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1 STATE OF CALIFORNIA
2 ENERGY RESOURCES CONSERVATION
3 AND DEVELOPMENT COMMISSION
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CALIF. ENERGY COMMISSION
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10 BUSINESS MEETING
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13 1516 NINTH STREET
14 1st FLOOR HEARING ROOM
15 SACRAMENTO, CALIFORNIA
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19 WEDNESDAY, FEBRUARY 6, 1985

20 10:05 A.M.
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25 Reported by:

Mickey Bolan

PAPERWORKS
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COMMISSIONERS PRESENT

- Charles R. Imbrecht, Chairman
- Arturo Gandara, Vice Chairman
- Russell L. Schweickart, Commissioner
- Geoffrey D. Commons, Commissioner
- Barbara Crowley, Commissioner

EX OFFICIO

- Bill Foley

STAFF PRESENT

- Randall M. Ward, Executive Director
- William Chamberlain, General Counsel
- Kent Smith, Deputy Director
- Dick Ratliff
- Bill Pennington
- Chris Tooker
- Scott Matthews
- Ross Deter
- Manual Alvarez
- Don Wallace
- John Leber
- Lorri Gervais, Secretary

PUBLIC ADVISER'S OFFICE

- Gary Heath

ALSO PRESENT

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- David Chan, Tishman Research Company
- Herb Rosen, Infracon - Tishman Research Company
- Mark Braly, S.A.F.E. B.I.D.C.O.
- Carolyn Haut, S.A.F.E. B.I.D.C.O.
- Bob Ladine, R.C. Systems, Inc.

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P R O C E E D I N G S

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3 CHAIRMAN IMBRECHT: Alright. Good Morning.
4 We'll call the meeting to order. Mr. Foley, would you
5 like to lead us in the flag salute today? Please rise.

(PLEDGE OF ALLEGIANCE)

6
7 CHAIRMAN IMBRECHT: Thank you. A few brief
8 housekeeping announcements. Item 4 will be rolled over
9 at the request of the applicant; and #11 was removed by
10 Commissioner Commons.

11 The first item to come before us today, I
12 think if we move expeditiously we might have a
13 reasonably succinct meeting today. The informational
14 presentation by the president of the State Systems for
15 Energy, Business and Industrial Development
16 Corporation, better known as SAFE-BIDCO, Mr. Mark
17 Braly. Mark, welcome.

18 MR. BRALY: Thank you. Mr. Chairman,
19 Commissioners and friends, I appreciate this
20 opportunity to be here this morning on the occasion of
21 our and personally present to you a copy of our Annual
22 Report for our second operational year which was fiscal
23 year '83-'84.

24 I think what Carolyn Hout, our vice
25 president/chief financial officer, and I like best

1 about being here is the opportunity to warm up. Our
2 heat is completely out in our 130-year-old offices in
3 Old Sacramento and they tell me that's just part of the
4 local color for living over there.

5 CHAIRMAN IMBRECHT: If you'll step out into
6 our atrium and you can see what color...

7 (LAUGHTER)

8 MR. BRALY: Today, I have a special message
9 for you as the California Energy Commission it is
10 this. SAFE-BIDCO is an unusual State entity but, it is
11 an unusually effective tool for accomplishing your
12 goals. You're promoting the commercialization of
13 energy management, efficiency, alternative energy
14 sources in the private sector.

15 SAFE-BIDCO's activities are aimed exclusively
16 at the private sector. We are a small business servant
17 to small businesses. Because of that we identify with
18 our clients and their problems in a way that is
19 difficult for other government programs to do. We are
20 self-supporting. We passed the break-even point at the
21 beginning of the current fiscal year. Profit at mid-
22 year was \$32,395.00. We are therefore subject to the
23 discipline of the bottom line. Even as we carry on a
24 legislative mandate to make higher risk loans for
25 innovating small businesses which are unable to get

1 financing from commercial sources. We use our limited
2 resources productively. For every dollar we borrow
3 from the state, we attract eight or nine dollars from
4 private investors by using the land guarantees of the
5 U.S. Small Business Administration, we induce small
6 institutional investors from all over the country to
7 invest in small California energy businesses.

8 To tell you a bit more about how we operate,
9 I want to introduce Carolyn Haut to my right. She's
10 our vice president and chief financial officer. Ms.
11 Haut has had nine years of experience as a banker
12 having come to SAFE-BIDCO from First Commercial Bank of
13 Sacramento where she was a commercial loan officer. As
14 chairman of our Credit Committee, she's our key credit
15 analyst of our operation. Ms. Haut.

16 MS. HAUT: Good morning. I'm very pleased to
17 have the opportunity this morning to give you a little
18 encapsulation as to our current loan portfolio. To
19 date, we've made thirty loans to business throughout
20 the State of California. We have businesses from San
21 Diego to northern California. We've dispersed
22 approximately \$5.8 million in loans which averages
23 around \$200,000 per loan. With our current resources
24 we have the capability of making approximately \$25.0
25 million in loans. Eighty-five percent of the funds

1 come from private investors. So the purchase of the
2 SBA portion of our loan, the SBA guaranteed portion,
3 all of our loans are currently being funded in this
4 manner through the sale of old loans.

5 The SAFE-BIDCO makes loans that are higher
6 risk than your traditional commercial market. That's
7 the reason we're here. That's what we're meant to do.
8 If the commercial banks or the traditional lending
9 agencies would make loans to these types of
10 enterprises, there wouldn't be any reason for us. A
11 matter of fact, part of our requirement, or proof from
12 the borrower that they were unable to get the loan in
13 the commercial marketplace. Yet, at the same time,
14 we're required to demonstrate to the Small Business
15 Administration, who guarantees up to 90% of our loans,
16 that these loans are solid credit risks who have the
17 potential of being fully repaid. To date, we have had
18 no loan losses.

19 Our legislation mandates for the very narrow
20 market nitch out there, which means we work much harder
21 and spend far more money than traditional lenders
22 putting a loan on the book...books. Yet, at the same
23 time, we've still been able to meet this mandate. And,
24 within these constraints, we've found a number of very
25 profitable enterprises that are helping establish new

1 energy management and alternative energy industries
2 within the State of California.

3 MR. BRALEY: Thank you, Carol. I'd like to
4 give you some further examples of these innovative
5 companies. SAFE-BIDCO loans have established a new
6 kind of small business, independent power producers as
7 a type of business accepted for SBA loan guarantee.

8 There's no SIC code for independent power
9 producers. SBA had never seen one before we starting
10 bringing them in for loan for loan guarantees. It took
11 some explaining and perserverance. As SAFE-BIDCO
12 finance company and installed what was probably the
13 first very small co-generation system in a restaurant.
14 It was a famous restaurant: McDonald's.

15 So we think this well publicized installation
16 has helped open a who new market for very small co-
17 generators. This company is facilitating growth of
18 this market through their sophisticated micro-computer
19 systems, which permit remote operation and monitoring
20 of small co-generation installations.

21 SAFE-BIDCO loans have financed, in part, two
22 of the first small hydro systems which extract power
23 from man-made water distribution systems rather than
24 natural streams. One was the first small hydro project
25 in urban Orange County. A SAFE-BIDCO finance firm

1 installed the first grid connected private potable tank
2 system in PG&E service territory. The two system were
3 among the first in California, probably one of the
4 first two or three. One was at a private residence
5 and, the other was at Dixon City Hall.

6 Product and services of other SAFE-BIDCO
7 companies have ranged from advanced energy savings
8 sewage treatment systems, which promote water
9 recycling, to efficient methods of heating commercial
10 greenhouses. More details about some of our client
11 companies are included in the client profiles, which
12 are in the Annual Report. They're behind the
13 corporation profile on individual sheets.

14 Our outreach program is focused on our target
15 industries and covers that the state. During the last
16 fiscal year we opened a small office in Southern
17 California staffed by an an Assistant Vice President.
18 BoB Kineisel, who holds this post spends most of his
19 time calling on individual companies at their places of
20 businesses. We have a total, by the way of six on our
21 staff.

22 During the fiscal year, we also moved our new
23 statewide headquarters to Old Sacramento. Most of you
24 probably know that our first headquarters were
25 destroyed by fire September of '83 in the first part of

1 the fiscal year. Despite this disruption, the
2 corporation ended the year with a deficit of only
3 \$93,000 -- about the same as its payment of interest to
4 the State. In other words, revenues still covered
5 operational expenses. The payment to the State is not
6 a loss since it will be used to make new loans to small
7 businesses under the Governor's current budget, which
8 reappropriates our interest and principal payments to
9 our loan funds.

10 The Energy Commission has been a part of our
11 success. Your Vice Chairman, Commissioner Arturo
12 Gandara, sits on our board of directors and has served
13 as chairman of our Audit Committee. Ron Cocoka, or his
14 his deputy, Leon Vann, continues to sit on our Credit
15 Committee as the technical members. Members of your
16 staff perform technical analysis as appropriate,
17 relative to the products and services of our borrowers.

18 In addition, we want to thank you for your
19 moral support. Even though we recognize it, it's not
20 too difficult to give. After all, we're a non-
21 regulatory program, we help small businesses, we don't
22 compete with any private businesses, we are self-
23 supporting, we don't cost the State anything, we
24 promote the goals of making this nation more energy
25 independent in reducing its energy cost through more

1 and better energy management, products and services in
2 the private sector.

3 So, I want to thank you again for this
4 opportunity to present to you our Annual Report. And I
5 want to make myself and Carolyn available for any
6 questions that you might have.

7 CHAIRMAN IMBRECHT: Thank you very much for a
8 very informative presentation. Are there any questions
9 from members of the Commission? Commissioner Gandara?

10 COMMISSIONER GANDARA: I don't have a
11 question, just a comment. As the Commission's
12 representative, I've been most pleased with the
13 development of SAFE-BIDCO. As you may know, I'm the
14 Commission's second representative. Commissioner Kim
15 Walker was the first representative. And, both of us
16 have at times been quite; ... have commented on the
17 remarkable success of SAFE-BIDCO.

18 This was not the only State-created
19 institution to deal in the financial marketplace while
20 in transition. However, this is one that has survived
21 and is doing well and is making a profit. So, I think,
22 as Mark said it is congruent with our goals. I think
23 that in particular we're congratulate Mark and the
24 staff who have enjoyed a very good reputation in
25 financial circles, by the way. And, I would only ask

1 you to do one more thing, Mark. If you could mention
2 to the Commission, you mentioned that you have to do
3 considerable outreach, perhaps more so than the average
4 lender. One of the impressive things as well is the
5 kinds of places and/or conferences and/or outreach that
6 the staff does to be able to market its loans and offer
7 the message which this Commission's been sending forth
8 for a number of years, which is we need to do more for
9 our energy independence. I think the list that you
10 provided to the board recently of the various places;
11 ... if you would give us a sampling of that I think
12 the Commission would be....

13 MR. BRALY: Thank you very much. Are you
14 asking me to say some more on that? Yes, we do try to
15 make all of the trade shows in our area in maintaining
16 contact with all of the trade organizations and others
17 who are putting on seminars, meetings and, appear as
18 often as we can in the trade publications.

19 We have, on occasion, done meetings of our
20 own. For example, last year we did a seminar for small
21 businesses who are participating in the PG&E Zip and
22 Zero Interest Program in terms of, on the issue of
23 whether or not that program should be expanded to
24 improve innovative new products which save energy more
25 cost effectively for PG&E customers. That was very

1 well received and, I think, may have had some influence
2 at PG&E in terms of their policies towards opening up
3 that program.

4 We will, again, this year be a co-host of the
5 reception, a major reception at RATZE, which I guess is
6 developing into one of the major, the country's major,
7 and certainly the major show in California for
8 alternative energy and technologies. And, we'll be
9 appearing at the Association of Energy Management (AEE)
10 Association of Energy Managers, West Coast Congress,
11 later this month in February. That's an ongoing
12 activity and it's been shifting from meetings also
13 through our having a Southern California representative
14 to calling on individuals businesses at the places of
15 businesses.

16 One of the things that does seem to be
17 important in our outreach is to... Bankers are kind of
18 scary to small businesses, and if they know you, they
19 feel comfortable about coming to you. And, we have
20 even though that very, that's a very a very labor-
21 intensive, costly way of business development, we find
22 it essential.

23 CHAIRMAN IMBRECHT: Okay. Thank you very
24 much and I appreciate your presentation today. I think
25 that as we approach the transition from tax credits and

1 so forth, innovative loan programs would certainly be
2 one the areas that I expect to see greater attention
3 focused.

4 MR. BRALY: Thank you very much, we agree.

5 CHAIRMAN IMBRECHT: Alright. Moving right
6 along. The second item before us today is
7 Consideration And Possible Grant or Denial of a
8 Petition for Rulemaking filed by David Chan of Tishman
9 Research Company to amend Section 2-5343(b) which has
10 been recodified as Section 2-5319 relative to control
11 devices for indoor lighting. This is a petition to
12 deal with the energy efficiency standards for new non-
13 residential buildings. The petitioner requests that
14 the regulation be amended to no longer require separate
15 circuiting in areas where natural lighting is available
16 if occupancy sensors are installed in the space. Mr.
17 Ward.

18 MR. WARD: Thank you, Mr. Chairman. Bill
19 Pennington of the Conservation Division is prepared to
20 outline what the specific concerns are and I'll allow
21 him to do this at this time.

22 MR. PENNINGTON: The current non-residential
23 building standards require, as a mandatory requirement,
24 that areas in a building that have day lighting
25 available must be separately switched, separately

1 circuited and switched from areas in the building where
2 day lighting is not available. And, this petition
3 requests that in situations when occupancy sensors are
4 installed in such spaces, that that mandatory
5 requirement be waived. So, that that the occupancy
6 sensor will be the controlling device.

7 Staff believes that there's clear energy
8 savings associated with occupancy sensors and perhaps
9 savings comparable to daylighting controls. We think,
10 however, that if you have both a daylighting controller
11 and a occupy sensor, that there are potentially
12 additional savings that have been estimated. One of
13 the concerns regarding this petition is the intent of
14 the current standards is to create a situation so that
15 if you have a series of offices spaces along a given
16 window wall, that all of those spaces, assuming that
17 they get daylighting essentially equally, could be
18 switched off when daylighting is available, together.

19 And so, one daylighting controller could save
20 the energy in several offices. Perhaps, as an example,
21 the offices on...the Commissioners' offices... perhaps,
22 all of those lights that are in areas where daylighting
23 is available could be switched off together and there
24 would be a considerable energy benefit associated with
25 doing that.

1 But, we think that the Petitioner has a point
2 that there would be clear energy savings associated
3 with occupancy sensors and we think that the Commission
4 should grant the petition and conduct hearings on it
5 and to consider whether or not we want to have that be
6 an alternative to the mandatory requirement in
7 regulation.

8 CHAIRMAN IMBRECHT: Alright. Questions from
9 the staff? Thank you, Mr. Pennington. There are two
10 individuals who wish to address the Commission on this
11 issue. First, Mr. Chan, the petitioner. Would you
12 please come forward?

13 COMMISSIONER SCHWEICKART: Mr. Chairman,
14 while we have Mr. Chan coming forward, let me say that
15 at this point the issue before the Commission really is
16 do we have a duly filed petition, is there any reason
17 not to grant it? And, at that point, direct the staff
18 to propose an OIH for the Commission to deal with
19 rather than dealing with the pros and cons of the
20 subject itself.

21 I think it's really a question of is it
22 really valid? And frankly, my recommendation is that
23 it is certainly a valid subject for the Commission to
24 consider in terms of amendment of the standards. That
25 that in a way presumes what the response of the

AFTERNOON SESSION

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3 CHAIRMAN IMBRECHT: The meeting will re-
4 convene. The various parties to discuss the various
5 legal challenges made to the Envirosphere Siting
6 Contract will leave at 3 o'clock. So as a consequence,
7 Mr. Smith's attendance is necessary for Item #11, I'm
8 going to take that up out of order and move directly to
9 the Commission Consideration of Energy Commission-
10 originated proposals for expenditure of potential
11 future PVEA funds. Commissioner Commons had asked that
12 this item be added to the agenda, so I'd asked him to
13 address his concerns at this time.

14 COMMISSIONER COMMONS: I think when we had
15 the PVEA about nine months, I'd indicated at that time
16 that after the Committee had submitted its information
17 to LBL and we had the evaluation material, that it was
18 appropriate for this Commission to review and take
19 action as a Commission rather than as a Committee as to
20 the various proposals. So the reason I put this on the
21 agenda is just to do that which I said I was going to
22 do nine months ago, which I think is normal Commission
23 practice. It's that once a Committee puts together a
24 project or proposal that comes back before -- it comes
25 back before the Commission and so what I'm doing is

1 just initiating that process. Because my understanding
2 is that on the programs that we have before us these
3 are eventually going to become Commission proposals. I
4 think they should be duly and properly considered by
5 the full Commission.

6 CHAIRMAN IMBRECHT: Well, I certainly don't
7 differ with that. I would just indicate that at this
8 juncture, the Budget Committee is not prepared to make
9 a recommendation as to which of those proposals we
10 submitted to the Department of Finance for
11 consideration of funding in either a March Change
12 Letter or subsequently, depending upon the decision of
13 the Department, as to whether or not they want to
14 attempt to deal with PVEA expenditures as a part of
15 this budget cycle, or potentially as a separate
16 Appropriations Bill before the Legislature each of
17 which are viable options.

18 To the best of my understanding, no
19 definitive statement has been made by them at this
20 point and time. It would be my expectation that they
21 would request agencies that care to compete for
22 consideration in that proposal to submit such proposals
23 at the appropriate time driven by their own schedule.
24 Where we are right now in terms of Energy Commission-
25 initiated proposals are that we did submit to LBL a

1 series of proposals. I believe that cumulatively, even
2 just our own proposals, Mr. Smith you might correct me
3 if I'm wrong, exceed the total dollar volume that's
4 anticipated from PVEA cumulatively

5 MR. SMITH: Very close to it.

6 CHAIRMAN IMBRECHT: And it would seem to me
7 that what would be factored into our decision as a
8 Commission is which of those that we sought evaluation
9 from LBL on should be taken forward in the Department
10 of Finance process and at what funding levels; and then
11 further, based upon whatever determination or
12 recommendation they make, decide which we want to carry
13 forth further assuming some of those might be rejected
14 for legislative consideration.

15 I would just reiterate something I have said
16 in the past and it would be my wide-eyed reaction of
17 surprise that the Department of Finance would choose to
18 recommend, or even the Legislature would choose to
19 agree to, in essence, fund all the Energy Commission's
20 proposals and freeze out other agencies. I just don't
21 think that's realistic and any type of normal
22 allocation process or political process. And so to
23 some extent we have to make some determinations based
24 upon the relatively energy merits, the balance of the
25 programs we're proposing, and the dollar funding, both

1 from the strictly empirical as well as somewhat
2 strategic perspective.

3 It is my expectation that when we understand
4 what the Department of Finance is process is going to
5 be that we will then have a Budget Committee meeting to
6 consider all of the Energy Commission proposals and
7 solicit comments from all members of the Commission and
8 certainly the participation of your advisers in terms
9 of bringing forward a recommendation for adoption by
10 the Commission as to that which we formally move
11 forward in the process.

12 COMMISSIONER COMMONS: I'm sorry. Are you
13 saying Mr. Chairman then that the LVL evaluations and
14 proposals that we have at this time, they are not going
15 to leave the Commission and are not recommendations at
16 this time of this Commission, and will not be submitted
17 either to the Legislature, to the Governor's Task
18 Force, or to the Department of Finance without being
19 brought back before us?

20 CHAIRMAN IMBRECHT: That's right, without a
21 specific request for funding of those. I'll just note
22 for you that in the LBL evaluations, I believe that
23 something in excess of \$700 million would be required
24 to fund all the various agency proposals. And our best
25 estimate currently is that there will be something in

1 the neighborhood of \$160 million available from PVEA,
2 assuming Congress takes the appropriate action to
3 override the federal administration's recommendation as
4 to the ultimate use of those funds.

5 COMMISSIONER GANDARA: Weren't those
6 recommendations due February 1st?

7 MR. SMITH: No, the LBL Grant Report has been
8 available for approximately two days.

9 CHAIRMAN IMBRECHT: We have that. I thought
10 so; within the last couple days. The bottom line is
11 where we stand procedurally at this point in time is we
12 have a multitude of proposals from a multitude of
13 agencies which have now been evaluated in draft form by
14 LBL. Those drafts have now been submitted to all the
15 participating agencies; they have a period where they
16 can comment and object to any obvious inaccuracies that
17 they care to challenge. In turn, we then have to
18 certify a final report and then that is the final
19 submission, both to the Legislature and to the
20 Executive Branch. But it does not constitute that
21 which we are requesting on behalf of the Energy
22 Commission which you will find within those evaluations
23 are the totality of potential PVEA programs that we
24 might then choose to go forward with. But as I
25 indicated, I think that if you simply add up the dollar

1 figures for all of our own proposals, I thought it was
2 \$170 million or something like that; but it's in the
3 neighborhood of a total funding available from PVEA
4 which, as I say, I think would be unrealistic to assume
5 that we're going to get a hundred percent of our
6 proposals funded and Caltrans or OEO or any of the
7 multitude of the other agencies that participated would
8 not get any response. I just don't obviously think
9 that that's going to happen.

10 So what we need to do as a Commission, and I
11 think the appropriate way is for that to be handled
12 through our Committee process, is to come to a final
13 recommendation as to total dollar volume and which of
14 those programs we actually include in our request
15 through Finance much like the adopted budget that we've
16 submitted to Finance. I would see the two processes
17 being, in essence, identical.

18 COMMISSIONER CROWLEY: Mr. Chairman, can you
19 give us a sense of an appropriate timeframe that these
20 should go to Committee and ought to be looked at by
21 Budget, and then be back?

22 CHAIRMAN IMBRECHT: Well, what I was
23 indicating is I don't know at this point what
24 Department of Finance's procedural timeframe is going
25 to be. Certainly, we would anticipate holding a Budget

1 Committee meeting and respond in a timely fashion as
2 soon as it's clear to us when the Department of Finance
3 wants a formal submittal from the Energy Commission.

4 MR. SMITH: Mr. Chairman, I believe we've
5 scheduled a preliminary discussion for tomorrow
6 afternoon -- an extension of the introduction we had on
7 Friday, recognizing there will probably be a need for
8 follow-up discussion following that also.

9 CHAIRMAN IMBRECHT: My understanding is the
10 Department of Finance is basically trying to determine
11 from contacts in Washington the likelihood of
12 Congressional action and when that is going to occur.
13 If that Congressional action is not likely to occur
14 until completion of this current budget process, there
15 is obviously no money to be allocated in the course of
16 this budget process; or it would have to be done at
17 best on a contingency basis, which I suspect the
18 Legislature would be reluctant to get involved with.
19 And in the event that that is the case, it is my
20 understanding that one of the options under discussion
21 is for the administration to come forward, in essence,
22 with a separate piece of legislation as their
23 recommendation. As their recommendation, a separate
24 Appropriations Bill, if you will, just like the budget
25 bill. I would presume that it would be then considered

1 by Ways and Means, and Finance, in an appropriate
2 fashion with them massaging it and making whatever
3 changes they deem appropriate.

4 So, where our two points of submittal and
5 control are: one, what the Commission chooses
6 collectively to decide to submit and I would propose to
7 you that we do that by virtue of a Budget Committee
8 recommendation to the full Commission just as we handle
9 our own budget. And then, in turn, if the
10 administration does not accede to our requests to the
11 degree that the Commission deems appropriate, then we'd
12 take our case to Legislature.

13 COMMISSIONER COMMONS: Then are you saying,
14 Mr. Chairman, that we will not increase or decrease,
15 eliminate or add to the proposals that are currently
16 before LBL until it's brought back to the full
17 Commission?

18 CHAIRMAN IMBRECHT: That's correct.

19 COMMISSIONER COMMONS: Alright, then that
20 narrows my discussion substantially today, because I
21 accept the general process that you outlined and that's
22 I think, in line with what I had -- that is in line
23 with what I felt the intent of the Commission was.

24 CHAIRMAN IMBRECHT: There's a distinction. I
25 think what I want to draw here is, there's a

1 distinction between managing this contract for
2 evaluation of of a lot of proposals and what we
3 actually submit to Finance as being the Energy
4 Commission's request. We all have to digest this data
5 that has been submitted to us, and come to some
6 conclusions as to which of the proposals we want to go
7 forward with based on a variety of considerations. And
8 I presume those will include our own individual
9 viewpoints on such matters as energy savings,
10 restitution, and the balanced total program here at the
11 Commission, et cetera.

12 COMMISSIONER COMMONS: I have... the issues I
13 wanted to raise are more general than getting into the
14 details of specific programs. And I think we can do
15 this in a short period. But there are a few
16 considerations that I would like to make.

17 One is, any proposal that we put forth, I
18 think it's important that we're supporting it in the
19 long run that it is well designed as possible. I have
20 personally reviewed most of the projects that have been
21 submitted and I do not feel that they've gone through
22 as rigorous a treatment as the projects that come
23 before this Commission from Loans and Grants, where
24 there is actually a checklist and evaluation
25 methodology, and there's a fairly rigorous review at

1 that Committee. I fiddled with a few of them and the
2 results are in the package where I think there's
3 substantial improvements in terms of both the energy
4 savings and the cost-benefit. Now the issue of number
5 of dollars to the program is a separate issue as to the
6 efficiency of the design of the programs. I think one
7 of the things that we need to look at is given the
8 various sets of criteria that we have, are these
9 proposals as carefully designed as possible? Because
10 my understanding is in your rebuttal process to LBL,
11 this is our last opportunity to really do something.
12 And none of these proposals have been reviewed
13 essentially by the Commission from a design feature
14 point of view.

15 I actually had trouble understanding some of
16 our own proposals -- as to what they were proposing to
17 do because the language in some was, I don't know if I
18 want to use the word "gobbledygook" but it was very
19 difficult to understand what we were attempting to do
20 and assess the benefit streams and the cost streams.
21 So I think it's important that we do that. In other
22 words, the----

23 CHAIRMAN IMBRECHT: Let me suggest that I
24 would encourage you to try to enunciate those concerns
25 specifically and have your adviser be prepared to

1 address them at the Budget Committee. I just want to
2 caution you that any statements you make right now,
3 might have less than a salutary impact upon our
4 ultimate ability to move forward with our total agenda
5 here. So just...

6 COMMISSIONER COMMONS: I understand. I think
7 one of the things is now that we have an LBL review, we
8 should take advantage of the opportunity because the
9 main thing we're trying to do is to deliver a package
10 of programs which will meet the criteria which has been
11 set forth, and anyone who designs a program we can
12 always learn from a reviewer's experience. And one of
13 the things I think we should do is take this
14 opportunity and review the LBL comments to see if we
15 can improve the design so that our programs are more
16 cost-effective or have less risk, or whatever the
17 reviewer's comments are. And we shouldn't lock
18 ourselves into the structure of the program, rather we
19 should have a review. And I think that there's some
20 tendency on the part of the Executive Office to say we
21 have to live with what we have and not be willing to
22 take into consideration the reviewer's comments and
23 improve on the design of the programs. And I think we
24 have a responsibility in the public interest to deliver
25 as good a program as we can on anything that we're

1 doing.

2 MR. SMITH: I think the Executive Office's
3 concern first, I think the Commission has addressed,
4 and that is that we've just had the results of the LBL
5 evaluation for the last couple of days and I know that
6 a number of Commissioners haven't had an opportunity to
7 review that. Staff is in the process of reviewing that
8 now.

9 Second, that we certainly do need an
10 opportunity to discuss some of the issues that
11 Commissioner Commons has raised, with the Budget
12 Committee. Third, in terms of process, there is an
13 opportunity for the Commission along with other
14 agencies, to submit to LBL as part of this process,
15 rebuttal comments. But most of these proposals have
16 been through a process of development that's extended
17 over the last nine months. And the proposals and
18 features would reflect, not only staff work here at the
19 Commission, but in many cases incorporate features that
20 were recommended or suggested by members of the public
21 outside agencies. And, at this point, I believe it is
22 inappropriate to do a major reconstruction of those
23 proposals and expect that Lawrence Berkeley Laboratory
24 would be in a position to do a third evaluation in the
25 next few weeks on those major revisions. But, the

1 rebuttal mechanism is available to the Commission as
2 well as other agencies.

3 CHAIRMAN IMBRECHT: Commissioner Gandara.

4 COMMISSIONER GANDARA: Yes Mr. Chairman, I'm
5 going to have to do something and I'm going to have to
6 register a strong protest as to the way this whole
7 distribution of this thing has been handled. I
8 consider it as kind of a breach of the understanding we
9 had with respect to the Budget Committee oversight of
10 this particular contract.

11 First of all, I was not aware that this had
12 been distributed. I checked with my office, and
13 apparently we did receive a copy yesterday afternoon.
14 Since there's a cover memo from you here dated February
15 5th, I presume that we had it, at least before
16 yesterday. There is a memo from you to the PVEA Task
17 Force and the Working Group which doesn't seem to
18 acknowledge the Committee as a whole. It simply is a
19 letter from you as Chairman of the Commission, and
20 then, most disagreeable to me frankly is a Foreword in
21 this material that has been added. It indicates that
22 it was prepared by the California Energy Commission.
23 It certainly was not prepared by me. So, I don't know
24 what part of the Commission that refers to, but in any
25 case, this foreword contains material that I totally

1 disagree with and the very first paragraph, it makes a
2 quotation of the Budget Act and the authority that it
3 supposedly direct. And as you well know, I disagreed
4 with the fact that I thought that that was not an
5 appropriate and/or legal language, and we even, in
6 fact, had a legal opinion about that that I think,
7 frankly agrees with me.

8 And in addition to that, the description of
9 the PVEA Working Group does not acknowledge that that
10 is an advisory group to the Commission. I think all
11 these problems really could have been avoided if, in
12 fact, we had had a Budget Committee review, because Mr.
13 Smith keeps referring to checking with the Budget
14 Committee. This is not checked at all with me. I
15 don't disagree if this material is going to be issued,
16 but I certainly can't take responsibility for some of
17 it -- discussions even as late as yesterday, I'm
18 approached by people about where we are and what the
19 status of this thing is. And I can't fully advise
20 people if I'm not, in fact, informed and informed that
21 material is being added that, in fact, that I might not
22 agree with.

23 I think it does certainly confuse matters
24 more for people who receive this material, when in fact
25 there is material which I'm not in agree with.

1 MR. SMITH: Commissioner Gandara, some of
2 your concerns are precisely the reasons that there was
3 an Executive Office recommendation not to take this
4 item up today; but it's fair to deal first with the
5 Budget Committee. Beyond---

6 COMMISSIONER GANDARA: The issue had nothing
7 to do with taking the item up -- excuse me. The issue
8 had nothing to do with taking the item up today. You
9 had told me that you have already distributed this
10 material. Okay? And in addition to that, you have
11 added material here which certainly is not approved by
12 me. Certainly not approved by the Commission.

13 MR. SMITH: Right, we have an obligation to
14 the other agencies..... That's correct. There was not,
15 at least from my understanding, there was not an
16 obligation to have the Commission approve the draft
17 material coming from Lawrence Berkeley Laboratory.
18 That we would make that available...

19 COMMISSIONER GANDARA: But, what obligation
20 do you have to characterize this material in this way,
21 then? You are taking it upon yourself then to
22 characterize material which is not accurate. You don't
23 have that obligation.

24 MR. SMITH: I may be missing ... I don't have
25 that letter in front of me. I may be missing your

1 point.

2 COMMISSIONER COMMONS: I think what
3 Commissioner Gandara is saying is one, it's not a
4 Commission document and it so expresses. Second, it
5 was never approved by a Committee because at least one
6 member of the Committee never reviewed it. And that
7 was not following the procedures that were very
8 carefully, after long discussion,

9 MR. SMITH: This is a draft set of documents
10 from Lawrence Berkeley Laboratory. It's distributed
11 for comment.

12 COMMISSIONER GANDARA: I'm referring to the
13 material that attributed to that was added by the
14 California Energy Commission. LBL did not add that and
15 LBL did not add the cover memo.

16 CHAIRMAN IMBRECHT: Quite candidly, I would
17 just indicate to Commissioner Gandara that I did not
18 review the Foreword; I simply signed a letter that was
19 intended to be purely a letter of transmittal of the
20 draft -- and it was just that -- a draft only, and with
21 no implication that this I don't think there's
22 anything in here that even remotely infers that this
23 has been adopted by anyone, Committee, the Commission,
24 or otherwise. I also don't see anything in this
25 Foreword just as I review it that suggests somehow that

1 this was the conclusion of the Commission. As to the
2 language you have expressed concern about, I agreed
3 from the very beginning. So the preparer should've
4 said "Prepared by the Staff". You're right on
5 something like that.

6 MR. SMITH: Yeah. I am advised that that
7 foreword material was prepared by Executive Office;
8 that's a draft, and what you're saying is it's a draft
9 that needed correction, and we'll make those
10 corrections.

11 CHAIRMAN IMBRECHT: I would agree with that.
12 I don't think it is factually inaccurate to quote the
13 language that was in the Budget Act. At the same time,
14 it seems to me that it would have been more complete to
15 have further indicated that that's -- the Commission
16 has interpreted this language to mean that it was an
17 appropriation to the Commission and under the
18 jurisdiction of the full Commission to conduct or to
19 let the contract and oversee its conduct, et cetera.

20 And that's a point that Commissioner Gandara
21 and I had disagreements on, but I acceded to his point
22 of view in order to move this process along and I
23 believe that I have waived any further objection on
24 that by virtue of that action. So, I think that
25 clarification would be appropriate to the attitude of

1 the Foreword.

2 And, let me simply just indicate, I said as
3 to the letter... or to the memorandum, I would simply
4 advise that it was distributed in a timely fashion.
5 Letters of transmittal are frequently executed by the
6 Presiding Member of the Committee with jurisdiction
7 over a contract, but do not imply nor is there any
8 representation or reflects the Committee's viewpoint or
9 the Commission's viewpoint. So I don't frankly feel
10 that my signature on this memorandum is in any way
11 different than Commission practice or circumstances
12 where draft documents are distributed for comment prior
13 to any representation that's subject to adoption.

14 COMMISSIONER GANDARA: Well again, without
15 settling the issue here, Mr. Chairman, I just am
16 raising the point that I think that if in fact it's not
17 to be Committee action that's fine by me. I just don't
18 want to also have to bear the responsibility for it by
19 implication that continued reference of the Budget
20 Committee will act on this or that. I just pointed out
21 that I think there was certainly a lack of coordination
22 here, and I don't intend to revisit an old subject.
23 But I think that you indicated that since we have laid
24 it to rest, we should lay just --- we could accommodate
25 it, at least what our understanding is now, with

1 whatever materials had gone out.

2 CHAIRMAN IMBRECHT: I don't think there's a
3 violation to your point to quote the budget language,
4 but at the same time, offer clarification as to the
5 ultimate judgment of the Commission as to how that
6 should be interpreted. And the clarification is as I
7 stated it.

8 MR. SMITH: We are certainly sorry if there
9 was an oversight and obviously it was unintended.

10 COMMISSIONER COMMONS: Let me then go back to
11 my question. Is the Executive Office then intending to
12 review the comments of LBL and make recommendations to
13 the Committee in terms of ways of improving our
14 proposals?

15 MR. SMITH: Yes.

16 COMMISSIONER COMMONS: Okay.

17 MR. SMITH: Let me be clear about what we
18 mean by improving, and we're talking about using the
19 rebuttal mechanism if there's agreement, or our
20 decision on the part of the Committee to do that.

21 COMMISSIONER COMMONS: By rebuttal mechanism,
22 I am not suggesting that you limit yourself to saying
23 that we disagree that the energy benefits are 76 therms
24 and they should be 82 therms. But if they were to say
25 that we feel that there is insufficient leverage of

1 public sector money by private sector money, we'd take
2 that into consideration and modify the proposal. So I
3 want to make a major distinction here between answering
4 their response by saying our number is right and making
5 our proposal a better proposal.. they point out
6 something that we concur with that would make the
7 proposal a better proposal.

8 MR. SMITH: I think that's an issue that we
9 have to deal with in the context of the resources
10 within the LBL contract. We'll have to discuss that
11 particular issue with the Committee. If every agency
12 that submitted a proposal revised the proposal and
13 expected an additional evaluation, then I think there
14 are not resources under the contract that would allow
15 LBL to produce their final report. So I have a concern
16 about what you're suggesting.

17 COMMISSIONER COMMONS: Yeah, that's one of
18 the main reasons this is on the agenda, Mr.
19 Chairman...is I think the contract does not drive how
20 the State of California expends a \$150 million; we have
21 a responsibility when a contractor reviews proposals to
22 try to make those proposals as efficient for the State
23 of California and take into consideration their
24 suggestions. That doesn't mean to say that I am in
25 concurrence with the all, or in fact, any of their

1 suggestions. What I am saying is that we should review
2 that and their contract should not be the limiting
3 factor in terms of what we....

4 CHAIRMAN IMBRECHT: Actually, I don't think
5 that we're all that far apart on this issue. I really
6 think we're spending unnecessary time on it. First and
7 foremost, if there are comments made by LBL that can be
8 responded to easily and simply as to leverage issues,
9 and so forth, that's one thing. I have to agree with
10 Mr. Smith that, and I certainly think that at the same
11 time, we have to pose the same types on rules on other
12 agencies. This is not a process.... and it's already
13 extended well beyond what it was originally
14 contemplated. And it's not a process where now, in
15 essence, every agency including ourselves, who had a
16 proposal I might say which all of which were considered
17 by the Budget Committee and your staff was present and
18 so forth. So it's not as if you haven't had an
19 opportunity to lay in on these things in the past. And
20 I don't anticipate that it would be reasonable or fair
21 for either us or other agencies, in essence, to go back
22 to the drawing board for every proposal that did not
23 get a favorable or what appears to be a relatively
24 favorable conclusion and re-design it from A to Z. If
25 there are specific individual points within an proposal

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1 that can easily be responded to, then I think we ought
2 to do that. But, there is a difference between the
3 two.

4 COMMISSIONER COMMONS: Well you may have
5 narrowed our difference to one of judgment, cause I
6 certainly... A to Z would mean submitting new proposals
7 and not at least doing A. Once we get off and say
8 we're going to at least allow for modifications to the
9 proposals to address specific concerns, then I'd feel
10 comfortable with your position. It's different than my
11 understanding from that of the Executive Office
12 statement...

13 CHAIRMAN IMBRECHT: Let me just say, to
14 assist the Budget Committee in this review, I want to
15 really make a strong request that if you've got such
16 suggestions that you make sure your staff is fully
17 capable of enunciating them.

18 COMMISSIONER COMMONS: We will be responsible
19 if you don't....

20 CHAIRMAN IMBRECHT: Or you talk to either
21 members of the Budget Committee individually on your
22 own...

23 COMMISSIONER COMMONS: We will put them in
24 writing. Now the last point I wanted to make was in
25 the evaluation, the Cost Benefit Analysis is obviously

1 very important. Could someone clarify for me if LBL
2 used a discount factor and, if so, if it were
3 consistently applied to all proposals?

4 MR. SMITH: Yes, Mr. Commons I believe that's
5 addressed in the LBL Report. In Volume I, they give a
6 summary of how they've approached the overall analysis
7 of proposals, and there's a discussion of the discount
8 factor.

9 COMMISSIONER COMMONS: Was that discount
10 factor six percent real?

11 MR. SMITH: I believe that's what it was,
12 yes.

13 COMMISSIONER COMMONS: Okay, those are all
14 the questions I have.

15 CHAIRMAN IMBRECHT: Okay. Thank you. Now
16 then, we'll turn to the remainder of our Agenda in the
17 order that it was before us. The next item is Item 6
18 which is Commission Consideration and Possible Approval
19 of an "Exceptional Method" for Radiant Heating. The
20 Commission had directed previously staff to propose an
21 alternate calculation method to reflect the greater
22 efficiency of radiant heating as compared to electric
23 resistance heating. Staff recommend the use of a 4
24 percent increase in the efficiency of radiant heating
25 systems to reflect comparable comfort at reduced

1 interior temperatures. Mr. Wallace, welcome to the hot
2 seat.

3 (LAUGHTER)

4 MR. WALLACE: Thank you, Mr. Chairman. I
5 believe Mr. Pennington is here to discuss this issue
6 for us.

7 MR. PENNINGTON: Six months ago, Mr. Bob
8 Ladine petitioned the Commission to essentially treat
9 radiant heating in the residential building standards
10 on a par with gas furnaces. And the decision of the
11 Committee at that meeting was that that petition should
12 be denied because there was no adequate calculation
13 procedure for assessing whether or not the energy
14 impact of that system was consistent with what the
15 Petitioner was requesting.

16 So instead the Commission directed the staff
17 to continue an investigation that the staff had already
18 begun, to develop a calculation technique, and to
19 report back at today's Business Meeting the results
20 of that.

21 In addition, the Commission directed the
22 Building Conservation Committee to hold a public
23 workshop on the matter. During the course of the last
24 six months, we have held the workshop. Commissioner
25 Schweickart was presiding over that workshop. We've

1 also had extensive involvement of both the technical
2 community and the manufacturers of radiant heating
3 systems in trying to come to terms with this
4 calculation issue. We have developed a technique that
5 addresses what is the impact of a radiant heating
6 system given that there will be a difference in the
7 possible thermostat setting in the space with radiant
8 heating compared to conducted heating. And much of the
9 analysis has been done by Mr. Greg Booth from PG&E, and
10 that analysis has been also reviewed by members of the
11 technical community.

12 Mr. Booth's conclusion of his analysis was
13 that there is an efficiency improvement of
14 approximately 4 percent for radiant heating systems
15 compared to conducted heating systems. Mr. Chip
16 Barnaby of the Berkeley Solar Group also did a similar
17 analysis using a slightly different technique that was
18 driven by essentially the equivalent of ASHRAE in Great
19 Britain, and came up with very close concurrence with
20 that number.

21 At this point, staff is recommending that we
22 establish an interim calculation technique which would
23 require radiant heating systems to use a co-efficient
24 and performance of 1.04 instead of 1.0 in their
25 calculations. We've proposed this procedure to be an

1 interim procedure because there are potentially other
2 benefits associated with radiant heating that one might
3 find to be appropriate for giving credit in the
4 building standards compliance area.

5 There is such credit already in the standards
6 in that systems that do not have ducts get a credit up
7 to 15 percent and that is already a pre-existing
8 credit. In addition to that, staff is in the process
9 of investigating potentially additional credits
10 associated with zonal heating systems and zonal cooling
11 systems of which radiant heating is one example. And
12 this investigation we expect to have finished in the
13 March-April timeframe. It's quite likely that
14 additional credit will be reasonable to provide once
15 that investigation is completed.

16 It also was brought out during the course of
17 our work on radiant heating that heating systems may
18 vary substantially in terms of the effect on air
19 stratification. And there may be some energy savings
20 benefits associated with air stratification that this
21 technique was not able to address. The whole subject
22 matter of air stratification is a very technical
23 subject and it's really beyond the state-of-the-art in
24 modelling energy analysis in buildings at this point in
25 time. So, we were at a loss to know how to accurately

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1 reflect that in a calculation technique. We really
2 need to have the state-of-the-art advanced before we
3 could do that in a way that would be equitable to all
4 parties.

5 The Davis Energy Group has initiated some
6 research in that and has given us some preliminary
7 results. They intend to further work on that area
8 -- air stratification-- and the staff recommends that
9 when that work is done that we reconsider potential
10 additional benefits at that time if those are justified
11 when that comes along.

12 We've also found that there are a number of
13 different kinds of radiant heating systems. There's
14 radiant heating systems that are electric radiant
15 panels that are installed in the walls or ceilings of a
16 room and this calculation technique is directly
17 applicable to these kinds of systems and we believe is
18 quite accurate and appropriate to those kinds of
19 systems.

20 There are other kinds of radiant systems
21 where the heat source is either outside of the envelope
22 or integral with the envelope. For example, a hydronic
23 radiant heating system that has hot water running
24 through pipes in the slab is a system where that's
25 integral with the envelope. We're not prepared to

1 recommend at this point in time that this conclusion
2 apply to that kind of system. There are slab losses
3 that may be important. That's quite a complex system
4 and we suggest not providing this credit to that system
5 at this point.

6 There also is a system that has the heating
7 source above the ceiling, actually in the attic between
8 the ceiling and the ceiling's insulation that uses
9 essentially the whole ceiling as the radiator. And we
10 believe at this point in time, it's not appropriate to
11 conclude that this result is applicable to that system.
12 The manufacturers of each of those two kinds of systems
13 have recommended to us that we not include those
14 systems with this calculation technique at this point
15 in time. And they're working on providing additional
16 data that will provide a technique that will be
17 applicable to them. So at this point, we're
18 recommending an interim procedure for electric radiant
19 heating panels that are installed within the building
20 envelope to have a COP of 1.04 and to take under
21 advisement and reconsideration at whatever point we get
22 additional data on other kinds of systems and possibly
23 other sources of potential energy benefits, such as air
24 stratification.

25 CHAIRMAN IMBRECHT: Okay. Thank you very

1 much. Questions of Mr. Pennington? Yes, Commissioner
2 Crowley.

3 COMMISSIONER CROWLEY: Do you have a time
4 from Davis that you think you will be receiving this
5 information on this further calculation?

6 MR. PENNINGTON: No, I do not. They have
7 provided us with preliminary information, but no
8 timetable has been set for having that evolve.

9 CHAIRMAN IMBRECHT: Okay, Commissioner
10 Gandara.

11 COMMISSIONER GANDARA: One question Mr.
12 Pennington. In your staff recommendations #3 confuse
13 me. Is, you want to date that? This is in your report
14 - Page 8.

15 MR. PENNINGTON: Okay, this staff report was
16 produced prior to a workshop in January. We had to put
17 together the package for the agenda input prior to the
18 final workshop on this matter. And it was not clear at
19 that time whether or not we would get significant input
20 at that workshop that would cause us to change our
21 recommendations. In fact, what did happen at that
22 workshop is that we got very good concurrence from the
23 technical community and the manufacturers of various
24 products that support the recommendations we had made
25 in the report.

1 COMMISSIONER GANDARA: I guess I just got
2 confused because the date of the report was also the
3 22nd. But when you say you've recommended interim
4 certification, does that mean what we're doing now is
5 providing a certification? We're not certifying
6 anything. We're just indicating that you'll be given
7 credit, what an additional 4 percent energy?

8 MR. PENNINGTON: Right. We're recommending
9 that a COP of 1.04 be used in the performance
10 calculations approaches that already exist. And that
11 is, one could characterize that as certification of a
12 calculation technique.

13 COMMISSIONER GANDARA: Oh, I see, well that's
14 what I want to know because I want to make certain that
15 we never really certified the product. That we weren't
16 certifying a product.

17 MR. PENNINGTON: That's right.

18 MR. RATLIFF: Commissioner, under the new
19 Title 20 regulations, we've changed the language to
20 merely say that we approve alternative calculation
21 methods. And this particular calculation method comes
22 into a sub-category under Sec. 1409, called "an
23 exceptional method" which is for devices which cannot
24 be modelled using an alternative...or one of our public
25 domain computer programs. So that is what, in essence,

1 we've categorized it in the Order.

2 I might also add that the Order with the
3 caveats that Mr. Pennington has added today, we ought
4 to modify that Order to indicate that it applies only
5 to electric radiant heating installed within the
6 building envelope. So we should prepare you a new
7 Order to reflect that additional condition.

8 CHAIRMAN IMBRECHT: Okay. Mr. Robert Ladine.

9 MR. LADINE: Mr. Chairman, members of the
10 Commission. The first question of the General Counsel
11 I think appropriate for clarification on if the
12 acceptance of his recommendation for an alternate or
13 exceptional design method were approved, would that
14 eliminate the Administrative Section 1403(j), the
15 Exceptional Design Procedure, one of the conditions for
16 qualifying under the 1403(j) is that no acceptable
17 design procedure exist. That is, stated as such by the
18 building official responsible for participating in that
19 process. That's my first question.

20 MR. RATLIFF: Sec. 1403(j) was repealed by
21 the Commission in December of 1983. That repeal was
22 approved by the Building Standards Commission in
23 November 1984, and we now have new sections, new Title
24 20 Administrative Regulations. What was formerly Sec.
25 1403(j) now appears in Sec. 1409(b)(3) under

1 "Exceptional Methods" and under Sec. 1404, "Exceptional
2 Designs".

3 I don't have the old regulation in front of
4 me, but I think you need to look at the new regulation
5 to understand. Basically what we did is we broke into
6 two categories something that we call "Exceptional
7 Designs", by only two building designs and that remains
8 in what is now Sec. 1404; and Sec. 1409(b)(3), we now
9 allow the approval of methods which apply to the bias
10 that came out in the model which would seem to apply to
11 radiant heating, in this case.

12 MR. LADINE: Would it still apply assuming
13 this exceptional calculation method were approved?
14 Under Sec. 1403(j), there's some question as to whether
15 the building official would find that there is no
16 calculation method since this would presumably supply
17 one.

18 MR. RATLIFF: If I understand your question,
19 you're asking whether or not you could now submit a
20 design for approval under what is now Sec. 1404, the
21 exceptional design provision.

22 MR. LADINE: It sounds like it would be
23 1409(b)(3), I would think -- the way you just defined
24 it.

25 MR. RATLIFF: Well, you're talking about

1 design for a building, is that right?

2 MR. LADINE: Well, it would be; it used to be
3 Exceptional System or Design, was 1403(j). And I think
4 you said 1404 was Exceptional Design of a building, and
5 Sec. 1409(b)(3) was for a device or system that was
6 identified.

7 MR. RATLIFF: Well, I'd like to know what Mr.
8 Pennington thinks of this. My own impression would be
9 that if you were now submitting plans, you would now
10 have an available method by which to model your
11 building so you would not submit it as an exceptional
12 design, but merely as a regular building plan with a
13 modified COP.

14 MR. LADINE: I would have to take that as
15 what I assume would be General Counsel's response and
16 interpretation as it affects other questions I might
17 have with regard to this.

18 MR. PENNINGTON: I would suggest that since
19 that this particular calculation method is related to
20 only one potential benefit of radiant heating systems
21 that the Commission could entertain applications for
22 Exceptional Design Permits that address other aspects
23 that are not currently imbedded within this method.

24 MR. RATLIFF: You mean presumably things like
25 zonal....

1 MR. PENNINGTON: Or air stratification and
2 perhaps a case could be made that there ought to be a
3 granting of an Exceptional Design because of that.

4 MR. RATLIFF: Well, I don't feel I'm in a
5 position right now to give an opinion on that. I could
6 see that there would be other possibilities, other
7 situations where you might want to still entertain an
8 exceptional design even though you do have in your COP
9 radiant heating.

10 CHAIRMAN IMBRECHT: Okay, where are we at
11 here, now?

12 MR. RATLIFF: Do you want me to summarize
13 what just transpired?

14 CHAIRMAN IMBRECHT: Yes, why don't you give
15 me your conclusion.

16 MR. RATLIFF: Mr. Ladine's question was
17 whether or not the provision of a method for radiant
18 heating would prevent him from submitting building
19 designs under the Exceptional Design provision in Sec.
20 1404. And Mr. Pennington expressed the opinion that he
21 could, given other uncertainties about the designs and
22 the heating benefits of radiant heating.

23 CHAIRMAN IMBRECHT: Okay, does that cause a
24 problem for you Mr. Ladine? It sounds like it.

25 MR. LADINE: I hope so, but we've been...

1 CHAIRMAN IMBRECHT: We're trying to solve
2 your problems.

3 (LAUGHTER)

4 MR. LADINE: I've just found out that 1403(j)
5 is no longer in effect. It was changed which is
6 contrary to some communication I received from the
7 staff, but the---

8 CHAIRMAN IMBRECHT: Let me ask you to address
9 the proposals before us first. Let's try to get that
10 cleared away then we can deal with the other procedural
11 considerations.

12 MR. LADINE: Yes. I appreciate staff's
13 effort to address the issues; I appreciate their
14 comments that there are other aspects that need to be
15 considered. I only have two direct comments on where
16 we go in the future on this. I would like to see
17 further workshops held, largely to consider some of the
18 issues already mentioned that there has been recent new
19 information that has been supplied on a national level
20 that is dynamic performance analysis of radiant heating
21 for example; and other definitions of the abilities to
22 change indoor air temperatures that I think would
23 contribute greatly to the staff's understanding of some
24 of these extents and amounts of -- in the equations.

25 I would like to see the staff take a look at

1 these reports and any other literature or documents or
2 testimony that relate to this issue and take them under
3 consideration and hopefully respond to them. So that's
4 my two main interests, as well as still being able to
5 preserve the compliance procedures as originally
6 afforded through that 1403(j) process. The thought the
7 expense of losing that process. Since the method here
8 does fall below what we see will be the ultimate...

9 CHAIRMAN IMBRECHT: Can I summarize then. If
10 I understand correctly, you see this as a positive
11 first response to your concerns.

12 MR. LADINE: Yes.

13 CHAIRMAN IMBRECHT: And at the same time, you
14 agree with the staff's conclusions that there are other
15 ramifications that need further examination and I guess
16 you would hope that the Commission would address those
17 as information becomes available?

18 MR. LADINE: Yes.

19 CHAIRMAN IMBRECHT: Based upon that, let me
20 inquire, does anyone care to speak in opposition to the
21 staff recommendation? Do I hear a motion? Well I will
22 move to get this before us. Do I hear a second?

23 COMMISSIONER CROWLEY: Second.

24 CHAIRMAN IMBRECHT: Seconded by Commissioner
25 Crowley. Is there objection to the unanimous roll

1 call? Hearing none, ayes 4; noes, none; the motion is
2 adopted.

3 Now then as to the other procedural question,
4 I think probably the best way is to continue to work
5 with the Public Adviser's office and General Counsel's
6 office for further interpretations on that. I hope you
7 recognize this is a demonstration that we have not been
8 insincere in our attempts to understand and be
9 sympathetic in an ultimate response to the problems
10 you've enunciated. And I might say as well that I
11 appreciate your patience in dealing with the process.
12 I know it certainly must have been frustrating at
13 times.

14 MR. LADINE: I appreciate your tolerance of
15 my impatience on occasion also.

16 (LAUGHTER)

17 CHAIRMAN IMBRECHT: Commissioner Crowley.

18 COMMISSIONER CROWLEY: Mr. Chairman, do we
19 need to deal with the modification of language of the
20 Order, formally?

21 CHAIRMAN IMBRECHT: I would just direct staff
22 to draft an Order that's consistent with the action
23 taken and submit it to me for signature. Thank you
24 very much.

25 Okay, moving right along. Item #7 is a

1 Contract for \$200,000 with P&M Cedar Products to
2 establish an independent facility for processing wood
3 wastes currently left in the forest into fuel for
4 biomass power plants in the region. This is a
5 demonstration project under the SB 771 Biomass
6 Demonstration Loan Program. Mr. Wallace?

7 MR. WALLACE: Yes, Mr. Chairman. Mr.
8 Magaletti was to be here to discuss this issue. I
9 don't believe there's any controversy...

10 CHAIRMAN IMBRECHT: I'm not aware of any
11 controversy or opposition of this. We've had somewhat a
12 contrast in the past. Any members of the Commission
13 have any concerns about this item?

14 COMMISSIONER GANDARA: This just to relate to
15 Mr. Magaletti, he made a wonderful presentation. I move
16 it.

17 COMMISSIONER CROWLEY: Second.

18 CHAIRMAN IMBRECHT: Moved by Commissioner
19 Gandara; seconded by Commissioner Crowley. Is there
20 anyone who wishes to speak in opposition to Item #7?
21 Is there objection to a unanimous roll call? Hearing
22 none ayes 4; noes none. The contract is approved.

23 Item eight is an Amendment to our contract
24 with the California Association of Local Building
25 Officials (CALBO), I think is the correct delineation

1 of the acronym, to augment the existing contract by
2 \$30,686 to provide funding for a telephone information
3 network service. This service will continue to provide
4 immediate responses to numerous inquiries regarding
5 administrative and technical requirements of the 1982
6 new residential building standards. Just to move this
7 one along, I will move. Do I hear a second?

8 COMMISSIONER CROWLEY: Second.

9 CHAIRMAN IMBRECHT: Seconded by Commissioner
10 Crowley that this amendment be approved. Commissioner
11 Commons.

12 COMMISSIONER COMMONS: Would there be any
13 Task 3 publication dissemination?

14 CHAIRMAN IMBRECHT: Mr. Wallace? I guess it
15 is because we are doing a lot of that ourselves now and
16 we'd want to focus someone handling the hot water, but
17 we're working on that....

18 MR. LEBER: That is the exactly the correct
19 response.

20 CHAIRMAN IMBRECHT: I do read some of my
21 stuff. Alright, fine. Does anyone wish to speak in
22 opposition to this amendment to the contract? Is there
23 objection to a unanimous roll call? Hearing none, ayes
24 4; noes none, the amendment is approved.

25 COMMISSIONER GANDARA: No objection. I just

1 hope that we begin to wean CALBO away of the Commission
2 sometime. It's been three years.

3 (LAUGHTER)

4 CHAIRMAN IMBRECHT: Well, we can always take
5 staff out of the development of non-residential
6 building standards or additional appliance standards
7 and I'll tend any suggestions from you....

8 COMMISSIONER GANDARA: Maybe, CALBO could do
9 it on their own.

10 CHAIRMAN IMBRECHT: Item #9 is the Contract
11 for \$22,300 for the California State University
12 Sacramento Foundation to provide the services of
13 economics professors to analyze the impact of the
14 California conservation tax credit on consumer prices
15 and businesses. Mr. Wallace.

16 MR. WALLACE: Mr. Alvarez is here to discuss
17 this issue.

18 MR. ALVAREZ: Good afternoon. This contract
19 is intended to undertake an analysis of the effect of
20 conservation tax credit on consumer prices. As you
21 know, the Conservation Tax Credit has a multiple goal,
22 such as energy savings, developing new businesses and
23 jobs, cost effectiveness of energy measures, achieving
24 environmental benefits and the counterbalances of
25 subsidies to conventional energy resources. The

1 objective of the contract is primarily to focus on the
2 aspects of the tax credit on the cost effectiveness
3 -- primarily how it affects the prices. Staff intends
4 to use this information to be incorporated into further
5 analyses on the overall effectiveness of the tax credit
6 and how it is performed against the overall objective
7 of implementing the overall objective of the tax credit
8 as a whole. The staff respectfully requests approval
9 of the contract.

10 CHAIRMAN IMBRECHT: Okay, are there any
11 questions? Commissioner Commons.

12 COMMISSIONER COMMONS: Who are the... were
13 there other groups that bid on this contract?

14 MR. ALVAREZ: No sir, we -- in identifying
15 the contract, we contacted people within the
16 Assessments Division and asked them to make suggestions
17 to those as to who might be able to perform this kind
18 of analysis. It's a very focused analysis on the
19 effective tax credit. A gentleman by the name of Dr.
20 Kim Colandre, CSUS, was recommended to us. We then
21 contacted him and spoke to him to the type of focus
22 that we wanted to do and the type of work that would be
23 undertaken, and the data to be collected. His
24 suggestion and our discussion with him that he, under
25 his shepherdship of the contract, in conjunction with

1 graduate students in economics would be able to focus
2 that analysis of prices and tax credit.

3 COMMISSIONER COMMONS: What is his background
4 in this area?

5 MR. ALVAREZ: He's professor of economics;
6 he's been involved in looking at forecasts of energy
7 projects, I believe he's been under contract here at
8 the Energy Commission. He's looked at what the energy
9 conservation impacts have been on forecasting of
10 energy, and he's looked at some of the effects of tax
11 credits, and financial incentives.

12 COMMISSIONER COMMONS: Why did we not go out
13 for bid on this? This has been something we've known
14 we were going to be doing for a long time, and we have
15 a lot of very fine professors in the State University
16 system, I'm sure many who feel that they are very
17 competent and so are their graduate students very
18 competent.

19 MR. ALVAREZ: I understand that sir. One of
20 the...

21 COMMISSIONER COMMONS: There are also private
22 economic consulting firms who would, I think, take the
23 same position.

24 MR. ALVAREZ: One of the primary reasons that
25 we looked at using the CSU system was the initial funds

1 for the project were identified for tax credit
2 analysis. We initially had a contract with the
3 Franchise Tax Board by which we would collect data on
4 tax returns, the amount of money the Franchise Tax
5 Board would be less than we had available; and the
6 amount of time in terms of being able to complete the
7 request for proposal process and to be able to conduct
8 the analysis within the fiscal year, primarily binded
9 our timeframe of doing that kind of bidding.

10 COMMISSIONER COMMONS: Did you talk to any of
11 the other universities, the business schools, the
12 economic departments, or anyone else who had done this
13 work? Have you looked at any of the literature in the
14 field as to the analysis of tax credits and economic
15 journals and tax journals as to who has done publishing
16 this field or has a database?

17 MR. ALVAREZ: We primarily have all the tax
18 credit information and literature that our library had.
19 We've had some of the information there. We primarily,
20 in identifying Dr. Colandre to perform the analysis,
21 spoke to Susan McGowan in the Assessments Office and
22 explained to her the type of analysis that we wanted to
23 do and suggested her advice in terms of someone
24 locally.

25 COMMISSIONER COMMONS: You did also suggest

1 that it should be someone local?

2 MR. ALVAREZ: Yes.

3 CHAIRMAN IMBRECHT: Okay. Further questions?

4 Anyone wish to speak in opposition to this contract?

5 COMMISSIONER COMMONS: I'm just going to vote

6 "no".

7 CHAIRMAN IMBRECHT: Alright. I move, do I

8 hear a second?

9 COMMISSIONER CROWLEY: Second.

10 CHAIRMAN IMBRECHT: You don't have to. It's

11 been seconded by Commissioner Crowley.

12 COMMISSIONER COMMONS: I wouldn't second it.

13 COMMISSIONER CROWLEY: Where were you...

14 CHAIRMAN IMBRECHT: No item is before us

15 properly. Any further questions? Commissioner

16 Gandara.

17 COMMISSIONER GANDARA: I think we ought to

18 postpone it, but let the staff work out the concerns of

19 Commissioner Commons. I don't think that his concerns

20 are not inappropriate and I don't think.... I think

21 there can be a meeting of the minds.

22 COMMISSIONER COMMONS: Well, Commissioner

23 Schweickart was on the Committee and maybe he has been

24 consulted.

25 CHAIRMAN IMBRECHT: Commissioner Schweickart,

1 we are considering Item #9 which is the tax credit
2 analysis contract for \$22,300. Commissioner Commons
3 expressed some concern about this being a sole-source
4 contract which is, in essence, his concerns. There is
5 a motion that's been seconded properly before us to
6 approve the contract. Are there any comments you wish
7 to offer?

8 COMMISSIONER SCHWEICKART: Well, not knowing
9 what's already been said, perhaps the history of
10 the.....

11 CHAIRMAN IMBRECHT: I think I summarized it,
12 in essence.

13 COMMISSIONER SCHWEICKART: Okay. Well, the
14 history is pretty straightforward. It is, in fact, a
15 sole-source contract which was decided on quite a while
16 ago. It does provide a mechanism by which we can
17 obtain relatively rapid response in items of this
18 general type of research and analysis. And it seems to
19 me it is the Commission's choice and in terms of this
20 additional work which is of a timely nature, or I
21 should say time limited or time critical nature. I
22 frankly feel that the work will not get done. I mean,
23 it's essentially a choice of doing the analysis in
24 order to put us into a position to comment on the
25 issues or not doing it at all. I don't believe it is

1 realistically a matter of this contract, or pulling it
2 back and having some competitive notice put out.

3 So, I think that is the situation which the
4 Committee faced in recognizing the timing on it and it
5 is completely in keeping with the contract as it now
6 stands. There's a logic extension of it. But, the
7 choice of whether or not to go with it is certainly up
8 to the individual preferences of the Commissioners.
9 That's how much I can add to it.

10 COMMISSIONER COMMONS: Have you met or read
11 any of the -- met with Dr. Calandre or read any of the
12 material of Dr. Colandre? Do you have a viewpoint as
13 to -- does he have any particular axe to grind in this
14 area, is he straight analytical? I happen to not know
15 anything about the gentleman.

16 COMMISSIONER SCHWEICKART: Alright, I do not
17 personally know the predelictions of the gentleman,
18 though I have seen work that has been done in terms of
19 the results of the work that has been done; preliminary
20 results. And I have not seen any bias. I think it's a
21 pretty straightforward survey of the type of work.

22 CHAIRMAN IMBRECHT: Alright, Commissioner
23 Gandara.

24 COMMISSIONER GANDARA: Commissioner, one
25 question. I noticed that it focused on the business

1 and aspects... excuse me?

2 MR. ALVAREZ: Yes, the work would look at
3 how... the effect on prices and also tail into what
4 kind of business activity results were undertaken since
5 we would be making the determination of price basis
6 from the 1980 period and 1984. And that will give us
7 information also on market activity.

8 COMMISSIONER GANDARA: Again keeping with, at
9 least some of the legislative interests, I'll ask, and
10 perhaps you in the current year, was there any
11 consideration given to a broader analysis including
12 social scientists, or political scientists, or kind of
13 evaluate the self-esteem of individuals who receive
14 credits?

15 COMMISSIONER COMMONS: The Committee on Self-
16 Esteem?

17 CHAIRMAN IMBRECHT: What about it? I mean...

18 COMMISSIONER GANDARA: Are there any benefits
19 beyond....

20 CHAIRMAN IMBRECHT: I don't think that's
21 actually been enacted in the law.

22 COMMISSIONER GANDARA: Are there benefits
23 beyond just a price.

24 MR. ALVAREZ: Well we; I think as part of the
25 Conservation Tax activity, we continue to analyze the

1 effects of the tax credit it's had in a broad spectrum
2 of sense. One of the areas where we have been
3 primarily lacking is the affects on prices and asking
4 vehemently answers to questions of what the affects of
5 prices has been and what the marketing activity has
6 been. And I think that's where we had a gap in the
7 overall analysis of the conservation tax credits that
8 we've done. And that's why we wanted to focus this
9 particular analysis on prices and market activity.

10 COMMISSIONER GANDARA: Fine, I don't mean to
11 belabor the point, Mr. Alvarez. I ...just sometimes
12 economists' analyses are sometimes rather narrowly
13 focused. I just hope there's some identification of
14 perhaps some non-quantifiable pros and cons of the
15 conservation program, second order effects, third order
16 effects as well.

17 CHAIRMAN IMBRECHT: Okay, well I think that
18 probably what we ought to do is just call the roll and
19 see where we stand. The secretary can call the roll.

20 MS. GERVAIS: Commissioner Commons.

21 COMMISSIONER COMMONS: No.

22 MS. GERVAIS: Commissioner Crowley.

23 COMMISSIONER CROWLEY: Aye.

24 MS. GERVAIS: Commissioner Schwieckart.

25 COMMISSIONER SCHWIECKART: Aye.

1 MS. GERVAIS: Vice Chairman Gandara.

2 COMMISSIONER GANDARA: Aye.

3 MS. GERVAIS: Chairman Imbrecht.

4 CHAIRMAN IMBRECHT: Aye.

5 CHAIRMAN IMBRECHT: Ayes 4; noes 1. The
6 contract is approved. The tenth item before us today
7 is Consideration and Possible Adoption of a resolution
8 setting the dates of regular Business Meetings in 1985,
9 et cetera. We have then some consultation and I am
10 prepared to make a formal recommendation as to the
11 February meeting, that that be scheduled for February
12 25th. And I believe that that is consistent with, as
13 well obviously based upon our actions this morning,
14 we've somewhat indicated to people that's what it will
15 be. I understand that's convenient to everyone's
16 calendars. The matter of the April 3rd meeting
17 causes.....

18 COMMISSIONER COMMONS: That would be in the
19 afternoon.

20 CHAIRMAN IMBRECHT: That would be in the
21 afternoon, that's right. Commissioner Commons is
22 squeezing together a hearing he's got in the morning.
23 That would be a 1:30 convening time, February 25th. And
24 we will attempt to keep that agenda as limited as
25 possible. That's certainly Crockett and whatever other

1 items appear to be non-controversial, we can take that
2 day.

3 As to the question of the April 3rd meeting,
4 there is no totally acceptable alternate date that we
5 have been able to discover for all of the
6 Commissioners. I would just note that the only
7 actually available day for this hearing room
8 considering the very heavy press of both BR and GPPL
9 Evidentiary Hearings, would be April 8th. Now, I know
10 Commissioner Commons continues to object to scheduling
11 the meeting on April 3rd. What I would simply suggest
12 is that in the event that we do not have a substantial
13 agenda, that we will endeavor to cancel that meeting
14 and make that decision as we approach the dates. It's
15 pretty difficult to make that judgment two months in
16 advance. And further that would certainly accede to
17 any reasonable request as a matter of courtesy to put
18 any items of controversy that Commissioner Commons
19 would have a personal interest in, over to the
20 subsequent agenda, or perhaps accelerate them to the
21 previous agenda.

22 So, in my ad hoc responsibilities to look at
23 dates and scheduling, and so forth, it would be my
24 recommendation that we move the February 20th meeting
25 to February 2th, and we leave the April 3rd meeting as

1 currently scheduled, but with the proviso to my offer.
2 And the question would be whether or not that would be
3 acceptable to you, Commissioner Commons. Alright,
4 fine. Then without objection, I find that that would
5 be the Order, and I don't think we need a motion. We
6 do need a motion?

7 COMMISSIONER CROWLEY: If we do, I'll second
8 it.

9 CHAIRMAN IMBRECHT: I know I'm entitled to
10 set meetings, unless the Commission wants to take..
11 I'll just make that as an Order. Without objection,
12 that'll be the Order.

13 The Consent Calendar is before us and this
14 should be one of the weightier decisions of the day. I
15 think they all look pretty good, but I kind of like the
16 staff's recommendations, and if there's no
17 objection....

18 COMMISSIONER GANDARA: Is this the one with
19 the little dots around it?

20 CHAIRMAN IMBRECHT: That's right.

21 MR. ALVAREZ: I think you'll be receiving a
22 xerox copy of the one that we will be developing.

23 CHAIRMAN IMBRECHT: Another one? Why does
24 everyone complicate our.... This is just another....

25 MR. ALVAREZ: The one that the staff will be

1 recommending for your concurrence.

2 CHAIRMAN IMBRECHT: Okay. Without objection,
3 we will move/pass the Consent Calendar and accept this
4 as the official label.

5 COMMISSIONER GANDARA: The first recommended
6 one has the sun in daylight, like it illuminates
7 things. And this one has the sun in darkness.

8 (LAUGHTER)

9 COMMISSIONER CROWLEY: I think it's a
10 function of the xerox machine.

11 CHAIRMAN IMBRECHT: That's right. It is.

12 MR. ALVAREZ: I think the housing top is
13 always the same.

14 CHAIRMAN IMBRECHT: But that's basically an
15 evolution of the residential building standards, among
16 our symbol which we adopted sometime back and we have
17 posters out. I thought it was actually a good idea to
18 draw the two together consistently to make it clear
19 that the two programs are not meant to be competitive,
20 but really compatible. Alright, that was a tough one.

21 Is there objection to the minutes as before
22 us? Commissioner Commons.

23 COMMISSIONER COMMONS: Yes. I believe on the
24 Peak Wattage that was myself, not Commissioner Gandara.

25 CHAIRMAN IMBRECHT: Excuse me?

1 COMMISSIONER COMMONS: On the draft Order on
2 the Peak Wattage, I don't believe it was Commissioner
3 Gandara who passed out the draft order.

4 COMMISSIONER GANDARA: It wasn't. But we can
5 concede that to you Commissioner.

6 (LAUGHTER)

7 COMMISSIONER COMMONS: I had one other
8 question on the minutes concerning Executive Session,
9 and maybe I should ask that in Executive Session?

10 CHAIRMAN IMBRECHT: What type of question is
11 it that you feel you have to ask? We are going to have
12 an Executive Session, I presume, today?

13 COMMISSIONER COMMONS: Well, let me ask two
14 things in Executive Session then.

15 MR. CHAMBERLAIN: I don't have any litigation
16 matters that I need to discuss.

17 CHAIRMAN IMBRECHT: Alright, fine.

18 COMMISSIONER GANDARA: Mr. Chairman, one
19 possible litigation.

20 CHAIRMAN IMBRECHT: We'll have a very brief
21 one. Why don't you come and tell me what your
22 questions are.

23 (PAUSE)

24 Okay, we'll move on pass that one. Are there
25 Commission Policy Committee Reports?

1 COMMISSIONER GANDARA: Yes, there is Mr.
2 Chairman. I have a written report from you from the
3 Loans and Grants Committee. Item #1 is a summary
4 proposal by PGandE to participate in our Streetlight
5 Program. The Loans and Grants Committee has approved
6 this item and recommend the full Commission support and
7 participation in the project. I don't think this would
8 require a formal noticing of the item on the agenda,
9 but I do with the Commission to be informed of any
10 objections then, in fact, we can consider how we should
11 resolve them. The second item is the item that I would
12 like to bring up for Executive Session, which is
13 possible litigation.

14 CHAIRMAN IMBRECHT: Well, I don't think; I
15 have no objection to the first recommendation. Is there
16 any? Alright, then we'll simply then, without
17 objection, approve the recommendation of the Committee
18 with respect to participation of Pacific Gas and
19 Electric Company in our Streetlight Loan Program.

20 Any further Committee reports? Commissioner
21 Commons.

22 COMMISSIONER COMMONS: The Biennial Report
23 Committee has distributed to all Commissioners and to
24 the public the first draft of the Commission's
25 Electricity Report, and there's a few things I'd like

1 to identify in it that I think are important. First of
2 all,

3 CHAIRMAN IMBRECHT: Commissioner Commons will
4 personally autograph it for you, if you like.

5 COMMISSIONER COMMONS: First of all, it
6 identifies it as a Commission document. And in the
7 front page, it makes it clear that this has not been
8 brought before the Commission, and that it is a
9 Committee document and that the draft final report will
10 be brought forth before the full Commission.

11 CHAIRMAN IMBRECHT: Standard disclaimer
12 language that typically goes and serves the purposes of
13 style and we've written it as Commission, et
14 cetera.....

15 COMMISSIONER COMMONS: Oh, we were required,
16 I believe, by 1549 to identify it as a Commission
17 document and so, throughout the report, the word
18 "commission" is used, but there is a disclaimer saying
19 that this has only been reviewed by the Committee and I
20 wanted to make that clear.

21 Second it, it does cover a lot of material
22 and we're setting up from my office briefings for
23 Commissioners who would like to be briefed on it by Dr.
24 Jaske, Dave Morris, myself and Seymour Goldstone. So
25 any Commissioner who would like to have a briefing by

1 us, we would gladly do so. At the same time, there's a
2 set of hearings on the supplement to the document that
3 will be occurring during the month of February and so
4 we encourage from our fellow Commissioners, Mr.
5 Imbrecht and myself do, comments on both the draft
6 report and on the supplementary issues. The
7 supplementary issues are substantial new areas in which
8 the Commission would be establishing policy and in some
9 of these areas, particularly cogeneration, fuel and
10 oil, gas and oil dispersement. There are Committees
11 other than the Electricity Report Committee, that have
12 spent probably more time and so we would certainly
13 encourage both their participation and comments in
14 terms of putting together that aspect of the policy
15 documents. Well, that takes care of that Committee
16 Report.

17 CHAIRMAN IMBRECHT: Thank you very much.

18 COMMISSIONER COMMONS: On the Appliance
19 Committee, very short. We'll be conducting our
20 hearings on heat pumps within the next two weeks, and
21 we're also proceeding on the small commercial under
22 65,000 btu on the air conditioners.

23 One last item on refrigerator incentives, as
24 we mentioned last week, or the last business meeting,
25 we're intending to intervene in the Southern California

1 Edison rate case, and draft..proposed draft testimony
2 to be submitted will be provided to each Commissioner's
3 office. We would like to have your comments back as to
4 the suitability of that testimony before the fuse hit.

5 CHAIRMAN IMBRECHT: Okay, Commissioner
6 Crowley.

7 COMMISSIONER CROWLEY: The Legislative Policy
8 Committee and LGA are both tracking bills that have
9 energy concerns. They've not old enough at this time
10 for us to offer recommendations; however, I would like
11 to ask for your support for a bill introduced by
12 Senator Pressley which would make technical law and
13 substantive changes to health and safety code. If time
14 permits after BR/ER hearings, it may be appropriate to
15 include any additional changes in this bill following
16 those hearings.

17 The second thing is on SB 80, the Boatwright
18 bill concerning gasohol. I would like to recommend an
19 opposed position. This is the 2-cent-per-gallon gasohol
20 tax exemption and it is similar to the CEC-opposed and
21 Governor-vetoed legislation that was re-submitted by
22 Senator Boatwright last year. I would appreciate
23 Commission approval of these two positions.

24 CHAIRMAN IMBRECHT: Any questions or
25 comments?

1 COMMISSIONER COMMONS: What's the nature of
2 the Pressley health and safety?

3 COMMISSIONER CROWLEY: It is simply non-
4 substantive changes at this time to health and safety;
5 however, we believe that after the BR/ER hearings,
6 there may be some validity to making substantive
7 changes in that.

8 CHAIRMAN IMBRECHT: A spot bill to deal with
9 potential resolution of the cogeneration issues. There
10 are depending upon the perspective of one of three
11 proposals for resolution, two of which require some
12 legislative involvement. Recognizing that.... I don't
13 know why we would need to endorse that other than the
14 fact that it's just a spot bill. The agreement of
15 Senator Pressley is he will drop the bill if the
16 Commission chooses not to move forward. I don't think
17 we really need an endorsement at this point in time.

18 COMMISSIONER SCHWEICKART: I support opposing
19 Boatwright.

20 CHAIRMAN IMBRECHT: Okay, fine. Move by
21 Commissioner Crowley, seconded by Commissioner Gandara
22 to oppose SB 80. Further discussion? Does anyone wish
23 to be heard on this matter? Is there objection to a
24 unanimous roll call? Hearing none, ayes 5; noes, none.
25 That's the adopted position of the Commission.

PAPERWORKS

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1 I understand there are some discussions
2 underway on that issue, but as those things occur we
3 can always modify as the Commission deems appropriate.
4 Do you have anything further, Commissioner Crowley?

5 COMMISSIONER CROWLEY: No.

6 CHAIRMAN IMBRECHT: Okay, let me just
7 mention, as Presiding Member of the Biennial Report
8 Committee, there will be a memorandum distributed by
9 the end of this week to all members with the precise
10 schedule for BR hearings. We contemplate them
11 beginning on March 7th here in Sacramento, concluding
12 on April 10th with the possibility of adding another
13 hearing here in Sacramento at the end of that schedule,
14 close to April 10th. We would begin and end here in
15 Sacramento and subsequently have hearings in San
16 Francisco, San Jose or Palo Alto, Santa Barbara, or
17 Ventura, Los Angeles, Fresno, and San Diego, with
18 appropriate hearing topics distributed based upon
19 interest associated with those geographical sites. We
20 have tried very hard to be creative in those areas, and
21 tried to focus on energy issues that are important or
22 are front-page considerations in the regions where
23 those particular hearings would be held.

24 We certainly welcome and invite input from
25 all members of the Commission, as I indicated in a

1 memorandum that I think went out a few days ago. While
2 these are Committee Hearings, we are going to schedule
3 them as Commission Hearings, so that all members of the
4 Commission can participate. We would hope that if you
5 feel free, you would certainly do so. Commissioner
6 Commons.

7 COMMISSIONER COMMONS: If I'm not mistaken,
8 we're intending to bring the Demand Forecast to the
9 Commission, what was it -- the 17th or 24th of April;
10 and the BR/Electricity Report the following week?

11 CHAIRMAN IMBRECHT: That's the current
12 expectation. We under 1549, are obligated absent
13 waiver from the Governor to have on his desk the
14 Biennial Reports May 1st of this year and so our
15 schedule is contemplated achieving that deadline and
16 would contemplate adopting both reports as companion
17 documents of the same.

18 COMMISSIONER COMMONS: The reason I mention
19 this is that there may be a special business meeting on
20 April 24th.

21 COMMISSIONER GANDARA: I'm glad you mentioned
22 that because I don't know just yet, I'll ask later, but
23 April 24th might pose some difficulty at this point.

24 COMMISSIONER COMMONS: That's why I'm raising
25 it now, in case there's a problem.

1 COMMISSIONER GANDARA: Later that week might
2 be okay.

3 CHAIRMAN IMBRECHT: Alright, fine.
4 Obviously, we're going to need a full day hearing on
5 those issues prior to May 1st, so we'll consult with
6 the officers to see what's convenient. And if my staff
7 is listening, would you please remember to...?

8 (LAUGHTER)

9 COMMISSIONER COMMONS: I didn't want to
10 have....

11 CHAIRMAN IMBRECHT: Okay, any further
12 Committee Policy Reports? I think that takes care of
13 it. General Counsel?

14 MR. CHAMBERLAIN: Yes, Mr. Chairman, I have a
15 brief report regarding the Envirosphere contract. You
16 recall last meeting, we adopted that contract and my
17 office received direction regarding further exploration
18 of the conflict-of-interest issues. I have had
19 discussions with Envirosphere and am sending them a
20 letter requesting further information and I anticipate
21 a response within a few days that should satisfy those
22 issues.

23 Additionally, you probably read in the paper
24 or heard that two unions, or actually, four unions in
25 two different lawsuits challenged the validity of the

1 contracts, and CSEA, in addition, has asked the State
2 Personnel Board to review the contracts pursuant to a
3 government code provision. One of the lawsuits asks
4 for a temporary restraining order which we opposed and
5 was denied. However, both lawsuits have been scheduled
6 for a hearing in court in mid-March, March 15th and
7 March 22nd.

8 COMMISSIONER GANDARA: Mr. Chamberlain, as I
9 recall the direction from the Commission was that the
10 contract was not to be executed until the questions
11 regarding the conflict of interest were answered or
12 resolved. I guess I was expecting some final memo from
13 you to the Commission, we're getting that and...

14 MR. CHAMBERLAIN: Yes, I'll be happy to send
15 that to you when I get back the response from
16 Envirosphere.

17 COMMISSIONER GANDARA: I see. And so I guess
18 the....Where does that place us then with these
19 lawsuits, and if the contract is not executed?

20 MR. CHAMBERLAIN: Well, the lawsuits actually
21 are having no effect on the contract right now because
22 there is no Order delaying them. However, by statute
23 the State Personnel Board review is delaying the
24 possibility of General Services' final approval of the
25 contract. And so I anticipate that the conflict

1 problem should be resolved by the time we complete that
2 State Personnel Board review.

3 COMMISSIONER GANDARA: I understand the next
4 issuing of the contract is the final consummation, not
5 it leaving our building, but it leaving GSA's building.
6 Is that?

7 MR. CHAMBERLAIN: Well, we've been holding it
8 on Randy Ward's desk. Now if it is the Commission's
9 desire that it really be the final leaving of the GSA
10 building, that would actually be helpful so we could
11 get it over there and begin the review process there.

12 COMMISSIONER GANDARA: Well, I didn't know.
13 I didn't know what you said. You said the SPB has to
14 review it...

15 CHAIRMAN IMBRECHT: Well, let me just ask...
16 I would think that would probably be helpful. But what
17 I would suggest is you inquire as to whether or not
18 they will take our direction and hold up execution;
19 allow us to withdraw it in the event that Commissioner
20 Gandara's concerns are not satisfied for the rest of
21 this process. If that is possible, then I think it
22 should go forward. I don't think that would be
23 objectionable. Okay.

24 Alright, the Executive Director.

25 MR. WALLACE: We have nothing to add.

1 CHAIRMAN IMBRECHT: Alright. Is there any
2 member of the public who wishes to address the
3 Commission? Let me just note for the record that
4 Commissioner Crowley was unanimously confirmed this
5 past week by the California State Senate. I'm sure we
6 all join in offering our congratulations and welcome
7 now, as a permanent member; well, semi-permanent, four
8 plus years, at least, on the Energy Commission.

9 And further we will recess at this point,
10 briefly for a brief Executive Session at which point
11 the meeting will stand adjourned. We stand to recess.

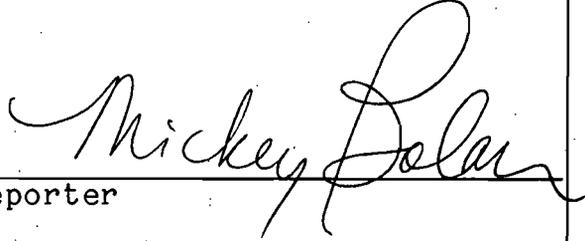
12 (Whereupon the business meeting of the
13 California Energy Resources Conservation and
14 Development Commission was adjourned at 3:54 p.m. and
15 proceeded into Executive Session.)

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REPORTER'S CERTIFICATE

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2 THIS IS TO CERTIFY that I, Mickey Bolan,
3 Reporter, have duly reported the foregoing proceedings
4 which were had and taken in Sacramento, California, on
5 Wednesday, February 6, 1985, and the foregoing pages
6 constitute a true, complete and accurate transcription
7 of the aforementioned proceedings.

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

11
12
13 
14 Reporter

15 Dated this 18th day of February, 1985.
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