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BUSINESS MEETING

BEFORE THE

CALIFORNIA ENERGY COMMISSION

In the Matter of:

Business Meeting

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**ORIGINAL**

CALIFORNIA ENERGY COMMISSION

HEARING ROOM A

1516 NINTH STREET

SACRAMENTO, CALIFORNIA

WEDNESDAY, FEBRUARY 24, 2010

10:00 A.M.

Reported by:  
Peter Petty

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, Chief Counsel

Jennifer Jennings, Public Advisor

Harriet Kallemeyn, Secretariat

Agenda Item

Paul Kramer	4
Tony Tully	5
David Weightman	6
Bill Pennington	7
Pippin Brehler	7

**Also Present**

Parties

Scott Galati, Galati & Blek, for AES

Public Comment

Nehemiah Stone, Benningfield Group

Chris Chaddock

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3. HANFORD ENERGY PARK PEAKER PROJECT (01-EP-7C). Possible approval of a petition by GWF Energy, LLC, to convert the Hanford Energy Park Peaker Project to the Hanford Combined-Cycle Power Project by adding two once-through steam generators, an air-cooled condenser, and a 25-megawatt steam turbine-generator.	Postponed
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1 P R O C E E D I N G S

2 FEBRUARY 24, 2010

10:04 a.m.

3 CHAIRPERSON DOUGLAS: Welcome to the California  
4 Energy Commission Business Meeting of February 24th, 2010.

5 Please join me in the Pledge.

6 (Whereupon, the Pledge of Allegiance was  
7 received in unison.)

8 CHAIRPERSON DOUGLAS: All right, one change to the  
9 agenda is that Items 2 and 3 have been postponed, so we will  
10 begin with Item 1, the Consent Calendar.

11 COMMISSIONER BYRON: I will move the item.

12 VICE CHAIR BOYD: Second.

13 CHAIRPERSON DOUGLAS: All in favor?

14 (Ayes.)

15 The item is approved.

16 Item 4. AES Highgrove Power Plant Project 06-AFC-  
17 02. Possible adoption of a committee recommendation to  
18 terminate proceedings for the AES Highgrove Power Plant  
19 Project. Hearing Officer Kramer.

20 HEARING OFFICER KRAMER: Good morning,  
21 Commissioners. The Applicant has requested that the  
22 application be terminated and the Committee has issued an  
23 order doing so and requests that the Commission ratify that  
24 order.

25 CHAIRPERSON DOUGLAS: Thank you. Are there any

1 questions --

2 HEARING OFFICER KRAMER: Mr. Galati is here for the  
3 Applicant.

4 CHAIRPERSON DOUGLAS: Mr. Galati, may we hear from  
5 the Applicant, please?

6 MR. GALATI: Scott Galati representing AES. I  
7 worked on the Highgrove Project for quite some time, sorry to  
8 see it go. I am here to answer any questions to the best of  
9 my ability. The primary reason, as you know from our filings,  
10 is we have been unable to solve the South Coast Air Credit  
11 problem and it affected the negotiations. At one point in  
12 time, this project was shortlisted and selected for a very  
13 much needed peaking power in Southern California Edison's  
14 territory, and with the South Coast ERC problem, we have not  
15 been able to resolve that issue.

16 COMMISSIONER BYRON: Mr. Galati, what else can you  
17 tell us? I mean, this is a sad day, this looked like it was a  
18 good project. I believe I -- well, I cannot remember if I was  
19 -- I was second on this Committee, but I do not know if I  
20 moved up on it or not as a result of Commissioners rolling  
21 off. But is there anything else that you can tell us? You  
22 usually solve all these kind of problems for customers.

23 MR. GALATI: Yeah, I worked on three projects in the  
24 South Coast, and they have all gone away, or are in a period  
25 of suspension because it is just not solvable. There is not

1 an easy way to get additional PM10 credits, the Priority  
2 Reserve Rule was that possibility. I know of some clients  
3 that were down to buying like one pound a day. As you know  
4 from the Anaheim project, they were able to buy PM10 credits  
5 even though they were not required to under Rule 1304, but  
6 with the lawsuit -- I can just tell you that, when you scan  
7 what is available down there, there is just a few pounds per  
8 day available, and it is not enough for a power plant.

9 CHAIRPERSON DOUGLAS: Well, not solvable is a tough  
10 assessment, as I think all of us here are reflecting on that.  
11 I would invite you to come by, talk to me, and maybe talk to  
12 other Commissioners. I realize that, in the immediate outlook  
13 of power plants looking to get credits and get going, right  
14 now that is quite clearly and fairly the perception. But we  
15 have to solve the problem, and so I would invite you to come  
16 by and talk about it your experiences and talk about your  
17 ideas for how we might work our way through this.

18 MR. GALATI: Yeah. I am not generally so  
19 pessimistic. This particular problem has been very very  
20 difficult to solve. I think there are some legislative things  
21 that could fix the problem. From an Applicant's perspective,  
22 I cannot create enough new credits, they are not available,  
23 and the ones that are available are not a sufficient quantity.  
24 So there needs to be a legislative fix, and I believe that,  
25 personally, the environmental groups need to be a part of that

1 legislative fix so we do not have a continued lawsuit every  
2 time there appears to be a fix. So it is that consensus  
3 building that needs to occur.

4 VICE CHAIR BOYD: Since there was legislation after  
5 a long long debate, which obviously from the standpoint of  
6 this project and maybe others you mentioned did not solve the  
7 problem, do you see much prospect for a legislative fix? Do  
8 you see an environment and attitude and atmosphere that would  
9 entertain a fix?

10 MR. GALATI: I think that there needs to be a bit of  
11 a liberalization of the traditional way we think about  
12 credits, and if we were to think sometimes more about credits  
13 as mitigation instead of a traditional ERC, such that  
14 Applicants could fund a program that had specific targets and  
15 measurable outcomes, I think that is what the environmental  
16 groups could get behind. But we would need to make sure that  
17 those would qualify under the stringent standards of the Clean  
18 Air Act as emission offsets. So I think the solution needs a  
19 bit of a change there, or a little bit different thinking, and  
20 then more of a program approach to an area very similar to  
21 reclaim, when we did reclaim in the South Coast for NOx. It  
22 is almost like you manage the basin like an adjudicated water  
23 basin or something like that. There is another approach to  
24 it, and it is that kind of thinking that needs to occur. I  
25 know that those ideas were not carried by the Legislature, it

1 was the traditional reinstate the Priority Reserve Rule,  
2 reinstate the 1304 Bank, and that caused the same lawsuit that  
3 got us here in the first place. So I think there needs to be  
4 some consensus building.

5 VICE CHAIR BOYD: Is anyone out there brokering such  
6 an approach at the present time? I mean, unfortunately  
7 several of us are way too familiar with this situation, it has  
8 been going on for quite some time. The South Coast has -- and  
9 I must admit, I am not straight into this as of late, probably  
10 more the purview of the Siting Committee, but South Coast kind  
11 of threw up their hands a couple years ago and said, "It is  
12 your headache, you go solve it." Is anyone brokering a new  
13 approach like the South Coast? One would think they would  
14 take charge to try to broker something, but --

15 CHAIRPERSON DOUGLAS: And, Commissioner, after Scott  
16 answers, I would like to ask our Executive Director to speak  
17 to some of the efforts to implement the legislation that  
18 called for this analysis of -- well, I will let you describe  
19 the analysis, but it is essentially an analysis of need for  
20 natural gas generation in light of other policy, preferred  
21 alternatives in the South Coast Basin, and kind of where we  
22 are with that, because my understanding has been that that  
23 analysis was meant to hopefully form the basis of some of this  
24 consensus-based approach. But I am very interested in your  
25 answer to Commissioner Boyd's question. From your

1 perspective, what have you seen?

2 MR. GALATI: What I had seen, and it has been a  
3 while, but I know the SEaB Air Quality Project was doing some  
4 good work, and I know of nobody spearheading any particular  
5 brokering. And the problem was, as individual projects would  
6 band together and go to the South Coast with a potential  
7 solution, it really would not meet the definition of their  
8 rules, so they were handcuffed, and the definition of their  
9 rules was, you know, SIP approved and with the Clean Air Act,  
10 we really run across -- we really run afoul of the definition  
11 and criteria to be a valid offset in accordance with the Clean  
12 Air Act. So I think that there have been solutions proposed  
13 such as cool roofs, and then taking the sort of avoided  
14 electricity use, there have been some of those kinds of ideas  
15 -- very very creative, not a lot of history of calculating,  
16 but avoided generation as a means of possible offsetting, and  
17 that has been very difficult to get the regulatory agencies  
18 who are bound by the Clean Air Act to consider because I think  
19 they are handcuffed.

20 MS. JONES: And with regard to the reliability  
21 study, this came out of the Perez Bill last year. ARB is to  
22 look both at a reliability study, and then the other piece is  
23 to look at the credits and the credit situation down in the  
24 South Coast. For the reliability piece, our staff is working  
25 with the ARB staff, the ISO, and the PUC, scoping out what

1 that study looks like. There has been a lot of studies on  
2 reliability, but they have not addressed -- they are not the  
3 kind of studies that lend themselves well to doing the policy  
4 overlaying, including the efficiency and the renewables, and  
5 all that. So then we have some contractor help should we need  
6 that and we will be moving forward with that. ARB needs to  
7 make a determination on whether they think this can be done by  
8 July 1<sup>st</sup>. And if not, talk to the author. But that is the  
9 basis, it is to determine both the reliability, as well as  
10 capacity needs within the Basin.

11 VICE CHAIR BOYD: And I would agree that -- well,  
12 that can provide the starting point, or that is information  
13 that is needed to try to explain to a very large audience of  
14 concern, you know, that there is a consensus on how much you  
15 need. But it does not do anything for solving the air credits  
16 problem and it just seems to me, while that is going on  
17 concurrently probably there needs to be an ARB, CEC, South  
18 Coast District, CAPCOA representative, and environmental  
19 community group created to, 1) there is a lot of background  
20 education that needs to take place, and 2) maybe see when the  
21 study is done, you know, how the table has been set for that  
22 need, and 3) and in the mean time, knowing it is all coming, I  
23 mean, there is going to be something, we just do not know the  
24 number, there is a universal consensus you do not just stop,  
25 start thinking of some of these creative approaches and

1 debating them, because I agree with Mr. Galati that, you know,  
2 a lot of people have to be part of -- there is a large  
3 stakeholder group and they really need to start talking about  
4 this because I trust it will take a long time to reach an  
5 agreement, and time is precious -- past due, quite frankly.  
6 Anyway, enough said on this one, but me, anyway, on this  
7 topic.

8           COMMISSIONER WEISENMILLER: Yeah, I just wanted to  
9 follow-up on one of Scott's comments on the cool roof  
10 approach. In the '80s, there was a big issue with co-gen and  
11 the utilities placing credits, you know, that obviously from  
12 the district's perspective, the worst case would be the co-gen  
13 project would generate power and the power plants would  
14 generate exactly the same amount of power they would have  
15 done, but for co-gen. And ultimately there was a lot of  
16 modeling -- I think V. John White was certainly in the middle  
17 of that, a lot of modeling activity done to try to convince  
18 the districts that, for every kilowatt hour that was going out  
19 of the co-gen project, there was a displacement of a kilowatt  
20 hour from the utility power plants, and thus that would allow  
21 the co-gen projects to get permits to go forward. It is a  
22 very complicated activity. I think the displace tends to look  
23 much more long-term forecast, and Districts tend to look at  
24 much more actuals with history. And Edison was very much  
25 involved in that. So certainly to the extent you can dig into

1 some of that, there would at least be lessons learned on how  
2 to proceed on sort of the cool roof type of program.

3 VICE CHAIR BOYD: Well, if I might protract this  
4 discussion a tiny bit, you know, the air quality attitude of  
5 the '80s, unfortunately, was that nobody -- no air quality  
6 person ever met a co-gen plant that was clean, that could meet  
7 the standards, so central power was the way to go. You raise  
8 a good point. I think a lot of things need to be on the table  
9 in terms of trade-offs and considerations, and what have you.  
10 And, you know, we talk about our own policy needs for the  
11 longest time, and repeat it in our IEPR's about distributed  
12 generation, co-gen, CHP, all being good ways to go, and yet we  
13 struggle continuously to make little baby steps to improve  
14 that. And that really needs to be part of what you look at in  
15 a big area like the South Coast. What we need, you know, we  
16 need to back up renewables, people need to understand that,  
17 but how? And with what? And what works? And what kinds of  
18 other interesting mitigations might be offered to meet the  
19 need and to mitigate the concerns that are raised? In any  
20 event, if there were another 150 staff at the Energy  
21 Commission, we might be able to start this project tomorrow,  
22 but we seem to have other problems. All right, thank you.

23 MR. GALATI: To follow-up, I can tell you that your  
24 staff has been very creative when it comes to CEQA mitigation.  
25 When we are just talking about CEQA mitigation for air

1 quality, there are all kinds of things on the table, avoided  
2 generation, other programs, fundings, those kinds of things  
3 have been helpful, and I think a couple members of your staff,  
4 including Joe Lawyer, has been thinking along these lines for  
5 a long time. Again, the problem is getting that enforceable  
6 offset. There is a possible move in the South Coast of having  
7 it re-designated as attainment for PM10 that might allow -- I  
8 do not know what the status of that is, but that is certainly  
9 some talk along those lines that will allow no reason to need  
10 to comply with a federal offset requirement so we would be in  
11 CEQA. So I think that, even if that occurs, this effort that  
12 we are talking about here would not be wasted, and I think  
13 your staff probably has opined in several of the staff  
14 assessments about the kinds of mitigation that should be  
15 occurring. I do believe that discussion, broadening it to get  
16 consensus from other stakeholders, is the next step. But I  
17 think there is probably -- we could put together an outline, a  
18 one-page outline of the kinds of things to think about, and  
19 somebody needs to start building that consensus.

20 CHAIRPERSON DOUGLAS: Well, I would welcome you to  
21 put that together and I think I would be interested in seeing  
22 it and I think other Commissioners would, as well. Maybe we  
23 can start there.

24 COMMISSIONER BYRON: Mr. Galati, EAS hung in here  
25 for a long time and they petitioned to withdraw, and I suspect

1 we will be approving this. But do you foresee, or do you plan  
2 to bring this Commission any additional applications for power  
3 plants in the South Coast District in the near future?

4 MR. GALATI: I have not been approached. I would  
5 tell you that there are two projects that I continue to  
6 represent, Edison Mission Energy, as you know, has the Walnut  
7 Creek project and the Sun Valley project, and the San Gabriel  
8 project, those are still hanging in here, hoping that there is  
9 a possibility or a solution on the horizon.

10 COMMISSIONER BYRON: Okay, so --

11 MR. GALATI: But I have not been approached by  
12 anybody new in a long time.

13 COMMISSIONER BYRON: And we will continue to work on  
14 those. Unless Mr. Kramer has something else he wants to add,  
15 Madam Chair, I would be happy to move Item 4, recommendation  
16 to terminate the proceeding for the AES Highgrove Power Plant  
17 project.

18 COMMISSIONER EGGERT: Second.

19 CHAIRPERSON DOUGLAS: All in favor?

20 (Ayes.)

21 That item is approved.

22 MR. KRAMER: Thank you.

23 CHAIRPERSON DOUGLAS: Item 5. Trustees of the  
24 California State University. Possible approval of three grant  
25 applications totaling \$239,909 from the Public Interest Energy

1 Research (PIER) program's Energy Innovations Small Grant  
2 Solicitation 09-01T. Mr. Tully, please briefly describe for  
3 us Items 5A, B, and C.

4 MR. TULLY: Well, good morning. My name is Tony  
5 Tully and I work in the PIER Transportation Program Area and  
6 manage the transportation portion of the Energy Innovation  
7 Small Grants. This is a recommendation for three proposals  
8 from EISG for that solicitation. The PIER transportation  
9 subject area uses EISG program for exploratory research  
10 concepts in alternative fuels, vehicle technologies,  
11 transportation system issues, including land use and the  
12 reduction of VMT. Grants of up to \$95,000 are awarded for  
13 projects that establish the feasibility of concepts, and  
14 \$50,000 for modeling projects. This solicitation focused on  
15 vehicle efficiency and systems research. The solicitation was  
16 released on May 22<sup>nd</sup>, 2009, and closed on July 23<sup>rd</sup>, 2009. It  
17 received 23 proposals. The evaluation selection process  
18 consisted of screening, technical scoring, and final scoring  
19 and ranking by a Program and Technical Review Board, or PTRB.  
20 The PTRB members comprise experts in anticipated technical  
21 fields and must include a member from the Energy Commission.  
22 Of the 23 proposals received, 10 passed the initial screening,  
23 these 10 were evaluated and scored, resulting in a  
24 recommendation from the PTRB to fund three for a total of  
25 \$239,909. I will proceed with reading into the record the

1 three projects by their rank. The first project is 09-01-21T  
2 from the University of Los Angeles. This is titled "Validated  
3 Multi-Scale Analysis Tool for Mechanical Response of Open-Cell  
4 Aluminum Foams, in the amount of \$49,999. This project  
5 addresses vehicle light weighting with the purpose of  
6 improving the efficiency of vehicles. The second project is  
7 09-01-12T, it is from XCell Power, LLC in Fremont, California.  
8 And it is titled "Metal-Supported Solid Oxide Fuel Cells for  
9 Auxiliary Power Unit Applications," in the amount of \$94,910.  
10 This proposal also addresses vehicles efficiency and will  
11 increase the durability and reduce the cost of solid oxide  
12 fuel cell technology for auxiliary power unit applications in  
13 long haul trucks. The third ranked project is 09-01-20T from  
14 The Curators of the University of Missouri, in Columbia,  
15 Missouri. It is titled "Lower Cost and Higher Density Plug-In  
16 Hybrid Electric Vehicle Battery," in the amount of \$95,000.  
17 This proposal also addresses vehicle efficiency, in addition  
18 to plug-in hybrid vehicle research, and will increase the  
19 battery durability and reduce costs. And I can answer any  
20 questions you may have.

21 VICE CHAIR BOYD: A question or comment, if I might.  
22 Number 1, stated here many times, many of us, including  
23 myself, are very supportive of these small grant programs.  
24 They have been extremely positive and I am totally in support  
25 of this, but my comment, it is not really a question, is I

1 noted in reading the agenda a little while back and the  
2 projects, the agenda makes some very bold statements that --  
3 this is research, we have got to recognize it is research, but  
4 the first project says it will increase the efficiency, the  
5 second, will increase the durability, and the third, again,  
6 will increase durability and reduce costs. I think that is  
7 the goal of these projects, carrying them out in the hope that  
8 we will do these things, but you make very -- the agenda  
9 writer made very bold statements about these will do this,  
10 that and the other, and somebody might hold that against us  
11 someday when they are measuring progress against plan, and  
12 "you said you would do these things," and, "Gee, you had some  
13 projects that didn't quite make it." So just a little piece  
14 of advice about being careful about statements that we will do  
15 these things. This is what we want to happen from this  
16 project, and we will only know it when we are through with the  
17 project. Other than that, they did come through the Research  
18 Committee and I know we are very supportive. And I would be  
19 willing to make that a motion.

20 COMMISSIONER BYRON: Commissioner, you do not think  
21 they are going to hold it against us that we picked the  
22 University of Missouri here to do this research, do you?

23 VICE CHAIR BOYD: Well, I found it interesting that  
24 we deal with the curators of the University of Missouri, so I  
25 do not know what they think the status of the University is at

1 the present time, but in any event.

2 COMMISSIONER BYRON: Mr. Tully, I agree with  
3 Commissioner Boyd, and please, my last comment, do not take it  
4 any other way except to always pursue the best research  
5 available, wherever it is, so I applaud your selection  
6 process.

7 MR. TULLY: Thank you.

8 COMMISSIONER BYRON: I will be glad to second the  
9 item and, sorry, Commissioner, go right ahead.

10 COMMISSIONER EGGERT: I have, I guess, a few  
11 questions and these all look like very very interesting  
12 projects, you know, the one I noticed calls out the potential  
13 for a weight reduction of 1 percent, which does not sound like  
14 much, but you know, hauling vehicle weight around for 150,000  
15 miles, even 1 percent can offer significant fuel savings, so  
16 that is encouraging if that actually achieves that goal cost-  
17 effectively. On the Metal-Supported Solid Oxide Fuel Cells, I  
18 was actually a reviewer for a NASA Program, the Low Emission  
19 Alternative Propulsion LEAP Program, which was supporting  
20 Plainer Solid Oxide Fuel Cells, including some of the work on  
21 the metal-supported cells. And I guess my question is, do you  
22 know, is there any interaction between this activity or this  
23 project and the NASA LEAP Program, which I am not even sure is  
24 still even funded yet, but --

25 MR. TULLY: I was not aware of this in my readings

1 of the project.

2           COMMISSIONER EGGERT: Okay. They were one of the  
3 primary federal sponsors of work on the Plainer Solid Oxides,  
4 mostly for aircraft, APU-type applications. So it might be  
5 interesting to look at and see if any of that work was  
6 previously funded under that program, and any findings that  
7 might have come out of that. To Commissioner Boyd's comment,  
8 I am wondering if this is potentially a typo on the lower cost  
9 and higher density PHEV battery, it says that it has the  
10 potential to reduce the battery cost to \$50.00? I assume that  
11 is per kilowatt hour?

12           MR. TULLY: \$50.00 per kilowatt hour as compared to  
13 \$100.00 per kilowatt hour for lead acid, and \$700 for lithium  
14 ion.

15           COMMISSIONER EGGERT: And is that -- so that seems  
16 unbelievably low. I guess, is that on the basis of sort of a  
17 cost analysis that has been done on this particular --

18           MR. TULLY: Yes, these are the researchers'  
19 statistics and what he is hoping to prove, and a big part of  
20 this is the durability, so the life of the battery. So that  
21 alone can save, if you are able to make the battery more  
22 durable, it can lengthen the life of it and reduce the cost.

23           COMMISSIONER EGGERT: Yeah, I would say that if that  
24 was actually achieved, it would be a revolutionary leap  
25 forward in vehicle battery technology, again, if it could be

1 done in a way that was also durable. I think the best numbers  
2 I have ever seen for even mass-produced lithium ion is that  
3 they might be able to get down to \$300 per kilowatt hour, so  
4 this would be quite a remarkable accomplishment if they are  
5 successful. And University of Missouri does have an excellent  
6 engineering department, so they have the talent there, but I  
7 will be interested to see how close they hit that.

8 MR. TULLY: Thank you.

9 CHAIRPERSON DOUGLAS: If we have no other comments  
10 or questions, we have a motion and second. All in favor?

11 (Ayes.)

12 This item is approved. Thank you, Mr. Tully.

13 Item 6. University of California. Possible  
14 approval of \$800,000 for Work Authorization MRA-02-084 under  
15 contract 500-02-004, with the Regents of the University of  
16 California/California Institute for Energy and the  
17 Environment. Mr. Weightman.

18 MR. WEIGHTMAN: Yes, good morning, Commissioners,  
19 Director, and attendees. My name is David Weightman. I am a  
20 Contract Manager with the PIER Buildings Energy End-Use  
21 Program. This proposal is a work assignment that will  
22 continue PIER technology demonstrations under an existing  
23 Master Research Agreement with the U.C. Regents Office of the  
24 President. This program title for the whole Master Research  
25 Agreement will be called the "State Partnership for Energy

1 Efficiency Demonstrations." It was originally established in  
2 2004. The State Partnership for Energy Efficiency  
3 Demonstrations is a key catalyst for facilitating the  
4 commercialization path of cutting edge energy technologies  
5 emanating from PIER research for buildings and also for  
6 industry, agriculture, and water processes. To date, the  
7 programs provided the Commission with field data from over 110  
8 installations, and that has generated significant monetary  
9 savings and quantifiable greenhouse gas emission reductions  
10 for its participants. And this program also provides vital  
11 support for evolving California's Energy Codes and Standards  
12 to higher levels of energy efficiency. Since its inception,  
13 the program has successfully demonstrated 20 lighting  
14 technologies, 10 heating, ventilation and air-conditioning  
15 technologies, four building performance knowledge product  
16 technologies, and four data center or laboratory technologies.  
17 The original deployment of PIER technologies were mainly  
18 focused on the U.C., CSU, and Community College campuses,  
19 however, interest in this program over the past several years  
20 has drawn in so many additional subscribers that it is now  
21 over-subscribed. The program has branched out to include  
22 demonstrations in state facilities, federal facilities,  
23 private sector, and local government facilities. Specific to  
24 local governments, I would like to mention that several PIER  
25 technologies that have been demonstrated in the State

1 Partnership Program will be installed in two of the winning  
2 ARRA State Energy Plan Municipal and Commercial Retrofit  
3 Programs. These technologies include Advance Compact  
4 fluorescent down lighting, simplified daylight controls,  
5 wireless lighting controls, integrated office and classroom  
6 lighting systems, smart parking lot and parking garage  
7 fixtures, and wireless HVAC controls. In closing, I would  
8 like to note that this project was included in the 2009-2010  
9 PIER Buildings Budget and was approved by the Research and  
10 Development Committee. And we are here to answer any  
11 questions. Thank you.

12           COMMISSIONER BYRON: Madam Chairman, Sunday night on  
13 *60 Minutes*, there was a company that was portrayed as having  
14 the new black box that is going to change the world, you know,  
15 and they have moved from the R&D stage to development to  
16 deployment. I believe today they are going to have an event  
17 where they will have all kinds of dignitaries present, etc.  
18 etc. My point is, we develop tremendous technologies out of  
19 the PIER Research Program and sometimes they fly below the  
20 radar screen. A project like this that demonstrates them and  
21 puts them out in the public domain is extremely important. I  
22 would encourage you, I would encourage PIER, I would encourage  
23 our Executive Director, to look for opportunities where we can  
24 make the public more aware -- I guess I am talking about  
25 messaging, I am talking about press releases, I am talking

1 about opportunities where members of the Legislature could  
2 come see this, and I think these demonstrations are extremely  
3 important in R&D. I think you can tell where I am going with  
4 this, Mr. Weightman, I support this, but I would also ask you  
5 and everyone at PIER to be thinking this year, "How can we  
6 best make clear to the public and to the Legislature, and  
7 everyone in California the good work that is being done with  
8 their research dollars?"

9 MR. WEIGHTMAN: Well, thank you. We are very  
10 conscious of that, too.

11 VICE CHAIR BOYD: Well, I think building on what  
12 Commissioner Byron has just said, he and I as the Research  
13 Committee, you are going to hear from us ad nauseum about  
14 publicize, publicize, publicize these kinds of positive  
15 opportunities. And as you were presenting, I was thinking in  
16 my mind, this could afford multiple blue ribbon cutting  
17 ceremonies that I would hope to see various Commissioners  
18 present at and a little notoriety for the proponent, the  
19 recipient, as well as for the role of this agency in the  
20 projects, and particularly the ARRA leverage projects are very  
21 timely at the present time. So I would just -- Commissioner  
22 Byron and I are of one mind on this, so I would encourage  
23 looking for and developing opportunities to do that, even if  
24 we have to rely most heavily on the recipient agency to do the  
25 heavy lifting on putting together something like that,

1 recognizing how difficult it is for us, as a state agency to  
2 do this; nonetheless, we would be able to bring credit to what  
3 this agency and the citizens' money in the state have done for  
4 the state. So I certainly agree with that.

5 COMMISSIONER EGGERT: And I would just, I guess,  
6 second those recommendations of Commissioner Boyd and  
7 Commissioner Byron. I am a big supporter of demonstrating  
8 technologies in the public venue, and in particular at  
9 universities there is the further opportunity to link that to  
10 curriculum and research that is ongoing at the universities.  
11 And one of the things I did not see mentioned in here was a  
12 link. Is there any expectation that, as these projects are  
13 being carried out, that they would involve the research  
14 programs that might be coincident with the technology?

15 MR. WEIGHTMAN: Well, I wish Michael Seaman was  
16 here. He retired recently, but we do think that PIER  
17 technology would be included in some of the training programs,  
18 and I cannot off the top of my head think of the name of them,  
19 but through ARRA as part of the Workforce Development Program,  
20 here are some training centers that have been established, and  
21 we want to work through them to demonstrate or talk about PIER  
22 technology, particularly when they are teaching people how to  
23 install equipment and do retrofits and things like that. So  
24 that is part of the program effort.

25 COMMISSIONER EGGERT: Yeah, I am thinking even of

1 some of the activities I am aware of like UC San Diego, UC  
2 Davis, and others where the student -- there are various  
3 student groups that have sort of banded together to  
4 participate in evaluating opportunities on campus for  
5 efficiency upgrades and retrofits, and actually participate in  
6 the design and implementation of those projects, and if there  
7 is the opportunity to link any of that activity to this  
8 effort, that would be good.

9 COMMISSIONER BYRON: Madam Chair, I will be glad to  
10 move approval of the item.

11 VICE CHAIR BOYD: Second.

12 CHAIRPERSON DOUGLAS: All in favor?

13 (Ayes.)

14 The item is approved.

15 MR. WEIGHTMAN: Thank you.

16 CHAIRPERSON DOUGLAS: Thank you. Item 7. Order  
17 Instituting Rulemaking - AB 758 Comprehensive Energy  
18 Efficiency Program for Existing Buildings. Possible approval  
19 of an Order Instituting Rulemaking to begin a public  
20 proceeding to develop strategies for a comprehensive program  
21 to improve the energy efficiency of existing residential and  
22 nonresidential buildings in response to AB 758. Mr.  
23 Pennington.

24 MR. PENNINGTON: Good morning. My name is Bill  
25 Pennington. I am the Manager of the High Performance

1 Buildings and Standards Development Office at the Commission,  
2 and to my right here is Pippin Brehler, who is from the  
3 General Counsel's Office.

4 MR. BREHLER: Good morning, Commissioners.

5 MR. PENNINGTON: The purpose of this item is to gain  
6 Commission approval for an Order Instituting Rulemaking as the  
7 first step in a proceeding to address the requirements of AB  
8 758. AB 758 requires the Commission to establish an ongoing  
9 comprehensive program to develop and implement strategies to  
10 improve the energy efficiency of existing buildings in  
11 California. The program is expected to have a broad range of  
12 program components including energy audits and ratings of  
13 buildings, including identifying energy efficiency  
14 opportunities in the building, a portfolio of strategies to  
15 accomplish expanded levels of energy efficiency improvements  
16 in the buildings, and delivery of multiple approaches to  
17 achieve implementation, including financing, public outreach  
18 and education, and green work force training. AB 758 requires  
19 the Energy Commission to start a proceeding by March 1<sup>st</sup> of  
20 this year. The OIR is the official first step in doing that.  
21 The OIR establishes the authority to conduct the proceeding  
22 and delegates to the Efficiency Committee the responsibility  
23 to direct the development work for the comprehensive program  
24 and oversee the proceeding. The Commission is already doing a  
25 lot of work related to the AB 758 comprehensive program,

1 including the ARRA SEP 110 contracts that are pursuing  
2 essentially three different areas, HERS 2 ratings and whole  
3 house retrofits in existing homes and multi-family buildings,  
4 targeted best practice retrofits in municipal and commercial  
5 buildings, including the ones that were just mentioned in the  
6 last item before you, and municipal PACE financing and  
7 revolving loan programs, public outreach to recruit  
8 participants and inform them about the programs, and green  
9 work force training to bring forth the qualified work force  
10 that will be needed to accomplish the retrofits by those  
11 programs. We view the SEP 110 programs as pilots for the AB  
12 758 program. We also are moving forward on a rulemaking  
13 proceeding to establish regulations for AB 1103, which  
14 required benchmarking-based operational ratings for commercial  
15 buildings at point of sale, lease, and financing. We also  
16 have launched work on the next round of Building Standards,  
17 which not only address making our newly constructed buildings  
18 more efficient on the road to zero net energy building  
19 standards requirements by 2020 for newly constructed  
20 residential buildings and 2030 for non-residential buildings,  
21 but also will continue the Commission's efforts to establish  
22 appropriate requirements for alterations to existing buildings  
23 which will contribute strongly towards AB 758 goals. In  
24 addition to these existing efforts that will directly feed  
25 into the Commission's decisions for the AB 758 comprehensive

1 program, we anticipate another major opportunity coming at the  
2 Commission in the near future in the form of HOME STAR, the  
3 Federal Stimulus Retrofit Program that will extend the  
4 infrastructure of home performance rating, auditing,  
5 retrofits, and financing that we have been actively trying to  
6 build in California. We also are participating in National  
7 collaborations to develop tools and a program for  
8 accomplishing asset ratings in commercial buildings, in an  
9 effort to catch up with the asset and operational rating  
10 programs that are required throughout the European Union. So  
11 one message here is that the committee is going to have its  
12 hands full trying to decide how to prioritize among the use of  
13 very limited resources to pursue all of what we are trying to  
14 do now, and establish a proper timing that will let the  
15 results of this work flow into the AB 758 proceeding. So that  
16 is what I have to say. I will be glad to respond to  
17 questions.

18 COMMISSIONER EGGERT: Chair Douglas, I just want to  
19 say a few words. I think this really is a tremendous  
20 opportunity for the Commission and also a tremendous  
21 challenge. You know, I will note in the background document  
22 to this, we called this out as "AB 758 was strongly supported  
23 by the Energy Commission as the most important energy  
24 efficiency Bill in the 2009 Legislative Session," and I might  
25 even expand upon that and say it is perhaps one of the most

1 important in the last decade. You know, the ability to sort  
2 of reach all of that low hanging fruit, which has kind of been  
3 hanging out there for a long time in the form of existing  
4 buildings, both residential and commercial, is a tremendous  
5 tremendous opportunity to reach our energy goals, to reach our  
6 climate goals, you know, the potential is enormous. But it is  
7 clearly going to take a tremendous amount of work to do that  
8 in a way that is cost-effective, that builds off the necessary  
9 foundation of training, rating, and retrofit activities. And  
10 I think the good news is that so many things are under way  
11 through the Committee and all of the programs that Bill has  
12 mentioned, including the ARRA SEP activities are going to be a  
13 great foundation, they are going to provide us a tremendous  
14 amount of learnings that we can then incorporate into the  
15 development of the 758 program, so I do see this as both an  
16 opportunity and a challenge, as was mentioned, to prioritize  
17 the activities to make sure that we are basically proceeding  
18 in a way that is taking full advantage of all of what we are  
19 doing in building up this program. But I am fairly confident  
20 that we can pull it off. I think we will be able to develop a  
21 successful program given the expertise that we have in-house,  
22 and I think I would ask for both some level of patience and  
23 support, and I am very much encouraged by kind of where we are  
24 at and where we are going.

25 COMMISSIONER BYRON: Madam Chair, I will be brief.

1 Mr. Eggert, I appreciate your perspective on that. You have  
2 joined this Commission in an exciting time and I am glad you  
3 are going to be chairing the Energy Efficiency Committee, but  
4 Mr. Pennington is a very clever man, you noticed he said "the  
5 Committee" is going to have our hands full. Mr. Pennington, I  
6 think you have your hands full and, you know, I suppose this  
7 is the pinnacle of some of the work that you have been  
8 pursuing all your career, and my congratulations to Assembly  
9 Member Skinner, I have a feeling we will have more legislation  
10 from her, and I know we have many rulemakings we are going to  
11 be working on this year, but this is not by accident, we are  
12 really working -- we are really trying to keep you busy  
13 working on those things we know interest you, so that you will  
14 not consider anything like early retirement, or something like  
15 that.

16 MR. PENNINGTON: Right, it is too late to be early,  
17 I think.

18 VICE CHAIR BOYD: You and I should start a club.

19 COMMISSIONER BYRON: This is very exciting work and,  
20 again, this is good, this is the stuff that keeps the juices  
21 flowing here at the Energy Commission.

22 CHAIRPERSON DOUGLAS: I will just briefly -- oh,  
23 Commissioner Weisenmiller.

24 COMMISSIONER WEISENMILLER: I was also just going to  
25 briefly note that this indeed was one of the highest

1 priorities for the Commission back in the '80s, you know, at  
2 that point we were looking at retrofit at time of sale, and  
3 that got killed in the Legislature, frankly --

4 VICE CHAIR BOYD: Repeatedly.

5 COMMISSIONER WEISENMILLER: Repeatedly, but everyone  
6 knew that this was a very important area, so certainly my hat  
7 is off to my Assembly person for finally getting this enacted.

8 VICE CHAIR BOYD: I just want to say, the comment  
9 was made that Mr. Pennington has his hands full, the Committee  
10 has its hands full, I think the Commission has its hands full  
11 on this subject. Buildings, in general, have been noted in  
12 the IEPR more than once, particularly the current one, but I  
13 think there are more -- "universal" is almost too big a word  
14 here, but there is a greater recognition of the role buildings  
15 play and what kind of juicy target they make for improving the  
16 efficiency thereof. I note that the Department of Energy and  
17 lots of other folks in the public and private sector in making  
18 public pronouncements and identified buildings as a very ripe  
19 area, so I am glad to see the Energy Commission's long  
20 investment in this as an issue that needs to be pursued, 1)  
21 recognized in the Legislature, and 2) that we are now going  
22 public, so to speak, with something that will continue this  
23 effort. And I agree, compliments to Assembly Woman Skinner.  
24 And recently when I was at UC Berkeley, I discovered she and  
25 former Commissioner Rosenfeld huddled together, so I trust

1 that we will be seeing more activity in this arena.

2           COMMISSIONER EGGERT: Yeah, I would just add, I  
3 think, also certainly hats off to the Assembly Woman, and I  
4 ran into her when I was over in Denmark for the UN Conference  
5 and she was speaking very positively about the accomplishment  
6 of getting this Bill passed. You know, at my previous job at  
7 ARB, as we were constructing the Scoping Plan for AB 32, you  
8 know, existing building stock was sort of repeatedly called  
9 out as being the area where not only there is a tremendous  
10 amount of potential savings, but that it could be had at a net  
11 positive benefit. So I think the associated co-benefits from  
12 doing this right certainly should not be overlooked, in that  
13 we could construct a program that would pay back to our  
14 citizens in terms of energy savings, at a cost that is  
15 effectively negative on a per ton basis for GHG reduction.  
16 So, again, very much looking forward to getting going on this.

17           CHAIRPERSON DOUGLAS: I will be very brief,  
18 everything has been said. This is a big day for us at the  
19 Commission and all of us, as you can hear, are tremendously  
20 excited about this opportunity. We are really excited to be  
21 moving forward with this program, we are excited to see the  
22 linkages between the tremendously innovative work that is  
23 going forward, thanks to the Stimulus Act in California, and  
24 what we can do with this program. So you, Mr. Pennington, the  
25 entire division, the folks in the Legal Office and other

1 office in the Energy Commission who support our efficiency  
2 work, we will support you and we are really looking to you  
3 because this is such a big moment for all of us, and we all  
4 have here expressed our appreciation to Assembly Woman Skinner  
5 for really pushing this issue and having tremendous success  
6 with this issue, this is a ball that we want to pick up and  
7 run with and are prepared to do so. So you have got our  
8 support and our tremendous interest and we all have our hands  
9 full making this happen. So thank you. Now, does anything  
10 have to be read into the record? Or are we ready to go? We  
11 are ready to go.

12 MR. PENNINGTON: Yeah, do you have one member from  
13 the public to speak?

14 CHAIRPERSON DOUGLAS: I do not have any blue cards.  
15 Is there -- please come forward.

16 MR. STONE: I am sorry; I did not see any blue cards  
17 out there today.

18 CHAIRPERSON DOUGLAS: Do not worry about it, it is  
19 fine.

20 MR. STONE: I am Nehemiah Stone with the  
21 Benningfield Group. I want to thank the Chair and  
22 Commissioners for the opportunity to speak today. First off,  
23 I want to make sure that nothing I say is construed as being  
24 against moving forward on this, this is a great idea. What I  
25 have to say is more about the focus of it. If you will bear

1 with me for a few minutes, I want to bore you with some  
2 statistics. We have had energy efficiency programs --

3 COMMISSIONER BYRON: Mr. Stone, your mic.

4 MR. STONE: Yes. We have had energy efficiency  
5 programs in California since 1980, and the first energy  
6 efficiency program sponsored by a utility focused on multi-  
7 family new construction, started in 1999. The first  
8 performance-based multi-family retrofit program in California  
9 started in 2000, way later than other programs began. Title  
10 24 Standards have been in the state since 1978. The first  
11 time that any significant change to the Standards happened  
12 that included an analysis based on multi-family buildings  
13 happened in the 2005 Standards. Recent CEC funded research on  
14 buildings has shown that the most -- or the least enforced  
15 portion of the Residential Standards relates to multi-family  
16 buildings. The CSD that handles the weatherization funds has  
17 not figured out how to deal with multi-family buildings, so  
18 they are in essence not participating in it at all. Bill  
19 talked about PACE and about HERS, both of those have very  
20 unique multi-family problems. With PACE, it is financing, how  
21 do you deal with the issues with all the lenders that are  
22 involved? One-quarter of California's housing -- over a  
23 quarter -- is multi-family. About a third of California's  
24 population lives in multi-family buildings. Multi-family  
25 residents pay about 20 percent of their monthly income for

1 utilities whereas, on average in California, it is about four  
2 percent of monthly income, and yet tenants in multi-family  
3 buildings have almost no ability to change their energy use by  
4 anything that has to do with the building -- insulation, or  
5 equipment, etc. Their hands are pretty much tied on that.  
6 The long story short, I would urge the Commission to make sure  
7 there is a special -- not just an equal -- but a special focus  
8 on multi-family buildings as you go forward with this  
9 proceeding because it is more important to that sector, and to  
10 their comfort, to their economics, than to any other sector in  
11 our housing at this point. So with that in mind, I would like  
12 to also suggest that the Commission consider establishing a  
13 standing working group to advise the Commission on multi-  
14 family issues, that the Commission form such a group during  
15 the proceedings for NSHP, but it makes sense to get advice  
16 from the multi-family community ongoing. In all the things  
17 that you are doing, it would have been tremendously valuable,  
18 I think, to have that sort of committee, being able to advise  
19 the Commission during the HERS 2 process, certainly during all  
20 the standards processes. That is it.

21 COMMISSIONER BYRON: Mr. Stone, that certainly was  
22 not boring, thank you very much for the information. I am  
23 sorry I did not catch the -- do you represent an organization?

24 MR. STONE: Yes, I am with the Benningfield Group,  
25 an energy efficiency consulting firm in Fulsom. But today I

1 am actually also -- and Benningfield Group pays my salary -- I  
2 am here today representing also the Green Multi-Family Working  
3 Group, which is lightly described as a group of the willing  
4 because nobody pays on that, it is all volunteer work.

5 COMMISSIONER BYRON: Very informative. Thank you  
6 for being here today.

7 MR. PENNINGTON: Could I respond for a second? I  
8 think good news here is that four of the 12 SEP 110 projects  
9 are focused on multi-family, both affordable housing and  
10 market rate multi-family housing. In developing HERS 2, we  
11 certainly were on a fast track to get that program in place  
12 and it focused on single family. So what we called for in the  
13 SEP 110 solicitation were proposals for extending the HERS 2  
14 for single family to multi-family, and we got very -- we got  
15 four very good proposals to help us do that. So not only will  
16 it be a sort of on-the-ground pilot program for working on  
17 multi- -- you know, real multi-family buildings, but also  
18 there will be a policy tool development aspect that will  
19 extend HERS 2 into multi-family, which I think is really near  
20 and dear to Nehemiah's heart. You know, I think we did  
21 anticipate that and we are working on that.

22 COMMISSIONER EGGERT: I just want to say that those  
23 are very helpful comments and actually I was not aware of  
24 those particular statistics in terms of both the number of  
25 units and the population, and it does seem that they do face

1 sort of the whole host of issues of principal agent and free  
2 rider challenges and such. So I am very much looking forward  
3 to your ongoing involvement and input into the process.

4 CHAIRPERSON DOUGLAS: Thank you. Any other public  
5 comment? Very well, we will go on to Item 8. Approval of the  
6 February 17, 2010 Business Meeting Minutes.

7 VICE CHAIR BOYD: You did not take an action.

8 CHAIRPERSON DOUGLAS: Oh, yes, I got ahead of  
9 myself, didn't I? Item 7, we are still on Item 7.  
10 Commissioner?

11 COMMISSIONER EGGERT: I was going to say, maybe  
12 because we all spoke so positively, it was an assumed -- but I  
13 move the item.

14 COMMISSIONER BYRON: And assumptive vote.

15 VICE CHAIR BOYD: Second.

16 CHAIRPERSON DOUGLAS: All in favor?

17 (Ayes.)

18 Item 7 is approved.

19 MR. PENNINGTON: Thank you.

20 CHAIRPERSON DOUGLAS: Thank you.

21 Item 8. Approval of the February 17, 2010 Business  
22 Meeting Minutes.

23 COMMISSIONER BYRON: Madam Chair, I move approval of  
24 the Minutes.

25 VICE CHAIR BOYD: I will abstain as being not

1 present.

2 COMMISSIONER WEISENMILLER: I will second.

3 CHAIRPERSON DOUGLAS: All in favor?

4 (Ayes.)

5 Item 9. Commission Committee Presentations and  
6 Discussion. Is there any --

7 VICE CHAIR BOYD: I have one item that I thought I  
8 would make mention of, that many if not most Commissioners are  
9 aware of our work in carbon capture and storage,  
10 sequestration, as the case may be, and the West CARB project,  
11 and what have you. The state level working group that was  
12 kind of created as part of this collaborative, which I guess  
13 spearheaded by the Energy Commission, but also almost equally  
14 involved in the beginning, the PUC, and then joined by ARB  
15 quite some time ago, recognizing the magnitude of the policy  
16 issues associated with this subject, recommended that some  
17 form of advisory group, a Blue Ribbon group of some kind be  
18 created to, over a short period of time, give us some advice  
19 and counsel and suggestions for perhaps regulatory and  
20 legislative actions that California might want to pursue  
21 relative to facilitating continued development of this subject  
22 area since, on the national scene, once again, perhaps  
23 resolution of some of the issues, particularly a lot of legal  
24 issues not keeping pace with where California seems to be  
25 going, even though we are not a coal state, and we are not

1 doing this to facilitate coal, we are thinking ahead to carbon  
2 and CO<sub>2</sub> and other greenhouse gases as they are emitted from  
3 various sources, including our natural gas power plant fleet.  
4 In any event, we have recruited -- I am not prepared to  
5 announce names today -- but we have recruited a very broad-  
6 base group of folks who will be receiving letters of thanks  
7 and a lot of details in the very near future, and the  
8 committee -- the Blue Ribbon Working Group, as I believe we  
9 will call it -- will begin, I believe, in the month of March.  
10 I will mention who Chairman of the group is going to be, Mr.  
11 Carl Bauer, who recently retired as head of the National  
12 Energy Technology Laboratory, agreed late last week to chair  
13 the group, therefore sharing his broad-base perspective with  
14 us and being quite neutral on the subject. We are very  
15 pleased that he is willing to do that and, in the future, I  
16 will give you more information, but I just wanted this rare  
17 opportunity to mention that we have been moving on this area  
18 and Commissioner Peevey and Chairwoman Nichols and I have had  
19 multiple discussions, meetings, to facilitate this, and I am  
20 grateful for this high level interagency cooperation and  
21 collaboration on the subject. More to follow, but I thought I  
22 would mention that. The only other quick item is, last  
23 meeting, you approved an investment in a -- I will call it a  
24 workshop or a session that is going on as we speak over at UC  
25 Davis, facilitated by the Pinchot Institute and the Heinz

1 Center, work on biomass as it relates to forestry, and I will  
2 be speaking there tomorrow. But I was appreciative of our  
3 investment in this. We were the catalyst -- we as an agency  
4 were the catalyst -- to draw this conference to California,  
5 and UC Davis, rather than elsewhere in the Pacific Northwest  
6 where the desire was initially indicated to have such a  
7 session, and so I am hoping this will help us move a lot of  
8 issues relative to forest biomass role in energy and global  
9 climate change, and what have you, as a result of having this  
10 neutral third-party group pull all the folks together. So I  
11 look forward to hopefully some positive outcomes from that to  
12 help forestry, the Board of Forestry, the ARB, and this  
13 agency, and all the others involved in this subject area,  
14 resolve some of the issues that revolve around forestry  
15 material as something -- as a biomass resource. So I am very  
16 pleased that that is happening. Enough said.

17 COMMISSIONER EGGERT: And I would -- oh, sorry -- I  
18 guess those are both sequestration, the related one being  
19 geological and the other biological, very important to the  
20 goals of AB 32. This is not specifically relevant to  
21 committee activity, but in light of Commissioner Boyd's  
22 comments regarding interagency collaboration, just to make the  
23 Commission aware that a project that I participated in through  
24 the Strategic Growth Council to establish a consensus document  
25 among the five agencies represented by the SGC was just

1 completed on Federal Transportation Policy, and this is  
2 basically recommending a framework for the Federal Government  
3 to engage with us on the implementation of what we are doing  
4 already in the state here under SB 375 for sustainable  
5 community strategies and implementing those through local  
6 governments to achieve better mobility, better access to  
7 multiple modes, and a transportation network that delivers  
8 environmental benefits, as well. So that is now completed and  
9 will be posted, and will be available to all agencies for  
10 purposes of guiding interaction with the federal government on  
11 transportation policy.

12 COMMISSIONER BYRON: Madam Chair, briefly I would  
13 like to just acknowledge that Commissioner Boyd is on vacation  
14 this week, however, apparently his dedication and the fact  
15 that you cannot even take a well deserved vacation around  
16 here, he is in here today for this meeting and many others, I  
17 suspect. Commissioner, I will lecture you privately on the  
18 virtues of taking the entire week for vacation later.

19 VICE CHAIR BOYD: Well, in this era of laptop  
20 computers, WiFi, Blackberries, it is almost impossible, so you  
21 might as well just show up and get on with it. But thank you  
22 for the sentiment.

23 CHAIRPERSON DOUGLAS: Well, you and I are having at  
24 least one other meeting on your vacation. In any case, all  
25 right, Item 10. Moving on to Chief Counsel's Report. Do you

1 have a report today?

2 MR. BLEES: Yes, thank you, Chairman Douglas,  
3 Commissioners. The last couple of times that I discussed  
4 recent Legal Office hires, I introduced you to a legal intern  
5 from UC Berkeley's law school and an attorney from the  
6 Stanford Law School. I am pleased to report that our ongoing  
7 shuttle diplomacy efforts are succeeding. We have been joined  
8 by another intern, Julia Van Roo from Stanford, unfortunately  
9 she is with us only Thursdays and Fridays, so she is not here  
10 in person today. But our newest attorney hire is here,  
11 Jennifer Martin-Gallardo. Jen actually began her legal career  
12 a number of years ago as the receptionist in a small law  
13 office in Montana. She rapidly rose to become the Office  
14 Manager and a paralegal there. She then returned to  
15 Sacramento, where she got a degree from Sac State in Biology  
16 with highest honors, she went to Law School at Boalt Hall, and  
17 graduated just last June. She had a mild speed bump, she  
18 interned for us in the summer of '08, but she came out of that  
19 relatively intact and other experience with the Environmental  
20 Unit of the Cal AGs and the Air Resources Board made her very  
21 well suited for our office. As always, we like to start our  
22 people off slowly, so we have assigned Jen to the boring,  
23 unimportant, and simple topic of multi-project and in-lieu fee  
24 mitigation for the solar AFCs. We are very fortunate to have  
25 her here.

1           CHAIRPERSON DOUGLAS: Welcome. Thank you for that,  
2 and welcome to the Energy Commission. You certainly got a big  
3 topic and a very timely one. Excellent.

4           We will go on to Item 11. Is there an Executive  
5 Director's Report?

6           MS. JONES: I have nothing to report this morning.

7           CHAIRPERSON DOUGLAS: Thank you. Item 12. Public  
8 Advisor's Report?

9           MS. JENNINGS: I have nothing to report this  
10 morning, thank you.

11           CHAIRPERSON DOUGLAS: Item 13. I have one card from  
12 a member of the public, Chris Chaddock, who would like to  
13 speak.

14           MR. CHADDOCK: Hi. My name is Chris Chaddock, and  
15 first I would like to thank the Commission for giving an  
16 opportunity for the public to come in and speak on issues  
17 regarding energy efficiency. I am a property owner next to  
18 the old Sacramento Ethanol Power Generation Project, it was  
19 Docket 92-AFC-2. It was decommissioned in 2000. And  
20 subsequently, the new project next to my house is from solar  
21 power, it is a 10 megawatt photovoltaic [sic] generation facility,  
22 and even though I am in favor of photovoltaic [sic] generation, I  
23 still think that the Commission would have an important role  
24 in looking over photovoltaic [sic] generation, like its footprints,  
25 and different aspects of these facilities. On their

1 footprint, you know, the environmental, their cost, profit  
2 margin, actually can they pencil without being financed from  
3 you and me type of thing, there are just a variety of issues  
4 regarding these photaic [sic] generation facilities that are  
5 enjoying the ability to come down in fast track. This  
6 particular facility is not even a project yet, but they have  
7 been working on it for four months now. I found out last  
8 night they got a Neg Dec for this project, even though it is  
9 not a project yet, I have not even been notified legally that  
10 it is a project. They drove over 50 boor holes through the  
11 surface aquifer into my drinking water, but yet, from the  
12 county, nobody even looks at this or even considers it a  
13 challenge? I mean, there are 50 open holes going into my  
14 drinking water. So somebody, I feel, should be looking at  
15 these types of facilities. The county is -- what they are  
16 doing, in my opinion, they are fast tracking this politically  
17 important project, they are taking issues that you decided on  
18 and gave a particular zoning to this property from the  
19 Commission decision. It was a very complicated legal  
20 proceeding generally that you do not govern land use, yet you  
21 gave this property an M2 zoning status, and then according to  
22 your decision in 2000, you took it away, as a public member  
23 would see it, but yet there was a whole bunch of other  
24 benefits to our community if it used this important farmland  
25 in our community plan for the development of some type of an

1 ag use benefit, which was the cogeneration of Ethanol. And  
2 now the county is going to grant them the M2 status, but yet  
3 take away all the community benefits that an industrial use of  
4 this property would happen. I find it difficult to understand  
5 how a document that does not exist anymore because you  
6 canceled the document, that the county would go ahead and take  
7 pieces out of it and say that, "Oh, no, we're not going to  
8 agree with the Commission," and go ahead. But it is here nor  
9 there, but basically my comment is that if you guys look at  
10 the generation of electrons, the efficiency or transfer of  
11 electrons, why wouldn't you guys also be looking at the  
12 Photaic [sic] generation of electrons? And I feel it would be  
13 important to the public, in general, that somebody with your  
14 expertise, your ability, to communicate, look over projects in  
15 an efficient manner, that this would be the proper place that  
16 would look over photaic [sic] generation. Oh, one other  
17 comment about your challenge with, I guess, South PM10's, just  
18 off the head, while we are all rats in a big cage as a world,  
19 we monitor the smoke coming out of Chinese generating plants,  
20 maybe these guys could make theirs more efficient over there  
21 so there is less PM10s coming this way, maybe. And you want  
22 unique in other ways, and then they were talking about  
23 biomass, I was recently in Tahoe -- the Forestry Department  
24 burns thousands and thousands of tons of raw forestry products  
25 producing immense amounts of PM10s and they do it extremely

1 inefficient. If they would simply put a leaf blower in a pile  
2 of debris, they would cut down the PM10s and the smoke, and  
3 all kinds of things. I mean, there are a lot of ways that  
4 people could get PM10s credit. So I hope you guys -- good  
5 luck on that one -- general comment. Thank you.

6 CHAIRPERSON DOUGLAS: Well, thank you for being  
7 here. We appreciate your comments.

8 MR. CHADDOCK: Thanks.

9 COMMISSIONER BYRON: Sir?

10 MR. CHADDOCK: Yes.

11 COMMISSIONER BYRON: Thank you very much. We are  
12 not fully aware of all the things that you were discussing  
13 here today. Let me just ask a couple quick questions. Did  
14 you say this was a SMUD project? Is that correct?

15 MR. CHADDOCK: It was a combination of SMUD and ARC  
16 Energy. SMUD wanted to produce 85 megawatts constantly, but  
17 the Energy Commission decided that this important agricultural  
18 property could not generate an industrial use as a power plant  
19 unless the Ethanol was being produced at the same time.

20 COMMISSIONER BYRON: And that was back in 2002, you  
21 said?

22 MR. CHADDOCK: No, it was actually in '92.

23 COMMISSIONER BYRON: 1992 -- and the recent 10  
24 megawatt photovoltaic, is that associated with this same power  
25 plant?

1 MR. CHADDOCK: Well, now, what they are doing is  
2 this photaic [sic] generation is coming in on the coattail, I  
3 guess you would call it, of the Commission's decision to  
4 change this property from important agricultural use to heavy  
5 industry use, and they are going to enjoy the Commission's  
6 decision in turning this property from ag to M2, and then  
7 build their photaic [sic] facility under the M2 use.

8 COMMISSIONER BYRON: Is it associated with an  
9 existing power plant?

10 MR. CHADDOCK: No, they are using it for grazing  
11 right now, it is still agricultural use.

12 COMMISSIONER BYRON: All right, I am not sure if we  
13 can resolve all of this based upon the limited amount of  
14 information, but I believe two things, one is 10 megawatts, as  
15 you know, in photovoltaic, is below our threshold or  
16 jurisdiction --

17 MR. CHADDOCK: Yeah, I understand. Well, there is  
18 no heat being generated to produce -- according to the Warren-  
19 Alquist in 1974, that we are still following.

20 COMMISSIONER BYRON: That is correct.

21 MR. CHADDOCK: So, I mean, you know, sometimes walls  
22 need to be updated, you know, from '74 to today, I think there  
23 could be some room for improvement there.

24 COMMISSIONER BYRON: And the other thing I am  
25 concerned about, and maybe counsel could help me here, but I

1 do not believe this Commission changes zoning -- that is a  
2 local issue.

3 MR. CHADDOCK: No, actually, it is part of the  
4 document, it was a very complicated decision. Generally, as  
5 you say, they do not change the zoning, but to facilitate the  
6 building of this, the county went ahead and changed the zoning  
7 without an environmental document to facilitate the  
8 coordination of meetings and stuff, so they went ahead, they  
9 did not have any documents to legally change the zoning, but  
10 went ahead and -- I guess, in my opinion, illegally changed  
11 the zoning to facilitate the Commission's meetings, knowing  
12 that there was going to be a environmental document that could  
13 let an industrial use happen on this property. And when the  
14 Commission looked at the industrial use, it specifically  
15 states that the only industrial use for this property would be  
16 the Ethanol project. I do not think it is has ever happened  
17 in the county before that they have changed the zoning  
18 conditional to only one use because the Energy Commission only  
19 looked at one use of this property, so they could enjoy other  
20 uses of it type of thing.

21 COMMISSIONER BYRON: Mr. Chaddock, just one last  
22 question. What is your request of this Commission?

23 MR. CHADDOCK: My request is basically just to look  
24 into photaic [sic] -- I mean, my issues will get resolved, I  
25 will be making a formal complaint through the proper channels

1 and stuff, but my general comment was that you would be more  
2 involved in the photaic [sic] generation of electricity type  
3 of thing and in the future look at some -- because some of  
4 these plants have huge footprints that they put down onto the  
5 ground, and there is a large environmental impact that goes  
6 along with these facilities, but yet it seems that the  
7 political nature of them right now is to encourage their  
8 growth and to overlook a lot of the environmental impacts that  
9 is occurring with these places. I mean, we could put them on  
10 every house that there is out there, or over the top of every  
11 parking lot for shade without environmental impacts type of  
12 thing, instead of going out into raw land where it is cheap to  
13 put one down type of thing and --

14 COMMISSIONER BYRON: Well, Mr. Chaddock, thank you  
15 for being here. I like your approach and welcome your  
16 participation in this public process.

17 MR. CHADDOCK: Okay.

18 CHAIRPERSON DOUGLAS: Do we have any other public  
19 comment? I do not see any other members of the public here.  
20 So we do not have anything on Item 14, so we are adjourned.

21 (Whereupon, at 11:17 a.m., the business meeting was  
22 adjourned.)

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CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 28 day of February, 2010.

  
\_\_\_\_\_  
PETER PETTY