BEFORE THE
CALIFORNIA ENERGY COMMISSION

In the matter of:	)	
	)	Docket No. 03-RPS-1078
Implementation of Renewables	)	
Portfolio Standard Legislation	)	Docket No. 02-REN-1038
	)	
and	)	
	)	
Implementation of Renewables	)	
Investment Plan Legislation	)	

Staff Workshop on Proposed Changes to the *Renewables Portfolio Standard Eligibility Guidebook* and the *Overall Program Guidebook for the Renewable Energy Program*

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

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10:00 A.M.

Reported by:
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P R O C E E D I N G S

AUGUST 30, 2010 10:00 A.M.

MS. ZOCCHETTI: Well, it is 10:00 on the clock here at the Energy Commission. So, I would like to welcome everyone in the room here at the Energy Commission and also on the phone and on the WebEx to our staff workshop on the *RPS Eligibility Guidebook* and the *Overall Program Guidebook*, and these are staff's proposed revisions.

I am Kate Zocchetti and I am the supervisor of the RPS Unit here at the Energy Commission, and we're going to be – Mark Kootstra, who is second from the end there, my staff, Mark and I are going to do a little tag team this morning, so you don't get tired of hearing the sound of my voice, and we are going to first – uh oh, nothing is happening – here it goes. Here is our agenda, there are copies of the agenda out on the table there.

I am going to go over some housekeeping rules in a moment. We are going to present the proposed changes to the Guidebooks, including the new legislation since our last Guidebook revision, and after we're through going through all of the proposed revisions, then we'll take public comments and questions. I would like to do that so that your question might get answered as we go along, so if you could just hold your questions until the end of our presentation, and then we'll take a break, and then

Attachment B to our Notice of this workshop has some questions that staff proposed and some other issues that the Energy Commission is considering for possible inclusion into this Guidebook revision version, or future guidebook versions. As most of you probably know, there's a lot going on in the renewables world, there is a new proposed decision for Tradable RECs, there's pending legislation about the 33 percent RPS, there's the Air Resources Board's efforts for the same thing, so we know we're going to be updating this Guidebook again, but we wanted to just press forward and get these changes finalized for a lot of patient people among you that have been waiting for them.

So, housekeeping, as I mentioned, handouts are at the desk up front. The restrooms are straight out this door here and to your left. There is a snack bar on the second floor that has coffee and water and snacks. There are several restaurants within walking distance; if we happen to go into the lunch hour, we'll take at least an hour break, and we'll tell you where those are. In the event of an emergency, we'd like you to please calmly exit this room and follow staff directions, we'll be meeting at the park kitty-corner to this building, and hopefully that won't happen, but everyone remain calm if it does. We are being broadcast on WebEx and we'll have a slide talking about that, that button doesn't want to work, so, our WebEx users, welcome to

you, WebEx users, you can see our slides, hopefully. If you do have a question, you can use the little “raise hand” icon, and at the appropriate time, you can ask your question if you are listening in on the phone, or you can type your question in using the chat function. We have muted all the WebEx users so that you cannot be heard, but hopefully you can hear us, we will un-mute your phones during the question and answer. And if you’re hearing us, but not seeing us on WebEx, please look at page 4 of the Workshop Notice and make sure you’re following those instructions. I’ve been reminded that WebEx is recording this presentation and it will be recording any of your comments and questions, as well as we have a Court Reporter here, so if you do have questions, we’d like you to submit them – or comments – submit your requests on the blue cards, they are located at the desk, and please give them to the Court Reporter, along with your business card or something with your name spelled out for the record.

The podium you see there at the end of the Court Reporter’s desk is where you will present your questions and comments. And this is kind of the order that we plan to take questions, just as a reminder, we will take questions first to those here in the room with me, and then WebEx participants using the “raise hand” function, or chat, and then folks that are just listening in on the phone,

afterwards.

So, I mentioned these activities going on in the world around us every day, I'd like to just remind everyone that this presentation today is on the 20 percent by 2010 RPS goal, and the statute that governs that part of our world, and that's what I supervise. And, so, while these things are all happening, and probably some of them are going to come to fruition very quickly, possibly this week, we'll know more, we're not going to be discussing how they may or may not affect these proposed revisions we're making today, it is just too much uncertainty, and we would just be guessing, and we would like to focus on the topics at hand, so we appreciate that.

So, new legislation affecting the RPS, I'd just kind of briefly like to go over some of the laws that have been codified since our last Guidebook revision, which was at the end of 2007. In 2008, Assembly Bill 3048 added the ability for publicly-owned utilities to have existing renewable generation owned by them or under contract with them, so that was something that the POUs were happy about. The same year, Senate Bill 380 expanded the feed-in tariffs, although it kept the size of the facility at 1.5 megawatts, it did expand them in the service territories of the large IOUs, and it raised the cap up to 500 megawatts.

And in 2009, Assembly Bill 1351, it does require

that hydro facilities must be owned by a retail seller or a POU for the incremental generation due to eligible efficiency improvements to count towards their RPS. And it also, though, expanded incremental generation at large hydro facilities, to facilities located outside of California.

Also, in 2009, Assembly Bill 920 requires the utilities to develop a standard contract or tariff for eligible wind and solar DG generators that allows for surplus net metering. And the utility can count that surplus towards its RPS.

Senate Bill 32 expands the eligible feed-in tariff size from 1.5 megawatts to 3 megawatts in size, and raised the cap again to 750 megawatts. It does require POUs to comply with this statute, and the CPUC will be implementing that through its proceedings before projects can utilize this new tariff.

And now we are going to be going through an overview of the proposed revisions to the Guidebooks. I'd like to introduce Mark Kootstra on my staff, he is going to be talking about the Eligibility and Certification process.

MR. KOOTSTRA: Hi. I work primarily under Kate on Eligibility and the Certification Process, so if any of you have sent a facility decertification, [inaudible] [7:49] or talked on the phone.

These are a list of the primary changes that we are

going through, the primary issues that are going to have some changes. In the first column, most of those are going to have to do with the actual eligibility of the facility, nothing too major, but simple things to make life easier on us and hopefully easier on you.

MS. ZOCCHETTI: Can everyone see the screen all right? Is that better? Sorry about that.

MR. KOOTSTRA: That is quite all right. The first three have to do a lot more with the Certification Process, the Verification Process and WREGIS & Interim Racking Systems are going to be presented by Kate, and that obviously has more to do with our Verification System. And our Glossary of Terms and Appeals Process are in the Overall Program Guidebook.

Here, we made changes to the different Biopower Eligibilities. Biodiesel, we added attestations for the facility operator. That facility is actually generating electricity, as well as the one producing the biodiesel. These attestations are expected to be very similar to the Biogas attestations, stating that we plan to procure renewable fuel and that we're actually producing renewable fuel and all the environmental attributes are being conveyed to the procurer of that renewable fuel.

For Biogas, we added a few more changes. Most of these changes did not actually change our implementing the

program, or implementing that aspect of it, just to clarify it since we learned a lot since the last Guidebook about this, and to make sure we have the proper terminology. Essentially, Biogas needs to be delivered in contract with the pipeline operators from the production facility of that fuel to California in the event the facility is in California, or to the actual facility itself if it is not located in California, which is a new addition to this section. The generation facility, if it is not located in California, still must be within the WECC Region. And also, we much better clarify the requirements in the attestations that are required.

For Biomass, we included more language describing the use of the 5 percent de minimis as opposed to the 2 percent standard de minimis. These facilities still must be participating in the existing renewables account to achieve that 5 percent, or to be awarded that 5 percent de minimis. We also are requiring that biomass facility operators supply us with an attestation stating that they are only procuring eligible renewable biomass resources.

For Fuel Cells, this is a new entry into the Guidebook from the Outstanding Issues section. It’s fairly straightforward. If you are using a renewable biogas, it’s going to have similar deliveries to the Biogas section. If you are using hydrogen or hydrogen enriched fuels, you

actually need to show us information saying that the energy used to produce that fuel comes from a renewable resource, and that's going to be very similar to what we would require for storage technologies at this time.

For Hydroelectric, we implemented the two Bills that Kate talked about earlier, the first one allows us to certify facilities owned or under contract with Publicly-Owned Utilities that are existing facilities and actually certified currently, we only allow them to get a pre-certification with the "P" suffix indicating that they are actually online. Now they will be able to be certified. All of these facilities must still apply for certification, their pre-certification will not be grandfathered in as a certification, but the eligibility date will stand. It also implements Assembly Bill 1351, which requires that the hydro facility must be owned by a retail seller or Publicly-Owned Utility if you are to get the incremental generation out of it, but it does expand it to out-of-state facilities.

Municipal Solid Waste Conversion – not a whole lot changed in the eligibility of this, but we did make some changes to allow for facilities located outside of California to be eligible. Previously, we required the CIWMB permits, sorry, the California Integrated Waste Management Board permits, and we realized that that restricted eligibility to in-state facilities; we've now

expanded it to receive solid waste permits from CalRecycle, which is the new agency handling solid waste, or an equivalent permit from an equivalent agency in another state. In the event that you are located out-of-state, you will still need to submit all of the information that is required in the CalRecycle permit for our review, just in case there are lower standards in the other state, and we will need to be sure you meet the California standard.

Out-of-State facilities, we added the requirement of comment on the "Noise" for the Laws, Ordinances, Regulations and Standards (LORS). We also explicitly stated that we require environmental documentation to support your claims in the LORS analysis. We don't ask that you produce more documentation, we hope this is something that has been produced at the time the facility was being permitted in the state it is located, but if there is nothing, then you need to be able to provide some sort of proof or reason for that.

Multi Fuel Facilities, we added three distinct measurement methodologies for these facilities, and now currently require that any and all facilities that use two or more fuels must submit a measurement methodology. This includes facilities that are under the 2 percent de minimis. We provided three different categories of possible measurement methodologies that you can use. They are broken down into combustion and fuel cells, these are essentially

your combined cycle turbines that are using biogas to biomass and any kind of fuel cell. The Non-combustion thermal technologies are primarily contained with geothermal and solar thermal, and anything else that is not actually combusting or renewable fuel, and then also the generation technology such as wind and photovoltaic's, which can be directly measured. We actually require those to be directly measured and, similar to the combustion technologies, we require you to take the actual either megawatt hours produced by that technology, or the BTUs inputted to get an actual percentage that we're using. For the Non-combustion thermal technologies, there are a little bit more problems because the inputs – it's not apples to apples if you are putting in natural gas vs. solar thermal, it's not quite the same thing, so currently we – our two examples, one is to back out the fossil fuel generation as if it's being used at another facility, or at a combined cycle plant, similar to how siting now does its calculations, and then you take that as a percentage, or compared to the total generation of the facility. The other option is to directly measure the heat contribution of a solar thermal boiler or the heat transfer fluid used to collect in, say, a solar trough design. We also are still accepting alternative measurement methodologies, but they must be approved. We mainly included these to make it easier for those facilities that

are under the de minimis, just to be able to mark the check box, and we are using this method to be able to move on.

For our Certification Process, as I stated before, we are now going to be certifying facilities that are existing and owned by Publicly-Owned Utilities, or under contract with them, as eligible, so all the pre-certifications that are out there can now reapply and become full certifications with an “A” prefix – or suffix, sorry. And we also now describe a method for receiving a biogas delivery approval letter. We included this partially because the SJAP program is now referencing our rules for biogas delivery, and we wanted to make a very clear cut way for them to get that approval from us, instead of coming directly to us, or trying to apply for a technology or facility that is not currently eligible.

We are also going to do this for facilities that are currently certified as RPS eligible so that they don’t have to recertify after they have already been procuring that biogas, so they can get checked beforehand. And we are also clarifying rules in WREGIS and limitations on using Interim Tracking program, especially for pre-2008 generation. Our Guidebooks back then stated that, if you become certified, all generation from your facility is eligible and we’ve moved away from that. The Third Edition, I believe, said that only generation from the date we receive the first

application that was approved will be considered eligible, once you've received full certification. And we plan to move forward with that, so any facility that has pre-2008 generation that is uncertified, and a facility that is uncertified may apply before the end of this year, and be able to get some of that treatment.

For the Application Process, we are no longer going to be accepting the RPS-2 Form, this was primarily for the large three IOUs to certify a large quantity of their resources in a short period of time, and since most all of those resources have already been certified, or should have been certified, we felt there was no need for this form and the special certification category.

Retailer sellers and publicly owned utilities may still apply on behalf of individual facilities, but they must do so as their representative or their agent. And we are also now requiring certification forms to be submitted via e-mail, as well as hard copy to get that signature; this will allow us to upload it into our database, hopefully quicker, and to be able to give you better indication as to whether or not you are certified, if that is an issue for you in a timelier manner that may not affect the overall certification timeframe to an extent as we might like. So, Kate Zocchetti.

MS. ZOCCHETTI: Thank you, Mark. I neglected to

introduce my staff here. At the far left is Gina Barkalow, she is the Project Manager for the RPS Verification Report, and to Mark's right is Gabe Herrera, our Staff Counsel that works on RPS. Brian McCullough is in the blue shirt here, and I also neglected to say that, if you do have a blue card, you can leave it in the box at the table, or give it to Brian so that we can address your questions and comments. And Teresa McQuinn is manning the WebEx, so I really appreciate everyone's help, it is totally a group effort here.

So I'm going to be going over a lot of new changes to the Guidebooks, now that we are getting much more involved in WREGIS. So, for Tracking and Verification for the Years 2008, 2009 and for this current year, I know a lot of you have been wondering what we're going to require for reporting. We've been kind of asking you to postpone your reporting while we did this Guidebook process, and so we thank you for your patience on that. We just finished the 2006 Verification Report and we are starting to look at the 2007 data that you've already submitted, so for the 2008 compliance year, the previous guidebook that is in effect right now says that, beginning in 2008, you must use WREGIS. But, when 2008 actually happened, there were quite a few delays that year, as some of you know. In the IOUs, signing up with WREGIS, getting all their generators into WREGIS,

there were some issues with the CA ISO, which is a huge qualified reporting entity, and all of the agreements which are basically a contract that everyone had to agree on the contract terms, and there were a lot of conference calls about that. So, a lot of people had delays that were beyond their control for 2008, so we're going ahead and extending that requirement and adding another year. So, for 2008, we're going to allow the Interim Tracking System for folks that either weren't registered with WREGIS, or for just part of the year, we will use the old way of reporting, using the RPS-Track and Gen Forms, just in the event that WREGIS data are not available. And if you have specific questions about that, you can give us a call and we can kind of walk you through that.

For delivery, delivery was not even introduced into the WREGIS system until 2008, so, using the old Interim Tracking System to report delivery from out-of-state facility generation is going to be using the old – we do have a new form, though, so it is called the CEC RPS Delivery Form, and that is going to be available on our website. So, that's the 2008 compliance year. I will get into, in a minute when that is going to be reported.

For the 2009 and 2010 compliance years, we say all WREGIS, kind of, "most of the time," and I am doing my little quotes with my fingers for those of you who can't see

me, because, while we would love to have WREGIS all of the time, there are some issues that are still being resolved in the WREGIS system. So, again, we're saying the Interim Tracking System, only if data are unavailable, but only in these two situations. WREGIS does not track generation that, we call, "Test Energy," it is my understanding that Test Energy is kind of everything before the facility has claimed commercial online date, or COD. It has always been our intention to allow Test Energy, we've allowed it in the Interim Tracking System, and it was kind of a surprise to us to find that WREGIS was not tracking that. Basically, even though you can sign up with WREGIS while you're coming online and you're under development, and you are cranking out renewable generation, and your qualified reporting entity may be reporting that generation under WREGIS, but until the WREGIS Administrator gets your COD for that facility, it does not approve that facility to create WREGIS certificates, or, I'm sorry, it does not allow WREGIS to create RECs for that facility. So, we're trying to fix that and a lot of you were involved in that process, and it looks like we'll hopefully have it fixed by the end of this year, but don't quote me on that. So, in that instance, we'll allow Test Energy using the Interim Tracking System.

Now, Delivery Verification, that functionality was added to WREGIS in 2009, but some of you have told us that

you didn't hear about it, and so we want to try to be flexible there, so we will allow for 2009 and subsequent years, we want you to use WREGIS, but if it wasn't used in 2009, or not available for 2009 and 2010, you may use the Interim Tracking System. And I am sure I'm going to get questions on that, but I'm going to keep moving forward here.

Starting next year, for reporting for 2011 compliance year, or Tracking and Verification, we are still saying "All WREGIS all the time" with my finger quotes because, again, if the Test Energy is not fixed by the end of this year, of course we'll extend it into next year, and the same for the Delivery Verification. That is probably going to take a little bit longer. The other issue with Delivery Verification, those of you who care probably already know, that for retail sellers that use a third party to import or schedule their delivery from an out-of-state facility into California, their PSC Code appears in the NERC tag, and that was not our intention, we thought when we said "Load Serving Entity," it was what everybody called a Load Serving Entity, but we found out that the NERC tags use Load Serving Entity to mean the Load Serving Entity that brought the energy into the state, and so their PSE code appears in that little box, and WREGIS can't reconcile that right now, so there have been efforts underway, for over a year, I have

to admit, for fixing that problem. So work is continuing on that.

Reporting and Due Dates, please don't throw tomatoes at me, we are proposing that, for 2008 compliance year that those reports come to us by December 1st of this year. The details are here, I don't know if you want me to read it to you, but I think that's kind of what you wanted to know is, when are reports due for 2008. You have to use – there is a report in WREGIS called the WREGIS State Provincial Voluntary Compliance Report and, so, of course, we're the State part of that and so that is something that is a function in WREGIS that you will read about in our WREGIS instructions, that are appended to the Guidebook, and that tells you how to go about getting us that report. Again, for procurement not tracked in WREGIS, you may use the Interim Tracking System, which still uses the RPS Track Form, as I mentioned, and generators will still use the Gen Report, unless they're owned by the utility, in which case the utility can report the generation. So, that's how the 2008 compliance reporting will go.

For 2009, same thing, but we don't want it all to come in at once, and we think you probably want to keep it separate, as well, we'll give you a little bit more time for 2009 and ask that those reports be submitted to us by March 1st of next year.

For 2010 compliance year and subsequent years, please note that previous Guidebooks required a May 1st deadline, but now with WREGIS, and I'm going to go into the 90-day window, some of you know what I'm talking about, I'll go into that in a moment, but you're going to need a little bit more time using WREGIS because of the delay inherent in WREGIS, especially for generation that occurs towards the end of the year, so we're pushing that date out to June 1st and June 1st of every subsequent year. For 2010, WREGIS must be used for delivery, again, unless that service was not used or available, but starting with the 2011 compliance year, we hope that all the issues will be fixed in WREGIS, so we're only going to allow exceptions with our approval, and of course, if those things aren't fixed, then we're going to give approval. But anything other than those issues, and even in those issues starting in 2011, we need to give approval before it will allow you to use anything but WREGIS.

So, for the publicly-owned electric utilities, we're also asking that reports are due June 1st. We've listened to the POUs who have asked us to try to streamline reporting for them, and we've worked with our Electricity Analysis Office and stakeholders from the POUs to create a more consolidated reporting form, and that's called the CEC REO POU, we really like our acronyms. The REO stands for

Renewable Energy Office, recognizing that it's not just for RPS. So this form has a whole bunch of stuff in it, it lists all the programs here that we will try to get all the data dumped into this one form, and then the various offices here at the Commission will share that data.

This is kind of a snapshot of what I just talked about with At a Glance, what needs to be reported by when and on what format. I hope that this is in line with what I just talked about, and that makes it easy. This is also in the WREGIS instructions.

So all of this reporting culminates in the RPS Verification Report that, as I mentioned, Gina just finished the 2006 report and there are a variety of reasons why there were delays with that report, but there are always going to be at least a year's delay, and probably longer, just by the time the reporting happens, and then we analyze the data, and then we work with stakeholders to make sure that the data are accurate, and then the report has to come out in draft form, and so forth. So, as I mentioned, we are starting to work on the 2007 data, and our process is that, first, we look at the claims, and we look at are the claims from an eligible facility because, if not, all bets are off, and then, you know, we work with you to find out if that facility is not eligible, you know, if there was an error or something. We need to also check to make sure that the

generation, especially using the Interim Tracking System, we need to make sure that the generation from each facility doesn't – or, I'm sorry, the procurement doesn't exceed the generation, and we have to make sure that the facility is capable of actually providing the generation, that all the different utilities might have claimed from that one facility. And, of course, especially to make sure that there is no double-counting, as much as we can. So we use our data, we also work with other States in the voluntary market to the extent that we can, to prevent double-counting.

When we finalize our report, as we did recently, we submit the report to the President of the CPUC, and 30 days thereafter, Retail Sellers have to submit what is called a Verified Compliance Report, basically the data has to align with the data that we just submitted to the CPUC, and then the CPUC applies its flexible compliance rules, and the flexible compliance under the Statutes to determine compliance with the RPS.

So, Initial Steps for Using Regis. I'm certainly not going to walk through all the steps here because your eyes would cross and you'd have a million questions, and you just can't do that without having instructions next to you while you're at your computer. But I just kind of wanted to go through the basic steps, especially for doing compliance

reports. So, for each compliance year, you're going to create one RPS retirement subaccount, so I think you all know by now that, for WREGIS, in WREGIS when you want to make a procurement claim, you have to retire those RECs into your retirement subaccount to be never brought back to life again, that is how we prevent double-counting. There are WREGIS certificates that have unique serial numbers, so those will be retired and then we will get that report of those retired RECs to show your RPS procurement claims.

You need to complete and submit a form authorizing WREGIS to release your company's compliance information to us. Now, this is when you are first having this retirement subaccount set up because, basically, you are going to be pushing a button that says "Export this Report to us," and you need to give WREGIS authority to share that information with us. And you can download the WREGIS Authorization Form from the WREGIS website at WREGIS.org.

You need to coordinate if you are a utility, coordinate with your generators to ensure that all of the certificates are transferred to your active account, so that you can retire it for each compliance year. And if you are retiring WREGIS certificates from out-of-state generation, then you need to sign up for the delivery service, which uses the NERC E-tags, as does the Interim Tracking System uses the NERC E-tags. If you are a multi-jurisdictional

facility, that falls under 399.17, which is pretty much PacifiCorp and Sierra Pacific, the delivery requirements do not apply to you if you want to just use that procurement for your own RPS.

Initial steps for reporting your delivery information using WREGIS: You have to apply for this service, there is a fee, you need to basically send an e-mail to the WREGIS Administrator, the e-mail address is provided here, and you have to request to be added to the delivery service participants list and you also need to provide the WREGIS Administrator with a list of your PSE Codes that I mentioned earlier, Purchasing Selling Entity.

So Appendix A provides the WREGIS Instructions, and hopefully that will give you a step-by-step walk through, that you can sit down at your office and go through signing up for WREGIS, making sure that your retirement subaccount is created, you need to retire your WREGIS certificates into your retirement subaccount before you can submit that report to us, you need to make sure that the NERC E-tags are brought into your account. Now, that is just starting with 2009 generation, we will allow the Interim Tracking System for previous years, and it tells you how to file the Compliance Report to demonstrate your monthly procurement claims per facility per year. So, that hasn’t changed. Unless the law changes, we still just require monthly data

on an annual basis.

This is just kind of a list of what's going to be in Appendix B when we release the final Guidebook. We do have three new forms that I believe we submitted with the Draft Guidebook, and the rest of them should be familiar to most of you, so we have added a delivery form, as I've mentioned, we've added the POUs new Consolidated Form, and we added a new attestation form so that, when you submit your WREGIS Compliance Reports, you also need to fill out this attestation and send it to us, this is going to be a wet signature, a hard copy. So, along with being in the back of the Guidebook, as we are doing now, we will load all these forms on our website and we really recommend that you use the website to access the forms, rather than the Guidebook.

So, Mark is going to go over the changes that we made to the Overall Program Guidebook, which governs not only the RPS, but all of the programs in the Renewable Energy Office.

MR. KOOTSTRA: Hi. These are the two big changes that happened to the Guidebook that aren't referenced in, actually – I believe it is the Glossary of Terms. The first one is that we removed references to the Renewable Facilities Account, this has been closed out for some time, and so we brought that out to prevent any kind of confusion; also, it is no longer valid. Also, we made some changes to

the Commission Appeals process. We removed the actual Commission Appeal process that you need to go through, the final appeals process within the Commission is the Executive Director's determination and, after that, you go to arbitration. I believe this is more in line with what other programs are doing within the Commission and it is the more proper route. The Executive Director, however, may consult with the Commissioners when making his or her determination.

This is a Glossary of all the terms that had some significant change to it, or just changes in reference to law. Most of these have to do with our program that would be PTC; PVUSA has more to do with the small scale solar incentive programs. Changes for the Biopower, for Biomass, we changed the definition to explicitly state that digester gas, landfill gas, and any fuel derived from an eligible biomass feedstock will be considered eligible. It's a pretty good judge to see if your fuel will be eligible, barring delivery and pipeline quality level of your gas, is if we would certify a generation facility located at the same site as the production facility. If we would certify that, that gas should be eligible so long as you can meet the injection quality that are required by the natural gas pipelines, as well as our delivery requirements.

For Biogas, we added the phrase "but not limited to." We, I believe, did not make any changes to the list,

the fuels that we called out, we're just making sure that you all know that we don't think this is the exclusive list of what is eligible; however, only the biomass portion of that fuel is considered renewable, so in the event of treated wood that has creosote in it, such as railroad ties or "black liquor," we haven't made a determination on the percentage of that being renewable or not, so, if someone comes to us with a facility for that, they'll need to present a reasoning for why the fossil fuel or non-renewables contributing this amount, as opposed to another, and we'll have to have some kind of basis to back that up.

We added Central Station to the list of terms. It was not previously defined. It's basically any facility that is built to export power to the Grid. They are obviously allowed to serve parasitic load, and often times we will classify a facility at Central Station that is serving a small load onsite comparable to the total generation, so I believe we had a facility in the past that was selling a portion of its power to a neighboring adjacent facility, and that would still be considered Central Station and not Distributed Generation. For us, Distributed Generation is any small capacity facility, or facility that serves almost exclusively or the majority of its power is used for an onsite load that is not parasitic. It also may or may not be connected to the grid; not all of these

facilities are eligible, especially those not connected to the grid at this time.

We also changed the definitions of On-site generation and self-generation to reference Distributed Generation to make all three of those terms a lot clearer.

We changed the definition for Commercial Operations. It's essentially the date you declare that your facility is performing commercial operations, however, in the event that the facility – really, for us, that means you're producing power to be shifted to the grid, or for an on-site use, and not protesting purposes where you may be shipping that power off-site or using it on-site because it's there. The primary purpose, once it removes from testing for actual end use, then it becomes Commercial Operations, and that's the point where you can certify.

For Hydroelectric, we inserted that it's actually the kinetic energy of the flowing or falling water; this is just to make it clear that hydroelectric involves moving water and not some thermal process within the water, or perhaps something tied to the buoyancy of the water. We included the term of Nonrenewable energy resource, this goes heavily with our Multi-Fuel Section in the RPS Guidebook. Nonrenewable resources is anything that we would not certify as renewables, so this includes all fossil fuel, this would technically include nuclear, large hydro at this time, and,

say, MSW if it doesn't meet all of our requirements, it would fall into this category.

The PTC – PVUSA Test Conditions, we just further explained what those are to make that clear and expanded upon what we already had in the Guidebook.

Renewable Energy Certificate – we added information on the decision that the CPUC put out in 2008, defining exactly what a REC is, and we referenced that decision in the document.

The WECC interconnection – it's a substation where you are first putting power on the grid. This is used heavily when determining a facility that is physically located out of the State, can be treated as an instate facility. A good rule of thumb on that is if your power must enter California, but it is for serving any offset load. It is pretty good to say that you're probably going to get instate treatment; if not, we'll have to take a closer look at that and you'll have to provide us with the information. When I say that the power must first enter California, I mean it must; so, in the event that a power line is down, or drops, or overloaded, your power starts going the other way, that wouldn't give you that the power must enter California. And then, also, we entered the Renewable Energy Generation Information System, this is just WREGIS, and most of you know what that is, but we felt it

was good to at least explicitly state that in our Guidebook because we are using that. Now, we are going to move on to the question time.

MS. ZOCCHETTI: Okay, so that was a lot to take in. We would like to start with questions from the audience, or the attendees here, so we will take blue cards in the order that we received them. Does anyone have any that have not been turned in? Okay. Take your time, no rush. We are gathering blue cards, for those of you who are listening in. So, when we get those, we'll be calling each of you in order, and if you would present your business card to the Court Reporter, and then step up to the podium there to be heard, and I should mention that – I'll take this opportunity to mention that the Court Reporter obviously is recording this today and a transcript will be available in a couple weeks, and we will be posting that on our website. We will also be posting all of the written comments that are received and are docketed, so make sure that, if you have written comments, that those are docketed at the Energy Commission and they will become part of the public record.

Can we start with any while you are still gathering, Brian? Yes, thank you for the question. So, what's that? Oh, it's the same issue as in the proposed revisions? Is that what you are saying? Well, actually, so we'll take comments and questions on what we've proposed and covered,

and anything that we haven't covered that you think we should have changed, and so forth. The things that are in the attachment are things that are, in addition, that may or may not be considered for this current Guidebook, or a future Guidebook, we are trying to get input on. I mean, if it overlaps, it's okay, we're just trying to kind of manage the – did you have a question? So, the question is, do we plan to update the Guidebook after pending legislation might be passed, or the other thing was the CPUC – oh, ARB. So, the answer is yes, we will definitely, as we always do, we update the Guidebook, and I should have said this at the beginning, as we note in the Overall Program Guidebook that governs how we administer these programs, the RPS Guidebook and the other Guidebooks in our program are periodically revised to incorporate changes to law, changes in the CPUC's or other agencies' decisions that affect RPS eligibility, so the Energy Commission is charged by statute to handle the eligibility and verification of the RPS, whereas the CPUC covers the contracting and compliance and procurement for the RPS. So, to the extent that the CPUC's rulemakings affect RPS eligibility, if it's something that directly affects it, has a large impact, we will try to update the Guidebook more quickly. As we go along in time, we gather up little things that change that, and so to store them up for the next revision. But, because these things are out

there that are probably going to have major impacts on RPS eligibility, such as the things that you are mentioning, we do plan to update the Guidebook probably early next year. But, again, don't quote me on that because this revision has taken over a year to happen. So, we have our first blue card?

MR. HOOTSTRA: Yes, the first one we have, and please forgive me if I messed up the order, is Frank Mazanec from Biofuels Energy.

MS. ZOCCHETTI: Yes, please. If you have a business card for the Court Reporter, that would be great.

MR. MAZANEC: Thank you. Frank Mazanec, Biofuels Energy. I'd like to comment on a concern that isn't included in the Handbook. I do know that you're aware of it, but presently on page 29 of the Handbook, it stipulates to qualify as an RPS eligible facility, this facility must not receive or plan to receive SGIP funds from CPUC approved Self-Generation Incentive Programs. This is somewhat of an awkward time considering everything that has happened you mentioned it already, but I think whether it is the CPUC decision, pending decision, or SB 722, I think most of us would agree that the results of that process will affect that particular constraint.

MS. ZOCCHETTI: Mr. Mazanec, if I could interrupt you. Is your microphone on?

MR. MAZANEC: The green light is on.

MS. ZOCCHETTI: We don't hear you magnified, but I can hear you fine, I just wanted to make sure that the participants online can hear you, on the phone, rather.

MR. MAZANEC: Okay. In the CPU pending decision on page 11, it states, "In anticipation of the eventual use of consumer-side DG for RPS compliance, both this Commission and the Energy Commission have addressed the issue of availability of T-RECs from some installations. In Decision 0701918, the Commission determined that owners of customer-side DG installation own the RECs associated with generation and can therefore sell them, regardless of whether the DG owners participate in net metering, CSI, or SGIP. Furthermore, pending SB 722 directs that unbundled renewable energy credits be counted towards the RPS requirements." It would be appreciated, and it is request, I know you are on a timeline, but that staff considers incorporating these proposed CPU decision changes as it relates to the SGIP restriction. It seems to me it is unreasonable and anti-competitive -- if the CEC wishes to support renewable biofuel fuel cell projects, it must make this change. And why do I say that? Right now, the utilities are able to rate base renewable fuel cell projects, and yet private enterprise that needs SGIP funds, to be competitive, is unable to do so. It is uncompetitive, it is not good public

policy. This cries out for a change, and most of the rationale for that being in place, initially, I think virtually everyone in the room will agree, is going away. So, possibly this was not considered when the present handbook was developed, maybe it was a focus on IOU participation, only. But I believe, with the passage of 722 or a reinstitution of the previous or modified version of the CPUC REC decision, the rationale for the initial SGIP grant restriction will effectively be eliminated. Before taking action on this Handbook, please consider directing staff to consider eliminating the SGIP benefit exclusion, or the SGIP exclusion for energy generated in concert with instate biogas projects. Could the CEC issue a decision of intent to eliminate the SGIP exclusion with a conditional passage of SB 722, or CPUC approval of pending T-REC decision? I know you have a timeline, I know what I just said doesn’t fit your timeline, but the point I would like to make is there are projects out there where their time doesn’t match your time, and this decision that I’m talking about in the inclusion of the SGIP is one of those. So, I would ask that, if there is anything that you could do to address that because you see the winds blowing in that particular direction, if you can do so. Thank you very much for your consideration.

MS. ZOCCHETTI: Thank you.

MR. KOOTSTRA: The next card we have is from Jeremy Weinstein.

MR. WEINSTEIN: Ms. Zocchetti, Ms. Barkalow, Mr. Kootstra, and Mr. Herrera, thank you very much for taking the time to spend a day with us here and, for those of you who have seen this process over the course of time, I would like to say that it's been a very exciting process since the development of the California RPS. I have personally been involved, as have a lot of the staff here, with the development of this Guidebook and the regulations of the California RPS. It has been very exciting to work in this environment and develop regulations, to develop basically what in effect will be Jurisprudence out of whole cloth, in this case, at the State level, in the absence of federal leadership. And a lot of times when you have significant regulatory [inaudible] [53:34], for example, you can look at the history of the Food and Drug Act, or you can look at some of the other Consumer Safety legislation, California has a lot of times played a leadership role, but generally there is Federal leadership. And here, in this particular instance, we have had California playing a very significant leadership role, and I think, in this case, specifically, you have had the Energy Commission playing a leadership role in developing how the law of renewable energy and renewable energy procurement and verification works, just basically

developing. And the history of the development of this Guidebook is a great example of the trial and error process, and I want to really compliment the Commission in the course of the development of this Guidebook because, over the past several years, I've had the pleasure of talking with staff, and staff, I think I've spoken here at Commission Hearings and complimented to the Commission how the staff is very compliance-oriented. And I think this manual, this Guidebook that we're looking at here, is a perfect example of staff focus on meeting the goal of the statute, and meeting the goal of the statute through enhancement causing compliance. And so I really wanted to just compliment and just point out to the group here how important the work of the staff is and, to me, at least, as an observer, how successful I think the staff has been on what's implemented. And to that end, I really just had a few comments, flipping through the Guidebook and going through pages, and I just wondered if it would be okay for me to kind of walk staff through just a few pages where I had some questions and comments on the Guidebook, itself.

MS. ZOCCHETTI: Certainly.

MR. WEINSTEIN: Thank you, Ms. Zocchetti. The first question I had was on page 35 and that is at the top of the page, Item 6, there is a new addition, it says, "Facility retail seller and third parties participate in WREGIS." And

I think what is meant here is “applicable third parties,” or applicable for the transaction. And so maybe some sort of qualifier of which third parties are looked to, to be in WREGIS might be helpful.

On page 38, the fourth line, I think the word is – it says “use WREGIS as directed by the Energy Commission.” I think it might be appropriate staff might consider saying, instead of “use WREGIS as directed by the Energy Commission,” because we don’t want to say that the Energy Commission is required to issue a direction in each instance, you may want to say “as required by the Energy Commission.” And I should also state I am here representing PacifiCorp and my name is Jeremy, J-e-r-e-m-y Weinstein, W-e-i-n-s-t-e-i-n, I’m sorry, I should have mentioned that at the beginning of the call. On page 44, and this was also interesting and I didn’t quite pick up on this until Mr. Kootstra explained it in the course of his presentation, again, his excellent presentation, and Mr. Kootstra has always been extremely helpful with us in getting our facility eligibility documentation through and always been helpful explaining how the process works. I think, in this instance, the e-mail – and maybe I just didn’t read it carefully enough – I didn’t quite pick up that there is an e-mail submission at the same time as the hard copy form, and so if it’s in there and I missed it, that’s fine, if

it's not in there, maybe some sort of explanation about where one can get the electronic copies, how you can download those, how you fill those in electronically.

The next comment I have is on page 46 and this is a question, it talks about the application and, of course, you know, from my standpoint, I'm used to doing a lot of applications where we are providing applications for out-of-state resources, so there is an awful lot of supporting documentation that is also submitted along with the application. And the sentence says, "The review clock starts on the date to complete application stamp or the Energy Commission has received, and the Executive Director makes the determination on any related Applications for Confidential Designation." So, I wasn't sure where the process was stated in terms of what the Application for Confidential Designation was. Certainly, it would be useful to have a process or a paragraph about how to go about Confidential Designation, and certainly useful to say in that paragraph that, if you avail yourself of this process, you are putting yourself at the risk of a delay in your application being complete, because the designation needs to be arrived at by the Executive Director. Also, it probably would be useful to say that there is a time at which the Executive Director makes the designation. Perhaps there is an another administrative set of rules at the Energy

Commission about Confidential Designations in light of public – you know, sunshine laws, and making a cross reference to that if that is what is in there. But what I'm looking for is kind of a direct tie of the Application for Confidentiality being tied directly to this application that you submitted, and how you go about seeking to have the Confidential Application that you submitted, yet the Executive Director Determination and what the timing is of that Executive Director Determination. Thank you very much, Mr. Kootstra, for your explanation on the RPS2 forms. That, in my mind, clears up a question that I had on the second paragraph from the bottom on page 48. I think what might be helpful in this particular paragraph is, as the sentence says, you won't accept the RPS2 on operator's behalf from retail sellers or publicly owned utilities on the operator's behalf, and you say how the buyer of the energy can submit an application. I don't know if it might be helpful to say at the end of this first sentence, "We are not accepting it because we're not accepting RPS2 anymore, RPS2 doesn't work because it's…," otherwise a reader might say that there is some sort of change with respect to the use of a form by a person in a status relationship to the owner, where, really, it's just simply the form is not being used.

And then we come to what I am sure you would know would be my big item on page 56, and this is the item that

you can look in the prior transcripts and see active interchanges with me and Commissioner Geesman on two prior occasions, and I'm glad I'm not going to get yelled at today.

MS. ZOCCHETTI: You never know.

MR. WEINSTEIN: At least I'm not going to get yelled at by Commissioner Geesman today, yes, that's right. This is the same issue that I've brought up on two prior occasions, and I think, you know, we've worked through it and I think, in the process of how the application of the rules to the facts, and to the certifications have ended up working out, it's been fine, fine in the sense that it takes – it's been fine in the sense that it's been painful and we've accepted the pain and we've lived with it, but I would like to avoid a situation where we add to the pain, and this is that I think the entente that we've reached with staff has been that we have sort of a phantom application. We basically say, okay, you pick the county that would most likely be affected by the facility, so, for example, if it is a facility in North Dakota, you would say, "Okay, we're going to look at Modoc County, California, because that's the county that is the closest to North Dakota," you do a Site Application for Modoc County, and you look at each of the laws that are applicable, and I know the staff added Noise in the last iteration of the Guidebook, I think it was

noise and traffic all along, but I'll double check, and I don't independently comment on Noise because you've just added that list, and then you say, okay, we look at the site and we say, okay, does this facility in North Dakota – how does it impact each of these laws applied from Modoc County? And so the rule is you can increase the traffic in Modoc County by the facility, then we say, "Okay, here's the law that says you cannot increase the traffic in Modoc County by the facility construction," and we say, "Okay, the facility is being built in North Dakota, so there will be no impact on traffic in Modoc County." And what we've delivered in connection with that, at Energy Commission staff request, is anything environmentally related, the Commission staff has always been very interested in how the facility impacts the environment, what impact it has on the environment anyway, and we've always been very forthcoming and we've provided that information, but the understanding is that that information, which we are providing, is about, effectively, the local environmental impact because there really isn't any impact in Modoc County. So, if we've got a grappler problem in North Dakota, we say, "Here is how the grappler problem in North Dakota is being solved, and the Energy Commission staff has reviewed it and looked at it." And so, the wording in this new Item C that is on page 56, it is, from my perspective, a little bit problematic because the

first sentence is fine, but the example where it says “will not cause or contribute to a violation of California Environmental Standard Regulation,” so as long as it’s clear that it is a violation of a California Environmental Standard Regulation in California that we’re talking about – in California – so this can’t be used by somebody else coming to this in the future and saying that you have to follow the California Environmental Standards; what we don’t want is somebody looking at what I’ve submitted, or what an Applicant has submitted as, “This is how we’re handling it, with power hand grapplers,” and the reply is, “Okay, well, you’re just applying North Dakota rules of how you handle grapplers. It is a violation of the California Environmental Standard because you’re not handling how California handles grapplers. And so, I just wanted to be clear that, if we are saying, “Okay, here’s how we’re handling grapplers,” that the reply is that we are not meeting the California rule, if the facility was in California, the rule that we need to meet is you’re not satisfying the Modoc County rule since you’re not actually in Modoc County, you can’t do anything about it being – you can’t do anything to – it’s not an additional requirement. The California rule is not an additional requirement, you just have to meet what’s required locally and look at the California impact. So this is, at least for me, a very big

deal and I just want to make sure that it is not an extra-territorial application of California rules applied. And that's in contrast to Item D on page 59, which specifically culls out "will protect the environment to the same extent as provided for a similar facility located in California," which is a statutory addition, saying you can't get around California requirements by building facilities in Canada or Mexico and having a worse – damaging the environment worse. In other words, it seeks to protect the environment overseas -- outside of the Country – as opposed to not granting full faith and credit to another State.

On page 64 and on page 65, there is a lot of discussion on the commercial on line day for WREGIS and [inaudible] [1:07:19] energy, and certainly we'll have a good time talking about that when we get to Item 2 of Appendix B. On page 66, this is an example of – I certainly recognize the fingerprints here of staff help for PacifiCorp in the course of our compliance, thank you, I see our fingerprints here. On page 70, there's a statement beginning with the 2011 compliance year, "WREGIS must be used for reporting all energy deliveries into California from out-of-state facilities, except in the case of third-party schedulers as described above." And I think "except" is applicable to PacifiCorp and MJU compliance as permitted under AB 200. So, probably a specific cull out for

PacifiCorp would be good, as well.

One of the items that I haven't had a chance to really review the manual, the Guidebook for, and I'm looking forward to reading the Guidebook, and we'll have more comments in the fullness of timelines, when we've actually had the time, chance to look at it, once we've had a chance to digest the outcome of this section is kind of retroactive changes, kind of make sure there are clear dividing lines between what applies retroactively and what is applying prospectively, and I don't know that we really – "we" meaning me and my clients and others who are looking at the issue and who have really thought through, okay, what in here is retroactive and what is not retroactive, but that's going to be one of the areas of concern that we're going to have, just to try to avoid anything retroactive that makes it more difficult – retroactive if easier is fine with us. And with that, I just want to thank you again for giving us the opportunity to participate in the process.

MS. ZOCCHETTI: Thank you, Mr. Weinstein.

MR. KOOTSTRA: The next comment we have is from Tamara Rasberry.

MS. RASBERRY: Tamara.

MR. KOOTSTRA: Tamara, sorry.

MS. RASBERRY: Thank you. Tamara Rasberry representing Sempra Energy Utilities. And I will save my

comments for Attachment B for that time later on in the workshop, right now I just want to talk about our comments regarding the overall Guidebook. And these comments, I make on behalf of the Sempra Energy Utility Companies' Southern California Gas Company and San Diego Gas & Electric. And I thank you for the opportunity to respond to your work today. Sempra Energy Utilities requests the definition for biomethane be added to supplement the existing definition of biogas in the Guidebook, and we'll be submitting that proposed definition in our written comments. It appears that staff intends biogas to be the broadest definition for renewable fuel gas, and this draft of the RPS Guidebook includes digester and landfill gas.

It is very important for the Energy Commission to understand that raw biogas cannot be injected into a utility natural gas pipeline, as noted on page 18 of the Standard Eligibility Guidebook, under the statement on Pipeline Grade Gas. Biogas must be conditioned prior to injection into the natural gas pipelines and it is the conditioned gas that we think should be defined as biomethane. Adding a biomethane definition would help clarify the critical difference between raw and conditioned gas.

And then, on pages 17 through 20, we request clarifying language regarding delivery of biogas in the Biogas Eligibility section on those pages, specifically, I

am talking Section II(B)(2). There are two primary ways that natural gas pipelines are managed in California, one is the actual physical flow, and operation of the pipelines, including receipt points; the other is based on contractual flow. Because biogas molecules injected into the natural gas pipeline are not necessarily the same gas molecules with TRON* [1:11:56] at a designated RPS eligible facility, we recommend that contractual agreements be used to track biomethane injected into natural gas pipelines. Such contract mechanisms already exist for transport of customer-owned natural gas. An example that needs modified language is on page 17, Section 2 of the section I just referred. This is the section that says “Biogas must be delivered to the electric generating facility via one of the following methods…3) natural gas pipeline, the biogas is injected into a natural gas pipeline and with TRON* at the designated RPS eligible electric generation facility.” It is not possible to guarantee that biogas injected into a utility pipeline is actually withdrawn and used at a specific facility. And we will be submitting our recommended changes in our written comments that address this issue. I do have a copy with me now that I’ll bring and show Mark later. My last comment is based on Attachment 3, so I’ll save those, just with those two, and I’ll leave you that language. Thank you.

MS. ZOCCHETTI: Thank you.

MR. KOOTSTRA: The next card we have is from Bill Westerfield with SMUD.

MR. WESTERFIELD: Hello, I'm Bill Westerfield representing SMUD, good morning. I just have a clarifying question on Slide 15, and it relates to the implementation of AB 3048 for the publicly-owned utilities. I think what the Commission is asking is that all of our pre-certified facilities become certified and that we apply for a certification, isn't that correct?

MR. KOOTSTRA: Are you talking about the online facilities that are pre-certified with the "P" suffix?

MR. WESTERFIELD: That is correct.

MR. KOOTSTRA: Yes.

MR. WESTERFIELD: And is there a timeline when you'd like us to do that?

MR. KOOTSTRA: That can't be done until after this has been formally adopted and it would have to be on the new forms. But, after that, we don't have a specific time line, it just will not be considered eligible until the date that that application has been approved.

MR. WESTERFIELD: Okay, so is there some question about the eligibility or whether that power will actually be declared eligible as, I guess, reported to WREGIS, for power that is generated before that Application for Certification is approved?

MR. KOOTSTRA: At this point, we plan to treat that pre-certification that you have as a normal pre-certification, so the eligibility date that was printed, or the beginning date, I'm sorry, that was printed on your certificate will continue to be the beginning on date, as long as the application is approved.

MR. WESTERFIELD: Okay, that's great. That's helpful. Is there any additional cost or fees associated with the application?

MR. KOOTSTRA: No.

MR. WESTERFIELD: Okay, thank you.

MS. ZOCCHETTI: Thank you.

MR. KOOTSTRA: I apologize, I'm going to mispronounce this name, but Mr. Bawa.

MR. BAWA: Good morning. I am Gurcharan Bawa with Pasadena Water and Power. We certainly applaud the effort of the staff to upgrade the RPS Eligibility Book. Pasadena has a RPS Standard of 40 percent by 2020, and we are obviously struggling like others, so these clarifications certainly would help. And my comments – and I haven't read these two updates word by word, in detail, so I may have some unclarity [sic] about my question, but my question is generally related to the Biogas section. And the Biogas section talks about the renewable attributes being conveyed to the electric generating facility. CPUC has its

definition of renewable attributes, and POUs individually have their definitions, and they don't necessarily match. I think the intent is the same, but they do not naturally – if it came to a legal situation, the interpretation would be different. And the basic intent of the renewable attributes being able to avoid double-counting is a key issue, and I think a lot of Biogas suppliers may have a different interpretation, also. So, it would be nice if you could put the definition of renewable attributes – some people call them environmental attributes, however you choose it, it will be helpful to define that.

The second comment is about the attestations that you require from the operator of the landfill to biogas facility, and also the electric generating facility. I would suggest, like you have put the standard attestation language in some of the forms for other purposes in your book, if you could create those types of attestation forms, and that has a legal implication to the contracts.

Now, the third piece between the operator and the electric generating facility is the deliverer who takes the gas from the operator and delivers it to the generator. And I'm not sure if there is a need for you to put an attestation for that entity, but in contrast, generally we would like to have an attestation from the deliverer, as well, so the gas that the procurer is nominated and

scheduled to the various segments of pipeline system, to ensure that the gas is delivered. So those are my comments. Thank you very much.

MS. ZOCCHETTI: Thank you.

MR. KOOTSTRA: Next we have Evan Williams from Cambrian Energy.

MR. WILLIAMS: I'm Evan Williams, I am President of Cambrian Energy, and I would like to defer some of the comments I have to Exhibit 3, but if I might respond, actually, to the comments that were just made, our company has been involved 30 years in developing landfill gas projects, we have developed 50 of them, and we have three pipelines to biogas, or biogas to pipeline quality projects. I'm very sensitive to the comments that were just made with respect to the attributes. I'd like to comment a little bit about the fact that there has been a lot of attention paid to these, but in the entire United States, over 30 years, there are only 25 of these projects that exist. There are basically no qualifying projects in the WECC Region, there is one that is operating in Seattle, which is delivering its gas to a local utility. In the State of California, where we have a huge resource of this type because of the existence of Health and Safety Code Provisions, there is in every one of the LDC's tariffs a prohibition from accepting landfill gas, I think, which related to the comment from the

young lady from Sempra, raw landfill gas in any circumstance that I am aware of is not put into pipelines. All of these projects do go through basically oil and gas, a sophisticating processing technology, they do have to meet the applicable pipeline standards before they are injected into the pipelines, wherever it is, but, of course, California is prohibited from putting in any landfill gas in. So, the largest resource in the country is not available for this, that is not true of digester gas, that is not true of animal waste digester gas, which are the other two resources, but, in my view, I'm not aware of any pipeline quality wastewater treatment digester gas projects anywhere in the country; if anybody else is, they can certainly relieve me of that ignorance. But I think landfills represent the largest resource of this type, again, only 25 of them, and when we get to the Exhibit B questions, if you are to limit these projects only to the Western Electricity Coordinating Council Region, you basically would be banning these projects because there are none. So, I'm a little concerned about maybe the asking of that question, would like to – and we can talk about the delivery requirements that you had mentioned earlier, and would you like me to defer that to the Exhibit B comments? Okay, I'll do that because I do have some concerns about that. But, as to the renewable attributes comments that

were just made, that is a concern from the development perspective. These projects do not receive Section 45 tax credits or any other economic support on a Federal or State level, so they are difficult to do, they have to be justified solely on their economics in terms of the gas sale. One of the potential areas of revenue, depending on what happens with climate change technology, that have to do with potential carbon emissions reduction credits that might be available, we have excluded those in some of our projects because they do not relate ultimately to the production of power, and I think that is something that should be reserved to a developer and not included as part of the environmental attributes to get transferred. They aren't environmental attributes that basically an electric utility could take advantage of, in any event, because there are a number of measurements and other things required to maintain the viability of those types of economic benefits. So, with respect to that aspect of it, I will defer, I guess, the rest of my comments on transportation to the Exhibit B comments.

MS. ZOCCHETTI: Excuse me, if you had comments regarding what's in the staff proposal, though, about delivery, we would entertain those now.

MR. WILLIAMS: Okay. Thank you. And then I won't have to come in on the Exhibit B. I have submitted,

actually, written comments with a lot of detailed explanation as to why I have suggested certain views in here. I am actually encouraged with what the staff has done with one aspect of the delivery requirements, which is in the staff proposal. And that is to recognize that the pipelines and natural gas don't always flow gas from the east to the west, and as I'd mentioned, there is only one project and it's not delivering into California right now, so most of the available resources today for Biogas, and I'm using that biomethane, if you will, from landfills, which is the largest of this type resource, will exist outside the WECC Region today, until the law, if it does, changes in California. So, the transportation issues now become critical because, for a project, if we were to develop someplace outside the WECC Region, we're going to have to pay the transportation costs. And right now, I view it as being an unnecessary penalty of having to interconnect to every pipeline between where our project source is and the State of California. In recognizing displacement or counter-flow transfers on a pipeline, I think the Commission has given recognition to the fact that, going back to the comment made from the young lady from Sempra, once the gas is processed and goes into a pipeline, the methane molecules from a biogas resource, which is basically CH4, are indistinguishable from the methane molecules that are in

natural gas. So they're fungible. So the only thing that distinguishes now those two types of gases are the environmental attributes, and the transfer of those really happens by contract, and I think the Commission really has set up a procedure for tracking that, contractually, so that the environmental aspects of that gas, wherever it is produced, can be tracked. Having said that, I have suggested language, and I'm not sure if that's where Sempra was going with this, that would basically allow for renewable purposes the same sorts of transportation of biogas in a pipeline as exist in the natural gas infrastructure. I have given you a Code of Federal Regulations section that defines transportation by FERC and it includes an exchange of gas, which basically is where you have equal quantities of gas, two different locations that are transferred just by contract. From a developer's point of view, that is going to save me an enormous amount in transportation; from the utility's stand point of view, that is going to make available to them a lot more projects and a lot more as a relative term because, again, there are only 25 of these in the country, these are very difficult and very expensive to develop, they're capital intensive, so there is not going to be a sudden flood of these types of projects that becomes available. In my view, and again, I'm in the business, I think the Commission should encourage

these types of projects by developing regulations that encourage the use of these, and once they're encouraged in the global warming context, if these environmental attributes are retired, they are retired for good, they are not going to be double-counted, they are not going to be available to utilities or other uses in other states. So, I very much would like to see the Commission look to expand the same concept that is included in this language with respect to transportation, but include the term "exchange," which would be a huge economic boost to the potential of these projects in the country. Thank you.

MS. ZOCCHETTI: Thank you very much.

MR. KOOTSTRA: Again, I'm afraid I'm going to mispronounce this – Marlo [sic] Lemes from SMUD.

MR. LEMES: Marco.

MR. KOOTSTRA: Oh, Marco. Sorry.

MR. LEMES: Again, Marco Lemes with SMUD. I just would like to get a clarification on a term here. On page 18, third paragraph, second sentence, it says "electricity generated and gas must be measured over an equal and overlapping period." It is very clear what you're trying to convey here, but what is throwing me off here is the "overlapping," what exactly does that mean?

MR. KOOTSTRA: For the purposes of recording within WREGIS, that's by month; for us, that's by year, so we kind

of default to WREGIS because it's more tightly bound, so that when you're measuring this, it's pretty much the amount of gas delivered to you within a month.

MR. LEMES: On the –

MR. KOOTSTRA: The amount of generation. And we realize that sometimes gas may be produced at the tail end of one month and delivered in the next just because it does take time, and that can be worked out. Essentially when we said "produced," it should mean "produced and delivered to," so it's the date of delivery.

MR. LEMES: Okay, thank you.

MS. ZOCCHETTI: Thank you. Taylor Miller with SMUD is next – I'm sorry, with Sempra, sorry, Mr. Miller. He says, "Oh, did I have that job, too?"

MR. MILLER: Yeah, I don't know how that happens. This is not the first time. Thank you for the great amount of work you've put into this and the presentation. One initial comment, I guess, is to get back to the process issue a little bit here. It took a year for you to develop this, and how long are we going to have to comment on it? I'm just wondering what you feel your time pressures, absolute needs are so that perhaps some of these issues may be able to be carved out and dealt with maybe in a little bit longer period of time. But I'll leave that up to you and maybe if you could comment at the end on the process

aspect of this so that maybe we can have a little bit more time, and I think maybe even more than just one workshop might even be helpful if that's conceivable, if you could work that into the schedule. The second point, I just have three topics, that will be the first one – the second is, I'd like to echo some of the comments made by PacifiCorp on the out-of-state project certification process we've been through, as you know, a couple of those. And at one point, I had thought that was going to be simplified by a reference to a tool, kind of a template that could be applied, and that seemed to be a very good thing. I can't swear, but I'm not sure if that's in the materials that have been distributed. I think it was very helpful to come up with that idea because, as already stated, I think it's obvious that projects a fair distance from the border are really not going to have impacts in California, for the most part, and to go through the drill of developing all the LORS for a hypothetical county that conceivably could be effective, but really can't be effective, takes a lot of time and effort and argument over details that may be is unnecessary. So, I would like to suggest that maybe a tool could be referenced or included. I'm sure that you have a reason maybe for not doing that, but we would be all for that kind of a process, so that we can focus on the things that really could matter in California under the statute.

The third comment would be, on the delivery requirement for biomass, and I'm speaking today, I should say, for Sempra Generation, the concern we have is that the requirement for the multiple contract pipeline system contracts would probably not change the actual molecule delivered and used in the plant, but would conceivably increase the cost of the transaction by up to maybe 20 percent or so. So, we were generally in support of the comments that were just made by the gentleman from Cambrian, not necessarily – I don't know what the right word is – but we will be submitting some comments during your comment period on that topic and look forward to maybe some further discussions of that kind of a transaction, a displacement transaction. So those were my comments. Thank you very much.

MS. ZOCCETTI: Thank you, Mr. Miller. I would like to just do a quick comment on that topic. Just to clarify that we clarified the delivery. I just wanted everyone to know that we didn't change our requirements; that's always been that the biogas must be [quote unquote] "delivered" to a California facility for use at that facility, but there was confusion about how to demonstrate that, so we've attempted to provide a way that you could document that. So I just wanted everyone to know that, although – it may look to some of you that we've added more than was there before,

but it was an attempt to clarify how you could document what was already there, and we haven't changed the requirement to show that delivery is coming to California for use at a designated facility. So, I just wanted to let you know.

MR. MILLER: Okay, well, we can maybe have some further dialogue about that, looking forward.

MS. ZOCCHETTI: Absolutely.

MR. MILLER: Thank you.

MS. ZOCCHETTI: Anymore blue cards? Go ahead and just state your name again for the record.

MR. BAWA: This is once again Gurcharan Bawa, Pasadena Water and Power. And a thought triggered my mind when the gentleman from Cambrian made a comment about the displacement arrangement. And we certainly see that it saves costs, certainly, and it's quite equivalent to, in my mind, the unbundling and re-bundling energy transactions for, literally speaking, out-of-state intermittent resources. So it makes a lot of sense. What I'm not quite clear about, and I think if you do decide to allow that type of arrangement, I will suggest you clarify, in that case, once the attributes are stripped right at the source, which is the landfill, and then an equivalent amount of gas is burned at a qualified plant, as a displacement to the biogas or biomethane that went into the pipeline system, then would be credits, the renewable credits, generated at the power

plant, would they be considered bundled? What they have a value equivalent to the bundle of RECs? Or would they be considered T-RECs? Because it does have an implication with regard to the – now, you know, CARB is looking at unlimited T-RECs to be allowed for RES compliance, SB 722 has restrictive limits, and CPUC's proposed decision has put, I think, a 50 percent limit or something like that. So, it will be nice to clarify should you decide to do that. We are supportive of displacement arrangement, though. I would like to re-emphasize about the importance of definition of renewable attributes because, often, the two issues – one is the RPS compliance, and then, second is how would the CO_2 be counted from the emissions that would come out of that gas? Generally speaking, the PUC definitions and most of the POU definitions, they seem to indicate that the carbon benefits would belong to the end-user. And this is not clear normally when it comes to the contractual terms, so it will be very important to clarify. And economic benefit, as this gentleman addressed, in my view, is more of a contractual issue, not a regulatory issue. So, I think from your perspective, you need to clarify what it contains. Thank you very much.

MS. ZOCCETTI: Thank you.

MR. HAUBENSTOCK: Good morning, Arthur Haubenstock with Bright Source Energy. Thank you very much for the

opportunity and for the tremendous amount of work that has clearly gone into revising this Guidebook. We were very pleased to see much of the thought and work that went into it and the great deal of analysis that went into it. We did have a question and a concern with respect to the section regarding renewable energy – sorry – renewable facilities using multiple energy resources, and that is with respect to Option 1. And we, again, I very much appreciate the opportunity to not just have two options, but also have the ability, which we think is most consistent with the statute and the statutory objectives, to have an individual site-by-site analysis as to what the heat inputs actually are. But, again, we think that the ability to use these two pre-set options has administrative benefits and will probably be helpful for some facilities, I'm not quite sure about our technology. We are concerned about the baseline, though, particularly with respect to Option 1, and with respect to the factor that is 0.537, that is the multiplier, which appears to be a pretty highly efficient combined cycle. And our concern is that, if you look at the grid and what is likely to happen on the grid as these units are being operated, that the displaced unit is not likely to be a combined cycle, and if it is, it would not be a combined cycle operating at such efficiency. So, we want to better understand what the derivation of that is, and we want to

suggest that, at best, if you're going to be using a proxy, and, again, we see the benefit of doing so, that the proxy to be used would be a peaker, and not just a peaker, but a peaker that was operating on an increment basis because if you have these facilities online and they are not using fossil fuel to smooth their output, then a displaced facility is going to be that peaker operating on an increment basis.

MR. KOOTSTRA: Just to let you know, we got this number, I believe, from our Siting Department, it is what they standard use, this equation. Sorry, it's been a while since we grabbed that, but that's the reason for that, but we will definitely take your comments into advisement.

MR. HAUBENSTOCK: Thank you.

MS. ZOCCHETTI: Are there anymore blue cards from the audience in attendance? Any other comments? Okay, we're going to go to WebEx participants. Art Koral has – I hope I convey his message here: "Just wanted to back up the comments regarding the need to pass a ruling regarding allowing SGIP and CSI participants to sell RECs to meet the RPS. There are great economic hurdles in the development of fuel cell and solar technologies, and by allowing SGIP, CSI, net meter projects to also gain value from RECs, we greatly accelerate the growth of renewable energy technologies." Thank you, Mr. Koral.

And from Harry Singh, “Page 36 of the Guidebook states that out-of-state energy may be ‘firmed or shaped’ [in quotes] within the calendar year. Could you clarify if this flexibility is also applicable for intra-year transactions. For example, can a firming and shaping agreement that was – I think -- a term from October through December 2010 use RECs generated in August 2010, i.e., prior to the contract term, but still within the same calendar year? We have not found any constraint other than the calendar year limitation in the Guidebook, but would appreciate you confirming this.”

So, to Mr. Singh and others that may have that question, this question is regarding bundling, as well as our one-year bookend of when we need to have the energy delivered into California within the same year as the generator generates the renewable electricity. Currently, until the T-RECs decision and if the T-RECs decision is adopted by the CPUC and incorporated into the RPS Guidebook, tradable RECs are not authorized and, so, as it says in our current Guidebook and in this revised Guidebook, bundled contracts are RPS eligible. And that means that you procure the underlying energy and the REC together in the same contract. So, if I’m understanding Mr. Singh’s question correctly, I don’t think that would be RPS eligible, although the Energy Commission doesn’t review the contracts,

and the CPUC doesn't review the contracts for all parties, but since you're raising the question, I think the answer is I don't think that it would be eligible unless, again, two things, it's procured under a bundled contract and delivery within our rules for delivery. So, I hope that answers Mr. Singh's question, if not, we'd be happy to discuss it offline. Any other WebEx? Thank you.

Ramona Gonzales says that: "Small hydro, that is pre-certified, still needs to apply for certification with all information previously provided to gain pre-certification?" I think she means to gain, perhaps, certification. That's a good question. I think this refers to the change in law that now POU facilities that own or contract with Hydro can now be fully certified. What do you think, Mark?

MR. KOOTSTRA: Yes, you would still need to submit all that information unless we have it on file, so if we do have it on file and it's complete, I'm okay with you referencing that file, so long as we have everything that we need. The purpose of this is that was a pre-certification application, and that does not guarantee eligibility, but it was a very good indicator. Also, the attestation on that application is different and we have to take all of that into consideration, so we know it's going to be a little tough getting all of those re-done, but it needs to be done

to make sure that it's all done right.

MS. ZOCCHETTI: Mark is my first line of defense, so if you get past him, then you get to me, so thank you for that. So I think, and make sure you check that it's amended and provide the previous RPS I.D. number and so forth, so that our process can be a little bit more streamlined.

The next comment on WebEx is from George Sterzinger. "How will the determination about whether the out-of-state solid waste operating permits meet the CalRecycle standards be made?" Well, that is up to CalRecycle. We work with other state agencies when the realm of the technical expertise is more in their arena than in ours, and so we work with CalRecycle staff and we would be working with them if we had a question about whether or not it met our rules, we could confer with them. However, it does need to meet their rules if it is a facility that is under their regulation, and so we would need a permit from CalRecycle. So, I hope that answers the question.

MR. KOOTSTRA: I would like to add in he was specifically commenting on facilities specifically located out-of-state where CalRecycle does not have jurisdiction, in which case it wouldn't be a formal determination; at best, we can go with an informal between the two agencies, and that is something that we would still need to work out in detail, but they have been very open to discussions – or

CalRecycle has been open to discussions working on this, so that's still technically in development, but it will definitely be done in consultation with them.

MS. ZOCCETTI: Go ahead.

MR. KOOTSTRA: Melissa Born. "For the purpose of RPS eligibility, can WREGIS RECs from an instate RPS eligible facility be bundled in a transaction with instate energy, whether or not renewable from a separate facility and perhaps generated in a different calendar quarter, and be RPS compliant?"

MS. ZOCCETTI: I'm getting all of these questions, okay, let's think about this. This is hard to do on the spot here. Yeah, the point here is that it is an instate facility and, as most of you know, the statute says that, for facilities located in California, the energy is deemed delivered and we don't verify the energy delivery for instate facilities. And we look, again, at the things on an annual basis for RPS, so the quarter is really a moot point, as long as it is within – well, we don't verify the delivery, so it's pretty – it's a non-issue. Okay, are there anymore WebEx chat – how about on the phone? Is anyone on the phone that would like to ask a question? I'm sorry, start over if you've been talking, we just un-muted your phones. Anyone on the phone that would like to pose a question or a comment? Okay, I'm not hearing any questions

or comments via the phone. We're going to go ahead and mute those lines again. If you do want to comment, please send us a little chat.

So we really are appreciative of your comments and observations and questions, they are all being captured here. And I would like to know if folks want to take a lunch break, which is what I'm recommending since I think we're going to have quite a bit to chew on this afternoon, and I think if we start to delve into that, we're going to get all wrapped up and not have time for lunch. Does anyone have a real conflict with taking a little bit early lunch, perhaps coming back at 1:00, and going on to the outstanding issues? If anyone has a flight they have to catch, or it's a hardship, please let me know, otherwise I'd like to reconvene at 1:00. Before you go, if you haven't been here before and haven't had lunch in Sacramento, you can walk to a couple of restaurants that are just down the block. If you go out our main doors here past the guard, and go left to the train tracks, and then go right, that will take you one block, it will take you to La Beau, which is kind of a sandwich place, and right next door to it is Vallejo's, which is a Mexican restaurant, they're both very good. Any housekeeping questions or anything before we – all right, thank you very much and I hope to see you back at 1:00.

(Off the record at 11:50 a.m.)

(Back on the record at 1:07 p.m.)

MS. ZOCCHETTI: We'll be starting momentarily, just waiting for some people to come on in. For everyone on the phone and in the room, we'll be starting momentarily, we're just waiting for a few more people. Okay, it's a little after one, so I'd like to go ahead and get started. I hope you all had a pleasant lunch.

We're going to be talking about outstanding issues and I kind of want to just clarify a little bit that what these are, are issues that either stakeholders have brought to staff or to the Commissioners, or staff have been wondering about through just talking with people, or thinking it's a good idea, or we think it's something that needs clarification. There's kind of a slew of reasons why these four issues, that we're looking at them now, but they're not proposed changes in the Proposed Guidebook right now because we needed some more input from you, and we need to deliberate a little bit more internally. So, these issues may or may not result in changes that appear in the final Guidebook, that will be the result of this workshop, so if you got a lot hanging on one of these issues, we really want to hear from you, but don't be disappointed, it doesn't mean it's off the table if we don't make your change that you would like. Some of the issues might just get put over until the next go around of Guidebook revisions, so we

appreciate you taking your time this afternoon to help us understand these issues. So, Mark and I, again, are going to kind of tag team on them.

In the handout, we have them in the order of the De Minimis issue going first, however, I would like to propose that we do the second issue first, if no one has an objection, because people have to catch a flight. So, someone raise your hand if there is a problem with taking the Biomass/Biogas issue first, and then we will go to the De Minimis. Are there any objections to that? Okay, I appreciate that, thank you. Mark.

MR. KOOTSTRA: All right, currently Biogas delivered via natural gas pipeline, we talked about that a little bit this morning, we require that the delivery is contracted for with the actual pipeline operators, so hopefully a lot of you, we have gone through some discussions with several parties, but basically what you need to do is you need to be able to show us contracts that you have – in the event of an audit, they have a contract with all the pipeline operators from the fuel production facility all the way, pipeline by pipeline, to California. At this time, and now with the proposed revisions, it would be to the facility itself that is located outside of California, or to California's border. Also in the event of an audit, you would have to provide us with some type of invoicing and something that proves that

this contract did contain the Biogas and that it was actually delivered where we come into the invoices. Oh, it appears it didn't show up. Well, what is supposed to be here is we have a map of all the natural gas and other pipeline systems throughout the United States, Mexico, and Canada, it is rather extensive and interconnected, and what's in the black-out area is an overlay of the WECC Electricity Transmission System. And so we currently allow for any biogas source that can be contracted for, the delivery contracted to California to be eligible, we are now opening up – the idea is, is this a good idea? Should we be restricting it to the WECC? Should we be restricting it to the states that have a portion of themselves within the WECC for the entirety? Is there any kind of physical limitations that we should be placing on this, outside of the contractual delivery possibility? And if so, please present some kind of reasonable way that we can verify that. And if there are any other restrictions that we should place on a facility, injecting obviously needs to produce RPS eligible gas, but above and beyond that, is there any reason why we should restrict and say this injection facility should not be eligible for these reasons or not?

And then, the next set of questions we have on Biogas is storage. Currently, our guidebook does not explicitly allow or disallow storage within either a natural

gas pipeline storage facility, or parking arrangements on a natural gas pipeline, and we want to get some stakeholder input on that as to whether or not you think that is a good idea, a bad idea, and what conditions we should have governing that if we are to allow it, and why we shouldn't allow it if you think that is a bad idea, and whether or not we should also treat this gas differently, if it has been stored or parked on a pipeline.

At this point, we'll take individual questions. I would like to first focus on, well, all at once, actually, so if you'd like to comment, please, blue card or raise your hand if you're on the WebEx. We have the first commenter, is Tom Ingwers with Shell Energy.

MR. INGWERS: Thank you for the opportunity to speak to the panel and the audience. I'm Tom Ingwers, I'm with Shell Energy, North America. I would like to respond to both of these questions that Mr. Kootstra has raised concerning Biogas and, the first one, potentially further restricting the location of eligible biogas facilities. We are of the mind that, no, we don't need or want to further restrict the location of eligible biogas facilities, and I would like to go into a little bit of the rationale as to why. First off, biogas is a very important California RPS resource. The challenge we have is, most of the resource is located outside the WECC. We heard from colleague, Mr.

Williams, of Cambrian, that of the 25 currently operating gas clean-up landfill projects, virtually almost all outside the WECC. Another source, which I haven't audited, but if you go to the EPA website, they've identified 500 candidate landfills for potential gas clean-up in the lower 48 states. Of those, only 90, about 20 percent, are in the WECC, and of that, about half are in California, which, because of some vinyl chloride and other issues can't be accessed. So, if we were to further restrict, we're going to virtually eliminate this important supply source. Why is it important? It officially uses existing investment we already have in pipeline infrastructure, and even more importantly, in gas-fired generation in California. But it is a tool to actually convert a gas-fired generator to at least a partially renewable resource.

Another part that I think is critically important from a load serving standpoint, you know, at the end of the day, this is all about what can we do to serve consumers better, biogas is unique in that it can actually be converted within the time of day to match the specific need to the customers. Perhaps it can be moved from one season to another to match a really high demand power period. That is a very important aspect. You know, gas can be stored, power generally cannot. So, this is one resource where we actually get some storage capability that's not offered by

wind and solar and some of the other technologies.

Finally, it costs a lot to clean this gas up, to begin with, and then, when you have to transport it, often from very distant places, there's already significant limitations in what can count because, at the end of the day when you add all those costs together, it's hard to come up with the costs and still make sense in California when you convert it to renewable power. So, certainly, there's no need to apply additional restrictions.

From the storage question standpoint, should storage be disallowed in biogas delivery? Again, we would suggest absolutely not. Gas injected into storage or pipeline's parking service does ensure, as I mentioned, it can be converted to renewable energy when it is needed to serve load. At the end of the day, we are in the power – those of us here are probably in one way, shape, or form, involved in the power business and this gives us the flexibility we need to make sure we're delivering not only renewable product, but a power product when it is needed by the consumer. What does that do? It also helps enhance system reliability, by being able to time when that conversion happens, so it is a resource that can be counted on when resources are scare. It also, arguably, helps dampen some of the price volatility during peak power periods by providing additional supplies that otherwise wouldn't be available. So, in the end, I

think storage is a good thing for the consumer at the end of the day, it should help push prices down, not up. Those are really all my comments. Thank you very much for the opportunity to speak to the panel.

MR. KOOTSTRA: Thank you very much. Our next blue card is from Daniel Patry, with PG&E. Did I pronounce that right? Okay, good.

MR. PATRY: Hi, Dan Patry on behalf of PG&E. My comments really, they follow along pretty well with the previous speaker. First off, I just wanted to compliment staff on their efforts with respect to revising the Guidebooks, particularly the more inclusive definitions for biogas and biomethane, we appreciate it. With respect to the questions at hand, you know, PG&E feels very strongly that, if biogas or biomethane is on a pathway to California, or delivery right into the WECC, you know, the RPS energy ought to count. As our procurement team has told me, we've really yet to see a successful instate project that can supply PG&E's RPS program on a consistent basis. The one project that has been producing and injecting on a consistent basis is in Texas, actually. So, with biomethane kind of really being the only available dispatchable renewable resource, and with really no transmission upgrades needed, flexible market rules are key in nurturing this resource to the point that it can play a pretty significant

role in the State's RPS portfolio. So, thanks.

MR. KOOTSTRA: Thank you. Our next is from Jeremy Weinstein from – oh, my apologies, I'll hold on to that one. Do we have anybody else? We have Mr. Bawa again with Pasadena Water and Power.

MR. BAWA: Thank you. And I want to reinforce what the other two gentlemen said. In my view, since it's a greenhouse gas issue, which is a global issue, with the national interest, I think it should be confined to anywhere in the U.S. if you can find this resource. In my mind, it's an equivalent transaction as you would have for electricity. Physically, it's not a green molecule of gas or a green electron that flows, it's largely an accounting system, the basis being that a renewable resource is put in that pool, pool of electrics that eventually generates electricity, so whether it's done in Texas, or California, it is no different, it benefits the environment overall. However, we will seek clarity in regulatory accounting mechanism with regard to how would these transactions where the displacement occurs, with respect to the gas. Would those be Tradable RECs or sort of bundled RECs? That has an implication with regard to how the present legislation is, or what would work out in the future. Thank you.

MR. KOOTSTRA: I actually have one point of clarification. I believe you said gas should be delivered –

allowed from – anywhere in the U.S. Are you saying to restrict it to the United States? Or did you mean anything within the pipeline system that can reach California?

MR. BAWA: It is not City of Pasadena's position what I am saying now, from my personal perspective, I think in the national interest, it should be confined to United States of America, in other words, it shouldn't be a gas that was generated in Indonesia, and then you take a displacement credit here in the U.S.

MR. KOOTSTRA: I would just like to specify that, currently, gas overseas wouldn't work. I think right now the only nations besides the United States that could participate will be Canada and Mexico because I believe that is tied in – and correct me if I'm wrong – if pipelines go all the way through South America, but that is the area we're looking at, at this point.

MR. BAWA: If there is a credible accounting mechanism in those places, then it might work. But my major point was that the displacement, or the storage, should be allowed. Storage brings a lot of benefit to the consumer instead of being forced to generate the electricity in the hours when a load serving entity doesn't really need power, that happens with most base loaded projects, it creates a displacement of another commitment that they have made, and that generally results in a negative economic impact. The

gas provides the benefit of being capable of being stored and could be used for generating electricity when the power is really needed, rather than displacing another resource. I don't know if I answered your question.

MR. KOOTSTRA: No, that's fine. Thank you very much.

MR. BAWA: Thank you.

MR. KOOTSTRA: Do we have any other blue cards from the room? This is Tamara Rasberry with Sempra Utilities.

MS. RASBERRY: I didn't fill out a blue card. Can I still speak right now?

MR. KOOTSTRA: If you can fill one out afterwards, that would be great.

MS. RASBERRY: Okay. So this is in regards to the third bullet of your questions presented on Biogas delivery into the natural gas pipeline. Sempra Energy Utilities supports the source facilities like underground storage fills and the delivery of biomethane to an RPS eligible biogas electricity generating facility. We operate underground natural gas storage fills in California that are integral to the operations of our pipeline system. Similar to our comments regarding delivery of biogas or biomethane, we recommend the use of contractual agreements to track biomethane injected into natural gas pipelines and storage facilities such as underground natural gas storage fills.

There is no need for a different treatment of natural gas storage facilities integral to pipeline systems that may also be used to store biomethane gas. Thank you.

MR. KOOTSTRA: Thank you. Do we have any other questions from within the room, or comments? All right, then we are going to move to the WebEx. Has anyone signified that they have a question? Then, shall we try the phone lines? If you are on the phones and you have a question or comment, please speak. If there is no one on the phone with a question, we are going to move on to the next item.

All right, we are now going to talk about Multi-Fuel Facilities and the De Minimis Quality of Nonrenewable Fuels. Currently, Public Utilities Code 399.12(e)(3) states that: “No electricity generated by an eligible renewable energy resource attributable to the use of nonrenewable fuels, beyond a de minimis quantity, as determined by the Energy Commission, shall result in the creation of a renewable energy credit.”

Currently, the Energy Commission has set the de minimis level at 2 percent for all facilities with some special exceptions, and most of those exceptions have to do with participation or previous programs and previous treatments. For existing FERC renewable qualifying facilities, we allow up to 25 percent to be counted. This

was extended to those facilities that received an interim RPS solicitation -- or, sorry – that were built and developed pursuant to a 2002-2003 interim RPS solicitation. That was mainly because that's what the rules were before and we didn't want to hurt those that started production at that time when they followed the rules at the time. We also allow a 5 percent value for those facilities participating and currently receiving funds under the existing renewables account to match what the existing renewables account also allows.

We are looking for stakeholder input concerning what types of fuel usage should be considered towards this fossil fuel measurement methodology, or, sorry, the nonrenewable measurement methodology, as well as what a true de minimis is, and should different values of de minimis be awarded to different facilities based on any number of characteristics, whether it's been to the grid, but if it's to the environment, or types of technology. We are also looking for information on whether or not the measurement methodology should be based solely off of energy input or if it should take into consideration more of the operational characteristics of the plant, as well as whether we should consider the time that the fuel is inputted into the facility, rather than just the use, or the overall purpose, as well as whether the de minimis value should be treated as

a credit to a facility using less than 25 percent fossil fuel overall, or if the de minimis should remain as it is, as you were either under it, or you are over it; and if you are over it, you must count all fossil fuels. So, I'm going to go to questions now, and the first one we have is from Jeremy Weinstein. Oh, I am sorry about that, we had a bit of a jumble. Does anyone in the room have a blue card that they wish to hand in? Yes, go ahead, and this is Peter Weiner.

MR. WEINER: Thanks very much. I'd like to echo what other people have said and both thank you and congratulate you on a very significant effort. I despair, Kate, at the thought that you might have to do this again early next year, and I can understand why it takes so long.

First, I'd like to thank you for the changes that you've put forth in Attachment B, so far, that really start on pages – I guess it is page 31 or page 30 of the Revised Guidebook. And the reason I asked that question before, Kate, is because the changes that you're saying you might make are in here as a proposed revision, so it's – now I understand what you meant by that, so it's convenient to have it in there. I appreciate the changes that are possible that are in Attachment B, that pertain to the use of fossil fuels, and particularly in number one, where you have gone to the nonrenewable energy source that is

simultaneously used to generate electricity, and you've made it clear that the responsibility of the facility is to demonstrate and to differentiate between energy use simultaneously to generate electricity and energy use for other purposes; I think that is appropriate. As an accounting measure, it will be useful to develop some tool for that as we go forward, if this change is made. But it seems to me that it is quite doable. And it seems to me, and Gabe and I have had this –

MR. KOOTSTRA: Peter, I am going to interrupt you real quick, I'm sorry. I just want to make sure everyone is clear that the language in the notice is not what we currently propose to put in the Guidebook, it is language to consider whether this is a good idea or not.

MR. WEINER: Right.

MR. KOOTSTRA: Okay, I just wanted to be clear. Thank you.

MR. WEINER: So, to be clear, I think it's a good idea.

MR. KOOTSTRA: Thank you.

MR. WEINER: But, I think it's consistent both with the current version of Section 399.12 and it's also consistent with the legislation that appears to be going through the Legislature at the moment, that would change the words slightly, but be even more, I think, conducive to

making these particular changes. So, I think it's appropriate and it clarifies when people are using fossil fuel that counts towards the de minimis and when they are not. The example that I like to give, it is already clear to everyone at the Commission, is that if you are producing biomass energy, the fossil fuel you use for your chipper is not counted towards generation of electricity, even though one could say the electricity is attributable to the fact that you actually got fuel. And so, this language seems appropriate to me. I think it works well, and will help achieve our renewable portfolio standard objectives.

The other – you've also, in Attachment B, continued to keep the differentiations that you mentioned earlier, for people who were playing by the rules at the time, to the 5 percent and the 25 percent, are kept in an appropriate place. I note that some people at the Commission had asked me, "Well, how would this affect these existing facilities?" And you seem to have kept them in the same place they are now, which seems right. One of the questions you asked is, if you use 1.9 percent renewable energy under current rules, you get to count 100 percent of your energy as renewable, but if you use 2.01 percent, you can't count -- that entire 2 percent is subtracted from your renewable energy production. That seemed to be a harsh line to draw. The line you seem to draw here is that you will be able to count

100 percent up to the 2 percent; after that, you take away only the excess of the 2 percent from your 100 percent, and until you reach 25 percent, and I gather the 25 percent was chosen because it is the outside of any of the facilities for which you are allowing fossil fuel to be used, and counting the renewable energy, as all renewable. So, that also seems appropriate, it seems to be a level playing field for everyone. So I would like to, again, support those changes. I think that they are consistent. They are certainly very helpful in promoting the use of certain kinds of renewable energy for which this intermittent use of fossil fuels is extremely important, for continuity and reliability.

The other changes that are being made seem to deal with the measuring the renewable generation for multi-fuel facilities. Are you taking that issue at this time? I think you are, but I'm not sure.

MR. KOOTSTRA: If you'd like to comment on it now, that will be all right.

MR. WEINER: Well, I think it was commented earlier, but let me comment now, also. In looking at the various equations that you have there, what you want to do is figure out – what you are doing is you're assuming all of it is renewable, except that energy – that electricity which is generated by the fossil fuel. The question is, how do you

figure out how much of that is created by the fossil fuel. And what you've done is create a couple of options for people to use, rather than figure out the exact amount that they're producing by the use of those fossil fuels. I think, in terms of scientific and engineering accuracy, it's appropriate to get people to figure out how much they're actually producing using the fossil fuel, so they are going to have their own efficiencies, and heat rate, and so on, that will determine that and they should be able to figure it out. I think what you've said is that an alternative method can be demonstrated to the Energy Commission's satisfaction if it is superior to the methods discussed below and is the most appropriate method for that technology or fuel. I think that it might be better stated that, at least from my point of view as a purist, they should be proposing an accurate measurement of the energy that they're producing through the use of the fossil fuel, but these alternative methods would be allowed in the absence of that because I think what you'd like to get is a true accounting. With regard to the options that you're giving them, however, I think what was pointed out earlier is that what you are using is a proxy for the energy created by the fossil fuel as a combined cycle plant. And that may have more efficiencies than a peaker, it was pointed out earlier, which is really what may be the alternative here. The

outcome of your model vs. the peaker model is that you will, for every molecule of gas that is used, assuming it's gas that's used for the fossil fuel, you would – your model would say it produced more energy than a peaker would, and therefore you're subtracting more energy from that produced as a whole. So, you will wind up with fewer renewable energy credits that way than you would if you used a peaker as a model. It's a model, it's not reality, so then the question is, what's the appropriate model? And I would just say, unless you can develop the scenario where, if the – let's call it a solar facility is using a little bit of gas here, and this solar facility is using a little bit of gas here, and that you are saying, "Well, the alternative to their using the gas is we'll have a combined cycle plant over here that will come on line each time that they go down," that seems unlikely, and even if they did, they wouldn't have the kinds of efficiencies you're putting in here. It seems more likely that it would be a peaker that would be there, so that, when the clouds come over and the facility is not producing electricity, what comes online to substitute for it? Probably a peaker. Maybe another renewable energy resource, but probably not. So, it's just a question of which model you're going to use. Again, I think it's better to ask people to actually figure it out so that you have a true accounting, but if you are going to use

a model, then it probably wouldn't be a base load combined cycle plant, as the model of how much energy would otherwise be produced by that gas. Is that coherent? I mean –

MR. KOOTSTRA: Yes, I understood it.

MR. WEINER: Okay, I always worry that I'm not – some of the questions that you've asked are things – you have a question which you referred to at the very last here, which is, "Should a measurement methodology be based on plant operations or efficiencies, rather than actual energy input?" And it may be that there's a way to phrase that question better. I asked a couple of people about it who seem to think that it's really quite the same, that your actual energy input will be related to your efficiencies and your plant operations.

MR. KOOTSTRA: Yes, sorry. I believe that is more taking consideration of facilities such as solar thermal who, the comparable difference between a solar trough and a solar tower, that type of thing, where they could be receiving a theory that the same amount of solar radiation, but their ability to efficiently change that, should that be considered or just overall operations?

MR. WEINER: Are you asking whether a measurement methodology should be based on an ideal type of what is most efficient, or whether it is based on actual operation?

MR. KOOTSTRA: Yes, basically should it be taking

consideration of the ideal operation, on the ideal thought, or should we base it solely off the measurable values?

MR. WEINER: I can certainly, in some regulatory context, see a reason to have what I would call technology forcing policy decisions, where you base something on an ideal, and if someone doesn't measure up to it, they don't compete as well. But, in this particular circumstance, I don't think that's what we're doing. I don't think we're into a policy mode here, I think we're into a measurement mode. And when we're into a measurement mode, what I was saying earlier is, it seems to me that you – measurement implies measuring reality; models imply ideals. And I think the measurement methodology here needs to be based on reality, which would be the actual plant and its actual efficiency. The market will adjust for the inefficient plant over time, both in weather they can get a power purchase agreement, or whether they can make a profit, etc. But I don't think the job here is to try to give a boost to the market and say we're going to be, you know, uber-market; rather, it is to do an actual measurement of what is. So, I think that is the answer to the question now that I understand it.

In terms of the de minimis level being different for specific facilities based on energy resource, technology, or operations or benefits to the grid, I will probably try to

address that in writing, but I think the idea is, there, that when you are setting a de minimis level, that is more of a policy issue where you do want to promote RPS objectives. Now, it could be that there are other objectives you want to satisfy or promote, as well, those are the only ones that come directly to mind in this particular program. There are other institutions, for example, that want to produce the cheapest energy of any type, so, if coal is the cheapest, that is what they would go for because that's their mandate is to have the cheapest energy you can get, but that doesn't seem to me the objective here. The objective here is the renewable portfolio standard. So, I think what we need to figure out is whether there are methodologies to promote that in terms of the use of de minimis amounts of fossil fuel, whether it be grid reliability, or the ability to produce actually more renewable energy that way. I think that the AB 1954, supposing it is signed, will address those a little bit because I think it does give some criteria, but I don't think that's the end all and be all, I think that you all have the ability now to address these issues. I think I've otherwise addressed the questions that are in here in Attachment B. And I think that I've addressed the ones that are up there, but if I haven't, I'll try to do that later. Thank you very much.

MR. KOOTSTRA: Thank you. Do we have anyone else in the room who would like to make a comment? All right, is there anyone from WebEx who would like to make a comment? We are going to open up the phone lines again for anyone on the phone who would like to make a comment. Once we have un-muted you, please go ahead. You are now un-muted. If there is no one on the phone who would like to make a comment, we are going to move on to the next issue.

MS. ZOCCHETTI: Okay, the next topic we're going to talk about is whether or not Municipal Solid Waste should be considered as a potential eligible Biomass Feedstock.

Currently, under our Municipal Solid Waste Treatment in the RPS Eligibility Guidebook – do you have a question, Jeremy? Did I go out of order? Well, the renewable energy credit issue, the retroactive RECs is, last but not least, is that all right with your schedule? Okay, sorry, we've got a little bit different order than what we sent out.

MSW combustion and conversion are both eligible for the RPS, however, as most of you know, combustion is limited to one county in California, and MSW conversion has some other challenges in meeting our requirements; however, folks have asked us whether MSW, Municipal Solid Waste, it obviously contains a lot of things, including biogenic, or materials that could be – obviously, they decompose in a landfill – other than landfill gas, which is already RPS

eligible, they've talked about can this product be combusted as biomass, and we've been meeting with CalRecycle to talk about that, and so we've brought some questions here to get your input on how we should look at that issue. We intend to further explore it with CalRecycle. So, as the second bullet says here, "MSW contains a mixture of organic and inorganic materials." The inorganic and, in some cases, fossil fuel and other things, all kinds of things, end up in the Municipal Solid Waste Stream. Currently, we consider that, once something enters the waste stream, it is considered MSW, and it's not eligible as a biomass constituent. However, we're looking at, if it's pre-processed, and by that meaning the recyclables and the compostables are taken out, which would currently be required anyway for MSW conversion, and if it is no longer considered a solid waste according to the agency that regulates such things, which is CalRecycle, should we consider this, what is left, as a possible biomass feedstock? Just kind of a simplified little picture here to say that, once compostables, the pre-process, meaning taking all of those things out that have market value, so what would be left would be biogenic, but it would also be other non-renewable things, and so we're wondering, can it be separated? Should it be separated? Can it be measured? Is it okay to look at it that way? And so we've posed some

questions here. There is the possibility of contamination with other material derived from fossil fuels and other non-renewables; now, when it is in the landfill, we are sort of assuming that what decomposes and creates landfill gas is biogenic, and that's either used on-site or that is an RPS eligible material. Is the remaining contamination insignificant enough that we should just consider it all RPS eligible? If not, can it be measured? What amount would be an amount that is too much? Or, you know, is it even okay to be looking at this? Those are kind of the questions that we're looking at and we're wondering if any of you have any comments, any insight, any concerns, don't care, is it a good idea? No one? No one? Blue cards? Okay, question, Robin? No, not Robin, Tamara, I'm sorry. A comment?

MS. RASBERRY: Yes.

MS. ZOCCHETTI: On this topic?

MS. RASBERRY: Yes.

MS. ZOCCHETTI: You're brave.

MS. RASBERRY: Maybe I should have kept my hand down. So, in response to your question, should this be considered eligible for RPS, we believe, yes, that the definition of Municipal Solid Waste should clarify how the material is prepared prior to digestion, meaning if the MSW is not separated prior to digestion, metals, plastics, and other non-organic are not removed, it could be argued that

this is not MSW, although, with proper handling and separation practice, which there is a commercially viable market for, all MSW that is derived from organic matter should be considered eligible biomass fuel for RPS. We actually also believe that compostables could also be considered as part of the – oh, this is on your question of organic fractioning – is that on there?

MS. ZOCCHETTI: You don't have to answer each question separately.

MS. RASBERRY: Oh, okay, well, yes is our answer.

MS. ZOCCHETTI: I want to clarify, though, that we're not talking about digestion here, we are talking about actual combustion as in a biomass facility, so digester gas is already an eligible fuel. What we're looking to know, add this to the list of what might be eligible to burn in a biomass facility. And this kind of brings up some other issues –

MS. RASBERRY: Yeah, the questions actually are from the Attachment B and those are a different set of questions.

MS. ZOCCHETTI: We kind of worded the questions a little bit different here just to keep you on your toes.

MS. RASBERRY: Well, you get the gist of what I'm saying.

MS. ZOCCHETTI: I get the gist, but let me ask this, then, you are mentioning organic – I would really love for

people, if you are familiar with this industry, and if you have thoughts about is it possible to measure the organic – is it possible to separate out and just – I think if it were possible, or I think we would already be doing it. We want the organic stuff, but how do you not get everything else? And is it worth looking at? Does it cost too much? Can it be measured? Those kinds of things. If you have thoughts on that, we would appreciate your written comments, in addition to comments here. And do we have anyone? Anyone on the WebEx? Yes.

MR. WEINER: Peter Weiner. I will get back to you with written comments on this, but I would like to again thank you for looking at these issues. There are tremendous numbers of local governments, as well as provider companies, who have been looking at using source separated – what we used to call MSW, Ethanol eligible biomass fuel. It has become more and more important as we have run out of landfill space. There are folks in the environmental community who have been very concerned about air emissions from such facilities because of the old mass burn facilities from the ‘80s, but there seems to be an enormous amount of technological innovation and improvement, some of it from Europe and some of it from this country, that is going on right now. To the extent that we can facilitate the use of this clearly renewable fuel through the RPS, it will make an

enormous difference, whether it counts towards diversion credit or not, which is the other issue for this industry, is one thing, but the RPS – that eligibility would be very important to folks who are able to thread the needle, as you are suggesting. So, I would like to encourage it. Thank you.

MS. ZOCCHETTI: Thank you. Okay, I would like to read a question from the WebEx from Michael Meredith. He says, "On page 59 in the section called 'Instructions for Additional Required Information for Repowered Facilities,' repowering of a biomass facility is limited to the replacement of the boiler. Can you explain the reasoning for this?" And I don't really intend to address specific questions that are outside the realm of these topics, so I would encourage Mr. Meredith to contact us. But I would like to say that, for repowering, just generally, we want the prime generator, the prime mover of electricity generation, to be new. And that's about the extent of, I think, the comment on this. So, if that does not answer your question, please do contact us, I'll have information on the last slide about how to do that. Thank you for your question. Any other questions from WebEx? All right, and would you un-mute the phones, please? The phones are un-muted. Are there any questions from our callers?

MS. WILSON: Yes, I have a question.

MS. ZOCCHETTI: Go ahead.

MS. WILSON: Okay, this is Monica Wilson from GAI, the Global Alliance for Incinerator Alternatives. And on this question, I think that CEC has made the right decision in the past, to keep MSW separate from biomass. And from a climate, energy, public health, economics, and job creation perspective, I believe it would be a mistake for MSW to now be considered biomass. What you described would, you know, result in remaining materials that would likely have a high portion of toxic components, things like plastics that might have bromine flame retardants in them, things of those nature which are not typically the kind of materials that go – that are fed into a biomass facility, so we are talking about very different kinds of emissions profiles. And I think that would be of great concern. We're also concerned about any technologies that burn MSW, which we believe would undermine overall programs and efforts for waste prevention recycling and composting, and from an energy perspective, these are a far more important approach for both greenhouse gas reduction and energy conservation. So, I mean, recycling is so important that, from these perspectives, that the Air Resources Board and CalRecycle are currently working on mandatory commercial recycling requirements for every business in the State to help meet California's greenhouse gas reduction goals. So, I'd be worried about

any efforts to burn more Municipal Solid Waste which could actually undermine these efforts, and recycling and composting and waste prevention have a far higher potential to reduce greenhouse gas emissions than any sort of combustion technology or other sorts of staged incinerators like gasification.

And then, finally, on a slightly different note, there are waste approaches like waste prevention, recycling, and composting, that generate far more jobs than any sort of incineration technology, or burning MSW in a biomass facility. And then, finally, from a public health perspective, you know, clearly a waste approach would greatly reduce harmful air emissions from all the different types of incinerators, including gasification and other sources of technologies. So, again, I would hope that the CEC wouldn't do anything that would undermine the recycling and composting efforts across the State, which are growing and need to continue to grow.

MS. ZOCCHETTI: Thank you very much for your comments.

MS. WILSON: Thanks. You know, I actually have a somewhat related comment. Since I'm on the phone, it was hard to follow the program this morning, but in the actual revision of RPS eligibility, there was some revision of the Municipal Solid Waste Conversion portion, and it wasn't

clear to me if that was addressed during the presentation, so I had a short comment to make on that.

MS. ZOCCHETTI: Oh, please.

MS. WILSON: Okay, thank you. So, this is about, again, it is about the Municipal Solid Waste Conversion portion which is addressed on pages 27 and 28 of your Revised Eligibility document. And what I was specifically worried about was the amendment that would allow energy production that takes place, as in combustion of gas that is produced at the gasification facility, where the combustion happens at a different location than the generation of the gas. And the reason that this is a concern is that this could allow the energy production phase of the process to avoid being subject to the air toxics emissions requirements and solid waste and water requirements, that are very clearly spelled out, preceding this portion, in the requirements of Municipal Solid Waste Conversion. And I think what I'm worried about is this will leave a gaping loophole in these environmental health protections if the gasses are combusted at a different facility, and that if that facility does not have to meet the same standards that are laid out for the [quote unquote] "gasification facility." So, I think that the entire two-step process as described in Paragraph 2 of the eligibility requirements for conversions, this entire two-step process should have to

meet the same health and environmental protection requirements. And by splitting them up, I worry that those requirements would not be met at the combustion phase, which is exactly the entire purpose of having those health and safety requirements, you know, in these requirements in the first place.

MS. ZOCCHETTI: So if I could ask a clarifying question, Monica.

MS. WILSON: Yes.

MS. ZOCCHETTI: When you say number two, you're referring to page 27 under Solid Waste Conversion Facilities? Or are you talking about the second step in the conversion process?

MS. WILSON: No, I am talking about what you described – sorry – page 27, Paragraph 2 under Municipal Solid Waste, it says, "Solid Waste Conversion Facilities are eligible for the RPS if it uses a two-step process."

MS. ZOCCHETTI: Okay, and so that is not a change? Are you talking about the second facility –

MS. WILSON: Well, the amendment that I was talking about is at the end of this section, which rolls over onto page 28.

MS. ZOCCHETTI: Right, okay.

MS. WILSON: It says that the conversion and the electric generation process may take place on the same site

or at separate locations.

MS. ZOCCHETTI: Okay, that's what I thought. That's fine, okay. And may I ask, are you planning to submit written comments?

MS. WILSON: Yes.

MS. ZOCCHETTI: Okay, I look forward to those so we can learn a little bit more about your concerns.

MS. WILSON: Okay, thank you very much.

MS. ZOCCHETTI: Thank you. Any other callers with comments? All right, then we are going to mute the phones again and go to Jeremy's favorite topic, Renewable Energy Credits that are retroactive in WREGIS.

These slides, they have a little bit more information than what we put out in the questions, but I kind of wanted to frame the issue, which is kind of how it sort of started, at least for our office. As we mentioned earlier, the Test Energy was an issue where it wasn't captured in WREGIS, and we always intended for that to be accounted for as retail sellers' RPS. So we are working to change that process. But, as part of looking into that, and as people started looking at how they might want the WREGIS functionality to work for them and their needs, they started thinking, well – well, I shouldn't put words in people's mouths – but it seemed that there was an interest in going back further than just perhaps Test Energy and, in

particular, this would apply to facilities that are already online, as opposed to Test Energy which is like a new facility, coming online, signing up with WREGIS, wanting to make sure that the timing gets right, and then finding out that their Test Energy wasn't counted. So, for existing facilities that have been online for months, or possibly years, and for whatever reason were not in WREGIS, or were trying to get into WREGIS and were having difficulties, or some barriers, there has been an interest in having WREGIS kind of retroactively upload because, as most of you know, it's a current upload, a real time upload is how WREGIS was envisioned to know that the generation occurs at the end of the month and into the next reporting period, the generation gets reported into WREGIS by a qualified reporting entity. And in a lot of cases, that is the CA ISO or facilities located in California. Beyond Test Energy is what I mean by this, retroactive RECs that would get uploaded and they would be in WREGIS, even though the facility wasn't in WREGIS at that time, perhaps. So, I kind of – some of you are familiar with this graphic, I hope it came out okay, this is a graphic that is actually kind of copied from the WREGIS Operating Rules, that explains the 90-day REC creation and it's just tangential to this issue, and I think there is a lot of – some folks misunderstand this, it is kind of hard to get your brain around, so I used July as an

example here. I hope you can see it okay. Using July generation as an example, at the end of July, or basically the beginning on August 1st, that is the reporting period for July generation. And this is a period that is 75 days long. Then, on the 76th day, there is a dispute period. And so, during the dispute period is the time that the generator and the buyer, if you will, which is, for our purposes, the load serving entities, retail sellers, publicly-owned utilities in some cases, can dispute the data. Once everybody agrees, "Yes, I like that number," "Yes, I bought it from you," it goes and they WREGIS that, and then it goes into the buyer, the retail seller's account, their active account. The last seven days of this 90-day period are quiet, and you can't do anything. And then, on the 90th day, in this case, using our July example, that would be on October 20th if I counted right at 10:00 last night, or thereabouts, that is the 90th day. And so, that's kind of the current time when an upload goes up, it can go back, those 90 days. Now, if we do Test Energy, it will be however long that is, and we are talking about now how long that should be. Aside from Test Energy, though, for RPS compliance, we are considering, even if WREGIS allows it for a year prior, or two years, or five years, although I think it might be limited at two years for other reasons, what should we do for RPS? We created WREGIS to have this transparency, visibility, reduce the prospect

of double-counting, and so we're looking at it from kind of a policy perspective and an accounting perspective. Do we like it or don't we like it? "You should have already been in WREGIS," and we could put our hands on our hips and say, you know, "If you weren't in WREGIS and the boat sailed, too bad for you," or should we consider that some people say that this actually heightens the transparency so that, you know, buyers and sellers can see if the retroactive RECs are in WREGIS even though the facility was not in WREGIS, isn't that more visible? Our concern is that, for all intents and purposes, that generation should have already been – for RPS – that generation should have already been reported to us using the Interim Tracking System. I think, for WREGIS, they're looking at, of course, WREGIS covers more than California, although we're probably the biggest player right now, it covers 14 States and two provinces and part of Northern Baja, so I'm not in the business of making WREGIS policy, but we do want to look at what is the best for RPS. If we do allow retroactive RECs, we are also asking, should there be a time limit? Maybe we say yes, but only for six months, or a year. The two years that I mentioned is called "Prior Period Adjustment," and WREGIS already has a two-year kind of limit built in, it is hard-coded, and that is the time that, when we were creating WREGIS, we learned that the ISO, most of you know that are in the industry, there is a

time, it is two years, usually when errors are found usually as a metering error, and so we wanted to allow for those adjustments to be made and not have it harm anyone with RECs in WREGIS. So, we are thinking that, even if retroactive RECs are allowed in WREGIS, it would probably not exceed two years, so we would welcome your comments, thoughts, questions, on Retroactive RECs. Jeremy, now is your time. Oh, Jeremy Weinstein. Thank you.

MR. WEINSTEIN: Thank you, Ms. Zocchetti. This is Jeremy Weinstein, speaking on behalf of PacifiCorp and I've been working, first of all, this is an excellent presentation and the issues have come up that we've been wrestling with. Ms. Zocchetti was responsible for a WREGIS – I don't know what you would call it – a task, or some sort of project relating to handle and address Test Energy, and in the course of this, some of us thought, "Oh, well, perhaps we could address this with, and kill two birds with one stone, combining it with retroactivity requests," because although everyone should pretty much be in WREGIS by now, there certainly were some stragglers, the stragglers towards the end of last year, and, gee, what do we do about generation that we had while we were commercially operational, and that generated and delivered, but was a part of commodity energy from which the generator withheld the RECs and the right to have WREGIS certificates from the

energy that was delivered during that period, and that pre-dated the WREGIS sign-up date of the resource, but post-dated the commercial online date. So, we thought we would combine the two into a kind of retroactive request, and I think, in the course of the dialogue that has taken place with the various stakeholders that work with WREGIS, I think combining the two confused the issue and I think the most recent development has been to separate those out. So, at WREGIS right now there is the underlying retroactive RECs, change control requests, and there is a new one for just treating Test Energy. And so, the Test Energy in WREGIS also shouldn't be confused with what Ms. Zocchetti has pointed out, is the California Energy Commission determination on how California Energy Commission is going to treat Test Energy and what WREGIS can do as a tool for the California Energy Commission and labeling and designating Test Energy for resource, and whether or not it needs to be separately designated. And so, I would look at that as one issue.

And the issue that I would like to talk about specifically is the uploading of retroactive RECs in WREGIS and calling them "retroactive" in the sense that you are signed up to WREGIS as a generator, and you say, "Okay, well, I registered in 2009, yes, I really should have registered before that, I've been around for several years,

and I never really quite understand this whole WREGIS thing, but now I've registered and I want WREGIS certificates for the period that predates my having signed up." Well, the first order of business is that WREGIS can't be gamed, and so a generator that seeks to sign up for retroactive RECs or for the upload of RECs predating the date it has signed up should be required to pay to WREGIS what it would have paid to WREGIS had it been in WREGIS during those periods of time for which it wishes to have RECs. So, a generator should not be allowed to escape paying dues, or paying fees for the year by saying, "Well, I'll just wait until next year before I sign up," and get my retroactive RECs. You don't want to create a perverse incentive. I think that's critical for retroactive RECs that the cost of being online is borne by the generator. Additionally, I think the cost to WREGIS, to WREGIS staff, to the regulators, whatever cost can be assigned, to the retroactive verification, whatever process the WREGIS and the CEC groups decide, respectively, is appropriate and necessary for verification and validation of the data, should be borne by the generator, it shouldn't be something that is socialized because, as Ms. Zocchetti said, "Look, you had your opportunity to sign up, indeed the system has been around." I think, though, that it is important to bear in mind a couple of things when we were talking about this, 1) the rule itself, it is Operating Rule

12.9 of WREGIS that allows retroactive RECs and that is sort of the hook in which, you know, PacifiCorp used when it submitted its change control request for retroactive RECs, is it allows retroactivity. The rule says you can have retroactivity, there is a system limitation of two years which we discussed, but the 75 days is not built into the rule, it's just a practice. So, what we're really talking about here is a change in practice, not a change in rule, and not a change in the way you're allowed to do things. And so, I think that when there are objections raised, I think it's important to bear in mind, "Well, what exactly is it that you're objecting to?" You're not objecting to a change in the rule, you're objecting to a change that does something that one could argue is already permitted.

I think WREGIS is a phenomenal system, I think it's a revolutionary system, and I think it's helped revolutionize renewable energy compliance in this country. And, certainly the software platform that WREGIS is built on has now been adopted, I would say, nationwide, the APX platform, and it's very salutary for fraud and for double-counting, and for double-selling, and I would argue that the – or I would posit that having generation from prior periods in WREGIS is an excellent way to avoid having had double-selling take place from previous time periods, to the same extent that having generation posted in WREGIS for forward

periods is a way to avoid double-selling. I think, though, it's very important that any potential purchaser of prior periods be aware that WREGIS certificates could possibly have been created for that resource, and so that there should be some requirement of notice that there are now WREGIS certificates available for those prior periods because, if you were a purchaser for a prior period, you're going to want to know, "Okay, where are the WREGIS certificates from that?"

In terms of the period from which retroactivity is counted, at the last couple of words, or the last line of this Item 2, refers to the upload date, and so that is retroactivity from the date of the upload of the data itself. Given that, it's been a long period in which we've been working through the concept of WREGIS retroactivity and retroactive RECs. If we're going to be talking about deadlines, I mean, perhaps there is a hard deadline from the upload date, but I think we should also say that, well, the deadline should really be the date from which you registered the unit. So, if you registered the unit in September of '09, the retroactivity should be dating from how retroactive can you go from September '09, or, if you can say, "Well, there is, in fact, a two-year hard limit from the upload day," so it should be retroactively to the lesser of whatever the actual hard limit is, and the date if you are

looking at a registration of WREGIS that has taken place a while ago.

I think one of the items that Ms. Zocchetti mentioned in her talk was the concept that, if the renewable energy from the resource was intended for use for RPS compliance, the question is, “Well, why haven’t I seen it already used for compliance in the Interim Tracking System?” And so, I guess my response to that, and I don’t know the answer to this question, but my response to that would be, well, the utilities have flexible compliance tools, and so I don’t know whether the utilities would have been required to report, “Well, gee, I have banked renewable generation,” or, “I have banked RECs,” once RECs are allowed. So, the thought would be that, if indeed the RECs from a prior period could be banked, without having to have been reported for use by compliance for somebody because, in fact, it’s banked and you can use it for a later period, that it need to have shown up in the Interim Tracking System before it was sought to be used for compliance, if you are using a retroactive REC. At least, for California itself, I would hope that would be the case because otherwise we’re kind of maybe pursuing something for nothing. But, from my perspective, what I’m looking for is the ability of a generator to say that, “Well, I kept the RECs, these RECs are available and not sold and not used for compliance.

These now have been validated in WREGIS through the WREGIS system, they have not been double-sold, and now they are available for a compliance entity to use for compliance." So that's what I have to say, so thank you very much for the opportunity to talk to you guys about Retroactive RECs.

MS. ZOCCHETTI: Thank you very much. Good points. I have a blue card from Andrew Hunt with SCE.

MR. HUNT: Hi there. My name is Andrew Hunt and I represent Southern California Edison. First, I'd like to say thanks for allowing us to comment today. I am just going to deliver a few general comments and then we'll file some specific comments on all the topics. Let's see, so, a as a major load serving entity in California, we have challenging RPS goals to meet on behalf of our customers. And generally we are in favor of broadening markets for RPS resources to the greatest extent possible on the four topics that were addressed here. On biogas, we do not favor further restricting the biogas market, particularly as related to gas storage. On the de minimis requirements, we think that facilities should be allowed to optimize their facility and the usage that they have on-site and maximize the amount of electricity that they export to the grid, so that can be captured by the Buyer and used for compliance. In terms of Municipal Solid Waste, we think that MSW should be considered as eligible biomass feedstock. And finally,

on retroactive RECs, we think that more flexibility, and not less, should be built into the system going forward, and we have some specific examples that we will cite in our written comments. So, thank you.

MS. ZOCCETTI: Thank you very much. Any other blue cards on retroactive RECs, or any other topic for today? All right, to WebEx? No, nothing on WebEx. All right, and would you un-mute the phones, please? The phone lines have been un-muted if you would like to provide comments through the phone, please do so now. All right, hearing none, we are going to mute the phones again and I would like to thank everyone here in Sacramento, and on the phone, and on the Internet for joining us today, for your participation, your comments, and your thoughts.

I would like to go through Next Steps. I would like to ask for comments by September 10th. We posted the Draft Guidebooks last Monday and, the week before that, the Notice went out, and I would love to give – you know, more time is always better to comment; there are some risks there. If I said December 1st, then you would submit comments on November 30th, just I'm guessing. We would really like to adopt this Guidebook into a final version by the end of this year. As we mentioned, there are all kinds of things going on in the industry and I know that regulatory certainty is what we hear from you all the time, and we know we're going to have

to turn around and something is going to have to happen big, I'm sure, by the end of the year and we're going to be right back here, looking at you. So we appreciate that it's not a whole lot of time, but I hope it is ample time, we've heard a lot of your comments today, written comments are very helpful, and we will be getting the transcript shortly, so we would like to stick to the September 10th date. If you have a really compelling reason why you cannot get us comments by that time, please contact me, I'm going to give you my contact information in a minute and we can talk about it. And the Workshop Notice does provide specific instructions on how to provide your comments, they do need to get into our docket in order to be considered.

The process, if you aren't familiar with our Guidebook process, we'll be considering all of your comments, both provided today and in writing. And we will meet with our Renewables Committee, two Commissioners here at the Energy Commission oversee the RPS, and those are Commissioners Boyd and Weisenmiller, and they direct our policy decisions, and they oversee all of the changes that we make and that we propose. And so, we'll be meeting with them to talk about all your comments here. We will be making recommendations to them, and then we will make changes accordingly. And we will be submitting a final draft for you prior to a business meeting. We are shooting

for November 17th, as it says here on the slide. What you will see when you get that Notice, and I hope you are all on our Renewables listserv now because we're not sending out – we're saving a few trees – we're not sending out paper notices anymore, so please join our Renewables listserv if you have not done so already.

What you will see, then, we will have underlined strike-out again, but it will be as compared to the current version that we go by right now, which is the third edition. So you won't see changes to the changes, okay? You'll just see how we're proposing that it will be finalized. And they become effective immediately upon adoption at the business meeting. And here is our contact information, both Mark and I, and we would encourage you to contact us if you want to discuss any of these things more, or meet with us, we're always happy to do that. And if there are any last minute questions? Yes?

MR. MILLER: Taylor Miller, Sempra Generation, again. How much in advance of the November 17 business meeting would you anticipate having the redrafted version out?

MS. ZOCCHETTI: Gabe, what is our requirement?

MR. HERRERA: The Renewables Committee has gone out with a notice identifying what the changes are and making those available publicly and that notice needs to go out at

least 10 days in advance of this meeting.

MR. MILLER: As much before as possible, thank you.

MR. HERRERA: But, I should say, Taylor, things could change. I mean, the Renewables Committee could come back and say, “Given things that are happening at the Legislature, we might want to postpone movement of the RPS Eligibility Guidebook. So, there are decisions that could happen that could affect the schedule.

MR. MILLER: Thank you.

MS. ZOCCHETTI: All right, any other questions? All right, again, thank you so much and have safe travels. We look forward to your participation again.

[Adjourned at 2:25 P.M.]