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BUSINESS MEETING

BEFORE THE

CALIFORNIA ENERGY COMMISSION

In the Matter of:)
)
Business Meeting)
_____)

CALIFORNIA ENERGY COMMISSION

HEARING ROOM A

1516 NINTH STREET

SACRAMENTO, CALIFORNIA

WEDNESDAY, MAY 5, 2010

10:00 A.M.

Reported by:
Peter Petty

CALIFORNIA REPORTING, LLC
52 Longwood Drive, San Rafael, California 94901 (415) 457-4417

COMMISSIONERS PRESENT

Karen Douglas, Chair

James D. Boyd, Vice Chair

Jeffrey D. Byron

Anthony Eggert

Robert Weisenmiller

STAFF PRESENT

Claudia Chandler, Executive Director
Michael Levy, Chief Counsel
Jennifer Jennings, Public Advisor
Harriet Kallemeyn, Secretariat

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Interested Parties

Brian McMahon, State of CA Employment Training Panel
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B. COUNTY OF MARIN. Possible approval of the County of Marin's proposed locally adopted energy standards for residential and nonresidential newly constructed buildings and additions and alterations to existing buildings to require greater energy efficiency than the 2008 Building Energy Efficiency Standards.

C. CITY OF SAN RAFAEL. Possible approval of the City of San Rafael's proposed locally adopted energy standards for residential and nonresidential newly constructed buildings and additions and alterations to existing buildings to require greater energy efficiency than the 2008 Building Energy Efficiency Standards.

D. CITY OF REDWOOD CITY. Possible approval of the City of Redwood City's proposed locally adopted energy standards for residential and nonresidential newly constructed buildings and additions and alterations to existing buildings to require greater energy efficiency than the 2008 Building Energy Efficiency Standards.

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C. TOWN OF COLMA. Grant agreement CBG-09-088, awarding $25,000 to replace 32 high pressure sodium streetlights with LED replacement fixtures and replace 30 high pressure sodium pedestrian streetlights with induction streetlights.

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E. CITY OF GRAND TERRACE. Grant agreement CBG-09-072, awarding $69,640 to upgrade lighting, and replace eight HVAC units totaling 40 tons.

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G. TOWN OF LOOMIS. Grant agreement CBG-09-115, awarding $37,403 to retrofit streetlights from high pressure sodium to induction lamps.

H. CITY OF CANYON LAKE. Grant agreement CBG-09-069, awarding $57,674 to upgrade two HVAC units, convert regular thermostats to programmable units, install dual technology sensors, convert 39 traffic signals from incandescent to LED, and upgrade 450 T12 and 250 ballasts to T8 and electronic ballasts.

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E. COUNTY OF STANISLAUS. Grant agreement CBG-09-111, awarding $671,249 to replace the HVAC systems at the County's Juvenile Detention Facility. In addition, 276 street light fixtures will be retrofitted from the existing high pressure sodium and mercury vapor technologies to induction technology.

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P R O C E E D I N G S

MAY 5, 2010 10:04 a.m.

CHAIRPERSON DOUGLAS: Welcome to the California Energy Commission Business Meeting of May 5th, 2010.

Please join me in the Pledge.

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

CHAIRPERSON DOUGLAS: Two changes to the agenda this morning. Item 9K is on the agenda for May 12th, so it is off the agenda for today, and Item 19 has been pulled. And with that, Commissioners, we will take up the Consent Calendar, Item 1.

COMMISSIONER BYRON: Madam Chair, before we move the Consent, I was just wondering, since there are so many items on there that are, you know, require greater efficiency standards for a number of cities and counties, I just wanted to check and see if there were any cities or counties that were online or with us today that might wish to comment before or afterwards.

CHAIRPERSON DOUGLAS: Thank you, Commissioner, and I had thought about saying that. We used to take these up as individual items, these cities and counties, because we like to acknowledge when they move forward with local ordinances that are more stringent than our standards, and our agendas have gotten so fat that we have done that a

little less of late. But are there any cities or counties present or listening to this who are moving forward with these ordinances?

COMMMISSIONER BYRON: Well, in that case, it is appropriate they are on the Consent Calendar. Madam Chair, I move the Consent Calendar.

VICE CHAIR BOYD: Well, I will second it, but I will join you. I had the same exact reaction when we were doing the agenda, saying, “My, we used to really make a big deal out of these,” and now there are so many. So I am glad at least some extra notices being given of more and more local governments moving to be aggressive in this area and putting us in the position of having to gleefully agree with what they are doing in terms of efficiency and other activities they are engaged in. So, with that, enough said.

CHAIRPERSON DOUGLAS: With that, we have a motion and a second. All in favor?

(Ayes.)

Item 1 is approved.

Item 2. California Employment Training Panel. Possible approval of Contract 600-09-016 for $6 million with the California Employment Training Panel to train current employees and unemployed individuals in alternative and renewable fuels and vehicle technologies. Ms. Chapman.

MS. CHAPMAN: Good morning, Commissioners. I am Darcy

Chapman. Also joining me today at the table is Brian McMahon, the Director of the Employment Training Panel.

MR. McMAHON: Good morning.

MS. CHAPMAN: Today we are seeking approval of a $6 million interagency agreement with the Training Panel for the funding of workforce training contracts with employers, labor unions, and training agencies. Training participants will be primarily currently employed by businesses and organizations involved in the development and deployment of alternative fuels and vehicle technologies. New hire training will also be an aspect of the program, but to a lesser extent.

Primary funding -- recipients will be businesses and organizations receiving funding through the Alternative and Renewable Fuels and Vehicle Technology Program. We will also be funding training contracts with companies, first responders or first adopters not funded by the program, so response to deployment and development of alternative fuels and vehicles.

ETP was created in 1982, has reimbursed over 77,000 employers at the extent of $1.2 billion with a “B” for training over 780,000 trainees. ETP is entirely funded by the Employment Training Tax, which is a tax collected alongside the Employment Insurance Tax. There are no General Funds involved with the Employment Training Panel. ETP only enters into performance-based contracts, contractors are only reimbursed for training when a trainee has completed all training, a retention period, and is earning a set or

agreed-upon wage on the 91st day of employment, post-training. Employer match is required in each one of the projects and the ETP Interagency Agreement is the final component in our first Investment Plan workforce development allocation of $15 million. If you have any questions, I would be more than happy to answer them.

CHAIRPERSON DOUGLAS: Thank you. And Mr. McMahon, would you like to say anything?

MR. McMAHON: I would just like to thank the Commission for considering this expansion of our existing partnership. We are particularly pleased to have the opportunity to focus on segments of the green sector and believe that the funding under AB 118 is very linked to our strategic plan in terms of addressing the workforce needs in the green sector, and will certainly use our well-developed infrastructure for marketing to project management to structure this program in a way that meets the accountability goals of the other funding sources, as well. So thank you for the opportunity to continue our relationship.

CHAIRPERSON DOUGLAS: Thank you.

VICE CHAIR BOYD: If my fellow Commissioners do not have any comments or questions, I would be more than pleased to move approval of this item with a comment that I, and I think all of us because we have put such an emphasis on this in our pleas to see this happen, and I appreciate your comments. I would just note that Commissioner Eggert and I, in this room last Friday, spent the day

with the AB 118 Investment Plan Advisory Committee, and this general subject, not this specific item, but the subject of workforce development and workforce training was something we talked about quite a bit, something that was deemed very important, something that pleased a large number of people, with what respect it is we are doing. And as the Chairman knows, we really front-loaded this effort in our 118 ARRA programs, and what have you. So I am just very pleased to see that it seems to be working, it is enthusiastically received, and we are going to benefit from some hopefully very positive output. So it is really great to see this coming to fruition and adding additional funding into this activity. But because it is well-received, it seems to be addressing a very important purpose for us. So, thank you.

MR. McMAHON: I would additionally add that, just on the basis of expectation that this program would be in place, we have a number of applicants that have already submitted preliminary applications, so we expect the demand to be fairly great.

COMMISSIONER EGGERT: Yeah, I just wanted to echo Commissioner Boyd's comments. In an area which does see a significant amount of disagreement about policy direction, this was one area where I think we did see a lot of agreement. I just wanted to ask a quick question. You had mentioned first responders as one of the audiences of this training, which I think is -- I am heartened to hear because I know that often tends to be local fire officials, and such, which are also involved

in the permitting of a lot of the activities for infrastructure and, you know, getting them to be familiar with these technologies, what are the associated risks will, I think, make it much easier for that activity to move forward, as well. So there are some co-benefits there. So I do not -- did you move this?

VICE CHAIR BOYD: I did.

COMMISSIONER EGGERT: Okay, I will second it.

CHAIRPERSON DOUGLAS: Commissioner Byron.

COMMISSIONER BYRON: If I may, just a comment and, I think, a question. This is my first contact or knowledge of the California Employment Training Panel, and after reading through this material and what I have heard this morning, I suppose my question would be, “What is not to like about this?” This is very good. But, Commissioners Boyd and Eggert, I note in the write-up it says, I think as a result of AB 118, that the Commission is directed to make funding available for the workforce training programs. Is that in legislation? Or is that direction that came from your Advisory Committee?

VICE CHAIR BOYD: No, it is in the legislation, I mean, to look at workforce development, workforce training, as one of the many features that the Bill pointed out as areas of interest, this is one that was there, and this is one that we made a very high priority out of, as I

indicated, because the 118 program began to hit the road at the same time as our economic malaise really set in, and so it really fit together well.

COMMISSIONER BYRON: Well, very good. I would like to thank the Director for being here today, also.

MR. McMAHON: Thank you.

CHAIRPERSON DOUGLAS: Commissioners, before I call the vote, I also would like to just acknowledge that we recognized the workforce agencies, including ATP, I believe, at our last meeting, and so we look forward to continuing to work with you in this partnership.

MR. McMAHON: As we do, thank you.

CHAIRPERSON DOUGLAS: We have a motion and a second. All in favor?

(Ayes.)

This item is approved. Thank you.

MR. McMAHON: Thank you.

CHAIRPERSON DOUGLAS: And a big thank you to the AB 118 staff, the Energy Commission staff who helped make this possible.

Item 3. South Coast Air Quality Management District. Possible approval of Agreement ARV-09-002, awarding $5,142,000 to the South Coast Air Quality Management District to replace up to 180 heavy-duty diesel drayage trucks used at the Ports of Los Angeles and Long Beach. Ms. Allen.

VICE CHAIR BOYD: We lost the proponent, the sponsor. Ms. Chandler, do you want to give it your best? Maybe Mr. Olson could help.

MS. CHANDLER: I am a bit surprised because I had an agenda review briefing on this, so I am not sure. Can we --

MR. OLSON: I can give you an update. This project is one of eight -- my name is Tim Olson, I am Commissioner Boyd's Advisor, but previously I had been working on these projects in the AB 118 --

VICE CHAIR BOYD: That is why I picked on you, Tim.

MR. OLSON: This project is one of eight projects that the Commission is matching with the AB 118 money for the original ARRA round. Two others had been approved in the previous business meetings; AVIA was an advanced battery manufacturing in a previous South Coast project for electric vans. This project is for LNG trucks, primarily in the Ports of LA/Long Beach area. This is one of the significant natural gas projects that were approved under AB 118 and there are several different parties involved in this, including, I believe, Ryder Trucks. So this is meant to be kind of the first blush introduction of a pretty significant number of LNG trucks, and I think there are one or two stations, fueling stations, that are associated on this in another proposal.

VICE CHAIR BOYD: Thank you, Tim.

COMMISSIONER EGGERT: Just a quick comment. I was just in Long Beach yesterday and the day before, and got to sit on, I

think it was the I-710 freeway, along with a lot of these older trucks, and I think the opportunity to replace some of those with some of these cleaner – and these are LNG, correct -– LNG vehicles, both as an opportunity to demonstrate the technology and to provide clean air benefits is a great opportunity.

VICE CHAIR BOYD: I think these are both going to be LNG and CNG, and there is a pretty good infrastructure that has been set up down there to address this problem. And, of course, I think many of us are very familiar with the fact that the ports became the main contributor to the diesel particulate problems that affect the South Coast Air Basin, and so we are joining in very significantly in an effort that has been underway for quite some time, and I am glad we are able to help so much, and I know there are a number of legislators who ought to be very positively impressed with the fact that we are able to join in and help with this very substantial project that the South Coast Air Resources Board, the two Port Directors, and Mayors of the respective community, have been pretty deeply involved in. So this is a very positive contribution we are able to make because of the 118 program.

COMMISSIONER BYRON: Madam Chair, this is another one of those projects that, if you are not on the Committee, you do not get a chance to see these until they come before the full Commission. It looks like an excellent project. I am just curious, and I am not sure if there is anyone here that can answer

this for us today, there is a significant emission reduction here for the Basin as a result of taking these trucks off the road. I am guessing that there is no accumulation of these, no one is going to accumulate these Emission Reduction Credits, or are they? Do we know, Commissioners?

VICE CHAIR BOYD: You know, I honestly do not know the answer to that.

COMMISSIONER BYRON: You kind of know where I am going with that. We have a little problem right now in the South Coast.

VICE CHAIR BOYD: That is a good question and I think we should pursue it. I do not know, Tim, do you have -- I am not sure that we know the answer to that. We would probably have to put the question to the South Coast, and you are right, we are deeply involved with them. I kind of doubt it, but it is an interesting question.

COMMISSIONER EGGERT: I would say that anything that can help them achieve their SIP, though, hopefully will move us in the direction towards -- yeah, that is a good question.

VICE CHAIR BOYD: I kind of doubt it because they are so deep in the hole that there is no surplus to bank probably, but interesting question.

MR. OLSON: But there are significant NO_x, CO, and particulate reductions in these vehicles compared to the diesel trucks that are used in the ports. These are meant to displace diesel, and so there is significant reductions, it is part of the

Clean Air Action Plan for the two Ports. But the question of banking of credits, I would have to check into that.

COMMISSIONER BYRON: Well, I am sure there are others in the South Coast Air Quality Management District who are considering whether or not these are going to be made available. Commissioners, unless it has already been moved, Madam Chair, I will be glad to move approval of Item 3.

VICE CHAIR BOYD: Second.

CHAIRPERSON DOUGLAS: All in favor?

(Ayes.)

Item 3 is approved.

MS. CHANDLER: And nice job, Tim. He did a very good job in a pinch.

MR. OLSON: Thank you.

CHAIRPERSON DOUGLAS: Thank you, Tim.

VICE CHAIR BOYD: That is why I hired him as my Advisor.

CHAIRERSON DOUGLAS: Item 4. California Rural Housing Municipal Finance Authority Homebuyers Fund. Possible approval of Contract 400-09-016 for $16.5 million with the California Rural Housing Municipal Finance Authority Homebuyers Fund to establish the Moderate Income Sustainable Technology (MIST) Program. Mr. Ownby.

MR. OWNBY: Good morning, Commissioners. The next two items, actually Item 4 and Item 5, are part of the ARRA SEP Residential Retrofit solicitation. This is a request for approval

of a $16,500,001 ARRA State Energy Plan Residential Retrofit contract with the California Rural Housing Municipal Finance Authority Homebuyers Fund. This contract will create the Moderate Income Sustainable Technology (MIST) Program. The MIST Program will provide deep energy efficiency retrofits for moderate income households with single-family homes in 31 rural counties, mainly in the northern and eastern regions of the state.

The MIST Program includes two main components, the first component is a Moderate Income Retrofit and Conservation Loan Program (or MIRACL), and which will make 3 percent, 15-year term retrofit loans from a sustainable revolving loan fund. The second component is an effort to expand the use of the Federal Housing Administration's 203K Acquisition and Energy Efficiency Rehabilitation Loans. The MIST Program will coordinate and collaborate with the California Workforce Investment Board and local Workforce Investment Boards to help place newly trained HERS Raters and other trades people with firms doing retrofit and review work for the program. The program includes marketing efforts, targeting real estate community to develop awareness, and continuing education training regarding MIST and other energy efficiency mortgage tools. The MIRACL Program will support the use of energy ratings at time of sale by requiring homeowners to record an enforceable obligation on the property in favor of the contractor that includes post-retrofit HERS 2 ratings and HERS Rater information, along with an agreement to release utility data

upon request at time of sale. The contractor estimates this program will create 493 jobs based on the Department of Energy's provider formula, and save over 11 million kilowatt hours and 1 million therms annually. Based on those contractor estimated energy savings, this program is estimated to reduce greenhouse gas emissions by over 11,000 tons of CO_2 equivalents annually. So I request your approval of this.

COMMISSIONER EGGERT: That was a great detailed description and I would just mention that this is -- we see this as being very foundational to the work for AB 758 implementation; a lot of the features that were mentioned, including the HERS 2 rating and the information that would be made available, plus the activities for deep energy efficiency retrofits based on that rating is core components of setting the stage for a successful 758.

COMMISSIONER WEISENMILLER: Obviously, we are looking at a number of projects that are geared to help on setting the groundwork for 758. I found this one to be particularly interesting in that it is geared to more rural and also low and moderate income, so it very important to have the whole portfolio of projects that really span the state and span the whole range of Californians. So I certainly would be happy to move this item.

COMMISSIONER BYRON: And if I may add a quick comment, as well. I was going to save this toward the end, but as we get towards the end of these agendas, we tend to have a smaller group

here. Commissioners, we are going to move a lot of stuff today, I think there is on the order of $40-$45 million worth of projects, and most of them are competitive. I would like to extend my thanks to the staff, and I think I am saying this for all the Commissioners, we know there is a tremendous amount of work that goes into this, so I will just emphasize it during the comments for this project, not pre-determining, of course, the outcome of any of the future votes this morning, but we certainly recognize there is a lot of effort that has gone into this to bring us to this point today. And while the room is still full, I guess I would like to make sure we acknowledge that. I will be glad to second the item.

CHAIRPERSON DOUGLAS: We have a motion and a second. All in favor?

(Ayes.)

This item is approved.

Item 5. San Francisco Mayor’s Office of Housing. Possible approval of Contract 400-09-019 for $2,993,029 with the San Francisco Mayor's Office of Housing to establish the Affordable Multifamily Retrofit Initiative in the City and County of San Francisco, the City of Berkeley and the City of Oakland. Mr. Ownby.

MR. OWNBY: This is a request for approval of a $2,993,029 ARRA State Energy Plan Residential Retrofit contract with the San Francisco Mayor’s Office of Housing. This contract will create the Affordable Multifamily Retrofit Initiative. The

Initiative will create a revolving loan fund that will create capital, an estimated 5 percent or lower interest rate, for deep energy efficiency retrofits and water conservation improvements for Affordable Multifamily projects in San Francisco, Oakland and Berkeley. This program will begin work quickly; the contractor already has five projects that have been audited and reviewed and are ready to begin retrofit work on, they have an additional 40 projects or more identified as possible program targets. The initiative will coordinate and collaborate with the San Francisco City Bill Program to employ training graduates in San Francisco retrofit projects, and it will coordinate job training with the First Source Hiring Programs in Oakland and Berkeley to meet the expected workforce needs of the program in those cities. The initiative will combine public and private capital with the public funds taking the first lost position on any loans and loan reserves, this will reduce the perceived lending risk to private capital lenders and result in lower interest rates on loans. The strategic goal of the program is to demonstrate to the private affordable housing capital market that loans for cost-effective energy efficiency retrofits to both the common areas and tenant units are viable low-risk investment. The initiative is also expected to return dividends to the Commission in the form of energy audit policies, procedures and techniques for high-rise residential energy efficiency retrofits that may inform future HERS 2 regulations.

The contractor estimates this program will create 162 jobs and save 1 million kilowatt hours and 1,000 therms annually. Based on those contractor estimated energy savings, this program is estimated to reduce greenhouse gas emissions by over 1,040 tons of CO_2 equivalents annually.

CHAIRPERSON DOUGLAS: Thank you. Questions or comments?

VICE CHAIR BOYD: My only comment would be to commend the Efficiency Division and our committee. I was impressed with the fact that this is kind of a collaborative effort amongst three Bay Area cities and that one of the cities has taken the responsibility to be the coordinator. I mean, that is a very positive thing in my mind in terms of collaboration and cooperation amongst a municipality in a particular region, so I was very impressed with this, and I am sure the Efficiency Committee was instrumental in seeing this along.

COMMISSIONER EGGERT: I think the innovation of the proposers on these has been really quite impressive in terms of how they are linking together all of the different pieces. It was mentioned, but I just wanted to highlight that one of the significant components of this program is that it is targeting multifamily residential, which is one of the harder areas to address with respect to efficiency upgrades. And so we are very eager to see the success of this program. I was just going to move the item, go ahead.

COMMISSIONER WEISENMILLER: Yeah, I was going to say, I

think certainly all of us are very encouraged that this program is geared at multifamily, I guess a little flag on it is that, at least what was alleged in the San Francisco newspaper, the *Chronicle*, was that when some allegations were raised in terms of a City of Oakland training program, that I guess some of the funding under ARRA was used to go to amusement parks, or alleged to go to amusement parks, and the Mayor's response was at least, according to Chip Johnson, pretty, you know, "Get over it," that I think, as we push the money out, we also have to unfortunately stay on our toes on making sure that the money is going for what it is supposed to be going for.

CHAIRPERSON DOUGLAS: Thank you, Commissioner. Absolutely no amusement parks and no swimming pools.

VICE CHAIR BOYD: That is what Inspector Generals are for.

CHAIRPERSON DOUGLAS: And our MV&E contract, but it is an important thing for our contract staff to underscore with successful applicants, absolutely. Other comments or questions? Do we have a motion?

COMMISSIONER WEISENMILLER: I would certainly be happy to second this one.

CHAIRPERSON DOUGLAS: The motion is seconded. All in favor?

(Ayes.)

The item is approved. Commissioners, before we go to

Items 6 and 7, which are out of the 401 solicitation, I would like to ask our Chief Counsel to make a brief comment. Mr. Levy.

MR. LEVY: Yes, thank you, Chairman and Commissioners. With regard to solicitation 400-09-401, I think the Commissioners are aware there was some litigation filed in response to a protest that was attempted to be lodged by the Western Riverside Council of Governments. They did not perfect their protest timely, we are informed by the Department of General Services, and therefore their protest was rejected. They went to Riverside Superior Court and obtained an injunction against us dispersing funds under this contract, or under any of these contracts under proposed 401 until such time as there is a hearing in the Superior Court on whether or not the protest should have been heard by the Department of General Services. So, for both Item 6 and Item 7, you award of the contract here is contingent upon the protest either not having to be heard by the court, per the court's order, or, alternatively, DGS's resolution of the protest in favor of the CEC. So you can proceed on that basis, that it is contingent.

CHAIRPERSON DOUGLAS: Commissioner.

COMMISSIONER BYRON: So, as I recall, as well, there will be a hearing on this later this month. Is that correct?

MR. LEVY: The hearing -- the preliminary injunction was issued and there is a hearing on the merits of the Council of Government's claim against DGS on May 21st, so we would hope to have

this resolved by May 21st. Of course, I will keep you posted.

COMMISSIONER BYRON: Very good.

CHAIRPERSON DOUGLAS: Thank you, Mr. Levy. With that, Mr. Ownby, Item 6, San Francisco Public Utilities Commission, possible approval of Contract 400-09-018 for $2,080,000 with the San Francisco Public Utilities Commission to establish the GreenFinanceSF Program in the City and County of San Francisco.

MR. OWNBY: Well, as Commissioner Douglas noted, the next two items are part of the ARRA SEP Municipal Finance solicitation. This is a request for approval of a $2,080,000 ARRA State Energy Program Municipal Contract with the San Francisco Public Utilities Commission. This contract will create the Green Finance S.F. Program. The Green Finance Program will create a Municipal Microbond Program for the City and County of San Francisco. The Program will provide loans at an estimated 7 percent interest rate to single-family homeowners and commercial property owners for prescriptive and performance-based energy efficiency, water efficiency, and renewable generation retrofits. The Green Finance Program will pursue aggressive energy efficiency requirements through a targeted 20 percent building energy savings through efficiency retrofits for renewable and generation measures that may be

installed. The microbonds will be aggregated and re-marketed to the larger bond market after an interest rate buy-down to make the loans attractive to the larger bond market. The refinance program will coordinate and collaborate with the Green Skills Academy Partnership and the Cityville Program to help place newly trained workers with firms doing review and retrofit work for the program. Incentive payments will be provided to the first 200 applicants who can demonstrate that graduates of the Green Skills Academy Partnership or the Cityville Program worked on their project. The program includes marketing efforts targeted at single-family homeowners, commercial building owners, and contractors. The program also includes a substantial component for communications and outreach, workforce development, and financial assistance for targeted economically disadvantaged populations in areas within the city.

The contractor estimates this program will create 179 jobs based on the Department of Energy's provided formula and save over 200 kilowatt hours and 49,000 Therms annually. Based on those contractor estimated energy savings, this program is estimated to reduce greenhouse gas emissions by over 2,200 tons of CO_2 equivalence annually.

COMMISSIONER BYRON: Madam Chair, another good project from the staff working on these ARRA funds, another

-- the hits keep coming, a competitive solicitation that is amongst many other good ones on here. I would certainly endorse this project.

VICE CHAIR BOYD: Is that a motion?

COMMISSIONER BYRON: I can make it one. I move Item 6 for approval.

COMMISSIONER EGGERT: I will second that.

CHAIRPERSON DOUGLAS: All in favor?

(Ayes.)

Item 6 is approved.

Item 7. County of Humboldt. Possible approval of Contract 400-09-017 for $4,384,349 with the County of Humboldt to franchise the Sonoma County Energy Independence Program's municipal financing program design strategies and financing concepts throughout the North Coast region. Ms. Gould.

MR. LEVY: Once again for the record, this will be subject and contingent upon the outcome of the Western Riverside litigation and any protests that may happen after that.

MS. GOULD: Thank you. Good morning, Chairman Douglas and Commissioners. My name is Angela Gould and I work with the Renewable Energy Office, and I am joined by Devi Eden, who is the manager for this contract. I am here to present a contract with Humboldt County to expand Sonoma

County's successful Municipal Financing Program to create the North Coast Energy Independence Program in the Counties of Del Norte, Humboldt, Lake, Mendocino, Siskiyou, and Trinity. This contract will be funded by American Recovery and Reinvestment Act funds allocated to the Energy Commission through the U.S. Department of Energy's State Energy Program (SEP). SEP funds will be used to cover program start-up and initial operational costs. The approximately $4.4 million in SEP funds will leverage a committed $15 million in interim financing from participating counties, as well as an additional expected $7.2 million in utility rebates, tax incentives, and income services. The expected leverage is based on an annual target of 800 residential and 90 commercial retrofits.

This program will create an estimated 150 jobs in California over the contract period, which ends March 31st, 2012. The program's proposed regional franchising and financing strategy has statewide importance because it will provide a model of a municipal financing program for whole house energy and water efficiency retrofits for rural and economically disadvantaged regions of California. It has been designed to be financially feasible at very low market penetration rates. A less than 0.1 percent market penetration rate will sustain the program. Existing municipal financing programs have been experiencing

penetration rates of 0.2 to 1.38 percent. I ask you to provisionally approve this contract with Humboldt County.

COMMISSIONER BYRON: Ms. Gould, am I reading this correctly, that we are leveraging over $22 million of additional funds with this project?

MS. GOULD: Yes, that is correct.

COMMISSIONER BYRON: Very good.

VICE CHAIR BOYD: I was impressed with that leveraging and I was impressed with the fact that, again, we have got a group of regional counties banded together, who will benefit from this program. So, once again, I see significant progress in terms of our working with local governments in this arena, certainly helped by the Recovery Act stimulus money, but it certainly motivates activities that this Commission has been keenly interested in for a long period of time. So, again, as Commissioner Byron indicated, a very positive outcome, very good for all concerned.

COMMISSIONER EGGERT: Yeah, I think that there is a lot to be impressed on this project, as well as the others, including their partnership with Workforce Training Programs in Humboldt County. One thing that was interesting to me was that they are characterizing this sort of as a franchise of the Sonoma County model, and actually an expansion from that, including a lot of other elements that

I think are going to be well served to this particular project. And so we are already seeing the innovation occurring and people copying the innovation where they see that it is working, and even the Sonoma County Program is not that old, and I think this is kind of exactly what we are hoping for in terms of these various parts of the state looking to other models, taking what has worked from those models and expanding upon them.

And I will move it.

COMMISSIONER BYRON: Second.

CHAIRPERSON DOUGLAS: All in favor?

(Ayes.)

This item is approved.

MS. GOULD: Thank you.

CHAIRPERSON DOUGLAS: Commissioners, Item 8 is an ECCA/ARRA loan and I would like to read it into the record and then make a brief comment about it. Item 8. Mckinleyville Community Services District. Possible approval of Agreement 013-09-ECE-ARRA for a $165,100 loan to the McKinleyville Community Services District to upgrade old pumps at the Grant Ramey Pump Station.

I would like to acknowledge, this is the last of the ECCA/ARRA loans that will be coming before us. The Commission allocated $25 million to go into this program, and these are, as you know, revolving loan funds, it is a

revolving loan program for energy efficiency improvements in public facilities, public buildings, and related facilities. So we have closed out one -- or we will be, assuming approval of this loan -- closing out this $25 million pot. And I think we will have similar acknowledgement on Block Grants fairly soon, and we really are reaching a very good stage in this entire process.

COMMISSIONER EGGERT: We need a little bell behind us so we can --

CHAIRPERSON DOUGLAS: I wish I had one. Mr. Chaudhry.

MR. CHAUDHRY: Thank you, Chairman, you have made my job much easier. Good morning, Commissioners. For the record, I am Shahid Chaudhry with Special Projects Office over at the Fuels and Transportation Division, and I am here today to request an approval for $165,100 for the McKinleyville Community Services District to upgrade their pumping station. This project will save about 60,000 kilowatt hours a year, which translates roughly into 49,000 pounds of carbon dioxide equivalent greenhouse gas emissions. As you mentioned, this is the last project of the series. This was the 25th and the last project of the series and we have located pretty much all the amount of $25 million, as you mentioned.

VICE CHAIR BOYD: I do have a question. Might

future Commissioners have the opportunity, since this is a revolving loan fund, might future Commissioners have the opportunity some day to find revenue returned to this fund that they could make future such loans to other similar activities? Certainly, perhaps not us because you need to build up some revenue, but it is the end of a cycle, but not the end of the program.

MS. CHANDLER: That is correct, Vice Chair. This is a revolving loan program patterned much after the ECCA loan program, designed for 1 percent rather than 3 percent, with the idea that these monies would come back, we pay, and we would be able to even leverage these dollars even more in a second or third round. These dollars are leveraged heavily not only with utility rebates, but we encouraged, when we set up this program, for those local jurisdictions to match their Block Grant monies that they are receiving with these, with our loans so that they could really maximize the energy efficiency projects in their local jurisdictions. And you will hear that some of them have done exactly that in terms of the intent of what we were looking for. So the ECCA Program is a loan program and you will hear more about a couple loans in the business meeting today, and then soon, hopefully June, we will be seeing the Clean Energy Business Financing Loans, which are also revolving loans. So when we set up the ARRA Programs, one

of the things that you all told us that you wanted is you wanted a long landing bill, you did not want this money to just drop off at the end of the cliff in September 2012, you wanted programs that would be sustained outward, and these revolving loan programs are a good way of effecting your desire.

VICE CHAIR BOYD: Well, thank you for complying with the Commission's wishes. Job well done.

MS. CHANDLER: I consider it my day job.

VICE CHAIR BOYD: Based on my hours here, this is a lot of people's night jobs around here, too. So, anyway, I will move approval.

COMMISSIONER EGGERT: Second.

CHAIRPERSON DOUGLAS: All in favor?

(Ayes.)

Item 8 is approved.

MR. CHAUDHRY: Thank you, Commissioners.

CHAIRPERSON DOUGLAS: Thank you.

Item 9. Energy Efficiency and Conservation Block Grant Awards. Possible approval of 11 -- I guess now 10 -- Energy Efficiency and Conservation Block Grant (EECBG) Program grant agreements. And we will be taking up Item 9A through J. Ms. Godfrey.

MS. GODFREY: Good morning. I am Deborah Godfrey with the Special Projects Office, and I am pleased to present the fourth

and next to last group of the Energy Efficiency and Conservation Block Grants. And I would like to start by giving you a quick update of where we are at this point. To date we have approved 76 of these block grants, 53 of them for the type we are discussing now, the direct equipment purchase, and the other 23 for the energy efficiency projects for a total of $10,303,755, so far. The remaining block grants will be heard on the 12th, and I can lull you into a stupor with all the stats at that time, of what all we have done, some of the great things we have done with this money. Again, we have the three types of applications for this block grant, the energy efficiency projects, which will be the next item, the municipal financing program, which we only had two, and these which were by far the most popular option for about 65 percent of ours with the direct equipment purchase. We established the minimum grant of $25,000 to the cities, and $50,000 to the counties, and all but one essentially, being Canyon Lake, were able to use close to their full amount. One missed it by $9.00, one missed it by $100.00. Eight of the ten, Pismo Beach, San Juan Capistrano, Colma, Imperial Beach, San Pablo, Loomis, Canyon Lake, and La Habra Heights, all committed to a cost-share, with three of them being quite large. Combined, these grants represent an annual reduction of almost 1.7 kilowatt hours, 578 tons of CO_2 reduction, and annual cost savings of approximately $210,000. And we request your approval.

COMMISSIONER BYRON: With my thanks, I would like to move

Item 9, I believe less Item K, that is off the agenda.

VICE CHAIR BOYD: I will second that motion and hope that Ms. Godfrey infuses us with excitement rather than lulls us into a stupor with her statistics at the next meeting, but nonetheless….

CHAIRPERSON DOUGLAS: All in favor?

(Ayes.)

I will add to Commissioner Boyd's comment that, not only in the next meeting, but also as we look at the 2010 IEPR Update and assessing the ways in which the ARRA expenditures have advanced state energy policy, we will hope to be excited yet again with information on how this money is actually being spent and what the benefits are for the state, and what the issues are that local governments have encountered, and how they have overcome them in moving forward.

Item 10. Energy Efficiency and Conservation Block Grant Awards. Possible approval of seven grant agreements awarding $1,576,506 in American Recovery and Reinvestment Act of 2009 (ARRA) funds. Ms. Godfrey – Items 10A through G.

MS. GODREY: Thank you. These are the energy efficiency project options and, of course, these require a considerably greater effort on both the Applicant and on the part of staff to assemble these applications and also to review them. At this point, we have approved 23 of these for about $3.8 million. Of these seven applications, five of them have committed to a cost-share, and you will notice the two counties, Stanislaus and Santa

Clara, committing quite a significant amount of money. We established, again, the minimums for the counties and cities, and most of these came very close with being able to utilize the full amount. This required staff sometimes to work extensively with the cities and the counties to try to help them identify additional projects to fully utilize the money. There was an approximate annual savings of 3.6 million kilowatt hours, 1,455 tons of CO_2 reduction, and slightly greater than $161,000 in annual energy cost savings. And the projects, due to the innovative approach by the Applicants and the staff, will result in significant savings for a number of years for these jurisdictions. Again, we request your approval.

CHAIRPERSON DOUGLAS: Thank you. Comments or questions.

COMMISSIONER EGGERT: I will move the item.

VICE CHAIR BOYD: I will second.

CHAIRPERSON DOUGLAS: All in favor?

(Ayes.)

MS. GODFREY: Thank you.

CHAIRPERSON DOUGLAS: That item is approved. Thank you.

Item 11. Town of Mammoth Lakes. Possible approval of Agreement 05-09-ECA for a $60,000 loan to the Town of Mammoth Lakes to install three high efficiency boilers. Ms. Fisher.

MS. FISHER: Good morning, Commissioners. Anne Fisher with the Special Projects Office. The Town of Mammoth Lakes is requesting a $60,000 loan. Their Public

Works Maintenance Department has an old inefficient boiler providing heat and hot water, and with funding from a 3 percent ECAA loan and an EECBG grant, they are replacing the old boiler with three new high efficiency boilers. With these retrofits, the town will reduce its propane use by 5,000 gallons per year, and that equates to about a $10,000 annual savings, and a 64,000-pound reduction in its CO_2 emissions. The 5.85 percent year simple payback is within the allowable payback period. And I am requesting your approval of this item. Thank you.

VICE CHAIR BOYD: This is a real good payback period and a good project, one often wonders about Mammoth Lakes, whether they do not have geothermal possibilities there, but that would probably be much more expensive. In any event, I thought it was a good project and I will move it through.

COMMISSIONER BYRON: Commissioner, I am sorry, was that a motion to approve?

VICE CHAIR BOYD: It was.

COMMISSIONER BYRON: I will second it.

CHAIRPERSON DOUGLAS: All in favor?

(Ayes.)

That item is approved. Thank you.

Item 12. Somis Union Elementary School District. Possible approval of Agreement 009-09-ECA for a loan of

$245,369 to the Somis Union Elementary School District for energy efficiency upgrades to school lighting systems and installation of a PV system. Mr. Bucaneg.

MR. BUCANEG: Good morning, Commissioners. My name is Haile Bucaneg and I am with the Special Projects Office. This item is for the loan to the Somis Union Elementary School District for $245,369, to implement two energy projects at Somis Union Elementary School. The first project is to upgrade lighting systems to T8 lamps and compact fluorescent lamps, and also to install lighting controls. The second project is the installation of a 63 kW photovoltaic system. The combined energy savings of these two projects is estimated at 156,000 kilowatt hours, and this is equivalent to an annual energy cost savings of $22,300. At an interest rate of 3 percent, the loan will have a payback of 11 years. In addition to this loan, the Somis Union Elementary School District is also applying for $192,000 in rebates and incentives.

CHAIRPERSON DOUGLAS: Thank you. Questions or comments?

COMMISSIONER BYRON: Yes, please. Mr. Bucaneg, what did you say the payback period was for the project?

MR. BUCANEG: Eleven years.

COMMISSIONER BYRON: Does my paperwork indicate that it has a much longer payback period -- oh, I see, simple payback based on a loan amount of 11 years.

MR. BUCANEG: Yes. The total project cost is a much higher payback.

COMMISSIONER BYRON: Thank you. No questions. I will be glad to move the item.

COMMISSIONER EGGERT: I just wanted to make mention, I was recently briefed, and I guess I am being proposed to be on the Board of the Collaborative for High Performance Schools, which is another one of our wonderful collaborative that we participate in and does excellent things with respect to providing guidance, technical assistance to the schools who want to make improvements just like the ones we are talking about here; in fact, I just wanted to use the opportunity to make mention that they just released about a week ago an Operation Report Card, which is an online tool that benchmarks current performance, analyzes existing conditions, and recommends green and healthy improvements in school buildings. And so I do not know if Somis Union Elementary School District is involved in the CHIPS program?

MR. BUCANEG: They have not been involved in the CHIPS program for this project.

COMMISSIONER EGGERT: I wonder if maybe that is something we could look into, or direct them to, to see if there is an opportunity.

MR. BUCANEG: Yes, definitely.

COMMISSIONER EGGERT: So I will second this.

CHAIRPERSON DOUGLAS: All in favor?

(Ayes.)

Item 12 is approved. Thank you.

MR. BUCANEG: Thank you.

CHAIRPERSON DOUGLAS: Item 13. County of Marin. Possible approval of Agreement 008-09-ECA for a loan of $1,398,441 to the County of Marin to implement energy efficiency measures. Mr. Bucaneg.

MR. BUCANEG: Before I begin on this item, there is one correction that needs to be made. On the agenda, the savings state 55,682 therms saved, the actual savings is 44,732 therms. The County of Marin has applied to California Energy Commission for a $1,398,441 loan to implement several lighting and HVAC projects. The HVAC project consists of HVAC equipment upgrades and installation of insulation at several buildings. The lighting project consists of upgrading parking lot lights and street lights to LED lamps, and these lighting technologies have previously been studied through the PIER-funded California Lighting Technology Center. The combined energy savings for these projects is estimated at 547,500 kilowatt hours, and 44,732 therms. This is

equivalent to an annual energy cost savings of $127,000, and the payback on this loan meets the criteria of our loan program. In addition to the loan, the County of Marin has applied for $376,953 through the Energy Efficiency and Conservation Block Grant, and also is eligible for approximately $172,000 in PG&E rebates.

COMMISSIONER EGGERT: I was just going to move the item.

VICE CHAIR BOYD: Second.

CHAIRPERSON DOUGLAS: All in favor?

(Ayes.)

The item is approved.

Item 14. Town of Moraga. Possible approval of Agreement 007-09-ECA for a loan of $198,935 for the Town of Moraga. Mr. Bucaneg.

MR. BUCANEG: The Town of Moraga has applied to the California Energy Commission for a $198,935 loan to implement a number of HVAC and lighting projects at several town facilities. HVAC projects include replacing existing HVAC equipment with energy efficient HVAC equipment, replacing HVAC ductwork, and upgrading building insulation. The lighting projects include upgrading street lights, parking lot lights, and installing controls for interior lighting systems. A number of these lighting technologies being implemented in this project have previously been studied through the PIER-funded California Lighting

Technology Center. In addition to these HVAC and lighting projects, the town plans to install a 35 kW photovoltaic system.

The combined energy savings of these projects is estimated at 120,000 kilowatt hours and 5,000 therms. This is equivalent to an annual energy cost savings of $18,000, and a reduction of approximately 71 tons of carbon dioxide. The payback on this loan meets the criteria of our loan program and, in addition to our loan, the Town of Moraga is applying for $93,465 through the Energy Efficiency and Conservation Block Grant, which will only be used for the HVAC and lighting projects, and also for $75,830 in rebates and incentives from PG&E.

CHAIRPERSON DOUGLAS: Thank you. Commissioners.

COMMISSIONER EGGERT: I just wanted to thank you for making the connection back to the PIER Program, I appreciate any opportunity that we can link these activities to our research and the benefits of that research. So I will also move this item.

COMMISSIONER BYRON: Second.

CHAIRPERSON DOUGLAS: All in favor?

(Ayes.)

This item is approved. Thank you.

MR. BUCANEG: Thank you.

CHAIRPERSON DOUGLAS: Item 15. California Wind Energy

Collaborative. Possible approval of Contract 400-09-015 for $65,000 with the UC Davis California Wind Energy Collaborative to develop the Small Wind Energy Estimation Tool (SWEET). Mr. Goncalves.

MR. GONCALVES: Thank you, Chairman and Commissioners. The California Wind Energy Collaborative is a UC Davis-based research group that has forced development of safe, reliable, cost-effective, and environmentally responsible wind power in California through close communication with the Energy Commission's PIER staff and Advisory Board and, most importantly, by presenting themselves as an informed, impartial entity that is open to input from all parties. The Energy Commission provided some of the seed funding to help establish the Wind Collaborative in 2002. The Emerging Renewables Program provides rebates for small wind systems up to 30 kilowatts in size. The Energy Commission recently increased the rebate for small wind systems and is working on efforts to help increase the utilization of small wind systems in California. The Small Wind Energy Estimation Tool (SWEET) will provide consumers with information on the potential kilowatt performance of a wind turbine, as well as the return on investment. The performance estimation will be derived from a combination of existing wind map data and user-entered specifications such as location of the system, turbine model, tower height, and surrounding obstructions. The SWEET will also provide consumers with an economic analysis of their proposed system so they can see how long the system will take

to achieve payback. When the model is completed, consumers will be able to use the tool to estimate the overall financial value of a small wind system, and be informed about the benefits and costs before considering whether to install a system in applying for rebates from the Emerging Renewables Program. The Wind Collaborative will begin work on this immediately and expects to have the model completed by December of this year. We ask for your approval of this item.

COMMISSIONER BYRON: I think this project fills a very important niche. I think there is going to be a demand for this modeling tool. I am glad to hear it will be done soon, and will pay special attention to making it available to folks, they can easily find it. Commissioners, it goes to show that any successful project needs a good acronym for its name and this one certainly has it. Mr. Goncalves, I hope the research is as sweet as the acronym's name.

MR. GONCALVES: Thank you. And part of the work by the collaborative is to get this model to be a user-friendly web-based tool that will be up on the website.

COMMISSIONER BYRON: Excellent. And I move the item.

VICE CHAIR BOYD: Second.

CHAIRPERSON DOUGLAS: All in --

COMMISSIONER EGGERT: Actually, I just want to also commend the fact that this is specifically geared towards making it easily accessible. I noticed the previous work had only been

available to those with Arc GIS capabilities, and this will go with Google Maps. Is that the plan? Or at least it is laid out in the proposal?

MR. GONCALVES: Yes.

COMMISSIONER EGGERT: So sorry for interrupting the vote there, but I think, in terms of our research making it more broadly available, looking for the opportunities exactly like this, to put it on easily accessible and available programs is great.

CHAIRPERSON DOUGLAS: Absolutely. Very well, we have a motion and a second. All in favor?

(Ayes.)

This item is approved. Thank you, Mr. Goncalves.

MR. GONCALVES: Thank you.

CHAIRPERSON DOUGLAS: Item 16. University of California, San Diego. Possible approval of Contract 500-09-043 for $1.3 million with the University of California, San Diego, to collect particulate data and analyze the interaction between airborne particles, clouds and precipitation. Mr. Franco.

MR. FRANCO: Good morning, Commissioners. My name is Guido Franco, I am a Senior Engineer working on climate change in the Energy Commission’s Public Interest Energy Research Program. One of the largest sources of uncertainty in determining how climate might change in the rest of the century, and here in California, is our lack of understanding on how small particles in the air affect clouds and precipitation. For example, prior PIER

research has suggested that the small particles are reducing precipitation in the Sierra Nevada, in the western part of the Sierra Nevada. In addition, black particles that are dark, almost black carbon, they deposit on top of the snow, and they reduce the reflectivity of the snow. Reducing reflectivity of the snow results in more solar and solar energies absorbed by the snow, which ends up melting, continuing to be melting of the snow. There have been several studies indicating that the snowpack is melting earlier in California, and so far it has been assumed that it is only due to the warming that we have already experienced; but black carbon may play a role and may continue to play a role in the rest of the century. So for these reasons, we need to understand the effect of black carbon.

The principal investigator for this study is Professor Kim Prather, and she has received numerous awards. Recently, just a few weeks ago, she was elected to be a member of the U.S. National Academy of Sciences, this is a very prestigious recognition of her work. Among the different items to cover under this interagency agreement, I would like just to describe two of them. The researcher will use instruments that will measure in research aircraft the chemical composition of the particles that act as seeds to create the droplets on ice, and we need to understand that in order to determine what sources are potentially contributing to the reduction of precipitation in the Sierra. The researcher will also be measuring the effect that black carbon,

different concentrations of black carbon, has on the snow reflectivity. In particles, so far, there are very few measurements, and most of these studies have used just for theoretical consideration, no-action measures, of the effect of black carbon on the snow. I just want to mention that, as you know, hydropower continues to a significant amount of the electricity that is generated for California, and understanding the effect of particles in the hydrological cycle is therefore very important for California. And with that, I am prepared to answer any questions that you may have.

COMMISSIONER EGGERT: Just a quick comment. I was very fortunate to have been given a briefing on some of this research by Professor Prather about a year ago when I was down at San Diego, and was very impressed, and I think what we are learning is that black carbon is an incredibly -- appears to be an incredibly important component of climate change, but there is still a lot of uncertainties associated with how it plays out and I would hope that this helps contribute to that understanding. We actually – the last Haagen-Smit Symposium that was held in collaboration with the ARB focused also on the black carbon issue and identified a significant number of research gaps that still needed to be filled, so I think this looks like it is going to be extremely valuable to that purpose. And I think, actually, if I remember correctly, the estimations of black carbon's contribution to overall climate change, I mean, it was upwards of 10-20 percent, possibly?

MR. FRANCO: Yeah, the research we have conducted to date suggests that it is the second most important global warming agent, just second to carbon dioxide.

VICE CHAIR BOYD: I just wanted to comment, as well, that as a member of the Research Committee and along with Commissioner Byron, and with Commissioner Eggert, we are members of the AB 32 or Climate Change Committee, that I find this a very interesting and fascinating project. I agree with everything Commissioner Eggert said about what they are learning about the role of black carbon, and seeing Ms. Jenkins in the audience, I just want to reference the fact that the first person to introduce me to the black carbon as being a potential problem for our society was Dr. Holmes of the Air Resources Board Research Division, many many many years ago. And it has taken a long time for this to grow in importance as an issue to be dealt with both as an air quality issue and now as a climate change issue, as well. And having just seen recently a science program about the volcanic eruption in Iceland, there was an instant interest in what all that black ash was doing to the glacier and the snow in Iceland and, I mean, there seemed to be an instant correlation between more rapid melting occurring over a period of days just because of that huge black blanket that had been laid down on all that white ice, and I guess destroying the Albedo Effect somewhat that we have come to depend on to reflect -- white snow and ice reflects back into the atmosphere instead of being absorbed here. And so it is a very interesting phenomenon

and I am glad to see Guido, who is always out in front of these subjects, helping us with the project here. And I will move its approval.

COMMISSIONER WEISENMILLER: I was going to say the other obvious connection is we are looking a lot from the impacts on the Sierras and what it does here, but the other area I think people are getting more concerned is the impact of black carbon on the glaciers in the Himalayas, and so the Asian mountains. And so it is certainly something where my impression is that, in the U.S.-Chinese scientific collaboration, that this is getting a lot of attention on both sides of the Pacific, and obviously this is sort of the inverse of Art's Cool Rules [phonetic], right? And I think all of us are concerned about it, so I certainly consider this very important research.

VICE CHAIR BOYD: And since our biggest concern in California with regard to climate change has been the effect on precipitation and water yield, and since this year is our biggest reservoir, you are correct, the impacts on, and thus, as Franco said, the impacts on our water yield which affects our hydro system have been an issue that has driven us for many many years, but just like so many problems we deal with, it turns out to be part of a huge giant system of problems that we need to look at, very definitely.

COMMISSIONER BYRON: A quick comment. Mr. Franco, this is not an area certainly in my expertise, and I thank you and a

number of researchers in our research division in PIER that bring us projects like this, that will help us to quantify matters that we can only model at this time. It does inform future energy policy and I want to thank you and the many in the research division that continue to come up with these excellent projects. I am certainly in favor of this and this is exactly the kind of research that we need so that we can set good energy policy going forward.

VICE CHAIR BOYD: I guess I would just -– last note -- that this is part of a continuing effort with the University of California at San Diego -- which I will note is in Southern California -- the work they have done for us on climate change over a period of years, and they have become if not the number one academic institution, and at Scripps, in looking at climate change issues for us, they are an integral part of our virtual California Climate Change Research Center, as well, and the work that they have done there is deposited in great quantities now in our virtual research library, let’s say.

CHAIRPERSON DOUGLAS: Commissioners, we have a motion. Do we have a second?

COMMISSIONER BYRON: I will second the item.

CHAIRPERSON DOUGLAS: All in favor?

(Ayes.)

The item is approved.

Item 17. Lawrence Berkeley National Laboratory.

Possible approval of Contract 500-09-042 for $1,263,300 with Lawrence Berkeley National Laboratory to evaluate the exposure to unvented combustion gases in California homes, and emissions from advanced technology residential water heaters. Ms. Mueller.

MS. MUELLER: Good morning. I am Marla Mueller with the PIER Environmental area. Unvented and improperly vented combustion sources in residences can lead to high indoor pollutant concentrations and exposures, presenting a substantial health hazard. It is well-established that combustion-related pollutants reach hazardous levels in homes, yet there is a scarcity of data that would allow an assessment of the frequency of such occurrences. As the Energy Commission has established its Energy Efficiency Standards in existing homes, it is important that the impacts of these sources are well understood so as not to degrade indoor air quality.

The purpose of the proposed research project before you today is to develop the science for reducing health risks to the population of California from exposures to combustion gases in residences. This project would provide critical data needed to evaluate potential mitigation measures to reduce combustion gas levels in homes, to assess the potential health and benefits of those measures, and to identify co-benefits such as energy efficiency and reductions in other pollutants and greenhouse gases. This project would include surveys and field studies of a minimum of 100 homes and apartments. The studies would target primarily

unvented, improperly vented, and improperly functioning appliances. It would focus on measurements of carbon monoxide, nitrogen dioxide, and formaldehyde, but would attempt to obtain measurements of other pollutants in at least a subset of the homes.

In addition, this project would build on one of the prominent findings from the PIER-funded research on natural gas variability. That research project found tankless water heaters had emissions of carbon monoxide and formaldehyde that were orders of magnitude higher on average compared with storage water heaters. This finding suggests that the large shift to tankless technology could dramatically impact the emissions of carbon monoxide and formaldehyde from natural gas water heating. Additional laboratory testing of tankless water heaters would be conducted under this project to better quantify those emissions.

This project would have a technical advisory committee with experts and stakeholders such as the Air Resources Board. The proposed research would develop reliable scientific data that could be used by regulators, policy-makers, and industry in developing standards, guidelines, and regulations. The information from this project would be disseminated through the Technical Advisory Committee, publications, and presentations to community groups, environmental agencies, and at scientific meetings. And the information would be available to the Energy Commission for developing new efficiency standards for existing homes. We have been working closely with the Air Resources Board on indoor air

quality projects and Peggy Jenkins of the Air Resources Board Indoor Air Exposure Assessment Section is here today in support of this project.

CHAIRPERSON DOUGLAS: Thank you. Ms. Jenkins.

MS. JENKINS: Yes, thank you, Marla. And good morning, Chairman Douglas and Commissioners. I manage the Indoor Exposure Assessment Program at the Air Resources Board and I am here today on behalf of the Air Resources Board in support of this project. In our 2005 Report to the Legislature on Indoor Air Quality, indoor combustion appliances were rated and ranked in the highest priority category for indoor sources that required mitigation, and the primary concern here is the unvented appliances, or improperly vented appliances, so, for example, our gas ranges which many of us have, also kerosene heaters and unvented gas logs or fireplaces which really are not entirely legal, but it is a little squishy in that area. So these are of concern because they are direct emissions of carbon monoxide and nitrogen oxides, aldehydes, PH's, and so on, directly into the living space, and without the benefit of active venting. And so, because of this, we have serious concerns about these types of appliances. The project before you would provide some additional current information on the use and resulting indoor concentrations from all types of gas appliances. This is a benefit in terms of our interest in mitigation because the current studies, well, there are no really current studies focused on this. The previous studies were conducted in the late

'80s, the mid-'90s, and there have been a lot of changes since then. Finally, the follow-on work related to the advanced design, or tankless, water heaters is very important; we did see some elevated emissions there and we think that is very important to pursue that, just to determine the extent of those emissions and across the brands of products. So, finally, in conclusion, the indoor combustion appliances are very important, the emissions, I think, are particularly important to understand particularly in light of the enlarging programs for weatherization and the upwelling for retrofit programs that you and others will be engaging in. So thank you very much and we hope you can support this project. Thank you.

CHAIRPERSON DOUGLAS: Thank you. Commissioners.

COMMISSIONER EGGERT: Just a quick comment. I had the great pleasure of working with Ms. Jenkins at ARB where she is -- I characterize her as a tireless supporter of improving indoor air quality and was a great advocate to the California Buildings Standards Commission with respect to trying to make sure that what is in our homes contributes less and less to the challenges that we would have with indoor air quality as we further tighten our homes. And so I think this is a very timely project and one that will definitely help inform our activities that are already underway with respect to existing building retrofit activities and new building standards.

VICE CHAIR BOYD: I would join the Commission in pointing

out that Ms. Jenkins has been a tireless supporter of indoor air, even when I was there, but I would not do that to her because of our mutual ages, or whatever –

MS. JENKINS: Thank you.

VICE CHAIR BOYD: But, in any event, I would certainly concur that Ms. Jenkins and Air Board pursued this, and I find it interesting in my tenure here to go from many of us thinking tankless water heaters were a marvelous example of progress to learning that there may be unintended consequences that we have been discovering for a while, with regard to their employment. I know our organization has been researching tankless water heaters for a little while now, and this just adds to the questions that have been raised about them. So, a timely piece of research.

COMMISSIONER BYRON: Well, and I hope, Ms. Mueller, that the primary concern -- and I was troubled, as well, as I read this and the results from the ARB Report on Indoor Air Quality -- I hope the primary concern is the improper venting of these appliances and all other natural gas appliances indoors. But this is a serious issue, I certainly support this research. Ms. Jenkins, did you want to say anything about how much you miss these two gentlemen from the Air Resources Board?

MS. JENKINS: I do, I do. No, I really do, both of these gentlemen just contributed so much to air pollution and to all that we know and what we are doing today. I enjoyed working with both of them and we actually do miss both of them, including from years

ago with Jim, you know, there is so much that has gone on since then.

COMMISSIONER BYRON: Well, thank you for being here today to support this research.

MS. JENKINS: Sure. Thank you very much.

VICE CHAIR BOYD: I will move approval.

COMMISSIONER WEISENMILLER: I was going to say, just to move us all back in time, one of my fellow graduate students under Joe Cerny in the ‘70s, actually, became one of the founders of LBL’s research on indoor air quality, so that goes back to -- my connections go back to the ‘70s in some respects on this, although the last time I saw Sextro he had retired!

VICE CHAIR BOYD: Gee, Commissioner, your memory goes back further than mine now, so you are really dating yourself.

COMMISSIONER WEISENMILLER: I was going to say, yes. But I would be happy to second this.

CHAIRPERSON DOUGLAS: All in favor?

(Ayes.)

This item is approved. Thank you.

MS. JENKINS: Thank you.

VICE CHAIR BOYD: Thank you, Peggy.

CHAIRPERSON DOUGLAS: Item 18. University Of California, Irvine. Possible approval of Contract 500-09-040 for $499,980 with the University of California, Irvine Advanced Power and Energy Program. Ms. Mueller.

MS. MUELLER: Thank you. Most of the residents in California live in areas that are classified as Non-Attainment for the Federal Ozone Standard, and much of the state is also classified as Non-Attainment for the Federal PM Standards, therefore it is important that California meets its renewable energy goals without adversely impacting air quality. A major barrier to meeting California's renewable goals is how to integrate large amounts of variable and intermittent renewable sources such as wind and solar into California's electricity system. These technologies pose challenges to traditional reliability planning and resource adequacy requirements because they cannot be relied on to meet rapid changes in load and supply during peak hours, and generally must be backed up with dispatchable resources. Air quality implications of renewable energy will depend on how renewable resources and associated back-up power are implemented, including whether electricity is generated, the fuels that are used, and the duty cycles. The goals of the proposed project before you today are to evaluate the potential air quality implications of the California Renewable Energy Goals and to provide guidance on implementing those goals in such a way that does not adversely impact air quality. Case studies using a variety of potential renewable energy mixes would be used for this evaluation. Spatial and temporally resolved emission fuels would be developed for each case and used to model the air quality impacts. The project would be coordinated with current and

previous efforts on renewable energy such as those with the Energy Commission, Air Resources Board, California Public Utility Commission, and CAISO. You would have a Technical Advisory Committee with members from the state and local agencies, environmental groups, and DOE National Labs. The results of these case studies would provide valuable data that would be available to regulators, policy makers, and other stakeholders, in developing standards, guidelines, and regulations. Information developed in this project would be disseminated through the Technical Advisory Committee, publications, and presentations at scientific meetings. Please note there is a change to the Statement of Work that is in the package that you have; the Commission's Electricity Analysis Office is now considering changing from Intech to another software package to model the electric grid, to allow for flexibility in this project, to be able to use the same software as the Electricity Analysis Office, the contract is being changed to say "Intech," adding, "or similar" Software. So we are just adding the words "or similar." Thank you.

CHAIRPERSON DOUGLAS: Thank you. Commissioners.

COMMISSIONER WEISENMILLER: I think this is very important research, and when we talked about it, I think part of the connection will be to make sure that it does connect to the other agencies, but also to what we are doing internally. So I thought it was very important to have this cross-connection, that if our appropriate group changes for its model that this analysis

be based upon, that changed model, instead of the one that we have been using historically. So certainly, I would like to move this.

VICE CHAIR BOYD: I will second it and maybe almost -- Commissioner Byron probably noted this, and the fact that this involves another deeper venture into the WECC issue and the WECC is our grid, WECC Transmission System, is important to all of us. And while we try to be an island many times for obvious reasons, sometimes I like to reference that early Spanish map of California as an island off the West Coast of North America, but nonetheless, this is a regional issue and the idea that we are continuing our work within the WECC area is going to be helpful to us. So I was glad to see that as a component of this. It happens to be a very interesting area to us now, the renewable we may receive from the WECC region, or receive into the region, as they relate to our categorization of renewable and the credits they are given in various markets. So it probably would have been nice to have this a while back, but better in the future than not at all.

CHAIRPERSON DOUGLAS: Commissioners, we have a motion. Do we have a second?

VICE CHAIR BOYD: Second.

CHAIRPERSON DOUGLAS: All in favor?

(Ayes.)

This item is approved.

Item 20. Minutes. Approval of the April 7th, 2010

Business Meeting Minutes.

VICE CHAIR BOYD: Move approval.

COMMISSIONER EGGERT: I will abstain.

COMMISSIONER BYRON: Abstain.

COMMISSIONER WEISENMILLER: Second.

CHAIRPERSON DOUGLAS: All in favor?

(Ayes.)

That item is approved with Commissioners Byron and Eggert abstaining.

Item 21. Are there any Commission Committee presentations or discussion? Commissioner.

COMMISSIONER BYRON: Madam Chair, if I may take a few minutes for the benefit of my fellow Commissioners, I think you may know that yesterday the State Water Resources Control Board adopted a once-through cooling policy about 6:30 in the evening last night. I believe this is the first in the nation and represents a number of years of work in cooperation with this Commission and the Public Utilities Commission, the Independent System Operator, and working with the State Water Resources Control Board. I met personally a number of times with Board members over the last few years, most recently Commissioner Weisenmiller joined me in a meeting with a couple of the members, and we have worked closely with all of the energy agencies and this Board for a number of reasons, one is that this once-through cooling policy that they adopted really represents the intersection of a number of this Commission's key

policy issues, including the fact that their policy will affect, I believe, 19 coastal and estuary cold power plants in the State of California, going forward. They adopted a number of changes yesterday to what was the draft rule that had been out for a while. I should mention that Dr. Jaske and our staff, other members of our staff, have been working closely with these agencies literally for the last number of years; under Dr. Jaske's tutelage, we were able to produce a joint letter on April 13th with the other energy agencies, and that was no small task. There is a lot at stake here in terms of reliability, as well as moving forward with this Commission's policies to shut down a number of these aging coastal power plants that are less efficient. Repowering is going to be very challenging, we have essentially made a commitment here to work with the energy agencies over the next 15 years to come up with a reliability-based approach for the retirement or repowering of these plants, and it will take a considerable effort during that time. Annually, we will be developing and revising that plan, and the State Water Resources Control Board will show great weight to the recommendations that will come from the energy agencies, particularly with regard to the possibility that we will need to suspend compliance on those plants that are critical to reliability for short periods of time -- there is a provision for 90-day suspension of compliance -- and I think the State Water Resources Control Board has done an excellent job of thinking this all through to the best they can at this point, and the bottom line is

that this agency will need to work closely with the other energy agencies moving forward. So I think it is an important milestone for this agency, as well as the State Water Resources Control Board in implementing the policy recommendations that have come from previous Integrated Energy Policy Reports about the retirement of these aging power plants. I turn to Commissioner Weisenmiller because he has also gotten involved in this more recently. I think all Commissioners at this dais have been involved in one way or another, but it marks an important date that this rule has been adopted.

COMMISSIONER WEISENMILLER: Yes, I think it is a very important rule for the State of California. It certainly reflects a lot of activity on the part of Commissioner Byron and Dr. Jaske. As we know, at times trying to get the various agencies to work together can be challenging, however, there are substantial rewards from it, and I think getting that through is certainly a tribute to this agency's contribution, in particular to Commissioner Byron and Dr. Jaske.

VICE CHAIR BOYD: I want to join in that because I followed this pretty closely for a while, while I sat with Commissioner Byron on the Electricity Committee, but having stepped down, I have lost a little bit of touch with it; but there is no question that Commissioner Byron dogged this through, the process, persistently, and Dr. Jaske, as well, and they deserve the comments and compliments they are getting. I have continually been

impressed with the complimentary memos and notes we have received over the last year or two now from Water Board members about the testimony of Dr. Jaske before their body. So I think all have learned a valuable lesson in the need for interagency cooperation on issues like this. The last comment was, before I go out and make any speeches, or include in any speeches, I certainly will not initiate any on once-through cooling, but this idea of being first, I think, I would like to double-check that statistic before we do that.

COMMISSIONER BYRON: I heard that this morning on National Public Radio, so I am not sure myself.

VICE CHAIR BOYD: But let's check that, and the only reason I say that, this week I had a meeting with staff in the nuclear area, and learned that the State of New York is moving on a nuclear power plant there in light of their recently passed once-through cooling, so they may have beaten us to the finish line a little bit. But I found it interesting that they moved instantly on one of the contentious nuclear plants.

COMMISSIONER BYRON: I believe, Commissioner, you may be absolutely right, but I believe they denied them their license renewal for -- I do not want to say the plant name, I may get that wrong -- but I believe they denied them their license renewal extension.

VICE CHAIR BOYD: I believe that is true, and predicated on the once-through cooling issue. In any event --

COMMISSIONER BYRON: Dr. Jaske would probably be here today to answer questions, but he is taking a well-deserved day of vacation.

VICE CHAIR BOYD: Very good.

CHAIRPERSON DOUGLAS: Commissioner Eggert.

COMMISSIONER EGGERT: Just one comment. I would note that the item we just approved, which looks at the air quality implications in renewable energy options and integration in the South Coast, we should make sure that they are taking into account this new information about BOTC decisions and how that might affect the system down there. I did not notice it in the write-up, but….

VICE CHAIR BOYD: Good point.

CHAIRPERSON DOUGLAS: Good point, Commissioner.

VICE CHAIR BOYD: I was just going to say, one other item I would mention, although I already broached it, Commissioner Eggert and I did chair another meeting, or only the second meeting of this term of the AB 118 Advisory Committee last Friday in this room. I think we were both very pleased with the meeting. I think we have come a long way in reaching understandings of how the program operates, how the Commission and staff are operating with regard to administering the 118 program, and several explanations offered on decisions we made in the past and why. And let’s say the virtues of entering into some of the research and development areas that others might have initially thought were strangely not relevant, but an opportunity to discuss with everybody how energy

interconnects and how energy policies interconnect with so many other issues have led us to a very good consensus, in general, on where we should be going and it will affect the next iteration of the Draft Investment Plan that the staff will be providing in the not too distant future. So I was personally very pleased with the meeting, and the exchange of information that has occurred between the first and second meetings has certainly shed a lot of light -- provided a lot of answers to people who had interests and concerns. So I think we felt pretty good, felt quite good about the outcome of that meeting last Friday.

CHAIRPERSON DOUGLAS: Great. Commissioner.

COMMISSIONER EGGERT: Two items, one just to second that, and I was also just recently, the last couple days, down at a conference on Hydrogen, and a significant amount of interest in our 118 program, this was an international audience, and there was a high degree of awareness of our activities on alternative fuels, and we even had two of our staff down there, Peter Ward and Tobias Muench, providing sort of an impromptu presentation on the program to a very interested audience. The second one I wanted to bring up is a little bit less serious, and that is I realize that I maybe should have taken the opportunity at the beginning while there were still witnesses here, but I do want to provide -- this is -- May is Bike Month in Sacramento, and in the interest of promoting basically sustainable transport and providing encouragement to our staff to take the opportunity to use their bike for commuting and

other activities, I would like to issue a challenge, a personal challenge, and this goes to all of the Commission staff, as well as the Commissioners. I am going to be pledging somewhere between 400 and 500 miles for the month, and if anybody exceeds my mileage level, I am offering to buy them a drink of their choice at a Happy Hour. I believe my first opportunity would be June 16th, which should give adequate time to compile the data. It is an honor system, so I would encourage people to be honest. You can register online, there is a really great website, all sorts of information about how to commute by bike, all the associated advantages of doing so. And I will provide more information about the location, but that is on the table now.

CHAIRPERSON DOUGLAS: Commissioner, I did notice that you did ride your bike in this morning despite an 8:00 a.m. meeting, and rather long ride from Davis to get there, to make coffee for the 8:00 a.m. meeting.

COMMISSIONER EGGERT: So I have 70 miles under my belt.

CHAIRPERSON DOUGLAS: I see you issued the challenge when you already had a 70-mile advantage.

COMMISSIONER EGGERT: I realize that, but I was traveling the last couple of days, so that set me back a little bit, as well.

COMMISSIONER BYRON: This is a little bit of a set-up, I think, Madam Chairman, however, I did note on my calendar that I am going to have a drink with Commissioner Eggert on June -- what did you say? June 16th.

VICE CHAIR BOYD: Well, it is a challenge and I salute the youth of Commissioner Eggert's ability. I would have taken him on several years ago when I used to lead the -- for more than a decade -- the Annual Bike to Work Day at the Air Resources Board, but I may be beyond that based on all the bachelor bloat [phonetic] that I have had lately, but there are some younger folks who live long distances away with you in Davis, for instance, who may put the challenge to --

COMMISSIONER EGGERT: I do expect to be beaten, but I am hoping maybe perhaps by not so much that it bankrupts me, and they do have these really wonderful new recumbent bikes that are almost like a Lazy Boy.

MS. CHANDLER: So, Commissioner, I would like to say that the Energy Commission staff are up to the challenge, I will speak for them. For many years, we have led in terms of the small agency on May is Bike Awareness Month activities, and I am sure that this will heighten their interest in Smack-Down for showing that they, too, are just as young as you are, or older than you, and will beat you. So we will make sure we get an all staff out. Thank you for increasing the competitiveness in the organization, which is already pretty competitive when it comes to biking, and maybe you could get your Chairman to also bike across the COSWAY with you.

CHAIRPERSON DOUGLAS: I am all dusted -- I do not need to dust it off, it is ready to go. We will get going here….

COMMISSIONER BYRON: Madam Chair, I also note that there

are a number of people in the Commission that are walking across the country. I joined a team and we are all carrying these little pedometers and our steps are being converted into miles and added up. I think my team has reached Reno so far.

VICE CHAIR BOYD: I had not heard about this.

CHAIRPERSON DOUGLAS: I have seen people with the pedometers and I keep meaning to ask what the pedometers are about.

MS. CHANDLER: So this is part of our Walk to Atlanta, it is something that we are doing, it came over from our Personnel Office to help keep us healthy and get those 10,000 steps in a day, and go somewhere. So we are headed to Atlanta, teams, as well as individuals, and it is just part of trying to make sure that we have that kind of whole body approach, you know, mind, soul, and body.

VICE CHAIR BOYD: What is the significance?

MS. CHANDLER: I think it is on the other seaboard is all that --

VICE CHAIR BOYD: I was hoping you would go for Atlantic City because Highway 50 starts in West Sacramento and ends in Atlantic City, and that would be a big challenge.

MS. CHANDLER: Atlantic City, thank you. I knew I was walking, I just did not know where, I guess, I was just following the pack.

CHAIRPERSON DOUGLAS: Well, great. Before we move off of this item, I would just like to join my colleagues in thanking

Commissioner Byron for his leadership on the once-through cooling issue and for bringing it up to us today. And Commissioner Weisenmiller, do you have something?

COMMISSIONER WEISENMILLER: I just have a brief report. I went to the Earth Day event at Cal where John Holdren gave a talk, and John is now President Obama's Science and Technology Advisor, was the Founder of Energy and Resources Group, and actually Jerry Brown had initially offered him the chairmanship of this agency, but because of his obligations to get the program going, he turned him down. But I think he has really reached sort of the job that he has been preparing for, for his life. I think this President is really trying to bring science technology back into the federal decision-making process, and as such, I think Holdren is right in the middle of all that, of trying to bring good science and good technology back into government decision-making. And he said one of the challenges they are facing, obviously, at a time where there is substantial skepticism about climate change, you know, and the question is, how can you change that. And I guess the only good news from Holdren's perspective is that there is greater skepticism about evolution than climate change, which is a really equally scary thought. And so they have a very strong focus on science and technology education, and the feeling that you really have to really upgrade the education in the schools and really, if there is a way to revitalize, you know, sort of as the Sputnik era did, sort of the emphasis on science and technology and

education, in the hope that would lead to a more literate public and influence, obviously, voting and political decisions. And he did have a very interesting picture, obviously, of the two of them. Obama was the first President to address the National Academy since John Kennedy, so they had the picture of John Kennedy and his Science and Technology Advisor in the background, with the two of them in front of it. It was certainly, as you can imagine, an academic environment, I think people were sort of motivated and very interested and highly charged in their notion that, indeed, you know, let's refocus our efforts on better research and better education.

COMMISSIONER BYRON: Commissioner, thank you for bringing that up. Just a quick thought. You know, I think that helps Dr. Holdren and others like him help explain perhaps why there is such a propensity for individuals like yourself and Commissioner Boyd and Commissioner Eggert, and others that have come out of Northern California, being so strong in this area. I was looking back, you know, we have had a lot of Northern California influence in this Commissioner for the last 30 years, and it probably stems back to individuals like Dr. Holdren. Well, maybe members of the Legislature would do well to understand that, too.

COMMISSIONER EGGERT: I would just maybe make a quick comment. It has been great coming in to see how this organization is one that bases its policy-making, and decision-making on good science and the fact that we have a very robust research program

within the agency to help provide that information directly to us, I think, is really an excellent asset that we have to the Commission, and so I look forward to making sure we continue that into the future.

CHAIRPERSON DOUGLAS: Thank you. With that, I think we will move on to Item 22. Chief Counsel's Report.

MR. LEVY: I do not have any report today. Thank you.

CHAIRPERSON DOUGLAS: Item 23. Executive Director's Report.

MS. CHANDLER: I have a couple of items I would like to raise, thank you for the opportunity, Madam Chair. First of all, the DOE Inspector General's Audit continues, this is their second week, and we expect them to be closed this week. This is – we were one of several states that were selected to be audited in their second group, they had a first group, and we are now in the second group. This is a regular audit, it is a pro forma, we did not do anything wrong. I would like to acknowledge the amount of staff that are working to help provide the documentation and information that the Inspector General's Auditors are requesting, Mark Hutchison has led this ably with Stephanie Bailey, Cheryl Raedel, Kyle Emigh, and John Butler. They have provided a tremendous amount of documentation and answered questions. We do not have any fixed timeline for when the audit will actually be delivered back to us for review. We have heard from other states that this could take as much as four months, so that is where we are on that.

Cash For Appliance Program launched on Earth Day to great press coverage and great success. We were acknowledged in the Governor's Office by the new Czar of the Recovery Task Force, Rick Rice, who said that he was very pleased with this program. We have had lots of media coverage, we have had lots of ads, and it seems to be going very well. We have received approximately, as of Monday earlier this week, 25,000 Applications and about $25 million in remaining rebate. We have put on our website a counter, so people will know where they are in the process, there is a lag, obviously. We are only counting the applications that have been filled. I have to say that I am very pleased that we did not have that boom/bust cycle that many states ended up having. I think that is a credit to our staff, Lorraine White, Amy Morgan, for their team and how they have crafted this, so that it was not a reservation. Other states chose to do it with a reservation; well, of course, with a reservation, you know, you do not know if you want to buy something or not, but you are going to reserve. And so we actually chose to approach it in a way of you could have a complete application, and then you will get your rebate check. And so that is how it is flowing, and I am pleased about that. If anything, I guess the only complaint that we have had is that we have run out of appliances that are in certain categories, but the good news, I think, is that there is still enough money in the fund that people can order those appliances. Part of that could be that the stores did not realize how successful this project would be,

part of it could be that the manufacturers did not get their certification in quickly enough to certify their appliances, but we still have an open door for that and they can put in additional third-tier appliances that are highly energy efficient, and make sure that they are eligible to be purchased.

COMMISSIONER EGGERT: Claudia, may I make a quick comment on that? One thing that was very useful during some of the early media was to be able to say because of some of the scrutiny of the Energy Star Program that our program also requires that the manufacturers be certified to California standards, which requires that they submit test data and such, and I think that gave a higher degree of sort of legitimacy associated with the claims that were made with respect to energy efficiency out of these products, and that actually, I think, played quite well in the discussions and the press coverage of that.

MS. CHANDLER: You are correct in part because EPA Energy Star has come under some questioning recently about how energy efficient are their appliances, and what kind of certification process do they go through. And it does bode well for the Energy Commission because our certification process, to be on our list for energy efficiency appliances, it is partly a self-certification, but you have to provide your lab data, your testing data, and then we also, as part of our program with our Appliance Standards Program, is we actually pull appliances off the shelf and test them to make sure that they do, in fact, meet the criteria that we

expect. So you are right. And I should note that, if you would like, you can jump onto YouTube and see Commissioner Eggert, he is on there, on our Cash for Appliance clip. We are using all mediums to get out the word on various Energy Commission programs, so we have Facebook and we have YouTube, and we are about ready to start Twittering.

COMMISSIONER BYRON: I prefer to see Commissioner Eggert live. Ms. Chandler, I think this has been done really well, and it sounds as though it is proceeding well. I jumped on the website last night and tried to step through it like a consumer just to get a sense of what it felt like, and I think the forms are straight forward. But I came up against one thing that I thought, as a consumer it might cause me some angst, and I wonder if we had been getting any problems in this area, and that is that there is a very limited number of places where you can recycle appliances, which is a requirement, of course, of the rebate. You know, there was no place near my home, and so that means I either had to drive it somewhere to drop it off, or maybe -- so I was just wondering, are you getting very many consumer complaints in that area?

MS. CHANDLER: Well, thank you, because I am going to put a commercial in right now for our Platinum Partners. If you go to one of our Platinum Partners, and we have several big ones, including Home Depot, and RC Willey, and Lowe’s, they will do all that for you.

COMMISSIONER BYRON: Excellent.

MS. CHANDLER: -- a complete and you will not be charged. So we had some small Platinum Partners, but I want to say there are some folks in Jackson and down here in Elk Grove who are mom and pop type shops, they stepped up and they saw the value of making sure that the appliances got recycled in the appropriate way. It is the law here in California. And they, too, kind of stepped in and said, “We’re going to be a Platinum Partner.” And, in fact, we have received anecdotal information from both of those companies, the first one up in Jackson e-mailed us and basically said, “We sold out of the amount of appliances that we had purchased for the full month in one weekend.” And they just praised us, Lorraine actually, who was the recipient of the e-mail, for how well the program was moving. So it has been terrific. It has been a real bright spot in my life. So I think the staff is doing a great job.

COMMISSIONER EGGERT: Just one quick comment on that. So, yes, you should go to your Platinum Partner, and there are rebates left, so get out there now -- to extend the commercial. One thing, though, that was kind of interesting to me was that, when we looked at the benefits of this program, the recycling component from a GHG perspective, was actually bigger potentially than the energy savings because of the significant amount of high global warming potential gases that are in the refrigerator and the insulation foams. For example, the best estimate of savings from the energy savings was on the order of 125 million metric tons,

whereas basically making sure that those gases, a lot of them which are ozone depleting, stayed out of the atmosphere, the estimate was about 450,000 metric tons that would basically be prevented from going into the atmosphere, properly disposed of.

VICE CHAIR BOYD: What I will just say is, I salute those Commissioners and the staff who have done this, it was not one of my principal responsibilities, and I got to enjoy reading the press. I was impressed and pleased with the press. They have their problems, but I thought they did a real good job on this project, and when they compared it with what is going on in other states, they drew no analogies, they described a complex California process, and it was obvious to the reader that that probably was a good way to go because you had so many guarantees built into the system that things would happen. I was also impressed with the high volume on the first day because I did not think it had gotten that much advance notoriety, and I am kind of pleased to see so many people who did run out to take advantage of the program, and a few people who were quoted, who went out to buy one appliance, learned of this program while in the store in question, and bought one of these appliances instead of what their original intent was. So, yeah, it is done well and there are a lot of people we need to remind of that when we are standing before certain bodies talking about our mission in life. So good job, a very good job.

MS. CHANDLER: Thank you, all. I will convey that to the staff. Like I say, they have just done an amazing job on this.

Commissioner Byron, I would like to build on your remarks that when -- you talked about how many awards you have made today, so I did some math, and today you approved over $26 million in SEP dollars out of $110 million that we have set aside, those are the last big chunk that we are moving forward on. By June 2nd, we will have moved for you for your approval all but $22 million, so we had in that SEP $110, we had 12 proposals, and all but two of them will be before you on June 2nd, and I can assure you that the other two will be very close behind. So we are continuing to move the SEP proposals forward. I am also pleased to say that, while you approved $2.6 million in block grant funds today, by next business meeting, you will have completed all of the awards, over 200 to the small cities and counties of local jurisdictions, totaling right about $30 million, and you will be meeting on May 12th, the deadline that the Department of Energy has set out for us, in terms of encumbrance, of that 60 percent of the monies that we had to the small cities and counties, that had to go out the door within the 180 days, and that box will be checked. So good things are happening.

We also have continued to work positively with our Historic Preservation Officer at the Parks and Rec, Department of Parks and Recreation, Wayne Donaldson, and he has been terrific, as has our own counsel, Gabe Herrera. I am probably going to miss some amazing people who are doing amazing things in this building, and Vice Chair Boyd, you are correct, a lot of them are here at

night, and early in the morning, and weekends, but it is a great program and we have not lost sight of that, even though it at times can be challenging because of the incoming flack. But we are persevering.

CHAIRPERSON DOUGLAS: Very good, Claudia.

VICE CHAIR BOYD: Excuse me, Ms. Chandler, I am losing a lot of my faculties, but my hearing is extraordinarily good, our sound system sounds like it is a life support system, it makes this -- it reminds me too much of being in a hospital room and listening to someone's labored breathing who is on breathing assistance, and I hope it does not have any reflection on the state of this organization, and it is just a matter of, you know, we do not have enough money to fix something just quite yet. But in any event….

MS. CHANDLER: I am not sure quite what it is, the heavy breather effect, I was going in another direction. I was looking at Harriet, thinking is somebody on the phone doing an obscene phone call for us? We will definitely check into that, though, and make sure it is fixed.

VICE CHAIR BOYD: It is not outrageous, but there is a standard pulse, I should have been timing it to see what it is. In any event, enough said.

MS. CHANDLER: I thought somebody was actually in the room sleeping, but I noticed that nobody is here now, so it is not us.

VICE CHAIR BOYD: There, it just did it again.

MS. CHANDLER: So, thank you, that concludes my report.

CHAIRPERSON DOUGLAS: It is clicking, as well.

VICE CHAIR BOYD: Clicking? Your ears are better than mine, then. I just hear the breathing apparatus.

CHAIRPERSON DOUGLAS: Well, all right, hopefully there is something that can be done about the sound.

VICE CHAIR BOYD: Oh, it is getting more frequent.

CHAIRPERSON DOUGLAS: Public Advisor's Report?

MS. JENNINGS: I do not have a report this morning, thank you.

CHAIRPERSON DOUGLAS: Public Comment? Seeing no members of the public here to comment, we will be adjourned.

(Whereupon, at 12:00 p.m., the business meeting was adjourned.)

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