

BUSINESS MEETING  
BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of:  
Business Meeting

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

WEDNESDAY, DECEMBER 19, 2007

10:00 A.M.

*ORIGINAL*

Reported by:  
John Cota  
Contract Number: 150-07-001

COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, chairperson

James D. Boyd

Jeffrey D. Byron

John L. Geesman

Arthur H. Rosenfeld

STAFF and CONTRACTORS PRESENT

Kevin Bell

Bill Blackburn

Beth Chambers

Maura Clark

Michael Doughton

Mary Dyas

Lynette Esternon-Green

Gabriel Herrera

Caryn Holmes

Mark Hutchison

Melissa Jones

Harriet Kallemeyn, Secretariat

Gary Klein

Jason Orta

James W. Reede, EdD

Mike Smith

Jennifer Williams

Kate Zocchetti

PUBLIC ADVISER

Nick Bartsch

ALSO PRESENT

John A. McKinsey, Panoche Energy Center

Paul Kramer, Panoche Energy Center

Michael Lozano, Cement Industry Environmental Consortium

Perry H. Fontana, Ausra Inc.

Scott Tomashefsky, Northern California Power Agency

Sarah Birmingham, Solar Alliance

Richard LaBrie, California Green Designs

Diane Fellman, Luz Solar

Manuel Alvarez, Southern California Edison

Scott Galati, Galati|Beck, representing Pacific Gas and Electric Company

Lora Ettenson, National Resources Defense Council

Brenda LeMay (via telephone)

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P R O C E E D I N G S

10:00 a.m.

CHAIRPERSON PFANNENSTIEL: Good morning, this is the Energy Commission Business meeting our last of the year. Please join me in the Pledge of Allegiance.

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

CHAIRPERSON PFANNENSTIEL: We have one change to the agenda as published. But we will be having two closed sessions immediately following the public session. The Commissioners will meet in my office for a brief discussion of litigation.

And then later, in fact at 12:45 we will go into Executive Session again for a personnel matter.

With that the consent calendar. Is there a motion for the consent calendar?

COMMISSIONER ROSENFELD: I move the consent calendar.

COMMISSIONER GEESMAN: Second.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Consent calendar is approved.

1                   Item number 2, 2a, possible approval of  
2                   the Executive director's data adequacy  
3                   recommendation for Carrizo Energy, LLC Application  
4                   for certification of the Carrizo Energy Solar Farm  
5                   Project, a nominal 177 megawatts net solar thermal  
6                   power plant, in San Luis Obispo County,  
7                   California. Good morning.

8                   MS. DYAS: Good morning Chairman and  
9                   Commissioners, I'm Mary Dyas, staff siting project  
10                  manager for the Carrizo Energy Solar Project. And  
11                  with me is staff counsel Michael Doughton.  
12                  Sitting across from us is the applicant  
13                  representative, Perry Fontana.

14                  On October 25th Ausra LLC, doing  
15                  business as Carrizo Energy LLC, filed an  
16                  application for certification to develop a nominal  
17                  177 megawatt net solar thermal power plant to be  
18                  owned and operated by Carrizo Energy LLC.

19                  Supplemental information to the AFC was  
20                  filed on Monday, December 17th, 2007. The  
21                  proposed project would be located on 640 acres on  
22                  an incorporated area immediately adjacent to the  
23                  California State Route 58 Carrizo Highway in San  
24                  Luis Obispo County.

25                  The proposed project design would

1 incorporate Ausra's proprietary Compact Linear  
2 Fresnel Reflector technology to concentrate solar  
3 energy on pipes in an elevated receiver.

4 As proposed, the project's water needs  
5 would be served by an existing ground water well  
6 and the facility will be air cooled.

7 The transmission system will require  
8 construction of approximately 850 feet of 230 kV  
9 transmission line.

10 Staff has reviewed the application for  
11 certification and supplemental materials and has  
12 found the application adequate for the 12 month  
13 process.

14 At this time recommends that you find  
15 this AFC complete and data adequate. If the  
16 Commission agrees to this recommendation we would  
17 request the appointment of a committee.

18 I'm available if you have any questions.  
19 And then also the applicant would like to say a  
20 few words.

21 CHAIRPERSON PFANNENSTIEL: Questions,  
22 and the applicant then.

23 MR. FONTANA: Thank you, and I'll be  
24 very brief. I would just like to thank Ms. Dyas  
25 and the Commission staff for working with us to

1 get us to this point. And we look forward to  
2 working closely with your Commission and staff as  
3 we go through the process.

4 CHAIRPERSON PFANNENSTIEL: Thank you.  
5 Is there a motion?

6 COMMISSIONER GEESMAN: I'll move  
7 approval of the recommendation.

8 COMMISSIONER BYRON: I second it.

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

11 CHAIRPERSON PFANNENSTIEL: So the  
12 Executive Director's recommendation is approved.  
13 I would nominate the following committee. Myself  
14 as the presiding commissioner and Commissioner  
15 Byron as the associate commissioner.

16 Is there a motion for that.

17 COMMISSIONER GEESMAN: So moved.

18 COMMISSIONER BYRON: Seconded.

19 CHAIRPERSON PFANNENSTIEL: In favor?  
20 (Ayes.)

21 CHAIRPERSON PFANNENSTIEL: Okay. We  
22 have a committee.

23 MR. FONTANA: Thank you.

24 CHAIRPERSON PFANNENSTIEL: Item 3,  
25 possible adoption of the Errata to the Presiding

1 Member's Proposed Decision and the Presiding  
2 Member's Proposed Decision on the Panoche Energy  
3 Center. Good morning Mr. Kramer.

4 MR. KRAMER: Good Morning Madame  
5 Chairman and members of the Commission. This  
6 application was filed on August 2nd and determined  
7 to be data adequate on November 8th of 2006.

8 The Committee, Commissioners Byron and  
9 Boyd held an evidentiary hearing on October 10th  
10 of this year. Issued their PMPD on November 14th  
11 and held a comment hearing last Wednesday.

12 Before you today we have and then on  
13 Monday we issued an errata. It was distributed to  
14 the parties.

15 The decision recommends approval of the  
16 project with conditions. There is one additional,  
17 final issue to discuss today.

18 Before you on your desk is a letter from  
19 Mr. McKinsey the applicant's counsel requesting an  
20 additional change to Condition, Soil and Water 6.

21 And I will let him briefly describe that  
22 and the reason for it. And the recommendation  
23 would be to approve the PMPD with the errata and  
24 with your decision on which ever way you decide to  
25 decide the requested amendment to Soil and Water

1 6.

2 CHAIRPERSON PFANNENSTIEL: Thank you,  
3 Mr. McKinsey.

4 MR. MCKINSEY: Thank you Chairman  
5 Pfannenstiel. The request for maintenance on  
6 water 6, it's a condition that governs the  
7 construction of deep-injection wells and the  
8 permit that is required for them from the EPA.

9 The condition as it's worded now  
10 requires that the permits be obtained prior to any  
11 cyclabilization activities for the entire project.  
12 And that was based on I think the schedule that we  
13 were presuming that we would get from EPA.

14 Dr. Reede has pointed out that my  
15 characterization in my letter is not entirely  
16 accurate as to the time frame EPA has taken but we  
17 had indicated it was 15 months for them to  
18 consider it.

19 It's normally, in fact it's a statutory  
20 12 month permit process. They took about 13 to 14  
21 months from acceptance of the application to get  
22 us a rough draft permit which they provided in the  
23 beginning of November.

24 And we're told we will not get it until,  
25 the final permit, until sometime perhaps in May.

1 And so this would prevent us from beginning  
2 construction of the project whatsoever in January  
3 as we require in order to fulfill our obligations  
4 under our purchase agreement with PG&E.

5 So what we've requested is a change in  
6 the language of the condition and in the  
7 verification that would require that the  
8 construction of the wells be the triggering event  
9 and not any cyclabilization activity.

10 And we've discussed that with the staff  
11 and I think the staff is comfortable with that.  
12 It's not atypical of conditions and in fact  
13 there's a condition right before this one that  
14 provides very similar such condition for  
15 construction of the water supply wells.

16 And it says that prior to the  
17 construction of the water supply wells you have to  
18 have the permits for those.

19 Additionally the rough draft from the  
20 EPA indicated that they don't expect the terms of  
21 the permit to differ significantly from what's in  
22 the rough draft. So we don't really have any  
23 reason to have any issues or surprises when we  
24 receive the final, the actual permit that will  
25 have any compliance issues involved in it.

1 CHAIRPERSON PFANNENSTIEL: Staff?

2 DR. REEDE: The staff has no objections  
3 to the revision to the Condition of Certification,  
4 Soil and Water 6.

5 CHAIRPERSON PFANNENSTIEL: Do we have  
6 actual language?

7 DR. REEDE: Yes. The actual language is  
8 contained in a letter that was docketed December  
9 17th.

10 CHAIRPERSON PFANNENSTIEL: Yes, I see it  
11 now. Questions? Yes, Commissioner Geesman.

12 COMMISSIONER GEESMAN: I'll move  
13 approval of the PMPD with the errata and with the  
14 recommended change to Soil and Water 6 suggested  
15 by the applicant.

16 CHAIRPERSON PFANNENSTIEL: Is there a  
17 second?

18 COMMISSIONER BOYD: I'll second it.

19 COMMISSIONER BYRON: Discussion.

20 CHAIRPERSON PFANNENSTIEL: Yes.

21 COMMISSIONER BYRON: Because of my  
22 travel I have really had an opportunity to get a  
23 lot of briefing from staff on this issue yet this  
24 morning. I would just ask the question, what is  
25 the risks here for the Commission?

1 DR. REEDE: The risks for the Commission  
2 are very low. Basically we're saying, well  
3 basically the applicant has suggested that we  
4 allow them to proceed with construction of the  
5 project.

6 However prior to beginning any of the  
7 test wells or drilling of the test wells or  
8 drilling of the actual wells that will be used  
9 they have to submit a copy of the EPA permit.

10 We don't see a problem with that.

11 COMMISSIONER BYRON: Okay. All right,  
12 thank you.

13 CHAIRPERSON PFANNENSTIEL: Moved and  
14 seconded.

15 MR. MCKINSEY: If I could say one thing.

16 CHAIRPERSON PFANNENSTIEL: Yes.

17 MR. MCKINSEY: I didn't get a chance to,  
18 and I think it's really appropriate that to thank  
19 the staff and the hearing officer and the  
20 committee for really bringing this decision on  
21 this date. And it really reflected a lot of hard  
22 work over the last three or four months.

23 And we requested that due to a situation  
24 we were in with when we had committed to have this  
25 project on-line for the PG&E Power Purchase

1 Agreement and I just really wanted to convey both  
2 my and Gary Chandler the president of Panoche  
3 Energy LLC is with me in appreciation for all  
4 these efforts and the cooperative methods.

5 CHAIRPERSON PFANNENSTIEL: Thank you  
6 Mr. McKinsey. I think we're ready to vote. All  
7 in favor?

8 (Ayes.)

9 CHAIRPERSON PFANNENSTIEL: It's  
10 approved. Item 4, possible approval of a request  
11 to extend the five-year commencement of  
12 construction deadline for the Salton Sea  
13 Geothermal Unit 6 Project from December 18, 2008,  
14 to December 18, 2011. Good morning Kevin.

15 MR. BELL: Good morning Madame Chairman.  
16 Good morning Commissioners. My name is Kevin W.  
17 Bell staff counsel with the California Energy  
18 Commission.

19 Before the Commission is a proposed  
20 order approving extension of the deadline for  
21 commencement of construction of the Salton Sea  
22 Geothermal Unit 6 located in Imperial County.

23 As the Commission knows this project was  
24 certified in December of 2003. And construction  
25 of the project was to commence by December of

1 2008.

2 On November 12th of this year CE  
3 Obsidian Energy LLC the owner of Salton Sea  
4 Geothermal Unit 6 filed a petition to extend the  
5 deadline for construction.

6 The project owner is requesting an  
7 additional three years beyond 2008. Not from this  
8 year but from the deadline as currently set.

9 The project owner has stated that due to  
10 economic circumstances beyond their control.  
11 Construction of the project as certified is  
12 extremely unlikely to commence by December of  
13 2008.

14 We're told by the project owner that  
15 they are anticipating filing an amendment to that  
16 project in the middle of next year.

17 The project will change in some  
18 respects. Rather than being a single 215 megawatt  
19 unit the project owner is anticipating building  
20 several smaller units within the same relative  
21 footprint as the current project with some minor  
22 changes.

23 But in the meantime the project owner  
24 will need additional time to properly update the  
25 environmental analysis associated with that

1 amendment.

2 Staff supports the proposed order  
3 approving the extension. I'm available for any  
4 questions. And I understand that counsel for the  
5 project owner is as well.

6 CHAIRPERSON PFANNENSTIEL: Questions?  
7 Commissioners?

8 COMMISSIONER GEESMAN: I'll move that we  
9 accept staff's recommendation and approve the  
10 extension license.

11 COMMISSIONER BYRON: Second.

12 CHAIRPERSON PFANNENSTIEL: All in favor?

13 (Ayes.)

14 CHAIRPERSON PFANNENSTIEL: So moved.  
15 Item 5, possible of Guidelines for California's  
16 Solar electric Incentive Programs Pursuant to  
17 Senate Bill 1.

18 MS. GREEN: Good morning Commissioner.  
19 I'm Lynette Green from the Renewable Energy  
20 Office. And other Commission staff participants  
21 are Bill Blackburn supervisor for the Renewable  
22 Energy Office.

23 CHAIRPERSON PFANNENSTIEL: Lynette would  
24 you make sure your mic is turned on and maybe you  
25 can speak a little closer to it.

1 MS. GREEN: I'm Lynette Green from the  
2 California Energy Commission's Renewable Energy  
3 Office. Other Commission staff participants  
4 present are Bill Blackburn supervisor for the  
5 Renewable Energy Office. Claudia Orlando from  
6 Buildings and Appliances Office and Gabe Herrera  
7 from our Legal Counsel's Office.

8 With the passage of Senate Bill 1 last  
9 year the Energy Commission was directed to, among  
10 other things, establish eligibility criteria,  
11 conditions for incentives and rating standards for  
12 all ratepayer-funded, solar electric programs in  
13 California by January 1st '08.

14 Solar programs under SB 1 include those  
15 overseen by the Energy Commission, the California  
16 Public Utilities Commission and local publicly-  
17 owned electric utilities.

18 SB 1 makes clear that to qualify for  
19 ratepayer-funded solar incentives applicants must  
20 install high-quality solar electric systems to  
21 promote the highest energy production per dollar  
22 and insure optimal system performance during  
23 periods of peak demand and consider appropriate  
24 energy efficiency improvements where the systems  
25 are to be installed.

1 Prior to the final version of the  
2 guidelines that you have before you today staff  
3 and the Renewables Committee published two draft  
4 reports last August 9th and September 27th.

5 Workshops followed on August 22nd and  
6 October 4th to solicit public input. With the  
7 Renewables Committee direction staff produced this  
8 final version of the guidelines which was released  
9 on November 19th.

10 The report before you today is the  
11 result setting a high bar for high-quality solar  
12 installations and a commitment to encourage energy  
13 efficiency improvements yet also reflects numerous  
14 changes to address concerns and suggestions from  
15 the public, industry and utilities.

16 Because solar incentive programs are  
17 required to meet our guidelines by January 1st  
18 2008 the report is divided into two sections.

19 Program administrators must meet the  
20 minimum requirements of SB 1 beginning January 1st  
21 2008 which includes requirements such as ten year  
22 equipment warranties using only equipment that has  
23 been tested and is on the Energy Commission's  
24 eligible equipment list.

25 Beginning January 1st 2009 more specific

1 guidelines must be met by all program  
2 administrators. And I can summarize some of those  
3 requirements.

4 Solar system components including PV  
5 modules, invertors and meters must undergo  
6 specific laboratory testing to be eligible for the  
7 program.

8 Manufacturers of non-PV technologies are  
9 requested to work with the commission staff to  
10 develop ratings and standards if these  
11 technologies are to be eligible in the future.

12 There are two acceptable performance-  
13 based approaches by which the incentives shall be  
14 calculated. First the performance-based  
15 incentives which we call PVI and the expected  
16 performance-based incentives which is EPVI.

17 Projects opting to use the PVI approach  
18 will be incentivized based on their actual  
19 production which is in kilowatt hours over a  
20 minimum of five years during which incentives will  
21 be paid.

22 Projects choosing the EPVI approach will  
23 receive an up-front incentive of which the  
24 incentive amount is based on an hourly modelling  
25 of the performance of the system components in a

1 certain location.

2           Field verification of the system is  
3 required for EPVI projects and encouraged for PVI  
4 projects. Under the Energy Efficiency Section  
5 newly constructed residential and commercial  
6 buildings shall achieve a minimum 50 percent  
7 beyond California's 2005 Title 24 Building Energy  
8 Efficiency Standards to qualify for this solar  
9 incentive. Higher levels of energy efficiency are  
10 also encouraged.

11           Existing commercial buildings must be  
12 benchmarked and retro-commissioned if using the  
13 PVI, EPVI approach.

14           Existing residential buildings  
15 constructed three or more years prior to the  
16 incentive application must complete an energy  
17 audit.

18           As an alternative to the energy  
19 efficiency requirements program administrators may  
20 instead conduct a program which achieves a total  
21 20 percent energy efficiency savings over the  
22 group of EPVI participants in their SB 1  
23 participation portfolio by first submitting a plan  
24 to the Energy Commission for review and approval.

25           Publicly-owned utilities must submit key

1 information regarding their solar energy incentive  
2 programs no later than June 1st each year  
3 beginning in 2008.

4 Some of the key areas they must report  
5 include number of submitted applications, total of  
6 incentives awarded, types and total number of  
7 systems installed and amount of solar capacity  
8 added.

9 Smaller publicly-owned utilities defined  
10 as those with peak demand of 200 megawatts or less  
11 shall comply with requirements and solar system  
12 design and installation standards, incentive  
13 structures and efficiency no later than January  
14 1st 2010.

15 Finally I want to mention that there is  
16 a non-substantive erratum to the proposed  
17 document. It is in Chapter 5 under the section on  
18 energy efficiency exceptions for existing  
19 commercial buildings. Page 26 of the unmarked  
20 section, fourth bullet.

21 It reads, retro-commissioning is not  
22 required for existing commercial buildings that  
23 have a current energy star rating. It would be  
24 more appropriate if we could change the word from  
25 rating to label to avoid misinterpretation that

1 the exemption is a benchmark rating.

2 Staff and the Renewables Committee asks  
3 for your approval on this item and we'll be happy  
4 to answer any questions.

5 CHAIRPERSON PFANNENSTIEL: Thank you  
6 Lynette. Are there questions of this committee?  
7 Commissioner Byron.

8 COMMISSIONER BYRON: Well I don't know  
9 if there's going to be public comment on this.

10 CHAIRPERSON PFANNENSTIEL: Yes, I do  
11 have --

12 COMMISSIONER BYRON: Okay there are --

13 CHAIRPERSON PFANNENSTIEL: -- public  
14 comment.

15 COMMISSIONER BYRON: Well then let's go  
16 ahead and wait for public comment.

17 CHAIRPERSON PFANNENSTIEL: Fine. First  
18 we have Scott Tomashefsky of NCPA.

19 MR. TOMASHEFSKY: Good morning  
20 Commissioners. May I, this is not the length of  
21 my comments so I (laughter) don't be concerned.

22 We had submitted comments to you by e-  
23 mail a little bit earlier this morning given all  
24 the things going on with greenhouse gases and  
25 everything else. I do apologize for not getting

1 that to you until early this morning.

2 The comments are not much different than  
3 what we had provided in October when we had the  
4 revisions to the draft guidelines.

5 And really it comes down to two  
6 elements. And let me note before I even talk  
7 about that, we understand the process in terms of  
8 how the guidelines work, how the guidelines once  
9 adopted have an expedited ability to be updated on  
10 a regular basis.

11 Our concern is more from a standpoint of  
12 what once something is adopted verbal agreements  
13 are not necessarily things that governing board  
14 members can move forward with. So they have to go  
15 with what's in text.

16 So that said, the two comments are  
17 related to reporting requirements and also the  
18 flexibility on the energy efficiency programs.

19 And with respect to the reporting  
20 requirements what we're recommending is that that  
21 component be stricken entirely from the guidelines  
22 themselves under the basis that that has little to  
23 do with program design which is really the intent  
24 of the guidelines but also we developed a pretty  
25 good process for dealing with energy efficiency

1 reporting as you know.

2 And many of the folks in this room are  
3 involved in some that effort as well. So from the  
4 standpoint of prescribing what is needed to be  
5 reported, that dialogue really hasn't fully  
6 occurred yet.

7 And I understand the need to put those  
8 things in play but we really haven't had an  
9 opportunity to do that informally. And I think  
10 that we certainly can do that off line instead of  
11 seeing it show up in terms of guidelines.

12 And again the commitment that we have  
13 provided not only in the energy efficiency side of  
14 the equation with SB 1037 and 2021 is a fairly  
15 good give and take in what's needed and that has  
16 also involved the Committee as well. So that's  
17 what we would expect to see happen here.

18 With respect to the reporting  
19 requirements there is flexibility that is  
20 developed in the context of Section 5 which  
21 basically says if you don't like the things that  
22 are outlined then we'll go ahead and provide an  
23 alternative plan to the Energy Commission every  
24 three years and so on and so forth.

25 From that standpoint what that does is

1 it creates an administrative burden not only for  
2 the Energy Commission but it also creates a fairly  
3 significant administrative burden for each of  
4 local governing boards.

5 And as you look at it from a smaller  
6 utility perspective the administrative costs vis-  
7 a-vis the cost of the actual program that tends to  
8 dominate the expenditures. And we don't want to  
9 take away from the ability to actually implement  
10 solar programs and really meet the needs of the  
11 state.

12 So in some respects what we have  
13 provided here in the comments is some alternative  
14 language that deals with the alternative portfolio  
15 energy savings.

16 And so instead of having the plan be  
17 submitted to the Energy Commission subject to  
18 approval, what would happen is those plans would  
19 be submitted to local governing boards subject to  
20 the approval of the local governing boards.

21 And the information based on that would  
22 then be reported in these energy efficiency  
23 reports and/or the solar reports or renewables  
24 reports that would come before the Commission on a  
25 regular basis.

1           So what that does is that it does  
2 something that is similar to the spirit of what we  
3 talked about in the Mission Performance Standard  
4 development that there was a self-certification  
5 mode. And then ultimately once things are adopted  
6 at the local level the information would float  
7 back to the Energy Commission for review and any  
8 follow up.

9           So it takes the administrative burden  
10 away to some extent from the Energy Commission and  
11 still takes the requirement of dealing with  
12 appropriate energy efficiency standards at the  
13 local level.

14           And that's kind of what our comments are  
15 all about. So with that I'll take any questions.

16           CHAIRPERSON PFANNENSTIEL: Thank you  
17 Scott. Are there questions here? Commissioner  
18 Geesman.

19           COMMISSIONER GEESMAN: Scott have you  
20 had a chance to or have your members had a chance  
21 to review the draft that's in front of us in  
22 detail.

23           You mentioned that your comments haven't  
24 really changed since the October 15th draft. But  
25 the Committee made substantial revisions to what

1 the staff had been recommending. And we made  
2 those recommended revisions with a mind to trying  
3 to provide quite a bit more flexibility to the  
4 municipal utilities.

5 MR. TOMASHEFSKY: Correct, we have  
6 looked at them and I know Redding Electric has  
7 also submitted comments as well. So they have  
8 some concerns, some technical concerns in terms of  
9 the standards.

10 Yeah, we recognize the fact that there  
11 have been significant changes from the draft  
12 report. Many of the changes were designed the way  
13 we look at it as a deferral of the issue that it  
14 would give us an opportunity to further discuss  
15 the outstanding concerns through 2008.

16 And we definitely acknowledge and  
17 appreciate that. That commitment to do that.

18 Having said that, we still have a budget  
19 planning process for 2008. Local utilities have  
20 adopted their programs for 2008 going forward. As  
21 the fiscal year goes on as you get into the July  
22 one period any changes that are adopted here we  
23 have to go under the premise that those are the  
24 programs in place.

25 And so if there are adjustments that are

1 made going forwards, that's great. But we still  
2 have to work from the basis of budgeting and  
3 program development on what's in print.

4 So verbal agreements are great and those  
5 of us that work through these processes recognize  
6 the value of that but it's the elected officials  
7 that we end up representing in our membership that  
8 are going to be stuck with the document that is  
9 actually before them.

10 COMMISSIONER GEESMAN: Well while we're  
11 on the subject of elected officials do you think  
12 that striking the reporting requirement would be  
13 consistent with what the elected officials and the  
14 Legislature enacted in SB 1?

15 MR. TOMASHEFSKY: Absolutely not. I  
16 think you have that reporting requirement  
17 authorized in terms of SB 1037 and AB 2021. We  
18 have a commitment to provide you with information  
19 on energy efficiency programs regardless of  
20 whether those programs are in the traditional  
21 consumer programs or programs that are driven as  
22 an incentive to installing solar energy systems.

23 So you're still going to get that  
24 information that comes out of those various bits  
25 of encouragement or requirements in terms of

1 energy efficiency. It's not going to be avoided  
2 by any means.

3 Along those lines and you also have  
4 renewables reports that are required under SB 107  
5 and then there's SB 1 reporting requirements. And  
6 part of the objectives that we have talked about  
7 is trying to harmonize some of these reports so  
8 that we're not constantly providing you with  
9 report after report.

10 So the way we envision it is that you  
11 get one energy efficiency report that deals with  
12 all of our energy efficiency programs. You get  
13 one report that deals with renewable energy. And  
14 the solar program is one component of that as  
15 well.

16 So I don't think we're avoiding it by  
17 any means of it being not part of this schedule.

18 COMMISSIONER GEESMAN: So if the staff  
19 agreed that that harmonization as you envision it  
20 was a good approach the choice then that we have  
21 is do we make that change to the guidelines after  
22 you all have agreed to it or do we preemptively  
23 now strike the reporting requirement and hope that  
24 you're able to agree to it.

25 MR. TOMASHEFSKY: That's right. That's

1 exactly right.

2 COMMISSIONER GEESMAN: Thank you.

3 CHAIRPERSON PFANNENSTIEL: Thank you  
4 Scott. Sarah Birmingham from Solar Alliance.

5 MS. BIRMINGHAM: Good morning  
6 Commissioners. My comments today are going to be  
7 very brief. But I just wanted to take the  
8 opportunity to thank the staff.

9 The revisions that have been made in the  
10 past guidebook and in the final guidebook have  
11 taken into consideration a lot of the concerns  
12 that we had particularly on the energy efficiency  
13 requirements. And I greatly appreciate the staff  
14 taking our concerns into consideration and  
15 revising the guidebook.

16 We do remain a bit concerned with some  
17 of the changes particularly in the calculator and  
18 the shading methodology. And we just hope for the  
19 opportunity in 2008 to work with the staff and the  
20 program administrators to make sure that that  
21 transition is as smooth as possible and that the  
22 disruption to the market is minimized as much as  
23 possible.

24 So we're just looking for an opportunity  
25 to work with staff in 2008.

1 CHAIRPERSON PFANNENSTIEL: Great and I  
2 encourage that.

3 MS. BIRMINGHAM: Okay, thank you.

4 CHAIRPERSON PFANNENSTIEL: Richard  
5 LaBrie, California Green Designs.

6 MR. LABRIE: Good morning, thank you. I  
7 was prompted to come up here by a few customers in  
8 the southern California area. We're a solar  
9 installers and I'm a sales rep.

10 In reference to Section 5 to the  
11 guidelines on efficiency my first point is just  
12 that in every case solar customers have many  
13 reasons to say no to purchasing solar. But the  
14 one they always use is price.

15 What we're experiencing is in Burbank,  
16 in Glendale and Pasadena and, correct me if I'm  
17 wrong, I think in LADWP there is now PVI program  
18 yet. And in Glendale, Pasadena and Burbank there  
19 is no real commercial program to be at all.

20 Burbank, in fact, limits their rebates  
21 to customers of \$25,500.00 . And so given that's  
22 there no PVI any of my commercial customers with  
23 buildings over 100,000 square feet are subject to  
24 the mandatory retro-commissioning standards.

25 And these customers are purchasing

1 that's at least a million dollars. And so I'm  
2 making this comment to encourage some flexibility  
3 in those areas because I think these customers  
4 would prefer to be PVI which would then take them  
5 out of the retro-commissioning requirements.

6 And in general there's a built-in  
7 incentive to upgrade their efficiency. But if I  
8 approach them and say, okay now you're system is  
9 going to be a million dollars but because of these  
10 catches in say the Burbank area you have to be  
11 EPVI. You have a tiny rebate.

12 And you also have to spend this much  
13 money to meet retro-commissioning. I think  
14 that'll kill my sales in those areas. And in  
15 LADWP it's similar. I'm dealing with a large YMCA  
16 facility with nearly a half a megawatt system.

17 They're in Edison so they're fine.  
18 They'll be PVI. And they will upgrade their  
19 energy efficiency appropriately based on the  
20 suggestions. But it won't be mandatory according  
21 to the way I read the guidelines.

22 However if other YMCAs in LADWP want to  
23 do this I don't think they'll be able to because  
24 of the lack of PVI.

25 The second point is that I occasionally

1 run into utility workers on the ground who are  
2 somewhat hostile towards solar. It maybe just a  
3 misconception on their part.

4 But in a few cases those are the people  
5 who communicate or sign off on the projects with  
6 my customers. If those same people communicate  
7 the efficiency guidelines to my customers whether  
8 it's a small customer or a large customer that's  
9 another reason for a customer to say no because of  
10 the possible hostility. Usually that doesn't  
11 happen. I'm not saying utility workers are that  
12 way. It's just happened enough to affect a  
13 handful of customers in different regions.

14 So I'm here to just stress flexibility  
15 through 2008. And also an acknowledgement of  
16 these smaller providers in those three cities that  
17 I mentioned plus LADWP for the larger systems or I  
18 will not be able to sell large, commercial systems  
19 at all in those areas. Thank you.

20 CHAIRPERSON PFANNENSTIEL: Thank you.  
21 Questions of the Commission.

22 COMMISSIONER ROSENFELD: Jeff I think --

23 CHAIRPERSON PFANNENSTIEL: Jeff --

24 COMMISSIONER ROSENFELD: No I don't. I  
25 was pointing at you.

1 MR. HERRERA: Chairman I had some  
2 comments for the record.

3 CHAIRPERSON PFANNENSTIEL: Certainly.

4 MR. HERRERA: I'm dealing with the  
5 California Environmental Quality Act. Before we  
6 decide this matter if I could present this for the  
7 record.

8 CHAIRPERSON PFANNENSTIEL: Of course.  
9 Go.

10 MR. HERRERA: Okay. Gabriel Herrera  
11 with the Energy Commission Legal Office. Just  
12 some quick comments on the record concerning the  
13 California Environmental Quality Act. When the  
14 Commission proposes the adoption of guidelines  
15 such as these revisions the legal office evaluates  
16 the guidelines to determine whether the active  
17 adoption constitutes a, quote, project under CEQA  
18 and is thereby subject to an environmental review  
19 under CEQA.

20 In this case these guidelines, the  
21 Commission's adoption is not a project under CEQA  
22 because the guidelines fall within a list of  
23 excluded activities under Title 14 of California  
24 Code of Regulations, Section 15378, subdivision B2  
25 and 4 in that the activity relates to general

1 policy and procedure making and/or the creation of  
2 governmental funding mechanisms or other fiscal  
3 activities which do not involve any specific  
4 project which results in a potentially significant  
5 physical impact.

6 In addition the adoption of these  
7 guidelines is exempt from CEQA under what is  
8 commonly referred to as the common sense exception  
9 pursuant to Title 14, California Code of  
10 Regulations, Section 15061, subdivision B3.

11 That section indicates that CEQA only  
12 applies to projects that have a significant affect  
13 on the environment which is defined in the Public  
14 Resources Code, Section 21068, and Title 14,  
15 California Code of Regulations, Section 15382 as  
16 being a substantial or potentially substantial  
17 average change in the environment. Thank you.

18 CHAIRPERSON PFANNENSTIEL: Thank you  
19 Gabe. Yes, Commissioner Byron.

20 COMMISSIONER BYRON: I'd like to thank  
21 those that provided comment, public comment today  
22 on this particularly, well all of you, but those  
23 that may have been speaking before the Commission  
24 for the first time, thank you.

25 I was under the impression that this

1 document would be revised at some point in the  
2 future. I've got an email here that indicates  
3 some information to that effect.

4 I'd guess I'd like to ask staff. Is  
5 there any plans to refinements to this document  
6 going forward?

7 MR. BLACKBURN: Yes, Commissioner Byron.  
8 Bill Blackburn the Renewable Energy Program. We  
9 will be trying to reach out and really engage  
10 stakeholders in early 2009.

11 We recognize that even though we had two  
12 public workshops. We did go over significant  
13 comments and as it is brought up made significant  
14 changes. There are still concerns in here as it  
15 stands.

16 So we felt the best way to do that would  
17 be to either form some working groups or committee  
18 groups and get input early on in '09.

19 And then if the Commission really does,  
20 the Rules Committee feels it's appropriate then we  
21 would re-open this guidelines report in the spring  
22 or summer of 2008 to make adjustments if  
23 necessary.

24 COMMISSIONER BYRON: Okay, Yeah, our  
25 Renewables Committee always does a great job of

1 having the public workshops and committees. And  
2 it is difficult, I'm sorry public workshops. And  
3 it is difficult to get comments the morning of the  
4 time we're being asked to approve this.

5 My guess is that there's probably a  
6 year-end obligation for this report as well. Is  
7 that correct?

8 CHAIRPERSON PFANNENSTIEL: Yes.

9 COMMISSIONER BYRON: Okay.

10 CHAIRPERSON PFANNENSTIEL: Bill you in  
11 your comments you put that you would re-engage in  
12 discussions in getting 2009. Did you mean 2008?

13 MR. BLACKBURN: Yes, actually that's  
14 correct.

15 COMMISSIONER BYRON: Okay. Thank you  
16 very much. I'm prepared to move it unless the  
17 Renewables Committee would prefer.

18 COMMISSIONER GEESMAN: I'll second it.  
19 Actually with the comment that I thought that  
20 Scott's points were reasonably well taken. But  
21 I'm confident that, particularly in the light of a  
22 recommendation the staff had made earlier that we  
23 need a receptive ear, I long have the concern that  
24 we need to focus our efforts on the larger  
25 opportunities among municipal utilities.

1           And I'm hopeful that the same approach  
2 that we've taken in the energy efficiency area can  
3 prevail here. I'd like to see NCPA try to  
4 aggregate the programs for the smaller utilities  
5 to bring some administrative efficiency to it.

6           But to me the staff has been extremely  
7 flexible here and quite responsive. And I think  
8 that the changes that they've made to the guide  
9 book are highly advisable and that we ought to  
10 approve it as it's been submitted with the  
11 acknowledgement that we're going to look at this  
12 again in 2008.

13           I'm confident that Renewables Committee  
14 in 2008 will be even more responsive than it has  
15 been (laughter) so far.

16           COMMISSIONER BYRON: I doubt that.

17           CHAIRPERSON PFANNENSTIEL: Moved and  
18 seconded. All in favor?

19           (Ayes.)

20           CHAIRPERSON PFANNENSTIEL: Thank you  
21 all.

22           COMMISSIONER GEESMAN: Madame Chair if I  
23 may. One other thing that I'd recommend that  
24 staff do is speak with the southern California  
25 municipal utilities about their apparent lack of a

1 PVI program.

2 I don't think particularly with respect  
3 to the City of Los Angeles but the others as well  
4 that they would readily accept being in an  
5 inferior position to the Southern California  
6 Edison as it relates to either the solar industry  
7 or perspective solar customers.

8 And I know Nancy Sutley, the Deputy  
9 Mayor in the City of Los Angeles, would be, I  
10 think, quite receptive to the notion that they  
11 need to move their program much more rapidly to a  
12 PVI program for commercial customers.

13 And I'm hopeful that that would spill  
14 over to some of the other cities down there as  
15 well.

16 MR. BLACKBURN: We'll be happy to do  
17 that Commissioner Geesman.

18 CHAIRPERSON PFANNENSTIEL: Next agenda  
19 item. Item 6, possible approval of Purchase Order  
20 07-409.00-010 for \$40,000 with M-Corp to perform a  
21 technical assessment of the Petroleum Industry  
22 Information Reporting Act and Oil Price  
23 Information Service databases and recommend design  
24 options for the future conversion of these  
25 databases from Microsoft Access to a new platform.

1 Good morning.

2 MS. WILLIAMS: Good morning Madame  
3 Chairman and Commissioners. My name is Jennifer  
4 Williams from the Fuels and Transportation  
5 Division. We are coordinating the technical  
6 assessment with IT to improve the functionality  
7 and expand the storage capacity of the PIIRA and  
8 OPIS databases.

9 The current platform Microsoft Access is  
10 not the most efficient system for the vast amount  
11 of data that we receive under PIIRA on a daily,  
12 weekly, monthly basis.

13 This technical assessments  
14 recommendations will be used for the actual  
15 database conversion project which will be a future  
16 phase of the project.

17 And that's it. I'm happy to try to  
18 answer any questions for you.

19 CHAIRPERSON PFANNENSTIEL: Questions  
20 from the Commission?

21 COMMISSIONER BOYD: I would say this  
22 item was brought before the Transportation  
23 Committee and we reviewed and approved it. So  
24 I'll move the item.

25 COMMISSIONER BYRON: And I'll second it.

1 CHAIRPERSON PFANNENSTIEL: All in favor?  
2 (Ayes.)

3 CHAIRPERSON PFANNENSTIEL: It's  
4 approved, thank you. Item 7, possible approval of  
5 Amendment 3 to Work Authorization MR-001 to add  
6 \$2,878,576 and a time extension of 27 months with  
7 The Regents of the University of California,  
8 Office of the President - CIEE, for the management  
9 and administration of research, development and  
10 demonstration awards for the Public Interest  
11 Energy Research Program under Interagency  
12 Agreement 500-02-004. Good morning.

13 MS. CHAMBERS: Good morning Madame  
14 Chairman, Commissioners. I'm Beth Chambers. I'm  
15 from the Energy Research and Development Division.

16 I am requesting approval of Amendment 3  
17 to the Work Authorization MR-001 under the Prime  
18 Contract 500-02-004 with The Regents of the  
19 University of California, Office of the President.

20 Under this amendment I am requesting  
21 approval of \$2,878,576 and an additional 27  
22 months.

23 The purpose of this work authorization  
24 is to provide for payment of management and  
25 administration duties that are conducted for

1 research activities performed under the various  
2 work authorizations under the Prime Contract.

3 And they are all paid through this work  
4 authorization. I recommend approval of this  
5 amendment and ask if you have any questions.

6 CHAIRPERSON PFANNENSTIEL: Are there  
7 questions?

8 COMMISSIONER GEESMAN: I move approval.

9 COMMISSIONER ROSENFELD: Second it.

10 CHAIRPERSON PFANNENSTIEL: In favor?

11 (Ayes.)

12 MS. CHAMBERS: Thank you.

13 CHAIRPERSON PFANNENSTIEL: Item 8,  
14 possible approval of Contract 500-07-019 for  
15 \$500,000 with the Cement Industry Environmental  
16 Consortium for 50 percent funding of a carbon  
17 capture research demonstration project using  
18 update amine technology specifically suited for  
19 the cement industry. Good morning.

20 MR. LOZANO: Good morning, my name is  
21 Michael Lozano from the PIER IAW Program. The  
22 purpose of this contract is to co-fund technology,  
23 a technology demonstration with the Cement  
24 Industry Environmental Consortium to demonstrate a  
25 technology for reducing carbon dioxide from its

1 manufacturing process at the California Portland  
2 Cement Company plant in southern California.

3 The CIEC will contribute a half million  
4 as the cost shared for this project and CEC will  
5 contribute the other 500,000.

6 The cement industry has CO<sub>2</sub> emissions of  
7 approximately one ton per ton of cement produced.  
8 These emissions result from the combustion of fuel  
9 and from the process of calcination, which is  
10 integral to the cement manufacturing process.

11 The California cement manufacturers  
12 produce in excess of ten million tons of CO<sub>2</sub> in  
13 2006 at 11 cement production facilities.

14 One of the options for reducing  
15 greenhouse gas emissions is to install a CO<sub>2</sub>  
16 capture system at the cement plant in conjunction  
17 with identifying end use.

18 A reduction of ten million tons of CO<sub>2</sub>  
19 represents approximately 5.8 percent of total  
20 reduction in greenhouse gases necessary to achieve  
21 the year 2020 goals outlined in AB 32.

22 The proposed project represents an  
23 investment of public funds in the amount of half a  
24 million dollars over 18 months and match funding  
25 in the amount of \$500,000 has been pledged by the

1 partner.

2 The 500,000 of CEC funds will be funded  
3 out of the remaining 2006 Electric Reserve Budget  
4 of 6.5 million or 7.7 percent of the remaining  
5 funds.

6 I am recommending that this contract be  
7 approved.

8 CHAIRPERSON PFANNENSTIEL: Are there  
9 questions? Yes, Commissioner Byron.

10 COMMISSIONER BYRON: Mr. Lozano are you  
11 aware is anyone else conducting similar research  
12 throughout the US or perhaps the world like this  
13 on the cement manufacturing industry?

14 MR. LOZANO: There's a lot of research  
15 being done for co-powered plants.

16 COMMISSIONER BYRON: Right.

17 MR. LOZANO: But not so much with  
18 cement. And this process is unique for two  
19 reasons.

20 One, the cement manufacturing process  
21 results in a very high CO<sub>2</sub> harsh environment  
22 because there are heavy metals with the input  
23 lines. So this causes you to have a very robust  
24 system needed.

25 And also this particular process that

1 we're going to be demonstrating has a 20 percent  
2 more efficient than the existing CO<sub>2</sub> amine capture  
3 projects.

4 So for two reasons, one it's unique to  
5 the cement industry. And I haven't heard of any  
6 other large-scale cement manufacturers trying  
7 this.

8 And the CIEC is all the cement  
9 manufacturers in California. So we would know if  
10 it's being done anywhere in California or the in  
11 West.

12 And this particular process has not been  
13 tested in a cement manufacturing plant. And it  
14 has efficiencies over the ones that are being used  
15 in co-powered plants.

16 So even if we're wrong about some other  
17 cement manufacturers somewhere in the world doing  
18 similar research this particular project would be  
19 worthwhile because of the energy efficiencies.

20 COMMISSIONER BYRON: I think this is  
21 fantastic. You know as a Commissioner I've been  
22 concentrating on the carbon capture and  
23 sequestration in the electric sector and then this  
24 comes along and I just had no idea that PIER was  
25 involved in this area. I was so pleased to see

1 it.

2 It's one of the, I suppose as  
3 Commissioners we're supposed to know everything  
4 going on around this place. And this is just one  
5 of those pearls that shows up. I'm so glad to see  
6 this research going forward and of course we'll  
7 endorse it.

8 COMMISSIONER ROSENFELD: If you're so  
9 keen why don't you move it (laughter)?

10 CHAIRPERSON PFANNENSTIEL: Commissioner  
11 Geesman do you have a question?

12 COMMISSIONER GEESMAN: I was going to  
13 second Commissioner Byron's motion which I'll take  
14 as a motion and also commend the PIER staff for  
15 coming up with this and the Cement Industry  
16 Environmental Consortium as well.

17 When AB 32 passed a lot of people that  
18 said that, well California is just going to write  
19 off its cement industry. Obviously from a carbon  
20 capture standpoint that would involve a fair  
21 amount of leakage because I don't think anyone in  
22 California is proposing that we stop using cement.

23 So it's going to be manufactured  
24 somewhere. And I think that the PIER staff and  
25 the Cement Industry have been particularly

1       inventive in identifying this as good constructive  
2       research that we ought to be conducting. So I'll  
3       second the motion.

4                   COMMISSIONER BOYD: I'll second the  
5       second only in that we were studying the cement  
6       issue before there was an AB 32 and Mike and the  
7       staff for following up the early inventory  
8       identification of the cement industry being a  
9       major concern and the immediate major concern that  
10      Commissioner Geesman brought up of driving all of  
11      this industry offshore.

12                   So to the extent we can solve this  
13      problem or come up with some technology I think it  
14      will help everybody everywhere and also prove that  
15      it is feasible thing to do. Hopefully it'll prove  
16      that it's a feasible thing to do.

17                   COMMISSIONER BYRON: And kudos to The  
18      Cement Industry Environmental Consortium as well.  
19      I'm not familiar with them. Unless my fellow  
20      Commissioners correct me I think we want to  
21      commend the industry on this issue as well.

22                   CHAIRPERSON PFANNENSTIEL: Absolutely.

23                   COMMISSIONER ROSENFELD: Yeah, I would  
24      make the point that Commissioner Boyd thought  
25      about it before AB 32. But AB 32 worked miracles

1 on the cement consortium (laughter). I'm very  
2 happy too.

3 CHAIRPERSON PFANNENSTIEL: Moved and  
4 seconded, all in favor?

5 (Ayes.)

6 CHAIRPERSON PFANNENSTIEL: Thank you.  
7 Item 9, possible approval of sub award grant DE-  
8 FG26-07NT43333 for \$514,610 to the Collaborative  
9 for High Performance Schools under the 2007 State  
10 Energy Program Special Award grant to the Energy  
11 Commission by the U.S. Department of Energy. Good  
12 morning.

13 MS. CLARK: Good morning Chairman  
14 Pfannenstiel and Commissioners. My name is Maura  
15 Clark and I'm with the Public Programs Office.

16 'I'm requesting approval for a grant  
17 with the Collaborative for High Performance  
18 Schools (CHPS).

19 The Energy Commission was awarded in the  
20 2007 State Energy Program Special Grant from DOE  
21 in the amount of \$534,610. Of this amount DOE  
22 stipulated that 514,610 be used to expand the CHPS  
23 criteria to include existing k-12 schools.

24 Although many of the school districts in  
25 California have adopted resolutions to use the

1 CHPS criteria in the design of their new schools  
2 there is currently no rating system tool to assist  
3 K-12 schools with evaluating their existing  
4 schools.

5 Funds spent renovating and modernizing  
6 the existing schools far exceeds investments in  
7 new construction. There is a need to better  
8 understand current school building performance in  
9 order to set the goals for energy efficiency and  
10 sustainable improvements.

11 The grant of CHPS will consist of two  
12 phases. Phase one, CHPS will develop the CHPS  
13 criteria for operations, the evaluation tool to  
14 identify schools for energy efficiency projects.

15 And phase two will consist of the  
16 implementation of the final program to monitor the  
17 schools efficiency if they're both over five  
18 years.

19 The results of the grant will be the  
20 development of a set of criteria for evaluating  
21 existing schools and their facilities and  
22 modification of the Environmental Protection  
23 Agency Energy Star portfolio manager benchmark  
24 goal that could be used to identify energy  
25 inefficient schools in a district.

1                   This grant has been approved by the  
2 Efficiency Committee and I will be happy to answer  
3 any of your questions.

4                   CHAIRPERSON PFANNENSTIEL: Thank you,  
5 Maura. Having been involved with the CHPS for a  
6 number of years I highly commend it. And I think  
7 this will be an excellent new area going into the  
8 existing schools criteria.

9                   I know that the work they've done for  
10 new schools has made a big difference in  
11 California. And I hope this will be the beginning  
12 of a new set of programs.

13                   Further discussions, questions?

14                   COMMISSIONER ROSENFELD: I'd like to  
15 move it.

16                   COMMISSIONER BOYD: Second.

17                   CHAIRPERSON PFANNENSTIEL: In favor?

18                   (Ayes.)

19                   CHAIRPERSON PFANNENSTIEL: Thank you.  
20 Item 10, possible approval of Funding Award  
21 Notices pursuant to the Energy Commission's  
22 Existing Renewable Facilities Program Guidebook,  
23 Renewables Portfolio Standard Eligibility  
24 Guidebook and Overall Program Guidebook.  
25 Mr. Orta.

1 MR. ORTA: Good morning, my name is  
2 Jason Orta. And I am with the Renewable Energy  
3 Programs, Existing Renewable Facilities Program.

4 The Existing Renewable Facilities  
5 Program provides funding in the form of production  
6 incentives to eligible renewable energy facilities  
7 for each kilowatt hour of eligible electricity  
8 generated.

9 The statutory purpose of the existing  
10 renewable facilities program is to improve the  
11 competitiveness and to achieve self-sustainability  
12 of existing in-state, solid-fuel, biomass, solar-  
13 thermal electric and wind facilities.

14 Facilities eligible for funding are  
15 issued a funding award notice by the Energy  
16 Commission to provide funding pursuant to the  
17 Energy Commission's existing Renewable Facilities  
18 Program Guidebook.

19 The Renewable Portfolio Standard  
20 Eligibility Guidebook and the overall Program  
21 Guidebook.

22 The proposed funding award notices do  
23 not specify a dollar amount to be paid to the  
24 facility nor does the funding award notice  
25 encumber funds for each facility.

1           However each funding award notice  
2 identifies a facility-specific target price and  
3 production incentive cap.

4           The following are the facilities whose  
5 funding award notices that I am submitting to the  
6 Commission for approval along with each facility's  
7 proposed target price and proposed production  
8 incentive caps for the 2007 calendar year.

9           The Thermal Energy Development  
10 Partnership with a proposed target price of 6.7  
11 cents per kilowatt hour and a proposed production  
12 incentive cap of 1.5 cents per kilowatt hour.

13           There are the seven Luz Solar Partners  
14 facilities. Luz Solar Partners number three  
15 through number nine with a proposed target price  
16 of 5.37 cents per kilowatt hour. We're also  
17 proposing for these facilities to be eligible for  
18 time-of-use incentive payments with a production  
19 incentive cap of 1.5 cents per kilowatt hour.

20           The Wheelabrator Shasta Energy Company  
21 with a proposed target price of 5.87 cents per  
22 kilowatt hour and a proposed production incentive  
23 cap of 1.5 cents per kilowatt hour.

24           And finally the Collins Pine Company  
25 with a proposed target price of 6.45 cents per

1 kilowatt hour and we're proposing that they be  
2 eligible for time-of-use incentive payments with a  
3 production incentive cap of 1.5 cents per kilowatt  
4 hour.

5 Energy Commission staff evaluated the  
6 funding award applications for each of these  
7 facilities based on the required information  
8 submitted by each facility.

9 Based on the information submitted in  
10 these applications for each facility staff  
11 believes that the funds provided by this program  
12 will enable these facilities to become self-  
13 sustaining and to provide the benefits for  
14 California including the environmental, economic  
15 and reliability benefits these facilities provide  
16 by continuing to operate.

17 This evaluation was performed in  
18 accordance with Public Resources Codes, Section  
19 25742 and with a March 2007 Existing Renewables  
20 Facilities Program Guidebook, Fourth Edition.

21 Based on the information submitted staff  
22 recommends the approval of the target prices and  
23 production incentives caps along with the approval  
24 of each funding award notice and its entirety.

25 I will gladly answer any questions that

1 the Commission may have on these funding award  
2 notices.

3 CHAIRPERSON PFANNENSTIEL: Thank you  
4 Jason. Are there questions? We have one request  
5 to speak. Diane Fellman from FPR Energy.

6 MS. FELLMAN: Thank you Madame Chair and  
7 Commissioners. I am here representing the Luz  
8 Solar Partners Projects.

9 And as I have mentioned to this  
10 Commission before, we are appreciative of these  
11 funds because they provide a platform for us to  
12 make investment decisions regarding our  
13 facilities.

14 And with these facilities we have  
15 submitted this information to the staff. Recently  
16 we have put in 70 million dollars into re-tubing  
17 the solar fields. So we will stop the degradation  
18 of the output of these solar fields as well as  
19 increase the RPS eligible output from these  
20 facilities by 20 percent.

21 That is not news to the Renewables  
22 Committee. I've said that before.

23 Today we are accepting the funding  
24 award. We are not going to appeal. We are not  
25 going to challenge the 2007 allotment.

1                   However we are going to continue the  
2 conversation regarding the Commission's criteria  
3 for awarding these funds to projects that are  
4 already sustaining their operations.

5                   These funds are important to us. As  
6 Mr. Orta just indicated, we get time-of-use  
7 eligibility. And during the shoulder periods when  
8 we can still contribute to California's peak  
9 through our solar production these funds help make  
10 those operations cost-effective.

11                   And we also are looking at the other  
12 funding awards. And we see that our investment in  
13 our tubes is equivalent to what biomass facilities  
14 are receiving for diesel fuel offsets. That our  
15 equipment is more expensive.

16                   As these facilities get older our  
17 operations and maintenance costs are more  
18 expensive. And again we will discuss this with  
19 the staff because these are annual awards. And we  
20 will put that information in for 2008.

21                   So we appreciate this program. We  
22 understand that the Commission has some  
23 legislative constraints. But we believe based on  
24 the hearing, was it last week we were here? It  
25 seems like I've --

1 MR. ORTA: Yes.

2 MS. FELLMAN: -- last week on the 13th  
3 that we will continue to talk about the general  
4 criteria as well as our specific concerns for our  
5 facility. Thank you.

6 CHAIRPERSON PFANNENSTIEL: Thank you  
7 Diane. Further questions, discussion?

8 COMMISSIONER GEESMAN: I'd move approval  
9 of the staff recommendations.

10 COMMISSIONER BYRON: Second.

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

13 CHAIRPERSON PFANNENSTIEL: Thank you  
14 all. Item 11, possible approval of reallocation  
15 of New Renewable Resource Account funds (unused SB  
16 90 funds) of \$22,720,992 to the Emerging  
17 Renewables Program. Good morning Mr. Hutchison.

18 MR. HUTCHISON: Good morning. Good  
19 morning Commissioners. Mark Hutchison with the  
20 Renewable Energy Office.

21 The item before you requests your  
22 approval of a 22.72 million reallocation of the  
23 renewable resource trust funds from the Renewable  
24 Resource Account to the Emerging Renewables  
25 Account.

1           The source of funds is old SB 90 New  
2 Account Option Funds from projects that were  
3 completed under budget or cancelled.

4           The reallocation of the Renewable  
5 Resources Trust Funds from the new account to the  
6 emerging account is authorized per Public  
7 Resources Code, Section 25748.

8           Shifting these unused funds to the  
9 Emerging Renewables Account will offer repayment  
10 of advanced spending in the account authorized by  
11 AB 135 and will provide additional for the New  
12 Solar Homes Partnership to achieve its funding  
13 goals.

14           This item has been approved, reviewed  
15 and approved by the Renewables Committee. I am  
16 requesting your approval of this reallocation.  
17 And I'm available to answer any questions.

18           CHAIRPERSON PFANNENSTIEL: Any questions  
19 of Mr. Hutchison.

20           COMMISSIONER ROSENFELD: No.

21           CHAIRPERSON PFANNENSTIEL: Is there a  
22 motion?

23           COMMISSIONER GEESMAN: So moved.

24           COMMISSIONER BYRON: Second.

25           CHAIRPERSON PFANNENSTIEL: All in favor?

1 (Ayes.)

2 CHAIRPERSON PFANNENSTIEL: Approved.

3 Thank you Mark.

4 MR. HUTCHISON: Thank you.

5 CHAIRPERSON PFANNENSTIEL: Item 12,  
6 possible adoption of the Committee Draft,  
7 Renewables Portfolio Standard Eligibility  
8 Guidebook. Good morning.

9 MS. ZOCCHETTI: Good morning Madame  
10 Chair and Commissioners. I'm Kate Zocchetti with  
11 the Renewable Energy Program. To my right is  
12 Heather Raitt the technical director of the  
13 Renewable Energy Program. And to my left is Gabe  
14 Herrera of the Legal Office.

15 Please bear with me I'm trying not to  
16 get a cold. Since 2002 the Energy Commission has  
17 implemented portions of California's Renewables  
18 Portfolio Standard.

19 Under the RPS retail sellers of  
20 electricity must increase the amount of renewable  
21 energy they procure each year by at least one  
22 percent so that 20 percent of their retail sales  
23 are served with renewables by 2010.

24 The Energy Commission's New Renewables  
25 Facilities Program provided funding in the form of

1 supplemental energy payments or SEPs to cover the  
2 above market costs of procuring renewable energy  
3 under an RPS solicitation.

4 The Renewables Committee has proposed  
5 revisions to two of the Renewable Energy Program's  
6 Guidelines to reflect the changes in laws as a  
7 result of Senate Bill 1036 and Assemble Bill 809  
8 and to address regulatory and other market  
9 developments.

10 The Committee drafts before you today  
11 reflects proposed changes to the March 2007 RPS  
12 Eligibility Guidebook and to the March 2007  
13 Overall Program Guidebook.

14 These two guidebooks with the post  
15 changes were issued to the public in early  
16 September of '07.

17 Parties were invited to comment on the  
18 staff drafts at the Renewables Committee Workshop  
19 on September 26th.

20 After careful consideration and  
21 incorporation of written and verbal comments an  
22 additional technical and policy analysis the  
23 Renewables Committee draft of these guidebooks  
24 were revised and publicly released on December  
25 7th.

1                   And party comments were due last week on  
2                   December 14th. Along with the proposed errata  
3                   that incorporates the party comments received  
4                   during the last comment period the Renewables  
5                   Committee is proposing revisions to these  
6                   guidebooks.

7                   And I would ask the Commission if you  
8                   would like me to just discuss one and then have  
9                   party comments and then discuss the second or to  
10                  combine them.

11                  CHAIRPERSON PFANNENSTIEL: You mean on  
12                  the errata, on --

13                  MS. ZOCCHETTI: Well I was, the RPS  
14                  Guidebook and then we have the Overall Program  
15                  Guidebook. Should we do one and then the other?

16                  CHAIRPERSON PFANNENSTIEL: You know I  
17                  have a number of people who want to speak. And I  
18                  believe it's on this item. So why don't you just  
19                  go ahead on this one.

20                  MS. ZOCCHETTI: Okay, thank you. As  
21                  described earlier the Eligibility Guidebook, I  
22                  would like to summarize highlights of the proposed  
23                  changes to the RPS Eligibility Guidebook which  
24                  include the following.

25                  Remove the provisions for certifying

1 facilities as eligible for supplemental energy  
2 payments and remove references to supplemental  
3 energy payments throughout the RPS Eligibility  
4 Guidebook, Require that effective January 1st 2008  
5 all participants in California RPS Program must  
6 register with and use the Western Renewable Energy  
7 Generation Information System or WREGIS as part of  
8 RPS compliance, And certification for facilities  
9 that must otherwise, I'm sorry, that might  
10 otherwise be considered distributed generation  
11 facilities except that some or all of the energy  
12 produced be sold through a standard contract or  
13 tariff executed under Public Utilities Code 399.20  
14 as implemented through the CPUC decision 07-07027  
15 or sold through a comparable standard contract or  
16 tariff approved by a local publicly-owned electric  
17 utility or the facility is owned by a utility and  
18 meets the other requirements.

19 Modify the definition of conduit,  
20 hydro-electric facility to remove reference to the  
21 federal code and add that the facility must use  
22 for its generation only the hydro-electric  
23 potential of an existing pipe, ditch, plume,  
24 siphon, tunnel, canal or other manmade conduit  
25 that is operated to distribute water for a

1 beneficial use under Assembly Bill 809.

2 Change the eligibility criteria for  
3 small hydro and conduit hydro so that the facility  
4 becoming commercially operational after January  
5 1st 2006 must not cause an adverse impact on end  
6 stream beneficial uses or cause a change in the  
7 volume or timing of stream flow.

8 Change the eligibility criteria for  
9 efficiency improvements that would cause small  
10 hydro and conduit hydro facilities to exceed the  
11 30 megawatts size limit for RPS eligibility such  
12 that the improvements must be made after January  
13 1st 2008 and must not cause an adverse impact end  
14 stream beneficial uses or cause a change in the  
15 volume or timing of stream flow.

16 Add the RPS certification category and  
17 eligibility requirements for the incremental  
18 generation of hydro-electric facilities due to  
19 eligible efficiency improvements regardless of  
20 facility's electrical output.

21 We add a definition of eligibility  
22 efficiency improvements in determining RPS  
23 eligibility at such facilities.

24 We clarify that eligible electricity may  
25 be delivered into California at a different time

1 than when the RPS-certified facility generated the  
2 electricity and may be generated at a different  
3 location than that of the RPS facility and provide  
4 examples of eligible banking and shaping in  
5 contract delivery structures.

6 Describe the Energy Commission's pre-  
7 approval process of eligible contract delivery  
8 structures as part of the CPUC's RPS contract  
9 review process.

10 And finally remove the two year renewal  
11 requirement for RPS certification and add that RPS  
12 eligibility is effective for the life of the  
13 facility.

14 And I'd like to summarize the errata  
15 that staff and the Committee have developed  
16 pursuant to the comments just received last  
17 Friday.

18 CHAIRPERSON PFANNENSTIEL: And excuse me  
19 Kate, this errata has been previously circulated.  
20 I know I have it. And I want to make sure that it  
21 publicly --

22 MS. ZOCCHETTI: Yes, just last evening.  
23 And there are copies on the desk.

24 CHAIRPERSON PFANNENSTIEL: Thank you.

25 MR. HERRERA: Kate because these erratas

1 are being proposed right now I'd recommend that  
2 you read them into the record so that the  
3 Commissioners can understand what they're agreeing  
4 to when they consider this to the guidebook.

5 MS. ZOCCHETTI: Absolutely. In addition  
6 to the written ones I would like to read into the  
7 record a verbal errata that we proposed to the  
8 Committee this morning that we just didn't have,  
9 we added at the eleventh hour I guess is what I'm  
10 saying. It didn't get incorporated into the  
11 written ones.

12 Okay, under Section 2 in the Renewables  
13 Portfolio Standards of Eligibility Guidebook,  
14 Section 2, eligibility Requirements, sub-section  
15 B, Eligibility for the Renewables Portfolio  
16 Standard Number 5, Solar Energy to Distributed  
17 Generation, page 24, third full paragraph is  
18 revised as follows.

19 The Energy Commission will certify  
20 facilities that would have been considered  
21 distributed generation facilities except that they  
22 are participating in a standard contract/tariff  
23 executed pursuant to PUC 399.20 as implemented  
24 through the CPUC Decision 07-07-027 (R.06.05.027).  
25 Executed pursuant to a comparable standard

1 contract/tariff approved by a local, publicly-  
2 owned electric utility or POU or if a facility is  
3 owned by a utility and meets other requirements to  
4 become certified as RPS eligible.

5 And you heard me just read that as part  
6 of the additional and this was an oversight on  
7 staff's part to include it in another section in  
8 the Guidebook.

9 In the same sub-section, the Section 2,  
10 sub-section C, Eligibility of Out-of-state  
11 facilities, page 29, last paragraph. It's revised  
12 as follows.

13 The exception only applies to situations  
14 where a multi-jurisdictional utilities procure  
15 energy to meet their own RPS obligations. In the  
16 event that these facilities are located out of  
17 state and their generation is procured to meet the  
18 RPS targets by another retail seller the facility  
19 would be subject to all out-of-state and  
20 eligibility requirements including delivery  
21 requirements.

22 The change here was to remove the term,  
23 obligated utility and replace it with, retail  
24 seller.

25 Section D, Delivery Requirements, page

1 32, footnote 22 is revised as follows.

2 Beginning January 1st 2008 it will be  
3 acceptable for an RPS certified facility to sell  
4 power to a retail seller procurement entity or  
5 third party pursuant to a PPA and all such parties  
6 must use and be registered as account holders with  
7 WREGIS as part of RPS compliance.

8 We deleted enter into the PPA and  
9 replaced it with sell power. And we moved percent  
10 to the PPA to a later part in the sentence for  
11 clarity.

12 Page 32, middle of the third full  
13 paragraph is revised as follows, the electricity  
14 generated and associated RECs from the RPS-  
15 certified facility must be procured through a  
16 power purchase agreement with the retail seller or  
17 procurement entity. And we added or a third  
18 party.

19 Then I'd like to verbally insert the  
20 following also on page 32, the last paragraph.

21 We would like to delete the sentence  
22 that we had previously inserted which states,  
23 electricity from the RPS eligible facility may be  
24 remarketed consistent with any applicable CPUC  
25 rules so long as a quantity of electricity is

1 delivered into California and matches the amount  
2 originally procured from the out-of-state RPS-  
3 eligible facility.

4 This was described in another portion in  
5 the Guidebook and several parties found this to be  
6 a confusing and asked that we strike it.

7 Page 33 is revised as follows. And  
8 these three numbers, one, three and five the only  
9 changes to add for a third party into this text.

10 The retail seller, I'm sorry, number  
11 one. The retail seller, procurement entity, or  
12 facility representative or --

13 COMMISSIONER BYRON: Excuse me,  
14 Ms. Zocchetti, forgive my interruption.

15 Mr. Herrera wouldn't it enough to just  
16 say, we're going to add third party to those three  
17 sections?

18 MR. HERRERA: Yes it would be.

19 MS. ZOCCHETTI: Thank you Commissioner  
20 Byron (laughter). We would also like to add, or  
21 third party on page 34, Item 6.

22 Under Section A, Reports to the Energy  
23 Commission, page 58, second paragraph a similar  
24 oversight, to verify generation, the facility must  
25 submit monthly payment statements from the retail

1 seller and we added, or procurement entity or  
2 third party as an attachment to the form showing  
3 the amount of energy procured from the facility.

4 Section 3, Certification Process, sub-  
5 section P, Additional Required Information for  
6 Biofuels, Hydro-electric and out-of-state  
7 facilities, number 3. This is on page 49, number  
8 1b, B as in boy. An assessment as to whether the  
9 facility's development or operation will cause or  
10 contribute a violation of any of these LORS we  
11 added, in the region of California most likely to  
12 be affected by the facility's development or  
13 operation. This paragraph has been problematic  
14 for parties and so we added that for clarity.

15 On page 51, number 2, the bullet that  
16 says an explanation as to how the facility's  
17 developer and/or operator will meet these LORS we  
18 have inserted this phrase, the developer and/or  
19 operator will protect the environment to the same  
20 extent as provided by these LORS and we added for  
21 a similar facility located in California in  
22 developing or operating the facility including  
23 whether the developer and/or operator will secure  
24 putting in place mitigation measures to ensure  
25 that these LORS are followed. Again this was

1 added for clarity.

2 Section 4, Generation Tracking and  
3 Verification System, sub-section C, number 1,  
4 Verification of Delivery, page 61 is revised as  
5 follows.

6 The monthly information on NERC E-Tag  
7 data for each facility will be compared to the  
8 monthly generation procured from an RPS-eligible  
9 facility per Load Serving Entity with the lesser  
10 of the two annual totals considered to be eligible  
11 for California RPS procurement. We added the  
12 term, annual totals because that was an oversight.

13 That is the end of the errata.

14 CHAIRPERSON PFANNENSTIEL: Thank you. I  
15 wasn't sure your voice was going to hold out  
16 (laughter). Are there questions of Ms. Zocchetti?  
17 As I said there were several speakers on this  
18 item. But first, no questions here?

19 We'll take the people who are here in  
20 the room then somebody on the phone. Let's start  
21 with Manuel Alvarez of SCE.

22 MR. ALVAREZ: Good morning Commissioner  
23 and staff. We sent you a letter filing our  
24 comments on this particular matter.

25 There was five items. Four of them of

1 which were clarifications and we thought would be  
2 make the document a little bit better. I'll leave  
3 those with staff and for your consideration.

4 I'd like to raise one issue. And this  
5 is the question of WREGIS and the date of  
6 application which is January 1st 2008. I guess  
7 the complexity and I'm sure the Commission is  
8 aware of the negotiations that have been going on  
9 on that particular matter. And that there is  
10 still an outstanding legal issue dealing with  
11 indemnification of use of this particular  
12 activity.

13 And I guess the difficulty we have is in  
14 our October filing we were suggesting this may be  
15 a problem and in fact it did materialize.

16 And what we're asking for today is some  
17 accommodation by which we can still meet the  
18 compliance by filing information to the staff.

19 We're not sure that the agreement can be  
20 reached by January 1st. So therein lies the  
21 complexity in terms of being able to comply.

22 And I guess the perplexing thing for me  
23 is given the Commission's history working with  
24 computer programs and management that there is  
25 usually a flexible compliance capability. But

1 here in this case we don't seem to find that case.

2 So what we're asking for today is  
3 perhaps some reasonable accommodation by which  
4 information can be filed through the staff to show  
5 the renewable share of the generation component.

6 With that I'll answer any questions.

7 CHAIRPERSON PFANNENSTIEL: Commissioner  
8 Geesman do want to respond to that?

9 COMMISSIONER GEESMAN: Well I guess I'd  
10 ask you Manual, how close do you think the parties  
11 are? How much time in your judgement do you think  
12 is likely to be required before there's an  
13 agreement.

14 MR. ALVAREZ: Well I personally am not  
15 involved in the direct negotiations so it's kind  
16 of --

17 COMMISSIONER GEESMAN: That makes two of  
18 us so let's talk about just our mutual  
19 conjectures.

20 MR. ALVAREZ: I've asked folks about  
21 this particular matter and they feel confident  
22 that they'll be able to do it within the next six  
23 months. And actually that's still kind of long  
24 for me when I talk to them and want to get it done  
25 sooner.

1           This issue will be discussed. We have  
2 to understand what the risks and liabilities are  
3 and what the potential costs might be to the  
4 Corporation. And therein lies the problem  
5 resolving that.

6           The Energy Commission's component  
7 receiving indemnification, it doesn't pass through  
8 a third party so we're kind of exposed there.

9           I can't give you a date. But I, because  
10 I don't have that particular date. But we will  
11 definitely be pushing it as much as we can at  
12 least from my perspective. I'd be pleased if I  
13 could bring it to you in the first quarter of next  
14 year. And --

15           COMMISSIONER GEESMAN: Let me tell you  
16 the way it gets reported to Commissioner  
17 Pfannenstiel and I on the Renewables Committee.  
18 And that it's a continued pattern of foot dragging  
19 and bellicosity that, you know, we've tended to  
20 attribute to your company in particular, but to  
21 the utilities in general with respect to the RPS  
22 Program.

23           When I hear that sometimes I think I'm  
24 being bated because people think I've had that  
25 pre-disposition toward my evaluation of your

1 performance. But I read your letter very  
2 carefully. And I see that what you're requesting  
3 on page two is revising the Guidebook to require  
4 the IOUs to use WREGIS on the earlier of January  
5 1st 2008 or the date on which the WECC and WREGIS  
6 Committee have adopted and approved the terms of  
7 understanding.

8 I think if I had been your lawyer or  
9 your business manager I would have said January  
10 1st 2009, but in the spirit of the season, would  
11 May 1st 2008 be acceptable?

12 MR. ALVAREZ: I would find it  
13 acceptable. I'd have to ask other folks in the  
14 Corporation to see if that would be acceptable.  
15 But May 1st, that be something I'd be working over  
16 the next few months to get resolved.

17 COMMISSIONER GEESMAN: I think that a  
18 lot of eyes are going to be on this process going  
19 forward because as I understand it it's the three  
20 utilities and perhaps the ISO that are still the  
21 only material parties that have not signed to the  
22 agreement.

23 But I would be prepared to recommend to  
24 the Commission that we simply add to  
25 Ms. Zocchetti's list of errata the date May 1st in

1 substitution for the date January 1st 2008 and  
2 provide you that extra time.

3 MR. ALVAREZ: I appreciate that.

4 CHAIRPERSON PFANNENSTIEL: Does Staff  
5 have a comment on that?

6 MR. HERRERA: Commissioner, Gabe Herrera  
7 with the Energy Commission's Legal Office. I  
8 think it leaves open an issue in terms of how the  
9 utilities and load serving entities retail sellers  
10 will have to report their procurement data to the  
11 Energy Commission.

12 I'm assuming that they would have to do  
13 so under the interim process that we're using now.  
14 I'm not sure if that's specifically spelled out in  
15 the Guidebook.

16 I know the date would be easy enough to  
17 change. Whether we would then have to insert  
18 language that says in the interim the utilities  
19 are to provide data consistent with what's  
20 required under the interim reporting requirement.

21 CHAIRPERSON PFANNENSTIEL: I think  
22 logically if we haven't changed it then it would  
23 continue until we did change it.

24 MR. ALVAREZ: Commissioner, I guess in  
25 our consideration of how we would deal with this

1 complexity, it was our intent all along just to  
2 continue to provide the information to the Energy  
3 Commission whether it met any requirement or not.

4 So that information in terms of what the  
5 actual subsequent information of generation  
6 amounts would be available to you for your  
7 consideration at any point.

8 COMMISSIONER GEESMAN: Yeah but we have  
9 to be wary of what all the other reporting  
10 entities are required to do.

11 MR. ALVAREZ: I'm aware of that.

12 COMMISSIONER GEESMAN: And I think what  
13 Mr. Herrera is suggesting is that we foreclose any  
14 potential loopholes that we'll be creating as to  
15 well what are the requirements between now and May  
16 1st?

17 And I think with all of the associated  
18 administrative costs we do need to continue the  
19 interim system.

20 If it's your judgement Gabe that that  
21 needs to be spelled out, I think we need to spell  
22 it out.

23 CHAIRPERSON PFANNENSTIEL: Mark did you  
24 have a comment?

25 MR. HUTCHISON: Yes I would. Mark

1 Hutchison again with the Renewables Energy Office.  
2 I think we've had these discussions with the  
3 Committee. But I just want to reiterate that the  
4 system became operational in June, June 25th,  
5 2007.

6 And there were an existing terms of use  
7 that was more or less agreed to. Again, maybe the  
8 utilities didn't have as much of an opportunity to  
9 review it but it was certainly posted.

10 And we had in excess of 70 entities that  
11 have actually signed this terms of use. My  
12 recommendation would be to ask the utilities,  
13 California utilities and the Cal ISO to agree to  
14 these interim terms of use.

15 And then maybe they would work more  
16 readily towards a more acceptable terms of use and  
17 it might encourage them to work in a more  
18 expeditious fashion so that we can at least get  
19 these folks signed up January 1 so that we can  
20 then in fact, you know, try and get a full year in  
21 2008 of generation data.

22 COMMISSIONER GEESMAN: Well I think if  
23 you were expecting expeditious treatment by the  
24 utilities you should have been negotiating with  
25 their advertising departments not their legal

1 office because I think the utilities seem to  
2 spring to the occasion on renewables in the  
3 advertising area a lot more readily (laughter)  
4 than their lawyers seem to pursue some of these  
5 more formal obligations.

6 But I think under the circumstances we  
7 don't really have a good alternative. I'm wary of  
8 the whole topic of indemnification because, I'll  
9 tell you, in 19 years in the bond business if you  
10 didn't want to reach an agreement of if you wanted  
11 to drag your feet what you do is hang up on  
12 indemnification.

13 And it goes back and forth, and back and  
14 forth, and back and forth and there's no progress  
15 on either side. So what I am suggesting is a  
16 delay that allows all attention to be focussed  
17 where it is quite justified which is on the  
18 utilities to come to some prompt conclusion of  
19 this.

20 And I think that we do have to incur the  
21 additional expense and cumbersomeness of the  
22 interim reporting system until then.

23 CHAIRPERSON PFANNENSTIEL: Commissioner  
24 Byron you have a comment.

25 COMMISSIONER BYRON: I too agree that we

1 need a more rigorous deadline than to leave it  
2 open at this point given my experience in  
3 negotiating with the utilities in the past.

4 A couple of questions. Do either of our  
5 other two IOUs in the state have similar problems?  
6 Do we know?

7 COMMISSIONER GEESMAN: I think they've  
8 elected to be represented jointly today. And you  
9 can generally tell when the task is distasteful  
10 because they send Mr. Alvarez (laughter).

11 COMMISSIONER BYRON: Is that correct?

12 CHAIRPERSON PFANNENSTIEL: Yes.

13 MR. ALVAREZ: Well I don't know if I'd  
14 characterize it that way (laughter).

15 COMMISSIONER GEESMAN: The understudy  
16 for distasteful tasks is Mr. Galati (laughter) and  
17 I expect we'll hear from him next.

18 CHAIRPERSON PFANNENSTIEL: We will.

19 COMMISSIONER BYRON: All right. So  
20 Commissioner Geesman I would ask and you've  
21 provided what I think is a reasonable deadline of  
22 May 1st but is that just from the basis of the  
23 suggested six months necessary to close out this  
24 issue?

25 Why not a more stringent deadline?

1                   CHAIRPERSON PFANNENSTIEL: The thing is  
2 Commissioner Geesman's usual generosity  
3 (laughter).

4                   COMMISSIONER GEESMAN: My susceptibility  
5 is seasonal (laughter).

6                   MR. ALVAREZ: It is the holiday season.

7                   COMMISSIONER BYRON: Why not March 1st?

8                   COMMISSIONER GEESMAN: I had actually  
9 suggested to my staff, Suzanne Korosec, that it be  
10 February 1st. She's our representative to the  
11 WREGIS Committee.

12                   But she informed that the committee  
13 process at WREGIS and the potential approval  
14 process required at WECC would run us into late  
15 April as to the earliest possible date.

16                   So in the spirit of generosity I said,  
17 well May 1st is --

18                   COMMISSIONER BYRON: I suspected there  
19 was a basis for your date. Thank you.

20                   CHAIRPERSON PFANNENSTIEL: Okay, so we  
21 will then consider May 1st as the date.

22                   COMMISSIONER BYRON: Can we hear from  
23 other utilities?

24                   CHAIRPERSON PFANNENSTIEL: We are about  
25 to. Mr. Herrera you had another comment before

1 we --

2 MR. HERRERA: I do, just a question.  
3 There are a number of entities that have already  
4 signed up for WREGIS as Mr. Hutchison indicated.  
5 Will the Commission allow these facilities to take  
6 advantage of the WREGIS systems if it is able to  
7 report?

8 COMMISSIONER GEESMAN: Would that be  
9 administratively possible? I think it would be  
10 preferable from a program standpoint. Just make  
11 the card out for the three non-signatories right  
12 now.

13 MR. HUTCHISON: Well that's correct we  
14 actually have some balancing authorities already  
15 signed up. And we're anticipating some activity  
16 shortly with them.

17 So we would hope that they would --

18 CHAIRPERSON PFANNENSTIEL: I thank you.  
19 We would like to hear from Mr. Galati who is here  
20 representing PG&E.

21 COMMISSIONER BYRON: Mr. Galati good to  
22 see you again. Mr. Galati was in attendance at  
23 our Eastshore hearings for two straight days,  
24 Monday and Tuesday.

25 MR. GALATI: Nice to see you too. Scott

1 Galati representing PG&E. With respect to the  
2 last exchange and in the spirit of cooperation as  
3 well, May 1st is very generous. We appreciate  
4 that. We can certainly support that.

5 We had elevated to the highest levels of  
6 our company and we're continuing to work to  
7 resolve that. So thank you very much for the  
8 additional time.

9 Unless there's any additional questions  
10 on that I would like to address other comments on  
11 the Renewable.

12 CHAIRPERSON PFANNENSTIEL: Yes.

13 COMMISSIONER BYRON: Would March 1st be  
14 doable?

15 MR. GALATI: You know what, I cannot  
16 answer that today. When we were sitting there  
17 today we thought May 1st was generous. We'll  
18 continue to work closely.

19 My understanding is too is that there is  
20 a two step process. Once we have an agreement  
21 there is an approval process. So we'd appreciate  
22 the time for that approval process as well.

23 COMMISSIONER BYRON: Thank you.

24 CHAIRPERSON PFANNENSTIEL: Other  
25 comments Scott?

1 MR. GALATI: Yes. First of all we'd  
2 like to thank the Renewable Committee and staff in  
3 particular, and I'm going to refer to a particular  
4 long meeting in which I think we actually sucked  
5 the oxygen all out of the room and very much  
6 appreciate the errata.

7 We make it very clear on the out of  
8 country, out of state, the third party. I think  
9 these are things that are very helpful to us. I  
10 think without them it would have been difficult  
11 for us to be able to do some of the things that  
12 we're doing now.

13 So we very much appreciate those and  
14 just wanted to express our thanks to the  
15 Committee. Thank you.

16 CHAIRPERSON PFANNENSTIEL: Thank you  
17 Scott. We also have Brenda LeMay on the phone  
18 who'd like to speak to this item.

19 MS. LEMAY: How did you know? I didn't  
20 say anything. Hi, this is Brenda, thank you very  
21 much for allowing me to speak to the Commission.

22 I just wanted to thank everybody for all  
23 the hard work on this. I was one of those  
24 involved in the comments. And some of my comments  
25 did get into the errata. So I do appreciate it.

1 And I'm trying to use it.

2 CHAIRPERSON PFANNENSTIEL: Thank you  
3 Brenda. Were there last comments or questions  
4 from the Commission? Mr. Herrera.

5 MR. HERRERA: Yes I've got some  
6 additional comments. They're the same comments I  
7 made earlier concerning the SB 1 guidelines. I  
8 need to make some comments for the record  
9 concerning CEQA.

10 I'll just summarize those comments where  
11 I can at this point. The Energy Commission's  
12 Legal Office has looked at the application of the  
13 California Environmental Quality Act to the  
14 adoption of these guideline revisions and in this  
15 case determined that the adoption itself is not a  
16 project and thereby not subject to a full  
17 environmental review under CEQA.

18 The guidelines fall within a list of  
19 excluded activities under Title 14, California  
20 Code of Regulations, Section 15378, B2 and 4 and  
21 the adoption of the guidelines is also exempt  
22 under what I explained earlier was the common  
23 sense exemption in the sense that it will not have  
24 a significant affect on the environment as defined  
25 in Public Resources Code, Section 21068 and Title

1 14 of the California Code of Regulations, Section  
2 15382, thank you.

3 CHAIRPERSON PFANNENSTIEL: Thank you.  
4 So I guess we're ready for a motion that would  
5 incorporate the Guidebook, the proposed Guidebook  
6 with the errata with the amendment that  
7 Commissioner Geesman offered to extend the date to  
8 May.

9 MS. ZOCCHETTI: Madame Chair may I just  
10 ask a clarifying question?

11 CHAIRPERSON PFANNENSTIEL: Of course.

12 MS. ZOCCHETTI: Do you intend then to  
13 just change the date from January 1st to May 1st  
14 and leave the wording, all participants in  
15 California RPOs must register with and use the --

16 COMMISSIONER GEESMAN: We'll change the  
17 date for the three investor-owned utilities only.

18 MS. ZOCCHETTI: Oh, okay.

19 COMMISSIONER GEESMAN: And put into  
20 effect the interim reporting requirement for them  
21 until such date.

22 MS. ZOCCHETTI: Okay so we just wanted  
23 to be clear that not that the terms of use, the  
24 agreement will be signed by May 1st but that they  
25 will have registered with WREGIS by that date.

1 Thank you.

2 CHAIRPERSON PFANNENSTIEL: With the  
3 clarifications is there a motion?

4 COMMISSIONER GEESMAN: So moved.

5 COMMISSIONER BYRON: Second.

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

8 CHAIRPERSON PFANNENSTIEL: Thank you.  
9 And then moving on Item 13, possible adoption of  
10 the Committee Draft, Overall Program Guidebook,  
11 Kate.

12 MS. ZOCCHETTI: Thank you Madame Chair.  
13 There are no errata for the Overall Program  
14 Guidebook which just provides a specific aspect of  
15 how the Renewable Energy Program is administered  
16 not just limited to the RPS.

17 Proposed changes to the Overall  
18 Guidebook include the following.

19 Remove provisions for providing  
20 supplemental energy payments from the New  
21 Renewables Facilities Program under Senate Bill  
22 1036 and adjust the expected allocation of funding  
23 to the Renewable Energy Program element under SB  
24 1056.

25 Modify definitions in accordance with

1 changes in the law and policies for the following.

2 Did you want me to read the terms that  
3 we are modifying?

4 CHAIRPERSON PFANNENSTIEL: They are  
5 included in the written material.

6 MS. ZOCCHETTI: They are.

7 CHAIRPERSON PFANNENSTIEL: I don't know  
8 that they need to be read into the record unless  
9 we have otherwise advise. Okay. We do not need  
10 to then.

11 MS. ZOCCHETTI: Thank you. Then that  
12 includes the highlights of the changes. So with  
13 those we would ask the Commission to approve the  
14 Overall Program Guidebook as revised.

15 CHAIRPERSON PFANNENSTIEL: Questions or  
16 discussion? Motion?

17 MR. HERRERA: Madame Chairman I want to  
18 make sure that you understand that the comments  
19 the Legal Office made earlier concerning CEQA  
20 apply with respect to the Overall Guidebook as  
21 well.

22 CHAIRPERSON PFANNENSTIEL: It's good  
23 that you're shortening it each time (laughter).

24 MR. HERRERA: I should have gotten your  
25 permission to read it once (laughter).

1 CHAIRPERSON PFANNENSTIEL: Permission  
2 granted.

3 MR. HERRERA: And you to apply it.

4 CHAIRPERSON PFANNENSTIEL: We have a  
5 motion.

6 COMMISSIONER GEESMAN: I will move it  
7 with commendation to the staff for all of the good  
8 work on these guidebook changes. It's a lot of  
9 work, a lot of phone calls, a lot of meetings.  
10 And I think you've been quite responsive both to  
11 the various stakeholders and to the Renewables  
12 Committee.

13 MS. ZOCCHETTI: Thank you very much.

14 COMMISSIONER BYRON: I will second it.  
15 I would also like to thank you so very much for  
16 red line versions of these documents. It makes it  
17 so much easier to get changes.

18 CHAIRPERSON PFANNENSTIEL: Moved and  
19 seconded. All in favor?

20 (Ayes.)

21 CHAIRPERSON PFANNENSTIEL: Okay, they've  
22 been approved. Thank you very much Kate.

23 MS. ZOCCHETTI: Thank you very much.

24 CHAIRPERSON PFANNENSTIEL: Item 14,  
25 possible approval of the final staff report,

1 Statewide Energy Efficiency Potential Estimates  
2 and Targets for California Utilities. Mr. Klein.

3 MR. KLEIN: Good morning Commissioners.  
4 I need to make a note before proceeding that it  
5 appears that the document in front of us as posted  
6 outside has a different title than what you just  
7 read into the record. My apologies. I didn't see  
8 that until I'm sitting here this morning.

9 So the current title of the report, the  
10 one we're adopting and approving today is,  
11 Achieving All Cost-Effective Energy Efficiencies  
12 in California, The Final Staff Report.

13 Well let's see, Assembly Bill 2021 says  
14 we had to do it and we did. We had to identify  
15 with the publicly-owned utilities all potentially  
16 achievable cost-effective electricity energy  
17 savings.

18 We had to establish annual targets for  
19 achieving feasible and reliable energy  
20 efficiencies, savings and demand reduction for a  
21 ten year period. And to report these targets to  
22 the Energy Commission which are responsibilities  
23 of publicly-owned utilities.

24 Upon receiving these targets from the  
25 publicly-owned utilities the Energy Commission in

1 conjunction with the Public Utilities Commission  
2 is required to develop a statewide estimate of all  
3 potentially achievable cost-effective electricity  
4 and natural gas savings and establish targets for  
5 statewide annual energy efficiency savings for  
6 both publicly-owned and investor-owned utilities  
7 for the ten year period that was described.

8 We received and discussed with the  
9 utilities potential studies. They gave us their  
10 data that we analyzed and presented in one or more  
11 public hearings and in staff reports and helped  
12 establish targets related to this.

13 We evaluated three basic levels of  
14 potential. Technical potential which is maximum  
15 possible. Economic or cost-effective potential.  
16 And feasible or achievable potential as described  
17 in the statute.

18 We aggregated data from the utilities  
19 from their studies and came up with a  
20 recommendation. And the recommendation we came up  
21 with is to adopt what the report has described as  
22 Option 3, all cost-effective economic potential.

23 So with that we're seeking approval.

24 CHAIRPERSON PFANNENSTIEL: Thank you  
25 Gary. Let me just comment that this is an

1       incredibly important report, an important step.

2                 We need to find a way to capture that  
3       economic potential if we're going to meet our AB  
4       32 goals as well as achieving where I believe the  
5       state can go on energy efficiency.

6                 And I think that the staff does a very  
7       good job of gathering up what we currently do,  
8       what's currently out there and if nothing else  
9       define the path, the next steps that we need to  
10      take.

11                So I want to commend the staff for  
12      pulling together a good report. Are there  
13      questions or discussion from the Commission?

14                We have several people who are too,  
15      who'd like to speak on this. Scott Tomashefsky,  
16      NCPA.

17                MR. TOMASHEFSKY: Good morning again.  
18      Actually I'd just like to take an opportunity to  
19      just kind of reflect on what actually has gone  
20      into the report itself and really.

21                It's been a good collaboration from the  
22      public power perspective in terms of how the  
23      Energy Commission has addressed this issue.

24                And we came to the Commission just after  
25      SB 1037 was adopted and we basically said, let's

1 figure out a way that we can actually give you  
2 information that you can make use of and we can  
3 provide in a thoughtful way.

4 And so this is the result of a lot of  
5 that effort. And we certainly don't agree with  
6 everything that's in here which is fine.

7 But I do think the way staff has  
8 characterized option 3. There is a little bit of  
9 a nuance that I think in the Executive Summary is  
10 very important to note. It may get lost in the  
11 text itself.

12 But it's the notion of a 100 percent of  
13 economic potential. There's a recognition in here  
14 that talks about it being based on utility and  
15 non-utility type programs which recognizes the  
16 importance of Title 24 and Title 20 and those  
17 types of things.

18 So I think at first glance when we had a  
19 lot of the discussions you would hear things like,  
20 well the utilities are going to be responsible for  
21 all of that which causes a lot of angst.

22 I think the recognition that it's more  
23 than just a utility program as a statewide goal I  
24 think makes that much more of a comforting  
25 statement to make.

1           So I just wanted to make sure that that  
2 doesn't get lost in the detail of what's included  
3 in the hundreds of pages here.

4           But I do want to recognize the work of  
5 the staff. It has been very good from our  
6 perspective to be able to get that particular  
7 feedback. I know we have probably on average at  
8 least one call a week depending on when the  
9 reports are due and the fact that we have been  
10 able to be forthcoming with information has been  
11 great from our perspective.

12           And I also want to acknowledge, although  
13 Lora is going to speak to it a little bit as well,  
14 but NRDC has been very helpful at least in terms  
15 of shaping some of the direction in terms of how  
16 we approach that. And we do appreciate that.

17           Now on another note and I know in terms  
18 of public opportunities to express appreciation I  
19 know in terms of the end of this year and the  
20 timing behind Commissioner Geesman's term ending I  
21 just want to express our personal appreciation to  
22 you for the efforts that you have provided.

23           And again as we have not agreed on all  
24 issues I think it's very clear that the  
25 thoughtfulness in terms of how you approach these

1 issues is well appreciated by those of us in the  
2 public power community.

3 And personally I've had the opportunity  
4 to see it on both ends of the equation, three  
5 years in the building and two years out. So I  
6 just want to personally thank you for your input  
7 sir.

8 CHAIRPERSON PFANNENSTIEL: Thanks Scott.  
9 Lora Ettenson from NRDC.

10 MS. ETTENSON: Hello again. My name is  
11 Lora Ettenson with the Natural Resources Defense  
12 Council. I thank you for the opportunity to speak  
13 here today.

14 We would like to thank you Commissioners  
15 for your hard work and your leadership along the  
16 way and also the staff for their hard work, time  
17 and collaboration.

18 Overall NRDC supports the report  
19 achieving all cost-effective energy efficiency for  
20 California. And we appreciate staff's efforts to  
21 incorporate comments and to improve the report  
22 from the previous version.

23 To echo Scott we also strongly support  
24 the Commission's goal for the state to achieve a  
25 hundred percent cost-effective energy efficiency

1 savings through a combination of utility programs,  
2 CEC building and appliance efficiency standards,  
3 local standards among other new strategies yet to  
4 be determined.

5 We commend the publicly-owned utilities  
6 overall for the significant increase in energy  
7 savings that their targets represent.

8 And in particular we commend NCPA for  
9 their leadership during this process.

10 We urge the Commission to commend the  
11 individual POUs that have adopted the most  
12 aggressive targets.

13 Based on our analysis the most  
14 aggressive targets are in alphabetical order,  
15 Azusa, Burbank, Corona, Glendale, Hercules,  
16 Imperial Irrigation District, LADWP, Needles,  
17 Pasadena, Riverside and SMUD.

18 In addition we urge the Commission to  
19 continue to make this issue a high priority over  
20 the coming year. For example, by making one of  
21 the IEPR update topics this report is an excellent  
22 first step but much work remains.

23 One of the areas that requires  
24 additional work as you already know is the issue  
25 of imbedded energy efficiency within the demand

1 forecast.

2 We commend the Commission for addressing  
3 the process to resolve this issue in the IEPR.

4 In addition some of the POU's set low  
5 targets and did not provide enough information for  
6 the Commission to assess the reasonableness of  
7 those targets.

8 While NRDC would have liked to see more  
9 attention to recommend higher targets for those  
10 POU's we understand the time constraints that both  
11 the Commission and POU's worked under this year.

12 We urge the Commission to focus on  
13 setting clear expectations for the next target  
14 setting and the 1037 reporting process as early as  
15 possible.

16 This will enable the POU's to conduct the  
17 necessary analysis and to work collaboratively  
18 with the CEC and stakeholders to provide the  
19 necessary information.

20 We support the recommendations and next  
21 steps as listed in Chapter 6 and encourage the  
22 Commission to support the staff recommendation to  
23 work collaboratively with the POU's to help them  
24 succeed.

25 In particular we urge the Commission to

1 support the recommendation for the CEC to work  
2 with the POU's to increase energy, excuse me, to  
3 increase investments in energy efficiency in order  
4 to meet their goals and to explore ways to remove  
5 financial disincentives for additional energy  
6 efficiency investments.

7 For example the Commission could write  
8 letters to the POU boards commending their  
9 increased attention to energy efficiency  
10 encouraging them to increase their investments and  
11 noting that the Commission will be tracking their  
12 success.

13 NRDC would welcome the opportunity to  
14 continue to work collaboratively with Commission  
15 staff and NCPA to identify the specific steps the  
16 Commission can take in order to help the POU's  
17 achieve their goals.

18 In summary we urge you to adopt the  
19 report and to make POU efficiency an IEPR update  
20 topic next year.

21 We look forward to working with you to  
22 help capture all cost-effective energy savings.  
23 Thank you for considering NRDC's comments  
24 throughout the process and again for the  
25 opportunity to speak here today.

1                   CHAIRPERSON PFANNENSTIEL: Thank you  
2 Lora. We appreciate your comments and we very  
3 much appreciate NRDC's involvement in this  
4 process. We've got a long way to go and we're  
5 going to have to be, continue to be partners with  
6 you, with the NCPA, with SCPPA, with the POUs as  
7 well as the IOUs.

8                   So we've got a ways to go. Thank you.  
9 Further questions? Yes, Commissioner Byron.

10                   COMMISSIONER BYRON: This suggestion of  
11 picking this up in the IEPR 2008 proceeding.  
12 Madame Chair with you're concurrence a week or two  
13 ago, forgive me I can't remember when, I asked the  
14 Executive Director if we could go ahead and begin  
15 this issue with regard to the Electricity  
16 Committee.

17                   And so I'll put it in the form of a  
18 question. Ms. Jones have we got anywhere, will  
19 this be on next agenda, business meeting agenda  
20 for approval.

21                   MS. JONES: I have talked with your  
22 advisor and we are looking at trying to establish  
23 a workshop to kick off the process you're talking  
24 about under the auspices of the Electricity  
25 Committee.

1 I don't believe it's something that has  
2 to come forward to the Commission as a whole. I  
3 believe the Committee has the authority to conduct  
4 a workshop.

5 COMMISSIONER BYRON: All right, thank  
6 you very much.

7 MS. JONES: And then we could wrap that  
8 into the 2008 cycle once we get that cycle  
9 started.

10 COMMISSIONER BYRON: All right. So for  
11 your information we'll begin to pick that up early  
12 in next year.

13 CHAIRPERSON PFANNENSTIEL: Further  
14 discussion?

15 COMMISSIONER BYRON: I would just  
16 comment this is an impressive document. I would  
17 commend everybody for the work that's gone on in  
18 it. I'm going to find it useful. Maybe we all  
19 will when we get questions, both within, but even  
20 more so from outside the state as to what people  
21 might do or what are you doing in California.

22 This is going to make it a lot easier  
23 than trying to explain it all. Hand them a copy  
24 of this document and say, here's your primer.

25 CHAIRPERSON PFANNENSTIEL: It's our

1 starting point.

2 COMMISSIONER BYRON: Right.

3 CHAIRPERSON PFANNENSTIEL: Is there a  
4 motion then for approval?

5 COMMISSIONER GEESMAN: I'll move  
6 approval.

7 COMMISSIONER BYRON: Second.

8 CHAIRPERSON PFANNENSTIEL: All in favor?  
9 (Ayes.)

10 CHAIRPERSON PFANNENSTIEL: Thank you  
11 Gary.

12 MR. KLEIN: Thank you and may I beg your  
13 indulgence for one minute. This is my last  
14 business meeting as an employee of the Energy  
15 Commission.

16 I retire at the end of the month. And I  
17 want to thank you for 19 years of working with you  
18 all. I appreciate it.

19 CHAIRPERSON PFANNENSTIEL: Thank you.

20 COMMISSIONER BOYD: Your hair is not  
21 grey, you can't retire (laughter).

22 MR. KLEIN: It's not about age.

23 CHAIRPERSON PFANNENSTIEL: Approval for  
24 the minutes from the December 5th Business  
25 Meeting.

1                   COMMISSIONER ROSENFELD: I'll move the  
2 minutes.

3                   COMMISSIONER BYRON: I'll second it.

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

6                   CHAIRPERSON PFANNENSTIEL: Commission  
7 presentations, discussion anything to raise?

8                   COMMISSIONER BYRON: Will we be  
9 discussing at all what passed through the Congress  
10 I understand yesterday.

11                   CHAIRPERSON PFANNENSTIEL: When we get  
12 to the Leg Director Report perhaps.

13                   MR. SMITH: Only to note that it was  
14 passed (laughter).

15                   CHAIRPERSON PFANNENSTIEL: And signed I  
16 believe.

17                   COMMISSIONER BOYD: It was signed this  
18 morning.

19                   CHAIRPERSON PFANNENSTIEL: And signed  
20 this morning.

21                   MR. SMITH: I've gotten through the  
22 Table of Contents. Yes, it was signed this  
23 morning and we are processing information to  
24 provide each of you with information on its  
25 contents.

1                   CHAIRPERSON PFANNENSTIEL: I might  
2 observe that it's probably not as long as it maybe  
3 it should be.

4                   COMMISSIONER BOYD: Lucky they signed it  
5 at the Energy Department since the Executive  
6 Office Building had a fire today.

7                   CHAIRPERSON PFANNENSTIEL: Yeah.

8                   COMMISSIONER GEESMAN: There's some  
9 important missing parts.

10                  COMMISSIONER ROSENFELD: I have a  
11 comment Madame Chairman.

12                  CHAIRPERSON PFANNENSTIEL: Certainly.

13                  COMMISSIONER ROSENFELD: On the Energy  
14 Bill.

15                  COMMISSIONER BYRON: Push your button  
16 there.

17                  COMMISSIONER ROSENFELD: One item which  
18 certainly didn't make page one of the newspapers  
19 but which I'm very happy about.

20                  I want to confirm that this issue of  
21 regional HVAC heating, ventilation and air  
22 conditioning which means three air conditioning  
23 zones for the country. Which means the ability to  
24 get an air conditioner which is 10 or 15 percent  
25 better EER, passed.

1 CHAIRPERSON PFANNENSTIEL: Good.

2 COMMISSIONER ROSENFELD: Very, very  
3 happy. And there was another issue which we,  
4 which failed but which got so close that it might  
5 go into technical amendments next year was the  
6 issue of a waiver for the threshold for Title 24.

7 That's been an issue which for 25 years  
8 has bothered us. And we got DOE to agree that  
9 it's a good idea. So the move now is to hope that  
10 we can get it into law next year.

11 CHAIRPERSON PFANNENSTIEL: Thank you.  
12 Anything else? Chief Counsel's Report.

13 MS. HOLMES: Nothing to report.

14 CHAIRPERSON PFANNENSTIEL: Executive  
15 Director's Report.

16 MS. JONES: Nothing to report.

17 CHAIRPERSON PFANNENSTIEL: Leg Director,  
18 Mr. Smith.

19 MR. SMITH: The only couple of things I  
20 want to mention beyond the Energy Act is going  
21 into next session the Governor has announced that  
22 he will be calling, declaring a fiscal emergency.

23 That will require the Legislature to act  
24 within a 45 day period to provide the Governor  
25 with remedies to the increasing budget deficit.

1           If they do not act within 45 days the  
2 law requires that no other legislation may be  
3 considered until such remedies are provided to the  
4 Governor. So they have a 45 day window to act, to  
5 respond.

6           We have received, regarding bills,  
7 looking forward to the next session, we, there are  
8 two bills have been amended that have come across  
9 we've become aware of that affect us.

10           One is AB 1327, which is a bill by  
11 Assembly Member Ma that would increase the term of  
12 loans through our Energy Conservation Assistance  
13 Act Funding Programs up to 30 years.

14           This bill is actually scheduled for  
15 Assembly Utilities and Commerce hearing on January  
16 13th. So we are in the process of analyzing that  
17 bill and will be making recommendations shortly.

18           The other one is AB 1675 which is a bill  
19 by Speaker Nunez that would do two things. It  
20 would require the Department of General Services,  
21 excuse me, the Department of Transportation to  
22 develop specifications and standards for fuel  
23 economy and emissions for medium and heavy-duty  
24 vehicles that they purchase for their fleet.

25           This is interesting, recall that we had

1 made amendments last year, suggested amendments  
2 last year to the Governor and to, for some reason  
3 I'm blanking on, Assembly Member Lieu who had AB  
4 236 where the statute was amended to require DGS  
5 to take more aggressive steps in increasing  
6 alternative fuels and fuel efficiency in the state  
7 fleet.

8 And we had recommended that it not be  
9 limited to light-duty cars and trucks. But that  
10 there maybe a significant opportunity for medium  
11 and heavy-duty vehicles as well. And so it's good  
12 to see that that's now in a piece of legislation.

13 The second item this bill would do is  
14 require the Department of Transportation to  
15 develop cement specifications for the Department's  
16 purchasing of cement for non-structural purposes  
17 that would require the cement to include a 5 to  
18 15, excuse me, 5 percent to 10 percent non-cement  
19 blend to address potential greenhouse gas or  
20 greenhouse issues.

21 So we will be, and that's scheduled for  
22 Assembly Transportation on January 14th. So we'll  
23 also be doing an analysis quickly to get that in  
24 your hands.

25 And those are the only items I have to

1 report right now.

2 COMMISSIONER BOYD: Madame Chair,  
3 Mr. Smith reminds me that there was a hearing last  
4 week. Monday of last week Senator Kehoe's  
5 committee, augmented by Assemblyman DeVore, held  
6 their hearing on nuclear energy in San Diego --  
7 nuclear energy in California the hearing was held  
8 in San Diego.

9 The Senator asked this agency to lead  
10 off the whole discussion and then sit at the table  
11 and make closing comments.

12 The Commission was treated kindly by  
13 all. I wouldn't say all of those who testified  
14 were treated equally kindly but it was an  
15 interesting presentation by many different folks  
16 on the subject.

17 And I think the work that has been done  
18 both in the 2005 and the 2007 IEPR processes was  
19 well documented, referenced and received  
20 appropriate amounts of notoriety. And I think I  
21 said IEPR so many times that I've had people  
22 coming back to me now mentioning it.

23 That fact and it's just all part of the  
24 campaign to get the Legislature to pay more  
25 attention to that document. So several of the

1 Legislators asked for copies of it again at the  
2 hearing and perhaps will pay more heed to  
3 recommendations made there even beyond the nuclear  
4 arena.

5 So in any event I thought it went quite  
6 well. And Barbara Byron did a great job of  
7 staffing this thing for me.

8 CHAIRPERSON PFANNENSTIEL: Thanks Jim.  
9 Commissioner Geesman.

10 COMMISSIONER GEESMAN: Mike, do the  
11 legislative responses to the fiscal emergency have  
12 to have a two-thirds majority?

13 MR. SMITH: I'm not sure. That's a  
14 question I don't know. I can find out and get  
15 back to you.

16 COMMISSIONER GEESMAN: Thanks.

17 CHAIRPERSON PFANNENSTIEL: Anything  
18 else? Public Adviser's Report.

19 MR. BARTSCH: Madame Chair and members,  
20 Nick Bartsch of the Public Adviser's Office. I  
21 don't have anything new for you at this time.  
22 Thank you.

23 CHAIRPERSON PFANNENSTIEL: Thank you.  
24 Further public comment? Let me just offer before  
25 we adjourn to our first executive session that

1 this may be Commissioner Geesman's last business  
2 meeting, maybe.

3 COMMISSIONER BYRON: We're not certain.

4 CHAIRPERSON PFANNENSTIEL: We're not  
5 certain exactly. There will be a business meeting  
6 January 2nd. And if history is any indicator I  
7 think that he will be here with us --

8 COMMISSIONER ROSENFELD: He'll be here.

9 CHAIRPERSON PFANNENSTIEL: -- on January  
10 2nd.

11 COMMISSIONER BOYD: We're betting on it.

12 CHAIRPERSON PFANNENSTIEL: But I want to  
13 just make sure that he understands that our not  
14 doing any ceremony today is just kind of in  
15 expectation that we'll get an opportunity again  
16 sometime. Commissioner Byron.

17 COMMISSIONER BYRON: Yes, but I'm  
18 concerned. I mean January 2nd, who knows what  
19 could happen between now and then. So and --

20 CHAIRPERSON PFANNENSTIEL: Do you have  
21 like a poem to read or something (laughter)?

22 COMMISSIONER BYRON: You know I  
23 actually, I actually do have some prose that I  
24 would like to read into the record. And this was  
25 triggered by the generosity, the seasonal

1 generosity that he exhibited today.

2 So I wrote this while Mr. Alvarez and  
3 Mr. Galati were speaking (laughter). It's very  
4 short.

5 To Commissioner Geesman, he's always  
6 well read. He adds to business meetings, they're  
7 never dead. But as the new year approaches I fear  
8 it with dread, because of JG's departure, we'll  
9 miss him, 'nuff said.

10 I hope you're back in January,  
11 Commissioner Geesman.

12 CHAIRPERSON PFANNENSTIEL: And then  
13 you'll add to this (laughter).

14 COMMISSIONER BYRON: No.

15 CHAIRPERSON PFANNENSTIEL: All right as  
16 I said at the outset, we will have a brief -- ah,  
17 Ms. Holmes has something to offer.

18 MS. HOLMES: I just want, just a  
19 housekeeping matter. I wanted to note that based  
20 on the information I had this morning, you're  
21 going into closed session not only for personnel  
22 matters as it notes in the agenda notice but also  
23 on pending litigation.

24 CHAIRPERSON PFANNENSTIEL: Yes I was  
25 just going to say that. That we're going into a

1 brief executive session on a litigation matter  
2 then we will take a break and then we will  
3 reconvene on a personnel matter at 12:45.

4 So litigation matter in my office right  
5 now. We'll be adjourned.

6 (Whereupon, at 11:58 a.m., the  
7 business meeting was adjourned.)

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## CERTIFICATE OF REPORTER

I, JOHN 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 2nd day of January, 2008.

  
\_\_\_\_\_  
JOHN COTA