

COMMISSIONERS PRESENT

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

STAFF PRESENT

Melissa Jones, Executive Director
Michael Levy, Chief Counsel
Jennifer Jennings, Public Advisor
Kevin Bell, Senior Staff Counsel
Harriet Kallemeyn, Secretariat

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<p>In addition to the agenda that was distributed on October 7, 2010, the Commission will take a vote to consider whether there exists a need for immediate action on the following items. (Gov. C. § 11125.3, Subd. (a)(2).) If the commission determines that such a need exists, the Commission may consider the following:</p>	
17. LOCAL GOVERNMENT COMMISSION. Possible approval of Contract 400-10-004 for \$33,176,912 with Local Government Commission to support Energy Upgrade California, the state-wide energy and water efficiency and renewable energy generation retrofit program for single- and multi-family residential and commercial buildings. (ARRA funding.)	48
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P R O C E E D I N G S

OCTOBER 20, 2010 10:00 a.m.

CHAIRPERSON DOUGLAS: Good morning. Welcome to the California Energy Commission Business Meeting of October 20th, 2010.

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

CHAIRPERSON DOUGLAS: Item 1. Huntington Beach Generating Station (00-AFC-13C). Possible approval of a petition to amend the license expiration date for AES Huntington Beach Units 3 and 4 from September 30, 2011 to December 31, 2020. Ms. Snow.

MS. SNOW: Thank you, Madam Chairman and fellow Commissioners. Good morning. My name is Christina Snow and I am presenting the Huntington Beach Generating Station license extension for your consideration. Senior Staff Counsel Kevin Bell and technical staff are also in attendance and available to answer any questions you may have.

The original AFC was submitted to retool units 3 and 4 for the 450 megawatt Huntington Beach Generating Station in December 2000, which was then certified in May 2001 with an expedited review process under the Executive Order during an energy emergency. Initially, the license

1 was to expire on September 30th, 2006, unless the
2 Commission made specific findings and studies were
3 conducted to determine appropriate mitigation. In 2005,
4 the biological study was finalized that documented the
5 results of the entrainment and impingement impacts, and
6 presented mitigation measures to reduce impacts to less
7 than significant levels.

8 On September 27th, 2006, the Energy Commission
9 staff and Applicant concluded that restoration and
10 maintenance of 66.8 acres of wetlands would be adequate
11 to mitigate the impacts from the once-through cooling of
12 Units 3 and 4. The Commission also made findings that
13 the project was in substantial compliance with all the
14 conditions of certification, that the project was
15 mitigating for its contribution to environmental impacts,
16 and that all required permits were enforced, and that the
17 project was in substantial compliance with them. The
18 license was then approved for a period of 10 years from
19 the initial AFC, with an expiration of September 30th,
20 2011.

21 On March 2nd, 2010, AES Huntington Beach Limited
22 Liability Corporation filed a petition with the
23 California Energy Commission to extend the license for
24 Units 3 and 4, for an additional nine year plus period,
25 from September 30th, 2011, to December 31st, 2020. In the

1 Petition, AES had indicated that they would submit an AFC
2 to repower by December 31st, 2013, or submit a closure
3 plan. AES anticipated using the extension period to
4 plan, permit, finance, and construct replacement
5 infrastructure for once-through cooling. A Notice of
6 Receipt was mailed to the Huntington Beach post-
7 certification mailing list, posted to the Energy
8 Commission website, and docketed on March 24th, 2010.
9 Staff's analysis was docketed, distributed to interested
10 parties, and posted on the Web on September 13th, 2010 for
11 a 30-day public review period. Staff received an e-mail
12 from a representative from the City of Huntington Beach's
13 Economic Development Department. A letter was also
14 received from Orange County Coastkeeper. Staff feels
15 that their comments have been adequately addressed and
16 are revised by a logical Condition of Certification in
17 our general provision language. No other comments were
18 received.

19 Biological staff reviewed the current requests
20 and determined that the continued use of once-through
21 cooling can be mitigated through additional funding for
22 the continued restoration, monitoring, and maintenance of
23 the Huntington Beach wetlands surrounding the project,
24 which includes the original 66.8 acres that were restored
25 as mitigation for the original AFC approval. A new

1 biological condition has been added to mitigate
2 biological impacts to a less than significant level.
3 Additionally, staff discussed the need with the Applicant
4 to tighten the timeline for a new AFC to replace all four
5 units. AES has agreed to a shortened timeline for an AFC
6 to show their commitment to replace these units. They
7 moved up their deadline by 18 months and will submit by
8 June 30th, 2012. The shortened timeline for the AFC
9 submittal will provide assurance that they are making
10 efforts to modernize and eliminate the use of once-
11 through cooling, while still providing a reliable supply
12 of energy.

13 Staff recommends at this time that the Energy
14 Commission approve the requested extension with the
15 addition of the new biology Condition of Certification
16 and the General Provision. There would be no unmitigated
17 impacts to biological resources due to the proposed
18 project extension and the project will conform to all
19 applicable laws, ordinances, regulations, and standards.
20 I also wanted to point out that there was one item, there
21 was a cite revision to the biology Condition of
22 Certification, and I've distributed hard copies of the
23 Errata, as well as provided two dockets, and posted for a
24 public review. And if you have any further questions on
25 that, Kevin Bell can address that. And staff is here to

1 answer any questions. Thank you.

2 CHAIR DOUGLAS: Thank you, Ms. SNOW. Eric
3 Pendergraft, the President of AES Southland, if you could
4 come forward?

5 MR. PENDERGRAFT: The podium or here -

6 CHAIR DOUGLAS: Wherever you'd like.

7 MR. PENDERGRAFT: Good morning, Madam Chair and
8 fellow Commissioners. My name is Eric Pendergraft and I
9 am the President of AES Southland, which is the entity
10 that owns the Huntington Beach facility. We think the
11 staff reports speaks for itself and we obviously support
12 the recommendation. What I really want to do is thank
13 Commissioner Weisenmiller, Chair Douglas, and the other
14 members of the Commission. I think some extra effort was
15 put into reviewing this situation, that was rather
16 unique, and we certainly appreciate the time that was put
17 into getting us to this point. We know that, in
18 particular, the solar permits are the priority and a lot
19 of the resources have been devoted to those. So, we very
20 much appreciate finding time to fit us in. And, in
21 particular, we also want to thank the CEC staff,
22 originally Mary Dyas, ultimately Christina Snow, who I
23 think is cutting her teeth on this project, and Chris
24 Marxen, who filled in at the end. It's not often that
25 one can say that it was a pleasure working with a

1 government agency, but in this case, it truly was, you
2 know, very responsive, very cooperative, pushed this
3 through, again, when there were a lot of other
4 priorities. You know, I'm sure resources are
5 constrained, morale may be an issue given furloughs, and
6 all the things going on with the budget, so the
7 responsiveness and work and effort of the staff cannot be
8 underestimated, it was a true pleasure to work with the
9 folks that we interacted with and we really appreciated
10 it. So, hopefully this extension will get approved and
11 we'll be able to continue working with the staff as we
12 submit our AFCs for new modernized facilities, and get
13 rid of the dinosaurs, the boat anchors, or any other term
14 you want to refer to these plants as. So, thanks.

15 CHAIRMAN DOUGLAS: Well, thank you, Mr.
16 Pendergraft. Thank you for your comments. And it isn't
17 often, frankly, that people say it's been a pleasure to
18 work with a government agency, so we do appreciate that.
19 Commissioners, any comments or questions?

20 COMMISSIONER WEISENMILLER: Yeah, I wanted to
21 say, as the Siting Committee Chair, this has been an
22 interesting project to work on. I think, obviously, all
23 of us are concerned about reliability and maintaining
24 generation in the South Coast, as we try to work through
25 the other complicated issues there. And so, as we worked

1 with the staff, we also were concerned to make sure that
2 there was an adequate opportunity for public
3 participation, so we really made sure there was a 30-day
4 comment period, and I guess the good news is AES, I
5 guess, following on the tradition of its founder, Roger
6 Sant, and certainly Bob Hempel, you know, apparently have
7 been very good neighbors in Huntington Beach and have
8 taken a project which I think was relatively
9 controversial at various stages, to one where there was
10 very little public comment and very supportive comments.
11 So, generally, that was a very good sign and I think it
12 made our jobs certainly easier. If there had been an out
13 swelling of public opposition in Huntington Beach, then
14 we would not be in the situation we are in now, but
15 probably in hearings down there. So, first, I really
16 want to thank AES for working with the community and
17 developing acceptance there for this. I think, working
18 with the staff, we were also concerned about once-through
19 cooling and, again, we wanted to address those issues and
20 certainly appreciate the staff working out with the
21 Applicant the acceleration of the Repowering Application
22 here as part of this package, so that we could move
23 forward in that area, and also it was very gratifying as
24 people went through the environmental assessment that,
25 indeed, the impacts were mitigated. And finally, I

1 really wanted to thank Edison and the AES, you know, this
2 project, part of our process of moving this along, was to
3 facilitate Edison and AES renegotiating a contract
4 extension at least at one point where there were some
5 tough spots in negotiation. We basically sent the
6 message back to go work it out, and they did. And we
7 certainly appreciate both parties rolling up their
8 sleeves and getting it done. So I think, again, this has
9 been a good project and we certainly appreciate the
10 opportunity to work with AES and Edison, the community,
11 to maintain this facility, but also set the steps towards
12 a better facility down there certainly sooner and quicker
13 than we would have had otherwise. So, thanks.

14 CHAIRMAN DOUGLAS: Thank you, Commissioner
15 Weisenmiller. Any other questions or comments? Or a
16 motion?

17 COMMISSIONER BYRON: Some questions - not so
18 fast, Mr. Pendergraft. I just want to make sure of a
19 couple things, really, because I don't get the benefit of
20 hearing all the details on the Siting Committee, and I'm
21 sure it's all been done very thoroughly, but, as my
22 fellow Commissioners may not know, we have seen this
23 power plant before this Commission in the past, and Mr.
24 Pendergraft has been here before, as well. I want to
25 make sure I understand that I have the correct revised

1 Bio 7 in front of me, Ms. Snow. I have a October 7th
2 Briefing Memo. Does that contain the correct updated Bio
3 7 changes?

4 MR. BELL: Commissioner Byron, Kevin Bell,
5 Staff Counsel. What you have in front of you is, in
6 essence, the same as staff has submitted as revised Bio
7 7, the only difference is that the last two sentences,
8 the last eight lines, staff is recommending be stricken.
9 This does not change any of the facts that staff
10 analyzed, it doesn't change any of the underlying
11 assumptions, it changes none of the conclusions, it
12 merely deletes duplicative language. The language that
13 is in those last two sentences, the last eight lines, is
14 already accounted for in a general Condition of
15 Certification, this is just deleting surplus out of the
16 Condition.

17 COMMISSONER BYRON: All right, thank you.

18 MR. BELL: If I may, Commissioner Byron, I know
19 that Ms. Snow went to great lengths to make sure that you
20 at least almost had these copies, I do have a hard copy
21 for you I can bring up to the podium if you like?

22 MS. SNOW: I apologize, I provided hard copies
23 yesterday, but apparently they did not get to you, so...

24 COMMISSIONER BYRON: Oh, I see. All right,
25 thank you. I will take a quick look at that. And,

1 counsel, since I have you, this seems somewhat unique,
2 these changes and the process we've gone through, and I
3 note all the conclusions, they were in full compliance
4 with LORS, etc., but because of the uniqueness of the
5 negotiations that went off in the settlement here, has
6 this received adequate legal review to make sure it will
7 stand up to future scrutiny?

8 MR. BELL: Yes, it has.

9 COMMISSIONER BYRON: I'm curious, you know, the
10 question that comes to mind for me is why we're going to
11 all this trouble. Mr. Pendergraft, I'm sure, could answer
12 that. Is there a Run Must Run Agreement for this plan?

13 MR. PENDERGRAFT: There is not currently a Must
14 Run Agreement and there aren't any resources in Southern
15 California Edison's territory that have Must Run
16 Agreements. They essentially are using the resource
17 adequacy policy to meet their local capacity requirement
18 needs. So, there is a need for approximately 10,000
19 megawatts of generation in the LA Basin LCR, but rather
20 than do those - procure those - through RMR contracts,
21 they're procuring them through the resource adequacy
22 proceeding and requirements.

23 COMMISSIONER BYRON: And if the plant were to
24 be shut down on September 11th, is there some analysis on
25 the impact that that would have caused, or would cause, I

1 should say? Has the ISO been involved in this at all?

2 MR. PENDERGRAFT: We have not - we were
3 optimistic and hoping that our permit would be extended,
4 so we have not explored with the ISO what the potential
5 implications would be if the plant shut down in 2011.
6 And I don't know if the staff has.

7 MS. JONES: We didn't do any particular
8 analysis related to that. Typically, we don't address
9 need when we're handling siting cases. The reason why we
10 wanted to have a settlement that included a date certain
11 for submission of an AFC is to make sure, as Commissioner
12 Weisenmiller has indicated, that there are sufficient
13 resources to meet reliability needs and that, as well, we
14 can deal with once-through cooling issues, and so this
15 was one way to sort of ensure that we're headed in that
16 direction.

17 COMMISSIONER BYRON: Commissioner, I know
18 you've reviewed this all very thoroughly, I haven't had a
19 chance to hear from staff on this, and I apologize for
20 asking all these questions now.

21 COMMISSIONER WEISENMILLER: No, well, it's
22 certainly good to have a full record. I was going to
23 say, I think probably the answer, though, on the ISO
24 question is not directly, although indirectly. So, to
25 the extent the ISO sets the overall resource adequacy

1 needs in the South Coast, and then it's up to Edison and
2 the various proponents to negotiate contracts, though not
3 on our contracts, but they are bilateral. So, in a way,
4 once the ISO sets the overall bubble, shall we say, that
5 it then became incumbent upon Edison to go out and strike
6 whatever deals were appropriate. And so they have struck
7 a deal in this case.

8 COMMISSIONER BYRON: Have you shared with this
9 Commission any information about your Power Purchase
10 Agreement with Edison?

11 MR. PENDERGRAFT: Not that I believe, no.

12 COMMISSIONER BYRON: Okay. The - I appreciate
13 your indulgence for allowing me to ask some of these
14 questions. I don't believe my fellow Commissioners are
15 aware that we had a pretty thorough review on this plant,
16 as well, for the extension - I can't believe it was only
17 a few years ago, I mean, in 2006; in fact, we negotiated
18 some of the conditions here in the Business Meeting for
19 the continued operation of this plant, and AES Huntington
20 Beach put this Commission in a little bit difficult
21 position at that time, whereby we were prepared to
22 enforce our Conditions of Compliance and shut them down.
23 So, I do appreciate very much this kind of forward
24 approach in addressing this once-through cooling issue.
25 I'm very hopeful that you'll be able to comply not only

1 with this revised condition, but all your financial
2 constraints and technical constraints that you'll be
3 dealing with, and that you will be coming forward with a
4 revised - I suppose it would be an Application for
5 Certification, or a license revision. This looks like a
6 very positive approach here for this unit and, again, I
7 hope it all works for you so that we'll see you back here
8 again in the not too distant future with a plant
9 modification to remove the once-through cooling.

10 MR. PENDERGRAFT: Yeah, and our goal is to be
11 here well before June 2012. But California is pretty
12 unpredictable, so we gave ourselves a little bit of a
13 cushion.

14 COMMISSIONER BYRON: The dates look reasonable
15 and you're exactly right. And we also appreciate your
16 compliments with staff. I think they are extraordinary,
17 as well, and I'm glad that you had a good experience, Mr.
18 Pendergraft.

19 MR. PENDERGRAFT: Yeah, it was wonderful.

20 COMMISSIONER BYRON: Thank you.

21 MR. PENDERGRAFT: You're welcome.

22 CHAIRMAN DOUGLAS: Commissioner Eggert.

23 COMMISSIONER EGGERT: Yeah, I guess the
24 discussion that Commissioner Byron engaged in, I think,
25 answered my one question. I just wanted to compliment

1 staff on a very clear and concise issues memo, it was
2 very sort of easy to follow, some of the history and the
3 rationale for bringing this to us today. And I guess
4 just reflecting on some of the comments Commissioner
5 Byron had, I think, you know, we are going to have a lot
6 more discussions about how we handle the phase-out of the
7 OTC units throughout the State now that we have what I
8 see here is the final approved policy from the State
9 Water Resources Control Board that addresses the OTC
10 issue, so I think all my questions are answered for this
11 and I'm ready for a vote, I guess.

12 CHAIRMAN DOUGLAS: Is there a motion?

13 COMMISSIONER WEISENMILLER: Yeah, I would like
14 to move this item for approval.

15 COMMISSIONER BYRON: Second.

16 CHAIRMAN DOUGLAS: All in favor?

17 (Ayes.)

18 This item is approved.

19 MR. PENDERGRAFT: Thank you very much.

20 CHAIRMAN DOUGLAS: Thank you. Item 2. County
21 Of Alameda. Possible approval of Agreement 006-10-ECE-
22 ARRA for a loan of \$3 million to the County of Alameda to
23 retrofit 7,500 street light fixtures from high pressure
24 sodium lamps to light emitting diode lamps. Mr.
25 Suleiman.

1 MR. SULEIMAN: Good morning, Commissioners. My
2 name is Adel Suleiman. I am with the Fuels and
3 Transportation Division here at the Commission. This
4 loan will provide Alameda County with the funds needed to
5 convert 7,500 street light fixtures from HPS lamps to
6 more efficient and long-lasting LED lamps. Once
7 completed, this project will save approximately 2.3
8 kilowatt hours per year, or \$280,000 annually in reduced
9 energy costs, which is equivalent of removing 750 tons of
10 carbon dioxide from the environment. Light pollution
11 will also be reduced due to the full cut-off design of
12 the new LED lamps.

13 The project cost is estimated at \$4 million, in
14 which \$3 million will be funded by this loan request from
15 the American Recovery and Reinvestment Act (ARRA) funds,
16 as well as the Energy Conservation Assistant Act (ECAA)
17 funds. The remaining balance will come from the County,
18 internal funds, as well as a \$500,000 PG&E rebate. This
19 project has an 11-year payback and complies with all loan
20 requirements of a loan under the Energy Commission Loan
21 Program funds. I just would like to make a minor
22 correction of the Business Meeting agenda today. It
23 mentioned that the funding is coming from the ARRA
24 funding, but it is actually a combination funding from
25 ARRA and ECAA. And I respectfully seek your approval on

1 this item and would be happy to answer any questions you
2 might have.

3 CHAIRMAN DOUGLAS: Thank you, Mr. Suleiman, and
4 I do see that the item number has both ECAA and ARRA in
5 it.

6 MR. SULEIMAN: Excellent.

7 CHAIRMAN DOUGLAS: So thanks for the
8 correction. Commissioners, do you have any questions on
9 this item?

10 COMMISSIONER EGGERT: Just a quick question.
11 Again, I think this is another great project that
12 demonstrates bringing some of the technologies that have
13 been researched, including those here in California, the
14 LED lamps, bringing them into the marketplace through our
15 loan program, and I guess - do you know if - is there any
16 connection between the LED technologies that are being
17 used here and any either research or testing that was
18 done at our lighting technical center?

19 MR. SULEIMAN: Sure. This particular project,
20 they're using the Beta lighting, they're proposing to use
21 the beta lighting which is demonstrated and tested at the
22 California Lighting Technology Center in Davis, which is
23 partially funded by the Energy Commission.

24 COMMISSIONER EGGERT: Okay, thank you very
25 much. I think that was the only main question I had.

1 COMMISSIONER BYRON: Mr. Suleiman, a quick
2 question. Another large loan using ARRA and ECAA funds
3 from this Commission. It's not all just buying street
4 lights, there are jobs involved in this. Do we
5 accumulate these job totals somewhere?

6 MR. SULEIMAN: Absolutely. We track these jobs
7 created from these funds on a monthly basis through a
8 spreadsheet that we request from the recipient, to upload
9 every single month, and we review it.

10 COMMISSIONER BYRON: So, this is part of the
11 tracking, Ms. Jones that we do with ARRA funds?

12 MS. JONES: That is correct.

13 COMMISSIONER BYRON: Okay, so we are accounting
14 for the jobs that are created from this, as well?

15 MR. SULEIMAN: Absolutely.

16 COMMISSIONER BYRON: Excellent.

17 CHAIRMAN DOUGLAS: Any other questions,
18 Commissioners? Is there a motion?

19 COMMISSIONER BYRON: Madam Chair, I am prepared
20 to move approval of Item 2.

21 COMMISSIONER EGGERT: Second.

22 CHAIRMAN DOUGLAS: All in favor?

23 (Ayes.)

24 Item 2 has been approved.

25 MR. SULEIMAN: thank you.

1 CHAIRMAN DOUGLAS: Thank you very much. Item
2 3. City Of Duarte. Possible approval of Agreement 003-10-
3 ECE-ARRA for a loan of \$226,666 to the City of Duarte to
4 upgrade HVAC, lighting, and building controls. Mr. Bucaneg.

5 MR. BUCANEG: Good morning. My name is Haile Bucaneg
6 and I am with the Special Programs Office. This item is a
7 request for the approval of a \$226,666 ECAA-ARRA loan at an
8 interest rate of 3 percent to the City of Duarte for the
9 installation of energy efficiency measures in City facilities.
10 These measures include upgrading approximately 80 tons of HVAC
11 equipment, upgrading existing HVAC controls with programmable
12 thermostats, upgrading interior lighting equipment and
13 controls, and installing vending machine misers. The total
14 annual energy savings for these projects is 152,119 kilowatt
15 hours and 398 therms. This is equivalent to a reduction of
16 109,599 pounds of CO₂ and an annual energy cost savings of
17 \$20,606. The simple payback on this loan is 11 years. In
18 addition to this loan, the City of Duarte will also be using a
19 \$122,117 block grant obtained through the California Energy
20 Commission, and will also apply for approximately \$19,900 in
21 utility rebates.

22 CHAIRMAN DOUGLAS: Thank you, Mr. Bucaneg.
23 Commissioners, questions, comments?

24 COMMISSIONER EGGERT: I think you actually
25 anticipated one of my questions, which was the source of the

1 other leverage funding. I guess maybe one quick
2 question. This is a fairly comprehensive set of activities
3 that addresses HVAC lighting, vending machine retro
4 commissioning. How do these get evaluated given all of the
5 different elements of the project?

6 MR. BUCANEG: We had the engineering calculations
7 sent up to us and we also actually went down and did a site
8 visit at the City. We installed data loggers to get additional
9 data, as well.

10 COMMISSIONER EGGERT: That is something the CEC staff
11 participated in?

12 MR. BUCANEG: Yes, that's right.

13 COMMISSIONER EGGERT: Okay, interesting. I think
14 that was my main question. I guess I would move the item
15 unless there are other questions.

16 COMMISSIONER BYRON: Second.

17 CHAIRMAN DOUGLAS: All in favor?

18 (Ayes.)

19 That item is approved.

20 MR. BUCANEG: Thank you.

21 CHAIRMAN DOUGLAS: Thank you very much. Item 4.
22 Western Governors' Association. Possible approval of
23 Contract 150-10-003 to receive \$11,518 from the Western
24 Governors' Association to continue preparations for federal
25 nuclear waste shipments to the Waste Isolation Pilot Plant

1 in New Mexico or to the Idaho National Laboratory. Ms.
2 Byron.

3 MS. BYRON: Good morning, Madam Chair and
4 Commissioners. My name is Barbara Byron and I'm
5 presenting the two contracts for your consideration under
6 Items 4 and 5 with the Western Governors' Association and
7 the California Highway Patrol. In Item 4, we are
8 requesting your approval of the WGA contract so the
9 Energy Commission can receive the next increment of
10 funding, \$11,518, from the Western Governors'
11 Association. The Federal Department of Energy funds
12 Western States through the WGA to reimburse states for
13 preparation of shipments of federal waste to the waste
14 isolation pilot plant in New Mexico, or the Idaho
15 National Laboratory. This program has been in place
16 since the mid-1990s and the Energy Commission receives
17 funding from WGA on an annual or biannual basis. Item 5
18 is to allow the Energy Commission to pass through most of
19 the WGA funds to the California Highway Patrol, to
20 reimburse them for shipment, inspections, and possible
21 escorts.

22 The purpose of these two contracts is to help
23 California continue its preparation for these shipments.
24 I respectfully request your approval of these two items,
25 and we would be happy to answer any questions.

1 CHAIRMAN DOUGLAS: Thank you, Ms. Byron. I
2 have only read Item 4 into the record, so let's begin
3 with Item 4, then we'll take up Item 5 next. So,
4 Commissioners, any questions on Item 4 or comments on
5 Item 4?

6 COMMISSIONER BYRON: It looks like Item 4
7 receives funds and Item 5 spends the funds.

8 MS. BYRON: Yes.

9 COMMISSIONER BYRON: Does this cover it for the
10 year, then, Ms. Byron?

11 MS. BYRON: Yes, it does.

12 COMMISSIONER BYRON: And the amount seems to be
13 significantly less than last year.

14 MS. BRYON: Last year, it was to open up a new
15 route, and so it involved considerable more preparation,
16 this year the route has already been opened and it's
17 maintenance and fewer shipments.

18 COMMISSIONER BYRON: Madam Chair, I move
19 approval of this item, Item 4.

20 COMMISSIONER WEISENMILLER: I second.

21 CHAIRMAN DOUGLAS: All in favor?

22 (Ayes.)

23 Item 4 is approved. Item 5. California
24 Highway Patrol. Possible approval of Contract 150-10-004
25 for \$11,108 with the California Highway Patrol (CHP) to

1 reimburse the CHP for training, inspections and/or
2 escorts for nuclear waste shipments in California. Ms.
3 Byron, you have essentially already told us what this was
4 about, but a very brief description would be helpful.

5 MS. BYRON: Yes, this item is to use the funds
6 that are from the WGA to pay for California Highway
7 Patrol Officers to inspect the shipments before they
8 depart, and also at their discretion to provide escorts.

9 CHAIRMAN DOUGLAS: Thank you. Questions or
10 comments, Commissioners. Is there a motion?

11 COMMISSIONER BYRON: Madam Chair, move approval
12 of Item 5.

13 COMMISSIONER WEISENMILLER: Second.

14 CHAIRMAN DOUGLAS: All in favor?

15 (Ayes.)

16 Item 5 is approved.

17 MS. BYRON: Thank you.

18 CHAIRMAN DOUGLAS: Thank you, Ms. Byron. Item
19 6. Lawrence Berkeley National Laboratory. Possible
20 approval of Agreement PIR-10-013 with Lawrence Berkeley
21 National Lab for a grant of \$200,000 to demonstrate and
22 quantify the energy savings from using higher temperature
23 cooling tower water in computer room air handlers. Mr.
24 Sapudar.

25 MR. SAPUDAR: Thank you. Good morning. This

1 project was a result of a competitive solicitation, in
2 this case, the Emerging Technology Demonstration Grant
3 Program conducted by the R&D Division. The Contractor is
4 Lawrence Berkeley National Lab, subcontractor is the
5 American Power Conversion Corporation. The project will
6 be located at the LBNL facilities in Berkeley. The
7 budget is \$200,000 of PIER funds plus \$50,000 in match
8 funds. The project term is 36 months.

9 The purpose of the project is to demonstrate
10 that Data Center cooling can be assisted by using cooling
11 towers combined with the traditional energy intensive
12 mechanically chilled water systems. The demonstration
13 technology uses an integrated waterside economizer with
14 an additional air to water coiler cooled by cooling
15 towers, and it is installed in series with the standard
16 chilled water coil. This design would allow the cooling
17 tower to handle part of the cooling load when
18 temperatures are low enough, and even hold cooling load
19 at times, thus minimizing or even eliminating at times
20 the chilled water cooling requirement. Energy use by
21 California's Data Centers is estimated to be about 300 to
22 500 gigawatt hours per year by 2011. And the energy used
23 for cooling represents about 30-50 percent of this
24 amount, with most Data Centers being generally somewhat
25 over-cooled. Reduced chiller operation could eliminate

1 about 15 percent of the cooling energy requirements, with
2 estimated energy savings of about 850 million kilowatt
3 hours, and about \$102 million in annual cooling costs if
4 the technology was used in all California Data Centers.

5 The Emerging Technology Demonstration Grant
6 Program solicitation has been coordinated with the
7 State's energy utilities, and Pacific Gas & Electric
8 Company's Data Center Efficiency staff will review the
9 Measurement and Verification protocols for this project.

10 Lawrence Berkeley Lab has many industry
11 affiliations and has participated in the Silicon Valley
12 Leadership Group's Data Center Demonstration Program for
13 the past several years, which will be an asset for the
14 transfer of this technology into the California
15 marketplace. The Silicon Valley Leadership Group has
16 grown to become one of the largest organizations of its
17 kind in the Silicon Valley, and today it has more than
18 300 companies. Thank you for considering this project
19 for funding, and I would be happy to answer any questions
20 you might have.

21 CHAIRMAN DOUGLAS: Thank you. Commissioners,
22 questions?

23 COMMISSIONER BYRON: Madam Chair, this, of
24 course, was reviewed in the RD&D Committee and
25 recommended for approval, and I did have a chance to talk

1 to Mr. Sapudar about the project, but I didn't get a
2 chance to tell him and you all that I attended -- last
3 Thursday the Silicon Valley Leadership Group had a Data
4 Center Energy Efficiency Conference, and I was actually
5 at the one the previous year, as well. The growth that
6 is going on and the interest in this area is rather
7 astounding. There were 550 people in attendance at this
8 conference at Brocade down in San Jose, and we had a
9 number of our staff there, as well. I just don't know
10 how to describe the fact that they finally get it, this
11 saves money, enormous amounts of money that accumulates
12 to the bottom line. And, of course, Data Centers, I
13 believe the numbers indicate that they use about three
14 percent of the electrical use in the country, and we
15 don't really know in California, but we expect it is
16 significantly higher than that.

17 MR. SAPUDAR: It certainly could be, yes.

18 COMMISSIONER BYRON: And so there is a strong
19 demand for these technologies, this close coordination
20 with the utilities, and with organizations like SVLG, who
21 is really established a preeminence here. I asked the
22 audience how many of them were from Silicon Valley and
23 how many out of State or out of area, and over half were
24 from out of the area of Silicon Valley, so they've
25 established themselves. The work at LBNL, I think, is

1 extraordinarily good and I was actually involved before
2 joining this Commission in the negotiation of the
3 contract with SVLG and PG&E on this energy efficiency
4 work. Unfortunately, I haven't obviously participated in
5 it since, but I think it's come a long way. There is
6 just a tremendous demand for this and this is another
7 example of the kind of technology that I believe that
8 they will gobble it up. So, again, I think we always say
9 this, please complete this as soon as possible.

10 MR. SAPUDAR: We'll do our best.

11 COMMISSIONER EGGERT: If I might, so first I
12 want to thank Commissioner Byron both for his leadership
13 on the R&D Committee and our shared energy efficiency
14 committee bringing this project before us. I think all
15 of your points are very well stated, including the fact
16 that LBNL has been a really good partner on the R&D side
17 for this Commission, the importance of the IT sector to
18 our State economy and one that is a growing user of our
19 electricity systems, so the opportunities that we have to
20 reduce their consumption in ways that also provide
21 economic benefits, I think, is absolutely critical. I do
22 have a question. I guess it's going to be the same
23 question for this item, as well as the next one for Mr.
24 Kazama, also for you, Mr. Sapudar?

25 MR. SAPUDAR: Sapudar, right.

1 COMMISSIONER EGGERT: And that is, how do we -
2 if this is demonstrated to be successful, how do we get
3 these companies to gobble it up, I think, as Commissioner
4 Byron stated, how do we make this go to scale in terms of
5 getting deployment of the strategy?

6 MR. SAPUDAR: Well, a part of it is Lawrence
7 Berkeley Labs will have a Technology Transfer Plan and
8 part of it is working with the various industry groups.
9 What we've also done with this solicitation is to
10 coordinate it with the energy utilities, and what that
11 means is we are trying to cut down the time it takes to
12 get a technology from when it is ready to go commercial,
13 and in the commercial application and into the
14 marketplace. And what this allows is, with the energy
15 utilities working with us to provide the measurement and
16 verification to utility standards for these type of
17 projects, that makes it easier if they're successful to
18 get them into the energy utility efficiency programs,
19 which is what we really want to do. And once that
20 happens, there are incentives by the utilities to
21 encourage people to use these technologies.

22 COMMISSIONER EGGERT: So it sounds like there's
23 a hand-off ready to occur, assuming this plays out and
24 proves itself as a workable strategy.

25 MR. SAPUDAR: That is the assumption, exactly.

1 COMMISSIONER EGGERT: Okay, excellent. I have
2 no further questions.

3 CHAIRMAN DOUGLAS: If there are no further
4 questions, is there a motion on this item?

5 COMMISSIONER BYRON: Madam Chair, I move
6 approval of this item.

7 COMMISSIONER EGGERT: Second.

8 CHAIRMAN DOUGLAS: All in favor?

9 (Ayes.)

10 Thank you. This item is approved.

11 MR. SAPUDAR: Thank you very much.

12 CHAIRMAN DOUGLAS: Thank you very much. Moving
13 on to Item 7. Lawrence Berkeley National Laboratory.
14 Possible approval of Agreement PIR-10-014 for \$400,000
15 with Lawrence Berkeley National Laboratory to demonstrate
16 the Data Automation Software and Hardware (DASH) system
17 at a large scale enterprise data center. Mr. Lozano.

18 MR. LOZANO: Good morning, Commissioners. My
19 name is Michael Lozano, Team Lead for the R&D Division's
20 Industrial, Agriculture and Water Team. The following
21 agreement with Lawrence Berkeley National Labs was
22 competitively selected through the IAW Team's Emerging
23 Technologies Demonstration Grant, as was the last project
24 mentioned. Data Centers represent three to five percent
25 of California's peak electrical power requirements and

1 cut across all sectors of the economy. Within PG&E's
2 service territory, alone, Data Centers consume 500
3 megawatts of power and one-third to one-half of this
4 electrical demand is due to the cooling of the computer
5 room server racks.

6 The goal of this project is to demonstrate the
7 scalability of Federspiel Controls Data Center Automation
8 Software and Hardware, their DASH technology. This was
9 successfully applied at the Franchise Tax Board in a
10 previous PIER-funded project. The DASH technology
11 interfaces with variable speed drive fans installed on
12 supply air fans to the server rooms, and delivers just
13 the right amount of air flow to the working racks,
14 cooling the hot servers without the need to over cool the
15 entire room. This project will be located at a Bay Area
16 facility with over five times the size and 15 times the
17 computing power as the previous installation at the
18 Franchise Tax Board.

19 The target energy savings goal for this project
20 is a 26 percent reduction in electricity use. The
21 Franchise Tax Board was approximately 15-21 percent
22 reduction, so as we scale up, we're hoping to get even
23 better economies of scale as far as the cooling.

24 This \$400,000 project benefits from \$524,453 in
25 match funding. The term of this project is 24 months,

1 and it will be conducted at Level Three Incorporated, a
2 private entity located in Sunnyvale, California. We
3 request approval of this project and I am prepared for
4 any questions.

5 COMMISSIONER EGGERT: I guess, if you don't
6 mind, I'll start and I guess I'll just ask the same
7 question. I note the third bullet here on the goals says
8 "demonstrate that the savings calculation produced by the
9 control software is sufficiently accurate to support a
10 shared savings business model that can enable rapid
11 market adoption." Is there anything you could say maybe
12 just to, again, if this is proven to be successful, how
13 do we get this into the market quickly?

14 MR. LOZANO: Well, in this case, I was at last
15 Thursday's conference, as well, first of all, using the
16 Silicon Leadership Council, they're looking for these
17 sort of technologies. They had speakers from Facebook
18 and eBay that are already implementing ideas of their
19 own. Data Centers were considered so important in our
20 Emerging Technologies Demonstration Grant that they have
21 their own technology track, where we're trying to get as
22 many Data Center ideas as we could. And we engaged with
23 the IOUs, as was mentioned before, to get into their -
24 hopefully, they'll do the measurement -- they do their
25 measurement and verification, and hopefully they'll

1 qualify these technologies for rebates. So, between the
2 Energy Commission with our reports and our plans for
3 getting things marketed, between the IOUs, knowing their
4 customers better than anybody, and between our
5 involvement with the Silicon Valley Leadership Group, we
6 feel that we can implement any of these good ideas as
7 long as we verify by a third party, in this case, the
8 IOUs, that they truly do save money. In this case, we
9 are very confident; we already have numbers from the
10 smaller facility at the Franchise Tax Board where we
11 saved \$42,000 in the first year, with a 3.1-year payback,
12 which is very good for a brand new technology.

13 COMMISSIONER EGGERT: Thank you for that
14 answer. And I guess, I just have to say, I think this is
15 a brilliant use of the Public Interest Energy Research
16 funding, basically demonstrating these technologies and
17 strategies that can then quickly be deployed through
18 partnerships into the industry, and I think this is also
19 a demonstration of the value of what can happen when we
20 get outside of the concrete bunker, you know, when we
21 interface with the actual consumers of energy, and
22 especially those that are willing to take leadership in
23 terms of adopting these when they're ready to be adopted.
24 So, I guess I have no further questions and I will move
25 the item unless -

1 CHAIRMAN DOUGLAS: Questions or comments?

2 COMMISSIONER BYRON: If I may, Madam Chair, Mr.
3 Lozano, target 26 percent energy efficiency reduction,
4 these are enormous numbers for these Data Centers. And,
5 you know, this is exactly the kind of demonstration
6 that's going to be widely accepted by this community
7 going forward, so I agree with Commissioner Eggert, if I
8 was as fast on a calculator as him, I'd make some
9 comparison to something that we would all understand more
10 clearly, but I think that these are very big numbers. I
11 also note in here the project is going to demonstrate a
12 shared savings approach with the customer, and I would be
13 certainly curious as to how that works out. My
14 experience, I haven't had very good experience with
15 shared savings kinds of contracts on energy efficiency,
16 usually I think someone has to take the financial risk
17 and guarantee savings to a customer going forward. So,
18 I'll be very curious as to how that works, but it makes
19 sense in a demonstration that they might take this
20 approach. But ultimately, the folks that offer these
21 kinds of energy efficiency reductions are going to need
22 to take some financial risk in order for customers to buy
23 and implement them. Mr. Lozano, as you indicated, you
24 were at this conference yesterday - I'm sorry, last week
25 - did you want to add anything else on your observations

1 of this sector of the industry and the potential that is
2 there?

3 MR. LOZANO: I found this year's conference to
4 be extremely promising, for one, a lot of out-of-state,
5 as you mentioned, and for two, this industry, as opposed
6 to sometimes when we work with, you know, all the
7 industrial industries, they're accepting of new ideas.
8 And now that some of the big players have come out and
9 presented, "Well, this really does make sense," then if
10 one is willing to take the risk, they are not risk
11 adverse, all of them are willing to take a little bit of
12 risk, as long as someone goes first, essentially.

13 COMMISSIONER BYRON: Yeah.

14 MR. LOZANO: So it has been a pleasure to work
15 with them. It's very easy to communicate new ideas, why
16 this makes sense, and now that they've gotten their heads
17 around their Data Centers aren't going to go down if you
18 raise the temperature a little bit, or you tailor your
19 fans, now that they've gotten the idea that, yes, their
20 systems are robust, and we can make a lot of money by
21 working on our electricity load, it's been very
22 accepting. So, getting these ideas into the market, I
23 don't think, will be as difficult as I thought maybe
24 three years ago.

25 COMMISSIONER BYRON: Well, you should take some

1 credit for this, too. I'm really glad to see our staff
2 was present, I encourage you to make a lot of contacts,
3 there are future projects and opportunities there to
4 demonstrate the technologies that PIER develops, but Mr.
5 Lozano, we don't want you going anywhere - don't think
6 about going to work for any of those companies, we need
7 you right where you are, okay?

8 MR. LOZANO: Thank you. I enjoy being here.

9 COMMISSIONER BYRON: Madam Chair, I move
10 approval of this item.

11 COMMISSIONER EGGERT: Second.

12 CHAIRMAN DOUGLAS: All in favor?

13 (Ayes.)

14 This item is approved. Thank you, Mr. Lozano.

15 MR. LOZANO: Thank you.

16 CHAIRMAN DOUGLAS: Item 8. Porifera, Inc. Possible
17 approval of Agreement PIR-10-036 for a grant of \$115,397 to
18 Porifera, Inc., to demonstrate carbon nanotube membranes for
19 efficient separation of carbon dioxide from industrial
20 emissions. Ms. Closson.

21 MS. CLOSSON: Good morning. My name is Cheryl
22 Closson. I'm with the Public Interest Energy Research Program.
23 This item is for, as you said, a \$115,397 competitively
24 selected grant award to Porifera, Inc., which is a California-
25 based nanotech research company located in Hayward. The award

1 would provide cost share funding for Porifera's DOE ARRA-
2 advanced research project to develop carbon nanotube membranes
3 for separation of carbon dioxide from industrial flue gas
4 emissions. The research project is being undertaken because,
5 at present, most carbon dioxide separations are being done
6 using a chemical absorption solvent process, which is both
7 expensive and energy intensive. A membrane-based separation
8 may be less expensive and less energy intensive, but making the
9 membranes selective for CO₂ reduces their permeability to a
10 point where they are no longer cost-effective. Development of
11 the carbon nanotube membranes may actually solve the problem
12 due to the increased permeability of the membranes. Porifera
13 has received over \$1 million from DOE for this project, and
14 they will also contribute \$173,097 in match contribution.
15 Project research and development will be done in California, in
16 cooperation with researchers at UC Berkeley and also Lawrence
17 Livermore National Lab. I'm available for any questions that
18 you might have.

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

21 COMMISSIONER EGGERT: I did have a question.
22 This looks like a very interesting project. I know
23 separation is one of the key technical challenges of
24 carbon capture and sequestration, and I think you said it
25 well, and it's both a cost challenge, as well as an

1 energy - sort of a parasitic load on the generation
2 challenge. I may have missed it in here, but did you
3 speak at all to the potential for cost reductions that
4 this could provide?

5 MS. CLOSSON: I did not, I am sorry. It would
6 potentially provide cost reductions by reducing the
7 compression needs and also reducing the equipment needs,
8 so there would be less energy required and also less
9 equipment required.

10 COMMISSIONER EGGERT: And I know carbon
11 nanotubes is an area that has received a lot of attention
12 in a lot of different research areas. Do you know if
13 this is building on any previous research, either for
14 this application or others?

15 MS. CLOSSON: Yes, it is. Lawrence Livermore
16 National Lab actually has a patent that they have provided to
17 Porifera, exclusively, and they will be building on the work
18 that Lawrence Livermore has been doing.

19 COMMISSIONER EGGERT: Okay, well, I would just
20 say that I hope this is successful, as well, in terms of
21 providing a technology solution for, I think, what still
22 remains to be a significant technical challenge that can
23 help us achieve our greenhouse gas goals for the State.
24 So, no further questions.

25 CHAIRMAN DOUGLAS: Commissioner Byron?

1 COMMISSIONER BYRON: No real questions, except
2 I want to make sure my fellow Commissioners are aware
3 that WESTCARB's annual meeting is underway right now here
4 in Sacramento and, although this project does not
5 directly tie to the work at WESTCARB, it has great
6 potential of technically one day providing that
7 separation that Commissioner Eggert mentioned. And I
8 suppose I would remind the Chairman, as well, you are
9 surrounded by Engineers this morning, and we could ask a
10 lot more questions about this, but we'll spare you all.
11 Madam Chair, I would recommend approval of this research
12 project.

13 COMMISSIONER EGGERT: Second.

14 CHAIRMAN DOUGLAS: We have a motion and a
15 second. All in favor?

16 (Ayes.)

17 MS. CLOSSON: Thank you very much.

18 CHAIRMAN DOUGLAS: Thank you. The item is
19 approved. Item 9. University Of California, San Diego.
20 Possible approval of Agreement PIR 10-003 for a cost-
21 share grant of \$500,000 to the University of California,
22 San Diego, to advance modeling tools and validate
23 databases from micro-climate monitoring systems. Mr.
24 Mohammed.

25 MR. MOHAMMED: Good morning, Commissioners.

1 Thank you. My name is Hassan Mohammed and I work for the
2 PIER Renewable Team within the R&D Division. I am here
3 to request your approval for this project with University
4 of California, San Diego, which was selected through a
5 competitive solicitation under the PIER cost share for
6 DOE ARRA grant for high penetration of solar deployment.
7 This project is, in fact, a follow-up to an earlier \$1
8 million PIER renewable energy secure community project we
9 called RESCO, which was focusing on the integration of
10 renewable energy resources into community scale Smart
11 Grid. With this PIER \$500,000 match fund, UC San Diego
12 was able to leverage around \$2 million from DOE ARRA
13 funding, making the total project budget up to \$2.5
14 million. They have recently also received another \$1.7
15 million grant from California Solar Initiative, in
16 partnership with [inaudible] Energy, a Smart Grid
17 Company, for a distribution energy optimization project,
18 in order to improve the economics of solar deployment in
19 California. All of these are distinct projects with
20 multiple funding sources, but they are all a part of a
21 larger project to demonstrate the deployment of more
22 renewables energy in California.

23 This particular project develops and
24 demonstrates advance modeling tools that will help to
25 understand the impact of high level of penetration of PV

1 on a Smart Micro Grid on the Grid Distribution System.
2 It will also validate field data of high PV penetration
3 and generate one hour ahead PV forecast to efficiently
4 integrate 1 megawatt of PV into the University Micro
5 Grid. This is also going to happen in conjunction with
6 the utility dynamic pricing signals, so it's going to
7 help in reducing the load, the targeting of 20 percent of
8 peak load, this is with storage, of course, and demand
9 response technologies. The project will involve UC San
10 Diego, Electrical Design System Analysis Micro
11 Corporation, California Independent System Operator,
12 CAISO, and San Diego Gas & Electric. I have some good
13 news from last week. UC San Diego was nationally
14 recognized by receiving the 2010 First Annual Climate
15 Leadership Award at the American College and University
16 Presidents Summit in Denver, Colorado. By this, I thank
17 you and am happy to answer any of your questions.

18 CHAIRMAN DOUGLAS: Thank you, Mr. Mohammed. Are
19 there questions or comments, Commissioners, on this item?

20 COMMISSIONER BYRON: Madam Chair, I'm certainly
21 going to recommend approval of this project. I think
22 UCD, University of San Diego, I should say, has - they
23 seem to be breaking up the Northern California dominance
24 of preeminent institutions, academic institutions, on
25 energy issues, they are really taken up the flag here. I

44

1 am actually going to be down there tomorrow touring the
2 Cal with two Data Centers on the campus, the new biotech
3 or biofuels facility with algae-based fuels, and they're
4 receiving an EPA Energy Star award for their CHP
5 generation, and I know that they have solar down there,
6 and they - I've seen presentations done on their
7 forecasting efforts, and I was not aware of this project
8 until recently, that they'll be doing some - I believe it
9 is a one-hour ahead forecasting?

10 MR. MOHAMMED: One hour, yeah.

11 COMMISSIONER BYRON: This has great potential
12 for the solar thermal and PV work plants that are being
13 permitted in this state, and built in this state. So
14 hats off to University of California at San Diego, and
15 I'm glad to see that we are participating in this work.
16 I would certainly recommend approval of this.

17 COMMISSIONER EGGERT: Yeah, I guess I think
18 your recognition of UCSD is well deserved, they really
19 have taken a leadership role in all the different areas
20 that you've mentioned, and actually, another kind of cool
21 thing, I was down there earlier this year and they've
22 really tried to involve their students in the energy
23 management of the campus, so they've invited classes and
24 programs that are training the students through
25 engineering classes and others on energy issues, and

1 actually involving them in managing the energy systems.

2 And that was one of my questions, was whether or not that
3 is linked at all to that project or that program?

4 MR. MOHAMMED: Yeah, actually the whole program, it
5 is to engage everybody.

6 COMMISSIONER EGGERT: Excellent. And I guess, in
7 terms of the one hour ahead, it talks about sky imaging
8 systems, just for my own education, is this sort of
9 anticipating cloud pass-over and things of that sort?

10 MR. MOHAMMED: Actually, sir, semi-spherical sky
11 imaging systems which trap the clouds, and that is the software
12 they have integrated and they could predict - actually, this
13 work is involved in this because they want to make sure that
14 this information could feed in their operations.

15 COMMISSIONER EGGERT: So, in other words, you're
16 trying to anticipate or predict when you're going to have -

17 MR. MOHAMMED: To schedule ahead - one hour ahead, at
18 least.

19 COMMISSIONER EGGERT: -- generation loss and try to
20 adjust the system to accommodate that without affecting
21 reliability.

22 MR. MOHAMMED: Definitely, that too.

23 COMMISSIONER BYRON: And I believe it is based upon a
24 single sensor, correct?

25 MR. MOHAMMED: They are using this sky imaging and

1 also they are using others, too, one of them is - let me
2 check that -

3 COMMISSIONER BYRON: Where I was going with my
4 question is, having seen a demonstration of this, I believe
5 it's a single sensor that sees the entire sky, and therefore I
6 would conclude that the cost of these kinds of forecasting
7 capabilities may not be terribly expensive, either.

8 MR. MOHAMMED: Actually, one of the main objectives
9 of this project is to demonstrate that this could be done with
10 small capital, it's going to be cost-effective, it's not
11 putting a lot of money to infrastructure or something like
12 that, so they are actually looking on the economic side of it,
13 as well. But I think the technology is helping that way, too,
14 to get it cheaper.

15 COMMISSIONER BYRON: And we know this solar renewable
16 integration looks as though it may even be more challenging
17 than wind integration, given the intermittency issue around
18 solar. So, this has great potential.

19 COMMISSIONER WEISENMILLER: I was just going to say,
20 when I was at UC Merced, it's very good to have competition now
21 developing across the campuses on the R&D side, but they have a
22 very very strong effort on modeling the variation, and much
23 more software-based, some very interesting software, so, again,
24 this seems to be a good project, a lot of different companies
25 involved, but certainly I want to encourage people to go to

1 Merced, it's that part of the valley that certainly needs
2 that push and certainly sees its future in solar, and it's a
3 very very interesting software focus on trying to really push
4 the state-of-the-art forward on forecasting the variability of
5 solar and wind.

6 MR. MOHAMMED: Actually, in fact, at Merced, we have
7 a RESCO project also for forecasting. We are funding that and
8 they are two competing technologies.

9 COMMISSIONER WEISENMILLER: Exactly. Again, as we
10 started out, Commissioner Byron was saying how happy he was to
11 have San Diego giving some competition to the Northern
12 California - I think all of us believe that market forces and
13 competition is good, so certainly if we can have that sort of
14 also competition in these areas, on which the various
15 software/hardware combinations give us the best results, that
16 is certainly going to give us more bang for the PIER dollars.
17 I would move this item.

18 COMMISSIONER BYRON: Second.

19 CHAIRMAN DOUGLAS: All in favor?

20 (Ayes.)

21 This item is approved. Thank you very much.

22 MR. MOHAMMED: Thank you.

23 CHAIRMAN DOUGLAS: Commissioners, before we take up
24 the Minutes, I'd like to ask you to turn your attention to
25 items 17, 18 and 19. In addition to the agenda that was

1 distributed on October 7th, 2010, the Commission will
2 take a vote to consider whether there exists a need for
3 immediate action on the following items, and if the Commission
4 determines such a need exists, the Commission may consider
5 following with Item 17, Local Government Commission, possible
6 approval of Contract 400-10-004 for \$33,176,912 with the Local
7 Government Commission to support Energy Upgrade California;
8 Item 18, Department of General Services, possible approval of
9 Contract 400-10-005 for the same amount to Department of
10 General Services for administration of the Energy Efficient
11 State Property Revolving Loan Program; Item 19, California
12 State Treasurer, possible approval of Contract 400-10-006 for
13 \$164,760 with the California State Treasurer for administration
14 of the Energy Upgrade California Financial clearinghouse. I'd
15 like to ask our Chief Counsel, Michael Levy, to provide us with
16 some advice on how to handle these items.

17 MR. LEVY: Thank you, Commissioners. On September
18 22nd, you awarded a contract for a similar amount of money to
19 the CSCDA to implement the Energy Upgrade California Program in
20 California. What happened on October 13th was, when they were
21 supposed to vote on approving the contract in their meeting,
22 they decided not to at that time. Their reasons are somewhat
23 ambiguous, they've 1) referred to legal proceedings involving
24 the Western Riverside Council of Governments, 2) they've also
25 private expressed concern that a significant number of their

1 members, which are the Western Riverside Council of
2 Governments, Cities, and Districts, might be disturbed by them
3 proceeding without their support since they're all members of
4 the CSCDA, as well. The short answer is they've continued
5 their proceedings, they've chosen not to vote to approve the
6 contract at this time. As you know, October 21st is the
7 deadline in the Federal State Energy Program funding from the
8 award from the Department of Energy for us to enter into
9 contracts to obligate the funds. After October 21st, the
10 Department of Energy has the authority and discretion to take
11 back the money. We've been in communications with the
12 Department of Energy and it's unclear what they intend to do,
13 and we can discuss that at a future point in time. These
14 items, however, were placed on the agenda in view of that
15 possibility, that when we learned that CSCDA would not go
16 forward, and the absence of time within the October 21st
17 deadline to have a 10-day notice of a meeting under the Bagley-
18 Keene Act. Notwithstanding all of that, on October 14th, last
19 Thursday, in response to an application by the Western
20 Riverside Council of Governments, the Superior Court issued a
21 temporary restraining order barring you from performing under
22 the Contractor spending money under the CSCDA contract, but
23 orally the Superior Court Judge dramatically expanded the scope
24 of his ruling, essentially stating, as best as we can tell,
25 that any action by the Energy Commission to award contracts, to

1 sign contracts, to spend any of the money, would be
2 viewed by him as a contempt of his order, and his restraining
3 order.

4 We have filed on Monday in the California Court of
5 Appeal, seeking extraordinary relief to set aside the Judge's
6 Order, to untie your hands to allow you to proceed as required
7 by the State Energy Program requirements, to award the ARRA
8 money. We have not heard back from the Court of Appeal as yet,
9 and so I would suggest and recommend that, instead of acting on
10 these items, even considering whether to place them on the
11 agenda, at the conclusion of this meeting, that you continue
12 instead of adjourning, that you continue this meeting until
13 10:00 tomorrow morning and each day thereafter, as necessary,
14 and maintain these items to be taken up if and when the Court
15 gives us that relief, which would be my recommendation to you
16 at this time.

17 CHAIRMAN DOUGLAS: Thank you, Mr. Levy.
18 Commissioners, would you like to say anything at this point on
19 these items?

20 COMMISSIONER BYRON: Just a couple of clarifications,
21 if I may. What is the Judge's name?

22 MR. LEVY: John Malloy, Superior Court Riverside
23 County.

24 COMMISSIONER BYRON: And did I understand you to say
25 that Western Riverside Council of Government members are part

1 of the CSCDA Board?

2 MR. LEVY: They are part of the CSCDA; I don't
3 believe they are on the Executive Committee, but -

4 COMMISSIONER BYRON: But nevertheless, they would
5 benefit from this contract?

6 MR. LEVY: Western Riverside members -- the members
7 of the Western Riverside Council of Governments benefit
8 substantially from this contract, yes.

9 COMMISSIONER BYRON: Thank you.

10 MR. LEVY: Furthermore, I'll note, since you're
11 asking, Commissioner, we learned after the Court issued the
12 restraining order, and it wasn't just a restraining order, it
13 was an Application that you should be held in contempt of court
14 for violating the previous court order in this matter on May
15 21st. As you will recall, on May 21st, the Superior Court
16 issued an order directing the Department of General Services to
17 hear a protest by Western Riverside Council of Governments
18 about their disqualification from our process; backing up
19 another step or two, they were disqualified because they
20 refused to follow the loading order requirement of the
21 solicitation, so they were disqualified as was required under
22 the solicitation. They tried to file their Protest with
23 General Services. They faxed their Protest too late. The fax
24 imprint on their fax transmittal from their own fax machine
25 bore the time of 7:13:32, which would be 5:32 p.m. on the last

1 day to file in the Department of General Services. On
2 that basis, and on the basis of testimony from their own staff
3 that they had been watching the fax machine for the fax, did
4 not receive it, and were expecting it, at ten after five, they
5 left the building, and this document was found on the fax
6 machine the next morning. So, they determined that the Western
7 Riverside Council of Governments failed to perfect their
8 Protest. Subsequently, Western Riverside claimed that their
9 fax machine was mis-calibrated and that it was actually sent at
10 4:19 p.m. General Services did not find their statements
11 persuasive in view of their own staff's testimony and refused
12 to reinstate the Protest. The Superior Court issued an order
13 directing General Services to hear the protest anyway, and
14 restraining you from awarding the money.

15 So, that was the initiation of the process. Now, as
16 you know, and this is where I was going with this, now as you
17 know, the solicitation was cancelled. The Western Riverside
18 Council of Governments, in fact, suspended their own PACE
19 program on the very same basis that you suspended the 401
20 solicitation, which was the actions of the Federal Housing
21 Finance Agency, pulled the carpet out from under PACE, and we
22 located after the court issued its restraining order and its
23 order to show cause regarding contempt, that the Western
24 Riverside Council of Government's own staff advised it, both in
25 August and September, that the cancellation of your

1 solicitation was due to the Federal Housing Finance
2 Agency's actions, and their program could not be performed
3 either. I hope that is adequate background for you.

4 CHAIRMAN DOUGLAS: So, Mr. Levy, you are saying that
5 all of this is about whether we need to hold a Protest for a
6 solicitation that we cancelled, for a program that has been
7 suspended because of changes in Federal regulation?

8 MR. LEVY: Yes, a program that has been suspended
9 nationwide, not just by the Energy Commission, but under the
10 direction of the Department of Energy in response to Federal
11 Banking Regulators, and Western Riverside acknowledges that
12 their own program is suspended for the same purposes.

13 CHAIRMAN DOUGLAS: All right.

14 COMMISSIONER BYRON: And, Mr. Levy, when is the
15 contempt hearing scheduled for?

16 MR. LEVY: November 4th.

17 COMMISSIONER BYRON: Madam Chair, I will be prepared
18 to join Counsel in appearing before Judge Malloy on November
19 4th.

20 CHAIRMAN DOUGLAS: Thank you, Commissioner Byron. I
21 think that makes two of us and, so, of course that assumes that
22 the Court of Appeal doesn't take this issue up and, so, we will
23 be advised by Counsel on that.

24 So, Commissioners, Counsel's recommendation is that
25 we continue this meeting in order to consider whether to hear

1 this item at 10:00 a.m. tomorrow, if we are able to do
2 that at 10:00 a.m. tomorrow. So, I don't think we need further
3 discussion on this item.

4 We will go on to Item 10A. Possible approval of the
5 September 22nd, 2010 Business Meeting Minutes. Is there a
6 motion on the Minutes?

7 COMMISSIONER BYRON: Move approval.

8 COMMISSIONER EGGERT: Second.

9 CHAIRMAN DOUGLAS: All in favor?

10 (Ayes.)

11 The minutes are approved. Item 10B. Possible
12 approval of the October 6th, 2010 Business Meeting Minutes. Is
13 there a motion on the October 6th Minutes?

14 COMMISSIONER BYRON: Madam Chair, I move approval.

15 COMMISSIONER WEISENMILLER: Second.

16 CHAIRMAN DOUGLAS: All in favor?

17 (Ayes.)

18 The October 6th Minutes are approved.

19 Item 11. Are there any Commission Committee
20 Presentations and Discussion?

21 COMMISSIONER EGGERT: Maybe just a quick one, Madam
22 Chair. So, this last week for me was, I guess you might call
23 it Auto Week. I was in Washington, D.C. last week for some
24 meetings with the Department of Energy to talk about Advanced
25 Vehicle Technologies and Alternative Fuel Programs, and then

1 also, this week, we had some meetings for the Plug-In
2 Electric Vehicle Collaborative, the California Fuel Cell
3 Partnership had their meeting, and there was quite a bit of
4 activity with respect to talking about the State's strategies
5 for preparing for the deployment of these clean vehicle
6 technologies. Just a couple of observations, when I was in
7 D.C., one of the comments that I heard a number of times from a
8 number of different folks, both within the government and
9 outside the government, was just the critical importance of
10 California's continued leadership on these items, both in terms
11 of the policies that we have in place, that are directing the
12 investments towards these clean energy technologies, and then
13 also certainly some of the programs that we administer to help
14 facilitate that deployment. And then, the other observation is
15 that, certainly, with the meeting we had on Tuesday, which was
16 a joint workshop between the California Energy Commission
17 Transportation Division and the Plug-In Electric Vehicle
18 Collaborative, which is a public-private partnership that
19 includes the Energy Commission, but also includes a wide
20 diversity of stakeholders, including automakers, utilities,
21 infrastructure providers, environmental organizations, local
22 governments, and it was a very very positive discussion about
23 how we can work together collaboratively to help to facilitate
24 and prepare the market so that, when these technologies are
25 ready to be deployed that they have the best chance of success.

1 And so, I think we made a lot of progress, and I believe
2 all of the materials from that meeting are available for
3 anybody who is interested in learning more. But a lot of
4 excitement, a significant amount of interest, and a significant
5 amount of private investment coming into the State, which I
6 think is - we're going to start to see evidence, and already
7 are seeing evidence especially in the transportation sector, in
8 helping to meet our energy and environmental goals.

9 CHAIRMAN DOUGLAS: Thank you, Commissioner Eggert.
10 Other reports from Commissioners?

11 COMMISSIONER WEISENMILLER: I was just going to
12 mention, the two things I was going to mention was, 1) in terms
13 of Merced, I talked about the solar part to people, but I think
14 the other interesting thing was the Chancellor greeted us and
15 gave a presentation about the efforts in terms of Merced to
16 really grow, and it was very impressive. I mean, they have a
17 very significant fraction of first-generation students there,
18 they have a very diverse student body, it is sort of one-third
19 Hispanic, one-third Asian, and one-third everyone else. And
20 they're very - the Chancellor, his metaphor was saying that the
21 University is like a fruit tree, and that the product really is
22 to see how the students come out, to see the fruit. And he
23 went through a pretty impressive list of their accomplishments,
24 and we met with the students there working in the solar stuff,
25 which again was pretty impressive. So I was certainly

1 encouraging them to send their students our way when they
2 graduate, and indicating that we would love to have them
3 participate as interns here. So, I think there were
4 opportunities there.

5 I was also going to indicate, I was at the CAISO
6 symposium yesterday and very interesting talks, I mean, the
7 head of the Aquarium down at Long Beach gave a very very good
8 talk on climate change's implications for the ocean, to our
9 climate. It was just a very good talk. And then some
10 representatives of what I'll call the Spanish ISO were there
11 and they talked about their integration issues, which, again,
12 was a very fascinating talk. So, anyway, it was a very good
13 opportunity, but certainly I think they are going to post the
14 presentations for anyone to look at. But, again, I thought, as
15 we all know, the sort of science issues are sort of complicated
16 often to get across, but I thought the Aquarium Director did a
17 very good job of taking some very complicated science and
18 making it understandable for a general audience.

19 CHAIRMAN DOUGLAS: Thank you, Commissioner
20 Weisenmiller. Anything else, Commissioners? Commissioner
21 Byron.

22 COMMISSIONER BYRON: I think the record should
23 reflect that Commissioner Weisenmiller suggested UC Merced
24 graduates might look for opportunities here at the Commission,
25 he turned to our Executive Director, and she nodded in the

1 affirmative, so -

2 CHAIRMAN DOUGLAS: Good.

3 COMMISSIONER BYRON: That's a great story and it's
4 good to learn. This seems to be the growing area of the State
5 and maybe this is a significant growing university in that
6 region, too. So, thank you, Commissioner.

7 CHAIRMAN DOUGLAS: Thank you, Commissioners.

8 Item 12. Chief Counsel's Report.

9 MR. LEVY: I would like to request a closed session
10 on two items, if you please, Items 12B, Western Riverside
11 Council of Governments, and also an item which presents a risk
12 of litigation to the Commission, or the Commission is to
13 determine whether facts and circumstances exist to initiate
14 litigation.

15 CHAIRMAN DOUGLAS: Thank you, Mr. Levy. We will do
16 that.

17 Item 13. Executive Director's Report.

18 MS. JONES: I just have one thing to add about UC
19 Merced. I started here as a student intern, so I am a big
20 supporter of our Student Intern Program. We have gotten some
21 of our best workers through that avenue. And other than that,
22 I have nothing to report today.

23 CHAIRMAN DOUGLAS: Thank you, Ms. Jones.

24 Item 14. Public Advisor's Report.

25 MS. JENNINGS: I have nothing to report. Thank you.

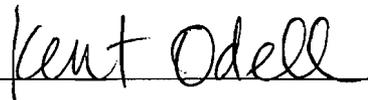
REPORTER'S CERTIFICATE

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

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

IN WITNESS WHEREOF,

I have hereunto set my hand this 27th day of October, 2010.



Kent Odell
CER**00548