

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
)
Business Meeting)
)
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DOCKET	
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CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, JUNE 20, 2007

10:00 A.M.

ORIGINAL

Reported by:
Ramona Cota
Contract Number: 150-04-001

COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, Chairperson

James D. Boyd

Arthur H. Rosenfeld

STAFF and CONTRACTORS PRESENT

McKinley Addy

B.B. Blevins, Executive Director

William Chamberlain, Chief Counsel

Beth Chambers

Betty Chrisman

Susanne Garfield-Jones

Jane Heinz

Rob Hudler

Harriet Kallemeyn, Secretariat

Kevin Kennedy

Geoff Lesh

Lynn Marshall

Sharon Jane Matthews

Marla Mueller

Emily Oren

Claudia Orlando

Rajesh Kapoor

Pramod Kulkarni

Dick Ratliff

Jesselyn Rosales

STAFF and CONTRACTORS PRESENT (CONTINUED)

Mike Smith, Legislative Director

Bill Staack

Brenda Sturdivant

Malachi Weng-Gutierrez

Kim Wilson

Dora Yen-Nakafuji

PUBLIC ADVISER

Nick Bartsch

ALSO PRESENT

Arthur B. Canning, Southern California Edison

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

2 10:02 a.m.

3 CHAIRPERSON PFANNENSTIEL: Good morning,
4 this is the Energy Commission Business Meeting for
5 June 20. Please join me us the Pledge of
6 Allegiance.

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

9 CHAIRPERSON PFANNENSTIEL: We have no
10 changes to the agenda this morning. But we do
11 have a fairly hefty agenda and a small group of us
12 up here. So we will go through it. The consent
13 calendar, a motion to approve the consent
14 calendar.

15 COMMISSIONER ROSENFELD: I move the
16 consent calendar.

17 COMMISSIONER BOYD: Second.

18 CHAIRPERSON PFANNENSTIEL: In favor?

19 (Ayes.)

20 CHAIRPERSON PFANNENSTIEL: The consent
21 calendar is approved.

22 Item number 2, possible approval of
23 purchase order 60-433.00-017, Network Design
24 Associates for \$200,000 for specialized system
25 analysis services, project specific technical

1 training and Macintosh support for the Energy
2 Commission's Information Technology Services
3 Branch.

4 MS. MATTHEWS: Good morning, I'm Sharon
5 Jane Matthews, customer support manager for
6 Information Technology Services. This morning I
7 am asking for your approval of a purchase order in
8 the amount of \$200,000 with Network Design
9 Associates. This will provide information
10 technology services with support for specialized
11 desktop computers.

12 The Commission has a number of
13 specialized desktop computers that are used to run
14 energy models, GIS systems. We do reasonable
15 accommodation configurations to meet the ADA as
16 well as we have a fleet of Macintosh computers.

17 Network Design Associates' support will
18 include technology needs assessments for the
19 specialized desktops, evaluation of system
20 specifications and recommended configurations and
21 support where necessary. I'd be happy to answer
22 any questions.

23 CHAIRPERSON PFANNENSTIEL: How many
24 Macintoshes do we have?

25 MS. MATTHEWS: About 16.

1 COMMISSIONER BOYD: An Apple haven
2 still.

3 CHAIRPERSON PFANNENSTIEL: Are there
4 questions?

5 COMMISSIONER BOYD: I'll move approval.

6 COMMISSIONER ROSENFELD: Second.

7 CHAIRPERSON PFANNENSTIEL: In favor?

8 (Ayes.)

9 CHAIRPERSON PFANNENSTIEL: It's
10 approved, thank you.

11 MS. MATTHEWS: Thank you.

12 CHAIRPERSON PFANNENSTIEL: Item 3,
13 possible approval of Contract 150-07-001 for
14 \$315,000 with Peters Shorthand Reporting
15 Corporation to provide hearing reporter services
16 for Energy Commission Business Meetings and other
17 hearings and workshops for three years. Good
18 morning, Ms. Garfield-Jones.

19 MS. GARFIELD-JONES: Good morning,
20 Commissioners, thank you. As it states this is
21 for a number of, three different contracts for the
22 Energy Commission to receive the recording
23 services from Peters Reporting. And that is to
24 get transcripts --

25 CHAIRPERSON PFANNENSTIEL: I think,

1 Susanne, we're just on the first one.

2 MS. GARFIELD-JONES: Oh, I'm sorry.

3 CHAIRPERSON PFANNENSTIEL: Item 3.

4 MS. GARFIELD-JONES: I do apologize.

5 This is for the --

6 CHAIRPERSON PFANNENSTIEL: Just Item 3

7 at this point.

8 MS. GARFIELD-JONES: I apologize.

9 CHAIRPERSON PFANNENSTIEL: That's okay.

10 MS. GARFIELD-JONES: I was really
11 excited when I heard that I was coming downstairs.
12 So it is to continue the services that we have
13 received. We did come off of the master services
14 contract.

15 CHAIRPERSON PFANNENSTIEL: Discussion,
16 questions?

17 COMMISSIONER BOYD: Move the item.

18 COMMISSIONER ROSENFELD: Second.

19 CHAIRPERSON PFANNENSTIEL: All in favor?

20 (Ayes.)

21 CHAIRPERSON PFANNENSTIEL: Now we move
22 on to the second one.

23 MS. GARFIELD-JONES: Thank you.

24 CHAIRPERSON PFANNENSTIEL: Possible
25 approval of Contract 170-07-001 for \$180,000 with

1 Peters Shorthand Reporting Corporation to provide
2 hearing reporter services for power plant siting
3 case hearings and workshops for two years.

4 MS. GARFIELD-JONES: And I'm just
5 filling in for Katherine if you have any comments
6 on questions on this particular one.

7 CHAIRPERSON PFANNENSTIEL: And this is
8 the on the road for traipsing around the state for
9 power plant siting cases.

10 MS. GARFIELD-JONES: It is for on the
11 road but it's for anything that's also within our
12 Energy Commission on siting.

13 CHAIRPERSON PFANNENSTIEL: Thank you.
14 Is there a motion?

15 COMMISSIONER BOYD: Move approval.

16 COMMISSIONER ROSENFELD: Second.

17 CHAIRPERSON PFANNENSTIEL: In favor?

18 (Ayes.)

19 CHAIRPERSON PFANNENSTIEL: Thank you.

20 MS. GARFIELD-JONES: Thank you,
21 Commissioners.

22 CHAIRPERSON PFANNENSTIEL: Item 5,
23 possible approval of Amendment 1 to Contract
24 200-05-003 with Cooperative Personnel Services to
25 extend the contract one year and add \$200,000 to

1 develop a new classification scheme for the Energy
2 Commission. Good morning.

3 MS. WILSON: Good morning. For the
4 record my name is Kim Wilson and I am here
5 representing the personnel unit for Gina Tosi-
6 Smith. I am seeking approval for Amendment 1 to
7 contract 200-05-003 with Cooperative Personnel
8 Services. The purpose for this contract is to
9 review and analyze the Energy Commission's
10 classifications. The amendment extends the
11 original contract by one year through March 31 of
12 2009 and adds an additional \$200,000.

13 The first and second phase of the
14 current contract included an extensive assessment
15 of the needs of the Commission and the collection
16 and assessment of vast amounts of data pertaining
17 to recruitment, testing and retention. This
18 effort results in a decision by the deputy
19 directors to alter the original scope of the work.

20 Since it is not the original intent of
21 this contract to create an entirely new
22 classification scheme the original contract must
23 be amended because the work involved is more time-
24 consuming and consequently more expensive.

25 The remainder of the original contract

1 funds will also be used to develop the new
2 classification scheme. The new scheme will have
3 fewer classifications and include supervisory and
4 management levels. This new classification scheme
5 will result in improved recruitment efforts,
6 easier transfer for staff from one division to
7 another and require fewer exams for entry level
8 staff to gain increased salaries.

9 In addition, since the approval of the
10 original contract several new projects have arisen
11 and the additional money will be used for
12 completing the under-funded projects as well as
13 the newly identified project.

14 I recommend approval of this Amendment 1
15 and I'm happy to answer any questions you may
16 have.

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

19 COMMISSIONER BOYD: I'll move approval
20 and just comment that as we've discussed many
21 times, the issue here with recruitment and
22 retention and the pretty high vacancy rate, I hope
23 that this project contributes to solving some of
24 that as I know our Executive Director has
25 indicated to us several times. So I'm glad to

1 move approval of this.

2 COMMISSIONER ROSENFELD: And I'm equally
3 enthusiastic, I second it.

4 CHAIRPERSON PFANNENSTIEL: All in favor?
5 (Ayes.)

6 CHAIRPERSON PFANNENSTIEL: It's
7 approved.

8 MS. WILSON: Thank you.

9 CHAIRPERSON PFANNENSTIEL: Item 6,
10 possible approval of Contract 200-07-004 for
11 \$705,000 with Inter-Con Security Systems, Inc. for
12 security guard services at the Energy Commission
13 for three years.

14 MS. OREN: Good morning. My name is
15 Emily Oren and I am assuming the role of contract
16 manager for the security guard contract. I am
17 here today to ask for the approval of Contract
18 200-07-004. This proposal is to request for a new
19 three year contract with Inter-Con Security
20 Systems to provide around the clock security
21 services. If you have any questions I would be
22 happy to answer them.

23 CHAIRPERSON PFANNENSTIEL: Questions?

24 COMMISSIONER BOYD: I'd guess this has
25 nothing to do with the fact that the alarm will go

1 off two or three times during the course of the
2 day out here.

3 MS. OREN: We're addressing that. It
4 needs to be adjusted by DGS.

5 COMMISSIONER BOYD: All right, thank
6 you. I'll move approval.

7 COMMISSIONER ROSENFELD: I'll second.

8 CHAIRPERSON PFANNENSTIEL: All in favor?

9 (Ayes.)

10 CHAIRPERSON PFANNENSTIEL: Thank you.

11 MS. OREN: Thank you.

12 CHAIRPERSON PFANNENSTIEL: Item 8. No,
13 Item 7, sorry. Possible approval of Contract
14 400-06-020 for \$100,000 with Lamont Financial
15 Services Corporation to provide financial
16 advisory, tax and investment advisory services for
17 the Energy Commission's Tax Exempt Revenue Bond
18 Program. Ms. Heinz, good morning.

19 MS. HEINZ: Good morning. I'm Jane
20 Heinz and we're asking for approval of this
21 contract. This financial advising firm is rated
22 in the top ten consistently in the country, rated
23 number six in 2006.

24 And what they are going to do is provide
25 the sort of responsible monitoring that the

1 program needs because of the complex nature of
2 this program. So they are going to provide
3 investment advice and monitoring of accounts.

4 For example we make about \$125,000 a day
5 in -- or I should say a month, excuse me -- in our
6 investments for the bond program. And part of
7 keeping that program together is the tax-exempt
8 nature of the program. And so those sorts of
9 requirements are very important, especially with
10 our IRS audit currently going on with the 2003-A
11 issue. So I would like to ask for your approval
12 of this contract.

13 CHAIRPERSON PFANNENSTIEL: Has anybody
14 been doing this to date or is this a continuation
15 contract?

16 MS. HEINZ: They were our financial
17 advisors from the beginning of the program and
18 there has been a lapse in service.

19 They were under contract with our issuer
20 of record, I-Bank, so we had access to them. But
21 we have been without a financial advisor for about
22 nine months now so we're very anxious to have that
23 security blanket over us again.

24 I might add also that they were the
25 investment advisors for the UC Berkeley campus and

1 the UC Regents.

2 CHAIRPERSON PFANNENSTIEL: Additional
3 questions?

4 COMMISSIONER BOYD: Move approval.

5 COMMISSIONER ROSENFELD: Second.

6 CHAIRPERSON PFANNENSTIEL: All in favor?
7 (Ayes.)

8 MS. HEINZ: Thank you.

9 CHAIRPERSON PFANNENSTIEL: Item 8,
10 possible approval of \$125,000 for five awards
11 under the International Energy Fund. The IEF
12 provides pre-investment funding for selected
13 California companies. The maximum award for one
14 project is \$25,000.

15 MS. STURDIVANT: Good morning, Chairman.

16 CHAIRPERSON PFANNENSTIEL: Good morning.

17 MS. STURDIVANT: Good morning,
18 Commissioners. My name is Brenda Sturdivant and I
19 work in the special projects office of the fuels
20 and transportation division. We're seeking
21 approval of five funding awards under the
22 International Energy Fund to co-fund energy
23 companies with seed money to conduct brief
24 construction studies on potential, foreign, energy
25 projects.

1 The companies are Energy Systems
2 International Inc., for a wind project in Peru.
3 SCS Engineers for a landfill gas project in Korea,
4 Cogent Energy Inc. for an energy efficiency
5 project in India, Blue Advent Partners, LLC for an
6 energy efficiency project in Vietnam, and Orenco
7 for a small hydro in China.

8 The Transportation Committee has
9 approved these recommendations. And that's the
10 end of my presentation. If you have any
11 questions, I'd be glad to answer them.

12 CHAIRPERSON PFANNENSTIEL: Thank you
13 Brenda. My one question is what kind of follow up
14 do you have on giving these dollars to these
15 projects. Or what kind of oversight and how they
16 spend the money.

17 MS. STURDIVANT: Well we stay in touch
18 with them on a regular basis by phone. We also
19 have meetings with them occasionally as needed.
20 So that's --

21 CHAIRPERSON PFANNENSTIEL: So the past
22 projects that we have funded do we know how
23 they've done and the accomplishments.

24 MS. STURDIVANT: Oh the past, we do keep
25 a list of the status on all those companies. And

1 we still stay in touch with projects that have
2 been completed in the past.

3 So we have a list of companies and what
4 transpired.

5 CHAIRPERSON PFANNENSTIEL: Because the
6 \$25,000 isn't very much money in the scheme of
7 things. So I assume that you're leveraging this
8 work with \$25,000. I just wondering whether we
9 have any sense of how effective that money has
10 been.

11 MS. STURDIVANT: Right. I have to get
12 back to you on that.

13 CHAIRPERSON PFANNENSTIEL: Okay well
14 maybe --

15 COMMISSIONER BOYD: I can add to this a
16 little bit. The Committee which several years ago
17 was Commissioner Geesman and I looked pretty
18 deeply into this program.

19 And because the \$25,000 as you say isn't
20 much. It does leverage some help. And
21 interestingly enough perhaps the biggest wedge of
22 help to many of these companies is the fact that
23 the California Energy Commission has put its name
24 behind the effort and was willing to invest some
25 money.

1 So there's a pretty decent track record
2 of this small amount of money allowing some
3 companies to land business in other parts of the
4 world.

5 As you may recall the last couple of
6 years we kind of biased the program towards Mexico
7 and have some activities going on there. But this
8 year we kind of let it float back into kind of the
9 total international arena having invested pretty
10 heavily and across the border and not having as
11 much success perhaps as we've had in other parts
12 of the world.

13 So Commissioner Byron and I looked
14 pretty thoroughly at this at the Transportation
15 Committee and recommend its approval. I'll move
16 the item.

17 COMMISSIONER ROSENFELD: Before I second
18 it I want to say, I thought this was really
19 interesting. I'm surprised that I, with my
20 interests that I don't know more about it.

21 Could I ask Jim or you Brenda, how old
22 of a program is this?

23 MS. STURDIVANT: I believe we started
24 this in 1988. Yes.

25 COMMISSIONER ROSENFELD: And what's the

1 source of the money?

2 MS. STURDIVANT: This is ERPA.

3 COMMISSIONER ROSENFELD: It's ERPA.

4 MS. STURDIVANT: Yes.

5 COMMISSIONER ROSENFELD: And somebody
6 just decided back in '88 that it was a good idea?

7 MS. STURDIVANT: We have, it's an annual
8 solicitation.

9 COMMISSIONER BOYD: There's a
10 legislative, statutory authorization if I'm not
11 mistaken for this program.

12 MS. STURDIVANT: Yes there is.

13 COMMISSIONER BOYD: And the Legislature
14 specifically directed and authorized this program
15 long ago.

16 COMMISSIONER ROSENFELD: I think it's
17 great, I second it.

18 CHAIRPERSON PFANNENSTIEL: All in favor?

19 (Ayes.)

20 CHAIRPERSON PFANNENSTIEL: It's
21 approved, thank you Brenda. Item 10, possible
22 approval of Contract --

23 COMMISSIONER BOYD: No, nine.

24 CHAIRPERSON PFANNENSTIEL: Boy I'm ahead
25 of myself, thank you. A full agenda. Number

1 nine, possible approval of Purchase Order 06-
2 433.00.015 for \$150,000 with Public Sector
3 Consulting, Inc. for an Independent Project
4 Oversight Consultant for the Dynamic Simulation
5 Transportation Energy Model, DynaSim, Project.

6 The Department of Finance requires that
7 the Energy Commission retain an independent
8 consultant to provide impartial and objective
9 reporting to the DOF. Good morning.

10 MR. WENG-GUTIERREZ: Good morning
11 Commissioners. My name is Malachi Weng-Gutierrez
12 and I work in the Fuels and Transportation
13 Division.

14 We are asking approval of the contract
15 services for an Independent Project Oversight
16 Consultant in support of the DynaSim Project.

17 Like the WREGIS Project the DynaSim
18 Project has recording requirements to finance.
19 And the IPOC, the Independent Project Oversight
20 Consultant will be producing the required
21 quarterly reports to finance.

22 I would be happy to answer any questions
23 you might have regarding this.

24 CHAIRPERSON PFANNENSTIEL: Questions or
25 discussions?

1 COMMISSIONER BOYD: I'll move approval.
2 It was reviewed and approved by the Transportation
3 Committee. I will comment that Malachi has been
4 doing a very good job with this.

5 This is speaking as an old, bureaucrat
6 and in an agonizingly slow process. I guess it's
7 the consequences of that infamous, Oracle
8 situation. But this is a very good project. It's
9 a shame it's going to take so bloody long to get
10 it launched. It will probably will be operational
11 for some commissioner who succeeds me way off in
12 the future.

13 But I think Malachi has been doing a
14 really good job with this. And I just hope that
15 this agency is able to finally put this into
16 operation once they go through all the hoops
17 involved in doing something 21st century.

18 So with that lengthy introduction I'll
19 move approval.

20 COMMISSIONER ROSENFELD: Second.

21 CHAIRPERSON PFANNENSTIEL: All in favor?

22 (Ayes.)

23 CHAIRPERSON PFANNENSTIEL: Thanks

24 Malachi.

25 MR. WENG-GUTIERREZ: Thank you.

1 CHAIRPERSON PFANNENSTIEL: Number 10,
2 possible approval of Contract 600-06-036 for
3 \$159,520 with TIAX, LLC to continue support for
4 the Greenhouse Gases, Regulated Emissions and
5 Energy Use in Transportation model, the GREET
6 model. And I will note that's a change in
7 contract amount from what was in the published
8 agenda. Good morning.

9 MR. ADDY: Good morning Madame Chair,
10 Commissioners. My name is Mckinley Addy. I'm
11 with the Fuels and Transportation Division.

12 We seek your approval for the proposed
13 contract with TIAX, LLC. They were the successful
14 bidder in a competitive solicitation.

15 On the proposed contract TIAX will
16 provide technical support services to the Energy
17 Commission on the use of the GREET model as
18 modified for California.

19 The covers about a three year period.
20 I'll be happy to answer any questions you have.

21 CHAIRPERSON PFANNENSTIEL: Questions?

22 COMMISSIONER BOYD: I'll move approval
23 and again just comment that as many of you may
24 know TIAX was the successful bidder in helping
25 this Commission with its responsibilities under AB

1 1007 and doing a full fuel cycle analysis which
2 took on far greater importances as a result of the
3 Governor's low-carbon fuel standard proposal.

4 And I think both staff and TIAX did a
5 masterful job in tackling that issue. As a result
6 of the debates about the low-carbon fuel standard
7 it's become pretty evident that models, and
8 there's more than one in this arena, need an awful
9 lot of additional work to thrust us farther into
10 this arena. And this is our, I think we're taking
11 on the first steps of any agency to move
12 GREETS/California to the next plateau.

13 I'm sure there will be efforts on the
14 parts of other agencies, I believe the ARB is
15 perhaps already paying for UC Davis to work on the
16 so-called LEM model, both of which were used by
17 the university in its proposals with regard to the
18 low-carbon fuel standard.

19 In any event this keeps us on the
20 cutting edge and ahead of the rest of the country,
21 I guess, in pursuing these questions.

22 And the GREET model has served us well.
23 It was produced at Argonne National Laboratory and
24 as has been agreed by everybody as being the most
25 vetted of the models. Maybe not as complete as

1 some people would like to see it. And that's what
2 we intend to try do with this effort.

3 CHAIRPERSON PFANNENSTIEL: Thank you, is
4 there a second?

5 COMMISSIONER ROSENFELD: Second.

6 CHAIRPERSON PFANNENSTIEL: All in favor?
7 (Ayes.)

8 CHAIRPERSON PFANNENSTIEL: It's
9 approved, thank you.

10 MR. ADDY: Thank you.

11 CHAIRPERSON PFANNENSTIEL: Item 11,
12 possible approval of Amendment 1 to Contract 500--
13 06-011 with ICF Resources, LLC, adding \$1,940,000
14 to continue technical support for the Energy
15 Research and Development Division. And again
16 that's a change in the contract amount from the
17 published agenda. Good morning.

18 MS. ROSALES: Good morning. Hello, my
19 name is Jessie Rosales. I am the contract manager
20 of the technical support contracts for the Energy
21 Research and Development Division.

22 Item 11 is one of four contract
23 amendments that I'm presenting to you for approval
24 today. The four items are 11 through 14.

25 Contracts are ICF Resources, Navigant

1 Consulting, Science Application International and
2 KEMA Consulting.

3 In the spring of 2006 the Energy
4 Commission released a request for proposals
5 solicitation for technical and administrative
6 services for the Public Interest Energy Research
7 Program and the Geothermal Resources Development
8 Account Program.

9 The RFP resulted in four contract awards
10 that I'm requesting approval to amend.

11 We are satisfied with the performance of
12 the contractors. And these amendments will allow
13 us to continue working with the contractors to
14 support future program goals and activities.

15 The amendment amounts for the four
16 contracts will bring the total contract authority
17 up to the full funding level anticipated in the
18 RFP.

19 The purpose of these four contract
20 amendments is to provide continuing technical,
21 administrative and project management assistance
22 for the PIER program, to support PIER electricity,
23 natural gas and transportation activities for the
24 GRDA Grant and Loan Program as well as for other
25 energy related research development and

1 demonstration activities consistent with
2 legislative and regulatory mandates and Energy
3 Commission policies.

4 Examples of contract activities include
5 technical evaluations of solicitation proposals,
6 technical editing of project reports and program
7 reports, technology transfer activities, research
8 road map plans and research scoping reports.

9 I would be happy to answer any
10 questions. Thank you.

11 CHAIRPERSON PFANNENSTIEL: Thank you.
12 Are there questions?

13 COMMISSIONER ROSENFELD: Madame Chair
14 are we going to handle this all four at once?

15 CHAIRPERSON PFANNENSTIEL: No, well, we
16 can, we'll vote on them individually. But
17 questions just overall. I think you can ask
18 questions overall since they're all of the same
19 ilk.

20 COMMISSIONER ROSENFELD: I move the
21 first item. I'm comfortable of course because
22 it's come before the R&D Committee.

23 COMMISSIONER BOYD: I'll second the item
24 and just note while I've talked lately about
25 nickels and dimes Art gets to spend millions.

1 CHAIRPERSON PFANNENSTIEL: He does and
2 here they are (laughter).

3 COMMISSIONER BOYD: I'll second it.

4 CHAIRPERSON PFANNENSTIEL: All in favor
5 of approval of Item 11?

6 (Ayes.)

7 CHAIRPERSON PFANNENSTIEL: Thank you.
8 Let me go down the others. Item 12 is possible
9 approval of \$2,310,000 (differs from published
10 amount in agenda - transcriber's note) for
11 Amendment 1 to Contract 500-06-012 with Navigant
12 Consulting, Inc. to continue technical support for
13 the Energy Research and Development Division. Is
14 there a motion for Item 12?

15 COMMISSIONER ROSENFELD: I move Item 12.

16 COMMISSIONER BOYD: Seconded.

17 CHAIRPERSON PFANNENSTIEL: All in favor?

18 (Ayes.)

19 CHAIRPERSON PFANNENSTIEL: Item 13,
20 possible approval of Amendment 1 to Contract 500-
21 06-013 with Science Application International
22 Corporation adding \$1,500,000 to continue
23 technical support for the Energy Research and
24 Development Division.

25 Is there a motion?

1 COMMISSIONER ROSENFELD: I move the
2 third item.

3 COMMISSIONER BOYD: Second.

4 CHAIRPERSON PFANNENSTIEL: All in favor?
5 (Ayes.)

6 CHAIRPERSON PFANNENSTIEL: And Item 14,
7 possible approval of Amendment 1 to Contract 500-
8 06-014 with KEMA Consulting, Inc. adding
9 \$2,250,000 (differs from published amount in
10 agenda - transcriber's note) to continue technical
11 support for the Energy Research and Development
12 Division.

13 COMMISSIONER ROSENFELD: I move the
14 fourth item.

15 COMMISSIONER BOYD: Second.

16 CHAIRPERSON PFANNENSTIEL: All in favor?
17 (Ayes.)

18 CHAIRPERSON PFANNENSTIEL: Thank you
19 very much.

20 COMMISSIONER BOYD: That was an easy
21 eight million dollars.

22 CHAIRPERSON PFANNENSTIEL: And let me
23 say in terms of these four items. They haven't as
24 easy to get through as you would think. We needed
25 to do a fair amount of revision in the contracts

1 themselves.

2 And I think staff, and specifically,
3 Allan Ward should be commended for his efforts in
4 this arena. We really did a lot of back and forth
5 and Allan took the lead in finding a way to make
6 sure these contracts got through and got through
7 in meeting all of the criteria that we have set up
8 for them.

9 So we appreciate the work on that.
10 Thank you very much.

11 MS. ROSALES: Thank you.

12 CHAIRPERSON PFANNENSTIEL: Item 15, and
13 here come the big dollars Jim. Possible approval
14 of --

15 COMMISSIONER BOYD: I'm just envious
16 (laughter).

17 CHAIRPERSON PFANNENSTIEL: -- Amendment
18 5 to Contract 500-99-013 with the Regents of the
19 University of California-Office of the
20 President/CIEE, adding \$15,000,000, and extending
21 the contract term by 27 months. Good morning.

22 MS. CHAMBERS: Good morning Chairman
23 Pfannenstiel and Commissioners. I'm Beth Chambers
24 with Energy Research Development and Demonstration
25 Division, the PIER program.

1 I am seeking approval of Amendment 5 to
2 Contract 500-99-013 which is an existing inter-
3 agency agreement with the University of
4 California, CIEE.

5 This contract provides technical support
6 to commission staff through specific work
7 authorizations and program planning, project
8 support and other research development and
9 demonstration activities.

10 Through this contract staff have access
11 to experts with particular strengths and
12 scientific expertise and technical and project
13 management within the UC system.

14 We currently use this agreement for the
15 following types of activities, administration of
16 the Transmission Response Program, technical
17 support of the Air Quality Program, solicitation
18 proposal review, market assessments, technology
19 transfer and staffing support to name a few.

20 I would be glad to answer any questions
21 you might have.

22 CHAIRPERSON PFANNENSTIEL: It is as
23 Commissioner Boyd observed a big contract. And
24 you gave me a few of the examples of how it's
25 used.

1 The write up on it is pretty thin and I
2 think it's because we've done this before. Just
3 generally, what is the interaction between this
4 contract and other contracts that the PIER, that
5 PIER would administer.

6 How do we use CIEE specifically relative
7 to some of the other contracts?

8 MS. CHAMBERS: Well this agreement works
9 hand in hand with what we term the Master Research
10 Agreement for most of the PIER research projects I
11 run through.

12 So this particular contract I'm seeking
13 Amendment 5 for does a lot of the preliminary-
14 type, research activities and also the technical
15 support that needs to happen prior to a major
16 research project.

17 Does that answer your question?

18 CHAIRPERSON PFANNENSTIEL: Yes, thank
19 you.

20 MS. CHAMBERS: You're very welcome.

21 COMMISSIONER ROSENFELD: This, of
22 course, has come through the Committee. It's the
23 backbone of getting things done so I move it.

24 COMMISSIONER BOYD: I'll second in his
25 home.

1 CHAIRPERSON PFANNENSTIEL: All in favor?

2 (Ayes.)

3 MS. CHAMBERS: Thank you.

4 CHAIRPERSON PFANNENSTIEL: Item 16,
5 possible approval of PIER Work Authorization MR-
6 071 for \$150,000 with the National Center for
7 Atmospheric Research, under the UC Master Research
8 Agreement Number 500-02-004 with The Regents of
9 the University of California-Office of the
10 President/CIEE for Validation Of Lateral Boundary
11 Conditions For Regional Climate Models Applied To
12 The California Region. Good morning.

13 MS. MUELLER: Good morning, my name is
14 Marla Mueller and I work in the PIER Environmental
15 Program.

16 I'm making this presentation for Guido
17 Franco since he's not here today.

18 All of the global, climate, change
19 models available agree that temperature will
20 increase in California. However they do not even
21 agree in the direction of the change
22 precipitation.

23 This has been problematic because
24 climate, change impacts and scoping strategies
25 would be different depending on the direction of

1 change.

2 It is suspected that the discrepancy may
3 be due to the fact that very wet or dry models do
4 not properly simulate the atmospheric transport of
5 moisture from the Pacific Ocean region to the
6 California region.

7 However up to this time this hypothesis
8 has not been tested. It is possible that models
9 that properly simulate moisture transport at least
10 agree in the direction of change for precipitation
11 which would significantly reduce the level of
12 uncertainty with respect to climate projections
13 for California.

14 The proposed research will evaluate how
15 well climate, change models simulate the
16 atmospheric transport of moisture to the
17 California region from the Pacific Ocean which is
18 the main source of water that precipitates in
19 California.

20 This research will assist in the
21 selection of the best, global, climate, change
22 models to drive regional, climate models being
23 enhanced through the PIER funding to estimate
24 future climate changes in California.

25 This research would be with the National

1 Center for Atmospheric Research for \$150,000.
2 Dr. Tom Wigley a prominent climatologist would
3 lead the project. Thank you.

4 CHAIRPERSON PFANNENSTIEL: Thank you,
5 are there questions?

6 COMMISSIONER ROSENFELD: Lots of
7 questions that we need the answers that Marla is
8 proposing. I move the item.

9 COMMISSIONER BOYD: I'll second the
10 item. And I hate to almost say the same thing
11 that Dr. Rosenfeld said that full of questions but
12 we need the answers. Having followed the research
13 particularly by Scripps, I guess, down through the
14 years on what might happen to the precipitation
15 patterns in California the less snow, more rain,
16 no less snow, equal rain, no less snow, less rain.
17 I mean I'm glad to see we're going to pursue the
18 answer to that question because water is the most
19 critical thing in California with regards to
20 climate change in California.

21 So I second gladly.

22 COMMISSIONER ROSENFELD: Less rain and
23 more rain, it's all going to melt too early anyway
24 so. You seconded it, yeah.

25 CHAIRPERSON PFANNENSTIEL: It's moved

1 and seconded, in favor?

2 Ayes.

3 CHAIRPERSON PFANNENSTIEL: Thank you.

4 Item 17, possible approval of Contract 500-06-060
5 for \$450,000 with the California Department of
6 Corrections and Rehabilitation for a collaborative
7 research agreement to demonstrate a heat recovery
8 technology that improves the efficiency of a
9 turbine. Good morning.

10 MR. LESH: Good morning, my name is
11 Geoff Lesh and I'm a member of the PIER staff in
12 the Energy Efficiency Research Offices IEW Team.

13 Staff is requesting approval of the
14 contract for \$450,000 with the California
15 Department of Corrections and Rehabilitation to
16 demonstrate an energy, efficiency, improvement
17 technology that acts to boost small, combustion-
18 turbine, energy output providing peak-load,
19 reduction capability and improved, energy,
20 generation efficiency on an industrial site.

21 The technology is a dual-function,
22 thermodynamic, cycle-based, absorption, inlet
23 chiller for small combustion turbines.

24 It uses low-grade, exhaust, waste heat
25 as its heat source to prevent degradation of the

1 combustion turbine's output capacity on hot days.

2 The second and major aspect of its dual
3 functions is to additionally produce supplemental
4 power by driving an auxiliary turbine and
5 generator set.

6 The demonstration will involve
7 validating the performance of this retrofit onto
8 an existing three megawatt, combustion turbine
9 located at California State Prison at Avenal,
10 California.

11 Because of the ability to boost
12 efficiency and output thus reducing peak demand
13 with minimal or no increase in gas use and
14 emissions it's expected that this project will
15 provide energy cost savings to the state of
16 California of \$150,000 annually.

17 If successfully demonstrated other state
18 prisons may adopt this technology. A potential
19 application for this technology is into the 725
20 megawatts of CHP capacity for small turbines of
21 less than 20 megawatts expected to be in
22 California by the year 2020.

23 This project is sponsored through
24 collaboration with CDCR or the Corrections
25 Department and the US Department of Energy.

1 At this point I'd be glad to take any
2 questions.

3 CHAIRPERSON PFANNENSTIEL: Just out of
4 curiosity why is the Department of Corrections
5 such a good fit for this kind of technology? Why
6 them?

7 MR. LESH: They have a need right now
8 because they have in this location a couple of
9 turbines that because of emissions concerns they
10 can't run 24 hours a day.

11 That subjects them to high demand
12 charges. They have at this particular site two
13 turbines which are adjacent to each other, both of
14 the same model.

15 So it provides a good, experimental
16 control where we have one machine will be
17 retrofitted, the other machine not. We can get
18 both history on both machines and then an ongoing,
19 forward-moving history on both machines, one
20 fitted and one not.

21 CHAIRPERSON PFANNENSTIEL: So really is
22 the existing equipment having nothing to do with
23 the specific use of that equipment within the
24 correctional facility.

25 Just that they already have the turbine

1 in place.

2 MR. LESH: It's, yeah.

3 CHAIRPERSON PFANNENSTIEL: A certain
4 size and they can measure that.

5 MR. LESH: Right, yeah, so they're
6 providing the source of the waste heat that we can
7 use as well as the operations and maintenance.

8 COMMISSIONER ROSENFELD: Just to be a
9 little bit more enthusiastic I think there's
10 thousands of applications for this.

11 I mean if it's got a three year payback.
12 It's just that the prison turned down, somebody
13 looked around and found a good test bed.

14 MR. LESH: It's difficult to find an
15 industrial site where there's an ongoing operation
16 that we can get a past history on how it has
17 operated.

18 And have that same entity be willing to
19 take upon the risk that this thing might cause
20 glitches in their operations. And the prison
21 because they've got the backup thing there is
22 willing to do that.

23 COMMISSIONER BOYD: When I looked into
24 this, I don't know what else to say, then I
25 thought it was neat. I mean for all the reasons

1 Art said.

2 And the gentleman has indicated that the
3 unique application, the test bed possibility,
4 prisons aren't usually located in the most
5 desirable spots in the state.

6 And this is in the San Joaquin Valley
7 air basin. Getting to be the worst air basin in
8 the state. And it's got limitations. It'll
9 probably be replicated in other places.

10 So I agree with Art. I think this has,
11 this solution, if they derive the solution has a
12 lot of potential application throughout the state.

13 It's a little disappointing that
14 turbines manufacturers haven't solved this problem
15 for us. But on the other hand they don't face the
16 air pollution limitations on the operation that
17 exist here.

18 If this works I think it's going to be
19 very, very good.

20 COMMISSIONER ROSENFELD: Oh well just to
21 be in this lovefest just to be a little bit more
22 quantitative, it's quite amazing to me that the
23 output of a turbine goes down about one percent
24 per degree fahrenheit and we live off of turbines
25 and the manufacturers don't seem to care.

1 And there's just a huge possibility out
2 there. I move the motion. I move the item.

3 COMMISSIONER BOYD: And I'll second it.

4 CHAIRPERSON PFANNENSTIEL: All in favor?

5 (Ayes.)

6 CHAIRPERSON PFANNENSTIEL: It's
7 approved, thank you.

8 MR. LESH: Thank you.

9 CHAIRPERSON PFANNENSTIEL: Item 18,
10 possible approval of Contract 500-06-059 for
11 \$100,000 with Sacramento Municipal Utility
12 District to demonstrate the end-user and grid
13 benefits of a new distributed energy storage
14 technology. Good morning.

15 MR. KULKARNI: Good morning
16 Commissioners. My name is Pramod Kulkarni. I'm
17 the team lead for Industry Ag and Water Program in
18 PIER.

19 The staff is requesting an approval of
20 Contract of \$100,000 contract with SMUD to
21 demonstrate a novel, energy, storage technology
22 that acts as a backup system as well as provides
23 the capability for peak-load reduction, load
24 management and possibly demand response.

25 This is a flow battery that can be

1 charged and discharged multiple times to a deep
2 level and subsequent in a quick succession without
3 degrading the capability of the battery itself.

4 And that's the novel part of it. The
5 demonstration will provide, actually validate,
6 performance of a 20 kilowatt battery for up to
7 nine hours. That's about 180 kilowatt hours of
8 battery which is quite adequate for size of
9 industrial application, especially in the case of
10 backup or brown out.

11 And this can also be used, as I said
12 earlier, for peak-load levelling and demand
13 response capability.

14 But precisely because of these
15 capabilities there are several utilities
16 interested in this specific technologies.

17 And the staff is in conversation with
18 several IOUs. We have some variations of this
19 technology but not the same kind of technology but
20 some variation or different aspect of storage
21 technologies.

22 And the reason we are working with SMUD
23 at this point in time, as of course mentioned in
24 an earlier presentation, that's it's difficult to
25 come up with industrial sites willing to take a

1 chance on a new technology let alone contribute on
2 a cash basis. So this happens to be one of those
3 sites.

4 The technology will be monitored and the
5 function shared with several utilities as well as
6 end users. I'll be glad to answer any questions
7 if there are questions on the subject.

8 CHAIRPERSON PFANNENSTIEL: This is a 20
9 kW battery or storage system?

10 MR. KULKARNI: Correct.

11 CHAIRPERSON PFANNENSTIEL: And what is
12 the SMUD facility it will be used on?

13 MR. KULKARNI: It's not a SMUD facility.
14 It's actually a telecom facility which has a load
15 of --

16 CHAIRPERSON PFANNENSTIEL: Within the
17 SMUD service territory.

18 MR. KULKARNI: Correct.

19 CHAIRPERSON PFANNENSTIEL: I understand.

20 MR. KULKARNI: And in fact there are
21 multiple applications within the state itself
22 because the Department of Transportation, the CHP,
23 that's California Highway Patrol, they have
24 similar facilities where they have backup
25 capabilities required. They currently lead acid

1 batteries or some kind of fossil fuel based
2 generation.

3 They are coming with severe restrictions
4 nowadays because of air quality issues not to
5 mention several other private companies,
6 especially small companies at the twelve kilowatt
7 level.

8 So we could also be using this
9 demonstrations findings.

10 COMMISSIONER BOYD: I was impressed that
11 this battery was capable of multiple, deep
12 discharges. Apparently that would be a very
13 significant event if that proved to be true.

14 And I'm also impressed that through the
15 entire presentation without saying the name of the
16 battery system. Go ahead and say it, Vanadium.

17 MR. KULKARNI: It's called Vanadium
18 Redox Battery. Redox stands for reduction and
19 oxidation battery.

20 COMMISSIONER BOYD: Well I thought this
21 was a very positive, a real cool item. I didn't
22 say cool in the last one because it involved
23 aiding in cooling and I had to use --

24 CHAIRPERSON PFANNENSTIEL: All right
25 this one you can have fun with. Is that a motion?

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COMMISSIONER ROSENFELD: I move the
item.

COMMISSIONER BOYD: I'll second.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Thank you
Pramod.

MR. KULKARNI: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 19,
possible approval of Contract 500-06-058 for
\$275,000 with the U. S. Department of Energy-
Lawrence Berkeley National Laboratory to develop a
Benchmarking and Energy and Water Savings Tool to
measure energy performance and water efficiency in
the California dairy processing industry. Good
morning.

MR. KAPOOR: Good morning Commissioners,
my name is Rajesh Kapoor and I am a member of PIER
staff in PIER IEW program area.

Staff requests your approval of \$275,000
contract with Lawrence Berkeley National Lab to
develop benchmarking and energy and water saving
tool for California dairy processing industry.

Dairies represent an important industry

1 in California employing more than 30,000 people in
2 approximately 140 different facilities.

3 California's dairy industry is comprised
4 of four major segments, fluid milk, water, cheese
5 and dry condensed and evaporative products.

6 California dairy industry consumes 7.6
7 Tbtu of natural gas and 761 gigawatt hour of
8 electricity per year.

9 Within the California dairy industry two
10 segments, cheese and dry condensed and evaporative
11 products consumes almost 90 percent of natural gas
12 and around 70 percent of electricity.

13 In addition fluid milk subsector
14 consumes about 26 percent of the electricity.

15 This project will develop a benchmarking
16 and energy and water saving tool to help
17 California dairies to gain knowledge of their
18 energy performance and water efficiency.

19 The tool allows a dairy facility to be
20 compared to the world's best practices and then
21 provides information on energy and water
22 efficiency and greenhouse reduction options
23 available for the facility.

24 It is estimated that there is a
25 potential for saving 95 gigawatt of electricity,

1 1.4 TBtu of natural gas and 95,000 tons of carbon
2 dioxide emissions annually.

3 Not knowing the specific opportunities
4 to save energy within the industry and
5 understanding the possible means to achieve
6 savings has been a major stumbling block dairy
7 practice.

8 Using the best tool will facilitate
9 realizing the energy savings potential in
10 California dairies.

11 R&D and the Policy Committee approved
12 this PIER-funded contract at its meeting on April
13 24, 2007.

14 Staff requests your approval of this
15 contract. I would be happy to answer any
16 questions you may have.

17 CHAIRPERSON PFANNENSTIEL: Questions?

18 COMMISSIONER ROSENFELD: I move item 19.

19 COMMISSIONER BOYD: I'll second.

20 CHAIRPERSON PFANNENSTIEL: All in favor?

21 (Ayes.)

22 MR. KAPOOR: Thank you.

23 CHAIRPERSON PFANNENSTIEL: Item 20,
24 possible approval of Contract 500-06-056 for
25 \$500,000 with Kern County Planning Department to

1 measure wind resources in the expanded Tehachapi-
2 Mojave Wind Area. Good morning.

3 MS. YEN-NAKAFUJI: Good morning
4 Commissioners. I'm Dora Yen-Nakafuji and I'm
5 serving as the technical lead for the renewable
6 integration effort in the PIER Renewables R&D
7 Program.

8 To facilitate the renewable department
9 deployment efforts in the Tehachapi-Mojave area
10 this proposed research is done in conjunction with
11 the Kern County Planning Department who has the
12 permitting authority in the local area.

13 The research supports the development of
14 more consistent, area-wide efforts to first
15 characterize and forecast the wind resources in
16 the newly defined, currently-untapped, larger,
17 wind, resource area and to benefit the local
18 community, the wind community that's developing in
19 the area.

20 There's also an initiative to help
21 capture and communicate the turbine lighting
22 strategies that have been developed in conjunction
23 with Federal Aviation Administration, Department
24 of Defense, the military and the surrounding
25 communities and may have greater application for

1 areas throughout California there are close in
2 proximity to airports and the Federal Aviation
3 Administration jurisdiction.

4 And also it provided insight into a
5 local, planning, regulatory agency by conducting a
6 scoping effort with the county on sustainable
7 deployment of renewables in the greater region.

8 The work pulls together local and state
9 resources and facilitates the future deployment of
10 renewables in the region and provides access to
11 new data for better grid integration for the
12 region.

13 For these reasons staff requests
14 approval. I welcome any questions.

15 CHAIRPERSON PFANNENSTIEL: Sounds like
16 an excellent project both, as you say, for it will
17 teach us but also in working with the Planning
18 Department. Is it co-funded with the Planning
19 Department?

20 MS. YEN-NAKAFUJI: The Planning Agency
21 will provide in-kind resource amounts of their
22 personnel. There's issues about transferring our
23 funding to them for their personnel. But this
24 will augment their support contracts.

25 CHAIRPERSON PFANNENSTIEL: Great, any

1 other questions?

2 COMMISSIONER ROSENFELD: I move the
3 item.

4 COMMISSIONER BOYD: Second.

5 CHAIRPERSON PFANNENSTIEL: All in favor?
6 (Ayes.)

7 CHAIRPERSON PFANNENSTIEL: Thank you
8 Dora.

9 CHAIRPERSON PFANNENSTIEL: Item 21,
10 possible of Culver City's adoption and enforcement
11 of a local ordinance for commercial buildings
12 requiring energy efficiency standards more
13 stringent than the 2005 Building Energy Efficiency
14 Standards. Good morning.

15 MR. HUDLER: Good morning Commissioners.
16 My name is Rob Hudler I'm with the Building and
17 Appliance Standards Office.

18 As the statement in the agenda says, the
19 Title 14 building standards include the allowance
20 for local agencies to adopt more efficient than
21 Title 24.

22 Culver City has applied and staff has
23 reviewed their application and found that it is a
24 sound, though unique, application of that
25 particular ordinance.

1 So we are coming before the
2 Commissioners to ask for their approval.

3 CHAIRPERSON PFANNENSTIEL: Unique in
4 what context?

5 MR. HUDLER: Well for all the ones we've
6 done historically they've been very focused on
7 low-rise residential first of all. And they've
8 usually been a percent of the energy base with
9 some allowance for photovoltaic.

10 This particular ordinance will focus
11 strictly on commercial buildings as a required PV
12 installation. Realizing that photovoltaics cannot
13 be installed on every, single building the city
14 has basically opted to provide an option where if
15 it cannot be installed that a fund will be
16 supplemented by the builder and then the PV can be
17 installed on a city building instead.

18 CHAIRPERSON PFANNENSTIEL: It will be
19 interesting to monitor and see how that works out.

20 MR. HUDLER: Yes.

21 COMMISSIONER BOYD: Yeah, I was kind of
22 impressed with this here for Culver City. Do you
23 happen to know how many exemptions the Commission
24 has granted to local governments to exceed our
25 standards?

1 MR. HUDLER: Well for the current 2005
2 Standards this will make number eight.

3 COMMISSIONER BOYD: I presume there's
4 been quite a few in the past.

5 MR. HUDLER: This has been a record for
6 us. Typically there's been one or two local
7 agencies per cycle.

8 I do have an understanding that there is
9 a large number of additional cities looking at
10 possible adoptions. Those are particularly
11 directed towards green building-type practices.

12 COMMISSIONER BOYD: Very good.

13 CHAIRPERSON PFANNENSTIEL: This is good
14 news.

15 COMMISSIONER BOYD: I'll move the item.

16 COMMISSIONER ROSENFELD: Enthusiastic
17 second.

18 CHAIRPERSON PFANNENSTIEL: And I wish
19 that the Federal Government would offer us the
20 same flexible compliance that we're offer our
21 local jurisdictions. So with that, it's moved and
22 seconded.

23 CHAIRPERSON PFANNENSTIEL: All in favor?

24 (Ayes.)

25 CHAIRPERSON PFANNENSTIEL: Thank you.

1 MR. HUDLER: Thank you.

2 COMMISSIONER BOYD: We can't make a
3 motion to move the Feds can we?

4 CHAIRPERSON PFANNENSTIEL: Item 22,
5 possible adoption of 2008 peak demand forecasts
6 for Southern California Edison, San Diego Gas and
7 Electric and Pacific Gas and Electric service
8 areas for use in the California Public Utilities
9 Commission 2008 Resource Adequacy year-ahead
10 forecast review and adjustment process. Good
11 morning Miss Marshall.

12 MS. MARSHALL: Good morning, I'm Lynn
13 Marshall with the Demand Analysis Office.

14 The service area forecast you're being
15 asked to adopt were presented at an IEPR Committee
16 Workshop on May 24th. Staff from all three IOUs
17 and some public utilities participated.

18 San Diego and PG&E are essentially in
19 agreement with the staff forecast. With Edison we
20 have substantial differences.

21 They made extensive comments both at the
22 workshop and in writing. Staff has considered
23 those comments in detail and found justification
24 for making only slight changes to our forecast.

25 So therefore we're asking you to adopt

1 the staff forecast documented in the revised
2 report.

3 CHAIRPERSON PFANNENSTIEL: Thank you
4 Lynn. I should note that since neither
5 Commissioner who constitute the Commission's
6 Electricity Committee, Commissioners Byron and
7 Geesman, could be here today.

8 They did send a memorandum to the
9 Commission urging support of the staff recommended
10 forecast.

11 With that I understood that Southern
12 California Edison would like to make a
13 presentation to describe their issues with the
14 forecast. Why don't we have that now.

15 COMMISSIONER BOYD: Excuse me, Lynn
16 could I ask you a quick question.

17 MS. MARSHALL: Yes.

18 COMMISSIONER BOYD: You said you made a
19 few minor adjustments based on Edison's requests.
20 Could you summarize those?

21 MS. MARSHALL: Yeah, one issue was they
22 suggested auto-correlations, econometric issue
23 might be a problem. We adjusted for auto-
24 correlation in our revised results and found a
25 change of 20 megawatts.

1 They also suggested that modelling,
2 there are different types of week and day types
3 might be an issue. We looked at that and found it
4 didn't affect our forecast of annual peak demand
5 at all.

6 And I think those were the two main
7 issues. But we did consider some of the other
8 issues like they suggested there might be bias
9 between two of our, that correlation between our
10 two weather statistics could be affecting our
11 results. But that would only affect the standard
12 error not the prediction itself. So we didn't see
13 a need to make a change there.

14 CHAIRPERSON PFANNENSTIEL: Thanks, while
15 Kevin is doing the technical magic.

16 MR. KENNEDY: And I'm not sure I
17 remember how to do this from the old IEPR
18 proceedings.

19 MS. MARSHALL: We had the computer on.

20 MR. CANNING: Good morning
21 Commissioners, I'm Art Canning. I'm happy to be
22 here hopefully not to repeat anything I told you
23 about a month ago but to bring you a little bit
24 more of the information we learned in working with
25 the staff over the last month.

1 We've lowered our forecast some, about
2 250 megawatts. That brought us a little bit
3 closer. And staff just reported that they've
4 changed their forecast slightly.

5 So on this you'll see that, well 953
6 megawatts apart. Now if you add the 15 percent
7 reserve margin on to that then we're about a
8 thousand megawatts or over a thousand megawatts
9 differences.

10 Again, part of the differences in the
11 starting point are weather adjusted 2006 is.
12 We're still at 23,000, staff using a 50 year
13 average weather is now at 22,434.

14 The other half of the difference is
15 we're using 2.3 percent growth rate, the staff is
16 using 1.5.

17 The fifth year difference I think is
18 going to make a difference there also I'll bring
19 up and also the growth rate.

20 Now, the staff provided us over the last
21 two weeks their analysis of if instead of using 50
22 years they only used the last 30 years and in this
23 case the number that has changed since the CEC
24 Staff June '07, 22,713 that's gone up about 300
25 megawatts if we're using a 50 year average.

1 And on their report you look at page 15
2 it shows a diagram of what they call the PDO,
3 Pacific Decadal Oscillation, the ocean
4 temperatures and showing that the decades of the
5 50s and 60s had much cooler ocean temperatures and
6 therefore presumably it led to cooler peak
7 demands.

8 And when that period is dropped out of
9 the sample period the average peak day temperature
10 is enough higher to drive up their estimate for
11 2006 at normal by about 300 megawatts.

12 I think this is important. We've used a
13 third year average. As I say at the bottom here
14 in the note, EPRI in the survey found that 85
15 percent of utilities between 10 and 30 years for
16 weather normalization.

17 My meteorologist has told me that NOAA
18 has been approached by a number of user groups to
19 change the official definition of US climatology
20 from a third year average to a 20 year average to
21 better incorporate global warming.

22 So the issue here is if we use a 50 year
23 average we're really we've got a very cool period
24 in that average. Where if we use a third year
25 average or even a 20 we're looking more at more at

1 what recently is going on.

2 So using the third year average would
3 drop us down to just about 662 megawatts apart.

4 The other part is what's happening in
5 the growth rate, 2.3 versus 1.5. As I mentioned
6 in the workshop I hope that staff would be
7 advising Commissioners that the ISO year-to-date
8 this year is growing somewhere in the two and a
9 half to three percent range. And last year, I
10 forget what the ISO number is, Edison was around
11 one and half percent in 2006.

12 So the growth rate has picked up
13 significantly over what the energy growth was for
14 the first five months of last year.

15 Though looking forward to 2007 I think
16 we've got more of a head start going than just a
17 1.5 percent growth rate.

18 In the staff's presentation they have
19 this graph and I want to point to just four
20 points. I'll walk up to it and point at them.
21 Those four points there are four days when we
22 actually had peak demands at Edison greater than
23 22,400 at temperatures that were two to five
24 degrees cooler than what the staff assumes is the
25 peak day temperature.

1 So in other words, we hit the staff's
2 assumed peak day load but two or five degrees
3 cooler. If those days had been at the 101 degrees
4 or whatever the staff assumes for the peak day, it
5 would have been closer to the 23,000 megawatts.

6 So we think, and especially I think,
7 that 23,000 is probably a good starting point for
8 the weather adjusted 2006 starting point. So that
9 was half of the difference there. And that's part
10 of it.

11 As I mentioned before in the workshop
12 that we had a fairly significant rate increase,
13 about 14 percent in early 2006. And for the
14 residential customers it was, we're only able by
15 state law put in the top tiers.

16 And June and July were the hottest two,
17 combination of June and July we've ever seen and
18 just drove air conditioning bills very high.
19 People went into bill shock and started
20 conserving.

21 As we have tested this type data through
22 the months when we looked at the megawatts per
23 degree fahrenheit, It didn't go down through the
24 summer. In other words July was a little more
25 weather sensitive than June, August more than July

1 and September even more than August.

2 So the weather sensitivity didn't go
3 down. What people did is cut back everything else
4 they could to try and save on their bill.

5 Now will that happen again this year? I
6 don't think so. We've given people a rate
7 decrease from last year. And really this is part
8 of the judgement.

9 I don't think that that's something that
10 people learn. But I don't think it's going to be
11 nearly as impactful this year.

12 Usually we have two or three heat storms
13 that last four or five days each. These aren't
14 the sort of things that drive up bills by hundreds
15 and hundreds of dollars which is what happened in
16 last year. So last year was unique.

17 And it's not that's there's anything
18 wrong with the staff's analysis. People changed
19 their habits last year and any statistical model
20 will pick that up.

21 We looked at that same analysis and came
22 up not far off of what the staff said. But when
23 we stepped back we said, no, energy growth rate
24 was a good one and a half percent going into the
25 summer. We think that would have continued had it

1 not been for the bill shock.

2 So that's why we assumed and forecast
3 the 23,000 megawatts starting point.

4 So in conclusion we're recommend you
5 adopt our forecast. Now I don't know that you're
6 going to do that. But what we would really like
7 to do is make sure that you're not adopting a
8 forecast that's too low for resource adequacy
9 purposes.

10 That's the purpose of this forecast for
11 the amount of resources we're required to procure
12 for the summer of 2008.

13 We think that the staff number, the
14 starting point, is on the low side. And the
15 growth rate is on the low side. And that's going
16 to lead to a load number for resource adequacy.

17 That concludes my presentation. I'll
18 answer any questions.

19 COMMISSIONER ROSENFELD: My question is
20 sort of a policy one and not connected with this
21 scatter plot. So Karen may want to correct me.
22 Turn those lights back on.

23 I'm a novice at this, the idea that I'm
24 going to have an accurate opinion within 300
25 megawatts is pretty negligible. What I really

1 don't have a clue on is what's at stake here.

2 That is, you have your own ideas about
3 what peak loads you're facing. And you're going
4 to procure to face that.

5 You mentioned the reserve margin if you,
6 that you're going to get an adequate reserve
7 margin anyway. What, can you say in a few words
8 what's really at stake here. Why it matters.

9 MR. CANNING: Why it matters --

10 COMMISSIONER ROSENFELD: In getting
11 through this summer.

12 MR. CANNING: Will come out of this
13 resource adequacy is your staff will recommend to
14 the PUC and then they will send to us what peak
15 demand we have to buy to, plus 15 percent
16 reserves.

17 And so if the number is a thousand
18 megawatts lower than what we think then there
19 could be a chance that we'll under procure versus
20 what our forecast is. We may already have enough
21 resources. We may not need to procure any more.

22 So, your forecast will become the
23 official one I have to match resources to. You
24 know if there's a problem in 2008 where are they
25 going to look when we'll point right towards the,

1 here's what the Energy Commission said, you know.
2 That's it. Here's what we thought but here's what
3 the official statement is.

4 So it puts the decision maker, you're
5 the decision maker on this. You're make the call
6 of what the forecast should be and we'll make sure
7 and procure to that plus 115 percent.

8 Whether we go over that or not I'm not
9 sure.

10 COMMISSIONER ROSENFELD: But that's my
11 question. Aren't you really free to procure
12 another 300 megawatts if you think we're 300
13 megawatts too low?

14 MR. CANNING: And I'm sorry Commissioner
15 now you've gone beyond my area of expertise as,
16 I'm on the demand side and that's the supply side
17 people who are going to answer that.

18 I don't know that we will or have. And
19 I'm not sure what the PUC says about us procuring
20 beyond what you say is all we need.

21 So there may be issues there where we
22 have a harder time justifying. I'm just not the
23 expert on that one, I'm sorry.

24 COMMISSIONER BOYD: I'd like to ask you
25 and maybe Ms. Marshall to talk a little bit more

1 about the energy growth rate predictions.

2 What, having not sat through the
3 workshop, this may be, excuse me, repetitive but,
4 what do you tie this to? Such factors as
5 population growth rate, economic activity
6 projections, what else?

7 MR. CANNING: Well the peak demand, we
8 tie it to the number of customer growth and the
9 growth in weather sensitivity per customer
10 essentially.

11 And so we're seeing that there's more
12 megawatts per degree fahrenheit per customer.
13 There's been a trend growing over time. Plus
14 there's a growth in number of customers.

15 The reason we lowered our forecast is
16 the customer growth did slow with the building
17 cycle in 2007 and the tail end of 2006. And that
18 will have an affect a few fewer customers in 2008
19 so we lowered the forecast for 2008.

20 But tied mainly to the trend in
21 customers and in the usage per customer. And what
22 we've seen is peak demand growing faster than
23 energy over the last four years.

24 And we talked about that at the
25 workshop. It shows up that the load factor

1 declined. We're basically becoming more and more
2 peaky in southern California.

3 The trend, and we showed a graph at the
4 workshop. The staff said, well it looks like a
5 one-time drop in load factor at the time of the
6 energy crisis.

7 We said, no it looks more like more it's
8 been declining over the last six or eight or ten
9 years. So there's some question as to whether
10 that will continue or not.

11 We've assumed that the load factor will
12 continue to fall for the next few years. And so
13 that peak demand will grow faster than energy.

14 So we have an energy forecast not far
15 off of 1.5 percent but we have a peak demand
16 forecast of 2.3 percent. We're seeing peak
17 demands growing faster.

18 At the workshop one of the most
19 interesting presentations was the last one where
20 the person from Redding came up and had tested
21 side-by-side two air conditioners of very, very
22 efficiency, SEER 16 air conditioners and found out
23 that yes they were a five kW air conditioners and
24 they drew five kW or five ton air conditioners
25 drew five kW during most of the days but when we

1 hit that really hot spell those motors start
2 drawing ten kW.

3 And it just boggled their mind that the
4 motor could become half the efficiency when the
5 outside temperatures very inefficient.

6 Well I've found out that our management
7 has been informed by the DOE of the same, they
8 have confirmed that fact. That manufacturers have
9 built air conditioners to maximize the efficiency
10 on the year round SEER.

11 But when the outside temperature gets
12 very hot I think the explanation was the internal
13 gases on the air conditioning system get so hot
14 the motor works twice as hard.

15 I think it was a shock to, I thought it
16 was Commissioner Boyd that acted surprised on that
17 one. Asked to see if there was a staff that could
18 have an expertise.

19 Like I say, I've checked into it. I got
20 a call into our expert but I have found out from
21 our management that, that yes they've been
22 informed of the same effect. The DOE is aware of
23 this.

24 That's something that, and I don't know
25 how long it's been going on, that let's say for

1 several years now, for a number of years that
2 these very, very efficient air conditioners
3 actually sort of backfire on efficiency on the day
4 of the peak because they become less efficient.

5 I don't know what to do about that but -

6 -

7 CHAIRPERSON PFANNENSTIEL: Commissioner
8 Rosenfeld is going to take care of that.

9 COMMISSIONER BOYD: I have to look at my
10 efficiency committee here to --

11 CHAIRPERSON PFANNENSTIEL: Yeah, so
12 Commissioner Rosenfeld is going to take care of
13 that.

14 COMMISSIONER BOYD: Is this test beating
15 Art or just a physical?

16 MR. CANNING: Well Commissioner
17 Rosenfeld you mentioned the same thing on gas
18 turbines. That they --

19 COMMISSIONER ROSENFELD: I do want to
20 say that at ten o'clock last night I sent an e-
21 mail to Feinstein's staff with a copy to Jackie
22 Pfannenstiel saying, we got to break the country
23 up into three air conditioned regions.

24 The air conditioners we're getting are
25 designed for Florida. They don't fit the West.

1 And we got to do something about it.

2 But we're not going to do anything about
3 it at this discussion. And I mean I completely
4 agree with you that there's a technical problem
5 here but I think neither of us is going to
6 instruct the Energy Commission staff to change its
7 forecast in procedures to take that into account.

8 We don't know how to do it yet. And
9 empirically for very short term work, of course,
10 that's not anything we can do anything about. I
11 mean I'm taking the point of view that even if we
12 adopt the Energy Commission staff and you think
13 you need another 500 megawatts then by golly
14 you're going to procure it so as to avoid your
15 risks.

16 And so I guess I'm not very hot under
17 the collar about this.

18 COMMISSIONER BOYD: I mean bill shock
19 was the reason given for the anomalous year last
20 year. But that basically says that our citizens
21 aren't responding any longer to the need to maybe
22 conserve a little bit more.

23 Maybe a message during our hot weather
24 times might make them change. But I guess we'll
25 have to see. Lynn did you want to comment at all

1 on energy growth rate?

2 MS. MARSHALL: Yeah I do. In fact I
3 have a slide related to it. But one of our slides
4 or a couple of them pertain to that.

5 And I can talk about that issue first
6 and then have a couple of other comments on
7 Edison's comments.

8 What we've been doing in terms of trying
9 to evaluate our load forecast is monitor daily
10 peaks, let me go back one, daily peaks in the ISO.

11 The high growth of two and a half
12 percent growth rate in the ISO are cited today.
13 And I think that's not weather adjusted.

14 These are the difference between spring
15 temperatures this year and spring temperatures
16 last year. And you can see at the high end of the
17 range there's a lot of points above the zero. So
18 we've had a much warmer spring. And a lot of
19 those dates were in March and April.

20 So a lot of that increase, apparent
21 increase we think is weather driven. But that's
22 energy. And what we're really concerned about
23 here is peak.

24 So this shows the actual daily peaks in
25 the ISO. And the daily peak that would be

1 predicted by our weather model applied to the ISO
2 level. We don't have daily peaks yet for the
3 transmission areas.

4 And we only have June. It's early in
5 the summer yet. It hasn't gotten that hot. But
6 so far our model appears to be predicting well.
7 If anything it's a little, it's somewhat over
8 predicting.

9 In looking at compared to the daily
10 peaks, this year versus last year and what we're
11 plotting is the pink squares are the daily peaks
12 this year for a given temperature. And the
13 triangles are last year's peaks at a given
14 temperature.

15 If we were really seeing load growth of
16 two percent the trend of the pink lines would be
17 higher. And actually they're right on, so far,
18 you know, seem right on top of each other.

19 That could change as we get into the
20 summer and we experience more high temperatures.
21 But there's just no evidence from this data that's
22 there's any significant load growth in the ISO
23 right now.

24 CHAIRPERSON PFANNENSTIEL: Lynn, may I
25 just jump into that question. And I understand

1 that's really one of the big differences is your
2 projection for this summer load in terms of the
3 growth from last year and Edison's.

4 That's energy gross. And then did you
5 adjust, are you, is your difference between, is
6 the difference between the two companies on an
7 energy growth basis or the load factor. In other
8 words you agree on what the energy is but it's the
9 load factor difference that's different.

10 MS. MARSHALL: That's exactly right.
11 Their energy growth rate I think is just a little
12 bit higher than there. So it's not the economic
13 assumptions that are driving the differences.
14 It's what's going on with load factor.

15 We have had a period of several years in
16 Edison where the load factor was dropping. But
17 from '05 to '06 we can see that happen.

18 CHAIRPERSON PFANNENSTIEL: Excuse me, is
19 that true throughout the state that you're seeing
20 load factor dropping. In other words is air
21 conditioning making the state peakier as a long-
22 term trend?

23 MS. MARSHALL: I can't say that it's
24 everywhere. I think the same phenomenon occurred
25 somewhat in PG&E. But I think a lot of this is

1 specific to things going on in Edison over the
2 last few years.

3 But we don't see that rapid decline.
4 Historically we've seen periods where load factor
5 declines rapidly as there is a lot of economic
6 activity or housing built in certain areas. And
7 then it levels off for a while.

8 CHAIRPERSON PFANNENSTIEL: So do you
9 from last summer to this summer are you projecting
10 any decline in load factor or constant load factor
11 from last summer to this summer?

12 MS. MARSHALL: Only a very, slight
13 decline.

14 CHAIRPERSON PFANNENSTIEL: And they are
15 projecting a significant decline.

16 MS. MARSHALL: Yes.

17 CHAIRPERSON PFANNENSTIEL: And how
18 significant? Do you have that? Or can you tell
19 me about how much of a decline in load factor do
20 you expect.

21 MR. CANNING: Well we've got about 1.5
22 energy growth and a 2.3 peak growth so that's
23 about eight tenths of a percent difference between
24 the two.

25 And I tried to convert the load factor

1 but --

2 CHAIRPERSON PFANNENSTIEL: Yeah, that's
3 fine, I got you on that one.

4 MR. CANNING: It has some trend down.

5 MS. MARSHALL: Another comment on the
6 issue of which time frame do you use for the
7 weather normalization. Art cited NOAA being asked
8 to use only the last 20 years.

9 We looked at what our weather,
10 normalized load would be under a variety of time
11 frames. And if we only used the last 20 years
12 that would actually decrease our forecast by
13 around 400 megawatts.

14 There are patterns in the historic,
15 load, temperature data that I don't think you just
16 want to pick the one that you like the best. We
17 think it's best to use all the available data. We
18 don't know what the future weather patterns are
19 going to be over the next year, or two years or
20 ten years.

21 Going back to one of the charts that Art
22 showed and he's pointing out these few days where
23 load is over 22,000 and it appears temperatures
24 are, the daily maximum temperature is less than a
25 hundred.

1 Well we actually use two weather
2 variables in our statistical estimation. This
3 only shows one of them. So it's somewhat
4 misleading. We don't have a two-variable axis,
5 two graphing capability in Excel.

6 So Shelley knows those dates aren't pink
7 and this shows, on the horizontal is our daily
8 maximum temperature that we use.

9 We also use a spread variable. And that
10 captures the difference between the max and the
11 min. And those days were, although most of them
12 were during the heat storm were characterized by a
13 very low spread meaning it was very hot during the
14 day and temperatures didn't cool at night.

15 And you all remember last summer. And
16 that's exactly what happened.

17 Compared to our 1 in 2 the triangle up
18 here, that blue triangle is the median of the
19 annual maximums that would have occurred if we
20 predicted load with the last 50 years.

21 You see that what happened last summer
22 was an unusually, low, diurnal variation. So
23 that's what's driving those particular points.

24 That's all the comments I had in there.
25 I would like to make one response to what

1 difference does this forecast matter.

2 It is specifically for resource
3 adequacy. And the PUC does allow us a one percent
4 flexibility. So we can, there's a little
5 compromise in that process in terms of we don't
6 adjust the Edison area forecast all the way down
7 to ours. It'll be 101 percent ours.

8 But that said, whenever we adopt an
9 Energy Commission forecast it can get used in a
10 variety of context at the PUC, at the ISO. We're
11 also using this analysis as a starting point for
12 our 10 year, forthcoming 10 year forecast.

13 And I'm aware that right now at the PUC
14 their staff is looking at this forecast as they
15 consider requests from Edison for expedited
16 procurement authority.

17 `And you can correct me if I mis-
18 characterized that. So it does have a lot of
19 relevance beyond resource adequacy.

20 CHAIRPERSON PFANNENSTIEL: Thank you
21 Lynn. Art are you going to make further comments?

22 MR. CANNING: No, no further comments.

23 CHAIRPERSON PFANNENSTIEL: Okay, thank
24 you both. I understand that this is an important
25 not a trivial issue. And that there are

1 consequences.

2 Having said that, I will offer my
3 perspective which is that the staff has both done
4 an incredible job, presented it at both the IEPR
5 Committee and then responded in my opinion,
6 adequately to the Edison concerns and critiques
7 which I think are understandable and to some
8 extent it becomes a difference of analytical
9 judgement.

10 And my personal judgement is that I'm
11 not convinced by Edison that the assumptions
12 underlying their forecast are stronger than those
13 underlying the staff forecast.

14 But with that are there other questions
15 or discussion from --

16 COMMISSIONER BOYD: Well I was just
17 going to say that I appreciate hearing the
18 comments you just made with you being a member of
19 the IEPR Committee and having sat through this and
20 I not having the advantage of that but having the
21 input of the Electricity Committee was swaying my
22 view. And this discourse we've had this morning
23 keeps me in that same vein. And I want to move
24 approval of the staff recommendation consistent
25 with the recommendation of our Electricity

1 Committee and as amplified by your comments.

2 CHAIRPERSON PFANNENSTIEL: Further
3 discussion?

4 COMMISSIONER ROSENFELD: I feel the same
5 way. I'm sort of a babe in the woods on this
6 issue. The Electricity Committee has thought
7 about it a lot.

8 The idea of changing the forecast sort
9 of three-quarters of the way across the stream
10 seems difficult to me. I hope if Edison thinks
11 they need more megawatts they procure them.

12 We should be understanding there. In a
13 way I can't believe we wouldn't. So I second it.

14 CHAIRPERSON PFANNENSTIEL: All in favor
15 of adopting the staff peak demand forecast for the
16 investor-owned utilities, and I should note that
17 the other utilities are included in the document
18 we'll be adopting, signify by saying aye.

19 Approved. Thank you Lynn. And thank
20 you Edison for helping us think that through.
21 Item 20, possible approval of an administrative
22 subpoena directing the California Independent
23 System Operator to provide data needed to evaluate
24 generation and transmission outages, congestion,
25 must offer waivers and load to aid in assessing

1 resource adequacy for summer 2008 and beyond.

2 MR. RATLIFF: Yes, good morning

3 Commissioners.

4 CHAIRPERSON PFANNENSTIEL: Good morning.

5 MR. RATLIFF: Dick Ratliff representing,
6 standing in for Caryn Holmes today.

7 What you have before you and what we
8 would ask that you approve is what we are calling
9 an administrative subpoena. It is essentially an
10 order to the ISO to provide identified information
11 that you see in the subpoena.

12 This information is dis-aggregated,
13 supply, adequacy data that is necessary for the
14 IEPR.

15 And it has over the past three years
16 become a routinized order which is sometimes
17 termed a friendly subpoena that the ISO needs to
18 provide us with that data.

19 This subpoena has been reviewed by the
20 ISO and not been found to be objectionable to
21 them.

22 And so we would ask you to approve it.

23 COMMISSIONER BOYD: Did you use the term
24 I was looking for, a friendly subpoena.

25 MR. RATLIFF: Yes.

1 COMMISSIONER BOYD: Thank you.

2 CHAIRPERSON PFANNENSTIEL: Questions?

3 COMMISSIONER BOYD: I move approval.

4 COMMISSIONER ROSENFELD: Convinces me,
5 I second it.

6 CHAIRPERSON PFANNENSTIEL: All in favor?

7 (Ayes.)

8 The approval. The subpoena is approved.

9 Item 24, possible adoption of the
10 Proposed Amendment to the Appliance Efficiency
11 Regulations originally published as Express Terms,
12 45-Day Language, September (sic) 1, 2006, with two
13 subsequent 15-Day Language changes and a 15-Day
14 Public Notice Periods. Good morning Mr. Staack.

15 MR. STAACK: Good morning Commissioners.
16 My name is Bill Staack. I'm a senior, staff
17 counsel with the Energy Commission. Next to me is
18 Betty Chrisman from the Appliance Efficiency
19 Office to help answer any questions about the
20 proposed regulations.

21 We're here today to accept public
22 comments on the second 15-Day Language which was
23 noticed on the June 4th and ends today.

24 And it's for the proposed Appliance
25 Efficiency Regulations 07-AAER-1. We're also here

1 to discuss, if requested, staff's proposal to
2 adopt the proposed amendments to the Appliance
3 Efficiency Regulations that are the end result of
4 a notice for proposed action published by the
5 Commission on December 1, 2006.

6 The primary scope of these regulations
7 are to implement a court-ordered, joint, statement
8 that all parties agreed to and that resulted from
9 the Commission prevailing ARI versus Energy
10 Commission lawsuit.

11 The case concerned federal preemption of
12 portions of the Commission Appliance Efficiency
13 Regulations that went to the United States Supreme
14 Court last year.

15 Despite the diligent work of the CEC
16 staff, manufacturers and the trade associations
17 which has resulted in today's proposed regulation
18 it is clear that we will not be ready for data
19 collection for all affected appliances on one date
20 in the near future.

21 Therefore we request the Commission to
22 adopt the proposed regulations and specify an
23 effective date of September 17, 2007. This is the
24 effective date of the Appliance Marking
25 Regulations that were subject of the litigation.

1 We also request that the Commission
2 direct the Executive Director or his designee
3 pursuant to section 1606(a)1 and other regulations
4 to establish schedules for the submittal of data
5 that reflects the capabilities of both
6 manufacturers and the staff.

7 And we request continued affect of
8 delegation to the Energy Committee of the
9 authority to take on behalf of the Commission all
10 actions reasonably necessary to have the adopted
11 regulations go into effect.

12 CHAIRPERSON PFANNENSTIEL: Discussion?

13 COMMISSIONER ROSENFELD: I'm convinced,
14 I move the item.

15 COMMISSIONER BOYD: I'll second it.

16 CHAIRPERSON PFANNENSTIEL: All in favor?

17 (Ayes.)

18 It's approved thanks.

19 MR. STAACK: Thank you.

20 CHAIRPERSON PFANNENSTIEL: Item 25,
21 Senate Bill 1, Chapter 132, 2006 session requires
22 the Energy Commission to initiate a public
23 proceeding no later than July 1, 2007 to study and
24 make findings whether, and under what
25 circumstances, solar energy systems should be

1 required on new residential and nonresidential
2 buildings and to periodically update the study.
3 Miss Orlando, good morning.

4 MS. ORLANDO: Good morning Chairman
5 Pfannenstiel and Commissioners, my name is Claudia
6 Orlando. And I'm in the Buildings and Appliances
7 Office.

8 I'm here today to request your approval
9 of an order to initiate a public proceeding and
10 delegate the oversight of the proceeding to both
11 the Efficiency Policy Committee and the Renewables
12 Policy Committee.

13 Senate Bill 1 carries out the Governor's
14 Million Solar Roofs Initiative. Among other
15 duties SB 1 requires the Commission to conduct a
16 proceeding to study and consider whether, and
17 under what conditions, photovoltaic systems should
18 be mandated through the Energy Commission's
19 Building Energy Efficiency Standards.

20 This study must address the cost
21 effectiveness of the photovoltaic systems,
22 including the cost impact if currently, available,
23 financial incentives become unavailable due to
24 requirement of photovoltaics by code.

25 The Commission is directed to update the

1 study periodically as the Commission deems
2 necessary.

3 It is important that the authority to
4 preside over this proceeding be delegated to both
5 the Efficiency and Renewables Committees.

6 The Efficiency Committee's involvement
7 in this proceeding is important because if the
8 study concludes that solar should be required, the
9 Efficiency Committee would oversee the
10 incorporation of solar energy systems into the
11 Building Energy Efficiency Standards.

12 The Renewables Committee involvement is
13 also important because that committee currently
14 oversees the New Solar Homes Partnership Program.

15 Also the goals of the study will be
16 included in the 2007 Integrated Energy Policy
17 Report. So involvement from both committees would
18 be most effective.

19 Chairman Pfannenstiel, Commissioners,
20 staff is requesting your approval of this order
21 and I'll answer any questions at this time.

22 CHAIRPERSON PFANNENSTIEL: Thank you,
23 this will be an important proceeding. We do need
24 to decide and I'm gratified that the state gave us
25 the authority to decide whether to put solar as

1 part of the going-forward building standards.

2 And as a Commissioner who sits on both
3 of the involved committees I'm going to be hearing
4 it both ways. And I think that that's
5 appropriate.

6 Are there questions or discussion of
7 this item?

8 COMMISSIONER BOYD: I move approval
9 madame.

10 COMMISSIONER ROSENFELD: And I second
11 it.

12 CHAIRPERSON PFANNENSTIEL: All in favor?
13 (Ayes.)

14 It's approved, thank you Claudia.

15 With that we are on to approval of
16 minutes of the June 6th Business Meeting and Art
17 assures me that we're all here for that.

18 COMMISSIONER ROSENFELD: I move the
19 minutes.

20 COMMISSIONER BOYD: Second.

21 CHAIRPERSON PFANNENSTIEL: All in favor?
22 (Ayes.)

23 Commission Committee Presentations, any
24 discussion from Commissioners, nothing?

25 Chief Counsel's Report, Mr. Chamberlain.

1 MR. CHAMBERLAIN: Yes, Madame Chairman.
2 I guess on behalf of the Western Electricity
3 Coordinating Council I want to thank the
4 Commission for its providing my time to the
5 Coordinating Council this year and last year as
6 Chair of their board.

7 It's been a very interesting and
8 important time because WECC is transitioning to
9 the new mandatory standards which by the way went
10 into effect this Monday. So we are now under
11 mandatory standards and the lights are still on.

12 CHAIRPERSON PFANNENSTIEL: The lights
13 are still on.

14 MR. CHAMBERLAIN: It's all good. And I
15 think as you know the West has its own mandatory
16 standards which were approved to go into effect at
17 that time as well.

18 Just in case the Commission has sort of
19 wondered from time to time what it is that I do
20 when I go to these meetings and things. I have
21 included a copy of the address that I made to the
22 member committees last week which will give you
23 some indication of the importance of this
24 activity. It's in the program status report that
25 I circulate but I didn't note that in the email.

1 So I just wanted to call that to your attention.

2 CHAIRPERSON PFANNENSTIEL: Thank you.

3 Thanks Bill. Executive Director's Report.

4 MR. BLEVINS: Thank you Madame Chairman.

5 There are two items. First, the latest budget
6 update. I think at the last meeting we had three
7 of our budget change proposals in conference.

8 In the last few days all three of those
9 items have come out in conference committee. One
10 of them was a proposal to edit two additional PY
11 to Building Standards and Compliance Program.

12 The Conference Committee not only
13 approved that item they added three more PY to
14 that effort. So the Legislature will be proposing
15 five additional PY for that program.

16 The other two items that were remaining.
17 One was personnel support for our ongoing,
18 climate, change work. In support of primarily the
19 Air Resources Board but also other departments.

20 And the second was the contract dollar
21 and personnel support for the follow through and
22 expansion of any recommendations associated with
23 AB 1007 and additional work associated with
24 Transportation and Fuels.

25 The Conference Committee, in fact,

1 approved both of those. They, however, approved
2 them with a wrinkle.

3 And the wrinkle was that ERPA funds
4 would not be used for the purposes of funding
5 those programs but instead the Air Resources Board
6 would reimburse us our costs for carrying out
7 those programs.

8 This is sort of a double-edged sword.
9 The good news is someone else is paying for it.
10 The bad news, it adds a level of administrative
11 complexity here that we, as of this moment in
12 fact, are beginning to work on it figuring out how
13 best to affect that outcome with the Air Resources
14 Board in the event that it is incorporated into
15 the Governor's, final, approved budget.

16 My other item is a little, less serious.

17 COMMISSIONER ROSENFELD: BB before you
18 go on to your other item. These magnificent five
19 PY for compliance, can you say a few words about
20 what compliance means.

21 MR. BLEVINS: Well I'll take a crack at
22 it. And then if Val needs to correct me if you
23 can come here and do it.

24 One of the things I think we're becoming
25 more and more interested in is the degree to which

1 we have information on the ground in terms of
2 specifically what the effectiveness of the
3 Buildings Standards Program is and how well it is
4 living up to its expectations.

5 Historically we make an assumption that
6 those programs have a certain effectiveness. But
7 it is an assumption. And as people become more
8 and more focussed on trying to account for actual
9 benefits from the programs as we would expect to
10 happen as the climate, change issue becomes more
11 relevant and more important, there's going to be a
12 greater need for us to have a much better
13 understanding of exactly what the effectiveness of
14 the programs are.

15 So my assumption and my expectation of
16 those additional PYs that we're going to endeavor
17 to have a very good understanding of compliance.

18 And the other half of that equation is
19 enforcement. Obviously if we find areas of
20 weakness on compliance we have some PY that can
21 now be focussed on trying to enforce those
22 standards.

23 COMMISSIONER ROSENFELD: Sounds like
24 really good news.

25 MR. BLEVINS: I think it is, yes. The

1 Sacramento Metropolitan Transportation Association
2 every year conducts a bike to work contest in this
3 region.

4 The Energy Commission was a participant
5 in the mid-range employer, medium employer
6 category. I just want to report that on last
7 Thursday I accepted the award on behalf of the
8 Commission as first place.

9 The Commission employees or 35 of them
10 that participated and signed up for this contest
11 and in round numbers they biked 8,000 miles in
12 that month.

13 And if we do some fast math and some
14 loose math that represents about five tons of
15 greenhouse gas emission reductions from those 35
16 employees.

17 It will be no surprise to anyone I don't
18 think that the employee who had the highest number
19 of commute miles was Don Kondoleon. And I think
20 it was about 1286 miles that he biked in that
21 month.

22 So I wanted to, at least, share with the
23 Commission the fact that we won something.

24 MR. CHAMBERLAIN: And I'd like to add
25 that the Legal Office although it doesn't exceed

1 Don Kondoleon's total, I believe was more than
2 1,000 miles.

3 CHAIRPERSON PFANNENSTIEL: Good job.

4 COMMISSIONER BOYD: Yeah, very good.

5 CHAIRPERSON PFANNENSTIEL: I don't think
6 there was any Commissioner participants
7 (laughter).

8 COMMISSIONER ROSENFELD: You know I
9 biked about five miles (laughter).

10 CHAIRPERSON PFANNENSTIEL: You may have
11 gotten hit by a truck.

12 COMMISSIONER BOYD: As you all saw me
13 limping around here last week I wasn't able to
14 contribute this year. Although my four miles each
15 way round trip wouldn't have added much.

16 CHAIRPERSON PFANNENSTIEL: Does that
17 conclude your report Mr. Blevins?

18 MR. BLEVINS: That concludes my report,
19 thank you.

20 CHAIRPERSON PFANNENSTIEL: The Leg
21 Director's Report, Mr. Smith.

22 MR. SMITH: Good morning Chairman,
23 Commissioners. Just a couple of quick notes. Let
24 me bring you up to speed quickly on the schedule
25 going forward. So you have an idea where we're

1 headed.

2 July 13th is the next major milestone.
3 And that's going to be the last day for policy
4 committees in either house to hear and report
5 bills out.

6 July 20th is when the summer recess
7 begins. And then the Legislature will reconvene
8 on August 20th.

9 So things will begin to happen pretty
10 quickly as we move into this second session. As
11 the budget deliberations begin to wind down and
12 the policy committees and the Legislature begin to
13 refocus on, fully refocused and engaged on bills.

14 Along those lines I do want to mention
15 to you that as we conclude the first half of this
16 session a number of the bills, even a number of
17 our high priority bills that we were, not only
18 tracking but, completing analysis on and working
19 very earnestly on have become two year bills.

20 So that gives us something of a bit of
21 breathing room. I will point out in that regard
22 two bills of high note to the Commission, high
23 interest to the Commission.

24 Assembly member Levine's 722 which was
25 the Incandescent Lighting Bill became a two year

1 bill. And Saldasa's bill 985, which was the
2 Judicial Review, actually went on the inactive
3 file. So more than just becoming a two year bill
4 it's, you know, on life support at this point.
5 And I know that's of extreme interest to the
6 Energy Commission.

7 And I will note also that we will be
8 getting a request here shortly from the Resources
9 Agency to give them as we move into the second
10 half of the session, give them a list of our
11 priorities that we want to focus on.

12 So I will be coming to you folks to put
13 that together. I also want to note that in two
14 federal issues we did send out the communications
15 to on the Federal RPS language and on the Schumer
16 Amendments dealing with energy efficiency.

17 I think we'll have a very critical
18 influence on how we administer our programs here.
19 So hopefully we will have some positive influence
20 in that regard.

21 And the only thing else I want to
22 mention is on AB 118, which is the Speaker's
23 Transportation Bill. There's a lot of press that
24 seems to be being generated on this bill.

25 And it's not entirely positive in terms

1 of what the Legislatures' priorities are for the
2 use of funds and indeed the increase in fees and
3 is this the highest priority use for if we are
4 going to raise fees/taxes, sorry, is this the
5 highest priority.

6 So there is that debate going on. We
7 certainly have a viewpoint on the need for a
8 comprehensive, transportation effort in California
9 even in support of it and beyond the low-carbon
10 fuel standard effort. So more to come in that
11 area. And we'll keep you posted as things evolve
12 in that area.

13 But that concludes my report if there's
14 any questions.

15 COMMISSIONER BOYD: Mike or maybe BB.
16 The prognosis on budget approval? What does it
17 happen to be at, today?

18 MR. BLEVINS: Go ahead if you're willing
19 to go there (laughter).

20 MR. SMITH: Well according to the
21 schedule (laughter) --

22 COMMISSIONER BOYD: According to the
23 Constitution.

24 CHAIRPERSON PFANNENSTIEL: Yes, all
25 right, ten days, ten more days.

1 MR. SMITH: There is, they are still in
2 conference. That is still happening and not clear
3 exactly when that will wrap up. So that's about
4 the most that I know at this point.

5 CHAIRPERSON PFANNENSTIEL: Okay, no
6 other questions. Thanks Mike.

7 Public Advisor's Report.

8 MR. BARTSCH: Madame Chair, Nick
9 Bartsch, Public Adviser's Office. We don't have
10 anything new for you at this time, thank you.

11 CHAIRPERSON PFANNENSTIEL: Thank you
12 Nick.

13 Any public comment? Anybody here or on
14 the phone for public comment?

15 Hearing none we'll be adjourned.

16 (Whereupon, at 11:44 a.m., the
17 business meeting was adjourned.)

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CERTIFICATE OF REPORTER

I, RAMONA COTA, 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 8th day of July, 2007.

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