

**From:** Rizaldo Aldas  
**To:** Laurie tenHope; Linda Spiegel  
**CC:** Michael Sokol; Prab Sethi  
**Date:** 2/28/2012 11:57 AM  
**Subject:** Fwd: Renewable Energy workshop to get RPS energy moving

FYI, comments related to the workshop.

>>> Anthony J Arand <[Tony@envirepel.com](mailto:Tony@envirepel.com)> 2/26/2012 11:27 AM >>>  
Dear Dr. Aldas,

We received the notice for your workshop this morning. I don't think we will be able to participate personally, but would like to share some insight we have learned over the last few years.

In our experience of working with SDG&E and trying to finance their Power Purchase Agreements for RPS power, the CPUC on green house gas provisions in PPA's, and the Energy Commission with permitting facilities, our recommendation is simple.

Provide a penalty to the Utilities for non-attainment of the RPS energy goals set by the State. If they want the guarantee of profit that comes from being a regulated utility, then they should be held accountable for non-compliance with the terms under which they can earn a guaranteed profit paid by ratepayers. Tell them the price for non-compliance is a million dollars a day for not having the MWhR's of RPS power the State has mandated them to provide, give the Utility the ability to finance construction of RPS compliant facilities as a vehicle for them to comply with the RPS rules and watch what happens.

The current focus of the State looking to developers to provide the money to build coupled with the absence, and I do mean total absence, of qualified Engineering companies that are willing to construct facilities and provide process guarantees, insures a continued lack of performance for the bulk of the RPS production capacity in California. In our arena alone, we could provide up to 4,000 MW of installed capacity to the State fully permitted and operational in under 5 years if we could finance them. We can obtain environmental permits that others cannot, but that isn't enough to interest anyone to come work with us to build facilities. We have had to do it alone, and with funds raised from small private investors.

The State needs to look at the fact that Covanta, Wheelabrator, Waste Management and others who have the capacity to fund the construction of new solid fuel facilities have never in their history done that. They have always purchased facilities that were already constructed, and have stayed out of the development process for these types of facilities. Even then, those facilities were constructed under Standard offer 1 contracts that subsidized power contracts that provided \$0.125 per kwhr contracts in a \$0.02 per kwhr market with the Taxpayers of our State footing the bill for the difference.

If the State wants to get more RPS facilities on line anytime soon, there needs to be a mechanism to allow the Utilities to fund the construction costs through the PPA process, and a penalty for non-performance.

We hope these comments may be of use in your efforts, and apologize that we will not be able to attend your workshop.

Sincerely,

Tony

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"There is no limit to what a man can do or where he can go if he doesn't mind who gets the credit." Ronald Reagan

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