

Commissioners Present

Karen Douglas
David Hochschild
Andrew McAllister
Janea Scott
Lezlie Kimura Szeto, Her Advisor

Staff Present:

Rob Oglesby, Executive Director
Michael Levy, Chief Counsel
Alana Matthews, Public Advisor

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Patricia Kelly	7
Kerry Willis	7
Pippin Brehler	8
Raquel E. Kravitz	9,10
Andre Freeman	11
David Nichols	12
Jim McKinney	13

<u>Interested Parties:</u>	<u>Agenda Item</u>
Greggory Wheatland, Esq.	3,7
Jeffery Harris, Esq.	4
Stephen O'Kane	7
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Ian Wright	11
Eric Cahill	13

Public Comment

Steve Aspel, Mayor Redondo Beach
Bill Brand, City Council Member, Redondo Beach
Bill Workman, City Manager, Redondo Beach
Jon Welwer, Attorney, Jeffer Mangels Butler & Mitchell LLP
Mozen Nazamy, Deputy Executive Officer, South Coast AQMD
Eric Emblem, Joint Committee of Energy and Environmental Policy
Bob Raymer, Senior Engineer, CA Building Industry Assn,
CA Business Properties Association, Building Owners and
Managers Association of CA, CA Building Officials
Bob Helbing, Institute of Heating & Air Conditioning Industries
Tom Meyer, National Environmental Balancing Bureau

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P R O C E E D I N G S

AUGUST 27, 2013 10:05 a.m.

COMMISSIONER DOUGLAS: Let's start the Business Meeting with the Pledge of Allegiance.

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

COMMISSIONER DOUGLAS: All right, well let's start with Item 1 -- actually, why don't I start with just one or two notes on the agenda. We have nothing on Item 2, so we won't be doing Item 2. Item 5 will be deferred to a future business meeting.

And so, with that, let's take up Item 1, the Consent Calendar. I'm sorry, we'll do -- Commissioner McAllister has a brief disclosure, and then we'll go to the Consent Calendar.

COMMISSIONER MCALLISTER: So this is not the Consent Calendar, but I figured I would just go ahead and do it upfront so we don't have to interrupt the flow.

So I actually don't have the recues on any items today, but I wanted to just do a little disclosure here that Items 9 -- I'll just read them out here -- none of these items benefit the U.C. Davis King School, but they do have to do

1 with a U.C. generally, and my wife is a Professor
2 there as of last week, so I just wanted to make
3 sure that I disclosed that. And the items in
4 question here are 9a(i) and (ii), 9d(iii),
5 9d(vi), 9d(vii) and 9d(viii), and Item 13 that
6 have something to do with the U.C. system. So
7 that's my disclosure, so let's proceed. Thank
8 you.

9 COMMISSIONER DOUGLAS: All right. Thank
10 you, Commissioner McAllister. With that, Item 1,
11 Consent Calendar. Do we have a motion?

12 COMMISSIONER MCALLISTER: I'll move
13 consent.

14 COMMISSIONER SCOTT: Second.

15 COMMISSIONER DOUGLAS: All in favor?

16 (Ayes.) The item is approved
17 unanimously.

18 COMMISSIONER DOUGLAS: Item 3, Los
19 Esteros Critical Energy Facility Phase 2. Craig.

20 MR. HOFFMAN: Good morning,
21 Commissioners. My name is Craig Hoffman and I'm
22 your Compliance Project Manager for the Los
23 Esteros 2 project. With me this morning is Nancy
24 Fletcher, Air Resources Engineer.

25 Staff is requesting that the Energy

1 Commission adopt an Order Approving the Petition
2 to Modify the Los Esteros 2 Decision and adopt
3 the new Proposed and Revised Conditions of
4 Certification.

5 On November 28, 2012, Los Esteros Energy
6 Facility filed a Petition with the Energy
7 Commission requesting to modify the Final
8 Decision. The Los Esteros Energy Facility is a
9 320-megawatt combined-cycle facility certified by
10 the Energy Commission on January 2, 2011. The
11 project went commercially active on August 9,
12 2013, and the project is finishing commissioning
13 activities as we speak.

14 The facility is located in the City of
15 San Jose and Santa Clara County. The Petition
16 requests changes to Air Quality Conditions of
17 Certification that clarify monitoring and testing
18 requirements, and makes no changes to any
19 emission limits.

20 Changes are requested to extend the
21 timing for conducting initial source testing and
22 make corrections to permit language. The
23 addition of Proposed Condition of Certification
24 AQ48 would allow a spare power turbine to be
25 located on site in case any of the four trains

1 would ever go down. Proposed modifications to
2 Conditions of Certification AQ11, 19, 20, 21, 22,
3 24, 25, 26, 27, 44, and 45, and the addition of
4 AQ48 will assure compliance with LORS and assure
5 the air emission limits remain less than
6 significant.

7 The Bay Area Air Quality Management
8 District will not approve any revisions to the
9 authority to construct until the Energy
10 Commission adopts an Order approving this
11 Amendment.

12 In case of public review, on December 3,
13 2012, a Notice of Receipt was docketed and mailed
14 to the Post-Certification mail list and posted on
15 the Energy Commission website. On July 22, 2013,
16 the staff analysis with notice was docketed,
17 mailed to the post-certification mail list, and
18 posted to the Energy Commission website, and sent
19 out to the Listserv.

20 The Applicant provided comments on
21 August 8th for a wording clarification for new
22 Condition 48. Staff has no problem with the
23 language change and the clarification reinforces
24 that the spare turbine is onsite.

25 The 30-day comment period for the staff

1 analysis ended on August 22nd, and no additional
2 comments have been received.

3 Staff is available to respond to any
4 questions the Commission might have, and the
5 Applicant is here, as well. Thank you.

6 COMMISSIONER DOUGLAS: Thank you, Craig.
7 Can we hear from the Applicant, please?

8 MR. WHEATLAND: Good morning. I'm Greg
9 Wheatland and with me this morning is Barbara
10 McBride. We're here for Los Esteros. We'd like
11 to thank Mr. Hoffman and the Commission staff for
12 their review of this amendment and for their
13 recommendation of approval. I don't have a
14 formal presentation today, but we are available
15 to answer any questions that you may have.

16 COMMISSIONER DOUGLAS: All right, well,
17 thank you very much. Commissioners, I have
18 looked at this, I typically review all the
19 amendments and siting matters that go through
20 here, particularly closely. I think this is a
21 reasonable proposal, it obviously was posted and
22 didn't get any public comments. So at this
23 point, I think we're looking for a motion for
24 Item 3, unless anyone has other questions or
25 comments.

1 COMMISSIONER MCALLISTER: I'll just
2 note, I mean, if there are no emissions changes
3 of note, the Bay Area AQMD has said they're okay
4 with it, there are no LORS issues, it seems like
5 a pretty straightforward change, so I'll move
6 Item 3.

7 COMMISSIONER SCOTT: Second.

8 COMMISSIONER DOUGLAS: All in favor?

9 (Ayes.) The item is approved
10 unanimately. Thank you.

11 COMMISSIONER DOUGLAS: Item 4, Walnut
12 Energy Center Project. Possible approval of a
13 Petition to increase the backup water supply
14 limit of 51-acre feet per year to 180-acre feet
15 per year when recycled water is not available.
16 Joseph, please.

17 MR. DOUGLAS: Good morning,
18 Commissioners. My name is Joseph Douglas and I'm
19 a Compliance Project Manager for the Walnut
20 Energy Center Authority Amendment. With me this
21 morning is Jeffrey Ogata, Assistant Chief
22 Counsel. Also present are representatives from
23 Walnut Energy Center Authority, the owners of
24 Walnut Energy Center Power Project.

25 The Walnut Energy Center Power Project

1 is a nominal 250-megawatt combined-cycle plant
2 located in the City of Turlock in Stanislaus
3 County. The project was certified by the Energy
4 Commission on February 18, 2004, and began
5 commercial operation on February 28, 2006.

6 On January 21, 2011, Walnut Energy
7 Center filed a petition with the California
8 Energy Commission to modify the wording of the
9 existing Condition of Certification Soils and
10 Water 5, allowing Walnut Energy Center to
11 increase the backup water supply when recycled
12 water is not available.

13 The project was licensed to use up to
14 1,800 acre feet per year of recycled water. And
15 when recycled water was not available as the
16 project commenced operation, the project was
17 permitted to use potable water as a bridge supply
18 until the recycled water became available.

19 In 2005, the Energy Commission approved
20 an amendment that changed the source of the
21 backup water supply from potable water to poor
22 quality groundwater from Walnut Energy's onsite
23 wells. The groundwater was also approved as a
24 backup water source until the City of Turlock's
25 Wastewater Treatment Plant was able to produce

1 sufficient quantities of recycled water. Once
2 recycled water could be delivered, 51 acre feet
3 of groundwater was permitted to be used as a
4 backup source in an event of a short term
5 interruption in recycled water delivery.

6 Since the City of Turlock has begun
7 supplying recycled water to Walnut Energy,
8 interruptions of recycled water supply have been
9 more frequent than anticipated. The proposed
10 modifications will allow Walnut Energy Center
11 Authority to increase the backup water supply
12 limit of 51 acre feet to 100 acre feet per year.
13 However, the maximum water supply volume the
14 plant is licensed to use will remain at 1,800
15 acre feet per year.

16 The Notice of Receipt was mailed to the
17 Walnut Energy Center Post-Certification Mailing
18 List, docketed and posted to the Energy
19 Commission website on February 8, 2011. Staff's
20 analysis of the Petition was docketed, posted to
21 the Web, and mailed to the Walnut Energy Center
22 Post-Certification Mailing List on June 28, 2013.

23 Energy Commission staff reviewed the
24 Petition and finds that it complies with the
25 requirements of Title 20, Section 1769A of the

1 California Code of Regulations, and recommends
2 approval of the post-project modifications and
3 associated revisions to soil and water resources
4 based upon staff's findings and subject to the
5 Revised Condition of Certification. Thank you.

6 COMMISSIONER DOUGLAS: Thank you. Can
7 we please hear from Walnut Energy Center?

8 MR. HARRIS: Yeah, thank you. Good
9 morning. I'm Jeff Harris on behalf of the Walnut
10 Energy Center. To my right is Mr. Brian
11 LaFollette, who is the Assistant General Manager
12 from the district for Power Supply
13 Administration. Sitting in the audience behind
14 me, as well, is Mr. George Davies, and George is
15 the Combustion Turbine Department Manager, the
16 guy who is there every day, on the ground, making
17 sure things work right. And Susan Strachan is
18 also in the audience from Strachan Consulting.
19 That's our team, been working on this.

20 I want to basically start out by telling
21 you that we definitely support the staff's
22 position on this and our request for you today is
23 to approve the staff's recommendation. I don't
24 have any formal presentation either, I think Mr.
25 Wheatland did that right. We're available to

1 answer any questions. I do want to thank the
2 staff, Joe, all the folks in the Water
3 Department, for taking us through this, it took a
4 long time to get there, but we've developed some
5 very good working relationships now, and I think
6 that's the best thing to come out of this. And
7 we look forward to working with the staff in the
8 future.

9 COMMISSIONER DOUGLAS: Well, that's
10 great. I appreciate hearing this and I know that
11 you did work hard with staff and really
12 iteratively with staff to get to a satisfactory
13 resolution of this issue, so I really appreciate
14 that, as well. And with that, Commissioners, I
15 certainly recommend this item for our support.

16 COMMISSIONER MCALLISTER: Just one
17 question. Were there sort of the -- what was the
18 discussions that were on the ground in the
19 district, you know, about the water supply and
20 whether the increment from 51 to 180 was -- what
21 impact, negative impacts, and sort of how did you
22 work through that discussion? Were there locals
23 that were -- local stakeholders that you had to
24 sort of work with on that issue to get to the
25 resolution that you have?

1 MR. HARRIS: It was a long process, but
2 again, ultimately a very good process and we
3 ended up in the right place. The district has
4 about a 700-megawatt peaking capacity -- what's
5 our peak? A little less than that. This asset,
6 the Walnut Energy Center, represents about 35
7 percent of all the energy that TID either
8 generates or purchases, which is a very
9 significant part of that. It's also -- the
10 lynchpin of the Balancing Authority for the
11 district, and one of the things that the
12 Commission did approve in the project was to
13 basically say we understand that, we're not going
14 to require you to shut down, so we went back and
15 forth with staff, traded data, and tried to come
16 up with a number. The big issue for us is that
17 we're dependent on the water supply from the City
18 of Turlock Wastewater Treatment Plant, and the
19 City of Turlock is independent of the Turlock
20 Irrigation District, we're a customer to them.
21 And we think on the whole that project will be
22 reliable over time, it's gotten better over time,
23 we think, and as we go forward we think it will
24 get better. So I think what you see is really
25 planning against a very bad outcome that we think

1 is now a low probability outcome with this number
2 that has been recommended by staff.

3 COMMISSIONER MCALLISTER: Okay, so I
4 guess you mentioned the City, I guess I was just
5 wondering, is the City on board with this
6 resolution as well?

7 MR. HARRIS: Yeah, George, as I
8 mentioned before, works very closely with the
9 City. We've had many meetings with the City to
10 talk about their operations and how to make the
11 facility more reliable. Some of the problems
12 that have occurred recently have been really
13 related to the changes in the Regulation of the
14 wastewater treatment plant, and so in some ways
15 out of the control of the City of Turlock, as
16 well. But that coordination happens on a regular
17 basis and we also coordinate with your staff. We
18 have a requirement to notify you within 24 hours
19 of anything that happens going forward. And
20 there really hasn't been any local interest, to
21 actually answer one of your questions directly.
22 We've had basically nobody from the public show
23 up and be concerned about this issue, and I think
24 the wastewater treatment plant is happy to have
25 us as a customer. So overall, things are very

1 nice in Turlock.

2 COMMISSIONER MCALLISTER: Great. So
3 I'll move Item 4.

4 COMMISSIONER HOCHSCHILD: Second.

5 COMMISSIONER DOUGLAS: All in favor?

6 (Ayes.) The item is approved
7 unanimously. Thank you.

8 COMMISSIONER DOUGLAS: Item 6. Lodi
9 Energy Center. Consideration of a Petition to
10 Amend 12 Air Quality Conditions of Certification
11 for the Lodi Energy Center to allow increased
12 emissions during startup, allow gas turbine
13 tuning necessary for periodic maintenance and
14 calibration, to amend the minimum temperatures
15 for the selective catalytic reduction system to
16 start ammonium injection, and to change the
17 specifications of the volumetric fuel flow meter.
18 Eric.

19 MR. VEERKAMP: Good morning,
20 Commissioners. My name is Eric Veerkamp and I'm
21 a Compliance Project Manager for the proposed
22 amendment for the Lodi Energy Center. I have
23 Joseph Hughes with the Air Quality staff here, as
24 well, this morning. And also, representing the
25 owner in the audience, we have Jeff Adkins,

1 Michael DeBartoli, and Vinnie Venethongkham.

2 The Lodi Energy Center is a 296-megawatt
3 natural gas-fired combined-cycle generating
4 facility consisting of one combustion turbine
5 generator, one condensing steam turbine
6 generator, one heat recovery steam generator and
7 associated equipment.

8 The plant is located in the City of Lodi
9 next to the City's wastewater treatment plant on
10 I-5 at Thornton Rd. The project was certified by
11 the Commission in April of 2010 and began
12 commercial operation in November, two years later
13 in 2012.

14 The Petition was filed with the
15 Commission on April 14, 2013, requesting
16 revisions to eight Air Quality Conditions of
17 Certification. But as a result of subsequent
18 discussions with the owner that occurred during
19 staff review, as well as a letter that we
20 received from the owner, there are a total of 12
21 Conditions of Certification proposed for
22 revision.

23 The first request is to allow increased
24 CO emissions during combustion turbine startup,
25 and that's Air Quality Condition 25. The request

1 is being made to match actual as measured
2 performance, rather than anticipated performance
3 approved by the Commission as a part of the final
4 decision. Second, there is a request to allow
5 gas turbine combustor tuning that's necessary for
6 periodic maintenance and calibration, and to
7 ensure appropriate recordkeeping for tuning
8 events. That is related to Air Quality Condition
9 22, 26, 27, 28, 29, 32 and 33, as well as 65 and
10 66.

11 There is also a request to revise the
12 language which refers to establishing the minimum
13 temperature at which the Selective Catalytic
14 Reduction or the SCR system starts the ammonia
15 injection, and that's Air Quality 22 and 23.

16 And finally, there's a request to define
17 the type of volumetric fuel flow meter that's
18 used to measure the amount of natural gas
19 combusted. And that's Air Quality 52.

20 Energy Commission staff has reviewed
21 this Petition to Amend all of the revised
22 conditions and have assessed their impacts on
23 environmental quality and on public health and
24 safety. Staff has determined that, despite the
25 increase in CO emissions, there would be no

1 significant impacts to air quality primarily
2 because the increase is well within the limits of
3 the original analysis, which was found to be not
4 significant at that time.

5 There is no need for additional emission
6 credits, and since the area is in attainment for
7 CO, staff is recommending approval of all the
8 proposed changes.

9 COMMISSIONER DOUGLAS: Thank you -- oh,
10 sorry, I thought you were done, go ahead.

11 MR. VEERKAMP: I'm sorry. In staff's
12 opinion, with the implementation of the revised
13 conditions, the project will remain in compliance
14 with the LORS and procedurally the staff
15 analysis, which was dated July 18, 2013, was
16 docketed and posted to our website on July 8th,
17 and the public review period expired on August
18 8th, and we didn't receive any comments. And
19 that does conclude my presentation. I'd be happy
20 to take any questions you might have.

21 COMMISSIONER DOUGLAS: Thank you. So
22 let's go on to Lodi Energy Center, then, and to
23 hear from you, please.

24 MR. ADKINS: My name is Jeff Adkins with
25 Sierra Research, representing Lodi Energy Center.

1 Also with me is Michael DeBartoli, the Plant
2 Manager at Lodi Energy Center. I'd like to thank
3 Mr. Veerkamp for his presentation and
4 recommendation of approval. We have no formal
5 presentation, but we are available for answering
6 questions. Thank you.

7 COMMISSIONER DOUGLAS: So one question
8 that I think just might be helpful as background
9 is, if you, either staff or Lodi Energy Center,
10 could just provide some background on how, you
11 know, sometimes we will set conditions based on
12 anticipated performance, and then need to true it
13 up based on actual performance, and maybe that's
14 a good one to start with staff, and then hear
15 from Applicant, just a little more background on
16 the purpose and reason for the changes. Go
17 ahead, Eric.

18 MR. VEERKAMP: I'm not sure how
19 effectively I can speak to that issue other than
20 to say that I think staff was very thorough
21 during the original analysis in looking at the
22 amount of emissions that were allowable, if you
23 will, and the fact that they are realizing that
24 they do need to true that in, it's still within
25 the limits of the analysis that was done, making

1 it non-significant. But I know Joseph Hughes
2 could probably speak to more detail on that if
3 you'd like --

4 COMMISSIONER MCALLISTER: Can I just
5 maybe put a finer point on that? So, could you
6 just say what the original analysis is and those
7 limits, and then what ended up in the actual
8 application? Those sound like those were
9 different and we're now truing up the actual
10 conditions, but it's still within some original
11 analysis limit, so if you can just give that
12 background, that would be great.

13 MR. VEERKAMP: As I recall, the original
14 analysis provided a maximum emission limit of
15 1,500 -- is it tons or pounds -- pounds per hour.
16 And the proposed change with a -- fudge factor
17 isn't the best term -- but with that added in,
18 the maximum is up to 1,200 pounds per hour, so
19 it's still well within what was originally
20 analyzed.

21 MR. HUGHES: Yeah, I think if I can help
22 there, I think what Eric is pointing out is the
23 worst case emissions that were evaluated and
24 permitted were 900 pounds per hour; however, when
25 we looked at the impacts associated with the

1 commissioning period, I think those were up to
2 about 2,000 pounds per hour, and the impacts
3 associated with that we determined wouldn't be
4 significant. For this request, we evaluated the
5 increase to 1,500 pounds per hour and also
6 determined that, for both one hour and eight hour
7 ambient air quality standards, it would be well
8 below those standards, but we are in fact
9 actually asking to increase from 900 to 1,500
10 pounds per hour because, after the Applicant --
11 when they came in for the original Application
12 for Certification, they presented data based off
13 of similar type engines, and after initial
14 commissioning and operation, they determined that
15 under certain conditions like low load, cold
16 ambient temperatures, the emissions were actually
17 slightly higher than what was originally
18 anticipated. Some of the CEMS data from like
19 early November show that there were limits during
20 these cold starts that reached about 1,200 pounds
21 per hour, and based off discussions with Air
22 Quality Management District, they decided to
23 include a margin of safety of 25 percent, and so
24 that's where we're at, at the 1,500 pounds. We
25 evaluated it and determined that there wouldn't

1 be any additional significant impacts associated
2 with that. Oh, I'm sorry, this is Joseph Hughes
3 with Air Quality.

4 COMMISSIONER DOUGLAS: Thank you. And
5 that's very helpful. That's what I was asking.
6 Let me just see if there's any addition from Lodi
7 Energy Center.

8 MR. ADKINS: Yes. As Mr. Hughes said,
9 the original maximum hourly startup when it was
10 900 pounds per hour, during certain specific
11 situations, in this case it was cold start and
12 cold ambient, we saw peaks during actual startups
13 around 1,200 pounds per hour. We then went in
14 with a request to the Air District for 1,500
15 pounds per hour to account for these situations.

16 Just as a little bit of background, this
17 is a combined-cycle fast start technology, so
18 we're pushing the limits of how fast we can bring
19 up this combined-cycle unit, and in doing that
20 there are situations where just a couple of
21 minutes make a big difference, and this is kind
22 of the result of that.

23 COMMISSIONER DOUGLAS: Yeah, that makes
24 sense, and I think to some degree the broader
25 point here is that it's very helpful to come in

1 and show what kind of engine you plan to use, and
2 comparable performance in other circumstances,
3 but obviously both the climate and the area
4 you're operating in, and the manner in which you
5 operate the plant can impact those numbers, and I
6 think we're just seeing some of that here. So
7 let me just ask if there are any other questions?
8 Commissioner Scott?

9 COMMISSIONER SCOTT: I have a follow-up
10 question also on the amending the minimum
11 temperatures for the selected catalytic
12 reduction, and I know this is used to help reduce
13 the NO_x emissions, and so I'm wondering, talk to
14 us a little bit more about that. So if you're
15 amending these temperatures, are you expecting to
16 get a more effective reduction of NO_x?

17 MR. HUGHES: Actually, for this
18 particular change, generally, yeah, the selective
19 catalytic reduction system injects ammonia to
20 create a chemical reaction that does reduce
21 nitrogen oxides. However, for this particular
22 amendment, this portion, it's just an
23 administrative change. That minimum catalytic
24 temperature has already been established for 106
25 degrees, I think, and so for the administrative

1 change that's happening here, it's just so that
2 we can revisit it in the future in case there's
3 ever a part replacement and we need to then
4 further amend the catalytic temperature at that
5 time.

6 COMMISSIONER SCOTT: Thanks.

7 COMMISSIONER MCALLISTER: So there are
8 no additional emissions associated with that.

9 MR. HUGHES: No, no.

10 COMMISSIONER MCALLISTER: Yeah, I just
11 wanted to make a comment, really. I guess I
12 wanted to highlight this plant and the technology
13 more generally, just as something that is
14 important for California as we engage, you know,
15 ever deeper in the discussion of flexible
16 resources and the need for load following
17 resources as our sort of demand side, and
18 generation mixes interact in ever more
19 complicated ways. And so I think, I mean,
20 combined-cycle has the benefit obviously of high
21 efficiency, and traditionally it's been with a
22 cost on the flexibility and the ramping
23 capability that's starting in the ramping
24 capability of gas-fired technologies, and so the
25 fallback has tended to be a single cycle, if you

1 really needed that flexible capacity. So this
2 plant, I think, has it largely both ways where we
3 get, you know, when it's running for a little
4 while after starting it does operate efficiently,
5 but it also has that quick ramping capability,
6 and that's a technological innovation that I
7 think Lodi is proving out. And so these tweaks
8 and this truing up, I think, is part of that
9 process. And you know, metallurgical and in
10 other ways, it's testing the limits of technology
11 and I think it's quite an interesting project and
12 it's steel in the ground at the POU, and I think
13 it's in a lot of ways a really great project and
14 quite exemplary, you know, given -- obviously we
15 need more on the demand side, we need more Demand
16 Response, we need lots of other flexible
17 resources, and we can't rely on natural gas
18 alone, but I think to the extent we need this
19 sort of cutting edge technology, this is a good
20 demonstration project, and I was fortunate enough
21 to go visit the plant and see it working. And I
22 think that, combined with the implementation
23 time, it was pretty quick -- I think it was, you
24 know, a nice role, a nice modeling role that Lodi
25 has played. So thanks for that. And anymore

1 questions?

2 COMMISSIONER DOUGLAS: Is there a
3 motion?

4 COMMISSIONER MCALLISTER: I'll move Item
5 6.

6 COMMISSIONER SCOTT: Second.

7 COMMISSIONER DOUGLAS: All in favor?

8 (Ayes.) The item is approved
9 unanimously. Thank you.

10 COMMISSIONER DOUGLAS: Item 7. Redondo
11 Beach Energy Project. Let's see, 7a, we'll start
12 there, is Commission consideration of the
13 Executive Director's data adequacy recommendation
14 for the Redondo Beach Energy Project.

15 MS. KELLY: Good morning, Commissioners.
16 I am Pat Kelly, Project Manager for the Redondo
17 Beach Energy Project. To my right is Kerry
18 Willis, the project attorney.

19 On November 20, 2012, the California
20 Energy Commission received an Application for
21 Certification from AES Southland, LLC to
22 construct, own, and operate the Redondo Beach
23 Energy Project. The proposed project site is
24 located at 1100 North Harbor Drive in the City of
25 Redondo Beach, southeast of and adjacent to North

1 Harbor Drive and Herondo Street.

2 The project would utilize 10.5 acres, in
3 addition to a 2.2 acre existing switchyard
4 located entirely within the approximately 50-acre
5 footprint of the existing Redondo Beach
6 Generating Station. The proposed Redondo Beach
7 Energy Project would be a natural gas-fired
8 combined-cycle air-cooled 496-megawatt electrical
9 generating facility that would be constructed on
10 the site of, and eventually replace the existing
11 Redondo Beach Generating Station.

12 The project would also eliminate the use
13 of ocean water for cooling to comply with State
14 Water Board policy.

15 This Application, or AFC, was reviewed
16 for data adequacy on January 9, 2013. The Energy
17 Commission determined the AFC inadequate and
18 adopted a list of deficiencies in six technical
19 areas: air quality, biological resources,
20 cultural resources, traffic and transportation,
21 transmission system design, and waste management.
22 The Applicant provided supplemental information
23 on January 30, 2013 and February 20, 2013. In
24 addition, on July 9, 2013, the South Coast Air
25 Quality Management District provided a letter

1 confirming that the application to the Air
2 District was now complete. Staff has completed
3 its data adequacy review of the AFC and has
4 determined the AFC and supplemental information
5 meets all the requirements listed in Title 20,
6 California Code of Regulations, Section 1704,
7 Appendix B, for the 12-month process.

8 Once the project is determined to be
9 data adequate by the Commission, the Energy
10 Commission staff will begin the environmental
11 analysis for each technical topic. Staff will
12 provide data requests pertaining to specific
13 technical topics for the Applicant to respond.

14 During the staff discovery period,
15 public workshops will be scheduled for staff,
16 Applicant, and other parties to discuss specific
17 issues at workshops or public meetings that
18 provide opportunities to participate in the
19 review process. A notice is provided at least 10
20 days prior to each workshop on the Energy
21 Commission's website, and is emailed to people on
22 the Proof of Service list and the Listserv.
23 Other agencies, as well as the public, are
24 invited to attend or phone in, and will be given
25 an opportunity to comment.

1 The Energy Commission received two
2 separate Data Adequacy comment letters, first
3 from the City of Redondo Beach, and a second from
4 Build a Better Redondo, and NoPowerPlant.com, and
5 Commissioner Bill Brand, which identifies
6 technical areas of concern. The Energy
7 Commission provided response letters which are
8 available on the Energy Commission Project web
9 page. Staff determined the issues raised in both
10 the data adequacy comment letters go beyond the
11 scope of information required in Appendix B,
12 Section 1704, Title 20. Staff has been directed
13 to revisit and review the concerns addressed in
14 the letters during the environmental analysis or
15 discovery phase of the process, which begins when
16 the Commission determines the project is data
17 adequate.

18 Staff recommends the Commission find the
19 project data adequate and appoint a committee to
20 oversee the Redondo Beach Energy Project. Staff
21 is present in the room to address questions, plus
22 there are representatives from the City of
23 Redondo Beach, as well as South Coast Air
24 District today. I believe they wish to make
25 public comment on this project. That concludes

1 staff's presentation. Thank you.

2 COMMISSIONER DOUGLAS: Thank you. And
3 let me just ask a brief question. When was
4 staff's response to the two letters posted?

5 MS. KELLY: It was the -- let me look --
6 okay, on December 21, 2012, the response was sent
7 to the Mayor at the time, Mike Gin, responding to
8 the City's letter, which identified 15 areas that
9 they felt were inadequate as far as data
10 inadequate. And then the second letter, which
11 was written to Build a Better Redondo and
12 NoPowerPlant.com was dated January 8, 2013, and
13 they were docketed -- the January 8th letter was
14 docketed on January 8th and the letter to the
15 Mayor was docketed on December 27th, but it's
16 dated the 21st.

17 COMMISSIONER DOUGLAS: All right, well,
18 thank you. Great. Let's hear from the
19 Applicant.

20 MR. O'KANE: Thank you, Commissioner.
21 My name is Stephen O'Kane. I am the Vice
22 President of AES Southland Development, the
23 Applicant, and I'm also the Manager of
24 Sustainability and Regulatory Compliance for the
25 operating companies that include the existing

1 Redondo Beach Generating Station.

2 I don't have a formal presentation, but
3 I do want to say a few words. First, I'd like to
4 introduce some members of my team. First in the
5 audience behind me is my colleague, also with AES
6 Southland, Julie Gill, out of our Government and
7 Regulatory Affairs; to my left here is our legal
8 counsel from Ellison, Schneider & Harris, Greg
9 Wheatland; his assistant behind me, Assistant
10 Legal Counsel -- we'll be careful there --
11 Samantha Pottenger; and my Environmental
12 Consultants from CH2M Hill, our Project Manager,
13 Sarah Madams, and Jerry Salamy. Thank you.

14 I'd like to really thank the CEC staff
15 for their work in reviewing and assessing our
16 application against the requirements for data
17 adequacy. This has been a long process. We
18 originally filed our application in November of
19 2012, and I was last in front of this Commission
20 January 9th, and at that time made the commitment
21 of addressing all of the outstanding data
22 adequacy requirements by the end of that month.

23 I think the record will show that AES
24 was able to do that at that date, respond to all
25 the data adequacy requirements. However, after

1 some input from the U.S. EPA and discussions with
2 the South Coast Air Quality Management District,
3 in terms of their completeness for their
4 application to the AQMD, the AQMD had to reassess
5 what would be sufficient for them to call the
6 application complete, which resulted in a number
7 of iterations for us to get to the point where
8 all parties were satisfied that we had
9 appropriately addressed all the new information
10 and comments. So that was really the reason why
11 we're 10 months past the date of initial filing,
12 we're at a data adequacy recommendation hearing.

13 Needless to say, through all that data
14 adequacy recommendation, new information, this
15 did not result in any new conclusions from our
16 environmental analysis, nor did it result in any
17 change to our design. I think this was just
18 further information to be able to provide the
19 agencies with the tools they needed to begin
20 their review. And as Ms. Kelly already stated,
21 today is to begin that review, it is not to
22 assess whether or not this -- the merits of this
23 project. So it was a long time and, in the
24 interim, a number of significant events have
25 occurred in the electricity market, the system,

1 and even in the City of Redondo Beach, that are
2 relevant to this process.

3 I think first is the California Public
4 Utilities Commission's determination and release
5 of their results and recommendation and
6 authorization from Track 1 of the 2012 Long Term
7 Planning Process, which authorized the Investor-
8 Owned Utilities to procure up to 1,800 megawatts
9 of generation in the Western Los Angeles
10 Reliability Area, 1,000 to 1,200 megawatts of
11 that to be gas-fired generation. Certainly, the
12 Redondo Beach Energy Project fulfills -- can be
13 an option that could fulfill that need.

14 Secondly, the other major event that
15 happened was the announcement by Southern
16 California Edison of the permanent closure of the
17 San Onofre Nuclear Generating Station, and then
18 the continuation of a Track 4 in the long term
19 procurement process to evaluate further need for
20 generation within the Western Los Angeles
21 Reliability Area. And while no determination has
22 yet been made on exactly how much more we'll
23 need, as a result of the SONGS no longer being in
24 service, I think it's very likely, if not a
25 certainty, that there will be additional

1 generation authorized from the Investor-Owned
2 Utilities to procure.

3 And the Redondo Beach Energy Project
4 would be one of the options that the utilities
5 could proceed with in maintaining their system
6 reliability and the goals for safe, clean and
7 reliable energy for California.

8 The other major event that happened took
9 place in March in the City of Redondo Beach, a
10 voter-led initiative, Measure A, that would see
11 the rezoning of our power plant site, our 50-acre
12 power plant site, into zoning that would be
13 incompatible with this application. That zoning
14 measure was defeated. A majority of voters in
15 Redondo Beach did not agree with that process
16 and, while it was not a vote on the up or down of
17 this application and this project, I think it was
18 quite clear that it was a rejection of the vision
19 that the groups, Build a Better Redondo and
20 NoPowerPlant.com, had for the Redondo Beach, and
21 it was also a vote in favor of due process and,
22 really, I would say, a vote of confidence in this
23 Commission and its process and your ability to
24 effectively weigh the merits of our project.

25 And so today I urge you to accept the

1 staff recommendations for data adequacy. We
2 believe -- AES believes -- that we have designed
3 a project that are going to meet the needs of all
4 stakeholders and provide safe, clean, reliable
5 energy that's desperately needed in the Western
6 Reliability Area. Thank you.

7 COMMISSIONER DOUGLAS: Thank you. We
8 now have a number -- I have a number of blue
9 cards in my hand. If anyone is here who would
10 like to speak and has not filled out a blue card,
11 please do so, please give it to the Public
12 Advisor so that I can call on you. We may also
13 have people on the phone who would like to speak.
14 No? Okay. All right.

15 So let me ask first -- we've got a
16 couple of representatives from the City of
17 Redondo Beach, including the Mayor, so let me ask
18 the Mayor to come forward first. I'd like to
19 give the City more or less equal time with the
20 other participants. We typically have a three-
21 minute limit, but I'll just say generally equal
22 time, but that doesn't really mean 40 minutes
23 each, or 10 minutes each --

24 MR. ASPEL: I don't need that much time.

25 COMMISSIONER DOUGLAS: That's fabulous.

1 Go ahead, please. And welcome to the Energy
2 Commission.

3 MR. ASPEL: I'm familiar with that
4 three-minute timer. I'm from the other side of
5 the table here.

6 COMMISSIONER DOUGLAS: All right, well,
7 you can go a little beyond that if you need to,
8 and welcome.

9 MR. ASPEL: Thank you, I appreciate
10 that. My name is Steve Aspel and I am the Mayor,
11 recently elected in May, and the letters were
12 going to Mike Gin, the former Mayor. Let it be
13 known, I'm not part of the Build a Better Redondo
14 or NoPowerPlant and I was opposed to the Measure
15 A also. That said, that doesn't mean that the
16 citizens really want a power plant there. It was
17 in opposition to the zoning initiative only.
18 We've had a power plant there for over 100 years
19 and it has supplied ample electricity, or our
20 share of electricity to the Southern California
21 Region for all that time. And we just think it's
22 an ancient facility and it needs to be retired.

23 The City Council back in April voted
24 unanimously, and I was one of the Council
25 members, to oppose the power plant, the

1 repowering of this, and that resolution has been
2 submitted to the Commission. And the resolution
3 also stated we oppose it unless the power is
4 absolutely -- you deem it absolutely necessary.

5 But the application submitted by the AES
6 is inadequate because it fails to address why the
7 new plant is needed since our independent study
8 shows the existing and planned electrical
9 generation is sufficient to meet the needs. New
10 air pollution from the power plant, I don't
11 think, has been addressed properly and, as you
12 know, it's on the coast and the wind blows
13 inland, so any pollution coming from that power
14 plant, while we understand it will be less than
15 what the current power plant is, would blow
16 inland over many other cities, not just Redondo
17 Beach.

18 And the application I don't think really
19 addresses the potential alternatives for the land
20 use. The City, myself and the citizens are
21 willing to work collaboratively with AES to find
22 a suitable land use that they can return a
23 healthy profit on. We've been dealing with this
24 since I was on the Planning Commission back in
25 2000 when we had a Heart of the City, I think it

1 was Williams Corporation at the time, wanted to
2 tear down the power plant and build 3,000 condos,
3 but the citizens didn't want that either. But
4 there's some happy medium. So AES knows that
5 they can work with us and, if there's no power
6 plant approved, that all their 56 acres will --
7 they'll be allowed to develop and work with the
8 City and it won't have to be one big park.

9 The City wants to be engaged with the
10 Commission and AES, we're not enemies of AES,
11 we're not enemies of the Commission. We would
12 work collaboratively with everybody at the
13 Commission and any other agency in California.

14 But what I want you to understand is we
15 are in the process right now of working with a
16 couple developers about investing \$300 million
17 into the harbor there, and the harbor is directly
18 across the street from the power plant. And it's
19 going to have hotels and retail, all kinds of
20 shops, and it will be an attractive place for
21 people from all around, especially Los Angeles
22 County, to visit. And since we're a coastal
23 resort, we do get people from everywhere in
24 Southern California.

25 So having said that, with a \$300 million

1 investment with all this on the waterfront, it
2 probably isn't compatible with the power plant
3 directly behind it. So we would just like to
4 work with AES and have you deny their permits,
5 and the citizens of Redondo, just know that,
6 while Measure A did not pass, that was just a
7 separate issue, it was a land use initiative, but
8 I would believe, as from being recently elected
9 and knocking on a lot of doors, that
10 fundamentally the people want their electric
11 ranges to work and we want the power to go on,
12 and if you deem it totally necessary, then
13 everybody would live with that. But if it's not
14 deemed necessary, then I believe the majority of
15 citizens would be tenacious in their fight
16 against the repowering, as would myself and the
17 City Council. So I'm available for any
18 questions, but I know we have Councilmember Brand
19 and our City -- excuse me, the City Attorney
20 couldn't make it today -- and our City Manager
21 that wants to talk, too. Anyway, thanks for
22 hearing us. I appreciate that.

23 COMMISSIONER DOUGLAS: Thanks very much.
24 Thanks for making the trip. We appreciate you
25 coming here. All right, so let's go now to Bill

1 Brand, please, Councilmember Brand.

2 COUNCILMEMBER BRAND: Well, good
3 morning, Commissioners. My name is Bill Brand
4 with the City Council, Redondo Beach. I may go a
5 little over your three minutes, but I'll try to
6 make it quick. I'm here to represent the
7 thousands of residents around this area who will
8 suffer the brunt of the impacts of a new power
9 plant this site will bring for decades to come.

10 First, I want to turn your attention to
11 a meeting you guys had in June of 2012 with the
12 PUC and the ISO in Los Angeles, which I attended,
13 where one of the ISO presentations, I think it
14 was given by Neil Millar, stated the most
15 efficient areas to replace power in this area was
16 in Los Alamitos and Huntington Beach, not Redondo
17 Beach. And this is consistent with CAISO's
18 affectivity studies that show Los Alamitos and
19 Huntington Beach plants with higher affectivity
20 factors than Redondo Beach.

21 This is also consistent with the latest
22 report submitted to you by Advanced Energy
23 Solutions, that shows adding capacity in Redondo
24 Beach further away from where the generation is
25 actually needed with the retirement of SONGS will

1 require more capacity to be added in the Southern
2 California area overall. With San Onofre
3 permanently retired, the most efficient location
4 to add additional capacity are in Orange County,
5 not Redondo Beach, where line loss will actually
6 cause more megawatts to be added than would be
7 necessary if Redondo is retired.

8 The overall inefficiencies created by
9 adding capacity at Redondo Beach undermines the
10 goal of everyone except AS, of course, to
11 minimize our reliance on fossil fueled power
12 plants in densely populated areas of our coast.

13 Now, I know the Commission will not be
14 doing a needs analysis to determine if this plant
15 is needed from a capacity perspective, but many
16 do think you will determine if it's needed first.
17 It will be helpful if the Commission would state
18 at this meeting that you are not charged with
19 determining need, only if there is a conflict
20 with our local laws, ordinances, and resolutions
21 would a need analysis be performed; most do not
22 understand this.

23 This is a very sensitive site, it's a
24 unique site where there is no buffer. The
25 proposed location borders the most densely

1 populated area on the coast. It is adjacent to
2 new commercial development and very close, as
3 Mayor Aspel said, to a \$300 million waterfront
4 revitalization currently underway. And no doubt,
5 AES will be proposing even more development on
6 the 38 acres they plan to free up. This new
7 plant will be incompatible with all the
8 surrounding uses, new and old.

9 Most importantly, this plant will be
10 sited in the South Coast Air Basin, which is a
11 non-attainment area for criteria pollutants such
12 as particulate emissions and oxides and nitrogen.
13 According to AES's own application to you, all
14 but one of the criteria pollutants will be
15 increasing; particulate emissions, for example,
16 will increase five to 15 times, depending on how
17 often it runs. Yes, the plant will be more
18 efficient, but the air pollution is going way up,
19 given the fact that the plant has run so little
20 in the last decade.

21 It is clear there are better
22 alternatives for repowering Redondo Beach that
23 goes to data adequacy, alternatives that will
24 minimize air pollution emissions, not just in
25 this area but in the entire South Coast Air

1 Basin. Plus, if this plant is permanently
2 retired, as SONGS just was, the 220 kV power
3 lines that run all the way to the 405 Freeway,
4 about five miles can also be retired. I bring
5 your attention again to the Advanced Energy
6 Solutions report and results of their power flow
7 analysis that demonstrates this and further
8 bolsters the claim that there are much better
9 alternatives to repowering Redondo Beach.

10 As for the political side of things, as
11 even AES has stated and Mayor Aspel, we had
12 Measure A, it was a specific zoning split, it was
13 narrowly defeated, it lost by 247 votes out of
14 13,000. This was not a referendum, however, on
15 whether Redondo supports the power plant or not,
16 the majority of Redondoans do not support the
17 plan. In fact, the majority of South Bay
18 residents do not support the plan. But the
19 residents of Redondo just did not support the
20 zoning split either. So I just wanted to make
21 that clear, that the defeat of Measure A was not
22 a vote for a power plant.

23 Most residents, as I said, do not
24 support the power plant, and this is demonstrated
25 by our unanimous resolution opposing the power

1 plant, which we just submitted, also the building
2 moratorium language we have requested. The
3 Redondo Beach School Board passed a resolution
4 opposing the power plant. State Assemblyman Al
5 Muratsuchi opposes the power plant. Congressman
6 Henry Waxman, who co-authored the 1992 Clean Air
7 Act Amendment, opposes a new power plant, former
8 Congresswoman Janice Hahn, and former
9 Assemblymember Betsy Butler also both oppose the
10 power plant.

11 So in closing, there is really no way to
12 mitigate the significant adverse impacts that a
13 new power plant will impart on this densely
14 populated area. Since siting power here is
15 neither efficient nor needed for grid
16 reliability, I ask you on behalf of the people in
17 the South Bay to deny the construction of a new
18 power plant in Redondo Beach. So thanks for your
19 attention and giving me a little extra time. And
20 as the Mayor said, happy to answer questions.

21 COMMISSIONER DOUGLAS: All right, well,
22 thanks for being here and making your comments.
23 A lot of your comments went at really the merits
24 of the project and there will be issues that will
25 come up in an actual proceeding, they're not

1 issues that the Commission is in any position to
2 make decisions on today. But it's always helpful
3 for us to hear your perspectives. You did ask a
4 question about need analysis, and so let me just
5 maybe give you a bit of guidance, I think your
6 understanding is generally correct.

7 And we typically don't do a formal need
8 analysis, we used to. But as California moved to
9 a more competitive marketplace, the idea is that
10 power plants will compete with each other is
11 really the Public Utilities Commission in cases
12 where you've got power plants bidding into that
13 process, that analyzes need and compares cost,
14 and compares really the value package that comes
15 with the different power plant proposals. Now,
16 that said, as you also point out, there are
17 circumstances where we look at those general
18 issues if there's an inconsistency with local
19 land use, or a significant unmitigated issue.

20 And I suspect that, as both you and the
21 Mayor have brought up the question of how
22 important is this power plant in this place
23 repeatedly in your comments, I have no doubt that
24 we'll hear that question from others and so we'll
25 have to see what the process brings us in that

1 regard. But thanks for being here. I appreciate
2 your comments.

3 I've got two other speakers from the
4 City of Redondo Beach. I'm going to ask you if
5 you could to please keep your comments brief. I
6 think we've more or less achieved our goal of
7 equal time that I wanted to make sure we were
8 able to do. So Bill Workman, City Manager.

9 MR. WORKMAN: Good morning. My name is
10 Bill Workman, City Manager, Redondo Beach. I
11 want to thank you for your service on the
12 Commission, as well as your work to date on the
13 application. I want to invite you to Redondo
14 Beach, it's a great place to live, work, and
15 play. And our signature motto is "more to see,"
16 and with that, we'd also like to say we would not
17 like to see a new power plant in Redondo Beach.

18 But more specifically looking at the
19 application, what we didn't see in the
20 application was a real complete legitimate review
21 of what the alternatives are, including the No
22 Project Alternative. And there are alternatives.
23 There's a few puny sentences in there and that
24 really was the focus of our concerns in looking
25 through and comparing the criteria of the

1 Commission against the application. And there
2 are those alternatives, including as I mentioned
3 the No Plant Alternative, particularly when you
4 take a look at the applications that you have
5 before you from El Segundo, Huntington Beach, and
6 then what's expected to come out of the Los
7 Alamitos Long Beach Plan.

8 And secondly, the socioeconomic piece of
9 this, and as a City Manager, I'm always trying to
10 figure out how to make budget and how to mitigate
11 the impacts of businesses and to serve the
12 community. There is really no description of how
13 revenue can be generated to the City by the power
14 plant to offset the impacts of the plant and
15 offset the community hosting of this plant, and
16 that's of grave concern to me. They've used over
17 the years creative lawyering and creative
18 taxation avoidance techniques to frankly not
19 fully contribute like the average citizen of
20 Redondo Beach, and whatever assistance you can
21 provide into the future on that, as well as just
22 a recognition that it's not really described here
23 in your report in the socioeconomic area. That
24 includes my reports. Again, there's more to see
25 in Redondo Beach and we look forward to having

1 you in Redondo and hosting the workshops moving
2 ahead, and I just quickly also want to mention
3 that we are engaged with the Public Utilities
4 Commission and submitting reports to them, and
5 we're going to be engaged in that process along
6 with others who will impact the application.
7 Thank you for your time.

8 COMMISSIONER DOUGLAS: Very good. Thank
9 you for being here. And I will ask staff to
10 address your question, but let's get through the
11 City's representatives first.

12 So Jon Welner? Are you with the City,
13 as well? Come on forward. Partner JMBM?

14 MR. WELNER: Yeah, I'm an outside
15 counsel to the City.

16 COMMISSIONER DOUGLAS: Got it.

17 MR. WELNER: From Jeffer Mangels. Good
18 morning, Commissioners. I'll be brief. I'm here
19 on behalf of the City to make one particular
20 legal point with regard to your upcoming decision
21 regarding data adequacy.

22 We submitted a letter late last night,
23 you probably haven't seen it, we brought some
24 hard copies with us today --

25 COMMISSIONER DOUGLAS: I've seen it, I

1 doubt my colleagues have had the opportunity to
2 see it.

3 MR. WELNER: It was in the wee hours.
4 But what I wanted to say about it is, really
5 echoing what Bill Workman said and putting a
6 finer point on it, staff have said that the items
7 listed in Appendix B are those that must be
8 provided by the AFC in order for there to be data
9 adequacy. We all know that. Appendix B in
10 Section F explicitly states that you must include
11 in the AFC a discussion of a range of reasonable
12 alternatives, including the No Project
13 Alternative. The AFC simply doesn't do that. In
14 fact, in Section 6.4 which addresses this in the
15 AFC, with regard to the range of alternatives, it
16 simply says a discussion of site alternatives is
17 not included in this AFC. No explanation.
18 Immediately after that, when it's talking about
19 the No Project Alternative, it again dismisses
20 the idea with one sentence, saying that it raises
21 reliability concerns, period. Not addressed
22 further.

23 Our point is simply this: when Appendix
24 B requires discussion of an issue, the discussion
25 can't consist of simply saying "we're not going

1 to discuss the issue." And with all due respect,
2 and we do respect the tremendous work that the
3 staff at the Commission have done in analyzing
4 this over the last nine months, this is an issue
5 that we raised last December in our letter, it's
6 an issue that we're raising today, we really
7 would like the commission to at least explicitly
8 discuss it today if possible because we simply
9 can't understand how the Commission can find an
10 application data adequate when there is a
11 specific requirement in Appendix B that is not
12 addressed in the AFC. So that's really all I
13 have to say. I don't want to take up more time
14 than I need to, but it's an issue of great
15 concern because, as you can see, the community is
16 concerned about the power plant and at least
17 deserves the full consideration of the
18 alternatives before the application is found to
19 be complete. Thank you.

20 COMMISSIONER DOUGLAS: Thank you. Thank
21 you for your comments and thank you for your
22 letter, late though it was, and so letters are
23 responded to more thoroughly when they're
24 received more timely, but it's here and we've got
25 it, and some of us have read it, and others may

1 yet have a chance to. So thank you. You know,
2 I'll just make a brief kind of high level
3 comment, which is that, of course, it helps us
4 tremendously to the extent that work is done
5 before we find a project data adequate so that
6 staff has full and complete and as much
7 information as possible. And yet there's a
8 balance there that we strike because we also view
9 data adequacy as the commencement of a
10 proceeding, not a decision point, except that
11 this is a point at which we believe we have the
12 information we need to commence the proceeding
13 that will be relatively timely and absolutely
14 thorough. And so, you know, I've seen us balance
15 those factors in different ways under different
16 circumstances; I'm interested in both staff and
17 Applicant's response to your question. So, go
18 ahead.

19 MR. WELNER: Thank you.

20 MR. WHEATLAND: Maybe I can start out.
21 What we're talking about in this application is
22 the repowering of an existing facility at an
23 existing site. Traditionally when the Commission
24 has looked at the repowering of facilities, they
25 have not required an alternative site analysis

1 for repowering because obviously you can't
2 repower an existing facility at a different
3 location. So for repowering facilities, the
4 Commission has traditionally not looked at
5 alternatives, and it has not been part of the
6 initial application that starts the Commission's
7 review process. During the course of the
8 proceeding, as Commissioner Douglas has
9 mentioned, there is always the opportunity for
10 additional information, additional analysis, the
11 City would be free to suggest additional
12 occasions for a new power plant, and that might
13 be considered. But in terms of what the
14 Commission requires as a matter of law to start a
15 proceeding, when you're talking about repowering,
16 the Commission has not required an alternative
17 site analysis.

18 COMMISSIONER DOUGLAS: Thank you, Mr.
19 Wheatland. Ms. Willis.

20 MS. WILLIS: Thank you. Staff would
21 agree with that. I mean, we read the
22 alternatives requirements in Appendix B rather
23 broadly, I mean, the letter from Mr. Welner
24 stated that it required a meaningful discussion.
25 I mean, that's not actually what's stated in our

1 regulations; it is a discussion of the range of
2 reasonable alternatives, and it can include any
3 alternative sites considered for the project.
4 And the fact that they didn't do that, we don't
5 make a judgment at this point whether that's
6 right or wrong, this is where we're starting
7 with. And staff often, and I would say in
8 probably every case, does exceptionally more work
9 in alternatives than is actually included in the
10 AFC. This is an area where staff spends a
11 considerable amount of time. We do look at other
12 options that may or may not have been included in
13 the AFC, it's just a beginning point for us.

14 COMMISSIONER DOUGLAS: Thank you, Ms.
15 Willis. And I've certainly seen many occasions
16 of tussles over alternatives, scope and analysis,
17 and no doubt we'll see a lot of interest in that
18 from the community, as has been pointed out. So
19 I think it would be very helpful if staff is
20 responsive to that to the degree that you think
21 it's appropriate. Those issues are certainly
22 addressed during the proceeding.

23 MS. WILLIS: And we are aware of the
24 comments that we have received from the City and
25 from others, and so staff has been given the

1 direction to go forward and really look at
2 alternatives more closely than would be in the
3 AFC.

4 COMMISSIONER DOUGLAS: That would be
5 very helpful, I think. Do we have any other
6 public comment on this item in the room? Yes,
7 Mozen, please come forward.

8 MR. NAZAMY: Good morning, Commissioner
9 Douglas and other Commissioners. Thank you for
10 the opportunity to provide comments. I'm Mozen
11 Nazamy, Deputy Executive Officer with South Coast
12 Air Quality Management District. And I just have
13 a few brief comments regarding this project. As
14 you know, our agency works very closely with the
15 Energy Commission staff in reviewing projects and
16 issuance of our determination of compliance, both
17 preliminary and final. We rely heavily on the
18 AFC process because it's a CEQA equivalent
19 process and we have an independent authority to
20 issue the Title 5 and PFC Permit for this
21 project, which are both permits to construct, and
22 we rely on the AFC as the CEQA portion of our
23 permitting process in order to grant our permit.
24 So our permit really comes after the license is
25 granted by the Energy Commission.

1 We do not have any authority to make
2 zoning decisions and so we are not involved in
3 alternative site analysis, and neither are we an
4 energy agency like you are and some of the other
5 State energy agencies that look at the needs
6 analysis. However, we do participate in the
7 recently formed task force by the Governor to
8 look at the LA Basin, San Diego reliability due
9 to the loss of San Onofre, and we provide input
10 relative to the permitting requirements for any
11 new or repowered facility that will be needed for
12 addressing the needs for San Onofre shutdown.

13 Just a quick recap of what AES Redondo
14 Beach application filed with us, with our agency.
15 We have submitted additional information letters
16 in December, on December 21st, that letter was
17 responded to on January 11th of this year. We
18 sent a second letter of additional information
19 request on February 8th, and that was responded
20 on March 15th. We sent out a third letter of
21 additional information on April 12th, which we
22 received response on May 10th, and then the
23 fourth letter of additional information on June
24 7th, and we received a response on June 25th.
25 And as a result, as you heard from the staff, on

1 July 9th, we deemed the application complete.
2 And our process is similar to yours, by deeming
3 an application complete we have made no decision
4 on the final outcome of the project, we just
5 basically said there's enough information to
6 start processing of the application.

7 We in fact have been working with AES in
8 seeking additional clarifying information on July
9 25th, which they've responded on August 5th and
10 13th, and as late as August 14, we had some
11 additional clarification and information that we
12 needed.

13 Just to add, in terms of our evaluation,
14 we do require compliance with all Federal, State
15 and local air pollution control rules and
16 regulations before we make our preliminary or
17 final determination of compliance, or, at the
18 same time when we issue a preliminary
19 determination of compliance to the Energy
20 Commission, we actually release a proposed draft
21 Title 5 permit that goes through public review
22 and EPA review before we reach the final decision
23 on the permit. And the last thing I wanted to
24 mention is that next week, on Friday, our Board
25 is going to hear a new proposed rule that our

1 agency is bringing, that staff is bringing in
2 front of the Board, Rule 1304.1, which is a
3 proposal that charges fees from power plants who
4 choose to use our exemption from offsets
5 requirements when they replace a utility boiler
6 with gas turbine combined-cycle or advanced gas
7 turbines. And depending on the decision by our
8 governing board on that rule, there may be a
9 requirement for AES to pay an offset fee
10 associated with the repowering of this project,
11 which our proposal to the governing board gives
12 them to reinvest those in additional air quality
13 mitigation projects.

14 And with that, I'll be happy to answer
15 any questions you may have.

16 COMMISSIONER DOUGLAS: Thank you.
17 Thanks for being here. Any questions at this
18 point? No. All right, thanks.

19 MR. NAZAMY: Thank you very much.

20 COMMISSIONER DOUGLAS: All right,
21 Commissioners, I think we've heard from
22 everybody, but let me double-check. Is there
23 anyone else in the room who would like to speak?
24 Or on the phones? Nobody is on the phones? All
25 right. So let me see first if there are

1 questions -- should I start?

2 I'll start by saying that I am satisfied
3 by staff's response here today to the letter that
4 came in last night. I think, as I said earlier,
5 it would be helpful if you do take a good look at
6 alternatives and I'm pleased to hear you say that
7 that's high on your list, as well. So I think
8 that this project has been working for some time
9 to attain data adequacy from a timing
10 perspective. I don't see any reason to hold off
11 on initiating the formal review process if staff
12 is ready to go, and clearly they are. So I would
13 recommend that we support Item a, find the
14 project data adequate, and then move on to
15 appoint a committee. But I wanted to see first
16 what questions or comments other Commissioners
17 might have.

18 COMMISSIONER MCALLISTER: Just a
19 comment, really. You know, this is another in a
20 relatively long line of OTC repower proposals and
21 they're sort of a genus apart, as has kind of
22 been described by various commenters here. You
23 know, they are constrained in some ways, it's not
24 completely new from whole cloth, and actually,
25 though, there's a lot of history at each of these

1 sites, although different in each case. So given
2 the demographics and development and all that on
3 all these different sites since the original
4 plants were built, obviously a lot has happened,
5 a lot has changed, and the community interest may
6 have shifted, and all those issues obviously are
7 discussed and aired in the process.

8 I wanted to just discuss a little bit
9 the alternatives, you know, certainly as Lead on
10 Energy Efficiency and sort of very different
11 areas than traditional power plants, you know, I
12 tend to look fairly broadly at California's
13 options. And a power plant case does present
14 some difficulties for maintaining that broad view
15 because it is a specific application and a
16 specific site, and many of the sort of
17 alternatives at the highest level actually are
18 not in the control either necessarily even of the
19 Energy Commission, or certainly not the
20 individual applicant. So, you know, I think that
21 discussion -- certainly I would like to see rich
22 discussion on alternatives broadly in some forum,
23 and the question is how appropriately staff in a
24 given case with its statutory requirements and
25 constraints does or doesn't see it appropriate to

1 have discussions that move in certain more broad
2 directions. And so particularly down in Southern
3 California, and particularly with the SONGS
4 outage, and particular with the renewables coming
5 on line, we kind of need all of the above to
6 maintain our flexibility in the grid, and while
7 enhancing reliability. And there are a lot of
8 ingredients to that soup, in addition to
9 traditional power plants, and so you know, I'm
10 interested in having that broader discussion.
11 But again, it's got to be linked to the site and
12 it's got to be linked to the particular community
13 and a particular application, so there's a
14 balance there we need to find. And I look
15 forward to seeing how this particular one
16 progresses and if we do find it data adequate
17 today, and going forward I think I'd like to see
18 us all take that broader California vision
19 extremely seriously because we do have some
20 ambitious goals, and they're very worthwhile
21 goals, to minimize the carbon content of our
22 power and to enhance the economy in a way that
23 does move in the direction of environmental
24 maintenance and enhancement. So I wanted to sort
25 of give that broad guidance or context for this

1 particular decision at this opportunity. So
2 thanks.

3 COMMISSIONER DOUGLAS: Thank you,
4 Commissioner McAllister. Do we have a motion on
5 Item 7a?

6 COMMISSIONER MCALLISTER: Did you move?
7 You did not move, okay.

8 COMMISSIONER SCOTT: I'll move Item 7a.

9 COMMISSIONER MCALLISTER: I'll second.

10 COMMISSIONER DOUGLAS: All in favor?

11 (Ayes.) The item is approved
12 unanimously.

13 COMMISSIONER DOUGLAS: Let's go to Item
14 7b, Appointment of a Committee. I know we'll
15 probably have at least two votes for that, we'll
16 see if we have three. So the proposed committee
17 that I got from the Chair is Commissioner Douglas
18 Presiding, Commissioner Scott as the Associate
19 Member. Is there a motion?

20 COMMISSIONER MCALLISTER: Let me just
21 comment -- congratulations on the Chair's support
22 for you. David, do you want to move, or shall I?

23 COMMISSIONER HOCHSCHILD: So moved.

24 COMMISSIONER MCALLISTER: I'll second.

25 COMMISSIONER DOUGLAS: All in favor?

1 (Ayes.) The item is approved

2 unanimously. Thank you.

3 COMMISSIONER DOUGLAS: All right, we are
4 moving on to Item 8. Nonresidential Building
5 Energy Efficiency Standards. Consideration of a
6 Petition by Mr. George Athens of Athens
7 Enterprise, Inc., to conduct a rulemaking
8 proceeding to stay implementing the 2013
9 Nonresidential Building Energy Efficiency
10 Standards for a number -- one or more years. Mr.
11 Brehler.

12 MR. BREHLER: Good morning,
13 Commissioners. My name is Pippin Brehler and I'm
14 an Attorney in the Chief Counsel's Office of the
15 Commission. With me today is Mazi Shirakh,
16 Senior Mechanical Engineer and Project Manager
17 for the 2013 Building Energy Efficiency
18 Standards.

19 As you know, the Energy Commission is
20 required by law to adopt cost-effective Building
21 Design and Construction Standards that increase
22 energy and water conservation and efficiency.
23 The Standards are a foundational element in
24 implementing California's energy policies,
25 including having a reliable economic and

1 environmentally sound energy supply, and Zero Net
2 Energy new nonresidential buildings by 2030.
3 They protect consumers from unnecessary energy
4 costs and are part of the State's response to
5 climate change. To implement these important
6 goals, the Energy Commission revises the
7 standards every three years following a robust
8 and often lengthy public process, as was the case
9 for the 2013 Standards which the Commission
10 adopted on May 31, 2012, and which will go into
11 effect on January 1, 2014.

12 Mr. George Athens of Athens Enterprises,
13 Inc. has petitioned for a rulemaking to amend the
14 standards for new nonresidential buildings to
15 delay their effective date by three or at least
16 two years.

17 We understand Mr. Athens was supposed to
18 be here today, he may be on the phone, I'm not
19 seeing him yet. We understand he's on the phone,
20 excellent.

21 The petition itself and related
22 information is before you today and was provided
23 to you in preparation for today's discussion.
24 Mr. Athens presents seven grounds for delaying
25 the standards; staff disagrees that any of these

1 are grounds for delaying the standards, as I will
2 briefly explain.

3 Four of Mr. Athens' grounds are that the
4 nonresidential building industry, particularly
5 for new construction, remains depressed and
6 suffers from high unemployment following the 2009
7 recession. According to Mr. Athens, the
8 standards will unduly hinder economic recovery
9 and growth in this sector. In support of these
10 grounds, Mr. Athens submitted data of new
11 nonresidential construction permitting in all
12 California citizen counties over the decade
13 ending in 2010. The data shows work peaking at
14 over \$22 billion in 2007, and falling to just
15 over \$11 billion in 2010.

16 During the rulemaking for the 2013
17 standards, the Energy Commission considered the
18 economy and the impact to the proposed standards
19 on building construction. The Commission revised
20 the proposed standards to less than the potential
21 cost to comply, while significantly decreasing
22 energy use by about 30 percent over our current
23 requirements, at a cost-effectiveness ratio of
24 almost a third, with the worst case increase and
25 initial cost of a building of less than two

1 percent, assuming that the given building has all
2 of the features that are regulated, which is
3 seldom the case.

4 In addition, the 2013 Standards are not
5 expected to eliminate jobs and may even create
6 new jobs through performing the compliance
7 procedures required and by saving money on energy
8 use. Moreover, although the data Mr. Athens
9 submitted shows a decline in construction
10 activity from 2007 to 2010, the same data also
11 shows nonresidential construction activity
12 falling, rising, and falling again from 2000
13 through 2010. And during that same decade, the
14 Building Energy Efficiency Standards were revised
15 four times. From this, we see no correlation or
16 causation between the standards and
17 nonresidential construction activity, suggesting
18 that the 2013 Standards will not be a burden on
19 the industry. Further, the economy has improved
20 since 2010, when California's unemployment rate
21 hit a high of 12.4 percent. The unemployment
22 rate when the Energy Commission adopted the 2013
23 Standards was 10.7 percent, and in June had
24 fallen to 8.5 percent, suggesting that the
25 industry is recovering.

1 Mr. Athens also asserts that the
2 standards are not cost-effective because the
3 Energy Commission's supported analysis is based
4 on manufacturer's representations and fails to
5 consider other related costs and requirements.
6 Mr. Athens did not present additional evidence or
7 explanation to support this assertion.

8 Manufacturers representations were not
9 the sole basis for the costs considered in
10 developing the standards. The Commission used a
11 variety of sources, including codes for
12 manufacturers, wholesalers and distributors, and
13 published data from retailers' websites and
14 published estimates used widely in the
15 construction industry, and revised these costs
16 throughout the rulemaking proceeding in response
17 to public comment.

18 Mr. Athens also contends that the
19 industry is not fully aware of the costs and time
20 necessary to design and construct new
21 nonresidential buildings that comply with the
22 standards, but the Commission has taken steps to
23 provide training to building owners, developers,
24 contractors, and architects, in cooperation with
25 the Commission, the Investor-Owned Utilities such

1 as Southern California Edison, and organizations
2 such as the California Building Officials and the
3 International Code Council, to provide training
4 throughout California on the 2013 Standards.

5 The Energy Commission provides for free
6 the Energy Standards Hotline to answer questions
7 on the current and upcoming standards, and the
8 Commission is also developing informational
9 materials explaining them.

10 Finally, Mr. Athens contends that the
11 standards will increase building space
12 requirements, thereby increasing construction
13 costs and making building design more difficult.
14 We infer that Mr. Athens contends the 2013
15 standards will require additional equipment in
16 buildings that would not have been required
17 before, or, alternatively, that energy efficient
18 projects take up more space than less efficient
19 equipment.

20 The 2013 Standards do not require
21 additional equipment that would not otherwise be
22 required or significantly impact building size.
23 There is no evidence in the record of this
24 petition or in the rulemaking below it to suggest
25 that energy efficient equipment requires more

1 space than standard equipment. At most, two
2 instances occurred that may affect building size
3 or usable space, the first is improved insulation
4 requirements that may slightly increase the
5 thickness of the walls, which may reduce usable
6 floor space, and the second are requirements for
7 power inverters for rooftop solar. But again,
8 nothing suggests that either of these impacts
9 will be significant and, in the case of the
10 inverters for solar, if the rooftop solar systems
11 are not installed, then that space can be used
12 for storage or other means.

13 In conclusion, because delaying
14 implementation would forego the benefits of the
15 standards or the entire lives of the buildings
16 that will be constructed over the next two or
17 three years, would contravene the Energy
18 Commission's statutory mandate to adopt these
19 standards and establish sound energy policy, and
20 because Mr. Athens has not asserted or supported
21 his grounds that would justify delaying
22 implementation of the building standards, staff
23 recommends that the Commission deny the petition.
24 We have prepared a proposed order reflecting our
25 analysis and recommendation that is before you

1 today and in the backup materials.

2 We also ask in the proposed order that
3 you authorize the Executive Director to take the
4 necessary steps to effect your decision today,
5 including preparing and filing the Commission's
6 Order with the Building Standards Commission and
7 the Office of Administrative Law for publication
8 in the California Regulatory Notice Register. We
9 do sincerely thank Mr. Athens for his interest in
10 bringing his concerns to our attention and, in
11 particular, for accommodating our schedule for
12 hearing this petition, and we also hope that he
13 will continue to participate in our proceedings
14 to develop the 2016 Standards so that any
15 remaining concerns may be addressed.

16 We are happy to answer any questions you
17 may have.

18 COMMISSIONER DOUGLAS: Thank you, Mr.
19 Brehler. I'd like to go now -- we've got a
20 couple people in the room who would like to
21 speak, but I would like to go first to Petitioner
22 Mr. Athens. Are you there?

23 MR. ATHENS: Yes, I am. My name is
24 George Athens and I am from Athens Enterprises.
25 We're consulting electrical engineers and we,

1 through our predecessor firms, have been in this
2 area of engineering for approximately 50 years.
3 I just wanted to take a few minutes to respond to
4 the Proposed Order.

5 We filed the Petition for a moratorium
6 of three years or, in the alternative, two years,
7 for the implementation of the 2013 California
8 Energy Standards as relates to new nonresidential
9 buildings only. These standards now introduce
10 items which heretofore have not been introduced
11 in previous energy codes as have particularly
12 related to the usage of electrical energy or
13 wattage for lighting and limited controls of
14 lighting.

15 The intent of providing the RAND
16 Corporation statistics was not to in any way
17 suggest that California Energy Commission's
18 actions adopting previous standards have led to
19 this drastic downturn in the new nonresidential
20 construction industry, dropping from a high in
21 2007 of \$22,544,000 to \$11,196,000 of
22 construction in 2010. Obviously the economy in
23 general and the stock market collapse started in
24 September of 2008 is responsible for this
25 situation, however, we believe that a moratorium

1 is appropriate in implementing this new energy
2 standards to give the new nonresidential
3 construction industry a chance to gain some
4 traction and increase in dollar value of
5 buildings which is basically stagnating.

6 The Proposed Order points out that the
7 unemployment rate, I believe in California, is
8 down to 8.5 percent, but of course we're talking
9 here about the new nonresidential construction
10 industry, which continues to be in a dire
11 condition.

12 I want to point out just a couple of
13 areas that are in our area of expertise that the
14 Standards implement for the first time with
15 regard to Demand Response controls. We have been
16 to a number of seminars put on with respect to
17 the adoption of the new Energy Code and only once
18 has one manufacturer represented that they
19 actually make demand responsive control panels
20 that will allow for the automatic requirement in
21 the standards, of reducing energy for lighting by
22 15 percent.

23 Another item is disaggregation of
24 electrical loads. Disaggregation, I've learned,
25 of electrical loads as herein used in the

1 proposed standards, would separate out lighting
2 receptacles and heating ventilating air-
3 conditioning, or HVAC equipment on separate
4 electrical panels. Obviously, having three
5 panels in lieu of one panel as has been the case
6 always in the past, is going to require
7 additional space, building area, which the
8 Commission uses the figure of \$150.00 per square
9 foot as an average for new commercial or
10 nonresidential construction. So obviously there
11 is going to be additional space requirements.
12 There's going to be additional technology which
13 is cutting edge technology, which we submit is
14 only at that stage that is the cutting edge stage
15 and needs additional time to be absorbed by the
16 building community and implemented in a
17 reasonable fashion, rather than what we perceive
18 here as -- although there have been efforts to
19 educate the industry, they are limited and the
20 industry's response has been limited in accepting
21 them and being prepared to design new
22 nonresidential buildings come January 1 of 2014.

23 So it is our assertion that additional
24 time is needed and we don't see the downside of
25 allowing some additional time for the education,

1 particularly of the engineering and building
2 community, particularly in this area of new
3 electrical equipment panels that are being
4 implemented pursuant to the 2013 Energy
5 Standards.

6 So I thank the Commission very much for
7 the opportunity of speaking and if I can answer
8 any questions in what I've said, I'd be happy to
9 do so.

10 COMMISSIONER DOUGLAS: Thank you, Mr.
11 Athens. We've got two comments in the room.
12 I'll begin with Eric Emblem with the Joint
13 Committee on Energy and Environment.

14 MR. EMBLEM: Good morning,
15 Commissioners. Thank you very much for allowing
16 me this opportunity to speak on this item on your
17 agenda. I'm Eric Emblem. I'm the Executive
18 Administrator of the Joint Committee of Energy
19 and Environmental Policy. This is a committee
20 that was formed by the Sheet Metal, Air, Rail and
21 Transportation Workers and their employers, and
22 deals directly from our perspective with HVAC and
23 Demand Response.

24 And, 1) we're here to speak against the
25 proposal to delay the implementation. We support

1 staff and the recommendations from staff. The
2 2013 Standards due to go in effect in January are
3 dynamic. There was an awful lot of work put
4 together by staff and the industries, both in the
5 HVAC industry, and I work very closely with the
6 electrical industry and their work, and working
7 with staff.

8 I say "dynamic" not only from the
9 perspective from the Energy Commission and the
10 work that was put in here, but also the
11 coordination with the other State agencies like
12 the Public Utility Commission and the Air
13 Resources Board at using these standards to move
14 this forward to the ultimate goal of Zero Net
15 Energy in residential and nonresidential by the
16 target years of 2020 and 2030.

17 Speaking to the gentleman's assertion
18 about the economy, we deal predominantly in
19 nonresidential in our industry, we do have some
20 residential contractors, but we are very heavy in
21 nonres. Our industry is growing and thriving.
22 We have seen our employment rates increase three-
23 fold in the last 12 months. We see the
24 construction coming up significantly for the next
25 five years. We are adjusting through our

1 training facilities and our joint apprenticeship
2 training facilities through efforts of the Energy
3 Commission, the Western HVAC Performance
4 Alliance, in making sure that our people are
5 aware of what changes are coming up in the
6 standards. We're also working with utilities and
7 sit in on several different committees that I'm
8 on in making sure that there is upstream
9 incentivizing going on to make sure that these
10 new technologies are available for installation
11 and available on the shelf for contractors to
12 implement when the standards are going in.

13 So again, my hats off to the staff, I
14 think they've done a great job with us, and to
15 the Commission for adopting them, and we speak
16 against the proposal. Thank you.

17 COMMISSIONER DOUGLAS: Thank you, Mr.
18 Emblem. Thanks for your hard work during the
19 standards process, as well.

20 Bob Raymer, CVIA, and CBPA.

21 MR. RAYMER: Thank you, Commissioners.
22 I'm Bob Raymer, Senior Engineer with the
23 California Building Industry Association, and
24 I've also been asked today to speak on behalf of
25 the California Business Properties Association,

1 the Building Owners and Managers Association of
2 California, and also the California Building
3 Officials.

4 And we support keeping the effective
5 date the same, in essence, keep it at January 1,
6 2014, and in doing so that would of course mean
7 we would support the proposed denial of this
8 petition. I'm not discounting some of the
9 generic issues raised in the petition, but the
10 fact here is that the primary issue that all four
11 of our groups can warm up to is that it took us
12 over a decade to get the Energy Commission
13 regulations back in line with the same effective
14 date as all of the other parts of Title 24 -- the
15 Building Code, the Mechanical and Plumbing.
16 That's huge for local jurisdictions, for plan
17 checkers, for building officials, and for
18 industry, our subcontractors, our designers, and
19 developers; it's nice to have everything focused
20 at one big date to move forward. It helps with
21 training and education.

22 And having said that, looking at the
23 content of the petition, I'd like to state that
24 this was a consensus process and it was a very
25 long and enduring process. And the fact here is

1 that, while CBIA, CBPA, BOMA, and CALBO,
2 supported the adoption of the standards in May of
3 2012. The fact of the matter is, when we started
4 this process, the informal proceedings that
5 kicked off in late 2010, the development of the
6 draft standards in 2011, CBIA and CBPA were
7 strongly opposed to the regulations initially
8 proposed. We provided tons of information
9 relative to the economy, the cost impact of the
10 standards, the downturn in our labor force; we
11 lost in residential about 81 percent, and the
12 fact of the matter is the CEC responded to those
13 concerns. And so this was information that was
14 provided to the Energy Commission, the Energy
15 Commission responded. Ultimately we changed our
16 position from strong opposition to support of the
17 adoption. And we understand that there's going
18 to be difficulties with this set of standards as
19 there is with any other set of standards, but the
20 fact here is it was a good thorough consensus
21 process and we'd like to keep things on track.

22 As far as education and providing
23 Certified Computer Performance Programs in the
24 future, we're going to be working with the Energy
25 Commission on improving that. Staff has

1 indicated their full desire to enhance
2 educational efforts and certification of
3 performance and compliance tools. And so we're
4 looking forward to working with staff on the 2016
5 Regs. But the fact here is, all of the
6 information that was raised in this petition we
7 raised again and again and the CEC responded to
8 that. So with all due respect to the Petitioner,
9 we would hope you maintain the effective date of
10 January 1, 2014. Thank you.

11 COMMISSIONER DOUGLAS: Thank you, Mr.
12 Raymer. And I certainly remember those exchanges
13 well, and appreciate your hard work with us and
14 raising information into our process.

15 At this point, let me ask, is there
16 anyone else in the room? Oh, please come
17 forward.

18 MR. HELBING: Good morning,
19 Commissioners. My name is Bob Helbing. I'm
20 President of the Institute of Heating and Air
21 Conditioning Industries. I'm also owner of Air-
22 Tro Heating and Air-Conditioning, a \$10 million
23 commercial contractor in HVAC in the Los Angeles
24 Area. I'd like to echo what the previous
25 presenter just stated. When the 2013 Standards

1 were proposed, IHACI presented a great many
2 concerns. Back then I was chairing the
3 nonresidential committee for the Western HVAC
4 Performance Alliance, which Eric was a member.
5 We worked hard to come up with some alternatives
6 and solutions. I can't say we're 100 percent in
7 favor of the current standards, we still have
8 some concerns, I think there's a lot of focus on
9 engineering detail when the standards would
10 benefit from some attention paid to issues like
11 compliance and ease of use in the field. But we
12 have found that the Commission and the Commission
13 staff have been open to discussion and, again,
14 the issues that Mr. Athens has raised, which
15 concern us as well, were brought up early in the
16 process. Again, they have not been 100 percent
17 addressed in our view, but we've certainly found
18 the Commission to be willing to work with us and
19 we, too, would oppose postponing the date of
20 commencing the 2013 Nonresidential Energy
21 Standards.

22 COMMISSIONER DOUGLAS: Thank you.
23 Thanks for being here. Other speakers in the
24 room? Please come forward.

25 MR. MEYER: Commissioner Douglas, my

1 name is Tom Meyer, I'm the Director of Technical
2 Programs for National Environmental Balancing
3 Bureau. As you probably remember, we met on the
4 first day of my employment. The National
5 Environmental Balancing Bureau is against the
6 proposed delay. We've found that, because we're
7 involved in 103B, which is Mechanical Acceptance
8 Testing Certification process, there's an
9 absolute need for this to get going.

10 The contractors believe they need it,
11 the building owners believe they need it. We
12 have been converted to believing in the process
13 that occurred and we believe the need is now. We
14 don't think that it's in the benefit of the
15 citizens of California, or the construction
16 industry of doing any delays. Thank you.

17 COMMISSIONER DOUGLAS: Thank you.
18 Thanks for being here and good to see you again.
19 Other speakers in the room? Anyone else on the
20 phone? There's nobody else on the phone, so I'm
21 sure there are comments on the dais. Let's begin
22 with Commissioner McAllister.

23 COMMISSIONER MCALLISTER: Thank you. And
24 thanks for everybody, including Mr. Athens, you
25 know, I think everybody that has spoken has

1 acknowledged that the economy is a big issue and
2 we have seen, you know, it's cyclical,
3 construction is a difficult industry to be in,
4 and certainly it's seen some hard times recently.
5 And certainly sort of at the personal level, I
6 can sort of sympathize with the sense of a little
7 bit of trepidation with which new standards come
8 in and adaptation is required out there, and
9 flexibility to actually apply the new standards.
10 And certainly you, I'm sure, are doing that in
11 good faith, and that approach is sort of what has
12 given rise to your concern in the Petition,
13 ultimately.

14 Having said that, you know, I think we
15 do take a long term view. As the Lead
16 Commissioner on Energy Efficiency, which includes
17 Title 24, you know, we have to move forward, we
18 have the building sector, both new and existing,
19 is one of our key areas where there are still
20 many many energy efficiency opportunities, and a
21 lot of certainly technology coming on line, and a
22 process that statutorily we march forward with
23 and are indeed required to do so.

24 I want to thank Pippin for the context
25 and the analysis there, and just highlight the

1 fact that the process was a very robust process,
2 as all the commenters have said. I was not part
3 of all of it, I came in at the tail end when I
4 was appointed to the Commission, but I am
5 constantly amazed at the professionalism, the
6 sort of consistent message of kind of good will
7 with all the participants who were in the room
8 throughout the process, and who duked it out over
9 the issues and came to a resolution on the vast
10 majority of those issues, and at the end of the
11 day had a consensus process that produced these
12 standards. So there was a long and robust
13 process, and lots of opportunity to participate
14 in that process.

15 And you know, I think none of that is to
16 minimize the fact that most of us in the room
17 acknowledge that it's a big lift to change. We
18 have major new energy efficiency savings, these
19 are much more efficient buildings that we'll be
20 building in 2014 compared to the ones that we
21 have been building up to then. And I totally
22 agree the fact that adaptation is needed, and
23 education and outreach, and all the things that
24 it takes to turn on to a new Code cycle, you
25 know, people actually have to go out and build

1 these buildings. And they have customers that
2 they have to respond to, and there's just any
3 number of things that come up, in addition to the
4 energy efficiency-related standards, obviously.
5 So let's roll up our sleeves and get it done. We
6 inexorably, you know, a two to three-year delay
7 would essentially mean that we're implementing
8 two sets of standards at once down the road
9 because, inexorably we are about to pick up the
10 baton on the next round of standards for 2016 and
11 starting to plan that development with
12 residential, obviously, not what we're talking
13 about here, we have a big goal of getting to Net
14 Zero by 2020 -- commercial is not too far behind,
15 another decade, but still that's going to be on
16 us before we know it. So, really, I think
17 there's a lot of urgency here to go ahead and get
18 it done and, you know, I certainly agree with
19 staff's proposal to deny the petition, but that
20 is in no way to minimize the challenge at hand, I
21 think it is actually a very significant
22 challenge. But I'm actually optimistic that we
23 can meet that challenge and that the marketplace
24 is ready, and that there is some scale and that
25 we'll relatively quickly get the experience with

1 the implementation on the standards that will
2 enable it to be implemented fully.

3 And I think to Mr. Emblem and Mr.
4 Raymer's points, the industry certainly -- its
5 representatives acknowledge that we need to keep
6 going on and it is doable, it is a challenge, but
7 we need to really in lockstep continue to
8 implement the standards on schedule. There is a
9 bigger enterprise going on here, of which we are
10 part, and I think it's really important to
11 understand and acknowledge that.

12 Finally, going forward with the
13 standards generally, certainly residential and
14 nonresidential, next rounds I hope to emulate the
15 process that Commissioner Douglas led to get to
16 the point with the 2013 Standards. As the Code
17 potentially gets more aggressive and more complex
18 going forward, I think finding ways to make it
19 workable both for alterations and for new
20 construction is an increasing priority, and we're
21 hearing that, as well, that we do need to keep an
22 eye on making it workable out there in the world
23 in addition to achieving the energy savings and
24 helping to stimulate the evolution of
25 construction methods in the state. And so,

1 again, it's going to be challenging, but
2 certainly with all the good will from the last
3 round of standards development, I hope to carry
4 that forward into the next round, certainly am
5 committed to a stakeholder process that reaches
6 some kind of consensus on the key points. So
7 with that, I'll see if any other Commissioners
8 have comments.

9 COMMISSIONER DOUGLAS: Commissioner
10 Hochschild.

11 COMMISSIONER HOCHSCHILD: Yeah, just two
12 points. The first is, I think we're all mindful
13 that there are two sides of the coin here. It
14 does raise cost when you have new standards. On
15 the other hand, when the buildings are more
16 efficient, that saves the customers cost over
17 time and makes it less necessary to build
18 expensive new power plants for the whole state.
19 So I think we have to be mindful of that.

20 And just secondly, in general as a
21 matter of principle, when there's been this
22 significant a public process and dialogue, I'm
23 very reluctant at the 11th hour to make a change,
24 and I would encourage everyone, including the
25 Petitioner, to participate in that process next

1 time around. Particularly with regard to Mr.
2 Raymer's comments, I think the need for certainty
3 in the business community, in the builders
4 community, to be able to plan ahead, we do have
5 to stick to the schedule. So I'm in agreement
6 with Commissioner McAllister.

7 COMMISSIONER DOUGLAS: I'll just make a
8 few brief comments, as well. I actually had the
9 pleasure of being assigned to lead that
10 proceeding, so I remember it very very well and,
11 as Mr. Raymer and others pointed out,
12 stakeholders in that process raised economic
13 issues, they raised complexity and feasibility,
14 and these are all issues that we looked at very
15 very closely, and many of these were issues that
16 I looked at very very closely. And as Mr. Raymer
17 noted, we made some pretty significant changes in
18 order to address those issues. And so I have not
19 seen anything raised in the petition today that
20 was not looked at in the process, it was a
21 thorough process. It's also frankly very late at
22 this point, late raised. So I certainly don't
23 support the petition.

24 I do want to note also, to Commissioner
25 McAllister's point, that we did focus in the 2013

1 cycle at simplification in a couple areas, and I
2 think most importantly one of the focuses that we
3 had was to simplify life for building officials,
4 and so we had CALBO, the Association of Building
5 Officials in California in support. We made a
6 number of changes that just made their lives a
7 bit easier, in addition to synching up the timing
8 of the standards with the broader standards
9 update in California. So I welcome your interest
10 in taking that on. I've found it effective to
11 focus on one or two areas where, you know, you
12 can really sort of see your way through to making
13 a difference. I also really appreciate staff
14 kind of taking that one and running with it
15 because I remember having a couple meetings with
16 them and saying, "Wouldn't it be nice if we could
17 do something for the building officials? You
18 know, they seem to be raising some interesting
19 issues, I'd really like it if we could do that,"
20 and I didn't have a lot of time to be on top of
21 it every other week, and yet towards the end of
22 the process they came in and told me what they
23 were able to do and it was pretty good. So,
24 anyway, thanks to staff on that. And I don't
25 have any other comments on this item. Do we have

1 a motion?

2 COMMISSIONER MCALLISTER: So I'll move
3 Item 8 to deny the petition and authorize the
4 Executive Director to take all needed steps to
5 effectuate this decision.

6 MR. LEVY: Commissioners, may I suggest
7 that you move to adopt the Proposed Order and
8 that covers the specifics?

9 COMMISSIONER MCALLISTER: Oh, okay. So
10 I'll move Item 8, moving to adopt the Proposed
11 Order.

12 COMMISSIONER HOCHSCHILD: Second.

13 COMMISSIONER DOUGLAS: All in favor?

14 (Ayes.) This item is approved
15 unanimously.

16 COMMISSIONER DOUGLAS: Item 9. Trustees
17 of the California State University, Possible
18 Approval of the 13 highest ranking grant
19 applications totaling \$1,208,638 from the Public
20 Interest Energy Research Program's Energy
21 Innovation Small Grant Solicitation, 13-01. And
22 we have Raquel Kravitz here to cover Item 9 a
23 through d. Go ahead.

24 MS. KRAVITZ: Good morning,
25 Commissioners. My name is Raquel Kravitz from

1 the Research and Development Division for the
2 Energy Innovation Small Grants Program, commonly
3 known as EISG. I wanted to make a note that I
4 will be covering Item 9 and 10.

5 For Item 9, staff seeks approval of the
6 funding for the 13 grant proposals totaling
7 \$1,208,638 from the four categories of PIER
8 Energy Innovation Small Grants Program,
9 Solicitation 13-01, consisting of Transportation
10 and Electricity, Transportation Natural Gas,
11 Natural Gas, and Electricity. The 13 projects
12 consist of two projects totaling \$189,917 under
13 Transportation and Electricity, one project
14 totaling \$95,000 for Transportation Natural Gas,
15 two projects totaling \$189,877 under Natural Gas,
16 and eight projects totaling \$733,844 for
17 Electricity.

18 So the breakdown for the solicitation
19 process for 13-01 is essentially like this: there
20 were 71 proposals that were received; after
21 administrative review, there were 35 that
22 proceeded to technical review; and after
23 technical review, there were 26 proposals that
24 exceeded the required score in the technical
25 review process and advanced to program technical

1 review. So from program technical review, there
2 were 13 proposals that are being recommended. So
3 the breakdown for the 13 proposals in respect to
4 the PIER R&D research areas are these: there
5 were two projects in Industrial Agricultural
6 Water and End Use Efficiency, there were four in
7 Building End Use Efficiency, there were four in
8 Renewable Generation, one in Energy-Related
9 Environmental Research, and there's two in Energy
10 Systems Integrations. If you have any questions
11 on the 13 projects, I'll be more than happy to
12 answer them.

13 COMMISSIONER DOUGLAS: Thank you very
14 much. Questions or comments, Commissioners?
15 Commissioner Scott?

16 COMMISSIONER SCOTT: I just wanted to
17 say, when I look at some of the Transportation
18 Electric and some of the Transportation Natural
19 Gas, to me it's very heartening to see these
20 types of projects, this type of research and
21 development that goes into how we gain
22 efficiencies, how do we make these technologies
23 better, because to me it's very complementary to
24 what we're trying to do additionally with our AB
25 118 program in terms of sort of transforming our

1 transportation system and trying to get some of
2 these engines and technologies out there faster.
3 So, to me it's really nice to see the
4 complementary nature of this type of research in
5 the AB 118 program.

6 COMMISSIONER HOCHSCHILD: So, yeah, I
7 agree. Individually the projects are very
8 exciting. I guess the question, as I'm new and
9 still getting up to speed on our approach here, I
10 don't understand why we're doing it in these
11 small increments. I mean, everything here almost
12 is under \$100,000 which seems to me, you know,
13 coming from Silicon Valley, that is not very much
14 money to get anything done and, in fact, I almost
15 worry that when you spread small bits of money so
16 widely, you know, you don't -- it can be a big
17 challenge. I'm just curious about the rationale
18 for choosing that as the increment. Do we look
19 at a \$300,000 grant? I mean, what is the guiding
20 thinking behind that?

21 MS. KRAVITZ: Let me answer that. So
22 this is a small program, it is designed for those
23 risky energy technologies that have not yet been
24 established out there, it is open to individuals,
25 to small businesses, nonprofit organizations,

1 academic institutions, and the limit is for
2 hardware concepts, you're right, \$95,000,
3 modeling concept \$50,000. And it's a 12-month
4 project. So it's just designed for the proof of
5 concept energy technologies.

6 COMMISSIONER MCALLISTER: Yeah, and
7 that's why it's administered by a third party,
8 and currently that's San Diego State. But it
9 really is sort of, as part of a portfolio, it's
10 sort of throwing small bits of money at fast
11 moving concepts that don't have a lot of capital
12 requirements to kind of get those things moving
13 and, you know, I was actually going to make sort
14 of a comment on the flip side of your question,
15 you know, why aren't we giving them more money, I
16 was like, man, we're getting some serious bangs
17 of bucks out of this \$50,000 and \$90,000. Some
18 of these really are extremely timely and great
19 well conceived projects. And I believe -- and
20 maybe staff could talk about this a little bit,
21 it's not uncommon for projects that get funded
22 through EISG to then apply again, or apply to a
23 different project, or go out and get VC, and
24 really start to grow. So this is really very
25 much a front 10 kind of funding program and

1 conceived as part of the overall portfolio of our
2 R&D funding, so just to clarify a little bit
3 then, that's my understanding, I don't know if
4 I've gotten it right.

5 MS. KRAVITZ: That is true. So what I
6 love about this program is that essentially for
7 every dollar that we spend using ESIG funds, we
8 actually receive a little over \$50.00 in follow-
9 on funding, so it's a great technology that gets
10 money for California.

11 COMMISSIONER DOUGLAS: Great. Well,
12 thank you. Any other comments on this or a
13 motion?

14 COMMISSIONER HOCHSCHILD: I move Item 9.

15 COMMISSIONER MCALLISTER: I'll second.

16 COMMISSIONER DOUGLAS: All in favor?

17 (Ayes.) This item is approved

18 unanimously. Thank you.

19 MS. KRAVITZ: Thank you.

20 COMMISSIONER DOUGLAS: Item 10.

21 California State University San Diego. Possible
22 approval of Amendment 9 to Contract 500-98-014
23 with the Trustees of the California State
24 University San Diego to extend the Energy
25 Innovation Small Grant Program by 36 months.

1 Again, Raquel.

2 MS. KRAVITZ: For Item 10, staff
3 recommends approval for Amendment 9 to Contract
4 500-98-014 with the Trustees of California State
5 University to add \$1,775,000 of additional
6 funding for the Natural Gas Program and to extend
7 this contract by 36 months through March 31,
8 2017. The purpose of this amendment is to
9 continue running all of the four categories of
10 EISG, Natural Gas, Electricity, Transportation
11 Electricity, and Transportation Natural Gas
12 programs. So if you have any questions, I'll be
13 more than happy to answer them.

14 COMMISSIONER DOUGLAS: Questions or a
15 motion?

16 COMMISSIONER HOCHSCHILD: How long has
17 San Diego been operating this?

18 MS. KRAVITZ: This program was first
19 established in, I believe, 1998.

20 COMMISSIONER HOCHSCHILD: Okay.

21 COMMISSIONER MCALLISTER: And they've
22 been administering it since then?

23 MS. KRAVITZ: Yes.

24 COMMISSIONER MCALLISTER: San Diego
25 State?

1 MS. KRAVITZ: That is correct.

2 COMMISSIONER SCOTT: I'll move Item 10.

3 COMMISSIONER MCALLISTER: I'll second.

4 COMMISSIONER DOUGLAS: All in favor?

5 (Ayes.) This item is approved

6 unanimously. Thank you.

7 COMMISSIONER DOUGLAS: Item 11.

8 Wrightspeed, Inc. A possible approval of
9 Agreement ARV-13-001 with Wrightspeed, Inc. for
10 \$5,789,452 grant to expand and improve
11 Wrightspeed's existing manufacturing facility.
12 Andre Freeman.

13 MR. FREEMAN: Good afternoon,
14 Commissioners. My name is Andre Freeman, staff
15 in the Fuels and Transportation Division's
16 Emerging Fuels and Technologies Office. Today
17 I'd like to present for your approval a
18 Manufacturing Agreement with Wrightspeed, Inc.
19 funded through the Energy Commission's
20 Alternative and Renewable Fuel and Vehicle
21 Technology Program.

22 Wrightspeed, Inc. has successfully
23 demonstrated hybrid, natural gas, and electric
24 vehicle retrofit systems that will have
25 applications for the medium-duty truck sector.

1 To put this into perspective, these kits are for
2 the higher weight class of pick-up trucks, box
3 delivery trucks, and those size vehicles. This
4 technology will provide an option for those
5 fleets with duty cycles that can't be met with
6 the current full battery electric and advanced
7 vehicle technologies. Being a retrofit system,
8 this technology also allows for the conversion of
9 aging vehicles rather than retiring them and
10 putting new vehicles on the road.

11 To assist Wrightspeed in accomplishing
12 their production goals, the Commission will be
13 providing funding to expand operations and
14 production capabilities at their existing
15 facilities in San Jose, California. Wrightspeed
16 has secured over \$6 million in match funding to
17 support the expansion and will also be leveraging
18 a significant amount of capital that they have
19 invested to date. This facility will support the
20 creation of 30 direct jobs with additional jobs
21 being created for the expansion of the supply
22 chain for the components going into these kits.
23 The direct jobs involved with this project will
24 include project management, engineering, skilled
25 technical labor, and the associated support

1 positions. With this investment, the Energy
2 Commission will continue supporting the
3 development of California's advanced vehicle
4 industry with the company moving vehicle
5 electrification technology to commercial scale
6 production levels. As more of these vehicle
7 systems are produced and deployed in California,
8 the areas of the state with severe air quality
9 issues will have another option for utilizing the
10 emerging advanced technologies that will assist
11 in meeting California's greater air quality
12 improvement goals. With that, I'd like to thank
13 you for your consideration of this item and I
14 also have Ian Wright, CEO of Wrightspeed, with me
15 to answer any questions you may have.

16 COMMISSIONER DOUGLAS: Great. Well,
17 thank you for being here. And you know, when we
18 do get a visit from the CEO of one of the
19 companies we work with, we love to hear from you.
20 So let me invite you to say a few words now.

21 MR. WRIGHT: I was just being mindful of
22 your time, so I didn't prepare any remarks. I
23 would like to thank the Commission for their
24 support to date and the previous grant that was
25 approved and was used to accelerate getting to

1 this point where we're now starting real
2 commercial production. So it's been very
3 helpful. Thank you very much.

4 COMMISSIONER DOUGLAS: That's great.
5 Questions or comments, Commissioners?

6 COMMISSIONER SCOTT: I'll move Item 11.

7 COMMISSIONER HOCHSCHILD: Second.

8 COMMISSIONER DOUGLAS: All in favor?

9 (Ayes.) This item is approved. Thank
10 you.

11 MR. WRIGHT: Thank you.

12 COMMISSIONER DOUGLAS: Item 12.
13 Employment Training Panel. Possible approval of
14 Amendment 2 to Interagency Agreement 600-09-016
15 with the California Employment Training Panel to
16 augment the agreement by \$1,238,124. David.

17 MR. NICHOL: Thank you, Commissioners.
18 Good morning. Staff is here to seek your
19 approval to the amendment augmenting the current
20 interagency agreement that we hold with the
21 Employment Training Panel. Earlier, Peter
22 Cooper, their Assistant Director, was here, but
23 had to leave because of a time conflict. He did
24 want me to say to you that they appreciate the
25 support from the Commission in workforce

1 training.

2 Staff is very pleased with the work that
3 the Employment Training Panel is doing in
4 workforce development, they are the only existing
5 program we have that matches employers' private
6 funding to us, and on the 91st day after a
7 graduation and certification from the program,
8 that is when the funds are then extended towards
9 those companies that are being trained. They
10 have also recently adopted a BCP, specifically
11 they handle funds from the Commission for the
12 employment training panel. We're seeing this to
13 help smooth the process for administrative
14 procedures. We are happy to answer any questions
15 that the Commissioners may have.

16 COMMISSIONER DOUGLAS: Thank you.
17 Questions or comments? I'll just say in general
18 I'm very pleased with the work that the AB 118
19 program has done with the Employment Training
20 Panel, and I'm glad to see this program continue.
21 So let me see if we have a motion for Item 12.

22 COMMISSIONER SCOTT: I'll move Item 12.

23 COMMISSIONER HOCHSCHILD: I'll second.

24 COMMISSIONER DOUGLAS: All in favor?

25 (Ayes.) This item is approved

1 unanimously. Thank you.

2 MR. NICHOLS: Thank you.

3 COMMISSIONER DOUGLAS: Item 13.

4 University of California, Davis. Possible
5 approval of Amendment 1 to Contract 600-11-005
6 with the Regents of University of California on
7 behalf of the Davis campus to augment the
8 agreement by \$117,154 for a new total amount of
9 \$2,887,226. Let's see here, Jim McKinney.

10 MR. MCKINNEY: Good morning,
11 Commissioners. My name is Jim McKinney. I'm
12 Program Manager for the Alternative and Renewable
13 Fuel and Vehicle Technology Program. Staff is
14 requesting your approval this morning for a
15 \$117,154 amendment to the existing agreement with
16 the U.C. Davis Institute for Transportation
17 Studies Next Steps Program for a research study
18 on Plug-in Hybrid and Electric Vehicle Dealership
19 Experience. This agreement currently totals
20 \$2.77 million for 10 research tasks.

21 This proposed study will examine the
22 relationship and transactions between new car
23 dealers and purchasers of battery electric and
24 plug-in electric vehicles. The goal of the study
25 is to assess the dynamics and communications

1 between customers and sales staff. The results
2 of the study will be used to inform policies for
3 market development of BEVs in the state and help
4 achieve the goals of the Governor's Zero Emission
5 Vehicle Action Plan.

6 The 2013 ZEV Action Plan has three
7 action items, the responsibility of the Energy
8 Commission that will be supported by this
9 research. The first is to encourage and support
10 auto dealers to increase sales and leases of Zero
11 Emission Vehicles. The second is to support
12 expanded education at auto dealerships. And the
13 third is to encourage existing public/private ZEV
14 focused partnerships to include leaders from the
15 auto dealership sector in their efforts and
16 organizations.

17 All Electric Vehicle consumers purchase
18 their car at car dealerships, with the exception
19 of Tesla. Some challenges have been recognized
20 by consumers and the industry regarding car
21 dealership experience for customers considering
22 the purchase or lease of Electric Vehicles.
23 Sales staff may be uninformed about the new
24 vehicle technologies, recharging options,
25 available incentives, tax credits, or the cost

1 advantages of driving an Electric Vehicle.
2 Dealerships may face challenges including high
3 vehicle costs, lengthier transaction times with
4 PEVs, long lead times for processing rebates and
5 carpool lane decals, or delays in the deployment
6 of charging infrastructure and other challenges.

7 This study will identify and prioritize
8 key barriers to sales and then recommend actions
9 and best practices for alleviating these
10 barriers. The study will answer key questions
11 concerning how EV incentive policies flow to the
12 customer through the dealer, whether dealers are
13 equipped to engage PEV customers, and how dealers
14 can partner in this process.

15 The research will involve a combination
16 of structured interviews, focus groups, and
17 surveys with dealers and consumers in Northern
18 and Southern California, culminating in a final
19 report. There are currently about 100
20 dealerships in the state that sell PEVs, and
21 there may be as many as 400 that are offering at
22 least one model. The report intends to include
23 findings on dealer activities that most influence
24 PEV sales, the effectiveness of incentive
25 policies in light of business drivers, the

1 relationship between public charging availability
2 and demand, and an assessment of dealer
3 performance in terms of growing the market for
4 PEVs in California.

5 The takeaways may include a list of
6 barriers, best practices, novel approaches and
7 business innovations, a toolkit of policy
8 options, and criteria for targeted policy
9 assistance. The study will also assist the
10 Energy Commission's interagency working group on
11 car dealership education and outreach as it
12 addresses various issues, and formulates possible
13 policies and actions.

14 The funding for this study will
15 originate from ARFVTP technical support funding.
16 Due to potential issues with franchise agreements
17 between automakers and auto dealerships,
18 proprietary and competitive business interests,
19 the dealership contributions will be nonmonetary,
20 but the dealers will be offering coordination and
21 informational support.

22 This study represents a new task in our
23 existing \$2.77 million research agreement with
24 the U.C. Davis Institute for Transportation
25 Studies, and the other key tasks in that

1 agreement include transition scenarios for
2 alternative fuels and vehicles, consumer behavior
3 and choice, biofuel investment strategies, low
4 carbon fuel options for trucks in the off-road
5 sector, natural gas as a transportation fuel, and
6 then technical training for staff.

7 I'm pleased to introduce Mr. Eric
8 Cahill, the Lead Researcher for this study. He
9 is here for comment and questions, and I'm also
10 available for any questions from the Commission.

11 COMMISSIONER DOUGLAS: Thank you. Mr.
12 Cahill.

13 MR. CAHILL: Good morning. No, good
14 afternoon, it's now afternoon. Thank you for the
15 opportunity to talk today and to address the
16 Commissioners. Basically this study is a bit
17 unique in the sense that we're looking at the
18 interaction between technology and the consumer,
19 and that speaks, I think, to the kind of work
20 that we do at ITS Davis, and at the Plug-In
21 Hybrid and Electric Vehicle Center. With much of
22 the effort having been on technological
23 advancement in order to get these vehicles up to
24 par, I guess, and overcome what may be perceived
25 as a number of shortcomings so that they can

1 compete in the market, we're now looking at some
2 of the other factors that are involved in
3 creating a new market for Plug-In Electric
4 Vehicles, and we have certainly entered a new
5 time in a very pivotal period in creating a
6 market here in California. So there's a lot of
7 challenges that have been raised by dealerships
8 that we've heard from customers and from OEMs
9 themselves, the automakers themselves, and some
10 of those were mentioned by Mr. McKinney here.
11 But what that allows us the opportunity to do is
12 to take a good look throughout the state at the
13 dealerships, at the new car dealerships, that are
14 essentially the touchpoint with the customer, and
15 to see where things are going well, where there
16 are shortcomings, where there are gaps. We're
17 also going to be talking to customers in terms of
18 where they are also, where they've had success
19 stories and where they could be improvements to
20 that performance, and we're looking to be able to
21 inform state policy to be able to adjust that
22 policy if needed to better create a market and
23 develop a market for Plug-In Electric Vehicles.
24 And we believe this research will be certainly
25 valuable to the Commission, and useful for

1 follow-on vehicles such as Fuel Cells, that will
2 be coming along within the next couple of years
3 to meet the Zero Emission Vehicle Mandate.

4 I want to thank you for your
5 consideration today. I also wanted to take a
6 moment to thank the California New Car Dealers
7 Association, and the California Center for
8 Sustainable Energy, who are supporting our
9 efforts and cooperating with us to conduct this
10 research. Thank you.

11 COMMISSIONER DOUGLAS: Thank you.
12 Questions, Commissioners, comments?

13 COMMISSIONER MCALLISTER: Is the
14 California Center for Sustainable Energy getting
15 any of these funds?

16 MR. CAHILL: No, they will not.

17 COMMISSIONER MCALLISTER: Okay, I'm
18 looking at legal over there, I don't think I have
19 to recues myself, but -- okay, great. I had just
20 a couple questions here. I wanted to -- I think
21 part of what the scope of work here is
22 establishing the interagency working group, or
23 work across agencies -- I want to get some more,
24 you know, what's the purpose of that, what does
25 it entail, and what's the goal.

1 MR. CAHILL: I think, Jim, you might be
2 able to speak to that.

3 MR. MCKINNEY: Actually, Commissioner, I
4 am not aware of that. I apologize. We can get
5 that information for you.

6 COMMISSIONER MCALLISTER: Okay, I think
7 that came up in my briefing and I wanted to just
8 dig into that a little bit, but, yeah, I'd like
9 to know a little bit more about that because I
10 think obviously --

11 MR. CAHILL: No, and this may be
12 referring, by the way, to a work group that is
13 taking place roughly every six weeks at the
14 California -- and it is an interagency group, so
15 I presumed that's what this is referring to, that
16 basically talks to education outreach for
17 dealerships, and the California New Car Dealers
18 Association is represented at that. I also
19 participate in those meetings and do intend to
20 fold in initial findings from this research, as
21 well as obviously any final results to help
22 inform those efforts, as well.

23 COMMISSIONER MCALLISTER: Great.
24 Obviously those kinds of outputs, you know, you
25 can be objective in lots of ways to input its

1 policy, but obviously we want to sort of know
2 what's going on pretty early on in that process.
3 In general, I'm very supportive of the
4 commercialization side of things and doing things
5 based on knowledge that has been developed with
6 some rigor, and I think this sort of an approach
7 is a good way to determine what some of the
8 appropriate policy options might be to help grow
9 this marketplace, and similar ones. So certainly
10 more information and more understanding within
11 reason is better, so I'm very supportive of this.

12 COMMISSIONER SCOTT: Can you tell us a
13 little bit more about what the timelines for this
14 look like in terms of the interviews and the
15 different research that you're planning to do,
16 and then when you think a report would be ready?

17 MR. CAHILL: Yeah. I can already say
18 that we've already begun some initial ground
19 level research here, so we'll be hitting the
20 ground running. We do already have relationships
21 with a number of dealerships in the Bay Area and
22 in the Sacramento Area, as well as having
23 established some relationships with Southern
24 California. We expect the project to kick off by
25 no later than October 1, formally, of course with

1 funding, and to conclude at the end of March. It
2 will be a six-month effort. I can say that,
3 pretty much as soon as funding does become
4 available, we'll be able to begin a statewide
5 effort as opposed to the local effort that has
6 been done currently, so these will include
7 attending the Plug-In Conference, for example,
8 down in San Diego, we'll also be conducting
9 dealer interviews down there, coordinating with
10 the Center for Sustainable Energy down there, and
11 as well conducting focus groups. We'll also be
12 hitting Los Angeles and the Greater Los Angeles
13 Area to do the same thing. And we'll be hitting
14 the Bay Area, as well as the Sacramento Area, and
15 even probably some Central County areas, as well,
16 during that time.

17 COMMISSIONER DOUGLAS: Great. Thank
18 you. Is there a motion on this item?

19 COMMISSIONER SCOTT: I'll move Item 13.

20 COMMISSIONER HOCHSCHILD: Second.

21 COMMISSIONER DOUGLAS: All in favor?

22 (Ayes.) Item 13 is approved. Thank
23 you.

24 MR. CAHILL: Thank you.

25 COMMISSIONER DOUGLAS: Item 14.

1 Minutes. Possible approval of the July 10, 2013
2 Business Meeting Minutes.

3 COMMISSIONER HOCHSCHILD: So moved?

4 COMMISSIONER MCALLISTER: Second.

5 COMMISSIONER DOUGLAS: All in favor?

6 (Ayes.) The Minutes are approved.

7 COMMISSIONER DOUGLAS: Item 15. Lead
8 Commissioner or Presiding Member Reports. I've
9 glanced through my calendar and I do not see
10 anything report worthy on my calendar, so let me
11 see what other Commissioners would like to make a
12 report.

13 COMMISSIONER HOCHSCHILDS: I can give a
14 couple updates. First, I just wanted to thank
15 Lori Sinseley and the Communications Team, I've
16 worked very closely with them on the launch of
17 our newsletter, the Spark, which went out last
18 week. It may actually eventually move to a
19 monthly newsletter. I think it's really really
20 important, we have so many activities going on
21 here, and one observation I have, it's not just
22 that others in State Government and so forth,
23 other stakeholders aren't aware of the full scope
24 of our duties, but even within the agency itself,
25 there's not a lot of awareness necessarily of the

1 latest developments, you know, folks working on
2 Transportation don't know what's happening in
3 Efficiency. So I'm a big believer in the role of
4 communications, and I think the team did a great
5 job in getting that together. I'm very much
6 looking forward to that going forward.

7 I just want to make a plug for the next
8 two guest speakers. September 11th, we have the
9 Chairman of FERC coming, Jon Wellinghoff. He has
10 been a big proponent for renewables. He's going
11 to be actually replaced -- he's stepping down
12 sometime in the next six months, depending on
13 when his successor gets confirmed by the Senate,
14 but it's in town September 11th and he'll be here
15 at 4:00, just talking about -- actually, he wants
16 to talk about Demand Response, in part, some
17 opportunities for California. And then this
18 Thursday at 11:00, we have Dick Swanson, who is a
19 really really impressive former Stanford
20 Professor, Founder of SunPower, which is really
21 there are only two American solar manufacturers
22 left and Sun Power is one of them, they have the
23 highest efficiency. So we're still in the
24 market, and he's coming to talk about the
25 progress of technology, along with Julie Blunden,

1 former CEO of Climate Works, which was the
2 leading funder of global activities to combat
3 climate change.

4 And I just think it's worth noting that
5 today solar represents something like four
6 percent of our renewable portfolio, but it will
7 be 50 percent by 2020, so it's been a really
8 radical transformation of the industry driven by
9 this cost reduction we're getting from innovation
10 and automation and scale, and so they're going to
11 be talking about that, and the significance of
12 that.

13 So in terms of recent visits, I
14 especially want to thank our Executive Director,
15 Rob Oglesby, who accompanied me to a roundtable
16 with a Silicon Valley leadership group, about 20
17 companies, got their input on clean energy R&D,
18 that was really really fruitful, had a couple of
19 other site visits, probably the most interesting
20 for me was the Alta Wind Energy Park, which is
21 the largest wind project in the world, it's in
22 Kern County, it's a gigawatt and a half, and I
23 was struck -- first of all, it's interesting,
24 this project which created 5,000 jobs, it has
25 also enabled a neighboring cement factory to stay

1 open because they're still growing, they're doing
2 another 200 megawatts from now until December.
3 And I was amazed to learn there's a GE wind
4 turbine manufacturing facility onsite, which is
5 making turbines for that site, as well as
6 shipping around the Western United States. And
7 this project does now become the second largest
8 taxpayer in Kern County, contributing \$40 million
9 a year. So it's just part of the success story,
10 you know, of California renewables policy, this
11 is some of the fruit that's being born. And
12 there's a very exciting pathway for further cost
13 reductions in wind. I learned all about variable
14 speed turbines and new drive trains, and
15 generators, and actually they have somewhat over-
16 engineered the steel in the column itself, and so
17 there is an effort now to actually reduce that
18 and essentially be able to further cut costs, so
19 there is a path forward there for wind.

20 I met yesterday with -- there's a big
21 group trying to build the largest -- essentially
22 a project double this size in Wyoming, a 3
23 gigawatt project they're trying to build
24 transmission to, but California is a tough road
25 to hoe, but there's a lot of activity in wind.

1 The other notable site visit was to
2 SEGS, which is a 26-year-old parabolic trough
3 system, solar thermal system, the oldest system
4 in the world actually of parabolic trough, and
5 they have a gas plant -- very inefficient gas
6 plant, about 12,000 heat rate, that operates with
7 that, that we're going to have to make a decision
8 on at some point down the line. But you know,
9 it's interesting to see how this thing has held
10 up, the solar part of it has held up for 26
11 years. They just re-tubed, they put \$50 million
12 into re-tubing to get a little bit more
13 efficiency out of it, but it was just impressive
14 to see this thing going strong after a quarter
15 century, about 140 staff down there, so, yeah,
16 those are probably my visits of note.

17 COMMISSIONER MCALLISTER: Let's see, I
18 just wanted to highlight a couple things. I have
19 been ensconced on IEPR issues, more, and so I
20 haven't gotten out of the office as much as maybe
21 some of us have, and so it's sort of all IEPR all
22 the time for me, which is great, it's all very
23 interesting and we've got some really terrific
24 workshops. I believe since the last meeting, we
25 had the one on San Onofre, Southern California

1 issues, with respect to how to deal with the San
2 Onofre issue and had an en banc down in L.A. with
3 ARB, Chairman Nichols from the ARB, President
4 Peevey from the PUC, and Steve Berberich from
5 ISO, and had a robust discussion on some of the
6 options going forward, very interesting to have
7 everybody in the room giving their perspectives
8 on that.

9 More recently, last week I believe, had
10 a 2030 infrastructure discussion here in this
11 hearing room with regard to the electric sector,
12 which was also very interesting. It gave rise to
13 sort of a longer term discussion about what the
14 2030 and beyond issues are with respect to what
15 we need to do to really achieve our long term
16 carbon goals, and keep the system reliable. So
17 quite interesting record established in the IEPR.

18 And then I had a couple of workshops on
19 the Transportation issue together with
20 Commissioner Scott, which I found really
21 enlightening, as well. I always learn something
22 when our transportation staff talks, sets up a
23 day of workshops because there's just so much
24 going on in that space. So I really found that
25 fascinating. And the IEPR is inexorably moving

1 forward to its full production and we're in the
2 middle of that process, so I'm trying to help
3 them keep on schedule.

4 Let's see, the other thing I wanted to
5 mention, just a couple of visits --

6 COMMISSIONER HOCHSCHILD: And just
7 before you leave that, what is the schedule for
8 the IEPR, exactly?

9 COMMISSIONER MCALLISTER: Well, we are
10 aiming to adopt it before the end of the year, I
11 think the December Business Meeting is what we're
12 aiming at. It doesn't always happen within the
13 year, statutorily it's supposed to, so that's the
14 goal. Quite a bit of editing, a lot of editing,
15 a lot of vetting, public comments, in the next
16 couple of weeks likely we'll go public, and we'll
17 have public comments, editing, and it'll
18 definitely be coming across your desk and the
19 other Commissioners' desks obviously before
20 adoption, but for your comment. So not quite
21 there yet, but we'll get there.

22 Two site visits of note, went over with
23 some representatives from the Governor's Office
24 and FERC, actually, and a number of others to a
25 PG&E facility, it's a storage facility over in

1 Vaca-Dixon, not too far from Sacramento, and it's
2 one of two interesting battery storage projects
3 that they've got going on and they're doing some
4 experimentation with how to best sort of optimize
5 it and see how they utilize it on the grid, and
6 running it through its paces. It's fairly low
7 risk in this case with Vaca-Dixon, fairly low
8 risk so they can do some innovative things and
9 sort of see what works.

10 They've got another battery storage
11 system down on the Peninsula, I believe it's San
12 Jose, that they're sort of doing more customer
13 focused experimentation, not exactly
14 experimentation, but sort of working on how the
15 battery storage can best benefit the Grid and
16 sort of work through how to optimize it and make
17 it more cost-effective. So pretty exciting,
18 actually. Obviously, these are not cheap
19 projects, but they're definitely -- the learning
20 there is really important for keeping the modern
21 grid heading in the right direction with
22 renewables integration and all the issues we talk
23 about.

24 And then the other thing I did was last
25 week, there's a new initiative at Berkeley Lab

1 called the Flex Lab, which I would encourage
2 folks to go visit maybe a little bit further down
3 the road when the construction is done, but it's
4 purpose built, highly instrumented commercial-
5 like facility that will enable experimentation
6 with new construction techniques, where you can
7 build it on site and take reams of data,
8 understand how they perform. They even have a
9 pad that rotates 270 degrees so they can
10 accelerate the data gathering with respect to
11 sunlight and building positioning and all that
12 kind of stuff. It was quite an interesting lab.
13 They got \$16 million from ARRA funds to build it,
14 and I think it's a very interesting platform for
15 building technologies, for the industry to come
16 in and test new products, for building
17 techniques, to use it as educating. We were
18 talking about education of the construction
19 industry earlier on one of the items today, it
20 would certainly help with installation practices,
21 monitoring of interior spaces, potentially even
22 some comfort issues. There's just a lot of
23 potential there for utilizing in an advanced
24 laboratory space like this, that is very oriented
25 towards being pragmatic for the building

1 industry. It's an actual set of buildings and
2 interior spaces that can be utilized for
3 experimentation purposes. So I was pretty
4 excited about that and there's a lot of smart
5 people working on that. Obviously very important
6 for energy efficiency, certainly for our Zero Net
7 Energy goals in the commercial space, so it's a
8 good resource for us to have. It's a DOE
9 facility, so it has national significance, but
10 given that it's in a California climate, it's
11 going to have a lot of relevance for California,
12 so I'm excited to see that in the ground.

13 And then lastly, I wanted to encourage
14 folks to head over to the Citizen tomorrow
15 afternoon, I'm going to see if I can find that
16 date, anyway, it's a discussion, you can look at
17 it on our website, about future appliance
18 efficiency focused mostly on electronics. But
19 I'm going to be kicking it off tomorrow and it's
20 an interesting group of speakers, Karen Herder
21 who used to work at the Commission, and a couple
22 other speakers, looking at what the sort of
23 longer term opportunities for making consumer
24 electronics more efficient are. So we'll be
25 talking about some innovation with a little bit

1 of a long view of where the potential lies. So
2 that should be fun. Thanks very much.

3 COMMISSIONER SCOTT: I had the
4 opportunity since we last met, I went out to --
5 it's been a little while, actually, in San
6 Francisco they had the Plug-In Vehicle
7 Collaborative had their full day in-person
8 meeting in San Francisco at the end of July, and
9 that was pretty interesting. We spent the bulk
10 of the meeting hearing from the utilities, both
11 the Publicly-Owned Utilities and the Investor-
12 Owned Utilities, on some of the things that
13 they're doing to be prepared for additional Plug-
14 In Electric Vehicles to be on the road, and also
15 about some of the customer education and outreach
16 that they're doing, and I thought that was really
17 interesting. I mean, we got down really into the
18 weeds and talked about things like time of use
19 rates and what's most interesting for the
20 consumers that are looking at their bill to see
21 how much energy their car is using versus other
22 parts of their homes and things like that, so it
23 was a really interesting day.

24 COMMISSIONER HOCHSCHILD: Could I just
25 ask, how significant is the investment today by

1 the utilities in EVs and --

2 COMMISSIONER SCOTT: That's a good
3 question. I don't recall a number off the top of
4 my head, but I mean, we had SDG&E there, SCE,
5 PG&E, SMUD, LADWP, and they had very high level
6 folks there, so they're really thinking about
7 this. I don't know the number in terms of --

8 COMMISSIONER HOCHSCHILD: And everybody
9 is doing something, it's just --

10 COMMISSIONER SCOTT: Yes. So that was
11 exciting to see, too.

12 COMMISSIONER HOCHSCHILD: Okay, great.

13 COMMISSIONER SCOTT: So that was
14 terrific. That was our all day in-person meeting
15 for Plug-In Vehicle Collaborative. And as
16 Commissioner McAllister mentioned, we had some
17 great workshops, I thought, on transportation for
18 the IEPR. You know, so I've been here about four
19 months and, for me, it's really neat, I continue
20 to be struck by the ability that we have to bring
21 in such a broad level and range of experts on the
22 different topics where we convene folks. We
23 talked about growth scenarios for alternative
24 fuels on one of our transportation workshops, and
25 we had folks from all over the country, including

1 calling in from Brazil to give presentations, and
2 so I agree with you, they continue to be very
3 interesting workshops. And I look forward to the
4 report.

5 I got to go and do a presentation at the
6 National Academy of Sciences with Isaiah Larson
7 and Charles Smith, which was great, it was a lot
8 of fun for me to get to go with some of our
9 transportation team and do that. The National
10 Academy of Sciences is really interested in
11 medium-duty and heavy-duty trucks with a focus on
12 fuel economy, and greenhouse gas emissions, and I
13 thought it was great that they wanted to hear
14 from the Energy Commission about the different
15 things that we are doing on those. So we gave
16 kind of a high level presentation about the
17 Alternative and Renewable Fuel and Vehicle
18 Technology Program, and we also talked in detail
19 about some of the different projects that we
20 funded, like the Catenary arm for trucks on 710
21 and just all kinds of different options. So that
22 was a really neat chance to go and talk with our
23 friends at the National Academy of Sciences.

24 I went at the beginning of August out to
25 the 14th Biennial Conference on Transportation

1 and Energy at Asilomar, and the topic there was
2 climate policy in an energy boom, and this was
3 just for me a really fascinating conference.
4 Again, it brought together this incredible and
5 interesting set of experts. They set the scene
6 for what they thought might need to be some
7 additional help in terms of accelerating the
8 transition to alternative fuels and really making
9 the type of transformation of our transportation
10 system that we're talking about. There was an
11 expert from U.C. Davis talking about what the
12 petroleum prices may do. Mary Nichols was there
13 and talked about the climate goals, the clean air
14 goals that we're trying to meet. We had folks
15 from China who came in and talked about what
16 they're doing there. And it was interesting
17 because they talked about -- if I'm recalling
18 correctly, it was about a billion cars on the
19 road in China, and so it's a huge challenge, but
20 it's also a huge opportunity that's before us,
21 and so it was just a really interesting chance to
22 hear from a wide range of folks kind of what
23 they're thinking about, and then to be able to
24 interact with them on breaks and at lunch and
25 over dinner, it was very interesting and everyone

1 was interested in climate policy.

2 COMMISSIONER HOCHSCHILD: Were there
3 countries -- I mean, I don't know what China is
4 doing in EVs, but is the U.S. sort of leading or
5 lagging in terms of EV support versus other
6 countries? I don't know if that came up.

7 COMMISSIONER SCOTT: I think California
8 is definitely leading the way on a lot of this
9 that was a lot of the take home message. I think
10 in China they're -- it's kind of a push and pull
11 between wanting to be able to develop the way
12 that the U.S. or Europe or other countries have
13 developed, but also recognizing that if you have
14 a billion cars on the road, and they're not as
15 close to zero emission as you can get, and they
16 don't have smart land use and transportation --
17 planned smart transit plans, that it was kind of
18 an interesting push and pull in terms of wanting
19 to develop, and wanting to develop quickly, but
20 also wanting to develop smart. And so it was
21 interesting to kind of hear what they were
22 thinking and where they're going. But I think on
23 Electric Vehicles, we're looking at Fuel Cells,
24 just pushing the Zero Emission Vehicle, that
25 California is definitely on the leading edge of

1 that. So that was really great. And they
2 debuted BMW, they debuted their new electric car
3 there, which is the 3 series, and that was fun
4 for us to get to ride in. It's neat to continue
5 to see options like that come out on the road, so
6 that you want everything from Tesla to Leafs, and
7 there's just lots of options, and more options
8 are coming, so it was great to see that.

9 We did some great staff workshops on
10 hydrogen and the electrical EV interoperability.
11 The interoperability was interesting to think and
12 talk about because, I mean, basically what we're
13 looking to do is make sure that every electric
14 vehicle driver can use any charging station. And
15 there's lots of technical pieces that go along
16 with that, but we had some really good
17 conversations there.

18 One other thing I did, I got to travel
19 to Fresno for the California Black Chamber of
20 Commerce Meeting. That was terrific. There were
21 probably 500 businesses around the room. They
22 were interested in, first, kind of what does the
23 Energy Commission do? What is the Energy
24 Commission? So I did kind of a little Energy
25 Commission 101, but they I also talked to them

1 about a lot of our grant and loan programs, like
2 the BrightSource Program, like my AB 118 program,
3 that might be of interest, and the technical
4 assistance that we can provide, that might have
5 been of interest to a lot of the businesses
6 around the table, so hopefully we'll hear more
7 from folks that were there.

8 And last but not least, I just wanted to
9 make sure, I think all of you have probably met
10 her, but my new Advisor is here, she started at
11 the beginning of August, her name is Leslie
12 Camarastito, and I am just thrilled to have her
13 on board, I've got my whole team in place now, so
14 it's coming together. That's what I've been up
15 to.

16 COMMISSIONER DOUGLAS: That's great.
17 Very good. So thank you, everyone. Let's go on
18 to the Chief Counsel's Report -- oh, go ahead.

19 COMMISSIONER MCALLISTER: I was a little
20 bit negligent, actually. I want to actually
21 acknowledge all the amazing work that's going on
22 with staff on Prop. 39. I know that it's a great
23 initiative that the voters passed, it's a really
24 amazing, wonderful thing, our schools totally
25 need these resources, and it's a relatively big

1 lift in a relatively short period of time, and
2 the Energy Commission is the lead agency on
3 developing the guidelines for Prop. 39, as many
4 of you know, and Executive Director Oglesby and
5 Drew Bohan, his Deputy, are both in the room and
6 I just want to acknowledge both of their efforts,
7 particularly Drew, who has been carrying a lot of
8 the water on that and keeping everybody organized
9 and on task, on really confronting this challenge
10 that we have, and making sure that there's a
11 really robust interagency process. There's a lot
12 of parallel tracks heading all in the same
13 direction, and keeping them coordinating and
14 everybody on task is happening and I think it's
15 because of their capabilities that it's really
16 all on track, and there's a lot of staff working
17 on this and there's a lot of good quality work
18 going on and developing these guidelines, there's
19 a lot of people looking at it and we're doing
20 things in a transparent and accountable way, and
21 I think I'm very optimistic that we're going to
22 have a good product on time so that the schools
23 can get their funds and do very worthwhile
24 projects with it, starting in the near future,
25 certainly by early next year. So I wanted to

1 just make sure I mentioned that. So thanks.

2 COMMISSIONER DOUGLAS: Great. Thanks
3 for doing that. Chief Counsel's Report.

4 MR. LEVY: Good afternoon. I have no
5 report today.

6 COMMISSIONER DOUGLAS: Executive
7 Director's Report.

8 MR. OGLESBY: I guess I'd add Marcia
9 Smith is doing a stellar job leading the group
10 that's implementing that.

11 I'll just take minute to announce some
12 housekeeping that we've done that I think will
13 improve the operation of the Energy Commission.
14 I would preface it by saying it doesn't represent
15 any augmentation of our budget that was recently
16 improved, but in order to improve the efficiency
17 of the organization, and in light of the new
18 duties to implement Proposition 39, we have done
19 some reorganization. And the principle features
20 of the reorganization include moving the ECCA
21 program, which is our low interest loan program
22 for efficiency, and which is also implementing
23 Prop. 39 into our efficiency division, so we
24 consolidate our efficiency activities and the
25 division that has the most technical expertise,

1 and some synergistic inter-reactions between
2 staff into that division.

3 Secondarily, we are moving the office of
4 Renewables and we've created a Division of
5 Renewables -- again, we haven't expanded that in
6 terms of resources, but I think given the
7 importance of Renewables in our energy future and
8 our expanded obligations to implement the
9 Renewable Portfolio Standard, it was important to
10 recognize that, establish it as a division, and
11 put then under the leadership, the very capable
12 leadership, of Suzanne Korosec. And Heather
13 Raitt will move over the help run the IEPR
14 process and make sure that that is a seamless
15 process going forward, although we're in the
16 closing stages of the current cycle, there will
17 be some coordination between Suzanne and Heather,
18 but I'm confident that that will conclude very
19 successfully this year.

20 And finally, we have a number of
21 positions that have been supported by the Public
22 Goods charge, the activities are now going to be
23 part of the EPIC Program and we're consolidating
24 those staff persons, they will be conforming to
25 the obligations and the structure of the program

1 under EPIC, and so we're consolidating them in
2 our division that handles EPIC, the Research
3 Division. So those are the principle aspects,
4 the intent again is to improve efficiency, to
5 recognize the importance of the programs, and
6 gain some synergistic opportunities.

7 COMMISSIONER DOUGLAS: Thank you.

8 Public Advisor's Report.

9 MS. MATTHEWS: I don't have anything to
10 report. Thank you.

11 COMMISSIONER DOUGLAS: All right. And
12 is there any public comment? On the phone? No.
13 All right, very good. With that, we are
14 adjourned.

15 (Whereupon, at 12:39 p.m., the Business Meeting
16 was adjourned.)

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