

STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

CALIF. ENERGY COMMISSION

REC 9 1983

RECEIVED IN DOCKETS

BUSINESS MEETING

1516 NINTH STREET
1st FLOOR HEARING ROOM
SACRAMENTO, CALIFORNIA

WEDNESDAY, NOVEMBER 30, 1983

10:17 A.M.

Reported by:

Patricia A. Petrilla

Video/Audio Recording Services, Inc.
2100 - 28th Street
Sacramento, California 95818
(916) 452-2653

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

COMMISSIONERS PRESENT

- Charles R. Imbrecht, Chairman
- Arturo Gandara, Vice Chairman
- Russell L. Schweickart, Commissioner
- Karen K. Edson, Commissioner
- Geoffrey D. Commons, Commissioner

EX OFFICIO

- Bill Foley

STAFF PRESENT

- Randall M. Ward, Executive Director
- William Chamberlain, General Counsel
- Carroylin Threlkel
- Ted Rauh
- Dave Morse
- Leon Vann
- Cynthia Praul
- Robert Schladale
- Linda Greule, Secretary

PUBLIC ADVISER'S OFFICE

- Ernesto Perez

ALSO PRESENT

- Jim Bemis, SMUD, Project Manager of GPPL Project
- Carol Cunningham, SMUD, Project Coordinator of GPPL Project
- Pat Conroy, CalTrans

I N D E X

| | <u>Page</u> |
|----|-------------|
| 1 | |
| 2 | 1 |
| 3 | 1 |
| 4 | |
| 5 | |
| 6 | 2 |
| 7 | 14 |
| 8 | |
| 9 | |
| 10 | |
| 11 | 18 |
| 12 | 19 |
| 13 | 24 |
| 14 | 29 |
| 15 | |
| 16 | 34 |
| 17 | 35 |
| 18 | 37 |
| 19 | |
| 20 | |
| 21 | 34 |
| 22 | 35 |
| 23 | 37 |
| 24 | |
| 25 | 38 |
| | 38 |
| | 38 |

| | <u>INDEX (Con't.)</u> | <u>Page</u> |
|----|--|-------------|
| 1 | | |
| 2 | Agenda Item 13 - Executive Director's Report Randall Ward - Presentation | 40 |
| 3 | | |
| 4 | Agenda Item 4 - (Under Separate Cover) | |
| 5 | Agenda Item 11 - Commission Policy Committees' Report Commissioner Commons - Presentation | 47 |
| 6 | Agenda Item 8 - Contract with County Supervisor's Association of California (CSAC), | |
| 7 | \$200,000; to provide additional technical and financial assistance | |
| 8 | to CEC programs for local government energy projects. | |
| 9 | Cynthia Praul - Presentation | 48 |
| | Commission Questions and Discussion | 49 |
| 10 | Commission Order | 71 |
| 11 | Agenda Item 14 - Public Comment (none) | 72 |
| 12 | Agenda Item 11 - Commissioner Policy Committees' Report Chairman Imbrecht - Presentation | 72 |
| 13 | | |
| 14 | Adjournment | 78 |
| 15 | Reporter's Certificate | 79 |
| 16 | | |
| 17 | | |
| 18 | | |
| 19 | | |
| 20 | | |
| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | | |

P R O C E E D I N G S

--o0o--

1
2
3 CHAIRMAN IMBRECHT: I think we'll call the
4 meeting to order and hope Commissioner Commons is able to
5 join us shortly. Here he is, Commissioner Commons just
6 arrived.

7 A couple of brief housekeeping measures. Because
8 we anticipate substantial comment and testimony on the issue
9 of adoption of nonresidential building standards at the
10 business meeting schedule for December 14th, at the
11 suggestion of Commissioner Schweickart, we will schedule at
12 a time certain the consideration of that issue for 1:30 on
13 December 14th.

14 COMMISSIONER SCHWEICKART: That's fine.

15 CHAIRMAN IMBRECHT: Secondly, because of the
16 inconvenience that we put them to last meeting, that we
17 had to put over the third item on our agenda today, the
18 consideration and possible approval of Tosco Corporation's
19 application for a small power plant exemption, because we
20 have reason to believe that this would be a fairly short
21 item, I'm going to move that up and take Item 3 first on
22 today's agenda, and then we'll move on to the informational
23 presentation on the Geysers Transmission Line Project.

24 (Agenda Item No. 3, under separate cover.)

25 CHAIRMAN IMBRECHT: Now we'll turn back to the

1 order on our agenda, and the first item is the informational
2 presentation by Wirth Environmental Consultants on the
3 Geothermal Public Power Line Project, a potential NOI
4 proceeding to evaluate the transmission line from eastern
5 Sonoma County to the terminal point in the Sacramento Valley.

6 MR. BEMIS: I'll get myself wired up here so you
7 can hear me. Good morning.

8 CHAIRMAN IMBRECHT: That's so our tape recorder
9 can hear you.

10 MR. BEMIS: Pardon?

11 CHAIRMAN IMBRECHT: That's so our tape recorder
12 can hear you.

13 MR. BEMIS: Right. My name is Jim Bemis. I work
14 for SMUD. It was a minor error that I will be making the
15 presentation today. I work for SMUD, I'm the project
16 manager of this particular project, and I'm serving on
17 behalf of the participants of this project which I will
18 introduce shortly.

19 CHAIRMAN IMBRECHT: Mr. Chamberlain, maybe you
20 can give him your public address microphone as well.

21 MR. BEMIS: Is that not working?

22 CHAIRMAN IMBRECHT: That microphone is for the
23 official transcript. There is a separate system utilized
24 for the public address system.

25 (Pause to change microphones.)

1 MR. BEMIS: It doesn't look like it's going to
2 work. Perhaps I'll sit down over there, and I'll have some
3 of my people do the pointing on the map. I think that will
4 work better.

5 As I mentioned, my name is Jim Bemis, and I am
6 the project manager for this project, and I do work for
7 SMUD, not Wirth Associates. I want to thank you for the
8 efforts that the staff has taken to get us on the agenda
9 today. I know it was very short notice, and we greatly
10 appreciate this opportunity to present to you the project
11 as it stands at this point, and kind of update you on what's
12 going on, or in this case, you haven't heard yet, so it's
13 a first brush at -- for you anyway, of what we're doing.

14 We want to do three things today. We want to
15 inform you of the project. I'll review the approach that
16 we're using and also listen to any comments that you might
17 have, or perhaps answer any questions if it's feasible for
18 us to do so.

19 The flip chart over there indicates the participants
20 of the project, and there's four participants -- SMUD, which
21 is the power company in Sacramento County; Northern
22 California Power Agency, also known as NCPA, represents
23 about a dozen utilities, small utilities in Northern
24 California, such as City of Healdsburg, City of Roseville,
25 City of Ukiah; the City of Santa Clara; and the Modesto

1 Irrigation District.

2 Sitting over here in the second row are
3 representatives from the different organizations, two SMUD
4 representatives, a person from Santa Clara, and two people
5 from the Modesto Irrigation District, and in the front row,
6 a person from NCPA.

7 These people serve on a management committee and
8 technical committees that direct my efforts and support my
9 efforts in pursuing this project.

10 Additionally, in the consultant field, Wirth
11 Environmental Services has been retained, and a person is here
12 from Wirth, and also R. W. Beck, which has been performing
13 the technical power flow engineering studies, and they're
14 also here. So if any questions come up in various fields
15 about who is who, or what's happening, or any technical
16 questions concerning the efforts of our consultants, those
17 people are available to answer questions.

18 As I said, SMUD has been chosen by this group of
19 four to manage the project, and I have been designated to
20 be the person to be the project manager in the interface
21 with the Energy Commission.

22 The purpose of this project, essentially, is to
23 expand the transmission line capacity for the geothermal
24 plants that are built, that are being built, and that are
25 planned for the future in the Geysers geothermal area, which

1 you are very familiar with. The transmission line is also
2 intended to bring power from our plants, that is the plants
3 of us participants, who are all public agencies, to the
4 transmission grid, such that we can transmit the power from
5 off of that transmission grid into our own particular
6 service areas.

7 The project organization, if you could flip the
8 chart, Carol -- this is Carol Cunningham, by the way, she
9 assists me at SMUD as a project coordinator, and environmental
10 specialist.

11 The project organization was set up in that this
12 is a complex project, it's a linear type project, similar
13 to say a transit system, or a freeway system. Consequently,
14 it tends to be very complex in that it has to be continuous.
15 There can be no breaks, and it tends to impact very large
16 numbers of people, and very large areas.

17 We have consequently assembled a project team and
18 we're taking a multi-disciplinary approach to this because
19 of the complexity of this -- a project such as this. The
20 project organization, as you can see from the chart,
21 consists of Wirth Environmental Services, and what they
22 supply for us is project management, that is, managing the
23 consultants, or the sub-consultants, it says there
24 consultant coordination. They're essentially -- there are
25 several sub-consultants, and disciplines that need to be all

1 tied together, and that's the function of Wirth Environmental
2 Services to do that. They are performing and assisting us
3 in the public involvement program that we have initiated.
4 They're performing the visual resources part of our program,
5 the cultural resources, and the land use.

6 WESCO is their biological and geotechnical
7 resource sub-consultants. Power Engineers is a design
8 planning and land service engineering firm that is sub-
9 contracted to them, and we have hired independently, R. W.
10 Beck, that performed the detailed power flow analysis
11 associated with the impact of bringing this kind of power
12 into the transmission grid.

13 Like I mentioned, the purpose of this structure
14 is to provide a balanced planning approach, to try to
15 integrate several different resources into this, and to
16 coordinate this effort, and not make it a collection of
17 independent and separate studies. Plus, we are in a time
18 frame that is very tight, and I'll explain the schedule
19 shortly, and we feel that to get this project done in an
20 appropriate time frame, we needed this project organization
21 also.

22 I can mention briefly, for those that are a
23 little unaware of the licensing process that we're pursuing
24 here, the transmission line is obviously associated with
25 thermal power plants, consequently, that gives the Energy

1 Commission the authority over a line such as this. We will
2 be filing an NOI and an AFC. We understand that the NOI
3 is a general planning document that provides enough
4 information to allow comparative analysis, and in it, we
5 will analyze such data as visual impacts, land use impacts,
6 geotechnical implications, biological impacts, and the
7 effects on public health, among other things.

8 The AFC is a detailed document that analyzes a
9 specific route when the preferred corridor is chosen, and
10 it will analyze that route, and the alternatives within that
11 corridor.

12 If Carol can flip the chart to the schedule, we
13 can see the type of time frame that we're pursuing here.
14 We intend to file the NOI in the middle of January. We are
15 still on schedule on that, and we intend to file it around
16 the 16th of January. About a year later we intend to file
17 the AFC, and we're hoping approval of the AFC in September
18 of '85, and we expect to get the line energized and
19 operating in January of 1988.

20 This January of '88 date was a date that was
21 handed to me that's based on several contractual implications
22 regarding wheeling arrangements, and the unavailability of
23 transmission capacity at that time.

24 During the licensing phase of the project, there
25 are four distinct aspects that will be integrated: the

1 environmental work, engineering, the electric power flow
2 information, and public input. I'd like to briefly review
3 what we've been doing in these areas for you.

4 In the environmental area, we've been using a
5 two-phased approach. First we've done a regional scale
6 study to identify the candidate corridors, and then we have
7 proceeded to analyze these corridors to identify potential
8 impacts that are likely to be caused by a line in those
9 corridors and compare those corridors on that -- on the
10 basis of the data that has been gathered.

11 The corridor selection process consisted of
12 determining the study area, and the map on the right shows
13 that study area that we concentrated on, the heavy dashed
14 line indicates the boundaries of the study area. If Carol
15 could point out, in general, to the west is the Geysers
16 area, to the north, area up there is -- well, the town of
17 Williams is approximately in there somewhere, so we're
18 somewhat north of that.

19 In the eastern area, comes over in the vicinity
20 of Sacramento, and then -- and that essentially, you can
21 see from there, the boundaries of that. That map there, by
22 the way, is a scale of about an inch to a mile.

23 So we determined the study area first, and we
24 collected and mapped the important regional environmental
25 features on these maps. There are several maps, that happens

1 to be the land use map, the one on the right.

2 By using data that was available and published,
3 and from there, we conducted a sensitivity analysis by
4 defining the criteria for the analysis first, and then
5 using constraint mapping procedure, that is, identifying
6 exclusion areas, that is, areas that we just want to stay
7 away from completely, and avoidance areas, which means we
8 will avoid it if possible.

9 Also, we identified logical corridors for --
10 logical linear corridors that could perhaps be used, such
11 as existing transmission lines, roads, canals, things such
12 as that. These preliminary corridors then were selected,
13 and we went into an optimization process to determine which
14 corridors we felt we should proceed with, and which we
15 should discard.

16 We identified initially some 400 miles of
17 corridors, and through some discussions with people from
18 the county, field analysis by engineers, we ended up with
19 a corridor system that's like you see on the map, to the
20 left, and that represents a little over 300 miles of
21 corridor that leads from the Geysers area to two separate,
22 or two different termination points: one being in the
23 vicinity of Williams where we would intend to connect to the
24 Western Area Power Administration Line, or over to a station
25 that we call Elverta Substation, which is within the SMUD

1 transmission network.

2 The corridor analysis process consisted of
3 determining the study areas, defined the regional data
4 through aerial photographs and field checking. We did
5 general impact assessment, general mitigation assessment,
6 and then the corridors will be compared by discipline, that
7 is, discipline of the resource study, people plus economics,
8 and the engineering effects.

9 The engineering work consists of the economic
10 analysis of the alternatives, and that includes line
11 construction costs, secondary costs, that is, costs
12 associated with perhaps upgrading, rebuilding facilities to
13 accommodate this kind of power, and evaluation of the power
14 losses within the system itself, and also within the
15 transmission line.

16 Obviously, with different termination points, we
17 have different line lengths, the lines are longer, there's
18 more losses in those lines.

19 Engineering work also consists of the selection
20 of appropriate construction, that is, what voltage are we
21 going to use, what conductor size, what tower types. There's
22 a photograph over there of two possible power types. We
23 have not settled on all of this yet, but that's an example
24 of the engineering work that's going on right now.

25 Engineering has also assessed the constructability

1 of these various corridors. That consists of the physical
2 obstacles that they're likely to run across, the terrain,
3 rivers, roads, flood plains, things like that. It consists
4 of classifying the corridors concerning how much clearing
5 has to be done, how much access roads are required.

6 Thirdly, meteorological data is being gathered
7 that goes into a line such as this for design, such as wind
8 loading, ice loading, snow, and that's the extent of that.

9 The engineers will be analyzing the electrostatic
10 and the electromagnetic field affects, proposing construction
11 scheduling, and also, the engineering firm that we have
12 retained also has right-of-way and land service capability,
13 and so they're doing preliminary work identifying the land
14 requirements, the right-of-way acquisition procedures that
15 will be required when we get an approval to proceed.

16 The electric power flow people, the engineers that
17 were performing that particular part of the study, they --
18 essentially the idea is to identify the impact of injecting
19 the kind of power that we're planning on getting out of the
20 Geysers area, over this third line, and injecting that power
21 into the transmission grid.

22 What is the electrical impact of doing that?
23 That consists of identifying overloads that might happen.
24 Identify the system losses that are generated by inserting
25 more power into an existing system like that. Identifying

1 any problems associated with stability, which is a complex
2 thing that I don't understand myself, completely. But the
3 electric power flow people have completed their studies,
4 and as a result of that, we are performing economic analysis
5 at this point to judge the economics of various alternatives.

6 Lastly, but certainly not least, the public
7 involvement process that we've been going through, we feel
8 very strongly on this, and the idea of our public involvement
9 program is that we feel that it is part of the planning
10 process. We cannot plan a line such as this in a vacuum,
11 that is, as far as the public goes.

12 We started, then, our public involvement program
13 from first off, a very broad approach, that is, agency
14 contacts, federal and state agency contacts. We worked
15 that down to county contacts, visits to planning departments,
16 supervisors, discussions with boards of supervisors, we
17 continued on to hold area workshops, or workshops in the
18 various areas on issues such as the visual impact of this
19 sort of thing, and what their perceptions were, and the
20 impact on agriculture, and what the farmers feel the impact
21 of a line such as this would be on their farming operations.

22 We've interviewed opinion leaders that we've
23 identified in the areas, and we have then provided general
24 information to the public in the form of fact sheet, news-
25 letters, media package for the media, and we have established

1 a local project office with telephone numbers, and there
2 are people there that can answer the phone at any time, and
3 give information over the phone to people who have further
4 questions.

5 I'd like to go over the corridor map, and perhaps
6 Carol can -- I have a little difficulty doing it from
7 remote control here, but we essentially have two separate
8 outlets coming from the Geysers area. One that follows an
9 existing PGandE transmission line, and secondly, a southern
10 outlet that is a new route that's not associated with the
11 transmission line, but was determined on a basis of trying
12 to minimize impacts on people in-between.

13 The -- essentially that corridor map that you
14 see there represents several alternatives. I described the
15 two termination point alternatives. Also it looks like
16 quite a spider web network of corridors, and the reasons
17 primarily are that some -- about half, or so, of the
18 corridors represent following existing transmission lines.
19 About half of the other, as Carol points out, some of the
20 corridors that are associated with existing transmission
21 lines.

22 In our community involvement program, we identified
23 several concerns, and some of the concerns point out the fact
24 that perhaps some of these existing transmission lines were
25 not sited properly, or very well in the first place, and

1 perhaps if we follow them, we just compound the original
2 error. So consequently, we've identified corridors that
3 don't follow existing transmission lines, but follow some
4 other sorts of sensible routes.

5 For example, roads in this vicinity where she's
6 pointing now, that's existing roads, that's a county line and
7 an existing road there that's very straight. So we have a
8 variation in alternatives here that I think will give us
9 a good choice to make.

10 That completes what I have to say about this
11 particular project at this point, and again, I'd like to
12 thank you for the opportunity to speak here today. I might
13 point out that we have enjoyed working with your staff
14 at this point. We have become very familiar with them, and
15 we exchange conversations quite frequently, and we look
16 forward to working with them from now on out.

17 At this point, perhaps if there's any questions,
18 we can take care of that.

19 COMMISSIONER GANDARA: Thank you very much, Mr.
20 Bemis. Are there any questions from the Commission?
21 Commissioner Schweickart?

22 COMMISSIONER SCHWEICKART: Well, it's almost more
23 a comment than a question, but looking at your schedule
24 that you have listed over here, I would -- in the conversation
25 with the staff, I'm sure you must have talked about this, but

1 certainly, that's a very compressed schedule for an NOI/AFC,
2 and I'm concerned that we ensure -- you ensure in your
3 scheduling that the notice required -- the sort of mechanics
4 of the process can actually fit within that time frame,
5 independent of any controversy or debate, just the require-
6 ments for certain fixed and set periods of time would form
7 a minimum for the scheduling of those two processes.

8 I would hope that our legal staff has been
9 working with the technical staff in ensuring that you're
10 using realistic numbers at least as the ground on it.

11 MR. BEMIS: We have discussed it with them. We
12 realize that it's very compressed, however, at this point,
13 we feel that it's worthwhile to establish a schedule that
14 can be met, if everything goes right. At this point, we
15 don't want to admit any point to back off. We feel the
16 pressure, yeah, too.

17 COMMISSIONER SCHWEICKART: Well, let me say, I'm
18 not talking about anything to do with controversy, or
19 substantive discussion or debate. What I'm really talking
20 about is legal requirements over which we have no control.
21 These are fixed times which are not at all optional, and
22 I want to make sure that what you have here doesn't
23 violate legal restrictions. Bill, can you speak to it at
24 all? I mean, especially the AFC, in the AFC we're looking
25 at completing it in something around nine months there,

1 maybe even less than nine months.

2 MR. CHAMBERLAIN: Yeah, we have looked into that
3 to a certain extent, and I would agree that this is a --
4 sort of a best case schedule, but we think that the legal
5 requirements could be met if they're --

6 COMMISSIONER SCHWEICKART: All right.

7 COMMISSIONER GANDARA: I might say that the
8 south Geysers was sited with an AFC in nine months.

9 COMMISSIONER SCHWEICKART: That's different
10 from a transmission line.

11 COMMISSIONER GANDARA: I understand that, but what
12 I'm saying is with respect to shortening the schedule, it
13 can be done.

14 COMMISSIONER SCHWEICKART: Yeah.

15 MR. FOLEY: Could I ask one question? Do any of
16 the routes go through any populated areas of any significance?

17 MR. BEMIS: No, that was one of the things to try
18 to avoid. I think right over there in the vicinity of
19 Lower Lake, that's one of the more populated areas right
20 there. There's an existing line that goes through there,
21 so that would be one reason for considering that as an
22 alternative.

23 It's actually the western loop of that short
24 section there that goes right through the Lower Lake area,
25 Carol, could you point to it? No, north of that. That's

1 correct, right there. That's the reason for the alternative
2 to the east slightly, it avoids population, that's one point.
3 I think in general there are no population centers near the
4 rest of the corridor. I mean, within a mile or two, anyway.

5 COMMISSIONER SCHWEICKART: What's the level of
6 capacity that you're looking at here in terms of transmitting?

7 MR. BEMIS: Okay. The capacity of the line,
8 nominally, will be 1,000 megawatts. That's from an economic
9 loading basis, it's actual capacity, or its physical thermal
10 capacity will be substantially in excess of that.

11 COMMISSIONER GANDARA: Are there any other
12 questions from the Commission for Mr. Bemis? Thank you
13 very much, Mr. Bemis. Let me ask if there's any member of
14 the public who wishes to comment on this particular item?
15 If not, then we can proceed with our agenda.

16 (Agenda Item No. 2 under separate cover.)

17 COMMISSIONER GANDARA: We're now on -- let me
18 indicate that the Commission will recess from 12:00 to 1:30
19 for lunch, and that we are now up to Item No. 4. I think
20 we can dispose of that within that half hour.

21 EXECUTIVE DIRECTOR WARD: Mr. Cohn may want to
22 offer some comments on Item 4. I'm not sure, it's certainly
23 up to your decision whether we take that after 1:30, but it
24 would appear to me that this may take substantially longer
25 than 30 minutes.

1 COMMISSIONER GANDARA: Okay. Well, we'll take it
2 up after lunch. I think there would be an interest in that.
3 Does the Commission have any problems with modifying the
4 agenda to take up Item No. 4 after lunch?

5 Then let's proceed, then, with Item No. 5.

6 COMMISSIONER EDSON: Commissioners, Item No. 5
7 is a series of grants in the Traffic Signal Management
8 Program. This is a matter that has been before the Loans
9 and Grants Committee.

10 You might recall that in the first cycle of this
11 program that occurred last fiscal year, there were \$1.8
12 million worth of grants, and the Commission fund that
13 awards the 44 little local jurisdictions, and according to
14 the estimate of the chief, fuel savings of about 11 million
15 gallons.

16 In this batch of awards, it's a project that has
17 been carried out jointly with CalTrans. As you might recall,
18 this function was transferred to CalTrans in the 83/84
19 budget. We have before us today the jurisdiction, though,
20 over awarding the grants did remain with the Energy
21 Commission.

22 Before us today are \$1.1 million worth of grants,
23 and in the succeeding items, Nos. 6 and 7, \$300,000 for
24 training and technical assistance.

25 With that, let me ask Pat Conroy to proceed with

1 the presentation of the grant awards that we have before us
2 today.

3 MR. CONROY: Commissioners, while the jurisdiction
4 for general oversight on the Fuel Efficient Traffic Signal
5 Management Program is now at CalTrans, I think it's important
6 to note that CEC management continues to exercise review
7 and approval of program procedures and products.

8 In addition, all fiscal control activities,
9 including contract approval, and grant selection, have
10 strictly followed internal CEC procedures.

11 This second cycle of the program is to be
12 conducted virtually the same as the first, which we believe
13 has been successful in pursuing our stated objectives.
14 Those objectives are: to save 150 million gallons of fuel
15 annually; to have state and local agencies make wider use
16 of effective tools for efficiently timing 20,000 targeted
17 signals in California; to increase the priority of ongoing
18 traffic signal management among governmental agencies.

19 As we draw near the close of the first grant
20 cycle, it seems that we will be saving an amount of energy
21 appropriate to the number of signals that we've reached,
22 and that we have helped raise the level of knowledge and
23 commitment regarding traffic signal operations among most
24 of our grant cities.

25 As you know, the Fuel Efficient Traffic Signal

1 Management Program consists of three basic elements: grants
2 to local governments through the competitive application
3 process to finance signal timing optimization efforts;
4 training of their traffic signal personnel in the principles
5 of fuel efficient signal management and the use of available
6 computer tools for this purpose; and technical assistance
7 for grant project staff throughout the development and
8 implementation of optimized timing plans.

9 In fiscal year 1982/83, training was provided
10 under contract by the Institute of Transportation Studies
11 at UC Berkeley who also provided technical assistance for
12 Northern California grant cities. CalTrans, District 7,
13 provided technical assistance in Southern California.

14 ITS will continue its role in this new cycle,
15 but the Southern California Association of Governments will
16 replace CalTrans for technical assistance in the south.
17 Agenda Items 6 and 7 involve these support services.

18 Staff therefore requests Commission approval of
19 the three agenda items necessary to conduct the 1983/84
20 cycle of the Fuel Efficient Traffic Signal Management
21 Program. These are 34 local grants totaling \$1.1 million
22 as specified in the resolution before you for Agenda Item
23 No. 5.

24 \$169,606 amendment and time extension to the
25 existing ITS contract for the continued provision of training

1 and technical assistance services, and a new \$116,280
2 contract with the Southern California Association of
3 Governments to provide technical assistance to our 22
4 Southern California grant cities.

5 In the interest of time, I would like to address
6 the specifics of these items by responding to any questions
7 that you may have. The details are spelled out in your
8 agenda backup packages. These packages include a description
9 of the grant selection process and recommendations, and the
10 contract request memos for both ITS and SCAG.

11 However, I would like to say something now about
12 the grant selection process.

13 COMMISSIONER GANDARA: Mr. Conroy --

14 MR. CONROY: Yes.

15 COMMISSIONER GANDARA: We're on Item 5, you're
16 moving on to 6 and 7. Why don't we take them one at a time.

17 MR. CONROY: Well, okay. My presentation,
18 essentially covers all three, but the remainder of my
19 presentation really concerns Item 5.

20 COMMISSIONER GANDARA: Is there anything additional
21 you want to say on Item 5, then?

22 MR. CONROY: Yes.

23 COMMISSIONER GANDARA: Okay, why don't you go
24 ahead, then.

25 MR. CONROY: The grant award recommendations are

1 those of a selection committee comprised of staff from ITS,
2 the Federal Highway Administration, and the Liquid Fuels
3 Conservation Program at CalTrans. They reviewed all 34
4 applications which received for compliance with minimum
5 criteria for eligibility.

6 These minimums are: that applicant be a local
7 government agency with responsibility for signal operations.
8 That the proposed project have a minimum of 10 signalized
9 intersections, up to a maximum of 200. That the proposed
10 project be composed of signals already functional as a
11 coordinated system, with a minimum capability of handling
12 three timing plans and a common site and length.

13 That applicant demonstrate that adequate
14 personnel will be provided to maintain timing plans once
15 implemented through this program. That applicant make no
16 changes during the grant project that would disrupt data
17 collection of other project activities.

18 The selection committee has determined that all
19 34 applications complied with our minimum criteria. The
20 Committee ranked applicants based on the average of
21 individual committee member's scores, which in turn were
22 based on the selection criteria which you have in your
23 backup packages.

24 Each application was then reviewed by the
25 committee as a group to determine amount of grant. In many

1 cases only partial funding is being recommended because
2 segments of proposed projects were deemed unsuitable,
3 deferrable, or overambitious and/or unit costs were cut
4 back to our target, \$1,100 per signalized intersection.

5 This procedure was followed until the available
6 \$1.1 million in grant funds were exhausted. As it turned
7 out, we were able to fund all 34 projects, or segments
8 thereof that had technical merit. Also, we have contacted
9 all applicants about our recommendations, and they concur
10 with our determinations that we expect no problems in this
11 area.

12 In one important case, the City of Los Angeles
13 has agreed to do their entire proposed project of 205
14 signals with \$144,000 in the second cycle funding, together
15 with \$49,000 in first cycle carryover funds. In two cycles,
16 therefore, Los Angeles will have retimed 473 intersections
17 for \$433,000, or approximately \$944 per signalized
18 intersection.

19 In fact, in keeping with directions from
20 Commissioners Edson and Commons, we placed more emphasis
21 this year on getting the locals to match resources, and
22 by doing so, we were able to reduce our average intersection
23 grant to \$965 from \$1,093 last cycle. This allows us to
24 fund an additional 142 intersections and save another one
25 million gallons of fuel per year.

1 As for the support contracts -- well, let me
2 skip over that. Let me conclude with some general observa-
3 tions on the program. I think by being able to at least
4 partially fund all applicants this year, we should generate
5 increased interest and participation in the program, and
6 any future grant cycles.

7 Also, I think there's no question that significant
8 additional need exists for our program. However, in order
9 to satisfy this need, and to generate additional interest
10 in the program, I think we need to fund this program at a
11 \$2 to \$3 million level, and to make it -- and this is very
12 important, to make it a continuing multi-year program.

13 I think the prospect of Petroleum Violation
14 Escrow Account funds in the future may help us do that.

15 Finally, some minor hardware upgrades will be
16 required in order for us to reach our ultimate objective
17 of 150 million gallons of fuel savings per year. To this
18 end, we are working with federal highway staff to see how
19 we might coordinate their hardware funding with our program.
20 That's all I have on the grants.

21 COMMISSIONER GANDARA: Are there any questions
22 for Mr. Conroy?

23 I have a question. I noticed that in the -- if
24 you just take a look at the recommendations for those that
25 are fully funded, that is, the recommendation was to meet

T.3
1 the full amount of the request, there's a variation of the
2 per intersection cost that ranges from around \$750 to
3 sometimes around \$1,200, \$1,300. What happens with that
4 variation?

5 MR. CONROY: Well, we have cut back all grant
6 recommendations to \$1,100 per intersection, and those that
7 we did cut back have agreed with that. The variation is
8 one of two things, I would think. One is the various
9 costs of personnel and consultants in varying areas of the
10 state. Actually three things.

11 Another may be function of economies of scale, and
12 finally, local match may be greater in one instance than
13 another. Local match was not a requirement, it was a
14 selection criteria where 10 points out of 100 were given
15 for amount of local match to encourage it, and over --
16 across the program, we were able to get our costs down
17 because of that, and spread the money around.

18 COMMISSIONER GANDARA: Now, would you refresh my
19 memory. You mentioned a few things about -- that seemed to
20 be prospective things that you had to do, or you were
21 planning to do, but you're in CalTrans now.

22 MR. CONROY: Yes.

23 COMMISSIONER GANDARA: Okay. So what really is
24 the expected feature of our involvement in this particular
25 program?

1 MR. CONROY: I think that's --

2 MS. THRELKEL: Basically, the Commission's
3 involvement ceases with this grant cycle. We'll have to
4 look to CalTrans in the future to carry out the program.

5 COMMISSIONER GANDARA: Okay. We won't have
6 anything to do with this program at all, is what you're
7 saying?

8 MS. THRELKEL: That depends, but right now we
9 won't, no.

10 MR. CONROY: Currently, there is no money
11 budgeted for this program in 84/85 by either CalTrans or
12 the Energy Commission.

13 COMMISSIONER EDSON: This program, as I mentioned
14 in my introduction, was transferred to CalTrans in the
15 83/84 budget because of the complexities involved in the
16 transfer of the program, and the agreement worked out with
17 CalTrans, is that we retained authority to approve this
18 cycle of grant awards, and the complete transfer and
19 responsibility will be completed, I think, within the next
20 six months or so.

21 I would like to note -- to elaborate on Mr. Conroy's
22 last comment, and that is that CalTrans currently does not
23 have a BCP submitted for their 84/85 budget. So that there
24 are currently no funds to carry on this grant activity
25 planned for the next fiscal year. In fact, the CalTrans

1 commitment to this program has weakened since the transfer
2 was made, to the point that they are no longer even willing
3 to contract to us to provide the technical assistance
4 necessary in Southern California.

5 I want to ask -- I plan to ask the Commission,
6 once we're finished with this item, to send a letter to the
7 director of CalTrans, Mr. Trombatore, urging him to seek
8 -- to prepare a BCP and submit it to the Department of
9 Finance at the next opportunity, I presume it would be the
10 March change book, and also ask Mr. Ward, our Executive
11 Director to follow up with discussions with the Department.

12 COMMISSIONER GANDARA: I would think that would
13 be appropriate. I was never in favor of the transferrances
14 that occurred, and I think that there were people who had
15 other expectations of this, and so I think what's come to
16 pass is what I anticipated would come to pass in the last
17 budget decisions.

18 COMMISSIONER EDSON: Well, I don't know that
19 anyone here was particularly -- well, some people I suppose
20 were in favor, but I --

21 MR. CONROY: Well, let me finish, also, just a
22 couple of figures on where we stand on the program. It's a
23 little early to tell in terms of what the actual savings
24 will be from the first cycle where 44 cities were funded.
25 But preliminary results showed that we're about on our

1 estimate of 7,000 gallons per year per intersection. Based
2 on that estimate, we'll be saving 11 million gallons per
3 year from the first cycle.

4 The second cycle of 34 cities and 1,100 some odd
5 intersections, we'll be saving an additional 8 million
6 gallons per year. That's 19 million gallons per year total
7 starting in 1985. That represents -- that's in the ball
8 park with the State Ride Sharing Program, after just two
9 years of the program.

10 So I think it's a very cost-effective program, and
11 has been effective. We'll know a lot more in the next
12 month or two as our first cycles wind down, and we do the
13 evaluations, but I think it's worthwhile keeping them
14 alive, obviously.

15 COMMISSIONER GANDARA: Any further questions?
16 Well, I think it's a great program, too, or was. Let's
17 call the roll please -- do you have a motion, I'm sorry.

18 COMMISSIONER EDSON: I'll move the item.

19 COMMISSIONER GANDARA: Second?

20 (Commissioner Commons nods affirmatively.)

21 SECRETARY GREULE: Commissioner Commons?

22 COMMISSIONER COMMONS: Aye.

23 SECRETARY GREULE: Commissioner Edson?

24 COMMISSIONER EDSON: Aye.

25 SECRETARY GREULE: Commissioner Schweickart?

1 COMMISSIONER SCHWEICKART: Aye.

2 SECRETARY GREULE: Vice Chairman Gandara?

3 COMMISSIONER GANDARA: Aye.

4 COMMISSIONER EDSON: With the Commission's
5 concurrence, the Loans and Grants Committee will prepare
6 a letter for the Chairman's signature to the Director of
7 CalTrans urging that a BCP be prepared for the 84/85 budget.

8 COMMISSIONER GANDARA: Commissioner Commons?

9 COMMISSIONER COMMONS: Would someone -- Mr. Ward,
10 could you refresh my memory in terms of our agreement in
11 passing this program to CalTrans, did it include within
12 that agreement that if the program were cost-effective,
13 they would continue to perservere the program?

14 EXECUTIVE DIRECTOR WARD: I don't believe so.
15 I think that would probably be inconsistent with most
16 interagency agreements. It's subject to annual budget
17 review and policy priority by the administration. I'm
18 frankly surprised to hear that it's not being continued,
19 and this was really my first information on the traffic
20 signal program.

21 COMMISSIONER COMMONS: What is the deadline for
22 legislation?

23 EXECUTIVE DIRECTOR WARD: I believe we'd probably
24 have to have authors sometime before the end of January.

25 COMMISSIONER COMMONS: What I would like to do is

1 go a step further than Commissioner Edson is proposing, and
2 put us into the mode that whereby if we're not able to
3 satisfactorily have CalTrans continue this program, or they,
4 for some reason, feel they do not wish to continue this
5 program, that we reintroduce the issue in the Legislature,
6 and that we be prepared to do so by having taken the
7 necessary steps within this Commission so that it can be
8 brought before -- to the Legislature this year, and we not
9 lose a year.

10 I've talked to a number of cities in the area.
11 It's one of the most cost-effective energy saving programs
12 that this Commission has sponsored. If I'm not incorrect,
13 Mr. Conroy, it's on the order of magnitude of 10 or 20 to 1
14 the cost-effectiveness, the benefit ratio?

15 MR. CONROY: Actually it's more 50 to 1.

16 COMMISSIONER COMMONS: 50 to 1. I think that we
17 have a responsibility in this area to pursue it, and I would
18 like to recommend that it go back to the Legislative
19 Affairs Committee, or the Intergovernmental Legislative
20 Affairs Committee, that we prepare legislation in case we
21 are not successful in our negotiations, and if we're not,
22 then bring it back to the Commission in January with
23 proposed legislation.

24 EXECUTIVE DIRECTOR WARD: Well, there's a number
25 of factors that could have influenced this, and I certainly,

1 again, being surprised with the condition of the budget at
2 this point, I would -- I think the proposal by Commissioner
3 Edson to draft a letter, find out what kind of thought went
4 into the process, it could have been something as simple as
5 CalTrans not feeling it proper to propose an expenditure
6 from the Energy Resources Programs Account.

7 COMMISSIONER EDSON: Frankly, this program was
8 funded with Motor Vehicle Account money initially.

9 EXECUTIVE DIRECTOR WARD: Okay, well, Motor
10 Vehicle Account. You know, I'm just not aware of the
11 factors that went into that decision.

12 MR. CONROY: Could I clarify something along those
13 lines? My sense is that the CalTrans -- it's not included
14 in the CalTrans budget because this program was not
15 transferred to the Department until their original budget
16 was essentially set. It is not included in the CEC budget,
17 because we were transferred to CalTrans, we're sort of in
18 that twilight zone.

19 The opportunity, apparently, to include it in
20 one budget or another comes up in the March change process,
21 and CalTrans goes through that process. So it's really not
22 a case that CalTrans has said no, we won't fund it, it's a
23 case that if anyone is going to fund it next year, now is
24 the time to pursue that.

25 COMMISSIONER GANDARA: Well, let me --

1 MS. THRELKEL: We do have a draft Section 28
2 write-up for the March change process that either we can
3 use, or CalTrans can use at that time.

4 COMMISSIONER GANDARA: Let me again at least
5 refresh my own memory, and this was transferred by budget
6 control language was the way it was done, so --

7 MR. CONROY: For 83/84, yeah.

8 COMMISSIONER GANDARA: Now, presumably, in the
9 absence of such budget control next time, we could go after
10 this program again. I happen to think this is one of the
11 finer programs that we have, and I never concurred with the
12 staff activities involved in getting this transferred over
13 there. So I think that -- I have no objection to sending
14 the letter, and doing that, but I really think that the
15 Commission ought to be more aggressive about trying to have
16 within the Commission one of the programs that I think has
17 a tremendous amount of cost saving potential, and frankly,
18 one that I think has been underappreciated, perhaps under-
19 sold except for those communities that have received these
20 funds.

21 So again, at least on my part, I have no problems
22 concurring with your action, but I would think that what
23 the Commission ought to be doing is trying to do what it is
24 that we're supposed to be doing in the transportation area,
25 and that is try and reduce the use of petroleum consumption.

1 So, Commissioner Commons.

2 COMMISSIONER COMMONS: Well, let me -- then you're
3 saying that we don't need legislation in this, that maybe
4 what we can do is send a letter, and in the event that
5 CalTrans does not seek a March change order, that we do so.

6 COMMISSIONER GANDARA: Well, certainly, that's
7 one option.

8 EXECUTIVE DIRECTOR WARD: Well, that's certainly
9 an option.

10 COMMISSIONER GANDARA: What I'm saying is that we
11 can just forget about asking -- I mean, it's okay to ask
12 CalTrans to do it if they want, but I mean, we can just do
13 it ourselves, and you know, we have evidence that these
14 things fall between the cracks here, so --

15 COMMISSIONER COMMONS: Well, I would like to --

16 COMMISSIONER GANDARA: To close the discussion,
17 why don't we do this, why don't we concur with Commissioner
18 Edson's recommendation here to request that transportation
19 include this in their BCP, otherwise this program is not
20 going to -- but at the same time, maybe we ought to consider
21 including it in our BCP so that, you know, the issue is
22 joined when it's before the budget process, before the
23 Budget Committee, okay? Is there Commission concurrence
24 on that as well? That's the way we'll do it. Thank you.

25 MR. CONROY: There are two more items to address.

1 COMMISSIONER GANDARA: We're not going to handle
2 two more items in seven minutes, so --

3 COMMISSIONER SCHWEICKART: Is there any controversy
4 on them?

5 EXECUTIVE DIRECTOR WARD: No, I think they're --

6 COMMISSIONER GANDARA: Well, there may not be, I
7 have some questions on it, though, but we may have three
8 votes where -- and regardless, you know, of my questions,
9 but you know, if you want to start, we can start.

10 MR. CONROY: Well, actually, my presentation was
11 to cover all three agenda items since it was all related
12 to the Fuel Efficient Traffic Signal Management Program.

13 Essentially what we're proposing in Items 6 and 7
14 are the two support contracts for training and technical
15 assistance. The ITS amendment will provide training
16 statewide, and technical assistance to the northern grant
17 cities for the second cycle, and instead of proposing a
18 new contract, what we've done is proposed an amendment to
19 the existing one, and a time extension to capture some of
20 the funds that are unexpended, and will be unexpended in the
21 first cycle.

22 The second contract is with the Southern California
23 Association of Governments, which is a new contract to
24 provide technical assistance to what we -- to the 22
25 Southern California grant cities. The training, of course,

1 is given up front by ITS in the principles of efficient
2 signal timing and management, and in the use of the
3 computer tools available for that purpose. The technical
4 assistance is given throughout the project life in
5 actually implementing, developing the plans and implementing
6 them.

7 There really are no changes from how we did it
8 last year, it seemed to work well, and we're proposing,
9 essentially, the same approach for this year.

10 COMMISSIONER COMMONS: There seem to be fewer
11 projects in Northern California than in Southern California,
12 yet the contract amount in Northern California for
13 technical assistance is greater than the amount of funds
14 for technical assistance in Southern California. Could you
15 explain the reason for this?

16 MR. CONROY: The contract for -- the ITS contract
17 includes not only technical assistance in Northern California
18 but also training statewide for all grant cities. So that's
19 why that budget is larger than the Southern California
20 budget. They will be doing training for all 34 cities as
21 well as technical assistance.

22 COMMISSIONER GANDARA: Why is ABAG not involved
23 in the northern area, and SCAG is in the southern area?

24 MR. CONROY: It's just -- it's an arrangement of
25 convenience, really. In the north, ITS can't handle the

1 Bay Area, and because of that, ITS tends to be the
2 regional technical assistance entity for transportation.

3 COMMISSIONER GANDARA: Are you saying ABAG is
4 not interested?

5 MR. CONROY: No, ABAG is interested, but ABAG
6 tends to be a transportation planning -- when it gets
7 involved in transportation, it's in the planning areas, and
8 really has not been involved in the traffic engineering
9 areas as ITS has. This is not the case in Southern California.

10 SCAG, in fact, has -- and that's one of the
11 reasons we're proposing them, with the back out of CalTrans
12 District 7 from that role, SCAG was a good candidate to
13 provide the regional assistance in the south. They have had
14 experience with traffic engineering, and particularly with
15 the computer tools we will be using for signal timing. This
16 is not the case with ABAG.

17 COMMISSIONER GANDARA: Are there any other
18 questions from staff? Do I hear a motion for this item?

19 COMMISSIONER EDSON: Do you want to handle these
20 separately, or can we handle them at the same time? I
21 will move both Items 6 and 7.

22 COMMISSIONER SCHWEICKART: Second.

23 COMMISSIONER GANDARA: Call the roll, please.

24 SECRETARY GREULE: Commissioner Commons?

25 COMMISSIONER COMMONS: Aye.

1 SECRETARY GREULE: Commissioner Edson?
2 COMMISSIONER EDSON: Aye.
3 SECRETARY GREULE: Commissioner Schweickart?
4 COMMISSIONER SCHWEICKART: Aye.
5 SECRETARY GREULE: Vice Chairman Gandara?
6 COMMISSIONER GANDARA: No.
7 MR. CONROY: Thank you.
8 COMMISSIONER GANDARA: I would suggest that we --
9 COMMISSIONER SCHWEICKART: You don't want to hear
10 number 8?
11 COMMISSIONER GANDARA: Number 9, let's take
12 number 9, then, is that what you said Commissioner?
13 COMMISSIONER SCHWEICKART: No, I was just -- I
14 think that we've still got two minutes before lunch here.
15 COMMISSIONER COMMONS: Number 8 might take some
16 time, 9 is easy.
17 COMMISSIONER GANDARA: Number 9. Do we have a
18 staff presentation on number 9?
19 COMMISSIONER COMMONS: I'll so move the item.
20 COMMISSIONER SCHWEICKART: Second.
21 COMMISSIONER GANDARA: Call the roll please.
22 SECRETARY GREULE: Commissioner Commons?
23 COMMISSIONER COMMONS: Aye.
24 SECRETARY GREULE: Commissioner Edson?
25 COMMISSIONER EDSON: Aye.

1 SECRETARY GREULE: Commissioner Schweickart?

2 COMMISSIONER SCHWEICKART: Aye.

3 SECRETARY GREULE: Vice Chairman Gandara?

4 COMMISSIONER GANDARA: Aye.

5 Item No. 10, approval of the minutes.

6 COMMISSIONER SCHWEICKART: Moved.

7 COMMISSIONER EDSON: Second.

8 COMMISSIONER GANDARA: Any objection? Minutes
9 are approved.

10 Number 12, you hadn't -- did you want an executive
11 session?

12 MR. CHAMBERLAIN: Yes, I believe so, briefly.

13 COMMISSIONER GANDARA: Can you cover anything else
14 that you want to know on the General Counsel's Report?

15 MR. CHAMBERLAIN: Yes, there is one other item.
16 I can report to you that OAL has approved the schools and
17 hospitals regulations, which should go into effect, I
18 believe, 30 days from last Friday.

19 There was one concern that they had. Apparently
20 one of the regulations referred to a demonstration of an
21 extension beyond the three year deadline, and referred to
22 that demonstration as being made to the Committee. They
23 had a concern that the Committee may not have full
24 authorization to grant such an extension, and so they
25 requested that that be changed to approval by the Commission,

1 in order to allow -- unfortunately, this occurred very late
2 on Wednesday, and I was the only person in the office, so
3 I went ahead and approved their making that change, and if
4 that was problematic, we can go back and redo it.

5 COMMISSIONER GANDARA: Would you repeat that, I
6 missed that, I'm sorry.

7 MR. CHAMBERLAIN: Okay. There was a regulation
8 that provided for each loan to be paid back within three
9 years unless the applicant made a showing that it would
10 take longer than three years for the energy savings to
11 pay back the loan. That showing, under the draft regulations
12 was to be made to the Committee.

13 OAL suggested that that showing should be made to
14 the full Commission, and that's the way the regulations will
15 now read in the version published by the Secretary of State.

16 COMMISSIONER EDSON: Is it fair to say, Mr.
17 Chamberlain, that you're asking for our concurrence in that
18 judgment that you exercised?

19 MR. CHAMBERLAIN: Yes.

20 COMMISSIONER EDSON: I certainly wouldn't have
21 any problem with that.

22 COMMISSIONER GANDARA: Okay. So that's -- we
23 conclude General Counsel's Report. It is now 12:00 o'clock,
24 we could cover the Executive Director's Report, if it's
25 short, Mr. Ward, or we could defer your report, as well, til

1 after 1:30.

2 EXECUTIVE DIRECTOR WARD: Just a couple of quick
3 items. Last business meeting I was asked for -- to come
4 together on the Petroleum Violation Escrow Account evaluation
5 contract. The Loan and Grant Committee has met on that
6 contract, and there's a process that's taking shape that
7 you'll all be advised, I think next week they're meeting
8 again to formalize the process and the outlines. That's
9 where we're at.

10 COMMISSIONER EDSON: Yeah, I think that the
11 Committee, or the Executive Director will be prepared to
12 make a presentation at the next business meeting.

13 EXECUTIVE DIRECTOR WARD: The other issue that
14 I'll raise is the hotline, and we're proceeding with the
15 California Conservation Corps to provide a couple of their
16 Corps members to man our hotline, and it looks positive,
17 but we have some insurance, if that doesn't work in the
18 next week or so, so we'll have some other alternatives.
19 But at this point, we're optimistic that it's going to
20 occur.

21 COMMISSIONER SCHWEICKART: I would like to suggest
22 that we agenda this matter for the next business meeting.
23 I don't know, frankly, what the appropriate procedure is
24 here, with regard to the handling of the hotline, but I
25 would think that it is something which the Commission would

1 want some assurance on that it is being adequately handled.

2 While recognizing the earlier decision of the
3 Commission to seek transfer to the CCC, I think there are
4 legitimate questions of the -- well, let me say that there
5 are responsibilities which the Commission would have in
6 assuring that that work is done in an adequate manner in
7 terms of supervision, and the quality of information which
8 is provided. I think it's appropriate that that be
9 presented to the Commission, and that other parties have an
10 opportunity on an agendaed item to address the Commission
11 on any concerns they might have with that.

12 COMMISSIONER EDSON: Wouldn't this come before the
13 Commission in the form of an interagency agreement of some
14 kind, in the event the answer was --

15 EXECUTIVE DIRECTOR WARD: That's entirely possible.
16 I agree with you. A concern that I raised also. It's my
17 understanding in the past we've used students, people
18 coming over here from the Conservation Corps would be people
19 out of their energy program, people that are interested in
20 energy potentially as a career, so with a demonstrated
21 interest, and also, we'd be interviewing candidates.

22 COMMISSIONER EDSON: Would they be working here,
23 under our direction?

24 EXECUTIVE DIRECTOR WARD: That's my understanding.

25 COMMISSIONER SCHWEICKART: Is there any particular

1 reason why such an agreement in the form of a memorandum
2 of understanding could not be presented to the Commission
3 for its review at the next business meeting?

4 EXECUTIVE DIRECTOR WARD: No, not to my knowledge
5 right now, I would --

6 COMMISSIONER SCHWEICKART: It's not that I
7 anticipate problems, but I think it is appropriate that it
8 be formally brought before the Commission, and other
9 parties have an opportunity to address it, because I'm
10 certainly aware of the interests on many parties in assuring
11 quality control of the hotline, and that sort of thing.

12 I think that that's appropriate to bring forward
13 here at the next business meeting.

14 EXECUTIVE DIRECTOR WARD: Yeah, I guess the only
15 concern is, and I think you've really given me two issues.
16 Number one is that you would like on the next agenda to
17 find out where we are on this.

18 COMMISSIONER SCHWEICKART: Well, I'm essentially
19 proposing, unless there is good reason not to, that we
20 present the recommended action to the Commission at the
21 next business meeting for final disposition.

22 EXECUTIVE DIRECTOR WARD: Okay. I'm just not
23 sure that we're going to have this agreement solidified in
24 time to have noticed it.

25 COMMISSIONER EDSON: I think that the staff would

1 have to have the prepared MOU ready by probably today --

2 MR. RAUH: Today.

3 COMMISSIONER EDSON: -- to get it into the agenda
4 package.

5 EXECUTIVE DIRECTOR WARD: And we still don't have
6 formal agreement with the CCC. I sent a letter over there.
7 I understand that they're soliciting for candidates and those
8 kinds of things, so I'm optimistic that it will occur, but
9 I have not gotten formal notification from the CCC that yes,
10 in fact, they are going to participate, and then we can
11 proceed with the mechanics.

12 COMMISSIONER COMMONS: Well, let me ask you a
13 question here, I might be able to help you in this endeavor,
14 as the in-house expert on --

15 COMMISSIONER SCHWEICKART: Since you have allowed
16 me the floor on your turn the last meeting, I will defer to
17 you at the moment.

18 COMMISSIONER COMMONS: Mr. Chamberlain, let me ask
19 you a legal question. If a Commissioner requests that the
20 item be placed on the agenda, is that sufficient, or does
21 he have to sign a docket item to place it on the agenda?

22 MR. CHAMBERLAIN: Well, the regulations do not
23 provide the necessity of signing any particular document in
24 order to get an item on the agenda.

25 COMMISSIONER COMMONS: So the Commissioner requests

1 that it go on the agenda, it's on the agenda?

2 MR. CHAMBERLAIN: Well, the staff -- the Executive
3 Director obviously has to take steps to see that it's typed
4 onto the agenda and sent out appropriately.

5 COMMISSIONER SCHWEICKART: Let me--

6 EXECUTIVE DIRECTOR WARD: I'm just trying to be
7 helpful.

8 COMMISSIONER SCHWEICKART: I want to emphasize
9 that there are -- we're running into a coffin corner on this
10 issue, which is the thing of concern to me. On the one hand,
11 I think at the end of the calendar year, the hotline comes
12 to a halt for lack of budgetary support. On the other
13 hand, I am concerned with the -- with adequate public input
14 on this issue, and the way in which the Commission disposes
15 of it.

16 We have two opportunities, one is two weeks from
17 today, and the other is four weeks from today. Four weeks
18 from today puts us literally two days before there is no
19 hotline, if by chance, the Commission considers public input
20 to be of such concern that we may want to go into a different
21 mode. That is the major concern I have, and --

22 COMMISSIONER GANDARA: Let me ask a question, if I
23 may interrupt here. Why -- perhaps I missed something here.
24 Why do you think that two days -- that December 31st, the
25 hotline ends.

1 COMMISSIONER EDSON: I think those were the
2 provisions of the work plans, I don't think we have any --

3 COMMISSIONER GANDARA: No, the provisions of the
4 work plans were until the next quarterly review is accom-
5 plished.

6 COMMISSIONER EDSON: Oh.

7 COMMISSIONER GANDARA: That's the problem with
8 quarterly reviews taking six weeks, so until the next
9 quarterly review is accomplished, what's in the work plans,
10 you know, will remain unchanged.

11 COMMISSIONER SCHWEICKART: So we do -- it is
12 within the discretion of the Commission, we do not have any
13 budgetary control language, or anything of the kind, which
14 causes the hotline to drop out, that's--

15 COMMISSIONER GANDARA: Right.

16 COMMISSIONER SCHWEICKART: All right. Well, then,
17 my concern is a bit moderated, then, and I would nevertheless
18 recommend that we bring before the Commission as soon as
19 possible, the MOU and whatever other documents will effectuate
20 the formal arrangements with the California Conservation
21 Corps and make sure that they are available for public
22 review.

23 COMMISSIONER GANDARA: I believe Mr. Ward is
24 working on it as fast as he can, he says.

25 EXECUTIVE DIRECTOR WARD: Yeah.

1 COMMISSIONER SCHWEICKART: I don't have any
2 problem with that. All right.

3 COMMISSIONER GANDARA: We will recess for lunch.
4 We will recess until 1:30 for the return of the Commission,
5 but Mr. Chamberlain, you wanted an executive session.

6 MR. CHAMBERLAIN: We can have it now, or we can
7 have it at the end of the meeting.

8 COMMISSIONER GANDARA: How long do you estimate
9 the executive session will take?

10 MR. CHAMBERLAIN: Ten to 15 minutes.

11 COMMISSIONER GANDARA: Why don't we have executive
12 session at 1:15.

13 MR. CHAMBERLAIN: All right.

14 (Thereupon the morning session of the business
15 meeting of the California Energy Resources Conservation and
16 Development Commission was recessed for lunch at 12:08 p.m.)

17 --o0o--

18

19

20

21

22

23

24

25

AFTERNOON SESSION

--o0o--

1
2
3 COMMISSIONER GANDARA: We'll call the business
4 meeting back into session. Commissioners Imbrecht and
5 Commons will join us shortly. We have a quorum, so we
6 should begin.

7 (Agenda Item No. 4 under separate cover.)

8 CHAIRMAN IMBRECHT: Commissioner Commons?

9 COMMISSIONER COMMONS: Before we go to the next
10 budget item, can we take one Committee report on the surveys
11 things which will take 30 seconds?

12 CHAIRMAN IMBRECHT: The next budget item?

13 COMMISSIONER COMMONS: I mean the next item on
14 the agenda. Can I make a Committee report on the surveys
15 which will take 30 seconds so we can finish this, it's
16 related to it.

17 CHAIRMAN IMBRECHT: All right, fine. We'll take
18 one brief Committee report.

19 COMMISSIONER COMMONS: On the survey modification
20 requests that have come in, which are a part of many of
21 the issues that were raised today, the -- in trying to
22 address the issue, I think it's going to be best that we have
23 a workshop in January, I think it's hard to do it during the
24 Christmas season, to take a look at all of the issues that
25 are raised, and we'll try to set a time and date that will

1 be convenient.

2 I would like to ask, though, that on the -- at
3 the workshop, that when we look at the issues that are
4 being raised in terms of the modification, that the issue
5 of cost-effectiveness, and what are the costs of the
6 particular modification, and the possible loss of benefits,
7 be addressed at that workshop.

8 CHAIRMAN IMBRECHT: All right, fine. Thank you
9 very much. We have one other item before us, short of
10 Committee reports and staff reports, and that is Item 8,
11 the contract with the County Supervisor's Association of
12 California for \$200,000 to provide additional technical
13 and financial assistance required to support current
14 Energy Commission programs for developing local government
15 energy projects.

16 EXECUTIVE DIRECTOR WARD: Yes, Mr. Chairman.
17 Cynthia Praul and Leon Vann will be able to answer any
18 questions that you have and give you an outline of what
19 this contract is all about.

20 MS. PRAUL: This is an amendment to an existing
21 contract with the County Supervisor's Association of
22 California. It specifically provides for work in four
23 major areas. These areas include project technical
24 evaluations, financing assistance for non-third party
25 financing options. It includes work on PURPA issues, and it

1 includes work on incentives evaluation related to third
2 party projects. These were not provided for under the
3 original project design, and our early experience with the
4 project have led the contract manager, and also the
5 contractor to realize that we feel this additional work in
6 these areas is fundamental to the success of the projects
7 that we now have in-house, which are about 18 applications
8 for the goal of 12 finished projects.

9 I would like to emphasize at this point, first,
10 that any of the avoided costs, and PURPA related work have
11 been very expressly coordinated with the Assessments
12 Division, and that it is fundamentally integrated with our
13 production cost modeling efforts there, and the Electricity
14 Report. Dave Morse is here to answer any of your questions
15 regarding the integration of this contract work with the
16 work that he has ongoing in his office.

17 The Assessments Division does support this
18 contract, and does want to see it move forward.

19 CHAIRMAN IMBRECHT: Are there questions or
20 comments?

21 COMMISSIONER GANDARA: I have a couple of questions.

22 CHAIRMAN IMBRECHT: Commissioner Gandara.

23 COMMISSIONER GANDARA: I guess the question that
24 I have most is really what that portion has to do with the
25 PURPA analysis, incentives analysis. The -- I can understand

1 the contract proposal with respect to the financing --
2 handling the financing with the locals, but I don't quite
3 understand why it is that the County Supervisor's Association
4 is best equipped to be able to deal with the PURPA and
5 incentives analysis.

6 MS. PRAUL: Well, I think that what's most
7 important about this contract is that there are several
8 basic areas that aren't resolved for the success of all
9 of the projects which have been proposed under the contract.
10 These include both the unresolved PURPA issues, which are
11 going to preclude the completion of those projects
12 successfully, and also, a continuing uncertainty with the
13 outcomes of various, for example, federal -- pieces of
14 federal legislation that would affect the incentives that
15 are currently available for these projects.

16 Our basic goal is to make sure that the contract
17 work is as closely integrated as possible with the project
18 so it serves the ends of successful projects, and also to
19 keep that function of CSAC as an energy policy functioning
20 unit so that they can serve as a lobbyist, and a capable
21 institution to support the projects both at the federal
22 and at the state level.

23 COMMISSIONER GANDARA: Well, I understand what you
24 said, but I don't see at all how the incentives analysis
25 part, Phase 6, which is basically a need more of complex

1 economic effort, you know, can best be undertaken by the
2 County Board of Supervisors.

3 Now, as I understand this, the original contracts
4 in the budgets had 150K for financing projects, and 40 --
5 I guess another 50K for technical innovation and project
6 evaluation. It appears that the technical innovation and
7 project evaluation has now been melded into this contract,
8 and I just question whether that would be the most
9 appropriate place to do this.

10 If you look at the incentives analysis, the
11 analysis of effectiveness of current programs of SAFE BIDCOE,
12 and CAESFA, and I don't quite understand, at least in your
13 mind, how the County Board of Supervisor's Association can
14 best do that.

15 EXECUTIVE DIRECTOR WARD: Well, Commissioner
16 Gandara, we're going to suggest, and we're about to suggest
17 that that portion of the incentives analysis be stricken.
18 We also agree that it's inappropriate for CSAC, under the
19 terms of this contract, to be evaluating the effectiveness
20 of a state created entity, such as SAFE BIDCOE, or the
21 alternate financing authority.

22 COMMISSIONER COMMONS: Excuse me. Are you
23 recommending the elimination of the \$40,000?

24 EXECUTIVE DIRECTOR WARD: We are, sir.

25 MS. PRAUL: I'd like to clarify that. We're

1 recommending the elimination of what would be Task 6(a),
2 which would be on page B-11.

3 COMMISSIONER COMMONS: Can you do it in terms of
4 the budget, it's easier for me to follow, C-13.

5 MS. PRAUL: It would be C-1 -- it would be 1(a)
6 and (b) there. So that is correct that we're deleting
7 those things, they are \$4,000, not the \$40,000.

8 EXECUTIVE DIRECTOR WARD: Excuse me.

9 COMMISSIONER GANDARA: See, the problem I have is
10 to me, that's really narrow, and I haven't even gotten to
11 Phase 5, and again, I have my concerns as to how the
12 County Board of Supervisor's Association, and their
13 qualifications for developing modeling techniques, for
14 doing analysis, and report and production cost calculations,
15 and these kind of methodologies, and in fact, it's been
16 quite difficult for our own staff, both in the Assessments
17 and in the Development Division.

18 Unless I have a great misunderstanding about the
19 capability of the County Supervisor's Association --

20 MS. PRAUL: I think that those concerns are well
21 understood. In any instance where the County Supervisor's
22 Association has not had the in-house capability to do these
23 things, we have standard arrangements for subcontracting
24 which is how they are able to cover the subjects where they
25 don't have the in-house expertise.

1 COMMISSIONER GANDARA: I guess, then, my question
2 is, if it's going to be a subcontractor, why don't we do a
3 separate RFP for Phase 5 and 6.

4 MS. PRAUL: I think our continuing interest here
5 is having this work as integrated as closely as possible
6 with the ongoing project work there, and we feel that they
7 will be able to provide this service to us in a manner which
8 we will get quality analysis, that we will maintain complete
9 control over, and that it's important to bring them up to
10 speed as an entity in these areas, which is one of the
11 major things we've been trying to do with the contract in
12 the first place.

13 They then have that capability to reach to all
14 the local governments in the state, and also to mobilize
15 the national local governments, county governments in
16 policy initiatives there. I don't know if -- this is the
17 project manager here, it's Rob Schladale, he might be
18 able to --

19 COMMISSIONER GANDARA: Okay. Well, I won't take
20 up more time. Let me just say that I guess I -- you know,
21 I -- the contract as proposed, I don't think I could support,
22 you know. I mean, it's a sole source contract that you
23 say now that CSAC is going to be subcontracting beyond that
24 for other work.

25 So the justification for a sole source contract,

1 they can only do -- they're the only ones who can deliver
2 those kinds of specialized services, and now if they --
3 the suggestion is that they're going to be subcontracting,
4 and they're going to be integrating other work, and I think
5 we ought to go directly for an RFP for those services.

6 COMMISSIONER EDSON: Do you envision a competitive
7 process for those subcontracts?

8 MS. PRAUL: These will all be competitively bid
9 subcontracts. There are explicit provisions in the State
10 Administrative Manual for subcontracting which we will
11 adhere to. We would be willing at this time to develop
12 specific language, and put it in the contract which you
13 have before you, which indicates that all these contracts
14 will be competitively bid.

15 CHAIRMAN IMBRECHT: Is there objection to that
16 addition to the contract? I think that's reasonable.

17 COMMISSIONER GANDARA: Well, the problem that I
18 have with that is we have the -- an effort in the Assessments
19 Division here where they're going to be starting some
20 coordination, as I understand it, with the Stanford Modeling
21 Forum, or to develop some kind of energy modeling forum to
22 review some of these production cost models, and I think it
23 would be far better just to separate the funds, separate
24 the tasks now, and to integrate the tasks within the
25 Assessments Division and Development Division, and go forth

1 with one contract for that, and -- rather than to, you know,
2 deal with the merger of these particular contracts here.

3 But anyway, that's -- I don't want to take up more
4 time.

5 CHAIRMAN IMBRECHT: Well, I personally -- I will
6 direct staff to add the provision that requires competitive
7 bidding on subcontracts. Commissioner Commons?

8 EXECUTIVE DIRECTOR WARD: Excuse me, Mr. Chairman.
9 One additional caveat is that we have total approval over
10 the selection of subcontractors, so in addition to the fact
11 that they're competitively bid.

12 CHAIRMAN IMBRECHT: Thank you. Commissioner
13 Commons?

14 COMMISSIONER COMMONS: My understanding is that if
15 we were to delay the work in Phase 5, that it would impinge
16 our efforts in the Assessments Division, it's part of the
17 overall effort of the Commission in terms of the OIR II
18 process. Is that correct, that if we were to sever Phase 5,
19 that that would make it difficult for this Commission to
20 accomplish the overall efforts that we just finished
21 approving in the work plan, and that we really don't have a
22 choice but to follow the procedure outlined herein, and that
23 the two divisions have coordinated in terms of the RFP and
24 the scope of work on those activities?

25 MS. PRAUL: That's correct, and would you like to

1 add -- it could also -- it would probably have some impact
2 on the progression of the Electricity Report also.

3 COMMISSIONER COMMONS: Dave, is that your
4 concurrence also?

5 MR. MORSE: Yes, it is. As a matter of fact, some
6 provisions of this contract will allow us to have some
7 modelers to make some improvements in our production cost
8 model, which not only would enhance our abilities to do
9 OIR II work if the decision is to go ahead and testify there,
10 but also in doing our electric price forecasts in support
11 of the Electricity Report.

12 COMMISSIONER COMMONS: Now, would the same answer,
13 or response be true for Phase 6?

14 COMMISSIONER EDSON: Commissioner Commons, I think
15 on Phase 6, I would just note that the kind of projects that
16 are being carried out under this program are very similar
17 to those that are envisioned in the PVEA projects, and in
18 fact, anything that's learned through these analyses, I
19 think could be quite useful as those projects move forward.

20 Certainly, the analysis of the effectiveness of
21 various incentives, and types of tax treatment could be
22 very useful as that work goes forward around the spring of
23 next year.

24 MS. PRAUL: The answer with respect to the
25 Electricity Report, is that it would not be -- that wouldn't

1 have that relationship, but there are, as Karen has
2 suggested, a couple of other areas, and currently important
3 initiatives, for example, at the federal level, that the
4 sooner we have the capability to respond to, the more
5 certain we are going to be in the projects going forward
6 successfully.

7 We also --

8 COMMISSIONER COMMONS: Well, let me keep -- I
9 want to have your response to the question.

10 MS. PRAUL: Okay. I'm not done --

11 COMMISSIONER COMMONS: We have a deadline, I
12 think, on the OIR II of October 7th of next year, and does
13 Phase 6 at all relate to the OIR II, or affect the capability
14 of this Commission to complete that process?

15 MS. PRAUL: Well, I think a really significant way
16 that this is related both to, you know, the BR and the
17 Electricity Report, and to some extent, the OIR proceeding,
18 is in the fact that we need to have as good an assessment
19 as we can of the responses of the small power producers and
20 the local governments to this project development. That's
21 important to the input to the scenarios report, and also
22 to our staff capability for assessing the impacts of the
23 proposed long-run contracts on development of projects.

24 COMMISSIONER COMMONS: But it's not necessary for
25 the OIR proceeding, Phase 6?

1 MS. PRAUL: I think it would -- it's clearly not
2 in any way as significantly important as the other task,
3 the one that's called out clearly there. It is important
4 to us to have as good an understanding as we can of the
5 effectiveness of the other incentives, and their availability
6 to be able to participate and understand the degree of
7 importance that the tax credits, or the other incentives
8 have vis-a-vis the PURPA cost proceedings.

9 It's also real important to have an explicit
10 understanding of what incentives are available, and what
11 the cash flows are going to be like, in order to assess
12 the security requirements that are going to be required in
13 the contracts, and for the projects.

14 COMMISSIONER COMMONS: All right. Can you
15 identify for me, when we're talking about on the incentives
16 analysis, what are the incentives that we are looking at
17 in terms of comparing here?

18 MS. PRAUL: I'm sorry, I didn't hear the question.

19 COMMISSIONER COMMONS: What are the incentives
20 that you're going to evaluate or analyze in the incentives
21 analysis?

22 MS. PRAUL: Well, what we'd be proposing to focus
23 on right now would be with the deletion of those first two
24 items, become more specific on both the solar and wind
25 tax credits, and the criteria for their use, accelerated

1 amortization and tax exempt bonds, and the manner in which
2 those specific incentives have been successful, and are
3 appropriate in supporting third party finance projects, or
4 others at the local government level.

5 CHAIRMAN IMBRECHT: Okay?

6 COMMISSIONER COMMONS: I'll have further discussion
7 on it, but I just wanted to get staff response here so I
8 could discuss it later, at the appropriate time.

9 CHAIRMAN IMBRECHT: Thank you. The appropriate
10 time, okay. Further comments or questions from members
11 of the Commission? Is there a motion?

12 COMMISSIONER EDSON: Move the contract.

13 CHAIRMAN IMBRECHT: Moved by Commissioner Edson,
14 seconded by --

15 COMMISSIONER SCHWEICKART: I'll second it.

16 CHAIRMAN IMBRECHT: -- Commissioner Schweickart,
17 the matter is now before us. Anyone wish to be heard on
18 this matter? Commissioner Commons -- Commissioner Gandara
19 first.

20 COMMISSIONER GANDARA: I'd like to move that we
21 delete Phase 5 and Phase 6 from this contract.

22 CHAIRMAN IMBRECHT: Can you reference us to some
23 pages please?

24 COMMISSIONER GANDARA: That's my pages C-12, and
25 C-13, the effect of that would be to delete \$100,000 from

1 this contract, Phase 5 being regulatory analysis and
2 development, and Phase 6 being the incentives analysis.

3 As I indicated in my questions I -- I don't know
4 whether you want to discuss it now or later, but --

5 CHAIRMAN IMBRECHT: Go ahead.

6 COMMISSIONER GANDARA: -- as I indicated in my
7 questions, I --

8 COMMISSIONER COMMONS: I'll second the motion so
9 that it can be on the floor.

10 CHAIRMAN IMBRECHT: All right, fine. The amendment
11 is before us. State your --

12 COMMISSIONER GANDARA: Well, my feeling is that
13 this is a substantially different work from what CSAC, as
14 I understand it, can traditionally do, and the -- I'm not
15 encouraged more by the idea that the subcontracts would be
16 approved by the staff.

17 My feeling is that we ought to separate and the
18 contract ought to be approved by the Commission, and in
19 any case, it just seems to me that this area here needs
20 perhaps a bit more work. It's not quite clear to me that
21 this -- that the original intent of what was in the budget,
22 or the 150K, and the other 50K has been really met by this
23 contract, it's changed somewhat.

24 I'm not arguing that the change is for the worst,
25 I just don't happen to think that these items go together,

1 but the original contracts were 150K for financing projects,
2 and 50K for technical innovation and project evaluation
3 training, and this has changed considerably from that.

4 So the Commission should be aware that there's a
5 separate intent here. Now, I would support the 100K for the
6 Phase 2 and Phase 3. I don't quite know what Phase 1 is,
7 but I assume that's included in there as well.

8 CHAIRMAN IMBRECHT: Okay. Commissioner Commons?

9 COMMISSIONER COMMONS: I would tend to concur
10 with you on Phase 5 in terms of where it ought to be located,
11 but from a practical point of view, I don't see a procedure
12 whereby we could amend this motion and get the work
13 accomplished within the time frame that is necessary if the
14 work is to be done.

15 So I would not support the delay of 5, just
16 because I see no choice in terms of if we're to end up
17 getting the work.

18 On 6, I would concur with the motion for multiple
19 reasons. One is, I see it not tied in with the rest of the
20 program. Second, I see no reason why it should go through
21 this contractor or by sole source. Third is, I think there
22 are a number of incentives that are very important to look
23 at, and to look at the public/private cooperation in a
24 vacuum in terms of evaluating these incentives is an error
25 fundamentally, and I think there needs to be some work in

1 terms of improving this aspect of the program, particularly
2 when we delete two of the more key provisions, or programs
3 that are in existence, I think it affects the costing for
4 the balance of the project, because the workload will not
5 be the same.

6 With your concurrence, or maybe as a separate
7 motion, what I'd like to do is sever that amendment, and
8 look at Phase 5 and Phase 6 separately.

9 COMMISSIONER EDSON: Commissioner Commons, can
10 you indicate which incentives you think should be included
11 in the analyses that are done?

12 COMMISSIONER COMMONS: Well, in our discussion in
13 terms of trying to move ahead, we've tried to separate out
14 those which are related to research and development where
15 we've often found grants, or loans, or matching funds work
16 best in the research and development phase, while we were
17 going into the commercialization, one of the ways that the
18 Public Utilities Commission has found best has been
19 payments higher than avoided costs for certain types of
20 projects, maybe with a restriction in terms of the number of
21 projects in a particular technology, or the first instance
22 that that project be looked at, with a movement at the
23 federal government level on tax exempt bonds, we may be
24 studying something that won't even be relevant.

25 But the price that we pay in looking, and

1 separating out the research and development aspect from the
2 commercialization process, and particularly, what is the
3 avoided cost that is paid, well, when do we pay above
4 avoided cost on projects, I think is the key element, and
5 possibly more important than either accelerated depreciation
6 or the tax exempt bonds.

7 CHAIRMAN IMBRECHT: Further comments or questions?
8 Commissioner Schweickart?

9 COMMISSIONER COMMONS: I support the work in terms
10 of trying to evaluate tax credits and the concept of trying
11 to look at other incentives. I just feel that we need to
12 expand the horizon, as we've now narrowed it in terms of
13 the proposal of staff, and I'd also agree with Commissioner
14 Gandara, that this is something that should be done
15 directly for the Commission, not through this contract, and
16 there's not the urgency that we can't go to an RFP.

17 CHAIRMAN IMBRECHT: All right, fine. Commissioner
18 Schweickart.

19 COMMISSIONER SCHWEICKART: I'd like to speak
20 against the amendment. It seems to me here that in some
21 sense we're fairly clearly contracting through an agency
22 which has effectiveness, which the Commission, in its realm
23 of business, does not have. We would end up here with a
24 local agency, statewide local agency in an informed way,
25 and a way in which they would then have considerable vested

1 interests weighing in on critical issues, which were the
2 Commission to contract this work directly by RFP, would
3 in all likelihood not be any less costly, nor more
4 timely, and I would suggest, may have less effectiveness
5 in terms of it's final application, either in testimony
6 before the PUC, in federal procedures, or for that matter,
7 in affecting the decisions of local governments to go ahead
8 with many of these alternative energy projects.

9 So I think we should take full consideration of
10 the effectiveness of having an overview local institution,
11 like CSAC, directly informed and involved in the issues
12 enumerated in both Phases 5 and 6, and for that reason, I
13 would vote in opposition to the amendment.

14 CHAIRMAN IMBRECHT: Commissioner Edson.

15 COMMISSIONER EDSON: I'd like to concur with
16 Commissioner Schweickart, and simply add that I have strong
17 sympathies for the comments that Commissioner Commons made
18 about thinking that it's important to expand the scope of
19 work that is described in the incentives analysis section.

20 However, by expanding that work, you also expand
21 the cost, and I think that is a separate issue that we should
22 direct the staff to consider to see if perhaps there is money
23 available elsewhere in the budget that could be put to that
24 use. But I think that it does not argue that that work
25 should not go forward, it should not go forward in a very

1 timely manner, that incentives analysis is critical to the
2 success of the projects that will be going forward under the
3 CSAC contract, and that work is also essential to debates
4 that are occurring here in California, and at the federal
5 level, and it is quite important to have that information
6 available in a timely manner.

7 CHAIRMAN IMBRECHT: I think everybody's had a
8 bite of the apple except for staff. I'm going to ask for
9 staff's response to the proposed amendment, and then we're
10 going to go to a vote.

11 MS. PRAUL: I think we would continue to prefer to
12 keep the contract as we have proposed it. I could respond
13 just very briefly to Commissioner Gandara's concern about the
14 original contract allocations, and indicate that for example,
15 one of the contracts which we are redirecting to this
16 contract was a conference for bankers.

17 We feel that the manner in which we're proceeding
18 in this contract, which is to include bankers expressly in
19 specific project negotiations with local governments, is a
20 more effective way of developing that capability on the
21 part of the private sector than for the Commission to, you
22 know, hold a conference, and then try to lecture them, or
23 tell them what to do.

24 In the aspect of this project which we are
25 expanding, which is to provide that assistance in non-third

1 party financed projects, is an explicit way that we'll be
2 using the banking community to get them involved in financing
3 these projects.

4 CHAIRMAN IMBRECHT: One final question I've got,
5 you would anticipate subcontractors for the analysis of
6 SAFE BIDCOE and long-term energy financing authority, and
7 so forth?

8 MS. PRAUL: Under the original proposal, they
9 would have been included in that \$40,000 chunk of the
10 contract, which in conjunction with CSAC, and the Energy
11 Commission staff, a subcontractor would have completed --

12 CHAIRMAN IMBRECHT: That portion of the work?

13 MS. PRAUL: Yeah. At this point we are proposing
14 to delete that -- those -- that aspect of that \$40,000 task.

15 CHAIRMAN IMBRECHT: I'm sorry, to delete which
16 portion?

17 COMMISSIONER SCHWEICKART: The first two items,
18 the \$4,000 for those two items.

19 MS. PRAUL: To --

20 COMMISSIONER EDSON: SAFE BIDCOE.

21 COMMISSIONER SCHWEICKART: 1(a) and (b).

22 MS. PRAUL: This is the reference Randy made
23 earlier.

24 CHAIRMAN IMBRECHT: All right, I've gotcha, I'm
25 sorry, I missed that.

1 MS. PRAUL: Right.

2 CHAIRMAN IMBRECHT: Fine. I think the issue is
3 squarely before us, Secretary, would you please call the
4 roll?

5 COMMISSIONER GANDARA: Mr. Chairman, I'd like an
6 opportunity for some rebuttal on some issues that have been
7 new and were raised.

8 CHAIRMAN IMBRECHT: Fine. Commissioner Gandara,
9 I'm sorry.

10 COMMISSIONER GANDARA: One on the issue of the
11 redirection of the banking contract, again, the staff
12 argued very forcefully and persuasively to include that
13 item in the BCP. If staff wishes to change their mind now,
14 and say that it was not the best of their thinking at the
15 time, it gives me cause for concerns, as to whether this
16 would be the best of thinking now, or whether six months
17 from now that would be changed.

18 In any case, that wasn't quite clear that that
19 was part of what was being redirected, and so that's why
20 I raised the concern.

21 Now, the other thing that has been raised here
22 is a bit of a bootstrap argument. I argued during the
23 work plan process that it was questionable, what we were
24 doing in OIR II, and where we would go, and how much that
25 would take, and we were assured that yes, we can proceed with

1 that, and that we needed to do that, essentially, and I
2 lost that particular argument.

3 Now, the fact that we're committed to that now
4 says, well, now we've got to do this contract, and we've
5 got to do it on a schedule, and in such a way that we have
6 to provide that input. It's that kind of concern that I
7 have. I'm not quite so certain that we're going to be able
8 to be in any better position then, and I'm still not quite
9 certain that we're going to be able to say anything
10 significant on that.

11 But with that, let me just say that I've addressed
12 two new items that were not brought up before.

13 CHAIRMAN IMBRECHT: All right, fine.

14 COMMISSIONER SCHWEICKART: For clarification, Mr.
15 Chairman, I think I'd like to indicate that we're moving --
16 the main motion is to move the contract absent the \$4,000.

17 CHAIRMAN IMBRECHT: That's correct.

18 COMMISSIONER COMMONS: But we're only voting on
19 the amendment, we only have the amendment before us.

20 COMMISSIONER SCHWEICKART: I understand that, but
21 I wanted to --

22 CHAIRMAN IMBRECHT: The amendment is before us
23 at the moment, and the amendment is to delete Phases 4 --
24 5 and 6, excuse me. All right, fine. No further comments,
25 the Secretary please call the roll.

1 SECRETARY GREULE: Commissioner Commons?

2 COMMISSIONER COMMONS: Abstain.

3 SECRETARY GREULE: Commissioner Edson?

4 COMMISSIONER EDSON: No.

5 SECRETARY GREULE: Commissioner Schweickart?

6 COMMISSIONER SCHWEICKART: No.

7 SECRETARY GREULE: Commissioner Gandara?

8 COMMISSIONER GANDARA: Yes.

9 SECRETARY GREULE: Chairman Imbrecht?

10 CHAIRMAN IMBRECHT: No. The motion is defeated.

11 Commissioner Commons?

12 COMMISSIONER COMMONS: Yes. I'd like to move to
13 amend the motion on Item 1, and I hope this is a friendly
14 motion, to delete (a), (b), and (c).

15 COMMISSIONER SCHWEICKART: Could you give us a
16 page?

17 COMMISSIONER EDSON: Could you tell us where you
18 are?

19 COMMISSIONER COMMONS: On C-13.

20 CHAIRMAN IMBRECHT: You mean under Phase 6?

21 COMMISSIONER COMMONS: On Phase 6, under
22 incentives analysis, to have that -- eliminate (a), (b),
23 and (c), and to combine the three \$2,000 into \$6,000, and
24 that be used for analysis of effectiveness of current
25 programs, without defining which programs they are.

1 CHAIRMAN IMBRECHT: Then you're additionally
2 deleting from what staff proposed, and would be the
3 accelerated depreciation, because (a) and (b) are no
4 longer before us.

5 COMMISSIONER COMMONS: Well, I am recommending
6 that we have an analysis of effectiveness of current
7 programs, and we allocate \$6,000 for that analysis, and I
8 think there are programs that are not identified here that
9 are current programs, and we should not eliminate those,
10 and then that we have the final report with proposals for
11 modification, deletion, and addition for \$4,000 as stated.
12 That would be the motion.

13 COMMISSIONER EDSON: So it's consistent in terms
14 of the amount the staff has suggested, a reduction to
15 \$4,000.

16 CHAIRMAN IMBRECHT: That's correct.

17 COMMISSIONER COMMONS: It just doesn't specify --

18 CHAIRMAN IMBRECHT: It basically provides
19 greater -- all right, is there a second to the motion?

20 COMMISSIONER EDSON: Second.

21 CHAIRMAN IMBRECHT: Seconded by Commissioner Edson.
22 Discussion?

23 COMMISSIONER SCHWEICKART: Well, it's accepted as
24 a friendly motion, I think, as part of the main motion, I
25 mean, I'm not expert on Robert's Rules.

1 CHAIRMAN IMBRECHT: It's a slight modification to
2 what the staff proposed. Let me just ask, is there objection
3 to adoption of the motion for amendment? Hearing none, it's
4 adopted 5-0.

5 The main motion is now before us to adopt the
6 contract as amended by Commissioner Commons. Further
7 discussion? Secretary please call the roll.

8 SECRETARY GREULE: Commissioner Commons?

9 COMMISSIONER COMMONS: Aye.

10 SECRETARY GREULE: Commissioner Edson?

11 COMMISSIONER EDSON: Aye.

12 SECRETARY GREULE: Commissioner Schweickart?

13 COMMISSIONER SCHWEICKART: Aye.

14 SECRETARY GREULE: Commissioner Gandara?

15 COMMISSIONER GANDARA: No.

16 SECRETARY GREULE: Chairman Imbrecht?

17 CHAIRMAN IMBRECHT: Aye. The motion is adopted
18 4-1, the contract is approved.

19 The only items we have remaining before us --
20 let's turn quickly -- do we have a General Counsel's Report?

21 COMMISSIONER GANDARA: We had that.

22 CHAIRMAN IMBRECHT: We had that, excuse me.
23 Executive Director, is that --

24 EXECUTIVE DIRECTOR WARD: We've already done that
25 also.

1 CHAIRMAN IMBRECHT: All right, fine. Any member
2 of the public wish to address the Commission on any item?
3 Hearing none, the only thing that's left are --

4 COMMISSIONER SCHWEICKART: A technical issue,
5 should we not report on the executive session?

6 CHAIRMAN IMBRECHT: Mr. Chamberlain, do we need
7 a report on the executive session here? There was no --

8 MR. CHAMBERLAIN: No, I don't believe so.

9 COMMISSIONER SCHWEICKART: Oh, there was no
10 action.

11 CHAIRMAN IMBRECHT: There was no action taken,
12 so that's why I didn't contemplate doing it.

13 Lastly we have Commission Policy Committee
14 Reports. I have one, and I'd like to try to run through it
15 fairly quickly, and this is from Government Relations
16 Committee, as to proposed legislation. I want to make it
17 clear that those items which we are reporting, or recommending
18 for adoption by the Commission, or support the Commission
19 to propose as legislation is not all inclusive at this
20 point. These are the items that the Committee, both members
21 in attendance felt should be adopted at this point.

22 We have directed the staff for further work and
23 analysis on most of the other items.

24 COMMISSIONER COMMONS: Excuse me.

25 COMMISSIONER EDSON: I'm not sure --

1 CHAIRMAN IMBRECHT: Yes.

2 COMMISSIONER COMMONS: I have nothing in my
3 agenda.

4 COMMISSIONER EDSON: Nor do I.

5 CHAIRMAN IMBRECHT: Is Luree available? She's
6 supposed to be here for this. I have my list, I assumed
7 everyone else had received a copy.

8 No, well, look, I'll tell you what I will suggest
9 then. I'm going to give you just a general summary of
10 those items which we suggested go forward. If anyone has
11 any principal objection, I would like you to enunciate it,
12 and then I'll give you a more formal report at the next
13 business meeting with the documentation.

14 There were basically 25 proposals presented to the
15 Government Relations Committee, and we recommend moving
16 forward on 10 of those 25 at this point in time. Staff
17 actually dropped several of them, so I guess there were
18 probably roughly 20 actually before us for consideration.

19 COMMISSIONER EDSON: Can I ask a clarifying point?

20 CHAIRMAN IMBRECHT: Yes.

21 COMMISSIONER EDSON: When you say you're
22 recommending going forward, does that mean further analysis?

23 CHAIRMAN IMBRECHT: No, that means that we would
24 support these bills.

25 COMMISSIONER EDSON: We would actually sponsor these?

1 CHAIRMAN IMBRECHT: Sponsor these bills, that's
2 correct.

3 COMMISSIONER EDSON: I mean, we have one person
4 in governmental affairs, and sponsoring 10 bills is a job
5 for more than one person. I just offer that as a precaution-
6 ary note before --

7 CHAIRMAN IMBRECHT: We have more than one person
8 in governmental affairs currently.

9 COMMISSIONER SCHWEICKART: We either don't or
10 won't have very shortly.

11 CHAIRMAN IMBRECHT: I understand. Well, the
12 director of that office made this proposal to us. I think
13 we contemplate hiring there too.

14 Just very quickly, those that were adopted by
15 both members without objection, one to sponsor extension
16 of the Petroleum Industry Reporting Act, second to transfer
17 our authority over insulation quality regulation to the
18 Department of Consumer Affairs, since that principally
19 deals with health and safety, but we would retain jurisdiction
20 over the insulation characteristics of the insulation.

21 Next, to establish a revolving loan program for
22 alternative energy projects. Obviously, these will all
23 be further detail for you later. Next, to extend the
24 SB 771 biomass demonstration programs, in effect, to
25 continue to revolve those dollars as they come in, and to

1 increase our penetration in biomass, and I believe the
2 division suggests specific types of additional biomass
3 demonstrations beyond those which we have currently
4 included.

5 ARON Next is a demonstration of methanol transit buses,
6 I think most of you are familiar with this, this is the
7 proposal for methanol fleet of 20 buses to be distributed
8 largely in Southern California, non-attainment air quality
9 basins, that would include an appropriation of \$1.6 million.

10 Next to allow GRDA loans under a new revolving
11 loan account, similar to the establishment of the revolving
12 loan for alternative energy projects.

13 Next, assistance to local governments for small
14 hydro facilities, this would include an appropriation of
15 \$1 million to attempt to expedite retrofit of existing
16 manmade waterways for small hydro facilities. We're not
17 talking about natural streambeds, and small hydro.

18 COMMISSIONER EDSON: That's the existing
19 impoundments?

20 CHAIRMAN IMBRECHT: That's correct, pipelines,
21 channels, and so forth.

22 COMMISSIONER SCHWEICKART: What are we --

23 CHAIRMAN IMBRECHT: We're not asking -- I'm just
24 going to give you a quick report on this, if you've got
25 objections, I'll ask you for adoption at the next meeting

1 since we don't have documentation for it here. I've only
2 got three more.

3 Next is to amend the research and development
4 reporting requirements. Then two of the Commissioner
5 proposals that were brought --

6 COMMISSIONER EDSON: I didn't understand the last
7 one.

8 CHAIRMAN IMBRECHT: I can't, unfortunately,
9 recall enough details of that one. Hang on just a second.
10 Commissioner Gandara, do you recall?

11 COMMISSIONER GANDARA: Yes. What it was, that
12 was actually blended in with the legislation to separate
13 the Electricity Report and Biennial Report, and the
14 Committee recommendation there was to gather together a
15 task force of the divisions, and to review all the reporting
16 requirements we have to the Legislature.

17 CHAIRMAN IMBRECHT: That's right.

18 COMMISSIONER GANDARA: So that we would try to
19 reduce our reporting requirements to the Legislature as
20 we have the R&D Report, the SB 620, the SB 771, the --

21 CHAIRMAN IMBRECHT: Consolidate it.

22 COMMISSIONER GANDARA: And to see if we could then
23 kind of coordinate this so that we would have these reports
24 due, perhaps on alternate years so that the Biennial Report
25 then would be -- it would be streamlined to that --

1 CHAIRMAN IMBRECHT: Compilation and summary of
2 the elements that make up --

3 COMMISSIONER COMMONS: That includes the
4 Conservation Report?

5 CHAIRMAN IMBRECHT: That's precisely correct,
6 yeah. We would suggest an R&D Report, a Conservation
7 Report, Electricity Report, and so forth.

8 Then the last two, to change the adoption dates,
9 and this is consistent with that other item, adoption dates
10 of the preliminary report and Biennial Report, and that
11 was a suggestion both of Commissioner Schweickart and
12 Commons, and lastly, to give the Energy Commission siting
13 authority over 1 to 50 megawatt power plants, basically
14 the same as SB 5, but without the objectionable characteris-
15 tics that generated the veto this last time.

16 Beyond that, we have recommended to the staff
17 substantial workups on other proposals that were brought
18 to us and we didn't feel were ripe for decision at that
19 point in time. And that concludes that Committee report,
20 and I'd be happy to discuss it with any of you that have
21 specific concerns, but we'll try to abbreviate this meeting
22 further.

23 So you have another Committee report, Commissioner
24 Commons?

25 COMMISSIONER COMMONS: On this same Committee,

1 you asked me, on the Senator Rosenthal area.

2 CHAIRMAN IMBRECHT: Oh, I'm sorry, do you have a
3 copy of the -- I have this in my binder, of the proposed
4 responses by Commissioner Commons to Senator Rosenthal's
5 questions on research and development.

6 COMMISSIONER COMMONS: I met with Commissioner
7 Gandara concerning the Government Relations' Committee's
8 responses to the draft, and if the other Commissioners
9 remember what we wanted to do on this was to give the
10 Public Utilities Commission an opportunity to comment, and
11 Luree Stetson said last night that unhappily she had not
12 had time to -- or she and Mr. Ahern had just crossed channels
13 and had not had time to get together in discussion of this.

14 I talked with Mr. Foley today, and I've incorporated
15 Commissioner Gandara's comments, and we're looking at a
16 letter, rather than request for legislation, and that
17 draft letter was given to Mr. Foley, and we'll bring it back.

18 CHAIRMAN IMBRECHT: All right, fine. Anything
19 else to come before the Commission? Thank you for your
20 patience today, meeting is adjourned.

21 (Thereupon the business meeting of the California
22 Energy Resources Conservation and Development Commission was
23 thereupon adjourned at 5:08 p.m.)

24 --o0o--

25

REPORTER'S CERTIFICATE

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

THIS IS TO CERTIFY that I, Patricia A. Petrilla, Reporter, have duly reported the foregoing proceedings which were had and taken in Sacramento, California on Wednesday, November 30, 1983, and that the foregoing pages constitute a true, complete and accurate transcription of the aforementioned proceedings.

I further certify that I am not of counsel or attorney for any of the parties to said hearing, nor in any way interested in the outcome of said hearing.

Patricia A. Petrilla

Reporter

Dated this 6th day of December, 1983.