

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

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

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

WEDNESDAY, JUNE 11, 2003

1:05 P.M.

Reported by:
Alan Meade
Contract No. 150-01-006

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

William J. Keese, Chairman

Arthur H. Rosenfeld

James D. Boyd

John L. Geesman

STAFF PRESENT

Robert Therkelsen, Executive Director

Jonathan Blee, Counsel

Betty McCann, Secretariat

Pramod P. Kulkarni

Jeff Wilson

Suzanne Korosec

Gabriel Herrera

Alec Jenkins

Tav Commins

Barbara Byron

Atlas Hill

Prab S. Sethi

Michael Magaletti

David Maul

Mary Dyas

Jennifer Tachera

PUBLIC ADVISER

Roberta Mendonca

ALSO PRESENT

Steven Kelly, Policy Director
Independent Energy Producers Association

ALSO PRESENT

Hamid Rasteiga, President
Tom Murphy, Vice President
Aspen Environmental Group

Jane Hughes Turnbull
Jan Bahr
League of Women Voters

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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P R O C E E D I N G S

1:05 p.m.

CHAIRMAN KEESE: I call this business meeting of the Energy Commission to order. Commissioner Rosenfeld, would you like to lead us in the pledge.

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

CHAIRMAN KEESE: It would be very interesting if I introduced the League of Women Voters workshop.

(Laughter.)

CHAIRMAN KEESE: On the consent calendar, we are going to take up items a through h as a separate item. Therefore I would request a motion on items i through m on the consent calendar.

COMMISSIONER ROSENFELD: I move items i through m.

CHAIRMAN KEESE: Motion, Commissioner Rosenfeld.

COMMISSIONER GEESMAN: Second.

CHAIRMAN KEESE: Second, Commissioner Geesman.

All in favor?

1 (Ayes.)

2 CHAIRMAN KEESE: Opposed? Adopted four
3 to nothing.

4 Now, as a separate item, we will take up
5 a series of work authorizations. They were on
6 your consent calendar as items a through h. These
7 are projects previously approved by the Energy
8 Commission. They are work authorization
9 extensions in the amount of \$2,722,447.

10 MR. THERKELSEN: Actually,
11 Commissioners, this is Bob Therkelsen, good
12 afternoon. Pramod is here to explain this,
13 provide an overview of this item and all these
14 contracts.

15 MR. KULKARNI: Thank you, Bob. Good
16 afternoon, Commissioners. My name is Pramod
17 Kulkarni; I'm with the PIER program, specifically
18 the industrial, agricultural and water part of the
19 PIER program.

20 I'll give a quick overview of the
21 program, and if need be, the details on each one
22 of the contracts, I mean work authorizations.

23 In the fall of 2001 the RD&D Committee
24 approved the staff's plan to work with the
25 industry, food processing industry, to assess the

1 energy issues and the RD&D priorities to mitigate
2 the energy issues.

3 Accordingly we worked with the industry
4 in 2001 and 2002 and came up with a list of
5 issues. Accordingly, an RFP was issued to CIEE,
6 that's California Institute for Energy Efficiency,
7 in November of 2002.

8 We got responses back in January 2003.
9 We got 14 responses back totaling about \$14.2
10 million. After applying the PIER criteria and the
11 goals of the Energy Commission's energy action
12 plan, we selected seven projects which were
13 recommended to the RD&D Committee.

14 So consequently we are seeking an
15 approval to contract -- work authorization to
16 CIEE, which will include one work authorization
17 for California Institute for Food and Agriculture
18 Research to manage the remaining seven grants.
19 And that's the background of the technology --
20 background of the RFP.

21 And the reason we focused on this
22 because 5.25 percent of all the electricity used
23 in California are used by the food processing
24 industry.

25 COMMISSIONER GEESMAN: Move the --

1 MR. KULKARNI: Do you want me to go over
2 the details on each?

3 CHAIRMAN KEESE: I heard a motion here,
4 so maybe we don't have to.

5 COMMISSIONER GEESMAN: Yes.

6 CHAIRMAN KEESE: The motion by
7 Commissioner Geesman.

8 COMMISSIONER ROSENFELD: I second.

9 CHAIRMAN KEESE: Second, Commissioner
10 Rosenfeld.

11 All in favor?

12 (Ayes.)

13 CHAIRMAN KEESE: Opposed? Adopted four
14 to nothing. Thank you.

15 MR. KULKARNI: Thank you.

16 CHAIRMAN KEESE: Item 2, East Altamont
17 Energy Center is over to the June 25, 2003
18 business meeting.

19 Item 3, Order Instituting Rulemaking.
20 Consideration of order instituting rulemaking to
21 implement the Energy Commission's responsibilities
22 under Health and Safety Code section 42800,
23 regarding the California Climate Action Registry.

24 MR. WILSON: Good afternoon,
25 Commissioners, my name is Jeff Wilson. I'm with

1 the climate change program. The California
2 Climate Action Registry records greenhouse gas
3 emissions inventories for California entities.

4 And under Health and Safety Code 42870
5 the Energy Commission is given the authority to
6 establish a procedure to qualify third-party
7 organizations to act as technical assistants and
8 certifiers for registry participants.

9 And under this authority we'd like to
10 ask the Commission to institute an order
11 instituting rulemaking so we can formalize the
12 process for qualifying these third-party
13 organizations.

14 CHAIRMAN KEESE: Thank you.

15 COMMISSIONER BOYD: I move approval of
16 the item.

17 CHAIRMAN KEESE: Motion, Commissioner
18 Boyd.

19 COMMISSIONER ROSENFELD: Second.

20 CHAIRMAN KEESE: Second, Commissioner
21 Rosenfeld.

22 All in favor?

23 (Ayes.)

24 CHAIRMAN KEESE: Opposed? Adopted four
25 to nothing.

1 Item 4, Renewable Energy Program.
2 Possible approval of a petition for
3 reconsideration by FPL Energy LLC and Windland,
4 Inc., regarding the Renewables Committee's
5 recommended cancellation of the Wind Ridge and the
6 Windland project.

7 MS. KOROSSEC: Good afternoon,
8 Commissioners. I'm Suzanne Korosec with the
9 Commission's renewable energy program.

10 Winning bidders in the new renewable
11 resources account were required to come online by
12 December 31st of 2001 to get five full years of
13 incentive payments. They could come online later
14 than that, they still receive payments but it
15 would be for some period of less than five years.

16 Senate Bill 1194 then amended the law to
17 allow projects to come online later than that if
18 they could prove to the Energy Commission's
19 satisfaction that the delay was a result of
20 circumstances beyond the developer's control.

21 The Energy Commission set up a petition
22 process for developers to use to ask for these
23 extensions.

24 FPL Energy and Windland applied for
25 extension for their projects with the reason for

1 the delay being the lack of transmission access in
2 the Tehachapi area. The Renewables Committee then
3 issued a decision stating that the transmission
4 constraints in the Tehachapis weren't an issue
5 that was likely to be resolved in the near future
6 and therefore recommended that the awards for the
7 two projects be canceled.

8 Our guidelines also provide that
9 projects who face cancellation have an appeal
10 process where they can petition for
11 reconsideration, which FPL and Windland did. And
12 submitted new information showing that they, in
13 fact, had been able to obtain transmission access
14 and were going to be able to come online by
15 December 31st of 2003.

16 Based on the information provided in
17 that petition for reconsideration the Renewables
18 Committee has decided to recommend to extend the
19 online dates for the two projects to December 31st
20 of 2003, such that they would get five years of
21 payments if they come online by that date, but
22 they would not receive any payments past December
23 31st of 2008.

24 CHAIRMAN KEESE: Thank you.

25 PRESIDING MEMBER GEESMAN: I move the

1 item.

2 CHAIRMAN KEESE: Motion, Commissioner
3 Geesman.

4 COMMISSIONER BOYD: Second.

5 CHAIRMAN KEESE: Second, Commissioner
6 Boyd. Further conversation? Public comment?

7 All in favor?

8 (Ayes.)

9 CHAIRMAN KEESE: Opposed? Adopted four
10 to nothing. Thank you.

11 Item 5, Renewable Energy Program.
12 Possible approval of Renewables Committee, denial
13 of petition for extension of online date from
14 December 31, 2001 to December 15, 2004 by
15 Riverside County Waste Management Department's
16 Lamb Canyon Landfill Gas Project, and
17 recommendation to reduce the project's funding
18 award by 1/60th for each month after January 1,
19 2002.

20 MS. KOROSK: Again, this is another one
21 of these extensions that was filed with the
22 Renewables Committee. The Lamb Canyon project is
23 a 1 megawatt landfill gas project that was a
24 winner in the Commission's 1998 auction for new
25 resources.

1 The project petitioned for extension of
2 its award stating that the reason for the delay
3 was that they wanted to see how an engine that was
4 installed at another Riverside County facility
5 proved out before they installed the engine at the
6 Lamb Canyon facility.

7 It was the Renewables Committee's
8 position that this was not a circumstance beyond
9 Riverside County's control; it was their choice to
10 wait to see how the engine performed. And
11 therefore, they're recommending that the award not
12 be extended, and that the project not receive any
13 payments beyond December 31, 2006, which is five
14 years from that statutory deadline of December 31,
15 2001.

16 And in addition, to return the funds
17 that are not being used to the renewable resources
18 trust fund by taking out 1/60th of the project's
19 award for each month that elapses until it comes
20 online.

21 CHAIRMAN KEESE: Thank you.

22 PRESIDING MEMBER GEESMAN: I move the
23 item.

24 CHAIRMAN KEESE: Motion, Commissioner
25 Geesman.

1 COMMISSIONER BOYD: Second.

2 CHAIRMAN KEESE: Second, Commissioner

3 Boyd. Any public comment?

4 All in favor?

5 (Ayes.)

6 CHAIRMAN KEESE: Opposed? Adopted four

7 to nothing.

8 MS. KOROSK: Thank you.

9 CHAIRMAN KEESE: Thank you.

10 Item 6, Renewable Portfolio Standard

11 Implementation. Possible adoption of Decision on

12 Phase I Implementation Issues - Final Committee

13 Report --

14 MR. HERRERA: Good afternoon, Chairman

15 Keese, Commissioners. The item before you today

16 is the initial decision or set of decisions on RPS

17 implementation issues. As you may be aware, the

18 RPS is being implemented in collaboration between

19 the PUC and the CEC. This is the initial set of

20 implementation decisions for the CEC's part of the

21 renewable portfolio standard implementation.

22 The document before you for adoption has

23 gone through a Committee hearing -- a workshop and

24 Committee hearing. It's gone through a variety of

25 revisions. It's presented to you by the

1 Renewables Committee.

2 The document contains decisions about
3 some fairly baseline things that will be needed to
4 begin implementation of the renewable portfolio
5 standard such as the definition of incremental
6 geothermal, definition of eligible resources,
7 participation of out-of-state resources and other
8 subcategories of small hydro and municipal solid
9 waste facilities and so on.

10 Staff has an errata or a clarification
11 for the document which has been sent to you, and
12 provided on the back table. And basically the
13 clarification adds the word instate to the
14 recommended decision that electricity from
15 projects be delivered to the hub or the point in
16 the transmission line where the utility
17 solicitation would request it. It's implicit in
18 our minds that it would be requested on the
19 instate hub or point of connection to the
20 transmission lines. And we decided to explicitly
21 add the word instate to make that clear in the
22 process.

23 Staff is also aware of a variety of
24 comments, five particular issues that were brought
25 to the Commission's attention by Southern

1 California Edison this morning. We believe that
2 we can deal with most of those issues in
3 clarifications and/or in the process that follows
4 this initial set of implementation decisions.

5 With that in mind, without going into
6 detail unless you wish, I would urge that you
7 adopt the proposed decision.

8 CHAIRMAN KEESE: Thank you. Why don't
9 we do the motion and --

10 PRESIDING MEMBER GEESMAN: I'll move the
11 item.

12 CHAIRMAN KEESE: Motion, Commissioner
13 Geesman.

14 COMMISSIONER BOYD: Second.

15 CHAIRMAN KEESE: Second, Commissioner
16 Boyd.

17 Mr. Kelly.

18 MR. KELLY: Thank you, Commissioners.
19 Steven Kelly with the Independent Energy Producers
20 Association.

21 I have one issue that I want to bring to
22 your attention and I'm not sure that the report
23 has to be adjusted in any way to deal with this
24 issue. But if it could be, that would be helpful.

25 And it deals with the definition of

1 baseline. As you recall, perhaps, under SB-1078
2 there is language that speaks about baseline and
3 there's a particular provision in there that deals
4 with geothermal resources being calculated against
5 the baseline. And there's been a huge debate
6 about that in front of this Commission and the
7 PUC. And I'm not taking that up.

8 But, as a practical matter, when you
9 read the bill it appears that a literal
10 interpretation of the bill could be read to
11 suggest that a geothermal project that is an
12 existing project today, a QF project, that is
13 going to be coming off contract in the next couple
14 years -- and it's my understanding there's
15 potentially 2000 megawatts of geothermal that
16 might be in this position in the next five to ten
17 years -- may not be able to bid in an auction of
18 another utility to fill up the baseline, if the
19 baseline is only calculated as of 2001 or 2002,
20 however the report deals with it.

21 I think we need a program that
22 recognizes that the baseline from which the
23 utilities' 1 percent incremental addition will be
24 calculated will move up subsequent to last year's
25 procurement. That will allow generators,

1 particularly the geothermal and municipal solid
2 waste generators that are coming off contract, to
3 have a place to compete to get an additional
4 contract if they so desire.

5 And we're not suggesting they would
6 access the supplemental energy payments. That's
7 not a position I'm taking here. I'm just saying
8 they need a place to be able to compete.

9 Right now our reading of the language of
10 the Committee draft suggests they may be limited
11 solely to compete to renew that contract with
12 their existing utility contract holder. We think
13 that is unnecessarily limiting.

14 I have a matrix that we have developed
15 which tried to delineate how each of the
16 individual technologies are treated across the
17 various procurement opportunities in the future.
18 And I would -- certainly I'm going to present it
19 to the staff today. I apologize for not getting
20 it to them earlier. I had a call out, but we
21 weren't able to connect on this.

22 But, I think, as a policy matter, we
23 want to create as level a playing field as we can
24 across all the technologies. And ought not to be
25 developing an environment in which existing

1 geothermal and municipal solid waste technologies,
2 which are the only two that are hit by this, are
3 not eligible -- for example, if they have a
4 contract with Edison today and they come off that
5 contract -- would not be able to compete in PG&E's
6 procurement down the road for meeting their RPS
7 obligations, which includes attaining the
8 baseline.

9 So, I believe that the way we're
10 structured today that conclusion may occur. And I
11 just want to protect against that from happening.
12 So, if I could, I would like to distribute this --

13 CHAIRMAN KEESE: Sure.

14 MR. KELLY: -- to the staff, and have
15 them look at it. And then make the proper
16 adjustment if they agree with the problem.

17 CHAIRMAN KEESE: Yes.

18 UNIDENTIFIED SPEAKER: I don't believe
19 that that was our intent. I think you're
20 misreading the report, but I'm not convinced that
21 you are; so we'll just have to take a look at it.

22 MR. KELLY: That would be great. I
23 had -- this came up within my membership. We had
24 a technical consultant look at it, and he's helped
25 develop this matrix. I just received it

1 yesterday.

2 So I need to go back, as well, but it's
3 just a cautionary note on that.

4 UNIDENTIFIED SPEAKER: I think someone
5 should take a look at that.

6 MR. KELLY: Thank you.

7 CHAIRMAN KEESE: Thank you. Any other
8 public comment? Any comment from the
9 Commissioners?

10 We have a motion and second.

11 All in favor?

12 (Ayes.)

13 CHAIRMAN KEESE: Opposed? Adopted four
14 to nothing. Thank you.

15 Item 7, Small Grant Program. Possible
16 approval of nine grant projects totaling \$674,316
17 under the PIER program. I would note that all of
18 the nine items, the specific dollar number after
19 each of them is reduced by \$5000, except for the
20 second one, UC San Diego stays at \$75,000.

21 COMMISSIONER ROSENFELD: Well, they're
22 all good projects, so I move to accept them.

23 CHAIRMAN KEESE: Motion on item 7.

24 PRESIDING MEMBER GEESMAN: I'll second
25 that, if somebody can be helpful and explain the

1 arithmetic.

2 CHAIRMAN KEESE: Yeah, --

3 MR. JENKINS: I'd be glad to do that.

4 My name is Alec Jenkins.

5 The maximum grant funding available
6 under the grant terms is \$75,000. The exact award
7 amounts are listed in the draft resolution that
8 you have.

9 I want to note for the record that \$5000
10 of discretionary funds per award for use by the
11 administrator were accidentally introduced by the
12 secretariat into most of the awards as they appear
13 in item number 7 of today's agenda.

14 The Commission's interagency agreement
15 with SDSU, as amended in September, makes
16 available a budget allocation of \$4000 per grant
17 award for the program administrator to develop an
18 independent and expert evaluation of the results
19 of each completed grant project.

20 And an allocation of \$1000 per award for
21 project contingencies. That's how we get to the
22 \$5000.

23 These provisions provide added value to
24 the results of the grants. The funds are not
25 available to the awardee, but appear in the SDSU

1 paperwork, which is where the secretariat obtained
2 them.

3 CHAIRMAN KEESE: These numbers are
4 properly reflective of --

5 PRESIDING MEMBER GEESMAN: It sounds
6 satisfactory to me.

7 CHAIRMAN KEESE: They do. We have a
8 motion and a second. Is everybody comfortable
9 with that?

10 All in favor?

11 (Ayes.)

12 CHAIRMAN KEESE: Opposed? Adopted four
13 to nothing.

14 MR. JENKINS: Thank you, Chairman Keese.

15 CHAIRMAN KEESE: Thank you.

16 Item 8, New Buildings Institute.

17 Possible approval of contract 400-02-009, and
18 change the number again, for \$25,333 to support
19 preparation of a supplement for the 2005
20 nonresidential manual on systems acceptance
21 testing and the development of the forms for the
22 acceptance tests.

23 MR. COMMINS: Good afternoon. My name
24 is Tav Commins; I'm with the nonresidential
25 buildings office. And I'm seeking approval for a

1 contract with the New Buildings Institute for an
2 amount of \$25,333.

3 This contract is crucial for the
4 implementation of the 2005 energy standards. This
5 contract is being funded by a federal grant. And
6 the contractor is tasked to complete some needed
7 forms to be included into our nonresidential
8 manual to assist with the acceptance testing
9 requirements.

10 The actual acceptance tests were
11 developed under previous contract, but the field
12 forms that will be used by field personnel need to
13 be developed.

14 So what the contract will be doing is
15 developing these forms that will be used out in
16 the field by the contractors. And he will also be
17 putting together an introduction section that will
18 explain what these acceptance tests are, how they
19 were used, how they were developed.

20 These testing forms will also be put
21 into the nonresidential manual. This work needs
22 to be completed by August in order to put this
23 information into the nonresidential manual.

24 And if you have any questions I'd be
25 happy to answer those.

1 CHAIRMAN KEESE: Thank you.

2 COMMISSIONER BOYD: Motion

3 COMMISSIONER ROSENFELD: Second.

4 CHAIRMAN KEESE: Commissioner Boyd

5 moves; Commissioner Rosenfeld seconds.

6 All in favor?

7 (Ayes.)

8 CHAIRMAN KEESE: Opposed? Adopted four

9 to nothing.

10 Item 9, and 9 and 10 are related. Item

11 9 is Western Governors Association. Possible

12 approval of contract 150-01-009, amendment 1, to

13 receive \$187,848 for continuing planning and

14 preparation for future transuranic nuclear waste

15 shipments in California.

16 Do you want to describe it here or do

17 you want to describe it afterwards?

18 PRESIDING MEMBER GEESMAN: This is to

19 receive?

20 CHAIRMAN KEESE: Right.

21 PRESIDING MEMBER GEESMAN: Why don't we

22 just --

23 COMMISSIONER BOYD: I will move the

24 item.

25 COMMISSIONER ROSENFELD: Second.

1 CHAIRMAN KEESE: Motion, Commissioner
2 Boyd. Second, Commissioner Rosenfeld.

3 All in favor?

4 (Ayes.)

5 CHAIRMAN KEESE: Opposed? Adopted four
6 to nothing. Now we've received the money.

7 COMMISSIONER BOYD: It's easy to take
8 money.

9 (Laughter.)

10 CHAIRMAN KEESE: Now item 10.
11 Governor's Office of Emergency Services. Possible
12 approval of contract 150-01-008, amendment 1, for
13 \$176,848 to continue emergency response activities
14 and emergency response preparation for state and
15 local responders and hospitals along Waste
16 Isolation Pilot Plant shipment routes in
17 California. Ms. Byron.

18 MS. BYRON: This is the -- we received
19 the money through the Western Governors
20 Association, Department of Energy Cooperative
21 Agreement. And then in turn we give the bulk of
22 those funds to the Office of Emergency Services
23 for their work along the routes.

24 And it primarily funds a radiological
25 coordinator at OES who coordinates this training

1 in emergency response preparation.

2 COMMISSIONER BOYD: Move the item.

3 COMMISSIONER ROSENFELD: Second.

4 CHAIRMAN KEESE: I will give it to
5 Commissioner Boyd moves; Commissioner Rosenfeld
6 seconds.

7 All in favor?

8 (Ayes.)

9 CHAIRMAN KEESE: Opposed? Adopted four
10 to nothing.

11 Item 11. Stephen P. Teale Data Center.
12 Possible approval of contract 200-00-003,
13 amendment 1, for \$300,000 to extend the contract
14 and augment the budget.

15 MR. HILL: Good afternoon,
16 Commissioners. I'm Atlas Hill; I'm with the
17 information technologies services branch. I'm
18 seeking approval of the Teale Data Center contract
19 that basically supports the Energy Commission's
20 data connectivity services, data storage services,
21 and the running of our energy models at the Teale
22 Data Center.

23 CHAIRMAN KEESE: Thank you.

24 PRESIDING MEMBER GEESMAN: I'll move the
25 item.

1 CHAIRMAN KEESE: Motion, Commissioner
2 Geesman.

3 COMMISSIONER BOYD: Second.

4 CHAIRMAN KEESE: Second, Commissioner
5 Boyd.

6 All in favor?

7 (Ayes.)

8 CHAIRMAN KEESE: Opposed? Adopted four
9 to nothing. Thank you.

10 MR. HILL: Thank you.

11 CHAIRMAN KEESE: Item 12, McNeil
12 Technologies. Possible approval of contract 500-
13 00-031, amendment 1, for \$531,980 to determine the
14 performance characteristics and best locations for
15 renewable distributed generation technologies that
16 will provide high strategic value to California's
17 electricity system.

18 MR. SETHI: My name is Prab Sethi; I
19 work with the PIER program. There's one minor
20 correction in this agenda item 12, in line 3,
21 should read like this: best locations for
22 renewable distributed generation and bulk power.

23 CHAIRMAN KEESE: Thank you.

24 MR. SETHI: Now, this request is an
25 amendment to an existing contract with McNeil

1 Technologies, and extends the contract by one year
2 and adds \$533,980.

3 The purpose of the original contract was
4 to determine necessary performance and cost
5 characteristics, available resources and best
6 locations by use of computer models for the
7 renewable distributed generation technologies that
8 will be able to provide high value electricity
9 system and public benefits to California.

10 This amendment will extend investigation
11 of benefits to 2017 instead of 2007, as necessary,
12 to meet requirements of the renewable portfolio
13 standard, SB-1078, for distributed generation and
14 bulk power. A combination of power flow models
15 and GIS system under an existing contract --
16 existing agreement with CDF. Will identify hot
17 spots and optimal locations for the renewable
18 generation system in California.

19 CHAIRMAN KEESE: Thank you.

20 PRESIDING MEMBER GEESMAN: I'll move the
21 item.

22 CHAIRMAN KEESE: Motion, Commissioner
23 Geesman.

24 COMMISSIONER BOYD: Second.

25 CHAIRMAN KEESE: Second, Commissioner

1 Boyd.

2 All in favor?

3 (Ayes.)

4 CHAIRMAN KEESE: Opposed? Adopted four
5 to nothing.

6 MR. SETHI: Thank you.

7 CHAIRMAN KEESE: Thank you. For the
8 lawyers in the audience we have been advised by
9 our attorneys that all of the contracts we're
10 picking up today are in full compliance with
11 management and --

12 Item 13. University of California,
13 Office of the President, CIEE. Possible approval
14 of contract 500-99-013, amendment 2, to add \$10
15 million and two years and nine months to the
16 existing contract to support the PIER program.

17 MR. MAGALETTI: Good afternoon, Mr.
18 Chairman, Commissioners. I'm here to ask you to
19 approve a second amendment to the UC Office of the
20 President basic ordering agreement with the Public
21 Interest Energy Research program.

22 This amendment both extends the
23 agreement, changes some of the terms to our
24 advantage, and increases the amount of money in
25 the agreement to \$16 million.

1 The crucial part of the nonfinancial
2 amendment here is that we are requesting a change
3 in the payment language from what's called an
4 advancing payment to reimbursement of funds.
5 Currently under this agreement we pay in advance
6 for work done, and then UC bills us after the
7 fact, but it's merely to show that the money was
8 expended.

9 We are going to now go to a
10 reimbursement for work done. They will bill us.
11 We will pay them. And in return we have stopped,
12 or we will not take a 10 percent retention. So
13 they will get the full amount of money instead of
14 our normal practice in contracts which is to
15 retain 10 percent until the contract ends.

16 Those are the guts of what we are asking
17 for. We have been very satisfied with the
18 performance of UC under this particular agreement.
19 We use it in PIER for smaller projects under 250K
20 is usually the hurdle, because the paperwork is
21 substantially less than going through our master
22 research agreement, which you approved in
23 September of last year for \$20 million.

24 Are there any questions?

25 CHAIRMAN KEESE: Any questions? Do I

1 have a motion?

2 COMMISSIONER ROSENFELD: I move.

3 CHAIRMAN KEESE: Motion, Commissioner
4 Rosenfeld.

5 PRESIDING MEMBER GEESMAN: Second.

6 CHAIRMAN KEESE: Second, Commissioner

7 Geesman. Any public comment?

8 All in favor?

9 (Ayes.)

10 CHAIRMAN KEESE: Opposed? Adopted four
11 to nothing.

12 Item 14. Aspen Environmental Group.
13 Possible approval of contract 700-02-004 for \$20
14 million to provide engineering/environmental
15 technical assistance for the energy facilities
16 licensing program staff when they review requests
17 from developers to construct energy facilities, et
18 cetera.

19 MR. MAUL: Good afternoon,
20 Commissioners. I'm David Maul, as you know, and I
21 have with me Mary Dyas, our contract manager for
22 the existing and proposed contract.

23 We have before you possible approval and
24 consideration of the contract with the Aspen
25 Environmental Group. They are to be the lead

1 prime contractor for a team of people to provide
2 technical assistance to the staff in the areas for
3 the power plant licensing program, or energy
4 facility licensing program.

5 The program consists of not only the
6 licensing activities, but also the regulatory
7 planning activities that go with it. So it
8 encompasses natural gas planning, electricity
9 planning, transmission line planning and the
10 environmental trends planning that goes with it.
11 All the areas that our Commission Staff does have
12 to support the Commissioners in a variety of
13 areas.

14 We have conducted an RFQ process to
15 select this particular candidate. It was a fairly
16 lengthy process where we had an announcement well
17 in advance to provide people an opportunity to
18 form teams to meet all the needs that we have. As
19 well as to put together the best bid they could.

20 We did hold two pre-bid conferences, one
21 here in Sacramento, one in Los Angeles, where we
22 provided extensive explanation for the needs that
23 we have to help prep the bidders to put together
24 the best bid they could.

25 And then we ended up having five bidders

1 that the technical staff were able to evaluate on
2 technical merits. From that Aspen Environmental
3 Group was the top scoring bidder. Cost
4 negotiations were then entered into with that
5 bidder. They were successfully completed. And we
6 have before you the proposed contract.

7 Let me note that this is not a contract
8 for \$20 million. The \$20 million is actually the
9 ceiling spending authority for this. This is the
10 maximum we could spend under this contract. In
11 fact, we will continue to work this contract as we
12 have in the past where we do not spend money until
13 the need for a particular project or activity is
14 determined, and we prepare a work authorization
15 describing the specific activity with the specific
16 budget attached to that activity.

17 So we manage the expenditure of money
18 based upon the need to either supplement the
19 staff's capabilities or to augment staff's
20 capabilities where we're not able to meet the
21 workload as required by the program.

22 It was a very competitive process and we
23 had a number of very good bidders. And we're very
24 pleased to have Aspen lead the team. This is not
25 the same group that we have the current contract

1 with. It is the same company, Aspen Environmental
2 Group, but they have formed a new team for the new
3 contract that is substantially different than the
4 old team. It provides a substantial improvement
5 over what we had in the past.

6 I would like to note in the audience
7 today we have Hamid Rasteiga, the President of
8 Aspen Environmental Group and Tom Murphy, the Vice
9 President, who is the Deputy Program Manager for
10 this area. They have been involved in the past
11 contract and will be involved with the future
12 contract.

13 With that summary, do you have any
14 questions of us of this contract?

15 CHAIRMAN KEESE: Questions here?

16 PRESIDING MEMBER GEESMAN: I'll move
17 that.

18 CHAIRMAN KEESE: Motion, Commissioner
19 Geesman.

20 COMMISSIONER BOYD: Second.

21 CHAIRMAN KEESE: Second, Commissioner
22 Boyd. Any public comment?

23 Seeing none, all in favor?

24 (Ayes.)

25 CHAIRMAN KEESE: Opposed? Adopted four

1 to nothing.

2 MR. MAUL: Thank you very much.

3 CHAIRMAN KEESE: Thank you. Item 15, we
4 have the minutes from May 28th.

5 COMMISSIONER BOYD: Move approval.

6 CHAIRMAN KEESE: Motion, Commissioner
7 Boyd.

8 COMMISSIONER ROSENFELD: Second.

9 CHAIRMAN KEESE: Second, Commissioner
10 Rosenfeld.

11 All in favor?

12 (Ayes.)

13 CHAIRMAN KEESE: Opposed? Adopted four
14 to nothing.

15 Commission Committee and Oversight.
16 Chief Counsel's report.

17 MR. BLEES: Yes, Mr. Chairman. Jennifer
18 Tachera is going to deliver the Chief Counsel's
19 monthly intervention report.

20 CHAIRMAN KEESE: Thank you.

21 MS. TACHERA: Good afternoon,
22 Commissioners. In accordance with the
23 intervention protocols that were adopted April
24 9th, we submitting the first of a monthly report
25 on interventions. This is a work in progress, so

1 any suggestions about formatting, more
2 information, less information will be super.

3 I've arranged the PUC proceedings
4 numeric, and within that -- I mean alpha, and
5 within that numeric for applications,
6 investigations and rulemakings.

7 The proceedings that are listed with
8 blurbs are ones where there has been some recent
9 activity at the very end or additional proceedings
10 that we are monitoring, but not much is happening
11 lately.

12 As far as proceedings with current or
13 imminent workload, we have the PG&E rate case, the
14 transmission proceeding and the procurement
15 proceeding. In the context of the PG&E rate case,
16 we have committed to filing comments concerning
17 the Mothers for Peace petition on the Diablo
18 Canyon Independent Safety Committee. Draft
19 comments were given to Commissioner Boyd on
20 Monday, and those are due a week from next Monday.

21 In connection with the transmission
22 proceeding, the PUC has scheduled a prehearing
23 conference for tomorrow and Friday to go over
24 transmission constraints. The three IOUs and Cal-
25 ISO were ordered to file prehearing conference

1 statements. Everyone thinks it's somewhat
2 duplicative of what Cal-ISO is doing, but we'll
3 attend the conference and see what folks have to
4 say.

5 Finally, in connection with procurement,
6 draft testimony that was written by Mike Jaskey
7 was submitted to the advisers this morning. It
8 runs 91 pages, but basically to summarize, it's
9 please use our data.

10 So. Oh, and finally, with one other
11 additional proceeding, the natural gas surcharge,
12 we submitted a data request to Sempra Utilities
13 for SoCalGas and San Diego Gas and Electric, also
14 to PG&E. And then under Commissioner Rosenfeld's
15 signature made data requests to the Gas Technology
16 Institute.

17 CHAIRMAN KEESE: Thank you. Any
18 questions or comments? Thank you. Appreciate
19 that.

20 I will, at this moment, recognize Jane
21 Turnbull and Jane Bahr, who are here in the
22 audience, and who have, you noticed, participated
23 this morning in our gas workshop. Also who are
24 here in conjunction with tomorrow's League of
25 Women Voters' meeting that we're going to have.

1 Welcome.

2 MS. TURNBULL: Thank you.

3 CHAIRMAN KEESE: Executive Director's
4 report.

5 MR. THERKELSEN: Commissioners, I'll
6 give you just a quick update in terms of the
7 budget. The Conference Committee has now dealt
8 with and finished our budget item. When we add up
9 all the numbers from what the Senate, the Assembly
10 and now the Conference Committee have done,
11 basically the Commission has contributed \$41
12 million to the solution of the state's budget
13 problem this year.

14 They also, in Conference Committee,
15 approved the siting fee proposal. Therefore,
16 putting language or proposing language in the
17 trailer bill that would add siting fees to our
18 permitting process. And also have identified a
19 \$5.7 million contribution that they envision being
20 made out of ERPA and funded by the Commission
21 raising the surcharge from .2 mill to .3 mill.

22 So that's the current status of where
23 things are now. We don't know whether other items
24 will be changed throughout the process. But I'll
25 keep you informed.

CERTIFICATE OF REPORTER

I, ALAN MEADE, an Electronic Reporter,
do hereby certify that I am a disinterested person
herein; that I recorded the foregoing California
Energy Commission Business Meeting; 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
meeting, nor in any way interested in outcome of
said meeting.

IN WITNESS WHEREOF, I have hereunto set
my hand this 23rd day of June, 2003.

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