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BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY COMMISSION

In the Matter of:)
)
Business Meeting)
_____)

CALIFORNIA ENERGY COMMISSION
THE WARREN-ALQUIST STATE ENERGY BUILDING
ART ROSENFELD HEARING ROOM
(HEARING ROOM A)
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, JULY 30, 2015

10:00 A.M.

Reported by:
Kent Odell

APPEARANCES

Commissioners Present

Robert Weisenmiller, Chair
Karen Douglas, Vice-Chair
David Hochschild
Janea Scott

Staff Present:

Rob Oglesby, Executive Director
Kourtney Vaccaro, Chief Counsel
Joseph Douglas, Compliance Office
Kevin Bell, Senior Staff Counsel
Paul Kramer, Office of Chief Counsel
Kerry Willis, Senior Staff Counsel
Mike Monasmith, Siting Office
Anwar Ali, Environmental Office

Agenda Item

Joseph Douglas	3,4
Paul Kramer	5

Others Present (* Via WebEx)

Interested Parties

Mike Carroll, Latham & Watkins LLP
Tina Lee, Star West Generation LLC
Jeffery D. Harris, Council for Mariposa Energy LLC
Taku Futamura, Mariposa Energy LLC
George Piantka, NGR
Gary Barberio - City of Carlsbad
*Rob Simpson
John McKinsey, Carlsbad Energy Center, LLC
*Kerry Siekmann, City of Carlsbad
Sean Beatty, NRG

Public Comment

Tamara Zakim, Sierra Club, Earthjustice
Sierra Martinez, NRDC

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2. ENERGY COMMISSION COMMITTEE APPOINTMENTS. Possible approval of appointments to the Energy Commission's Siting Case Committees. Contact: Paul Kramer/Eric Veerkamp/Mary Dyas (5 minutes) a. Sun Valley Energy Project (05-AFC-03) b. San Gabriel Generating Station (07-AFC-02) c. Willow Pass Generating Station (08-AFC-06) d. Palmdale Hybrid Power Project (08-AFC-9C) e. Blythe Energy Project, Phase II (02-AFC-1C)	
3. GWF TRACY COMBINED CYCLE POWER PROJECT (08-AFC-7C)	5
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5. CARLSBAD ENERGY CENTER PROJECT AMENDMENTS (07-AFC-06C)	20
a. Possible approval of an order approving the Presiding Member's Proposed Decision (PMPD) and Errata on the Carlsbad Energy Center Amendments. The Committee issued the PMPD on June 9, 2015. The amendments would change the approved project from a 540 megawatt (MW) combined-cycle to a 632 MW simple-cycle power generation facility. The proposed amended project would be located on the eastern portion of the existing Encina Power Station between Carlsbad Boulevard and Interstate-5, east of the railroad corridor and south of the Agua Hedionda Lagoon, in Carlsbad.	
b. Possible closed session deliberation on the above described PMPD. [Government Code Section 11126(c)(3)].	

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P R O C E E D I N G S

JULY 30, 2015 10:04 a.m.

CHAIRMAN WEISENMILLER: Well, let's start with the Pledge of Allegiance.

(Whereupon, the Pledge of Allegiance was recited in unison.)

CHAIRMAN WEISENMILLER: Okay, so let's start the business meeting. I want to announce that the Public Advisor has a full copy of the Draft Decision for those of you who want to borrow it. We did not make 30 copies to put outside.

Where's the agenda? So let's start with Item 3, GWF Tracy Combined Cycle Power Plant -- Power Project. Staff?

MR. DOUGLAS: Good morning Commissioners, my name is Joseph Douglas. I am a Compliance Project Manager for the GWF Tracy Plant. To my right is Kevin Bell, Senior Staff Counsel. And with us today is representatives from GWF Tracy.

The Tracy Combined Cycle Power Plant is a combined cycle, natural gas-fired, 330 megawatt facility that was certified by the Energy Commission on March 24th, 2010 and began commercial operation on November 1, 2012.

The facility is located in an unincorporated portion of San Joaquin County, southwest of the City of

1 Tracy.

2 On June 26th, 2015, Star West Generation LLC
3 filed a petition for approval of alternative water supplies
4 to provide a range of water supply alternatives to ensure
5 continued operation of their GWF Tracy Combined Cycle Power
6 Plant during the ongoing drought.

7 GWF was informed by the Byron Bethany Irrigation
8 District that water deliveries to Tracy could be
9 temporarily suspended as soon as July 1st, 2015. However,
10 currently the District is still delivering water and Tracy
11 has about 25 days of water available in storage, onsite.
12 Staff has consulted with the District, the State Water
13 Resources Control Board and the U.S. Bureau of Reclamation
14 and received assurance that water is expected to be
15 available to Tracy without restriction through the end of
16 the summer.

17 Staff prepared a complete analysis of potential
18 environmental impacts. Given the California Independent
19 System Operator's determination that Tracy is critical
20 infrastructure, staff acknowledges GWF's desire to have
21 multiple, alternative water options available.

22 Tracy identified four alternative water supply
23 options. Three of the four options require water
24 deliveries via tanker trucks and all options could use
25 temporary, onsite infrastructure to augment the water

1 supplies.

2 The alternative water supplies are as follows:

3 Number one, General Electric Power and Water. GE operates
4 an existing, fully permitted facility in the City of San
5 Jose that provides water to various industrial and
6 commercial users. The source water for GE is ground water
7 pumped from municipal wells. Number two, GWF Henrietta
8 Water, an existing power plant 165 miles away. Number
9 three, Bogetti Water, an agricultural owned well, and
10 operated by the Bogetti Family in close proximity to the
11 Project. The well has been in existence since 1992 and is
12 currently used for agricultural irrigation. Number four,
13 City of Tracy recycled water.

14 On July 10th, 2015 staff published this analysis
15 of the proposed changes to the Project. Staff is proposing
16 to modify Condition of Certification SOIL & WATER-4 in the
17 Energy Commission's final decision to allow GWF Tracy the
18 option to use alternative water supplies for project
19 operations during emergency periods and during water
20 curtailment.

21 On July 27th, 2015 GWF Tracy submitted comments
22 on the recently published staff analysis. On July 29th,
23 2015 staff published a response to comments and
24 incorporated the agreed-upon requests from Tracy.

25 Staff recommends the following alternatives in

1 prioritized order. Number one, recycled water from the
2 City of Tracy. Staff recommends recycled water from the
3 City of Tracy be prioritized for use as a backup water
4 supply, because it is consistent with Section 13550 of the
5 California Water Code and Energy Commission Policy.

6 Staff recognizes that it may take several weeks
7 for GWF to obtain the necessary approvals to purchase and
8 truck recycled water from the City of Tracy. The Project
9 Owner will be required a new petition to amend to convert
10 to recycled water when the City of Tracy recycled water
11 infrastructure is within one mile of the Project.

12 Number two would be GE Water or the Bogetti Well.
13 First the GE Water, the GE Industrial Water would be
14 considered the second priority emergency backup water
15 supply, until recycled water from the City of Tracy is
16 available. This alternative would be expected to have
17 minimal adverse environmental impacts to water resources.
18 The water used by GE is fully permitted and accounted for
19 within the Santa Clara Valley Water District Accounting
20 System and their 2010 Urban Water Management Plan
21 Projections.

22 And the Bogetti Well, staff also recommends the
23 owner be allowed to use this alternative only if recycled
24 water from the City of Tracy is not available and they can
25 demonstrate that they can offset water use and benefit the

1 Tracy Groundwater Subbasin. The Project Owner would be
2 required to provide an offset plan for groundwater use from
3 the Bogetti Well in order to avoid a potential significant,
4 cumulative impact to the subbasin.

5 And the third option would be the GWF Henrietta.
6 Staff believes trucking water 165 miles from the Henrietta
7 Project should only be used if the other three alternatives
8 are not available.

9 In addition, staff concludes that potential water
10 resource impacts from the use of recycled water from the
11 City of Tracy, GE raw water or the licensed Henrietta water
12 supply are insignificant or mitigated by LORS compliance.
13 Staff would encourage the owner to seek a long-term
14 solution to the current water issue by pursuing a more
15 sustainable water supply. Staff agrees with the owner that
16 ultimate use of recycled water at Tracy is preferred and
17 should be implemented as soon as possible.

18 It is staff's opinion that with the
19 implementation of the revised Soil and Water Condition, the
20 proposed modifications will result in any significant
21 adverse, direct or cumulative impacts to the environment or
22 inconsistencies with laws, ordinances, regulations or
23 standards and would have no additional impacts beyond those
24 identified in the Energy Commission decision for GWF Tracy.

25 Staff has determined that the changes proposed in

1 the Amendment comply with the requirements of Title 20,
2 Section 1769(a) of the California Code of Regulations and
3 recommends approval of the project modifications and
4 associated provisions of Condition of Certification SOIL &
5 WATER-4.

6 And Energy Commission staff is available for
7 comment. Thank you.

8 CHAIRMAN WEISENMILLER: Thank you.

9 Applicant?

10 MR. CARROLL: Yes, good morning. Mike Carroll,
11 with Latham & Watkins on behalf of the Applicant and with
12 me is Tina Lee, Executive Vice President for Commercial
13 Operations for Star West Generation, the owner of the GWF
14 Tracy Facility. Ms. Lee would like to make a brief
15 statement on behalf of the Petitioner.

16 MS. LEE: Good morning, Commissioners. We do
17 support staff's recommendation to approve our petition for
18 alternative water supplies as modified per staff's response
19 yesterday to our written comments docketed on Monday.

20 I would like to provide some background in
21 context for our petition. Given the ongoing drought we
22 began to think about alternative water supplies for the GWF
23 Tracy Power Plant some time ago. In 2014 we commissioned
24 an Alternative Water Availability Assessment from GEI
25 Consultants. That assessment was completed in April 2015

1 and provided to the CEC staff for review. The Assessment
2 concluded that the two most viable alternative sources of
3 water are groundwater and recycled water provided by the
4 City of Tracy Waste Water Treatment Facility.

5 Then on June 14, a Sunday, we were informed by
6 Byron Bethany Irrigation District, our water supplier, that
7 as a result of the implementation of the revised Shasta
8 Temperature Management Plan our supply of water from the
9 Delta-Mendota Canal could be suspended as soon as July 1.
10 That information greatly accelerated our efforts to
11 identify and secure alternative supplies of water.

12 We were able to identify the four alternative
13 water supplies that are listed in the Petition. We agree
14 that recycled water from the City of Tracy should be the
15 first priority in the event that canal water becomes
16 unavailable. We are in regular communication with the City
17 about steps that need to be taken before recycled water
18 could be made available to GWF.

19 We also agree with the priority assigned to the
20 other alternative water supplies as set forth in staff's
21 most recent proposal for Revised Conditions SOIL & WATER-4.

22 I want to reiterate that these alternative water
23 supplies are for emergency purposes only, when we do not
24 have access to our normal surface water supplies from the
25 Delta-Mendota Canal.

1 Lastly, in response to the notification from
2 Byron Bethany in mid-June about the potential disruption to
3 our canal water we also informed the California ISO about
4 the consequences to our plant operations. A representative
5 from the California ISO visited the Tracy Plant on June
6 23rd to review the situation with us. The California ISO
7 also contacted the CEC staff and had more detailed
8 discussions about the impact to grid reliability if the
9 Tracy Power Plant were unavailable under certain system
10 conditions on the transmission system. I believe that
11 staff may have incorporated those discussions into their
12 review of our petition.

13 In conclusion, thank you for the opportunity to
14 speak on our Petition. And I would like to express our
15 gratitude to the CEC staff for having been extremely
16 responsive to our situation and appreciate their
17 cooperation and collaboration. Thank you.

18 CHAIRMAN WEISENMILLER: Thank you.

19 Any public comment from anyone in the room?

20 Any public comment from anyone on the line?

21 Okay. So staff, do you have any comment on the
22 Applicant's statement, particularly regarding the ISO?

23 MR. DOUGLAS: No.

24 CHAIRMAN WEISENMILLER: Thank you.

25 Commissioners, let's discuss the issue.

1 COMMISSIONER DOUGLAS: I just wanted to briefly
2 express my appreciation as well to, really, staff and the
3 Applicant. You know, dealing with water supply
4 contingencies given the drought that California is in, is
5 obviously a very good idea. It's particularly quite
6 important for Tracy to do that. And I think that the
7 Amendment that is before us is well-considered and there's
8 been a lot of work that's gone into it and so I strongly
9 support it.

10 I'll see if there are any other comments or
11 questions before framing a Motion. All right, I'll move
12 approval of Item Three.

13 COMMISSIONER SCOTT: Second.

14 CHAIRMAN WEISENMILLER: All those in favor?

15 (Ayes.)

16 CHAIRMAN WEISENMILLER: Item 3 passes 4-0. Thank
17 you.

18 MR. CARROLL: Thank you.

19 MS. LEE: Thank you.

20 CHAIRMAN WEISENMILLER: Let's go on to Item 4,
21 which is the Mariposa Energy Project. Staff?

22 MR. DOUGLAS: Well, once again, for the record,
23 good morning. My name is Joseph Douglas. I'm the
24 Compliance Project Manager for the Mariposa Energy Project.
25 To my right is Kevin Bell, Senior staff Counsel, and we

1 have representatives from Mariposa Energy here, as well.

2 The Mariposa Energy Project is a 200-megawatt
3 simple-cycle peaking facility consisting of four natural
4 gas-fired combustion turbines, generators, and associated
5 equipment. The Project was certified by the Energy
6 Commission on May 18th, 2011 and began commercial operation
7 on August 1, 2012. The Project is located in northeastern
8 Alameda County.

9 On March 11th, 2015 Mariposa Energy LLC filed a
10 petition with the California Energy Commission requesting
11 to modify the Mariposa Energy Project. With the
12 modifications proposed in the petition, it would allow
13 Mariposa to install supplemental, temporary storage tanks
14 for water use during potential water curtailment. Mariposa
15 Energy is not proposing any changes in water use nor are
16 they expecting their water supply to be curtailed this
17 year.

18 Mariposa Energy is proposing to install one of
19 two options for short-term water storage; both options are
20 a two-tank configuration. Option one would allow Mariposa
21 to operate approximately seven months. And Option two
22 would allow Mariposa to operate approximately five months
23 during a possible water curtailment. The tanks would be
24 located at the site of the form Byron Power Cogeneration
25 Plant that is located on approximately two acres

1 immediately north of the Mariposa site.

2 Layflat water lines will be laid on top of the
3 ground from the temporary tanks, to the Mariposa raw water
4 storage tanks, for use in transporting water to and from
5 the plant site. Once the concern about a potential water
6 curtailment is to pass, the tanks will be disassembled and
7 removed. The site would remain unchanged should the need
8 for tanks arise in the future, requiring their
9 reconstruction. The temporary tanks would be installed and
10 filled as needed based on the potential risk of water
11 curtailment to the Project.

12 On June 6, 2015 staff published a Notice of
13 Determination recommending the proposed changes be approved
14 at the staff level. Energy Commission technical staff
15 reviewed the petition for potential environmental effects
16 in consistence with applicable laws, ordinances,
17 regulations and standards. Staff determined that with the
18 proposed modifications the Project would continue to comply
19 with LORS and no changes to any Conditions of Certification
20 are necessary.

21 On June 19th, 2015 Mr. Robert Sarvey submitted
22 comments on the Energy Commission Notice of Determination
23 of the Mariposa Energy Project. With the receipt of
24 comments the proposed project changes must be approved by
25 the Commission.

1 On July 9th, 2015 staff published a response to
2 Mr. Sarvey's comments, which addressed his concerns. No
3 additional changes to staff's analysis are recommended.
4 The proposed modifications will not result in any
5 significant adverse, direct or cumulative impacts to an
6 environment or inconsistencies with laws, ordinance
7 standards or regulations. And would have no additional
8 impacts beyond those identified in the Energy Commission
9 decision for the Mariposa Energy Project.

10 Staff has determined that the changes proposed in
11 the project modifications comply with the Requirements of
12 Title 20, Section 1769(a) of the California Code of
13 Regulations and recommend its approval of the Project
14 modifications.

15 And once again, staff is available for questions.

16 CHAIRMAN WEISENMILLER: Thank you.

17 Applicant?

18 MR. HARRIS: Good morning, Jeff Harris here on
19 behalf of the Mariposa Project. I'd like to introduce Taku
20 Futamura, who can say a few words on behalf of the
21 Applicant in place.

22 MR. FUTAMURA: My name is Taku Futamura. I'm the
23 Asset Manager for the Mariposa Energy. With me today, in
24 the audience, is Wayne Forsythe. He is the Senior
25 Compliance Manager for Mariposa Energy as well. In

1 addition to Mr. Harris, we also have Doug Early (phonetic)
2 of CH2M Hill on the phone. He should be available if we
3 need any technical assistance today.

4 And first of all, we would like to thank the
5 Commission staff for their work on the Project
6 modification. In this request, we are simply adding two
7 water storage tanks to provide additional capacity, for
8 Mariposa Energy operation.

9 Mariposa is a fast-starting peaker plant that
10 provides the great reliability benefits and also allows
11 more intermittent renewable resources to be integrated into
12 the grid system. We agree with the staff's two major
13 conclusions. One, the additional storage tank will not
14 result in any significant environmental impacts. And two,
15 the addition of the storage tank will be implemented in
16 accordance with all applicable laws, ordinances,
17 regulations and standards.

18 And finally, I thank you for your time and we
19 appreciate your favorable consideration in this request.
20 Thank you.

21 CHAIRMAN WEISENMILLER: Thank you.

22 Any public comment from anyone in the room?

23 Any public comments from anyone on the phone?

24 So Commissioners, let's discuss the issue.

25 COMMISSIONER DOUGLAS: So just briefly, again,

1 I've looked closely at this and definitely appreciate staff
2 and Applicant's diligence and hard work in bringing this
3 proposal before us as well. I think, as I said before, it
4 is very important that we look at backup water supplies and
5 water supply contingencies for natural gas plants as we
6 deal with this really unusual, long and protracted drought.
7 So I'm in favor of this and prepared to make a motion, but
8 I will wait and see if there are additional comments or
9 questions.

10 COMMISSIONER SCOTT: I did have one question. I
11 agree it's good to have the contingencies in place and have
12 the storage tanks there. I was wondering if the water is
13 curtailed, where will the water to fill up the storage
14 tanks come from? What's the plan to get that water?

15 MR. HARRIS: Sorry, I thought that someone else
16 was answering on our behalf.

17 Well, first off the tanks will provide us with
18 about almost two days worth of ability to run without any
19 refueling, so that's an important aspect, in case of some
20 unforeseen emergencies in the system, especially into the
21 area. So that's the main purpose of the tank. We are in
22 very close contact with our water supplier. At the end of
23 the day we're a customer and we've been dealing with our
24 supplier very closely.

25 We've also heard this Commission very clearly

1 tell us that if we look like we're going to be running out
2 of a supply to be in here, not late but early, and we have
3 taken that admonition to heart and we will continue to do
4 so. So the current situation is that we're very confident
5 about where our supply is. If that changes you can be
6 assured you'll be the first to know. Actually, your staff
7 will be the first to know and then you will be briefed on
8 it and we will be looking at alternative supplies.

9 There are meetings going on, maybe even as we
10 speak, about what projections are there for long term and
11 how would we get some additional supplies.

12 Just to put this in context, the maximum use is
13 around 187-acre feet a year. The actual use, to date, has
14 been about 13-acre feet, which is a relatively low amount.
15 This is not a wet cooled project; the water is not used for
16 cooling. It's really used for inlet evaporative cooling
17 and other industrial uses. So it's a very low demand,
18 which is why the tanks are very helpful.

19 But a long answer to say, we are confident with
20 our current supply and if that changes we'll be in here
21 very quickly.

22 COMMISSIONER SCOTT: Thanks.

23 COMMISSIONER DOUGLAS: All right, so I'll move
24 approval of Item 4.

25 COMMISSIONER SCOTT: Second.

1 CHAIRMAN WEISENMILLER: Okay. All those in
2 favor?

3 (Ayes.)

4 CHAIRMAN WEISENMILLER: This Item also passes 4-
5 0.

6 Thank you.

7 MR. HARRIS: Thank you.

8 MR. FUTAMURA: Thank you.

9 CHAIRMAN WEISENMILLER: Let's go on to Item 5,
10 which is the Carlsbad Energy Center Project Amendments.

11 MR. KRAMER: Good morning, I'm Paul Kramer the
12 Hearing Officer for this case.

13 Briefly, the Carlsbad Energy Center Project was
14 approved in 2012 after what I think we can fairly say were
15 contentious hearings, both before the Committee and even at
16 the Commission. At that time the City of Carlsbad objected
17 to the Project and they even sued to overturn that
18 approval.

19 But last year the City, San Diego Gas & Electric,
20 and the
21 project owner came to an agreement that the Project would
22 be modified from a combined-cycle 540-megawatt generator to
23 be a 632-megawatt simple-cycle generator.

24 Further, they agreed that the Project owner will
25 decommission and remove the above-grade portions of the

20

1 existing Encina Power Station, which has been there
2 basically since the '50s, and then make those cleared lands
3 available for redevelopment. And the City has agreed to
4 supply the Project with reclaimed or recycled water.
5 Previously they had refused to do so.

6 There are technically two amendment petitions
7 before you. They were consolidated for the purposes of
8 hearings and decision. The first was to remove certain oil
9 storage tanks that were not slated for a removal under the
10 original approval in 2012. And the second, the more
11 significant part of the amendments, was to facilitate the
12 change in the generating units that I mentioned a minute
13 ago.

14 Also noting that previously the plan was to use
15 administrative and perhaps some maintenance facilities that
16 would have been on the old Encina Power Station site, but
17 now that that's going to be torn out, they would be added
18 to the new site. And it would increase its size from
19 approximately 23 to about 30 acres.

20 All of this is contained south of the Aqua
21 Hedionda Lagoon, between the Rail Corridor and Interstate
22 5. And that's somewhat to the north of Cannon Road in the
23 City of Carlsbad.

24 I'll highlight some of the issues that were
25 raised during the hearings. One of them was the effect of

1 the PUC's approval of a power purchase tolling agreement;
2 basically, the same as a power purchase agreement in our
3 terms, for this Project between the project owner and
4 SDG&E. It was originally proposed at 600 megawatts, but
5 ultimately the PUC issued a decision approving 500
6 megawatts.

7 And some of the parties in this case have argued
8 that that means that this Commission should only approve
9 five turbines, rather than six. The decision, however,
10 explains that the Commission does not consider itself to be
11 bound to approve only what the PUC approves for a
12 particular contract. And in fact, in this case, believes
13 it's appropriate to allow the Applicant to develop the full
14 six turbines if they choose to do so. For instance, they
15 might put that sixth turbine to use on the spot market or
16 they might get a contract with somebody else. Or maybe
17 SDG&E will, at some later time, want that capacity.

18 But the bottom line there is that the decision
19 does not recommend cutting the size of the Project from six
20 turbines to five turbines.

21 Intervenor, Power Vision, was concerned about the
22 visual effects of moving the power poles and lines that
23 connect the generators to the local switch yard.
24 Originally they were proposed basically on the edge of the
25 Rail Corridor, but now they are proposed to be on the edge

1 of Interstate 5.

2 And after performing a visual analysis, the
3 Committee and staff did not find that those created
4 significant visual impacts, In part, because there are
5 larger poles, transmission lines that go from the switch
6 yard to the east that cross the freeway, just to the south
7 of where the Project is. I believe there's -- I can't
8 remember if there are three or four of them, but they are
9 larger in size and height than the poles and lines that
10 we're talking about to use to get to the power from the
11 switchyard from the generators.

12 Intervenor, Terramar Association, is concerned
13 that trucks -- and we're talking about big rigs with
14 trailers leaving the Project site from a gate that's
15 between the railroad and the Coast, and going on Cannon
16 Road to get to the freeway -- might miscalculate the stop
17 light and find themselves hanging out, with their trailer,
18 over the railroad tracks. And they are concerned that that
19 could result in a rather significant accident.

20 The decision discusses the evidence and opinions
21 we received from, I believe, the City and the Applicant and
22 staff to the effect that there is sufficient room there for
23 the trailers to stage in such a way for the light that
24 they're not hanging out over the railroad tracks. Also,
25 there is a feature in the railroad system, a switch, that

1 when it senses a train coming it flips the light to green
2 to try to help clear out the intersection.

3 And finally, the Conditions of Certification
4 require that a plan be submitted to address this issue,
5 which may even include the use of a flagman.

6 The alternative that Terramar prefers is that the
7 trucks would cross on an internal crossing, between the
8 EPS, the coastal property and the inland property over the
9 railroad tracks. But we have evidence to the effect that
10 that's a much more perilous crossing and that it's not
11 really suitable for big rigs. And ultimately, it still
12 presents a bit of a collision risk as well.

13 The Sierra Club did not provide any testimony,
14 but they have argued in comments and briefing that we've
15 basically got the GH Greenhouse Gas Analysis wrong. In
16 their view, we somehow have to account for the loss of the
17 San Onofre Generation. And so anything we do that's in the
18 nature of gas-fired generation, to make up for the loss of
19 San Onofre is -- well, it's new. It's an additional -- or
20 an increase in the greenhouse gas emissions.

21 The Decision finds, to the contrary, that our
22 baseline for analysis purposes is the world in which San
23 Onofre is no longer operating, because that's what we're
24 faced with. And it's not appropriate to tag this Project
25 with the loss of greenhouse-gas free generation that we

1 suffered when San Onofre had to be retired.

2 They also do not agree with our, what we call our
3 "Displacement Analysis," where we say that this project
4 being more thermally efficient than many of the other
5 projects that would be called upon if this project were not
6 operating -- it will, when it operates, produce less
7 greenhouse gases to produce a unit of generation than would
8 those other plants. So we're reducing, to the extent this
9 plan is ready and available to operate and it does, we're
10 reducing greenhouse gas emissions, because those other less
11 efficient plants won't operate. They'll be the first to be
12 told, "Thank you very much, but we don't need you right
13 now."

14 And then Mr. Rob Sarvey, he has asked a couple of
15 times, by comments and at least two motions, that the
16 Commission have the Applicant pay its costs of processing
17 this amendment and reimburse us for our expenses.

18 Going back to the original filing of the
19 amendment petitions in 2014, those motions were denied; the
20 most recent denial was on July 20th. And one of the key
21 reasons was that there was no authority for the Commission
22 to collect those fees. We have a statute that says we
23 collect fees for Applications for Certification and then
24 there's an annual fee for compliance that's paid once
25 you're approved.

1 Now, that has changed, of course, with the
2 trailer bill from the recent budget. And now the
3 Commission does have the authority to collect the costs of
4 -- basically we get a \$5,000 deposit and then we collect
5 the actual costs up to a cap of, I believe, it's \$750,000.
6 And staff has indicated that they intend to start
7 collecting those costs, as least as of the 1st of this
8 month.

9 So that's the resolution. I don't believe Mr.
10 Sarvey is satisfied with that, but he has been unable to
11 cite any authority, by which the Committee felt it could do
12 anything else, other than deny his motion.

13 The amended projects presents fewer land-use
14 inconsistencies with the City of Carlsbad Land Use
15 Regulations, than did the 2012 project. Now, the only
16 inconsistency is with the local Aqua Hedionda Land Use
17 Plan, which has a 35-foot height limit. And because of the
18 vagaries of that, because that plan is also a local coastal
19 plan, it was not possible for the City to amend it as it
20 did its other Land Use Regulations to bring this Project
21 into conformity. And there's no provision for a variance
22 in there either, so the proposed decision overrides the 35-
23 foot height limit as to the generating facilities and their
24 stacks and the related equipment.

25 And then there is a new significant visual impact

1 and that arises from the interaction of the future plans of
2 Caltrans to widen I-5 next to the Project. Right now there
3 is adequate land between the Project and Caltrans to
4 provide vegetative screening, trees and shrubs, to screen
5 the view into the Project site, which also, I should note,
6 it's in a recessed area. The old berms that surrounded the
7 oil tanks have not been taken down, they're used, to some
8 degree to screen the Project.

9 But although there's room now, when Caltrans goes
10 to expand I-5, they will be taking some of the land between
11 the Project and the existing I-5. And although there
12 should be sufficient land remaining to be able to provide
13 the screening, some of that land will now be owned, not by
14 the project owner, but by Caltrans. And because we don't
15 have the authority to require Caltrans to cooperate, to
16 allow the screening to be put, in part, on their property
17 we have to assume, for purposes of CEQA, that we might not
18 be able to.

19 And if that is the case it will be possible that
20 at some points along the edge of the property there will be
21 areas where the screening will not be complete. So, in an
22 abundance of caution we have called that out as a
23 significant visual impact and recommend that you override
24 that.

25 The recommended action, then, from the Committee

1 is to adopt the proposed Commission Adoption Order, which
2 was docketed at least ten days ago. And that Order
3 includes a language that adopts both the presiding members
4 proposed decision and the Errata that the Committee
5 produced. And if we come up with any additional errata
6 today, of course we would modify that Order so that it
7 would also include that.

8 And finally, I'll note that Mr. Gary Barberio,
9 from the City of Carlsbad, would like to speak. I don't
10 know if he filled out a card. Any questions?

11 CHAIRMAN WEISENMILLER: Not at this time.

12 Staff?

13 MS. WILLIS: Good morning, thank you. My name is
14 Kerry Willis, I'm the Senior Staff Counsel and with me is
15 Mike Monasmith, the Project Manager.

16 Staff reviewed the PMPD and the Errata. We would
17 like to thank the Committee for accepting our proposed
18 changes. We'd also like to thank Mr. Ratliff, who is
19 unable to be here today. We'd also like to thank all of
20 our staff for their hard work on this project, working with
21 the Applicant and the City and also the intervenors,
22 especially Terramar and Power of Vision, who spent many
23 hours providing comments and testimony. At this time we
24 don't have any further comments, but we have some staff
25 available if there are any technical questions.

1 CHAIRMAN WEISENMILLER: Thank you.

2 Applicant?

3 MR. PIANTKA: Good morning, Chair Weisenmiller,
4 Commissioners Douglas, Scott and Hochschild. I'm George
5 Piantka, Senior Director of Regulatory Environmental
6 Services for NRG's West Region.

7 I'm pleased to be before you today on behalf of
8 the Applicant, Carlsbad Energy Center, LLC. I'm joined
9 today by Vice President Scott Valentino and West Region
10 General Counsel, Sean Beatty. President John Chillemi
11 could not be here today, but he sends his best regards.

12 Three years ago this Commission approved the
13 Carlsbad Center Energy Project on the merits of that
14 proposal. Today, with the vision and support of the City
15 of Carlsbad and SDG&E, we are before the Commission seeking
16 approval of the Carlsbad Energy Center Project Petition to
17 Amend.

18 The amended CECP is superior to the licensed
19 project in many ways. Amended CECP is responsive to
20 California's needs for fast start, fast ramping, peaking
21 generation and SDG&E's North San Diego County. It
22 incorporates highly efficient and readily dispatchable
23 peaking generation that will help integrate the substantial
24 growth renewables in the SDG&E and broader kinds of systems
25 consistent with the State's RPS and GHG goals.

1 The Project commits the retirement of Encina by
2 the end of 2017 and the complete demolition of Encina by
3 the end of 2020, enabling redevelopment of a substantial
4 portion of the site consistent with the long-term goal of
5 the City to repurpose this coastal property. It replaces
6 higher-emitting 1950s technology with modern, efficient and
7 significantly cleaner generation.

8 Amended CECP utilizes smaller, lower profile
9 generation as compared to the licensed CECP, thus
10 significantly improving the visual characteristics of the
11 site.

12 The Project completely eliminates the use of
13 ocean water for cooling purposes by December 2017, in time
14 to meet Encina's Once Through Cooling compliance deadline.
15 It utilizes recycled water for its industrial needs and
16 significantly reduces the use of potable water.

17 And the amended CECP meets all safety objectives
18 of the City of Carlsbad Fire Department and CEC staff.

19 The efforts of bringing this project before you
20 today has been extensive. Many in the public and private
21 sector have contributed countless hours to the licensed and
22 proposed amendment of the Carlsbad Energy Center Project.
23 I'd like to thank the CECP Committee and the CEC staff,
24 whose guidance and analysis have led to a complete,
25 thorough and thoughtful record from which the Commission

1 can make its decision today.

2 You know, one point there is the Committee set a
3 Scheduling Order and we've met every single deadline, every
4 single milestone. And we're very, very grateful for the
5 efforts of all.

6 I want to thank the City of Carlsbad, namely
7 Mayor Matt Hall; Council Members Mark Packard, Lorraine
8 Wood; City Attorney Celia Brewer, Assistant City Manager
9 Gary Barberio; Fire Chief Mike Lopez and Consultant Bob
10 Therkelsen. We share a tremendous relationship with the
11 City of Carlsbad and we're very, very grateful for that as
12 well.

13 I want to thank SDG&E. Collectively it's been
14 the City's and SDG&E's leadership and vision that has led
15 to the significant improvements and environmental benefits
16 in the Amended CECP. And finally, I want to thank the
17 contributions of Terramar and Power Vision, whose
18 commitment to their community, and collective interest and
19 analysis have likewise improved this project.

20 We respectfully request or ask the Commission to
21 approve the Amended Carlsbad Energy Center Project. Thank
22 you.

23 CHAIRMAN WEISENMILLER: Thank you.

24 Let's go through the intervenors, starting with
25 those in the room and then on the -- actually, no sorry.

1 Let's go the City of Carlsbad first as a Public Agency.

2 MR. BARBERIO: Mr. Chair, Members of the
3 Commission, good morning. My name is Gary Barberio,
4 Assistant City Manager for the City of Carlsbad. And I'm
5 pleased to be here today speaking to you consistent with
6 the direction and actions of the Carlsbad City Council.

7 I want to state right up front that the City of
8 Carlsbad is in full support and agreement with the proposed
9 decision, but it's been a long journey to get to that
10 point. When the State's Once Through Cooling Policy called
11 for the Encina Power Station to either reduce its use of
12 ocean water or retire by December 2017, for the first time
13 in over 60 years, the City of Carlsbad had high hopes that
14 the old, inefficient and blighted power plant on our
15 coastline would be removed. And the property returned to
16 more appropriate coastal land uses that the residents and
17 visitors of our community could finally enjoy.

18 In 2012 that hope was crushed when the
19 Application for Certification for the original Carlsbad
20 Energy Center Project was approved. However, since that
21 time the signing of the Settlement Agreement between the
22 City of Carlsbad, NRG and SDG&E in January 2014 once again
23 gave us optimism that our vision for this coastal site
24 would be realized.

25 From our perspective the agreement benefits

1 everyone. It provides a reliable supply of electrical
2 power for the San Diego Region. It allows us to meet the
3 2017 Once Through Cooling Policy deadline. And most
4 importantly, to the City of Carlsbad, it ensures the
5 decommissioning and removal of the entire Encina Power
6 Station site.

7 Key to this agreement is the construction and
8 operation of the Amended CECP Project that's before you
9 today. Your anticipated approval today of the AFC for the
10 Amended CECP brings all of us one step closer to realizing
11 the amazing benefits that come from the three-way
12 agreement.

13 The City would like to express its appreciation
14 to Mr. John Chillemi and his staff at NRG, for becoming a
15 partner with the City of Carlsbad ,and helping us realize
16 our vision for this coastal site.

17 We'd like to thank the citizen intervenors for
18 their dedication and continued care and concern for our
19 community. Thank you, Terramar, most particularly Ms.
20 Kerry Siekmann. Thank you, Power of Vision, most
21 particularly Dr. Arnie Roe and Ms. Julie Baker.

22 We'd also like to thank the CEC staff for working
23 closely with us and considering our input and in their
24 analysis. Our staff worked very closely with the CEC
25 staff; it was a very professional, great working

1 relationship and we really appreciate that.

2 We'd like to thank the Committee for its
3 leadership and willingness to allow us to fully participate
4 in the proceedings.

5 Thank you, Presiding Member Douglas. Thank you,
6 Commissioner McAllister. I hope you're enjoying the
7 vacation.

8 And finally, we'd also like to thank the fully
9 Commission in advance of your approval of this important
10 project. It takes something very important for us to leave
11 San Diego County and this project is definitely something
12 that's very important to our City Council and to the
13 Carlsbad community and we urge your support today. Thank
14 you.

15 CHAIRMAN WEISENMILLER: Thanks for being here.
16 We appreciate your trip up.

17 MR. BARBERIO: You're welcome. Thank you for
18 hosting us.

19 CHAIRMAN WEISENMILLER: Sure.

20 At this point I have one intervenor card in the
21 room, Sierra Club. But you're not an intervenor, right?

22 (No audible response.)

23 Okay, public comments.

24 MS. ZAKIM: Hi there, Commissioners. Thank you
25 for your time today. My name is Tamara Zakim. I'm here

1 with Earthjustice. I'm an attorney. I represent the
2 Sierra Club. We intervened in this matter to weigh in on a
3 very discreet issue and in the spirit of that, I'll keep my
4 comments really brief.

5 Our concern, as Mr. Kramer has already pointed
6 out, is regarding the Greenhouse Gas Analysis for the
7 Project. And I think, just to frame our concern, anyone
8 who's observed the PUC Proceeding knows this project was
9 proposed and precluded the opportunity to put more
10 preferred resources on the grid, as the PUC has in the
11 Track 4 Decision, to curtail our greenhouse emissions and
12 expand our renewables, especially in light of SONGS
13 closure, which was zero emission.

14 And what we saw there was the AOJ denied the
15 application initially. And then we saw Commissioners
16 express their concern at the PUC and ultimately a decision
17 that changed the size of the Project, because there was a
18 real concern about the absence, the preclusion of these
19 preferred-resource alternatives, which were healthier for
20 the communities.

21 And now we're here and we have a Greenhouse Gas
22 Determination, a finding of no significant impact, for the
23 greenhouse gas emissions of a project that is estimated to
24 emit 850,000 tons of CO2 a year -- at least in the way it's
25 phrased in the EIR. And because there is a finding of no

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1 significant impact we have no discussion of mitigation and
2 no discussion of alternatives, which we believe the public
3 is afforded when you're a project of this size on the grid.

4 And again, in the spirit of the overall picture,
5 we see a project where the burdens that are being put on
6 the public are not being addressed and the finding here
7 facilitates that. And we are particularly concerned with
8 two, two issues, and we briefed this. I won't belabor the
9 points as we brief them in our comments and in our briefs,
10 but we do think the baseline and the Greenhouse Gas
11 Analysis is legally flawed.

12 And in response to Mr. Kramer's characterization
13 of our arguments I just want to say a few things and then
14 I'll cede the mic.

15 The Commission has said that the baseline must
16 reflect the role of the Project in the system. And it's
17 not disputed that the role of the Project, in this record
18 as well as the PUC record, is to replace generation we've
19 lost by the unforeseen, early closure of SONGS; that's what
20 Track 4 Decision was all about, it's why this project is
21 now before us, but that fact is not anywhere in the
22 Greenhouse Gas Analysis.

23 And the reason that's problematic, and with the
24 baseline issue, there's legal disputes about what the
25 baseline should look like. Certainly, what we have right

1 now is not a normal condition, it's an abnormal condition
2 and there's case law to support the fact that you do need
3 to consider the role of it, the replacement of SONGS. But
4 what we see as misleading is we have a displacement theory
5 on top of a baseline. If you draw it out to its natural
6 conclusion, the larger the project here the smaller the
7 greenhouse gas emissions would be, because as you're adding
8 more, you're replacing more inefficient systems already on
9 the grid.

10 But we have, in the record, testimony from staff
11 in the Evidentiary Proceeding that, in fact, a smaller
12 project would result in fewer greenhouse gas emissions
13 overall. And that is a direct conflict and those two
14 points cannot be resolved and the record does not resolve
15 those two points. And I think the testimony underscores
16 why the Greenhouse Gas Analysis is misleading.

17 We have not, as a public, been afforded the
18 opportunity to engage in what the real impacts are.
19 Because if we knew, preceding this in the Environmental
20 Review, that the greenhouse gas emissions would be reduced
21 by a smaller project the public would be able to weigh in
22 on that and we'd talk about alternatives that are smaller.
23 That's what the CEQA Review is for; it's to make sure the
24 public isn't saddled with that.

25 So again, I think it's all briefed, but I wanted

1 to reiterate our concern that there's conflicts in the
2 record, that there are real legal disputes about the
3 baseline, that we think that there is a legal flaw in the
4 EIR, and that we think the public shouldn't have to take on
5 all of the burdens of the greenhouse gas emissions.

6 Thank you.

7 CHAIRMAN WEISENMILLER: Thanks for being here.

8 Any other intervenors in the room? Then let's
9 go to the -- on the phone, I believe, we have Rob Simpson
10 on the phone?

11 MR. SIMPSON: Hello, can you hear me?

12 CHAIRMAN WEISENMILLER: Yes, we can.

13 MR. SIMPSON: Oh, good. I've been participating
14 in this proceeding since 2008. It's incredible that we're
15 here considering we're rejecting the already approved fast-
16 start, fast route, ramping, combined-cycle facility with an
17 environmentally inferior single-cycle facility.

18 The approved project is more thermally efficient,
19 it's a cleaner project from this. And there's no real
20 evidence that it wouldn't do what it was intended to do in
21 the first place, which is exactly what this project claims
22 to -- plans to do.

23 As far as the PUC Decision, the important words
24 in PUC Decision state that, "In an effort to balance the
25 reliability risks with the public interest in achieving our

1 clean energy goals, we will condition approval of the
2 Carlsbad EPA on a reduction of the capacity from 600 to 500
3 megawatts." So it's not just that you're making a
4 different decision, you would be taking that balance that
5 the PUC created out of balance and thereby compromise our
6 clean energy goals.

7 The Project, as we've demonstrated, violates the
8 Clean Air Act. We shouldn't be moving backwards in our
9 Standards. All areas remain in dispute. The Committee
10 failed to ever adequately respond to comments or briefs or
11 consider any evidence that the Environmental Review is
12 necessary. They are simply relying on the original, flawed
13 environmental determination from the original project. The
14 Committee used the total blanket response when comments or
15 briefs failed to identify new significant impacts or new
16 information that wasn't available in 2012.

17 The Committee erred in consideration of my
18 comments and briefs. My comments and briefs have been
19 germane to the new project at the new location, presented
20 new information and identified significant new impacts.

21 To briefly recap, the Project is much closer to
22 the lagoon and endangered species than the prior project.
23 Yet no analysis has been conducted regarding noise, light
24 or plume impacts. Too many fails to require any meaningful
25 mitigation or even require the Proponent to pay the

1 Commission towards Amendment. I understand that there's a
2 new law, but that's merely clarification of the original
3 intent. It was never Congress's intent that these
4 developers get a free ride.

5 The Commission had the authority to assess the
6 fees already. And, you know, you're talking about \$750,000
7 in fees, which could minimize the furloughs and that sort
8 of thing that go on at the CEC and not cause the people of
9 California to subsidize this plant any more than it needs
10 to. And if the Applicant doesn't like your decision to
11 assess a fee, they can take it to the Supreme Court. I
12 don't think you'd have a lot of risk, a downside on that.

13 The big project has a much greater impact on
14 coastal resources for a number of reasons. They are more
15 thoroughly identified in the comments that I sent you, but
16 first this is a much larger project with six smoke stacks
17 instead of two. It's exponentially larger, 80-mile-an-
18 hour, 780-degree toxic plume in the migratory bird path and
19 local endangered species' flight path.

20 The new plume is of a velocity that will restrict
21 air space of 2,000 feet. The old project wouldn't restrict
22 air space at all, probably or not more than 1,000 feet, at
23 least. So the air space is proposed to be restricted,
24 which scenic coastal flights will be restricted as well as
25 California Highway Patrol, Lifeguard Helicopters that

1 historically regularly fly within close proximity of the
2 Project. Air traffic may further be rejected to create
3 another coastal impact. Restricting air space in a coastal
4 zone, violate the Coastal Act and public safety.

5 The Committee interestingly relied on an old
6 report from Dr. Longcore to reach its new finding that the
7 new project, Finding 6 ACEP would result in a reduced
8 collision risk for avian species, because it's of the lower
9 stacks. But Dr. Longcore submitted a letter that said,
10 "Well, that this failed to consider the plume. I mean,
11 there's a 80-mile-an-hour plume coming out of these stacks,
12 so it's not the stacks that were ever much of a risk for
13 the birds, it's the plume." Dr. Longcore also pointed out
14 that the Commission failed to consider the noise impacts of
15 the Project, which I've also provided a copy of that letter
16 to you.

17 The CEC failed to consider the impacts from the
18 light from the Project and what it was doing to the
19 ecosystem, potential impacts from the new power lines that
20 would be installed in the coastal area. The impacts would
21 include raptor perches -- impacting piers for brown
22 pelicans. The Project violates the Endangered Species Act,
23 the Migratory Bird Act.

24 The Commission had an obligation to apply to all
25 feasible mitigation percents equal. The new wire should at

1 least be required to be underground and probably all wires
2 too. The new Project -- is the pictures that I asked to be
3 portrayed there -- available to you now?

4 CHAIRMAN WEISENMILLER: Yes, we have them.

5 MR. SIMPSON: Okay. Good, because they're not in
6 the proposed decision and you're being asked to override
7 the visual impacts of this project without seeing the
8 visual impacts. It'll have a much greater visual impact,
9 because it's directly next to Scenic Highway 1. The CEC
10 failed to provide adequate mitigation for the impacts or
11 even adequately consider the impacts.

12 None of the visual representations include the
13 six visible plumes extending a half mile in the air. There
14 will be no screening between the plant and the highway for
15 at least a decade, until possible trees grow up to a point
16 to slightly hide it. There's not even a requirement for a
17 wall, so it will simply be a chain-link fence with the
18 power plant next to the scenic highway. That is an
19 override of the Coastal Act.

20 The Hearing Officer claimed that there's no
21 override of the Coastal Act in this proceeding although
22 there was one in the prior decision. But the proposed
23 decision effectively overrides of the Coastal Act. It
24 states, "The LORS inconsistency exists because of the
25 Coastal Act does not provide for variances." And the City

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1 stated, but for the nuances of the Coastal Act, it would
2 have granted a height variance on the Project. The PMPD
3 further states, "Because of the 90-foot tall exhaust
4 stacks, the amended
5 CECP is inconsistent with the local land use LORS."

6 In many cases the Commission would consider
7 whether a variance would be available. Here, however, Gary
8 Barberio, the Assistant City Manager and former Planner for
9 the City of Carlsbad testified about the ability of the
10 City, and by extension the Energy Commission, to grant a
11 variance to allow the over-height structures of the Amended
12 CEPC. He testified that the local coastal plan did not
13 contain a variance procedure. As such, varying from the
14 height limit would require the California Coastal
15 Commission to amend the local coastal plan. So this
16 override is not just of the local laws, it's of the Coastal
17 Act.

18 And the Project violates the Federal Coastal Zone
19 Management Act. The Project requires a biological opinion
20 from the U.S. Fish & Wildlife Service and a Coastal
21 Development Permit issued from the Coastal Commission.

22 The CEC Process failed to follow the Public
23 Notice and other Coastal Act requirements for this
24 proceeding, including the biological opinion. The Coastal
25 Commission does not have the authority, under the CZMA to

1 delegate its authority to the CEC. And the CEC does not
2 have the authority to override the federal authority
3 delegated to the Coastal Commission.

4 And those are my comments.

5 CHAIRMAN WEISENMILLER: Okay, thank you.

6 So, are there any other intervenors on the line?

7 MR. MCKINSEY: Excuse me, Commissioner. This is
8 John McKinsey, Counsel for the project owner. And I wanted
9 to at least ask a question, because it wasn't included in
10 any --

11 CHAIRMAN WEISENMILLER: But sir, could you hold
12 off until we get all the public comment?

13 MR. MCKINSEY: Yes.

14 CHAIRMAN WEISENMILLER: Anyone who has public
15 comment and then I'll ask for your response.

16 So we do have one public comment, NRDC please.

17 MR. MARTINEZ: Hello, my name is Sierra Martinez
18 and I'm representing NRDC. Thank you, Commissioners, and
19 thank you staff, for preparing the assessment on this
20 Carlsbad Energy Project.

21 NRDC recommends strongly that the Commission,
22 today, condition approval of the permit on the requirement
23 that the Carlsbad facility is outfitted with clutch
24 technology. We make this recommendation, both for
25 environmental and economic reasons.

1 From an environmental perspective, requiring that
2 the Carlsbad units come with clutch technology will allow
3 these LMS-100 units to operate as synchronous condensers.
4 Providing this optionality will allow Carlsbad to provide
5 voltage support in the San Diego region, while virtually
6 emitting no pollution. This is critical from a greenhouse
7 gas perspective. When we think about the long-term
8 trajectory in California to reduce carbon emissions, there
9 is no room for error or unnecessary emissions. Therefore
10 it makes sense, at the outset, to plan strategically and
11 ensure that there is the optionality for this plant to
12 provide that voltage support, while emitting virtually no
13 emissions.

14 From an economic perspective, making this
15 requirement today will save customers money in the long
16 run. It is far less expensive to outfit the LMS-100 units,
17 with the optionality to operate as synchronous condensers
18 today than to build a free-standing synchronous condenser
19 in the future by almost in order of magnitude. Therefore
20 to save customers money, and to strategically plan for the
21 low-carbon future of California, we recommend that the
22 Commission condition this approval on the requirement that
23 synchronous condenser technology is made as an option on
24 the Carlsbad Energy Project. Thank you.

25 CHAIRMAN WEISENMILLER: Thank you. Thanks for

1 being here.

2 Okay, is there any other public comment, either
3 in the room or on the phone?

4 Okay, so now staff, do you have any response to
5 any of the questions or comments so far? Excuse me.

6 MS. WILLIS: If the Committee has some specific
7 questions that they would like to ask? There was kind of a
8 long list of comments from Mr. Simpson, and I'm not sure
9 what the Committee might find most important for us to
10 respond to.

11 CHAIRMAN WEISENMILLER: Why don't you consider or
12 think about or ask Applicant if it has any comments or
13 questions.

14 Go ahead, Mr. McKinsey.

15 MR. MCKINSEY: Thank you, Chairman Weisenmiller.

16 Mr. Simpson, as an intervenor, in his comments
17 exceeded the scope of his intervention in several
18 discipline areas: land use, visual and biology. And so, to
19 that extent that he was speaking as an intervenor, I would
20 urge the Commission to consider that public comment. And I
21 wanted that on this transcript should someday, in the
22 future, we be asking ourselves that question.

23 And then secondly, the document that he referred
24 to near the end of his comments, I also have in front of
25 me. To be clear this document was not a timely-filed set

1 of written comments by the deadline for intervenors of July
2 9th. Instead, it was a document that was filed yesterday.

3 The photos that he referred to are, indeed, in
4 the evidentiary record. He stated they're not in the
5 decision. They were certainly part of the evidence that
6 the Committee weighed and considered.

7 The letter that is also attached to it was timely
8 deposited as a comment, so the letter itself would be,
9 along with the earlier comment. But the vast bulk of the
10 18 pages of written text should not be considered a comment
11 on the PMPD by a party. But at most would be some public
12 comment that was received today.

13 But beyond that I think the project owner would
14 find that the Committee has fully addressed and responded
15 appropriately and completely to all of the intervenors'
16 comments, objections, concerns, including Mr. Simpson's.
17 And that the characterization that his comments have gone
18 un-responded or inadequately responded to are simply
19 inaccurate. And mostly, almost everything he raises has
20 been raised before and certainly I don't think, needs to be
21 rehashed again. The Committee has done an excellent, good
22 job, a very thorough job, of examining and considering
23 every possible comment made by all the parties including
24 Mr. Simpson.

25 CHAIRMAN WEISENMILLER: Staff, any last word?

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1 MS. WILLIS: Well, we certainly would agree with
2 Mr. McKinsey's comments that we felt that the PMPD and the
3 Errata included all of the responses and arguments that Mr.
4 Simpson had raised earlier. There wasn't really anything
5 particularly new that we had heard, following.

6 CHAIRMAN WEISENMILLER: Mr. Kramer, do you have
7 anything in terms of comments, particularly what's in the
8 record?

9 MR. KRAMER: Yeah. I just received, along with
10 you, the printed version of Mr. Simpson's comments this
11 morning and I've been able to skim them. And I didn't see
12 anything in there that he hadn't already previously raised.
13 In fact, much of this might simply be a cut and paste from
14 earlier comments.

15 The one new concept I think he mentioned, orally,
16 was this notion that the Coastal Commission had some kind
17 of delegated federal permitting authority and we were
18 unable to override that. But I don't think we were
19 intending to override that. And if I can just make two
20 responses to what we heard, in addition to that.

21 The visuals he's attached to his comments, those
22 relate to the -- significance, or lack of significance, a
23 visual significance of the connecting power lines. But the
24 visual impact that the Decision calls significant is a
25 different animal entirely; it doesn't have anything to do

1 with the power lines, really, it's about this -- Well, to
2 a degree, it talks about the screening of the power lines.
3 But mostly it's about the view into the site itself from,
4 you know cars and those to the east into the portions of
5 the plant that are above the beltline of the pit, if you
6 will, that it's in.

7 And finally, the decision does discuss the
8 alternative of providing these 600 megawatts of power
9 entirely with renewable resources. And it finds,
10 basically, that we're just not there at this point and time
11 where we have the ability to do that.

12 That, taking into account everything that's
13 already been built, the projects that are in the pipeline
14 and the likely, additional megawatts that can be obtained
15 from distributed generation in the near future, we're still
16 going to have a need for some additional generation in this
17 area. And that's why that alternative doesn't completely
18 eliminate the need for some gas-fire generation, such as
19 this.

20 CHAIRMAN WEISENMILLER: Okay. Thank you.

21 We're going to recess, go into Executive Session,
22 and I'm going to estimate about a half hour we'll be back.

23 (Off the record at 11:10 a.m.)

24 (On the record at 12:02 p.m.)

25 CHAIRMAN WEISENMILLER: Okay. We're going to go

1 back on the record.

2 The first thing we're going to deal with is that
3 Kerry Siekmann had problems getting through on the phone,
4 so we'll take her comments now.

5 Paul, do you want to at least recite the -- oh,
6 excuse me. First, let me say we're back from Executive
7 Session. No decisions were made, so now we're back re-
8 starting the Hearing.

9 We're going to take the intervenor comments, but
10 I want to make sure, Paul, again we tell people exactly how
11 to call in, in case there's any -- I want to make sure
12 there's no other stranded intervenors.

13 MR. KRAMER: Okay. If somebody, for some reason
14 is called in via the WebEx connection or the WebEx meeting,
15 that is broadcast only. So what you need to do is go to
16 the 800 number, which I'll just read here, which is "888-
17 823-5065." You give a pass code of "business meeting" and
18 the call leader is Jerome Lee.

19 That's a difference between the Committee
20 hearings and the Business Meeting is the WebEx is broadcast
21 only for business meetings. Whereas WebEx is all we use
22 for Committee events.

23 CHAIRMAN WEISENMILLER: Thank you.

24 So Ms. Siekmann, do you want to just --

25 MS. SIEKMANN: Yes, can you hear me now?

1 CHAIRMAN WEISENMILLER: Yes.

2 MS. SIEKMANN: Hello? Oh, good. Well, first of
3 all thank you so much to you, the Committee and also, I
4 want to thank Alana Mathews for helping to get this
5 arranged so that you can hear me. So thank you very much.

6 I would like to talk about what Mr. Kramer
7 brought up and that's Condition 1 in Transportation. And
8 it is regarding the railroad crossing.

9 And I, as a citizen here, actually followed --
10 well, I observed a semi pulling out of the SDG&E site in on
11 Cannon Road, going east across the railroad tracks to go to
12 the I-5. I was behind this truck and it got trapped on the
13 railroad tracks and a train was coming. And thank
14 goodness, the light did turn green. That, whatever switch,
15 did work that time. So I wasn't involved in a very large
16 railroad crash.

17 Then later on I found out that another person got
18 trapped there. Fortunately, a train was not coming. But
19 the semi did get trapped on the tracks.

20 So I have this huge concern about all the five-
21 year project and all of the semis that are going to be
22 involved pulling out of that SDG&E site and a semi truck
23 driver trying to cross two lanes of traffic, turn left, the
24 railroad track equipment blocking partial view, people
25 coming from the left, east on Cannon Road. So they have to

1 deal with the traffic on both sides, four lanes of traffic,
2 get themselves across the railroad tracks to the light and
3 make sure there's enough room for their whole semi.

4 It's a very difficult situation and as there is a
5 railroad crossing inside the NRT property, I believe that
6 they are going to have all the equipment there to improve
7 that crossing, if need be. And it will be so much safer
8 than constantly concerning the neighborhood of whether
9 there's going to be a big crash, because some of trains
10 that come down the railroad tracks in our area go very,
11 very fast. So even if the light turns green, I have -- I
12 mean, some of the trains are just coming really, really
13 fast.

14 So I have great concerns about a crash there.
15 And since there is a light at Avenida Encinas if they
16 improve the crossing inside the Project, then the semis
17 could all come back down Avenida Encinas and use a traffic
18 light to make their left turns to go onto the I-5. And to
19 me, that would be a much better solution.

20 The second thing I want to talk about is the
21 override. There is an override; I think there's two
22 overrides on this project. One has to do with the height
23 of the buildings. And so, when there's an override the
24 California Code states that the Project must support public
25 benefit and necessity. And I do believe that the PMPD does

1 a good job of showing that the Project supports public
2 benefit, but I did not see good support -- I didn't really
3 see any support for necessity. And that, it's an "and",
4 it's not an "or." It's both need to be supported in order
5 for the Project to be approved.

6 The only thing that's in the PMPD talks about
7 there is a PUC Decision. That PUC Decision is for 500
8 megawatts. That is really the only thing supporting
9 "necessity" in this project. Therefore, I don't understand
10 how the PMPD can support 600 megawatts for the Project.

11 So I would love for the Committee to take a look
12 at that and consider the fact that "necessity" is not over
13 600 megawatts and that the Project should only be approved
14 for a maximum of 500 megawatts.

15 So I really would like to thank you very much for
16 your consideration. I would love to thank the Staff for
17 their consideration through the past seven years and for
18 the Committee for their support through the past seven
19 years and also the Commission. And also, I would like to
20 thank the City of Carlsbad for all their help.

21 So please consider these two issues carefully,
22 and I know you will, and that's all I have to say. Thank
23 you.

24 CHAIRMAN WEISENMILLER: Thank you.

25 Now, is there any other parties on the line?

1 We've already heard from -- let's move forward.
2 I'd like to get comments from the Applicant, the staff and
3 the Hearing Advisor on the last comments.

4 Next speaker?

5 MR. MCKINSEY: The project owner shares the same
6 degree of care about the safety of the Cannon Road railroad
7 crossing and indeed all rail crossings and traffic and
8 transportation safety that Ms. Siekmann does. But
9 disagrees with her regarding the nature of that
10 intersection and the ability of it to be safely used and
11 the feasibility and consequences of trying to use the
12 internal one.

13 The PMPD addresses her comments very thoroughly
14 and reaches a similar conclusion that the best choice, and
15 it can be done safely, is to use the Cannon Road railroad
16 crossing. And has worked over a condition that's already
17 in the existing license, Transportation-1, through quite a
18 few iterations. And the Errata has issued the latest
19 version of it that was responsive to the comments received
20 during the PMPD Conference.

21 And that latest version includes some language
22 that requires that the Traffic Safety Plan required in
23 TRANS-1 specifically address this topic and specifically
24 address even the use of a flagman if one is necessary, but
25 not limited to that. But to evaluate this intersection and

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1 establish how it will be done that gets comments from the
2 City of Carlsbad.

3 And, of course, the CEC staff if they could feed
4 it back and say, "We want it worked over some more." But
5 that intersection has to be specifically addressed and
6 demonstrated how it will be used safely. And we're
7 satisfied with that language that's in the version of
8 TRANS-1 that's in the Errata. And we believe that that
9 addresses Ms. Siekmann's concerns and our own and ensures
10 that that intersection will be used safely.

11 CHAIRMAN WEISENMILLER: Staff?

12 MS. WILLIS: Yes, staff took Ms. Siekmann's
13 comments to heart. And as Mr. McKinsey just stated we did
14 work over this condition several times. And at the PMPD
15 Conference we actually took a break and provided the
16 version that you see before you.

17 This does address the timing of truck trips,
18 including heavy equipment and building material deliveries;
19 especially those that would cross the railroad tracks.
20 This would be the plan that would be developed.

21 And also redirecting construction demolition
22 traffic with a flag person at a minimum, for trucks
23 traveling eastbound on Cannon Road from the SDG&E service
24 gate to cross the railroad tracks. So we believe that we
25 have addressed this, at least sufficiently, to allow for

1 the safety of these trucks crossing the railroad tracks.

2 MR. KRAMER: I don't have anything more to say on
3 that issue. But as far as the need it and necessity, Ms.
4 Siekmann is drawing those as two very different separate
5 things. But they really are interrelated in my
6 understanding of the requirement.

7 And so, there is a definite need for generation
8 in the San Diego area. It is true that it doesn't
9 necessarily have to be at this site, but what the Decision
10 has concluded is that it makes good sense to re-use the
11 existing infrastructure that's already available at this
12 site and, you know, the previously disturbed land. And
13 that, in my opinion, goes both to the need and the
14 necessity aspects of the requirement. And that's for a
15 LORS override.

16 CHAIRMAN WEISENMILLER: Thank you.

17 So, at this point, we're going to deal with the
18 two issues sequentially.

19 The first issue is we note that Mr. Simpson
20 today, in his filing of comments, also sterilized
21 (phonetic) it as a motion. And so, what I need at this
22 point, since people have had time to review it in more
23 detail, is to hear from the staff and the Applicant,
24 starting with the Applicant, on whether everything in here
25 has been part of the record -- and I guess the Hearing

1 Officer also -- on whether there's any new issues raised.

2 MR. KRAMER: In my reading there's 18 pages of
3 text and it's a little disjointed. It doesn't have an
4 outline with headers for anything and tends to jump a
5 little bit in topics. And so, I have to say part of the
6 issue here is just making sure that you can really read
7 this in a quick hour in the morning and get it all.

8 But in my reading of it I identified that the
9 topic areas that are addressed are, for the most part,
10 topic areas that either Mr. Simpson has addressed or other
11 parties have addressed. But the area that has probably the
12 only newer aspect, I thought, was in the extensive
13 discussion of avian impacts. Where there is new language
14 and new writing in there that didn't appear anywhere else
15 that I knew of before, making arguments about avian impact
16 potentials, and so that, I think, in particular, concerned
17 me, because the comment period is over for parties to have
18 filed comments on the PMPD. And that's also outside of the
19 scope of Mr. Simpson's intervention -- biology.

20 The other topics addresses the five versus six-
21 unit discussion, addresses land use, addresses the visual
22 impacts associated with I-5; all nothing really new there.
23 The attachments, as the Hearing Officer noted, were
24 included before. So there's no new, actual evidence.
25 There's mostly a rambling argument by Mr. Simpson urging

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1 changes, most of which have been asked for before.

2 I found two points where it made a motion. It
3 made a motion to re-open the Evidentiary Record and it made
4 a motion to expand the full Intervention Rights and there's
5 a typo in there. But both of those are motions that have
6 also been made before by Mr. Simpson or have at least a
7 party. And then, mostly tends to have a lot of rambling
8 comments and urges the Commission to take about six
9 positions on various things such as reduce the size of the
10 project and things like that.

11 And we don't agree, as the project owner, with
12 anything that Mr. Simpson advocates for in this document.
13 And we don't agree with a significant amount of its
14 premises, assumptions or statements of fact; that we
15 believe are not fact, but are opinion and that we don't
16 agree with.

17 And we are certainly are opposed to any motion to
18 re-open the Evidentiary Record or a motion to expand full
19 Intervention Rights, neither of which are included with any
20 support. They're simply a one-sentence statement.

21 "Consider this a motion to blank."

22 It concludes in the last paragraph with a
23 "Consider this," all sorts of other things, "Notice to the
24 Commission for this" and all of this shall be this. But
25 none of that really even constitutes, I think, a motion.

1 It's more just a demand being made by a party on the
2 Commission to do something. But again, some of that
3 relates a little bit to the argument beforehand, but it's
4 largely unsupported.

5 And so, I don't think that the Commission has any
6 requirement to act on this document as a comment by a
7 party, other than the comments that Mr. Simpson made
8 directly when he made comments on the PMPD.

9 And because this written document wasn't filed as
10 a comment by the deadline for intervenors of July 9th, to
11 the extent that this would purport to be a motion, I think
12 it should either be considered to be not a motion, because
13 it's untimely and by surprise and unsupported or simply
14 denied by the Commission for lack of support and lack of
15 notice and preparation to the parties regarding it.

16 And other than that, I think the comments can be
17 just left as what they are orally. Obviously, the party
18 made comments, the intervenor made comments orally, just
19 now during the hearing. But I think the other aspects of
20 this should be treated as public comment, because it's a
21 document that was filed by a party after the comment
22 deadline on the PMPD.

23 CHAIRMAN WEISENMILLER: Follow-up question for
24 you and then I'll turn to staff. So, the comments this
25 morning, the verbal comments, don't precisely match the

1 written comments? And so, I don't know if there's anything
2 in the verbal comments again, that you want to address.

3 MR. MCKINSEY: The verbal comments this morning
4 do not match, they don't go as far, and they don't cover
5 the same scope of topics that the written document does.
6 But we disagreed with the premises and conclusions made by
7 those comments and don't feel there is any need to make any
8 changes whatsoever to the Errata, as a result of those
9 comments.

10 CHAIRMAN WEISENMILLER: Staff, begin commenting
11 on both the written and the verbal?

12 MS. WILLIS: Thank you. Staff, we did not
13 receive this, the written comments, until just when we
14 walked into the room. So we have not had an opportunity to
15 review them in depth as we would, normally, before we came
16 before you.

17 I agree from what I'm seeing, that the written
18 and the verbal comments don't actually sync up. I agree
19 with Mr. McKinsey in that this is -- it's very difficult to
20 tell that this is a motion. It should be stated that it's
21 a motion. That's a requirement of the General Order. And
22 Mr. Simpson has had plenty of opportunity to provide these
23 comments during the proceeding. This seems like it's a
24 very late date to just start adding a lot of comments that
25 we're not really sure that -- exactly what -- there isn't

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1 any testimony to support any of the things that he has been
2 saying. We fully believe that the PMPD and the Errata has
3 addressed all of the issues that we felt that came up
4 during the proceeding.

5 CHAIRMAN WEISENMILLER: Do you have -- well, I
6 guess, basically, I would like the staff to look at the AV,
7 in part, and see if there's any response to that.

8 MS. WILLIS: Let me do that.

9 CHAIRMAN WEISENMILLER: Okay. Mr. Kramer?

10 MR. KRAMER: I'll just point out on the -- I
11 share the general conclusions that none of this is new,
12 sometimes it's differently stated.

13 One example of where he has basically added to
14 what he previously said. In a previous set of comments he
15 just simply referred to the Ivanpah facility. Now he's got
16 a whole excerpt from one of the Ivanpah reports to talk
17 about the effects on birds. But again the Ivanpah is solar
18 flux, which is a very different phenomenon than upwardly
19 drifting exhaust from a gas turbine and not comparable.

20 The way the decision approached all of these
21 comments was, at the start of the proceeding we explained
22 that this case was subject to the rule about
23 supplementation of a previous EIR. And I read through a
24 paraphrase of the statute at the informational hearing for
25 everyone, explaining that we're not going to reopen the

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1 conclusions or reanalyze an issue, unless some of the
2 trigger points that are in that statute and guidelines are
3 presented to us.

4 And so, we need more than just speculation, at
5 this point, that there might be impacts. This isn't the
6 time, for instance, where the Fair Argument Standard comes
7 into effect; that triggers the preparation of an EIR. We
8 did an EIR back in 2007 through 2012. And if there is no
9 significant evidence of actual new, significant impacts,
10 for instance, or mitigation that was declared to be
11 infeasible previously, that's now feasible, and some other
12 triggers I won't go into we don't reopen that previous
13 analysis just for the heck of it.

14 The courts and the statute are encouraging some
15 level of finality in CEQA analyses. And at this stage,
16 being an amendment, already having a previous EIR, we need
17 a good reason to reopen and redo the analysis -- re-perform
18 it. And in the Committee's opinion, Mr. Simpson has not
19 provided any rationale for us to conclude that we need to
20 do so.

21 And also, on the point of the scope of his
22 participation, yes he and Mr. Sarvey were limited in their
23 scope. You probably recall late last year appeals of the
24 Committee's determinations came up to the full Commission.
25 And you affirmed the decisions of the Commission that those

1 parties' intervention should be limited, in scope.

2 Subsequent to that, most notably for the -- I
3 believe it was the February Committee Conference, the
4 Status Conference, the Notice specifically asked the
5 parties if they wanted to increase the scope of their
6 intervention they should file something prior to that
7 conference and make an argument for permission to do so.
8 Nobody ever did. I think the same offer was made to prior
9 to the evidentiary hearings.

10 So there was a process to go about get your scope
11 increased. Mr. Simpson, Mr. Sarvey, failed to avail
12 themselves of that. It seems, perhaps, inappropriate for
13 him to attempt to do so at this late stage of the
14 proceedings after we've had evidentiary hearings, a draft
15 decision and errata and we're to the full Commission for a
16 final decision.

17 CHAIRMAN WEISENMILLER: Can you see if staff's
18 ready on that avian topic? Otherwise, we'll -- .

19 MR. ALI: Yes, my name is Anwar Ali. I'm the
20 Supervisor for the Biological Resources Unit at the CEC.

21 With regard to the comments regarding the -- Mr.
22 Simpson's comments on thermal plume we have addressed it in
23 our analysis. And we did not see any -- there is no
24 literature that supports what he claimed, that there are
25 going to be thermal plumes that are going to be having

1 impacts on the avian. So we looked at it. There are some
2 -- there are reports from all the 11 projects -- there
3 being there is a report here that we looked at many
4 projects. And there is no data supporting that the thermal
5 plumes are going to have impacts on birds at the coastal
6 site.

7 And the noise issue -- this noise issue, it is 60
8 dBA -- was addressed in our analysis. And that 60 dBA was
9 an approved -- or discussed with the agencies at the time
10 when the Carlsbad City Habitat Conservation Plan was
11 adopted. And it has been accepted by the agencies as a
12 level that's a threshold to where impacts have been noticed
13 on avian issues. And it's an issue that's -- it's a large
14 issue, because we have to abide by the ordinance or the
15 Habitat Conservation Plan for the City of Carlsbad.

16 So we addressed it with some other thresholds or
17 we have some measures we indicated that would reduce the
18 noise level to the 60 dBA. So it's been thoroughly
19 addressed and there is no issue with regards to noise.

20 Is there any other specific question I will be
21 able to answer?

22 CHAIRMAN WEISENMILLER: Commissioners, do you
23 have any questions to this witness on avian? Or noise? Or
24 any questions for this witness, I guess I should have been
25 more precise?

1 Okay, thank you.

2 Commissioners, let's now address both of his
3 motions before we go on to other topics.

4 COMMISSIONER DOUGLAS: Okay. So I did have one
5 question, but should we do the question -- not on avian --
6 should we do the motions first and then --

7 CHAIRMAN WEISENMILLER: Then we'll deal with the
8 other.

9 COMMISSIONER DOUGLAS: All right, so --

10 CHAIRMAN WEISENMILLER: As part of the overall.

11 COMMISSIONER DOUGLAS: Perfect, okay.

12 CHAIRMAN WEISENMILLER: Perfect.

13 COMMISSIONER DOUGLAS: So let me ask -- let's
14 see, I don't know, Kourtney?

15 So basically, I think without necessarily arguing
16 the point about whether or not this is a perfected motion
17 that was timely brought, I think it makes sense to address
18 the motion on its face and deal with it.

19 And so, there are as was noted, I think two
20 issues raised. One is basically a motion to reopen the
21 record to include additional information. And I very
22 strongly believe that we did want to ask the questions and
23 just verify that these comments really don't raise new
24 information that warrant reopening the record.

25 And so, the other request in the motion is to

1 grant Mr. Simpson full intervenor status. As Mr. Kramer
2 noted, the Committee really repeatedly offered Mr. Simpson
3 the opportunity to -- and any party with intervention
4 limited to certain topic areas -- to make an argument to
5 the Committee about whether if they believed they should be
6 able to participate in the hearings in additional topic
7 areas, to identify those areas, and explain what kind of
8 evidence they wanted to bring in or what kind of cross-
9 examination or participation they thought would benefit the
10 proceeding.

11 And nobody availed themselves of the process that
12 the Committee set up. So I do not think either aspect of
13 the motion is well founded or well grounded and so I would
14 move to deny the motion put forward by Rob Simpson.

15 COMMISSIONER SCOTT: Second.

16 CHAIRMAN WEISENMILLER: All those in favor?

17 (Ayes.)

18 CHAIRMAN WEISENMILLER: Denial of the motions
19 passes 4-0.

20 Now let's go on to the PMPD and the Errata.

21 I think the first area where we're looking for
22 more comment -- and I'll start first with a factual one, to
23 Mr. Kramer. In public comment today the Sierra Club --
24 excuse me, the NRDC -- raised the question of putting in
25 clutch technology. Is there anything in this record

1 dealing with that issue?

2 MR. KRAMER: The only mention is in the Public
3 Utility Commission Order approving the 500 megawatt PPTA
4 where, as I recall, they asked the proponents to
5 investigate where that would be appropriate to include a
6 clutch in the system. And the Committee did take official
7 notice of that decision, so it's a part of the record.

8 CHAIRMAN WEISENMILLER: Okay.

9 So, I wanted to ask the Applicant a couple of
10 questions. First of all, was the PUC Decision that SDG&E
11 investigate this, NRG investigate it, or both or who has
12 the responsibility to do the investigation?

13 MR. PIANTKA: George Piantka with the Applicant.
14 I don't recall, you know, specifically who the request was
15 made to on that one.

16 CHAIRMAN WEISENMILLER: Okay. Could you tell --

17 MR. MCKINSEY: We believe it's SDG&E.

18 CHAIRMAN WEISENMILLER: Okay. Wait, someone's
19 coming.

20 MR. MCKINSEY: SDG&E.

21 CHAIRMAN WEISENMILLER: SDG&E. Could you tell us
22 the status of that investigation?

23 MR. MCKINSEY: We don't know anything about where
24 they've gone in investigating it at this point.

25 CHAIRMAN WEISENMILLER: Did the Commission

1 provide any direction on the timing of the investigation?

2 MR. BEATTY: Hi, Chair. Sean Beatty, I'm with
3 NRG. The only thing that I'd say is it was a one-sentence,
4 added into the Decision. And at this point there is no
5 timeline and there's been no direct contact with SDG&E
6 about exploring the possibility of a clutch at Carlsbad.

7 CHAIRMAN WEISENMILLER: Does NRG have any
8 experience with this technology in any of its facilities?

9 MR. BEATTY: I'm not aware of the installation of
10 a -- there are existing plants that have had synchronous
11 condensers, historically. My knowledge is that those
12 synchronous condensers ceased operating, because there was
13 really no market signal or compensation available for the
14 operation in synchronous condenser mode. So historically,
15 yes, there have been plants that have the ability to
16 operate in synchronous condenser mode. So I guess that's
17 where I'd leave that.

18 CHAIRMAN WEISENMILLER: Let me ask a different
19 question. My recollection is that your Chairman has set --
20 they've been very supportive of the Obama Clean Power Plan
21 and has adopted specific goals for greenhouse gas
22 reduction. Could one of you sort of fill us in on that,
23 please?

24 MR. BEATTY: Well, I feel like I'm a little bit
25 on the spot here. I will acknowledge that yes, David Crane

1 the CEO and Chairman of the Board of NRG Energy, Inc. is an
2 outspoken supporter of clean energy goals.

3 I think that NRG has demonstrated that in
4 California as well, through not only the development of
5 solar facilities that are under contract currently and
6 operating, also we are the owner of a variety of wind
7 projects. And we were also the recipient of a number of
8 preferred resource contracts through the Edison RFO
9 recently. So yes, we are very much committed to the clean
10 energy goals that have been articulated in California. And
11 we continue to explore ways to help California reach those
12 goals.

13 CHAIRMAN WEISENMILLER: And if it were to turn
14 out that this technology would help California reduce -- it
15 was feasible or viable and it would be a way to reduce the
16 greenhouse gas emissions at this plant, what's the NRG's
17 position in that case?

18 MR. BEATTY: Yeah clearly, I think feasibility is
19 going to be a major enquiry with respect to the plant, but
20 that we're not philosophically opposed to the concept of
21 synchronous condensers. And yeah, we'll continue to
22 explore options and opportunities to, like I say, help
23 California meet its goals.

24 CHAIRMAN WEISENMILLER: Do any of you know
25 whether this topic ever came up in your negotiations with

1 SDG&E, if you can say?

2 MR. BEATTY: I was going to say, as the lawyer
3 who was present during those negotiations, we are subject
4 to an NDA just generally speaking. And I'd feel very --
5 I'm not prepared to rack my memory banks, but -- if I say
6 there's an NDA in place.

7 CHAIRMAN WEISENMILLER: Yeah, right. Okay. No,
8 I think that's all we can do.

9 I believe that these -- do you want to speak on
10 this?

11 MS. ZAKIM: Yeah, I'm going to say something just
12 very quickly. I think that what we're talking about is
13 mitigation for greenhouse gas emissions and the appropriate
14 place for assessing feasibility would be in the
15 Environmental Review for CEQA, which has not been done.
16 There has not been mitigation assessed. So, if we had done
17 that properly we might already have the answers we need on
18 the CLUTCH.

19 CHAIRMAN WEISENMILLER: Okay, thank you.

20 MS. ZAKIM: Yeah, thank you.

21 CHAIRMAN WEISENMILLER: Okay, Commissioners,
22 questions, comments on this topic?

23 COMMISSIONER HOCHSCHILD: Well, first, let me
24 just thank my colleague there, Presiding Member Karen
25 Douglas, and anyone else who is not here for shepherding

1 this case to this point and for all the stakeholders for
2 being here and the public comment.

3 So I have some significant concerns with this
4 project, in particular, the clutch issue. I just want to
5 address that.

6 I think most people are familiar with this
7 technology, but just to recap what we're talking about
8 here. Okay. So this is essentially a feature that can be
9 added at the time of construction that costs between a
10 million and \$5 million to install. But it allows the state
11 to enjoy all of these ancillary services: voltage support
12 and short-circuit strength and inertia without the turbine
13 operating and creating emissions, okay? And if we fail to
14 include this technology, it has to be retrofitted in later.
15 That's in the order of \$50 million right, much more
16 expensive.

17 So in football you don't throw the ball to where
18 the receiver is, you throw the ball to where the receiver
19 is going. Okay. We are going to 50 percent renewables by
20 2030. That's the goal the Governor has established, that's
21 the goal I absolutely believe we are all committed to here
22 in dais and that we will achieve, as a State. And just for
23 context, we were at 12 percent renewables in 2008, we're
24 just over 25 percent today and we are fully contracted to
25 get to 33 percent by 2020. And some utilities, including

1 SDG&E, are already there.

2 This is happening and so everything that we do as
3 it relates to fossil fuel generation, in my view, needs to
4 be done to maximally support the successful integration of
5 renewables. We're not able to vote today, based on need.
6 That's not within our purview. And so that issue got
7 raised, that's really not something on which we can base a
8 decision. That's outside the purview of the Energy
9 Commission.

10 But a feature like clutches, to me, makes a great
11 deal of sense. And the argument that I've heard that well
12 there may not be an immediate need in the next few years
13 for this, doesn't meet the test for me. It's insufficient,
14 because we're really talking about equipment that's going
15 to be in place for many decades to come. I don't know how
16 long Encina has been around, but --

17 CHAIRMAN WEISENMILLER: Since '59, parts of it at
18 least.

19 COMMISSIONER HOCHSCHILD: Yeah, exactly. And so
20 as we think about these issues to me it's -- and the same
21 question with the drought, by the way, which is you look
22 ahead 10 or 20 years and ask, "Okay, what are we going to
23 wish that we had done now?" And that's how I think we need
24 to approach this.

25 So I would like to just hear from NRG on this.

1 My understanding is about 20 percent of the LMS-100s that
2 have been installed in the United States are installed with
3 a clutch and most of that's in territory that doesn't have
4 as high a penetration of renewables as we're expecting. I
5 understand there's some market issues, but I'd just like to
6 hear any further thoughts you may have, as you've looked at
7 clutches, with this as the context.

8 MR. MCKINSEY: Commissioner Hochschild, I'd like
9 to address one piece of this to help put a little bit of
10 this in context.

11 I think one of the challenges about asking that
12 question at this very point in time, if this was a project
13 that was receiving approval and had a long window before it
14 needed to start construction in order to meet its
15 obligations under its existing procurement path, there
16 would be more wiggle room and ability to consider aspects.
17 The comment you made is really relevant and insightful that
18 there's a significantly different cost in installing it
19 later, than when you build it originally.

20 And if this question comes up in a proceeding
21 early on and is something that is then analyzed for, you
22 have the potential to modify the project. And even if you
23 get a project at a late stage where it came up, it would be
24 possible. But the issue that we have with this particular
25 project is that the project has to be already be in its

1 final design and procurement stages in order to meet the
2 obligations that it now has, under its procurement.

3 And so, the challenge from a timing perspective
4 as opposed to a macro-commitment, say by NRG and I think
5 even perhaps by the Commission, to make this a component of
6 ongoing and future AFC Analysis is the timing component
7 that's present here -- that this is being raised. As was
8 noted, it was a one-sentence comment in the PPTA and
9 Decision. And it's being made as a public comment at the
10 approval hearing by the Commission. It's not a comment
11 that was raised by a member of the public or a party a
12 month ago, two months ago, six months ago. It appeared for
13 the first time today. And that puts a significantly tough
14 timing pressure on this particular project.

15 That doesn't reflect at all, I think, on NRG's
16 ability and commitment to do exactly what you described.
17 And I even think your comments reflect some instruction on
18 how maybe, things should be done differently, starting
19 right now, in order to evaluate and make this a component
20 of something that has to be proven that it can or can't be
21 included in projects going forward. But the timing issue
22 here would be very difficult to include.

23 COMMISSIONER HOCHSCHILD: Well, I appreciate
24 those comments, but to be perfectly frank, I don't think
25 that your company is treating this with the urgency that it

1 requires. And the response just a few minutes ago about
2 nobody could even identify what research has been done, I
3 think President Picker and Commissioner Florio were
4 absolutely right to raise this issue and I'm raising it
5 again today. Because this is for me, as the environmental
6 member in particular, not some extra issue, okay? This is
7 a threshold issue. In fact, I'm not going to be able to
8 support the project today absent a satisfactory response.

9 And this is the only opportunity -- I was not on
10 this Committee -- it's the only opportunity I have to
11 address this. And so I just want the message you should
12 receive today, from me, is this is a threshold issue.

13 We need every single gas plant to be designed in
14 a way that's going to maximally support us achieving our
15 greenhouse gas goals and the successful integration of 50
16 percent renewables. That's the Governor's goal. That's
17 where we're headed. And so this is an issue of urgency, I
18 guess, is my message and that's where I'm at.

19 CHAIRMAN WEISENMILLER: Yeah. No, I certainly
20 appreciate and share Commissioner Hochschild's issues on
21 the urgency. My problem is we have no evidentiary record.

22 And we were in a situation where, as I understand
23 it, he would say, "You can't build the plant unless you do
24 this," while the PUC has said, "Investigate the
25 feasibility." And it may not be feasible. I assume some

1 vendors came in and gave you the speech about the hardware,
2 which has not been subject to any evidentiary hearing. So
3 again, I certainly share your goals.

4 And I would also share the Picker/Florio comment
5 about a serious investigation. And I would I certainly
6 encourage NREC, which is a very sophisticated intervenor,
7 in the future, to raise this in the evidentiary hearings
8 with technical testimony, not public comment on the last
9 day. I mean, that's the reality we're faced with.

10 COMMISSIONER HOCHSCHILD: Yeah and thank you Mr.
11 Chairman.

12 And just, in response, no. No vendor came and
13 contacted me. I did my own research. And this is an issue
14 going forward I want to understand even better and be more
15 practical about it. The problem for Commissioners who
16 aren't on the case is that there's no other time. You and
17 I can't speak about this.

18 CHAIRMAN WEISENMILLER: No.

19 COMMISSIONER HOCHSCHILD: The fact that we came -
20 - this is the only forum and the only moment where we can
21 engage on this issue. And so we are where we are.

22 CHAIRMAN WEISENMILLER: No, I appreciate that.
23 And I do want to emphasize to everyone that we are very,
24 very careful on bag-leaking (phonetic) issues in this
25 Commission as opposed to another Commission. But anyway --

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1 COMMISSIONER DOUGLAS: And in fact, there are
2 bag-leaking issues and there are ex-party issues and
3 communication with the Energy Commission. And the
4 committees on a case must happen in a Noticed Public
5 Meeting on the case. And it hasn't on this issue, until
6 today. And I think that's the issue that -- and that is
7 how I see it.

8 I think that this is the kind of the thing that
9 the Commission is very receptive to. But, as the Chair
10 points out, we don't have an Evidentiary Record. We know
11 that the PUC has required a study. We are encouraged by
12 that, based on what we know. But that is not a sufficient
13 basis, I think, for us to put forward a condition that the
14 project only be allowed to go forward if it includes this
15 technology.

16 That said, I think that Commissioner Hochschild's
17 comments and commitment is very well placed and reflects
18 where the Commission is, as a whole, which is that the
19 State is on a trajectory to long-term GHG reductions. The
20 work that we do across the board on the Commission, from
21 permitting to efficiency to renewables to planning to
22 transportation, supports that vision and supports that
23 movement.

24 And so, we are very open to new ideas there and
25 technologies and there are many opportunities to raise

1 those with us. In a siting case, however, you've sort of
2 got to do it in the process. That's when and how you do
3 it.

4 I think if I can, I might just take this moment
5 to make a couple broader comments. I'm not going to speak
6 to the Sierra Club's Brief. They've made some brief
7 comments. They, to their credit, did not stand there and
8 read the brief, which we have read so thank you. And so,
9 there are aspects of that that I pretty strongly don't
10 agree with. At the same time I'm not going to sit here and
11 take issue or argue with it.

12 I really want to speak to some of the policy and
13 institutional issues that we're looking at. And you know,
14 one is that there's a role for Energy Commission and
15 there's a role for the PUC. And so the discussion of what
16 is an optimally-sized gas plant in this location and what
17 is the optimal mixer interaction between this gas plant and
18 preferred resources and certain kinds of preferred
19 resources within this location, is an issue that is
20 adjudicated and settled at the PUC.

21 So we certainly do have a Greenhouse Gas
22 Analysis. There is an opportunity for discussion and
23 debate on that issue in our forum. We admitted the Sierra
24 Club to participate as an intervenor for that topic,
25 because they asked to. And of course, we were very

1 receptive to the contributions that could be brought in.
2 They were generally not active in the proceeding, which is
3 fine; you don't have to be, to be an intervenor.

4 And so we did have a process on GHG. In our
5 process we did not do the same thing as the PUC does. And
6 if you want argue about what is the optimally-sized
7 facility and is one needed and what is needed and what's
8 the next preferred resources, again do that at the PUC. We
9 are looking at things in a different way in order to do a
10 CEQA Analysis or a CEQA-Equivalent Analysis on facility
11 siting. That's what we're doing.

12 So the -- let's see here -- you know, a couple a
13 more comments. As a general rule, and this is clear in our
14 record, the displacement theory is sound. There is
15 evidence that staff put into the record that, in fact, this
16 is what is occurring. And we see our natural gas fleet
17 getting significantly less emissions-intensive over time.
18 And it's a significant change, not a small change.

19 And at the same time, the displacement concept or
20 theory or aspect of the analysis is not the only thing that
21 we look at. And so the analysis in the proposed decision
22 is consistent with the CEQA Guidelines. It points, as it
23 should, to the context of broader California policy
24 including the Cap and Trade Policy, as well. So, we did
25 not -- let me put it in a positive -- we put a lot of

1 thought into the GHG Analysis in this decision.

2 We certainly could have benefitted, and anyone
3 can benefit, from additional information and additional
4 ideas brought into the record at the right time. And the
5 day of Adoption Hearing not necessarily that although if
6 that's the day it comes in we will listen to it and we will
7 do our best with it.

8 So, let's see, I may have additional comments.
9 Those are the ones that come to mind however, at this
10 moment.

11 COMMISSIONER SCOTT: So, when I think about the
12 magnitude of the reductions that we need to make in
13 greenhouse gases to help stave off climate change and
14 achieving the Governor's goals I very much take the point
15 of thinking about where the receiver -- not where he is,
16 but where he is going to be. And I just wanted to
17 underscore that. I think a lot about that, too.

18 COMMISSIONER HOCHSCHILD: Or she.

19 COMMISSIONER SCOTT: Or she, that's right. And
20 the question, and I think about this in transportation
21 realm as well, is of have we done everything that we can do
22 to help get us where we need to be?

23 I have reviewed the materials. I got an
24 excellent briefing on this. I've listened to everyone here
25 in the room, I think, and on the phone and up here on the

1 dais. And I don't have any questions, but I just wanted to
2 say those two things.

3 CHAIRMAN WEISENMILLER: Let me make a few
4 comments. I mean, first, it's certainly that California is
5 leading the world on dealing with climate change. The
6 climate is already disrupted and part of that is dealing
7 with mitigating that impact. And one of the ways to
8 mitigate that is reduce greenhouse gas emissions. Now, the
9 reality there is we are 1 percent of the world's greenhouse
10 emissions.

11 And the reality for the power sector -- the ARB
12 just put out a report -- I believe it's for the 2013
13 Greenhouse Gas Emissions. If you look at that you will see
14 the power sector, at that point, was 20 percent below 1990
15 levels. AB 32's goal is to get to 1990 levels by 2020. So
16 the power sector is certainly leading the efforts here. We
17 expect again it will continue to bear a disproportionate
18 share of the reductions. But it's doing reasonably well on
19 this.

20 We do have Cap and Trade. We have put a price on
21 carbon. We've also put a cap on carbon. Certainly, with
22 the Governor's Executive Order, with pending legislation,
23 we will reduce that cap and I think we will meet or beat
24 that. I've said that. But I think in terms of looking at
25 our case again we're taking in some respects small steps,

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1 but other giant steps for mankind.

2 And so I think looking at say, the Warren-Alquist
3 Act, really the pieces that come together in our DNA is the
4 Alquist Expedited Siting, get the infrastructure built and
5 the Charlie Warren -- you know, do it in a very public
6 process, look at mitigation, look at alternatives. I think
7 this decision does a good job of balancing that.

8 Certainly, in the greenhouse gas area the reality
9 is that before I came back into public service I did a lot
10 on power markets. You know, I was appointed by the
11 Bankruptcy Court in New York as a special master to them on
12 trying to understand power markets and gas markets. I
13 testified before the PUC, before FERC, before any number of
14 entities and went through Voir dire on my qualifications in
15 the area of power markets. Certainly I did billions of
16 dollars of due diligence for the banks on projects.

17 So certainly I'm pretty comfortable saying that
18 when you look at the realities of the power market, as you
19 put a more efficient unit in place, that should be
20 displacing less efficient units. And certainly in this
21 case, and as we earlier said having this particular unit --
22 the first unit was, I think, in 1959 and the last unit was
23 1973, so that this is going to be a much vaster start, a
24 much more nimble unit. It's certainly a big step forward.
25 It may not be the perfect step, but it's a huge step.

1 And I think certainly the notion of getting a
2 better Evidentiary Record on the clutch technology and such
3 installations would be very valuable. But I'm afraid based
4 upon the record we're looking at now I don't think we can
5 require it. Particularly not in a situation where it sets
6 up the -- we're saying, "You can't build it unless you do
7 this." Ultimately, the PUC is in the mode of having a
8 power purchase contract. Presumably SDG&E should be paying
9 for the value it gets from it.

10 And so in a way, we're setting up a conflict
11 between the decisions of the two agencies, unless we again
12 strongly encourage SDG&E and NRG to investigate this. But
13 I also realize that we do have the Once Through Cooling
14 Deadline and the urgency of getting this thing done. So
15 again, I would certainly encourage a very serious
16 investigation going forward.

17 And hopefully if the right result comes out the
18 two Commissions can act in harmony on that, both the PPA
19 and the Permitting Decision.

20 COMMISSIONER DOUGLAS: Chairman Weisenmiller,
21 your comments reminded me of a couple of additional
22 comments I wanted to make.

23 You know, one is as you said, the fact that I am
24 prepared in a few moments when we've completed our
25 discussion, to make a motion to approve this project. And

1 to refrain from the invitation or the temptation to add a
2 last-minute condition requiring the clutch, because I don't
3 think it's appropriate given the level of record that we
4 have.

5 I do think, and I have said, that I'm glad the
6 PUC has asked you or SDG&E or some combination of the two
7 to investigate. And I'm hopeful that if, in fact it is
8 feasible -- and given other considerations, like the Once
9 Through Cooling Deadline and so on -- that there could be
10 some ability to consider that. I don't consider that
11 question to be rightfully placed in this forum at this
12 point and time for this plant.

13 For future applications, it's certainly something
14 that I think after this discussion the staff will look at
15 it and we will look at.

16 So, I also think I would be remiss in not
17 mentioning the fact that there are pretty significant
18 benefits to this project that the PMPD goes into, but that
19 I haven't mentioned. And so, let me just say something
20 now. In terms of, particularly in visual impacts, this
21 project removes a pretty significant eyesore as I've heard
22 it described -- and I've heard it described worse -- in the
23 City of Carlsbad and replaces it with a smaller and
24 generally much less visually intrusive facility.

25 I want to say now that I really appreciate the

1 City of Carlsbad's extremely active engagement in this case
2 both this time around and last time around. It was a lot
3 more difficult last time around, but in both instances I
4 think they demonstrated just an extraordinary level of
5 commitment to ensuring that the views of the local elected
6 officials and the city government and the city staff were
7 expressed. And they just demonstrated an extraordinary
8 commitment to representing the City's perspective in our
9 process over an extremely long period of time. And so, I'm
10 impressed by that.

11 And I also want to speak just briefly -- you
12 know, we've probably spent many days and many hours -- if
13 Kerry Siekmann is still on the phone -- but really with
14 both Terramar and Power of Vision. And they have also
15 demonstrated an extraordinary commitment to their community
16 and to the issues that they brought in to our process and
17 were very active and very effective advocates in this
18 process. So I just wanted to say that, as well.

19 CHAIRMAN WEISENMILLER: I was just going to
20 supplement and also note that one of the benefits is that
21 there are 279 good-paying union jobs associated with this
22 project.

23 Paul, do you have any other comments we should
24 consider at this point?

25 MR. KRAMER: No. I don't think so. I was just

1 up here with the job's numbers, in case you needed them.

2 CHAIRMAN WEISENMILLER: Okay. Yeah, I was going
3 to say that's Page 8-3-1.

4 COMMISSIONER DOUGLAS: Well, if there's no other
5 discussion on this item, and I know our Chief Counsel will
6 help me if I muddle up the motion, but I think I will move
7 approval of the Adoption Order.

8 MS. VACCARO: And the Errata.

9 COMMISSIONER DOUGLAS: And the Errata for -- and
10 we are on Item 5 -- is that correct?

11 MS. VACCARO: Yes.

12 COMMISSIONER DOUGLAS: For Item 5.

13 COMMISSIONER SCOTT: Second.

14 CHAIRMAN WEISENMILLER: All those in favor?

15 (Ayes.)

16 CHAIRMAN WEISENMILLER: All those opposed?

17 COMMISSIONER HOCHSCHILD: Aye.

18 CHAIRMAN WEISENMILLER: And we have one
19 abstention, so it's 3-1-1.

20 Thank you.

21 Let's go on to Item 7, Minutes.

22 MS. VACCARO: Excuse me, Chair, just for the
23 record, we have one absence.

24 CHAIRMAN WEISENMILLER: Absence. That's what I
25 meant by the 1-1.

1 MS. VACCARO: Yes.

2 CHAIRMAN WEISENMILLER: But thank you. Okay,
3 Minutes?

4 COMMISSIONER SCOTT: Move approval of the
5 Minutes.

6 COMMISSIONER DOUGLAS: Second.

7 CHAIRMAN WEISENMILLER: All those in favor?

8 (Ayes.)

9 CHAIRMAN WEISENMILLER: Lead Commissioner or
10 Presiding Member Reports.

11 COMMISSIONER SCOTT: Great. I have a couple of
12 things that I'd like to highlight for you all. And I try
13 to always take advantage of this time, because as
14 Commissioner Hochschild mentioned this one of the only
15 opportunities we get to all -- this is the only opportunity
16 where we get to talk to one another.

17 I was recently at the Green Bus Summit and that
18 was terrific. It was kind of a nationwide event and there
19 were a couple of things that I thought were interesting
20 highlights. One is that the folks in California were very
21 excited about the various California incentives and that
22 the incentives really have helped move the market and get
23 different types of technologies out there a lot faster than
24 they would have been.

25 And then there were people from the East Coast

1 and other states that talked about how typically a lot of
2 what California does and learns in the technologies and
3 fields, that we bring, do go to the East Coast and across
4 the country. And they acknowledged and appreciated kind of
5 the work that California is doing. They were interested to
6 see how far ahead of the game we are. A lot of this was
7 school buses and fleet owners.

8 And there are many fleets of school buses across
9 the country where they are still running these 1990 diesel
10 buses and they don't have a lot of options. And so, it was
11 great to have the first all-electric school bus there to
12 demonstrate and to have some other options for folks to
13 look at.

14 Last week we had the Plug-in Vehicle
15 Collaborative Member Meeting in person. It was over at the
16 California ISO and they were a terrific host. The meeting
17 was really great. We had a chance to talk about electric
18 vehicles and vehicle-grid integration with everyone there.
19 And it was interesting, because a year or so ago folks felt
20 like maybe this wasn't a very timely conversation. But now
21 folks are feeling like it's a timely conversation.

22 It was the fifth anniversary of the Plug-in
23 Vehicle Collaborative. And CAISO, as a wonderful host, had
24 made a cake for all of us. We had several past Chairs and
25 Members and so we had a nice chance for a fun photo-op and

1 to kind of celebrate the good work that the Plug-in Vehicle
2 Collaborative has been doing. We also had a meeting with
3 the largest attendance ever, so it's just really
4 interesting to see how much momentum and interest there is
5 in this space.

6 And then last, I'll highlight for you, last week
7 we also met with the Department of the Navy. The
8 Department of Navy did an Industry Day. They are looking
9 to transition up to 500 of their non-tactical vehicles to
10 zero-emission vehicles mostly probably battery-electric
11 vehicles. They've got some really interesting leasing that
12 they will be able to do with General Services
13 Administration to make that work and make it economical for
14 them to transfer over their fleet.

15 And so on Industry Day they had brought together
16 a lot of the OEMs, the charging providers, the Utilities
17 were there as well, to really talk about how can they make
18 that happen. And they're looking at a very aggressive
19 timeline of having an RFP out in the fall in trying to have
20 these vehicles on base by the beginning of next year.

21 So that was really exciting and that's something
22 that's come of the partnership that our Chair has with the
23 Secretary McGinn the Navy. So, those are a couple of
24 highlights.

25 COMMISSIONER DOUGLAS: I wanted to mention that

1 we at the Energy Commission, are implementing the
2 Governor's Executive Order on Tribal Consultation. And we
3 have and we have adopted a Tribal Consultation Policy. We
4 are interpreting that policy -- let me just take a step
5 back. We are taking the opportunity as we do work,
6 particularly in the desert, to consult with and build
7 relationships with tribes.

8 And so Commissioner Scott actually accompanied me
9 to two meeting with tribes: one with the San Manuel and one
10 with the Soboba Tribe. And one of her advisers accompanied
11 my office to a meeting with the Fort Mojave Tribe where we
12 had an opportunity to both speak to the Tribal Council, and
13 then also participate in a community meeting on Renewable
14 Energy, over lunch on the Fort Mojave Reservation.

15 So, we have gotten a lot out of those meetings
16 and the relationship-building we've been able to do. I'm
17 looking forward to continuing that work. And I want to
18 just warn all my colleagues in advance that I may be
19 inviting you to come with me on some of these, because I
20 think it's really important that the relationships that
21 we're building not be so tied to any particular
22 individuals. And that we all, especially at the Commission
23 level but also among the staff, we take the opportunity to
24 help build our relationships and understanding of how to
25 work well and engage constructively with tribes. And a lot

1 of that just has to do with -- it's not magic, but it is,
2 with face-time and taking the time to visit and to sit down
3 and to talk about issues.

4 So we've gotten a lot out of it, enjoyed the
5 process quite a lot and are continuing to move forward with
6 a lot of these conversations and dialogues.

7 COMMISSIONER HOCHSCHILD: I don't have much to
8 report, because I was mostly on vacation until Monday. But
9 I was in the Adirondacks where the escaped murderers were,
10 so I guess the big news report is we made it or you might
11 have had to send out a search party.

12 I will share one quick book report though from --
13 I asked a number of you for ideas for reading material.
14 And it's funny, my wife and I got to our vacation, and
15 she's reading a book about cancer and I'm reading a book
16 about coal. And I thought, "Wow, this is really -- we know
17 how to have a good time on vacation."

18 But I just wanted to just note what is actually
19 happening with coal today in the United States. And it's
20 just worth noting, because it is -- and I'm actually doing
21 a bit of writing on this. It's the most precipitous
22 decline in value of an energy industry in history.

23 So four years ago, there were just four companies
24 that provided the majority of coal in the United States:
25 Arch Energy, Peabody and Cloud Peak and some others. And

1 their combined value was \$37 billion, all right? Since
2 then, it's dropped by 98 percent down to 700 million. And
3 this is a combination of many factors: clean power plant,
4 natural gas pricing to renewables and beyond. But it's
5 really the beginning of the end of the coal era.

6 And that's, you know, my point is I think this is
7 going to be the first fossil fuel that we really divest
8 from. It's really beginning here, but it ultimately is
9 going to spread. And I just think it's a moment, you know,
10 that is happening kind of gradually, but actually when you
11 step back this actually happening quite fast. And
12 California gets enormous credit. And actually like you
13 were saying the other night this is stuff that began here
14 decades ago and is really now manifesting.

15 So I don't have any substantive updates, but I
16 wanted to share that one.

17 CHAIRMAN WEISENMILLER: That's good. Well, I
18 mean I think again looking back at the first Brown Era was
19 that the Energy Commission basically killed the Harry
20 Allen-Warner Valley System Project. A couple of my staff
21 were doing it as a hobby, fought the PUC intervention, and
22 eventually Diane Grunick and Dave Marcus -- and then when
23 it came to the full Commission, Geisman (phonetic) and I
24 only strengthened the staff position from one of those
25 split the baby, do the less obnoxious plant, to no plant.

1 And literally, PG&E withdrew it before the Commission took
2 a vote on our recommendation. And I'm not quite sure we
3 had the three votes, but we won't get into that.

4 But we also had coal plants proposed in
5 California. You know, Montezuma, which is now a wind site
6 could have been a coal site. I'm not quite sure where
7 Edison picked in the desert for a coal plant, but there was
8 a coal plant proposed down in the desert. There's
9 certainly one up in Collinsville.

10 COMMISSIONER SCOTT: (Indiscernible)

11 CHAIRMAN WEISENMILLER: Yeah. Oh no, they had a
12 coal plant -- CalCoal.

13 So, really the first Brown Administration was
14 very instrumental in preventing California -- and we took
15 enough of a plunge anyway I guess is what I'm saying. But
16 I remember talking to the PG&E President at that time who
17 kept saying, "But we really want a little coal in our
18 portfolio." And that was the analytical basis for his
19 decision. A lot of it's recounted again in David Roe's book
20 "Dynamos and Virgins."

21 And I've been to a lot of workshops. It was
22 actually really good. I've been trying to convince the PUC
23 for a couple of years to look at adaptation without any
24 luck. And so, Commissioner Randolph who suddenly was
25 setting up our workshop on it, she was setting one up at

1 the PUC, we combined it.

2 You know, I think the reality is that they have a
3 lot to do in that area. We have done a lot of research in
4 the area of again you talk about whether it's readiness or
5 to adapt, which is the correct term now? But we've done a
6 lot on electricity, some on natural gas. There's nothing
7 that's occurring now on petroleum, which if you think about
8 sea-level rise is scary in terms of infrastructure there.
9 But the PUC also regulates telecommunications, they
10 regulate water utilities, they regulate rail. All of
11 which, hopefully they would deal with all of them on this
12 readiness adaptation point. We did long-term scenarios.

13 Anyway, I've had different mixtures of you with
14 me in different hearings or workshops, but in the Micro-
15 Grid Event yesterday of PIER and PIER EPIC, what we were
16 trying to do is take the research we have done, package it
17 up, get the word out. And so it will go from the event we
18 had here yesterday to around the State.

19 We're in part trying to set interest, we would do an
20 additional PON in that area. But this time we really
21 wanted to make sure there's a strong focus on disadvantaged
22 communities as part of that. So to build off what we've
23 done so far.

24 And I think most of you know, I'm heading off to
25 China on Saturday for a weekend. We talk about coal,

1 etcetera, sort of sitting in Shanghai in the hotel. You
2 just kept seeing the coal barges going through. So I mean,
3 the reality is we can act to show others it's possible, but
4 unless we really get China to flip it's game over. Again,
5 it doesn't matter what we're doing unless we can sort of
6 move them.

7 But having said that, but if we were to pick the
8 country the most renewables, last year it was China. I
9 think Japan was number two. I mean, here in California, I
10 keep suggesting to the industry -- well, back in the mid
11 '80s when the QF contracts here stalled, there was a little
12 company called AES, which had some projects in California.
13 And they just went global. They grew into, whatever, a 50
14 billion dollar company. And it was just instead of saying,
15 "We want some more crumbs in California," they just --
16 Ireland, you name it, they just went around the globe.
17 Took the concepts we had: the technologies, the approaches,
18 the project points and just rolled it globally.

19 And that's what we really need our renewable
20 people to do that now, so we can end up with a number of
21 these entities, these \$50 billion entities located in
22 California, but helping us de-carbonize the world, all
23 right? And so, that's sort of with that.

24 And Dave has been gracious enough to loan Emilio
25 to me on the Mexico Effort, which is again another key part

1 of trying to move globally on these issues in a big way.

2 So I really appreciate that, but yes it's a busy time.

3 Let's go to the Chief Counsel Report.

4 MS. VACCARO: Nothing to report.

5 CHAIRMAN WEISENMILLER: Executive Director
6 Report.

7 MR. OGLESBY: Just two quick things.

8 I wanted to report that Monday I represented the
9 Energy Commission on an Advisory Committee that advises the
10 Water Board on progress under the Once Through Cooling
11 Policy. And this is a committee that has work groups of
12 work throughout the year and then report annually to the
13 Water Board on the status of the power plants and
14 reliability in the grid and makes recommendations. So I
15 sit on the Committee and I will present the Committee's
16 recommendation to the Water Board, which essentially is to
17 stay the course -- at this point no change of
18 recommendation.

19 The second thing I want to report on is the
20 Strategic Freight and Advisory Committee that Commissioner
21 Scott and I participated on Tuesday. That was the launch
22 of the Governor's Executive Order. And the venue was the
23 State's Freight Advisory Committee, which is a multi-
24 stakeholder body that helps the State develop its plans and
25 thinking on freight in the state, and has now been tapped

1 to be one of many participants in developing and
2 implementing the Governor's Executive Order. Our
3 assignment, at hand, is to do a plan within a year that's
4 an integrated freight plan that takes into account
5 improving the efficiency, the competitiveness of the
6 freight industry, and also deploying as much zero and near-
7 zero freight technology as possible in the state.

8 And so, that was an impressive launch and
9 Commissioner Scott was one of the kick-off speakers and it
10 was a half-day meeting. And we'll get the ball rolling
11 now.

12 CHAIRMAN WEISENMILLER: Okay, Public Advisor's
13 Report.

14 MS. MATHEWS: I don't have a report. But it
15 would take about 30 seconds, so I'd ask that the Chair
16 adjourn the meeting and you all remain in place for about
17 30 seconds, so that we can do some quick filming for our
18 first instructional video that we hope to get out, by next
19 month.

20 CHAIRMAN WEISENMILLER: Okay, that would be good.
21 Public comment?

22 So this meeting is adjourned. Thanks.

23 (Whereupon, at 1:17 p.m., the Business Meeting
24 was adjourned.)

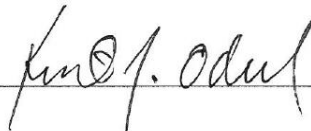
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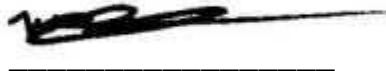
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