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PUBLIC SITE VISIT, ENVIRONMENTAL SCOPING MEETING,
AND INFORMATION HAERING, AND COMMITTEE ORDER
PALMDALE ENERGY PROJECT

BEFORE THE CALIFORNIA ENERGY COMMISSION

In the Matter of:)
)
Palmdale Energy Project Amendment) Docket No. 08-AFC-09C
_____)

LARRY CHIMBOLE CULTURAL CENTER
38350 SIERRA HIGHWAY
PALMDALE, CALIFORNIA

MONDAY, NOVEMBER 16, 2015

5:30 P.M.

Reported by:
Martha L. Nelson

APPEARANCES

COMMISSIONERS

Karen Douglas, Presiding Member

Janea Scott, Associate Member

HEARING OFFICER

Kenneth Celli

COMMITTEE STAFF

Jennifer Nelson, Adviser to Commissioner Douglas

Courtney Smith, Adviser to Commissioner Scott

Rhetta DeMesa, Adviser to Commissioner Scott

Kristy Chew, Technical Adviser

Paul Kramer, Assistant Chief Counsel, Hearing Unit

PUBLIC ADVISER

Alana Matthews, Public Adviser

PETITIONER

Robert Gavahan, Palmdale Energy, LLC, Project Manager

Thomas Johns, Palmdale Energy, LLC, Project Manager

PETITIONER REPRESENTATIVE

Marie Flemming, DayZen, LLC

Scott Galati, DayZen, LLC

STAFF REPRESENTATIVE

Kevin Bell, Senior Staff Counsel

Eric Veerkamp, Compliance Program Manager

INTERVENOR REPRESENTATIVE

Gloria Smith, Attorney for the City of Lancaster

PUBLIC COMMENT

Jim Ledford, Mayor of Palmdale

Bret Banks, Deputy Director, Antelope Valley Air Quality
Management District,

Rich Poston, African-American Chamber of Commerce

Jennifer Navarro, Palmdale Chamber of Commerce

Ron Miller, Los Angeles/Orange County Building and
Construction Trades Council

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P R O C E E D I N G S

5:30 P.M.

PALMDALE, CALIFORNIA, MONDAY, NOVEMBER 16, 2015

(The meeting commenced at 5:30 p.m.)

PRESIDING MEMBER DOUGLAS: This is the Informational Hearing, Environmental Scoping, Issues Identification, and Scheduling Conference, conducted by a Committee of the California Energy Commission regarding amendments to the proposed Palmdale Energy Project. The Chair of the Energy Commission has assigned a committee of two commissioners to conduct these proceedings.

Before we begin we'll introduce the committee members to you. My name is Karen Douglas. I'm the presiding member of this committee. To my -- to the left of the hearing adviser is Commissioner Janea Scott. She's the associate member of the committee. On my right are my advisers -- or my adviser, Jennifer Nelson, and Kristy Chew who is the technical adviser to the commissioners on siting matters. To my -- to Commissioner Scott's left are her -- her advisers, Courtney Smith and Rhetta DeMesa.

So at this point let me ask the parties to introduce themselves, starting with the Petitioner.

MR. JOHNS: This -- I'm Tom Johns with Summit Power Group, and I'm the Project Manager for the Palmdale

1 Energy Project.

2 MR. GALATI: Scott Galati, Counsel to Palmdale
3 Energy.

4 PRESIDING MEMBER DOUGLAS: Thank you.
5 Staff?

6 MR. BELL: My name is Kevin Bell, Senior Staff
7 Counsel with the California Energy Commission, representing
8 Staff. With me is Eric Veerkamp, Compliance Program
9 Manager.

10 PRESIDING MEMBER DOUGLAS: Thank you.

11 Let's see, do we have any representatives from --
12 elected officials or representatives from federal, state --

13 (Colloquy Between Presiding Member Douglas and Hearing
14 Officer Celli)

15 PRESIDING MEMBER DOUGLAS: Is anyone here
16 representing the City of Lancaster? Gloria Smith is their
17 attorney for the City of Lancaster, Intervenors in this
18 proceeding.

19 UNIDENTIFIED MALE: (Off mike.) (Inaudible.)

20 PRESIDING MEMBER DOUGLAS: Okay. She's not here
21 at the moment. She will be. Okay. All right. Thank you.
22 So, good, so City of Lancaster is in the room and their
23 counsel will be coming shortly.

24 Let me ask now if there are any representatives
25 from other government agencies, state, local, federal or

1 tribal?

2 Could you please introduce yourself?

3 MAYOR LEDFORD: Hi. I'm -- my name is Jim
4 Ledford. I'm Mayor with the City of Palmdale.

5 PRESIDING MEMBER DOUGLAS: Thank you.

6 Did he come across --

7 HEARING OFFICER CELLI: Yes.

8 PRESIDING MEMBER DOUGLAS: -- on the mike? Okay.

9 HEARING OFFICER CELLI: Let me just -- did that
10 come across on the sound?

11 MR. KRAMER: No.

12 HEARING OFFICER CELLI: Not very well? The podium
13 needs to -- needs a little increase.

14 PRESIDING MEMBER DOUGLAS: Oh, that's better.

15 HEARING OFFICER CELLI: Could you say your name
16 again please?

17 MAYOR LEDFORD: My name is Jim Ledford. I'm Mayor
18 with the City of Palmdale.

19 HEARING OFFICER CELLI: Thank you, Mr. Ledford.

20 PRESIDING MEMBER DOUGLAS: Thank you for being
21 here.

22 All right, at this time I will hand over the
23 conduct of this hearing to the Hearing Adviser, Ken Celli.

24 HEARING OFFICER CELLI: Thank you.

25 Good evening everybody. I'm Kenneth Celli. I'm

1 the Hearing Officer, and I will be throughout these
2 proceedings, God willing.

3 And what I'd like to do is draw your attention to
4 the slides because all of what I'm about to tell you is --
5 is covered on the slides up above me, and there's another
6 monitor over there to the left.

7 This Informational Hearing, Environmental Scoping
8 Meeting and Site Visit, which we just came back from, is
9 designed to inform members of the public about the proposed
10 project and the Energy Commission's siting amendment
11 process.

12 On April 30th, 2015, Palmdale Energy, LLC, who we
13 will refer to as the project owner, and sometimes we'll
14 refer to them as the petitioner, and even sometimes we may
15 accidentally refer to them as the applicant. But they are
16 the project owner and the petitioner. So that is Palmdale
17 Energy, LLC, which is solely owned subsidiary of Summit
18 Power Project Holdings, LLC. They submitted on April 30th,
19 2015, a petition to amend, which we will refer to herein as
20 the petition, petitioned the California Energy Commission to
21 seek permission to make changes to the final decision for
22 the Palmdale Hybrid Power Project, which is -- we will refer
23 to sometimes as PHPP, the Palmdale Hybrid Power Project.
24 The petition proposes to change the approved PHPP which was
25 -- before I go on, I just want to say Ms. Smith is -- there

1 you go.

2 Why don't you pull up and introduce yourself
3 please.

4 MS. SMITH: I apologize for my tardiness. Gloria
5 Smith. I represent City of Lancaster.

6 HEARING OFFICER CELLI: Thank you. So now all of
7 the parties are -- are here, represented by counsel.

8 So what I was saying is that on April 30th,
9 Palmdale Energy, LLC filed their Petition to Amend the
10 previously approved, or as we would say certified, Palmdale
11 Hybrid Power Project, which we may refer to as PHPP. The
12 petition proposes to change the approved PHPP from a 570
13 megawatt hybrid combined cycle and solar trough power plant
14 to a natural gas-fired 645 megawatt combined cycle power
15 plant. Specifically, the petition proposes to eliminate the
16 solar component and replace the combustion turbine
17 technology with fast start flexible technology, as well as
18 requests that the project name be changed from the Palmdale
19 Hybrid Power Project to the Palmdale Energy Project, or PEP.
20 So as we talk about these two projects, the old project is
21 PHPP, the new project is PEP. Okay?

22 Now the PEP site -- and by the way, the petitioner
23 is going to speak in a moment, and he'll describe the
24 details of the power plant to you.

25 The PEP site is located in the City of Palmdale,

1 bounded by Sierra Highway to the west, East Avenue M or
2 Columbia Way to the north, and the U.S. Air Force Plant 42
3 on the south and the east. The address is 950 East Avenue
4 M, Palmdale, California 93550.

5

6 Now I'm going to see if this works.

7 MR. GALATI: Ken, point here.

8 HEARING OFFICER CELLI: Okay. There we go. Okay.

9 The purpose of today's proceedings -- the purpose
10 of today's hearing is to provide information about the
11 proposed amendments to the power plant, to describe the
12 commission's process in reviewing the petition to amend, to
13 provide information on opportunities for the public to
14 participate in this process, and to comment on any aspect of
15 the proposed amendment, and to inform the committee, the
16 parties and the community about the project, its progress to
17 date in the amendment process, and perceived issues that
18 need resolution. Also, we are here to meet and confer about
19 the project schedule.

20 Notice of today's Site Visit, Environmental
21 Scoping Meeting and Informational Hearing was mailed to all
22 the parties, adjoining land owners, interested governmental
23 agencies, and other individuals. It was also posted on the
24 Energy Commission's website on October 16th, 2015. The
25 Public Adviser's Office will explain in a moment how you can

1 follow these proceedings on the internet.

2 This is today's agenda, what you're looking at on
3 the screen. We have already had the site visit and the
4 commissioner's opening remarks.

5 I will describe the commission's role, the ex
6 parte rules, and the application of section 15162 of the
7 CEQA Guidelines.

8 After that, the petitioner will describe the
9 proposed amended Palmdale Energy Project or PEP.

10 Next, the Energy Commission staff will explain the
11 environmental review process, the issues that they have
12 identified at this juncture, and their proposed schedule for
13 the amendment process.

14 Following that, we will receive comments from
15 Intervenor, City of Lancaster.

16 After that we will hear from the Public Adviser
17 who will describe the services available from the Public
18 Adviser's Office to support the public participation in our
19 process.

20 And finally, we will be taking questions or
21 comments from you, the public, and/or any agencies who are
22 present here this evening, and also on the telephone using
23 the WebEx.

24 The California Energy Commission is a state agency
25 that has exclusive jurisdiction over power plants, that is

1 to say it has exclusive jurisdiction to license or certify
2 new power plants that generate 50 megawatts of electricity
3 or more. The commission, for purposes of CEQA, is the lead
4 agency for review and compliance.

5 Today's hearing is the first in a series of formal
6 Committee events that will extend over the next year. This
7 Committee will eventually hold evidentiary hearings and
8 issue a Presiding Member's Proposed Decision -- sorry about
9 all these abbreviations, folks, but that's a PMPD, Presiding
10 Members Proposed Decision, which contains recommendations to
11 the full five-member Energy Commission to either approve or
12 deny the proposed project. To be clear, the Palmdale Energy
13 Project AFC Committee, or actually the Amendment Committee,
14 is made up of the two commissioners. Commissioner Douglas
15 on my right, your left, is the presiding member. And
16 Commissioner Scott on my left, your right, is the associate
17 member of this Committee. And this Committee includes by
18 extension their advisers and me, the hearing officer.

19 It is important to emphasize that the law requires
20 the committee's proposed decision be based solely on the
21 evidence contained within the record. To ensure that this
22 happens and to preserve the integrity and impartiality of
23 the commission's power plant siting process, the
24 commission's regulations and the California Administrative
25 Procedures Act expressly prohibit private, off-the-record

1 contacts concerning substantive matters between the
2 participants in this proceeding and the commissioners, this
3 committee, their advisers, and me.

4 This prohibition against off-the-record
5 communications between the parties and the committee is
6 known as the ex parte rule. This means that all contacts
7 between interested parties and the committee regarding any
8 substantive matter must occur in the context of a public
9 discussion, such as today's event, or in the form of a
10 written communication that is distributed to all the
11 parties. The purpose of the ex parte rule is to provide
12 full disclosure to all participants about any information
13 that may be used as a basis for this Committee's future
14 decision on the project.

15 The Energy Commission staff -- and when I'm
16 talking about staff, I'm talking right today about Mr.
17 Veerkamp and Mr. Bell who are sitting here, they are a party
18 to these proceedings in the same way that the petitioner or
19 an intervenor is a party to these proceedings. Even though
20 the staff and the committee members are both part of the
21 California Energy Commission, we are completely separate
22 entities for the purposes of these proceedings. The ex
23 parte rule is binding on the Energy Commission staff in the
24 same way that it is binding on the petitioners or
25 intervenors.

1 Additional opportunities for the parties and
2 governmental agencies to discuss substantive issues with the
3 public will occur in public workshops to be held by the
4 commission staff at locations near the site or at the Energy
5 Commission in Sacramento. The committee will not attend
6 staff workshops.

7 Information regarding other communications between
8 the parties and governmental agencies is contained in
9 written reports or letters that summarize such
10 communications. These reports and letters are posted on the
11 website and made available to the public. Information
12 regarding hearing dates and other events in this proceeding
13 will be posted on the commission's website.

14 The process of amending a power plant certified by
15 the California Energy Commission is a public proceeding in
16 which members of the public and interested organizations are
17 encouraged to actively participate and express their views
18 on matters relevant to the proposed amendment. The
19 committee is interested in hearing from the community on any
20 aspect of this project.

21 Members of the public are also eligible to
22 intervene in the proceeding. And if there are any potential
23 intervenors, we encourage you to file your petitions to
24 intervene as soon as possible to allow for full
25 participation. Generally a petition to intervene will be

1 granted by the committee if the grounds for intervening are
2 reasonable and relevant to the proceeding, and the petition
3 to intervene satisfies the requirements of Commission
4 Regulations section 1207(a). The committee's scheduling
5 order will establish the deadline for filing a petition to
6 intervene. The Public Adviser will assist members of the
7 public who would like to become intervenors in the amendment
8 proceedings. And you'll be hearing from the Public Adviser
9 in a little bit.

10 We intend to use the 2011 commission decision on
11 the Palmdale Hybrid Power Plant, the PHPP, as a previous
12 environmental impact report or EIR. Under California
13 Environmental Quality Act or CEQA, under the guidelines
14 under CEQA, section 15162, a supplement to the 2011 Palmdale
15 Hybrid Power Plant decision is required only where: One,
16 substantial changes are proposed in the project which will
17 require major revisions of the previous EIR due to the
18 involvement of a new significant environmental effect or a
19 substantial increase in the severity of a previously
20 identified significant effect; two, substantial changes
21 occur with respect to the circumstances under which the
22 project is undertaken which will require major revisions of
23 the previous EIR due to the involvement of new significant
24 environmental effects or a substantial increase in the
25 severity of previously identified significant effects; or

1 three, new information of substantial importance which was
2 not known and could not have been known back in 2011 when
3 the original decision was -- was decided shows that the
4 project will have one or more significant effects not
5 discussed in the previous EIR, the project will have
6 significant effects previously examined but will be
7 substantially more severe than shown in the previous EIR, or
8 mitigation measures or alternatives previously found not to
9 be feasible would, in fact, be feasible and would be --
10 would substantially reduce one or more significant effects
11 of the project, but the project proponents decline to adopt
12 mitigation measures or alternatives; or D, mitigation
13 measures or alternatives which are considerably different
14 from those analyzed in the previous EIR would substantially
15 reduce one or more significant effects on the environment,
16 but the project proponents decline to adopt such mitigation
17 measures or alternatives.

18 The reason I'm raising this now is because the
19 committee will direct, and this is going to be in the
20 scheduling order, the committee directs that for each of the
21 topics that contain a CEQA analysis the Energy Commission
22 staff must include a discussion of whether or not
23 supplementation of the previous EIR is necessary under
24 section 15162, and describe the substantial changes or new
25 information, the resulting new or increased significant

1 effects, and new or newly feasible mitigation measures or
2 alternatives.

3 Although we may not revisit the environmental
4 analysis for some of the topics, the Laws, Ordinances,
5 Regulations and Standards, or LORS, Analysis is not subject
6 to the section 15162 and must be updated to the extent
7 necessary to analyze the compliance of the emended project
8 with LORS.

9 So before we move on, are there any questions from
10 the parties on any -- any of this? Okay. Hearing none, as
11 I said, this will be part of the scheduling order. Okay.

12 Next we're going to take presentations from the
13 parties. And we're going to ask the parties to take their -
14 - make their presentations in the following order. First,
15 the petitioner, Palmdale Energy, LLC will describe the
16 proposed Palmdale Energy Project and explain its plans for
17 developing the project site.

18 After that, Commission staff will provide an
19 overview of the commissioner's amendment permitting process
20 and its role in reviewing the proposed Palmdale Energy
21 Project.

22 Next we will hear from City of Lancaster in its
23 role as an Intervenor in these proceedings.

24 And after that we will discuss issues addressed in
25 Staff's Issue Identification Report, and the parties'

1 proposed schedule.

2 Finally, we will hear from the Public Adviser's
3 Office explaining what its role is in supporting public
4 participation and outreach.

5 And upon completion of these presentations we will
6 then invite you, the public, and interested agencies and
7 members of the public to comment and ask questions. This
8 will be a somewhat informal process.

9 And before we begin, are there any questions from
10 anyone?

11 Hearing none, let's go first, then, with the
12 petitioner, Mr. Galati or Mr. Johns.

13 MR. JOHNS: Thank you. While we're getting that
14 loaded, I'd like to just thank you for the opportunity to
15 make a presentation tonight. And thanks -- thanks everyone
16 and the public that's attending tonight.

17 We just have a short presentation that will cover
18 some of the key changes in the project. I'd like to start
19 by just introducing the Summit Power Group. Summit is the
20 owner of the project. We acquired ownership of the Palmdale
21 Energy Project from the City of Palmdale earlier this year,
22 although we've been working with the City of Palmdale on the
23 project for almost two years.

24 Summit has developed natural gas and renewable
25 projects throughout the United States. We're headquartered

1 in Seattle, been around for 20 years. Our founder was Don
2 Hodel who was both Secretary of Interior and Secretary of
3 Energy under President Reagan.

4 We have done other successful projects in
5 California, including the Blythe Energy Project. And the
6 North Star Solar Project, the 70 megawatt solar project,
7 just became commercial earlier this year.

8 The purpose and need of the Palmdale Energy
9 Project is really to provide flexible capacity to allow for
10 the integration of renewables. I think we all understand
11 that as the California system moves towards 50 percent
12 renewable targets that they're going to need resources that
13 can help integrate those resources. And that is exactly
14 what -- what Palmdale is designed to do.

15 We also look to make changes in the project to
16 reduce the water use of the project by over 90 percent. And
17 then we thought it was important that we use existing CAISO
18 interconnection agreement because that's -- because that's a
19 really challenging thing for new projects to overcome.

20 I want to spend just a minute talking about the
21 changes in the project. The one -- the major change in the
22 project is the elimination of the hybrid solar plant, which
23 reduced the project site from approximately 377 acres down
24 to 50 acres, plus some construction laydown and parking
25 areas.

1 We also changed the gas turbine technology to
2 reflect the current state of the art F class turbines which
3 are more efficient than what were proposed in the prior
4 project, and they're also a lot more flexible. They're
5 designed to be able to start in ten minutes. So to kind of
6 put this in scale, the project's output is about 650
7 megawatts. We can -- the project can have roughly 440
8 megawatts online in ten minutes, and within the next hour
9 can get the full load. So while existing plants are often
10 forced to idle back at minimum power and be at inefficient
11 heat rates during the middle of the day when they may not be
12 needed, resources like Palmdale can now be taken offline,
13 and yet they're available within ten minutes to provide the
14 reliability service that the ISO needs.

15 We also eliminated wet cooling and wet-to-dry
16 cooling which reduced our water use 90 percent, which also
17 allowed us to eliminate the brine concentrator which
18 eliminated an offsite waste stream that we won't have now.

19 We have a small amount of processed water that
20 will now go to the city sewer. We're still going to use
21 reclaimed water for processed water for the plant. But our
22 volumes have been reduced from over 4,000 acre feet a year
23 down to approximately 400.

24 The plant's maximum output will be 700 megawatts
25 with both -- including duct firing and evaporative cooling.

1 But without evaporative cooling and duct firing the project
2 would -- output would be approximately 590 megawatts on a 90
3 degree day.

4 If we are unsuccessful in getting the additional
5 transmission capacity that we've applied for with the CAISO,
6 we'll -- we'll limit the output of the plant to the -- to
7 the amount of the existing interconnection agreement which
8 is 570 megawatts.

9 This diagram shows the proposed project site in
10 red. That's a nominal 50-acre site. The green 20-acre site
11 adjacent to that would be the temporary parking and laydown.

12 The dotted line that goes around the facility is the
13 footprint of the original plant which is 370 acres, compared
14 to 50 acres. And you can see that the plant is located in
15 an industrial area next to Plant 42 and -- and roughly a
16 quarter-of-a-mile from Avenue M.

17 Scott?

18 MR. GALATI: Thank you. Thank you, Tom. This is
19 Scott Galati.

20 What we put up on -- what we put up on the board
21 is a table, trying to identify for the committee and the
22 parties, using sort of a 15162 CEQA Guideline analysis, as -
23 - as Hearing Officer Celli identified by topic area, whether
24 or not the project's impacts are more or less or similar to
25 the impacts that were from the previously approved project.

1 And what you'll see in the next slide that Tom will explain
2 is an air quality where less for some pollutants, slightly
3 higher for others. We are proposing to mitigate all of
4 those to less than significant with emission offsets.

5 In greenhouse gasses we believe that our impacts
6 are similar. But while the modified project would have had
7 the larger -- does have a larger total greenhouse gasses,
8 you know, due to its ability integrate renewable energy and
9 its more efficient heat rate, we think its greenhouse gas
10 per megawatt hour is going to be less than the approved
11 project.

12 We have less impacts for biological resources, and
13 cultural resources, worker safety and fire protection,
14 geology and paleontology, and hazardous materials. And
15 basically all of those impacts are reduced because of the
16 reduced grading because there's no longer a solar field, and
17 the elimination of Therminol which was the oil that would
18 have been heated in that process.

19 Our impacts are the same as land use because
20 there's been no land use changes. It is appropriately zoned
21 to handle this.

22 Our impacts are similar for noise. While with the
23 turbines the noise, it slightly increases. However, it's
24 still below the Energy Commission's level of significance at
25 the nearest receptor, so the impact would still be less than

1 significant.

2 With public health, those will be similar as well.

3 While the emissions of some of our pollutants increase,
4 others decrease. And Staff's analysis will go into that in
5 more detail when they do their -- their preliminary staff
6 assessment and final staff assessment.

7 From a socioeconomic impact perspective, a
8 negative impact, not a positive impact, the negative impact,
9 it's about the same, meaning we're not going to place
10 burdens on the local ability to handle our construction
11 workers and things of that nature.

12 Soil and water resources, it's less. We've
13 reduced the grading and we have eliminated wet cooling, and
14 we eliminated Therminol and possible leaks from that.

15 Traffic and transportation are slightly less.

16 The big impact that is reduced here is all the
17 glare to the airport from the mirrored solar collectors is
18 no longer there.

19 The same thing with visual resources. We believe
20 those impacts are less.

21 The committee could look at the revised petition
22 that included some visual simulation showing before -- the
23 original project and the modified project, and you see that,
24 I think.

25 And the same thing with waste management, that is

1 less, as well, primarily due to the reduced grading, the
2 elimination of the brine concentrator waste, and the
3 elimination of the waste from the use of Therminol.

4 MR. JOHNS: This slide looks at a comparison of
5 the new project to the old project by pollutant, and we look
6 at three different scenarios. And I know this is complex
7 but -- in the way we approach this from three different
8 scenarios. But I think it's really important because it's
9 illustrative on how the project is likely to operate versus
10 how a project historically might have operated.

11 So in scenario one, that's a base-case operation.

12 So in that particular case the plant would operate 8,000
13 hours a year. And you can see in that particular scenario
14 most of our emissions are reduced, with the exception of NOx
15 is slightly higher. And that is largely a function of the
16 emissions performance on our plant is better than what was
17 proposed for the prior plant, which was also proposed to
18 operate about 8,000 hours a year. So scenario one and the
19 prior project are -- are similar scenarios.

20 Scenario two, though, looks at what would happen
21 if the plant were required to start twice a day and operate
22 approximately 3,500 hours in a year. Now we do believe that
23 the plant is likely to start occasionally twice a day but
24 not -- not every day. But the scenario two looks at the
25 impacts of that. And you see some emissions such as the PM

1 emissions are still lower, but we have higher CO emissions
2 and we have higher VOC emissions and those emissions are
3 really driven by -- by the number of starts that the project
4 would make.

5 Scenario number three is more what I would
6 consider a more normal operating environment, which is a
7 once a day start at about 4,500 hours per year. And in this
8 case we have slightly higher CO emissions, slightly higher
9 NOx emissions, and lower emissions levels for PM10 and SO2.

10 In all of the scenarios we assume that we operate
11 the duct firing 1,500 hours per year. So those emissions
12 are included in those tables. And in the table -- and in
13 scenarios two and three where we have a lot of starts, it
14 also assumes whenever the unions aren't running that we're
15 running the auxiliary boilers.

16 HEARING OFFICER CELLI: Quick question.

17 MR. JOHNS: Yes.

18 HEARING OFFICER CELLI: I just want to make sure I
19 got it right. So the base case you said was 8,000 hours per
20 year?

21 MR. JOHNS: Scenario one is 8,000 hours a year,
22 that's correct --

23 HEARING OFFICER CELLI: Okay.

24 MR. JOHNS: -- which is a similar comparison to
25 the emissions from the prior project.

1 HEARING OFFICER CELLI: Thank you.

2 MR. JOHNS: So in summary, we believe that the
3 project is being reconfigured as a flexible capacity project
4 which will help integrate renewables. We believe it will
5 significantly reduce systemwide Co2 emissions because the
6 plants that are currently meeting these -- these needs for
7 flexible capacity are generally simple cycle combustion
8 turbines which have significantly higher heat rate than the
9 project's. The new project has a smaller footprint and
10 reduces the -- the impacts. And it -- and we will, as
11 proposed in the prior project, will mitigate all impacts to
12 less than significant levels.

13 HEARING OFFICER CELLI: Thank you, Mr. Johns.

14 Thank you, Mr. Galati.

15 Next we'll hear from the California Energy
16 Commission staff.

17 Mr. Veerkamp?

18 MR. VEERKAMP: Good evening. My name is Eric
19 Veerkamp and I'm the commission's compliance project manager
20 for the Palmdale Energy Project.

21 I think I'll wait just a moment for the -- for my
22 slideshow to come up.

23 Oh, thank you.

24 The Palmdale Energy Project Petition to Amend will
25 be processed as an amendment to the final decision for the

1 Palmdale Hybrid Power Project that was certified by the
2 commission on August 10th of 2011. The purpose of the -- of
3 the commission's review process is to assess the impacts of
4 this proposal on environmental quality and on public health
5 and safety. The review process includes an evaluation of
6 the consistency of the proposed changes with the Energy
7 Commission's decision, an engineering and environmental
8 analysis, where necessary, and a determination on whether
9 the project as modified will remain in compliance with
10 federal, state and local laws, regulations and standards.

11 Staff is tasked with identifying the level of
12 review and analysis for their individual technical areas
13 based on an evaluation of the changes proposed in the
14 amendment. Staff can either confirm the adequacy of the
15 current analysis by evaluating the proposed modifications in
16 the petition against the current approved project to
17 determine that there is no change in the impacts of
18 mitigation between then and now. Staff can either -- can
19 update the current analysis by looking at the changes since
20 the project was approved and update certain areas of the
21 analysis, examples in this instance would be socioeconomics
22 and hazardous materials, or Staff can prepare a new analysis
23 of the proposed changes.

24 This slide illustrates the various participants
25 that contribute to the discovery and analysis process and

1 the available avenues for providing input to commission
2 staff and to the public adviser. Staff's analysis relies on
3 input from the applicant, from agencies, from intervenors,
4 and from the public. The Public Adviser's Office can
5 provide assistance to intervenors and the public on how to
6 participate in the overall review process. During this
7 phase Staff may hold one or more public workshops to discuss
8 key project issues and to examine information and inquiries
9 submitted by the various parties.

10 Upon completion of the analysis and public and
11 agency comment and feedback, Staff publishes a Preliminary
12 Staff Assessment that is circulated to agencies, libraries,
13 to intervenors, to the project mail list and other
14 interested parties for a 30-day review and comment period.
15 The Preliminary Staff Analysis is similar to a Draft EIR,
16 identifying potential environmental or socioeconomic impacts
17 and containing recommended conditions of certification.

18 After the circulation period, Staff reviews the
19 comments received and makes any warranted changes to the
20 analysis and to the conditions of certification. Staff will
21 then publish their Final Staff Assessment.

22 During the review process Staff seeks input from
23 agencies at the local, state and federal levels. Several
24 examples are noted on the slide, including fellow state
25 agencies like the California Department of Fish and

1 Wildlife, as well as local agencies, including Antelope
2 Valley Air Quality District, the County of L.A., and the
3 City of Palmdale. And participation of these agencies does
4 play a key role in helping to identify issues, environmental
5 impacts, project alternatives, and potential mitigation
6 measures.

7 After the FSA is published the committee will then
8 conduct evidentiary hearings that will include testimony
9 from all participants in the review process. Staff, the
10 applicant and all intervenors can offer written and verbal
11 testimony that is entered as evidence in the project record.

12 The public is also invited to submit written and verbal
13 comment as part of the evidentiary hearing.

14 After the hearing, or hearings as the case may be,
15 the committee will produce the Presiding Members Proposed
16 Decision, and there's that acronym again, the PMPD, which is
17 a recommendation to the full commission on the proposed
18 project. The PMPD goes before the full commission for a
19 final decision on licensing the project.

20 Much like the previous graphic, this slide
21 illustrates the various participants that contribute to the
22 evidentiary hearing and decision process and the available
23 avenues for providing input to Commission staff and the
24 public adviser.

25 At the conclusion of the evidentiary hearing and

1 decision process the commission will issue a final decision
2 on the project. Any appeals go directly to the California
3 Supreme Court.

4 If the project is ultimately granted a license by
5 the Energy Commission, the project then moves back -- moves
6 into post-licensing activities with oversight by the
7 compliance project manager, that's me, at the Energy
8 Commission. All projects permitted by the commission
9 include a number of conditions of certification which are
10 similar to mitigation measures and monitoring criteria in a
11 CEQA action that must be adhered to. It is the
12 responsibility of the compliance project manager to work
13 closely with the applicant to ensure that these conditions
14 of certification are all satisfied if and when the project
15 has been approved.

16 The compliance project manager also oversees the
17 work of the commission's delegate chief building official
18 who approves plans and inspects all project construction
19 activities.

20 And I believe now we'll break for the intervenor's
21 presentation.

22 HEARING OFFICER CELLI: Thank you. If you
23 wouldn't mind passing down to Ms. Smith the -- the clicker.

24 And then her -- her presentation is loaded in there
25 already.

1 MS. SMITH: Thank you. Gloria Smith for City of
2 Lancaster.

3 HEARING OFFICER CELLI: Time out while we get this
4 up.

5 MS. SMITH: Sure. And then I may need another
6 time out to figure out how to use the clicker.

7 HEARING OFFICER CELLI: Oh.

8 MS. SMITH: But we'll get -- we'll be up and
9 running here in no time.

10 (Colloquy)

11 MS. SMITH: Great. Thank you.

12 I'd like to first start off just raising the
13 question on whether or not this project actually fits within
14 an amendment proceeding. As we heard from Applicant, it is
15 a wholly different project that -- you know, it's a larger
16 project with different technology, a different operational
17 profile. They did eliminate the solar thermal component of
18 it. It potentially has an increase of criteria pollutants
19 across the board which will obviously have to be mitigated.

20 The project, to its credit, has switched from -- to air
21 cooling from once-through cooling which is -- which is
22 fantastic. And then the project has a new purpose
23 altogether. It went from a municipal project that would --
24 my understanding was to provide baseload to the City of
25 Palmdale to now facilitating renewable energy integration

1 statewide.

2 Some of these are good, some of them, you know,
3 maybe not. But I think it just raises a question on whether
4 or not this -- this big new project fits within an amendment
5 proceeding rather than a whole application.

6 And one of the big issues for the project is the
7 increase in criteria pollutants, harmful, harmful air
8 pollutants. Applicant already talked about these. But as
9 you see in some cases, some of these criteria pollutants
10 will increase significantly and those will have to be
11 mitigated.

12 So I think the reason why these criteria
13 pollutants are important is because the local air quality
14 here in the air basin, the Mojave Desert Air Basin, already
15 violates state and federal standards. So the idea is when
16 any new large polluting source like this one comes online it
17 has to ensure that local air quality doesn't get worse.

18 And so when you're in an air basin that is
19 violating current air standards the applicant will be
20 required to build the project with the most modern air
21 pollution controls, best available control technology. But
22 the rub is even when they do that there still will be an
23 increment of unhealthful pollution to which they have not
24 been able to curb through the best control technology
25 available, and that's where these offsets come in. And so

1 the Clean Air Act requires that any of this new pollution
2 has to be offset by an equal of greater reduction in actual
3 pollution to ensure that the local air quality doesn't
4 worsen, and so that's where the ERCs come in. The applicant
5 will be required to procure emission reduction credits.

6 So, you know, it's not clear what Summit, what the
7 PEP intends to do. But the original project had, frankly,
8 some kind of questionable offset strategy. And Staff
9 recognized this in the Final Staff Assessment back in --
10 back in 2010. For the VOCs, which are ozone precursors, the
11 applicant proposed relying on ERCs that were generated in
12 1977, well before many of the people in this room were even
13 born, at a refinery in Bakersfield. Now the EPA has gone
14 around and around over the years with these and they have
15 utterly disavowed these -- these offsets. So that raises
16 some concerns, probably for Staff. I think they've already
17 raised this issue in their -- in their report.

18 The NOx ERCs are similar. They have -- they --
19 the original project was not able to come up with a
20 sufficient quantity for these because they want to transfer
21 them from out of basin. So there's a ratio issue there.
22 They're going to have procure a higher ratio.

23 And then when it comes to the particulates the
24 former applicant, the licensee, Palmdale, proposed paving
25 unpaved roads to reduce road dust to mitigate combustion-

1 related air pollution coming out of the smoke stacks. When
2 that happens those are considered nontraditional ERCs. And
3 EPA requires that the Air District adopt a rule to quantify
4 and qualify how that will actually work, to make sure that
5 that road paving actually does mitigate these combustion-
6 related pollutants. So the Mojave Desert Air District has
7 adopted such a rule. And I think it's going to be up to
8 Antelope Valley to do the same in order to allow the new --
9 this new project to use those sorts of offsets.

10 By our calculations there will be an increase in
11 greenhouse gas emissions, not huge. One factor with -- with
12 climate change impacts, though, is the fact that the solar
13 component was -- was eliminated from the project.

14 And then I'm going to wrap up here real quick on
15 the purpose and need. I think the City of Lancaster would
16 like to see an alternatives analysis done for this project,
17 a non-fossil fuel analysis. There's a number of things that
18 are in the works. I mean, California is just doing so many,
19 you know, interesting things to get us to 50 percent. And
20 some of the non-fossil fuel alternatives that are out there
21 right now, it's just a good look at the EIM, whether or not
22 the electric imbalanced market that's up -- that is already
23 up and running potentially partnered with the new CAISO
24 integration with PacifiCorp, PacifiCorp is proposing to
25 merge with CAISO. That's sort of in the works. And

1 PacifiCorp has a huge six-state transmission system that
2 would bring all sorts of resources into the State of
3 California. So California is moving towards a regional
4 grid.

5 The hope ere is to optimize flexibility and
6 balance out and short-term fluctuations in renewables supply
7 and demand. So we think, you know, a potential look at
8 these two options, combined with just the amazing things
9 that have been happening in energy storage in the last
10 couple of years, the prices are falling dramatically. The
11 technology itself is rapidly evolving. And I've got some
12 articles here from the Trade Press where a lot of the big
13 utilities are now saying, you know, in a few years these --
14 some of these peaking plants and gas plants used for
15 integration could be rendered obsolete. So we just
16 encourage an alternatives analysis that make look at some of
17 these options and other fossil fuel options for this
18 project.

19 That's all I have. Thank you.

20 HEARING OFFICER CELLI: Thank you, Ms. Smith.
21 Thank you, City of Lancaster.

22 If you wouldn't mind passing that back to Mr.
23 Veerkamp because we're going to go back to Commission Staff
24 now to talk about Staff's Issues Identification and
25 scheduling?

1 So I think the next slide --

2 MR. JOHNS: Sorry, that's upside down.

3 MR. VEERKAMP: No, that's later.

4 HEARING OFFICER CELLI: That's still Lancaster's
5 slide.

6 (Colloquy)

7 MR. GALATI: Mr. Celli, while we're -- we're
8 waiting, can I just ask you for some time after Staff's
9 issue identification report to reply to the -- the prior
10 reports?

11 HEARING OFFICER CELLI: Certainly.

12 MR. GALATI: Thank you.

13 HEARING OFFICER CELLI: Just to be clear,
14 everyone, this is an Informational Hearing. This is really
15 for the benefit of the public and the people who are here to
16 find out what this proposed project is going to be and what
17 it's about. This is not an evidentiary hearing. We're not
18 taking evidence. It isn't, you know, point, counterpoint
19 and argument. I mean, I'm going to give the applicant and
20 opportunity to make more statements and we will go through
21 all of the parties, you know, to, you know, have final
22 statements. But this is an educational day. This is an
23 instructional day. This is an opportunity for you to see
24 what is being proposed, what the commission is being asked
25 to analyze and make a determination about, and what the

1 concerns are from the City of Lancaster and any other people
2 who are here. So that's what we're about.

3 What we always ask when it comes to an
4 Informational Hearing is we ask Staff to take a preliminary
5 look at the application or the petition and we say, Staff,
6 come in and give us your -- what you think the Issues
7 Identification are. What do you think the issues that are
8 going to be the -- the major issues in this project are
9 going to be? And that's where we're at now. And I'm going
10 to ask Mr. Veerkamp to tell us what Staff thinks the major
11 issues are with the PEP.

12 So go ahead, Mr. Veerkamp.

13 MR. VEERKAMP: Just a little background. First,
14 on the Issues Identification Report itself, the purpose of
15 the Issues ID Report is to inform the applicant, all the
16 project participants, and the committee of potential issues
17 that Staff finds relating to the project. In addition, the
18 Issues ID Report helps to focus on the important topics that
19 may effect the project and Staff's analysis of the project.

20 I want to be clear that these are identified as
21 major issues. There could be other issues that Staff
22 identifies and that we'll be addressing in their Staff
23 analysis. But there are four criteria, objective criteria,
24 in order for something to be constituted as a major issue:
25 First, the potential for any significant impacts that might

1 be difficult to mitigate; second, any noncompliance with
2 laws, ordinances, regulations and standards; three, if there
3 is a conflict or a potential conflict between the parties;
4 and four, areas where resolution may be difficult or may
5 affect the schedule.

6 One issue area that Staff identified as a major
7 issue is air quality and greenhouse gasses. First of all,
8 there -- the project -- the proposed project has --
9 introduces potential changes resulting in emissions
10 exceeding the Air District offset triggers for volatile
11 organic compounds, for nitrogen oxides and carbon monoxide.
12 Secondly, the proposal has no specific emission reduction
13 credits to serve as mitigation for the emissions. And
14 third, there are multiple Air District approvals that may be
15 needed for this project. And four, the project proposes
16 multiple operating profiles.

17 The second major issue is with the transmission
18 system engineering because it has the potential for
19 overloading the downstream transmission lines which have
20 necessitated an interconnection study.

21 In reference to the schedule, we're currently at
22 the line item indicated in red, tonight, on November 16th.
23 Staff prepared and submitted this proposed schedule and it
24 was published in our Issues ID Report on November 3rd.
25 There are several external factors that influenced Staff's

1 proposed schedule. One is Staff's ability to meet schedule
2 deadlines. Two, the applicants timely response to Staff's
3 information requests. Three, any required actions of
4 comments by associated agencies. And four, resolution of
5 the identified issues.

6 The committee will review this proposed schedule
7 and issue a scheduling order, usually one or two weeks after
8 this hearing concludes. And this will be the official
9 project schedule. The committee may also issue additional
10 instructions or comments.

11 So with that, it concludes the Compliance Office
12 portion of the presentation.

13 I believe now is Ms. Alana Matthews.

14 HEARING OFFICER CELLI: No. That's not happening
15 yet.

16 MR. VEERKAMP: Okay.

17 HEARING OFFICER CELLI: Not yet. Sorry.

18 What we're going to talk about now, I want to
19 before we hear from the petitioner, is scheduling.

20 If you'll -- if you will click to the next slide,
21 I sent a memo to all of the parties, I hope you all got it,
22 I'm seeing shakings of heads, yes, in the affirmative, that
23 presented sort of an idealized schedule from start to finish
24 that included all of the tasks that have to be performed.

25 And I did this because I wanted us to have both eyes open on

1 what needs to happen in order for us to get to a PMPD and to
2 include time. Because what's going to happen, Ladies and
3 Gentlemen, is after tonight, in the next two weeks, in the
4 next 15 day or so this committee will issue a scheduling
5 order. And that is the order -- that's the schedule that
6 these parties are going to have to keep to -- in order for
7 us to get the PMPD out on time and get to a final decision.

8 Now the parties had indicated that, in their
9 status reports anyway, that they were okay with Staff's
10 proposed schedule, but it was very broad brush.

11 And by the way, is Bret Banks here?

12 MR. BANKS: Yes, sir.

13 HEARING OFFICER CELLI: Hello. Welcome. Mr. Bret
14 Banks is an operations manager from the Antelope Valley Air
15 Quality Management District.

16 And if you don't mind, I'm going to ask you to
17 come up to the podium. I don't mean to put you on the spot,
18 sir, but --

19 MR. BANKS: You just did.

20 HEARING OFFICER CELLI: There. Now -- now we've
21 got that behind us.

22 What I -- one of the things I wanted to let you
23 know is when you look at the scheduling guide that is
24 proposed by the staff, everything hinges on the publication
25 of the Preliminary Determination of Compliance from your

1 agency, and the Final Determination of Compliance.

2 And, Ladies and Gentlemen, when we talk about a
3 PDOC or an FDOC, that's Preliminary Determination of
4 Compliance or Final Determination of Compliance. Some times
5 they call it a PDOC or an FDOC, but that's -- that's what
6 we're talking about.

7 And I wonder if you could enlighten us as to the
8 timing on the -- on the publication of the -- at least the
9 Preliminary Determination of Compliance?

10 MR. BANKS: The PDOC, I think we're close. I mean
11 --

12 HEARING OFFICER CELLI: One moment. I don't think
13 you're coming through very well. And we have people on the
14 telephone listening in. So let's see if we can get a better
15 sound out of it.

16 MR. BANKS: Any better? There you go.

17 HEARING OFFICER CELLI: Much better. Thank you.

18 MR. BANKS: So the PDOC, I think we're close, two
19 or three weeks, something to that effect, you know, the
20 beginning of December timeframe.

21 HEARING OFFICER CELLI: So two to three weeks is
22 PDOC?

23 MR. BANKS: Yes, sir.

24 HEARING OFFICER CELLI: And then can you kind of
25 give us the high-level view of what needs to happen in order

1 to get the FDOC out and what kind of ballpark timeframe are
2 we looking at?

3 MR. BANKS: That one, I'm not sure still. I'd
4 have to get with our permit engineer to make sure that I
5 fully understand what's left there, but --

6 HEARING OFFICER CELLI: Okay.

7 MR. BANKS: Yeah.

8 HEARING OFFICER CELLI: The reason I'm asking is
9 because, as you know, we're trying to put out a scheduling
10 order. And if we -- if I -- if I get it really wrong, then
11 it changes everything.

12 MR. BANKS: No. I can work on it this week and
13 make sure that -- let Staff know where we are with that, if
14 that's all right.

15 HEARING OFFICER CELLI: Thank you. And thank you
16 for being here. I really appreciate it.

17 MR. BANKS: You're welcome.

18 HEARING OFFICER CELLI: I'm sure, stick around,
19 because people will probably have air quality questions.

20 MR. BANKS: Yes, sir.

21 HEARING OFFICER CELLI: Thank you. Yes.

22 Now one of the things we're going to do when we're
23 finished talking with the parties, Ladies and Gentlemen, is
24 we're going to give the public an opportunity to speak. And
25 in order to do that we're going to call your name. And the

1 way we know you're name and how we know who wants to make a
2 comment is that the Public Adviser has those little blue
3 cards that she asked you to fill out as you came in. Alana
4 Matthews is holding one up now, she's standing. If you want
5 to comment or ask a question, we need you to fill that out
6 and we will call your name off those blue cards. So if
7 anybody wants to make a comment or a question, please fill
8 out one of those blue cards.

9 Are they at the table back there?

10 MS. MATTHEWS: Yes.

11 HEARING OFFICER CELLI: There at the table that
12 Alana Matthews was sitting at when you came in the door,
13 right by the door.

14 So thank you, sir. If you want to make a comment
15 or a question, go back there now and fill one out and -- and
16 Alana will bring those up to us and we will call your name
17 in -- in order.

18 So I just want to finish off on the scheduling
19 conversation because, really, it seems to me that the
20 parties are -- I mean, everybody seems to be okay with
21 Staff's proposed schedule. And again, my idealized schedule
22 and Staff's idealized -- well, proposed schedule are on the
23 -- on the Energy Commission's website for the Palmdale
24 Energy Project.

25 The issues, as I saw it, the things that I care

1 about that I want to be able to put in there have to do with
2 when discovery closes. That's one thing. I want to know
3 about when status reports should be due, when? Status
4 conferences; how often do we need to that?

5 And first, let's talk about discovery. I mean,
6 this is a petition, an AFC, which is the extreme case, has a
7 180-day discovery period. I don't know that that's
8 necessary here. But if -- if so, I'd like to hear. And I
9 want to hear from the parties about how much discovery is --
10 is needed? How much time do we need to build into the
11 schedule for discovery?

12 So let's -- Petitioner first.

13 MR. GALATI: I think what you've built in -- first
14 of all, let's understand that we filed our petition in
15 April. We revised that petition with more information in
16 June. So there's been a lot of time for discovery. Staff
17 has issued one set of data requests. We'll beat the
18 deadline, probably about four or five days because of the --
19 the Thanksgiving holiday. We'll be ready to go for our
20 first public workshop in the December timeframe. The City
21 of Lancaster asked one set of data requests. We've already
22 responded. We're not sure a second round is coming from
23 Staff. We think a data request workshop after they see our
24 responses might result in workshop queries that we can
25 answer quickly.

1 So we think we have more than enough time in there
2 for discovery. I think that's one of the things is the
3 petition is kind of languished a bit, so I'm not sure you
4 can put everything off of the days since we filed the
5 petition. That's why we're a little bit more supportive in
6 Staff's schedule, the scheduling order, because it's
7 flexible and it's tied to the one document that they need
8 which is the PDOC and the FDOC.

9 HEARING OFFICER CELLI: And that -- and so we had
10 just -- just as a placeholder on that idealized schedule,
11 put in 100 days. And how many -- how much time did you give
12 Mr. Veerkamp for discovery?

13 MR. VEERKAMP: Thirty days --

14 HEARING OFFICER CELLI: After the --

15 MR. VEERKAMP: -- after the PDOC is issued.

16 HEARING OFFICER CELLI: Thirty days after the
17 PDOC.

18 Let's hear from City of Lancaster.

19 MR. VEERKAMP: I was going to mention, I if may --

20 HEARING OFFICER CELLI: You're not coming through
21 very loudly, though.

22 MR. VEERKAMP: -- not to forget the -- the ICBO --
23 the study from CAISO, excuse me, the Interconnection Study,
24 because that will play a key role, as well --

25 HEARING OFFICER CELLI: Right.

1 MR. VEERKAMP: -- in Staff's analysis.

2 HEARING OFFICER CELLI: And that's -- that's a
3 six-month --

4 MR. JOHNS: The Phase 1 Study is expected in the
5 first week or two of January.

6 HEARING OFFICER CELLI: Okay. Ms. Smith, did you
7 want to comment on the discovery?

8 MS. SMITH: Yes. We did issue a first round of
9 discovery. And we commend the applicant for -- for
10 providing the responses really quickly. That was great.
11 You know, partially what drags out the whole process is when
12 it takes the full 30 days.

13 We'd like to review the responses to Staff's data
14 requests. And if we did have any additional data requests
15 ourselves, we would get those out very quickly.

16 HEARING OFFICER CELLI: So you're okay with that
17 30 days post-PDOC?

18 MS. SMITH: Yes.

19 HEARING OFFICER CELLI: Okay. And then the -- the
20 other question I had, and it really -- this is more of a
21 question of the Commissioners perhaps, is status reports.
22 We -- I don't recall whether we ordered status reports or
23 not. But usually we want them on a monthly basis, around
24 the 15th of the month. And sometimes we want to have status
25 conferences every other month or maybe quarterly. It sort

1 of depends on how closely the committee needs to monitor the
2 project.

3 Commissioner Douglas, did you have any thoughts on
4 that?

5 PRESIDING MEMBER DOUGLAS: Let me ask the parties.

6 HEARING OFFICER CELLI: Okay. Let's hear from the
7 parties with regard to status reports and status conference.

8 MR. GALATI: I think monthly status reports are
9 pretty good. I would ask in my -- from my perspective,
10 having a status conference right around when the PSA is due
11 is a good thing to schedule. Because if we're slipping off
12 schedule, that's the time I know it. And if I were to try
13 to make a motion to get a status conference, it's another 30
14 or 60 days before I can get on the calendar and things can
15 sometimes languish.

16 But that's the first time that I think we would
17 need to have a discussion about the schedule. So that's
18 what I would do is I would put a status conference, maybe
19 the same time, around the same time or the week before the
20 PSA is coming out so you can check on the status.

21 Otherwise, I would put status conference -- status reports.

22 And because this is an amendment and we're focused on
23 certain things, I wouldn't build in additional status
24 conferences at this time. I don't think the committee -- I
25 don't anticipate that we would need the committee's time for

1 those.

2 HEARING OFFICER CELLI: Staff, status conferences
3 and status reports, please, Mr. Bell?

4 MR. BELL: Thank you. I like what Mr. Galati just
5 said with status reports, I think that they are worthwhile.

6 It's -- it's good to share the type of information we have
7 to let everybody that's involved in the process know exactly
8 where we are.

9 As to status conferences, I'm sure, you know, as
10 busy as the committee is with other things besides this
11 project, and as busy as Staff is, having a status conference
12 at a key time I think is much more important than having a
13 sheer quantity of status conferences.

14 So again, I'll -- I'll echo Mr. Galati's comment.

15 One right around the time that the PSA is due I think is
16 worthwhile. I personally don't see much value in frequent
17 status conferences when we can cover that, the sort of
18 information we'd be sharing in that, in a status report.

19 HEARING OFFICER CELLI: Thank you.

20 And, Ms. Smith, go ahead.

21 MS. SMITH: Sure. City of Lancaster is prepared
22 to file the monthly status reports. And we have no
23 objection to this proposed schedule. There's no reason to
24 have status conferences if we don't need them. And, you
25 know, the committee will let us know and vice versa. So

1 we're good.

2 HEARING OFFICER CELLI: Excellent. Okay.

3 And then -- so we'll put out a report -- or rather
4 a status scheduling order within the next 15 days or so.

5 Before we move on to the Public Adviser, I'm just
6 going to ask -- and again, if anybody has just come in
7 recently and you want to make a comment or ask a question,
8 you want to fill out one of the blue cards from that table
9 in the back.

10 Petitioner, anything further before we get to
11 Public Adviser?

12 MR. GALATI: Yes. Just something real quick. We
13 reviewed Staff's Issues Identification Report. We believe
14 that Staff has done a good job in identifying those issues.
15 We think those issues are all resolvable and we look
16 forward to getting into a room and rolling up our sleeves
17 and resolving them.

18 We also reviewed the Issues Identification Report,
19 and you heard a little bit of it today in City of
20 Lancaster's presentation. While we don't agree with
21 everything in it, we certainly agree that the -- the project
22 has changed. We believe that the analysis should focus on
23 that change. We believe that the commission's regulation
24 require this to be performed as an amendment. And really
25 what we're getting at is the scope of that amendment, not

1 whether it's a new AFC.

2 And I would just like some -- the committee to
3 consider in its scheduling order. Because if it is
4 considering requiring us to file a new AFC, that would be
5 very, very detrimental to the project. So we're going to
6 proceed as if we are working under an amendment and that the
7 scope of that analysis is very similar to what you outlined
8 in 15162.

9 So I'm not going to file a responsive pleading to
10 what was raised in theirs. I will tell you that some of
11 what the City of Lancaster has identified as -- as looking
12 at alternatives and having the discussion is something we'd
13 be open to do, both privately with the City of Lancaster and
14 publicly in any workshop.

15 So we think that those kinds of things are much
16 better if we do them in a workshop and try to work it
17 amongst ourselves and get to a place of what the -- what --
18 what needs to be included in the analysis. Then when it
19 comes out we're not going to spend time wasting your time
20 fighting about it.

21 So I just wanted to make sure that got on the
22 record, that we do not agree that we should be filing a new
23 AFC.

24 HEARING OFFICER CELLI: Got. Thank you.

25 Mr. Veerkamp or Mr. Bell, anything on behalf -- a

1 parting shot from Staff?

2 MR. BELL: Just that this -- this is a public
3 process.

4 HEARING OFFICER CELLI: Get your mike a little
5 closer, please.

6 MR. BELL: This is a public process, so we
7 encourage and invite early and robust participation by all
8 stakeholders, the agencies, the intervenors, and especially
9 the public. We notice all our public events concerning the
10 project, our workshops, our committee conference and our
11 hearings at least ten days in advance.

12 All of the project documents from the petition to
13 the public notices, the evidence filings, the discovery
14 materials like data requests and data responses, and
15 miscellaneous correspondence between the parties are
16 available for review on the Energy Commission's webpage for
17 this Palmdale Energy Project. The online link is available
18 -- it's not here on the slideshow but --

19 HEARING OFFICER CELLI: It will be.

20 MR. BELL: -- it will be. And thank you very
21 much.

22 HEARING OFFICER CELLI: Thank you.

23 And City of Lancaster?

24 MS. SMITH: Sure. Thank you. I would
25 just say that I think there's plenty of room in an EIR

1 supplement to do a new alternatives analysis, given how much
2 the project has changed, and how much the purpose and need
3 have changed, and how much California has changed since
4 2011.

5 So I do very much appreciate a discussion and a
6 meeting. But I -- I think we'd also just like to see that
7 translated into writing in some form in a CEQA document.
8 Thank you.

9 HEARING OFFICER CELLI: Thank you very much.

10 At this time I'm going to ask the Public Adviser
11 to make her presentation, explain how you call can
12 participate.

13 So with that, our Public Adviser is Alana
14 Matthews.

15 MS. MATTHEWS: I don't want to have my back to the
16 public. Okay.

17 Good evening. My name is Alana Matthews. Again,
18 I'm the Public Adviser. So I am an attorney who is
19 independently appointed by the governor to ensure that the
20 public can participate in all of our proceedings and site
21 certification proceedings. So my job is to help the public
22 understand the process, recommend the best way, we have a
23 formal process, intervening, and an informal way of
24 participating, and to assist you in successful participation
25 in the meetings.

1 So what do we do? We outreach, because we try to
2 make sure we get as much of the public here. We will try to
3 contact local, city, county officials, tribal officials,
4 member schools. It's up there so you can read it. And then
5 we also put an ad out. We do kind of a little bit of
6 research. We get maps and see what's the demographic of the
7 area. If there's a quite large non-English speaking
8 population, we'll also do a publication in that language.

9 So we also try to stress the importance of public
10 participation through public comment. So anytime there is a
11 workshop or a conference or a meeting, we encourage the
12 public to come and fill out the blue card so that the
13 decision makers and staff and applicant can understand what
14 the concerns are. So public comments are considered by our
15 commissioners. They help inform the commissioner's staff,
16 all interested parties, and they're necessary to understand
17 your concerns. Additionally, it's important to note that
18 they are not considered evidence but they are part of the
19 official record.

20 The first level, as I mentioned earlier there are
21 two ways to participate, formally and informally. The
22 informal participation is simply attending the meetings,
23 filling out the blue card. You also can make comments
24 through our e-commenting system. So as the process goes
25 forward, if you have more comments you can always submit

1 them, and everyone gets a copy of that. And then written
2 comments. You can hand-deliver a comment. Sometimes people
3 may want to speak. You may have something that you've
4 prepared in writing or pictures. There have been a number
5 of things that people have been able to hand in to assist
6 with their verbal comments. And then we have our address if
7 you'd like to mail something in.

8 The second level is intervening. That's the
9 formal way to participate. You become a party to the
10 proceeding. Anyone may file a petition to intervene. You
11 don't have to be an attorney. And we can provide you with a
12 sample if you don't know what a Petition to Intervene looks
13 like. It's considered by the assigned committee and you
14 have a determination within 30 days. And it's important to
15 know that to make our process more efficient, when you are
16 granted status to petition it may be in a certain area. So
17 the -- there are many different areas that they consider,
18 public safety, health, air quality. And so if you have a
19 particular concern in one area that has a unique
20 perspective, then that's what your petition will be
21 considered for.

22 Again, this is our website. So you want to know -
23 - Mr. Veerkamp mentioned that there's a link. You would
24 just simply go to the Energy Commission's website at
25 energy.ca.gov. And on the very first page you would you see

1 those tabs, Home, About Us. You would just simply click on
2 Power Plants. And then there's an alphabet -- the menu
3 comes up and then there's an alphabetical listing. So you
4 would just go to the PEP Palmdale Project. And then I have
5 another arrow that shows e-Comment. So that's how you're
6 able to get your e-commenting.

7 I have forms back there where you can sign up on
8 our Listserv. So any document that is filed, if you'd like
9 to receive notice of that, if you'd also like to receive the
10 scheduling order that's going to come out, you just can sign
11 up back there, or you can sign up on the Listserv on the
12 right side menu.

13 So things to do. Obviously, you're here, you're
14 interested. I would encourage everyone to sign up for the
15 Listserv, submit any written comments you have. You can
16 provide your oral comments, as we're going to accept in a
17 few moments. And attend a public project event. So
18 anytime, if there's a status time in Sacramento and you're
19 not able to attend, you can always attend via WebEx or
20 telephone.

21 There's my information, as well as some of my
22 staff contacts. Sometimes if you call and you need
23 assistance you may not get me, but Shawn Pittard and Laura
24 Murphy are very able to assist you.

25 And that's our information. And I have also

1 brochures that you can take with you in case you can't
2 remember all this information. It has all of the contact.
3 And again, if you'd like to make a comment, just fill out a
4 blue card.

5 Thank you.

6 HEARING OFFICER CELLI: Thank you, Ms. Matthews.

7 And, folks, if you want to make a comment, now
8 it's time for -- for us to take public comment. I'm going
9 to be calling names off of the blue cards. So if you want
10 to make a comment or ask a question, please fill out a blue
11 card in the -- at the back table.

12 Mr. Galati, did you have a question?

13 MR. GALATI: Actually, I wanted to make sure that
14 everyone knew, we have a Spanish-speaking interpreter,
15 Spanish language interpreter to help with any public
16 comments. So maybe I can ask her to stand up at this time
17 and see if anyone is in need of her services?

18 HEARING OFFICER CELLI: Yes.

19 Would you please come forward? Come to the
20 podium, if you would, ma'am, and state in Spanish that
21 you're available to assist Spanish speakers in making a
22 comment, and that you are providing your interpretive --
23 interpretive services. Thank you.

24 SPANISH INTERPRETER: (Speaking Spanish.)

25 HEARING OFFICER CELLI: Thank you.

1 First I'm going to ask Mayor Jim Ledford to please
2 come forward and make your comments.

3 MAYOR LEDFORD: Good evening, Honorable
4 Commissioners, Staff. I want to thank you for allowing me
5 to speak.

6 This is an important project, not only for
7 Antelope Valley but to the state and the nation, as well.
8 Locally it will be an economic engine, producing more than
9 340 high-paying jobs during the construction phase which
10 would generate a payroll of over \$120,000. We'll have a
11 long-term local economic benefit -- benefits with 23 high-
12 paying jobs and 50 indirect jobs over the life of the
13 project. It will be a significant tax contributor with
14 annual tax payments in the millions. It will support local
15 services such as schools, law enforcement and fire
16 protection.

17 It will provide the Antelope Valley with a
18 microgrid in the event of an emergency such as an
19 earthquake. Other disasters cut us off from electricity
20 supplies outside the area. This will help mitigate that.

21 This project will play a critical role in State of
22 California's transition to a 50 percent renewable-based
23 energy supply in California. And because it provides
24 flexible and predictable clean power it can be paired with
25 renewables to ensure a reliability and mores sustainable

1 grid that enables the amount of renewable sources to
2 increase, not only here in the Antelope Valley which is
3 quickly becoming a leader in renewable energy, but
4 throughout the state, as well. It allows for the transition
5 of older, less efficient power plants into cleaner peaker
6 plants that are 50 percent more efficient, resulting in
7 reduced greenhouse gasses and other emissions.

8 And this is a project that is good for everybody
9 which is why it has garnered far-reaching support from
10 elected officials and organizations, including former State
11 Senator now Congressman Steve Knight, our State Assemblyman
12 Tom Lackey, our County Supervisor Mike Antonovich, Former
13 State Assemblyman Steve Fox, the Los Angeles Economic
14 Development Corporation, the Los Angeles County Business
15 Federation, BizFed, Palmdale Chamber of Commerce, Antelope
16 Valley Hispanic Chamber of Commerce, the Antelope Valley
17 African-American Chamber of Commerce, State Building
18 Construction Trades Council, Los Angeles/Orange County
19 Building and Construction Trades Council, just to name a
20 few.

21 And so on behalf of the residents of Palmdale and
22 the Greater Antelope Valley, I want to thank the commission
23 for taking the time to come here today to tour the facility
24 and to get input on what I believe is a tremendously
25 beneficial project. Thank you very much.

1 HEARING OFFICER CELLI: Thank you for your
2 comments, Mayor Ledford.

3 Is Rich Poston still here? Mr. Poston, please
4 come forward.

5 MR. POSTON: Good evening, Commissioners.

6 You know, I wrote this letter of support for this
7 particular project in 2013. And on behalf of our chamber
8 members conducting business in the City of Palmdale or in
9 the Antelope Valley complete.

10 With the increased roll outs -- or rolling
11 blackouts and insignificant power to the area, with Southern
12 California Edison threatening to -- well, they took the San
13 Onofre Power Plant off the grid so that's taken much needed
14 resources from us, and the rising cost of creating new
15 stations, you know, and then you have to go through the same
16 process all over again with the new stations, and then they
17 still pass the -- the construction costs down to us as the
18 small businesses in the areas.

19 We -- we felt that the -- or the PHPP, now the
20 PEP, I think we feel that they're going in the right
21 direction. We -- we support this project. And the Antelope
22 Valley African-American Chamber of Commerce admires the fact
23 that the forethought and the capital investments regarding
24 these projects lets us join other cities such as the state -
25 - California -- that's in California, Burbank and Glendale,

1 Anaheim, Pasadena, L.A. Department of Water and Power,
2 Vernon, Azusa, Victorville, Corona, Moreno Valley and
3 others, all of these cities are providing power to their own
4 cities in their communities. And we feel that we shouldn't
5 be left out of that particular process.

6 So on behalf of the entire board and our
7 membership of the Antelope Valley African-American Chamber,
8 we support the project and we hope that you move forward as
9 quickly as possible with the decision to -- to get the power
10 plant up and -- up and going as soon as possible. Thank
11 you.

12 HEARING OFFICER CELLI: Thank you.

13 MR. POSTON: And if you need the letter from us,
14 we have that as well.

15 HEARING OFFICER CELLI: Actually, I'm glad you
16 brought that point up.

17 By the way, is it properly pronounced Mr. Poston?

18 MR. POSTON: Correct.

19 HEARING OFFICER CELLI: Okay.

20 MR. POSTON: Like Boston with a P.

21 HEARING OFFICER CELLI: Oh, Poston.

22 MR. POSTON: Poston.

23 HEARING OFFICER CELLI: You can -- you can submit
24 documents directly through our -- the website. There's a
25 place on the page on the right, it says "e-Comment."

1 MR. POSTON: Okay.

2 HEARING OFFICER CELLI: You can just click on that
3 and put -- you can upload, you can put things in there and
4 those comments get -- are made part of the record.

5 MR. POSTON: Well, yeah. Well, we brought the --
6 or I made a copy of the support letter and brought it in
7 today. So we'll give that to Alana.

8 HEARING OFFICER CELLI: Great.

9 MR. POSTON: Thank you.

10 HEARING OFFICER CELLI: Thank you, Mr. Poston.

11 And I'm going to do my best with the pronunciation
12 of people's names. And if I blow it I apologize in advance.

13 Jennifer Navarro.

14 MS. MATTHEWS: I will say if you do blow it,
15 please correct it when you get up here to speak. That way
16 our court reporter can make an accurate record.

17 HEARING OFFICER CELLI: That's right.

18 Go ahead, Ms. Navarro.

19 MS. NAVARRO: Thank you. My name is Jennifer
20 Navarro and I am the President Elect for the Palmdale
21 Chamber of Commerce. And I'm also a business owner. My
22 family has owned and operated a small business here in
23 Palmdale for almost 40 years now. And I'm here in support
24 of the Palmdale Energy Project.

25 And, you know, I'll admit I don't know very much

1 about renewable energy or emissions, but I do know a little
2 bit about business. And as a business standpoint, this
3 project is going to be great for our local economy. Just,
4 you know, looking at the numbers on the, you know, the
5 information sheet I go, they're very impressive.

6 Initially there will be hundreds of jobs,
7 resulting in \$120 million in payroll costs in the first two
8 years. I can't even wrap my brain around that amount of
9 payroll. But, you know, you just think about what those
10 jobs will do to our valley. It will have a ripple effect
11 that we'll feel throughout the entire Antelope Valley. You
12 know, initially those new employees could be purchasing
13 homes and which will help improve our property values. But
14 most importantly, those people will be spending their
15 dollars in our town. They'll be spending them in our
16 stores, in our restaurants, at our gas stations, you know,
17 all throughout the valley, and that will be great for our
18 economy.

19 And, you know, I just know that I, for one, and
20 along with many other millions of people have felt the
21 effects of the recent recession. And so the thought of this
22 boost to our economy is really exciting for homeowners like
23 myself and business owners and other people around the
24 valley. We're really excited about the potential economic
25 benefits, as well as, you know, in addition to those jobs,

1 the -- I read that the plant itself will generate \$5 million
2 to \$6 million in property taxes. That means more money for
3 our schools, more money for our police and fire departments,
4 and all of that is very vital to a thriving, growing
5 community like ours.

6 So on behalf of my family, on behalf of the
7 Palmdale Chamber of Commerce, the Board of Directors, the --
8 and all of our members, we wholeheartedly support this
9 project and we will do anything we can to assist in its
10 success. Thank you.

11 HEARING OFFICER CELLI: Thank you, Ms. Navarro.

12 Is Ron Miller still here? Mr. Miller.

13 MR. MILLER: Good evening. I'm Ron Miller,
14 Executive Secretary of the L.A./Orange County Building and
15 Construction Trades Council. And thank you for allowing me
16 to speak here tonight.

17 I'm here to support this project. Of the 140,000
18 men and women that I represent, we have thousands that live
19 up in this area. We have an opportunity to put a few -- a
20 few of the workers to work on this project. We've -- as far
21 as power plants go, we've been involved in every power plant
22 that's been built up and down the state in the last 25
23 years. So we know the value in having a diversified
24 electrical grid.

25 Now I want to give kudos to Lancaster, they're

1 doing great things with solar. And when the storage evolves
2 for the solar plants and the wind farms these power plants
3 may -- may not be needed, but I think we're a ways off from
4 that. They're making great strides in storage. But for
5 now, to protect the grid, to make sure it's balanced and
6 equalized we need these -- these small gas-fired plants.
7 And this one is cutting-edge technology and it will probably
8 replace some of the ones that we built 20 years ago. So
9 this is a needed asset up here in the valley and in the
10 state. It's very important to have a reliable electrical
11 grid.

12 So we support this. We're involved in all kinds
13 of energy projects from the wind farms up in Tehachapi to
14 the solar fields out in the desert here, and this is another
15 one. We have to look at these as a mutual fund. We have to
16 spread our assets out and have good reliability for our
17 electric grid. So thank you.

18 HEARING OFFICER CELLI: Thank you very much, Mr.
19 Miller.

20 Ladies and Gentlemen, I have no more blue cards up
21 here. And I'm getting the no, shaking the head, no, from
22 the Public Adviser that there's no one else who wants to
23 make a comment. If you would like to make a comment, let us
24 know right now.

25 In the meanwhile, we will go to the telephone and

1 see if there are any callers-in, because I don't know that
2 I'm even on WebEx at this moment. Oh.

3 If there's anyone on the phone -- I have a Mr.
4 Monroe, it looks like, a Mr. or Mrs. Monroe.

5 MR. KRAMER: That's Mr. Monroe.

6 HEARING OFFICER CELLI: Oh, that Mr. Monroe.
7 Hello. You have a lot of icons there, a phone and a
8 headset.

9 So is there anyone on the telephone who would like
10 to make a comment or ask a question of any of the parties at
11 this time?

12 Hearing none, I'll go back to the room and say is
13 there anyone else who didn't fill out a blue card who wanted
14 to fill out a blue card and make a comment?

15 Hearing none, then we will -- I will hand the --
16 this hearing back to Commissioner Douglas for conclusion and
17 adjournment.

18 PRESIDING MEMBER DOUGLAS: All right. Well, I'd
19 like to thank everyone. It was good to be here tonight, and
20 I know we'll be hearing more from the parties, and also from
21 the public.

22 So with that, we're adjourned.

23 (Whereupon the California Energy Commission
24 Public Site Visit, Environmental Scoping Meeting,
25 and Informational Hearing, and Committee Order

1

adjourned at 6:55 p.m.)

CERTIFICATE OF REPORTER

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 20th day of November, 2015..



MARTHA L. NELSON

CERTIFICATE OF TRANSCRIBER

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 transcribed by me, a certified transcriber 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.

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.



MARTHA L. NELSON, CERT**367

November 20, 2015