

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, MAY 9, 2007

10:00 A.M.

Reported by:
John Cota
Contract Number: 150-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, Chairperson

Jeffrey D. Byron

John L. Geesman

STAFF and CONTRACTORS PRESENT

Jennifer Allen

Kelly Birkinshaw

B. B. Blevins, Executive Director

William Chamberlain, Chief Counsel

Scott Matthews

Bradley Meister

Dave Michel

Richard Sapadur

Mike Smith

John Sugar

PUBLIC ADVISER

Nick Bartsch

ALSO PRESENT

Jan Hammerin, PhD

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P R O C E E D I N G S

10:03 a.m.

1
2
3 PRESIDING MEMBER PFANNENSTIEL: Good
4 morning, this is the Energy Commission Business
5 Meeting of May 9th. Please join me in the Pledge
6 of Allegiance.

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

9 PRESIDING MEMBER PFANNENSTIEL: Before
10 we begin our business agenda this morning we have
11 a couple of very significant resolutions of
12 recognition that we would like to offer. The
13 first one is for Dr. Jan Hammerin and Commissioner
14 Geesman has agreed to read the resolution.

15 COMMISSIONER GEESMAN: Thank you. And
16 bear with me, this is going to take a little while
17 but in light of the circumstances it is well worth
18 the time invested.

19 "Whereas Dr. Jan Hammerin has
20 been a key figure in shaping state,
21 national and international
22 renewable energy markets for more
23 than 25 years and has proven
24 herself as an outstanding
25 leadership in her field;

1 "And whereas Dr. Hammerin
2 served from 1979 to 1980 --"

3 A time period I remember well.

4 "-- as the manager of solar
5 programs for the California Energy
6 Commission, working closely with
7 local governments to develop solar
8 energy programs and overcome
9 barriers to solar as a viable
10 generation resource;

11 "And whereas Dr. Hammerin was
12 the founder and executive director
13 of the Independent Energy Producers
14 Association in the 1980s, helping
15 to make California a world leader
16 in new renewable development
17 through her assistance in contract
18 negotiations between renewable
19 generators and California's
20 investor-owned utilities;

21 "And whereas Dr. Hammerin
22 founded the Center for Resource
23 Solutions in 1997 and was
24 instrumental in developing the
25 Green-e renewable energy

1 certification program with
2 participation by nearly 160
3 renewable energy marketers and
4 utilities and more than four
5 gigawatt hours of Green-e certified
6 recs sold in 2005;

7 "And whereas Dr. Hammerin
8 mobilized a group of renewable
9 energy experts to assess
10 accelerating and expanding
11 California's renewable portfolio
12 standard and related programs to
13 achieve the Governor's statewide
14 goal of 33 percent renewable energy
15 by 2020 and co-authored Achieving a
16 33 Percent Renewable Energy Target,
17 a report developed at the request
18 of the California Public Utilities
19 Commission;

20 "And whereas Dr. Hammerin has
21 made significant international
22 contributions to the field of
23 renewables through her work with
24 regulators and representatives from
25 Argentina, Brazil, Southeast Asia,

1 Canada, Australia, Mexico and the
2 International Energy Agency, and
3 most recently her role in
4 developing China's renewable energy
5 promotion law in February 2005 with
6 renewable energy targets of five
7 percent by 2010 and ten percent by
8 2020;

9 "Therefore be it resolved that
10 the California Energy Commission
11 acknowledges and thanks Dr. Jan
12 Hammerin for her 25 years of
13 exemplary contributions to
14 furthering renewable energy
15 development and wishes her good
16 health and all the best in her
17 future endeavors."

18 It gives me a great deal of pleasure to say thank
19 you, Jan.

20 (Applause.)

21 CHAIRPERSON PFANNENSTIEL: Jan, do you
22 want to come up.

23 DR. HAMMERIN: Thank you so much. I am
24 honored and flabbergasted and I really appreciate
25 the thought behind this. Hopefully I'll have a

1 few more years to be able to put in.

2 CHAIRPERSON PFANNENSTIEL: I'm sure you
3 will.

4 DR. HAMMERIN: Thank you, thank you.

5 CHAIRPERSON PFANNENSTIEL: Thank you,
6 Jan.

7 COMMISSIONER GEESMAN: Congratulations,
8 Jan.

9 (Applause.)

10 CHAIRPERSON PFANNENSTIEL: Now that's a
11 hard act to follow but in fact we have also a
12 token of recognition for Scott Matthews. Many
13 people know that Scott is retiring momentarily and
14 we are looking for ways of recognizing him and
15 telling him how much we'll miss him. But we'll
16 start with the formalities of the resolution.

17 "Whereas Scott Matthews in his
18 commitment to the state and the
19 environment is a second generation
20 Californian, has worked for over 35
21 years to improve the state's
22 environment and energy and
23 transportation systems in this
24 great state of California;

25 "And whereas Scott Matthews

1 during the 2001 energy crisis
2 frequently helped Governor Gray
3 Davis on electricity supply and
4 demand and implemented as a deputy
5 director of the Energy Efficiency
6 and Demand Analysis Division a
7 highly successful energy
8 conservation program that reduced
9 peak electricity demand for the
10 summer of 2001 that helped
11 California avoid summer rotational
12 outages;

13 "And whereas Scott Matthews as
14 a deputy director of the
15 Transportation Energy Division
16 assessed the future supply and
17 price of fuels as well as
18 alternatives to conventional fuels,
19 thereby setting the groundwork for
20 the development of the new
21 transportation strategies to reduce
22 petroleum consumption;

23 "And whereas Scott Matthews
24 has been actively involved in
25 developing California's energy

1 policy in numerous key energy
2 policy documents including the
3 Energy Commission's Strategic Plan,
4 the California Energy Action Plan,
5 the Energy Commission's biennial
6 report and its successor, the
7 Energy Commission's Integrated
8 Energy Policy Report, Governor Pete
9 Wilson's California Competes and
10 Governor Schwarzenegger's
11 California Performance Review and
12 his proposed reorganization of
13 energy agencies;

14 "Whereas Scott Matthews is a
15 dedicated volunteer frequently
16 called upon to cook and perform and
17 is committed to promoting his
18 Swedish heritage;

19 "Therefore be it resolved that
20 the California Energy Commission
21 recognizes, values and was
22 privileged to have Scott W.
23 Matthews serve the organization
24 with his dedication, integrity and
25 expertise."

1 Before we complete that we have a letter from
2 Governor Schwarzenegger:

3 "I am honored to extend my
4 sincere congratulations to you as
5 you retire after 35 years of
6 outstanding public service.

7 "As one of the original staff
8 members of the California Energy
9 Commission your knowledge and
10 expertise were vital to planning
11 the energy infrastructure that
12 would move our economy forward.

13 "The leadership you
14 displayed in implementing our
15 state's building and appliance
16 efficiency standards has
17 helped give California the
18 distinction of using less
19 electricity per person than
20 any other state in the nation,
21 a fantastic achievement.

22 "Public service is a noble
23 calling and you can take great
24 pride in your work on behalf of the
25 people of California. Your

1 contributions have been
2 instrumental in helping to assure
3 that state government is effective
4 and responsive.

5 "As you move on to the next
6 chapter of your life you have my
7 best wishes for a fulfilling
8 retirement and every future
9 success. Thank you for all you
10 have done for the state.

11 Sincerely, Arnold Schwarzenegger."

12 Scott, thank you very much.

13 (Applause.)

14 MR. MATTHEWS: It's interesting that you
15 mentioned, California Competes. Not one of our
16 finer moments. It was an effort, for those of you
17 who weren't around, an effort to examine every
18 single thing that the state of California did and
19 assess where we could cut resources, one of the
20 many times we went through this effort. We
21 produced several volumes that were about this big
22 and the only thing we did for the entire Energy
23 Commission was we cut one-eighth of John Sugar's
24 position.

25 (Laughter followed by a

1 photograph being taken.)

2 SPEAKER IN AUDIENCE: Good job, Scott.

3 MR. MATTHEWS: Thank you, everybody.

4 CHAIRPERSON PFANNENSTIEL: Turning to
5 the business agenda. We have a couple of agenda
6 items to change. Item number 6, 10, 11, 12 and 13
7 will be held until the next, the May 23rd Business
8 Meeting.

9 With that the Consent Calendar.

10 COMMISSIONER GEESMAN: I'll move it

11 ASSOCIATE MEMBER BYRON: Second.

12 CHAIRPERSON PFANNENSTIEL: All in favor?

13 (Ayes.)

14 CHAIRPERSON PFANNENSTIEL: The consent
15 calendar is approved.

16 Item number 2, possible approval of the
17 proposed amendments to the Appliance Efficiency
18 regulations published as Express Terms, 15 day
19 language, dated April 20, 2007.

20 As I understand it this is an
21 opportunity for public comment on this matter and
22 that the Commission is not expected to take
23 action. Is that correct, Mr. Staack?

24 MR. STAACK: Yes, that's correct. Good
25 morning, Commissioners, my name is -- Oh, thought

1 it was green. Good morning, Commissioners, my
2 name is Bill Staack. I am a senior staff counsel
3 for the California Energy Commission.

4 We are here today to accept public
5 comments on a 15 day language proposed for
6 appliance efficiency regulations 07-AAER-1. We
7 are here also to discuss, if requested, staff's
8 proposal to postpone the adoption of these
9 regulations and to direct staff to prepare a new
10 15 day language for adoption at a future date.

11 The Commission published the Notice of
12 Proposed Action for these regulations on December
13 1, 2006 with the proposed amendments to the
14 Appliance Efficiency Regulations. On January 17,
15 2007 staff recommended and the Commission agreed
16 to postpone the adoption and directed staff to
17 prepare new 15 day language for adoption at a
18 future date. Staff published the proposed
19 amendments with the 15 day public comment period
20 starting on March 24, 2007 with a proposed
21 adoption date for May 9, 2007.

22 After considering comments received
23 during this 15 day public comment period staff is
24 recommending that adoption be delayed and that
25 staff be directed to propose additional 15 day

1 language to address these comments and to publish
2 in the near future another 15 day public comment
3 period.

4 CHAIRPERSON PFANNENSTIEL: Thank you.

5 Are there questions on this?

6 Are there public comments?

7 Is anybody here or on the phone to
8 comment on these regulations, the proposed
9 regulations?

10 Hearing none then we will put it off for
11 the 15 day period and take it up in the future.

12 MR. STAACK: Okay, thank you.

13 CHAIRPERSON PFANNENSTIEL: Thank you.

14 Item 3, possible approval of PIER work
15 authorization MR-069 with the Regents of the
16 University of California, Office of the
17 President/CIEE, under the UC Master Research
18 Agreement 500-02-004 with the Regents of the
19 University of California, Office of the
20 President/CIEE, for eight grant applications
21 totaling \$599,992 in response to the July 2006
22 solicitation for the Environmental Exploratory
23 Grant Program 2006.

24 MR. BIRKINSHAW: Good morning,
25 Commissioners. For the record my name is Kelly

1 Birkinshaw, I manage environmental research for
2 the Energy Commission.

3 We are here today to ask for your
4 consideration and approval of eight environmental
5 grants with the University of California.

6 As you may be aware, environmental
7 research is guided largely by fairly extensive
8 research plans, what we deem as road maps, but we
9 recognize the need to engage the broader research
10 community and environmental communities to
11 identify issues that are looming that ultimately
12 may become part of our core research program. And
13 we use this environmental grant program to fulfill
14 that function.

15 These are projects that are relatively
16 small, about \$75,000 each, and are intended to
17 provide broad funding for scoping studies to help
18 us understand issues at the nexus of energy and
19 the environment.

20 We have gone through a solicitation this
21 year. I identified eight individual grants. This
22 is the fourth cycle of this program and again we
23 would ask for your consideration of these grants
24 for approval.

25 I believe the descriptions of the

1 individual eight projects are part of your
2 information binder. We'd be prepared to answer
3 any questions you have about the projects but with
4 that I'd pause for questions and again ask for
5 your approval.

6 CHAIRPERSON PFANNENSTIEL: Are there
7 questions?

8 Hearing none is there a motion?

9 COMMISSIONER GEESMAN: I'll move the
10 item.

11 CHAIRPERSON BYRON: Second.

12 CHAIRPERSON PFANNENSTIEL: All in favor?

13 (Ayes.)

14 CHAIRPERSON PFANNENSTIEL: They get
15 approved.

16 MR. BIRKINSHAW: Thank you very much.

17 COMMISSIONER BYRON: Thank you.

18 CHAIRPERSON PFANNENSTIEL: Item 4,
19 possible approval of Contract 500-06-046 for
20 \$260,000 with the US Department of Energy -
21 Lawrence Berkeley National Laboratory to develop
22 an automated fault detection procedure for
23 packaged air-conditioning units and enhance
24 visualization software used to train HVAC
25 technicians by adding energy-efficiency and peak-

1 demand analysis capabilities.

2 Mr. Meister, good morning.

3 MR. MEISTER: Good morning,
4 Commissioners, I am Bradley Meister.

5 I am here today to request approval of
6 contract 500-06-046 for \$260,000 with LBNL. The
7 contract will develop two specific projects. The
8 first is an automated fault detection procedure
9 for packaged rooftop air-conditioning units that
10 will be developed and tested at two Target Brand
11 Stores, one in northern and one in southern
12 California.

13 LBNL will develop a method to automate
14 the fault detection process implemented in
15 software and then test it in stores in California.

16 The second project will provide
17 enhancements to open-source ePrimer visualization
18 software used to train HVAC technicians.
19 Specifically both energy and peak demand
20 calculations will be added by incorporating the
21 EnergyPlus simulation program and associated
22 learning scenarios will also developed.

23 The staff recommends that the Commission
24 approve this contract with LBNL.

25 CHAIRPERSON PFANNENSTIEL: Questions or

1 discussion?

2 ASSOCIATE MEMBER BYRON: None.

3 CHAIRPERSON PFANNENSTIEL: Is there a
4 motion?

5 ASSOCIATE MEMBER BYRON: I'll move it.

6 COMMISSIONER GEESMAN: Second.

7 CHAIRPERSON PFANNENSTIEL: All in favor.

8 (Ayes.)

9 CHAIRPERSON PFANNENSTIEL: Approved,
10 thank you.

11 Item 5, possible approval of Contract
12 500-06-040 with Cal Poly Corporation for
13 \$1,600,000 to study energy intensive components in
14 the agricultural water-use cycle and identify
15 those with greatest potential to achieve energy
16 conservation, resource efficiencies and peak load
17 reduction. Good morning.

18 MR. SAPADUR: Good morning, I'm Rich
19 Sapadur and we're asking for your consideration of
20 approval of this project. And what I'd like to do
21 is go over a little bit of since this continues
22 previous work. And also just give you a once-over
23 flavor for the objectives of this particular
24 project.

25 This is actually a collaborative project

1 between the efficiency division whose represented
2 by Ricardo Amon and PIER. And it builds on
3 previous work that was done in 2003 with the Cal
4 Poly University, their Irrigation Training
5 Research Center.

6 And that resulted in two reports. One
7 on the Agricultural Electricity Requirements for
8 Agriculture. And then also An Agricultural Water
9 Roadmap. This project is intended to take those
10 findings and those reports and start implementing
11 some of the recommendations and take some of the
12 directions that were given from the previous work.

13 This project targets specific energy
14 intensive components and practices in the
15 agricultural water use cycle. We look for those
16 that have the greatest potential to achieve energy
17 conservation, resource efficiencies and peak load
18 reduction.

19 Overall the goals of the agreement are
20 to provide knowledge and tools for policy makers,
21 manufacturers and end users in agricultural
22 irrigation that conserve both water and energy and
23 that decrease the intensity of agricultural water
24 supply.

25 Two major aspects of that is improving

1 the efficiency of pumping systems and wells making
2 that water less energy intensive.

3 And also through reducing the energy
4 intensity of the pressurized irrigation systems,
5 including filters, pipes and emitters associated
6 with drip and micro irrigation to which we're
7 seeing a trend switching from surface water to
8 ground water when they go to those systems.

9 The objectives of the research are to
10 provide end users of irrigation equipment with
11 identified devices and technologies that can
12 significantly reduce pumping energy. We want to
13 decrease the energy intensity associated with
14 pumping, provide estimates of the anticipated
15 savings in the annual energy use for those devices
16 and systems so that when people are starting to
17 choose their systems they have some information on
18 what the energy factors are going to be with using
19 certain equipment.

20 We'd like to develop irrigation
21 equipment energy efficiency standards to be
22 adopted and promoted by the irrigation equipment
23 manufacturers hoping to spread the manufacturers
24 through energy efficiency to work also on their
25 end to increase the energy efficiency of their

1 devices.

2 We'd also like to develop and field test
3 irrigation district water supply routing software
4 programs and demonstrate the applicability of such
5 tools and provide the technical details required
6 for private companies to enter the market
7 providing such software to irrigation districts.

8 So what we're looking at here is one of
9 the issues related to a transition from lower
10 energy intensity surface water use to a higher
11 energy intensity ground water use is the
12 availability of the irrigation district to deliver
13 water to the growers when they need it. Since
14 oftentimes drip and micro systems require more
15 frequent, regular irrigation at intervals.

16 And we're hoping through the development
17 of delivery systems that we can improve the
18 service from the irrigation districts to the
19 growers so that they don't switch from surface
20 water to ground water quite as readily and perhaps
21 consider switching back from ground water to
22 surface water.

23 The other thing is in a way to try to
24 influence the irrigation districts is to find the
25 number of acres and historical trends of

1 conversions from irrigation district water to well
2 water and to supply pressurized irrigation methods
3 to better understand the problem. So what we are
4 looking at there is looking at how large this
5 switch is occurring from surface water to ground
6 water.

7 And hopefully that will provide some
8 incentive for the irrigation districts to
9 seriously consider making their surface water
10 deliveries more amenable to the irrigation methods
11 used by the growers as far as drip and micro.

12 And part of this will be to look at
13 future supply trends. We'll also make an attempt
14 to estimate those and include the impact of this
15 shift or if the shift can be slowed or reversed on
16 California's energy related agricultural water
17 use.

18 And one of the other things is this
19 project incorporates a research phase up front and
20 then it leads to an RFP process that will be
21 conducted by Cal Poly. The intent is that the up
22 front research will identify the need and for more
23 research. And an RFP will be let and we will look
24 for private and public entities that are willing
25 to do research projects to address the R&D issues

1 that were identified in the first phase of
2 research.

3 And we are looking at through the RFP
4 process between four and ten additional projects
5 would be funded focusing on the findings of the
6 initial research.

7 That's kind of an overview. I can go
8 into the individual tasks and give you
9 descriptions of how the project is put together
10 and how it works if you'd like otherwise I'll just
11 open it up for questions if you have any.

12 CHAIRPERSON PFANNENSTIEL: Thank you.
13 Are there questions? Yes, Commissioner Byron.

14 COMMISSIONER BYRON: Thank you, if I may.
15 It wasn't obvious to me why this would take a
16 contract duration of four years. It wasn't
17 obvious why this might take up to four years. I
18 was hoping you could enlighten me.

19 MR. SAPADUR: I think what we're looking
20 at here is the first phase of research will also
21 lead to the RFP process which is kind of a timely
22 thing.

23 In one regard it takes a while to put an
24 RFP together and administer it and choose the
25 projects. So we're trying to overlap that as much

1 as possible in the project. But we're leaving
2 some room in there in case the RFP is going to
3 take a little longer than we expect.

4 Also some of these issues we're allowing
5 a bit of additional time just in case when you're
6 dealing with sometimes software products and
7 proving them on an operational basis such that you
8 can encourage folks to take it from there and
9 develop them for the agricultural use. That we're
10 anticipating we might need a bit more time there
11 also.

12 So it's not any particular one thing
13 it's just a combination of making sure we don't
14 get stuck at the end with having to come back and
15 do an amendment for more time just in case. We'd
16 like to avoid that, that administrative hassle
17 basically.

18 COMMISSIONER GEESMAN: If I may venture
19 into that subject area, Commissioner. This is an
20 area, in my judgement, that could really benefit
21 in the future by some Commissioner taking on the
22 water/energy nexus as a personal priority. I'm
23 not volunteering. And given that the relative
24 brevity of my remaining term I think you're really
25 looking for someone that's going to be here for a

1 period of years.

2 The rediscovery in the 2005 IEPR of the
3 extraordinary amount of our electricity use and
4 our natural gas use that goes to one phase or
5 another of the water cycle suggests that it's a
6 priority that state government really hasn't given
7 adequate recognition to for a long number of
8 years. You intersect that with the well publicized
9 challenges that the state water project and the
10 federal water project are having in California and
11 then you layer on the air quality regulators
12 efforts to shift pumping, ground water pumping in
13 particular away from diesel pumps to electric
14 pumps and you've got the makings of a major
15 challenge.

16 One of the frustrating aspects is that
17 it cuts across so many jurisdictional lines within
18 state government that it really does require a
19 personal champion.

20 I think that the amount of time built
21 into this research component is a recognition of
22 that. But the R&D Committee has placed a great
23 deal of priority in upping our level of commitment
24 to research in this area.

25 And I would happily move the project.

1 COMMISSIONER BYRON: And I'll second it,
2 Commissioner and thank you for that response,
3 additional response. I hope to be around here for
4 a few years. I'd like to discuss this with you
5 further.

6 CHAIRPERSON PFANNENSTIEL: It's been
7 moved and seconded, in favor?

8 (Ayes.)

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

11 MR. SAPADUR: Thank you all.

12 CHAIRPERSON PFANNENSTIEL: Item number
13 7, possible approval of Amendment 1 to Contract
14 500-06-017 to add \$550,000 and two additional
15 tasks, adjust the schedule, and extend the term by
16 13 months to January 29, 2010. And it doesn't say
17 this but this is an amendment for a contract with
18 the U.S. Department of Energy, Lawrence Livermore
19 Laboratories. Good morning.

20 MS. ALLEN: Good morning Chairman
21 Pfannenstiel, Commissioners. We have an existing
22 contract to do a geographical information system
23 analysis of renewable sites in California and what
24 their impact would be on the existing transmission
25 and distribution system and then also on each

1 other.

2 And what we'd like to do is add in a
3 distributed generation, primarily CHP, both
4 renewable and non-renewable sources and look at
5 the whole picture for California.

6 So the, what the outcome would be of
7 this would be to give us a better picture of CHP
8 sites in California.

9 We have a study done by EPRI that looked
10 at the technical feasibility of CHP looking at all
11 of the industries in California and took in to
12 account their technical potential. And what this
13 does is digs down a little bit deeper and actually
14 looks at where there would be environmental or
15 socio-economic potential in addition to technical
16 potential of CHP sites.

17 And then would look at what their
18 relationship would be to the existing grid and
19 also to potential renewable resources.

20 NYSERDA the New York State Energy
21 Research and Development Administration did a
22 similar study but not on this large a scale for
23 New York looking at CHP. And they have provided
24 us with their model that we can adapt some of the
25 things that they have done.

1 And they're very interested in seeing
2 what comes out of this. Because this is a much
3 bigger picture.

4 And so what we would like to do is
5 augment this existing contract that looks at
6 renewable resources and add in the CHP and the
7 economic overlay for all of the --

8 CHAIRPERSON PFANNENSTIEL: Will we be
9 getting the results from this in pieces or do we
10 wait until January 29, 2010 to get the full
11 picture including the CHP or we will we get the
12 piece before the CHP has been included before
13 that?

14 MS. ALLEN: There will be portions of
15 this that will be available prior to the end of
16 the contract. What we hope to get at the end of
17 this period of time is actually the ability to
18 have this online so that it's available to the
19 utilities except for the information that would
20 have security sensitivity. It would be the entire
21 GIS modeling system available online.

22 And that would be at the end. But prior
23 to that, there would be pieces that we would be
24 able to tap into.

25 CHAIRPERSON PFANNENSTIEL: I see.

1 Questions, discussion? A motion?

2 COMMISSIONER GEESMAN: I'll move it.

3 And I'll point out to the utility lobbyists
4 laughing and smirking in the back row that this is
5 an important piece of research to track. I know
6 that it has been a matter of resistance to you
7 that the state is headed in a direction to
8 requiring you to include these types of resources
9 in your supply portfolios.

10 But this effort is something that
11 hopefully will be of benefit to your supply
12 planning in the future.

13 COMMISSIONER BYRON: I second the
14 motion.

15 CHAIRPERSON PFANNENSTIEL: All in favor?

16 (Ayes.)

17 It's approved. Thank you.

18 MS. ALLEN: Thank you.

19 CHAIRPERSON PFANNENSTIEL: Item 8,
20 possible approval of Amendment 5 to Contract 500-
21 98-014 with the Trustees of the California State
22 Universities to extend the Energy Innovations
23 Small Grant Program agreement two years and to add
24 \$9,500,000.

25 MR. MICHEL: Good morning,

1 Commissioners. I'm Dave Michel I manage the PIER
2 Energy Innovation Small Grant Program. Item 8
3 requests possible approval of a fifth amendment to
4 the contract number 500-98-014 with the Trustees
5 of the California State Universities to extend and
6 augment the existing agreement. This amendment
7 adds two years and nine and a half million dollars
8 to the contract for a total cost of the contract
9 is not to exceed \$36,500,000. The ESIG (sic)
10 program is a unique successful program for tapping
11 into innovative ideas of small businesses,
12 academics, individuals and non-profits using
13 solely a competitive solicitation process and PIER
14 selection criteria specific to PIER long-term RD&D
15 needs.

16 The program thereby taps into resources
17 of new energy concepts that are generally outside
18 the traditional R&D solicitations and contributes
19 to the long-range R&D component of PIER.

20 This amendment, in this amendment the
21 transportation research area has been included
22 with the other six PIER subject areas. I
23 recommend approval of this two year extension of
24 this agreement. Any questions?

25 CHAIRPERSON PFANNENSTIEL: I think, let

1 me ask it here rather than waiting until we get
2 into specific proposals. You said that this is an
3 enormously successful program.

4 MR. MICHEL: Yes.

5 CHAIRPERSON PFANNENSTIEL: How do you
6 define success. And how is that measured?

7 MR. MICHEL: Like I said, it tries to
8 add to the long-term needs of PIER. And the way
9 it does that is provides seed projects into PIER.

10 And it also has value. Some of the
11 projects I'll just name that has had some success.
12 And it's Clipper Wind, Clean Energy Systems, Sun
13 Power. Those are some of the organizations that
14 have gone on to get follow-on funding from PIER
15 and outside of PIER in excess of 96 million
16 dollars.

17 Most of those dollars stay in
18 California. I do believe about 85 percent of
19 that. We continue to track them. About 50 percent
20 of those projects get follow-on funds.

21 And our goal is to exceed that 50
22 percent. Any other questions?

23 CHAIRPERSON PFANNENSTIEL: So of the 230
24 awards to date there's some large percentage of
25 them have gone on to whatever.

1 MR. MICHEL: Yes, let me clarify.

2 CHAIRPERSON PFANNENSTIEL: I'm just
3 trying to decide what is the point at which it is
4 determined to have been a successful award.

5 MR. MICHEL: Like I said feasibility
6 studies so it's kind of the beginning of the
7 research path. So it does take some time by the
8 time they actually get into the market.

9 And we're seeing that happen now. And
10 hopefully you'll see more of it. We've added a
11 tech transfer component to this program to help
12 foster some of the promising projects that are
13 coming through there.

14 And I do believe that we're going to see
15 more come through in the near future. And of the
16 230 I would say still most of them are still
17 active projects.

18 So the numbers I've mentioned are
19 probably closer to half that amount. About 100
20 have been completed approximately. I don't have
21 that exact number. So there are still a lot of
22 active projects. And hopefully they'll continue
23 to progress and see some success in those
24 projects.

25 CHAIRPERSON PFANNENSTIEL: Thank you,

1 questions?

2 COMMISSIONER BYRON: If I may add,
3 having been involved in energy research for a
4 number of years I think this is a very unique
5 program. I mean it provides seed for fundamental
6 research unlike anything else I can think of in
7 the country. So I would not expect you to hit on
8 all cylinders. That you continue funding with as
9 many as 50 percent of these I think is rather high
10 and extraordinary in itself. So as I continue to
11 learn more about PIER and all the programs that
12 you have I'm very much in favor of seeing this one
13 continue.

14 MR. MICHEL: I just want to add that we
15 do tend to take on riskier projects as well.
16 Riskier meaning but sometimes that's where the
17 innovation is coming from.

18 So that is part of the portfolio of
19 projects, yes. Thank you.

20 COMMISSIONER BYRON: Good.

21 COMMISSIONER GEESMAN: I would add to
22 that that it's a shame that we are performing this
23 function for the United States. And that an
24 intelligently focused federal R&D program would
25 take this type of example and multiply it 10 or 20

1 times over to better foster research all around
2 the country.

3 It might be an interesting subject for
4 federal research about 10 years after our grants
5 to go back and see what has actually come of them.

6 And I think one of the real valuable
7 aspects that distinguishes the Small Grants
8 Program at the Energy Commission is the smallness
9 of the grant.

10 You look at the federal research program
11 and you're subject to contract bloat pretty
12 quickly. And it to some extent makes sense
13 because it costs as much money administratively to
14 deal with a large grant as it does with a small
15 grant. So if you're trying to cut down on your
16 overhead you focus on the larger activities.

17 The real creativity and the seeds that
18 will flower years down the road are likely to be
19 found in these smaller efforts. So I agree with
20 you. I think it's one of the most valuable things
21 that we do and I would make a motion to approve
22 it.

23 COMMISSIONER BYRON: And I'll second it.

24 CHAIRPERSON PFANNENSTIEL: All in favor,
25 it's approved.

1 (Ayes.)

2 MR. MICHEL: Thank you. And I'll stay
3 on for the next item.

4 CHAIRPERSON PFANNENSTIEL: Yes. That is
5 Item 9, possible approval of nine grant
6 applications totaling \$706,988 in response to
7 Solicitation Cycle 06-02 of the Energy Innovations
8 Small Grant Program.

9 MR. MICHEL: Yes. Item 9 on the agenda
10 continues nine federally selected small grant
11 projects that have been approved by for Commission
12 consideration by the RD&D Committee.

13 These projects were selected from 75
14 applicants received from Solicitation 06-02.
15 Thirty-nine passed our initial screening and
16 advanced to our technical review.

17 Twenty-nine exceeded the minimum
18 required score in technical review to then advance
19 to the Program and Technical Review Board.

20 And from that technical review board
21 we've recommended the nine projects.

22 Two are renewable related technologies.
23 Two are from the building ends use. One from
24 industrial agriculture and water end use. Two are
25 from the volume-preferred advanced generation

1 area. And two from the energy systems integration
2 area.

3 In terms of the applicants. Two
4 technologies are offered by small businesses.
5 Five from the academic community. One from a non-
6 profit. And one individual.

7 The total funding request for the nine
8 projects is \$706,988 which is well within the
9 program budget. I recommend that the nine grant
10 projects for Commission consideration and
11 approval, thank you.

12 CHAIRPERSON PFANNENSTIEL: Thank you.

13 Is there a motion?

14 COMMISSIONER GEESMAN: So moved.

15 COMMISSIONER BYRON: I wish I was on the
16 R&D Committee sometimes. Seconded.

17 CHAIRPERSON PFANNENSTIEL: All in favor?

18 (Ayes.)

19 Approved, thank you.

20 COMMISSIONER GEESMAN: Madam Chair, I
21 think you should take that comment as a hint
22 (laughter).

23 CHAIRPERSON PFANNENSTIEL: Do you think
24 there may be an opening there?

25 Item 14, possible approval of Contract

1 400-06-016 for \$150,000 with the University of
2 California, Davis to provide analysis and
3 background information for the 2007 Integrated
4 Energy Policy Report on improving the efficiency
5 of light sources in California, Mr. Sugar.

6 MR. SUGAR: Madam Chairman,
7 Commissioners, I'm John Sugar. The Integrated
8 Energy Policy Report Committee has identified
9 residential lighting efficiency as an issue to
10 pursue in the 2007 Electricity Report or Energy
11 Report, excuse me.

12 The committee has scheduled a workshop
13 on June 19th to address the issue. Staff proposes
14 to contract with the California Lighting
15 Technology Center at UC Davis for expert
16 information on an analysis of the issues that
17 surround the policies to improve residential light
18 source efficiency.

19 This proposed contract calls for the
20 Lighting Technology Center to provide a
21 presentation of background information on
22 technical and policy options at that June
23 workshop.

24 The Center would then provide a report
25 updating the information and addressing issues

1 that were raised at the workshop.

2 That's due in September providing time
3 for the Energy Report Committee to incorporate the
4 information in the 2007 IEPR.

5 CHAIRPERSON PFANNENSTIEL: Thank you.

6 Questions, discussion.

7 COMMISSIONER GEESMAN: I'll move the
8 item.

9 COMMISSIONER BYRON: Before I second
10 I'll add that I had an opportunity to tour the
11 Davis Lighting Center a number of months ago. It
12 was very impressive and I will second the item.

13 CHAIRPERSON PFANNENSTIEL: All in favor?

14 (Ayes.)

15 CHAIRPERSON PFANNENSTIEL: It's

16 approved. Thank you, John.

17 Approval of the minutes of the April
18 25th business meeting. Harriet assures me that we
19 have a quorum too of those who were at that
20 meeting to approve the minutes.

21 Is there a motion for approval?

22 COMMISSIONER GEESMAN: So moved.

23 COMMISSIONER BYRON: Seconded.

24 CHAIRPERSON PFANNENSTIEL: All in favor.

25 (Ayes.)

1 CHAIRPERSON PFANNENSTIEL: The minutes
2 are approved, thank you.

3 Commission committee presentations, any
4 items to raise? None.

5 Chief Counsel Report, Mr. Chamberlain.

6 MR. CHAMBERLAIN: Thank you, Madam
7 Chairman. I understand in my absence two weeks
8 ago you met our new attorney Kevin Bell.

9 And I'm pleased this morning to
10 introduce to you our second new attorney, Dennis
11 Beck.

12 CHAIRPERSON PFANNENSTIEL: Welcome.

13 MR. CHAMBERLAIN: Mr. Beck has ten years
14 experience, five years as a prosecutor and five
15 years in city attorney offices including most
16 recently the Sacramento City Attorney's Office.
17 We're very glad to have him.

18 I will also mention I see that Mr. Smith
19 is here. I don't know if he planned to talk to
20 you about this but I do think the Commission
21 should be aware that there is a bill that would
22 change the judicial review provisions of the
23 Warren-Alquist Act from the direct review that now
24 occurs in the Supreme Court to a two stage review
25 that would probably substantially extend the delay

1 in the time from the time that you make a decision
2 in favor of moving forward with a power plant to
3 the time when someone could actually finance that
4 project because it would be free of litigation.

5 It could be as much as two years. The
6 most recent amendment adds the fact that, rather
7 extraordinary fact that, each of those courts
8 would have to issue a written decision which could
9 extend the process even further if concurring
10 opinions or dissenting opinions were also being
11 written. So this is --

12 COMMISSIONER GEESMAN: What is the
13 rationale for the bill, if you know?

14 MR. CHAMBERLAIN: I would assume the
15 rationale for the bill is to insure that there is
16 adequate judicial review of environmental impacts.

17 But in this particular case you've got
18 an expert agency that has an extraordinarily open
19 process that is very intervenor friendly and all
20 the issues are put out on the table and a record
21 determined.

22 COMMISSIONER GEESMAN: Are we the only
23 agency affected by the bill?

24 MR. CHAMBERLAIN: The Public Utilities
25 Commission is also affected but not as much

1 because certain of their decisions already go
2 through a two-stage process.

3 COMMISSIONER GEESMAN: If I recall
4 correctly when the Court of Appeal was putting it
5 into their judicial review loop some number of
6 years ago that was prompted by dissatisfaction
7 with the number of, perhaps quality of review that
8 the Supreme Court was able to provide the hundreds
9 of decisions that PUC makes every year. Has there
10 been a similar concern expressed with regard to
11 the judicial review that our decisions have
12 received?

13 MR. CHAMBERLAIN: Well not that I'm
14 aware of, although I suppose some of the parties
15 that have been unsuccessful in challenging your
16 decisions may be dissatisfied with the judicial
17 review that they are receiving. It doesn't mean
18 it's, it doesn't mean there's anything wrong with
19 it.

20 COMMISSIONER GEESMAN: Yeah, I'm trying
21 to determine, is it an empirical concern that
22 people are pointing to specific decisions that the
23 court has made or is it an abstract concern that
24 what we really need in our energy siting process
25 is more judicial involvement.

1 MR. CHAMBERLAIN: Do you have --

2 CHAIRPERSON PFANNENSTIEL: Mike, whose
3 bill is it?

4 MR. SMITH: It's Saldana's and I believe
5 it's out, Commissioner Geesman. I don't think
6 there's been a case made on specific cases or
7 specific issues or circumstances.

8 COMMISSIONER GEESMAN: And where is the
9 bill now?

10 MR. SMITH: It passed out of judiciary,
11 assembly judiciary a week ago.

12 CHAIRPERSON PFANNENSTIEL: But it's
13 still in the house of origin?

14 MR. SMITH: And it's on its way to
15 appropriations. We're trying to finish up our
16 analysis and get that to Resources Agency as
17 quickly as possible but it may be worth a
18 conversation with the author in the very, very
19 near future.

20 COMMISSIONER GEESMAN: I mean, it
21 strikes me that there are a large number of things
22 that are wrong with the way California goes about
23 providing for its energy infrastructure and our
24 IEPR process seems to touch upon many of them.

25 But insufficient involvement of the

1 judiciary is not one that I had previously heard
2 about before. I think it bears quite a bit of
3 further inquiry on our part to the author and
4 whichever committees the bill is aimed at going
5 through.

6 CHAIRPERSON PFANNENSTIEL: Where does it
7 go, Mike? Where does it go after? It's passed
8 out of judiciary, it's gone to approps --

9 MR. SMITH: It's on its way to
10 appropriations. And then if it passes out of
11 there then it goes to the next house, to the
12 floor.

13 CHAIRPERSON PFANNENSTIEL: To the floor.

14 MR. SMITH: Yes.

15 CHAIRPERSON PFANNENSTIEL: But it just
16 goes to judiciary.

17 MR. SMITH: That's correct.

18 CHAIRPERSON PFANNENSTIEL: It does not
19 go to any other policy committee.

20 MR. SMITH: No, I don't believe it does.

21 COMMISSIONER GEESMAN: The judiciary
22 committee doesn't typically deal with any energy
23 related bills do they?

24 MR. SMITH: No. Typically bills that
25 affect our statutes exclusively go through Natural

1 Resources and also Utilities and Commerce.

2 CHAIRPERSON PFANNENSTIEL: But this bill
3 does not seem to be headed to any of those.

4 MR. SMITH: No, I don't believe it is.
5 I can double check but I don't believe it is.

6 COMMISSIONER GEESMAN: You know, and I
7 will say, typically the courts aren't looking for
8 new subject areas to take on or new workload to
9 take on. I'm just puzzled as to how an argument
10 framed in the abstract can get very far in the
11 legislative process to involve the courts more in
12 energy facility siting. Well, I think it bears
13 further scrutiny.

14 CHAIRPERSON PFANNENSTIEL: We'll look at
15 the analysis.

16 MR. SMITH: We'll provide the
17 Commissioners with more background.

18 COMMISSIONER GEESMAN: Good.

19 CHAIRPERSON PFANNENSTIEL: Anything
20 else, Bill?

21 MR. CHAMBERLAIN: The only other matter that
22 I wanted to report on, that two weeks ago the
23 reason I was not here is that I was at the WECC
24 annual meeting. And at that meeting the WECC
25 Board did ask me to serve a second year as Chair

1 of the Board, which I have agreed to do assuming
2 that you are prepared to see me do that.

3 I think that this is a rather
4 extraordinary time. As you're probably aware
5 there are mandatory reliability standards that are
6 going to be enforced starting June 4th of this
7 year and for the next year it's going to be a
8 rather interesting time as we go through that.

9 In addition we have before the Federal
10 Energy Regulatory Commission certain West-only
11 standards that were born out of the experience of
12 the 1996 outages. These are more stringent than
13 the national standards. And we'll see what the
14 Federal Energy Regulatory Commission does with
15 those.

16 They were approved by the WECC
17 membership and the WECC Board based on the idea
18 that they would be temporary standards sort of
19 like our emergency regulation process and that
20 they would be then put in place on a permanent
21 basis in the coming year.

22 And I think in some cases they may be
23 somewhat controversial, particularly the reserve
24 standard, the operating reserve standard, because
25 it does involve a great deal of money to keep

1 those reserves. And we do have a standard that is
2 substantially higher than the national standard.

3 So it's going to be an interesting year
4 and I will keep you informed as those debates
5 continue.

6 CHAIRPERSON PFANNENSTIEL: Thank you.
7 Executive Director's Report, B. B.

8 MR. BLEVINS: Madam Chairman, just to
9 keep you up to speed on the budget process. It's
10 running along. We had, as you recall, 19 specific
11 budget change proposals in the Governor's proposed
12 budget.

13 Eleven of those have been approved by
14 both subcommittees in both houses as proposed.
15 Eight are likely headed to conference. That is
16 not -- I still have a meeting tomorrow with
17 Assembly Budget Subcommittee staff on the two
18 climate change BCPs.

19 But I'm going to say at this moment that
20 all eight are headed to conference. It is not
21 necessarily bad news that these audits are headed
22 to conference because we've had a lot of questions
23 about whether or not we've actually asked for
24 adequate resources on some of these proposals.

25 So we will see how that, how that plays

1 out. And I will be able to report to you
2 specifically probably at the next meeting exactly
3 what's in conference and what isn't.

4 And if any of the Commissioners want me
5 to share with them the specific budget proposals
6 that are going to conference and maybe the basis
7 for them going to conference I can certainly do
8 that upon request. Thanks.

9 COMMISSIONER GEESMAN: Madam Chair?

10 CHAIRPERSON PFANNENSTIEL: Yes.

11 COMMISSIONER GEESMAN: B. B., where are
12 we on the Edison and the PG&E appeals of your
13 decision on confidentiality of some of their IEPR
14 submittals?

15 MR. BLEVINS: There are -- The
16 discussions are still going on. Right now I think
17 the definitive business meeting that we discussed
18 at the last meeting that you're looking for is
19 June the 6th.

20 I have recently signed a letter and I
21 suspect it's being docketed today, it wasn't
22 docketed yesterday, with regard to modification of
23 my decision related to PG&E. And I'm awaiting
24 other letters to come forward.

25 COMMISSIONER GEESMAN: And it's your

1 feel that the delay to the June 6 Business Meeting
2 does not impair the ability of the staff to do its
3 work?

4 MR. BLEVINS: It's my feeling that it
5 doesn't because of the fact that we are aware of
6 the data and it's really just the issue of
7 confidentiality, which is another issue.

8 COMMISSIONER GEESMAN: Okay.

9 MR. BLEVINS: But we have the data.

10 COMMISSIONER GEESMAN: Okay.

11 COMMISSIONER BYRON: Good, good answer.

12 CHAIRPERSON PFANNENSTIEL: Thank you.

13 Anything else?

14 MR. BLEVINS: That's it, thank you.

15 CHAIRPERSON PFANNENSTIEL: Leg report.

16 MR. SMITH: Unless the Commissioners
17 have any questions about specific bills, I'll be
18 very brief. I just want to give you a quick
19 heads-up on the going forward schedule here as we
20 approach the end of the first half of the session.

21 May 11th, which is Friday, is the last
22 day for policy committees to hear and report non-
23 fiscal bills to the floor. May 25th is the last
24 day for policy committees to meet before June 11th
25 and that interlude allows them the opportunity to

1 focus on the budget. So there will be a bit of a
2 respite coming up here shortly. June 1st will be
3 the last day for fiscal committees to report bills
4 to the floor.

5 And lastly, at least for now, June 8th
6 is the last day for bills to pass out of the house
7 of origin. So we have some important milestones
8 coming up here very quickly with a small break in
9 the action for budget purposes at the end of May.

10 And that's really all I have to report
11 unless you have some specific questions.

12 CHAIRPERSON PFANNENSTIEL: Mike, it
13 seems to me as I've been trying to keep track of
14 the comings and goings that there are probably ten
15 bills that are, I mean there are a bunch more than
16 that that affect us but ten that are high priority
17 would you say? That we need to deal with one or
18 the other either in support or --

19 MR. SMITH: I wish I could say that.

20 CHAIRPERSON PFANNENSTIEL: Okay.

21 MR. SMITH: It's actually a larger, a
22 much larger number than that.

23 CHAIRPERSON PFANNENSTIEL: Okay, we need
24 to go back over them then.

25 MR. SMITH: Yes.

1 CHAIRPERSON PFANNENSTIEL: All right,
2 thank you.

3 Public Adviser Report.

4 MR. BARTSCH: Madame Chair and Members,
5 Nick Bartsch at the Public Adviser's Office. We
6 don't have anything new for you at this time,
7 thank you.

8 CHAIRPERSON PFANNENSTIEL: Thank you,
9 Nick.

10 Public comment. Any comment? I see a
11 member of the public, Mr. Matthews.

12 COMMISSIONER GEESMAN: Soon to be
13 public.

14 MR. MATTHEWS: Not quite yet but I
15 wanted to say a few words now that it's just us
16 and quieter.

17 Principally to thank B. B. for the last
18 couple of years. He came into a relatively rough
19 assignment as far as I'm concerned because it's
20 always tough to come in and replace the guy that
21 wanted the job.

22 And B. B. did it with his unique style
23 and grace and I really appreciated that. As you
24 probably are aware we have very different
25 management styles and I was a little bit concerned

1 about that. But it turns out that I think we
2 complemented each other quite well and it turned
3 out to be a good team. Miscommunicated a time or
4 two over the last two years but got a lot done.

5 And I want to thank you all and all your
6 predecessors because I've worked with everybody
7 here.

8 The last four years especially have been
9 exceedingly compelling. And this last year B. B.
10 managed to give me two jobs.

11 Once again what we're trying to do is
12 analytical capabilities improvement, which I think
13 has great promise. And it was sort of fun to go
14 back to where I started in the energy assessments
15 division.

16 So thank you, B. B., for all your
17 support and I wish you well in the coming year
18 because I know you have some major decisions yet
19 to come. Thanks for everything.

20 CHAIRPERSON PFANNENSTIEL: Thank you,
21 Scott. I know that there will be several other
22 opportunities to celebrate you and your time here
23 with the staff and all. But let me say since I've
24 been here three and a half years now, not nearly
25 as long, but, you know, you've been incredibly

1 helpful and gracious through the last three and a
2 half years at least, and from what I've heard, for
3 many years before that. So thank you for your
4 efforts here.

5 MR. MATTHEWS: Well I've gotten more
6 than I've given, thanks.

7 CHAIRPERSON PFANNENSTIEL: That's all
8 anybody can ask I guess.

9 Any other comments? All right, we will
10 be adjourned.

11 (Whereupon, at 11:02 a.m., the
12 business meeting was adjourned.)

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CERTIFICATE OF REPORTER

I, JOHN COTA, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Business Meeting; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, nor in any way interested in outcome of said meeting.

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