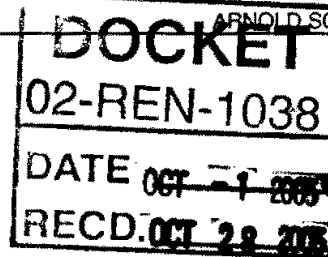


**CALIFORNIA ENERGY COMMISSION**

1516 Ninth Street  
Sacramento, California 95814

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



Implementation of Renewables	)	Docket No. 02-REN-1038
Investment Plan Legislation	)	Renewable Energy Program
(Public Utilities Code Sections	)	NOTICE OF BUSINESS MEETING
381, 383.5, and 445; [SB 1038])	)	RE: Changes to the Existing Renewable
	)	Facilities Program Guidebook

**NOTICE TO CONSIDER ADOPTION OF CHANGES TO THE  
*Existing Renewable Facilities Program Guidebook***

The California Energy Commission (Energy Commission) will hold a regularly scheduled Business Meeting on:

**WEDNESDAY, November 16, 2005**

10 a.m.

**CALIFORNIA ENERGY COMMISSION**

1516 Ninth Street

First Floor, Hearing Room A

Sacramento, California

(Wheelchair Accessible)

Audio from this meeting will be broadcast over the Internet.

For details, please go to:

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

As part of the November 16, 2005, Business Meeting, the Energy Commission will consider adopting revisions to the *Guidebook for the Existing Renewable Facilities Program (Guidebook)*. This *Guidebook* was initially adopted in February 2003. The Energy Commission's Renewables Committee (Committee) recommends these *Guidebook* revisions pursuant to Public Resources Code section 25747, which authorizes the Energy Commission to adopt substantive changes to the *Guidebook* upon providing ten days written notice. Changes shall take effect once approved by the Energy Commission at a publicly noticed meeting.

The California Biomass Energy Alliance (CBEA) submitted a written request to the Committee that the Target Price and the Cap in the Existing Renewable Facilities Program (ERFP) be increased for Tier 1 biomass facilities by \$0.008 cents/kWh for generation from August 1, 2005 through December 31, 2006. The request by the CBEA reflects increases in the cost of diesel fuel to collect, process, and transport biomass

fuel. The Committee has considered the CBEA's request and is recommending the Target Price and Cap be increased pursuant to Public Resources Code section 25742, subdivision (b), which authorizes the Energy Commission to adjust these values to reflect changing market and contractual conditions as well as inflation. The Committee recommends increasing the Target Price and Cap as follows and proposes *Guidebook* revisions accordingly:

- Increase the Target Price and the Cap for Tier 1 biomass facilities only, by \$0.005 / kWh.
- The increased Target Price and Cap will apply to generation produced from November 1, 2005 through June 30, 2006.

Although this increase is less than requested, the Committee believes it is reasonable given the effect of the new federal production tax credit for biomass facilities. In addition many of the biomass facilities participating in the ERFP will be negotiating new power purchase contracts with their procuring utilities and should be encouraged to negotiate contracts that reflect the increased costs of diesel fuel to collect, process, and transport biomass fuel.

The proposed *Guidebook* revisions are posted on the Energy Commission's website at:

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

Hard copies of the proposed *Guidebook* revisions may be obtained by contacting Janet Preis by phone at (916) 654-4524 or by e-mail at [jpreis@energy.state.ca.us].

### **Written Comments**

The Energy Commission encourages members of the public to submit written comments on the proposed *Guidebook* revisions in advance of the Business Meeting. An original and 21 copies of any comments filed by mail or in person should be provided to the Energy Commission's Docket Unit. Parties may also file a single copy electronically with the Docket Unit and follow up with an original copy by mail. If you are providing written comments at the Business Meeting, please make an additional 50 copies available at the beginning of the meeting.

Please send or deliver written materials to:

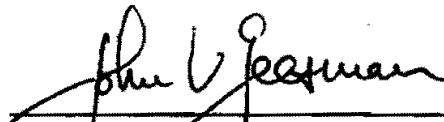
California Energy Commission  
Re: Docket No. 02-REN-1038  
Docket Unit, MS-4  
1516 Ninth Street  
Sacramento, CA 95814-5504  
E-Mail: [docket@energy.state.ca.us](mailto:docket@energy.state.ca.us)

All written materials filed with the Docket Unit will become part of the public record in this proceeding. The Committee strongly encourages parties to file written comments by close of business November 10, 2005.

### **Public Participation**


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

If you have technical questions concerning the subject matter of this notice, please contact Tony Gonçalves by phone at (916) 654-5168 or by e-mail at [tgoncalv@energy.state.ca.us]. News media inquiries should be directed to Claudia Chandler, Assistant Executive Director, at (916) 654-4989.



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JOHN L. GEESMAN  
Commissioner and Presiding Member  
Renewables Committee



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JACKALYNE PFANNENSTIEL  
Vice Chair and Associate Member  
Renewables Committee

Mail List: 5503 Existing Renewables



*RENEWABLE  
ENERGY  
PROGRAM*

**CALIFORNIA  
ENERGY  
COMMISSION**

**EXISTING  
RENEWABLE  
FACILITIES  
PROGRAM**

**SECOND EDITION**

**GUIDEBOOK**

NOVEMBER 2005  
CEC-300-2005-022



Arnold Schwarzenegger, Governor

# **CALIFORNIA ENERGY COMMISSION**

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DEMAND ANALYSIS DIVISION**

Mike Chrisman,  
***Secretary for Resources***

**These guidelines were formally adopted by the California Energy Commission on February 19, 2003, pursuant to Public Utilities Code section 383.5, subdivision (h) and subsequently revised pursuant to this authority on November 16, 2005.**

# Table of Contents

<b>I - Introduction</b>	<b>1</b>
<b>II - Purpose</b>	<b>1</b>
<b>III - Overview</b>	<b>1</b>
Program Funding	2
Production Incentive Rate	2
Determination of Market Price	3
<b>IV - Registration</b>	<b>5</b>
Renewable Supplier Registration	5
Funding Eligibility Registration	<u>65</u>
Processing Registration and Eligibility Forms	8
Updating Registration and Eligibility Forms	8
<b>V - Incentive Payment Process</b>	<b><u>98</u></b>
Agricultural Biomass-to-Energy Incentive Grant Program Participants	10
Payments	11
<i>Sample Calculation of Incentive Payment</i>	11
<b>VI – Future Program Requirements</b>	<b>12</b>
Facility Monitoring	12
Prevailing Wage Requirements	12
<b>Definitions</b>	<b><u>1312</u></b>
<b>VII - Forms, Instructions, and Samples</b>	<b><u>1615</u></b>

3) the funds-adjusted price for the tier. The funds-adjusted price is calculated as follows:

- a) divide the total funds available in a month by the total payments due that month (as calculated using the minimum of formulas (1) and (2) above) to obtain an adjustment fund multiplier (AFM)), and
- b) multiply the minimum of formula (1) and (2) by the AFM to determine the funds-adjusted price for each facility.

The pre-determined target prices and incentive caps for each tier are shown in Table 1 below.<sup>2</sup> The Energy Commission may adjust the target prices and incentives caps if appropriate to reflect changing market and contractual conditions and to account for inflation. At this time the Energy Commission does not see a need to adjust the target prices for inflation. However, the Energy Commission plans to revisit the issue of inflation adjustments and, if appropriate, make necessary changes to target prices to account for changing market conditions.

Effective November 1, 2005, the target price and incentive cap for Tier 1 biomass facilities **ONLY** will be increased by 0.5 cents/kWh for eligible generation produced from November 1, 2005 through June 30, 2006. The target price and incentive cap for Tier 1 biomass facilities during this period will be 5.87 cents/kWh and 1.5 cents/kWh, respectively.

**Table 1**  
**Target Prices and Payment Caps**  
**for Existing Renewable Facilities**  
**(cents per kWh)**

		2002	2003	2004	2005*	2006*
Tier 1 (Biomass, Solar Thermal)	Target Price	5.50	5.37	5.37	5.37	5.37
	Cap	1.0	1.0	1.0	1.0	1.0
Tier 2 (Wind)	Target Price	3.8	3.8	3.8	3.8	3.8
	Cap	1.0	1.0	1.0	1.0	1.0

\* The Target Price and Cap for November 1, 2005 through June 30, 2006 for Tier 1 biomass generation **ONLY** will be 5.87 cents/kWh and 1.5 cents/kWh, respectively.

## Determination of Market Price

<sup>2</sup> The target prices and caps shown in Table 1 differ from those in the Commission's Investment Plan, *Investing in Renewable Electricity Generation in California (P500-00-022, June 2001)*, due to changes in market conditions since the Investment Plan was published.