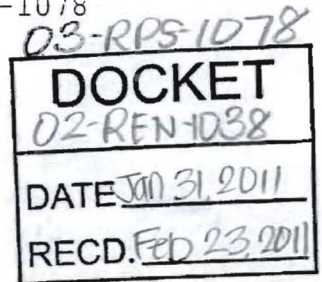


BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

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



STAFF WORKSHOP

CALIFORNIA ENERGY COMMISSION

HEARING ROOM A

1516 9TH STREET

SACRAMENTO, CALIFORNIA

MONDAY, JANUARY 31, 2011

10:00 A.M.

Reported by:
Peter Petty

 ORIGINAL

CALIFORNIA REPORTING, LLC
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STAFF PRESENT:

Kate Zocchetti

Gina Barkalow

Theresa Daniels

Gabe Herrera, Legal Counsel

ALSO PRESENT:

Public Comment:

Manuel Alvarez, Southern California Edison (SCE)

Evan Hughes

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

2 10:00 A.M.

3 MS. ZOCCHETTI: I was waiting for the clock here
4 to strike 10:00.

5 I'm Kate Zocchetti, I'm the supervisor of the
6 Renewables Portfolio Standard here at the Energy Commission.

7 I'd like to welcome you to our workshop on the RPS
8 Procurement Verification Data Review.

9 We have some folks here in the audience, we have
10 some listeners on the WebEx and calling in.

11 We'd like to welcome everyone.

12 I'd like to go over our agenda for the day, for
13 the morning. First, we'll do some housekeeping for you.
14 We'll have an overview of the RPS Procurement Verification
15 process and a discussion of the outstanding issues, and that
16 will be done by Gina Barkalow.

17 And then we'll stop and have public comments.

18 And then Theresa Daniels will provide an overview
19 of the Load-Serving Entities Procurement Claims and tell you
20 what the next steps are following this workshop.

21 We'll again stop for public comments and then we
22 will adjourn.

23 So, under housekeeping, first and foremost the
24 rest rooms are located outside this room here, and to your
25 left.

1 There is a snack bar on the second floor, under
2 the white awning, over in the corner, they have coffee, and
3 snacks, and sandwiches and things.

4 In the event of an emergency and if the building
5 is evacuated, please follow the employees to the appropriate
6 exits.

7 We will reconvene at Roosevelt Park. That's the
8 park located diagonally across from this building, across
9 the street. Please proceed calmly and following the
10 employees with whom you are meeting to safely exit the
11 building. We appreciate that.

12 We do have handouts of our presentations, they're
13 on the front desk, if you didn't get one.

14 Ground rules for participating today. We'd like
15 to use blue cards to let us know that you would like to
16 speak, and we will be using the podium there in the middle
17 of the room.

18 Turn in the blue cards to Lorraine here, sitting
19 in the room.

20 Please provide the court reporter, here, with your
21 business card so that he can appropriately record you for
22 his purposes.

23 And for the phone-in participants, we will unmute
24 the phone lines during the public comments, but right now
25 the phone lines are muted.

1 If you are participating on WebEx, on the
2 internet, you can view our slides. If you'd like to speak
3 during the public comment period, you could do that two
4 ways. You could raise your hand to ask a question and we
5 will unmute your line, or you could type in your question in
6 the chat box and the WebEx administrator will see it and
7 read it for you.

8 You are also muted at this time and we will unmute
9 WebEx users during public comments.

10 If you're not sure how to log in to WebEx and
11 you're on the phone, please look at the workshop notice and
12 the directions for how to do that are provided on page 4.

13 We're going to take the public comments in those
14 two periods in the following order: first, we'll take
15 comments from the audience that's present here in the room,
16 and then WebEx, and then phone-in-only participants.

17 So, again, I'd like to thank you for
18 participating, either here in person, or on the internet, or
19 on the phone.

20 And I'd like to introduce Gina Barkalow, who will
21 give you the next presentation.

22 MS. BARKALOW: Good morning, thank you all for
23 coming today.

24 I'm going to talk about the 2007 RPS Procurement
25 Verification Data.

1 Under the Renewable Portfolio Standard Program the
2 Energy Commission is charged with certifying eligible
3 renewable facilities, designing and implementing an
4 accounting system to verify renewable portfolio standard, or
5 RPS, procurement, and establishing a system that protects
6 against the double counting of the same renewable energy
7 credit, or REC.

8 The RPS Procurement Verification Report presents
9 the amount of eligible RPS procurement made by electricity
10 retail sellers each year and is used to determine RPS
11 compliance.

12 To verify retail sellers procurement claims are
13 RPS eligible, Energy Commission staff check that all claims
14 are from RPS certified facilities, we compare all load-
15 serving entities' procurement claims from individual
16 facilities to determine if there was sufficient generation
17 for all of the procurement claims.

18 We determine, to the extent possible, that the
19 claims were not double counted.

20 And verify that procurement from out-of-state
21 facilities satisfies RPS delivery requirements.

22 In all cases, staff requests supporting
23 documentation as necessary.

24 There are some limitations to the interim tracking
25 system, which should be noted. Oftentimes, there is

1 difficulty in identifying the correct facilities because
2 sometimes different names are used for the same facility or
3 a facility may have a variety of generating units, but the
4 data is reported under one facility.

5 So, oftentimes, we might see an over-procurement
6 claim for one unit and under for another, and the problem is
7 that the facilities were -- the procurement was assigned to
8 the wrong unit. So, we have to sort that out with the
9 various retail sellers and, oftentimes, that's how we
10 resolve those issues.

11 Sometimes generation may be sold to other parties
12 that are not reporting to the Energy Commission and
13 collecting all of this verification data, from all of these
14 different sources, can be subject to delays.

15 There are a variety of sources of data that we use
16 to verify the procurement claims. We get the procurement
17 data from the RPS track forms and we also get procurement
18 data that is submitted under the SB 1305 Power Source
19 Disclosure Program. And that includes all the load-serving
20 entities, including publicly owned utilities.

21 We get voluntary REC information. And the
22 generation data comes to us from reports that are submitted
23 to the various programs within the Energy Commission,
24 submitted to the U.S. Energy Information Administration, and
25 from the generating facilities, themselves. And sometimes

1 we get supporting documentation by the various retail
2 sellers, too.

3 So, for the 2007 verification report we have
4 identified approximately 40 claim issues, including some
5 that were identified through our collaboration with the
6 Center for Resource Solutions, Green-e Energy's voluntary
7 REC program.

8 We were able to resolve most of these issues. In
9 some cases retail sellers corrected and re-filed their RPS
10 procurement claims.

11 And there are two outstanding issues and I'm going
12 to talk about those in the next few slides.

13 The first one has to do with procurement for
14 energy only. And some of you may have read about these
15 issues in the workshop notice and some of you may be
16 familiar with this particular issue because it was addressed
17 in the '06 verification report.

18 Southern California Edison procured wind --
19 procurement from Mountain View Wind facility and it did not
20 include the RECs. Energy without the RECS is not RPS
21 eligible and some of the Mountain View RECs are already
22 accounted for in the voluntary REC market.

23 So, as I mentioned, we discussed this in detail at
24 a workshop for the '06 verification report and also in
25 detail in the '06 verification report, and the Energy

1 Commission determined that the Mountain View claims were not
2 eligible for the RPS.

3 So, for '07, staff also identified the Mountain
4 View procurement claims as being ineligible for RPS.

5 The next issue has to do with fossil fuel usage
6 that exceeded the fossil fuel usage limit.

7 The Colmac Energy Mecca facility, also known as
8 Colmac but, also, this is a facility that also goes by
9 different names and Mecca sometimes is one of them.

10 This is an RPS-certified biomass facility and it
11 receives existing renewable facilities program funds.

12 The RPS eligibility guidebook states that for
13 facilities participating in the existing renewable program
14 and in the RPS, the eligible annual fossil fuel limit is
15 five percent.

16 In 2007, Colmac exceeded the five percent fossil
17 fuel usage limit and, consequently, the Energy Commission
18 reduced its funding payment to match the amount of fossil
19 fuel used.

20 For 2007, SCE claimed 100 percent of the
21 generation associated with the Colmac facility for the RPS.
22 And for these reasons, staff has identified the 2007
23 generation associated with Colmac's fossil fuel use as
24 ineligible. However, the renewable portion is eligible.

25 So, those are our two issues. We will open up for

1 public comment, now. If you'd like to speak, please provide
2 a blue card.

3 If you have a blue card, you can raise your hand
4 and Lorraine will come and pick it up.

5 Oh, okay, we have one here and it looks like
6 that's it.

7 Okay, Manuel.

8 MR. ALVAREZ: Manual Alvarez, Southern California
9 Edison.

10 I believe on January 11th Edison filed some
11 comments with respect to the two issues you raised on
12 today's agenda.

13 The history on the Mountain View project is fairly
14 clear and I guess there's always a general issue, so I won't
15 kind of rehash that for you here. I think we've kind of
16 discussed that issue as far as we can.

17 The other issue is the Colmac -- the Colmac
18 project, and I guess it gets to the question on the
19 percentage and the roles of the guidelines.

20 As you know, the Colmac project is a legacy issue
21 from the -- from the QF era, during the eighties, and was
22 operating under the PURPA requirements for an allowance of
23 25 percent for fossil fuels. And I guess, from Edison's
24 perspective, we believe that standard should still be
25 applied given its legacy history.

1 It's very similar to the situation that goes on in
2 the solar projects over the years and we think we need to
3 have, basically, equal treatment from a public policy
4 perspective for that activity.

5 So, that's the thrust of the issue on the Colmac
6 area. But I think it gets to both the Mountain View and the
7 Colmac, get probably to a more substantive question on the
8 roles of the Commission's guidelines and the evolution.

9 I think everyone will agree that, you know, the
10 guideline process was established historically, basically,
11 because the Commission knew that the evolution of the
12 renewable program was evolving, so it chose not to go to a
13 formal regulatory arena and pass regulations through the
14 normal course of action.

15 And the flexibility and interpretation has been a
16 cornerstone of the guideline process.

17 And so, I guess what we're asking is for the
18 Commission to kind of recognize, you know, the evolutions
19 that have taken place over the last few years. And whether
20 we're actually in a more permanent situation going forward,
21 from 2008, as we look at verification in the future,
22 hopefully, we've kind of gone over most of the road bumps in
23 this verification process.

24 So, that's our request and I think it's just a
25 matter of equity of how certain projects are treated over

1 others, over the years.

2 So, thank you.

3 MR. HERRERA: Manual, can I ask you a question?

4 This is Gabe Herrera, with the Commission's legal office.

5 So, the change is to the existing renewable
6 facilities program, those went into effect in the beginning
7 or near the beginning of 2007 because of changes in law as a
8 result of Senate Bill 1250.

9 MR. ALVAREZ: Right.

10 MR. HERRERA: And I do know that it was in
11 December of 2006 that the Commission issued proposed changes
12 to the guidebook for the existing renewables program just to
13 let folks know these changes were coming.

14 Do you recall if Edison provided comments, back
15 then, to those changes? Because that's the first time we
16 would have identified that these new -- excuse me, these
17 existing facilities, that had been participating in the
18 existing account were going to be subject to these new
19 requirements.

20 MR. ALVAREZ: You know, that would have come
21 through me but, actually, I just don't remember. But I can
22 go back and check my records and get back to you on that.
23 So, just off the top of my head, I don't remember what
24 happened.

25 MR. HERRERA: Yeah. No, I didn't mean to catch

1 you off guard. I just thought, you know, if you had
2 provided some comments, it might be good to kind of refresh
3 our memory in terms of what the comments were.

4 MR. ALVAREZ: Okay. As you know, we've been
5 pretty active in this program over the years --

6 MR. HERRERA: Right.

7 MR. ALVAREZ: -- and the history of folks dealing
8 with how the accounting is done from the beginning of this
9 program, in '98, I guess it was, or '97.

10 So, I'll just have to go back through my records
11 and see if there's actually something we filed in that year
12 or not.

13 MR. HERRERA: Okay.

14 MR. ALVAREZ: But I'll get back to you on that.
15 Thank you.

16 MS. ZOCCHETTI: Thank you.

17 We have another question from someone in the
18 audience? Okay. And this is Evan Hughes, he is a
19 consultant.

20 Also, if you have a business card, would you
21 please provide that to the court reporter? Okay, got that.
22 Thank you.

23 MR. HUGHES: I'm Evan Hughes, I'm an energy
24 consultant, Biomass Energy and Geothermal. I guess I could
25 describe myself as a biomass advocate, also.

1 So, my question is on the Colmac project, as to
2 how big is this ineligibility in effect?

3 I got the impression that you're giving -- giving
4 renewable energy credit for the fraction that was generated
5 from the biomass. I wondered if you had some numbers as to
6 how big that is, and is it about 90 percent of the credit
7 that would otherwise be there, and how do you determine it?

8 MS. BARKALOW: You know, I actually don't have
9 those numbers on me. I don't know if it's in the workshop
10 notice, but it was about --

11 MR. HERRERA: I think, generally, the total annual
12 amount of fossil fuel use was calculated at 13.5 percent.
13 So, I think that translates across the board, in terms of
14 generation, I think the Colmac facility was reduced by 13.5
15 percent of its total generation.

16 So that Edison could claim 86.5 percent of the
17 total generation, essentially.

18 MR. HUGHES: That sounds fair to me. I just
19 wanted to make sure that they were getting appreciable
20 credit, because it's mostly biomass.

21 MS. BARKALOW: Yes.

22 MR. HERRERA: Right. And as I recall, what they
23 said at the time was that it was a wet year and that they
24 had to use fossil fuel because they weren't getting as much
25 heat, or perhaps it was more expensive to dry the fuel.

1 MR. HUGHES: Thank you.

2 MS. ZOCCHETTI: You're welcome. Okay, it looks
3 like those are all the questions and comments from the
4 audience.

5 Is there anyone on WebEx that would like to ask a
6 question or make a comment?

7 It doesn't look like that.

8 Okay, thank you all for participating.

9 Next, we have Theresa Daniels and she's going to
10 go over the individual procurement claims.

11 MS. DANIELS: Hi, everyone. My name is Theresa
12 Daniels and I'm going to present an overview of the 2007 RPS
13 Procurement Verification Data and the individual retail
14 sellers' RPS procurement summary tables.

15 The 2007 RPS Verification Report will include a
16 total of 14 retail sellers, three IOUs, nine ESPs, and two
17 MJUs.

18 There are three retail sellers that will be
19 included in the verification report for the first time;
20 these are Commerce Energy, Coral Power, and Sierra Pacific
21 Power.

22 This report will verify approximately 22.8
23 terawatt hours of renewable procurement from 495 facilities
24 as RPS eligible.

25 On the screen is a blank template for the draft

1 RPS procurement summary table which will be used in the
2 verification report.

3 As you can see, the table identifies the total RPS
4 procurement amount claimed by the retail seller and then
5 accounts for any procurement determined to be ineligible for
6 the following reasons.

7 Line one is the procurement from facilities
8 without RPS certification.

9 Line two is facilities -- is instances where
10 procurement exceeds generation by five percent or greater.

11 Line three is procurement from distributed
12 generation facilities.

13 Line four is procurement of nonbundled energy.

14 Line five is procurement from facilities that
15 exceed their fossil fuel usage limit.

16 The table then lists the total of the
17 disallowances, the total RPS eligible procurement and the
18 2007 annual retail sales.

19 You can see that the template has several
20 footnotes. But for ease of viewing, the footnotes in the
21 tables in the next few slides have been removed.

22 I'm going to move through these next slides rather
23 quickly by identifying the retail seller and if there are
24 any outstanding issues.

25 Remember that these are draft tables and we would

1 appreciate any comments or corrections that you may have in
2 order to verify that this information is correct.

3 The first retail sellers is Three Phases Energy
4 Service and they have -- there are no outstanding issues.

5 APS Energy Services, no outstanding issues.

6 Calpine Power America, no outstanding issues.

7 Constellation New Energy, no outstanding issues.

8 Commerce Energy, no outstanding issues.

9 Coral Power, no outstanding issues.

10 Pilot Power, no outstanding issues.

11 Sempra Energy Solutions, no outstanding issues.

12 Strategic Energy, no outstanding issues.

13 PacifiCorp, no outstanding issues.

14 Sierra Pacific Power, no outstanding issues.

15 Pacific Gas & Electric Company, no outstanding
16 issues.

17 San Diego Gas and Electric, no outstanding issues.

18 I would also like to mention that while there are
19 no outstanding issues at this time with the retail sellers
20 that we have just viewed, as Gina mentioned earlier, there
21 were 40 over-claims and various other issues that we have
22 worked on with the retail sellers to resolve.

23 If any new issues come to our attention, we will
24 address them in the draft report.

25 Southern California Edison. On the total

1 disallowances line of SCE's table is the procurement amount
2 that we have determined to be ineligible.

3 As Gina mentioned earlier, there are three
4 ineligible procurement claims. The Mountain View One and
5 Two procurement claims are in the procurement of nonbundled
6 energy line.

7 And the nonrenewable portion of the Colmac
8 procurement claim is on the procurement from facilities that
9 exceeded fossil fuel usage limit line.

10 To conclude, the next steps will be to include any
11 needed revisions of data into the draft report, which will
12 be made available for public comment.

13 The report will also include an appendix with all
14 retail claims at the facility level. Once it is adopted by
15 the Energy Commission, we will transmit the report to the
16 CPUC for determination of compliance with RPS requirements.

17 I'll now open up the floor to any additional
18 comments or questions.

19 I'd like to thank you, again, for all your
20 assistance in preparing this data review. Remember that
21 comments are due by Friday, February 11th. And if you plan
22 to submit comments by e-mail, please remember that an
23 original copy must also be submitted by mail or in person to
24 the Dockets Office.

25 If you need any further information, you can visit

1 our website or contact me directly.

2 If anyone has any comments for our panel, please
3 come to the microphone, or for WebEx users, please raise
4 your hands to be unmuted to speak. Thank you.

5 MS. ZOCCHETTI: No comments.

6 MS. DANIELS: Would any WebEx users like to speak?

7 MS. ZOCCHETTI: Okay. Well, that concludes our
8 workshop for today. Please feel free to submit comments by
9 the due date. Thank you.

10 (Thereupon, the workshop was concluded at
11 10:27 a.m.)

12 --oOo--

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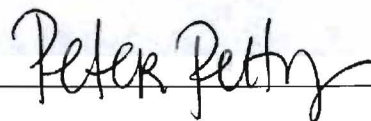
REPORTER'S CERTIFICATE

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

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

IN WITNESS WHEREOF,

I have hereunto set my hand this 9th day of February, 2011.

A handwritten signature in cursive script that reads "Peter Petty". The signature is written in black ink and is positioned above a horizontal line.

PETER PETTY
CER**D-493
Notary Public