California Energy Commission
DOCKETED
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BUSINESS MEETING

BEFORE THE

CALIFORNIA ENERGY COMMISSION

In the Matter of:)
)
Business Meeting)
_____)

CALIFORNIA ENERGY COMMISSION

HEARING ROOM A

1516 NINTH STREET

SACRAMENTO, CALIFORNIA

WEDNESDAY, NOVEMBER 14, 2012

10:00 A.M.

Reported by:
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Commissioners Present

Robert B. Weisenmiller, Chairperson
Karen Douglas
Andrew McAllister
Carla Peterman

Staff Present:

Rob Oglesby, Executive Director
Michael Levy, Chief Counsel
Jennifer Jennings, Public Advisor
Harriet Kallemeyn, Secretariat

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P R O C E E D I N G S

NOVEMBER 14, 2012 10:09 a.m.

CHAIRPERSON WEISENMILLER: Let's start the meeting with the Pledge of Allegiance.

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

CHAIRPERSON WEISENMILLER: Good morning. This is an historic day, the cap and trade auction, hopefully, is occurring about now. It's the first step towards monetizing carbon in our energy decision making so, great.

Let's start with the Consent Calendar.

COMMISSIONER PETERMAN: I'll move the Consent Calendar.

COMMISSIONER DOUGLAS: Second.

CHAIRPERSON WEISENMILLER: All those in favor?

(Ayes)

BOARD CHAIRPERSON WILSON: The Consent Calendar passed unanimously.

Item 2 will be held until the next meeting.

Let's go on to Item 3, March Landing Generating Station Project. Christine Stora please start.

MS. STORA: Yes, hi. Good morning. My name's Christine Stora; I'm the Compliance Project Manager on the Marsh Landing Generating Station Project.

And with me today is representatives from GenOn; I have senior staff counsel and technical staff is also available, should you have questions.

The Marsh Landing Generation Station Project is a 760 megawatt facility that was certified by the Energy Commission on August 25th, 2010.

The project is located north of the City of Antioch, in Contra Costa County and is currently under construction. The project is about 93 percent complete.

On May 4th, 2012 -- or I'm sorry, pardon me, on May 14th, 2010 GenOn Marsh Landing, LLC filed a petition to amend Condition of Certification Biology 8.

U.S. Fish and Wildlife Service requested that GenOn change the recipient of the mitigation funds from Friends of San Pablo Bay to the California Wildlife Foundation.

The U.S. Fish and Wildlife Service requested this change because they ascertained that the California Wildlife Foundation is able to release funds for payment of invoices which allows easier payments to the Antioch Dunes Wildlife Refuge.

Friends of San Pablo Bay were notified by U.S. Fish and Wildlife Service of this requested change.

In addition, the petition also requests funds to be used for a broader range of weed mitigation activities

at the Antioch Dunes National Wildlife Refuge than what was previously provided in the Condition Biology 8.

The staff analysis was docketed and posted on the Energy Commission website on September 28th, 2012. No comments were received during the public comment period.

Staff recommends approval of this petition.

CHAIRPERSON WEISENMILLER: Thank you. I believe Lisa Cottle, representing the applicant, has a statement?

MS. COTTLE: Yes, thank you very much. Good morning Commissioners, my name is Lisa Cottle, I'm counsel to GenOn Marsh Landing, LLC, which is the owner of the Marsh Landing Generating Station Project.

With me, also, is Peter Landreth, who's Director of California Environmental Policy and Associate General Counsel at GenOn.

We want to thank staff for their analysis in support of this petition. And as was explained, we really are making this request at the request of the U.S. Fish and Wildlife Service. So, it simply redirects the funding that's already required in the existing Condition of Certification to an agency that the Service felt was better able to efficiently disburse the funds.

And it broadens the range of activities. The original condition really focused on weed mitigation and removal. And this allows for different activities, such as

captive breeding and other types of species management work.

So, we agree to make the request and we appreciate staff's support for it and we would ask that you approve it.

CHAIRPERSON WEISENMILLER: Thank you. Anyone else want to comment?

Okay, Commissioners; questions or comments?

COMMISSIONER DOUGLAS: Commissioners, just a brief comment. I've looked fairly closely at this. I think the changes that are being proposed are positive changes and I think that the Fish and Wildlife Service recommendations are good ideas and we should follow through with that.

So, I'd support this item. If there are no other questions, I'll make a motion.

It doesn't look like it, so I'll just move approval of Item 3.

COMMISSIONER MC ALLISTER: I'll second.

CHAIRPERSON WEISENMILLER: All those in favor?

(Ayes)

CHAIRPERSON WEISENMILLER: Item 3 passed unanimously. Thank you.

MS. COTTLE: Thank you.

MS. STORA: Thank you.

CHAIRPERSON WEISENMILLER: Item 4; Walnut Creek Energy Park Project, 05-AFC-2C, another amendment; Camille Obad.

MS. OBAD: Good morning, I'm Camille Remy Obad and I'm the Compliance Project Manager for the Walnut Creek Energy Park.

The Walnut Creek Energy Park is a 500-megawatt natural gas-fired peaking power plant under construction in the City of Industry, located in Los Angeles County.

The project was certified by the Energy Commission on February 27th, 2008 and is approximately 46 percent complete.

On September 12th, 2012 Walnut Creek Energy, LLC filed a petition to amend and adjust eight air quality conditions of certification.

According to staff's independent analysis, the modifications proposed in the petition would, one, update AQ-1 to include monthly reporting of particulate matter 2.5 and carbon dioxide.

Two, the proposed modifications would clarify the start-up language in AQ-3.

It would remove an ammonia slip calculation method in AQ-11.

It would increase the selective catalytic reduction temperatures and operating pressure drop limits

in AQ-13 and 14.

Revise AQ-16 and AQSE-7 to delineate reclaimed trading credits for each individual piece of equipment and their submission due dates.

It would also clarify, in AQ-19, that for site safety purposes the cooling tower and the emergency fire pump are not subject to the operating restrictions requirement requiring retirement of Huntington Beach Unites 3 and 4.

Lastly, the amendments would delete AQSE-9, which is a redundant greenhouse gas reporting requirement and AQ-17 as an outdated condition to source test priority reserve emission credits that are not applicable to the project.

Energy Commission staff reviewed the petition, independently assessed the amendments' impacts and proposes changes to the eight aforementioned conditions of certification.

It is staff's opinion that with the implementation of the proposed changes the project will remain in compliance.

The public comment period ended on November 9th, 2012 and staff did not receive any comments.

At this time, staff recommends approval of the petition with the proposed revisions.

And I want to apologize, I did not mention that

staff counsel is here, as is our technical staff, and also representatives for the applicant.

CHAIRPERSON WEISENMILLER: Thank you. Does the applicant want to say anything on this topic?

MS. LEE: Good morning, I'm Jennifer Lee and I've a Vice-President of Walnut Creek Energy, LLC. And we just wanted to say thank you very much for staff's rigorous analysis and assistance in keeping the project moving forward, and on track, and in construction.

And then I wanted to introduce our counsel.

MS. LUCKHARDT: Hi, Jane Luckhardt from Downey Brand on behalf of Walnut Creek. And we'd just like to note, as well, that the South Coast Air Quality Management District has already approved consistent changes in the reclaimed Title 5 facility permit for Walnut Creek.

And that we ask that you approve the petition at this time. And we appreciate the time that you've spent on this, thank you.

CHAIRPERSON WEISENMILLER: Thank you. Just a -- well, given my San Onofre obsession, my impression was that Huntington Beach's, all sets have been transferred to you as of November 1st, you're doing test firing.

And so the next question is when would you expect that project online?

MS. LEE: Walnut Creek? We expect it to be

substantially complete April 30th and to meet our PPA deadline of June 1st, for next summer, for Walnut Creek to be online.

And as of November 1st, we did surrender the permits to operate for Huntington Beach 3 and 4, and those units were retired in accordance with the South Coast Retirement Plan. And South Coast issued their letter last Friday.

CHAIRPERSON WEISENMILLER: Okay, thank you.

COMMISSIONER DOUGLAS: Okay, so Commissioners, I've looked at this proposal as well. The changes being proposed here, as staff has concluded, will not affect the -- will not cause any adverse, direct or cumulative impact from the project, that these are relatively minor changes. So, I'd recommend this for your approval and I will move Item 4.

COMMISSIONER PETERMAN: I'll second.

CHAIRPERSON WEISENMILLER: Okay, all those in favor?

(Ayes)

CHAIRPERSON WEISENMILLER: Item 4 passes unanimously. Thank you.

MS. LEE: Thank you very much.

CHAIRPERSON WEISENMILLER: Let's go on to Item 5, which is Alternative and Renewable Fuel and Vehicle

Technology Program Regulations; possible approval of proposed rulemaking proceeding.

I think Jim McKinney's going to discuss this.

MR. MC KINNEY: Good morning Commissioners. My name is Jim McKinney; I'm Program Manager for the Alternative and Renewable Fuel and Vehicle Technology Program.

With me today is Michael Doughton, Senior Program Attorney for our Program.

Today, staff seeks Commission approval to begin a rulemaking to consider modification of regulation regarding funding restrictions on projects under the ARFVTP.

Our program regulations contain a prohibition on funding for projects required by law, regulation or mitigation order.

A group of our biofuels and biogas grantees and stakeholders are recommending that we modify our interpretation of this part of our regulation because they believe it inappropriately includes their companies and their low-carbon fuel products.

Our program regulations also contain a provision called the "credit discount provision." This means that if a company receives an ARFVTP grant and then seeks to sell or trade low-carbon fuel standard credits resulting from our grant, the company will need to discount the value of

the LCFS credit in proportion to our initial funding award.

This same group of ARFVTP grantees is concerned that this provision will cause economic harm to their projects. They seek to have it removed.

The part of our program regulations that our stakeholders are seeking to modify reads -- Regulation 3103(a) disallows ARFVTP funding for any project, “mandated by any local, regional, state or federal law, rule or regulations.”

Subsection (b) further states that, “Credits that the applicant plans to claim based on their reduction of criteria pollutants, toxic air contaminants or greenhouse gases may not be eligible for funding unless the applicant agrees in the funding agreement to discount emission credits in proportion to the amount of funding received.”

In the rulemaking, Commission staff will specifically consider whether or not to amend Regulation 3013 as follows: One, by possibly striking subsection (b) of the regulation; two, by evaluating whether all or a portion of the subsection (a) of the regulation warrants being revised or stricken and; three, any other changes to the regulation considered necessary to carry out the requirements of California Health and Safety Code 44271 Part C.

Our program regulations relate to the Low-Carbon

Fuel Standard Program which is managed by the Air Resources Board. The LCFS regulation requires producers of petroleum-based fuels to reduce the carbon intensity of their products by 10 percent by 2020. There are several categories of fuels and fuel producers in the LCFS regulation.

The first category are the producers and importers of gasoline and diesel fuel products. These are classified as regulated parties under the LCSF and they have a regulatory obligation to reduce the carbon content of their fuel products.

To satisfy this regulatory requirement they can produce their own low-carbon fuel products, buy such products on the market, or buy LCSF credits from third parties.

The next category are the producers and importers of biofuels, ethanols, green gasoline, biodiesel and renewable diesel.

These companies are also classified as regulated parties, but their fuel products generally have carbon intensities lower than the LCFS standard. In other words, they are already in compliance with the Low-Carbon Fuel Standard.

The goal of these companies is to produce low-carbon fuels and credits that the oil companies and

petroleum fuel importers will need to use to meet their LCFS carbon reduction requirement.

A third category are the producers and importers of electricity, hydrogen, natural gas and biogas. These alternative fuel producers are formally exempt from the LCFS regulation because their fuels already meet the LCFS carbon intensity targets for 2020.

However, only regulated parties can own and trade LCFS credits so these companies need to opt in to the LCFS program and become a regulated party to qualify their low-carbon fuel products for LCFS trading and sale.

The ARFVTP program regularly issues grants to producers, distributers, and retailers of all the alternative fuels covered in the LCFS program; ethanol, biodiesel, natural gas, biogas, electricity and hydrogen.

Floyd Regard is a Senior Manager for the ARB's LCFS program. He is here today and is available to answer any questions on the LCFS regulation.

In February 2012 the Energy Commission received letters of protest from a coalition of biogas and biofuels producers questioning why the Section 3013 discounting provision was being applied to projects not required by law.

Six of the companies have our grants and they would be subject to the credit discount provision. This

group states that their companies are not classified as obligated parties under the Low-Carbon Fuel Standard and did not have a regulatory compliance obligation to reduce the carbon intensity of their fuel products.

They assert that they are voluntary participants in the LCFS credit market who have opted into the program and are named regulated parties to ARB only to ensure their eligibility to sell LCFS credits.

These companies assert that they should not be confused with companies that have a regulatory obligation to reduce the carbon intensity of their petroleum-based fuel products.

Many of these same companies testified at the February 2012 Advisory Committee meeting for the Investment Plan and they urged the Commission to not apply the credit discount provision to companies and projects that do not have a carbon debt obligation under the LCFS.

In their view, their low-carbon fuels projects may be economically harmed and possibly rendered non-economic if they cannot take advantage of the full value of the LCFS credits their projects would generate.

They argue that LCFS credits are a critical and integral part of their future revenue streams.

Program staff has reviewed these concerns and supports opening a rulemaking to consider these issues.

I believe we have several speakers on this topic today and I'm available to answer any questions you may have.

CHAIRPERSON WEISENMILLER: Thank you. First, ARB, do you have any comments, particularly in terms of the accuracy of the staff's statement?

MR. VERGARA: Good morning Commissioners, Commission staff my name is Floyd Vergara. I'm the Chief of the Alternative Fuels Branch at the Air Resources Board.

We are in agreement with the staff's statements. I'm here to convey our support for the staff's proposal to open a rulemaking with regard to Section 3103. We feel that's appropriate and necessary to address the issues that have been raised.

We've had a great working relationship with Rob and his staff, and we look forward to continuing that relationship to help craft the appropriate language to address these concerns.

So, other than that I'm here to answer any questions you might have.

CHAIRPERSON WEISENMILLER: Thank you. Commissioners, any questions?

COMMISSIONER PETERMAN: Commissioners, I'd suggest we hear from the public on this.

CHAIRPERSON WEISENMILLER: Sure.

COMMISSIONER PETERMAN: And I may have a couple comments, as well.

CHAIRPERSON WEISENMILLER: Okay. Our next speaker is Pete Price, representing Waste Management.

Waste Management is the possessor of a significant amount of biogas resources in the State. We've participated in the AB 118 grant program and we're grateful for it. And we were one of the signors of the letter that's been referred to here.

I want to say I think Mr. McKinney very accurately described the situation and some of the issues that we are concerned about.

So, I'm glad the Commission is deciding to open this proceeding.

AB 118, and I'll just be brief on this, AB 118 clearly prohibits double dipping which, in so many words, is described in the law as using AB 118 funds to meet existing requirements. And we certainly have no quarrel with that, I don't know that anyone does.

As a matter of fact the regulation even goes into some detail describing a kind of nuance circumstance where a project may be designed to meet existing requirements.

But then it goes beyond, as far as emission reductions, and describes how that project might qualify for some amount of AB 118 funds, which seems appropriate.

But the regulation in subdivision (b) can be read, and we're not even clear on this, but can be read to limit the use of emission credits generated by a voluntary project, not required by anyone, all of the emissions would be excess.

And we're not even sure, like I say, that that's what's intended by the language thus, I think the appropriateness of the proceeding.

But we do hope that the Commission in this proceeding will establish, recognize a bright line distinction between these mandated -- these projects that are as a result of mandated requirements and voluntary activities.

There's nothing in the AB 118 language prohibiting double dipping that suggests that there should be limitations on emission credits coming from voluntary projects, not as far as we read that language.

And the very purpose of AB 118, let's remember, unlike some State grant programs, really focuses on those, you know, RDD&D, those back end Ds of deployment, and demonstration and deployment.

This program is all about commercialization. And I can tell you on behalf of Waste Management, in no uncertain terms that, frankly, even with the full value of these credits in a world with historically low prices for

fossil natural gas, these projects, they have a difficult time competing in the marketplace.

And so if the purpose of this program is to actually get these new alternative technologies and fuels to commercialization, we hope that all of those credits will be available to these voluntary projects.

Thank you very much.

CHAIRPERSON WEISENMILLER: Thank you.

Tim Carmichael?

MR. CARMICHAEL: Good morning Commissioners, Tim Carmichael with the California Natural Gas Vehicle Coalition.

I represent about 27 companies in California that care about natural gas transportation. I'd say about a third of those are active in biomethane issues and eager to develop or be part of that system in California, including Waste Management.

Two points to make today. One is we strongly support the staff's recommendation and encourage you to open this proceeding for all the reasons that have already been cited.

At a bare minimum, there's more confusion around this than there should be, and so that's reason enough, in our opinion, to raise this or to look at this again.

And we hope that you will make adjustments

because, as Pete noted, there are a lot of companies that are really keen to do good alternative fuel projects in this State and this, today, is seen as a hurdle to more of those projects happening in the near term.

The second point I want to make is though it's biomethane that has largely been highlighted in this discussion, this is really an issue across the clean fuels sector. This is not just a biomethane issue.

If you think about it for a minute, all the clean fuels that we care about are getting funding in AB 118 and most, if not all of them are today selling, or intending to sell credits in the LCFS market.

So, it's not just a biomethane issue and that, again, is another reason that warrants the staff and this organization taking another look at this program and, hopefully, making some adjustments.

Thank you very much.

CHAIRPERSON WEISENMILLER: Thank you.

Eileen Tutt.

MS. TUTT: Good morning, Eileen Tutt with the California Electric Transportation Coalition. I represent five of the largest utilities in California, as well as some automakers.

And I'm here to reiterate what Tim said, we support very much the Commission relooking at this issue,

so support the staff's recommendation.

From an electricity stand point it's kind of -- I will say that every major utility has opted in to the Low-Carbon Fuel Standard regulation and is calculating the amount of credits that their generating.

But the Low-Carbon Fuel Standard regulation requires the value of that credit to go back to the person who purchases the light-duty vehicle.

So, it's kind of -- it's not like the utility or the person generating the credit, so to speak, or tracking the credits would even benefit in this case.

So, I think there is some confusion and it's not warranted, so I really appreciate the Energy Commission's considering this item. Thank you.

CHAIRPERSON WEISENMILLER: Thank you.

Linda Novick is on the line.

MS. NOVICK: Yes, thank you Commissioners. My name's Linda Novick; I work with Harvest Power and we've been identified for a grant for Tulare County's digester facility under PLN 11601, under AB 118

COMMISSIONER PETERMAN: Linda, can you speak up a little bit louder, please?

MS. NOVICK: Oh, I'm sorry. So, we appreciate you opening this -- consideration of opening this again. It's been, as the other speakers have indicated, a lot of

confusion as to what credits are going to be available and not available to us.

And as we go forward in terms of making our final decisions on how to implement this facility, it's evident to us that we can use all the credits we can to put these type of facilities on the ground as soon as possible.

Our digester will use commercial and residential food waste to create compressed natural gas.

So, we strongly urge you to open this up and consider strongly those of us who are voluntarily constructing these facilities to be open to all credits available.

Thank you.

CHAIRPERSON WEISENMILLER: Thank you.

Commissioners, any questions or comments?

COMMISSIONER PETERMAN: Commissioners, I'll make a couple of comments as Lead Commissioner on Transportation.

I support staff's proposal to open a rulemaking to address and consider changes, possible changes to this section of the code.

I think staff, in particular Mr. McKinney, have done a thorough analysis of the concerns that have been raised and will be able to proceed with a thorough and comprehensive rulemaking to alleviate the confusion and get

some greater certainty around how to proceed.

I'll note that we've had significant stakeholder interest in this issue. I appreciate that stakeholders who have spoken here today, as well as others who are not here, have presented this issue at previous Advisory Committee meetings, have met with staff to be better clarity.

And I think that opening the rulemaking is the appropriate forum to address these questions and to allow us to address them in a part of a public discussion with all relevant stakeholders engaged.

Specifically, I look forward to the continued engagement of the Air Resources Board, you know, thank you for being here today. Indeed, as this relates to the Low Carbon Fuel Standard we want to make sure it's in line with the agency that oversees that regulation.

And just following up on Mrs. Tutt's comments, indeed, this is an issue that touches the suite of clean energy technologies and fuels and I think it's important to address.

I would encourage staff, if the Commission decides to proceed with opening this rulemaking, to do it as expeditiously as possible. We are currently rolling out solicitations for the current Investment Plan, planning for the next one and we would like to keep stakeholders aware of what the rules are.

And so with that, if you have any questions, I encourage you to ask staff or me.

COMMISSIONER DOUGLAS: Well, Commissioners, I have a few comments on this. And this particular issue caused me to walk down some memory lane because, of course, I was on the Transportation Committee that put forward these regulations for adoption by the Commission, and as we went through the process of going through our first Advisory Committee on AB 118.

And I was also engaged before I became a Commission and I worked at Environmental Defense Fund, I was engaged in some of the efforts legislatively to get support for doing this program.

And, of course, as a number of speakers here have commented, one of the very bedrock core principles of doing the AB 118 program was that it was not going to pay for compliance and that’s clear, and that’s in the regulations, and that’s been noted by a number of the stakeholders.

And we did go to some pains in the regulations to not only make that clear but, as I think it was Pete said, even go into some of the more esoteric schemes of what might happen.

I can’t, sitting here today, tell you what exactly staff, or the Commission, or the stakeholders were intending with the language in question, but I just want to

make some high-level comments which is to say, you know, at the time that the Commission did this regulations we -- you know, and the Air Resources Board was in the process of developing the Low-Carbon Fuel Standard, and we had the principle that we were not going to pay for compliance with the 118 program.

And we had the policy goal that the 118 program was going to be an incentive program and it was going to be a, hopefully, significant part of helping transform the market in the fuels and transportation area and especially -- especially not just a research program, but really moving forward with development and deployment

And there’s no doubt that both the potential synergies and also the potential of just interactions between this incentive program and the regulatory, Low-Carbon Fuels Standard were clear, but were not obvious in all of their potential manifestations.

So, here we are a couples of years later and we’re looking at a provision that might be problematic and might in fact prevent the beneficial use of AB 118 funds in a way that leverages and helps support the Low-Carbon Fuel Standard.

And I think that it’s important to address that concern and to do so, as Commissioner Peterman says, expeditiously.

So, I'm glad to see this move forward. I am going to be interested, you know, as this process progresses.

I want to thank Jim for giving me a long briefing yesterday, where I spent probably a good amount of time peppering him with questions to just make sure that I was clear on the contours of what was being proposed and what wasn't, and that was very helpful.

It's a complex issue. I think there's a lot of interest, certainly in the room, in us taking a close look at it. And so, appreciate Commissioner Peterman bringing it forward.

COMMISSIONER PETERMAN: Commissioner Douglas, thank you for mentioning the deliberation process that went into the initial regulations because, indeed, that's information I received from staff as well, that there was discussion of this issue initially, when the regulation was drafted.

And as you noted, as we're a few years in and we're seeing how these regulations work on the ground, it's a good opportunity to revisit and make sure we're still maintaining our principles of not incentivizing things that are required for compliance but still, as you noted, using the money efficiently.

COMMISSIONER MC ALLISTER: So, I'll -- this seems

like a perfect application of a rulemaking. There are legitimate differences about interpretation and it's exactly the forum that we need to convene to get to an answer, and let everybody speak their peace and make the best decision about what's going to work.

And I think that's exactly what's needed in this marketplace right now, too, is to do the right thing that both complies with statute, but also keeps in mind the long-term vision for developing this marketplace.

So, you know, I'm very supportive.

COMMISSIONER PETERMAN: Commissioners, thank you. Any other questions or comments?

MR. DOUGHTON: Commissioners, I have one comment from legal.

COMMISSIONER PETERMAN: Please, thank you.

MR. DOUGHTON: This is Michael Doughton with the Commission's Legal Office. And I just want to note one matter for the record to correct, the draft order instituting rulemaking, that is a part of today's backup materials, has the correct docket number for this matter on the cover page, and that correct number is 12-OIR-3.

However, there's a typographical error on page 3 where a different number is listed.

So, for anyone interested in this proceeding, we will correct this document and the correct number, again,

is on the cover sheet, 12-OIR-3. Thank you.

COMMISSIONER PETERMAN: Thank you. And if someone wants to start receiving information about the workshops and such for this proceeding can they find that on the AB 118 page, how would they go about doing this?

MR. DOUGHTON: I think Jim and I conferred on that. It's on our website, under the AB 118 list serve Transportation Energy lists, it's the second bullet on our website under that category.

COMMISSIONER PETERMAN: Okay, thank you.

MR. MC KINNEY: And Commissioner, in accordance with your direction, we'll proceed to get these materials up and get the workshops scheduled.

COMMISSIONER PETERMAN: Thank you. With that I will move Item 5.

COMMISSIONER MC ALLISTER: I'll second.

CHAIRPERSON WEISENMILLER: All those in favor?

(Ayes)

CHAIRPERSON WEISENMILLER: This item passed unanimously. Thank you.

Let's go on to Item 6, California Home Energy Rating Systems Program, (HERS), request to approve an order instituting an informational proceeding.

Jenny Wu?

MS. WU: Good morning Commissioners. My name's

Jenny Wu; I'm with the Efficiency and Renewable Energy Division.

I have with me is Pippin Brehler, the Legal Counsel on this item before you.

Staff is requesting the Commission to initiate an order instituting an informational proceeding to collect stakeholder input on specific aspects of the California Home Energy Rating System, also known as HERS.

Staff is implementing a recommendation in the decision adopted by the Commission in July 2012, upon having considered a complaint against CalCERTS, a HERS provider, over the disciplinary action that the provider had exercised over its rater that resulted in rater decertification.

In the decision, the Commission had determined that the provider had met the applicable HERS program requirements in decertifying raters and the raters were not owed constitutional procedural due process given the disciplinary action taken were that of a private entity.

And lastly, the decertification that led to the complaint was not to be reversed.

However, in the same decision, the Commission has also recognize that there is an opportunity to further evaluate and potentially clarify the provisions pertaining to the Provider Quality Assurance Program rater

disciplinary process, the organization of rater companies, and conflict of interest issues.

As such, the Commission has directed staff to pursue an informational proceeding to obtain stakeholder input on these specific topics in anticipation of a revisions to -- a rulemaking revision to the HERS regulations in the future.

Upon Commission's approval of this item, staff will begin implementing the Commission's recommendation by scheduling and organizing a listening workshop proposed for March 6th, 2013.

This concludes the presentation and staff is available to answer any questions.

CHAIRPERSON WEISENMILLER: Thank you. I believe we have Charles Bachand in the room that wants to discuss the issue. Please come to the podium, yeah.

MR. BACHAND: Hello, my name is Charlie Bachand, I'm the Director of Quality Assurance at CalCERTS and I remember seeing you all at the complaint hearing last -- earlier this year.

So, I'd like to say in brief that we are very much in support of the idea of a workshop investigating how quality assurance can work in California.

I think this is a good opportunity for us to develop the quality assurance process further.

I think as an outcome of the complaint we saw that there were some informal procedures that we had developed at CalCERTS and we also saw that there were some situations or contingencies that weren't really very well covered by Title 20, as it stands right now.

And in response to that, we've taken the time to develop a more formal procedure and more formal communications with our raters and with people that both have complaints and that are the recipients of complaints, I should say.

And we also think that there are some worthwhile changes to be made to Title 20.

And in the decision that was published by you guys there was a discussion of essentially four things that needed to be addressed in that workshop. One of them was Title 20, one of them was HERS rater discipline, one of them was how to deal with HERS rater firms, and another one was how to deal with conflicts of interest.

I think that those are some very useful categories to dive into in more detail. I think that, like I've been saying, Title 20 needs some modifications to make it a little bit more clear to providers and also easier for providers to implement in the field.

I think that in regards to rater discipline that there should be clear guidance in Title 20 as to what forms

of discipline are appropriate or requested, or otherwise providers should be granted full authority to make those decisions, themselves.

I think that there is a strong need for Title 20 to address HERS rater firms, firms with multiple raters under one roof and the way that those firms can be subjected to quality assurance and discipline, in the cases of failure.

And finally, I think that Title 20 could address conflicts of interest both in defining them slightly more clearly and also to discuss how they can be investigated by a providership, and what forms of discipline are fair or reasonable when a conflict of interest is found.

So, I'd like to conclude by saying that I think this is a great workshop. I look forward to participate in it in March. And as always, I'm available for questions for you, or the CEC or, indeed, anybody else that's involved in the providership process. Thank you.

CHAIRPERSON WEISENMILLER: Thank you. I believe we have a couple parties on the line, Dave Hegarty.

Then let's go to George Nesbitt.

MR. NESBITT: Yes, George Nesbitt, CalHERS. The Energy Commission, the providers, as well as others in our industry seem to continuously refer to HERS raters with a lower case "r" rather than a capital "R", just as we refer

to an architect or an engineer. We are professionals.

In looking at the HERS provider and HERS rater relationship, the Energy Commission also needs to look at its relationship with the providers, as well as the relationship with the raters, which is sorely, sorely missing. Yet, you're relying so much on our building -- (inaudible) -- codes.

HERS raters need -- we also need to look at the need for consistent training, rules, certification, testing with multiple providers, rather than having different rules with different providers. HERS raters need to have the ability to seamlessly transfer between providers.

RESNET nationally developed an education for the providers, which makes it a lot easier. You know, I think we're seeing here in California it's very expensive and difficult to become a provider, so we need to make that easier because we need -- we need multiple providers.

A consistent problem for us raters is we cannot actually fail someone. And when we do, the installing contractors usually call us idiots and say we don't know what we're doing, and they'll bring in another rater to get it passed.

We are not allowed to issue a (inaudible) --

Our ability to protect the customer, act as a special inspector to -- and the integrity of the HERS rater

and the HERS profession.

On the conflict of interest, your proposed order, you forgot to mention that you allow conflict for the building permits contractor. And the great thing about California's HERS regulations is you do not allow a conflict of interest, as RESNET national, and there really is no change needed unless you want to remove the conflict -- the allowable conflict of the building department contractor.

Where you say there's no mention of discipline in title 20, there is. Yes, it is incomplete and we need it more clear.

And as far as discipline for HERS rater companies, I think that would be a really difficult thing to actually do and it really belongs at the HERS rater level.

(Alarm rings)

CHAIRPERSON WEISENMILLER: Thank you for your comments. We hope you're going to participate in the workshop.

Commissioners, any -- well, let's go back to these. Is the other gentleman on the line, now? Okay, then please speak, Dave Hegarty.

Okay, Commissioners, any questions or comments on this item?

COMMISSIONER MC ALLISTER: I'll just make a comment. So, you know, except for today we really are just opening the rulemaking so there's really no need to get into the substance of the issues. I think these issues are pretty clearly on the table after, as Ms. Wu described, the complaint process that we went through that I think, you know, brought up a lot of interesting issues and I think was very productive in a lot of ways.

Obviously, it resolved the issue at hand, but also I think indicated the need for some further vetting of the issues listed.

And, you know, the State depends on the HERS infrastructure to do important things to help us advance our energy efficiency goals and we need to get it right. We need to vet it, continually improve it, and that's what this rulemaking is all about.

So, I'm very supportive of continuing, of opening the rulemaking and looking forward to a very productive engagement with the HERS raters and the building industry at large because I think getting these issues -- framing the HERS marketplace, the HERS endeavor in such a way that it's clear, transparent, and that the actors know where they stand at all times is important for it to function well and help us achieve our goals. It's a tool.

So, I am very supportive and look forward to

working with all of you.

COMMISSIONER DOUGLAS: I just want to note that I'm looking forward to working with Commissioner McAllister on this matter.

The issues around the HERS marketplace were very often front and center in my time as the Lead Commissioner for Efficiency and they certainly will be, as he knows very well, in his time as Lead Commissioner for Efficiency.

This is, obviously, a relatively narrow proceeding looking particularly at issues that arose in the complaint, and issues that are very closely related to that.

So, the broader context of the HERS Program, and AB 758 in the broader efficiency marketplace, you know, those will be part of the 758 proceeding and not part of this much narrow, but very important inquiry.

So, in any case, I am looking forward to assisting on this.

COMMISSIONER MC ALLISTER: Thanks.

CHAIRPERSON WEISENMILLER: Now, I was going to say I have not been as deep in this issue but, again, I think the challenge for all of us is as the State promotes a number of measures or policies that we have to make sure we have the consumer protection measures in place so that the benefits are really achieved from those subsidies.

COMMISSIONER MC ALLISTER: So, I'll make a motion, this was Number 6, a motion to approve Item Number 6.

COMMISSIONER DOUGLAS: Second.

CHAIRPERSON WEISENMILLER: All those in favor?

(Ayes)

CHAIRPERSON WEISENMILLER: This item passes unanimously.

Thank you, Ms. Wu.

Let's go on to Item Number 7; Trustees of the California State University, possible approval of 18 grant applications totaling $1,508,570.

And this is PIER funded, Electricity, Natural Gas and Transportation.

Raquel Kravitz, please.

MS. KRAVITZ: Good morning Commissioners, my name is Raquel Kravitz. I'm the Commission Agreement Manager for the Energy Innovation Small Grants Program, also known as the EISG.

Staff seeks approval for funding the 18 proposals totaling a little bit over a million 500 for the four categories of the EISG Solicitation 1102, natural gas, transportation, electricity and transportation natural gas.

To give you a little bit of a background, the EISG Program is a component of public interest energy

research that is currently being administered by San Diego State University.

The purpose for this program is to support the healthy growth and development of new energy technology ideas that has not yet been established.

It is open to everyone and the types of applications that we receive are generally from individuals, small businesses, nonprofits and academic institutions.

It provides up to $95,000 for hardware projects and up to $50,000 for modeling concepts.

One of the criteria for this project is that each of the projects must cover one or more of the PIER R&D areas. It must address a California energy problem and it must provide a potential benefit to California's electric and natural ratepayers.

And I just wanted to tell you that all of these 18 projects are in California.

This program has been around for 14 years. It started in 1998 to be exact. And we do about three solicitations a year.

And I guess the best measure that I can tell you about this program is that almost half of the projects that get recommended through this program receive follow-on funding, which is a great indicator that there are others

that are also interested in the projects.

The EISG's solicitation process is very competitive. Almost -- only the projects that meet the criteria during the multiple levels of review gets recommended for funding.

It goes through a two-stage process. After the administrative review where they look at each project, whether it meets one or more of the PIER R&D areas, it goes through a technical review meeting where each of the projects are looked for technical merit.

And after that it goes through a program technical review where it looks at the program policies and procedures.

For the solicitation there were 92 proposals that was received; 40 went to technical review. And from the technical review meeting there were 27 that got forwarded to program technical review.

And from the program technical review there were 18 proposals that was recommended for funding.

From the 18 proposals there were five projects under transportation energy research; there were seven projects under renewable energy research and from that seven there were two that also included energy-related environmental research.

There were two projects under technology system

and integration research. And the last four were in buildings and use energy efficiency.

I would be more than happy to answer any questions that you have on these 18 projects that staff is asking for approval. Thank you.

CHAIRPERSON WEISENMILLER: Commissioners, any questions or comments for the staff?

COMMISSIONER DOUGLAS: Go ahead.

COMMISSIONER PETERMAN: Well, I'll just make the quick comment that this has been a successful grant program. I've heard positive things about it outside of the Commission and it seems like an interesting suite of projects that can support a lot of our State goals.

COMMISSIONER DOUGLAS: I was really going to say the same thing. We always -- every time grants come up under this particular program we always wax poetic about what a great program it is because the follow-on funding is good, the support that this program provides for really innovative -- really innovative projects and ideas at this critical point in their inception is important to California.

So, I'm pleased to see it. I always feel like I'm repeating myself when this item comes up and I say the same thing. In fact, I am repeating myself.

But in any case -- in any case, thank you for

bringing this forward.

And if I could, I'll make -- I'll move to approve Item 7.

COMMISSIONER MC ALLISTER: I wanted to just say something quickly. So, it's because it is worth repeating, just every time -- you know, I haven't been able to vote on many of these, but every time -- you know, the list of projects that comes out of the process is really impressive and it generates just an incredible amount of knowledge and expertise around the State that we then utilize in very concrete terms.

And this is the front end of a process that in many cases changes the way business is done in California down the road. And not in all cases, that's the nature of R&D, right.

But it's really, really important. And I think I want to highlight the process by which -- you know, by which that end result happens. And there's a lot of kind of process -- the process supports getting the best projects to the end goal.

And I think that sort of very strategic feedback helps all the proposal get better. Even the people who don't win, they then can turn around and come up with a better proposal the next time, and rethink.

So, I think there's a very valuable -- there's a

very valuable -- there's value in that process, as well as in the end result.

And these grants are relatively small, they're very high value, there's a lot of match and energy involved in bringing the end result to the Commission.

And so there's just a lot to like about this program and it has real value to the State. So, I'm happy to second.

CHAIRPERSON WEISENMILLER: Yeah, as the Lead Commissioner on Research and Development, I've gone through all these specific projects and, again, would recommend the Commission approve these items.

This one has had, you know, sort of an outside review done by Jim Sweeney, which indicates a very successful program here on the job side.

So, again, good program and I think all of us need to get the message out on what this has accomplished.

And with that, we have a motion and a second, so we want to vote on it?

COMMISSIONER MC ALLISTER: Yeah, I second.

CHAIRPERSON WEISENMILLER: Okay, all those in favor?

(Ayes)

CHAIRPERSON WEISENMILLER: These items are approved. Thank you very much.

Let’s go to Item Number 8, Renovitas, LLC, and this is a possible approval of Amendment 1 to the agreement GEO-10-003.

Cheryl Closson, please.

MS. CLOSSON: Good morning, I’m Cheryl Closson with the Energy Research and Development Division.

We seek your approval today for an amendment to reduce the scope and budget for a Geothermal Grant Loan Program Agreement with Renovitas for geothermal exploration work in the Wilbur Hot Springs area of Colusa and Lake Counties.

The original project included geologic mapping, geophysical surveys, temperature gradient well drilling, deep exploratory well drilling and a feasibility study for the potential of geothermal electrical production in the area.

The original full project cost is $3.7 million, with Renovitas and their partner, Sacramento Municipal Utility District, providing $2.2 million in match funding.

The grant award for the full project is currently $1,492,722.

Unfortunately, significant project work delays have occurred because of the need to avoid mining wastes in the area, as well as difficulties acquiring the mineral rights and surface access permissions.

Consequently, the grant project cannot be completed as originally proposed and an amendment to reduce both the scope of work and funding was requested by the grantee.

With this amendment, the grant scope of work would be reduced to only the geologic mapping and geophysical surveys, removing all of the drilling and feasibility work.

Because the geologic mapping and geophysical surveys are much less expensive than drilling activities, the grant amount would be reduced to only $264,229 commensurate with the amended level of work. And the match contribution would be reduced to approximately $400,000.

The $1.2 million in geothermal grant funds not used by the project would be returned to the Energy Commission's Geothermal Resources Development account and these funds could then be used to support new geothermal projects in a future solicitation.

The reduced scope of work would still provide valuable information to the grantee, geothermal developers, agencies and the general public.

The geologic and geophysical data generated will help advance the understanding of the geology and geothermal system in the project area and it will help Renovitas and SMUD move forward in selecting appropriate

sites for future exploration in the area.

I'm happy to answer any questions that you might have.

CHAIRPERSON WEISENMILLER: Thank you. Commissioners any questions or comments?

Actually, first let me see, does SMUD want to make a comment on this? Is Tim still here? Tim?

MS. CRANDALL: My name is Debbie Crandall with Renovitas, the Project Manager.

CHAIRPERSON WEISENMILLER: Please, yeah.

MS. CRANDALL: Thank you. Renovitas is representing -- not really representing SMUD, but SMUD representatives couldn't be here today and I'm here to represent.

We appreciate your consideration of this proposal and thank Cheryl and staff's recommendation.

CHAIRPERSON WEISENMILLER: Thank you.

Commissioners any questions or comments from staff on Renovitas?

Okay, again, I'm on the R&D Committee, so certainly have reviewed this and recommend that the Commission approve this specific amendment.

COMMISSIONER DOUGLAS: I will -- okay, I just wanted to comment that it's always disappointing when we get to place where, you know, you see that a project can't

be completed, especially when it -- you know, this looks like a good project and exploration for potential geothermal energy, in this case with SMUD and its partners, you know, is always an exciting opportunity.

So, hopefully, the amount of exploration that they're able to do with the smaller grant and in the timeframe will be helpful, and if there is potential there will be ways to finance at least further stages of exploration for a project going forward.

So, I guess that does raise the question that I will ask; what would be the next steps if the initial exploration that this project is proposing were undertaken and, you know, there were good results from that exploration? Is there any sense of what the next steps would be on the part of SMUD or its partners?

MS. CRANDALL: It's my understanding that SMUD would want to continue exploration in the area and that they have stated in the past that they would be doing this exploration whether or not the Commission funded the activity.

They always do have the option to come back to the Grant and Loan Program with another project, at a future solicitation, that would be competitively analyzed and potentially funded, depending on how it scored in the analysis.

COMMISSIONER DOUGLAS: Okay, thank you. So, I'll move approval of Item 8.

CHAIRPERSON WEISENMILLER: A second?

COMMISSIONER MC ALLISTER: I'll go ahead.

CHAIRPERSON WEISENMILLER: All those in favor?

(Ayes)

CHAIRPERSON WEISENMILLER: This item has been approved unanimously.

MS. CRANDALL: Thank you.

CHAIRPERSON WEISENMILLER: Thank you, Cheryl.

Let's go on to the California Department of Housing and Community Development; possible approval of Contract 600-12-003 for $200,000 with the California Department of Housing and Community Development. And this is ARFVT funding.

Larry, hi.

MR. RILLERA: Good morning Chairman and Commissioners. My name is Larry Rillera, with the Division of Fuels and Transportation Division.

Governor Jerry Brown issued Executive Order B-16-12 on March 23rd, 2012 regarding the development of -- excuse me, development and adoption of zero emission vehicles or ZEVs.

The Governor's Office formed an interagency working group on ZEVs comprised of State agencies,

including the Energy Commission and the California Department of Housing and Community Development, or HCD.

In September, the Governor's Office released the 2012 ZEV Action Plan, a road map toward 1.5 million zero emission vehicles on California roadways by 2025.

The ZEV Action Plan identifies strategies and actions needed to support ZEV adoption.

Increased use of ZEV technologies requires the State to address issues such as electric vehicle supply equipment, or EVSE, approvals, installation and the requisite building issues that arise.

Delays in EVSE approval and installation result in consumer dissatisfaction and an experience that can impact ZEV usage.

HCD has the technical and policy knowledge and currently adopts electrical codes which provide technical instruction on the physical properties and wiring methods used to supply power to EVSE.

However, these codes do not specify the size, quantity or address future needs for increased ZEV usage.

Agreement 600-12-03, between the Energy Commission and HCD seeks to, one, identify and review current reports, information and material related to EVSE charging for residential buildings and; two, assess resources and identify parameters to be considered for

possible future code requirements.

The agreement specifies that HCD will establish an EV steering committee, hire a subcontractor to facilitate the review, and assess the requirements and costs for EVSE in single-family dwellings, condominiums and apartments, and will also prepare a report of the findings to assist in the increase of ZEV usage.

This concludes my staff presentation. Doug Hensel of HCD is here in support of the agreement.

CHAIRPERSON WEISENMILLER: Please come up to the podium.

MR. HENSEL: Mr. Chair, Members of the Commission, I'm Doug Hensel representing the Department of Housing and Community Development.

We believe that this information is imperative as we go forward with EV ready homes. And I'd be happy to answer any questions you may have.

CHAIRPERSON WEISENMILLER: Thank you.

Commissioners, any questions or comments?

COMMISSIONER PETERMAN: I'll just comment. I think this grant helps assist us in our goals to make communities ready for EVs and addressing both the cost and the code I think will be important going forward, so I'm supportive of this grant.

COMMISSIONER MC ALLISTER: Yeah, the

infrastructure for EV charging, I mean we know that this is a major initiative that needs to happen, electrification of the vehicle infrastructure, or the vehicle fleet. And infrastructure, charging infrastructure is one of the main barriers and we need all of the resources we can get, and all the partners we can get and agencies that are willing to move forward with this to install the infrastructure necessary.

There's a big system that has to be created to support electric vehicle fleet, so this is a nice step in that direction, so I'm supportive.

COMMISSIONER PETERMAN: Well, if there are no other questions or comments, then I will move Item Number 9.

COMMISSIONER MC ALLISTER: And I'll second.

CHAIRPERSON WEISENMILLER: Okay, all those in favor of Item Number 9?

(Ayes)

CHAIRPERSON WEISENMILLER: Item Number 9 passed unanimously.

Thanks. Thanks Larry.

COMMISSIONER PETERMAN: Thank you for being here.

MR. HENSEL: Thank you Commissioners. On behalf of Director Linn Warren, thank you very much.

COMMISSIONER PETERMAN: Thank you.

CHAIRPERSON WEISENMILLER: And thank you.

Let's go on to Item Number 10, OurEvolution Energy and Engineering; possible approval of Agreement ARV-12012, for $30,124, and this is, again, ARFVTP funding.

Isaiah Larsen.

MR. LARSEN: Good morning Chairman and Commissioners. My name is Isaiah Larsen and I'm with the Emerging Fuels and Technology Office.

Staff requests your approval for ARV-12-012, which is a $30,124 grant agreement with OurEvolution Energy and Engineering using funding from the Alternative and Renewable Fuel and Vehicle Technology Program under AB 118.

The proposed infrastructure projects will provide a level 2 workplace EV charging station adjacent to city hall in Arcata, California, as well as in Old Town Eureka, California.

This project will serve the existing electric vehicle fleet for a large engineering company and will provide an upgrade to an existing workplace EV charging station.

Additionally, the project management experience and usage data collected during implementation will support the ongoing CEC-funded North Coast Plug-In Electric Vehicle Readiness Planning Project.

Construction is expected to be completed by June

2013 and a final report, including six months' of data collection and analysis will be finished by January 2014.

I respectfully ask for your approval of this current agreement and would be glad to answer any questions. Thank you.

CHAIRPERSON WEISENMILLER: Okay, do we have --

COMMISSIONER PETERMAN: I think they're here for another item.

CHAIRPERSON WEISENMILLER: Are you here for another item or for this item?

UNIDENTIFIED SPEAKER: I'm Number 11.

COMMISSIONER PETERMAN: You're for Number 11.

CHAIRPERSON WEISENMILLER: That's fine, just double checking. Just double checking, you know.

So, any questions or comments on this item?

COMMISSIONER PETERMAN: I'll just comment, Commissioners, that the AB 118 plan and the Governor's Zero Emission Vehicle Plan both identify workplace charging as a key need and an opportunity, really, to bring EV to a broader array of consumers, particularly for those who don't have a charging infrastructure in their homes, if they're multi-family unit dwellings.

We're working on that, but workplace charging offers another opportunity.

I think this is a good project to support, also,

because it provides charging infrastructure in the North Coast, an area where you might have less penetration of vehicles and, therefore, infrastructure, and so it's good to see us expanding to other parts of the State to create a statewide EV charging infrastructure network.

COMMISSIONER MC ALLISTER: Yeah, I think all of these various items, including this one, really reinforce the -- I mean they're all part of the overall plan to get infrastructure and charging infrastructure accessible to more folks, both fleets and private vehicles.

And I thank the Fuels and Transportation for the nice briefing about all these projects, so I feel like I'm pretty up-speed on them.

And in this case, the construction and the -- the initial construction, which is where the big investment happens, but then there's also the operational, the business models that go into keeping these charging stations operational, and available, and maintained. And this one is a nice one that sort of gets the maintenance done for a couple of years and then the business takes over after that, so appreciated that aspect of this project.

So, should I -- ready? Do you want to make any -- okay, will move for approval of Item 10.

COMMISSIONER PETERMAN: I'll second.

CHAIRPERSON WEISENMILLER: All those in favor of

Item 10?

(Ayes)

CHAIRPERSON WEISENMILLER: Item 10 passed unanimously.

Thank you.

COMMISSIONER PETERMAN: And Chair, if I may, I just wanted to acknowledge and thank my fellow Commissioner for taking the time, as well, to get briefings on all these different items because we all cover different areas and that can be challenging enough. But based on your comments and your engagement, particularly on some of the AB 118 grant discussions in the last few Business Meetings I can tell you have looked at these issues and appreciate your attention to them.

CHAIRPERSON WEISENMILLER: Great. As a footnote, I will note -- I'm assuming all of us got letters from Bob Raymer supporting Item 9 but, again, but he was not able to be here today and, certainly, we're going to make sure that that letter is in the record right, Jennifer? Okay, thanks.

So, let's go on to Item 11, Alternative Energy Systems Consulting, Inc.; possible approval of agreement ARV-12-013 with Alternative Energy Systems Consulting for $69,446.

And Aida Escala, please.

MS. ESCALA: Good morning. I'm Aida Escala from the Emerging Fuels and Technologies Office. With me is Mr. Ron Ishii, the President of Alternative Energy Systems Consulting.

Alternative Energy Systems Consulting, or AESC, is a California small business enterprise. It will install and demonstrate five RWE Level 2 E-station Smart Systems at the University of California, San Diego, to expand electric vehicle charging infrastructure for UCSD-owned or leased electric vehicles.

The charging stations will also serve UCSD students and the public.

The project will support UC San Diego in its goal to have the largest, most diversified portfolio of electric vehicle charging stations at any university in the world. The campus has received funding from the State of California and the Federal American Recovery and Reinvestment Act for 56 stations.

UCSD operates more than 800 campus vehicles, of which 40 percent have been converted to near zero emission vehicles. More than have of its commuters use an alternative form of transportation.

The project will provide improved Level 2 charging access to UCSD electric vehicles in order to gain operational experience at the fleet level with innovative

EV charging systems.

It will reduce the UCSD's fleet petroleum consumption and GHG emissions and measure results.

Match was not required for this category, in this solicitation, but AESC will provide a cost share of 34 percent of the total project cost.

Mr. Ron Ishii will say a few words about the project.

MR. ISHII: Chairman and Commissioners, I'm Ron Ishii. I'm President of Alternative Energy Systems Consulting and we're a California small business.

I have a couple comments about the project. First of all, I want to extend our gratitude for the funding for the project and that's on behalf of our project team with UCSD and RWE.

Aida has already mentioned about the really unprecedented infrastructure that this will be able to support at UCSD for electric vehicles.

One other aspect of that is the educational and research aspect. UCSD does a tremendous amount of research in micro grid and alternative energy systems and this will afford an opportunity not only to understand the operations of a more dense electric vehicle infrastructure, but also to look at aspects of grid integration within their own micro grid and the larger grid of SDG&E.

And I just want to thank you, and thank you very much.

CHAIRPERSON WEISENMILLER: Any questions or comments?

COMMISSIONER MC ALLISTER: So, congratulations on a good proposal and I think it’s -- in that context of UC, I’ve visited there a number of times in my previous incarnations and also as a Commissioner, and just the breadth, and scope, and sort of integrated way of all the work that they’re doing, that they’re putting it together in a way that I think just has a lot of -- a lot to teach the rest of us; a lot to teach the broader world of California, and beyond, about how complex energy systems can be managed, and developing technology.

And like you said, in the educational realm that’s really important.

And in fact, the students there are utilizing cutting edge technology to do pretty amazing things and that’s an incredibly -- it’s a very cost-effective investment to engage students, but it also really guarantees that you’re going to get some innovation at a caliber school like UCSD.

So, I really think that it’s a great Petri dish, a very fertile ground for this sort of thing. And this project also fits within the broader set of activities

there in addition to doing all the wonderful things that we know needs to be done for the EV infrastructure development.

So, I'm very supportive of this project.

COMMISSIONER PETERMAN: And I'll also just add, on another note, that it's also good to see these funds being leveraged and utilized in conjunction with other funds that have been made available, and glad the State can play a role.

I had my first visit to the campus last week and, again, was impressed by its beauty, as well as the excitement around clean energy issues from the students.

And so as Commissioner McAllister noted, this is another -- it would be a good addition to the comprehensive work and education you're already doing around electric vehicles and clean transportation.

So, if there are no other items I will move -- or comments, I will move Item Number 11.

COMMISSIONER MC ALLISTER: I'll second.

CHAIRPERSON WEISENMILLER: All those in favor of Item Number 11?

(Ayes)

CHAIRPERSON WEISENMILLER: Item Number 11 passed unanimously.

Thanks for being here.

MS. ESCALA: Thank you.

CHAIRPERSON WEISENMILLER: Okay. And Item Number 12 is Department of General Services, possible approval of agreement ARV-12-011; California Department of General Services' Office of Fleet and Asset Management for $41,475. This is, again, ARFVTP funding.

And Aida Escala again, please.

MS. ESCALA: Okay, good morning. I'm Aida Escala with the Emerging Fuels and Technologies Office.

The California Department of General Services' Office of Fleet and Asset Management, or OFAM, plans to expand its electric charging network in Sacramento from 24 chargers to 33.

OFAM will install nine Coulomb Level 2 charging stations at the Sacramento State Garage.

OFAM will procure ten electric vehicles that will be available to State agencies and employees for business trips through the State Rental Pool.

The charging network is interconnected with Coulomb's Charge Point Management System that will allow OFAM to collect data, control access, regulate charging and develop reports.

This project will help DGS comply with Governor Brown's Executive Order D-16-12, issued on March 23, 2012, ordering the California State vehicle fleet increase the

number of its zero emission vehicles through the normal course of fleet replacement so that at least ten percent of fleet purchase of light-duty vehicle be zero emission by 2015 and at least 25 percent of fleet purchases be zero emission by 2020.

For the past two decades DGS's Office of Fleet and Asset Management has used its rental car fleet to promote new vehicle technology to State employees and to the public.

It has introduced methanol, propane, battery electric, compressed natural gas, plug-in hybrid electric, hydrogen fuel cell and ethanol vehicles to the State fleet.

OFAM plans to reintroduce electric vehicles to the State fleet.

Match was not required for this funding category in the solicitation, but DGS will provide a match of 90 percent.

CHAIRPERSON WEISENMILLER: Thank you.

Any questions or comments?

COMMISSIONER PETERMAN: I'll just comment. In line with all the other items considered today, this helps to expand the infrastructure to a wider base and will help the State in terms of savings on fuel cost, as well as was noted by Aida, provides a demonstration opportunity, and opportunity for us to kind of walk the talk. So, I'm

supportive of this item.

So, if there are no other questions, I will move Item 12.

COMMISSIONER DOUGLAS: Second.

CHAIRPERSON WEISENMILLER: Okay, all those in favor of Item 12?

(Ayes)

CHAIRPERSON WEISENMILLER: Item 12 passed unanimously.

Thanks again, Aida.

MS. ESCALA: Thank you.

CHAIRPERSON WEISENMILLER: Item 13, Minutes.

COMMISSIONER DOUGLAS: Move approval of the Minutes.

COMMISSIONER MC ALLISTER: I'll second.

CHAIRPERSON WEISENMILLER: All those in favor?

(Ayes)

CHAIRPERSON WEISENMILLER: The Minutes have been approved.

Item 14, Lead Commissioner or Presiding Member Reports.

COMMISSIONER PETERMAN: I had the opportunity to speak at a conference on distributed generation at UC San Diego's Law School last week and I enjoyed it. I debuted some new material.

I had the opportunity, because it was an academic institution, I took some time in my speech to talk about kind of the history of the electricity industry and how if you look at it through the lens of distributed generation, we have increasingly moved into an environment that's more inviting for DG.

But it's interesting, when you look at the history, we started off, initially, as a distributed generation system, you know, incandescent lamps and such. And even electric vehicles, you know, the first commercial electric vehicle demonstration was in 1897, in New York, and it was New York taxi cabs.

And for those who have been following our business meetings, I think a couple of business meetings ago we approved some funding for the Bay Area Air Quality District to do a demonstration of electric taxi cabs.

And so, in some ways it seems like we are going in full circle but, hopefully, with better technology.

And so it was a good opportunity to reach out with some stakeholders I normally don't engage in, in the Southern part of our State.

CHAIRPERSON WEISENMILLER: You know --

COMMISSIONER PETERMAN: Oh, can I just mention one other thing?

CHAIRPERSON WEISENMILLER: Sure.

COMMISSIONER PETERMAN: Oh, and I just want to mention another thing that happened on that Friday was that I have been elected as Chair of the Plug-In Electric Vehicle Collaborative, taking over as Chair from a former Commission, Jim Boyd. And the Collaborative also hired a new Executive Director. Current Senator Chris Kehoe will be taking on that assignment, and so I'm looking forward to working with her in my capacity as Chair, and generally with all the stakeholders in terms of implementing the Governor's Zero Emission Vehicle Plan.

CHAIRPERSON WEISENMILLER: Great, congratulations.

A couple things, last Friday I attended and spoke at the California Energy Efficiency Industry Council's annual meeting. It's a group that's been -- a trade organization that's been formed to really lobby for energy efficiency.

There was a good gathering of folks. Sort of I spoke and Senator DeLeon spoke about Prop. 239, so it was certainly interesting to get his perspective on that.

And on the San Onofre issues, the two things I was going to flag, generally, for the other Commissions is, one, last week the NRC acted on the Friends of the Earth Petition, which basically asked the NRC to go to license amendment hearings. There were sort of a series of

motions, I should say but, you know, again the first one was really that. There were others, like a stay, which are not ripe, and the NRC decided those weren't ripe.

But the NRC did put the request on whether this be a license amendment, which basically would be a year plus of public hearings, or whether it would be continue on a track of technical review, which is more on a matter of months.

And they referred that to the Atomic Safety Licensing Board for their determination on whether this would constitute a license amendment.

At the same time, there's a parallel group at the NRC looking at the same issue.

I think the conclusions, at least from the prior chair, when we talked about it, was that going forward the types of changes that would done there would trigger a license amendment. But in terms of for this particular Unit 2, whether per se you go in that direction or continue under the old regulatory regime is the issue confronting the NRC.

I'd also note the NRC was going to have a workshop in or around San Onofre next Friday to get public -- for the NRC staff and Edison to have a technical dialogue on Edison's letter, but they have postponed that. They're having difficulties finding a hotel in that

vicinity which is, A, large enough, but B, would accept the likely large, potentially noisy crowd on a Friday evening.

So, anyway, that presumably will be rescheduled, but Rob has been spared a trip down next Friday evening between -- what was it, six -- well, actually, I think they were expecting it to go a long time. So, anyway, starting at 6:00 and closing at some point that evening.

But, presumably, when it is rescheduled we will have a presence there.

COMMISSIONER DOUGLAS: I have no report today.

COMMISSIONER MC ALLISTER: So, I had the -- last week I had the last opportunity to -- I didn't get to catch Carla's -- or Commissioner Peterman's presentation, but I did sit on some of that about DG and the legal landscape, and thought it was actually very -- it was happening in San Diego and I was generally down there on Friday, so I went over and it was actually very useful.

And I think there were a lot of -- a lot of engaged folks down there are thinking about this issue in a very productive way. And, actually, that legal perspective is something that, you know, those of us that come from the engineering side don't probably think about the right way, so it made me appreciate the sort of rigor that the legal perspective provides and that we get from our legal office here.

In general, for the last month I feel like I'm preparing for new things. One, Commissioner Peterman ceded the natural gas policy area to me and I really want to thank you for all the great work that she did, and clearly had a big impact on staff in helping -- helping keep things moving in a direction that -- well, just in a good direction.

And I'm looking forward to picking up that. And I've been getting lots of briefings about the natural gas marketplace, which has been extremely helpful.

And there's some interesting issues there. Obviously, fracking being kind of number one.

But the market dynamics are something that I think are not -- they're not intuitive if you're not embedded in it every day, so I think understanding that longer term is going to help me lead that policy team.

And then, also, just getting ready to take the baton on the IEPR and move forward on the 2013 IEPR, and working with staff to get the scope ready for that.

And I've been reaching out to a number of stakeholders in the energy efficiency and demand response area to figure out what a good scope for that discussion within the IEPR might be.

So, I'm really looking forward to having a good discussion on demand side resources as a complement to the

forecasting and the more traditional generation side. And I think the time is ripe to have that discussion in the IEPR. With the SONGS out in the south, and the various local areas that are impacted by that, it's really important to sort of have everything on the table, figure out what we can -- what's real, what needs to happen to make it more real and reliable as a resource.

So, we have a lot of options at our disposal. Some of them are pretty new and need some vetting, some pretty hard vetting.

And the IEPR, I think, is a good place to have that, to facilitate that conversation among the agencies and the other stakeholders.

So, just broadly, those are a couple of things that are moving in a good direction at the moment.

CHAIRPERSON WEISENMILLER: Great.

So, Item 13 -- or 15, excuse me, Chief Counsel's Report.

MR. LEVY: Good morning Commissioners. I'd like to request a Closed Session to discuss facts and circumstances that constitute a significant exposure to litigation against the Commission.

CHAIRPERSON WEISENMILLER: Great. We'll schedule that -- I was going to say, I'm trying to figure out whether we start at noon or start at 12:15. So, we'll

start at noon.

Okay, 16, Executive Director's Report.

MR. OGLESBY: I have two items. The first one relates to the Clean Energy Business Financing Program, where the Commission directed me to approve or disapprove any requests by borrowers to acquire additional debt.

And we had such a request from the Solaria Corporation on October 15th. We had our financial adviser evaluate the request and provided us a recommendation that it be approved.

Based on that recommendation, on behalf of the Energy Commission, I approved the Solaria Corporation's request to obtain up to $6 million in additional debt to originate from multiple bridge loans from multiple lenders.

It was conditioned that all the additional debt be fully subordinated to the Energy Commission in both collateral and payment. So, that's the update on that.

The second item I have for you is to let you know that tomorrow I'll be joined with our Senior Fuels Analyst, Gordon Schremp, to testify before the Senate Select Committee on Bay Area transportation, on refineries, system reliability, gas prices, and the economy.

And this originated from the recent, but not concluded, in the spike in the price of gasoline in the State of California, which arose as a result of some

simultaneous refinery outages.

Prices now are more or less back to normal, back to where they were before the spike.

And the Committee, which is Chaired by Senator Leno, wants to review the status of refineries and what are the circumstances that led to the price spike, and explore some of the consequences and options available.

CHAIRPERSON WEISENMILLER: Thank you.

So, 17, the Public Adviser's Report.

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

CHAIRPERSON WEISENMILLER: Item 18, any public comment?

Okay, so we're going to go into Executive Session now. Thank you.

I will assume we'll be back from the Executive Session somewhere between 1:00 and 1:30.

(The Executive Session was held at 11:39 a.m.)

(The Public Session resumed at 1:58 p.m.)

CHAIRPERSON WEISENMILLER: This is the Chairman; we're back in session from our Executive Session.

Do you have public comment?

Okay, then this meeting is adjourned.

(Whereupon, at 1:59 p.m., the business meeting was adjourned.)