

STATE OF CALIFORNIA
CALIFORNIA ENERGY COMMISSION

Business Meeting Minutes

of

December 17, 2003

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The meeting was called to order by Chairman Keese at 10:10 a.m.

The Pledge of Allegiance was led by Commissioner Pernell.

William J. Keese	Present
Robert Pernell	Present
Arthur Rosenfeld	Present
James D. Boyd	Absent
John L. Geesman	Present

Mr. Martin Tuttle, Executive Director of the Sacramento Area Council of Governments (SACOG) was presented by Commissioner Pernell with a letter that stated in part, "The California Energy Commission congratulates you, your Board of Directors and your staff on your recent Governors' Environmental and Economic Leadership Award for land use for your Blueprint Project." Mr. Tuttle thanked Commissioner Pernell for the recognition.

Executive Director Bob Therkelsen discussed two Governor's Executive Orders which have an effect on the Commission meeting today which are Executive Order S-2-03, that affects the reviewing and approving of new regulations and Executive Order S-4-03, that affects all Contracts.

1. CONSENT CALENDAR. (Items on the Consent Calendar will be taken up and voted on as a group. A Commissioner may request that an item be discussed and moved to later on the agenda).
 - a. COMMISSION CO-SPONSORSHIP. Possible approval of a co-sponsorship request for which the Energy Commission might provide the use of its name, \$3,000, a key-note speaker, presenters for conference sessions and staff a booth.
 - Association of Energy Engineers West Coast Energy Management Congress, June 16-17, 2004, Anaheim, California.
 - b. TEXAS A&M UNIVERSITY, ENERGY SYSTEMS LAB - TAMU. Possible approval of Contract 500-03-021 for \$10,000 to co-sponsor the International Conference for Enhanced Building Operations. (PIER funded)
 - c. ISG ENERGY, LLC. Possible approval of a request by ISG Energy, LLC and Chateau Energy Inc., to transfer the funding award ISG Energy received under Notice of Auction 06-01-3 to Chateau Energy Inc.

Item I(a) was withdrawn from the agenda and Item I(b) was taken off the Consent Calendar and voted on separately.

Commissioner Rosenfeld moved and Commissioner Geesman seconded approval of the Consent Calendar. The vote was unanimous. (4-0)

Commissioner Rosenfeld moved and Commissioner Geesman seconded approval of Contract 500-03-021. The vote was unanimous. (4-0)

2. CALPINE. Consideration of an objection to a public notice of proposed approval of an Insignificant Project Change request from Calpine to add a 4-acre temporary construction parking/storage area for the Metcalf Energy Center Project.

Commissioner Geesman moved and Commissioner Pernell seconded approval to the denial of the objection to a public notice and approved the Insignificant Project change request made by Calpine. The vote was unanimous. (4-0)

3. ROSEVILLE ENERGY PARK. Commission consideration of the Executive Director's Data Adequacy Recommendation for the Roseville Energy Park Application for Certification. This is a 12-month, 120 to 125-megawatt natural gas-fired, combined-cycle power plant located in the city of Roseville (Docket No. 03-AFC-1).

Commissioner Pernell moved and Commissioner Geesman seconded approval of the Executive Director's Data Adequacy recommendation of data adequacy for the Roseville Energy Park. The vote was unanimous. (4-0)

4. ROSEVILLE ENERGY PARK. Possible approval of a Committee for the Roseville Energy Park Application for Certification (Docket No. 03-AFC-1).

Commissioner Pernell moved and Commissioner Geesman seconded approval of Commissioner Geesman as the presiding member and Commissioner Rosenfeld as the second member for the Roseville Energy Park Committee. The vote was unanimous. (4-0)

5. INLAND EMPIRE ENERGY CENTER. Possible adoption of the Presiding Member's Proposed Decision (PMPD) recommending certification of the proposed 670-megawatt Inland Empire Energy Center, located near Perris in Riverside County (Docket No. 01-AFC-17)

Commissioner Pernell moved and Commissioner Geesman seconded the adoption of the PMPD and errata for the Inland Empire Energy Center. The vote was unanimous. (4-0)

6. INLAND EMPIRE ENERGY CENTER. Possible approval of a Committee for the Inland Empire Energy Center Application for Certification (Docket No. 01-AFC-17).

This item was deleted from the agenda.

7. SALTON SEA UNIT 6 GEOTHERMAL PROJECT. Consideration and possible adoption of the Presiding Member's Proposed Decision in the Salton Sea Unit 6 Geothermal Project Application for Certification recommending approval of the project (Docket No. 2-AFC-2)

Commissioner Pernell moved and Commissioner Geesman seconded approval of the PMPD for the Salton Sea Unit 6 Geothermal Project. The vote was unanimous. (4-0)

8. SALTON SEA UNIT 6 GEOTHERMAL PROJECT. Possible approval of a Committee for the Salton Sea Unit 6 Geothermal Project Application for Certification (Docket No. 2-AFC-2)

This item was deleted from the agenda.

9. KINGS RIVER CONSERVATION DISTRICT (KRCD). Possible approval of a Committee to oversee the Small Power Plant Exempt (SPPE) for the Kings River Conservation District Peaking Plant (KRCDPP). KRCD proposes to construct and operate a 97-megawatt generation plant located on a 19-acre industrial site south of Fresno near the community of Malaga, in Fresno County. (03-SPPE-2)

Commissioner Geesman moved and Commissioner Pernell seconded approval of Commissioner Boyd as the presiding member and Chairman Keese as the second member for the Kings River Conservation District SPPE. The vote was unanimous. (4-0)

10. COST RESPONSIBILITY SURCHARGE EXEMPTION PROCEEDING (Docket No. 03-CRS-01). Possible approval of a draft Form that will be distributed to customers of Southern California Edison, Pacific Gas and Electric, and San Diego Gas & Electric that seek an exemption from a Cost Responsibility Surcharge, in support of the California Public Utilities Commission Decision 03-040-030.

Commissioner Geesman moved and Commissioner Pernell seconded approval of the Cost Responsibility Surcharge Exemption Proceeding Form. The vote was unanimous. (4-0)

11. EMERGING RENEWABLES PROGRAM REBATE. Possible approval of revisions to the Emerging Renewables Program Guidebook to lower the rebate for systems installed through the program.

Commissioner Geesman moved and Commissioner Pernell seconded approval of the revisions to the Emerging Renewables Program Guidebook. The vote was unanimous. (4-0)

12. COUNTY OF BUTTE. Possible approval of a loan to the county of Butte for \$2,777,000 to install two photovoltaic solar systems totaling 862-kilowatts at the county administration building and west jail. This project is estimated to save about \$277,700 annually and has a simple payback of 10 years. (ECAA Bond funded).

Commissioner Pernell moved and Commissioner Rosenfeld seconded the conditional approval of a loan to the county of Butte. The vote was unanimous. (4-0)

13. GATEWAY HOSPITAL. Possible approval of a loan to Gateway Hospital for \$54,000 to install a new 30 ton chiller and a 500,000 Btu/hour hot water boiler to replace the old 40 ton chiller and existing boiler. This project is estimated to save about \$5,400 annually and has a simple payback of 10 years. (ECAA Bond funded)

Commissioner Pernell moved and Commissioner Rosenfeld seconded the conditional approval of a loan to Gateway Hospital. The vote was unanimous. (4-0)

14. AB 549 INTERIM REPORT TO THE LEGISLATURE. Discussion and possible approval of the Energy Commission's AB 549 Interim Report to the Legislature on possible options for improving energy efficiency in existing residential and nonresidential buildings. This report is required by Assembly Bill 549 (AB 549, Chapter 905, Statutes of 2001) and is due to the Legislature by January 1, 2004.

Commissioner Pernell moved and Commissioner Rosenfeld seconded approval of the AB 549 Interim Report to the Legislature. The vote was 3-1 with Commissioner Geeman voting no.

15. RESIDENTIAL CLOTHES WASHER STANDARDS (Docket No. 03-AAER-01(RCW)). Possible adoption of revised standards for residential clothes washers to include a legislatively-mandated water factor standard.

This item was moved to a future meeting.

16. UNIVERSITY OF CALIFORNIA ENERGY INSTITUTE. Possible approval of Contract 600-03-021 for \$48,000 to investigate the effects of uniform wholesale pricing and branded open supply legislation on California transportation fuel consumers. (ERPA funded)

Commissioner Geesman moved and Commissioner Rosenfeld seconded the conditional approval of Contract 600-03-021. The vote was unanimous. (4-0)

17. LAWRENCE BERKELEY NATIONAL LABORATORY. Possible approval of Contract 500-03-022 for \$1,306,951 to further develop energy use benchmarking tools, digital lighting controls and specifications for performance monitoring systems for commercial buildings. (PIER funded)

Commissioner Rosenfeld moved and Commissioner Geesman seconded the conditional approval of Contract 500-03-022. The vote was unanimous. (4-0)

18. USDA FOREST SERVICE, SIERRA NEVADA RESEARCH CENTER, PSW. Possible approval of Contract 500-03-019 for \$1,999,995 to develop a Life Cycle Assessment model that quantifies the costs and benefits associated with the utilization of wildland biomass produced by forest fuel reduction treatments for generation of electricity.

Commissioner Geesman moved and Commissioner Rosenfeld seconded the conditional approval of Contract 500-03-019. The vote was unanimous. (4-0)

19. RESOURCES AGENCY. Possible approval of Contract 200-03-007 for \$247,500 to provide assistance and coordination for new initiatives dealing with long term environmental and economic strategies for managing natural resources.

Commissioner Geesman moved and Commissioner Pernell seconded the conditional approval of Contract 200-03-007. The vote was unanimous. (4-0)

20. Minutes

Commissioner Geesman moved and Commissioner Pernell seconded approval of the minutes from the December 3, 2003 business meeting.

21. Commission Committee and Oversight

No items were discussed.

22. Chief Counsel's Report

Chief Counsel Bill Chamberlain reported that the Energy Commission filed an opening brief with the Ninth Circuit Court of Appeals on the appliance litigation, relating to data collection abilities. It was anticipated that at least two amicus curiae briefs were being filed to support the Commission's position. Also, the Supreme Court ruled in favor of the Commission in the East Altamont case, upholding the Commission's decision. The final litigation issue is still pending, which is Palomar case, which also involved litigation in Superior Court relating to Mr. Corey Briggs contention that the Commission violated the Open Meetings Act by not hearing from him in a final hearing. That litigation has now been dismissed.

Mr. Chamberlain also noted that it appears as though the controversial Cosumnes Project has not received anything that would indicate that anyone has filed a challenge in

the Supreme Court and the final day to file was the 5th of December.

Mr. Chamberlain sent around notes from Mr. Dennis Ayer, the exiting Chief Executive Officer (after 32 years), of the Western Electricity Coordinating Council, who indicated concerns with one of the new NERC standards. Mr. Chamberlain is the Commission's member representative for the Western Electricity Coordinating Council.

Mr. Chamberlain's final item is a response to Executive Order S2-03 which requires all agencies to assess any present issuance, utilization, enforcement or attempted enforcement of any guideline, criteria, bulletin, manual, instruction, order or standard of general application, which has not been adopted as a regulation in potential violation of the California Administrative Procedure Act. Mr. Chamberlain indicated he had drafted a memo which identifies the Climate Action Registry, which the Commission is in the middle of adopting as a regulation. It was decided that the Intergovernmental Committee would be reinstated to handle issues such as this.

Jennifer Tachera, from the Legal Office updated the Commission on outstanding and recently completed legal issues.

23. Executive Director's Report

Executive Director Bob Therkelsen informed the Commissioners that exemption requests had been made on different fund sources. While a copy of everything that was submitted has been delivered to your offices, these are things that should be handled with the Intergovernmental Committee. There was an Executive Order on travel and basically it says nonessential travel is prohibited. Another Executive Order was issued regarding hiring and promotions, but it does allow us to proceed with filling the CEA level positions.

Mr. Therkelsen stated that he had been at a tri-state global climate change meeting. The present Governor is showing interest in participating and this will lead to a report, due in September on joint climate change activities.

Mr. Therkelsen also acknowledged that this would be Commissioner Pernell's last meeting here at the Commission. Commissioner Pernell has taken a position in private industry working on labor issues.

24. Public Adviser's Report

No report was given.

25. Public Comment

No public comments were received; however, the Chairman and fellow Commissioners acknowledged Commissioner Pernell and his accomplishments here at the Commission.

Commissioner Pernell thanked his fellow Commissioners for their kind words.

The meeting was adjourned at 11:40 a.m.

BETTY A. McCANN
Secretary to the Commission