project
13 that we will realize, as he indicated, and as I feel.
14 In this day and age, people tend to forget there's
15 other than two types of renewable energy in this
16 state, and geothermal always has been something that
17 California thinks about, at least for the past several
18 decades, so I commend you for persevering and bringing
19 this forward, and I am very much personally supportive
20 of this. And just a little side comment, I was
21 reminded in reading this recently of, decades ago,
22 when I worked at the Department of Water Resources in
23 charge of a lot of interesting activities, including
24 the drilling activity, I realized we did some pioneer
25 drilling in that area to assess whether, other than

1 steam-type geothermal would even be feasible for
2 energy in California, which really meant taking on
3 some new technologies and teaching a whole bunch of
4 people how to drill in an environment far different
5 than drilling holes in the ground for the California
6 Aqueduct, etc., etc. So, it's been pleasing to me to
7 see the geothermal area in Imperial developed and,
8 therefore, that this project moves forward, as well.
9 So, I'm very supportive.

10 CHAIRMAN DOUGLAS: Thank you, Commissioner.
11 Commissioner Weisenmiller.

12 COMMISSIONER WEISENMILLER: Yeah, I was
13 going to say, I certainly appreciate seeing Cal Energy
14 back and active in this area. I would first remind
15 everyone that the Governor reaffirmed and, in his
16 inauguration speech, said his commitment to 20,000
17 megawatts of renewables by 2020 and certainly that
18 means we have a real priority here in getting projects
19 like yours, which are viable, but seeing them moving
20 forward is very important. I think, also, I've had a
21 long history with Cal Energy, so, certainly, at one
22 point, Cal Energy gave me the opportunity in some
23 litigation to work not only with 27 attorneys from
24 Morrison and Foerster, but with Boies & Schiller,
25 which was quite an engagement, but also have worked

1 with them on some of their acquisitions, so, anyway, a
2 very good company, certainly has the wherewithal to do
3 these. I think I've always been concerned as the
4 utilities sign contracts that we need to make sure
5 they are signing contracts with viable companies, they
6 can actually make these things happen, and I'm very
7 comfortable that Cal Energy can make this happen. As
8 I'm sure you've heard, I've been on vacation for a
9 while, but certainly at some point would like the
10 opportunity to sit down and talk about some of the
11 resource adequacy issues that you're running into on
12 this project. So, I would certainly like to move this
13 project. I would move this item for adoption.

14 COMMISSIONER BYRON: Madam Chair, I second.

15 CHAIRMAN DOUGLAS: All in favor?

16 (Ayes.)

17 Item 5 is approved. Congratulations. Thank
18 you.

19 MR. RUNDQUIST: Thank you.

20 MR. LARSEN: Thank you very much.

21 CHAIRMAN DOUGLAS: Item 6. Los Esteros
22 Critical Energy Facility Phase II Project (03-AFC-2C).
23 Possible approval of a petition to amend the Los
24 Esteros Critical Energy Facility Project to use an
25 underground interconnection, add a new breaker and re-

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1 conductor, and update existing Air Quality Conditions
2 of Certification. Ms. Snow.

3 MS. SNOW: Thank you, Madam Chair and fellow
4 Commissioners, and good morning. I'm Christina Snow
5 and I am the Compliance Manager for the Los Esteros
6 Critical Energy Facility. With me today is Senior
7 Counsel, Kevin Bell, and representatives from Calpine
8 are also here. The Los Esteros Critical Energy
9 Facility is located in the City of San Jose and Santa
10 Clara County. The original Los Esteros Critical
11 Energy Facility, a 180 megawatt project, was licensed
12 on July 2nd, 2002. As a peaker facility, it has been
13 operational since March 7th, 2003. As part of the 2002
14 decision, the Petitioner was permitted to temporarily
15 connect to the PG&E 115 kV line via an overhead tap
16 line and to permanently connect the project via an
17 underground interconnection once the then undeveloped
18 PG&E Los Esteros substation was constructed. In
19 December, 2003, the Petitioner filed an Application
20 for Certification to continue operation of the
21 facility beyond the June 2005 deadline, and also to
22 convert the plant to a 320 megawatt combined cycle
23 plant. The Energy Commission handled the request for
24 continued operation of the plant and the conversion to
25 a combined cycle and two separate decisions. In 2005,

1 the Energy Commission approved the first decision to
2 relicense the project and extended the operation of
3 the facility and authorize the project to temporarily
4 interconnect to PG&E's 115 kV line by a 152-foot
5 overhead line until the project converted to a
6 combined cycle operation. This was also known as
7 Phase I.

8 In October 2006, the second decision allowed
9 for the conversion to combine cycle operation, as well
10 as allowed the Petitioner to change the permanent
11 point of interconnection from the underground line to
12 a 230 kV transmission line, connecting to the Silicon
13 Valley's power substation, and this was Phase II.

14 The current October 30th, 2009 Petition
15 proposes to use an underground interconnection similar
16 to what was authorized in the original 2002 decision.
17 This would include connecting to the now constructed
18 PG&E's Los Esteros substation via an underground 115
19 kV line, adding a new breaker, and re-conducting a 1.1
20 to 1.3 mile portion of the San Jose Trimble 115 kV
21 line. Additionally, the Petitioner is requesting
22 updates to existing air quality Conditions of
23 Certification to lower the emission limits for carbon
24 monoxide and precursor organic compounds. A notice of
25 receipt was docketed, posted to the Web, and sent to

1 the post-certification mail list on November 12th,
2 2009. Staff conducted their analysis and determined
3 that there will not be any significant impacts, as
4 long as all the required conditions of certification
5 from the original license were implemented. However,
6 due to the newer requirements of the Bay Area Air
7 Quality Management District and their authority to
8 construct permit 24 air quality Conditions of
9 Certification are being revised to ensure that the
10 more stringent emission limits are met. Several
11 administrative changes were made, including equipment
12 description changes and two additional staff
13 conditions for the emergency generator to ensure
14 compliance with the new one-hour federal NO₂ standards
15 were also added.

16 Staff's analysis was docketed and posted on
17 the Energy Commission's website on December 20th, 2010
18 for 30-day public review. Comments were received from
19 the Bay Area Air Quality Management District
20 requesting some minor wording revisions in the staff
21 analysis and a revision to an air quality Condition of
22 Certification, deleting reference to emission
23 reduction credits that the Applicant had surrendered
24 for NO_x. An Errata was prepared for the requested
25 revisions and posted on January 5th, 2010. No other

1 comments have been received to date and staff is
2 recommending approval of the petition to amend. And
3 if you have any questions, I would be happy to answer
4 them.

5 CHAIRMAN DOUGLAS: Thank you. May we hear
6 from the Applicant?

7 MR. WHEATLAND: Good morning. I'm Greg
8 Wheatland, attorney for the project owner and with me
9 this morning is Mitch Weinberg. We'd like to thank
10 the staff for its recommendation and thank Christina
11 particularly for her attention to this matter. This
12 amendment that is before you makes a very good project
13 even better by putting an overhead transmission line
14 underground, by lowering air emissions, and by
15 strengthening the transmission system to which it will
16 interconnect. As soon as we receive approval on this
17 matter, the project is prepared to move forward with
18 construction in the near future. Thank you.

19 CHAIRMAN DOUGLAS: Thank you.
20 Commissioners.

21 VICE CHAIR BOYD: Well, I'll just comment
22 that, having been on the original Siting Committee for
23 this project, I'm glad to see that it is moving
24 forward in a way that improves it in all of the ways
25 that Mr. Wheatland has just indicated and that our

1 original desire that a simple cycle plant be converted
2 to a combined cycle plant is being realized. And so,
3 I'm prepared to support the item and would make a
4 motion at the appropriate time.

5 COMMISSIONER BYRON: Commissioners, I
6 believe at the time this project was conceived, I was
7 working for a subsidiary of Calpine at the time, and
8 my recollection is that it was always intended to be a
9 combined cycle power plant. Is that correct? And, of
10 course, I drive by it every week on my way here to
11 Sacramento and I believe the HRSGs have been in place
12 for a long time, but it's taken us a while to get to
13 this point. I agree with Mr. Wheatland's assessment,
14 this will make a much better project, and I think
15 we're eager to see this begin. Do you have a schedule
16 as to when you'll begin construction?

17 MR. WEINER: Sure. The current plan is May
18 16th, shovel in the ground.

19 COMMISSIONER BYRON: I like that, a
20 definitive date. So, Commissioners, I'm also prepared
21 to endorse the approval of the changes recommended in
22 this item.

23 COMMISSIONER WEISENMILLER: I also would
24 note that the PUC has reviewed the need for this
25 project last summer and concluded that it was needed.

1 So, I think, based on that, I would support it.

2 CHAIRMAN DOUGLAS: Thank you. Commissioner

3 Boyd, do we have a motion?

4 VICE CHAIR BOYD: Well, I will move

5 approval.

6 COMMISSIONER WEISENMILLER: I'll second.

7 CHAIRMAN DOUGLAS: All in favor?

8 (Ayes.)

9 Item 6 is approved.

10 All right, we will now begin going in

11 numeric order beginning with Item 2. Accustaff.

12 Possible approval of Contract 200-10-005 for \$74,500

13 with Accustaff to provide temporary support services

14 for the Energy Commission's Federal Economic Recovery

15 Program during periods of peak workload. Mr.

16 Hutchison.

17 MR. HUTCHISON: Good morning, Commissioners.

18 Mark Hutchison, Deputy Director for Administration.

19 The contract before you will provide near term, peak

20 workload support for Federal Stimulus programs,

21 specifically, temporary help will assist with the

22 tremendous appliance rebate program workload

23 consisting of responding to phone calls and e-mails.

24 We are experiencing a significant backlog in this

25 program and these additional resources will help us

1 immediately to reduce the waiting time to obtain
2 information and to answer questions. Additionally,
3 temporary help will assist us with our Davis Bacon act
4 review and filing of weekly payroll records. I
5 request your approval of this contract and am
6 available to answer any questions.

7 CHAIRMAN DOUGLAS: Thank you, Mr. Hutchison.
8 Questions or comments, Commissioners?

9 VICE CHAIR BOYD: A comment. I want to
10 thank Mark for coming up and briefing me on this item
11 and also to indicate in the course of that briefing,
12 which occurred yesterday, and following along
13 discussion we've had in another policy committee, I've
14 encouraged - I totally support the action recommended
15 here, and I encouraged Mark, just as encouraging the
16 Executive Director earlier, that we look at this type
17 of mechanism to supplement our staff in any area we
18 can with regard to our ARRA post-grant
19 responsibilities in that, as an agency like all
20 others, we've been restricted from filling vacant
21 positions. We have worked our staff to death on lots
22 of other activities, including ARRA, and a lot of our
23 - in my opinion - base programs are paying the price.
24 And to the extent we can return our limited staff more
25 and more to some of our base legislative approved and

1 budgeted activities by mechanisms like this to bring
2 in some temporary assistance, that meets all the
3 letters of the law, which in this case I think it
4 does, and that this is a workload that varies and is
5 unanticipated that we consider doing so because, as
6 we've discussed several times, taking on ARRA and
7 granting those funds committed us to 12-18 month post-
8 follow-up responsibilities that Mark just barely
9 touched on, very very detailed, very time-consuming,
10 very paperwork oriented, and to the extent we can find
11 any ways of getting help like this, I certainly would
12 be supportive, as well as encouraging of it. But,
13 with regard to this item, I fully support and would
14 move its approval.

15 COMMISSIONER BYRON: Second.

16 CHAIRMAN DOUGLAS: We have a motion and a
17 second. I agree with everything Commission Boyd said
18 about the workload and the follow-on workload, so this
19 is a good way to address it. All in favor?

20 (Ayes.)

21 Item 2 is approved. Thank you, Mr.
22 Hutchison.

23 Item 3. ICF Consulting. Inc. Possible
24 approval of Contract 600-10-004 for \$123,099 with ICF
25 Consulting, Inc. for a motor vehicle survey and

1 analysis to provide data for the personal vehicle
2 choice model supporting the Energy Commission's
3 transportation energy demand forecasts. Ms. Lawson.

4 MS. LAWSON: Good morning, I'm Laura Lawson
5 and I'm here to present the Motor Vehicle Attributes
6 Survey and Analysis contract with ICF Consulting to
7 approval. The purpose of this contract is to provide
8 projections of vehicle technology input data for
9 Dynasim to be used in the 2011 IEPR. These updated
10 projections will incorporate recent technological,
11 economic, and regulatory changes for a variety of
12 conventional and alternative fuels. The term of this
13 contract is February 14th to June 30th. Do you have any
14 questions?

15 CHAIRMAN DOUGLAS: Questions, Commissioners?

16 VICE CHAIR BOYD: No questions, a comment.

17 This project was reviewed by the Transportation
18 Committee when it was a committee of two, so not a
19 unilateral review by this Commissioner, and in any
20 event, it was discussed there and we recommended it
21 for approval by the full Commission, so I would move
22 its approval.

23 COMMISSIONER BYRON: Second approval.

24 CHAIRMAN DOUGLAS: All in favor?

25 (Ayes.)

1 The item is approved.

2 MS. LAWSON: Thank you very much.

3 CHAIRMAN DOUGLAS: Item 7. Minutes.

4 Possible approval of the January 12th, 2011 Business
5 Meeting Minutes. And let's just look and make sure -

6 VICE CHAIR BOYD: It was the three of us, so
7 we can.

8 CHAIRMAN DOUGLAS: All right, good. Do we
9 have a motion on the Minutes?

10 COMMISSIONER BYRON: Madam Chair, I move
11 approval of the January 12th, 2011 Business Meeting
12 Minutes.

13 VICE CHAIR BOYD: Second.

14 CHAIRMAN DOUGLAS: All in favor?

15 (Ayes.)

16 The Minutes are approved.

17 Item 8. Is there any Commission Committee
18 Presentation or Discussion today?

19 VICE CHAIR BOYD: A couple of items if I
20 might, Madam Chair. Many times, the representatives
21 of the Transportation Policy Committee have addressed
22 the AB 118 Program and steps that have been taken and
23 progress against plans, so to speak, and all the
24 various thresholds that have been cleared, and the
25 flow of money and so on and so forth, and I think we

1 all know it is a very valued and valuable program not
2 only to this Commission and this Commissioner, but to
3 folks in the State of California with regard to
4 providing business expansion and employment, and
5 meeting our goals to modify vehicle technology to more
6 advanced technology, and to modify the fuels,
7 therefore, to better performing fuels both from a
8 petroleum reduction standpoint and air quality
9 standpoint, and certainly a climate change standpoint.
10 I regret to inform all that the revenues for this
11 program have fallen off, and the staff and the
12 committee have finished the chore of allocating a
13 \$21.6 million reduction to the proposed Investment
14 Plan for the current fiscal year. No action is
15 required by the Commission as a whole, I just wanted
16 to report that, upon approval by the Transportation
17 Committee, which approval was given at the time we
18 were a full committee, the staff has taken steps to
19 implement that plan reduction. In addition, the
20 inevitability of such reduction was discussed with the
21 advisory committee at our last meeting, and as I say,
22 discussed and reluctantly discussed by us and
23 reluctantly accepted as a necessity by the Advisory
24 Committee, and facts are facts with regards to the
25 effects of the recession in California, and upon those

1 sources from which this program receives its revenues
2 such as vehicle registration, license fees, and smog
3 abatement fees, and what have you. So, I just wanted
4 to pass on to my other Commissioners the fact that
5 that's been done and will be reflected in any reports
6 that we put forward with regard to the current year
7 and the now being prepared Investment Plan for the
8 next fiscal year, which as you may recall is now
9 required to be presented to the Legislature in a Draft
10 form by this March and finished form by June, and in
11 subsequent years by direction to be submitted
12 concurrent with the submission by the Governor of his
13 budget, so, thus speeding up that process and thus
14 probably introducing even more oversight than we've
15 had in the past. But, that's kind of the status of
16 that very good program.

17 Secondly, and quickly, we all received
18 notice yesterday - surprise notice - of action by BP
19 to announce that it was putting for sale some of its
20 investment facilities, it's facilities here in
21 California, in which it has invested fairly large
22 amounts of money as BP or Arco before that, such as
23 their Carson Refinery, such as their entire marketing
24 system in Southern California, and other states, it's
25 been pretty well reported. However, you know, this is

1 kind of 24 hours later, reflecting on that situation
2 and having talked to quite a few people, and this
3 includes, of course, the sale of their co-gen
4 facility, the Watson facility, which this Commission
5 is very familiar with, and what is California's
6 largest refinery in Southern California. They are not
7 pulling out of Northern California, they have a large
8 refinery complex in Cherry Point, Washington, which
9 will continue in operation and has provided Northern
10 California and Oregon fuels for some time anyway, and
11 I'm sure a financial decision, they will continue
12 their AM-PM Minimart operations no matter who buys
13 their marketing system, the Arco - we won't know until
14 a sale is consummated, it may take up to two years,
15 but in any event, and we have no idea - oh, I think
16 some of us have ideas who might be potential buyers,
17 but not for us to speculate. However, the key thing
18 is that, to me, and to us, I think as an agency, is
19 that there should be no shortage of fuel as a result
20 of this announcement of putting up a for sale sign,
21 and no intention of shuttering the plant. And there
22 shouldn't be a price impact, but there always is when
23 there's a ripple in any market. So, who knows what
24 will happen over a period of a few days? But I'm sure
25 things will settle down. So, just with regard to

1 assuring this Commission and assuring our audience and
2 those who pay attention to our views on the subject,
3 we feel pretty confident after fairly extensive
4 discussions yesterday that this won't have an adverse
5 affect in the near term, and certainly on 2011, and
6 depending upon who the purchaser of all these various
7 facilities might be, we'll see what happens in the
8 future. They're not pulling out of the United States,
9 they're not attributing to this to a desperate need
10 for cash, they are attributing to the fact that the
11 crude slate that this refinery is plumb to handle was
12 becoming more difficult to obtain, and when they
13 assessed the cost of modifying this refinery, they
14 determined that they would rather invest their money
15 in other places and not to make that investment in
16 this particular refinery. So, BP, Beyond Petroleum,
17 who to me became Back to Petroleum, is now slightly
18 exiting the California scene. Enough said. Thank
19 you.

20 CHAIRMAN DOUGLAS: Well, thank you,
21 Commissioner Boyd, for both of those important
22 updates. Commissioner Byron, anything?

23 COMMISSIONER BYRON: Madam Chair,
24 Commissioner Boyd, one brief item if I may. I just
25 wanted to bring to your attention a study that this

1 Commission co-funded maybe four years ago,
2 interestingly enough, with the Bechtel Foundation. It
3 was a follow-on study that was done by the National
4 Science Foundation. I believe it was called the
5 National Energy Future. This particular study was
6 undertaken - it was entitled California's Energy
7 Future in an effort to look at a 2050 time period and
8 how would we get to an 80 percent reduction in 1990
9 GHG levels by that date. It included a number of
10 independent experts, a couple of Nobel Prize winners,
11 lots of very smart and dedicated individuals. I
12 attended what I believe will be their last meeting
13 last Wednesday in efforts to works towards a final
14 report, it's based upon a number of different
15 scenarios. I think you would find the report very
16 interesting and I've encouraged them - "they" being
17 the California Council on Science and Technology,
18 forgive me for not stating that earlier - to come
19 brief you and discuss and answer any questions you
20 might have with regard to this report. I think it
21 does paint a much clearer picture of how difficult and
22 challenging it will be to reach these goals in 2050,
23 but it is optimistic. There is a path forward to get
24 there, but it's an all on effort in terms of how you
25 get to those kind of low greenhouse gas or low carbon

1 output production. So, I believe they're trying to
2 get on your calendars for some briefings; I encourage
3 you to engage on this report just because it's
4 dominating everything we do in terms of our activities
5 at this Commission and permitting renewables, energy
6 efficiency, carbon capture sequestration, the list -
7 electrification of the transportation sector, the list
8 goes on.

9 CHAIRMAN DOUGLAS: Well, thank you,
10 Commissioner Byron. That sounds like a very
11 interesting report, so I'll certainly be making time
12 for that.

13 Item 9. Is there a Chief Counsel's Report?

14 MS. WEBSTER-HAWKINS: No report today, Madam
15 Chair.

16 CHAIRMAN DOUGLAS: All right, is there
17 Executive Director's Report?

18 MS. JONES: No report today, thank you.

19 CHAIRMAN DOUGLAS: Public Advisor?

20 MS. JENNINGS: No report, thanks.

21 CHAIRMAN DOUGLAS: Public Comment? Manny?

22 I didn't mean to call on you, but -

23 MR. ALVAREZ: That's okay. I was sitting
24 there thinking about what to say, but I guess I do
25 want to acknowledge your tenure here at the Commission

1 as Chair and acknowledge your contribution. I think
2 the first time I spoke to you when you first came in
3 to the Commission, you know, here in the Hearing Room,
4 I quoted Stan Laurel when he said, you know, "What
5 kind of a fine mess we're getting into," and as I look
6 back in the years as Chairman and you serving, I
7 actually feel that you guys got us out of a lot of
8 mess, not only on the energy front, but the
9 implications of the larger economic picture that the
10 U.S. and California faces. I think when you came in,
11 we weren't sure whether we were going to have a Great
12 Recession or another Depression, now we kind of know
13 where we're at, but I think your leadership here
14 should be commended, and I do that. So, on behalf of
15 myself and the men and women of Southern California
16 Edison who have appeared before you over the years,
17 we'd like to thank you for your contribution to energy
18 policy and the people of the State of California.
19 Thank you.

20 CHAIRMAN DOUGLAS: Thank you, Manny. I
21 really appreciate that. I have some sense of what I
22 might try to take credit for and what I might not, and
23 so the fact that we're in the Great Recession as
24 opposed to the Great Depression, try as we might, and
25 contribute as we hopefully did to that happier

1 outcome, I only take the most limited sliver of any
2 credit whatsoever for that. But I certainly have
3 appreciated working with you and appreciated this
4 opportunity at this challenging time, and to continue
5 to do more of it through the rest of my term. So,
6 with that, we're adjourned.

7 (Whereupon, at 10:54 a.m., the business meeting was
8 adjourned.)

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