

BEFORE THE
CALIFORNIA ENERGY COMMISSION

In the matter of)
Staff Workshop Re Possible Changes to the) Docket No.02-REN-1038
Emerging Renewables Program Guidebook)

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

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Reported by:
Peter Petty

 **ORIGINAL**

APPEARANCES

Staff Present:

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 Jonathan Knabb
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Also Present

Public Comment

Terry Carlone, Synergex Ventures
 Eugene Buchanan, Renewable Testing & Certification Labs
 (RTCO Labs)
 Stephen Smith, GRIDNOT
 Mickey Oros, Alteryx Systems
 Sanford "Sandy" Miller
 *Mike Bergey, Bergey Wind Power, Distributed Wind
 Energy Association
 *Terry Galyon, TLG Windpower
 *Tal Mamo, Talmo Electronics
 Larry Hamilton, All Save Energy
 *Heather Rhoades-Weaver, Eformative Options
 *Doug Hacker, Double H Windpower
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1 P R O C E E D I N G S

2 AUGUST 3, 2011

9:07 A.M.

3 MR. NG: Good morning. My name is Anthony Ng with
4 the Renewable Energy Office. And at the workshop today
5 we'll going over possible changes to the Emerging
6 Renewables Guidebook.

7 Just a few housekeeping things to get out of the
8 way first, for those of you not familiar with the
9 building, the closest restrooms are located through the
10 doors you came in, if you turn left, they will be on your
11 right-hand side. There is a snack bar on the second floor
12 located just above the stairs and then straight ahead.
13 And lastly, in the event of an emergency and the building
14 needs to be evacuated, please follow our staff to the
15 appropriate exits. We will reconvene at Roosevelt Park
16 located diagonally across the street from this building.
17 Please proceed calmly and quickly, again, following the
18 staff from this meeting, so just in the event of an
19 emergency.

20 So the agenda today, as you can see, it is going
21 to follow the format for those of you who had signed up at
22 the previous workshop, I'll be going through a brief
23 presentation, presenting the major changes being proposed
24 in this latest edition of the Guidebook. At that time,
25 we're going to allow attendees both in the room and online

1 to make comments, and the way we're going to do it is
2 we've divided the changes into topics, as you can see
3 here. And for those of you in the room, if you haven't
4 already done so, if you could grab a blue card, yeah, and
5 Sarah has blue cards if anybody needs blue cards, please
6 just kind of wave her down, and then on the blue card if
7 you could indicate your name and which topic you'd like to
8 speak on, and then we have a Public Advisor in the back,
9 her hand is raised now, and if you could hand her the blue
10 cards, that way we can facilitate the comments at the
11 appropriate time.

12 And then for those of you listening via the WebEx,
13 we'll take the comments from people in the room first on
14 each topic, and then we'll open up the floor to people
15 calling in, and then if you'd like to speak on an item,
16 please send a text chat message to Sarah Taheri, who is
17 the host of the WebEx, asking to speak at a particular
18 item, and then she'll queue you up and we'll call on you
19 at the appropriate time.

20 And, again, for people listening on the WebEx, if
21 you could mute yourself, that would be appreciated. Thank
22 you.

23 So I've just been informed that some people might
24 be conferencing into the meeting today without necessarily
25 seeing the presentation, and then, so, we'll call on them

1 at the appropriate time, too.

2 So, just a little bit of background. I'm sure a
3 lot of you are already aware of what's been happening with
4 the ERP so far, but in March the ERP was put under
5 suspension, under temporary suspension, and on April 14th,
6 staff held its previous workshop to discuss potential
7 ideas for changes to the Emerging Renewables Program
8 Guidebook, and today we'll be discussing staff's proposed
9 changes, presenting the proposed changes.

10 I'm sure most of you had a chance to go through
11 the proposed changes. The Guidebook was posted on the
12 Commission's website on July 22nd, and so those changes are
13 what we're going to be talking about today.

14 Just a quick note on some of the other activities
15 the ERP has been engaged in. I'm sure many of you are
16 aware that last week the Energy Commission filed a formal
17 complaint against DyoCore and I'd like to make it very
18 clear that that is not the topic of today's workshop, that
19 proceeding is in its own separate forum and will be
20 handled in what is called the 1231 Proceeding, it's own
21 separate Docket number has been established, as you can
22 see here, 11CAIO3, and additional information about that
23 proceeding can be found on the following web page, and
24 this presentation will be made available online after the
25 meeting today. So, if I could ask if everybody could keep

1 their comments today relevant to the Guidebook process,
2 specifically.

3 So the first major change to the Guidebook that
4 staff is proposing are changes to the Incentive Structure
5 and there are two major changes here. The first one is
6 that the total amount of the rebate shall not exceed 50
7 percent of the net purchase price of the system before ERP
8 incentives; and the second one is that the rebate payment
9 will now be split into two installments where 90 percent
10 of the rebate will be paid upfront and 10 percent of the
11 rebate will be held contingent on co-generation data.

12 And so both of these items were brought up at the
13 April 14th workshop, and both of these items were also kind
14 of talked about in the original Suspension Notice that was
15 issued in March. The first one, the 50 percent cap, the
16 original Suspension Notice identified that and it is was
17 never the intent of the ERP Program to provide incentives
18 that covered 100 percent of the rebate, and so the 50
19 percent cap is an attempt to address that issue. Staff
20 looked at historically how much of the total cost that the
21 ERP rebate covered for small wind energy systems, which
22 has been, I think, averaging 45 percent, so staff thought
23 that 50 percent was an appropriate number to put on that.

24 In terms of the second change, the rebate payment
25 being split into two installments, this came out of,

1 again, topics brought up both in the Notice for Suspension
2 and the workshop in April, the two issues being that there
3 was a concern from the Energy Commission that small wind
4 energy systems were being installed in areas with poor
5 wind resource locations, and so a couple of ideas that
6 were brought up at the last workshop included use of on-
7 site analysis, or use of software modeling, or computer
8 tools. Ultimately, these ideas were rejected due to
9 concerns about cost prohibition and a lack of kind of
10 confidence in the available software tools. Other ideas
11 that were brought up included a straight Performance-Based
12 Incentive, PBI, however, a lot of stakeholders mentioned
13 that the upfront cost was still a large barrier in
14 purchasing small wind turbines, so staff thought that the
15 hybrid rebate approach that is presented here represents a
16 pretty good compromise between the two. Ninety percent of
17 the rebate is still being paid upfront, so we think that
18 preserves the benefits of the upfront rebate while 10
19 percent of the rebate is being held based on reporting of
20 the data, which gives Energy Commission a lot of valuable
21 information that it has not had in the past about the
22 performance of the installed systems.

23 So this new hybrid system is a new procedure, so
24 I'm going to spend a little bit of time talking about how
25 it's going to work, just walking through it, because it

1 is, like I said, a new procedure.

2 So as I mentioned, going forward, in order to
3 claim the remaining 10 percent of the rebate, the rebate
4 recipient must report the generation data from the
5 installed renewable energy system. Now, I want to make a
6 very important point here, that there are not necessarily
7 performance metrics or any kind of benchmarks being tied
8 to the reporting of the data. Being paid the last 10
9 percent of the rebate, it does not depend on how much the
10 system actually generates. We're not taking a look at the
11 actual data to see if it's met any kind of predetermined
12 benchmarks, we're just looking at if the data has been
13 reported at all.

14 So the way it's going to work is that, at the
15 Rebate Payment Claim stage when you submit the R2 package,
16 if that is complete, it will be approved and a payment
17 will be issued for the first nine percent of the rebate.
18 At that point, a new form, the R6 form, will be issued to
19 the rebate recipient. Once the R6 form has been received,
20 the rebate recipient has 12 months to report the kilowatt
21 hour meter reading of the system at least six times with a
22 minimum of 30 days between each report. So, that's all
23 we're really looking for, we're looking for a meter read
24 saying, you know, how much the energy system has
25 generated, and the date at which the meter read took

1 place. And we're looking for six of those with a minimum
2 of 30 days in between each report. The last report must
3 take place 12 months after initially receiving the R6
4 form, so that the last 10 percent can't be claimed any
5 earlier than 12 months after receiving the form.

6 Lastly, after the final report has been made, the
7 rebate recipient will have 90 days to re-submit the R6
8 form to the Energy Commission and claim the remaining 10
9 percent.

10 So, let's see, it might be a little hard to see
11 here today, but hopefully it's a little easier to see on
12 the handouts, but this is just an example of the completed
13 R6 form, this is also Appendix 6 in the draft version of
14 the Guidebook, it's the last page of the Guidebook. And
15 it's basically just an example to show what a completed R6
16 form looks like and kind of what information we're looking
17 for in order to claim that last 10 percent of the rebate.

18 As you can see, the top half of the form is just
19 identifying information, the site address, who the rebate
20 recipient is, and system specifications on either the
21 turbine being installed and the inverters, things like
22 that. And the second half is where the rebate recipient
23 would be actually filling in information. So, again, all
24 we're looking for is a kilowatt hour reading from the
25 meter, you just pick the month that you're reading, and

1 then just indicate the date that you're banking the read.
2 So all we're looking for is six of those, as well as at
3 the bottom it says "total kilowatt hour generation after
4 12 months." So, six entries including the last entry for
5 12-month generation, and then sign and date the form, turn
6 in to us, and that's how you claim the last 10 percent.

7 So this is an excerpt from the R2 form that's also
8 been modified, and now, as you can see, the R2 form, which
9 originally indicates to the rebate recipient how much
10 money is being reserved, as well as the expiration date,
11 has now been modified to show that not only will the total
12 number of dollars reserved be indicated, but it will also
13 split that payment up into 90 percent, which is the first
14 line, and then the 10 percent which would be paid upon
15 submission of the generation data. So, hopefully this
16 will be very clear in the future in terms of expectations,
17 as to how much money is getting disbursed at what point.

18 So the next topic we're looking at are funding
19 limits. So, this is really kind of addressing the
20 situation that the Commission is looking at in terms of
21 both reauthorization and the loans that have been taken
22 out of the ERP fund, so due to the funding limitations
23 that the program is experiencing, the ERP is now going to
24 divide all available funds equally between small wind
25 turbines and fuel cells. If more funds are made for

1 whatever reason, due to loan repayments, or anything like
2 that, then the additional allocations will be made for
3 each technology, respectively.

4 So this is pretty important. Once the funding for
5 a given technology is exhausted, so say small wind, you
6 know, uses up their money faster than fuel cells, as just
7 an example. The Energy Commission will no longer be
8 accepting rebate reservations for that technology until
9 more funds are made available. And so the Energy
10 Commission definitely will kind of let people know how
11 much funds are available as this process continues, but
12 it's important to keep in mind, especially in light of
13 this next point here, and this isn't necessarily a change,
14 but just kind of a clarification, that only complete
15 applications will be approved and receive funding
16 encumbrances. So this isn't necessarily a change in
17 policy because we've always -- only completed applications
18 have been approved in the past, but this is just to make
19 it clear that if you submit an incomplete application, we
20 can't approve it and we can't encumber funds to it, and so
21 then other people might be able to get ahead of you in
22 line, so it's very important that, if you are submitting
23 rebate applications, that they be complete.

24 Along those lines, then, these last two points are
25 just to facilitate efficient processing on staff's end, is

1 that no single retailer may have more than 20 rebate
2 applications as represented by the R1 form submitted to
3 the Commission at any single time. Now, this isn't to say
4 that you have to have 20 installations finished before you
5 can submit another R1, it's just that you could have 20
6 R1s in at the same time, and once you have one R2 back
7 from us, you can then submit another R1, so you don't have
8 to wait for the system to actually be installed, you only
9 have to wait until staff has had time to process the R1s
10 before you can submit new ones.

11 And then the last major change we're looking at in
12 these changes to the Guidebook involved listing criteria
13 for small wind turbines on our eligible list of equipment.
14 So the major change here is previously one option for
15 manufacturers to receive listing on the Energy
16 Commission's list of eligible equipment was to provide 12
17 months of generation data at a site with wind speed
18 greater than 12 miles an hour, so that will no longer be
19 allowed. So, for any manufacturers not currently on the
20 list, they will have one of two options to receive listing
21 on the list, and that is they must either receive
22 certification to IEC 61400-2, or to the newly developed
23 AWEA Standards 9.1-2009. These certifications must be
24 issued by an independent certification body.

25 And so this item was also brought up at the last

1 workshop. The Energy Commission has in the past attempted
2 to pursue third-party certification, however, in the years
3 past for small wind, a coherent standard has been really
4 lacking, and the only one available was the IEC 64100-2
5 Standard, however, a lot of stakeholders made it known to
6 the Energy Commission this was a very costly and time-
7 consuming standard to test to, and so the Energy
8 Commission had kept the option to provide 12 months of
9 generation data as a way to kind of keep the industry, you
10 know, not completely close it for those who couldn't
11 afford the testing.

12 And then, in recent years, the Energy Commission
13 has been made aware that the AWEA or the American Wind
14 Energy Association, AWEA, has been developing its own
15 standards. And we've been kind of waiting for not only
16 the standards to be developed and finalized, but we've
17 also been waiting for testing laboratories to be able to
18 come up and be able to test those standards. And so, now
19 at this time, both of those have come to pass, the AWEA
20 Standards have been finalized, and several testing
21 laboratories have the equipment to now test to those
22 standards, including both the Small Wind Certification
23 Council, as well as other nationally recognized testing
24 laboratories, including Intertek, I believe they are
25 currently testing to the AWEA Standards, so we feel like

1 this is an appropriate time to adopt these standards.
2 And, in addition, adopting these standards also puts the
3 ERP and the California Small Wind Program in line with a
4 lot of other Small Wind Programs throughout the country,
5 including those in New York, Oregon, and Massachusetts.

6 So those are the new criteria for all small wind
7 turbines not currently on the list. For turbines that are
8 currently on the list, all manufacturers will have a 12-
9 month grace period, so to speak, to either complete a full
10 certification test, or receive some kind of notice saying
11 that they are in the queue, or they have applied for
12 testing. So, within 12 months after the Guidebook is
13 adopted, manufacturers must either have a full
14 certification, or be in the queue waiting to be a
15 certification. If the equipment fits neither of those
16 categories, they will be removed from the list. And an
17 additional six months after that, so 18 months after the
18 Guidebook is adopted, if the equipment hasn't moved from a
19 queue phase to a fully certified phase, then, again, it
20 will be removed from the list.

21 And then, these dates are just kind of initial
22 dates that we're looking at. We know that a lot of things
23 can happen with testing, you know, certainly if the
24 facilities are kind of backlogged or jammed up, we
25 understand that this could take a lot longer than we

1 foresee at this point, and then, so although these dates
2 are in the guidebook now, it's very possible that as these
3 deadlines approach and we see that a lot of manufacturers
4 are having a lot of difficulty getting these
5 certifications, we can definitely revise these timelines.
6 But, for now, these are the initial kind of targets we're
7 looking at.

8 So any equipment that is removed from the list
9 initially can always reapply to be on the list once they
10 receive a full certification to one of the identified
11 standards. Additionally, this is just kind of a minute
12 -- minor detail, but the list of eligible equipment
13 currently has a couple of turbines that aren't necessarily
14 eligible for the ERP, these include turbines that are
15 greater than 50 kilowatts in sizes and, as you know, the
16 ERP only accepts turbines that are 50 kilowatts or
17 smaller, and so these turbines will also be removed from
18 the list 12 months after the Guidebook is adopted.

19 And the final item that we're looking at here that
20 is new in the Guidebook -- the final major one -- is a new
21 delisting criteria and, so, this is just a criteria for
22 the interim period, that interim 12 months, while turbines
23 are getting their full certification and we're basically
24 adopting a power coefficient test to look at turbines on
25 the list and we're setting the threshold that any turbine

1 with a power coefficient value greater than 0.593 will be
2 removed from the list. The power coefficient value of
3 .593 represents the theoretical maximum amount of kinetic
4 energy that could be extracted from the wind according to
5 the Betz Limit Theory, and so we feel like this is a
6 pretty high threshold, but this is just a criteria that
7 we're including in the interim while the manufacturers are
8 getting their full certification within that middle 12
9 months.

10 And so that pretty much sums up the major changes
11 to this edition of the Guidebook. If you haven't already
12 seen it, the draft version of the Guidebook is already
13 available on the Commission's website under the Emerging
14 Renewables Program page. If you're looking through that,
15 all the changes that have been made to the Guidebook are
16 shown in red.

17 And so, at this time we're going to open it up for
18 comments. Does anyone have anymore blue cards that they'd
19 like to submit at this point? Or does anybody need one?
20 Okay.

21 So we'll be going through the changes by topic,
22 and so the first set, the first topic that we're looking
23 at, will be the incentive structures. And so, for anyone
24 in the room making comments, if you could approach the
25 podium right there in the middle, and then if you could

1 identify yourself and your affiliation, and then you can
2 make your comments. So our first person here is Terry
3 Carlone.

4 MR. CARLONE: Yes, thank you. Terry Carlone, I'm
5 a Director of Synergex Ventures, which is a Sacramento-
6 based Venture Fund that's been set up to invest in
7 renewable energy projects in California, principally we're
8 focusing on the fuel cell industry. Two comments. First
9 of all, a lot of the revisions to the ERP have been
10 focused on alleged abuses in the wind industry and I hope
11 the staff will understand the wind industry, the fuel cell
12 industry, are structurally two very different industries,
13 one is focused principally on consumers who may purchase
14 one product at a time; in the fuel cell industry, on
15 telecom, we have only three certified manufacturers. We
16 have a number of very large customers who may purchase
17 hundreds or thousands of systems at a time, and they're
18 distributed either directly or through maybe one
19 distributor. So, we will submit written comments, but as
20 the staff looks, I hope they don't punish the fuel cell
21 industry with structural limitations that are based on
22 your perception of the entire industry being like the wind
23 industry. And we would be happy to meet with staff and
24 submit written comments to help them understand that.

25 The second point I wanted to make is that our

1 understanding is that the goals of the Emerging Renewables
2 Program is principally to develop a renewable energy
3 industry that's independent of government rebates,
4 companies that are driving the cost down that can be
5 weaned off the government at some time, and leave standing
6 an independent renewable energy industry that can supply
7 clean energy, clean power to relieve the Grid in the
8 state.

9 The companies that will help the state achieve
10 that goal are those that are innovative, that are driving
11 the cost down for their product, and selling at low cost.
12 The proposal that the rebate be limited to 50 percent of
13 the purchase price of the system, we believe, is actually
14 contrary to that purpose. It rewards the laggards, the
15 companies that have not been able to get their cost down,
16 because they could get the full rebate, whereas those that
17 are efficient may not be able to -- the customers may not
18 be able to get the full \$3.00. So, again, we'll submit
19 further written comments, but I would hope that the staff
20 would keep that in mind as they go forward.

21 MR. HERRERA: Mr. Carlone, good morning. Gabe
22 Herrera, I'm with the Energy Commission's Legal Counsel
23 Office and I just had a question concerning your first
24 comment, I think, was focused on the proposed changes
25 limiting the R1 applications to 20 at one time. Is that

1 right?

2 MR. CARLONE: I think it was - it crosses a lot of
3 the structure, that was one thing, and as an example, if a
4 customer, a telecom customer, has several hundred or
5 several thousand applications, or maybe one purchase order
6 that involves several thousand sites, they would have to
7 file several thousand applications. I understand the
8 Commission needs to know where those are, that they're
9 legitimately installed and all those things, the point I
10 was getting more to is, in this industry on the fuel cell
11 side, a customer may be a large telecom customer. It goes
12 through a very long process of how we spend our capital
13 expenditures. It goes up through the CEO, they typically
14 would get tens of millions or perhaps hundreds of millions
15 of dollars applied to supporting their back-up power
16 throughout the state. Once that is approved, they have to
17 spend it, they have to know it's going to be spent, or
18 according to a schedule, if they can't meet that schedule,
19 then they may have to go look at other technologies. And
20 the other technologies we're talking about, let's
21 understand, are diesel generators which cause a lot of
22 pollution problems, and their batteries that cause a lot
23 of environmental waste problems. So, if a company, say,
24 has a purchase order for 500 systems, and has to go 20 at
25 a time, and wait for approval for the next 20, then it's

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1 going to be a real burden on that company to keep that
2 approval process approved internally, and not be able to
3 move forward with the fuel cells. The reality is, we fear
4 that they would just turn to the less desirable technology
5 because, as they build their grids up, they have to have
6 backup power. If it's not going to be fuel cells, it's
7 going to be diesel or batteries.

8 MR. HERRERA: So one related question, and that is
9 there's a finite amount of funds for this program --

10 MR. CARLONE: Yes.

11 MR. HERRERA: -- so what happens if the funds are
12 all exhausted before this telecom company gets its rebate
13 reservations for its 500 systems? What if it only gets, I
14 don't know, 100 or 50? Does that mean that they turn away
15 from fuel cells altogether?

16 MR. CARLONE: No. I think - I understand the
17 concerns that the Commission has with regards to not
18 allowing one purchaser to come in and exhaust the entire
19 funds for a year or two years; there may in fact be
20 legitimate other projects that come up after that, that
21 would be very worthy of the program. I think that that
22 could be solved somewhat by allowing an application
23 process of maybe a certain number per week, or so that
24 there is a staggered -- there's not a wait for the
25 Commission to approve something before they can file

1 something else. But just stagger it in such a way that
2 they could just be done at some set period of time over
3 the year. The other is to allow some type of general
4 acceptance of the overall purchase, but understand that
5 the funds would be disbursed throughout the year and maybe
6 some other worthy projects could be slipped in there, as
7 well. We understand fully the concerns you're trying to
8 address in that sense, but I think there are some
9 compromises that could be reached that could both reserve
10 some of those additional funds, maybe a percentage of
11 those funds, you know, 10 percent of those funds in the
12 fuel cell system could be reserve for smaller orders, or
13 for later orders if the smaller ones don't materialize.
14 One of the difficulties that the Commission may have is
15 that, historically, there have not been a lot of fuel cell
16 applications under this, and there's a reason for that,
17 it's because when this was adopted for fuel cells, there
18 was an additional requirement placed on the fuel cell
19 industry, and that it be renewable hydrogen. A laudable
20 goal, we fully support that; the reality, however, was
21 that there wasn't much more than beakers full of renewable
22 hydrogen at the time.

23 One of the companies that are speaking here today, Alteryg
24 Systems, by the way, is an investment we have, has spent
25 three years working with large companies like Air Products

1 and BOC Linde and others, to develop renewable hydrogen.
2 They're on the cusp now of having commercial supplies of
3 hydrogen, getting very large orders, I think Mr. Oros is
4 going to speak on some of the orders that are in place,
5 and they're right on the verge of really making this a
6 commercially viable industry. Some of these structural
7 things like the 20 applications at a time really could
8 hurt that. Thank you very much.

9 MR. NG: Thank you, Mr. Carlone. Did anyone
10 else want to speak on the Incentive Structure? I've only
11 got one card. Okay. Eugene Buchanan.

12 MR. BUCHANAN: Hello. My name is Eugene
13 Buchanan. I represent the Renewables Testing and
14 Certification Labs, a nonprofit California organization
15 based around testing new renewable energy products.

16 Specifically what we'd like to address about the
17 incentive structure that's been presented by the CEC is
18 the 50 percent structure. It actually directly
19 contradicts what they're publishing in the Guidebook.
20 Given the example of a 3 kilowatt system that installs
21 between \$12,000 and \$18,000, if a system can be installed
22 for \$12,000 and produces 3 kilowatts of power, the owner
23 would receive a smaller rebate than the same system that
24 installs for \$18,000 and produces the same amount of 3
25 kilowatts of power. So, this seems to directly contradict

1 the CEC's goals of increasing innovation and driving down
2 the cost of renewable energy. And it basically stands to
3 benefit the two main stakeholders who have been working in
4 this worth to wind program, which I state in our docket
5 here, which are obvious if you look at the '09 and '10
6 spinings of the CEC on stakeholders. Essentially, an
7 archaic price structure for wind of \$6-7 a watt would be
8 rewarded with this type of incentive program, where if I
9 can install it for \$3.00 or less, I'm basically being
10 punished and given half the amount of rebate. So, we'd
11 like to understand why the CEC would recommend an idea
12 that essentially punishes innovation and cost-
13 effectiveness, you know, that doesn't make sense to us as
14 a company why this would be recommended.

15 The second part is, when you're offering a 90-10
16 incentive structure, it really has no teeth and we believe
17 just adds a layer of bureaucracy to this whole matter of
18 fact because, even if we report zero on the 10 percent,
19 you're still going to get paid. So, if you're going to do
20 some sort of split system and add another layer of
21 bureaucracy, it would be much better if it had teeth and
22 we did a 50-50 or something like that, and actually based
23 on real performance; you don't get the money if you don't
24 perform. I mean, then it would make sense as an
25 additional bureaucratic layer of how do we process these

1 rebate applications. If there's no teeth and it's just
2 for research purposes, I could maybe understand that, but
3 it doesn't really seem like it has much effect on the
4 overall performance of the program in relation to making
5 it work better, or providing some other additional
6 incentive that people are cost-effective, or generate more
7 power, or reduce the amount of carbon.

8 Those are the only two topics we -- oh, the
9 other thing is, as a testing organization, we have been
10 speaking with a fellow who is on the CEC website,
11 Windworks.org, Paul Gipe, he is a renowned individual in
12 this field and he's published extensive works on the
13 testing of wind turbines. And we support his position as
14 a performance based incentive of our feed-in-tariff, is
15 ultimately the answer to the certification bureaucracy
16 that has been presented by the CEC, if you pay for
17 performance, we don't need to certify something under an
18 organization that may have a conflict of interest with
19 what the CEC's goals are, or as manned by the largest
20 stakeholder of the organization. That's basically what I
21 have to say. Thank you.

22 MR. HERRERA: Can I ask you just a quick
23 question on your first example of the different sized
24 turbines? So, if the Energy Commission was interested in
25 making sure that the turbine systems were installed in a

1 location that had adequate wind that the consumers had
2 skin in the game, so to speak, to make sure that they
3 weren't -- not careful in choosing to install a turbine on
4 their site, I mean, if that was part of the motivation of
5 the 50 percent cap, how else can the Energy Commission
6 established some sort of cap that recognizes this
7 disparity between the different size turbines?

8 MR. BUCHANAN: Again, I'll reiterate what I was
9 saying with Paul Gipe, who is a standard in this wind
10 industry, a performance-based incentive that pays for
11 actual productivity is the only way to really truly make
12 the system honest. If I put a wind product that's good in
13 a bad area and it doesn't produce, I don't get paid. If I
14 put a bad product in a good area and it doesn't produce, I
15 don't get paid. So, ultimately, a performance-based
16 incentive or a feed-in-tariff is ultimately how to make
17 this honest. And so I support Paul Gipe's push for this
18 in the industry. And if we follow the lead of Japan or
19 Germany and do the feed-in-tariff, they're accelerating it
20 way beyond us in their installation of renewable energy,
21 and if California were to follow that lead, I think we
22 would be much better off, overall. I know that in this
23 particular CEC -- the book handles maybe the feed-in-
24 tariff edge of what's going to happen here in the future
25 with California, but in addition, the CEC could offer a

1 performance-like base incentive and let market gravity
2 decide who wins, basically.

3 MR. HERRERA: Thank you.

4 MR. NG: Thank you, Mr. Buchanan. Next
5 commenter is Stephen Smith.

6 MR. SMITH: Yeah, I'm Steve Smith. I'm the
7 President of GridNot Corporation. We're an energy
8 consulting firm. We're presently involved with a number
9 of the wind projects. I'm very interested and I wanted to
10 basically comment on Terry. With the fuel cells, I think
11 the solution that Paul Gipe put forward would be
12 advantageous because, that way, we're not stepping on each
13 other with performance incentives being a better dictate
14 to what we do.

15 Also, I'm very interested in fuel cells and I'm
16 looking forward to possibly working with these people a
17 little closer. We also have some technology we're putting
18 forward on batteries, which are not pollutant, which I'm
19 sure they will be very interested in. That's all I have
20 to say about that right now. Thank you.

21 MR. NG: Thank you, Mr. Smith. Do we have
22 anymore comments on the first topic, the incentive
23 structure? Yeah, Mickey Oros.

24 MR. OROS: Good morning and thank you for the
25 time. My name is Mickey Oros. I'm Senior Vice President

1 in Business Development and a founding member of Altergy
2 Systems, which is a California-based fuel cell
3 manufacturer located in Folsom, and we have been
4 contributing to California's economy since 2001.

5 With regards to the ERP temporary suspension of
6 its program due to its deficiencies, Altergy requests that
7 you reevaluate several of your points in the recent
8 revised draft to the Guidebook, and I have summarized
9 these four points as follows: 1) that the proposed cap on
10 the rebate amount should be raised from 50 percent of the
11 purchase price to that of 75 percent, otherwise it
12 unfairly penalizes the most efficient fuel cell companies,
13 in particular, it would penalize Altergy, one of the most
14 competitive fuel cell manufacturers, and the only
15 California domiciled fuel cell manufacturer that is
16 certified under the ERP. Purchasers of systems from
17 Altergy's competitors, none of whom are California-based
18 companies, would be able to obtain the full \$3.00 per watt
19 rebate because of the higher priced system costs, while
20 Altergy would lose to the competition's advantage to its
21 technical and innovation and cost reduction efforts.
22 Altergy suggestions that it be a sliding cap beginning
23 later in 2012 until production volumes rise and
24 manufacturing costs come down even further. And what we
25 mean by that is starting out with 75, moving to 70, 60, as

1 time progresses. That way, you would be diminishing this
2 at the end of its newer period; 2) that Altergy proposes
3 the Commission adopts an additional benefit for California
4 manufacturers under the ERP, much like that of what the
5 SGIP adopted for fuel cells designed and produced in
6 California where in additional 20 percent rebate is
7 offered to California manufacturers, 20 percent on the
8 \$3.00 incentive would be an additional \$.60; 3) that the
9 proposed provisions that no single retailer may have more
10 than 20 applications submitted to the Energy Commission at
11 a single point in time should be changed to provide that
12 no single Payee that may file for more than 50
13 applications per week. The reason for this request is
14 that the proposed revisions to the ERP as applied to fuel
15 cells differ from the wind systems. Fuel cells are
16 capitalized, marketed, and sold differently, in much
17 larger quantities, to its customer base such as those of
18 Telecom companies, whereas the wind systems are typically
19 sold one off to individual consumers. The Commission's
20 proposed draft revisions to correct issues with the wind
21 industry would actually conflict with and impede
22 commercialization of the ERP's goals for the fuel cell
23 industry; 4) fuel cell companies like Altergy and their
24 customers who have in good faith expended years and
25 significant funds to comply with the existing program

1 should also be offered the same 30-day courtesy offer
2 offered to the wind industry by the newly drafted
3 Guidebook. In other words, if any changes are made to the
4 ERP, the ERP as it existed at the time of the suspension,
5 should apply to any fuel cell system applications filed
6 within 30 days after the new Guidebook is adopted. It is
7 important to remember that the ERP suspension was related
8 to the concerns of the wind energy and not fuel cells.

9 Altergy has fiercely adhered to the letter and
10 the spirit of the ERP, therefore it concerns me that some
11 of these changes in the draft guide could harm the fuel
12 cell manufacturers in the state, just at a time when the
13 Governor and the Legislators are trying to establish
14 California as the best in the world in renewable energy.
15 Altergy itself has attracted investors, customers, and
16 strategic partners from around the globe, including
17 foreign governments that, like California, are also trying
18 to create a renewable energy economy. Altergy's
19 technology innovations result in energy efficiency power
20 generators that are clean and quiet, of course, and they
21 are reliable and safe, low carbon footprint, and greater
22 capacity factors. If California wants to maintain its
23 position as a leader in renewable energy technologies and
24 where innovative and clean technology companies can take
25 hold, then Altergy is precisely the type of California-

1 based company that the state and the ERP should encourage
2 and nurture. As a California-based company with a
3 promising future in the alternative renewable generator
4 market, we need ERP's assistance to compete against the
5 polluting diesels in the present day marketplace. The ERP
6 incentives allow our fuel cells to be priced competitively
7 to that of the diesel generator, and once the market is
8 launched and volumes kick in, it won't take much for the
9 public to make the right choice, and the ERP will no
10 longer be needed.

11 In closing, Alteryg respectfully requests that
12 these proposed changes to the draft Guidebook be adopted.
13 These prolonged changes to the Guidebook by the Committee
14 has put undue strain on Alteryg after spending years of
15 contractual negotiations, component designs, and
16 collaboration with fuel providers to bring fuel cells and
17 its renewable hydrogen fuel to this burgeoning California
18 industry. Any longer postponement of the suspension could
19 cost millions in lost revenue to Alteryg. I want to thank
20 you and, one thing in closing, is it possible for the
21 staff to come back to us and give a definitive date on
22 when you believe this program will be back and
23 incorporated into the system once again?

24 MR. HERRERA: Well, I think the idea was to
25 reinitiate the program once the Energy Commission had

1 adopted Guidebook revisions, so the Guidebook revision
2 process is going to take its course based upon comments we
3 receive today and prior to the comment due date; staff
4 will consider those comments, discuss it with the Energy
5 Commission's Policy Committee assigned to this matter, and
6 then we'll be making recommendations on final Guidebook
7 changes. So those will be circulated for public comment
8 and then will be considered for adoption by the Energy
9 Commission.

10 MR. OROS: Timeline?

11 MR. HERRERA: I don't know if we've established
12 the timeline for that. Anthony?

13 MR. NG: No, not at this point, unfortunately.

14 MR. OROS: Okay, one other comment. You had
15 asked Mr. Carlone what happens if the funds are limited.
16 My question to the Commission also is when do you expect,
17 according to Commissioner Peterman's report, when would
18 you expect the \$180 million that went to the Educational
19 system on the state be returned back into the ERP Program?

20 MR. HERRERA: Well, I don't think anybody here
21 at the Energy Commission can answer that question. We
22 don't know. I mean, there are a couple points I think we
23 need to make. First of all, you may be aware, the funding
24 for this program, as well as the other renewable energy
25 programs, that funding is collected through the end of

1 this year only. Legislation is being considered now, I
2 think, to perhaps extend the collection of funds that
3 support this and other programs, but I think that
4 legislation will definitely make some changes to different
5 programs. This program could be impacted, which could
6 require the Energy Commission to make additional changes.
7 So, your comments about continuing or making changes to
8 the program in the scaling fashion through 2012, I think,
9 need to recognize that there could be some legislation
10 here in the near future which could affect the continued
11 funding for this program.

12 MR. CARLONE: Chairman, may I make one comment
13 about the timeline which seemed to me a pretty amorphous
14 no commitment - Alteryg, which I said -

15 MR. NG: Could you approach the microphone?

16 MR. CARLONE: Terry Carlone again. Alteryg is
17 an investment we've made, we've spent three years, tens of
18 millions of dollars, getting to the point we are. As some
19 of the people on the Commission may know, Alteryg has in
20 line about \$200 million of orders that are contingent on
21 this rebate program being placed and I'm aware that
22 Executives from Alteryg have been called to the customer,
23 who has asked what is going on with this program, and
24 those orders -- and there's a meeting next week -- those
25 orders are in jeopardy because, as I mentioned, customers

1 need to know that they're going to back up their systems
2 with fuel cells, which they prefer, or they're going to
3 return to diesels, and if they can't have a set program as
4 to when they're going to do that, they can't afford to
5 have their towers down. So I would urge this Commission
6 to please move forward because, literally, about \$200
7 million in orders are in jeopardy, and if those orders are
8 not fulfilled, if this rebate program lingers on for
9 months more, companies like Alteryx are just going to be
10 out of business. You can't do that to companies that have
11 relied on the rules you set, they follow them, they spend
12 lots of money, their customers spend lots of money to make
13 these purchases, and then you ignore it. When people play
14 by the rules, I would submit, it's only fair that you let
15 them follow through on their orders. Thank you.

16 [Applause]

17 MR. OROS: Well, that took the smoke out of what
18 I was about to say, but thank you to Mr. Carlone.

19 MR. HERRERA: If I could make one other point
20 that you made earlier in your presentation, Mr. Oros, and
21 that is that on the 30-day period after the Energy
22 Commission reinitiates the program, I believe you
23 commented, or you perhaps are under the impression that
24 the rules during that 30-day period will be the rules
25 prior to the suspension, that's not true. And the Energy

1 Commission Suspension Notice did not indicate that. What
2 the Energy Commission indicated is that, during that 30-
3 day period after the program is reinitiated, that the
4 rebate level would be kept at the level prior to the
5 suspension, so it will still be kept at the \$3.00 per watt
6 level.

7 MR. OROS: Thank you. Yeah, a little bit
8 of history with the Altergy. The reason why it's taken so
9 long is it was approximately about three years ago when we
10 did get telecom back up, support into the system. After
11 that bill was passed, it was then called upon that this
12 now had to be -- the hydrogen had to be a renewable
13 hydrogen. This has literally taken us approximately
14 almost two and a half years, almost nearing three years,
15 to complete this, finding the right groups nationwide and
16 not only nation, but I mean, mostly here in the state to
17 accomplish this task.

18 After we've done that, we were just about ready
19 to make submission for application, only to find out again
20 on the 1st of March that we were suspended again. So this
21 has been a long, tedious, heartbreaking process for us and
22 there is frustration in our voice when we speak of the
23 process and how long it's taken us to get to this point,
24 only to find out the suspension is in place, and now that
25 there may be only just a few months left in the program,

1 where we have lost almost six months to construction and
2 installation. I thank you and further comments later, if
3 need be.

4 MR. NG: Thank you, Mr. Oros.

5 MR. NARVAND: Good morning, my name is Payam
6 Narvand. I manage several programs in the Renewable
7 Energy Office, one of which is the ERP Program. I just
8 want to make a couple of comments to Eugene's issue in
9 terms of the PBI System. I think staff received some
10 comments at a previous workshop and we were sensitive to
11 stakeholders' comment that a PBI approach may be
12 disruptive to the marketplace and especially if we move to
13 a 50-50 split, where upfront money, that there might be
14 financing issues, perhaps the only way consumers can tap
15 into is through a home equity, or whatnot. So, I think
16 it's important to remind everybody what the right speed
17 should be and staff believes that a collection of data for
18 research purposes would be indicated at this time and the
19 concern was not to disrupt the marketplace because we want
20 to really promote renewable energy. Now, with that said,
21 I think a trend in the nation, if you look at other
22 technologies like Solar PV or whatnot, is to move towards
23 a PBI model, to really encourage workmanship quality of
24 the renewable energy system, so I think that's a
25 commendable point. So I would be very interested in

1 getting comments from small wind experts in terms of what
2 their thoughts are on a PBI approach as we move forward.

3 Regarding the timing, I believe there is a 10-
4 day period for written comments after the workshop and the
5 next step after that is for staff to compile and review
6 those comments and brief the Policy Committee, the
7 Renewables Committee. So, to answer the question in terms
8 of the fuel cell folks, we will move as swiftly as we can
9 to restore the program. Again, we can't give you any
10 timetable, but the next action steps is to wait for the
11 10-day period, summarize the comments from everybody,
12 brief the Policy Committee, and move as swiftly as
13 possible to make the revisions to the Guidebook and
14 restore the program. So we can promise to do our part in
15 that aspect, as soon as possible.

16 In regards to the 50 percent cap, well, we have
17 to balance several goals, one of which is really ratepayer
18 equity and we've been trying to be technology neutral by
19 splitting the funds equally between small fuel cell and
20 small wind, even though we haven't had any fuel cell
21 activity to date, you know, 12 years into the program. So
22 we are sensitive, but just you need to be aware that we
23 have to balance several goals, policy goals or whatnot.
24 As you know, SGIP is limiting rebates to three percent on
25 the rebates, so there are some underlying policy

1 questions, whether we should be subsidizing fuel cell for
2 backup generation at the same level of that of small wind,
3 so there are a lot of policy questions what we need to
4 balance. So I just want everybody to be sensitive to
5 those and submit your comments. Thank you.

6 MR. BUCHANAN: May I respond to one thing
7 specifically you brought up about how the PBI structure -
8 this is Eugene Buchanan with the RTL Labs. The PBI
9 structure is being disruptive to existing stakeholders.
10 That, to me, seems a little bit modeled in the fact that,
11 if you look at a solar city model, they've gone out and
12 they've offered a no money down, or zero down program, to
13 bring solar into our community here, and we basically
14 modeled after that, and we are leasing our systems to our
15 clients, and we are able to take advantage of the
16 different fundings that are available from ARRA and the
17 State and provide a high quality system that we own and
18 that we lease for a 10-year period. And we're confident
19 in our product line and our workmanship that that would be
20 a very profitable venture, and we have investors who are
21 behind us who will fund these systems forward based on
22 that incentive. Now, if our competition cannot figure out
23 how to finance their equipment, that is really not what
24 should be taken into account as a policy measure of the
25 CEC. If they have good equipment, they should be able to

1 find a company that would finance them and back them, so
2 that's the case, that's what my comment is. Thank you.

3 MR. NG: Thank you.

4 MR. CARLONE: Can I make one clarification on
5 the competitive -- the 50 percent limit? The point I was
6 making -- oh, Terry Carlone -- the point I was making was
7 not about dividing between wind and fuel cells, the point
8 was, within the fuel cell portion, was not punishing
9 companies that have driven the cost down, that are on a
10 pathway to being commercially viable, independent of
11 rebates, that's the goal, everyone wants to be weaned off
12 of this, the State wants companies to be weaned off of
13 this, we need help over a few years. Alteryx has reduced
14 the cost of its products 30 percent in the last 18 months,
15 we are driving that cost down, we are getting tens of
16 millions of dollars of investment money from companies
17 around the world that are seeing that we are becoming a
18 viable fuel cell alternative, the first one. I can show
19 you a map -- I can show you the contracts we have that I
20 refer to, it's a map of fuel cell installations all the
21 way across the state, that's what the state ought to be
22 trying to encourage. And what I'm saying is, if you limit
23 it to 50 percent right now, a customer who buys our fuel
24 cell is going to get 29 percent, 30 percent less rebate
25 than if they go to another fuel cell company who hasn't

1 just cared, who hasn't taken the time to drive their costs
2 down, to become viable, because they're very happy to be
3 just sucking off of this program. And that's not what you
4 ought to be encouraging, in my view; you ought to be
5 encouraging companies like Altergy that are going out,
6 that are taking risks, that are building automated plants,
7 and in Folsom, California, just up the road, there is the
8 first and only automated fuel cell assembly plant that was
9 built at a lot of cost, people from all over the world,
10 governments, are coming over to see how efficient this is,
11 and all we're asking for -- give us 75 percent for a
12 couple years, go down, and then we're going to get off of
13 that program. And hopefully everyone else will, too.
14 Thank you.

15 MR. NARVAND: Thank you. I would certainly
16 encourage you to submit written comments to that regard
17 and especially why the 75 percent is needed to put you on
18 parity with diesel generation, or whatnot. So give us a
19 little bit of direction behind it in your written
20 comments. Thank you. Yeah, Mickey, go ahead.

21 MR. OROS: Mickey Oros again. Boy, we're
22 getting a debate going here, emotions showing. One of the
23 things I would like to address, what we're talking about
24 with fuel cells is that maybe in a backup type mode we
25 actually generate a DC load, that DC load in essence

1 controls and runs and operates the support systems that we
2 are installing to, the equipment runs off of DC, it is not
3 an AC application. What we have in more than just one
4 group, we're talking support that some of it is under
5 actually the SGIP Program, but a lot of it, too, is under
6 the RP program. With that, we're putting some in the near
7 future here, over the next two to three years, will be
8 about 28.5 megawatts of power. That is a DC load. But
9 when the ISO calls for load shedding, we in essence can
10 turn this equipment on, run it full out, and go ahead and
11 drop the AC, in turn giving back to the utility companies
12 of California 28.5 megawatts of power back into the
13 system, so it's a load shedding, this is not -- for the
14 ratepayers, it's extremely well done, with great concern
15 for that portion of it. So what we're doing is initially
16 bringing in huge amounts of power onto the Grid system
17 that doesn't presently exist. So I wanted to make that
18 clarification when you were talking about backup.

19 MR. NARVAND: Okay, Mickey, I really appreciate
20 that you submit those in your written comments, as well.

21 MR. OROS: Thank you.

22 MR. NG: So I think we have one more person who
23 would like to speak. Sandy Miller.

24 MR. MILLER: Good morning. My name is Sanford
25 Miller, I'm a citizen representing myself. I used to work

1 for the Energy Commission here in the Rebate Program. I
2 had a couple comments about the incentive structure I
3 wanted to pass on. The Commission has had an incentive
4 structure in the past where it's been 50 percent for a
5 rebate, and it started out at \$3.00 a watt, or 50 percent
6 of total cost, it went up to 50 percent or \$4.50 a watt.
7 To my recollection, there was a lot of exaggeration on the
8 costs, and we found in some cases there was at least one
9 wind installation that went in for \$9.00 a watt, and they
10 did that in order to get the \$4.50 a watt, so I can see
11 the Commission's perspective in trying to get some costs
12 so that the rebate doesn't pay for the entire system. I
13 would suggest that, rather than going the 50 percent
14 route, which has a lot of problems with it, that the
15 Commission could potentially spend more time looking at
16 the costs -- they could still require the costs coming in
17 from the different applications and taking a look at the
18 costs that are coming in, and then designing the rebate
19 based upon that, maybe based upon the median cost of the
20 systems coming in, or the average cost of the systems
21 coming in. So this way, it's not going to penalize those
22 more efficient systems that are coming in where
23 potentially the retailers were able to, in order to sell
24 their product, they were able to cut their cost one way or
25 another. At the same time, it's not going to reward those

1 customers, those retailers that have high cost systems.

2 Another issue I'd like to bring up is this 20
3 applications per retailer, that seems to be very
4 artificial, maybe it's based upon a more recent experience
5 with all of those applications coming in from DyoCore and
6 the Commission not wanting to get a huge number just from
7 one company. I think there could be something better. If
8 the rebate was designed better, if some company comes in
9 and they have been able to sell wind turbines to an entire
10 development, it's 100 homes or something like that, or 100
11 businesses, they should have the right to come in here and
12 potentially file all of those applications subject to
13 funding availability.

14 I don't know if this is the appropriate place to
15 put it, but I see in the Guidebook that there is this
16 proposal to continue the \$3.00 a watt rebate for 30 days
17 after the Guidebook has been approved. I think that many
18 people can probably predict what's going to happen there,
19 what we're going to get, what the Commission is going to
20 get is a big influx of applications followed by a lull. I
21 don't think that's any way to run a rebate program when
22 you have a one-time 30-day period where all these
23 retailers are going to come in and try to submit all their
24 applications at once. It would be better to think about
25 how to set the appropriate rebates and having a one-time

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1 30-day period at this point in time, just to give those
2 applicants some chance because the program was suspended
3 prematurely, or at least that rebate portion was; that
4 gives them more time.

5 I think the PBI is certainly a good way to go,
6 but there could be some problems with a shock to the
7 existing retailers out there, so perhaps a way of phasing
8 it in may be appropriate, something like the staff is
9 proposing here, although the 90 percent and 10 percent
10 seems to be really skewed towards the applicant in that
11 case, that staff may want to consider looking at something
12 more like 75-25, or 60-40, or something like that, to put
13 a little bit more of the burden on the retailer and the
14 customer to make sure their system is working properly.
15 That's all I have to say. Thank you.

16 MR. NG: Thank you, Mr. Miller.

17 MR. BERGEY: Anthony, Sarah, can you hear me?

18 MR. NG: Yeah, Mike Bergey?

19 MR. BERGEY: Yeah. I had wanted to comment, but
20 the chat function on the WebEx is not working, at least
21 it's not working for me.

22 MR. NG: Okay, go ahead. We can hear you.

23 MR. BERGEY: Okay, thank you so much. Mike
24 Bergey with Bergey Wind Power Company. I'm representing
25 the Distributed Wind Energy Association today. On the

1 incentive structure, we support both the 90 percent
2 upfront and 10 percent after 12 months based upon
3 reporting structure, and the 50 percent limit. We think
4 those are both good policy, I think they're well
5 considered, and we support it. And I'll comment on the 50
6 percent. We have both fuel cells and small wind turbines,
7 have a 30 percent Federal tax credit; if you allowed a 75
8 percent limit, you'd be 105 percent possible subsidy and
9 that's too high, in our opinion. We would ask that you
10 reconsider the intent to drop the 10 kilowatt and under
11 wind turbine rebate rate from the current \$3.00 a watt to
12 \$2.50 a watt, or if you apply the 90 percent upfront
13 payment in the new Guidebook, that's really \$2.25 a watt
14 for the upfront payment, or a 25 percent reduction on the
15 current rebate amount.

16 We had in previous comments, earlier in this
17 cycle, we had said that it is not a good idea to drop the
18 rate at this time because we were building, the industry
19 was building market momentum, and that's particularly
20 important with the permitting barriers that we face out
21 there and the effects of the recession. But we believe
22 it's a doubly bad idea in the wake of the market damage or
23 delay, you know, the problems have been caused by the five
24 to six-month suspension of the program, that retail
25 infrastructure that dealers -- their overhead costs have

1 continued, even though sales have stopped. And on top of
2 that, the economy is slowing, so we see that nationwide,
3 we see that in California. And so, to have a precipitous
4 drop in the rate 30 days after adoption of the new
5 Guidebook, we think, would be very disruptive to the
6 marketplace and the momentum that's been created. We
7 would recommend, our first priority would be to have the
8 \$3.00 per watt level maintained for two years, and then
9 drop with four scheduled reductions, but as a minimum,
10 we'd like to see it held in place until August 1st of next
11 year, 2012.

12 MR. NG: Thank you, Mr. Bergey.

13 MR. NARVAND: Thanks, Mike, for commenting.
14 This is Payam Narvand from the Renewable Energy Office.
15 Just a couple of comments I want to make to Sandy's point
16 in terms of a PBI approach. Staff and I would be
17 interested in getting comments about the PBI approach from
18 the small wind industry. Again, there are some
19 ramifications in terms of your pricing structure, what's
20 your comfort level with evaluating the performance of the
21 wind systems and rebates, let's say the consumer gets the
22 rebate, do we want to penalize the customer if the energy
23 production is less than what was anticipated or promised
24 to the consumer, would they be penalized that way? Or if
25 the retailer basically takes the responsibility of that,

1 how is it structured into pricing and whatnot? The goal
2 of everybody is to bring costs down, not up, and this is
3 something that we should be striving for, and we want to
4 make sure we mitigate that.

5 So, in terms of the rebate being increased, to
6 Mike's point, again, the goal is to bring rebates down,
7 whether it's through a volumetric megawatt trigger, or
8 whatnot, like through solar rebate programs, so staff did
9 their due diligence and increased the rebate to respond to
10 the economic environment a year ago. It might be a little
11 bit challenging in continuing keeping the rebates up
12 because it doesn't really foster the marketplace to strive
13 to bring costs down, so again, we would be sensitive to
14 that and we welcome any comments on the adequacy of the
15 rebate level for the small wind industry, as well. Thank
16 you.

17 MR. NG: Does anyone else in the room like to
18 comment -- we're still on the first topic here, so does
19 anyone else in the room still like to comment on the
20 potential changes to the incentive structure? Okay, we do
21 have one commenter on the WebEx, Terry Galyon.

22 MR. GALYON: That is correct.

23 MR. NG: Yeah, so go ahead.

24 MR. GALYON: Yeah, I'm Terry Galyon with TLG
25 Windpower Products out of Nickerson, Kansas. And in

1 reference to what Mike Bergey was saying there about the
2 \$3.00 a watt for 10 KW and less for those below, that
3 doesn't make sense to me. It doesn't make any sense to me
4 how it is that you would have less amount of incentive for
5 systems that are lesser than 10 KW. I mean, power
6 production is power production, either you can deliver it
7 or you can't. So I don't think that that's quite -- I
8 don't think that that should be considered.

9 And then my other comment is on the 90-10. I
10 can tell you that I have had businesses from California
11 call me with the intent of wanting to put my product in
12 areas that I know for a fact it won't produce, so if you
13 go and pay 90 percent to businesses that install wind
14 turbines and they're not going to care about the 10
15 percent later, it should be set up more on the lines of if
16 the system actually produces and functions and generates
17 power to go for what the purpose of the program is, then
18 they should be rewarded the rest of the funds. But
19 receiving 90 percent of it upfront is - you could put it
20 in without even caring whether or not it worked or not.
21 And that's my comments on that.

22 MR. NG: Thank you. As a point of
23 clarification, I think Mike Bergey was speaking about the
24 \$3.00 a watt for systems 10 kilowatt and under, so the way
25 the rebate is structured now is that, for small wind

1 systems, at least, the rebate rate is \$3.00 a watt up to
2 10 kilowatts, and then \$1.50 for increments between 10
3 kilowatts and 30 kilowatts. So I don't believe Mr. Bergey
4 was speaking to give less rebates for systems under 10
5 kilowatts, but I believe he was advocating for an
6 extension of the \$3.00 a watt for up to the 10 kilowatt
7 point. So I just wanted to make that point clear. Now we
8 have Tal Mamo on the WebEx.

9 MR. MAMO: Hi. Tal Mamo, Talmo Electronics.
10 We're the largest wind distributor in the United States,
11 also California-based and San Diego. Wanted to comment on
12 some of the other comments that people had about -- MR.
13 NG: Mr. Mamo?

14 MR. MAMO: -- performance-based, as well as
15 comment on the 90-10. In general, I don't have a problem
16 with making a portion of the funding performance-based. I
17 think we need to move California more towards an estimated
18 performance-based program. The problem right now is that
19 funding is very tight, it's virtually impossible for a
20 homeowner to get any kind of loan or financing for a small
21 wind system, so I think that's why we need the majority of
22 the funding upfront. I think the 10 percent that's paid
23 later, I don't see the point of it, one, we're not really
24 collecting any real data, there's no wind speed associated
25 with the energy that people are claiming, so you don't

1 know if the system is really performing the way it should
2 or not. On top of that, it's just -- the people going out
3 reading their meter and writing it down, really, they
4 could just at the end of the month write down whatever
5 number they want and send it in, just to make sure they
6 get their 10 percent. So, I see that inherently flawed.
7 And if they're still putting a small wind turbine down on
8 the ground behind trees and buildings, and not producing
9 any energy, all they do is write zeros or small numbers,
10 whatever it is, and still get their 10 percent. So I
11 don't think it's reaching the goal of making sure the
12 turbines are sited properly and actually producing.

13 There is a lot of very accurate software out
14 there today. We use it all the time to determine the
15 estimated energy output of a turbine. It takes into
16 account terrain, surface conditions, obstacles, the wind
17 resource, and the third-party certified power curve of the
18 turbine, and that can tell you very accurately how much
19 energy that turbine will produce. The State of New York
20 uses -- is going to start using that software very shortly
21 here, to where all the applications are based off of those
22 reports, and the incentive is based on estimated energy
23 production. So those were my comments on that. Thank
24 you.

25 MR. NG: Thank you, Mr. Mamo. All right, so

1 we'll move on to our next topic now -- oh, sorry, Larry
2 Hamilton.

3 MR. HAMILTON: Larry Hamilton with All Save
4 Energy. At the last meeting, we had brought up the fact
5 that two companies that I know of that does third-party
6 certification -- or, not certification, but third-party
7 verification of wind speed. And that's Three Tier and
8 Wind Navigator, and that wind speed, as their wind speeds
9 come in, has actually always been less than it really
10 happens, so it's a guaranteed amount of energy that is
11 going to be producing off its power curve, so I think that
12 the 90-10 percent could be figured out simply by
13 verification with the application, with the R1 form,
14 something from Three Tier or Wind Navigator, or a company
15 like that, would be verification enough of what that
16 system is going to produce and there's no paperwork for
17 anybody.

18 MR. NG: Thank you, Mr. Hamilton. Okay, so
19 we'll be moving on to our next topic now, which is kind of
20 related, it's been brought up a couple times already, but
21 we'll move towards it and this is the 90-10 split, and
22 kind of the mechanics of how the report, the actual data.
23 So we've already had some folks talk on it, but I do have
24 some additional comments. Mr. Hamilton, would you like to
25 comment again? Because you submitted a card earlier.

1 MR. HAMILTON: Basically -- this is Larry
2 Hamilton again -- I think I've already made my comments
3 for this one, thank you.

4 MR. NG: All right, thank you. Mr. Buchanan.

5 MR. BUCHANAN: Eugene Buchanan, Renewable
6 Testing & Certification Laboratories. Again, I think it
7 has been reiterated, a 90-10 does little to actually make
8 the system more compliant with production. A couple
9 different things, again, we recommend a performance-based
10 incentive as the overall solution to this and keeping the
11 system honest; 2) if we're going to do a split, do it
12 where it has teeth in it like a 50-50, and have the second
13 50 percent be based off of, similar to the SGIP's program,
14 based off true actual performance -- you don't get paid if
15 you don't perform. And this way, we would keep the system
16 relatively more honest and provide incentive for
17 contractors and homeowners to put the technology in areas
18 that will produce. Or, the other realm would be to do
19 something where we make an estimated production value sort
20 of like solar, and their EPP calculator, and it could be
21 based off software models, and there could be a projected
22 rebate; there are inherent issues with that, though, and
23 it doesn't keep the system honest due to the fact that
24 those are only estimates and not actual production. So,
25 if you are going to implement a split system, do it where

1 it has teeth and the second half is actually based off of
2 production, otherwise it's a useless bureaucracy and does
3 nothing for the program. Thank you.

4 MR. NARVAND: Payam Narvand again. I just would
5 like to make a comment, as well. We would be interested
6 in getting comments because there are some differences
7 between some of those technologies, solar, let's say, and
8 wind, one of which is, if we are looking at wind maps,
9 there are wind maps out there for 100 feet and, so,
10 evaluating wind speed is a little bit of a challenge, and
11 that's one big factor in really getting to expected
12 performance of wind systems. So staff and I would be very
13 interested in getting meaningful comments from the
14 industry in terms of how you can mitigate that, so we
15 don't get guesstimates of production, but really getting
16 reasonable performance based on sound data, or whatnot.
17 So, again, there are some differences, but I do agree with
18 you, Gene, moving to expected performance-based could be
19 helpful to achieve everybody's goal in terms of fostering
20 workmanship quality, good siting, bringing cost down, and
21 putting systems where they're supposed to go and perform.
22 Thank you.

23 MR. NG: Thanks, Payam. Our next speaker,
24 Stephen Smith. Okay. Do we have anyone else in the room
25 who would like to speak on the 90-10 split? Okay, so

1 we'll move to the folks on the WebEx. First we have Terry
2 Galyon again.

3 MR. GALYON: Yeah, this is Terry Galyon again
4 with TLG Windpower and I just want to elaborate there on
5 the 10 percent remaining. I understand that there is
6 software out there that can tell you a great deal about
7 the region and what can be produced in certain areas based
8 on all the factors of the wind turbine. But, again, that
9 doesn't mean that the system was installed correctly, nor
10 does it mean that the system was installed in clear wind.
11 Some of the guys I've talked to have been pretty much
12 shysters and they would be happy putting up turbines
13 behind barns that couldn't even see the wind, just to get
14 the money. So, again, I think the performance-based and
15 actually proving that it happens and that it does produce
16 is going to be beneficial to the program. That's the end
17 of my comment.

18 MR. NG: Thank you, Mr. Galyon. Next on the
19 WebEx, Heather Rhoades-Weaver.

20 MS. RHOADES-WEAVER: Hi, this is Heather
21 Rhoades-Weaver with Eformative Options. And I just had a
22 couple of questions about the reporting. First of all,
23 will the kilowatt hours report on the form be publicly
24 released? And then, also, will there be any audits so
25 that, to confirm that the readings are matching up to the

1 meters? And then you mentioned that there's no benchmarks
2 where these are going to be measured against and I would
3 ask why not, and would at least some of that information
4 be used to feed back into awarding future rebates. It
5 seems like that is kind of valuable information and I'm
6 wondering why you wouldn't use that.

7 MR. NG: Okay, sure. So I could speak to those
8 and I guess I could kind of address some of the topics
9 that have been brought up. The rationale for really going
10 to the 90-10 split, again, was over the course of
11 discussing possible changes to the rebates, many
12 stakeholders have identified to us that the value of the
13 upfront costs or the upfront cost is a significant
14 barrier, and so that the rebate being paid in an upfront
15 manner has a lot of value in it. Now, I do agree with a
16 lot of the comments being made so far that a PBI or even
17 an estimated performance does keep the system honest. I
18 agree that to pay based on generation makes a lot of
19 sense. However, a lot of things need to happen before
20 such a system could be adopted. Right now, the Energy
21 Commission, the ERP, relatively speaking we've had a slow
22 number of small wind installations, we haven't had a lot
23 of information about the performance of those systems,
24 that is really what this data gathering is an effort to
25 do. This will give us an idea on how much or how the

1 systems are performing out in the field. And this can
2 better aid staff in developing, say, like a price point
3 for a dollar per kilowatt hour, an appropriate price
4 point, because we don't want to arbitrarily pick a price
5 point and then find out later on that it's either too
6 generous, or too stringent. So that's one of the reasons
7 that we wanted -- so, the first one, we wanted to preserve
8 the benefits of the upfront rebate, which is why we went
9 for a 90 percent, which favors and preserves the benefit
10 of the upfront rebate. We then tie it to benchmarks
11 because, you know, we thought this would actually be a
12 good way to establish those benchmarks, we didn't have a
13 lot of empirical data on the performance of the systems to
14 establish defensible benchmarks. And so that kind of goes
15 towards the rationale for why we came up with the hybrid
16 approach.

17 So next we have Doug Hacker on the WebEx.

18 MR. HACKER: Hello, Doug Hacker, Double H
19 Windpower, San Diego County. I would have to agree with
20 some of the speakers that 10 percent is probably not
21 enough of an impetus to create any activity, but 50
22 percent is too severe. And somewhere closer to 20 percent
23 would be enough to make the activity up and wouldn't take
24 off as much on the upfront, which is a significant part of
25 a sale, usually. Thank you.

1 MR. NG: Thank you, Mr. Hacker. And, yeah,
2 absolutely. I mean, you know, we're definitely open to
3 hearing the ideas, hearing a lot of the feedback that
4 we're getting today. You know, 90-10 is just something
5 that staff has proposed in its initial take on the
6 Guidebook, but we're definitely going to look at not only
7 all the comments we receive today, but also all the
8 written comments, so please, all the comments you present
9 to us do factor into our decision making.

10 MR. NARVAND: This is Payam again, Payam Narvand
11 of the Renewable Energy Office. Again, I welcome you to
12 make comments and we're really interested in finding out
13 how and where you find your pricing structure because the
14 collective goal here is to bring costs down and, if you
15 have 20 percent or 30 percent that's tied to performance,
16 and you are not getting what you expected, somebody will
17 be shortchanged here, whether it is the wind dealer or,
18 even worse, if it's the system owner that gets penalized
19 and get less than what he or she was expecting. And we
20 don't want to drive costs up, we want to bring it down
21 because I'm sure that would be priced out in your
22 contracts, or whatnot. So, while the goal is commendable,
23 I just want to be sensitive to the fact that we're trying
24 to achieve a goal in bring costs down and whatnot, so I
25 welcome any comments on that end for how the pricing

1 structure, or how the consumer would not be penalized by a
2 PBI approach. Thank you.

3 MR. NG: Next on the WebEx, we have Tal Mamo
4 again.

5 MR. MAMO: Hi. Tal Mamo, Talmo Electronics. I
6 just wanted to make a comment here on, you had said one of
7 the reasons for the 10 percent and the request for data is
8 so that you have some information on how turbines are
9 performing so that you can possibly use that to judge a
10 price per kilowatt hour. You know, again, without wind
11 speed, I don't know how useful that data is, but I would
12 urge you to reach out to NYSERDA to Mark Mayhew, they've
13 had a program on estimated performance in place for a long
14 time and California doesn't need to recreate the wheel
15 each time we're adjusting our programs, there are other
16 states out there that have gone through this before, and
17 we should share information to streamline, to bring down
18 costs across the country, and not just look at ourselves
19 as this island trying to create things ourselves. A lot
20 of this already has been created and working very well,
21 like in New York, and I'm sure Mark Mayhew of NYSERDA will
22 be more than happy to talk to anybody at CEC on how his
23 program works and probably share data as to what turbines
24 are producing and the price per kilowatt hour that they're
25 paying. Thank you.

1 MR. NG: Yeah, thank you, Mr. Mamo. Yeah, I
2 definitely share your sentiment. The Energy Commission is
3 definitely very open to working with other states. We did
4 consult a couple other states in looking at some of the
5 changes, including Oregon. And while we haven't spoken to
6 the specific gentleman you mentioned out of New York, we
7 did speak to a person over there at their program, but I
8 definitely appreciate the suggestion and I think that we
9 probably will be following up with other state's programs
10 as we're finalizing the changes. Now, we have Mike Bergey
11 again on the WebEx.

12 MR. BERGEY: Okay, thank you. I just wanted to
13 say on behalf of the Distributed Wind Association, we're
14 supportive of the move towards a performance-based
15 incentive, not a pure PBI because of the upfront costs,
16 but one based upon estimated performance. As I understand
17 it, the sticking point is settling on the thing that
18 California does not have, is a standardized wind map upon
19 which to base those sorts of calculations. The math is
20 straightforward and well accepted, but the wind resource
21 map that you use as your basis is the missing link in
22 California. New York benefits from the fact that they
23 have been working for years with a wind mapping company,
24 and they've got an online tool, and so everyone uses that
25 tool. And so I would encourage over the coming months and

1 years, however long it takes, for the Commission to work
2 on standard replicating what's been done in New York,
3 create that basic map that everyone uses, and move towards
4 an estimated rebate based upon projected energy production
5 performance. We would support that. Thank you.

6 MR. NG: Thank you, Mr. Bergey. Okay, so we'll
7 move on to our next topic, which is -- I didn't receive
8 any cards for anyone talking about the funding limits.
9 Did anyone want to speak? Okay, Mr. Buchanan.

10 MR. BUCHANAN: Eugene Buchanan of RTC Labs.
11 Okay, I think that actually with respect to understanding
12 what money is actually still available in these accounts
13 and what is going to be available to us, I would retract
14 my comments in my written document about maybe limiting 20
15 apps concurrently per retailer because it sounds to me
16 that that would actually help distribute the money evenly
17 that's left in the account, because there really isn't a
18 whole lot left in there. We initially initiated this, we
19 had read that the CEC collected, you know, upwards, in the
20 \$900 million that existed for these type of programs; we
21 were not aware, though, how much of it had been spent, and
22 it appears to us now, if you look at the Legislative
23 Analyst's Office's details of the CEC's finances, there
24 really is not a tremendous amount of money leftover at
25 this point in the program, so some of the stuff that's

1 being suggested actually will help distribute that money,
2 I think, more evenly through the industry. Unfortunately,
3 a lot of people bet on the fact there would be \$200
4 million like we did in there and went out and signed 2,000
5 applications and did a lot of work, and now it doesn't
6 appear that we're going to be able to reap the benefits of
7 a majority of those based on what the limitations of the
8 funding that are currently in the account, unless there is
9 something to change, and maybe the \$180 million that was
10 spent was put back in there or something, but I don't
11 think that's neither here nor there, so I actually, after
12 taking the review of the information that was made
13 available, I would agree now with what they're saying and
14 retract my statement that I produced in my docket.

15 MR. NG: Thank you. Okay, let's see, Larry
16 Hamilton.

17 MR. HAMILTON: Larry Hamilton, All Save Energy.
18 I don't know exactly how you decided to give 50 percent of
19 the funding to fuel cells when there hasn't been any on
20 the docket, or very few if there's any. So, I'm confused
21 there. And then, also I'm confused to the point where
22 it's my understanding that they could sell 100 of these,
23 or a thousand of these to one client. We're limited to,
24 even on a commercial project, we're limited to up to 50
25 kilowatts and that's the end of what we can do, so we

1 can't put five or 10 or 20 of these systems for one
2 particular property. So I don't --

3 UNIDENTIFIED SPEAKER: I'm talking about 2,500
4 properties.

5 MR. HAMILTON: Separate properties?

6 UNIDENTIFIED SPEAKER: Absolutely.

7 MR. HAMILTON: Well, that answers that question.
8 And at any rate, I don't know exactly how it got to be 50-
9 50.

10 MR. NG: Well, I could speak a little bit to
11 that. It is true that the program is facing funding
12 limitations and, despite the fact that fuel cells has not
13 been very active in the history of the ERP, it has been
14 indicated to staff, and again here at the workshop, that a
15 lot of work has been put into getting a lot of contracts
16 in and a lot of work, so given the funding limitations and
17 the anticipation that a lot of fuel cell projects are very
18 close to being finalized, we thought it was in the
19 interest of fairness to split the remaining funds 50-50.

20 MR. HAMILTON: That's really nice, Anthony, it's
21 nice that these guys have got large investors that have
22 come and back them, and they're a California-based
23 company, and what they're trying to do is wonderful, but
24 so are we. There's a whole bunch of us little guys that
25 are nearly completely out of business. I'm down to myself

1 as an employee in my company, I've sold every single bit
2 of property I've had, I'm nearly losing my house, I need
3 this program turned back on, but I also need it to last.
4 We built our company based around this program.

5 MR. NG: But, I mean, at the same time, if the
6 50-50 split was not in place, it's very conceivable that
7 the fuel cell, I mean, given the volume of the fuel cells
8 it's anticipating that the rest of the funds are consumed
9 by fuel cell. So the 50 split actually protects -- it
10 allocates a certain amount of money specifically for small
11 wind, that the fuel cell cannot necessarily allocate.

12 MR. HAMILTON: I understand there being a split,
13 we should have never been combined. But what I'm saying
14 is, how is it that you guys decided to give them 50
15 percent of the money when we've been doing most of the
16 work to try to get to this point?

17 MR. NARVAND: Larry, this is Payam Narvand from
18 the Energy Commission. You have really a good point, but
19 you have to understand also State Energy Policy goals. We
20 are trying to be technology neutral, we are not trying to
21 favor one technology over the other, so there are some
22 policy goals that we have to take into account and not
23 choose winners and losers, and let the marketplace take
24 its course. Now, that said, we hope that the realization
25 of the program will go through, the Legislature, and that

1 this program will continue with new funding, perhaps new
2 requirements, but hopefully the program will continue, so
3 I just want to give you a little bit of reassurance on
4 that. Renewable energy is a very very high ticket item on
5 everybody's plate, and it almost has support from both
6 Republicans and Democrats, and whatnot, so we're hopeful
7 that the program will continue through new Legislature and
8 bill coming through, as well. Thank you.

9 MR. HAMILTON: Thank you.

10 MR. CARLONE: Again, thank you for your
11 deference [inaudible]. I'd like to speak to a point that
12 the gentleman ahead of us talked about, fairness. I'm
13 familiar with the people at Altergy Systems, I helped
14 incorporate them 10 years ago, I sit on their Board.
15 These are not big multi-national people, they are people
16 who, 10 years ago, put the last of their own money into
17 this company. They've made tremendous technological
18 innovations, that's why they're attracting money from all
19 over the world now, but their children went without for a
20 number of years, this is not fairness of little guys vs.
21 big guys, they're little guys who have made the kinds of
22 technological innovation that this state needs to have
23 made if it wants to be a leader in renewable energy. I
24 can tell you, there are states, other states, that are
25 trying to attract Altergy and companies like Altergy, and

1 offering lots of things, they're California-based men and
2 women who want to stay here, want to raise their families
3 here, want to help build California as a leader. As I sit
4 here and we talk about fairness of splitting between fuel
5 cells and wind cells, I have two impressions, I wasn't
6 familiar with a lot of what was going on in the wind side
7 of this until I read the complaint that the Commission
8 filed and I'm hearing comments, but my first impression
9 is, wow, there couldn't be such a difference between fuel
10 cells and wind systems in this program, the way they're
11 marketed, the way the - in my opinion, there are three
12 certified providers, they compete quite a bit up and down
13 on the fuel cell side, but I think without disparaging the
14 other side of what I'm hearing on some of these
15 allegations, the fuel cell side are companies that have
16 played by the rules, they act with integrity, they have
17 not tried to scam the system, and I think it's fair to
18 allow them their fair share of this program, again, as
19 they've spent years and lots of their own money trying to
20 build it. Those three certified companies are companies
21 that were started by Entrepreneurs that have gone through
22 all of the funding mechanisms that they had to. And so I
23 would -- I had one other comment. I think a lot of what
24 has been said here today could be supported. Counsel, is
25 there some mechanism for filing documents under seal with

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1 the Commission if it's confidential information? I think
2 that would help enlighten the Commission.

3 MR. HERRERA: So the Energy Commission does have
4 a process for designating records that are submitted to
5 it, confidential. Those are set forth in the Energy
6 Commission's regulations starting at Section 2501 of Title
7 20. Once the Energy Commission receives records, if they
8 haven't been designated confidential pursuant to that
9 process, then they are subject to public disclosure under
10 the Public Records Act.

11 MR. CARLONE: Okay, so would we - could we have
12 our counsel contact you to make sure we're doing it right?

13 MR. HERRERA: Yes.

14 MR. CARLONE: Because I think it would help the
15 Commission quite a bit if we could submit information
16 under seal of some sort -- in addition to our public
17 comments.

18 MR. HERRERA: Just a quick question. What would
19 those records entail? I mean, certainly we're open to all
20 comments that would help inform the Commission in terms of
21 the Guidebook changes that are before us. Would these
22 documents help do that?

23 MR. CARLONE: Cost and pricing information,
24 things that might help on some of the items. I think that
25 certainly Synergex Ventures and, I believe, Altergy, and

1 others, would be filing in public everything that could be
2 filed in public in terms of some of the comments that were
3 made today, but there might be some very confidential cost
4 data and pricing data that might impact on the 50 percent
5 limit, or other things that the companies have asked if
6 they could file under seal. Again, understanding this is
7 a public process, the goal would be file everything, if
8 possible, for public dispersion.

9 MR. HERRERA: Yes, okay.

10 MR. CARLONE: Thank you.

11 MR. NG: Thank you, Mr. Carlone. All right,
12 just continuing, we have Stephen Smith on -- oh, Mr.
13 Smith, did you want to make a comment on the funding limit
14 topic?

15 MR. SMITH: Yeah, I would. Steve Smith, GRIDNOT
16 Corporation. As far as using the 20 application
17 structure, since you've changed the reading that I'm
18 seeing in front of me to where a new one is allowed as
19 each one is finished, that makes it agreeable, and I think
20 fair. We have a number of applications in, as you know,
21 numbering -- you've already showed us 700 of them, we have
22 another couple hundred you haven't found yet, but as far
23 as sharing the mountain and making the money available as
24 it comes in, I think that makes it a much more fair
25 proposition, as we weren't aware that the money had been

1 depleted to the point that it has. And I'd very much like
2 to see some of the money that hasn't been collected that's
3 out on loans sought after actively. Thank you.

4 MR. NG: Thank you, Mr. Smith. Next, we have
5 James Kerr.

6 MR. KERR: Good morning. My name is James Kerr,
7 Product Marketing Manager with Ida Tech, a fuel cell
8 company. Ida Tech believes that there's a significant
9 opportunity for fuel cells in the State of California and
10 that the Emerging Renewables Program will accelerate the
11 adoption of fuel cells that run on renewable fuel. Ida
12 Tech believes that the 20 application limit does not align
13 with how our customers, telecom operators, purchase their
14 systems, it doesn't align with their procurement process,
15 and that a staggered approach, for example, 50
16 applications per week, would better align with how they
17 buy systems. Regarding the incentive structure, we
18 think that the 50 percent rebate cap is fair. Regarding
19 the 90-10 split, ideally the rebate would be paid 100
20 percent upfront, but 90-10 is acceptable, but anything
21 less would have a negative impact on our customers, and we
22 may even budget that the 10 percent is never used, would
23 be one possibility of how we would look at that.

24 And we do support the other proposed changes to
25 the ERP Guidebook. And lastly, we do hope that the

1 program is reinstated as soon as possible, we have been
2 working on attaining renewable fuel for a couple years
3 now, and the suspension of this program has had a negative
4 impact on our customers and the reinstatement of it as
5 soon as possible is very important, providing an estimated
6 date is also important because we work with large
7 companies that have complex procurement processes, so the
8 uncertainty is a problem and has been. And funding for
9 future years, I know that can't be promised because it's a
10 legislative process, but some indication about that is
11 also very important. So that's how our customers buy
12 systems, it's a bit slow, but when they do, it can be very
13 significant and can meet the goals of this program for the
14 State of California. We have high expectations for our
15 products in this state, we are committed to it, and we
16 need this program to get over that hump, to compete with
17 diesel and propane generators, and to displace them with
18 clean technology, renewable fuel, and this program, is an
19 important part of that process. Thank you.

20 MR. NARVAND: Just one other comment. I want to
21 thank and welcome Terry's offer in providing additional
22 data to us, hopefully through the confidential route
23 because this is kind of a new technology to us, the more
24 staff can be educated on all the factors, the better we
25 would be informed to make the right decisions, or whatnot,

1 so even other fuel cell manufacturers, Ida Tech, or
2 whatnot, we need to collect data so we can make the best
3 informed decisions. So I want to thank you for that. Go
4 ahead, Mickey.

5 MR. OROS: Thank you once again. Mickey Oros,
6 Altergy Systems. We do appreciate what the Commission has
7 done in splitting this 50-50. If you recall earlier, my
8 statement, we would have aggressively been at this almost
9 three years ago when we had another piece of change thrown
10 at us, and that was insisting that we had the renewable
11 fuel. Although hydrogen is actually a gold standard, and
12 what I mean by "gold standard" is at the point of
13 production of power, we are zero emission. But now you've
14 asked, at that time, three years ago, was asked for a
15 platinum standard where not only did we have to have zero
16 emission hydrogen at the point of use, but it had to be
17 renewable. That, in turn, caused us to lose three years
18 worth of sales and production. That, again, as I said,
19 we've recouped from that only to find out that, March 4th,
20 we were held again. So, it just gives us the opportunity
21 to go ahead and advance, but we would have probably been
22 running like crazy had we been able to offer that program
23 three years ago to us.

24 What I'm seeing here is a difference now with
25 not just splitting the two, but I'm starting to see the

1 technologies do differ quite a bit, and it may be not just
2 the turbines and the fuel cells having a splitting of
3 funds, but perhaps some of the specifications and
4 standards need to be written specific to the wind and
5 specific to the fuels because the fuel cell, for the most
6 part, is a different beast. We, for the most part, in the
7 world of solar and the wind of wind, we have what's called
8 "capacity factor," and wind and turbine has been audited
9 through many universities that that is probably 40-42
10 percent efficient in the course of a 24-hour period,
11 where, on the other hand, a fuel cell is an efficiency by
12 universities testing of 94-96 percent - when the power is
13 on, the power is on, it's a flip of a switch; the five
14 percent difference could be that it possibly ran out of
15 fuel, or it had some inherent problem with starting.
16 There is a difference there. So there are different
17 pieces here that we need to review as you mature this
18 program, and I'm sure this won't be the last time this
19 Guidebook will be corrected. But I can see probably a
20 change in the way we're viewing turbine vs. wind, I mean,
21 excuse me, fuel cells.

22 One thing I would encourage, and that is we are
23 open to an invitation to the Commission and its staff to
24 be more than happy to come see a high production capacity
25 of how fuel cells are made and how they function, and how

1 we can go ahead and generate these things under high rate,
2 low cost processes. As Mr. Carlone said earlier, we have
3 people coming from around the globe to see how and what
4 we're doing here, so it would be very much of an
5 encouragement to have you come and visit any time.

6 MR. NG: Thank you, Mr. Oros. Does anyone else
7 in the room like to comment on the funding limit topic?
8 Okay, so we will move to the WebEx. We have Heather
9 Rhoades-Weaver again. Heather?

10 MS. RHOADES-WEAVER: I'm sorry, can you hear me
11 now?

12 MR. NG: Yeah.

13 MS. RHOADES-WEAVER: I was on mute. I seem to
14 be losing my voice, excuse me. So you're saying once the
15 funding is exhausted, you're going to basically stop
16 paying rebates, but will you maintain your eligible
17 equipment list when and if that happens? And one reason I
18 ask is because, with the interaction with the PUC's Small
19 Generation Incentive Program, you know, they're currently
20 relying on your eligible equipment list. So, if your
21 program is defunded, or out of funding, will your list
22 still be maintained?

23 MR. NG: So it really depends on kind of how
24 long if we're kind of out of funding, but anticipating, or
25 reauthorization has happened, then I definitely anticipate

1 that the list will continue to be maintained. Are you
2 asking specifically about the small wind list? Or the
3 other list, the inverters or --

4 MS. RHOADES-WEAVER: I was asking about the
5 small wind list. And I guess I have a related question on
6 that because, if you now are only focusing on turbines
7 under 50 kilowatts, you know, there would be gaps for that
8 other program. So, I'm just wondering if you've had
9 discussions with the PUC about how that will impact the
10 SGIP.

11 MR. NG: Doesn't the SGIP only fund systems
12 greater than 50 kilowatts?

13 MS. RHOADES-WEAVER: No, it's over 30 kilowatts,
14 I believe.

15 MR. NG: Oh, my mistake, then. So the ERP
16 accepts turbines under 50 kilowatts, but pays up to 30
17 kilowatts, and so the change that you're referring to is
18 that we would no longer list turbines greater than 50
19 kilowatts, and so any turbine greater than 50 kilowatts
20 would not qualify for ERP as it currently stands, anyway.
21 So that would fall under SGIP. Is that correct?

22 MS. RHOADES-WEAVER: Right, so they're currently
23 using your list, so I guess I'm wondering, are they aware
24 of this change you're making, that you're proposing? And
25 how that will affect their program.

1 MR. NG: So we haven't spoken to them
2 specifically, but I guess that is new information, to me
3 at least, so we'll definitely be following up with the
4 SGIP folks, then.

5 MS. RHOADES-WEAVER: Yeah, and if there is a
6 chance that your list -- there would be a gap if your
7 funding, you know, if it looks like -- and when you're
8 staying like a few months, or if you think there would be
9 a six-month gap? What kind of timing are you talking
10 about?

11 MR. NG: It's hard to say at this point. This
12 provision was just really introduced to make aware that
13 funding limitations do exist, which potentially could
14 imminently kind of face the program. In speaking about
15 reauthorization, if and when reauthorization occurs for
16 the program, then it would kind of eliminate this funding
17 limit issue that we're dealing with here at this moment.
18 So I think we'll have a lot more information as that
19 Legislation makes its way through the other Legislature.

20 MS. RHOADES-WEAVER: Okay, and I have a related
21 comment about the list, but I'll wait until you're on that
22 section.

23 MS. NG: Okay, thank you, Heather. Yes.

24 MR. OROS: Mickey Oros, Altergy Systems. With
25 regards to this reestablishment of this again, is there a

1 possibility, has the Commission looked into, if it is
2 reinstated, the six months that we lost, and there would
3 be money still available in the fund, can that fund roll
4 over and pick up those additional six months that we've
5 lost here?

6 MR. HERRERA: So the Energy Commission, even
7 though the collection of the funds ended this year, the
8 Energy Commission still has authority to continue
9 implementing the program with the funds that it's
10 collected, so if funds exist in the accounts after January
11 1, 2012, the Commission will probably continue to operate
12 this program as it exists now; if money comes in that's
13 been borrowed for the General Fund, then that money could
14 certainly be applied to this and some of the other
15 renewable energy programs, as well. So the Commission's
16 authority to continue funding these kind of activities
17 continues, even though the funding ends.

18 MR. OROS: Thank you very much.

19 MR. NG: So if there are no more other comments
20 on the issue of the funding limit, we'll move on to our
21 last topic about the new proposed listing criteria. And
22 so, again, we'll take comments from the room first.
23 First, we have Brian Pierce.

24 MR. PIERCE: Brian Pierce from Energy Pros in
25 Loomis, a General Contracting company. Just a quick

1 question about the listing criteria for small wind and the
2 delisting requirements. We're a contractor, we represent
3 several turbine manufacturers, we sell their products as a
4 reseller. And I'm wondering what -- it seems that there
5 are several companies in here, including the fuel cells
6 and the wind, that feels that CEC has been putting out
7 there kind of a moving target, you know, that we've built
8 a business, made commitments based on representations made
9 by the CEC, and then you get down to the end and the
10 target moves. It's kind of a scary proposition, you know,
11 when you've got your family and your business and
12 everything on the line, and then some bureaucratic move.
13 And so what I'm wondering about is, if you have a turbine,
14 for example, and you sell the turbine, and as contractor,
15 or as a consumer, even, you don't have control over the
16 manufacturing process, and if you have a turbine that you
17 sell or install as a consumer, and you're issued a rebate
18 in R2, what happens if that wind turbine is not listed at
19 the point after you have installed? In previous meetings,
20 Tony, multiple times, and the ERP, in general, in writing
21 has guaranteed that those rebates would be paid in writing
22 and verbally, so I'm just wondering what the process is --
23 it doesn't matter if it's whatever one on the list -- what
24 happens at that point?

25 MR. HERRERA: So, Brian, this is Gabe Herrera

1 with the Commission's Legal Office. I mean, that
2 particular issue in terms of turbines, you know, the
3 DyoCore turbine, for example, this complaint has been
4 filed against it and the Commission is --

5 MR. PIERCE: Well, what if it's just any general
6 turbine? Or inverter?

7 MR. HERRERA: The Energy Commission indicated in
8 the Suspension Notice that, if it issued R2s for rebate
9 reservations, it would continue to process that. Issues
10 have come up since that Suspension Notice in terms of the
11 ability of some of the turbines to produce at the levels
12 represented by the manufacturers, so the Energy
13 Commission, as part of this complaint that was filed
14 against DyoCore will look into that particular issue --

15 MR. PIERCE: I'm not asking about DyoCore --

16 MR. HERRERA: Right --

17 MR. PIERCE: -- I'm asking about, in general,
18 things that are on your list moving forward. How are you
19 not going to pull the rug out from anyone? Because I
20 think it's been fairly clear from several instances that
21 the CEC puts out a moving target and I want to know how a
22 consumer could trust the CEC.

23 MR. HERRERA: Well, I guess I disagree with your
24 characterization as a moving target. Again, the
25 Commission Suspension Notice indicated that it would honor

1 the R2s that had been issued. So if that's the case, if
2 you had a customer or a client that has a system that has
3 moved forward on the R2, then you should submit a claim
4 for payment if that system has already been installed.
5 Now, if it's an R2 for the DyoCore system, for which the
6 complaint has been filed, then that issue will need to be
7 addressed as part of the Commission's complaint process.

8 MR. PIERCE: Okay, say going forward, not
9 DyoCore, say in six months one of the other turbines is
10 installed, and you have some DyoCore-type issue with that
11 turbine, what happens?

12 MR. HERRERA: Well, I mean, I don't have my
13 crystal ball in front of me today.

14 MR. PIERCE: Well, I know, but how can a
15 consumer that doesn't control the manufacturing and the
16 listing process -- how does the consumer trust the CEC's
17 rebate when they go ahead and put a lot of money out on
18 the table to put in a wind system, or to put in a fuel
19 cell, or whatever it is?

20 MR. HERRERA: Well, again, I think the Energy
21 Commission has already indicated it would honor the R2s
22 that have been issued with the caveat that the R2s for the
23 DyoCore systems that have been installed, I think, need to
24 get addressed and resolved as part of this complaint
25 proceeding. But in terms of your example, consumers that

1 apply based on the R1, the R1 that is going to be
2 addressed and considered based upon the criteria in the
3 Guidebook when the program is in place, so it seems to me
4 if they have an R1, they're subject to the requirements in
5 the Guidebook, it's laid out in the Guidebook, hopefully
6 they've read the Guidebook -

7 MR. PIERCE: Isn't an R2 considered like a
8 guarantee?

9 MR. HERRERA: An R2 is a reservation to set that
10 money aside --

11 MR. PIERCE: And then, as long as the conditions
12 of the R2 are met, that R2 is paid?

13 MR. HERRERA: That's correct; the money has been
14 earmarked --

15 MR. PIERCE: Well, say you have put in some
16 other turbine, you know, what's to say that you don't pull
17 the rug out from under like you did on the DyoCore? And
18 I'm trying to prevent -

19 MR. HERRERA: I don't think the Energy
20 Commission is pulling the rug under the DyoCore, I mean -

21 MR. PIERCE: I'm trying to prevent a consumer
22 who has a mechanic's lien on their property, or puts out a
23 lot of money on the table from a credit line, or pulls
24 money out of a reserve account for their taxes, to pay for
25 wind turbine system, and then they're counting on that

1 rebate to come back because they have a reservation at
2 hand, I want to know what the guarantee is that the CEC --
3 because it seems to be a shifting target.

4 MR. HERRERA: Well, let me ask you this, would a
5 consumer do that? If I could respond to your question?
6 Would the consumer do that in advance of issuing or
7 receiving an R2? Would a consumer --

8 MR. PIERCE: No, after the R2 is received.

9 MR. HERRERA: Okay, and again, with respect to
10 R2, I think the Commission has indicated in writing in the
11 Suspension Notice that it would honor the R2s.

12 MR. PIERCE: And verbally and in writing.
13 That's my only question. That's really the only concern.
14 And taking DyoCore off the table, but looking at that as
15 an example, if there was a problem with any other turbine,
16 and, say, some of the other manufacturers decided to
17 complain against whatever turbine is on the list, however
18 it got on the list, as a consumer or a contractor, you
19 count on the list and you rely on that with your whole
20 business and everything you have. What's to say that that
21 problem doesn't come up again, the same exact situation as
22 DyoCore, with a different turbine?

23 MR. HERRERA: Well, I'm not sure that it won't
24 come up, but I do know that the Energy Commission relies
25 on wind manufacturers when they submit information to us

1 to provide accurate information.

2 MR. PIERCE: And consumers and contractors rely
3 on the Energy Commission and the commitments that are
4 made. That's what I'm trying to get to and I don't think
5 I got an answer, but thank you.

6 MR. HERRERA: All right, thank you.

7 MR. NG: I think one thing that we are moving
8 towards, and this is a very big driving force to the
9 changes that we're suggesting here, is that the adoption
10 of third-party certification that we're proposing here
11 will hopefully guarantee unfortunate situations such as
12 the ones that have taken place recently. With the third-
13 party certification, the Energy Commission definitely has
14 much more comfort level, so to speak, with the equipment
15 being on the list, so I'd just like to make that comment
16 there.

17 UNIDENTIFIED SPEAKER: [Inaudible]

18 MR. NG: No, it's not, and I mean, there's never
19 -- you know --

20 THE REPORTER: You've got to get back to the
21 mic, or I can't get you.

22 MR. PIERCE: People rely on your listings and
23 your reservations and the commitments that are made by the
24 CEC, and then we can't get a definitive answer from
25 counsel or the CEC. It makes putting in a wind turbine

1 feel like Russian Roulette, I mean, like you could lose
2 everything if you unfortunately pick the wrong turbine, or
3 the wrong inverter, and I think that's gross, that's just
4 disgusting, it's sad. So, that's my point, and we still
5 haven't gotten a clear answer. Thank you.

6 MR. HERRERA: So, if I can provide a clear
7 answer for the record, Mr. Pierce, the Energy Commission
8 has indicated in writing that it will honor R2s if
9 consumers have gone out and incurred expenses to install
10 systems, and have secured an R2, which means the money has
11 been reserved through this program for that particular
12 system, then the Commission will honor that R2; the
13 caveat, of course, has come up with respect to the DyoCore
14 systems, for which a complaint has been filed. And that
15 issue, that R2 issue, will be resolved as part of the
16 complaint process, so I encourage you to participate in
17 that process to make your concerns known there. Thank
18 you.

19 MR. NG: Jonathan.

20 MR. KNABB: Mr. Pierce, my name is Jonathan
21 Knabb; I'm Staff Counsel here at the Energy Commission,
22 also. We certainly appreciate your situation and
23 appreciation your frustration. The program was always
24 subject to the audit provisions and the Emerging
25 Renewables Program Guidebook, and the fraud and

1 misrepresentation provisions in the overall program
2 Guidebook, so just as a practical matter going forward,
3 you know, we can't give you a guarantee that another
4 product won't present issues, you know, whereby the
5 Commission would have to take action under those
6 provisions. That said, though, in terms of what Mr.
7 Herrera was saying with regard to the DyoCore proceeding,
8 this is new ground for the Commission and one of the
9 issues that the Commission, or by delegation, the
10 committee that oversees the complaint proceeding against
11 DyoCore will be addressing is what to do with reservation
12 applications that have listed the DyoCore turbine as small
13 wind systems. And I understand that you're asking going
14 forward, but I guess my point is that the resolution of
15 the DyoCore complaint proceeding will necessarily inform
16 how the Commission will resolve these issues going
17 forward.

18 MR. PIERCE: How does a contractor that doesn't
19 manufacture the --

20 THE REPORTER: I can't get your comments if
21 you're not at the microphone, sir. Thank you.

22 MR. PIERCE: Sorry. My question is, how does a
23 contractor or a consumer who doesn't manufacturer the
24 turbines, who doesn't -- I'm not a wind engineer, you
25 know, as far as providing third-party, I rely on the

1 representations from the CEC on the list, just like you
2 would from the CSI on solar panels, when you install a
3 solar system, it's the exact same thing, how does a
4 contractor or consumer rely on an R2 when there seems to
5 be this caveat that, you know, that it could change?
6 That's my question. I'm not asking about the DyoCore
7 specifically, I'm asking specifically how does a consumer
8 or a contractor rely on the CEC when -- going forward.

9 MR. KNABB: Again, I appreciate the question,
10 Mr. Pierce. So, again, all I can say is, in any business
11 transaction, you're relying on the representations of the
12 Manufacturer in that instance; if those representations
13 are called into question, then I don't see how that then -
14 - the Commission is only, you know, in listing equipment
15 that is eligible for use in this program, we -- there --

16 MR. PIERCE: The consumer is relying on the
17 CEC's listing and the rebate reservation issued. And if
18 the CEC screwed up and mislisted a turbine wrong, or an
19 inverter wrong, the consumer and the contractor shouldn't
20 have to pay that price.

21 MR. KNABB: I would mischaracterize -- you know,
22 saying the CEC made any misstep in this situation; if
23 there is information provided to the CEC that is called
24 into question, then the CEC --

25 MR. PIERCE: So what happens to a homeowner that

1 has a mechanic's lien on the property and the contractor
2 did what they were supposed to do? What happens in that
3 situation?

4 MR. KNABB: Well, I guess the issue is --

5 MR. HERRERA: Well, again, are we talking about
6 a situation where an R2 --

7 MR. PIERCE: I'm talking about going forward,
8 not DyoCore, because I know that's a separate hearing.
9 I'm talking about, you know, other than a couple of the
10 turbine manufacturers, it seems to have a great deal of
11 influence on the CEC and on AWEA and other things, I also
12 think it's a huge conflict of interest to have -- to rely
13 on a third party that has so much influence from other
14 manufacturers, so, really, there's no true independent
15 third party out there as far as the wind - AWEA. For
16 example, Mr. Bergey has a lot of influence there and he's
17 a manufacturer, and I'm not saying anything bad about his
18 turbines or about the man, it's just there is no true
19 third party.

20 MR. HERRERA: So if I can just respond to your
21 comment about how do the consumers go forward, I think the
22 consumers in this program, or any other program, go
23 forward with, you know, the admonishment that if their
24 applications for funding include misrepresented or over-
25 stated information, whether it's information that they

1 personally overstate, or is overstated by some agent of
2 theirs, I think those applications necessarily need to be
3 pulled aside and evaluated. And I think that's going to
4 be true in any government program, so when consumers take
5 action based upon guidelines, there's always this caveat
6 that if something is not correct, or accurate in the
7 application, it's going to be pulled aside and it's going
8 to be evaluated.

9 MR. PIERCE: So should all contractors and wind
10 consumers wait until 18 months from now for the list to
11 be, you know, certified?

12 MR. HERRERA: I hope not. I guess I would
13 encourage --

14 MR. PIERCE: Would you?

15 MR. HERRERA: -- would encourage retailers to go
16 forward and to continue to --

17 MR. PIERCE: Would you if there was a one
18 percent chance that you would lose and you don't get your
19 rebate? Would you move forward?

20 MR. HERRERA: So I guess I'm not comfortable
21 responding in the first person there.

22 MR. PIERCE: Would you advise a client to move
23 forward, Mr. Attorney?

24 MR. HERRERA: Well, again, this isn't my issue
25 and I think I've responded to your question, Mr. Pierce.

1 I mean, we can have this discussion if you'd like to
2 continue it after this meeting, but I don't see that it
3 furthers the purposes of the Guidebook revisions.

4 MR. PIERCE: I'm just trying to get
5 clarification so that the industry can move forward.
6 There's been really almost no innovation over 15 years in
7 the wind turbine industry, you know, I mean, there's been
8 minor changes, but I don't think the ERP Program has
9 really been that successful in promoting innovation or
10 changes in price point, and it sure would be sad to have a
11 setback where consumers are buying a system and feel like
12 they get the rug yanked out from under them when an R2
13 that had already been issued, or the possibility of that
14 going forward adds a lot of uncertainty to the wind
15 industry, and that's all I'm trying to clear up is that
16 uncertainty.

17 MR. NG: Thanks --

18 MR. KNABB: Just the last thing I would say, Mr.
19 Pierce, is that in filing the document or complaint, you
20 know, that proceeding is dealing with an egregious and
21 unprecedented situation under this program, so --

22 MR. PIERCE: Well, I'm not asking about DyoCore.
23 I haven't this whole time.

24 MR. KNABB: And I recognize that. Let's change
25 the conversation.

1 MR. KHALSA: Hi, my name is Jai Pal Khalsa with
2 TKG Solar. I just had a comment as an addendum to this
3 last discussion on listing criteria that I understand that
4 the ERP Guidebook has a warranty provision that
5 manufacturers are responsible for warranting their
6 equipment for five years. I believe that is the answer to
7 this previous question that the manufacturer has a
8 warranty honored and it's not producing what it should
9 produce, then ERP has -- the CEC has the right to delist
10 that or to deal with the manufacturer in helping to
11 enforce that warranty. That's my only comment.

12 MR. NG: Thank you. Moving forward, Eugene
13 Buchanan.

14 MR. BUCHANAN: Eugene Buchanan, the RTC Labs.
15 Just to address the last conversation topic, if you have
16 an R2 and you complete it with a CEC listed product that
17 is still listed, you should be able to receive your funds.
18 Inherently, when you install something or you take a
19 decision as a consumer, you are taking a risk, and so that
20 risk inherently comes back to the individual who is taking
21 it. That said this can move on to the actual topic,
22 listing criteria for small wind production. The Draft
23 Guidebook proposes that the Small Wind Certification
24 Counsel become a testing and certification body for the
25 CEC ERP Program, however, the SWCC is populated and the

1 Treasurer is one of the major stakeholders in the program,
2 so how does it not appear to be a conflict of interest if
3 a testing body who is represented by one of the major
4 stakeholders and manufacturers sitting on that Board is
5 part of that organization, and would be overseeing and
6 having an effect on the certification of other
7 individuals' turbines? That question. Also, I would like
8 to announce that I have formed a nonprofit corporation
9 called Renewable Testing and Certification Labs based in
10 the Southern California area, and we have garnered the
11 support of the local College, the Victor Valley College
12 campus, which is sitting in one of the windiest areas in
13 the whole state, as well as solar, and they are interested
14 in working with us on a program to provide a low cost
15 alternative for the certification of these projects under
16 the AWEA 9.1-2009 Standard. However, we have another
17 issue with what AWEA has produced, essentially, their
18 performance standards focuses on a very narrow spectrum of
19 wind, which is 25 miles per hour, and which they're making
20 their rating system based off of. There has been great
21 innovation in the industry over the last several years and
22 many manufacturers who we are working with have focused in
23 on a section of wind between 7 and 17 miles an hour
24 because, in the overall WEEBL projection of the wind
25 spectrum, there's more wind in that spectrum than there is

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1 in the upper spectrum of the wind. So, if you are able to
2 produce in the lower spectrum a tremendous amount of
3 power, and were not optimizing my turbine for 25 miles an
4 hour, which is considered in the upper end of the
5 spectrum, I would be penalized under the current AWEA
6 standards. So we're encouraging, we'll be speaking with
7 the AWEA about this, about developing a standard that uses
8 the entire spectrum of wind as a weighted average in
9 making a productivity index that actually reflects more
10 accurately what a turbine will produce based on the
11 overall wind spectrum vs. a very narrow sector, where if I
12 optimize my turbine for that specific wind speed, I'll
13 receive the highest amount of rating on it underneath that
14 organization.

15 So, two things, 1) how is the SWCC -- how would
16 that not be viewed as a conflict of interest with the
17 board being populated by members of the major stakeholders
18 and other industrial individuals in this industry who are
19 on the list? How is that not a conflict of interest? And
20 2) would there be support for a body such as ours with
21 working within the State of California and creating the
22 jobs here, using the college campuses that we have,
23 creating curriculum and jobs in California in order to
24 provide, instead of a \$65,000 to \$125,000 entry into this
25 field, maybe in upwards of \$15,000 to \$20,000 with the

1 support of a college campus? We believe that a
2 performance-based incentive also would solve the issue of
3 a certification bureaucracy that may rate one product
4 better than another. Coming again, if you place a good
5 technology in a good area, you will get paid the most; if
6 you have bad technology or a bad area, you will not be
7 paid. That ultimately solves the issue with
8 certification. If we go to a performance-based incentive,
9 it keeps the system honest inherently, and there is no
10 need for some over-bearing certification agency that may
11 be precariously populated by individuals who are major
12 stakeholders within the CEC.

13 MR. NG: Thank you, Mr. Buchanan. I'd like to
14 make a couple of points to respond to your comments. So,
15 the standards that are being adopted, or being proposed to
16 be adopted, in this Guidebook are indeed the AWEA 9.1-2009
17 standards, and so the Small Wind Certification Council,
18 the SWCC, is just one body that tests to that standard,
19 and so it is a standard that we're adopting. As I
20 mentioned earlier, at least one other nationally
21 recognized laboratory, Intertek, is currently doing
22 testing to the AWEA Standards, and that is absolutely
23 acceptable. You know, if a turbine, if a manufacturer
24 contacts Intertek, which I hope in your eyes is more
25 independent, and they received their certification through

1 Intertek, that is perfectly acceptable for purposes of the
2 listing.

3 And then, to your second point about different
4 standards for lower wind speeds, the standards are what
5 we're interested in. You know, we have to rely on
6 industry to develop the standards. The CEC is not a
7 standards writing body, and so if you have alternate
8 standards that you are aware of, that we are not, we would
9 be more than happy to consider them, to review them if
10 they fit our needs, then we'd be more than happy to
11 consider them.

12 MR. BUCHANAN: As I mentioned earlier, Paul Gipe
13 is a very renowned individual in this industry and has
14 written many books on testing, and he also speaks about a
15 WEEBL average, or a weighted average over the entire
16 spectrum of wind. This is really truly what we should be
17 looking at is a productivity index, not based on a narrow
18 section of wind, but overall what the product will do
19 based on the entire wind spectrum, and then weighted
20 against the amount of wind that is in each portion of that
21 wind spectrum, so that we can then come to a true
22 understanding of what the turbine will produce in these
23 particular areas, or wind speeds. Without that, if we're
24 just certifying at 25 miles an hour, it leaves out a huge
25 amount of information that we are now not extrapolating or

1 looking at, and this way we're penalizing people who do
2 not optimize their turbine for 25 miles an hour, which we
3 believe is in the upper spectrum of wind, and in the
4 majority of winds are actually between 7 and 17 miles an
5 hour, so that's really what we'd like to see moving
6 forward is, yes, we will help, and we would love to be a
7 part of the development of a standard that takes into
8 account the entire spectrum of wind vs. a narrow standard
9 that may benefit particular individuals who are on the
10 AWEA and are part of the DWEA, and who are recommending
11 these standards. So that's what I have to say.

12 MR. NG: Thank you, Mr. Buchanan. Next, we have
13 Steve Smith.

14 MR. SMITH: Yeah, Steve Smith with GRIDNOT
15 Corporation. I'm going to back up a little bit to Brian's
16 quandary which he presented. We're kind of fortunate in
17 the fact that, when we entered into this, we were already
18 consultants, so we tend to verify anything that we look
19 at. And if you remember in the first workshop, I stood up
20 and commented that our verification of what we were about
21 to install, without mentioning any names, didn't suit us,
22 and although the product was functional, we couldn't
23 endorse it or use it. At that point, we only installed
24 one of those products and that was what became a test for
25 us and was actually somewhat incremental in us beginning

1 testing on several other turbines, including the Bergey.
2 So we wound up looking at trying to fit into all of the
3 framework and guidelines and staying without those
4 parameters, so in working with that idea, we found out
5 that, once we have an R2 in our hands, then we can change
6 the name of who we put on the R2, or the product that
7 we're going to use, and then put the R2 into function. So
8 with the R2s that we had already in our hand, we changed
9 the name and that was okay as far as the CEC was
10 concerned, and we are presently in a project with several
11 of those and installation. What we wanted to do was, from
12 the very beginning, have a functional project, and we've
13 looked - this is why we're putting forth these new
14 parameters, as well, for small wind because we found in
15 our testing that the small wind in all areas is much more
16 prevalent at the lower wind spectrums. So if you're able
17 to harvest at a lower wind spectrum, you're able to make
18 more power for the person who is buying your product.

19 Now, the quandary gets a little deeper because,
20 when you have an R1, which hasn't been assigned yet, we're
21 sitting personally with about 1,100 of these, which are
22 submitted under a product which is no longer allowed, and
23 we're asking the CEC to put these forward to us in a form
24 that we may alter them as R2s. We'd like to alter the
25 R1s, we've stated that several times, and we want the CEC

1 to approve this. The fact that we're using a CEC listing
2 in the beginning, we should have the right to be able to
3 change and alter R1s as well as our R2s, as long as we're
4 using CEC approved equipment. And we've done that from
5 the very beginning, we've never changed that.

6 I can go into some translation on the rest of what Eugene
7 said. I think I'm beginning to touch it if you want to
8 ask me some questions before I sit down.

9 MR. NG: No, Mr. Smith, but regarding the
10 applications you have in, I'd like to remind you that
11 because the applications in question did identify DyoCore
12 applications, that those have been - are now part of the
13 complaint process, and so the resolution of those
14 applications will have to wait for the resolution of that
15 separate process.

16 MR. SMITH: Well, that's what I'm addressing is
17 the timeframe and, you know, you have the ability to waver
18 on that, and the fact that they were submitted that way
19 and they're changing now as R2s, and that's allowed, why
20 can't they be changed as R1s?

21 MR. NG: All I have to say is that this is not
22 the appropriate forum to answer that question.

23 MR. SMITH: That's why I was asking for a waiver
24 on this and I ask for your consideration on that.

25 MR. NG: Thank you, Mr. Smith.

1 MR. SMITH: Thank you.

2 MR. NG: Does anyone else in the room like to
3 make a comment on the listing criteria? All right, so
4 we'll move on to people on the WebEx. First, we have
5 Brent Summerfield.

6 MR. SUMMERFIELD: Yes, can you hear me okay?

7 MR. NG: Yes, Mr. Summerfield.

8 MR. SUMMERFIELD: First, I would like to just
9 -- this is Brent Summerfield from the Small Wind
10 Certification Council. I serve as the Technical Director.
11 I'll start just be responding to Mr. Buchanan. Certainly,
12 it's a legitimate concern having worries over conflict of
13 interest; but just to clarify, SWCC Board members come
14 from the full spectrum of industry stakeholders as
15 government, public, industry, and installers, they do not
16 participate in turbine certification decisions at all, and
17 we do maintain a strict conflict of interest policy if
18 you'd like to see that. So your worries are moot for the
19 Board because they do not participate in certification
20 efforts.

21 On the power ratings from the AWEA standard,
22 there is one single AWEA rated power chosen at 11 meters
23 per second, just as a common rated power number, but the
24 actual power curve, power performance, that energy
25 estimations are indeed based on, the full range of wind

1 speeds, so there is no need for a new standard that
2 addresses the lower wind speeds, it's already addressed
3 within the AWEA standard.

4 The universities that you mentioned that are
5 interested in testing are welcome to participate. We have
6 several universities that are testing to the AWEA standard
7 right now, like Appalachian State, West Texas A&M, and
8 others. So they are certainly welcome to participate in
9 that program.

10 And then my initial comment was based on the new
11 eligibility requirements for turbines. The portion that
12 states that the turbine should be in queue for
13 certification may be a bit vague, or that bar may be a bit
14 low. In queue may be interpreted as just under contract
15 for certification, which at this point is a really low
16 bar; any turbine that expresses their plans for
17 certification can become under contract. You may consider
18 taking that a notch up to something like our particular
19 status level of under test where the turbine has been
20 installed and instrumented in selecting Beta edit at site,
21 that's one more notch up in commitment. But we also offer
22 unlimited power performance certifications. So the
23 testing does take a while, but you can produce a power
24 curve from a wind turbine fairly quickly, and we can
25 certify those results before the testing and certification

1 is fully complete, so we call that a "limited power
2 performance certification" and it's another step up from
3 being "under test," as having that power curve certified
4 by a third party.

5 Also, some turbines come in already certified
6 and testing in the UK for their certification program, we
7 have a partial certification for them called "conditional
8 temporary certification" where the AWEA standard
9 requirements are being met, but recognizing they are
10 already certified in the UK. So, in general, we would
11 recommend further define the in queue status of the
12 turbines that will stay on the list during that transition
13 period. Thank you very much.

14 MR. NG: Yeah, Brent, stay on the line. We have
15 a question for you from Mr. Buchanan.

16 MR. SUMMERFIELD: Yeah.

17 MR. BUCHANAN: Oh shoot, it just slipped my
18 mind. The SWCC certification, you know, I'm sorry, it
19 just slipped my mind, I had it in my head, I have a good
20 question, but I'm sorry, I forgot it.

21 MR. NG: Well, Mr. Buchanan, if it comes up
22 again, you know, hopefully Brent will stay on the line and
23 you'll have another opportunity to ask it. Thank you.
24 Also, thank you, Mr. Summerfield, for your comments. I
25 think -- okay, now he's got the question again.

1 MR. BUCHANAN: How -- oh, as a organization, and
2 as a listing certification organization, I'd like to ask,
3 what is the actual field experience of the SWCC? Because
4 it appears that you've recertified a standard from another
5 company, but I do not see any real field verifiable data
6 on your website being produced. You haven't certified a
7 single turbine, and I'm wondering what actual testing
8 methodologies or field data do you actually have in place?
9 Or is it just a standard that you're handing off to other
10 individuals that are using it?

11 MR. SUMMERFIELD: Okay, right, so we are fairly
12 early in the process of certification, that's been a buzz
13 word in the industry for a while now, but first it was the
14 process of building a new organization and creating the
15 AWEA standard, that took a while; now that those have been
16 out, manufacturers of turbines have been signing up and
17 putting their turbines under test. So right now we're in
18 the phase of many of those, almost all of those applicants
19 are just either finding out who is going to do the
20 testing, installing the turbines to do the testing, or the
21 testing is underway, so, you're right, no one has made it
22 completely through the process yet, mainly because, you
23 know, in the best case scenario, we find that after
24 everything has settled down with the turbine and the
25 installation, it could take nine months to do the testing

1 and probably three months to do the certification,
2 probably a one-year process to complete everything. We
3 just had a couple of our applicants send in their full
4 report for review, so that field data that you're talking
5 about won't be made public until we complete the
6 certification, but many of the applicants are moving their
7 way through the process fairly well, and this year we
8 should see a good handful that have been certified, and we
9 will produce that data on the website for you to review.
10 So, we all want certification, we'd all like to have it
11 now, but it does take some time to complete the testing
12 and certification process.

13 MR. BUCHANAN: I'd just like to mention -- this
14 is Eugene Buchanan again with the RTCL Labs -- we actually
15 have produced test results and have several turbines in
16 process, in test right now, and we have field data that
17 we've produced ourselves. It sounds like you've produced
18 a majority of your data maybe from your client. What I'm
19 asking is, do you actually have field experience with
20 actual testing of turbines?

21 MR. SUMMERFIELD: Okay, so the people that work
22 for the SWCC [inaudible] because they have field
23 experience with testing. The SWCC serves as a
24 certification body, so we don't actually do the testing,
25 the testing is done by a number of testing organizations

1 that produce the test reports and send them to us for our
2 third party review. So we visit the test sites, we review
3 the data, I've done testing in the past, but as the SWCC,
4 we're in the business of providing this third party review
5 of everything, not in the business of actually performing
6 the field testing.

7 MR. NG: Thank you for your answers, Mr.
8 Summerfield. Mr. Buchanan, I'm sure if you have further
9 questions, you could follow up with Brent kind of on your
10 own time. But thank you again for your comments, Brent.
11 So next on the WebEx we have Mike Bergey.

12 MR. BERGEY: Thank you. Again, representing the
13 Distributed Wind Energy Association. I'm glad that Brent
14 cleared up the misinformation about conflict of interest,
15 you know. I'll just say, you know, the industry has a
16 direct hand in creating the standards, the industry has a
17 direct hand in helping to get the small wind certification
18 corporation going, but manufacturers by the bylaws of
19 SWCC, manufacturers hold a minority -- in fact, can only
20 hold one-third of the seats, and we don't get to vote on
21 any technical matters, so there is a very good separation
22 of powers. The SWCC benefits from having the field
23 testing experience of the manufacturers and it helps to
24 make a better certification organization, but there is no
25 conflict of interest. My company just submitted 100-page

1 report on one of our turbines and I won't have any hand in
2 determining whether it's approved. So we get no special
3 treatment, there is no conflict of interest, and those who
4 say otherwise are just misinformed.

5 We would prefer that the CEC scrub the existing
6 list completely, but we accept that you don't want to do
7 that, and we support the transition period, and of course,
8 the adoption of the certification requirement to the AWEA
9 Standard. But we think that there's a glaring loophole
10 that needs to be plugged to avoid future or even some
11 existing abuses. And that is that, right now, under the
12 proposed changes to the Guidebook, a bad actor could pay
13 approximately \$2,500 to sign up with SWCC or Intertek, or
14 another nationally recognized testing laboratory, have no
15 real intention of pursuing certification, and enjoy 18
16 months of access to rebates before the checks and balances
17 kick in. So, going back to our recommendations from the
18 last workshop, we strongly recommend that the CEC add as a
19 requirement in the transition period that there be a
20 neutral third party approved power curve. That doesn't
21 take that long to produce, it only takes a few days of
22 good wind to meet the power curve requirements in the
23 International Standard, IEC-61400-12, which is referenced
24 by the AWEA standard. So we really would like to see
25 that, and the second part is that we recommend that the

1 CEC set a maximum rated wind speed that the manufacturers
2 can claim for purposes of the rebate since we're staying
3 with a capacity-based rebate, at least for the time being,
4 there is still a loophole where a manufacturer can claim a
5 rated wind speed of 25, 35, or 45 miles an hour, even
6 though there is 5.8 times the energy in a 45 mile per hour
7 wind compared to 25. You already, looking down the list,
8 you can see some gaming of that rated wind speed, and it's
9 really not an apples to apples comparison at all. We
10 would recommend that the CEC set a maximum rated wind
11 speed for the purposes of determining the rebate of 28
12 miles per hour or 12.5 meters per second. I think that
13 all of -- everyone -- all of the major products that
14 represent 95 percent of the world market are rated under
15 that speed, and to allow people to choose higher wind
16 speeds provides a very attractive opportunity to game the
17 system. And we see some evidence that that's being gamed
18 currently. We do support the litmus test of the Betz
19 Limit, the 59.3, and we look forward to further refinement
20 by the CEC to better reflect real world efficiency. Betz
21 Limit, as you know, is the aerodynamic limit, but it does
22 not account for additional unavoidable losses in the
23 generator, inverter, and wiring. And for reference, the
24 highest published third-party tested efficiency for a
25 small wind turbine that has come from a certification

1 process is 36 percent, and these are, you know, in spite
2 of the claims that there's new technology, which is sort
3 of laughable because Pressed Aluminum blades is about the
4 oldest technology in the wind business, and people got
5 away from that because they didn't hold up, but
6 nonetheless, we appreciate the need to set a limit now, we
7 think 59.3 percent is a good starting point, and we look
8 forward to further refinement. Thank you very much.

9 MR. NG: Thank you, Mr. Bergey. Next on the
10 WebEx, we have Tal Mamo.

11 MR. MAMO: Hi, Tal Mamo, Talmo Electronics. I
12 would like to echo what Mike Bergey just said. I think it
13 would be good to scrub the existing list, I do applaud the
14 certification standard that's coming into play, and I
15 think that we should at least require a third-party tested
16 power curve in a shorter period than 12 months, you know,
17 if you want to be very generous, I would say three to six
18 months somebody should be able to generate
19 a third-party power curve. Realistically, it should take
20 much less time than that. So, those are the comments I
21 have on the listing.

22 As to Mr. Pierce's comments, I'll keep it brief,
23 but I think if there's a fraudulent turbine on the market,
24 that it's just fraud, and I don't expect the CEC or any
25 other government agency to honor any kind of funding for

1 that, and I think it's up to each person to do their
2 homework as to what they're selling, it doesn't matter
3 what product you're selling, I think it's your
4 responsibility to make sure that it's a real product and
5 not just fraud. Thank you.

6 MR. NG: Thank you, Mr. Mamo. Next on the
7 WebEx, we have Heather Rhoades-Weaver.

8 MS. RHOADES-WEAVER: Yes, hi, thank you. I
9 guess my first comment is about the grace period. I
10 understand the need for allowing turbines to get through
11 the process, but I think 12 months with the 18 months, the
12 additional six month period, is just way too long. I
13 would like to see a total of six months being offered for
14 that, so within early 2012, that the list is firmed up.
15 Also, I think Brent mentioned that the terminology "in
16 queue" is really vague, so that really needs to be
17 clarified and my interpretation is that, based on the
18 presentations today, is that you meant for when testing
19 reports are submitted to a certifying agency because it
20 might take some time for the agencies to review all the
21 applications coming in. But that still doesn't provide,
22 really, any degree of protection, so I would definitely go
23 with the idea of having, at a minimum, the power curve
24 certified, because that can happen very quickly, and
25 making sure that there's at least some level of review

1 that's been completed. And that will help the issue of
2 consumers having more confidence that the turbine they're
3 picking is really going to be eligible for the rebate.

4 The other concern I wanted to raise is the
5 overall definition you have here for which standards
6 turbines should be certified for, it actually cuts out one
7 of the turbines that is 50 kilowatts, that is rated at 50
8 kilowatts, because it's greater than 200 meters, square
9 meter swept area, so I think you should have an alternate
10 standard that that particular type of turbine could
11 qualify under. So that's just one maybe unintended
12 consequence of the language that you have there.

13 But I would like to say I do appreciate the
14 CEC's effort to clean up the list, and I just would
15 encourage you to take another step of really ensuring
16 consumer protection.

17 MR. NG: Thank you, Heather. And I definitely
18 appreciate the comments and I'd just like to, I guess,
19 make the statement right now, but in any written comments
20 that get submitted, any suggestions to the Energy
21 Commission is appreciated, and is very helpful, so in
22 terms of suggestions for changing the specificity of
23 specific language, that does help inform the staff in
24 making its final decisions. So I encourage everybody to
25 submit written comments in response to this workshop, and

1 again, the more specific the written comments are, the
2 better they help us. So I'd just like to say that. Next,
3 we have Doug Hacker.

4 MR. HACKER: Yes, I'd just like to state that
5 I'm encouraged with the revision of the Guidebook and with
6 the issuance of the complaint, that the language of the
7 complaint is grossly overstated against some gaming is a
8 distinction that should be easily understood with a little
9 bit of due diligence, and to express dismay or
10 consternation, or even surprise of the issuance of the
11 complaint might be a little disingenuous. Thank you.

12 MR. NG: All right, thank you, Mr. Hacker. Next,
13 we have Terry Galyon.

14 MR. GALYON: Can you hear me?

15 MR. NG: Yes.

16 MR. GALYON: I wanted to respond on the issue of
17 the delisting comments that one person was making about
18 how could they be sure. I would think that if a person
19 really wanted to be sure that you weren't going to have an
20 issue with the CEC releasing your funds, do a little bit
21 of due diligence yourself, find the turbine, test it, know
22 what it is that it does, and your customers should also do
23 the same. If someone wants to buy a new television set,
24 they should certainly look around to see what is the best
25 and what it is that they're going to be getting for the

1 money. Failure to do so, and you might be at risk of
2 losing yourself, so to that person, and anyone that is
3 concerned about turbines being delisted, I would just say
4 just do your own due diligence and test them yourself, and
5 install it and find out what it is that you're doing.

6 My second comment goes to Mike Bergey where, I'm
7 sorry, but I kind of felt like you kind of stepped on my
8 toes there when he made the comment about pressed aluminum
9 blades not holding up, and pressed aluminum blades not
10 being a new technology, I don't believe that is what is
11 being referred to as "new technology" is blade design, I
12 believe it is how it is the power is being extracted. And
13 as far as the comment of saying that the aluminum blades
14 do not hold up, Mr. Bergey, I invite you to search the web
15 and see if you can find broken TLG windpower blades,
16 you're not going to find that. We've been doing this for
17 over seven years. However, you can find lots of pictures
18 of broken Bergey blades, so fiberglass reinforced plastic
19 vs. aluminum, I don't think she should be picking a
20 specific product and trying to say that, you know, one
21 thing or another, good or bad. There's issues with the
22 turbines that are listed, I've said that since day one, I
23 said that when my turbine was first listed with the CEC, I
24 asked where it is I should send my turbine in for testing,
25 and I was completely surprised to find out there wasn't

1 any testing. We allow our customers to rate our turbines,
2 and that's what it is that we list to the public. So I've
3 got no issues with sending my turbine in to a
4 certification organization, but I do also want to say,
5 too, although we would like to believe this is a perfect
6 world that we live in, and businesses and committees and
7 councils and groups are not at all influenced by each
8 other, but whenever you form an organization based of
9 people that are involved in the industry, from the third-
10 party perspective, it make someone feel like, "You know, I
11 don't really know if I would trust that." And I would
12 have to extend the same thing out, other manufacturers
13 would not want to send their turbine to TLG to be tested
14 or certified because they just wouldn't feel like they
15 would get a fair shake. And I believe that's where some
16 of this is coming from, it's not just the Eugene Buchanans
17 of the world, but there are other people, I've been
18 talking to a lot of people involved in California that
19 feel that the Small Wind Certification Council does kind
20 of have a seating arrangement that could be perceived as a
21 conflict of interest, whether it is or isn't, I would like
22 to believe that it would not be, but you still have a
23 group of people that still communicate with each other,
24 and you can establish a good old boy system regardless of
25 honesty. So, that's about it for me.

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1 MR. NG: Thank you, Mr. Galyon. I would just
2 like to point out one more time that the standards are
3 what are being proposed to be adopted within the
4 Guidebook, so manufacturers are not necessarily forced to
5 go to the SWCC if you're not comfortable with the
6 organization currently, at least one other nationally
7 recognized testing laboratory, Intertek, is doing testing
8 to the AEW Standards, and that is perfectly acceptable to
9 the CEC, and we anticipate that other testing laboratories
10 will be coming online to do testing in the future, so I
11 would just like to make that point clear.

12 MR. GALYON: Is Intertek the same turbine
13 company that -- are they the turbine company that made the
14 Intertek systems from years ago?

15 MR. NG: Intertek is a nationally recognized
16 testing laboratory, so they're not a small wind
17 manufacturer, they're a testing laboratory that tests
18 electronics, a lot of things.

19 MR. GALYON: Okay, well, there was an Intertek
20 Turbines from the '80s, and I just wondered if they were
21 involved in that.

22 MR. NG: I do not believe that in this case.

23 MR. GALYON: Thank you.

24 MR. NG: Yeah. And then, Heather, you said you
25 wanted to make another comment?

1 MS. RHOADES-WEAVER: The draft language in the
2 Guidebook about an independent certification body, if you
3 could clarify what you mean by independent, so that gets
4 defined, whether there's some kind of accreditation in the
5 works, or how does a body get recognized by the CEC? So,
6 I think giving two examples is helpful, but how are you
7 going to recognize a certifying body? That would be
8 really useful to define.

9 MR. NG: Okay, yes, thank you for the
10 suggestion. Okay, so that concludes all the topics. We
11 have some time for some general comments, so Ray Wolf?
12 No? Mickey Oros is no longer here. James Kerr, did you
13 want to make additional comments? Mr. Brian Pierce? Does
14 anyone else have any additional comments they'd like to
15 make?

16 MR. BUCHANAN: Eugene Buchanan with RTCL Labs.
17 Just as a clarification, as it appears, if the Guidebook
18 were to be adopted by the staff, and then would go through
19 the proper channels of ratification, it would appear that
20 late September would be the estimated timeframe when this
21 program would approximately come back online. I just want
22 to get sort of confirmation from the CEC about that. It
23 may be a relative estimate and you can't really firm it
24 up, but based on the way that this would work, that would
25 be an approximately timeframe in which we would see the

1 program come back online.

2 MR. NG: Yes, I could speak to that a little
3 bit. So, for those of you unfamiliar with the process,
4 after today, you know, we'll take a look at all the
5 comments, we have a transcript, and this meeting has been
6 recorded. So we'll take a look at all the comments
7 received. We do have -- I will go over this now --
8 written comments are to be submitted by August 12th, 2011,
9 so that's about 10 days from today, and so once that
10 deadline has passed, staff will take all the written
11 comments received, and that will factor in, again, to any
12 final decisions we make. As Mr. Herrera pointed out
13 earlier, at that point, we'll make recommendations to the
14 Policy Committee and the Policy Committee will make any
15 decisions based on any outstanding changes to the
16 Guidebook, and at that point, it will have to be reviewed
17 by the CEC and then it will be prepared for ratification
18 by the full Commission. So your estimate of late
19 September, I would say, is reasonable.

20 And so, since I'm on this slide now, I will just
21 go over it. Again, written comments are due by August
22 12th. I highly recommend folks submit written comments, it
23 helps the staff greatly in kind of ironing out all the
24 issues. We would have a lot of stakeholders, sometimes
25 with varied interests and varied opinions, so it helps to

1 have your voice heard. We do read all the comments that
2 we receive, and it does factor into our decision making.
3 If you do decide to submit written comments, they will be
4 part of the public record, please submit them to the
5 docket email address that is listed here,
6 Docket@Energy.State.CA.US. Please indicate the docket no.
7 02REN1038, and also please include 10 hard copies mailed
8 to the Docket Office at the address below. And also
9 please indicate the title, which is the Staff Workshop on
10 Proposed Changes to the ERP.

11 Does anyone else have any comments before we
12 close out today? No, okay. So with that just some
13 general contact information, as I said, this presentation
14 will be made available and this -- oh, I apologize, Mike
15 Bergey, so sorry I missed you.

16 MR. BERGEY: Just a few closing comments. We do
17 support the new ability to more robustly consider field
18 results and suspend or remove troublesome products from
19 the eligible turbine list, we think that's a significant
20 upgrade to the program. And then, just in closing, I
21 think that CEC and the staff have done a good job of
22 closing loopholes and raising the level of competence and
23 integrity in the products that will be supported under
24 this, and we've made a few comments for improvements, some
25 that we feel fairly strongly about, but I don't want to

1 lose the overall message that we appreciate the good work
2 that has gone into that. And the final thing I would say
3 is, like everyone else, we're anxious just to get the
4 program up and running again, ASAP. Thank you very much.

5 MR. NG: Thank you, Mr. Bergey. So that
6 concludes our workshop today. Again, going over the
7 process one more time, we're going to have a look at all
8 the comments and then we're going to brief our Policy
9 Committee and then, at that point, we'll prepare a final
10 draft. And then you'll have another chance to make
11 comments on the final -- or on kind of the final stage of
12 the Guidebook revisions when it's put forth at the
13 Business Meeting, so you'll have one more chance to look
14 at the final decisions.

15 I'd like to thank everybody for not only
16 participating today, but for their patience. The Emerging
17 Renewables Program, the suspension is definitely
18 unfortunate, and the staff here is very conscious of the
19 concerns that are being felt throughout the industry, so I
20 assure you that we are working very hard to get this
21 program up and running because, you know, as much as you'd
22 like to see it, we'd like to see it up and running, as
23 well. So, thank you.

24 (Adjourned at 12:02 p.m.)

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 29th day of August, 2011.

A handwritten signature in blue ink, reading "Peter Petty", is written over a horizontal line.

PETER PETTY
CER**D-493
Notary Public