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**STATE OF CALIFORNIA  
ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION**

**CALIF. ENERGY COMMISSION**

**AUG 30 1985**

**RECEIVED IN DOCKETS**

**BUSINESS MEETING**

**1516 NINTH STREET  
FIRST FLOOR HEARING ROOM  
SACRAMENTO, CALIFORNIA**

**WEDNESDAY, AUGUST 21, 1985**

**10:21 AM**

**REPORTED BY:**

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COMMISSIONERS PRESENT

Charles R. Imbrecht, Chairman  
Arturo Gandara, Commissioner  
Geoffrey D. Commons, Commissioner  
Warren D. Noteware, Commissioner

PUBLIC ADVISER'S OFFICE

Ernesto Perez

STAFF PRESENT

Randall Ward, Executive Director  
Michael Martin  
Chris Ellison  
Lorri Gervais

OTHERS PRESENT

Douglas Ames, Transphase Systems, Inc.

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M O R N I N G   S E S S I O N

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3           CHAIRMAN IMBRECHT: Good morning. We'll call  
4 the meeting to order and ask you all to please rise.  
5 Commissioner Commons, would you lead us in the flag  
6 salute?

7           (FLAG SALUTE)

8           We have a relatively short agenda today.  
9 Let's see if we can't move through it expeditiously.

10           The first item to come before the Commission  
11 is Commission consideration and possible approval to  
12 extend interim certification of the calculation method  
13 for determining compliance of passive solar water  
14 heaters in Residential Building Standards. This method  
15 received interim certification by the Executive  
16 Director on October 13, 1983 through June 15, 1984, and  
17 was subsequently extended through June 14th of this  
18 year. Continuance of the time extension for interim  
19 certification allows staff sufficient time to collect  
20 data and compare performance estimates for empirical  
21 testing of solar water heaters being connected by the  
22 Public Utilities Commission. Mr. Ward.

23           MR. WARD: You have a question, Mr.  
24 Chairman.

25           CHAIRMAN IMBRECHT: Commissioner Commons.

1 COMMISSIONER COMMONS: Mr. Chairman, the  
2 Buildings Committee heard this; and I think this is  
3 essentially a consent item.

4 MR. WARD: I would agree.

5 CHAIRMAN IMBRECHT: Alright; so I'll take  
6 that as a motion.

7 COMMISSIONER COMMONS: Yes.

8 CHAIRMAN IMBRECHT: Moved by Commissioner  
9 Commons, seconded by Commissioner Noteware.

10 COMMISSIONER NOTEWARE: Yes.

11 CHAIRMAN IMBRECHT: Does anyone wish to be  
12 heard on this item? Is there objection to unanimous  
13 roll call? Hearing none, ayes: 4, nos: none. The  
14 motion is adopted (or approved). I should also mention  
15 for the record, Commissioner Crowley is absent today on  
16 Commission business, representing the Commission at a  
17 conservation conference in Chicago.

18 The second item to come before us is  
19 consideration and possible approval of seven grant and  
20 six loan applications from energy conservation projects  
21 in schools and hospitals throughout California. The  
22 awards will total up to a maximum of \$250,000 in grants  
23 and the same sum in loans. Commissioner Gandara, have  
24 you reviewed this item?

25

1                   COMMISSIONER GANDARA: Mr. Chairman, as you  
2 know, because of a BFR hearings and GPPL hearings, we  
3 have not been able to have a committee meeting on this  
4 item. However, my advisor has briefed me on these  
5 items; and I..... Based on that information, I have no  
6 problems with the recommendations of staff here.

7                   Commissioner Crowley, who is the other member  
8 of the Committee -- I assume her advisor has reviewed  
9 these items; but I can't speak for her. I would only  
10 say that we can either have a staff presentation and  
11 move ahead. But as for myself, I don't have any  
12 problems with it.

13                   CHAIRMAN IMBRECHT: Mr. Ward.

14                   MR. WARD: Yes. Mr. Chairman, thank you.  
15 This is seven new grants for a total of \$115,882, and  
16 then a shift of a grant that you previously approved  
17 from one funding source within the program to another.  
18 We are allocated a certain amount of funding from the  
19 federal program for administration. We are currently  
20 not spending all the amount allocated for  
21 administration. We're spending the maximum that we  
22 can; but there is sufficient money in there to be able  
23 to use that for a grant. And DOE has asked us to do  
24 that; and that's what's before you today in the amount  
25

1 of \$201,615. And then, we also have money...additional  
2 money for loans in the amount of \$127,069.

3 CHAIRMAN IMBRECHT: Alright, fine. Are there  
4 any questions from members of the Commission?  
5 Commissioner Commons.

6 COMMISSIONER COMMONS: I just want to state  
7 that staff should be commended for really trying to  
8 emphasize the payback. The payback in all of these  
9 loans appears to be pretty much under two years,  
10 nothing over about 2.1/2.2 years. And clearly, that is  
11 an excellent use of funds of the State and will reduce  
12 cost to the taxpayer in the State, generally.

13 CHAIRMAN IMBRECHT: Alright. I'll take that  
14 as a second to Commissioner Gandara's motion to approve  
15 the loans and grants, as proposed. Seconded by  
16 Commissioner Commons. Does anyone wish to be heard on  
17 this item? Is there objection to unanimous roll call?  
18 Hearing none, ayes: 4, nos: none. The loans and  
19 grants are approved as proposed.

20 The third item is Commission consideration  
21 and possible adoption of a Committee recommendation on  
22 the reallocation of.... And I might mention that the  
23 number on our agenda is an error. I believe there is a  
24 supplemental memorandum that corrects that to \$138,359  
25 in Federal Solar Energy and Energy Conservation Bank

1 funds to Southern California Edison Company. These  
2 funds can only be used by an existing Energy Bank  
3 Project which received applications prior to March 31  
4 of this year. If these funds are not reallocated, they  
5 will be reclaimed by the Department of Housing and  
6 Urban Development. Mr. Ward.

7 MR. WARD: Yes. Mr. Chairman, I think  
8 you've outlined it sufficiently.

9 CHAIRMAN IMBRECHT: I simply read the agenda  
10 item; but that's okay.

11 MR. WARD: Yes. You're correct. It is a  
12 \$138,359. The briefing sheet that was passed out as an  
13 addendum outlines the various grants and the grantees.  
14 And you're also correct in indicating that if we don't  
15 reallocate this money prior to the 30th of this month,  
16 then the money would revert. If you have any specific  
17 questions, Wendall Bakken, who is the manager of the  
18 program can answer those. Excuse me, Steve Williams.  
19 I'm sorry.

20 CHAIRMAN IMBRECHT: Are there questions?

21 COMMISSIONER GANDARA: No questions, Mr.  
22 Chairman. I just want to indicate just a slight  
23 correction. It's not all that clear that the money  
24 would revert back to the federal government. It's just  
25 that it may or it may not. I think the issue is really

1 more that there are some funds that have not been  
2 expended. We have an applicant that has utilized the  
3 funds very well. And the issue is one of mainly  
4 shifting funds that have not been expended and funds  
5 for which extensions have been requested and for which  
6 there might be an element of risk. But on the other  
7 hand, the Solar Energy Bank has never taken back funds.  
8 But nonetheless, I think the staff recommendation is a  
9 good one. I don't have any problems with that.

10 CHAIRMAN IMBRECHT: Alright. I'll take that  
11 as a motion. Moved by Commissioner Gandara, seconded  
12 by Commissioner Noteware. Thank you. Does anyone wish  
13 to be heard on this item? Is there objection to  
14 unanimous roll call? Hearing none, ayes: 4, nos:  
15 none.

16 The fourth item to come before the Commission  
17 is consideration and possible reassignment of Committee  
18 membership assigned to the Irwindale Resource Recovery  
19 Facility project. As I have indicated to each of you  
20 -- copies of letters which I have sent to one of the  
21 intervenors in this party -- it's my intention to ask  
22 that I be taken off of the Irwindale siting case. It  
23 has been indicated to me that, as a courtesy, perhaps  
24 we should delay reassignment until Commissioner Crowley  
25 is present since she is the Presiding Member of that

1 siting case. And in deference to that request (which I  
2 think is appropriate), I will simply move that I be  
3 removed as the Second Member and indicate, as well,  
4 that this will be noticed for the next Business Meeting  
5 for the reassignment.

6 COMMISSIONER GANDARA: I second that.

7 CHAIRMAN IMBRECHT: Alright. Seconded by  
8 Commissioner Gandara. Does anyone wish to be heard on  
9 this item? Is there objection to unanimous roll call?  
10 Hearing none, ayes: 4, nos: none. The motion is  
11 adopted. Commissioner Crowley remains the only member  
12 on that siting case.

13 Item 5 had been removed from the agenda by  
14 the request of the Executive Director. I understand,  
15 Commissioner Commons, that you have a statement on that  
16 item.

17 COMMISSIONER COMMONS: Yes. I'd like to....  
18 I got a notice this morning. It said: "...with your  
19 concurrence." And I don't concur. What I'd like to do  
20 is suggest either an alternative wording for that item  
21 for the week of September 4th or a supplemental agenda  
22 item. And the wording I've submitted to the Executive  
23 Office, to all the Commissioners and to our legal  
24 staff.

25

1 I think there are two things that need to be  
2 noticed to the public. One is that the Commission,  
3 rather than the Committee, as per ER V (which is  
4 certainly our prerogative) we'll be hearing in one  
5 meeting all of the applicants and other parties'  
6 testimony. So the Commission does not intend to go to  
7 each individual committee before making this  
8 allocation. And the Commission has the right to ask  
9 Committee to conduct hearings.

10 It also has the right to hold those hearings  
11 as a whole and deliberate as a Commission. And I think  
12 this is clearly the intent of the original statement  
13 here in five, but it's not clear. And I think it  
14 should be...all parties should realize that this is  
15 going to be "the" hearing when we make the allocation.  
16 And I just preferred the language that I wrote. And  
17 so, I put it in writing and request that that item be  
18 agendized in that form.

19 CHAIRMAN IMBRECHT: Mr. Ward, have you seen a  
20 copy of this alternate language?

21 MR. WARD: Yeah. I just received a copy  
22 this morning. Are you referring to specific staff  
23 recommendations that you would divide in terms of a  
24 hearing order? Or you would liberalize the hearing?  
25 Is the intent of this to liberalize the hearing order

1 so that all parties interested recognize that a variety  
2 of actions could take place under that order?

3 COMMISSIONER COMMONS: I believe the staff of  
4 the Commission and any party can make any recommenda-  
5 tion they wish to the Commission based on the ER. And  
6 that this Commission, based on the testimony presented,  
7 then would render a decision. So this does not  
8 preclude any alternative. The way it was written  
9 before, it reestricted it to approaches up through  
10 August 13th. There may be some approach that someone  
11 submits on September 4th. And I think we've.... I  
12 just want to tie it to the specific language as to what  
13 had been adopted. I don't think there's anything in  
14 substance. But I think it's clear we intend to just  
15 adopt a procedure implementing ER V.

16 MR. CHAMBERLAIN: Commissioner Commons, just  
17 as an informational matter, our office is drafting a  
18 notice that will go out to all parties to all of these  
19 cases that describes in some detail the anticipated  
20 hearing that would take place on September 4th. I'm  
21 not objecting to your language, but there will be very  
22 careful noticing of this matter.

23 COMMISSIONER COMMONS: That was going to be  
24 my second request: that in addition to the agenda  
25 item, that there be a notice sent to all applicants.

1           CHAIRMAN IMBRECHT: That's already....

2           COMMISSIONER COMMONS: Good.

3           CHAIRMAN IMBRECHT: ...taken place. Let me

4 suggest the following. Why don't.... Obviously, if

5 you desire to move forward with this request as

6 written, that's your prerogative. But let me suggest

7 that you have an opportunity to consult with Mr.

8 Chamberlain and Mr. Ward this afternoon. We'll honor

9 your request if you choose to go forward or if you find

10 that the language that they're proposing satisfies your

11 concerns, we can avoid then the necessity of having two

12 items.

13           COMMISSIONER COMMONS: Yeah. Well, they may

14 find that the language I'm proposing is acceptable to

15 them.

16           CHAIRMAN IMBRECHT: Alright, fine. So I

17 don't think we have to take any action on that.

18           COMMISSIONER COMMONS: No. It's not

19 requested as an action item.

20           CHAIRMAN IMBRECHT: Alright. Is there

21 objection to approval of the minutes as presented?

22           COMMISSIONER COMMONS: They just did them and

23 passed them out about five minutes before the Business

24 Meeting. I believe on Item 7, Mr. Chairman, on the

25 minutes, it doesn't identify the.... There had been

1 discussion as to a change in the Commission's position  
2 concerning.... Oh gees. I've got a shift from siting  
3 policy to legislation. Excuse me. We had...there had  
4 been a change that had been agreed to by you; and  
5 that's not reflected in here.

6 CHAIRMAN IMBRECHT: Says: "Chairman Imbrecht  
7 directed Chris Ellison to communicate the Commission's  
8 opposition to roll back the miles per gallon portion of  
9 the CAFE standards" -- which was the request you made.

10 COMMISSIONER COMMONS: Oh, okay.

11 CHAIRMAN IMBRECHT: So I think that is  
12 reflected.

13 COMMISSIONER COMMONS: Yeah. You're right.  
14 Okay. No problem.

15 CHAIRMAN IMBRECHT: Okay? Alright, hearing  
16 no objection, the minutes are approved as presented.  
17 Policy Committees' Reports. Commissioner Noteware.

18 COMMISSIONER NOTEWARE: Yes. I'm real happy  
19 to report that one of our staff has brought great  
20 credit to the California Energy Commission. He  
21 participated in a contest at Prarie Creek which is  
22 somewhat similar in many respects to the jumping frog  
23 contest at Angel's Camp.

24 This Prarie Creek contest brought to our  
25 Commission the BS Trophy. It's an annual award that we

1 get to keep for a full year before we have to return  
2 it. And the reason that it comes before the  
3 Intergovernmental Relations Committee -- and I have the  
4 honor of announcing this -- is that it's a perpetual  
5 trophy. And it's only permitted to be won by  
6 governmental employees.

7 They have three categories there at Prarie  
8 Creek: adults, children and government employees. I  
9 see Michael Martin is here; and I think we should  
10 recognize him. And I have his trophy here. The "BS"  
11 stands for Banana Slug. And I think perhaps Mike you  
12 might mention how the contest is run and how you were  
13 able to win it.

14 MR. MARTIN: Thank you Commissioner. I have  
15 a staff report on the subject.

16 CHAIRMAN IMBRECHT: Glad I'm not chairman of  
17 the Intergovernmental Committee. Excuse me.

18 MR. MARTIN: Prarie Creek Redwood State Park  
19 is famous for coastal redwoods, Roosevelt elk and  
20 *Ariolimax columbianus*. And on Saturday, August 17th at  
21 2 PM, Pacific Slime Time, the 17th Annual Banana Slug  
22 Derby was held in the picnic area at Prarie Creek  
23 Redwood State Park. And I have overhead of the program  
24 if you wish to go into this deeper.

25

1           According to the official program, banana  
2 slugs may reach the length of ten inches when racing  
3 and hve been timed at speeds up to 32 feet per hour.  
4 (CEC staff has been unable to confirm or denyh these  
5 specific numbers, but.... They are big)

6           COMMISSIONER COMMONS: Is that ten inches in  
7 Energy Commission standard?

8           MR. MARTIN: No sir. That's an unverified  
9 claim of another State agency.

10           Since each banana slug is both male and  
11 female, it seemed better to refer to them as "he and/or  
12 she", since the use of the neuter "it" would appear  
13 disrespectful.

14           Publicity material published in the Trinidad  
15 News and Views of August 15, 1985, stated there would  
16 be races in three classes which are identified as  
17 adults, children and government employees. The  
18 descriptions, of course, refer to those who enter the  
19 slugs rather than the slugs themselves, since it's very  
20 difficult to identify government employees from other  
21 adults in the forest.

22           The children's classes raced first with six  
23 preliminary heats of 15 slugs each, followed by a grand  
24 slime off. There were about half as many slugs in the  
25 adult class. The big prize was for the professional

1 event which turned out not to be for the slugs of  
2 government employees, but an inter-agency competition.

3 And the slug that my son collected which we  
4 named Rusty -- because it seemed safer to name it after  
5 a retired Commissioner than an existing Commissioner  
6 -- steered a very straight course and was obviously  
7 very dedicated and very determined and won the race  
8 handsomely.

9 We have this report...this trophy which I  
10 promised to return next year which was not one I  
11 discovered now as a government employee, but is the  
12 trophy of the trophy of the Commission. And so as  
13 such, it is your BS Award. And if you can stand that  
14 abbreviation, maybe you could find a place of honor to  
15 keep it. It does bring some staff questions up for  
16 next year, in that my vacation will be on State  
17 business in order to return this. And I do feel I  
18 ought to have a uniform so I can compete with these  
19 firemen and rangers and CCC people. But we can  
20 negotiate that at a later date.

21 CHAIRMAN IMBRECHT: Mr. Smith has an orange  
22 methanol jacket up in his office. You can use that.  
23 And I'm going to suggest that it be reposited in your  
24 office as a place of safekeeping.

25 (LAUGHTER).

1 Thank you. Congratulations.

2 MR. MARTIN: On behalf of Rusty, I thank you.  
3 I couldn't have done it without him.

4 CHAIRMAN IMBRECHT: Further Commission Policy  
5 Committees' Reports? Commissioner Commons.

6 COMMISSIONER COMMONS: Yes. Mr. Chairman, at  
7 the.... I don't see Chris Ellison here. And maybe  
8 before we call this, we'd like to have him down. I'd  
9 like to ask the Commission to reconsider a piece of  
10 legislation that they heard at the last Business  
11 Meeting concerning the tax credits and that has  
12 elements concerning load management and conservation.  
13 But I think Chris Ellison has been involved in the  
14 matter. And he should be here to discuss it.

15 MR. WARD: Mr. Chairman, I'm generally  
16 aware of what's occurred; and Chris may be on his way  
17 down. But my understanding is that the bill and our  
18 proposed amendment -- which was a very small change. I  
19 understand that it was something in the vicinity of a  
20 \$250,000 to \$300,000 change to \$125 million bill  
21 -- certainly gets lost in the noise. For thermal  
22 storage and some time-of-use metering type devices that  
23 would be subject to the tax credit. That amendment was  
24 proposed and rejected by the Committee.

25

1           The Department of Finance indicated that the  
2 dollar change was something that was out of the scope  
3 of the original agreement with the industry. And I  
4 think there was reluctance on the part of the  
5 legislature to do anything that might jeopardize the  
6 ultimate signature on that bill.

7           COMMISSIONER COMMONS: Well, I guess....  
8 Point of information. Bill, in order to bring this up  
9 for discussion, I guess the first thing I must do is  
10 move for reconsideration and have the Commission allow  
11 us to have the discussion, which is not asking us to  
12 change the position. But somehow I have to bring it  
13 before the Commission so we can discuss the matter.

14           CHAIRMAN IMBRECHT: Does a Commissioner have  
15 standing to move for reconsideration if they're absent  
16 during the consideration of an item?

17           MR. CHAMBERLAIN: I don't recall the answer  
18 to that under the rules. I'd have to go get them.

19           COMMISSIONER COMMONS: I believe that....

20           CHAIRMAN IMBRECHT: Commissioner Commons, I  
21 guess all I have to say is I understand your point.  
22 But my suggestion to you is that it's frankly a moot  
23 discussion. I think the likelihood of this  
24 being...having any impact upon this bill in the  
25 legislative process is very, very slight. The reality

1 of the situation is that the industry in essence put  
2 together what was viewed as a revenue neutral proposal.  
3 And I think that Mr. Ward just indicated that was  
4 largely agreed to operation by the key legislators that  
5 were involved, as well as the Department of Finance.

6 COMMISSIONER COMMONS: Well, I.... First on  
7 the procedure: Mr. Chamberlain, in January of my first  
8 year, I was not presented and I moved for  
9 reconsideration of an item dealing with furnaces. And  
10 you reviewed the parliamentary procedure; and I was  
11 allowed, not being present at a meeting, to move for  
12 reconsideration. I also believe some six months ago  
13 you said that anyone can move for reconsideration  
14 unless they had voted against the main motion. So I  
15 guess the first question is how I can bring this to the  
16 floor for discussion.

17 CHAIRMAN IMBRECHT: Alright, fine. Why don't  
18 you make your motion. Let's just dispose of it without  
19 spending a lot of time. I want to indicate, though,  
20 that without ruling on this, I don't want this to be  
21 viewed as a precedent. I'm not totally sure; but being  
22 absent does give you a standing to do that. But I'd  
23 like to review it. But for purposes of just moving  
24 this along, that's fine.

25

1           COMMISSIONER COMMONS:  Alright.  I'd like to  
2 move for reconsideration of AB 924.  And I believe  
3 there's a companion bill that goes along with it:  
4 Senate Bill 125, I believe.

5           CHAIRMAN IMBRECHT:  Is there a second.

6           COMMISSIONER NOTEWARE:  I second it.

7           CHAIRMAN IMBRECHT:  Seconded by Commissioner  
8 Noteware.  Alright.

9           COMMISSIONER COMMONS:  Before I go into my  
10 discussion, what I would like to ask is that we give  
11 Chris Ellison an opportunity to bring the Commission up  
12 to date on the information he has.  And I also think  
13 that we have at least one party who wants to present  
14 some information to the Commission.

15          CHAIRMAN IMBRECHT:  Okay.

16          COMMISSIONER GANDARA:  If I may.  I must have  
17 been absent at the time this was discussed, as well.  
18 So rather than just bring us up to date, can you....  
19 Do you mind starting from the beginning?  I don't even  
20 know what we're talking about.

21          MR. ELLISON:  We're talking about a bill  
22 that's being referred to as the "son of clean-up" to  
23 the reform of the tax credit that was enacted in SB  
24 125, during the budget process.  SB 125, among its  
25 provisions, included one that attempted to reconcile

1 the son-set dates for the measures eligible for the  
2 Conservation Tax Credit. Prior to SB 125, the so-  
3 called RCS measures expired at the end of this year and  
4 the so-called Big 10 measures expired at the end of  
5 1986.

6 SB 125, on the commercial side of the  
7 Conservation Credit, extended all of the so-called RCS  
8 measures by a year so that all of the measures expired  
9 at the end of 1986. The industry proposal did not  
10 include, however, a similar provision to extend the RCS  
11 measures on the residential side because the industry  
12 proposed to eliminate the entire residential  
13 conservation credit, effective August 1st. The  
14 Legislature did not, however, eliminate the entire  
15 residential credit. It restored a 10% credit. But it  
16 did so without addressing the reconciliation of the son-  
17 set dates issue.

18 So with the signature on SB 125, as we sit  
19 here today, current law is that on the residential  
20 side, the RCS measures expire at the end of this year.  
21 The Big 10 measures expire at the end of 1986. But on  
22 the commercial side, everything expires at the end of  
23 1986.

24 The industry, as part of the clean-up to this  
25 bill--to SB 125--proposed extending...doing the same

1 thing on the residential side that they'd done on the  
2 commercial side -- extending the RCS measures to 1986.  
3 The Department of Finance and the administration said  
4 that they would not sign such a bill because it would  
5 increase the cost of the credit, and recommended to the  
6 industry that they attempt to come up with a revenue  
7 neutral proposal.

8 What they did then, in consultation with  
9 Energy Commission staff and others, was to try and  
10 prepare a single list of measures which would be  
11 credited in 1986 (of the RCS measures) for both  
12 commercial and residential, which would be smaller than  
13 the list currently eligible in the commercial side, but  
14 larger than the list currently eligible in the  
15 residential side and would, therefore, be revenue  
16 neutral.

17 They did prepare such a list. It includes  
18 some conservation measures as well as some load  
19 management measures. In particular, it includes clock  
20 thermostats. And it includes.... There is another  
21 load management measure that escapes me at the moment.

22 COMMISSIONER COMMONS: Duty cyclers.

23 MR. ELLISON: I'm sorry.

24 COMMISSIONER COMMONS: Duty cyclers.  
25

1 MR. ELLISON: Duty cyclers. This is the bill  
2 that is now AB 924 and that is about to be folded into  
3 Senator Presley's SB 243. The Commission has a support  
4 position on SB 243 which, prior to this amendment,  
5 would have paid the refunds which were allowed by law  
6 several years ago and were never paid, under the Tax  
7 Credit.

8 The issue that we're dealing with now is the  
9 proposed addition to that list of thermal storage  
10 devices and time-of-use meters for the agricultural  
11 sector. Staff estimates that that would increase the  
12 cost of the credit in 1986 by approximately \$200,000 to  
13 \$300,000. That's a very small amount. And that's  
14 roughly .2 of 1% of the '86 estimated cost of the  
15 overall credit.

16 We provided that estimate to the Department  
17 of Finance. Senator Presley said that he would be  
18 happy to take an amendment that would include those two  
19 additional measure, but only if Finance would remain  
20 neutral on the bill with those amendments. Finance has  
21 told Senator Presley that they would not remain  
22 neutral, but they would go oppose on the bill with  
23 those amendments.

24 CHAIRMAN IMBRECHT: Why?  
25

1 MR. ELLISON: Because, although the cost is  
2 .2 of 1% of the credit, it's still \$200,000. So the  
3 bill is not technically revenue neutral. For what it's  
4 worth, my own opinion is that the uncertainties in  
5 estimating are large enough that you can't find  
6 \$200,000 in a \$150 million program a year and a half  
7 from now. But that's where we are.

8 The bottom line is that were the Commission  
9 to adopt a position in support of those amendments  
10 -- and I must say I've discussed this with the  
11 Legislative Policy Committee at its last meeting; and  
12 it is supportive of these amendments. I don't think  
13 that's...but I don't think that's the issue. I think  
14 the issue is the Finance position on the bill. I don't  
15 think Senator Presley's going to take those amendments  
16 irregardless of what the Energy Commission has to say  
17 about it.

18 COMMISSIONER GANDARA: I would suggest that  
19 we tie it to the Unitary Tax Bill. It's only a drain  
20 of \$250 million to the treasuries.

21 CHAIRMAN IMBRECHT: You can call Senator  
22 Alquist and suggest that to him.

23 COMMISSIONER GANDARA: It's not being  
24 rejected by Finance, as I understand.

25 CHAIRMAN IMBRECHT: That's right.

1 MR. ELLISON: There is a possibility, of  
2 course, of going with a -- if you'll pardon the  
3 expression -- grandson of clean-up bill, separate  
4 from...

5 CHAIRMAN IMBRECHT: Is this "son" s-u-n or s-  
6 o-n.

7 MR. ELLISON: S-o-n. ...and proposing the  
8 addition of these two measures as a separate item from  
9 Senator Presley's bill. If that is what the industry  
10 chooses to do, then of course, we would bring that bill  
11 to the Commission for a position.

12 COMMISSIONER COMMONS: Point of information.  
13 If the Commission.... First of all, the \$125 million:  
14 that's been signed into law and it's currently the law;  
15 and so, the issue is not the extension of the tax  
16 credits. It's only a clean-up to the tax credits that  
17 we're discussing.

18 MR. ELLISON: That's correct.

19 COMMISSIONER COMMONS: If the Commission were  
20 to not support this amendment, what would be the impact  
21 on load management if the bill were to go through with  
22 the amendment or if the bill were to go through without  
23 the amendment?

24 MR. ELLISON: Well, I would leave it to other  
25 staff to discuss the impact on load management. I

1 would simply say that thermal storage devices and time-  
2 of-use meters in the agricultural sector would not be  
3 allowed the current 25% commercial conservation credit  
4 in the year 1986 if the amendment were not put in.

5 COMMISSIONER COMMONS: Under the....

6 MR. ELLISON: I would only add.... Let me  
7 add one other thing, however. Until one month ago,  
8 those measures were not allowed a credit in 1986, as  
9 well. So the fact that SB 243, in its present form  
10 would remove that credit, is perhaps not as large an  
11 issue as it would first appear since this is a credit  
12 to which the industry has only been entitled for about  
13 30 days.

14 COMMISSIONER COMMONS: Under the existing law  
15 (which has already been passed), would time-of-use  
16 meters be eligible in all sectors.

17 MR. ELLISON: In the commercial side -- yes.  
18 That's my understanding.

19 CHAIRMAN IMBRECHT: What's your pleasure?

20 COMMISSIONER COMMONS: Well, I think we do  
21 have someone here who wanted to present testimony.

22 CHAIRMAN IMBRECHT: Alright, fine. Does  
23 anyone wish to be heard on this item?

24 MR. AMES: Yes, I do.

25 CHAIRMAN IMBRECHT: Please come forward.

1 MR. AMES: Where would I sit? My name is  
2 Doug Ames. I'm president of a company called  
3 Transphase Systems, Inc. in Huntington Beach. We're a  
4 manufacturer of the thermal energy storage system. And  
5 I'd like to just address briefly a couple of the things  
6 that Chris just said which we disagree with.

7 First of all, we do not see the issue as  
8 being the addition of thermal storage to the amendments  
9 as proposed. We see the issue as being whether thermal  
10 storage and other load management technologies are more  
11 in the public's interest and of the citizens of the  
12 State of California than other measures which are  
13 proposed to be extended through '86 in the amendment,  
14 such as internal storm windows.

15 Also, in that it's referred to as a 'son of  
16 clean-up bill,' I would simply point out that this  
17 clean-up bill would have major policy differences  
18 compared to what is the present law and that it would  
19 remove thermal storage. It would remove many other  
20 load management devices from having tax credits through  
21 the end of '86.

22 In terms of the statement that industry  
23 supports the measures that are now in the current  
24 amendments for 243. The euphemism industry I think is  
25 an interesting statement. I'm sure that many elements

1 of industry would not support this, except that it's  
2 been moving so quickly, no one has really had time  
3 to know about it. And the people who have known about  
4 it -- the industry sectors who have known about it  
5 -- are those who have constant representation here.

6 As a final point, I'd like to read very  
7 briefly from a part of the 1985 California Energy Plan,  
8 the final copy. It says in part, in the section on  
9 Section V, Reaching Our Energy Goals: New Directions  
10 in a New Era. "The following specific recommendations  
11 are presented by the Energy Commission to the Governor,  
12 the Legislature and the people of California." Number  
13 one on that list is, "Utilities and their customers  
14 stand to benefit from steps that reduce costly peak  
15 power demand or shift the demand to off peak hours.  
16 Research into shifting peak demand should continue; but  
17 it is also time for action. Steps could include  
18 incentives for more efficient air conditioning and  
19 thermal storage systems. State funding of thermal  
20 storage retrofit, advanced load management and time-of-  
21 use metering systems." That's number one on the list  
22 of recommendations by the Energy Commission.

23 I would suggest that the passage of 924, as  
24 incorporated in 243, as opposed to the current law of  
25

1 125 is extremely bad policy in keeping with the Energy  
2 Commission's 1985 Biennial Report.

3 One final point I would like to make, and  
4 that is that the statement that 30 days ago load  
5 management tax credits would end at the end of '85. I  
6 think at this point, that's really an irrelevant  
7 question (or an irrelevant "statement") in that the  
8 question is: What will be continued and what won't be  
9 continued? And in keeping with the Energy Commission  
10 policy, as stated in their Biennial Report, thermal  
11 storage and load management is number one on the list  
12 of measures. And in that number one, it says that the  
13 time for action is now. And I would submit that if the  
14 Commission supported the present law and did not  
15 support the amendment to this new bill that there would  
16 be no greater action that the Commission could take to  
17 support these recommendations, as in their Biennial  
18 Report. Thank you.

19 CHAIRMAN IMBRECHT: Thank you. Commissioner  
20 Commons.

21 COMMISSIONER COMMONS: First of all, I would  
22 like to personally thank Chris Ellison, who I think has  
23 done a really excellent job on behalf of the Commission  
24 to see if it was possible to work with Senator  
25 Presley's office, with the different parties and with

1 Finance to at least incorporate the two load management  
2 devices, recognizing that all other load management  
3 devices would no longer be eligible.

4 Unhappily, the Department of Finance has not  
5 agreed to go along with that. My belief is that at the  
6 last Commission Business Meeting, that the Commission  
7 took the position that we would like to remain revenue  
8 neutral. And I do not think that if Department of  
9 Finance has decided that this would mean that that no  
10 longer occurs, that we should take a position contrary  
11 to the Department of Finance in that matter, which  
12 would mean we would be essentially changing our policy  
13 perspective and saying we no longer want it to be  
14 revenue neutral, I think it was appropriate that we  
15 tried to convince Department of Finance that we could  
16 still live within that. But they were not willing to  
17 accept that.

18 That leaves us I think then with the position  
19 or the issue as to: are we going to support load  
20 management (which is what the current law does)? Or  
21 are we going to drop load management and pick up these  
22 other devices. We have been working very hard with the  
23 commercial sector and with the utilities where the real  
24 opportunities at this time occur for effective load  
25 management. We had the Farm Labor Bureau come in and

1 plead with us to help in terms of time-of-use meters  
2 for the agricultural sector. We have load cooperatives  
3 that are trying to get initiated. All of the major  
4 utilities in the State are really trying to work with  
5 thermal storage; and this one year, I think, would be  
6 clearly in line with the policy of this Commission.  
7 And if we are trying to implement BR V and go in the  
8 direction that is going to be in the interest of  
9 California ratepayers, the better position is to leave  
10 the law the way it is and not adopt this amendment.  
11 And so, therefore, I would like to move that the  
12 Commission does not support the amendment and we leave  
13 the law the way it is.

14 CHAIRMAN IMBRECHT: First, you need a  
15 successful outcome on your motion to reconsider.

16 COMMISSIONER COMMONS: Oh! You're right.

17 CHAIRMAN IMBRECHT: And then, you can make a  
18 subsequent motion, which would in essence be to oppose  
19 the bill -- is what you're saying.

20 COMMISSIONER COMMONS: Yeah. We reach an  
21 agreement. Senator Alquist and the Governor reached an  
22 agreement on \$125 million and let's just stay with the  
23 agreement. That's already in law; it doesn't require  
24 any changes.

25

1           CHAIRMAN IMBRECHT: Okay. Mr. Ellison, what  
2 are the other salutary aspects of that bill?

3           MR. ELLISON: Well, if it's folded into SB  
4 243 (which is the current proposal), the bill would  
5 include the following.

6           It would pay the refunds that have not been  
7 paid for the past three years. The Commission has  
8 taken a support position on that portion of the bill  
9 already. It would grandfather people who had written,  
10 binding contracts for the purchase of solar equipment  
11 in the commercial sector. And by grandfathering I mean  
12 they would be entitled to a 35% credit and not the 25%  
13 credit enacted in SB 125 if they'd made written  
14 commitments prior to the effective date of the change.  
15 And it would extend on the residential side, the RCS  
16 load management and conservation measures. So the  
17 question in terms of load management is essentially  
18 taking some load management measures out of the  
19 commercial side and putting load management measures in  
20 on the residential side.

21           The only other thing that I would add is that  
22 with respect to this particular amendment (thermal  
23 storage devices and time-of-use meters in the  
24 agricultural sector) in addition to providing the  
25 fiscal estimates to Finance and to the Legislature. At

1 the direction of the Legislative Policy Committee, I  
2 have told both of those parties and the author, as well  
3 as Finance, that the Commission would support those  
4 amendments, that the Commission supports the bill  
5 without the amendments, as well, but that we think the  
6 amendments make sense. So the effect of our  
7 recommendation here -- if the Commission were to  
8 reconsider and support those amendments, I don't think  
9 would be dramatic. I think in a sense, the only thing  
10 we could do beyond what we've already done on behalf of  
11 these amendments is to take the position that without  
12 them, we would oppose the bill. And we haven't done  
13 that.

14 COMMISSIONER COMMONS: Let me ask you this,  
15 Chris. Could we support the bill, but not support the  
16 amendments that substitute the conservation devices for  
17 the load management devices. In other words, allow for  
18 those clean-up provisions that you just went through  
19 which was Senator Presley's original bill? My  
20 understanding is, there's his bill which is supposed to  
21 do some clean-up work and that there was another bill  
22 over in the Assembly which they're trying to amend into  
23 it. Which is the bill that would eliminate the load  
24 management and replace it with the conservation.  
25 Couldn't the Commission support Senator Presley's bill

1 and oppose the Assembly bill amendments, which  
2 eliminate the load management?

3 MR. ELLISON: We could urge Senator Presley  
4 not to take those amendments. But at the moment, we're  
5 really talking about one bill. And he has agreed to  
6 take any amendments that are revenue neutral already.

7 COMMISSIONER COMMONS: But we could take that  
8 position?

9 MR. ELLISON: We could take that position. I  
10 want to be very clear on one point, however. These  
11 amendments do not substitute conservation measures for  
12 load management measures. They substitute residential,  
13 conservation and load management measures for com-  
14 mercial, conservation and load management measures.

15 MR. AMES: May I speak very briefly to that  
16 point?

17 CHAIRMAN IMBRECHT: Certainly.

18 MR. AMES: In terms of the market for  
19 residential load management measures, as the utility  
20 companies now have their rate schedules structured,  
21 there are essentially no effective time-of-day rates or  
22 time-of-use rates on the residential side, whereas they  
23 are quite extensive or there is beginning to be quite  
24 extensive time-of-use rates on the commercial side.  
25 The market, as there is one for thermal storage, is on

1 the commercial/industrial side. There is no market on  
2 the residential side. By knocking out the tax credits  
3 for the commercial side of commercial storage,  
4 considering the infancy of this industry, you are  
5 dealing it a major blow from which it may not recover.  
6 To keep it on the residential side is effectively  
7 keeping nothing as far as thermal storage is concerned.

8 COMMISSIONER COMMONS: I did talk with Bob  
9 Foster from Southern California Edison; and I also  
10 talked with representatives from PGandE. And Bob  
11 Foster said, concerning the residential time-of-use  
12 meter which PGandE is heading up a task force to  
13 develop, that Southern California Edison (if the Tax  
14 Credit were made available for them in the residential  
15 sector) would not utilize that and would not request or  
16 advocate that. And that's one of the reasons we have  
17 this is as to agricultural time-of-use meters, and not  
18 looking for the residential sector.

19 CHAIRMAN IMBRECHT: What was the genesis of  
20 that amendment, Chris? Who's behind it?

21 MR. ELLISON: The thermal storage and time-of-  
22 use meters in the agricultural sector?

23 CHAIRMAN IMBRECHT: Yeah -- the residential  
24 versus the commercial side switch.

25

1 MR. ELLISON: This is a proposal of the  
2 industry coalition that put together SB 125.

3 CHAIRMAN IMBRECHT: For what piece of the  
4 coalition was that?

5 COMMISSIONER COMMONS: What's the lobbyist's  
6 name? Hedy?

7 MR. ELLISON: Hedy -- she represents some  
8 wind clients, some conservation clients. But, it's not  
9 just her; it's also CALSEIA who's proposing it. The  
10 way they've done this is to organize meetings where  
11 there are a number of representatives of different  
12 industries and agree on a bill. And I really haven't  
13 been a party to those meetings and can't tell you  
14 who....

15 CHAIRMAN IMBRECHT: You don't know what the  
16 rationale for those amendments are? I mean,  
17 Commissioner Commons raised an interesting point there.  
18 In essence, if that's not going to be utilized, then  
19 it's....

20 MR. ELLISON: As I understand, the principle  
21 rationale for the amendment is tax simplification  
22 -- have everything in on the same day, have one list  
23 that applies to both the commercial and the residential  
24 side. I think the other rationale on the part of the  
25 industry was that they wanted to keep the Tax Credit

1 for those measures that they felt needed the Tax Credit  
2 the most to be saleable and give up the Tax Credit in  
3 those areas where they felt that they could sell the  
4 product without it.

5 CHAIRMAN IMBRECHT: Okay. Let's move this  
6 along. Let me ask: is there objection to unanimous  
7 roll call on Commissioner Commons' motion for  
8 reconsideration?

9 COMMISSIONER GANDARA: What's our current  
10 position? I guess that I don't understand. What is it  
11 that's our position that.... That's objectional. Is  
12 it that we are supporting this proposed amendment or  
13 this clean-up bill? Is it that we're supporting a  
14 clean-up bill that's bad because in the view  
15 of...Commissioner Commons, because you knocked out load  
16 management on the residential side from the commercial  
17 side and given it to the load management side or what?

18 MR. ELLISON: The Commission voted several  
19 months ago to support SB 243's payment of the refunds.  
20 The Commission voted at its last Business Meeting to  
21 support the clean-up to SB 125 that has the effects  
22 that we've been discussing here.

23 Legislative Policy.... And this whole issue  
24 of thermal storage and the amendment that Transphase  
25 and others are proposing has all come up in the last

1 few days. Legislative Policy Committee, as well as  
2 Commissioner Commons have directed me to inform Finance  
3 as well as the Legislature that the Commission not only  
4 supports the son of clean-up, but that we would also  
5 support the bill with these amendments. And because  
6 the fiscal effect in view of the staff and in view of  
7 the Legislative Policy Committee is so minor. So in  
8 effect, we've taken support positions on both aspects  
9 of the bill as well as the proposed amendment.

10 COMMISSIONER GANDARA: So we say we support  
11 the bill with and without the amendment?

12 MR. ELLISON: That's right. The Commission  
13 voted to support the bill. The amendment has come up  
14 since then. Legislative Policy Committee recommended a  
15 favorable statement on the amendment, as well.

16 CHAIRMAN IMBRECHT: I think this has really  
17 much to do about nothing, to be quite honest with you.  
18 I mean.... But I'm simply just trying to move on on  
19 this item. The bottom line, Commissioner Commons is  
20 that we're not going to be able impact the outcome of  
21 this. The only thing that I would suggest is that we  
22 make a subsequent effort to try to convince Finance.  
23 And I would be happy to try and intervene at a higher  
24 level, if you will, and see if there isn't some way to  
25 turn them around on this since it is such a minor item.

1           COMMISSIONER COMMONS: Well, it certainly  
2 makes it difficult for me to try to turn it around.  
3 And I think may have an opportunity to try to do so  
4 when I have a Commission opposition to the position  
5 that I'm suggesting. This Commission now is on record  
6 in support of; and it's being utilized as in support of  
7 the switch from load management to conservation. And  
8 in reviewing the matter, it's my understanding that  
9 when it was presented to the Commission at the last  
10 Business Meeting, none of the Commissioners were aware;  
11 and the write-up did not identify that there was  
12 actually this switch taking place.

13           CHAIRMAN IMBRECHT: Okay. Well, I don't have  
14 any objection to sending a subsequent letter indicating  
15 that we oppose that portion of the bill and offering  
16 this as an alternative. Let's try to move this through  
17 procedurally. Is that acceptable to each of you?

18           COMMISSIONER NOTEWARE: Nods -- yes.

19           COMMISSIONER GANDARA: Nods -- yes.

20           CHAIRMAN IMBRECHT: Alright, fine. If  
21 there's no objection to unanimous roll call to offer  
22 reconsideration, Commissioner Commons moves, I second  
23 that we send a subsequent letter indicating our  
24 opposition to that portion of the bill, not the  
25 remainder of it. And that we propose the alternative,

1 which has already been discussed (which is commercial  
2 load management). Alright. Does anyone else wish to  
3 be heard on that. Is there objection to unanimous roll  
4 call? Hearing none, ayes: 4, nos: none. Mr.  
5 Ellison, can you prepare such a letter.

6 COMMISSIONER COMMONS: Thank you, Mr.  
7 Chairman.

8 CHAIRMAN IMBRECHT: Alright. Mr.  
9 Chamberlain.

10 MR. CHAMBERLAIN: I have nothing today, Mr.  
11 Chairman.

12 CHAIRMAN IMBRECHT: Okay. I'm going to  
13 suggest a very brief Executive Session upon conclusion  
14 here. It'll take about three minutes. And it deal  
15 with potential litigation. Mr. Ward.

16 MR. WARD: Let's see. Mr. Chairman, Chris  
17 Ellison is still in the room. I might ask him to  
18 answer any specific questions. The tax exemption bill  
19 for ethanol went of Assembly Rev & Tax yesterday, which  
20 I believe we had opposed. Chris had suggested  
21 amendment that it be simply an exemption that applied  
22 to methanol (or ethanol) produced within the State.  
23 And although there was some discussion about it, it was  
24 ultimately rejected. I also understand that both PVA  
25 packages -- the Assembly package and the Senate package

1 -- that are both in opposite houses now have been put  
2 together and agreed-upon and there's going to be a  
3 conference committee which had not originally been  
4 anticipated to iron out any specific differences  
5 between the two houses before it goes to the Governor.  
6 And I believe those are the major legislative issues  
7 that were brought to your attention last week. The tax  
8 issue was the most important. And other than that,  
9 we're involved in putting together the '86/'87 budget.  
10 The Budget Committee has met once; we'll be meeting  
11 again this week....

12 CHAIRMAN IMBRECHT: Friday, I believe it is.

13 MR. WARD: ...on that. I would request  
14 that you have your advisors brief you if you're not a  
15 member of that committee.

16 CHAIRMAN IMBRECHT: I think it's 10:30,  
17 Friday and we very much would urge that we hear from  
18 you at the front end of the process rather than at the  
19 tail end of the process so that we try to accommodate  
20 your concerns.

21 COMMISSIONER COMMONS: You'll have a written  
22 memo from our office in participation.

23 CHAIRMAN IMBRECHT: Okay. I neglected one  
24 other item. I'll just make a brief announcement on it.  
25 September 9th, after multiple consultations with

1 various legislative offices and the Governor's office,  
2 etc., we have scheduled a reception to commemorate the  
3 tenth anniversary of the California Energy Commission.  
4 And members of the Legislature and the Executive Branch  
5 will be in attendance, along with representatives of  
6 all of the various industries with which we interact.  
7 And we'll be getting a memorandum out to you with  
8 further details very shortly. We're also considering  
9 the prospect at the suggestion of Commissioner Crowley,  
10 which I personally think is a very good idea as well  
11 that, since we will be going to some significant effort  
12 to arrange the facilities, etc. for that occasion that  
13 on September 10th we host a similar reception and  
14 invite the entirety of the Commission staff and their  
15 families to come and see where their spouses, etc.  
16 -- mothers and fathers actually spend their working  
17 hours.

18 I have nothing further. Is there any public  
19 comment today? Anyone wish to be heard? Alright,  
20 hearing none, we stand in recess for a brief Executive  
21 Session. Then we'll be in adjournment. Thank you.

22 (Thereupon the Commission retired into the  
23 Executive Session. At the conclusion of the Executive  
24 Session, the Business Meeting of the California Energy  
25

1 Resources Conservation and Development Commission was  
2 adjourned at 11:25 AM.)

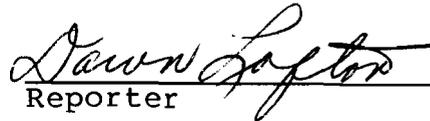
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**REPORTER'S CERTIFICATE**

THIS IS TO CERTIFY that I, Dawn Lofton, have duly reported the foregoing proceedings which were had and taken in Sacramento, California, on Wednesday, August 21, 1985, and that the foregoing pages constitute a true, complete and accurate transcription of the aforementioned proceedings.

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

  
Reporter

Dated this 29th day of August, 1985.