



Commissioners Present

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

Staff Present:

Rob Oglesby, Executive Director  
Michael Levy, Chief Counsel  
Jennifer Jennings, Public Advisor  
Kevin Bell, Senior Staff Counsel  
Lisa DeCarlo, Staff Counsel

Agenda Item

Robert Worl	3
Pierre Martinez	4
Dale Rundquist	5
Christine Stora	6
Mary Dyas	7
Darci Chapman	8
Jamie Patterson	9
Peter Strait	10
Allan Ward	11
Melissa Jones	12
Chris Graillat	13
David W. Ware	14

**Also Present**

Interested Parties

Monica Schwebs, Counsel to Dupont Fabros  
Chris Ellison, Ellison, Schneider and Harris  
Tiffany North, Riverside County  
Gregory Wheatland, Sutter Energy Center  
Barbara McBride, Sutter Energy Center  
Amy Fesnock, Bureau of Land Management  
Joel Pagel, U.S. Fish & Wildlife  
Todd Stewart, BrightSource  
Peter Weiner, CE Obsidian  
Doug Hackley, CalEnergy  
Scott Galati, Esq., representing Caithness Blythe II  
Robert Looper, representing Caithness Energy  
Jim Blatchford, California Independent System Operator

**Also Present (Continued)**

Interested Parties

C.P. "Case" Van Dam, U.C. Davis  
Noah Long, Natural Resources Defense Council  
Susie Berlin, McCarthy and Berlin  
Bruce McLaughlin, Braun Blaising McLaughlin  
Karen Shores, Partnership Academies, Department of Education  
Roger Morrison, Spray Polyurethane Foam Alliance  
Richard Duncan, Spray Polyurethane Foam Alliance  
Michael Mancini, Heritage Homes  
Steve Easley, Easley and Associates

I N D E X

	Page
Proceedings	9
Items	
1. CONSENT CALENDAR.	22
a. PERRY-SMITH LLP (CROWE HORWATH LLP). Possible approval of Amendment 2 to Agreement 150-09-004 with Perry-Smith LLP to change the contractor's legal name and for a four-month no-cost time extension to September 1, 2012. (ARRA funding.)	
b. INTER-CON SECURITY SYSTEMS, INC. Possible approval of Amendment 8 to Contract 200-07-004 with Inter-Con Security Systems, Inc. to extend the term from January 1, 2012 to June 30, 2012, and add \$110,000 to the contract for unarmed security guards at the Energy Commission. (ERPA funding.)	
c. STATE CONTROLLER'S OFFICE. Possible approval of Amendment 1 to Contract 200-10-001 to add \$26,340 and extend the contract two years to June 30, 2014 for expedited handling of American Recovery and Reinvestment Act payments. (ERPA funding.)	
d. KEMA, INC. Possible approval of Amendment 2 to Contract 400-07-030 with Kema, Inc. for a no-cost time extension of 20 months to December 31, 2013 to complete current projects and to fulfill program obligations. (RRTF funding.) (Item held)	
e. COUNTY OF SAN DIEGO. Possible approval of Amendment 1 to Contract 400-09-031 with the County of San Diego to reallocate budget, add contingency language to reduce risk of under-expenditure, adjust ceiling rates for certain classifications, add classifications, and other general administrative changes. (ARRA funding.)	

1. CONSENT CALENDAR.
  - f. CITY OF SAN DIEGO. Possible approval of Amendment 1 to Agreement 003-09-ECA with the City of San Diego for a six-month no-cost time extension to June 30, 2012 to retrofit 5,700 streetlights from high pressure sodium lamps to energy efficient LED lamps. (ECAA funding.)
  - g. CITY OF WATSONVILLE. Possible approval of Amendment 1 to Agreement 011-09-ECA with the City of Watsonville to revise the scope of work and extend the term of the agreement one year to December 31, 2012. (ECAA funding.)
  - h. NORTEC. Possible approval of Amendment 1 to Agreement CBG-09-198 with the Northern Rural Training & Employment Consortium (NORTEC), a collaborative of six local jurisdictions, for an augmentation of \$14,456, budget revisions, and a change in scope. (ARRA funding.)
  - i. CITY OF SIERRA MADRE. Possible approval of Amendment 1 to Agreement CBG-09-171 with the City of Sierra Madre to extend the term from December 30, 2011 to June 14, 2012 for heating, ventilating and air conditioning, and interior and exterior lighting projects that are expected to save the city approximately 95,700 kilowatt hours annually.(ARRA funding.)
2. ENERGY COMMISSION COMMITTEE APPOINTMENTS. Possible approval of appointments to the Energy Commission's Standing Committees and Siting Case Committees. (Item held). 22
3. SANTA CLARA SC-1 DATA CENTER (11-SPPE-01). Possible appointment of a committee to oversee the Santa Clara SC-1 Data Center. 22
4. RIO MESA SOLAR ELECTRIC GENERATING FACILITY (11-AFC-4). 25
  - a. Possible approval of the Executive Director's data adequacy recommendation for the proposed Rio Mesa Solar Electric Generating Facility.

4. RIO MESA SOLAR ELECTRIC GENERATING FACILITY (11-AFC-4).
  - b. Possible appointment of a siting committee for the Rio Mesa Solar Generating Facility.
5. BLACK ROCK 1, 2, 3 GEOTHERMAL POWER PLANT PROJECT (02-AFC-2C). Possible approval of a petition to amend the Energy Commission decision to extend the deadline for the start of construction of the Black Rock 1, 2, and 3 Geothermal Power Project from December 18, 2011 to December 18, 2014. 35
6. SUTTER ENERGY CENTER PROJECT (97-AFC-2C). 42
  - a. Possible approval of an ownership change for the Sutter Energy Center Project pipeline from Calpine Construction Finance Company, L.P. to CPN Pipeline Company.
  - b. Possible approval of a petition to amend the Sutter Energy Center project to allow construction of the Grimes Pipeline project, a 2.8-mile natural gas pipeline.
7. BLYTHE ENERGY PROJECT, PHASE II (02-AFC-1C). 48  
Possible approval of a petition to extend the deadline for the start of construction of the Blythe Energy Project, Phase II, an additional five years, from December 14, 2011 to December 14, 2016.
8. CALIFORNIA EMPLOYMENT TRAINING PANEL. Possible approval of Amendment 1 to Contract 600-09-016 with California Employment Training Panel to add \$4.28 million and extend the term from February 29, 2013 to February 28, 2016. (ARFVTF funding.) 58
9. UNIVERSITY OF CALIFORNIA DAVIS. Possible approval of Contract 500-11-010 for \$646,661 with the Regents of the University of California on behalf of the University of California Davis Campus for research to determine the most effective equipment for the California Independent System Operator to gather wind data for forecasting. (PIER electricity funding.) 62

Items	Page
10. BLUE CRANE SOLUTIONS. Possible approval of Purchase Order 11-409.00-004 for \$197,400 with Blue Crane Solutions to study the feasibility of modernizing and consolidating the Energy Commission's Appliance Efficiency Database into a single system on a shared, web-enabled platform. (ERPA funding.)	67
11. AMERICAN RECOVERY AND REINVESTMENT ACT AGREEMENTS. Possible approval of an Energy Commission resolution authorizing the Executive Director to disencumber potentially unused funds from the Energy Commission's American Recovery and Reinvestment Act of 2009 (ARRA) agreements.	73
12. EMISSION PERFORMANCE STANDARDS RULEMAKING. Consideration of a Petition for a Rulemaking submitted by the Natural Resources Defense Council and Sierra Club that would amend SB 1368 Emission Performance Standards Section 2907, Title 20, California Code of Regulations.	76
13. GUIDELINES FOR CLEAN ENERGY PARTNERSHIP ACADEMIES. Possible approval of guidelines for Clean Energy Partnership Academies developed in conjunction with the Department of Education under Education Code sections 54698-99 1 (SBX11, Steinberg, Chapter 2, Statutes of 2011).	91
14. COMPLIANCE OPTION FOR OPEN CELL, LOW-DENSITY SPRAY POLYURETHANE FOAM INSULATION. Possible approval of the application by the Spray Polyurethane Foam Alliance for a Compliance Option to allow open cell, low-density spray polyurethane foam insulation to receive energy compliance credit for Quality Insulation Installation when installed in new residential buildings and verified by a Home Energy Rating System (HERS) rater.	101
15. RIDGECREST SOLAR POWER PROJECT (09-AFC-09). Discussion and possible decision on Applicant's Motion for Order Affirming Application of Jurisdictional Waiver pursuant to Section 25502.3 of the Public Resources Code. (Continued to January 11, 2012 Business Meeting)	107

Items	Page
16. Minutes: Possible approval of the November 30, 2011, Business Meeting Minutes.	107
17. Lead Commissioner or Presiding Member Reports.	107
18. Chief Counsel's Report:	121
a. <i>In the Matter of U.S. Department of Energy (High Level Waste Repository), (Atomic Safety Licensing Board, CAB-04, 63-001-HLW);</i>	
b. <i>Public Utilities Commission of California (Federal Energy Regulatory Commission, Docket No. EL10-64-000); and Southern California Edison Company, et al. (Federal Energy Regulatory Commission, Docket No. EL10-66-000);</i>	
c. <i>BNSF Railway Company v. US Department of Interior, California Energy Commission (U.S. District Court Central District of California-Riverside, CV 10-10057 SVW (PJWx));</i>	
d. <i>Richard Latteri v. Energy Resources, Conservation and Development Commission, et al. (Sacramento County Superior Court, 34-2011-99985);</i>	
e. <i>Communities for a Better Environment, Robert Sarvey v. California Public Utilities Commission, Energy Resources Conservation and Development Commission, Real Parties in Interest, Pacific Gas and Electric Company, Contra Costa Generating Station, LLC (California Supreme Court, S194079).</i>	
17. Executive Director's Report.	122
18. Public Adviser's Report.	123
19. Public Comment	123
Adjourn	124
Certificate of Reporter	125

1 P R O C E E D I N G S

2 DECEMBER 14, 2011

10:07 a.m.

3 CHAIR WEISENMILLER: Good morning. Let's  
4 start the Business Meeting with the Pledge of  
5 Allegiance.

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

8 CHAIR WEISENMILLER: Good morning. This will  
9 be our last Business Meeting of the year. And I want to  
10 lay out what we're going to do today. First, we're  
11 going to talk about, I mean, obviously the end of the  
12 year, this is a time in State service where I think  
13 we'll probably have a lot of retirements, but we're  
14 going to talk about one of the notable ones, and I want  
15 to start out by another short personnel announcement,  
16 and then, in terms of the actual Business Meeting items,  
17 Item 1(d) and Item 15 will be held. So with that, let's  
18 start out with the announcements.

19 As I said, it certainly is time for a change  
20 and, on the simple short part of the change, I would  
21 like to introduce the newest member to my team, Grant  
22 Mack. Grant? There he is. Grant joined my office as  
23 an Executive Fellow last Tuesday. The Executive  
24 Fellowship Program is jointly sponsored by the Office of  
25 the Governor in Sacramento State University and it

9

1 annually selects 18 fellows who are placed in a variety  
2 of State agencies. Grant grew up in Southern California  
3 and attended San Diego State University, where he  
4 received a B.A. in Political Science and History. Grant  
5 was actively involved in the Associated Students, a  
6 nonprofit auxiliary of SDSU, where he served on the  
7 Board of Directors for two years before he was elected  
8 President and CEO. Grant managed the development of  
9 over 800 kilowatts of solar PV at SDSU and various  
10 energy efficiency projects throughout the Associated  
11 Students Green Love Initiative. After graduating and  
12 before joining us as an Executive Fellow, Grant interned  
13 at the California Center for Sustainable Energy in San  
14 Diego and has worked on Energy Policy and Regulatory  
15 Affairs.

16 I'm thrilled that Grant decided to join the  
17 team and I hope all will welcome him to the Energy  
18 Commission. I think all of us have had the opportunity  
19 to work with Alumnae of the Fellowship Program and it's  
20 very impressive, so I think, again, this is a very good  
21 step in Grant's career and a good step for us.

22 The other remark is certainly a sadder remark,  
23 is that this will be Jim Boyd's last Business Meeting.  
24 Jim has been in State service for over 50 years, and  
25 it's been a time of remarkable change in State service.

1 I mean, if you think back on the memories of -- and I'm  
2 sure when you first joined State service, I guess  
3 Sacramento was much different, I understand the  
4 Resources Agency was probably the only high-rise in  
5 town, you know, there was certainly a Governor Brown  
6 then -- okay, he wasn't even there -- was there anything  
7 there in Sacramento then, right?

8           But in terms of the remarkable change in State  
9 service and our society as a whole over these 50 years,  
10 wow, I'm sure you came in at that era which was much  
11 more hopeful, you know, when John Kennedy asked all of  
12 us to step forward for public service, and you certainly  
13 did and, again, have had a remarkable career and a  
14 remarkable contribution.

15           I've had the opportunity to work with Jim at  
16 the Commission on several nuclear issues back in 2005  
17 and, certainly, in the last couple of years as the Vice  
18 Chair here, it's been my pleasure to really learn from  
19 Jim as we go through on the ropes. So, again, we'll  
20 talk later about some of the things that have occurred  
21 over the years, but, I mean, if you just think through  
22 the range of Governors, the range of energy events,  
23 Sarah did some wonderful research, which again I'll talk  
24 about later, on the cost of housing, or gasoline, over  
25 time, but a lot has changed. So, again, thank you very

1 much for your public service.

2 VICE CHAIR BOYD: Thank you, Mr. Chairman.

3 That was very nice of you to say so.

4 COMMISSIONER DOUGLAS: I'd also like to say a  
5 few words about Commissioner Boyd and how sorry I will  
6 feel to see him leave the Commission, although I'm sure  
7 he will be working a lot less and enjoying himself a lot  
8 more starting at the end of the month. When I came on  
9 the Commission, I had the pleasure of working with  
10 Commissioner Boyd on the Transportation Committee when  
11 the AB 118 Program was a brand new program, having just  
12 been authorized in legislation. And the two of us  
13 worked together closely as we established the first  
14 Advisory Committee for the program, oversaw the  
15 completion of the first Investment Plan, struggled into  
16 the night and through public meetings, some of which  
17 went well and some of which went less well, but always  
18 picking up and moving on, and I have learned so much  
19 from you, Commissioner Boyd, and also just really  
20 enjoyed working with you. I'm getting used to now  
21 seeing December as the time when we often say goodbye to  
22 colleagues who we really appreciate and like working  
23 with, and we certainly look forward to the new people  
24 who will hopefully be appointed to this Commission --  
25 hopefully in the near future, but it's also hard to say

12

1 goodbye and especially with someone who I've worked with  
2 so closely and learned so much from and appreciated  
3 working with. And as I come up towards the end of my  
4 fourth year in public service, I just can't imagine 50  
5 years in public service, it's a really remarkable  
6 achievement. So, congratulations.

7           COMMISSIONER PETERMAN: Commissioner Boyd,  
8 I'll also add that I've enjoyed working with you, as  
9 well, and will miss you. We've worked together in terms  
10 of two Commissioners more than I've worked with any  
11 other Commissioner up here, both on Renewables and  
12 Transportation, no small task, and I've appreciated the  
13 context you've provided, as well as your leadership, and  
14 often we'll have a laugh because we'll be working on an  
15 issue, and then he'll mention that, "Oh, yeah, I worked  
16 on this issue about 30 years ago." I said, "I'm already  
17 frustrated with it, how can you have kept it on your  
18 agenda for that long?" And I especially appreciate  
19 always your willingness to have me in your office and to  
20 sit down for a chat, and I enjoy going to your office  
21 not only to see you, but also to feel better about the  
22 state of the cleanliness of mine because you never have  
23 a shortage of papers. I figure, even if you retire, it  
24 will take you about a year to get that office cleaned  
25 out, and so I'm looking forward to us spending more time

1 together and continuing to get your support and guidance  
2 and thoughts going forward. So, thank you very much for  
3 your service and you will be dearly missed.

4 VICE CHAIR BOYD: Thank you. Do you want me  
5 to say something about now? Do I get my -- well, thanks  
6 to all of you. And I would just say it's been an honor,  
7 a pleasure, a delight, really, to serve on the Energy  
8 Commission. I'll talk about leaving the Energy  
9 Commission, initially. I've been here as a  
10 Commissioner, it'll just be a few days short of 10 years  
11 when I go out the door, but some may remember I actually  
12 sat up here for a couple years as an Ex Officio  
13 Commissioner, which I think was highly resented by the  
14 entire organization because I kind of got handed my  
15 Commission binder as I came in the door and there  
16 weren't many -- and I couldn't vote anyway, but it gave  
17 me an interesting introduction to an organization that,  
18 quite frankly, at that time as Deputy Secretary of  
19 Resources, I was -- I had strong feelings, positive  
20 feelings, about the Energy Commission, having worked  
21 with them for years while I was at the Air Resources  
22 Board, they seemed to be a little adrift and I told the  
23 then Secretary, Mary Nichols, that it would be nice to  
24 bring them back into the family, which I think we did a  
25 pretty good job of, and when the electricity crisis did

14

1 occur, the Energy Commission wasn't even invited into  
2 the room to discuss it and I recall, and now I'm kind of  
3 proud of the fact that I made a big issue out of that  
4 and got the Energy Commission invited and then the  
5 Energy Commission starred, quite frankly, because it was  
6 so deep with data and information, and what have you,  
7 and many people in the audience and the building put in  
8 a lot of effort on that particular issue, and the  
9 organization it turned out wasn't tainted by having had  
10 anything to do with designing the restructuring since  
11 you were cast adrift as an organization for a while, so  
12 how lucky you were to have been so cleaned of the  
13 subject.

14           Just as a Commissioner, I've been through  
15 what, I was just telling sort of a few minutes ago,  
16 three Governors, five Chairs, 15 Commissioners, five  
17 EOs, and my -- well, maybe the 15 Commissioners is a  
18 record for turning people out, but eight advisors, I've  
19 had eight advisors, all of whom have been invaluable.  
20 And I count Barbara Byron as an Advisor, so that makes  
21 nine, since she's the full-time nuclear person and I  
22 drew that straw lo these many years ago, it's been fun,  
23 two Executive Assistants, they at least hung on.

24           I've appreciated the collegiality of the  
25 Commission since I've been a Commissioner, it wasn't

1 quite that collegial in the years I observed before, and  
2 I think it has served the Commission well to have that  
3 collegiality, and to learn how to have that collegiality  
4 in spite of certain laws that make it tough for us to  
5 even talk to each other sometimes, the infamous Bagley-  
6 Keene, but... I've said it before, I'll say it again,  
7 and I'll probably say it again today, to me, the staff  
8 here is to be commended for its hard work, its  
9 dedication to the programs here, its loyalty to the  
10 organization, and while I'm going out the door at the  
11 end of the year as a 10-year veteran, I'm hearing that  
12 there may be 18 to 20 others going out the door, and  
13 I'll bet you a lot of them have been here for their  
14 entire State career, and we've retired a lot of people,  
15 even as we've sat here. So there's an intense loyalty  
16 to this organization through thick and thin, and it's  
17 really been thick the last couple of years. So I salute  
18 those who really proved what good public servants are by  
19 working in an incredibly hostile environment with regard  
20 to working in government, getting paid on time, and etc.  
21 etc.

22           People have been asking me, "Have you been  
23 counting the days?" And until about a week ago, no;  
24 we're so bloody busy, who has time to count the days?  
25 I've already put everyone on notice, I need my pass key

1 to get in the week after I leave so I can unpack the  
2 office because I will not have time up until that very  
3 moment. But it's beginning to hit me that I'm leaving  
4 government after all these years and, believe me, it's  
5 gone by fast, just like you watch your children grow up  
6 and leave, and you wonder what happened, you know?  
7 Anyway, it has been that fast. It's probably been the  
8 glue that's kept me glued together in more ways than  
9 one. I will be glad to will several of my blood  
10 pressure pills to any of you down here who would like  
11 them because I'm looking forward to them, maybe I'll be  
12 cutting down on them a little bit, hopefully, as I bike  
13 the American River bike trail on a regular basis --  
14 while you're all down here working -- in the future.  
15 And don't be surprised if you see me sitting out there  
16 in the audience because, you know, as the crow flies,  
17 and, well, as the car drives, I'm about seven miles  
18 away, so it'll be easier. And I have been thinking the  
19 last couple weeks about, you know, after about a week,  
20 not only being here, but when you're on vacation or  
21 weekends, you've got this electronic thing plugged into  
22 your body, you know, for those who watched one of the  
23 versions of Star Trek "Bored," wired in, so it will be  
24 different and I will miss the policy stuff and I'll miss  
25 the people. I'll bet you, unlike some people who retire

17

1 and never come back in the door, you'll probably see me  
2 wandering the halls once in a while as I miss you all.  
3 But thanks for the opportunity to work with all of you,  
4 to be a Commissioner, and I've appreciated the  
5 opportunity to be in Government as long as I have. I  
6 came straight out of sixth grade -- no, I was going to  
7 say college -- college, to work on the design  
8 construction of the State Water Project, and it was  
9 eight delightful years, quite frankly, and I did see  
10 President Kennedy along with Jerry's father dedicate San  
11 Luis Reservoir which is part of the State Water  
12 Projects, so maybe there was some inspiration there too,  
13 and I guess, you know, a day I'll never forget is --  
14 many of us won't -- is where were you the day you heard  
15 that that President was assassinated. So, in any event,  
16 I have lots of incredible memories and it's really been  
17 a delight and I've just worked in so many state agencies  
18 with so many good people, and I've been afforded lots of  
19 incredible opportunities, Deputy Secretary of two  
20 different agencies, Deputy Directors of innumerable  
21 departments, Commissioner here, Executive Officer of the  
22 Air Board for over 15 years, it's been fun and I've seen  
23 a lot happen, and I'm proud of a lot of things that have  
24 happened. You know, the most tenure was the 20 years at  
25 the Air Board and there's a long record there, but

18

1 things that have happened here that this agency has  
2 done, it's the work that you and I were involved in and  
3 the stays on nuclear, the whole bioenergy thing which  
4 you'll hear more about, AB 118 was a labor of love for  
5 me, people who were trying to get money into this agency  
6 to work on transportation fuels like this agency and the  
7 Air Board did long ago when I was there, we were such  
8 close partners on things in those days, and will be  
9 probably in perpetuity, as long as there's  
10 transportation fuel to be gotten. But enough said, I  
11 don't want to protract this meeting too long, I could,  
12 as you know, talk on forever and if I did really recount  
13 the 50 years, you'd be here for a long long time. But  
14 in any event, thank you for your kind words and I look  
15 forward to making it through this day and through the  
16 rest of the year, and seeing you all on a somewhat more  
17 social basis. And Carla, you and I can actually go out  
18 and have lunch because you'll be trapped, you know, but  
19 I won't, so... We don't get to eat lunch very often  
20 anymore, it seems like, period. So thank you very much  
21 to all. [Applause]

22 CHAIR WEISENMILLER: Well, okay, Commissioner  
23 Boyd, we have a resolution for you. I'm going to read  
24 the resolution and then we will hand you a copy, and I  
25 think then I'll go down below for photographs.

19

1           VICE CHAIR BOYD: I see somebody cleaned out  
2 part of my office this morning.

3           CHAIR WEISENMILLER: Yeah, that's the first  
4 step, right?

5           VICE CHAIR BOYD: But actually, there's so  
6 much more that I wish they'd gotten down here to -- so I  
7 guess they're packing it up, but in any event.

8           CHAIR WEISENMILLER: No, it's quite  
9 impressive. Okay, so in terms of our resolution:

10           WHEREAS, James D. Boyd served two full terms  
11 as an Energy Commissioner, 2002 to 2011, and as the Vice  
12 Chair of the California Energy Commission, and

13           WHEREAS, James D. Boyd previously served as  
14 Deputy Secretary for Energy of the California Resources  
15 Agency and Chief Executive Officer of the California Air  
16 Resources Board, bringing his extensive energy,  
17 transportation, and air quality expertise and knowledge  
18 from these critical positions, and

19           WHEREAS, during his tenure James D. Boyd  
20 helped to develop the Energy Commission's Transportation  
21 Energy Program, and when Assembly Bill 118 was signed in  
22 2007, he provided an effective policy direction for the  
23 Energy Commission's annual hundred million dollar  
24 investment in Alternative Fuels and Vehicle  
25 Technologies, and

1           WHEREAS, James D. Boyd exhibits an  
2 extraordinary ability to guide, listen, problem solve,  
3 and inform sound energy policy as demonstrated by his  
4 leadership in developing the Energy Commission's first  
5 Integrated Energy Policy Report adopted in 2005, and the  
6 two following Energy Policy Reports, and

7           WHEREAS, James D. Boyd has served as the  
8 California liaison to the Nuclear Regulatory Commission  
9 under three different Governors, and

10           WHEREAS, James D. Boyd in his more than 50  
11 years of State Government service has never wavered from  
12 his vision of interagency and interdivisional  
13 collaboration, and his commitment to getting people out  
14 of their silos to talk to each other, and

15           WHEREAS, to that end, Commissioner Boyd in  
16 2001 organized and Chaired California's first Joint  
17 Agency Climate Change Team and the Bioenergy Interagency  
18 Working Group, and led the State's Climate Action Team  
19 Research Group, and

20           WHEREAS, James D. Boyd has served eight  
21 California Governors as an exemplary public servant, and  
22 has been publicly honored for his pioneering work in  
23 energy and air quality, has participated on numerous  
24 nonprofit Boards, and has worked tirelessly in the  
25 public's interest with the highest degree of dedication,

21

1 integrity and wisdom.

2           THEREFORE, BE IT RESOLVED, that the California  
3 Energy Commission acknowledges, values, and is  
4 privileged to have James D. Boyd serve the California  
5 Energy Commission and the State of California as a  
6 quintessential public servant, and his friendship,  
7 professionalism, his excellent judgment, and expertise  
8 will be greatly missed by his fellow Commissioners and  
9 the Energy Commission staff.

10           VICE CHAIR BOYD: Thank you. [Applause]

11           CHAIR WEISENMILLER: Thank you.

12           VICE CHAIR BOYD: Well, Mr. Chairman, I would  
13 delight in moving this, Item 1, sans item (d) if I heard  
14 you right.

15           CHAIR WEISENMILLER: That's correct.

16           COMMISSIONER DOUGLAS: Second.

17           CHAIR WEISENMILLER: All those in favor?

18           (Ayes.) Consent calendar, except for item (d)  
19 is adopted unanimously.

20           Item 2 will be held.

21           Item 3. SANTA CLARA SC-1 DATA CENTER (11-  
22 SPPE-01). Possible appointment of a committee to  
23 oversee the Santa Clara SC-1 Data Center. Robert.

24           MR. WORL: Good morning, Commissioners,  
25 congratulations, Commissioner Boyd, for being able to

1 get out of the building finally. My name is Robert  
2 World, I'm the Project Manager for the Santa Clara SC-1  
3 Data Center. On the 21st of November, the Applicant,  
4 Series Ventures, LLC, a wholly owned subsidiary of  
5 Dupont Fabros Technologies, filed an SPPE, Small Power  
6 Plant Exemption Application, with the Commission.  
7 There's no Data Adequacy for SPPEs and we're here to  
8 request appointment of a committee to oversee the  
9 Commission's work on this project.

10           The Data Center was originally the subject of  
11 a mitigated Neg Dec by the City of Santa Clara, and the  
12 bulk of the facility has been constructed and in 2008,  
13 as a result of the Santa Clara permit, began that  
14 process. They began commercial operation in September  
15 of this year, 2011. There were 16 backup generators  
16 capable of 2.25 megawatts each of power generation  
17 installed as part of Phase 1. We're asked to look at  
18 Phase 2 of the project which is the build-out of the  
19 remainder of the facility, the installation of 16  
20 additional back-up generators, which would then exceed  
21 the Commission's threshold of 50 megawatts, and we are  
22 looking forward to the process. We've been in contact  
23 with the City of Santa Clara, they're aware of our  
24 jurisdiction in this issue, and we're requesting a  
25 committee.

1                   CHAIR WEISENMILLER: Thank you. I believe we  
2 have our representatives here of Dupont who want to  
3 speak on this.

4                   MR. WORL: Yes, Monica Schwebs is here to  
5 represent the Applicant.

6                   MS. SCHWEBS: As is Nora Monette. She's with  
7 David Powers and Associates. We're just here to urge  
8 you to act quickly on this matter and I look forward to  
9 [inaudible].

10                  COMMISSIONER DOUGLAS: Could we ask you to say  
11 that in the microphone so the Reporter can get it?

12                  MS. SCHWEBS: All right, I guess I'll start  
13 again at the beginning. I'm Monica Schwebs, I'm counsel  
14 for Dupont Fabros in this matter. Rich Wadde, Director  
15 of Construction for Dupont Fabros is on the telephone,  
16 as is Nora Monette, the Project Manager from David  
17 Powers and Associates. I just would like to urge the  
18 Commission to act promptly in this matter and I look  
19 forward to working with the Commission, as does everyone  
20 with Dupont Fabros. Thank you.

21                  CHAIR WEISENMILLER: Thank you. Thanks for  
22 being here. Commissioners, are there any questions for  
23 the staff or the Applicant? Okay, thank you. The  
24 Commission Committee will be -- Commissioner Douglas  
25 will be the Presiding Member and Commissioner Peterman

24

1 will be the Associate Member.

2 VICE CHAIR BOYD: I'll move approval of that  
3 committee and it's getting thin up here.

4 COMMISSIONER DOUGLAS: Second.

5 CHAIR WEISENMILLER: All those in favor?

6 (Ayes.) That item passes unanimously.

7 Thanks.

8 Let's go to Item 4. Rio Mesa Solar Electric  
9 Generating Facility (11-AFC-4). Again, the first item  
10 is (a) and it will be possible approval of Executive  
11 Director Data Adequacy Recommendation for the proposed  
12 Rio Mesa Solar Electric Generating Facility.

13 MR. MARTINEZ: Good morning, thank you. My  
14 name is Peter Martinez, I'm the Staff Project Manager  
15 assigned to the Rio Mesa Solar Electric Generating  
16 Facility Project, Lisa DeCarlo, staff counsel, is seated  
17 to my right. The proposed Rio Mesa Solar project would  
18 comprise three solar fields and a common area with  
19 shared facilities encompassing a total of approximately  
20 5,750 acres. The project is a nominal 750 megawatts  
21 solar generating facility that includes three 250  
22 megawatt plants, each with approximately 85,000  
23 heliostats located in a solar field surrounding a 750-  
24 foot tall solar power tower. The facility is proposed  
25 approximately 13 miles southwest of the City of Blyth in

25

1 Riverside County. The project is located on both  
2 private lands and public lands administered by the  
3 Bureau of Land Management.

4           You may be recall that on November 16th, 2011,  
5 staff recommended and the Commission determined that the  
6 Rio Mesa project did not meet all the requirements  
7 listed under Title 20 of the California Code of  
8 Regulations. Specifically, the application was found  
9 deficient in five technical areas, air quality,  
10 biological resources, cultural resources, project  
11 overview, and water resources. In response, the  
12 Applicant submitted a Supplement to the AFC on November  
13 18th. Staff completed its data adequacy review of the  
14 remaining technical areas and published a recommendation  
15 on December 6th. Staff recommended the project was  
16 still incomplete with respect to Water Resources,  
17 however, on December 9th, the Applicant submitted  
18 additional supplemental information to address the  
19 deficiencies related to water resources. And after  
20 staff review, a revised staff recommendation was  
21 published on December 12th, recommending that the  
22 Commission find the application data adequate and  
23 recommending that the Commission assign a committee to  
24 the project.

25           I'd like to make the Commission aware of a

1 couple items briefly as we move forward. The Commission  
2 may recall that, with respect to the first round of data  
3 adequacy review, the Applicant was unable to conduct  
4 some biological and cultural surveys on certain parcels  
5 due to a lack of right of entry to approximately 160  
6 acres that were owned by Riverside County. Therefore,  
7 they weren't able to do some of the survey work on those  
8 properties.

9           In response, the Applicant indicated that they  
10 were in the process of securing right of entry and  
11 anticipated submitting survey information in the mid-  
12 February timeframe. In recent discussions with  
13 Riverside County staff, it is my understanding that the  
14 right of entry is basically internally approved, but not  
15 executed. However, execution of the agreement is  
16 anticipated shortly and the applicant should be able to  
17 complete the surveys as suggested in their response.  
18 Staff from Riverside County may be on the phone, it's my  
19 understanding, and should the Commission have any  
20 questions with respect to the right of entry issues.

21           Although staff is recommending that the  
22 project be found data adequate, the Commission should be  
23 aware of some developments and expected challenges and  
24 processes in the project that impact our ability to get  
25 a final decision within the 12-month regulatory mandated

1 timeframe. And it is specifically related to biological  
2 resources. The site is located in an important  
3 migratory corridor for birds as the site is located less  
4 than five miles from the Colorado River. Additionally,  
5 there are several nearby wildlife refuges and preserves,  
6 as well as the diversity of habitat on and near the site  
7 that support a high number and diversity of bird species  
8 year round.

9           Therefore, the project has potential for  
10 significant impact to birds and bats with respect to  
11 collisions with heliostats and the power towers, as well  
12 as the potential for burns due to concentrated heat  
13 reflected from the heliostats to the receivers. The  
14 Renewable Energy Action Team Agency members consisting  
15 of the Bureau of Land Management, U.S. Fish and Wildlife  
16 Service, California Department of Fish and Game, and  
17 CEC, have collaborated closely to develop an appropriate  
18 protocol for surveying both birds and bats on the  
19 project site and within the project vicinity, to better  
20 understand the potential impacts to them.

21           At this time, the agencies have agreed that at  
22 least one year of bird and bat survey information is  
23 needed, however, the exact protocol language is still  
24 being developed and we hope to share it with the  
25 applicant as soon as possible. Based on this need for

1 one year of bird and bat data, staff will not be able to  
2 process the project input for the recommendation to the  
3 Commission until after the survey data has been  
4 submitted and folded into the staff's analysis.  
5 However, staff does anticipate being able to make  
6 significant progress on the process with respect to the  
7 other technical areas. And additionally, it is  
8 anticipated that the applicant would submit periodic  
9 survey data throughout the year so that we may evaluate  
10 over time, rather than waiting at the end of the survey  
11 period.

12 Agency staff is either on the phone or in the  
13 audience should the Commission have any technical  
14 questions regarding the survey protocol for their  
15 participation in this process.

16 Lastly, I wanted to mention that because a  
17 portion of the project, a fairly large portion, probably  
18 about a third of the project site, is located on BLM  
19 Land, preparation of an EIS will be required, an  
20 Environmental Impact Statement, and staff will need to  
21 coordinate closely with the BLM and will be recommending  
22 to the Committee assigned to the project that a joint  
23 environment document be prepared. And that concludes my  
24 comments, if you have any questions?

25 CHAIR WEISENMILLER: Thank you. Applicant?

1           MR. ELLISON: Thank you, Commissioners. Chris  
2 Ellison, Ellison, Schneider and Harris, counsel to  
3 BrightSource on this project. First and foremost, on  
4 behalf of BrightSource, but if I can be so bold on  
5 behalf of Alumni of the Commission and those of us that  
6 practice before the Commission, let me extend my  
7 congratulations and also our thanks to Commissioner  
8 Boyd for his 50 years of State service. I, too, am awed  
9 by that number. We wish you well in the future and you  
10 will be missed by those outside the agency, as well as  
11 those in.

12           Secondly, this is a site with a significant  
13 amount of symbolic importance to the Commission and to  
14 the State. It is a previously disturbed site that was  
15 at one point used for military maneuvers and military  
16 training. It was then proposed, and I'm sure that  
17 several of you will remember this, as the site of the  
18 Energy Commission's original and probably still most  
19 controversial citing case, the Sun Desert Nuclear  
20 Project, it was the first Energy Commission hearing that  
21 I ever saw was the final decision on Sun Desert and I'll  
22 never forget it. And now this land is proposed for a  
23 major renewable energy project, a goal that the  
24 Commission has been working toward for my entire career,  
25 which certainly isn't quite as long as Commissioner

30

1 Boyd's, but it's getting there. So there's going to be  
2 a great deal of significance to the review of this  
3 project site, and I look forward, and we have not given  
4 up, by the way, on getting there in a year, we can talk  
5 further about that, but I look forward to being here  
6 next year when this piece of land with all its symbolic  
7 significance is authorized for the construction of this  
8 solar energy facility.

9           That said, I want to ask Todd Stewart, who is  
10 the Senior Director Project Development person in charge  
11 of this project, to say a couple words in a moment, but  
12 I do want to preface his remarks by saying this.

13 Getting this project data adequate today was extremely  
14 important to BrightSource and because your next meeting  
15 is in January, and that would have set back the project  
16 schedule, frankly, in a way that was very significant.

17 So I don't know if you picked it up, but the staff's  
18 last inadequate recommendation came out on December 6th  
19 and we responded three days later with our filing.

20 That's how important it has been to us. To do this,  
21 people worked extremely hard on our team to turn that  
22 around in three days. But the staff also worked hard on  
23 this and Mr. Stewart is going to address that further.

24           MR. STEWART: Thank you, Chris. Good morning,  
25 Commissioners. As Chris said, I did want to extend

1 BrightSource's appreciation and thanks to the Commission  
2 staff for the early guidance that they provided while we  
3 were preparing the AFC, the guidance that was provided  
4 really helped us in submitting a very complete AFC  
5 package, as was evidenced by only five of the chapters  
6 requiring additional supplement.

7 I'd also like to thank specifically Pierre and  
8 the staff for their thorough and efficient reviews  
9 during this holiday season, I know it's very hard to get  
10 people focused and working so hard during a time when  
11 there's a lot of distractions that are very important to  
12 people and their families, particularly the Water  
13 Resources staff that performed a very efficient and  
14 thorough review at the last minute that is allowing us  
15 to proceed today with this Data Adequacy Hearing. So  
16 with that, thank you very much.

17 CHAIR WEISENMILLER: I believe we have on the  
18 phone representatives of Riverside County. Tiffany  
19 North, do you want to say a few words?

20 MS. NORTH: Hi, this is Tiffany North.

21 CHAIR WEISENMILLER: Yes, thanks for calling  
22 in. We wanted to get your statement, if any, on the  
23 project.

24 MS. NORTH: Oh, I don't have a statement on  
25 the project right now, I was just going to be available

1 to answer any questions regarding the Right of Entry  
2 Agreement, if needed.

3 CHAIR WEISENMILLER: Okay, thank you. I  
4 believe we also have a representative of U.S. Fish and  
5 Wildlife.

6 MR. PAGEL: Yes, that's correct. This is Joel  
7 Pagel.

8 CHAIR WEISENMILLER: And also BLM? Is anyone  
9 from BLM on the line?

10 MS. FESNOCK: Yes, this is Amy Fesnock.

11 CHAIR WEISENMILLER: Thank you.

12 Commissioners, are there any questions or comments for  
13 any of the staff, the Applicant, or any of these  
14 parties?

15 COMMISSIONER DOUGLAS: No questions, but I do  
16 appreciate Riverside County, BLM, and Fish and Wildlife  
17 Service being on the line, it's obviously really  
18 important that we work closely within the REAT and with  
19 the local jurisdiction, and so I appreciate you being on  
20 the line.

21 CHAIR WEISENMILLER: Thank you.

22 VICE CHAIR BOYD: I have no comments or  
23 questions other than to indicate that Mr. Ellison used  
24 to be my next door neighbor, but I don't think that  
25 counts against us or them.

1 CHAIR WEISENMILLER: I was going to comment in  
2 terms of following up on Mr. Ellison's comment about  
3 this being the site of the Sun Desert Nuclear Plant,  
4 that earlier this year I got to go to a blade signing at  
5 Montezuma, which was of course where a 1,000 megawatt  
6 co-plant would have been located, so somehow, as we  
7 know, location really matters and some of the  
8 conventional units somehow were picked for what turned  
9 out to be very good sites for the renewable projects.  
10 So in terms of --

11 COMMISSIONER DOUGLAS: So I will move to  
12 accept the staff's Data Adequacy recommendation.

13 VICE CHAIR BOYD: I'll second.

14 CHAIR WEISENMILLER: All those in favor?

15 (Ayes.) That item passes unanimously. Okay,  
16 in terms of possible appointment of a committee for the  
17 Rio Mesa Solar Generating Facility, Carla Peterman will  
18 be the Presiding Member and Karen Douglas will be the  
19 Associate Member.

20 VICE CHAIR BOYD: Move approval.

21 COMMISSIONER PETERMAN: I'll second.

22 CHAIR WEISENMILLER: All those in favor?

23 (Ayes.) Again, passes unanimously. Thank  
24 you.

25 VICE CHAIR BOYD: And unfortunately the staff

1 realizes there's a holiday now because somebody said  
2 there was one, we hid that from them for so long.

3 CHAIR WEISENMILLER: Thanks, Pierre. Item 5.  
4 Black Rock 1, 2, 3 Geothermal Power Plant Project (02-  
5 AFC-2C). Dale.

6 MR. RUNDQUIST: Good morning, Commissioners.  
7 My name is Dale Rundquist and I am the Compliance  
8 Project Manager for Black Rock 1, 2 and 3 Geothermal  
9 Power Project. With me this morning is Kevin Bell,  
10 Senior Staff Counsel. Also present are representatives  
11 from CE Obsidian, the owner of Black Rock 1, 2 and 3.

12 The Black Rock 1, 2, and 3 Geothermal Power  
13 Project will be a 159 megawatt project located  
14 approximately 1,000 feet south of the Salton Sea in  
15 Imperial County. The project was certified by the  
16 California Energy Commission on December 17th, 2003 as  
17 the Salton Sea Geothermal Unit 6 Power Project.

18 A previous petition to extend the deadline for  
19 commencement of construction for three years from  
20 December 18th, 2008 to December 18th, 2011 was approved  
21 by the Energy Commission on December 19th, 2007. An  
22 amendment was approved by the Energy Commission on  
23 February 2nd, 2011, significantly revising the project  
24 and changing the name from Salton Sea Geothermal Unit 6  
25 Power Project to Black Rock 1, 2 and 3 Geothermal Power

1 Project.

2 On August 2nd, 2011, CE Obsidian filed a  
3 Petition to extend the deadline to commence construction  
4 for Black Rock 1, 2 and 3 from December 18th, 2011 to  
5 December 18th, 2014. The Notice of Receipt was mailed  
6 to the Black Rock 1, 2 and 3 post-certification mailing  
7 list on October 26th, 2011, and was docketed and posted  
8 on the Web on October 27th, 2011. No comments were  
9 received during the comment period. Staff's analysis of  
10 the Petition was mailed to interested parties and was  
11 docketed and posted to the Web on November 14th, 2011.

12 CE Obsidian has signed a Generation  
13 Interconnection Agreement with the Imperial Irrigation  
14 District and has made a down payment for transmission  
15 system improvement of \$1.7 million. CE Obsidian is also  
16 pursuing a Power Purchase Agreement that may take until  
17 March 2012 to complete. Energy Commission staff  
18 reviewed the petition and finds that it complies with  
19 the requirements of Title 20, Section 1769A of the  
20 California Code of Regulations, and recommends approval  
21 of CE Obsidian's Petition to extend the deadline to  
22 commence construction for Black Rock 1, 2 and 3 from  
23 December 18th, 2011 to December 18th, 2014. Thank you.

24 CHAIR WEISENMILLER: Thank you. Applicant?

25 MR. WEINER: Mr. Chairman and Commissioners,

36

1 I'm Peter Weiner from Paul, Hastings. Excuse my voice  
2 today. I do want to take one moment to congratulate and  
3 thank Commissioner Boyd, I've only known him and worked  
4 with him for 32 of his 50 years, but it has been a while  
5 and he has been a remarkable -- you have been a  
6 remarkable public servant and I appreciate everything  
7 you have done for the Energy Commission, as well as the  
8 Air Board and others.

9 We very much appreciate staff's work on this  
10 issue and appreciate staff's recommendation. I would  
11 like to -- I don't really have anything to add at this  
12 time, but I would like to introduce Doug Hackley, the  
13 Project Manager for CE Obsidian, who may want to say a  
14 few words.

15 MR. HACKLEY: Good morning, Commissioners.  
16 Thank you for having me here. I'm the Project Manager,  
17 I work for CalEnergy, an affiliate of CE Obsidian Energy  
18 and I just want to assure you that we are pursuing this  
19 project very seriously. I heard that the company has  
20 worked on something very hard for three days, I've been  
21 working hard on this for three years, and weekends, and  
22 we are serious about this, and we've got all the  
23 ancillary permits that we need, we have our bids, we've  
24 just had this schedule delay and, as the Project  
25 Manager, I feel responsible, but I can explain that, as

37

1 all these things have come up with transmission and PBA  
2 issues, we are continuing to pursue them with a lot of  
3 our resources, and I just wanted you to know that.  
4 Thank you.

5 CHAIR WEISENMILLER: Thank you. I think,  
6 obviously, we have as a Commission a high priority on  
7 renewables, also in terms of achieving the jobs  
8 potentially in Imperial, which has been very hard hit.  
9 So I guess the one question while I have both of you at  
10 the microphone is, you know, I know that there's been  
11 some fairly complicated transmission issues there,  
12 somewhat involving IED and SDG&E, and so part of the  
13 question is, is there anything that the Energy  
14 Commission can do to help move those issues along?

15 MR. HACKLEY: We're working on a lot of  
16 different options on transmission. As Dale mentioned,  
17 we do have a GIA in place, signed, and we're in a  
18 cluster and the certainty of the schedule and the cost  
19 of that cluster is not going to be known until, at the  
20 earliest, the end of February next year, and so  
21 potentially, because it is a cluster and sometimes they  
22 crumble, things can change. We're looking at California  
23 ISO options and we actually have an application in for  
24 that. And we're pursuing it every way we can, and we're  
25 looking at negotiating with the local utility. So the

1 President of CalEnergy, Mr. Steve Larsen, I'll pass that  
2 on to him and he's sort of leading the charge on  
3 transmission. And I appreciate your offer.

4 CHAIR WEISENMILLER: Yeah, certainly the door  
5 is always open to deal with that issue.

6 MR. HACKLEY: Thank you.

7 COMMISSIONER DOUGLAS: I just wanted to make a  
8 few brief comments if I could. You know, first of all  
9 on the transmission note, transmission to Imperial  
10 County is emerging as a very high priority through the  
11 Desert Renewal Energy Conservation Plan process where --  
12 so I'd like to add to Chairman Weisenmiller's offer of  
13 help and support -- I think there's a fairly substantial  
14 stakeholder group that is also soundly behind getting  
15 more geothermal resources from Imperial and other  
16 renewable resources out of Imperial. I wanted to just  
17 note my own strong support for this amendment, or this  
18 extension of time for Black Rock. I'll note that in  
19 February of 2011, the Commission approved a fairly  
20 substantial amendment for this project, so I know that  
21 the Applicant and staff have put a tremendous amount of  
22 work into getting that amendment through and really  
23 putting the project forward that the Applicant would  
24 like to build. I'll also note that the Applicant has  
25 been working quite hard on both transmission and PPA

1 issues, and I understand from staff's report possibly  
2 some materials issues on steam piping which of course is  
3 also important. So we would very much like to see this  
4 project online, this is geothermal, this is high  
5 capacity renewable energy that is going to be  
6 foundational for California's electricity system, so I  
7 just wanted to note my support for extending the  
8 license.

9 VICE CHAIR BOYD: Mr. Chair, I'd just like to  
10 ask a question if I might. The staff's report laid out  
11 about five factors that were beyond the control of the  
12 Applicant, and one of them, and Commissioner Douglas  
13 just alluded to it, was the problem of getting steam  
14 producing pipes and mainly the problem of getting the  
15 appropriate metal materials needed for these unique  
16 pipes. Is that a problem that you've solved? Or is it  
17 under control, so to speak, such that you think you'll  
18 get the pipes you need within the timeframe that's now  
19 being recommended?

20 MR. HACKLEY: Well, I'm happy to say I worked  
21 on that project as the Engineering Manager and virtually  
22 Project Manager, and also with our Senior Metallurgist.  
23 We have a solution and it works. We've implemented  
24 that, we started in '05 and '06 and did test projects  
25 and whatever, and the solution to that is in place with

40

1 the existing facilities. So we're comfortable with  
2 that. It is a challenge, it's a cost challenge and, so,  
3 we're always improving on the design. But we're  
4 comfortable with it.

5 VICE CHAIR BOYD: Thank you.

6 COMMISSIONER PETERMAN: I'll also add that the  
7 requested extension is until December 2014. I assume  
8 and expect that you'll be working to start construction  
9 earlier than that because the more the delay, the less  
10 likely to contribute to the 2020 33 percent RPS goal,  
11 and so I'll be continuing to monitor this project, as  
12 well, because of the importance of geothermal and that  
13 baseload capacity towards reaching that goal.

14 MR. HACKLEY: I assure you, we're working to  
15 move it ahead. It of course, as was mentioned, the EPA  
16 is going to dictate when we can get a commercial  
17 operation date and building geothermal plants takes a  
18 little bit longer than solar or some other renewables,  
19 so we're up against that challenge.

20 MR. WEINER: We do have some challenges, I  
21 think, it's not for this particular facility, but just  
22 generally in terms of the way we calculate the value of  
23 energy and the price of energy and PPAs for one  
24 technology vs. another, and how we value baseload  
25 capacity and dispatchability, I think remain issues that

41

1 can skew how PPAs are awarded, so it's an issue that I  
2 know you are concerned with and the Public Utilities  
3 Commission is concerned with, as well, but it remains a  
4 challenge for some of those reasons.

5 COMMISSIONER DOUGLAS: I agree that that is an  
6 important issue as we move to higher amounts of  
7 renewable energy, certainly 33 percent, but as the  
8 Governor has said, 33 percent is a floor, not a ceiling.  
9 We need to think harder and find ways to bring projects  
10 online that provide the capabilities that the system  
11 needs to run, and certainly the capabilities provided by  
12 a project such as this one are going to be essential.  
13 Looking for other comments -- if there are no other  
14 comments, I'd move approval of Item 5.

15 VICE CHAIR BOYD: Second.

16 CHAIR WEISENMILLER: All those in favor?

17 (Ayes.) This item passes unanimously. Thank  
18 you, Dale.

19 MR. RUNDQUIST: Thank you.

20 VICE CHAIR BOYD: Good luck with that cold,  
21 Peter, I just got rid of it.

22 CHAIR WEISENMILLER: Item 6. Sutter Energy  
23 Center Project (97-AFC-2C). Christine.

24 MS. STORA: Yes, hi. Good morning,  
25 Commissioners. I'm Christine Stora and I'm the

1 Compliance Project Manager for the Sutter Energy Center.  
2 With me this morning is Kevin Bell, Senior Staff  
3 Counsel, and I also have representatives from Calpine  
4 Corporation, the project owner for this project.

5           The Sutter Energy Center is a 540 megawatt  
6 combined cycle natural gas facility located about seven  
7 miles southwest of Yuba City. The project was certified  
8 by the Commission in 1999. For the ownership change,  
9 Calpine requests that the ownership of the Sutter Energy  
10 Project Natural Gas Pipeline be changed from Calpine  
11 Construction Finance Company, LP to CPN Pipeline  
12 Company. Both are subsidiaries of Calpine Corporation  
13 and there will be no operational changes to the project.

14           I'd like to make one small correction to some  
15 material that was provided on the website for the  
16 business meeting. There was a statement that this was  
17 for the Grimes Pipeline and I'd like to correct that,  
18 and this is an ownership change for the existing Sutter  
19 Pipeline that is connecting the project to the PG&E  
20 Pipeline 302. So I'd like that just to be made to the  
21 record.

22           The request for the ownership change was  
23 received on April 6th, 2011 and docketed on January  
24 21st, 2011, and the receipt was mailed, or docketed and  
25 mailed to the public on April 18th, 2011. No comments

1 were received.

2 This petition meets all the requirements of  
3 Section 1769(B) of Title 20 of the California Code of  
4 Regulations and contains a statement signed by a  
5 representative of the new owner that they understand all  
6 of the conditions of certification and agrees to comply  
7 with them. Staff is recommending approval of the  
8 ownership change.

9 CHAIR WEISENMILLER: Applicant?

10 Good morning, Commissioners. I'm Greg  
11 Wheatland and with me at the table this morning is  
12 Barbara McBride. We're appearing for the Sutter Energy  
13 Center. We'd like to thank the Commission and the staff  
14 for taking up this item this morning and for the staff's  
15 recommendation of approval. We are here to answer any  
16 questions that you may have.

17 CHAIR WEISENMILLER: Is there anybody on the  
18 phone or anyone else who wants to speak to this item? I  
19 would have one question for Calpine and just, to the  
20 extent Sutter has been in the news lately in terms of  
21 viability, in terms of just trying to understand how,  
22 first, it would be good to inform the Commission where  
23 that stands and in terms of how these applications fit  
24 into that.

25 MR. WHEATLAND: Well, Chairman Weisenmiller,

44

1 I'm sorry that I can't provide you with information on  
2 that this morning. None of us that are present today  
3 are participants in that aspect of the Calpines decision  
4 making process. We haven't been advised with regard to  
5 those matters and we aren't authorized to speak to them  
6 today, so I'm sorry I can't help you on that issue.

7 CHAIR WEISENMILLER: Okay, well, thank you. I  
8 would note for the other Commissioners that there was at  
9 least an ex parte filed of a meeting between the CAISO  
10 and the PUC, discussing potential financial difficulties  
11 for Sutter and a need to figure out ways to try to deal  
12 with the going forward costs to keep the project going.

13 VICE CHAIR BOYD: I appreciate you putting  
14 that in the record of this discussion because, strangely  
15 enough, the Sutter Plant's status came up in  
16 Commissioner Douglas' and my Carlsbad Hearing earlier  
17 this week, so as we look to the status of the entire  
18 generating system of California and the staff in  
19 responding to various questions, this ripple reached a  
20 long way south, interestingly enough. So I do hope that  
21 gets resolved.

22 I do have one quick question of the folks  
23 relative to this item. The staff made reference to the  
24 fact that this recommended change is predicated on your  
25 continuing allegiance, let's just say, to all the

1 conditions that are cited here, so on and so forth, and  
2 I'm sure you wouldn't be here if you weren't prepared to  
3 say yes, but it would be good to get that on the record.

4 MR. WHEATLAND: Not that I can answer. And I  
5 can represent to you today that CPN Pipeline Company  
6 that will be assuming ownership of the Sutter Energy  
7 Pipeline is a wholly owned subsidiary of Calpine, as was  
8 the prior owner, Calpine Construction Finance Company,  
9 and CPN Pipeline Company on behalf of its officers is a  
10 assuming full responsibility for that pipeline under the  
11 same terms and conditions that was granted originally by  
12 the Commission.

13 VICE CHAIR BOYD: Thank you. I'm prepared to  
14 move approval of the staff's recommendation.

15 COMMISSIONER DOUGLAS: Second.

16 CHAIR WEISENMILLER: All those in favor?

17 (Ayes.) This item passes unanimously.

18 Let's move on to Item (b).

19 MR. WHEATLAND: Thank you.

20 CHAIR WEISENMILLER: Item (b), Possible  
21 Approval of Petition to Amend the Sutter Energy Center  
22 Project to allow construction of the Grimes Pipeline  
23 Project.

24 MS. STORA: Okay, for the pipeline amendment,  
25 Calpine requests a change to their license to allow the

1 construction of a 2.8 mile six-inch natural gas  
2 pipeline, which is also referred to as the Grimes  
3 Pipeline. This pipeline will allow the project to use  
4 natural gas from the Grimes Natural Gas Field located in  
5 the Sacramento Basin, northwest of the project site.  
6 Construction of this pipeline is expected to take about  
7 two to three months. Currently, the Sutter Energy  
8 Center is receiving most of its gas from the PG&E  
9 Natural Gas Transmission System. This amendment will  
10 allow Calpine to directly access the local natural gas  
11 supply and this provides an economic benefit to the  
12 project.

13           The petition to modify this project was filed  
14 and docketed on March 7th, 2011. A staff analysis was  
15 published on August 11th, 2011. On that same day, staff  
16 received the U.S. Army Corps of Engineers' authorization  
17 letter under Nationwide Permit 12, which led to a  
18 supplemental staff analysis, which was issued on  
19 August 16th, 2011. That subsequent staff analysis  
20 incorporated the conditions and Nationwide Permit 12  
21 into the Biological Conditions of Certification.

22           Comments on the staff analysis were received  
23 from Calpine on September 8th, 2011. After meeting with  
24 staff later that month, Calpine withdrew their previous  
25 comments in a letter dated October 31st, 2011. No other

1 comments on the staff analysis were received from the  
2 public. Staff is recommending approval of the Pipeline.

3 CHAIR WEISENMILLER: Thank you. Applicant?

4 MR. WHEATLAND: Again, we're here to answer  
5 any questions that you may have.

6 CHAIR WEISENMILLER: Thank you.  
7 Commissioners, any questions or comments?

8 VICE CHAIR BOYD: No questions.

9 COMMISSIONER DOUGLAS: I move Item 6(b).

10 VICE CHAIR BOYD: Second.

11 CHAIR WEISENMILLER: All those in favor?

12 (Ayes.) This item passes unanimously. Thank  
13 you, Christine.

14 MS. STORA: Thank you.

15 MR. WHEATLAND: Thank you.

16 CHAIR WEISENMILLER: Item 7. Blythe Energy  
17 Project, Phase II (02-AFC-1C). Possible approval of a  
18 petition to extend the deadline for the start of  
19 construction of the Blythe Energy Project, Phase II, for  
20 an additional five years, from December 14, 2011 to  
21 December 14, 2016. Mary.

22 MS. DYAS: Good morning, Commissioners. My  
23 name is Mary Dyas. I'm the Compliance Project Manager  
24 for the Blythe Energy Project, Phase II. With me this  
25 morning is Senior Staff Counsel, Kevin Bell, and

1 Technical Staff is also available if questions should  
2 arise.

3           The proposed Blythe Energy Project, Phase II,  
4 owned by Caithness Blythe II, LLC, is a 520 megawatt  
5 project to be located within the City of Blythe,  
6 approximately five miles west of the City Center.  
7 Blythe II was licensed by the Energy Commission on  
8 December 14th, 2005. On October 23rd, 2009, Caithness  
9 filed a Petition to Amend the Blythe II decision, 1) to  
10 identify a new point of electrical interconnection into  
11 the proposed Southern California Edison Chaim  
12 Substation, 2) to replace the originally approved  
13 turbines with newer Siemens Rapid-Start Turbines, 3) to  
14 modify the combustion turbine and steam turbine  
15 enclosure, 4) to incorporate an auxiliary boiler to  
16 allow fast start technology, 5) to expand the approved  
17 cooling tower configuration, and 6) to optimize the  
18 project's general arrangement.

19           Staff is currently working to complete its  
20 analysis in the areas of transmission, system  
21 engineering, and air quality, and believe it will be  
22 completed within the next 30 days -- I'm sorry, the next  
23 60 days.

24           On October 29th, 2010, Caithness filed a  
25 petition to extend the deadline of the start of

1 construction for one year in order to give both parties  
2 time to complete the October 2009 Petition to Amend.

3           On December 1st, 2010, the Energy Commission  
4 approved the Applicant's request for a one-year  
5 extension from December 14th, 2010 to December 14th,  
6 2011. On October 12th, 2011, Caithness filed a Petition  
7 to extend the deadline for the start of construction for  
8 five years from December 14th, 2011 to December 14th,  
9 2016. The Petition states that the five-year extension  
10 would allow Blythe II to be responsive to requests for  
11 proposal requirements that would allow for delivery as  
12 late as 2018. Also, a five-year extension will keep  
13 Blythe II in a position to be responsive to the needs of  
14 CAISO and local utilities and that a three-year  
15 extension would not provide enough time for Blythe II to  
16 effectively rebid the project and secure a Power  
17 Purchase Agreement.

18           A Notice of Receipt for the Petition to Extend  
19 was mailed to the Blythe II Post-Certification mail  
20 list, docketed, and posted to the Web on October 21st,  
21 2011. Staff's analysis of the petition was mailed to  
22 interested parties, docketed and posted to the Web on  
23 November 14th, 2011, and in the analysis staff notes its  
24 continued concerns regarding the project's plans for  
25 interconnection. Staff is also concerned that the

1 license for the project was granted six years ago and  
2 about the justification for delay provided by the  
3 Project Owner. Many other generators have completed the  
4 interconnection process and have fully operational  
5 projects in less than eight years. Staff also notes  
6 that the project has had six years with an Energy  
7 Commission license during which time it has been unable  
8 to obtain a Power Purchase Agreement.

9           On December 2nd, 2011, Caithness filed and  
10 docketed their response to staff's analysis. Also on  
11 December 2nd, 2011, comments were filed and docketed by  
12 Intervener Robert Sarvey. Both Caithness and Mr.  
13 Sarvey's comments are attached to the packet of  
14 information that you received. And also, this morning  
15 we received a letter from the City of Blythe in support  
16 of the project, and I believe a copy of that was also  
17 provided to you.

18           At this time, staff neither supports nor  
19 opposes the five-year extension and submits the matter  
20 to the full Commission for consideration.

21           CHAIR WEISENMILLER: Thank you. Applicant?

22           MR. GALATI: My name is Scott Galati  
23 representing Caithness Blythe II.

24           MR. LOOPER: And I'm Robert Looper  
25 representing Caithness Energy.

1           MR. GALATI: Thank you very much, Chair,  
2 members of the Commission. And, Commissioner Boyd, I'd  
3 like to take this opportunity, as well, to say thank you  
4 for your service. And while I've only been appearing in  
5 front of you for the last 10 or 12 years, I notice  
6 inconspicuously that you haven't aged, but I think I  
7 have. So I would like to know that secret.

8           But I would like to at this point in time  
9 amend what we're asking the Commission to do today.  
10 This is the first amendment and extension that my office  
11 filed after the Tesla decision. And in the Tesla  
12 decision, it was pretty clear that the Commission was  
13 struggling with approving an extension request without  
14 knowing or seeing what project was before them. So in  
15 this case, we filed the two together, which was to amend  
16 the project, to change the turbine technology and its  
17 first point of interconnection, and enable first a fast  
18 start, and do an extension request.

19           And last year, when staff was really busy  
20 working on all of the renewable projects, it was clear  
21 that the amendment wasn't going to be able to be  
22 processed, so we asked for those two to be separated and  
23 that we grant an extension of the construction deadline  
24 until we get a staff assessment. And I think over the  
25 last couple or two or three months, the Applicant and

1 staff have kind of been talking past each other when it  
2 came to one or two remaining issues, both having to do  
3 with transmission. I think that we have resolved at  
4 least our positions on the transmission, and I think  
5 that will now enable staff to finish the staff  
6 assessment. I think that, also, staff has been  
7 struggling with clearly in the last -- and I know from  
8 my own projects -- clearly in the last three, or four to  
9 five months, with compliance on the renewable energy  
10 projects, as well, so we understand the delay. So what  
11 I would ask you to do, since the staff assessment will  
12 likely be out in the next 30 to 60 days, is that you  
13 grant us an extension request allowing the staff  
14 assessment to come before you, and then we can put on  
15 our case of why we believe that a five-year extension is  
16 appropriate.

17           So I don't know if the Commission would like  
18 to grant it for a specified amount of time, a three to  
19 fourth-month window, or if they would like to grant it  
20 -- I don't know if you can grant it conditionally until  
21 you take the matter up with the staff assessment, but we  
22 would like you to consider both of those things at the  
23 same time and therefore we would ask for our extension  
24 request that you modify to allow that.

25           CHAIR WEISENMILLER: Thank you. I guess the

1 first question is, is Mr. Sarvey on the line? Okay, and  
2 the second question is for the staff on their -- staff's  
3 reaction to that proposal and preference going forward.

4 MR. BELL: Kevin Bell, Senior Staff Counsel.  
5 Staff would not be opposed to a shorter extension than  
6 the five years requested. That seems reasonable  
7 considering the staff believes that it now has  
8 sufficient information to finish up the staff analysis  
9 for the proposed amendment. I'm told that the staff  
10 analysis should be done in the next 60 to 90 days. And  
11 it will be before the Commission within 30 days after  
12 the staff analysis is complete, so there will be time to  
13 post it for public comment. So if the request is for a  
14 shorter period of time, staff would not oppose that  
15 request.

16 CHAIR WEISENMILLER: Okay, now the Applicant,  
17 I think, has had three different options. I guess I'd  
18 like to understand which of the three the staff would  
19 prefer. If you want, we can hold this item and go on to  
20 the next, whether we go offline and confer on it?

21 MR. BELL: And if I understand the three  
22 options, one is grant the extension now for five years  
23 as one option?

24 CHAIR WEISENMILLER: No, as I understand the  
25 options, we could do an extension for X period of time,

54

1 we could do an extension on a contingent basis to say it  
2 will be X days after the staff analysis is done, you  
3 know, I'm trying to remember the third option. Scott,  
4 you might want to go back --

5 MR. GALATI: Yeah, I can only think of two, so  
6 the two options would be either a specified period of  
7 time, probably four months would allow enough time for  
8 staff to do the staff assessment, get it published, and  
9 consider comments, that would be one way to do it; the  
10 other way would, I guess, let's go ahead and I would  
11 request that we do that, but if staff gets it done  
12 earlier, we could always come back and seek an extension  
13 at the Business Meeting before. I'm trying to get used  
14 to Business Meetings once a month instead of every two  
15 weeks.

16 CHAIR WEISENMILLER: Well, we all will. So  
17 it's good to know why the, yeah, I had trouble figuring  
18 -- remembering the third, so there wasn't a third, so  
19 okay. So in terms of those two options, Kevin, what's  
20 your --

21 VICE CHAIR BOYD: Mr. Chairman, can I add  
22 another question that piles on to the same question?  
23 Why is it seen as necessary by perhaps the Applicant for  
24 any extension to be granted today, rather than just  
25 table the issue until this future point in time?

1           MR. GALATI: The answer to that is our license  
2 expires today by the terms of the last grant. The last  
3 extension was for one --

4           VICE CHAIR BOYD: Okay, I understand. Somehow  
5 I missed that in reading all this. And I did read it.

6           MR. BELL: I believe the question posed now is  
7 which option staff would prefer. Actually, I think  
8 staff's preference is that we have a set date rather  
9 than leaving it open-ended. And as for that set date, I  
10 would note that the last extension came fortuitously for  
11 the Applicant, today. At least we had a business  
12 meeting planned for today and it will expire today. If  
13 I tell you now, Commissioners, that the staff analysis  
14 will be done in 90 days, if we were to set this for 90  
15 days from now, we might find ourselves in the same  
16 situation where we're up to the very last day. So if  
17 the Commission is inclined to set a brief extension for  
18 a finite period of time, I would ask that it would  
19 consider setting that finite period of time with a  
20 little bit extra afterwards to make sure that we can get  
21 before the Commission. If staff's analysis is done  
22 before then, we still have the option of coming to the  
23 Commission Business Meeting to discuss the merits of the  
24 five-year extension request and the amendment itself.

25           VICE CHAIR BOYD: I think I heard the

1 Applicant suggest four months, it makes sense --

2 MR. GALATI: It's acceptable to us.

3 VICE CHAIR BOYD: I would move approval of  
4 that request, then, at four months.

5 COMMISSIONER DOUGLAS: Second.

6 CHAIR WEISENMILLER: All those in favor?

7 COMMISSIONER PETERMAN: Is four months -- do  
8 we agree that's enough? I mean, do we want to make it  
9 five just in case, wiggle room?

10 VICE CHAIR BOYD: C'mon, it's like your taxes.  
11 You don't want to --

12 MS. DYAS: That was when we were talking about  
13 the formats. And more than likely, at least I have a  
14 feeling we'll be able to get it before then, but I would  
15 like to pad it just a little, just in case.

16 VICE CHAIR BOYD: So is four months a pad?

17 MS. DYAS: I would say five just to add one  
18 more month on there, just to pad it.

19 COMMISSIONER PETERMAN: I would agree. I  
20 would support that.

21 VICE CHAIR BOYD: I amend my motion there --

22 MR. LEVY: Commissioners, just to clarify the  
23 records, that's a motion to extend the deadline for the  
24 start of construction for five months from the date of  
25 today?

1 VICE CHAIR BOYD: That's correct.

2 COMMISSIONER DOUGLAS: I second the amended  
3 motion.

4 CHAIR WEISENMILLER: All those in favor?

5 (Ayes.) This item passes unanimously.

6 Thanks.

7 MR. LOOPER: I'd like to thank the Commission  
8 and I also wanted to note that, since we've been in  
9 front of the Commission since 1998 when we filed Blythe  
10 I, Bill Keese then chaired, and then John Geesman over  
11 Blythe II, that the only remaining Commission member who  
12 has any trace of history of Blythe is James Boyd. And  
13 so it's sad to see Commissioner Boyd leave with that  
14 history, and at the same time, our Project Manager back  
15 in 1998 for Blythe I was Roger Johnson, and I believe  
16 Roger, although he has escaped us for 10 years, is now  
17 back in that mode and back on the planet, so we get to  
18 reengage with Roger. So a couple of interesting things  
19 coming up and we hope to see you back here seeking  
20 approval for the Blythe II extension. Thank you very  
21 much.

22 VICE CHAIR BOYD: This kind of explains why 50  
23 years got by me so fast.

24 CHAIR WEISENMILLER: Item 8. California  
25 Employment Training Panel. Possible approval of

1 Amendment 1 to Contract 600-09-016 with the California  
2 Employment Training Panel to add \$4.28 million and  
3 extend the term from February 29, 2013 to February 28,  
4 2016. This is ARFVTF funding.

5 MS. CHAPMAN: Good morning. Darci Chapman. I  
6 am the lead for Workforce Development and Training for  
7 the Alternative Renewable Fuels and Vehicle Technology  
8 Program. And I'm the Project Manager over the  
9 Employment Training Panel Interagency Agreement for Work  
10 Force Training.

11 This amendment, the \$4.28 million,  
12 incorporates two Investment Plan allocations to the  
13 Employment Training Panel, the 1011 which was originally  
14 a million dollars, and then got a haircut to \$780,000,  
15 and then \$3.5 from the 1112 Investment Plan. We've been  
16 seeing increased interest by companies finding out that  
17 we have these resources available if they are deploying  
18 new technologies or adopting alternative fuels, they can  
19 come to the Employment Training Panel and get their  
20 workforce training on those adopted technologies and  
21 fuels. To date, they've obligated about 92 percent;  
22 they had 100 percent committed in contracts, we  
23 unfortunately had three of the companies pull back and  
24 terminate their contracts due to not being quite ready  
25 for full-fledged training, which unobligated \$700,000,

59

1 which ETP feels pretty confident that their existing  
2 pool of projects will absorb that relatively quickly.  
3 They had 14 contracts in place originally, five of which  
4 were multi-employer contracts, one of which was with the  
5 California Labor Federation for three regional transit  
6 agencies, and then we have a couple of community college  
7 projects which are funding or delivering training to  
8 government entity fleet services, and the rest nine, the  
9 remaining nine, are individual contracts with companies.  
10 I encourage the approval of this amendment, as we feel  
11 like this is a working model that addresses the needs of  
12 these adopting companies in an expeditious manner and  
13 gives the money to them as quickly as they need it out  
14 there, the ATP has a working model that seems to be  
15 matched perfectly to our program need at this point.

16 VICE CHAIR BOYD: This is a pretty healthy  
17 transfusion and, in addition to a program that goes back  
18 to Commissioner Douglas and I when we were  
19 Transportation Committee and quite excited about the  
20 opportunity that we had to front load the AB 118  
21 program, I always say that, other than this acronym or  
22 the long title to this program, which is impossible to  
23 not get incorrect -- in any event, and you've just laid  
24 out the possibilities of spending the initial increment,  
25 are you confident that this amount of money can be

60

1 fairly readily absorbed -- rather speedily absorbed, I  
2 would hope -- for training and injecting the trainees  
3 into the economy we need so desperately to get started  
4 in the state?

5 MS. CHAPMAN: Actually, I am pretty confident.  
6 ETP is real conservative, they want to be successful in  
7 our venture and our partnership, and so each year as I  
8 call them when we're crafting our Investment Plan, and I  
9 say, "What does the queue look like? What's your demand  
10 flow? How much money are you thinking you might need  
11 this year," they're always cautious. And this year, I  
12 actually had to drive them a little bit because I'm  
13 seeing increased demand on my end in my referrals to  
14 them. And that's outside of their individual efforts in  
15 outreach and marketing. So I anticipate that we're  
16 probably going to be able to expend all of these dollars  
17 this year.

18 VICE CHAIR BOYD: And I appreciate your  
19 optimism and I certainly hope so. It pains me to think  
20 that there might be -- and I'm not addressing this to us  
21 -- any bureaucratic hurdles that aren't being rapidly  
22 cleared to cause people to be too cautious at a time  
23 when we need to get people trained and employed. So I  
24 know you will continue to work hard and needle your  
25 friends at the CETP so we can get some people trained

61

1 and working.

2 If there are no questions, I will move  
3 approval of the item.

4 COMMISSIONER PETERMAN: I'll second.

5 CHAIR WEISENMILLER: All those in favor?

6 (Ayes.) This item passes unanimously. Thank  
7 you.

8 MS. CHAPMAN: Thank you.

9 CHAIR WEISENMILLER: Item 9. University Of  
10 California at Davis. Possible approval of Contract 500-  
11 11-010 for \$646,661 with the Regents of the University  
12 of California on behalf of the University of California  
13 at Davis for research. This is PIER electricity  
14 funding. Jamie.

15 MR. PATTERSON: Good morning, Commissioners.  
16 I am Jamie Patterson. I'm a Senior Electrical Engineer  
17 in the Research and Development Division. I'd like to  
18 point out, the time that Commissioner Boyd is our lead  
19 Commissioner in the Research and Development Division,  
20 his guidance and advise as we inform our research, will  
21 be missed. But congratulations, Commissioner. And I  
22 hope that you will come and visit us in our Fifth Street  
23 Offices when you're -- from time to time.

24 VICE CHAIR BOYD: I can always be bribed by  
25 chocolate chip cookies.

1           MR. PATTERSON: I'll see if we can keep a  
2 supply on hand.

3           This project is part of a series of  
4 forecasting projects you have seen come forward to the  
5 Business Meetings from our Division. We have a major  
6 initiative in forecasting and so we have several  
7 projects that are complementary of each other, the  
8 particular project is looking at equipment that will see  
9 the wind.

10           Back in World War II, radar was developed to  
11 see aircraft that might be hiding up in the clouds.  
12 Today, we use Doppler Radar to literally see the rain  
13 clouds that everyone is so familiar with from watching  
14 the weather on TV. We think that some of the equipment  
15 that is currently out there that is used for other  
16 things can be made to see wind.

17           So we're -- this particular project will be  
18 researching not only radiometric sensors, see if they  
19 can be tuned to literally see wind, but we'll also be  
20 looking at something called Lidar which is basically  
21 like Radar, but done with light for the scatter effect  
22 to see if it can be tuned to also see wind.

23           So with that, it's a pretty straightforward  
24 project, the devil of such projects is always in the  
25 details, but we hope that working with U.C. Davis and

1 with some guidance from the CAISO, we'll be able to  
2 develop something that will improve the forecasting and  
3 help California meet its 2020 goals for RPS, the  
4 Renewable Portfolio Standard of 33 percent.

5 With that, I have with me today Jim Blatchford  
6 from the California ISO and Case Van Dam from U.C.  
7 Davis, and we will answer any questions that you may  
8 have about this project. Thank you.

9 CHAIR WEISENMILLER: Thank you. First, any  
10 comments for from either Davis or CAISO on the project?

11 MR. BLATCHFORD: Thank you, Commissioners and,  
12 again, thank you for having me here today. And on  
13 behalf of the California ISO, Commissioner Boyd, we'd  
14 like to congratulate you on your retirement.

15 And, as you know, I'm the lead Renewable  
16 Integration Specialist at the California ISO and  
17 responsible for Advance Forecasting. We've talked about  
18 forecasting and techniques before at this meeting and  
19 ISO supports this program because it gives us the  
20 ability to look at some new equipment that we can  
21 observe a three-dimensional view of a wind front coming  
22 toward a wind farm. So it gives us a view ahead of time  
23 of what's going to happen within that body of air.

24 We also -- there's actually two prongs to  
25 this, not only looking at new equipment, but looking at

1 the placement of the equipment -- where do we find the  
2 sweet spot? And especially in the Tehachapi area, where  
3 we've had some pretty significant growth in that area,  
4 and we've had some significant changes in the production  
5 in that area. In fact, this Thanksgiving weekend, we  
6 lost over 1,300 megawatts of wind in about four hours.  
7 So that's really something that gets our operators kind  
8 of a little anxious, and so we'd like to be able to see  
9 that wind coming and going. And so we want to just  
10 express and voice our support for this. And thank you  
11 for the PIER Program, it's one of those programs we  
12 really look forward to and we hope it lasts for a long  
13 time. Thank you.

14 MR. VAN DAM: Good morning, Commissioners. My  
15 name is Case Van Dam. I'm the Professor at U.C. Davis  
16 and I'm Chair of the Mechanical and Aerospace  
17 Engineering, and I'm the PI on this project and I look  
18 forward to working with the PIER Program here, the ISO,  
19 and especially Southern California Edison, U.C. San  
20 Diego, and several of our partners on this project. So  
21 if you have any questions, I'm quite willing to answer  
22 those. Thank you.

23 CHAIR WEISENMILLER: Commissioners, any  
24 questions or comments?

25 VICE CHAIR BOYD: No questions on my part. A

65

1 comment I'll make is that I got a thorough briefing from  
2 the staff, from Jamie, in particular, on this project  
3 some time ago and was then familiar and glad that, well,  
4 the fact that the ISO was extremely supportive of this,  
5 and appreciate you being here today to echo that support  
6 and your support for PIER, appreciate that very much.  
7 Just as a side comment later on, I'll tell you more  
8 about the scientific research, I'll call it symposium, I  
9 attended yesterday on climate. But I learned a lot  
10 about some of the current technology with regard to  
11 tracking weather, etc. etc., throughout the planet and  
12 throughout the state. And I'm encouraged that there are  
13 equipment out there that now will help with this  
14 feature, so I think all should look forward to hopefully  
15 some positive results from this project and I think it  
16 will be obviously important to the whole concept of  
17 maximizing the wind resource we have in the state and  
18 optimizing the ability of the ISO to do just as you  
19 indicated, see it coming and see it going, so to speak.  
20 So I'm prepared to support and move approval of this  
21 item.

22 COMMISSIONER PETERMAN: I'll just also add  
23 that I'm very supportive of this project, I think it's a  
24 great use of PIER funds and long-term will reduce the  
25 cost of integration of renewables going forward, and

1 glad that we can be supportive of the work that CAISO is  
2 doing in this area. So if that was a motion, I will  
3 second it.

4 CHAIR WEISENMILLER: Okay, all those in favor?

5 (Ayes.) This item passed unanimously. Thank  
6 you, Jamie.

7 MR. PATTERSON: Thank you.

8 CHAIR WEISENMILLER: Item 10. Blue Crane  
9 Solutions. Possible approval of Purchase Order 11-  
10 409.00-004 for \$197,400 with Blue Crane Solution. And  
11 this is ERPA funding. Peter.

12 MR. STRAIT: Yes. Greetings, Commissioners.  
13 You'll have to excuse me a little bit, I'm getting over  
14 the same head cold as so many other people.

15 VICE CHAIR BOYD: I call it the Energy  
16 Commission cold, it's everywhere.

17 MR. STRAIT: This contract with Blue Crane  
18 Solutions is for a Feasibility Study Report and an IT  
19 Procurement Plan for modernizing the Energy Commission's  
20 Appliance Efficiency Database. Modernization in this  
21 context means re-scripting or fully creating the  
22 database in a more advanced programming language, likely  
23 C#, and running it to take advantage of a newer and more  
24 advanced environment, likely *Microsoft SQL Server 2008*,  
25 Revision 2, though the specifics will depend on

67

1 recommendations that would be made in the FSR.

2           Our current database was designed and first  
3 built between 1999 and 2000, partly to protect against  
4 the Y2K crisis that was looming at that time, if anyone  
5 remembers that. This pre-dates the ubiquity of online  
6 services and even more so the modern Smart Phone. The  
7 first iPhone went on sale in 2007, so there's some  
8 features that we would certainly like for the database  
9 to have that right now it simply cannot do and does not  
10 have. Per the new California Technology Agency's Rules  
11 and Guidelines, the Feasibility Study Report is the  
12 first required step for engaging in an IT project of  
13 this scope, so when the FSR, once completed, effectively  
14 establishes, then, a roadmap for accomplishing the goals  
15 that we set out, and in this case it would be for  
16 bringing the database into the Internet age.

17           This FSR is a good value, or a good bang for  
18 the buck, as it is effectively a full process evaluation  
19 that concludes with a set of technical recommendations.  
20 They will lay out what they feel should be done in order  
21 to achieve greater connectivity and better customer  
22 service that we're hoping for. To allay one set of  
23 concerns, we're aware the contractor for the FSR is  
24 prohibited from bidding on future phases of the project,  
25 so this prevents a circumstance where the FSR would be

1 tailored to that company's particular expertise or work.

2           The full project that this will eventually  
3 lead into will have -- is designed to be built forward  
4 in phases, and with each phase being independently  
5 justifiable in terms of the advances in cost savings it  
6 will provide to us. Just to provide an example of what  
7 we feel this will lead into, we would anticipate a first  
8 phase would be a set of back-in changes; in car terms,  
9 this would be the full engine rebuild that would focus  
10 on the technical mechanical parts under the hood that  
11 make the database go. The focus would be on  
12 consolidating submittal logs, approval lists, and  
13 appliance database tables that are currently and  
14 completely separate systems into one unified electronic  
15 system. This streamlining will reduce staff time needed  
16 to log and track submittal files, improve transparency  
17 and reliability, and greatly improve responsiveness to  
18 manufacturers, test laboratories, and other parties that  
19 are a part of our regulatory oversight.

20           We would also hope to create a more flexible  
21 data evaluation system and, in the best case, create a  
22 generic and modular database platform that would then be  
23 reusable by the Energy Commission for other database  
24 projects with similar types of data and similar  
25 programmatic needs. From that, we would then engage in

69

1 a second phase under a separate contract, which would  
2 be, once the engine rebuild, we would then focus on the  
3 parts that actually touch the users, such as creating  
4 new online interfaces for manufacturers and other data  
5 certifiers to submit electronic data, create better  
6 query and search tools for consumers and users of the  
7 database, and helping to establish automated data  
8 connections with other regulatory databases and  
9 appliance directories. This would be ones held by --  
10 the one that DOE, the Department of Energy, is currently  
11 building, the Energy Star lists some databases, and  
12 those databases maintained by the Air-Conditioning,  
13 Heating and Refrigeration Institute, some of which we  
14 have regular transactions with right now, but aren't in  
15 any sense automated and are actually fairly work  
16 intensive to complete. Manufacturers under this would  
17 have an easier time with compliance. Regulators and  
18 Building Inspectors would have an easier time with  
19 enforcement, and staff would enjoy an even greater  
20 reduction in the staff time needed per data submittal,  
21 and we would hope at that phase to allow automated data  
22 retrieval from other online systems, automated uploads  
23 to our database, ultimately reducing manufacturer cost  
24 of compliance by allowing one submittal to one agency to  
25 be shared between all relevant agencies.

1           Lastly, we would improve the public interface  
2 for viewing and retrieval of data, which would make it  
3 more useable by and more useable to the appliance  
4 consumer, and better able to be used on mobile devices.  
5 This would be creating something that is sized properly,  
6 or possibly something in an App format that people can  
7 use on their modern devices. After that, we would look  
8 at phases that might integrate new features that have  
9 been discussed internally. I don't want to get into too  
10 much speculation at this point, other than to say we're  
11 going to be considering the feasibility of several of  
12 those in this FSR, so we can actually evaluate before we  
13 engage in anything exactly what it would be feasible and  
14 effective for us to do in terms of reaching into other  
15 areas, producing new products that bring this database  
16 more into the public eye.

17           So at this point, are there any questions  
18 about the FSR that will hopefully get this whole thing  
19 started? I'm happy to answer.

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

22           COMMISSIONER DOUGLAS: Just a brief comment.  
23 I'm very pleased to see this on the Business Meeting  
24 agenda. I actually went up to Rob maybe three weeks ago  
25 and said, "You know, Rob, I walked down to talk to you

71

1 because, you know, I had this on my mind that we really  
2 need to modernize the database," and he was able to say,  
3 "Well, wait until you see the next agenda because we've  
4 got this item on it." And, you know, from my point of  
5 view, you know, thank you and finally and I wish it  
6 could all be done at once. But, of course, I know that  
7 this is going to take some time to both scope out and  
8 then to find the phases, and then pursue phases. I  
9 sense and understand that this is going to be a long  
10 project, but I'm very glad that we're poised to start  
11 today.

12 VICE CHAIR BOYD: Well, I would just say that,  
13 first, I was looking to hear from Commissioner Douglas  
14 as the lead Commissioner on this subject, and I'm glad  
15 to hear her so positive. And second, after that very in  
16 depth and encouraging report on this thing, how could I  
17 be opposed to it? And so I'm prepared to support  
18 anybody's motion.

19 COMMISSIONER DOUGLAS: Move approval of Item  
20 10.

21 VICE CHAIR BOYD: Second.

22 CHAIR WEISENMILLER: All in favor?

23 (Ayes.) This item has been approved  
24 unanimously. Thank you.

25 MR. STRAIT: Thank you.

1                   CHAIR WEISENMILLER:  Item 11.  American  
2  Recovery And Reinvestment Act Agreements.  Possible  
3  approval of an Energy Commission resolution authorizing  
4  the Executive Director to disencumber potentially unused  
5  funds from the Energy Commission's American Recovery and  
6  Reinvestment Act of 2009 (ARRA) agreements.  Allan.

7                   MR. WARD:  Good morning, Commissioners.  My  
8  name is Allan Ward with the Commission's Legal Office.  
9  I'm here today to seek approval of the Resolution  
10 regarding the Commission's American Recovery and  
11 Reinvestment Act, or ARRA, Agreements.

12                   The impetus for this Resolution is that the  
13 deadline for spending over \$200 million of ARRA funds  
14 for the State Energy Program is coming up on April 30th,  
15 2011, and with such a massive undertaking, as all of  
16 these funds have been encumbered to do, some are  
17 performing better than others and we have the goal of  
18 making sure that all of the funds are spent by the  
19 deadline.  So, to this end, I propose this Resolution  
20 which would authorize the Executive Director to do two  
21 things:  first, it would authorize him to disencumber  
22 funds from agreements that are unlikely or cannot spend  
23 all of their funds, or perform all of their tasks within  
24 the remaining time, and that change would be done  
25 through the Letter of Agreement process that is outlined

1 currently in those terms and conditions of those  
2 agreements.

3           And the second thing that the resolution would  
4 do is allow the Executive Director to then encumber  
5 those funds that were just disencumbered into ARRA  
6 Agreements that can spend them by the deadline. This  
7 will ensure that all of the funds are spent in a timely  
8 manner.

9           The last thing I wanted to bring up is, in the  
10 back-up material, I provided a proposed resolution and,  
11 on the record, I just wanted to point out there's going  
12 to be two changes to that back-up item, just ministerial  
13 changes. But the last section beginning "Further Be it  
14 Resolved," is going to be stricken because that was just  
15 accidentally added, and then I used the old -- I  
16 accidentally used the old format of having the  
17 Chairman's signature vs. Harriet's signature, and that's  
18 going to be changed to the current certification by  
19 Harriet. I'm happy to answer any questions if there are  
20 any.

21           CHAIR WEISENMILLER: Commissioners?

22           COMMISSIONER DOUGLAS: Just a brief comment.  
23 I think this is an important step; as we move towards  
24 the final deadline for expenditure and draw-down of the  
25 Recovery Act funds, we're going to have to be very

1 nimble in our ability to withdraw funds where needed,  
2 reallocate funds where needed, and so on. So rather  
3 than encumber ourselves with the Business Meeting  
4 process, the amount of time that that takes, I think  
5 this is going to be a much better way of making sure  
6 that we can officially spend and not forfeit any  
7 funding.

8 VICE CHAIR BOYD: I would say that I'm  
9 supportive of anything that speeds our processes up.  
10 But I would like to ask the Executive Director if this  
11 puts him in the position of requesting bids from  
12 Commissioners over whose project is going to get  
13 financed from the surplus. But that's somewhat a  
14 rhetorical question, Mr. Oglesby, you don't have to  
15 respond if you choose not to.

16 MR. OGLESBY: Actually, I'd like to respond to  
17 a question you didn't ask, and that would be to assure  
18 projects that are in process that our first priority is  
19 to ensure the successful completion of projects that  
20 have already been authorized. So the intent of this is  
21 not to result in arbitrary outcomes, but we want to make  
22 sure that the projects that are being successful receive  
23 the assistance and the opportunity to be successful, and  
24 then with the programs that aren't running along the

1 lines as anticipated to be able to fully utilize those  
2 funds.

3 CHAIR WEISENMILLER: Yeah, I think this is  
4 very good because it gives people more time to basically  
5 turn around. If we had to go through our business  
6 meeting process, then I'm afraid we would have to pull  
7 some of the funding from folks that are struggling to  
8 get their act -- to say "act together" -- but to really  
9 get the funds out the door. So I think it is a win-win  
10 in terms of reducing our process, giving some of the  
11 more struggling contractors' additional time, but also  
12 protecting the money, which is certainly our bottom line  
13 requirement.

14 COMMISSIONER DOUGLAS: So I'll move approval  
15 of Item 11.

16 VICE CHAIR BOYD: Second.

17 CHAIR WEISENMILLER: All those in favor?

18 (Ayes.) This item also passes unanimously.

19 Thanks, Allan.

20 MR. WARD: Thank you.

21 CHAIR WEISENMILLER: Item 12. Emission  
22 Performance Standards Rulemaking. Consideration of a  
23 Petition for a Rulemaking submitted by the Natural  
24 Resources Defense Council and Sierra Club that would  
25 amend SB 1368 Emission Performance Standards Section

1 2907, Title 20, California Code of Regulations.

2 Melissa.

3 MS. JONES: Good morning, Commissioners. My  
4 name is Melissa Jones. And as you indicated, NRDC and  
5 the Sierra Club jointly filed a Petition requesting the  
6 Energy Commission to initiate a rulemaking proceeding to  
7 ensure that the current practices of the publicly owned  
8 utilities meet California's Emission Performance  
9 Standard.

10 Specifically, NRDC has asked for two actions,  
11 1) modifying Section 2907 to require mandatory reporting  
12 requirements when POU's make investments in existing coal  
13 plants, and 2) developing clear criteria for the  
14 evaluation of investments at existing coal plants for  
15 compliance with EPS.

16 By way of background, under Senate Bill 1389,  
17 a Peralta Bill from 2006, the Energy Commission is  
18 responsible for establishing a Greenhouse Gas Emissions  
19 Performance Standard and implementing regulations for  
20 all long-term baseload generation commitments made by  
21 local publicly owned electric utilities. The Commission  
22 adopted the EPS Regulations in 2007.

23 Staff has reviewed and determined that the  
24 Petition filed by NRDC and Sierra Club meets the  
25 requirements under the California Code of Regulations,

77

1 Title 20, Section 1221, and therefore finds the Petition  
2 to be complete. Staff believes that NRDC and Sierra  
3 Club has made a reasonable case that POUs have already  
4 and will be making major investments in existing coal  
5 plants that do not meet the Emission Performance  
6 Standard. We believe that a more transparent review of  
7 whether the investments constitute routine maintenance,  
8 or are life extension, would ensure compliance with SB  
9 1368.

10 NRDC correctly notes that no POU has requested  
11 a compliance review for any investments in existing coal  
12 plants under our regulations. The regulations do  
13 currently allow the POUs to determine what constitutes  
14 routine maintenance or life extension without consulting  
15 the Energy Commission or otherwise informing us of how  
16 the terms have been applied.

17 To ensure compliance with SB 1368, staff  
18 believes that it would be wise for the Commission to  
19 gain a better understanding of the kinds of POU  
20 Investments being made or planned for existing non-  
21 compliant coal plants. The regulations currently do not  
22 specify what constitutes an investment designed and  
23 intended to extend the life of a plant vs. what is  
24 routine maintenance. NRDC and the Sierra Club make a  
25 reasonable showing that adding some specificity and

1 clarifications to these terms might be warranted.

2           In addition, staff believes that it may also  
3 be prudent to consider the pros and cons of mandatory  
4 reporting requirements for investments under the EPS for  
5 non-compliant facilities, therefore, staff is  
6 recommending today that the Commission initiate a  
7 rulemaking to clarify what constitutes covered  
8 procurements under the Regulations and to review the POU  
9 reporting and compliance provisions. Thank you.

10           CHAIR WEISENMILLER: Thank you. Noah.

11           MR. LONG: Thank you, Chairman Weisenmiller.  
12 I don't have too much to add. I really appreciate  
13 staff's work on this effort and I think their  
14 characterization of it is very fair. I just would add  
15 that we've reached out to a number of the publicly owned  
16 utilities, I think a couple of them are represented here  
17 today, in order to begin this conversation. And I hope  
18 that it can be a collaborative process if you do choose  
19 to open a rulemaking under which we can develop  
20 reasonable and fair and clear statewide transparent  
21 criteria for evaluation of these kinds of investments.  
22 I do want to just add that I think there is some urgency  
23 given the timeline and level of considered investment at  
24 a number of these plants over the coming years. So  
25 thank you.

1 CHAIR WEISENMILLER: Thank you. I just want  
2 to make sure we have your name for the record.

3 MR. LONG: Sorry, yeah, this is Noah Long from  
4 the Natural Resources Defense Council. Thank you.

5 COMMISSIONER WEISENMILLER: We have two folks  
6 in the audience who want to speak on this, Susie Berlin.

7 MS. BERLIN: Good morning, Commissioners,  
8 staff. This is Susie Berlin from McCarthy and Berlin on  
9 behalf of the MSR Public Power Agency. Petitioners  
10 request a rulemaking to ensure that the current  
11 practices of the California publicly owned utilities  
12 meet the requirements of Senate Bill 1368 and the  
13 Emissions Performance Standard, but simply put, we don't  
14 believe that a new rulemaking is necessary at this time.  
15 First of all, the MSR believes that the POUs fully  
16 understand the requirements imposed by both legislation  
17 and the Emissions Performance Standard adopted by this  
18 Commission.

19 Further, Commission staff and stakeholders,  
20 including MSR and the Joint Petitioners, spent a great  
21 deal of time and energy reviewing SB 1368 and drafting  
22 the current EPS Regulation five years ago. As a  
23 practical matter, we believe Petitioner's request that  
24 all POU expenditures be subject to reporting and review  
25 by this Commission would place a substantial strain on

80

1 already limited resources of both this Commission and  
2 the public agencies involved. This is an issue that was  
3 looked at in 2007 when we went through this process  
4 originally. Such a requirement would inhibit POU  
5 utilities and cause unnecessary delays in the  
6 maintenance, operations, and installation of maintenance  
7 at these facilities.

8           Further, we note that while some of these  
9 installations do result in incremental increases in the  
10 capacity of these facilities, that the overall  
11 environmental benefits associated with this maintenance  
12 goes far beyond merely reducing GHGs, which is also very  
13 important and results in significant net advantages to  
14 the environment, as recognized in prior determinations  
15 of the Commission. We would address this further, but  
16 we believe that the Joint Petition mischaracterizes some  
17 of the EPS Regulation and the impacts and the intent of  
18 1368. For example, it makes sweeping and broad  
19 generalizations regarding POU practices that do not take  
20 into account the intervening local governing boards that  
21 oversee POU operations, and the principles of local  
22 governance that were reflected in the structure of the  
23 Regulation.

24           POUs such as MSR examined proposed actions and  
25 publicly noticed meetings and hearings, and make these

1 determinations regarding whether items are routine  
2 maintenance and look at whether they meet the definition  
3 of covered procurements set forth in the Regulation.  
4 The Joint Petitioners also infer that the POUs have some  
5 sort of veto power over expenditures that are being made  
6 at certain coal facilities. These contracts and  
7 ownership interests at issue are not new investments and  
8 they are a part of complex, multi-party and multi-part  
9 arrangements. I note that if such expenditures were to  
10 go beyond maintenance of the asset, they would be deemed  
11 covered procurements and subject to the EPS regulation  
12 as it is structured.

13           Finally, and perhaps most importantly for  
14 timing purposes, it's important to note that SB 1368  
15 contemplated a cap on GHG emissions. Indeed, the  
16 statute provides that the Commission in consultation  
17 with the California Public Utilities Commission and the  
18 California Air Resources Board shall evaluate, continue,  
19 modify, or replace the Greenhouse Gas Emissions  
20 Performance Standard when an enforceable greenhouse gas  
21 emissions limit is established and in operation, that is  
22 applicable to local publicly owned electric utilities,  
23 California Public Utilities Code Section 8341(F). And  
24 with CARB's adoption of the Cap & Trade Program  
25 Regulation on October 20th, AOL's approval of the

1 Regulation yesterday, and the impending implementation  
2 of the Cap and Trade Program on January 1, 2012, the EPS  
3 and its rule in effecting emissions reductions will be  
4 subject to review under the sections of 8341(F) and such  
5 a review would render mute additional investigations and  
6 revisions to the current EPS.

7           With that said, should the Commission  
8 determine that a further review of the current EPS is  
9 warranted at this time, the EPS Regulation, MSR looks  
10 forward to working with the Commissioners and their  
11 staff in clarifying aspects of the Petition and  
12 misconceptions regarding POU practices with regard to  
13 these facilities. Thank you.

14           CHAIR WEISENMILLER: Thank you. We also have  
15 Bruce McLaughlin.

16           MR. MCLAUGHLIN: Thank you, Commissioners.  
17 Bruce McLaughlin with Braun Blaising McLaughlin. Back  
18 when we had the proceeding to adopt these regulations, I  
19 was lead counsel for the California Municipal Utilities  
20 Association, and so I have an institutional history of  
21 what went on behind the scenes. We worked together  
22 closely with NRDC, a different individual at that time,  
23 to help draft these rules. It was a hard fight. The  
24 statute 1368 had some ambiguities in it, should I say,  
25 and at the root we were actually wondering whether a

1 long term financial commitment even applied to existing  
2 facilities. There is an argument that it does not.  
3 Nonetheless, the Regulations said it did and then the  
4 next retrench for us was maintenance. Are we allowed to  
5 maintain our existing facilities? That's very very  
6 important when it comes to reliability, when it comes to  
7 worker safety, when it comes to environmental safety,  
8 etc. And so we fought hard for the routine maintenance  
9 prong and now it's a little bit disappointing to see  
10 that brought back. But most importantly, I do want to  
11 point out the 8341(F), which Susie brought forward, you  
12 are required by statute to review this now that AB 32 is  
13 out, and so we would suggest that you just delay this  
14 particular Petition, or at least deny this Petition, so  
15 that you can do what this Commission is supposed to do,  
16 review the EPS in its entirety, to determine whether  
17 it's even needed. Since we do have a cap in place, the  
18 market -- the Cap & Trade Program is supposed to work  
19 where they pick the most cost-effective means of  
20 compliance, maybe without coal, maybe not. But the  
21 thing is, what's really important is SB 1368 is not a  
22 anti-coal bill. It does not mention coal, it does not  
23 mention fuels. In fact, Senator Peralta, when he spoke  
24 to the Congress in 2007 said, "No, California is not  
25 against coal, we want clean coal," etc. etc. So this is

84

1 not an anti-coal bill and it cannot be used for that.  
2 So it's not fuel specific in any way. And also, it's  
3 important that it does not authorize the Commission to  
4 implement any rules on either engineering controls or  
5 administrative controls.

6 So what we recommend is that you deny this  
7 Petition and, in time, possibly very soon, implement  
8 that rulemaking to reconsider SB 1368 in its entirety.  
9 Thank you.

10 CHAIR WEISENMILLER: Thank you. Anyone else  
11 from the audience who wants to speak on this item?  
12 Okay, fine. So in terms of staff, NRDC, do you want to  
13 respond to the comments?

14 MR. LONG: Sure, if I may. One of the reasons  
15 that I think this rulemaking is so important is the very  
16 sort of disagreement that you just saw reflected between  
17 the content of our petition and the statements from MSR  
18 and I believe the second zero is representing SCAPPA, is  
19 that correct? No.

20 CHAIR WEISENMILLER: CMUA:

21 MR. LONG: CMUA, okay. My mistake. And I  
22 think the nature of those agreements -- disagreements,  
23 I'm sorry -- implies the concern about ambiguity, about  
24 what are very significant as outlined in our Petition,  
25 potential investments in these facilities. And we agree

85

1 that the law, as well as the regulation, are not fuel  
2 specific, but it still stands that those plants that do  
3 not meet the Emissions Performance Standard are a  
4 limited number of plants and those plants should be  
5 looked at with a considerable amount of, I would say,  
6 that there is a great need for transparency about what  
7 happens at those plants, given their lack of compliance  
8 with the Emissions Performance Standard. And  
9 significant new investments in those plants may  
10 constitute violations of the Standard, and it's our view  
11 based on this Petition that the existing rulemaking  
12 structure doesn't adequately provide for a forum or  
13 criteria for evaluation of those questions. So I would  
14 just say that I respect the differences of the folks who  
15 have just spoken, and I think that different opinion  
16 reflects the need for addressing this question now.

17 CHAIR WEISENMILLER: Staff.

18 MS. JONES: I don't think we have anything  
19 else to say.

20 CHAIR WEISENMILLER: That's fine.

21 Commissioners, any questions or comments to staff, NRDC,  
22 or MSR, or CMUA?

23 COMMISSIONER PETERMAN: I have some comments,  
24 but I'll wait to see if my fellow Commissioners have any  
25 questions first.

1 COMMISSIONER DOUGLAS: No questions.

2 VICE CHAIR BOYD: I have no questions. I'd  
3 like to hear Commissioner Peterman's comments.

4 COMMISSIONER DOUGLAS: I'm also interested in  
5 Commissioner Peterman's comments. I would just add that  
6 I agree that this is an important issue and an important  
7 time to raise the issue. The representatives of the  
8 public utilities who suggest that other triggers might  
9 be in play right now are, of course, welcome to file  
10 Petitions or, you know, formally ask the Commission to  
11 take them up, but in my -- and I don't know if staff has  
12 perspective on that issue, but in my view the Petition  
13 raises important questions that this Commission should  
14 address.

15 MS. DECARLO: This is Lisa DeCarlo, Energy  
16 Commission Staff Counsel. I would just note that the  
17 Energy Commission can, in accepting this Petition, and  
18 directing staff to draft an Order Instituting  
19 Rulemaking, direct also that the issue of whether or not  
20 these Regulations should be revisited in light of the  
21 impending implementation of AB 32 should be considered  
22 in the rulemaking, as well.

23 VICE CHAIR BOYD: I appreciate that addition,  
24 thank you.

25 COMMISSIONER PETERMAN: Thank you, as do I.

1 Fellow Commissioners, I have been briefed on this issue  
2 and I am supportive of opening a rulemaking on this  
3 issue. SB 1368 is a particular interest of mine because  
4 it's one of the few areas where I really have  
5 institutional history with, actually, I worked at the  
6 Public Utilities Commission on the precursor to SB 1368,  
7 the Emissions Performance Standard, and was involved  
8 there with the workshops, the design, and when some of  
9 these issues were initially raised, and have been  
10 following this legislation closely.

11 As Commissioner Douglas noted, I think it is  
12 timely to look at the questions that have been raised.  
13 I appreciate the comments that have been raised by NRDC,  
14 as well as representatives from the public utilities,  
15 and look forward to further briefings on this topic as  
16 we start the rulemaking. And I again support Ms.  
17 DeCarlo's recommendation to also including in the scope  
18 of this rulemaking a review of our responsibility  
19 regarding SB 1368, in light of some of the activity  
20 around AB 32, of recent.

21 VICE CHAIR BOYD: I appreciate those comments,  
22 Commissioners. I've been struggling here. I appreciate  
23 and understand the valuable role and independence of  
24 public utilities and their value in the state, but by  
25 the same token, I have watched for years the struggle of

1 trying to deal with a fairly consistent statewide policy  
2 on certain issues and the inability to guarantee that,  
3 you know, in this, the nation state of California, and  
4 this the 21st Century. I understand the feelings of  
5 utilities about the bear creeping into their tent, or  
6 something or other, and maybe we bear the label of that  
7 bear -- bear is our label or something -- but I think  
8 Ms. DeCarlo's suggestion is right on point with regard  
9 to one of the very current issues that bears on this  
10 issue, and I think I could support a resolution with  
11 that addition, that at least -- otherwise, I don't know  
12 how you're going to have a continuing dialogue on this  
13 issue and solve it with the parties. And so I think  
14 opening a process provides the venue that's needed to  
15 have continued discussion. So I would be prepared to  
16 support it.

17           COMMISSIONER DOUGLAS: I'll just say briefly  
18 that I also appreciated Ms. DeCarlo's suggestion and it  
19 saves parties time and effort if we were to consolidate  
20 the issue raised by the public utilities with NRDC and  
21 the Sierra Club's Petition.

22           CHAIR WEISENMILLER: I was going to say I  
23 agree. I was just going to note that the recent CFEE  
24 Conference, I mean, it's part of the dialogue, that  
25 President Peevey gave a very impassioned plea saying

1 that basically climate change is one of the defining  
2 issues for our generation, and that as regulators we  
3 have to accept that challenge. And I pointed out after  
4 that that I had been at Scripps, and Scripps is at PIER  
5 where they've measured the temperature of the water  
6 every day since about 1900, and looking -- and also  
7 since about 1916, they have measured the ocean fauna in  
8 that area. But anyway, they have measured a very  
9 perceptible increase in the temperature since that time  
10 and they have also observed very pronounced differences  
11 in the types of wildlife in that area, at least one  
12 indication is that abalone, which I guess in the '50s  
13 was very prevalent there, is more or less given away.  
14 And due to over-fishing, but also in terms of  
15 temperature change, there are no abalone there, they  
16 just can't survive in that area at this time. So,  
17 again, I think that's sort of a defining challenge for  
18 us as climate change, in terms of the specific issues of  
19 this. Obviously, I think the investigation gives us a  
20 chance to look into the issue, a preconceived notion of  
21 what the outcome will be, and particularly given, as the  
22 Public Utilities have pointed, given what the impacts of  
23 Cap & Trade are, it's time to look at that. So I think  
24 that this broader investigation has a lot of merit.

25 COMMISSIONER PETERMAN: Then I will motion to

90

1 accept the Petition for Rulemaking that has been  
2 submitted by NRDC and Sierra Club that would amend SB  
3 1368 Emissions Performance Standards, including  
4 addressing the additional issue that has been raised  
5 around SB 1368 and AB 32. That probably wasn't the best  
6 way to present that.

7 CHAIR WEISENMILLER: That's close enough.

8 COMMISSIONER DOUGLAS: I'll second that  
9 motion.

10 CHAIR WEISENMILLER: All those in favor?

11 (Ayes.) Okay, now, in terms of the follow-up  
12 item which I'll either incorporate here or we could also  
13 do under two, which is Energy Commission Committee  
14 Assignments, I would like this Committee to be Chaired  
15 by Commissioner Peterman, with Commissioner Douglas as  
16 the Associate Member. Sounds like we have a resolution  
17 on that.

18 COMMISSIONER DOUGLAS: Move approval.

19 VICE CHAIR BOYD: Second.

20 CHAIR WEISENMILLER: All those in favor?

21 (Ayes.) Thank you.

22 MS. JONES: Thank you very much.

23 CHAIR WEISENMILLER: The Committee has been  
24 established unanimously.

25 Okay, Item 13. Guidelines for Clean Energy

1 Partnership Academies. Possible approval of guidelines  
2 for Clean Energy Partnership Academies developed in  
3 conjunction with the Department of Education under the  
4 Education Code Sections 54698-99 1 (SBX1 1, Steinberg,  
5 Chapter 2, Statutes of 2011). Chris.

6 MS. GRAILLAT: My name is Chris Graillat and  
7 I'm a Specialist in the Efficiency and Renewables  
8 Division. Just one small correction, the Academies are  
9 technically the Clean Energy and Renewable -- I'm sorry,  
10 Clean Technology and Renewable Energy Partnership  
11 Academies. Karen Shores, who is the Education Program  
12 Consultant for the Partnership Academies at the  
13 Department of Education is here, and we have a short  
14 presentation on the Academies and the Guidelines for  
15 you.

16 MS. SHORES: Good afternoon, Commissioners.  
17 We're going to do -- I'm too short here -- we're going  
18 to do a brief introduction of what is California  
19 Partnership Academy and tell you a little bit about the  
20 work we've been doing in a collaborative manner.

21 First of all, Partnership Academy is a school  
22 within a school for grades 10 through 12, it has a  
23 career theme with integrated academic and career  
24 technical education courses. It is required to have a  
25 partnership with businesses and the community, and it

1 has a partnership with the District also. Students that  
2 enter the Academy in Grade 10, 50 percent of them must  
3 meet specific at-risk criteria, so that the program is  
4 well rounded and includes students that really need the  
5 assistance of such a structure.

6 The goals of a Partnership Academy are, first  
7 of all, to help the students to graduation, a lot of at-  
8 risk students would not have gotten there without an  
9 Academy; but primarily, for outcomes, is to help them to  
10 prepare for success in post-secondary education and in  
11 the workplace. The model engages and motivates  
12 students, it keeps them interested in what they're doing  
13 in school, and this is especially true for at-risk  
14 students. We had a report done recently by U.C.  
15 Berkeley and the Irvine Foundation with outcomes from  
16 academies that show that we do over time and  
17 consistently prepare students for graduation at a higher  
18 rate than California, in general. Our students are  
19 better prepared for universities and meeting the A  
20 through G requirements, a lot of different data that we  
21 can share at a later time.

22 There is a precedent for the kind of  
23 collaboration that we have been doing with the Energy  
24 Commission. In 2008, we were allocated \$12 million of  
25 PIER funds through AB 519. That was funding for 55

1 California Partnership Academies, focusing on clean  
2 technology and renewable energy, those academies are  
3 doing very well, unfortunately their funding is  
4 scheduled to sunset at the end of this year. Then came  
5 along Senator Steinberg with SBX11, with the intent to  
6 continue some of those academies. Again, this focuses  
7 on energy, conservation, renewable energy, pollution  
8 reduction, or other technologies that improve the  
9 environment in furtherance of state environmental laws.

10           There's a little bit of difference in this  
11 model in that this legislation included Grade 9 in  
12 addition to Grades 10 through 12, which is something  
13 that we have wanted to do for a long long time, but it  
14 costs money, of course. Grade 9 allows us to address  
15 the drop-out rate that happens during that grade so  
16 heavily. And in addition, it gave us a little bit of a  
17 funding bump. We have not ever enjoyed COLA, so we are  
18 basically using the same funding formula we've been  
19 using since the 1980's.

20           We were allocated \$3.24 million from Prop. 98  
21 funding. Since we fall under Tier 2 of Categorical  
22 fundings, that immediately was reduced by 19.8 percent,  
23 and so now we have \$2.6 million of Prop. 98 funding, and  
24 this will fund 21 new academies, or 21 continuing and  
25 new academies.

1 MS. GRAILLAT: The roles for the Department of  
2 Education are to administer the Partnership Academy  
3 Program, which they've been doing for many years and  
4 will continue to do under SBX11. They also issued the  
5 request for applications for schools interested in  
6 setting up academies under this bill. They selected the  
7 academies and they will provide technical assistance to  
8 the academies.

9 For the Energy Commission, our role was to  
10 develop and adopt the Guidelines and we did this with  
11 the input from the Department of Education. We also  
12 assisted the Department of Education in reviewing the  
13 grant applications and we will assist them in  
14 identifying and analyzing gaps in the program, as well  
15 as recommending improvements to ensure the focus on  
16 clean technology, or renewable energy, and we would be  
17 providing technical assistance to the academies on an  
18 ongoing basis.

19 The time table for the academies and for the  
20 Guidelines development, we held public workshops in July  
21 and October, and the Department of Education released  
22 the Request for Applications in October. We held a  
23 joint workshop for prospective schools and then the  
24 Energy Commission posted the Final Guidelines on the  
25 website on November 4th. The preliminary funding

1 notices for selected Academies was sent out at the end  
2 of November and we're here today to propose that the  
3 Guidelines be adopted by the Commission. Also, we will  
4 be collaborating in February for the Partnership Academy  
5 Conference on the orientation for these academies and  
6 also to provide solar training through another  
7 partnership that the Energy Commission is involved in  
8 with the Community College Chancellor's Office. The  
9 results of the solicitation under SBX11, 21 grants were  
10 awarded to Academies, they will begin planning for their  
11 fall school year, so they will receive the money in  
12 January to begin planning for the school year. And,  
13 again, as I mentioned, the Academies were selected in  
14 consultation with the Energy Commission to ensure that  
15 the programs were consistent with energy policy and  
16 priorities. And the career focus of the 21 academies  
17 ranges from engineering to agriculture with a focus on,  
18 or inclusion of, water and energy efficiency, as well as  
19 academies dedicated to green building transportation and  
20 renewable energy. And there is information on the  
21 Academies at both of these websites, the Energy  
22 Commission and the Department of Education's website.  
23 Are there any questions?

24 CHAIR WEISENMILLER: Thanks. First, I want to  
25 thank our staff and the Department of Education for

1 working on this and moving forward in a very timely  
2 fashion, and I believe I had the opportunity to hear Ms.  
3 Shores' presentation back at the first workshop and,  
4 again, I appreciate these issues. I mean, first of all,  
5 certainly I think all of us realize the importance of  
6 science math education, and engineering training, I  
7 mean, that's something which has been a very high  
8 priority of mine. I would note that my thesis advisor,  
9 John Holdren, who is Obama's Science Advisor, that is  
10 one of both of their top priorities, too, is that sort  
11 of training and just generally dealing with the nature  
12 of the issues our society faces, that our citizens in  
13 general need to have very strong training. But  
14 certainly at the same time, sort of when we're dealing  
15 with at-risk youth, it's really important to reach out  
16 there. I had the opportunity in the first Brown  
17 Administration to serve with B.T. Collins and B.T.  
18 obviously did a remarkable job at the Conservation Corps  
19 in terms of helping turn people's lives around. So,  
20 again, anything we can do there, and I know when I was  
21 up for confirmation, that day there was an article in  
22 the *Washington Post* about Fresno, where there was very  
23 high unemployment, given the collapse of the housing  
24 industry, but there are jobs that are going unfilled,  
25 and again it all comes back to training. So, again,

1 training is incredibly important for us and in terms of  
2 particularly reaching out in this area. I know, talking  
3 with the utilities, I was going to say I know all the  
4 utilities also have very similar priorities in terms of  
5 education focus, and so certainly encourage if Edison or  
6 PG&E can step forward and pick up some of the shortfall  
7 that occurred yesterday with the Tier 2 funding, that  
8 would, I'm sure, help the program. But anyway, I  
9 certainly appreciate the staff moving forward. As you  
10 know, this legislation was in Special Session, so in  
11 terms of when it became effective was very recently, but  
12 getting the Guidelines in place in this quick time is  
13 certainly -- it's been a high priority for the  
14 Commission and I appreciate the staff meeting that  
15 challenge.

16 COMMISSIONER DOUGLAS: I wanted to add to  
17 Chairman Weisenmiller's comments and also congratulate  
18 staff, both at the Energy Commission and at the  
19 California Department of Education for working so  
20 quickly, collaboratively, and well to develop these  
21 Guidelines. This is a really exciting program created  
22 by legislation authored by Senator Steinberg, that aims  
23 to reduce the high school dropout rate in California by  
24 offering primarily high risk students a career,  
25 technical education focused on clean technology and

1 renewable energy. The students who graduate from these  
2 Academies will become an important part of the talent  
3 pool for the quick growing clean energy economy in  
4 California. This law became effective last Thursday on  
5 December 8th, and so we're moving forward in record time  
6 to adopt Guidelines. Of course, the Guideline  
7 development process is the product of hard work that  
8 began prior to last Thursday. Today is the first  
9 opportunity we've had to adopt these guidelines and, in  
10 fact, we're beating the February 8th, 2012 adoption  
11 deadline by nearly two months. This project is a really  
12 positive example of what is being done by the state to  
13 not only meet our energy goals and stimulate the  
14 economy, but also assist disadvantaged youth with  
15 innovative educational programs and advanced job  
16 training opportunities. I'd like to personally thank  
17 staff, again, I said at the Department of Education and  
18 the Energy Commission, Karen Shores, Patrick Ainsworth,  
19 Keith Edmonds at the Department of Education; Megan  
20 Cordes, Chris Graillat, Eric Jensen, Jim Folkman, Robin  
21 Mayer, Gabe Herrera, Craig Hoellwarth, and Panama  
22 Bartholomy at the Commission, who all went above and  
23 beyond in moving this forward on this timeline.

24 VICE CHAIR BOYD: Well, it would be pretty  
25 hard to top what's already been said, so let me just

1 join in the compliments to all as echoed by the two  
2 Commissioners. I would point out in reference to the  
3 Chairman's call to the IOUs to step into the breach, I  
4 would certainly join that call, but I would note that in  
5 the Guidebook itself, there are examples of Partnership  
6 Academies and a couple examples are examples where one  
7 of our major investor-owned utilities is indeed engaged,  
8 so that's encouraging to see. Anyway, this is an  
9 excellent piece of work in a short period of time and in  
10 a very desperately needed area for the state, for the  
11 education community, for those of us who are into green  
12 tech, as a way for the future, providing enough people  
13 with the basics to enter into these technology areas  
14 beyond just knowing how to work their hand-held device  
15 is very important.

16 COMMISSIONER PETERMAN: My fellow  
17 Commissioners have adequately expressed the Commission's  
18 support for these types of programs, but I will also  
19 echo their sentiments, to say that as we're continuing  
20 to work both with siting and our other programs to  
21 create demand for renewable resources and clean energy  
22 resources, it's also fundamentally important to also  
23 train and education the new work force in this area. I  
24 had the opportunity in my home state of New Jersey to be  
25 involved a number of years ago with an organization that

100

1 focused on particularly training high school youth to  
2 participate in the clean energy economy, and so glad to  
3 see that work also happening in California. And thanks  
4 once again to staff for moving this issue along and I  
5 appreciate having this presentation, and I would also  
6 like to get an electronic copy for myself so I can  
7 continue to talk about the collaboration's success in  
8 this area going forward. So with that, I will move Item  
9 13.

10 COMMISSIONER DOUGLAS: Second.

11 CHAIR WEISENMILLER: All those in favor?

12 (Ayes.) This item also passes unanimously.

13 Again, thank you. Thanks for being here, Karen.

14 Item 14. Compliance Option for Open Cell,  
15 Low-Density Spray Polyurethane Foam Insulation.  
16 Possible approval of the application by the Spray  
17 Polyurethane Foam Alliance for a Compliance Option to  
18 allow open cell, high-density [sic] spray polyurethane  
19 foam insulation to receive energy compliance credit for  
20 Quality Insulation Installation when installed in new  
21 residential buildings and verified by a Home Energy  
22 Rating System (HERS) rater. David.

23 MR. WARE: Good afternoon, Commissioners. My  
24 name is David Ware. I'm lead staff on this activity and  
25 I work in the High Performance Buildings and Standards

1 Development Office. As you mentioned, the item before  
2 you is to approve a compliance option for low density  
3 spray foam, spray polyurethane foam insulation.

4           The Building Energy Efficiency Standards  
5 permit a Performance Compliance Energy Credit for  
6 insulation materials when they meet specific quality  
7 insulation installation procedures that are field  
8 verified by a third-party HERS Rater. Currently, this  
9 energy credit cannot be taken for open cell spray foam  
10 insulation materials. Section 10-109 of the Standards  
11 prescribes the requirements that allow Commission  
12 approval for compliance options, compliance options --  
13 or, essentially, new designs, products and procedures  
14 that are not currently recognized within the adopted  
15 Building Regulations.

16           In November of last year, 2010, the Spray  
17 Polyurethane Foam Alliance submitted an application to  
18 the Commission requesting approval of a compliance  
19 option for open cell spray foam insulation. Their  
20 request was essentially to allow the same energy credit  
21 as afforded other insulation materials and,  
22 particularly, that is currently afforded for closed cell  
23 spray foam products, a sister product to open cell. The  
24 application that the industry submitted included  
25 technical support information and it also included

1 recommended language that would apply to open cell spray  
2 foam products for the QII third party verification  
3 procedures.

4 In July of this year, staff held a workshop to  
5 review the draft QII procedures for open cell insulation  
6 materials. Participants at that workshop, both in  
7 person and remotely, were in overwhelming support of the  
8 activity as a whole and provided useful suggestions to  
9 improve staff's draft procedures at that time.

10 So before you today is staff's Final  
11 Evaluation Report and Final Procedures that represent  
12 support of the Spray Foam Alliance's Application for a  
13 compliance option for open cell spray foam insulation.  
14 Accompanying with the Final Evaluation Report are four  
15 documents that actually represent the crux of the  
16 request by the industry, the first one is specific QII  
17 Procedure Related to Open Cell Spray Foam Insulation,  
18 this would be the procedures that the HERS Raters use to  
19 verify the installation quality in the field; in  
20 addition, there are various aspects of the Reference  
21 Appendices that more explicitly would acknowledge and  
22 specify the conditions for which spray foam insulation  
23 as a whole would be used within the compliance processes  
24 of the Building Standards, various editorial changes  
25 that have been made to the Residential Compliance

1 Manual, and lastly, there have been modifications to the  
2 Compliance Forms that are used by HERS Raters out in the  
3 field.

4 Staff recommends approval of this compliance  
5 option. We have worked very closely with the industry  
6 and the industry has exhibited extreme patience with our  
7 office and staff's need for a thorough internal and  
8 external examination of the draft procedures as we have  
9 moved forward. So at this time, we recommend Commission  
10 approval of this compliance option.

11 CHAIR WEISENMILLER: Thank you. We have a  
12 number of parties who want to speak on this item, so  
13 let's start with Roger Morrison of the Spray  
14 Polyurethane Foam Alliance.

15 MR. MORRISON: My name is Roger Morrison,  
16 representing the Spray Polyurethane Foam Alliance, the  
17 application of this compliance option. And we certainly  
18 support approval of it and we would also like to thank  
19 staff for the time and their efforts they spent on  
20 working with us on this project. Thank you.

21 CHAIR WEISENMILLER: Is there anyone else in  
22 the room who wants to speak on this item? If not, let's  
23 go to the telephone lines. First, Roger Duncan of the  
24 Spray Polyurethane Foam Alliance.

25 MR. DUNCAN: Yes, hello. This is Rick Duncan,

1 I'm a Technical Director for the Spray Polyurethane Foam  
2 Alliance. And I'm calling in and I would definitely  
3 like to echo the comments made by Roger Morrison, who is  
4 our representative in person there today. We would like  
5 to acknowledge all the hard work that was done between  
6 the CEC staff and the work here within SPFA. And we  
7 endorse the approval of this compliance option. Thank  
8 you.

9 CHAIR WEISENMILLER: Thank you. Michael  
10 Mancini of Heritage Homes.

11 MR. MANCINI: Hi. This is Michael Mancini.  
12 I'm the National Director of Project Integration for  
13 Heritage Homes. We are the ninth largest home builder  
14 in the United States. We will build approximately 3,500  
15 spray foam standard homes across the country, 500 of  
16 which will be in the State of California. We first  
17 would like to thank the Commission for hearing the  
18 proposal and would like to support the approval of this  
19 proposal. We feel that this proposal will allow home  
20 building science to advance in the State of California  
21 and allow the builder community to move towards spray  
22 foam insulation, which we believe to be a far superior  
23 insulation product to standard insulating products used  
24 in times past. We feel this will advance the industry  
25 further in building science, and since building science

1 proves the validity of this request, we are encouraging  
2 the Commission to approve Item 14. Thank you.

3 CHAIR WEISENMILLER: Thank you. Steve Easley  
4 of Easley and Associates?

5 MR. EASLEY: Yeah, this is Steve Easley, I'm a  
6 construction consultant, a green building consultant,  
7 from Danville, California. And I would like to echo all  
8 the other folks here who have weighed in on this. I  
9 think this makes a lot of sense from building science  
10 perspective and certainly want to thank the Commission  
11 for their consideration of this. Certainly, when you  
12 consider the attributes of both open and closed cell  
13 foam, it certainly increases the opportunity for energy  
14 savings around the country, not only just here in  
15 California. Thank you very much.

16 CHAIR WEISENMILLER: Thank you. Anyone else  
17 on the line? Commissioners, any questions or comments  
18 to staff or any other parties?

19 COMMISSIONER DOUGLAS: Just a brief comment  
20 that I appreciate staff working through this issue with  
21 the industry and appreciate the industry's support and  
22 presence here on the phone today. I'm prepared to move  
23 this item if there are no questions. Seeing none, I  
24 would move Item 14 for approval.

25 VICE CHAIR BOYD: Second.

1 CHAIR WEISENMILLER: All those in favor?

2 (Ayes.) This item passes unanimously. Thank  
3 you, David.

4 Item 15 is being held. So the next item is  
5 16, the Minutes.

6 VICE CHAIR BOYD: Move approval of the Minutes  
7 of November 30th.

8 COMMISSIONER DOUGLAS: Second.

9 CHAIR WEISENMILLER: All those in favor?

10 (Ayes.) This item also passes unanimously.

11 Item 17. Lead Commissioner or Presiding  
12 Member Reports.

13 VICE CHAIR BOYD: Mr. Chairman, if I might,  
14 I'll try to move along quickly. On Monday of this week,  
15 Commissioner Douglas and I had a hearing in Carlsbad on  
16 the continuing -- long continuing -- Carlsbad Energy  
17 Center case and later this afternoon we're scheduled to  
18 open a public hearing in order to convene into closed  
19 session to discuss that case.

20 Secondly, I would mention as I briefly  
21 referred to earlier today that yesterday I attended and  
22 provided the opening remarks kick-off speech, the  
23 Vulnerability and Adaptation to Extreme Events in  
24 California in the Context of a Changing Climate: New  
25 Scientific Findings," a "Symposium" held at Scripps

1 Institute at U.C. San Diego. This is one of the  
2 precursor events to tomorrow's Governor's Climate event  
3 in San Francisco, and I would just report that this was  
4 an extremely interesting, well put together, well  
5 conducted event. There were 12 very detailed scientific  
6 papers discussed by representatives of each of the  
7 subject areas that were extremely interesting and  
8 relevant and followed on your comments on a previous  
9 item just about what's happening in the world. I  
10 learned a lot more about -- what are they called --  
11 atmospheric rivers than I'd ever known before, but that  
12 has to do with your wind and your water and your rain  
13 events, and what have you, and the analyses thereof that  
14 are critical to knowing the precipitation California  
15 will receive in the future. In any event, the one thing  
16 that I was particularly pleased about, two things at  
17 least that I was pleased about, one, you know, we  
18 solicited nothing, we weren't even listed as a sponsor,  
19 although quite frankly Laurie's folks, Guido, in  
20 particular, put a huge effort into helping the  
21 organizers of the event. The Governor's Office was well  
22 represented by Cliff and Ken and the Natural Resources  
23 Agency by Julia Levin. There were over 200 attendees at  
24 the event. The Energy Commission was continuously cited  
25 by speaker after speaker for its support and its staff's

1 work on research projects down through time, and there  
2 were several -- well, many many references to the PIER  
3 Program, and the gratitude of all for its existence and  
4 hope that it will be in the future able to address some  
5 of these issues, and I'm grateful that folks from the  
6 Governor's Office and the Agency were able to hear and  
7 absorb some of the work that's gone on and hear of the  
8 importance and the depth of work that's been done by  
9 this agency. We'll probably hear a little bit of it  
10 reported on tomorrow, but they can't possibly go into a  
11 lot of depth on the 12 papers. A transcript or the  
12 papers will be provided soon and I know our staff and  
13 others will pour over them. But I would say it was very  
14 very helpful, very educational, and very important to  
15 the continuing work that needs to be done to deal with  
16 climate change. So I am glad we were associated with it  
17 and I was proud to represent us and to be there to give  
18 the opening remarks.

19           The next thing I will mention is bioenergy,  
20 another of my many passions in this job. I think I put  
21 you on notice that some time ago we frankly anticipated  
22 that the 2011 Bioenergy Action Plan would be, or the  
23 updated version thereof, would be scheduled for  
24 consideration at our December meeting, and obviously  
25 it's not on today's agenda because it's frankly become

1 the 2012 Bioenergy Action Plan as a result of the need  
2 to incorporate additional commentary and policy  
3 directions received over the last several months. And  
4 frankly, the issues surrounding the public discharge and  
5 the need for continue support for renewables in the PIER  
6 Program have obviously impacted the preparation of any  
7 updated Action Plan necessitating its move into later  
8 months, and thus will become the 2012 Update when it's  
9 completed. The CEC staff, and particularly I see our  
10 staff sitting -- but Garry O'Neill and John Nuffer have  
11 played major roles and this staff, particularly Garry  
12 with input from my Advisor, Sarah, are working -- Sarah  
13 and Michael -- are working to finalize remaining  
14 comments and directions from the Interagency Working  
15 Group and from the Governor's Office, but that process  
16 is not completed. To me, it's been very encouraging  
17 over the past six months that the Governor's Office has  
18 engaged so deeply in this effort, helping convene the  
19 Bioenergy Interagency Working Group in several meetings,  
20 which group I've chaired for, well, more than 10 years  
21 now, and they have hosted a series of meeting to review  
22 the existing Action Plan and the existing Executive  
23 Orders implementing that plan with the idea of updating  
24 it to fit this Administration's needs and to reflect  
25 today's times and events. We have had, frankly, a very

1 high level of engagement by multiple agencies such as  
2 the Natural Resources Agency, the California Department  
3 of Food and Agriculture, which is an agency unto itself,  
4 Cal EPA, Cal Fire, CalRecycle, the Air Resources Board,  
5 the State Water Board, and the Central Valley Regional  
6 Water Quality Control Board, just to reference a few.  
7 The Biomass Collaborative at U.C. Davis has been drawn  
8 into all these Governor's Office meetings and that's  
9 something that this agency sponsored and created quite a  
10 long time ago. And a variety of various stakeholders  
11 have been consulted and involved in the dialogues that  
12 have taken place. I'll just mention a few key  
13 recommendations of the working group to date that I'm  
14 confident will be recognized in the final document when  
15 you see it because they've been concurred by the entire  
16 group in its final meetings and Commissioner Peterman  
17 has attended a couple meetings, particularly the last  
18 meeting which was quite important when we went through a  
19 checklist of 10 major policy items that needed to be  
20 addressed and resolved and direction given, and that was  
21 done.

22           But with regard to a few key recommendations,  
23 one is to recognize the need to develop Biofuels for the  
24 Transportation sector because of their important role in  
25 climate change such as the Low Carbon Fuel Standard, as

1 well as their role in allowing us to carry out our AB  
2 118 Program goals, and frankly just to address State  
3 energy goals, in particular and in addition to the Bio  
4 Power goals that we've been pursuing for a long long  
5 time. Another recommendation is that the PUC allocate a  
6 significant portion of public goods charge funding per  
7 year to support a new emerging renewable program  
8 dedicated to supporting energy generation and/or  
9 biofuels from sustainable community scale woody biomass  
10 facilities, dairy digesters, and so forth. A third is  
11 that we prioritize development of biogas from all  
12 sources, including landfill gas. A fourth, we continue  
13 to work to streamline permitting and the Regional Water  
14 Quality Control Board of the Central Valley has been  
15 very key to that, which is why they're a major partner  
16 in this effort; they've done some pioneering work. And  
17 finally, that we develop mechanisms to value and  
18 monetize the total benefits of bioenergy. And by "total  
19 benefits," I mean all those societal benefits that we  
20 continually talk about that don't get valued and  
21 programmed into the cost effectiveness of bio power and  
22 biofuels quite often. And there's a charge to the PUC  
23 working with this agency to execute some agreements, to  
24 get some work done in this particular area, which I  
25 think is valuable. It's been a major stumbling block

1 for all the years that I can recall we've been trying to  
2 proceed along this line.

3           With regard to the future leadership of the  
4 Bioenergy Interagency Working Group, the Natural  
5 Resources Agency's Secretary and the Governor's Office  
6 have concurred that leadership of the group will be  
7 returned to the Natural Resources Agency from whence it  
8 came when I started it there, and it of course followed  
9 me here. And Deputy Secretary Julia Levin will assume  
10 the role of Chair of the group. The Natural Resources  
11 Agency has informed us that they'll be relying on Garry  
12 O'Neill and CEC staff, and Sarah Michael who is going to  
13 slightly delay her retirement to help with this  
14 transition and the completion of the plan. I trust  
15 Commissioner Peterman will continue to serve as a  
16 representative of the CEC on the Interagency Group and  
17 will integrate this effort with her leadership on  
18 renewable energy. I'm frankly pleased and delighted  
19 that something I started over a dozen years ago will  
20 continue as an ongoing state and staff effort with the  
21 keen interest of this Administration, for which I am  
22 grateful. I believe California has been and will be on  
23 the leading edge of technology development in this  
24 arena, certainly technology deployment with regard to  
25 technology developed in other places. It has really

1 worked to break down silos and gain collaboration,  
2 having this Interagency Working Group. And the CEC  
3 support to all of this historically and at the present  
4 time has been, frankly, invaluable. So that is kind of  
5 the status report, the last opportunity to provide you a  
6 status report, you will certainly get a more formal  
7 presentation sometime in the future when Action Plan is  
8 finalized, has hopefully gained the Governor's support,  
9 and then you can discuss and act upon the investment  
10 this agency will be making in the future to that event.  
11 But it pleases me and pains me both to see that, after  
12 12 years, we've made some pretty substantial progress  
13 and I appreciate the new attention this Administration  
14 is bringing to it. It pains me only in that, Lord,  
15 after 12 years we're not quite there, but it's better  
16 understood than ever before and I'm confident that we'll  
17 move the subject forward. So thank you for allowing me  
18 the time to give you that report, it's my last  
19 opportunity to do so. So I wanted to kind of round out  
20 the year for you.

21 CHAIR WEISENMILLER: Well, I would note in the  
22 first Brown Administration, our energy policy was  
23 characterized as a lot of things, but some people  
24 referred to it as "windmills and woodchips." So I  
25 suppose some things don't change, they're still there.

1 As you know, there was some activity, but again you  
2 understand the issues.

3 In terms of talking about what I've been up --  
4 COMMISSIONER PETERMAN: Can I comment first on  
5 what Commissioner Boyd shared?

6 CHAIR WEISENMILLER: Sure.

7 COMMISSIONER PETERMAN: So thank you,  
8 Commissioner Boyd, for that update on what's been going  
9 on with the Bioenergy Action Plan and the Commission's  
10 Bioenergy activities, in general. And thank you, in  
11 particular, for elevating the status of this issue  
12 across various agencies and leadership within the State.  
13 Your work on both Transportation and Renewables has been  
14 quite a benefit in this area because Bioenergy does  
15 cross both those arenas.

16 I am looking forward to continuing to being  
17 involved with the Bioenergy Interagency Working Group.  
18 This is a topic where it's essential to have the  
19 cooperation from a number of agencies since these issues  
20 touch on agriculture and air quality and pretty much  
21 everything you can think of. And I've seen that group's  
22 thinking evolve, their understanding of the issues  
23 deepen, as well as what's important to their sister  
24 agencies. I think it's a model that we need to think  
25 about using for other types of renewables, as well, that

1 cross a number of agencies. And I would encourage and  
2 will encourage, Garry, the Renewables staff to be sure  
3 to offer a formal informational presentation on the  
4 Action Plan and the Commission's work at the next  
5 Business Meeting when you could be available, and so  
6 sometime in 2012. And I'll also encourage the  
7 Renewables staff working on these issues to continue to  
8 strengthen their working relationship with our  
9 transportation staff, as well, to make sure that we're  
10 incorporating issues related to transportation and  
11 bioenergy. And so thank you again for your leadership  
12 on this and looking forward to continuing to work in  
13 this space.

14 VICE CHAIR BOYD: Thank you.

15 CHAIR WEISENMILLER: In terms of what I was  
16 going to mention, I've been at three different events,  
17 again. It's late, so I'll go fast, but I started out  
18 last Wednesday, there was a China California Energy  
19 Efficiency Meeting in San Francisco, a fairly large  
20 delegation from China, this was built off of a very  
21 long-term State activity here, certainly. I was on a  
22 panel that was chaired by Ralph Cavanaugh, who has been  
23 certainly one of the leaders on this, and Dian Grueneich  
24 was there representing the PUC in a fashion, and a  
25 number of folks there from China, and certainly it was a

1 two-day event, I could only be at one day, but for  
2 example Steve Kline from PG&E was actually going to be  
3 kicking off the next day, so it's been a longstanding  
4 activity talking to the Chinese, you know, it's clear  
5 they want to see energy efficiency as the future and as  
6 really a substantial opportunity for them to deal with  
7 greenhouse gas, but also phenomenal business development  
8 opportunities, and frankly it's time we really get our  
9 act together fast on that to deal with that competition.

10 I then went to -- and actually, Carla was  
11 there -- the two-day CFEE Conference on Distributed Gen,  
12 and again, a lot of discussion as you can imagine on  
13 cost issues and sort of going forward, and I think  
14 basically I gave one of the kick-off presentations,  
15 Carla certainly gave a good presentation the second day,  
16 but again was starting to join the conversation on how  
17 to move forward on Distributed Gen. And finally, I met  
18 on Monday with the California Co-Generation Association,  
19 Michael Alcantar's group, most of the major large co-  
20 generation projects, particularly the ones in the  
21 refineries, or in enhanced oil recovery. And I was -- I  
22 blended together Frank Lind who gave a presentation on  
23 the settlement that has been reached among the utilities  
24 and the co-generators, and we talked a little bit about  
25 the fact that next year, as part of our IEPR, we're

1 going to start reinvestigating co-gen, or CHP, however  
2 you want to characterize it. And a lot of interest in  
3 those folks in terms of their future, both on the one  
4 hand, those are very much existing projects, so very  
5 much how do they preserve the existing assets. I think  
6 they all probably have some business opportunities for  
7 expansions, for new projects, but they -- everyone is  
8 very interested to see what happens from the PG&E  
9 solicitation which is now out on the street, and sort of  
10 looking forward to the Edison and SD&G ones. So, again,  
11 that was their annual meeting, but sort of an  
12 interesting mix between China Co-Gen and California and  
13 then distributed gen.

14 COMMISSIONER DOUGLAS: I'll be very brief. I  
15 did have the opportunity to attend a Geothermal Industry  
16 Retreat in San Francisco sometime between now and the  
17 last Business Meeting, although I can't recall when.  
18 And this is going to become an even bigger program for  
19 me when we're on monthly Business Meeting schedules, but  
20 in any case, I had the pleasure of participating in the  
21 Carlsbad hearings with Commissioner Boyd on Monday and  
22 I'll just report out prospectively because I'll be going  
23 on vacation this coming Monday, which I'm really looking  
24 forward to, that tomorrow is a DRECP meeting in Ontario  
25 and, in fact, that meeting is occurring today, but of

1 course I wanted to be here at the Business Meeting, so I  
2 will be going to that meeting tomorrow. Thank you.

3 COMMISSIONER PETERMAN: As the Chair  
4 mentioned, we were able to attend a conference together  
5 discussing distributed generation and then I was in LA  
6 for the last couple days having meetings with a variety  
7 of folks, including industry representatives, utilities,  
8 environmental justice groups, to hear some of their  
9 feedback on the renewable issues and status document  
10 that the Commission put out this summer. It's been well  
11 received in terms of laying out all the challenges and  
12 opportunities around renewables, and we're gearing up  
13 toward the development of the Renewable Strategic Plan  
14 of the Commission in 2012 and there seems to be a real  
15 interest and excitement and, so, everyone rest up over  
16 the break because we're going to be going hard and  
17 strong come January. So that's my report.

18 VICE CHAIR BOYD: Mr. Chairman, if I might one  
19 more bite at the apple, one last bite at the apple, two  
20 things you mentioned reminded me. While at U.C. San  
21 Diego during the lunch hour yesterday, I kind of  
22 followed in your footsteps and was shown by Byron  
23 Washington, with whom I've known for years, the whole  
24 Energy Complex at U.C. San Diego, which is incredibly  
25 impressive. You talk about distributed generation with

1 their solar and their extremely large fuel cell now  
2 integrated into the system, they are covering something  
3 like 82 percent of their native load with on-site  
4 distributed generation. They also have converted all of  
5 their medium-duty, heavy-duty transit buses, trucks, and  
6 what have you, to natural gas. They have their own  
7 natural gas fueling station, and the rest of their  
8 vehicles are either electric vehicles, plug-in electric  
9 vehicles, or hybrid vehicles, and they really are a  
10 poster child for a lot of what can be done by this kind  
11 of a campus situation, be they university campuses, or  
12 be they industrial campuses, it's quite impressive and  
13 they should be rightfully proud of what they've done.

14           The other quick comment is your mention of co-  
15 gen and your meeting with those folks, with whom I've  
16 met down through the years many times, and I'm very  
17 encouraged to hear what you said about looking at the  
18 future. I broke my pick during the electricity crisis  
19 trying to get co-gen done in Brownfield developments  
20 primarily within the fence lines of refineries because  
21 in those days they had the money and I wanted it, so to  
22 speak, and they had the ability to finance and pay for  
23 co-gen -- and more than enough to meet their native load  
24 to be able to put quite a bit over the fence, 1) they  
25 didn't trust government, so we only signed up two

1 because they were afraid government would double-cross  
2 them, 2) government did double-cross the two, and we had  
3 to strive mightily to give them a break through  
4 legislation because we begged them to do it and then  
5 they were going to be punished and penalized. And there  
6 are a lot of hurdles involving ISO tariffs and PUC  
7 attitudes and tariffs that I hope you all can pursue in  
8 the future because it's been a long long path and they  
9 could have done a far better -- made a bigger  
10 contribution to generation, and you'll have a tough time  
11 luring some of those people back into the arena, but I  
12 wish you the very best.

13 CHAIR WEISENMILLER: Okay, in terms of Chief  
14 Counsel's Report?

15 MR. LEVY: Good afternoon, Commissioners. I'd  
16 like to request a closed session on two items, please,  
17 first to confer with counsel about facts and  
18 circumstances that constitute a significant exposure to  
19 litigation against the Commission, and also to confer  
20 with counsel about a second item, first to discuss  
21 whether facts and circumstances present a significant  
22 exposure to litigation and, if so, then to confer with  
23 counsel about those facts and circumstances. Both of  
24 these are pursuant to 11126(E)(2)(b) of the Government  
25 Code.

1 CHAIR WEISENMILLER: Okay, thank you.  
2 Executive Director's Report.

3 MR. OGLESBY: Three brief items. An update,  
4 last meeting we celebrated the retirement of our Siting  
5 Deputy Director, Terry O'Brien. I'm very very proud and  
6 pleased to announce that we've recruited and appointed  
7 Roger Johnson to be his successor. Roger comes with a  
8 very great deal of institutional knowledge, breadth of  
9 experience, 26 years within Siting Division by itself,  
10 as well as some other agencies. So I'm very happy to  
11 announce that he will step into the large shoes that  
12 were left by Terry O'Brien's retirement.

13 Secondly, also with some continuity with the  
14 last Business Meeting, you heard testimony from many  
15 witnesses concerning CHF and the MIST Program,  
16 successfully completing their ARRA funds and on the  
17 brink of running out of ARRA funds, and looking for  
18 additional funding to keep them going at least a while  
19 longer. I'm happy to report that we, as we have been  
20 for some time, have been evaluating projects that might  
21 have money to spare and not be able to fully utilize  
22 their funds, and we will be able to dedicate \$5 million  
23 to continue the work that is being done by CHF and MIST.

24 And finally, there was this week an Executive  
25 Order by the Governor asking State agencies to evaluate

1 reports in an attempt to reduce costs and improve  
2 efficiency, and we are already underway to evaluate the  
3 mandated reports this agency prepares to kind of weed  
4 through the ones that may not have the same amount of  
5 value that was originally thought when they were put on  
6 the books. Clearly, there will be other reports that  
7 are very useful and that the Legislature relies on, as  
8 well as others in the energy community that would not  
9 make the list of reports to be cut. But we're going  
10 through that exercise right now.

11 VICE CHAIR BOYD: There are probably some old  
12 lists around here of reports that you can fall back on.  
13 We've tried before.

14 CHAIR WEISENMILLER: That's the virtue of word  
15 processing, right now we just have to see how well our  
16 IT system is organized. Public Advisor's Report.

17 MS. JENNINGS: Yes, thank you, Chair. I'd  
18 just like to convey my best wishes and thank you to  
19 Commissioner Boyd. He has always been patient,  
20 considerate, and very respectful of the public and it's  
21 always made my job much easier, so thank you and good  
22 luck.

23 VICE CHAIR BOYD: Thank you, Jen. We go back  
24 a long time, Jennifer and I.

25 CHAIR WEISENMILLER: Okay, public comment?

1 Okay, then we're going to go into recess into closed  
2 session. I would note that we're hoping to have an  
3 event for Jim in the atrium in five minutes -- we're  
4 going to recess, I think we'll try to figure out a way  
5 to have Jim go out there now and find a time for -- at  
6 least the three of us start -- actually, we do have --

7 VICE CHAIR BOYD: Closed session at 2:00 in  
8 the Chairman's Office.

9 CHAIR WEISENMILLER: And Boyd Session at 1:00  
10 in the atrium.

11 (Whereupon, at 12:58 p.m., the business meeting was  
12 adjourned.)

13

14

15

16

17

18

19

20

21

22

23

24

25

**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 December, 2011.

  
\_\_\_\_\_

Kent Odell  
CER\*\*00548