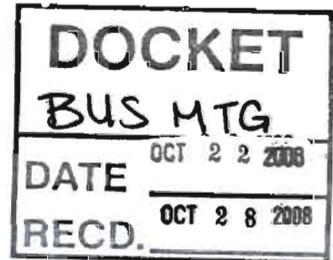


BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)
Business Meeting)
_____)



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

WEDNESDAY, OCTOBER 22, 2008
10:00 A.M.

ORIGINAL

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

COMMISSIONERS PRESENT

James D. Boyd, Vice Chairman

Karen Douglas

Arthur H. Rosenfeld

STAFF PRESENT

Sylvia Bender

Libbie Bessman

Joji Castillo

William Chamberlain, Chief Counsel

Claudia Chandler

Guido Franco

Mike Gravely

John Hingtgen

Jim Holland

Rod Jones

Harriet Kallemeyn, Secretariat

Chris Marxen

Madeleine Meade

Melinda Merritt

Joe O'Hagan

Larry Smith

PUBLIC ADVISER

Elena Miller

ALSO PRESENT

Ken Speer, Northern California Power Agency

Scott Galati, Galati|Blek
Counsel to Northern California Power Agency

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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

2 10:04 a.m.

3 VICE CHAIRMAN BOYD: Good morning,
4 everybody. Welcome to the October 22 Business
5 Meeting of the California Energy Commission. If
6 you would all please join me in the Pledge.

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

9 VICE CHAIRMAN BOYD: Thank you. As you
10 see we have a bare quorum today. The other two
11 Commissioners are on the East Coast somewhere.
12 No, one of them is out of the country and one is
13 on the East Coast.

14 There are no changes to today's agenda,
15 no deletions or corrections.

16 I do want to note one thing before we
17 get into the agenda. I was shocked yesterday to
18 receive a notice that somebody I considered a dear
19 friend of the Energy Commission passed away, Jane
20 Turnbull of the American Lung Association -- the
21 League of Women Voters, excuse me. Who was a very
22 regular person here in attendance at the
23 Commission at its IEPR hearings and just on a
24 whole host of subject matter.

25 She was a delight. She was a wonderful

1 person and she comported herself extraordinarily.
2 She was a wonderful representative of the League
3 of Women Voters and I know we will miss her.
4 Hopefully we will send some expression of our
5 condolences to her family, Ms. Chandler. Thank
6 you very much.

7 MS. CHANDLER: We will take care of
8 that, absolutely.

9 VICE CHAIRMAN BOYD: Thank you.

10 Okay, the Consent Calendar. Is there a
11 motion?

12 COMMISSIONER ROSENFELD: I move the
13 consent calendar.

14 COMMISSIONER DOUGLAS: And I second.

15 VICE CHAIRMAN BOYD: A motion and a
16 second. All in favor?

17 (Ayes.)

18 VICE CHAIRMAN BOYD: Opposed? Nothing.
19 Three to nothing it carries.

20 The second item, Lodi Energy Center.
21 Possible approval of the Executive Director's data
22 adequacy recommendation for the Northern
23 California Power Agency's Application of the Lodi
24 Energy Center, a nominal 255 megawatt natural gas-
25 fired combined cycle facility. Good morning.

1 MR. JONES: Good morning. Good morning,
2 Commissioners. My name is Rod Jones and I am the
3 staff Project Manager for the Lodi Energy Center.

4 On September 10, 2008 Northern
5 California Power Agency submitted an Application
6 for Certification to the California Energy
7 Commission to construct and operate an electrical
8 generating plant in the city of Lodi, San Joaquin
9 County, California. The Lodi Energy Center would
10 be a natural gas-fired, combined cycle, nominal
11 255 megawatt power generation facility.

12 The proposed project would be located on
13 4.4 acres of land owned and incorporated by the
14 City of Lodi, six miles west of the Lodi city
15 center, located near Interstate 5, approximately
16 1.7 miles south of State Route 12. On the east
17 site of the site is the City of Lodi's White
18 Slough Water Pollution Control Facility. The
19 WPCF's treatment and holding ponds are located to
20 the north.

21 An existing generating plant, the CTP
22 number 2, is located to the west, with a 230 kV
23 Pacific Gas and Electric overhead electrical
24 transmission line aligned further to the west, and
25 the San Joaquin County Mosquito and Vector Control

1 facility is to the south. The proposed project
2 would also be located near the city of Stockton,
3 which is approximately two miles south. The
4 project site is currently undeveloped and used for
5 equipment storage during upgrade to the WPCF.

6 The project would include the addition
7 of a combustion turbine generator, single
8 condensing steam turbine generator, deaerating
9 surface condenser, mechanical draft cooling tower,
10 heat recovery steam generator, emission reduction
11 system, auxiliary boiler, recycle water from the
12 WPCF, underground injection well for processing
13 cooling tower blowdown, 520 foot, 2300 kilovolt
14 line for transmitting plant output to the
15 electrical grid, 2.5 mile long gas line built
16 parallel to the existing natural gas pipeline for
17 serving NCPA's CTP number 2, and assorted support
18 equipment.

19 In addition, the proposed project would
20 share existing facilities with the CTP number 2,
21 most notably infrastructure and an anhydrous
22 ammonia system, 230 kilovolt switchyard and grid
23 connection, fire systems, diesel-fired emergency
24 fire pump, domestic water systems, an existing
25 Class I underground injection well, and operating

1 facilities including an administration building,
2 control room, office space, warehouse and a gas
3 metering station.

4 If the project is approved construction
5 would begin the first quarter of 2010 with
6 commercial operation commencing in 2012.

7 Staff's evaluation of the AFC was
8 submitted to the Executive Director, whose
9 recommendation is before you. The Executive
10 Director has determined that the AFC does not meet
11 all of the requirements listed in Title 20 Section
12 1704 and Division 2, Chapter 5, Appendix B of the
13 California Code of Regulations for the 12-month
14 process. Therefore, we recommend that the Energy
15 Commission find the AFC inadequate and adopt the
16 attached list of deficiencies. Of the following
17 23 technical disciplines reviewed we believe the
18 information contained in the AFC is deficient in
19 eight areas, Air Quality, Biological Resources,
20 Cultural Resources, Socioeconomics, Transmission
21 System Design, Soils, Visual Resources and Water
22 Resources.

23 As essential to the data adequacy phase,
24 staff will be back to the Commission once the
25 Applicant has supplied the needed information to

1 make the AFC complete.

2 VICE CHAIRMAN BOYD: Thank you.

3 MR. JONES: And we have in attendance
4 here Ken Speer, Assistant General Manager, NCPA,
5 and Scott Galati, counsel for NCPA.

6 VICE CHAIRMAN BOYD: Thank you,
7 Mr. Jones. Applicant.

8 MR. GALATI: Thank you, Commissioners.
9 We have reviewed the staff's data adequacy
10 recommendation. We have been working very hard.
11 We believe we are going to be responding to all of
12 these deficiencies by Friday of this week,
13 including getting -- we have already received the
14 Letter of Completeness from the San Joaquin Air
15 Pollution District. So we would hope to see you
16 on the 5th with a positive recommendation. Staff
17 has been working with us very well so we think
18 that information is going to be readily -- easy
19 for them to review.

20 VICE CHAIRMAN BOYD: Very good, thank
21 you. All right, we have before us the item. We
22 have the staff's recommendation, the
23 recommendation of the Executive Director. Any
24 comments, questions or a motion?

25 COMMISSIONER DOUGLAS: I move to support

1 the staff recommendation.

2 VICE CHAIRMAN BOYD: A motion.

3 COMMISSIONER ROSENFELD: Second.

4 VICE CHAIRMAN BOYD: A second. All in
5 favor?

6 (Ayes.)

7 VICE CHAIRMAN BOYD: Thank you, it
8 carries three to nothing. We look forward to
9 seeing you soon.

10 COMMISSIONER ROSENFELD: On the 5th.

11 VICE CHAIRMAN BOYD: Agenda Item number
12 3, Geothermal Resources Development Account Grant
13 Recipient Change. Possible approval of a change
14 from Potter Drilling, LLC to GroundSource
15 Geothermal as a recipient of funding under the
16 Geothermal Resource Development Account. Good
17 morning.

18 MR. HINGTGEN: Good morning,
19 Commissioners. My name is John Hingtgen, I am
20 with the Energy Generation Research Office in the
21 Research and Development Division.

22 The award that is the subject of this
23 was awarded at the May 21 Business Meeting under
24 the GRDA or geothermal solicitation last year.
25 Potter Drilling was awarded \$72,000,

1 approximately, for a market study of geothermal
2 heat pumps and how to increase their use within
3 California.

4 Since that award the company received a
5 large amount of investment capital. They
6 reorganized, splitting into two parts. The work
7 of this project would be assigned to a new company
8 called GroundSource Geothermal. The staff at the
9 company would stay the same, the scope of work
10 would stay the same and the budget. So this
11 action would simply assign the award from the old
12 company, Potter Drilling, to the new company,
13 GroundSource Geothermal. And that would be the
14 only change.

15 VICE CHAIRMAN BOYD: Okay, any
16 questions?

17 COMMISSIONER ROSENFELD: I move the
18 change.

19 COMMISSIONER DOUGLAS: I second.

20 VICE CHAIRMAN BOYD: There has been a
21 motion and a second. All in favor?

22 (Ayes.)

23 VICE CHAIRMAN BOYD: Thank you very
24 much, approved the item.

25 MR. HINGTGEN: Thank you.

1 VICE CHAIRMAN BOYD: And I need to go
2 back on the record for just a moment. In my
3 haste, Item 2B, which would have been the
4 appointment of a siting committee. Pretty
5 obviously we are not going to appoint a siting
6 committee if we found the item data inadequate but
7 I want the record to note that that action was not
8 taken and will be advanced to the time the Center
9 proposal is back before us.

10 All right, Item number 4, Benicia
11 Unified School District. Possible approval of a
12 \$925,418 loan to the Benicia Unified School
13 District to install several energy efficiency
14 projects. Good morning.

15 MR. HOLLAND: Good morning,
16 Commissioners. I am Jim Holland of the Public
17 Programs Office. And as you stated I am
18 requesting a loan approval for \$925,418 for
19 efficiency projects in the Benicia Unified School
20 District. And these projects will be composed
21 primarily of retrofitting T-12 lamps and magnetic
22 ballasts with T-8 lamps and electronic ballasts as
23 well as putting controls on lighting and beverage
24 vending machines. And also upgrading aged HVAC
25 units with modern, more efficient HVAC units.

1 These upgrades will save the school
2 district 683 kWh per year, 2,366 therms per year,
3 and \$99,153 in annual cost savings. This project
4 is also estimated to reduce carbon dioxide
5 emissions by 292 tons.

6 The full project cost is \$925,418 and
7 therefore the loan will cover the full amount of
8 the project. But we also anticipate PG&E rebates
9 of \$74,196. With the rebate the payback period is
10 estimated to be 8.6 years. This loan request has
11 been reviewed and approved by the Efficiency
12 Committee and I ask for your approval.

13 VICE CHAIRMAN BOYD: Thank you.
14 Questions?

15 COMMISSIONER ROSENFELD: Jim, I have a
16 question for you.

17 MR. HOLLAND: Sure.

18 COMMISSIONER ROSENFELD: I am on the
19 Efficiency Committee so I shouldn't have to ask
20 this question. Usually these loans have a payback
21 period of maybe five years.

22 MR. HOLLAND: Yes sir.

23 COMMISSIONER ROSENFELD: And they
24 support some renewables, which is a good thing,
25 and the payback time goes up to about ten years.

1 Here the payback time is about ten years without
2 supporting any renewables, as far as I can see.

3 MR. HOLLAND: Yes sir. It's the HVAC.

4 COMMISSIONER ROSENFELD: It's a little
5 unfavorable compared to most, isn't it?

6 MR. HOLLAND: Yes sir. The HVAC system
7 replacement is driving the payback upward. The
8 HVACs are all over 20 years old and at best 8
9 SEER. It is a very expensive retrofit to go and
10 replace most if not all of the HVAC units through
11 the school district. And that is why we have a
12 much longer payback than usual, because of the
13 HVAC replacement. The HVAC alone is, by itself,
14 over a 50 year payback. But when mixed with the
15 lighting and the lighting controls it brings the
16 payback down to the reasonable 9.3 years. But it
17 is the HVAC itself that is driving the payback
18 period long.

19 COMMISSIONER ROSENFELD: Okay, thank
20 you. I move the item.

21 VICE CHAIRMAN BOYD: Commissioner
22 Rosenfeld, knowing you would ask that question,
23 because I know how you are on questioning the
24 payback period, I inquired of this ahead of time
25 and found it was the HVAC system, the air

1 conditioning. And my only reaction was, they
2 didn't air condition schools when I went to
3 school. But in any event --

4 COMMISSIONER ROSENFELD: And you got
5 through school, apparently.

6 VICE CHAIRMAN BOYD: I made it anyway.
7 I'll entertain your motion. Is there a second?

8 COMMISSIONER DOUGLAS: I second.

9 VICE CHAIRMAN BOYD: There is a motion
10 and a second. All in favor?

11 (Ayes.)

12 VICE CHAIRMAN BOYD: It carries three to
13 nothing.

14 MR. HOLLAND: Thank you very much.

15 VICE CHAIRMAN BOYD: Thank you, Jim.

16 Agenda Item number 5. I just revealed
17 my age there, didn't I?

18 The City of Monterey. Possible approval
19 of a \$600,000 loan to the City of Monterey to
20 upgrade lighting and photovoltaic installation
21 projects. Good morning.

22 MS. CASTILLO: Good morning,
23 Commissioners. My name is Joji Castillo and I am
24 with the Public Programs Office. This is a loan
25 request from the City of Monterey for \$600,000.

1 These funds will be used to fund lighting upgrades
2 and solar installations.

3 The lighting projects will be at two
4 facilities, the Monterey Conference Center and the
5 Monterey Sports Center. The projects include
6 retrofitting interior and exterior incandescent,
7 mercury vapor and metal halide lighting with CFLs,
8 induction lighting and LED lighting.

9 The solar installations will be also at
10 two facilities. One will be a 23 kilowatt,
11 rooftop photovoltaic system at the 735 Pacific
12 Street building and the other will be a 49.8
13 kilowatt, ground-mounted photovoltaic system at
14 the Ryan Ranch building.

15 These projects will save the City of
16 435,000 kilowatt hours per year or \$60,000 per
17 year. The total project cost is over \$783,000.
18 The City will potentially be receiving rebates of
19 over \$183,000 and the net cost to the City is
20 \$600,000. Based on the loan amount of \$600,000
21 payback is estimated at ten years.

22 The item has been approved by the
23 Efficiency Policy Committee and I am seeking your
24 approval for this loan request. Thank you.

25 VICE CHAIRMAN BOYD: Thank you.

1 Questions?

2 COMMISSIONER ROSENFELD: I had one
3 question. There is this parenthetical remark which
4 says it is ECAA or bond funded. Usually these
5 things are just bond funded. Can you explain why?

6 MS. CASTILLO: This particular one is
7 bond funded.

8 COMMISSIONER ROSENFELD: It is, okay.

9 MS. CASTILLO: Yes.

10 COMMISSIONER ROSENFELD: This is just
11 confusing here.

12 MS. CASTILLO: Okay.

13 COMMISSIONER ROSENFELD: Okay, I move
14 the item.

15 COMMISSIONER DOUGLAS: I second.

16 VICE CHAIRMAN BOYD: A motion and a
17 second. All in favor?

18 (Ayes.)

19 VICE CHAIRMAN BOYD: Thank you very
20 much. It is approved three to nothing.

21 Item 6, McGraw-Hill Construction.
22 Possible approval of a purchase order 08-445.03-
23 002. This numbering system is getting too exotic.
24 For \$37,901 to McGraw-Hill Construction Company
25 for floor space data. Good morning, Sylvia.

1 MS. BENDER: Good morning. I am Sylvia
2 Bender from the Electricity Supply Analysis
3 Division and I am here to speak to this purchase
4 from McGraw-Hill Construction, otherwise known as
5 Dodge.

6 The quantity of floor space is an
7 essential ingredient in the preparation and
8 validation of commercial and residential sector
9 energy demand forecasts. Dodge is the only
10 reliable source of construction permit data and
11 has supplied this information to the Commission
12 for more than 30 years. Acquisition of the Dodge
13 permit data would allow staff to estimate and
14 project commercial floor stocks by building type
15 and climate zone and to verify the residential
16 models' housing floor space stock.

17 Lack of this information would result in
18 less accurate commercial and residential floor
19 space projections, which in turn would yield less
20 accurate commercial and residential energy demand
21 forecasts coming up for our 2009 IEPR. So I move
22 approval or I would ask for approval for this
23 item, for this purchase of the data.

24 VICE CHAIRMAN BOYD: Thank you, Sylvia.
25 Questions?

1 COMMISSIONER ROSENFELD: I move the
2 item.

3 COMMISSIONER DOUGLAS: I second.

4 VICE CHAIRMAN BOYD: There is a motion
5 and a second. All in favor?

6 (Ayes.)

7 VICE CHAIRMAN BOYD: The motion carries
8 three to nothing.

9 MS. BENDER: Thank you, Commissioners.

10 VICE CHAIRMAN BOYD: Thank you very
11 much, Sylvia.

12 Item 7, ABT SRBI. Possible approval of
13 Amendment 1 to Contract 600-07-004 with this firm
14 to add \$196,516 and to revise the scope of work.
15 Good morning.

16 MS. BESSMAN: Good morning and thank
17 you, Commissioners. My name is Libbie Bessman. I
18 am with the Fuels and Transportation Division.

19 On May 21, 2008 staff came to the
20 Business Meeting requesting approval of the
21 household and commercial fleet vehicle survey used
22 for the Cal Cars Light Duty Vehicle Demand Model.
23 The original contract amount was \$600,000 to
24 update the current coefficients on the vehicle
25 choice.

1 Since that Business Meeting staff
2 decided we should take opportunity to expand and
3 amend this contract to include cell phone-only
4 households and to increase the entire sample size
5 by 20 percent. This increase in funding will
6 allow the contractors to gather more information
7 on the cell phone-only households, which are
8 typically the 35 and under demographics that may
9 disproportionately adapt innovative technologies.

10 Additionally the contractors will be
11 able to ask more questions about alternative fuels
12 and vehicle technologies, including responses to
13 incentives.

14 Two previous surveys performed, one was
15 in 2000 by MORPACE, and the other was performed by
16 KEMA in 2006. The funding levels for these two
17 contracts started at around \$750,000. The initial
18 contract funding of the \$600,000 came from the
19 Department of Finance as part of the Dynasim
20 project.

21 The amended survey provides additional
22 supporting information for the AB 118 program as
23 well as this information will be used for the 2009
24 and then the 2011 IEPRs. If there are any
25 questions I would be happy to answer them.

1 VICE CHAIRMAN BOYD: Thank you.

2 Questions, comments?

3 COMMISSIONER DOUGLAS: I'll move
4 approval.

5 COMMISSIONER ROSENFELD: Second.

6 VICE CHAIRMAN BOYD: All in favor?

7 (Ayes.)

8 VICE CHAIRMAN BOYD: It carries three to
9 nothing. Thank you.

10 MS. BESSMAN: Thank you.

11 VICE CHAIRMAN BOYD: I am quite familiar
12 with this since the Transportation Committee is
13 involved in this.

14 All right, Item number 8, Public Sector
15 Consultants. Possible approval of purchase order
16 08-409.005-004 for \$437,400 to this firm to
17 provide technical project management and
18 programming for the PIER Information Management
19 System or PIMS as we call it. Good morning.

20 MR. SMITH: Good morning, Chairman and
21 Commissioners. My name is Larry Smith and I am
22 the Information Technology Services Branch
23 Manager. And I am seeking approval for the Energy
24 Commission --

25 COMMISSIONER ROSENFELD: Larry, can you

1 talk a little closer to the mic.

2 MR. SMITH: I am seeking approval for
3 the Energy Commission to enter into an agreement
4 with Public Sector Consultants to provide
5 automation support for the Program Information
6 Management System or PIMS. PIMS was developed to
7 manage data for the Commission's research,
8 demonstration and development program.

9 This agreement resulted from a request
10 of offer made under the Department of General
11 Services, California Multiple Award Schedule or
12 CMAS. The Commission issued this request for
13 offer for two programmers and one project manager
14 to maintain the current PIMS system, to modify the
15 PIMS application, to accommodate changes to the
16 Commission's program needs, and to train existing
17 civil service programmers to take over and provide
18 maintenance and oversight to the PIMS system.

19 Six offers were received and evaluated
20 for this request of offer and today I am
21 requesting approval for the purchase order with
22 Public Sector Consultants for the amount of
23 \$437,400 for up to two years. Thank you.

24 VICE CHAIRMAN BOYD: Thank you.
25 Questions, comments?

1 COMMISSIONER ROSENFELD: I move the
2 item.

3 COMMISSIONER DOUGLAS: I second.

4 VICE CHAIRMAN BOYD: There is a motion
5 and a second. All in favor?

6 (Ayes.)

7 VICE CHAIRMAN BOYD: The motion carries
8 three to nothing. Thank you very much. And I am
9 delighted to have learned that PIMS is quite
10 successful and there are hopes and plans to maybe
11 utilize the capabilities to help us in other
12 program areas, which would be a very positive
13 thing for us. It is a system with potential for
14 us to expand. Particularly the programs with big
15 dollars in them like AB 118. Thank you.

16 Item number 9, US Department of Energy-
17 Pacific Northwest National Laboratory. Possible
18 approval of Contract 500-08-013 with US Department
19 of Energy-Pacific Northwest Laboratory for
20 \$228,337 to develop modeling capabilities for
21 consistent analysis of California's energy system
22 and the impacts of proposed supply and demand-side
23 policies. Good morning.

24 MR. FRANCO: Good morning,
25 Commissioners. My name is Guido Franco. I am

1 part of your Public Interest Energy Research
2 Program, the PIER Program.

3 I am here to ask you for approval of an
4 interagency agreement with the Pacific Northwest
5 National Laboratory to develop a long-term energy
6 model for California based, that would be based on
7 their very successful MiniCAM model. The MiniCAM
8 model is one of the models that is used by the
9 Intergovernmental Panel on Climate Change, IPCC,
10 to estimate future global emission scenarios. The
11 California model will be embedded into their
12 national and international models to allow the
13 study of the interactions of climate and energy
14 policy in California with the rest of the world.

15 This phase of this project is only for
16 the construction of the model. If this effort is
17 successful, as expected, future projects would
18 include analytical studies used in the model. For
19 example, the Commission may decide to use the
20 model to develop scenarios for California that are
21 compatible with the IPCC global climate scenarios
22 that the IPCC will use in the near future that are
23 under development.

24 In turn the California scenarios that
25 are compatible with the global scenarios could be

1 used for the 2010 or the 2012 biennial climate
2 change science report that the PIER program
3 prepares every other year for the Climate Action
4 Team. Our changing climate is the report that we
5 prepare for the Climate Action Team every other
6 year.

7 The RD&D Committee approved this
8 project. With that I am ready to answer any
9 questions that you might have.

10 VICE CHAIRMAN BOYD: Thank you, Guido.
11 Questions?

12 COMMISSIONER DOUGLAS: I have a couple.
13 I have a couple, I have a couple of questions. So
14 what is the time frame for development of this
15 model and when might it be providing policy
16 results or analytical results?

17 MR. FRANCO: This phase is only for
18 development of the model. The development of the
19 model would take about two years.

20 COMMISSIONER DOUGLAS: And then once the
21 model is developed there would be another phase
22 where we would need to develop further capacities
23 in the model?

24 MR. FRANCO: The next phase would for
25 analytical studies with the model.

1 COMMISSIONER DOUGLAS: Okay. Got it,
2 thank you.

3 COMMISSIONER ROSENFELD: I move the
4 item.

5 COMMISSIONER DOUGLAS: Second.

6 VICE CHAIRMAN BOYD: It has been moved
7 and seconded. All in favor?

8 (Ayes.)

9 VICE CHAIRMAN BOYD: It carries three to
10 nothing. Thank you, Guido.

11 Item number 10, UC Davis. I see you are
12 not moving.

13 (Laughter)

14 VICE CHAIRMAN BOYD: Possible approval
15 of contract 500-08-005 for \$300,000 with the
16 University of California at Davis to expand and
17 enhance CALVIN, a water resources management tool.

18 MR. FRANCO: Yes. The University of
19 California at Davis has developed an engineering/
20 economic model for the water system in California.
21 The model is known as CALVIN and has been used
22 very successfully in the past for prior PIER
23 studies on climate change.

24 Under this proposed Interagency
25 Agreement UC Davis will enhance the model in

1 several ways, including the following: First, by
2 updating the engineering and economic data that
3 drives the model with new data sets that have
4 become available recently.

5 Second, develop a new module in CALVIN
6 to track energy consumption and generation in the
7 water system. This feature will be extremely
8 useful in the future because it will allow us to
9 examine the energy implications of different water
10 management strategies designed to cope with
11 climate change.

12 Third, including the consideration --
13 The model will also be enhanced to include the
14 consideration of water temperatures that is
15 required for environmental purposes.

16 And fourth, the enhancements will
17 include the representation of hydropower
18 generation in the CALVIN model.

19 And again, the model will be used for
20 climate change studies that will be part of the
21 third biennial science report that will be
22 submitted to the Governor and the Legislature via
23 the Climate Action Team in 2010. And with that I
24 am ready to answer any questions that you may
25 have.

1 VICE CHAIRMAN BOYD: Thank you.

2 Questions or comments?

3 COMMISSIONER ROSENFELD: Guido, this
4 sounds remarkably familiar. Did this come up in a
5 Business Meeting recently or do I just remember it
6 from a PIER meeting?

7 MR. FRANCO: Yes, it came up to a
8 Business Meeting like two months ago but the
9 Commissioners decided to wait about it. I think
10 the resolution is B-1276.

11 COMMISSIONER ROSENFELD: Oh, this was
12 the hold-up because of the uncertainty about the
13 PIER funding.

14 MR. FRANCO: Yes.

15 COMMISSIONER ROSENFELD: Right. Okay, I
16 move the item.

17 COMMISSIONER DOUGLAS: I second.

18 VICE CHAIRMAN BOYD: A motion and a
19 second. All in favor?

20 (Ayes.)

21 VICE CHAIRMAN BOYD: The motion carries
22 three to nothing. Thank you, Guido.

23 Item number 11, UC Santa Barbara, Bren
24 School of Environmental Science and Management.
25 Possible approval of work authorization MRA-02-078

1 for \$397,000 under an existing contract with the
2 Regents of the University of California. Gee, I
3 went to that school, you'd think I'd remember it.
4 Office of the President. Mr. O'Hagan.

5 MR. O'HAGAN: Good morning. My name is
6 Joe O'Hagan. I am in the PIER Environmental Area
7 Program here at the Commission.

8 The work authorization before you, as
9 Commissioner Boyd said, is for \$397,000. And the
10 purpose of this proposed work authorization is to
11 increase our understanding of potential effects of
12 growing biofuel crops in California.

13 As you are well aware the Governor has
14 issued an Executive Order that we should increase
15 reliance on biofuel crops grown within the state.
16 So the purpose of this proposed project is to
17 understand what trying to reach those goals would
18 mean for wildlife and water use within the state.

19 As you probably are aware, migratory
20 birds utilize a lot of the crop land in the
21 Central Valley. It is very important as part of
22 the Pacific Coast Flyway. Half the vertebrate
23 species in California utilize agricultural land,
24 either for foraging or reproduction. So it is
25 very important that we understand how changing

1 crop types and tillage patterns would affect these
2 species. It is also important to understand how
3 agricultural water demand will change with the
4 change in crop types.

5 The researchers are proposing to work
6 with the biomass collaborative and also
7 researchers at UC Davis which are producing models
8 to identify likely biofuel crops to be grown in
9 different portions of the state, based on both
10 economic factors as well as physical, such as soil
11 types, water availability, growing season and
12 whatnot.

13 To use that information and address all
14 the existing agricultural areas in the state and
15 take a look at the wildlife utilization of these
16 areas and try to anticipate what that would mean
17 for wildlife and water demand in these areas.

18 If you have any questions I would be glad to
19 answer them.

20 VICE CHAIRMAN BOYD: Thank you, Joe.
21 Any questions or comments? I would note this does
22 a couple of things, for me anyway. One, it
23 continues to address the subject of biomass, which
24 is a personal interest. But also really made me
25 realize that it begins to address questions that

1 all of us are familiar with. Maybe Commissioner
2 Douglas and I in particular. Sustainability,
3 resilience of our system, so on and so forth. So
4 the sooner you get this done the better for some
5 of us. Anyway, questions, comments, motions?

6 COMMISSIONER DOUGLAS: I will just add my own
7 comment. I completely agree with Commissioner
8 Boyd. This is very important research. We need
9 to have a better understanding of how integrating
10 a larger amount of biofuel crops could affect our
11 natural environment and the species that right now
12 depend on the current agricultural system and
13 natural system in California. So I am also eager
14 to see the results of this work. I think it will
15 be very helpful for us in meeting our
16 sustainability goals.

17 COMMISSIONER ROSENFELD: I think I will
18 move the item.

19 COMMISSIONER DOUGLAS: And I will second
20 it.

21 VICE CHAIRMAN BOYD: A motion and a
22 second. All in favor?

23 (Ayes.)

24 VICE CHAIRMAN BOYD: It carries three to
25 nothing. Thank you very much, Joe.

1 MR. O'HAGAN: Thank you very much.

2 VICE CHAIRMAN BOYD: Item 12, UC Energy
3 Institute. Possible approval of Contract 500-08-
4 006 for \$2,394,375 with the Regents of the
5 University of California, Office of the President,
6 to fund the Center for the Study of Energy Markets
7 or CSEM at UC Energy Institute. Good morning
8 again, Joe. Mike, I mean.

9 MR. GRAVELY: Good morning,
10 commissioners. I am Mike Gravely from the R&D
11 Division.

12 This effort will conduct economic
13 research on the dynamics of the natural gas and
14 electricity markets and transfer that knowledge
15 gained through a series of technical papers,
16 presentations and conferences. We have about
17 seven years experience with this. It goes back to
18 2001. We have been very happy with the work and
19 effort that has been done with this group and we
20 look forward to continuing to do this effort in
21 the future.

22 The research going forward will focus in
23 six general areas. The reliability and adequacy
24 of supply in California's electric and natural gas
25 markets; demand response interaction of

1 transmission networks with market performance,
2 implementation of commercial policies around the
3 world. Competition, commercial competition
4 policies around the world. Interaction of the
5 environmental regulations on the energy markets.
6 And the influencing factors of the pricing of
7 refined petroleum products and their alternatives
8 in California.

9 We have an advisory committee that
10 oversees this group and monitors what they do and
11 approves their research of specific projects with
12 representatives from both the CEC, the PUC and the
13 ISO. I am here to answer any additional questions
14 you may have on this.

15 VICE CHAIRMAN BOYD: Thank you.
16 Questions, comments?

17 COMMISSIONER ROSENFELD: Just a word of
18 praise for CSEM. As you said, we have six or
19 seven years of very productive --

20 MR. GRAVELY: Yes, 2001.

21 COMMISSIONER ROSENFELD: -- productive
22 experience. My only complaint is they write
23 reports faster than I can read. But I read some
24 of them. Of course this is for the next nearly
25 four years so it is a modest level of funding and

1 I happily move the item.

2 COMMISSIONER DOUGLAS: I'll second the
3 item.

4 VICE CHAIRMAN BOYD: There is a motion
5 and a second. All in favor?

6 (Ayes.)

7 VICE CHAIRMAN BOYD: It carries three to
8 nothing. Thank you, Mike.

9 Item 13, Appliance Efficiency
10 Regulations A and B. Possible adoption of
11 proposed amendments to the Appliance Efficiency
12 Regulations A and B. Ms. Merritt.

13 MS. MERRITT: Good morning,
14 Commissioners. I am Melinda Merritt with the
15 Appliance Efficiency Program.

16 The 2008 Appliance Efficiency Rulemaking
17 was initiated in December 2007 with oversight by
18 the Efficiency Policy Committee. In April of this
19 year the Committee divided the proceeding into
20 three parts with separate, concurrent rulemakings.

21 The topics for consideration in Part A
22 and B of Phase I, which are the subject of today's
23 meeting, concern the following appliance types:
24 Within Part A the Commission is considering
25 lighting efficiency standards for general purpose

1 lamps and for portable lighting fixtures or
2 luminaires.

3 In Part B the Commission is considering
4 more stringent standards for metal halide
5 luminaires. A test procedure for battery charger
6 systems that includes energy use in the active
7 mode. Requirements for residential pool pumps and
8 testing of portable electric spas.

9 And finally, a broad update and
10 revisions necessary for consistency with federal
11 laws and other non-substantive changes.

12 The express terms for Parts A and B were
13 published on August 29, 2008, beginning a 45-day
14 public review period. The Committee held a public
15 hearing on September 17 and written comments have
16 been entered into the record on all topics. The
17 Notice of Proposed Action stated that the full
18 Commission would consider adoption of the proposed
19 regulations at a public hearing on October 22.

20 Staff has reviewed the comments received
21 to date and believes that further changes to the
22 express terms for both Parts A and B need to be
23 made and recommends that the Commission not adopt
24 the proposed 45-day language today. We recommend
25 that modified or 15-day language be published for

1 consideration and adoption in December. The
2 revised language will address issues raised in the
3 public comments and by staff.

4 So this concludes staff's presentation.
5 And at this point I'll pass the baton to the
6 Committee.

7 COMMISSIONER ROSENFELD: Mr. Chairman,
8 there is nothing to move. But as Melinda just
9 suggested, I will read two paragraphs, which is
10 the Committee's response.

11 We of course agree with the staff's
12 recommendation that no action be taken today and
13 that instead we wait for 15-day language in the
14 next few weeks. The Committee will notice the
15 availability of the 15-day language for review and
16 proposed adoption at a Business Meeting.

17 If my fellow Commissioners agree there
18 is no need to do anything further and we accept
19 the staff's recommendation.

20 VICE CHAIRMAN BOYD: Thank you,
21 Commissioner. I have no card to indicate there is
22 anybody in the audience who wanted to speak to
23 this item but I will raise that question just in
24 case there is.

25 COMMISSIONER ROSENFELD: There is.

1 VICE CHAIRMAN BOYD: There is motion,
2 there is movement.

3 COMMISSIONER ROSENFELD: No, there is
4 not.

5 VICE CHAIRMAN BOYD: Okay. I just
6 wanted to make sure we afforded anybody the
7 opportunity. All right. Well, as indicated, no
8 action is required today if we accept the staff
9 recommendation, which the Committee has
10 recommended that we do. I have no concerns. So
11 we will accept your recommendation and this will
12 be posted for 15 day language and brought back
13 before the full Commission at a future date.

14 MS. MERRITT: Thank you.

15 VICE CHAIRMAN BOYD: Thank you very
16 much.

17 Item 14. Renewable Energy Program
18 Annual Report. Possible approval of the Renewable
19 Energy Program 2008 Annual Report to the
20 Legislature and its associated Appendix. Good
21 morning.

22 MS. MEADE: Good morning, Commissioners.
23 I am Madeleine Meade with the Renewable Energy
24 Office.

25 Since 1998 the Renewable Energy Program

1 has been reporting to the Legislature on program
2 activities and expenditures. These have taken the
3 form of quarterly, annual and biennial reports.
4 In 2004 legislation consolidated these reports
5 into a single, annual report which is due to the
6 Legislature each November 1 and it reports on the
7 program on a fiscal year basis. This year's
8 reporting period is for fiscal year '07-08.

9 The annual report discusses allocation
10 of renewable resource trust fund dollars and any
11 reallocations among the renewable energy program
12 elements. Information on cash flow, expenditures
13 and encumbrances, transfers and repayments, the
14 allocation of interest earned on the Renewable
15 Resource Trust Fund, program activities and
16 results, projects and funding awards.

17 Additionally the report includes a
18 discussion of program activities associated with
19 achieving the RPS target of 20 percent renewables
20 by 2010. It also responds to the legislative
21 requirement to identify the types and quantities
22 of biomass fuels used by facilities receiving
23 funds from our existing renewable facilities
24 programs and their impacts on improving air
25 quality.

1 Lastly, the report's Appendix itemizes
2 various projects, contracts and grants that have
3 been funded by the Renewable Energy Program along
4 with their status and award amounts.

5 I would like to request approval of this
6 item and I am happy to answer any questions.

7 VICE CHAIRMAN BOYD: Thank you.
8 Questions?

9 COMMISSIONER DOUGLAS: I do not have
10 questions. I am very pleased that we have managed
11 to put together this fairly comprehensive report,
12 on time, to the Legislature. So I thank you for
13 your work.

14 COMMISSIONER ROSENFELD: Ahead of time.

15 COMMISSIONER DOUGLAS: Ahead of time.

16 VICE CHAIRMAN BOYD: Yes, early.

17 COMMISSIONER DOUGLAS: Early. So I
18 would like to move this item.

19 COMMISSIONER ROSENFELD: I second with
20 pleasure.

21 VICE CHAIRMAN BOYD: There is a motion
22 and a second. All in favor?

23 (Ayes.)

24 VICE CHAIRMAN BOYD: The motion carries
25 three to nothing. Congratulations and thank you

1 very much.

2 MS. MEADE: Thank you.

3 VICE CHAIRMAN BOYD: All right. Item 15
4 on the agenda is Minutes.

5 COMMISSIONER ROSENFELD: I move the
6 Minutes, whatever date they are.

7 VICE CHAIRMAN BOYD: They are the
8 minutes of October 8. And you were here so that
9 is an appropriate motion.

10 COMMISSIONER DOUGLAS: And I will second
11 it. I was here too.

12 VICE CHAIRMAN BOYD: And I was here.
13 There is a motion and a second. All in favor?

14 (Ayes.)

15 VICE CHAIRMAN BOYD: Thank you. Item
16 16, Commission Committee Presentations or
17 Discussions. Do any of my fellow Commissioners
18 have anything have anything they want to bring
19 before this body?

20 Hearing nothing we will move on to the
21 Chief Counsel's Report.

22 MR. CHAMBERLAIN: Thank you,
23 Mr. Chairman. I have just one, brief closed
24 session item on matters of litigation that I hope
25 will only take about five minutes.

1 COMMISSIONER ROSENFELD: Where are we
2 going to meet?

3 VICE CHAIRMAN BOYD: We will meet in my
4 office as soon as this is done. I went to all the
5 trouble of cleaning my table off for you all.

6 COMMISSIONER ROSENFELD: Thank you.

7 VICE CHAIRMAN BOYD: Which is a rare
8 thing for me. Thank you, Bill.

9 Executive Director's Report.

10 MS. CHANDLER: I would like to thank you
11 all for your participation in our kickoff campaign
12 when we did the ice cream social; you were great
13 scoopers. Staff appreciates your willingness to
14 come down.

15 Of course that was more than just a
16 launch of the California State Employee Campaign.
17 That was also a thank you to many of the staff who
18 have raised money each year for different kinds of
19 nonprofit activities. I like to call it fun-
20 raising, because although we raise funds for
21 worthy nonprofits, we also have a lot of fun in
22 the process.

23 The next day was a Business Meeting and
24 at that same time several of us were giving blood.
25 Actually 45 pints of blood were collected on that

1 day. And as you know this is also a very
2 important component of the Energy Commission's
3 culture of giving. We have an amazing staff. We
4 have a staff that gives freely of their time, of
5 their talent, of their money.

6 And upcoming at the end of this month is
7 one of my favorite events and that is the Chili
8 Cookoff Contest. I urge you all to get your moms'
9 recipes, moms and dads' recipes out. You would
10 probably be favored at the event if you did.

11 But if not, come and join us in terms of
12 partaking. There is always a good batch of chili
13 that is being brewed up by -- last year we had
14 about 45 participants. So it's a great gig and it
15 is one of the best things we do in terms of staff
16 engagement around here, in my opinion.

17 So that is my report. It is not serious
18 but it is important.

19 COMMISSIONER ROSENFELD: Claudia, in the
20 spirit of that, I missed the ice cream social but
21 I discovered the ice cream in the freezer last
22 night. It was delicious.

23 (Laughter)

24 MS. CHANDLER: Well we put it there for
25 you, knowing that you couldn't scoop. And I could

1 see you come in late and kind of -- we got a
2 couple of scoops up.

3 COMMISSIONER ROSENFELD: Thank you.

4 MS. CHANDLER: Yes, it is there for you,
5 Art.

6 VICE CHAIRMAN BOYD: His late-night
7 dessert there.

8 MS. CHANDLER: For those midnight snacks
9 that you like to have.

10 VICE CHAIRMAN BOYD: Thank you, Claudia,
11 that sounds interesting.

12 MS. CHANDLER: My pleasure.

13 VICE CHAIRMAN BOYD: And I look forward
14 to the chili. I'm not much of a chili cook but I
15 am quite a chili eater.

16 MS. CHANDLER: All right. Well it's the
17 31st of this month. It coincides with Halloween.
18 All right, see you there.

19 VICE CHAIRMAN BOYD: Okay, thank you.

20 Legislative Director's Report. Good
21 morning, Chris.

22 MR. MARXEN: Good morning,
23 Commissioners. I am Chris Marxen, Office of
24 Governmental Affairs. I don't have much to
25 report, as you can imagine. The Legislature is

1 fairly quiet this time of year.

2 VICE CHAIRMAN BOYD: Thank goodness

3 MR. MARXEN: It is an election year.

4 Members and staff are generally out of town.

5 I suppose that you have all read that
6 there are rumors the Governor is going to call a
7 special session in a few weeks to deal with some
8 budget issues. But other than that it has been
9 fairly quiet on the legislative front and will
10 continue to be probably through the beginning of
11 November.

12 VICE CHAIRMAN BOYD: Okay, thank you. I
13 am going to go back and ask our Deputy Executive
14 Director, in light of the special session to
15 address the newly discovered, yet-again, deficit
16 in the state. Have there been any administrative
17 actions relative to cost-cutting or what have you
18 that affect this agency?

19 MS. CHANDLER: We are very fortunate
20 that we have no general funds. The Executive
21 Order now applies to the General Fund agencies.
22 Each General Fund agency has been asked to take a
23 ten percent cut in their budget. They have been
24 told that they can take that cut in any type of
25 way that their management feels is appropriate.

1 So the hiring freeze has been lifted.
2 They can choose to take that ten percent cut by
3 eliminating contracts, eliminating travel,
4 eliminating -- you know, freezing positions. This
5 was something that Resources Agency felt was a
6 very important step because it allowed the
7 Directors to control their own budgets as long as
8 they met that ten percent cut.

9 We were also told that we need to be
10 aware that, you know, this could be increased. It
11 is uncertain in terms of the revenues, especially
12 given this financial meltdown. That we need to be
13 prudent and conservative as we move forward. That
14 was the position we are in.

15 VICE CHAIRMAN BOYD: Thank you. I ask
16 because I know, even though we are not a General
17 Fund agency, we were suddenly found fungible on
18 some occasions. So anyway, thanks very much.

19 Public Adviser's Report.

20 MS. MILLER: Good morning,
21 Commissioners, Elena Miller. I just have one item
22 to report. That tomorrow is the Informational
23 Hearing and Site Visit in Tracy on the Tracy
24 expansion project. I will be in attendance as
25 well as Associate Public Adviser Loreen McMahon.

1 That's all I have, thank you.

2 VICE CHAIRMAN BOYD: Thank you.

3 Public comments. There's one public out
4 there, perennially, regularly.

5 Okay, no comments, thank you. All
6 right, thank you everybody.

7 We are going to adjourn into Executive
8 Session in my office and then that will complete
9 -- following that, that will be total adjournment
10 of this meeting for the day.

11 (Whereupon, at 10:49 a.m., the
12 Business Meeting was adjourned.)

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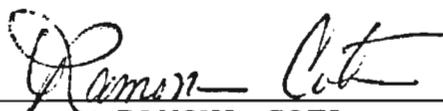
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CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 24th day of October, 2008.



RAMONA COTA