

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, OCTOBER 10, 2007

10:02 A.M.

Reported by:
Peter Petty
Contract Number: 150-07-001

COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, Chairperson

Arthur Rosenfeld

James Boyd

Jeffrey D. Byron

STAFF and CONTRACTORS PRESENT

B.B. Blevins, Executive Director

William Chamberlain, Chief Counsel

Michael Smith, Legislative Director

Harriet Kallemeyn, Secretariat

James Lee

Jim Folkman

Allan Ward

Chris Scruton

Guido Franco

Marla Mueller

Joseph Wang

Garret Shean

Jason Orta

Jack Caswell

William Staack

ALSO PRESENT

Andrew McAllister (via teleconference)
California Center

ALSO PRESENT

Mohsen Nazemi
South Coast Air Quality Management District

Jeff Harris, Attorney
Ivanpah SEGS

Alicia Torre
Bright Source Energy

Raul "Bernie" Orozco
Sempra Energy

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

I N D E X

	Page
Proceedings	1
Items	1
1 Consent Calendar	2
2 Department of Technology Services	2
3 Southern California Edison Company	4/7
4 San Diego Gas and Electric	4/7
5 Pacific Gas and Electric Company	4/7
6 UC Davis Western Cooling Efficiency Center	20
7 Hydrologic Research Center	22
8 Scripps Institute of Oceanography	28
9 University of California, Riverside	30
10 Contra Costa County	36
11 Town of Yucca Valley	39
12 Walnut Creek Energy Park	40
13 Ivanpah Solar Electric Generating System	48
14 Existing Renewable Facilities Program Funding Award Notice	52
15 State Plan to Increase the Use of Alternative Transportation Fuels (moved to 10/31/07 meeting)	1
23 Appliance Efficiency Standards for Digital Television Adapters	1/55
16 Minutes	62
17 Commission Committee Presentations/ Discussion	63
18 Chief Counsel's Report	63

I N D E X

	Page
Items - continued	
19 Executive Director's Report	63
20 Legislative Director's Report	66
21 Public Adviser's Report	66
22 Public Comment	67
Adjournment	70
Certificate of Reporter	71

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

2 10:02 a.m.

3 CHAIRPERSON PFANNENSTIEL: Good morning.
4 This is the Energy Commission's biweekly business
5 meeting. Please join me in the Pledge of
6 Allegiance.

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

9 CHAIRPERSON PFANNENSTIEL: We have a
10 couple announcements and changes to the published
11 agenda. The announcement is that there will be no
12 business meeting on October 24th, which is the
13 next scheduled meeting. Instead there will be a
14 special business meeting on October 31st, a week
15 later.

16 And item 15 on the published agenda, the
17 state plan to increase the use of alternative
18 transportation fuels, has been put over to that
19 special business meeting on October 31st.

20 There's also an item that was not in the
21 original noticed agenda. And it has been
22 circulated as item 23, appliance efficiency
23 standards for digital television adapters, that I
24 would like to add to today's agenda. But we need
25 a motion to do so; is there a motion?

1 COMMISSIONER BOYD: So moved.

2 COMMISSIONER ROSENFELD: Second.

3 CHAIRPERSON PFANNENSTIEL: All in favor?

4 (Ayes.)

5 CHAIRPERSON PFANNENSTIEL: So this will
6 be added to the agenda and I will take it up after
7 item 14.

8 With that we'll take up the consent
9 calendar. is there a motion to approve the
10 consent calendar?

11 COMMISSIONER ROSENFELD: I move the
12 consent calendar.

13 COMMISSIONER BOYD: Second.

14 CHAIRPERSON PFANNENSTIEL: In favor?

15 (Ayes.)

16 CHAIRPERSON PFANNENSTIEL: The consent
17 calendar is approved.

18 Item number 2, possible approval of
19 contract 200-07-005 for \$132,000 with the
20 Department of Technology Services to perform data
21 processing services for the Energy Commission to
22 meet CALSTARS requirements. Good morning.

23 MR. LEE: Good morning, (inaudible) --

24 CHAIRPERSON PFANNENSTIEL: Would you
25 check and make sure your mike is on; make sure the

1 green light is illuminated.

2 MR. LEE: The light is on. Good
3 morning. My name is James Lee of the accounting
4 office. I'm requesting approval of the Energy
5 Commission's accounting services contract with the
6 Department of Technology Services.

7 The Department of Technology Services
8 provides data processing services for the
9 Commission's accounting office which uses
10 CALSTARS, a statewide accounting system required
11 by the Department of Finance.

12 These contract requests will cover the
13 services through June 30, 2010. Thank you.

14 CHAIRPERSON PFANNENSTIEL: Questions or
15 discussion?

16 COMMISSIONER BYRON: I may have missed
17 it. I'm just curious, what is the scope of work
18 that this accounting -- I know it's required by
19 the Department of Finance that we use this agency.
20 Can you just briefly tell me what the scope of
21 work is?

22 MR. LEE: Yes. The Department of
23 Finance require us to use CALSTARS, which is
24 database for all the state agencies processing all
25 the accounting work done by the Commission.

1 On these communal services is provided
2 by the Department of Technology Services, so is
3 kind of a contract with the Department of
4 Technology Services required by the Department of
5 Finance.

6 COMMISSIONER BYRON: Okay, so to do all
7 of our accounting services?

8 MR. LEE: Correct.

9 COMMISSIONER BYRON: All right. Thank
10 you very much.

11 MR. LEE: Okay.

12 CHAIRPERSON PFANNENSTIEL: Further
13 questions?

14 COMMISSIONER BYRON: I'll move the item.

15 COMMISSIONER ROSENFELD: Second.

16 CHAIRPERSON PFANNENSTIEL: All in favor?

17 (Ayes.)

18 MR. LEE: Thank you.

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

21 Item 3, possible approval of contract
22 400-07-007 with Southern California Edison Company
23 for \$280,000 to provide application processing and
24 call center activities for the New Solar Homes
25 Partnership within its service territory. Good

1 morning.

2 MR. FOLKMAN: Good morning. My name's
3 Jim Folkman. And actually I'll be talking about
4 item 3, 4 and 5, which are pretty much cookie-
5 cutters of one another.

6 And what we're requesting is the
7 possible approval of entering in contracts with
8 these three IOUs, Southern California Edison, San
9 Diego Gas and Electric and Pacific Gas and
10 Electric, to outsource some of the day-to-day
11 operations of NSHP to the utilities.

12 And with that we would still maintain
13 the overall program control and administration.
14 And we'd maintain the guidebook. It would just be
15 outsourcing the day-to-day operations to these
16 utilities.

17 CHAIRPERSON PFANNENSTIEL: Would you
18 describe some of the day-to-day operations --

19 MR. FOLKMAN: Sure.

20 CHAIRPERSON PFANNENSTIEL: -- that they
21 would be performing?

22 MR. FOLKMAN: Yeah. One of the major
23 tasks is we have a group of phone people that are
24 hired up there that currently are answering
25 questions for people, applicants, or those who are

1 considering participating in the program. That
2 service there would be outsourced to the
3 utilities.

4 Also, maintaining of the applications
5 documentation and things like that. Questions
6 that would come along the way would also be done
7 at the local level with the utilities.

8 The Energy Commission is in the process
9 of creating a database and a website that would
10 make the whole process a seamless electronic
11 process that the applicant could enter their
12 information on this website and it would lessen
13 the workload actually that the IOU would have to
14 do.

15 That's kind of generally what would be
16 done.

17 CHAIRPERSON PFANNENSTIEL: Who will
18 write the check?

19 MR. FOLKMAN: That's a good question.
20 Two of the utilities have asked to write their own
21 check, and then we would pay them in arrears. And
22 those utilities are PG&E and San Diego Gas and
23 Electric. Southern California Edison would be
24 going through the normal process of we would cut -
25 - or actually the check would be cut from the

1 State Controller and would be mailed out from the
2 Energy Commission.

3 CHAIRPERSON PFANNENSTIEL: And when will
4 this begin?

5 MR. FOLKMAN: November 1st is the
6 scheduled date.

7 CHAIRPERSON PFANNENSTIEL: Even though
8 there's still system development going on?

9 MR. FOLKMAN: Right. At that point I'm
10 told that the system will be up and functional.
11 There's going to be a few things that will be
12 added later, such as attachment for documents and
13 the actual PV calculator will be incorporated at a
14 later time.

15 But for the most part the overall
16 processing will be available online.

17 CHAIRPERSON PFANNENSTIEL: Now, I need
18 to make sure the record reflects that this
19 discussion will be on all three of these items.
20 So, I probably better indicate that this would
21 also be approval of contract 400-07-006 with San
22 Diego Gas and Electric for \$280,000. And item 5,
23 possible approval of contract 400-07-005 with
24 Pacific Gas and Electric Company for \$440,000.

25 Which then raises a question of why is

1 PG&E \$440,000 while the others are \$280,000.

2 MR. FOLKMAN: That's a good question.
3 We've looked at the past applications that have
4 been processed, and PG&E has taken the lion's
5 share. They are a larger IOU covering a larger
6 territory of California.

7 And based on that, we allocated the
8 funding. Based on that.

9 COMMISSIONER BOYD: Question.

10 CHAIRPERSON PFANNENSTIEL: Yes,
11 Commissioner Boyd.

12 COMMISSIONER BOYD: I'm still a little
13 curious why there's a difference in the payment
14 mechanism between the utilities. Are we
15 indifferent as to the process? I mean why is
16 Edison going one way and the other two are going a
17 different way? And are we indifferent? Does it
18 make any difference to us in terms of our
19 workload?

20 MR. FOLKMAN: Basically we are
21 indifferent. It doesn't really make a difference
22 to us. We've checked out the process with the
23 State Controller's Office and it will work.

24 Initially PG&E was the utility that
25 requested this process. They wanted to be able to

1 write the check and have their logo on the check
2 and that kind of thing. And we want to make sure
3 that the process would work. And it did. And so
4 that was approved to go with that. As far as
5 checking out the process of doing that type of
6 payment.

7 And San Diego Gas and Electric saw the
8 advantage for them to do that. And Edison saw no
9 reason to do that at this point. However, they
10 left it open that they may consider this option in
11 the future. Of course, we would have to bring
12 that back to amend the contract if we made that
13 change for Edison.

14 COMMISSIONER BOYD: Thank you.

15 COMMISSIONER BYRON: Commissioner, if
16 you've not experience it, it's quite a ceremony
17 when they hand over these checks. A great deal of
18 good will associated with it. So, I think --

19 COMMISSIONER BOYD: Somebody's PR
20 department didn't get on top of it fast enough.

21 COMMISSIONER BYRON: Exactly.

22 CHAIRPERSON PFANNENSTIEL: Other
23 questions?

24 COMMISSIONER BYRON: Yes, please.

25 Obviously the PUC does a lot of this kind of

1 contracting with the IOUs. Have we done this
2 before, to do these kind of services with --
3 they're in touch with their customers?

4 MR. FOLKMAN: Actually, we have worked
5 with the IOUs for the CSI program, which is really
6 actually monitored by the PUC, however we worked
7 with them.

8 Also with -- they have their own
9 efficiency new home construction program, energy
10 efficient construction program, that we've worked
11 with them on the calculations of the efficiency
12 for the homes.

13 And interestingly enough, that same
14 process is what takes place for NSHP to pay
15 rebates for solar.

16 The IOU right now, through their home
17 efficiency program, they will fund a home that
18 comes in at 15 percent better than Title 24. It
19 doesn't necessarily have solar and they're not
20 funding the solar portion of them, but they're
21 funding, giving a rebate for having an efficient
22 home.

23 And the NSHP program does the same thing
24 for new home construction that are putting solar
25 on that home, that NSHP provides a rebate for the

1 solar portion of a home that is 15 percent better
2 than Title 24.

3 So, yes, we've worked with the IOUs and
4 the various components of efficiency and the CSI
5 program.

6 COMMISSIONER BYRON: Mr. Folkman, I take
7 it, though, that we've probably never done this
8 kind of contracting with them before, to carry out
9 this kind of service?

10 MR. FOLKMAN: Not to my knowledge, we
11 haven't actually contracted out. But we've --

12 COMMISSIONER BYRON: All right.

13 MR. FOLKMAN: -- worked with them in
14 other areas.

15 COMMISSIONER BYRON: Well, and I
16 understand why the PUC does it. I think I
17 understand, in this case, why we're doing it, as
18 well. The IOUs are not my first choice for
19 contractors. They tend to be very expensive and
20 there's other problems associated with them.

21 So I'd encourage you to closely track
22 the monthly reporting that you'll be getting to
23 make sure you're getting the services that you're
24 looking for.

25 In line with the Chairman's earlier

1 question about why PG&E's was so much, the
2 contract was so much larger, I'm not sure I accept
3 your answer. So I'll ask a different one, why is
4 San Diego and Southern California's contract the
5 same?

6 MR. FOLKMAN: As we looked at the past
7 two years worth of data, they came in at about, I
8 think it was 16 percent of the -- each one of them
9 came in roughly 16 percent of the total
10 applications each. And then PG&E was the rest.

11 COMMISSIONER BYRON: I see. So it's on
12 the basis of the applications that are coming in?

13 MR. FOLKMAN: Right.

14 COMMISSIONER BYRON: That makes sense.

15 MR. FOLKMAN: Um-hum.

16 COMMISSIONER BYRON: Okay. And one last
17 question. How are you handling the non-IOU
18 service territories?

19 MR. FOLKMAN: That isn't part of this
20 program.

21 COMMISSIONER BYRON: Understood.

22 MR. FOLKMAN: The funding is strictly
23 for IOU, investor-owned utilities.

24 COMMISSIONER BYRON: So are we
25 continuing to handle the POU service territories?

1 MR. FOLKMAN: That I'm not quite sure
2 how that's --

3 COMMISSIONER BYRON: Doesn't apply.

4 MR. FOLKMAN: -- handled.

5 COMMISSIONER BYRON: Right, okay. I got
6 my question -- my answer.

7 MR. FOLKMAN: Okay.

8 COMMISSIONER BYRON: Thank you.

9 MR. FOLKMAN: You're welcome.

10 CHAIRPERSON PFANNENSTIEL: Back to the
11 difference in the funding. Did this come about
12 just by negotiating with each of the utilities?
13 Or was there -- did we do it based on a -- it
14 sounds like we did it based on a historical
15 formula, which doesn't really apply to the New
16 Solar Homes Partnership, which is a new program.

17 MR. FOLKMAN: Um-hum. It was a
18 combination. We looked at the past applications
19 that came through, and that was the best
20 information we had at the time, to get an idea of
21 the scope of the program's potential.

22 And then we presented that to the
23 utilities, and for the same reason and the same
24 logic behind it. And they accepted that.

25 And they let us know along the way that

1 this is very small change for them to process
2 these applications and to contract with us. But
3 they were willing to consider it.

4 That was basically what they told us.

5 CHAIRPERSON PFANNENSTIEL: Okay.

6 Further questions?

7 MR. WARD: I do --

8 CHAIRPERSON PFANNENSTIEL: Yes.

9 MR. WARD: I'm Allan Ward with the Legal
10 Office here; I'm Staff Counsel. And I just wanted
11 to add one thing which is that I've been working
12 with staff on these agreements. And for purposes
13 of these agreements I've proposed modifications to
14 the standard terms and conditions that we use.
15 This would only apply to these three agreements.

16 And the reasons for these proposed
17 changes are one, out of necessity; and two, out of
18 parity or evenness. Out of necessity because, as
19 Jim already explained, some of these -- or two of
20 these utilities will be making payments in
21 advance. And quite frankly, our standard terms
22 and conditions did not address that kind of an
23 issue in such contracts.

24 And secondly, out of parity or fairness,
25 since this will remain within the Commission's

1 control and authority, yet we're going to be
2 working very closely with the utilities, they'll
3 be handling the day-to-day operations, it's more
4 of almost a joint partnership, not partnership in
5 the legal sense, but in the cooperative sense; and
6 the utilities did request some terms that we
7 normally just reserve for ourselves that in this
8 case it would be beneficial to get these
9 agreements approved by including these provisions
10 in the contracts.

11 And if there's any questions of those
12 I'll certainly --

13 CHAIRPERSON PFANNENSTIEL: Are there
14 performance requirements of the contracts?

15 MR. WARD: The standard terms that we
16 have -- there's two different types of standard
17 performances. There's one that's built into our
18 standard terms and conditions that all contractors
19 must comply with. And then specific to these
20 we've also put in time constraints so that the
21 utilities have to process inquiries via mail and
22 phone within a certain amount of time. And also
23 process payments within a certain time. So it's
24 got both.

25 CHAIRPERSON PFANNENSTIEL: Thank you.

1 There is somebody on the phone who would like to
2 speak to this topic. Andrew McAllister. Andrew,
3 why don't you go ahead.

4 MR. McALLISTER: Great, thanks a lot.
5 Yeah, we wanted to just pipe in to give a little
6 bit of context about the San Diego region.

7 CHAIRPERSON PFANNENSTIEL: Excuse me,
8 Andrew. For the record would you give your
9 affiliation, please.

10 MR. McALLISTER: Yes, I'm Director of
11 Operations at the California Center for
12 Sustainable Energy. And we are, as probably
13 everybody knows, the administrator of the PUC side
14 of the California Solar Initiative in the PG&E
15 service territory.

16 And when we first started -- and
17 actually I will say I do sit on the New Solar
18 Homes Partnership Advisory Committee. And back
19 when this program was first getting sort of
20 conceptualized as part of the overall CSI we
21 considered making a case for our administration of
22 it in order to really just sort of not muddy the
23 waters as to who actually administers the solar
24 initiative in this region.

25 And we opted not to do that, partly

1 because it seemed that the Energy Commission was
2 moving forward with the IOUs, and the
3 understanding that they would administer the
4 program.

5 But also, you know, the fact that it
6 sort of fits into Title 24 and some longer
7 turnover issues like that, we thought, well, you
8 know, we'll go in a cooperative fashion and just
9 keep tabs on the process and make sure that we're
10 involved enough so that there isn't any confusion
11 in the region, no matter how it pans out.

12 So I just want to reiterate that, that
13 we, you know, hope to coordinate very closely with
14 the New Solar Homes Partnership. The underlying
15 reason being that, you know, there's a homeowner
16 who's looking to buy a house and is interested in
17 solar does have a choice between a new home and
18 existing home. And will be finding out
19 information about both of those options as they
20 consider their home purchase decision.

21 And we also do work with developers on a
22 sort of case-by-case, you know, individual project
23 level to help them do various things. And we get
24 a lot of inquiries from them about solar. And, in
25 fact, we have one of the large sort of progressive

1 builders on our board of directors, as well.

2 So, really I guess my message is, you
3 know, we definitely are interested in pushing the
4 whole solar market forward, not just the retrofit
5 market. And that to the extent that we can
6 cooperate with the Energy Commission and play a
7 role in the success of the New Solar Homes
8 Partnership we obviously want to do that.

9 And that we very much want to keep the
10 messaging in our region. Now that we have a
11 marketing and outreach budget approved by the
12 Public Utilities Commission, we can put some of
13 those resources towards outreach for solar.

14 So we just want to make sure that the
15 message is coordinated and clear, and that serve
16 the overall goal of, you know, SB-1 and the solar
17 initiative, as a whole. So we very much are
18 interested in being involved in the process.

19 CHAIRPERSON PFANNENSTIEL: Thank you,
20 Andrew. And thank you for your comments and thank
21 you for your participation with us in the New
22 Solar Homes Partnership. It's --

23 MR. McALLISTER: Absolutely.

24 CHAIRPERSON PFANNENSTIEL: -- it's been
25 really valuable.

1 Further questions or discussion?

2 COMMISSIONER BYRON: One las question,
3 if I may.

4 CHAIRPERSON PFANNENSTIEL: Certainly.

5 COMMISSIONER BYRON: It looks as though
6 this is a two-year contract, so if it works out
7 well you'll be back before us for renewal?

8 MR. FOLKMAN: That is the hope, that is
9 correct.

10 COMMISSIONER BYRON: Okay. All right,
11 I'll move the item, Madam Chair.

12 CHAIRPERSON PFANNENSTIEL: Item 3 with
13 Southern California Edison Company?

14 COMMISSIONER BYRON: I move all three if
15 I can.

16 CHAIRPERSON PFANNENSTIEL: Okay.

17 COMMISSIONER ROSENFELD: Second.

18 CHAIRPERSON PFANNENSTIEL: Okay, all
19 three items are moved and seconded.

20 All in favor?

21 (Ayes.)

22 CHAIRPERSON PFANNENSTIEL: It's
23 approved, thank you.

24 COMMISSIONER BYRON: Thank you.

25 MR. FOLKMAN: Thank you.

1 CHAIRPERSON PFANNENSTIEL: Item 6,
2 possible approval of contract 500-07-011 with UC
3 Davis Western Cooling Efficiency Center for
4 \$200,000 to develop and promote, in conjunction
5 with commercial partners and electric utilities,
6 the use of building cooling systems that are
7 especially appropriate in the California climate.
8 Good morning.

9 MR. SCRUTON: Good morning,
10 Commissioners. I'm Chris Scruton with the PIER
11 buildings program.

12 This contract would fund the UC Davis
13 Western Cooling Efficiency Center to work on
14 market-oriented research projects which will
15 reduce energy needs for cooling in big box
16 commercial and residential buildings; and lead to
17 better understanding of the intersection of water
18 and energy issues in California.

19 Already with cofunding from PG&E,
20 Edison, SMUD and San Diego Gas and Electric, the
21 Western Cooling Efficiency Center has developed a
22 project with WalMart stores which promises to
23 dramatically reduce the cooling electric loads for
24 their western stores.

25 Other commercial affiliates, including

1 Target stores, are looking on with interest.

2 The cooling center has also been working
3 on projects which can increase cooling electric
4 efficiency in residential buildings.

5 This project will leverage the funding of
6 their commercial affiliates to press forward with
7 these ambitious projects.

8 PIER Staff recommends approving the
9 project. And I'm pleased to try to answer your
10 questions.

11 CHAIRPERSON PFANNENSTIEL: Are there
12 questions?

13 COMMISSIONER ROSENFELD: I move the
14 item. It went through the R&D Committee, of
15 course. And cooling is an extra 50 percent on
16 peak load every summer. So I think we're doing
17 the right thing.

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

20 CHAIRPERSON PFANNENSTIEL: All in favor?

21 (Ayes.)

22 CHAIRPERSON PFANNENSTIEL: It's
23 approved.

24 MR. SCRUTON: Thank you.

25 CHAIRPERSON PFANNENSTIEL: Item 7,

1 possible approval of contract 500-07-013 with
2 Hydrologic Research Center for \$199,600 to
3 investigate how the use of probablistic hydrologic
4 forecast and a modern decision support system
5 could reduce the negative effects of climate
6 change on water resources. Good morning.

7 MR. FRANCO: Good morning,
8 Commissioners. My name is Guido Franco. I'm with
9 the Public Interest Energy Research program in the
10 environmental area.

11 We started this work four years ago.
12 Based on a paper Professor (inaudible) published
13 in the Journal of Climate, I believe. Showing
14 that the use of probablistic hydrologic forecasts
15 and modern decision support systems could be used
16 to improve the management of water reservoirs.
17 Actually it was the Folsom Reservoir.

18 And not only that, that system could be
19 an effective tool to adapt or cope with climate
20 change.

21 At that time we wanted to move right
22 away to a climate change program, but water
23 managers in California did not believe that this
24 was possible. So we started a demonstration
25 project. It's called the Inform Project. Funded

1 by CalFed, NOAA and the PIER program, the Energy
2 Commission.

3 It was a demonstration project to
4 develop a system to an integrated fashion to
5 manage five reservoirs, five main reservoirs in
6 northern California.

7 The demonstration project was a success.
8 Water managers are convinced now that this has
9 huge potentials to improve the efficiency of water
10 reservoirs in California.

11 So now we are moving to the climate
12 change area. How these new system will be able to
13 help us cope with expected increase in climate
14 variability and change due to the increased
15 concentration of greenhouse gases in the
16 atmosphere.

17 I'm ready to answer any questions that
18 you may have.

19 CHAIRPERSON PFANNENSTIEL: I notice in
20 the material that this was a sole source contract,
21 and yet I didn't see the justification for sole
22 source. Was that written up?

23 MR. FRANCO: Yes, it was written up.
24 I'm sorry it wasn't --

25 CHAIRPERSON PFANNENSTIEL: Well, can you

1 describe it then?

2 MR. FRANCO: Yeah. The justification
3 for the sole source is that, I mean this is a
4 highly clinical scientific endeavor. The system
5 that has been developed so far is still in
6 research grade product. Is not commercially
7 available. They are not, for example, for the
8 software there's no users manuals. There's still
9 work that needs to be done to improve the system.

10 The use of global climate models is also
11 an area of highly specialized expertise. But more
12 importantly, the fact that the Hydrological
13 Research Center has developed an excellent working
14 relationship for the last three years with the
15 Department of Water Resources, the U.S. Bureau of
16 Reclamation, the Corps of Engineers, the CEC and
17 others make us believe that -- I mean these are
18 strong reasons to award a sole source contract for
19 this project.

20 CHAIRPERSON PFANNENSTIEL: Is this the
21 only group that would be technically capable of
22 performing this work?

23 MR. FRANCO: Yes. They will be the only
24 one using the Inform System, yes.

25 CHAIRPERSON PFANNENSTIEL: Now, you

1 refer to this is continued research performed by
2 the California Climate Change Center. Could you
3 describe the California Climate Change Center?

4 MR. FRANCO: Yeah, the California
5 Climate Change Center is a virtual organization
6 that is funded mostly by the Public Interest
7 Energy Research program. It is -- research on
8 climate change is conducted via the Climate Change
9 Center. And the Center is formed by different
10 institutions in California. Includes, for
11 example, the Scripps Institute of Oceanography, UC
12 Berkeley. Work also is being conducted at UC
13 Davis, Stanford University, UC Santa Cruz,
14 Lawrence Livermore National Lab, Lawrence Berkeley
15 National Lab, UC Santa Barbara.

16 CHAIRPERSON PFANNENSTIEL: So the
17 Center, you said, is a virtual center.

18 MR. FRANCO: It's a virtual center.

19 CHAIRPERSON PFANNENSTIEL: It doesn't
20 really exist, is that --

21 MR. FRANCO: There is not a physical
22 location for the center, it's just a virtual
23 center with well-coordinated research projects.

24 COMMISSIONER BOYD: It's a center really
25 that this agency created. And actually I think

1 it's a feather in our cap early on in the climate
2 change program, even in advance of the Climate
3 Action Team and its program.

4 This agency initially, through the
5 Office of the President of the University of
6 California and with Scripps and with UC Berkeley
7 and their economics people. I think that was the
8 initial charter group if I'm not mistaken, Guido.
9 And then it has grown to include the other
10 universities and institutions that Guido has
11 mentioned.

12 And is, to me, the backbone of the
13 climate change research that's going on within
14 state government.

15 CHAIRPERSON PFANNENSTIEL: But it's not,
16 in itself, a research center; it is merely a way
17 of funneling the dollars to the appropriate
18 research, as needed?

19 COMMISSIONER BOYD: In effect, I guess,
20 yes.

21 CHAIRPERSON PFANNENSTIEL: Other
22 questions? Commissioner Byron.

23 COMMISSIONER BYRON: Thank you. You
24 know, I take for granted, and I suspect a lot of
25 Californians do, this enormous and well-conceived

1 water system in this state. And growing at about
2 a half a million people a year, it's amazing that
3 it continues to be able to sustain us.

4 So, I think this is important research
5 to inform policymakers. I was pleased to read
6 about it.

7 And I guess I'd like to say,
8 notwithstanding the previous one, it's a really
9 cool project, as well. This one looks like a very
10 cool project, too.

11 COMMISSIONER BOYD: I do have one quick
12 question of Guido. Guido, the work so far has
13 involved existing reservoirs. Is it possible that
14 this tool could be used to evaluate the effects on
15 the system of proposed but nonexistent reservoirs?

16 MR. FRANCO: It --

17 COMMISSIONER ROSENFELD: Virtual
18 reservoirs.

19 (Laughter.)

20 MR. FRANCO: It is possible, but it's
21 not included in the work plan right now. We have
22 other projects, in this case with UC Davis, the
23 enhancement of the Calvin (phonetic) model. It's
24 a model of the entire water system in California.

25 And that model will include the

1 simulation of new reservoirs, potential new
2 reservoirs in California.

3 COMMISSIONER BOYD: I think it's key
4 that you said at present it doesn't include any
5 proposed reservoirs.

6 MR. FRANCO: No.

7 COMMISSIONER BOYD: That's a politically
8 important statement. Thank you.

9 CHAIRPERSON PFANNENSTIEL: Other
10 questions or discussion?

11 COMMISSIONER ROSENFELD: I think it's
12 time to move the item.

13 COMMISSIONER BYRON: I'll second it.

14 CHAIRPERSON PFANNENSTIEL: All in favor?
15 (Ayes.)

16 CHAIRPERSON PFANNENSTIEL: It's
17 approved.

18 Item 8, possible approval of contract
19 500-07-014 with UC San Diego Scripps Institute of
20 Oceanography for \$698,991 for California
21 autonomous unmanned aerial vehicle air pollution
22 profiling study. Mr. Franco.

23 MR. FRANCO: Commissioners, in a prior
24 exploratory study funded by PIER Scripps, headed
25 by Professor Ramanthan (phonetic) have shown that

1 there is a significant transport of black carbon.
2 Black carbon is just soot that has been
3 transported aloft from Asia to the western United
4 States, into California in particular.

5 This is worrisome for several reasons,
6 but two of them refers to climate, as to the fact
7 that black carbon is a strong global warming
8 agent.

9 So they have shown that, in preliminary
10 studies showing that black carbon is already
11 affecting our climate. Black carbon being
12 transported from Asia. For example, deeming the
13 amount of soil (inaudible) and also heating the
14 atmosphere aloft.

15 In addition, black carbon seems to be
16 being transported mostly in the spring season. If
17 that's the case, black carbon may be being
18 deposited in the snow in the Sierra Nevada. Black
19 carbon with the snow will result in diffuse
20 reflectivity of the snow. And diffuse
21 reflectivity of the snow may be contributing to
22 the early melting of the snow pack that we're
23 already seeing.

24 So this is very important research. The
25 researchers will use an unmanned aircraft for

1 about nine months documenting the transport of
2 black carbon and all the pollutants from Asia to
3 California.

4 With that I'm ready to answer any
5 questions that you may have.

6 CHAIRPERSON PFANNENSTIEL: Questions?
7 Commissioners?

8 COMMISSIONER ROSENFELD: I move the
9 item.

10 COMMISSIONER BOYD: Second.

11 CHAIRPERSON PFANNENSTIEL: In favor?
12 (Ayes.)

13 CHAIRPERSON PFANNENSTIEL: It's been
14 approved, thank you.

15 Item number 9, possible approval of
16 contract 500-07-012 with the University of
17 California Riverside for \$400,000 to evaluate the
18 performance of natural gas vehicles using various
19 natural gas blends and associated air emissions.
20 Good morning.

21 MS. MUELLER: Good morning. I'm Marla
22 Mueller and I'm with the PIER environmental area.

23 This is a request for approval for
24 \$100,000 (sic) for a contract with UC Riverside to
25 evaluate the performance of natural gas vehicles

1 using various natural gas blends and their air
2 pollutant emissions impacts of those gases.

3 The use of natural gas for
4 transportation is a fuel diversification strategy
5 with recognized air quality benefits. However,
6 natural gas with higher hydrocarbon components
7 have been known to increase exhaust emissions,
8 increase knock and decrease power. Knock, a
9 result of lower methane, can cause severe damage
10 to an engine.

11 Also, in their components, such as
12 nitrogen that may be added to LNG, may cause
13 performance problems such as misfire in a lean-
14 burn natural gas engine.

15 Increases in NOx emissions from natural
16 gas vehicles will make it more difficult for those
17 vehicles to meet the 2010 emission standards and
18 it will make it more difficult to meet the air
19 quality standards.

20 This project would include conducting a
21 literature review, developing test protocols,
22 identifying and obtaining vehicles and engines to
23 test, selecting the natural gas blends to test,
24 obtaining and blending gases, conducting the tests
25 on the engines and vehicles, and data analysis.

1 Testing would address issues such as the
2 impact of different LNG blends on power, knock
3 potential, fuel economy and emissions of
4 pollutants.

5 This research was co-planned with the
6 California Air Resources Board, as required by SB-
7 76. CARB continues to have an interest in this
8 project and they would serve on our advisory
9 committee.

10 The South Coast Air Quality Management
11 District has provided a letter indicating a
12 willingness to provide a small amount of cofunding
13 on this project. And this morning I got a call
14 from SoCalGas again indicating interest in this
15 project. And they may also be willing to do some
16 cofunding on this project.

17 Thank you for your consideration and I'd
18 be happy to answer questions.

19 CHAIRPERSON PFANNENSTIEL: Is there any
20 cofunding from the auto manufacturers?

21 MS. MUELLER: No. We have not
22 approached the auto manufacturers. We will be
23 setting up an advisory committee for this project.
24 I know ARB and the South Coast will be on that.
25 We will try to bring in some people from the

1 engine manufacturing area.

2 We hope to be able to borrow engines, if
3 possible. So we will be approaching that group of
4 people to provide us maybe not dollars, but maybe
5 engines, vehicles.

6 CHAIRPERSON PFANNENSTIEL: Do you know
7 of any work going on in this area by others by the
8 private sector, engine manufacturers or the auto
9 manufacturers?

10 MS. MUELLER: SoCalGas has already
11 funded some work in this area. So I know that
12 there's been some work that has gone on. And
13 that's actually why we're doing the literature
14 review to identify the specific areas that we need
15 to address that are most concerned.

16 CHAIRPERSON PFANNENSTIEL: Thank you.
17 Further questions?

18 COMMISSIONER BOYD: Just a comment. We
19 have a -- those of us who are proponents of
20 natural gas as a vehicle fuel do have a problem
21 with the auto manufacturers. They've all, but
22 one, stopped even making natural gas-powered light
23 duty vehicles.

24 So our hope is that the engine
25 manufacturers, those who manufacture engines in

1 the heavy duty arena will step up to the plate.

2 The only other comment is that this
3 issue of the quality of gas and the performance of
4 natural gas in vehicles or at the burner-tip in
5 boilers and what-have-you, has been a very very
6 interesting and controversial issue for over a
7 decade now.

8 And Marla is working both issues here.

9 And I'm glad to see this agency helping to maybe
10 resolve this issue. The issue was almost resolved
11 when the 1000 pound gorilla LNG walked into the
12 room and cast a whole new light on the subject
13 because of the varying qualities of LNG throughout
14 the world. And there's a lot of, quote, "hot gas"
15 out there that has to be reckoned with.

16 And so this research is, once again,
17 going to try to straighten that out for us.

18 Obviously I'm a supporter of the subject, but I'll
19 let Art make the motion. It's his Committee.

20 (Parties speaking simultaneously.)

21 CHAIRPERSON PFANNENSTIEL: Not yet.

22 Further discussion?

23 COMMISSIONER BYRON: If I may, --

24 CHAIRPERSON PFANNENSTIEL: Commissioner

25 Byron.

1 COMMISSIONER BYRON: -- Ms. Mueller was
2 kind enough to brief me on this subject last
3 Friday. And it's extremely important and timely.
4 So, I, too, am very much in favor of this work.

5 However, I'll make the same comment I
6 made on Friday. We need the results yesterday for
7 this, particularly with what's going on in the
8 South Coast Air Quality District.

9 COMMISSIONER BOYD: Touche.

10 COMMISSIONER BYRON: And the issue of
11 LNG will continue to come up, I think, in the next
12 number of months.

13 So I'll look forward to perhaps
14 additional briefings from you on how this work is
15 going.

16 CHAIRPERSON PFANNENSTIEL: What --

17 MS. MUELLER: I'd be happy to brief
18 you --

19 CHAIRPERSON PFANNENSTIEL: -- what is
20 the timing of it?

21 MS. MUELLER: The project, the contract
22 is for three years. We actually hope to get the
23 final report out within a year and a half. As
24 with our other project, we are going to try to
25 provide interim information as we move along.

1 I'd be happy to provide briefings and
2 information as it becomes available.

3 COMMISSIONER BYRON: Thank you.

4 COMMISSIONER ROSENFELD: Marla, just a
5 selfish question on behalf of PIER. You mentioned
6 some possible cofunders that might show up. If
7 that happens, do we get some money back? This is
8 \$400,000. What happens?

9 MS. MUELLER: We were actually hoping to
10 be able to use cofunding to expand the project and
11 look at more than we're able to just with PIER
12 funding.

13 COMMISSIONER ROSENFELD: And bring
14 yesterday closer, as Commissioner Byron says.

15 Okay, I move the motion -- item.

16 COMMISSIONER BOYD: I'll second.

17 CHAIRPERSON PFANNENSTIEL: All in favor?

18 (Ayes.)

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

21 MS. MUELLER: Thank you.

22 CHAIRPERSON PFANNENSTIEL: item 10,
23 possible approval of a loan for \$180,000 to Contra
24 Costa County to install energy efficient lighting
25 systems at eight county buildings. This project

1 is estimated to save \$41,593 annually, and has a
2 simple payback of 4.3 years.

3 MR. WANG: Good morning, Commissioners.
4 My name is Joseph Wang; I'm the Project Manager
5 for this loan.

6 Contra Costa County is applying for a
7 \$180,000 loan to install new energy efficient
8 lights in eight of the county buildings. The
9 county plans to retrofit the old T8 and T12 lights
10 with new T8 lamps and high-performance electronic
11 ballasts.

12 They will also replace incandescent and
13 compact fluorescent (inaudible). And also
14 replacing the old high wattage metal halide lamps
15 with pulse-start metal halide lamps.

16 This project is estimated to save about
17 \$41,593 annually. And has a simple, combined
18 simple payback of 4.3 years. They also will get
19 about \$32,000 in PG&E rebates to cofund this
20 project.

21 The staff has reviewed this loan and
22 recommend approval of this loan.

23 CHAIRPERSON PFANNENSTIEL: Thank you,
24 Joseph. Do you have any idea of how much remains
25 in our loan or bond fund for making these energy

1 efficiency loans? I don't know, you don't need to
2 answer right now. I was just wondering if you had
3 that information right offhand.

4 MR. WANG: I believe we still have about
5 a little bit less than \$10 million right now.

6 CHAIRPERSON PFANNENSTIEL: Okay, so we
7 still have considerable funding to go out in
8 loans.

9 MR. WANG: Yes.

10 CHAIRPERSON PFANNENSTIEL: Further
11 questions on this item?

12 COMMISSIONER ROSENFELD: Joseph, the 4.3
13 years simple payback time, that's after the PG&E
14 rebate?

15 MR. WANG: Yes, that's correct.

16 COMMISSIONER ROSENFELD: So otherwise it
17 would have been six years or so?

18 MR. WANG: Five point something years.

19 COMMISSIONER ROSENFELD: Still sounds
20 like a good example of lots of good paybacks
21 that's available in lighting.

22 CHAIRPERSON PFANNENSTIEL: Still. Is
23 there a motion?

24 COMMISSIONER ROSENFELD: I move the
25 item.

1 CHAIRPERSON PFANNENSTIEL: Is there a
2 second?

3 COMMISSIONER BYRON: Second.

4 CHAIRPERSON PFANNENSTIEL: All in favor?
5 (Ayes.)

6 CHAIRPERSON PFANNENSTIEL: It's
7 approved, thank you.

8 And then possible approval of a loan of
9 \$76,800 to the town of Yucca Valley to install a
10 30 kW photovoltaic system in its community
11 development building. This project is estimated
12 to save \$7680 annually, and has a simple payback
13 of ten years. Continue.

14 MR. WANG: Yeah, I'm the Project Manager
15 for this loan, too. The town of Yucca Valley is
16 applying for a \$76,800 loan to install a 30 kW
17 carport system in its community development
18 building.

19 The town has obtained a DOE grant of
20 \$175,000 for this project. And in addition to
21 this DOE grant, they also have a \$79,500 CSI
22 rebate for this PV project, also. So it comes out
23 to be about \$331,300. And this project is
24 expensive, but because of all the loans and the
25 rebate, they only need \$76,800 from us.

1 And this project is saving about \$7680
2 annually. And has a simple payback of ten years,
3 based on the loan.

4 So, staff has reviewed this energy
5 saving project and recommends approval of this
6 loan.

7 CHAIRPERSON PFANNENSTIEL: Are there
8 questions?

9 COMMISSIONER ROSENFELD: I move it.

10 COMMISSIONER BYRON: Second.

11 CHAIRPERSON PFANNENSTIEL: In favor?

12 (Ayes.)

13 CHAIRPERSON PFANNENSTIEL: It's
14 approved.

15 MR. WANG: Thank you.

16 CHAIRPERSON PFANNENSTIEL: Item 12,
17 possible approval of the revised Presiding
18 Member's Proposed Decision and Committee revisions
19 for the Walnut Creek Energy Park. Mr. Shean.

20 MR. SHEAN: Madam Chair and Members of
21 the Commission, I'm Garret Shean, the Hearing
22 Officer on this case.

23 I'd just indicate that on October 5th
24 the South Coast Air Quality Management District,
25 which is represented here this morning, sent the

1 Committee a letter indicating that there were
2 substantive matters which the District felt, that
3 following the rule change to -- or rule adoption
4 of 1309.1, which occurred after the close of our
5 evidentiary record, needed to be performed by the
6 District. There was information that had to be
7 gathered from the applicant, which the applicant
8 had provided, but the District was in the process
9 of analyzing it.

10 But that given their procedures, what
11 they had, there was more for them to provide us in
12 the way of an evaluation and documentation of
13 compliance with the newly adopted rule. And that
14 they, in addition to the formulation of the
15 documentation, felt they needed to have a 30-day
16 public comment period in accordance with their
17 rules.

18 After receiving that letter, I got a
19 telephone call yesterday morning from Mr. Scott
20 Galati, who is the applicant's attorney. He
21 indicated to me that they had also received the
22 letter. That they had been in discussions with
23 the District. And that they believed that the
24 proper course was to accede to a process by which
25 today we would not act upon the proposed decision.

1 That the District would be allowed
2 sufficient time to conduct its analysis and create
3 its documentation. And conduct its public review
4 period. At which point the Commission would then
5 take into its record, through the Committee, any
6 new information, including any amendments to the
7 staff's final assessment.

8 And then at that point we would come
9 back to the full Commission. And that's my
10 recommendation to you.

11 CHAIRPERSON PFANNENSTIEL: Would we
12 reopen the record and perhaps hold another hearing
13 on this additional information?

14 MR. SHEAN: Yes, we will. And how that
15 would be accomplished, I think, depends upon the
16 materiality of the new information. The more it
17 changes conditions that currently exist in the
18 PMPD the more we would have the need to do that at
19 the Committee level.

20 If there are extremely slight changes in
21 conditions, it could be done at the full
22 Commission level. But at this point, until we see
23 what they actually produce, I can't make a
24 recommendation as to which is the preferred route.

25 CHAIRPERSON PFANNENSTIEL: It does seem

1 that with the new South Coast rule that future
2 cases that would be subject to that rule we may
3 need to work out some process whereby we do get
4 the information to the South Coast as they need
5 it, and back from them in time for our record.

6 MR. SHEAN: I absolutely agree with
7 that. Yes.

8 CHAIRPERSON PFANNENSTIEL: This would be
9 the first of a number.

10 MR. SHEAN: What the District has is
11 unique among districts with this rule 1309.1. And
12 so we have got to do a little adapting to that
13 reality. And we have two other cases, the sister
14 case, as well as the Vernon case.

15 CHAIRPERSON PFANNENSTIEL: I see that
16 the South Coast is represented here. Did they
17 want to make a statement?

18 MR. NAZEMI: Thank you, Madam Chair and
19 Commissioners. My name is Mohsen Nazemi; I'm
20 Assistant Deputy Executive Officer at South Coast
21 Air Quality Management District, and appreciate
22 the opportunity.

23 I just want to make it clear that our
24 review of power plant projects depends on whether
25 they can meet all the requirements, in particular

1 the new source review requirements.

2 And as you all are aware, the
3 availability of emission reduction credits or
4 offsets in South Coast, and possibly many other
5 districts in California, is such that they're very
6 scarce.

7 And so when we became aware of the
8 projections that your staff had done regarding
9 potential shortfalls in the coming summer,
10 relative to generation capacity in southern
11 California, South Coast took it upon ourselves to
12 amend our rules to allow power plants to obtain
13 emission reduction credits from our offset bank,
14 which is typically used only for essential public
15 services such as police, fire, sewage treatment
16 plants and so on and so forth.

17 And so I just want to make it clear that
18 our agency has gone of gone out of its way, the
19 only agency in California that has done that, to
20 facilitate building additional power plants.

21 However, our governing board had
22 concerns that we did not want to become the power
23 plant center of California, either. So they
24 wanted to put additional restrictions on the
25 amount of emissions, impacts, global warming

1 effects, as well as toxics associated with these
2 types of projects.

3 So on August 3rd we adopted amendments
4 to rule 1309.1 which impose new requirements for
5 power plants in order to qualify to access these
6 credits. And that's what I believe Mr. Shean was
7 referring to, that we have not had an opportunity
8 to evaluate and confirm that Walnut Creek has,
9 indeed, met those requirements to qualify for
10 purchasing these credits from our District.

11 And that's why the additional time is
12 necessary for us to do that. However, I also want
13 to make it clear in our letter we wanted to be
14 absolutely clear that if the Commissioners felt
15 that you can make a decision on this project
16 without our revised final determination, that you
17 may do so. And we just didn't want this to happen
18 often in the future.

19 CHAIRPERSON PFANNENSTIEL: Yeah, I
20 appreciate that. And I appreciate very much you
21 being here to help us understand what the
22 situation is.

23 Do you have a sense of the timing? Do
24 you know when your review might be completed such
25 that we'll get that final information?

1 MR. NAZEMI: I believe within 30 days we
2 can issue our determination of compliance. And
3 although Mr Shean mentioned the public notice
4 process, which is correct, that since we are the
5 agency that administers the Title 5 program, we
6 need to do another public notification before we
7 can issue our Title 5 permit, as well.

8 However, that is not a requirement for a
9 determination of compliance to be issued to your
10 agency. So, depending on what the timing of this
11 project is, we could issue a final determination
12 of compliance and then go to public notice.

13 I think it's always safer to go to
14 public notice first before we issue the final,
15 because if there are additional changes after we
16 go to public notice, then we have to revise our
17 FDOC.

18 But in this case we are willing to issue
19 FDOC and then go to public notice. So, 30 days is
20 the earliest we can do it if we go with the
21 recommendation or the statement that Mr. Shean
22 made, it would take another 30 days for a public
23 notice before we issue that. And we can work on
24 that with your staff.

25 CHAIRPERSON PFANNENSTIEL: Thank you. I

1 would appreciate that. I think that you, I know
2 you're working with the applicant, and I think
3 with the staff now, to try to expedite this. I
4 think in terms of getting that, the decision about
5 the availability of the permit, and then our
6 decision on the license.

7 So we really appreciate it. Are there
8 questions? Yes, Commissioner Byron.

9 COMMISSIONER BYRON: Thank you for being
10 here, as well. I take it the applicant is not
11 here, is that correct?

12 MR. SHEAN: That is correct.

13 COMMISSIONER BYRON: And if I understood
14 Mr. Shean earlier, that the applicant is also in
15 agreement with this delay. So reading your
16 letter, which by the way I only got a copy of this
17 morning, I'm inclined to also recommend that we
18 delay and wait for your final decision on this.

19 CHAIRPERSON PFANNENSTIEL: Commissioner
20 Geesman and I had discussed this based on the
21 letter. And we thought it was certainly prudent
22 to wait. We're in the middle of a new process,
23 and we just need to give it some time to work out.
24 Commissioner Boyd, did you have a question?

25 COMMISSIONER BOYD: No, I was just going

1 to thank Mohsen for coming. And I think we're
2 going to see a lot of him.

3 (Laughter.)

4 COMMISSIONER BOYD: And we just --
5 Commissioner Pfannenstiel and I just saw him at a
6 siting case last week. And so I appreciate the
7 efforts your District is making. As you said, the
8 only district in the state to step up to the plate
9 during the crisis and try to help us through it.
10 So I appreciate that. And I concur with the idea
11 of deferring this until such time as we get this
12 new process on the rails and moving into the
13 future.

14 CHAIRPERSON PFANNENSTIEL: Thank you,
15 Mohsen. Thank you for being here; it really makes
16 a difference.

17 MR. NAZEMI: Thank you.

18 CHAIRPERSON PFANNENSTIEL: So we will
19 hold this item until further notice. Thank you.

20 Moving on to item 13, Ivanpah Solar
21 Electric Generating System. Possible approval of
22 the Executive Director's data adequacy
23 recommendation for Solar Partners I, II, IV and
24 VIII, LLC, application for certification of the
25 Ivanpah Solar Electric Generating System. Good

1 morning.

2 MR. CASWELL: Good morning. I'm Jack
3 Caswell, the Commission's Project Manager assigned
4 to the Ivanpah Solar Electric Generation System
5 project for data adequacy.

6 This project is located in the Mojave
7 Desert, San Bernardino County; located off of I-5,
8 very close to the Nevada border. It is a 400
9 megawatt, a proposed 400 megawatt solar project.
10 It is planned to be developed in three phases; two
11 100 megawatt phases, and one 200 megawatt.

12 Currently for data adequacy this project
13 is inadequate in 11 areas. Staff has received
14 responses to those inadequacies from the applicant
15 and are reviewing them at this time. And have
16 requested that staff, this project be added to the
17 special October 31st should it not be granted data
18 adequacy here at this business meeting.

19 And currently we hope to find this
20 adequate, but staff is in the process of reviewing
21 that information.

22 CHAIRPERSON PFANNENSTIEL: Thank you,
23 Mr. Caswell. Applicant?

24 MR. HARRIS: Yes, briefly. Jeff Harris
25 on behalf of the applicant, Ivanpah Solar Electric

1 Generating System, or Ivanpah SEGS.

2 We are looking forward to being on the
3 special business meeting on the 31st. We were a
4 little alarmed when the other meeting was
5 canceled, since we were hoping to be adequate
6 then.

7 But we want to thank the staff for their
8 work on this. They've been absolutely
9 outstanding. And as someone who often lets you
10 know when I'm not happy, I should let you know
11 when I'm very happy. And I'm very happy with the
12 staff's work on this. And we appreciate
13 everybody's hard efforts to get this under the
14 31st.

15 I would like to let Alicia Torre from
16 the applicant say just a few words quickly.

17 MS. TORRE: Thank you. Good morning.
18 My name is Alicia Torre, and I am the Project
19 Development Manager for BrightSource Energy, the
20 parent company of the applicants Solar Partners I,
21 II, IV and VIII.

22 We had answered the questions and I
23 think we are ready to proceed. And we greatly
24 appreciate having data adequacy for the Ivanpah
25 Solar Electric Generating System addressed on the

1 agenda October 31st. We would be very grateful
2 for that.

3 We want to thank the staff for their
4 proactive work with the Bureau of Land Management
5 to develop a smooth joint federal/state process.
6 And we are also very proud to be the first wholly
7 solar thermal project to come before the
8 Commission in more than 15 years.

9 And we are working hard to set a high
10 standard both for solar energy projects and for
11 responsiveness to the BLM, the Energy Commission
12 and public concerns.

13 So, we look forward to working with you
14 in this process. And thank you.

15 CHAIRPERSON PFANNENSTIEL: Thank you.
16 With nothing further, then we are considering
17 approving the Executive Director's recommendation
18 that this project be found not adequate, or data
19 inadequate, I guess is the way to say it.

20 Is there a motion for that, for approval
21 of the Executive Director's recommendation?

22 COMMISSIONER BYRON: I'll move it.

23 COMMISSIONER BOYD: Second.

24 CHAIRPERSON PFANNENSTIEL: All in favor?

25 (Ayes.)

1 CHAIRPERSON PFANNENSTIEL: So it's been
2 found not data adequate at this time. And we look
3 forward to seeing you hopefully on the 31st.

4 Item 14, possible approval of funding
5 award notice pursuant to the Energy Commission's
6 existing renewable facility program guidebook,
7 renewable portfolio standard eligibility
8 guidebook, and overall program guidebook. Mr.
9 Orta.

10 MR. ORTA: Good morning; my name is
11 Jason Orta and I am the lead for the Energy
12 Commission's existing renewable facilities
13 program.

14 The existing renewable facilities
15 program provides funding in the form of production
16 incentives to eligible renewable energy facilities
17 for each kilowatt hour of eligible electricity
18 generated.

19 The statutory purpose of the existing
20 renewable facilities program is to improve the
21 competitiveness and achieve self sustainability of
22 existing instate solid fuel biomass, solar thermal
23 electric and wind facilities.

24 Facilities eligible for funding are
25 issued a funding award notice by the Energy

1 Commission.

2 Staff is seeking the Energy Commission's
3 approval of the funding award notice for the HL
4 Power Company biomass facility. The funding award
5 notice does not specify a dollar amount to be paid
6 to the facility nor does the funding award notice
7 encumber funds for this facility. Rather the
8 funding award notice identifies the following
9 information.

10 Pertinent information about the
11 applicant, the facility and the facility's power
12 purchase agreement; the facility's specific target
13 price and production incentive cap for the 2007
14 calendar year; the terms and conditions under
15 which existing renewable facilities program
16 funding would be provided, including any funding
17 restrictions and prevailing wage requirements.

18 Energy Commission Staff evaluated HL
19 Power Company's funding award application based on
20 the required information submitted by each
21 facility. This information included the
22 cumulative amount of funds received from state
23 sources, including the Energy Commission, the
24 value of state and federal tax credits, and the
25 facility's contract price for energy and capacity.

1 This evaluation was performed in
2 accordance with Public Resources Code section
3 25742, and in accordance with the March 2007
4 existing renewable facilities program guidebook,
5 4th edition.

6 Based on the information submitted by
7 this facility, staff recommends the approval of
8 the target prices, price and production and
9 incentive caps listed on the proposed funding
10 award notice, along with the approval of the
11 funding award notice in its entirety for HL Power
12 Company.

13 CHAIRPERSON PFANNENSTIEL: Thank you,
14 Jason. We did not receive in advance that
15 information. It's not in the Commissioners'
16 package. So perhaps you should explain what we
17 are approving in terms of the caps and targets.

18 MR. ORTA: Sure, and first of all, I
19 apologize for that. What you're approving is a
20 funding award notice for the HL Power Company
21 biomass facility. And this is not -- there was
22 not a dollar amount listed.

23 And what it is is basically parameters
24 for this facility to get the incentive from the
25 existing renewables program, which includes a

1 target price and a cap on the incentives in which
2 they would get.

3 If this facility receives an energy
4 price that is above this target price, they would
5 not receive an incentive for that month. But if
6 in a month they do receive an energy price that's
7 lower than the target price, they would receive an
8 incentive up to the cap that is outlined in the
9 funding award notice.

10 And for this funding award notice, this
11 facility receives a target price of 5.87 cents per
12 kilowatt hour, and a production incentive cap of
13 1.5 cents per kilowatt hour.

14 CHAIRPERSON PFANNENSTIEL: Thank you.

15 Are there other questions? Discussion of the
16 item? Is there a motion?

17 COMMISSIONER BOYD: I'll move approval.

18 COMMISSIONER BYRON: Second.

19 CHAIRPERSON PFANNENSTIEL: All in favor?

20 (Ayes.)

21 CHAIRPERSON PFANNENSTIEL: It is

22 approved, thank you.

23 MR. ORTA: Than you. And again my
24 apologies for not having the information there.

25 CHAIRPERSON PFANNENSTIEL: Item 23, this

1 is the item that was added to the agenda.
2 Possible adoption of proposed regulations for
3 digital television adapters originally published
4 as express terms 45-day language on August 24,
5 2007, which consists of amendments to the
6 appliance regulations in Title 20 California Code
7 of Regulations to repeal the appliance efficiency
8 standard for digital television adapters.

9 Good morning, Mr. Staack.

10 MR. STAACK: Good morning,
11 Commissioners. My name is Bill Staack. I am a
12 Senior Staff Counsel for the California Energy
13 Commission.

14 We are here today to accept public
15 comments on the express terms for the proposed
16 amendments to the applicant efficiency regulations
17 07-AAER-2.

18 We are also here to discuss, if
19 requested, staff's proposal to adopt these
20 proposed amendments which consist solely of the
21 repeal of the existing appliance efficiency
22 standards for digital television adapters which is
23 located in Title 20 of the Energy Commission's
24 appliance efficiency regulations.

25 The public comment period began on

1 August 24, 2007, which the Commission published a
2 notice of proposed action which included a
3 proposed adoption date of October 10, 2007.

4 This notice also made publicly available
5 the express terms of the proposed amendments with
6 an initial statement of reasons that summarize and
7 explain the rationale for the proposed amendments.

8 On September 24, 2007, the Commission's
9 Efficiency Committee held a public hearing to
10 receive comments concerning the proposed
11 regulations. As of this point, no substantive
12 comments have been received by the Energy
13 Commission during this public comment period.

14 Staff is now recommending the Commission
15 adopt the August 24, 2007 published express terms
16 for the appliance efficiency regulations 07-AAER-
17 2.

18 Unless there are any questions, this
19 would be the end of my presentation.

20 CHAIRPERSON PFANNENSTIEL: Bill, why
21 don't you just sort of explain what is going on
22 here? That this is -- we adopted these standards,
23 but since then there's been activity at the
24 federal level which led us to conclude that the
25 standard was unnecessary and should be repealed.

1 Would you explain what's happened.

2 MR. STAACK: Subsequent to the adoption
3 of the energy efficient regulations by the Energy
4 Commission for digital tv adapters, Congress
5 enacted legislation relating to DTAs which
6 resulted in the adoption of federal standards by
7 the National Telecommunication Infrastructure
8 Administration. And that would be for DTAs sold
9 throughout the United States. And this program
10 provided a customer coupon rebate program.

11 These NTIA standards, which allowing
12 greater power use in both the active and standby
13 mode, will result in slightly more energy savings
14 than the Commission's adopted DTA standards
15 because these federal standards require an
16 automatic power-down feature which increases the
17 hours of operation in the lower power standby
18 mode. And this then results in a potential 5
19 kilowatt per hour lower energy use and energy cost
20 savings to the customer.

21 California's standards does not require
22 this automatic power-down mode. So without
23 formally adopting these NTIA standards for DTAs as
24 requirement for sale in California, staff
25 recognizes that the federal standards will apply

1 to DTA standards throughout the United States.

2 And will result in a small improvement in

3 operating efficiencies for DTAs sold in

4 California.

5 And underneath our Warren Alquist Act,
6 Public Resources Code section 25402(c)(3) it
7 requires the Energy Commission to adopt other cost
8 effective measures for an appliance if a standard
9 for that appliance is amended and if that
10 amendment is adopted within a five-year period of
11 the previous adopted efficiency standard for that
12 same appliance. And also if it results in
13 increase or decrease in the minimum level of
14 operating efficiencies.

15 What staff has determined, through a
16 study that's included in the record, that this
17 proposed repeal will become effective within the
18 five-year period described in Public Resources
19 Code section 25402(c)(3), but it will not result
20 in increase in the minimum level of operating
21 efficiencies required by the standards because the
22 standards are being repealed by our regulation.

23 And this regulation package will not
24 result in a decrease in the minimum level of
25 operating efficiencies required by the standard

1 because the criteria for the DTA adopted by the
2 National Telecommunication Infrastructure
3 Administration will result in an equivalent and
4 possibly slightly greater level of efficiency.

5 And therefore, the repeal that we're
6 proposing will not result in increase or decrease
7 in the minimum level of operating efficiencies
8 required by our existing standards. And thus the
9 Commission is not required to adopt other cost
10 effective measures.

11 CHAIRPERSON PFANNENSTIEL: Thank you.
12 Further questions? Discussion? Commissioner
13 Byron.

14 COMMISSIONER BYRON: Thank you. Did we
15 have anything to do with the federal standards, or
16 did any Commissioners, by chance, have any
17 influence in what was developed at the federal
18 level?

19 MR. STAACK: I am not aware of any staff
20 having been participated in that federal.

21 CHAIRPERSON PFANNENSTIEL: I believe
22 John Wilson did.

23 COMMISSIONER ROSENFELD: Yeah, my memory
24 is hazy, but the way I remember it is that John
25 Wilson and I talked about bringing the federal

1 agency in. That John called them, and in fact,
2 they hadn't thought about standby standards at
3 all. And they thought it was a good idea.

4 And nature took its course. But I think
5 this is a nice example of a rather rare, but very
6 fruitful, interaction between the CEC, which had
7 the idea in the first place, and the federal
8 agency. So I'm very pleased with the way this is
9 working out.

10 COMMISSIONER BYRON: Wonderful. I
11 suspect it was more than just a well-timed phone
12 call that was involved here. Probably --

13 CHAIRPERSON PFANNENSTIEL: Yeah, there
14 was some more.

15 COMMISSIONER BYRON: -- promulgating the
16 standards at the state level had some influence.

17 COMMISSIONER ROSENFELD: Might have just
18 had something to do with it, yes.

19 CHAIRPERSON PFANNENSTIEL: It's one of
20 those instances where the industry much prefer a
21 national standards. And so we worked with the
22 national body to produce some standards that were
23 at least as efficient as ours, and we believe
24 actually moreso.

25 COMMISSIONER BYRON: Good.

1 COMMISSIONER BOYD: Is this a first?

2 CHAIRPERSON PFANNENSTIEL: I have no
3 idea. In three and a half years.

4 COMMISSIONER BOYD: It seems to me it's
5 a first in my recollection, anyway.

6 CHAIRPERSON PFANNENSTIEL: Well, given
7 that, --

8 COMMISSIONER ROSENFELD: So I guess I
9 move the repeal of the present California
10 standard.

11 COMMISSIONER BYRON: I'll second it.

12 CHAIRPERSON PFANNENSTIEL: All in favor?

13 (Ayes.)

14 CHAIRPERSON PFANNENSTIEL: It's
15 approved; thank you.

16 MR. STAACK: Okay, thank you very much.

17 CHAIRPERSON PFANNENSTIEL: Minutes,
18 approval of the minutes of the September 26th
19 business meeting. Commissioner Boyd needs to
20 abstain.

21 COMMISSIONER ROSENFELD: I move the
22 minutes.

23 COMMISSIONER BOYD: I will abstain.

24 COMMISSIONER BYRON: Second.

25 CHAIRPERSON PFANNENSTIEL: All in favor?

1 (Ayes.)

2 CHAIRPERSON PFANNENSTIEL: The minutes
3 are approved.

4 Committee discussion, any Commission
5 Committee discussion? Yes.

6 COMMISSIONER BYRON: It's not so much a
7 Committee issue, but I guess I'd like to direct
8 this comment to the Executive Director.

9 These last couple of items on the
10 business agenda I did not have material on them.
11 We take this stuff very seriously. I'd like to
12 make sure that if at all possible the business
13 meeting binder include the detailed information
14 that we got through in the last two items.

15 EXECUTIVE DIRECTOR BLEVINS: Your
16 request has been heard.

17 COMMISSIONER BYRON: Thank you.

18 CHAIRPERSON PFANNENSTIEL: General
19 Counsel's report, Mr. Chamberlain.

20 MR. CHAMBERLAIN: I have no report to
21 make, Madam Chair.

22 CHAIRPERSON PFANNENSTIEL: Executive
23 Director report.

24 EXECUTIVE DIRECTOR BLEVINS: I have no
25 official report, but I've been thinking about --

1 CHAIRPERSON PFANNENSTIEL: Oh, an
2 unofficial report.

3 EXECUTIVE DIRECTOR BLEVINS: I have an
4 unofficial report. It's a little irregular, but I
5 actually think it's pretty interesting.

6 As certainly the four of you know, I've
7 just returned from one of my usual regular trips
8 to the Tennessee Valley. And one of the things
9 that I have seen firsthand -- we can become a
10 little California-centric, but there is another
11 world out there.

12 And possibly Commissioner Boyd, in his
13 recent travelings, has heard a little bit about
14 this.

15 The southeast is actually in a historic
16 drought that is pretty amazing. There are places
17 in northern Alabama where it's not rained for two
18 and a half years. There are, in the area that I'm
19 most familiar with, where if you get high enough
20 in elevation you get 120 inches of rainfall a
21 year. You now have those areas on water use
22 restrictions. That's a fairly unusual
23 circumstance in that part of the country.

24 The electric system, obviously there
25 TVA, was initially built on hydro, and then coal,

1 and then nuclear. When you think about climate
2 change, coal is probably something that's going to
3 get re-examined.

4 Hydro, because there is no snow melt,
5 per se, in the southeast, it relies on the rain
6 for the hydro. And the irony in this past summer
7 was that it was so hot that the Tennessee River
8 reached a temperature of 90 degrees, which made it
9 impossible to operate the nuclear power plants
10 because of the cooling differential between the
11 cooling water and the temperature required to
12 cooling the plant wasn't adequate.

13 So I only bring all this up because
14 public decisionmakers are going to be confronting
15 a lot of issues relating to changed climate and
16 their energy systems there maybe sooner than
17 later. And it's just something, I think, it bears
18 watching because it will -- I don't think there's
19 anything unique about, you know, people in
20 different parts of the country having to deal with
21 the same kinds of problems.

22 So, it's just a little observation to
23 share with the Commission.

24 CHAIRPERSON PFANNENSTIEL: Thank you.

25 COMMISSIONER ROSENFELD: And northeast

1 India is enduring terrible floods which they're
2 blaming on climate change.

3 CHAIRPERSON PFANNENSTIEL: Any further
4 report?

5 EXECUTIVE DIRECTOR BLEVINS: No, I have
6 no further report, thanks.

7 CHAIRPERSON PFANNENSTIEL: Leg Director,
8 Mike?

9 LEGISLATIVE DIRECTOR SMITH: Good
10 morning, Chairman, Commissioners. I really don't
11 have anything specific to report. We are awaiting
12 news from the Governor's Office on his decision on
13 a number of very key energy bills. He has until
14 Sunday, the 14th, to take whatever action he is
15 going to take.

16 So, I'm happy to answer any questions
17 you may have, if I can. Otherwise, I don't have a
18 report.

19 CHAIRPERSON PFANNENSTIEL: Thank you.
20 Are there questions? No questions. Thank you,
21 Mike.

22 COMMISSIONER BOYD: Fingers crossed.

23 CHAIRPERSON PFANNENSTIEL: I understand
24 there is no Public Adviser's report today.

25 Public comment. We have somebody on the

1 line. Harriet, is he still there? No.

2 We have no public comment -- is there
3 any public comment in the room? I'm sorry, I
4 thought you were on the phone.

5 COMMISSIONER BOYD: Quick trip.

6 MR. OROZCO: Commissioners, good
7 morning. It's Bernie Orozco with Sempra Energy.
8 I just wanted to go back briefly to agenda item
9 number 9, which was adopted by the Committee.

10 Sempra Energy fully supports that
11 contract, or that research on natural gas
12 vehicles. Just wanted to provide a little bit of
13 history, though.

14 Southern California Gas Company and San
15 Diego Gas and Electric, both Sempra Energy
16 Utilities, are very supportive of liquified
17 natural gas coming into the state. They see that
18 it is a greater supply being beneficial to our
19 customers.

20 Knowing that, they have started to study
21 already the impacts of a richer natural gas on our
22 operations. Richer natural gas, though, is not a
23 new phenomenon to The Gas Company. This is
24 something that we already deal with currently now,
25 and have for several years, a number of years.

1 The Kern County area, California's own
2 state production is pretty much comparable to
3 liquified natural gas, what everyone has been
4 calling. Liquified natural gas, though, is just a
5 storage of natural gas from other areas.

6 California has very comparable gas to that in Kern
7 County, and the natural gas that comes from the
8 Rocky Mountains.

9 So, over the years, though, we have
10 dealt with a richer gas on natural gas vehicles
11 through a number of different practices, namely
12 blending. When we get Canadian gas, which is a
13 richer methane, pure, almost pure methane, coming
14 down through our pipelines, and we take Kern
15 County gas, we blended it in the past.

16 But in the past we've had natural gas
17 vehicle operators who have been shut out from
18 natural gas pipelines because gas that comes from
19 the coastline has been richer than what is allowed
20 through current ARB practices.

21 So ARB is the one that sets the standard
22 for the natural gas vehicle fuel standard. We
23 have been trying to work with them, as
24 Commissioner Boyd has said, for several years,
25 over a decade, on trying to develop a new natural

1 gas vehicle spec that would work with vehicles.

2 We initiated a study a couple years ago,
3 and the Energy Commission Staff, along with the
4 ARB Staff, South Coast Air Quality Management, a
5 number of oil producers that have natural gas
6 operations, LNG proponents, and we took a look at
7 what a richer gas would do on vehicles, above and
8 beyond what the ARB fuel spec is.

9 And so we have found that for the most
10 part newer vehicles it is not a problem. Older
11 vehicles, if you do a little bit of tinkering you
12 can work with them.

13 But we are very supportive of the Energy
14 Commission taking a look at the work that we've
15 done. We have used an outside research group so
16 that we wouldn't be biased. And we brought in a
17 whole bunch of stakeholders so that everyone could
18 have input.

19 I would strongly urge the Energy
20 Commission to take a look at what we've done. I
21 think it was pretty cutting edge above others.
22 But I think this would be very helpful to what you
23 do.

24 So that's the only comment I wanted to
25 make. Thank you.

1 CHAIRPERSON PFANNENSTIEL: Thank you,
2 Bernie. The Executive Director will pass that
3 information on to the PIER Staff who will be
4 working the project. Thank you very much.

5 Any further public comment?

6 We'll be adjourned.

7 (Whereupon, at 11:19 a.m., the business
8 meeting was adjourned.)

9 --o0o--

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of October, 2007.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345