

BUSINESS MEETING
STATE OF CALIFORNIA
CALIFORNIA ENERGY COMMISSION

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
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APPEARANCES

COMMITTEE MEMBERS

Mr. Joseph Desmond, Chairperson

Ms. Jackalyne Pfannenstiel, Vice Chairperson

Mr. James D. Boyd

Mr. John L. Geesman

STAFF

Mr. Scott Matthews, Acting Executive Director

Mr. Bill Chamberlain, Chief Counsel

Mr. Nicholas Bartsch, Acting Public adviser

Ms. Susanne Garfield, Secretariat

Mr. Gerry Bemis

Ms. Connie Bruins

Ms. Jane Heinz

Mr. Rajesh Kapoor

Ms. Mignon Marks

Mr. Chris Scruton

ALSO PRESENT

Mr. Dave Ashuckian, Legislative Analyst's Office

Mr. Jeff Harris, EBI

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1 PROCEEDINGS

2 CHAIRPERSON DESMOND: I would like to call this
3 meeting to order. I would like to welcome everybody here
4 this morning. This meeting is on the 12th.

5 Do we have anyone on the phone?

6 Just an administrative note. Agenda Item 16,
7 which was noticed, has been withdrawn and will appear at a
8 later date.

9 First item on the agenda is the consent calendar.

10 VICE CHAIRPERSON PFANNENSTIEL: I will move this
11 consent calendar.

12 COMMISSIONER GEESMAN: Second.

13 CHAIRPERSON DESMOND: All those in favor?

14 (Ayes.)

15 CHAIRPERSON DESMOND: Opposed?

16 So moved.

17 Item No. 2. Palomar Energy Center. Possible
18 approval of a petition allowing the Palomar Energy Center
19 to use the City of Escondido's backup raw water supply on
20 an emergency basis.

21 Ms. Bruins.

22 MS. BRUINS: Paul Kramer's to my left. He's the
23 counsel for the compliance unit.

24 Today, Palomar is seeking approval to use raw
25 water as an emergency backup supply whenever the City of

1 Escondido has an outage of its recycled water system. The
2 City, which provides recycled water to the Palomar power
3 plant, experienced two unexpected outages in 2004 and
4 2005. Currently, the Decision for the Palomar Project
5 requires recycled water for all non-potable uses including
6 cooling tower makeup.

7 Staff analyzed the petition and concluded that the
8 use of raw water as a backup supply, with certain
9 limitations, would not likely cause a significant adverse
10 impact and would be in compliance with applicable laws,
11 ordinances, regulations, and standards.

12 Specifically, staff proposes, and the petitioner
13 agrees, to modify condition of certification Soil and
14 Water 5 such that the Palomar Energy Center may use raw
15 water for no more than 7 consecutive days or 20 days total
16 in a calendar year. Use beyond that period would require
17 CPM approval.

18 In addition, staff proposes and SDG&E agrees to a
19 mitigation fee in the amount of \$522 per acre foot to be
20 imposed on the project whenever raw water is used.

21 The monies would be deposited with the San Diego
22 County Water Authority Conservation Program for water
23 conservation measures.

24 It is anticipated that the facility will
25 infrequently use raw water because in the last several

1 months the City has improved the reliability of the water
2 treatment facility by upgrading the filtration system.

3 I have one additional housekeeping item: Since
4 staff's final analysis was published last Friday, there
5 has been one minor additional change to Soil and Water 5.

6 In the last sentence of the second paragraph, the
7 citation regarding the annual adjustment of the compliance
8 fee was added. The order before you today includes this
9 modification.

10 As for the public process in reviewing this
11 petition, various documents, including staff's analyses,
12 were docketed, posted on the commission's web page, and
13 mailed to the post-certification mailing list.

14 Staff's preliminary analysis included two
15 alternative proposals to mitigate the potential
16 contribution of the use of raw water to cumulative
17 environmental impacts. These alternative proposals were
18 the subject of a Siting Committee Workshop which was held
19 on April 5, under the direction of Commissioner Geesman.
20 The workshop resulted in an agreement between the project
21 owner and staff to the modifications to Soil and Water 5,
22 which I mentioned earlier.

23 Information obtained at the workshop was
24 incorporated into the final analysis.

25 No other comments from the public have been

1 received to date.

2 CHAIRPERSON DESMOND: Thank you.

3 Commissioner Geesman.

4 BOARD MEMBER GEESMAN: Mr. Chairman, I would move
5 the staff recommendation pleas that the applicant and the
6 staff were able to come to a mutual agreement on dealing
7 with a situation which no one hopes will occur, but in an
8 emergency there is a backup necessary to keep the plan
9 operating.

10 It's my belief that the agreement that staff and
11 the applicant have reached is completely consistent with
12 the Commission's 2003 Integrated Energy Policy Report
13 statement regarding the use of fresh water for the cooling
14 of thermal power plants.

15 So I would move the staff recommendation.

16 CHAIRPERSON DESMOND: Thank you.

17 COMMISSIONER BOYD: I will second that motion.

18 CHAIRPERSON DESMOND: All those in favor?

19 (Ayes.)

20 CHAIRPERSON DESMOND: Opposed?

21 So moved.

22 Thank you.

23 Agenda Item No. 3. 2005 Net System Power
24 Calculation. Possible approval of the calculation used by
25 California's electricity retailers in their power content

1 labels, as discussed in the Net System Power Report.

2 Ms. Marks.

3 I see Mr. Ashuckian's going to join.

4 MR. ASHUCKIAN: David Ashuckian from the
5 Legislative Analyst's Office.

6 Actually, if you could skip to the next item, we
7 will have it on here in a minute.

8 CHAIRPERSON DESMOND: Thank you. Very good.

9 Moving to Agenda Item No. 4. 2005 Appliance
10 Efficiency Regulations. The Efficiency Committee will
11 report its plans to continue to a future notice date in
12 the adoption of the proposed amendments to regulations for
13 power supplies and digital adapters to allow for the
14 issuance of 15-day language changes.

15 I would also note I have one blue card.

16 VICE CHAIRPERSON PFANNENSTIEL: Mr. Chairman.

17 CHAIRPERSON DESMOND: Commissioner Pfannenstiel.

18 VICE CHAIRPERSON PFANNENSTIEL: The Efficiency
19 Committee has heard -- has had a hearing on the
20 regulations that were originally put forth in 45-day
21 language, having to do with the -- primarily the digital
22 television adaptors and the external power supplies.

23 Based on the comments we received at that hearing,
24 we are considering revising the language that we put
25 forth.

1 Therefore, we will need to issue additional
2 modified language on the 15-day notice, and we will do so
3 within the next few weeks, to get this back on a
4 Commission calendar, I believe, before the middle of May.

5 So nothing -- there is no action required today
6 for this item.

7 CHAIRPERSON DESMOND: Thank you.

8 Further questions or comments?

9 Mr. Harris.

10 For the record, please state your name and
11 organization you're representing.

12 MR. HARRIS: Thank you. My name is Jeff Harris.
13 I'm here on behalf of EBI, which is a medical device
14 producer out of New Jersey.

15 We are here to support the exemption in Section
16 1601(u). That provision exempts devices that are -- power
17 supplies that are classified as devices for human use,
18 under the Federal Food, Drug, and Cosmetic Act, and
19 require U.S., basically FDA, listing and approval as
20 medical devices. We're very much in support of that
21 exemption.

22 We thank you for your thoughtful consideration of
23 that, and you have our written comments. And we'll make
24 ourselves available to answer any questions, either now or
25 later.

1 CHAIRPERSON DESMOND: Thank you.

2 VICE CHAIRPERSON PFANNENSTIEL: Thank you,
3 Mr. Harris. We appreciated your participation in the
4 proceeding.

5 MR. HARRIS: Thanks.

6 CHAIRPERSON DESMOND: All right.

7 Without any further action, Mr. Ashuckian, are we
8 all set to go?

9 All right.

10 Ms. Marks, back to Agenda Item No. 3. Net System
11 Power Calculation.

12 MS. MARKS: Good morning.

13 CHAIRPERSON DESMOND: Good morning.

14 MS. MARKS: This is the eighth year --

15 CHAIRPERSON DESMOND: Is your microphone on?

16 MS. MARKS: Maybe not.

17 Hello.

18 This is the eighth year that the Energy Commission
19 has been required to approve an annual net system power
20 calculation by April 15th.

21 California's electric utilities and energy service
22 providers are required to publish a power content label
23 that either discloses the specific purchases of
24 electricity they used to serve their customers or to use
25 this net system power calculation.

1 Specific purchases are those sources of
2 electricity identified by fuel type that are traceable to
3 specific generation sources or facilities, and the
4 specific purchases are provided to consumers -- or this
5 information is provided to consumers on their power
6 content label.

7 The utilities have increased their disclosures of
8 specific purchases since this report was first published,
9 and consumers are, therefore, receiving better information
10 today about the power sources of the electricity that they
11 are provided.

12 The staff members that were involved in making
13 this calculation, the 2005 net system power calculation,
14 were Adam Pan, Terry Ewing, and Al Alvarado of the
15 Electricity Analysis Office, and Jason Orta from the
16 Renewables Office.

17 And when the calculation was first done in 1998
18 net system power was 94 percent of California's total
19 power mix. And in 2005, the calculation this year, the
20 net system power truly is the net, representing less than
21 30 percent of California's total power mix or gross system
22 power.

23 The staff estimates that the total amount of
24 electricity consumed in California in 2005 was
25 approximately 288,000 gigawatt hours. And of this gross

1 amount, net system power was only 84,000 gigawatt hours.

2 So net system power is calculated by subtracting
3 out specific purchases from the gross and specific
4 purchases are reported annually to the Energy Commission
5 under its Power Source Disclosure Program that's
6 administered by the Energy Commission's Renewables
7 Program. And then the Electricity Office receives this sum
8 of all retailers' specific purchases that are claimed in
9 the year, broken out by fuel type, and subtracted from our
10 estimate of gross system power.

11 The electric utilities' increased participation in
12 the Power Source Disclosure Program has therefore
13 increased the amount of total power represented in this
14 specific purchase claims. And that's what's driving this
15 net, becoming truly the net.

16 And unfortunately for the net system power
17 calculation, increases in specific purchase claims have
18 also revealed weaknesses in our methodology for estimating
19 gross system power by fuel type, particularly the use of
20 the average power mix method for estimating which fuel
21 types comprise the mix of electricity imports serving
22 California.

23 This year's net system power calculation likely
24 overstates the energy from out-of-state baseload
25 generators.

1 So our power calculation for this year allocated
2 by fuel type is coal, 38.5 percent; large hydro,
3 23.5 percent; natural gas, 33.3 percent, nuclear, none;
4 and eligible renewables, 4.7 percent.

5 Without going into too much detail, suffice it to
6 say that the staff plans to hold a workshop this spring
7 under the greenhouse gas inventory update process to
8 present a new methodology for characterizing imports, and
9 will seek stakeholders' review and comment of it.

10 Al Alvarado, from the electricity office, and I
11 were principal authors of the 2005 Net System Power
12 Report, and we ask your approval of this year's
13 calculation.

14 CHAIRPERSON DESMOND: Thank you.

15 Commission Geesman.

16 COMMISSIONER GEESMAN: Mignon, it's my
17 understanding that with respect to the gross system power
18 table that you show on Page 5, Table 2, that that is
19 compiled using the same methodology that we've used in
20 past years?

21 MS. MARKS: Exactly right, yes. This is the old
22 methodology.

23 COMMISSIONER GEESMAN: Although I think that with
24 the increase in specific purchases, the value of the net
25 power or net system power calculation has been diminished.

1 In fact, we've recommended to the legislature for several
2 years now that the statute be amended to reflect the
3 questionable value of that calculation.

4 There is quite a bit of value in the gross system
5 power numbers. And I think what is intended to rivet
6 attention the last several years is the contribution of
7 renewables.

8 I asked my staff to go back over our last several
9 years of these reports. And I see that in the year 2002,
10 when the renewable portfolio standard was created by
11 statute, the contribution from eligible renewables was
12 10.96 percent; year 2003, that contribution was
13 10.39 percent; the year 2004 it was 10.22 percent; and
14 this year's report suggests that for 2005, it was
15 10.7 percent.

16 I think the best way to characterize that is that
17 it's a pretty sobering report card, in terms of the level
18 of effort that the State has made in trying to create
19 successful renewable portfolio standard and the amount of
20 distance that we still have to go in order to accomplish
21 our goals and the even more aggressive goals the governor
22 set for us for 2020.

23 I think we have a lot to do, Mr. Chairman. And
24 staff has done a good job in compiling this report, and I
25 would move that we adopt it.

1 CHAIRPERSON DESMOND: Thank you.

2 VICE CHAIRPERSON PFANNENSTIEL: I will second
3 that -- Excuse me.

4 And I will also second the characterization of our
5 report card as sobering at best.

6 CHAIRPERSON DESMOND: With that I will call for a
7 vote.

8 All those in favor?

9 (Ayes.)

10 CHAIRPERSON DESMOND: Opposed?

11 So moved.

12 Thank you.

13 MS. MARKS: Thank you.

14 CHAIRPERSON DESMOND: Next item, Agenda number is
15 Bondlogistix. Possible approval of Contract 400-05-018
16 for \$22,500 with Bondlogistix to provide rebate arbitrage
17 services for the Energy Efficiency Master Revenue Bond
18 Series 2003A and 2005A.

19 Ms. Heinz.

20 MS. HEINZ: Good morning.

21 It's sort of an appropriate time of year --

22 THE REPORTER: Could you turn your microphone on,
23 please.

24 MS. HEINZ: It's sort of an appropriate time of
25 year to hire a tax consultant for our bonds. And that's

1 principally what Bondlogistix will be doing.

2 We issued an invitation for a bid, had two
3 responses. One was from the former contractor and
4 Bondlogistix was the winning bid. They were much lower
5 and they are also a fully owned subsidiary of the
6 Underwriters Council, although they are completely well
7 docked, so there is no conflict of interest.

8 And we will ask for your approval of this
9 contract.

10 CHAIRPERSON DESMOND: Okay. Thank you.

11 BOARD MEMBER GEESMAN: Move approval.

12 VICE CHAIRPERSON PFANNENSTIEL: I second.

13 CHAIRPERSON DESMOND: All those in favor?

14 (Ayes.)

15 CHAIRPERSON DESMOND: Opposed?

16 So moved.

17 Thank you.

18 Agenda Item No. 6, Energy Concepts Company.

19 Possible approval of contract 500-05-033 for \$40,000 for
20 Energy Concepts Company to supply, install, and monitor
21 the performance of a ThermoSorber unit, which is a
22 gas-fired hot water heat pump that will meet the
23 refrigeration and hot water requirements at a California
24 food processing plant. And I will note that this is a
25 PIER industrial funded project.

1 Mr. Kapoor.

2 MR. KAPOOR: Good morning.

3 In 2002, Commission entered a contract with Energy
4 Concepts Company. The total contact cost was \$320,000
5 with 80,000 as match funds and PIER contributing
6 \$2,400,000.

7 The purpose of the contract was to demonstrate an
8 emerging technology of a gas-fired hot water heat pump,
9 commercially called ThermoSorber, at two industrial
10 demonstration sites.

11 The contractor successfully completed the
12 demonstration at one industrial facility but could not
13 find the second site within the time frame of the
14 contract. The contractor now has a contract with a large
15 industrial food processor in California for the second
16 demonstration site.

17 The use of this technology has the potential to
18 reduce electrical energy consumption by about 80 percent
19 and thermal energy consumption by about 40 percent when
20 both cooling and heating capacity are fully utilized. The
21 ability to attain this level of savings by industry helps
22 the Commission achieve its stated goals in the Energy
23 Action Plan.

24 Utilities have shown interest in assessing the
25 performance of the savings and possible inclusion of this

1 technology in the rebate program.

2 After the system is installed, an advisory group
3 consisting of utilities and California Air Resources Board
4 will be formed to validate the energy and emission
5 savings.

6 A technology that has proven energy savings would
7 help utilities attain their year 2006-2008 energy savings
8 goal.

9 This project was approved by R&D Committee and,
10 staff is requesting an approval for this project.

11 CHAIRPERSON DESMOND: Thank you.

12 Commissioner Pfannenstiel.

13 VICE CHAIRPERSON PFANNENSTIEL: I have a couple of
14 questions.

15 I see it's a 20-month project.

16 How long will the actual demonstration be?

17 MR. KAPOOR: The demonstration and monitoring is
18 for six months, so once the ThermoSorber unit is
19 installed, then we will get the performance data for six
20 months and get the results. The results will be shown to
21 the utilities. they will go there and check the unit and
22 then they will start giving rebates, depending upon how
23 much savings are there from this technology.

24 VICE CHAIRPERSON PFANNENSTIEL: Now, you say in
25 the write-up that this will help utilities meet their the

1 2006-2008 energy savings goals. And it seems like since
2 we're already well into 2006, the ability to get the
3 demonstration project set up and then undertaken and then
4 analyzed might be a bit late to get the utilities the
5 information for this planning cycle.

6 MR. KAPOOR: It is difficult to complete the
7 performance and give results to utilities in few months.
8 It's not completely installed yet. Once unit is
9 installed, utilities will get results in six months. But
10 mostly we will get the results in three months. So
11 estimate is three to six months.

12 VICE CHAIRPERSON PFANNENSTIEL: And what customers
13 have been involved in this so far?

14 MR. KAPOOR: Mostly food processing companies,
15 breweries, beverage industries, dairy plants.

16 VICE CHAIRPERSON PFANNENSTIEL: I didn't see any
17 reference, but they have been part of this advisory group.
18 You mentioned an advisory group that would be the Energy
19 Commission and the Air Resources Board and the utilities.

20 Are there any customers on that group or potential
21 customers, I should say?

22 MR. KAPOOR: From California Air Resources Board,
23 the ICAT, it's Innovative Clean Air Technology, and from
24 utilities PG&E, SCE, and CLFP.

25 VICE CHAIRPERSON PFANNENSTIEL: I guess I was

1 thinking about those who might actually be installing this
2 new technology in their food processing plants. Any of
3 those involved?

4 MR. KAPOOR: In 2003, one unit already installed a
5 food processing plant in Modesto. At that time we had two
6 workshops, so mostly food processing companies, dairy
7 plants, and meat processing plants, utilities, and those
8 industries or buildings who are using hot water and
9 chilling. All these are involved.

10 VICE CHAIRPERSON PFANNENSTIEL: And have the
11 customers like, for example, the Food Processing
12 Association put in any matching funds for this project?

13 MR. KAPOOR: No, but the contractor is matching
14 \$40,000.

15 VICE CHAIRPERSON PFANNENSTIEL: The contractor is.
16 I saw that. But none of potential customers have
17 contributed to this?

18 MR. KAPOOR: There is an in-kind share from the
19 demonstration site company.

20 VICE CHAIRPERSON PFANNENSTIEL: And I guess my
21 last question is, If this is successful in saving the
22 amount of energy that potential demonstrates, will they
23 need -- will the utilities need to offer an incentive for
24 that? Won't the savings be sufficient pay if for itself,
25 quickly?

1 MR. KAPOOR: I have numbers. Like for
2 electricity, it's close to \$156,000 per year they will
3 have savings for this demonstration site. And for natural
4 gas, \$88,000 per year savings.

5 VICE CHAIRPERSON PFANNENSTIEL: All right. So I'm
6 trying to get at why the utilities would have to pay an
7 incentive, then, for customers to adopt this.

8 MR. KAPOOR: Because this new technology have
9 large savings. Only natural gas is used for getting hot
10 water. In this technology, chilling is energy free. So
11 no electricity use for getting both hot water and
12 chilling. And we are saving electricity. That's why the
13 utilities would be giving rebates depending upon how much
14 net savings companies have. When a new technology is
15 involved, the end users are often reluctant to install it
16 in spite of promised savings. Thus a rebate helps improve
17 the financial worth of untried but promising technology.

18 VICE CHAIRPERSON PFANNENSTIEL: Right. But the
19 customers wouldn't really need the rebate; would they?
20 They would be saving so much money on their electric and
21 gas bills.

22 MR. KAPOOR: Yeah.

23 VICE CHAIRPERSON PFANNENSTIEL: Thank you.

24 BOARD MEMBER GEESMAN: I will move the item,
25 Mr. Chair.

1 CHAIRPERSON DESMOND: Thank you.

2 Is there a second?

3 COMMISSIONER BOYD: I will second.

4 CHAIRPERSON DESMOND: All those this favor?

5 (Ayes.)

6 CHAIRPERSON DESMOND: Opposed?

7 So moved.

8 Next is Agenda Item No. 7. Lawrence Berkeley
9 National Laboratory. Possible approval of Contract
10 500-05-03 for \$1,253,000 with LBNL to develop, use, and
11 validate the performance of cool-colored roofing
12 materials. This is also PIER funded.

13 Mr. Scruton.

14 MR. SCRUTON: My name is Chis Scruton. I'm with
15 the PIER building staff.

16 Cool roofs can significantly reduce building
17 cooling loads, but the lack of cool-colored materials has
18 acted as a market barrier for the residential sector.

19 Four years ago, this commission approved a project
20 with Lawrence Berkeley Labs to develop cool-colored
21 roofing materials. As a direct result of that project,
22 the small selection of cool-colored shingles are now
23 commercially available at the Energy Star roof activity
24 level of 25 percent.

25 Tomorrow, one of the largest corporations in

1 America is expected to recommend a prescriptive standard
2 of 25 percent roof activity for the 2008 Title 24
3 revision. While significant milestones have been reached,
4 there is still a large potential for improvement in many
5 roofing product categories.

6 If the Commission chooses to fund this further
7 effort, we can expect to see more of this potential
8 reached.

9 This three-year project has been approved by the
10 R&D Committee, and the staff recommends Commission
11 approval.

12 I would be happy to try to answer any of your
13 questions.

14 CHAIRPERSON DESMOND: Commissioner Rosenfeld is
15 not here. I'm sure he would be weighing in on this.

16 Commissioner Geesman.

17 BOARD MEMBER GEESMAN: He certainly would. And in
18 his absence, I'll move the item.

19 VICE CHAIRPERSON PFANNENSTIEL: I will second.

20 CHAIRPERSON DESMOND: Thank you.

21 All those in favor?

22 (Ayes.)

23 CHAIRPERSON DESMOND: Opposed?

24 So moved.

25 Thank you.

1 Next item, Agenda Item No. 8. University of
2 California, Davis. Possible approval of Contract
3 600-05-007 for \$99,426 to UCD to study and evaluate the
4 willingness of consumers to purchase more fuel efficient
5 but more expensive light-duty vehicles.

6 Mr. Bemis.

7 MR. BEMIS: Good morning. My name is Gerry Bemis
8 from the Fuels and Transportation Division's Special
9 Projects Office.

10 The purpose of this proposed contract is to
11 conduct a targeted survey of both early adopters and the
12 general public. The results can be used to develop a
13 nationwide strategy to enhance consumer purchases of more
14 fuel-efficient vehicles. These results may prove valuable
15 for a multi-state coalition to advocate for more
16 fuel-efficient vehicle use.

17 This contract would cofund ongoing market
18 assessment work at the University of California at Davis's
19 Institute of Transportation Studies, partly funded by Oak
20 Ridge National Lab.

21 The survey would be conducted by one of several
22 companies that the auto manufacturers use for their own
23 work. It would begin as soon as possible and end in the
24 fall of 2006.

25 The survey results can be used to develop a

1 marketing strategy so bridge the gap between early
2 adopters and the more general market for light-duty
3 vehicles, including both passenger cars and light trucks.

4 This work scope would include initial design and
5 update of a survey using Oak Ridge funding, not Energy
6 Commission funding, but ancillary funding from Oak Ridge
7 National Lab.

8 The researchers would re-interview selected
9 participants from the previous work in order to evaluate a
10 pilot analysis of the survey form and then refine it with
11 our input and then conduct a more detailed survey. The
12 previous work that they did under Oak Ridge funding was a
13 detailed in-house interview, about two hours long, and
14 they would select from that group a subset to pilot test
15 the new survey form.

16 After they did that, they would conduct a
17 nationwide survey using the Internet and a subcontractor.

18 The subcontractor himself has not yet been
19 identified because he would be selected as part of the
20 work under the contract.

21 CHAIRPERSON DESMOND: Is that it?

22 MR. BEMIS: That's it.

23 Thank you.

24 COMMISSIONER BOYD: Mr. Chair?

25 CHAIRPERSON DESMOND: Commissioner.

1 COMMISSIONER BOYD: This item was originally
2 scheduled for hearing by this commission on the 29th of
3 March, but because of questions from members of the
4 commission, it was put over to this business meeting on
5 the assumption that those questions would be satisfied.

6 As a result of these questions, there's been a lot
7 of data moving back and forth and a lot of questions asked
8 and answered provided, some of which don't make me feel
9 really good about where we stand with regard to some of
10 our responsibilities under the legislation, such as
11 AB 1007.

12 This is a project for which I do intend to vote,
13 that is tied to fuel efficiency, but in the discourse
14 that's taken place over the past couple of weeks, it's
15 been alleged that this is an essential foundation study
16 for the AB 1007 project, which is an alternative fuels
17 project. And I was pretty strained by that particular
18 statement.

19 And if it is to be tied to AB 1007, and as chair
20 of the Transportation Committee, I did vote for this and
21 endorse this project when it passed through our committee.
22 However, at that time it was seen more of an adjunct to
23 information we would like to have about fuel efficiency
24 and in light of the price volatility that citizens of the
25 state have been subjected to. It wasn't so much tied to

1 AB 1007, which is an alternative fuels strategy
2 development proposal.

3 And I would like to ask Mr. Bemis if this contract
4 could be expanded to include some questions and some work
5 about alternative fuels, because we owe a plan on that
6 subject early next year. And as an agency, we've
7 committed ourselves to try to finish that plan by the end
8 of this calendar year. And that would be very relevant to
9 the issue we have at hand, i.e. an alternative fuels plan.

10 MR. BEMIS: To respond, if I could respond to both
11 parts of this. The first thing I would like to respond to
12 is how does this relate to AB 1007.

13 Alternative fuel vehicles always have to compete
14 against the existing fleet of vehicles, i.e. gasoline
15 powered vehicles.

16 And so the response to the question was basically,
17 if you have an alternative fuel vehicle and you want to
18 penetrate, say, the market with that, you've got to
19 consider what they are currently using. And that's the
20 gasoline powered car.

21 And if we get people to use more efficient
22 gasoline powered cars, then it would be more difficult for
23 an alternative fueled vehicle to compete against it.
24 We've raised the bar, in other words, in terms of miles or
25 cents per mile of operating cost, if you will.

1 So to me, that's how they fit together, that this
2 establishes or could change the benchmark against which
3 you have to evaluate alternative fuel vehicles in a
4 consumer market.

5 CHAIRPERSON DESMOND: Mr. Bemis, can I just ask a
6 clarification.

7 When you refer to alternative fuel vehicles, are
8 you putting hybrids in that category? Are you putting
9 hybrids in the category of existing of petroleum powered
10 vehicles?

11 MR. BEMIS: Oh. The current hybrids I would
12 consider that to be a gasoline powered car.

13 CHAIRPERSON DESMOND: Thank you.

14 MR. BEMIS: That's battery assisted, if you will.

15 BOARD MEMBER GEESMAN: And what about blend fuels?

16 MR. BEMIS: The survey isn't intended on asking
17 people about blend fuels, because it's pretty focused on
18 their vehicle purchasing decisions.

19 BOARD MEMBER GEESMAN: No, I'm more curious as do
20 you characterize vehicles using blend fuels akin to the
21 way you characterize hybrids? Or do you characterize them
22 as alternative fuel vehicles?

23 MR. BEMIS: That's an interesting question.

24 In other words, as we go -- if you go from 5.7
25 percent ethanol in our gasoline to 10 percent ethanol, for

1 example, you're adding it to the existing fleet of
2 vehicles. You're not putting in specialized
3 infrastructure as you would for natural gas and all of
4 that, so you wouldn't have to change any consumer behavior
5 in terms of they go to the same place to get their fuel,
6 so in that sense it's kind of, like, more conventional
7 from the perspective of a consumer.

8 CHAIRPERSON DESMOND: Maybe I will restate the
9 question.

10 What meets the definition of an alternative fuel
11 vehicle?

12 If gasoline, including a mix of fuels, is
13 considered gasoline, and a hybrid is considered as
14 gasoline, you're referring to only electric vehicle and
15 natural gas?

16 MR. BEMIS: I'm not sure what they're including in
17 the --

18 CHAIRPERSON DESMOND: AB 1007.

19 MR. BEMIS: In 1007. I'm not working on that.

20 But I would think, personally, that the definition
21 might hinge on whether or not you have to put in
22 specialized infrastructure for operating a vehicle.

23 In other words, if you increase the ethanol
24 content of gasoline, certainly that displaces gasoline,
25 and that's a good thing. And it's an alternative that

1 reduces the use of petroleum fuels. But to a consumer
2 extent, it changes their behavior because they go to the
3 same place to get their fuel.

4 CHAIRPERSON DESMOND: So clean diesel fits in this
5 category?

6 MR. BEMIS: Interesting question.

7 I think that's the petroleum products. And you
8 would need that upgrade infrastructure though, wouldn't
9 you?

10 CHAIRPERSON DESMOND: Depends on the blend, I
11 guess.

12 MR. BEMIS: It depends on how hard people want to
13 search for their fuel. You can get diesel, but there
14 aren't very many stations.

15 CHAIRPERSON DESMOND: Sorry to get sidetracked.

16 Commission Boyd, do you have a question?

17 MR. BEMIS: The second half of that question I
18 hadn't really addressed.

19 And I'm sorry. Would you restate it a little bit.

20 COMMISSIONER BOYD: The question really was, can
21 we not add some questions to this survey about alternative
22 fuels? It's kind of one threshold is whether people
23 really are motivated by fuel efficiency in their buying
24 decisions. But another question, to me, would be very key
25 to an alternative fuel plan, that we're going to provide

1 to the governor, to know whether people have any reticence
2 about purchasing alternative fuel vehicles and what goes
3 into the decision making relative to that question?

4 Alternative fuels, from the standpoint of this
5 agency, has been of interest because it addresses fuel
6 energy security through energy diversity approaches. It's
7 really not meant to be approached by us by a efficiency or
8 even emissions benefit type of activity.

9 So 1067 is really oriented toward alternative
10 fuels. And since we just went on record of supporting
11 biofuels and having just submitted that to the governor
12 and considering biofuels being ethanol/gasoline mixes or
13 biodiesel, what have you, as alternative fuels.

14 I think we have already set the bar on what's an
15 alternative fuel and what's conventional petroleum fuels.

16 Anyway, that's a very long way to get to the
17 question about could we not have some questions about how
18 people would react to buying alternative fuel vehicles,
19 purposely.

20 MR. BEMIS: I think we probably could. I think
21 that there may need to be more involvement on staff at our
22 working at AB 1007, to make sure that those needs are met.

23 There might be some need for additional thought
24 about the infrastructure side of it, because I don't think
25 these people have share. These people don't have any mind

1 looking at infrastructure limitations in terms of what
2 would it take to get you into a CNG car because there's no
3 CNG fueling stations, for example.

4 So I can see, again, the infrastructure issue that
5 would need to be addressed and I don't know that these
6 folks have really done that much work in this particular
7 area.

8 COMMISSIONER BOYD: I suspect they have.

9 In any event, thank you for your response.

10 CHAIRPERSON DESMOND: Commissioner Pfannenstiel.

11 VICE CHAIRPERSON PFANNENSTIEL: One of the other
12 issues that has come up with this project was the cost of
13 the survey itself. And we have budgeted for -- This
14 proposal is budgeted about \$60,000 for the survey. But I
15 understand that that amount is merely a budget amount and
16 in fact that we expect the contractor to go out or bid or
17 subcontractor to do the survey; is that correct?

18 MR. BEMIS: Yes.

19 VICE CHAIRPERSON PFANNENSTIEL: So we will get --
20 I don't know how that's going to be defined and I think if
21 we capture the suggestions of Commissioner Boyd, it may be
22 a slightly different survey than would have been the case.
23 But that should define for us, shouldn't it, the cost of
24 doing this kind of survey?

25 MR. BEMIS: And how we will do the survey.

1 I have received an estimate from one of the
2 potential bidders that lays out three different options
3 for their perspective on how you could do the survey with
4 a budgeted amount for each one of them and how the scope
5 of the survey and things like that.

6 And the budgeted amount of the -- 60,000 was the
7 upper limit of what they came back with.

8 So I don't really know if they knew that as a
9 limit when they were talking with the investigators.

10 VICE CHAIRPERSON PFANNENSTIEL: But I guess I'm a
11 little confused. I didn't think that we were the ones who
12 were selecting the subcontractor; is that correct?

13 MR. BEMIS: That's correct. We are not. I was
14 given that for a piece of information.

15 VICE CHAIRPERSON PFANNENSTIEL: So the contractor
16 will get this information?

17 MR. BEMIS: Yes.

18 VICE CHAIRPERSON PFANNENSTIEL: And that then, do
19 we at some point weigh in to discuss exactly what you were
20 saying about the scope of it, the form of survey, the cost
21 that we're willing to pay?

22 MR. BEMIS: Yes.

23 VICE CHAIRPERSON PFANNENSTIEL: So it will be
24 brought back to us at that point?

25 MR. BEMIS: There will be ongoing interactions

1 with the contract manager and the investigators.

2 VICE CHAIRPERSON PFANNENSTIEL: Thank you.

3 CHAIRPERSON DESMOND: I wanted to follow up on
4 Commissioner Pfannenstiel's questions. The subcontractor
5 is there actually only to implement the surveys; is that
6 correct? That both Oak Ridge and UC Davis will be
7 developing a survey instrument?

8 MR. BEMIS: Yes, that's correct.

9 CHAIRPERSON DESMOND: So how would that
10 necessarily change? Because it's a key distinction there,
11 once that work leaves here and then it could, in fact,
12 significantly increase the cost if we expand the nature
13 and length of that survey.

14 Second question. This is federal research,
15 correct, and we're being asked to pick up the difference
16 in their budget that has recently been cut in order to
17 continue the work that was identified several years ago?

18 MR. BEMIS: Yes.

19 CHAIRPERSON DESMOND: So would it be safe to
20 assume that the DOE would be required to approve of
21 changes in the federal research work?

22 MR. BEMIS: If we were to expand the scope to go
23 into alternative fuels? Possibly so.

24 CHAIRPERSON DESMOND: Which could lead to a delay
25 in the work?

1 MR. BEMIS: Possibly so.

2 CHAIRPERSON DESMOND: I also have some other
3 questions I would like to ask. But first, let me follow
4 on to Jim -- Commissioner Boyd's statements.

5 These are important questions, meaning, we do need
6 to clearly understand. And there is value in having a
7 greater sense of how people are making decisions in order
8 to help us as we go forward.

9 A couple administrative points. This \$99,000
10 contract is not a competitive solicitation; correct?

11 MR. BEMIS: Correct.

12 CHAIRPERSON DESMOND: And the cost references are
13 based on work that was done seven years ago? That was the
14 justification contained in the document.

15 MR. BEMIS: There are estimates of the cost to do
16 the work.

17 CHAIRPERSON DESMOND: Okay.

18 MR. BEMIS: And there was some examples given of
19 work that was done several years ago for comparison
20 purposes. That was done a couple of weeks ago by the
21 request that was made earlier.

22 CHAIRPERSON DESMOND: But the work done seven
23 years ago was not likely e-mail surveys, which is what has
24 been proposed in the statement of work.

25 MR. BEMIS: Correct.

1 CHAIRPERSON DESMOND: So not necessarily the best
2 comparison, but a comparison nonetheless. Okay.

3 There was a response to an earlier question that
4 we had in which you had indicated the objections of the
5 proposal were to investigate driver behavior relative to
6 fuel use in a more detailed way, than all previous
7 research, including large-scale econometric modeling.

8 And I think that's an appropriate question to ask.
9 But what I would like to know is how do we know what all
10 previous research is.

11 MR. BEMIS: That's actually a quote from the
12 investigator. That's why you see quotes in the response
13 to that, which we submitted last night. And so it's based
14 on their knowledge, not mine.

15 CHAIRPERSON DESMOND: Okay. Does staff or has
16 staff undertaken an effort to understand any current,
17 existing research available that would provide answers to
18 similar questions that are being proposed here in the
19 statement of work?

20 MR. BEMIS: Not really, because the work really
21 extends work done previously by Oak Ridge.

22 CHAIRPERSON DESMOND: All right. I will come back
23 to that here in a moment.

24 What specific CEC transportation models might be
25 modified as a result of this work?

1 MR. BEMIS: None.

2 CHAIRPERSON DESMOND: Okay. I notice that in the
3 scope of work here that this is set up as a requirement
4 that the subcontractor maintain a database of recently
5 purchased vehicles.

6 In addition to JD Power and Associates, who else
7 might be available to provide that database?

8 MR. BEMIS: There are -- they listed actually a
9 total of four different potential subcontractors, each of
10 which would have their own set of data.

11 And I don't have all of them. I can tell you one
12 or two of them.

13 CHAIRPERSON DESMOND: Okay. It's more than one,
14 though.

15 MR. BEMIS: More than one.

16 CHAIRPERSON DESMOND: Okay. Did you include the
17 California Department of Motor Vehicles, if what we're
18 interested in is a database of people who we assume
19 purchased vehicles?

20 MR. BEMIS: No. I investigated that possibility,
21 talked with our staff about the availability of using that
22 database, and with reluctance it could possibly be used
23 because there's a reluctance to basically use that data
24 because of the nature of the data itself. But it could
25 possibly be used.

1 CHAIRPERSON DESMOND: Okay. I think Jim has
2 already explored the questions regarding the relationship
3 to AB 1007.

4 And I will turn to transportation. I want to go
5 back to the description. This is clearly targeted, I
6 think, at the questions around consumer purchase of more
7 efficient but more expensive light-duty vehicles; is that
8 correct?

9 MR. BEMIS: This is really looking at -- not quite
10 correct.

11 This is really looking at what do people use, what
12 is in their mind when they're making a decision? What
13 mental model do they have when they are making a decision
14 of what vehicles to buy? And that includes things like do
15 they even know how much fuel they use in a year? Or how
16 much their current cars consume in a year? And how much
17 money they spend in a year on gasoline?

18 And if they don't know that information, then how
19 in the world could they be expected to use that in an
20 economically rational decision making process. Or do they
21 use other factors: Because they want to avoid
22 contributing to big oil or because they want to be able to
23 drive past the gas station or because they don't want to
24 send their money to the Middle East or whatever or they
25 just they want new technology or to look good. What they

1 buy in a certain sense to reflect their image, rather than
2 doing a life cycle cost effectiveness evaluation, which is
3 basically a primary assumption from a lot of econometric
4 modeling.

5 CHAIRPERSON DESMOND: Okay. But the phrase "more
6 efficient but more expensive light-duty vehicles" appears
7 both in the description and throughout the document, in
8 Appendix A and the original write-up.

9 MR. BEMIS: Right. The idea is to study the
10 market behavior of early adopters that are buying these
11 more expensive --

12 CHAIRPERSON DESMOND: I'm with you.

13 Let me ask the follow-up question to that then.

14 Is a four cylinder vehicle more fuel efficient
15 than a six cylinder but yet costs less money?

16 MR. BEMIS: Can be.

17 CHAIRPERSON DESMOND: Okay. So would one of the
18 questions that we might want to consider is, why not
19 encourage people to buy four cylinder versus six cylinder
20 as opposed to stating it as "more expensive yet more fuel
21 efficient"?

22 MR. BEMIS: It -- That question about the "more
23 expensive and more fuel efficient" really was, why are
24 people spending so much money for hybrids when they don't
25 get their money back in their fuel savings?

1 CHAIRPERSON DESMOND: Okay.

2 MR. BEMIS: And that was really what was behind
3 that question.

4 We want to understand the market buying behavior
5 of the early adopters of these more expensive vehicles,
6 compare that with a market buying behavior of the general
7 population and see if there's a way we can get that
8 behavior into the larger scale market.

9 CHAIRPERSON DESMOND: I got you.

10 So I want to then come back to what I had said
11 earlier, about how do know what other research has been
12 done.

13 And through a very small effort, I can tell you
14 that in 2004 JD Power and Associates published a fairly
15 comprehensive report entitled Consumer Acceptance of
16 Alternative Power Trends, in which they go into detail on
17 attitudes and viewpoints on economics, technology, and the
18 environment, expectation about future fuel prices,
19 perceptions of alternative power trend and future power
20 trend uncertainties.

21 I found at least 20 other reports published in the
22 last 2 years that answered these very questions. And so
23 what I'm simply trying to ask is, we are asking to spend
24 \$99,000 to answer questions from which there is a body of
25 research that we should be analyzing, here as staff, to

1 inform us about what is anticipated to be a marketing
2 plan. And what I heard you say is that staff has not
3 looked at this research.

4 MR. BEMIS: I have not.

5 CHAIRPERSON DESMOND: Okay.

6 So let me then conclude with questions about the
7 assumption regarding a marketing plan.

8 You're anticipating that the State will engage in
9 a marketing plan to modify consumer behavior?

10 MR. BEMIS: That's one of the outcomes, if we wish
11 to use -- If we wish to do something, if we can't get the
12 federal government to improve it, what can we do at the
13 State level? What can the states do together as a
14 multi-state coalition to get their consumers to buy more
15 fuel efficient vehicles if we can't get the standards
16 raised?

17 CHAIRPERSON DESMOND: So do we have any sense of
18 how much it would actually cost to influence consumer
19 behavior on vehicle purchases?

20 MR. BEMIS: I don't know how much it would cost to
21 have them design that number of --

22 CHAIRPERSON DESMOND: Number of impressions that
23 would be required?

24 MR. BEMIS: Millions of dollars.

25 CHAIRPERSON DESMOND: Okay.

1 MR. BEMIS: I know --

2 CHAIRPERSON DESMOND: And when might that be
3 available? How soon? 2008? 2007?

4 MR. BEMIS: As I think one of the documents says,
5 that could very well be an outcome of the 2007 and would
6 be looked at as an option.

7 CHAIRPERSON DESMOND: So three years away.

8 And part of the reason you're asking to do this
9 research here again, is that the research done in 2003 was
10 deemed to be out of date. So three years from today, are
11 we going to be back to the same sets of questions?

12 MR. BEMIS: Three years -- In 2003 the data was of
13 the date. I don't know --

14 CHAIRPERSON DESMOND: Mr. Bemis, at this point, I
15 have all the information I need.

16 Thank you.

17 MR. BEMIS: You're welcome.

18 CHAIRPERSON DESMOND: Any further discussion?

19 COMMISSIONER BOYD: Mr. Chair, I'm going to make a
20 motion to approve this item. I was going to predicate it
21 on the provision that would require the staff to include
22 some alternative fuels questions.

23 In light of the dialogue that I'm listening here
24 to now, I'm not going to put that burden on the item for
25 fear that it may delay this thing excessively, well beyond

1 my term of office. But I am going to make a strong
2 suggestion that the staff report to Transportation
3 Committee its investigation of whether or not we can do
4 that without significantly delaying this survey.

5 So with that proviso, I will move acceptance of
6 the item.

7 VICE CHAIRPERSON PFANNENSTIEL: Mr. Chairman, I
8 would second the item, but I would further another request
9 of staff to come back to the Transportation Committee as
10 soon as possible with some description to us of recent
11 other work that has been done to date on this same
12 subject. And I would suggest that come back to
13 Transportation Committee before this contract is, in fact,
14 effectuated.

15 With that, I second the motion.

16 COMMISSIONER BOYD: I'd accept that.

17 CHAIRPERSON DESMOND: Okay. I would -- And I
18 appreciate that.

19 As I said in the beginning, I think the questions
20 are valid. I'm not convinced, however, that this is, in
21 fact, the appropriate vehicle or the amount of money to
22 get answers to the questions that have been posed. And I
23 respect the Committee's wishes there.

24 Commissioner Geesman, do you have anything to add?

25 COMMISSIONER GEESMAN: I'm afraid, after listening

1 to the discussion, I'm not prepared to vote for this. So
2 I think that at best, we put it over.

3 CHAIRPERSON DESMOND: Okay.

4 Then we will hold this to a future meeting.

5 Thank you.

6 And please be prepared to come back with answers
7 to the questions.

8 Agenda No. 9. Approval of the Minutes of March --

9 COMMISSIONER BOYD: Move approval.

10 CHAIRPERSON DESMOND: Thank you.

11 Is there a second?

12 COMMISSIONER GEESMAN: Second.

13 CHAIRPERSON DESMOND: All those in favor?

14 (Ayes.)

15 CHAIRPERSON DESMOND: So moved.

16 No. 10. Committee Presentations or Discussions.

17 VICE CHAIRPERSON PFANNENSTIEL: I would just
18 offer, Mr. Chairman, that yesterday I attended the
19 governor's Climate Summit in San Francisco where he
20 described the work he has been doing or the administration
21 has been doing. The administration works really in close
22 cooperation with the legislature, moving towards the
23 Climate goals that he set forth, ten months ago, in San
24 Francisco.

25 It was an event attended by perhaps a couple

1 hundred people who were coming in from different aspects
2 of the climate question.

3 I guess what I took away from it was that among
4 the, say, 20 panelists who were there, there seems to be
5 incredibly more agreement than disagreement: Agreements
6 around both the science; the need for immediate action;
7 the need for technology potentials for solving some of the
8 problems; the need for changes and the urgency.

9 There was -- The only areas of somewhat
10 disagreement had to do with the impact on the business
11 climate and the state and how rapidly one can move ahead
12 without, in fact, having a negative impact in the business
13 climate.

14 But there was -- It was all based on, and I think
15 with very little disagreement from, the Climate Action
16 work that had been done, that Commissioner Boyd and B.B.
17 contributed actively to. So it was an excellent
18 opportunity just to kind of put another stake in the
19 ground, and we said we were going to move ahead on this, a
20 year ago. We are moving ahead on it and we are going to
21 get back together, regularly, and check our progress.

22 CHAIRPERSON DESMOND: Great. That's very
23 exciting.

24 COMMISSIONER BOYD: Mr. Chairman.

25 CHAIRPERSON DESMOND: Commissioner Boyd.

1 COMMISSIONER BOYD: I just thought I would mention
2 to the other commissioners how the fact that yesterday the
3 Natural Gas Committee consisting of myself and yourself
4 accompanied by legislature, legislative staff, and some
5 staff members here, took the occasion to visit the Semptra
6 Energia Costa Azul Baja Mexico LNG facility that is under
7 construction and obviously destined to be the first LNG
8 facility of the western coast of North or South America,
9 if I remember correctly.

10 And admittedly, we are quite impressed with what
11 we saw in terms of just the physical facility and the
12 immenseness of it.

13 And I think I can speak for others, certainly for
14 myself, but I'm very impressed with the amount of
15 environmental protection and particularly protection of
16 the flora and the fauna and marine life efforts that have
17 been undertaken there. But frankly have not received any
18 notice, notoriety, or what have you, that I have seen. An
19 extensive efforts to preserve all vegetation and restore
20 it. And an immense nursery. And an incredible effort to
21 removal all the marine life from the floor of the ocean
22 and relocate it elsewhere so as to not to be interfered
23 with by the breakwater they are going to provide and the
24 tanker tractor you are going to see.

25 So the idea that we are exporting our

1 environmental concerns to another country to take
2 advantage of receiving the product of natural gas, to me,
3 was pretty well put to bed by extensive efforts to
4 appreciate and to mitigate any potential harm to anything
5 in the area.

6 It was quite impressive. And I think the
7 legislators in question who did accompany us were equally
8 impressed.

9 CHAIRPERSON DESMOND: No. I agree. It was well
10 worth the time. And just to simply echo all the comments
11 that you made, which is that they have done an outstanding
12 job being sensitive to the issues, almost as if they were
13 in compliance with CEC regulations.

14 But anything else?

15 COMMISSIONER BOYD: That's all I have. Thank you.

16 CHAIRPERSON DESMOND: Great.

17 Next then the chief counsel's report.

18 Mr. Chamberlain.

19 CHIEF COUNSEL CHAMBERLAIN: Yes. Thank you, Mr.
20 Chairman.

21 As the Commission is aware, last year Congress
22 enacted mandatory reliability legislation. Last week
23 there were important activities in that area. The North
24 American Electric Reliability Council filed its
25 application with the Federal Energy Regulatory Commission

1 to be certified as the electric reliability organization.

2 In addition, the Western Interstate Energy Board
3 has begun the circulation of a petition that the governors
4 of the Western states are anticipated to sign, that would
5 create a Western interconnection region advisory body.

6 The application of the Electric Reliability
7 Organization includes 102 reliability standards, some of
8 which are quite technical. And one of the things that we
9 discussed last week was the need for the Western
10 Electricity Coordinating Council to provide at least the
11 members of the regional advisory body, and certainly any
12 other government and employees or decision makers who
13 would be interested in understanding better, what those
14 102 standards are about -- some Web-based training, which
15 we will be putting together, probably in May or June. So
16 I will inform you and your staffs when that would be
17 available.

18 I will also be providing you more detailed notes
19 of what occurred last week at the Western Interstate
20 Energy Board and Committee on Electric Power Corporation.

21 CHAIRPERSON DESMOND: Thank you.

22 Any questions from the Committee?

23 Okay.

24 Mr. Matthews on behalf of our executive director.

25 ACTING EXECUTIVE DIRECTOR MATTHEWS: B.B. is on

1 personal business; will be back tomorrow.

2 On the admin side, we are getting ready to do the
3 third-quarter review. The Budget Management Committee is
4 telling you all where we are and some opportunities to do
5 some other things.

6 CHAIRPERSON DESMOND: Great.

7 Commissioner Geesman.

8 BOARD MEMBER GEESMAN: Scott, I noticed that you
9 were actually in the meeting of the R&D committee,
10 probably several weeks ago now. But one of the topics
11 discussed was the PIER program's suggestion that SB 1250
12 include a study of PIER classifications by the, I believe,
13 Department of Personnel Administration.

14 And in that discussion, I suggested that the topic
15 be brought to the management in Budget Committee with a
16 mind to addressing all of the Commissions' staff
17 classifications. So I flag that if you are planning a
18 Management and Budget Committee meeting soon, that that
19 should be a topic that we address.

20 ACTING EXECUTIVE DIRECTOR MATTHEWS: I would be
21 glad to. We are actually doing a number of things in that
22 area and we will report at that time.

23 CHAIRPERSON DESMOND: Thank you.

24 And anything on behalf of the legislative
25 director's report?

1 ACTING EXECUTIVE DIRECTOR MATTHEWS: No.

2 CHAIRPERSON DESMOND: Public adviser's report?

3 ACTING PUBLIC ADVISER BARTSCH: Mr. Chairman,
4 Members, Nick Bartsch for Margaret Kim. We don't have
5 anything further to report.

6 CHAIRPERSON DESMOND: Thank you, Nick.

7 Public comment. Do we have anyone on the phone or
8 any additional new cards?

9 No?

10 Okay.

11 As I indicated earlier, Item 16 was removed, so
12 that concludes this business meeting.

13 Thank you very much.

14 (Thereupon the California Energy Commission
15 Business Meeting adjourned at 11:00 a.m.)

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1 CERTIFICATE OF REPORTER

2 I, KATHRYN S. KENYON, a Certified Shorthand Reporter
3 of the State of California, do hereby certify:

4 That I am a disinterested person herein; that the
5 foregoing California Energy Commission Business Meeting
6 was reported in shorthand by me, Kathryn S. Kenyon, a
7 Certified Shorthand Reporter of the State of California,
8 and thereafter transcribed into typewriting.

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

12 IN WITNESS WHEREOF, I have hereunto set my hand this
13 23rd day of April, 2006.

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