

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
Business Meeting)
_____)

ORIGINAL

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

WEDNESDAY, APRIL 25, 2007

10:02 A.M.

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

COMMISSIONERS PRESENT

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James D. Boyd

John L. Geesman

Jeffrey D. Byron

STAFF and CONTRACTORS PRESENT

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Jonathan Bles, for Chief Counsel Chamberlain

Michael Smith, Legislative Director

Harriet Kallymeyn, Secretariat

Fernando DeLeon

Caryn Holmes

Dora Yen Nakafuji

John Beyer

Avtar Bining

Martha Brook

Brian Ellis

Martha Krebs

Betty Lafranchi

Cheryl Raedel

Tim Olson

Malachi Weng-Gutierrez

Lisa DeCarlo

PUBLIC ADVISER

Nicholas Bartsch

ALSO PRESENT

Bruce McLaughlin
California Municipal Utilities Association

Bill Westerfield
SMJUs

Allen Short
Modesto Irrigation District, Santa Clara and
Redding
Modesto Irrigation District

Joy A. Warren, Attorney
Modesto Irrigation District

Norman A. Pedersen, Attorney
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Authority

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

2 10:02 a.m.

3 CHAIRPERSON PFANNENSTIEL: We have a
4 couple of changes to the agenda. First of all,
5 item 4 is put over to a subsequent business
6 meeting. Also items 15 to 17 are proposed to be
7 put off to a future business meeting, if
8 necessary.

9 COMMISSIONER GEESMAN: Madam Chair.

10 CHAIRPERSON PFANNENSTIEL: Yes,
11 Commissioner Geesman.

12 COMMISSIONER GEESMAN: I have some
13 concern on 15 through 17, as to just how long
14 we're proposing to defer consideration of these.
15 I received this morning a copy of a letter that's
16 been docketed from Southern California Edison to
17 B.B. indicating that at this time it is likely
18 that SCE will submit a formal appeal of the
19 Commission's decision as to the retail price
20 forecast forms. Apparently they just received
21 their decision from Mr. Blevins on April 16th.

22 Given that Edison will likely have
23 multiple appeals of decisions made as the
24 confidentiality determinations in the IEPR, it
25 would be a more efficient use of both the

1 Commission's and Edison's resources to consolidate
2 all of these appeals into one proceeding.

3 My apprehension, remembering our
4 experience in 2005 where we deferred and
5 consolidated and delayed, ultimately that
6 information was not available to us in the 2005
7 IEPR. I think it deprived us of the ability to
8 evaluate information that ultimately would have
9 been of value to the state.

10 To the extent that as in 2005 we were
11 concerned that one of the motives was to avoid
12 scrutiny of that information in the IEPR process.
13 If that's a motive here, this delay could
14 accomplish the objective without us ever resolving
15 the issue.

16 CHAIRPERSON PFANNENSTIEL: Mr. Blevins.

17 EXECUTIVE DIRECTOR BLEVINS:

18 Commissioner Geesman, I'm not going to say
19 anything that's going to take away your concern at
20 this moment.

21 I was aware of two aspects; one, there
22 is a desire, I think, both on Edison's part and
23 our part to try to consolidate anything along
24 these lines into a single proceeding. The down
25 side, as you're pointing out, is the degree to

1 which, you know, that has a lot of features that
2 drag this thing out.

3 And I think what I need to do, quite
4 frankly, I haven't had a chance to have the
5 conversation in terms of peoples expectations on
6 resolving this for the purposes of the IEPR
7 process and not getting caught up in the situation
8 that you just described.

9 But it's an easy thing for me to check
10 with the attorneys involved and get a better
11 understanding of what the timing is that's
12 expected here.

13 COMMISSIONER GEESMAN: Well, I think all
14 of the parties need to recall that we had a very
15 strongly worded opinion from the Superior Court in
16 Sacramento County on this matter. It was
17 unprecedented to have the subject litigated in
18 2005. The utilities had not sued this Commission
19 for something like 28 years.

20 The decision of the court, I thought,
21 was quite clear. I don't want to get into what
22 the issues in these petitions are, but it sure
23 would seem to me that we ought to consider the
24 value of the IEPR evaluation in setting a calendar
25 to get the matter resolved.

1 MR. BLEES: Commissioner Geesman, if I
2 might, this fool rush in where the Executive
3 Director has not trod. Your concern is certainly
4 legitimate, but based on my experience two years
5 ago and my knowledge of what's been going on
6 recently with regard both to SCE and PG&E, I do
7 think that allowing this period of consultation
8 and negotiation between our legal and technical
9 staffs and the legal and technical staffs of the
10 utilities is going to produce a much shorter
11 process, with the revelation of needed information
12 much more quickly than it would be if there is --
13 if we required an adversarial confrontation right
14 now.

15 I mean certainly this cannot go on
16 indefinitely. But I do think that it is well
17 worth a couple of extra weeks, a few extra weeks.

18 CHAIRPERSON PFANNENSTIEL: But I haven't
19 heard yet an idea, any kind of estimate of when
20 this might be back before us.

21 MR. BLEES: Maybe Mr. DeLeon or -- I
22 don't know if one of the utility representatives
23 is here today. But they can certainly speak to
24 that better than I.

25 MR. DeLEON: Fernando DeLeon, Staff

1 Counsel. We have received the deferral, the
2 request for deferral both from PG&E and from
3 Edison. And they provided us with additional
4 information that we will forward to B.B. to
5 consider.

6 We're looking to schedule the next
7 possible appeals at the next available business
8 meeting, given the timeframe that will be needed
9 before that.

10 COMMISSIONER GEESMAN: Well, the next
11 available business meeting would be two weeks,
12 wouldn't it?

13 MR. DeLEON: No. There's an agenda that
14 you would have to file that would have to include
15 additional information that's been submitted as
16 part of the packet that goes out for public
17 notice. So we're looking probably not the next
18 business meeting, but probably the following
19 business meeting.

20 COMMISSIONER GEESMAN: And then there's
21 the potential that there will be a desire for an
22 independent hearing, if I read some of the
23 pleadings properly. And --

24 MR. DeLEON: That's correct.

25 COMMISSIONER GEESMAN: -- I would only

1 say, here we go again. We went down this road in
2 2005; significantly impaired our ability to
3 evaluate important information. And it would seem
4 to me we're headed down the same primrose path
5 once again.

6 MR. DeLEON: Well, there may not be a
7 need for appeals if these issues are resolved
8 before that time. In Edison's case they would
9 like to consolidate all their appeals into one
10 session rather than have to come to the Commission
11 for each appeal --

12 COMMISSIONER GEESMAN: They haven't even
13 filed an appeal in some of the matters.

14 MR. DeLEON: They filed two appeals, and
15 I was -- they intend to, based on an email that we
16 received, file an appeal on the retail price.

17 COMMISSIONER GEESMAN: So when would you
18 envision that coming in front of the full
19 Commission?

20 MR. DeLEON: Well, they have 30 days for
21 the retail price from the date that we get their
22 appeal in which to hear the matter before the
23 Commission.

24 COMMISSIONER GEESMAN: So that gets you
25 till when, sometime in August?

1 MR. DeLEON: Well, no -- I would think
2 June. I don't know why we would wait till August
3 for.

4 COMMISSIONER GEESMAN: Thirty days from
5 when they file the appeal?

6 MR. DeLEON: Right, and the appeal is 14
7 days from when the decision was mailed. The
8 decision was mailed about 14 days ago, so we
9 should be getting their appeal, if they plan to
10 file an appeal, very shortly.

11 COMMISSIONER GEESMAN: And then there's
12 reference to nuclear information? Have they filed
13 that --

14 MR. DeLEON: That's correct. They
15 have --

16 COMMISSIONER GEESMAN: -- appeal yet?

17 MR. DeLEON: -- submitted information on
18 that particular issue. And we will be providing a
19 decision on that shortly, because the 30-day
20 timeframe is also running on that, as well, for us
21 to respond to that. Hopefully we'll have a
22 response within the next week.

23 Then they will have 14 days from that
24 period in which to file an appeal, if they choose.

25 COMMISSIONER GEESMAN: And 30 days from

1 when they file the appeal to when it comes here?

2 MR. DeLEON: No, no. Once they receive
3 our decision letter they have 14 days from that
4 time in which to file an appeal.

5 COMMISSIONER GEESMAN: And after --

6 MR. DeLEON: And if our letter goes out
7 next week, then they would have two weeks from
8 that date in which to file an appeal. And we have
9 30 days from that time in which to schedule a
10 hearing. If that makes any sense.

11 COMMISSIONER GEESMAN: Mr. Blevins, I
12 think what you need to evaluate is what does this
13 do to the ability of your staff to perform its
14 work in the IEPR proceeding.

15 Because I'm telling you this is d,j... vu
16 all over again. We've been here before.

17 EXECUTIVE DIRECTOR BLEVINS: I'm not
18 arguing with that point at all. I think there is
19 a prospect that at least on some of this there may
20 not be an appeal by the utilities. But we need to
21 sort of have a little time to determine if there
22 is legitimacy to the process we're engaged in, or
23 if, in fact, it is d,j... vu all over again.

24 COMMISSIONER GEESMAN: Thank you, Madam
25 Chair.

1 CHAIRPERSON PFANNENSTIEL: May I just
2 conclude this by suggesting that certainly at our
3 next business meeting we'll hear where we are, and
4 perhaps weigh in in some different direction.
5 Thank you.

6 COMMISSIONER BOYD: If I might, Madam
7 Chair, since Commissioner Geesman just dusted off
8 an old wound I had forgotten about, the last IEPR
9 series, I would just comment that in front of this
10 public and on the public record now is the fact
11 that the IEPR timetable is very important, very
12 critical and needs to be a key, if not the key,
13 parameter to judging the timing in this process.

14 So I'd support Commissioner Geesman for
15 doing that, and reminding us of this d,j... vu all
16 over again situation.

17 CHAIRPERSON PFANNENSTIEL: Yes,
18 Commissioner Byron.

19 COMMISSIONER BYRON: And my staff
20 alerted me earlier this week to what had
21 transpired two years ago. So I also share your
22 concern, Commissioner Geesman.

23 CHAIRPERSON PFANNENSTIEL: I think
24 you've heard that we need to find some way through
25 this expeditiously. Thank you.

1 On to the agenda in front of us. The
2 consent calendar. Is there a motion for the
3 consent calendar?

4 COMMISSIONER BOYD: Move approval.

5 COMMISSIONER GEESMAN: Second.

6 CHAIRPERSON PFANNENSTIEL: All in favor?

7 (Ayes.)

8 CHAIRPERSON PFANNENSTIEL: The consent
9 calendar is approved.

10 Item 2, possible adoption of amended
11 regulations regarding Energy Commission's data
12 collection system for the Integrated Energy Policy
13 Reporting and disclosure of the Energy Commission
14 records as proposed by the 2005 IEPR Committee.

15 MS. HOLMES: Good morning,
16 Commissioners.

17 CHAIRPERSON PFANNENSTIEL: Good morning.

18 MS. HOLMES: My name is Caryn Holmes and
19 I'm the staff counsel that worked with the staff
20 and with the IEPR Committee in developing the
21 rulemaking package that you have before you this
22 morning for your consideration.

23 The rulemaking was initiated to meet
24 three broad Commission objectives: to clarify some
25 of the Commission's rules of practice and

1 procedure, specifically focusing on those
2 governing timelines in the process the Commission
3 follows in conducting complaint and investigatory
4 proceedings.

5 Second, to modify the Commission's
6 energy data collection regulations so that the
7 regulations reflect changes to the energy industry
8 that have occurred since the last rulemaking. To
9 more carefully distinguish between different data
10 submission requirements applicable to different
11 group of market participants, and generally to
12 incorporate new statutory requirements since the
13 last rulemaking.

14 And the third purpose of the rulemaking
15 was to modify the Commission's regulations
16 governing the disclosure of Commission records. I
17 guess that's kind of timely in light of our
18 previous discussion.

19 The specific purpose there was to
20 clarify portions of the confidentiality
21 regulations which filers in the 2005 process found
22 to be confusing; as well as to update the
23 confidentiality status of several types of energy
24 data.

25 The rulemaking actually began in late

1 2005 when the Commission adopted an order
2 instituting rulemaking and assigned the IEPR
3 Committee to oversee the rulemaking process.

4 In order to maximize the opportunity for
5 public participation and development of the
6 amendments, staff prepared draft proposals in
7 April and June of last year. Each of these was
8 followed by a Committee workshop, as well as
9 written comments. And there was a Committee
10 proposal in August 2006.

11 On March 2007 the Commission published
12 and posted on its website all of the documents
13 that are required under the APA to formally
14 initiate a rulemaking.

15 No comments were received during the
16 public comment period, and the only document that
17 has been filed in the docket of the proceeding is
18 a determination by the project manager, Chris
19 Tooker, explaining why there's no possibility that
20 the adoption of the amendments could create a
21 significant adverse impact, as identified in the
22 California Environmental Quality Act.

23 And I think that that lack of public
24 comment is a reflection of the diligence with
25 which both the Committee and the staff pursued

1 this project.

2 By soliciting public comment and
3 participation, the Committee was able to create a
4 proposal that both allows the Commission to
5 collect the data that it needs to meet its
6 responsibilities under the Warren Alquist Act; and
7 does not unduly burden market participants.

8 On behalf of the IEPR Committee I
9 encourage adoption of the package before you. If
10 you have any questions I would be happy to answer
11 them. And I believe there's at least one industry
12 representative who would like to speak. And I
13 would be happy to respond to any comments he may
14 make, as well.

15 CHAIRPERSON PFANNENSTIEL: Thank you,
16 Ms. Holmes. Are there questions of Caryn?

17 Then I do have two speakers on the
18 subject. Bruce McLaughlin of CMUA.

19 MR. McLAUGHLIN: Good morning,
20 Commissioners. Bruce McLaughlin representing the
21 California Municipal Utilities Association.

22 Mostly I'd like to echo what Ms. Holmes
23 just said, that the process was long, but I think
24 well vetted. This Commission gave stakeholders a
25 fantastic opportunity to discuss. We went back

1 and forth many times.

2 The Commission also allowed us many
3 staff-to-staff meetings; that was appreciated.
4 And some of the folks that were particularly
5 helpful, Ms. Holmes, herself; Mr. Tooker; Mr.
6 Jaske; Mr. Woodward, et cetera.

7 And I'm not saying we got everything we
8 wanted, that's not the criteria here. It was the
9 fact that we had the opportunity to express and to
10 go back and forth on that. Staff actually made
11 changes when they saw that possibly they were
12 over-reaching; permission to help in that regard,
13 also.

14 The main concern is going forward. It's
15 our understanding that these data regs are
16 comprehensive. And so that's basically the
17 framework which you will request information from
18 us. And I know they're not adopted yet, but up
19 until this point we've been receiving these sort
20 of like bullet-shot requests for this and that.

21 We've done a lot of voluntary compliance
22 filings with you. And we're just hoping that the
23 timing we discussed, for instance we recognized we
24 have different munis, with some on fiscal, some on
25 calendar, et cetera. And some munis have like one

1 or two employees. These things were recognized
2 throughout that process.

3 And so I'm hoping that these data regs
4 will signify going forward that we're going to
5 have consolidated, uniform approaches to the
6 requests.

7 And, otherwise, thank you very much for
8 both the process and working with us.

9 CHAIRPERSON PFANNENSTIEL: Thank you,
10 Mr. McLaughlin. We also have Bill Westerfield.

11 MR. WESTERFIELD: Thank you, Chairman
12 Pfannenstiel, Commissioner Geesman, nice to see
13 you again, Vice Chair Boyd. Thank you for the
14 opportunity to speak.

15 I am appearing here today on behalf of a
16 number of small and multi-jurisdictional utilities
17 that may be affected, that will be affected by the
18 data collection regulations. Sierra Pacific Power
19 Company, Bear Valley Electrical Service,
20 PacifiCorps, and Mountain Utilities.

21 We are load-serving entities, but we're
22 not like the other guys. We are relatively small.
23 Sierra has about 45,000 customers; PacifiCorps has
24 the same number; Bear Valley Electrical Service
25 only 22,000 accounts; and Mountain Utilities only

1 about 200. And we're pretty isolated.

2 Though we are regulated by the PUC, many
3 of us are not within the ISO, and many are
4 regulated by public utilities commissions in other
5 states.

6 The rules that have caught our attention
7 are in chapter 3, and they came as a surprise to
8 us. They concern reporting on power plants,
9 control area operators, the operation of our
10 transmission systems, and resource adequacy.

11 I understand that they have had a long
12 history and that a tremendous amount of work has
13 gone into them, and much public input. And I
14 don't quarrel with the notion that we probably
15 should have been a part of that process.

16 But the fact is, we were not involved.
17 And now there is a concern about the new reporting
18 requirements that may be burdensome and
19 disproportionately expensive in relation to the
20 size of our loads.

21 So, the first point I would make is
22 though we are not here to oppose the regulations,
23 we ask that when they are implemented that staff
24 does so in parallel with the data needs of other
25 agencies.

1 It's our understanding that the
2 collection of this data from the IOUs is not
3 required by a particular statute, but is something
4 that the Energy Commission has undertaken to
5 strengthen its ability to collect data reported to
6 other agencies and the California ISO.

7 If this is the case, then if other
8 agencies don't require such information, and the
9 CEC doesn't have a particular need for it, then
10 please don't make us go through the expense of
11 reporting it.

12 So, our first message would be please
13 remember us in implementation. In implementation
14 we ask that you collect only such data as you
15 need, and only what you'll put to good use.

16 Our second point is let's make sure that
17 the costs justify the benefits. Remember that
18 many of the SMJUs are small with limited staffs.
19 If we have the same reporting requirements as the
20 big IOUs, which are many orders of magnitude
21 larger than we are, then the costs per ratepayer
22 is disproportionately heavy on us.

23 And third, we have some particular
24 concerns about section 1346, the resource adequacy
25 data requirements. We are involved in resource

1 adequacy implementation at the PUC. We're on
2 track three, the last track, probably because they
3 don't know what to do with us.

4 Our obligations are not clear. We plan
5 to submit our first plans in a few weeks. There
6 will be a workshop; there will be comments; there
7 will be a staff report; more comments. We may not
8 know what our resource adequacy requirements are
9 until fall.

10 It may be our obligations will be
11 similar to the big IOUs, but we don't think so.
12 We expect to be recognized as unique, because we
13 are small. And that in some cases we're subject
14 to resource adequacy requirements in other
15 jurisdictions, which are quite comprehensive.

16 So if our reporting obligations are
17 limited by the PUC, then what's allowed for in
18 these rules could go far beyond what the
19 Commission requires.

20 We have petitioned the PUC for special
21 recognition, and would like the Energy Commission
22 to acknowledge any differences that the PUC
23 recognizes. But 1346 has the potential to undo
24 any alternative treatment that the PUC may grant
25 us.

1 So, what we're asking for today is for
2 staff to work with us to reach a consensus as to
3 how to implement these regulations to collect only
4 the data that is truly needed to support resource
5 adequacy in other programs, and in a way that
6 makes sense for us small and multi-jurisdictional
7 utilities.

8 So, thank you for the opportunity to
9 speak; I'd be happy to answer any questions.

10 CHAIRPERSON PFANNENSTIEL: Thank you,
11 Mr. Westerfield. Ms. Holmes, do you have any
12 comments on that --

13 MS. HOLMES: Yeah, a brief response.
14 First, with respect to the issue about smaller
15 utilities being subject to information
16 requirements, there's a series of mechanisms
17 within the regulations that I think address those
18 concerns.

19 First of all, for many of the
20 regulations there's an outright exemption
21 contained. For those -- and resource adequacy is
22 one of them that is not subject to that exemption.

23 There is also an alternative process
24 that allows entities to file a request with the
25 Executive Director, to file alternative data. And

1 presumably one of the reasons might be is that you
2 didn't file as much data as the regulation
3 identifies, as you would with the PUC.

4 Thirdly, we anticipate that for the
5 planning type of data, which resource adequacy is
6 a part, the Commission will go through a forms-
7 and-instructions process and identify the scope of
8 informational requirements. And I know from the
9 past, as do you from being involved in this
10 process, that there's a lot of debate that goes on
11 about what is appropriate to ask from what
12 entities for what cycle. And I would expect that
13 these type of concerns would be addressed in that
14 situation.

15 And finally, with respect, if all else
16 fails I know that in certain instances, including
17 one involving Mr. Westerfield's client, Bear
18 Valley, entities frequently file a letter saying,
19 look, this simply doesn't apply to us for the
20 following reason. And as long as the reason is a
21 valid one, the Commission does not pursue any
22 additional information.

23 The specific instance I'm referring to
24 has to do with transmission planning information.
25 We asked them for transmission planning

1 information. They send us a letter every two
2 years saying we only have distribution load. And
3 we say thank you very much.

4 With respect to resource adequacy, the
5 staff, itself, doesn't distinguish between the
6 different sizes. And we know that the Public
7 Utilities Commission may do so. But we don't know
8 right now what the Public Utilities Commission is
9 going to adopt.

10 And because we're subject to this APA
11 process that's gone on for a year now, we don't
12 have the ability to quickly respond to different
13 informational requirements, to informational
14 requirements that change over time. We can't do
15 that very quickly.

16 And that's why we like to use this
17 forms-and-instruction process, so that we can ask
18 for what the statute allows us to ask for; and we
19 can also tailor it down during the forms-and-
20 instruction process.

21 And finally, with respect to resource
22 adequacy, what the Public Utilities Commission is
23 looking for is evidence, in fact, that they are
24 going to go out and meet certain types of
25 obligations to serve load. All we're asking for

1 is information about how they do that. We're not
2 attempting to impose substantive requirements on
3 them.

4 So I hope that the Commissioners and Mr.
5 Westerfield and the other participants understand
6 that we do have discretion and we do intend to
7 exercise it appropriately in the planning process.

8 CHAIRPERSON PFANNENSTIEL: Thank you,
9 Ms. Holmes. Are there questions for Mr.
10 Westerfield? I'd just like to observe that we
11 really did go through a long process. This is the
12 very end of a very long process.

13 And we did, during that process,
14 consider all kinds and sizes and shapes of
15 utilities. And I believe that the regulations are
16 tailored to be as specific, and yet as broad, as
17 we could possibly make them. And I believe that
18 we left the room for implementation to be flexible
19 where it needs to be.

20 So, at that point I comment the staff
21 for doing a fabulous job of pulling this together.
22 Thank you for your comments.

23 MR. WESTERFIELD: I appreciate those
24 reassurances and the encouragement. I would just
25 note, for example, in 1346 it does potentially ask

1 for hourly load data for an entire year. And that
2 is just orders of magnitude more data than
3 anything that we've had to submit in the past.

4 So, those are the things that, of
5 course, catch our attention that give us some
6 concern.

7 But, thank you very much.

8 CHAIRPERSON PFANNENSTIEL: Thank you.
9 Any further discussion on this item? Is there a
10 motion?

11 COMMISSIONER GEESMAN: I will so move,
12 and certainly extend my compliments and
13 congratulations, both to staff and the various
14 stakeholders that put so much effort into this.

15 CHAIRPERSON PFANNENSTIEL: Is there a
16 second?

17 COMMISSIONER BYRON: I'll second.

18 CHAIRPERSON PFANNENSTIEL: All in favor?

19 (Ayes.)

20 CHAIRPERSON PFANNENSTIEL: The
21 regulations are approved; thank you.

22 Item 3, possible approval of contract
23 500-06-044 for \$450,000 with the U.S. Department
24 of Energy Lawrence Livermore Laboratories, to
25 analyze the impacts of California-specific climate

1 change scenarios on future electricity generation
2 from solar, wind and hydropower resources. Good
3 morning, Ms. Yen.

4 MS. YEN-NAKAFUJI: Good morning,
5 Commissioners. Thank you. My name is Dora Yen-
6 Nakafuji and I'm from the PIER renewables research
7 and development area, focus on renewable
8 integration efforts.

9 We are seeking approval of this contract
10 with the U.S. Department of Energy Lawrence
11 Livermore Labs to begin evaluating and identifying
12 the effects of climate impacts on renewable
13 generation resources and the planning efforts that
14 are currently in progress in light of the state's
15 RPS targets.

16 The focus of this research is to take a
17 look and evaluate the impact of climate on the
18 combined ability of weather-dependent renewables
19 to generate electricity, and how they may be
20 influenced by these climate-based changes.

21 Weather-dependent renewables includes
22 wind, solar and hydro and their combined
23 capabilities to produce electricity.

24 The project supports bringing the
25 climate considerations to the forefront of

1 transmission planning efforts, especially for
2 renewables and variable renewables.

3 Under the aggressive RPS goals for 2020,
4 as well as the recent studies from the
5 intergovernmental panel on climate change report,
6 which relies heavily on renewables to reduce the
7 carbon footprint of electricity generation, we
8 need to begin to identify the impact of these
9 generation resources, and the interaction with the
10 climate.

11 One of the goals of this project
12 addresses filling some critical gaps between the
13 two communities, the modeling community on the
14 climate side, as well as transmission planning
15 side.

16 Communication between the communities,
17 there's a disconnect between the communication
18 between the two communities at this time. The
19 climate models tend to look at decades and
20 centuries, large-scale resolutions. Whereas the
21 transmission planning tends to look at a horizon
22 of three to five years, and possibly ten years
23 down for transmission planning needs.

24 The resolution of the data and the
25 information that is tailored for one model doesn't

1 necessarily translate to the other model.

2 The indicators are needed to provide
3 input for future transmission analysis scenarios
4 tied to the RPS and California-specific climate
5 issues. And to help determine whether the state
6 can reliably meet these future demands for
7 electricity and model future operations of the
8 grid with a significant amount of renewables on
9 our system. Renewables including variable
10 renewables like wind.

11 And the data needs to be tailored so
12 that current studies on renewable integration
13 efforts can take advantage of these climate
14 studies that are currently ongoing.

15 For the reasons stated staff requests
16 approval for this project.

17 CHAIRPERSON PFANNENSTIEL: Thank you,
18 Ms. Yen. Are there questions? Discussion?

19 COMMISSIONER GEESMAN: I'll move
20 approval.

21 COMMISSIONER BYRON: Second.

22 CHAIRPERSON PFANNENSTIEL: All in favor?

23 (Ayes.)

24 PRESIDING MEMBER PFANNENSTIEL: It's
25 approved, thank you.

1 MS. YEN-NAKAFUJI: Thank you.

2 CHAIRPERSON PFANNENSTIEL: Item 6 (sic),
3 possible approval of PIER work authorization MR-
4 068 for \$225,905 with the Regents of the
5 University of California Irvine National Fuel Cell
6 Research Center under the UC master agreement 500-
7 02-004 with the Regents of the University of
8 California Office of the President, CIEE for
9 research, development and demonstration plan for
10 fuel cells. Good morning.

11 DR. BEYER: Good morning, Commissioners.
12 I'm John Beyer in PIER program's environmentally
13 preferred advanced generation group. This morning
14 I'm sitting in for the EPAG team lead, Art
15 Solinski, who was unable to be here this morning.

16 Fuel cells are one of the most
17 attractive natural gas fueled or biogas fueled
18 electricity generation options for California.
19 They have very low atmosphere emissions, so low
20 that they're promoted and encouraged by the
21 California Air Resources Board and the South Coast
22 Air Quality Management District.

23 However, fuel cells face significant
24 technical and economic hurdles, especially with
25 respect to durability and stack life. At this

1 point they're only economically viable in small
2 niche markets.

3 Fuel cells require additional research,
4 development and demonstration support before they
5 can make a significant contribution to
6 California's electricity supply and air quality
7 requirements.

8 I'm requesting your approval for work
9 authorization for, as you stated, \$225,905 for the
10 National Fuel Cell Research Center at UC Irvine to
11 prepare a fuel cells research, development and
12 demonstration plan. This project will be funded
13 through the UC master research agreement.

14 The contractor, the National Fuel Cell
15 Research Center, will benchmark the current status
16 of various fuel cell technologies; will identify
17 barriers to commercial viability; and will prepare
18 an action plan for possible implementation by the
19 Public Interest Energy Research program here at
20 the Commission.

21 The purpose of this plan will be to
22 leverage limited PIER funds to drive the
23 development and marketplace acceptance of fuel
24 cells by California businesses and institutions
25 within the current policy and regulatory

1 framework.

2 It's worth noting that the principal
3 investigator at UC Irvine is Professor Scott
4 Samuelson, the co-Chairman of the California
5 Stationary Fuel Cell Collaborative. The other co-
6 Chairman is Dr. Robert Sawyer, Chairman of the
7 California Air Resources Board.

8 The Collaborative members will assist in
9 reviewing technical progress of this project; will
10 contribute to the knowledge base on current fuel
11 cell status and development needs; and may play a
12 role in implementation of the research,
13 development and demonstration plan.

14 If you have any questions about the
15 project I'll attempt to answer them.

16 PRESIDING MEMBER PFANNENSTIEL: I
17 actually do. This is a two-year project; and
18 during the two years you will be developing a
19 research plan for fuel cells? Or you'll be
20 developing an RD&D plan for fuel cells?

21 DR. BEYER: The intent of this is to
22 develop a plan so that the PIER program ultimately
23 can best leverage its money for actual projects
24 that will be hardware and systems development to
25 lower costs, which is one of the primary barriers,

1 and improve stack life.

2 But this is a research plan, this is not
3 funding specific RD&D projects, per se. This will
4 be working with industry, looking at the research
5 being done by other states, by the U.S. Department
6 of Energy; and working with the Collaborative
7 members and their knowledge of the barriers both
8 in the marketplace and in terms of technology to
9 develop a plan that then PIER will have an
10 opportunity to review and implement as it sees fit
11 in the future.

12 CHAIRPERSON PFANNENSTIEL: Does that
13 mean, then, that over these 24 months you won't be
14 doing any fuel cell research, specifically you
15 won't be doing any project research because you'll
16 be waiting for the results of this?

17 DR. BEYER: There are some current
18 projects ongoing right now. They will continue.
19 And beyond that, I wish Art Solinski were here to
20 answer your question, because I'm not the one who
21 normally handles fuel cells.

22 I would anticipate that if we get what
23 appear to be perfectly viable and appropriate
24 proposals for research projects, and they seem to
25 meet our needs in the meantime, yes, we will bring

1 them --

2 CHAIRPERSON PFANNENSTIEL: But you're
3 doing this --

4 DR. BEYER: -- before you.

5 CHAIRPERSON PFANNENSTIEL: -- two-year
6 plan to determine what you should be researching.
7 And so I'm not --

8 DR. BEYER: That's also true.

9 CHAIRPERSON PFANNENSTIEL: -- sure why
10 you would be spending -- well, I supposed if it
11 comes here we can ask the question at that right
12 time.

13 But it just seems that this is putting
14 off further fuel cell research for another two
15 years until you have the strategic plan together.

16 DR. BEYER: Well, that's a valid point.

17 CHAIRPERSON PFANNENSTIEL: Other
18 questions?

19 COMMISSIONER GEESMAN: I guess I would
20 simply observe that there's been a tendency here
21 the last several years to receive some unsolicited
22 single-shot fuel cell proposals. And the staff
23 has felt the need to try and lay a firm foundation
24 first for the evaluation of what the Energy
25 Commission potentially should be doing in the fuel

1 cell research area before responding to those
2 single-shot proposals.

3 I think this effort is designed to
4 provide that foundation.

5 CHAIRPERSON PFANNENSTIEL: Thank you.

6 Other questions?

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

9 COMMISSIONER BOYD: Second.

10 CHAIRPERSON PFANNENSTIEL: In favor?

11 (Ayes.)

12 CHAIRPERSON PFANNENSTIEL: Thank you.

13 DR. BEYER: Thank you.

14 CHAIRPERSON PFANNENSTIEL: Item 6,
15 possible approval of contract 500-06-038 for
16 \$1,960,654 for the Gas Technology Institute to
17 develop and demonstrate a common QSK 19G engine
18 generator integrated with a thermochemical
19 recuperation system that reduces emissions below
20 California's 2007 distributed generation emissions
21 standard and exceeds the advanced reciprocating
22 internal combustion engine 2009 efficiency goal.
23 Good morning.

24 MR. BINING: Good morning,
25 Commissioners. I'm Avtar Bining, Project Manager

1 of advanced reciprocating internal combustion
2 engines program in PIER's environmentally
3 preferred advanced emission program area.

4 As you said, Madam Chair, I'm here to
5 recommend the approval of contract 500-06-038 for
6 \$1,960,654 with Gas Technology Institute to
7 develop and demonstrate a common QSK 19G engine
8 generator integrated with a thermochemical
9 recuperation system.

10 GTI and Cummins, Inc., a major engine
11 manufacturer, will develop this engine system
12 capable of reducing engine emissions below
13 California's 2007 distributed generation emission
14 standard and exceeding the advanced reciprocating
15 internal combustion engine 2009 efficiency goal.

16 GTI proposed this project in response to
17 the Energy Commission's request for proposals
18 released on October 3, 2006; and proposals were
19 due by December 4, 2006.

20 The purpose of this RFP was to solicit
21 proposals to research, develop and demonstrate the
22 ultra-low emission, high efficiency, cost
23 effective, durable and reliable engines suitable
24 for distributed generation in California.

25 The Energy Commission received six

1 proposals in total; three of the six proposals did
2 not meet the RFPs completeness screening criteria.

3 The three remaining proposals were
4 qualified for further evaluation and scoring.
5 Among these three proposals only one proposal
6 submitted by Gas Technology Institute qualified
7 for funding, by receiving an average score of 774,
8 which is above the minimum passing score of 750.

9 The other two proposals received average
10 scores below the minimum passing score, thus were
11 disqualified.

12 The RD&D Committee approved a notice of
13 proposed -- on February 6, 2007. This 22-month
14 long project supports California's goal to
15 encourage the development of environmentally sound
16 combined heat and power resources and distributed
17 generation products for the energy action plan of
18 2005. And also to support the research for
19 development of clean conversion after-treatment
20 technology and fuel additives to improve the
21 control of NOx emissions for integrated energy
22 policies of 2005.

23 This project also meets the Senate bill
24 1250 goals -- which are to develop and help bring
25 to market energy technologies that provide

1 increased environmental benefits, greater system
2 reliability and load system costs. And to develop
3 advanced (inaudible) technologies that are better
4 than applicable standards to increase reductions
5 in greenhouse gas emissions from electricity
6 generation and that benefit electric utility
7 customers.

8 In addition to the PIER funding the
9 total project cost includes \$1,139,438 in
10 (inaudible) parts provided by GTI, Southern
11 California Gas Company and Cummins.

12 Of this amount \$500,000 is actual cash
13 and \$639,438 provided by Cummins is in-kind
14 funding for this project.

15 Accordingly I recommend approval of this
16 contract. I would be happy to answer your
17 questions.

18 CHAIRPERSON PFANNENSTIEL: Thank you.
19 Questions, discussion?

20 COMMISSIONER GEESMAN: I'll move the
21 item.

22 COMMISSIONER BOYD: Second.

23 CHAIRPERSON PFANNENSTIEL: In favor?
24 (Ayes.)

25 CHAIRPERSON PFANNENSTIEL: It's

1 approved; thank you.

2 MR. BINING: Thank you.

3 CHAIRPERSON PFANNENSTIEL: Item 7,
4 possible approval of work authorization MR-067 for
5 \$50,000 to the University of California Davis,
6 Kearney Foundation, under the UC master research
7 agreement number 500-02-004 with Regents of the
8 University of California, Office of the President,
9 CIEE, for assessment of Central Valley
10 agricultural carbon sequestration potential. Good
11 morning.

12 MR. ELLIS: Good morning, Commissioners.
13 I'm Brian Ellis from the PIER environmental area.
14 I should say upfront that this project I'm
15 proposing is a continuation of work already
16 performed under a previous UC work authorization.

17 What this project will do is finish up
18 old an project with UC Davis that had \$50,000
19 unspent due to the project being advertently
20 closed because of an error in communication about
21 a time extension.

22 So this project will fund the completion
23 of the final report of that old project and will
24 also provide an additional analysis using the
25 results that we already have.

1 So the research was on agricultural
2 carbon sequestration and greenhouse gas emissions.
3 This basically involves N2O from fertilizer;
4 looking at how to reduce that with alternative
5 fertilizer practices like organic farming. And
6 also the possibility of sequestering carbon into
7 the soil, which in California our agricultural
8 soil has been heavily tilled over the last 50 or
9 60 years, so there was the thought that with
10 different practices you could store carbon in the
11 soil.

12 So, just as a background, agriculture --
13 the agricultural sector accounts for 8 percent of
14 California's greenhouse gas emissions. So we want
15 to see, or the objective of this research is that
16 we want to see if the agricultural sector can
17 participate in the carbon markets.

18 And the past project, it looked at just
19 one county; applied soil biology and physics model
20 with an economic analysis. The data shows that
21 there is a definite potential to reduce greenhouse
22 gas emissions without reducing yields and in an
23 economic manner for farmers.

24 So, with this proposed funding we would
25 complete the final report. And also use the soil

1 model and the economic supply curves developed in
2 the previous work to roughly estimate the
3 potential in the Central Valley as a whole to
4 reduce emissions and sequester carbon to inform
5 future research.

6 Thank you.

7 CHAIRPERSON PFANNENSTIEL: Thank you.

8 Are there questions? Discussion?

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

11 COMMISSIONER BOYD: I'll second the
12 item; and I'll just comment that I think this can
13 provide to be a very not only interesting, but
14 scientifically helpful and perhaps economically
15 helpful project since we're so deep into the
16 question of addressing California's greenhouse gas
17 emissions and the need for sequestration.

18 I'd also point out in reviewing the
19 agenda for today I noted that five, maybe six of
20 the items on our agenda today are greenhouse gas
21 oriented. So, obviously what we're engaged in has
22 a fairly significant role in addressing that
23 issue.

24 CHAIRPERSON PFANNENSTIEL: Thank you.

25 Moved and seconded.

1 All in favor?

2 (Ayes.)

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

5 MR. ELLIS: Thanks.

6 CHAIRPERSON PFANNENSTIEL: Item 8,
7 possible approval of contract 500-06-036 for
8 \$1,124,000 with the U.S. Department of Energy,
9 Lawrence Berkeley National Laboratory, to conduct
10 efficiency tests on three promising alternative
11 storage type water heaters, and provide
12 recommendations for future Title 24 water heating
13 standards. Ms. Brook.

14 MS. BROOK: Good morning; Martha Brook
15 from the PIER buildings program. The proposed
16 contract will continue research efforts in
17 characterizing residential hot water usage through
18 a partnership with the Department of Water
19 Resources.

20 The project will measure how much water
21 energy is wasted in hot water distribution systems
22 in California residences; and investigate
23 effectiveness of current retrofit options in
24 reducing this waste of water and energy.

25 The Department of Water Resources is

1 providing over 40 percent cofunding for this
2 project.

3 The contract will also continue
4 supporting the market introduction of efficient
5 gas storage water heaters by providing evaluations
6 of promising technologies.

7 The project will conduct efficiency
8 tests on three promising alternative storage type
9 gas water heaters. These evaluation will be
10 completed within a multistate research
11 collaborative with NYSERTA and the Energy Center
12 of Wisconsin through a stack agreement with the
13 National Association of State Energy Offices.

14 NASEO has provided \$145,000 to the
15 Energy Commission and we'll be passing these
16 contract funds to LBNL through this contract.

17 The proposed research will also include
18 a continuation of efforts to collect the necessary
19 data, conduct analysis and develop recommendations
20 for future co-changes to improve the efficiency of
21 hot water distribution systems.

22 The R&D Committee has approved this
23 item, and I'm here to answer any questions.

24 CHAIRPERSON PFANNENSTIEL: Martha, what
25 do you think the earliest time would be that this

1 could get into the Title 24 standards?

2 MS. BROOK: 2011. So we -- the first
3 contract that really focused on hot water and hot
4 water distribution systems made, I think, eight
5 recommendations to the 2008 standards. So this is
6 research that was identified through that process,
7 as we just aren't going to get there for 2008.
8 But we need to keep pushing and hopefully make
9 recommendations for --

10 CHAIRPERSON PFANNENSTIEL: By the next
11 round.

12 MS. BROOK: Right.

13 CHAIRPERSON PFANNENSTIEL: Thank you.
14 Other questions?

15 COMMISSIONER GEESMAN: I'll move it with
16 the observation that at the workshop Commissioner
17 Pfannenstiel and I held earlier this week, I
18 believe, it may have been last week, on efficiency
19 programs, we were told that the PUC's efforts set
20 the target several years ago at achieving 90
21 percent of the cost effective savings identified
22 for utility programs in the electrical sector, 40
23 percent of the cost effective savings identified
24 in the natural gas sector.

25 And as the debate over California's

1 future natural gas supplies becomes quite a bit
2 more intense this year, I think it's pretty clear
3 we've got a lot of catching up to do on the
4 natural gas side. And I think this project is an
5 important step in that process.

6 CHAIRPERSON PFANNENSTIEL: Is there a
7 second?

8 COMMISSIONER BYRON: I second it.

9 CHAIRPERSON PFANNENSTIEL: All in favor?

10 (Ayes.)

11 CHAIRPERSON PFANNENSTIEL: Approved,
12 thank you.

13 Item 8 (sic), possible approval of an
14 interagency agreement contract 500-06-043 for
15 \$1,050,000 to the California Air Resources Board
16 to develop emission control technologies for
17 natural gas- and biodiesel-powered medium- to
18 heavy duty-engines. And who is going to present
19 this, Mr. Blevins?

20 EXECUTIVE DIRECTOR BLEVINS: Well, it
21 was supposed to be Phil Misemer. But, I think
22 we'll have Martha do it.

23 (Laughter.)

24 CHAIRPERSON PFANNENSTIEL: Thank you.
25 Ms. Krebs.

1 DR. KREBS: Excuse me, Commissioners.
2 I'm Martha Krebs; I'm the Deputy Director for R&D
3 here at the Commission.

4 Before you, you have a set of projects
5 that represent an activity for the transportation
6 R&D program that was begun with 2005/2006 funding.
7 These projects were co-planned with the California
8 Air Resources Board. They represent, I believe,
9 three or four projects out of about ten.

10 These projects will be managed by the
11 Air Resources Board. Other projects agreed to
12 with the Air Resources Board will be managed
13 within PIER, and within the fuels and
14 transportation division of the Energy Commission.

15 These projects are not only worthy in
16 their own right, but also represent our commitment
17 and mandate within the transportation R&D program
18 to co-plan and work with the Air Resources Board.

19 These projects were approved by both the
20 R&D Committee and by the Transportation
21 subcommittees. And I'm here to answer any further
22 questions.

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

25 COMMISSIONER BYRON: Dr. Krebs, Mr.

1 Misemer did come to the Transportation Committee
2 and presented it there, and we did approve this.

3 DR. KREBS: Yeah.

4 CHAIRPERSON PFANNENSTIEL: Further
5 discussion? Is there a motion?

6 COMMISSIONER GEESMAN: I'll move it.

7 COMMISSIONER BOYD: I'll second it.

8 CHAIRPERSON PFANNENSTIEL: All in favor?

9 (Ayes.)

10 CHAIRPERSON PFANNENSTIEL: Thank you,
11 Dr. Krebs.

12 DR. KREBS: Thank you.

13 CHAIRPERSON PFANNENSTIEL: Item 10,
14 possible approval of contract 200-06-007 for
15 \$30,000 with CPS Human Resource Services to
16 conduct a national search for qualified
17 competitors for the Executive Director position at
18 the Energy Commission.

19 And let me just say, as Betty takes her
20 seat, that this is an effort that I initiated
21 believing that when and if our current Executive
22 Director decides to retire, we probably want to be
23 in a position to have looked far and wide for an
24 able successor. So, for this specific contract,
25 Betty.

1 MS. LAFRANCHI: Good morning; I'm Betty
2 Lafranchi, the Manager of the human resources and
3 support services branch here at the Commission.

4 I'm requesting approval this morning for
5 a contract with Cooperative Personnel Services to
6 conduct an executive search for the Commission.

7 CPS is a joint power authority made up
8 of the State of California and a few other states,
9 as well as many city, county and local
10 governments. They have vast experience conducting
11 executive searches to recruit and select
12 individuals for positions with public, higher
13 education and the private, nonprofit sectors.

14 They will use their national network of
15 contacts to recruit candidates for the
16 Commission's Executive Director position. They
17 will also assist with the selection process and
18 all of the supporting activities.

19 Recruiting for government agencies is a
20 unique niche in the executive search arena, and
21 CPS has a long successful history in this field.
22 I believe it's a pretty straightforward contract.
23 If you have any specific questions I'd be happy to
24 answer them.

25 CHAIRPERSON PFANNENSTIEL: Are there

1 questions? Yes, Commissioner Boyd.

2 COMMISSIONER BOYD: Madam Chair, I don't
3 know if the Executive Director would like to
4 address the when-and-if question. To me it was a
5 matter of not if, but when. But I don't want the
6 public to think we are giving him a gentle or
7 rather strong hint here in this session, that in
8 case you didn't know it we're looking for a
9 replacement.

10 CHAIRPERSON PFANNENSTIEL: Commissioner
11 Boyd, I don't think this is the first time he's
12 heard of it, but --

13 (Laughter.)

14 COMMISSIONER BOYD: No. I thought he
15 just might like to assure the audience that he
16 really does plan to leave us, and thus we're
17 planning ahead, rather than getting a push from us
18 today.

19 EXECUTIVE DIRECTOR BLEVINS: I'll just
20 point out that I turn 55 on January the 9th, 2008.
21 So, --

22 COMMISSIONER BOYD: That's no legitimate
23 excuse.

24 (Laughter.)

25 CHAIRPERSON PFANNENSTIEL: Other

1 questions?

2 COMMISSIONER GEESMAN: I guess I would
3 observe that I participated in one of these once;
4 it was before there were search firms available.
5 The Commission actually tried to conduct a
6 nationwide talent search on its own.

7 It was a different era, and at the time
8 it was characterized as a Clark Kent look-alike
9 contest. I was fortunate enough to win. And I'd
10 certainly --

11 (Laughter.)

12 COMMISSIONER GEESMAN: -- encourage us
13 to set our sights a little higher this time
14 around.

15 (Laughter.)

16 COMMISSIONER GEESMAN: I'll move the
17 item.

18 COMMISSIONER BOYD: I'll second the
19 item.

20 CHAIRPERSON PFANNENSTIEL: All in favor?

21 (Ayes.)

22 CHAIRPERSON PFANNENSTIEL: Thank you;
23 we'll go ahead with that contract.

24 Item 11, possible approval of contract
25 200-07-001 for \$155,000 to California Resources

1 Agency to provide assistance and policy
2 coordination as a principal communications link
3 through the Governor's Office and the Energy
4 Commission. Good morning.

5 MS. RAEDEL: Good morning,
6 Commissioners. My name is Cheryl Raedel. I'm the
7 Manager of the contracts office.

8 This is our annual support to the
9 Resources Agency providing communication link to
10 the Governor's Office addressing different issues
11 that are important to the Energy Commission, as
12 well as other resources agencies under the
13 Secretariat's Office.

14 Requesting your approval.

15 CHAIRPERSON PFANNENSTIEL: Thank you.

16 Are there questions?

17 COMMISSIONER BYRON: I have one. Does
18 this link to the Governor's Office have a name?

19 (Laughter.)

20 COMMISSIONER BYRON: It's just the
21 Agency?

22 MS. RAEDEL: It's just through the
23 Agency.

24 COMMISSIONER BYRON: Thank you. I got
25 asked that question in Assembly Committee and I

1 didn't answer it correctly.

2 (Laughter.)

3 CHAIRPERSON PFANNENSTIEL: Is there a
4 motion?

5 COMMISSIONER BOYD: I'll move the item.

6 COMMISSIONER GEESMAN: Second.

7 CHAIRPERSON PFANNENSTIEL: All in favor?

8 (Ayes.)

9 CHAIRPERSON PFANNENSTIEL: Thank you.

10 MS. RAEDEL: Thank you.

11 CHAIRPERSON PFANNENSTIEL: Item 12,
12 possible approval, amendment 1 to contract 600-04-
13 024 with TIAX, LLC to extend the contract term for
14 one year and add \$82,354 to develop cost curves
15 that quantify and evaluate the potential to reduce
16 greenhouse gas emissions by industry sector and
17 pollutant sources. Mr. Olson.

18 MR. OLSON: Yes, thank you very much.

19 This contract amendment adds money to existing
20 contract which has been used as part of the
21 foundation building for some of the AB-32 work.

22 It directly assists several of our
23 initiatives at the Energy Commission that we're
24 managing under that AB-32. And the amendment is
25 meant to embellish some of the economic analysis

1 of the overall -- all of the 46 initiatives under
2 AB-32 and those here at the Energy Commission that
3 we're managing. So we're looking forward to your
4 approval.

5 CHAIRPERSON PFANNENSTIEL: Questions or
6 discussion?

7 COMMISSIONER BOYD: I'll move approval
8 of the item; it did come before the Transportation
9 Committee.

10 COMMISSIONER BYRON: I will second it.

11 CHAIRPERSON PFANNENSTIEL: All in favor?

12 (Ayes.)

13 CHAIRPERSON PFANNENSTIEL: Thank you,
14 Tim.

15 MR. OLSON: Thank you.

16 CHAIRPERSON PFANNENSTIEL: Item 13,
17 possible approval of purchase order 06-433.00-11
18 for \$355,000 for the services of a technical
19 project manager who will manage and coordinate the
20 planning, design, development, testing and pilot
21 phases of the dynamic simulation transportation
22 energy model software development vendor. Good
23 morning.

24 WENG-GUTIERREZ: Good morning,
25 Commissioners. My name is Malachi Weng-Gutierrez

1 and I work in the Energy Commission's fuels and
2 transportation division.

3 I'm here to seek approval of a purchase
4 order for contract work supporting the dynamic
5 simulation transportation energy, or DynaSim
6 project.

7 In 2005 the Energy Commission Staff had
8 consultants perform an evaluation of integrating
9 and updating the existing transportation models.
10 The document produced from that evaluation,
11 together with Energy Commission Staff work, became
12 the basis of an FSR that was submitted to the
13 Department of Finance.

14 In fiscal year 05/06 BCP process the
15 Energy Commission submitted a BCP based on the FSR
16 which was then approved. The BCP defined two
17 contract services, the technical project manager
18 services, and the software development services.
19 In addition, Department of Finance oversight
20 required contract services for an independent
21 project oversight consultant or IPOC.

22 Similar to the WREGIS project, these
23 three contracts, the technical project manager,
24 the software development vendor and the IPOC will
25 be needed to perform the work and meet all of the

1 requirements of the Department of Finance.

2 Before you for your approval is the
3 first of the three multiyear contracts. This will
4 be followed by the IPOC purchase order, and then
5 the software development vendor contract.

6 The first two contracts for the DynaSim
7 project, the technical project manager and the
8 IPOC will be procured through IT's C-mass process.
9 The third and the largest of the three contracts
10 will be procured through an RFP process with
11 assistance from the procurement division at
12 Department of General Services.

13 Let me explain the reason for the
14 inclusion of the technical project manager in the
15 project, itself. The technical project manager
16 must have both excellent project management skills
17 and extensive knowledge of software development
18 lifecycle methodologies and processes. At the
19 Energy Commission we have project managers, but we
20 are looking for someone with specific skills in
21 software development lifecycle processes.

22 This software development knowledge
23 allows the technical project manager to
24 understand, interpret and provide insight into the
25 best methods to develop a solution. This is

1 important because the technical project manager
2 will, on a day-to-day basis, be insuring the
3 goals, requirements and objectives of the Energy
4 Commission and the project are incorporated into
5 the developed solution.

6 I would ask for your approval of this
7 item and would be happy to answer any questions
8 that you have.

9 CHAIRPERSON PFANNENSTIEL: Are there
10 questions? Discussion?

11 COMMISSIONER BOYD: I'll move approval
12 of the item. It did come before the
13 Transportation Committee. This is a project, I
14 think many of you know, we've been working on for
15 a very long time.

16 I want to compliment the staff and
17 Malachi for their diligence. This project, I
18 hope, gets launched during my second and final
19 term on this Commission. It is suffering the
20 necessities of state process, doing ITS operations
21 in California state government are very difficult.
22 And we have the oracle overhang that's making it
23 even ore difficult.

24 So this is moving along. I just hope
25 that we get the value of this tool as soon as

1 reasonably possible.

2 COMMISSIONER BYRON: I second the item.

3 CHAIRPERSON PFANNENSTIEL: All in favor?

4 (Ayes.)

5 CHAIRPERSON PFANNENSTIEL: Thank you,

6 Malachi.

7 WENG-GUTIERREZ: Thank you.

8 CHAIRPERSON PFANNENSTIEL: Item 14,
9 report of the Electricity Committee's plans to
10 continue to a later business meeting the adoption
11 of proposed regulations establishing and
12 implementing a greenhouse gases emissions
13 performance standard for local, publicly owned
14 electric utilities.

15 This item is informational only. The
16 Energy Commission will hear comments on the
17 proposed regulation, but no action will be taken
18 at this meeting.

19 And I thought I should emphasize that we
20 have a large number of people who have asked to
21 speak to this item. And we'll hear from them in a
22 minute. But you should know that we won't take
23 action on the item today.

24 Yes, Ms. DeCarlo.

25 MS. DeCARLO: Good morning, Chairman,

1 Commissioners. Lisa DeCarlo, Senior Staff
2 Counsel.

3 On March 10th the Electricity
4 Committee's proposed regulations establishing and
5 implementing a greenhouse gases emission
6 performance standard for publicly owned electric
7 utilities were published in the California
8 Regulatory Notice Register.

9 This triggered the start of a 45-day
10 comment period which ends today. Various parties
11 have submitted written comments; and based on
12 these comments the Electricity Committee intends
13 to make a few clarifying changes to the proposed
14 regulations.

15 When these changes have been finalized a
16 notice will be sent to interested parties, and we
17 hope to have this matter back before the
18 Commission for adoption on May 23rd.

19 This concludes my introduction and I
20 would be happy to answer any questions you may
21 have.

22 CHAIRPERSON PFANNENSTIEL: Thank you,
23 Ms. DeCarlo. Are there questions or comments
24 before we go to the speakers? Yes.

25 COMMISSIONER BYRON: If I may, --

1 CHAIRPERSON PFANNENSTIEL: Certainly,
2 Commissioner Byron.

3 COMMISSIONER BYRON: -- Madam Chairman,
4 I'd like to say just a couple of things. First,
5 I'd like to thank Ms. DeCarlo and Mr. Collord,
6 who's also here, and a number of the staff members
7 that may be present, as well. Mostly I'd like to
8 thank the participants.

9 This is not the beginning of this
10 process. We've had three workshops on this
11 subject. And as Ms. DeCarlo said, this culminates
12 our 45-day language period.

13 We've heard from a good number of the
14 parties that are present today. And we're going
15 to be reviewing, I want to show you we're going to
16 be reviewing all of your comments in the
17 Electricity Committee, and I suspect all of my
18 fellow Commissioners will be reviewing those
19 comments in detail.

20 So not wanting to discourage your
21 comments today in any way, I just wanted to assure
22 you that you don't need to go through all of them
23 in great detail. We've seen many of them, and if
24 you'd like to emphasize any in particular, that
25 would be extremely helpful.

1 We will likely be putting out 15-day
2 language on some revised regulations with some
3 limited degree of revisions. And then it'll be up
4 for Commissioner review May 23rd, as Ms. DeCarlo
5 indicated.

6 Just wanted to encourage comments today,
7 but also let you -- assure you again that we will
8 be reviewing them in detail.

9 CHAIRPERSON PFANNENSTIEL: Thank you,
10 Commissioner Byron. Further discussion from the
11 dais?

12 Then let's go through the comments;
13 people have provided blue cards. If there's
14 anybody who would like to speak to this matter who
15 hasn't filled out a blue card, please do so.

16 We'll start with Bruce McLaughlin of
17 CMUA.

18 MR. McLAUGHLIN: Always first, okay.
19 Welcome our -- Commissioners, again. My comments
20 aren't quite as glowing as the one previous today.

21 (Laughter.)

22 MR. McLAUGHLIN: We have tremendous
23 concerns. We've filed a lot of documents in this
24 proceeding. We've participated at every
25 opportunity. You have hundreds of pages; most of

1 those are publications and documents which
2 demonstrate the transparency and openness of
3 public agencies, and the ability to get things
4 into the record on decisions that are forecast and
5 that are made.

6 I'm not going to talk about a lot of
7 points. I have only one issue to talk about
8 today, and that's particular, one sentence in the
9 entire regulation. That's 2901(j)(4)(A) which
10 says that this is a trigger of a new ownership
11 investment, which would then be subject to the
12 EPS.

13 Any investment in an existing nondeemed
14 compliant power plant owned in whole or part by a
15 local publicly owned electric utility that (a) is
16 designed and intended to extended the life of one
17 or more generating units by five years or more.

18 We have many questions; we believe this
19 regulation fails the clarity standard, consistency
20 standard, the reference standard, the authority
21 standard, the necessity standard at OAL. We do
22 not believe that this is sufficient guidance for
23 us.

24 We need to work much more on this
25 language. We don't believe it's a proper standard

1 just as if you got out a ruler to measure the
2 weight of something. It wouldn't tell you
3 anything. We think this particular standard is
4 exactly analogous to that.

5 The life of a plant is an unknowable.
6 In the industry we have marshaled sufficient
7 documentation; experts, engineers have given you
8 opinion and comments that this is no longer a
9 mechanism to determine anything on a plant. It's
10 purely economic and operational. It's almost a
11 yearly decision.

12 It's not something that would be
13 triggered by maintenance activities; not something
14 that would be triggered by a lot of routine
15 actions on plants.

16 And so we have tremendous concern
17 because these are the comments that we've received
18 from NRDC, for instance. It's okay for us to
19 paint our pipes, but that's as far as they've
20 gone.

21 When we talk about maintenance
22 activities they don't present any substantive
23 information for us to even respond to. and so
24 it's tough to have a conversation and vet this
25 rule.

1 And that's what we're asking. We
2 recognize this is a continuation. And so 15-day
3 language is coming out. We are suggesting and
4 requesting that this particular sentence has to be
5 vetted.

6 This is not a proper test to determine
7 whether something is a new ownership investment,
8 which is a long-term financial commitment. And
9 that is what the law says.

10 The law talks about things that will
11 create the potential for future risk and
12 reliability and/or pollution control costs. We
13 are suggesting that maintenance actions, for
14 instance, are short-term effects. If we do not do
15 maintenance on plants, if we are not required or
16 allowed to do typical maintenance activities,
17 predictive maintenance, preventative maintenance,
18 corrective maintenance, et cetera, short-term
19 reliability will be harmed. Plants will be shut
20 down.

21 This will falsely accelerate the risk to
22 ratepayers, as plants are shut down because we are
23 no longer able to do normal activities. And
24 possibly some people in this audience think I'm
25 talking about things, of course, they aren't

1 trying to shut down maintenance activities. But
2 this is what we've heard.

3 We've had conversations with your staff.
4 We've provided discrete examples would this
5 particular instance trigger this event. And the
6 answer is yes. And so we have grave concerns.

7 We don't believe that sufficient
8 technical expertise has been put by this
9 Commission to bear on this question.

10 I'm way off my notes, but that is the
11 point I want to make. That sentence will not
12 stand, because we cannot understand it.

13 And when we had issues in policy we
14 brought managers, council members, board members
15 here to talk to the Commission. When we had
16 issues of resource planning, we brought resource
17 planners. When we had issues of operations, we
18 brought engineers and experts in the field. When
19 we had issues of reporting requirements or legal
20 issues, we brought attorneys.

21 We have brought every bit of information
22 and expertise we have to this Commission. And
23 yet, this is something that continues to remain.
24 Just because the CPUC posed this language is not a
25 reason for this Commission to not vet that.

1 We believe the CPUC got it wrong. If
2 you look at the decision of the CPUC, there's
3 about a half-page discussion on it. Essentially
4 had a smorgasbord of things that parties gave
5 them; okay, we'll take this one and this one, and
6 now that's our meal. That does not work.

7 And so there's no support in the CPUC
8 decision for that language. And so it needs to be
9 vetted; it needs to be thoroughly analyzed. And
10 we need more clarity on what is and isn't a new
11 ownership investment which will trigger a long-
12 term financial commitment.

13 Again, I think I'm way off my notes, but
14 not to belabor. Thank you very much. And we do
15 request that we have more workshops down to staff,
16 Commission's open meetings, I'm not requiring
17 anything special except that we get an opportunity
18 to talk more and vet this issue. Thank you very
19 much.

20 CHAIRPERSON PFANNENSTIEL: Commissioner
21 Geesman.

22 COMMISSIONER GEESMAN: Question, Bruce.
23 You made reference to dialogue that you've had
24 with our staff on the question which turned up
25 answers that you didn't like, or didn't feel were

1 correct.

2 Ultimately those questions would come in
3 front of the full Commission, would they not?

4 MR. McLAUGHLIN: I thought they already
5 had. I thought --

6 COMMISSIONER GEESMAN: No, I mean in a
7 specific case. Take the painting of pipes, if you
8 were dissatisfied with the staff's interpretation
9 of those regs, wouldn't the ultimate determination
10 be made by the Energy Commission?

11 MR. McLAUGHLIN: Well, Commissioner, if
12 you're asking that each of these activities would
13 come before the Commission because we'd have to
14 file a compliance filing for them I would suggest
15 to you that you're going to have hundreds.

16 Things greater than painting the pipes.
17 For instance, --

18 COMMISSIONER GEESMAN: That wasn't my
19 question. My question was --

20 MR. McLAUGHLIN: Okay, I'm sorry.

21 COMMISSIONER GEESMAN: -- will they come
22 in front of the Commission or not. Not really how
23 many will come in front of the Commission.

24 It seems to me that if you're concerned
25 with the way in which the staff answered your

1 question as to what would be covered, that's not
2 the final answer. You'd bring that in front of
3 the full Commission for a determination, I
4 believe.

5 MR. McLAUGHLIN: Again, I'm possibly
6 unclear on what you're asking. If you're talking
7 about the rulemaking process here, we believe that
8 we've brought tremendous information to the
9 Commission to make proper rules that are clear and
10 consistent with the statute.

11 COMMISSIONER GEESMAN: I'm talking about
12 the application of the rules.

13 MR. McLAUGHLIN: Okay, once the rules
14 are in place and we have this particular
15 subsection, would we then bring that to the full
16 Commission? Again, that would require hundreds of
17 compliance filings, and that's the only way the
18 Commission would ever get the opportunity to
19 determine whether we could repair a gas turbine
20 that ingested a bird or a bolt.

21 These are the issues that, because of
22 the lack of clarity in the standard, we would
23 question. Can we repair this power plant now; do
24 we need to start repairing, or go to the
25 Commission to get an approval before we can order

1 the new LM6000.

2 And in our comments that we filed
3 yesterday we gave 24 discrete -- and this is just
4 24, it could have gone on -- examples that we
5 believe had to be asked because of the lack of
6 clarity in this standard.

7 That's really what we're asking for.
8 We're asking for, we've got a standard needs to be
9 met, according to the Legislature. And how are we
10 going to get a test that you could accurately
11 determine whether something meets that standard.

12 We need to know that because we're self-
13 certifying. You need to know that because you're
14 going to insure our compliance. And that one
15 sentence just doesn't do it. That's my plea.

16 COMMISSIONER GEESMAN: Second question
17 is do you believe that the CPUC decision intends
18 to cover maintenance expenditures?

19 MR. McLAUGHLIN: That's a really good
20 question. I'm glad you asked it, Commissioner.

21 Now, in that paragraph they give a
22 little bit of black-and-white. They have a venn
23 diagram, a little bit of black-and-white, mostly
24 grey. They say that, hey, certainly we do not
25 expect to impact short-term reliability, therefore

1 with things like pollution control devices,
2 maintenance activities, et cetera, those aren't
3 included here. But we think that repowering and
4 such is.

5 So, they gave you two way down here, and
6 one up here standards. But there's a big morass
7 in between. And then the Energy Commission
8 removed all the black-and-white, put only grey in,
9 because now we have any investment, and now we
10 have no other language except the one sentence
11 here. And so all we have is a circle of grey.

12 And so we have gone back a step from the
13 CPUC. We would suggest that you can get even more
14 clear than the CPUC, and we should. But we are
15 well below them.

16 COMMISSIONER GEESMAN: Thank you.

17 MR. McLAUGHLIN: Okay. Thank you,
18 Commissioners.

19 CHAIRPERSON PFANNENSTIEL: Thank you.
20 Allen Short, MSR.

21 MR. SHORT: Thank you, Commissioners.
22 It's a pleasure to be here. And, you know, going
23 second in these types of activities or going last,
24 generally the first individual tells you exactly
25 why I'm here. He actually did that very well from

1 that perspective, so I'm not going to go there.

2 What I am going to do is I am
3 representing MSR today. I am the President of
4 MSR, and also the General Manager of the Modesto
5 Irrigation District. MSR stands for Modesto
6 Irrigation District, Santa Clara and Redding.

7 We were formed in 1981, and the first
8 asset that we entered into was a purchase
9 agreement in 1983 for a coal-fired plant down in
10 Four Corners, New Mexico. We own 28.8 percent of
11 unit 4, or 8.7 percent of the 1600 megawatts
12 that's generated out of that station.

13 Our concern is what Bruce has outlined,
14 won't go there from that standpoint. We are a
15 minority owner, and from a maintenance aspect we
16 have been conducting and participating in
17 maintenance to keep the unit running efficiently
18 and operably. That is a commitment that MSR has,
19 not only to its constituent base, but it has to
20 its bond holders, as well.

21 And so from this perspective, if we're
22 unable to participate in the maintenance
23 activities from that standpoint, we certainly
24 can't veto it; we certainly can't change the
25 course of action at 8.7 percent. We are in limbo

1 from that standpoint.

2 And clarity on this issue is extremely
3 important to us, because we think and want to be
4 able to utilize that asset for those who have
5 invested in it, not only the ratepayers, as I've
6 indicated, but the bond holders, as well.

7 Further, we believe we have legislative
8 regulatory law obligations to operate that plant
9 as efficiently and as environmentally sound as
10 possible. We are currently under a federal decree
11 to invest millions of dollars to enhance and
12 improve the air that's coming out of the stack;
13 more specifically, mercury removal from that
14 standpoint. And we're investing in that so that
15 we can continue to keep the plant operational and
16 running efficiently.

17 And then finally, from that standpoint,
18 and on a side note, MSR is just not about a coal-
19 fired facility. We were one of the first entities
20 to buy renewable energy, particularly wind. We
21 bought 200 megawatts of wind power out of the Big
22 Horn project, which is located in Washington
23 State, north of the Columbia River.

24 We continue to look for our members for
25 renewable type projects. And we'll continue to

1 invest in those.

2 One that has come to my attention just
3 recently, and I don't know all of the details to
4 it, but one of the things we're looking at at the
5 San Juan project is to include a solar project
6 which would enhance the heating of the heating
7 water for the generator.

8 This, my understanding, would reduce
9 greenhouse gases and make the project run more
10 efficiently. Based upon what I understand today,
11 and what Bruce has outlined, MSR could not
12 participate in that project as we move forward.
13 And that's a shame, and that's something that we
14 would like to see and get clarity to.

15 We'd like to thank the Committees; we've
16 been participants in the workshops; we'll continue
17 to participate at every step of the way. We don't
18 all come to you with problems; we do have
19 solutions. And we have presented those solutions.
20 And they are contained with the CMUA documentation
21 and submittals to you.

22 Again, I'd like to thank you for your
23 time. Hope you understand who MSR is. We are a
24 long-standing entity. We've made those
25 investments and we'd like to be able to use those

1 investments as long as it's done under laws and in
2 an environmentally superb way.

3 I'll answer any questions. And, if not,
4 thank you very much.

5 CHAIRPERSON PFANNENSTIEL: Thank you,
6 sir. The next speaker is Norman Pedersen, the
7 Southern California Public Power Authority.

8 MR. PEDERSEN: Thank you and good
9 morning, Commissioners. My name is Norman
10 Pedersen; I'm here today for the Southern
11 California Public Power Authority.

12 We support the comments of the CMUA
13 submitted to you, I believe it was yesterday; we
14 support Mr. McLaughlin's comments that he made
15 today.

16 I'm here this morning to point out three
17 particular changes in the proposed regulations
18 that are of concern to the Southern California
19 Public Power Authority.

20 First, and at this point I'm echoing Mr.
21 McLaughlin, we urge you to consider eliminating
22 the proposed section 2901(j)(4)(A) definition of
23 new ownership investment as including investments
24 in nondeemed compliant power plants are designed
25 and intended to extend the life by five years or

1 more.

2 Instead of that we urge you to consider
3 either of the two alternatives that CMUA presented
4 to you in I think it was pages 14 to 16 of their
5 comments, in which they propose an alterative --
6 two alternatives for defining new ownership
7 investment.

8 In our view the five-year provision in
9 section 2901(j)(4)(A) is impermissively vague,
10 over-broad, and it goes far beyond SB-1368. It
11 has, we believe, the potential to cripple existing
12 power plants.

13 We believe the five-year provision would
14 simply have consequences that were unintended by
15 the Legislature.

16 Secondly, we are concerned about another
17 revision in the definition of new ownership
18 investment, and I believe this one should be far
19 less controversial than the revision of section
20 2901(j)(4)(A). As proposed in section 2901(j)(2)
21 of the definition of new ownership investment, new
22 ownership investment is defined as meaning an
23 investment in a new or additional ownership
24 interest in an existing power plant previously
25 owned by others.

1 The Magnolia Power Plant is a recently
2 completed, state of the art, combined cycle, low
3 emission, zero water emission power plant located
4 in Burbank. As section 2901(j)(2) is currently
5 worded, if, for example, Cerritos, which is one of
6 the participants in the power plant, were to
7 acquire 5 megawatts from another participant, say
8 Burbank or Anaheim, that might be deemed to be a
9 new ownership investment.

10 We propose, and this is in the CMUA
11 comments, the insertion of the phrase, nondeemed
12 compliant, in section 2901(j)(2) to make it clear
13 that that provision won't reach changes in
14 ownership in a deemed compliant, combined cycle
15 power plant like Magnolia.

16 We believe that's a clarifying change;
17 we believe that that is completely consistent with
18 SB-1368 and consistent with everything we've heard
19 during the workshops that we've had so far. So,
20 we're urging you to make that, what we hope will
21 be a noncontroversial change in the proposed
22 regulations.

23 There's a third change that is of
24 particular concern to SCPPA. We urge you to
25 consider adding the new section 2913 as proposed,

1 and I believe it's page 35 of CMUA's comments,
2 which we recommend to you. The proposed new
3 section 2913 would allow POU's to seek an exemption
4 for covered procurements that a POU is
5 contractually required to finance.

6 To give you an example. You heard from
7 MSR which is a participant in unit 4 at San Juan.
8 SCPPA is a participant in unit 3 at San Juan.
9 SCPPA has a 41.8 percent interest.

10 Imagine the need for a new ownership
11 investment such as emissions controls that may
12 extend the life five years or more. Under the San
13 Juan project participation agreement, a two-thirds
14 vote is required by the coordination committee to
15 undertake an investment. SCPPA has 41.8 percent.

16 SCPPA, under the regulations as
17 proposed, knows if that investment were to extend
18 the life by five years or more, we'd be
19 constrained to vote against that investment. 41.8
20 percent could block the investment at the
21 coordination committee level because a two-thirds
22 vote is required for the investment to go forward.

23 However, if the coordination committee
24 is deadlocked under the San Juan project
25 participation committee, the operating agent,

1 which happens to be Public Service Company of New
2 Mexico, is empowered to nevertheless proceed with
3 the project, with the cost being imposed on all
4 the participants on the basis of their
5 participation interest, including a participant
6 such as SCPPA.

7 The proposed section 2913, as set forth
8 in the CMUA comments, would allow for an exemption
9 for situations in which a party like SCPPA would
10 be helpless to finance what would be, under your
11 proposed regulations, a new ownership investment,
12 a covered procurement absent breach of contract or
13 divestment.

14 So we recommend section 2913, as set
15 forth in the CMUA comments for your consideration.

16 In sum, we urge you to consider all of
17 the proposals made in CMUA's comments as submitted
18 to you yesterday. We think that they are well
19 thought out, well considered, and reasonable.

20 But particularly, we do urge you to
21 consider adopting the proposed revised -- the
22 proposed alternatives, two alternatives for
23 revising the definition of new ownership
24 investment.

25 Particularly we urge you to change

1 section 2901(j)(2) to make it clear that transfers
2 of interest in deemed compliant power plants are
3 not within the definition of new ownership
4 investment.

5 And then lastly, we urge you to consider
6 the proposed language for the new section 2913 on
7 exemptions.

8 And thank you very much for permitting
9 me time to address you today.

10 CHAIRPERSON PFANNENSTIEL: Yes,
11 Commissioner Byron.

12 COMMISSIONER BYRON: Mr. Pedersen, I
13 understand that you're endorsing all of CMUA's
14 comments. Will you be submitting your own, as
15 well?

16 MR. PEDERSEN: We have joined in the
17 CMUA comments. I am on the comments. We have not
18 submitted separate comments, Commissioner Byron.

19 COMMISSIONER BYRON: Thank you.

20 CHAIRPERSON PFANNENSTIEL: Thank you,
21 sir. Virgil Welch, Environmental Defense.

22 MR. WELCH: Good morning. Thank you,
23 Madam Chair and Commissioners. My name is Virgil
24 Welch; I'm here on behalf of Environmental
25 Defense. I'm also here today on behalf of the

1 Natural Resources Defense Council and the Union of
2 Concerned Scientists, who have submitted some more
3 extensive formal comments, but were unable to be
4 here in person.

5 In light of those comments and in light
6 of Commissioner Byron's remarks, I will be brief
7 and just offer a few general comments.

8 The first is that we would like to thank
9 Commission Staff and the stakeholders for their
10 effort in this process, in producing what we
11 believe is a very strong set of proposed
12 regulations.

13 On balance, we are very supportive of
14 the regulations and would actually urge their
15 adoption as soon as possible.

16 In particular, we support the proposed
17 regulations as being consistent with those
18 recently adopted by the Public Utilities
19 Commission. And in relation to the enforcement
20 and compliance issues, as you know this was an
21 area where there was some fairly extensive
22 discussion. And we are now supportive of the
23 regulations in regard to those provisions. And
24 again would just offer our appreciation to
25 everyone involved in that discussion.

1 There are a couple of minor
2 clarification suggestions. Those are contained in
3 the formal comments, so I will not go into those
4 in much detail. Other than just to say they
5 relate to covered procurement and a slide
6 clarification related to the QF exemption.

7 Otherwise we're in full support and
8 offer -- rather urge adoption as soon as possible.
9 Thanks.

10 CHAIRPERSON PFANNENSTIEL: Thank you,
11 Commissioner Byron.

12 COMMISSIONER BYRON: Just a quick
13 question, if I may. And I think Commissioner
14 Geesman may have one, also.

15 I did see these comments come through
16 yesterday from Natural Resources Defense Council
17 and Union of Concerned Scientists. It does not
18 include Environmental Defense. And so I just want
19 to make sure I understand, are you joining these
20 comments in some way?

21 MR. WELCH: We're not officially joining
22 the comments, but we are in support of the
23 comments.

24 COMMISSIONER BYRON: Okay. Are you here
25 speaking for both of these other organizations, as

1 well?

2 MR. WELCH: That is correct.

3 COMMISSIONER BYRON: Okay, thank you.

4 CHAIRPERSON PFANNENSTIEL: Commissioner
5 Geesman.

6 COMMISSIONER GEESMAN: You had a chance
7 to listen to Mr. Pedersen. Do you have a reaction
8 as to whether covered procurement should include
9 transfer of ownership in a deemed compliant
10 facility?

11 MR. WELCH: Frankly, Commissioner, I
12 don't. And I know that there was some fairly
13 extensive discussion between the Natural Resources
14 Defense Council and others. We were not involved
15 in those discussions, and so frankly I would
16 prefer not to comment on that.

17 COMMISSIONER GEESMAN: Thank you.

18 CHAIRPERSON PFANNENSTIEL: Thank you.
19 Steven Kelly, IEP.

20 MR. KELLY: Thank you, Commissioners.
21 Steven Kelly with the Independent Energy Producers
22 Association. I did file written comments to the
23 dais on this, so I hope you've had a chance to see
24 those.

25 The first comments, I would briefly like

1 to address the second of those comments. The
2 first of which, I think, was pretty much a
3 clarification dealing with trying to clarify what
4 it meant with the netting concept for the net
5 emissions I hope is a noncontroversial addition to
6 language.

7 So, let me focus on the second set of
8 comments and explain why I raised those, what my
9 concerns are, and maybe make some recommendations.

10 The second set of comments deal with the
11 language that pertain to substitute power that
12 arise in section 2906(b)(3). And first, before I
13 speak, I would like to make a clarification for
14 the record. That I do agree that there's a need
15 for recognizing the responsibility for firming
16 intermittent resources as they cross an intertie,
17 cross the border.

18 And secondly, I recognize that the PUC
19 has language very similarly to the language that
20 you are proposing to promulgate in their own prior
21 decision that speaks to this issue about
22 intermittent resources which arises in section
23 2906(b)(3).

24 But I would note related to the PUC
25 language, that language is language that is

1 contained in a decision or an ALJ ruling or
2 whatever which makes it relatively easy to change
3 if it turns out that they are wrong. Or in this
4 case I think they have nonsensical language in
5 their decision.

6 When you placed that language in your
7 regulations it's a little different, it's a little
8 more formal. It's obviously more stark when
9 someone like myself sees it and reads it for the
10 first time. And goes, whoa, what does this mean.
11 And it makes it more difficult to change.

12 So that is the kind of the impetus for
13 me to bring this issue up to you now. It did come
14 up in some of the workshops that we had in front
15 of the Committee and I'd raised concerns about the
16 issue of leakage and the issue of making sure that
17 renewables -- for renewables and particularly
18 intermittent renewables we weren't putting the
19 cart in front of the horse here.

20 So here's the problem. It's not clear
21 to me why this section that deals with
22 intermittent resources is in regulatory language
23 that addresses essentially financial commitments
24 with baseloaded resources.

25 Having said that, and I'll note that the

1 definition of baseloaded resources are resources
2 that have an annual capacity factor of 60 percent
3 or more. Intermittent resources, almost by
4 definition, do not.

5 And the three that are defined in the
6 regs that are intermittent, wind, small hydro,
7 run-of-the-river hydro, and solar, I don't think
8 would meet this test.

9 So it raises a concern in my mind as to
10 why this language that arises in (b)(3) is in the
11 regs at all to begin with.

12 But having said that, when you actually
13 read the language in (b)(3) what it essentially
14 says, and I've had this confirmed by your staff
15 and other people that I've talked to, is that
16 there's a right for a party to essentially enter
17 into a baseloaded contract with an intermittent
18 resource, and then backfill a hundred percent of
19 the energy behind that contract with system power,
20 undifferentiated power.

21 And that is the problem that I think
22 where we might have the cart in front of the
23 horse. There is the potential hypothetically, and
24 I'll just throw out some numbers, that a party
25 could engage in a 1500 megawatt wind contract

1 somewhere in the northwest; not actually take any
2 energy from that; and backfill it, as I understand
3 the regs, a hundred percent with system power.
4 Which is going to have a component of obviously
5 noncompliant resources from an EPS perspective.

6 So why am I particularly concerned about
7 this language? I've been working in the renewable
8 business and trying to develop that market for 13-
9 plus years I've worked with the Commission years
10 ago when we were working as the Renewable Energy
11 Marketing Board to promote renewables in
12 California. I've worked with Commission Staff to
13 insure that the public has a sense of integrity
14 related to renewables when they buy renewables, by
15 working on the WREGIS system, which is designed to
16 prevent double-counting and attract renewable
17 resources in the WECC.

18 So the intent there is to create an
19 environment where the public believes and
20 understands that when they are purchasing
21 renewables or when the state is investing in
22 renewables it is actually getting what it is
23 purchasing. And I'm concerned that this language
24 now undermines, or potentially could undermine
25 that perception, that public perception of they're

1 getting what they pay for. That's my fundamental
2 concern here.

3 I would recommend deleting this
4 language. I did not recommend deleting this
5 language in my filed comments, but until someone
6 can explain to me why this language is there and
7 what benefit it's going to do for renewables, and
8 how an intermittent resource could be contracted
9 as a baseload resource, in the first instance, I
10 would suggest we should consider deleting that
11 language. Because I don't think it's relevant.

12 Having said that, if it does turn out to
13 be relevant, then I have proposed in my filed
14 comments to bound the amount of energy from the
15 system power that can be used to backfill from
16 these types of contracts to the 15 percent level
17 that the Commission, itself, has proposed as a
18 proper boundary for these kinds of resources.

19 So I've added, proposed some additional
20 language as an insertion in that section that
21 would create that boundary, if there needs to be a
22 boundary at all.

23 And those are my comments at this point.
24 I look forward to working with the staff and the
25 Commission as we work on this language.

1 CHAIRPERSON PFANNENSTIEL: Commissioner
2 Geesman.

3 COMMISSIONER GEESMAN: Steven, how would
4 you address the requirement and the statute that
5 our standard be as consistent as possible with the
6 CPUC's?

7 MR. KELLY: I've stood before you many
8 times and spoke for the need for consistency
9 between the two agencies.

10 COMMISSIONER GEESMAN: This is with
11 respect to SB-1368, though.

12 MR. KELLY: Right. And I've spoken on
13 that, as well, in front of you. So I'm on the
14 record of saying there needs to be consistency.

15 I think the consistency that's trying to
16 be created here is the consistent policy which
17 says that it's okay to firm up an intermittent
18 resource. I don't believe the PUC got it in the
19 language that they've adopted. And I don't
20 recommend that you follow their path in this
21 instance.

22 What we should do is work on -- if that
23 is the issue, which is essentially to firm up
24 intermittent resources across the intertie,
25 there's better language that we can do than what

1 the PUC adopted to make that happen. And I think
2 all parties will agree, I believe all parties will
3 agree that was the primary goal of the convoluted
4 language the PUC, I think, crafted together.

5 Now, it wasn't until it got in your
6 regulatory language that I actually had time to
7 focus on what the PUC had adopted, I will admit.
8 But when you see it in regulation it's much more
9 stark, because it has more meaning.

10 And, you know, obviously I'd encourage
11 the PUC to reconsider their language, as well.
12 But I don't recommend that you necessarily follow
13 all their language. The policy is the same, I
14 think.

15 COMMISSIONER GEESMAN: You don't
16 recommend it, but the statute does. And I wonder
17 if you're better forum for the changes that you're
18 seeking isn't at the PUC.

19 MR. KELLY: Well, I'll probably be there
20 next, but you're going to be making a decision
21 sooner than that. And then they will invert the
22 logic and say we need to be consistent with you.

23 I think the consistency in the law, and
24 I went back and read SB-1368 where it speaks to
25 this, it doesn't necessarily speak for exact

1 consistency in the language so that you're bound
2 now to abide by what the PUC has adopted.

3 My sense of it is that it's equally
4 correct to interpret that language to say that
5 we're talking about policy here, and programs, and
6 how we're going to approach this thing.

7 The fact that you're going to have
8 slightly different language than the PUC in one
9 instance or the other may be irrelevant. You're
10 dealing with the munis. That obviously raises
11 some additional issues. The PUC will not have
12 considered that. So, I would expect that there
13 will be some inconsistencies in language in terms
14 of your regulations and whatever they've adopted.

15 COMMISSIONER GEESMAN: Thank you.

16 CHAIRPERSON PFANNENSTIEL: Thank you.

17 Manuel Alvarez, Southern California Edison
18 Company.

19 MR. ALVAREZ: Good morning,
20 Commissioners. Manuel Alvarez, Southern
21 California Edison. We filed comments yesterday, I
22 believe. And I'm not sure if the staff has
23 received them, but I believe they're on the
24 record.

25 There's a couple of issues that I want

1 to bring to your attention. There's some issues
2 in the report that we're asking for some
3 clarification on in terminology and nomenclature.
4 And I think we can handle that directly with the
5 staff and get that taken care of.

6 The areas that we have concerns with is
7 in the regulations. We feel they don't cover
8 smaller projects, the under 10 megawatts, which
9 was an issue that the PUC actually took up and
10 rejected. So we're asking the Commission to look
11 at that issue as they move forward on their
12 regulations.

13 The second item we have is this question
14 of ownership. The PUC defines ownership as any
15 net increase. The Energy Commission allows for a
16 10 percent increase in capacity. And we're urging
17 the Commission to go back to a net increased
18 capacity to keep it similar to the PUC.

19 The third item we have is you have a
20 narrow set of resources that you're concerned
21 about. And we don't see any basis for excluding
22 qualifying facilities. And we're unclear whether
23 you're granting exemptions to cogeneration
24 facilities.

25 The other item we have a concern, I

1 guess, goes the other way. And that's in your
2 regulation you propose a set of timelines for
3 compliance filings and review. And we think
4 actually that's a good idea, and we're going to
5 probably urge the PUC to follow that kind of an
6 arrangement.

7 And with that, that's it.

8 CHAIRPERSON PFANNENSTIEL: Thank you.
9 Susie Berlin on behalf of Northern California
10 Power Authority.

11 MS. BERLIN: Good morning, Madam Chair,
12 Commissioners. Susie Berlin representing the
13 Northern California Power Agency. I'd like to
14 thank staff and the Committee for all the work
15 they've done on this process. The publicly owned
16 utilities have been working with staff and with
17 the active stakeholders in this proceeding since
18 early October before there was even a draft
19 whitepaper or draft rule.

20 And during that time, although we have
21 not come to consensus on a hundred percent of the
22 issues, I think we moved the ball quite a ways
23 down the field and came to agreement on a number
24 of issues.

25 And one thing that you've all heard me

1 address repeatedly is this notion that consistent
2 does not mean that the standards have to be
3 identical, what's put forth by the PUC and what's
4 put forth by the CEC.

5 And I commend the proposed regulations
6 as recognizing that difference. If the
7 Legislature had, in fact, wanted a single
8 performance standard to apply to all of the
9 entities in the state that serve load, not going
10 to use the term load-serving entities because that
11 has a different definition, but if they had, in
12 fact, wanted a single standard that does not
13 account for any of the distinct differences
14 between IOUs and POUs, for example, they could
15 have included that right into the legislation.
16 They didn't.

17 We think that with the few comments that
18 are set forth in the CMUA filing, we think that
19 the proposed regulations address a lot of the
20 concerns that we had. And we think that they do a
21 very good job of balancing this notion that we do
22 have a consistent standard with the CPUC.

23 And granted, there are items in the CPUC
24 standard that we think would be more beneficial,
25 and maybe we'd like to have seen in these regs,

1 but we understand that consistent does not mean
2 identical. And applaud the proposed regulations
3 for also acknowledging that.

4 Thank you.

5 CHAIRPERSON PFANNENSTIEL: Thank you.

6 Joy Warren, Modesto Irrigation District.

7 MS. WARREN: Thank you. I just want to
8 note that CMUA and the POU's have been, as you are
9 aware, working with representatives from NRDC
10 throughout this proceeding. And as Susie Berlin
11 has just said, we've made some great progress on
12 many issues.

13 One issue that has been focused on
14 during the discussions has been the impact of the
15 proposed regulations on existing contract
16 commitments and ownership agreements of the
17 publicly owned utilities through their joint
18 ventures.

19 And one of the main examples that has
20 been used has been MSR, about which you heard from
21 Allen Short earlier today, and their ownership
22 interest in the San Juan project.

23 We appreciate and concur with NRDC's
24 recommendation in their comments recently filed
25 that such existing contractual obligations not be

1 a covered procurement. NRDC's proposal begins to
2 address this concern, and I'd also like to, as Mr.
3 Pedersen did earlier, refer you to the proposed
4 section 2913 in CMUA's comment which we believe
5 offers some additional language that is consistent
6 with NRDC's recommendation, but more fully
7 addresses the concerns around that situation, and
8 the preexisting contractual commitments and
9 ownership interests.

10 And, again, that 2913 can be found in
11 section 310 on page 35 of CMUA's comments. And we
12 would urge you to consider those. Thank you.

13 CHAIRPERSON PFANNENSTIEL: Thank you.
14 Jane Luckhardt, SMUD.

15 MS. LUCKHARDT: Hi; my name is Jane
16 Luckhardt, and I'm here today on behalf of the
17 Sacramento Municipal Utility District. And we are
18 listed on the front page, and also a sponsor of
19 the CMUA comments. What we did is we consolidated
20 our comments so you could read them once instead
21 of five or six times for all of us.

22 And I appreciate Commissioner Byron's
23 comments that you all will be reviewing our
24 written comments, and so I won't be repeating
25 those today for you.

1 Instead what I'm going to focus on are
2 the comments made by Steven Kelly on behalf of
3 IEP. You know, SMUD is very concerned about
4 developing, using, contracting for renewable
5 resources. And a lot of those renewable resources
6 are intermittent; they are wind and they are
7 solar.

8 And so we have, and SMUD has, a lot of
9 concerns about being able to firm those resources
10 coming across the intertie, and the requirements
11 for transmission and having a firming capacity.

12 And I think when you take a look at
13 IEP's comments there's a fundamental confusion
14 there in understanding the regulations as they're
15 written.

16 The way that staff has put them together
17 and the way that the law is written for SB-1368 is
18 that they define baseload generation at the power
19 plant, itself. And in the case of a intermittent
20 resource, you're firming not with another
21 individual unit, because that poses it's own set
22 of reliability issues. You firm with system power
23 on the whole.

24 And system power contains both baseload
25 and peaking resources. So if you go back to the

1 definition of what is a baseload generation in
2 section 8340(a), the baseload generation is based
3 on whether the power plant is designed and
4 intended to provide electricity at an annualized
5 capacity factor of at least 60 percent.

6 And so if you're using system power,
7 that system power will contain baseload
8 generation. And our concern was, and I believe it
9 is reflected and addressed in the regulations, is
10 if you're firming with baseload power, even if you
11 have -- baseload resource, even if you have an
12 intermittent contract that is only for, you know,
13 from 4:00 in the afternoon to 7:00 at night, five
14 days a week, for say a wind resource or something
15 like that, it's not the amount of power that you
16 are purchasing that determines whether it's a
17 baseload resource. It's the power plant that's
18 delivering the power.

19 So if you are firming with system power
20 even if it isn't for a baseload amount, it still
21 is a baseload resource, as defined in the statute.
22 And that's why we had to create and carve out
23 these exemptions, to allow these intermittent
24 resources to firm.

25 And, you know, I understand Steven

1 Kelly's, you know, concern in this area, but I
2 believe the way the law is written that the
3 regulations, as crafted, do address this issue,
4 and they need to address the issue, or you can't
5 firm with system power.

6 And this was something that we, as
7 munis, brought up in the workshops and at the
8 hearings that were held by the Committee. And I
9 believe that that is part of the reason that this
10 information, and that this section was placed into
11 the regulations.

12 You know, and IEP also expresses a
13 concern about that you could simply create a
14 capacity contract. And then you could backfill
15 the capacity contract with something totally
16 different, with a system resource, as opposed to
17 using the intermittent resource. And I believe
18 that that is also already addressed in the
19 regulations as written.

20 The regulations in 2906(b)(3), which is
21 the section that we're all looking at here, it
22 limits the amount of substitute energy to not
23 exceed the total expected output of the identified
24 renewable resource.

25 An output is a term that is used to

1 describe energy. And that can be found, if you
2 look back in the statute of 1368, output in
3 8340(k) output-based methodology, when they're
4 talking about greenhouse gas emissions, is
5 expressed as pounds per megawatt hour.

6 And as I'm sure you're all aware,
7 megawatt hour is an energy expression; whereas
8 capacity is expressed in megawatts.

9 So I believe that the regulations, as
10 written, are carefully crafted to address the very
11 issues that Steven Kelly is concerned about.
12 Because they are addressing energy output of the
13 intermittent resource, not simply capacity.

14 And just one last thing that I would
15 like to note here on this issue is that IEP has
16 not filed for reconsideration of the CPUC's
17 decision, at least to my knowledge, at this point.
18 So, you know, they may have a concern here, but
19 they have not yet brought this to the PUC's
20 attention.

21 And that's my comments today. If you
22 have any questions?

23 CHAIRPERSON PFANNENSTIEL: Thank you. I
24 have no further blue cards. Is there anybody else
25 who would like to address us on this subject?

1 Hearing none, then we will take no
2 action on this item, but will refer back to staff
3 and the Committee for any revision and then 15-day
4 language. Thank you, Ms. DeCarlo.

5 MS. DeCARLO: Thank you.

6 CHAIRPERSON PFANNENSTIEL: And thank you
7 all who both addressed us today and filed
8 comments. As has been noted, we will review the
9 comments, the written comments, and be prepared to
10 look at the next version.

11 Minutes, item 18, approval of minutes of
12 the April 11th business meeting. We do not have a
13 quorum who can vote on that, correct? We'll put
14 that over.

15 Commission Committee presentations or
16 discussions. Any discussion by the Commissioners?
17 None.

18 Chief Counsel report. Mr. Blees.

19 MR. BLEES: Thank you. First of all,
20 Mr. Chamberlain is out of town on WECC business
21 all this week. And unfortunately, Arlene Ichien's
22 well-deserved reputation for dispassionate and
23 careful listening has landed her on a jury. So
24 she may well be out for awhile, also.

25 A more positive side, I'm glad to report

1 that we are finally bringing the Chief Counsel's
2 Office back up to full strength. Kevin Bell
3 joined us last week. And we will be getting
4 another attorney on May 7th, and a third on June
5 1st. Thanks to the folks down in personnel who
6 helped us maneuver over and around many hurdles to
7 make that possible.

8 Also last week the Commission filed in
9 the Ninth Circuit U.S. Court of Appeals its
10 lawsuit against the U.S. Department of Energy
11 challenging DOE's failure to give us a waiver from
12 preemption for our water efficiency standards for
13 residential clothes washers.

14 And lastly I request a closed session
15 immediately following the meeting today for a
16 brief discussion of potential litigation.

17 CHAIRPERSON PFANNENSTIEL: Thank you,
18 Mr. Blee.

19 Executive Director's report, Mr.
20 Blevins.

21 EXECUTIVE DIRECTOR BLEVINS: Madam
22 Chairman, I report that the budget process
23 continues and next week we will be continuing our
24 work both in front of the Assembly Subcommittee
25 on -- and the Senate Subcommittee on the budget.

1 And defer the (inaudible) to Mr. Smith, who
2 probably has a pretty complete list.

3 CHAIRPERSON PFANNENSTIEL: Thank you.
4 Mr. Smith, is there any legislative activity that
5 you'd like to share with us?

6 MR. SMITH: Just a tiny tiny bit.
7 (Laughter.)

8 MR. SMITH: First let me say that we're
9 still focused on our 41 top priority bills in
10 pushing analyses and recommendations through the
11 Resources Agency.

12 I do want to point out also that some
13 scheduling deadlines that you should be aware of
14 with respect to the Legislature and legislative
15 deadlines.

16 April 27th, which is Friday, is the
17 deadline for all fiscal bills to be heard by their
18 policy committees. Those not being heard at that
19 point are either -- will either die or become two-
20 year bills.

21 May 11th, similarly is a deadline for
22 nonfiscal bills to be heard by policy committees.
23 Most, the overwhelming majority of our bills that
24 we're focusing on are fiscal bills. There's one
25 or two that may very well be nonfiscal bills. But

1 most are fiscal bills.

2 In that regard, of our priority one
3 bills, 40 are being heard today, so we will know
4 later today their fate. And eight have not yet
5 been heard, or been set for a date. And so they
6 are, of course, in jeopardy of either becoming
7 two-year bills or dying.

8 I do want to point out also SB-871,
9 which is Senator Kehoe's bill to give us the six-
10 month AFC authority, has become a two-year bill.

11 Other bills that I just want to point
12 out of note, which action was taken this week, AB-
13 94, which is Levine's -- Assemblymember Levine's
14 RPS bill, has also become a two-year bill. This
15 would set the 33 percent target by 2020.

16 AB-118, which is Speaker Nunez' -- was
17 Speaker Nunez' bill has now become quite fleshed
18 out, and is a fairly comprehensive transportation
19 funding bill, which puts the Energy Commission,
20 gives it primary authority administering a to-be-
21 funded transportation -- fairly comprehensive
22 transportation program. So, that's one that we
23 will be following with great interest. It was
24 amended this week.

25 In the opposite direction, SB-90 -- 80,

1 which is Senator Padilla's bill, would have
2 created an authority, would have given the
3 Commission authority to examine and evaluate
4 distribution systems of publicly owned utilities.
5 We have been amended out of that bill. And in our
6 place is the PUC. Which sets up an interesting
7 dynamic between the PUC and their would-be
8 responsibility to evaluate the distribution
9 systems at municipally owned utilities.

10 And AB-587 by Blakeslee would have given
11 the -- originally would have given the Commission
12 authority to examine the impacts of state's
13 distribution, transmission distribution systems of
14 adding distributed generation. We have been
15 amended out of that bill, and in our place is the
16 PUC. So we are working very closely on those
17 matters and will seek continued guidance from the
18 Commissioners on how to proceed in that regard.

19 One last area that I do want to just --
20 I want to bring to your attention, only to put it
21 on your radar screens. And there is a potential
22 chaptering issue that we all need to be aware of.
23 And it involves three very key bills that we are
24 following. SB-332, which is Corbett's, Senator
25 Corbett's bill that would provide the Energy

1 Commission with, at least direct the Energy
2 Commission, as it's currently amended, in setting
3 priorities for home entertainment -- setting
4 appliance efficiency standards for home
5 entertainment systems and home networking systems.

6 AB-662, which is Assemblymember Ruskin's
7 bill that would add, clarify, I should say, the
8 Commission's authority to set water standards for
9 appliances.

10 And AB-1516, which is Assemblymember
11 Huffman's bill that would do similarly set or
12 clarify the Commission's authority to set water
13 standards for buildings.

14 All three bills amend the same section
15 of law. And so there is a potential issue there.
16 We are in contact, we're communicating with the
17 authors' offices on this issue. We're hopeful
18 that this will not turn into a chaptering issue.
19 There are mechanisms that can be put in place to
20 avoid that.

21 But I just want to at least raise it so
22 there are no surprises down the road.

23 And that basically is my report. I'll
24 answer any questions on that.

25 CHAIRPERSON PFANNENSTIEL: Thank you,

1 Mike. Any questions, discussion?

2 Public Adviser's report.

3 MR. BARTSCH: Madam Chair, Members, Nick
4 Bartsch, Public Adviser's Office. We have no
5 report for you at this time.

6 CHAIRPERSON PFANNENSTIEL: Thank you.
7 Any further public comment?

8 Then we will adjourn to a short closed
9 session in my office. Thank you.

10 (Whereupon, at 12:00 noon, the Business
11 Meeting was adjourned into Executive
12 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 5th day of May, 2007.



PETER PETTY