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DATE OCT 30 2006
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BUSINESS MEETING

BEFORE THE

CALIFORNIA ENERGY RESOURCES CONSERVATION

AND DEVELOPMENT COMMISSION

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

ORIGINAL

CALIFORNIA ENERGY COMMISSION

HEARING ROOM A

1516 NINTH STREET

SACRAMENTO, CALIFORNIA

MONDAY, OCTOBER 30, 2006

1:32 P.M.

Reported by:
Peter Petty
Contract Number: 150-04-001

COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, Chairperson

Arthur H. Rosenfeld

John L. Geesman

Jeffrey D. Byron

STAFF and CONTRACTORS PRESENT

Scott Matthews, on behalf of Executive Director Blevins

William Chamberlain, Chief Counsel

Don Kazama

Connie Bruins

Bob Eller

Yvonne Nelson

Rob Hudler

Bill Pennington

Dick Ratliff

Lisa DeCarlo

PUBLIC ADVISER

Nick Bartsch on behalf of Margret Kim

ALSO PRESENT

Mike Gabel
Gabel and Associates

Patrick Conlon
Director, Office of Energy Management
City of Palm Desert

Robert E. Raymer
California Building Industry Association

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P R O C E E D I N G S

1:32 p.m.

CHAIRPERSON PFANNENSTIEL: This is an unusually scheduled business meeting for the California Energy Commission. We'll begin with the Pledge of Allegiance. Please join me.

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

CHAIRPERSON PFANNENSTIEL: We'll begin with the consent calendar. Is there a motion on the consent calendar?

COMMISSIONER ROSENFELD: I move the consent calendar.

COMMISSIONER GEESMAN: Second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: It's approved.

Item 2, Possible approval to augment and extend six existing best practice trainer contracts, and add two more contracts that continue the industrial training and manufacturing site assessment program. Good afternoon.

MR. KAZAMA: Good afternoon, Commissioners. I'm Don Kazama with the energy

efficiency division. And I am standing in today for Mr. Clint Lowell, the program manager.

We are requesting that you approve eight contracts which directly support our work with California industry to provide training to them and conduct plants' assessments to enable the plants to save on electricity, natural gas, and thereby, operating costs.

We have been in this program now for approximately two years and have trained a number of industries across the board. It's been very successful and we would like to request that the Commission approve these contracts to continue to enable us to support this program.

Do you have any questions?

CHAIRPERSON PFANNENSTIEL: Thank you, Mr. Kazama.

I believe I, process-wise, need to read each of them into the record. But I believe we can have a motion on all of them as a group.

So, item 2.a. is possible approval of contract 400-06-008 for up to $24,500 with Janus Technology to provide industrial process heating system best practice training and site assessments.

2.b. Possible approval of contract 400-06-009 for up to $24,500 with Steam Engineering, Incorporated, to provide industrial steam system best practice training and site assessments.

2.c. Possible approval of amendment 1 to contract 400-05-003 with Arvind C. Thekdi adding up to $40,900 and extending the time period by two years to provide industrial process heating system best practice training and site assessments.

2.d. Possible approval of amendment 1 to contract 400-05-005 with Greg Case augmenting the contract by up to $8200 and extending the time period two years to provide industrial pump system best practice training and site assessments.

2.e. Possible approval of amendment 1 to contract 400-05-006 with Rogers Machinery Company, Incorporated adding up to $19,200 and extending the time period two years to provide industrial compressed system best practice training and site assessments.

2.f. Possible approval of amendment 1 to contract 400-05-007 with Ron Wroblewski augmenting the contract by up to $29,200 and extending the time period by two years to deliver the fan and motor system best practice training and site

assessments.

2.g. Possible approval of amendment 1 to contract 400-05-015 with Hudson Technologies Company to add up to $54,200 and extend the time period by two years to provide industrial steam system best practice training and site assessments.

2.h. Possible approval of amendment 1 to contract 400-05-016 with Draw Professional Services, Inc. adding up to $50,200 and extending the time period by two years to provide industrial compressed air system best practice training and site assessments.

Is there a motion for items 2.a. through 2.h.?

COMMISSIONER ROSENFELD: I so move.

COMMISSIONER GEESMAN: Second.

CHAIRPERSON PFANNENSTIEL: Are there questions or discussion on any of these items?

Hearing none, all in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Any opposition? Approved, thank you.

MR. KAZAMA: Thank you very much.

CHAIRPERSON PFANNENSTIEL: Item 3,

possible approval of a petition to install and new evolution compressor rotor in the Unit A turbine at the Midway Sunset Cogeneration Project. Ms. Bruins.

MS. BRUINS: Good morning, Chairman, Commissioners. Connie Bruins of the siting division's compliance unit.

The Midway Sunset Cogen project is a 225 megawatt natural-gas-fired facility located in Kern County. It's owned and operated by Midway Sunset Cogen. It was certified in 1987 and has been operational since May of 1989. The project uses cogeneration steam to aid in the enhanced oil recovery process.

Midway Sunset is seeking approval today to install a new compressor rotor in the Unit A turbine. The new serial number one rotor has computer-designed shaping and length. And I have a cross-sample here if anyone would like to see it. Commissioner Byron expressed an interest in this at the Siting Committee meeting.

COMMISSIONER BYRON: Thank you.

MS. BRUINS: There's been one minor change since the petition was submitted in July. The original amendment petition stated that the

new rotor would be installed in the spring of 2007. But due to delays in testing, the project owner now expects to install the new rotor in October of 2007.

The addition of the more efficient rotor will enhance reliability and fuel efficiency, increase generation by 7 megawatts, lower the heat rate and reduce emissions for NOx and CO.

The changes have been approved by the San Joaquin Valley Air Pollution Control District and the Siting Committee.

The post-certification amendments follow a public process. The notice of receipt was published on August 9th; staff's analysis was published on September the 13th. And since then there have been no requests for information.

Staff concludes that there will be no new or additional unmitigated significant environmental impacts or violation of LORS associated with the changes. The petition meets the required findings of Public Resources Code 1769. And we recommend approval of the petition and the revisions to condition of certification Air Quality-18.

The project owner and technical staff

are available if you have any questions.

CHAIRPERSON PFANNENSTIEL: Thank you. Are there questions? Commissioner Geesman.

COMMISSIONER GEESMAN: I would move approval of the petition.

COMMISSIONER BYRON: And I will second.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: It's approved, thank you.

MS. BRUINS: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 4, possible adoption of the energy emergency response plan. Public Resources Code sections 25216.5 and 25700 require the Energy Commission to review and update a plan every five years that responds to energy emergencies. The revised energy emergency response plan is consistent with state and federal regulations for emergency response agencies. Good afternoon.

MR. ELLER: Good afternoon, Commissioners. I'm Bob Eller; I'm the supervisor in the fuels and transportation division's special projects office. I'm sitting in for Sherry Stoner who could not be with us today. Also with me this

afternoon is Yvonne Nelson from our planning team.

The primary purpose of the Energy Commission's contingency planning program is to plan for and respond to energy emergencies in California. When an event occurs the energy emergency response team determines the nature, extent and duration of the emergency; and analyzes the potential impact of the event to the state's energy systems. Our response activities are coordinated with the Governor's Office of Emergency Services and other appropriate California state agencies, as well as the U.S. Department of Energy, neighboring states, local governments and private industry.

At the heart of these response in planning activities is the energy emergency response plan. The plan represents a dynamic planning process that identifies a management structure and defines the working relationships among the people who will respond to an energy emergency in order to provide an efficient and effective response.

The plan staff presents to you today is consistent with state regulations requiring emergency response agencies to adhere to the

standardized emergency management system, and with the recently revised national response plan that uses the national incident management system.

Staff recommends that the Commission adopt the 2006 energy emergency response plan. I'd be happy to answer any questions.

CHAIRPERSON PFANNENSTIEL: Thank you. Are there questions or comments? Is there a motion?

COMMISSIONER GEESMAN: I'll move it.

COMMISSIONER BYRON: I will second it.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: The emergency response plan is approved.

MR. ELLER: Thank you.

CHAIRPERSON PFANNENSTIEL: Thank you.

Item 5, possible approval of the City of Palm Desert's adoption and enforcement of a local ordinance for residential and nonresidential buildings requiring energy efficiency standards more stringent than the 2005 building energy efficiency standards.

MR. HUDLER: Good afternoon, Commissioners. My name is Rob Hudler. Staff is

before you today to request your approval of a local ordinance from the City of Palm Desert. Their ordinance will exceed the Title 24 standards for the 2005 cycle.

The statutes for the building standards under 10106 have specific reporting requirements for local jurisdictions to provide for the Commission's approval. Those are two parts. The first part is a technical analysis which shows what kind of exchanges or tradeoffs they're using to get their energy efficiency. And staff is required to review that analysis and determine whether it is correct. Staff has done that, and staff has been in meetings with the consultants and found that the report is, in fact, correct.

The second secondary part of their reporting requirement is to do a cost analysis. And while they are required to provide a cost analysis, there is no specific review requirements by the Commission. It's basically justification by the local agency, itself.

Staff have received comments that there is some concern related to the analysis specific to how it ends up related to the cost analysis. We believe that that is not within the

jurisdiction of the Commission to consider. And that this is an issue that must be dealt with between the local agencies and the parties concerned.

I have here Mike Gabel for Gabel Associates, who did the consulting work. And Pat Conlon from the City of Palm Desert to answer any questions. Staff is also available. And I understand we've also received additional comment.

CHAIRPERSON PFANNENSTIEL: Thank you, Mr. Hudler. Yes, Mr. Raymer from the CBIA has asked to speak. But let me first ask the City of Palm Desert whether the question of cost effectiveness has been considered.

MR. CONLON: Yes, it has.

MR. GABEL: This is Mike Gabel. I think our analysis was quite in depth in trying to use many different home prototypes that we developed as a worst case scenario where the builder wanted to use actually more glass than the prescriptive standards.

And we have been working with ConSol, who's BIA's consultant, and communicating about details of our models and trying to work out where we have differences. But we have already done a

new analysis in the last week which uses their assumptions, but the results still prove to us it's still very cost effective.

CHAIRPERSON PFANNENSTIEL: So your cost effective analysis has been submitted to our staff and we have reviewed it, reviewed the fact that it has been accepted?

MR. GABEL: Yeah, we sent that information to staff.

CHAIRPERSON PFANNENSTIEL: Mr. Raymer, would you like to provide some comments at this time?

MR. RAYMER: Thank you, Madam Chair and Commissioners. I'm Bob Raymer, Technical Director for the California Building Industry Association. And today I have with me James Brownyard (phonetic) from the BIA's Southern California Desert Chapter. And their jurisdiction includes Palm Desert.

Getting right to the point, CBIA and BISE, respectively, would request the Commission to defer action on this item to a future meeting date, preferably 45 to 60 days down the road.

This request is made primarily to allow for continued discussion between the local BIA

Staff, which has just recently started, and the representatives of the local jurisdiction, the City of Palm Desert.

Including in these discussions would be the consultant hired by Palm Desert, which is Michael, who produced most of the documents before you today; our consultants, which you're familiar with; but, most importantly, the BIA Staff and the Palm Desert City Staff.

Our primary concern is the cost effectiveness documentation. As per section 10-106 of Title 24, Part 1, the applicant in this case, the City of Palm Desert, is required to provide the CEC with a number of documents, including one that includes, quote, "the basis of the agency's determination that the local proposed standards are cost effective." Not just what they cost, but that they are cost effective.

The building industry has reviewed the documentation and has analyzed the assumptions over the last two weeks and conclusions therein. And it is our assertion that the proposal is clearly not cost effective at this point. Not that it can't be made to be cost effective.

As such, it is our view that the City of

Palm Desert, to date, has not complied with section 10-106 of part 1.

I realize that under the Administrative Code and under the statutory mandates of Public Resources Code your limitation on review of the content of the document is quite limited. But the fact of the matter is, it does need to be a cost effectiveness analysis that's been turned in.

If the CEC does no review at all of this that effectively is saying that the jurisdiction -- and I'm not saying that Palm Desert would do this -- but that a jurisdiction in the State of California could turn in anything and title it cost effectiveness documentation, and meet their statutory obligations. And I doubt seriously that that's why the statute was done like that back in the end of the '70s and early '80s.

There is also serious question as to why the CEC's basecase package D features were not used as the basis for determining cost effectiveness of this proposal. And while this may not be a statutory or administrative mandate on the local jurisdiction, departing from the CEC's assumptions in using home features and designs which vary substantial from those in the

local market, raise concern by industry.

More importantly, we strongly question the basecase assumptions that were used in the Palm Desert proposal.

As Michael indicated, our consultants are now in discussions with Michael. And I, quite frankly, am optimistic that these concerns will be dealt with over the next four to five weeks.

On this point it should be noted that the PUC's Division of Ratepayer Advocates and TURN have also raised serious concern with regards to the cost effectiveness analysis of the Palm Desert proposal. This is made clear in their response to Southern California Edison's filing to utilize this ordinance as part of their public filing with the PUC.

I would also like to raise three other issues for the CEC to consider. The impact on low- and moderate-income housing. With regards to first cost, the local ordinance treats all homes equally. Put differently, a 1500-square-foot home is also going to see a first cost of about $4000, according to their figures, added to the initial asking price of the home. And given the smaller square footage involved, the payback will be even

longer for the 3000-square-foot home.

The housing market has changed drastically over the past 12 months. Adding $4000 to the price of a new home will have a substantial impact on housing affordability. One might even venture to say that it would kill the affordable market that exists there today. And that affordable market is quite small, to say the least.

Our second point regards local effective date and significant enforcement concerns. While the CEC agenda indicates that the City of Palm Desert plans to implement this program starting November 1, it's my understanding that that has changed. That the local effective date is most likely being moved back to January 15th of 2007.

Even so, given our extensive experience with this issue of industry compliance and local enforcement of the state energy efficiency standards over the past 25 years, there is simply no way, in our opinion, that the affected parties in the City of Palm Desert can competently gear up on this in only 60 days. Given past practice, the compliance window this short will result in poor compliance, plans being kicked back by the plan

checkers that are up to speed, and costly delays from mistakes being discovered in the field.

Primarily this will trigger purchasing contracts that will have to be renegotiated and altered at the last minute. And these renegotiations at the last minute will be very very expensive, and will certainly not have been considered in the cost impact analysis done by the consultant.

Case in point, when dealing with the state changes in the building code, including those adopted by the Energy Commission, Health and Safety Code 18938.5 requires a minimum of six months lead time between the publication date of the state code and the local effective date of the state code. It's there for a reason. We cannot simply assimilate the stuff overnight.

And in our view, a 45- to 60-day timeline is simply not enough to absorb this into the building code process without effecting some major cost impacts on us that weren't included in the analysis.

And lastly, the precedent for other jurisdictions. Given the very predictable nature of the CEC's regular updating of California's

energy code, it is asking a great deal for industry, subcontractors, designers and local enforcement to keep up to speed on these very complex regulations. A patchwork quilt of local energy ordinances may well be counter-productive to the state's interest in seeing its own regulations implemented and enforced well.

Considering what we learned, CBIA and the Energy Commission, together, what we learned in the mid 1990s, and that is there had been so many changes done in so little time that were so complex that both industry, the design professionals and the enforcement community had fallen way behind the curve and the effective implementation of the state regulations.

We found in many jurisdictions, and some of these jurisdictions were major jurisdictions with large volume construction, that we were out of compliance in some cases by over 15 percent. That is huge, given that the changes were usually 5 percent every three years. In some cases we were nine years out of compliance. And that was bad.

But we learned from that that it takes a good strong and ongoing educational program to

keep everybody involved up to speed and that educational program has to be consistently implemented in an ongoing fashion to make sure that we don't fall behind the curve.

We are just now learning to do the 2005 update well. It's taken awhile. The City of Palm Desert is about to add 10 to 15 percent on top of that. The building industry will probably comply with it down the road, do their best to comply with it as soon as possible. But it's going to create problems.

So, once again, we would strongly urge you to defer action on this for another 6 days so that the CEC Staff, the BIA Staff, the CBIA Staff can discuss this a little bit longer with the Palm Desert City Staff.

Thank you very much.

CHAIRPERSON PFANNENSTIEL: Thank you, Mr. Raymer.

Mr. Pennington, I see you moved up to the table. Is that for comments?

MR. PENNINGTON: Yeah, I just wanted to reiterate that the Commission has very narrow authority for reviewing these proposals from local governments. That our determination is not to

evaluate the basis of the local government's determination. It's to judge whether or not they made a determination, and whether or not they submitted the document to us. So, just wanted to mention that again.

A comment was made that DRA and TURN may have some concerns with this ordinance. We have heard of no such concerns that have been raised directly with us. There is a much larger activity that's going on that Southern California Edison is working with the City of Palm Desert to develop local initiatives. And there may be some reservation on the part of those people in the proceeding overseeing that project. But we have heard no criticism of this particular ordinance by those organizations.

MR. RAYMER: I will leave the filings off with Mr. Pennington that have been sent to the PUC and then sent back from the PUC regarding that.

My response is just as the CEC has limited authority in the review of this, the CEC is not necessarily obligated to approve this today. And we're simply asking that you defer taking action for a limited period of time so that

we could continue our discussions.

I do foresee us coming to terms on this. It's just that we can't do it within the next few seconds. Thank you.

CHAIRPERSON PFANNENSTIEL: Are there questions from the Commissioners? I -- go ahead, Commissioner Geesman.

COMMISSIONER GEESMAN: No.

CHAIRPERSON PFANNENSTIEL: I was going to ask, I see Mr. Ratliff is here, and I was going to ask him for his opinion on what our authority is vis-a-vis the cost effectiveness calculation. Do we just need to make sure that one has been done that satisfies the local authority? Are we supposed to draw a conclusion about the cost effectiveness of the proposed building ordinance?

MR. RATLIFF: Well, the question goes to the peculiar way in which the particular statute is written. It basically says that nothing in the language of our statute regarding building standards prevents the enforcement of a local ordinance so long as two things occur. The first is the filing of the cost effective analysis with the Commission; and the second is as has been stated previously, is the Commission's

determination that the local ordinance results in a diminution of energy consumption at least equal to or better then that of the existing standards that the Energy Commission has previously adopted.

So, we are not, on the face of the language in the statute, required to do anything with the cost effectiveness analysis. And, in fact, that is mirrored in our regulation which requires the filing of such a basis, but not any determination by the Commission as to its accuracy or adequacy.

CHAIRPERSON PFANNENSTIEL: Thank you. Are there questions from the Commissioners? Commissioner Geesman.

COMMISSIONER GEESMAN: I have one for Bob. I appreciate you having exalted us to the position of the Palm Desert City Council, but, you know, all of your arguments, I would think, should achieve some resonance there. Have you not had an opportunity yet to present your case to the city council?

MR. RAYMER: Well, James and his boss have just recently initiated discussions with the local jurisdiction over this. While the proposal has been under development for some time, they had

not been informed of this process, which, I must say, jurisdictions have different ways of going about doing the same thing.

And I'm most familiar with fire safety regulations that jurisdictions do. And usually, although those can be very contentious between industry and the local jurisdiction, there's usually about a year's worth of development between the parties.

Here they've basically established a dialogue over the last couple weeks, even though this has been a proposal that's been, to my understanding, under development for some time within the jurisdiction.

That's very problematic. And my concern here is that I've been very familiar with the statute for many many years. As it was first put into the Public Resources Code back in the late '70s, early '80s, the main intent of the statute was that many legislators were concerned that because of some fighting going on between CBIA and the Energy Commission back in the early '80s, they were afraid that maybe the state standards weren't going to be taking effect, and that locals should have the ability to do this.

Well, this has been a statute that's been in there for some time and local jurisdictions have, over the years, taken advantage of the statute.

And I've got to say, a lot of the comments that have been raised today by Mr. Ratliff and others are to the point. But it also raises the issue, this is in the statute, that this finding of cost effectiveness be submitted to the CEC. What if, hypothetically, a jurisdiction, not Palm Desert, but any jurisdiction, approached you using a discount rate of zero percent and indicated that it's their understanding that there's a good chance that the cost of electricity will triple over the next year. Just about anything on the planet could be made cost effective.

Does the CEC just simply rubber-stamp this? I'm not sure that was really the intent of the legislation. But, once again, it's your call. We're just simply asking for a little bit more time because the dialogue has been initiated, and we think it could come to fruitful end.

COMMISSIONER GEESMAN: Well, your question poses an interesting issue, but that's

why we don't respond to hypothetical questions. This area of land use, the regulation of buildings, I think we're better advised to defer to local governments whenever and wherever we can.

The statute clearly carves out a pretty significant role for local jurisdictions that want to take action in this area. I think that, you know, your suggestion that a pause here might be well advised probably better focused on the city council. And maybe they would choose to delay their implementation of the ordinance.

But I don't see a reason here why we should hold them up or, for that matter, why we really could hold them up. They've met all of the requirements the statute imposes on them. And I think in good faith we're supposed to discharge our obligations in a timely way.

MR. RAYMER: Understood. Thank you.

CHAIRPERSON PFANNENSTIEL: Further discussion or questions?

COMMISSIONER GEESMAN: I would move approval of the staff recommendation.

COMMISSIONER BYRON: Second.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Thank you for the discussion; it's been approved.

MR. HUDLER: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 6, possible approval of an order instituting rulemaking to adopt regulations, Senate Bill 1368, establishing a greenhouse gases emission performance standard for baseload generation facilities, a process for calculating the emissions of greenhouse gases from baseload facilities, enforcing the standard, and establishing a process for re-evaluating and revising the standard as necessary. Ms. DeCarlo.

MS. DeCARLO: Good afternoon, Chairman, Commissioners. Lisa DeCarlo, Senior Staff Counsel.

I'm presenting a proposed order instituting rulemaking for your consideration. This OIR would establish a rulemaking proceeding pursuant to SB-1368 to establish a greenhouse gas emission performance standard for baseload generation facilities by June 30, 2007. It would also establish a process for calculating the emissions of greenhouse gases from baseload facilities, and enforcing the standard; and

establish a process for re-evaluating and revising, as necessary, the greenhouse gases emission performance standard.

I'm available for any questions you may have.

CHAIRPERSON PFANNENSTIEL: Are there questions?

COMMISSIONER BYRON: A comment, if I may. I think this is primarily for my fellow Electricity Committee Member who was traveling last week, just to let you know, Commissioner Geesman, that I did meet with the CMUA and Director of SMUD last week. And I'm aware that there are a number of meetings that are underway, even as we speak right now, with the PUC and the Air Resources Board in close cooperation and coordination on this issue. I hope to also meet with one of my fellow PUC Commissioners.

Where I'm going with all of this is we have an extremely aggressive schedule to complete this. And we're going to be very challenged to meet the June 30th deadline, which I am completely committed to. And certainly appreciate and welcome all this close coordination with the PUC, and the full participation of the publicly owned

utilities, some of which I see are here today, as well.

So, it's extremely important. We've got a lot to do here over the next couple of months. And I just wanted to emphasize how committed we are to getting this done by June 30th.

CHAIRPERSON PFANNENSTIEL: Thank you, Commissioner Byron. I would suggest that we are moving already at blinding speed to have an OIR in front of us so soon after the legislation was signed. I take that as good work and a good beginning. But there's a lot to be done here.

Further discussion? Questions? Commissioner Geesman.

COMMISSIONER GEESMAN: I guess I would add to Jeff's comments just the fact that I think we ought to be both committed to the statutory deadlines, which are important, but also to the due process obligations that our statute and just good government require. And make certain that all parties are given an opportunity to be heard from and fully immerse themselves in our process.

I know that we will conduct it in a quite transparent fashion. And I know the statute also provides the additional challenge of

coordinating our process with the Public Utilities Commission. And I think we should strive to do that in a way that's both transparent and which affords the participants in our process all the due process that they're entitled to.

CHAIRPERSON PFANNENSTIEL: Other discussion? Is there a motion?

COMMISSIONER BYRON: I'll move the item.

COMMISSIONER GEESMAN: Second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: The OIR is approved.

MS. DeCARLO: Thank you.

CHAIRPERSON PFANNENSTIEL: Approval of minutes. Approval of the October 3, 2006 business meeting minutes.

COMMISSIONER ROSENFELD: I move the minutes.

COMMISSIONER BYRON: Second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

COMMISSIONER GEESMAN: I'm going to have to abstain, Madam Chair.

CHAIRPERSON PFANNENSTIEL: Yes. One

abstention. Thank you.

Approval of the minutes of the October 11, 2006 business meeting.

COMMISSIONER ROSENFELD: I move the minutes for October 11th.

COMMISSIONER BYRON: Second.

COMMISSIONER GEESMAN: And another abstention.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Both sets of minutes have been approved.

Commission Committee presentations or discussion. Any discussion from the Commission? Hearing none.

Moving on to the Chief Counsel's report.

MR. CHAMBERLAIN: I have no report today, Madam Chair.

CHAIRPERSON PFANNENSTIEL: Thank you, Mr. Chamberlain.

Executive Director's report, Mr. Matthews.

ASSISTANT EXECUTIVE DIRECTOR MATTHEWS: Neither do I.

CHAIRPERSON PFANNENSTIEL: Thank you.

Leg Director's report. I see nobody from the Leg Office.

Public Adviser's report.

MR. BARTSCH: Madam Chair, Members, Nick Bartsch representing Margret Kim. Nothing new to report.

CHAIRPERSON PFANNENSTIEL: Thank you. Public comment. Anybody seeking to address the Commission?

Hearing none, we will be adjourned. Thank you.

(Whereupon, at 2:07 p.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 1st day of November, 2006.