

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 7, 2006

10:04 A.M.

Reported by:
Peter Petty
Contract Number: 150-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, Vice Chairperson

Arthur Rosenfeld

James Boyd

John L. Geesman

STAFF and CONSULTANTS PRESENT

B.B. Blevins, Executive Director

William Chamberlain, Chief Counsel

Randy Roesser

Betty LaFranchi

Dale Trenchel

Mike Trujillo

Martha Brook

Mark Rawson

Marla Mueller

Philip Misemer

Dave Michel

Malachi Weng-Gutierrez

Jason Sterling

PUBLIC ADVISER

Nicholas Bartsch

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

2 10:04 a.m.

3 VICE CHAIRPERSON PFANNENSTIEL: Welcome
4 to the Energy Commission biweekly business
5 meeting. Please join me in the Pledge of
6 Allegiance.

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

9 VICE CHAIRPERSON PFANNENSTIEL: We have
10 one change to the agenda. Item number 11 will be
11 put over to the next business meeting.

12 With that, the consent calendar, do we
13 have a motion to approve the consent calendar?

14 COMMISSIONER ROSENFELD: I move the
15 consent calendar.

16 COMMISSIONER GEESMAN: Second.

17 VICE CHAIRPERSON PFANNENSTIEL: In
18 favor?

19 (Ayes.)

20 VICE CHAIRPERSON PFANNENSTIEL: Consent
21 calendar is approved.

22 Item number 2, Possible approval of
23 contract 200-06-002 for a one-year interagency
24 agreement with the Resources Agency for \$144,500
25 to provide assistance and coordination as the

1 principal communications link between the
2 Governor's Office and the Energy Commission.

3 Mr. Roesser.

4 MR. ROESSER: Good morning; my name's
5 Randy Roesser; I'm with the Budget Office here at
6 the Energy Commission.

7 This contract is the annual contract
8 that we execute with the Resource Agency who is
9 responsible for overseeing much of the work for
10 all the departments, boards and commissions that
11 fall under their specific agency.

12 For this contract the specific items
13 that the Resource Agency performs for us is they
14 review and facilitation pushing through our budget
15 change proposals annually, a lot of our
16 legislative hearing materials are coordinated
17 through the Resource Agency; and just a variety of
18 actions that occur during the year on behalf of
19 the Energy Commission.

20 VICE CHAIRPERSON PFANNENSTIEL: Thank
21 you. Are there questions?

22 COMMISSIONER GEESMAN: I'll move the
23 item.

24 COMMISSIONER ROSENFELD: I'll second.

25 VICE CHAIRPERSON PFANNENSTIEL: In

1 favor?

2 (Ayes.)

3 VICE CHAIRPERSON PFANNENSTIEL: Thank
4 you.

5 MR. ROESSER: Thank you.

6 VICE CHAIRPERSON PFANNENSTIEL: Item 3,
7 Possible approval of contract 200-05-003 for
8 \$100,000 to provide consulting services to resolve
9 the Energy Commission's recruitment and retention
10 issues.

11 MS. LaFRANCHI: Good morning,
12 Commissioners. My name's Betty LaFranchi and I'm
13 the Branch Manager for the Human Resources and
14 Support Services Branch.

15 As you are probably well aware the
16 Energy Commission is facing many serious workforce
17 issues and competition is very great for the
18 individuals who have skills and knowledge that the
19 Commission needs to successfully accomplish its
20 programmatic goals.

21 And additionally there are some very
22 unique processes that we're required to go through
23 because of the state merit system and the way
24 salaries are set by the State of California.

25 The proposed contract with CPS would

1 provide expert advice and assistance to pursue
2 some changes in our classification and pay
3 structure that would hopefully help resolve some
4 of our work force issues.

5 CPS was established in 1985 by a joint
6 power agreement between the State of California
7 and many local governments and special districts
8 to provide assistance to those entities to help
9 them resolve human resource and related management
10 issues.

11 CPS has vast experience working with the
12 State Department of Personnel Administration and
13 the State Personnel Board. They have successfully
14 written and presented many proposals to the
15 control agencies.

16 Additionally, they consistently provide
17 services to both the Department of Personnel
18 Administration and the State Personnel Board, and
19 they therefore have personal knowledge and
20 expertise that just does not exist here within the
21 Energy Commission.

22 CPS will give the Commission expert
23 guidance to determine specific measures it should
24 pursue, complete the justifications and all the
25 required documentation and present these requests

1 to these control agencies.

2 For these reasons I'm requesting your
3 approval today for the contract.

4 VICE CHAIRPERSON PFANNENSTIEL: Thank
5 you. Are there questions on the item?
6 Commissioner Geesman.

7 COMMISSIONER GEESMAN: I'll move the
8 item. The Management and Budget Committee has
9 conveyed over the course of the last six months or
10 so to Mr. Blevins the importance that we attach to
11 this, and our belief that this is an area that has
12 not received proper attention from the Executive
13 Office over a period of probably eight to ten
14 years. So, there's a lot of work here to be done
15 to modernize our classifications, and this
16 contract is an important aspect of doing that.

17 COMMISSIONER BOYD: I'll second the
18 motion.

19 VICE CHAIRPERSON PFANNENSTIEL: Any
20 other discussion?

21 In favor?

22 (Ayes.)

23 VICE CHAIRPERSON PFANNENSTIEL: Thank
24 you; the contract is approved.

25 MS. LaFRANCHI: Thank you.

1 VICE CHAIRPERSON PFANNENSTIEL: Item 4,
2 Possible approval of contract 400-05-020 for
3 \$400,000 to develop a California Home Energy
4 Rating System. Mr. Trenchel.

5 MR. TRENSCHEL: Thank you. This
6 technical assistance contract supports policies
7 that the Commission set forth in a 2005 Integrated
8 Energy Policy Report, where it recognized the
9 tremendous potential for energy savings in the
10 existing buildings market. And it also referred
11 to actions such as energy inspections that could
12 be done at the time of property sale.

13 It also supports the recommendations set
14 forth in the Energy Commission's Assembly Bill 549
15 report to the Legislature on options for energy
16 efficiency in existing buildings.

17 And the specific recommendations there
18 were to complete the second phase of the HERS
19 proceeding to develop a HERS rating method, and to
20 pursue programs to perform these ratings at the
21 time that properties are sold starting on a pilot
22 program, and moving to properties that were built
23 before the 1982 building standards.

24 The work would also complete some of the
25 directives that are in the Public Resources Code

1 regarding California's home energy rating program.
2 We've, in the first phase, developed how the
3 program would operate and provisions for HERS
4 providers and the raters' training and
5 certification measures.

6 This would go into developing a rating
7 method and looking at means of estimating utility
8 bill savings; also the labeling information that
9 would go with the rating, as well as the content
10 of an information and rating report.

11 So, I would just like to mention that
12 we've received three proposals in response to the
13 work that we -- the RFQ that was issued on this,
14 and that Architectural Energy Corporation was
15 unanimously selected with the highest score from
16 the evaluation committee.

17 So, staff would appreciate your approval
18 of this contract, and happy to answer any
19 questions.

20 VICE CHAIRPERSON PFANNENSTIEL: Are
21 there questions? I have one before we move for a
22 vote. I see that the contract information gives
23 the beginning date and the end date, but there's
24 no real schedule of deliverables within that
25 period. And I remember from the production of the

1 report to the Legislature on AB-549, there was a
2 lot of urgency toward getting out to the real
3 estate community some information so that they
4 could start actually informing the buying public
5 and calling then for the use of these HERS raters.

6 So, what is the time? When are we going
7 to start getting information out there?

8 MR. TRENSCHEL: Well, the first
9 deliverable that comes from this particular
10 contract is the informational booklet that we
11 intend the real estate industry to make use of,
12 and to be available for homebuyers and lenders, as
13 well. And that would be occurring this year.

14 Some of the references in the document
15 where the details on the dates would be negotiated
16 through these work authorizations, or would be
17 specified in the work authorizations to follow.

18 But it is consistent with -- but the
19 scheduling is consistent with what is in the AB-
20 549 report, which called for a completion of the
21 HERS proceeding in the 2006/2007 timeframe. And
22 as well as, I think, some of the later steps that
23 follow on.

24 So, but the first issue to come up would
25 be the informational document that will come out,

1 or booklet that will come out. That would be this
2 year; and that would be consistent, as well, with
3 what the action steps or action plan that was in
4 the AB-549 report.

5 VICE CHAIRPERSON PFANNENSTIEL: Thank
6 you. Are there other questions? Is there a
7 motion?

8 COMMISSIONER ROSENFELD: On behalf of
9 the Energy Efficiency Committee, we're very
10 pleased to see that we're approaching this huge
11 challenge of existing buildings, so I
12 enthusiastically move the item.

13 COMMISSIONER GEESMAN: Second.

14 VICE CHAIRPERSON PFANNENSTIEL: All in
15 favor?

16 (Ayes.)

17 VICE CHAIRPERSON PFANNENSTIEL: Contract
18 is approved, thank you.

19 MR. TRENSCHEL: Thank you.

20 VICE CHAIRPERSON PFANNENSTIEL: Item 5,
21 Possible approval of an amendment to augment the
22 lower emission school bus contract R-500-00-017 by
23 \$5,500,000 to replace pre-1977 school buses
24 identified by the California Air Resources Board
25 and operated by public school districts in

1 California. 'Morning.

2 MR. TRUJILLO: Good morning,
3 Commissioners. I'm Mike Trujillo with the
4 Transportation Department. And this is to augment
5 the existing contract we've had with ARB for the
6 lower emission school bus program.

7 A little different twist on it this time
8 in the respect that the ARB has identified
9 specific vehicles they want replaced; has made the
10 list for us. The Legislature has indicated that
11 they want the pre-'77 buses replaced. So this
12 program will simply go through what the
13 Legislature has expressed and what ARB has
14 identified to replace those buses in order.

15 VICE CHAIRPERSON PFANNENSTIEL: Thank
16 you. Are there questions?

17 COMMISSIONER BOYD: Yes. Mike, what's
18 the number of buses?

19 MR. TRUJILLO: That will be replaced
20 under this?

21 COMMISSIONER BOYD: Yes.

22 MR. TRUJILLO: We're guessing somewhere
23 between 45 and 50.

24 COMMISSIONER BOYD: Okay, thank you.

25 Madam Chair, this item was reviewed by the

1 Transportation Committee, and this is a long-
2 standing worthwhile program between these two
3 agencies and replacement of school buses. So,
4 I'll move the item for approval.

5 COMMISSIONER ROSENFELD: Second.

6 VICE CHAIRPERSON PFANNENSTIEL: In
7 favor?

8 (Ayes.)

9 MR. TRUJILLO: Thank you.

10 VICE CHAIRPERSON PFANNENSTIEL: Carried,
11 thank you.

12 Item 6, Possible approval of an
13 amendment to add 5.5 years and \$675,000 to
14 contract 500-02-022, the final phase research
15 high-performance commercial building systems
16 program. Ms. Brook.

17 MS. BROOK: Good morning; Martha Brook
18 with the PIER buildings program. This proposed
19 amendment adds three projects to an existing
20 research contract with LBNL.

21 The first project will explore options
22 to provide achievable energy reduction targets and
23 to identify energy savings strategies within a
24 building energy benchmarking tool.

25 Exploring this research path is now

1 possible due to the statewide commercial end-use
2 survey the Commission recently completed; and
3 we'll be using that data in this research.

4 The prototype benchmarking tool will be
5 designed to compliment the USEPA's EnergyStar
6 benchmarking tool. This project will be guided by
7 the benchmarking working group that is part of the
8 Commission's green building initiative.

9 The second project will develop useful
10 information for building owners on the costs and
11 benefits of commissioning. The research will
12 leverage an existing database of commissioning
13 projects that was funded by USDOE.

14 This project will attempt to determine
15 the most effective approaches to characterize and
16 communicate commissioning benefits to California
17 businesses.

18 The third project will develop a data
19 exchange link between architectural design
20 software and an energy simulation tool to
21 facilitate the consideration of building energy
22 use within the architectural design process.

23 The R&D Committee has approved this
24 proposal; and I'm here to answer any questions.

25 VICE CHAIRPERSON PFANNENSTIEL: Are

1 there questions?

2 COMMISSIONER ROSENFELD: Sounds
3 wonderful, let's move the item.

4 VICE CHAIRPERSON PFANNENSTIEL: Second?

5 COMMISSIONER GEESMAN: Second.

6 VICE CHAIRPERSON PFANNENSTIEL: In
7 favor?

8 (Ayes.)

9 VICE CHAIRPERSON PFANNENSTIEL: It's
10 approved, thank you.

11 Item number 7, Possible approval of
12 amendment 1 to add \$613,000 to contract 500-05-
13 001, demand response as a system reliability
14 resource. Mr. Rawson.

15 MR. RAWSON: Good morning,
16 Commissioners. My name's Mark Rawson; I'm the
17 Team Lead for energy systems integration in the
18 PIER program.

19 This original project was developed to
20 address Cal-ISO concerns about using demand
21 response as a reliability resource. Cal-ISO
22 personnel believe that demand response has the
23 potential to be a significant resource to increase
24 reliability and mitigate price volatility.
25 Additional value is provided from their

1 perspective if demand response can be locational
2 in nature.

3 The initial project setup for
4 demonstrating these values to the Cal-ISO was
5 accomplished via advanced ER technology solutions.
6 And a specific near-term target is to determine
7 whether demand response can be used as a cost
8 effective and more environmentally sound form of
9 spinning reserve for Cal-ISO ancillary services
10 markets.

11 This amendment extends the test period
12 of this project in order to allow Southern
13 California Edison, who is our host utility and
14 partner in this project, additional time to
15 recruit and deploy the 500 or 600 residential
16 customer AC load control devices.

17 The ISO wants to see a statistically
18 significant number of load control devices located
19 on a single feeder in order to prove the
20 reliability of dispatching this load.

21 Secondly, this amendment adds a new task
22 that will analyze the time value of demand
23 response compared to traditional spinning reserve
24 provided by generation sources.

25 The initial work has determined that the

1 time response of demand response is much quicker
2 than generation resources used as spinning
3 reserve. And so we need to look at whether or not
4 this difference in dispatchability and time
5 response will have impacts on how the Cal-ISO
6 orders, how they dispatch spinning reserve. So
7 this new work will begin looking at that
8 particular issue.

9 This particular project was presented to
10 the R&D Committee back in April, and they approved
11 it to move forward for your consideration today.
12 And I'll answer any questions you may have.

13 VICE CHAIRPERSON PFANNENSTIEL: I have
14 one question that's probably answered somewhere in
15 the contract, but I couldn't find it easily. When
16 do you expect to have the results of this work
17 done so that we can use in our policy setting?

18 MR. RAWSON: Right now there's two parts
19 to this project that we're moving forward on. The
20 first I mentioned in my presentation regarding
21 getting up to the 500 customers involved on this
22 particular feeder.

23 The second part is that we, through the
24 course of doing this, realized that we were going
25 to get permission from the CPUC to modify how we

1 dispatch those A/C loads. Because the customers
2 that are involved in those programs are involved
3 with a certain expectation about how often their
4 system is going to be cycled.

5 Since it's a research project and we
6 need to do more, we have to get permission to do
7 that. That's in the works.

8 We anticipate that those two activities
9 are going to come together and we will be doing
10 testing on this circuit of these 500 customers
11 later this summer. And so by later this year we
12 will have completed the testing, done the analysis
13 of what the test results show, and be able to
14 speak to what we think the feasibility is of using
15 demand response as a spinning reserve.

16 That's on that particular aspect of the
17 project. The new task that I mentioned we'll
18 likely not have results on that work until some
19 time beginning of next year, calendar year.

20 VICE CHAIRPERSON PFANNENSTIEL: But
21 beginning of the next calendar year? That's
22 encouraging.

23 MR. RAWSON: Yes. The task relative to
24 the time value of demand response would change how
25 the ISO dispatches demand-response spinning

1 reserve versus generation-derived spinning
2 reserve.

3 VICE CHAIRPERSON PFANNENSTIEL: Further
4 questions?

5 COMMISSIONER ROSENFELD: I just want to
6 say before I move it that I think this is a nice
7 example of both interagency cooperation and
8 collaboration within the department -- with the
9 CEC, that is we hold regular Thursday-morning
10 demand response meetings; PIER comes to that.
11 PIER is backing us up on demand response. And the
12 ISO has started sending somebody to that now.

13 So, things are working very nicely, and
14 I'm very pleased. And I move the item.

15 VICE CHAIRPERSON PFANNENSTIEL: Is there
16 a second?

17 COMMISSIONER GEESMAN: I'll second it.
18 I hope that it proves to be an interesting example
19 of interagency collaboration. I know it is a
20 primary example in my mind of the expectation of
21 interagency collaboration.

22 As we've said many times before, our
23 demand response efforts have proven disappointing
24 in the past, and things have not moved as quickly
25 between agencies as we had hoped. This is a very

1 very important experiment. And I hope that as it
2 gets considered at the CPUC it's treated as such.

3 The Edison Company's philosophy toward
4 demand response from time to time has been
5 demonized both here and at the CPUC. And I hope
6 that rather than pretend that we know what the
7 perfect mix of program design will be in the
8 future, that we can encourage Edison and others to
9 experiment with different program designs. And
10 this one potentially has some great opportunity
11 associated with it.

12 VICE CHAIRPERSON PFANNENSTIEL: I would
13 say also that there's an opportunity for the ISO
14 to get involved in demand response in a way they
15 haven't in the past. I think that it's an
16 interesting project to watch in that sense.

17 The item has been moved and seconded.

18 All in favor?

19 (Ayes.)

20 VICE CHAIRPERSON PFANNENSTIEL: It's
21 approved, thank you.

22 MR. RAWSON: Thank you, Commissioners.

23 VICE CHAIRPERSON PFANNENSTIEL: Item 8,
24 Possible approval of contract 500-05-013, \$345,961
25 matched by the California Air Resources Board to

1 develop a methodology that measures the economic
2 impact of air pollution on neighborhoods. Good
3 morning.

4 MS. MUELLER: Good morning. I'm Marla
5 Mueller and I work in the PIER environmental
6 program. We are requesting approval for a
7 \$345,961 for an interagency agreement with the
8 California Air Resources Board for an
9 environmental justice project.

10 The intent of this project is to develop
11 better information and a screening tool that
12 considers cumulative exposure and environmental
13 and socially economic vulnerability to assess air
14 quality impacts of projects to communities to
15 guide regulatory decisionmaking, enforcement
16 activities and community outreach.

17 The Air Resources Board will also
18 contribute \$345,961 to this project. This project
19 will be guided by an advice committee that will
20 include Energy Commission Siting and PIER Staff,
21 the ARB Staff and technical experts. There will
22 also be a strong outreach component to local
23 community organizations.

24 Environmental justice is defined by
25 state law as the fair treatment of people of all

1 races, cultures and incomes with respect to the
2 development, adoption, implementation and
3 enforcement of environmental laws, regulations and
4 policies.

5 Environmental justice is becoming more
6 of an issue for siting of power plants as the
7 makeup of population in California changes, and as
8 more plants are sited in urban areas.

9 Local communities close to facilities
10 such as power plants, oil refineries and ports
11 believe their communities bear an unfair share of
12 the environmental public health and safety risks
13 of these facilities. And there's some basis to
14 this belief.

15 According to Dr. Pastor of UC Santa
16 Cruz, several studies have demonstrated that
17 minority residents in the Golden State,
18 particularly in southern California, are, in fact,
19 more likely to be living near many types of
20 environmental hazards than are whites.

21 The need for this project was also
22 identified in the 2005 Integrated Energy Policy
23 Report which states, the Energy Commission will
24 continue to advocate for and support environmental
25 justice initiatives and respond to public concerns

1 about this issue by supporting and working closely
2 with the following projects and organizations, and
3 this specific joint project is listed.

4 This project will provide a better
5 understanding of environmental justice issues in
6 California. It will develop measures of
7 cumulative air pollution impact and socioeconomic
8 vulnerability at the neighborhood level that are
9 transparent, and identify neighborhoods that are
10 particularly vulnerable to harm from new emission
11 sources.

12 This project will result in a tool to
13 develop better information to evaluate impacts to
14 environmental justice communities. It will be
15 available to Energy Commission, ARB and air
16 management district staff when evaluating impacts
17 of new projects. And it will help identify when
18 enhanced community outreach is needed.

19 And this project was approved at an R&D
20 Committee meeting. Thank you.

21 VICE CHAIRPERSON PFANNENSTIEL: Thank
22 you. Is there discussion of the item?

23 COMMISSIONER BOYD: One comment, if I
24 might. This project, I'm very familiar with, in
25 that it stems from discussions that Commissioner

1 Rosenfeld and I had with the ARB Chairman quite a
2 long time ago. And I'm glad to see that it's come
3 to fruition.

4 So, I'm very pleased that the two
5 agencies have seen fit to work together on this
6 issue. But I'll leave it to the Chair of the
7 Committee to --

8 COMMISSIONER ROSENFELD: I'll move it.

9 COMMISSIONER GEESMAN: Second.

10 VICE CHAIRPERSON PFANNENSTIEL: All in
11 favor?

12 (Ayes.)

13 VICE CHAIRPERSON PFANNENSTIEL: The
14 contract is approved.

15 MS. MUELLER: Thank you.

16 VICE CHAIRPERSON PFANNENSTIEL: Item 9,
17 Possible approval of contract 500-05-043 for
18 \$50,000 co-sponsorship retroactive to May 8, 2006,
19 for the Haagen-Smit Symposium.

20 COMMISSIONER ROSENFELD: I thought we
21 did that once.

22 VICE CHAIRPERSON PFANNENSTIEL:

23 Apparently we didn't.

24 MR. MISEMER: Good morning,
25 Commissioners; my name is Philip Misemer. I'm the

1 PIER Transportation Lead.

2 This year's Haagen-Smit's Symposium is
3 expected to provide valuable information on
4 alternative fuels research including development
5 opportunities for ethanol, biodiesel, natural gas
6 and electric drive technologies.

7 And staff is requesting your approval of
8 this co-sponsorship.

9 VICE CHAIRPERSON PFANNENSTIEL: As I
10 understand it, the conference has happened, and so
11 all of the -- is expected to, should be put in the
12 past tense, did provide, is that correct? And now
13 we are agreeing to pay for the co-sponsorship?

14 MR. MISEMER: That is correct. I think
15 that I'm still working on linking up with some of
16 the conference -- some of the attendees and
17 developing the research plans. So those are still
18 in development.

19 COMMISSIONER BOYD: Madam Chair, I would
20 say that the conference was well attended by
21 Energy Commission staff, probably the most ever of
22 the conference. I think those of us who attended
23 felt it was very valuable and we bathed in the
24 light of being sponsors without knowing. We
25 hadn't had approval to be sponsors yet. So, in

1 any event, I intend to support this item. In
2 fact, I'll move its approval.

3 VICE CHAIRPERSON PFANNENSTIEL: Is there
4 a second?

5 COMMISSIONER ROSENFELD: I will happily
6 second.

7 VICE CHAIRPERSON PFANNENSTIEL: All in
8 favor?

9 (Ayes.)

10 VICE CHAIRPERSON PFANNENSTIEL: Thank
11 you.

12 MR. MISEMER: Thank you, Commissioners.

13 VICE CHAIRPERSON PFANNENSTIEL: Item 10,
14 Possible approval of contract 600-05-010, \$643,360
15 for surveys of California households and
16 commercial fleets to update vehicle preference in
17 light of current high fuel prices and new
18 transportation technologies. Good morning.

19 MR. WENG-GUTIERREZ: Good morning,
20 Commissioners. My name is Malachi Weng-Gutierrez.
21 I work in the Energy Commission's Fuels and
22 Transportation Division.

23 I'm here to seek approval of the
24 contract to obtain consumer preference data
25 updating the CALCARS model. This work will be

1 performed by KEMA, Incorporated, and will support
2 the next Energy Report petroleum demand forecast.

3 As you are aware, with IEPR the Fuels
4 and Transportation Division produces a light-duty
5 petroleum demand forecast. And this forecast is
6 used as inputs to other models, as well as to
7 develop the Energy Commission's petroleum
8 reduction strategies.

9 As CALCARS is a model of the light-duty
10 sector, this work will only involve vehicles with
11 gross weights below 14,000 pounds. In addition,
12 to account for regional differences in vehicle
13 preferences, data will be collected from five
14 areas within California, San Diego, San Francisco,
15 Sacramento, Los Angeles and then the remaining
16 California areas.

17 The last update to the CALCARS
18 preference model was performed in 2002, and
19 represents a vastly different set of conditions
20 than we are observing today. This update will
21 include recent and projected high fuel prices and
22 their impact on Californians' vehicle choice and
23 will reflect in expanded selection of vehicles.

24 In general the Energy Commission will
25 use the data to enhance and improve the

1 transportation demand forecast by updating vehicle
2 choice values under conditions of high fuel
3 prices, by including additional information on
4 fuel preferences, and by expanding vehicle
5 choices.

6 Presuming the contract is approved, work
7 on the project will begin in July, and to insure
8 that the results are available for 2007 IEPR. At
9 this time I'd be happy to answer any questions you
10 may have.

11 VICE CHAIRPERSON PFANNENSTIEL: Are
12 there questions?

13 COMMISSIONER BOYD: This was reviewed by
14 the Transportation Committee and recommended to
15 the Commission, so I'll move adoption.

16 COMMISSIONER ROSENFELD: Happily second.

17 VICE CHAIRPERSON PFANNENSTIEL: All in
18 favor?

19 (Ayes.)

20 VICE CHAIRPERSON PFANNENSTIEL: Thank
21 you.

22 MR. WENG-GUTIERREZ: Thank you.

23 VICE CHAIRPERSON PFANNENSTIEL: Item 12,
24 Possible approval of seven grant applications
25 totaling \$521,922 in response to solicitation

1 cycle 05-02-02 of the energy innovations small
2 grant program. Good morning.

3 MR. MICHEL: Good morning,
4 Commissioners. I'm Dave Michel; I'm the new
5 Manager of the energy innovations small grant
6 program. Item 12 on the agenda contains seven
7 competitively selected small grant projects that
8 have been approved for Commission consideration by
9 the RD&D Committee.

10 Projects were selected from 56 grant
11 applications received from solicitation 05-02. In
12 terms of PIER areas, these four projects are
13 renewable-related technologies. One in the
14 building end-use efficiency area; one in energy
15 systems integration; and one in industrial,
16 agriculture and water area of PIER.

17 In terms of the applicants of these
18 seven, five are technologies that were offered by
19 small businesses; two by academia. The total
20 funding request of the seven projects is \$521,922,
21 which is well within the budget of the program.

22 I recommend the seven projects for
23 Commission consideration and approval.

24 VICE CHAIRPERSON PFANNENSTIEL: Is there
25 discussion on any of the items, or the overall --

1 any of the specific contracts of the overall item?

2 COMMISSIONER ROSENFELD: These went
3 through the PIER R&D Committee and we were happy
4 with them. So, I move it.

5 COMMISSIONER GEESMAN: Second.

6 VICE CHAIRPERSON PFANNENSTIEL: All in
7 favor?

8 (Ayes.)

9 MR. MICHEL: Thank you.

10 VICE CHAIRPERSON PFANNENSTIEL:

11 Approved, thank you.

12 Item 13, Possible approval of contract
13 600-05-009 for \$49,965 for assistance to design
14 survey questions for vehicle fleet owners about
15 their willingness to use different types of
16 alternative fuel vehicles. Mr. Sterling.

17 MR. STERLING: Good morning,
18 Commissioners. My name's Jason Sterling, and I'm
19 in the Fuels and Transportation Division. This
20 contract, as you know, is for the design of the
21 survey and some assistance with its analysis.

22 The target of the survey will be public
23 and private California vehicle fleet owners. The
24 questions will measure fleet owners' willingness
25 to adopt alternative fuels and technologies. And

1 the results of the survey are intended to feed
2 into both the AB-1007 report and some additional
3 carryover into the 2007 IEPR.

4 And I'd be happy to answer any
5 questions.

6 VICE CHAIRPERSON PFANNENSTIEL: Let me
7 just comment that in the context of the
8 Transportation Committee discussion of this item,
9 I asked for and received a comparison of how this
10 item compared with item 10 that we just approved,
11 which was another transportation survey. And I
12 wanted to make sure that they were not overlapping
13 or redundant, or in fact, inconsistent. And I
14 have been assured on that. So, thank you.

15 MR. STERLING: Thank you.

16 COMMISSIONER BOYD: Madam Chair, as
17 somewhat indicated in the presentation, this
18 proposal has been through extensive review by the
19 Transportation Committee and we have recommended
20 it to the Commission. So, I'll move approval.

21 VICE CHAIRPERSON PFANNENSTIEL: Is there
22 a second?

23 COMMISSIONER GEESMAN: I'll second it,
24 but I do have a question as to when we actually
25 expect deliverables under the contract. The

1 caption suggests that results will be analyzed and
2 used for the AB-1007 report, which is --

3 VICE CHAIRPERSON PFANNENSTIEL: Which is
4 this year.

5 COMMISSIONER GEESMAN: -- a pretty fast
6 timeframe.

7 VICE CHAIRPERSON PFANNENSTIEL: That's
8 right.

9 MR. STERLING: We anticipate having some
10 preliminary results that will be useful for the
11 1007 report by October. And we're going to try to
12 push for a little bit earlier than that if we can.
13 And then whatever is not used for the 1007 report
14 will still be useful for the 1007 IEPR -- I mean,
15 excuse me, 2007 IEPR.

16 VICE CHAIRPERSON PFANNENSTIEL: Moved
17 and seconded.

18 All in favor?

19 (Ayes.)

20 VICE CHAIRPERSON PFANNENSTIEL:

21 Approved, thank you.

22 Could we get a motion for approval of
23 the minutes of the May 24th business meeting?

24 COMMISSIONER ROSENFELD: I move the
25 minutes.

1 COMMISSIONER GEESMAN: Second.

2 VICE CHAIRPERSON PFANNENSTIEL: All in
3 favor?

4 (Ayes.)

5 COMMISSIONER BOYD: I abstain, since I
6 was absent.

7 VICE CHAIRPERSON PFANNENSTIEL: Thank
8 you. Noted.

9 Commission Committee presentations,
10 discussion. Is there any? Commissioner Geesman.

11 COMMISSIONER GEESMAN: Two items from
12 the Electricity Committee, which, as you know, I'm
13 now the only Member of the Electricity Committee.

14 I had a workshop earlier this week on
15 the staff's proposed peak demand forecast for the
16 summer of 2007, which plays a very important role
17 in the CPUC's resource adequacy process.

18 The staff and San Diego Gas and Electric
19 and Southern California Edison seemed to be in
20 pretty close agreement. And the bottomline is
21 that our earlier forecast numbers for the summer
22 of 2007 look, based on actual 2005 results, to be
23 a bit low; and materially low in the Edison
24 service territory, of about 1000 megawatts. Also
25 materially low in the PG&E service territory --

1 COMMISSIONER ROSENFELD: Are you quoting
2 loads or capacity? It makes a big difference.

3 COMMISSIONER GEESMAN: Peak load.

4 COMMISSIONER ROSENFELD: Peak loads.

5 COMMISSIONER GEESMAN: -- materially low
6 in the PG&E service territory of about 1000
7 megawatts, as well. PG&E is not convinced that
8 we've gotten it right. They think that that seems
9 like too much of a jump in their judgment to be a
10 good projection for the summer of 2007.

11 So the staff is going to work with them
12 over the next couple of weeks. This will come
13 back to the full Commission at our June 29th
14 meeting for an adoption of a forecast so that we
15 can then transmit it to the CPUC and it will be
16 utilized in the resource adequacy process there.

17 VICE CHAIRPERSON PFANNENSTIEL: And June
18 29th is coming up in two weeks.

19 COMMISSIONER GEESMAN: Yes, and -- well,
20 three weeks, actually.

21 VICE CHAIRPERSON PFANNENSTIEL: Three
22 weeks, that's right.

23 COMMISSIONER GEESMAN: And both PG&E and
24 the staff felt that that would allow adequate time
25 to explore what their differences actually are.

1 VICE CHAIRPERSON PFANNENSTIEL: That's
2 fine. I would encourage staff to make sure that
3 the Commissioners get this information in advance
4 so we have some time to wallow in it before we
5 need to adopt it.

6 COMMISSIONER GEESMAN: A second item
7 concerns the proposed decision that Commissioner
8 Grueneich published last week on the CPUC's
9 confidentiality rules. And the proposed decision
10 is pretty disappointing. Staff is working on what
11 I suspect will probably be a pretty detailed set
12 of comments that will be run past each of your
13 offices over the next couple weeks. I believe the
14 comments are due on June 20th.

15 The real issue that I think our comments
16 will focus on is the question of trying to move to
17 a common standard between the two Commissions for
18 the application of Public Records Act. The
19 proposed decision creates, or rather reaffirms the
20 dual standard that I think both agencies have
21 suffered under, and our regulatees have suffered
22 under, since the passage of AB-57.

23 Our view is that those dual standards
24 can be made compatible and, as Mr. Guliassi and Mr.
25 Alvarez have brought up to us repeatedly, there is

1 a real desire to have both Commissions on the same
2 page on this. It will make our jobs quite a bit
3 easier to perform, and I think it will make the
4 regulatees jobs easier to perform, as well.

5 VICE CHAIRPERSON PFANNENSTIEL: Thank
6 you.

7 COMMISSIONER BOYD: Madam Chair, I would
8 mention that yesterday was the final hearing of
9 the Governor's Climate Action Team in their round-
10 robin around the state of public hearings
11 requested by the Governor on the almost-final
12 plan.

13 It was held here in Sacramento. The
14 subject was electricity. And Mr. Blevins and I
15 attended for the Commission. And I thought it was
16 a fairly meaningful discussion of the subject with
17 a lot of the issues, some of which are in our
18 IEPR, were discussed. And it was reasonably well
19 attended. I've only attended one other, which was
20 last week in Fresno, on the specific subject of
21 bio-energy. And it was reasonably well attended,
22 and also a fair amount of debate and discussion.

23 They established panels and had a pretty
24 good panel discussion on both topics. I
25 understand some of the other hearings weren't as

1 well attended. They had the same trouble in Los
2 Angeles, I understand, that we have when we have
3 IEPR hearings. Nobody seems to care.

4 But other than that, the process is now
5 complete. And there will be recommendations going
6 back to the Governor, or a report really just with
7 regard to the outcome of these various hearings.

8 But we've played an active role in the
9 whole process, and in these hearings. And it's
10 been a interesting, if not rewarding, experience
11 for all of us. And certainly the project is not
12 done. The Climate Action Team report does pay
13 good attention to IEPR recommendations and to the
14 work of the Commission over time. And I think
15 will move forward now for implementation. And we
16 have pretty good interface between the various
17 activities with our work on bio-energy for the
18 Governor with our IEPR in total with other
19 activities that we have. We're seeing interface
20 and hopefully maybe some synergisms in the future.

21 So, that process is complete.

22 VICE CHAIRPERSON PFANNENSTIEL: Thank
23 you. Other Commission comments?

24 Chief Counsel report, Mr. Chamberlain.

25 MR. CHAMBERLAIN: Yes, Madam Chair.

1 I've been reporting to you periodically on the
2 progress of a case that's in the United States
3 Supreme Court. That case has now been scheduled
4 for the court's consideration on the 15th of this
5 month. And we anticipate knowing if they will
6 grant certiorari or if the case is over the
7 morning of the 19th.

8 VICE CHAIRPERSON PFANNENSTIEL: Thank
9 you. Interesting; we'll all watch that carefully.

10 Executive Director's report, Mr.
11 Blevins.

12 EXECUTIVE DIRECTOR BLEVINS: I'm just
13 going to add an addendum to Commissioner Boyd's
14 comment about yesterday's meeting. I just wanted
15 to mention that in the context of that meeting the
16 California Municipal Utilities Association did put
17 forward a proposal in which they want to --
18 they've adopted, the entire organization and
19 members have adopted a set of principles by which
20 they would begin to submit plans for achieving the
21 appropriate greenhouse gas emission reductions for
22 their individual organizations.

23 And the Commission is expected to have a
24 role in working them through that process in the
25 future.

1 VICE CHAIRPERSON PFANNENSTIEL: As
2 opposed to the legislation, which would also give
3 us, perhaps, a stronger role.

4 EXECUTIVE DIRECTOR BLEVINS: Yes.

5 VICE CHAIRPERSON PFANNENSTIEL: Thank
6 you.

7 COMMISSIONER BOYD: Yes, I think in
8 light of that legislation there was an olive
9 branch extended yesterday, and more movement on
10 this subject than we've seen in a long time. And
11 a very spirited desire to work with the Energy
12 Commission. So, we'll see.

13 VICE CHAIRPERSON PFANNENSTIEL: Perhaps
14 not unrelated to the legislation.

15 Speaking of which, the Leg Director's
16 report. I don't see our Leg Director.

17 Public Adviser's report, Mr. Bartsch.

18 MR. BARTSCH: Madam Chair, Members, Nick
19 Bartsch for Margret Kim. Nothing new to report.

20 VICE CHAIRPERSON PFANNENSTIEL: Thank
21 you. Any public comment? Anyone in the audience?
22 Anybody on the phone, Harriet?

23 I guess that concludes our agenda.
24 We'll be adjourned. Thank you.

25 (Whereupon, at 10:45 a.m., the business
26 meeting was adjourned.)

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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 hearing, nor in any way interested in outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of June, 2006.

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