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BEFORE THE  
CALIFORNIA ENERGY COMMISSION

In the matter of: )  
 ) Docket No. 03-RPS-1078  
Implementation of Renewables )  
Portfolio Standard Legislation ) Docket No. 02-REN-1038  
 )  
and )  
 )  
Implementation of Renewables )  
Investment Plan Legislation )

Staff Workshop on Proposed Changes to the Renewables  
Portfolio Standard Eligibility Guidebook and the Overall  
Program Guidebook for the Renewable Energy Program

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

MONDAY, AUGUST 30, 2010  
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Reported by:  
Kent Odell



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1 P R O C E E D I N G S

2 AUGUST 30, 2010 10:00 A.M.

3 MS. ZOCCHETTI: Well, it is 10:00 on the clock here  
4 at the Energy Commission. So, I would like to welcome  
5 everyone in the room here at the Energy Commission and also  
6 on the phone and on the WebEx to our staff workshop on the  
7 *RPS Eligibility Guidebook* and the *Overall Program Guidebook*,  
8 and these are staff's proposed revisions.

9 I am Kate Zocchetti and I am the supervisor of the  
10 RPS Unit here at the Energy Commission, and we're going to  
11 be - Mark Kootstra, who is second from the end there, my  
12 staff, Mark and I are going to do a little tag team this  
13 morning, so you don't get tired of hearing the sound of my  
14 voice, and we are going to first - uh oh, nothing is  
15 happening - here it goes. Here is our agenda, there are  
16 copies of the agenda out on the table there.

17 I am going to go over some housekeeping rules in a  
18 moment. We are going to present the proposed changes to the  
19 Guidebooks, including the new legislation since our last  
20 Guidebook revision, and after we're through going through  
21 all of the proposed revisions, then we'll take public  
22 comments and questions. I would like to do that so that  
23 your question might get answered as we go along, so if you  
24 could just hold your questions until the end of our  
25 presentation, and then we'll take a break, and then

1 Attachment B to our Notice of this workshop has some  
2 questions that staff proposed and some other issues that the  
3 Energy Commission is considering for possible inclusion into  
4 this Guidebook revision version, or future guidebook  
5 versions. As most of you probably know, there's a lot going  
6 on in the renewables world, there is a new proposed decision  
7 for Tradable RECs, there's pending legislation about the 33  
8 percent RPS, there's the Air Resources Board's efforts for  
9 the same thing, so we know we're going to be updating this  
10 Guidebook again, but we wanted to just press forward and get  
11 these changes finalized for a lot of patient people among  
12 you that have been waiting for them.

13           So, housekeeping, as I mentioned, handouts are at  
14 the desk up front. The restrooms are straight out this door  
15 here and to your left. There is a snack bar on the second  
16 floor that has coffee and water and snacks. There are  
17 several restaurants within walking distance; if we happen to  
18 go into the lunch hour, we'll take at least an hour break,  
19 and we'll tell you where those are. In the event of an  
20 emergency, we'd like you to please calmly exit this room and  
21 follow staff directions, we'll be meeting at the park kitty-  
22 corner to this building, and hopefully that won't happen,  
23 but everyone remain calm if it does. We are being broadcast  
24 on WebEx and we'll have a slide talking about that, that  
25 button doesn't want to work, so, our WebEx users, welcome to

1 you, WebEx users, you can see our slides, hopefully. If you  
2 do have a question, you can use the little "raise hand"  
3 icon, and at the appropriate time, you can ask your question  
4 if you are listening in on the phone, or you can type your  
5 question in using the chat function. We have muted all the  
6 WebEx users so that you cannot be heard, but hopefully you  
7 can hear us, we will un-mute your phones during the question  
8 and answer. And if you're hearing us, but not seeing us on  
9 WebEx, please look at page 4 of the Workshop Notice and make  
10 sure you're following those instructions. I've been  
11 reminded that WebEx is recording this presentation and it  
12 will be recording any of your comments and questions, as  
13 well as we have a Court Reporter here, so if you do have  
14 questions, we'd like you to submit them - or comments -  
15 submit your requests on the blue cards, they are located at  
16 the desk, and please give them to the Court Reporter, along  
17 with your business card or something with your name spelled  
18 out for the record.

19 The podium you see there at the end of the Court  
20 Reporter's desk is where you will present your questions and  
21 comments. And this is kind of the order that we plan to  
22 take questions, just as a reminder, we will take questions  
23 first to those here in the room with me, and then WebEx  
24 participants using the "raise hand" function, or chat, and  
25 then folks that are just listening in on the phone,

1 afterwards.

2           So, I mentioned these activities going on in the  
3 world around us every day, I'd like to just remind everyone  
4 that this presentation today is on the 20 percent by 2010  
5 RPS goal, and the statute that governs that part of our  
6 world, and that's what I supervise. And, so, while these  
7 things are all happening, and probably some of them are  
8 going to come to fruition very quickly, possibly this week,  
9 we'll know more, we're not going to be discussing how they  
10 may or may not affect these proposed revisions we're making  
11 today, it is just too much uncertainty, and we would just be  
12 guessing, and we would like to focus on the topics at hand,  
13 so we appreciate that.

14           So, new legislation affecting the RPS, I'd just kind  
15 of briefly like to go over some of the laws that have been  
16 codified since our last Guidebook revision, which was at the  
17 end of 2007. In 2008, Assembly Bill 3048 added the ability  
18 for publicly-owned utilities to have existing renewable  
19 generation owned by them or under contract with them, so  
20 that was something that the POUs were happy about. The same  
21 year, Senate Bill 380 expanded the feed-in tariffs, although  
22 it kept the size of the facility at 1.5 megawatts, it did  
23 expand them in the service territories of the large IOUs,  
24 and it raised the cap up to 500 megawatts.

25           And in 2009, Assembly Bill 1351, it does require



1 that hydro facilities must be owned by a retail seller or a  
2 POU for the incremental generation due to eligible  
3 efficiency improvements to count towards their RPS. And it  
4 also, though, expanded incremental generation at large hydro  
5 facilities, to facilities located outside of California.

6 Also, in 2009, Assembly Bill 920 requires the  
7 utilities to develop a standard contract or tariff for  
8 eligible wind and solar DG generators that allows for  
9 surplus net metering. And the utility can count that  
10 surplus towards its RPS.

11 Senate Bill 32 expands the eligible feed-in tariff  
12 size from 1.5 megawatts to 3 megawatts in size, and raised  
13 the cap again to 750 megawatts. It does require POUs to  
14 comply with this statute, and the CPUC will be implementing  
15 that through its proceedings before projects can utilize  
16 this new tariff.

17 And now we are going to be going through an overview  
18 of the proposed revisions to the Guidebooks. I'd like to  
19 introduce Mark Kootstra on my staff, he is going to be  
20 talking about the Eligibility and Certification process.

21 MR. KOOTSTRA: Hi. I work primarily under Kate on  
22 Eligibility and the Certification Process, so if any of you  
23 have sent a facility decertification, [inaudible] [7:49] or  
24 talked on the phone.

25 These are a list of the primary changes that we are

1 going through, the primary issues that are going to have  
2 some changes. In the first column, most of those are going  
3 to have to do with the actual eligibility of the facility,  
4 nothing too major, but simple things to make life easier on  
5 us and hopefully easier on you.

6 MS. ZOCCHETTI: Can everyone see the screen all  
7 right? Is that better? Sorry about that.

8 MR. KOOTSTRA: That is quite all right. The first  
9 three have to do a lot more with the Certification Process,  
10 the Verification Process and WREGIS & Interim Racking  
11 Systems are going to be presented by Kate, and that  
12 obviously has more to do with our Verification System. And  
13 our Glossary of Terms and Appeals Process are in the Overall  
14 Program Guidebook.

15 Here, we made changes to the different Biopower  
16 Eligibilities. Biodiesel, we added attestations for the  
17 facility operator. That facility is actually generating  
18 electricity, as well as the one producing the biodiesel.  
19 These attestations are expected to be very similar to the  
20 Biogas attestations, stating that we plan to procure  
21 renewable fuel and that we're actually producing renewable  
22 fuel and all the environmental attributes are being conveyed  
23 to the procurer of that renewable fuel.

24 For Biogas, we added a few more changes. Most of  
25 these changes did not actually change our implementing the

1 program, or implementing that aspect of it, just to clarify  
2 it since we learned a lot since the last Guidebook about  
3 this, and to make sure we have the proper terminology.  
4 Essentially, Biogas needs to be delivered in contract with  
5 the pipeline operators from the production facility of that  
6 fuel to California in the event the facility is in  
7 California, or to the actual facility itself if it is not  
8 located in California, which is a new addition to this  
9 section. The generation facility, if it is not located in  
10 California, still must be within the WECC Region. And also,  
11 we much better clarify the requirements in the attestations  
12 that are required.

13 For Biomass, we included more language describing  
14 the use of the 5 percent de minimis as opposed to the 2  
15 percent standard de minimis. These facilities still must be  
16 participating in the existing renewables account to achieve  
17 that 5 percent, or to be awarded that 5 percent de minimis.  
18 We also are requiring that biomass facility operators supply  
19 us with an attestation stating that they are only procuring  
20 eligible renewable biomass resources.

21 For Fuel Cells, this is a new entry into the  
22 Guidebook from the Outstanding Issues section. It's fairly  
23 straightforward. If you are using a renewable biogas, it's  
24 going to have similar deliveries to the Biogas section. If  
25 you are using hydrogen or hydrogen enriched fuels, you

1 actually need to show us information saying that the energy  
2 used to produce that fuel comes from a renewable resource,  
3 and that's going to be very similar to what we would require  
4 for storage technologies at this time.

5           For Hydroelectric, we implemented the two Bills that  
6 Kate talked about earlier, the first one allows us to  
7 certify facilities owned or under contract with Publicly-  
8 Owned Utilities that are existing facilities and actually  
9 certified currently, we only allow them to get a pre-  
10 certification with the "P" suffix indicating that they are  
11 actually online. Now they will be able to be certified.  
12 All of these facilities must still apply for certification,  
13 their pre-certification will not be grandfathered in as a  
14 certification, but the eligibility date will stand. It also  
15 implements Assembly Bill 1351, which requires that the hydro  
16 facility must be owned by a retail seller or Publicly-Owned  
17 Utility if you are to get the incremental generation out of  
18 it, but it does expand it to out-of-state facilities.

19           Municipal Solid Waste Conversion - not a whole lot  
20 changed in the eligibility of this, but we did make some  
21 changes to allow for facilities located outside of  
22 California to be eligible. Previously, we required the  
23 CIWMB permits, sorry, the California Integrated Waste  
24 Management Board permits, and we realized that that  
25 restricted eligibility to in-state facilities; we've now

1 expanded it to receive solid waste permits from CalRecycle,  
2 which is the new agency handling solid waste, or an  
3 equivalent permit from an equivalent agency in another  
4 state. In the event that you are located out-of-state, you  
5 will still need to submit all of the information that is  
6 required in the CalRecycle permit for our review, just in  
7 case there are lower standards in the other state, and we  
8 will need to be sure you meet the California standard.

9 Out-of-State facilities, we added the requirement of  
10 comment on the "Noise" for the Laws, Ordinances, Regulations  
11 and Standards (LORS). We also explicitly stated that we  
12 require environmental documentation to support your claims  
13 in the LORS analysis. We don't ask that you produce more  
14 documentation, we hope this is something that has been  
15 produced at the time the facility was being permitted in the  
16 state it is located, but if there is nothing, then you need  
17 to be able to provide some sort of proof or reason for that.

18 Multi Fuel Facilities, we added three distinct  
19 measurement methodologies for these facilities, and now  
20 currently require that any and all facilities that use two  
21 or more fuels must submit a measurement methodology. This  
22 includes facilities that are under the 2 percent de minimis.  
23 We provided three different categories of possible  
24 measurement methodologies that you can use. They are broken  
25 down into combustion and fuel cells, these are essentially

1 your combined cycle turbines that are using biogas to  
2 biomass and any kind of fuel cell. The Non-combustion  
3 thermal technologies are primarily contained with geothermal  
4 and solar thermal, and anything else that is not actually  
5 combusting or renewable fuel, and then also the generation  
6 technology such as wind and photovoltaic's, which can be  
7 directly measured. We actually require those to be directly  
8 measured and, similar to the combustion technologies, we  
9 require you to take the actual either megawatt hours  
10 produced by that technology, or the BTUs inputted to get an  
11 actual percentage that we're using. For the Non-combustion  
12 thermal technologies, there are a little bit more problems  
13 because the inputs - it's not apples to apples if you are  
14 putting in natural gas vs. solar thermal, it's not quite the  
15 same thing, so currently we - our two examples, one is to  
16 back out the fossil fuel generation as if it's being used at  
17 another facility, or at a combined cycle plant, similar to  
18 how siting now does its calculations, and then you take that  
19 as a percentage, or compared to the total generation of the  
20 facility. The other option is to directly measure the heat  
21 contribution of a solar thermal boiler or the heat transfer  
22 fluid used to collect in, say, a solar trough design. We  
23 also are still accepting alternative measurement  
24 methodologies, but they must be approved. We mainly  
25 included these to make it easier for those facilities that

1 are under the de minimis, just to be able to mark the check  
2 box, and we are using this method to be able to move on.

3 For our Certification Process, as I stated before,  
4 we are now going to be certifying facilities that are  
5 existing and owned by Publicly-Owned Utilities, or under  
6 contract with them, as eligible, so all the pre-  
7 certifications that are out there can now reapply and become  
8 full certifications with an "A" prefix - or suffix, sorry.  
9 And we also now describe a method for receiving a biogas  
10 delivery approval letter. We included this partially  
11 because the SJAP program is now referencing our rules for  
12 biogas delivery, and we wanted to make a very clear cut way  
13 for them to get that approval from us, instead of coming  
14 directly to us, or trying to apply for a technology or  
15 facility that is not currently eligible.

16 We are also going to do this for facilities that are  
17 currently certified as RPS eligible so that they don't have  
18 to recertify after they have already been procuring that  
19 biogas, so they can get checked beforehand. And we are also  
20 clarifying rules in WREGIS and limitations on using Interim  
21 Tracking program, especially for pre-2008 generation. Our  
22 Guidebooks back then stated that, if you become certified,  
23 all generation from your facility is eligible and we've  
24 moved away from that. The Third Edition, I believe, said  
25 that only generation from the date we receive the first

1 application that was approved will be considered eligible,  
2 once you've received full certification. And we plan to  
3 move forward with that, so any facility that has pre-2008  
4 generation that is uncertified, and a facility that is  
5 uncertified may apply before the end of this year, and be  
6 able to get some of that treatment.

7           For the Application Process, we are no longer going  
8 to be accepting the RPS-2 Form, this was primarily for the  
9 large three IOUs to certify a large quantity of their  
10 resources in a short period of time, and since most all of  
11 those resources have already been certified, or should have  
12 been certified, we felt there was no need for this form and  
13 the special certification category.

14           Retailer sellers and publicly owned utilities may  
15 still apply on behalf of individual facilities, but they  
16 must do so as their representative or their agent. And we  
17 are also now requiring certification forms to be submitted  
18 via e-mail, as well as hard copy to get that signature; this  
19 will allow us to upload it into our database, hopefully  
20 quicker, and to be able to give you better indication as to  
21 whether or not you are certified, if that is an issue for  
22 you in a timelier manner that may not affect the overall  
23 certification timeframe to an extent as we might like. So,  
24 Kate Zocchetti.

25           MS. ZOCCHETTI: Thank you, Mark. I neglected to



1 introduce my staff here. At the far left is Gina Barkalow,  
2 she is the Project Manager for the RPS Verification Report,  
3 and to Mark's right is Gabe Herrera, our Staff Counsel that  
4 works on RPS. Brian McCullough is in the blue shirt here,  
5 and I also neglected to say that, if you do have a blue  
6 card, you can leave it in the box at the table, or give it  
7 to Brian so that we can address your questions and comments.  
8 And Teresa McQuinn is manning the WebEx, so I really  
9 appreciate everyone's help, it is totally a group effort  
10 here.

11           So I'm going to be going over a lot of new changes  
12 to the Guidebooks, now that we are getting much more  
13 involved in WREGIS. So, for Tracking and Verification for  
14 the Years 2008, 2009 and for this current year, I know a lot  
15 of you have been wondering what we're going to require for  
16 reporting. We've been kind of asking you to postpone your  
17 reporting while we did this Guidebook process, and so we  
18 thank you for your patience on that. We just finished the  
19 2006 Verification Report and we are starting to look at the  
20 2007 data that you've already submitted, so for the 2008  
21 compliance year, the previous guidebook that is in effect  
22 right now says that, beginning in 2008, you must use WREGIS.  
23 But, when 2008 actually happened, there were quite a few  
24 delays that year, as some of you know. In the IOUs, signing  
25 up with WREGIS, getting all their generators into WREGIS,

1   there were some issues with the CA ISO, which is a huge  
2   qualified reporting entity, and all of the agreements which  
3   are basically a contract that everyone had to agree on the  
4   contract terms, and there were a lot of conference calls  
5   about that. So, a lot of people had delays that were beyond  
6   their control for 2008, so we're going ahead and extending  
7   that requirement and adding another year. So, for 2008,  
8   we're going to allow the Interim Tracking System for folks  
9   that either weren't registered with WREGIS, or for just part  
10   of the year, we will use the old way of reporting, using the  
11   RPS-Track and Gen Forms, just in the event that WREGIS data  
12   are not available. And if you have specific questions about  
13   that, you can give us a call and we can kind of walk you  
14   through that.

15           For delivery, delivery was not even introduced into  
16   the WREGIS system until 2008, so, using the old Interim  
17   Tracking System to report delivery from out-of-state  
18   facility generation is going to be using the old - we do  
19   have a new form, though, so it is called the CEC RPS  
20   Delivery Form, and that is going to be available on our  
21   website. So, that's the 2008 compliance year. I will get  
22   into, in a minute when that is going to be reported.

23           For the 2009 and 2010 compliance years, we say all  
24   WREGIS, kind of, "most of the time," and I am doing my  
25   little quotes with my fingers for those of you who can't see

1 me, because, while we would love to have WREGIS all of the  
2 time, there are some issues that are still being resolved in  
3 the WREGIS system. So, again, we're saying the Interim  
4 Tracking System, only if data are unavailable, but only in  
5 these two situations. WREGIS does not track generation  
6 that, we call, "Test Energy," it is my understanding that  
7 Test Energy is kind of everything before the facility has  
8 claimed commercial online date, or COD. It has always been  
9 our intention to allow Test Energy, we've allowed it in the  
10 Interim Tracking System, and it was kind of a surprise to us  
11 to find that WREGIS was not tracking that. Basically, even  
12 though you can sign up with WREGIS while you're coming  
13 online and you're under development, and you are cranking  
14 out renewable generation, and your qualified reporting  
15 entity may be reporting that generation under WREGIS, but  
16 until the WREGIS Administrator gets your COD for that  
17 facility, it does not approve that facility to create WREGIS  
18 certificates, or, I'm sorry, it does not allow WREGIS to  
19 create RECs for that facility. So, we're trying to fix that  
20 and a lot of you were involved in that process, and it looks  
21 like we'll hopefully have it fixed by the end of this year,  
22 but don't quote me on that. So, in that instance, we'll  
23 allow Test Energy using the Interim Tracking System.

24 Now, Delivery Verification, that functionality was  
25 added to WREGIS in 2009, but some of you have told us that

1 you didn't hear about it, and so we want to try to be  
2 flexible there, so we will allow for 2009 and subsequent  
3 years, we want you to use WREGIS, but if it wasn't used in  
4 2009, or not available for 2009 and 2010, you may use the  
5 Interim Tracking System. And I am sure I'm going to get  
6 questions on that, but I'm going to keep moving forward  
7 here.

8           Starting next year, for reporting for 2011  
9 compliance year, or Tracking and Verification, we are still  
10 saying "All WREGIS all the time" with my finger quotes  
11 because, again, if the Test Energy is not fixed by the end  
12 of this year, of course we'll extend it into next year, and  
13 the same for the Delivery Verification. That is probably  
14 going to take a little bit longer. The other issue with  
15 Delivery Verification, those of you who care probably  
16 already know, that for retail sellers that use a third party  
17 to import or schedule their delivery from an out-of-state  
18 facility into California, their PSC Code appears in the NERC  
19 tag, and that was not our intention, we thought when we said  
20 "Load Serving Entity," it was what everybody called a Load  
21 Serving Entity, but we found out that the NERC tags use Load  
22 Serving Entity to mean the Load Serving Entity that brought  
23 the energy into the state, and so their PSE code appears in  
24 that little box, and WREGIS can't reconcile that right now,  
25 so there have been efforts underway, for over a year, I have

1 to admit, for fixing that problem. So work is continuing on  
2 that.

3 Reporting and Due Dates, please don't throw tomatoes  
4 at me, we are proposing that, for 2008 compliance year that  
5 those reports come to us by December 1<sup>st</sup> of this year. The  
6 details are here, I don't know if you want me to read it to  
7 you, but I think that's kind of what you wanted to know is,  
8 when are reports due for 2008. You have to use - there is a  
9 report in WREGIS called the WREGIS State Provincial  
10 Voluntary Compliance Report and, so, of course, we're the  
11 State part of that and so that is something that is a  
12 function in WREGIS that you will read about in our WREGIS  
13 instructions, that are appended to the Guidebook, and that  
14 tells you how to go about getting us that report. Again,  
15 for procurement not tracked in WREGIS, you may use the  
16 Interim Tracking System, which still uses the RPS Track  
17 Form, as I mentioned, and generators will still use the Gen  
18 Report, unless they're owned by the utility, in which case  
19 the utility can report the generation. So, that's how the  
20 2008 compliance reporting will go.

21 For 2009, same thing, but we don't want it all to  
22 come in at once, and we think you probably want to keep it  
23 separate, as well, we'll give you a little bit more time for  
24 2009 and ask that those reports be submitted to us by March  
25 1<sup>st</sup> of next year.

1           For 2010 compliance year and subsequent years,  
2 please note that previous Guidebooks required a May 1<sup>st</sup>  
3 deadline, but now with WREGIS, and I'm going to go into the  
4 90-day window, some of you know what I'm talking about, I'll  
5 go into that in a moment, but you're going to need a little  
6 bit more time using WREGIS because of the delay inherent in  
7 WREGIS, especially for generation that occurs towards the  
8 end of the year, so we're pushing that date out to June 1<sup>st</sup>  
9 and June 1<sup>st</sup> of every subsequent year. For 2010, WREGIS must  
10 be used for delivery, again, unless that service was not  
11 used or available, but starting with the 2011 compliance  
12 year, we hope that all the issues will be fixed in WREGIS,  
13 so we're only going to allow exceptions with our approval,  
14 and of course, if those things aren't fixed, then we're  
15 going to give approval. But anything other than those  
16 issues, and even in those issues starting in 2011, we need  
17 to give approval before it will allow you to use anything  
18 but WREGIS.

19           So, for the publicly-owned electric utilities, we're  
20 also asking that reports are due June 1<sup>st</sup>. We've listened to  
21 the POUs who have asked us to try to streamline reporting  
22 for them, and we've worked with our Electricity Analysis  
23 Office and stakeholders from the POUs to create a more  
24 consolidated reporting form, and that's called the CEC REO  
25 POU, we really like our acronyms. The REO stands for

1 Renewable Energy Office, recognizing that it's not just for  
2 RPS. So this form has a whole bunch of stuff in it, it  
3 lists all the programs here that we will try to get all the  
4 data dumped into this one form, and then the various offices  
5 here at the Commission will share that data.

6 This is kind of a snapshot of what I just talked  
7 about with At a Glance, what needs to be reported by when  
8 and on what format. I hope that this is in line with what I  
9 just talked about, and that makes it easy. This is also in  
10 the WREGIS instructions.

11 So all of this reporting culminates in the RPS  
12 Verification Report that, as I mentioned, Gina just finished  
13 the 2006 report and there are a variety of reasons why there  
14 were delays with that report, but there are always going to  
15 be at least a year's delay, and probably longer, just by the  
16 time the reporting happens, and then we analyze the data,  
17 and then we work with stakeholders to make sure that the  
18 data are accurate, and then the report has to come out in  
19 draft form, and so forth. So, as I mentioned, we are  
20 starting to work on the 2007 data, and our process is that,  
21 first, we look at the claims, and we look at are the claims  
22 from an eligible facility because, if not, all bets are off,  
23 and then, you know, we work with you to find out if that  
24 facility is not eligible, you know, if there was an error or  
25 something. We need to also check to make sure that the

1 generation, especially using the Interim Tracking System, we  
2 need to make sure that the generation from each facility  
3 doesn't - or, I'm sorry, the procurement doesn't exceed the  
4 generation, and we have to make sure that the facility is  
5 capable of actually providing the generation, that all the  
6 different utilities might have claimed from that one  
7 facility. And, of course, especially to make sure that  
8 there is no double-counting, as much as we can. So we use  
9 our data, we also work with other States in the voluntary  
10 market to the extent that we can, to prevent double-  
11 counting.

12           When we finalize our report, as we did recently, we  
13 submit the report to the President of the CPUC, and 30 days  
14 thereafter, Retail Sellers have to submit what is called a  
15 Verified Compliance Report, basically the data has to align  
16 with the data that we just submitted to the CPUC, and then  
17 the CPUC applies its flexible compliance rules, and the  
18 flexible compliance under the Statutes to determine  
19 compliance with the RPS.

20           So, Initial Steps for Using Regis. I'm certainly  
21 not going to walk through all the steps here because your  
22 eyes would cross and you'd have a million questions, and you  
23 just can't do that without having instructions next to you  
24 while you're at your computer. But I just kind of wanted to  
25 go through the basic steps, especially for doing compliance



1 reports. So, for each compliance year, you're going to  
2 create one RPS retirement subaccount, so I think you all  
3 know by now that, for WREGIS, in WREGIS when you want to  
4 make a procurement claim, you have to retire those RECs into  
5 your retirement subaccount to be never brought back to life  
6 again, that is how we prevent double-counting. There are  
7 WREGIS certificates that have unique serial numbers, so  
8 those will be retired and then we will get that report of  
9 those retired RECs to show your RPS procurement claims.

10           You need to complete and submit a form authorizing  
11 WREGIS to release your company's compliance information to  
12 us. Now, this is when you are first having this retirement  
13 subaccount set up because, basically, you are going to be  
14 pushing a button that says "Export this Report to us," and  
15 you need to give WREGIS authority to share that information  
16 with us. And you can download the WREGIS Authorization Form  
17 from the WREGIS website at [WREGIS.org](http://WREGIS.org).

18           You need to coordinate if you are a utility,  
19 coordinate with your generators to ensure that all of the  
20 certificates are transferred to your active account, so that  
21 you can retire it for each compliance year. And if you are  
22 retiring WREGIS certificates from out-of-state generation,  
23 then you need to sign up for the delivery service, which  
24 uses the NERC E-tags, as does the Interim Tracking System  
25 uses the NERC E-tags. If you are a multi-jurisdictional

1 facility, that falls under 399.17, which is pretty much  
2 PacifiCorp and Sierra Pacific, the delivery requirements do  
3 not apply to you if you want to just use that procurement  
4 for your own RPS.

5 Initial steps for reporting your delivery  
6 information using WREGIS: You have to apply for this  
7 service, there is a fee, you need to basically send an e-  
8 mail to the WREGIS Administrator, the e-mail address is  
9 provided here, and you have to request to be added to the  
10 delivery service participants list and you also need to  
11 provide the WREGIS Administrator with a list of your PSE  
12 Codes that I mentioned earlier, Purchasing Selling Entity.

13 So Appendix A provides the WREGIS Instructions, and  
14 hopefully that will give you a step-by-step walk through,  
15 that you can sit down at your office and go through signing  
16 up for WREGIS, making sure that your retirement subaccount  
17 is created, you need to retire your WREGIS certificates into  
18 your retirement subaccount before you can submit that report  
19 to us, you need to make sure that the NERC E-tags are  
20 brought into your account. Now, that is just starting with  
21 2009 generation, we will allow the Interim Tracking System  
22 for previous years, and it tells you how to file the  
23 Compliance Report to demonstrate your monthly procurement  
24 claims per facility per year. So, that hasn't changed.  
25 Unless the law changes, we still just require monthly data

1 on an annual basis.

2           This is just kind of a list of what's going to be in  
3 Appendix B when we release the final Guidebook. We do have  
4 three new forms that I believe we submitted with the Draft  
5 Guidebook, and the rest of them should be familiar to most  
6 of you, so we have added a delivery form, as I've mentioned,  
7 we've added the POU's new Consolidated Form, and we added a  
8 new attestation form so that, when you submit your WREGIS  
9 Compliance Reports, you also need to fill out this  
10 attestation and send it to us, this is going to be a wet  
11 signature, a hard copy. So, along with being in the back of  
12 the Guidebook, as we are doing now, we will load all these  
13 forms on our website and we really recommend that you use  
14 the website to access the forms, rather than the Guidebook.

15           So, Mark is going to go over the changes that we  
16 made to the Overall Program Guidebook, which governs not  
17 only the RPS, but all of the programs in the Renewable  
18 Energy Office.

19           MR. KOOTSTRA: Hi. These are the two big changes  
20 that happened to the Guidebook that aren't referenced in,  
21 actually - I believe it is the Glossary of Terms. The first  
22 one is that we removed references to the Renewable  
23 Facilities Account, this has been closed out for some time,  
24 and so we brought that out to prevent any kind of confusion;  
25 also, it is no longer valid. Also, we made some changes to

1 the Commission Appeals process. We removed the actual  
2 Commission Appeal process that you need to go through, the  
3 final appeals process within the Commission is the Executive  
4 Director's determination and, after that, you go to  
5 arbitration. I believe this is more in line with what other  
6 programs are doing within the Commission and it is the more  
7 proper route. The Executive Director, however, may consult  
8 with the Commissioners when making his or her determination.

9           This is a Glossary of all the terms that had some  
10 significant change to it, or just changes in reference to  
11 law. Most of these have to do with our program that would  
12 be PTC; PVUSA has more to do with the small scale solar  
13 incentive programs. Changes for the Biopower, for Biomass,  
14 we changed the definition to explicitly state that digester  
15 gas, landfill gas, and any fuel derived from an eligible  
16 biomass feedstock will be considered eligible. It's a  
17 pretty good judge to see if your fuel will be eligible,  
18 barring delivery and pipeline quality level of your gas, is  
19 if we would certify a generation facility located at the  
20 same site as the production facility. If we would certify  
21 that, that gas should be eligible so long as you can meet  
22 the injection quality that are required by the natural gas  
23 pipelines, as well as our delivery requirements.

24           For Biogas, we added the phrase "but not limited  
25 to." We, I believe, did not make any changes to the list,

1 the fuels that we called out, we're just making sure that  
2 you all know that we don't think this is the exclusive list  
3 of what is eligible; however, only the biomass portion of  
4 that fuel is considered renewable, so in the event of  
5 treated wood that has creosote in it, such as railroad ties  
6 or "black liquor," we haven't made a determination on the  
7 percentage of that being renewable or not, so, if someone  
8 comes to us with a facility for that, they'll need to  
9 present a reasoning for why the fossil fuel or non-  
10 renewables contributing this amount, as opposed to another,  
11 and we'll have to have some kind of basis to back that up.

12           We added Central Station to the list of terms. It  
13 was not previously defined. It's basically any facility  
14 that is built to export power to the Grid. They are  
15 obviously allowed to serve parasitic load, and often times  
16 we will classify a facility at Central Station that is  
17 serving a small load onsite comparable to the total  
18 generation, so I believe we had a facility in the past that  
19 was selling a portion of its power to a neighboring adjacent  
20 facility, and that would still be considered Central Station  
21 and not Distributed Generation. For us, Distributed  
22 Generation is any small capacity facility, or facility that  
23 serves almost exclusively or the majority of its power is  
24 used for an onsite load that is not parasitic. It also may  
25 or may not be connected to the grid; not all of these

1 facilities are eligible, especially those not connected to  
2 the grid at this time.

3 We also changed the definitions of On-site  
4 generation and self-generation to reference Distributed  
5 Generation to make all three of those terms a lot clearer.

6 We changed the definition for Commercial Operations.  
7 It's essentially the date you declare that your facility is  
8 performing commercial operations, however, in the event that  
9 the facility - really, for us, that means you're producing  
10 power to be shifted to the grid, or for an on-site use, and  
11 not protesting purposes where you may be shipping that power  
12 off-site or using it on-site because it's there. The  
13 primary purpose, once it removes from testing for actual end  
14 use, then it becomes Commercial Operations, and that's the  
15 point where you can certify.

16 For Hydroelectric, we inserted that it's actually  
17 the kinetic energy of the flowing or falling water; this is  
18 just to make it clear that hydroelectric involves moving  
19 water and not some thermal process within the water, or  
20 perhaps something tied to the buoyancy of the water. We  
21 included the term of Nonrenewable energy resource, this goes  
22 heavily with our Multi-Fuel Section in the RPS Guidebook.  
23 Nonrenewable resources is anything that we would not certify  
24 as renewables, so this includes all fossil fuel, this would  
25 technically include nuclear, large hydro at this time, and,

1 say, MSW if it doesn't meet all of our requirements, it  
2 would fall into this category.

3 The PTC - PVUSA Test Conditions, we just further  
4 explained what those are to make that clear and expanded  
5 upon what we already had in the Guidebook.

6 Renewable Energy Certificate - we added information  
7 on the decision that the CPUC put out in 2008, defining  
8 exactly what a REC is, and we referenced that decision in  
9 the document.

10 The WECC interconnection - it's a substation where  
11 you are first putting power on the grid. This is used  
12 heavily when determining a facility that is physically  
13 located out of the State, can be treated as an instate  
14 facility. A good rule of thumb on that is if your power  
15 must enter California, but it is for serving any offset  
16 load. It is pretty good to say that you're probably going  
17 to get instate treatment; if not, we'll have to take a  
18 closer look at that and you'll have to provide us with the  
19 information. When I say that the power must first enter  
20 California, I mean it must; so, in the event that a power  
21 line is down, or drops, or overloaded, your power starts  
22 going the other way, that wouldn't give you that the power  
23 must enter California. And then, also, we entered the  
24 Renewable Energy Generation Information System, this is just  
25 WREGIS, and most of you know what that is, but we felt it

1 was good to at least explicitly state that in our Guidebook  
2 because we are using that. Now, we are going to move on to  
3 the question time.

4 MS. ZOCCHETTI: Okay, so that was a lot to take in.  
5 We would like to start with questions from the audience, or  
6 the attendees here, so we will take blue cards in the order  
7 that we received them. Does anyone have any that have not  
8 been turned in? Okay. Take your time, no rush. We are  
9 gathering blue cards, for those of you who are listening in.  
10 So, when we get those, we'll be calling each of you in  
11 order, and if you would present your business card to the  
12 Court Reporter, and then step up to the podium there to be  
13 heard, and I should mention that - I'll take this  
14 opportunity to mention that the Court Reporter obviously is  
15 recording this today and a transcript will be available in a  
16 couple weeks, and we will be posting that on our website.  
17 We will also be posting all of the written comments that are  
18 received and are docketed, so make sure that, if you have  
19 written comments, that those are docketed at the Energy  
20 Commission and they will become part of the public record.

21 Can we start with any while you are still gathering,  
22 Brian? Yes, thank you for the question. So, what's that?  
23 Oh, it's the same issue as in the proposed revisions? Is  
24 that what you are saying? Well, actually, so we'll take  
25 comments and questions on what we've proposed and covered,



1 and anything that we haven't covered that you think we  
2 should have changed, and so forth. The things that are in  
3 the attachment are things that are, in addition, that may or  
4 may not be considered for this current Guidebook, or a  
5 future Guidebook, we are trying to get input on. I mean, if  
6 it overlaps, it's okay, we're just trying to kind of manage  
7 the - did you have a question? So, the question is, do we  
8 plan to update the Guidebook after pending legislation might  
9 be passed, or the other thing was the CPUC - oh, ARB. So,  
10 the answer is yes, we will definitely, as we always do, we  
11 update the Guidebook, and I should have said this at the  
12 beginning, as we note in the Overall Program Guidebook that  
13 governs how we administer these programs, the RPS Guidebook  
14 and the other Guidebooks in our program are periodically  
15 revised to incorporate changes to law, changes in the CPUC's  
16 or other agencies' decisions that affect RPS eligibility, so  
17 the Energy Commission is charged by statute to handle the  
18 eligibility and verification of the RPS, whereas the CPUC  
19 covers the contracting and compliance and procurement for  
20 the RPS. So, to the extent that the CPUC's rulemakings  
21 affect RPS eligibility, if it's something that directly  
22 affects it, has a large impact, we will try to update the  
23 Guidebook more quickly. As we go along in time, we gather  
24 up little things that change that, and so to store them up  
25 for the next revision. But, because these things are out

1   there that are probably going to have major impacts on RPS  
2   eligibility, such as the things that you are mentioning, we  
3   do plan to update the Guidebook probably early next year.  
4   But, again, don't quote me on that because this revision has  
5   taken over a year to happen. So, we have our first blue  
6   card?

7           MR. HOOTSTRA: Yes, the first one we have, and  
8   please forgive me if I messed up the order, is Frank Mazanec  
9   from Biofuels Energy.

10          MS. ZOCCHETTI: Yes, please. If you have a business  
11   card for the Court Reporter, that would be great.

12          MR. MAZANEC: Thank you. Frank Mazanec, Biofuels  
13   Energy. I'd like to comment on a concern that isn't  
14   included in the Handbook. I do know that you're aware of  
15   it, but presently on page 29 of the Handbook, it stipulates  
16   to qualify as an RPS eligible facility, this facility must  
17   not receive or plan to receive SGIP funds from CPUC approved  
18   Self-Generation Incentive Programs. This is somewhat of an  
19   awkward time considering everything that has happened you  
20   mentioned it already, but I think whether it is the CPUC  
21   decision, pending decision, or SB 722, I think most of us  
22   would agree that the results of that process will affect  
23   that particular constraint.

24          MS. ZOCCHETTI: Mr. Mazanec, if I could interrupt  
25   you. Is your microphone on?

1 MR. MAZANEC: The green light is on.

2 MS. ZOCCHETTI: We don't hear you magnified, but I  
3 can hear you fine, I just wanted to make sure that the  
4 participants online can hear you, on the phone, rather.

5 MR. MAZANEC: Okay. In the CPU pending decision on  
6 page 11, it states, "In anticipation of the eventual use of  
7 consumer-side DG for RPS compliance, both this Commission  
8 and the Energy Commission have addressed the issue of  
9 availability of T-RECs from some installations. In Decision  
10 0701918, the Commission determined that owners of customer-  
11 side DG installation own the RECs associated with generation  
12 and can therefore sell them, regardless of whether the DG  
13 owners participate in net metering, CSI, or SGIP.  
14 Furthermore, pending SB 722 directs that unbundled renewable  
15 energy credits be counted towards the RPS requirements." It  
16 would be appreciated, and it is request, I know you are on a  
17 timeline, but that staff considers incorporating these  
18 proposed CPU decision changes as it relates to the SGIP  
19 restriction. It seems to me it is unreasonable and anti-  
20 competitive -- if the CEC wishes to support renewable  
21 biofuel fuel cell projects, it must make this change. And  
22 why do I say that? Right now, the utilities are able to  
23 rate base renewable fuel cell projects, and yet private  
24 enterprise that needs SGIP funds, to be competitive, is  
25 unable to do so. It is uncompetitive, it is not good public

1 policy. This cries out for a change, and most of the  
2 rationale for that being in place, initially, I think  
3 virtually everyone in the room will agree, is going away.  
4 So, possibly this was not considered when the present  
5 handbook was developed, maybe it was a focus on IOU  
6 participation, only. But I believe, with the passage of 722  
7 or a reinstitution of the previous or modified version of  
8 the CPUC REC decision, the rationale for the initial SGIP  
9 grant restriction will effectively be eliminated. Before  
10 taking action on this Handbook, please consider directing  
11 staff to consider eliminating the SGIP benefit exclusion, or  
12 the SGIP exclusion for energy generated in concert with  
13 instate biogas projects. Could the CEC issue a decision of  
14 intent to eliminate the SGIP exclusion with a conditional  
15 passage of SB 722, or CPUC approval of pending T-REC  
16 decision? I know you have a timeline, I know what I just  
17 said doesn't fit your timeline, but the point I would like  
18 to make is there are projects out there where their time  
19 doesn't match your time, and this decision that I'm talking  
20 about in the inclusion of the SGIP is one of those. So, I  
21 would ask that, if there is anything that you could do to  
22 address that because you see the winds blowing in that  
23 particular direction, if you can do so. Thank you very much  
24 for your consideration.

25 MS. ZOCCHETTI: Thank you.

1           MR. KOOTSTRA: The next card we have is from Jeremy  
2 Weinstein.

3           MR. WEINSTEIN: Ms. Zocchetti, Ms. Barkalow, Mr.  
4 Kootstra, and Mr. Herrera, thank you very much for taking  
5 the time to spend a day with us here and, for those of you  
6 who have seen this process over the course of time, I would  
7 like to say that it's been a very exciting process since the  
8 development of the California RPS. I have personally been  
9 involved, as have a lot of the staff here, with the  
10 development of this Guidebook and the regulations of the  
11 California RPS. It has been very exciting to work in this  
12 environment and develop regulations, to develop basically  
13 what in effect will be Jurisprudence out of whole cloth, in  
14 this case, at the State level, in the absence of federal  
15 leadership. And a lot of times when you have significant  
16 regulatory [inaudible] [53:34], for example, you can look at  
17 the history of the Food and Drug Act, or you can look at  
18 some of the other Consumer Safety legislation, California  
19 has a lot of times played a leadership role, but generally  
20 there is Federal leadership. And here, in this particular  
21 instance, we have had California playing a very significant  
22 leadership role, and I think, in this case, specifically,  
23 you have had the Energy Commission playing a leadership role  
24 in developing how the law of renewable energy and renewable  
25 energy procurement and verification works, just basically

1   developing.  And the history of the development of this  
2   Guidebook is a great example of the trial and error process,  
3   and I want to really compliment the Commission in the course  
4   of the development of this Guidebook because, over the past  
5   several years, I've had the pleasure of talking with staff,  
6   and staff, I think I've spoken here at Commission Hearings  
7   and complimented to the Commission how the staff is very  
8   compliance-oriented.  And I think this manual, this  
9   Guidebook that we're looking at here, is a perfect example  
10  of staff focus on meeting the goal of the statute, and  
11  meeting the goal of the statute through enhancement causing  
12  compliance.  And so I really wanted to just compliment and  
13  just point out to the group here how important the work of  
14  the staff is and, to me, at least, as an observer, how  
15  successful I think the staff has been on what's implemented.  
16  And to that end, I really just had a few comments, flipping  
17  through the Guidebook and going through pages, and I just  
18  wondered if it would be okay for me to kind of walk staff  
19  through just a few pages where I had some questions and  
20  comments on the Guidebook, itself.

21           MS. ZOCCHETTI:  Certainly.

22           MR. WEINSTEIN:  Thank you, Ms. Zocchetti.  The first  
23  question I had was on page 35 and that is at the top of the  
24  page, Item 6, there is a new addition, it says, "Facility  
25  retail seller and third parties participate in WREGIS."  And

1 I think what is meant here is "applicable third parties," or  
2 applicable for the transaction. And so maybe some sort of  
3 qualifier of which third parties are looked to, to be in  
4 WREGIS might be helpful.

5 On page 38, the fourth line, I think the word is -  
6 it says "use WREGIS as directed by the Energy Commission."  
7 I think it might be appropriate staff might consider saying,  
8 instead of "use WREGIS as directed by the Energy  
9 Commission," because we don't want to say that the Energy  
10 Commission is required to issue a direction in each  
11 instance, you may want to say "as required by the Energy  
12 Commission." And I should also state I am here representing  
13 PacifiCorp and my name is Jeremy, J-e-r-e-m-y Weinstein, W-  
14 e-i-n-s-t-e-i-n, I'm sorry, I should have mentioned that at  
15 the beginning of the call. On page 44, and this was also  
16 interesting and I didn't quite pick up on this until Mr.  
17 Kootstra explained it in the course of his presentation,  
18 again, his excellent presentation, and Mr. Kootstra has  
19 always been extremely helpful with us in getting our  
20 facility eligibility documentation through and always been  
21 helpful explaining how the process works. I think, in this  
22 instance, the e-mail - and maybe I just didn't read it  
23 carefully enough - I didn't quite pick up that there is an  
24 e-mail submission at the same time as the hard copy form,  
25 and so if it's in there and I missed it, that's fine, if

1 it's not in there, maybe some sort of explanation about  
2 where one can get the electronic copies, how you can  
3 download those, how you fill those in electronically.

4           The next comment I have is on page 46 and this is a  
5 question, it talks about the application and, of course, you  
6 know, from my standpoint, I'm used to doing a lot of  
7 applications where we are providing applications for out-of-  
8 state resources, so there is an awful lot of supporting  
9 documentation that is also submitted along with the  
10 application. And the sentence says, "The review clock  
11 starts on the date to complete application stamp or the  
12 Energy Commission has received, and the Executive Director  
13 makes the determination on any related Applications for  
14 Confidential Designation." So, I wasn't sure where the  
15 process was stated in terms of what the Application for  
16 Confidential Designation was. Certainly, it would be useful  
17 to have a process or a paragraph about how to go about  
18 Confidential Designation, and certainly useful to say in  
19 that paragraph that, if you avail yourself of this process,  
20 you are putting yourself at the risk of a delay in your  
21 application being complete, because the designation needs to  
22 be arrived at by the Executive Director. Also, it probably  
23 would be useful to say that there is a time at which the  
24 Executive Director makes the designation. Perhaps there is  
25 an another administrative set of rules at the Energy



1 Commission about Confidential Designations in light of  
2 public - you know, sunshine laws, and making a cross  
3 reference to that if that is what is in there. But what I'm  
4 looking for is kind of a direct tie of the Application for  
5 Confidentiality being tied directly to this application that  
6 you submitted, and how you go about seeking to have the  
7 Confidential Application that you submitted, yet the  
8 Executive Director Determination and what the timing is of  
9 that Executive Director Determination. Thank you very much,  
10 Mr. Kootstra, for your explanation on the RPS2 forms. That,  
11 in my mind, clears up a question that I had on the second  
12 paragraph from the bottom on page 48. I think what might be  
13 helpful in this particular paragraph is, as the sentence  
14 says, you won't accept the RPS2 on operator's behalf from  
15 retail sellers or publicly owned utilities on the operator's  
16 behalf, and you say how the buyer of the energy can submit  
17 an application. I don't know if it might be helpful to say  
18 at the end of this first sentence, "We are not accepting it  
19 because we're not accepting RPS2 anymore, RPS2 doesn't work  
20 because it's...", otherwise a reader might say that there is  
21 some sort of change with respect to the use of a form by a  
22 person in a status relationship to the owner, where, really,  
23 it's just simply the form is not being used.

24 And then we come to what I am sure you would know  
25 would be my big item on page 56, and this is the item that

1 you can look in the prior transcripts and see active  
2 interchanges with me and Commissioner Geesman on two prior  
3 occasions, and I'm glad I'm not going to get yelled at  
4 today.

5 MS. ZOCCHETTI: You never know.

6 MR. WEINSTEIN: At least I'm not going to get yelled  
7 at by Commissioner Geesman today, yes, that's right. This  
8 is the same issue that I've brought up on two prior  
9 occasions, and I think, you know, we've worked through it  
10 and I think, in the process of how the application of the  
11 rules to the facts, and to the certifications have ended up  
12 working out, it's been fine, fine in the sense that it takes  
13 - it's been fine in the sense that it's been painful and  
14 we've accepted the pain and we've lived with it, but I would  
15 like to avoid a situation where we add to the pain, and this  
16 is that I think the entente that we've reached with staff  
17 has been that we have sort of a phantom application. We  
18 basically say, okay, you pick the county that would most  
19 likely be affected by the facility, so, for example, if it  
20 is a facility in North Dakota, you would say, "Okay, we're  
21 going to look at Modoc County, California, because that's  
22 the county that is the closest to North Dakota," you do a  
23 Site Application for Modoc County, and you look at each of  
24 the laws that are applicable, and I know the staff added  
25 Noise in the last iteration of the Guidebook, I think it was

1 noise and traffic all along, but I'll double check, and I  
2 don't independently comment on Noise because you've just  
3 added that list, and then you say, okay, we look at the site  
4 and we say, okay, does this facility in North Dakota - how  
5 does it impact each of these laws applied from Modoc County?  
6 And so the rule is you can increase the traffic in Modoc  
7 County by the facility, then we say, "Okay, here's the law  
8 that says you cannot increase the traffic in Modoc County by  
9 the facility construction," and we say, "Okay, the facility  
10 is being built in North Dakota, so there will be no impact  
11 on traffic in Modoc County." And what we've delivered in  
12 connection with that, at Energy Commission staff request, is  
13 anything environmentally related, the Commission staff has  
14 always been very interested in how the facility impacts the  
15 environment, what impact it has on the environment anyway,  
16 and we've always been very forthcoming and we've provided  
17 that information, but the understanding is that that  
18 information, which we are providing, is about, effectively,  
19 the local environmental impact because there really isn't  
20 any impact in Modoc County. So, if we've got a grappler  
21 problem in North Dakota, we say, "Here is how the grappler  
22 problem in North Dakota is being solved, and the Energy  
23 Commission staff has reviewed it and looked at it." And so,  
24 the wording in this new Item C that is on page 56, it is,  
25 from my perspective, a little bit problematic because the

1 first sentence is fine, but the example where it says "will  
2 not cause or contribute to a violation of California  
3 Environmental Standard Regulation," so as long as it's clear  
4 that it is a violation of a California Environmental  
5 Standard Regulation in California that we're talking about -  
6 in California - so this can't be used by somebody else  
7 coming to this in the future and saying that you have to  
8 follow the California Environmental Standards; what we don't  
9 want is somebody looking at what I've submitted, or what an  
10 Applicant has submitted as, "This is how we're handling it,  
11 with power hand grapplers," and the reply is, "Okay, well,  
12 you're just applying North Dakota rules of how you handle  
13 grapplers. It is a violation of the California  
14 Environmental Standard because you're not handling how  
15 California handles grapplers. And so, I just wanted to be  
16 clear that, if we are saying, "Okay, here's how we're  
17 handling grapplers," that the reply is that we are not  
18 meeting the California rule, if the facility was in  
19 California, the rule that we need to meet is you're not  
20 satisfying the Modoc County rule since you're not actually  
21 in Modoc County, you can't do anything about it being - you  
22 can't do anything to - it's not an additional requirement.  
23 The California rule is not an additional requirement, you  
24 just have to meet what's required locally and look at the  
25 California impact. So this is, at least for me, a very big

1 deal and I just want to make sure that it is not an extra-  
2 territorial application of California rules applied. And  
3 that's in contrast to Item D on page 59, which specifically  
4 culls out "will protect the environment to the same extent  
5 as provided for a similar facility located in California,"  
6 which is a statutory addition, saying you can't get around  
7 California requirements by building facilities in Canada or  
8 Mexico and having a worse - damaging the environment worse.  
9 In other words, it seeks to protect the environment overseas  
10 -- outside of the Country - as opposed to not granting full  
11 faith and credit to another State.

12 On page 64 and on page 65, there is a lot of  
13 discussion on the commercial on line day for WREGIS and  
14 [inaudible] [1:07:19] energy, and certainly we'll have a  
15 good time talking about that when we get to Item 2 of  
16 Appendix B. On page 66, this is an example of - I certainly  
17 recognize the fingerprints here of staff help for PacifiCorp  
18 in the course of our compliance, thank you, I see our  
19 fingerprints here. On page 70, there's a statement  
20 beginning with the 2011 compliance year, "WREGIS must be  
21 used for reporting all energy deliveries into California  
22 from out-of-state facilities, except in the case of third-  
23 party schedulers as described above." And I think "except"  
24 is applicable to PacifiCorp and MJU compliance as permitted  
25 under AB 200. So, probably a specific cull out for

1 PacifiCorp would be good, as well.

2           One of the items that I haven't had a chance to  
3 really review the manual, the Guidebook for, and I'm looking  
4 forward to reading the Guidebook, and we'll have more  
5 comments in the fullness of timelines, when we've actually  
6 had the time, chance to look at it, once we've had a chance  
7 to digest the outcome of this section is kind of retroactive  
8 changes, kind of make sure there are clear dividing lines  
9 between what applies retroactively and what is applying  
10 prospectively, and I don't know that we really - "we"  
11 meaning me and my clients and others who are looking at the  
12 issue and who have really thought through, okay, what in  
13 here is retroactive and what is not retroactive, but that's  
14 going to be one of the areas of concern that we're going to  
15 have, just to try to avoid anything retroactive that makes  
16 it more difficult - retroactive if easier is fine with us.  
17 And with that, I just want to thank you again for giving us  
18 the opportunity to participate in the process.

19           MS. ZOCCHETTI: Thank you, Mr. Weinstein.

20           MR. KOOTSTRA: The next comment we have is from  
21 Tamara Rasberry.

22           MS. RASBERRY: Tamara.

23           MR. KOOTSTRA: Tamara, sorry.

24           MS. RASBERRY: Thank you. Tamara Rasberry  
25 representing Sempra Energy Utilities. And I will save my

1 comments for Attachment B for that time later on in the  
2 workshop, right now I just want to talk about our comments  
3 regarding the overall Guidebook. And these comments, I make  
4 on behalf of the Sempra Energy Utility Companies' Southern  
5 California Gas Company and San Diego Gas & Electric. And I  
6 thank you for the opportunity to respond to your work today.  
7 Sempra Energy Utilities requests the definition for  
8 biomethane be added to supplement the existing definition of  
9 biogas in the Guidebook, and we'll be submitting that  
10 proposed definition in our written comments. It appears  
11 that staff intends biogas to be the broadest definition for  
12 renewable fuel gas, and this draft of the RPS Guidebook  
13 includes digester and landfill gas.

14           It is very important for the Energy Commission to  
15 understand that raw biogas cannot be injected into a utility  
16 natural gas pipeline, as noted on page 18 of the Standard  
17 Eligibility Guidebook, under the statement on Pipeline Grade  
18 Gas. Biogas must be conditioned prior to injection into the  
19 natural gas pipelines and it is the conditioned gas that we  
20 think should be defined as biomethane. Adding a biomethane  
21 definition would help clarify the critical difference  
22 between raw and conditioned gas.

23           And then, on pages 17 through 20, we request  
24 clarifying language regarding delivery of biogas in the  
25 Biogas Eligibility section on those pages, specifically, I

1 am talking Section II(B)(2). There are two primary ways  
2 that natural gas pipelines are managed in California, one is  
3 the actual physical flow, and operation of the pipelines,  
4 including receipt points; the other is based on contractual  
5 flow. Because biogas molecules injected into the natural  
6 gas pipeline are not necessarily the same gas molecules with  
7 TRON\* [1:11:56] at a designated RPS eligible facility, we  
8 recommend that contractual agreements be used to track  
9 biomethane injected into natural gas pipelines. Such  
10 contract mechanisms already exist for transport of customer-  
11 owned natural gas. An example that needs modified language  
12 is on page 17, Section 2 of the section I just referred.  
13 This is the section that says "Biogas must be delivered to  
14 the electric generating facility via one of the following  
15 methods...3) natural gas pipeline, the biogas is injected into  
16 a natural gas pipeline and with TRON\* at the designated RPS  
17 eligible electric generation facility." It is not possible  
18 to guarantee that biogas injected into a utility pipeline is  
19 actually withdrawn and used at a specific facility. And we  
20 will be submitting our recommended changes in our written  
21 comments that address this issue. I do have a copy with me  
22 now that I'll bring and show Mark later. My last comment is  
23 based on Attachment 3, so I'll save those, just with those  
24 two, and I'll leave you that language. Thank you.

25 MS. ZOCCHETTI: Thank you.



1           MR. KOOTSTRA: The next card we have is from Bill  
2   Westerfield with SMUD.

3           MR. WESTERFIELD: Hello, I'm Bill Westerfield  
4   representing SMUD, good morning. I just have a clarifying  
5   question on Slide 15, and it relates to the implementation  
6   of AB 3048 for the publicly-owned utilities. I think what  
7   the Commission is asking is that all of our pre-certified  
8   facilities become certified and that we apply for a  
9   certification, isn't that correct?

10          MR. KOOTSTRA: Are you talking about the online  
11   facilities that are pre-certified with the "P" suffix?

12          MR. WESTERFIELD: That is correct.

13          MR. KOOTSTRA: Yes.

14          MR. WESTERFIELD: And is there a timeline when you'd  
15   like us to do that?

16          MR. KOOTSTRA: That can't be done until after this  
17   has been formally adopted and it would have to be on the new  
18   forms. But, after that, we don't have a specific time line,  
19   it just will not be considered eligible until the date that  
20   that application has been approved.

21          MR. WESTERFIELD: Okay, so is there some question  
22   about the eligibility or whether that power will actually be  
23   declared eligible as, I guess, reported to WREGIS, for power  
24   that is generated before that Application for Certification  
25   is approved?

1           MR. KOOTSTRA: At this point, we plan to treat that  
2 pre-certification that you have as a normal pre-  
3 certification, so the eligibility date that was printed, or  
4 the beginning date, I'm sorry, that was printed on your  
5 certificate will continue to be the beginning on date, as  
6 long as the application is approved.

7           MR. WESTERFIELD: Okay, that's great. That's  
8 helpful. Is there any additional cost or fees associated  
9 with the application?

10          MR. KOOTSTRA: No.

11          MR. WESTERFIELD: Okay, thank you.

12          MS. ZOCCHETTI: Thank you.

13          MR. KOOTSTRA: I apologize, I'm going to  
14 mispronounce this name, but Mr. Bawa.

15          MR. BAWA: Good morning. I am Gurcharan Bawa with  
16 Pasadena Water and Power. We certainly applaud the effort  
17 of the staff to upgrade the RPS Eligibility Book. Pasadena  
18 has a RPS Standard of 40 percent by 2020, and we are  
19 obviously struggling like others, so these clarifications  
20 certainly would help. And my comments - and I haven't read  
21 these two updates word by word, in detail, so I may have  
22 some unclarity [sic] about my question, but my question is  
23 generally related to the Biogas section. And the Biogas  
24 section talks about the renewable attributes being conveyed  
25 to the electric generating facility. CPUC has its

1 definition of renewable attributes, and POUs individually  
2 have their definitions, and they don't necessarily match. I  
3 think the intent is the same, but they do not naturally - if  
4 it came to a legal situation, the interpretation would be  
5 different. And the basic intent of the renewable attributes  
6 being able to avoid double-counting is a key issue, and I  
7 think a lot of Biogas suppliers may have a different  
8 interpretation, also. So, it would be nice if you could put  
9 the definition of renewable attributes - some people call  
10 them environmental attributes, however you choose it, it  
11 will be helpful to define that.

12           The second comment is about the attestations that  
13 you require from the operator of the landfill to biogas  
14 facility, and also the electric generating facility. I  
15 would suggest, like you have put the standard attestation  
16 language in some of the forms for other purposes in your  
17 book, if you could create those types of attestation forms,  
18 and that has a legal implication to the contracts.

19           Now, the third piece between the operator and the  
20 electric generating facility is the deliverer who takes the  
21 gas from the operator and delivers it to the generator. And  
22 I'm not sure if there is a need for you to put an  
23 attestation for that entity, but in contrast, generally we  
24 would like to have an attestation from the deliverer, as  
25 well, so the gas that the procurer is nominated and

1 scheduled to the various segments of pipeline system, to  
2 ensure that the gas is delivered. So those are my comments.  
3 Thank you very much.

4 MS. ZOCCHETTI: Thank you.

5 MR. KOOTSTRA: Next we have Evan Williams from  
6 Cambrian Energy.

7 MR. WILLIAMS: I'm Evan Williams, I am President of  
8 Cambrian Energy, and I would like to defer some of the  
9 comments I have to Exhibit 3, but if I might respond,  
10 actually, to the comments that were just made, our company  
11 has been involved 30 years in developing landfill gas  
12 projects, we have developed 50 of them, and we have three  
13 pipelines to biogas, or biogas to pipeline quality projects.  
14 I'm very sensitive to the comments that were just made with  
15 respect to the attributes. I'd like to comment a little bit  
16 about the fact that there has been a lot of attention paid  
17 to these, but in the entire United States, over 30 years,  
18 there are only 25 of these projects that exist. There are  
19 basically no qualifying projects in the WECC Region, there  
20 is one that is operating in Seattle, which is delivering its  
21 gas to a local utility. In the State of California, where  
22 we have a huge resource of this type because of the  
23 existence of Health and Safety Code Provisions, there is in  
24 every one of the LDC's tariffs a prohibition from accepting  
25 landfill gas, I think, which related to the comment from the

1 young lady from Sempra, raw landfill gas in any circumstance  
2 that I am aware of is not put into pipelines. All of these  
3 projects do go through basically oil and gas, a  
4 sophisticating processing technology, they do have to meet  
5 the applicable pipeline standards before they are injected  
6 into the pipelines, wherever it is, but, of course,  
7 California is prohibited from putting in any landfill gas  
8 in. So, the largest resource in the country is not  
9 available for this, that is not true of digester gas, that  
10 is not true of animal waste digester gas, which are the  
11 other two resources, but, in my view, I'm not aware of any  
12 pipeline quality wastewater treatment digester gas projects  
13 anywhere in the country; if anybody else is, they can  
14 certainly relieve me of that ignorance. But I think  
15 landfills represent the largest resource of this type,  
16 again, only 25 of them, and when we get to the Exhibit B  
17 questions, if you are to limit these projects only to the  
18 Western Electricity Coordinating Council Region, you  
19 basically would be banning these projects because there are  
20 none. So, I'm a little concerned about maybe the asking of  
21 that question, would like to - and we can talk about the  
22 delivery requirements that you had mentioned earlier, and  
23 would you like me to defer that to the Exhibit B comments?  
24 Okay, I'll do that because I do have some concerns about  
25 that. But, as to the renewable attributes comments that

1    were just made, that is a concern from the development  
2    perspective.  These projects do not receive Section 45 tax  
3    credits or any other economic support on a Federal or State  
4    level, so they are difficult to do, they have to be  
5    justified solely on their economics in terms of the gas  
6    sale.  One of the potential areas of revenue, depending on  
7    what happens with climate change technology, that have to do  
8    with potential carbon emissions reduction credits that might  
9    be available, we have excluded those in some of our projects  
10   because they do not relate ultimately to the production of  
11   power, and I think that is something that should be reserved  
12   to a developer and not included as part of the environmental  
13   attributes to get transferred.  They aren't environmental  
14   attributes that basically an electric utility could take  
15   advantage of, in any event, because there are a number of  
16   measurements and other things required to maintain the  
17   viability of those types of economic benefits.  So, with  
18   respect to that aspect of it, I will defer, I guess, the  
19   rest of my comments on transportation to the Exhibit B  
20   comments.

21            MS. ZOCCHETTI:  Excuse me, if you had comments  
22   regarding what's in the staff proposal, though, about  
23   delivery, we would entertain those now.

24            MR. WILLIAMS:  Okay.  Thank you.  And then I won't  
25   have to come in on the Exhibit B.  I have submitted,

1 actually, written comments with a lot of detailed  
2 explanation as to why I have suggested certain views in  
3 here. I am actually encouraged with what the staff has done  
4 with one aspect of the delivery requirements, which is in  
5 the staff proposal. And that is to recognize that the  
6 pipelines and natural gas don't always flow gas from the  
7 east to the west, and as I'd mentioned, there is only one  
8 project and it's not delivering into California right now,  
9 so most of the available resources today for Biogas, and I'm  
10 using that biomethane, if you will, from landfills, which is  
11 the largest of this type resource, will exist outside the  
12 WECC Region today, until the law, if it does, changes in  
13 California. So, the transportation issues now become  
14 critical because, for a project, if we were to develop  
15 someplace outside the WECC Region, we're going to have to  
16 pay the transportation costs. And right now, I view it as  
17 being an unnecessary penalty of having to interconnect to  
18 every pipeline between where our project source is and the  
19 State of California. In recognizing displacement or  
20 counter-flow transfers on a pipeline, I think the Commission  
21 has given recognition to the fact that, going back to the  
22 comment made from the young lady from Semptra, once the gas  
23 is processed and goes into a pipeline, the methane molecules  
24 from a biogas resource, which is basically CH<sub>4</sub>, are  
25 indistinguishable from the methane molecules that are in

1 natural gas. So they're fungible. So the only thing that  
2 distinguishes now those two types of gases are the  
3 environmental attributes, and the transfer of those really  
4 happens by contract, and I think the Commission really has  
5 set up a procedure for tracking that, contractually, so that  
6 the environmental aspects of that gas, wherever it is  
7 produced, can be tracked. Having said that, I have  
8 suggested language, and I'm not sure if that's where Sempra  
9 was going with this, that would basically allow for  
10 renewable purposes the same sorts of transportation of  
11 biogas in a pipeline as exist in the natural gas  
12 infrastructure. I have given you a Code of Federal  
13 Regulations section that defines transportation by FERC and  
14 it includes an exchange of gas, which basically is where you  
15 have equal quantities of gas, two different locations that  
16 are transferred just by contract. From a developer's point  
17 of view, that is going to save me an enormous amount in  
18 transportation; from the utility's stand point of view, that  
19 is going to make available to them a lot more projects and a  
20 lot more as a relative term because, again, there are only  
21 25 of these in the country, these are very difficult and  
22 very expensive to develop, they're capital intensive, so  
23 there is not going to be a sudden flood of these types of  
24 projects that becomes available. In my view, and again, I'm  
25 in the business, I think the Commission should encourage



1 these types of projects by developing regulations that  
2 encourage the use of these, and once they're encouraged in  
3 the global warming context, if these environmental  
4 attributes are retired, they are retired for good, they are  
5 not going to be double-counted, they are not going to be  
6 available to utilities or other uses in other states. So, I  
7 very much would like to see the Commission look to expand  
8 the same concept that is included in this language with  
9 respect to transportation, but include the term "exchange,"  
10 which would be a huge economic boost to the potential of  
11 these projects in the country. Thank you.

12 MS. ZOCCHETTI: Thank you very much.

13 MR. KOOTSTRA: Again, I'm afraid I'm going to  
14 mispronounce this - Marlo [sic] Lemes from SMUD.

15 MR. LEMES: Marco.

16 MR. KOOTSTRA: Oh, Marco. Sorry.

17 MR. LEMES: Again, Marco Lemes with SMUD. I just  
18 would like to get a clarification on a term here. On page  
19 18, third paragraph, second sentence, it says "electricity  
20 generated and gas must be measured over an equal and  
21 overlapping period." It is very clear what you're trying to  
22 convey here, but what is throwing me off here is the  
23 "overlapping," what exactly does that mean?

24 MR. KOOTSTRA: For the purposes of recording within  
25 WREGIS, that's by month; for us, that's by year, so we kind

1 of default to WREGIS because it's more tightly bound, so  
2 that when you're measuring this, it's pretty much the amount  
3 of gas delivered to you within a month.

4 MR. LEMES: On the -

5 MR. KOOTSTRA: The amount of generation. And we  
6 realize that sometimes gas may be produced at the tail end  
7 of one month and delivered in the next just because it does  
8 take time, and that can be worked out. Essentially when we  
9 said "produced," it should mean "produced and delivered to,"  
10 so it's the date of delivery.

11 MR. LEMES: Okay, thank you.

12 MS. ZOCCHETTI: Thank you. Taylor Miller with SMUD  
13 is next - I'm sorry, with Sempra, sorry, Mr. Miller. He  
14 says, "Oh, did I have that job, too?"

15 MR. MILLER: Yeah, I don't know how that happens.  
16 This is not the first time. Thank you for the great amount  
17 of work you've put into this and the presentation. One  
18 initial comment, I guess, is to get back to the process  
19 issue a little bit here. It took a year for you to develop  
20 this, and how long are we going to have to comment on it?  
21 I'm just wondering what you feel your time pressures,  
22 absolute needs are so that perhaps some of these issues may  
23 be able to be carved out and dealt with maybe in a little  
24 bit longer period of time. But I'll leave that up to you  
25 and maybe if you could comment at the end on the process

1 aspect of this so that maybe we can have a little bit more  
2 time, and I think maybe even more than just one workshop  
3 might even be helpful if that's conceivable, if you could  
4 work that into the schedule. The second point, I just have  
5 three topics, that will be the first one - the second is,  
6 I'd like to echo some of the comments made by PacifiCorp on  
7 the out-of-state project certification process we've been  
8 through, as you know, a couple of those. And at one point,  
9 I had thought that was going to be simplified by a reference  
10 to a tool, kind of a template that could be applied, and  
11 that seemed to be a very good thing. I can't swear, but I'm  
12 not sure if that's in the materials that have been  
13 distributed. I think it was very helpful to come up with  
14 that idea because, as already stated, I think it's obvious  
15 that projects a fair distance from the border are really not  
16 going to have impacts in California, for the most part, and  
17 to go through the drill of developing all the LORS for a  
18 hypothetical county that conceivably could be effective, but  
19 really can't be effective, takes a lot of time and effort  
20 and argument over details that may be is unnecessary. So, I  
21 would like to suggest that maybe a tool could be referenced  
22 or included. I'm sure that you have a reason maybe for not  
23 doing that, but we would be all for that kind of a process,  
24 so that we can focus on the things that really could matter  
25 in California under the statute.

1           The third comment would be, on the delivery  
2   requirement for biomass, and I'm speaking today, I should  
3   say, for Semptra Generation, the concern we have is that the  
4   requirement for the multiple contract pipeline system  
5   contracts would probably not change the actual molecule  
6   delivered and used in the plant, but would conceivably  
7   increase the cost of the transaction by up to maybe 20  
8   percent or so. So, we were generally in support of the  
9   comments that were just made by the gentleman from Cambrian,  
10   not necessarily - I don't know what the right word is - but  
11   we will be submitting some comments during your comment  
12   period on that topic and look forward to maybe some further  
13   discussions of that kind of a transaction, a displacement  
14   transaction. So those were my comments. Thank you very  
15   much.

16           MS. ZOCSETTI: Thank you, Mr. Miller. I would like  
17   to just do a quick comment on that topic. Just to clarify  
18   that we clarified the delivery. I just wanted everyone to  
19   know that we didn't change our requirements; that's always  
20   been that the biogas must be [quote unquote] "delivered" to  
21   a California facility for use at that facility, but there  
22   was confusion about how to demonstrate that, so we've  
23   attempted to provide a way that you could document that. So  
24   I just wanted everyone to know that, although - it may look  
25   to some of you that we've added more than was there before,

1 but it was an attempt to clarify how you could document what  
2 was already there, and we haven't changed the requirement to  
3 show that delivery is coming to California for use at a  
4 designated facility. So, I just wanted to let you know.

5 MR. MILLER: Okay, well, we can maybe have some  
6 further dialogue about that, looking forward.

7 MS. ZOCCHETTI: Absolutely.

8 MR. MILLER: Thank you.

9 MS. ZOCCHETTI: Anymore blue cards? Go ahead and  
10 just state your name again for the record.

11 MR. BAWA: This is once again Gurcharan Bawa,  
12 Pasadena Water and Power. And a thought triggered my mind  
13 when the gentleman from Cambrian made a comment about the  
14 displacement arrangement. And we certainly see that it  
15 saves costs, certainly, and it's quite equivalent to, in my  
16 mind, the unbundling and re-bundling energy transactions  
17 for, literally speaking, out-of-state intermittent  
18 resources. So it makes a lot of sense. What I'm not quite  
19 clear about, and I think if you do decide to allow that type  
20 of arrangement, I will suggest you clarify, in that case,  
21 once the attributes are stripped right at the source, which  
22 is the landfill, and then an equivalent amount of gas is  
23 burned at a qualified plant, as a displacement to the biogas  
24 or biomethane that went into the pipeline system, then would  
25 be credits, the renewable credits, generated at the power

1 plant, would they be considered bundled? What they have a  
2 value equivalent to the bundle of RECs? Or would they be  
3 considered T-RECs? Because it does have an implication with  
4 regard to the - now, you know, CARB is looking at unlimited  
5 T-RECs to be allowed for RES compliance, SB 722 has  
6 restrictive limits, and CPUC's proposed decision has put, I  
7 think, a 50 percent limit or something like that. So, it  
8 will be nice to clarify should you decide to do that. We  
9 are supportive of displacement arrangement, though. I would  
10 like to re-emphasize about the importance of definition of  
11 renewable attributes because, often, the two issues - one is  
12 the RPS compliance, and then, second is how would the CO<sub>2</sub> be  
13 counted from the emissions that would come out of that gas?  
14 Generally speaking, the PUC definitions and most of the POU  
15 definitions, they seem to indicate that the carbon benefits  
16 would belong to the end-user. And this is not clear  
17 normally when it comes to the contractual terms, so it will  
18 be very important to clarify. And economic benefit, as this  
19 gentleman addressed, in my view, is more of a contractual  
20 issue, not a regulatory issue. So, I think from your  
21 perspective, you need to clarify what it contains. Thank  
22 you very much.

23 MS. ZOCSETTI: Thank you.

24 MR. HAUBENSTOCK: Good morning, Arthur Haubenstock  
25 with Bright Source Energy. Thank you very much for the

1 opportunity and for the tremendous amount of work that has  
2 clearly gone into revising this Guidebook. We were very  
3 pleased to see much of the thought and work that went into  
4 it and the great deal of analysis that went into it. We did  
5 have a question and a concern with respect to the section  
6 regarding renewable energy - sorry - renewable facilities  
7 using multiple energy resources, and that is with respect to  
8 Option 1. And we, again, I very much appreciate the  
9 opportunity to not just have two options, but also have the  
10 ability, which we think is most consistent with the statute  
11 and the statutory objectives, to have an individual site-by-  
12 site analysis as to what the heat inputs actually are. But,  
13 again, we think that the ability to use these two pre-set  
14 options has administrative benefits and will probably be  
15 helpful for some facilities, I'm not quite sure about our  
16 technology. We are concerned about the baseline, though,  
17 particularly with respect to Option 1, and with respect to  
18 the factor that is 0.537, that is the multiplier, which  
19 appears to be a pretty highly efficient combined cycle. And  
20 our concern is that, if you look at the grid and what is  
21 likely to happen on the grid as these units are being  
22 operated, that the displaced unit is not likely to be a  
23 combined cycle, and if it is, it would not be a combined  
24 cycle operating at such efficiency. So, we want to better  
25 understand what the derivation of that is, and we want to

1 suggest that, at best, if you're going to be using a proxy,  
2 and, again, we see the benefit of doing so, that the proxy  
3 to be used would be a peaker, and not just a peaker, but a  
4 peaker that was operating on an increment basis because if  
5 you have these facilities online and they are not using  
6 fossil fuel to smooth their output, then a displaced  
7 facility is going to be that peaker operating on an  
8 increment basis.

9 MR. KOOTSTRA: Just to let you know, we got this  
10 number, I believe, from our Siting Department, it is what  
11 they standard use, this equation. Sorry, it's been a while  
12 since we grabbed that, but that's the reason for that, but  
13 we will definitely take your comments into advisement.

14 MR. HAUBENSTOCK: Thank you.

15 MS. ZOCCHETTI: Are there anymore blue cards from  
16 the audience in attendance? Any other comments? Okay,  
17 we're going to go to WebEx participants. Art Koral has - I  
18 hope I convey his message here: "Just wanted to back up the  
19 comments regarding the need to pass a ruling regarding  
20 allowing SGIP and CSI participants to sell RECs to meet the  
21 RPS. There are great economic hurdles in the development of  
22 fuel cell and solar technologies, and by allowing SGIP, CSI,  
23 net meter projects to also gain value from RECs, we greatly  
24 accelerate the growth of renewable energy technologies."  
25 Thank you, Mr. Koral.



1           And from Harry Singh, "Page 36 of the Guidebook  
2   states that out-of-state energy may be 'firmed or shaped'  
3   [in quotes] within the calendar year. Could you clarify if  
4   this flexibility is also applicable for intra-year  
5   transactions. For example, can a firming and shaping  
6   agreement that was - I think -- a term from October through  
7   December 2010 use RECs generated in August 2010, i.e., prior  
8   to the contract term, but still within the same calendar  
9   year? We have not found any constraint other than the  
10   calendar year limitation in the Guidebook, but would  
11   appreciate you confirming this."

12           So, to Mr. Singh and others that may have that  
13   question, this question is regarding bundling, as well as  
14   our one-year bookend of when we need to have the energy  
15   delivered into California within the same year as the  
16   generator generates the renewable electricity. Currently,  
17   until the T-RECs decision and if the T-RECs decision is  
18   adopted by the CPUC and incorporated into the RPS Guidebook,  
19   tradable RECs are not authorized and, so, as it says in our  
20   current Guidebook and in this revised Guidebook, bundled  
21   contracts are RPS eligible. And that means that you procure  
22   the underlying energy and the REC together in the same  
23   contract. So, if I'm understanding Mr. Singh's question  
24   correctly, I don't think that would be RPS eligible,  
25   although the Energy Commission doesn't review the contracts,

1 and the CPUC doesn't review the contracts for all parties,  
2 but since you're raising the question, I think the answer is  
3 I don't think that it would be eligible unless, again, two  
4 things, it's procured under a bundled contract and delivery  
5 within our rules for delivery. So, I hope that answers Mr.  
6 Singh's question, if not, we'd be happy to discuss it  
7 offline. Any other WebEx? Thank you.

8 Ramona Gonzales says that: "Small hydro, that is  
9 pre-certified, still needs to apply for certification with  
10 all information previously provided to gain pre-  
11 certification?" I think she means to gain, perhaps,  
12 certification. That's a good question. I think this refers  
13 to the change in law that now POU facilities that own or  
14 contract with Hydro can now be fully certified. What do you  
15 think, Mark?

16 MR. KOOTSTRA: Yes, you would still need to submit  
17 all that information unless we have it on file, so if we do  
18 have it on file and it's complete, I'm okay with you  
19 referencing that file, so long as we have everything that we  
20 need. The purpose of this is that was a pre-certification  
21 application, and that does not guarantee eligibility, but it  
22 was a very good indicator. Also, the attestation on that  
23 application is different and we have to take all of that  
24 into consideration, so we know it's going to be a little  
25 tough getting all of those re-done, but it needs to be done

1 to make sure that it's all done right.

2 MS. ZOCCHETTI: Mark is my first line of defense, so  
3 if you get past him, then you get to me, so thank you for  
4 that. So I think, and make sure you check that it's amended  
5 and provide the previous RPS I.D. number and so forth, so  
6 that our process can be a little bit more streamlined.

7 The next comment on WebEx is from George Sterzinger.  
8 "How will the determination about whether the out-of-state  
9 solid waste operating permits meet the CalRecycle standards  
10 be made?" Well, that is up to CalRecycle. We work with  
11 other state agencies when the realm of the technical  
12 expertise is more in their arena than in ours, and so we  
13 work with CalRecycle staff and we would be working with them  
14 if we had a question about whether or not it met our rules,  
15 we could confer with them. However, it does need to meet  
16 their rules if it is a facility that is under their  
17 regulation, and so we would need a permit from CalRecycle.  
18 So, I hope that answers the question.

19 MR. KOOTSTRA: I would like to add in he was  
20 specifically commenting on facilities specifically located  
21 out-of-state where CalRecycle does not have jurisdiction, in  
22 which case it wouldn't be a formal determination; at best,  
23 we can go with an informal between the two agencies, and  
24 that is something that we would still need to work out in  
25 detail, but they have been very open to discussions - or

1 CalRecycle has been open to discussions working on this, so  
2 that's still technically in development, but it will  
3 definitely be done in consultation with them.

4 MS. ZOCSETTI: Go ahead.

5 MR. KOOTSTRA: Melissa Born. "For the purpose of  
6 RPS eligibility, can WREGIS RECs from an instate RPS  
7 eligible facility be bundled in a transaction with instate  
8 energy, whether or not renewable from a separate facility  
9 and perhaps generated in a different calendar quarter, and  
10 be RPS compliant?"

11 MS. ZOCSETTI: I'm getting all of these questions,  
12 okay, let's think about this. This is hard to do on the  
13 spot here. Yeah, the point here is that it is an instate  
14 facility and, as most of you know, the statute says that,  
15 for facilities located in California, the energy is deemed  
16 delivered and we don't verify the energy delivery for  
17 instate facilities. And we look, again, at the things on an  
18 annual basis for RPS, so the quarter is really a moot point,  
19 as long as it is within - well, we don't verify the  
20 delivery, so it's pretty - it's a non-issue. Okay, are  
21 there anymore WebEx chat - how about on the phone? Is  
22 anyone on the phone that would like to ask a question? I'm  
23 sorry, start over if you've been talking, we just un-muted  
24 your phones. Anyone on the phone that would like to pose a  
25 question or a comment? Okay, I'm not hearing any questions

1 or comments via the phone. We're going to go ahead and mute  
2 those lines again. If you do want to comment, please send  
3 us a little chat.

4           So we really are appreciative of your comments and  
5 observations and questions, they are all being captured  
6 here. And I would like to know if folks want to take a  
7 lunch break, which is what I'm recommending since I think  
8 we're going to have quite a bit to chew on this afternoon,  
9 and I think if we start to delve into that, we're going to  
10 get all wrapped up and not have time for lunch. Does anyone  
11 have a real conflict with taking a little bit early lunch,  
12 perhaps coming back at 1:00, and going on to the outstanding  
13 issues? If anyone has a flight they have to catch, or it's  
14 a hardship, please let me know, otherwise I'd like to  
15 reconvene at 1:00. Before you go, if you haven't been here  
16 before and haven't had lunch in Sacramento, you can walk to  
17 a couple of restaurants that are just down the block. If  
18 you go out our main doors here past the guard, and go left  
19 to the train tracks, and then go right, that will take you  
20 one block, it will take you to La Beau, which is kind of a  
21 sandwich place, and right next door to it is Vallejo's,  
22 which is a Mexican restaurant, they're both very good. Any  
23 housekeeping questions or anything before we - all right,  
24 thank you very much and I hope to see you back at 1:00.

25           (Off the record at 11:50 a.m.)

1 (Back on the record at 1:07 p.m.)

2 MS. ZOCCHETTI: We'll be starting momentarily, just  
3 waiting for some people to come on in. For everyone on the  
4 phone and in the room, we'll be starting momentarily, we're  
5 just waiting for a few more people. Okay, it's a little  
6 after one, so I'd like to go ahead and get started. I hope  
7 you all had a pleasant lunch.

8 We're going to be talking about outstanding issues  
9 and I kind of want to just clarify a little bit that what  
10 these are, are issues that either stakeholders have brought  
11 to staff or to the Commissioners, or staff have been  
12 wondering about through just talking with people, or  
13 thinking it's a good idea, or we think it's something that  
14 needs clarification. There's kind of a slew of reasons why  
15 these four issues, that we're looking at them now, but  
16 they're not proposed changes in the Proposed Guidebook right  
17 now because we needed some more input from you, and we need  
18 to deliberate a little bit more internally. So, these  
19 issues may or may not result in changes that appear in the  
20 final Guidebook, that will be the result of this workshop,  
21 so if you got a lot hanging on one of these issues, we  
22 really want to hear from you, but don't be disappointed, it  
23 doesn't mean it's off the table if we don't make your change  
24 that you would like. Some of the issues might just get put  
25 over until the next go around of Guidebook revisions, so we

1 appreciate you taking your time this afternoon to help us  
2 understand these issues. So, Mark and I, again, are going  
3 to kind of tag team on them.

4 In the handout, we have them in the order of the De  
5 Minimis issue going first, however, I would like to propose  
6 that we do the second issue first, if no one has an  
7 objection, because people have to catch a flight. So,  
8 someone raise your hand if there is a problem with taking  
9 the Biomass/Biogas issue first, and then we will go to the  
10 De Minimis. Are there any objections to that? Okay, I  
11 appreciate that, thank you. Mark.

12 MR. KOOTSTRA: All right, currently Biogas delivered  
13 via natural gas pipeline, we talked about that a little bit  
14 this morning, we require that the delivery is contracted for  
15 with the actual pipeline operators, so hopefully a lot of  
16 you, we have gone through some discussions with several  
17 parties, but basically what you need to do is you need to be  
18 able to show us contracts that you have - in the event of an  
19 audit, they have a contract with all the pipeline operators  
20 from the fuel production facility all the way, pipeline by  
21 pipeline, to California. At this time, and now with the  
22 proposed revisions, it would be to the facility itself that  
23 is located outside of California, or to California's border.  
24 Also in the event of an audit, you would have to provide us  
25 with some type of invoicing and something that proves that

1 this contract did contain the Biogas and that it was  
2 actually delivered where we come into the invoices. Oh, it  
3 appears it didn't show up. Well, what is supposed to be  
4 here is we have a map of all the natural gas and other  
5 pipeline systems throughout the United States, Mexico, and  
6 Canada, it is rather extensive and interconnected, and  
7 what's in the black-out area is an overlay of the WECC  
8 Electricity Transmission System. And so we currently allow  
9 for any biogas source that can be contracted for, the  
10 delivery contracted to California to be eligible, we are now  
11 opening up - the idea is, is this a good idea? Should we be  
12 restricting it to the WECC? Should we be restricting it to  
13 the states that have a portion of themselves within the WECC  
14 for the entirety? Is there any kind of physical limitations  
15 that we should be placing on this, outside of the  
16 contractual delivery possibility? And if so, please present  
17 some kind of reasonable way that we can verify that. And if  
18 there are any other restrictions that we should place on a  
19 facility, injecting obviously needs to produce RPS eligible  
20 gas, but above and beyond that, is there any reason why we  
21 should restrict and say this injection facility should not  
22 be eligible for these reasons or not?

23 And then, the next set of questions we have on  
24 Biogas is storage. Currently, our guidebook does not  
25 explicitly allow or disallow storage within either a natural



1 gas pipeline storage facility, or parking arrangements on a  
2 natural gas pipeline, and we want to get some stakeholder  
3 input on that as to whether or not you think that is a good  
4 idea, a bad idea, and what conditions we should have  
5 governing that if we are to allow it, and why we shouldn't  
6 allow it if you think that is a bad idea, and whether or not  
7 we should also treat this gas differently, if it has been  
8 stored or parked on a pipeline.

9 At this point, we'll take individual questions. I  
10 would like to first focus on, well, all at once, actually,  
11 so if you'd like to comment, please, blue card or raise your  
12 hand if you're on the WebEx. We have the first commenter,  
13 is Tom Ingwers with Shell Energy.

14 MR. INGWERS: Thank you for the opportunity to speak  
15 to the panel and the audience. I'm Tom Ingwers, I'm with  
16 Shell Energy, North America. I would like to respond to  
17 both of these questions that Mr. Kootstra has raised  
18 concerning Biogas and, the first one, potentially further  
19 restricting the location of eligible biogas facilities. We  
20 are of the mind that, no, we don't need or want to further  
21 restrict the location of eligible biogas facilities, and I  
22 would like to go into a little bit of the rationale as to  
23 why. First off, biogas is a very important California RPS  
24 resource. The challenge we have is, most of the resource is  
25 located outside the WECC. We heard from colleague, Mr.

1 Williams, of Cambrian, that of the 25 currently operating  
2 gas clean-up landfill projects, virtually almost all outside  
3 the WECC. Another source, which I haven't audited, but if  
4 you go to the EPA website, they've identified 500 candidate  
5 landfills for potential gas clean-up in the lower 48 states.  
6 Of those, only 90, about 20 percent, are in the WECC, and of  
7 that, about half are in California, which, because of some  
8 vinyl chloride and other issues can't be accessed. So, if  
9 we were to further restrict, we're going to virtually  
10 eliminate this important supply source. Why is it  
11 important? It officially uses existing investment we  
12 already have in pipeline infrastructure, and even more  
13 importantly, in gas-fired generation in California. But it  
14 is a tool to actually convert a gas-fired generator to at  
15 least a partially renewable resource.

16 Another part that I think is critically important  
17 from a load serving standpoint, you know, at the end of the  
18 day, this is all about what can we do to serve consumers  
19 better, biogas is unique in that it can actually be  
20 converted within the time of day to match the specific need  
21 to the customers. Perhaps it can be moved from one season  
22 to another to match a really high demand power period. That  
23 is a very important aspect. You know, gas can be stored,  
24 power generally cannot. So, this is one resource where we  
25 actually get some storage capability that's not offered by

1 wind and solar and some of the other technologies.

2           Finally, it costs a lot to clean this gas up, to  
3 begin with, and then, when you have to transport it, often  
4 from very distant places, there's already significant  
5 limitations in what can count because, at the end of the day  
6 when you add all those costs together, it's hard to come up  
7 with the costs and still make sense in California when you  
8 convert it to renewable power. So, certainly, there's no  
9 need to apply additional restrictions.

10           From the storage question standpoint, should storage  
11 be disallowed in biogas delivery? Again, we would suggest  
12 absolutely not. Gas injected into storage or pipeline's  
13 parking service does ensure, as I mentioned, it can be  
14 converted to renewable energy when it is needed to serve  
15 load. At the end of the day, we are in the power - those of  
16 us here are probably in one way, shape, or form, involved in  
17 the power business and this gives us the flexibility we need  
18 to make sure we're delivering not only renewable product,  
19 but a power product when it is needed by the consumer. What  
20 does that do? It also helps enhance system reliability, by  
21 being able to time when that conversion happens, so it is a  
22 resource that can be counted on when resources are scarce.  
23 It also, arguably, helps dampen some of the price volatility  
24 during peak power periods by providing additional supplies  
25 that otherwise wouldn't be available. So, in the end, I

1 think storage is a good thing for the consumer at the end of  
2 the day, it should help push prices down, not up. Those are  
3 really all my comments. Thank you very much for the  
4 opportunity to speak to the panel.

5 MR. KOOTSTRA: Thank you very much. Our next blue  
6 card is from Daniel Patry, with PG&E. Did I pronounce that  
7 right? Okay, good.

8 MR. PATRY: Hi, Dan Patry on behalf of PG&E. My  
9 comments really, they follow along pretty well with the  
10 previous speaker. First off, I just wanted to compliment  
11 staff on their efforts with respect to revising the  
12 Guidebooks, particularly the more inclusive definitions for  
13 biogas and biomethane, we appreciate it. With respect to  
14 the questions at hand, you know, PG&E feels very strongly  
15 that, if biogas or biomethane is on a pathway to California,  
16 or delivery right into the WECC, you know, the RPS energy  
17 ought to count. As our procurement team has told me, we've  
18 really yet to see a successful instate project that can  
19 supply PG&E's RPS program on a consistent basis. The one  
20 project that has been producing and injecting on a  
21 consistent basis is in Texas, actually. So, with biomethane  
22 kind of really being the only available dispatchable  
23 renewable resource, and with really no transmission upgrades  
24 needed, flexible market rules are key in nurturing this  
25 resource to the point that it can play a pretty significant

1 role in the State's RPS portfolio. So, thanks.

2 MR. KOOTSTRA: Thank you. Our next is from Jeremy  
3 Weinstein from - oh, my apologies, I'll hold on to that one.  
4 Do we have anybody else? We have Mr. Bawa again with  
5 Pasadena Water and Power.

6 MR. BAWA: Thank you. And I want to reinforce what  
7 the other two gentlemen said. In my view, since it's a  
8 greenhouse gas issue, which is a global issue, with the  
9 national interest, I think it should be confined to anywhere  
10 in the U.S. if you can find this resource. In my mind, it's  
11 an equivalent transaction as you would have for electricity.  
12 Physically, it's not a green molecule of gas or a green  
13 electron that flows, it's largely an accounting system, the  
14 basis being that a renewable resource is put in that pool,  
15 pool of electrics that eventually generates electricity, so  
16 whether it's done in Texas, or California, it is no  
17 different, it benefits the environment overall. However, we  
18 will seek clarity in regulatory accounting mechanism with  
19 regard to how would these transactions where the  
20 displacement occurs, with respect to the gas. Would those  
21 be Tradable RECs or sort of bundled RECs? That has an  
22 implication with regard to how the present legislation is,  
23 or what would work out in the future. Thank you.

24 MR. KOOTSTRA: I actually have one point of  
25 clarification. I believe you said gas should be delivered -

1 allowed from - anywhere in the U.S. Are you saying to  
2 restrict it to the United States? Or did you mean anything  
3 within the pipeline system that can reach California?

4 MR. BAWA: It is not City of Pasadena's position  
5 what I am saying now, from my personal perspective, I think  
6 in the national interest, it should be confined to United  
7 States of America, in other words, it shouldn't be a gas  
8 that was generated in Indonesia, and then you take a  
9 displacement credit here in the U.S.

10 MR. KOOTSTRA: I would just like to specify that,  
11 currently, gas overseas wouldn't work. I think right now the  
12 only nations besides the United States that could  
13 participate will be Canada and Mexico because I believe that  
14 is tied in - and correct me if I'm wrong - if pipelines go  
15 all the way through South America, but that is the area  
16 we're looking at, at this point.

17 MR. BAWA: If there is a credible accounting  
18 mechanism in those places, then it might work. But my major  
19 point was that the displacement, or the storage, should be  
20 allowed. Storage brings a lot of benefit to the consumer  
21 instead of being forced to generate the electricity in the  
22 hours when a load serving entity doesn't really need power,  
23 that happens with most base loaded projects, it creates a  
24 displacement of another commitment that they have made, and  
25 that generally results in a negative economic impact. The

1 gas provides the benefit of being capable of being stored  
2 and could be used for generating electricity when the power  
3 is really needed, rather than displacing another resource. I  
4 don't know if I answered your question.

5 MR. KOOTSTRA: No, that's fine. Thank you very  
6 much.

7 MR. BAWA: Thank you.

8 MR. KOOTSTRA: Do we have any other blue cards from  
9 the room? This is Tamara Rasberry with Sempra Utilities.

10 MS. RASBERRY: I didn't fill out a blue card. Can I  
11 still speak right now?

12 MR. KOOTSTRA: If you can fill one out afterwards,  
13 that would be great.

14 MS. RASBERRY: Okay. So this is in regards to the  
15 third bullet of your questions presented on Biogas delivery  
16 into the natural gas pipeline. Sempra Energy Utilities  
17 supports the source facilities like underground storage  
18 fills and the delivery of biomethane to an RPS eligible  
19 biogas electricity generating facility. We operate  
20 underground natural gas storage fills in California that are  
21 integral to the operations of our pipeline system. Similar  
22 to our comments regarding delivery of biogas or biomethane,  
23 we recommend the use of contractual agreements to track  
24 biomethane injected into natural gas pipelines and storage  
25 facilities such as underground natural gas storage fills.

1 There is no need for a different treatment of natural gas  
2 storage facilities integral to pipeline systems that may  
3 also be used to store biomethane gas. Thank you.

4 MR. KOOTSTRA: Thank you. Do we have any other  
5 questions from within the room, or comments? All right,  
6 then we are going to move to the WebEx. Has anyone  
7 signified that they have a question? Then, shall we try the  
8 phone lines? If you are on the phones and you have a  
9 question or comment, please speak. If there is no one on  
10 the phone with a question, we are going to move on to the  
11 next item.

12 All right, we are now going to talk about Multi-Fuel  
13 Facilities and the De Minimis Quality of Nonrenewable Fuels.  
14 Currently, Public Utilities Code 399.12(e)(3) states that:  
15 "No electricity generated by an eligible renewable energy  
16 resource attributable to the use of nonrenewable fuels,  
17 beyond a de minimis quantity, as determined by the Energy  
18 Commission, shall result in the creation of a renewable  
19 energy credit."

20 Currently, the Energy Commission has set the de  
21 minimis level at 2 percent for all facilities with some  
22 special exceptions, and most of those exceptions have to do  
23 with participation or previous programs and previous  
24 treatments. For existing FERC renewable qualifying  
25 facilities, we allow up to 25 percent to be counted. This



1 was extended to those facilities that received an interim  
2 RPS solicitation -- or, sorry - that were built and  
3 developed pursuant to a 2002-2003 interim RPS solicitation.  
4 That was mainly because that's what the rules were before  
5 and we didn't want to hurt those that started production at  
6 that time when they followed the rules at the time. We also  
7 allow a 5 percent value for those facilities participating  
8 and currently receiving funds under the existing renewables  
9 account to match what the existing renewables account also  
10 allows.

11 We are looking for stakeholder input concerning what  
12 types of fuel usage should be considered towards this fossil  
13 fuel measurement methodology, or, sorry, the nonrenewable  
14 measurement methodology, as well as what a true de minimis  
15 is, and should different values of de minimis be awarded to  
16 different facilities based on any number of characteristics,  
17 whether it's been to the grid, but if it's to the  
18 environment, or types of technology. We are also looking  
19 for information on whether or not the measurement  
20 methodology should be based solely off of energy input or if  
21 it should take into consideration more of the operational  
22 characteristics of the plant, as well as whether we should  
23 consider the time that the fuel is inputted into the  
24 facility, rather than just the use, or the overall purpose,  
25 as well as whether the de minimis value should be treated as

1 a credit to a facility using less than 25 percent fossil  
2 fuel overall, or if the de minimis should remain as it is,  
3 as you were either under it, or you are over it; and if you  
4 are over it, you must count all fossil fuels. So, I'm going  
5 to go to questions now, and the first one we have is from  
6 Jeremy Weinstein. Oh, I am sorry about that, we had a bit  
7 of a jumble. Does anyone in the room have a blue card that  
8 they wish to hand in? Yes, go ahead, and this is Peter  
9 Weiner.

10 MR. WEINER: Thanks very much. I'd like to echo  
11 what other people have said and both thank you and  
12 congratulate you on a very significant effort. I despair,  
13 Kate, at the thought that you might have to do this again  
14 early next year, and I can understand why it takes so long.

15 First, I'd like to thank you for the changes that  
16 you've put forth in Attachment B, so far, that really start  
17 on pages - I guess it is page 31 or page 30 of the Revised  
18 Guidebook. And the reason I asked that question before,  
19 Kate, is because the changes that you're saying you might  
20 make are in here as a proposed revision, so it's - now I  
21 understand what you meant by that, so it's convenient to  
22 have it in there. I appreciate the changes that are  
23 possible that are in Attachment B, that pertain to the use  
24 of fossil fuels, and particularly in number one, where you  
25 have gone to the nonrenewable energy source that is

1 simultaneously used to generate electricity, and you've made  
2 it clear that the responsibility of the facility is to  
3 demonstrate and to differentiate between energy use  
4 simultaneously to generate electricity and energy use for  
5 other purposes; I think that is appropriate. As an  
6 accounting measure, it will be useful to develop some tool  
7 for that as we go forward, if this change is made. But it  
8 seems to me that it is quite doable. And it seems to me,  
9 and Gabe and I have had this -

10 MR. KOOTSTRA: Peter, I am going to interrupt you  
11 real quick, I'm sorry. I just want to make sure everyone is  
12 clear that the language in the notice is not what we  
13 currently propose to put in the Guidebook, it is language to  
14 consider whether this is a good idea or not.

15 MR. WEINER: Right.

16 MR. KOOTSTRA: Okay, I just wanted to be clear.  
17 Thank you.

18 MR. WEINER: So, to be clear, I think it's a good  
19 idea.

20 MR. KOOTSTRA: Thank you.

21 MR. WEINER: But, I think it's consistent both with  
22 the current version of Section 399.12 and it's also  
23 consistent with the legislation that appears to be going  
24 through the Legislature at the moment, that would change the  
25 words slightly, but be even more, I think, conducive to

1 making these particular changes. So, I think it's  
2 appropriate and it clarifies when people are using fossil  
3 fuel that counts towards the de minimis and when they are  
4 not. The example that I like to give, it is already clear  
5 to everyone at the Commission, is that if you are producing  
6 biomass energy, the fossil fuel you use for your chipper is  
7 not counted towards generation of electricity, even though  
8 one could say the electricity is attributable to the fact  
9 that you actually got fuel. And so, this language seems  
10 appropriate to me. I think it works well, and will help  
11 achieve our renewable portfolio standard objectives.

12           The other - you've also, in Attachment B, continued  
13 to keep the differentiations that you mentioned earlier, for  
14 people who were playing by the rules at the time, to the 5  
15 percent and the 25 percent, are kept in an appropriate  
16 place. I note that some people at the Commission had asked  
17 me, "Well, how would this affect these existing facilities?"  
18 And you seem to have kept them in the same place they are  
19 now, which seems right. One of the questions you asked is,  
20 if you use 1.9 percent renewable energy under current rules,  
21 you get to count 100 percent of your energy as renewable,  
22 but if you use 2.01 percent, you can't count -- that entire  
23 2 percent is subtracted from your renewable energy  
24 production. That seemed to be a harsh line to draw. The  
25 line you seem to draw here is that you will be able to count

1 100 percent up to the 2 percent; after that, you take away  
2 only the excess of the 2 percent from your 100 percent, and  
3 until you reach 25 percent, and I gather the 25 percent was  
4 chosen because it is the outside of any of the facilities  
5 for which you are allowing fossil fuel to be used, and  
6 counting the renewable energy, as all renewable. So, that  
7 also seems appropriate, it seems to be a level playing field  
8 for everyone. So I would like to, again, support those  
9 changes. I think that they are consistent. They are  
10 certainly very helpful in promoting the use of certain kinds  
11 of renewable energy for which this intermittent use of  
12 fossil fuels is extremely important, for continuity and  
13 reliability.

14           The other changes that are being made seem to deal  
15 with the measuring the renewable generation for multi-fuel  
16 facilities. Are you taking that issue at this time? I  
17 think you are, but I'm not sure.

18           MR. KOOTSTRA: If you'd like to comment on it now,  
19 that will be all right.

20           MR. WEINER: Well, I think it was commented earlier,  
21 but let me comment now, also. In looking at the various  
22 equations that you have there, what you want to do is figure  
23 out - what you are doing is you're assuming all of it is  
24 renewable, except that energy - that electricity which is  
25 generated by the fossil fuel. The question is, how do you

1 figure out how much of that is created by the fossil fuel.  
2 And what you've done is create a couple of options for  
3 people to use, rather than figure out the exact amount that  
4 they're producing by the use of those fossil fuels. I  
5 think, in terms of scientific and engineering accuracy, it's  
6 appropriate to get people to figure out how much they're  
7 actually producing using the fossil fuel, so they are going  
8 to have their own efficiencies, and heat rate, and so on,  
9 that will determine that and they should be able to figure  
10 it out. I think what you've said is that an alternative  
11 method can be demonstrated to the Energy Commission's  
12 satisfaction if it is superior to the methods discussed  
13 below and is the most appropriate method for that technology  
14 or fuel. I think that it might be better stated that, at  
15 least from my point of view as a purist, they should be  
16 proposing an accurate measurement of the energy that they're  
17 producing through the use of the fossil fuel, but these  
18 alternative methods would be allowed in the absence of that  
19 because I think what you'd like to get is a true accounting.  
20 With regard to the options that you're giving them, however,  
21 I think what was pointed out earlier is that what you are  
22 using is a proxy for the energy created by the fossil fuel  
23 as a combined cycle plant. And that may have more  
24 efficiencies than a peaker, it was pointed out earlier,  
25 which is really what may be the alternative here. The

1 outcome of your model vs. the peaker model is that you will,  
2 for every molecule of gas that is used, assuming it's gas  
3 that's used for the fossil fuel, you would - your model  
4 would say it produced more energy than a peaker would, and  
5 therefore you're subtracting more energy from that produced  
6 as a whole. So, you will wind up with fewer renewable  
7 energy credits that way than you would if you used a peaker  
8 as a model. It's a model, it's not reality, so then the  
9 question is, what's the appropriate model? And I would just  
10 say, unless you can develop the scenario where, if the -  
11 let's call it a solar facility is using a little bit of gas  
12 here, and this solar facility is using a little bit of gas  
13 here, and that you are saying, "Well, the alternative to  
14 their using the gas is we'll have a combined cycle plant  
15 over here that will come on line each time that they go  
16 down," that seems unlikely, and even if they did, they  
17 wouldn't have the kinds of efficiencies you're putting in  
18 here. It seems more likely that it would be a peaker that  
19 would be there, so that, when the clouds come over and the  
20 facility is not producing electricity, what comes online to  
21 substitute for it? Probably a peaker. Maybe another  
22 renewable energy resource, but probably not. So, it's just  
23 a question of which model you're going to use. Again, I  
24 think it's better to ask people to actually figure it out so  
25 that you have a true accounting, but if you are going to use

1 a model, then it probably wouldn't be a base load combined  
2 cycle plant, as the model of how much energy would otherwise  
3 be produced by that gas. Is that coherent? I mean -

4 MR. KOOTSTRA: Yes, I understood it.

5 MR. WEINER: Okay, I always worry that I'm not -  
6 some of the questions that you've asked are things - you  
7 have a question which you referred to at the very last here,  
8 which is, "Should a measurement methodology be based on  
9 plant operations or efficiencies, rather than actual energy  
10 input?" And it may be that there's a way to phrase that  
11 question better. I asked a couple of people about it who  
12 seem to think that it's really quite the same, that your  
13 actual energy input will be related to your efficiencies and  
14 your plant operations.

15 MR. KOOTSTRA: Yes, sorry. I believe that is more  
16 taking consideration of facilities such as solar thermal  
17 who, the comparable difference between a solar trough and a  
18 solar tower, that type of thing, where they could be  
19 receiving a theory that the same amount of solar radiation,  
20 but their ability to efficiently change that, should that be  
21 considered or just overall operations?

22 MR. WEINER: Are you asking whether a measurement  
23 methodology should be based on an ideal type of what is most  
24 efficient, or whether it is based on actual operation?

25 MR. KOOTSTRA: Yes, basically should it be taking



1 consideration of the ideal operation, on the ideal thought,  
2 or should we base it solely off the measurable values?

3 MR. WEINER: I can certainly, in some regulatory  
4 context, see a reason to have what I would call technology  
5 forcing policy decisions, where you base something on an  
6 ideal, and if someone doesn't measure up to it, they don't  
7 compete as well. But, in this particular circumstance, I  
8 don't think that's what we're doing. I don't think we're  
9 into a policy mode here, I think we're into a measurement  
10 mode. And when we're into a measurement mode, what I was  
11 saying earlier is, it seems to me that you - measurement  
12 implies measuring reality; models imply ideals. And I think  
13 the measurement methodology here needs to be based on  
14 reality, which would be the actual plant and its actual  
15 efficiency. The market will adjust for the inefficient  
16 plant over time, both in whether they can get a power  
17 purchase agreement, or whether they can make a profit, etc.  
18 But I don't think the job here is to try to give a boost to  
19 the market and say we're going to be, you know, uber-market;  
20 rather, it is to do an actual measurement of what is. So, I  
21 think that is the answer to the question now that I  
22 understand it.

23 In terms of the de minimis level being different for  
24 specific facilities based on energy resource, technology, or  
25 operations or benefits to the grid, I will probably try to

1 address that in writing, but I think the idea is, there,  
2 that when you are setting a de minimis level, that is more  
3 of a policy issue where you do want to promote RPS  
4 objectives. Now, it could be that there are other  
5 objectives you want to satisfy or promote, as well, those  
6 are the only ones that come directly to mind in this  
7 particular program. There are other institutions, for  
8 example, that want to produce the cheapest energy of any  
9 type, so, if coal is the cheapest, that is what they would  
10 go for because that's their mandate is to have the cheapest  
11 energy you can get, but that doesn't seem to me the  
12 objective here. The objective here is the renewable  
13 portfolio standard. So, I think what we need to figure out  
14 is whether there are methodologies to promote that in terms  
15 of the use of de minimis amounts of fossil fuel, whether it  
16 be grid reliability, or the ability to produce actually more  
17 renewable energy that way. I think that the AB 1954,  
18 supposing it is signed, will address those a little bit  
19 because I think it does give some criteria, but I don't  
20 think that's the end all and be all, I think that you all  
21 have the ability now to address these issues. I think I've  
22 otherwise addressed the questions that are in here in  
23 Attachment B. And I think that I've addressed the ones that  
24 are up there, but if I haven't, I'll try to do that later.  
25 Thank you very much.

1           MR. KOOTSTRA: Thank you. Do we have anyone else in  
2 the room who would like to make a comment? All right, is  
3 there anyone from WebEx who would like to make a comment?  
4 We are going to open up the phone lines again for anyone on  
5 the phone who would like to make a comment. Once we have  
6 un-muted you, please go ahead. You are now un-muted. If  
7 there is no one on the phone who would like to make a  
8 comment, we are going to move on to the next issue.

9           MS. ZOCCHETTI: Okay, the next topic we're going to  
10 talk about is whether or not Municipal Solid Waste should be  
11 considered as a potential eligible Biomass Feedstock.

12           Currently, under our Municipal Solid Waste Treatment  
13 in the RPS Eligibility Guidebook - do you have a question,  
14 Jeremy? Did I go out of order? Well, the renewable energy  
15 credit issue, the retroactive RECs is, last but not least,  
16 is that all right with your schedule? Okay, sorry, we've  
17 got a little bit different order than what we sent out.

18           MSW combustion and conversion are both eligible for  
19 the RPS, however, as most of you know, combustion is limited  
20 to one county in California, and MSW conversion has some  
21 other challenges in meeting our requirements; however, folks  
22 have asked us whether MSW, Municipal Solid Waste, it  
23 obviously contains a lot of things, including biogenic, or  
24 materials that could be - obviously, they decompose in a  
25 landfill - other than landfill gas, which is already RPS

1 eligible, they've talked about can this product be combusted  
2 as biomass, and we've been meeting with CalRecycle to talk  
3 about that, and so we've brought some questions here to get  
4 your input on how we should look at that issue. We intend  
5 to further explore it with CalRecycle. So, as the second  
6 bullet says here, "MSW contains a mixture of organic and  
7 inorganic materials." The inorganic and, in some cases,  
8 fossil fuel and other things, all kinds of things, end up in  
9 the Municipal Solid Waste Stream. Currently, we consider  
10 that, once something enters the waste stream, it is  
11 considered MSW, and it's not eligible as a biomass  
12 constituent. However, we're looking at, if it's pre-  
13 processed, and by that meaning the recyclables and the  
14 compostables are taken out, which would currently be  
15 required anyway for MSW conversion, and if it is no longer  
16 considered a solid waste according to the agency that  
17 regulates such things, which is CalRecycle, should we  
18 consider this, what is left, as a possible biomass  
19 feedstock? Just kind of a simplified little picture here to  
20 say that, once compostables, the pre-process, meaning taking  
21 all of those things out that have market value, so what  
22 would be left would be biogenic, but it would also be other  
23 non-renewable things, and so we're wondering, can it be  
24 separated? Should it be separated? Can it be measured? Is  
25 it okay to look at it that way? And so we've posed some

1 questions here. There is the possibility of contamination  
2 with other material derived from fossil fuels and other non-  
3 renewables; now, when it is in the landfill, we are sort of  
4 assuming that what decomposes and creates landfill gas is  
5 biogenic, and that's either used on-site or that is an RPS  
6 eligible material. Is the remaining contamination  
7 insignificant enough that we should just consider it all RPS  
8 eligible? If not, can it be measured? What amount would be  
9 an amount that is too much? Or, you know, is it even okay  
10 to be looking at this? Those are kind of the questions that  
11 we're looking at and we're wondering if any of you have any  
12 comments, any insight, any concerns, don't care, is it a  
13 good idea? No one? No one? Blue cards? Okay, question,  
14 Robin? No, not Robin, Tamara, I'm sorry. A comment?

15 MS. RASBERRY: Yes.

16 MS. ZOCCHETTI: On this topic?

17 MS. RASBERRY: Yes.

18 MS. ZOCCHETTI: You're brave.

19 MS. RASBERRY: Maybe I should have kept my hand  
20 down. So, in response to your question, should this be  
21 considered eligible for RPS, we believe, yes, that the  
22 definition of Municipal Solid Waste should clarify how the  
23 material is prepared prior to digestion, meaning if the MSW  
24 is not separated prior to digestion, metals, plastics, and  
25 other non-organic are not removed, it could be argued that

1    this is not MSW, although, with proper handling and  
2    separation practice, which there is a commercially viable  
3    market for, all MSW that is derived from organic matter  
4    should be considered eligible biomass fuel for RPS. We  
5    actually also believe that compostables could also be  
6    considered as part of the - oh, this is on your question of  
7    organic fractioning - is that on there?

8           MS. ZOCCHETTI: You don't have to answer each  
9    question separately.

10          MS. RASBERRY: Oh, okay, well, yes is our answer.

11          MS. ZOCCHETTI: I want to clarify, though, that  
12    we're not talking about digestion here, we are talking about  
13    actual combustion as in a biomass facility, so digester gas  
14    is already an eligible fuel. What we're looking to know,  
15    add this to the list of what might be eligible to burn in a  
16    biomass facility. And this kind of brings up some other  
17    issues -

18          MS. RASBERRY: Yeah, the questions actually are from  
19    the Attachment B and those are a different set of questions.

20          MS. ZOCCHETTI: We kind of worded the questions a  
21    little bit different here just to keep you on your toes.

22          MS. RASBERRY: Well, you get the gist of what I'm  
23    saying.

24          MS. ZOCCHETTI: I get the gist, but let me ask this,  
25    then, you are mentioning organic - I would really love for

1 people, if you are familiar with this industry, and if you  
2 have thoughts about is it possible to measure the organic -  
3 is it possible to separate out and just - I think if it were  
4 possible, or I think we would already be doing it. We want  
5 the organic stuff, but how do you not get everything else?  
6 And is it worth looking at? Does it cost too much? Can it  
7 be measured? Those kinds of things. If you have thoughts  
8 on that, we would appreciate your written comments, in  
9 addition to comments here. And do we have anyone? Anyone  
10 on the WebEx? Yes.

11 MR. WEINER: Peter Weiner. I will get back to you  
12 with written comments on this, but I would like to again  
13 thank you for looking at these issues. There are tremendous  
14 numbers of local governments, as well as provider companies,  
15 who have been looking at using source separated - what we  
16 used to call MSW, Ethanol eligible biomass fuel. It has  
17 become more and more important as we have run out of  
18 landfill space. There are folks in the environmental  
19 community who have been very concerned about air emissions  
20 from such facilities because of the old mass burn facilities  
21 from the '80s, but there seems to be an enormous amount of  
22 technological innovation and improvement, some of it from  
23 Europe and some of it from this country, that is going on  
24 right now. To the extent that we can facilitate the use of  
25 this clearly renewable fuel through the RPS, it will make an

1 enormous difference, whether it counts towards diversion  
2 credit or not, which is the other issue for this industry,  
3 is one thing, but the RPS - that eligibility would be very  
4 important to folks who are able to thread the needle, as you  
5 are suggesting. So, I would like to encourage it. Thank  
6 you.

7 MS. ZOCCHETTI: Thank you. Okay, I would like to  
8 read a question from the WebEx from Michael Meredith. He  
9 says, "On page 59 in the section called 'Instructions for  
10 Additional Required Information for Repowered Facilities,'  
11 repowering of a biomass facility is limited to the  
12 replacement of the boiler. Can you explain the reasoning  
13 for this?" And I don't really intend to address specific  
14 questions that are outside the realm of these topics, so I  
15 would encourage Mr. Meredith to contact us. But I would  
16 like to say that, for repowering, just generally, we want  
17 the prime generator, the prime mover of electricity  
18 generation, to be new. And that's about the extent of, I  
19 think, the comment on this. So, if that does not answer  
20 your question, please do contact us, I'll have information  
21 on the last slide about how to do that. Thank you for your  
22 question. Any other questions from WebEx? All right, and  
23 would you un-mute the phones, please? The phones are un-  
24 muted. Are there any questions from our callers?

25 MS. WILSON: Yes, I have a question.



1 MS. ZOCCHETTI: Go ahead.

2 MS. WILSON: Okay, this is Monica Wilson from GAI,  
3 the Global Alliance for Incinerator Alternatives. And on  
4 this question, I think that CEC has made the right decision  
5 in the past, to keep MSW separate from biomass. And from a  
6 climate, energy, public health, economics, and job creation  
7 perspective, I believe it would be a mistake for MSW to now  
8 be considered biomass. What you described would, you know,  
9 result in remaining materials that would likely have a high  
10 portion of toxic components, things like plastics that might  
11 have bromine flame retardants in them, things of those  
12 nature which are not typically the kind of materials that go  
13 - that are fed into a biomass facility, so we are talking  
14 about very different kinds of emissions profiles. And I  
15 think that would be of great concern. We're also concerned  
16 about any technologies that burn MSW, which we believe would  
17 undermine overall programs and efforts for waste prevention  
18 recycling and composting, and from an energy perspective,  
19 these are a far more important approach for both greenhouse  
20 gas reduction and energy conservation. So, I mean,  
21 recycling is so important that, from these perspectives,  
22 that the Air Resources Board and CalRecycle are currently  
23 working on mandatory commercial recycling requirements for  
24 every business in the State to help meet California's  
25 greenhouse gas reduction goals. So, I'd be worried about

1 any efforts to burn more Municipal Solid Waste which could  
2 actually undermine these efforts, and recycling and  
3 composting and waste prevention have a far higher potential  
4 to reduce greenhouse gas emissions than any sort of  
5 combustion technology or other sorts of staged incinerators  
6 like gasification.

7           And then, finally, on a slightly different note,  
8 there are waste approaches like waste prevention, recycling,  
9 and composting, that generate far more jobs than any sort of  
10 incineration technology, or burning MSW in a biomass  
11 facility. And then, finally, from a public health  
12 perspective, you know, clearly a waste approach would  
13 greatly reduce harmful air emissions from all the different  
14 types of incinerators, including gasification and other  
15 sources of technologies. So, again, I would hope that the  
16 CEC wouldn't do anything that would undermine the recycling  
17 and composting efforts across the State, which are growing  
18 and need to continue to grow.

19           MS. ZOCCHETTI: Thank you very much for your  
20 comments.

21           MS. WILSON: Thanks. You know, I actually have a  
22 somewhat related comment. Since I'm on the phone, it was  
23 hard to follow the program this morning, but in the actual  
24 revision of RPS eligibility, there was some revision of the  
25 Municipal Solid Waste Conversion portion, and it wasn't

1 clear to me if that was addressed during the presentation,  
2 so I had a short comment to make on that.

3 MS. ZOCCHETTI: Oh, please.

4 MS. WILSON: Okay, thank you. So, this is about,  
5 again, it is about the Municipal Solid Waste Conversion  
6 portion which is addressed on pages 27 and 28 of your  
7 Revised Eligibility document. And what I was specifically  
8 worried about was the amendment that would allow energy  
9 production that takes place, as in combustion of gas that is  
10 produced at the gasification facility, where the combustion  
11 happens at a different location than the generation of the  
12 gas. And the reason that this is a concern is that this  
13 could allow the energy production phase of the process to  
14 avoid being subject to the air toxics emissions requirements  
15 and solid waste and water requirements, that are very  
16 clearly spelled out, preceding this portion, in the  
17 requirements of Municipal Solid Waste Conversion. And I  
18 think what I'm worried about is this will leave a gaping  
19 loophole in these environmental health protections if the  
20 gasses are combusted at a different facility, and that if  
21 that facility does not have to meet the same standards that  
22 are laid out for the [quote unquote] "gasification  
23 facility." So, I think that the entire two-step process as  
24 described in Paragraph 2 of the eligibility requirements for  
25 conversions, this entire two-step process should have to

1 meet the same health and environmental protection  
2 requirements. And by splitting them up, I worry that those  
3 requirements would not be met at the combustion phase, which  
4 is exactly the entire purpose of having those health and  
5 safety requirements, you know, in these requirements in the  
6 first place.

7 MS. ZOCCHETTI: So if I could ask a clarifying  
8 question, Monica.

9 MS. WILSON: Yes.

10 MS. ZOCCHETTI: When you say number two, you're  
11 referring to page 27 under Solid Waste Conversion  
12 Facilities? Or are you talking about the second step in the  
13 conversion process?

14 MS. WILSON: No, I am talking about what you  
15 described - sorry - page 27, Paragraph 2 under Municipal  
16 Solid Waste, it says, "Solid Waste Conversion Facilities are  
17 eligible for the RPS if it uses a two-step process."

18 MS. ZOCCHETTI: Okay, and so that is not a change?  
19 Are you talking about the second facility -

20 MS. WILSON: Well, the amendment that I was talking  
21 about is at the end of this section, which rolls over onto  
22 page 28.

23 MS. ZOCCHETTI: Right, okay.

24 MS. WILSON: It says that the conversion and the  
25 electric generation process may take place on the same site

1 or at separate locations.

2 MS. ZOCCHETTI: Okay, that's what I thought. That's  
3 fine, okay. And may I ask, are you planning to submit  
4 written comments?

5 MS. WILSON: Yes.

6 MS. ZOCCHETTI: Okay, I look forward to those so we  
7 can learn a little bit more about your concerns.

8 MS. WILSON: Okay, thank you very much.

9 MS. ZOCCHETTI: Thank you. Any other callers with  
10 comments? All right, then we are going to mute the phones  
11 again and go to Jeremy's favorite topic, Renewable Energy  
12 Credits that are retroactive in WREGIS.

13 These slides, they have a little bit more  
14 information than what we put out in the questions, but I  
15 kind of wanted to frame the issue, which is kind of how it  
16 sort of started, at least for our office. As we mentioned  
17 earlier, the Test Energy was an issue where it wasn't  
18 captured in WREGIS, and we always intended for that to be  
19 accounted for as retail sellers' RPS. So we are working to  
20 change that process. But, as part of looking into that, and  
21 as people started looking at how they might want the WREGIS  
22 functionality to work for them and their needs, they started  
23 thinking, well - well, I shouldn't put words in people's  
24 mouths - but it seemed that there was an interest in going  
25 back further than just perhaps Test Energy and, in

1 particular, this would apply to facilities that are already  
2 online, as opposed to Test Energy which is like a new  
3 facility, coming online, signing up with WREGIS, wanting to  
4 make sure that the timing gets right, and then finding out  
5 that their Test Energy wasn't counted. So, for existing  
6 facilities that have been online for months, or possibly  
7 years, and for whatever reason were not in WREGIS, or were  
8 trying to get into WREGIS and were having difficulties, or  
9 some barriers, there has been an interest in having WREGIS  
10 kind of retroactively upload because, as most of you know,  
11 it's a current upload, a real time upload is how WREGIS was  
12 envisioned to know that the generation occurs at the end of  
13 the month and into the next reporting period, the generation  
14 gets reported into WREGIS by a qualified reporting entity.  
15 And in a lot of cases, that is the CA ISO or facilities  
16 located in California. Beyond Test Energy is what I mean by  
17 this, retroactive RECs that would get uploaded and they  
18 would be in WREGIS, even though the facility wasn't in  
19 WREGIS at that time, perhaps. So, I kind of - some of you  
20 are familiar with this graphic, I hope it came out okay,  
21 this is a graphic that is actually kind of copied from the  
22 WREGIS Operating Rules, that explains the 90-day REC  
23 creation and it's just tangential to this issue, and I think  
24 there is a lot of - some folks misunderstand this, it is  
25 kind of hard to get your brain around, so I used July as an

1 example here. I hope you can see it okay. Using July  
2 generation as an example, at the end of July, or basically  
3 the beginning on August 1<sup>st</sup>, that is the reporting period for  
4 July generation. And this is a period that is 75 days long.  
5 Then, on the 76<sup>th</sup> day, there is a dispute period. And so,  
6 during the dispute period is the time that the generator and  
7 the buyer, if you will, which is, for our purposes, the load  
8 serving entities, retail sellers, publicly-owned utilities  
9 in some cases, can dispute the data. Once everybody agrees,  
10 "Yes, I like that number," "Yes, I bought it from you," it  
11 goes and they WREGIS that, and then it goes into the buyer,  
12 the retail seller's account, their active account. The last  
13 seven days of this 90-day period are quiet, and you can't do  
14 anything. And then, on the 90<sup>th</sup> day, in this case, using our  
15 July example, that would be on October 20<sup>th</sup> if I counted  
16 right at 10:00 last night, or thereabouts, that is the 90<sup>th</sup>  
17 day. And so, that's kind of the current time when an upload  
18 goes up, it can go back, those 90 days. Now, if we do Test  
19 Energy, it will be however long that is, and we are talking  
20 about now how long that should be. Aside from Test Energy,  
21 though, for RPS compliance, we are considering, even if  
22 WREGIS allows it for a year prior, or two years, or five  
23 years, although I think it might be limited at two years for  
24 other reasons, what should we do for RPS? We created WREGIS  
25 to have this transparency, visibility, reduce the prospect

1 of double-counting, and so we're looking at it from kind of  
2 a policy perspective and an accounting perspective. Do we  
3 like it or don't we like it? "You should have already been  
4 in WREGIS," and we could put our hands on our hips and say,  
5 you know, "If you weren't in WREGIS and the boat sailed, too  
6 bad for you," or should we consider that some people say  
7 that this actually heightens the transparency so that, you  
8 know, buyers and sellers can see if the retroactive RECs are  
9 in WREGIS even though the facility was not in WREGIS, isn't  
10 that more visible? Our concern is that, for all intents and  
11 purposes, that generation should have already been - for RPS  
12 - that generation should have already been reported to us  
13 using the Interim Tracking System. I think, for WREGIS,  
14 they're looking at, of course, WREGIS covers more than  
15 California, although we're probably the biggest player right  
16 now, it covers 14 States and two provinces and part of  
17 Northern Baja, so I'm not in the business of making WREGIS  
18 policy, but we do want to look at what is the best for RPS.  
19 If we do allow retroactive RECs, we are also asking, should  
20 there be a time limit? Maybe we say yes, but only for six  
21 months, or a year. The two years that I mentioned is called  
22 "Prior Period Adjustment," and WREGIS already has a two-year  
23 kind of limit built in, it is hard-coded, and that is the  
24 time that, when we were creating WREGIS, we learned that the  
25 ISO, most of you know that are in the industry, there is a



1 time, it is two years, usually when errors are found usually  
2 as a metering error, and so we wanted to allow for those  
3 adjustments to be made and not have it harm anyone with RECs  
4 in WREGIS. So, we are thinking that, even if retroactive  
5 RECs are allowed in WREGIS, it would probably not exceed two  
6 years, so we would welcome your comments, thoughts,  
7 questions, on Retroactive RECs. Jeremy, now is your time.  
8 Oh, Jeremy Weinstein. Thank you.

9 MR. WEINSTEIN: Thank you, Ms. Zocchetti. This is  
10 Jeremy Weinstein, speaking on behalf of PacifiCorp and I've  
11 been working, first of all, this is an excellent  
12 presentation and the issues have come up that we've been  
13 wrestling with. Ms. Zocchetti was responsible for a WREGIS  
14 - I don't know what you would call it - a task, or some sort  
15 of project relating to handle and address Test Energy, and  
16 in the course of this, some of us thought, "Oh, well,  
17 perhaps we could address this with, and kill two birds with  
18 one stone, combining it with retroactivity requests,"  
19 because although everyone should pretty much be in WREGIS by  
20 now, there certainly were some stragglers, the stragglers  
21 towards the end of last year, and, gee, what do we do about  
22 generation that we had while we were commercially  
23 operational, and that generated and delivered, but was a  
24 part of commodity energy from which the generator withheld  
25 the RECs and the right to have WREGIS certificates from the

1 energy that was delivered during that period, and that pre-  
2 dated the WREGIS sign-up date of the resource, but post-  
3 dated the commercial online date. So, we thought we would  
4 combine the two into a kind of retroactive request, and I  
5 think, in the course of the dialogue that has taken place  
6 with the various stakeholders that work with WREGIS, I think  
7 combining the two confused the issue and I think the most  
8 recent development has been to separate those out. So, at  
9 WREGIS right now there is the underlying retroactive RECs,  
10 change control requests, and there is a new one for just  
11 treating Test Energy. And so, the Test Energy in WREGIS  
12 also shouldn't be confused with what Ms. Zocchetti has  
13 pointed out, is the California Energy Commission  
14 determination on how California Energy Commission is going  
15 to treat Test Energy and what WREGIS can do as a tool for  
16 the California Energy Commission and labeling and  
17 designating Test Energy for resource, and whether or not it  
18 needs to be separately designated. And so, I would look at  
19 that as one issue.

20 And the issue that I would like to talk about  
21 specifically is the uploading of retroactive RECs in WREGIS  
22 and calling them "retroactive" in the sense that you are  
23 signed up to WREGIS as a generator, and you say, "Okay,  
24 well, I registered in 2009, yes, I really should have  
25 registered before that, I've been around for several years,

1 and I never really quite understand this whole WREGIS thing,  
2 but now I've registered and I want WREGIS certificates for  
3 the period that predates my having signed up." Well, the  
4 first order of business is that WREGIS can't be gamed, and  
5 so a generator that seeks to sign up for retroactive RECs or  
6 for the upload of RECs predating the date it has signed up  
7 should be required to pay to WREGIS what it would have paid  
8 to WREGIS had it been in WREGIS during those periods of time  
9 for which it wishes to have RECs. So, a generator should  
10 not be allowed to escape paying dues, or paying fees for the  
11 year by saying, "Well, I'll just wait until next year before  
12 I sign up," and get my retroactive RECs. You don't want to  
13 create a perverse incentive. I think that's critical for  
14 retroactive RECs that the cost of being online is borne by  
15 the generator. Additionally, I think the cost to WREGIS, to  
16 WREGIS staff, to the regulators, whatever cost can be  
17 assigned, to the retroactive verification, whatever process  
18 the WREGIS and the CEC groups decide, respectively, is  
19 appropriate and necessary for verification and validation of  
20 the data, should be borne by the generator, it shouldn't be  
21 something that is socialized because, as Ms. Zocchetti said,  
22 "Look, you had your opportunity to sign up, indeed the  
23 system has been around." I think, though, that it is  
24 important to bear in mind a couple of things when we were  
25 talking about this, 1) the rule itself, it is Operating Rule

1 12.9 of WREGIS that allows retroactive RECs and that is sort  
2 of the hook in which, you know, PacifiCorp used when it  
3 submitted its change control request for retroactive RECs,  
4 is it allows retroactivity. The rule says you can have  
5 retroactivity, there is a system limitation of two years  
6 which we discussed, but the 75 days is not built into the  
7 rule, it's just a practice. So, what we're really talking  
8 about here is a change in practice, not a change in rule,  
9 and not a change in the way you're allowed to do things.  
10 And so, I think that when there are objections raised, I  
11 think it's important to bear in mind, "Well, what exactly is  
12 it that you're objecting to?" You're not objecting to a  
13 change in the rule, you're objecting to a change that does  
14 something that one could argue is already permitted.

15 I think WREGIS is a phenomenal system, I think it's  
16 a revolutionary system, and I think it's helped  
17 revolutionize renewable energy compliance in this country.  
18 And, certainly the software platform that WREGIS is built on  
19 has now been adopted, I would say, nationwide, the APX  
20 platform, and it's very salutary for fraud and for double-  
21 counting, and for double-selling, and I would argue that the  
22 - or I would posit that having generation from prior periods  
23 in WREGIS is an excellent way to avoid having had double-  
24 selling take place from previous time periods, to the same  
25 extent that having generation posted in WREGIS for forward

1 periods is a way to avoid double-selling. I think, though,  
2 it's very important that any potential purchaser of prior  
3 periods be aware that WREGIS certificates could possibly  
4 have been created for that resource, and so that there  
5 should be some requirement of notice that there are now  
6 WREGIS certificates available for those prior periods  
7 because, if you were a purchaser for a prior period, you're  
8 going to want to know, "Okay, where are the WREGIS  
9 certificates from that?"

10 In terms of the period from which retroactivity is  
11 counted, at the last couple of words, or the last line of  
12 this Item 2, refers to the upload date, and so that is  
13 retroactivity from the date of the upload of the data  
14 itself. Given that, it's been a long period in which we've  
15 been working through the concept of WREGIS retroactivity and  
16 retroactive RECs. If we're going to be talking about  
17 deadlines, I mean, perhaps there is a hard deadline from the  
18 upload date, but I think we should also say that, well, the  
19 deadline should really be the date from which you registered  
20 the unit. So, if you registered the unit in September of  
21 '09, the retroactivity should be dating from how retroactive  
22 can you go from September '09, or, if you can say, "Well,  
23 there is, in fact, a two-year hard limit from the upload  
24 day," so it should be retroactively to the lesser of  
25 whatever the actual hard limit is, and the date if you are

1 looking at a registration of WREGIS that has taken place a  
2 while ago.

3 I think one of the items that Ms. Zocchetti  
4 mentioned in her talk was the concept that, if the renewable  
5 energy from the resource was intended for use for RPS  
6 compliance, the question is, "Well, why haven't I seen it  
7 already used for compliance in the Interim Tracking System?"  
8 And so, I guess my response to that, and I don't know the  
9 answer to this question, but my response to that would be,  
10 well, the utilities have flexible compliance tools, and so I  
11 don't know whether the utilities would have been required to  
12 report, "Well, gee, I have banked renewable generation," or,  
13 "I have banked RECs," once RECs are allowed. So, the  
14 thought would be that, if indeed the RECs from a prior  
15 period could be banked, without having to have been reported  
16 for use by compliance for somebody because, in fact, it's  
17 banked and you can use it for a later period, that it need  
18 to have shown up in the Interim Tracking System before it  
19 was sought to be used for compliance, if you are using a  
20 retroactive REC. At least, for California itself, I would  
21 hope that would be the case because otherwise we're kind of  
22 maybe pursuing something for nothing. But, from my  
23 perspective, what I'm looking for is the ability of a  
24 generator to say that, "Well, I kept the RECs, these RECs  
25 are available and not sold and not used for compliance.

1 These now have been validated in WREGIS through the WREGIS  
2 system, they have not been double-sold, and now they are  
3 available for a compliance entity to use for compliance."  
4 So that's what I have to say, so thank you very much for the  
5 opportunity to talk to you guys about Retroactive RECs.

6 MS. ZOCCHETTI: Thank you very much. Good points.  
7 I have a blue card from Andrew Hunt with SCE.

8 MR. HUNT: Hi there. My name is Andrew Hunt and I  
9 represent Southern California Edison. First, I'd like to  
10 say thanks for allowing us to comment today. I am just  
11 going to deliver a few general comments and then we'll file  
12 some specific comments on all the topics. Let's see, so, a  
13 as a major load serving entity in California, we have  
14 challenging RPS goals to meet on behalf of our customers.  
15 And generally we are in favor of broadening markets for RPS  
16 resources to the greatest extent possible on the four topics  
17 that were addressed here. On biogas, we do not favor  
18 further restricting the biogas market, particularly as  
19 related to gas storage. On the de minimis requirements, we  
20 think that facilities should be allowed to optimize their  
21 facility and the usage that they have on-site and maximize  
22 the amount of electricity that they export to the grid, so  
23 that can be captured by the Buyer and used for compliance.  
24 In terms of Municipal Solid Waste, we think that MSW should  
25 be considered as eligible biomass feedstock. And finally,

1 on retroactive RECs, we think that more flexibility, and not  
2 less, should be built into the system going forward, and we  
3 have some specific examples that we will cite in our written  
4 comments. So, thank you.

5 MS. ZOCSETTI: Thank you very much. Any other blue  
6 cards on retroactive RECs, or any other topic for today?  
7 All right, to WebEx? No, nothing on WebEx. All right, and  
8 would you un-mute the phones, please? The phone lines have  
9 been un-muted if you would like to provide comments through  
10 the phone, please do so now. All right, hearing none, we  
11 are going to mute the phones again and I would like to thank  
12 everyone here in Sacramento, and on the phone, and on the  
13 Internet for joining us today, for your participation, your  
14 comments, and your thoughts.

15 I would like to go through Next Steps. I would like  
16 to ask for comments by September 10<sup>th</sup>. We posted the Draft  
17 Guidebooks last Monday and, the week before that, the Notice  
18 went out, and I would love to give - you know, more time is  
19 always better to comment; there are some risks there. If I  
20 said December 1<sup>st</sup>, then you would submit comments on November  
21 30<sup>th</sup>, just I'm guessing. We would really like to adopt this  
22 Guidebook into a final version by the end of this year. As  
23 we mentioned, there are all kinds of things going on in the  
24 industry and I know that regulatory certainty is what we  
25 hear from you all the time, and we know we're going to have



1 to turn around and something is going to have to happen big,  
2 I'm sure, by the end of the year and we're going to be right  
3 back here, looking at you. So we appreciate that it's not a  
4 whole lot of time, but I hope it is ample time, we've heard  
5 a lot of your comments today, written comments are very  
6 helpful, and we will be getting the transcript shortly, so  
7 we would like to stick to the September 10<sup>th</sup> date. If you  
8 have a really compelling reason why you cannot get us  
9 comments by that time, please contact me, I'm going to give  
10 you my contact information in a minute and we can talk about  
11 it. And the Workshop Notice does provide specific  
12 instructions on how to provide your comments, they do need  
13 to get into our docket in order to be considered.

14           The process, if you aren't familiar with our  
15 Guidebook process, we'll be considering all of your  
16 comments, both provided today and in writing. And we will  
17 meet with our Renewables Committee, two Commissioners here  
18 at the Energy Commission oversee the RPS, and those are  
19 Commissioners Boyd and Weisenmiller, and they direct our  
20 policy decisions, and they oversee all of the changes that  
21 we make and that we propose. And so, we'll be meeting with  
22 them to talk about all your comments here. We will be  
23 making recommendations to them, and then we will make  
24 changes accordingly. And we will be submitting a final  
25 draft for you prior to a business meeting. We are shooting

1 for November 17<sup>th</sup>, as it says here on the slide. What you  
2 will see when you get that Notice, and I hope you are all on  
3 our Renewables listserv now because we're not sending out -  
4 we're saving a few trees - we're not sending out paper  
5 notices anymore, so please join our Renewables listserv if  
6 you have not done so already.

7           What you will see, then, we will have underlined  
8 strike-out again, but it will be as compared to the current  
9 version that we go by right now, which is the third edition.  
10 So you won't see changes to the changes, okay? You'll just  
11 see how we're proposing that it will be finalized. And they  
12 become effective immediately upon adoption at the business  
13 meeting. And here is our contact information, both Mark and  
14 I, and we would encourage you to contact us if you want to  
15 discuss any of these things more, or meet with us, we're  
16 always happy to do that. And if there are any last minute  
17 questions? Yes?

18           MR. MILLER: Taylor Miller, Sempra Generation,  
19 again. How much in advance of the November 17 business  
20 meeting would you anticipate having the redrafted version  
21 out?

22           MS. ZOCCHETTI: Gabe, what is our requirement?

23           MR. HERRERA: The Renewables Committee has gone out  
24 with a notice identifying what the changes are and making  
25 those available publicly and that notice needs to go out at

1    least 10 days in advance of this meeting.

2               MR. MILLER:   As much before as possible, thank you.

3               MR. HERRERA:   But, I should say, Taylor, things  
4    could change.   I mean, the Renewables Committee could come  
5    back and say, "Given things that are happening at the  
6    Legislature, we might want to postpone movement of the RPS  
7    Eligibility Guidebook.   So, there are decisions that could  
8    happen that could affect the schedule.

9               MR. MILLER:   Thank you.

10              MS. ZOCCHETTI:   All right, any other questions?   All  
11    right, again, thank you so much and have safe travels.   We  
12    look forward to your participation again.

13                               [Adjourned at 2:25 P.M.]

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**REPORTER'S CERTIFICATE**

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF,

I have hereunto set my hand this 9th day of September, 2010.

  
\_\_\_\_\_

Kent Odell  
CER\*\*00548