

From: Cherry, Brian K
Sent: 12/15/2011 4:25:01 PM
To: 'pac@cpuc.ca.gov' (pac@cpuc.ca.gov)
Cc:
Bcc:
Subject: Fw: CEC: Recap of 12/14/11 Business Meeting
Check out Calpine's response to the gas line from the CEC.

From: Winn, Valerie J
Sent: Thursday, December 15, 2011 04:22 PM
To: CEC Business Meeting List
Subject: CEC: Recap of 12/14/11 Business Meeting

Purpose: Provide report on the December 14, 2011 California Energy Commission (CEC) Business Meeting. The next CEC business meeting will be held January 11.

Feedback requested: None. Information only. Please let me know if you need additional information on any of the items below. If you wish to "unsubscribe" to this email, please reply to this email indicating "unsubscribe." If others should be added, please let me know.

A. Highlights of Meeting

- **Power Plant Permitting/Calpine Sutter:** Calpine was granted an amendment to its operating permit to build a 2.8 mile gas pipeline to access the Grimes natural gas fields in the Sacramento basin. Calpine indicated that it will take 2-3 months to construct the pipeline and that access to the gas fields should provide economic benefits to the Sutter project. See Agenda Item #6.
 - Commissioners Weisenmiller and Peterman asked about the continued viability of the Sutter project and how this pipeline investment squared with recent ex partes at the CPUC and CAISO on the financial difficulties of Sutter and how to deal with the plants going forward costs. Calpine's atty indicated he was not authorized to speak on the issue and could not offer an opinion on this.
 - Commissioner Boyd noted that this issue also came up at a Carlsbad Energy Center permit hearing
- **Power Plant Permitting/Blythe, Black Rock, and Rio Mesa:** Extensions to the construction start date for Blythe and Black Rock were granted; BrightSource's Rio Mesa facility was found data adequate.
 - **Blythe:** A 5-month construction start date extension was granted for the 520 MW Blythe facility. Blythe was originally seeking a 5-year extension to begin construction to 12/14/2016; a 3-year extension would not be sufficient for the 520 MW facility to rebid the project into a solicitation and get a PPA. However, it was willing to accept a 5-month extension (rather than 5 years) because more information will be known early next year about transmission costs and PPA execution. See Agenda Item # 7.
 - **Black Rock (Salton Sea project):** Construction start date for this 159 MW geothermal project in the Imperial Valley was extended for 3 years to 12/18/14. Project is pursuing a PPA that may take until March 2012 to complete. The project has had issues with respect to transmission and PPA execution. Commissioner Douglas noted that transmission to Imperial Valley was a high priority for the Desert Renewable Energy Conservation Plan (DRECP) team and the CEC Commissioners strongly supported this project and would like

- to see it come on line. If the governor has said that 33% RPS is a floor and not a ceiling, we need to bring projects like this online to help the system run. Geothermal projects can help do that. See Agenda Item #5.
- **Rio Mesa:** The 750 MW solar thermal project being developed by BrightSource in Riverside County was found to be data adequate, although CEC staff indicated that it may be challenging to meet the one-year requirement to process the permit once the application is found data adequate. BrightSource still needs to complete some biological surveys for bats and birds, and it was noted that the Renewable Energy Action Team (REAT) is still developing the protocols for bat and bird surveys. Given the facility is in a migratory corridor, there project has the potential for significant impacts on these populations. Carla Peterman will be the presiding member for the AFC; Karen Douglas is the Associate Member. See Agenda Item #4.
 - **New CEC Permitting Director named:** Roger Johnson was named to succeed Terry O'Brien as head of the Siting Division.
 - **GHG Emissions/SB 1368 Compliance:** The CEC will open a Rulemaking to examine POU compliance with the requirements of Senate Bill (SB) 1368, which required emissions from baseload power plants owned by POUs or under long term contracts to be no more than 1,100 lbs of CO2 per MWh. NRDC and the Sierra Club question whether the POUs are performing "maintenance" work at coal facilities that actually extend the life of the plants. Additionally, with the passage of the cap and trade regulation, the CEC is required to review whether SB 1368's regime needs to be continued. See Agenda Item 12.
 - **Personnel Notes:** After 50 years of public service, Jim Boyd will retire from the CEC at year end and this was his last meeting as a CEC Commissioner.
 - **Other:**
 - **Santa Clara Data Center:** Dupont/Xeres wants to install 16 additional back-up generators (BUGS) at its Santa Clara Data Center for emergency support and filed a Small Power Plant Exemption application at the CEC. Commissioner Douglas is the presiding member; Carla Peterman is the Associate Member. See Agenda Item #3.
 - **Wind forecasting:** UC Davis was awarded a ~\$650,000 contract to work with the CAISO to improve wind forecasting techniques. CAISO wants to develop a 3-dimensional tool that can see wind coming and going ahead of time. This will be important for the Tehachapi area, where CAISO noted that it lost 1300 MW of wind over the Thanksgiving weekend. Under the grant, UC Davis will evaluate whether radiometric tools or LIDAR (like radar, but uses light) can be leveraged to develop these tools. See Agenda Item # 9.
 - **Clean Energy Partnership Academies:** Guidelines for this program, which provides technical training for high school students in grades 10-12 were approved. Commissioners noted the work of the IOUs in these programs, and Chair Weisenmiller wondered whether the IOUs may be able to "pick up" some of the shortfall with Tier 2 of this program. See Agenda Item # 13.
 - **Building Standards:** Open-cell, low-density spray polyurethane foam insulation was approved to receive energy compliance credit for quality insulation installation when used in new residential buildings and verified by a HERS rater. See Agenda Item #14.
 - **Appliance Efficiency Database:** A contract was approved for about \$200,000 for a study on the feasibility of modernizing and consolidating the CEC's Appliance Efficiency Database. See Agenda Item #10.
 - **Commissioner Discussion Items:**
 - **Bioenergy:** with Jim Boyd's retirement, Julia Levin of the Natural Resources Agency will be driving the 2012 Bioenergy Action Plan. Key issues include prioritizing permitting for these facilities, including landfill gas, and developing mechanisms to monetize the total benefits of biogas. Carla Peterman noted that the cross-agency collaboration on the bioenergy issues should be expanded to other types of renewables.
 - **Energy Efficiency:** Chair Weisenmiller noted his participation in a San Francisco

- conference with a Chinese delegation, noting that China sees energy efficiency as a GHG reduction tool and a business opportunity. PG&E's Steve Kline also spoke at the event.
- **CFEE/DG:** Chair Weisenmiller noted his attendance at the recent CFEE meeting, noting a lot of discussion on the cost
 - **CHP:** Chair Weisenmiller recently attended the California Association of Cogenerators Annual Meeting, where Frank Lindh of the CPUC made a presentation on the QF settlement. The Chair noted that PG&E had issued its CHP solicitation and that the next IEPR will look again at CHP and QF issues, noting that he is interested in the future of current projects and how they are preserved.
 - **Reporting:** The Governor's Executive Order asking state agencies to evaluate all the reporting they do. The assessment process is underway to determine whether each report has the same value today as when it was first put on the books.

The disposition of the Ridgecrest Solar Project issues (PV projects "opting in" to the CEC permitting process under certain circumstances) was held to the January 11 meeting.

The remainder of this email contains more information on the items above and additional topics, links to the agenda and CEC documents. Please call me if you have questions or concerns.

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Full Agenda:

http://www.energy.ca.gov/business_meetings/2011_agendas/2011-12-14_agenda.pdf

Background materials for all items:

http://www.energy.ca.gov/business_meetings/2011_packets/2011-12-14/index.php

B. Items of Interest to PG&E:

No additional reporting this week.

C. Consent Items:

==>All consent items passed unanimously, with the exception of Item 1d, which was held to a future meeting.

- Item 1d relates to the extension of a contract with KEMA to perform work on renewables issues.