

Commissioners Present

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

Staff Present:

Michael Levy, Chief Counsel
Melissa Jones, Executive Director
Lyn Sadler, Public Advisor
Harriet Kallemeyn, Secretariat
Kristin Driskell, Chief Counsel's Office

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John Nuffer	10
Garry O'Neill	10

Also Present

Interested Parties:

John A. McKinsey, Esq., Counsel, Pio Pico Energy Center, LLC
Gary Chandler, President, Pio Pico Energy Center, LLC
Caroline Quinn, Delta Diablo Sanitation District
Michael Theroux, JDMT
Steve Eckhardt, Linde LLC
John Menke, representing himself, (State Water Board)

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P R O C E E D I N G S

MARCH 23, 2011 10:03 a.m.

CHAIRMAN WEISENMILLER: Good morning. Let's start with the Consent Calendar.

VICE CHAIR BOYD: Move Consent.

COMMISSIONER DOUGLAS: Second.

CHAIRMAN WEISENMILLER: All in favor?

(Ayes.)

It's been passed unanimously.

Let's go on to the second item. Item 2. City Of Hayward. Possible approval of the City of Hayward's locally adopted Building Energy Standards to require greater energy efficiency than the 2008 Building Energy Efficiency Standards. And Joe is going to go. Thanks, Joe.

MR. LOYER: Commissioners. With this ordinance, the City of Hayward ensures that the newly constructed residential projects under their jurisdiction will exceed the state standards by 15 percent or more by using the Green Point rated checklist developed by Build it Green. The City estimates that newly constructed commercial buildings, as well as additions and alterations, will exceed the standards by 15 percent or more under the Hayward Green Building Checklist for private and

1 nonresidential development. Staff as reviewed the
2 ordinance and has determined that it complies with all
3 necessary requirements of Title 24 Part 1, Section
4 10106, and recommends the application be approved and
5 the Energy Commission Resolution be signed. I am
6 available to answer any questions you may have.

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

9 COMMISSINER PETERMAN: No questions. I
10 support more energy efficiency.

11 COMMISSIONER DOUGLAS: We always like to see
12 when local governments exceed our building standards
13 and that always demonstrates to us how many ways we
14 could in the next round make our standards more
15 effective and tighter, as well. So, if there are no
16 more comments - or, Commissioner.

17 VICE CHAIR BOYD: Well, I was just going to
18 say it's getting nice to see this as the norm instead
19 of the exception; so many communities have now done
20 this and we've seen so many that it seems to be
21 becoming the norm and not the exception, and that's
22 just really good for moving the program forward and
23 this whole issue forward, as you both have indicated.
24 So, I would be glad to second your motion.

25 COMMISSIONER DOUGLAS: Thank you,

1 Commissioner Boyd.

2 CHAIRMAN WEISENMILLER: And I will make one
3 comment. Officials from the City of Hayward had
4 planned to be here today and ran into train issues,
5 and I think there was some potential he would be on
6 the line and I just want to double-check. No. So,
7 anyway, I just wanted to make sure of that and, as I
8 say, I know he wanted to be here today, unfortunately
9 that didn't work. But, anyway, so with that, we have
10 a motion -

11 COMMISSIONER DOUGLAS: I will make a motion
12 in a moment, I will just comment on your comment,
13 Chairman Weisenmiller, that I'm pleased to hear that
14 they had planned to take the train it's unfortunate
15 they didn't make it, but, again, the use of public
16 transportation by the representatives of the City of
17 Hayward is noted. So, I will move approval.

18 VICE CHAIR BOYD: Second.

19 CHAIRMAN WEISENMILLER: Okay, all in favor?

20 (Ayes.) This also passes unanimously.

21 Item 3. Pio Pico Energy Center (11-AFC-1).

22 And Eric Solorio is going to talk, and this is a
23 possible adoption of the Executive Director's data
24 adequacy recommendation for the Pio Pico Energy
25 Center. The project is a 300 megawatt simple cycle

1 generation facility that would use three natural gas-
2 fired combustion turbine generators. The project
3 would be located on 10 acres of disturbed land in an
4 unincorporated area of Southwestern San Diego County,
5 known as Otay Mesa. Please. Eric?

6 MR. SOLORIO: Good morning, Chairman and
7 Commissioners. I'm Eric Solorio, staff's Project
8 Manager assigned to the Pio Pico Energy Center
9 Project. I'm going to provide a brief description of
10 the project, followed by the results of staff's Data
11 Adequacy Review and the Executive Director's
12 recommendation.

13 The Pio Pico Energy Center is proposed as a
14 nominal 300 megawatt natural gas-fired simple cycle
15 generating facility. The current application for
16 certification replaces the previously proposed project
17 that was withdrawn on December 10th, 2010. The new
18 project site is approximately 10 acres of disturbed
19 land located on Alta Road, an unincorporated area of
20 Southwestern San Diego County, known as Otay Mesa.
21 The project would include three General Electric
22 LMS100 natural gas-fired combustion turbine
23 generators, together with air emissions control
24 equipment. The facility would connect to the existing
25 Otay Mesa Power Plant switchyard via a new overhead

1 230 KV transmission line. The project is proposed to
2 be located directly next to the Otay Mesa Power Plant.

3 Staff has completed its Data Adequacy Review
4 of the Application For Certification and has
5 determined that it does not meet all the requirements
6 listed in Title 20 of the California Code of Regs.,
7 Section 1704, Appendix B. Of the 23 technical
8 disciplines reviewed, we believe the information
9 contained in the AFC was deficient in nine areas,
10 which are air quality, biological resources, cultural
11 resources, land use, paleontological resources,
12 project overview, soils, transmission system design,
13 and water resources. Therefore, staff asks the
14 Commission to find the AFC inadequate and adopt the
15 list of deficiencies which were filed together with
16 the Executive Director's Data Adequacy recommendation
17 on March 10th, 2011. Thank you.

18 COMMISSIONER WEISENMILLER: Any comments
19 from the Applicant?

20 MR. MCKINSEY: Thank you, Commissioners. My
21 name is John McKinsey and I am counsel for the
22 Applicant, Pio Pico Energy Center, LLC. With me is
23 Gary Chandler, President of Pio Pico Energy Center,
24 LLC. Several of you know both of us and have seen us
25 here in different iterations. One comment I wanted to

1 make, well, two, relate to the same issue and, when we
2 were here under the previous project, it was data
3 inadequate, as well, and I think, to put it correctly,
4 we were admonished for the level of inadequacy that
5 the AFC had. This one, though you hear nine out of 23
6 areas, substantially most of the deficiencies are
7 easily correctable and, in some cases, they are an
8 example of where the requirements get fairly specified
9 and unique to the unique project and they don't really
10 reflect a lack of effort. Instead, the AFC had a lot
11 of working over and it's a very complete document.

12 There are four issue areas that we've had
13 discussions with the staff on, and I just want to tell
14 you what they are: biology, cultural, water resources,
15 and transmission system design. In those areas, we
16 think we've reached an understanding of what we're
17 going to provide that isn't necessarily identical to
18 what the information specified in the Data Adequacy
19 Recommendation is. And I just wanted to alert you to
20 that so that, when we make that filing, if there is
21 still an issue lurking in one of those issue areas, we
22 may be before you, indicating that we think what we've
23 provided is good enough to meet the requirements, but
24 that's certainly not something we have to grapple with
25 today because our intent is to make a filing in early

1 to mid-April, at the latest, that we believe now will
2 make the project data adequate.

3 And then, I wanted to give Mr. Chandler a
4 moment to say hi to you.

5 MR. CHANDLER: Good morning, Commissioners.
6 The last time I was sitting here, I thought we would
7 be back in 30 days with a complete - or a data
8 adequate AFC on our other site, but as you may be
9 aware, we ran into some issues, particularly
10 biological kinds of issues on the other site that was
11 brought to us by the City of Chula Vista. And we made
12 a decision to abandon that site, I think, which was a
13 good decision and we were very fortunate to find
14 another site that had not previously been available
15 about two miles from that same location that connected
16 into the same transmission line and into an existing
17 substation, which allowed us, then, not to have to
18 build a new substation. We took that to CAISO, they
19 agreed it was not a material change in our application
20 with them, we also went back to San Diego Gas and
21 Electric and discussed the situation with them, they
22 agreed to a deferral of the completion date of the
23 project, so we were able to acquire the land, and
24 everything just kind of fell into place. But the new
25 site is much better, it's a fully disturbed site, it

1 is a heavy industrially zoned and, so, from an
2 environmental standpoint, it's a much better site.

3 Just one additional comment I would make
4 about this particular project that I probably made
5 last time, but as we look at all of the renewable
6 projects and anticipate those coming online over the
7 next few years, projects like Pio Pico, that can
8 follow load and can come up to full load within 10
9 minutes from a cold start, are the kind of projects
10 that we need to provide that firming power to the
11 Grid, to enable the renewable projects to serve us in
12 the best way, as well. So, we appreciate being back
13 before you again and this time we will be back with an
14 adequate response, shortly.

15 COMMISSIONER WEISENMILLER: I wanted to
16 check and see if there was anyone in the audience or
17 anyone on the phone who wanted to comment on this
18 application. Okay, Commissioners? Any comments or
19 questions?

20 COMMISSIONER DOUGLAS: Chairman, if you're
21 looking for a motion to find the plant at this time
22 data inadequate, I'll make that motion.

23 COMMISSIONER PETERMAN: I'll second that
24 motion.

25 COMMISSIONER WEISENMILLER: We have a motion

1 and a second. All in favor?

2 (Ayes.) This also carries unanimously.

3 Thank you.

4 Let's turn our attention to Item 4. Meta
5 Vista. Possible approval of Purchase Order Number
6 P.O. 10-409.00-007 with Meta Vista for \$260,000 to
7 provide lead system architectural services for the
8 Application Core Technology (ACT) Project. The
9 contract will provide the Information Technology
10 Services Branch with a vehicle to improve and
11 streamline the technical environment and applications
12 at Energy Commission consistent with California
13 Information Technology Strategic Plan (ERPA funding).
14 And we have Atlas Hill. Atlas?

15 MR. HILL: Thank you. Good morning,
16 Chairman and Commissioners. My name is Atlas Hill and
17 I'm the Energy Commission's Assistant IT Manager. I
18 am seeking your approval today for an Energy
19 Commission Agreement with the company known as Meta
20 Vista to providing programming services and
21 architectural services in this computer programming
22 architectural services. This agreement results from a
23 request for an offer made under the Department of
24 General Services, California Multiple Awards Schedule.
25 The programming services are basically to assist the

15

1 IT staff with development of application standards and
2 provide improved efficiency in the development of
3 computer code. And also, it will give us what we call
4 a service-oriented architecture, which will assist us
5 in having an opportunity to actually consolidate
6 computer applications. If there are any questions, I
7 would be happy to answer them at this time.

8 CHAIRMAN WEISENMILLER: Commissioners, any
9 questions or comments? Can I have a motion?

10 VICE CHAIR BOYD: I will move approval.

11 COMMISSIONER DOUGLAS: Second.

12 CHAIRMAN WEISENMILLER: All in favor?

13 (Ayes.) This also passed unanimously.

14 Thank you.

15 MR. HILL: Thank you very much.

16 CHAIRMAN WEISENMILLER: Item 5. California
17 Employment Training Panel. Possible approval of
18 Amendment 1 to Contract 600-09-016 with the California
19 Employment Training Panel for a one-year time
20 extension and adding \$780,000 in funding. This
21 amendment will fund additional workforce training
22 contracts to establish or fund additional workforce
23 training contracts established through this
24 interagency agreement to deliver training services to
25 California's emerging green transportation industry.

1 This is ARFVTF funding. And we have Darcie Chapman.

2 MS. CHAPMAN: Good morning, Commissioners.

3 We're seeking approval of this amendment to the
4 Employment Training Panel to meet the ongoing demand
5 for workforce training that ETP is experiencing with
6 our program, the Alternative and Renewable Fuels and
7 Vehicle Technology Program. The Employment Training
8 Panel was approved originally in June of last year and
9 they got one of their panel meetings in before the
10 budget door closed, which was closed as we all well
11 know until October. And then, they had another round
12 of approvals after they went through their spending
13 authority process with Department of Finance, and
14 they've approved up to eight contracts, three of which
15 are those that were approved in January, and are just
16 in the final stages of contract development. Five are
17 approved contracts, three are active in training, and
18 two have yet to begin training.

19 So far, the queue of demand or interest in
20 workforce training fund for alternative fuel vehicles
21 is standing at - they have a queue of \$5.5 million,
22 including a recent addition of Tesla, and a reduced or
23 return of the California Labor Federation for transit
24 agencies to train their folks on their new vehicles
25 that have come on line. So, we have currently a

1 balance, with approval of this funding to be added to
2 the contract, we have remaining funds available in
3 that agreement of \$3 million, with a demand of \$5.5
4 million. We hope you will approve it.

5 CHAIRMAN WEISENMILLER: Thank you.

6 Commissioners, any questions or comments?

7 VICE CHAIR BOYD: Since this came through
8 the Transportation Committee and we reviewed and
9 recommend its approval, I intend to make a motion, but
10 I'll defer to any comments first if any other
11 Commissioners have a comment.

12 COMMISSIONER DOUGLAS : Just a brief comment.
13 I was pleased to hear of the interest in the program
14 and the numbers that you provided in terms of people
15 being trained and interest in the program, so it
16 sounds like it's going very well and, so, I'm in
17 strong support of this item.

18 VICE CHAIR BOYD: Mr. Chairman,
19 Commissioners, I would just point out that, yes,
20 indeed, we did approve this in the Transportation
21 Committee, very vigorously approved it, and are strong
22 supporters of the goals and objectives of this
23 activity. I wanted to point out that this is a very
24 popular subject area these days, politically and
25 otherwise, and this agency was perhaps one of the

1 earliest agencies to recognize the need for employment
2 training and development in multiple fields, including
3 in the transportation field, and I do recall quite
4 some time ago this agency beginning to approve funds
5 for training. I do remember Commissioner Douglas and
6 I and working on the very first Investment Plan for
7 the Alternative Fuels and Alternative Transportation
8 Technologies Program, not only approving a significant
9 amount of money in that very first Investment Plan for
10 training, but actually upping the amount of money
11 fairly significantly in recognition of the desperate
12 need and the fortunate timing of such activity. So,
13 it's with that in mind that I do want to make a motion
14 to approve this. I also think we probably ought to
15 take a few moments in the very near future to provide
16 to us and to others an inventory, or a listing of all
17 the employment development and training projects that
18 we have undertaken here, just to point out to others
19 the significant efforts this agency has made in this
20 area, having recognized it early on and having been
21 fortunate enough to have a fair amount of money, both
22 through the Economic Stimulus Programs and through AB
23 118. So, with that, I would move approval of this
24 item.

25 COMMISSIONER PETERMAN: Vice Chair, I'd just

19

1 like to make a comment before we do the final motion.
2 I was also happy to see this on the agenda, especially
3 happy to see that there is industry collaboration
4 because we are interested in work force training, but
5 we also wanted to make sure that there are jobs
6 available for these trained workers to go into, and
7 industry collaboration at this point suggests that
8 they are thinking about this and thinking about the
9 opportunities that might emerge along the pipeline.

10 VICE CHAIR BOYD: I would say, Mr. Chairman,
11 I strongly appreciate the comments of Commissioner
12 Peterman on this point. I think we, on several
13 occasions, have pointed out the need for some of our
14 programs to be continued in these tough financial
15 times because they create businesses that will create
16 jobs, while a lot of effort is being put into
17 workforce training and preparing people for jobs, we
18 have to have the jobs, so there is the nexus between a
19 lot of what this agency does, both in the outputs from
20 its PIER Program, which are longer term, and more
21 particularly in the outputs from the AB 118 program,
22 where we really are tending to fund the final
23 demonstration and deployment of technologies and
24 businesses who are ready, willing and anxious to start
25 hiring people. So, anyway, I think we have a good

1 story to tell and we should continue to tell it
2 wherever we can. In any event, thank you.

3 COMMISSIONER DOUGLAS: I'll just add,
4 Commissioners, that the IEPR Committee recently held a
5 workshop on workforce training issues and, in
6 particular, the question of what the benefits could be
7 to the State of California of partnering with other
8 states and the Federal Government to create a national
9 workforce training center, and using that as a
10 clearinghouse of information, a way of understanding,
11 analyzing and approaching information, making
12 curriculum and advances in different areas of
13 workforce training accessible, more broadly
14 accessible, among other things. So, I'm really
15 pleased, you know, as we get more experience working
16 with our partners such as ETP and EDD in this area,
17 and working through the Green Collar Jobs Council, and
18 increasingly looking at opportunities of partnering
19 with the Federal Government, that there's a longer
20 term vision coming out of here, as well as good
21 programs that we're implementing right now.

22 VICE CHAIR BOYD: I believe you have a
23 motion and a second.

24 COMMISSIONER PETERMAN: I didn't actually
25 second, so I second.

1 CHAIRMAN WEISENMILLER: Okay, so all in
2 favor?

3 (Ayes.) This also carries unanimously.
4 Thank you.

5 MS. CHAPMAN: Thank you, Commissioners.

6 CHAIRMAN WEISENMILLER: Item 6. Delta
7 Diablo Sanitation District. Possible approval of
8 Contract 500-10-034 for \$999,924 with Delta Diablo
9 Sanitation District to develop, demonstrate and
10 implement a system or systems for converting biosolids
11 to energy that will maximize energy production,
12 minimize solid waste and liquid waste disposal issues,
13 and meet California's environmental standards. And
14 this is PIER Electricity funding. And the contact is
15 Rizaldo Aldas.

16 MR. ALDAS: Good morning, Commissioners. My
17 name is Rizaldo Aldas and I am with the Energy
18 Generation Research Office, Public Interest Energy
19 Program. This project will demonstrate a technology
20 and system for processing and converting biosolids to
21 energy. Biosolids is a organic product resulting from
22 treatment of domestic sewage and, in the Bay Areas
23 along, the estimated production is around 158,000 dry
24 metric tons and, now, handling and managing these
25 biosolids is a major challenge. The Delta Diablo

1 Sanitation District in this project is leading and
2 representing the Bay Area Biosolids to Energy
3 Coalition. This is a consortium of 16 Bay Area public
4 agencies seeking innovative and sustainable solutions
5 to the management and use of biosolids and, so, this
6 particular project is a major step in achieving the
7 Coalition's goal of implementing a regional biosolids
8 through energy facility.

9 The specific technology that the project
10 would like to demonstrate is known as steam carbon
11 dioxide reforming, which has yet to be commercially
12 demonstrated with biosolids. The technology is
13 developed and patented by Intelergy, Inc., the same
14 company that is a subcontractor and lead developer for
15 this project. The Intelergy process uses elevated
16 temperature and calculated quantity of steam carbon
17 dioxide to break down biosolids and product hydrogen
18 rich gaseous fuel known as syngas. This syngas,
19 itself, can be used for energy applications, it can
20 also be processed for producing another type of fuel,
21 or it can purify hydrogen for energy applications.
22 And for this particular project, they would like to
23 use the gaseous fuel to run fuel cell to generate
24 electricity.

25 The demonstration facility will be designed

1 for a capacity of up to seven tons per day and will be
2 located in Richmond, California. The total project
3 cost is around \$4.7 million, so the PIER funding
4 request here of \$999,924 represents only 21 percent of
5 that total project cost. The remaining 79 percent
6 will be provided as match funding for this project.

7 I would request your approval of this
8 agreement and I am ready to answer any questions you
9 may have.

10 CHAIRMAN WEISENMILLER: Thank you. Is your
11 office going to discuss anything on the CEQA
12 questions, Michael? No, okay, thanks. I believe we
13 have one member from the audience who would like to
14 make a comment. Christine?

15 MS. QUINN: Caroline Quinn.

16 CHAIRMAN WEISENMILLER: Caroline Quinn.
17 Thank you.

18 MS. QUINN: Thank you. Good morning,
19 Commissioners. I'm Caroline Quinn with Delta Diablo
20 Sanitation District. We are the lead agency for the
21 Bay Area Biosolids to Energy Coalition, 16 Bay Area
22 agencies representing two million customers, and
23 working together to develop the biosolids to energy
24 solution. Our facilities treat wastewater and produce
25 clean water and biosolids on a 24/7 basis.

1 Independent studies have shown that there is
2 significant energy potential in the wastewater that we
3 treat, and we're already tapping some of that energy,
4 however, significant energy does remain in the
5 biosolids at the end of that process. Technologies
6 are being studied and developed to determine how best
7 to tap that energy, yet bringing these technologies to
8 fruition is sometimes only possible with grants such
9 as those in the PIER Program. The PIER Program
10 provides a valuable resource to help develop
11 progressive approaches to fully tapping our renewable
12 energy resources. The work funded by this grant will
13 provide valuable information for public agencies
14 throughout California. And if the technology is
15 successful, it has broader application to other
16 feedstocks and it can help address some of the
17 challenges that have hampered development of more
18 renewable energy projects, air quality issues being
19 one of them. In this way, the grant will help move
20 clean energy policy forward in California.

21 The Energy Commission staff has been a
22 pleasure to work with, very professional and very
23 responsive. Our 16 agencies very much appreciate your
24 consideration of this grant and the opportunity to
25 partner with the Energy Commission.

1 CHAIRMAN WEISENMILLER: Thank you.

2 Commissioners, do you have any questions or comments
3 on this?

4 VICE CHAIR BOYD: I have no questions. I
5 have a comment or two. First, I want to thank Ms.
6 Quinn for her presentation, for her pursuit of this
7 project, and her compliments to the staff, they're
8 rare these days, and so much appreciated, quite
9 frankly. I'm very familiar with this project, having
10 this project before me today is kind of music to my
11 ears, it moves forward -- another example of moving
12 forward the issue of using our waste resources for
13 valuable energy activities, something that we'll be
14 discussing a little bit more later on the agenda when
15 we get to the Bioenergy Action Plan. But,
16 nonetheless, this has taken some time and many people
17 have worked very diligently to bring it to fruition,
18 and I think the appreciation for these types of
19 projects has grown exponentially during the period of
20 time we have worked to bring this project to fruition.
21 And so, I think there is now a greater understanding
22 of the need for and a greater appreciation for these
23 types of projects, and so this was reviewed, of
24 course, by the Research Committee, which you and I are
25 both members, Mr. Chair, and I would recommend its

1 approval as that committee did and move to approve the
2 item.

3 COMMISSIONER PETERMAN: I would just also
4 like to add that I'm impressed by the collaborative
5 work that has already happened to date to make this
6 project come together, and it's good to see you
7 agencies all working together, and I think this is a
8 very valuable use of the PIER Research funds. And
9 it's nice to see that you're thinking not only about
10 environmental ways to dispose of the waste, but ways
11 in which to convert it to a positive resource. So,
12 thank you.

13 CHAIRMAN WEISENMILLER: Do I have a motion
14 and a second?

15 VICE CHAIR BOYD: You have a motion.

16 COMMISSIONER PETERMAN: I second.

17 CHAIRMAN WEISENMILLER: All in favor?

18 (Ayes.) This also passes unanimously.

19 Thank you. Thank you, Ms. Quinn, for coming.

20 Item 7. University Of California, Davis.
21 Possible approval of Amendment 1 to Contract 500-08-
22 053 with the Regents of the University of California,
23 Davis, to add \$311,481 and a ten-month time extension.
24 The amendment will eliminate three projects and re-
25 scope four subtasks based on feedback from the Program

1 Advisory Committee. This amendment will also correct
2 typographical errors in the budget. Pier contract
3 funding. Dustin Davis. Dustin?

4 MR. DAVIS: Good morning, Commissioners.
5 I'm Dustin Davis from the PIER Buildings Team. This
6 agenda item seeks your approval to amend Contract 500-
7 08-053 to do the following changes: first, look to
8 extend the contract term by 10 months to March 29th,
9 2013, and add two projects, the first project being we
10 are looking to develop and demonstrate Smart Corridor
11 lighting systems for commercial and industrial
12 buildings. The California Lighting Technology Center
13 conducted a survey of lighting energy use across the
14 U.C. Davis campus and, surprisingly, the survey found
15 corridors to be the largest lighting energy consumer
16 on campus, consuming almost 30 percent of total
17 lighting in use.

18 CLTC will conduct research to develop in
19 partnership with manufacturers various demand
20 sensitive designs, lighting controls, and control
21 algorithms for corridors that will significantly
22 reduce energy use while maintaining, if not increasing
23 occupant satisfaction. This Smart Corridor Lighting
24 System will be demonstrated and evaluated for
25 technical and economic feasibility in multiple

1 investor-owned utility service territories. Total
2 project cost to PIER is \$301,939. This project has an
3 additional \$155,000 in match funds from California's
4 major IOUs, and the expected duration is 18 months.

5 Secondly, we look to add a project that will
6 develop a methodology and implementation plan for
7 determination of the 2007 California Lighting
8 Baseline. The California Energy Commission has been
9 tasked by AB 1109, also known as the Huffman Bill, to
10 reduce consumption of electricity for lighting uses by
11 50 percent from 2007 levels, from 2007 lighting levels
12 by 2018. These 2007 lighting levels or baseline is
13 currently unknown. This project will not establish
14 the baseline, but is the preliminary work required to
15 assess and outline the effort needed to construct that
16 lighting baseline. Once determined, this baseline
17 will be used to identify opportunities in the state to
18 support the development of building efficiency
19 standards and track progress in meeting the goals of
20 AB 1109. Total cost of this initial work is \$61,481,
21 and it will take nine months.

22 Also, based on recommendations from the
23 Program Advisory Committee on this contract that was
24 held in the fall of 2010, this amendment is proposing
25 to eliminate three projects, redistribute funds of

1 projects, and refine the scope of a few other
2 projects.

3 Lastly, this amendment will correct the
4 fringe and general and administrative rates which
5 reflect only a minor typographical error in Attachment
6 before the budget. With that, I can answer any
7 questions you guys have. Thank you.

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

10 VICE CHAIR BOYD: I have no questions, and
11 I'll just comment that this subject, of course, was
12 discussed in the R&D Committee at length to get a
13 comprehensive understanding of what was proposed here,
14 and the Committee thus approved and recommended that
15 this item be placed on this agenda and presented to
16 all of us for approval, and thus I would move its
17 approval as noted. There are some interesting
18 findings as a result of the work that's been done and
19 we felt that the staff was recommending the
20 appropriate changes to the program and additional
21 funding in areas where there appeared to be a very
22 significant payback, payoff for the activities
23 undertaken. So, on that basis, the R&D Committee
24 recommends its approval, and I'll move its approval.

25 COMMISSIONER DOUGLAS: I second that.

1 CHAIRMAN WEISENMILLER: Okay, we have a
2 motion and it's been seconded. All in favor?

3 (Ayes.) This also passes unanimously.
4 Thank you.

5 MR. DAVIS: Thank you.

6 CHAIRMAN WEISENMILLER: Our next item on the
7 agenda will be Item 9. Linde LLC. Possible approval
8 of Agreement ARV-10-038, for a grant of \$3,396,209 to
9 Linde LLC to install two publicly-accessible hydrogen
10 fueling stations at existing retail gasoline stations.
11 This is also ARFVTF funding. And Tobias?

12 MR. MUENCH: Yes. Good morning, Chairman,
13 good morning, Commissioners. This is Tobias Muench,
14 Hydrogen Fuel Lead of the Emerging Fuels Office,
15 presenting to you this morning a project that proposes
16 to close a grant agreement with Linde for building two
17 new hydrogen fueling stations, added to existing
18 gasoline stations, one in West Sacramento and one in
19 Laguna Niguel. This is funding from the ARFVTFP,
20 Alternative and Renewable Fuels and Vehicle Technology
21 Program, from the '09-'10 funding year. This is a
22 project coming out of the first solicitation for a
23 hydrogen fueling station infrastructure. It is from
24 PON 09-068. These two stations would provide 240
25 kilograms of daily capacity of hydrogen to fuel fuel

1 cell vehicles. This is enough to fuel up to 240
2 vehicles per day, approximately one in 1,200 vehicles
3 are expected to be deployed in Southern California,
4 and about 200 vehicles in the Bay Area in the next
5 three years; these are numbers from an OEM Automaker
6 Survey that we conducted.

7 The lack of infrastructure for hydrogen has
8 been a major hurdle in promoting fuel cell vehicle
9 deployment and the formerly large footprint and high
10 station costs were also hurdles. Linde has been
11 overcoming a lot of this with a modular approach. The
12 hydrogen is being produced centrally, liquefied, and
13 then trucked to the stations where it is being
14 vaporized on demand. That leads to a relatively small
15 footprint and the cost has also been reduced.

16 This project would spend \$3,396,209 of
17 ARFVTP funds from CEC, and Linde match funding would
18 be \$1,110,721. Benefits, the project would help build
19 a hydrogen fueling network to enable automakers to
20 accelerate their deployment of fuel cell vehicles in
21 California in both Southern California and the Bay
22 Area. Fuel cell vehicles provide a zero tailpipe
23 emissions option, a 44 percent greenhouse gas
24 lifecycle reduction over conventional gasoline
25 vehicles. The greenhouse gas emission reductions from

1 this project throughout its three-year life would be
2 1,933 metric tons of greenhouse gases reduced, and
3 357,375 gasoline gallons displaced. It also would
4 create 57 jobs in the state. That was my information.
5 I believe we have Linde's Steve Eckhardt on the phone,
6 who would like to say a few words to the project.
7 Steve, are you there?

8 MR. ECKHARDT: Yes, I'm talking and I'm not
9 sure I'm connected.

10 MR. MUENCH: We can hear you. Go ahead.

11 MR. ECKHARDT: Okay, thank you. Thanks for
12 the opportunity to talk on behalf of Linde. We'd just
13 like to say that we very much appreciate the support
14 of the Energy Commission, both generally and in
15 considering hydrogen fueling infrastructure as part of
16 AB 118 funding, even more specifically in considering
17 Linde's proposal, and the business approach and the
18 technology approach that we're taking toward this
19 market. The funding is critical to develop a
20 commercial and public fueling infrastructure, to allow
21 the car companies to deploy fuel cell vehicles over
22 the coming years, and then maybe, more importantly, to
23 give drivers confidence that they can drive these
24 vehicles, knowing that there is adequate coverage in
25 terms of fueling infrastructure, as well as fueling

1 infrastructure that is high performance and will allow
2 them to fuel, very similarly to the way they fuel
3 today with conventional fuels, very quickly and very
4 reliably and very safely.

5 At each of these two sites, Linde will be
6 supplying a hydrogen fueling station, it will consist
7 of liquid hydrogen storage, hydrogen compression, and
8 hydrogen dispensing. This technology will fuel any
9 car with 7 kilograms of hydrogen in three minutes,
10 which will allow that car to go very long distances
11 which, of course, is one of the great benefits of the
12 fuel cell vehicle technology.

13 We believe these projects, these two sites
14 and these two projects, are very important in a couple
15 of respects, first, it's proving out that we can do
16 very high through-put fueling and high performance
17 fueling at a station. As Tobias mentioned, these are
18 very high through-put stations and they are stations
19 that are designed to be able to fuel cars very
20 quickly, giving fuel cell vehicle drivers the
21 convenience that they will demand. And, secondly, we
22 think this is important because what this is, this is
23 Linde stepping up as a fuel provider, owning and
24 operating these stations. We have evaluated this
25 market very carefully and we are confident that, when

1 the vehicles come out, that we can prove out this
2 business model and that we can make these types of
3 stations economically viable in the future.

4 So, again, we'd just like to reiterate our
5 appreciation to the CEC for evaluating and potentially
6 approving this proposal. This builds on a
7 relationship that we've enjoyed with the Energy
8 Commission, with our landfill gas LNG plants that we
9 have worked on with Waste Management, and we're
10 looking forward very much to working with the Energy
11 Commission on our hydrogen stations, going forward.
12 So, again, thank you very much for consideration this.

13 CHAIRMAN WEISENMILLER: Thank you for your
14 comments. Kristin?

15 MS. DRISCOLL: Thank you, Mr. Chair. This
16 is Kristin Driscoll from the Energy Commission's Chief
17 Counsel's Office. We review all of the projects
18 proposed under AB 118 to determine the level of review
19 necessary under the California Environmental Quality
20 Act. Based on my review of this project and further
21 due diligence, I recommend that the Commission include
22 a finding that the project is categorically exempt
23 from further environmental review.

24 CHAIRMAN WEISENMILLER: Thank you. Any
25 questions or comments?

1 COMMISSONER PETERMAN: I have two questions,
2 first, both related. My first question is why is the
3 projected demand for Northern California vehicles so
4 significantly less than Southern California? And I'll
5 let you answer that one first.

6 MR. MUENCH: The approach that we've taken
7 for infrastructure planning for hydrogen goes back to
8 recommendations from UC Irvine and UC Davis, both
9 universities have been our primary source for planning
10 studies for hydrogen infrastructure, and them and
11 other stakeholders have for a long time recommended a
12 cluster approach, and the original four clusters where
13 stations and vehicles are slated or supposed to be
14 deployed first, are in Southern California. There are
15 four clusters in California, one is called the Santa
16 Monica, then there is the Torrance cluster, and then
17 there are two clusters in Orange County, Newport Beach
18 and Irvine. And those are the early adopter regions
19 where vehicles are going to be deployed, OEMs are in
20 line for deploying vehicles in those areas first, and
21 then stations, as well. And then we extended that to
22 two clusters in Northern California, the Bay Area and
23 here in Sacramento. But those are kind of in the
24 beginning weaker areas, so the concentration is in
25 Southern California.

1 VICE CHAIR BOYD: I want to add to what
2 Tobias has said to indicate that this is driven not by
3 us or University studies, this is driven by the
4 manufacturers of the vehicles, and they're the point
5 of the sphere, they're indicating where it is their
6 intent to roll out vehicles for demonstration
7 purposes, and the areas are areas they have chosen for
8 their own market reasons, and their decisions with
9 regard - and it's kind of a large consensus of
10 decisions amongst many people, including the input
11 from the California Fuel Cell Partnership, which has
12 been around for quite some time. But they more or
13 less indicate where they anticipate the demonstrations
14 would be best for them, and then everything that
15 follows is predicated upon those decisions, the
16 studies by the Universities for us with regard to
17 what's the best kind of network you can have, as
18 Tobias has indicated, it all follows from that point.
19 But just to make sure the record is clear, it's not us
20 dictating where the cars are going, it's the folks who
21 have now pretty strongly indicated, yes, they're
22 really going to make these vehicles, and they're
23 really to want to demonstrate them through deploying
24 that - that's the beginning of the process of where
25 eventually investments are made, and where we put our

1 relatively significant, but still not majority share,
2 of dollars for the fueling infrastructure. And we
3 will go, have been going, and will go through your
4 term of office, the chicken and the egg question,
5 always, as to stations inducing cars, cars inducing
6 stations, who should pay what? And this project, as I
7 was going to say later on, is the product of a very
8 long series of discussions about these questions and
9 this is the final fruition. It's long because it's
10 complicated, it's long because it's tough doing
11 business with the State, it's long because, in these
12 times of limited staff resources and budget resources,
13 even more difficult doing business with the State.
14 So, this is a significant event today that this is
15 happening and is also a product of the efforts of the
16 advisory committee that I referenced earlier, that has
17 been in existence with the AB 118 program. One of the
18 more contentious and oft discussed and most discussed
19 areas in terms of where we invest money has always
20 been the hydrogen infrastructure. Sorry, Tobias, I
21 took a lot of your nickel there.

22 COMMISSIONER PETERMAN: Thank you, Tobias
23 and Commissioner Boyd. That was very useful. So, I
24 think it would be incorrect to assume that, although
25 we're sizing the fueling stations to be the same size

1 in the Northern and Southern California Regions, we're
2 expecting Northern California over time for demand to
3 grow and that this station would have excess capacity
4 that would meet the demand expected in the next -

5 MR. MUENCH: Correct. We actually put a
6 minimum requirement into our solicitation that the
7 stations would have to have at least 100 kilograms of
8 capacity. All of them came out much higher - 180 to
9 240, and the other note I would like to make is, in
10 the solicitation, we actually made sure that the
11 proposers had to tie in specific geographically
12 located vehicle deployments with the location of the
13 station, so that supply and demand would be matched.
14 So, they had to prove that in their Letters of
15 Commitment, which they all did.

16 COMMISSIONER PETERMAN: Thank you. Good to
17 see some movement in this area.

18 COMMISSIONER DOUGLAS: I just can't resist.
19 This discussion is bringing back to me the long hours
20 of discussion of that issue when I was privileged to
21 be on the Transportation Committee, and the discussion
22 about trying to match the vehicle roll-out with
23 stations and the need for a critical mass of stations
24 to make hydrogen a viable option for people who might
25 choose to buy a car, or to demonstrate a car, and this

1 incredible balancing act of trying to work with the
2 manufacturers and work with early adopters, and
3 ascertain demand and actually make hydrogen a viable
4 option for, say, residential customers, as opposed to
5 fleets, which is a different approach entirely. So,
6 I'm pleased to see these move forward, I think it's an
7 important effort. I'm looking forward to seeing more
8 and more people driving hydrogen cars in our key
9 clusters.

10 VICE CHAIR BOYD: I'll reiterate my motion
11 to approve.

12 COMMISSIONER DOUGLAS: Second.

13 CHAIRMAN WEISENMILLER: All in favor?

14 (Ayes.) This also passes unanimously.

15 Thank you, Tobias.

16 MR. MUENCH: Thank you.

17 MR. LEVY: Chairman Weisenmiller, pardon me
18 for interrupting. We should make a note for the
19 record that Item 8 was pulled and will be heard on the
20 April 6th agenda.

21 CHAIRMAN WEISENMILLER: Right, I was also
22 going to make that motion, I did realize that, and at
23 the same time we should probably note that Item 11 has
24 also been pulled, it will be heard later. So, the
25 only item we have left is Item 10.

1 Item 10. 2011 Bioenergy Action Plan.
2 Possible adoption of the Draft 2011 Bioenergy Action
3 Plan. This version updates the 2006 Bioenergy Action
4 Plan to address continuing barriers to the development
5 and deployment of bioenergy, and to identify issues
6 and solutions to biogas injection and gas cleanup.
7 Staff.

8 MR. NUFFER: Good morning, Chair,
9 Commissioners. My name is John Nuffer. I manage the
10 Integrated Energy and Climate Change Unit in the
11 Renewable Energy Office. With me is Garry O'Neill, he
12 is the principal author, editor, and coordinator for
13 the Bioenergy Action Plan, and this has been his life
14 for the last 12 years. So, we're grateful today to
15 ask you to consider adopting it.

16 As background, California's first Bioenergy
17 Action Plan was published in 2006. That first plan
18 was developed in response to Governor Schwarzenegger's
19 Executive Order that set goals for the generation of
20 electricity and the production of fuels from biomass.
21 The Executive Order requires the biomass to generate
22 20 percent of our renewable electricity and product 40
23 percent of our bio-base transportation fuels in-state.
24 We have made some progress toward these goals, but not
25 enough. There are still challenges facing those who

1 want to permit build, or operate bioenergy facilities.
2 That's why the 2009 Integrated Energy Policy Report
3 included a recommendation to update the 2006 Plan.

4 The 2011 Plan identifies current
5 opportunities and continuing challenges to bioenergy
6 development. More importantly, it identifies actions
7 the State agencies will be taking over the next two
8 years and beyond to address those challenges, so the
9 developers can build the facilities needed to meet the
10 State's long-term bioenergy goals.

11 Staff drafted the plan in collaboration with
12 nine other State agencies from the Bioenergy
13 Interagency Working Group, with assistance from the
14 California Biomass Collaborative at U.C. Davis.
15 Commissioner Boyd has graciously and patiently, I
16 might add, Chaired the Working Group for the past
17 eight years. The Bioenergy Interagency Working Group
18 includes the agencies you see on the cover of the
19 plan. These include the PUC, Cal Recycle, Cal Fire,
20 the Water Board, the Air Board, and others.

21 We also worked closely with staff from PIER
22 and the Fuels and Transportation Division, and we're
23 grateful for their assistance.

24 Stakeholders were given an opportunity to
25 participate in the process at two public workshops

1 held here at the Energy Commission, one last June, and
2 one last December. The first workshop was to solicit
3 comments about challenges to bioenergy development;
4 the second was to discuss potential State agency
5 actions to address those challenges. We involved
6 IOIUs, POUs, consulting firms, developers,
7 environmental groups, industry associations, and the
8 public, and we discussed biopower, biofuels, and
9 biogas. We received numerous comments and suggestions
10 at those workshops, which helped us write the
11 document. In addition, we received and incorporated
12 many ideas, suggestions, comments, and actual language
13 from numerous stakeholders and others, many times this
14 past year that we've incorporated into the document.

15 As we thought about what should be in the
16 plan and how it should be organized, we developed
17 objectives, considering what could or should be done
18 over the next couple of years to make the most
19 meaningful progress towards the State's bioenergy
20 goals, and in the most cost-effective manner. These
21 five objectives are to increase bioenergy production
22 at existing facilities, to promote and expedite the
23 construction of new facilities, to promote and
24 encourage the integration of bioenergy facilities, to
25 fund research and development, and to remove statutory

1 barriers, and to streamline the regulatory process.
2 We focused on actions in the near term to support
3 continuation of existing biopower and biofuel
4 facilities, which is more effective than building new
5 plants. We certainly need to expedite the permitting
6 and construction of new plants, but we can't afford to
7 lose existing plants which represent almost 1,400
8 megawatts of renewable baseload electricity and over
9 200 million gallons per year of biofuel capacity, as
10 well as thousands of jobs.

11 Given these objectives, we next discussed in
12 the plan the continuing challenges faced by operators
13 and developers of bioenergy facilities, which fall
14 into five general categories: the uncertainty in
15 siting and permitting of facilities, the cost of
16 collecting, processing, and transporting sustainably
17 harvested feedstock, the competition with fossil
18 fuels, and difficulty in obtaining project financing,
19 the need for research and development, and restrictive
20 statutes and regulations. For each of these
21 challenges, we list actions that agencies will be
22 taking by December 2012, using existing resources, to
23 meaningfully increase bioenergy development.

24 If you choose to adopt the plan today, we
25 would be implementing it immediately. We would hold

1 quarterly meetings of the bioenergy interagency
2 working group, we would begin implementing actions
3 that have been designated for the Energy Commission,
4 and we would monitor the progress of other agencies
5 and develop ways to measure progress towards the
6 State's overall bioenergy goals. We would update the
7 plan as conditions change, and we would report to the
8 Legislature through the IEPR every two years.

9 In conclusion, if the State is to be
10 successful at meeting its bioenergy goals, we will
11 need to double our generation of biopower by 2020.
12 And we will also need to increase our in-State biofuel
13 production by six times, and those are daunting
14 challenges. The 2011 plan identifies the sources that
15 could generate some, if not all, of this bioenergy
16 from solid fuel biomass such as agricultural waste, to
17 landfill gas, to urban derived biomass. We believe
18 that the 2011 Bioenergy Action Plan is a good start
19 and supports the Governor's Division in his Clean
20 Energy Jobs Plan. It supports cost-effective on-site
21 and small scale power production, clearer permitting
22 processes, and the creation of new and sustainable
23 jobs. With that, Garry and I would be happy to answer
24 any questions.

25 CHAIRMAN WEISENMILLER: Okay. I think we

45

1 have two members of the public who are here to speak
2 today. The first is Michael Theroux from JDMT.

3 MR. THEROUX: Good morning, Commissioners,
4 and thank you for the chance to say a word or two.
5 And I will keep it brief. First, I'd like to thank
6 the Commission, the staff in particular, for the long
7 hours on this and the diligence in working with all
8 the rest of the agencies involved, as well as with the
9 stakeholders in the public sector. A lot has been
10 improved on as we've developed this particular plan
11 during the course of its work, and I have submitted
12 comments on a few of those areas that I wanted to call
13 out as specific improvements.

14 Biomass is an easy word to say and a hard
15 word to define. It covers a lot of territory. Each
16 of those areas or territory, each of those types of
17 biomass, has its own flavor of regulations and
18 technology and marketplace, and we're moving into a
19 closer understanding of how to match that up; it's an
20 ongoing process, the plan opens the door for that, I'm
21 looking forward to that being an area of
22 implementation in the future.

23 The largest area that I see a need for is,
24 indeed, not the physical plants themselves, but the
25 infrastructure to move the materials from where they

1 are to those plants. Unfortunately, our big biopower
2 plants were build on the idea of build it and they
3 will come and bring the fuel to us, and we all know
4 that isn't true now. So, as we move forward, this
5 plan calls for a greater amount of emphasis on supply
6 chain development and understanding. That's a
7 multiple facility, multiple stakeholder process that
8 needs to be constructed because much of it simply does
9 not exist as we've heard in the biosolids and some of
10 the other presentations today. So, I'm looking
11 forward to engaging staff and the other agencies in
12 consideration of what an infrastructure actually looks
13 like, for such a diverse thing as biomass and all the
14 tools that we have to bring to bear upon that.

15 This plan is indeed an outline. Without
16 direct implementation, it remains an outline. I know
17 that staff is committed to taking the next steps in
18 moving forward, there are pieces of interaction with
19 all agencies, as well, in particular, with industry,
20 that need to be attended to, in my opinion have not
21 been the focus in the past. It is difficult to even
22 ask the questions of industry and get a straight
23 response in terms of what's missing, other than the
24 common statements of "it's tough," and "there's too
25 many pieces," well, exactly what are we talking about?

1 And we need to have gloves off discussions with
2 representatives of industry that can do these things
3 that our objectives call for. And that element takes
4 work. At the same time, I understand that there's a
5 lot being asked of the agencies in this working group
6 and that the representatives in the working group,
7 itself, do not necessarily pull the weight to show
8 full approval of the commitments that they have
9 suggested their agencies might be able to make. So,
10 I'm asking that perhaps a more formal approach to
11 commitments from those agencies be pursued because
12 it's going to take budget assessments and resource
13 assessments in each of those agencies. It's good to
14 say that they're going to do that, but without a
15 budget line item and dedication of resources, the
16 likelihood is that all it will be is more discussion
17 on the same, and I'd like to get past that.

18 I'm personally committed to helping wherever
19 I can, as most of the staff know at this point, the
20 Commissioners know. I thank you again for your time
21 on this, and I see it is a very critical undertaking
22 and one that doesn't stop because we approve the
23 plans; this is, however, an excellent step forward.
24 Thank you.

25 CHAIRMAN WEISENMILLER: Thank you. Let's

1 turn to John Menke. As you move forward, would you
2 also clarify this? On the card, it says you're
3 representing State Water Board staff and also that
4 you're representing yourself. Who are you
5 representing?

6 MR. MENKE: I'm making these comments as a
7 participant in the Bioenergy Interagency Working Group
8 and these are my personal observations, they have not
9 been discussed with the Water Board, the Water Board
10 is not considered in this 2011 Plan, and developed any
11 comments on it. So, these are my comments resulting
12 from my participation in that working group.

13 CHAIRMAN WEISENMILLER: Okay, thank you.

14 MR. MENKE: And I would like to clarify, my
15 name is John Menke, I am a staff Environmental
16 Scientist at the State Water Board. And since October
17 of 2005, I have been a participant on the Bioenergy
18 Interagency Working Group, and in that capacity, I've
19 been involved in the development and implementation of
20 the 2006 Action Plan, and also the update to that plan
21 that is the 2011 Draft Plan that you're currently
22 considering today.

23 The reason I'm here is because I do have
24 concerns that the action items in the 2011 plan will
25 not result in the gains we need in bioenergy and

1 biofuels. Those goals were established by Governor
2 Schwarzenegger's 2006 Executive Order and that set
3 goals for the 2020 period, a 14-year span. We since
4 had five of those years pass and we have achieved
5 essentially no gain in bioenergy and biofuels relative
6 to 2006, when he issued that Executive Order.

7 I have provided two documents that should be
8 in your packets, one is a single page, double-sided
9 version of this presentation to you, in case I run out
10 of time or forget something, the other is a summary of
11 the action items from both the 2006 and the 2011
12 Action Plans, and that is the focus of my concerns.
13 When I look at those action items, I do not see a
14 resulting gain in the production of bioenergy or
15 biofuels. I'm not saying they're not positive steps,
16 but I'm looking for that specific gain and I'm not
17 seeing it. And I've asked other participants in the
18 working group, I've asked CEC staff, if they could
19 help me see where those gains are, and I've not
20 received anything that changes my position. So,
21 that's what I'm trying to bring to your attention. If
22 you would look at those yourselves, and share them
23 with other people, maybe we can get improvements by
24 updating the current plan, the 2011 plan, or in a
25 revised version that will come out after 2012, when

1 the current plan terminates. So, I'm looking at
2 improvements in the future.

3 One of the issues I have with the current
4 Action Plan is a lack of accountability that's
5 predominant throughout that Plan. They identify
6 agencies that are participating, but they do not
7 identify any staff who are responsible for meeting
8 those agency commitments. It's kind of similar to the
9 question you asked me - am I here for myself, or am I
10 here on behalf of the Water Board? And I'm saying I
11 can only speak for myself. Well, likewise, in the
12 meetings, I can't commit the Water Board to act, I
13 can't commit their resources, I can't commit their
14 finances, because that's not my role. We need to
15 improve the participation in the work group that is
16 more representative of the agencies and their
17 resources, so we can get commitment to meeting the
18 goals the Governor has set in the Action Plan, the
19 former Governor.

20 One of the problems in my group, and I think
21 in the working group, in general, is there is
22 turnover. The people that were there originally have
23 been replaced, they're retiring, Jim, I believe, is
24 retiring this year, I'm retiring this year, the new
25 people have got to be brought up to speed and

1 involved, and it's just not happening.

2 I also want to point out that the action
3 plan was developed by technical staff, I participated,
4 but we lack business management expertise in
5 developing the plan. When Ford Motor Company
6 developed their plan for digging out of the hole they
7 were in, they didn't turn to people on the assembly
8 lines, they went to Managers who had the necessary
9 expertise to develop a plan, and I think this plan is
10 on that level of development, we need major
11 involvement of people who know how to write these
12 kinds of plans, get them implemented, and get the
13 appropriate action identified and achieve those action
14 items.

15 I do want to also point out that sometimes
16 we are slow to implement agreed upon goals. Back in
17 September of 2008, in the working group, we agreed it
18 would really be desirable to have a website that we
19 could list the bioenergy and biofuel projects that are
20 in development, we could identify deficiencies in
21 permitting programs, conflicts, how those are
22 resolved. And two and a half years ago have gone by
23 and we're still talking about doing that, it's a good
24 idea, and a website should not be that difficult to
25 get up and running. So, again, I think we need to

1 improve our way of actually implementing our agreed
2 upon action items.

3 One final thing I do want to read - not
4 quite final - a statement that came in an e-mail from
5 an industry representative, a Bioenergy industry
6 representative. This is a person who has talked to
7 other people in the Bioenergy field, this went to some
8 of the participants in the work group, went to CEC,
9 staff, and it went to Legislators, too, and that
10 statement says: "Discussions with energy company staff
11 indicate that the head of their company group does not
12 believe California will actively support actual
13 bioenergy development, that California's disparate
14 practices are overbearing and unwieldy, the Energy
15 Commission staff were certain they could meet the
16 environmental specifications to provide economical
17 project, but see California as vetting an approval
18 process as too complex, self-contradictory, and time-
19 consuming. Front-end costs and finance risk are
20 unacceptable given uncertainty regarding ability to
21 secure permits and certification." Now, that was in
22 an email a few weeks ago, I haven't seen a response
23 from anybody, I don't know what's happening with that,
24 but those are the kinds of statements that we continue
25 to see and I would like to see a better way of us

1 responding to those as a work group and as people
2 concerned about meeting these bioenergy goals.

3 The final thing I do want to state is that I
4 have not - I'm not coming out in opposition of the
5 plan, I'm really pointing out some deficiencies in the
6 plan, and I certainly am not criticizing the Energy
7 Commission staff that I have worked with, John Nuffer
8 and Garry O'Neill have been very open with me, they've
9 discussed my concerns, they've tried to incorporate
10 them into the Action Plans, and I think that it's an
11 improved plan, but it still does not demonstrate that
12 California can achieve the energy goals that have been
13 established for us. Thank you.

14 CHAIRMAN WEISENMILLER: Thank you.
15 Commissioners, any questions or comments?

16 VICE CHAIR BOYD: I'll have a general
17 comment at the sum-up, but I'll just thank Mr. [pause]
18 -- Menke, excuse me, John, I've known you for years,
19 maybe we both need to retire - thank him for his
20 participation and his comments. I will say that I
21 share in a sense some of his concerns, but I'll make a
22 statement about this plan since it's got a long
23 history, and what have you, that hopefully will
24 address some of the concerns and tell you all about
25 some of the plans we have in the future.

1 I would just say that the last couple of
2 years, as all of you know, have been very tough years
3 on every State agency and, as I referenced earlier,
4 we're doing more with less. And things fall into a
5 certain queue and a certain perspective, and we deal
6 daily with criticisms and concerns about why things
7 aren't coming out the other end of the queue with
8 regard to this, that, and the other, and I'm afraid
9 this project in multiple State agencies is likely
10 caught in that concern. I would also say that the
11 invitation to each agency head for representatives to
12 participate in this process some time ago did indicate
13 that -- the invitation was to each agency head to
14 participate in this; of course, like all of us, that
15 gets delegated to staff who, by the invitation, the
16 agency heads were asked to send people who could speak
17 for them, and who can commit them because the
18 expectation at the end of this process is that each
19 agency would ultimately do as we're doing, hopefully
20 today, and we being the point of the sphere because
21 the locust of activity was placed here in terms of
22 heading up this coordination effort, is to in effect
23 ratify the plan, and I intend to go to the head of
24 each agency and, let's face it, you know, we're going
25 through the traditional loop you go through when

1 you've just had a change of administrations and we
2 don't even have all the heads of agencies in place
3 yet. And when we do, they will be visited and called
4 upon to hopefully enact this plan. I have discussed
5 this plan with some of the new folks, agency
6 secretary's, what have you, I have discussed it in the
7 Governor's Office, they're very cognizant of what the
8 past was and what the present is. And, as soon as we
9 all take care of a few other urgent matters, like
10 sustaining State Government at all, with a budget and
11 what have you, I think we'll get more attention paid
12 to this. And I would also say that I appreciate the
13 actions of the last Governor, who recreated this
14 working group, who asked for the Action Plan, who then
15 issued an Executive Order to fulfill that Action Plan,
16 and we did what we could, but I'll quite candidly say,
17 we were somewhat dwarfed, or had to operate in the
18 shadows of the overall binding Action Plan for Climate
19 Change and it was hard to find a lot of priorities
20 left for this subject, and I think all the agencies,
21 John's included, moved forward and took a lot of
22 actions that tried to address what we can. Enough
23 said. When we're done with any of the testimony, I
24 have some other comments I'd like to make, but thank
25 you, John, for your participation. Like I say, I

1 share your concerns, your frustration, I think more of
2 us have a slightly different view on the way we need
3 to do this and perhaps a better view of the
4 difficulties that many programs that are very
5 admirable and almost bordering on altruistic face in
6 Government in these times when Government is so
7 restricted in its staffing and its funding. Anyway, I
8 said I wasn't going to answer him and I did. I have
9 more to say when it's appropriate, any other
10 questions, perhaps.

11 COMMISSIONER DOUGLAS: A brief comment. I
12 asked for a briefing on this item in part out of my
13 own interest and in part because, in my three years on
14 the Commission, Commissioner Boyd has brought up the
15 Bioenergy Action Plan, to me, almost more than any
16 other topic, and so it increased my curiosity, so I'd
17 like to thank staff for the briefing and thank
18 Commissioner Boyd for his leadership and really
19 tireless and unswerving dedication on this topic, in
20 particular, because, as I said, I don't think there's
21 a year or even maybe a month that I've been on the
22 Commission that I haven't heard him say something
23 about the Bioenergy Action Plan.

24 COMMISSIONER PETERMAN: Similarly, I also
25 got a briefing on this issue from staff and I

1 appreciate that, and what I learned in my briefing is
2 that staff has been very thoughtful in thinking
3 through these issues, and not everything that was
4 thought through by the group is in the plan, and I
5 look forward to seeing where this goes, and also thank
6 Mr. Menke and the Industry representative for their
7 obvious passion in this work and in seeing it be
8 successful.

9 CHAIRMAN WEISENMILLER: That's good. Now, I
10 was going to mention that I also appreciate Vice Chair
11 Boyd's interest in this and passion on this, pushing
12 it through. I would note that I think every time I
13 talk to Kip, Kip leads out by reminding me that the
14 Executive Order was by the last Governor. I then
15 remind him that, until this Governor rescinds it, I
16 think it's still a directive document, but this area,
17 the Bioenergy Action Plan, is certainly not without
18 controversy and certainly Kip also then questions the
19 amount of resources we're spending on it. So, in
20 terms of all the suggestions that we could spend a lot
21 more on it, I can say I at least have one voice in my
22 ear saying, "Don't go there." But, again, I think
23 it's a very good product. I think it's time to move
24 on. We certainly appreciate -- all of our products
25 can always be made better in some case, but I think as

1 Chair Schweikart always used to say, "At some point
2 the 'better' becomes the enemy of the 'good.'" You
3 can spend forever and not get to a conclusion. So,
4 again, thank you everyone for their hard work on this
5 would be my comment.

6 VICE CHAIR BOYD: Well, thank you all for
7 your comments and I think, first, now what I want to
8 do is thank both Garry O'Neill and John Nuffer for all
9 that they have done. I've been very impressed and
10 pleased with their enthusiasm and tireless efforts in
11 putting this plan together. Interagency efforts are
12 difficult, it is truly like herding calves and I think
13 the document we have in front of us, as imperfect as
14 some may feel it is, represents progress in this
15 arena. I want to thank my Advisor, Sarah Michael, who
16 has tirelessly pushed this subject, working very hard
17 to gain the input and gain the support of other State
18 agencies who have committed to this list of actions,
19 that I indicated I will be reminding them of that
20 commitment in the not too distant future, and all of
21 which is hoped to facilitate Bioenergy development in
22 California. The plan is not as ambitious as I would
23 have liked and we all have academic wishes that far
24 exceed the real world possibilities. I didn't realize
25 that former Chairman Schweikart was the user of one of

1 my favorite expressions, "Don't let the perfect be the
2 enemy of the good," and we constantly have to deal
3 with that, and I'm glad to join him in the use of that
4 comment. We know additional progress needs to be
5 made, it is very difficult to get State agencies to
6 commit to timetables and specific actions, and you
7 struggle to not come up with the least common
8 denominator type of a program.

9 I've served as Chairman of this Interagency
10 Working Group since its creation and, maybe by way of
11 background, the genesis, I think, of the State's work
12 in Bioenergy area probably began at this Commission a
13 long long time ago because, when I was the Executive
14 Director of the Air Resources Board, I got drafted
15 into activities of this agency in its efforts to keep
16 alive the earliest Biomass facilities as they faced
17 their first what has turned out to be years of cliffs
18 of survival. I also got involved in it because the
19 Department of Forestry was persisting in burning up
20 everything in sight and, as an air quality person,
21 that had to be changed and the Ag industry used to
22 burn everything and, as an air quality person, that
23 had to change. So, that began the synergism of what
24 has been decades of work in this area. When I was
25 Deputy Secretary of the Resources Agency many years

1 ago, Secretary Nichols allowed me to start a Bioenergy
2 Interagency Working Group of sorts. When I came here,
3 the responsibility for that was delegated to this
4 agency, with a few other things that followed me over
5 here. The newly elected Governor Schwarzenegger,
6 then, revitalized the group, called for the creation
7 of a new group, and laid out some goals and objectives
8 for us to pursue, and that was done in the Action Plan
9 in his subsequent Executive Order, and as has been
10 debated quite a bit lately, the current findings, as I
11 understand it, that the directives of the Governor's
12 Executive Order continue as State policy into
13 succeeding administrations, unless repealed. And I
14 have not seen any effort to repeat. I think this
15 Governor will speak out on this subject once he gets a
16 few other issues under control.

17 Anyway, as a result of all of the above, the
18 Commission and our partners continue to be tasked to
19 implement the Action Plan and to work to meet the
20 State's goals, and we'll do that. There's a strong
21 synergy as we've noted between the Action Plan and the
22 policies articulated in Governor Brown's Clean Energy
23 Plan, particularly his renewable energy goals, which
24 start at 12,000 megawatts of localized energy and
25 distributed generation. The Bioenergy Plan calls for

1 the utilization of our waste resources, as I've
2 referenced, agriculture, forest and urban waste, you
3 know, dairy waste, landfill gas, wastewater treatment
4 activities, and this is localized use in perhaps its
5 most efficient form and example. And as indicated
6 earlier today, Waste Management produces fuels from
7 landfill gas for its fleet of garbage trucks, and
8 we've got many examples, many of the AB 118 projects
9 fulfill some of those goals. The Governor has stated
10 his support for the development of compatible
11 renewable energy facilities in the Ag sector, and here
12 is where Bioenergy really hits a big bull's eye, Dixon
13 Ridge Farms makes renewable energy from a generator
14 that runs off walnut shells, cuts their energy costs
15 by about \$45,000 from their \$250,000 energy cost.
16 Gills Onions Waste Energy Project is the first food
17 facility to use 100 percent of its output for
18 electricity needs; this is PIER success story, it was
19 PIER Programs that even brought that project to
20 fruition, and this agency, along with Gills Onions,
21 last year, were given a significant award in the Green
22 Energy Summit for that activity; Fiscallini Farms in
23 Modesto has been referenced before and has gotten
24 another project that my Advisor, Sarah Michael,
25 visited just yesterday with the groundbreaking for

1 that. The Governor wants to get the State agencies on
2 the same page as the speed of regulatory processes for
3 energy projects, and in this particular area, the
4 agencies have worked hard to coordinate our efforts
5 and have developed two programmatic Environmental
6 Impact Statements to streamline permitting, one of
7 which was done by the Regional Water Quality Control
8 Board under the auspices of the Water Board. So, that
9 was a very significant accomplishment relative to the
10 conversion of urban waste to energy, and we hope in
11 the next couple of years we'll see even more of this.
12 The plan calls for the creation of some form of
13 centralized permitting and a Web Portal for
14 developers, that has proven to be a very difficult
15 task for government and for all the four decades plus
16 that I've been involved in it, and yet we have assumed
17 it as a challenge to pursue in this arena because it
18 fits with what the Governor wants to do. So, there's
19 lots of challenges facing bioenergy development, not
20 the least of which is the difficult financial straits
21 we find ourselves in, the 2011 Plan attempts to
22 address many of them, and I therefore would like to
23 move its adoption.

24 COMMISSIONER DOUGLAS: Second.

25 CHAIRMAN WEISENMILLER: Okay, all in favor?

1 (Ayes.) It's unanimous. Thank you.

2 CHAIRMAN WEISENMILLER: As indicated, Item
3 11 has been held, so we're looking at Item 12, the
4 Minutes. Possible approval of the March 9, 2011
5 Business Meeting Minutes.

6 VICE CHAIR BOYD: Move approval.

7 COMMISSIONER DOUGLAS: Second.

8 CHAIRMAN WEISENMILLER: All in favor?

9 (Ayes.) That is also approved.

10 Item 13. Commission Committee Presentations
11 and Discussions. Jim, I know you've been busy.

12 VICE CHAIR BOYD: Well, I will just defer to
13 Carla first.

14 COMMISSIONER PETERMAN: Thank you. I just
15 want to report back on a meeting that Chair
16 Weisenmiller and myself and a few staff had yesterday.
17 Yes, we met with some representatives from Google who
18 were involved in some of their energy initiatives to
19 discuss potential collaboration between the CEC and
20 Google. Some interesting opportunities could emerge,
21 and one area, in particular, is some assistance with
22 mapping and improved mapping of our environmental and
23 biological conditions, as well as the conditions of
24 the electricity and natural gas infrastructure.
25 Improved mapping will assist the CEC, developers, the

1 public, and various stakeholders, as we try to site
2 more renewables on previously under-reviewed areas.
3 In addition, there is a significant amount of data
4 that the CEC has going back to its beginning that
5 might be useful in siting cases, as well, that we
6 currently don't have digitized, or it's not as easily
7 accessible to the public or developers, and so we're
8 also speaking with them about better management and
9 use of that data. So, look forward to seeing what
10 opportunities might emerge.

11 VICE CHAIR BOYD: That's fascinating since
12 Google Maps helped us a lot in the PIER Programs for
13 climate research, and there's a very significant
14 output that was generated from that, so that's very
15 encouraging.

16 What I'd like to mention, fellow
17 Commissioners, is the Japan earthquake and the
18 consequences thereof. One of my other duties, as a
19 required kind of thing a long time ago, was to be the
20 State's liaison for the Nuclear Regulatory Commission,
21 which somebody told me once was no big deal. It's
22 been rather busy most of my career here, but it's been
23 exceptionally busy in the better part of the last
24 week, the incredible tragedy in Japan. I mean, to be
25 hit with one of the largest earthquakes on record, to

1 have an almost immediate Tsunami that damaged the
2 people and their infrastructure, and the nuclear plant
3 which became the third horseman of the apocalypse to
4 visit them, has left everybody shaken. But we, this
5 agency, and our lone heroic senior Nuclear Advisor,
6 Barbara Byron, who is a Retired Annuitant, even she
7 put in an incredible amount of time in on this
8 project, but we followed this situation, the first
9 issue for us was the Tsunami Alert and a concern about
10 that event and what the magnitude, the timing and the
11 magnitude, and the duration might be, and whether it
12 would affect California's infrastructure, a major
13 concern, of course, was the two nuclear - the coastal
14 nuclear plants, and an additional nuclear fuel storage
15 facility on the coast. While we weathered that issue
16 quite easily, not true for, let's say, the people in
17 Crescent City and the people in the harbor in Santa
18 Cruz, but that part of our concern was taken care of
19 by late Friday of last week; however, everybody then
20 turned their alert status up, quite frankly, to follow
21 what was happening in the nuclear power plants in
22 Japan and, to this day, we still with fingers crossed
23 follow that situation. That generated an incredible
24 amount of concern and interest in California's nuclear
25 power facilities, there was a hearing at the beginning

1 of this week, a very lengthy hearing by the Special
2 Committee in the Senate, on earthquake preparedness,
3 and what have you. And I guess the hearing started at
4 noon and ended at 5:30 with a brief break for a floor
5 session. But there's been a lot about it in the
6 Press. And we are, of course, the locust of a lot of
7 attention because this agency several years back,
8 pursuant to legislation offered by then Assemblyman
9 Blakeslee, undertook a very extensive review as
10 provided by that legislation of the impacts upon
11 California's energy system that could occur as a
12 result of the loss of our two most significant plants,
13 mainly, our two nuclear plants. And secondly, and
14 maybe the major thrust, was seismic concerns relative
15 to those two plants, and we and the utilities in
16 question and the PUC and many State agencies have
17 since that time been engaged in continuing dialogue
18 about concerns. The IEPR, the 2008 and 2009 IEPR,
19 this agency went to great lengths to discuss the
20 subject and predicated upon a very in-depth consultant
21 report by an organization known as MRW, and I think
22 the "W" is sitting to my right, on that subject, which
23 was landmark in terms of for 30 years the issue had
24 not been pursued with much interest, and basically
25 this agency has the responsibility to find that, you

1 know, to not every license a power plant, a nuclear
2 power plant, unless there's a finding that the Federal
3 Government has finally solved the waste problem and,
4 of course, this agency has found that they haven't.
5 In any event, there remain concerns about seismic
6 activity in California and off the Coast of
7 California. New faults have been discovered and we
8 are arm wrestling with at least one of the two
9 utilities over them completing recommendations made by
10 this agency, which has no regulatory authority over
11 them, and so we work with the PUC to carry out three
12 seismic studies of some of the latest discoveries of
13 earthquake faults. That issue has been dragging
14 agonizingly along; the tragedy in Japan, I have a
15 feeling, will result in, and has resulted, in new
16 attention, particularly by the Legislature, on this
17 subject. And I'm sure there will be continuing
18 negotiations with the one utility that has already
19 filed for its relicensing, even that - and licenses
20 don't expire until the 2020's, long after we've all
21 left this body, most likely, but there will be more to
22 follow, the workload will continue for quite some
23 time. I will say that Senator Blakeslee who sat in on
24 the hearing really lit into that one utility in
25 California that has taken an exceptional amount of

1 criticism of late, and if they don't succumb to do all
2 the studies of seismicity that were called for by this
3 agency and echoed somewhat by the PUC, he has promised
4 legislation to see that it does occur. So, we will by
5 necessity be continuing to follow the subject, which
6 does consume a fair amount of folks' time. So, enough
7 said, that's kind of the most recent reading on the
8 situation, unfortunately we don't exactly know when we
9 will end the concern for radiological releases from
10 the plants in Japan, they struggled mightily to keep
11 that issue under control. We don't have boiling water
12 reactors in California, and I've not paid that much
13 attention to them over the years, and I was surprised
14 to learn that their spent fuel pool was four stories
15 in the air above the reactor that's not in the ground
16 like giant swimming pools, as are the California
17 reactor power plant, spent fuel pools, but we use
18 pressurized water, of course, as does most of this
19 country. Anyway, I best stop, otherwise I could go on
20 and on and on. This is quite an issue and we have one
21 immense friend in Senator Blakeslee, I just hope it
22 pits us well in other areas. But he continues to
23 champion and speak about the good work of this agency
24 in this particular area, and it's nice to have a
25 friend once in a while.

1 CHAIRMAN WEISENMILLER: Well, certainly,
2 Vice Chair. All of us appreciate your efforts on
3 this, as you've been passionate in the spotlight on
4 Bioenergy area, certainly the nuclear stuff has moved
5 into a major major issue with the state. And you and
6 certainly Barbara have stepped forward to help the
7 decision makers try to make sense out of this, and
8 sort of the - I want to say - cloud of confusion of
9 what exactly is going on in Japan and what are the
10 implications for us.

11 VICE CHAIR BOYD: Well, I thank you for that
12 and I feel very good about the fact that, when I do
13 leave this body at the end of this calendar year, that
14 you are here to take up the baton and continue the
15 interest because you have an incredible background in
16 this subject area. And as I said, the W in the MRW
17 report is our Chairman and he has a lot of knowledge
18 in this subject area. And we have consulted a lot in
19 the last week on this issue.

20 CHAIRMAN WEISENMILLER: Thank you.

21 Item 14. Chief Counsel's Report?

22 MR. LEVY: I have no report today.

23 CHAIRMAN WEISENMILLER: Item 15. Executive
24 Director's Report?

25 MS. JONES: I have nothing to report today.

