

Commissioners Present

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

Staff Present:

Michael Levy
Rob Ogelsby
Jennifer Jennings
Lynn Sadler
Harriet Kallemeyn

	Agenda Item
Craig Hoellwarth	2
Jenny Wu	3
Rebecca Menten	4
Laurie ten Hope	5
Jamie Patterson	5 & 6

Interested Parties

	<u>Item #</u>
Bill Torre, SDG&E	5 & 6

Proceedings

Items

1. CONSENT CALENDAR 7
 - a. INTELLIGENCE PRESS. Possible approval of Purchase Order 11-445.03-002 for \$14,375 to Intelligence Press to renew the Energy Commission subscription to Natural Gas Intelligence for August 8, 2011 to August 8, 2012. The newsletter subscription allows Energy Commission staff access to an electronic array of articles and data on natural gas issues. In addition, the subscription allows access to daily, bidweek, and weekly natural gas prices at over 100 North American hubs, as well as historical data on natural gas prices. (ERPA funding.)
 - b. CITY OF CALIMESA. Possible approval of Amendment 2 to Agreement CBG-09-048 with the City of Calimesa to increase the grant amount by \$6,288, revises the scope of work, and revises the budget. The final grant amount will be \$42,246, which is the maximum amount originally offered the city under Solicitation PON-09-001. The scope of work is expanded to six new HVAC units, two of which will be partially grant funded. (ARRA funding.)
 - c. TOWN OF WINDSOR. Possible approval of Amendment 1 to Agreement CBG-09-062 with the Town of Windsor to change the project from both induction and LED streetlights to LED streetlights only, and extend the term to June 14, 2012 to allow additional time to complete the project. (ARRA funding.)
 - d. CITY OF CALIPATRIA. Possible approval of Amendment 1 to Agreement CBG-09-120 with the City of Calipatria for a no-cost time extension from October 17, 2011 to June 14, 2012. The scope of work, budget, and total grant amount of \$48,693 are unchanged. (ARRA funding.)

I N D E X

Page

Items

1. CONSENT CALENDAR (Continued).
 - e. TOWN OF SAN ANSELMO. Possible approval of Amendment 1 to Agreement CBG-09-122 with the Town of San Anselmo to change from LED streetlights only to options including LED and induction streetlights, and for a no-cost time extension from October 10, 2011 to June 14, 2012. (ARRA funding.)
 - f. TOWN OF MORAGA. Possible approval of Amendment 1 to Agreement 007-09-ECA with the Town of Moraga to extend the term of the agreement from March 31, 2012 to September 1, 2012. The project includes HVAC equipment, building insulation, upgraded parking lot and street lights, lighting controls and a photovoltaic system. The time extension is needed to complete seismic upgrades that must be done before the photovoltaic system can be installed. (ECAA funding.)
 - g. CITY OF SOUTH PASADENA. Possible approval of Amendment 1 to EECBG Agreement CBG-09-183 with the City of South Pasadena to revise the Scope of Work and Budget. The original project included traffic signal upgrades and HVAC replacements. The revised scope of work now includes the retrofit of incandescent pedestrian signals to LED pedestrian signals, and upgrades to City Hall including wall insulation, HVAC equipment, ducting modifications, temperature sensors and controls. In addition, 55 high pressure sodium street lights will be replaced with LED units. The revised project meets all program requirements. While the grant award remains unchanged (\$136,878), the budget has been revised to reflect the new Scope of Work. (ARRA funding.)

I N D E X

Page

Items

1. CONSENT CALENDAR (Continued).
 - h. CPV SENTINEL ENERGY PROJECT (07-AFC-3C). Possible approval of Petition to Amend to Modify the General Arrangement of Project Components Within the Project Site. If approved, the Petition would allow for changes in the location and size of several structures within the 37 acres of the original site. Additionally, new 49-foot-tall wastewater collection tank is proposed to replace the two 40-foot-tall ZLD evaporator towers within the wastewater treatment area. Staff has determined that the proposed modifications will have no significant effect on the environment, that there will be no changes to or deletions of any Conditions of Certification, and that the project as modified will maintain full compliance with applicable laws ordinances and regulations.
2. EMPLOYMENT TRAINING PANEL. Possible approval of Amendment 2 to Contract 180-09-002 to recover \$308,132 of under-spent funds from the Employment Training Panel for reallocation to the Clean Energy Workforce Training Program. (ARRA funding.) 7
3. CITY OF FRESNO. Possible approval of Amendment 1 to Contract 400-09-032 with City of Fresno Sustainable Fresno Division to add \$500,000 to the Fresno Regional Comprehensive Residential Retrofit Program to support existing program activities and expand program coverage in the San Joaquin area to include Tulare County. (ARRA funding.) 8

I N D E X

	Page
Items	
4. LOCAL GOVERNMENT COMMISSION. Possible approval of Amendment 1 to Contract 400-10-004 with the Local Government Commission to add \$5 million, contingent upon the availability of funding. The additional funding would be available to augment a statewide credit enhancement program, such as a loan loss reserve fund available for energy efficiency financing. Additionally the amendment would extend a revolving loan fund to the Sonoma County Energy Independence Program and develop contingency plans for under-spent funds. (ARRA funding).	10
5. SAN DIEGO GAS & ELECTRIC COMPANY. Possible approval of Contract 500-11-006 for \$539,350 with San Diego Gas & Electric Company to determine the best location for energy storage to maximize effectiveness with residential renewable generator clusters. (PIER electricity funding.)	15
6. SAN DIEGO GAS & ELECTRIC COMPANY. Possible approval of Contract 500-11-007 for \$680,000 with San Diego Gas & Electric Company to assess the grid impact of charging plug-in electric vehicles. This project is to develop and electric vehicle charging simulator for distribution feeder modeling. (PIER electricity funding.)	15
7. Minutes:	23
a. Possible approval of the September 7, 2011, Business Meeting Minutes.	
Commission Committee Presentations and Discussion	24
Chief Counsel's Report	33
Executive Director's Report	36
Public Adviser's Report	41
Public Comment	41
Adjournment	41
Certificate of Reporter	42

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

P R O C E E D I N G S

SEPTEMBER 21, 2011 10:05 a.m.

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

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

CHAIRMAN WEISENMILLER: Good morning. Let's take up the Consent Calendar.

COMMISSIONER DOUGLAS: Move.

COMMISSIONER BOYD: Second.

CHAIRMAN WEISENMILLER: All those in favor?

(Ayes) This passes unanimously.

Let's go on to Item number 2 which is the Employment Training Panel. Possible approval of Amendment 2 to Contract 180-09-002 to recover \$308,132. And this is ARRA funding. Craig?

MR. HOELLWARTH: Yes. My name is Craig Hoellwarth. I'm the Manager of the Commission's Clean Energy Workforce Training Program contract with the Unemployment Training Panel. The contract number is 180-09-002. I'm here to request approval for Amendment 2 of the Employment Training Contract to recover an additional \$308,132 from six underperforming ETP programs. This is in addition to

1 the \$1,217,471 previously recovered from the ETP in
2 Amendment number 1.

3 We expect the additional \$318,132 to be
4 reallocated to the Clean Energy Workforce Training
5 Program which is to be determined by the ARRA
6 Committee.

7 Are there any questions?

8 CHAIRMAN WEISENMILLER: Thank you.

9 Commissioners, any questions or comments?

10 COMMISSIONER DOUGLAS: No. No questions or
11 comments. I've reviewed the issue of pulling back
12 this amount of funding and recommend it to the
13 Commission. I move approval of Item 2.

14 COMMISSIONER BOYD: So since Commissioner
15 Douglas is in effect our ARRA Committee and recommends
16 the item. I too have looked at it and I'll second the
17 motion.

18 CHAIRMAN WEISENMILLER: Thank you. All
19 those in favor?

20 (Ayes) This Item passes unanimously.

21 MR. HOELLWARTH: Thank you.

22 CHAIRMAN WEISENMILLER: Thank you. Item
23 number 3. City of Fresno. This is possible approval
24 of another Amendment and this is to add \$500,000 to
25 the Fresno Regional Comprehensive Residential Retrofit

1 Program. And this is also ARRA funding. Jenny?

2 MS. WU: Good morning. My name is Jenny Wu
3 and I'm with Efficiency and Renewable Energy Division.
4 I'm seeking approval of Amendment 1 to an ARRA funded
5 retrofit contract with the City of Fresno to add
6 \$500,000 dollars to support and extend existing
7 program activities into Tulare County. Currently the
8 City administers the Fresno Regional Comprehensive
9 Residential Retrofit Program in Fresno County and Kern
10 County. The program delivers whole house home energy
11 ratings to homeowners Building Performance Institute
12 Certification training for contractors and public
13 education on the whole house approach to program
14 partners and consumers.

15 This amendment, if approved, will enable the
16 program to make these services available in Tulare
17 County and to extend the program footprint in San
18 Joaquin Valley Region. With that, I request approval
19 of this Item and I'm happy to answer any questions
20 that you may have.

21 CHAIRMAN WEISENMILLER: Thank you.

22 Commissioners, any questions or comments?

23 COMMISSIONER DOUGLAS: Just a brief comment.

24 The City of Fresno has shown really impressive
25 leadership in pulling this residential retrofit

1 program together. I'm particularly pleased that part
2 of this augmentation would also expand the program
3 coverage within the San Joaquin Valley area. I also
4 recommend this one for the Commission's approval. I
5 think that this is a strong program and it's nice to
6 see a strong program in the Central Valley with a lot
7 of leadership there from committee organizations and
8 others but, particularly, the City of Fresno.

9 COMMISSIONER BOYD: Well, I'll second the
10 motion and agree with all that Commissioner Douglas
11 indicated with regard to the seeing-being pleased to
12 see the expansion and growth of this into a greater
13 area in the Valley. An area that certainly needs help
14 with these types of activities in light of today's
15 economy. So you have a second.

16 CHAIRMAN WEISENMILLER: All those in favor?

17 (Ayes) This Item passes unanimously.

18 Thank you. Let's go on to Item 4. Local
19 Government Commission. Possible approval of an
20 Amendment Contract with the Local Government
21 Commission to add \$5 million, contingent upon the
22 availability of funding. This is ARRA funding.
23 Rebecca?

24 MS. MENTEN: Hello. My name is Rebecca
25 Menten. You can call me Becky. I work in Efficiency

1 and Renewables upstairs. I'm the Contract Manager for
2 the Local Government Commission Contract. Approval of
3 this requested formal Amendment today would handle a
4 number of things. It would, basically, take care of
5 course corrections that were needed in the midst of
6 the contract. We've encountered challenges with the
7 Community Redevelopment Agency of Los Angeles as a
8 result of the passing of the budget and are therefore
9 proposing to move the program to the Community
10 Development Department. This would have a number of
11 other benefits as well as the Community Development
12 Department overseeing the funding and would streamline
13 delivery of a leverage program.

14 Additionally this Amendment responds to the
15 passing of AB 1X-14, Assembly Bill 14, which
16 established a \$50 million credit enhancement fund
17 under CAEATFA, the California Alternative Energy and
18 Advanced Transportation Financing Authority. This
19 Amendment would remove them from this contract as they
20 now have a \$50 million program to run and would
21 reallocate that funding to the Local Government
22 Commission to establish a statewide loan loss reserve
23 fund available for existing and emerging government
24 financing programs.

25 Finally, this would also reallocate some

1 money originally allocated to CAEATFA to the County of
2 Sonoma to support their existing, successful Sonoma
3 County Energy Independence Fund. This is a PACE
4 program that's been underway for about two-and-a-half
5 years and has successfully committed about \$50 dollars
6 worth of financing for Energy Efficiency and Renewable
7 Energy Projects. This would be available to help
8 smaller residential contractors who have currently the
9 inability to carry the cost of projects for the 30-45
10 day period between completing the project and
11 receiving reimbursement due to the bonding process.
12 It should be reduced very significantly for those
13 contractors and allow more smaller contractors to
14 access the benefits of the program in Sonoma County.
15 I'm available to answer any questions that you have
16 about this Amendment. I look forward to this
17 discussion.

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

20 COMMISSIONER DOUGLAS: I just have a brief
21 comment which is I would note that the additional
22 funding in this contract is contingent on the
23 availability of funding so as we move towards the—
24 closer and closer to the end of the ARRA funding
25 period and closer to the deadline, we have some

1 contracts that clearly can absorb additional funds for
2 good purposes and this is one of them but an
3 additional \$5 million on top of the existing contract
4 amount would be contingent on those funds being
5 available.

6 COMMISSIONER PETERMAN: I'll just add the
7 comment that I think this is for a good purpose. The
8 PUC and their Energy Efficiency Financing Gaps Report
9 recently highlighted the benefit of the loan loss
10 reserve programs in terms of securing more energy
11 efficiency and so I'm glad to see the opportunity for
12 more money to go into this area.

13 COMMISSIONER BOYD: I was just going to
14 indicate that I appreciate Commissioner Douglas'
15 comments about the probability of there being funds
16 available to handle this for all the reasons said
17 before. This would be a good thing to do. It is
18 contingent upon the availability of funds. It sounds
19 like funds are likely to be made available so I think
20 it's a very positive step.

21 COMMISSIONER DOUGLAS: I will, if there are
22 no other comments, move approval of Item 4.

23 COMMISSIONER PETERMAN: I'll second that.

24 CHAIRMAN WEISENMILLER: Okay. All those in
25 favor?

1 (Ayes) This Item also passes unanimously.

2 COMMISSIONER DOUGLAS: And, Chair

3 Weisenmiller, either now or during the Committee
4 Presentations, if I can now I'd also like to point out
5 that there was an article in the *New York Times* about
6 Commercial PACE Programs. This Local Government
7 Commission Contract funds 3 very innovative, or
8 supports, 3 very innovative, commercial PACE programs.
9 One in the City and County of San Francisco, the City
10 of Los Angeles and Placer County. Placer County has
11 been operating its Commercial PACE Program for months.
12 The Program utilizes County Treasury funds to provide
13 low interest loans to commercial institutions in the
14 Placer County area.

15 Both the City and County of San Francisco
16 and the City of Los Angeles offer innovative, owner-
17 arranged financing PACE models. Under this model the
18 property owner seeks out an interested lender and
19 structures the financing and terms and when the deal
20 is reached, the financial institution gets the benefit
21 of a high quality product secured by a PACE link.

22 Both programs are offering an innovative
23 loan loss reserve using Energy Commission recovery act
24 funds which pairs the already highly secure PACE model
25 with an additional risk sharing model to lower terms

1 and to attract more lenders to the market.

2 The City of Los Angeles program is
3 specifically focused on retrofitting buildings, a
4 process that examines the entire building as a system
5 and focuses on hardwired, long-lasting upgrades to
6 improve the way the whole building uses energy.

7 So I wanted to just note that as we see news
8 and positive coverage of Commercial PACE programs.
9 That there's a program in Sacramento that was
10 discussed in the *New York Times* article and there's
11 also these other three that are supported through this
12 contract.

13 CHAIRMAN WEISENMILLER: Thank you. Let's go
14 on to—we'll be hearing Items 5 and 6 at the same time.
15 Laurie?

16 MS. TEN HOPE: Good morning, Chairman and
17 Commissioners. I'd like to provide a couple of
18 comments on context for the next two items and then
19 I'll turn it over to Jamie Patterson to present the
20 Items.

21 For the record, I'm Laurie ten Hope. I'm
22 the Deputy Director for Research and Development.

23 I wanted to provide a couple of comments
24 given the where we are with the PGC reauthorization.
25 As you know, the legislature did not extend the PGC

1 funds this session. So, given that, we are reviewing
2 our proposed research awards as well as new
3 solicitation releases. We're considering what changes
4 to make, if any, to our previously approved investment
5 plans.

6 We're proceeding cautiously and deliberately
7 during this transition. The program may be
8 reauthorized at a later date. In the meantime, we'll
9 continue to manage the projects that we've already
10 funded. We also expect to continue to propose some
11 additional rewards for your consideration at upcoming
12 business meetings. We will resume a solicitation
13 schedule shortly to fully utilize remaining funds and
14 to fulfill our contractual obligations.

15 Though this assessment is not complete, I'm
16 recommending you consider approving the next two PIER
17 proposed awards to San Diego Gas and Electric. These
18 two projects relate to our top priority policy goals,
19 enabling renewables through effective use of storage
20 and assessing the grid impact of charging plug in
21 electric vehicles. Though taken together they're over
22 \$1 million they have been under development for
23 several months and it would be a loss to the rate
24 payers if they did not succeed.

25 I'm available to answer any questions you

1 have. And after your questions, I'll turn it over to
2 Mr. Patterson.

3 CHAIRMAN WEISENMILLER: Thank you, Laurie
4 for giving the context. I think it's important for
5 people to know that the program, while wounded, is
6 alive and well. And we're marching forward in a
7 prudent fashion.

8 COMMISSIONER BOYD: Mr. Chairman, let me
9 just say, since you and I constitute the R&D Committee
10 and have been dealing with Laurie and her staff on the
11 PIER program, its presence and its future. I
12 appreciate Laurie's comments. I think they're right
13 on target with what would be a responsible course of
14 action to take. I expect that she and her staff and
15 we will continue to look at what is the best use of
16 the remaining program funds and how we establish
17 management of the ongoing projects, some of which will
18 run quite some time into the future, while we
19 concurrently deal with the fact that the program will
20 sunset at year's end; and that, possibly, other
21 actions can be taken that we can support that will
22 provide that there is a form of public interest
23 research continued in the future. Should that not be
24 the case, then we would work to properly steward the
25 funds as the Deputy Director has indicated but, in the

1 meantime, I think that it is prudent to continue to
2 look at programs and ascertain what is the best use,
3 the highest priority use, of the existing funds and
4 what are the priorities we have to address and would
5 we do that with some of the ongoing programs or would
6 we do it with our ability to fund a few additional
7 programs. Thank you, Laurie for those comments. It's
8 right on with what you've started to do with us as the
9 Research Committee and we will continue to work with
10 you and our Executive Director team, our Executive
11 Director included, on what our future will be. So,
12 thank you very much. I'm prepared to hear the
13 guidance.

14 MS. TEN HOPE: I just want to thank all of
15 the Commissioners for all of their support during this
16 transition. It's challenging but it's workable.
17 Thank you. Jamie?

18 MR. PATTERSON: Good morning, Commissioners.
19 I'm Jamie Patterson. I'm a Senior Electrical Engineer
20 within the PIER Program. I have these two items,
21 number 5 and 6 with San Diego Gas and Electric
22 Company. With me today is Bill Torre of San Diego Gas
23 and Electric. He is the Chief Engineer and Manager of
24 the Research and Development down there. He has some
25 comments on both of these projects that he would like

1 to do after I do the presentation of them for you.

2 The first project Item 5 is to determine the
3 best location for energy storage to maximize
4 effectiveness with residential renewable generator
5 clusters. As you know, renewable generation is
6 fortunately growing, particularly along distribution
7 lines in the residential sector. They're forming
8 grids. We feel that storage could help enhance their
9 integration into the grid.

10 This particular project will be looking at
11 where to put such storage. Traditionally storage is
12 located at the substation level. However this one is
13 going to look at small amounts of storage placed on
14 the low voltage side at the residences and see if
15 those, operated together or independently, will be a
16 most cost effective solution to then operating storage
17 at a substation level.

18 The second particular project happens to be
19 assess the grid impacts of charging plug in electric
20 vehicles by developing an electric vehicle simulator.
21 This particular simulator will provide numbers,
22 numerical data actually, on the impact that can be
23 applied to distribution models that are used by all of
24 the utilities. We have formed up with this particular
25 simulator; we have formed the projects so that the

1 simulator will be available for projects by other
2 utilities throughout California and available for
3 their use as well.

4 With that, I'd like to present Mr. Torre of
5 San Diego Gas and Electric.

6 MR. TORRE: Good morning, Commissioners.

7 CHAIRMAN WEISENMILLER: Good morning.

8 COMMISSIONER BOYD: Good morning.

9 MR. TORRE: I'm pleased to be here and I'm
10 very pleased that these projects are before you for
11 approval. I just want to say that I believe these are
12 the right types of projects for the CEC PIER Program.
13 They'll definitely help the utilities to achieve the
14 state mandated goal that we're trying to achieve,
15 especially regarding the renewable generation.

16 It will directly benefit the utility IOU
17 ratepayers that are helping to fund the PIER program.
18 I just encourage you to support some of our projects
19 in the future, that's a comment I have. I just want
20 to say also that CEC staff is good to work with, in my
21 personal experience, and I've been working with the
22 PIER program since the beginning, almost over 20
23 years. The advantage of the PIER funding—really one
24 of the advantages that I see is that it allows us to
25 adjust the scope to a wider group unlike other funding

1 approaches. The EV simulator is something that other
2 utilities can use to assess the impact of electric
3 vehicles to their distribution system.

4 The effects of clustering high density PV
5 and distributed generation and the optimization of
6 energy storage to mitigate that impact is what they
7 other project is addressing.

8 That's about it. The PIER program does
9 allow this to give out enough scope to do projects
10 like these. I appreciate it.

11 CHAIRMAN WEISENMILLER: Certainly, thanks
12 for being here and we appreciate the opportunity to
13 work with you and support your company and PGC
14 discussion. I think this indicates the type of
15 project we'd like to see going forward, particularly
16 one where hopefully all of the utilities in California
17 can benefit from the research along with all the
18 public agencies.

19 MR. TORRE: Right.

20 CHAIRMAN WEISENMILLER: So again, I'll defer
21 to the other Commissioners for questions. Obviously,
22 one of the very good parts about it is to the extent
23 that San Diego is really the test bed on EV issues
24 but, again, trying to build off of your experience
25 with these models and be able to take into account

1 statewide. It's very good. Any other questions or
2 comments?

3 COMMISSIONER BOYD: I don't have a question,
4 Mr. Chairman, but I do have a comment. I do
5 appreciate you being here; appreciate your comments
6 about the value of research projects like this. I
7 just want to add on the second Item, about electric
8 vehicles, I spent half a day yesterday fulfilling my
9 responsibilities to this Commission as Chair of the
10 Plug In Hybrid Electric Vehicle Research Advisory
11 Committee. This is the type project that is seen as
12 something very positive with regard to advancing
13 electric transportation in California. Also, the
14 almost year old now, Plug In--well, Plug In Electric
15 Vehicle Collaborative which is a much larger
16 stakeholder group that was created to foster and
17 promote electric vehicles in California and had its
18 last full board meeting in San Diego, hosted by SDG&E
19 and, of course, they made a detailed presentation on
20 their activities in this arena which were quite
21 impressive.

22 So your comments about them being a major
23 locust of activity are certainly on target. There are
24 other areas that we'd want to challenge and would want
25 to be considered equal but it is true that with the

1 Nissan Leaf and ECotality programs, the latter of
2 which we funded substantially with 118 funds, going on
3 down there it is a major locust of activity. This
4 should help all who are working on the subject in the
5 future with trying to develop the kinds of information
6 we need to ascertain how to accommodate the future of
7 electric vehicles. So I am obviously quite supportive
8 of this project, in fact quite supportive of both
9 projects, if I may. We reviewed them in the Research
10 Committee some time ago, re-reviewed them in light of
11 recent legislation actions and still agreed these are
12 the type projects we'd like to see go forward.

13 At the appropriate time, I'd be glad to make
14 a motion to approve both or each individual one,
15 whichever is preferred by our process here. If Mr.
16 Levy nods that it's okay to take them in a bundle that
17 would be fine.

18 I'll move approval of Items 5 and 6.

19 COMMISSIONER PETERMAN: I'll second.

20 CHAIRMAN WEISENMILLER: Okay. All those in
21 favor?

22 (Ayes) This resolution adopting these two
23 Items is passed unanimously. Thank you, Jamie. Thank
24 you, Bill.

25 Okay. Let's go on to Item 7 which is the

1 minutes.

2 COMMISSIONER BOYD: Move approval.

3 COMMISSIONER PETERMAN: I'll second.

4 CHAIRMAN WEISENMILLER: All those in favor?

5 (Ayes)

6 Let's go on to Item 8. Commission Committee
7 Presentations and Discussion.

8 COMMISSIONER BOYD: Mr. Chairman, I would
9 like to mention one very positive event that is just
10 taking place here at the Commission with regard to the
11 fact that we now are hosting two fellows on our staff.
12 And I see Johnny back there, I don't know if Elizabeth
13 is here or not.

14 Last Spring I think I noted to some of you
15 that I was approached by former Senator Polanco who,
16 under the auspices of the Legislative Latino Caucus,
17 has a fellows program operating. I was approached
18 with the idea if we would be interested in an Energy
19 Fellow. They did not have such a category at the
20 time. They expressed interest. Some of their
21 sponsors expressed interest in having same since
22 energy is a major focal point. Ultimately we agreed
23 to host a fellow and funded through their program.
24 When they got to the point of dealing with the fellows
25 they had selected to be in residence in the program

1 this year, two fellows expressed extreme interest in
2 the Energy Commission so we're benefiting double
3 rather than singularly from this opportunity and they
4 will be with us for four months and then they will go
5 to work in the legislature for, I believe, eight
6 months. I would like to introduce—I see Johnny back
7 there. Some of you may have already met him. Johnny
8 Pineda who is with us. Johnny, stand up and raise
9 your hand. And that's Elizabeth hiding behind the
10 pole. I guess she couldn't be with us today.
11 Elizabeth Munguia is working with us and I think
12 Commissioner Peterman has access to quite a bit of her
13 time as well.

14 COMMISSIONER PETERMAN: It's funny because I
15 was just thinking, "Wow. He has two fellows. How do
16 we get working with him more on this?" So far, we
17 have not had any access but I'm looking forward to it.

18 COMMISSIONER BOYD: Well, we've got you
19 programmed in so don't you worry. Anyway, I welcome
20 them here and I'm pleased to report that we've been
21 very fortunate to have people express such interest in
22 wanting to work with the Energy Commission. As
23 bruised and battered as we feel we've been, we still
24 have friends out there and people who find the energy
25 subject interesting.

1 The second comment that I would make is that
2 I continue to work with groups that we are part of
3 with regards to various issues in the transportation
4 area and one of the projects that is beginning to grow
5 in nature that Mr. Ogelsby and some staff are quite
6 aware of is the work that we're doing with the Air
7 Resources Board and the Fuel Cells Partnership on the
8 proposal by the Air Resources Board to implement a
9 clean fuels outlet program and there are some very
10 significant negotiations that are going on with all of
11 the stakeholders in that arena in order to try to
12 reach some sort of agreement on the further
13 implementation and installation of the hydrogen
14 fueling stations for the hydrogen vehicle component of
15 our statewide diversified alternative vehicle and
16 fuels program. This is turning into quite an
17 interesting event or opportunity, if it may seem that
18 way that was launched as a result of the Air Resource
19 Board's expressed intention to pull the trigger, as we
20 call it, on the Clean Fuels Outlet Program which would
21 require the oil industry to install service stations
22 or pumps for hydrogen vehicles. Instead of trying to
23 implement this through regulation, many people are
24 working hard to see if an agreement can be reached by
25 all the parties in question and the regulatory route

1 would not necessarily have to be pursued by the Air
2 Resources Board; but when you venture into the arena
3 these days of alternative fuels and vehicles you
4 necessarily find yourself touching the AB 118 program,
5 touching the low carbon fuel standards program,
6 touching AB 32 activities and therefore it gets rather
7 complex. This is going prove to be a very interesting
8 effort. Tim Olson on my staff is spending quite a bit
9 of his time in order to help augment the
10 Transportation Division's scarce resources these days
11 on the subject. I just wanted you to be aware of that
12 if that hadn't come to your attention. Thank you very
13 much.

14 CHAIRMAN WEISENMILLER: Thank you. I guess
15 I'll just mention a couple of things. First, I was
16 one of the keynote speakers at the CAISO Symposium
17 that occurred roughly two weeks ago and talked about
18 potential technology advances. I got a lot of help
19 actually from Laurie's staff, particularly Jamie, on
20 pulling together a presentation. I think it was
21 pretty well received and became the basis for the
22 CAISO breakout sessions on the second day. So I was
23 on a panel with DOE Representative, Lauren Azar, who
24 also did a very good presentation. We had a lot of
25 fun on that. Many of us were at the same dais earlier

1 dealing with the renewable issues and status report
2 and getting public comments on that. It was a long
3 day, as many of those are, with lots of comments.
4 We're sort of working through next steps on that. I
5 have to say that generally the reaction was favorable
6 from the Sierra Club to Southern California Edison,
7 I'd have to say, but with everybody providing
8 suggestions on how to enhance it.

9 And, finally, I was going to mention one
10 thing that Rob and I and Carla did was to meet with
11 the Effective Renewables and PIER Staff post-PGC to
12 talk to them about next steps. It certainly want to
13 thank the Public Advisor's Office for providing
14 cookies for the event as part of the solace for the
15 staff, we didn't have milk but we at least had some
16 cookies to ease their anxieties. So again, thanks.
17 Thanks, Lynn, for that. Karen?

18 COMMISSIONER PETERMAN: Again, I'll just
19 compliment, this is Commissioner Peterman, I'll just
20 compliment staff for all the great work they did for
21 the Renewable Issues and Cost Report. It's a very
22 comprehensive 300 plus pages, status of renewables now
23 and makes good reference material for those who are
24 working in this space.

25 I'll also highlight that we had a very good

1 workshop on pipeline biomethane and its eligibility in
2 terms of delivery requirements for the RPS as well as
3 the opportunities to develop instate biomethane
4 yesterday. It was very packed. People had to go into
5 the spillover room and we had a nice representation
6 from the utilities, the natural gas industry, consumer
7 advocates, environmental groups and the legislature.
8 It's a conversation that I think has been happening in
9 smaller groups around the state. It was nice to bring
10 everyone together to really talk about the challenges
11 and the opportunities.

12 What was clearly brought out is that
13 biomethane can serve as a real option for us in terms
14 of our renewable future. Some of the benefits of it
15 are is the ability to use it in our existing natural
16 gas plants and infrastructure as well as to serve as a
17 base load resource. I think the forum served to
18 answer some questions and clarify and educate us all
19 on the topic and so I look forward to further work
20 there.

21 And also just to take a minute to express my
22 sincere disappointment with the lack of authorization
23 of the Public Goods Charge. The research, the energy
24 efficiency, the renewable programs and policy that
25 have been over the last 10 years in the PGC have been

1 instrumental and essential in elevating California's
2 status as a developer of clean energy. I see all the
3 components of the program as key for achieving
4 successfully the goals we already have established in
5 legislation: our new 33 percent RPS, AB 32 and hopes
6 of other statutory goals that we have. I moved to
7 California seven years ago to do a PhD in energy
8 because, from New Jersey which I love, because
9 California is the place to do this type of work.
10 California has always been an innovator and a leader
11 and a role model not only for the rest of the country
12 but for the rest of the world and I continue to
13 believe that we need to toe the line on this. That we
14 have done a lot but we are at a crossroads here and
15 really embarking on something truly transformative and
16 this money, this policy work, is crucial for that.

17 Our staff who have been supported by the
18 PGC, have contributed to this debate. They have
19 provided sound policy analysis that I fear will not
20 happen if we don't have an agency like the Energy
21 Commission and the PUC doing this work. I ask all of
22 you who love California and moved here for the reasons
23 that I did to call your legislature, write your
24 Senator, write your assembly member and ask for this
25 funding to be restored. And, hopefully, we'll have

1 continued conversations on the subject.

2 COMMISSIONER BOYD: Mr. Chairman, if I might
3 augment my comments. Commissioner Peterman jogged my
4 memory into remembering not only did she and I sit
5 here all day yesterday afternoon on the workshop she
6 mentioned but on the ninth of this month we sat in
7 this room for an IEPR Workshop on Transportation Fuels
8 that was also equally jammed, interesting and brought
9 a lot of issues to the table. It demonstrated to a
10 lot of people of what I had said earlier about the
11 fact that this subject seeming to some people to be
12 very narrow is really part of this entire system. You
13 can't talk about vehicles and fuels without talking
14 about the entire host of activities going on in this
15 state: the low carb fuel standard, AB 32, our goals
16 for energy security through energy diversity. I think
17 it gave us and the staff an awful lot of material to
18 pore over and try to convince and the type of document
19 that we want for our IEPR. It also gave us additional
20 input that will be useful to us in the preparation of
21 our next AB 118 Investment Plan which the process is
22 beginning, literally, now since we have to submit a
23 draft of that plan pursuant to new legislation
24 concurrent with the Governor's budget in January.

25 And, I'm also reminded that on the

1 thirteenth of the month, I was asked by the Department
2 of Energy to join the Transportation and Energy
3 Ministerial Conference in San Francisco for the day
4 where administrators from all over the Pacific Rim
5 nations, as well as the Secretary of Transportation
6 and Secretary of Energy and the Governor sat to
7 discuss subjects that are near and dear to us in terms
8 of transportation and energy issues, it was quite an
9 interesting event.

10 The Governor made a very, very positive
11 statement that I think got quite a bit of press about
12 what we need to do, certainly endorse climate change
13 again and the actions that need to be taken. We got
14 some technical input on the status of biofuels which
15 just reminded me that we get varying inputs on the
16 status of biofuels and we're struggling to keep up
17 with that because of the tight IEPR schedule we
18 couldn't have a workshop solely on that topic this
19 year.

20 However, tomorrow, we having a joint
21 workshop. The Energy Commission and the California
22 Department of Food and Agriculture are having a joint
23 workshop that I call kind of the Energy Nexus Workshop
24 on the subject of biofuels. Some of it prompted by
25 the very uncomfortable and controversial discussion of

1 whether or not there should be corn ethanol processed
2 in California for fuel and how that was reflected in
3 our Investment Plan for the AB 118 program so we will
4 be—the Secretary of Agriculture—and we will be—
5 Commissioner Peterman and I will be part of an all day
6 workshop trying to find a nexus, trying to identify
7 potential business cases for California agriculture,
8 trying to get a better understanding and outreach to
9 them on the issues of energy as it relates to
10 agriculture and agriculture’s contributions to and
11 needs for for energy sources. That should result in,
12 as the Secretary of Agriculture said to me just
13 yesterday, addressing our need to reach out and
14 educate the agriculture community better than,
15 apparently, has happened in California before on this
16 obvious nexus and the potential for business growth
17 and job growth; therefore, not just putting another
18 type floor or providing a different revenue stream of
19 people engaged in agriculture in this state, some of
20 whom are struggling pretty desperately right now. So
21 thank you for the opportunity to reference those.

22 CHAIRMAN WEISENMILLER: Thank you. Chief
23 Counsel’s Report?

24 MR. LEVY: Good morning, Commissioners. Two
25 things. First, I’d like to request a closed session

1 to discuss facts and circumstances that constitute a
2 significant exposure to litigation against the
3 Commission. I'd like to request that you set that for
4 Friday at 1 o'clock p.m.

5 CHAIRMAN WEISENMILLER: I won't be in town.
6 Okay. Got it, fine.

7 MR. LEVY: That's okay.

8 CHAIRMAN WEISENMILLER: Right. Understand.

9 MR. LEVY: Thank you. The other issue is
10 that I'd like to, with your permission, introduce from
11 the Chief Counsel's Office we have this Fall—we have
12 three volunteers. We've also dubbed our graduate
13 fellows. Each of them has graduated law school and
14 has taken the bar exam this summer and they're eager
15 to begin their post-graduate legal experience here at
16 the Energy Commission. If you could stand up
17 gentlemen.

18 First is Len Aslanian. He's a graduate of
19 UCLA Law School where he was a Senior Editor of the
20 *UCLA Journal of Environmental Law and Policy* in which
21 he's also published. His previous legal internship
22 experiences include Natural Resources Defense Council
23 in Santa Monica, the Environmental Protection Agency's
24 Office of Enforcement and Compliance in Washington
25 D.C. and the California Department of Justice's

1 Environmental Section in Los Angeles. Len was also an
2 AmeriCorps Eagle Justice Work Summer Corps Fellow.

3 Christopher Stiles is a graduate of Pacific
4 McGeorge School of Law with a concentration in
5 Environmental Law. His previous internship
6 experiences include the Delta Stewardship Council,
7 California Department of Fish and Game and the
8 California Environmental Protection Agency. He is
9 also an All American in Water Polo.

10 Trevor Carson is also a graduate of Pacific
11 McGeorge School of Law with a concentration in
12 Business Law. He was Chief Articles Editor of the
13 Pacific McGeorge *Global Business and Development Law*
14 *Journal* in which he is also published. Trevor's
15 previous legal internship experience includes the law
16 firm of Hibbitt, Tarbell & Koehler, the CAISO, the
17 Planning Conservation League, the LA County District
18 Attorney, Roseville City Attorney and the California
19 Department of Real Estate. Trevor has also founded a
20 community soccer team and established Angel Tree at
21 McGeorge to help children of Shriner's Hospital.

22 Please join me in welcoming them to the
23 Commission. I'm sure they will not be bored this
24 fall.

25 CHAIRMAN WEISENMILLER: Welcome. Thank you

1 for participating in the Energy Commission activities
2 and helping our Chief Counsel's Office deal with its
3 workload. I am sure that this will be an interesting
4 and challenging times for you, as it is for us.

5 COMMISSIONER DOUGLAS: Welcome. Let me add
6 as the attorney on the Commission, that I've worked
7 especially closely at times with our legal office and
8 especially closely at times with many of the very
9 excellent legal interns who have come through here so
10 I expect that you will, as always, be given very
11 important work and we'll be relying on your very good
12 work and important decisions that the Commission makes
13 on a regular basis. Welcome.

14 CHAIRMAN WEISENMILLER: Executive Director's
15 Report.

16 MR. OGLESBY: Good morning. A couple of
17 items that I'd like to touch on. First, an update on
18 our activities related to the expenditure of ARRA
19 funds. This Business Meeting reflects our continuing
20 active management of the program as you've voted today
21 on a number of Items that adjust the schedules or the
22 reallocations of funds so that we can fully utilize
23 the ARRA fund. As you know, most of our challenge
24 relates to the fully utilization of funds that have
25 been awarded to various projects and localities in the

1 state. Shortly after I became Executive Director we
2 received an audit report from the State Auditor who
3 found a great deal, approximately 80 percent of the
4 balance of the funds remained unused in our accounts,
5 not fully used although the projects had been awarded
6 and the project was underway.

7 In response to that, we commissioned the
8 Department of Finance Office of Audits to visit all of
9 the (indiscernible) ARRA projects in the field and
10 verify the status, look at the documentation and do
11 kind of an in-depth look under the hood to see what
12 the progress is on fully utilizing the funds.

13 We've received a draft results of the
14 Department of Finance Audi and it does show a number
15 of projects that have some troubled signs and what is
16 going on in this moment is that we have contacted the
17 project and localities that have indicated—that are in
18 danger of having underutilized funds to ask them
19 whether they agree with the findings of the Auditor's
20 Office and also provide a plan on how they could fully
21 utilize funds and overcome the problems that have been
22 identified.

23 Our first choice remains successful,
24 completion of the projects that you have awarded, it
25 doesn't do—Objective 1A is to make sure that the

1 economic stimulus and the energy savings and the jobs
2 are created in the localities to which they were
3 awarded but there are a number of tools that we have
4 to reallocate funds should it become necessary to
5 recapture funds so they can be fully utilized.

6 You discussed one of those today. We have
7 some other ones that we are looking at and that
8 includes awarding funds to successful projects. Also,
9 there's a bill on the Governor's desk that would allow
10 us to shift funds to be utilized under the Department
11 of General Services if he signs that bill. That would
12 be another tool that could be incorporated fairly late
13 in the game which actually is a pressure release and
14 allows us more margin to manage projects that have
15 been awarded.

16 I should report to you that we received
17 communications from many of the localities that have
18 been identified or that became aware of our concern as
19 a result of the audit process. There's some creative
20 rededication of efforts to try to find or adapt their
21 programs to fully utilize the programs.

22 In terms of the amount of funds that are in
23 danger or that have been identified at risk, it's
24 something on the order of 10-15 percent of the funds
25 that have been awarded.

1 I should mention that a subset of that are
2 funds that may become available because projects have
3 completed their work under budget and on time so that
4 leaves some money that is left over. You've already
5 voted on a number of projects that have been adapted
6 to more fully utilize those funds at the locations for
7 the recipients. It's gratifying to know that some of
8 the award recipients have done just fine and are
9 finding ways to beat their budgets and relocate.

10 Nevertheless, there remains a sizeable
11 amount of projects, where we're waiting to hear back
12 from them that have been identified as slow to
13 progress.

14 The second item that I'd like to mention—I'd
15 like to recognize some of the staff that did duty
16 above and beyond the call of duty in working on the
17 Public Goods Charged Legislation. The legislature
18 session was certainly fractious at the end and we came
19 short of the finishline in getting the Public Goods
20 Charge reauthorized. It's useful to recognize the
21 great deal of effort that went into that effort and
22 the hard work and long hours that many of our staff
23 and others put in on that.

24 There's still a great deal of support for
25 the program. Efforts to reauthorize the Public Goods

1 Charge or continue the programs in some fashion are
2 active right now. People are kind of reassessing the
3 situation but in particular, on our staff, the legal
4 office worked long and hard, clearly Laurie ten Hope,
5 Panama Bartholomy, Robin Smutny-Jones and a host of
6 others did countless drills, long hours and expended
7 great effort in attempting to secure the
8 reauthorization of the Public Goods Charge and I
9 wanted to acknowledge their efforts and hard work
10 here.

11 CHAIRMAN WEISENMILLER: Agree. We certainly
12 appreciate as we were going through that last day; I
13 was certainly getting emails from Robin well past
14 midnight, as she was trying to sort out what was going
15 on. And also, on the ARRA stuff, certainly, want to
16 thank you again for your activities on that and thank
17 everyone. It's a very high priority for the
18 Commission. And, as you indicated, certainly as I've
19 gotten more involved talking to some of the
20 recipients, it's not unusual to say have a five
21 percent contingency fund built in and so the good or
22 bad news is that as projects are completed on time and
23 on budget, that then results in the five percent
24 shuffling back to us to find additional uses for it;
25 and of course that shuffle can be relatively late in

1 the process. Again, we will continue to have a very
2 priority both on the ARRA funds and also on PGC
3 issues.

4 Jennifer. Public Advisor's Report.

5 MS. JENNINGS: I have nothing to report.

6 Thank you.

7 CHAIRMAN WEISENMILLER: Thank you. Any
8 public comment? This meeting is adjourned.

9 (Whereupon, at 10:53 a.m., the Business
10 Meeting was adjourned.)

11

12

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 5th day of October, 2011.



PETER PETTY
CER**D-493
Notary Public