

COMMISSIONERS PRESENT

James D. Boyd, Chairman

John L. Geesman

Jeffrey D. Byron

Arthur H. Rosenfeld

STAFF PRESENT

William Chamberlain, Chief Counsel

B.B. Blevins, Executive Director

Harriet Kallemeyn, Secretariat

Dora Yen

Michael Seaman

Jamie Patterson

Malachi Weng-Gutierrez

Martha Krebs

Maura Clark

ALSO PRESENT

Dr. Merwin Brown

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1 PROCEEDINGS

2 CHAIRMAN BOYD: Good morning. This
3 meeting of the Energy Commission please come to
4 order. And will you join us in the pledge of the
5 flag.

6 (Thereupon the Pledge of Allegiance was
7 recited in unison.)

8 CHAIRMAN BOYD: Good morning. Chairman
9 Pfannenstiel is out of state, actually is out of
10 the country on state business so I'm chairing the
11 meeting in her absence.

12 Item Number 1.

13 Some changes to the agenda first. Item
14 1A has been removed from the agenda. Item 3 has
15 been removed from the agenda and moved to the
16 April 11th meeting, I have been informed. We've
17 pulled Item 7, it is removed from today's agenda.

18 And, Mr. Blevins, the last I heard we
19 did not have a rescheduling date for that item.
20 Is there a date?

21 MR. BLEVINS: No.

22 CHAIRMAN BOYD: All right. We're
23 presuming perhaps April 11th.

24 And I believe those are the items that
25 come off of today's agenda.

1 So Item 1, consent calendar, consisting
2 of Items B and C.

3 Do I have a motion?

4 COMMISSIONER ROSENFELD: I move the
5 consent calendar.

6 COMMISSIONER GEESMAN: Second.

7 CHAIRMAN BOYD: There is a motion and a
8 second. All in favor say aye.

9 (Ayes.)

10 CHAIRMAN BOYD: The motion is
11 unanimously approved, four to zero.

12 Item Number 2, PG&E, possible approval
13 of Contract 500-06-037, \$800,000 with PG&E to
14 develop a set of preferred regional transmission
15 planning scenarios.

16 Ms. Yen.

17 MS. YEN: Good morning, Commissioners.
18 My name is Dora Yen, and I'm from PIER and focused
19 on the integration of renewables.

20 We are seeking approval of a contract
21 with PG&E, Pacific Gas and Electric Company, for
22 \$800,000 to lead this regional integration of
23 renewables and transmission for Northern
24 California. Today a number of transmission
25 efforts have focused on expansion, development in

1 order to accommodate renewable resources
2 throughout the state of California, specifically
3 Southern California, and given RPS targets and
4 renewable expansion opportunities in Northern
5 California as well as in the Pacific Northwest
6 area, a concerted effort to conduct longer-term
7 transmission studies to accommodate renewable and
8 new renewable resources, specifically
9 intermittency is needed. This effort enables the
10 Northern California utilities to come together and
11 assess the transmission needs and options, focus
12 on sustaining the longer-term renewables and the
13 20-20 focus, looking at any state and out-of-state
14 resources and study the options that best
15 accommodates the renewables in a reliable fashion.

16 The efforts allow each to approach the
17 issues outside of their traditional project-by-
18 project one-at-a-time approach and considers the
19 development of resources from a greater Northern
20 California perspective in conjunction with their
21 neighboring utilities. And in their words, this
22 level of transmission expansion has not been done
23 for over 30 years and a regional perspective is
24 needed in order to prioritize and assess the
25 transmission investments for the longer-term

1 future.

2 PG&E is one of the largest utilities in
3 California, focused on Northern California, and
4 controls a significant portion of the
5 infrastructure. With increasing development in
6 state and out of state, with the increasing
7 development in Solano County of significant wind
8 resources, the development and prioritization of
9 transmission investments is high on everyone's
10 agenda. They have demonstrated interest,
11 specifically PG&E has demonstrated interest in
12 applying the methodologies to some of the
13 portfolio recommendations that have stemmed from a
14 number of PG&E renewable integration studies.

15 And our focus is on a pro rata based
16 approach for Northern California. Partnering with
17 them provides us better access and understanding
18 to their tradition, planning, and longer-term
19 transition planning objectives and brings in the
20 utility membership and support among their
21 colleagues. It also affords us the transparency
22 and better able coupling the transmission planning
23 priorities and the deployment priorities on the
24 procurement side.

25 For the reasons stated, staff requests

1 approval of this project.

2 CHAIRMAN BOYD: Thank you.

3 Any questions from --

4 Commissioner Byron.

5 COMMISSIONER BYRON: Ms. Yen, thank you
6 very much for all the additional information that
7 you provided my office. I'm very interested in
8 this work, I think it's extremely important, and I
9 think you've gathered a good team here, the task,
10 the technology transfer and everything. I just
11 wanted to make sure you understood the reason I
12 was interested in all that information was because
13 of the importance of the work, but also when we're
14 contracting to do research with a monopoly
15 utility, I want to make sure that it's done
16 correctly. So I hope you hold their feet to the
17 fire on the tech transfer, we're really interested
18 in how this information is communicated throughout
19 all these organizations.

20 CHAIRMAN BOYD: Commissioner Byron, we
21 still have a monopoly utilities here in
22 California?

23 Commissioner Geesman.

24 COMMISSIONER BYRON: We certainly do in
25 the transmission area.

1 COMMISSIONER GEESMAN: I guess I would
2 say this effort is responsive to some direction
3 that the Renewables Committee provided several
4 years ago. I'm pleased to see it come before us.
5 I'm also pleased to see PG&E as a partner. We
6 specifically suggested that they would be a likely
7 partner in light of their needs.

8 And if I can step outside of my current
9 role for a minute and put on a business analyst
10 hat, I'd have to say in all candor that in my
11 judgment PG&E has missed some significant business
12 opportunities in the transmission investment area
13 over the last several years and perhaps over the
14 last several decades. I note that their neighbor
15 in Southern California seems to have discovered
16 this opportunity several years ago and is embarked
17 upon a multi-billion dollar transmission
18 expansion. And I'm hopeful that PG&E, although
19 slow to recognize the significance of the business
20 opportunity here, responds in full kind. So I
21 think this is a good effort and I certainly
22 commend the staff for bringing it to us.

23 I would make a motion to approve it.

24 CHAIRMAN BOYD: I have a motion. And is
25 there a second?

1 COMMISSIONER ROSENFELD: I second.

2 CHAIRMAN BOYD: All in favor?

3 (Ayes.)

4 CHAIRMAN BOYD: And opposed, none. It
5 carries four to nothing.

6 And I would just join Commissioner
7 Geesman in his comments, because he says there was
8 quite some amicable on the Renewables Committee
9 and was quite some amicability at that time I was
10 on the Renewables Committee and it's been a while.
11 But in any event, it's a good project, as we are
12 finally moving forward.

13 All right. The next agenda item is
14 Heschong Mahone Group, possible approval of
15 Contract 500-06-039 for \$975,740 with this group
16 for a coordinated research program consisting of
17 energy-efficient lighting research projects.

18 Mr. Seaman.

19 MR. SEAMAN: Good morning,
20 Commissioners. I'm Michael Seaman from the PIER
21 Buildings Group.

22 This proposed \$976,000 contract with the
23 Heschong Mahone Group will enable the PIER
24 Buildings Program to capture energy savings from
25 electric lighting. If this proposed contract is

1 approved, Heschong Mahone Group will conduct a
2 program of energy efficient lighting research
3 consisting of three individual research projects.
4 The proposed program with it's three projects has
5 been approved by the R&D Committee.

6 Heschong Mahone Group is one of two
7 successful bidders that responded to a Request for
8 Proposals in 2006. At your previous business
9 meeting on March 14th, the Commission approved a
10 contract with the other successful bidder from
11 that RFP process. The proposed contract supports
12 the limiting order of efficiency and demand
13 response to the Governor's executive orders to
14 reduce overall electrical consumption and promote
15 green buildings and the demand-response goals of
16 the Energy Action Plan by developing new energy
17 efficient lighting solutions, including
18 daylighting and indoor retail lighting.

19 This contract has direct benefits to
20 California. In partnership with major retailers
21 and utilities, the program will develop lighting
22 solutions that can save significant energy. The
23 three research projects have potential to
24 collectively deliver electrical load savings of
25 120 gigawatt hours per year and reduce peak load

1 by 30 megawatts.

2 The three proposed research projects
3 will be developed in coordination with a program-
4 wide market connections element intended to bring
5 forth commercially viable lighting solutions that
6 California utilities can use in their emerging
7 technologies programs and to also inform Title 24
8 and other code processes. SMUD, energy efficiency
9 organizations, and other participating
10 stakeholders have committed \$600,000 in matching
11 funds to this program.

12 Staff requests that the Commission
13 approve this proposed contract and I would be
14 happy to answer your questions.

15 COMMISSIONER BOYD: Thank you.

16 Any questions?

17 Any public questions?

18 Is there a motion?

19 COMMISSIONER ROSENFELD: On behalf of
20 the R&D Committee, I have the pleasure, I move
21 this item.

22 COMMISSIONER GEESMAN: Second.

23 CHAIRMAN BOYD: There is a motion and a
24 second. All in favor?

25 (Ayes.)

1 CHAIRMAN BOYD: It's moved four to
2 nothing.

3 Thank you.

4 Agenda Item Number 5. California
5 Institute for Energy and the Environment.
6 Possible approval of work authorization MR-064 for
7 \$1,175,000 with CIEE, with regard to development
8 of fault current controller technology.

9 MR. PATTERSON: Good morning,
10 Commissioners. I'm Jamie Patterson, I happen to
11 be the PIER Program Manager for the Transmission
12 Research Program under PIER.

13 With me today is Dr. Merwin Brown. He
14 is the Director of the PIER Transmission Program.

15 PIER has contracted with CIEE for the
16 administration and to provide the expertise and
17 resources for the program. So I will be
18 introducing the following two items and then Mr.
19 Brown here will be describing this exciting
20 research that we have before you today.

21 The first item we have is for a fault
22 current controller project. The problem with this
23 we have out there is that the currents, we have a
24 fault current, it's much like, think of a breaker
25 on your house. If you have a 15 amp breaker on

1 your house, it has a rating of about 10,000 amps
2 of interrupting current capability. If you exceed
3 that capability, then the breaker on your house
4 will fail to operate correctly, usually just
5 literally explodes to tell you the truth and
6 rather dramatic.

7 Well, out there on the transmission
8 system we run into the physics of trying to
9 interrupt these huge fault currents when they
10 occur. And currently the technology is only good
11 up to about 80,000 amps. That's it, and then
12 things happen that are catastrophic. So if we
13 could limit that fault current and we could save
14 some of the protection systems that are out there
15 from basically protecting the system in a
16 catastrophic way and operating in a way that they
17 are supposed to and making recovery of the system
18 from any sorts of faults much more quicker and
19 much less costly. So that is our problem that
20 we're here to fix and we think we can do it with
21 fault current controllers.

22 And Merwin here will describe what those
23 are and how they work.

24 DR. BROWN: Thank you, Jamie.

25 For the record, I'm Merwin Brown,

1 Director the PIER Transmission Research Program
2 and employed by the University of California.

3 What this research is going to do is to
4 test two emerging technologies that are being
5 developed to serve as a fault current limiter or
6 fault current controller in this case.

7 One of them is a technology that's been
8 under development for a number of years under an
9 electric power research institute consortium with
10 funding from utilities from across the United
11 States, the Department of Energy, and it's a solid
12 state electronics type of control device that's
13 active, it senses these high current surges and
14 through the power registry process throws a switch
15 so to speak and then puts this large current
16 through some kind of impedance which will absorb
17 it and keep it from going downstream and damaging
18 other equipment.

19 The other technology we're looking at is
20 developed by SC Power, which is a California firm
21 that has adopted a technology originally developed
22 in Australia that is passive, it uses a
23 superconducting component and now it gets kind of
24 complicated. But basically it allows the device
25 when a big current rushes it, it converts

1 automatically through physics the device to a
2 high-impedance device and then absorbs the extra
3 energy in that way.

4 This particular project it will be both
5 of these technologies will be tested with Southern
6 California Edison, they have set up a substation
7 to do this kind of testing. As far as I know,
8 it's one of a few, if not the only one in the
9 United States that can do this, and we will run it
10 through each one of these units, there are a
11 number of tests, starting off with controlled
12 tests and then almost putting it out and expose it
13 to the true test of putting it into the circuit.

14 The project cost, as you can see, is a
15 little over a million dollars, about half of that
16 will go to each project. There is cost sharing in
17 this in the sense there are millions of dollars
18 that have gone into development of both these
19 technologies plus each of the two entities, the
20 consortium and SC Power are putting in millions of
21 dollars to build the units that we're going to be
22 testing. And Southern California Edison is going
23 to be putting about \$500,000 costs in kind and is
24 providing the labor and other equipment that's
25 going to be needed to conduct these tests.

1 The kind of tests that we're going to
2 run are to see what the failure modes are and what
3 can it take. But there's another important
4 component of this. The current technologies are
5 being built because of the difficulties of
6 handling these large power surges. We have
7 voltages that are more typical to the distribution
8 system, and therefore we need to identify what's
9 the path forward to extending these voltage
10 technologies into the transmission voltage range.
11 So that's another part of this research effort is
12 to identify what technology developments do we
13 need to move forward from there.

14 I think that describes the project.

15 CHAIRMAN BOYD: Thank you. And thank
16 you for addressing the cost sharing and in-kind
17 contribution aspects of this.

18 Any questions?

19 Do I have a motion?

20 COMMISSIONER ROSENFELD: I move the
21 item.

22 COMMISSIONER GEESMAN: Second.

23 CHAIRMAN BOYD: I have a motion and a
24 second. All in favor?

25 (Ayes.)

1 CHAIRMAN BOYD: It carries four to
2 nothing.

3 And now, Mr. Patterson, do you want to
4 move on to Item Number 6, which I should announce
5 is a DOE NREL possible approval of PIER work
6 authorization MR-065 for \$575,000 to these
7 entities for WECC Wind Generation Modeling.

8 MR. PATTERSON: Yes. This interesting
9 project here addresses kind of a problem that has
10 come up due to how we operate the system nowadays.
11 With the ISOs and the regional operating agencies,
12 such as Western Electric Coordinating Council,
13 what they have to do is they have to know roughly
14 what the generators actually, what the response
15 rates are and what their operating characteristics
16 are. So that that way they can anticipate and
17 take actions with regard to generation coming on
18 and off and the ramp-ups and ramp-downs and things
19 that they normally encounter in operating a large
20 transmission grid.

21 Now, one of the new things that is
22 coming on line happens to be a lot of wind power,
23 and we expect to get a lot more wind power. And
24 these things are undergoing some rapid
25 technological developments that are really

1 interesting but I can't really go into now, but
2 Laura knows all about this stuff and that's part
3 of her research area over in the renewable portion
4 in keeping track of that and trying to develop
5 that even further along.

6 But what we're looking at on the
7 transmission operations side is developing the
8 models that enable the operators to anticipate
9 what these new wind turbines are going to be
10 doing, how they are going to be working so that
11 way they can operate the system and enable their
12 greater integration into the grid which is good
13 for everybody.

14 So what we're going to do, we have a
15 program here to take some existing wind turbine
16 models, validate them against what the industry
17 says that their wind turbines worked as and
18 determine whether or not they need to be improved,
19 how they should be improved, and we're
20 coordinating that throughout the entire Western
21 Electric Coordinating Council, not just here in
22 California, because it's a problem everybody is
23 going to see.

24 And with that, Merwin, do you want to
25 step up and explain that.

1 DR. BROWN: Thank you.

2 Maybe just to explain a little further
3 here, every operating region in the WEC, the
4 western utility system, transmission system, uses
5 common models, we use the same models in order to
6 help balance the supply and demand across the
7 system. And the models that they have been using
8 for wind machines are the old fashioned generating
9 models that no longer represent the new wind
10 machines that have come along. So as a result
11 they aren't going to accurately monitor those and
12 it could get to errors in the supply and demand
13 balance.

14 So what has happened is that the WECC,
15 through a committee modeling, has developed at
16 about I think seventy some thousand dollars,
17 they've developed four fundamental models that
18 represent they think the cross section of machines
19 that are coming on line in the next decade or so.
20 And what our job is is that we have stepped in
21 because we need to get these models up and working
22 and there's two yet unanswered questions. One, we
23 need to validate them and make sure the models
24 actually represent the real facts. So we'll be
25 using wind data to test these models out and see

1 how accurate they are.

2 The second thing we need to do is
3 realize these models are individual machines, but
4 that's not the way they will be deployed on the
5 grid, they will be deployed in large powerplant
6 forms. So we have to figure out a way to
7 aggregate these models into an overall powerplant
8 so that we get again a more accurate
9 representation of what will be going on on the
10 grid. So that's what this project will do. We do
11 have equal co-funding from the Renewable Energy
12 Laboratory through the Department of Energy that
13 will help us do that. So we see this as an
14 important window of opportunity to take advantage
15 of co-funding to get a technology that
16 particularly the California utilities are going to
17 need.

18 COMMISSIONER ROSENFELD: Excuse me. Did
19 you say we have equal co-funding, I just didn't
20 hear what you said?

21 DR. BROWN: Yes. I'm sorry.

22 COMMISSIONER ROSENFELD: So our half a
23 million dollars gets roughly matched?

24 DR. BROWN: Correct. From DOE.

25 So anyway, the point is is that

1 California is in a position in the western United
2 States where we're I have to say leading the way
3 in deployment of renewables and wind in
4 particular, and so we need to have this modeled as
5 quickly as we can get it and this is a good
6 opportunity, as I started to say, to take
7 advantage of this co-funding the Department of
8 Energy is offering. I think that fairly well
9 describes the project.

10 CHAIRMAN BOYD: Thank you. A quick
11 question following on Mr. Rosenfeld's question. I
12 see in the write-up that the match of equal value
13 is an in-kind contribution from NREL itself?

14 DR. BROWN: Yes. That's because NREL is
15 going to be managing the project for us so there
16 was no real point of taking their dollars and
17 running it through our system and back again. So
18 that's why it's called in-kind. But it is out of
19 their budget.

20 CHAIRMAN BOYD: Thank you.

21 Any questions?

22 COMMISSIONER ROSENFELD: Yes.

23 Pursuing that even a little bit further,
24 what about other western states. Do any of them
25 have resources like we have to look into this

1 problem?

2 DR. BROWN: The resources that they have
3 been putting into it is through the WECC system,
4 which is about \$80,000 collective. The other big
5 active area directly outside of California has
6 been in the Bonnieville area and Bonnieville has
7 been active in this kind of effort and is in fact
8 involved in the committee.

9 CHAIRMAN BOYD: But the big gorilla is
10 here.

11 COMMISSIONER ROSENFELD: Yes, PIER seems
12 to be the big gorilla.

13 Okay. I speak for the R&D Committee, so
14 I move the item.

15 COMMISSIONER GEESMAN: Second.

16 CHAIRMAN BOYD: All in favor?

17 (Ayes.)

18 CHAIRMAN BOYD: It carries four to
19 nothing.

20 Thank you, gentlemen.

21 DR. BROWN: Thank you.

22 CHAIRMAN BOYD: Item Number 8, KEMA,
23 Inc. Possible approval of Amendment 1 to Contract
24 600-05-010 with KEMA, adding \$55,503 to fund the
25 incentives ensuring adequate response to the

1 commercial and household survey used in CALCARS.

2 Good morning, Mr. Weng-Gutierrez.

3 MR. WENG-GUTIERREZ: Good morning,
4 Commissioners. My name is Malachi Gutierrez and I
5 work in the Energy Commission's Rules and
6 Transportation Division.

7 I'm here to seek approval of an
8 amendment to the existing KEMA, Incorporated
9 survey contract. The existing survey contract is
10 being used to update the inputs to our light duty
11 demand model, CALCARS, and these inputs have not
12 been updated since the last survey was implemented
13 in 2002. The survey will provide our office with
14 current consumer preference data and will allow us
15 to estimate light duty control, controlling and
16 demand, using the CALCARS model. The additional
17 funds are being requested in order to complete
18 this work.

19 I would be happy to answer any questions
20 you have.

21 CHAIRMAN BOYD: Thank you.

22 Any questions, commissioners?

23 Any public comment?

24 Do I hear a motion?

25 COMMISSIONER BYRON: I'd be glad to move

1 the item.

2 COMMISSIONER GEESMAN: Second.

3 CHAIRMAN BOYD: There's been a motion
4 and a second. All in favor?

5 (Ayes.)

6 CHAIRMAN BOYD: It carries four to
7 nothing.

8 Thank you.

9 Item Number 9, Public Interest Energy
10 Research or PIER's 2006 Annual Report.

11 Good morning, Ms. Krebs.

12 MS. KREBS: Commissioners, the PIER
13 program was originally established or was required
14 to provide an annual report on its activities.
15 Before I came to the Commission, there was a what
16 I think of as a reduction in paperwork act on the
17 part of the state that seriously truncated the
18 character of that annual report.

19 We expected when SB-1250 was enacted or
20 at least originally that we would not have an
21 annual report. SB-1250, along with a number of
22 other changes, required us to continue that
23 report. SB-1250 also restated our general goal
24 and added some specific goals that directed us to
25 look at transportation, efficiency, clean

1 electricity generation, renewables, and other
2 activities associated with scarce resources and
3 transmissions that would connect renewables to the
4 grid.

5 The general goals, the general and
6 specific goals, also referenced the importance of
7 helping to bring the technologies to market that
8 PIER supported and the impact of PIER investments
9 on the reduction of greenhouse gasses. In looking
10 forward at the preparation of this annual report,
11 we looked at it as an opportunity to convey to the
12 legislature that we heard the changes that they
13 had mandated for the PIER program.

14 This report consists of three sections:
15 an overview, some project highlights, and an
16 appendix. The appendix is on CD only and it
17 contains one page research writeups of the entire,
18 both active and completed R&D portfolio that PIER
19 has invested in. Many hours of staff time
20 throughout PIER went into the researching,
21 writing, reviewing, and editing of this report.
22 It started last November when Peter Asmuth, who is
23 a professional writer, was hired to work with the
24 staff and to prepare the initial drafts above the
25 overview and ten project highlights which are the

1 main body of the report.

2 These project highlights were chosen
3 with the following considerations. Did they
4 relate clearly to the 1250 goals and direction in
5 terms of bringing things to market or greenhouse
6 gasses. One, did they represent significant
7 market and/or technical progress. Was there user
8 engagement and did they represent clear
9 partnerships with California utilities and other
10 entities in the private sector with respect to
11 cost sharing or other commitments in the
12 development of the technology.

13 Another aspect of these highlights, at
14 least some of the highlights, is that they
15 represent more than one or two sets of activity.
16 They represent an effort that has taken multiple
17 years, multiple investments, projects, or
18 contracts. And so it represents the concerted
19 effort of attention from the Commission, the
20 Commissioners, the staff. And so we're trying to
21 convey that the sum of the parts is more than just
22 a sum.

23 I wish to acknowledge in front of you
24 the contributions that were made not only by the
25 PIER staff, but in order to get this out on time

1 it took a lot of coordination and collaboration
2 with people outside of the division. One of them,
3 Jane Cameron Harley started in the division, has
4 since gone to another agency, but on her own time
5 has helped us to see this project through. Susan
6 Barfield in Media Relations, Mike Smith in the Leg
7 Office, David Eckleson from the Legal Office, and
8 the R&D Commissioners and advisors, John Wilson
9 and Susan Corrosi.

10 I particularly wanted to acknowledge
11 Susan. She clearly put a lot of time and detailed
12 recommendations which helped us from the very
13 beginning put this into something that would both
14 meet the test from you, but I think also from the
15 legislature. So she made a very, very special
16 contribution.

17 This is due on Friday, I believe, or
18 Saturday actually, by the law, and I would like to
19 recommend your approval of this annual report.

20 CHAIRMAN BOYD: Thank you.

21 Any comments or questions from
22 Commissioners?

23 Commissioner Byron.

24 COMMISSIONER BYRON: Dr. Krebs, I was a
25 little bit concerned when I first got this, this

1 is the first time through this cycle if you will
2 for me, for wanting to make sure that we didn't
3 give renewables short thrift. I can appreciate
4 that there was a tremendous amount of effort to
5 pull it together. My staff handed me the final
6 copy last night on my way out the door. I
7 couldn't wait to devour it until, you know, after
8 I finished a board meeting last night at 10:00
9 o'clock. But I have since become very convinced
10 that it has had tremendous review amongst the R&D
11 Committee and the staff and I would like also to
12 acknowledge the individuals that you mentioned for
13 their contributions.

14 Again the first time through this for me
15 and it's pretty clear that there is an enormous
16 amount of effort it appears relating to all the
17 good work that PIER does. So I'm glad to see that
18 it is thoroughly vetted before, because I suspect
19 there will be folks at the legislature who will be
20 looking closely at the work that we do here as
21 well. And we certainly don't want to undervalue
22 or fail to record it adequately.

23 So congratulations to you and I will of
24 course vote for this approval so that we can get
25 this over to the legislature.

1 MS. KREBS: Thank you very much.

2 CHAIRMAN BOYD: Let me say before we get
3 a motion up here, I intend to vote in favor of the
4 report and I'm almost going to apologize for
5 having read this pretty late in the process but
6 unfortunately didn't come to my attention until it
7 had pretty well posted. And I'm very pleased with
8 a lot of what I read, in fact, all of what I read,
9 particularly all the references to transportation.

10 I was a little concerned in Item Number
11 8 under Section 2, the transforming waste into
12 clean energy, that we don't mention waste as a
13 potential transportation fuel, just in passing,
14 because that's quite the rage right now. And
15 while the two projects that are highlighted there,
16 the bioreactor and the fig waste processing are
17 very interesting and commendable, I'm also
18 disappointed we didn't highlight the biodigester
19 work we've done with the dairy industry of late
20 because that's an area where we are creating
21 biogas and PG&E needs to be complimented for
22 stepping up to the plate and contracting to some
23 of these people to receive the biogas in the form
24 of biomethane and injecting it into the pipeline
25 which is a significant step forward in this state

1 in terms of the use of waste in an energy form
2 other than just electricity. So hopefully in the
3 future next year or what have you when we can push
4 that a little harder.

5 And I'm a little concerned about leading
6 off with the municipal solid waste example, and I
7 hope my pessimism is not rewarded in any kind of a
8 way because MSW to some it really waves a red flag
9 in front of certain members of the environmental
10 community and representatives in the legislature.
11 It's really tough to touch MSW as an energy
12 source. And some of us are working mightily to
13 intercept all waste streams before they get into a
14 landfill at all in order to turn them into viable
15 energy sources and what have you and then we will
16 deal with the consequences of having landfilled so
17 much material and in dealing with that. But
18 because there are so many toxins in landfill gas,
19 we have a tough time dealing with them and the
20 Waste Board has to struggle with that.

21 But there are some people in the
22 legislature who are afraid to let us intercept
23 some of those waste streams and use them for fear
24 that we will be either, A, interfere with the
25 recycling programs or, B, be engaging in processes

1 that may emit toxic compounds. So it's a little
2 bit of an uphill struggle and I kind of put MSW at
3 the bottom of my list of desirable waste streams.

4 But nonetheless, this is a very good
5 process and hopefully that project that you've
6 engaged in and hopefully the Integrated Waste
7 Management Board was saddled with responsibility,
8 particularly under AB-32 of dealing with emissions
9 from landfills will see this as a technology that
10 they can maybe encourage as they go out and try to
11 solve that problem while the rest of us just try
12 to intercept all the waste before it gets this far
13 and put it to good use. But that's for next
14 year's report, I guess.

15 COMMISSIONER GEESMAN: Let me jump in to
16 provide the other side of the coin on municipal
17 solid waste, and that is reflecting the Climate
18 Action Team's report last year, methane from
19 landfills represents in that report one of the
20 most significant and one of the most achievable
21 sources of near-term greenhouse gas reduction. So
22 like it or not, there is probably going to be a
23 real push in this sector as we go through the AB-
24 32 planning process and attempt to come up with
25 building blocks that will achieve those AB-32

1 goals.

2 So I think it is a core function of your
3 staff's research program to figure out how best to
4 do this, because there will in all likelihood be a
5 strong commercial demand in the municipal solid
6 waste in landfill sector. And I don't disagree
7 for a minute with what Commissioner Boyd said, but
8 I do think this is an upcoming challenge that the
9 PIER program is well situated to address.

10 CHAIRMAN BOYD: And I certainly concur
11 with that.

12 Any other questions?

13 COMMISSIONER ROSENFELD: I think most of
14 what we're preaching at you will not go in this
15 year's report because of the deadline will go in
16 next year's report.

17 MS. KREBS: But let me make one comment
18 only, and I should have said in my going in
19 remarks, we wanted to make this -- part of the
20 reason we hired an outside writer was so that we
21 could convey a story in an understandable way and
22 try to capture something that was pretty. I'm not
23 saying anything about anybody's comments, but we
24 had to make some choices, and so this doesn't even
25 begin the capture what we might have captured.

1 But I wanted also, and I notice now that it's over
2 70 pages, I was trying to keep it down to, you
3 know, 50 or 60, and maybe when it is finally
4 formatted it will be somewhat shorter. But I
5 wanted people at the legislature to actually
6 attempt to read it. And so, yes, I think we have
7 another four years at least under our current
8 authorization to tell more stories about what PIER
9 is trying to do.

10 COMMISSIONER ROSENFELD: All right. So
11 I have two comments. And the obvious one, to join
12 the crowd, congratulations to you and your team.
13 I haven't read anything, but basically you guys
14 wrote faster than I can read.

15 But I do have one question on each one.
16 Could you get the words public interest and energy
17 research into the title in some way or PIER. I
18 have a feeling that if I got on the website and
19 Googled and did a search for PIER I would not find
20 it.

21 MS. KREBS: We'll do that. We'll be
22 happy to do that.

23 COMMISSIONER ROSENFELD: If it's
24 something that you confirm that you want, I think
25 your editors can perhaps cope.

1 I'm very pleased with this, I move the
2 item.

3 COMMISSIONER GEESMAN: Second.

4 MS. KREBS: Thank you.

5 CHAIRMAN BOYD: It's been moved and
6 seconded. All in favor?

7 (Ayes.)

8 CHAIRMAN BOYD: It's approved
9 unanimously, four to nothing.

10 Thank you, Martha, and congratulations
11 to the staff.

12 Item Number 10. U.S. Department of
13 Energy Rebuild America Grant. Possible approval
14 of \$280,000 for three grants by the Energy
15 Commission under the DOE's State Energy Program
16 Special Project Rebuild America grant program.

17 Ms. Clark.

18 MS. CLARK: Good morning, Commissioners.
19 My name is Maura Clark and I'm with the Public
20 Programs Office. I'm currently the program
21 manager for the federal program Rebuild America.

22 My item today is to request approval to
23 enter into grant agreements with three
24 organizations: San Diego Association of
25 Governments, SANDAG, for \$50,000; the Association

1 of Monterey Bay Area Government, AMBAG, for
2 \$50,000; and the Collaborative for High
3 Performance Schools, which is CHPS, \$180,000, and
4 that's for their high performance relocatable
5 classrooms program.

6 For the record, the Energy Commission
7 received \$290,000. Out of that, the \$280,000 will
8 be out into the grants and approximately three
9 percent will be used for the CEC or the Energy
10 Commission administrative efforts. DOE approved
11 the funding of the three specific items. The
12 three items will be funded as individual programs
13 between the Energy Commission and the recipients.

14 I would like you also, I know it's
15 already on the agenda, but I would like to recap a
16 little bit as to what each of the entities will be
17 doing with their grant. Both the San Diego
18 Association of Governments and the Association of
19 Monterey Bay Area Governments are going to modify
20 their regional plan so that new nonresidential
21 construction is built to exceed the 2005 Title 24
22 Nonresidential Building Efficiency Standard. They
23 will also continue to educate their local
24 constituents and let them know what type of
25 services are available for energy efficiency and

1 they will also track and publicize the benefits of
2 this energy efficiency including capturing the
3 energy savings and greenhouse gas reduction.

4 The High Performance Relocatable Program
5 will develop a scorecard for the high performance
6 relocatable, provide training to manufacturers and
7 school districts on the scorecard and they will
8 update the specifications and modify the design
9 manuals. In the past we have provided grants to
10 both AMBAG to do the feasibility study to get to
11 this point and also to the collaborative high
12 performance schools.

13 That's only if these organizations
14 within the regulatory requirements and
15 accomplished their projects. These findings have
16 been approved by the Efficiency Committee on March
17 27th, 2007.

18 And I will be happy to answer any of
19 your questions.

20 CHAIRMAN BOYD: Thank you.

21 Any questions or comments from the dias?

22 One quick question. I think of the work
23 that the two, as I will call them associations of
24 governments, is really positive. I mean just a
25 question, not related to this item so much and the

1 grant, but are you aware that any other local
2 planning agencies having already taken steps to do
3 something like this to incorporate the desire to
4 exceed Title 24 in their planning, and it is a
5 very good thing and I would like to see it spread?

6 MS. CLARK: Well, a few years ago
7 Rebuild America offered a grant to Southern
8 California area governments and in that we more or
9 less tried to make a mandate that they go above
10 Title 24, and at that time it was before the 2005
11 standards and there was some opposition. That's
12 why this is recommendation for the regional plan.
13 But I believe that the City of Palm Desert is
14 succeeding and Stanford right now. And I think
15 that San Diego is working on it too, but it seems
16 to be a trend and I'm very excited about it.

17 CHAIRMAN BOYD: Thank you.

18 COMMISSIONER ROSENFELD: I think the
19 whole of Marin County.

20 MS. CLARK: Marin County too, yes.

21 COMMISSIONER GEESMAN: And we just
22 approved one for Rohnert Park last business
23 meeting. So this is a virus that is spreading and
24 one of the strongest resources that I think our
25 energy policies have in California.

1 My concern here and I think this is a
2 good program and these are good projects, but for
3 the federal government to call this Rebuild
4 America makes a mockery of what we're trying to
5 do. This is rebuilding America one toothpick at a
6 time when we need steel girders. And I think that
7 hopefully an enlightened Congress will see fit to
8 add several digits to this size of grant.

9 MS. CLARK: Well, I would hope so too.

10 COMMISSIONER ROSENFELD: I agree too
11 with Commissioner Geesman's point on that.

12 CHAIRMAN BOYD: Art, we're not hearing
13 you. There you go.

14 COMMISSIONER ROSENFELD: When I was at
15 Rebuild America -- was a serious program with a
16 lot of money behind it. There was Build America,
17 which was residential, and Rebuild America which
18 was nonresidential and it's just disappeared off
19 the face of the map and is down to a very useful
20 but a very pathetic public relations and
21 educational program.

22 MS. CLARK: It's undergoing some
23 transformation right now to where Rebuild America
24 may not have a name anymore, but the concept
25 should still be there with some funding I hope.

1 There's also been the California Rebuild and a lot
2 of other entities that have come up that have
3 confused the situation a bit. We got funded and
4 I'm going to go with it, if I have your approval.

5 CHAIRMAN BOYD: Well, that's good. I
6 think the point being made up here is being well
7 made and for an agency that has pushed, you know,
8 land use and efficiency so much of late,
9 particularly in 2006 and definitely in 2007 in the
10 Integrated Energy Policy Report. I think we just
11 have to keep pushing this subject. I am
12 personally somewhat pleased to see several members
13 of the new legislature across the street talking
14 up the subject of land use and I'm hearing more
15 and more of those kinds of discussions in various
16 forms appearing. And so hopefully, as
17 Commissioner Geesman said earlier, this positive
18 virus is catching on and I'm not sure what
19 position we should take with DOE, but maybe we
20 need to keep pushing a little harder on additional
21 federal funding for something like this, because
22 it's true, it is just this is what I title glacial
23 alacrity, barely moving at a project at a time.
24 Your steel girder analogy reminded me that maybe
25 we need to give the job to Union Pacific based on

1 what they have been doing here recently in opening
2 that burned out trestle in 13 days.

3 Any other comments or do you make a
4 motion?

5 COMMISSIONER ROSENFELD: Just a small
6 question and then I'll move it. No, it's not my
7 job to move it. One small question. They are
8 talking about beating existing standards. Did you
9 have an idea of how much does that mean, 15
10 percent, 30 percent?

11 MS. CLARK: Originally I had it at 20
12 percent, but decided to take that out just to say
13 exceed, because it's going into the regional plan
14 and each one of the local jurisdictions at that
15 point can go ahead and put -- they'll probably go
16 with 15 or 20 percent above, but then they can
17 turn that into a mandate and an ordinance. But
18 having it as a central point as a recommendation
19 into the regional plan I felt was important.

20 COMMISSIONER ROSENFELD: Very good.

21 CHAIRMAN BOYD: Do we have a motion?

22 COMMISSIONER GEESMAN: I'll move it.

23 CHAIRMAN BOYD: A second?

24 COMMISSIONER BYRON: Second.

25 CHAIRMAN BOYD: All in favor?

1 (Ayes.)

2 CHAIRMAN BOYD: Approved unanimously,
3 four to nothing, very good.

4 MS. CLARK: Thank you very much.

5 CHAIRMAN BOYD: The next item, Number
6 11, is minutes. I will abstain since I was
7 missing at the last meeting. Do we have a motion?

8 COMMISSIONER ROSENFELD: I move the
9 minutes.

10 COMMISSIONER BYRON: And I will second
11 it.

12 CHAIRMAN BOYD: All in favor?

13 (Ayes.)

14 CHAIRMAN BOYD: Three to nothing, with
15 one abstention.

16 Item 12, Commission Committee
17 Presentations/Discussion.

18 Do any of my fellow commissioners have
19 comments they would like to make on that topic?

20 COMMISSIONER GEESMAN: I do, but I'll
21 defer to Mr. Blevins' report.

22 CHAIRMAN BOYD: Okay. Let me just make
23 two quick comments. I think I'm so sensitive to
24 municipal solid waste and that biomass today
25 because over the last two days the biomass

1 collaborative, which this agency created and
2 funded over at UC Davis is having its fourth
3 annual meeting down the street and lots of
4 discussion of these topics and an overwhelming
5 crowd has shown up for the two days of meeting
6 which of course I've heard a lot of issues
7 presented, including continuing with the very
8 issue I mentioned earlier and I'm hopeful that in
9 the context of the bioenergy action plan and the
10 alternative fuels plan and what have you we can
11 address a lot of the issues we've talked about
12 earlier and move this subject along.

13 Secondly, just because I'm in a position
14 to know, seeming to be the official greeter of
15 foreign dignitaries and guests of this
16 organization, I note that the Philippine Secretary
17 of Energy is here in the building today and
18 receiving presentations from our staff and I will
19 be meeting with that delegation a little later in
20 the day. But it's good to hear that people are
21 interested in our efficiency and the renewable
22 programs.

23 The next item. Any other comments?

24 COMMISSIONER ROSENFELD: Just to talk on
25 the international business, I just did an

1 interview with French TV on efficiency above all.

2 CHAIRMAN BOYD: In French?

3 COMMISSIONER BOYD: Partly.

4 CHAIRMAN BOYD: Very good, Art, thank
5 you.

6 Okay. We'll move on to the Chief
7 Counsel's Report.

8 CHIEF COUNSEL CHAMBERLAIN: I have no
9 report.

10 CHAIRMAN BOYD: No report, okay. Well,
11 it's good to know we're not being sued. But we
12 didn't win anything either.

13 Executive Director's Report.

14 Mr. Blevins, I know you have something.

15 EXECUTIVE DIRECTOR BLEVINS: Thank you
16 Vice-Chair Boyd.

17 I wanted to just simply report on the
18 fact that yesterday afternoon myself and our
19 budget officer and our legislative director and
20 all of our deputy directors attended a Senate
21 Budget Committee pre-meeting, which involved the
22 staff of the Senate Budgeting Committee. We went
23 over the 19 budget change proposals in detail.
24 The meeting took approximately four hours to
25 complete. It was the first meeting of that kind

1 that I had ever been in, so there were a lot of
2 questions regarding the basis for somebody asking
3 that the staff resources, some with estimates
4 relating to contract dollars, the
5 interrelationships of the programs that we were
6 asking for additions to, and relations with other
7 agencies in terms of supporting work.

8 At this point we're hopeful that based
9 on the information that was provided by myself and
10 the deputy directors that the committee will be
11 able to calm down in a few specific areas of
12 interest going into our Budget Committee hearings
13 which I believe is a week from this coming Monday.
14 And I would expect at this point some additional
15 information on the PIER program, some additional
16 information on SB-1368, and we'll try to meet with
17 the staff who had some of those questions in
18 advance of the hearing and provide them more
19 information.

20 CHAIRMAN BOYD: Thank you.

21 Anything else?

22 COMMISSIONER GEESMAN: I have a
23 suggestion. B.B. we talked a little bit yesterday
24 afternoon about a proposed notice for the joint
25 proceeding with the PUC on a load base count, and

1 at least in the draft notice it suggests that
2 there was going to be a presentation on a CEC
3 proposed methodology. Since then, I take it,
4 there have been some efforts that clarify that and
5 I guess I'm curious as to just where that stands
6 right now.

7 EXECUTIVE DIRECTOR BLEVINS: Yes. The
8 draft agenda that was -- well, let me actually go
9 back. There was methodology that the staff had
10 developed and in fact had presented to two
11 committees this past summer relating to the supply
12 system that's coming from outside of California in
13 terms of generation resources and how the
14 methodologies in trying to allocate where the
15 generation resources were coming from. And the
16 staff received comment on that methodology in the
17 context of that workshop. The staff has
18 subsequently taken those comments and has tried to
19 refine the methodology based on those comments.

20 If I can make an aside now, we had the
21 implementation of AB-32, we found ourselves in a
22 circumstance where we were working collaboratively
23 with the PUC who is attempting to address these
24 issues as well. We are endeavoring to ultimately
25 come up with a methodology that is supported by

1 both this commission and that commission that will
2 ultimately feed a recommendation to the Air
3 Resources Board as it determines how it's going to
4 specifically manage the electricity sector
5 requirements under AB-32.

6 In working collaboratively with PUC
7 staff, this was an issue front and center in terms
8 of one of the initial workshop areas that everyone
9 felt needed to be pursued. We did have the paper
10 in the process of being revised and we agreed to
11 take those revisions into that public workshop
12 forum for additional public comments. At this
13 point, the presentation in terms of how it was
14 going to be noted in the agenda is simply a
15 baseline methodology using current year
16 assumptions.

17 It is the desire of the PUC at this
18 point to take a look at the baseline in relation
19 to a more current year because of the use of the
20 1990 year creates some oddities in terms of what
21 the contributions of the different resources mix
22 were in 1990 versus today. The system was a bit
23 more reliant on coal-fired generation and as a
24 consequence, if you apply that it's not probably
25 as much of struggle for the utilities to work off

1 that 1990 baseline to get to an ultimate target of
2 some kind.

3 The expectation, I think we would have
4 to ask Commissioner Byron, but he may or may not
5 be planning to attend this workshop representing
6 the Commission. My expectation is that we're
7 going to this workshop, this paper will be
8 presented, we will receive comment, there are
9 people both from inside of California and outside
10 of California on the agenda. The methodology at
11 that point based on those comments presumably will
12 be revised and then I just believe it's a
13 communication between commissioners here and
14 commissioners at the PUC in terms of the next
15 steps relative to containing or refining that
16 methodology, whether we do a workshop here or we
17 do a joint workshop.

18 COMMISSIONER GEESMAN: So who's
19 recommended methodology is it?

20 EXECUTIVE DIRECTOR BLEVINS: Well, at
21 this point it's not a recommended methodology per
22 se.

23 COMMISSIONER GEESMAN: It's an orphan?

24 EXECUTIVE DIRECTOR BLEVINS: I'm sorry?

25 COMMISSIONER GEESMAN: It's an orphan?

1 EXECUTIVE DIRECTOR BLEVINS: It's not an
2 orphan, we need more information in order to come
3 up with a recommendation. And one of the values
4 of the PUC workshop is that we're hoping to get
5 information from the utilities. We're hoping to
6 persuade the process, we need information from the
7 utilities in order to come up with a methodology
8 that's better. I mean I'm not going to sit here
9 and say this is the best methodology, this
10 methodology could stand improvement. But we can't
11 improve it without the data and the workshops are
12 designed to sort of tease out that data.

13 COMMISSIONER GEESMAN: Well, we spent
14 quite a bit of time at a workshop last June going
15 through this and at the time I had two principal
16 concerns that were quite troublesome in my
17 judgment about the methodology. One was that by
18 it's very nature it was a model effort which
19 relied on a large number of fairly complex
20 assumptions which by their very nature are
21 subjective and need to be pretty intensely vetted
22 before that's seen as a preferable approach to the
23 more primitive way in which we have counted the
24 contributions of coal and other resources in the
25 gross system power report, which, you know, we've

1 embraced for seven or eight or nine years and it
2 does allow for a comparison between years.

3 The second area that I had quite a bit
4 of trouble with was the effort to do this
5 unilaterally. Obviously other states are impacted
6 and at the time I said that I didn't think it was
7 any way in which the state of California
8 attempting to exercise some leadership and
9 influence among our neighbors around the west
10 should conduct itself, that we really ought to sit
11 down and work out a common methodology that all
12 states could agree with. And I guess from what I
13 know of what is being proposed by whoever it is
14 that is sponsoring or nonsponsoring the proposal,
15 it remains a model methodology relying on an
16 assortment of complex assumptions and it remains a
17 unilateral document.

18 And I guess in that second area, my
19 concern has deepened quite a bit since June. I
20 think it was just last month the Governor entered
21 into an agreement with four other western states
22 to develop a common cap in trade methodology. It
23 certainly seems to me that the prudent way to
24 approach our relations with those four other
25 states, if not the entire Western Governors'

1 Association where we've also enjoyed very positive
2 relations of late, would be to try more of a
3 multi-lateral approach to invite them in to a
4 dialogue before we put anything forward, even as a
5 trial balloon that can be misinterpreted.

6 And I think you and I both understand
7 that the real cause for concern here is that this
8 new methodology suddenly reduces our coal reliance
9 from 20 percent down the 12 percent, a 40 percent
10 reduction. That sounds like the greatest idea
11 since Bernard Ebbers figured out that he had a
12 better way of accounting for Worldcom's revenues.
13 And I think it raises the same type of concern. I
14 just don't know how wise it is to go forward with
15 something that I think it would probably be too
16 generous to call half baked.

17 EXECUTIVE DIRECTOR BLEVINS: Maybe I
18 will start with the second comment and go to the
19 first. The California Public Utilities
20 Commission, the five state MOU is obviously a
21 newer initiative. The California Public Utilities
22 Commission has been engaged with two of the five
23 western states that are involved in the five state
24 MOU for the past year. I don't know the degree to
25 which there has been any specific discussion on

1 models or projections that we're getting into as a
2 result of AB-32.

3 The other thing that enters into this,
4 and I'm not making this as an apology, I mean it's
5 just a fact, AB-32 is on an extremely tight
6 timeframe and I do believe that both commissions
7 have an obligation to try to pull the other
8 western states into this process because in order
9 to meet the timeframe it's under AB-32, we need to
10 proceed with our proceedings. And I have every
11 expectation that certainly the five state MOU
12 discussion, this is going to enter into that
13 discussion and we would be emphasizing the
14 importance of having everyone from those other
15 states follow this closely and comment greatly.

16 I will point out that one of the other
17 states is on the agenda for the workshop to offer
18 comment on that day's proceeding.

19 So I certainly don't take issue with the
20 importance of it being a multi-state effort, but
21 right now California is the only one of those
22 states that has an AB-32 pressure. There is some
23 likelihood that maybe at the end of the
24 legislative session in some of these other states
25 that that same pressure will be there as well in

1 their states, but this is a very time constricted
2 process that --

3 COMMISSIONER GEESMAN: Well, that's
4 great, but let me ask you, because I'm sensing
5 you're not taking any ownership of this
6 methodology. Is this the best way that you would
7 go about negotiating with your neighbors?

8 EXECUTIVE DIRECTOR BLEVINS: Well, I
9 don't consider it a negotiation yet, I'm in the
10 process of trying to obtain information and
11 determine what my best negotiation strategy might
12 be.

13 COMMISSIONER GEESMAN: Is there a five-
14 state forum created as a result of this MOU that
15 could result in agreeing with the other states?

16 EXECUTIVE DIRECTOR BLEVINS: Well, at
17 this point, I guess the only word I could
18 characterize the five state MOU based on my
19 knowledge is that we've created a dynamic and I'm
20 waiting to get the additional information in terms
21 of how we play that dynamic into the proceedings
22 that we're trying to do on the electricity sector
23 in California.

24 COMMISSIONER GEESMAN: I thought this
25 was going to come back to the Commission or some

1 committee thereof for future review before it ever
2 saw the light of day. As I recall, at the end of
3 that June workshop, there wasn't a whole lot left
4 that was defensible about what the staff had
5 proposed in this accounting change.

6 EXECUTIVE DIRECTOR BLEVINS: Yes. In
7 the current paper, the staff has endeavored to
8 answer some of those issues. Now we can debate
9 whether they have been adequately answered or not,
10 but they certainly endeavored to answer those
11 issues.

12 COMMISSIONER GEESMAN: I can't really
13 debate it because I haven't gotten the report yet.
14 And I think there's a problem with that.

15 EXECUTIVE DIRECTOR BLEVINS: Okay.
16 Well, I was actually under the impression that
17 your office had received a copy of the report, so
18 I'm misinformed. I think that -- actually I
19 forgot your first question. What was your comment
20 prior to that?

21 COMMISSIONER GEESMAN: Wasn't this going
22 to come back?

23 EXECUTIVE OFFICER BLEVINS: Oh, right,
24 right. This gets into this collapsing of
25 processes here. As I mentioned in my earlier

1 comment, I don't know that there is anything at
2 this moment that prevents that from still
3 happening. I mean in essence we are in a joint
4 proceeding with the PUC to attempt to get again
5 some feedback and some assistance in acquiring
6 data for quite frankly doing the very things in
7 life as we do and it's moved away from relying so
8 much on the modeling outcome and actually having
9 some real data to test the model against.

10 Again, I think it's a discussion among
11 the Commissioners as to whether or not based on
12 the workshop that occurs with the PUC, the joint
13 workshop that occurs with the PUC, whether, you
14 know, there's a desire to play this out, if you
15 will, in that joint proceeding or whether this
16 commission wants to have, as it can certainly do
17 as a committee of it's own, to take those comments
18 and then to sort of again to winnow down the
19 methodologies. Certainly we can invite other
20 states to participate in that process, but I think
21 again these are discussions at the commissioner
22 level here at the Commission and then at
23 commissioner level between ourselves and the PUC.

24 COMMISSIONER GEESMAN: My apprehension
25 is that I'm going to pick up newspaper the day

1 after that workshop and read that the Energy
2 Commission has proposed that we lower the level of
3 our basket from ten feet down to six feet. And I
4 don't really think you can play in the NCAA with
5 that approach.

6 EXECUTIVE DIRECTOR BLEVINS: I don't
7 underestimate the present ability to create a
8 story with the word proposal is not the easiest
9 thing.

10 COMMISSIONER GEESMAN: Well, I would
11 hope then that if you have any influence over how
12 the agenda is written that you insert the word
13 orphaned and half-baked in the description.

14 EXECUTIVE DIRECTOR BLEVINS: Thank you.

15 CHAIRMAN BOYD: Perhaps rudimentary.

16 COMMISSIONER BYRON: Mr. Blevins, I do
17 plan to attend the joint workshop.

18 EXECUTIVE DIRECTOR BLEVINS: Great.
19 Thank you.

20 COMMISSIONER BYRON: Commissioner
21 Geesman, let's go ahead and add this topic. I
22 believe it is already on the agenda for this
23 afternoon's electricity committee meeting.

24 COMMISSIONER GEESMAN: Good.

25 COMMISSIONER BYRON: So let's discuss

1 that and make a committee recommendation.

2 CHAIRMAN BOYD: Anything else, Mr.
3 Blevins.

4 EXECUTIVE DIRECTOR BLEVINS: Let me just
5 add that Mr. Smith actually had to attend an
6 orphaning analyst session this morning so there's
7 no Leg Director's report.

8 CHAIRMAN BOYD: All right. Something
9 that you said reminded me of something that I
10 could have said under commission committee
11 presentations, of your references to the WGA and
12 the western states. And I might just mention for
13 the information of my fellow commissioners that
14 the WGA recently invited me to co-chair their
15 newly formed transportation committee, along with
16 the Secretary of Energy of the State of Oklahoma,
17 which I didn't realize was in the west, but
18 nonetheless I will be doing that and we'll see
19 where that goes. At least I have no qualms about
20 this.

21 COMMISSIONER GEESMAN: Did you know,
22 going back to all of those meetings that Bill
23 Keese attended over the years, we have built up a
24 better relationship with the Western Governor's
25 Association than we have enjoyed for decades and I

1 think it's important to build on that.

2 CHAIRMAN BOYD: Well, I was flattered to
3 receive the invitation and I have a long history
4 of working with the WGA in a different forum,
5 years ago on Air Quality. So I was pleased to see
6 that because we have actually been entertaining
7 the idea of talking with western states more about
8 our interdependence and how things that uplift
9 that occurs there affects us or vice-versa.

10 COMMISSIONER GEESMAN: Is the fellow in
11 Oklahoma still David Fletcher?

12 CHAIRMAN BOYD: Yes.

13 COMMISSIONER GEESMAN: A very good guy.

14 CHAIRMAN BOYD: Well, I've enjoyed
15 talking to him on the phone and I don't recall
16 ever having met him, but we've both discovered
17 that we have lots of mutual friends.

18 In any event, okay, no Legislative
19 Director's report, so I will just mention for the
20 record that I did attend a legislative hearing
21 earlier this week representing the Commission. It
22 was a joint hearing of the Assembly Natural
23 Resources Committee and Assembly Budget
24 Subcommittee Number 3 on the subject of
25 implementing AB-32. CalePA, ARB, ourselves, PUC,

1 and the Waste Board were summoned to come and talk
2 about what we've done with regard to our
3 responsibilities under that bill. And it was very
4 well attended by legislators, including several
5 who weren't members of either of these committees,
6 but other committees that had interest. And I
7 would say this agency came away totally unscathed
8 with no questions and no concerns about our
9 responsibilities. CalEPA found themselves doing
10 some pretty heavy lifting with regard to questions
11 they received. But it was interesting
12 nonetheless. And I think there was a hearing on
13 renewables?

14 COMMISSIONER GEESMAN: Yes. I testified
15 in front of the Assembly Utilities Committee on
16 the RPS program, along with Sean Gallagher from
17 the CPUC. Basically the same type of
18 presentation, Chair Pfannenstiel and I had
19 provided the Senate Energy Committee about six
20 weeks ago.

21 The productive thing I think about the
22 hearing this week was the focus consistent with
23 what the 2006 IEPR update suggested. The RPS
24 discussion at the committee and one embraced both
25 by Mr. Gallagher and myself, as well as most of

1 the other witnesses, was to take a somewhat more
2 enlarged view of the RPS and incorporate the 2020
3 33 percent target as part of a consistently
4 growing and consistently expanding renewable
5 program to be carried out by the state's
6 utilities. And frankly I think that's a much
7 better way to approach a load-based cap than
8 trying to cook the books and change the way we
9 count the contribution of coal. So as that
10 proceeding goes on, I hope we stay focused on the
11 actual tangible things that California can do to
12 try to reduce our CO2 emissions. But it was a
13 very productive discussion.

14 CHAIRMAN BOYD: And you remind me that
15 in the context of the AB-32 hearing there was
16 probably more discussion than I would have
17 expected about the renewables programs and the new
18 representative of the PUC and of course I think we
19 complemented each other quite well, which was
20 hopefully very apparent to the legislature that we
21 are working very closely and very well together on
22 that subject and of course their work on IOUs and
23 our work on the industry utilities with regard to
24 responsibilities under AB-32. It was also
25 discussed a little more than I would expected.

1 And so a few more legislators were educated on
2 what is going on out there and how complicated and
3 how interactive all these activities are. I think
4 we may be off to a pretty decent start in this
5 legislature and some of those activities.

6 Okay. No Legislative Directors report,
7 but we did mightily there.

8 Public Advisor's report. Anything?

9 PUBLIC ADVISOR: Mr. Chairman, Members,
10 the Public Advisor's has nothing new to report.
11 Thank you.

12 CHAIRMAN BOYD: Thank you.

13 Public comment. Anyone out there left
14 in the audience who wants to make a comment?

15 And we have no need for any executive
16 session, therefore the meeting is adjourned.

17 Thank you everybody.

18 (Thereupon, the California Energy
19 Commission Business meeting was
20 adjourned at 11:15 a.m.)

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1 CERTIFICATE OF SHORTHAND REPORTER

2 I, MICHAEL J. MAC IVER, a Shorthand
3 Reporter, do hereby certify that I am a
4 disinterested person herein; that I reported the
5 foregoing California Energy Commission proceedings
6 in shorthand writing; that I thereafter caused my
7 shorthand writing to be transcribed into
8 typewriting.

9 I further certify that I am not of
10 counsel or attorney for any of the parties to said
11 California Energy Commission proceedings, or in
12 any way interested in the outcome of said
13 California Energy Commission proceedings.

14 IN WITNESS WHEREOF, I have hereunto set
15 my hand this 11th day of April 2007.

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Michael J. Mac Iver
Shorthand Reporter