

**CALIFORNIA ENERGY COMMISSION**

1516 Ninth Street  
Sacramento, California 95814

Main website: [www.energy.ca.gov](http://www.energy.ca.gov)



Implementation of Renewables	)	Docket No. 02-REN-1038
Investment Plan Legislation (Public	)	Renewable Energy Program
Utilities Code Sections 381, 383.5,	)	
and 445 (SB 1038)	)	NOTICE OF BUSINESS MEETING
	)	RE: Funding Award Notices for Facilities
	)	Eligible for Funding from the Existing
	)	Renewable Facilities Program

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## **Notice of Facilities Eligible for Funding from the Existing Renewable Facilities Program and Possible Funding Awards**

The California Energy Commission will hold a regularly scheduled business meeting on:

**WEDNESDAY, DECEMBER 19, 2007**

10 a.m.

CALIFORNIA ENERGY COMMISSION

1516 Ninth Street

Hearing Room A

Sacramento, California

(Wheelchair Accessible)

Audio from this meeting will be broadcast over the Internet.

For details, please go to:

[www.energy.ca.gov/webcast/](http://www.energy.ca.gov/webcast/)

### **Purpose**

At this Business Meeting, the Energy Commission will consider possible approval of Existing Renewable Facilities Program Funding Award Notices for the 2007 calendar year for the following facilities:

1. Thermal Energy Development
2. Luz Solar Partners Ltd. 3
3. Luz Solar Partners Ltd. 4
4. Luz Solar Partners Ltd. 5
5. Luz Solar Partners Ltd. 6
6. Luz Solar Partners Ltd. 7
7. Luz Solar Partners Ltd. 8
8. Luz Solar Partners Ltd. 9
9. Wheelabrator Shasta Energy Co.
10. Collins Pine Company

## Background

The Existing Renewable Facilities Program provides funding in the form of production incentives to eligible renewable energy facilities for each kilowatt-hour (kWh) of eligible electricity generated. Attachment A lists the proposed facility-specific target prices and incentive caps. Copies of Funding Award Notices that are being considered for approval can be found at: [\[http://www.energy.ca.gov/renewables/index.html\]](http://www.energy.ca.gov/renewables/index.html).

Facilities eligible for funding are issued a Funding Award Notice by the Energy Commission to provide funding pursuant to the *Energy Commission's Existing Renewable Facilities Program Guidebook*, *Renewables Portfolio Standard Eligibility Guidebook*, and *Overall Program Guidebook*. Funding Award Notices do not specify dollar amounts to be paid to the facilities, rather the Notices identify the following information:

- Pertinent information about the applicant, the facility, and the facility's power purchase agreement.
- The facility-specific target price and production incentive cap for that calendar year. (Attachment A lists the proposed facility-specific target prices and incentive caps.)
- The terms and conditions under which the Existing Renewable Facilities Program funding will be provided, including any funding restrictions and prevailing wage requirements.

If approved by the Energy Commission, each Funding Award Notice must be signed by an authorized representative of that facility and an authorized representative of the Energy Commission in order to become effective. In order to receive payment from the Energy Commission, a facility is required to comply with all terms and conditions of its Funding Award Notice, and submit monthly invoices and written third-party verification to the Energy Commission to verify the facility's eligible generation.

Pursuant to California Public Resources Code section 25740 et. seq., the Energy Commission's Renewable Energy Program provides funding to support existing, new and emerging renewable energy resources with the goal of establishing a competitive, self-sustaining renewable energy supply for California while increasing the near-term quantity of renewable energy generated in-state. Funding is provided through various programs under the Renewable Energy Program.

This funding award notice relates to the Existing Renewable Facilities Program funded since 2003 under Senate Bill 1038<sup>1</sup>. SB 1038, in conjunction with the Reliable Electric Service Investments Act,<sup>2</sup> continues the collection of a non-bypassable system benefit charge initiated in 1998 under Assembly Bill 1890.<sup>3</sup>

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<sup>1</sup> Public Utilities Code Sections 383.5 and 445 were amended and recast as Public Resources Code Sections 25740 through 25751 pursuant to SB 183 (Sher, Statutes 2003, Chapter 666).

<sup>2</sup> Public Utilities Code Sections 399, et seq., as enacted by Assembly Bill 995 (Chapter 1051, Statutes of 2000) and Senate Bill 1194 (Chapter 1050, Statutes of 2000).

<sup>3</sup> Assembly Bill 1890 (AB 1890) Chapter 854, Statutes of 1996.

The statutory purpose of the Existing Renewable Facilities Program is to improve the competitiveness and achieve self-sustainability of existing in-state solid-fuel biomass, solar thermal electric, and wind facilities. California Public Resources Code section 25740.5 requires that the Energy Commission “optimize public investment and ensure that the most cost-effective and efficient investments in renewable energy resources are vigorously pursued.” The kWh based production incentive rates paid through Existing Renewable Facilities Program funds vary by facility and are based on the lowest of three possible calculations:

- 1) The difference between the facility-specific target price and the facility’s market price as determined by the Energy Commission,
- 2) The facility-specific cents per kWh production incentive cap, or
- 3) The funds-adjusted price for the facility. The funds-adjusted price is calculated as follows:
  - a. Divide the total program funds available in a given month by the total payments that would otherwise be due that month for eligible facilities (as calculated using the minimum of formulas (1) and (2) above) to obtain an Adjustment Fund Multiplier (AFM), and
  - b. Multiply the minimum of formula (1) and (2) by the AFM to determine the funds-adjusted price for each facility.

From 1998 through 2006, Existing Renewable Facilities Program target prices and production incentive caps were assigned collectively for facilities based on technology. Previous editions of the *Existing Renewable Facilities Program Guidebook* specified these target prices and production incentive caps. However, Senate Bill 1250, Chapter 512, Statutes of 2006 amended Public Resources Code section 25742 (e) to require the Energy Commission to evaluate facilities individually based on the required information submitted by each facility. This evaluation includes the following factors:

- The amount of funds being sought by the facility.
- The cumulative amount of funds the facility has previously received from the Energy Commission and other state sources.
- The value of any past and current federal or state tax credits.
- The facility’s contract price for energy and capacity.
- The market value of the facility.
- The facility’s estimate of the incentive payment needed (in cents/kWh) above the energy payments the facility will receive during the calendar year the applicant is applying for. Also the facility’s explanation of why this incentive level is needed.
- The facility’s explanation of how the incentive payments from the ERFP will allow the facility to become cost-competitive and self-sustaining by the end of 2011.

## **Written Comments**

The Energy Commission encourages members of the public to submit written comments on the proposed Funding Award Notices in advance of the business meeting.

Please provide an original and 21 copies of comments filed by mail or in person to the Energy Commission's Docket Unit. Alternately, parties may file a single copy electronically with the Docket Unit and follow up with an original copy by mail. The Energy Commission encourages comments to be submitted by e-mail. If you are providing written comments at the Business Meeting, please make an additional 50 copies available at the beginning of the meeting.

Please send or deliver written materials to:

California Energy Commission  
Re: Docket No. 02-REN-1038  
Docket Unit, MS-4  
1516 Ninth Street  
Sacramento, CA 95814-5504  
E-Mail: [docket@energy.state.ca.us](mailto:docket@energy.state.ca.us)

All written materials filed with the Docket Unit will become part of the public record in these proceedings. The Energy Commission strongly encourages parties to file written comments by no later than the close of business December 17, 2007, but will accept written comments up to the day of the Business Meeting.

## **Public Participation**

The Energy Commission's Public Adviser's Office provides the public assistance in participating in Energy Commission activities. If you want information on how to participate in this forum, please contact the Public Adviser's Office at (916) 654-4489 or toll free at (800) 822-6228, by FAX at (916) 654-4493, or by e-mail at [pao@energy.state.ca.us]. If you have a disability and require assistance to participate, please contact Lou Quiroz at (916) 654-5146 at least five days in advance.

Direct all news media inquiries to Claudia Chandler, Assistant Executive Director, at (916) 654-4989, or by e-mail at [mediaoffice@energy.state.ca.us]. If you have questions on the technical subject matter of this forum, please call Jason Orta, Existing Renewable Facilities Program Lead at (916) 653-5851 or email at [jorta@energy.state.ca.us].

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JOHN L. GEESMAN  
Commissioner and Presiding Member  
Renewables Committee

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JACKALYNE PFANNENSTIEL  
Chairman and Associate Member  
Renewables Committee

Dated: December 7, 2007  
Date Mailed: December 7, 2007  
Mailed to List 5503 Existing

Note: The formal name of the California Energy Commission is the State of California Energy Resources Conservation and Development Commission.

## Attachment A

<b>Proposed Facility-Specific Target Prices and Production Incentive Caps for the 2007 Calendar Year</b>		
<b>Name of Facility</b>	<b>Proposed Target Price</b>	<b>Proposed Production Incentive Cap</b>
Thermal Energy Development	6.7 cents/kWh	1.5 cents/kWh.
Luz Solar Partners Ltd. 3	5.37 cents/kWh (Eligible for Time of Use Incentive Payments)	1.5 cents/kWh (Eligible for Time of Use Incentive Payments)
Luz Solar Partners Ltd. 4	5.37 cents/kWh (Eligible for Time of Use Incentive Payments)	1.5 cents/kWh (Eligible for Time of Use Incentive Payments)
Luz Solar Partners Ltd. 5	5.37 cents/kWh (Eligible for Time of Use Incentive Payments)	1.5 cents/kWh (Eligible for Time of Use Incentive Payments)
Luz Solar Partners Ltd. 6	5.37 cents/kWh (Eligible for Time of Use Incentive Payments)	1.5 cents/kWh (Eligible for Time of Use Incentive Payments)
Luz Solar Partners Ltd. 7	5.37 cents/kWh (Eligible for Time of Use Incentive Payments)	1.5 cents/kWh (Eligible for Time of Use Incentive Payments)
Luz Solar Partners Ltd. 8	5.37 cents/kWh (Eligible for Time of Use Incentive Payments)	1.5 cents/kWh (Eligible for Time of Use Incentive Payments)
Luz Solar Partners Ltd. 9	5.37 cents/kWh (Eligible for Time of Use Incentive Payments)	1.5 cents/kWh (Eligible for Time of Use Incentive Payments)
Wheelabrator Shasta Energy Co.	5.87 cents/kWh (Eligible for Time of Use Incentive Payments)	1.5 cents/kWh (Eligible for Time of Use Incentive Payments)
Collins Pine Company	6.45 cents/kWh (Eligible for Time of Use Incentive Payments)	1.5 cents/kWh (Eligible for Time of Use Incentive Payments)