

BEFORE THE
CALIFORNIA ENERGY COMMISSION

In the Matter of) Docket No. 14-IEP-1
)
2014 Integrated Energy Policy)
Report Update (2014 IEPR Update))

LEAD COMMISSIONER WORKSHOP
AND AVAILABILITY OF THE DRAFT 2014 INTEGRATED ENERGY
POLICY REPORT UPDATE

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A, 1516 NINTH STREET
SACRAMENTO, CALIFORNIA

MONDAY, NOVEMBER 24, 2014
10:00 P.M.



Reported by:
Kent Odell

APPEARANCES

Commissioners Present (*Via WebEx and telephone)

Janea A. Scott, Lead Commissioner for the 2014 IEPR Update
Lead Commissioner on Transportation

Karen Douglas

CEC Staff Present

Heather Raitt

Public Comment

Kate Kelly, Defenders of Wildlife
Manuel Alvarez, Southern California Edison (SCE)
Steven Kelly, Independent Energy Producers Association (IEP)
Jeff Harris, Ellison Schneider and Harris, on behalf
of Duke American Transmission Company
Erica Brand, The Nature Conservancy
Ray Pingle, Sierra Club
Julia Levin, Bioenergy Association of California
Deborah Syler, Private Citizen, Electric Vehicle Owner

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P R O C E E D I N G S

NOVEMBER 24, 2014 10:06 a.m.

MS. RAITT: Good morning and welcome to today's workshop on the Draft 2014 IEPR Update.

I'm Heather Raitt, I'm the Program Manager for the IEPR. I'll begin by going over the usual housekeeping items. Restrooms are in the atrium, please be aware that the glass exit doors near the restrooms are for staff only and will sound an alarm if you use them. The snack room is up the stairs under the white awning on the second floor.

If there's an emergency and we need to evacuate the building, please follow staff to Roosevelt Park, which is across the street diagonal to the building.

Please be aware that today's workshop is being broadcast through our WebEx conferencing system and parties will be recorded. We'll post the recording on the Energy Commission's website in a few days and the written transcript will be posted in about a month.

This morning we have opening comments from the Commissioners and then I'll give a brief presentation on the report, and after my

1 presentation we'll take public comments.

2 We're asking parties to limit their
3 comments to three minutes. We'll take comments
4 first from those in the room, followed by people
5 participating by WebEx, and followed by those who
6 are phone-in only. For those in the room who
7 would like to make comments, please fill out a
8 blue card and go ahead and give it to me or one
9 of our staff. And when it's your turn to speak,
10 please come to the center podium and speak into
11 the microphone. It's also helpful if you could
12 give your business card to our Court Reporter.

13 For WebEx participants, you can use the
14 chat function to tell our WebEx Coordinator that
15 you'd like to ask a question or make a comment
16 during the public comment period. For those who
17 are phone-in participants, we'll open your lines
18 for comments after the WebEx participants.

19 Materials for this meeting are at the
20 entrance to the hearing room.

21 We welcome written comments as well and
22 those are due on December 8th. The process for
23 submitting comments are on the Notice for this
24 workshop.

25 With that, I'll turn it over to the

1 Commissioners for opening comments.

2 COMMISSIONER SCOTT: Okay. Thank you,
3 Heather. Good morning everybody. Thank you all
4 for being here and for also being on the WebEx.

5 As you know, this 2014 Integrated Energy
6 Policy Report Update has been transportation
7 focused, and I think we've had a series of really
8 interesting and informative workshops. We talked
9 about why reducing pollution from the
10 transportation sector is essential to helping
11 California achieve its climate and clean air
12 goals. We talked about the importance of a
13 portfolio approach, well-timed incentives, and
14 California's leadership on this issue. We
15 discussed how to leverage funds both by working
16 in partnership with other federal, state and
17 local agencies, and also by using potentially
18 some of the alternative financing mechanisms.

19 We talked about how to measure the
20 program's benefits and what metrics could be
21 used. We did some digging into statewide
22 charging infrastructure and what a good
23 assessment and analysis of that would look like.
24 We discussed also the current state of
25 technologies and fuels, and also talked about

1 where we think those technologies and fuels might
2 be in the next five to 10 years. Then we shifted
3 and we focused really on kind of a truly
4 integrated energy piece and talked about the
5 intersections of our transportation system, the
6 natural gas system, and the electrical systems,
7 and how they all work together. We talked about
8 the challenges that having those work together
9 might raise like methane leakage, and we talked
10 about potential solutions to those challenges.

11 We also took a comprehensive look at all
12 the agencies who play a role in oil by rail. We
13 discussed ways to continue integrating
14 environmental information into renewable energy
15 planning processes. And we received an update on
16 electricity infrastructure in Southern
17 California.

18 So I just wanted to thank all of you for
19 your thoughtful comments and your engaged
20 participation as we put our Integrated Energy
21 Policy Report Update for 2014 together. And I
22 look forward to hearing you on the draft. And I
23 wanted to underscore I think what Heather
24 mentioned at the beginning, and we'll remind you
25 again at the end, the comments are due on

1 December 8th, and I look forward to hearing from
2 you today and also hearing from you by December
3 8th. So thank you very much. Let me turn it to
4 Commissioner Douglas.

5 COMMISSIONER DOUGLAS: All right, I'll
6 keep my comments very brief. I've appreciated
7 working on this IEPR Update and working with
8 Commissioner Scott on it, and hearing from
9 stakeholders, a couple at a number of different
10 steps along the way. I've got some time blocked
11 on my calendar to read IEPR comments when they
12 come in, so please send them. We'll be looking
13 forward to getting them.

14 And with that, I think I'll turn this
15 over to Heather and her presentation.

16 MS. RAITT: So I'll give a high level
17 overview of the 2014 Integrated Energy Policy
18 Report Update, or IEPR for short.

19 The Energy Commission is required to
20 prepare an IEPR in odd-numbered years that
21 assesses energy supply and demand, production,
22 delivery, and distribution, market trends, and
23 major challenges. On even-numbered years, the
24 Energy Commission prepares an IEPR Update.

25 The process began on January 15, 2014

1 when the Energy Commission adopted an Order
2 Instituting Informational Proceeding to gather
3 and assess information needed to prepare the 2014
4 IEPR Update and the 2015 IEPR.

5 The 2014 IEPR Lead Commissioner, Janea
6 Scott, issued a Scoping Order on April 3, 2014,
7 identifying the report topics. Since March 2014,
8 the Commission held 10 public workshops on the
9 topics identified in the Scoping Order. The
10 information gleaned from these workshops have
11 been instrumental in developing this report.

12 The 2014 IEPR Update focuses on next
13 steps for transforming transportation energy use
14 in California to help meet the state's climate
15 and clean air goals. The report also provides
16 updates on incorporating environmental
17 information into the renewable energy planning
18 process, electricity infrastructure in
19 California, and electricity demand forecasts.

20 The Report highlights the importance of
21 incentives to speed the transition to a low
22 carbon, clean air future. Assembly Bill 8 by
23 Assembly Member Perea makes over \$2 billion
24 available for public investment and the report
25 explores how funding can help achieve progress

1 needed towards the transportation sector.

2 AB 8 extends clean transportation
3 investment programs such as the Energy
4 Commission's Alternative and Renewable Fuel and
5 Vehicle Technology Program, or ARFVTP for short,
6 through January 1, 2024.

7 This chart shows the policy drivers for
8 clean air low carbon transportation fuels and
9 vehicles. To touch on a few, the State has set
10 climate goals in the Global Warming Solutions Act
11 of 2006, that cap economy-wide California
12 greenhouse gas emissions in 1990 levels by 2020,
13 and two Executive Orders which call for
14 reductions in greenhouse gas emissions to 80
15 percent below 1990 levels by 2050.

16 Further, the Clean Air Act calls for an
17 80 percent reduction in NO_x emissions by 2023.

18 The transportation sector is currently
19 California's largest source of greenhouse gas
20 emissions and smog forming NO_x emissions.

21 To meet California's climate and clean
22 air goals, California's transportation system
23 needs a transformation to zero and near-zero
24 emission technologies and fuels.

25 Through AB 8, the California Legislature

1 directed the Energy Commission to invest up to
2 \$20 million a year, which is 20 percent of total
3 ARFVTP funding, to build the infrastructure
4 needed to support the early market for hydrogen
5 vehicles. The Governor's Zero Emission Vehicle
6 Action Plan lays out the State's strategy for
7 achieving its goal of 1.5 million zero-emission
8 vehicles in 2025.

9 Hydrogen fuel cell technology is poised
10 to become a zero emission option across the
11 transportation sector. Station equipment costs
12 continue to be a barrier to hydrogen
13 infrastructure development. More directed
14 research and innovative funding partnerships are
15 needed in this area to bring down hydrogen
16 infrastructure costs in advanced market
17 deployment.

18 The Plug-In Electric Vehicle market is
19 growing steadily and provides another zero
20 emission vehicle option. In 2013, PEV sales were
21 triple 2012 sales and as of September 2014, more
22 than 100,000 PEVs were sold in California,
23 representing about 40 percent of the national PEV
24 sales.

25 While charging infrastructure has grown,

1 additional incentives and innovations are needed
2 to rapidly increase the number of available
3 stations and to solve infrastructure challenges.
4 Continued strategic investments in charging
5 infrastructure at residential, workplace, multi-
6 unit dwellings, and public sites along with
7 regional readiness plans will be needed to
8 continue advancing adoption of Plug-In Electric
9 Vehicles.

10 The report also looks at the need to
11 proactively plan for integrating large numbers of
12 Electric Vehicles on the Grid. Electric Vehicles
13 have the potential to benefit the electricity
14 grid and help manage the growing use of
15 electricity generation from solar and wind
16 resources. To realize these opportunities, smart
17 charging technology that communicates with
18 customers and electric utilities will be
19 essential. Further, collaboration is needed on
20 research, demonstration, deployment, planning,
21 and market facilitation activities related to
22 vehicle-to-grid projects.

23 The report also looks at medium- and
24 heavy-duty vehicles, transitioning to zero and
25 near-zero emission medium-and heavy-duty vehicles

1 is necessary to achieve the climate and clean air
2 goals.

3 California's fleet of medium-and heavy-
4 duty vehicles comprise about 3.7 percent of the
5 total vehicle population in California, yet
6 consume more than 20 percent of total fuel and
7 are responsible for as much as 25 percent of
8 total criteria and greenhouse gas emissions.
9 They are the leading cause of harmful ozone
10 pollution and fine particulate matter emissions
11 in the San Joaquin Valley and South Coast Air
12 Basin.

13 State incentive programs like the Energy
14 Commission's ARFVTP help facilitate development
15 and commercialization of medium- and heavy-duty
16 vehicle technologies across multiple, near term
17 and long term fuel pathways. These include
18 natural gas, electric drive, hydrogen, fuel and
19 electric drive, and hybrid and range extender
20 combinations. Still, market uptake of the
21 cleanest trucks remains slow due to cost.
22 Targeted incentives are needed to help bring down
23 the cost of electric trucks.

24 As Commissioner Scott mentioned,
25 uncertainties about methane leakage along the

1 natural gas distribution, transmission and
2 production systems raise questions, however,
3 about natural gas's potential benefits. Many
4 research efforts are underway to reducing
5 certainties about where and how much methane is
6 leaking from the natural gas system.

7 Continued engagement and research support
8 will be critical as the state pursues solutions
9 to transform its heavy-duty vehicle sector.

10 Biofuels will also play a critical role
11 in reducing carbon emissions from the
12 transportation sector and have the potential to
13 provide immediate emission reduction benefits.
14 Growth in the use of biofuels that blend with
15 gasoline and diesel is being spurred by
16 Regulations and Government incentive funding.
17 These include the Federal Renewable Fuel
18 Standard, the California Low Carbon Fuel
19 Standard, the Federal Blenders Tax Credit for
20 Biodiesel and Renewable Diesel Sales, and AFRVTP
21 co-funding of biofuel production plants.

22 Biodiesel and renewable diesel are making
23 tremendous gains in California markets, although
24 feedstock limitations on waste-based oils and
25 greases may prove to be the limiting factor.

1 Biogas production in California is also
2 proceeding, but challenges remain to ensure that
3 biogas can be safely and economically injected
4 into pipelines.

5 The report also explores opportunities to
6 leverage funding that may help achieve deeper
7 benefits on a faster timeframe.

8 California is fortunate to have several
9 programs designed to accelerate the use of clean
10 transportation fuels and vehicles. Government
11 capital can accelerate technology by helping to
12 assume risk for investments that markets are not
13 yet ready to take.

14 Studies show that investments in a low
15 carbon transportation system will accelerate
16 transformation and that long-term benefits will
17 far exceed costs, although costs will exceed
18 benefits for about the first 10 years. Because
19 of positive feedback effects, the earlier the
20 investments are made the bigger the net benefits
21 are over time.

22 To date, the ARFVTP has primarily
23 distributed funding through a competitive grant
24 basis. As technology matures, however, different
25 forms of incentives such as loans, loan support,

1 or consumer and commercial voucher rebates may
2 become more appropriate.

3 The National Renewable Energy Laboratory
4 (or NREL) assessed the benefits from roughly \$500
5 million invested by the Energy Commission's
6 ARFVTP since May 2014. The results show that the
7 program has achieved important benefits to date
8 and these will grow as Energy Commission makes
9 additional investments.

10 Reductions in greenhouse gas emissions
11 are expected to be between 2.8 and 4.2 million
12 tons annually by 2025. Also, between 338 and 566
13 million gallons of gasoline and diesel are
14 expected to be displaced per year by 2025 as a
15 result of the program.

16 NREL also estimated that ARFVTP will help
17 improve public health by reducing the emissions
18 of particulate matter by 100 - 178 tons annually
19 by 2025.

20 Market transformation toward a low
21 carbon, low emission transportation system in
22 California is measurably underway as evidenced by
23 substantial increases in Electric Vehicles and
24 Chargers, Electric Trucks, Natural Gas Trucks,
25 and Hydrogen Fueling Infrastructure. The Program

1 helped create over 6,000 new jobs in California
2 and provided training for over 13,600 technicians
3 and maintenance personnel throughout the state.
4 It will be important to continue tracking these
5 data points and to use the information when
6 considering future project investments.

7 Although California is making strides in
8 transitioning to alternative transportation
9 fuels, petroleum-based fuels continue to account
10 for about 92 percent of the state's
11 transportation needs. The use of horizontal
12 drilling and hydraulic fracturing has led to
13 dramatic increases in oil production in the
14 Midwest and Canada. There is a lack of pipelines
15 to transport oil to refineries. As a result,
16 California refineries are pursuing projects to
17 obtain discounted crude oil by rail.

18 Reflecting public concern over the safety
19 of crude by rail, the Governor's Office formed an
20 Interagency Rail Safety Working Group in January
21 2014. *Oil by Rail Safety in California* was
22 published in June 2014, highlighting the Working
23 Group's preliminary findings and recommendations
24 including improving emergency preparedness and
25 response programs, and requesting that Department

1 of Transportation expedite the phasing out of
2 older DOT 111 tank cars.

3 On June 25, 2014, the Energy Commission
4 held an IEPR Workshop to bring together
5 representatives from federal, state and local
6 governments, as well as railroad industry to
7 discuss trends in crude oil and clarify which
8 agencies are responsible for overseeing these
9 developments. The discussion highlighted the
10 need for the state to be vigilant in protecting
11 its ability to address safety concerns, including
12 collecting additional data needed.

13 The 2014 IEPR Update also addresses
14 renewable energy planning and includes an update
15 on the Desert Renewable Energy Conservation Plan,
16 or DRECP, and related local government planning
17 initiatives and their relationship to
18 transmission planning and renewable procurement.

19 The DRECP is intended to advance state
20 and federal conservation goals in the Mojave and
21 Colorado Desert Regions, while also facilitating
22 the timely permitting of renewable energy
23 projects to help meet California's long term
24 climate and renewable energy goals out to 2040
25 and beyond.

1 The DRECP is focused on the Desert
2 Regions and adjacent lands of seven California
3 Counties totaling roughly 22.5 million acres of
4 federal and nonfederal California desert land.

5 The Energy Commission recommends
6 analyzing and implementing the DRECP and working
7 with the CPUC and California Independent System
8 Operator to build on recent planning processes
9 and continue to improve renewable energy
10 transmission planning and coordination in
11 California, particularly for the post-2020
12 timeframe.

13 The Energy Commission also recommends
14 working with local, state, federal and other
15 partners and stakeholders to advance the current
16 capabilities of the state in performing landscape
17 scale analysis.

18 The report also provides updates on
19 Electricity issues. The Southern California
20 Region's electricity reliability has been of
21 concern for the past several years due to the
22 planned retirement of aging facilities using
23 once-through cooling and also the 2013 retirement
24 of the San Onofre Nuclear Generation Station.

25 A preliminary plan reflecting a

1 collaborative process with other energy agencies,
2 utilities, and Air Districts was detailed in the
3 2013 IEPR. Recommendations include continuing
4 interagency coordination, enhancing monitoring
5 and data sharing among the agencies, and
6 continuing to develop contingency plans and
7 potential mitigation strategies to help ensure
8 the reliability in the region.

9 One of the core functions of the Energy
10 Commission is to forecast electricity and natural
11 gas demand as part of the IEPR in odd-numbered
12 years. As part of the Energy Commission's
13 ongoing commitment to improve process alignment,
14 this year the Energy Commission is also providing
15 an annual update in the even-numbered year
16 beginning with 2014. The update will replace
17 economic and demographic drivers used in the
18 previous full IEPR forecast with the most current
19 projections. It will also add another year of
20 historical electricity consumption and peak
21 demand data. The update is expected to assist
22 the California ISO's Annual Transmission Planning
23 process.

24 The Energy Commission is currently
25 working to complete the updated forecasts and

1 plan to hold a workshop on December 8, 2014 on
2 the forecasts.

3 Going forward, the Energy Commission will
4 continue to pursue efforts to align planning
5 processes.

6 So that concludes my comments on the
7 Report. In terms of next steps, as we mentioned,
8 comments are due December 8th, and the
9 instructions for providing comments are on the
10 Notice, and we anticipate, once we get the
11 comments, carefully reviewing them, making any
12 necessary or needed changes to the report, and
13 issuing a final draft on January 28th for
14 possible adoption on February 11th.

15 So with that, we can go ahead and start
16 taking public comments, I think.

17 COMMISSIONER SCOTT: Great. Thank you
18 very much, Heather, for that terrific
19 presentation. If you'd like to make a public
20 comment, as Heather mentioned at the beginning,
21 please be sure to get a blue card and fill it out
22 and hand it over here to Heather or one of the
23 IEPR team. And I have in my hand Kate Kelly from
24 Defenders of Wildlife.

25 MS. KELLY: Good morning. Thank you for

1 holding the workshop today and we also greatly
2 appreciate the workshop that was held this August
3 and all the hard work that has gone in and, in
4 the meantime, developing the report and building
5 off of the comments that were generated out of
6 that workshop, as well as the opportunities to
7 provide comment letters before and during the
8 workshop.

9 I reiterate the comments that were made
10 by the conservation organizations during the
11 workshop, as well as those made by Defenders of
12 Wildlife in our comment letters, which nothing
13 new here, you've heard this many times before
14 from us; again, the desire to continue to see a
15 focus on landscape level planning, we're very
16 excited to see this in the report and we
17 encourage consideration of that, as well as a
18 coordinated approach between agencies and
19 organizations, you know, bottom on up from local,
20 state and federal agencies, we'd like to see that
21 this landscape-level planning really drive
22 procurement and that planning also drive
23 transmission so that transmission is moved into
24 areas that have been identified as least costly
25 with high benefit, and provide the opportunity to

1 incentivize and facilitate seeing smart from the
2 start renewable energy, as well as other energy
3 sources developed in the areas that most benefit
4 our communities and our environment. And I'd be
5 happy to answer any questions. Thank you.

6 COMMISSIONER SCOTT: Thank you. Our next
7 public comment is Manual Alvarez from SCE.

8 MR. ALVAREZ: Good morning,
9 Commissioners. I actually just want to thank you
10 for this report. It's been a while since the
11 Energy Commission has gotten into the
12 transportation sector in the depth that it has
13 today, so we're pleased with it. We will be
14 filing our comments on the 8th and we'll look at
15 all the sections as we have in the past, but I
16 just want to bring up three issues for your
17 consideration today and highlight those items
18 because they'll be things we'll be speaking to in
19 our comments.

20 I guess the first is we believe that the
21 electric utilities are uniquely positioned to
22 expand the role of advancing Electric Vehicle
23 transportation in California, and so we're
24 actually more interested in your short and long
25 term views of where you see the Electric industry

1 participating in that particular sector, so we
2 want to highlight that for you.

3 The second item is we believe the funding
4 should be distributed in a manner that optimizes
5 achieving the State's goals of transportation,
6 energy and climate change. And we actually
7 highlighted in our comments previously a proposal
8 to suggest that a \$10 million fund be created for
9 marketing and public education, and that would be
10 focused towards targeting low income communities,
11 collaborating with local governments, and
12 engaging customers and ultimately expanding the
13 pool in sales of Electric Vehicles and
14 infrastructure needed.

15 And then the third item is that we
16 recommended in the past that the Energy
17 Commission establish a means by which you monitor
18 success and growth in the alternative energy
19 industry. I think that metric is definitely
20 something that a lot of people have a lot of
21 interest in, it can be adjusted in time as you go
22 forward, but we definitely need to see the report
23 card as the progress is being made. And with
24 that, those are our highlights, but like I said
25 we will be filing comments on other matters in

1 the report, as well. Thank you.

2 COMMISSIONER SCOTT: Thank you. Next I
3 have Steven Kelly from IEP.

4 MR. KELLY: Good morning, Commissioners.
5 Steven Kelly, a policy director for Independent
6 Energy Producers Association. I actually have
7 comments on Chapter 8 and 9, I will try to
8 squeeze them in three minutes, but they may go
9 over.

10 First, on Chapter 8, the Transmission
11 Planning, this is a comment. It's a cautionary
12 note and I think speaks for kind of the need for
13 additional clarity as we go forward with
14 transmission planning over the next five, six,
15 seven years. And I want to give you a little bit
16 of history, that's why it's going to take a
17 little time here so you understand transmission
18 planning from a developer's perspective.

19 There are under FERC rules, there's open
20 access to the transmission grid and in California
21 we develop three types of transmission arenas,
22 one are reliability transmission projects, the
23 other are economic transmission projects, and the
24 third is public policy transmission projects, all
25 of which are slightly different. But from a

1 generator perspective developing new projects the
2 first and foremost thing you need to do is to get
3 in the ISO interconnection queue. And that is a
4 cost of about \$250,000 to get your face to study,
5 which pursuant to the Commission's decision this
6 last week is a necessity, a requirement for
7 bidding into the RPS RFOs. So you've got a lot
8 of money up front just to be eligible to bid into
9 the RFOs.

10 The Phase 2 Interconnection Studies
11 conducted by the ISO define what your
12 interconnection requirements are going to be and
13 the cost for those, and you then bid that in your
14 project bid to the utilities, which they then
15 select on a least cost benefit basis.

16 As I understand what's being talked
17 about, the outcome from RFOs is supposed to then
18 feed back into the transmission planning process
19 at the ISO, including the environmental issues
20 that you're talking about, and the integration of
21 resource adequacy value, and those kinds of
22 things. It dawns on me, or the concern I have,
23 is that we're in a bit of a do-loop. And I have
24 a concern that the transmission planning
25 particularly not impede the RFO process for

1 procurement. And that could arise if you got
2 your interconnection agreement and you financed
3 all that project, and all of a sudden you find
4 out that you're not going to be able to
5 interconnect because it's not in the transmission
6 plans. I think that will be a huge problem,
7 particularly under the open access rules that we
8 have today, and we need to think through how to
9 do this properly so as not to dis-incent people
10 to start the development process early enough to
11 get the projects in place.

12 There's a risk here that not only do you
13 potentially risk undermining interconnection
14 agreements, but it's a concern that you may need
15 to think about the integration of the
16 environmental attributes in local planning in the
17 context of the public purpose transmission
18 projects, and not the economic transmission
19 projects, or the reliability projects.

20 I haven't thought this through fully, but
21 I just want to put that on your plate, that this
22 is a critical issue for developers and the timing
23 of this is a little confusing at this point, and
24 while raising this issue, the IEPR doesn't solve
25 it or provide much clarity on that. So, I would

1 like to come back and talk about Chapter 9, or I
2 could stand here and talk about Chapter 9. I've
3 got an actual issue there.

4 COMMISSIONER DOUGLAS: So I'll just
5 comment briefly on Chapter 8 and then I think
6 we'll just have you continue on Chapter 9 since
7 you're right there.

8 Just briefly on Chapter 8, you're right
9 that the IEPR chapter raises and frames this
10 issue and does not resolve it or propose a way of
11 resolving it, and in part it's because it is a
12 very complex issue and I think that we're going
13 to need some ongoing dialogue in order to best
14 understand how to actually continue the good work
15 that we have begun of better aligning these
16 processes. And so we didn't feel like we were in
17 a position to wrap this in a bow yet, I don't
18 think we're anywhere near that position, but I'm
19 certainly looking forward to your comments and
20 your engagement as we keep kind of chipping away
21 at this issue.

22 MR. KELLY: We look forward to working
23 with you in the future as you develop this in the
24 next IEPR, I guess, or wherever. The concern is
25 that planning for future stuff not impede some of

1 the stuff that needs to get done today.

2 COMMISSIONER DOUGLAS: Yeah, understood.

3 MR. KELLY: On Chapter 9, I do have one
4 comment and this is actually a concern. And it
5 relates to the proposal regarding the contingency
6 planning.

7 As far as we understand in comments over
8 the year, we participated in some of the meetings
9 in Southern California, we understand the
10 contingency planning, but we also see it as kind
11 of utility centric contingency planning where the
12 utility is theoretically urged to go out and get
13 development sites, which then it might provide to
14 the broader marketplace to develop generation and
15 so forth. I'm concerned about unintended
16 consequences of this proposal. One, if it is
17 utility centric, then you have utilities going
18 out to developing sites that IPPs might be
19 considering and now will have to not consider,
20 which I think limits the supply of developers out
21 there that are actually looking for stuff.

22 And then secondly, I think it's going to
23 delay development because people will be waiting
24 for the utilities to move into individual spaces
25 to develop these contingency plans which in some

1 sense may be a waste to resources. It's not
2 clear to me how anybody would be able to site far
3 enough down the process, through CEQA, for
4 example, if they don't have an actual proposal on
5 the table at the Energy Commission. I mean, is
6 it a combined cycle? Is it a peaker? How do you
7 cite that? So I'm worried about wasting
8 resources on that.

9 My second observation is that the state
10 has contingency planning already in two forms.
11 One is the current LTTP, the 10-year planning
12 forecast and procurement mechanism at the PUC,
13 and the other is the RA proceeding, Resource
14 Adequacy. And planning a third contingency plan,
15 1) I don't think is necessary, and 2) I think it
16 reveals a lack of confidence in the LTTP and the
17 RA processes. And I would hope that the state
18 would look to fixing those problems in the LTTP
19 and the RA before it endeavors down a path of
20 building what appears to be a utility centric
21 model for contingency planning as a third rail.
22 So that would be my comment and concern at this
23 point.

24 COMMISSIONER SCOTT: Thank you. Our next
25 comment is from Jeff Harris, representing the

1 Duke American Transmission Company.

2 MR. HARRIS: Good morning, Commissioners.
3 It's a pleasure to be here. Again, I'm Jeff
4 Harris of Ellison Schneider and Harris. I'm here
5 on behalf of Duke American Transmission Company,
6 and welcome the opportunity to provide some
7 comments on the IEPR as we move forward.

8 I'm going to look at Chapter 8, as well,
9 and some of the policy statements that are in
10 there, and speak in support of those. Duke
11 American is a transmission provider and
12 participating in a process at the CAISO pursuing
13 the San Luis Transmission Project. The San Luis
14 Transmission Project would basically, Duke's
15 involvement in that, would involve augmenting a
16 proposal that's already out there from Western or
17 WAPA. The plan project currently is a 230 KV
18 line, Duke's role would be to look at upsizing
19 that line to 500 KV, and that's really the
20 essence of the process that's going on at the
21 CAISO right now. It would significantly improve
22 the use of the right-away to do that upsizing to
23 the 500 level. We think it will ensure a maximum
24 efficiency in the use of the right-away's in the
25 corridors, it will reduce future costs,

1 definitely, and it will reduce future
2 environmental impacts, it will allow Western to
3 allow the coordination with other balancing
4 authorities prefer, you know, order 1,000. And
5 also provide a hedge against the uncertainties in
6 California because one thing that's been certain
7 in California has been uncertainty, things have
8 happened nobody could have predicted a couple
9 years ago that we're all living with now.

10 This will provide an additional 1,200
11 megawatts of incremental capacity rights on this
12 line which is I think a very important addition,
13 so basically 1,200 addition on top of the 400
14 that's planned at the 230 KV level.

15 Duke American is pleased to support some
16 of the policy statements that are in Chapter 8,
17 and particularly on page 184, there are a couple
18 of paragraphs there that talk about right sizing
19 and basically following the Garamendi principles.
20 So we support these not only as sound policy
21 statements, but also as appropriate
22 implementation of existing law, making best use
23 of those corridors. We appreciate the
24 Commission's recognition of these important
25 principles and the IEPR, again, on page 184, and

1 we would urge you to submit these principles to
2 the CAISO, recommend to the CAISO that in the
3 2014–2015 CAISO Transmission Planning Process
4 that they actually apply these principles and
5 allow this kind of upsizing to go forward, and
6 recommend that it is appropriate to include such
7 projects as the San Luis Transmission Project,
8 that it advance these principles. So I won't
9 read you the two paragraphs, but I've given you
10 the page number. If you have any questions, I'm
11 glad to answer those for you. Thank you.

12 COMMISSIONER DOUGLAS: Thank you, Mr.
13 Harris. Are you going to be submitting written
14 comments?

15 MR. HARRIS: Yes, December 8th, correct?

16 COMMISSIONER DOUGLAS: Yes. All right,
17 good. We'll look forward to seeing them. Thank
18 you.

19 MR. HARRIS: Thank you.

20 COMMISSIONER SCOTT: Excellent. And just
21 a reminder to folks, if you want to make a
22 comment, make sure you get a blue card, they're
23 right up front, and then bring them up to Heather
24 and she'll be sure to get them to me. Our next
25 person is Erica Brand from the Nature

1 Conservancy.

2 MS. BRAND: Good morning, Commissioners.
3 Thank you for the opportunity to provide comments
4 today. As Commissioner Scott said, my name is
5 Erica Brand and I am a Project Director on the
6 Renewable Energy Initiative at the Nature
7 Conservancy.

8 So my comments today are going to focus
9 on Chapter 8, Integrating Environmental
10 Information and Renewable Energy Planning
11 Processes. I really appreciate that the
12 Commission chose this topic for the 2014 IEPR
13 Update and that the Commissioners and staff gave
14 it such thoughtful evaluation over the course of
15 this year. I really appreciated the discussion
16 that was convened on August 5th to really dive
17 deep into this topic, and I think it's important
18 that that discussion and dialogue continue not
19 just past this Draft Report, but into the next
20 coming years.

21 I had a chance to reflect this weekend as
22 I'm working on comments for the RPS Calculator at
23 the PUC and this chapter came out at exactly the
24 right time. So I'm really excited that this
25 conversation is happening.

1 And so my comments are going to be really
2 brief, we'll be submitting written comments. I
3 want to focus on the themes of collaboration and
4 commitment as the state agencies pursue solutions
5 to further de-carbonization of the electricity
6 sector in the post-2020 timeframe. So we really
7 appreciate the continued collaboration between
8 CEC, CAISO, and the Public Utilities Commission
9 on integrating environmental information into
10 energy procurement, long term energy planning,
11 and transmission planning. This is really timely
12 and important to setting the state up for success
13 beyond 33 percent.

14 To commitment, I appreciate that one of
15 the recommendations in Chapter 8 is for the
16 Commission to work with the REIT agencies to
17 finalize the DRECP, landscape skill planning for
18 renewable energy and conservation in the
19 California Deserts is very important to our
20 organization. And we look forward to continued
21 engagement on the plan.

22 So to conclude, I want to thank you for
23 really digging into this topic of integrating
24 environmental information. I want to thank you
25 for your commitment to continuing this

1 conversation and working with the other agencies
2 on this important topic, and lastly for your
3 continued leadership on the DRECP. Thank you.

4 COMMISSIONER DOUGLAS: Thank you.

5 COMMISSIONER SCOTT: Thank you. Next I
6 have Ray Pingle from Sierra Club. And also a
7 reminder, if you have a business card and you
8 spoke, if you would hand it to our Court
9 Reporter, he would be delighted. Ray, good
10 morning.

11 MS. PINGLE: I'd like to congratulate you
12 on the truly world leading initiatives that
13 you're proposing in this report to reduce
14 greenhouse gases in the transportation sector,
15 just some awesome work done this year.

16 But what I wanted to talk on briefly
17 today, and Sierra Club will be submitting written
18 comments, is Chapter 9, on the issue of
19 electricity reliability, and particularly on page
20 194 where it talks about contingency planning.
21 And I believe there's an important omission in
22 the paragraph that discusses this. As we all
23 know, there's always risk in any plan,
24 transmission facilities come up, gas, or
25 preferred resources. And in the report, it just

1 talks about two contingency components, one is
2 the potential extension of OTC retirement dates,
3 and the other is the contingency of planning
4 initial gas resources. But the omission is that
5 there should also be contingency planning for
6 preferred resources.

7 Now, at the workshop at UCLA, Mike Jaske
8 from the Energy Commission in his presentation,
9 which specifically addressed this, it discussed
10 the importance of this third approach, which is
11 creating a contingency plan for preferred
12 resources. And I think this is really critically
13 important because by no means are all the
14 proposed gas plants going to arrive and, on the
15 other hand, preferred resources, I think the
16 recent procurement activities of SCE where they
17 got over 1,800 proposals speaks well to the fact
18 that there's a lot of supply of preferred
19 resources. Preferred resources can generally be
20 implemented quickly within a year often, they're
21 very modular, they can be developed close to meet
22 precise local capacity requirements, and we're
23 not aware of any real planning that's going on
24 right now, we think it's critical that this be
25 done. So that's my comment on that. Thank you

1 very much.

2 COMMISSIONER SCOTT: Thank you. Our next
3 comment is from Julia Levin from the Bioenergy
4 Association of California.

5 MS. LEVIN: Good morning, Commissioner
6 Scott and Commissioner Douglas. I want to echo
7 the comments of some of the earlier speakers that
8 I think that the Draft IEPR is extremely helpful
9 and timely, and I want to thank you and
10 especially staff for all of their hard work
11 leading up to the draft. We're very happy to see
12 the mention of renewable natural gas in many
13 sections of the IEPR, and think that's a really
14 positive step forward from previous IEPRs.

15 Our two recommendations, one is my own
16 fault, I'm cited in testimony at one of the
17 previous workshops for numbers that have since
18 been updated by U.C. Davis, and so we're going to
19 be providing even higher numbers for the
20 potential for organic waste to produce renewable
21 electricity and very very low carbon
22 transportation fuels. And so we will submit
23 comments on that into the record.

24 Our other recommendation, very strong
25 recommendation, is there's only one specific

1 recommendation on renewable natural gas and it's
2 very very general. Renewable natural gas to
3 hydrogen, I should say. The state is not at all
4 on track to meet the requirements of SB 1505,
5 that one-third of all the hydrogen at publicly
6 funded hydrogen filling stations will be
7 renewable, and so we recommend that the IEPR
8 include very specific recommendations for how
9 we're going to get there, and I would recommend
10 three in particular: one is that the \$20 million
11 a year required by legislation to spend on
12 hydrogen fuel cells and infrastructure go
13 entirely to renewable hydrogen at this point
14 because we are so far off track in meeting our
15 renewable hydrogen requirements; the second is to
16 work much more closely with the Air Board because
17 they have a much larger lead that could go and
18 they are spending a lot of it on hydrogen fuel
19 cell vehicles, to ensure that some of their
20 funding is also going to renewable hydrogen. And
21 finally, I think there should be a recommendation
22 about the gas sector cap-and-trade revenues which
23 are completely separate from the state allocated
24 portion of cap-and-trade revenues. The
25 California Public Utilities Commission is going

1 to be allocating about \$150 million next year in
2 gas sector cap-and-trade revenues, and that's
3 another huge potential to increase renewable gas
4 production. So I think with those more specific
5 recommendations, the IEPR will be even more
6 helpful and, again, we really appreciate all the
7 work and thought that's gone into it. Thank you.

8 COMMISSIONER SCOTT: Thank you. I have a
9 comment from Deborah Syler. And just a reminder
10 to hand business cards to the Court Reporter, and
11 if anyone else has a blue card, please bring them
12 to Heather. Thank you.

13 MS. SYLER: Good morning, Commissioners
14 and thank you for this opportunity to speak. My
15 name is Deborah Syler and I'm a private citizen
16 and also an Electric Vehicle owner. And I would
17 just like to thank the Energy Commission and the
18 State of California for its great support in
19 helping to promote Electric Vehicle ownership. I
20 would like to note that in the report, from what
21 I've noticed, there's great focus on residential
22 and workplace charging stations, as well as
23 public charging stations. I would like to add,
24 as an Electric Vehicle owner, the focus on
25 hotel/motel lodging. When we go into a hotel, it

1 would be so helpful just to have an external 120
2 Volt outlet. It wouldn't be an expensive fix for
3 any owner of such a property and it would be very
4 helpful and inspire a lot of confidence in
5 Electric Vehicle owners when they're driving
6 their cars for any distance.

7 I'd also like to note that there's a real
8 lack of Electric Vehicle charging stations in the
9 Central Valley. As my husband and I travel
10 through the Valley, it's very difficult to find
11 Electric Vehicle charging stations in those
12 areas. So with that, I'd like to thank you again
13 for all your support.

14 COMMISSIONER SCOTT: Thank you very much.
15 Heather, do I have any other blue cards?

16 MS. RAITT: I don't have anymore.

17 COMMISSIONER SCOTT: Okay, was there
18 anyone else in the room who didn't hand in a blue
19 card, but would like to make a comment? All
20 right, let's turn to the WebEx.

21 MS. RAITT: We're looking. I'm not sure
22 if we have any. It looks like we don't have any
23 on WebEx. So we'll go ahead and open up the
24 phone lines, and if anyone is on the phone and
25 would like to make a comment, all the lines are

1 open, so please go ahead. Sounds like we don't
2 have anybody on the phone who would like to make
3 comments.

4 COMMISSIONER SCOTT: Well, I want to
5 thank everybody for the thoughtful comments that
6 you brought to the meeting today and encourage
7 you all, as I'm sure you're going to do, to put
8 comments in writing and get them to us by the
9 December 8th deadline. And, Heather, well, let
10 me turn first to Commissioner Douglas to see if
11 there is any -- okay, and I also would just like
12 to say many thanks to the authors of the
13 Integrated Energy Policy Report, our terrific
14 IEPR team, my Advisors, and Commissioner Douglas
15 and her team, for really helping to pull this
16 together. I think it's actually been a lot of
17 fun to put this report together. Let me turn to
18 Heather for next steps.

19 MS. RAITT: That's basically it, so must
20 comments by December 8th, as we said, and
21 information is posted here on how to do that and
22 on the website Workshop Notice. So thank you.

23 COMMISSIONER SCOTT: We're adjourned.
24 (Whereupon, at 10:50 a.m., the workshop was
25 adjourned.)