

COMMITTEE SCOPING HEARING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)	
)	
Preparation of the 2008)	Docket No.
Integrated Energy Policy Report)	06-IEP-1A
Update and the 2009 Integrated)	
Energy Policy Report)	
_____)	

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

TUESDAY, JUNE 3, 2008

10:00 A.M.

Reported by:
John Cota
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COMMISSIONERS PRESENT

Jeffrey D. Byron, Presiding Member

Jackalyne Pfannenstiel, Associate Member

ADVISORS PRESENT

Laurie Ten Hope

Tim Tutt

CPUC ADVISORS PRESENT

Stephen St. Marie, Advisor to
CPUC Commissioner Bohn

STAFF and CONTRACTORS PRESENT

Suzanne Korosec

Mike Perry

ALSO PRESENT

Joe Sparano, Western States Petroleum Association

Lara Ettenson, National Resources Defense Council

Nora Sheriff, Cogeneration Association of
California and the Energy Producer and Users
Coalition (via telephone)

David Modisette, representing the California
Electric Transportation Coalition (via telephone)

Jennifer Porter, California Center for Sustainable
Energy (via telephone)

Manuel Alvarez, Southern California Edison

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1 P R O C E E D I N G S

2 10:00 a.m.

3 PRESIDING MEMBER BYRON: Good morning,
4 everyone. I am Commissioner Byron and I would
5 like to welcome you to scoping hearing for our
6 Integrated Energy Policy Report for 2009.

7 And with me is my Associate Member on
8 the IEPR Committee, the Chairman of our
9 Commission, Jackie Pfannenstiel. And my advisor
10 to my left, Laurie Ten Hope, and her advisor to
11 her right, Tim Tutt. And to my extreme left from
12 the Public Utilities Commission, Steve St. Marie,
13 good to have you.

14 CPUC ADVISOR ST. MARIE: Good morning
15 and thank you very much. Commissioner Bohn sends
16 his regrets. He wishes that he could have been
17 here today but he is otherwise occupied and he is
18 counting on me to take good notes for him.

19 PRESIDING MEMBER BYRON: Thank you,
20 Steve. We are really pleased to have the PUC's
21 participation in this. We look forward to
22 Commissioner Bohn attending the workshops as they
23 go on ad infinitum over the next couple of years.

24 Just a couple of opening remarks, if I
25 may, and then I'll turn it over to my Associate

1 Member.

2 We discussed some of these things when
3 we did the scoping workshop on the '08 IEPR Update
4 last month. Actually I think that may have been
5 the end of March that we did that.

6 MS. TEN HOPE: April.

7 PRESIDING MEMBER BYRON: Thank you. And
8 this is essentially the beginning of the fourth
9 cycle. Commissioner Boyd chaired the '03 IEPR,
10 Commissioner Geesman the '05 and my Associate
11 Member, Chairman Pfannenstiel, the '07.

12 It is an extremely important document
13 here at the Energy Commission and in the State of
14 California. I can recall providing comment before
15 a joint meeting of the PUC/Energy Commission and
16 California Power Authority back in 2000-2001. The
17 lack of energy policy that existed in this state.
18 We were counting on that tripartite group to
19 really begin to establish energy policy. And of
20 course then the IEPR legislation came out and this
21 organization has that responsibility.

22 We know that this IEPR gets read and we
23 know that it is extremely valuable to the
24 Legislature, to the Governor's Office, and I think
25 it is really because of the process. We are

1 extremely interested in public input. We are
2 interested in vetting all the recommendations that
3 end up getting made in the IEPR. And it is a
4 difficult process.

5 I am pleased that we now have permanent
6 staff in the form of Suzanne Korosec, who is our
7 Assistant Director of Policy Development. And she
8 will be heading up, hopefully soon, additional
9 staff that we will be using to get through a very
10 difficult schedule, concurrent with the '08
11 update.

12 So I would like to thank you all for
13 being here. I think we are going to try and
14 conduct the meeting and finish prior to noon, if
15 not sooner.

16 Madame Chairman, do you have any
17 comments you would like to make?

18 ASSOCIATE MEMBER PFANNENSTIEL: Let me
19 just observe that the issue with the odd year
20 IEPR, which is, of course, the major IEPR, is this
21 desire to throw everything that you ever wanted to
22 talk about, into it. Because it is such an open
23 area and it is policy without limit, I think.

24 I think what we need, our task is to try
25 to really focus on what are the areas that are

1 most critical to the State to be addressed in the
2 course of next year and then how do we go about
3 them. But it is not easy when you think, well
4 gee, you have a whole year and a half from now to
5 do that. The time speeds by.

6 PRESIDING MEMBER BYRON: Yes. Well, and
7 I have to say I am glad to have your experience
8 with us continuing in this IEPR cycle process
9 here, at least for the next year.

10 We have an agenda for this morning.
11 Following introductory and opening comments on
12 behalf of the two Commissions we are going to do a
13 presentation from Ms. Korosec. And then we will
14 overview the topics on the IEPR and we look for
15 public comment. Ms. Korosec, would you like to
16 take this from here.

17 MS. KOROSEC: Yes, certainly. Good
18 morning. A few, quick housekeeping items.

19 The restrooms are down the double doors
20 and to your left. There is a snack room on the
21 second floor that has coffee, at the top of the
22 stairs in the atrium under the white awning. And
23 if there is an emergency please follow the staff
24 out the building to the park across the street and
25 wait for the all clear signal.

1 For those who are listening in on the
2 webcast who would like to speak the call-in number
3 is 888-566-5914. The passcode is I-E-P-R and the
4 call leader is Suzanne Korosec.

5 For parties in the room who would like
6 to speak it would be helpful if you could fill out
7 a blue card, they are on the table out in the
8 foyer, with your name and affiliation. You can
9 give those to me to pass on to the Committee for
10 the public comment period. And when you do come
11 up to speak it would be helpful if you could
12 provide a business card to the court reporter so
13 we can make sure that your name is spelled
14 correctly in the transcript.

15 As Commissioner Byron said, we are
16 starting a little later than originally planned so
17 our timing is a little bit constrained. So we
18 would like to move through fairly quickly. We
19 certainly don't want to curtail anybody's
20 opportunity to speak. But we would like to keep
21 things moving to wrap this up around 12 o'clock.

22 So as Commissioner Byron said, this is a
23 workshop on the 2009 IEPR. I will start by giving
24 a brief overview of the process and the schedule
25 and then a general description of the statutory

1 requirements for the 2009 report. I will then
2 talk about the areas of focus that the Committee
3 believes should be appropriate for the 2009
4 report.

5 We will then open it up for public
6 comments, first from those in the room and then
7 from parties who are on the phone.

8 The Energy Commission is required by
9 Senate Bill 1389 to prepare an Integrated Energy
10 Policy Report every two years with an update
11 prepared in alternate years.

12 In this cycle, the 2008 IEPR Update and
13 the 2009 IEPR are more closely connected than has
14 been the case in past years. The 2008 Update is
15 really going to set the stage for issues that are
16 going to be looked at in a lot more detail in the
17 2009 report.

18 These include evaluating the State's
19 electricity system needs. How they should be
20 changed to support increased levels of renewables.
21 What improvements are needed to the Energy
22 Commission's demand forecast to make it more clear
23 and used more consistently by all parties. And
24 the Energy Commission's collaborative work with
25 the PUC on procurement and the use of a common

1 portfolio methodology in utility procurement
2 plans.

3 While these are two separate reports
4 with two separate timelines, much of the
5 information that is going to be developed through
6 the 2008 is going to be useful in the 2009 report.
7 So I would encourage folks to try to stay engaged
8 in both proceedings as we move through the
9 process.

10 The IEPR contains a major overview of
11 energy trends and energy issues that are facing
12 California including energy supply, demand,
13 pricing, reliability and efficiency, along with
14 impacts on the economy and the environment.

15 In preparing the report the Energy
16 Commission is required to work with a variety of
17 other state agencies. Those that are identified
18 in the statute include the Public Utilities
19 Commission, the Division of Ratepayer Advocates,
20 the Air Resources Board, Department of Water
21 Resources, the Independent System Operator,
22 Department of Transportation and the Department of
23 Motor Vehicles.

24 Because the IEPR is supposed to be the
25 foundation for California's energy policies and

1 decisions the statute instructs these agencies to
2 carry out their energy-related duties and
3 responsibilities using information that is
4 contained in the IEPR.

5 The IEPR is developed through a public
6 process with workshops and hearings on specific
7 topics where stakeholders and the public are
8 invited to provide comments. Those comments
9 become part of the record and then the IEPR
10 Committee uses those in making their final policy
11 recommendations.

12 Moving on to the schedule. We are
13 developing the '08 and the '09 IEPR, as
14 Commissioner Byron said, concurrently. The
15 scoping order for the '08 IEPR update was put on
16 our website on May 15. We expect to start holding
17 workshops on that in July of this year with an
18 adoption in November.

19 The 2009 report, we hope to hold
20 workshops starting in September of this year.
21 Those will continue through the first half of 2009
22 with hearings in September of '09 and a proposed
23 final that will be released in October for
24 adoption in November.

25 I will move now to the topics for the

1 '09 IEPR that were identified in the attachment to
2 today's hearing notice. Electricity and natural
3 gas. Senate Bill 1389 requires the IEPR to
4 include a discussion of supply trends and supply
5 adequacy.

6 Forecasts of statewide and regional
7 demand, including impacts on natural gas demand
8 and increased renewable resources. The wholesale
9 and retail price outlook. Infrastructure
10 assessment, including transmission lines, natural
11 gas pipelines. An assessment of system
12 availability and reliability in efficiency.

13 A discussion of impacts on public health
14 and safety, on the economy, on the State's
15 resources and on the environment. And finally,
16 effects of load management efforts.

17 In addition to these topics the
18 Committee is proposing specific focus areas
19 including looking at the long-term procurement
20 process to better understand how the loading order
21 is reflected in that process, while still ensuring
22 a competitive market that allows independent
23 producers to compete fairly.

24 Evaluating the Energy Commission's power
25 plant siting process, particularly the potential

1 for setting power plant efficiency requirements
2 for peaking plants that may be needed to provide
3 backup to renewables.

4 Also evaluating emission requirements
5 that are already in place that may be limiting a
6 generator's flexibility to be able to ramp up and
7 down and provide that backup for renewable
8 generation.

9 We'll be looking at greenhouse gas
10 emission concerns associated with siting power
11 plants and also looking at environmental impacts
12 from siting large power plants like the solar
13 thermal in the California desert.

14 Third we will be looking at the scenario
15 analysis that was begun in 2007. Continuing that
16 work and also using the results from that in
17 continuing to look at this issue of the impacts of
18 a larger level of renewables in the system.

19 As part of that discussion the Committee
20 will be looking at energy storage and other
21 technologies and their role in providing backup
22 for renewables and reducing the use of natural gas
23 peaking plants.

24 Fourth we will be looking at potential
25 strategies to implement recommendations for

1 combined heat and power and distributed generation
2 technologies that have been made in past IEPRs.
3 This has been a strong policy direction over the
4 past few years. That these are important
5 technologies and provide important system benefits
6 but there doesn't seem to be as much progress as
7 we would like to see towards implementing the
8 recommendations that have been in the past IEPRs.

9 As part of the overall discussion on
10 supply and demand trends the Committee intends to
11 look at potential impacts on electricity demand,
12 increased electrification of the transportation
13 system, which includes both vehicles and the
14 State's port facilities.

15 And finally, consistent with
16 recommendations in the 2007 IEPR, the Committee
17 intends to continue refining the Energy
18 Commission's cost of generation model and set up a
19 process to regularly update the costs in that
20 model to reflect changing technology costs over
21 time, particular for developing and renewable
22 technologies.

23 As we have done in past IEPRs we will be
24 looking at the electricity transmission
25 infrastructure and the strategic transmission

1 investment plan. This will identify actions that
2 are needed to develop and maintain a cost
3 effective and reliable system.

4 Identify new transmission that will be
5 needed to support the State's renewable goals and
6 to accommodate electricity imports, including
7 imports of out-of-state renewables.

8 We'll make recommendations for
9 overcoming transmission challenges and
10 recommendations for in-state transmission corridor
11 planning and in-state transmission projects.

12 In addition the Committee plans to focus
13 on state and federal corridor designation efforts.
14 The Renewable Energy Transmission Initiative and
15 the Western Renewable Energy Zones project that
16 was launched last week in Salt Lake City by the
17 Western Governors Association and DOE.

18 Looking at new technologies that can
19 reduce grid impacts from increased renewable
20 penetration. And looking at this concept of smart
21 grid along with potential research and development
22 that is needed to support the State's distribution
23 system.

24 Moving to the transportation sector.

25 The IEPR statute requires the report to include a

1 discussion of trends and supply and demand.
2 Forecasts of wholesale and retail prices for
3 petroleum, petroleum products and alternative
4 transportation fuels. Forecasts of regional
5 demand and reasons for demand growth.

6 Valuation of adequacy of supply,
7 technology and infrastructure. Recommendations to
8 improve efficiency, reduce petroleum use, increase
9 alternative transportation fuel use and improve
10 environmental performance in the transportation
11 sector.

12 And then discussion of any changes that
13 may be needed to the State's energy contingency
14 plan.

15 In addition to the statutory
16 requirements the Committee is proposing to also
17 focus on updating the State alternative fuels plan
18 as recommended in the 2007 IEPR.

19 We will also be providing a status
20 report on the alternative and renewable fuel and
21 vehicle technology program that was established by
22 Assembly Bill 118.

23 We will look at identifying progress
24 towards the alternative fuel goals that were
25 identified in the 2007 IEPR and will continue

1 looking at the impacts of sustainable land use
2 planning and policies on energy use and
3 infrastructure.

4 On the environmental side, SB 1389
5 requires the IEPR to evaluate the environmental
6 performance of the State's electric generating
7 facilities. This includes efficiency, air
8 emission control technologies, displacement of
9 existing facilities by new facilities and the
10 environmental consequences of that displacement,
11 and the geographic distribution of -- the benefits
12 and drawbacks of existing facilities, including
13 wildlife habitat, air quality and water resources.

14 In addition the Committee is proposing
15 to include a discussion of statewide policy
16 efforts to address the impacts of once-through
17 cooling and what impact those efforts may have on
18 both existing and new facilities and on system
19 reliability.

20 And finally, Senate Bill 1389 requires
21 the IEPR to include a discussion of public
22 interest energy strategies. These include
23 identifying trends in energy efficiency and
24 additional, achievable measures and technologies.

25 Trends in the renewable industry,

1 including progress, and ensuring the continued
2 operation of existing facilities as well as the
3 development of new facilities. Identifying trends
4 in research and development that produce public
5 benefits. And looking at the progress in the
6 State towards reducing greenhouse gas emissions
7 and addressing climate change impacts in
8 California.

9 As part of the discussion on public
10 interest energy strategies the Committee is
11 planning to focus on looking at additional,
12 achievable energy efficiency and technologies.
13 What will be needed to meet the goal of 100
14 percent cost-effective, energy efficiency that was
15 identified in the 2007 IEPR.

16 We will also be looking at the
17 connection between water and energy as it applies
18 to energy efficiency.

19 We will be evaluating progress towards
20 the State's existing, renewable portfolio standard
21 goals and also continue the discussion that will
22 begin in the 2008 IEPR update of the possibility
23 of higher goals of 33 percent in 2020 and perhaps
24 even 50 percent by 2050.

25 And then we will discuss efforts in

1 research and development for new energy
2 technologies in all of the sectors.

3 So that was an extremely fast run-
4 through of all of the topics that will be
5 considered in the 2009 IEPR. We would like to
6 know, are these the right topics, are there any
7 that were missing? Is there additional focus that
8 we need to be placing on any particular areas?

9 I have not seen anybody fill out any
10 blue cards so if you wish to speak perhaps you can
11 just -- Do we have a mic?

12 MR. PERRY: From the public, from here.

13 MS. KOROSSEC: From here? Okay.

14 PRESIDING MEMBER BYRON: We appreciate
15 the blue cards but it is not completely necessary.

16 Ms. Ettenson, NRDC, would you like to
17 make some comments?

18 MS. ETTENSON: Good morning. My name is
19 Lara Ettenson with NRDC, the Natural Resources
20 Defense Council. Thank you for the opportunity to
21 comment today.

22 We would like to thank the Commission
23 and staff once again for their hard work on the AB
24 2021 report that was released in December of last
25 year. We continue to urge the Commission to

1 maintain this momentum towards achieving the
2 aggressive goals set by the POU's by including a
3 section on this topic in the 2009 IEPR.

4 In particular we recommend that the
5 Commission outline key guidance points for the
6 POU's that focus on setting rigorous targets
7 pursuant to AB 2021, submitting thorough and
8 complete status reports pursuant to SB 1037, and
9 establishing robust, independent measurement and
10 verification protocols.

11 NRDC also thanks the Commission for
12 including recommendations in the 2007 IEPR in
13 support of natural gas efficiency and also of
14 advancing renewable resources to replace the use
15 of natural gas.

16 Moving forward we recommend that the
17 Commission examine potential strategies for
18 implementing these recommendations.

19 With regard to the water/energy nexus,
20 NRDC commends the Commission for planning to
21 include a discussion of this important issue in
22 the IEPR.

23 Looking forward we urge the Commission
24 to include specific recommendations for strategies
25 that will encourage water efficiency as it

1 pertains to capturing energy efficiency.

2 NRDC also commends the Commission for
3 planning to include in the 2009 IEPR a discussion
4 of the evaluation of sustainable land use planning
5 and policies as well as resulting impacts on
6 energy use and infrastructure.

7 We support this focus and encourage the
8 Commission to also include specific
9 recommendations and strategies to advance the
10 findings of the CEC's thorough report, the role of
11 land use in meeting our climate and energy goals,
12 which continues to serve as the most complete
13 treatment of the issue in California.

14 We thank you for your hard work on this
15 issue and for considering our comments today. We
16 will be submitting our written comments to
17 elaborate all our recommendations today and also
18 look forward to participating in the process
19 moving forward. Thank you.

20 PRESIDING MEMBER BYRON: Thank you.

21 I have one other blue card, Mr. Sparano,
22 Western States Petroleum Association.

23 MR. SPARANO: Good morning,
24 Commissioners. Thank you for giving me the
25 opportunity to speak. For the record my name is

1 Joe Sparano. I am president of the Western States
2 Petroleum Association or WSPA.

3 WSPA has provided extensive testimony
4 and comments in the development of previous
5 Integrated Energy Policy Reports and we hope that
6 the 2009 IEPR schedule will again permit a
7 meaningful exchange of information and ideas.

8 Today I want to make some observations
9 and pose several questions related to the 2009
10 IEPR that WSPA would like to have addressed. I
11 also have several recommendations.

12 WSPA has an over-arching concern that
13 the state should not pick winners and losers.
14 Using that approach to formulate public policy
15 initiatives has never been a winning strategy.
16 For example, the 2007 Alternative Transportation
17 Fuels Plan selects nine preferred fuels to replace
18 portions of the State's existing petroleum-based
19 fuel supplies.

20 And I know as I say that that the
21 Commission has asserted that that is not the
22 objective, to pick them, but rather they are
23 listed with specific quantities, times and costs
24 related to bringing each of them to market. So we
25 have some concern about that type of approach.

1 The stakes for consumers are way too
2 high for the CEC to promote ideological solutions
3 such as reducing or eliminating at some point the
4 use of petroleum, rather than practical ones.

5 As the Energy Commission and other state
6 agencies consider climate change issues the CEC
7 should not lose sight of its mission to ensure
8 California consumers enjoy adequate, reliable and
9 affordable, cleaner burning energy supplies.

10 One of the challenges we face is how we
11 are going to deal with conserving and developing
12 energy resources in California. Specifically I am
13 referring to promoting the coordinated development
14 of additional petroleum feed stocks and cleaner
15 burning refined products along with new, reliable,
16 affordable, alternative and renewable fuels that
17 will need to be made available in commercial
18 quantities. I am also referring to preserving our
19 state's existing oil and gas production, refined
20 products manufacturing capacity and other
21 petroleum infrastructure.

22 Fuel suppliers, including both
23 petroleum-based fuel suppliers and suppliers of
24 future alternative and renewable fuels, need the
25 assistance of the Commission to address several

1 transportation-related issues. These include
2 permit streamlining, something we have talked
3 about numerous times over the last several IEPR
4 efforts, port policy initiatives that target
5 elimination of existing energy supply assets and
6 limit expansion capabilities, and fuels mandates
7 that may have unintended consequences on the
8 state's longer-term energy supplies.

9 As I mentioned at the April 28 Scoping
10 Hearing, WSPA believes the CEC needs to include
11 transportation issues in the 2008 update and not
12 just in the 2009 IEPR. For example, addressing
13 the possible impacts of developing issues such as
14 the low-carbon, fuel standard on energy supply
15 now, rather than waiting for the 2009 IEPR, in our
16 view would be useful.

17 It would also be good for the CEC to
18 develop in 2008 an assessment of the potential for
19 a drop in transportation fuel demand due to recent
20 higher prices for oil, crude oil, natural gas,
21 refined products and even renewable fuel feed
22 stocks and to estimate how this may or may not
23 factor into the State's longer term energy
24 outlook.

25 The CEC also needs to engage actively in

1 local public policy decisions and transportation
2 planning to ensure that these ongoing activities
3 do not create a further tightness in the State's
4 energy supply/demand balance. And by that I am
5 talking specifically about the continuing public
6 port initiatives that are seemingly done without
7 any state oversight.

8 The Commission needs to recognize a need
9 for utilizing all fuels for the foreseeable future
10 to ensure energy security. We collectively cannot
11 fail to get this right. Our state's economic
12 health and the quality of life we enjoy could be
13 severely impacted.

14 Finally, CEC documents continue to
15 emphasize the goal of reducing petroleum
16 dependance by directing the reduction of its use
17 in California. In discussing plans for the
18 alternative and renewable fuels of the future the
19 CEC should make a realistic assessment of the
20 likelihood that those fuels will penetrate the
21 market quickly enough and in quantities that will
22 be sufficient to replace the petroleum-based fuels
23 the Commission has indicated it wishes to
24 eliminate.

25 Whatever approach the CEC takes to

1 develop the 2008 Update and the 2009 IEPR, your
2 recommended actions must ensure that the State
3 continues to have a viable transportation fuel
4 system and adequate energy supply. And I look
5 forward to working with you over the next year and
6 a half to meet those objectives.

7 Thank you for giving me an opportunity
8 to speak and I am happy to answer any questions.

9 PRESIDING MEMBER BYRON: Mr. Sparano,
10 thank you. I don't think we have any questions
11 for you today. But I do appreciate your comments
12 and I do look forward to your continued input on
13 this.

14 MR. SPARANO: Thanks.

15 PRESIDING MEMBER BYRON: I have three.
16 Mr. Alvarez, would you like to go ahead and speak.

17 MR. ALVAREZ: I had my blue card here,
18 just for the record. Manuel Alvarez, Southern
19 California Edison.

20 First of all I would like to thank the
21 Commission and the staff for convening this
22 meeting. I think the scope that have you laid out
23 for the 2009 IEPR pretty much does justice to the
24 issues that are going to be before the State with
25 respect to electricity issues.

1 There's a couple of items I wanted to
2 bring to your attention that we consider to be
3 fairly important and the first being the
4 coordination between the two agencies. Currently
5 there's already been some meetings going on
6 between the various staffs. And we think there is
7 progress being made. We want to keep that effort
8 going forward. I don't think there's complete
9 resolution yet but --

10 PRESIDING MEMBER BYRON: By two agencies
11 do you mean the two Commissions?

12 MR. ALVAREZ: Yes, the PUC and the CEC.

13 PRESIDING MEMBER BYRON: Thank you.

14 MR. ALVAREZ: Sorry about that.

15 The meetings that have taken place, the
16 staff, David Vidiver and Jim Woodruff and Lynn
17 Marshall have shown a willingness to discuss the
18 issues that are very important in terms of that
19 coordination. So we want to keep that effort
20 going.

21 The other item, I believe in Suzanne's
22 presentation she talked about overcoming
23 challenges on the transmission front. I think
24 that is somewhat of an understatement. If I can
25 leave you with one thing, addressing the issues of

1 transmission to promote the renewables and
2 reliability issues for the state is paramount for
3 this particular IEPR. And I think the challenges
4 are going to be fairly serious as you confront
5 them in this particular process.

6 Also with respect to transmission
7 options. In addition to the land use questions on
8 transportation I think you should bring in the
9 land use issues on transmission and other
10 infrastructures on the electrical system.

11 I notice that the land use item was
12 emphasized in transportation. But I think it
13 needs to carry over into the transmission area and
14 the electrical infrastructure arena as well. That
15 involves a lot of interaction by local governments
16 and landowners and at times the federal
17 government. So bringing them into the process is
18 probably paramount for this particular activity.

19 ASSOCIATE MEMBER PFANNENSTIEL: But
20 Manny, we do have, and we saw, discussion of RETI
21 and the Western -- whatever that's called. The
22 Western Regional Energy Zones. You had in mind
23 more than that?

24 MR. ALVAREZ: I had in mind more than
25 that in terms of having the local governments that

1 are going to be involved and the other government
2 agencies participating, perhaps in an IEPR. I
3 know that's always been a challenge and an effort
4 that is going to take some activities by the staff
5 but I think you definitely want to bring them into
6 this process during the next year and a half.

7 They need to express their views here so
8 that this integration of the report can actually
9 serve as an integrated process as opposed to
10 having to go to different forums to discuss some
11 of these issues. I guess from my perspective I'm
12 not sure that they really comprehend the scope and
13 breadth of what the transmission challenges are
14 looking like for the state of California. And
15 they are key players to that particular activity.

16 I want to emphasize also that you
17 continue, and it came up in Suzanne's
18 conversation, the intermittency issues on
19 renewables. That is being undertaken in 2008.
20 But definitely it's an item that we have used in a
21 carryover into 2009 so keep that issue before you.

22 And that's about all the issues we have
23 for today, thank you.

24 PRESIDING MEMBER BYRON: Thank you,
25 Mr. Alvarez. I think sometimes you will hear me

1 speak about the intermittency issues that you
2 brought up in a broader context. I really see
3 this as something, this transformation to more
4 renewable generation is going to involve a lot
5 more than just addressing intermittency. So it is
6 certainly on the topic for '08 and probably will
7 carry into '09 as well. Thank you for your
8 comments.

9 The floor is still open. However, I do
10 have three callers on the phone that would like to
11 comment. I will just take them in the order they
12 were given to me. Ms. Sheriff from EPUC.

13 MS. SHERIFF: Good morning.

14 PRESIDING MEMBER BYRON: I'm sorry, CAC
15 and EPUC.

16 MS. SHERIFF: Yes, good morning, thank
17 you. This is Nora Sheriff for the Cogeneration
18 Association of California and the Energy Producer
19 and Users Coalition. Thank you for the
20 opportunity to speak by telephone.

21 We have some brief comments on two
22 topics in the electricity and natural gas sector.
23 The first is the load management efforts and the
24 second is the implementation strategies per prior
25 IEPR recommendations.

1 In terms of load management. On behalf
2 of EPUC only as large end-users our position is
3 that the demand response rate should be optional
4 in addition to the existing time of use rate
5 because most large customers have relatively flat
6 load profiles as they have already responded to
7 the time differentiated rates that they have been
8 on for the past decade or so. The large customers
9 should be able to choose which rate they will use
10 to manage their load, be they critical pricing
11 rates or real-time pricing rates or time of use
12 rates.

13 And EPUC will attend next week's
14 workshop on the load management and demand
15 response rate to follow up on that.

16 For both CAC and EPUC, we support the
17 specific focus area on the potential strategies to
18 implement prior IEPR recommendations for combined
19 heat and power. As Ms. Korosec admitted, there
20 hasn't been that much progress in terms of
21 implementing the past IEPR recommendations. In
22 particular the removal of departing load charges
23 and the development of a portfolio standard for
24 combined heat and power are two proposals, two
25 past recommendations that we strongly support.

1 And we look forward to working with the
2 Energy Commission and other stakeholders to help
3 develop specific steps for the removal of these
4 continued barriers to CHP. And we will follow up
5 with written comments, thank you.

6 PRESIDING MEMBER BYRON: Thank you,
7 Ms. Sheriff. And that is also why we are pleased
8 to have representation of the Public Utilities
9 Commission in our process as well. Because I
10 think a lot of the recommendations that you
11 mentioned around CHP implementation do end up
12 residing in their venue.

13 MS. SHERIFF: They do, yes, thank you.

14 PRESIDING MEMBER BYRON: Okay, thank
15 you. Questions?

16 Mr. Modisette, California Electric
17 Transportation.

18 MR. MODISETTE: Yes, thank you very
19 much, Commissioner Byron, Commissioner
20 Pfannenstiel. This is Dave Modisette for the
21 California Electric Transportation Coalition. I
22 just had a question for either the Committee of
23 the staff.

24 In the transportation section you
25 indicated that you would be updating the State

1 Alternative Fuels Plan. And Commissioner Byron in
2 particular knows what a lengthy process that was
3 to develop the plan and the staff efforts that
4 went into that. So I would like to know more
5 about what your planning or thinking in this area.
6 Is that going to be a separate document or is that
7 going to be done as part of the IEPR? Maybe you
8 can tell us more about that.

9 MS. KOROSSEC: I don't think that we have
10 gotten that far in the thinking. We are basically
11 just articulating the recommendation that was made
12 in the 2007 IEPR that this should be updated. So
13 we haven't determined the length to which that
14 would be updated yet, Dave.

15 MR. MODISETTE: Okay, thanks very much.

16 PRESIDING MEMBER BYRON: Anything else,
17 Mr. Modisette?

18 MR. MODISETTE: No, no, that's all for
19 today. Thanks very much. I really appreciate
20 this opportunity.

21 PRESIDING MEMBER BYRON: You're welcome.
22 Sorry we can't give you a more definitive answer
23 at this point.

24 Ms. Jennifer Porter, California Center
25 for Sustainable Energy.

1 MS. PORTER: Hi there. I don't have any
2 comments on this so far so I'll withhold any
3 comments.

4 PRESIDING MEMBER BYRON: Okay, thank
5 you. Just repeating again, Jennifer Porter,
6 California Center for Sustainable Energy, correct?

7 MS. PORTER: Yes sir.

8 PRESIDING MEMBER BYRON: Thank you. Are
9 there any other speakers on the phone or in the
10 audience that would care to provide public comment
11 at this time? Okay.

12 MS. KOROSEC: All right. Well, if there
13 are no more comments let's move on to Next Steps.
14 We would like parties to submit comments by June
15 10 to our Dockets Office using the process that
16 was identified in the notice for today's hearing.

17 After that the Committee will review the
18 comments and issue a Scoping Order in mid-July for
19 the 2009 Report and we will begin workshops for
20 the 2008 Update July and August. We will start
21 workshops for the 2009 IEPR in September of this
22 year.

23 I just want to remind you. If you are
24 not on the email list server and would like to be
25 you can sign up on our website.

1 I want to thank everyone for your
2 participation. It is very important to have your
3 engagement in this report. As Commissioner Byron
4 said, it is a very important policy report and the
5 comments that we get from the stakeholders are
6 invaluable.

7 And with that I'll turn it back to the
8 Committee for closing comments.

9 PRESIDING MEMBER BYRON: Well this looks
10 like it is going to be an extremely quick scoping
11 workshop. I will, of course, take one last
12 opportunity to see if there's any additional
13 comments. Dr. St. Marie, do you care to say
14 anything?

15 CPUC ADVISOR ST. MARIE: No, thank you.

16 PRESIDING MEMBER BYRON: Again I'll
17 reiterate our commitment. I should say, my
18 commitment and this Committee's commitment to the
19 importance of the IEPR process and public input.

20 I thank you all for being here today.
21 We will begin conducting workshops, as Ms. Korosec
22 indicated, I think in September you said.

23 MS. KOROSEC: Yes, for the 2009.

24 PRESIDING MEMBER BYRON: Of course they
25 will be beginning sooner for the '08 IEPR, which I

1 believe starts as early as July.

2 MS. KOROSK: Yes, the end of June,
3 early July.

4 PRESIDING MEMBER BYRON: Thank you all
5 for being here. This workshop is adjourned.

6 (Whereupon, at 10:41 a.m., the Scoping
7 Hearing was adjourned.)

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CERTIFICATE OF REPORTER

I, JOHN COTA, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Committee Scoping Hearing; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said workshop, nor in any way interested in outcome of said workshop.

IN WITNESS WHEREOF, I have hereunto set my hand this 13th day of June, 2008.

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