

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY COMMISSION

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

 ORIGINAL

WEDNESDAY, September 16, 2009
10:00 A.M.

Reported by:
Kent Odell

COMMISSIONERS PRESENT

Karen Douglas, Chair

James D. Boyd, Vice Chair

Julia A. Levin

Jeffrey Byron

STAFF PRESENT

Melissa Jones

Mike Smith

John Sugar

Gabe Herrera

I N D E X

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

2 SEPTEMBER 16, 2009

10:06 a.m.

3 CHAIRPERSON DOUGLAS: Good morning. Hello, is
4 the mic off? Or is it just turned down low?

5 VICE CHAIR BOYD: The volume is too low, I think.
6 It is on.

7 CHAIRPERSON DOUGLAS: Hello. That is better.
8 Good morning. Welcome to the California Energy Commission
9 Business Meeting of September 16th, 2009.

10 Please join me in the Pledge.

11 (Whereupon, the Pledge of Allegiance was
12 received in unison.)

13 CHAIRPERSON DOUGLAS: Welcome everybody.
14 Commissioners, good morning. As many of you have noticed,
15 we have been having weekly business meetings, as opposed to
16 business meetings every two weeks. The reason for that is
17 to move as expeditiously as possible in getting federal
18 stimulus out on the street and that is what we are here to
19 do today, leading us to staff to present Item 1, City of
20 Los Angeles, which is an item that was continued from the
21 September 9th, 2009 agenda.

22 Item 1. City of Los Angeles. Possible approval
23 of a \$3 million loan to the City of Los Angeles to convert
24 a portion of the city's residential street light fixtures
25 from incandescent lamps to induction lamps. Mr. Smith.

1 MS. JONES: I would just like to make a comment.
2 There were a number of staff who worked very hard and very
3 diligently to meet these very tight timelines, and so I
4 would just like to acknowledge a few of them. Mike, of
5 course, Mike Smith, John Sugar, John Butler, Adel Suliman,
6 Joseph Wang, Pat Perez, Mark Hutchison, and Claudia
7 Chandler.

8 CHAIRPERSON DOUGLAS: Thank you, Melissa. I
9 absolutely agree with that. I was saving some broader
10 comments for Item 3 when we get to the Block Grant Program
11 Guidelines. But, of course, what we are doing right now
12 with these approvals is actually moving forward with
13 projects that we are funding from an item that was on a
14 past business meeting. So thank you for pausing to
15 acknowledge the full team that worked on this, as well.

16 MR. SMITH: Good morning, Commissioners. My name
17 is Mike Smith. I am the Deputy Director for Fuels and
18 Transportation. The project with the City of Los Angeles
19 has, as you have commented, Chairman, has been before the
20 Commission previously and improved by the Commission as an
21 ECCA loan at 3 percent. With the advent of the lower
22 interest rate loan program through our ARRA funding, the
23 City has reapplied for funding and we are now pleased to
24 bring this project back before the Commission for funding.

25 This particular lighting project will allow the

1 city to retrofit or replace almost 5,800 inefficient
2 incandescent lamps with high efficiency and longer lasting
3 induction lamps. And you will notice on this project, too,
4 it has a longer payback period than is typical for a
5 lighting retrofit, and I just want to point out that a part
6 of this project involves also rewiring of the lighting
7 system associated with these particular lamps, and the
8 rewiring will improve reliability and allow for greater
9 public safety. So it is a very important component,
10 although it does extend payback somewhat, but still less
11 than 10 years.

12 I also want to point out that, in terms of
13 funding, in addition to the \$3 million loan that the Energy
14 Commission is providing, the City is providing \$2.84
15 million through their Street Lighting Assessment Fund, and
16 LAWP is providing an additional \$160,000 through the
17 incentives from its own funding.

18 So with that, I ask for the Commission's
19 approval, and I am happy to answer any questions.

20 COMMISSIONER LEVIN: I, too, would like to thank
21 staff for all of this work and the work to transfer this
22 loan from ECCA to ARRA. I would also like to thank the
23 City of Los Angeles. I was just there yesterday and the
24 day before for a conference, the International Lighting
25 Conference, and the City really is moving very aggressively

1 on its clean energy goals and it is very exciting to see
2 and I am glad that we can help them. So I would be happy
3 to move this item if there are not other comments.

4 COMMISSIONER BYRON: Second.

5 CHAIRPERSON DOUGLAS: All in favor?

6 (Ayes.)

7 That item is approved.

8 Item 2. Town of Hillsborough. This item was
9 also continued from the September 9th, 2009 Agenda.
10 Possible approval of a \$908,700 loan to the Town of
11 Hillsborough to install premium efficiency pumps and
12 control upgrades for its water system. Mr. Smith?

13 MR. SMITH: Again, this is a project that has
14 been before the Commission and approved previously by the
15 Commission, and also because of the availability of the
16 lower interest rate funding through our ARRA Programs.
17 They have reapplied and, again, we are pleased to present
18 this.

19 This one is an improvement to the water pumping
20 system for the Town of Hillsborough, and in addition to the
21 improvement, the efficiency improvement to the energy
22 savings that would result from just simply replacing the
23 older pumps at three major stations with higher efficiency,
24 variable speed pumps, the project also involves the
25 implementation of a software program that will allow the

1 water system to operate more during off-peak hours. So we
2 have the added benefit of not only energy savings, but peak
3 shaving, as well, from this particular project. And I will
4 point out that, in addition to the \$908,000 loan that the
5 Energy Commission is providing, PG&E is providing an
6 additional \$27,680 from its own incentive program, and the
7 Town of Hillsborough is providing \$383,620 from its own
8 cash.

9 So with that, we are pleased to move this for
10 approval and I will answer any questions that you may have.

11 CHAIRPERSON DOUGLAS: Any questions?

12 COMMISSIONER LEVIN: I will move the item.

13 VICE CHAIR BOYD: Second.

14 CHAIRPERSON DOUGLAS: All in favor?

15 (Ayes.)

16 That item is approved. Thank you, Mr. Smith.

17 MR. SMITH: Thank you.

18 CHAIRPERSON DOUGLAS: We have two people, two
19 members of the public who indicated an interest in speaking
20 on Item 3. If anyone else is interested in speaking who is
21 within the room, please fill out a blue card and give it to
22 our Public Advisor who is in the back of the room. If
23 someone on the Web or phone would like to speak, I
24 understand there is a way of indicating your interest in
25 doing so, because I do have one potential speaker who is on

1 the phone.

2 Item 3. Energy Efficiency and Conservation Block
3 Grant Program Guidelines. Possible adoption of Guidelines
4 for the Energy Efficiency and Conservation Block Grant
5 Program. Mr. Hutchison. Oh, I am sorry, Mr. Sugar.

6 MR. SUGAR: That is all right.

7 CHAIRPERSON DOUGLAS: I was reading from my
8 agenda.

9 MR. SUGAR: Madam Chairman and Commissioners, I
10 am John Sugar, sitting in for Mark Hutchison on this, and I
11 am joined by Gabe Herrera from our legal office.

12 The guidelines before you this morning would
13 direct a small jurisdiction Energy Efficiency and
14 Conservation Block Grant Program. That program will be
15 administering \$36 million granted to 380 small
16 jurisdictions in our state for energy efficiency projects,
17 as one of the federal American Reinvestment and Recovery
18 Act programs. These funds come from the \$49.8 million that
19 the Department of Energy has allocated to California for
20 the Block Grant Program. In developing these guidelines,
21 staff has worked with the Commissioners, representatives of
22 local jurisdictions, and other stakeholders to design a
23 program that is responsive to local needs while complying
24 with both state and federal direction. Staff held
25 workshops statewide from the far Northeastern corner down

1 to San Diego. We had 10 events between May 4th and August
2 28th. During that time, Commissioners and staff have worked
3 to design a program that provided funding for energy
4 efficiency projects to all of the small jurisdictions
5 covered under this program.

6 In the Block Grant Program, each jurisdiction may
7 decide whether to fund a specific project, or to use their
8 funding to purchase and install specified efficient
9 equipment and facilities in their territory. The program
10 provides each jurisdiction a base amount of \$5.00 per
11 person, this is multiplied by 1 plus the county
12 unemployment rate to provide additional assistance to areas
13 that are suffering from high unemployment. There is a
14 minimum grant of \$25,000 for cities and \$50,000 for
15 counties to ensure that each recipient receives a large
16 enough grant to have an impact on the energy efficiency and
17 employment.

18 The state law requires that each of these
19 jurisdictions spend their grant funds on cost-effective
20 energy efficiency projects. The Guidelines require that
21 each project provide \$10 million Btu's of source energy
22 savings per year for each thousand dollars of grant funding
23 spent. This matches the goal of the Department of Energy's
24 State Energy Program, which is also a stimulus program.
25 For jurisdictions that are pursuing the direct purchases,

1 the equipment, and the conditions included in these
2 Guidelines, it ensures that that work will be cost-
3 effective.

4 We have been encouraging small jurisdictions to
5 pursue partnerships, allowing them to share some of the
6 cost of developing and managing projects. Thus far, a
7 number of these partnerships appear to be ready to apply
8 for funding. Staff is already providing technical
9 assistance to local agencies and partnerships to help them
10 identify and document projects that will be cost-effective.

11 The American Reinvestment and Recovery Act
12 legislation directs us to spend at least 60 percent of our
13 award, or \$29.8 million, on grants to small jurisdictions
14 and we must encumber those funds within 180 days,
15 approximately six months, of the Department of Energy
16 approving our application and plan. That six-month clock
17 started on Monday, when the Department of Energy announced
18 its approval. We understand that the Chairman's office has
19 received a number of comments regarding including municipal
20 efficiency financing in this local agency program. The
21 Commission may formally amend these guidelines to either
22 clarify or modify the program with 15 days review and then
23 approval at a business meeting.

24 With the Commission approval of the guidelines as
25 currently written, staff can release us from recitation and

1 application to small jurisdictions for this program to
2 begin. As the 180-day clock has started on this program,
3 it is important that we begin work. We may later modify
4 the program, if desired, with Commission amendments. And I
5 am available for questions.

6 CHAIRPERSON DOUGLAS: Thank you very much, Mr.
7 Sugar. And I would like to make a few brief comments. I
8 think sometimes we all run so fast in the work that we are
9 doing, especially now, that we do not always grasp the
10 significance of it until the cameras show up and it makes
11 us sit back and reflect that, yes, this is a big milestone
12 for the Energy Commission in the administration of the
13 programs that we are moving forward with. The Block Grant
14 Program is tremendously important to us. This is a way of
15 providing benefits to literally every single city and
16 county in the State of California. But every single city
17 and county of the State of California will benefit from
18 this, they will get -- with our assistance, if needed --
19 projects that will lower their energy costs and save energy
20 over the long-term, and this was not easy to do; there is
21 tremendous diversity in our local governments and their
22 needs, in the capacity that they bring to the table to help
23 create or formulate projects. I think the guidelines that
24 you have worked on in iterations with Commissioners reflect
25 and accommodate for that diversity of needs. I understand

1 that staff is able to provide technical assistance where
2 needed, I think that is very valuable. The timeframe for
3 all the stimulus expenditures can be challenging, but, in
4 particular, the Block Grant Program, where staff is going
5 to have to literally process 308 grant agreements within
6 the next six months, and ensure that, in all cases, these
7 are hard projects that can deliver real savings and
8 documentable benefits is particularly challenging. So you
9 have done a tremendous job at outreach and working with
10 local governments, and I really appreciate it.

11 I do want to speak briefly to the interest from
12 local governments in the Guidelines, offering an
13 opportunity for small jurisdictions to put their money into
14 regional financing districts. I think that that is an
15 important opportunity. We are, as you said, looking at the
16 possibility of offering an amendment to the guidelines
17 within the next two weeks that would do that, and clarify
18 that local jurisdictions receiving funds from the Energy
19 Commission would be allowed to use their Block Grant Funds
20 to enter into these regional energy efficiency retrofit
21 partnerships, municipal financing districts. And staff has
22 suggested that this would be in the form of 15-day language
23 so that the public would have an opportunity to review the
24 language, comment on the language, and, at the same time,
25 our timelines know that the 60-day clock has started. We

1 would not be set back, and the majority of the
2 jurisdictions that will be working with us to pursue
3 discreet energy efficiency projects in their districts will
4 be able to move ahead quickly in their applications. So I
5 do strongly feel as though we need to go ahead, adopt the
6 guidelines to get going on this important project. Thank
7 you again for your work. Are there comments or questions
8 from Commissioners?

9 MR. HERRERA: Chairman, I need to make some
10 comments for the record concerning the Environmental
11 Quality Act, if I can make those now?

12 CHAIRPERSON DOUGLAS: Please.

13 MR. HERRERA: Thank you. Gabe Herrera, I am with
14 the Commission's Legal Office. When the Commission
15 considers the adoption of proposed guidelines as in the
16 case here, the Legal Office evaluates the guidelines to
17 determine whether the act of adoption constitutes a project
18 under California Environmental Quality Act, CEQA, and is
19 thereby subject to an environmental review under CEQA. In
20 this case, these guidelines, Commission's adoption is not a
21 project under CEQA because the guidelines fall within a
22 list of excluded activities, specifically activities
23 excluded under Title 14 of the California Code of
24 Regulations, Section 15378, Subdivision B2 and B4 in
25 activities related to general policy and procedure making,

1 and the creation of a government funding mechanism, which
2 does not involve a commitment to a specific project which
3 may result in a potentially significant impact on the
4 environment.

5 In addition, the adoption of the guidelines is
6 exempt from CEQA under what is commonly referred to as the
7 "Common Sense Exception," and that is pursuant to Title 14
8 of the California Code of Regulations, Section 15061,
9 Subdivision B3. That section indicates that CEQA only
10 applies to projects that have a significant effect on the
11 environment, which is further defined in the Public
12 Resources Code Section 21068, as being a substantial
13 adverse change in the environment. Thank you.

14 CHAIRPERSON DOUGLAS: Thank you, Mr. Herrera.
15 And before we get to Commissioner comments, Commissioner
16 Byron reminded me that we have two public comments and we
17 would like to take those comments before Commissioners get
18 to their comments and questions.

19 MS. JONES: May I just add one from the staff?

20 CHAIRPERSON DOUGLAS: Yes.

21 MS. JONES: A larger group of staff worked on
22 these guidelines and worked very very hard to make sure we
23 met the deadlines. I would just like to acknowledge them.
24 Again, we have John Sugar, John Butler, Dave Herrera,
25 Melanie Moultry, Mickey Crowell, Chris Scott, Debra

1 Godfrey, Adel Suliman, Mark Hutchison, Pat Perez, Al
2 Estrada, Steve Banta, and Claudia Chandler. I would like
3 to thank them for all their hard work.

4 CHAIRPERSON DOUGLAS: Thank you for doing that
5 and a huge thanks from the Commission, as well. I know
6 that you have put in very long hours and worked very hard
7 on this, and traveled to many many regional workshops, as
8 well. Dan Perkins, Energy Smart Homes.

9 MR. PERKINS: Thank you for the opportunity to
10 speak. In all cases, we find it essential that we use
11 tools out here that we have, like the HERZ ratings for
12 existing residential, for HERZ rating, for anything that we
13 would do with residential --

14 COMMISSIONER LEVIN: Excuse me, sir. I do not
15 think that your mic is on. We can hear you, but I am not
16 sure if people on the telephone can. Harriet is shaking
17 her head, which makes me think that it is probably not on.

18 MR. PERKINS: Looks like a complicated affair.

19 COMMISSIONER LEVIN: Do you mind starting over?

20 MR. PERKINS: Yes. In all cases --

21 CHAIRPERSON DOUGLAS: I am sorry, excuse me. I
22 did read your name, but if you could identify yourself for
23 the record, that would be --

24 MR. PERKINS: Yeah. Dan Perkins, Energy Smart
25 Homes. I am based in San Diego. In all cases, we highly

1 recommend that the CEC -- that a HERZ rating be used in all
2 residential retrofits utilizing stimulus funds. It is
3 important that we have some metrics to start with so that
4 we can measure the before and after effect. It is also
5 important that the people actually have something vested in
6 making this happen. So in residential, we recommend the
7 HERZ ratings. And industrial commercial is a whole
8 different animal. I really think that we need to spend
9 some stimulus funds on defining what it is we can do with
10 industrial commercial sites that give us a true picture of
11 what is being done. Thank you.

12 CHAIRPERSON DOUGLAS: Thank you. Lisa
13 Vanderwatter, are you on the phone still?

14 MS. VANDERWATTER: Hello? Am I being heard?

15 CHAIRPERSON DOUGLAS: Yes, you are.

16 MS. VANDERWATTER: Hello? This is Lisa
17 Vanderwatter.

18 CHAIRPERSON DOUGLAS: Thank you for joining us,
19 Lisa. Please provide your comments now.

20 MS. VANDERWATTER: Good morning, Chairperson
21 Douglas and Commissioners and staff. My name is Lisa
22 Vanderwatter. I am with the San Joaquin Valley Air
23 Pollution Control District in Fresno. I appreciate the
24 opportunity to provide comment on the Energy Efficiency and
25 Conservation Block Grant Guidelines that are before the

1 Commission for approval. I am speaking today on behalf of
2 both the Air District and San Joaquin Valley Clean Energy
3 Organization, which is a nonprofit organization dedicated
4 to helping the eight county region of the San Joaquin
5 Valley, increase its use and reliance on clean energy. The
6 Officer of that organization is Paul Johnson. We support
7 the guidelines before you today and want to acknowledge the
8 willingness of your staff to work with both the Air
9 District and the clean energy organizations -- together,
10 they are the San Joaquin Valley Clean Energy Partnership --
11 throughout the drafting of these guidelines. We are
12 excited to assist our small jurisdictions in the San
13 Joaquin Valley with their energy efficiency projects and
14 programs made possible by these grants, and believe that
15 through this partnership we will be able to maximize the
16 energy efficiency benefits and minimize the burden to these
17 economically strapped cities and counties. And it is
18 through the hard work of your staff that enables this
19 partnership to undertake this not so small, yet worthy task
20 by acting as the third party applicant and administrator on
21 behalf of the eligible jurisdiction. We know this has been
22 no trivial task for your staff in the short timeline, but
23 be assured, throughout the process, they have maintained
24 their professionalism and willingness to help. Concerning
25 the potential amendment that Chairperson Douglas spoke

1 about, we, the partnership is in support of that. We think
2 that will give us yet more options for our small
3 jurisdictions in the Valley. We are anticipating the
4 release of the solicitation and application to follow, and
5 look forward to continued communication and guidance from
6 your staff throughout the application and implementation
7 process. Thank you for your time.

8 CHAIRPERSON DOUGLAS: Thank you very much for
9 your comments and for your work with us in this entire
10 process. Questions or comments?

11 COMMISSIONER LEVIN: I was just going to ask if
12 staff could respond to the first speaker's questions and
13 suggestions. I know there has been confusion, we have
14 received a lot of comments about HERZ applications,
15 especially for jurisdictions that are scheduled ahead of
16 the HERZ software adoption. If you could clarify that and
17 then also what we are doing about commercial buildings, I
18 think would be very helpful.

19 MR. SUGAR: Certainly. In the Block Grant
20 Program, we do not know whether there will be much work
21 going on in the way of residential or commercial
22 retrofitting. A couple of jurisdictions have raised the
23 possibility that they would like to use their funds for
24 that. We have had some discussions with them on issues of
25 how we document the savings and hopefully will be able to

1 move forward if that is what they would prefer to do. I
2 think that the issues of how best to use HERZ ratings and
3 how best to be able to document potential savings in
4 industrial or commercial settings is going to be more
5 related to the State Energy Program Guidelines, that
6 program. Those guidelines are currently up on the website,
7 and those would be focusing -- much of that program would
8 be focusing on retrofit work.

9 COMMISSIONER LEVIN: Does that respond to your
10 question, sir? Or your comments?

11 MR. PERKINS: It does to some degree. I would
12 like to know more about -- well, first we are looking at
13 Phase 2.

14 COMMISSIONER LEVIN: Maybe you should approach
15 the microphone, I am sorry.

16 MR. PERKINS: We are looking at the release of
17 Phase 2 for the HERZ rating that is coming out. And in all
18 cases, we highly recommend that that be the metric that is
19 used for making any investment. I serve on the Sustainable
20 Energy Advisory Board for the City of San Diego. We are
21 very active in going after residential energy and
22 efficiency. So I think it depends on the jurisdiction that
23 you are in, Mr. Sugar, to what it is that is going to
24 happen. But there has always been a lot of confusion on
25 what we can do because of the non-owner occupied usage of

1 commercial industrial buildings, so that we are really
2 looking forward to finding some metrics that can quantify
3 what those savings can be.

4 COMMISSIONER LEVIN: Well, thank you.

5 MR. SUGAR: Yeah, and if I can encourage you to
6 review the guidelines for the SEP program, the Phase 2 of
7 SEP is going to include significant funding for potential
8 retrofit projects. And I believe those guidelines do refer
9 to HERZ as an integral part of parts of that program.

10 COMMISSIONER LEVIN: My understanding is there is
11 also confusion about the Block Grant Guidelines and HERZ.
12 And while I realize this is mostly an issue for SEP, we
13 have been getting questions about its application to the
14 Block Grant and Guidelines, as well.

15 MR. SUGAR: And we have -- HERZ may be useful if
16 a jurisdiction wants to undertake residential retrofits. I
17 am assuming that HERZ audits would be a reasonable basis
18 for determining what kind of savings could be achieved from
19 a specific residence. One of the challenges that we face
20 with the residential programs is in determining what
21 savings could occur ahead of time so that the application
22 can reflect that, and then ensuring that the savings do
23 occur. Our grant funds may not pay for work that is done
24 prior to the grant being approved, and in order to complete
25 an application, the applicant is going to have to document

1 what the savings will be, coming from the expenditures.
2 And so there is a bit of a chicken and egg program with the
3 block grant situation -- or chicken and egg situation with
4 the Block Grant Program in that the HERZ work may be
5 necessary to first document what kind of savings could be
6 achieved to then include in the application.

7 COMMISSIONER LEVIN: I think this may require
8 additional clarification because I know we have gotten
9 questions recently about how these all fit together. It is
10 probably more detail than we need to go into at a business
11 meeting, but I think there is still some confusion among
12 jurisdictions about the application.

13 MR. SUGAR: Okay.

14 MS. JONES: Okay, staff will be happy to get back
15 to you and, in addition, if we need to make any changes in
16 the guidelines to further clarify, we have the opportunity
17 to make the changes.

18 COMMISSIONER BYRON: I am sure. First of all, my
19 thanks again to staff -- very impressive. You are on
20 schedule. The date started, what was it, Monday, and you
21 are getting these guidelines out, the clock has begun. And
22 it is not as if we have not thrown enough roadblocks up in
23 front of you with the budget crisis, and furloughs, and so
24 my congratulations to all of you and my appreciation. And
25 to Ms. Jones, as well, who has probably had to borrow and

1 steal staff from all over the place in order to make this
2 work -- I am sure, without consequence to other programs,
3 as well. And Madam Chairman, and the Ad Hoc Committee --
4 do we call it the ARRA Ad Hoc Committee? I am afraid I do
5 not know the name of our Ad Hoc Committee.

6 CHAIRPERSON DOUGLAS: We have been calling it the
7 Ad Hoc Committee, but, of course, we have other ad hoc
8 committees, or have had, so the ARRA Ad Hoc Committee is a
9 good way to --

10 COMMISSIONER BYRON: Well, my thanks to you and
11 the committee for also moving this forward so quickly. I
12 will, of course, vote for approval today. I do have a
13 couple of quick questions, as Commissioner Levin has
14 raised, as well, that I want to ask and maybe Mr. Herrera
15 would be the appropriate person to address these. I will
16 just mention them quickly and I think, if we were not
17 moving as fast, normally I would have had a staff briefing
18 and I would have had all these answers, so I apologize for
19 bringing these up to you now. But just quickly, on page
20 11, on the administrative expenses, my first question is,
21 should there be a specific limit on the administrative
22 expense? I will just ask these all three quickly and maybe
23 you can dispense with them in one answer. The other one
24 was on page 15, that we are still doing withholding of 10
25 percent, that would be 13b on page 15; and my question is,

1 is this necessary? Doesn't this really kind of delay
2 getting funds to our grantees? And the third one was on
3 page 16, where we are not allowing any project extensions,
4 item 18 there. Is this really fair? How about a provision
5 for best effort? And, as you can see, my questions all
6 center around expediency, but I am guessing that there may
7 be some contractual or, I should say, some law limitations
8 here that require these. Could you enlighten me briefly so
9 I do not waste everybody's time?

10 MR. HERRERA: Well, there are guidelines that put
11 certain limitations on the use of these funds. There are
12 currently limitations that come from the federal government
13 on administrative expenses. We try to reflect those
14 limitations in the guidelines to apprise Grantees of the
15 limitations, how they would apply. Concerning page 15, the
16 retention, what you see in here on page 15 dealing with the
17 10 percent retention comes from our standard contract
18 provisions. While you might argue it could limit the
19 extent to which these funds get out, it does not because
20 those funds are held until the end, so the Grantee will be
21 receiving funds, and then there is a small amount that is
22 withheld until the end to verify that, in fact, the project
23 is completed.

24 COMMISSIONER BYRON: That -- in most cases, I
25 like, and it makes good sense. I am just wondering here if

1 it makes sense, if we have any latitude in a future
2 revision to this. It does not -- your answer is
3 satisfactory now, but I will just raise it for a potential
4 future revision.

5 MR. HERRERA: It is something that we can look
6 at. There could be some policy considerations, as you
7 indicated, whether we want to do that or not. Concerning
8 the project extensions, there are time limits on the use of
9 these funds, if the funds are not used within those times,
10 the funds, in theory, would revert back to the federal
11 government. On page 16, we have indicated no project
12 extensions just because we want to convey to the Grantees
13 that there really is not the possibility, unless we get
14 flexibility from the federal government, to grant an
15 extension. So we are going with the language that we feel
16 we need to protect ourselves and make sure the money gets
17 spent on time.

18 COMMISSIONER BYRON: Understood. All right --

19 MR. HERRERA: I think that was it.

20 COMMISSIONER BYRON: Yes. Thank you very much.

21 VICE CHAIR BOYD: A couple comments if I might.
22 First, I just want to join everyone else in thanking the
23 staff. I do know what kind of an effort this is, and since
24 I work particularly closely with Mr. Smith's division,
25 Commissioner Byron, there has been notable consequence to

1 other programs and, you know, that is just the sacrifice we
2 make, but it has, coupled with all the other aspects of
3 current operations of government that you referenced, it
4 has put a dent in other things, and we have just made
5 decisions to defer things that we would not like to defer,
6 but so be it. Secondly, with regard to that 10 percent
7 withhold, as an old veteran of government, I am with you
8 all the way, that we need to move this along as fast as
9 possible, but I am with the staff in terms of go with it
10 now because, to try to push that rock uphill within the
11 bureaucracy would take so long in terms of accomplishing
12 approval that we would further delay the project. So I
13 concur with the idea of live with it, talk about it later
14 on. But, as you know, changing the rules of government is
15 worse than trying to get money out the door for economic
16 stimulus. So I am glad you are satisfied with the fact
17 that it will work for now. And, thirdly, I very definitely
18 support what everybody has done here. And I would say that
19 the cover of this little document with the shovel and the
20 hardhat is very apropos with regard to the fact that, while
21 we are helping local governments do things they can do that
22 will help them over the long run in the energy area, we are
23 also probably helping stimulate the employment of people,
24 and pouring a little more money back into the economy, and
25 in particular the economies of all these cities where the

1 employees will reside. So that is a plus and it deserves
2 some note. With that, thank you.

3 CHAIRPERSON DOUGLAS: Thank you. A motion?

4 COMMISSIONER LEVIN: I move to approve and thank
5 the staff, as well.

6 VICE CHAIR BOYD: Second.

7 CHAIRPERSON DOUGLAS: All in favor?

8 (Ayes.)

9 This item is approved. Thank you very much. Is
10 there any additional public comment? Very well, then this
11 meeting is adjourned. Thank you.

12 (Whereupon, at _____ a.m., the business meeting was
13 adjourned.)

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CERTIFICATE OF REPORTER

I, KENT ODELL, 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 28th day of September, 2009.



Kent Odell