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BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
Business Meeting)
_____)

ORIGINAL

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

WEDNESDAY, APRIL 11, 2007

10:02 A.M.

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

COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, Chairperson

Arthur H. Rosenfeld

James D. Boyd

Jeffrey D. Byron

STAFF and CONTRACTORS PRESENT

B.B. Blevins, Executive Director

William Chamberlain, Chief Counsel

Harriet Kallymeyn, Secretariat

John Kessler

Connie Bruins

Gene Strecker

Angela Gould

Mark Hutchinson

Panama Bartholomy

Brian Ellis

Michael Seaman

Rajesh Kapoor

John Byer

Adam Pan

Gerald Braun

PUBLIC ADVISER

Nicholas Bartsch

ALSO PRESENT

Gary Rubenstein
Sierra Research
on behalf of Inland Empire Energy Center

Susan Freedman
San Diego Association of Governments

Patrick Splitt
APP-Tech

Kevin Madison
James J. Hirsch & Associates

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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

2 10:02 a.m.

3 CHAIRPERSON PFANNENSTIEL: Good morning;
4 please join me in the Pledge of Allegiance.5 (Whereupon the Pledge of Allegiance was
6 recited in unison.)7 CHAIRPERSON PFANNENSTIEL: This is the
8 April 11th meeting of the California Energy
9 Commission. We have one change to the agenda;
10 item 11 has been taken off the agenda for today.11 Start with the consent calendar. Do we
12 have a motion for the consent --

13 VICE CHAIRPERSON BOYD: Move approval.

14 COMMISSIONER ROSENFELD: Second.

15 CHAIRPERSON PFANNENSTIEL: All in favor?

16 (Ayes.)

17 CHAIRPERSON PFANNENSTIEL: Consent
18 calendar is approved.19 Item number 2, possible approval of the
20 Executive Director's data adequacy recommendation
21 for the City of Victorville's application for
22 certification of Victorville 2 Hybrid Power
23 Project. Good morning.24 MR. KESSLER: Good morning, Chairman
25 Pfannenstiel, Vice Chairman Boyd, Commissioners.

1 I'm John Kessler, the Staff Project Manager for
2 the Victorville 2 Hybrid Power Project application
3 for certification.

4 The City of Victorville is proposing
5 this project in the City of Victorville, San
6 Bernardino County, approximately three miles north
7 of the High Desert project.

8 Victorville 2 would be an integrated
9 solar/thermal combined cycle facility.

10 Victorville 2 is proposed to be a baseload and
11 peaking plant consisting of two natural gas fired
12 combustion turbine generators rated 154 megawatts
13 each. One steam turbine generator rated at 260
14 megawatts. And a 250-acre solar mirror field
15 capable of providing up to 50 megawatts of the
16 steam turbine generator's output.

17 With the plant auxiliary loads of 13
18 megawatts, the net capacity and output of the
19 plant would be 563 megawatts.

20 The City of Victorville filed their AFC
21 on February 28th of 2007. If the project is
22 approved they plan to begin construction during
23 the summer of 2008, and begin commercial operation
24 in the summer of 2010.

25 Staff initially found six technical

1 areas that were data inadequate. Those included
2 air, land, traffic and transportation, visual,
3 water and transmission system engineering.

4 The City of Victorville provided us with
5 125 copies of a supplement to the AFC yesterday on
6 April 10th which remedied their data deficiencies.

7 Staff now recommends that the Committee
8 accept the Victorville 2 AFC as data adequate and
9 complete. If the Commission agrees with this data
10 adequacy recommendation we would recommend that
11 you consider appointment of a Committee.

12 I'd be happy to answer any questions you
13 might have.

14 CHAIRPERSON PFANNENSTIEL: Thank you.
15 Are there questions, Commissioners?

16 VICE CHAIRPERSON BOYD: Just a comment.
17 I'm glad the proponents met the data request of
18 the staff and moved this along. It's going to be
19 an intriguing project.

20 CHAIRPERSON PFANNENSTIEL: Then is there
21 a motion to approve the data adequacy
22 recommendation?

23 COMMISSIONER BYRON: I'll move the item.

24 VICE CHAIRPERSON BOYD: Second.

25 CHAIRPERSON PFANNENSTIEL: All in favor?

1 (Ayes.)

2 CHAIRPERSON PFANNENSTIEL: So it's been
3 found data adequate. The Committee assignment
4 that I would propose would be Commissioner Boyd as
5 the Presiding Commissioner, and myself as the
6 Second Commissioner.

7 Is there a motion for that Committee?

8 COMMISSIONER BYRON: I'll be glad to
9 move that item.

10 COMMISSIONER ROSENFELD: Second.

11 CHAIRPERSON PFANNENSTIEL: In favor?

12 (Ayes.)

13 CHAIRPERSON PFANNENSTIEL: So the
14 Committee is established.

15 Item 3, possible approval of petition by
16 Inland Empire Energy Center LLC to modify the
17 Inland Empire Energy Center project. Good
18 morning, Ms. Bruins.

19 MS. BRUINS: Good morning,
20 Commissioners. The Inland Empire Energy Center
21 project was certified December 17, 2003. It's
22 located in Riverside County; currently owned by
23 GE.

24 In June of 2005 the Commission approved
25 what we call the H system amendment which modified

1 the project to 2 GE 107H combined cycle systems,
2 and increased generation from 670 to 800
3 megawatts. Construction began in August of 2005;
4 and right now it's about 50 percent complete.

5 When the Commission approved the H
6 system amendment the air quality conditions of
7 certification were modified to accommodate the
8 larger turbines. However, to accommodate the
9 project owner's schedule, our approval occurred
10 before the District issued its final permit to
11 construct.

12 Language in the June 22, 2005 Commission
13 order stated that after the District's permit to
14 construct was issued, the air quality conditions
15 would likely have to be amended. This amendment
16 before you today will change the conditions such
17 that they are consistent with the Air District's
18 final permit to construct.

19 The details of the changes to the
20 conditions are included in the backup material for
21 anyone who is interested. Or I can summarize the
22 changes for you now. But since only air quality
23 technical experts will understand them, I, as a
24 courtesy, I'll skip over that part.

25 CHAIRPERSON PFANNENSTIEL: We appreciate

1 that, thank you.

2 MS. BRUINS: Our amendment process is a
3 public process. The petition to amend was filed
4 on October 6, 2006, and docketed on October the
5 16th. The notice of receipt was mailed, docketed,
6 and posted on our webpage on November 15, 2006.

7 Staff's analysis was mailed to
8 interested parties, docketed and posted to the
9 Commission's website on March the 8th, 2007. To
10 date I have received no comments or questions.

11 Brewster Birdsall, our air quality
12 technical consultant, is on the telephone if there
13 are technical questions. Ken Cole, GE's Asset
14 Management Engineer, is in attendance if you have
15 questions for the project owner.

16 Staff recommends Commission approve
17 staff's proposed project modifications and the
18 associated revisions to the conditions of
19 certification because all of the changes fall
20 within the confines of 1769.

21 CHAIRPERSON PFANNENSTIEL: Thank you. I
22 just want to make sure that I'm clear, that even
23 though the construction is 50 percent complete,
24 these changes can be incorporated into the
25 construction schedule such that the project will

1 come online as anticipated?

2 MS. BRUINS: Yes, exactly. The
3 conditions really only will take effect once the
4 project is in operation for the most part.

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

7 VICE CHAIRPERSON BOYD: I'm just
8 wondering if the project proponent would like to
9 say anything, rather than just being here? You
10 don't? All right. No questions.

11 COMMISSIONER BYRON: I have a question.

12 VICE CHAIRPERSON BOYD: Being somewhat
13 an air quality expert, nonetheless, --

14 CHAIRPERSON PFANNENSTIEL: Commissioner
15 Byron.

16 VICE CHAIRPERSON BOYD: -- I'll endure
17 the fact that nobody else could understand it.
18 I'm not sure that's true, Connie.

19 COMMISSIONER BYRON: Yeah, my question
20 is for the applicant. Do you have any difficulty
21 or problems in complying with the amended
22 conditions?

23 CHAIRPERSON PFANNENSTIEL: Perhaps the
24 applicant should come to a mike. Thank you.

25 MR. RUBENSTEIN: Gary Rubenstein from

1 Sierra Research on behalf of the petitioner,
2 Inland Empire Energy Center.

3 No, the applicant has no problem
4 complying with the conditions as proposed by the
5 staff.

6 CHAIRPERSON PFANNENSTIEL: Thank you.

7 COMMISSIONER BYRON: Thank you.

8 CHAIRPERSON PFANNENSTIEL: Further
9 questions? Is there a motion?

10 COMMISSIONER BYRON: Madam Chair, we
11 reviewed this in the Siting Committee and I'll
12 move the item.

13 VICE CHAIRPERSON BOYD: I'll second.

14 CHAIRPERSON PFANNENSTIEL: All in favor?

15 (Ayes.)

16 CHAIRPERSON PFANNENSTIEL: It's been
17 approved, thank you.

18 VICE CHAIRPERSON BOYD: Thank you.

19 MS. BRUINS: Thank you.

20 CHAIRPERSON PFANNENSTIEL: Item 4,
21 possible approval of Information Technology
22 Services purchase order 06.433.00.012 for \$173,500
23 with Robert Cenzer Consulting to analyze the
24 October 2006 and April 2007 vehicle registration
25 databases from the Department of Motor Vehicles to

1 support Energy Commission transportation
2 activities. Good morning.

3 MS. STRECKER: Good morning,
4 Commissioners. I'm Gene Strecker with the fossil
5 fuels office. And I am seeking approval for this
6 contract to analyze the databases that we get from
7 the Department of Motor Vehicles.

8 This contract is to analyze the 2006
9 vehicle registration database. It's been an
10 ongoing project. I believe we were last here in
11 June 29, 2006, to seek approval for the 2005
12 database.

13 If you have any questions I'd be happy
14 to answer them.

15 CHAIRPERSON PFANNENSTIEL: And this is
16 done annually because we have the best information
17 and perhaps the only set of information to be able
18 to do this analysis?

19 MS. STRECKER: Yes, we do. We do this
20 every year. We must do this every year because
21 the vehicle population changes drastically from
22 year to year. And also the contents of the
23 database actually change. And we are the only
24 people doing it to this extent.

25 CHAIRPERSON PFANNENSTIEL: Thanks.

1 Questions?

2 VICE CHAIRPERSON BOYD: No questions. I
3 would just comment that this did come before the
4 Transportation Committee, which reviewed and
5 approved it. And you made the point I might have
6 made about this is a rather unique area of
7 expertise that the staff has provided over the
8 years. And a lot of other state agencies rely
9 upon this.

10 Unfortunately, we don't deal in the huge
11 amounts of money that the PIER program does. It's
12 just a piddling amount of money, but this
13 contractor and our staff have kind of cracked the
14 code and do a very good job of providing data to
15 lots of other agencies, particularly of late,
16 since this kind of data is so important to all the
17 work we do on vehicles and fuels. It's very
18 relevant to a lot of what's going on in this town
19 these days.

20 So, I'd move approval.

21 COMMISSIONER BYRON: And I'll second it.

22 CHAIRPERSON PFANNENSTIEL: All in favor?

23 (Ayes.)

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

1 MS. STRECKER: Thank you.

2 CHAIRPERSON PFANNENSTIEL: Item 5,
3 possible approval of adding \$40,000 to purchase
4 order 3-05-70-1605B with Personal Enterprises,
5 Incorporated, for a quality assurance
6 configuration management consultant to provide
7 continued services for the Western Renewable
8 Energy Generation Information System project.
9 Good morning.

10 MS. GOULD: Good morning. My name is
11 Angie Gould, and I am the WREGIS Assistant Program
12 Lead.

13 WREGIS is being established in response
14 to California legislation requiring the Energy
15 Commission to develop a system to track renewable
16 energy generation, to verify compliance with
17 California's renewable portfolio standard.

18 WREGIS will assist in verifying
19 compliance with renewable energy programs in the
20 western interconnect and help insure that
21 renewable energy output is counted only once.

22 This contract extension is for a quality
23 assurance and configuration management consultant,
24 or QACM, for the WREGIS project. The QACM
25 developed software test plans and acceptances

1 processes, insures that sound industry-proven
2 project management practices are employed
3 throughout the project, and identifies and
4 carefully manages any changes to the project.

5 And IT has a delegation of \$250,000 for
6 purchase orders. And even with the extension this
7 would fall below that. And they also have the
8 ability to extend the end date of a purchase
9 order.

10 We ask that the Energy Commission
11 approve the addition to this contract of \$40,000
12 and extension of the contract from July 2, 2007 to
13 October 31, 2007.

14 CHAIRPERSON PFANNENSTIEL: Thank you.
15 Is it common to use a purchase order format for
16 continuing operations ongoing kinds of projects?

17 MS. GOULD: I'm sorry, could you
18 rephrase that, please?

19 CHAIRPERSON PFANNENSTIEL: Is it a
20 normal practice to use a purchase order for this
21 kind of ongoing expense?

22 MS. GOULD: Frankly, I'm not entirely
23 sure.

24 CHAIRPERSON PFANNENSTIEL: Perhaps Mr.
25 Blevins can answer that one?

1 MS. GOULD: Thank you.

2 VICE CHAIRPERSON BOYD: Or Mark.

3 EXECUTIVE DIRECTOR BLEVINS: Yeah, I'm
4 going to hesitate on the use of the word common.
5 The use of the purchase order -- it's common to
6 use purchase orders for this purpose; the degree
7 to which they have an allocation of a certain
8 dollar amount and the ability to extend the
9 purchase order work in time to use some or all of
10 that money tells me that, in fact, you know, it's
11 an appropriate thing to do.

12 I'm assuming that the work that's being
13 described here has an end point. I mean this work
14 is getting stretched out a little bit over time,
15 but nonetheless, I believe we're going to reach a
16 point where the work is, in fact, completed. So
17 it's still one distinct piece of work.

18 CHAIRPERSON PFANNENSTIEL: I see. I did
19 not see an end point in the --

20 MR. HUTCHINSON: No, Mark Hutchinson
21 with the renewable energy office. This additional
22 \$40,000 in time is really going to be focused in
23 the next two and a half months to insure that we
24 can hit our go-live date, which right now is June
25 18th. And we want to stick to that date, so we

1 went ahead and asked for this additional time
2 through October in the event that there's any
3 loose ends to tie up work that we need to do.

4 But the major part of this work will
5 occur in the next two and a half months. And I
6 consider this part of the implementation, delivery
7 of the system, and not actual operations of the
8 system.

9 CHAIRPERSON PFANNENSTIEL: I see. Thank
10 you.

11 MR. HUTCHINSON: And, frankly, that same
12 scenario goes for the next item on the agenda, as
13 well. It's to get us --

14 CHAIRPERSON PFANNENSTIEL: I was going
15 to have the same questions for that, so, thank
16 you.

17 MR. HUTCHINSON: Yes. It's to get us to
18 go live.

19 CHAIRPERSON PFANNENSTIEL: Okay, thanks.
20 Further questions?

21 VICE CHAIRPERSON BOYD: I would just
22 comment that your figure 1 representation of the
23 WREGIS project organization implementation phase
24 is bureaucratically impressive. So, I --

25 CHAIRPERSON PFANNENSTIEL: Is that good?

1 (Laughter.)

2 VICE CHAIRPERSON BOYD: Well, being a
3 long-time bureaucrat, why, yes. Any event, this
4 does look like it's exotically and extremely
5 managed project. But the flip side is it's
6 incredibly important to this organization. And
7 really is setting a precedent for perhaps a lot of
8 other things to happen in the future, as well.

9 This could be a backbone for other
10 projects that are near and dear to the state's
11 heart. So, it's very important. I commend the
12 staff for getting to the QA phase of this.

13 CHAIRPERSON PFANNENSTIEL: Further
14 discussion? Is there a motion?

15 VICE CHAIRPERSON BOYD: I'll move
16 approval.

17 COMMISSIONER BYRON: I'll second.

18 CHAIRPERSON PFANNENSTIEL: All in favor?

19 (Ayes.)

20 CHAIRPERSON PFANNENSTIEL: It's been
21 approved.

22 MS. GOULD: Thank you.

23 CHAIRPERSON PFANNENSTIEL: Thank you.
24 Then item 6, possible approval of adding \$40,000
25 to purchase order 3-05-70-0399H for program

1 development project manager to provide continued
2 services for the Western Renewable Energy
3 Generation Information System project.

4 MS. GOULD: Okay, this contract
5 extension is for the program development project
6 management consultant, or PDPM, for the WREGIS
7 project. And the PDPM appropriately represents
8 and escalates any WREGIS program scope and
9 schedule issues, and also insures that the
10 policies that will govern the WREGIS program
11 administrative operations are developed,
12 documented and implemented before the system
13 becomes operational.

14 We ask that the Energy Commission
15 approve the addition to this contract of \$40,000,
16 and extension of the contract from April 30, 2007
17 to October 31, 2007.

18 CHAIRPERSON PFANNENSTIEL: Thank you.
19 Given the responses from our prior questions I
20 understand where this is, also.

21 Are there questions or is there a
22 discussion?

23 VICE CHAIRPERSON BOYD: Will ditto do
24 it? I don't think so, so I'll move approval.

25 COMMISSIONER BYRON: Second.

1 CHAIRPERSON PFANNENSTIEL: All in favor?

2 (Ayes.)

3 CHAIRPERSON PFANNENSTIEL: Thank you.

4 MS. GOULD: Thank you very much.

5 CHAIRPERSON PFANNENSTIEL: Item 7,
6 possible approval of contract 100-06-002 for
7 \$400,000 with San Diego Association of Governments
8 to develop analytical tools for coordinated land
9 use, energy, climate change and alternative fuels
10 research. Mr. Bartholomy, good morning.

11 MR. BARTHOLOMY: Good morning,
12 Commissioners. My name's Panama Bartholomy; I
13 work in the special projects office of the fuels
14 and transportation division. I'm currently
15 accepting hazard pay up in Commissioner
16 Pfannenstiel's Office.

17 I come to you today, I'm very excited to
18 ask for your approval of this contract. The
19 opportunity to work with a leader on integration
20 of energy and land use planning such as the San
21 Diego Association of Governments, or SANDAG, is an
22 excellent opportunity for the California Energy
23 Commission.

24 And while there are many objectives laid
25 out in the contract, I see there's two over-

1 arching goals to this contract. The initial one
2 is to help SANDAG update their regional energy
3 strategy to meet current state policies as
4 iterated in the Integrated Energy Policy Report
5 and the state's loading order.

6 But the project will also -- the second
7 goal -- it will also help us meet some of our
8 recommendations from the 2006 IEPR update where
9 the Energy Commission was directed to provide
10 tools, case studies and assistance to local
11 governments in helping better integrate energy and
12 climate considerations into their long-range
13 planning for transportation and other
14 infrastructure.

15 I ask for your approval. And also Susan
16 Freedman from SANDAG is up here to answer any
17 questions you may have. And we also have a
18 representative from San Diego Gas and Electric up
19 here to offer their support, as well.

20 Thank you very much.

21 CHAIRPERSON PFANNENSTIEL: Thank you. I
22 would just like to emphasize how important the
23 knowledge of energy implications of land use
24 decisions is to us all. I think that it was
25 raised in the last IEPR as something that we

1 should think about addressing. And then in this
2 IEPR we're moving a step further in being able to
3 address that.

4 We're finding it in the Climate Action
5 Team work where people are becoming more concerned
6 about the implications, the climate change
7 implications of land use patterns in California.

8 And we are realizing that the tools to
9 move on that, where we started developing the
10 tools here at the Energy Commission, I think
11 predating this latest concern, that we now
12 recognize the need for and the ability to develop
13 more tools.

14 I'm delighted that we've been able to
15 work with SANDAG on this project. And hope that
16 this is the beginning of a lot of other work that
17 goes on in California with regional governments,
18 regional participants.

19 Are there questions or discussion?

20 VICE CHAIRPERSON BOYD: Well, I'd like
21 to just join you in your delight for this project.
22 As you've indicated, this agency has, in the past,
23 referenced the importance of integrating various
24 activities in the energy field with activities
25 that are more the responsibility of local

1 government, such as land use planning and land use
2 transportation planning.

3 And having admitted to being a long-time
4 bureaucrat, this is something that I've been
5 familiar with for a long long time that just gets
6 ignored and brushed aside time and time again.

7 It was one of the three legs of the
8 transportation component of the IEPR last time
9 around, and a major component of the IEPR, itself,
10 that not a lot of attention gets paid to
11 unfortunately.

12 And I'm really enthused to see that
13 there's a lot of legislators in this new
14 Legislature talking about this issue. And that
15 while we've had lots of other drivers of policy in
16 this state for years, air quality, energy security
17 and what-have-you, combined with climate change it
18 appears to be really pushing the subject.

19 So I commend the staff; I commend
20 SANDAG; I commend all of those cogs, as we used to
21 call them, local MPOs or transportation planning
22 agencies, for beginning to move into this arena.
23 SANDAG's not the first, certainly hopefully not
24 the last.

25 So, again, this is a small step, not a

1 whole lot of money involved, but it is a step in
2 the right direction. And I'm certainly pleased to
3 see it.

4 So I'd be pleased to move approval.

5 CHAIRPERSON PFANNENSTIEL: Commissioner
6 Byron.

7 COMMISSIONER BYRON: Well, I understand
8 that a couple of representatives are here. I
9 didn't catch the last name from SANDAG. Susan. I
10 was wondering if she would care to make any
11 comments with regard to the project.

12 MR. BARTHOLOMY: Susan Freedman.

13 COMMISSIONER BYRON: Susan Freedman.
14 Don't mean to put you on the spot, Ms. Freedman.
15 It's just you came all the way up here.

16 MS. FREEDMAN: For the lovely weather.
17 My name is Susan Freedman and I'm the Senior
18 Regional Energy Planner with the San Diego
19 Association of Governments.

20 And I'm very pleased to be here today
21 and to move forward on this partnership. It has
22 been a huge focus of SANDAG, of course, is the
23 transportation planning and our land use planning.

24 We have had a regional energy strategy
25 developed for the last 20 years; every five to 15

1 years that happens.

2 And now we're really, we've committed to
3 focusing on how to connect those dots with energy
4 and our land use planning, energy and our
5 transportation planning. And I see this as a
6 mechanism that can help both the state and our
7 regional area with our local governments, meet
8 mutual energy-saving goals. So we're looking
9 forward to that.

10 CHAIRPERSON PFANNENSTIEL: Thank you,
11 Susan. I'd like to emphasize here that one of our
12 goals in doing this work is to work with the local
13 and regional governments rather than at cross-
14 purposes with them.

15 I think that there has been a concern
16 within the state about will the state be trying to
17 wrest jurisdictional authority from the local and
18 regional governments on land use and
19 transportation decisions.

20 And our intention, and I think this
21 demonstrates it, is to work with them to help them
22 develop the tools, to help them develop the
23 understanding; and given the fact that they have
24 the jurisdiction and should, have the local
25 authority, we can help them integrate what they're

1 doing with our needs.

2 So, with that, the item has been moved.

3 Second?

4 COMMISSIONER BYRON: And I'll second it.

5 But before I do I guess I'd like to also add that

6 I'm glad that Mr. Bartholomy will have another

7 project to manage. It'll keep him from darkening

8 my door all the time with these green building

9 initiatives --

10 (Laughter.)

11 COMMISSIONER BYRON: -- building

12 standards.

13 VICE CHAIRPERSON BOYD: Well, yes, and

14 he's the first Advisor to ever admit it publicly

15 that it's hazardous to work with us in our

16 offices.

17 COMMISSIONER BYRON: Yes. Quite

18 honestly, Panama, it's wonderful to have you on

19 the Commissioner row. We're glad to have you

20 there, and I just wanted to make it a little more

21 difficult for you today, that's all.

22 MR. BARTHOLOMY: I appreciate that,

23 Commissioner.

24 COMMISSIONER BYRON: You're welcome.

25 (Laughter.)

1 COMMISSIONER BYRON: I second the item.

2 CHAIRPERSON PFANNENSTIEL: All in favor?

3 (Ayes.)

4 CHAIRPERSON PFANNENSTIEL: It's
5 approved. Thank you, Panama.

6 MR. BARTHOLOMY: Thank you.

7 CHAIRPERSON PFANNENSTIEL: Item 8,
8 possible approval of contract 500-06-042 with
9 California Air Resources Board for \$50,000 for co-
10 sponsorship of the Haagen-Smit Symposium 2007
11 which will focus on climate change and its effect.
12 Good morning.

13 MR. ELLIS: Good morning, Commissioners.
14 My name's Brian Ellis; I'm from the PIER
15 environmental area.

16 I'm proposing a co-sponsorship of the
17 Air Resources Board's 2007 Haagen-Smit Symposium;
18 to be held May 15th through 17th this year. We're
19 proposing to use \$50,000 of PIER funds for this
20 co-sponsorship.

21 And as you're probably aware, the
22 symposium is an annual invitation-only conference
23 covering issues of high priority to the Air
24 Resources Board. This year it'll focus on global
25 climate change with an emphasis on looking at

1 long-term mitigation options, the path to our 2050
2 goals that the Governor has set, basically.

3 \$50,000 is the full amount requested by
4 ARB. Staff feels that due to the symposium size,
5 high profile and number of sponsors, -- other co-
6 sponsors include several air districts, the Cal-
7 EPA, the Hewlett Foundation, the Energy
8 Foundation, -- that this level of contribution is
9 appropriate.

10 Thank you.

11 CHAIRPERSON PFANNENSTIEL: Questions,
12 discussion? Commissioner Rosenfeld.

13 COMMISSIONER ROSENFELD: This, of
14 course, has come through the R&D Committee and
15 we're pleased to -- I'm pleased to move the item.

16 VICE CHAIRPERSON BOYD: Well, as last
17 year's recipient of the Haagen-Smit award I feel
18 compelled to second the motion.

19 But I may not be this generous next
20 year. So, in any event.

21 CHAIRPERSON PFANNENSTIEL: Further
22 discussion?

23 All in favor?

24 (Ayes.)

25 CHAIRPERSON PFANNENSTIEL: It's

1 approved; thank you.

2 MR. ELLIS: Thank you.

3 CHAIRPERSON PFANNENSTIEL: Item 9,
4 possible approval of contract 500-06-041 with the
5 U.S. Department of Energy, Lawrence Berkeley
6 National Laboratory, for \$500,000 to develop high-
7 performance building glazing and facade systems
8 for commercial construction. Good morning.

9 MR. SEAMAN: Good morning,
10 Commissioners. I'm Michael Seaman from the PIER
11 buildings program.

12 This proposed \$500,000 contract with
13 Lawrence Berkeley National Laboratory will enable
14 the PIER buildings program to capture potential
15 energy savings for more efficient commercial
16 building envelopes.

17 If the proposed contract is approved the
18 National Laboratory will conduct research
19 concerning high-performance glazing and facade
20 systems.

21 This contract will directly benefit
22 California. The work supports the loading order
23 of efficiency, the Governor's executive orders to
24 reduce overall electrical consumption, and promote
25 green buildings, and the 2005 Integrated Energy

1 Policy Report, by developing high performance
2 building envelope solutions intended to inform
3 possible future changes to Title 24; and to assist
4 utilities with their emerging technologies
5 programs.

6 The contract provides continuity from
7 PIER's earlier investments in building envelope
8 research by developing, demonstrating and
9 providing design tools for glazing and facade
10 systems in partnership with manufacturers to
11 improve product performance and deliver market-
12 based solutions.

13 The technologies to be fostered by the
14 research could reduce buildings related cooling
15 energy use by 10 to 30 percent; reduce lighting
16 loads by 25 to 60 percent; and reduce summer peak
17 demand attributable to buildings by 20 to 50
18 percent.

19 The U.S. Department of Energy is
20 providing \$1.5 million towards this research. The
21 proposed contract has been approved by the RD&D
22 Committee. Staff requests that the Commission
23 approve the proposed contract. I'd be happy to
24 answer your questions.

25 CHAIRPERSON PFANNENSTIEL: Are there

1 questions?

2 COMMISSIONER ROSENFELD: The RD&D
3 Committee indeed supports this strongly and I move
4 the item.

5 VICE CHAIRPERSON BOYD: I'll second the
6 item.

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

9 CHAIRPERSON PFANNENSTIEL: Thank you.

10 Item 10, possible approval of PIER work
11 authorization MR066 under the UC Master Research
12 Agreement 500-02-004 with the Regents of the
13 University of California, Office of the President,
14 CIEE, for \$180,055 for blast freezer fan
15 modulation technology for refrigerated warehouses.
16 Good morning.

17 MR. KAPOOR: Good morning,
18 Commissioners. My name is Rajesh Kapoor and I am
19 member of PIER Staff in the energy research
20 office.

21 Staff requests your approval of this
22 work authorization with (inaudible) cold storage
23 under UC Master Research Agreement with CIEE.

24 This work authorization is one of the
25 two projects selected as result of competitive

1 solicitation issued in April 2006. This project
2 will be funded from PIER electric 05 funding.

3 California have about 246 refrigerated
4 warehouse. The total refrigeration load in these
5 warehouses is estimated about 120,000 tons. The
6 electrical power requirement estimated at 3
7 kilowatt per ton is about 360 megawatts. And the
8 total annual power consumption based on 5000 hours
9 per year is 1800 million kilowatt hours.

10 This sector is responsible for about 20
11 percent of the total electric energy consumption
12 of the food industry. Therefore, energy
13 conservation in the refrigerated warehouses can
14 produce significant benefits to the electrical
15 bills.

16 This project will develop the
17 methodology to use variable fan drives and new and
18 efficient control methods to modulate the blast
19 freezer fan speed with product temperature.

20 This project will be conducted in
21 (inaudible) cold storage refrigerated warehouses
22 located in Fresno. The new methodology is
23 expected to reduce the energy consumption of blast
24 freezing operation by 30 percent.

25 The potential savings by this new

1 technology is about 270 million kilowatt hours if
2 California's refrigerated warehouse uses this
3 technology.

4 The RD&D Policy Committee approved this
5 PIER-funded work authorization at its meeting on
6 October 17, 2006. Staff would request your
7 approval of this work authorization. I would be
8 happy to answer any questions that you may have.

9 CHAIRPERSON PFANNENSTIEL: Thank you.
10 Are there questions?

11 COMMISSIONER ROSENFELD: I move the
12 item. Anytime you can get another 30 percent
13 improvement in an industry --

14 COMMISSIONER BYRON: And I'll second --

15 COMMISSIONER ROSENFELD: -- to me.

16 COMMISSIONER BYRON: And I'll second the
17 item.

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

20 CHAIRPERSON PFANNENSTIEL: Thanks very
21 much.

22 MR. KAPOOR: Thank you.

23 CHAIRPERSON PFANNENSTIEL: Item 12,
24 possible approval of a \$749,013 grant to DE
25 Solutions for engine CHP emission control

1 technology. Good morning.

2 MR. BYER: Good morning, Commissioners.
3 I'm John Byer in the PIER environmentally
4 preferred advanced generation program.

5 This project was the top-scoring
6 proposal for a competitive solicitation funded by
7 2006 natural gas research dollars. The topic was
8 advanced generation combined heat and power
9 systems.

10 DE Solutions is a California company
11 that's working with two companies, Tecogen and
12 Blue Point Energy, which are developing packaged
13 combined heat and power systems.

14 The purpose of this project is to
15 conduct continuous monitoring and control of
16 emissions for the CHP systems so that they will be
17 able to comply with the 2007 Air Resources Board
18 regulations for distributed generation CHP
19 systems, and a proposed rulemaking by South Coast
20 Air District which will require continuous
21 monitoring of CHP systems.

22 Currently the technology for doing that
23 is very expensive. They're trying to adapt the
24 automotive emissions control systems, what we have
25 in our cars, for natural gas stationary engines.

1 The different characteristics of natural
2 gas versus burning gasoline does make some
3 differences. But they're trying to adapt this
4 technology because obviously it's very well
5 developed; and if they can find appropriate
6 sensors and control systems they intend to make it
7 much more cost effective than the existing systems
8 that are monitoring emissions on natural gas
9 stationary engines.

10 So that's the intent of this project.
11 In addition to the PIER funding here, there's
12 matched funding of \$371,000. Of that amount, half
13 of it's being provided by the participants in the
14 project. But the other half is being provided by
15 Southern California Gas Company. They're not
16 taking an active role in the project, but they're
17 so interested in the results, having systems that
18 will do this monitoring and control of the
19 engines, that they are contributing actually
20 \$156,000 in actual cash for the project, plus
21 30,000 in-kind funding.

22 If you have any questions I'd be glad to
23 answer them.

24 CHAIRPERSON PFANNENSTIEL: Thank you.
25 My only question, I think it's in here somewhere

1 but I couldn't find it easily, what is the timing
2 on this. When will we get the systems in place?

3 MR. BYER: This is a two-year project.
4 But Tecogen and Blue Point actually anticipate
5 starting to use some of the results of this
6 project within this calendar year, with continued
7 improvement as the project progresses.

8 CHAIRPERSON PFANNENSTIEL: Good.

9 COMMISSIONER BYRON: Madam Chair.

10 CHAIRPERSON PFANNENSTIEL: Commissioner
11 Byron.

12 COMMISSIONER BYRON: This seems to be a
13 well-formulated project and I think we always knew
14 that CEM was coming for the smaller units. And
15 I'm really pleased to see this project with the
16 cofunding, the way it's set up, and the efforts to
17 look at adapting lower cost CEM equipment. It
18 looks like an excellent project, and I only
19 learned about it in the last few days, but I'm
20 really pleased to see this.

21 MR. BYER: Thank you.

22 CHAIRPERSON PFANNENSTIEL: Further
23 discussion?

24 COMMISSIONER ROSENFELD: I move the
25 item.

1 COMMISSIONER BYRON: I'll second.

2 CHAIRPERSON PFANNENSTIEL: All in favor?

3 (Ayes.)

4 CHAIRPERSON PFANNENSTIEL: It's
5 approved.

6 MR. BYER: Thank you.

7 CHAIRPERSON PFANNENSTIEL: Thank you.

8 Item 13, possible approval of Net System Power
9 2006 as required by the power content disclosure
10 program.

11 MR. PAN: Good morning, Commissioners.
12 My name is Adam Pan from the electricity analysis
13 office.

14 This is an annual calculation for the
15 power source disclosure program. The net system
16 power mix is used by those utilities who do not
17 claim specific purchases in their power content to
18 customers.

19 The staff requests approval of this
20 report.

21 The calculation is performed first by
22 gathering power plants and the output of the power
23 plants we consider in California and sort them by
24 the resource types. Then we take the net flows of
25 electricity into California reported by the

1 controllers and estimate the resource types that's
2 used to produce the imports.

3 We take the average shares of resources
4 for electricity production in northwest and
5 southwest, and use those shares to allocate the
6 imported electricity.

7 For example, we've northwest is 60
8 percent hydro in their electricity production.
9 Then we say the imported electricity from
10 northwest is 60 percent hydro. We add the
11 instate's generation and imports by resource types
12 and call this the gross system power mix.

13 The gross system power mix is a picture
14 of the overall picture of the electricity
15 production by resource types for the California.
16 And in this gross system power the renewable
17 generation has been fairly stable this year; it's
18 near 11 percent.

19 Then we take claims of specific
20 purchases from utilities. Utilities have the
21 choice to report or not. By now most utilities do
22 choose to report their generation and purchases,
23 specifically by resource types. And their generic
24 purchases and some smaller utilities who do not
25 report their purchases, and the generation by

1 resource types.

2 Excuse me -- anyway, and we sum up the
3 utilities' claims of specific purchases and
4 subtract them from the gross system power mix; and
5 also subtract from the gross system power mix the
6 self generation. The remaining residual power
7 mix, we call that the net system power.

8 And currently the net system power, the
9 residual is only 25 percent of the gross system
10 power.

11 And I'm ready to answer questions.

12 VICE CHAIRPERSON BOYD: Madam Chair.

13 CHAIRPERSON PFANNENSTIEL: Yes,
14 Commissioner Boyd.

15 VICE CHAIRPERSON BOYD: I don't know if
16 this is really a question directed to Mr. Pan or
17 Mr. Blevins, or someone else in the staff, but
18 I've sat here now for a number of years watching
19 us push this rock up the hill in terms of getting
20 a really accurate net systems power analysis in
21 order to inform the public.

22 And as Mr. Pan appropriately said, you
23 know, we have to rely on claims, we have to rely
24 on some people to volunteer, i.e., they don't have
25 to report. And we've tried legislative resolution

1 of this issue.

2 I'm just wondering are we any closer?
3 I've stepped off of the Committee that had
4 jurisdiction over this subject some time ago.
5 But, having once been educated on this, I'll never
6 forget the subject until we get it resolved.

7 CHAIRPERSON PFANNENSTIEL: Mr. Blevins,
8 do you want to address this?

9 VICE CHAIRPERSON BOYD: Sorry, B.B.

10 EXECUTIVE DIRECTOR BLEVINS: Well, it's
11 just that this isn't one of my favorite items,
12 either. You know, the direct answer to your
13 question is we're still looking for avenues to
14 make this report, I'll just say, more related to
15 the real world in some cases.

16 There are, you know, we have a process
17 here that's dictated, and we're becoming more
18 familiar and more sophisticated with specifically
19 how much generation is coming from what sources,
20 and their use in California.

21 All I can really say in response is that
22 we're continuing to look for opportunities to true
23 this up. And I would love to sit here and give you
24 a timeline, but as you know, it's something that,
25 you know, you look for your moment on.

1 VICE CHAIRPERSON BOYD: I've just been
2 wondering if, you know, the forcing function of
3 climate change and all the legislation related
4 thereto in this arena might not bring more people
5 to the table in terms of reporting data
6 voluntarily or otherwise. And whether you see
7 this as maybe bringing us a little closer to
8 resolving this or not.

9 EXECUTIVE DIRECTOR BLEVINS: Well,
10 certainly the otherwise part of your statement, I
11 think, in terms of what may be required ultimately
12 with regard to reporting by load-serving entities
13 is something that may, over a short period of time
14 here, raise questions about, you know, the
15 ultimate process that we go here on the net system
16 power report.

17 VICE CHAIRPERSON BOYD: Thank you.

18 COMMISSIONER BYRON: It never ceases to
19 amaze me all the legislative mandates this agency
20 has to fulfill. And this, I understand, is
21 another one of those.

22 And it also seems as though it's one of
23 those things where we don't have sufficient
24 information and perhaps a widely accepted
25 methodology on how we calculate this.

1 I was reading this a second time the
2 other night, and I just wonder, are we implying a
3 certain level of accuracy with our three
4 significant digits in the results of the report?
5 I mean maybe that would be one way that we could
6 help clarify the level of accuracy associated with
7 this calculation.

8 But then, on the other hand, and I may -
9 - I'm referring to table 3 -- I may not have this
10 correct. But I believe nuclear, the net system
11 power, should reduce out to a zero percent. And
12 we're at .4, which is pretty close, which might
13 imply that the method, at least for that
14 particular source, is accurate.

15 So, it's not really a question, but
16 perhaps you'd want to comment on that, Mr. Pan.

17 MR. PAN: Sure, Commissioner. On your
18 first question, we are keeping the numbers to this
19 last digit, not because we have the data in such
20 accuracy. Rather, it's forced by the methodology
21 that -- because the net system power is a residual
22 mix of resource types, when you subtract large
23 numbers, although they are rough, you end up with
24 small numbers. If you try to round them up to
25 thousands of gigawatt hours you may end up with

1 zeroes in many of those smaller shares of resource
2 types.

3 To your second question, actually
4 nuclear is one resource type where data is very
5 accurate because there are only two nuclear plants
6 in California, and the one in the southwest that
7 we do our estimates. There's maybe one more
8 generating in the northwest.

9 So, the reporting of the two power
10 plants has no question under the estimate of the
11 nuclear shares from the imports. It's also less
12 of a problem compared to others.

13 My guess is there may be one or two
14 smaller resale cities who have small shares in one
15 or two of the nuclear plants who hasn't claimed
16 their specific purchases.

17 COMMISSIONER BYRON: Mr. Blevins, did
18 you want to add anything?

19 EXECUTIVE DIRECTOR BLEVINS: I would
20 just add that I believe you're correct, that
21 taking something to three digits beyond a decimal
22 point implies accuracy. And leave it at that.

23 CHAIRPERSON PFANNENSTIEL: I guess I
24 would urge that we try to pursue some kind of
25 legislative relief, if you will, from this report.

1 I think that it not only consumes staff resources
2 in order to do it accurately per the legislation,
3 but it also gives, in my view, misleading
4 information to the public, where it is, at best,
5 confusing, and at worst, sort of dangerous to get
6 information out there that you have two different
7 tables that are very different in their result.
8 And they're both accurate for what they represent.

9 But it's a hard story to get out there,
10 and I think if the Energy Commission is going to
11 be looked at as we are, as a credible source of
12 information, I think our information should be as
13 clean and as unambiguous as possible. And meeting
14 this legislative requirement, I think, puts us in
15 a difficult situation.

16 So, I know that Mike Smith has been
17 pursuing some relief on this, and I think we need
18 to urge that that continue.

19 However, what we have before us is the
20 current draft, staff-proposed version for 2006.
21 It appears to meet the legislative requirement for
22 2006. Is there further discussion or is there a
23 motion?

24 COMMISSIONER BYRON: Madam Chair, the
25 Electricity Committee reviewed and approved this.

1 And I believe it needs to be out by the end of
2 this month. So, I move the item.

3 VICE CHAIRPERSON BOYD: I'll reluctantly
4 second the item, and suggest that at this time
5 next year we might talk about, if we are no
6 further along the path, talk about considering not
7 doing this because it undermines our credibility
8 if we fail again, as we have year after year, to
9 get legislative relief.

10 But, anyway, I will second the item --

11 CHAIRPERSON PFANNENSTIEL: Moved and
12 seconded.

13 All in favor?

14 (Ayes.)

15 CHAIRPERSON PFANNENSTIEL: Thank you.

16 MR. PAN: Thank you, Commissioners.

17 COMMISSIONER BYRON: Thank you.

18 CHAIRPERSON PFANNENSTIEL: Item 14,
19 possible approval of three projects totaling
20 \$2,987,822 with the PIER renewables program
21 biofuels research, development and demonstration
22 grant solicitation.

23 Why don't we hear about them all, and
24 then we'll read into the record the specifics.

25 MR. BRAUN: Good morning, Commissioners.

1 I'm Jerry Braun, renewables team lead with the
2 PIER energy generation research program.

3 And as you said, I'm here to recommend
4 approval of the resolution that funds three
5 biofuels research, development and demonstration
6 projects.

7 The chronology of these projects is that
8 at the end of October last year a grant
9 solicitation and application package was issued
10 with \$3 million funding available from PIER. And
11 the aim was biofuel energy technologies and
12 biorefineries, with the goal of producing
13 transportation fuels and co-products of heat,
14 electricity and other biobased products.

15 The categories of feedstocks that were
16 addressed were lignocellulosic biomass from
17 agriculture, forestry and municipal waste streams
18 including food processing waste and energy crops.

19 The response to the solicitation was 19
20 proposals totaling \$17 million of requested PIER
21 funds, and \$30 million of matching funds.

22 One of the 19 proposals was screened out
23 administratively, and 18 proposals were reviewed
24 and evaluated; scored according to the package
25 criteria.

1 March 2nd the RD&D Committee approved a
2 notice of proposed awards and the NOPA was posted
3 on the Commission website on the 14th of March.

4 So the recommendation is for up to
5 \$2,997,000 for the three projects. And
6 coincidentally they each are budgeted at \$996,000
7 roughly. And the matching funds also total \$3
8 million roughly.

9 Very briefly, the first project, the
10 proposers are a team of Metcalf & Eddy, an
11 engineering firm, and the San Francisco Public
12 Utilities Commission. The feedstock is trap
13 grease, which is basically collected at food
14 processing sites and separated from waste water;
15 and then disposed of either at wastewater
16 facilities or landfills.

17 The product intended is biodiesel that
18 meets standards, including CARB standards, with a
19 coproduct target of biogas that can be used for
20 process heat or electricity generation.

21 The location of the project is the
22 Oceanside Wastewater Treatment Plant. And
23 basically the objective is -- the technical
24 objective is to demonstrate that you can locate a
25 portable skid-mounted system for conversion of

1 this feedstock at a publicly-owned treatment
2 works.

3 And so the objective commercially is to
4 get this technology, once it's demonstrated,
5 adopted at the roughly 300 publicly-owned
6 treatment works in California.

7 The second proposal is, the lead is
8 Renewable Energy Institute International. The
9 feedstock is basically agricultural waste, or
10 that's the target. The product target is ethanol,
11 with coproducts of electricity and heat.

12 This is not a demonstration project, but
13 rather a technology development project. The work
14 will be done at the manufacturing development
15 center at McClellan Park in Sacramento. And the
16 focus will be to improve the technology, validate
17 the technology to convert syngas from biomass,
18 which is different from syngas from natural gas,
19 in terms of its constituents. To convert it for
20 processing into ethanol.

21 And then the next step beyond the PIER-
22 funded project would be a full-scale pyrolysis
23 steam reforming bioconversion system for the City
24 of Gridley.

25 And the last project, the lead is

1 BlueFire Ethanol. The feedstocks are woodwaste
2 and greenwaste. the product is ethanol. And the
3 coproducts, in a sense, are -- this technology
4 wants to be located at a landfill. And so the
5 partner indirectly in the project is Waste
6 Management, which operates many landfills in the
7 state. And the power and heat from landfill gas
8 will be used in the process.

9 So the technical objective here is
10 actually in support of a project that is a large
11 demonstration project, a \$40 million DOE-funded
12 demonstration project, or at least there's \$40
13 million of DOE funds committed to it, that would
14 be based at a southern California landfill.

15 The PIER project would be basically
16 aiming to optimize material selection in the
17 process and components, and lower the risk of the
18 demonstration project.

19 The policy and benefits discussion,
20 basically the goal is to advance the science and
21 technology of biofuels technologies for production
22 and transportation fuels, in this case ethanol and
23 biodiesel.

24 And the basic policy driver is the
25 Governor's executive order S-0606, as well as the

1 Bioenergy Action Plan and AB-32. And, of course,
2 this work is aligned with several other Commission
3 policy documents and other direction from the
4 Legislature.

5 I'll take any questions.

6 CHAIRPERSON PFANNENSTIEL: Thank you.
7 Are there general questions about the project, or
8 about either any of the specific elements?

9 VICE CHAIRPERSON BOYD: I would note,
10 Madam Chair, that on the BlueFire item, as
11 indicated, DOE has made a very healthy grant to
12 this project. And this agency went on record as
13 recommending the State of California support this
14 project at the DOE, which we did. And we're very
15 pleased to see that it was selected for one of the
16 very substantial DOE grants. So I think that's a
17 very positive step.

18 And just as indicated, these projects
19 are totally consistent with the Bioenergy Action
20 Plan and the Governor's executive order, and
21 therefore consistent with where this agency has
22 been headed as it chairs the Governor's bioenergy
23 working group.

24 So I'm very pleased to see that these
25 projects are here, and that our Research and

1 Development Committee has recommended their
2 approval.

3 CHAIRPERSON PFANNENSTIEL: I believe we
4 should take them up individually for a vote.

5 14.a. Metcalf & Eddy and San Francisco
6 Public Utilities Commission, brown grease recovery
7 and biofuel production demonstration for \$995,991.
8 Is there a motion?

9 COMMISSIONER ROSENFELD: I move 14.a;
10 and I suspect that Commissioner Boyd would like to
11 second it.

12 VICE CHAIRPERSON BOYD: I'll be glad to
13 second it.

14 CHAIRPERSON PFANNENSTIEL: In favor?
15 (Ayes.)

16 CHAIRPERSON PFANNENSTIEL: 14.b,
17 Renewable Energy Institute International
18 demonstration of an integrated biofuels and energy
19 production system for \$996,093. Is there a
20 motion?

21 COMMISSIONER ROSENFELD: The 900,000 is
22 getting to be sort of familiar. I move 14.b.

23 VICE CHAIRPERSON BOYD: Second.

24 CHAIRPERSON PFANNENSTIEL: All in favor?
25 (Ayes.)

1 CHAIRPERSON PFANNENSTIEL: 14.c.
2 BlueFire Ethanol; California lignocellulosic -- I
3 know I could do that -- biorefinery project
4 \$995,938.

5 COMMISSIONER ROSENFELD: I move 14.c.

6 VICE CHAIRPERSON BOYD: Second.

7 CHAIRPERSON PFANNENSTIEL: In favor?

8 (Ayes.)

9 CHAIRPERSON PFANNENSTIEL: They've all
10 been approved; thank you.

11 VICE CHAIRPERSON BOYD: Very good.

12 CHAIRPERSON PFANNENSTIEL: Item 15,
13 possible approval of contract 140-06-002 for
14 \$90,000 with Sidley Austin, LLP, to provide bond
15 and tax legal assistance for Energy Conservation
16 Assistance Account bond-funded loans. Mr.
17 Chamberlain.

18 MR. CHAMBERLAIN: Thank you, Madam
19 Chairman. Liz Flores is out on leave today, but
20 because this matter was considered to be somewhat
21 time-urgent, you're getting the second team today
22 on this one.

23 As the Commission is aware, the
24 Commission has issued two bonds to extend the
25 effectiveness of the Energy Conservation

1 Assistance Account program. And as a consequence
2 we have become necessarily enmeshed in a very
3 technical area of the federal tax law.

4 In order to do this successfully we have
5 known all along that we needed specialized legal
6 counsel, and Sidley Austin has been our counsel up
7 until March 31st when that first contract expired.

8 This is a follow-on contract to allow
9 them to continue to provide us tax interpretations
10 and opinions related to the tax exempt nature of
11 the program, the nature of our investments from
12 the proceeds of the bonds, the assistance with an
13 IRS audit that's ongoing right now, and our first
14 tax filing for the 2003 A Bond issue, which will
15 occur in April 2008. This is a three-year
16 contract for ongoing services.

17 And Jane Heinz is here, I believe,
18 should you have any detailed questions about the
19 program.

20 CHAIRPERSON PFANNENSTIEL: Thank you.

21 Are there questions?

22 Is there a motion?

23 COMMISSIONER ROSENFELD: The Efficiency
24 Committee has heard this. I move the item.

25 COMMISSIONER BYRON: And I'll second it.

1 CHAIRPERSON PFANNENSTIEL: All in favor?

2 (Ayes.)

3 CHAIRPERSON PFANNENSTIEL: Thank you,
4 it's been approved.

5 Approval of the minutes of March 28,
6 2007. Harriet, do we here have a quorum of those
7 who were in attendance? I was not, so I abstain
8 from the -- we do not have a quorum. We'll put
9 that off.

10 Commission Committee presentations. Let
11 me just use this opportunity to note that I was,
12 for nearly two weeks, on a trip sponsored by the
13 California Climate Action Registry where we
14 visited Brussels, Bohn and London, to meet with
15 members of the European Union, the United Nations
16 and the U.K. Government on their climate
17 activities.

18 Included in the California delegation
19 were two cabinet secretaries, Linda Adams and Mike
20 Chrisman, as well as John Bohn from the PUC,
21 Catherine Witherspoon, Chuck Shulack from the ARB,
22 Dan Skopec, Eileen Tutt from CalEPA, three
23 utilities, four oil companies, two environmental
24 groups. It was a large delegation.

25 We learned a lot, I think too much for

1 me to attempt to report here. But I thought I'd
2 just give you a couple of the off-the-top-of-my-
3 head conclusions that I took away. And sort of
4 noting these as they have come to me.

5 But the first and most overwhelming
6 conclusion was that energy efficiency is first and
7 foremost. Hard to believe. A couple years ago,
8 when I was in Europe and we talked about energy
9 efficiency, it was sort of the poor stepchild of
10 what was going on. And now it is the first thing
11 everybody talks about everyplace.

12 And everybody is looking to California
13 on how did we succeed, and what did we do, and how
14 to get the interest and how to make that happen.

15 The second conclusion is that cap-and-
16 trade, and we were primarily looking at market
17 mechanisms, it was a major part of our trip, but
18 cap-and-trade on carbon works. The EU has made it
19 work, but with some issues. And they're still
20 working out the issues. And so we spent a lot of
21 time with them, talking about what those issues
22 are.

23 And I would tell you, that to me, at
24 least, the primary issue that I came away with was
25 that it only works pretty well in certain sectors

1 of the economy. In other sectors, important
2 sectors of the economy like agriculture, they
3 haven't really figured out how to make it work
4 there. So in some sectors they've made some good
5 progress.

6 And, in fact, the sector that they seem
7 to have worked on most extensively is the electric
8 utility sector. And their sense there, and they
9 were all very clear about it, is that the electric
10 utilities probably aren't going to go offshore.
11 They probably don't have very much competition
12 among them. Therefore, they can put tighter caps
13 on the electric utility sector. And presumably
14 requiring purchases of offsets; and presumably
15 requiring some increase in prices.

16 And it's more palatable, at least
17 politically there, than doing that to other
18 sector. So clearly, the electric utility people
19 were not enamored of that solution. But that's
20 largely what we heard.

21 We heard a lot about carbon
22 sequestration. And it seems that everybody
23 assumes that's going to happen. And they assume
24 it's going to happen because everybody recognized
25 that it's needed. There's an awful lot of coal

1 being burned in Europe for power generation. And
2 nobody seemed to think that that coal was going to
3 stop being burned, but that somehow the carbon's
4 going to get sequestered in an economic and
5 technically feasible way.

6 I didn't hear any resolution to how they
7 feel about nuclear power. Some countries in
8 Europe still are ideologically opposed to nuclear
9 power, and others are in favor of nuclear power.
10 And there's a big bunch that are kind of in the
11 middle. And so there's no E.U. resolution on that
12 at the moment.

13 A lot of talk about land use planning
14 and building plans, transportation systems and how
15 those are going to link. And a lot of interest in
16 what we might be doing or how we might be doing
17 it.

18 So, I guess, as a conclusion, they were
19 as interested in what we're doing as we were in
20 what they're doing. I talked with many people in
21 Europe who really believed that California is
22 really ahead of where they are in addressing
23 global warming.

24 We were over there, of course, because
25 on market mechanisms they're ahead of us. And so

1 we wanted to learn about how to make that work.

2 But they were impressed with what we're
3 doing in California. And, I think, we, if nothing
4 else, developed the beginnings of a pretty close
5 information exchange at least, and maybe something
6 more, maybe something closer than that in terms of
7 working together on trying to find these
8 solutions.

9 So, it was an interesting trip, a bit
10 grueling in some ways, in that, you know, there
11 was sort of a breakfast, lunch and dinner
12 scheduled with our hosts all the time. But we
13 were treated incredibly well by the hosts in each
14 one of these countries that we visited.

15 And, you know, we met with financial
16 people; we met with E.U. Commission people; we met
17 with the government people in several places.
18 Those who were effected, we spent a fair amount of
19 time with environmental groups there. So it was a
20 lot of information packed into a ten-day visit.

21 So, anyway, I'm available for anybody
22 here, Commissioners or Advisors or Staff, to talk
23 some more about this.

24 Are there further discussions,
25 Commissioner discussions?

1 COMMISSIONER ROSENFELD: I'd just like
2 to say I'm certainly interested in getting
3 together to discuss more of this.

4 CHAIRPERSON PFANNENSTIEL: Gladly.

5 COMMISSIONER ROSENFELD: And I guess I
6 will make one remark. You guys went over and
7 wanted to talk about cap-and-trade and cap-and-
8 trade -- but, of course, in Europe -- I'm a little
9 skeptical of -- cap-and-trade -- in Europe when
10 you think about European policy, \$3 gas and a
11 gallon gasoline tax is a tax, which seems to work
12 pretty well in some areas, too.

13 CHAIRPERSON PFANNENSTIEL: In some
14 areas. Commissioner Boyd.

15 VICE CHAIRPERSON BOYD: I, too, would be
16 interested in talking to you more about this,
17 since we both serve on the Climate Action Team.
18 But I was intrigued to hear your comments about
19 the interest in efficiency.

20 Quite a number of years ago I
21 represented California in a meeting in Europe
22 called the first ever, and perhaps -- well, not --
23 conference of the reducers. They had a second one
24 in Toronto a year or two later, and then decided
25 that was an awkward name. And instead we created

1 the so-called climate group that's headquartered
2 in London.

3 But California earned its way into this
4 meeting because of its electric efficiency
5 programs, which actually put us in pretty good
6 shape as a state, as compared to some nations and
7 countries.

8 And the meeting was a product of a
9 meeting in Washington that I almost think
10 serendipitously I ended up in with European
11 parliamentarians and our federal government, who
12 said thanks for bringing us over here, but we see
13 no reason to talk to the United States at all
14 based on your policy. Good-bye, we'd like to go
15 home. Thanks for the nice dinners and what-have-
16 you.

17 However, the sponsors of that meeting
18 had brought me and an eastern state representative
19 into the meeting. And we rose up and frankly
20 said, wait a minute, you've got to understand
21 politics in our democracy. And states do do
22 things and so on and so forth.

23 The net result was we put on
24 presentations about California's efficiency
25 program; the eastern states talked about their

1 interest in doing what California wanted. The
2 people decided to stay and talk.

3 And it led to this conference in Europe,
4 where, again, California's electric efficiency
5 programs and its air quality programs were
6 highlighted and led to the development of these
7 other organizations that have worked to facilitate
8 kind of an across-the-ocean liaison between the
9 United States' states and regions who were taking
10 action and other European nations. So, we've come
11 a long, long way. And it's encouraging to see
12 that.

13 Secondly, I would like to report on a
14 meeting I attended yesterday. I think earlier,
15 some time ago, I mentioned that I'd been asked to
16 be CoChair of the Western Governors Association
17 transportation and fuels for the future effort, in
18 response to a WGA, Western Governors Association,
19 resolution passed last year.

20 I and the Energy Secretary of Oklahoma -
21 - it's interesting they have an energy secretary
22 who has two deputies and a secretary, and that's
23 the entire organization -- but nonetheless, we co-
24 chair this group that is trying to fulfill the
25 aspirations of the resolution.

1 And we had a very lengthy meeting
2 yesterday in Denver getting organized and parsing
3 out all the work with regard to the various
4 components that make up transportation fuel.

5 But your reference to coal reminded me,
6 of course coal, and there are western states who
7 are very interested in coal, and we have to
8 recognize that as the basis of some states'
9 interest in this whole subject.

10 That ended up with a fairly lengthy
11 discussion of coal, of let's just say gasification
12 of coal for electricity, gasification that might
13 lead to coal-to-liquid-transportation fuels. And
14 therefore, you know, there was, we finally
15 convinced everybody you can't talk about that if
16 you don't talk about sequestration.

17 But there is this assumption on the part
18 of many people, as you said, that sequestration is
19 here and we just have to employ it. And, again,
20 many of us were forced to talk about all the
21 research that's still going on to ascertain
22 whether sequestration can work universally; or
23 whether it's limited in the geology of it and so
24 on and so forth.

25 So, I have noted at the federal level,

1 and in some of the states, there's just an
2 assumption that clean coal is just around the
3 corner, so to speak. And sequestration is the
4 answer. And so that is going to b a thorny issue
5 for western states to reach resolution of issues,
6 as well as, obviously, on the federal scene.

7 Last -- two other quick items. I wished
8 I'd brought this up under item number 14, where we
9 just approved all the bioenergy grants and what-
10 have-you. I meant to suggest that we give some
11 publicity to those; that we not be so stealthy
12 with what it is we do here.

13 And since these are consistent with the
14 work plan and this, that and the other, that
15 maybe, Mr. Blevins, these are worthy of some
16 mention, tying into the Governor's program, and in
17 our own programs, and what-have-you.

18 Lastly, there is an organization in
19 state service, a working group called the
20 Stationary Fuel Cell Collaborative, that is
21 chaired by the Air Resources Board. And I have
22 been our representative on that Collaborative
23 since it was created about four years ago.

24 Mainly, I think, because I was sitting
25 on the fuel cell partnership, the mobile source

1 application, since my arrival here. And because
2 Secretary Lloyd created the stationary group, he
3 called upon his old friend, Jim, and probably
4 Commissioner Rosenfeld, once in awhile, to assist
5 in this stationary collaborative.

6 Recently I discussed with Commissioner
7 Byron that it might be more logical that he be our
8 representative to that group. One, because of his
9 extreme interest in distributed generation, CHP,
10 along with others of us. Secondly, because he
11 does chair the Electricity Committee; and that's
12 the whole function of stationary fuel cells, heat
13 and power.

14 So, we discussed it. It's agreeable to
15 him; and I would like to suggest that it be done.
16 I think it's more logical than me missing half the
17 meetings that I've had to do due to transportation
18 or stationary issues. So I would like to make
19 that suggestion.

20 CHAIRPERSON PFANNENSTIEL: Thank you.

21 Any other Commission --

22 COMMISSIONER BYRON: Would you like --

23 CHAIRPERSON PFANNENSTIEL: Commissioner
24 Byron.

25 (Laughter.)

1 CHAIRPERSON PFANNENSTIEL: You want to
2 talk about that now?

3 COMMISSIONER BYRON: No. That's fine,
4 I'm in complete agreement with Commissioner Boyd
5 on that. And whatever steps are necessary to make
6 that change, I welcome.

7 I wanted to just add a little bit in
8 response to all the discussion about climate
9 change. There's a great deal of activity,
10 Commissioners, underway perhaps that doesn't see
11 much of the light of day in our public meetings.

12 We are working, the Electricity
13 Committee has been working on implementing
14 regulations for SB-1368, as you all know. And
15 that will be coming up in business meetings;
16 you'll see it twice, I believe, beginning April
17 25th.

18 And, in fact, Madam Chair, I look
19 forward to meeting with you later today to discuss
20 that, as well as our joint proceeding, which
21 begins tomorrow. The initial workshops begin
22 tomorrow. Our joint proceeding with the PUC on
23 implementing phase two of the greenhouse gas
24 reduction effort. And there will be a two-day
25 workshop Thursday and Friday, which I plan to

1 attend, and one next week. So there's a great
2 deal going on there, and I look forward to
3 coordinating with the Chairman on that, as we're
4 both on that ad hoc committee in conjunction with
5 the President of the PUC.

6 So there's a lot of activities going on,
7 and we'll probably need to have some additional
8 discussions around these topics in the next few
9 months.

10 CHAIRPERSON PFANNENSTIEL: Thank you,
11 all. Let's move on to the Chief Counsel's report.
12 Mr. Chamberlain.

13 MR. CHAMBERLAIN: Thank you, Madam
14 Chairman. Realizing that the program status
15 report for the legal office is probably not at the
16 top of your priority reading list every week, I
17 thought I would bring to your attention the one
18 this week, which included a URL to the Boalt Hall
19 energy -- let's see, it's at the Boalt Hall
20 California Center for Environmental Policy --
21 Environmental Law and Policy.

22 They had a fantastic discussion
23 yesterday of the Massachusetts versus EPA case,
24 and its implications for future litigation in the
25 climate change area. And in particular, its

1 implications for the roles of states in the
2 absence of federal leadership in this area.

3 In addition, Commissioner Byron and I
4 attended a Western Interstate Energy Board meeting
5 last week in which there was a great deal of
6 discussion of climate change.

7 And I'm going to forward to you a
8 PowerPoint presentation that we had from Kevin
9 Moran, the WGA lobbyist in Washington, relating to
10 current activities in Washington on this issue.
11 And the, sort of his take on the likelihood of
12 things happening, and some indication of what
13 bills are moving. So I'll be sending that to you.

14 CHAIRPERSON PFANNENSTIEL: Thank you.

15 COMMISSIONER BYRON: Madam Chair, if I
16 may, I forgot to mention that, as well. A whole
17 new set of acronyms to learn around the Western
18 Energy Interstate Board. But I think we're very
19 fortunate to have Mr. Chamberlain there, and his
20 continuity and involvement in that organization;
21 extremely helpful to the Energy Commission.

22 VICE CHAIRPERSON BOYD: I would also add
23 with regard to the reference to the Boalt Hall
24 presentation, our old, apparently mutual, friend,
25 the former Chief Deputy Attorney General who now

1 kind of runs that program, has tapped me, also, to
2 come down sometime in the near future and give a
3 lecture on actually transportation fuel issues.

4 So, I have a feeling they'll be reaching
5 out to this agency more and more in that arena.

6 MR. CHAMBERLAIN: I think so, and I
7 think it's worth noting that his first legal job
8 was here at the Energy Commission.

9 VICE CHAIRPERSON BOYD: He did remind me
10 of that.

11 CHAIRPERSON PFANNENSTIEL: Thanks.
12 Anything else, Bill?

13 MR. CHAMBERLAIN: No.

14 CHAIRPERSON PFANNENSTIEL: Executive
15 Director's report.

16 EXECUTIVE DIRECTOR BLEVINS: Thank you,
17 Madam Chairman. I just wanted to report that I
18 did appear before our Senate Budget Committee on
19 Monday with regard to our proposed budget for next
20 year.

21 The Commission has 19 budget change
22 proposals that have been brought forward by the
23 Administration. If I do my math here real quick,
24 15 of those have moved forward. There was -- we'd
25 asked for support in relation to the

1 implementation of SB-1, 4 PY. They chose to give
2 us 2 PY permanently, and then 2 PY limited term.
3 That certainly left the door open for us to come
4 back and demonstrate that those PY were going to
5 be needed on a permanent basis later.

6 With regard to implementing SB-1368,
7 they augmented our budget by another PY. With
8 regard to a proposal we had for the PIER
9 electricity program, they made a point, certainly
10 the chair of that budget subcommittee is adamant
11 about the need to act quickly on climate change,
12 Senator Lowenthal. And they actually doubled the
13 number of PY we requested in the context of that
14 budget change proposal. So, it went from 3 to 6.

15 The two Climate Action budget proposals
16 that we have in our package were put over. The
17 Senate next week is going to have a hearing on the
18 collective proposals by the Administration on that
19 topic.

20 And the Williamson settlement money and
21 the use of that money for restitutionary purposes
22 is clearly a policy issue that they're going to
23 keep open and have discussion about on an ongoing
24 basis until we probably get up right till the end
25 of the budget.

1 So, I guess in summation, the good news
2 is, if I did my math again correctly, we came out
3 three more than we started with. So, we'll see if
4 that prevails through the process.

5 Finally, Madam Chairman, Mr. Smith was
6 called into a meeting in the Legislature this
7 morning, so he will not be able to deliver a
8 report this morning.

9 CHAIRPERSON PFANNENSTIEL: Do you know
10 if he had any? If he had a report?

11 EXECUTIVE DIRECTOR BLEVINS: He probably
12 did.

13 CHAIRPERSON PFANNENSTIEL: He's busy,
14 but wondered whether --

15 EXECUTIVE DIRECTOR BLEVINS: Yeah.

16 CHAIRPERSON PFANNENSTIEL: Okay. Thank
17 you.

18 EXECUTIVE DIRECTOR BLEVINS: Okay.

19 CHAIRPERSON PFANNENSTIEL: Public
20 Adviser report.

21 MR. BARTSCH: Madam Chairman, Members,
22 Nick Bartsch for the Public Adviser's Office. We
23 do not have anything new to report, thank you.

24 CHAIRPERSON PFANNENSTIEL: Thank you.
25 We have two people who have asked to make public

1 comment this morning.

2 Patrick Splitt is first, from APP-Tech,
3 Incorporated.

4 MR. SPLITT: Good morning. I'm Pat
5 Splitt from APP-Tech. We're energy consultants.

6 I've been trying for -- and many others,
7 for over a year and a half to get some problems
8 that we perceive with the current energy code
9 fixed. And we've been having problems getting
10 anyone to really take it seriously.

11 So, I -- most people in this building
12 probably have seen this, but I wanted to bring
13 this report that I've sent to all of you already
14 here and officially entered into the record. And
15 request that it be considered, and the requests
16 that I've made in there be responded to.

17 Since you've all read it and I don't
18 have a lot of time, I won't go into all the
19 details, just review one or two things. One,
20 someone reading it just brought to my attention
21 that I didn't realize that it might sound like I'm
22 referring to the entire energy code in this
23 report. But, in fact, I'm only referring to the
24 administrative part of the code, part 1. I'm not
25 referring to the actual code, itself, at all. So

1 my comments are only with the administration of
2 the code and what's gone wrong there.

3 A couple of things we want is with
4 regard to the compliance programs, I'd like to see
5 those reviewed. Both for the methods that the ACM
6 is using, and also for the process that was used
7 in the last standards to approve programs.

8 As far as I know one vendor in
9 particular basically got a pass, and actually
10 didn't have to perform all the tests that were
11 required. And this vendor also was under contract
12 with the state to provide the state's program.
13 Somehow he couldn't get the state's program out
14 and approved by the Commission until six months
15 after the regulations went into effect. But his
16 program somehow did get into effect before the
17 standards.

18 So anyone like me that was required to
19 use these programs couldn't wait for six months
20 after the standards go into effect to get the
21 state program. So we were forced to use his
22 program. And I can't understand how, if the state
23 was paying him to provide your program, that you
24 would somehow give him a bye on that, but still
25 let him provide his program, which is basically

1 the same program.

2 And I believe he just used your money to
3 develop his program. And then other people, like
4 eQUEST, they've been trying for years to get their
5 program in, and keep getting put back and back and
6 back. And there's just something really wrong
7 here. There's something wrong.

8 So don't want to go into that anymore.
9 But I'd like to discuss this with some of the
10 staff from the Commissioners, because just meeting
11 with the staff that I've been meeting with, and in
12 fact we're going to have another meeting this
13 Friday, it just goes around and around in circles.
14 Nothing every happens. They go out agreeing that
15 something's going to happen, and nothing happens.
16 And there are things that have to happen.

17 So, one thing with the programs that I
18 had in my recommendation that has to be done in
19 this legislative session is that the requirements
20 in the Warren Alquist Act that these programs be
21 public domain has to be changed; has to be
22 deleted. So that has to be done.

23 And there happens to be a bill floating
24 around right now. It's AB-1560, introduced by
25 Jared Huffman. And its purpose is an act to amend

1 section 25402 of the Public Resources Code
2 relating to public resources. So that's exactly
3 the section I'm talking about, so it can be done.
4 All you have to do is agree with them that they
5 should make that change, or any other changes.
6 There are probably some more changes you should
7 make if you really want to. But there's a bill
8 already around, so it can be done.

9 One thing that we were going to be
10 talking about this Friday is there are serious
11 problems with the compliance forms. So we want to
12 get up some sort of a process to fix them now.

13 Also I want the work on the 2008
14 standards to be halted, suspended, until you look
15 back and see what the problems were that were
16 created in 2005 and figure out why they happened.
17 Because there are serious problems there.

18 And I think it's a process problem, that
19 the way that the standards were enacted almost
20 guaranteed that they'd fail, because it was
21 impossible for anybody, except a paid lobbyist, to
22 follow through with all these things and figure
23 out what was going on.

24 And it's the same process that's going
25 on now. So, I think you should do some review and

1 figure out, go back and figure out what was wrong.
2 I tried to get, and many others tried to get these
3 problems fixed before the standards went into
4 effect, and we were told at that time, well,
5 there's not enough time, we're rushed, we've got
6 to get through.

7 But here's what we'll do a couple months
8 after the standards go into effect; we'll have a
9 workshop and we'll do a cleanup workshop. And
10 people come in and we'll review the problems that
11 you have and take care of them. That workshop
12 never happened. We were promised that. And
13 that's what prevented me from showing up at the
14 adoption hearing to complain about stuff. Because
15 I was told it was in the books.

16 So you guys owe me, and a lot of people
17 in the state, that workshop. And I'm sure if you
18 had the workshop you'd find out what the problems
19 were.

20 Let's see, what else do I want to talk
21 about. The other thing is the staff is going to
22 come back and say we don't have any money for
23 this. Well, there's an RFP out right now for \$2.5
24 million. The major part of that RFP is to train
25 building officials on the current energy

1 standards.

2 Well, if you look through my report you
3 can see that there are serious flaws there. The
4 problems with the standards can't be addressed by
5 training.

6 An important part of the nonres
7 standards is that the building officials are
8 supposed to verify that the equipment is installed
9 correctly on installation certificates that have
10 never been generated. They do not exist. You
11 cannot possibly go out and train a building
12 official on how to review something that doesn't
13 exist. You have to fix the problems first.

14 It's a total boondoggle to spend that
15 money. So you can take at least a million dollars
16 out of that contract that would just get flushed
17 down the toilet. And now you've got a million
18 dollars sitting here in a pile and you have money
19 to take care of some of these problems right now.

20 So I would like to just somehow get this
21 going, and get some serious consideration of us.
22 I'm not an idiot. I've been here for over 25
23 years. I've gone through all these things. I
24 mean I've taken you to court before and won, I
25 mean if that's what we have to do. I know how to

1 do that. But I'm trying to keep things here in
2 the Commission and get it fixed.

3 So, I'd like to have some sort of
4 commitment that actually somebody's going to
5 actually consider these things, and maybe set up
6 some sort of -- I mean I'd like to see that
7 workshop. I mean, that was promised to us. I
8 mean --

9 CHAIRPERSON PFANNENSTIEL: Thank you,
10 Mr. Splitt. I'm glad that you are still talking
11 to staff. And I know that Mr. Blevins will make
12 sure that staff is both responsive and is willing
13 to take whatever actions are indicated. So, we
14 appreciate your coming to tell us this.

15 MR. SPLITT: Okay. And I'm not -- I'm
16 trying to get it fixed, so, thanks.

17 CHAIRPERSON PFANNENSTIEL: Thank you.

18 COMMISSIONER BYRON: Madam Chair.

19 CHAIRPERSON PFANNENSTIEL: Yes.

20 COMMISSIONER BYRON: Mr. Splitt, could
21 you just -- I'm not familiar with the company,
22 could you restate the name and address of the
23 company for me, and briefly what it does?

24 MR. SPLITT: Mine?

25 COMMISSIONER BYRON: Yes.

1 MR. SPLITT: My company. APP-Tech,
2 Incorporated. We're energy consultants in Santa
3 Cruz. I do energy compliance work, res and
4 nonres, design hydronic heating systems, a little
5 of this, a little of that. Been in business
6 pretty much since 1982.

7 COMMISSIONER BYRON: And in what
8 capacity are you representing that company?

9 MR. SPLITT: I am the company.

10 COMMISSIONER BYRON: Thank you. Thank
11 you, sir.

12 MR. SPLITT: I'm all of it.

13 CHAIRPERSON PFANNENSTIEL: Thank you,
14 Mr. Splitt.

15 And we also have Kevin Madison of James
16 H. Hirsch & Associates.

17 MR. MADISON: Thank you, Madam Chair and
18 the Commission. My name's Kevin Madison; I'm a
19 consultant engineer with James J. Hirsch &
20 Associates. On the consent calendar today you
21 approved our application to have eQUEST and
22 D2comply certified as ACMS for nonresidential
23 compliance.

24 I just have a few brief comments about
25 the Commission's process for developing the ACM

1 manual and approving programs. Keep in mind -- I
2 hope you'll keep in mind that these are intended
3 to help support the process and improve it over
4 time.

5 The first thing I would like to bring up
6 is this concept -- discuss a little bit the
7 concept of the public domain reference program
8 that the Commission maintains, and all
9 nonresidential programs must compare to that as
10 part of the certification process.

11 At this time the Commission's reference
12 program is a DOE-sponsored software package, but
13 it's not in the public domain. Any copyrights
14 that exist for that program are for privately
15 added portions developed by current members of the
16 JJH team, the James J. Hirsch team.

17 The Department of Energy does not
18 publish free-of-charge any of its source code.
19 This includes the Commission's reference program,
20 as well as USDOE's current program, EnergyPlus.

21 The JJH team publishes all of its
22 software free of charge on its website. This
23 includes all source code for its simulation
24 engines DOEII.2 and DOEII.1e, which can be
25 downloaded and examined by anyone.

1 While these programs are still not in
2 the public domain and cannot be freely
3 distributed, we believe the JJH policy for making
4 its source code available for review serves the
5 intent of a public domain program, while the U.S.
6 Department of Energy's policy does not.

7 In addition to the DOEII source code
8 being available, we also publish, free of charge,
9 the Title 24 alternative calculation methods
10 eQUEST and D2comply. And when the Commission
11 approved the last version of this program we
12 offered to staff also that they could distribute
13 this program free of charge to anyone. And that
14 offer still exists.

15 Regarding the development of the ACM
16 manual requirements, it is our understanding that
17 in the past the Commission has awarded sole source
18 contracts for development of compliance analysis
19 software, as well as for the investigation of
20 incorporating new standards requirements into the
21 ACM manual.

22 The last sole source contract of this
23 type was awarded at the July 13, 2005 general
24 business meeting. At that time the Commission
25 inquired about the necessity for sole source

1 contract, and why other contractors were not
2 considered.

3 And I'll grossly summarize from the
4 transcript, but staff summarized that the one
5 other possible provider did not yet have a viable
6 software product in the marketplace, and did also
7 not have the requisite experience in performing
8 the type of analysis the scope of work required.

9 I believe that the staff was referring
10 to the JJH team, but I'm not certain about that.

11 Well, given that our program has been
12 approved twice, and we have several of the
13 original DOEII developers on our team, we strongly
14 encourage the Commission and the staff to abandon
15 its policy of awarding the sole source contract
16 for software development. And we would welcome
17 the opportunity to compete for any of that work
18 that may come up in the future.

19 Regarding the approval of ACMs,
20 themselves, in our experience the application and
21 approval process for eQUEST and D2comply has been
22 more difficult than for other applicants.

23 In a letter from the Executive Director
24 to Jeff Hirsch, owner of J.J. Hirsch & Associates,
25 and myself, the Executive Director stated that one

1 reason for the long delay in reviewing our
2 application is that it was not received in 2005
3 when other applications were received.

4 The only two other ACMS approved for
5 nonresidential compliance are published by the
6 same company. That is the same company that
7 received the sole source contract over the past
8 three code cycles to develop the Commission's own
9 nonresidential compliance program.

10 We believe this contractual arrangement
11 not only enabled this developer to produce the
12 Commission's program prior to the effective date
13 of the standards, but also a second proprietary
14 version based on the same source code.

15 Additionally, this contractor, through
16 its sole source contract, is aware and even
17 responsible for development of many important ACM
18 manual requirements well before they are published
19 in draft and final versions of the ACM manual.

20 We, the JJH team, enjoy none of these
21 advantages in our development sequence. We have
22 to wait for the ACM manual to be approved by the
23 Commission. In parallel with these proceedings,
24 we try and secure funding for development of new
25 versions of the program, but we still must wait

1 for near-final versions of the ACM manual so that
2 we can accurately estimate development costs for
3 new versions of the program.

4 Once our funding is secured, we can then
5 begin developing the new capabilities, but that's
6 an eight- to 12-month process. Given all these
7 steps, we believe it's reasonable to submit an
8 application for an ACM a year after the standards
9 go into effect.

10 And one final thing related to our
11 recent application and review process for eQUEST
12 and DOEIIcomply, we discovered that the publisher
13 of the two previously approved programs was not
14 required to compare the results of the applicant
15 programs to those of the Commission's referenced
16 program.

17 We, the JJH team, invested nearly 300
18 hours of labor in developing these 170 reference
19 programs simulation files for this comparison.
20 The largest problem with this apparent oversight
21 is that the applicant presented -- the previous
22 applicant presented no proof that the ACMS perform
23 similarly to the reference program.

24 However, in addition, the additional
25 time that we had to put into developing these 170

1 files put us at a disadvantage. And we therefore,
2 in closing, request that staff endeavor to subject
3 all ACM manual applicants to the same level of
4 staff review and scrutiny.

5 Thank you very much for your time.

6 CHAIRPERSON PFANNENSTIEL: Thank you.

7 We appreciate your comments and we will certainly
8 make sure that we are cognizant of that as we go
9 forward.

10 Questions? Discussion?

11 Any further public comment to come
12 before us?

13 Hearing none, we'll be adjourned.

14 (Whereupon, at 11:40 a.m., the business
15 meeting was adjourned.)

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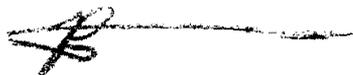
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CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Business Meeting; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, nor in any way interested in outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of April, 2007.



PETER PETTY