

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY COMMISSION

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DATE AUG 11 2010
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In the Matter of:)
Business Meeting)
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 ORIGINAL

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

WEDNESDAY, AUGUST 11, 2010

10:00 A.M.

Reported by:
Kent Odell

COMMISSIONERS PRESENT

Karen Douglas, Chair
James D. Boyd, Vice Chair
Jeffrey D. Byron
Anthony Eggert
Robert Weisenmiller

STAFF PRESENT

Melissa Jones, Executive Director
Jonathan Blee
Claudia Chandler, Chief Deputy Director
Harriet Kallemeyn, Secretariat
Michael Levy, Counsel
Pat Perez, Deputy Director, Fuels and Transportation Division
Eric Solorio, Project Manager (CEC)
Mary Dyas, Compliance Project Manager, La Paloma Generating
Project (CEC)
Kevin Bell, Senior Staff Counsel (CEC)
David Weightman, Contract Manager, PIER Buildings Program
Beth Chambers
Kiel Pratt, Energy Efficiency Research Office, Industrial
Agriculture and Water Program
Amir Ehyai, Fuels and Transportation Division's Special
Projects Office

Public: (via WebEx)

John A. McKinsey, Stoel Rives
Gary Chandler, President, Pio Pico Energy Center, LLC
Rob Simpson
Greggory L. Wheatland, Attorney for Russell City
Energy Center Company
Barbara McBride, Director of Environmental Safety and Health,
Western Region Calpine
Ernest Pacheco, Citizens Against Pollution (CAP)
Gary Cathey, Chief, Caltrans Division of Aeronautics
Jewell Hargleroad, Chabot Las Positas Community
College District
Gail Steele, Alameda County Board of Supervisors,
speaking on her own behalf
Rob Simpson
Carol Ford, California Pilots Association
Andy Wilson, Director, California Pilots Association and CAP
Greg Darwin, Calpine
Robert Sarvey
George Nesbitt, Environmental Design
Mark Berman, Davis Energy Group

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P R O C E E D I N G S

August 11, 2010 10:05 a.m.

CHAIRPERSON DOUGLAS: Good morning. Welcome to the California Energy Commission Business Meeting of August 11th, 2010.

Please join me in the Pledge.
(Whereupon, the Pledge of Allegiance was received in unison.)

CHAIRPERSON DOUGLAS: All right, Commissioners, one change to the Agenda, Item 10 is moved to August 25th, and before we actually begin the Agenda, we will ask our Executive Director, Melissa Jones, to present the Superior Accomplishment Awards.

MS. JONES: Good morning, Commissioners. At our business meeting two weeks ago, I started the process of handing out the Superior Accomplishment Awards and Sustained Superior Accomplishment Awards, and just so people know, this is a Department of Personnel Administration sponsored program. Superior Accomplishment means unquestionable, significant and unequalled personal efforts. The other level for Superior Accomplishment is outstanding, exceptional efforts at overcoming major difficulties. So, today I am going to start with Gabe Herrera. So, Gabe? So, I had the pleasure of working with Gabe for a number of years.

1 Gabe's outstanding work on the 2009 Solar Homes
2 Partnership Program has been critical to its success. He
3 was the sole Commission Attorney who negotiated the terms
4 and conditions of what turned out to be a complex and
5 novel agreement involving such matters as sweepstakes,
6 marketing and media coverage of the contest and award, a
7 logo for the program, prizes for the sweepstakes, and
8 liability issues related to the prizes. Because of
9 Gabe's initiative and diligence, the Commission now has a
10 service marked logo filed with the Secretary of State.
11 Gabe's skills, persistence, creativity and success in
12 negotiating the final agreement and undertaking other
13 related legal work were critical in initiating a
14 successful sweepstakes contest and laying the foundation
15 for a highly visible statewide program. [Applause]

16 COMMISSIONER BYRON: Ms. Jones, are there any
17 CEQA issues associated with this award?

18 MS. JONES: I will turn to Gabe for that.
19 Okay, our next award goes to Albert De Leon. Albert is
20 being nominated for this award for his initiative,
21 tenacity and enthusiasm when it comes to working with
22 staff on records retention. More specifically, on the
23 clean-up and clean-out of the Bonderson Building
24 Cafeteria space. The mission was to get the space
25 cleared so that the cartography unit could move into that

1 space, the task was monumental, and required gaining an
2 understanding of signing cases done at the CEC, their
3 process, and their completion. Happily, the Bonderson
4 Building project has been completed. The 1,370-square-
5 feet of space is clear, thanks to Albert. This task
6 could not have been done without Albert's participation
7 and leadership, his willingness to learn, as well as to
8 teach and put in the effort makes him a valuable asset to
9 the Energy Commission. Congratulations. [Applause]

10 All right, our next recipient is Tami Haas.
11 Tami is responsible for Worker's Compensation, Medical
12 and Disability, Retirements, NDI, SDI, Family Medical
13 Leave, and Ergonomics for the entire Energy Commission.
14 She always makes time for employees whenever the need
15 arises, which includes time outside of her normal work
16 hours, including weekends. Tami has developed a
17 consistent and thoughtful medical and health safety
18 program for the Commission. Because of Tami's
19 outstanding organizational skills and knowledge, she was
20 assigned as the lead over the Construction Intervention
21 Unit. Her contribution in this program area has been
22 exceptional and has alleviated the day to day
23 responsibility from Office Managers. So, Tami, it is my
24 pleasure to give you this award. [Applause]

25 VICE CHAIR BOYD: Tami must be doing a good job

1 because, in my eight and a half years here, I've never
2 had to visit her in any official capacity.

3 MS. JONES: Yes. Okay, our next recipient is
4 Michael Wilson. Michael Wilson is the Commission's
5 Graphic Unit of one. He has consistently provided
6 superior graphic design services to a demanding audience
7 with very short deadlines -- that would be us and the
8 staff. His graphic design expertise allows him to take
9 complex technical information and transform it into
10 visually appealing, high quality products that meet
11 deadlines, from quickly developed ARRA brochures, tables,
12 graphs, talking pieces, and extensive Website. Michael
13 is working with the IEPR team now to ensure that the
14 entire report design was visually appealing, with 46 easy
15 to read tables and graphs. Michael has always produced
16 top quality products with a zero budget and "yesterday"
17 deadlines. So, Michael, it is my pleasure. [Applause]

18 And the next award goes to Harriet Kallemeyn,
19 Harriet the Secretariat - I can do that because I was the
20 one who originally hired Harriet here at the Commission,
21 and it was one of the best decisions I made. For the
22 last year, Harriet Kallemeyn has effectively balanced the
23 responsibilities of supporting the work and staff of the
24 Media Office as the Secretary, with the demands as our
25 Commission Secretariat. This dual role has necessitated

1 her wearing multiple hats at the same time and providing
2 a myriad of services to the Commissioners and the
3 Commission staff. Harriet has done both jobs
4 professionally, pleasantly, with superb diligence, and
5 without public fanfare. Harriet has also been the
6 steady, dependable face of the Commission to our public
7 stakeholders, deftly answering their questions and
8 providing assistance from Cash for Appliances Rebate
9 Program to Committee Workshops and Research. Harriet has
10 not only set the bar higher for standard operating
11 procedure, but has done this in a pleasant and
12 professional manner. It is my great pleasure to be able
13 to give you this award. [Applause]

14 Okay, and last, but definitely not least, is
15 Martha Brook. Martha is the key member of the design
16 team for the ARRA-SEP 110 Programs. She leads the
17 Municipal and Commercial Building Program, Targeted
18 Retrofit Program. Martha's ideas for the program design
19 drove the program to fund only proven best practices
20 retrofit measures, going beyond the typical rebate
21 program. Martha is well known as a commercial building
22 and energy efficiency expert. Martha's work to develop
23 the guidelines and the solicitation was critical in
24 accomplishing this important program. So, Martha.
25 [Applause]

1 Okay, so all the Awardees need to come up and
2 stand in front of the podium so that we can take a
3 picture with the Commissioners. Let's go.

4 CHAIRMAN DOUGLAS: Thank you again to the
5 recipients of the Superior Accomplishment Awards today
6 and to all the staff for keeping this place humming as we
7 deal with the workload and the high priority issues that
8 we have before us.

9 COMMISSIONER BYRON: And for filling the road
10 today, too. It is great to see them get recognition.

11 VICE CHAIR BOYD: Right. Again, we cannot say
12 that our employees do not epitomize the hard working,
13 dedicated folks that you know the great many of the
14 government employees are. Thank you, Ms. Jones, for
15 doing that.

16 MS. JONES: Thank you.

17 CHAIRMAN DOUGLAS: Very well. Item 1. Consent
18 Calendar.

19 COMMISSIONER BYRON: I move approval of the
20 Consent Calendar.

21 VICE CHAIR BOYD: Second.

22 CHAIRMAN DOUGLAS: All in favor?

23 (Ayes.)

24 The Consent Calendar is approved.

25 Item 2. 2010-2011 Investment Plan for the

1 Alternative and Renewable Fuel and Vehicle Technology
2 Program. Possible adoption of the 2010-2011 Investment
3 Plan. Mr. Perez.

4 MR. PEREZ: Thank you and good morning,
5 Chairman and fellow Commissioners. I am Pat Perez,
6 Deputy Director for the Fuels and Transportation
7 Division. Today we are seeking your approval for the
8 Fiscal Year 2010-2011 Investment Plan for the Alternative
9 and Renewable Fuels and Vehicle Technology Program, also
10 known as the AB 118 Program. The Program provides the
11 means for California to encourage new fuels and
12 technologies that will help us meet our overall
13 objectives for reducing greenhouse gas emissions, as well
14 as reducing the use of petroleum in California, expanding
15 the use of alternative and renewable fuels, and expanding
16 biofuel production in California.

17 This Investment Plan determines the
18 opportunities and priorities for the AB 118 Program and
19 is required by statute, must be updated on an annual
20 basis. Our Fiscal Year 2008-2009, as well as 2009-2010
21 Plans were approved last April, and they are certainly
22 guiding our current funding decisions right now. Since
23 then, the Emerging Fuels and Transportation, our
24 Technologies Office, has been actively involved with
25 implementing a variety of solicitations, as well as

1 agreements with our partners and recipients, as outlined
2 in the previous Investment Plan. The new Investment Plan
3 that is before us today will guide our investments for
4 the next Fiscal Year, and has come about after a very
5 rigorous public input process. As you know, the statutes
6 also require the Energy Commission to convene and consult
7 with an advisory committee composed of representatives
8 from a variety of public interest groups, including
9 environmental, consumer, labor, and public health
10 organizations. This year, we were also very fortunate to
11 have several members from the Alternative Fuels industry
12 join us on this advisory committee, which is comprised of
13 22 members. We have convened three advisory committee
14 meetings this past year. During the development of the
15 Investment Plan, in addition, we have had six industry
16 workshops, three remote public workshops, and one public
17 hearing. By the end of the process, the Advisory
18 Committee members spoke of a broad consensus, I believe,
19 that we achieved on this plan, thanks to working closely
20 with the Transportation Committee and our chief
21 stakeholders. Each of these workshops and meetings, in
22 addition to our open docket, has provided very useful
23 input into the Investment Plan, and we would like to
24 thank those who have made contributions to the plan, many
25 of which are here today. In addition to the input from

1 our public process, our Investment Plan is guided by a
2 combination of short and long term methodologies. In the
3 long term, we look toward the analysis on the greenhouse
4 gas emission reductions for 2020 and 2050 that was
5 developed as a part of the State Alternative Fuels Plan,
6 and the previous Investment Plan that I just made
7 reference to. This analysis demonstrates the feasibility
8 of reaching the State's very ambitious greenhouse gas
9 reduction goals, as well as the efforts to reduce
10 petroleum use in the state. Certainly in the short term,
11 our gap analysis identified the foreseeable barriers for
12 facing alternative and renewable fuels technologies,
13 which we addressed in this report. The analysis allows
14 us to identify some of the best means for encouraging
15 these fuels and technologies without the risk of
16 duplicating existing funding activities, not only in the
17 public, but also the private sector.

18 Also, as part of this plan, we have included \$2
19 million for Measurement Verification and Evaluations of
20 our programs' investments to ensure that we are deriving
21 the maximum benefit from our investments with this Plan.
22 And if I may, for a moment, I would like to just pause
23 and turn your attention to the report itself on page 108,
24 and in there you will find the actual funding
25 allocations. There is a summary table and what I would

1 like to do with your patience is just quickly run through
2 that table and the recommended funding allocations that
3 are in there. Certainly at the top, within the field of
4 Battery and Electric Drive, we are proposing allocating
5 \$14 million for the development and demonstration of
6 advanced, medium, as well as heavy-duty vehicles. This
7 includes vehicles that utilize battery electric, as well
8 as hybrid electric, and hybrid technologies. There is a
9 growing demand for these vehicles, as evidenced by the
10 Air Resources Board's very successful Hybrid Vehicle
11 Incentive Program, which provides incentives to these
12 vehicles for their deployment. Our role, in contrast,
13 here at the Energy Commission will be to develop and
14 demonstrate improvements in this field, as well as
15 broaden and magnify the appeal of these vehicle
16 technologies. We are also providing \$3 million for
17 electric drive charging infrastructure and related
18 activities, as you can see there. This funding will help
19 ensure a smooth transition to the rapid emergence of
20 plug-in vehicles that is expected within the next few
21 years. This funding will also be coordinated with the
22 previous AB 118 program funding for charging
23 infrastructure, to ensure that adequate charging is
24 available and that off-peak charging is encouraged, and
25 that the impacts of the distribution grid are minimized.

1 As you see further down in that table, we have allocated
2 about \$7.5 million for in-state electric drive
3 manufacturing facilities. This funding, once properly
4 leveraged by private capital, will be a driver, we hope,
5 for both economic development, as well as electric drive
6 transportation throughout California. And then the other
7 key area with respect to hydrogen, we are recommending
8 investing about \$13 million into hydrogen fueling
9 infrastructure. Again, this is based on some of the
10 surveys of major automakers. We expect the number of
11 fuel cell vehicles to rapidly increase from what will be
12 available in terms of hundreds of vehicles around 2012 to
13 thousands by mid-decade, and possibly tens of thousands
14 by the end of the decade. Our funding for this fueling
15 infrastructure will be closely tied to automakers'
16 anticipated vehicle roll-out schedules, as well as the
17 regional needs and fueling capacity needs.

18 Our next category in that table refers to
19 gasoline substitutes. Here, we are including about \$10
20 million for the production of advanced fuels in existing,
21 as well as new and retrofitted facilities. This will
22 also cover the production of new fuels to help California
23 meet its goals under the Bioenergy Action Plan, as well
24 as its greenhouse gas emission reduction and petroleum
25 reduction goals. This allocation will also cover the

1 extension of our Ethanol Producer Incentive Program,
2 which ensures that existing Ethanol producers have
3 adequate funding to continue their production with their
4 facilities in California, but also to provide the driving
5 force or compelling them to convert to advanced feed
6 stocks beyond corn to utilize forestry residues,
7 agricultural residues, and other municipal waste streams
8 to generate liquid fuels in the State. We are also
9 providing another \$6.5 million for the expansion of our
10 E-85 Ethanol fueling stations throughout the State to
11 take advantage of these lower carbon fuels.

12 Within the Diesel Substitutes category, we are
13 providing another \$5 million to expand and support
14 California's diesel substitute production plants,
15 especially towards the use of waste-based feed stocks.
16 Much like gasoline substitutes, diesel substitutes offer
17 an immediate opportunity to significantly reduce
18 California's greenhouse gas emissions and petroleum
19 dependence. As you can see, we have also additionally
20 allocated another \$4 million to support fuel terminal and
21 distribution infrastructure for diesel substitutes. This
22 funding will include modifications to existing rack
23 terminals, enabling them to dispense more biomass based
24 diesel, as well as expanding the bulk terminal and
25 storage capacity throughout California.

1 Now, moving on to the category of Natural Gas,
2 we are recommending \$13 million for light-, medium-, and
3 heavy-duty natural gas vehicles. We expect to see growth
4 in all of these vehicle types and especially for the
5 light-duty vehicles, which are currently only available
6 in one model, through one automotive manufacturer. A
7 modest network of natural gas fueling stations already
8 exist with a need for upgrades, however, the funding for
9 these upgrades is often unavailable throughout their
10 funding sources, and especially for local government and
11 school fleets that are in dire need of upgrading the
12 investments we made 10 years ago, for instance. To
13 offset this, we are allocating \$2 million for natural gas
14 fueling station upgrades.

15 Additionally, we are providing another \$7
16 million to encourage the development and quality testing
17 of new biomethane production plants, as fuel when derived
18 from common waste feed stocks offers one of the lowest
19 carbon intensities among all the alternative fuels that
20 we are considering and supporting.

21 Within the propane category, we have allocated
22 about \$3 million for light- and medium-duty vehicles.
23 This fuel has been a preferred alternative, particularly
24 in some of our rural communities and school districts
25 that may not have access to other alternative fuels such

1 as natural gas.

2 The next category is one that we have referred
3 to as the "Innovative Technologies and Advanced Fuels,"
4 which is new for the Investment Plan, and we have
5 allocated \$3 million as something that we would call a
6 catchall category for new unforeseen opportunities to
7 improve vehicle technologies and efficiencies, as well as
8 develop new fuel types. In addition, we set aside \$5
9 million to take advantage of highly leveraged federal
10 cost sharing opportunities that may arise down the road
11 with new Federal legislation such as the American
12 Recovery and Reinvestment Act, so that if we do see these
13 opportunities arising, we are well positioned to go after
14 them and benefit the state.

15 Within the Market and Program Development
16 category, we have allocated funding for a number of
17 activities that will compliment some of the investments I
18 just covered. We have allocated \$1 million to continue
19 and expand upon the previously funded activities and
20 workforce development and training within the alternative
21 fuels and technology industry, and second, we are
22 providing another \$2.5 million for sustainability studies
23 to ensure that we minimize any of the potential
24 environmental impacts associated with our alternative
25 fuel investments. Also, set aside \$2.5 million towards

1 Marketing and Program Outreach. This is aimed at
2 promoting awareness and interest in the AB 118 program
3 and particularly focusing on alternative fuels. And,
4 finally, we have allocated \$6 million for Technical
5 Assistance and Environmental Market and Technology
6 Analysis. Briefly, this funding will help us identify
7 funding priorities and opportunities and will provide
8 information on how to tailor our program to derive the
9 maximum benefit from these investments.

10 This Investment Plan today, if adopted, will
11 serve as a starting point for the current fiscal year's
12 activity in administering the AB 118 Program. Staff will
13 then proceed with the input of the Transportation
14 Committee to craft solicitations and agreements in
15 accordance with activities that I have just described.
16 Included in your package today is an Errata sheet
17 illustrating some additional changes to this report.
18 Most of these changes appear in the electric vehicle
19 section of the report. As you know, the California
20 Senate Energy Utilities and Communications Committee, as
21 well as the Senate Transportation Committee, held an
22 informational hearing on electric vehicles last Friday in
23 Los Angeles, where government, electric vehicle
24 manufacturers, and other critical stakeholders provided
25 additional material about the deployment of electric

1 vehicles and infrastructure in California. And we wanted
2 to make sure that this Investment Plan reflected those
3 latest inputs that was provided in the public forum in
4 Los Angeles, so that is why we have made a few changes to
5 this report, so that this Investment Plan reflects the
6 best and latest information that is available.

7 In closing, I would like to conclude by
8 thanking Commissioner Boyd and Commissioner Eggert from
9 the Transportation Committee for their leadership and
10 guidance in developing the plan, and also acknowledge
11 Mike Smith for his management oversight, as well as
12 commitment for producing a quality product, as well as
13 the Product Management Team led by Leslie Barody and
14 Charles Smith, who are here today, as well as the large
15 team of Emerging Fuels and Technology Office participants
16 and staff that contributed to producing this final
17 product. And with that, I would be happy to entertain
18 any questions or certainly have any of my technical staff
19 respond to questions.

20 CHAIRMAN DOUGLAS: Thank you, Mr. Perez. I
21 have two blue cards for this item. If there is anybody
22 else in the room who would like to speak on this item,
23 please fill out a blue card. I do not believe I have
24 anyone on the phone on this item, please indicate if you
25 are on the phone and would like to speak. I would like

1 to ask Andrew Panson, ARB, to come forward.

2 MR. PANSON: Good morning, Commissioners. My
3 name is Andy Panson. I am the Air Resources Board's lead
4 staff on the AB 118 Incentive Programs. I am here to
5 testify in support of the proposed Investment Plan. We
6 appreciate the Energy Commission's hard work in
7 developing the plan and we want to thank staff for their
8 efforts. We have been working closely with the Energy
9 Commission on implementing the AB 118 Incentive Programs
10 and we stand ready to help in any way that we can in
11 rolling out this year's funds. The proposed plan
12 includes the option of having the ARB administer some of
13 the funds in cases where we already have a similar
14 program up and running. Consumer rebates for light-duty
15 vehicles is an example, as the plan includes funding for
16 natural gas cars. ARB would be pleased to administer
17 this money for the Energy Commission if you would like us
18 to. A single consumer portal for light-duty vehicle
19 rebates makes sense and we are already working at the
20 staff level on a coordinated effort. In addition, we
21 support the Energy Commission's investments in vehicle
22 fueling and charging infrastructure. These are key to
23 the success of our vehicle deployment efforts. While ARB
24 and the Energy Commission's parts of AB 118 each have
25 their own statutory focus, there is a fair amount of

1 overlap in the types of projects that we can each fund,
2 so continued coordination between our two agencies will
3 be important. We greatly appreciate the Energy
4 Commission's willingness to work with ARB to make sure
5 these programs are successful. Again, we support the
6 proposed Investment Plan. Thank you for your time.

7 CHAIRMAN DOUGLAS: Well, thank you very much,
8 and thank you for working closely with our staff. As a
9 former member of the Transportation Committee, I
10 definitely working very closely with ARB and I think it
11 has been an even more sustained effort to do that this
12 year, and it is great. So, thanks for being here.

13 MR. PANSON: It has been our pleasure.

14 CHAIRMAN DOUGLAS: Tim Carmichael, AB 118
15 Advisory Group member and California Natural Gas Vehicle
16 Coalition.

17 MR. CARMICHAEL: Good morning, Commissioner
18 Douglas, members of the Commission. I just wanted to say
19 a few brief words from the Advisory Group's perspective.
20 I am projecting that others on the Advisory Group agree
21 with my perspective on this. We had a very good process
22 in many ways this year to produce the result with your
23 staff that you have before you. It is not easy to take
24 \$100 million and divide it among so many competing
25 interests for very passionate advocates that believe they

1 have the solution to most of the world's problems, and
2 that is what the process entails. I, personally, was
3 very impressed by the level of collaboration, the level
4 of open discussion and acknowledgment of the shortcomings
5 of some of the technologies, as well as some of the
6 benefits that some technologies have over other
7 technologies today. I think it was the Advisory Group's
8 discussion which brings together advocates for all the
9 different fuels and technologies that are being funded in
10 this program and a few others that are not yet being
11 funded, that I think the frankness of the discussion and
12 the quality of the discussion is quite rare, even in
13 California, where we talk about this stuff more than most
14 other countries. So, it was very valuable, I think, for
15 your staff to have the input of the advisory committee.
16 It was also, I think, very beneficial for the Advisory
17 Committee members to learn a lot about the different
18 technologies and the process and the thinking that the
19 staff had in developing this specific proposal. One
20 thing we certainly agreed on is we would like twice as
21 much money as was budgeted this year, and I think there
22 is, even as the state's budget improves, to go after more
23 funding. As I am sure all of you are aware, and probably
24 most of the people in the audience, many of your Advisory
25 Committee members came together quickly to walk the halls

1 of the Legislature to defend this program from potential
2 rating to fund other important efforts. We may not be
3 done with that, even for this year, but I think it is a
4 testament to the Advisory Group you pulled together, as
5 well as the passion that we all have for the importance
6 of alternative fuels and technologies, and California's
7 leadership in that regard, that led so many of us to drop
8 everything and go fight for this funding. So, with that,
9 I urge your support for this plan. There are some areas
10 where we can improve the process, and I think the
11 Advisory Group is going to look forward to working with
12 your staff on that, going forward. But this product is
13 good and is worthy of your support. Thank you.

14 VICE CHAIR BOYD: Well, let me start off if
15 there are no other public testimony. And first I want to
16 thank Mr. Perez and his staff for their work, and I
17 appreciate, Pat, your referencing our former, now
18 retired, but ever present Deputy Director Mike Smith out
19 there in the audience for his continued work.

20 MS. JONES: And I will note that he smiles a
21 lot more now that he is retired.

22 VICE CHAIR BOYD: Yeah, I was going to say, he
23 has been a happier person now that he is only a retired
24 Annuitant, not the Deputy Director bearing all the brunt
25 of this. Pat has stepped into a big pair of shoes, but

1 Pat is doing a very good job and I appreciate Pat's
2 referencing individual members of the staff. I will not
3 mention people by name for fear of leaving somebody out,
4 but a large block of people contributed an awful lot of
5 work to this. This is the second plan for the third
6 fiscal year, as I mentioned, the first plan covered two
7 fiscal years because of the late start. There is a lot
8 of learning by doing and lessons learned in this Plan
9 from our experience with preparing the first Plan, and
10 our experience with putting out Program Opportunity
11 Notices and making grants, and what have you, and that's
12 been a tough road to hoe, so to speak, in the face of
13 competing with trying to push all that ARRA money out the
14 same small conduit here at the Energy Commission. So,
15 the staff has done a real good job. I want to thank the
16 Advisory Committee members for their efforts, for their
17 contribution, and I appreciate Tim's being here and
18 speaking for them and his well-stated description of the
19 fun enjoyed in dealing with all these competitive forces
20 who want twice as much money as there is available for
21 everything just for their areas, and so it is an
22 interesting process. And it was a very rewarding process
23 this year, not that the previous years were not, but we
24 were learning to know each other, and so on and so forth.
25 I particularly appreciate a couple of things, 1) how, as

1 Tim indicated, people came together quickly when there
2 was a threat to this program. Some people in the
3 Legislature seem to think we are running a revolving fund
4 over here to fund other programs for some reason, and 118
5 was a favorite target, along with a few others, and they
6 were quick to point out to many folks the values the
7 business development, job building values of a program
8 like this, in addition to its environmental energy
9 security through energy diversity goals, as well. And
10 Tim mentioned our discussions as an Advisory Committee,
11 of process improvement possibilities and their
12 willingness to step forward should we need help with
13 various agencies and those who control process, to maybe
14 help speed up the processes that we are encumbered with.
15 So it has been a very good process this year and I know
16 we much appreciate it, and I do want to thank
17 Commissioner Eggert, our newest Commissioner, for
18 stepping in here and really working hard and being very
19 dedicated in contributing a lot of good advice on this
20 subject. It is interesting to note that two former ARB
21 folks are working closely with the staff here, and I want
22 to thank our partners at the ARB, as the Chairman has
23 done, for working with us. This is kind of the
24 culmination of many years of work by staff here, many
25 many plans, the 2076 how to reduce our dependence on

1 petroleum, and the 1007 Alternative Fuels Plan's
2 enumerable Integrated Energy Policy Report
3 recommendations, and finally, the realization of funds
4 through 118 to carry some of that forward. So, it is
5 gratifying to me to see this working as well as it is,
6 and particularly in these rough times, and I think it
7 makes a contribution to helping solve some of the
8 problems. So, as we continue to work forward on this
9 program with our Advisory Committee, and there will
10 probably be some legislative direction on how we will
11 carry out that process in the future, it just means
12 speeding it up somewhat, we look forward to working with
13 these folks. So, enough said, and at the appropriate
14 time, I would like a motion to approve this item, but I
15 am sure my fellow Commissioner - one piece of what I
16 consider to be staff responsibility, but I will do it
17 because we have a letter up here in front of us on the
18 dais that has not been referenced and read into the
19 record, I do not intend to read it into the record, it is
20 from American President Lines to two of us on the
21 Committee, all of you have copies, and it makes reference
22 to renewable Methanol, which is a very interesting that
23 has cropped up again. Those of us who have been around
24 forever, and many staff here who have not yet retired
25 remember the early Methanol program days and I always had

1 a warm spot in my heart for Methanol because the force of
2 Methanol brought us clean burning gasoline long ago, and
3 Methanol was forgotten, but it is coming back, as
4 Commissioner Eggert and I have seen in the process of the
5 preparation of the Plan. We have American President
6 Lines speaking very positively about renewable Methanol,
7 and I like to emphasize "renewable." We have had Lotus
8 Engineering here for the better part of a year pushing -
9 and they are pretty highly respected throughout the world
10 - pushing this subject of "do not forget the
11 possibilities for renewable methanol," and because we
12 changed the titles of some of our categories, we do have
13 this gasoline substitute category, which will include
14 consideration of multiple fuels that could be deemed a
15 gasoline substitute, and certainly renewable Methanol is
16 something we talked about. So, I want to assure the
17 writers of this letter that we have not forgotten that.
18 With that, Commissioner Eggert would probably like to say
19 a few years.

20 COMMISSIONER EGGERT: Definitely. Thank you,
21 Commissioner Boyd. I just want to sort of echo all of
22 your comments about the gratitude to the staff and the
23 Advisory Committee. I think I was very fortunate to come
24 into this process at the beginning of this year when a
25 lot of work had already been done, sort of build the

1 foundation of an Investment Plan, a Strategic Plan, for
2 the program, and it was a great pleasure to work with you
3 and everybody else to bring it to its current state. I
4 guess a couple of quick thoughts. It has been mentioned
5 up here at the dais before, but I think it is worth
6 repeating in terms of the scale of our investment
7 relative to the scale of the challenge, and that is, you
8 know, we have looked at the expenditure just in
9 California on gasoline and diesel fuels for
10 transportation is in excess of about \$150 million per
11 day, that is every day we spend \$150 million of our
12 economic output; this program is a little over \$100
13 million per year that we are trying to use to influence
14 that market in a direction that is going to achieve our
15 energy and environmental goals, and I think that really
16 speaks to two issues, one is that the significance of
17 this sector on our economy, you know, volatile fuel
18 prices can really wreak havoc, and we have seen that in
19 the past, and I expect we might anticipate seeing that in
20 the future, and diversifying the options for consumers to
21 be able to not just be beholden to a singular source of
22 energy is definitely a key component of this. And I also
23 think, you know, we have to think very carefully about
24 how we are expending our funds relative to other industry
25 investments and look for opportunities where we can fill

1 the gaps and leverage that outside capital because, you
2 know, we are talking billions of dollars of investment to
3 move the needle and so making sure that our investments
4 are directed in such a way that will eventually lead to
5 much larger investments that will help transition the
6 fuels marketplace.

7 The other phenomenal opportunity that we have
8 been given through this program is that, throughout the
9 history of attempts to move away from petroleum, we have
10 tended to be stuck on what some have called the "fuel du
11 jour" kick which is that everybody has tried to pick the
12 winner, whether it was Ethanol, or Methanol, or natural
13 gas, or hydrogen, or electricity, we have gone through
14 these various cycles where there has been a tremendous
15 amount of attention paid to just that one particular
16 solution, and then, either when fuel prices have fell, or
17 other distractions have come into play, attention has
18 waned and that industry has suffered such that, you know,
19 we are still 96-97 percent dependent on petroleum. So,
20 the portfolio that this represents, I think, is an
21 excellent balance of not picking a winner, but picking a
22 portfolio of winners, or potential winners, in such a way
23 that we are not relying on any singular solution, but we
24 are placing bets on those that we think have great
25 potential both for near term and long term success.

1 I think maybe the last point I would made is,
2 just again, to recognize the enormous amount of work that
3 went into this, the phenomenal partnership with other
4 agencies, ARB was mentioned, but there were many others,
5 including the Workforce agencies, Cal Recycle, and I will
6 forget ones if I try to name them all, but we got a
7 significant amount of input from the other agencies and
8 continue to get their support in developing these
9 solicitations, reviewing proposals, and I think that has
10 been tremendously helpful in making what we eventually do
11 fund with these dollars successfully executed. So, I
12 will stop there and I will wait to see if there are other
13 comments before I second the motion.

14 COMMISSIONER BYRON: Thank you, Madam Chair. A
15 couple of brief comments. First, I thank the public
16 commenters that came, that was just excellent to hear
17 from both ARB and a well spoken representative of our
18 Advisory Committee. And I certainly concur, we need to
19 be spending more money on this, and I appreciate all your
20 efforts to defend the tremendous foresight that was
21 brought by the Legislature in giving this funding. I
22 note at the bottom of the table that you went through,
23 Mr. Perez, it is referred to as the "Grand Total" of \$108
24 million, and it is a grand total, but we would certainly
25 like to be able to spend more in these areas.

1 The only other point I would really like to
2 emphasize is giving my thanks to the two Commissioners on
3 this Committee, Commissioners Boyd and Eggert. I was
4 thinking, I do not think the State really appreciates the
5 level of expertise that we have got represented in this
6 area in these two Commissioners and what they bring to
7 this decision-making process, but the real strength that
8 they bring is following through on the process of the
9 selection of this, this takes an enormous amount of time
10 and effort and I think it is one of the things that we do
11 really well here, so my thanks to the staff, of course,
12 but also to my fellow Commissioners for seeing this
13 through, the kind of support that you have garnered for
14 this allocation plan is just excellent, well done, very
15 thoughtfully determined, and I guess it is time to get to
16 work on next year's allocation plan, Mr. Perez.
17 Commissioners, I also note there is an Errata, I just
18 want to remind you, I have read through that and I think
19 simple changes, but I just wanted to make sure you knew
20 that we needed to address that, too.

21 COMMISSONER WEISENMILLER: Yeah, I was going
22 to, again, thank the Commissioners, the staff, and the
23 participants in this process for their hard work in
24 developing this.

25 CHAIRMAN DOUGLAS: Thank you. And I will just

1 make a brief comment. Again, as a former member of the
2 Transportation Committee, I know well how much work and
3 how heavy a lift it is to work with the Advisory
4 Committee and with staff and put together this Investment
5 Plan, and so I would like to again thank staff, thank the
6 Advisory Committee, and certainly thank the
7 Transportation Committee and Commissioner Boyd, thank you
8 for your leadership, and the Committee for its
9 tremendously heavy lifting on AB 118 implementation and
10 the Investment Plan. I am pleased with the product, I am
11 pleased that we are here today with it, and I am
12 particularly pleased that the two of you took it on and
13 got it done, and allowed me to at least for this year
14 move myself out of the Transportation world and into
15 other worlds with the workload we have in front of us, so
16 a tremendously good job, and thank you.

17 VICE CHAIR BOYD: Well, thanks to the Chairman
18 for your kind comments, but I would note you are a
19 survivor of the first Investment Plan, so you know of
20 what you say, and thanks to all the Commissioners for
21 their kind comments, speaking for both of us, and with
22 that, I would just move approval of the Investment Plan
23 and the Errata as presented by the staff.

24 COMMISSIONER EGGERT: I will second that.

25 CHAIRMAN DOUGLAS: All in favor?

1 (Ayes.)

2 Item 2 is approved. And thank you, Mr. Perez.

3 Item 3. Pio Pico Energy Center (10-AFC-1).

4 Mr. Solorio.

5 MR. SOLORIO: Yes, Eric Solorio, Project
6 Manager for the Energy Commission. Good morning,
7 Chairman and Commissioners. I am assigned to the Pio
8 Pico Energy Center Project. I am here to provide a brief
9 description of the project, followed by staff's Data
10 Adequacy recommendation.

11 On June 30th, 2010, Pio Pico Energy Center LLC
12 submitted an Application For Certification to construct
13 and operate a nominal 300 megawatt natural gas-fired
14 simple cycle generating facility, the Pio Pico Energy
15 Center. The project is proposed to be located in the
16 City of Chula Vista in the Southwestern San Diego County.
17 The site is approximately 13 acres of undisturbed land at
18 the end of Uste Road, which is approximately one-quarter
19 mile southwest of Otay Lakes County Park. Staff has
20 completed its Data Adequacy review of the AFC and found
21 that the 23 technical areas reviewed, we believe the
22 information contained in the AFC is inadequate in 11
23 areas. For the purposes of today's meeting, staff asks
24 the Commission not to accept the AFC and find the AFC to
25 be data inadequate until the additional information

1 specified in the Data Adequacy Worksheets is submitted.

2 CHAIRMAN DOUGLAS: Thank you, Mr. Solorio. Can
3 we hear from the Applicant?

4 MR. MCKINSEY: Thank you, Commissioners. John
5 McKinsey with Stoel Rives. We represent the Applicant,
6 which is Pio Pico Energy Center, LLC. The project is an
7 Energy Investors Fund, or EIF project. With me is Gary
8 Chandler, he is the President of the Applicant, Pio Pico
9 Center, LLC, and the Commission and some of you
10 Commissioners are familiar with Mr. Chandler from past
11 projects that either EIF or her has permitted and built,
12 and operates under the Energy Commission's jurisdiction.
13 The Applicant has been already communicating with the
14 staff and anticipates filing a Supplement on the 30th that
15 will make this project data adequate, and looks forward
16 to moving it forward. I am going to offer Mr. Chandler a
17 moment to say a couple of comments to you.

18 MR. CHANDLER: Thank you. Good morning,
19 Commissioner Douglas, Commissioners. As I listened to
20 the awards presented this morning, I thought maybe there
21 should be an award for people who bring enough projects
22 before this Commission for approval, this is the fifth
23 project I have been involved in, and the first one is one
24 that Commissioner Weisenmiller will remember talking
25 about 20 years ago, around that time I think we were

1 working on that. Anyway, I am pleased to say that, of
2 those four projects that we brought to the Commission,
3 the past three of those projects are up and running, and
4 we expect to accomplish that with this project, as well.
5 Just a couple of quick points I would like to make about
6 this project. As you may be aware, it is in the San
7 Diego Area, as a result of the solicitation by the
8 utility. We think it is a great project because it is in
9 an area where power is certainly needed. It has the
10 potential of -- how can we say this in a nice way, I
11 guess -- of bringing about the retirement of some what we
12 might term as "ancient coastal generation" and that is
13 viewed as a very big plus for the project, for that
14 particular area. And the third point I would like to
15 make about this project is that it is very supportive of
16 renewable energy and ties into the Miguel Substation,
17 which is where the power link transmission line will tie
18 in, and being the kind of plant that it is, a peaker, of
19 course it is a very efficient peaker, just like the
20 Pinoche project that we recently completed. But it has
21 the ability to follow load and certainly has the ability
22 to come on line from a cold start to a full load in 10
23 minutes, which is very supportive of renewable
24 generation.

25 CHAIRMAN DOUGLAS: Well, thank you for those

1 comments. Thanks for being here today. Commissioners,
2 any questions or comments?

3 COMMISSIONER BYRON: If I may. I was thinking
4 I would ask the staff this, but I am not going to put
5 them on the spot. Mr. Chandler, we do appreciate you
6 bringing these good projects and applications, and if I
7 understood you correctly, by the 30th of this month, we
8 expect to see the revised application. Is that correct?

9 MR. CHANDLER: Yes, that is correct.

10 COMMISSIONER BYRON: And I do not know that we
11 are going to give awards out for the number of projects
12 you bring us, or the number of times you bring an
13 application to us, but this is not a great time for us.
14 I think you understand our staff is extremely busy right
15 now and we have to drop things in order to pick up the
16 data adequacy evaluation, 11 items in deficient is pretty
17 significant, I will not ask how that rates amongst the
18 others, I do not know, but I would very much encourage
19 you, because we do have to respond by law, and we will
20 respond with data adequacy or not, please, bring us a
21 complete one because it takes a great deal of time on the
22 part of the staff, and if it is not a problem for you, it
23 is okay if you bring us one a little bit later, we are
24 certainly in crunch time right now with about - how many,
25 Commissioners? About eight applications that are up for

1 American Recovery and Reinvestment Act Funds.

2 VICE CHAIR BOYD: I thought it was eight each.

3 COMMISSONER BYRON: So, please do not
4 misunderstand me, we welcome your application, we want to
5 - but it is a very busy time for us and my staff, by law,
6 must do data adequacy evaluation above all else, so I
7 hope you will understand what I am saying.

8 MR. CHANDLER: Thank you. I think we are very
9 much aware of that situation and we have been in contact
10 with Mr. Solorio and, after having reviewed all the
11 inadequacies, we believe those all will be responded to
12 adequately by the 30th of this month.

13 COMMISSIONER BYRON: Thank you.

14 MR. CHANDLER: We do not want to waste anyone's
15 time.

16 COMMISSIONER WEISENMILLER: Yes, Gary, it has
17 been a long time, but certainly we appreciate your
18 efforts and the Energy Investors Funds efforts to develop
19 resources in California, particularly resources where we
20 need them, that are also environmentally acceptable. I
21 move that we accept the staff's recommendation.

22 COMMISSIONER BYRON: Second.

23 CHAIRMAN DOUGLAS: All in favor?

24 (Ayes.)

25 Item 3 is approved.

1 Item 4. La Paloma Generating Project (98-AFC-
2 2C). Possible approval of a petition to amend the La
3 Paloma Generating Project to modify the cooling tower
4 PM10 emission limit contained in Condition of
5 Certification AQ-51. Ms. Dyas.

6 MS. DYAS: Good morning, Chairman and
7 Commissioners. My name is Mary Dyas and I am the
8 Compliance Project Manager for the La Paloma Generating
9 Project. With me this morning is Senior Staff Counsel
10 Kevin Bell, and we do also have technical staff available
11 in attendance, too, to answer any questions you may have.
12 The La Paloma Generating Project is a 1,124 megawatt
13 natural gas-fired combined cycle facility that was
14 certified by the Energy Commission in October 1999 and
15 began commercial operation in 2003. The project is
16 located near the community of McKittrick in Kern County
17 and is regulated by the San Joaquin Valley Air Pollution
18 Control District. On April 5th, 2010, the La Paloma
19 Generating Company filed a petition requesting approval
20 to amend Energy Commission Decision for the La Paloma
21 Generating Project to modify the cooling tower PM10
22 emission limit contained in Condition of Certification
23 AQ51. The purpose of the requested amendment is to
24 update the PM10 emission limit for consistency with the
25 San Joaquin Valley Air Pollution Control District's

1 authority to construct permits for the cooling towers and
2 the Title 5 permits to operate. The project has
3 experienced an increase in total dissolved solids, or
4 TDS, in the water supply from its source water, the
5 California Aqueduct, due to drought conditions allowing
6 saltwater intrusion into the Delta intakes. Due to this
7 increase in TDS, La Paloma Generating Company requests
8 that Condition of Certification AQ51 be modified to allow
9 for a higher PM10 emission limit from the cooling towers,
10 increasing daily emissions from 11.2 pounds per day to 20
11 pounds per day. A Notice of Receipt of this petition was
12 mailed to La Paloma Generating Project Post-Certification
13 Mail List, posted to the Energy Commission's Website, and
14 docketed on April 14th, 2010. The staff analysis was
15 mailed to interested parties, docketed, and posted to the
16 Website on May 6th. Subsequently, in the original
17 interested letters party, the business meeting date was
18 originally scheduled for June 16th at the Applicant's or
19 the Owner's request, we have changed that date to today's
20 date, August 11th, and the cover page was re-posted with
21 the corrected date. Also, to date, we have not received
22 any comments on this particular petition. With the
23 recommended condition to Condition AQ51, staff has
24 determined that there will be no significant adverse
25 environmental impacts associated with the amendment, and

1 the project, as amended, will comply with all laws,
2 ordinances, regulations, and standards. At this time,
3 staff recommends approval of the La Paloma Generating
4 Project's request to amend AQ51.

5 CHAIRMAN DOUGLAS: Thank you, Ms. Dyas. Could
6 Nick Park with La Paloma come forward? I have a blue
7 card from Nick Park.

8 MR. PARK: I only filled it out in case -

9 CHAIRMAN DOUGLAS: Ah, thank you.
10 Commissioners, any questions? Oh, please come forward,
11 then, Mr. Simpson.

12 MR. SIMPSON: Thank you. Sorry, there were no
13 agendas out there, so I did not know what item number
14 this was. Some of the questions I have, or comments are
15 about the procedural or policy issues - good morning, by
16 the way - apparently this amendment is based on increased
17 dissolved salts due to drought conditions. It seems like
18 drought conditions could have been a foreseeable event
19 when this project was originally licensed, so my
20 questioning maybe is more about future licensing like the
21 next action item, which includes a decrease in the permit
22 limits for dissolved solids, to allow to be permitted.
23 Is there any verification during the permitting process
24 that would demonstrate, well, a drought condition should
25 have been considered when this was licensed, and provided

1 for? Some of the procedure - I see that this amendment
2 has - the ATC has already been issued for the project.
3 The next action item says it cannot have the ATC until
4 after the amendment is approved, so is ATC supposed to be
5 before your amendment, or after the amendment is one of
6 the things I am trying to figure out here. As was
7 mentioned, this scheduling, it required - this item
8 required comments by June 30th, which, if there were
9 comments, it would give staff ample time to consider the
10 comments, perhaps respond to the comments. The next item
11 on the agenda, comments were due the day before
12 yesterday, with a staff analysis last week, so it is hard
13 to determine if comments are considered when they are
14 that close, it seems that this item had ample time for
15 you to consider the comments that were made. I have
16 questions of - in some of the proceedings, it seems that
17 you are relying on a precedent decision in the Avenal
18 case for global warming effects. Now, does the increased
19 dissolved solids have increased global warming effects?
20 I think it does. I think the increased water in the air
21 is one of the major causes of global warming, and should
22 that be considered? Or can you establish a precedent
23 decision in one - I cannot find the authority to
24 establish precedent decision. If a precedent decision in
25 one case is transferrable to each case, well, you do not

1 really need any more cases, you could just say, "Well, we
2 licensed the power plant last month, so we're going to
3 license one next month because we have a precedent for
4 that." So, I do not see anything in this amendment that
5 considers global warming, I do not see anything in this
6 amendment that considers was this a foreseeable event,
7 and I do not understand why the policy or procedure is
8 different in this item than the next item. Thank you.

9 CHAIRMAN DOUGLAS: Thank you, Mr. Simpson.
10 That was a number of questions. I will ask if staff
11 would like to respond to any of the questions that were
12 raised.

13 MR. BELL: Good morning, Madam Chairman. Kevin
14 Bell, Senior Staff Counsel. I can say that staff has
15 followed the procedures set forth in Section 1769A
16 concerning post-certification amendments. We have
17 considered all the relevant information to determine
18 whether or not there are any significant environmental
19 effects related to the proposed changes, and staff has
20 found none.

21 CHAIRMAN DOUGLAS: Thank you, Mr. Bell.
22 Questions or comments from Commissioners?

23 VICE CHAIR BOYD: Well, if I might, having
24 considered this item does not make me a happy camper
25 today because it is not a pleasant thing to have to

1 acknowledge that something has happened in nature and
2 maybe climate change is responsible that causes us to
3 have to increase PM10. The San Joaquin Valley, as I
4 understand, it is an attainment for the Federal standard,
5 it is not an attainment for the State standard. And if I
6 understand my atmospheric chemistry, what we are dealing
7 with here are particles, not water, in the atmosphere,
8 that contribute to PM10, and I doubt salt is a
9 contributor to global warming, but that is my personal
10 reaction, not an official judgment of this body, so I am
11 not quite sure where Mr. Simpson was coming from on that
12 point, also mixing to items together does not make it
13 easier for us to figure it out. And lastly, this is an
14 operating plant, not - you know, there is no authority to
15 construct in vault here, this is a plant that has been in
16 operation since 2008 and I am not sure back in whatever
17 it was, '99 or whenever this plant was approved, that
18 global climate change was as significant an issue as it
19 is now, but there is not a connection between these two
20 pollutants, in my understanding. So, while I am going to
21 be guided by the siting committee and the staff on this,
22 I will just register that it is really an unfortunate
23 thing that we have to do something like this, and I guess
24 we will have to be more conscious of this in the future
25 because, you know, we are now heavily involved in

1 analyses of the ramifications of climate change and what
2 have you, so we will probably have to be more cognizant
3 of what kind of particulate matter might result. It came
4 as a shock to me that there is saltwater intrusion that
5 far down in the California Aqueduct, having spent eight
6 years of my life in the construction of the California
7 Aqueduct. The goal was always to keep muddy saltwater
8 out of that thing, so that is an issue I am sure my
9 friends at the Water Department are dealing with. In any
10 event, I just wanted to make those few comments.

11 COMMISSIONER WEISENMILLER: As the Commissioner
12 is a scientist and actually a chemist by training, and
13 also on the Siting Committee, I would say, certainly
14 looking at this, the thing that was clear, obviously
15 there are many who question the emerging reality of
16 climate change, but I think this is, again, another piece
17 of evidence that, indeed, it is there, we have to take
18 actions to deal with it. We may see petitions like this
19 in other operating cases, going forward, I mean, here we
20 are very lucky in that we could reduce the emissions
21 limits on the cooling tower in a way to offset this
22 effect, so I think we can move forward given that there
23 is not any adverse impact. But, again, I think the
24 message should be clear to all of us that it is time for
25 serious action to deal with climate change issues. With

1 that, I would move the item.

2 COMMISSIONER EGGERT: I just had maybe a quick
3 comment, that one thing that did sort of jump out at me
4 on this is the fact that we have the obvious link between
5 the TDS and the emissions associated with the water
6 supply, and obviously as we are considering all the other
7 cases, looking at various water supplies for purposes of
8 providing process cooling and other activities, hopefully
9 we are looking at that closely, and I do not know if
10 there are opportunities for, you know, peer research to
11 understand what things might be brought in terms of
12 technologies to help ameliorate increase in PM, but it
13 is, yeah, it is unfortunate that we have to consider an
14 increase in a previously proscribed level, but I will
15 just stop there, and I guess I will second.

16 CHAIRMAN DOUGLAS: All in favor?

17 (Ayes.)

18 Item 4 is approved. Thank you.

19 Item 5. Russell City Energy Center (01-AFC-
20 7C). Possible approval of a petition to amend the Russell
21 City Energy Center project to include three additional
22 laydown areas, re-route the potable water supply and
23 sanitary sewer pipelines and updating the Conditions of
24 Certification concerning air quality to meet current best
25 available control technology standards. Ms. Dyas.

1 MS. DYAS: Thank you, Chairman. The Russell
2 City Energy Project is a 600 megawatt natural gas-fired
3 combined cycle power plant proposed to be constructed
4 near the City of Hayward in Alameda County. The project
5 is owned by Russell City Energy Center Company. The
6 project was originally certified September 11th, 2002. A
7 major amendment to move the project location 1,300 feet
8 northwest of the original location was certified on
9 October 2nd, 2007. A petition to extend commencement of
10 construction deadline by one year from 2007 to 2008 was
11 approved in 2007, and a petition to extend commencement
12 of construction by two years, from September 10th, 2008
13 to September 10th, 2010, was approved on July 30th, 2008.

14 On November 18th, 2009, Russell City Center
15 Company filed a petition requesting the addition of four
16 new parcels as construction worker parking and
17 construction laydown areas. A subsequent letter filed on
18 July 12th, 2010, withdrawing one of the four proposed new
19 laydown areas, was received. Secondly, the petition
20 requested rerouting the potable water supply and sanitary
21 sewer pipelines to connect with Depot Road instead of
22 Enterprise Avenue. This new proposed route will be
23 shorter and entirely within the existing boundaries of
24 the licensed project. And lastly, the petition requests
25 that the air quality conditions of certification should

1 be updated to meet current best available control
2 technology standards and conform with the Bay Area Air
3 Quality Management District's permits. A Notice of
4 Receipt was mailed to the Russell City Energy Center
5 post-certification Mail List, posted to the Energy
6 Website, and docketed December 8th, 2009. The staff
7 analysis was mailed to interested parties, docketed and
8 posted to the Web on June 29th, 2010. In addition, the
9 cover letter that was mailed with the staff analysis to
10 interested parties was also mailed to the entire post-
11 certification mail list. A supplemental staff analysis
12 was mailed to interested parties, docketed, and posted to
13 the Web on July 9th, 2010. Again, in addition, the cover
14 letter was mailed to the post-certification list. A
15 revised version of Attachment A to the supplement for
16 staff's supplemental analysis was posted to the Web on
17 July 26th. Staff received a number of comments from the
18 public, acknowledgement of receipt replies were sent, and
19 comments were docketed and distributed. Additional
20 inquiries were also forwarded to the Public Advisor's
21 Office.

22 Staff concludes that the amended project is
23 expected to comply with applicable district rules and
24 regulations, including the Federal PSD rules and
25 regulations. Staff also concludes that the amendment

1 project would result in decreased emissions and air
2 quality impacts, and will be consistent with the current
3 federal PSD permit impact requirements. With the
4 adoption of the two additional staff conditions
5 recommended in the Supplemental Staff Analysis, the
6 potential CEQA impacts to the project relative to the
7 Federal one-hour standard would be less than significant.
8 Adoption of the proposed modifications will not result in
9 any significant impact to the environment. At this time,
10 staff recommends approval of this petition with the
11 proposed revisions to air quality and cultural resources.

12 CHAIRMAN DOUGLAS: Thank you, Ms. Dyas. We
13 have a number of members of the public who would like to
14 speak on this item, so we will go to public comment now.
15 I would like to ask those speakers to keep your comments
16 to two minutes, if you can, we have got a good number of
17 speakers, and to focus to the extent that you are able on
18 the issues before us today in this amendment. And,
19 actually, Commissioner Byron reminded me that I rushed to
20 public comment before asking if the Applicant would like
21 to speak, and so let's hear from the Applicant.

22 MR. WHEATLAND: Good morning, Commissioners.
23 My name is Gregg Wheatland. I am the attorney for the
24 Project Owner. With me today also is Barbara McBride,
25 she is Director of Environmental Safety and Health for

1 the Western Region of Calpine. And like you, we are
2 anxious to hear the public comment this morning. As Ms.
3 Dyas has mentioned, the amendments that are before you
4 are three very simple and discrete changes. The first
5 one is to re-route the potable water and sewer lines on
6 the project site so as to make the line shorter; the
7 second change is to add three laydown areas for parking
8 and material laydown, these are all on Brownfield sites,
9 and two of them are adjacent to the project site; and the
10 third change is to update the conditions of certification
11 concerning air quality, to be consistent with the new
12 lower limits established by the Federal PSD permit that
13 was issued by the Air District. And, as the Commission
14 staff knows, these types of changes are typically treated
15 as minor amendments for matters that would come before
16 the Commission as a five-minute item on the agenda. We
17 have carefully reviewed the comments that have been
18 submitted by the public on this amendment, and we are
19 prepared today to respond to any questions that you may
20 have regarding any of the items that are raised in the
21 written comments. I would just observe that, in reading
22 those comments, what struck me about them was how few of
23 the comments actually address matters that are set forth
24 in this petition. That is, few if any of the comments
25 actually address the question of the rerouting of the

1 water line, the addition of the laydown area, or the
2 question of whether we have properly conformed the
3 changes that are in the Commission's certification
4 conditions to the PSD permit. So, I urge you, as you
5 hear the public comments today, to listen carefully to
6 sort out which comments are actually relevant to our
7 petition, and which comments may be relative to other
8 matters that have already been decided by the Commission,
9 or maybe decided by other bodies, administrative bodies,
10 than the Commission. Thank you again for your
11 consideration and we are well prepared to answer any
12 questions.

13 CHAIRMAN DOUGLAS: Thank you. The first blue
14 card I have is for Ernest Pacheco, Citizens Against
15 Pollution.

16 MR. PACHECO: Good morning, thank you. I would
17 like just briefly to point out that Sierra Club
18 California has also requested that the Commission not
19 certify the amendment today, that the issue of NO_x, the
20 new one-hour rule needs to be an issue that has public
21 hearings with notification and a chance to respond to
22 staff analysis in more than just a business meeting item.
23 I would also like to give you a very quick history of
24 this amazing moving number of the one-hour of NO₂ max that
25 kind of exemplifies why we need to have further analysis

1 and evidentiary hearing. In 2007, RCC contended that the
2 NO₂ one-hour maximum impact was going to be 370 micrograms
3 per cubic meter, which is 196 percent of the current new
4 standard. Then, at April 12th, it was at 260 micrograms
5 per cubic meter, 138 percent, then magically, on July 9th,
6 it became 182.5 micrograms per cubic meter, squeaking in
7 at 97 percent under the new standard, then, a few days
8 later, it becomes even more magically 179.89 micrograms
9 per cubic meter, lowering it to 95 percent. The fact
10 that these numbers are so fluid and that this is a new
11 issue, it is an issue of actual national concern, this is
12 a new national rule, and its requirement of the PSD
13 permit, which is on the agenda here, about the Commission
14 adopting these new AQ standards, that you cannot at this
15 time approve their analysis. This is something that we
16 need to have a chance to have our modelers, our analysts,
17 pick apart. I requested five separate times actually the
18 modeling runs from the Commission. Late yesterday, I did
19 get those modeling runs. I did not have time to run the
20 models between noon yesterday and the business meeting
21 Item No. 5, today. We need time to look at this. You
22 cannot at this time vote on this issue. The PSD is its
23 own remand, we do not know what the decision of the IBA
24 Judges is going to be, but we fully expect that the NO₂
25 issue is going to be something that they are going to

1 demand is reopened. So, until the remand is actually -
2 the PSD actually exist, until it is actually in the hand
3 of the Applicant, the Commission cannot vote on it, would
4 be our simple position. And I think my compatriot is
5 going to delve into that a little bit more. I would also
6 like to bring up another issue that is of great and vital
7 concern, and it is a CEC issue, and it is something that
8 the Applicant has been pretty handy in manipulating away
9 so that it is not technically on the agenda. The Federal
10 Aviation Authority has set a new mandate, or a new
11 direction, to pilots to fly upwind of power plant plumes.
12 In our case, and we do not have time to go into details
13 here, there are too many comments, what this is going to
14 do, this is going to route the overflow traffic from
15 Hayward Executive Airports directly west of the proposed
16 plant, directly above our endangered species preserve and
17 directly into the San Francisco Bay South IBA, an
18 important bird area, internationally recognized
19 designation for Important Bird Areas. Our bird area has
20 over half a million migratory birds coming in just in the
21 spring. The issue of Aviation safety and bird strike are
22 considerable and completely unstudied. And in my letter
23 which I have before you, I have recommendations for the
24 CEC staff to take a look at this. It also, of course, is
25 going - is very pertinent to the listed species, avian

1 and mammal species we have, which are going to then now
2 have hundreds of helicopters and planes routed over it at
3 the FAA's direction, only if the CEC certifies this
4 process. This is not something where it is the usual
5 thing where one agency points at the other and says,
6 "It's not my business." The FAA is going to have these
7 planes routed over endangered species preserve only if
8 this plant is approved. If it is not approved, we do not
9 get hundreds of helicopters and planes routed over our
10 endangered species preserve. This is something the CEC
11 staff has to analyze, produce for public comment, hold
12 evidentiary hearings on, and we will see what the final
13 result is. One last thing, the zero liquid discharge,
14 all vapor emission system that the project proponent
15 would like to use has as its - this project has as its
16 single largest emission, H2O vapor. And you say, "So
17 what? It's water." The 12 billion pounds - I am
18 converting to actual pounds for the water, 8.35 pounds
19 per gallon, the 12 billion pounds of water vapor that are
20 going to be coming out of this project, if certified by
21 you here today, and this is part of the AQ conditions,
22 has been completely unstudied on what it is going to do
23 to the evolution, the production, the distribution, the
24 deposition of the criteria pollutants, which you guys
25 have authority over. The Feds have a piece, you have a

1 piece. No analysis has been produced. We were talking
2 just a moment ago about new things emerging, as we
3 understand new things. Well, these all vapor emission
4 systems have not been studied as to what they do to the
5 regulated pollutants. The way we model now, and I have
6 talked to CEC analysts, CARB analysts, I have talked to
7 EPA modelers and analysts in Triangle Park, I have talked
8 to researchers at Stanford, at UC Davis, everyone says no
9 one has looked at this. We need to actually model not
10 for the conditions of the site now, minus 12 billion
11 pounds of water vapor, but we need to model it as it will
12 exist when the poisons are spewing out of the stack -
13 with the 12 billion pounds of water vapor. This will
14 affect the temperature and the humidity. This will have
15 some effect, whether or not it turns out this effect is
16 significant, we will know after we conduct an analysis
17 and an open public process is conducted. So, this is
18 large insights that we need the Commission to act upon,
19 instead of coming back three years from now and having
20 the Commissioners say, "Well, we didn't think about it
21 back then and our knowledge advances and, you know, it's
22 something that we need to be aware of in the future," now
23 is the time to act. It is being presented before you
24 now, this has been sent to the CEC many times over the
25 past six to eight months, we never really got any take on

1 it, there has never really been a forum for us to address
2 this, and we are addressing it now. So, I would hope the
3 Commission would consider acting on this now,
4 responsibly, as opposed to re-looking at this after the
5 plant is built and saying, "Well, we should have," or,
6 "We might have." So, thank you.

7 CHAIRMAN DOUGLAS: Thank you. And I think what
8 we will do, Commissioners, is go through the public
9 comments, and then ask staff to respond to questions as
10 we write them down up here. The next card I have is Gary
11 Cathey, Department of - well, I will let you --

12 MR. CATHEY: Transportation.

13 CHAIRMAN DOUGLAS: -- Transportation. Go
14 ahead.

15 MR. CATHEY: Good morning. My name is Gary
16 Cathey, I am Chief of Caltrans Division of Aeronautics
17 and I am here to share our concerns and heightened
18 concerns by the Department and the Federal Aviation
19 Administration with respect of the effects that thermal
20 plumes have upon aircraft, low flying aircraft.

21 COMMISSIONER BYRON: Mr. Cathey, I usually do
22 not interrupt public comment, but because you are from a
23 state agency, I will ask, are your comments going to be
24 confined to the application that is before us for
25 amendment? Or are you going to go into more extensive

1 detail about other issues?

2 MR. CATHEY: I am going to comment in part on
3 the preliminary significance of the deterioration permit,
4 which I believe is open for comment, is that not true?

5 COMMISSIONER BYRON: It is not what we are
6 considering here today, but we - this is the public
7 comment period, please proceed.

8 MR. CATHEY: Okay, thank you. Caltrans
9 requests reopening the record to admit into
10 administrative record the Eastshore Energy Center Power
11 Plant Aviation testimony of the FAA and Caltrans Division
12 of Aeronautics. Their testimony has been included in the
13 evidentiary record. We have been informed that an
14 organization called California Pilots Association has
15 appealed. The EPA, RCEC, Preliminary Significant
16 Deterioration Permit and their appeal has yet to be ruled
17 on. We also understand that a discretionary review by
18 the FAA has been solicited by the Cal Pilots under
19 Federal Aviation Regulation Part 77, for the RCEC Power
20 Plant plume and other matters, and they are also waiting
21 on the review process to be completed by the FAA. That
22 process would determine if the plumes are to be declared
23 hazardous to aviation or not. It is extremely
24 disconcerting that the permit process has advanced to
25 this stage because of the hazardous nature of low flying

1 aircraft to experience turbulence and other effects on
2 that effect, the aircraft maneuverability, the
3 controllability, as was previously pointed out at
4 Eastshore and Russell City, the traffic pattern at
5 Hayward Airport is the lowest traffic pattern of any
6 public use airport in the country, 650 feet above ground
7 level. And aircraft will be flying over this site at
8 that altitude, there are no other options. The air
9 traffic pattern and altitude cannot be raised because of
10 the restricted overlying air space of Oakland and San
11 Francisco International Airports. And one item I would
12 like to point out is that the FAA has recently released
13 the warning, basically, to pilots to avoid or to declare
14 that flight hazards exist around thermal plume emitting
15 sites. In part, the advisory states to pilots that high
16 temperature exhaust plumes may cause significant air
17 disturbances such as turbulence and vertical wind shear.
18 Other identified potential hazards include, but are not
19 limited to reduced visibility, oxygen depletion, engine
20 particulate contamination, exposure to gaseous oxides,
21 and/or icing. Results of encountering a plume may
22 include air frame damage, aircraft upset and/or engine
23 damage or failure. These hazards are most critical
24 during low altitude flight. That is exactly the
25 situation that we have above Hayward Airport, low

1 altitude flight. The only option is for pilots to fly
2 around the facility and, if it is necessary for a pilot
3 to fly around a facility to avoid a potentially hazardous
4 situation, then I contest that the hazard should not be
5 created in the first place, and I would ask for your
6 indulgence to listen to the comments provided by
7 California Pilots Association and what the appeals that
8 they have in effect are. Thank you.

9 VICE CHAIR BOYD: Could I ask you a quick
10 question, please?

11 MR. CATHEY: Certainly.

12 VICE CHAIR BOYD: The last witness indicated in
13 his testimony and in a letter he submitted to us that the
14 FAA is not codified that pilots are now to fly upwind of
15 power plant plumes. Since you are the aviation expert,
16 is that a true statement, that there is some
17 codification, there is a requirement, there is an FAR,
18 there is something requiring this? Or, as you seem to
19 imply, pilots will have to discretionarily avoid a plume
20 and fly some other way?

21 MR. CATHEY: The Airman's Information Manual,
22 which I believe is going to be updated on August 26th to
23 reflect the comments that I just read from, in part, that
24 is an advisory guideline for pilots; however, it does
25 carry the weight of regulation in certain circumstances.

1 It does not carry the full weight of Federal Aviation
2 Regulations, this is called an Aeronautical Information
3 Manual, and it does contain a brand new couple of
4 paragraphs here, as highlighted in the black line on the
5 left of the page that I am showing you, it contains two
6 brand new paragraphs warning pilots about the hazardous
7 nature of overflying a stack that emits thermal plumes.
8 So, although it may not be regulatory, it is highly
9 advised, and the National Transportation Safety Board has
10 held pilots to adhering to the standards contained in the
11 Aeronautical Information Manual in the event that
12 accidents have occurred, the NTSB has charged pilots for
13 not adhering to these procedures.

14 CHAIRMAN DOUGLAS: Thank you. The next card I
15 have is from Jewell Hargleroad.

16 MS. HARGLEROAD: Hargleroad.

17 CHAIRMAN DOUGLAS: Hargleroad, please.

18 MS. HARGLEROAD: Thank you. I am here
19 representing Chabot Las Positas Community College
20 District, and Chancellor Joel Kinneman sent you his
21 greetings, he has been here before. Initially, we would
22 like to point out that this matter needs to be continued
23 just to allow for the full 30-day notice as the
24 consultant's report attached to the July 9 Staff Report
25 was timely replaced with a new report on July 26th, and

1 there has not been an adequate opportunity for the public
2 to review this. Generally, as reflected by the appeal,
3 by Chabot Las Positas, as set forth before the
4 Environmental Appeals Board, and also Citizens Against
5 Pollution, is the absence of an auxiliary boiler, and
6 that is before the EAB right now, which would
7 substantially reduce the CO emissions for purposes of
8 that, which is also achieved in practice back. This is
9 an important piece of equipment which goes directly to
10 the authority to construct, as well as the June 2007
11 Final Determination of Compliance, which the District and
12 other organizations have been urging you to vacate for
13 this project, since 2008 and 2009.

14 COMMISSIONER BYRON: Ms. Hargleroad, would you
15 move the microphone closer, not away from you, that way
16 everyone can hear you.

17 MS. HARGLEROAD: Oh, I am sorry. Is that
18 better? Thank you. This is because it is time for this
19 Commission to examine state law compliance as we would
20 assert that the June 2007 Final Determination of
21 Compliance does not and cannot address the important
22 changes in State Law in light of the new substantial
23 events which have taken place, including the substantial
24 revisions to the proposed PSD permit and the significant
25 testimony in Eastshore which took place after the first

1 amendment, and enjoyed a more rigorous examination of
2 evidence than what was before this Commission under
3 Amendment One. In this regard, we also bring to the
4 Commission's attention, in relation to the Eastshore
5 testimony, is the staff's, which we cited in our letter,
6 concerning NO_x, which is this staff report is inadequate
7 and needs to be corrected. And I would refer you to
8 CARB's 2008 hotspot data that the Hayward Wastewater
9 Treatment Plant is reported as emitting 26.4 tons a year
10 of NO_x, but it appears not to be included in the July
11 2010 RCEC one-hour NO₂ July Report, attached as Staff's
12 July 9 Supplemental Report. And I refer you to tables 4
13 and 5 produced concerning the cumulative one-hour NO₂
14 analysis in your staff report, pages 14 to 15.
15 Additionally, the Commission might recall, as we pointed
16 out, there is no response at all concerning from staff in
17 response to the HASPA letter, the Hayward Area Shoreline
18 Planning Association, which also wrote the Commission in
19 December of 2009 and January 2010, asking this body to
20 reexamine this project with respect to rising tide
21 levels, which is a very important point. So, as a
22 result, we would urge you to move to continue this matter
23 and to require further examination as proposed by
24 vacating the June 2007 Final Determination of Compliance
25 and require a new CEQA examination to be prepared

1 relating to not only air, but also biological,
2 socioeconomic, and environmental justice, as well as
3 aviation. And with respect to air, I would refer you to
4 correspondence where we refer you to the EPA Tables. And
5 there is no missing data. There is no missing data. The
6 staff report, or the RCEC's consultant reports discuss
7 there is missing data among the three monitoring
8 stations; there is no missing data, not if you look at
9 the EPA tables, they are all there. And we would also
10 submit that these numbers, as Mr. Pacheco has pointed
11 out, appear to really require further examination because
12 there has been cherry picking among those numbers, among
13 San Leandro, Hayward, and Fremont. So, that also
14 requires further public review. And we thank you and
15 hope that you continue this as it needs to be continued.

16 CHAIRMAN DOUGLAS: Thank you.

17 MS. HARGLEROAD: Thank you.

18 CHAIRMAN DOUGLAS: The next blue card I have is
19 Supervisor Gail Steele.

20 MS. STEELE: Hi. I do not come here with the
21 technological knowledge of the speakers before me, but I
22 hope that you will listen to them. I come from more
23 community-political minded perspective, I do not
24 represent the Board, I represent myself. I am just
25 concluding 18.5 years on the Board of Supervisors, and I

1 have lived in Hayward for 48 years. And I came here
2 because, sort of against my better judgment, but of
3 course we hope you will continue this and I really want
4 you to just stop it, and why? Because tonight, at this
5 very day, Hayward is going to discuss a residential
6 energy conservation ordinance which would require all
7 energy improvements in Hayward houses. I am not
8 interested if we are going to have a plant, I know the
9 plant got moving because we needed a library and because
10 we were offered help to get a library, so, on one hand,
11 Hayward is doing that; on the other hand, I sit on the
12 ACTIA, the Transportation Commission, and also in terms
13 of the County Board, we are now doing this Climate Action
14 Plan, we have not approved it as a Board, but I feel like
15 every day of my life, I am hearing about these things,
16 and you know them better than I do. We talk about Smart
17 Growth, transit-oriented growth, walking, bicycle paths,
18 waste reduction, renewable energy, safe routes to
19 schools, over and over again -- all, while we are pushing
20 this plant that you do not know the impact of the air
21 situation. We did not learn until years later the danger
22 of cigarettes, we cannot do right with even our cars, and
23 I will just read you in this plan one sentence, we are
24 trying to go from 2005 to 2020, to go from 74 percent
25 single occupancy autos to 55 percent. But, listen to

1 this, "these events alone will not be enough to achieve
2 necessary level of greenhouse emissions reduction,
3 improving bicycle, pedestrian, and transit infrastructure
4 increasing carpools, discouraging driving, are the
5 essential components to achieving the County's 2020
6 target reduction." And we will not even come close if we
7 do not think to getting there by 2020. When we had a
8 meeting at ABAG the other day, they had a professional
9 come in and talk about the cars, and I said, what about
10 power plants? "That's not part of our study." Hey, you
11 guys, we cannot go to the Community and talk about all of
12 these things about making us do good things to save
13 energy, to be resourceful, and you do not have the study
14 that was mentioned ahead of us, ahead of me, done
15 properly. And I just came up here to implore you to stop
16 this plant. Hayward is a very fragile community and it
17 has every indicator that we do not like, it has wonderful
18 people, but we have schools in trouble, we have fought
19 for years through Barbara Shockley to save our shoreline,
20 and now we are going to put that thing up there. Hayward
21 needs your help, and we need not to go forward. I think
22 this plant came about because of the energy crisis which
23 you know was bogus, too, and it gave us the go ahead out
24 of fear of not having enough energy. We need to not do
25 this kind of energy. It goes against every policy up and

1 down the state and I suspect within the whole country.
2 There is nothing good about this. I do not think we need
3 it, and I think the risks to the community far outweigh
4 any going forward to it, so I know this does not address
5 exactly what this meeting was about today, but I just
6 feel the testimony -- things you heard ahead of me, those
7 need to be answered, they need to be answered now, so I
8 obviously support a continuance, but I just wish you
9 would show it now. Thank you.

10 CHAIRMAN DOUGLAS: Thank you. Rob Simpson,
11 please.

12 COMMISSIONER BYRON: Mr. Simpson, I know that
13 you are sitting with some young people there, would you -
14 we don't get many of those in our meetings. Would you
15 care to introduce them?

16 MR. SIMPSON: Sure. Can you stand up, kids?
17 That is Sarah Simpson and Robbie Simpson. Robbie Simpson
18 was born after this petition was proposed.

19 COMMISSIONER BYRON: So was I. So was I, Mr.
20 Simpson. Please go ahead with your comments.

21 MR. SIMPSON: I was a young man when this
22 started. First, I would like to petition to intervene in
23 this proceeding. This action started at the turn of the
24 Century when we thought we had an energy crisis that has
25 been proved to be false. Companies like Enron and

1 Calpine were fined major major - I think was it \$7 or \$12
2 million from the Department of Justice - for manipulating
3 the energy market. And so they went into bankruptcy. I
4 think they are still in bankruptcy. But, this
5 application is inadequate in its assessment of the
6 biological resources. Nobody has looked over the fence
7 since this thing was proposed. We have got a biological
8 assessment of the laydown sites. When this project was
9 originally proposed, it was sandwiched in between
10 industrial areas and the self-manufacturing facilities.
11 That area has changed. Hayward has doubled in size since
12 this thing was proposed, from 75,000 to 150,000 people.
13 The industrial areas adjoining have changed, the research
14 and development areas, there is a lot more people living
15 and working in the area, and the salt facilities have
16 changed to a national wildlife refuge. Five feet from
17 the fence line is the waters of the Bay. It is not
18 identified, it says it is a third of a mile on their
19 amendment, but you can look on the historical maps that
20 are in this 1,500-page amendment, and you could see
21 adjacent to this property is a waterway that is affected
22 by the Bay. It rises with the tide, it lowers with the
23 tide, it is within the jurisdiction of the Bay
24 Conservation Development Commission, who has not be
25 notified of this proceeding. So, to develop on the edge

1 of the Bay while we talk about sea level rise, this
2 project, it is foreseeable that this project will be
3 under water by the time it is built. Part of the reason
4 I need to intervene in this proceeding is that I cannot
5 find a basis for what is going on here. I hear about the
6 staff telling you about this current Federal PSD Permit
7 and conforming with existing permits, but there is no
8 existing permits, there is no final PSD permit, there is
9 no valid authority to construct, there is no F-DOC that
10 is within the last four years, and they are telling you
11 that, "Well, after we get this done, we're going to get
12 an authority to construct." The last thing we heard
13 about, there was an authority to construct for the item 4
14 on March 1st of 2010, so when does - the Air District
15 informed us in their response to our comments on the PSD
16 Permit that, if you were to do an amendment, they would
17 be happy to participate if you asked them. And I quoted
18 that in my written comments, but I do not see anything
19 from the Air District here. I do not see the Air
20 District saying this is okay. What I hear is that,
21 "Well, we're showing you lower numbers than our last
22 permit, so it must be okay." But that cannot be a
23 baseline. There is no existing project to examine the
24 baseline from. What we have to start from is today's
25 laws, and it does not conform with today's laws. And the

1 way they have made it conform was to say, "Well, okay,
2 we're just going to change the dissolved solids number on
3 the wastewater that we're going to vaporize, and then
4 it's going to conform." But there is no basis of how
5 they have gone from 8,800 to 6,600 ppm in the wastewater
6 that they plan to vaporize. And we just looked at the
7 last petition that says that they could not meet their
8 plan. So, we should at least have some basis for how
9 they will comply with this new dissolved solids limits.
10 The greenhouse gas analysis in this amendment is
11 incomplete, it relies on the Avenal decision, which is
12 not an interchangeable decision. You know, we did not
13 need this plant in 2000 and we do not need it now. Now,
14 you have got a rule maybe that says, "Well, you can't
15 look at whether we need it or not," but you cannot get to
16 the greenhouse gas analysis that you did in Avenal
17 without determining need, that if more projects are
18 needed and we need more generation, then that means more
19 greenhouse gases. If this is just replacing another pet
20 project, then maybe it does not make more greenhouse
21 gases, but without that determination on whether this is
22 additional electricity, or replacing electricity, which
23 means need, then making a greenhouse gas analysis is
24 premature. And the Global Warming Act is not just
25 greenhouse gases, it is water vapor. This water vapor is

1 the biggest effect on global warming. So, my contention
2 is we cannot get there from here. We cannot get to a
3 greenhouse gas analysis without determining need for this
4 facility. And you cannot get to start-ups, you cannot
5 determine how often this thing will operate, how often it
6 will start-up, without determining whether the facility
7 is needed. So, the contention that there is some valid
8 ATC, the Air District - ATC has expired. The contention
9 that they do not need to comply with today's NO₂ standards
10 is incorrect because there is no valid permit issued.
11 The Phase 1 environmental study in this 1,500 page
12 amendment is expired, it was done a year ago, it says
13 right in it that it is only good for 180 days, so the
14 whole project has expired. If we do not look off-site,
15 if we do not look over the fence and see, oh, now there
16 is not a salt production facility, there is a national
17 wildlife refuge and protected habitat on the other side
18 of the fence, then you are not giving the project a fair
19 look. And the new 75,000 people who have moved in to
20 Hayward in this last 10 years should have the opportunity
21 to know what is happening here and to participate in this
22 proceeding or waive an intervention as I am asking here.
23 Thank you.

24 CHAIRMAN DOUGLAS: Thank you, Mr. Simpson.

25 COMMISSIONER BYRON: Mr. Simpson, thank you. I

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1 was just going to comment, they have not all moved into
2 Hayward; obviously, some of them have been born in
3 Hayward. And I would just like to thank your children
4 for being here and I admire their patience in sitting
5 through all this adult process that we have going on
6 today.

7 MR. SIMPSON: Thank you.

8 CHAIRMAN DOUGLAS: The next blue card I have is
9 Carol Ford, California Pilot's Association.

10 MS. FORD: Good morning, Commissioners, and
11 thank you for this opportunity to address you. I am
12 Carol Ford. I am a Vice President of the California
13 Pilots Association, and I am also the President of the
14 San Carlos Airport Pilots Association. I want to clarify
15 a couple of Mr. Cathey's comments and explain why his
16 comments were important. Part of what the Applicant is
17 required to do is obtain what is called by the FAA a 7460
18 Determination of Hazard, and that has to do with bricks
19 and mortars on the site, and that determination has
20 expired for them and they had issued a new one
21 automatically, but the reason that that is in question,
22 California Pilots Association has petitioned the FAA to
23 look at that again because the FAA has just begun a study
24 since the permit that you gave the Applicant was made in
25 2007, so now we are talking about the update, now. Since

1 that time, the FAA has initiated a new type of study to
2 look more closely at hazards that come from flying near
3 plumes because, before now, there were no power plants
4 next to airports, and this is a new phenomenon. They
5 used to be out in the cornfields somewhere and they were
6 not near airports, but now this one is only a mile and a
7 half from the airfield. So, the FAA has studied this
8 more carefully and discussed what Mr. Cathey discussed.
9 So, this plume is invisible 90 percent of the time that
10 the Applicant is talking about, so the FAA has initiated
11 this new study and this page that Mr. Cathey discussed is
12 that studies are underway to further characterize the
13 effects of thermal plumes and exhaust effluence. And he
14 also mentioned, yet there is no FAA permit, so this is
15 the problem and the Cal Pilots is also petitioning that
16 that be looked at, also, as well as the Cal Pilots has
17 petitioned the Environmental Protection Agency at the
18 EAB. Their - Cal Pilots' - appeal was heard on July 22nd,
19 and because the plumes are a hazard to pilots, the
20 pollution in them. Okay, I am sorry, I am a little off
21 kilter here. So this FAA study is ongoing, it is new
22 since 2007, and they have issued this preliminary warning
23 - that is what Mr. Cathey was addressing - the
24 preliminary warning is out in electronic form and is
25 going to be published on August 26th, warning pilots not

1 to go over it, it is called the - it used to be called
2 the Airmen's Information Manual, now it is called the
3 Aeronautical Information Manual. Any prudent pilot would
4 heed this language and avoid any time, especially during
5 takeoffs and landings, flying over a plume, but that is
6 impossible with this plant because it is so close to the
7 airport and the traffic pattern is so low, you cannot fly
8 high above it at 1,000 feet or above, which is oft times
9 recommended, and even at 1,000 feet, this plume extends
10 well over 1,000 feet - 1,200, maybe higher - at extremely
11 high temperatures, which is great jeopardy to pilots.
12 The language in this says that the results of
13 encountering a plume may include airframe damage, well,
14 your wing could come off, that could be a problem,
15 aircraft upset, what does that mean? It means you can
16 lose control of the aircraft because it has suddenly
17 shifted sideways, or twisted in some way, and at 650
18 feet, it does not give you enough altitude to recover
19 straight and level flight, which you are trying to do
20 while you are trying to land, so if you are over that,
21 you may not even be at pattern altitude, you may be lower
22 than pattern altitude because you are attempting to get
23 on the ground safely. So, this is clearly a hazard. And
24 they do not have any FAA permit at this time. Also,
25 earlier, it was deemed by their study and the CEC that

1 there were no accidents because of plumes, but that is
2 not true. What we found since then is that there was an
3 FAA report in 2006, which cited no accidents, but closer
4 investigation with the NTSB and the FAA show that there
5 are accidents, many, but specifically one that we found
6 in 1989 in Bakersfield, which was due directly to flying
7 over a plume, and it was not listed, that is why the FAA
8 did not find it in 2006, because it was not listed in the
9 NTSB or FAA files under Plumes, or anything to do with
10 power plants. But, once we had the date and the time of
11 the accident and we went into the NTSB files, they found
12 it and we have submitted that to you with our paperwork
13 today. There is quite vivid photographs of it where the
14 helicopter overflowed the plume and crashed because of
15 oxygen starvation to the engine. So this is a serious
16 hazard to aviation. Also, Eastshore, the Eastshore Power
17 Plant, which they requested a permit, and that was heard
18 by your body after the Russell City got its permit, then
19 you heard Eastshore, and testimony taken at that hearing
20 also applies to Russell City, but was not learned -
21 Eastshore took place after the Russell City hearing, and
22 so this is new information that was learned about
23 aviation and the hazards thereof. Cal Pilots' testimony
24 and Andy Richard's testimony, he is the FAA Tower Chief
25 for the 13 Bay Area Towers, he testified that this would

1 be a hazard, that you cannot move the pattern at Hayward
2 because it would disrupt the pattern in Oakland, and he
3 is unwilling to make adjustments to that because all of
4 these things are terrifically intertwined and absolutely
5 essential for safety, and so we need to reopen this and
6 have an evidentiary hearing so that these items can be on
7 the record now. These are all new developments since
8 their permit was originally in front of you, was
9 originally given, so Cal Pilots requests you continue
10 this matter and set it for evidentiary hearing so these
11 serious matters can come to life, can be heard. There is
12 one item I want to tell you about. Contrary to the CEC's
13 assertion that the FAA takes no position on thermal plume
14 hazards, the FAA has recently acknowledged what I have
15 just discussed about the Aeronautical Information Manual,
16 and the most critical part of flight is during take-off
17 and landing. Also troubling is the CEC's reliance on an
18 untested and self-serving Australian study paid for by
19 the project's proponent and not subject to rigorous
20 review and examination. We need to do that, and the FAA
21 is doing it now, and I am asking that you wait until
22 their study is over before you judge on this, and if you
23 have an evidentiary hearing for this matter, that can
24 happen. While relying on the biased private study, the
25 CEC acknowledged that the FAA's database search

1 capabilities do not efficiently retrieve incidents, that
2 is what I have just talked about, it also criticized the
3 2006 FAA study, which is what I have explained, that is
4 what you have done during Russell City, criticized that
5 study, I have explained why their accidents were not
6 listed, and the Cal Pilots Association respectfully
7 submits that, without results of the current FAA plume
8 study, and without due consideration to the recent
9 increase in such developments, no one knows how many
10 incidents were caused in all, or in part, by flying into
11 such plumes, and there is insufficient data until this
12 study is done to predict the likelihood of future events.
13 So, again, I ask that you refer this matter, to continue
14 it, and set it for an evidentiary hearing. Thank you.

15 CHAIRMAN DOUGLAS: Thank you. I have one blue
16 card left. If there is anyone else in the room who would
17 like to speak on this, who has not given me a blue card,
18 please do so. After we get through this last speaker, we
19 will go to two speakers on the phone and, at the moment,
20 that is all I have. Andy Wilson.

21 MR. WILSON: Madam Chair, Commissioners, staff,
22 my name is Andy Wilson. I am here as the Director at
23 Large for Cal Pilots and also the Vice President of CAP,
24 Citizens Against Pollution. You have heard most of the
25 comments. I just want to clarify and add to that. I

1 think I would like to just take a moment, you had some
2 awards this morning, in addition to that, there was a
3 comment that, at times, this audience is very slim, at
4 best. However, I would like to remind the Commission and
5 staff that it has been my experience over the past three
6 years that you certainly increase the game here and the
7 professionalism, the Website, the access to data, etc. I
8 would like to expand on that; although this room may be
9 empty, it has been my experience that, as recent as
10 within the last two months, you have had people look at
11 the Website, listen in to both workshops and your
12 meetings here, that I know of, and I am sure there may be
13 more, but people from the State of Connecticut, the
14 people from the State of Alaska, to include people from
15 Toronto, Canada, and to include people from Europe, so I
16 want to commend you on the job that you are doing in
17 taking leadership not only in the State of California,
18 but in the world, people are watching you. So, when you
19 think the room is empty, it is not, there are people
20 watching what you are doing every day.

21 COMMISSIONER BYRON: If I could just correct my
22 comment, Mr. Wilson, I think you are misinterpreting. I
23 said, "Thank you for filling the room. What I meant was,
24 it is great to see all the staff here to recognize some
25 of their own. That is all I meant by that comment.

1 MR. WILSON: And I am taking it even further
2 than that, Commissioner.

3 COMMISSIONER BYRON: That is why I thought I
4 should correct the way you were interpreting my comment.

5 MR. WILSON: And I am not beating you up. So,
6 let me begin my comments, well, let me finish by saying I
7 applaud all of you, and thank you very much. I would
8 like to - you have heard the comments, but I would like
9 to have you hear about some consistency with the
10 Commission. You have already requested this morning of
11 another Applicant that he come here better prepared and
12 due to staffing, due to money, due to cutbacks, you have
13 requested that he bring a complete package to you. Well,
14 today you are hearing about a pipeline, a gas line from
15 RCEC, this project you have heard from the CPM, it was
16 approved in 2002, but the application really goes back to
17 2001, so I would request that you deny any further
18 listening or applications or changes to this project
19 until RCEC, Calpine, has a complete package to bring
20 before you. You cannot afford to continue meeting after
21 meeting with a pipeline, a gas line, a piece of property,
22 the Calpine and RCEC do not have a PSD permit, they do
23 not have a 7460, these are still up before the EAB and
24 the FAA, and you need to stop this special treatment of
25 Calpine and RCEC, you do not have time for it. I would

1 like to also say that this needs to be denied today. It
2 also needs to go to an evidentiary hearing, and Cal
3 Pilots and CAP would certainly appreciate to be added to
4 the list for the evidentiary, to participate in this.
5 So, I would urge you not to do anything further, to
6 continue this until RCEC, Calpine is prepared to present
7 you a complete package. Thank you very much.

8 CHAIRMAN DOUGLAS: Thank you. I am turning to
9 the phone now. Greg Darwin.

10 MR. WHEATLAND: I believe Mr. Darwin is an Air
11 Consultant for Calpine, he is prepared to answer any
12 questions that the Commission has, but he does not have a
13 prepared presentation.

14 CHAIRMAN DOUGLAS: Thank you. And, Mr. Darwin,
15 please speak up if you want to say anything more. But,
16 Robert Sarvey, then.

17 MR. DARVIN: That is actually correct. I am a
18 consultant for the Applicant.

19 CHAIRMAN DOUGLAS: Thank you. All right,
20 Robert Sarvey.

21 MR. SARVEY: Thank you, Commissioners. I will
22 be brief. You have my comments already. I want to thank
23 staff for their hard work, I know they are overburdened
24 with work and I see it on a daily basis. Staff has some
25 issues trying to obtain some guidance for the one-hour NO₂

1 standard, and I provided the guidance that was issued on
2 June 29th, 2010, so I am hoping staff could utilize that
3 in their analysis here, and going forward, as well. One
4 issue is the Bay Area Rule 2-2-307, the failure of all
5 facilities to be in compliance, and my research on the
6 Internet shows that many of Calpine's facilities are out
7 of compliance, some of them as much as 12 quarters in a
8 row, and I believe that in order to grant an authority to
9 construct, all of the facilities must be in compliance.
10 And you already heard about the EAB decision, I will not
11 go any further with that, but I am here to answer any
12 questions you have and I appreciate this opportunity.
13 Thank you.

14 CHAIRMAN DOUGLAS: Thank you, Mr. Sarvey.
15 Commissioners, we have heard a substantial amount of
16 public comment. At this point, I will open the floor for
17 questions and comments.

18 COMMISSIONER BYRON: Madam Chair, I would like
19 to hear from the Siting Committee's evaluation on this
20 issue.

21 CHAIRMAN DOUGLAS: The Siting Committee, and I
22 will ask Commissioner Weisenmiller to speak, as well, but
23 we limited our analysis to the question that is before
24 us, which is the amendment. I believe the amendment is
25 narrow in scope, is relatively minor, and does not have

1 significant adverse environmental impacts, and so on that
2 basis, the Siting Committee would recommend approval of
3 the amendment. We have heard from a large number of
4 members of the public, raising issues related to issues
5 that were adjudicated in the case, or that are not
6 directly within the amendment, and there may be questions
7 from Commissioners on some of those issues, and we have
8 certainly got the ability to go into that, but we really
9 focused narrowly on the amendment. Commissioner
10 Weisenmiller, anything to add?

11 COMMISSIONER WEISENMILLER: Certainly, I agree
12 that is accurate. We looked at the three things proposed
13 today, and looked at whether there were any adverse
14 impacts from those. And certainly, routing the potable
15 water supply, sanitary storage to pipelines, to connect
16 at a shorter route, seems to be relatively
17 straightforward. I think in terms of adding the new
18 parcels as part of the construction process, when you
19 look at their footprint and all, again, I think that is
20 relatively straight forward. And then, frankly, bringing
21 our Conditions of Certification on the air side into
22 compliance with Federal PDS deterioration, again, I think
23 we are trying to get in conformance with what other
24 agencies are doing. I know there are certainly protests
25 at some of those other agencies, but, again, I think we

1 are working pretty much at lining things up, and
2 obviously we have heard a lot of testimony today, and
3 certainly I personally welcome the public participation
4 in our processes, and certainly would like to see over
5 time our abilities for the public to participate by
6 Internet and whatever will be much better than they are
7 now, and certainly heard the concerns today, but, I mean,
8 frankly the aircraft issues are not part of what we
9 looked at here and were not on the agenda today. I think
10 certainly, again, the Commission would love to work with
11 Hayward and the County on the climate action issues, and
12 certainly we have a lot of programs, as you know, on
13 PACE, other areas to try to help people on that. But,
14 certainly to the extent in our IEPR, or in the PUC's
15 processes, the long term procurement planning processes,
16 the need for this facility or this type of facility has
17 been reexamined repeatedly over the years, and still
18 keeps coming to the conclusion that something like this
19 is necessary, along with everything else we can do, to
20 really deal with the climate emergency we are dealing
21 with. So, certainly, we would like to work with people
22 to try to respond to what we are facing. But at least in
23 terms of what we are looking at today, what is in front
24 of us seems to be pretty straightforward.

25 CHAIRMAN DOUGLAS: Commissioners, other

1 questions?

2 COMMISSIONER BYRON: Madam Chair, some of our
3 commenters, some of our public commenters, indicated
4 their concern that we are out of conformance with State
5 law, and so my question is to Mr. Bell, is there any
6 merit to these concerns?

7 MR. BELL: Thank you, Commissioner Byron. No
8 merit at all. But once the Commission granted the
9 license for RCEC in September 2002, that license remains
10 valid unless it is successfully challenged in the State
11 Supreme Court, and I am sure that the Commissioners are
12 aware that this was challenged and it was challenged
13 unsuccessfully. The challenge to a Federal permit, that
14 is the PSD permit, in a separate forum does not disturb
15 the Commission's licensing authority, it does not serve
16 to invalidate the state license itself, and it does not
17 preclude the Commission from using its authority to
18 approve a post-certification amendment pursuant to 1769,
19 which is before the Commission today. There was one
20 concern raised by one commenter with respect to Notice.
21 There was a Supplement that was posted July 26th in
22 response to staff's request for additional information
23 from the Applicant. That notice was docketed for
24 transparency reasons, but that additional information
25 does not change staff's analysis, and it does not change

1 staff's conclusions. If any of the Commissioners have
2 any questions of the Air Quality staff about the
3 significance or relevance of that information, we do have
4 Air Quality staff here to answer that. But, to answer
5 your question, the short answer is no.

6 COMMISSIONER BYRON: Madam Chair, as you know,
7 I was involved on the major license amendment for this
8 project. Oh, I am not going to try to restate the year,
9 I may get it wrong, and of course I see many familiar
10 faces here today in the public comment period, as well as
11 some new faces that we have not seen before, and heard
12 from. Based on the comments that I have heard today that
13 are applicable to the proposed amendment, I am inclined
14 to recommend that we accept the staff recommendation, and
15 I would like to just maybe respond to one comment that I
16 take seriously, we always have time for public comment,
17 there is no shortage of time at this Commission to hear
18 from the public, and we thank you for being here today.

19 CHAIRMAN DOUGLAS: Commissioners, one - and I
20 actually have not looked to my left to see if there are
21 questions or comments to my left, but there is one
22 request, Mr. Simpson, when he spoke, made a statement
23 that he was requesting to intervene. This is not an
24 evidentiary proceeding, we have sort of had that kind of
25 request before at business meetings, and really, we hear

1 from all members of the public, and we do not have cross
2 examination, we do not have evidence, and so on, but I
3 did not want to leave that hanging, and so I will ask our
4 Chief Counsel to speak to how we would handle that
5 request, and we have certainly gotten it in the past.

6 MR. LEVY: Really, at this stage, if the
7 Commission is moving forward on the recommendations,
8 which are narrow and discrete, there is really no reason
9 to intervene and it is really a moot request. Were we to
10 have an evidentiary hearing, you might consider granting
11 the motion at that point, but if you are moving this in
12 the direction it appears you want to go, there is no
13 reason, nothing to intervene into --

14 CHAIRMAN DOUGLAS: Thank you, Mr. Levy.

15 MR. LEVY: -- and no benefit from it.

16 CHAIRMAN DOUGLAS: Right. Other questions or
17 comments, Commissioners.

18 COMMISSIONER EGGERT: Just - this has been a
19 very helpful subsequent conversation for my own
20 understanding of what specifically is before us today and
21 I think, as I read through this, and as I listen to the
22 discussion, you know, I am comfortable with the items as
23 articulated here with respect to the construction
24 parcels, the land parcels that water supply and the air
25 quality conditions, and recognizing the fact that that is

1 an emerging discussion with respect to various federal
2 standards, and I suspect that we are going to have to be
3 constantly looking and participating in the activities
4 that are going to be providing guidance on that. But we
5 have to work with the information that we have before us
6 when these issues come before us. I did also want to
7 just recognize the woman from the City of Hayward, you
8 know, commend the City's activities working on Climate
9 Action activities, and especially in the land use area,
10 that is certainly a passion of mine, and we do have a lot
11 of ongoing activities here in the Commission to help
12 local governments, to provide them guidance, recently
13 adopted Energy Aware Planning Guide, which certainly lays
14 out a lot of different recommendations on land use
15 activities. And also, we are seeing a significant link
16 between generation and transportation with electric
17 vehicles, and we have an earlier discussion about our
18 investments in that front, as well. So I think it is
19 reasonable to consider all those factors as we establish
20 our policies, but I am feeling comfortable now with
21 having heard the discussion and understanding kind of
22 where we are at with respect to this decision, so I am
23 ready to move forward.

24 VICE CHAIR BOYD: Well, I would just - my
25 thoughts are exactly along the same lines as Commissioner

1 Eggert just stated, the issue before us today is
2 extremely narrow, the well meaning folks from the
3 community who were not in favor of this project have had
4 an opportunity to take another bite at the apple, so to
5 speak, and I do not fault them for that, but there are
6 other avenues that are being pursued, there are other
7 people in positions of making decisions that they can
8 deal with. What is before us officially here today is so
9 extremely narrow, as I do not see any reason not to
10 accept the staff's recommendation, myself. I believe
11 there was a motion? Or not?

12 COMMISSIONER WEISENMILLER: I would like to
13 move that we accept the staff's recommendation on this
14 issue.

15 VICE CHAIR BOYD: Second.

16 CHAIRMAN DOUGLAS: All in favor?

17 (Ayes.)

18 Item 5 is approved.

19 Item 6. Bruce Wilcox. Possible approval of
20 Contract 500-10-014 for \$1,882,125 with Bruce Wilcox to
21 study energy use in existing homes in or near Stockton,
22 California. Mr. Weightman.

23 MR. WEIGHTMAN: Good morning, Commissioners,
24 Director and Attendees, my name is David Weightman, I am
25 a Contract Manager with the PIER Buildings Program. The

1 Central Valley Research Homes Project for your
2 consideration today is a project that proposes to set up
3 a laboratory of two pairs of existing homes that are
4 occupied in the Central Valley/Stockton area, and to
5 install, monitor, and collect measured performance energy
6 use data over a three-year period on multiple innovative
7 heating, ventilation and air conditioning and envelope
8 retrofit measures. The synergies of these measures are
9 expected to produce between 50-75 percent reduction in
10 heating and cooling energy-related energy use. The
11 project will use matched funds to purchase the homes and
12 also a very sophisticated energy monitoring and control
13 system, as well as one or more cool roof systems to be
14 installed on one or more of the homes, and some in-kind
15 services of labor and advisory services. At the
16 beginning of this project, they are going to hire
17 multiple HERS 2 Raters to go out and do a fuel assessment
18 of existing homes and predict user models and tools to
19 predict as-is energy use consumption over a yearly
20 period. And then, the homes will be operated for a full
21 year, and their as-is conditions to measure actual energy
22 use, and to compare the actual energy use with the HERS 2
23 estimates. Based on those findings, the contractor is
24 going to develop recommendations to improve the HERS
25 algorithms, measurements, procedures, and rules for

1 converting measurements to simulation inputs. It is
2 expected that the validation of improved HERS procedures
3 and estimation tools should help increase the demand for
4 HERS rating services and support ambitious energy
5 retrofit programs being planned by local governments.
6 Throughout the three-year project measured data period,
7 alternative conditioned air distribution systems will be
8 installed and alternatively operate with the existing
9 systems to collect data on relative comfort, energy
10 consumption, and peak demand impacts. They are going to
11 use this information to develop simulation models of
12 these alternative systems that will be suitable for use
13 in ACM and HERS models. They are going to develop them,
14 and they will be tested using the detailed data that is
15 collected from the operation of the homes. In the second
16 and third years of the project, packages of envelope-
17 related efficiency upgrades will be installed to measure
18 the reduction of heating and cooling loads brought about
19 by these measures separately and in combination. The
20 project will conclude by preparing a report on the
21 relative performance and lifecycle costs of the upgrade
22 measures and ranking them in order of cost-effectiveness,
23 and a report will also be prepared comparing the HERS
24 rating estimates of energy savings from the energy
25 efficiency retrofit packages with actual measured

1 performance data. The research results from this project
2 are also expected to support and will provide the basis
3 for improvements in both the minimum and Reach standards
4 for existing and new homes during the 2014 Residential
5 Building Standards Update process. This project was
6 received as a result of a Technology Innovations in
7 Buildings and Communities RFP solicitation, which was
8 released in April of 2009, and it was one of 13 projects
9 recommended for funding. The project has been approved
10 by the Research and Development Committee.

11 CHAIRMAN DOUGLAS: Thank you. Commissioners,
12 questions or comments?

13 COMMISSIONER BYRON: One quick question.

14 CHAIRMAN DOUGLAS: Yes.

15 COMMISSIONER BYRON: Thank you, Madam Chair.
16 Mr. Weightman, you may not be the appropriate person to
17 answer this one, so I am going to direct my question to
18 our Executive Director. I think it applies to this and
19 the next couple of projects. Do you have a comment? I
20 am sorry.

21 CHAIRMAN DOUGLAS: Well, the apologies are
22 mine, I have a member of the public who would like to
23 speak, let's have the public comment and then move to
24 questions. This is George Nesbitt, Environmental Design,
25 and I think he is speaking on Item 6, 7 and 8.

1 MR. NESBITT: Can you hear?

2 CHAIRMAN DOUGLAS: Yes.

3 MR. NESBITT: I will speak on this item and 7,
4 and then maybe public comment.

5 CHAIRMAN DOUGLAS: Okay, go ahead.

6 MR. NESBITT: When I saw this item, my concern
7 was that the HERS 2 would be followed, so it is good to
8 see that HERS 2 Raters will be used to do the collection
9 of data, testing, and the computer modeling, so we really
10 need to support the HERS 2 model. Other than that, also,
11 rather than just modeling and then comparing to real
12 data, although it sounds like these houses are going to
13 be vacant, and so it will only be modeling heating and
14 cooling based on that setting vs. actually looking at
15 real houses with real occupants.

16 MR. WEIGHTMAN: That is true, they will be
17 simulating occupancy in this project.

18 COMMISSIONER BYRON: And how do you do that,
19 Mr. Weightman?

20 MR. WEIGHTMAN: I was hoping you would not ask.

21 COMMISSIONER BYRON: No, you do not have to
22 answer that.

23 MR. WEIGHTMAN: No, I am kidding -

24 COMMISSIONER BYRON: Let's hear from the public
25 commenter, I am sorry.

1 MR. NESBITT: I guess that is basically it. My
2 main thing is wanting to see HERS 2 followed, so I am
3 real happy to see that. And during the HERS 2
4 proceedings, I made a lot of comments about modeling real
5 performance, and the problems with the models, because
6 all my work in the past nine years, it is totally
7 different what we see actually happen vs. the predicted
8 results. Often, like my own house, heating is a factor
9 of about 7, so even with a thermostat setting, so...

10 MR. WEIGHTMAN: I actually would like to answer
11 that question if I may.

12 CHAIRMAN DOUGLAS: Please.

13 MR. WEIGHTMAN: In the certified compliance
14 software such as Energy Pro, for example, since I am
15 familiar with that one, their default values for
16 occupancy based on sensible heat load from human beings
17 and activities like that, so then those figures will be
18 used in the models and the updates to the models.

19 MS. JONES: Commissioners, I would just like to
20 note for the record that we do have an item, the next
21 item, which are occupied houses doing testing, so we are
22 addressing both.

23 CHAIRMAN DOUGLAS: Very good. Mr. Nesbitt, if
24 you have additional comments on Item 7 or 8, please put
25 in your name again so that I know that you have those

1 comments.

2 MR. NESBITT: Yeah, I may speak on 7, I do not
3 think 8 would be anything I was -

4 CHAIRMAN DOUGLAS: All right, well, I will just
5 call on you on 7, then. Commissioner Byron, you had a
6 question.

7 COMMISSIONER BYRON: Yes, thank you. Ms.
8 Jones, enlighten me please, I believe these projects that
9 Mr. Weightman said this project was put out for bid in
10 April of last year -

11 MR. WEIGHTMAN: Well, there was a solicitation
12 issued in April of 2009, and this project proposal was in
13 response to that solicitation.

14 COMMISSIONER BYRON: And I believe this might
15 apply to all three of these projects, 6, 7, and 8, why do
16 they take so long to get from committee recommendation to
17 the time before they get in front of the full commission?
18 I believe these must have been heard by committee prior
19 to the beginning of this year.

20 MS. JONES: The only thing that I am aware of
21 is that sometimes, to establish the terms and conditions,
22 it requires some negotiating with the person who is on
23 the other end of the contract. Tom, do you have any
24 specific knowledge about these three and delays? I am
25 calling the Deputy Director for PIER.

1 TOM: We had several projects in play, several
2 solicitations that were in process, and we had the ARRA
3 grants that just jumped in on us, hit us like a tsunami,
4 and this was one of the things that just got slowed down
5 because of the substitution for ARRA.

6 COMMISSIONER BYRON: And I am not questioning
7 the work at all, I think this is important and valuable
8 work, I do just want to express my dissatisfaction with
9 the delays associated, for whatever reason, we want to
10 get this work out and it seems pretty obvious to me that
11 there are impacts when we have other things of higher
12 priorities that come up, and this seems to be one of
13 them.

14 MS. JONES: Yes, Commissioner, and we will be
15 addressing that. We are looking at some streamlining of
16 our contract process and some other procedural changes
17 that will help move things forward. Workload is going to
18 get back to semi-normal in a few months when we are done
19 with ARRA, or at least have all the money established in
20 programs, and so I do apologize for the lag in this.

21 VICE CHAIR BOYD: We are going to remember that
22 statement about things will get back to semi-normal
23 sometime in the future when they are not.

24 CHAIRMAN DOUGLAS: Well, one of the benefits of
25 the ARRA experience is that it has definitely shown us

1 where stress points are, and it is an opportunity to look
2 at what happened, and lessons learned, and how to improve
3 the process. So I look forward to working on that.

4 COMMISSIONER EGGERT: Actually, one of my
5 questions was answered, you had said that these homes are
6 going to be purchased through the cost share portion of
7 the budget?

8 MR. WEIGHTMAN: That is correct, with the
9 matched funds.

10 COMMISSIONER EGGERT: And actually, I think
11 this is real interesting in the fact that they are
12 unoccupied, this will be sort of our more objective test
13 associate with these retrofit activities, you know,
14 following the process and procedures of HERS, which I
15 think could provide some quite valuable information that
16 will feed back into the HERS 2 activities and the
17 software development. I guess my question is, given that
18 we have this project that we are going to be considering
19 next on item 7, as well as all the activity that we are
20 administering through the 403 contracts under the Federal
21 Stimulus, those are all the residential retrofit programs
22 that we are going to administer across the state, is
23 there - do you feel that there is adequate coordination
24 between this particular - this set of projects and those
25 activities, and that the data that will be collected can

1 be looked at across and used properly to inform our
2 policies?

3 MR. WEIGHTMAN: Well, I do know that there is a
4 Project Advisory Committee with this particular project,
5 both people with technical expertise in modeling, and
6 building construction, and utility involvement. I would
7 imagine there will be some crossover between the
8 activities from this project and some others, but I know
9 that Panama Bartholomy is here, and he may be able to
10 address that question in more detail in terms of the
11 workforce development programs that are related to ARRA
12 and Energy Conservation Retrofits.

13 COMMISSIONER EGGERT: Okay, well, actually I
14 think maybe we could have an offline at the committee
15 level, but I think in addition to the workforce, even
16 some of the specifics of the data collection for MV&E, we
17 are going to be getting a lot of data from these field
18 retrofits through the 403 programs, that I think are
19 going to be relevant again to this PIER research
20 contract, as well as the next one. And I just wanted to
21 make sure that that coordination occurs.

22 MS. JONES: Commissioners, if I may, I have an
23 additional response for Commissioner Byron. It was not
24 the general ARRA workload, it was the ARRA workload
25 within the PIER Program that delayed these. We chose to

1 seek match funding for a number of different programs.
2 This was in the pipeline, the ARRA deadlines were there,
3 so this was delayed by R&D projects that are also out of
4 the PIER Program.

5 COMMISSIOENR BYRON: Well, and of course, I
6 think that those ARRA co-funding projects were extremely
7 important, we leveraged a great deal of additional funds
8 into California as a result of that, so nice job, Dr.
9 Kelly .

10 COMMISSIONER EGGERT: I will offer to move the
11 item.

12 COMMISSIONER BYRON: Second.

13 CHAIRMAN DOUGLAS: All in favor?

14 (Ayes.)

15 That item is approved.

16 On to Item 7. Davis Energy Group, Inc.
17 Possible approval of Contract 500-10-015 for \$1,224,994
18 with Davis Energy Group, Inc., to create and demonstrate
19 a large scale residential retrofit program in Stockton,
20 Pleasanton and Dublin, California. Ms. Chambers.

21 MS. CHAMBERS: Thank you. Good morning,
22 Chairman Douglas and Commissioners. I am Beth Chambers
23 from the Energy Research Development Division, and I am
24 here today to request permission to fund this item with
25 the Davis Energy Group, titled Large Scale Residential

1 Retrofit Program for \$1,224,994. This is a large scale
2 demonstration project. The contractor will use a
3 coordinated approach to marketing and create a roadmap to
4 demonstrate how large numbers of integrated energy
5 efficient residential retrofits can be achieved on 500
6 different homes throughout the communities of Stockton,
7 Dublin, and Pleasanton. The goal is to demonstrate how
8 economies of scale in large volume can be leveraged to
9 reduce costs of the retrofits by targeting large
10 subdivisions of similar aged homes in the '70s, '80s, and
11 '90s vintage. Marketing outreach will be available to
12 show homeowners how these retrofits can save them money
13 on their energy costs, and by doing so, help our
14 environment and communities by reducing our greenhouse
15 gas emissions and also meeting our energy efficiency
16 goals. Homeowners will be provided information on
17 several low cost financing options and loan programs that
18 are available. In the initial studies, the contractor
19 was able to project a 50 percent energy savings and
20 different combinations of energy efficiency combinations.
21 The savings achieved by these retrofits could be expected
22 to pay for the cost of the retrofits, or at least
23 significantly reduce them. The contractor will offer
24 different levels and types of energy efficiency retrofits
25 and offer the homeowner quite a list to choose from, and

1 different funding amounts, depending on their ability to
2 pay back or desire to participate. Another aspect of
3 this particular contract is the development to green
4 collar jobs and creation of training for the contractors
5 and installers that are going to be involved in these
6 whole house energy efficiency retrofits. And I think
7 that is the caveat, it is a whole house approach, it is
8 not just windows or just attic insulation, it is the
9 entire house to try to get as much energy savings as
10 possible. A training curriculum will be developed and
11 provided for the selected contractors and installers to
12 Building Performance Institute and Home Performance with
13 Energy Star. The Contractor will also be coordinating
14 with PG&E to determine the best use of utility incentives
15 and also to analyze pre- and post-bill data information
16 on at least 100 of these homes over the course of a year.
17 In addition, a couple of extra homes or more will be
18 selected for deep retrofits and the goal is to achieve 70
19 percent energy savings. On completion of the deep
20 retrofits, they will also be monitored for an additional
21 six months, and the data collected on the whole house
22 energy savings, gas use, heating, ventilation and air-
23 conditioning use, and also indoor and outdoor
24 temperatures will be considered and compared with the
25 initial projections. The final results of the entire

1 project will be presented to the CPUC, the utilities,
2 conventions and conferences through Local Area Bay Area
3 Governments such as ABAG and SCAG in Southern California,
4 and building and planning departments to try and share
5 with communities how they might leverage large scale
6 retrofits in their areas. This project will have a solid
7 foundation for future statewide efforts and targeting
8 additional residential retrofits in other communities
9 throughout the state and expands our effort in training
10 contractors on the whole house energy efficient
11 retrofits. This project originally include \$900,000 of
12 funding from DOE, and this particular grant did not
13 materialize, but since then, Davis Energy Group has
14 pulled together \$510,000 in match with local partnership
15 support and in-kind services, and we feel this is the
16 kind of match funding that we prefer, it represents a
17 stronger community commitment to transfer the project
18 results out into the marketplace, and minimizes state and
19 federal funding overlaps. With that, we ask for your
20 support and we will try to answer any questions you might
21 have.

22 CHAIRMAN DOUGLAS: Thank you. Before we go to
23 questions, Mr. Nesbitt, are you still on the phone?
24 Would you like to speak on this item?

25 MR. NESBITT: Yeah, I just want to hit on the

1 HERS 2 thing. We really need to follow the HERS 2 rules
2 as they were approved and not the yet vague and
3 undefined, or uncertain intern rules. I think the
4 important thing with whole house retrofits is sort of the
5 technical recommendations is somewhat the easy part,
6 although a lot of auditors and Home Performance
7 Contractors, do not have enough experience, or do not
8 know enough of the solutions. It is motivating - getting
9 people to actually do the work is one of the hard things,
10 and then the other hard thing is actually getting the
11 work done right, which is why we really need the HERS 2
12 in specifying the quality of the work that is done. The
13 PG&E Pilot Program Retrofit Program does not seem to have
14 articulated any quality standards for the work. So, you
15 know, that is basically it, just modeling the rating vs.
16 actually modeling off of real utility bills, and then
17 also figuring out recommended or predicted savings vs.
18 actual stuff we have supposedly -- we are going to work
19 on in the past eight years, but never happened. So,
20 that's it.

21 CHAIRMAN DOUGLAS: Thank you. Ms. Chambers,
22 will you respond to the question of whether it is HERS or
23 interim HERS standards? It would be the regular HERS
24 standards.

25 MS. CHAMBERS: I would say, yeah, regular.

1 CHAIRMAN DOUGLAS: Oh, there is someone coming
2 forward.

3 MS. CHAMBERS: Mark Berman is here from the
4 Davis Energy Group. I think he might be able to speak to
5 that.

6 MR. BERMAN: Thank you. I am Mark Berman, a
7 principal with Davis Energy Group. We do intend to use
8 HERS 2 as a guideline for these retrofits. We may not be
9 doing thorough HERS 2 calculations in every house, but we
10 will be using that as a guideline and we will be looking
11 at how that can be incorporated on a regular basis. In
12 terms of QAQC, there is not a QAQC element within the
13 Statement of Work, and we will also follow the IOU QAQC
14 procedures for their incentive programs. And then, in
15 terms of results, I think we have all heard today that,
16 incredibly, sometimes computer simulations are not
17 accurate, it is, I am sure, a real shock, but we also
18 believe that is often the case, so that is why we are
19 looking to do utility bill analysis, pre- and post-
20 retrofit, to see how that compares with the computer
21 simulations.

22 CHAIRMAN DOUGLAS: Thank you. Commissioners,
23 other questions or comments?

24 COMMISSIONER EGGERT: I will just, I guess,
25 reiterate on what I said on the previous item to make

1 sure that the lessons and the information, data that is
2 obtained from this project is looked at in coordination
3 with the other information that we are getting from our
4 other retrofit programs, and also note, Madam Chair, that
5 we did participate on the panel with Mr. Berman at Davis,
6 where he articulated some of the concepts that I think he
7 will be pursuing in this project, and I think the
8 possibility of achieving upwards of 70 percent energy
9 savings on existing building retrofits would be an
10 amazing accomplishment, and definitely would want to take
11 a look at that data. I also - actually, my one question
12 is, will you be collecting information about the
13 specifics of the costs associated with those retrofit
14 measures so that we can evaluate cost-effectiveness,
15 etc.?

16 MR. BERMAN: Yes. In some cases we will have
17 cost data and we will be collecting that information.
18 The 70 percent, by the way, is not going to be on every
19 house that we do, but we are definitely going to do it on
20 a couple of the houses, if not more. In terms of
21 coordinating with Bruce, which is certainly a pleasure to
22 do, one thing that will foster that is that we have at
23 least one subcontractor in common on both projects, Green
24 Home Solutions by Grupe.

25 CHAIRMAN DOUGLAS: And can you maybe go into a

1 little more detail about what you mean by HERS 2 vs. HERS
2 2 as guideline? Because obviously we are very interested
3 in moving HERS 2 as quickly and expeditiously as
4 possible, and would hope that this project would get us
5 there and really test HERS 2.

6 MR. BERMAN: Well, one of the things that we
7 are looking to achieve is economies of scale and one of
8 the barriers to residential retrofits has been the need
9 to do pretty exhaustive auditing and analysis for a house
10 before work can begin. And we are looking at a retrofit
11 that might cost \$5,000 or \$8,000, and if it is much more
12 beyond that, the economics start going south in a hurry.
13 It is really difficult to do the proper analysis and
14 engineering that it takes because there are not that many
15 qualified engineers out there that can do it and it takes
16 a lot of training, they do not come cheaply, it takes
17 time, you put time and rate together and it costs money,
18 and before you know it, you are spending almost as much
19 analyzing the problem as you are fixing it. So, that
20 puts a cap, an effective cap on how much time can be
21 spent on audits and HERS 2 is part of the auditing
22 process. We will definitely do HERS 2 compliant audits
23 on some of the houses, and we are going to look at what
24 elements of it, we are going to break it down and see
25 what elements of it can easily fit into every house and

1 do as much as we can of HERS 2, but if we see elements
2 that do not make sense to do in every house, then we will
3 call those out in our reports and explain why.

4 CHAIRMAN DOUGLAS: So what you will do is use
5 HERS 2, except where you see something specifically you
6 believe does not make sense, and then you will explicitly
7 call out that, "On this house, we didn't do this element
8 for this reason."

9 MR. BERMAN: Or, on this set of houses, we
10 found that we could not do it, do all the testing once,
11 and then did not need to replicate it in the next 20
12 houses built by the same builder at the same time, to the
13 same drawings. That sort of thing.

14 CHAIRMAN DOUGLAS: Was this project also held
15 up to some degree by our ARRA and ARRA leveraging
16 backlog?

17 MS. JONES: Yes, it would be in the same
18 category.

19 CHAIRMAN DOUGLAS: All right, so I think the
20 comment I would like to make, and I hope there will be
21 flexibility in working with this contractor to address
22 this comment is that, not only has a lot of time passed,
23 but actually a lot has happened in that time period, and
24 the Energy Commission through the ARRA-SEP Program is
25 moving forward with very comprehensive programs in

1 residential retrofit that were not there before. We are
2 also further along and have had new developments,
3 obviously, on the HERS 2 front, and I would really like
4 to ask staff, if we are to move forward today, and I
5 certainly do not want to hold this up more than it has
6 been held up already either, to make sure that this
7 project is complimentary to and consistent with the ARRA
8 approach that the Commission is taking just because time
9 has passed and this is not, you know, something that
10 began before the big push that we have had, and is now
11 taking form after we have gotten through that. You know,
12 we will need to look and make sure that that is all
13 consistent.

14 MS. JONES: We will work closely with the
15 Energy Efficiency staff in implementing the contract. If
16 we need to make changes to the contract to reflect
17 changed circumstances with either HERS 2 or with the
18 retrofit programs we see, we will bring those forward.

19 CHAIRMAN DOUGLAS: All right.

20 MR. BERMAN: And I might add, Commissioner
21 Douglas, it is a very insightful comment. Davis Energy
22 Group is fortunate to be part of the team that is working
23 in Sonoma County. Today I was on a conference call and
24 heard about some of the things going on with Energy
25 Upgrade California in Los Angeles, we may very well be

1 doing work with Los Angeles County. We are very much in
2 touch with the other groups that are working on other
3 similar programs, so that we can learn from each other.
4 We were also recently told we are going to be one of the
5 Building America Team Leads and that will enable us and
6 some of our subcontractors in that group, BKI, for
7 example, and others, are working on Energy Upgrade
8 California, so I am a big believer in not reinventing the
9 wheel twice.

10 CHAIRMAN DOUGLAS: Thank you, that does help
11 put my mind at ease that this will all be coordinated and
12 that this contract will benefit from the work that has
13 been done, and the learning that has occurred both at the
14 Energy Commission and among the many stakeholders and
15 local governments that we work with.

16 COMMISSONER EGGERT: And just one, you know,
17 what I do like about the potential for the
18 complementarities of this is that, you know, there are
19 activities under this contract that really are pushing
20 the limits, so I think they can be complementary, and so
21 I would like to move the item.

22 COMMISSIONER BYRON: Second.

23 CHAIRMAN DOUGLAS: All in favor?

24 (Ayes.)

25 That item is approved.

1 Item 8. Cascade Clean Energy, Inc. Possible
2 approval of Agreement PIR-10-011 for a grant of \$400,000
3 to Cascade Clean Energy, Inc., to demonstrate the use of
4 different strains of bacteria to enhance methane
5 production at a pilot-scale anaerobic digester. Mr.
6 Pratt.

7 MR. PRATT: Good afternoon, Madam Chair,
8 Commissioners. My name is Kiel Pratt and I am with the
9 Energy Efficiency Research Office's Industrial
10 Agriculture and Water Program. This project today comes
11 from the Emerging Technology Demonstration Grant
12 Solicitation. Now, this was a competitive solicitation
13 for which California utilities also provided input. The
14 goal here is to demonstrate these emerging technologies
15 with Measurement and Verification performed by the
16 utilities who can then consider them for rebates and
17 incentives. Now, this project, the Contractor, Cascade
18 Clean Energy, proposes to demonstrate a pilot scale
19 system at a waste water treatment plant in Dublin,
20 California. The goal for this system is to produce 30
21 percent more methane from waste water and sludge than
22 conventional processes. Now, the key difference here is
23 that this is an anaerobic digestion project.
24 Conventional processes just use naturally occurring
25 microbes and whatever methane you get in other benefits,

1 you have that. The key here is that this uses microbial
2 strain selection; in fact, in the company name, Cascade,
3 that is actually an acronym that stands for Computer
4 Assisted Strain Construction and Development Engineering.
5 What happens is, based on their metabolic
6 characteristics, the optimal bacterial strains are chosen
7 to be added to the process to not only increase methane
8 production, but to reduce biological and chemical oxygen
9 demand of the treated wastewater stream. The prototype
10 scale equipment includes strained incubators, a
11 bioreactor to mix it, and a pilot scale digester that
12 will accurately mimic the conditions of the wastewater
13 treatment plant's full scale digester. This project
14 benefits from \$379,000 in match funding, compared to
15 \$400,000 PIER funding, which is well above the 25 percent
16 threshold required in the solicitation. I request
17 approval for this three-year project and I will be happy
18 to answer any questions.

19 CHAIRMAN DOUGLAS: Thank you. Questions or
20 comments?

21 VICE CHAIR BOYD: My only comment is this is
22 cool. This is great stuff in terms of us continuing to
23 pursue how to clean energy from other arenas,
24 particularly in how to use our waste streams for energy
25 production and for finding better technologies for doing

1 that, so I just wish we could have done it sooner, but
2 process is process, so I am very supportive of and look
3 forward to the results of this, although I will not be
4 here to appreciate them, will I, in three years? Well,
5 in any event, this is - I am very pleased with this, this
6 is a really good thing to do.

7 COMMISSIONER BYRON: I will be short. I agree,
8 I mean, I wish we could spend a little more time
9 discussing these, I think we are late and concerned about
10 schedule at this point, but who comes up with these?
11 These are just incredible potentially significant
12 research projects - I should say that they are
13 significant research projects. But the potential outcome
14 here is just enormous, and particularly, Mr. Pratt, I
15 like your tongue-in-cheek approach to your co-funding,
16 that is just excellent to see matched co-funding.

17 COMMISSIONER EGGERT: Just a quick comment. I
18 think the anaerobic digestion is an exothermic process,
19 so this is actually hot, not necessarily cooled. No,
20 actually, I was briefed by Mr. Pratt on this the other
21 day and it is a very cool project. And what I
22 particularly like about this type of research is that it
23 does - if successful strains can be identified, it can
24 then have application to a multitude of different
25 activities and projects, and this is the kind of R&D that

1 I think has the potential to be a game changer for the AD
2 technologies, so it is a very good one.

3 VICE CHAIR BOYD: I move approval.

4 COMMISSIONER BYRON: Second.

5 CHAIRMAN DOUGLAS: All in favor?

6 (Ayes.)

7 The item is approved, thank you.

8 MR. PRATT: Thank you.

9 CHAIRMAN DOUGLAS: Item 9. California
10 Community Colleges Chancellor's Office. Possible
11 approval of Contract 600-10-001 for \$265,780 with the
12 California Community Colleges Chancellor's Office to
13 develop a sustainability plan template. Mr. Ehyai.

14 MR. EHYAI: Good afternoon, Chairman Douglas
15 and Commissioners. My name is Amir Ehyai and I am with
16 the Fuels and Transportation Division's Special Projects
17 Office. This contract will fund the development of the
18 sustainability plan template, a toolkit, or roadmap, if
19 you will, that will provide community colleges a
20 comprehensive resource to encourage energy efficiency,
21 reduce energy use, and increase use of renewable energy.
22 The California Community College System includes 110
23 colleges, 69 off-campus centers, 22 District Offices.
24 This in total equates to over 4,800 buildings,
25 encompassing nearly 65 million square feet of space.

1 Because this community college system is so large, and
2 because quite a number of existing buildings are older,
3 there is significant potential for energy savings if the
4 community colleges collectively work to achieve resource
5 efficiency and sustainability. The sustainability plan
6 template will address the technical issues and develop
7 strategies in the areas of energy efficiency retrofits,
8 efficient operation of campus facilities, green building
9 strategy, renewable energy opportunities, transportation
10 alternatives, waste reduction reuse and recycling,
11 curriculum development and staff training, and will
12 provide a recommended framework and approach to meet the
13 requirements of AB 32. This tool kit will share
14 technical knowledge, best practices and case studies,
15 demonstrating how other colleges have reduced greenhouse
16 emissions. We estimate that this project has the
17 potential of reducing annual energy use in each
18 participating campus by 3-5 percent. Funding for this
19 contract will come from the Petroleum Violation Escrow
20 Funds. I am happy to answer any questions you may have.

21 COMMISSIONER BYRON: One quick question if I
22 may. Do you by chance know when Senate Bill 880 was
23 enacted?

24 MR. EHYAI: 1986.

25 COMMISSIONER BYRON: 1986.

1 MR. EHYAI: Yes.

2 COMMISSIONER BYRON: So, I note that these are
3 indeed earmarked funds and this seems to be the remaining
4 use of those funds applied to good use.

5 MR. EHYAI: That is true.

6 COMMISSIONER BYRON: I would really like to ask
7 you to be creative in terms of making sure - unless you
8 have already got this all figured out - making sure
9 community colleges are well aware of this, I think they
10 will just devour this kind of information if it is made
11 available to them.

12 MR. EHYAI: Yes. As far as the Chancellor's
13 Office being aware that this funding is the last of the
14 money that is appropriated to them, they are aware of
15 this, and so therefore we have put together this project
16 as a novel project to make good use of the remaining
17 funds. Now, for the community college system as a whole,
18 once the sustainability plan template is developed, it
19 will be shared with the entire system as a whole, 110
20 campuses. It will be, if I may, advertised or brought to
21 their attention at multiple annual conferences and
22 workshops, and so then this document or research tool
23 will be made available to them, they can each customize
24 it for their specific campus to achieve sustainability
25 and create their Energy Action Plans.

1 COMMISSIONER BYRON: Good, thank you.

2 MR. EHYAI: Sure.

3 COMMISSIONER EGGERT: Just a quick question.
4 This seems like a very good project. I will note that I
5 know the University of California system and the Cal
6 State system have similar activities basically trying to
7 do across the campus sustainability planning activities.
8 Will this take advantage of some of that earlier work?
9 And will there be some coordination to help, especially
10 looking at sort of templates, I know the UC has one that
11 the campuses have followed.

12 MR. EHYAI: I am certain that it will. It will
13 also, this project will take advantage of the Energy
14 Planning Guide for Local Governments and this, again,
15 will be a document similar to the ones developed for
16 local governments, but geared towards community colleges.

17 COMMISSIONER EGGERT: Thank you.

18 COMMISSIONER BYRON: Madam Chair, I will move
19 approval of this item.

20 VICE CHAIR BOYD: Second.

21 CHAIRMAN DOUGLAS: All in favor?

22 (Ayes.)

23 Thank you. Item 9 is approved.

24 Item 11. Minutes. August 6th, 2010 Business
25 Meeting Minutes.

1 VICE CHAIR BOYD: Move approval.

2 COMMISSIONER BYRON: Second.

3 CHAIRMAN DOUGLAS: All in favor?

4 (Ayes.)

5 The Minutes are approved.

6 COMMISSIONER EGGERT: Abstain.

7 CHAIRMAN DOUGLAS: With one abstention by

8 Commissioner Eggert.

9 Item 12. Are there any Commission Committee
10 presentations and discussion?

11 COMMISSIONER BYRON: There should not be, but
12 if I may indulge my fellow Commissioners, one quick item.
13 I think you all are aware that I testified along with our
14 Executive Director and our Deputy Director of the RD&D
15 Division before Senate Energy yesterday with regard to
16 their oversight of the PIER Funds, and the Sunset Review.
17 Senator Padilla had many good questions for us and I just
18 want to go on the record and indicate to all of you that
19 I think we have our work cut out and making sure we
20 respond to those questions, we welcome his oversight, it
21 is extremely appropriate, well timed, well in advance of
22 the Sunset Review, which will take place next year, and I
23 think he gave us some good things to consider and ponder
24 as we prepare for future sessions before his committee.
25 PIER is an extremely significant investment in

1 California's economic recovery with regard to our
2 investments in clean tech, and I just wanted to bring
3 this to your attention because I think it will take my
4 entire Commission's resources next year to make sure that
5 we convince the Senate that they did very well 10 years
6 ago in creating PIER and we need to ask them to continue
7 its authorization.

8 VICE CHAIR BOYD: Madam Chair, a quick comment.
9 I was going to comment on this hearing, and I will
10 continue to, only to thank the staff and to particularly
11 thank Commissioner Byron for his appearance yesterday,
12 and the staff did a very good job, but I think
13 Commissioner Byron's presence mitigated or blunted any
14 real difficulty that committee members might have chosen
15 to dish out to the Energy Commission by perhaps only
16 having staff members there. I think showing them the
17 concerns of the Commission itself and having the
18 Commissioner there, I feel, very much leveled the playing
19 field and resulted in a polite exchange back and forth
20 and answering a lot of good questions, and probably a
21 very good hearing yesterday. There will be more, no
22 doubt.

23 CHAIRMAN DOUGLAS: I would like to join
24 Commissioner Boyd in thanking Commissioner Byron and the
25 staff for the hard work and good work at that hearing

1 and, of course, as we have noted, there were many
2 questions asked, I thought they were very valid questions
3 and we will look forward to the exchange of information
4 and ideas and move forward with this program. So, if
5 there is nothing else on this item, let's go on to the
6 Chief Counsel's Report.

7 MR. LEVY: Good afternoon, Commissioners. Two
8 items, if you will, one is that I would like to request a
9 closed session on Item 13B. The second item is just a
10 point of personal privilege. I would like to introduce
11 you to our newest Summer Associate, his name is David
12 Adelli, you can step forward, please. I have been handed
13 his resume again as a reminder, and I notice that he
14 already has listed Law Clerk in the Office of Chief
15 Counsel at the California Energy Commission with some
16 fairly significant projects, being that he has been here
17 for a sum total of about four days, I would say that is
18 pretty remarkable. He is a Juris Doctor candidate at
19 Stanford Law School, he also has a Bachelor of Arts from
20 Harvard Magna Cum Laude and he was the Ecuador Fellow in
21 2001 and 2002 for the United States Fulbright Commission.
22 I wanted to introduce you to him, you will be seeing him
23 a little bit in the next month or two.

24 VICE CHAIR BOYD: Welcome, David. We already
25 took him through the ringer this morning at 8:45, and, of

1 course, this Commissioner made all the usual comments of
2 Cal vs. Stanford, so no more are necessary from up here.

3 MR. LEVY: I trust you have left him relatively
4 unscathed.

5 CHAIRMAN DOUGLAS: Well, he still looks happy
6 to be here, so welcome aboard.

7 Executive Director's Report?

8 MS. JONES: I have nothing to report today.

9 CHAIRMAN DOUGLAS: Thank you. Public Advisor's
10 Report?

11 MS. JENNINGS: I have nothing to report. Thank
12 you.

13 CHAIRMAN DOUGLAS: Thank you. Is there any
14 public comment? I do see some remaining members of the
15 public with their green stickers sitting here, but none
16 of them are running to the microphones, so we will move
17 to Executive Session.

18 (Whereupon, at 1:00 p.m., the business meeting was adjourned.)

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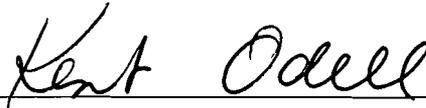
REPORTER'S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF,

I have hereunto set my hand this 16th day of August, 2010.

A handwritten signature in cursive script that reads "Kent Odell". The signature is written in black ink and is positioned above a solid horizontal line that spans the width of the signature.

Kent Odell
CER**00548