

MANDATORY STATUS CONFERENCE  
BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of: )  
 )  
Application for Certification for ) Docket No.  
the Watson Cogeneration Steam and ) 09-AFC-1  
Electricity Reliability Project )  

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

THURSDAY, DECEMBER 16, 2010  
3:00 p.m.

Reported by:  
Ramona Cota  
Contract No. 170-09-002

COMMITTEE MEMBERS PRESENT

Robert B. Weisenmiller, Presiding Member

Karen Douglas, Chairman and Associate Member

HEARING OFFICER, ADVISORS PRESENT

Kourtney Vaccaro, Hearing Officer

Eileen Allen, Advisor to Commissioner Weisenmiller

Galen Lemei, Advisor to Commissioner Douglas

STAFF AND CONSULTANTS PRESENT

Christine Hammond, Staff Counsel

Alan Solomon, Project Manager

Kevin Le

OFFICE OF THE PUBLIC ADVISER

Jennifer Jennings, Public Adviser

APPLICANT

Chris Ellison, Attorney  
Ellison Schneider and Harris LLP

Ross Metersky  
BP Products North America, Inc.

Cynthia H. Kyle-Fischer  
URS Corporation

Gregory Darwin (via teleconference)  
Atmospheric Dynamics

INTERVENOR

Rachael Koss  
Adams Broadwell Joseph & Cardozo  
representing California Unions for Reliable Energy (CURE)

ALSO PRESENT

Jay Chen (via teleconference)  
Tran Vo (via teleconference)  
Rafik Beshai (via teleconference)  
South Coast Air Quality Management District (SCAQMD)

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P R O C E E D I N G S

3:02 p.m.

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2  
3 PRESIDING MEMBER WEISENMILLER: Good afternoon. I  
4 want to thank everyone for their participation in today's  
5 hearing.

6 This is a status conference conducted by a  
7 Committee of the California Energy Commission regarding the  
8 proposed Watson Cogeneration Steam and Electric Reliability  
9 Project.

10 I'm the Presiding Member, Commissioner  
11 Weisenmiller. To my left is Chair Douglas who is the  
12 Associate Member. To my right is Eileen Allen, my advisor.  
13 Galen Lemei, Chair Douglas' advisor, will be here shortly.  
14 The Hearing Officer is Kourtney Vaccaro. Jennifer Jennings,  
15 the Public Advisor, is also here in the back of the room.

16 And I would like to ask the parties to introduce  
17 themselves starting with the applicant.

18 MR. METERSKY: Good afternoon, I'm Ross Metersky  
19 with BP.

20 MR. ELLISON: Chris Ellison, Ellison Schneider and  
21 Harris, on behalf of BP.

22 PRESIDING MEMBER WEISENMILLER: Staff.

23 MR. SOLOMON: Alan Solomon, project manager with  
24 the siting division.

25 MS. HAMMOND: Christine Hammond, counsel for

1 staff.

2 PRESIDING MEMBER WEISENMILLER: Intervenors.

3 MS. KOSS: Yes, this is Rachael Koss on behalf of  
4 California Unions for Reliable Energy.

5 PRESIDING MEMBER WEISENMILLER: Any other  
6 agencies?

7 MR. CHEN: (Inaudible).

8 PRESIDING MEMBER WEISENMILLER: I'm sorry, none of  
9 that was audible. Would you repeat yourself.

10 MR. CHEN: Hello? Hello?

11 PRESIDING MEMBER WEISENMILLER: That's much  
12 better. Could you reintroduce yourself.

13 MR. CHEN: Hi. Are you asking me? I just joined  
14 the teleconference call.

15 PRESIDING MEMBER WEISENMILLER: Yes. Actually I  
16 was asking --

17 MR. CHEN: My name is Jay Chen with South Coast  
18 Air Quality Management District. I'm here with Tran Vo and  
19 Rafik.

20 PRESIDING MEMBER WEISENMILLER: That's very good  
21 because I was asking if there were any agencies on the line.

22 MR. CHEN: Oh yes, yes. We are South Coast Air  
23 Quality Management District.

24 PRESIDING MEMBER WEISENMILLER: Any other  
25 agencies? Local, state or federal agencies?

1           With those introductions let me turn the  
2 proceeding over to the Hearing Officer.

3           HEARING OFFICER VACCARO: Hello, everybody. I  
4 think this is the first of what may be a series of status  
5 conferences that we'll be having in this proceeding.

6           I think where we are today is just getting an  
7 understanding of where we are in the schedule as staff has  
8 been on a regular basis submitting status reports which has  
9 given the Committee the impression that a Staff Assessment  
10 will soon be issuing. I think we'd like to hear about that  
11 and get a sense of what the issues might be in this case, if  
12 any, and get a sense of what the scheduling milestones are  
13 that you'd like the Committee to look at so that a revised  
14 scheduling order can get put out so this proceeding can  
15 continue to move forward.

16           So I think we'll start uncharacteristically with  
17 the staff instead of the applicant because I think maybe one  
18 of the first things to hear about is the status of the Staff  
19 Assessment and when the Committee can expect to see that.  
20 So Ms. Hammond and Mr. Solomon.

21           MR. SOLOMON: Thank you. On October 29th I  
22 submitted Status Report number 9. In Status Report number 9  
23 I had listed a proposed revised schedule for the Watson  
24 Cogeneration Steam Project. Per that proposed schedule I  
25 had said that staff will be publishing the Preliminary Staff

1 Assessment tomorrow, December 17. I have kept that  
2 schedule. We are going to be publishing the PSA tomorrow.  
3 I spoke with my project secretary and the copies have  
4 already been made; everything is just set to go out.

5 So in preparing for today's conference I reviewed  
6 these dates that I had submitted and I still feel that they  
7 are realistic, that they are achievable and for staff I  
8 submit the schedule. And I have copies if you'd like one.

9 HEARING OFFICER VACCARO: Thank you. Actually I  
10 provided copies of your staff report to the Committee  
11 already. Thank you, that's good news, congratulations.

12 MR. SOLOMON: Thank you.

13 HEARING OFFICER VACCARO: Mr. Ellison, I think  
14 we'd like to hear from you in particular about the schedule.  
15 It doesn't have all of the milestones, it has some of them  
16 for the project. But also maybe you can give us a sense if  
17 the Tailoring Rule is going to apply to this project and if  
18 there are any deadlines that your client might be looking at  
19 that the Committee needs to know about in putting together a  
20 fuller schedule.

21 MR. ELLISON: Okay. I'm going to ask Mr. Metersky  
22 to speak to those issues and I'll be available.

23 MR. METERSKY: Yes, the Tailoring Rule will apply  
24 and we've already informed the AQMD that we're going to need  
25 to prepare a PSD permit for greenhouse gases. So we're

1 going to start work on that soon.

2 HEARING OFFICER VACCARO: Okay. So my  
3 understanding, and a little vague, is that it's important  
4 for those projects that are subject to the Tailoring Rule to  
5 have a Commission Decision sometime in the May 2011 time  
6 frame so that -- so I'm trying to figure out, are you in a  
7 grandfather situation or are you -- so you're trying to get  
8 something accomplished before July or not? Because some of  
9 our projects are in that situation where they're trying to  
10 move the projects forward before July.

11 MR. METERSKY: Okay. My understanding is if we do  
12 not start construction by July 1 then we'll be subject to  
13 the PSD. And we don't expect to be in position to start  
14 that construction prior to that date.

15 HEARING OFFICER VACCARO: Okay, thank you. So  
16 then I'll ask both of you, what are you looking at in terms  
17 of maybe the end date here? So if you were looking forward  
18 to 2011 what are you looking at as an ideal time to have  
19 this matter put before the full Commission?

20 MR. ELLISON: We submitted a response to the  
21 staff's schedule. We generally are in agreement with the  
22 dates put forward by staff. We haven't seen the PSA so it's  
23 a little hard to comment on what the issues are. It  
24 probably won't shock you to know that from our perspective  
25 we think there are few if any issues. But until we see the

1 Staff Assessment and until we know from the intervenors we  
2 can't really speak to that question.

3           Having said that, if I can speak for the applicant  
4 but also as somebody who has represented a number of  
5 applicants. This applicant I think has been very patient.  
6 They understand the priority of other projects and the  
7 limited staff resources that have been available in the last  
8 year.

9           But we would look forward now to getting this case  
10 moving. We would like to see a final decision as  
11 expeditiously as possible consistent with the dates that the  
12 staff has put forward. We're not going to challenge any of  
13 those dates.

14           HEARING OFFICER VACCARO: And when is it that you  
15 submitted that response? Because I apologize, I have not  
16 seen it. Was it a while ago or is that something that was a  
17 more recent submission?

18           MR. ELLISON: It may have just been an oral  
19 response back to the staff of the decision not to challenge  
20 the dates. I'll go back and look at it. But we certainly  
21 discussed it and discussed it with the staff.

22           HEARING OFFICER VACCARO: Thank you. Ms. Koss, is  
23 there anything that you'd like to add or suggest with  
24 respect to the proposed scheduling milestones for this  
25 project?

1 MS. KOSS: No, not at this time, thank you.

2 HEARING OFFICER VACCARO: Okay, thank you.

3 Well, I think this might be one of the shortest  
4 status conferences we've had.

5 ADVISOR ALLEN: Ms. Vaccaro, could you just take  
6 us through a sample schedule possibility? I'm trying to  
7 figure out whether if the Staff Assessment came out on March  
8 -- the Final came out on March 18, then do we have a rough  
9 guess as to when the prehearing conference and hearings  
10 might be? Like April or May?

11 HEARING OFFICER VACCARO: I think generally what I  
12 try to do is I work backwards from when it looks like the  
13 matter might be put forward to a Commission decision. So if  
14 we're looking at something, let's just say roughly the  
15 summertime.

16 And I've just gone through this process with  
17 another project. I think we're certainly not looking at a  
18 May time frame with this schedule, we're looking at  
19 something potentially later. Because if the FSA workshop  
20 and the FSA doesn't come out until March. You look at, at  
21 least 14 days after the FSA comes out before we would  
22 schedule the evidentiary hearing.

23 Even if we were looking at a combined prehearing  
24 conference/evidentiary hearing if as you're stating there  
25 aren't going to be any real outstanding issues that can't be

1 dealt with at the evidentiary hearing. We're looking then  
2 at what, maybe the first or second week of April for a  
3 hearing. So let's call it somewhere between the week of  
4 April 11, April 18 is what it's looking like, I think.

5 (Advisor Lemei entered the Hearing Room  
6 and joined the Committee.)

7 HEARING OFFICER VACCARO: So let's say the week of  
8 the 11th for a combined prehearing conference/evidentiary  
9 hearing. That would then still allow -- we need to allow  
10 for some time for the PMPD to actually be drafted.

11 So assuming though that our record is complete at  
12 the close of that evidentiary hearing, there's nothing left  
13 to do after that week of April 11th other than draft the  
14 PMPD. Looking a bit ambitiously let's call it about a three  
15 week drafting period. We're talking say somewhere in the  
16 week -- I'd say to be conservative let's call it the week of  
17 May 9 potentially to publish a PMPD. It needs to go out for  
18 a 30 day review period. Which would then put us into June  
19 for this matter then to be presented to the Commission, if  
20 we are looking at what was presented as a March 18 or  
21 roughly March 18 date for the FSA.

22 MR. SOLOMON: I think those dates are realistic.  
23 The PSA, there are no real issues. All sections are in  
24 compliance with LORS and I do not see this as being  
25 problematic. I think that we can -- all things being equal

1 we will be able to publish the FSA on March 18.

2 HEARING OFFICER VACCARO: I think because we have  
3 a representative of the Air Quality Management District on  
4 the line perhaps you can weigh in on the scheduling as well  
5 and give us a sense of the timing of the FDOC.

6 MR. CHEN: Yes. This is Jay Chen of South Coast  
7 AQMD. We have basically completed our public notice and  
8 public review period and EPA review period. We did -- we  
9 have received some minor comments from the facility, from BP  
10 Watson itself so we need to make some minor adjustments,  
11 minor changes to the emissions calculations actually.  
12 Nothing significant. So we expect to issue the FDOC  
13 sometime in January.

14 HEARING OFFICER VACCARO: Okay, excellent that  
15 seems to fit nicely then with the dates that we're  
16 discussing so that everything can move along very swiftly by  
17 the time of the evidentiary hearing. Is there anything else  
18 you'd like to add?

19 MR. CHEN: No, not at this time.

20 HEARING OFFICER VACCARO: Are there any questions  
21 that the Committee might have of anyone?

22 Okay. Well are there any other issues that staff  
23 or the applicant or CURE believes we need to address during  
24 today's proceeding? Applicant?

25 MR. ELLISON: I know we just wanted to thank the

1 Committee and the staff for holding this status conference  
2 and for moving this case forward, we appreciate it.

3 HEARING OFFICER VACCARO: Mister --

4 MR. SOLOMON: Nothing from the staff.

5 HEARING OFFICER VACCARO: Okay, thank you.

6 Ms. Koss?

7 MS. KOSS: No, thank you.

8 HEARING OFFICER VACCARO: Okay. This was actually  
9 very productive. I think we've worked through the dates for  
10 a schedule so I think the next step is for the Committee to  
11 prepare that and issue a revised schedule in this matter.

12 PRESIDING MEMBER WEISENMILLER: This is  
13 Commissioner Weisenmiller again. I want to thank everyone  
14 for their participation.

15 Excuse me. Is there any public comment on this  
16 case?

17 HEARING OFFICER VACCARO: Hearing none on the  
18 phone. And we do have one gentleman in the room. I'm going  
19 to ask if you're a member of the public or if you're part of  
20 the CEC staff?

21 MR. LE: I'm CEC staff.

22 HEARING OFFICER VACCARO: Okay, I just wanted to  
23 make sure. I've made the mistake before of assuming  
24 otherwise so in an abundance of caution I thought I would  
25 ask. Okay. So seeing none in the room either I believe

1 there is no public comment.

2 PRESIDING MEMBER WEISENMILLER: Okay. Again, I  
3 would like to thank everyone for their participation today  
4 and we'll conclude the hearing.

5 (Whereupon, at 3:18 p.m. the  
6 Status Conference was adjourned.)

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## CERTIFICATE OF REPORTER/TRANSCRIBER

I, RAMONA COTA, an Electronic Reporter and Transcriber, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Status Conference; that I thereafter transcribed it into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said conference, nor in any way interested in outcome of said conference.

IN WITNESS WHEREOF, I have hereunto set my hand this 22nd day of December, 2010.

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RAMONA COTA, CERT\*\*478