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**SIERRA POWER CORPORATION**

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(559) 535-4893 \* Fax (559) 535-4515

January 18, 2007

California Energy Commission  
Re: Docket No. 02-REN-1038 & Docket No. 03-RPS-1078  
Docket Unit, MS-4  
1516 Ninth Street  
Sacramento, CA 95814-5504

Dear Committee,

I would like to make several comments regarding the Workshop that was held on January 10<sup>th</sup>, 2007, regarding the Existing Renewable Facilities Program.

Our plant, Sierra Power Corporation, is an 8-megawatt biomass fired cogeneration plant located in Terra Bella, California. We are referred to as one of the three or four "orphaned" plants. We originally operated the plant from the mid-1980's through 1994, when the utility purchased their contract back. Operations were restarted for the second time in 2001. We struggled for several years attempting to negotiate a long-term contract, finally signing a contract with PG&E in the fall of 2003. Over the last three years, we have been a recipient of the PGC Funding. Due to the pricing structure of our contract, we would not be operating today without this funding.

Our plant must buy fuel from the market, in which we have to compete with biomass plants that are receiving approximately 2.0 to 2.2 cents/Kwhr. higher in energy revenue under the 2006 Fixed Price Arrangement with PG&E. It is difficult to compete for fuel when there is such a wide price discrepancy in revenue between plants.

Sierra Power is a member of the California Biomass Energy Alliance, and is familiar with the comments made at the January 10<sup>th</sup> Workshop, and support the written comments submitted by the Association. The Association is suggesting a 1.5 cent cap for contracts with the IOU's. We request consideration that the "orphaned" plants have a 2.0 cent cap in relation to the target price. Other than this one item, we support the comments made by CBEA.

If you have any questions, please contact me at (559) 535-4893.

Sincerely,

SIERRA POWER CORPORATION



Kent Duysen  
President