BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY COMMISSION

In the Matter of: )
) DOCKETED
) 13-RPS-01
) TN # 2965
) JUN 28 2013

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

TUESDAY, APRIL 30, 2013
9:00 A.M.

Reported by:
Tahsha Sanbrailo
Commissioners Present

Robert B. Weisenmiller, Chair
Karen Douglas
Andrew McAllister
Janea Scott

Staff Present:

Rob Oglesby, Executive Director
Michael Levy, Chief Counsel
Harriet Kallemeyn, Secretariat

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Joe O'Hagan 12
Simone Brant 13
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Also Present (* Via WebEx)

Interested Parties

Randy Howard, Los Angeles Department of Water and Power
Tim Tutt, Sacramento Municipal Utilities District
Darren Bouton, CYRQ Energy
Dario Frommer
Michael Boccadoro, Dolphin Group
Anthony Andreoni, California Municipal Utilities Association
Andy Schwartz, Solar City
*Rachel Gold, Large Scale Solar Association
*Oscar Herrera, Southern California Public Power Authority
Yihwa Kim, LA Unified School District, Transportation Division
Juan Josse, Anaergia Services
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APRIL 30, 2013 9:05 a.m.

CHAIRMAN WEISENMILLER: Good morning. Let's start the Business Meeting with the Pledge of Allegiance.

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

CHAIRMAN WEISENMILLER: Good morning. I was going to note that this is my first Business Meeting with Commissioner Scott. It's a pleasure to have you on board.

COMMISSIONER SCOTT: Good morning. Thank you very much.

CHAIRMAN WEISENMILLER: Okay, so let's start with the Consent Calendar.

COMMISSIONER SCOTT: Move the Consent Calendar.

COMMISSIONER MCALLISTER: Second.

CHAIRMAN WEISENMILLER: Okay. All those in favor?

(Ayes.)

COMMISSIONER MCALLISTER: Could we ask somebody to turn off their -- we're getting a lot of feedback here.

CHAIRMAN WEISENMILLER: Okay, let's go on to Item 2. Energy Commission Committee Appointments. And I want to announce that Commissioner Scott is Lead Commissioner on Transportation. And with that said,
Commissioner Douglas and I will continue in Transportation through the adoption of the Investment Plan, so we have continuity there similar to what we're doing on the Renewables, but that it's great to be able to hand that off to someone.


MR. KRAMER: Good morning, Chair Weisenmiller and Commissioners, I'm Paul Kramer, your Chief Hearing Advisor.

Bottle Rock's Petition to Amend follows a Committee decision on a complaint that was filed by David Coleman. In that case, the Committee decided that Bottle Rock's conditions required that it maintain a $5 million bond to secure the remediation of its project site after the project was decommissioned.

That decision was appealed by Bottle Rock and it is before your Commission, but it's been stayed until after this Petition to Amend is resolved.

The complaint sought to have the bond reinstated and the amendment proposes to eliminate the requirement for the bond, two very opposite things. So it's likely to be controversial and requires some time for hearings, discussion, arguments, and gradually a legal briefing. So my recommendation is, rather than
have the full Commission conduct those proceedings, that
you appoint a committee to do so and that committee would
prepare a proposed decision for eventual consideration by
the full Commission.

CHAIRMAN WEISENMILLER: Thank you.

Commissioners, I suggest we appoint a committee by the
Board, and that the committee be chaired by Commissioner
Douglas and the second member be Commissioner Scott. A
motion?

COMMISSIONER DOUGLAS: I'll move approval of
that committee.

COMMISSIONER SCOTT: Second.

CHAIRMAN WEISENMILLER: All those in favor?

(Ayes.) That passes 4-0. Thank you, Mr. Kramer.

CHAIRMAN WEISENMILLER: Items 4, 5 and 6. Our
next item is going to be the Renewable Portfolio Standard
and we're going to have a presentation that covers Items
4, 5, and 6, although we'll consider motions on each of
the items separately. So with that, Kate Zocchetti, do
you want to make your presentation?

MS. ZOCCHETTI: Thank you, Chair Weisenmiller.

Good morning, Chair and Commissioners. I'm Kate
Zocchetti, the Technical Lead for the RPS Program in the
Renewable Energy Office. To my right is Gabe Herrera,
Legal Counsel. I'll be covering Items 4, 5 and 6 consecutively, but on which you may wish to vote separately.

Agenda Items 4 and 5 address staff's proposed revisions to the Renewables Portfolio Standard Eligibility Guidebook, or RPS Guidebook, and the Overall Program Guidebook for the Renewable Energy program.

Agenda Item 6 addresses a resolution to lift the Energy Commission's suspension of eligibility for electric generating facilities using biomethane for the RPS. Staff proposes lifting the suspension because adoption of the 7th Edition of the RPS Guidebook will implement Assembly Bill 2196 and establish new requirements for the eligibility of these facilities.

For Agenda Items 4 and 5, staff proposes that the Energy Commission adopt revisions to the RPS and Overall Guidebooks, both of which the Energy Commission adopted last August 2012. Staff proposes changes to these Guidebooks to implement new legislation and policies and to respond to lessons learned during administering the program.

The initial staff draft of the RPS Guidebook was released on March 4th, followed by a staff workshop on March 14th; 33 attendees participated in person with an additional 100 via WebEx. Public comments were
received on March 25th, and there were 42 sets of comments.

In response to stakeholders' requests in those comments, staff released Draft RPS reporting forms on April 8th and received comments on those. The Final Draft Guidebook was released April 19th and we received nine sets of comments on the Final Draft.

On April 26th, the Energy Commission released proposed Errata to the proposed revisions to the RPS Guidebook to address changes that are not substantive in nature and provide staff clarifications to the text and related forms since the Final Draft was released.

In addition to the Errata, staff may make minor grammatical, punctuation, or formatting edits to the text and related forms before publishing the final Guidebook, if adopted.

The RPS Program will no longer make reference to the Overall Program Guidebook, which the Energy Commission plans to phase out by the end of this year.

We have incorporated pertinent elements of the Overall Program Guidebook into the RPS Guidebook, including applying for RPS certification, reconsideration of RPS certification, enforcement actions, glossary of terms, and we have deleted those elements in the Overall Program Guidebook, which will remain in effect to govern
administration of the New Solar Homes Program until it is phased out.

And with your permission, I'd like to go over at a high level staff's proposed changes to the major issues?

CHAIRMAN WEISENMILLER: Please do so.

MS. ZOCCHETTI: Thank you. So the Energy Commission's roles for administering the RPS are three-fold: our first is to certify eligible renewable energy resources and to track and verify procurement for RPS compliance; those two tasks are accomplished via the RPS Guidebook and the Overall Program Guidebook.

The Energy Commission was recently also tasked with developing regulations for the enforcement of the RPS for the publicly-owned electric utilities. That task is being done in a separate proceeding and Final Draft Regulations are expected to be considered on May 8th, so that is separate from my presentation today.

So getting into the proposed revisions to the RPS Guidebook, we have added a new section called "What's New in this Guidebook" to help participants see if there are new changes that are relevant to them at a glance. It's just a very high level summary of the proposed changes. So I will be going through the issues as they appear in the Guidebook, in that order.
Another section is called "Outstanding Issues," that has always been in the Guidebook, and right now we have three Outstanding Issues that are teed up, and this means that we understand that they're important, or stakeholders have brought them to our attention, but that we're not necessarily addressing them now, we want to let people know that we are planning to consider them in a future revision. And those are: storage for the RPS, station service, whether and how changes in law affect already certified RPS facilities and then, lastly, although there's been no change, the topic of precertification remains in the Outstanding Issues section.

One of the major pieces of legislation that we're addressing in this Guidebook edition and proposed changes is the passage of Assembly Bill 2196 in September of last year which changed the RPS eligibility requirements for electric generating facilities using biomethane. AB 2196 was signed into law in September and became effective January 1st of this year. Biomethane is now defined as natural gas or digester gas used onsite or offsite, using a dedicated pipeline or a common carrier pipeline.

I'm going to go into just a little bit of detail regarding AB 2196 because the whole section is
new. So the bill and, now, the Energy Commission would implement the eligibility criteria for existing biomethane contracts, and those are executed by a retail seller or a publicly owned electric utility and reported to the Energy Commission before March 29th, 2012. And as you may recall, that was the date that we suspended biomethane eligibility.

The biomethane sources must produce and inject biomethane into a common carrier pipeline by April 1, 2014. So I should point out that this slide just addresses the common carrier pipeline, not onsite or dedicated pipeline.

Third, biomethane may not be used at a different electric generating facility than was reported to the Commission prior to our suspension. And specific adjustments that are identified in the Guidebook to existing contracts, or incremental generation due to any elements that don't meet the existing contracts eligibility criteria trigger having to meet the new biomethane procurement contracts eligibility criteria -- which is on the next slide.

So new biomethane contracts, or those executed by a retail seller or POU on or after March 29, 2012 would fall into this category. They must have at least one direct benefit to the environment in California,
either to criteria air pollutants, to pollutants that
could have an adverse impact on the state's waters, or a
local nuisance associated with the emissions of odors in
the state. Also, the pipeline used must either flow in
California or flow toward the electric generating
facility.

There are also new requirements regarding the
attributes associated with the biomethane that's injected
into the common carrier pipeline, or that is used onsite
or in a dedicated pipeline. This applies to all of those
facilities and that is that renewable and environmental
attributes associated with the production, capture, and
injection of biomethane must be transferred to the
electric generating facility, and that's what becomes
part of the REC.

Also, there is another attribute stream that is
associated with the destruction of the methane due to the
biomethane being injected into the pipeline. Any
attributes associated with that cannot be used as a
marketing, regulatory, or retail claim, first, if it's
required by law to destroy the methane, but second, if
those claims are made, that is fine as long as those
attributes are likewise transferred to the generator.
And it must be retired for the utility's customers.

So the application process for all biomethane,
so again this is onsite, using a dedicated pipeline or a common carrier pipeline, we have new application forms for all these facilities. Facilities with existing biomethane contracts, which are sometimes called the grandfathered contracts, those will only be certified until the allowable quantities of biomethane have been used by the generators. If some of those have production that is not yet flowing to the pipeline, but will flow by April 2014, Applicants must amend their applications to let us know when those new sources begin producing and injecting into the pipeline.

We have a truncated application form, I think I talked about that coming up for these grandfathered facilities.

The procurement requirements for biomethane, meaning the RPS count-in-full or portfolio content categories or buckets, the classification of those will be done by the Energy Commission for the publicly-owned electric utilities and by the CPUC for the retail sellers.

The reporting and accounting will be that the monthly data must be reported to the Energy Commission by March 31st for generation for the previous calendar year. Information will be used to determine eligibility, but also will be used in the verification process that the
Energy Commission conducts after the end of each -- not compliance period, but each year we're going to be getting reports from all the utilities, and it will also be used for that process.

So moving on to other sections, the renewable facilities using multiple energy resources, biomass facilities that were previously participating in the existing Renewable Facilities Program, that is no longer active, those may continue to use up to five percent non-renewable fuel and count all of their output as RPS eligible until the end of their procurement contracts, or the end of this year, whichever is later. They will be subject to the standard de minimus requirements thereafter, which is facilities may use up to two percent non-renewable fuel and may use up to five percent if they can show that certain environmental benefits are met.

Solar thermal facilities previously in the existing program may continue to use up to 25 percent non-renewable fuel. The issue for how the solar thermal facilities are treated going forward is also teed up in the Outstanding Issues section, as I mentioned earlier, and that falls under the umbrella of how facilities that are certified are treated if the law changes regarding their eligibility.

Under Generation Tracking and Accounting, that
section clarifies that generation that meets station
service loads is not eligible for California's RPS for
facilities with the first point of interconnection --
this is a mouthful -- to a non-California Balancing
Authority outside of California, or facilities located
outside the U.S. The facilities that meet that category
that serve multi-jurisdictional utilities are subject to
the eligibility requirements of this section -- we
clarify that with this Guidebook.

We also removed the requirement in this section
that they must address the effects of their facility on
socioeconomics or worker safety. We determined that
those are really not environmental criteria.

We have added a new section; as I mentioned in
the Outstanding Issues portion, Energy Storage is there
because we understand we're going to be looking into this
further, but for now we are adding a new section called
Energy Storage, and we say that an energy storage device
will be considered an addition or an enhancement to
renewable electrical generation facility if it meets one
of these classifications. An integrated energy storage
device is an enhancement if it stores the energy
potential before actual electricity generation such as a
battery, or a directly connected energy storage device
which is not integrated can be considered, or is an
addition to the facility if the storage device and
renewable energy facility are directly connected and are
operated as part of the renewable energy facility.

In our initial staff draft, we addressed how
facilities that were certified for the RPS by the
contracting utility would be addressed, and we got a lot
of comments on that. And so now we are proposing that
the certification deadline which would have been -- we
were proposing before that all those facilities must come
to us and reapply by the end of this year -- but in
response to their comments that many of these contracts
are ongoing, we are now modifying that to say that the
certification deadline with expired contracts remains,
but they must reapply for RPS certification on their own
behalf by the end of the adoption of this Guidebook if
their contract is already expired.

Because of this, we're asking utilities to now
give us information regarding when their contracts expire
so that we can better track them in the future, and then
once their contract expires they must reapply on their
own behalf. And this is mostly to get more information
directly from the facility. We only got minimal
information initially from the utilities.

Under the Certification section, the RPS
Eligibility date begins when the complete application for
certification or precertification is received, except under specific conditions that would incur a later date, and those are outlined in the Guidebook.

There are special cases for counting generation prior to the eligibility date and those are under facilities that are under a net surplus generation, under an AB 920 net surplus compensation program; also existing 40 megawatt hydroelectric units that are part of a water supply or conveyance system; it's also for facilities serving POUs as they get up to speed with the RPS; and also facilities using biomethane. Because of our suspension, we didn't want to create kind of a Catch 22 for those. And as I mentioned earlier, for the "grandfathered" biomethane contracts, we have developed a Response to Comments for the requirement to reapply. We have developed a truncated application form and two supplemental forms for them to fill out. And due to their request, that form and those two supplemental forms, we plan to post those by close of business today so that they can immediately apply tomorrow, so that those can get moving forward. The website is provided there on that slide where they will be posted.

Also under the Certification section, we've covered historic carryover for POUs, and this is generation that occurred before the POUs were brought
under the Energy Commission's purview under its regulations. And this is generation that occurred from 2004 to 2010, and for them to apply for certification the generation must have been procured under a procurement contract or ownership agreement with the POU that was executed before June 1st, 2010, and it must be from resources that were RPS eligible under the Energy Commission's rules for the retail sellers at the time that their contract or ownership agreement was executed, with the exception that they did not have to participate in WREGIS at that time.

This slide just discusses that we continuously try to provide more transparency regarding where facilities are in our review process and what status they have, whether they're received, incomplete, returned, approved, withdrawn, or suspended, and so forth. And those are provided in the Guidebook, as well.

We get a lot of inquiries from interested parties wanting to know the status of the facilities that have applied for RPS certification, and that website provides this information.

We've very much expanded our exception on RPS tracking, reporting and verification. We've discussed the interim tracking system and WREGIS, the Western Renewable Energy Generation Information System. We've
discussed REC retirement and reporting requirements, for example, reporting RECs and how to retire them and use them for RPS compliance, how to name them in the WREGIS system so that we can begin our verification process. We discuss the verification methodology using the inter-tracking system for those that are still using that, but we are phasing that out and transitioning to WREGIS. We also discuss the Energy Commission's process for finalizing the verified data and the reporting that we will do as a result of that process.

Under the RPS Procurement Requirements, we discuss the agency's roles between the Energy Commission and the CPUC, which is our sister agency for implementing the RPS. We discuss count-in-full and the portfolio content categories and the requirements that we need everyone to submit to us so that we can make that determination for the POUs; again, the CPUC will make that determination for the retail sellers. And we describe our verification process and how applicants or utilities can contest or correct erroneous classifications in that process.

The statute prohibits a retail seller from claiming RECs that it is has procured from a POU unless the POU has basically met its own RPS, so we lay out how that will be determined.
We have added another new section called Administration and this is bringing over information from the Overall Program Guidebook regarding information on cancelling RPS certification, audits, how the Energy Commission retains records, and the use and disclosure of information and records by the Energy Commission.

We have added an option that the Executive Director may extend a due date for a report submission for good cause.

Another new section brought over from the Overall Program Guidebook is a glossary of terms. We've brought over definitions that are only relevant to the RPS and added them to the RPS Eligibility Guidebook. In addition, some terms that were already in the Guidebook or brought over from the Overall Program Guidebook were either revised, deleted, or edited.

We also have four Appendices to the RPS Guidebook that contain our forms and reporting instructions, we have a history of the RPS legislation, and a summary of reporting requirements and deadlines in the table, and those are found in the four appendices.

And that concludes my presentation and, with that, I would propose that the Commission adopt staff's proposed revisions to the RPS Eligibility Guidebook and the Overall Program Guidebook, and we would be happy to
address any questions from the Commissioners. I think we
want to discuss Errata at this time.

MR. HERRERA: Good morning, Commissioners.

Before you act on it or accept public comments, I just
want to clarify for the record, so on Friday the 19th,
yes, this past Friday, Energy Commission staff went out
-- twenty-something, I apologize -- went out -- the 26th
-- went out with an Errata which were minor, non-
substantive changes, these were minor fixes that we
discovered after we went out with the staff final, and we
felt it was appropriate to go out with the public notice
informing the public of these additional minor changes.
So when the Commission accepts the -- or acts on the
staff's recommendation, it is with these proposed Errata
that it will be acting.

In addition, it looks like our Errata, which we
went out with in haste, unfortunately, missed a couple of
points, so there are some typos and some formatting fixes
that we'll need to make, and we've also -- it's also been
brought to our attention that one of the footnotes
included language that was not necessary. And what I'm
going to do is I'm going to read that footnote into the
record because it's not identified in the Errata that
went out Friday, so that the Commission can consider
that, as well. It's a little bit unorthodox, but I
figured it was more important to address it now at one
time rather than to postpone it, and this footnote is on
page 26 and it is footnote 39, and it deals with
biomethane. And what this footnote was intended to do is
to clarify that, with respect to grandfathered biomethane
contracts under Assembly Bill 2196, that it is possible
for a POU affiliate entity, or retail seller, or
affiliate entity to have entered into this contract, this
biomethane contract, on behalf of a POU or the retail
seller. And for that purpose, it will be okay to accept
that contract for the purpose of 2196. We also in that
footnote reference an agent of a retail seller or a POU,
and we think that language is unnecessary; again, our
intent was to try to capture those entities such as
another department within the City that might be acting
on the POU's behalf, or perhaps an affiliate entity of a
retail seller that was acting on behalf of the retail
seller, to enter into the contract on the retail seller
or POU's behalf. So we would propose that that language
referring to an agent be stricken and be considered at
this time.

CHAIRMAN WEISENMILLER: Okay, so that is on
line 3?

MR. HERRERA: That's on line 3 of the footnote,
that's correct.
CHAIRMAN WEISENMILLER: And so if we strike after "entity?"

MR. HERRERA: We strike after "entity or agent"

so that the affiliate --

CHAIRMAN WEISENMILLER: We strike the words "or agent."

MR. HERRERA: Right.

CHAIRMAN WEISENMILLER: So the comma and the "or agent" are stricken from footnote 39 on page 26.

MR. HERRERA: That's correct.

CHAIRMAN WEISENMILLER: Okay.

MR. HERRERA: And what we would propose to do if the Commission accepts these changes, as well as the other Errata, we would go out with a notice informing the public that these changes were made and considered by the Commission.

CHAIRMAN WEISENMILLER: Now, in terms of the other changes to the Errata, do you want to walk through those right now?

MR. HERRERA: Those were noticed. We can walk through them if you like. I think Kate is prepared to do that.

CHAIRMAN WEISENMILLER: Would you please do that so we have a complete record?

MR. HERRERA: That would be great.
MS. ZOCCHETTI: Would you like me to read them in their entirety into the record?

CHAIRMAN WEISENMILLER: Yeah, if you could point out where they are and read them?

MS. ZOCCHETTI: Certainly, I would be happy to do that. The first one is on page 32. It just adds a phrase to the title of that section for clarity. "3: RPS procurement requirements for utilities using biomethane, we propose to add 'delivered through a common carrier pipeline.'"

CHAIRMAN WEISENMILLER: Actually, what I was hoping is, to the extent you have any changes to the Errata --

MS. ZOCCHETTI: Oh, changes to the Errata, sorry.

CHAIRMAN WEISENMILLER: To the Errata, that you indicate those now, as opposed to re-reading the Errata, per se.

MS. ZOCCHETTI: I see, thank you.

MR. HERRERA: I think that was the only one.

CHAIRMAN WEISENMILLER: Okay. Thank you.

Okay, so let's go to comments now and then we will have questions for you after that. So first commenter, Randy Howard, LADWP. And anyone who has comments, get a blue card from the back,
and anyone in the room, anyone on the phone, please notify Harriet.

MR. HOWARD: Good morning, Mr. Chairman and Commissioners. Randy Howard, Los Angeles Department of Water and Power. I'm the Director of Power System Planning and Development for the Los Angeles Department of Water and Power.

LADWP is committed to the long term procurement of renewable energy and we want to thank all of the CEC staff, as well as the Commission for their work in implementing SB 21X into the RPS Eligibility Guidebooks. I am thankful for some of the changes that have been made and the working relationship that we've had. I wish there would still be a little bit more in the Errata and I want to highlight a couple issues that remain outstanding to LADWP.

In general, we still get concerned in reading the Guidebook that the document remains relatively restrictive in some of the criteria. We think there needs to be more flexibility. We think we continue to move in the procurement of renewables and operating at levels of renewables that we've never operated at before. Some of the proposed -- or the staff's proposals are quite restrictive as to how you count and the approach related to the activities. Most of the renewables aren't
intermittent, they're hard to predict, and that includes
even some of the biomethane issues when you're dealing
with landfills and other types of criteria, the levels
change frequently depending on temperature and other
criteria on a landfill. So that's just a general comment
that we've continued to work with staff on, is that we
don't think there's enough recognition as to the
flexibility the utilities need to be successful, and I
think the objective here is to be successful in achieving
the goals of the RPS.

LADWP continues to disagree with the staff
proposal on the retroactivity application of the 3rd
Edition for the RPS Eligibility Guidebook for the pre-
2010 POU RPS projects. Prior to 2010, our governing
authority, we have a five-member Board of Commissioners,
we have 15 full-time Council Members and a Mayor in the
City of Los Angeles, they put together an RPS policy
based on the law in place at the time. They made
decisions, they approved in public forums all of our
procurement activities prior to the 2010; we think those
should count in full, we think that the statutory
language is clear. We think even in AB 2196 the language
is clear that those decisions made prior to the
moratorium on the biomethane count in full to the extent
that those decisions were made. We believe that still is
a difference as to the staff's proposal versus what we believe statutorily should apply. We also have continued concerns related to distributed solar, the behind the meter. We've discussed this before related to the metering requirement, the plus or minus two percent metering requirement versus what was installed prior to the SB 21X and LADWP's procurement where we have a plus or minus five percent meter. We do not think that just because we do not have a plus or minus two percent meter that those should no longer count towards the requirements of RPS would be eligible. We think the cost of going out and changing all those meters on the existing systems, many of them have been installed for a number of years, is not a good use of Ratepayer money, nor a good use of the utility resources. So we would ask for a change in consideration there. We have committed to the CEC that all of our new installations certainly will have the metering requirements that are necessary, but we still need on the table a number of solar systems that have the previous metering configuration.

Related to that, as well, is we believe and we have paved under SB 1, we have two incentive programs at LADWP, one for those that want to retain the value of their RECs, those customers can choose one level of
incentive, and then we pay a premium incentive related to
those that want to provide those RECs to LADWP. We
believe that those that have made those decisions, that
the value that we have placed on it is a Bucket 1 value.
To provide it as anything other than a Bucket 1 is
generated in California -- generated on the utility grid
systems, they're beneficial, we think we should get the
full value for that, we think it's detrimental to small
solar systems and to the state by not providing that
within the Eligibility Guidebooks.

I'll try to wrap up here, but substitute
electricity for firming and shaping. LADWP made a number
of decisions for wind development in the Pacific
Northwest, we've talked before, we cluster our projects
based on different wind profiles, we made a number of
investments in the Pacific Northwest, we do firm and
shape those projects up there because there's great
benefit in doing that. The Pacific Northwest peaks in
the winter, we peak in the summer, doing firming and
shaping with the Pacific Northwest makes a lot of sense,
it's economical for our Ratepayers and it's going to help
us act to meeting the renewal goals. By not allowing us
to take what we firm and shape and rolling it in a 12-
year rolling process for counting it towards RPS, we
think, is detrimental to those investments that have been
made. Right now, the staff proposal is you have to retire all those RECs you generate within a calendar year. So in the winter months, we have good wind production out there, November/December, they're saying I have to use those and retire those RECs, receive the firm and shape in those months for the production in those months; we'd rather roll that into the season that best fits us and leave that energy up there for them during their peak. We think it helps the entire western grid. So we think this is detrimental towards the benefits that we invested in initially at LADWP.

And in closing, some of the changes in the biofuels, the amount of time that we had to go through that not quite sufficient, but one of the comments on moving to a de minimus of 2 percent versus a 5 percent is a concern to us, and it comes out of some of the facilities where we have some production that's related to biofuels. We do think the 5 percent is a more reasonable number, going to the 2 percent, we're not sure why that is necessary and we don't think it's part of the statute or a requirement of the statute. Thank you for the opportunity to comment.

CHAIRMAN WEISENMILLER: Thank you. Tim Tutt.

MR. TUTT: Good morning, Commissioners, welcome Commissioner Scott. SMUD stands here in support of
adopting the 7th Edition of the Renewable Guidebook today. We think it's a milestone in the implementation of the RPS, one that's been delayed for a while, and has actually progressed pretty quickly here at the end, and that's one of the things that I want to bring up as we move forward.

We do think it's important for the market to have the certainty of having the Guidebook in place and having the RPS rules adopted very quickly next month. However, as I mentioned, things have moved very quickly in the last month or so on the RPS Guidebook and we actually think there's been insufficient time for stakeholders to comment and for staff to really understand or consider those comments completely, and to have interaction with stakeholders to achieve the best policy possible for the RPS. Don't get me wrong, staff has worked very hard on this and I really appreciate the hard work and the work that they've done, and you guys as well. We just think that, as we move forward after adoption, there needs to be some reconsideration of some of the aspects of the RPS.

And let me give you a few examples, some of them that Randy mentioned from LADWP. Let's look at behind the meter distributed generation. The Guidebook says that that distributed generation has to be procured
as bundled, but there's nothing in SB X12 that requires those resources to be bundled, it merely says they have to be interconnected to a distribution system within California. If they're not procured bundled, and in many cases it's difficult to prove that because the energy is often used on-site, sometimes shipped back and forth, what's the consequence? Are those resources Category 3 resources? And if so, what happens to an entity that happens to do very well in fostering those resources, which the State also supports policy-wise? Let's say that they get 15 percent of their energy from distributed solar; by 2020 they won't be able to count five percent of it for the RPS. That doesn't make sense. These resources are located within California, they're renewable, they don't have to be bundled, and the Energy Commission should take another look at that whole issue of the bundling and unbundling of the Category 1 and distributed generation resources.

We also think that the metering requirements for these smaller resources, particularly with aggregation, as they're required to be included in the RPS don't need to be as strict as they are for larger generators. They trade off between accuracy and bureaucracy here, and we think that the cost of doing all the metering to that level of degree for these smaller
aggregated resources is unnecessary.

A couple of other small things. One thing in terms of we're very pleased and we hope in item 6 that you'll will remove the biomethane suspension, but one of the -- there's a lot of material in the Guidebook about how biomethane now is eligible or not eligible for the RPS. And one of the criteria that we've commented on in the past is that you should be able to move this viable renewable resource from one generating facility to another. AB 2196 doesn't have any prohibition on that movement that we see and we see circumstances where it really makes sense to be able to move this, or you lose value and lose procurement. So we would recommend that that be removed from the Guidebook. It's a requirement that you guys, your staff, or you guys seem to have imposed, but it doesn't seem to us to be in the law, and we don't understand why. Part of the reason we don't understand why is we haven't had time for the interaction with staff, with you, to really understand why they came down the way they did when parties commented in a different way.

So I'll sum up there and I just appreciate that the work is proceeding, we're moving forward, and the market is going to, you know, have a little bit more certainty going forward. Thank you.
CHAIRMAN WEISENMILLER: Thank you. Darren Bouton.

MR. BOUTON: Mr. Chair and Commissioners, welcome Commissioner Scott, I would actually respectfully request if possible to be deferred to the end of the comments simply because my client is hustling over here and if possible if it would be okay to allow them to comment in person?


MR. ANDREONI: Good morning, Commissioners. Anthony Andreoni from the California Municipal Utilities Association. Thanks for the opportunity to come up and address the Commission. The CMUA members are very supportive and have been working very closely with CEC staff on this. We appreciate the amount of effort that they've been putting in to address even the concerns that have been raised. CMUA, as you are aware, represents over 40 municipal electric utilities in California and we do support what L.A. and SMUD mentioned a few minutes ago as far as a few additional issues.

I'm just going to speak broadly for a few other points. And that is on the Outstanding Issues that were mentioned, we suggest that staff consider four workshops, for example, dealing with storage, four workshops on
addressing some of those issues as they're integrated into the guidance document.

We also have some concerns that pre-certification has still not really been addressed and that's something that we would also recommend continuing dialogue with the staff on. Many of our members have already said that the certainty aspect of being able to use the Guidebook and understanding exactly what resource is going to count in the product content category is extremely important to our members, given the fact that verification on the utilities for those resources is not going to occur for quite a few months or years later. For example, if our members are using biomethane, depending on the date that it was actually brought into service, if it is upon our content Category 1, it would be great to know upfront that that's going to be counted as a Category 1.

And, again, this is something I raised in some of the workshops with staff, this is kind of a pseudo regulatory process and not necessarily all the comments that we've submitted were addressed, or at least explained why they may not be addressed at this point, and one of the particular issues is the fact that some of the decisions made within the Guidebook do affect our members on a cost perspective. And I would just look in
the future that, as changes are made in this Guidebook, and in moving forward as the RPS regulation becomes closer to being adopted, that the two kind of come together and cost, as far as what has changed in this Guidebook, and in the future regarding RPS, is looked at very closely for our members, so our members aren't impacted as we continue to implement and bring in new resources. So with that, I appreciate providing comments. Thank you.

CHAIRMAN WEISENMILLER: Thank you. Andy Schwartz.

MR. SCHWARTZ: Chairman Weisenmiller, Commissioners, thank you for the opportunity to speak today. I'm here on behalf of Solar City and I'll keep my comments fairly brief. I'm here to express support for the language in the revised Guidebooks specifically related to energy storage. I think the language provides much needed regulatory certainty and circumstances or to determine what circumstances are required for a storage system to be considered an addition or enhancement for the systems that Solar City is in progress on. This status has significant implications on interconnection costs and process under the Net Energy Metering Program. I think what we're seeing with the language in the Guidebook, coupled with efforts at the PUC related to
AB 2514 implementation, changes that now I guess are probably on the order of two-years-old related to the Self-Generation Incentive Program, we're really starting to see some policies coalesce, are really supportive of policies that coalesce around storage, and I think the changes to the Guidebook represent sort of the next step in that evolution of the regulatory environment and can really help some of these technologies gain some important traction in the market.

I don't want to spend too much time on the language because, as I said, I do believe it ended up in a very positive place there. I do specifically want to recognize both the Commissioner offices, as well as staff for all their efforts, given the time constraints that everybody is operating on, to really sit down with affected stakeholders regarding energy storage, and really at least understanding and listening to us on what our concerns are. I think some of the important nuances are captured in the language, in particular preserving the jurisdictional authority of the PUC on metering issues. You know, obviously when you are impacting or changing a Guidebook like this that is relied upon by other programs that are jurisdictional, other agencies, that kind of coordination is critical and I understand that the CEC just does pretty commendable outreach to the
PUC to make sure that the agencies weren't stepping on each other's toes. So I think with that, that's really all I have to say. I do again want to thank you for your time and staff's efforts on this, and look forward to adoption of the Guidebook today. Thank you.

CHAIRMAN WEISENMILLER: Thank you. Valerie Winn.

MS. WINN: Good morning. Valerie Winn with Pacific Gas & Electric Company. I wanted to express PG&E's support for the Guidebook adoption today. We were very pleased to see two areas in particular where updates have been made from previous versions of the draft, specifically in the area of certification of QF contracts and also in some of the count in full provisions and the clarity on the eligibility of the resource at the time the contract was executed, those were two good updates for us.

PG&E has provided a number of comments on the draft. There are still a few other areas where we would like to see some additional changes, and those have to do with the ability to procure prior period RECs for compliance, also with the eligibility of small DG programs, and some additional clarity in the biomethane area. First, on the ability to buy prior period RECs, when I say prior period RECs, these would be RECs that
said, for the compliance period from 2011 through 2013, our compliance reporting wouldn't be due until June of 2014. Once the books had closed on 2013, though, you may find that, oh, because you don't know what your sales were up through the end of the year, you might not have quite enough, and there may still be some RECs in the marketplace that were generated in 2011 to 2013, and we think we should have the authority to be able to buy those in 2014 to count towards our earlier obligation, our compliance obligation period. That would be something that would give people additional flexibility and, of course, you know, the generation was created in the time period for compliance. So we think that flexibility would be important.

And the second area with respect to eligibility of small DG facilities, that's an area where we have commented on many occasions that the metering requirements are very burdensome for small customer generators, and we would like to continue working with the CEC staff in those areas to try to come up with a program that's balanced and that will help accommodate the different sized generators that are in our system.

Lastly, in the biomethane area, because when we sign our contracts we want to be sure that our customers are getting the full benefit of the contracts that we
sign, so additional clarity on what will be used to
demonstrate eligibility of deliveries will be helpful.
In particular, as we're looking at physical flows, some
people who are getting the deliveries of that gas may not
actually get physical flow information and we would like
to be able to use gas schedules to demonstrate that we
have taken delivery of the gas. So those sorts of things
would still need to be worked out, but we certainly want
to make sure that, if we're spending money in procuring
biogas, which is eligible RPS fuel, that our customers
get the benefit of that, so some clarity there.

And then there is an element that requires, I
believe, load serving entities to provide the biomethane
contracts to the CEC so that they can verify the green
attributes that have been conveyed. We would like the
IOUs to be exempt from that provision because the CPUC
reviews and approves all of our biomethane contracts and
there are non-modifiable provisions in those CPUC
approved contracts about the conveyance of green
attributes. So we'd like to eliminate that.

Lastly, we think there is a definition that
seems to be missing from the Guidebook and that is on the
delivery path, and that seems to be a term that's not
specified for biomethane contracts. And PG&E would like
that to be defined as really being the delivery path as
between the point of injection and the ultimate point of delivery, that it doesn't need to be, you know, a very detailed descriptive definition, but that it should be defined in the Guidebook.

And we look forward to working with the team on the 8th Guidebook update, as I'm sure we will have one, and thank you very much.

CHAIRMAN WEISENMILLER: Thank you. I'm going to go to a couple parties on the phone. Let's start with Rachel Gold.

MS. GOLD: Yes, good morning. Can you hear me?

CHAIRMAN WEISENMILLER: Yes.

MS. GOLD: Great, thank you. This is Rachel Gold from Large Scale Solar Association. I'm a Policy Director and have a couple comments this morning. We appreciate staff's hard work in issuing the revised Guidebook quickly. But we continue to have some concern with some of the proposed revisions and feel that the rush to get the Guidebook out has not given the time necessary to fully develop or consider some of the changes, and I think that's been reflected in some of the earlier comments here this morning.

Specifically, we're concerned with some of the proposed revisions in actually the new biomethane section and the requirement of the delivery of new biomethane
procurement contracts via common carrier pipeline. Of particular concern is the new 50 percent flow test. It is unclear to where this standard came from and why and how it meets the requirements of AB 2196. We feel that setting a standard that from an annualized percentage of flow, in the place where we're relying on displacement to meet the statutory flow requirement and that that does not comply with the statutory language of AB 2196, which was intended to ensure the biomethane would be burned at the designated facility.

In addition, the section as written, the 50 percent flow requirement, doesn't appear to be easily verifiable, and we are concerned about the implementation of that section. We do really appreciate some of the other clarifications and changes that staff has made to this section in response to our comments and others, and look forward to continuing to working with the staff going forward on the next iteration. And with that, I appreciate the opportunity to provide these comments.

Thank you very much.

CHAIRMAN WEISENMILLER: Okay, thank you. Oscar Herrera from SCPPA.

MR. HERRERA: Hello. This is Oscar Herrera and I am the current Interim Director of Regulatory Affairs here at Southern the California Public Power Authority,
or SCPPA. SCPPA is a Joint Powers Authority that consists of 11 municipal utilities in SoCal and one Irrigation District. SCPPA would like to echo and support the verbal comments provided by LADWP, SMUD and CMUA. First and foremost, we would like to thank CEC staff for their hard work with this iteration of the Guidebook. However, SCPPA believes that this iteration of the Guidebook needs to be further revised. In general, the current draft of the Guidebook has not been fully vetted and assumes that the POU enforcement procedures have already been adopted. First of all, SCPPA does not believe that ample time was provided to fully review the Guidebook. The first comment period of this guidebook was twelve business days and was issued while the POUs were still reviewing the draft RPS enforcement procedures, which also requires our full attention. The second review period was approximately four business days and the Errata had a review period of two days. These documents are again being reviewed in parallel with the RPS enforcement procures. There are sections in the guidebook which state that if a biomethane resource has already been certified a utility only needs to submit that certification to the CEC. Yet there are other sections that state that a utility needs to resubmit all biomethane resources regardless if such
resources are already certified in the past. SCPPA wants a clarification in the guidebook that if a biomethane resource has been certified or pre-certified that the resource will remain certified or pre-certified.

Another issue is the metering formula for small solar installations, and this issue has been raised by all the parties as well. The current metering requirement is burdensome and we would appreciate the Commission’s reconsideration of this requirement.

Lastly, SCPPA is concerned about the PUC’s grandfathering provision of SB 2 1X which is an integral part of this guidebook as well as the RPS enforcement procedures. The current interpretation retroactively applies the utility guidebooks to utilities that were not subject to the guidebooks before SB 2 1X, an integral part of retroactively applying such rules to procurements that predate the RPS. SCPPA does not believe that the intent of the Legislature was to advocate to override the decisions of boards and councils that were made prior to SB 2 1X.

Again, SCPPA would like to thank the CEC staff for their hard work on this iteration of the Guidebook. We thank you for your time and consideration of these comments.

CHAIRMAN WEISENMILLER: Thank you. So there
are a couple parties in the room now, I was going to go
to Darren?

MR. BOUTON: Mr. Chair, thank you for your
flexibility and attempting to accommodate that. So my
name is Darren Bouton and I represent CYRQ Energy, and I
just have a couple of really quick points to make. CYRQ
urges the Commission to create a definition for station
service, rather than simply deferring to WREGIS, whose
definition, we believe, is somewhat arbitrary. We
propose using the FERC definition for station service so
that all renewable technologies are treated similarly and
can be on a level playing field in regards to what is and
what is not considered station service. Specifically
from our perspective, CYRQ is concerned that binary
geothermal is singled out and treated differently in the
WREGIS document that is referenced in the Guidebook
changes.

And finally, it's our understanding, and this
is more of a philosophical issue, but it's our
understanding that WREGIS was not really intended to be a
policy setting entity necessarily, and as a result of
that we tend to believe that we should rely on existing
policy setting entities such as FERC and/or the
Commission to define requirements that apply to our
industry.
We know that through the WREGIS process and through the CEC's process, there have been a variety of stakeholders who have commented on this one little specific issue of station service, and so we ask that you please consider that. And then, finally, if the CEC does intend to revisit the issue of station service, we would hope that maybe as a starting point you would consider using the existing FERC definition of station service as opposed to referring to WREGIS. With that, thank you for the opportunity, I appreciate your time.

CHAIRMAN WEISENMILLER: Thank you. Dario Frommer. Good to see you today.

MR. FROMMER: Good to see you, Chair Weisenmiller and Commissioners. Very very brief comments. I'm Dario Frommer. I'm representing JRE and Element Markets (ph), two vendors who have contracts executed and submitted prior to March 29, 2012. I really want to first and foremost thank the Commission and staff for working so quickly on this. For my clients, who have been waiting for more than a year for some certainty about this process, the speed with which this has been handled after AB 2196 has been passed, it's very heartening and we appreciate all the good efforts.

I do want to make a couple of comments still on the Guidebook, and some questions in the Guidebook with
regard to adjustments to existing biomethane procurement contracts. This would be on page 27. There is a provision here about quantities of biomethane, this is number 3, from sources that are identified which may be optional to the buyer. We believe that the intent of the law was to say, if there's an option in the contract for the Buyer, it's okay as long as the amount of gas on that option does not exceed the total amount contemplated under the contract. What this does is, any option in the contract, even if it does not exceed the total amount of the contract, is not permissible unless the Commission says okay. I'd like to work with the staff and talk to the Commission on revisiting that, we don't think that was the spirit of 2196. I think there was some legal issues inherent in that, the interference with the contract there, but we'd like to work with you on that further as things go forward. And again, thank you very much for the good work on this. We look forward to continuing to work with the staff and the Commission in implementing 2196.

CHAIRMAN WEISENMILLER: Thank you. Michael Boccadoro.

MR. BOCCADORO: Thank you. Michael Boccadoro with the Dolphin Group on behalf of two clients today, Biofuels Point Loma, LLC, and the Agricultural Energy
Consumers Association. And we're in support of the revised guidebook. I would be remiss if I didn't take a moment to thank Ms. Zocchetti and Mr. Herrera for working with Biofuels Pt. Loma, it's one of the first and among the only biomethane injection projects in California currently operating in San Diego, and it was unfortunately caught in sort of a gray area, and we appreciate the work that staff did to resolve that issue, so we retreated in the spirit of AB 2196.

And then finally, on behalf of the Ag Energy Consumers Association, we are encouraging a lot of dairy biomethane injection projects in California. We unfortunately, where collateral damage is probably in the moratorium, and we are looking forward to having the ability to once again inject biomethane into California pipelines that can be utilized either for transportation fuel or for energy production at directed facilities. And we look forward to the lifting of the moratorium, which I know is a separate agenda item on the Commission's docket today. Thank you.

CHAIRMAN WEISENMILLER: Thank you. Staff, we've had a lot of comments, and I just wanted to ask if there's any that you feel compelled to respond to. I'm thinking you don't have to, but just give you the opportunity.
MR. HERRERA: There were a lot of comments and we appreciate all the public comments that we received. I do note that there are some comments that overlap into the POU Regs and I think in that context that the Commission will be obligated in its Final Statement of Reason to respond in writing to some of those concerns. I know CMUA has raised this issue before in the past, and so the Energy Commission will be providing and, in fact, has to respond to the Responses in its Final Statement of Reasons, that will be part of the rulemaking package that is submitted to the Office of Administrative Law, so some of these points, again, it may raise, I believe, SCPPA, and LADWP, some of those points would be addressed in that context.

MS. ZOCCHETTI: Thank you. I did just want to take the opportunity to clarify Valerie Winn from PG&E's comment regarding submitting the biomethane contracts, whether it be to the CEC or the CPUC, and I appreciate that comment and opportunity to clarify. I believe that we will be working with the CPUC and I understand that they do already have the requirement to transfer the renewable attributes as one of their non-modifiable terms and conditions, and that they review the IOUs' contracts, and I'm aware of that. I just want to clarify, however, that the Energy Commission staff will still need the
biomethane contract because we need the execution date in
order to determine eligibility. So we can -- we would be
happy to have contracts with information that we do not
need if parties want to check with us and they can redact
that information, and just provide the contract
information that we do need. So we would be happy to
work with PG&E to clarify that.

CHAIRMAN WEISEN MILLER: Okay, thank you.

MR. HERRERA: Chairman, just also on that
point, there's a process obviously, the Energy
Commission's confidential designation regulations, where
the IOUs can submit information to the Energy Commission
and have it held confidential, so if there's not a way
that PG&E and the other utilities could submit that
information to us without redacting information, they
feel it's sensitive, then they can certainly make a
request to designate the entire document as confidential
pursuant to our regulations.

CHAIRMAN WEISEN MILLER: Great. Okay. With
that, I will, since I've stood out for comments and
questions, and then I'll turn to my other Commissioners,
first I'd like to note that it has been a push, we've
sort of committed to get this done quickly and we have,
and that's my recommendation today to the Commission is
that we move forward on this, recognizing that for every
update, there will be a pending update later, and for
every update we do, there are outstanding issues, and we
can talk a little bit about the process on this. But
generally, I've been working off the draft Guidebook put
together by Commissioner Peterman and her staff, Saul
Gomez, and I certainly want to thank them for that, we'll
get to acknowledgements later. But I think certainly as
we move forward, the basic intent is to implement the
Legislature, and certainly my Governor's direction on
renewables is that we all look at 33 percent as a floor,
not a ceiling, and that the intent is to move forward in
that direction, and obviously as we go forward part of
the intent is that we certainly trust the POUs, but we're
certainly in the job of verifying.

So with that note, when I'm talking about the
Outstanding Issues, certainly on station service we
received lots of comments concerning what we had tried to
do some minimal clarification and basically it's pretty
clear that what staff is recommending is one of the
Outstanding Issues. And at this point, where I want to
go is basically to leave the status quo language, but to
set up a process moving forward where we -- staff put out
an issue paper on this, that we really workshop it, and
that people come back with something which really gets to
the heart of the issues. I mean, these turn out not to
be easy issues, we're certainly not trying to
disadvantage some of the resource types, but it's really
important that we maintain the integrity of the program
here. And that's certainly been one of our guiding
principles is always that one of our obligations, the
State has a lot of policies promoting renewables, and our
job is to make sure that it is really renewable, it's
really green in terms of what we're certifying. So
moving forward, an outstanding issue, workshop it, and I
want the staff to start out with an issue paper and to
come back, work with the Presiding Commissioner, and sort
of come up with a fair resolution here.

On energy storage, again, this has been one
which -- this is certainly an area where we have
pioneered and moved forward a little bit. It's an
interesting topic because storage, per se, does not
change non-renewable power to renewable, you can't just
put a battery at a coal plant and claim it's now green.
But having said that, certainly storage has a lot of
valuable attributes and we've all pointed to Skinner's
Bill, AB 2514, and that what we're doing certainly to the
extent the battery is storing renewable power, that's a
good thing. And storage provides other benefits to the
grid. In terms of reliability, we want to encourage it,
but like I said, we were sort of taking a cautious first
step because there are -- again, this is an area that
needs to be thought through in a lot of respects and,
again, this may well be one where certainly workshopping
is necessary and we could talk about whether there's an
issue paper or not. But again, the fundamental principle
is that storage certainly is some addition for
enhancement to the renewable technology, but as I said,
it's not something that converts black power to green,
you know, or brown power to green, it just really is an
enhancement there and we want to maintain the integrity
of the program. I think certainly there's been a lot of
work, and when we get to the acknowledging part, we can
put it together, but I think we have a pretty good first
step, certainly the least regrets, certainly again one
where I think particularly we worked very closely with
the PUC, and so I think with clarifications in the Errata
that we basically can take the first step. And again,
certainly going forward, I'm sure this will be visited
more and more in the future Guidebooks.

In terms of biomethane, again, I think
generally it's been a push, but I think we got it right.
I think certainly Environmental Benefits section really
conveys the spirit of the law that what we're trying to
do in the area of biomethane is basically make sure that
it's providing the environmental benefits to us going
forward. I know there's been a lot of question over the physical flow part, and flow towards the facility, and the 50 percent, and we certainly struggled with it. That being said, I think it's the best cut at this stage, you know, where everyone really wants to move forward is to get some experience, see how it's working, see how to adjust it. Sometime, in another year or two, we can certainly play around more in that section, but at this point going to experience, certainly the direction to the staff is to be ready, I mean, we certainly appreciate that staff has pointed people to where the occupations are and we basically want to make sure that we start processing them tomorrow and that we move forward in a timely fashion, that's certainly the top priority is to get those through in a timely fashion. And as I said, certainly as we get experience, a year or two from now we can go back and revisit some of the flow questions.

So with that, again, it's hard work and a lot of time and energy, we can talk about that after we go through the various measures here in terms of the acknowledgements, but I do think, again, these things are never perfect and there's always a tradeoff between timing and perfection, but I think generally we've done pretty well on this one.

COMMISSIONER DOUGLAS: I just have a few
comments to add to that. As Chairman Weisenmiller noted, this is a package that Commissioner Peterman presided over pulling together and in the process of moving to put this out and to enable the Energy Commission to move forward and act in a timely fashion, of course, we all looked into these issues in great detail; I certainly did, I know the Chair did, and the other Commissioners did, as well.

And I think that this is an area where there are future conversations that are going to be needed and needed even possibly sooner rather than later in some cases. I reached a level of -- I reached a reasonably high level of comfort with the package in terms of being ready to move forward and ready to adopt today. And at the same time, I think we're giving the new Presiding member for Renewables an immediate set of issues to start looking into and to start seeing whether there's some calibration, or some additional work, or where there's some additional work that needs to be done.

So given the timeframe that we're working within, I think that this is a strong package, I think the Energy Commission should adopt it today. There were a lot of hard issues that we had to confront on this and that we will be back in not too long -- I won't try to say how many days, but back in relatively short order to
discuss when the RPS Reg package comes before us. And so this is a really important time for us in Renewable Energy. Our new lead Commissioner on Renewable Energy is going to be stepping into a very loud issue with very strong and, in some cases, differences of opinion that have to be heard, understood, and managed in a reasonable way to the maximum extent that we can. So I think those are my comments right now if other Commissioners would like to speak.

COMMISSIONER MCALLISTER: So thank you all for being here and those of you who spoke, and also for the Chair's and Commissioner Douglas' leadership on this issue, and certainly Commissioner Peterman, as well, who is sort of here in spirit at the moment.

You know, my time so far at the Commission has really shown me that this is a very difficult bunch of issues and also that staff, you know, Kate and her team and Gabe are really struggling with these issues because many times there are various viewpoints on any one issue, and it is difficult to resolve, as Commissioner Douglas said. And there are many many issues bundled up in this package, right, so you really do have to take it one issue at a time, and each issue tends to have its own set of stakeholders and set of viewpoints.

You know, I think a couple issues here seem to
have jumped out as ones that we definitely need to be looking at going forward, in particular. So I think that the sort of -- the fact that our state has a large group of publicly-owned utilities and, you know, the obvious group of investor-owned utilities does make it challenging because on the one hand we do want consistency, but on the other hand we want to respect the local autonomy of those jurisdictions, of the POUs, so there's a balance there, as well. But fundamentally, we want compliance and we need statewide compliance with the RPS, and so we have to have, I think, rules that balance that appropriately and there need to be really good reasons for any exceptions to sort of the, you know, anything near a consensus on any of these issues because we know that when there are exceptions everybody runs through that door. So I think there are ongoing issues here and we're going to talk about the Regs here pretty soon, but I do think fundamentally we need more green energy and the legislative intent, I think, on that general point is pretty clear.

I do want to highlight the metering issue and maybe ask Kate or Gabe to talk a little bit more about that because it's something that both PG&E and the POUs brought up. And, you know, I think that the net metering -- there are lots of issues in the net metering in the
state, I think we're going to see some evolution in the
net metering landscape in the next few years, but the
sort of idea that, you know, the need for that two
percent versus five percent, I think the perception out
there that that's burdensome, and at least going
backwards -- I guess my question is, are we talking about
retrofit -- or are we only talking only about looking
backwards, or looking forward for the two percent
necessarily requiring retrofits? But a little bit more
history of the discussions on that issue would be kind of
interesting to have at this moment. I have a couple
other questions, but go ahead.

MS. ZOCCHETTI: So I'll probably ask Mark to
chime in on the numbers if he has them in his head. I
think right when you first came, Commissioner McAllister,
we were addressing this at the Business Meeting about a
year ago and I think we addressed it at the previous
Business Meeting, and staff were asked to look into it
further, get more data, get more stakeholder comments,
and so I think you heard the result of that before. To
answer your question, it does apply to every facility
that participates in the RPS, not just going forward,
which I appreciate LA's comments that they are doing the
two percent meter, you know, on a going forward basis,
but they've asked for an exception for facilities that
have had meters installed in the past, many of which probably -- well, as most of you know, the State has a lot of incentive programs, one of which uses five percent meter, but those programs are for expected performance and they are not based on incentives paid for performance. Those incentive programs do require a two percent meter because of the revenue exchange and because of the need for accuracy. So generally speaking, without the details, the reason is just accuracy and, as the Chair was saying, integrity for the RPS Program. WREGIS requires a two percent meter, we explored the exception that is available there, and looked at all the data, and brought a proposal to the Commission that we maintain the two percent metering requirement for all facilities using the RPS. I don't know if at this time you want to see if Mark's memory bank is holding any data, or if you'd like to have a private meeting on that.

COMMISSIONER MCALLISTER: Well, the key point I'm hearing --

CHAIRMAN WEISENMILLER: I was going to suggest you may want to -- I sort of focused in on the same issue, and actually some of these things are not even metered.

COMMISSIONER MCALLISTER: Oh, no, absolutely, no, I'm very very familiar with that meter --
CHAIRMAN WEISENMILLER: So the more I dived into it, the more I got comfortable, frankly, that this was the way to go. But again, you always sort of have that twinge of "are we stuck there?" But it's so important in maintaining the integrity.

COMMISSIONER MCALLISTER: No, absolutely, I mean, I'm extremely familiar with that metering landscape and was involved in developing those rules on the incentive program side for five percent meters, so that's kind of why I'm digging a little bit on this now. But the point being, one key point here seems like that if you don't have a two percent meter, you actually can't get your RECs certified by WREGIS.

MS. ZOCCHETTI: That's correct.

COMMISSIONER MCALLISTER: Is that correct?

Okay, well, that seems like kind of a point to support.

MS. ZOCCHETTI: And I think for net metering, they do use two percent meters. Is that --

MR. KOOTSTRA: The facilities that are metered by the utility are able to get a portion of their RECs certified, so any facility participating in an AB 920 surplus arrangement are able to get that surplus certified. Any facility that is even not participating in that but uses a utility meter and can demonstrate that there is a measure of output that exceeds the amount of
importation of electricity, they can use that because those utility meters are two percent. I will admit that it is significantly less than the total output of the entire facility, but they are still able to get a portion.

COMMISSIONER MCALLISTER: They're only measuring the access production, right?

MR. KOOTSTRA: Yes.

COMMISSIONER MCALLISTER: Okay. Anyway, I might actually go for a little bit more detail on this going forward, but it seems like one issue that the burdensomeness, just making sure that it's really necessary, if we have to sort of make a docket list of things going forward, we should. So I guess I'm interested in hearing from the other Commissioners and staff about the processes for keeping some of these issues alive where there has been debate and there's clearly been a perception that the time pressure has been challenging and, you know, some perception that we may not have come down at the right place on specific issues. So what's our sort of process -- after we given Commissioner Scott an opportunity -- just hopefully we can talk about the process of what the options are for keeping the issues alive on a timeframe that's meaningful for stakeholders.
MR. HERRERA: Yeah, so Commissioners, this
document obviously is a living document and we've made a
number of changes and the Commission can direct staff to
explore issues and to come back within the spirit of a
certain timeframe with proposed changes if they feel
changes are warranted, and that's certainly an option
that's available to the Commissioners. So on any one of
these issues, for example station service, the Chair has
already directed us to prepare an issue paper and
workshop it, and storage, same thing. So those will be
issues that we will come back to the Commission with
suggested changes and those changes will probably need to
be reflected in Guidebook changes, so there will
certainly be an opportunity at that point to make
additional changes.

COMMISSIONER MCALLISTER: So we don't have to
wait for version 8, right, we can do this on the fly? Or
do we have to wait for version 8, is that what you're
saying?

MR. HERRERA: Well, but version 8 can come at
any time.

COMMISSIONER MCALLISTER: At any time, got it.

COMMISSIONER SCOTT: I didn't have too much to
add. I could see that the thought and the care and the
diligence that has gone into crafting this updated
version of the Guidebook, and so I just wanted to echo my fellow Commissioners' thanks to the staff and all the others who did all this hard work on this.

MR. HERRERA: So, Chairman, before you vote on this matter, I just wanted to clarify what you meant when you suggested that on station service you believe what the status quo, or what you're proposing is that we not adopt any of the changes that have been proposed, but rather go back to the language in the 6th edition of the Guidebook that referred to an obligation by participants to be members in WREGIS and that requires compliance with WREGIS rules. If that's the proposal, I just want to make sure we're clear on the record.

CHAIRMAN WEISENMILLER: Yes.

MR. HERRERA: Okay.

CHAIRMAN WEISENMILLER: Correct. Okay, so we have dealt with these three items collectively and so now we need motions on each of them, and the motions need to reflect the Errata.

MR. HERRERA: Chairman, I think this item is just the RPS Eligibility Guidebook and the Overall Program Guidebook, and I think we should consider the lifting the resolution -- or, excuse me -- the lifting of the suspension separately.

CHAIRMAN WEISENMILLER: Okay, so we will deal
with 4 and 5 collectively, and then go to 6.

COMMISSIONER DOUGLAS: All right, so I'll move to approve Items 4 and 5 with the Errata and with Mr. Herrera's corrections to the Errata, the footnote, correct?

MR. HERRERA: Footnote 39, correct.

COMMISSIONER DOUGLAS: Footnote 39 of the Errata in Item 4, correct?

MR. HERRERA: That's correct.

COMMISSIONER DOUGLAS: And maintaining the status quo on station service. So, in other words, not adopting any new language on station service at this time.

COMMISSIONER SCOTT: Second.

CHAIRMAN WEISENMILLER: Okay, all those in favor of this motion?

(Ayes.) This item passes 4-0.

CHAIRMAN WEISENMILLER: Now let's go to Item 6, lifting the suspension.

MR. HERRERA: So, Chairman, would it be helpful for me to provide a little background, a little context, before you consider this matter?

CHAIRMAN WEISENMILLER: Sure.

MR. HERRERA: Okay. So this item will be Commission's approval to lift the suspension of the RPS
Eligibility Guidelines related to biomethane, and that suspension was put in place by the Energy Commission on March 28, 2012, and the suspension was memorialized in Resolution 12-0328-3.

A little background. So the RPS Eligibility Guidebook, the 4th Edition, which was adopted by the Commission in December of 2010, identified biomethane as an eligible renewable energy resource and it allowed power plants that utilized biomethane delivered through the natural gas pipeline system to be RPS certified subject to the requirements and conditions in the Guidebook.

With the enactment of SB 1X2 in 2011, the Energy Commission was forced to reevaluate the RPS Eligibility Guidelines for biomethane delivered through the natural gas pipeline and the reason it did was because, even though SB 1X2 did not change the law with respect to the RPS Eligibility of the renewable fuels that are used to derive biomethane or specify how those renewable fuels should be delivered, or used by a power plant. SB 1X2 did established preferences for electricity generation that provided more environmental benefits to the state. Those environmental benefits could come by displacing in-state fossil fuel consumption, reducing air pollution within the state, and
helping the state meet its climate change goals by reducing greenhouse gas emissions associated with electrical generation.

It wasn't clear to Commission staff whether and to what extent the rules in the 4th Edition of the RPS Eligibility Guidebook advanced the environmental goals of SB 1X2 since the Guidebook did not require, for example, that the biomethane that was eligible displaced in-state fossil fuel consumption, that it would result in air pollution reduction within the state. And also, they did not establish the degree of requirements to verify this quantity of biomethane that was claimed as being used by a power plant, or that the necessary biomethane attributes were transferred from the biomethane producer to the power plant operator. So in order to evaluate these issues and ensure that the intended benefits of SB 1X2 were being realized, the Energy Commission suspended the RPS Eligibility Guidelines dealing with biomethane to give it a chance to evaluate these issues. At the same time, the Commission was informed that the Legislature was also concerned about these very issues and had expressed an interest in clarifying the RPS eligibility of biomethane. The Legislature subsequently enacted Assembly Bill 2196, which clarified the RPS Eligibility of biomethane in light of changes in the law in SB 1X2,
and also established RPS Eligibility requirements for biomethane, gave it some (indiscernible).

These new requirements for biomethane are now implemented in the adopted Guidebook by the Energy Commission, the RPS Eligibility Guidebook, and so therefore the Energy Commission staff now recommends the suspension on biomethane eligibility be lifted and our recommendation would be that the suspension be lifted at 5:00 today, and that parties be allowed to submit new applications, or revised applications, for the RPS Eligibility of facilities using biomethane once the Final Guidebook is adopted and posted on the Energy Commission's website. Thank you.

CHAIRMAN WEISENMILLER: Thank you very much, Gabe.

COMMISSIONER DOUGLAS: Move Item 6.

COMMISSIONER McALLISTER: Second.

CHAIRMAN WEISENMILLER: Okay, all those in favor?

(Ayes.) Item 6 is moved and it's adopted 4-0.

CHAIRMAN WEISENMILLER: So with that, I wanted to give a few acknowledgements. First of all, I certainly want to thank all the stakeholders for their participation in this process, particularly those of you who have been here today to share your perspective on the
issues. And I'd like to really thank the staff for their hard work on this. I think in the past year, I believe we've gone through three guidebook revisions, so this is one which is sort of -- it is a living document and, you know, as we go forward, and part of the reasons (indiscernible) find new issues emerge that affects the process. And certainly I want to thank them, I mean, for their expedited process to implement Assembly Bill 2196. That bill went into effect January 1, we have a staff paper out on the issues, workshopped it, and draft language within four months. So, again, that's a pretty heroic effort, essentially responding to the challenges of the times. And I think the thanks for that in part go to managers, obviously Rob Oglesby, Dave Ashuckian, Tony Gonzalez, by again, obviously a special thanks to Kate Zocchetti and her team, Mark Hofstra, Gina Barkalow, and Christina Crume, certainly thanks to all of you for your hard work on this. And of course, Gabe. I mean, Gabe always sets the bar for legal service. And as I noted before, certainly Commissioner Peterman and her Adviser really helped us get positioned for this, although as Commissioner Douglas indicated, we certainly had our fair share of digging into the issues; this thing really took a village to get to where it is.

And again, I think also in terms of talking
about the assistance on this, I really need to thank the PUC Commissioners, too. You know, we worked very closely with Commissioners Peevey, Ferron, and Florio, and separately of course (indiscernible), and their Energy Division staff to make sure that we could go through all the issues in the Guidebook, I mean, getting consistency means you really have to work at it and we really had a lot of work back and forth. As Andy said, certainly a lot of work on the issues revolving on the storage. And obviously I want to thank my Chief of Staff, Kevin Barker, who really helped me through this, and he had some assistance from dealing with Andy, too, on sort of working through the nuts and bolts. So, again, a huge team effort, certainly a lot of improvements on the existing Guidebook. At the same time, as I said, I think it's important to get the Guidebook on the street to deal with market certainty issues for a lot of people, and at the same time, as I said, this bus will be back and we'll pick up some of the areas, particularly station service and storage where we need to keep digging into the issue and get it right. So with that, let's go on to Item 7. So, again, thanks.

So Item 7 is Walnut Valley Unified School District. Possible approval of Agreement ARV-12-040 with the Walnut Valley Unified School District for $278,261.
And this is ARFVTP funding. Akasha Kaur Khalsa, please.

MS. KAUR KHALSA: Good morning, Commissioners.

My name is Akasha Kaur Khalsa, I'm from the Emerging Fuels and Technologies Office, the Fuels and Transportation Division. Staff requests approval of Agreement ARV-12-040 with the Walnut Valley Unified School District for a $278,261 grant to upgrade and expand their existing compressed natural gas fueling station with two new compressors to fuel 16 buses simultaneously, overnight. This project will allow the district to reliably refuel their existing fleet of compressed natural gas busses and continue replacing their older diesel buses with lower emission CNG buses.

The District expects to save approximately $49,500 annually from fuel purchase and reduce emissions by 14 times the carbon dioxide equivalent annually once 11 more buses are replaced within the next two years.

CHAIRMAN WEISENMILLER: Thank you.

Commissioners, any questions or comments?

COMMISSIONER DOUGLAS: No. I move approval of Item 7.

COMMISSIONER SCOTT: Second.

CHAIRMAN WEISENMILLER: Okay, all those in favor?

(Ayes.) Item 7 passes 4-0. Thank you.
CHAIRMAN WEISENMILLER: Let's go to Item 8, Los Angeles Unified School District. Possible approval of Agreement ARV-12-041 with the Los Angeles Unified School District for $300,000. James Zhang.

MR. ZHANG: Good morning, Commissioners. My name is James Zhang and I work in the Emerging Fuels and Technologies Office. Today staff is seeking your approval of a grant for $300,000 to the Los Angeles Unified School District, responding to PON-11-602 with the intention to support alternative fuels infrastructure. The Los Angeles Unified School District will install 30 single slow-fill compressed natural gas (CNG) dispensing units at the San Julian Bus Lot. Currently, there are no dedicated CNG fueling in the downtown area for the school district, thereby limiting the school district's ability to replace this existing diesel fleet with CNG vehicles. South Coast Air Quality Management District will be significantly expanding its school bus replacement, therefore encouraging CNG infrastructure and dispensing units at the school district will accelerate the conversion of 92 diesel buses into CNG vehicles which serve public schools within the downtown area of the school district. The beneficiaries of the proposed project are the students and the operations of the School District's Transportation Service Division. The project
will provide continued support for students by providing
safe dependable transportation services for students.

As the diesel buses are replaced, it is
estimated that it will reduce greenhouse gas emissions by
600 metric tons per year and eliminate emissions of 1,400
pounds of particulate matter per year, thereby reducing
the harmful effects of diesel emissions for the students.

In closing, staff asks the Commission to
support approval of Agenda Item 8 for a grant agreement
with the Los Angeles Unified School District in the
amount of $300,000.

CHAIRMAN WEISENMILLER: Thank you. I believe
we have a representative of the School District on the
phone.

MS. KIM: My name is Yihwa Kim. Good morning,
Commissioners. The Transportation Services Division of
the Los Angeles Unified School District would like to
thank this Commission for the opportunity to install 30
single slow-fill CNG dispensing units at the San Julian
Bus Lot. This would really help facilitate the
District's efforts on environmental stewardship and the
use of alternative fuel vehicles by expanding our CNG
fueling infrastructure. Thank you very much.

CHAIRMAN WEISENMILLER: Thank you.

COMMISSIONER MCALLISTER: I will move Item 8.
Chairman Weisnemiller: All those in favor?

(Ayes.) Item 8 passes 4-0. Thank you.

Chairman Weisnemiller: Let's go to Item 9.

Anaergia Services LLC. Possible approval of Agreement PIR-12-002 for $395,121, and this is PIER natural gas funding. David Effross.

Mr. Effross: Good morning, Commissioners. As you already know, I'm David Effross from PIER Transportation and staff requests approval of this agreement with Anaergia Services. This agreement came out of the solicitation PON-12-506, which was a solicitation for technologies that produce renewable natural gas with value added co-products or co-benefits. The reason these value added co-products and co-benefits were specifically targeted is because, as everyone knows now, natural gas that comes out of the ground is hitting historical prices, and for renewable natural gas to compete, we need to find ways to lower the prices and such ways would of course include additional revenue streams. This assisted project uses pyrolysis to reduce green waste through a condensate which can later be fed into a digester to produce natural gas and also to utilize biochar which is a soil amendment, which is the value-added revenue stream.
I also have with us here Juan Josse, who is the
Chief Engineer of Anaergia Services, to answer any
specific and technical questions.

CHAIRMAN WEISENMILLER: Great. Thank you. Mr.
Josse, do you want to come forward?

MR. JOSSE: Thank you very much. Good morning
and thank you for the opportunity to be here.

CHAIRMAN WEISENMILLER: Thanks for being here.

Commissioners, any questions or comments for either of
these gentlemen?

COMMISSIONER MCALLISTER: I'd kind of like to
know a little bit about the site and the sort of facility
they're going to be doing this work in.

MR. JOSSE: Sure. We have had conversations
with the City of Anaheim, it handles 400 to 600 tons of
green waste per day, and the idea is in that facility to
locate a smaller Priority 6 unit in order to get 300 to
600 tons per day, a smaller demonstration, but it would
handle approximately 400 pounds an hour, and the concept
is to generate the condensate there (indiscernible) 250
gallon to demonstrate the digestibility of this
condensate. We have been working in our labs and have
been obtaining an excellent biogas yield from the
pyrolysis and green waste pyrolysis liquid. So the
objective is to demonstrate up there and we can generate
(indiscernible) 250 gallons per day of this liquid that we will store over the week, and then it would be part of our concept to introduce that into a large digester. We have a digester demonstration in Victorville, of the Imperial Valley Wastewater Reclamation Authority, and our concept is that we want to demonstrate at the location in Anaheim (indiscernible). We will take basically 3,000 gallons every week to this digester in Victorville and we will feed that to this digester, co-digesting with sewage and with food waste to further demonstrate a larger scale the digestibility of this condensate.

COMMISSIONER MCALLISTER: Interesting. Where is the match coming from?

MR. JOSSE: Excuse me?

COMMISSIONER MCALLISTER: Where is the match funding coming from? Is it coming from the company itself, or from a different source, the match funding?

MR. JOSSE: Oh, the match funding is from our company, our company's energy services, we are in Carlsbad, California, and we are an anaerobic digestion and waste to value company. We develop our own technologies and also develop projects, energy projects, and so the match funding which is about $440,000, is from us.

COMMISSIONER MCALLISTER: Thank you.
CHAIRMAN WEISENMILLER: Thank you. Any questions or comments? A motion?

COMMISSIONER SCOTT: I move Item 9.

COMMISSIONER DOUGLAS: Second.

CHAIRMAN WEISENMILLER: All those in favor?

(Ayes.) Item 9 passes 4-0. Thank you. Thanks for being here.

MR. JOSSE: Thank you.

CHAIRMAN WEISENMILLER: Let's go on to Item 10, which is Foresight Renewable Solutions. Possible approval of Agreement PIR-12-004 for $1,749,000. This is PIER Electric Funding. Mike Kane.

MR. KANE: Good morning, Commissioners. I'm Mike Kane with the Energy Generation Resource Office. This project of Foresight Renewable Solutions is one of the recommended projects from our recent grant solicitation named Community Scale Renewable Energy Development Deployment and Integration, or REDDI. This project falls under the research area of Community-Scale Renewable Integration Demonstration of the REDDI solicitation. In this project, Foresight Renewable Solutions will partner with light-scale energy in the Naval Facilities Engineering Command at Naval Base Ventura County to deploy and demonstrate solar PV integrated with an innovative energy source system and
microgrid management capability at the Navy's Engineering and Expedition Worker Center. Key features of the project will include installation of approximately 150 kilowatts of solar PV at the Center's Mobile Utility Support and Equipment, or MUSE facility, deployment of a beta version of an above-ground compressed air energy storage system, also known as CAESS. The system will be sized at approximately 300 kilowatts and have about one megawatt hour storage capacity. The real world demonstration of light-scale's unique thermal compressor work expander that it uses water injection during the compression and expansion phases and microgrid capability sufficient to enable the solar storage system to support critical MUSE facility loads for up to 24 hours in fully islanded mode. This project will highlight for the first time the bulk storage capability of above-ground CAESS technology, which has the potential to achieve high energy density at low cost, to enable intermittent distributor renewable electricity to support community-scale applications requiring high energy security and high demand. If successful, this project will be a significant step towards shaping the dispatch characteristics of intermittent renewables to effectively mimic conventional generation.

This grant is for $1,749,000 with match funding.
of $1,243,570 in the form of cash and in-kind services
from Foresight and its partners. We are requesting your
approval of this grant agreement. Thank you.

CHAIRMAN WEISENMILLER: Thank you.

Commissioners, any questions or comments?

COMMISSIONER DOUGLAS: No. I move approval of

Item 10.

COMMISSIONER SCOTT: Second.

CHAIRMAN WEISENMILLER: All those in favor?

(Ayes.) Item 10 passes 4-0. Thank you.

COMMISSIONER WEISENMILLER: Let's go on to Item

11. Electricore, Inc. Possible approval of Agreement

PIR-12-005 with Electricore for a $750,000 grant. Rhetta

DeMesa, please. And this is PIER Electricity Funding.

COMMISSIONER MCALLISTER: I will recuse myself

from this item because a former employer of mine is

actually settling (ph) this contract, so I won't vote.

MS. DEMESA: Good morning, Chairman and

Commissioners. My name is Rhetta DeMesa with the Energy

Generation Research Office. And we are seeking approval

today of the $750,000 grant to Electricore, resulting

from a solicitation that focused on plug-in electric

vehicle battery standardization recycling.

Under the agreement, Electricore will work in

collaboration with the California Center for Sustainable
Energy (indiscernible) gas and electric and Ricardo (ph) to complete an in-depth study of the potential impacts of the design and process changes required for PEV system standards, including manufacturing and design vehicle competitiveness with other technologies and battery removal and manufacturing costs, and the economic benefits that would result from those.

To complete this, Electricore will survey the PEV marketplace, including OEM and battery manufacturers and utilities and propose design options for standardization of battery modules for vehicle and (indiscernible) applications.

Also, they will use lessons learned from previous standardization efforts and techno-economic modeling to identify barriers of having standard battery system design, and provide recommendations of potential paths to commercial adoption. Information resulting from this effort will be used to inform industry of the market value of the standardization of battery systems, develop battery standardization strategies, and identify the cost and benefits associated with developed strategies, as well as the overall impacts making the commercial PEV market in California more economically viable.

In closing, staff recommends approval of this agreement.
CHAIRMAN WEISENMILLER: Thank you.

COMMISSIONER DOUGLAS: So thank you for that.

This looks like another really good project. I'll move approval of Item 11.

COMMISSIONER SCOTT: Second.

CHAIRMAN WEISENMILLER: Okay, all those in favor?

(Ayes.) This item passes 3-0. Thank you.

CHAIRMAN WEISENMILLER: Let's go on to Item 12.

Humboldt State University Sponsored Programs Foundation.

MR. O'HAGAN: Good morning, Commissioners.

CHAIRMAN WEISENMILLER: Hang on two seconds.

So first of all, this is Agreement 500-12-005. This is $200,000. This is Pier Electricity Funding, with Joe O'Hagan, and I just needed to let Commissioner McAllister to come back on the dais.

MR. O'HAGAN: Thank you, Chairman Weisenmiller.

Good morning, Commissioners. My name is Joe O'Hagan. I'm in the Energy Generation and Research Office in the R&D Division. A major issue for wind and solar energy permitting in the Desert Renewable Energy Conservation Planning area has been a lack of information on the population's status and dynamics of Golden Eagles. This is a protected species under the Bald and Golden Eagle Protection Act, and there's also a need for information
on their demographic status to inform mitigation and
management strategies to be identified in the DRECP plan,
itsel. There's also a need for information on how
renewable energy development in the DRECP will affect the
species.

The proposed project before you is to address
information on the status of the species by conducting a
series of aerial transects, by having aircraft identify
the age and abundance of Golden Eagles within the DRECP
and adjacent areas in Imperial County. A large number of
transects will be conducted, the first set will be early
in the year during the breeding season, and then the
second set will be conducted late summer, early fall,
when the flood zone has left in that.

This project was developed through a working
group of Federal and State agency staff in trying to
identify research priorities addressing the Golden Eagle
and the DRECP, and this project and a companion project,
which is on the May 8th Business Meeting agenda also
addresses the Golden Eagle.

I'm available for any questions, and thank you
very much.

CHAIRMAN WEISENMILLER: Thank you.

COMMISSIONER DOUGLAS: I will raise a comment
first. Thank you for that presentation and thanks for
your work in this area. This is really important work because issues related to the possibility of take of the Bald and Golden Eagle, particularly the Golden Eagles in many of the areas where we work, are a real and present concern with permitting renewable energy projects, both wind and sometimes solar thermal. Projects have encountered that issue and increasingly photovoltaic projects that are proposed are also having to analyze potential impacts on Golden Eagles, particularly due to potential loss of forage. So there are a number of different ways that renewable energy projects can affect eagles and this research will be extraordinarily valuable for the State in partnership with the Federal agencies and stakeholders to really improve our handle on eagle populations, on ways of thinking about eagle conservation, and within the context of thinking about eagle conservation understanding better what types of mitigation and what types of investments in conservation are best placed to really support eagle populations. So I see this as very important and very timely work, and so appreciate you bringing this forward. I look forward to moving the item, unless there are any other questions. I don't see any. So I move approval of Item 12.

COMMISSIONER MCALLISTER: Second.

CHAIRMAN WEISENMILLER: All those in favor?
(Ayes.) Item 12 passes 4-0. Thank you.

MR. O'HAGAN: Thank you very much.

CHAIRMAN WEISENMILLER: Let's go on to Item 13.

U.C. Davis. Possible approval of Agreement 500-12-06. This is for a $900,000 Interagency Agreement, and this is PIER natural gas funding. Simone Brant.

COMMISSIONER DOUGLAS: Chairman Weisenmiller, before we continue with this item, I just wanted to make one disclosure. On Item 13, the Regents of the University of California is an interested party; I'd like to disclose for the record that I'm an Adjunct Professor at the University of California. This is at King Hall, the U.C. Davis School of Law, where I am teaching a Renewable Energy Law seminar. King Hall is a different department than the department interested in this contract, therefore our Chief Counsel advises that there's no conflict of interest. For the record, I'll also disclose that I am teaching this seminar with Chief Counsel Michael Levy, so this disclosure relates to him, as well.

MS. BRANT: Good morning, Commissioners. I'm Simone Grant from the Energy Generation Research Office. Staff requests approval of this agreement with U.C. Davis for $900,000. Our greenhouse gas emissions inventory estimates that 1.6 percent of natural gas is lost through...
fugitive methane emissions. There's evidence that this figure is un-estimated; for example, a recent study in Los Angeles estimated methane emissions at 3 percent.

In terms of meeting the State's greenhouse gas (indiscernible), it's important to get a better estimate of the volume of fugitive emissions for the natural gas infrastructure and where the leaks are located. This will provide a more reliable baseline from which to measure and reduce emissions and enable identification of mitigation options. The study will survey methane emissions from key sectors of the natural gas system, including production, processing, transmission, distribution, and end-uses in buildings, air base, land base, and building level measurements will be taken to quantify emissions at building neighborhood facilities at reasonable levels.

CHAIRMAN WEISENMILLER: Thank you. I was just going to say this is extremely important for a couple of reasons, obviously we need to understand the fugitive emissions, the other thing is obviously, as we've all looked at safety issues, and I guess May 6th, a lot of that comes together in the PUC context, that at least the EPA recently reported this week that obviously, in terms of technological challenges, you know, reducing leaks on pipes, is less than some of the other things we're
dealing with, and to the extent that adds both economic
and environmental value, and safety issues, that
presumably we're going to see more progress on this issue
over time, but at least study at the baseline, identify
where the leaks are so we can come up (indiscernible) is
just critical. Any other questions or comments?

COMMISSIONER MCALLISTER: Yeah, I would just
echo what Chair Weisenmiller said. This is a really
critical effort to generate baseline information to
understand our infrastructure, our aging infrastructure
in many cases, and particular as this relates to climate
change, you know, obviously a huge deal with lots of
differing opinions and not as much factual basis as we
would like to understand what the fugitive emissions
actually are, and if it turns out there they're a couple
percentage swing either way, that's actually really
critical for understanding the common impact of our
natural gas systems. So I'm really excited about this
and I feel like it's a good project.

So I will move Item 13.

COMMISSIONER DOUGLAS: Second.

CHAIRMAN WEISENMILLER: All those in favor?

(Ayes.) Item 13 passes 4-0. Thank you.

CHAIRMAN WEISENMILLER: Items 14, 15 and 16
will have at least a common presentation on that. So
these are contracts with PG&E, San Diego, and Edison.

These are amendments to contracts from the New Solar Homes Administration. And these all have RRTF and ERPA funding. And for PG&E, it's $685,562; for San Diego, it's $360,087; and for Edison, it's $454,351. And Le-Guyen Nguyen is going to give this presentation today.

MS. NGUYEN: Good morning, Chairman and Commissioners. My name is Le-Guyen Nguyen. I'm the program lead for the New Solar Homes Partnership Program. I will be presenting Items 14, 15 and 16 today. All three items are amendments to existing contracts for the administration of the New Solar Homes Partnership Program at Pacific Gas & Electric Company, Southern California Edison Company, and San Diego Gas & Electric.

The New Solar Homes Partnership Program, also known as NSHP, began in January 2007 and has the goals on selling 400 megawatts of solar electric capacity by the end of 2016. The program is designed to offer incentives to builders and homeowners for the installation of eligible solar energy systems on new and energy efficient residential construction.

In 2007 and 2008, the Energy Commission entered into agreements with PG&E, SCE and SDG&E for the administration of the New Solar Homes Partnership Program in their respective electric service territories. Under
these agreements, the administration and duties include
the day-to-day processing of reservation applications and
payment claims to the operations of a call center and
various other customer service activities.

All three administration agreements are
scheduled to expire on June 30, 2013. The proposed
amendment adds additional time and funding to each
agreement and includes minor changes in the scopes of
work to allow for continued administration of the program
by PG&E, SCE, and SDG&E.

Item 14 is a contract amendment for PG&E. The
proposed amendment adds $685,562 and extends the
agreement by 18 months; Item 15 is a contract amendment
for SDG&E, the proposed amendment adds $360,087 and
extends the agreement by 18 months; and Item 16 is a
contract amendment for SCE, and this proposed amendment
adds $454,351, and also extends the agreement by 18
months.

I respectfully request your approval of Items
14, 15 and 16, and I would be happy to take any questions
or comments you may have.

CHAIRMAN WEISENMILLER: Thank you. We also
have Valerie Winn who would like to speak, so we'll take
Valerie's comments and then we'll take questions or
comments for both of them.
MS. WINN: Good morning again. Valerie Winn with Pacific Gas & Electric Company. We wanted to express our support for the approval of this contract. We have a long history of working with the Energy Commission and the administration of the New Solar Homes Partnership, and this contract will have us continuing to do that work for some time going forward. We have been trying to work with staff to have some additional flexibility added to the contract, particularly where there are changes in the program scope and where our team has been asked to take on additional tasks that may not have been envisioned in the original program agreement.

We certainly believe we'll be able to continue to administer the program with the funds that will become available over the next 18 months, but certainly it really highlights our need to move forward with streamlining of the program so that we'll be able to continue our administrative functions within the projects that have been authorized.

So thank you for your support on this program, and we do look forward to continuing to work with the CEC on this program.

CHAIRMAN WEISENMILLER: Thank you. I mean, obviously I was going to say, I mean, certainly one of my hopes is that we can figure out ways to streamline the
program and I think Commissioner McAllister, I mean, who
is certainly responsible for the streamlining, we'll talk
about that --

COMMISSIONER MCALLISTER: I share that hope.

CHAIRMAN WEISENMILLER: -- and at the same
time, you know, it is true that we do get the calls from
whatever angry constituents about the administration of
it, so if we can get this simpler, either through
streamlining, flexibility, or whatever, that would be
very good.

COMMISSIONER MCALLISTER: So thank you,
Valerie, for your comments. As everyone may know, but
I'll say it, staff is going to have a workshop here in
the next month or so on -- could you remind us of the
date, Le-Guyen?

MS. NGUYEN: We don't have it scheduled yet --

COMMISSIONER MCALLISTER: Oh, we haven't
scheduled it yet, okay --

MS. NGUYEN: But we're hoping for the end of
June, beginning of July.

COMMISSIONER MCALLISTER: Okay, so a little bit
further up in the month, but there's a staff workshop
coming out to highlight some of the issues that we
definitely know that we definitely want to get on the
table to resolve, and then I am planning after that very
likely to open up a proceeding, a (indiscernible) process for the NSHP really with an eye to streamline and making the program more useable really, now that we have a healthy market, we have development going on, that's a very good thing, the numbers are much bigger than they've ever been, another great thing, and we have a program that was designed for sort of a different reality, I mean, and we need to update that program design and make sure that what we're asking of the marketplace makes sense and is doable for them in a reasonable timeframe. And so that's the overall goal. We're very much looking forward to all the stakeholders jumping on that and particularly to the investor-owned utilities who have been administering the program, so we can highlight any issues, both between the Commission and the administrators and between both the stakeholders who want to participate and avail themselves of the resources that the program brings. The interaction, the relationship between energy efficiency and solar is obviously one of the key areas where we need to really talk through what's appropriate, so I'm looking forward to doing that. And the overarching goal is to make it useable for the participants and also make the most effective use of state resources that we possibly can. And I think we are fortunate in that we have a lot of uptick in the
marketplace and we can use that to our favor to make sure that we're doing the right thing for that marketplace.
So a lot of people are interested in this who are going to bring good ideas to the table, so I'm excited to get that going. So I would support all three of these items. So I'll just go ahead and move Items -- should I do them one-by-one?

COMMISSIONER DOUGLAS: All three.
COMMISSIONER MCALLISTER: Great. So I will move Items 14, 15 and 16.

COMMISSIONER DOUGLAS: Second.
CHAIRMAN WEISENMILLER: All those in favor?

(Ayes.) Items 14, 15 and 16 are approved 4-0.

Thank you.

MS. NGUYEN: Thank you.

CHAIRMAN WEISENMILLER: Let's go on to Item 17, Minutes. Possible approval of April 10th Business Meeting Minutes.

COMMISSIONER DOUGLAS: Move approval.

COMMISSIONER SCOTT: Second.

CHAIRMAN WEISENMILLER: I'm going to abstain on this issue.

COMMISSIONER MCALLISTER: All in favor?

(Ayes.)

CHAIRMAN WEISENMILLER: So it's 3-0, approved.
Let's go on to Lead Commissioner and Presiding Member Reports.

COMMISSIONER MCALLISTER: I just want to highlight a couple of things. The week before last, I've been to a couple of events that I wanted to highlight, one was a Fall (ph) Leaders event over at the PUC about data, nominally -- mostly about the use of customer consumption data for analysis purposes and established baselines, and the main presentation was from UCLA, they've been doing quite a bit of work with DWP on establishing energy consumption baselines and understanding patterns in the LADWP area, not at the individual customer level, but at a slightly more aggregated level, and there's a lot of discussion there about the possibilities -- well, the need for and the possibilities for better information both for the agencies, ourselves, and for researchers certainly to ask the important questions of the day to help inform policy, then more broadly what kinds of information should be acceptable, more publicly. Obviously lots of discussion and caveats about the security and the customer privacy issues involved, but -- and I was a panelist there really to talk about it from the agency's perspective, from the CEC's perspective, what we need going forward. We've learned a lot with ARRA funds and sort as we have moved
into a more -- as we have been apt to be more of a
program administrator over time and also we really --
California is moving towards a more distributed energy
future and, as we should be, as we get asked by the
Legislature, by the individual members, and others in the
Capitol and beyond, to be accountable for our program
decisions and what we're doing out there in the world, we
also need -- and I absolutely want to answer those
questions, as I'm sure the other Commissioners do as well
-- we do need data commensurate with the questions being
asked, and in order to have transparency and
accountability. And to inform good policy going forward,
we really do need a higher level and more consistent and
longitudinal information about how people are using
energy and how people are participating in the programs
that we design and implement, we have different ways
there, but specifically to the Commission. So I thought
that was a really good start to the discussion. The PUC
has a number of proceedings that are relevant for the
data question, certainly the Smart Meter proceeding is
one of those, but really this is not even primarily, I
would say, about Smart Meter data, it's really about just
having more longitudinal data, even if it's just monthly
billing data, and kind of project program-related
information that then can actually help us move the
mountains that we need to move going forward, as we have
incredibly aggressive goals for energy efficiency. We're
trying to do Demand Response, we're trying to understand
how those interact with local small-scale generation, and
how those impact the electricity grid, just a lot of
important questions that we need to more granular
information to appreciate it. So I offered to assist and
possibly host a follow-up discussion here in Sacramento,
it might happen here, it depends on how it takes shape,
but this issue is particularly important and we're teeing
it up in the AB 758 context to enable -- establish some
of the metrics and to let us really understand how the
marketplace is evolving over time with the existing
building upgrades. So I wanted to highlight that.

And then the next thing, I actually did an
event in LA, the LA Sustainability Summit, organized by
the LA Business Council, and it was a really excellent
day long set of panels, and I was able to moderate one
with Ron Nichols from LADWP, with Nancy Skinner,
Assemblywoman Skinner, Senator Pavley (indiscernible),
and Richard Maulin, so it was really a fun panel, sort of
looking towards the future of the energy system. So I
thought it was really excellent and from that, I think LA
is its own thing, it really is a unique entity, large
large lots of different stakeholders, unique politics to
that particular area, and so that generates a lot of
interesting discussions that I think often are going to
always make it up to Sacramento. And one in particular I
would like to highlight is the LA FIT, the Feed-In Tariff
Program, it started out with 17 cents, and that tranche
got eaten up pretty much immediately, they're going to go
down to I think 15 or 13 cents, and the 13 cents, and
then they're going to revisit and see whether those
prices could even be lowered further. So I think they
have had incredible success in a very short period of
time with -- it's the largest FIT in the state that's
currently in operation, and I think it's an extremely
valuable example to look at broadly as a policy community
and I would just end by saying that companies who have
been reticent to come to California to develop solar,
when the LA FIT came out, they dropped everything and
they rushed out here and opened offices, and put in bids
and they're now building projects, and I think that's a
really good demonstration of how a program like that can
stimulate the marketplace in a good way. So I enjoyed
that and look forward to it next year.

CHAIRMAN WEISENMILLER: Yeah, I was going to
say the last couple of events I've been to in LA, I've
had the similar feeling that, you know, we do need to
actually have a presence there, you know, that it is as
you know a very large sophisticated area that the PUC has
the luxury of having an office in LA, we don't, so I
think that makes it more incumbent on the Commissioners
to spend some face time down there.

I was going to mention, in terms of stuff that
I've done the last couple of weeks, obviously I missed
the last Business Meeting, first I'll start with CFEE, at
least so far, they had their annual meeting on energy
which is their opportunity to sort of provide a very
broad context for new Legislators on energy, and there
are a substantial number of new Legislators this year,
and a fair number of those -- and actually quite
experienced Legislators who were there -- I was there,
Kevin Barker was there for a day, Commissioner McAllister
was there, Rob Oglesby was there also for a day, pretty
good sessions, so far none of us have made it in the
Chronicle for having attending it, but it was sort of a
good event. I actually spoke on two panels, one was
Commissioner Peevey, President Peevey, on loading order,
and then started off the next day with Mary Nichols,
Steve Berberick (ph) and Peevey again on coordination
across the agencies. And both of those were fun
discussions, and Andrew was on a panel on Energy
Efficiency, so again we've sort of covered the waterfront
for the new Legislators, and a good chance to talk. I
would point out in passing that Mary Nichols made the New
York Times list of top 100 Influential People for her
public service in the environment, in quite a -- well,
she's done quite a lot and it's quite a testimony to what
she's done.

The other thing I was going to mention was
obviously I've been to China with the Governor. That was
a wonderful opportunity. There was a small handful of
State officials, a delegation of about 90 people, so you
can imagine at one point I got the email which ultimately
went through the number of miles, the number of cities,
the number of banquets, we didn't try the number of times
Mike Rossi (ph) got lost, you know, the number of high
speed rail trips, we did one from Beijing to Shanghai,
and then we did one from Shanghai to Nanjing. Obviously
at some point it became more the smaller -- along with
the stuff with the delegation, the Governor had a very
active series of meetings with Chinese officials ranging
from the Premier of China through national officials who
obviously some of the cities, having said that, for
scale, if you're in a city of 23 million people, that's
not quite California, but in fact there's a city of 33
million people, so even going from the experience in
China, I think some of the new initiatives are more
likely at a provincial or city level, so again we really
covered the waterfront on meetings and, beyond that, Matt
Rodriguez and I did a series of meetings with different
both local officials and with NGOs, so I think in terms
of seeing the sites, I had a 45-minute sprint through the
Forbidden Cities, you know, and in Shanghai I managed not
to get caught up in one afternoon at another banquet and
at least saw some of the city, but it was a pretty
intense period of time, but we got a lot accomplished and
certainly the Administration's position is we will
follow-up on stuff. And I should also mention certainly
we offered -- we opened up a trade mission in Shanghai
and, as part of the Shanghai event there, there was
another event in the U.S. Embassy in Beijing, basically
Rossi announced several -- basically some substantial
deals that were pulled together as a result of our trip.
So, again, it was pretty successful ranging from the
business development side to the conversations with the
Chinese on this, and energy issues, and basically at the
same time certainly it's always fun to listen to the
Governor particularly in the conversations we were having
with the Chinese officials, they really liked it at the
end because actually the Shanghai newspaper commented
that, along with other things, he's sort of talking about
the cultural issues that, you know, China has such a long
legacy of culture, he sort of quoted Confucius at various
times and sort of tried to connect back to the more human
element along with business issues and environmental
issues that we're struggling with. So, anyway, it was a
fascinating -- I've been asked to basically worry about
follow-up. So anyway, there will be more work in China.

COMMISSIONER DOUGLAS: I have no report.

CHAIRMAN WEISENMILLER: Item 19. Let's go to
Chief Counsel's Report.

MR. LEVY: Good morning, Commissioners. I do
not have a report today.

CHAIRMAN WEISENMILLER: Item 20. Executive
Director's Report.

MR. OGLESBY: Well, nothing too entertaining,
but more of a nuts and bolts report, kind of a warning.
We are approaching the end of the fiscal year and I
wanted the public and the Commissioners to be aware that
our next couple of meetings, one on the 8th, one on June
12th, are likely to have longer than usual agendas, so
folks wanting to participate should plan their activities
accordingly and their logistics because we will have a
number of items that need to be completed and acted upon
before the end of the fiscal year.

CHAIRMAN WEISENMILLER: Great. Thank you.


MR. ROBERTS: I have nothing to report.
CHAIRMAN WEISENMILLER: Item 22. Public Comment? This meeting is adjourned.

(Whereupon, at 11:21 a.m., the business meeting was adjourned.)