

DOCKET

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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 31, 2007

10:02 A.M.

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

COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, Chairperson

Arthur H. Rosenfeld

James D. Boyd

John L. Geesman

Jeffrey D. Byron

STAFF and CONTRACTORS PRESENT

B.B. Blevins, Executive Director

Arlene Ichien, for Chief Counsel

Mike Smith, Legislative Director

Harriet Kallymeyn, Secretariat

Judy Grau

Mark Hesters

Norman Bourassa

Terry Thompson

Martha Brook

Tambu Kiosoki

Betty Chrisman

Erin Bright

PUBLIC ADVISER

Nick Bartsch for Margret Kim

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P R O C E E D I N G S

10:02 a.m.

CHAIRPERSON PFANNENSTIEL: This is the California Energy Commission's business meeting of January 31st. Please join us in the Pledge of Allegiance.

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

CHAIRPERSON PFANNENSTIEL: We have a couple changes to today's agenda to note. First of all, item 2 has been moved to the next business meeting; that's the February 14th business meeting.

Also at the conclusion of this meeting we will go into executive session for a short time for a personnel matter.

And then the public meeting will reconvene at 1:30 today back here in this room for a presentation by APX on white- and green-energy certificates. That was arranged by Commissioner Rosenfeld.

With that, we should take up the consent calendar. Any motion on the consent calendar?

COMMISSIONER ROSENFELD: I move the consent calendar.

1 COMMISSIONER GEESMAN: Second.

2 CHAIRPERSON PFANNENSTIEL: All in favor?

3 (Ayes.)

4 CHAIRPERSON PFANNENSTIEL: Consent

5 calendar is approved.

6 Item 3, possible adoption of forms and
7 instructions for submitting electric transmission
8 related data. And I will note that there have
9 been some nonsubstantive changes, mostly
10 deletions. And I believe that the revised version
11 is outside, is that correct?

12 MS. GRAU: We have an errata outside on
13 the table.

14 CHAIRPERSON PFANNENSTIEL: Thank you.

15 Good morning.

16 MS. GRAU: Good morning.

17 MR. HESTERS: Good morning,

18 Commissioners. We have the transmission forms and
19 instructions up for adoption.

20 A brief summary of the procedural
21 history is that on January 10th we published the
22 draft forms. On January 16th we had a public
23 workshop asking for written comments by January
24 19th.

25 As a result of the workshop we made some

1 minor changes to the forms and instructions. We
2 received no written comments. What you have
3 before you are the final forms and instructions
4 with some changes to the confidentiality section
5 that were made as of this morning.

6 CHAIRPERSON PFANNENSTIEL: Any
7 questions, discussion? Yes, Commissioner Byron.

8 COMMISSIONER BYRON: Thank you, Madam
9 Chairman. Yes, the Electricity Committee had a
10 chance to review this and we've recommended them.
11 I also saw the last-minute changes that came in
12 for the confidentiality designation. And I think
13 it just makes the language more clear. I don't
14 think it's any substantive change.

15 And so I move the item.

16 COMMISSIONER GEESMAN: I'll second the
17 item with a mild grumble about the last-minute
18 nature of the nonsubstantive changes to the
19 confidentiality section.

20 CHAIRPERSON PFANNENSTIEL: Thank you,
21 Commissioner Geesman, for the mild grumble.

22 (Laughter.)

23 CHAIRPERSON PFANNENSTIEL: We all sort
24 of share that.

25 COMMISSIONER BOYD: I think it had

1 something to do with lawyers, but I wouldn't want
2 to say that to my fellow lawyer here.

3 CHAIRPERSON PFANNENSTIEL: It's been
4 moved and seconded.

5 All in favor?

6 (Ayes.)

7 CHAIRPERSON PFANNENSTIEL: Any
8 opposition? Thank you.

9 Item 4, Possible approval of contract
10 500-06-028 for \$450,000 for the Department of
11 Energy National Renewable Energy Laboratory to
12 research and develop software to provide rapid
13 solar energy performance analysis for new homes.
14 Good morning.

15 MR. BOURASSA: Good morning,
16 Commissioners, Director, and attendees. My name
17 is Norman Bourassa; I'm with the PIER buildings
18 program.

19 This proposed contract with National
20 Renewable Energy Laboratory will provide the
21 California market with new forward-thinking
22 software tools that support advanced solar home
23 and solar community design. The total cost for
24 this project is, as you said, 450K over two and a
25 half years.

1 The two PIER-funded software products
2 called Building Energy Optimization, California
3 version, which we refer to as BeOpt-CA, and the
4 subdivision energy analysis tools, which we refer
5 to as SEAT, will be developed with a large amount
6 of user feedback from the target stakeholders.

7 The SEA software will interactively
8 display the energy impacts of solar photovoltaic
9 output, solar hot water output, space heating and
10 space cooling loads in real time as the user
11 develops community street layout. This type of
12 analysis has the potential to inform and benefit a
13 whole host of interest groups from planning
14 jurisdictions to end developers.

15 Currently there are no software tools
16 for this type of community design analysis, and
17 there's little to no consideration of the energy
18 impacts on a street layout.

19 We hope that SEA will offer an entirely
20 new way of evaluating subdivision street layout
21 such that energy can be a forethought design
22 consideration in the early stages of community
23 planning.

24 Also in preparation for future and
25 already-in-progress California solar home

1 incentive programs, the Energy Commission is in
2 need of inhouse development tools that can inform
3 the Commission Staff of cost effective ways that
4 residential buildings can expand the use of solar
5 systems.

6 With the BeOpt-CA software it's our goal
7 to have this type of analysis tool for future
8 improvements to the residential Title 24 building
9 energy efficiency standards. This project is
10 included in the 2006/07 PIER buildings budget.
11 The work scope was developed with significant
12 input from the Title 24 and renewable energy
13 program staff. The R&D Committee has approved the
14 project and I'm here to answer any questions.

15 CHAIRPERSON PFANNENSTIEL: Can you give
16 me some sense of how this tool relates to the
17 PLACES tool, which is also a community-based
18 planning tool?

19 MR. BOURASSA: Right. We had
20 significant discussions with the environmental
21 analysis group. Through our discussions with them
22 the EPLACES tool is more strategic, long-term
23 planning. This is immediate and small subdivision
24 design feedback, immediate. It doesn't look at
25 the environmental impacts, other than just energy

1 associated with solar access to individual houses
2 due to the community's orientation and street
3 design.

4 In significant discussions with Gina
5 Barkalow we came to the conclusion that there were
6 no significant overlaps, although it can
7 supplement the EPLACES tool, and they are looking
8 at ways to do that in the future.

9 CHAIRPERSON PFANNENSTIEL: And when will
10 this tool be available for our use?

11 MR. BOURASSA: It's a 30-month project,
12 two and a half years; beta version will result
13 from it and will be freely available to the
14 public. It'll go to the public domain and we're
15 expecting that to be in the second quarter of 2009
16 that would be.

17 CHAIRPERSON PFANNENSTIEL: Thank you.
18 Are there further questions?

19 COMMISSIONER ROSENFELD: I move the
20 item.

21 COMMISSIONER GEESMAN: I'll second it
22 with the observation that I do think this is a
23 good followup, even though it predates our 2006
24 IEPR update, it is a valuable piece in the toolbox
25 that we'll be providing the public and local

1 government in addressing energy and land use
2 considerations.

3 And hopefully as that recommendation
4 from the 06 IEPR takes on momentum and gets
5 expressed in the AB-32 plan, these types of tools
6 will be seen as valuable contributors to the
7 state's achieving our climate goals.

8 MR. BOURASSA: Exactly.

9 CHAIRPERSON PFANNENSTIEL: We hope that
10 they will be used accordingly.

11 MR. BOURASSA: So do I.

12 CHAIRPERSON PFANNENSTIEL: Moved and
13 seconded.

14 All in favor?

15 (Ayes.)

16 CHAIRPERSON PFANNENSTIEL: It's been
17 approved.

18 MR. BOURASSA: Thank you.

19 CHAIRPERSON PFANNENSTIEL: Thank you.

20 Item 5, possible approval of an agreement with the
21 U.S. Department of Energy for an \$88,500
22 augmentation to an existing grant, FED-03--15 for
23 \$299,985; and authority for PIER to administer the
24 grant augmentation to the sub-awardee, the Regents
25 of the University of California, Sponsored Project

1 Office, University of California, Berkeley. Good
2 morning.

3 MS. THOMPSON: My name is Terry Thompson
4 with the PIER EPAG program and I'm requesting that
5 you approve an \$88,500 augmentation to an existing
6 PIER grant with the Regents of the University of
7 California for the operation of the Pacific Region
8 Combined Heat and Power Application Center. The
9 grant is funded by the U.S. Department of Energy
10 States Energy program.

11 The PRAC works with stakeholder groups
12 to formulate and implement CHP technology
13 development, commercialization, and support
14 programs in the Pacific region. The PRAC promotes
15 information exchange, education and technical
16 assistance to target customers.

17 Under the existing grant the PRAC
18 provides targeted presentations and workshops in
19 areas deemed necessary to further the penetration
20 of CHP into the marketplace. It compiles detailed
21 baseline assessments of CHP potential, local
22 energy market conditions, key stakeholders, the
23 regulatory and policy conditions and issues.

24 It conducts feasibility studies and
25 project profiles, and assists in the development

1 of economically viable CHP projects for the end
2 users, especially projects as showcase sites in
3 high profile and/or high exposure areas.

4 The PRAC is also preparing a
5 sustainability plan to continue PRAC activities
6 after grant funding expires. The additional funds
7 will allow the PRAC to conduct a waste-heat-to-
8 power workshop and roadmap with the Northwest and
9 Gulf Coast RACs; conduct an additional targeted
10 CHP market workshop in 2007; refine the Berkeley
11 Lab's distributed energy resource customer
12 adoption model so it can be used to assess CHP
13 system operation in a California commercial
14 customer context; and to conduct two additional
15 project feasibility screening studies and three to
16 four additional project profile studies.

17 I am recommending approving this grant
18 augmentation, and I'm happy to answer any
19 questions on the proposed grant augmentation at
20 this time.

21 CHAIRPERSON PFANNENSTIEL: Thank you.
22 Are there question?

23 COMMISSIONER GEESMAN: I'll move the
24 item.

25 COMMISSIONER ROSENFELD: I'll second.

1 CHAIRPERSON PFANNENSTIEL: All in favor?

2 (Ayes.)

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

5 Item 6, possible approval of contract
6 500-06-029 for \$1,429,841 with Heschong Mahone
7 Group to conduct hot water distribution system
8 research in single- and multifamily applications.
9 Ms. Brook, good morning.

10 MS. BROOK: Good morning. I'm Martha
11 Brook with the PIER buildings program. This
12 proposed contract includes three major research
13 projects. One is multifamily hot water
14 distribution system onsite intervention and
15 monitoring study.

16 The second is a hot water piping
17 laboratory test project. And the third is a
18 showerhead test standard development project.

19 This will be an integrated program of
20 research that analyzes how hot water distribution
21 systems function in the field, and what factors
22 lead to successful outcomes. It will identify
23 what aspects of system design, operation and
24 maintenance offer the greatest opportunities for
25 energy savings from utility programs and changes

1 to water and energy efficiency standards. And
2 which of these opportunities can most readily be
3 achieved, given cost constraints, typical design
4 practice and available technologies.

5 Many energy-saving opportunities will be
6 identified and quantified; and market change will
7 be achieved by providing evidence of achievable
8 savings to building owners and designers;
9 providing design advice to make the design process
10 easier and cheaper; working with product
11 manufacturers to improve performance and/or
12 reliability; and informing the development of
13 codes and standards and utility efficiency
14 programs.

15 This work is follow-on research from a
16 2005 PIER buildings program entitled, develop
17 recommendations to improve hot water equipment and
18 system efficiencies in California homes.

19 Heschong Mahone Group, as well as the
20 subcontractor that's doing the hot water pipe
21 laboratory tests were involved in the 2005
22 research, and we've identified this research that
23 we're proposing today as follow-on research in
24 both multifamily water heating and hot water pipe
25 laboratory testing.

1 The showerhead test standard development
2 work is new. And we're working with Michael
3 Martin in the appliance standards, as well as the
4 Association -- ASME, American Society of
5 Mechanical Engineers, and the Canadian Standards
6 Association, who are developing new showerhead
7 test procedures. And we're going to be
8 contributing our research in that development
9 process.

10 So we won't be developing separate
11 standards; we're going to help them understand
12 what's important to consumers and maybe pilot some
13 of their test procedures; and understand how
14 products rate with those new test procedures.

15 I'm here to answer any questions that
16 you have. And this item has been approved by the
17 R&D Committee.

18 CHAIRPERSON PFANNENSTIEL: Thank you,
19 Martha. Would you give me a sense, is this
20 primarily a water saving project, or is it
21 primarily an energy saving project with water
22 implications? How should we think about it?

23 MS. BROOK: I think you should think
24 about it as energy savings with -- and there'll be
25 some water savings, as well. But it's mostly

1 energy.

2 CHAIRPERSON PFANNENSTIEL: And the
3 reason it was a sole source is that Heschong
4 Mahone did the earlier work and this is follow-on
5 to that, not a --

6 MS. BROOK: Right. That's why.

7 CHAIRPERSON PFANNENSTIEL: Is it a
8 separable project, or was it necessary to get the
9 benefit of the earlier work? I didn't see enough
10 description of the early work, so I wasn't sure
11 where that ended and this started.

12 MS. BROOK: It's really -- we identified
13 this work as necessary based on the earlier
14 research. And Heschong Mahone Group brought a
15 proposal that was cost effective and leveraged the
16 earlier work that we'd done for them. We'd
17 already purchased some equipment, monitoring
18 equipment, that we're going to be using again in
19 this study.

20 And that's very much true for the other
21 significant project, the hot water piping
22 laboratory tests. We've already established a
23 laboratory test facility; and it would just cost a
24 lot more money to start over with somebody else at
25 this time to do that work.

1 Is there any other questions?

2 COMMISSIONER BOYD: Madam Chair.

3 CHAIRPERSON PFANNENSTIEL: Yes,
4 Commissioner Boyd.

5 COMMISSIONER BOYD: Just building on
6 your question about energy versus water, I would
7 note that this is funded out of the natural gas
8 research budget, which is a little bit newer to
9 this agency. And the Natural Gas Committee did
10 play a role in fashioning that budget.

11 So, we, too, look upon this as an energy
12 savings, particularly in the natural gas arena; a
13 potential that we support.

14 CHAIRPERSON PFANNENSTIEL: Thank you.
15 Is there a motion? Further questions?

16 COMMISSIONER ROSENFELD: I move item 6.

17 COMMISSIONER GEESMAN: Second.

18 CHAIRPERSON PFANNENSTIEL: All in favor?
19 (Ayes.)

20 CHAIRPERSON PFANNENSTIEL: It's
21 approved; thank you.

22 MS. BROOK: Thank you.

23 CHAIRPERSON PFANNENSTIEL: Item 7,
24 possible approval of amendment 1 to contract 600-
25 06-008 to add \$18,574.11 as a final deposit and

1 remaining balance to the Hotel Nikko in San
2 Francisco for meeting rooms, food and beverage,
3 and audiovisual requirements for the International
4 Energy Project Financing Conference. Good
5 morning.

6 MR. KIOSOKI: Good morning,
7 Commissioners. My name is Tambu Kiosoki with the
8 Export program. The contract amendment is to
9 provide support for the International Energy
10 Project Financing Conference. Is amendment as to
11 things, an extended contract to cover a new
12 conference date, which has been changed from
13 February to April 2007. And the contract term has
14 therefore been extended to April 2007. And a
15 second add funding for the remaining conference
16 facility costs.

17 CHAIRPERSON PFANNENSTIEL: Are there
18 questions?

19 COMMISSIONER BOYD: I'll move the item.
20 It was reviewed by the Transportation Committee.

21 COMMISSIONER GEESMAN: Second.

22 COMMISSIONER BYRON: If I may add
23 something?

24 CHAIRPERSON PFANNENSTIEL: Yes,
25 Commissioner Byron.

1 COMMISSIONER BYRON: I had the pleasure
2 of attending this conference, I believe about six
3 years ago. And I thought it was an excellent
4 forum then for the export of California
5 technologies. And it's with pleasure that I now
6 get to vote on the continuance of funding this
7 conference. Thank you.

8 CHAIRPERSON PFANNENSTIEL: Thank you.
9 It's been moved and seconded.

10 All in favor?

11 (Ayes.)

12 CHAIRPERSON PFANNENSTIEL: Opposed?

13 MR. KIOSOKI: Thank you very much.

14 CHAIRPERSON PFANNENSTIEL: Thank you.

15 Item 8, possible approval of purchase
16 order 06-433.00-010 with Setka, Incorporated, for
17 \$124,925 to assist the Commission in accomplishing
18 several necessary tasks to continue to collect and
19 publish appliance efficiency data. Good morning,
20 Ms. Chrisman.

21 MS. CHRISMAN: Good morning. For the
22 record I'm Betty Chrisman, Program Manager of the
23 Energy Commission's appliance efficiency program.

24 Today staff is seeking approval of this
25 purchase order with Setka, Incorporated, for

1 \$124,925 in order to complete several necessary
2 changes to the Energy Commission's applicant
3 database.

4 The appliance database is the
5 cornerstone of the appliance efficiency program's
6 efforts to insure manufacturer certification and
7 the Commission's ability to collect and publish
8 appliance-specific energy efficiency data.

9 Work done under this purchase order will
10 complete the conversion to the re-engineered
11 appliance database, thus enabling appliance
12 efficiency program staff to more efficiently and
13 effectively process the heavy influx of data
14 anticipated as a result of the Energy Commission's
15 victory in the recently concluded trade
16 association litigation.

17 Additional work performed under this
18 contract will add program and management features
19 and application security, and incorporate needed
20 changes to the inhouse searchable appliance
21 database on the Commission's energy net.

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

1 The Efficiency Committee has approved
2 this item. Staff would appreciate your approval
3 of this purchase order, and I'm happy to answer
4 any questions.

5 CHAIRPERSON PFANNENSTIEL: Thank you.
6 Are there questions?

7 COMMISSIONER ROSENFELD: I move the
8 item.

9 COMMISSIONER BOYD: I'll second it.

10 CHAIRPERSON PFANNENSTIEL: All in favor?
11 (Ayes.)

12 CHAIRPERSON PFANNENSTIEL: It's
13 approved. Thank you.

14 MS. CHRISMAN: Thank you.

15 CHAIRPERSON PFANNENSTIEL: Item number
16 9, possible approval of agreements to purchase
17 2007 model year school buses. The school
18 districts replacing their existing pre-April 1977
19 school buses. The school districts will destroy
20 one pre-April 1977 bus for each 2007 bus they
21 receive under this agreement. And this is funded
22 by the California Air Resources Board.

23 I would note that there are 21 different
24 school districts included in this program for an
25 average of \$130,000 per bus. Good morning.

1 MS. BRIGHT: Good morning, Chairman and
2 Commissioners. My name is Erin Bright; I work in
3 the emerging fuels and technology office here at
4 the Commission.

5 I'm seeking approval today for contracts
6 to provide funding to 21 school districts for the
7 purchase of 34 new buses. The Legislature
8 appropriated funding to the Air Resources Board
9 for ARB's lower emission school bus program,
10 requiring that the oldest buses be replaced first.

11 The ARB identified school districts with
12 qualifying pre-1977 buses to recipients of award
13 funds. Replacement buses purchased with funds
14 from this program are either ultra-low sulfur
15 diesel, or compressed natural gas. And all new
16 2007 buses are equipped with safety belts this
17 year.

18 CHAIRPERSON PFANNENSTIEL: Discussion or
19 questions?

20 COMMISSIONER BOYD: Madam Chair, I'll
21 move approval of this item; and I'll try to do it
22 by reference to agenda item 9, items a through u,
23 which incorporates agreement number 600-06-010R
24 through 600-06-030R, in an attempt for brevity.

25 CHAIRPERSON PFANNENSTIEL: Thank you; we

1 appreciate that.

2 COMMISSIONER ROSENFELD: Bless you.

3 CHAIRPERSON PFANNENSTIEL: Is there a
4 second?

5 COMMISSIONER ROSENFELD: Second.

6 CHAIRPERSON PFANNENSTIEL: All in favor?

7 (Ayes.)

8 CHAIRPERSON PFANNENSTIEL: It's

9 approved, thank you.

10 Approval of the January 17, 2007
11 business meeting minutes. Is there a motion?

12 COMMISSIONER ROSENFELD: I move the
13 minutes.

14 COMMISSIONER BOYD: Second.

15 CHAIRPERSON PFANNENSTIEL: All in favor?

16 (Ayes.)

17 CHAIRPERSON PFANNENSTIEL: Those minutes
18 have been approved.

19 Commission Committee presentations.

20 Anything from the Commission. Now, Commissioner
21 Rosenfeld, you have arranged the presentation for
22 us at a later time of this same business meeting?

23 COMMISSIONER ROSENFELD: Right. So we
24 will come back to this room, anybody who's
25 interested in green certificates and white

1 certificates, at 1:30. And it should last,
2 including a demonstration, an hour and a half.

3 CHAIRPERSON PFANNENSTIEL: Thank you.

4 COMMISSIONER ROSENFELD: Thank you.

5 COMMISSIONER BOYD: Madam Chair, --

6 CHAIRPERSON PFANNENSTIEL: Yes,
7 Commissioner Boyd.

8 COMMISSIONER BOYD: -- just in case this
9 is my last Commission meeting, I wouldn't want to
10 let the opportunity slip by to say it's been a
11 pleasure working here for the past five years,
12 working with the staff who I've come to appreciate
13 as an organization that is literally understaffed
14 and overworked. I appreciate the hard work that
15 everybody does. And I've been immensely impressed
16 with the quality of the Commissioners that I work
17 with. I'm particularly impressed with the
18 enthusiasm, the integrity, the intellect of the
19 Commission today.

20 And so it's been indeed a great pleasure
21 to work with folks and try to make a difference in
22 this world. And I do look forward to coming back,
23 but in the -- I also recognize the realities of
24 this world, and so just let me say on the record
25 that it's been enjoyable and I look forward to

1 sitting out there and looking up here once in
2 awhile if all else fails.

3 So, thank you very much.

4 CHAIRPERSON PFANNENSTIEL: Commissioner
5 Boyd, let me say that we hope you get another five
6 years at this pleasure in front of you, and
7 we'll --

8 COMMISSIONER GEESMAN: And I look
9 forward to seeing you at the Colusa siting case --
10 (Laughter.)

11 COMMISSIONER BOYD: Yes, I told the
12 audience that this Commissioner may have to do it
13 alone.

14 COMMISSIONER BYRON: If I may add, as
15 well, Commissioner Boyd, it's been a great
16 pleasure. I've only had opportunity to work with
17 you for the last six months. And I've heard you
18 use a phrase a great deal, but not in conjunction
19 with this issue, glacial alacrity, but it may
20 apply.

21 So, it's been a great pleasure.
22 However, if you're reappointed I do reserve
23 judgment.

24 (Laughter.)

25 COMMISSIONER BOYD: I'll grant you that

1 privilege.

2 CHAIRPERSON PFANNENSTIEL: We won't make
3 speeches, Jim, because we're convinced that you'll
4 be here at our next business meeting.

5 Chief Counsel's report. Arlene.

6 MS. ICHIEN: Good morning, Arlene Ichien
7 sitting in for Bill Chamberlain. As you probably
8 know last December DOE denied California's
9 petition for a waiver to enforce the water
10 efficiency standards for clothes washers.

11 And I just wanted to report that this
12 past Monday, January 29th, we filed a petition to
13 DOE for reconsideration. DOE has 30 days to
14 consider the petition. And if it chooses not to
15 respond within those 30 days, the petition is
16 considered rejected.

17 But, anyway, we will wait to see if DOE
18 does respond.

19 CHAIRPERSON PFANNENSTIEL: Thank you.
20 Executive Director's report. Mr. Blevins.

21 EXECUTIVE DIRECTOR BLEVINS: Thank you,
22 Madam Chair. I really had one brief comment, but
23 now Commissioner Boyd's given me the opportunity
24 to make two comments.

25 First of all, officially I think I can

1 easily say that the staff very much appreciates
2 working with you, sir; and there's respect that
3 goes both ways, as we know, between the staff and
4 Commissioners. And we expect you to be here, but
5 if you're not, leave knowing that you're a very
6 highly respected Commissioner that served on this
7 Commission.

8 I, of course, have known you a little
9 longer than six months, but I'm not going to go
10 there.

11 (Laughter.)

12 COMMISSIONER BOYD: Please don't.

13 EXECUTIVE DIRECTOR BLEVINS: One update
14 item briefly. The Commission will recall in
15 December that at Commissioner Geesman's suggestion
16 I briefed the Commission on a letter that we'd
17 received from the -- the Chairman had received
18 from the California Wind Energy Association
19 regarding past avian mortality studies in relation
20 to wind resource development.

21 At that time we were in a situation
22 where we were facing taking the contractor to
23 arbitration in order to obtain the release of the
24 additional data that the Wind Energy Association
25 was seeking.

1 Since that meeting, one of the authors
2 of the study has, in fact, agreed to release all
3 the data that was prepared during the study. So,
4 there's no need to go forward with arbitration.
5 And the California Wind Energy Association's been
6 notified that all the data is available.

7 CHAIRPERSON PFANNENSTIEL: Good.

8 EXECUTIVE DIRECTOR BLEVINS: And we will
9 assume that this phase of that issue is completed.
10 Thank you.

11 CHAIRPERSON PFANNENSTIEL: Thank you.
12 Good report. Mr. Smith, the Leg Director report.

13 MR. SMITH: Good morning, Chairman,
14 Commissioners. I just have a few things I want to
15 bring to your attention, but before I do I just
16 want to add my voice to the chorus for
17 Commissioner Boyd.

18 It was my distinct pleasure and honor to
19 be able to serve as Commissioner Boyd's first
20 Second Advisor, and then as his Principal Advisor
21 for several years. And I enjoyed that
22 relationship tremendously; grew tremendously under
23 his tutelage; and feel that his return to the
24 Commission would greatly benefit this
25 organization. So I look forward to continued

1 relationship, and continued working with you as a
2 Commissioner, Mr. Boyd.

3 COMMISSIONER BOYD: I'd like to move the
4 transcript of this meeting be provided to the
5 Governor.

6 (Laughter.)

7 MR. SMITH: Just a few things I want to
8 bring to your attention in terms of upcoming
9 meetings and hearings. There are at least two
10 threatened LNG hearings. One by Assemblyman --
11 hosted by Assemblyman Levine; and one out of
12 Senator Kehoe's Office, the Senate Energy. And I
13 say that halfway facetious only because the dates
14 keep moving and we, at this point, don't know
15 exactly when they'll be held. Probably sometime
16 either in February or in March or later. So,
17 pardon the fuzziness there, but I just at least
18 want to bring to your attention that there will be
19 hearings on that topic.

20 And in both cases the Energy Commission
21 would likely be asked to provide testimony that
22 gives context, natural gas supply/demand context,
23 of California.

24 COMMISSIONER BOYD: That's very fitting,
25 Mr. Smith. This has been a moving target for us

1 for a long, long time.

2 MR. SMITH: Yes, indeed. On February
3 6th the Senate Energy is -- I beg your pardon, I
4 misspoke. Assemblymember Levine is desiring to
5 hold an LNG hearing. Senator Simitian will be
6 holding an LNG hearing.

7 The Senate Energy Committee will be
8 holding an RPS hearing on February 6th. And I
9 believe that you, Chairman, and Commissioner
10 Geesman will be participating and testifying at
11 that hearing.

12 In that regard we had a meeting
13 yesterday on the RPS, a joint meeting with the
14 CPUC Staff and CEC Staff. It was hosted by Kip
15 Lipper, and a myriad other legislative staffers in
16 attendance. It may be a prelude to legislation
17 that may be coming out of Senator Perata's Office
18 in the future. But it certainly was an
19 opportunity for both staffs to provide updates to
20 the legislative staff on where we're at in the
21 RPS, the status of the RPS issues; facing further
22 implementation of the RPS in meeting both the 2010
23 goal and longer term or issues that will have to
24 be addressed in order to meet a longer term goal
25 of 33 percent by 2020.

1 I think it was a very productive
2 conversation. A great deal of dialogue on
3 contracts and the status of contract policies and
4 where the PUC is at and the utilities are at with
5 moving contracts forward.

6 There was also a good deal of discussion
7 on supplemental energy payments and our process to
8 begin moving that forward to support the RPS. So,
9 just a heads up that there may very well be
10 legislation that surfaces in the next several
11 weeks on those topics.

12 March 5th, just learned Assembly
13 Utilities and Commerce Committee will be holding
14 an energy policy overview. And at this point all
15 we know is that invited will be us, the PUC,
16 Division of Ratepayer Advocates and the EOB. We
17 don't know anything beyond that. We just
18 literally found out about it. So, more to come on
19 that topic.

20 Very quickly, we will present in our
21 weekly update Committee assignments. But just to
22 let you know that both Assembly Utilities, at
23 least the two key committees we face, Assembly
24 Utilities and Commerce and Senate Energy have
25 complete and final membership now.

1 Just as a highlight, of course
2 Assemblymember Levine is Chair of the Assembly
3 Committee. Assemblymember Keane is the Vice
4 Chair. And on the Senate side I may have reported
5 previously that Senator Kehoe is, of course, the
6 Chair of that Committee; and Senator Dutton, Bob
7 Dutton, is the Vice Chair. But we will post all
8 the memberships in our weekly report.

9 And then finally, well actually let me
10 say almost finally, just a couple of pieces of
11 legislation I want to bring to your attention.
12 Also there's a complete list in our report, but
13 just want to make sure that you folks are aware
14 that Ruskin has submitted AB-35, which is the
15 sustainable building standards bill. It provides
16 the direction to the Integrated Waste Management
17 Board, but we no doubt will have a role in
18 supporting their efforts in developing green
19 standards for state buildings.

20 Of course, Assembly Bill 94, Levine's
21 RPS bill, which codifies the 33 percent goal by
22 2020.

23 Assemblymember Blakeslee has introduced
24 AB-114, which is very likely a fix to his
25 legislation last year which required the Energy

1 Commission to report on technologies and
2 commercialization efforts for carbon
3 sequestration.

4 There was a mistake in the due date of
5 the report, requiring us to make that report in
6 this 2007 energy report. Of course, we are not in
7 a position at that point, since our major research
8 project, the WestCar project won't be completed
9 until the 2009/2010 timeframe. So this
10 legislation appears to seek to clarify that date,
11 correct that date. So, we're appreciative of
12 that.

13 There's a couple of bills by
14 Assemblymember Nakanishi that grant -- that would
15 provide tax credits for energy efficient buildings
16 and energy efficient homes.

17 And then, of course, Senator Florez has
18 introduced a suite of biodiesel bills which you
19 are already aware of. But most recently, Senator
20 Kehoe has re-introduced her renewable diesel bill,
21 SB-140. It appears to be very similar to her SB-
22 1675, the bill last year, which did not make it
23 out.

24 And on the horizon perspective, there's
25 several bills that are announced. And, of course,

1 you're all are at least now familiar with
2 Assemblymember Levine's announcement that he wants
3 to introduce legislation that would ban
4 incandescent light bulbs by the year 2012.

5 And that apparently will be followed by
6 a bill by Assemblymember Huffman that would make a
7 similar provision, but the ban would take place in
8 2018.

9 We also learned that Speaker Nunez and
10 Assemblymember Blakeslee may be introducing
11 legislation based on the ten recommendations from
12 the CalSTEP effort. One, Commissioner Boyd, that
13 you're intimately familiar with and participated
14 in.

15 And, of course, these are
16 recommendations to reduce California's dependence
17 on petroleum. And the Commission has been
18 involved in that process. And so we look forward
19 to seeing what the Speaker and the Assemblymember
20 introduce.

21 COMMISSIONER BOYD: Mr. Smith, if --

22 MR. SMITH: Yes.

23 COMMISSIONER BOYD: -- I might interrupt
24 you. You remind me of a delinquency on my part.
25 The CalSTEP proposal is being announced publicly

1 as we speak at a press conference somewhere else
2 here in Sacramento. Actually at the Sacramento
3 RTD Offices.

4 MR. SMITH: Yes.

5 COMMISSIONER BOYD: And I believe the
6 Speaker is there, Assemblyman Blakeslee is there
7 and a host of other folks. So, we'll have that to
8 distribute and to utilize as hopefully somewhat of
9 a roadmap here now and in the immediate future.

10 MR. SMITH: With respect to the
11 legislative proposals that the Commission
12 submitted back in October at the request of the
13 Resources Agency, we have received from the
14 Governor's Office approval on two of them.

15 One dealing with the Commission's power
16 plant siting process, which would implement
17 expedited six-month AFC process and amend our
18 amendment process to allow more megawatts to be
19 added at a CEC-certified site.

20 Language was submitted to Leg Counsel on
21 Friday, as was language that would amend the
22 Energy Conservation Assistance Account, something
23 that we've been wanting to do for some time. So
24 that would most likely end up as a Committee bill.
25 But I think would provide some valuable cleanup to

1 that long-standing and valuable program.

2 And then lastly, just a heads-up to the
3 Commissioners. We have received in advance of the
4 Leg Counsel's deadline on Friday, we, of course,
5 received a flurry of phone calls and
6 communications over the past week on ideas that
7 members have raised to us and wanted our input on,
8 and advice on.

9 And all I want to do is mention that
10 there seems to be a preponderance of ideas dealing
11 with energy efficiency, and in particular, our
12 energy efficiency programs. Ideas that would
13 strengthen, give us additional authority and
14 enhance our ability to implement energy efficiency
15 measures, focusing mostly on buildings.

16 We also had some interest in the PIER
17 program, perhaps expanding that authority to
18 address commercialization issues. And then, of
19 course, as I mentioned previously, there likely
20 will be some interest in RPS and language dealing
21 with supplemental energy payments. More to come
22 on that.

23 And that concludes my report. If you
24 have any questions, I'd be happy to answer them.

25 CHAIRPERSON PFANNENSTIEL: Thanks, Mike.

1 Question?

2 COMMISSIONER ROSENFELD: Mike, I must
3 say, the question goes to you just mentioned PIER,
4 and quote, expanding our authority. Does
5 expanding our authority mean expanding our money?

6 MR. SMITH: No, --

7 (Laughter.)

8 MR. SMITH: -- Commissioner, I think it
9 would expand our authority on how we use the
10 money. I think there's some perception about the
11 famed valley of death in our ability or the
12 state's ability to bridge that more effectively
13 with existing resources.

14 CHAIRPERSON PFANNENSTIEL: Thank you.
15 Public Adviser's report. Thanks, Mike.

16 MR. BARTSCH: Madam Chair and Members,
17 Nick Bartsch for Public Adviser's Office. Nothing
18 new to report.

19 CHAIRPERSON PFANNENSTIEL: Thank you.
20 Public comment? Anybody here, anybody on the
21 phone?

22 Hearing none, we'll be adjourned to an
23 executive session in my office.

24 And then we'll reconvene in public
25 session at 1:30. Thank you.

1 (Whereupon, at 10:43 a.m., the business
2 meeting was adjourned into executive
3 session.)

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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 9th day of February, 2007.

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