

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, JULY 9, 2003
10:05 A.M.

Reported by:
Peter Petty
Contract No. 150-01-006

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

William J. Keese, Chairman

Robert Pernell

James D. Boyd

John L. Geesman

STAFF PRESENT

Robert Therkelsen, Executive Director

William Chamberlain, Chief Counsel

Susanne Garfield, Alternate Secretariat

Maura Clark

Joseph Wang

George Simons

Hassan Mohammed

Martha Brook

PUBLIC ADVISER

Roberta Mendonca

ALSO PRESENT

No appearances

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P R O C E E D I N G S

10:05 a.m.

CHAIRMAN KEESE: I call this business meeting of the Energy Commission to order. We'll recite the pledge.

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

CHAIRMAN KEESE: Thank you. We have a reasonably short agenda today. I will suggest for those of you who make a habit of being here be prepared in two weeks. We'll have East Altamont up; we will have the Petroleum Dependency Report up; we will have the feasibility of strategic petroleum reserves up. So, I would suggest, my fellow Commissioners, you would not want to make lunch plans or early afternoon plans. It could be a long day.

Consent calendar. Do I have a motion?

COMMISSIONER PERNELL: So moved.

CHAIRMAN KEESE: Motion, Commissioner Pernell.

COMMISSIONER BOYD: Second.

CHAIRMAN KEESE: Second, Commissioner Boyd.

All in favor?

1 (Ayes.)

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

4 Item 2, Calpine Corporation is over to a
5 future date.

6 Item 3, Monterey Bay Area Governments
7 Rebuild America. Possible approval of a grant of
8 \$50,000 to support the investigation of
9 opportunities to create a nonprofit public benefit
10 Monterey Bay Regional Energy Office.

11 COMMISSIONER PERNELL: Mr. Chairman,
12 this came before the Committee and was approved
13 out of the Committee and Ms. Clark is here for any
14 questions.

15 CHAIRMAN KEESE: Thank you. And this is
16 pursuant to a Migden bill, is that what I
17 understand?

18 MS. CLARK: Originally this started out
19 to be a regional energy office two years ago
20 before the Migden. Since that time Migden has
21 come into effect and they plan to investigate the
22 energy efficiency side of the Migden.

23 CHAIRMAN KEESE: Okay. Any questions?
24 Do I have a motion?

25 COMMISSIONER PERNELL: Mr. Chairman, I

1 would move staff recommendation.

2 CHAIRMAN KEESE: Motion, Commissioner
3 Pernell.

4 COMMISSIONER GEESMAN: Second.

5 MS. CLARK: Thank you.

6 COMMISSIONER PERNELL: And it was
7 derived from a Migden bill.

8 CHAIRMAN KEESE: Thank you. Motion,
9 Pernell; second, Geesman.

10 All in favor?

11 (Ayes.)

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

14 Item 4, Energy Conservation Assistance
15 Act Account Bond Fund. Possible approval of a
16 loan to the City of Oakland Public Works
17 Department of \$182,270 to install energy efficient
18 HVAC system.

19 COMMISSIONER PERNELL: Mr. Chairman,
20 this also came before the Efficiency Committee and
21 it was passed out of the Committee. Mr. Wang is
22 available for questions.

23 CHAIRMAN KEESE: Thank you. What's the
24 payoff term on this one?

25 MR. WANG: The payback is ten years for

1 this project.

2 CHAIRMAN KEESE: Okay.

3 MR. WANG: Including this loan, we have
4 spent about \$3.1 million to date from the bond
5 fund.

6 CHAIRMAN KEESE: I would -- did mean to
7 ask you that. This is -- so we're moving it out
8 pretty rapidly?

9 MR. WANG: Yes.

10 CHAIRMAN KEESE: Thank you.

11 COMMISSIONER PERNELL: Mr. Chairman, I
12 would move staff recommendation.

13 CHAIRMAN KEESE: Motion, Pernell.

14 COMMISSIONER GEESMAN: Second.

15 CHAIRMAN KEESE: Second, Geesman.

16 All in favor?

17 (Ayes.)

18 CHAIRMAN KEESE: Opposed? Adopted four
19 to nothing.

20 MR. WANG: Thank you.

21 CHAIRMAN KEESE: Item 5, Local
22 Government Commission. Possible approval of
23 contract 500-03-004 for \$694,000 to assist local
24 governments in evaluating the advantages and
25 disadvantages of community aggregation.

1 MR. SIMONS: Good morning.

2 CHAIRMAN KEESE: Good morning.

3 MR. SIMONS: I'm George Simons; I'm the
4 team lead for PIER renewables area, and this is
5 Hassan --

6 MR. MOHAMMED: Hassan Mohammed
7 (inaudible) for this.

8 CHAIRMAN KEESE: Thank you.

9 COMMISSIONER PERNELL: 'Morning.

10 MR. SIMONS: Before we get started with
11 this, I'd like to make a couple clarifying
12 comments. First off, the document you have in
13 front of you is a draft document. It essentially
14 represents 99 percent of what you'll have.
15 There's some minor revisions still being made, but
16 I wanted the Commission to understand it, that it
17 is a draft document.

18 Secondly, we had a lot of inquiries
19 about this contract with respect to the role that
20 we play in the CPUC proceedings on community
21 choice aggregation and energy efficiency. And I
22 wanted to make clear that the funds for this
23 contract will not be used by either the prime
24 contractor, the local government commission or its
25 subcontractor, Navigant, in preparing testimony

1 for those proceedings.

2 Secondly is that this contract focuses
3 exclusively on renewable energy and will not look
4 at energy efficiency off the pathways under
5 community choice aggregation.

6 With that let me give you a little bit
7 of overview about the contract. It is to provide
8 assistance to local governments in California who
9 are evaluating how to incorporate renewables under
10 the community choice aggregation vehicle.

11 The energy situation in California is
12 obviously complex with community choice
13 aggregation, the renewables portfolio standard.
14 The situation for local governments is exacerbated
15 by the budget situation in California. And few
16 local governments have the expertise or experience
17 or the staff resources to really figure out what
18 are the best ways to incorporate renewables under
19 this vehicle. So what this contract does is it
20 develops tools for them to help evaluate those
21 options.

22 And, in particular, we have several
23 products that will be developed. First will be a
24 template that will provide analysis of the
25 renewable resources available instate, as well as

1 in states adjacent to California. And it will
2 enable local governments to understand what would
3 be the cost of incorporating those renewables.
4 And how would those renewables best fit the local
5 community energy and electricity needs.

6 Secondly is that the subcontractor,
7 Navigant, will not be a participant in the CPUC
8 proceedings, but, in fact, is directed under the
9 work statement to be an informational -- to sit in
10 the proceedings as an informational entity, simply
11 to better understand what are the protocols,
12 procedures, costs for looking at -- for unveiling
13 the community's choice aggregation. And then
14 putting that into the document that clarifies it
15 for local governments.

16 We're also going to be having Navigant
17 and LGC look at how do you balance off a
18 renewables portfolio mix of 40 percent, which is
19 one of the things that we want to achieve under
20 this contract, is to look at three pilot
21 communities that will take a very aggressive
22 stance towards the RPS, and in fact, essentially
23 double the goal under the state's 20 percent RPS.
24 So they'll have a means by which to understand the
25 cost for achieving that. And what would be the

1 downsides of trying to achieve something like
2 that.

3 And lastly, once we've gone through this
4 learning experience with the final communities,
5 the local government commission and Navigant will
6 produce workshops, fact sheets and a brochure for
7 a workbook that will be disseminated throughout
8 local governments in California, so that in fact
9 they gain from the learning experiences that we've
10 developed in contract.

11 I think the contract is very important
12 because of two reasons. One, it provides local
13 governments with the tools that they really don't
14 have at this point in time to understand how to
15 get to a 20 percent or a 40 percent goal of
16 renewables under community choice aggregation
17 vehicle.

18 And secondly, it brings into the whole
19 RPS arena a group of individuals, a group of
20 entities that have a very new perspective on
21 renewables and a very innovative perspective. And
22 I think that's going to be very important for
23 California as we move into trying to figure out
24 how to get to 20 percent.

25 COMMISSIONER BOYD: Mr. Simons, --

1 excuse me, go ahead.

2 MR. SIMONS: I was going to point out
3 that we also have Pat Stoner from the Local
4 Government Commission and Tom Crooks from Navigant
5 in the audience. I'm happy to answer any
6 questions, and I'm certain they would be, too.

7 COMMISSIONER BOYD: I have a question,
8 Mr. Chairman.

9 CHAIRMAN KEESE: Thank you. Commissioner
10 Boyd.

11 COMMISSIONER BOYD: George, in your
12 opinion will this contract effort help facilitate
13 the Commission's recent endorsement with the other
14 two major power agencies of accelerating the RPS
15 goal of 20 percent to the year 2010?

16 Will this contribute in some way, or do
17 you see this as a vehicle that can contribute to
18 accelerating that goal?

19 I mean, I infer from what you said, a
20 positive. But I want to hear you say --

21 MR. SIMONS: Yeah, absolutely, I would
22 think so because again we targeted 40 percent of a
23 portfolio mix. If we're going to accelerate the
24 timeframe down to 2010 from 2017 for the RPS,
25 that's exactly the kind of steps that we have to

1 take. We have to look at how much beyond the 20
2 percent can you go, and how quickly could you do
3 that.

4 COMMISSIONER BOYD: The energy action
5 plan calls for that goal, so I think this -- Mr.
6 Chairman, I, for one, am very familiar with the
7 Local Government Commission and very pleased with
8 the work they've done in the past.

9 And though I've not had time to
10 associate myself with them of late, I've been very
11 pleased with their ability to reach out to local
12 government and deal with local governments.

13 So, I am very much supportive of this
14 contract.

15 COMMISSIONER GEESMAN: Mr. Chairman, let
16 me add to what Commissioner Boyd said. The recent
17 staff preliminary renewable resource assessment
18 that the Renewables Committee transmitted to the
19 Public Utilities Commission on July 1st, as part
20 of the PUC's effort to develop a transmission plan
21 for renewables, identified the ESP community
22 choice aggregation market segment as accounting
23 for about 18 percent of our RPS objective.

24 That is a very significant chunk of the
25 goal that we're going to be called upon to meet.

1 From a relevant standpoint, it's slightly larger
2 than the amount of contribution expected from San
3 Diego Gas and Electric.

4 So it's a big increment of their
5 renewable market that we're going to have to fill
6 in order to accomplish our RPS goals.

7 The other thing I would say with respect
8 to this contract which the R&D Committee reviewed
9 and approved, it's responsive to the input
10 provided by the external technical review
11 committee that met last fall in reviewing the PIER
12 renewables program. They very strongly
13 recommended that we closely coordinate the PIER
14 renewables activities with RPS efforts underway at
15 the PUC. And this contract, I believe, would do
16 that.

17 I would also like to thank John Wilson
18 for his input to this over the last couple of
19 months. I think the questions that he has raised
20 have made a stronger effort.

21 And with that, I would move the
22 contract.

23 CHAIRMAN KEESE: Motion, Commissioner
24 Geesman.

25 COMMISSIONER BOYD: Second.

1 CHAIRMAN KEESE: Second, Commissioner
2 Boyd. Any further conversation?

3 All in favor?

4 (Ayes.)

5 CHAIRMAN KEESE: Opposed? Adopted four
6 to nothing. And thank you, Mr. Simons, for a very
7 clear explanation of what we were dealing with.

8 Item 6, Architectural Energy
9 Corporation. Possible approval of contract 500-
10 03-003 for \$1,196,694 to develop and demonstrate
11 advanced equipment for cooling, heating and
12 ventilating school classrooms. Good morning.

13 MS. BROOK: Good morning.

14 COMMISSIONER PERNELL: Good morning.

15 MS. BROOK: I'm Martha Brook with the
16 PIER buildings program. I'm here today to ask for
17 your approval of a PIER research contract with the
18 Architectural Energy Corporation to develop and
19 demonstrate innovative HVAC systems for California
20 schools that will improve indoor air quality, save
21 energy and reduce peak demand.

22 This \$1.2 million research effort will
23 involve all the school-related institutions that
24 govern or guide school building construction in
25 California, including the California Department of

1 Education, the Office of Public School
2 Construction, Division of the State Architect, the
3 Coalition for Adequate School Housing, and the
4 Collaborative for High Performance Schools.

5 The research contractors will work with
6 major manufacturers to develop innovative systems
7 that have energy and air quality advantages over
8 conventional systems. They will demonstrate the
9 energy performance and cost advantages of these
10 systems, then develop and distribute design tools
11 and related information to decisionmakers and
12 school design professionals.

13 This contract has been reviewed by the
14 R&D Policy Committee and the Committee recommends
15 approval. At this time I'd like to answer any
16 questions that you might have.

17 CHAIRMAN KEESE: I have one question.
18 Are we focused on new facilities?

19 MS. BROOK: One of the projects is
20 focused on new facilities, and one is actually
21 existing schools.

22 CHAIRMAN KEESE: Thank you.

23 COMMISSIONER GEESMAN: I'd move the
24 item.

25 CHAIRMAN KEESE: Motion, Geesman.

1 COMMISSIONER PERNELL: Second.

2 CHAIRMAN KEESE: Second, Pernell. Any
3 other comment?

4 All in favor?

5 (Ayes.)

6 CHAIRMAN KEESE: Opposed? Adopted four
7 to nothing. Thank you.

8 We have the minutes from the June 25th
9 meeting.

10 COMMISSIONER BOYD: Move the minutes.

11 CHAIRMAN KEESE: Motion, Body.

12 COMMISSIONER PERNELL: Second.

13 CHAIRMAN KEESE: Second, Pernell.

14 All in favor?

15 (Ayes.)

16 CHAIRMAN KEESE: Opposed? Adopted four
17 to nothing.

18 Commission Committee and Oversight.

19 Chief Counsel's report.

20 MR. CHAMBERLAIN: Yes, Mr. Chairman, I
21 need a brief closed session to report to you on
22 the Blythe litigation matter.

23 CHAIRMAN KEESE: Thank you. Then we
24 will coordinate that then with an -- we are going
25 to, when we adjourn this meeting, adjourn to the

1 third floor conference room for a brief
2 explanation by our Executive Director of the
3 budget. How long do you need, Mr. Chamberlain?

4 MR. CHAMBERLAIN: I would estimate ten
5 minutes. We can do it after that, if you'd like.

6 CHAIRMAN KEESE: Mr. Therkelsen.

7 MR. THERKELSEN: Commissioner, Bob
8 Therkelsen. In light of the discussion on the
9 budget, the work plans will take probably 15
10 minutes.

11 CHAIRMAN KEESE: Okay, is that
12 acceptable to everybody?

13 COMMISSIONER PERNELL: It's all right
14 with me.

15 CHAIRMAN KEESE: Okay, we will then go
16 to the third floor where we will have the budget
17 discussion, and then we will go to my office where
18 we will have our executive session on litigation
19 matters.

20 Anything else under Executive Director's
21 report?

22 MR. THERKELSEN: Nothing else.

23 CHAIRMAN KEESE: Thank you. Public
24 Adviser's report.

25 MS. MENDONCA: Thank you, Chairman

1 Keese. Nothing at this time.

2 CHAIRMAN KEESE: Thank you. Public
3 comment? Seeing none, we will adjourn this after
4 our executive session, but this meeting is closed.

5 (Whereupon, at 10:20 a.m. the business
6 meeting was adjourned.)

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CERTIFICATE OF REPORTER

I, PETER PETTY, 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 13th day of July, 2003.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345