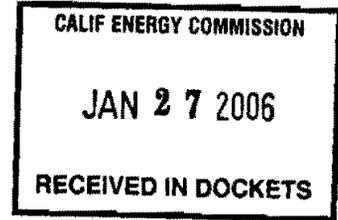


BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
Business Meeting)
_____)



CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, JANUARY 18, 2006

10:03 A.M.

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

COMMISSIONERS PRESENT

Joseph Desmond, Chairperson

Jackalyne Pfannenstiel, Vice Chairperson

Arthur H. Rosenfeld

James D. Boyd

John L. Geesman

STAFF PRESENT

B.B. Blevins, Executive Director

William Chamberlain, Chief Counsel

Song Her, Secretariat

Cecille "Cece" Martin

William Pennington

Bill Blackburn

Gabriel Herrera

Chuck Najarian

Gina Barkalow

Marla Mueller

Karen Van Egdon

Charles Mizutani

Daryl Mills

PUBLIC ADVISER

Nick Bartsch for Margret Kim

ALSO PRESENT

Pete Price

Bergey WindPower Systems

ALSO PRESENT

John A. McKinsey, Attorney
Stoel Rives, LLP
on behalf of El Segundo Power II

David Lloyd, Secretary
El Segundo Power II, LLC

Ed Vine, Program Manager
Office of the President
University of California

Hank Ryan
Small Business California

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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1 P R O C E E D I N G S

2 10:03 a.m.

3 CHAIRPERSON DESMOND: Good morning. I'd
4 like to call this meeting to order. Please rise
5 and join me in reciting the Pledge of Allegiance.

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

8 CHAIRPERSON DESMOND: Thank you for
9 coming here today. A few agenda changes. I see
10 we have a fairly large audience.

11 Items number 3, 4, and 5 will be held
12 over till the next business meeting; that is the
13 renewable portfolio standard procurement
14 verification report, the Walnut Creek Energy Park
15 and the Sun Valley Power Project. So if anyone is
16 here in the audience for those items they will be
17 held over until the next meeting.

18 EXECUTIVE DIRECTOR BLEVINS: Mr.
19 Chairman, also item 12.

20 CHAIRPERSON DESMOND: Yeah, I was going
21 to --

22 EXECUTIVE DIRECTOR BLEVINS: Sorry.

23 CHAIRPERSON DESMOND: Also item number
24 12 is not on the agenda -- is no longer on the
25 agenda, and that was the Department of Technology

1 Services.

2 With that, before we begin taking up the
3 consent calendar, we have two resolutions today,
4 two very exciting resolutions.

5 The first one is for CalPoly and they
6 are here to accept a resolution. And with us
7 today are two of the three Professors, Rob Pena
8 and Sandy Stannard.

9 Just a little background. Each year
10 this is about the solar decathlon and the U.S.
11 Department of Energy, in concert with NREL, the
12 National Renewable Energy Lab, as well as the
13 American Institute of Architects and Home Depot-
14 sponsored the solar decathlon. And it's a
15 competition that this year brought 18 teams from
16 around the country -- excuse me, around the world,
17 to design, build and demonstrate the advantages of
18 a solar lifestyle.

19 And they transported their solar homes
20 to Washington where they were assembled on the
21 National Mall in a solar village. They competed
22 in ten contests over ten days, ranging from
23 architecture and livability and comfort to how
24 well the homes performed in providing energy,
25 space heating, cooling, hot water and powering

1 lighting and appliances. And, of course, they
2 operated these homes only using the sun's energy.

3 The Commission actually had awarded a
4 grant to the Rarus Institute to produce a video
5 and design portfolio book highlighting the work of
6 California's entrant, which was the California
7 PolyTechnic State University. And the video
8 documents the team's work through designing,
9 building, testing, trucking across the U.S., and
10 during the competition. And it also includes all
11 the entrants to illustrate the diverse mix of
12 design strategies to achieve the same goal: To
13 design, build and operate the most attractive and
14 energy efficient solar home possible.

15 And their solar home now resides on
16 campus where it continues to expand outreach on
17 energy sustainability and solar power. And we
18 have also just learned that CalPoly is the only
19 California team accepted to participate in the
20 2007 solar decathlon.

21 So we're pleased today to honor San Luis
22 Obispo CalPoly with the following resolution:

23 Whereas the Department of Energy Solar
24 Decathlon 2005, held in Washington, D.C. on
25 October 7 through the 16th, tested student teams

1 in ten categories as they were challenged to
2 design, build and operate a livable and energy
3 efficient solar power home,

4 Whereas CalPoly San Luis Obispo team
5 represented California and brilliantly competed
6 against 17 universities from the United States,
7 Canada and Europe, and

8 Whereas the CalPoly team was awarded
9 first place for the performance of energy
10 efficient appliances and lighting category, second
11 place in architecture, dwelling and comfort design
12 category, and placed third in the overall
13 competition, scoring 809 points out of a possible
14 1100 points.

15 And whereas the CalPoly SLO team
16 incorporated the energy efficiency philosophy and
17 appropriate use of renewable energy of the green
18 building initiative in the Governor's Executive
19 Order S-20-04 into their winning energy efficient
20 design and extensively used solar measures
21 lighting and photovoltaics that reduced the need
22 to buy grid-based electricity.

23 Therefore, be it resolved that the
24 California Energy Resources Conservation and
25 Development Commission, the CEC, commends the

1 outstanding efforts and continued accomplishments
2 of the California PolyTechnic State University San
3 Luis Obispo Team, and recognizes their enthusiasm,
4 energy and expertise in meeting their goal to
5 publicly demonstrate and share their knowledge of
6 sustainable building design and commitment to
7 insuring California's energy future.

8 So, thank you, and please join me up
9 front here for a round of applause.

10 (Applause.)

11 (Pause.)

12 CHAIRPERSON DESMOND: Great. Thank you,
13 again.

14 (Applause.)

15 CHAIRPERSON DESMOND: The next
16 resolution is for Cecille Martin. Many of you
17 know her as Cece. And to recognize her for her
18 long-standing commitment and her work here at the
19 Energy Commission. She is joined here today by
20 her husband, Tim Brown, who is also the Executive
21 Director of Loaves and Fishes.

22 So, Cece, we have a resolution for you,
23 as well. If you don't mind actually coming
24 forward while I read this so people can get a good
25 sense of all the great things you've done here.

1 Whereas Cece Martin, in her commitment
2 to her native California, worked for over 30 years
3 to improve the environment, air quality, energy
4 and transportation systems and economy of this
5 great state,

6 Whereas Cecille Martin served as the
7 Director of the California Electric Transportation
8 Coalition, advancing the acceptance of electric
9 vehicles by working to remove market barriers in
10 collaboration with local, state, regional and
11 federal government entities, auto and battery
12 manufacturers, university research teams, and
13 environmental groups and consumers, and

14 Whereas Cecille Martin received the
15 coveted United States Department of Energy's Clean
16 Cities Award in 1997 and 1998 for her outstanding
17 efforts in significantly contributing to air
18 quality improvements, and

19 Whereas Cecille Martin, as the Assistant
20 Executive Director and Manager of the Office of
21 Governmental Affairs, served the California Energy
22 Commission and Staff as a clear beacon of light in
23 negotiating the halls of the Legislature and
24 Governor's Office, and

25 Whereas Cecille Martin has developed

1 depth and breadth of technical expertise that
2 allowed her to explain and promote Energy
3 Commission programs, insuring that the legislators
4 and their staff clearly understood the value
5 provided by funding this agency's activities, and

6 Whereas Cecille Martin has enriched the
7 lives of her friends, family and colleagues as a
8 long-time volunteer in the arts, a talented artist
9 and poet, and dedicated mentor to young people.

10 Therefore be it resolved that the
11 California Energy Resources Conservation and
12 Development Commission recognizes, values and was
13 privileged to have Cecille Martin serve this
14 organization with her dedication, zeal, integrity
15 and expertise, and

16 Be it further resolved that the
17 California Energy Commission congratulates Cecille
18 Martin on her retirement and wishes her the best
19 in her travels and future endeavors.

20 Thank you.

21 (Applause.)

22 CHAIRPERSON DESMOND: I also have to add
23 that we will be holding a reception later in the
24 month. And so anyone interested in attending, and
25 I'm sure many of you are, to contact Elizabeth

1 Huber with those details.

2 So, Cecille, if you'll come up and have
3 your photograph taken. And if you'd like to say a
4 few things we certainly would love to hear it.

5 (Pause.)

6 CHAIRPERSON DESMOND: You going to say a
7 few --

8 MS. MARTIN: Yes.

9 CHAIRPERSON DESMOND: Super.

10 MS. MARTIN: Thank you very much for the
11 lovely resolution. I think I'd like to just say
12 that I really appreciate the opportunities and the
13 experience I've had, the chance I've had to work
14 with each one of you and with very dedicated
15 Office of Governmental Affairs Staff, who I know
16 are looking forward to expanding their staff
17 sometime later this year, to meet the workload.

18 I really enjoyed working with our
19 executive policy team trying to -- I'm going to
20 miss each and every one, members of that team.
21 And I think maybe their weekly meetings will be a
22 little shorter without me. But I'm really going
23 to miss them. That was an exciting opportunity
24 for me.

25 It was kind of a challenge to help build

1 a management structure to carry the work forward
2 in a way that we hadn't done before. Innovative,
3 and I really appreciated that opportunity.

4 I really feel privileged to have worked
5 with this organization, and as Legislative
6 Director, to work with staff in all areas. And,
7 you know, I missed the December 14th meeting, and
8 I wanted to take that opportunity, sort of at the
9 end of the year, to bring to your attention just
10 an example of one of the unsung heroes, I think,
11 of the Energy Commission.

12 You know, there's so many people that
13 put in long hours and have extraordinary
14 dedication to this work. You know, as you know
15 the Energy Commission implemented some duct
16 testing standard last fall. But what you may not
17 know is there was a pretty active and vocal
18 challenge to that standard from a Legislator and
19 his staff and representatives of the industry.

20 They gave me a call and requested that
21 the standard be delayed. And they were thinking
22 about possibly eliminating it. So, I called Bill
23 Pennington, and very briefly I'd just like to say
24 that Bill came to the meeting with me with all of
25 these parties, answered all the questions from

1 industry and the Legislators. And still they
2 weren't satisfied.

3 So, Bill set out to address each and
4 every one of their concerns. And Bill, with the
5 support of his staff, helped to expand training;
6 he developed an Energy Commission training video
7 which was sent out to, I think, over 13,000
8 contractors. He helped develop a letter for
9 customers explaining the benefits of this standard
10 and why they'd be good to follow through with the
11 duct testing. He worked with industry, as well as
12 their trade associations, with the Contractors
13 State Licensing Board, with utilities. He put
14 articles in their newsletters and it was an
15 extraordinary effect.

16 And at the end of that our standard did
17 go into effect. And at the end of that he did get
18 a letter commending him for his efforts from those
19 very people that were challenging the standard.

20 So, I think it's a really good example
21 that there are more people here, like Bill, that
22 maybe don't get their names or get to stand up
23 here, that I will always treasure and always
24 remember, just with a few, you know, weeks of
25 reflection.

1 It's those outstanding efforts that stay
2 with me and what the Commission has stood for, for
3 over 30 years now.

4 So, again, I really appreciate the
5 resolution; I appreciate being here today. I've
6 had a wonderful career. I've been given many
7 opportunities to do things that I really believed
8 in. And I appreciate so much being here, and so
9 much being retired. I'm very much looking forward
10 to --

11 (Laughter.)

12 MS. MARTIN: -- more hours of yoga, more
13 hours with art, more hours with travel. But I
14 hope to not be a complete stranger. Thanks very
15 much.

16 (Applause.)

17 CHAIRPERSON DESMOND: Thank you. Cece.
18 If we could just make sure she doesn't forget the
19 resolution.

20 (Laughter.)

21 MR. PENNINGTON: Well, I'd to just thank
22 Cece. This is unexpected to be mentioned this
23 way, and it was her time, her hour to be seen.
24 So, I appreciate that. Thank you very much.

25 (Applause.)

1 CHAIRPERSON DESMOND: All right. On
2 with our regularly scheduled agenda. The first
3 item is the consent calendar. We have three items
4 on the consent calendar.

5 COMMISSIONER ROSENFELD: I move the
6 consent calendar.

7 COMMISSIONER GEESMAN: Second.

8 CHAIRPERSON DESMOND: All those in
9 favor?

10 (Ayes.)

11 CHAIRPERSON DESMOND: Opposed? So
12 moved.

13 Item number 2 is the Emerging Renewables
14 Program Guidebook and possible adoption of
15 revisions to that guidebook that provide program
16 eligibility requirements and funding processes
17 under the Renewable Resource Trust Fund.

18 The proposed changes includes revised
19 rebate levels, program guideline changes and
20 clarifying language. Mr. Blackburn.

21 MR. BLACKBURN: Good morning; I'm Bill
22 Blackburn and I'm the lead for the emerging
23 renewables program. Today I'm seeking approval of
24 the sixth edition of the emerging renewables
25 program guidebook.

1 This document provides guidelines and
2 specific requirements for the program.
3 Periodically the guidebook is revised to reflect
4 changes in policy, changes in changing market
5 conditions, and to provide clarifying language.

6 I'd like to briefly highlight key
7 changes that are in this sixth edition guidebook.

8 The rebate levels will remain the same
9 for photovoltaics, fuel cells, solar thermal
10 electric. The rebate for small wind systems will
11 increase from the current \$1.70 per watt for up to
12 7.5 kW, and 70 cents a watt for increments above
13 7.5 kW.

14 The new wind rebate will be \$2.50 per
15 watt for the first 7.5 kW, and then \$1.50 a watt
16 for increments above that.

17 Second thing is we are extending the
18 reservation period from six to nine months for
19 standard applications. Current six-month
20 reservation holders will receive an automatic
21 three-month extension. Current 18-month
22 reservations for public and charter schools and
23 new construction may qualify for time extensions
24 of up to six months under the conditions specified
25 in the version of the ERP guidebook in place at

1 the time the complete reservation application was
2 submitted.

3 Number three, changing the calculation
4 on the pilot performance based incentive program.
5 Specifically the capacity factor will be lowered
6 from 30 percent to 20 percent except for projects
7 that use tracking systems, for purposes of
8 determining the amount of funds reserved under the
9 pilot performance based incentive program.

10 This was changed to more closely
11 correlate with actual PV performance in actual PV
12 systems, and allow additional applications to the
13 pilot performance based incentive program.

14 Number four is required that affordable
15 housing project applicants use an energy
16 consultant certified by the California Association
17 of Building Energy Consultants or CABEC when
18 verifying compliance with energy efficiency
19 requirements.

20 Number five, simplify the rebate
21 calculation for system modifications and
22 additions. Number six is reduce the deduction
23 from 50 percent to 5 percent the amount that we
24 reduce other grants and incentives from the
25 emerging renewables program rebate that we

1 provide.

2 And seven, there are some other minor
3 clarifying changes.

4 So I'm asking for your approval.

5 CHAIRPERSON DESMOND: Before taking this
6 up we also have one gentleman on the phone, Mr.
7 Pete Price from Bergey WindPower Systems.

8 Oh, I'm sorry, thank you. Would you
9 please go to the phone and call your comments in.

10 (Laughter.)

11 MR. PRICE: I'll be very brief. I just,
12 on behalf of Bergey WindPower and Southwest
13 Energy, we worked for some time with Mr.
14 Blackburn, as well as the assigned Commissioners
15 Geesman and Pfannenstiel, and you, Mr. Desmond.

16 I want to thank all of you for the
17 change to the small wind rebate levels. We
18 appreciate it. Thank you very much.

19 CHAIRPERSON DESMOND: Thank you. Any
20 further comments?

21 MR. HERRERA: Chairman, I need to make a
22 couple comments for the record.

23 CHAIRPERSON DESMOND: Please.

24 MR. HERRERA: Gabe Herrera with the
25 Commission's Legal Office. As you know, any time

1 the Energy Commission proposes changes to the
2 guidebook, in this case the emerging renewable
3 program guidelines, we take a look at CEQA to see
4 if the adoption constitutes a project.

5 In this case it does not. It falls
6 under one of the exemptions in title 24 of the
7 California Code of Regulations section 15378(b)(2)
8 dealing with the continuation of a government
9 program and making administrative changes to that.

10 CHAIRPERSON DESMOND: Great, thank you
11 for that clarification.

12 COMMISSIONER GEESMAN: Mr. Chairman, on
13 behalf of the Renewables Committee I would move
14 the item. This represents a major effort on the
15 part of our staff in working with stakeholders.

16 We held a public workshop on it. One of
17 the real blessings of the state's renewables
18 program is that our portion of it is governed by
19 guidelines as opposed to regulations. And as a
20 consequence, and with the expert guidance of our
21 counsel, Mr. Herrera, we do periodically weigh in
22 on parts of the program that aren't working as
23 well as we think they might.

24 So, consequently, we do make regular
25 changes in the incentive levels. We're also

1 blessed with, I think, an extremely well-informed
2 stakeholder community. The staff has conducted
3 extensive discussions with them. I can't say that
4 everybody's perfectly satisfied with this, but I
5 do think it represents a very good work product,
6 and would move our approval.

7 VICE CHAIRPERSON PFANNENSTIEL: Mr.
8 Chairman, I would also like to thank the staff,
9 commend the staff for the good work on this.
10 There are a lot of issues here that, I think, work
11 towards continually improving the program.

12 So, with that, I'll second the motion.

13 CHAIRPERSON DESMOND: Great. Well, let
14 me also add to commending both the staff, as well
15 as the Committee. Because I do think, and I want
16 to underscore for those listening in today, that
17 it does reflect a responsiveness to the needs of
18 the marketplace and stakeholders. And so that
19 flexibility in the form of guidelines is critical
20 as we move forward with trying to achieve the
21 goals for renewable energy that the Governor and
22 the Legislature have set forth.

23 So, with that, I'll call for the vote.

24 All those in favor?

25 (Ayes.)

1 CHAIRPERSON DESMOND: Opposed? So
2 moved. Thank you.

3 As indicated earlier, items number 3, 4
4 and 5 are being held over.

5 Item number 6, NRG, El Segundo Power and
6 possible consideration of a staff complaint
7 against NRG and El Segundo alleging noncompliance.
8 Mr. Najarian.

9 MR. NAJARIAN: Thank you. I'm Chuck
10 Najarian --

11 UNIDENTIFIED SPEAKER: Is your mike on,
12 sir?

13 MR. NAJARIAN: Chuck Najarian, Power
14 Plant Compliance Program Manager. This item
15 concerns a January 4th complaint filed by staff
16 regarding the El Segundo Power project.

17 The complaint was necessitated because
18 El Segundo Power did not commence payment to the
19 Santa Monica Bay Restoration Commission by
20 December 4th, in direct violation of a Commission
21 order to do so.

22 The purpose of the payment is to study
23 the Santa Monica Bay ecosystem and to implement
24 actions to improve the ecological health of the
25 Bay.

1 We are pleased to report that the full
2 initial payment of \$250,000 was made yesterday at
3 12:45 p.m. And that payment has been verified by
4 the Santa Monica Bay Restoration Commission.

5 In light of this event staff is not
6 recommending any civil penalties or other actions
7 be taken by the Commission today.

8 We do note that pursuant to the
9 Commission's November 3rd order, when you last
10 heard this item, subsequent payments of \$250,000
11 are each due, still due, March 3, 2006, June 1,
12 2006 and August 30, 2006, and we ask that the
13 Commission reaffirm this schedule.

14 I believe also that representatives for
15 the project owner are here today. They'd like to
16 make a statement and answer any questions. And I
17 also believe that Scott Velour (phonetic), the
18 Government Relations Officer and attorney for the
19 Santa Monica Bay Restoration Commission is on the
20 phone, as I understand it. No? Okay.

21 CHAIRPERSON DESMOND: Thank you.

22 MR. MCKINSEY: Chairman and
23 Commissioners, my name is John McKinsey and I
24 represent El Segundo Power II, LLC, the project
25 owner.

1 We're really not here to say anything
2 other than to perhaps emphasize that in the last
3 several months there's been a few significant
4 changes in the ownership at the upper end of the
5 management structure for El Segundo Power II, LLC,
6 such that NRG Energy is becoming the sole ultimate
7 owner of that entity.

8 Those events have been going on in terms
9 of negotiations for awhile now, and I think the
10 result that has come through this month is a kind
11 of a sign that in addition to acquiring Dynegy's
12 interest in this entity, this payment and
13 everything else, all evidences that NRG Energy is
14 pretty committed to California. And in addition,
15 specifically El Segundo Power II is moving forward
16 with this project in the most rapid fashion they
17 have.

18 And so they've made the decision to
19 attempt to find a way to resolve the remaining, at
20 least concerns over exactly what they're supposed
21 to do with bio-1. But clearly the payments needed
22 to be made, and so they've been made and will be
23 made.

24 CHAIRPERSON DESMOND: Thank you. Do we
25 have anyone else on the phone or anyone else who

1 wishes to make a statement on this subject? No.

2 COMMISSIONER BOYD: Mr. Chairman, as the
3 sole surviving member of the Siting Committee for
4 this project, let me thank the project applicants
5 for the action that they took yesterday.

6 And as we learned about the sale and
7 management changes, and began to understand
8 perhaps a little bit what was behind it, I hope
9 that was the sole reason behind the delay.

10 And I guess it would be good to hear
11 from you today if you intend to stick to the
12 balance of the schedule as it's established, to
13 save us from having to reiterate that.

14 MR. MCKINSEY: I'll let Mr. Lloyd from
15 El Segundo Power II, LLC -- he's an officer. I
16 think you'd like to hear directly from him about
17 their commitment.

18 MR. LLOYD: My name is David Lloyd; I'm
19 the Secretary of El Segundo Power II, LLC. And I
20 have been since we started this proceeding many
21 years ago.

22 Been involved in California a long time.
23 We put 800 windmills in the Altamont Pass, the
24 first successful large wind project up there.
25 Built a lot of biomass projects; built Crockett

1 Cogeneration. And we hope to build the El Segundo
2 RePower Station.

3 We have a partner who was not as
4 optimistic about California's future. Obviously
5 my parent company has doubled down now, or is in
6 the process of doing that. And moving this
7 project forward is important to us.

8 So, as far as I know, we'll make the
9 next payment on time, so.

10 COMMISSIONER BOYD: Thank you.

11 CHAIRPERSON DESMOND: Thank you. Any
12 further comments?

13 COMMISSIONER GEESMAN: Did Commissioner
14 Boyd make a motion? Or is there a motion?

15 CHAIRPERSON DESMOND: No.

16 COMMISSIONER BOYD: -- make a motion --

17 COMMISSIONER GEESMAN: Then I'll simply
18 make a comment, and that is I think the ball is in
19 the state's court now. It was almost two months
20 ago that we adopted our Integrated Energy Policy
21 Report attempting to bring some urgency to the
22 need to initiate a long-term procurement process.

23 And I'm hopeful that we are able to
24 continue that sense of urgency, both here in
25 Sacramento, and with regards to our sister agency

1 in San Francisco, so that we can get some long-
2 term solicitations out on the street, and your
3 project and other projects we have approved for
4 licensing can go forward.

5 I think, as the IEPR made very clear in
6 November, this is a matter of great importance to
7 the state and it's incumbent upon all of us to
8 make certain that we don't lose that sense of
9 urgency.

10 I certainly welcome the change of
11 management and am pleased to see your commitment
12 to the terms of the license.

13 CHAIRPERSON DESMOND: Thank you. Any
14 further? No? Okay. Thank you. Since there's no
15 motion we'll move on to the next item on the
16 agenda.

17 Item number 7, the Regents of the
18 University of California, Office of the President,
19 California Institute for Energy and Environment,
20 and possible approval of work authorization MR-043
21 in an amount not to exceed \$670,183 under the
22 Energy Commission agreement number 500-02-004 with
23 the Regents.

24 The work authorization will allocate
25 funds for nine separate research projects

1 addressing issues associated with electricity and
2 the environment. Ms. Barkalow.

3 MS. BARKALOW: Hi, my name is Gina
4 Barkalow; I'm with the PIER environmental area.
5 And this is my counterpart, Ed Vine, from the
6 California Institute for Energy and the
7 Environment.

8 I'm here today to request approval for
9 these nine small grant projects. They come from
10 the third round of the environmental exploratory
11 grant program.

12 This program is designed to bring in new
13 ideas from the outside research community; ideas
14 that are currently not being considered. The goal
15 is to support the early development of promising
16 new scientific concepts in a timely manner that
17 will help provide information to inform policy as
18 needed.

19 The process for the solicitation. Each
20 proposal goes through the solicitation process,
21 which includes a screening, a technical and
22 programmatic review. The top projects are then
23 brought to the R&D Committee for approval. And
24 then here to the full Commission.

25 Ed Vine is here to talk about a few of

1 the projects that have been selected in this
2 round.

3 CHAIRPERSON DESMOND: Mr. Vine.

4 MR. VINE: Thank you. Before I discuss
5 the two projects in this round I did want to
6 emphasize that we've been very successful in
7 earlier rounds. And several projects have showed
8 very great promise and have been supported by the
9 Commission for larger projects.

10 One is by Ernst Worrell and Lynn Price
11 from Lawrence Berkeley National Lab, looking at
12 the optimization of product life cycles to reduce
13 greenhouse gas emissions in California. After the
14 work was completed they have been making
15 presentations at the Energy Commission's Climate
16 Change Conference, and is part of the IEPR
17 proceeding. They're also being considered for
18 large-scale effort.

19 As you can see there are nine projects
20 for this year that we're recommending for funding.
21 I would like to highlight two that show very great
22 promise for California. One is by Hashem Akbari
23 from Lawrence Berkeley National Lab, looking at
24 the evaluation of a titanium dioxide as an air
25 pollutant-removing catalyst.

1 In this project he's going to be looking
2 at the sort of feasibility of titanium dioxide as
3 a mechanism for removing smog precursors from air.

4 We know it is technically feasible to
5 coat glass, tiles and other building materials
6 with a thin, transparent film of titanium dioxide
7 photocatalyst. The economics are promising and
8 may be less expensive than other NOx reduction
9 measures considered in southern California.

10 As part of this project the objectives
11 are to evaluate these coatings on building walls
12 and roofs, to remove pollutants from urban air,
13 and to estimate the efficacy of titanium dioxide
14 photocatalysis in removal of NOx by reviewing
15 laboratory methods and metrics used to measure
16 removal of smog precursors, and to evaluate
17 approaches to extend these methods and metrics to
18 the community on regional scales. They will work
19 with the coating industry and hold a workshop with
20 the key stakeholders.

21 The other project I'd like to highlight
22 is again looking at an air quality issue. This is
23 indoor air quality, looking at simplified models
24 for particulate dispersion in buildings by
25 Professor Linden.

1 This is looking at ventilation
2 strategies that need to be developed to provide
3 adequate levels of indoor air quality, since we
4 have a lot of energy efficient homes being built.
5 Indoor air quality is going to become an
6 increasing important issue that the Commission
7 will need to deal with.

8 They're going to look at indoor air
9 quality and comfort. And they're doing that by
10 looking at, study of the dispersion of
11 particulates in a space with both thermal
12 stratification using laboratory experiments and a
13 numerical model that will then conduct full-scale
14 experiments of the particular dispersion in a room
15 to compare results with the numerical model.

16 And then finally, to develop a
17 simplified model based on plume theory that will
18 provide a basis for the development of a design
19 tool that people in California then can use for
20 examining the impacts on indoor air quality.

21 At this time this is all I'd have to
22 discuss. If you have any questions about any of
23 the projects I'd be happy to answer your
24 questions.

25 CHAIRPERSON DESMOND: Are there any

1 questions?

2 COMMISSIONER ROSENFELD: With great
3 pleasure I would like to move the item.

4 COMMISSIONER GEESMAN: Second.

5 CHAIRPERSON DESMOND: All those in
6 favor?

7 (Ayes.)

8 CHAIRPERSON DESMOND: Opposed? So
9 moved. Thank you.

10 MR. VINE: Thank you.

11 CHAIRPERSON DESMOND: Item number 8,
12 California Air Resources Board. Possible approval
13 of contract 500-02-023, amendment 1, adding
14 \$1,600,000 and extending the term three years with
15 the California Air Resources Board to continue
16 development of new California-specific baseline
17 data for small and medium office buildings such as
18 the level of ventilation, filtration, thermal
19 comfort and air pollutants for new single family
20 homes. Ms. Mueller.

21 MS. MUELLER: Hi, I am Marla Mueller,
22 and I work with the PIER environmental program.

23 We're requesting this amendment to add
24 the \$1.6 million in three years to the contract
25 500-02-023, the indoor environmental contract with

1 the Air Resources Board.

2 Federal and state comparative studies
3 consistently rank indoor air quality among the top
4 four environmental problems. California residents
5 spend an average of 87 percent of their indoors;
6 and in many cases this air is worse than the
7 outdoor air.

8 Research by the California Air Resources
9 Board, the Environmental Protection Agency and
10 others have shown that indoor level of some
11 pollutants, such as formaldehyde, chloroform and
12 styrene range from two to fifty times higher than
13 outdoor levels.

14 Indoor air pollution consists of gases
15 and particulates that can harm your health. These
16 pollutants can build up rapidly inside to levels
17 much higher than usually found outdoors. Indoor
18 emissions have been estimated to be 1000 times
19 more likely to result in exposure than outdoor
20 emissions. Indoor pollution is estimated to cause
21 Californians a minimum of \$2- to \$5-billion per
22 year.

23 Because some measures to improve energy
24 efficiency can adversely impact indoor
25 environmental quality and public health, and some

1 measures to improve indoor environmental quality
2 can impact energy consumption, there's a need to
3 better understand the relationship between energy
4 efficiency and indoor environmental quality.

5 This project addresses two major issues
6 in California, energy use and indoor environmental
7 quality. Areas of research funded under this
8 contract were identified from a national research
9 plan on energy-related indoor environmental
10 quality developed by a nationally recognized team
11 of indoor experts under the direction of PIER
12 buildings program and others.

13 This project also supports the draft
14 2005 Integrated Energy Policy Report
15 recommendation that Energy Commission should
16 continue to evaluate energy-using technologies for
17 possible incorporation and PIER auditing updates
18 to the state's building and appliance standards by
19 providing the Energy Commission energy efficiency
20 and demand analysis division with information to
21 help them determine appropriate building
22 efficiency standards that consider adequate indoor
23 air quality and protect public health.

24 This project also meets the PIER goal of
25 improving the environment, public health and

1 safety. Information developed in this project has
2 already been provided to the Commission energy
3 efficiency and demand analysis division for their
4 use in building standards.

5 The proposed amendment will fund another
6 high-priority area of research not covered by the
7 current research due to lack of sufficient funds.
8 And this is the characterizing of quality of
9 building ventilation in indoor environments in
10 California for small and medium commercial
11 buildings.

12 PIER and California Air Resources Board
13 Staff are working closely with the energy
14 efficiency and demand analysis division of the
15 Commission to provide data they need to revise
16 building standards for the commercial buildings.

17 Thank you.

18 CHAIRPERSON DESMOND: Thank you.

19 Questions or comments?

20 COMMISSIONER ROSENFELD: I guess Marla
21 said it, but this is another great example of a
22 continuing interagency collaboration of which
23 we're very proud. So, I move the item.

24 COMMISSIONER GEESMAN: Second.

25 CHAIRPERSON DESMOND: All those in

1 favor?

2 (Ayes.)

3 CHAIRPERSON DESMOND: Opposed? So
4 moved. Thank you.

5 Item number 9 is Inter-Con Security
6 Systems. Possible approval of contract 200-05-001
7 for \$225,000 with Inter-Con Security Systems to
8 continue security guard services through June 30,
9 2007. Ms. Van Egdon.

10 COMMISSIONER GEESMAN: Mr. Chairman, you
11 said 225 and our agenda says 255,000.

12 CHAIRPERSON DESMOND: Oh, I'm sorry. I
13 misread, thank you, Commissioner Geesman.
14 \$255,000 with Inter-Con Security Systems.

15 MS. VAN EGDON: Good morning; I'm Karen
16 Van Egdon; I'm the Health and Safety Officer and a
17 personnel analyst here at the Energy Commission.

18 The Inter-Con Security is the contractor
19 that we have been using for the last several
20 years. We tag along with the California Highway
21 Patrol's master service agreement which becomes
22 effective February 1st of this year.

23 We're in the process of doing a program
24 to increase some of our security, equipment and
25 stuff here. So we decided to just, instead of

1 going the three years that the master service
2 agreement is, we're going to only go 17 months
3 with this particular contract. And then come back
4 to you with possibly a change in some of the
5 figures.

6 I ask your approval of this contract for
7 the next 17 months.

8 COMMISSIONER GEESMAN: I'll move the
9 item.

10 COMMISSIONER BOYD: Second.

11 CHAIRPERSON DESMOND: Comment? All
12 those in favor?

13 (Ayes.)

14 CHAIRPERSON DESMOND: Opposed? So
15 moved. Thank you.

16 MS. VAN EGDON: Thank you very much.

17 CHAIRPERSON DESMOND: Item number 10,
18 California Climate Action Registry. Possible
19 approval of contract 600-05-005 for \$250,000 with
20 the California Climate Action Registry to generate
21 new greenhouse gas measurement and report guidance
22 and tools to supplement existing protocols.

23 New protocols for the agriculture,
24 cement, and natural gas sectors will also be
25 developed, as well as upgrade the Registry's web-

1 based calculation reporting tool. Mr. Mizutani.

2 MR. MIZUTANI: Thank you, Mr. Chairman.
3 My name is Chuck Mizutani. I'm in the fuels and
4 transportation division.

5 The California Climate Action Registry
6 was established by legislation in the year 2000 as
7 a nonprofit, voluntary registry for greenhouse gas
8 emissions. The purpose of the Registry is to
9 facilitate and support standardized and rigorous
10 reporting of greenhouse gas emissions; help
11 companies establish GHG emissions baselines; and
12 encourage voluntary actions to increase energy
13 efficiency and greenhouse gas emission reductions.

14 Since its creation the Registry has
15 begun its efforts to develop an accounting
16 infrastructure for reducing California greenhouse
17 gas emissions, as well as participating on a
18 national level to establish consistent reporting
19 protocols.

20 To date the Registry has developed and
21 implemented the general reporting protocol which
22 provides general guidance for common emission
23 sources and industry-specific reporting protocols
24 for the power generation industry and forestry
25 sector.

1 These protocols provide reporting
2 methodologies for measuring and reporting GHG
3 emissions in a credible, standardized and
4 transparent manner.

5 In addition, in its support of GHG
6 emission reporting and certification, the Registry
7 has developed a web-based calculation and
8 reporting tool which is the online companion to
9 the Registry's reporting certification protocols.

10 This request for this proposed contract
11 is to begin the development of three additional
12 industry-specific reporting protocols for the
13 cement, agricultural biomass and natural gas
14 transmission and distribution sectors, as well as
15 to update the Registry's web-based calculation
16 reporting tool which they call CARROT.

17 CHAIRPERSON DESMOND: Thank you.

18 Discussion? Yes.

19 COMMISSIONER BOYD: This item came
20 before the Transportation Committee which oversees
21 the climate change program and I would be very
22 glad to make a motion to approve this.

23 And I'd just like to take this
24 opportunity to say, since I missed last month's
25 meeting, I didn't get a chance to update you all

1 on the meetings of the Congress of the Parties in
2 Montreal, which a California delegation that
3 included myself and Secretary Lloyd and others,
4 were hosted and really rode on the coat-tails of
5 the Registry. As a state, we're not a nation, and
6 couldn't get access to the meeting. But the
7 Registry, as an NGO, did get access to the
8 meeting.

9 As you may have read, California got
10 an -- worldwide notice about its programs and its
11 attention to this issue. Cal-EPA and the Energy
12 Commission got a lot of mention, a lot of credit
13 for the actions they've taken over a long period
14 of time.

15 And the Registry did an outstanding job,
16 I felt, in terms of helping California be
17 represented. And the protocol work that they have
18 done for us in the past was widely recognized as
19 being cutting edge, and looked upon, by people who
20 approached me, throughout the world as something
21 very substantial.

22 So, while I knew this was an important
23 piece of work, I realize now that what they intend
24 to do for us is going to bring a lot more very
25 positive attention to California. It's going to

1 provide a basis for a lot of people to take action
2 in this arena.

3 So, thank you.

4 VICE CHAIRPERSON PFANNENSTIEL: I'll
5 second.

6 CHAIRPERSON DESMOND: All those in
7 favor?

8 (Ayes.)

9 CHAIRPERSON DESMOND: Opposed? So
10 moved. Thank you.

11 Item number 11, UT-Battelle. Possible
12 approval of contract 400-05-012 for \$59,233 with
13 UT-Battelle, LLC, to conduct up to 12 targeted
14 energy assessments of steam and process heating
15 systems in California industrial plants for the
16 U.S. Department of Energy. Mr. Mills.

17 MR. MILLS: Good morning. I'm Daryl
18 Mills of the public programs office, and I'm
19 sitting in for Don Kazama today.

20 Today the staff is asking for approval
21 of a \$59,233 contract with the University of
22 Tennessee - Battelle, who manages the Oak Ridge
23 National Laboratory, and serves as the prime
24 contractor to USDOE's save-energy-now campaign.

25 The national save-energy-now campaign is

1 targeting over 200 large industrial facilities all
2 over the United States in an effort to reduce the
3 impact of higher natural gas costs on industry.

4 Since industrial process steam and
5 heating accounts for a significant amount of the
6 total natural gas use, savings in these processes
7 will help to reduce the demand and help to hold
8 down natural gas costs.

9 The purpose of the contract is to
10 conduct up to 12 energy assessments of natural gas
11 processes in some of the largest gas-consuming
12 industries in California. Under this contract the
13 Commission will provide onsite focused audits of
14 steam and process heat systems, and also train
15 industrial site personnel on the use of the
16 Department of Energy's best practices software
17 tools.

18 Those tools include a tool called
19 Process Heat Assessment Tool, or PHAST; and a
20 steam assessment tool.

21 The Commission has three engineers who
22 have been certified by DOE to conduct training on
23 these tools. The training of onsite personnel on
24 the use of best practices tools will allow
25 facility staff to repeat the audits that are

1 provided, as need, and allow ongoing evaluation of
2 steam process heating systems, and facilitate the
3 ability of the companies who participate to
4 conduct similar audits in other facilities that
5 they may own and operate.

6 With your approval of the contract the
7 Energy Commission Staff will be able to assist
8 large California industries to reduce their
9 natural gas use and significantly cut their costs.

10 DOE has already selected 65 of 200
11 facilities to receive this type of assistance; and
12 is in the process of soliciting applications from
13 other industries. DOE will select California
14 industrial site to receive Commission assistance.
15 We've seen preliminary lists and we have
16 applications from biotech industries, food
17 processing industries, fertilizer industry and
18 glass industries already.

19 In addition to assisting California
20 industry to reduce costs and remain competitive,
21 this work will benefit the Commission in other
22 ways. It will give the Commission more visibility
23 to California industrial concerns. And the
24 Commission will gain a practical understanding of
25 the energy savings potential in industrial

1 processes.

2 This contract has the support and
3 approval of the Energy Efficiency Committee. And
4 the staff is asking for your approval today. And
5 I'm available to answer any questions.

6 CHAIRPERSON DESMOND: Thank you.

7 VICE CHAIRPERSON PFANNENSTIEL: Mr.
8 Chairman, when this item came to the Energy
9 Efficiency Committee one of our concerns was to be
10 assured that even though this is DOE money, that
11 it was going to be spent, in fact, in California
12 on California businesses.

13 With that assurance the Energy
14 Efficiency Committee enthusiastically approved.
15 And so I will move this item here.

16 CHAIRPERSON DESMOND: Thank you.

17 COMMISSIONER ROSENFELD: And I second.

18 CHAIRPERSON DESMOND: All those in
19 favor?

20 (Ayes.)

21 CHAIRPERSON DESMOND: Opposed? So
22 moved. Thank you, Mr. Mills.

23 Item number 12, again, has been pulled
24 from today's agenda.

25 I'll look for a motion on item 13,

1 adoption of the minutes.

2 COMMISSIONER ROSENFELD: I move the
3 minutes.

4 COMMISSIONER GEESMAN: Second.

5 CHAIRPERSON DESMOND: All those in
6 favor?

7 (Ayes.)

8 CHAIRPERSON DESMOND: Opposed? So
9 moved.

10 Item 14, Commission Committee
11 Presentations or Discussions. Are there any?
12 Okay.

13 Chief Counsel's report, Mr. Chamberlain.

14 CHIEF COUNSEL CHAMBERLAIN: I have no
15 report today, Mr. Chairman.

16 CHAIRPERSON DESMOND: Thank you.
17 Executive Director's report, Mr. Blevins.

18 EXECUTIVE DIRECTOR BLEVINS: I have no
19 report today, Mr. Chairman.

20 CHAIRPERSON DESMOND: We do not have a
21 Legislative Director in that spot, but assuming
22 that there are no issues, as well, that you would
23 have raised, we'll move on.

24 Item number 19, Public Adviser's report.

25 MR. BARTSCH: Nothing to report, Mr.

1 Chairman.

2 CHAIRPERSON DESMOND: Great. Thank you
3 very much.

4 At this time we'll open this up for
5 public comment. I have one individual, Mr. Hank
6 Ryan, with the Small Business California, looking
7 to address the subject of building operator
8 certification. Mr. Ryan, go ahead.

9 MR. RYAN: Thank you, Chairman,
10 Commissioners, --

11 CHAIRPERSON DESMOND: I apologize. I'm
12 imagining people are on the phone when they're
13 here in person, so that's twice.

14 (Laughter.)

15 MR. RYAN: I'm the Executive Director of
16 Small Business California, which is a nonpartisan
17 statewide advocacy organization that deals with
18 small business issues. Energy is one; public
19 health issues; workforce development and others
20 are core issues that we deal with.

21 I have been instrumental with Small
22 Business California and the Center for Small
23 Business and the Environment in the energy field
24 as an intervenor, to help bring financing forward
25 over the last year with the help of many others.

1 And hopefully we will see energy efficiency
2 investment being helped by that.

3 One thing about energy efficiency is
4 that we want to be able to count it and have it
5 persist, to last. If energy efficiency is going
6 to displace power plant production and
7 transmission line development, it needs to be
8 reliable.

9 And we believe that one of the ways for
10 that to be made more true is through building
11 operator certification, which is in now 17 states.
12 A training setup that is not free, but provides
13 persistent through studies that have been done in
14 New England, and countable savings for energy
15 efficiency.

16 And the reason that I'd like to present
17 this to the Commission is more informational, but
18 also to ask for the Commission's help in the
19 process hopefully of providing impact valuation of
20 building operator certification.

21 Right now studies have been done that
22 demonstrate that it is clear that it does provide
23 persistent savings of energy. And a number of
24 around 120,000 kWh per graduate student has been
25 out there.

1 I think more work needs to be done in
2 terms of studying this, but I also think that we,
3 as a state, could do well by looking at a
4 conservative number to begin the process of
5 looking at both the valuation of building operator
6 certification for its own reasons, being the
7 persistent quality of energy.

8 And also as more informational programs
9 begin to look for valuation, that this provide a
10 framework that can be really relied upon, based on
11 the graduates and what they do and what they
12 produce in each of these facilities.

13 Now, the average in the study in New
14 England facility size was over 600,000 square
15 feet. And that comprises a lot of large
16 businesses, as well as small businesses. But
17 small businesses have plenty of opportunity to
18 work within this. And we believe that impact
19 valuation of building operator certification
20 savings can help in areas, I'll say specifically
21 food service, where it is very difficult to bring
22 a real onboard intelligence to really help both
23 know what to do in terms of efficiency in
24 operation, and to be proactive in terms of retro-
25 commissioning.

1 So, we believe that valuation can help
2 provide the kind of subsidies that will bring
3 forward more graduates in areas that are tricky to
4 get to in terms of efficiency.

5 So, I appreciate the ability to speak
6 before this Commission, and I ask for your
7 consideration.

8 CHAIRPERSON DESMOND: Thank you, Mr.
9 Ryan. Commissioner Pfannenstiel.

10 VICE CHAIRPERSON PFANNENSTIEL: Mr.
11 Ryan, just to follow up on this. Do you have in
12 writing what you have explained to us? I'd be
13 interested, for example, in the interest in the
14 areas where this is offered. You know, what
15 percent perhaps of those who might be eligible for
16 such a program would choose to enlist in it, and
17 what the costs would be.

18 And if you have that in writing I'd
19 suggest that perhaps you provide it to the
20 Executive Director and he'd make sure that it got
21 used by the staff.

22 MR. RYAN: I did send an email to
23 Chairman Desmond yesterday that included a copy of
24 the study done in New England that just came out
25 in 2005. That does, indeed, include a lot of

1 those parameters. And I'd be happy to send it to
2 the Executive Director, as well.

3 VICE CHAIRPERSON PFANNENSTIEL: And I
4 think that, you know, after the staff has reviewed
5 it, the Energy Efficiency Committee would
6 certainly be interested in hearing more about it.
7 Thank you.

8 MR. RYAN: Thank you. And we'll be
9 working with the CPUC, as well, as intervenors in
10 this process to try to move this along.

11 CHAIRPERSON DESMOND: Thank you.
12 Commissioner Rosenfeld.

13 COMMISSIONER ROSENFELD: Mr. Ryan, I
14 just want to support what Commissioner
15 Pfannenstiel just said. The Efficiency Committee
16 is very interested in this. It's consistent with
17 the Governor's green buildings initiative.

18 There's discussion of extending this
19 sort of training specifically for demand response;
20 there's a lot of interest in the Center for Demand
21 Response at Berkeley.

22 So, actually I'd like to see a copy of
23 your report, if you'd email it to me, directly,
24 too. And we will certainly follow up. I think
25 you're on the right track, so thank you.

1 MR. RYAN: Thank you so much. I will do
2 so.

3 CHAIRPERSON DESMOND: Mr. Ryan, let me
4 just add two final comments or three. Number one,
5 I appreciate you taking the time today. I always
6 find that your comments are focused on practical
7 solutions that deliver real savings, particularly
8 in the area of the use of on-bill financing as a
9 way of allowing particularly small- and medium-
10 sized businesses to pay for efficiency upgrades.

11 Secondly, I would also draw your
12 attention to the report that Commissioner
13 Pfannenstiel worked very hard at getting out, that
14 we adopted at our last business meeting. And that
15 is the achieving demand response in existing
16 buildings. And there is a series of very specific
17 recommendations on recommissioning and
18 certification. And so I'm sure that will fit
19 perfectly with the work that staff has been doing.

20 And then lastly, number three, efficient
21 Blackberry use, I've already forwarded both your
22 comments, your email, to Commissioners Rosenfeld
23 and Pfannenstiel. And, you know, so they have it.
24 So it will save you the time there.

25 MR. RYAN: Okay. Thank you very much.

1 CHAIRPERSON DESMOND: Very good, thank
2 you.

3 Do we have anyone else on the phone?
4 No. Unless there are any other issues, this
5 meeting is concluded. Thank you.

6 (Whereupon, at 10:57 a.m., the business
7 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 25th day of January, 2006.

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