BUSINESS MEETING

BEFORE THE

CALIFORNIA ENERGY RESOURCES CONSERVATION

AND DEVELOPMENT COMMISSION

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

CALIFORNIA ENERGY COMMISSION

HEARING ROOM A

1516 NINTH STREET

SACRAMENTO, CALIFORNIA

THURSDAY, JUNE 29, 2006

10:02 A.M.

Reported by:
Peter Petty
Contract No. 150-04-001

COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, Vice Chairperson

James Boyd

John L. Geesman

Jeffrey D. Byron

STAFF and CONSULTANTS PRESENT

B.B. Blevins, Executive Director

William Chamberlain, Chief Counsel

Kevin Kennedy

Susanne Garfield

Daryl Mills

Brenda Sturdivant

Jennifer Williams

Tambu Kisoki

Betty Chrisman

Gary Occhiuzzo

Andrea Gough

Dale Bosley

George Gaborek

Steve Bonta

Dale Chisum

Ken Koyama

Tom MacDonald

Clare Laufenberg-Gallardo

Jason Sterling

STAFF and CONSULTANTS PRESENT

Kate Zocchetti

Tony Goncalves

Payam Narvand

Lynn Marshall

Denny Brown

Mary Dyas

Tim Tutt

Donna Stone

Paul Kramer

PUBLIC ADVISER

Nicholas Bartsch

ALSO PRESENT

Mark Johnson
Golden State Power

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P R O C E E D I N G S

10:02 a.m.

CHAIRPERSON PFANNENSTIEL: Welcome to the Energy Commission business meeting. Please join me in the Pledge of Allegiance.

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

CHAIRPERSON PFANNENSTIEL: Before we jump into our rather lengthy agenda today, I'd like to take the opportunity to introduce and welcome our newest Member, Commissioner Jeff Byron just joined us in the last couple weeks. And we are delighted to have him here. He brings a wealth of background, experience, knowledge in many of the areas that he's going to be now working in. So, Jeff, welcome. Do you have any words?

COMMISSIONER BYRON: Yes, I do, thank you, Madam Chair.

Madam Chairman and fellow Commissioners, and Energy Commission Staff, it's a pleasure and honor to be here and to join you on the Energy Commission.

This is my first business meeting and I wanted to start by saying I'm very fortunate to

have an excellent senior Advisor. And if I say or do anything right it'll be because of Kevin Kennedy. Thank you, Kevin.

I've spent some time walking around and trying to meet as many of the staff as possible. And some of you have noticed that both Kevin and I are a bit follicle-ly challenged. So, before anyone starts referring to us as the baldie-boys, or the chromus-domus-duo, or any other delightfully colorful name, I just want to let everyone know that it doesn't bother us.

(Laughter.)

COMMISSIONER BYRON: Right, Kevin? Because we know that we're further along in the evolutionary chain than the other Commissioners and their Advisors.

(Laughter.)

COMMISSIONER BYRON: So, on a more serious note, I've been asked, as a new Commissioner, by a number of folks, what my policy agenda will be. I have no agenda.

For the most part I think our energy policy is very clear. The IEPR is an excellent document and really all that I need for direction. So my agenda will be to do the day-to-day work in

implementing that policy.

I'm very impressed with what I've observed here in the first couple of days, and I look forward to working with an outstanding group of Commissioners and a dedicated staff. I have always thought of the Energy Commission as the keepers of California's energy future. And I look forward to this term of public service and providing my portion of the leadership and oversight and direction that I've been appointed to do.

Thank you, Madam Chairman, for this moment of diversion from what looks to be a very full agenda.

CHAIRPERSON PFANNENSTIEL: Thank you, Commissioner. We are delighted to have you here.

We have one change in the agenda. Item 25, the El Centro Unit 3 Repower will be taken up before item 24, Committee assignments.

Consent calendar. Do we have a motion for the consent calendar.

COMMISSIONER BOYD: Move consent.

COMMISSIONER GEESMAN: Second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Item 2, possible approval of contract 150-05-007 for $100,000 for the California Environmental Protection Agency to provide funds to implement the education and environment initiative by developing and implementing an environmental curriculum with an energy focus. Ms. Garfield.

MS. GARFIELD: Thank you, Commissioners. Good morning, Madam Chairman, welcome, new Commissioner.

I am please that we have the opportunity to present and participate in environmental and energy education for the state. So this is a project that's very near and dear to our hearts.

This project in Pavley Bill AB-1548, which is the education and environment initiative, is the first time environmental curriculum will be mandated by the state and developed within the State Department of Education as part of a state education standards for kindergarten through 12th grades.

The Commission funds will support phase four, model curricula development; and will take approximately two years. Although $100,000 is a small part of a $35 million project, I am pleased

that these funds are leveraged with other government and corporate partners in this endeavor.

The Commission will be part of an advisory and review panel. And I'm asking for your approval for this funding, and would be happy to answer any questions at this time.

CHAIRPERSON PFANNENSTIEL: Thank you, Susanne. Is there a motion or are there questions?

COMMISSIONER GEESMAN: I'll make the motion to approve it.

COMMISSIONER BYRON: I second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Approved. Thank you.

MS. GARFIELD: Thank you, Commissioners.

CHAIRPERSON PFANNENSTIEL: Item 3, Possible approval of contract 400-06-001 for $71,102 for the California Conservation Corps for a project liaison in support of the Energy Commission's activities under the Governor's green building initiative. Mr. Mills.

MR. MILLS: Good morning, Commissioners.

I'm Daryl Mills with the public programs office.

We're seeking approval of a contract for $71,102 in the form of an interagency agreement with the California Conservation Corps.

The purpose of the contract is to secure the services of a staff person at the Corps to help with the Energy Commission's activities in the green building initiative.

Under the agreement the Commission's contract would cover the benefits of Panama -- the salary and the benefits of Panama Bartholomy who will be working here at the Commission.

Executive order S-2004 outlined a number of responsibilities for the Energy Commission, and is placing a fairly large demand on our resources. This contract will provide support to provide that additional resource.

The staff requests approval of this interagency agreement with the CCC. The interagency agreement is funded through the ERPA budget.

CHAIRPERSON PFANNENSTIEL: Are there questions?

COMMISSIONER BOYD: I'd like to move approval of the item and just commend the

organization for dealing with the CCC. I've had relationships with them in the past and they've proved to be a very valuable organization in terms of what they do. And I look forward to what they do here.

I remember them walking door to door passing out light bulbs during the dark days of the electricity crisis. In any event, I move approval of the item.

COMMISSIONER BYRON: Second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Thank you, Mr. Mills.

MR. MILLS: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 4, possible approval of three awards for $25,000 each, for a total of $75,000, to complete preconstruction studies in Baja, California, Norte, Mexico. Awards will be given to Princeton Development Corporation, Energy Systems International and the San Diego Regional Energy Office.

MS. STURDIVANT: Good morning, Commissioners. My name is Brenda Sturdivant. And

we are seeking approval of three funding awards under the International Energy Fund to co-fund energy companies with seed funding for preconstruction studies on foreign energy projects.

The Transportation Committee has reviewed and approved this item.

COMMISSIONER BOYD: Madam Chair.

CHAIRPERSON PFANNENSTIEL: Commissioner.

COMMISSIONER BOYD: One, I'm going to move approval of this item because indeed it did come through our Committee. But I notice that items 4, 5, 6 and 7, and I'm not making a motion for all of them, but so I don't have to give the same talk four times, I would just mention they all have to do with international activities of this organization. And we've spent a long time in the past few years kind of reviewing and re-prioritizing some of these activities. Unfortunately, some of them are funded with funds that we receive from others, particularly the federal government.

And I see now that what we're doing does reflect the policy discussions we've had in the Integrated Energy Policy Report, and reflect the

amount of effort that we've put into the Governor's -- the Board of Governors activities in the energy work table of that Board of Governors operation.

Meaning we've got a lot of time spent dealing between the nation-state of California and Mexico. And not only are on the border with Baja, but really working with the other states on a common border between the U.S. and Mexico.

So all of these have something to do with some of those activities, or some of those goals and objectives that have been laid out in these other bodies over the past couple of years.

And I'm glad to see that some of it is finally materializing into projects. The International Energy Fund, item number 4, is something we've done in the past.

And as I say, I will move approval of that item.

CHAIRPERSON PFANNENSTIEL: Thank you. Is there a second?

COMMISSIONER GEESMAN: Second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Approved.

Thank you.

MS. STURDIVANT: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 5, possible approval of contract 600-05-011 for $461,253 with KEMA to facilitate meetings with Mexican Government Agencies and complete analysis of energy infrastructure issues, California, Baja, California, Norte Mexico border region. Ms. Williams.

MS. WILLIAMS: Thank you, Madam Chair and Commissioners. My name is Jennifer Williams.

The task to be undertaken in this proposed contract with KEMA are the results of findings and recommendations that came out of an information-gathering process leading up to the Energy Commission's 2005 Integrated Energy Policy Report.

Aside from contract administration there will be four tasks, which I'll briefly summarize. One will be organizing meetings with Mexican government agencies to facilitate working relationships on border energy issues.

Another will be evaluating the current and planned energy infrastructure affecting natural gas and electricity delivery into

California from Mexico.

A third will be to evaluate requirements for introducing a cross-border emissions credit trading program between California and Baja, California Norte.

And the fourth will be analyzing transportation options for improving fuel efficiency of cargo traffic moving across the border, and possibly increasing the use of alternative fuels.

And one final note is the final products for tasks two through four will be analytically reports with findings and recommendations. And these reports will be completed by April 2007 in time for the 2007 energy report.

CHAIRPERSON PFANNENSTIEL: I just want to confirm the dollar figure that we're approving, and that is cited here, 461,000 is for three years?

MS. WILLIAMS: Yes.

CHAIRPERSON PFANNENSTIEL: Thank you. Are there questions or discussion?

COMMISSIONER BYRON: Madam Chair, a comment.

CHAIRPERSON PFANNENSTIEL: Yes.

COMMISSIONER BYRON: Thank you. I'm really pleased to see that the Energy Commission is involved in this kind of activity with Mexico, cross-border energy issues. So I'm looking forward to seeing the results on this.

Again, it's a very enlightening week for me. But this is a very interesting project.

CHAIRPERSON PFANNENSTIEL: Thank you, Commissioner.

MS. WILLIAMS: Thank you.

COMMISSIONER BOYD: I'll move approval.

COMMISSIONER BYRON: Second.

CHAIRPERSON PFANNENSTIEL: Moved and seconded.

In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Thank you.

MS. WILLIAMS: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 6, possible approval of contract 600-05-014 for $278,492 with Nexant, Incorporated, to develop an energy project financing network that stimulates export opportunities for California-based energy technologies and services to international markets and enhance project financing for California-based

energy companies.

MR. KISOKI: Good morning, Commissioners; my name is Tambu Kisoki.

CHAIRPERSON PFANNENSTIEL: Good morning.

MR. KISOKI: In the interest of time I'd like to combine item number 6 and number 7. These two contracts co-funded with the federal government funding, Commerce Department and market development program and ERPA funding.

These contracts are funded from the same grant and were selected from the same RFP.

The first contract is to develop the energy project financing and work to stimulate opportunity to export California-based energy technology and services for international markets, and enhance project-financing mechanism to assist California-based company in California.

This contract also provide financing consultation to small- to mid-sized company within the State of California. And the contractor will help us complete the case study to highlight successful project and align the ingredient for successful project.

The second contract with BCS, item number 7, is to assist us in conducting

conferences in California, and assist us in to admissions overseas in the foreign markets which are China, South Korea, Mexico and Thailand.

The work under the first contract help us fulfill the 2000 IEPR recommendation to stimulate renewable energy and energy efficiency project in California. And the second will help us fulfill the requirements for the federal grant to increase trade opportunities.

CHAIRPERSON PFANNENSTIEL: Thank you. Are there questions or discussion on item 6 with Nexant?

COMMISSIONER BYRON: May I make a comment?

CHAIRPERSON PFANNENSTIEL: Of course.

COMMISSIONER BYRON: I had the benefit, Mr. Kisoki, of attending one of these about four years ago. I found it to be very interesting, very informative. And I was very impressed with the companies that were represented there.

So, I'm really -- as my previous comments, I'm really pleased to see the Energy Commission's interest in exporting California's technologies this way. And I've had an opportunity to see it firsthand, so I look forward

to an opportunity to participate in perhaps one of your next conferences.

MR. KISOKI: Thank you, Commissioner.

CHAIRPERSON PFANNENSTIEL: Is there a motion for number 6?

COMMISSIONER BOYD: I'll move approval.

COMMISSIONER BYRON: I'll second.

CHAIRPERSON PFANNENSTIEL: Item 6, all in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Item 6 is moved. Item 7, possible approval of contract 600-05-015 for $27,800 with BCS, Incorporated, to assist the Energy Commission in conducting project financing conferences and international trade missions.

Are there questions or discussion of item 7?

COMMISSIONER BOYD: I'd like to make a comment, or maybe put it in the form of a question. Some of us, I believe both myself and Commissioner Geesman, have had quite a bit of interaction with CALPERS in the last year, certainly moreso in the last six months.

And I would just like to encourage that

as we work on this component of project financing that we maintain an interface with them. And maybe get some information from them on the many many conferences they've had of late touching upon this subject.

So, we could use their resources, i.e., the dollars, and perhaps we can use some of the groundwork that they perhaps have already laid in dealing in this subject area. At least as it relates to funding green projects, so to speak.

So with that comment, I'll make a motion to approve the item.

CHAIRPERSON PFANNENSTIEL: Second?

COMMISSIONER BYRON: I'll second.

CHAIRPERSON PFANNENSTIEL: Thank you.

In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: It's approved, thank you.

MR. KISOKI: Thank you very much.

CHAIRPERSON PFANNENSTIEL: Item 8, possible approval of purchase order 05-433-520 to Setka, Incorporated, for $99,940, to assist the Energy Commission in continuing to collect and publish appliance efficiency data. Ms Chrisman.

MS. CHRISMAN: Thank you. For the record, I'm Betty Chrisman, Program Manager of the Energy Commission's appliance efficiency program. Staff is seeking approval of this purchase order with Setka, Inc. for $99,940 in order to complete several necessary changes and upgrades to the Energy Commission's appliance database.

The appliance database is the cornerstone of the appliance efficiency program's efforts to insure manufacturers' certification and its ability to collect and publish appliance-specific energy efficiency data.

Work done under this purchase order will make changes to the appliance database, necessitated by recent changes to the appliance efficiency regulations insuring data accuracy both by allowing newly regulated appliances to be added to the appliance database. And by incorporating necessary changes to previously regulated appliances already in the appliance database.

This purchase order will also allow staff to incorporate the last of the historical appliance data into electronic format providing staff quicker access for consumer inquiries, and allowing the Energy Commission to post on its

website all the historical appliance data published by the Energy Commission since 1978.

Two proposals were received in response to the request for offer issued last month. Setka was selected based on the best value selection criteria included with the RFO.

The Efficiency Committee approved this purchase order last week. Staff would appreciate your approval of this purchase order. And I'm happy to answer any questions.

CHAIRPERSON PFANNENSTIEL: Are there questions or discussion? I did have one question. So, this means that we need to revise that database every time we change the appliance standards. So, and does that mean a major revision every time we revise the appliance standards?

MS. CHRISMAN: Every time that we change anything that impacts data collection. If we just change a test method that doesn't require collecting of any new data, we don't need to make changes to the database. But if we change efficiency standards so that the standards that the models are validated against, or if we add anything new to table V, which is the multipaged

section of the regulations that specifies what data we collect for each appliance. Anytime anything happens, we have to make changes to the database depending on what those changes are. They can be minor, moderate, or sometimes substantial.

CHAIRPERSON PFANNENSTIEL: And how would you characterize this? This is nearly $100,000. Is this a major revision?

MS. CHRISMAN: This one is -- it depends on which appliances we're going to be making changes to. This one's going to add one new appliance in, which we're going to start collecting data on for standards that go into effect January 1, 2008, and that's icemakers.

There's going to be some other minor changes to the database. This one for overall is probably in the minor to moderate category.

CHAIRPERSON PFANNENSTIEL: Thank you. Are there other questions, discussion? Do I hear a motion?

COMMISSIONER BOYD: I'll move the item.

COMMISSIONER GEESMAN: Second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: It's approved, thank you.

Item 9, possible approval of contract 400-05-021 for $150,000 with Heschong Mahone Group, Incorporated, to assist the Energy Commission in enforcing the appliance efficiency regulations through appliance testing, conducting surveys of appliances sold online, and in wholesale and retail outlets; conducting a survey of other nonCalifornia appliance standard enforcement activities; and providing analysis of the intervention strategies best suited for the California appliance program. Ms. Chrisman, again.

MS. CHRISMAN: Thank you. The Energy Commission is directed to develop, implement and enforce appliance efficiency standards that require either appropriate minimum efficiencies or maximum energy consumption allowances for each category of affected appliance.

In the past appliance testing has proved an effective tool to insure that appliances sold or offered for sale in California comply with the appliance efficiency regulations.

Assuring compliance with California

standards is an increasing challenge, however. As California standards increasingly focus on consumer electronics and smaller household appliances, and as these appliances and equipment are sold through disbursed distribution channels, including over the internet, to a world market, new intervention strategies are required to cause worldwide sellers to acknowledge and comply with California's requirements.

The appliance efficiency program will use the information and analysis provided through this contract to develop better strategies that show promise for raising the effectiveness of enforcement of California standards and compliance with the appliance efficiency regulations by manufacturers, wholesalers, distributors and other sellers worldwide.

The Efficiency Committee approved this contract on June 7th. Staff would appreciate your approval of this $150,000 contract with Heschong Mahone. And I'm happy to answer any questions.

CHAIRPERSON PFANNENSTIEL: Are there questions or discussion?

Is there a motion?

COMMISSIONER BOYD: So moved.

COMMISSIONER GEESMAN: Second.

CHAIRPERSON PFANNENSTIEL: Moved and seconded.

All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Approved, thank you.

MS. CHRISMAN: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 10, possible approval of purchase order 05-433.00-517 for $190,000 with Robert Cenzer Consulting to analyze the October 2005 and April 2006 vehicle registration databases in the Department of Motor Vehicles to inventory California's vehicle population.

MR. OCCHIUZZO: Gary Occhiuzzo with the electricity division. I was asked to represent this contract because of my long-term association with the Commission's DMV data project. However, Gene Strecker will be assuming management responsibilities because of my transfer.

This agenda item seeks Commission approval of an IT purchase order to obtain technical support for processing the latest DMV vehicle registration databases. For several years

now funding of this project has been jointly funded by several state agencies. The current contract continues that practice. The $190,000 budget includes 20,000 from the Department of General Services, 35,000 from Parks and Rec, 25,000 from Caltrans, and 40,000 from the Commission via a federal grant from the Department of Energy.

Accurate and detailed vehicle population data is essential to transportation analysis and planning, yet such information is currently unavailable from other sources.

The DMV supports law enforcement with its drivers license database, but has few reporting obligations with regard to its vehicle registration data. The only viable private source is R.L. Polk, and they purchase only the newer model years records from DMV.

All of this, of course, underscores the significance of this Commission-led joint-agency DMV data project.

The high quality data generated by this project over the past decade has recently garnered an endorsement from the Department of Motor Vehicles by way of a memorandum of understanding

with the Energy Commission that recognizes the Commission's data processing methodology as a valuable source of vehicle population information.

During the past 12 months this project has responded to more than 80 data requests from Commission Staff, the Legislature and government agencies. These include support for the Commission's Integrated Energy Policy Report, inventory of the state government vehicle fleet for the Department of General Services per AB-1357; inventory of electric vehicles for parking access per Senate Bill 1314; inventory of hybrid electric vehicles for high-occupancy vehicle lane access per Senate Bill 2628; the Bay Area Air Quality Management District's all-vehicle buy-back scrappage program; and the Southern California Association of Governments' periodic update of its regional heavy duty vehicle travel demand model.

Staff therefore requests approval of this item to continue this significant work. Thank you.

CHAIRPERSON PFANNENSTIEL: Questions? Commissioner Geesman.

COMMISSIONER GEESMAN: I don't see the Air Resources Board on here among those agencies

contributing funding to the effort. I'm wondering what efforts, if any, we've made to attempt to make certain that this type of effort reflects their needs and interests.

MR. OCCHIUZZO: For the first five years of the project the ARB actually was the impetus behind the creation of this effort and co-funded the project from 1993 to '97 or '98.

Subsequent to that they decided to take a course of their own, and they do have a fledgling effort inhouse to do some of what we do. But it does not go anywhere near as far as what we do.

And as recently as the last six months I've responded to two data requests from ARB Staff for results from our effort. I've courted them for the past few years trying to get them to reintroduce into the joint effort, but haven't been successful to date.

COMMISSIONER GEESMAN: Well, I think that's a problem. I think this effort ought to go forward here, and I'm certainly prepared to vote for it today. But, Mr. Blevins, I think this need to be raised up the ladder within your various interagency dealings.

As I think many of you know, I've been critical of the ARB's approach to trying to model the existing fleet. I think the predictive model made some gross over-generalizations. And state policy suffers as a result of it.

I think there's a substantial degree of value that can be gained if the various state agencies with policy interests in this area can agree on what the data looks like. And I'd really think that we should attach pretty high priority to trying to bring the ARB into the loop on this.

But I'm prepared to move forward on it, and will certainly move approval, Madam Chair.

CHAIRPERSON PFANNENSTIEL: Is there a second?

COMMISSIONER BOYD: I'll second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Thank you.

MR. OCCHIUZZO: Thank you.

COMMISSIONER BOYD: I would add, Mr. Blevins, that I think in the context of our ongoing dialogue carrying out AB-1007 affords an excellent opportunity to raise the question again of their participation.

EXECUTIVE DIRECTOR BLEVINS: So noted.

COMMISSIONER BOYD: Since we're both getting a huge transfusion of money if the budget goes as proposed, work in the transportation area finally, why, maybe they can afford it.

CHAIRPERSON PFANNENSTIEL: Item 11, possible approval of purchase order 05-433.00-522 for $92,940 with Kybro Consulting for services to enhance the energy and consumption load data management system and provide support for the system, including online maintenance for the system database and associated applications. Ms. Gough.

MS. GOUGH: Good morning; I'm Andrea Gough, the Project Manager for this database we call ECLDMS. ECLDMS is the database where we collect electricity and natural gas historical data from utilities, energy service providers. And about five years ago we transferred this data from the state data center to a dedicated server here at the Commission. So, we're saving CPU and storage costs.

And at this point in time we're ready for an enhancement. This enhancement involves how the data's input. We want to move to a more web-

based version which makes the input more universal. It's a precursor for in the future where utilities could directly load the data into the database instead of using staff resources to do data handling.

This contract also involves a component for maintenance for the next year for the database. So we're asking for approval of this contract with Kybro Consulting.

CHAIRPERSON PFANNENSTIEL: Are there questions? Commissioner Geesman.

COMMISSIONER GEESMAN: I'll move approval.

COMMISSIONER BOYD: Second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: It's approved, thank you.

MS. GOUGH: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 12, possible approval of purchase order 05-033.00-519 to Creatus, Incorporated for $100,000 to convert and enhance the Oracle grants and loans database system to reliable, automated system utilizing the Energy Commission's database platform standards

and to provide system support.

MR. BOSLEY: Good morning, Madam Chair. My name is Dale Bosley. I'm here representing items 12, 13 and 14. I want to start out with George Gaborek to present item number 12.

MR. GABOREK: Good morning, Madam Chair, Commissioners. My name is George Gaborek, and as Dale said, I work for the information technology services branch.

This item supports the Energy Commission's grants and loans office, and allows us to upgrade the existing grants and loans database system.

The total requested funds for this contract is $100,000; it covers a one-year period from the approval of the Commissioners to 6/30/2006.

Just to give you a generalized background, the current grants and loans database system was developed over 15 years ago. And through its test of time has become obsolete and in a state of which the system can no longer be supported by the information technology services branch.

The system tracks grants, loans,

contingent awards which currently encompasses in excess of $150 million that are funded from multiple funding sources. In addition, the system calculates the billings for loans and repayments and tracks the receipts of funds.

The benefits of the new system will give staff a reliable automated system with easy-to-use interfaces that will continue to provide the current business functionality. Conformity to USB database platform standards that allows ITSB support in a manner consistent with other newly developed administrative services divisions applications. Allows for more consistent data integrity.

And once completed, the system can be used by other Commission Staff members to acquire grants and loans information.

This item has been approved by the Budget and Management Committee. And I'm currently open for questions.

CHAIRPERSON PFANNENSTIEL: Thank you. Are there questions?

COMMISSIONER GEESMAN: I'll move the item.

COMMISSIONER BOYD: Second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Thank you.

MR. GABOREK: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 13, possible approval of a purchase order to Webex Corporation for $90,000 for web conferencing services used by the Energy Commission Staff.

MR. BONTA: Good morning, thank you. My name is Steve Bonta from information and technology services branch.

And this item supports the Energy Commission's ability to communicate and interact with stakeholders. In particular, this item is a renewable of the service that was started in July 2005; and this web conferencing service lets the Energy Commission leverage the internet to, among other things, allow offsite stakeholders to participate in Energy Commission workshops and meetings; to share formal presentations using PowerPoint and other media; to work collaboratively on documents with stakeholders who are in remote locations as if they're actually in the same room.

And, frankly, to do some things that we

couldn't do before, such as conducting interactive audio/visual press conferences.

And some of the benefits of continuing this Webex service include some savings in travel costs, energy and staff time. It allows us to produce better documents than the fragmented method of doing edits via email and voicemail back and forth. And it allows effective meetings and presentations to be conducted without the need for travel, which can lead to greater participation and shorter lead time on things.

This item has been approved by the Budget and Management Committee. And I'd be glad to answer any questions you might have.

CHAIRPERSON PFANNENSTIEL: Are there questions? Commissioner.

COMMISSIONER BYRON: I fully support this kind of activity, perhaps because I'm from Silicon Valley. But I would also encourage you to look at ways to perhaps measure the effectiveness of using this tool, so that we can justify future approval of these things.

MR. BONTA: Sure, and thank you for your support.

COMMISSIONER GEESMAN: I'll move the

item.

COMMISSIONER BOYD: I'll second the item. I know my friends on the IEPR Committee will need this service during their 50 or 60 hearings for the 2007 IEPR.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Thank you.

MR. BONTA: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 14, possible approval of purchase order 05-433.00-518 to Access System, Incorporated, for $81,030 to upgrade the Energy Commission's building security system to a more stable and reliable system.

MR. CHISUM: Good morning.

CHAIRPERSON PFANNENSTIEL: Good morning.

MR. CHISUM: My name's Dale Chisum; I work in the information technology services branch. This item will provide an improved building security system at the Energy Commission.

The current building security system at the Energy Commission was originally installed in 1996, and upgraded in the year 2000. The system has become obsolete, unreliable and inefficient.

The reasons for this include the

manufacturer of the current system has gone out of business making it difficult to repair, find replacement parts and support to resolve problems. This has led to problems including system failures and alarms sounding at inappropriate times.

The new building security system will be more reliable and efficient. Streamlined security processes and procedures, including a visitor system that will provide visitors with a professional looking name badge; and will come from industry-leading manufacturer that has been in the security business for many years, insuring support and reliability.

This item has been approved by Budget and Management Committee. And at this time I'll answer any questions.

CHAIRPERSON PFANNENSTIEL: Thank you very much. Are there questions? Discussion?

COMMISSIONER GEESMAN: I'll move the item.

COMMISSIONER BOYD: Second. I'm going to miss the alarms sounding inappropriately during these meetings.

(Laughter.)

CHAIRPERSON PFANNENSTIEL: Well, maybe

not.

All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: The item is approved, thank you.

MR. CHISUM: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 15, possible approval of amendment 2 to contract 500-03-037 with CMC Engineering, replacing the remaining Sempra Utilities matched funding of $168,718 with PIER natural gas funding. And extending the term of the contract by one year to December 31, 2008. Mr. Koyama.

MR. KOYAMA: Good morning; I'm Ken Koyama with the energy research and development division. This contract amendment with CMC Engineering to develop a combined heat and power system will allow us to replace unspent Sempra matched funds with PIER natural gas funds, and to approve additional time to install and demonstrate the CHP system.

This amendment complies with the 2004 CPUC decision to transition administration of public --

(Alarm sounding.)

MR. KOYAMA: -- array.

(Laughter.)

COMMISSIONER BOYD: Good timing.

CHAIRPERSON PFANNENSTIEL: Never again, Jim.

MR. KOYAMA: That's too much.

(Laughter.)

MR. KOYAMA: The amendment complies with the 2004 CPUC decision to transition administration of the public purpose natural gas RD&D from the utilities to the Energy Commission.

We request approval of this contract amendment.

CHAIRPERSON PFANNENSTIEL: Are there questions on the contract?

COMMISSIONER GEESMAN: I'll move the item.

COMMISSIONER BOYD: I'll second the item.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: The item is approved, thank you.

MR. KOYAMA: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 16,

possible approval of contract 600-05-021R for $100,000 with TSS Consultants to evaluate technology options that can convert biomass resources to biofuels for transportation use in California and the western United States. Mr. MacDonald.

MR. MacDONALD: Good morning; I'm Tom MacDonald with fuels and transportation division. This project was conceived and designed by our staff originally as a proposal to the Western Governors Association, responding to their solicitation from their western regional biomass program to California.

We collaborated with the Department of Food and Agriculture and Department of Forestry, two of our sister agencies, on the interagency bioenergy working group. And we developed a three part -- three separate, but related, biomass projects between the three agencies that we submitted to WGA. They were all accepted and approved for funding.

This $100,000 that we received from WGA we're proposing to use for this contract with TSS, which will develop an updated and detailed assessment, review, evaluation of all the current

biomass-to-ethanol and other biofuel technologies under active development.

The work on this, partially underway on our part, is part of our cost share that we agreed to with WGA on this. And the complete results are expected to be available by the end of the year in time to be incorporated in the AB-1007 process.

The Transportation Committee approved this contract on May 23rd, and we request full Commission approval today.

CHAIRPERSON PFANNENSTIEL: Are there questions on the project?

COMMISSIONER BOYD: Move approval.

COMMISSIONER GEESMAN: Second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

MR. MacDONALD: Thank you.

CHAIRPERSON PFANNENSTIEL: It's approved, thank you.

Item 17, possible approval of PIER work authorization UC MR-047 for $303,000 under UC master research agreement number 500-02=004 with the Regents of the University of California Office of the President.

MS. LAUFENBERG-GALLARDO: Thank you.

Good morning, Commissioners. I am Clare Laufenberg-Gallardo from the engineering office in the siting division.

I'm here to present for you a proposal that would further the work of a study prepared for the 2005 Integrated Energy Policy Report. That 2005 study, assessment of reliability and operational issues for integration of renewable generation, was conducted by CERTS, the Consortium for Electric Reliability Technology Solutions, from the Lawrence Berkeley National Laboratory.

In the 2005 study CERTS identified and analyzed the impact of integrating renewable resources in nine key areas that could hinder efforts to meet the state's 2010 RPS goals. These issues related to the operation and the reliability of the grid need to be addressed in order for renewable resources to be integrated successfully.

In the item on the agenda today CERTS would research and develop ways to monitor and track progress being made on the issues identified in the 2005 work; research and evaluate various system control areas requirements; minimum loads; and ways to enhance coordinating the existing

hydro and pump storage facilities so that intermittent renewable resources can be better integrated by the ISO.

They would coordinate their work and share the information with the intermittency analysis project team. And they would provide updates on their progress to the Energy Commission so that this information can be reflected in the 2007 IEPR.

The work would be coordinated with the ISO Staff and does not duplicate any ongoing work by the ISO. Dr. Joseph Eto from Lawrence Berkeley National Lab would, once again, manage the project, working with the Electric Power Group. This is the same team that worked on the 2005 report.

This approval was -- I'm sorry, this proposal was approved by the RD&D Committee on June 1st. And with that brief introduction, I present this item for your consideration. Thank you.

CHAIRPERSON PFANNENSTIEL: Are there questions or discussion? Yes, Commissioner Byron.

COMMISSIONER BYRON: One question, if I may. Could you describe to me how the work is

coordinated with the ISO? Is it -- do they wait for the report? are they integrally involved all the way through?

MS. LAUFENBERG-GALLARDO: They are integrally involved. Last time Dave Hawkins from the ISO and other staff members were consulted by the team, the research team, and were involved in preparing the discussion of the issues and the report.

COMMISSIONER BYRON: Okay.

MS. LAUFENBERG-GALLARDO: Thank you

COMMISSIONER BYRON: Thank you.

COMMISSIONER GEESMAN: I'll move the item.

COMMISSIONER BYRON: I'll second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: It's been approved, thank you.

MS. LAUFENBERG-GALLARDO: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 18, possible approval of contract 600-05-013 for $35,984 with Gladstein, Neandross and Associates, to create a handbook for developers, operators of alternative transportation fuel infrastructure

projects. Mr. Sterling.

MR. STERLING: Good morning, Commissioners. This item would simply be to create a practical handbook to complement the analysis and recommendations from AB-1007 for the people on the ground who are considering installing alternative fuel infrastructure, for example fueling stations and so forth.

And it will convey the lessons we've learned from other projects including both the successes and the failures. And it's just intended to be something they can refer to to avoid some of the pitfalls that we've seen other companies deal with.

So, it's $36,000; and with that I'll take any questions.

CHAIRPERSON PFANNENSTIEL: Would you just describe a little bit the relationship with 1007, the 1007 report?

MR. STERLING: Yeah. AB-1007 involves a lot of analysis and will have a lot of recommendations and projections of what may be possible for alternative fuels in the future.

But in order to implement those, some people are going to need to actually build, for

example, fueling stations. And the people who do that may not have the expertise they need to overcome the particular obstacles that come with this type of work.

So we want to put together a handbook that's going to be able to guide them through the process.

CHAIRPERSON PFANNENSTIEL: What about the timing of this handbook relative to the work being done for 1007? How do they mesh?

MR. STERLING: Well, again, we're going to work as quickly as possible. It's a one-year contract, but I think by the time we have recommendations, this handbook should be ready.

CHAIRPERSON PFANNENSTIEL: Thank you. Other questions? Motion?

COMMISSIONER BOYD: I'll move approval.

COMMISSIONER GEESMAN: Second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Thank you.

MR. STERLING: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 19, possible approval of purchase order 05-433.00-521 to Visionary Integration Professionals, LLC, for

$198,000 to fund a program development project manager for the Western Renewable Energy Generation Information System, WREGIS.

MS. ZOCCHETTI: Good morning, Madam Chairman --

CHAIRPERSON PFANNENSTIEL: Good morning.

MS. ZOCCHETTI: -- and Commissioners. I'm Kate Zocchetti; I work in the renewable energy program. And I'm on the WREGIS project team.

WREGIS, as most of you know, is being established in response to California legislation that requires the Energy Commission to develop and track renewable energy generation to verify compliance with California's RPS.

WREGIS will assist in verifying compliance with renewable energy programs in the western interconnect. And help insure that renewable energy output is counted only once.

This purchase order is for a program development project manager to provide project management and business process development services for the administrative operations of WREGIS at WECC, which is the Western Electricity Coordinating Council, which is where WREGIS will be housed.

We are seeking approval for this purchase order for Visionary Integration Professionals. They were the winning bidder for an 11-month term beginning July of this year until May of next year. And I'm open for any questions.

CHAIRPERSON PFANNENSTIEL: Are there questions? Commissioner Byron.

COMMISSIONER BYRON: Is this person going to be located here or at WECC?

MS. ZOCCHETTI: Here.

COMMISSIONER BYRON: Okay.

MS. ZOCCHETTI: Um-hum, in California.

COMMISSIONER BYRON: Thank you.

COMMISSIONER GEESMAN: I'll move the item.

COMMISSIONER BYRON: I'll second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: It's been approved, thank you.

MS. ZOCCHETTI: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 20, possible approval of recommended changes to the existing renewable facilities program guidebook, third edition, to maintain the current target

price and cap for tier I biomass facilities only from July 1, 2006 to December 31, 2006. Mr. Goncalves.

MR. GONCALVES: Thank you, Madam Chairman, Commissioners. The existing renewable facilities program provides funding to California's existing renewable generating facilities, which are powered by biomass, solar thermal and wind.

Production incentives are made on a cent-per-kilowatt-hour basis. And are based on the difference between a target price, which is set by the Energy Commission, and the energy price the facilities receive for their power, subject to a cap.

In November 2005 the Energy Commission increased the target price and cap for biomass facilities only through June 30, 2006. And this increase was to help offset the increased cost of procuring biomass fuels for these facilities.

Today we are requesting that the current target price, which is currently 5.87 cents per kilowatt hour, and the current cap, which is 1.5 cents per kilowatt hour, be maintained through the end of 2006.

And with that I'll take any questions.

CHAIRPERSON PFANNENSTIEL: Are there questions?

COMMISSIONER GEESMAN: I'll move the item.

COMMISSIONER BOYD: Second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Thank you.

MR. GONCALVES: Thank you.

CHAIRPERSON PFANNENSTIEL: It's been approved.

Item 21, possible adoption of revisions to the emerging renewables program guidebook, seventh edition, that provides program eligibility requirements and fund processes under the renewable resource trust fund. These proposed revisions include maintaining the current declining rebate schedule, photovoltaics, solar thermal and fuel cells but keeping the rebate level for wind technologies unchanged at $22.50 per watt, and $1.50 for any increments over 7.5 kilowatts and under 30 kilowatts.

MR. NARVAND: Good morning, Chairman and Commissioners. Payam Narvand, renewables energy

office. This item basically will propose to maintain the wind rebate level for all wind systems.

The emerging renewable program is a subsidy program to offset the cost of purchase and installation of renewable energy systems in California. And the current guidebook edition calls for a drop in the rebate level of 20 cents per watt for all technologies.

The Renewables Committee has approved this item in terms of maintaining the wind rebate level. And we are seeking here full Commission approval.

CHAIRPERSON PFANNENSTIEL: Thank you. We do have somebody who has asked to speak on this item. And I think I'll ask him to come forward now rather than waiting for public comment at the end. Mr. Johnson.

MR. JOHNSON: Good morning, Commissioners. I'm Mark Johnson with Golden Sierra Power. I've prepared some comments that I'd like to make prior to the Commission making a ruling on whether to proceed with the reduction of the incentive.

I'm sorry, I'm going to read from my

comments, if that's okay.

CHAIRPERSON PFANNENSTIEL: Well, may I suggest, since you've provided us several pages of comments, that you summarize them for our benefit.

MR. JOHNSON: Sure. Essentially what we're asking is that the Commission would hold off on making a decision today either by 30 or 60 days.

Recently, it's become aware that the PUC, as it's trying to implement the CSI and deal with its SGIP program, had probably prematurely pulled the trigger in lowering their incentives, or in setting their trigger cap. I think that's been well documented in some of the media, or industrial or our local media here.

Essentially, Golden Sierra Power has been looking at some of the numbers based on pricing and the cost of effects of lowering incentives and actually what's taking place within the CEC RPG program -- or, I'm sorry, ERP program.

And basically what we've found is that the only thing that's going to happen by you guys reducing to 20 cents is it's going to be passed back to the consumer. The price of the systems is actually going up. The cost to the consumer is

going up.

And what we've done is in the back provided, using your data, this information comprised over the last six months. And then we took the month of May, which seemed to be a heavy month this last month, and went back and tracked the last months of May for pricing issues there.

And so we feel like by making this move this would be another premature move by the Commission to react and try and get the industry to react by lowering its prices. And that is not the case.

And as somebody who supports and works with the main -- a large manufacturer, pricing is not going to come down for at least another couple of years. And so I think it would behoove the Commission to kind of let things play out where they are; wait till the PUC reaches its 50 megawatt and lowers its incentive; and then the CEC would follow.

In regards to what equates to the federal tax credit, which is what I think the CEC is trying to do is to offset by taking some value back from that, the federal tax credit is really limited to about two grand for most of the

projects in here, because they're residential.

Two grand, you're looking at roughly a third of that coming off of the value of that federal tax credit for a residential unit. And so, that, again, is just hurting the consumer on the back end. The manufacturers are going to still end up charging what they are for their pricing. We're not, like I said, projected to see some of those costs come down for the next two years.

So I think that the Commission should take a look at these numbers and really see if making this move now is the right thing.

CHAIRPERSON PFANNENSTIEL: Thank you, Mr. Johnson. Are there questions or discussion? Commissioner Geesman.

COMMISSIONER GEESMAN: I believe we've all received correspondence from CalSEA, the industry trade association supporting the reduction. And the premise of the incentive program is one of declining incentives.

I don't think there's ever a good time to reduce the incentives, but we have kept this level constant for about 18 months now.

So, I guess, also of note, we've tried

to coordinate, and recently achieved better success at coordinating, our incentive levels with the PUC. And I think that as we head into the end of the year and the Governor's solar initiative gears up, we will have both agencies working quite closely together with a common incentive.

So I think it's appropriate to allow the plan to work as it was designed, and approve the staff proposal, which the Renewables Committee has already endorsed.

So I would move approval.

CHAIRPERSON PFANNENSTIEL: Is there further discussion or a second?

COMMISSIONER BOYD: I'll second.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: It is passed, thank you.

MR. NARVAND: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 22, possible adoption of Energy Commission Staff's updated forecast of 2007 peak demand for PG&E, SCE and SDG&E. Ms. Marshall.

MS. MARSHALL: Yes. Lynn Marshall, demand analysis office. To develop the updated

forecast for the resource adequacy process, we sought to adjust our energy policy forecast produced last fall to incorporate the effects of loads observed last summer.

Generally our methodology is to estimate the relationship between daily peaks and daily maximum temperatures in each utility service area. Then we apply that estimated relationship to the average of historical annual maximum temperatures. And that gives us our weather-adjusted one-in-two demand.

To make a forecast then we simply applied the growth rates from our forecast last fall. We didn't run any forecast models for this exercise.

When we presented our draft forecast at the workshop in June, Southern California Edison and San Diego, although they had some minor disagreements, generally concurred with our overall results.

PG&E, however, raised significant concerns about increasing the forecast for their area by almost 1000 megawatts, entirely based on this analysis of weather-adjusted loads. They argued that there are other equally valid

statistical models that can get significantly different results. And pointed out that temperatures last summer were four degrees above average, so there's significant uncertainty when you're applying a relationship estimated on lower temperatures to those higher temperatures that simply weren't observed.

So the Committee directed staff to work with PG&E to resolve the discrepancies between our forecasts. So we evaluated a number of different statistical models and reviewed our data sources. We updated the weights we're using with weather stations to more accurately reflect currently information on the saturation of air conditioning in the different parts of PG&E. We incorporated the effects of demand response programs on the observed daily peaks. And those two changes had a slight reduction on our estimate of the '05 demand.

However, we found that the key difference between our forecast and PG&E's in the weather stations used. They've used two weather stations, and we use five. Using the same methodology, but those different weather stations you get, there's a difference of 570 megawatts

between those two different forecasts.

We generally think our five weather stations are more representative of the PG&E planning area. However, a confounding factor is that there was significant change in the weather patterns from '04 to '05. In 2004 there was very little correlation between the San Jose and Fresno temperatures. In 2005 they were very unusually highly correlated. And we're still analyzing the extent to which the methods we're using are properly accounting for that change in coincidence; or whether it might be causing us to overstate load growth.

So, at this point, to allow for the uncertainty around these estimates, what we've proposed is to use the average of those two estimates, same methodology, using different weather stations. PGE's, on one hand; CEC's on the others.

That gives us a forecast for 2007 of 19,440. That's lower than what we had proposed before, but it's still more than a 500 megawatt increase over our last September forecast.

Meanwhile we plan to continue to monitor loads over the summer and revisit this forecast as

part of our more comprehensive forecast for the 2007 energy report.

If we could get more detailed data on loads by sector and climate zone within the PG&E area, that would also help shed light on the underlying load growth trends.

Any questions?

CHAIRPERSON PFANNENSTIEL: Commissioner Geesman.

COMMISSIONER GEESMAN: Lynn, at the workshop I had asked that you go back five or ten years and compile a table showing actual results compared to forecast results. I didn't see that in the backup materials. Have you had a chance to do that?

MS. MARSHALL: Well, you know, we have done that at the statewide level, but we -- it can be kind of misleading because those are comparing forecasts to recorded peaks, but not weather adjusted. And I think what would be more useful that we haven't done yet that will take some time, but I think we should do this for part of the next forecast, is to do that comparison at the utility level. And then I think are at a point where we could have a historical series of weather-adjusted

peaks, at least from 1993 on. We're getting pretty comfortable with that. And that would be a more meaningful comparison.

Of the statewide --

COMMISSIONER GEESMAN: Yeah, I wasn't interested in statewide. It was my impression that that was precisely what I was asking for.

MS. MARSHALL: Oh, okay.

COMMISSIONER GEESMAN: When do you think that could be available?

MS. MARSHALL: We have shown that -- we've published those comparisons, and, you know, there's the forecast error varies from year to year, depending on the timeframe you look at from, you know, 2 to 4 percent.

But we can certainly provide that data. It's not weather adjusted, so it's a little difficult --

COMMISSIONER GEESMAN: Well, I think it should be weather adjusted.

MS. MARSHALL: Right.

COMMISSIONER GEESMAN: What we're trying to do is establish some context as to how to view a revision that originally you'd suggested was as much as 2000 megawatts for the ISO control area,

which at least strikes me as a pretty significant change.

I guess I'm also concerned about how long it takes from last summer to discover that on a weather-adjusted basis we had determined that our forecast we're now saying was 15 megawatts off -- 1500 megawatts off, but originally we thought it was as much as 2000 megawatts off.

It strikes me that not knowing that until April or so, is, I understand, when you first learned it, creates a problem from a state planning standpoint. We put an awful lot of effort into preparing for these razor's edge summers. And it would seem that one of our principal inputs is so slow in becoming available that it does impede our ability to plan.

Is there something that can be done to accelerate that?

MS. MARSHALL: Yes. We've been discussing findings ways to get the load data from the utilities more quickly, possibly every month. So, as we wrap up this process and fulfill our requirements for the resource adequacy, we'll look at getting the loads for this summer more quickly.

COMMISSIONER GEESMAN: I guess I also

have a concern with the nature of the methodology that we're using for resource adequacy purposes. And I've had this discussion with, I think, three Executive Directors now.

We developed the long-term forecasting methodology in the 1970s to help us determine the need for siting new power plants. And its data-gathering requirements, which were quite intense, and detailed engineering end-use focus were designed to really have the greatest acuity at a 10- to 12-year time horizon.

We're now using that same methodology focused at a 10- to 12-month time horizon. And I have continuing concerns as to the desirability of reliance on that one arguably outmoded tool to make that assessment.

In last year's IEPR the Commission did indicate that it had a higher level of confidence in the utilities' econometric methodologies for short-term results, a higher level of confidence in the staff's methodology for a long-term result.

But it would seem to me that our focus as a state these last five years has shifted so much in terms of a need for a near-term focus, that it's incumbent upon us to try and reassess

the tools that we use in determining whether we're using the best tools that we can.

And I'm hopeful, Mr. Blevins, that your recent reorganization of the staff will address that question first and foremost in the electricity demand area.

I guess the other thing that I had requested, and I don't see it anywhere, what implications for the supply/demand balance that we most recently took up at our Energy Action Plan meeting April 28th. What are the ramifications of this altered demand forecast for this summer?

MS. MARSHALL: I don't know if the electricity office is prepared to comment on that today.

CHAIRPERSON PFANNENSTIEL: Perhaps Mr. Blevins can address that question.

EXECUTIVE DIRECTOR BLEVINS: First of all, the balance, in terms of statewide, was not complete until a few days ago, relative to the PG&E discussion. So -- but that did not involve the southern California numbers.

Obviously the addition of unexpected demand in southern California brings the balance much closer to where it was, particularly the 1000

megawatts.

At this point you are becoming more reliant on the need for demand response programs in the event if we have hot weather in southern California. And we're working -- going to work through the process to provide the specific balance numbers, bringing those to the Electricity Committee for your next meeting.

COMMISSIONER GEESMAN: Well, why don't you bring it to the Commission for our next meeting next week. I think this has a pretty high level of urgency associated with it. And I would hope that at least some preliminary work has been done in assessing those ramifications.

And we sit here on June 29th of a summer that on April 28th we pronounced, well, doesn't look like we're likely to have that many problems. I would think that 1000 megawatts of unexpected demand in southern California might change that assessment, and might trigger the need for perhaps a little more urgency in our response.

EXECUTIVE DIRECTOR BLEVINS: Yeah, we'll have Mr. O'Brien and Mr. Ashuckian make that presentation as part of the Executive Director's report --

COMMISSIONER GEESMAN: Okay.

EXECUTIVE DIRECTOR BLEVINS: -- on July 5th.

COMMISSIONER GEESMAN: Okay.

CHAIRPERSON PFANNENSTIEL: Excellent.

COMMISSIONER GEESMAN: I would recommend that we adopt the staff-recommended forecast. The PUC has previously indicated they'd like this material by June 30th, and I think that we ought to supply it to them. So I would move adoption of the staff recommendation.

CHAIRPERSON PFANNENSTIEL: Are there other questions, other issues? Yes, Commissioner Byron.

COMMISSIONER BYRON: I'm also -- I'm going to second this, but I just wanted to point out that I think this is extremely important, as well. I defer to Commissioner Geesman on a lot of the details and historical aspects, but it's become clear to me in my relatively short tenure here how critical this issue is. And I'm going to be very interested in coming up to speed on how we do all these projections in the future.

COMMISSIONER GEESMAN: And in a few agenda items you're going to become responsible

for the Electricity Committee.

COMMISSIONER BYRON: Yes, for that reason, too.

(Laughter.)

COMMISSIONER BYRON: Thank you, Ms. Marshall. So I second the item.

COMMISSIONER BOYD: Great anticipation.

CHAIRPERSON PFANNENSTIEL: I -- well, let me call for a vote on it.

In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: So the forecast is adopted, but I think that we can look forward to maybe creating some time in the agenda for the discussion at our next meeting, I think, of the balance for the summer, certainly. Thank you.

On to item 23, possible approval of an administrative subpoena to the California Independent System Operator for hourly operating data for participating power plants and transmission paths, and for access to the Cal-ISO's scheduling log data, known as SLIC. Good morning.

MR. BROWN: Good morning, Commissioners.

I'm Denny Brown, electricity analysis office. As part of its evaluation of resource adequacy for the summer of 2007 and beyond, the Energy Commission Staff needs information held by the California ISO concerning individual generation units, transmission characteristics and procedures employed by the California ISO in the daily operation of the grid.

The California ISO has previously provided the Energy Commission with this resource information pursuant to administrative subpoenas in 2004 and in 2005. This subpoena is a renewal of that data request.

CHAIRPERSON PFANNENSTIEL: Are there questions? Yes, Commissioner Byron.

COMMISSIONER BYRON: Thank you. Am I to understand an administrative subpoena means it's a friendly subpoena?

CHAIRPERSON PFANNENSTIEL: That's how it's been characterized to us.

COMMISSIONER GEESMAN: It's a process that they have recommended to us, under their tariff, to be able to provide the information. It sounds a little harsh, but this is their preferred approach to providing the data.

COMMISSIONER BYRON: Thank you.

COMMISSIONER BOYD: It is friendly.

CHAIRPERSON PFANNENSTIEL: Are there questions? Discussion?

COMMISSIONER GEESMAN: I'll move the item.

COMMISSIONER BOYD: Second the item.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

MR. BROWN: Thank you.

CHAIRPERSON PFANNENSTIEL: So the friendly subpoena goes forward.

We agreed that we would move the El Centro item to now, so it was originally item 25. Possible Committee assignment for the proposed El Centro Unit 3 repower project to replace an existing steam generating unit within the site of the existing El Centro Generating Station. Good morning, Ms. Dyas.

MS. DYAS: Thank you. My name is Mary Dyas. I'm a project manager with the facility siting office.

On May 19th we received an application for a small power plant exemption from the Imperial Irrigation District for the El Centro

Unit 3 repower project. And I'm here today to request a Committee assignment for this project.

CHAIRPERSON PFANNENSTIEL: Thank you. We have a proposed assignment of Commissioners Byron as the Presiding Member, and Boyd as the Associate Member. Is there discussion or questions?

COMMISSIONER BOYD: I can understand punishing Jeffrey, as the new person, to go to El Centro in the summertime. But I thought I was above that, but --

(Laughter.)

COMMISSIONER BYRON: I look forward to working with you.

COMMISSIONER BOYD: I did accept this in advance; this is not a surprise.

COMMISSIONER GEESMAN: I'll move the recommendation with the observation that the Blythe Committee, which I presided on, workshop in Blythe last August 1st. And it's a delightful time of year to visit that part of the state.

COMMISSIONER BOYD: Well, I'm also Chair of the Nyland Committee, which is down the street from El Centro, so --

CHAIRPERSON PFANNENSTIEL: You might as

well just move there for the summer --

COMMISSIONER BOYD: -- I'm going to spend some time down there, I think.

COMMISSIONER BYRON: And I'll join you at Nyland.

(Laughter.)

CHAIRPERSON PFANNENSTIEL: Well, I guess I need to second.

All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: So that Committee assignment is done.

Now, for the remainder of Committee assignments, possible discussion and approval of revised Committee assignments. And Mr. Tutt is going to walk us through that recommendation.

MR. TUTT: Thank you, Madam Chair. Good morning, Commissioners. The item you have before you is two orders for your adoption. And they change the membership of the Policy and the Siting Committees at the Commission.

This change of membership is necessary because you have a new Chair, and you have a new Commissioner. There are no changes to the duties or responsibilities or makeup in terms of policy

of the Committees, just membership.

And it also includes the recognition of the just-named summer down-south Committee and El Centro.

CHAIRPERSON PFANNENSTIEL: Thank you. Are there questions or discussion of this? This has been circulated among the Commissioners in advance.

So, do we have a motion for that?

COMMISSIONER BOYD: Move approval.

COMMISSIONER GEESMAN: Second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Number 26, possible approval of a petition to increase the volatile organic compound emissions limits and change the equipment description for the emergency diesel generator. Ms. Stone.

MS. STONE: Good morning, Commissioners. I'm Donna Stone, compliance office in the siting division.

And we received a petition from Mountainview Power Company to increase the organic compound emission limits in the existing license from 1.4 parts per million volumetric dry to 2.0

parts per million volumetric dry.

Mountainview Power Company will provide the additional emission reduction credits to fully offset the proposed emission increase, while still being within the BACT limits for the South Coast Air Quality Management District. The South Coast Air Management District has approved this request, also.

Their second request is to change the equipment description for the diesel emergency generator to the manufacturer and model number currently installed at the power plant. These modifications will result in the need to revise air quality conditions of certification AQ-11 and AQ-12, and will require the deletion of condition air quality-19.

Late yesterday we put out an errata to the staff analysis to clean up two minor issues that Mountainview brought up to us. First, install engine will not be used for black start operations, but rather just for general emergency power.

Mountainview requests that all references in the analysis to a black start engine be changed to emergency generator.

In the second cleanup item here is in one of the sections of the analysis, the original generator power rating of 59 brake horsepower -- excuse me, 5900 brake horsepower was inadvertently left in condition air quality-12.

Mountainview requests that this be corrected to the new power rating of 2200 brake horsepower which agrees with other sections of the staff analysis.

Staff has reviewed both of these requests and supports them.

I should mention that the new emergency generator meets the EPA standards, as a smaller generator puts out less emissions and also meets South Coast standards.

Are there any questions?

CHAIRPERSON PFANNENSTIEL: Commissioner Geesman.

COMMISSIONER GEESMAN: First question is any public comment on this --

MS. STONE: No, none at all.

COMMISSIONER GEESMAN: Second question is a legal question. Do the two changes in the errata rise to a level of significance that puts us through a new notice process? Or are they

considered things that we can accommodate today?

MR. CHAMBERLAIN: I'm deferring to Paul Kramer, who generally handles this area.

MR. KRAMER: Air quality staff assures me that these are very minor revisions, and I wouldn't think it would require a re-noticing.

COMMISSIONER GEESMAN: I'll move approval.

COMMISSIONER BOYD: Second.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

COMMISSIONER BYRON: I'm going to ask a quick question on this, --

CHAIRPERSON PFANNENSTIEL: Of course.

COMMISSIONER BYRON: -- Ms. Wilson -- Ms. Stone, I'm sorry. Is this an extraordinary kind of change for us? Or can you give me a little context for this?

MS. STONE: No, this is a fairly typical change. I should mention, for your background, a new power company has had four different parent companies since going through the licensing --

COMMISSIONER BYRON: Right, I'm familiar with that.

MS. STONE: -- the process. And their

continuous emissions monitoring system results reflected the results that there's no way they could have met the lower emissions that had been requested by one of the other companies. And that's why they were requesting higher emission limits.

This is pretty typical in the first year of operations.

COMMISSIONER BYRON: Okay. Good. Thank you.

COMMISSIONER GEESMAN: And in your capacity on the Siting Committee you'll see a lot of them before they ever --

MS. STONE: Yeah.

COMMISSIONER GEESMAN: -- come to the Commission.

MS. STONE: Thank you.

CHAIRPERSON PFANNENSTIEL: Thank you. A motion to approve the minutes of the June 7th business meeting?

COMMISSIONER BOYD: So approved.

COMMISSIONER GEESMAN: Second.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Abstentions?

One. Thank you.

Commission Committee presentations or discussion. Is there anything to raise today?

COMMISSIONER BOYD: Thank you, Madam Chair. I raise a couple of issues. Yesterday, on very short notice, I attended a meeting of the State Board of Agriculture, which was to receive an in-depth briefing on climate change, and then on biofuels, which proved to be actually quite interesting. Interesting seeing a different group of folks coming up to speed on the subject.

Of course, biofuels is of great interest to the ag and farm community because of the activity going on in the state.

Also in that context they wanted to hear a little bit more about the recent state delegation to Sweden where an MOU was executed between the State of California and Sweden to cooperate on biofuels, biogas in particular, biofuels n a more general sense. It does nothing to obligate this agency to do anything more than it's doing now. It's kind of a more of hands-across-the border.

But Sweden is doing very interesting things with waste that we learned a couple years

from them they were doing. And the climate has changed such that there's now a more direct applicability to what they're doing to generate biogas, biomethane, and even cellulosic ethanol that will be of interest to the State of California.

And as I think some of you know, Secretaries Kawamura and Special Advisor Terry Tamminen were to lead this delegation. Each had to withdraw and it ended up, while I was going anyway, I and Joe Desmond ended up being the representatives.

And the Swedish government, having dealt with us, this agency and myself, for a couple of years, was very gracious and insistent that we be co-signers to this MOU. So that did take place.

It will be helpful to us; seemingly very helpful to Sweden, a nation of 90 million people dealing with a nation-state of 36 million people, has become very significant to them in terms of exchanging knowledge and information about those kinds of activities.

They do a lot of very interesting things that I wish our waste people here would do; and perhaps, as a result of this relationship, we'll

learn a little bit more of what can be done.

But this will definitely help fuel, pardon the pun, the bioenergy, biofuels activities that we're engaged in now. So, it was very rewarding. And there were representatives of the dairy industry and the cheese-producing industry. In fact, Hillmark Cheese, I guess the largest cheese producer, certainly in the United States, and Pacific Ethanol. And they all came back enthused over what they saw, and were already discussing a project with the Hillmark Cheese people that could result in some additional demonstration of these activities.

So, anyway, it proved to be a beneficial experience for us, as a state, and for the Swedish people. And our Department of Food and Agriculture is very motivated now to participate in this effort.

CHAIRPERSON PFANNENSTIEL: Thank you. Chief Counsel report, Mr. Chamberlain.

MR. CHAMBERLAIN: Thank you, Chairman. During my career I've had relatively few communications from the United States Supreme Court. But last week I received certainly the most satisfying one that I've had in the last 23

years, indicating that cert was denied in the Air Conditioning and Refrigeration Institute case. Thus completing the litigation over the Commission's database, appliance database, in a way that allows the Commission to continue to have that database.

We are following the much slower process of the courts sort of providing the information back to each other. And it may be a few more days before the injunction that was initially put in place has been lifted.

But we have already begun to receive communications from the appliance industry both congratulating the Commission for its victory, and also making suggestions for -- construction suggestions for how we might proceed into the future to lessen the burdens on them while still accomplishing our needs.

CHAIRPERSON PFANNENSTIEL: Thank you. And congratulations to you and Jonathan Blees, and the rest of that team. I know that was really supreme work. I think that we kept knowing that we had truth and justice on our side, but we kept having to prove it over and over again.

So, I'm delighting that the U.S. Supreme

Court vindicated us.

MR. CHAMBERLAIN: It was very satisfying work to do, I can tell you that.

On a somewhat more routine matter, but equally important -- perhaps not equally, but important certainly to our Secretariat. She has asked me a reasonable question that really doesn't have a legal answer to it. And so I'm going to share with you the advice that I propose to give her through an email that I've just written.

And this has to do with the question whether, when resolutions of the Commission can simply be signed by the Chair, and when they should have the signatures of all members. There are no statutes or regulations that deal with this that I'm aware of.

And I propose that the Commission not have to sign -- not every Commissioner has to sign most routine matters. So, for example, resolutions that commemorate the granting of a contract, and most -- or the assignment of a Committee; matters that occur during the course of a case that the Commission deals with I think can normally be signed by the Chair.

However, decisions of the Commission in

siting cases or to adopt regulations, particularly if there seems to be a possibility of judicial review of those decisions, I think should have the signature of each Commissioner.

And if there are dissenting votes on a matter, I think there ought to be a resolution that has the signature of each Commissioner.

But otherwise I think she should feel free to simply have a resolution by the Chair. If that's satisfactory with you, that's the advice I'll give her.

CHAIRPERSON PFANNENSTIEL: Any discussion of that?

COMMISSIONER GEESMAN: I guess I'd be concerned that a change from whatever our existing practice is may prove to be more confusing and confounding than simply carrying it forward. And what I --

MR. CHAMBERLAIN: I think there is some confusion about what our practice has been is the problem.

COMMISSIONER GEESMAN: Is there an ability to describe what our practice is? You've defined something that you suggest would be appropriate going forward. It sounds different

from what I've seen during the last several years.

And it sounds as if there are a number of judgment calls that would need to be made in determining which category a different resolution fits into.

MR. CHAMBERLAIN: Well, I have also indicated in the email, that, of course, I and Jonathan Blees, would be available to the Secretariat to try and help her make those judgment calls.

If you prefer to have this handled on a case-by-case basis, and supervised by the Management Committee or something, we could do it that --

COMMISSIONER GEESMAN: No, I don't think I have a preference. I'm just somewhat resistant to change. If it can be clearly identified what we're changing from, what we're changing to, and how we're going to administer that change.

CHAIRPERSON PFANNENSTIEL: Well, it may be overstating the current situation, but I believe that the current situation can be described more or less as ad hoc.

COMMISSIONER GEESMAN: Is that right?

CHAIRPERSON PFANNENSTIEL: I think that

that's the case. That the times when all Commissioners are asked to sign, although I have not been doing it very long --

COMMISSIONER GEESMAN: I have no idea what triggers that.

CHAIRPERSON PFANNENSTIEL: I don't, either. And I think the point is that it's just sort of whoever prepares the resolutions for signature it might be.

And so what I believe Mr. Chamberlain is proposing is, in fact, a process that really doesn't exist at the moment.

COMMISSIONER GEESMAN: Can it be briefly put in writing?

MR. CHAMBERLAIN: Certainly.

COMMISSIONER GEESMAN: That might help.

CHAIRPERSON PFANNENSTIEL: Yeah, a good idea.

MR. CHAMBERLAIN: I have done so. I just described the email that I was sending.

COMMISSIONER GEESMAN: Okay.

CHAIRPERSON PFANNENSTIEL: That's fine. So we'll take a look at it. I think that we can assume that we'll go forward with that, but we'll all look at it and let you know.

MR. CHAMBERLAIN: I'll copy each of you.

CHAIRPERSON PFANNENSTIEL: Thank you.

EXECUTIVE DIRECTOR BLEVINS: Madam Chair, I just had a quick question of Mr. Chamberlain relative --

CHAIRPERSON PFANNENSTIEL: Of course.

EXECUTIVE DIRECTOR BLEVINS: -- to his list. I assume major policy reports, reports to the Legislature, would those be items that we'd expect the full Commission to sign?

MR. CHAMBERLAIN: I think that would be a good idea. I will add that.

EXECUTIVE DIRECTOR BLEVINS: Okay.

COMMISSIONER BOYD: And maybe you might want to memorialize this in a memo to the Commissioners, rather than your informal email. And maybe Mr. Blevins can think of a few other things that trickle through once in awhile, so it covers the whole gamut once and for all.

MR. CHAMBERLAIN: Okay, I'll do it that way.

CHAIRPERSON PFANNENSTIEL: That's fine. Anything else, Mr. Chamberlain?

MR. CHAMBERLAIN: Not today, thank you.

CHAIRPERSON PFANNENSTIEL: Mr. Blevins.

EXECUTIVE DIRECTOR BLEVINS: Briefly, a few items. In conjunction with the staff work that's going on between the ARB and the CEC on AB-1007 report, the Air Resources Board has indicated its desire to contribute $100,000 to the effort there.

That money is likely to be used for the full field cycle analysis portion of the report. This transfer would be effected through an interagency agreement.

From the Air Board standpoint it's important this agreement be executed, if it's going forth, be executed by tomorrow. I'm letting the Commission know that it's my intention to, in fact, sign that agreement. And then the agreement will be brought back to the Commission for its ratification as soon as we can schedule it on a business meeting.

COMMISSIONER BOYD: Something to do with income -- available dollars before the year runs out, I trust?

EXECUTIVE DIRECTOR BLEVINS: Yes, sir.

COMMISSIONER BOYD: Well, we welcome the participation of the money, certainly.

EXECUTIVE DIRECTOR BLEVINS: The second

brief item is that we are getting to the point where we're getting legislative outcomes. The slot Legislative Director's report is on the agenda here biweekly. And so I just want to let you know that probably on July 19th I'm going to ask Mr. Smith to come and present a report to the Commission in terms of where some of those legislative outcomes are falling.

And then finally, we have a budget out of the Legislature. I will send you a one page that summarizes the budget as presented, in terms of its specific effects on the Commission's budget.

I guess, as an Executive Director, I'm remembering all the things that we didn't get, versus all the things that we did get. And I would just point out two items.

One, we did ask for some positions and money associated with further climate change research, which the Legislature did not provide.

And second, there has been ongoing discussion relative to future PIER funding for the coming fiscal year. And that has now become a component of discussion relative to the reauthorization of the PIER program.

The sense is that the Legislature is looking for some more specific categories of funding based on policy needs. There was a debate in the Conference Committee with regard to whether or not all funding for that program in the coming year should be held back until January 1, 2007. We persuaded them that we needed full 12-month administrative funding for the program, so they did agree to that.

But they are not -- they're going to take up the funding for -- or they're recommending that no funding be made out of this coming fiscal year's budget for the PIER program until January 1, 2007. And we will look for some future, pending some future guidance in the reauthorization bill in terms of how those moneys are to be spent in categories from this point forward in time.

And that concludes my report.

CHAIRPERSON PFANNENSTIEL: Thank you. Questions of the Executive Director? None. And that was the Leg Director report, also.

EXECUTIVE DIRECTOR BLEVINS: A little bit of it, yeah.

CHAIRPERSON PFANNENSTIEL: Public

Adviser report.

MR. BARTSCH: Madam Chair, Members, Nick Bartsch here representing Margret Kim. We have nothing new to report. Thank you.

CHAIRPERSON PFANNENSTIEL: Thank you. Public comment. Is there any public comment today?

Hearing none, we'll be adjourned. Thank you.

(Whereupon, at 11:34 a.m., the business meeting was adjourned.)

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CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Business Meeting; that it was thereafter transcribed into typewriting.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of July, 2006.