



Commissioners Present

Robert B. Weisenmiller, Chair  
James D. Boyd, Vice Chair  
Carla J. Peterman

Staff Present:

Melissa Jones, Executive Director  
Michael Levy, Chief Counsel  
Jennifer Jennings, Public Advisor  
Harriet Kallemeyn, Secretariat  
Thom Kelly (Retired)

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**Also Present**

Interested Parties

Melissa Foster, Stoel Rives, Representing Pio Pico Energy Ctr  
David Jenkins, Apex Power Group, LLC  
Brian Gannon, Biogas Energy, Inc.  
Eric Neandross, Gladstein, Neandross & Associates  
Jeff Harris, Ellison Schneider & Harris, Appearing for Calpine  
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Craig Kuennen, City of Glendale Water & Power

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b. UTILITY ENERGY FORUM. Possible approval of Contract 500-10-042 for \$10,000 to co-sponsor the Utility Energy Forum. The Forum provides an opportunity for the Energy Commission to share information on research results, emerging energy efficiency technologies and best practices in energy efficiency design and management with utilities, vendors and others. (PIER electricity funding.)	
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P R O C E E D I N G S

APRIL 20, 2011 10:05 a.m.

CHAIRMAN WEISENMILLER: Good morning. Let's start the Business Meeting with the Pledge of Allegiance.

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

CHAIRMAN WEISENMILLER: Good morning. Let's start with a preliminary item. There are three items we're going to hold until later, the first is the fourth one, Unites States Forest Service, and then 18, University of California at Berkeley is going to be held, and 20, University of California at Berkeley, will also be held, but not 17.

Okay, so first item, I think we have some good news. Melissa.

MS. JONES: Thank you, Chair and Commissioners. Today we have one of our employees who has just recently retired, and we have a resolution for him from the Legislature that we would like to present. Thom Kelly, he was actually one of the original seven employees at the Energy Commission back in 1975. He served as our Senior Economist for 35 years, he has served as a Deputy Director, as well as the Acting Chief Deputy Director, and we have been

1 privileged to have Thom serve in this organization.  
2 He has literally helped hundreds of staff learn how to  
3 do analysis and do the work that we do over the years.  
4 So, with that, Thom, would you like to come up?

5           So, the resolution states:

6           "WHEREAS, while many have served the people  
7 of the State of California throughout its long  
8 history, few have devoted the majority of their  
9 working career to public service and, upon his  
10 retirement after 36 years of exemplary service with  
11 the California Energy Commission, Dr. Thom Kelly is  
12 deserving of the highest commendations and honors; and

13           WHEREAS, in the course of their careers, few  
14 people are fortunate to be associated with an  
15 individual whose personal, professional, and civic  
16 accomplishments are without parallel and who, through  
17 mere association, brings out the very best in others,  
18 Thom Kelly, Chief Deputy Director for the Energy  
19 Commission is one of those unique human beings;

20           WHEREAS, since joining the Energy Commission  
21 as the agency's first economists in '75, Thom Kelly  
22 has served with integrity and professionalism in all  
23 of his varied assignments, which have included Acting  
24 Chief Deputy Director, Deputy Director for Research  
25 and Development, and Assistant Executive Director;

1           WHEREAS, with an educational background that  
2 includes a Bachelor of Science Degree in Business  
3 Economics from the University of South Carolina at  
4 Columbia, and a Doctorate Degree in Economics from  
5 Texas A&M University, Thom Kelly began his  
6 professional career in 1973 as an Economist with the  
7 Center for Naval Analysis in Arlington, Virginia, and  
8 served in the same capacity with the Federal Energy  
9 Administration in Washington, D.C.;

10           WHEREAS, during his association with the  
11 Energy Commission, Thom Kelly's major accomplishments  
12 include creating the nation's first Disaggregated  
13 Methodology for Forecasting Residential Energy Demand,  
14 the first Statewide Forecast of National Gas Demand,  
15 and the first Forecast of Energy Demand for each  
16 Industry in the State's Economy, publishing the *Energy*  
17 *Watch*, the State's first total energy information  
18 measures, and implementing independent assessments of  
19 the Electricity and Gas Utility Forecasts of Energy  
20 Demand and Economic Impact of Energy Demand Growth;

21           WHEREAS, throughout his illustrious career,  
22 Thom Kelly has served his expertise through numerous  
23 professional publications and as an Adjunct Associate  
24 Professor of Economics at California State University  
25 of Sacramento, instructing Graduate Macroeconomics,

1 Money and Banking at the American University in  
2 Washington, D.C., an Assistant Professor in Economics  
3 in Mathematical Modeling at the University of North  
4 Carolina, Chapel Hill, as well as a Teaching Assistant  
5 at Texas A&M University and Research Assistant at the  
6 University of South Carolina;

7 WHEREAS, the high standards to which Dr.  
8 Thom Kelly adheres have earned him the respect and  
9 admiration of those individuals with whom he has been  
10 associated, and upon his retirement he leaves an  
11 indelible mark of excellence as his legacy,

12 NOW, THEREFORE, BE IT RESOLVED, by Senator  
13 Ellen Corbett, that Dr. Thom Kelly be commended on his  
14 long and distinguished career of professional service  
15 to the people of California, and extended sincere best  
16 wishes for a rewarding and active retirement."

17 [Applause]

18 DR. KELLY: I'm rarely at a loss for words.  
19 Sometimes success is just hanging on after others have  
20 let go, so the Energy Commission has given me 36 of  
21 the best years of its life and I gave it back, and I  
22 appreciate it, I've enjoyed it. Part of me wishes I  
23 could be here for the next few years because the work  
24 has been challenging, it's been different every year,  
25 I think that's going to continue and I think the hires

1 and promotions that I've been seeing here at the  
2 Commission speak well for the future, not only staff,  
3 Executive Office, but the Commissioners, as well. So,  
4 I think things are in good hands and I can walk off  
5 into my retirement feeling a lot better, literally  
6 walking off as some of you have noticed from me over  
7 the years, in wheelchairs, canes, crutches, and a  
8 little walker, and that's gone now. So, I'm happy to  
9 walk into retirement.

10 [Applause]

11 VICE CHAIR BOYD: I was going to say, Thom,  
12 retirement has done you well already and it hasn't  
13 been that long, so you've got nothing but more  
14 progress to make. Congratulations.

15 [Whereupon, photos are taken.]

16 CHAIRMAN WEISENMILLER: Okay, Item 1, our  
17 Consent Calendar.

18 VICE CHAIR BOYD: Move Consent.

19 COMMISSIONER PETERMAN: I second.

20 CHAIRMAN WEISENMILLER: All in favor?

21 (Ayes.) It's unanimous.

22 Item 2. Energy Commission Committee  
23 Appointments. Possible approval of the appointment of  
24 James D. Boyd, Presiding Member and Carla Peterman,  
25 Associate Member of the Energy Commission's

1 Transportation Committee. Any commentary? Questions?

2 VICE CHAIR BOYD: Carla, I guess you and I  
3 have to move and second this!

4 COMMISSIONER PETERMAN: I was going to say  
5 it's going to be exciting thinking about  
6 transportation, I have more of a background in  
7 renewables, but there's so much intersection between  
8 the renewables and transportation space, and since I'm  
9 already working with Commissioner Boyd on renewables,  
10 we should spend more time together, so I think this is  
11 a good assignment.

12 VICE CHAIR BOYD: You are getting off to a  
13 great start, so, I will move approval.

14 COMMISSIONER PETERMAN: I'll second.

15 CHAIRMAN WEISENMILLER: All in favor?

16 (Ayes.) This also passes unanimously.

17 Item 3. Pio Pico Energy Center (11-AFC-1).  
18 The contact is Eric Solario. Possible adoption of the  
19 Executive Director's data adequacy recommendation for  
20 the Pio Pico Energy Center. The project is a 300  
21 megawatt simple-cycle generation facility that would  
22 use three natural gas-fired combustion turbine  
23 generators. The project would be located on 10 acres  
24 of disturbed land in an unincorporated area of  
25 southwestern San Diego County known as Otay Mesa.

1           MR. SOLORIO: Yes, good morning, Chairman  
2 and Commissioners. I'm Eric Solorio, Staff Project  
3 Manager, assigned to the Pio Pico Energy Center  
4 Project. Chairman, since you just gave a brief  
5 overview of the project, I'm going to go ahead and  
6 skip that portion.

7           At the March 23<sup>rd</sup>, 2011 Business Meeting, the  
8 Commission found the AFC to be data inadequate; on  
9 April 1<sup>st</sup>, 2011, the Applicant filed a supplement to  
10 the AFC. Staff has completed its Data Adequacy Review  
11 on the Supplemental Information, together with the  
12 original AFC, and has determined that it now meets all  
13 the requirements listed in Title 20, California Code  
14 of Regulations. Staff therefore recommends that the  
15 Commission accept the AFC, together with the  
16 Supplemental AFC, and appoint a committee for the Pio  
17 Pico Project.

18           CHAIRMAN WEISENMILLER: Thank you.  
19 Commissioners, any questions or comments?

20           VICE CHAIR BOYD: I have no questions. So  
21 I'll - if no other Commissioners have a question or  
22 comment, I'll move approval of the staff  
23 recommendation of Data Adequacy on Item 3(a).

24           COMMISSIONER PETERMAN: Second.

25           CHAIRMAN WEISENMILLER: All in favor?

1 (Ayes.) It's unanimous.

2 Item b. Possible appointment of siting  
3 committee for the Pio Pico Project. I would like to  
4 appoint Commissioner Peterman as the Presiding Member  
5 and Commissioner Douglas as the Associate Member. Any  
6 questions or comments?

7 VICE CHAIR BOYD: Move approval.

8 COMMISSIONER PETERMAN: I second.

9 CHAIRMAN WEISENMILLER: All in favor?

10 (Ayes.) It's also unanimous.

11 Congratulations.

12 MS. FOSTER: Thank you, Commissioners.

13 MR. JENKINS: Thank you, Commissioners.

14 CHAIRMAN WEISENMILLER: Item 5. This is a  
15 first of a series of 118 contracts. This is  
16 Northstate Rendering Co., Inc. Possible approval of  
17 Agreement ARV-10-040 with Northstate Rendering Co.,  
18 Inc., for \$3,956,150 under PON-09-003, and an  
19 additional \$1,500,000 under PON-09-604, for a combined  
20 total of \$5,456,150 to produce biogas from byproducts  
21 of the rendering process for use as compressed natural  
22 gas for use in Recipient's fleet of vehicles, and to  
23 provide the energy to compress the gas, as well as  
24 power the facility. And the contact is Rhetta.

25 MS. DEMESA: Good morning, Chairman and

1 Commissioners. My name is Rhetta DeMesa, I'm with the  
2 Emerging Fuels and Technologies Office and I am  
3 presenting for your approval a project entitled  
4 Anaerobic Digestion of Rendering Waste to Produce CNG  
5 Fuel. This project was proposed for award under PON-  
6 09-003, which was a biomethane production  
7 solicitation, and also under PON-09-604 for biofuel  
8 production.

9           The Applicant, Northstate Rendering, is  
10 proposing to build an anaerobic digestion facility and  
11 biogas upgrading and compression system at their  
12 existing rendering facility in Oroville, California.  
13 The facility will produce biogas that will be upgraded  
14 for use as a vehicle fuel in Northstate's delivery  
15 truck fleet. The company will process waste that is  
16 often ignored in food production processes, such as  
17 dairy cows, slaughterhouse waste, and a food  
18 processing waste, all of which are materials that have  
19 a high biogas production potential and are  
20 anaerobically digested. To compliment the biomethane  
21 production facility, an onsite fueling station will  
22 feed the biomethane to a fleet of 14 trucks used to  
23 haul waste products, which will be retrofitted with  
24 compressed natural gas fueling systems. The applicant  
25 will also incorporate a combined heat and power unit

1 into the project, which will generate 100 percent of  
2 the energy required for the digesters in the CNG  
3 system.

4           Once completed, the project will produce 53  
5 billion Btu's of biomethane annually, which will  
6 displace over 370,000 diesel gallons and save over  
7 20,000 tons of carbon dioxide emissions per year. In  
8 addition, it is estimated that the project will result  
9 in the creation of 36 permanent jobs and retain an  
10 additional two jobs in Butte County where the  
11 unemployment rate is 13.4 percent. When the facility  
12 becomes operational, feedstock that would normally end  
13 up in the feedstock would be used in the creation of a  
14 vehicle fuel that will have a greenhouse gas emission  
15 reduction of 80 percent below the diesel baseline.  
16 The project will serve as a model to promote broader  
17 adoption of waste to fuel systems. The Energy  
18 Commission is providing \$3,956,150 from PON-09-003 and  
19 an additional \$1.5 million from PON-09-604 for a total  
20 of \$5,456,150 in alternative and renewable fuel and  
21 vehicle technology program funds. The Applicant will  
22 supply a match fund of 50 percent in the amount of  
23 \$5,456,150. This concludes my presentation and I  
24 would be happy to answer any questions.

25           CHAIRMAN WEISENMILLER: Do you want to go

1 next, Kristin?

2 MS. DRISKELL: Thank you, Mr. Chair. This  
3 is Kristin Driskell from the Energy Commission's Chief  
4 Counsel's Office. We review all projects under AB 118  
5 to determine what level of review is necessary under  
6 the California Environmental Quality Act. Based on my  
7 review of this project, as well as projects under  
8 Items 6, 8, 9 and 10, and further due diligence, I  
9 recommend that the Commission include a finding that  
10 the projects are categorically exempt from further  
11 environmental review. Although, I would like to speak  
12 separately to Item 7.

13 CHAIRMAN WEISENMILLER: Great. Okay, I  
14 believe the Applicant is here. Would you like to say  
15 a few words?

16 MR. GANNON: Hello. My name is Brian  
17 Gannon, I am the Project Manager for Northstate  
18 Rendering Company's Anaerobic Digestion Project. The  
19 owner of Northstate Rendering is Chris Ottone, sitting  
20 over here in the red shirt, and I would be happy to  
21 answer any questions you have, but first of all, I'd  
22 like to commend the staff of the CEC for the excellent  
23 professionalism and work that they've put in to  
24 assisting us in this process, and we're very delighted  
25 with the outcome, and we look forward to delivering a

19

1 world class project here in California.

2 VICE CHAIR BOYD: I have no questions, but I  
3 just want to commend you for this project. I  
4 appreciate your kind words about the staff, they have  
5 worked very hard on this new program. And in this  
6 arena, it's probably awkward for people to hear a  
7 Commissioner say dealing with this waste stream is  
8 music to my ears, but it is a very positive outcome in  
9 terms of the efforts this agency has gone through to  
10 interest folks and to push the idea of turning waste  
11 into valuable product, a resource that can be used to  
12 produce energy for this state. So, I personally am  
13 very glad to see you here, appreciative of the fact  
14 that you put this project forth, thankful to the staff  
15 for the work they've done, and glad that we are here  
16 this day, able to act on this item and look forward to  
17 hearing good work about this plant when it's up and in  
18 full operation. So, my congratulations and  
19 commendations to all involved in this.

20 MR. GANNON: Thank you.

21 COMMISSIONER PETERMAN: I would like to make  
22 one comment. When I first read this, I was a bit  
23 grossed out about fuel being derived from dead dairy  
24 cows, but then I thought about it and oil is just  
25 millions of years of compressed carbon forms, anyway,

20

1 so I'm really excited about this project, it seems  
2 that it's really trying to reduce our inefficiencies  
3 in our waste stream and so thank you for being here.

4 CHAIRMAN WEISENMILLER: Do I have a motion?

5 VICE CHAIR BOYD: I will move approval.

6 COMMISSIONER PETERMAN: I'll second.

7 CHAIRMAN WEISENMILLER: All in favor?

8 (Ayes.) This passes unanimously. Thank you  
9 for coming today.

10 VICE CHAIR BOYD: And for the record, let me  
11 say that motion includes our legal staff's comments  
12 about CEQA analysis, I think we're going to have to do  
13 this on the succeeding project.

14 CHAIRMAN WEISENMILLER: Yes. Item 6.  
15 Sacramento Municipal Utility District. Possible  
16 approval of Agreement ARV-10-041 for a grant of  
17 \$100,000 to Sacramento Municipal Utility District to  
18 conduct a demonstration test of the Chrysler Ram 1500,  
19 a plug-in hybrid electric vehicle pickup, under real-  
20 world conditions; and, install electric vehicle  
21 charging infrastructure in the Sacramento area.

22 Linda?

23 MS. SCHRUPP: Yes. Good morning, Mr.  
24 Chairman and Commissioners. My name is Linda Schrupp,  
25 I work with the Emerging Fuels and Technologies

1 Offices. I am presenting for your possible approval  
2 this morning a grant to the Sacramento Municipal  
3 Utility District in the amount of \$100,000, and this  
4 will be to supplement the demonstration of 1500 Plug-  
5 In Hybrid Pick-up trucks and the supporting electric  
6 vehicle charging infrastructure. Chrysler Group is  
7 providing the vehicles. This AB 118 money will be  
8 going toward the charging infrastructure and to enable  
9 usage data to be collected on these vehicles and the  
10 stations through SMUD's Advance Meter and  
11 Infrastructure (AMI) System. An equal amount will be  
12 provided from the project partners and an additional  
13 \$200,000 is coming from the Federal American Recovery  
14 and Reinvestment Act Program, the ARRA funds.

15 Project participants include, besides SMUD,  
16 the Cities of Sacramento, Citrus Heights, Folsom,  
17 Rancho Cordova, Elk Grove, and Galt, also Sacramento  
18 International Airport. So, I'm hoping that this  
19 project will be approved, and thank you, that  
20 concludes my presentation.

21 CHAIRMAN WEISENMILLER: Commissioners, any  
22 questions or comments?

23 VICE CHAIR BOYD: I have no questions. I'll  
24 move approval, and commend SMUD and Chrysler, it's  
25 good to see Chrysler is still working with us. Yes,

1 this motion has to include the CEQA finding that our  
2 Attorney pointed out to us earlier, so thank you for  
3 reminding me. So, with that, I will recommend  
4 approval.

5 COMMISSIONER PETERMAN: I'll second.

6 CHAIRMAN WEISENMILLER: Okay, all in favor?

7 (Ayes.) This passes unanimously. Thank  
8 you.

9 MS. SCHRUPP: Thank you, Commissioners.

10 CHAIRMAN WEISENMILLER: Okay, Item 7.

11 Border Valley Trading Company. Possible approval of  
12 Agreement ARV-10-042 for a grant of \$500,000 to Border  
13 Valley Trading Company to construct a liquefied  
14 natural gas refueling station along the I-10 corridor  
15 in the City of Palm Springs. And the contact is  
16 Donald.

17 MR. COE: Yes, thank you. Good morning,  
18 Commissioners. Basically, to give you a quick rundown  
19 on this, of course, it will be a grant for \$500,000,  
20 and what happened was that there was earlier a Heyday  
21 Farms and Border Valley Trading had already converted  
22 their fleet over to liquid natural gas vehicles. And  
23 the station that they were relying on down in Thousand  
24 Palms basically went under, so now they're basically  
25 stranded without a liquid natural gas fueling. So,

1 basically what they've done is come to the Commission,  
2 they have plans to build one, and they're requesting  
3 the grant. The entire project will be about \$2.6  
4 million, we will only have about a \$500,000 grant in  
5 it.

6 CHAIRMAN WEISENMILLER: Okay, Kristin.

7 MS. DRISKELL: Thank you, Mr. Chair. The  
8 City of Palm Springs acted as lead agency for purposes  
9 of this project. They conducted an initial study and  
10 prepared a mitigated negative declaration for the  
11 project that includes mitigation measures that reduce  
12 an environmental impacts to less than significant  
13 levels. Based on my review of these documents and  
14 further due diligence, I recommend that the Commission  
15 include a finding that, as mitigated, the project will  
16 not have any significant environmental impacts and  
17 that the mitigation measures included in the document  
18 are within the jurisdiction of the lead agency.

19 CHAIRMAN WEISENMILLER: Thank you.

20 Commissioners, any questions or comments?

21 VICE CHAIR BOYD: No questions. I would be  
22 glad to move approval of this item, one of many we're  
23 dealing with today that are a product of the AB 118  
24 program as we affectionately refer to it. And this is  
25 another positive step and, with the caveats that

1 Kristin just reminded us of, I would recommend our  
2 approval.

3 COMMISSIONER PETERMAN: I'll second.

4 CHAIRMAN WEISENMILLER: Okay, all in favor?

5 (Ayes.) This passes unanimously.

6 Item 8. Agricultural Waste Solutions, Inc.  
7 Possible approval of Agreement ARV-10-043 for a grant  
8 of \$658,220 to Agricultural Waste Solutions, Inc., to  
9 assemble and operate a skid-mounted, modular pilot  
10 demonstration plant at an existing dairy farm to  
11 convert dairy waste into renewable diesel for use on  
12 the farm. Bill Kinney.

13 MR. KINNEY: Good morning, Commissioners, my  
14 name is Bill Kinney and I work in the Emerging Fuels  
15 Technology Office. We're asking the Commission this  
16 morning to approve Grant Agreement ARV-10-043, San  
17 Jacinto Biofuels Production No. 1, which was selected  
18 under Solicitation PON-09-604. The Applicant,  
19 Agricultural Waste Solutions, will partner with Scott  
20 Brothers Dairy, to assemble tests and operate a  
21 modular skid-mounted demonstration pilot plant that  
22 will convert dairy waste to renewable diesel. The  
23 partners will test this fuel on the dairy's farm  
24 vehicles. If the technology proves competitive, AWS  
25 will develop commercial applications with the 26

1 members of the Western Riverside County Agricultural  
2 Coalition, the dairy farms in that coalition.

3           This project will demonstrate the  
4 feasibility of a modular technology which combines a  
5 proprietary solids separation process with a solids  
6 gasification process, and Fischer-Tropsch's conversion  
7 of the syn-gas from the gasification to renewable  
8 diesel. A key item or element of this project is that  
9 it provides the potential to alleviate significant air  
10 quality, water discharge, and salt emissions  
11 associated with dairy waste disposal in California.

12           The Applicant is asking for \$658,220 in  
13 Alternative and Renewable Fuels and Technology Program  
14 funds and they are providing \$1,082,937 in match  
15 funding. Benefits of the project at commercial scale,  
16 35,000 cows in the coalition could produce 6.8 million  
17 gallons per year of renewable diesel from  
18 approximately three to five commercial facilities.  
19 Each of these facilities would result in 10 full time  
20 jobs statewide. California dairy production involves  
21 some 1.7 million cows, harnessing this technology  
22 across the state has the potential to produce 330  
23 million gallons per year of renewable diesel.

24           For the pilot plant, GHG reductions are  
25 estimated at 57.75 tons per year in CO<sub>2</sub> equivalent for

1 methane, and 48.9 tons per year of CO<sub>2</sub> equivalent for  
2 nitrous oxide. At commercial scale, diversion of  
3 manure from 35,000 dairy cows results in reductions of  
4 851,000 tons per year CO<sub>2</sub> equivalent of methane, and  
5 720,000 tons per year of CO<sub>2</sub> equivalent of nitrous  
6 oxide.

7           The principals have some seven years  
8 experience with this technology and the Scott Brothers  
9 Dairy is a Fourth Generation Dairy Farm in the area.  
10 They hope to complete test runs by February of 2014.  
11 And I would be happy to answer any questions you might  
12 have about this project.

13           VICE CHAIR BOYD: Again, I have no  
14 questions, but I would like to just comment that this  
15 is a particularly exciting project. The idea, I mean,  
16 many of us have worked long and hard with the staff on  
17 the conversion of dairy waste into various forms of  
18 energy, the idea of converting dairy waste into  
19 renewable diesel, since the Ag community so heavily  
20 relies on diesel fuel, and diesel fuel is a petroleum  
21 commodity in particular scarcity, which runs today at  
22 the highest prices that folks are having to pay; and  
23 the idea of renewable diesel, which we and the staff  
24 have talked about for significant periods of time,  
25 being a very clean burning substitute for traditional

1 diesel fuel, and it's not biodiesel, it's a truly  
2 renewable diesel, an extremely clean burning product,  
3 this opens up a whole new avenue to lots of folks with  
4 regard to what can be done with waste material, and  
5 particularly dairy waste manure, or manure in general,  
6 as it relates to the needs of the Ag community,  
7 itself. So, I'm very pleased to see this here today  
8 and think that this could prove to be a very very  
9 positive project for the future and our need for  
10 significant amounts of renewable diesel in our society  
11 because personally I see diesel fuel as a worldwide  
12 dilemma with the developing countries depending more  
13 and more upon diesel fuel to move their products, the  
14 pressure on the price of diesel fuel is going to  
15 remain and diesel is not the cleanest burning stuff;  
16 renewable diesel is quite exciting. So, this is an  
17 extremely good project and I'm very happy to support  
18 it, make a motion in supporting it, including  
19 Kristin's earlier CEQA reference to findings regarding  
20 this project.

21 CHAIRMAN WEISENMILLER: A second?

22 COMMISSIONER PETERMAN: Yeah, I support this  
23 as well, it's great to see projects with the  
24 agricultural community, and I'll second.

25 CHAIRMAN WEISENMILLER: Okay, all in favor?

1                   (Ayes.) This passes unanimously. Thank  
2 you.

3                   CHAIRMAN WEISENMILLER: Item 9. Electric  
4 Vehicles International (EVI). Possible approval of  
5 Amendment 1 to grant Agreement ARV-09-017 to add  
6 \$1,416,314. These funds will supplement the existing  
7 Electric Vehicles International (EVI) Agreement of  
8 \$1,153,053 to design, develop and deploy range  
9 extended electric vehicle for medium-duty truck  
10 applications. EVI proposes to use lithium phosphate  
11 batteries for a 100-115-mile range. EVI will  
12 integrate the new powertrains into an industry  
13 standard medium-duty truck and will deploy prototypes  
14 for on-site testing with partners. Jonah?

15                  MR. MARGOLIS: Good morning, Chairman and  
16 Commissioners. I'll be presenting for your approval  
17 Electric Vehicle International's amendment. The  
18 history behind this is, under the original NOPA,  
19 funding right now, before we were fully able to fund  
20 this project, the project was supposed to design,  
21 develop, and deploy plug-in hybrid medium-duty pick-up  
22 trucks for large fleets like PG&E. Because we were  
23 only able to partially fund them, after designing and  
24 developing the vehicles, we were only able to produce  
25 two prototypes and not fully be able to demonstrate

1 the initial project. With these additional funds,  
2 they will be able to add eight full production  
3 vehicles to put into demonstration with several of the  
4 largest fleets in California and be able to  
5 demonstrate the technology. I would be happy if you  
6 have any questions -

7 CHAIRMAN WEISENMILLER: Commissioners, any  
8 questions or comments?

9 VICE CHAIR BOYD: No questions. EVI is an  
10 organization that relocated to California, actually  
11 from Mexico. And I participated, along with lots of  
12 other officials in a ribbon-cutting for them down in  
13 Stockton some time back. They bring great potential  
14 to California in terms of a business and introducing  
15 more electric vehicles into our vehicle population in  
16 California, so this is just another continuing effort  
17 to expand that possibility and results in a  
18 demonstration of other applications besides just  
19 light-duty applications for electric vehicles. So,  
20 I'll move approval of this and, again, I believe  
21 Kristin has included this in her list of those  
22 projects that have CEQA clearance from our legal  
23 staff.

24 COMMISSIONER PETERMAN: Thank you for the  
25 information. I'm always curious when I see a

1 supplement that's greater than the initial agreement,  
2 and so it's nice to understand the reasons for that,  
3 and I'm glad that we're able to have the funding now  
4 to make this project work. So, I'll second that.

5 CHAIRMAN WEISENMILLER: Okay, all in favor?

6 (Ayes.) It passes unanimously. Thank you.

7 Item 10. Clipper Creek, Inc. Possible  
8 approval of Amendment 1 to grant Agreement ARV-10-001  
9 to add \$400,000 to develop the interface to provide  
10 metering data and load management control from  
11 Electric Vehicle Supply Equipment (EVSE) to the  
12 utilities' smart grid. These funds will supplement  
13 the existing Clipper Creek Agreement for \$1,900,000 to  
14 upgrade existing EVSE in California to the SAE-J1772  
15 Standard. Leslie.

16 MS. BAROODY: Good morning, Chairman and  
17 Commissioners. I am Leslie Baroody with the Emerging  
18 Fuels and Technologies Office, and I'm presenting for  
19 your approval the Clipper Creek Amendment for Utility  
20 Interface for Electric Vehicle Supply Equipment, EVSE,  
21 which was originally proposed for an award under PON-  
22 09-006. This Amendment provides an additional  
23 \$400,000 to develop the interface to provide metering  
24 data and load management control to the utilities of  
25 the EVSE through their Smart Grid. This supplements

1 the existing Clipper Creek Agreement for \$1.9 million  
2 to upgrade at least 500 existing EVSE in California to  
3 the common SAE-J1772 Standard. Clipper Creek will  
4 also refurbish existing small paddle inductive  
5 infrastructure for use by existing electric vehicle  
6 drivers. This project will support existing and  
7 proposed roll-outs of plug-in electric vehicles  
8 throughout California. The purpose of this Amendment  
9 is to allow utilities the ability to collect EVSE data  
10 and manage load.

11 As the population of plug-in electric  
12 vehicles increases in California, it will be important  
13 for utilities to be able to manage on-peak electricity  
14 usage. Not only will this project benefit plug-in  
15 electric vehicle drivers and utilities, but it will  
16 reduce petroleum use and greenhouse gas emissions, as  
17 well as provide immediate jobs for the contracted  
18 California firms. I am requesting \$400,000 in  
19 Alternative and Renewable Fuels and Vehicle Technology  
20 funds, leveraging project team match funds of \$1  
21 million. Staff recommends this project for your  
22 approval. Thank you.

23 CHAIRMAN WEISENMILLER: Thank you.

24 Commissioners, any questions or comments?

25 VICE CHAIR BOYD: No question, a comment that

1 this amendment provides for work that we had a lot of  
2 discussions about, for quite some time, and that is  
3 the role of the electric vehicles some day as a part  
4 of our total Smart Grid system in California. This  
5 will provide, as was indicated, an avenue to begin to  
6 look into the interface between the Grid as we know it  
7 today and the future Smart Grid, utilizing Smart  
8 Meters and various other load controls, so I see this  
9 as a very positive move, and something we've been  
10 talking about with various people. I'm very gratified  
11 to see that Clipper Creek and the staff have reached  
12 an arrangement to carry out this type of work. I  
13 think it will provide significant information to this  
14 agency, to the Plug-In Electric Vehicle Collaborative,  
15 which involves the auto industry and electric  
16 utilities, and lots of other stakeholders who are  
17 trying to foster the development of electric vehicles  
18 in California. So, this is a very positive project  
19 and I'm glad to see it moving forward. I'm prepared  
20 to support it and recommend its approval. And, again,  
21 Kristin has added this to the CEQA review list that  
22 she reviewed for us earlier. So, with that caveat, I  
23 will recommend approval.

24 COMMISSIONER PETERMAN: I'll second.

25 CHAIRMAN WEISENMILLER: All in favor?

1 (Ayes.) This also passes unanimously.

2 Thank you.

3 Item 11. Gladstein, Neandross & Associates,  
4 LLC. Possible approval of Contract 600-10-009 for  
5 \$50,000 with Gladstein, Neandross & Associates, LLC to  
6 co-sponsor the Alternative Clean Transportation Expo  
7 in Long Beach, California, May 4-6, 2011. Pete.

8 MR. WARD: Good morning, Chairman and  
9 Commissioners. I am very pleased to present this item  
10 to you today for the ACT Expo sponsorship. I have  
11 served on the Planning Committee for this and for the  
12 predecessor conferences that are National Alternative  
13 Fuels Conference, really *the* alternative fuel  
14 conference held in the nation. This year, I'm pleased  
15 to say that it is in California, and in the past it  
16 has gone around the other states, I think this one  
17 will be well-based in California. I do think that  
18 this is an extraordinary conference in that it  
19 features all the alternative fuels, it's not "pick a  
20 winner," it has a balanced portfolio approach that is  
21 very consistent with the state's public policy goals  
22 for petroleum reduction, greenhouse gas, climate  
23 change emission reduction, and local air quality  
24 emission reduction, as well. Further, the conference  
25 organizers have taken necessary steps to assure that

1 the Commission's Alternative and Renewable Fuel and  
2 Vehicle Technology Program has a prominent spot in the  
3 proceedings and is in many different panels; I'm going  
4 to be participating, I think, Vice Chair Boyd will be  
5 participating, as well, and they have made sure that  
6 many of the program's project partners will have a  
7 prominent role on those panels and any site tours that  
8 are scheduled, as well.

9           This year, this is going to be a fleet-  
10 focused conference and our funding for \$50,000 goes to  
11 substantially reduce the fleet participant price for  
12 this, so that business can be done at this conference  
13 and, really, that's the focus. And now I'm happy to  
14 say it is back in California again. Thank you for  
15 your consideration.

16           CHAIRMAN WEISENMILLER: Okay, and I also  
17 believe there is a gentleman on the phone to speak.

18           MR. NEANDROSS: This is Eric Neandross with  
19 GNA and I'm just here to answer any questions, and I  
20 appreciate your consideration of this item.

21           VICE CHAIR BOYD: Well, Mr. Chairman, I have  
22 no questions. This was vetted at length in the  
23 Transportation Committee as we dealt with the issue  
24 and the expenditure of the funds and we reached  
25 accommodation on our investment and, as Mr. Ward has

1 indicated, there is a value to California in terms of  
2 playing host to this large conference, and there's a  
3 value to us in seeing that alternative fuels and  
4 alternative fuel vehicles are highlighted in a way  
5 that people become aware of the particular fleets, so  
6 we can expand their use in the California total  
7 vehicle fleet, so I'm prepared, speaking for the  
8 Transportation Committee, to recommend approval of  
9 this contract.

10 COMMISSIONER PETERMAN: I'll second.

11 CHAIRMAN WEISENMILLER: Okay, all in favor?

12 (Ayes.) This also passes unanimously.

13 Thank you for your call-in.

14 MR. NEANDROSS: Thank you.

15 CHAIRMAN WEISENMILLER: The next item is  
16 Item 12. RC Consulting. Possible approval of  
17 Purchase Order 10-409.00-08 for \$90,000 with RC  
18 Consulting to provide consultation and training to  
19 develop in-house expertise in analyzing and extracting  
20 vehicle data from California Department of Motor  
21 Vehicles (DMV) databases. DMV Data is used to develop  
22 the Energy Commission's Transportation Energy Demand  
23 Forecast and track progress in meeting the State's  
24 petroleum reduction goals, and reducing greenhouse gas  
25 emissions. Ryan.

1                   MR. EGGERS: Thank you, Chairman. My name  
2 is Ryan Eggers and I'm in the Fuels and Transportation  
3 Division's Fossil Fuels Office. I'm here today to  
4 seek approval of this information technology contract  
5 for training of Commission staff to analyze the  
6 California Department of Motor Vehicle Registration  
7 Databases in order to create vehicle count reports.  
8 This work has been done in the past by an outside  
9 contractor, but staff has been directed by the  
10 California Technology Agency to perform this work  
11 internally in order to comply with AB 2408. This work  
12 is used for numerous internal analysis done by both  
13 the Fossil Fuels Office and the Emerging Fuels and  
14 Technologies Office, such as the Transportation Energy  
15 Demand Forecasts for the Integrated Energy Policy  
16 Report, and is planned to be used for compliance  
17 tracking for the Alternative Fuels and Vehicle  
18 Technologies Program, also known as AB 118. This work  
19 also supports analysis done by outside agencies such  
20 as the Department of Parks and Recreations Off-Highway  
21 Vehicle Analysis Program and is used by numerous Air  
22 Quality Management Districts, City Governments, other  
23 States' Department of Motor Vehicles, as well as  
24 California's own Department of Motor Vehicles, and is  
25 used by the Federal Government.

1           If you or any of the other Commissioners  
2 have any questions about this program, I would like to  
3 take those at this time.

4           CHAIRMAN WEISENMILLER: Commissioners, any  
5 questions or comments?

6           VICE CHAIR BOYD: No questions. This  
7 subject was discussed also at length in the  
8 Transportation and Fuels Committee some time back.  
9 It's good to see that the staff is comfortable with  
10 taking on this responsibility, it was interesting that  
11 we were directed to take on this responsibility rather  
12 than contracted out. I totally understand the reasons  
13 why, it just comes at a time when we're strained for  
14 staff resources, but the staff has stepped up to the  
15 table, as you heard today, and recommends approval of  
16 this contract to aid them in the future in dealing  
17 with the work that heretofore, for many years, for  
18 decades, perhaps, has been contracted out. But I'm  
19 prepared to recommend approval of this item and so  
20 move.

21           COMMISSIONER PETERMAN: I'll second.

22           CHAIRMAN WEISENMILLER: All in favor?

23           (Ayes.) This passes unanimously. Thank  
24 you.

25           Item 13. Comprehensive Housing Services,

1 Inc. Possible approval of Contract 200-10-007 for  
2 \$300,000 with Comprehensive Housing Services, Inc. to  
3 provide technical and administrative assistance to  
4 Energy Commission staff and to recipients of American  
5 Recovery and Reinvestment Act (ARRA) funding, such as  
6 Energy Efficiency Block Grants, State Energy Program  
7 contracts and ARRA loans in the wage rate  
8 determination process. Michelle.

9 MS. TESSIER: Good morning, Commissioners  
10 and Chairman, thank you. I want to note one  
11 correction. It does say ARRA and/or ERPA funding,  
12 this will be solely funded by ARRA money, American  
13 Recovery and Reinvestment Act.

14 The Energy Commission released a Notice of  
15 Proposed Award in March 2011 and it identified  
16 Comprehensive Housing, Inc. as the winner of an  
17 invitation for bid solicitation. The services to be  
18 provided are expressly related to support and  
19 compliance with the Federal Davis-Bacon Act, otherwise  
20 known as Prevailing Wage. The contractor will assist  
21 Energy Commission staff and recipients of these funds  
22 with a variety of labor compliance issues, including  
23 identification and correct labor use, answering  
24 technical labor compliance questions, and providing  
25 wage rate determinations. Staff request approval of

1 this contract with Comprehensive Housing for \$300,000.

2 CHAIRMAN WEISENMILLER: Commissioners, any  
3 questions or comments?

4 VICE CHAIR BOYD: No questions.

5 COMMISSIONER PETERMAN: I would just say  
6 this theme seems like something necessary in order to  
7 maximize the value we have from these grants and these  
8 programs, so I support it.

9 CHAIRMAN WEISENMILLER: Do we have a motion?

10 COMMISSIONER PETERMAN: I will move Item 13.

11 VICE CHAIR BOYD: Second.

12 CHAIRMAN WEISENMILLER: All in favor?

13 (Ayes.) This passes unanimously. Thank  
14 you.

15 Item 14. Trustees Of The California State  
16 University, San Diego. Possible approval of Amendment  
17 7 to Contract 500-98-014 with the Trustees of  
18 California State University, San Diego, to add  
19 \$1,750,000 in natural gas research funds to continue  
20 the Energy Innovations Small Grant (EISG) program.  
21 And this is Pier Natural Gas Funding. Patrick.

22 MR. MCCARTHY: Yes, good morning,  
23 Commissioners. I'm Patrick McCarthy, Energy  
24 Innovation Small Grant Program Manager. I'm  
25 recommending approval of Amendment 7 to the contract

1 to administer the Small Grant Program with the  
2 Trustees of the California State University. This  
3 amendment will add \$1.75 million of natural gas funds  
4 for one year of natural gas and transportation  
5 research through the Small Grant Program. With this  
6 funding, the program will be able to conduct three  
7 natural gas and transportation research solicitations  
8 and fund between 13 and 15 projects. Without  
9 approval, the current funds will expire following this  
10 summer's Natural Gas Research solicitation. If there  
11 are any questions, I would be happy to answer them.

12 VICE CHAIR BOYD: Again, no questions. My  
13 comment would only be that this program, as has been  
14 pointed out multiple times on this dais through the  
15 years I've been here, the Small Grants Program has  
16 been a star and a huge success for this agency, and it  
17 has incented enumerable new technologies that have led  
18 to the creation of new businesses, so I'm very pleased  
19 to recommend its approval, it was discussed in the R&D  
20 Committee and recommended there for approval and  
21 presentation to our Commission today, and so I will  
22 move approval of this item.

23 COMMISSIONER PETERMAN: I'll second.

24 CHAIRMAN WEISENMILLER: All in favor?

25 (Ayes.) This passes unanimously. Thank

1 you.

2 MR. MCCARTHY: Thank you.

3 CHAIRMAN WEISENMILLER: Item 15. Stone &  
4 Webster, Inc. Possible approval of Contract 500-10-  
5 037 for \$1,053,200 with Stone & Webster, Inc., to  
6 evaluate the technical design considerations and  
7 ability to capture carbon dioxide from natural gas  
8 combined-cycle power plants. The project will  
9 estimate the cost and performance impacts associated  
10 with the capture and storage of the plants' carbon  
11 dioxide emissions. This is PIER/Federal funding.  
12 Cheryl.

13 MS. CLOSSON: Good morning, Mr. Chairman and  
14 Commissioners. I'm Cheryl Closson with the Research  
15 and Development Division. This proposed contract with  
16 Stone & Webster that is being presented for your  
17 approval today is the result of a competitive  
18 solicitation issued by the Energy Commission for work  
19 to be done for the West Coast Regional Carbon  
20 Sequestration Partnership, known as WESTCARB.

21 The Energy Commission accessed the WESTCARB  
22 Administrator and receives funds from the U.S.  
23 Department of Energy to conduct site and facility  
24 assessments for implementation of carbon capture and  
25 storage. While the focus of many carbon capture and

42

1 storage projects has been associated with coal-fired  
2 power plants, California fossil fuel power plants rely  
3 primarily on natural gas. This contract would provide  
4 valuable engineering and economic information needed  
5 by California Utilities to assess the viability of  
6 applying carbon capture and storage at existing and  
7 future natural gas combined cycle power plants.  
8 Several of the WESTCARB partners, including Pacific  
9 Gas and Energy are participating on the Project  
10 Advisory Committee for this project. I'm happy to  
11 answer any questions you might have.

12 VICE CHAIR BOYD: Again, no questions from  
13 this Commissioner. I'm very familiar with the work  
14 that we've been doing on WESTCARB and the fact that we  
15 crossed the threshold a while back with regard to a  
16 recognition of the need ultimately for our natural  
17 gas-fired generating facilities to deal with climate  
18 change and responsibilities under AB 32, and so  
19 WESTCARB was present already as a project and was  
20 able, then, to take on this new task of dealing with  
21 research relating to natural gas plants. I know this  
22 is also strongly supported by our friends at the PUC  
23 and over the coming years will shed additional  
24 information on the technologies and the issues to be  
25 faced in dealing with CO<sub>2</sub> emissions from natural gas

1 plants. That is the cleanest fleet, but ultimately  
2 there are CO<sub>2</sub> emissions and ultimately California  
3 generators will have to face that issue. So, this is  
4 a beginning into that arena, and I would move its  
5 approval.

6 COMMISSIONER PETERMAN: I'll just echo Vice  
7 Chair Boyd's comments. I think this is a great next  
8 step and I'm excited about this project, and I will  
9 second.

10 CHAIRMAN WEISENMILLER: Okay, all in favor?  
11 (Ayes.) Passes unanimously. Thank you.

12 MS. CLOSSON: Thank you.

13 CHAIRMAN WEISENMILLER: Item 16. Terralog  
14 Technologies USA, Inc. Possible approval of Agreement  
15 PIR-10-062 for a match cost-share grant of \$500,000.00  
16 to Terralog Technologies USA, Inc., (Terralog) to  
17 characterize the Wilmington Graben for large-scale  
18 carbon dioxide geologic storage. Terralog received an  
19 American Recovery and Reinvestment Act of 2009 award  
20 grant for \$9,819,813 for this project and is providing  
21 \$1,954,953 in match funds, for a total project budget  
22 of \$12,274,766. This is PIER Electricity funding, and  
23 Cheryl again.

24 MS. CLOSSON: Thank you. Again, I'm Cheryl  
25 Closson with the Research and Development Division.

1 And this proposed award being presented for your  
2 approval would provide cost share funding for a carbon  
3 dioxide storage site assessment project in an area  
4 just offshore of Long Beach, known as the Wilmington  
5 Graben. As you know, the Los Angeles Basin contains  
6 numerous facilities that generate large amounts of  
7 carbon dioxide. The Wilmington Graben is close to  
8 these emission sources and has sediments and geologic  
9 structures that may allow for storage of 50 million  
10 tons or more of carbon dioxide.

11 Energy Commission funds will be used to help  
12 develop geologic and risk assessment models for the  
13 region and the project is actually already ongoing and  
14 has already drilled one study well in the area, and  
15 plans to drill two more wells, along with developing  
16 the necessary models. U.S. Department of Energy is  
17 providing \$9.8 million to fund 80 percent of the  
18 project, which is being done in cooperation with the  
19 City of Los Angeles' Terminal Island Renewable Energy  
20 Project. I'm happy to answer any questions you might  
21 have.

22 CHAIRMAN WEISENMILLER: Commissioners, any  
23 questions or comments?

24 VICE CHAIR BOYD: Again, no questions, but  
25 as in the previous item, I mentioned, and as we know,

1 we're looking to capture carbon dioxide from various  
2 sources. The other side of the equation is what to do  
3 with more to store it and this is a project that could  
4 prove to be beneficial for the work that is done in  
5 identifying storage reservoirs that are in close  
6 proximity to a lot of the industries that will face  
7 the problem of capturing and utilizing the CO<sub>2</sub>, either  
8 putting it in storage or utilizing it for other  
9 projects and commodities. Like the previous items,  
10 this was, of course, reviewed in the R&D Committee,  
11 and I'm prepared to recommend its approval.

12 COMMISSIONER PETERMAN: I'll second.

13 CHAIRMAN WEISENMILLER: All in favor?

14 (Ayes.) This passes unanimously. Thank  
15 you.

16 MS. CLOSSON: Thank you very much.

17 CHAIRMAN WEISENMILLER: Okay, Item 17.

18 University Of California, Riverside. Possible  
19 approval of Contract 500-10-038 for \$680,000 with the  
20 Regents of the University of California, Riverside to  
21 develop an improved method to measure particulate  
22 matter emissions from natural gas power plants. This  
23 is PIER Natural Gas funding, the contact is Marla.  
24 Hi.

25 MS. MUELLER: Good morning. I'm Marla

1 Mueller with the PIER Environmental Program. The  
2 purpose of this research project is to develop an  
3 improved test method capable of detecting very small  
4 concentrations of particulate matter from natural gas  
5 power plants. The emissions of particulate matter are  
6 so low from new natural gas power plants that they are  
7 near the lower detection limits of current test  
8 methods. This leads to greater uncertainty and  
9 reduced confidence in the measured value and most  
10 likely leads to an over-estimate of emissions of  
11 particulate matter. This can make it more challenging  
12 and expensive to find particulate matter emission  
13 reduction credits and offsets for new natural gas  
14 power plants. There are areas within the state where  
15 particulate matter emission reduction credits and  
16 offsets are scarce and costs for new power plants are  
17 high. For example, in 2009, particulate matter  
18 emission reduction credits sold for as much as  
19 \$350,000 per pound per day in the South Coast Air  
20 Quality Management District.

21 In addition, the particle diameters for the  
22 particulates from natural gas sources are very small  
23 and these particles can penetrate deeply into the  
24 lungs. So there is a need to better understand the  
25 size and quantity of particulates from power plants.

1 We will work closely with the Air Resources Board, the  
2 Federal Environmental Protection Agency, and the Air  
3 Districts, and stakeholders in developing the new test  
4 methods. Thank you for your consideration.

5 CHAIRMAN WEISENMILLER: Commissioners, any  
6 questions or comments?

7 VICE CHAIR BOYD: I would only comment that,  
8 again, like so many - like all of our research  
9 projects, this was taken to and reviewed by the  
10 Research Committee, of which I am a member and the  
11 Chairman is Chair. This, as you may recall, proved to  
12 be a very interesting subject area and we asked Ms.  
13 Mueller to dig more deeply into it, which she did and  
14 she has briefed me on the situation. It's interesting  
15 to have found out that there are multiple measures and  
16 techniques in use out there right now and, of course,  
17 we as members of various Siting Committees face  
18 discussions and debates about particulate matter and  
19 its sources, and the magnitude of efforts. Different  
20 air quality agencies are using different techniques,  
21 and they're very comfortable with their techniques,  
22 and don't seem inclined to want to let go, so I think  
23 we as a party find ourselves in the position of  
24 utilizing the natural gas funds for our PIER Program  
25 in what I think is a very appropriate manner to get to

1 the bottom of methodologies to most accurately measure  
2 this because it's an issue that this agency and the  
3 Air Quality agencies will face continuously as we  
4 develop and site more gas plants in the future,  
5 particularly as it relates to needing to have the  
6 back-up power for the amount of renewable -  
7 intermittent renewables that we have. So, I wish  
8 Marla well on the project, folks because I've  
9 discovered this is a very complex area, and I think it  
10 will be a very valuable outcome for this agency and  
11 all the others that have to deal with us in  
12 permitting. And I think Applicants in the future may  
13 find this a desirable product to have, no matter what  
14 the outcomes may be for them. So, I will move its  
15 approval.

16 COMMISSIONER PETERMAN: I'll second.

17 CHAIRMAN WEISENMILLER: All in favor?

18 (Ayes.) It passes unanimously. Thank you.

19 Again, Item 18 is being held, so Item 19.

20 Calpine Corporation. Possible approval of Agreement  
21 PIR-10-060 for a grant of \$410,000 to Calpine  
22 Corporation to develop a reservoir model and to reopen  
23 three wells in the Caldwell Ranch area of the  
24 northwest Geysers to characterize geothermal reservoir  
25 capacity and explore redeveloping the area. This is

1 PIER Electricity funding. And the contact is John.

2 MR. HINGTGEN: Good morning, Commissioners.  
3 My name is John Hingtgen and I work in the Energy  
4 Generation Research Office in PIER. Just to clarify,  
5 this agreement is with the Geysers Power Company, LLC,  
6 a subsidiary of Calpine. The application was  
7 submitted to the Commission as Geysers Power Company,  
8 LLC, or Calpine. This is an agreement for a two-year,  
9 \$410,000 cost share grant to conduct exploration,  
10 reservoir modeling, and drilling of existing abandoned  
11 wells in the Colorado Ranch Area in the Northwest  
12 Geysers. The grant would provide funding toward the  
13 third of three wells, known as Prati 5, and the work  
14 on the group of wells is now underway.

15 The purpose of the work is to confirm an  
16 expected 22 to 45 megawatt resource in a presently  
17 underdeveloped area of the Geysers. The grant is from  
18 PIER electric funds and supplements the recipient's  
19 ARRA award. Under the Department of Energy's  
20 Geothermal Technologies Program, known as FOA-109,  
21 Calpine was awarded \$5 million in DOE ARRA funds.  
22 Calpine is providing \$5,390,000 in match funding.  
23 Energy Commission staff reviewed seven applications  
24 under FOA-109 and recommended one award based on funds  
25 available. The total budget for this project is

1 \$10,800,000. Staff recommends approving the agreement  
2 and I'll be happy to answer questions.

3 CHAIRMAN WEISENMILLER: Okay. First, I  
4 think we have a representative of the Applicant here.  
5 Jeff, do you want to say a few words?

6 MR. HARRIS: Hey, good morning. Jeff Harris  
7 here on behalf of Calpine Corporation. Thank you for  
8 the opportunity to be here. I mostly just want to  
9 take the opportunity to thank the staff for their hard  
10 work on this. John, in particular, has done a great  
11 job, as has Raquel Kravitz, John Butler through your  
12 Contracts Department, and also Chief Counsel's Office,  
13 Allan Ward was particularly instrumental in helping us  
14 kind of navigate through all the things you guys don't  
15 have to see because staff works them out, so it was  
16 great. I really appreciate their hard work. Every  
17 time we ran into a procedural issue, we just solved  
18 for it, so it was terrific, so I want to thank all  
19 those staff members for the hard work. They have a  
20 public trust here and they expedited those obligations  
21 and did a good job with them.

22 This is a little unusual in that this  
23 project is moving forward kind of leading, usually  
24 your grant programs lag, this one is very much already  
25 in the field and, in fact, the work will likely be

1 finished by May 1<sup>st</sup>, which is with tremendous  
2 accomplishment. That has created some need to  
3 expedite the contract which your staff has succeeded  
4 in doing here. We will then now have a specific  
5 request to the Chairman and that would be to ask that  
6 you sign the resolution today so that the contract  
7 could be put in place today. That's very important to  
8 the work ongoing. As I said, we plan to finish by May  
9 1<sup>st</sup>, so I'm asking the Chair to take some time to sign  
10 that today if you could find that in your schedule, it  
11 would be very helpful to us. I appreciate that. I'm  
12 here to answer any questions, but, again, this is one  
13 of those things where a lot of things happen behind  
14 the scenes for the last couple days and it all worked  
15 out very well, and we appreciate the staff's hard  
16 work. So, thank you.

17 CHAIRMAN WEISENMILLER: Great. I was going  
18 to say, Jeff, as long as Melissa gives me something to  
19 sign today, I will sign it.

20 MR. HARRIS: Thank you.

21 MS. JONES: We will get that to you.

22 MR. HARRIS: Thank you.

23 CHAIRMAN WEISENMILLER: Great.

24 MS. MOULTRIE: Good morning. I'm Melanie  
25 Moultrie, Staff Counsel. With regard to the

1 California Environmental Quality Act, the Sonoma  
2 County Permit and Resource Management Department  
3 adopted and mitigated a Negative Declaration in June  
4 2009 that considers the activities the Energy  
5 Commission is considering for funding under this  
6 grant. Staff has reviewed the Mitigated Negative  
7 Declaration, agrees that the project would not cause a  
8 significant adverse environmental impact, and  
9 recommends funding approval.

10 CHAIRMAN WEISENMILLER: Great, thank you  
11 very much. Any questions or comments?

12 VICE CHAIR BOYD: No questions. And if I  
13 can get my voice back, I might have a comment. I just  
14 want to quickly say that this project is very  
15 meaningful in that it addresses one of the not often  
16 spoken of renewable resources in California,  
17 geothermal, and I'm certainly glad to see because  
18 geothermal can be base load power and we need base  
19 load power to complement the amount of interruptible  
20 renewables that we're dealing with, so I'm glad to see  
21 this additional development taking place and I wish  
22 them luck and recommend - I'll move approval of the  
23 grant with the caveat, the proviso provided by our  
24 legal staff with regard to its CEQA finding.

25 COMMISSIONER PETERMAN: I just want to thank

1 staff for the briefing they provided me on this, this  
2 was very useful. I hope the modeling proves  
3 successful and hopefully the modeling tool will be  
4 something that will be useable by others, as well,  
5 trying to explore the geothermal space, and I echo the  
6 Vice Chair's comments that the more we can develop  
7 base load renewable generation, the better, and so  
8 I'll second that motion.

9 CHAIRMAN WEISENMILLER: Okay, do I have a  
10 motion?

11 COMMISSIONER PETERMAN: Oh, we had one and  
12 it was seconded.

13 CHAIRMAN WEISENMILLER: Okay, sorry. All in  
14 favor?

15 (Ayes.) This passes unanimously. Thank  
16 you.

17 COMMISSIONER PETERMAN: Thank you.

18 VICE CHAIR BOYD: The Chair was busy saving  
19 me with a cough drop.

20 CHAIRMAN WEISENMILLER: Yes. Okay, so  
21 again, Item 20 is held, so we'll go to Item 21.  
22 Sacramento Municipal Utility District. Possible  
23 approval of Agreement PIR-10-034 for a \$1 million  
24 grant to Sacramento Municipal Utility District to  
25 deploy advanced smart grid technologies throughout the

1 Sacramento region. This award will be cost-share for  
2 the recipient's American Recovery and Reinvestment Act  
3 of 2009 award. It is Pier funding. Avtar.

4 MR. BINING: Good morning, Chairman and  
5 Commissioners, good morning, everybody. My name is  
6 Avtar Bining. I manage the Energy Storage Program and  
7 the American Recovery and Reinvestment Act projects on  
8 Smart Grid and Energy Storage at the Energy  
9 Commission. Also with me are Mr. Kevin Hudson from  
10 Sacramento Municipal Utility District, my Deputy  
11 Director, Laurie ten Hope, and my Office Manager, Mr.  
12 Mike Gravely.

13 Under this agreement, Sacramento Municipal  
14 Utility District will deploy a comprehensive Regional  
15 Smart Grid solution built upon the installation and  
16 operation of an end-to-end Smart Grid that extends  
17 from the transmission system to the Smart Meters of  
18 all 600,000 customers in the Sacramento Region. The  
19 project will link Smart Meters and home area networks  
20 with upstream automated distribution operations,  
21 optimized distribution system operations to improve  
22 system reliability and efficiency, and fully enable  
23 customers to participate in the electricity  
24 marketplace by accelerating the introduction of  
25 dynamic pricing and demand response programs. SMUD is

55

1 partnering with the Department of General Services,  
2 California State University Sacramento, and the Los  
3 Rios Community College District, will significantly  
4 accelerate and expand their deployment of advanced  
5 Smart Grid technologies through the Sacramento Region,  
6 creating new jobs, reserving existing jobs, reducing  
7 customer energy costs, and cutting greenhouse gas  
8 emissions years sooner than could otherwise be  
9 accomplished. The experience gained and results of  
10 this project will be useful for other publicly owned  
11 utilities in California, as well as for establishing  
12 the statewide Smart Grid.

13           This agreement is an essential part of \$38.5  
14 million SMUD Sacramento Project. For this project,  
15 SMUD received \$127.5 million in American Recovery and  
16 Reinvestment Act from the U.S. Department of Energy.  
17 SMUD is contributing \$180 million for this project.  
18 The term of this agreement is about 48 months. I  
19 request your approval of this agreement and we will be  
20 happy to answer your questions that you might have of  
21 me or of Mr. Hudson.

22           Do you want to say a few words on SMUD's  
23 behalf?

24           MR. HUDSON: Certainly. SMUD would just  
25 like to thank the Commission, Chairman and

1 Commissioners, for this opportunity. The Smart Grid  
2 project in Sacramento is going very well at this time,  
3 spending upwards of about \$64 million so far, and we  
4 look forward to completing this project with the  
5 assistance of the Energy Commission. Thank you.

6 CHAIRMAN WEISENMILLER: Commissioners, any  
7 questions or comments?

8 VICE CHAIR BOYD: No questions on my part.  
9 This looked to me to be a very significant  
10 contribution to the whole effort of moving us more and  
11 more towards the Smart Grid, and I really appreciate  
12 SMUD's stepping up to the table and working with us on  
13 this, so I'm prepared to move approval.

14 COMMISSIONER PETERMAN: I also want to thank  
15 Mr. Bining for his very thorough and valuable briefing  
16 on this matter, as well as Item 22. What was  
17 particularly useful about the briefing was that he  
18 provided me with some overall guidance on or  
19 information about how this is a part of a number of  
20 initiatives that we'll be pursuing related to Smart  
21 Grid going forward. Oftentimes when you're at a  
22 business meeting, you see an agenda item, you don't  
23 get to see the comprehensive plan, and so this seems  
24 to be a part of a larger Smart Grid plan, and I hope  
25 this moves us forward to realizing some of the

1 customer benefits from Smart Grid, and so thank you,  
2 and I'll second that motion.

3 CHAIRMAN WEISENMILLER: Okay, all in favor?

4 (Ayes.) This passes unanimously. Thank  
5 you.

6 Let's move on to the next one, which is  
7 again one of yours. Item 22. City Of Glendale.  
8 Possible approval of Agreement PIR-10-069 for a \$1  
9 million grant to the City of Glendale to install and  
10 operate a new advanced metering infrastructure/meter  
11 data management system for moving Glendale Water and  
12 Power to a smart grid for the benefit of its customers  
13 and to modernize its electric grid. This award will  
14 be cost share for the City's American Recovery and  
15 Reinvestment Act of 2009 award. This is PIER  
16 Electricity funding. Avtar.

17 MR. BINING: Good morning again and, once  
18 again, my name is Avtar Bining. I manage the Energy  
19 Storage Program in the American Recovery and  
20 Reinvestment Act Projects on Smart Grid and Energy  
21 Storage at the Energy Commission. Also with me is Mr.  
22 Craig Kuennen from City of Glendale.

23 Under this agreement, the City of Glendale  
24 will install new advanced electricity and water  
25 metering infrastructure and meter data management

1 system for all 83,000 customers over the next two  
2 years. Also the City of Glendale will develop  
3 customer engagement programs and pilot tests and plan  
4 for full deployment of distribution automation  
5 systems. The City of Glendale will also develop and  
6 implement programs to provide all customers with  
7 access to data and new programs such as energy  
8 efficiency, load management, demand response, critical  
9 peak pricing, time of use, and time and increase.  
10 This will empower customers to participate in energy  
11 management and conservation programs, experimental  
12 pricing programs, and distributed generation programs.  
13 The goal of this agreement is to support Glendale's  
14 advance metering infrastructure and Smart Grid  
15 initiative so that it can serve as a model for other  
16 municipal utilities to follow in the state and across  
17 the nation. The experience gained and the results of  
18 this project will be useful for other publicly owned  
19 utilities in California, as well as for establishing a  
20 statewide Smart Grid.

21 This agreement, again, is an essential part  
22 of the \$51.3 million Glendale Advanced Metering and  
23 Smart Grid Project. For this project, Glendale  
24 received \$20 million in American Recovery and  
25 Reinvestment Act award from the U.S. Department of

1 Energy. Glendale is contributing \$30.3 million for  
2 this project. The term of this agreement is about 36  
3 months and I request your approval of this agreement,  
4 and we will be happy to answer your questions that you  
5 might have, from me or from Mr. Kuennen. Thank you.

6 CHAIRMAN WEISENMILLER: Do you want to say a  
7 few words?

8 MR. KUENNEN: Commissioners, Craig Kuennen,  
9 Glendale Water and Power. I'd like to thank your  
10 staff for all their support in getting our grant  
11 application together and we're really looking forward  
12 to working with you. We are right now about half way  
13 through our meter installation, we hope to have our  
14 meters in by this summer, electric and water meters.  
15 We're, I think, the one utility in the country who is  
16 doing both, so that's exciting. And then we're going  
17 to be rolling out our customer programs and getting  
18 those benefits out there to them as quickly as  
19 possible. So, thank you for your consideration.

20 CHAIRMAN WEISENMILLER: Thank you.  
21 Commissioners, any questions or comments?

22 VICE CHAIR BOYD: Well, I thank the  
23 gentleman from Glendale for being here and this is  
24 almost a rhetorical question or comment about, I'm  
25 sure we and they have learned a lot about the point of

1 Smart Meters in this state from the experience of  
2 other utilities, some of which have had a few  
3 difficulties, and we all learned about watching that,  
4 I'm sure.

5 MR. KUENNEN: If I could say something? Our  
6 number one thing was customer service from day one  
7 and, yes, we did learn from others, you have to really  
8 take that to heart and watch that every day, so --

9 VICE CHAIR BOYD: Thank you.

10 COMMISSIONER PETERMAN: I will move Item 22.

11 VICE CHAIR BOYD: Second.

12 CHAIRMAN WEISENMILLER: All in favor?

13 (Ayes.) Passes unanimously. Thank you.

14 MR. BINING: Thank you.

15 CHAIRMAN WEISENMILLER: Okay, Item 23 is the  
16 Minutes. We're going to hold on (a) which is the  
17 March 30<sup>th</sup>, and consider (b), April 6, 2011.

18 COMMISSIONER PETERMAN: I will make a motion  
19 to move Minutes (b).

20 VICE CHAIR BOYD: Second.

21 CHAIRMAN WEISENMILLER: All in favor?

22 (Ayes.) It passes unanimously. Thank you.

23 Let's go on to Item 23. Commission  
24 Committee Presentations and Discussion, Item 24.

25 VICE CHAIR BOYD: Mr. Chairman, if I might,

1 I'll just point out that last week I represented the  
2 Commission before the U.S. Senate Environment Public  
3 Works Committee, who held a hearing on the Japanese  
4 earthquake and tsunami and the results and  
5 consequences to their nuclear power plants, and of  
6 course the issue that we've heard a lot about, there  
7 have been hearings in our Legislature, at least two so  
8 far, on concerns about earthquake ramifications for  
9 California's two coastal plants. So, a long trip for  
10 a brief presentation, but it was much appreciated by  
11 the members of the Committee and Senator Boxer sent me  
12 a very nice letter yesterday thanking us for being  
13 there.

14           And I would add that our Senator Blakeslee  
15 was also there and testified before the Committee on  
16 California issues, so California got quite a bit of  
17 attention with regard to its issues and I found it  
18 interesting, at least, that PG&E, the day before the  
19 hearing, announced that they intended to ask the  
20 Nuclear Regulatory Commission to not issue their  
21 relicensing permit before they had gone ahead and  
22 finished the earthquake studies, the 3D Seismic  
23 studies that this Commission had recommended quite  
24 some time ago, with which the Chairman is very  
25 familiar.

1           And so, I think the hearing might have had  
2 the multiple benefits to California. And we'll see  
3 more about this in the future, but it was an  
4 interesting experience and, as you know, the hearing  
5 ran so late, I missed my plane and I couldn't come  
6 back until the next morning. But, in any event, the  
7 CEC was acknowledged for their contribution and people  
8 are aware of the role of State Liaison Officers such  
9 as myself with regard to the Nuclear Regulatory  
10 Commission and now the Chairman of the Nuclear  
11 Regulatory Commission knows who we are since I met him  
12 and discussed this issue with him. Enough said.

13           COMMISSIONER PETERMAN: I don't have any  
14 updates today, thank you.

15           CHAIRMAN WEISENMILLER: I'll give two  
16 updates. First, for Karen Douglas, I would note that  
17 she is at Calico today for the Informational Hearing  
18 on the Amendment Application. And also, I was going  
19 to note that she attended for the Commission the bill  
20 signing on the RPS legislation, which is obviously a  
21 fairly joyful time. I think the Governor made it  
22 clear to everyone that the 33 percent is not a  
23 ceiling, but a floor, and moving forward, again, we  
24 need to keep moving forward very rigorously on the  
25 renewable front.

1           I was going to mention that I did attend the  
2 Transmission Research Planning Group at the PAC, not  
3 last Friday, but the Friday before, it was a very good  
4 session that Mike and Pedro put together with the  
5 Utilities. We wanted to really broaden the group's  
6 focus from transmission to transmission and  
7 distribution, and we wanted to tee up the question of  
8 looking at the Governor's goals for DG and for utility  
9 scale, what that meant in terms of research issues for  
10 PIER and for the utilities. We had a very good roll  
11 up your sleeve session there. I think generally it  
12 was considered one of the best of those meetings that  
13 have been held. There were a couple of very  
14 interesting presentations which I think I forwarded to  
15 my fellow Commissioners, but if I haven't, remind me  
16 to send you a copy. One was by Joe Eto, who pulled  
17 together - FERC had asked him to look at the question  
18 of whether wind development in the U.S. is adversely  
19 affecting reliability of the Grid, and the answers,  
20 looking at the level now know, on the other hand, when  
21 he went through that exercise, it was clear that the  
22 overall grid reliability is, in fact, declining and it  
23 was a very good discussion by Joe on some of the  
24 values of inertia, which we'll be struggling with in  
25 the South Coast, but saying, you know, if you're

1 looking at a system, say, where San Onofre trips off,  
2 and at that point the question is what is the  
3 frequency response, you know, you have to be able to  
4 minimize frequency response that, without inertia,  
5 basically you could have a sag blow - I guess Florida  
6 had an event where they went below the trip points on  
7 the frequency of the system, tripped of their plants,  
8 fired off the peakers, and then, as the system is  
9 rebounding, that then had another feedback loop which  
10 kicked off the peakers, so they had a real frequency  
11 problem and reliability issues there. What they found  
12 was a lot of - it appeared to a lot of the Governors  
13 on the plants are not being properly set, so, as a  
14 consequence, you know, again, if you look at the  
15 modeling, that generally the frequency of the Grid,  
16 both in the West and in the East, and in ERCOT, is  
17 declining from those Governors settings, and also some  
18 questions, I guess, some of the operational stuff in  
19 the WECC could have reliability issues if people  
20 actually followed precisely what the guidelines are,  
21 that if they did, and during some of the minimum load  
22 questions, we would have some frequency problems. So,  
23 it actually triggers a lot of additional research.  
24 There was also a presentation by NREL, a gentleman  
25 from there talked about looking at high penetration of

1 DG and what it means, particularly in the distribution  
2 system. And the two interesting things were that,  
3 right now, people are almost cherry picking the  
4 distribution system and, in terms of where they put  
5 stuff at the sweet spots, and the question is, if  
6 you're looking at 12,000 megawatts, you can't just put  
7 a sweet spot, you need much more of a comprehensive  
8 look at it, and that runs into issues where, in the  
9 ISO context, the inter-transmission interconnection is  
10 looked at as a cluster, so you can see what overall  
11 upgrades you need to do for the various things, but by  
12 doing the distribution stuff sequentially, or serially  
13 one by one, you can end up eventually coming up with  
14 optimal locations and a fairly substantial upgrade  
15 cost when you get to the Nth project. And so, we need  
16 to struggle to figure out a way to do this more  
17 comprehensively.

18           The other interesting footnote there, which  
19 I think those of us on PIER have heard a lot of  
20 discussion from the Utilities about PIER money going  
21 to the municipal utility systems, we did the contracts  
22 today, and it turned out the PUC is funding this and,  
23 of course, one of the participants in these high DG  
24 cases is SMUD. So, I was sitting next to a couple of  
25 the utilities and they were saying, "How did that

1 happen?" And I said, "Well, it just demonstrates that  
2 SMUD is much more capable of writing proposals than  
3 they were." So, we weren't the only ones that tended  
4 to pick them over the IOUs sometimes for some of these  
5 projects. So, anyway, a very good session, I thought,  
6 and hopefully we've engaged the utilities to come up  
7 with some of their ideas for demonstration projects in  
8 the DG area, that we can consider in the PIER context.

9 So, Item 25, Chief Counsel's Report.

10 MR. LEVY: Good morning, Commissioners. I'd  
11 like to request a closed session on a matter where  
12 facts and circumstances constitute a significant  
13 exposure to litigation against the Commission.

14 CHAIRMAN WEISENMILLER: Okay, thank you.

15 MR. LEVY: Thank you.

16 CHAIRMAN WEISENMILLER: Item 26. Executive  
17 Director.

18 MS. JONES: Good morning, Commissioners and  
19 Chair. It's my pleasure today to introduce our new  
20 Chief Deputy Director, Rob Oglesby. He joined us this  
21 week, started on Monday, comes from the ARB, we're  
22 very excited to have him, we think he'll really add to  
23 our Executive Management team, so with that, Rob?

24 MR. OGLESBY: Let me first say that it's  
25 really an honor and a privilege to join the Energy

1 Commission, particularly at this critical time in  
2 Energy policy and the Energy Commission has shown a  
3 lot of leadership over the years. The challenges  
4 facing the Energy Commission now and in the near  
5 future are daunting, and I am more than happy to join  
6 this Board, this Commission, as well as the excellent  
7 staff that is working here already, so thank you very  
8 much for allowing me to join in your pursuit of sound  
9 and progressive clean energy policy.

10 CHAIRMAN WEISENMILLER: We're very glad to  
11 have you hear. I would say that, in terms of talking  
12 in Sacramento, you know, everyone you talk to has  
13 really congratulated us on the hire, certainly, I  
14 would say, the Air Board people expressed more  
15 sadness, but certainly, you know, are very supportive  
16 and happy for you to be here and helping us move  
17 forward.

18 MR. OGLESBY: Thank you.

19 VICE CHAIR BOYD: Rob, congratulations. As  
20 you may have noticed, many of us who spend long time  
21 curves at the ARB ultimately move on to the Energy  
22 Commission, so you're in good company and it's a  
23 pleasure to see you here and look forward to once  
24 again working with you on the issues that face folks  
25 here in California. Energy certainly is at the top of

1 the list and it's very important to have an absolutely  
2 joined at the hip positive relationship with the ARB,  
3 and we look forward to you being able to keep that  
4 cement in place and having us be able to work with our  
5 sister agency on the issue, as we've learned so much  
6 in the last few years of how we're interdependent on  
7 each other in terms of how the energy environment, air  
8 quality, climate change interface takes place. So,  
9 looking forward to dealing with you and dealing on  
10 those subjects. Congratulations.

11 COMMISSIONER PETERMAN: Welcome. Having  
12 someone newer to the agency than me is exciting and  
13 I'm looking forward to working with you.

14 MR. OGLESBY: Thank you.

15 CHAIRMAN WEISENMILLER: Item 27. Public  
16 Advisors Report.

17 MS. JENNINGS: I have nothing to report.  
18 Thank you.

19 CHAIRMAN WEISENMILLER: Item 28. Public  
20 Comment? Okay, we'll recess this hearing and go into  
21 Michael's closed session. Thank you.

22 (Whereupon, at 11:31 a.m., the business meeting was  
23 adjourned.)

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