BUSINESS MEETING

BEFORE THE

CALIFORNIA ENERGY RESOURCES CONSERVATION

AND DEVELOPMENT COMMISSION

In the Matter of: )
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Business Meeting )
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1516 NINTH STREET

SACRAMENTO, CALIFORNIA

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John L. Geesman

James. D. Boyd

Jeffrey D. Byron

STAFF and CONTRACTORS PRESENT

Melissa Jones, Executive Director

William Chamberlain, Chief Counsel

Michael Smith, Legislative Director

Harriet Kallemeyn, Secretariat

Mazi Shirakh

Elaine Hebert

John Sugar

Rob Hudler

Fernando DeLeon

Claudia Chandler

Bill Pennington

Lynette Esternon-Green

Monica Rudman

Tav Commins

Betty Chrisman

Nancy Libonati

Cathy Turner

Martha Krebs

ALSO PRESENT

Joseph Somsel
americanthinker.com

Erik S. Emblem, Consultant
3E International
Sheet Metal and Air Conditioning Contractors
National Association
Sheet Metal Workers International Association with
the State of California

Roy MacBrayer
Department of General Services

Matthew Hargrove, Senior Vice President
California Business Properties Association

# I N D E X


| | | Page |
|---|---|---|
| Proceedings | | 1 |
| Items | | 1 |
| 1 | Consent Calendar | 1 |
| 2 | 2008 Building Energy Efficiency Standards | 1 |
| 3 | AB-2160 Report to the Green Action Team | 20 |
| 4 | City of Santa Barbara Building Efficiency Standards | 59 |
| 5 | Order Instituting Rulemaking for the Alternative and Renewable Fuel and Vehicle Technology Program | 61 |
| 6 | ProProse | 66 |
| 7 | TIAX, LLC | 69 |
| 8 | Digital Energy, Inc. | 73 |
| 9 | Hotel Nikko San Francisco (removed) | 1 |
| 10 | California Commissioning Collaborative | 75 |
| 11 | Setka, Inc. | 77 |
| 12 | State Water Project Contractors Authority (removed) | 1 |
| 13 | Purchase Order for PIMS Support | 81 |
| 14 | Public Sector Consultants, Inc. | 82 |
| 15 | Association of State Energy Research and Technology Transfer Institutions | 83 |
| 16 | Pneu-Logic Corporation (moved to 2/13) | 1 |
| 17 | Minutes | 87 |
| 18 | Commission Committee Presentations/ Discussion | 88 |
| 19 | Chief Counsel's Report | 93 |

# I N D E X


| | Page |
|---|---|
| Items - continued | |
| 20 Executive Director's Report | 94 |
| 21 Legislative Director's Report | 94 |
| 22 Public Adviser's Report | 97 |
| 23 Public Comment | 97 |
| Adjournment | 97 |
| Certificate of Reporter | 98 |

P R O C E E D I N G S

10:00 a.m.

CHAIRPERSON PFANNENSTIEL: This is the Energy Commission biweekly meeting. Please join me in the Pledge of Allegiance.

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

CHAIRPERSON PFANNENSTIEL: We have a couple of changes to the published agenda. Item 1.b. comes off of the consent calendar and Ms. Jones will discuss that in the Executive Director's report.

Item 9 is removed. Item 12 is removed. And item 16 is moved to the February 13th business meeting.

With that, do we have a motion for the consent calendar?

COMMISSIONER ROSENFELD: I move the consent calendar.

COMMISSIONER GEESMAN: Second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Consent calendar is approved.

Then item 2, the 2008 building energy

efficiency standards. And no action on this item will occur at this meeting, but it will be continued to allow notice and publication of the 15-day language that will change the original proposal. Morning, Mazi.

MR. SHIRAKH: Good morning, Commissioners. Mazi Shirakh; I'm the Project Manager for the 2008 standards. I have a short statement I'd like to read.

In November of 2007 the Commission published a notice of proposed action, or NOPA, and the 45-day language express terms which included all of 2008 standards documents. The NOPA included the dates of January 30, 2007 --

CHAIRPERSON PFANNENSTIEL: 2008.

MR. SHIRAKH: 2007, I'm sorry. For adoption of the 45-day --

COMMISSIONER ROSENFELD: 2008, Mazi.

CHAIRPERSON PFANNENSTIEL: Go ahead.

COMMISSIONER BOYD: You just can't get out 2007, Mazi. It is 2008, however.

The Energy Efficiency Committee held a hearing on December 17, 2007 -- I think I got that one right --

(Laughter.)

MR. SHIRAKH: -- to receive comments on the 45-day language. The Committee received substantial comments at the hearing, and then subsequent to the hearing, written comments to the staff and the Committee.

As a result of these comments the Committee has directed the staff to develop 45-day language for possible adoption by the Commission at a later date.

Staff anticipates several weeks to work with the commenters and various stakeholders to work through the issues, and then revise the 45-day language.

When the Committee decides to make further changes to the proposed regulation and release the 15-day language that action nullifies the dates specified in the NOPA for the adoption of the 45-day language.

Therefor, no decision on the 2008 standards is required from the Commission today. So with that I'd be happy to answer any questions.

CHAIRPERSON PFANNENSTIEL: Thank you, Mazi. I do have a couple blue cards, but first let me just affirm a couple points I think have been discussed.

One is the process that nothing is happening today because there will be a revision to the proposed building standards. And they'll go back out for review. And then we will consider them at some later time.

As I understand, there are a lot of changes that have been requested. And so we're considering those changes.

MR. SHIRAKH: Yeah, the staff has been working on many of the issues, and we're making progress. But there's still some work to do, so within the next few weeks (inaudible) will come back (inaudible) with the 15-day language recommendations.

CHAIRPERSON PFANNENSTIEL: And then the second point, which I think is also critical to say, is that the Committee has directed that the PCT discussion be removed from the 2008 standards. So that will not be considered when they're brought back to us.

MR. SHIRAKH: Correct. In fact, we've already reverted back to the 2005 language which required the set-back thermostats.

CHAIRPERSON PFANNENSTIEL: Thank you. Are there questions from the Commissioners? Yes,

Commissioner Geesman.

COMMISSIONER GEESMAN: Would the Committee contemplate workshops then when the staff has a new proposal? Or will that come straight back to the full Commission?

CHAIRPERSON PFANNENSTIEL: I believe there will be at least one public hearing before it comes back to the Commission.

Mr. Pennington.

MR. PENNINGTON: Excuse me. The normal process is to try to address all the comments to the satisfaction of the Committee and bring the proposal back as 15-day language for the full Commission to decide.

CHAIRPERSON PFANNENSTIEL: But, Bill, is it not the case that at that -- when it comes back to the Commission, that is, in fact, the public hearing?

MR. PENNINGTON: It is, that's correct.

CHAIRPERSON PFANNENSTIEL: It is an opportunity for people to speak?

MR. PENNINGTON: Absolutely.

CHAIRPERSON PFANNENSTIEL: I would also suggest that given the number and magnitude of the changes that have been requested, the Committee

may well consider an additional public hearing --

MR. PENNINGTON: Sure, that --

CHAIRPERSON PFANNENSTIEL: -- prior to coming back to the Commission.

MR. PENNINGTON: -- that would be the Commission's decision. Sure.

CHAIRPERSON PFANNENSTIEL: Thank you. Other questions before we go to blue cards?

Joseph Somsel from the americanthinker.com.

MR. SOMSEL: Yes, hello. My name's Joe Somsel and I wrote an article in the January 4th issue of the americanthinker.com where I had both praise for some of the energy savings suggestions in the code, and some criticisms.

Some of the proper uses of the building codes, I thought one good example was the one on the swimming pools. I thought that made a lot of sense as a building code and was a proper application.

But, of course, I was critical of the PCTs. Now, I think the fundamental issue that the PCTs raised was the state energy policy, which is now conservation first, as I understand it.

Sure sounds nice, you know, it's a nice

sound bite. It's very easy to support; very difficult to oppose. It seems very painless politically.

What if we citizens don't voluntarily meet our conservation quotas? What if we customers find good uses for the electricity at prices that we're willing to pay?

As we first saw with the federal legislation on banning incandescent light bulbs, and then later on with the PCT proposal, conservation first rapidly devolves into government coercion of the ratepayers, of the people who use electricity.

I think from the comments that I've seen on the blogs and heard on the talk radio and The New York Times and elsewhere, the public understands that state policies currently actually discourage investment in effective new generation.

We have a ban in the state on new coal plants and new nuclear plants. We also have an extraterritorial ban on coal plants outside the state for selling electricity back into the state.

According to your own website in 2007 the state added only 167 megawatts came online. Now that is 0.35 percent of the 2006 peak loads.

Admittedly 2007 was a bad year. But I think that trend reflects the fact that state policies actually discourage investment in new generation.

By my estimate we've spent -- somebody spent almost $4 billion on windpower. Now there was a study by an engineer from the Department of Energy who pointed out that during the heat wave in 2006 wind provided only 6 percent of its capacity. So essentially somebody spent $4 billion to not meet our peaks.

Another example of the discouragement of energy generation was, of course, the former Attorney General when he talked about Spike and giving free room and board as Spike's roommate in the state prisons. That probably didn't help much.

I think we all understand now that when the government warns of blackouts, what they really are saying is we will create shortages which are the prime cause of these blackouts. Of course, there are acts of God and certain operational failures. The blackouts will always be part of the electric grid.

But if the policies are creating shortages, and the government offers invasive

techniques and requirements to ameliorate those shortages, that's probably not the right kind of policy.

One thing I didn't see in the Title 24 was cost/benefit analysis. I went to the PUC and they have a docket for a proposal to exploit PCTs and other communicating port that was part of the standard inside of PCT.

That utility, a major utility in northern California, estimated a savings of just over $1 billion of the net present over 20 years. When they did the cost it came out to be just a little bit under $1 billion.

And if you take out the $150 million savings they estimates that would arise just from the ability to remotely disconnect customers who didn't pay their bills, it's really an economic wash.

And the worst part of that was the savings are in negawatts. Negawatts are an innovative idea that came up with Amory Lovins about 20 years ago, 30 years ago now, that really violate all basic accounting principles in terms of debits and credits; they're really funny money.

But that was the estimated savings to

offset the real hard dollars, the hard billion dollars that utility was going to spend on implementing demand response.

I think people understand that demand response really means that the government demands and the citizens respond. Now, that, ladies and gentlemen, is probably backwards around the way our system is supposed to work. That's probably why you received a number of hostile comments. And I apologize if that -- people got a little carried away on that. In my article I tried to be fair and technocratic about it, if you would.

I think we all understand in the state that there are business innovators and entrepreneurs out there who are ready, willing and able to build new generation in the state, or supply the state at least to meet our needs. People want to have their houses cool; people want to run their dryers when they do their laundry when it's appropriate for them in their personal lives to do so.

The question becomes, well, why can't our state government just stand aside and let the free enterprise system work.

Let me close with one little story from

the founding of the electric utility industry. Thomas Alva Edison faced this problem of peak demand and ability to meet customers' requirements for electricity.

This was on the very first electric utility in the country, which was the Pearl Street Station in New York City supplying Wall Street.

His first customer, his major investor was a guy named J.P. Morgan. Well, Edison had troubles expanding his system and meeting customer demands. And J.P. Morgan simply said, hey, we want electricity, you know; if you can't deliver it, here, go fix it, Tom.

Well, when Edison's system proved to be too limited, his direct current system, and unable to meet those demands, J.P. Morgan fired Edison.

So, if the government's going to be involved in the regulation of electric utilities and supply and demand for electricity in the state, I think the customers may take the attitude of J.P. Morgan.

Thank you very much.

CHAIRPERSON PFANNENSTIEL: Thank you, Mr. Somsel.

COMMISSIONER GEESMAN: Madam Chair.

CHAIRPERSON PFANNENSTIEL: Yes, Commissioner Geesman.

COMMISSIONER GEESMAN: I had a question for --

MR. SOMSEL: Yes.

COMMISSIONER GEESMAN: You sketch a fairly entertaining cartoon and you seem like a knowledgeable individual. I wonder if you're aware of the fact that this Commission has approved permits for projects summing to about 8500 megawatts that have never gone to construction. Projects that have met all the environmental, public health and safety requirements, and received the approval of this Commission, and they've not proceeded to construction.

MR. SOMSEL: Well, I wouldn't, you know, I certainly don't say the Energy Commission is responsible for all these issues. But the overall state policies that, of course, the Energy Commission is trying to apply here of conservation first, arrived at through the Legislature, does actually discourage investors in the state.

I know that from personal experience --

COMMISSIONER GEESMAN: Are you aware of

any power plant application that this Commission has denied in the last ten years?

MR. SOMSEL: No, I haven't, no.

COMMISSIONER GEESMAN: Thank you very much.

CHAIRPERSON PFANNENSTIEL: Thank you, Mr. Somsel.

Also Erik Emblem from SMACHA (sic).

MR. EMBLEM: Good morning, Madam Chairman, Commissioners. Appreciate the opportunity to speak to you today. I'm here, I'm with 3E International; I'm a private consultant; and I'm working for SMACNA, the Sheet Metal and Air Conditioning Contractors National Association, and their employees' union, the Sheet Metal Workers International Association with the State of California.

Just kind of give you a little background on them, because I don't think you've probably had them around here very much.

SMACNA represents 625 member contractors throughout the State of California; it employs 25,000 people in the state. On a national level they promulgate standards and guidelines for HVAC and duct systems in buildings, and energy

efficiency systems. They do duct system inspection guides, duct systems and design, indoor air quality guidelines for construction, building systems analysis and retrofit, HVAC air duct leakage, HVAC systems commissioning manuals, guidelines for roof-mounted air conditioner installations, residential comfort system installation manual, residential sheet metal guidelines.

That's just a few of their manuals that are recognized on a national level and are referenced in all the national codes.

So, they've been around a long time. The Sheet Metal Workers Union was chartered in 1888. And actually the local union located in San Francisco is older than their International that they belong to. It was actually chartered in 1875. So, been around a long time, working with the State of California in the building and construction industry.

Jointly they sponsor training programs throughout the state. These are apprentice and journeyman training programs; they have ten facilities. They contributed $30 million a year of industry funds to support these training

facilities. And currently they have 3000 students in class in a career-based training program to understand HVAC and building systems, as well as architectural metals and building sealing systems for energy retrofit.

They are major stakeholders in the construction industry in the State of California; and they're here today to talk to you about your 2008 energy code. And your card it's kind of distinguished, you're either going to be opposed or against or neutral. And I want to commend the Commission and the employees, because I think overall it's a good report. And overall there was a lot of hard work. I've worked on some of the working groups with Bill Pennington's office, and I'm going to tell you they do a lot of hard work and I commend them for that.

I'm here only in opposition to a couple pieces of that, so if you look at the entirety of the standard as it's been published, you know, that's just a mini piece of it.

One of our concerns is that on ventilation. The Air Resources Board submitted a comment letter on ventilation and recommended some changes that we generally support. And we sent a

letter to such, and I won't go through the boring thing of reading the whole letter.

But what our concern is is establishing some standards for assessing energy efficiency and ventilation in buildings. And in most of the other codes and standards, such as the MasterSpec through the American Institute of Architects. If you went to the U.S. Corps of Engineers, you went to the GSA, even OSHPOD in the State of California, they reference three testing agencies that do verifications of systems analysis.

And that's the American Associated Air Balance Council, the AABC, the National Environmental Balance Council, NEBB, and the Test and Adjusting Balancing Bureau, TABB. And these are private industry people that specialize in testing, adjusting, commissioning, retro-commissioning of building environmental systems.

And we think very strongly that they should be referenced throughout your code when it comes to evaluating or suggestions for evaluating or requirements that evaluations of building systems come about.

Currently within the code, through the home energy rating system, the HERS project, that

is referenced and it has jurisdiction. And I don't purport to be an expert on HERS and everything; I'm fairly familiar with it. But HERS rating can be required on systems from homes all the way up to 20 tons in size.

Now, 20 tons in size generally is not a residential system. Now in Monterey and La Jolla and some of the areas of the state there may be some 20-ton residential systems. But by and large those are light commercial and some commercial applications. And the HERS rating system, if you took and overlaid it to the TABB, NEBB and AABC system testing protocols they wouldn't even look the same. They wouldn't even be close.

And the reason is is the TABB, NEBB, AABC have been in existence for over 40 years combined. And they've established protocols and vetted them through various testing agencies and have been recognized by ANSI on how to test and evaluate building systems.

When I started I explained that SMACNA and the sheet metal workers, they sponsor training programs throughout the State of California through ten training facilities. And they train 3000 people currently in those programs.

Well, a big part of those programs is training individuals on how to do that, and apply those protocols and to evaluate the systems in buildings.

Now, we object to the HERS system at this point because if you went and you wanted to become a HERS rater in the State of California, basically the admittance application is a check. And if you have a check and you go in and you take a few-day course, you come out with a certification.

I can tell you that the certified TABB technicians, working with those three agencies throughout the State of California, they go through a five-year training program in which they're required to have minimum of 200 contact hours per year, 1000 contact hours in front of a contractor, coupled with 2000 contact hours in the field before they can even seek to be certified.

So, basically they go through and get what would be an equivalent of a bachelors degree to become a system evaluator for systems. And I will say that throughout the United States, California has more of them available than any other state in the Union, even proportionate to

its size. You have a tremendous amount of them because it's been a dedicated industry in the state.

So, if I leave here with too much information I don't want to do that, but what I want to do is just highly recommend that you consider, when you rewrite the code, or looking at putting some changes in the code, that we reference those agencies. And maybe for the time being that we reference them for any system outside of a residence as a required, or as an equal-to the HERS system. And that we consider or put a group together to study looking at them for doing applications in the residential field. And maybe helping them get some protocols that would be directly applicable to residences.

I feel that what they have now would fit. Obviously what they're doing deals with multistory buildings and huge applications. But a ventilation system is a ventilation system. And an energy system is an energy system. Basically the components are the same; it's just multiplied many times over in commercial buildings.

So, with that, I think that's it. I'd be happy to answer any questions. Appreciate it.

CHAIRPERSON PFANNENSTIEL: Thank you, Mr. Emblem. Your comments have been submitted in writing?

MR. EMBLEM: Yes, they have.

CHAIRPERSON PFANNENSTIEL: Thank you very much.

MR. SHIRAKH: We did receive SMACNA's comments in the last few days. I just read them for the first time yesterday. We still don't have, haven't had time to prepare a response, but we will.

CHAIRPERSON PFANNENSTIEL: Thank you so much.

MR. EMBLEM: Okay, thank you very much.

CHAIRPERSON PFANNENSTIEL: Anything else? So this item, then, has no action indicated recommended. So we will move on to the next. Thank you, Mazi.

Item 3, possible approval of the Energy Commission's report to the Governor's Green Action Team as directed by Assembly Bill 2160 on the state's financing and other project delivery mechanisms for energy and resource-efficient projects in the state's own buildings and on obstacles and incentives for green building

projects in the private commercial sector. Good morning.

MS. HEBERT: Good morning, Commissioners and audience members; my name is Elaine Hebert and with me is John Sugar. He's the Office Manager for the public programs office of the efficiency and renewable energy division.

The description on the agenda of this item is quite succinct. Let me give you a little bit more detail.

A green building action plan for California was established by Governor Schwarzenegger's executive order S-20-04 in December 2004. AB-2160 in 2006 put into law several items from that executive order. And that executive order is also known as the Green Building Initiative.

AB-2160 directs the Energy Commission to consult with the state's Department of General Services and Treasurer's Office to identify and develop financing and other mechanisms for implementing what are called energy and resource efficient, or green building projects in state-owned facilities.

AB-2160 also directs the Energy

Commission to consult with those same entities and the commercial building industry to identify obstacles to and to identify and recommend incentives for furthering green building in the private commercial sector.

The report we are asking you to approve today contains the findings from these items. This is a staff report, and if you approve it today we will make the appropriate changes to make it a Commission report, and then submit it to the Green Action Team.

Allow me to summarize our findings. For the portion dealing with the state implementing green building in its own facilities, we worked most closely with the Department of General Services, DGS, which is the entity responsible for physically implementing green and energy efficient measures.

We also consulted with the Treasurer's Office as appropriate. We, the state, have set up a number of mechanisms to move our buildings toward being green. Among the financing options are a low interest, municipal lease program and an energy services company or ESCO program in which the upfront costs for energy-saving measures are

paid back over time from the energy savings.

Among the nonfinancial mechanisms are many items outlined in the Green Building Initiative including energy benchmarking and retrocommissioning of our existing buildings. Also adopting guidelines for greening K-through-12 schools in California.

For the private commercial sector portion of the report, back in late summer of 2007 we drafted a list of obstacles and incentives for green building in the commercial private sector based on what we knew already from three decades of program implementation and energy efficiency in buildings; and based on staff's research and input from a limited stakeholder base.

We used that draft list as a basis for discussion and comment at a public workshop in September.

After September we were able to obtain a number of excellent relevant documents, some of which had been previously unpublished, that provided information for this portion of the report. We synthesized a great deal of information into ten obstacles to green building.

And I won't list them all here, but the

main one appears to be that many commercial building owners, managers and investors don't yet fully see a convincing business case or value proposition to going green.

Now, many factors contribute to this. I've listed them in the report. Some of them are simply, there's just a lack of consistent easily locatable and understandable information on green building, green building strategies, green building costs and so forth.

We came up with a number of potential incentives and other options to address these. Many involve better collaboration with the affected stakeholders. Several stakeholders expressed a need for, for example, a third party, the state or a utility or something like that, to subsidize the cost of green building consultants to help newcomers to green building take the first steps.

In general, there's a great need for reliable, easily understandable, accessible information on green building costs, strategies and financing. Cash incentives to support green building could also help jump-start the private sector.

Yesterday we received several excellent letters addressing the private commercial portion of the report, and I believe there's a representative here today from the California Business Properties Association who wishes to address you with some of those comments.

If you agree that the comments are valuable and should be submitted with the report to the Green Action Team, we will await your instructions on how to proceed.

Before I close I want to say that I think this process has opened up some communication channels with some stakeholders that we hadn't reached very well before, and we look forward to future collaborations with them.

Can I answer any questions for you?

CHAIRPERSON PFANNENSTIEL: Well, let me just start with a process question. Has this report already been conveyed to, as staff report, to the Green Action Team?

MS. HEBERT: No.

CHAIRPERSON PFANNENSTIEL: It's not gone out yet?

MS. HEBERT: No.

CHAIRPERSON PFANNENSTIEL: It has been

posted on the website, the Commission website?

MS. HEBERT: Yes, that is correct. That is correct.

CHAIRPERSON PFANNENSTIEL: Thank you. Other questions? Discussion? Commissioner Geesman.

COMMISSIONER GEESMAN: I have the impression that earlier drafts of the report contain quite a bit more candor with respect to the state government portion of the report. And I'm quite disappointed that in our polishing effort and good neighbor effort with respect to the Department of General Services and the Department of Finance, most of that candor has been stricken from the report.

This is an area that I think has bedeviled state government for 30 years. And it has been an area showered with good words and good intentions, but the Department of General Services, despite having a few bravehearts over there that have fought the good fight for a number of years, the Department of General Services has never been able to apply even the most fundamental of planning criteria or budgeting criteria to accomplish the policies embedded in our green

building rhetoric.

I don't feel comfortable voting for this because of the government portion of the report. I think the private sector part of the report is very good and serves a very positive value. But I think that our zeal to be a good neighbor to other state agencies really serves a very poor public purpose.

MS. HEBERT: Thank you, Commissioner Geesman. It's a very good point. We looked at AB-2160 very closely to determine the scope of what the report should include. And we didn't see that it was asking us to do that. However, it is a very good question worth asking.

We have a representative from the Department of General Services here. If he wants to speak to this matter, he's welcome to.

COMMISSIONER GEESMAN: Only the braveheart --

(Laughter.)

MR. MacBRAYER: I don't know how brave -- let's see, the microphone is hot here.

Good morning, Commissioner Pfannenstiel and Commissioner Geesman and other Commissioners. Thank you very much for the opportunity for me to

make comment.

I would like to congratulate the folks on the CEC Staff for putting forth an effort to try to do this report, and to try to address the issues. They've consulted with me on this, and I appreciate the fairness that has come out in the report.

With regard to your comment about the candor, I know that there may be a lot of questions about what has been the actual progress that's been made so far on the Governor's green buildings initiative, and I think with respect to where I think your comments were headed, I believe in the three years that I have been on this assignment, there has been some very significant progress in certain areas.

In other areas, however, I think that we are looking forward to some breakthroughs that would enable the program to move forward.

But let me start by telling you that I think -- I am here today representing the green buildings initiative, not DGS. I'm not trying to carry DGS' water with respect to what they have or have not done in the past.

What I'm trying to do for this program

is to move it forward across all state agencies. I'm formally assigned as the Deputy to the State Architect, but for the last three years have been assigned to work for Secretary Marin as her Program Manager. And to not only lay out how we're going to get this program accomplished, but also to get the policy issues up to the forefront through the use of the Green Action Team so that appropriate decisions can be made to remove barriers so that we can move forward.

With that, I think in the areas where -- there are two issues that I think are crucial to progress on the green buildings initiative. First is I would consider to be an overall policy issue; and the second one is funding.

What I mean by policy issue, I mean that the clarification of what is the Governor's policy here in what we should be doing to move forward. And, you know, we had some early activity within the program where there was question about what the green buildings order was actually telling us to do with regard to the certification of buildings under the leadership and energy and environmental design program.

And we were able to resolve that in the

Administration; and clear direction was given to the appropriate players, including the Department of Finance. And today every major capital outlay project that's on the books that's moving forward is budgeted to achieve a LEED silver rating. And every project from henceforth will be budgeted and managed to achieve that goal.

That is tremendous progress. We today have ten buildings certified under the LEED program. And we have 209 in the pipeline. So, there isn't anyone else, I think, any other entity that I'm aware of that has that kind of numbers.

So we think we're making great progress in that area. And I think what has enabled that progress has been the clarification of that policy decision and then an appropriate funding mechanism to make it happen.

Because now those capital outlay budget change proposals that go through have incorporated within them monies to implement the measures that would qualify the building for LEED certification.

In the area of retrocommissioning I think we've made good progress for the same reasons. There have been some clarifications made of the requirement to do retrocommissioning as a

first step in the process of upgrading buildings and making them energy efficient.

I personally was sent out to get the funds obligated for the first 27 projects that we've now completed, almost all but completed, in our retrocommissioning program. And where we were able to get those funds obligated and confirm that policy direction to the appropriate agencies we have moved forward very smartly.

And those projects are yielding the types of benefits that we expected them to. The first nine averaged 12 percent electricity savings and 19 percent natural gas savings.

But what we have come up against now is that this method of funding retrocommissioning is really not sustainable. And now in the second round we are again facing struggles, particularly with the budget situation we have in state government now, of trying to figure out how to squeeze those dollars out to pay for those retrocommissioning projects. And so our progress may be subject to faltering as a result of not having a solution to that.

It gets more difficult as you get into other elements of the program. In particular,

where we start looking at existing buildings and the need to upgrade those buildings to make them more energy efficient.

Where we can identify the funding, either as part of the existing appropriations for special repair or maintenance, we have been able to implement energy efficiency retrofit projects in state buildings.

These have typically been the lower cost, shorter payback measures such as lighting; or they may have been associated with catastrophic equipment failures that required action today.

Where we're having difficult is moving forward in a deliberative manner in a more comprehensive way to examine these buildings, put together comprehensive projects and get those implemented. Because, again, we have not yet, in some cases, solved the fiscal issue that needs to be solved to allow that to happen.

We have a financing tool that's been made available to us by the Department of Finance, the GS smart loan program, which could give us cost effective financing. But there are other costs associated with developing energy projects for which we have yet to come up with a

sustainable solution for funding.

And I'm talking here about the need to do a good investment-grade audit to scope the project so that you can even go forward and get the financing.

So, what I would leave you with in my comments is that I think that if we can find ways to solve these two issues, making sure that it is clear what it is we're doing, and that everyone understands these are the objectives, and we can have tailored solutions to the funding issues, I see no reason why any of the objectives of that executive order cannot be met in short order.

But if we don't solve those issues then I think we're going to be continually faced with the problem of particularly not being able to fund the necessary steps to get them going.

Thank you.

COMMISSIONER GEESMAN: I thank you for your statement. I think it contained quite a bit more information and quite a bit more candor, I think, than I find the report does.

CHAIRPERSON PFANNENSTIEL: Other Commissioners, questions or comments?

COMMISSIONER BOYD: I would just thank

Roy for his statement. I've known him a few years and known him to be one of the bravehearts, as indicated, in other areas. I haven't worked closely in this area with him.

But I would just put on the record the dilemma that we in government have continually faced, and that is being subject to allegations of being guilty of "do as I say, not as I do" as we push the rest of the California public real hard in these areas.

As Roy's indicated, the state is now really stepping forward. To me it's been a long history of minimal investment in the good years, and, of course, as indicated, it's hard to get any investment in bad years. And we live in a cyclical society and we're going through bad times again. Unfortunately, it's just too bad in the good years we didn't have the same dedication and enthusiasm that we experience now. So we've got a lot of catching up to do.

But, as he indicated, things are looking up. And I just hope the economy turns up in the future to provide the investment for this.

CHAIRPERSON PFANNENSTIEL: Yes, Commissioner Rosenfeld.

COMMISSIONER ROSENFELD: Roy, can you get back to the microphone --

CHAIRPERSON PFANNENSTIEL: Art, turn on your microphone.

COMMISSIONER ROSENFELD: First, I want to echo Jim Boyd's praise for you. Every time I've run into you you're agitating for action and that's great, and I'm pleased to be associated with it.

I guess I'd like to get a number from you. Jim Boyd just said that well, it's hard times and maybe we have to bear that in mind. But these buildings that you got certified, I think you said LEED silver.

MR. MacBRAYER: Well, some of them have been LEED silver; some of them have been LEED gold.

COMMISSIONER ROSENFELD: Even better.

MR. MacBRAYER: A couple of them are LEED certified.

COMMISSIONER ROSENFELD: Can you give us a couple of numbers about how much more, what it adds to, you know? Is it an extra percent on the first cost, 3 percent, and what's -- something like the cost effectiveness?

MR. MacBRAYER: Well, that's been a hotly debated topic. And there have been a lot of seat-of-the-pants estimates made. But the truth of it is that we really don't have accounting mechanisms that allow us to know.

These costs are arguably so buried in the projects that it's difficult to extract them out.

The two costs that can easily be pulled out and identified as LEED costs are the new building commissioning costs and the actual certification costs, you know, the paperwork.

The rest of the things that we do to build a LEED building arguably can be said to be no cost. I mean they are things that you should be doing anyway. And there may be, in some cases, a marginal cost increase for a higher efficiency air conditioning system or something of that nature that may go beyond what, you know, a developer might want to put in as a baseline building.

But it's a hard thing to do. And we are trying to get some data on our buildings that we've currently got certified to see if we can extract those numbers. But right now they really

don't exist.

What we believe -- we believe in some of the reports that companies such as Davis-Langdon have recently published that say that there really is no discernible difference if it's done right. And they cite other factors as driving the cost of projects moreso than implementing LEED measures.

But, to date, we lack any really objective data on this.

COMMISSIONER ROSENFELD: I agree with you that there's a data problem. Everything I have read is not so great is that to beat existing standards by 15, 20 percent, the payback time is maybe five years. It's not something we should avoid at a time of shortage of money. You actually should be more driven to it at a time of shortage of money.

And commissioning is, of course, dreadfully amazingly effective. Payback times are six months or whatever.

MR. MacBRAYER: Well, and there's an artificiality that's built into even that analysis because those paybacks are generally calculated on the basis of monetizable savings. And those savings generally are restricted to energy

savings.

There aren't any values that are typically put into those calculations to account for improvements in indoor air quality that may reduce sickness in the workplace, or to account for the offset of commuter miles on the freeways because we've got better connection with light rail systems.

I mean -- or the reduction in greenhouse gas emissions. I mean those benefits are real and they're there. They may not be always quantified very well, but they are not also monetized in any sort of way that can be used in a cost/benefit analysis, which is a little bit of a disconnect, in my opinion.

COMMISSIONER ROSENFELD: So that's rated, that's stay-the-course.

CHAIRPERSON PFANNENSTIEL: Thank you, Roy. I have a blue card from Matthew Hargrove, California Business Properties Association.

MR. HARGROVE: Good morning, Madam Chair and Commissioners. My name is Matthew Hargrove; I'm the Senior Vice President of Government Affairs for the California Business Properties Association. I'm here today representing a wide

variety of businesses and professional associations involved in commercial real estate, and including the International Council of Shopping Centers, ICSC; the National Association of Industrial Office Properties, NAIOP; and the Building Owners and Managers Association of California, as well as many member companies and I've been asked to associate my comments with the Cal Chamber. So thank you for having me here this morning.

First of all, we'd like to say we're very pleased with the draft report. And my comments are focused on the commercial portion of the report. It really does lay out a lot of obstacles that our members are seeing in moving in this direction. But we also do see a lot of members that are building green, and are building more sustainable buildings.

As you know, just the baseline to build in California, our buildings are up to 50 percent more energy efficient than other parts of the country. So we just wanted to make sure that we put that in the context that buildings that are being built, even at baseline, relative to the rest of the country, are very energy efficient and

sustainable.

Many of our professional organizations are offering a lot of educational opportunities for their members to build green. I've gone throughout the nation this year to different conferences, and every single conference that is being put on by commercial real estate professional organizations is somehow addressing how to build green and build more sustainably.

So we'd like to figure out ways to work with California agencies, the Energy Commission, to partner and figure out ways that we can get information out there to the hands of, down to the building facility manager level. I think that's something that's pointed out in the report that makes a lot of sense. And I think that that's something we can very easily do, form some public/private partnership there to make sure that that information gets out.

This past year California Business Properties Association put on a conference in Napa where some Energy Commission Staff came there and heard directly from industry leaders about what's going on with energy efficiency and sustainable building in California. And we thought it was

very helpful that Energy Commission Staff was there, and we appreciate that you took the time to be there.

Just moving real quickly, and we've submitted letters in writing from the California Business Properties Association, as well as the building owners and managers of California, where we point out some incentives that we think the Energy Commission could either do within the Commission, itself, or support in California to incentivize more sustainable building.

And I'll just quickly run through the list that we've put together. And we hope that this will spur some discussion and some working together.

First and foremost is the Energy Commission could support in some way for carbon credits under AB-32 for sustainable buildings. We're finding that our industry is building sustainable buildings right now. And some of our members are saying, well, why aren't we getting any credit for that under AB-32, and the discussion with the 1990 baselines.

We're not exactly sure how to resolve that issue right now, and of course, discussions

are going on with other state agencies. But that's something I think the CEC could think about.

And secondly is doing some partnerships with private industry to fund some training and education for building managers. A lot of the issues we're seeing in existing buildings is easily resolvable in terms of providing the tools and information for folks who are running the HVAC systems and the building systems to become a little bit more sustainable.

We'd also ask that the CEC consider supporting the CPUC decision on submetering. The Building Owners and Managers Association of California has been at the table in the general ratecase with CPUC and PG&E where the CPUC has approved submetering for the first time in, I believe, almost 40 years in California. And we think that that's going to be a great tool for building owners to be able to rein in energy consumption.

If we can make the building owners and tenants partners in reducing energy usage, we think that that's a great tool. We're right now working to get that implemented in other parts of

the state. And hope that the CEC will join us in providing that tool to folks throughout California.

We also would ask that the CEC help with information and training for voluntary benchmarking programs for California buildings. As we know, benchmarking is now the law of the land when a building does a financial transaction. But we think that there's a lot of room for voluntary programs to train people who own these large facilities on what the benefits of benchmarking are, and how you can use that information to make your operations of your building more sustainable.

And, again, this is some low-hanging fruit that we think that we can really work with you on.

Also, we just had a discussion on retrocommissioning. I think the CEC and other state agencies can help private enterprise understand the benefits of retrocommissioning. And there could be some programs that can help educate on how you retrocommision and what you do with that information.

The Building Standards Commission, as

you know, is moving through, they're writing the green building codes right now. And we think that that's a great exercise that we are very supportive of. We think a statewide green building standard that is adopted into Title 24 and is understandable and everyone supports and builds to, is a very good way to increase green buildings in the State of California. Raising that baseline is a way to make more buildings more sustainable.

And, again, we'd like to form just more partnerships in general with the CEC.

Now, we know we have a little problem with the budget this year, but we think some easy things like tax credits under the state tax code would be a real easy way to incentivize some more sustainable building practices. That's very easily understandable and that builds the business case.

Our industry has come up with some ideas about how to get more marketing programs out there. One idea we had was as the Building Standards Commission moves through its process and Title 24 is ratcheted up, that the State of California, and this is something that the CEC

could work on, is a California green builder label for those companies who exceed the baseline standards of Title 24 by a certain percentage -- in our letter we have a very high percentage, but I think it's something we could look at -- that we could very easily do a program that might incentivize more companies to move beyond the baseline standards.

And say if you go 15 or 20 percent beyond what the baseline standards are the state would say this building is a California green building. And we think that that type of marketing would be helpful.

We also would ask that you consider funding programs through the Building Standards Commission just to get education out there to folks who are out in the local governments and the builders who are on the ground about how they can go above and beyond the standards of the minimum Title 24.

And then finally we think that some help with private industry, energy and water conservation audits through the state, providing education and maybe some grants for companies to do that would be a good idea.

And finally a lot of our buildings have a lot of rooftop space, as you know. And we think that we can form partnerships with the state to provide some PV space and work on some of the issues that are barriers right now to commercial properties doing that. Things like supporting full net metering so folks that are providing energy back to the grid get fully compensated for that. And working on the SB-1 commercial offset program; we think that there's a lot of room to move and work with home builders in terms of providing our rooftops to help them out with some of those needs.

So, in closing I know that's a lot of ideas; a lot of those are already in the report and that's really why we appreciate this. We think it was very thorough and we think it really lays out the case that there are a lot of things happening in California that are barriers. But, again, it should be noted that a lot of our leaders in our industry are building sustainable buildings.

And over the past ten years we can really show that commercial real estate is building much more green buildings.

So, thank you very much.

CHAIRPERSON PFANNENSTIEL: Thank you, Mr. Hargrove. We look forward to your -- Commissioner Rosenfeld.

COMMISSIONER ROSENFELD: First of all, good list, that's great. Thank you. A couple of questions which show that maybe I'm not very alert or have a bad memory.

On the submetering issue. Submetering, the prohibition against submetering has been a pain in the neck for all of us for a long time. Then I read that the PUC turned around and said, okay, let's submeter. And I sort of breathed a sigh of relief and went back to sleep, I guess.

What do we have to do -- I think your words were support the PUC. And I'm not quite clear. You know, I just sort of thought the problem was solved, so --

MR. HARGROVE: Well, a big piece of the problem is solved. Through the general ratecase with PG&E the Building Owners and Managers Association was at the table and worked on the submetering piece.

In that single general ratecase submetering will be allowed within the PG&E

territory. We now need to take that to other areas of the state. And we have a lot of positive statements from the CPUC and think that will happen. But we want to make sure that they understand that agencies like the CEC think that that's a good idea.

So it's not a statewide decision yet. We hope it will be in the coming years. But we've got to continue moving through the general ratecases on this.

And then the big hump that we need is education on submetering. There are many building owners and tenants, right now it has to be voluntary agreement between the building owner and the tenant to do submetering. But we have a big job to do in private enterprise, as well as the state, in educating building managers and owners why submetering is good, how you implement it and going through the process of writing some rules and regulations for that.

So right now we have a decision saying you can submeter in the PG&E territory. But we need to take some of those next steps to flesh out what that means and educate folks why it's good.

COMMISSIONER ROSENFELD: Very good. And

then I had one other questions, also. I thought the problem was more solved than you know it to be.

The issue of benchmarking, as you know very well because you guys had something to do with it, there are plans for the utilities to benchmark every commercial building in the state. And then you can do, I guess you try and (inaudible) the great middle you don't do a lot with. The ones, the most efficient buildings, you want to give awards to.

You suggested a California green building award, and I guess that has to be coordinated with EPA, which would probably (inaudible) California EPA green building award.

It's the 20 percent at the bottom that we're really concerned with and need to offer commissioning help and so on.

But there was a bill which I thought was signed by the Governor, and I'm sorry, I've forgotten the name of its illustrious sponsor, which said that starting in I think 2009 or 2010 that the energy intensity of that building had to be publicly available upon transfer of title. Is that not an adequate first step?

MR. HARGROVE: That's a very adequate first step, and that's something that we think is great that's happening. But we do see a lot of opportunity in between financial transactions on those buildings, to have more education out there for building owners and managers to continuously benchmark their buildings, and to be able to use that information. Right now that's occurring when a building's being sold or bought or refinanced.

And as you know, benchmarking is something that can continuously happen every year, and that information can be used to manage the building better.

So I was acknowledging that that was the law in the land right now. But that I think that we can form some partnerships to get more education out there about why benchmarking is a good thing and how you actually use that information.

And groups like the Building Owners and Managers Association do get information out there and are very supportive of benchmarking and get that information out to its members. But I think that we can step that up and work with the Energy Commission to make sure that we get the benefits

of benchmarking out there so maybe it happens more often than just on financial change of title.

COMMISSIONER ROSENFELD: One thing which I think we would all agree with this, once you go to the trouble of benchmarking a building the first time, so you know its utility bills and you know its gross square footage and so on, you should certainly do it every year because the utilities know the energy costs and square footage probably doesn't change, so it should be done every year.

COMMISSIONER GEESMAN: What would you do, Art, with buildings that never transfer like those owned by the State of California?

(Laughter.)

COMMISSIONER ROSENFELD: Touch,.

CHAIRPERSON PFANNENSTIEL: Thank you, Mr. Hargrove.

MR. HARGROVE: Thank you very much for your time.

COMMISSIONER BYRON: Madam Chair, if I may?

CHAIRPERSON PFANNENSTIEL: Yes.

COMMISSIONER BYRON: Mr. Hargrove, it's all right, go ahead and sit down. I won't ask you

any questions. But I did want to acknowledge these two excellent letters from your organization and BOMA. I'm not as familiar with your organization, but I thought these were very thoughtful comments, very helpful. Shows a tremendous understanding, I think, of what we're trying to do here at the state with regard to energy efficiency.

And I certainly applaud the efforts of both organizations. I like the understanding demonstrated around submetering, as well. I've always understood this to be a significant impediment to getting building owners to start to take action to improve building efficiency.

And so certainly the CPUC's action that lifted that prohibition on submetering will be very helpful, and this Commissioner certainly supports what's gone on there.

I note, though, that there was a -- and all the things that your organizations are doing, you'd, of course, like to get credit for. And the potential trading on CO2 credits, et cetera.

But I think, if I may, there's one comment or two that were in the BOMA letter with regard to, you know, the uncertainty around rate

structure and where we're headed. And whether or not some of these energy efficiency improvements are cost effective.

I don't want to prejudge what the PUC's going to do with rates, certainly, but I think we all know that they are headed higher. All the modeling indicates that the things we're doing in the state indicates some increase in those rates.

And given that assumption, I think your organization and BOMA should assume that that's probably the direction we're headed. And therefore, energy efficiency projects have payback and are very cost effective.

So I encourage you to continue to educate your building owners and continue the progress that you've made thus far. But please assume more energy efficiency is better.

Thank you, again, for being here today.

MR. HARGROVE: Thank you.

CHAIRPERSON PFANNENSTIEL: I think before we put this to a vote I just would like to make a couple observations.

First, I just think it was really helpful to have the California Business Properties Association here, both to make sure that we all

hear, rather than wait for us to read, the comments that you've offered, because they're very insightful. And certainly are ones that we are sympathetic with and would like to move towards.

And that brings us back to the report that's in front of us today. I do think that the report did a very good job of laying out some of the issues and some of the potentiality for commercial buildings. Clearly there's more to go, but we are feeling like we're getting, making some progress there.

The state buildings are more problematical. And I appreciate Roy being here because he always brings some really good thoughts in terms of, you know, why things are as they are.

The frustration -- I have been very involved in it, and I have been on the Green Action Team, I think since its inception -- and it is a frustrating process because we do seem to go one step forward and maybe not a full step backwards. But not a lot of forward progress on it.

And in reading the report I did experience some surprise, I guess, that we chose to be very objective and be very straightforward

in our reporting on what was there and what had happened, rather than providing sort of critical analysis that I think was possible.

The letter of the law, and if Commissioner Geesman will excuse my legal analysis of it, I thought just said, gave us a lot of leeway one way or the other, in terms of being a very straightforward report or providing some more critical insights in terms of what the problem is. And we chose to be totally objective in terms of the reporting.

I think that we need to go a little farther. Perhaps not in this report, perhaps in a subsequent effort. This Commission has perhaps the best perspective, certainly one of the best perspectives to look at what's going in state buildings. And why things are not happening that we thought would be happening by now.

The example I use, or I could use, will use is trying to get this building, you know, we are the Energy Commission, we should have a very energy efficient building. We should be the ones who know how to work the system to make this happen. And we've been as frustrated as any other state agency. And I think, as a case study, we

would be, you know, well situated.

That could have gone into this report. It didn't. I think that the report, as it stands, is a straightforward factual presentation. I don't really think it gives the Green Action Team much insights in terms of what they need to do better. And I think we could have been helpful to them in that regard.

It is where it is. It has a legislative deadline that has since passed, although I understand we exceeded it with the concurrence of the author. But I don't think it should be the end. I think that, in fact, if anything it should be the beginning of a more critical analysis.

I think we owe that, if not to the legislative author, then perhaps to the Green Action Team.

Yes, Commissioner Byron.

COMMISSIONER BYRON: Madam Chair, I agree. You know, as I read the law, as well, I think we meet the requirements of AB-2160 or at least the intent. But I'm reminded in the last phrase of the executive summary, the state still has much work to do to achieve those goals in its own buildings and in the private, commercial

sector.

I think it's an understatement, given the comments of my fellow Commissioners. I think the report could go a lot further to critique and provide meaningful recommendations. My sense is that maybe that work has been done and it's not been included in this report.

So my suggestion, given the wisdom of the others here at the dais, would be to ask the staff to go further and give us a more meaningful report. I'd like to see those recommendations and that critique. And I think the state would benefit from them.

CHAIRPERSON PFANNENSTIEL: Other comments? Then why don't we, in fact, ask the Executive Director to follow up on that and come back to us, I would say, within a month with that part of the report that we felt was not included in what is being voted on today.

EXECUTIVE DIRECTOR JONES: Okay, so just to --

COMMISSIONER ROSENFELD: Madam Chair.

CHAIRPERSON PFANNENSTIEL: Yes.

COMMISSIONER ROSENFELD: I'm not just quite sure on what we just agreed on. Do we have

time to hold the report up for --

CHAIRPERSON PFANNENSTIEL: I'm not suggesting that we hold the report as is.

(Parties speaking simultaneously.)

CHAIRPERSON PFANNENSTIEL: We will vote on this one, but I'm asking for a supplement.

COMMISSIONER ROSENFELD: Very good.

CHAIRPERSON PFANNENSTIEL: Is that understood?

COMMISSIONER ROSENFELD: Okay.

CHAIRPERSON PFANNENSTIEL: With that, is there a motion for the report that's been on the agenda?

There is no motion.

COMMISSIONER ROSENFELD: I move the report.

COMMISSIONER BOYD: I'll second the motion.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Opposed?

COMMISSIONER GEESMAN: Opposed.

COMMISSIONER BYRON: I'm going to oppose it, also. I'd like to see it in this report.

CHAIRPERSON PFANNENSTIEL: Thank you.

Item 4, possible approval of the City of Santa Barbara's adoption and enforcement of a local ordinance for residential and nonresidential buildings requiring greater energy efficiency than the 2005 building energy efficiency standards to be implemented on February 1, 2008.

Good morning, Mr. Hudler.

MR. HUDLER: Good morning, Commissioners. Under the building standard regulations administrative code we do allow local jurisdictions the opportunity to request for adopting a local ordinance which exceeds Title 24.

Santa Barbara has submitted an application that is all inclusive; it includes both residential and nonresidential buildings.

The energy savings by sector ranges between 15 to 20 percent above the Title 24 requirements for that climate zone.

Within this particular application which is similar to past ones, roughly one-half to two-thirds of that additional performance has to come from actual efficiency measures. The remaining portion can be attained through the installation of photovoltaic systems.

And that's pretty much it. You know,

Commissioners have seen, you know, similar applications. And with that I ask for your consideration and possible approval.

CHAIRPERSON PFANNENSTIEL: Questions? Yes, Commissioner Byron.

COMMISSIONER BYRON: Do we have a representative from the City here or on the phone?

MR. HUDLER: I do not believe so, no.

COMMISSIONER BYRON: Well, I'll give my kudos then to the general audience. I think it's just incredible to continue to see these cities go beyond our standards. So I'm highly in favor of this.

MR. HUDLER: Okay, and there's still more --

CHAIRPERSON PFANNENSTIEL: Rob --

MR. HUDLER: -- in the pipeline, by the way.

CHAIRPERSON PFANNENSTIEL: -- I was just going to ask, how many have been approved so far?

MR. HUDLER: This will make nine. And we have one more, the City of Santa Rosa, which should be complete pretty soon. Our expectation is with the lead program and the green building program. We can see a proliferation of this

activity for the next cycle.

CHAIRPERSON PFANNENSTIEL: Fabulous.

COMMISSIONER BYRON: Pretty soon the Energy Commission is going to be behind in developing leading standards here.

COMMISSIONER GEESMAN: I think it's the ingenuity and innovation among these local governments is one of the primary resources that this state has. And I'm hopeful that they begin to turn their attention to the retrofit sector, as well, where the problem is so much larger, but the opportunity is --

CHAIRPERSON PFANNENSTIEL: Are there questions? Is there a motion?

COMMISSIONER GEESMAN: I'll move it.

CHAIRPERSON PFANNENSTIEL: Second?

COMMISSIONER ROSENFELD: Second.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: It's approved; thank you.

MR. HUDLER: Thank you very much.

CHAIRPERSON PFANNENSTIEL: Number 5, possible adoption of an order instituting rulemaking authorizing a proceeding to develop

regulations implementing the Energy Commission's new authority to administer the alternative and renewable fuel and vehicle technology program under Health and Safety Code section 44270. Good morning.

MR. DeLEON: Good morning, Commissioners. I am Fernando DeLeon, Staff Counsel here at the Energy Commission.

Energy Commission Staff is seeking approval of the OIR to develop regulations implementing AB-118.

CHAIRPERSON PFANNENSTIEL: Any discussion? Questions?

COMMISSIONER BOYD: Move approval.

COMMISSIONER GEESMAN: Second.

COMMISSIONER BYRON: Madam Chair.

CHAIRPERSON PFANNENSTIEL: Yes, Commissioner Byron.

COMMISSIONER BYRON: I know there's been a lot of discussion about the need for these regulations. I know the Chairman of the Transportation Committee, Commissioner Boyd -- I'm sorry, the Presiding Member, was quite concerned whether or not we needed these.

Do we indeed have the consent, if that's

the right word, from the author of the bill?

MR. DeLEON: I'm not sure if we have any information from the author of the bill, but the legal office has written a memorandum, given to the Commissioners, stating that regulations are necessary to implement the provisions of AB-118.

COMMISSIONER BYRON: Right.

COMMISSIONER BOYD: Let me jump in here and say, Mr. Smith, Ms. Jones and I met with the author's staff within the past week on this issue of regulations. As we've all known, the law's a little unclear. Our own attorneys have said pretty clearly that they felt we should do regulations. There's been concern, of course, that doing regulations tends to slow things down.

But it was the author's understanding that regulations would be pursued by the CEC; and we confirmed that within the past week. So we're now fulfilling the understanding of the greatest number of stakeholders out there on this issue.

COMMISSIONER BYRON: Well, and, Commissioner, I'm well aware of all of --

COMMISSIONER BOYD: I think that was a leading question on your part.

COMMISSIONER BYRON: Yeah. I'm well

aware of all of that. I just really wanted to make sure everybody understood that this agency wanted to move quickly, and we really wanted to get this underway. And we're concerned about our reputation for being, perhaps, a little slow at times. It takes time to develop regulations.

But I think this is the right decision. And unfortunately it's going to take a little additional time to do so. So.

COMMISSIONER BOYD: Well, since you broached the subject, let me just say that I've said to every stakeholder who asks, as well as to the author's office, that this agency wanted to do exactly as you say, but we want to be compliant with everybody's understanding. But that if they also join us in the idea that we'd like to move smartly on this project, that they will all work very hard with our staff on these regulations and allow us to actually develop them in almost record time, instead of achieving the other end of the scale.

Because we've told people that it could be done in four months; it would be rather miraculous. But it could take up to a year. And I didn't want to even mention some of those that

have dragged on for more than a year.

But if everybody understands that. There's just a great concern -- this opened a whole new area to lots of, quote, stakeholders who should understand this better than they do. And there's a lot of concern about adequate public process, which most of us know, is the rule not the exception here.

So, if we can assure everybody and get them to participate quickly, we can move this along.

COMMISSIONER BYRON: Commissioner, I wanted to underscore your efforts. And if anybody can get it done in four months, I'm sure you can. And I'll do everything I can to help. Thank you very much.

COMMISSIONER BOYD: You'll probably turn my hair white now --

(Laughter.)

COMMISSIONER BOYD: Thank you.

CHAIRPERSON PFANNENSTIEL: Is there a motion?

COMMISSIONER BOYD: I move.

COMMISSIONER BYRON: Second.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Thank you. Item 6, possible approval of amendment 1 to contract 400-06-006 with ProPose to add $140,000, extend the term by 14 months, and expand the scope of work to facilitate outreach efforts and approve partnership agreements for the New Solar Homes Partnership public awareness campaign. Ms. Chandler.

MS. CHANDLER: Thank you, Chairman Pfannenstiel. I think I'd be remiss if I didn't stop a moment and tell you, Commissioner Geesman, how much I've truly appreciated working with you. I value your guidance and how interesting you've made my job.

(Laughter.)

MS. CHANDLER: So, thank you, thank you very much.

COMMISSIONER GEESMAN: Let me thank you, also, for making certain that they always spell my name correctly.

(Laughter.)

MS. CHANDLER: Even though it doesn't come up properly on spellcheck, you're correct.

Ms. Staynes (phonetic), who is the owner

of ProProse, is a small business owner. She has worked over the course of her initial contract with the New Solar Homes Partnership on designing the public awareness and outreach efforts and campaign for this very important and worthwhile program.

Our original ad buy in this contract was a measly $800,000; all of us would like that in our checking account, I'm sure, however when you're looking at a two-year statewide campaign it's not a lot of dough.

So Ms. Staynes embarked on a journey of adding money to that venture. She has basically brought in, doubled that in value added, not only from the standpoint of the advertising buy that we had, but probably envisioned a sweepstakes that would allow us to educate consumers in the state.

One of our challenges on this is getting all potential and current home buyers about the value of high energy efficient solar homes. And one way to do that is to do a sweepstakes and make them go through an educational video to get to that sweepstakes. But if you're going to have a sweepstakes and you want people to spend that much time, you need some pretty terrific prizes.

And so after envisioning the sweepstakes, she set about getting some pretty terrific prizes. The prize that she got that is really the crown jewel in this campaign is working with Wells Fargo Bank. And they will be offering as the grand prize up to $500,000, a brand new energy efficient solar home.

So we believe that that will be enough interest and enticement to get many people to go through the gate, the educational video gate, to get to the other side to win that as the grand prize. There's other prizes that are equally noted.

But, this is the vision and this is where we are right now. And she is going to, as part of her mission in this extension, continue to shake the trees to have partners join us with their checkbooks open. I'm sure Mr. Alvarez is in the back of the room listening to me right now.

And so we can continue to advance and educate the public about the value of high energy efficient solar homes.

CHAIRPERSON PFANNENSTIEL: Thank you, Claudia. Questions?

COMMISSIONER GEESMAN: I'd just say I

think you guys have done a great job in the worst housing market in modern history in California.

So, I would move approval of this with great expectations for the future.

COMMISSIONER BOYD: Second.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Approved. Thank you, Claudia.

Item 7, possible approval of contract 400-07-023 for $494,848 with TIAX, LLC, to develop a cost/benefit analysis report on California's self generation incentive program. Good morning, Lynette.

MS. ESTERNON-GREEN: Good morning, Madam Chairman and Commissioners. This request for contract approval for TIAX, LLC was the result of a solicitation conducted by the renewable energy office.

Just to give you a brief background. Assembly bill 2778 requires the Energy Commission, by November 1, 2008, in consultation with the California Public Utilities Commission, and California Air Resources Board, to evaluate the costs and benefits of providing ratepayer

subsidies for renewable and fossil fuel, ultra clean and low emission distributed generation as defined under the self generation incentive program.

This includes air pollution, efficiency and transmission and distribution system improvements. It further specifies that this evaluation shall be conducted as part of an Energy Commission Integrated Energy Policy Report.

The evaluation will include recommendations for changes in the eligibility of technologies and fuels under the SGIP program, and whether the level of subsidy should be adjusted after considering its conclusions and the costs and benefits.

On September 28, 2007, the renewable energy office released a request for proposals to select a qualified contractor to perform this work. Bidders were asked to submit proposals to develop a cost/benefit framework analysis of electric generation technologies including renewable and clean fuel technologies that could be included in the SGIP.

Develop a user friendly cost/benefit methodology that can be used by the Energy

Commission Staff to evaluate various technologies, as well as replicate results in the report.

Provide scenarios of cost/benefit evaluations based on staff-recommended inputs. And produce a cost/benefit analysis report for the Energy Commission.

A total of five companies submitted proposals in response to this RFP and TIAX, LLC was selected as the most qualified. A notice of proposed award was released and posted on our website on November 30, 2007.

This contract would be for ten months with a proposed contract term date of February 29th to December 31st of this year for a maximum of 494,848. Funding for this contract will come out of the renewable resources trust fund. And staff has presented this to the Renewables Committee and received their approval.

I ask for your approval; and would be happy to answer any of your questions.

CHAIRPERSON PFANNENSTIEL: Questions? Comments?

COMMISSIONER GEESMAN: I'll move approval.

COMMISSIONER BYRON: May I comment?

CHAIRPERSON PFANNENSTIEL: Yes, Commissioner Byron.

COMMISSIONER BYRON: This particular item, I asked some questions to staff on the selection of the contractor. I'm not familiar with this contractor's full history with the Commission. But on a more recent project we were quite concerned about some of their performance. They were late. And I don't know, but I believe they may have overrun their cost on that, as well. On an extremely important project. They did good work, but staff answered all of my questions.

I guess I'd just like to make the comment that for the sake of this contractor, that I would certainly be interested in seeing this report before it's published because of the subject matter. And I'd also like to somewhat put the contractor on notice that we're paying close attention to how well they perform on this project.

MS. ESTERNON-GREEN: We've heard that and we will consider that, too.

COMMISSIONER BYRON: Thank you. I'll second the motion.

CHAIRPERSON PFANNENSTIEL: And thank

you, Commissioner, I think that's a really good point to share that.

It's been moved and seconded.

All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Thank you.

MS. ESTERNON-GREEN: Thank you.

CHAIRPERSON PFANNENSTIEL: Item 8, possible approval of contract 400-07-026 for $2,300,000 with Digital Energy, Inc. to provide technical assistance and support to the Energy Commission's Bright Schools Energy Partnership and energy efficiency financing programs. Good morning.

MS. RUDMAN: Good morning, Madam Chair and Commissioners. My name is Monica Rudman and I'm with the public programs office of the Energy Commission.

This contract, as you said, is a $2.3 million contract to provide technical assistance and support to our public programs office in support of our Bright Schools and energy partnership program.

It's a retainer contract and we will issue work authorizations as needed to support the

work. The contract task serving energy efficiency opportunities in existing buildings, in new construction, in water wastewater will evaluate opportunities in cogeneration, distributed generation, renewable energy systems and thermal energy storage. And will provide engineering support and program and energy efficiency marketing. And then administration, as needed.

The value of the services that we provide is greater than the costs of the contract, dollars expended. So it's a cost effective use of funds. And I hope that you will support the contract.

Thank you.

CHAIRPERSON PFANNENSTIEL: Thank you. Questions?

COMMISSIONER BYRON: Well, I'll move the item, but also with the comment that I asked staff some questions about the cost effectiveness of prior programs. And I appreciate the responses, and I agree with your results. Also, very helpful information. I'd ask that you consider including this kind of information in future agenda items. I think it's very helpful for us to evaluate these contracts this way.

So I will move the item.

COMMISSIONER GEESMAN: I'll second.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Thank you.

Item 10, possible approval of contract 400-07-025 for $50,000 to renew the Energy Commission's membership with the California Commissioning Collaborative and allow the Energy Commission to retain a position on the Board of Directors. Good morning.

MR. COMMINS: Good morning. My name is Tav Commins; I'm with the Title 24 building standards office.

Staff is seeking approval to renew the Energy Commission's membership with the California Commissioning Collaborative. The cost of this membership is $50,000.

Membership in the Collaborative allows the Energy Commission to retain its position on the Board of Directors, and oversee work of the Collaborative. Bill Pennington is one of the -- on the Board, a member.

The California Commissioning Collaborative was formed in 2000 and retains both

federal and California nonprofit status. The Collaborative is comprised of many organizations, including all of the major California utilities, the U.S. Department of Energy, various state agencies and many commissioning agents.

The Collaborative is trying to make the process of commissioning become business as usual in the State of California. They have done this by developing a workplan to promote commissioning. And this workplan is funded by the Collaborative Board Members membership; and these members decide what the projects will be funded.

The Collaborative is the only organization that is conducting this type of work. If this contract is not approved, the Energy Commission will lose its position on the board of directors. By retaining this position we will continue to be able to vote on the work that the Collaborative is doing, the projects that it's working on.

And two of these projects that have direct relevance to the Commission are updating the 2008 acceptance requirements for nonresidential buildings and to help implement SB-1, a ratepayer-funded incentive program for

photovoltaic systems.

Thank you. Any questions?

COMMISSIONER ROSENFELD: I move the item.

COMMISSIONER GEESMAN: Second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: It's approved.

Item 11, possible approval of purchase order 07-409.00-014 for a maximum of $245,000 with Setka, Incorporated, to assist the Energy Commission in accomplishing necessary tasks to continue to collect and publish appliance efficiency data. Ms. Chrisman.

MS. CHRISMAN: Thank you. For the record, I'm Betty Chrisman, Program Manager of the Energy Commission's appliance efficiency program.

Staff is seeking approval of this purchase order with Setka, Inc. for a maximum of $245,000 in order to complete several necessary changes to the Energy Commission's appliance database.

The appliance database is the cornerstone of the appliance efficiency program's

efforts both to insure manufacturer compliance with state and federal regulations, and of the Commission's ability to collect and publish appliance-specific energy efficiency data.

To highlight the importance of this second part I provide the following example: As you are aware, two days ago the Commission filed a legal brief in the U.S. Ninth Circuit Court of Appeals requesting that court overturn the U.S. Department of Energy's denial of the Commission's petition for a waiver of federal preemption for the state's water efficiency standards for residential clothes washers.

One of DOE's three rationales provided in their December 2006 rejection of our petition was the alleged unavailability of any top-loading residential clothes washer that could likely meet a water factor standard of 6.0 by 2010, thereby likely resulting in the unavailability of top-loader residential washers in California.

Manufacturers are to certify to us models being sold or offered for sale in California. A recent search of our database found three residential clothes washers certified by their manufacturers late last year having a water

factor of 6.0 or less.

With our available database we had easy access to show the court that the USDOE's argument was based on a wrong assumption that a water factor of 6.0 for a residential clothes washer could not be met by 2010, as these models were certified to us in late 2007, well in advance of that 2010 date. This is merely one tangible example of the importance of our appliance database.

Work done under this purchase order will accomplish several necessary tasks including automating the log-in process and the data submittal responses, updating current validation to update its standards, adding new appliances with new validation, maintaining existing data tables, updating the online help feature, incorporating historical data and adding features to the searchable database.

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

The Efficiency Committee has approved this item. Staff would appreciate your approval

of this purchase order. And I am happy to answer any questions.

COMMISSIONER ROSENFELD: This database is used not only within California but by many other states, isn't that correct?

MS. CHRISMAN: Yes, it is.

COMMISSIONER ROSENFELD: So, we're really running a national database.

MS. CHRISMAN: We're running a database that is used by multiple states, and yes.

COMMISSIONER ROSENFELD: I just want to also praise you for your long history of -- I guess you're the mother of the database --

(Laughter.)

MS. CHRISMAN: Thank you very much.

(Laughter.)

COMMISSIONER BOYD: I think.

COMMISSIONER ROSENFELD: -- absolutely essential and with great pleasure I move the item.

COMMISSIONER BYRON: I'd also like to thank you for your example of the use of the database in your presentation; that was very helpful.

I'll be glad to second.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Thank you, Betty.

Item 13, possible approval of purchase order 07-409.00-012 for an amount not to exceed $250,000 with Public Sector Consultants, Inc., to provide operational support for the energy research and development division, Public Interest Energy Research information management system and APS.NET/SQL server applications. Good morning.

MS. LIBONATI: Good morning. My name is Nancy Libonati. I'm with the research and development division PIER program. And as you've explained, I'm asking for approval of this PO that is the result of, I guess I'd call it a mini-solicitation through the Department of General Services CMAS agreement this is the California multiple award schedule.

We requested offers or proposals and reviewed and selected Public Sector Consultants to provide the services of programmers to support the PIER program.

CHAIRPERSON PFANNENSTIEL: And that's what it is --

MS. LIBONATI: And our database.

CHAIRPERSON PFANNENSTIEL: -- is programmers for PIER?

MS. LIBONATI: Absolutely, it is programmers to maintain the database, to help with analysis of data, and to basically do coding.

CHAIRPERSON PFANNENSTIEL: Other questions?

COMMISSIONER ROSENFELD: I move the item.

COMMISSIONER GEESMAN: Second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: And then you have the next item, number 14, possible approval of purchase order 07-409.00-013 for $187,000 with Public Sector Consultants, Inc. to manage and document development of centralized business functions for the energy research and development division of PIER.

MS. LIBONATI: And, similarly, we went through the General Services CMAS agreement. And I'm asking for approval of the resulting purchase order for a project manager to assist us with these. It's all the underlying business processes for the PIER program.

Some examples would be workload management, changes to existing processes, grant development, communication planning, the data analysis. And I think one of the real important underlying systems is our managing the research budgets. And additional processes.

So I'm asking for approval of this agreement as described. Thank you.

CHAIRPERSON PFANNENSTIEL: Thank you. Questions?

COMMISSIONER ROSENFELD: I move this item, too.

COMMISSIONER GEESMAN: Second.

CHAIRPERSON PFANNENSTIEL: In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Approved.

Item 15, possible approval of contract 500-07-029 for $36,000 with the Association of State Energy Research and Technology Transfer Institutions Energy Commission membership for two years.

MS. TURNER: Good morning, Commissioners; my name is Cathy Turner. I work in the energy research and development division of the PIER program. I am the Administrator for the

proposed membership agreement with the Association of State Energy Research Technology Transfer Institutions, otherwise known as ASERTTI.

This agreement will fund our membership with ASERTTI for two years for a total of $36,000. ASERTTI is a nonprofit organization of state and local energy institutions that promotes research, demonstration, transfer and deployment of advanced energy technologies that can contribute to economic growth, environmental quality and energy security and reliability in the United States.

The main focus of ASERTTI work is collaboration in building working relationships to serve the public interest and energy efficiency.

The Energy Commission was one of the institutions that created ASERTTI in 1990. And today I am requesting approval for this membership.

Thank you. Do you have any questions?

CHAIRPERSON PFANNENSTIEL: Questions?

COMMISSIONER ROSENFELD: Yeah, I have a question, either for you or for Martha, who I can see back there. This is one case where there's cost-sharing between DOE and the member states, is that right?

DR. KREBS: I'm Martha Krebs, the Deputy Director for R&D. In the past there has been considerable cost sharing from DOE.

COMMISSIONER ROSENFELD: That's the way it got started.

DR. KREBS: That's how it got started. I believe that there has been a reduction in that cost sharing over time. And I'm not sure at this moment whether it's a very small amount or none.

It has been a problem because of from the Congressional perspective.

However, there is still cost sharing among the states. And we do collaborate to do actual R&D activities among the states. So this is essentially a mechanism for us to work with other states and to carry out agreed-upon R&D activities.

COMMISSIONER ROSENFELD: I sure hope under the next Administration that the 50/50 cost sharing will be seriously considered, but I don't know if they feel that way right now.

Okay, well, I move the item.

COMMISSIONER GEESMAN: I'll second it. But, Martha, I'm curious. What's the nature of the Congressional concern over cost sharing?

DR. KREBS: I can't answer that question. I'd have to get back to you on that, but I just know that there have been problems.

COMMISSIONER ROSENFELD: Does that answer your question, John?

COMMISSIONER GEESMAN: Well, it kind of explains a number of different things with Congress.

COMMISSIONER BYRON: Perhaps insufficient funds.

COMMISSIONER BOYD: I don't know if this is part of -- I think we're seeing kind of a general pullback by DOE and its participation in many of what in the past were cooperative programs. I don't know if this is part of this, or has its own unique problem. But I'm aware of other programs where DOE is not stepping up to the plate nearly to the degree they used to.

COMMISSIONER GEESMAN: It would seem an environment where one of the few things working in energy policy is at the state level that this would be money well spent by DOE. And well supported by Congress, but --

CHAIRPERSON PFANNENSTIEL: That doesn't always follow, John.

COMMISSIONER GEESMAN: Right.

COMMISSIONER ROSENFELD: Well, more than that, Commissioner Geesman, ASERTTI is, I don't know, 10 or 15 years old, but it has a good track record.

COMMISSIONER GEESMAN: Right. Right. An unassailable track record.

CHAIRPERSON PFANNENSTIEL: Moved and seconded.

All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Thank you.

COMMISSIONER BOYD: Logic and Washington don't go hand-in-glove.

CHAIRPERSON PFANNENSTIEL: Approval of the minutes of the January 16th board meeting.

COMMISSIONER ROSENFELD: I'll move the minutes.

COMMISSIONER GEESMAN: Second.

COMMISSIONER BOYD: I'll abstain.

CHAIRPERSON PFANNENSTIEL: Okay.

In favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Approved, the minutes are approved.

Commission Committee presentations. This is an opportunity where Commissioner Geesman -- this is Commissioner Geesman's third last meeting.

(Laughter.)

COMMISSIONER GEESMAN: Also called the long goodbye.

(Laughter.)

CHAIRPERSON PFANNENSTIEL: But that is a dangerous place, because the first meeting we had a whole bunch of things going on. The second meeting we had other people coming in. So this meeting we have a resolution for him. Finally.

See, if you'd have left earlier, John, you wouldn't have gotten your resolution.

Whereas, John L. Geesman -- I didn't know about the L -- so believed in the mission of the Energy Commission that he first served, in his youth, as an Advisor and Executive Director. And then nearly two decades later as Commissioner, after a successful career in investment banking and as a Board Member of both the Power Exchange and the California System Operator.

And whereas John L. Geesman for over 30 years never wavered from his vision that

developing California's rich renewable energy resources would benefit the state by keeping more of our energy dollars in the state, stimulating new investment opportunities, creating new jobs, and keeping our skies blue and our economy golden,

And whereas John L. Geesman exhibited his extraordinary ability to guide, arbitrate, facilitate, cajole and ultimately create keystones in California's energy policy with his work on the 2005, 2006 and 2007 Integrated Energy Policy Reports,

And whereas John L. Geesman never shirked from tackling new, challenging, and often controversial energy issues while upholding the Energy Commission's commitment to developing and vetting energy policies in an open process that provided for stakeholder and public input on emerging energy policies related to transmission line corridors, avian guidelines for developing wind energy, nuclear energy status and potential, and advancing renewable energy and energy efficiency to its fullest economic and environmental potential,

And whereas John L. Geesman served governors, the state and the people of California

with integrity, intelligence and devotion while keeping staff, industry representatives and fellow Commissioners engaged with critical thinking, brilliant dialogue, and imaginative humor.

Therefore, be it resolved that the California Energy Commission acknowledges, values, and was privileged to have John L. Geesman serve this organization and the State of California as a quintessential public servant and energy visionary. And that his friendship, intelligence, wit and wisdom will be greatly missed by his fellow Commissioners and the Energy Commission Staff.

(Applause.)

COMMISSIONER BOYD: You'll be missed, my friend, you'll be missed.

Might I add that I, for one, will very definitely miss John. Because often he had the courage to say in public settings things that some of us wanted to say but were struggling with. And I think it's going to be incumbent upon the rest of us to uphold John's, and remember his spirit, and once in awhile say those things that need to be said that one wonders if they fit the occasion. They always have, and I've always appreciated it.

And will be truly missed by many of us, by all of us, I'm sure.

COMMISSIONER BYRON: Right.

COMMISSIONER ROSENFELD: I'd like to add a couple of words, too. John Geesman is a hero, and he's going to go down mainly in history as a great proponent of renewables.

But I want to say a couple of words as Presiding Member of the Efficiency Committee because we're really going to miss you there, too, John. I don't know how you do it, but you're always well informed; you've got a preconsidered wonderful judgment on the wisdom of everything we do.

I'm discovering one thing about John Geesman. Some people, they read very fast. And some people remember everything they read. But what's remarkable about John Geesman is he reads very fast, and then he remembers it all and processes it all. And it's just wonderful. And I have really learned a lot.

On behalf of Efficiency, as well as Renewables, we thank you.

COMMISSIONER BYRON: And if I may, Commissioner Geesman, I didn't really begin to

appreciate what an extraordinary public servant you are until I was on this Commission. Thank you very much for your service.

CHAIRPERSON PFANNENSTIEL: Rebuttal, John?

(Laughter.)

COMMISSIONER GEESMAN: Well, thank you. I'm going to read this resolution to my teenage daughter tonight at dinner.

(Laughter.)

COMMISSIONER GEESMAN: I apologize for the lengthy departure process. Governors never seem to get around to this until the very end. But I am always reminded of the Dan Hicks song, "How Can We Miss You If You Won't Go Away?"

(Laughter.)

COMMISSIONER GEESMAN: And this is my last meeting. But let me say the obvious thing. Nobody, nobody has had the opportunity I've had to work with such a wonderful group of colleagues. We've worked so closely together the five and a half years that I've been here, that the Commission has truly been seamless in our activities, in our priorities and in our judgment. And I think that's been a real

value to the State of California.

I've had some terrific relationships with my colleagues and with the staff. And it's one of the most enriching things that you can do in life, to have those kinds of working relationships.

So I want to thank you all, and assure you that I'll be watching and listening very carefully --

CHAIRPERSON PFANNENSTIEL: And maybe writing about us.

COMMISSIONER GEESMAN: -- and maybe writing.

CHAIRPERSON PFANNENSTIEL: Thank you, John.

Chief Counsel report, Mr. Chamberlain.

MR. CHAMBERLAIN: Thank you, Madam Chair. I'd just like to add that on this same note, that as you may know, I'm completing my thirtieth year as the Commission's Chief Counsel. And I can tell you that the Chief Counsel does not always appreciate the Warren Alquist Act's provision for an attorney on the Commission. But in this case, I really have.

And I don't know how many of you know,

but John's wife used to be in my office. And I'm sorry that we didn't have a more formal dinner for you so that I could have seen her again.

I have two items for closed session, both involving litigation or possible litigation.

CHAIRPERSON PFANNENSTIEL: Thank you. We'll look forward to that.

Ms. Jones.

EXECUTIVE DIRECTOR JONES: I have one item to report. That deals with a report that was prepared by the Energy Commission entitled, vulnerability assessment and security analysis of electric power systems.

Under our regulations the Executive Director has the ability to grant this report confidentiality. I went ahead and made that decision on December 10th based on the fact that there's critical information that could be used to disable the electric grid if it was made public.

And so I'm just informing you of that action. And other than that, I have nothing to report.

CHAIRPERSON PFANNENSTIEL: Thank you. Leg Director, Mike.

LEGISLATIVE DIRECTOR SMITH: Good

morning, Commissioners. Just two quick notes. By way of deadlines, the end of this month is the deadline for existing two-year bills to be voted out of the first House. And there are a number that are in jeopardy. So after this month is over we'll probably see the list of bills that we're focused on, the two-years bills shrink measurably. So we'll be monitoring that and keeping your apprised of that.

And also February 22nd is the deadline for new bills to be introduced in this session. So, while two-year bills may be falling by the wayside, they will no doubt be replaced in equal or perhaps even greater quantity as new bills are introduced. And we will keep you apprised of that progress, as well.

And on a personal note, I, too, would like to add my voice to the chorus of appreciation, Commissioner Geesman, for your years of service here at the Energy Commission.

You've provided a clear and compelling voice for the Energy Commission on many very difficult and tough issues. And I think public policy in California has been greatly enriched as a result of your involvement.

So, thank you very much.

COMMISSIONER GEESMAN: Thank you. And we go back a few years, too. It's been terrific.

CHAIRPERSON PFANNENSTIEL: Mike, you might want to note February 12th both the Assembly Energy Committee and the -- no, the Assembly Utilities and Commerce and the Senate Energy Committee are holding hearings involving us.

LEGISLATIVE DIRECTOR SMITH: Thank you very much. Yes, the Assembly Utilities and Commerce, the long awaited hearing on the oversight of the -- or the review of the IEPR process and the PIER program will be held on February 12th, a state holiday -- state employee holiday, I should say.

As well as the Senate Energy Committee is holding a hearing on the review of the CSI, which our involvement, of course, is the New Solar Homes Partnership program.

CHAIRPERSON PFANNENSTIEL: The same afternoon, but --

LEGISLATIVE DIRECTOR SMITH: The same afternoon, yeah. Not even just the same day, but the same afternoon.

CHAIRPERSON PFANNENSTIEL: -- but

sequentially, not consecutively.

LEGISLATIVE DIRECTOR SMITH: The Senate Energy hearing begins at 1:00, I believe. And the Assembly hearing begins at 3:00.

CHAIRPERSON PFANNENSTIEL: Thanks. Public Adviser report. Any --

MS. MURPHY: Nick is at a doctor's appointment and to my knowledge there's nothing to report.

CHAIRPERSON PFANNENSTIEL: Okay, no Public Adviser report.

MS. MURPHY: We don't have a Public Adviser report.

CHAIRPERSON PFANNENSTIEL: Thank you.

Any other additional public comment? Anybody on the telephone for public comment?

No. Thank you. We'll be adjourned.

(Whereupon, at 11:55 a.m., the business meeting was adjourned.)

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CERTIFICATE OF REPORTER

I, DEBI BAKER, 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 7th day of February, 2008.

Debi Baker

DEBI BAKER