

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, DECEMBER 5, 2007

10:00 A.M.

Reported by:
John Cota
Contract Number: 150-07-001

COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, Chairperson

Arthur Rosenfeld

James Boyd

John L. Geesman

Jeffrey D. Byron

STAFF and CONTRACTORS PRESENT

Melissa Jones for Executive Director Blevins

Jonathan Bles for Chief Counsel Chamberlain

Michael Smith, Legislative Director

Harriet Kallemeyn, Secretariat

Arlene Ichien

Che McFarlin

Paula David

Kenneth Celli

Kevin Bell

Ron Yasny

Virginia Lew

Jim Holland

Ruben Tavares

Gene Strecker

Bill Junker

Guido Franco

Jamie Patterson

Mike Gravely

STAFF AND CONTRACTORS PRESENT

Dora Yep-Nakafuji

Kristy Chew

Rachel MacDonald

Prab Sethi

Dave Michel

Cheri Davis

Harinder Singh

Tim Olson

Lorraine White

Elizabeth Burton, Contractor

PUBLIC ADVISER

Nicholas Bartsch

ALSO PRESENT

Joe Sparano
Michaelleen Mason
Western States Petroleum Association

Taylor Miller, Attorney
Sempra Energy

Daniel Baerman
San Diego Gas and Electric Company

Lara Ettenson
Natural Resources Defense Council

Mark Krausse
Pacific Gas and Electric Company

Carl Silsbee
Southern California Edison Company

ALSO PRESENT

Scott Galati, Attorney
Galati Blek, LLP
on behalf of Pacific Gas and Electric Company

Thomas D. O'Connor
O'Connor Consulting Services, Inc.
on behalf of California Alliance for Distributed
Energy Resources, CADER

Bill Kissinger, Attorney
Bingham McCutchen, LLP
on behalf of Bimbo Bakeries USA

Barbara Fry
California Air Resources Board

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

2 10:00 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: Since our
10 last business meeting got canceled, we have a very
11 long, full, meaty, interesting agenda before us
12 today, so everybody take a deep breath and we're
13 going to work our way through it.

14 We'll start with the consent calendar,
15 but one item has been removed, item 1.f. has been
16 removed from the consent calendar. But with that
17 change is there a motion --

18 COMMISSIONER ROSENFELD: I move the
19 consent calendar.

20 COMMISSIONER GEESMAN: Second.

21 CHAIRPERSON PFANNENSTIEL: All in favor?

22 (Ayes.)

23 CHAIRPERSON PFANNENSTIEL: The consent
24 calendar is approved.

25 Item 2 is Commissioner Rosenfeld's, a

1 memorandum of understanding with Maharashtra
2 Electricity Regulatory Commission. Possible
3 approval of memorandum of understanding between
4 the Energy Commission, the California Public
5 Utilities Commission, the Lawrence Berkeley
6 National Laboratory and the Maharashtra
7 Electricity Regulatory Commission of Maharashtra
8 State, India, to explore potential future
9 collaborations on policies and programs related to
10 energy efficiency, procurement planning and
11 electricity markets and regulation. Commissioner
12 Rosenfeld.

13 COMMISSIONER ROSENFELD: Thank you,
14 Chairman Pfannenstiel. Given that it looks like
15 we're going to be here till mid-afternoon, I won't
16 be very long. I'll give you a very brief idea of
17 what we're in for.

18 A couple of years ago Natural Resources
19 Defense Council, which has an India program,
20 decided that it would be helpful if then-PUC
21 Commissioner Susan Kennedy and I went to Beijing
22 and Jiangsu Province, Nanjing, and, in particular,
23 signed an MOU with the Chinese Province of
24 Jiangjing -- Jiangsu to improve their electric
25 efficiency.

1 That worked out pretty well. We were
2 actually asked to stick around an extra day and
3 help them write a decree about introducing public,
4 what we call public goods charge, what they call
5 public benefits charge, into their programs. So
6 we were pretty generous with that reception.

7 And now Susan's gone on to the
8 Governor's Office; Dian Greuneich is at the PUC in
9 charge of energy efficiency. And we discovered
10 that the Indian State of Maharashtra, which
11 includes Mumbai, Bombay, has a regulator who
12 believes in public goods charges; and in fact, has
13 some money sitting in his account, and says he
14 doesn't know what to do with it, because he
15 doesn't have trained staff.

16 So we decided it's time -- there are,
17 after all, a billion of them, too. And we decided
18 that we would make a second foray. So that's the
19 reason that there's a province. We're a state; we
20 can sign MOUs with a province. We can't sign MOUs
21 with a country.

22 The Governor's Office likes this idea
23 and he's thinking about doing -- so we will try to
24 coordinate the two.

25 I'm pretty psyched at the possibilities.

1 The Chairman of the Regulatory Board from
2 Maharashtra was in California a month or so ago
3 when we were planning this. And I said to him,
4 well, listen, just as a challenge to show that you
5 guys can get started, why don't you fix the
6 traffic lights in Mumbai and turn them into LEDs.
7 And, by golly, he went home and sent an email
8 about two weeks later saying we have located,
9 identified 250 intersections and we have ordered
10 the lamps.

11 And she's also sent a letter to the four
12 utilities he regulates -- it's an 18 gigawatt
13 system -- saying, I want you, between you, to come
14 up with a \$20 million a year public goods program.
15 There will be severe penalties if you do not
16 deliver this before February. And I have in mind
17 going to \$100 million a year. So for an 18
18 gigawatt system that's a good beginning.

19 So, I'm very pleased to try to get this
20 thing approved and --

21 CHAIRPERSON PFANNENSTIEL: Are there
22 questions for Commissioner Rosenfeld? Yes,
23 Commissioner Byron.

24 COMMISSIONER BYRON: You don't have to
25 spend more than five minutes with Commissioner

1 Rosenfeld or just a few minutes looking at his
2 website to see that California is not a large
3 enough area for him to --

4 (Laughter.)

5 COMMISSIONER BYRON: -- to spread energy
6 efficiency. Art, I think this is another
7 wonderful example of the things that I know that
8 you're involved with, and I would move this item.

9 COMMISSIONER GEESMAN: Second.

10 VICE CHAIRPERSON BOYD: I'll second.

11 CHAIRPERSON PFANNENSTIEL: All in favor?

12 (Ayes.)

13 COMMISSIONER ROSENFELD: Thank you.

14 CHAIRPERSON PFANNENSTIEL: It's been
15 approved. Commissioner Rosenfeld, thank you.

16 Item number 3 on the agenda, possible
17 approval of regulations to implement the Energy
18 Commission's program for designing -- sorry, for
19 designating electric transmission corridor zones
20 under Public Resources Code sections 25330 to
21 25341. Ms. Ichien.

22 MS. ICHIEN: Good morning, Madam
23 Chairman, Commissioners. My name is Arlene Ichien
24 from the Chief Counsel's Office.

25 Earlier this year on February 14 the

1 Commission adopted an order instituting
2 rulemaking, and authorizing the Siting Committee
3 to oversee that rulemaking.

4 The result of that are the proposed
5 regulations before you for adoption this morning.
6 The proposal before you would specify procedural
7 requirements and informational requirements for
8 the designation of transmission corridor zones
9 under the Public Resources Code, under the
10 sections that you cited.

11 This proposal was the subject of a
12 formal rulemaking that began on September 21 with
13 the publication of the notice of proposed action
14 which also established a public comment period
15 that ended on November 14.

16 We have received to date two comment
17 letters; one from Department of Water Resources
18 State Water Project, and the other from the
19 California Farm Bureau Federation. Both letters
20 are supportive of the proposed regulations.

21 I think the fact that we received only
22 these two letters in support of the regulations is
23 a result of all of the work that was done before
24 the formal rulemaking. The Committee held three
25 workshops on March 5th, June 29 and August 14.

1 And in addition, the staff had several meetings
2 with utilities, other state agencies and other
3 organizations representing various interest
4 groups. The result of all that effort was a good
5 exchange of information and good input on the
6 direction of the regulations and some
7 wordsmithing, as well.

8 As an aside, the staff is also planning
9 to meet with the Public Utilities Commission this
10 Friday, December 7th, to continue with the
11 coordination efforts between the two agencies.

12 With respect to CEQA the proposed
13 regulations would not result in any entitlement to
14 do or build anything. They would establish a
15 voluntary process by which applicants could seek
16 designation of transmission corridor zones. They
17 would specify procedures and informational
18 requirements so that the adoption of this proposal
19 would clearly not result in any significant
20 environmental effect. And on that basis the
21 Commission can find that this proposal is exempt
22 from CEQA.

23 All of this is reflected also in a
24 proposed order that is before you. The order, in
25 addition, would have the Commission formally make

1 all of the findings that were in the published
2 NOPA on September 21, that is the findings with
3 respect to economic impacts on housing, small
4 businesses, statewide economic effects, et cetera.

5 So, with that, I respectfully request
6 that the Commission adopt the proposed regulations
7 and the proposed order.

8 CHAIRPERSON PFANNENSTIEL: We do have
9 one request for public comment, but first are
10 there questions of Ms. Ichien? Asking to speak,
11 this is Scott Galati on behalf of PG&E.

12 MR. GALATI: Good morning,
13 Commissioners. This is Scott Galati on behalf of
14 PG&E. We're in favor of your adopting this
15 regulation. We wanted to thank staff publicly and
16 thank Commissioner Geesman and Commissioner Byron
17 for a very active participating in the workshop
18 that we think yielded a process that is going to
19 be beneficial. So, thank you very much.

20 CHAIRPERSON PFANNENSTIEL: Thank you,
21 Scott. Comments, questions? Commissioner
22 Geesman.

23 COMMISSIONER GEESMAN: This is an
24 important step for us to take. And I certainly
25 want to congratulate the staff and the various

1 stakeholders that put so much time into this. And
2 I would extend that, as well, to the legal counsel
3 from the CPUC who I thought made some very
4 constructive suggestions to us.

5 This flows from SB-1059, which I think
6 was a half-step by the Legislature to try and
7 address some of the challenges California faces in
8 reforming its planning and permitting for
9 transmission projects.

10 The real key to the usefulness of these
11 regs will be in the hands of the utilities in
12 terms of what use they choose to make of them. I
13 think it's important, and the regulations enable
14 the state to make some of its land use and
15 environmental decisions on transmission projects
16 earlier in the process, rather than the current
17 all-or-none decision that we make at the very
18 tail-end of the CPCN process.

19 We address these issues in significantly
20 greater detail in the strategic transmission
21 investment plan, which the Commission adopted last
22 month.

23 So, I would move approval of the
24 proposed regs.

25 CHAIRPERSON PFANNENSTIEL: Other

1 discussion? Yes, Commissioner Byron.

2 COMMISSIONER BYRON: This is the third
3 set of regulations that I've been involved with
4 thus far in my tenure, all with Commissioner
5 Geesman. And I have to tell you, I don't think
6 there's anyone better to learn from, as well as to
7 watch the process.

8 My thanks to the staff, of course;
9 they've done an excellent job. But as you step
10 back and think of what's transpired here at the
11 Commission in recent years, you know, the
12 coordination that we've exhibited with federal
13 authorities and how this work will coordinate
14 their designation of corridors, our strategic
15 transmission investment plan that we do every
16 other year, an initiative that we're doing with
17 the Public Utilities Commission for renewable
18 energy transmission corridors -- I should say the
19 renewable transmission initiative, and the process
20 by which we site power plants and the way that we
21 collaborate with other agencies throughout the
22 state, I think this all fits very well together.

23 So, just watching this process, being a
24 part of it, and seeing how it really can help
25 improve the transmission siting process in the

1 state, I think this is very encouraging. I hope
2 that applicants will come forward. Dare I say I
3 hope our own Commission will also look at perhaps
4 designating some -- applying for designation of
5 some corridors.

6 My congratulations to Commissioner
7 Geesman on another excellent job. And I will
8 second this.

9 CHAIRPERSON PFANNENSTIEL: Well, thank
10 you to the Electricity Committee on this. Further
11 comment? It's been moved and seconded.

12 All in favor?

13 (Ayes.)

14 CHAIRPERSON PFANNENSTIEL: The
15 regulations are adopted, thank you.

16 Item 4, Carrizo Energy Solar Farm
17 Project. Possible approval of the Executive
18 Director's data adequacy recommendation for the
19 Carrizo Energy, LLC, application for certification
20 for the Carrizo Energy Solar Farm Project.

21 MR. McFARLIN: Good morning, Chairman
22 and Commissioners. My name's Che McFarlin; I'm
23 filling in for Mary Dyas who is acting as staff's
24 siting project manager for the Carrizo Energy
25 Solar Farm Project. Staff's Counsel, Michael

1 Doughton, is here with me.

2 On October 25th Carrizo Energy submitted
3 an application for certification seeking approval
4 from the Energy Commission to construct and
5 operate the proposed Carrizo Energy Solar Farm
6 project. It proposes a 12-month AFC.

7 The proposed 640-acre project site is
8 located adjacent to state route 58, otherwise
9 known as Carrizo Highway in eastern San Luis
10 Obispo County.

11 The project is a nominal 177 megawatt,
12 solar-thermal power plant. As proposed, the
13 project's minimal water needs would be met by an
14 existing groundwater well; the facility will be
15 air-cooled. The project will connect to the
16 existing Carrizo Substation, which is adjacent to
17 the project site.

18 The only one submitted comments at this
19 time is the San Luis Obispo County Air Pollution
20 Control District; and they've stated that due to
21 the project's proximity to the adjacent Carrizo
22 Plains Elementary School, a health risk assessment
23 may be necessary. And those are the only comments
24 we've received so far. They've also determined
25 that the AFC is complete, contains the information

1 they need to perform the air quality analysis.

2 At this time staff's analysis has
3 determined that the project's currently data
4 inadequate for the 12-month process in 12 areas.
5 Therefore, staff recommends that you find this AFC
6 incomplete and data inadequate at this time.

7 However, staff and the applicant are
8 working together to achieve data adequacy and
9 expect a supplement to be submitted within the
10 next week. And we hope that that will provide the
11 information necessary to bring the project back to
12 the Commission on the 19th, at the business
13 meeting, to achieve data adequacy.

14 And if you have any questions I'll do my
15 best to answer them.

16 CHAIRPERSON PFANNENSTIEL: Thank you.
17 Are there questions? So we have the
18 recommendation of data inadequate at this time.
19 Is there a motion to approve the Executive
20 Director's recommendation?

21 COMMISSIONER GEESMAN: I'll move it.

22 COMMISSIONER BYRON: Second.

23 CHAIRPERSON PFANNENSTIEL: In favor?

24 (Ayes.)

25 MR. McFARLIN: Thanks.

1 CHAIRPERSON PFANNENSTIEL: It's
2 approved, thank you.

3 Item 5, possible approval of a petition
4 to install and operate a gas turbine inlet air
5 chiller and add a water storage tank for the
6 Palomar Energy project.

7 MS. DAVID: Good morning, Commissioners.
8 My name is Paula David and I'm the Compliance
9 Project Manager assigned to the Palomar Energy
10 Center project.

11 Palomar Energy Center is owned and
12 operated by San Diego Gas and Electric. It was
13 certified on August 6, 2003 and has been
14 operational since April 1st of '06.

15 A summary of the petition. The petition
16 was received on July 27th of this year. San Diego
17 Gas and Electric is seeking approval to replace
18 the evaporative cooler system with a centralized
19 gas combustion turbine inlet chiller system; and
20 also to construct a thermal energy storage tank to
21 be installed at an unspecified future date.

22 The facility currently uses an
23 evaporative cooling system to reduce the
24 temperature of inlet air, but modification will
25 allow the facility to generate approximately 40

1 megawatts of additional capacity to serve summer
2 peak load needs. No increase in concentration
3 hourly or annual emissions limits is requested.
4 And the chiller installation has already been
5 approved by the San Diego Air Pollution Control
6 District as of November '06.

7 Staff conducted a technical analysis of
8 the petition in multiple technical areas. The
9 staff analysis was distributed on October 26th and
10 requested that public comments be submitted before
11 November 9th. The air quality staff added a
12 greenhouse gas reporting condition; and the
13 transmission system engineering added a condition
14 requiring proof of Cal-ISO approval to add the
15 additional megawatts to the grid. All other
16 technical areas reported no significant impact.

17 Bimbo Bakeries, USA, sent comments to
18 the staff analysis on November 16th of '07
19 expressing concerns about Palomar Energy Center's
20 impact on the bakery. San Diego Gas and Electric
21 responded to Bimbo's comments in two more comment
22 letters on November 20th and November 26th.

23 Staff then reviewed all three comment
24 letters and determined that a revision to the
25 October 26th staff analysis was not needed. Staff

1 posted and distributed a staff response to
2 comments by BBU on -- BBU, Bimbo Bakery USA -- on
3 November 30th, and incorporated copies of the
4 comment letters into the document for reference;
5 and it's in your package.

6 In the staff response staff analyzed the
7 comments submitted by Bimbo and concluded that
8 they have not yet substantiated a link between the
9 power plant operations and the impacts on the
10 bakery. Consequently staff does not believe the
11 Commission's consideration of this amendment
12 petition should be delayed.

13 However, staff has indicated if Bimbo
14 Bakeries USA wants to pursue this issue it could -
15 - there are other options, such as the complaint
16 process, or request for formal investigation.
17 Staff would then request additional information to
18 examine Bimbo's claims further.

19 Staff sent another comment letter to the
20 California Energy Commission last night responding
21 to the staff comment document. And Bimbo Bakeries
22 USA is requesting that the Commission either
23 briefly delay approval of the amendment, or add an
24 additional condition of certification addressing
25 additional monitoring at the Palomar Energy Center

1 of their operation.

2 Staff would like to mention for the
3 record that it performed an informal investigation
4 after receiving a letter of concern from Bimbo
5 Bakery Escondido plant manager in February of '07.
6 And staff believed then, and still believes, that
7 they have not substantiated a link between the
8 power plant operations and impacts to the bakery.
9 Staff has advised them already that they have
10 those other options of complaint process or
11 investigation.

12 In conclusion, staff's determination:
13 Staff has determined that the petition meets all
14 the filing criteria of Title 20, section 1769(a)
15 of the California Code of Regulations concerning
16 post-certification project modifications.

17 The modification will not change the
18 findings of the Energy Commission's certification
19 pursuant to Title 20, section 1755. The project
20 will remain in compliance with all applicable
21 laws, ordinances, regulations and standards
22 subject to the provisions of the Public Resources
23 Code section 25525.

24 The change will be beneficial to the
25 public because the new turbine inlet chiller

1 system will provide up to approximately 40
2 megawatts of additional capacity to serve the
3 summer peak load.

4 There has been a substantial change in
5 circumstances since the Energy Commission's
6 certification justifying the changes. And that
7 the changes are based on information that was not
8 available to the parties prior to the Energy
9 Commission's certification, in that the existing
10 evaporative coolers are not as effective as
11 expected.

12 Staff recommends that the Commission
13 approve the petition to install and operate the
14 inlet chiller and storage tank. Thank you.

15 CHAIRPERSON PFANNENSTIEL: Questions
16 before we turn to the petitioners? Why don't we
17 hear then from the petitioners. Do you have
18 comments?

19 MR. MILLER: Good morning,
20 Commissioners. This is Taylor Miller with Sempra
21 Energy. And I have with me Mr. Dan Baerman, the
22 Director of Electric Generation for SDG&E.

23 We have, I don't believe, anything to
24 add at this point to the analysis made by staff.
25 And we're fully in support of their analysis.

1 CHAIRPERSON PFANNENSTIEL: Thank you.
2 No other questions on this item? Is there a
3 motion?

4 COMMISSIONER GEESMAN: I'll move
5 approval -- oh, I believe someone in the audience
6 would like to --

7 CHAIRPERSON PFANNENSTIEL: Oh, I'm
8 sorry, yes.

9 MR. KISSINGER: I didn't get on the
10 list, but I --

11 CHAIRPERSON PFANNENSTIEL: Please come
12 up to the microphone and identify yourself.

13 MR. KISSINGER: My name is Bill
14 Kissinger; I'm here from Bingham McCutchen, and
15 I'm here representing BBU, Bimbo Bakeries USA. I
16 didn't get on the list, I apologize for that.

17 CHAIRPERSON PFANNENSTIEL: That's fine,
18 go ahead.

19 MR. KISSINGER: I'd like to make just a
20 few brief comments. As you know, we're a major
21 consumer of electricity in the San Diego region.
22 We thought very hard about what and how to
23 intervene or whether to intervene. And we limited
24 our involvement to comments.

25 Our concern here is not about the need

1 for new capacity. We, indeed, believe there is a
2 need for new capacity in the region. And we're
3 trying to be good neighbors.

4 Our concern, however, is that there are
5 impacts that are coming from this power plant and
6 are impacting the operations of the bakery.
7 What's happening is that the vapor plume, whether
8 visible or not, is moving off of the cooling tower
9 and isn't going straight up, but often coming
10 directly onto the roof of the bakery and
11 condensing on the roof of the bakery, creating an
12 environment which is very rich for mold.

13 And then mold is then being pulled into
14 the plant through the ventilation system of the
15 bakery. And mold isn't a very good thing when it
16 comes to bread.

17 We have had some meetings with staff.
18 Apparently not enough meetings for purposes of
19 persuading them that there's a link. We've had
20 some communications with SDG&E, but not enough for
21 purposes of resolving the issue.

22 And what we would like to see in the
23 context of this petition is that it be modified so
24 that it includes a monitoring requirement of the
25 impacts from the vapor plumes from the cooling

1 tower.

2 When the original permitting was done on
3 this power plant the concern with regard to vapor
4 plumes was purely as to its visual impacts. And
5 the equipment that was installed on the cooling
6 tower is focused on mitigating that particular
7 point. It was not something that dawned on
8 anyone, my client, BBU, or the Energy Commission,
9 as far as I know, on SDG&E's part, that that
10 moisture would potentially have an impact on one
11 of the neighbors.

12 We may be uniquely situated because the
13 roof of the bakery is literally at the bottom of
14 the hill, adjacent to the cooling tower.

15 As part of the comments that we
16 submitted to the Commission, we provided comments
17 from a cooling tower specialist who has experience
18 with vapor plumes and appreciates the impacts
19 beyond the purely visual. And his conclusions
20 were that the way the cooling tower is oriented,
21 the location of the cooling tower vis-a-vis the
22 bakery, and the way the wind blows all combined to
23 create what amounts to a perfect storm at the
24 Bimbo Bakery.

25 What Bimbo Bakery has been doing to deal

1 with this issue is highly stepped up sanitation
2 around the plant. And repeated roof scrubblings,
3 sanitizing the roof. It's in the process now of
4 removing the current roof and putting a new one on
5 which has, I'm told, a barrier which is mold-
6 retardant; putting in new air handling units that
7 have greater filtration potential. And they're
8 trying to put in place efforts that will prevent
9 the intrusion of the mold.

10 But we will need more data to appreciate
11 what kind of additional impacts are being put on
12 the facility as a result of the moisture; and when
13 it's coming to the bakery top.

14 And so what we put in our comments was a
15 request that is part of the condition of
16 certification here on this petition, that the
17 Commission take the opportunity to study, to
18 examine and require the collection of data to
19 allow us to appreciate, and frankly, from our
20 perspective, for the Commission to better
21 appreciate the impacts of this kind of operation
22 with an adjacent facility.

23 So, I'll stop there. I'm glad to answer
24 questions. But fundamentally, we're not trying to
25 get in the way of this project, but we are trying

1 to figure out ways to mitigate its impacts on our
2 operations.

3 CHAIRPERSON PFANNENSTIEL: Commissioner
4 Geesman.

5 COMMISSIONER GEESMAN: Does the concern
6 that you have in any way relate to the addition of
7 and absorption chiller to the existing power
8 plant?

9 MR. KISSINGER: It does. This goes
10 beyond clearly the -- in the ground; the plant is
11 up and running. You can't, and we can't, undo
12 that decision. And obviously there are good
13 reasons for the power plant to be where it is.

14 The addition of the chiller will
15 increase the heat load on the cooling tower at
16 certain times of the year. And by increasing the
17 heat load on the chiller, the amount of water that
18 is evaporated from the cooling tower will increase
19 as much as, and sometimes in excess of, 10 percent
20 of the current emissions from the cooling tower.

21 There will be other times of the year
22 when, because of the use of the heat that will be
23 at the inlets that's also part of this project,
24 the load on the cooling tower will actually go
25 down. Which is why in the petition that SDG&E

1 submitted, the overall water use appears to
2 decline slightly.

3 But the problem is there will be times
4 of the year, particularly during the peak summer
5 months, when the actual amount of moisture going
6 into the air will increase. And that's a point
7 that is not disputed by the staff responses or by
8 SDG&E in its comments. It's accepted. They just
9 say that it will be episodic and not continuous.

10 COMMISSIONER GEESMAN: What weight do
11 you think we should attach to our staff's
12 conclusion that you have yet to substantiate any
13 correlation with your mold problem and the
14 operation of the power plant?

15 MR. KISSINGER: I think that's a fair
16 question, and I'll answer that question, but then
17 I want to pose a question back.

18 I think you have to give weight to what
19 your staff has advised you on. We obviously, as I
20 said at the beginning, haven't done an effective
21 job in persuading them that there is a link; and
22 we need to do more on that score.

23 But, that said, I think the question
24 back to the Commission is, as part of its
25 obligation here to determine whether there are any

1 impacts, there is, in fact, an impact that is not
2 disputed. That is that the moisture from this
3 power plant will increase at certain times of the
4 year.

5 And the question that the Commission has
6 to satisfy itself with is whether that additional
7 moisture will have any impacts. We think there
8 will be. Staff hasn't concludes there is a link
9 to the mold impact. But I think we can all agree
10 that there is moisture that is going to be -- a
11 moisture problem which is going to be exacerbated,
12 or increased.

13 COMMISSIONER GEESMAN: Why haven't you
14 availed yourself, or your client availed itself of
15 either of the proposed remedies that the staff has
16 suggested? Either filing a complaint or
17 petitioning the Commission to initiate an
18 investigation.

19 MR. KISSINGER: Our concern is that that
20 will not be an endeavor that will yield results
21 that will help ultimately. Because the point of a
22 complaint is that the object of the complaint is
23 out of compliance with its permitting conditions.

24 And the problem here is that the
25 consequences of the plant's operation were not

1 anticipated at the outset. The permit conditions
2 deal with visual plumes. And the conditions
3 imposed on SDG&E in the way that it runs its power
4 plant, for example the plume abatement equipment
5 in the cooling tower, is focused on mitigating the
6 effects of a visual plume.

7 But there's nothing in the permit
8 conditions, and frankly, we're unaware, although
9 we haven't conducted any kind of discovery on this
10 subject, we're unaware of any permit conditions
11 that SDG&E is violating.

12 So were we to file a complaint, the
13 result may well turn out to be that they are in
14 full compliance with the permit conditions. And
15 there's no remedy, by way of the complaint
16 procedure, that this Commission can offer us.

17 Which is why we come now to the
18 Commission and suggest that it impose conditions
19 here which would allow for data to be gathered,
20 data that's never been gathered, monitoring that's
21 never been done, and frankly, modeling that, with
22 the benefit of hindsight, we can all say probably
23 should have been done at the outset, but now have
24 a chance to do as part of this permit application
25 to get our arms around what exactly is happening

1 there.

2 COMMISSIONER GEESMAN: So you're not
3 alleging that the operation of the plant
4 constitutes a violation of any public health and
5 safety standard, or constitutes a nuisance that's
6 affecting your client?

7 MR. KISSINGER: Wouldn't go that far. I
8 do think that it is creating a nuisance, but the
9 question that we will run up against were we to
10 file a complaint and allege that a nuisance is
11 created, is that the proceeding that took place
12 when this plant was first permitted by the
13 Commission, is a final decision. That all of the
14 issues have been adjudicated, and that it cannot
15 be revisited.

16 And therefore, the only jurisdiction
17 that this -- the only relief that this Commission
18 can offer is making sure that SDG&E is in
19 compliance with the conditions of its operation.
20 That's the concern here. So, --

21 COMMISSIONER GEESMAN: What about the
22 staff suggestion about initiating an
23 investigation?

24 MR. KISSINGER: I understand from the
25 Commission's regulations that that is part and

1 parcel of filing a complaint. So, it comes back
2 to the same concern that we have. It may be that
3 some day we come back to on this issue, because
4 the nuisance that's been created won't be any
5 different tomorrow than it is today, other than
6 it's going to be worse as far as we're concerned.

7 But from our perspective the best thing
8 that the Commission can do is try and understand
9 the magnitude of the problem, the frequency of the
10 problem. That's something that's never been done,
11 and it's never been looked at before.

12 COMMISSIONER GEESMAN: I guess the
13 concern I have, and there's been correspondence
14 from your client on this, since early in the
15 calendar year. The concern I have is the staff
16 insists that you've not yet substantiated a
17 connection with the plant.

18 The only tie to the absorption chiller
19 is your assertion that there's perhaps as much as
20 a 10 percent increase in moisture at certain times
21 during the year. Our staff feels that there are
22 other remedies available to you.

23 And I would presume that among those
24 remedies would be us ordering such a monitoring
25 process pursuant to an investigation. And we have

1 to weigh that against the benefit of an additional
2 40 megawatts this next summer.

3 And frankly, the way I'd strike that
4 balance would be in favor of the 40 megawatts. I
5 don't want to in any way prejudge the merits of
6 your claim. And I'm not suggesting that our staff
7 is right, that there is no connection between the
8 operation of the plant and your client's mold
9 problem.

10 But I don't see right now that the merit
11 of holding up the installation of the absorption
12 chiller in order to tack on a monitoring
13 requirement right now, I think we'd need to know
14 quite a bit more before determining that such a
15 monitoring requirement made any sense.

16 MR. KISSINGER: I guess I don't view
17 this as a choice between 40 megawatts, which are
18 important, and which the grid sorely needs,
19 particularly in the San Diego load pocket, with
20 putting a monitoring requirement in place.

21 And, indeed, what we suggested was
22 either hold up approval, and we've since seen
23 SDG&E's comments that holding up approval is not
24 realistic if we're going to get this online by the
25 summer. What we suggested alternatively is that

1 you approve now, but make, as a condition, putting
2 in place appropriate monitoring requirements to be
3 worked out later.

4 In my mind, the question is therefore
5 not a choice between 40 megawatts or monitoring;
6 it's are the costs associated with monitoring
7 worth incurring, in addition to the 40 megawatts.
8 And to me, the two, 40 megawatts and monitoring,
9 are not mutually inconsistent. You can do both of
10 them. And in our view you should do both of them.

11 CHAIRPERSON PFANNENSTIEL: Commissioner
12 Rosenfeld had a question.

13 COMMISSIONER ROSENFELD: I have one sort
14 of technical question, and I'm on a guilt trip
15 because I haven't read any of this, so, sure,
16 we're going to add a load to the system, but it's
17 always going to be when it's hot and the sun is
18 beating on the roof, and the roof is warmest
19 anyway.

20 And so my sort of guess is that you,
21 indeed, have a problem. But do you know anything
22 about the time dependence of this condensation?
23 Because, frankly, we all know that roofs get
24 condensation at night when the roofs radiate into
25 the night sky, and not during the daytime. And

1 the load we're adding, of course, I'm repeating,
2 is daytime.

3 So, if there is monitoring I certainly
4 would be interested in the time dependence of that
5 condensation. My guess it's not during peak power
6 times.

7 MR. KISSINGER: I can tell you that, as
8 a seasonal matter, the problem first began not
9 when the plant first came online, but when the
10 summer came. And it may be partly a function of
11 the -- forgot what the phrase is the people from
12 San Diego referred to, but the summer haze, the
13 summer fog, you know, the overcast that the San
14 Diego region has routinely during the summers.

15 So that the problem, ironically, even
16 though it's during the hot summer, often is worse
17 in the summer because of moisture that's already
18 in the air, the humidity that's already in the
19 air.

20 But I did --

21 COMMISSIONER ROSENFELD: -- you should
22 monitor that.

23 MR. KISSINGER: Beg your pardon?

24 COMMISSIONER ROSENFELD: You should
25 monitor the time dependence.

1 CHAIRPERSON PFANNENSTIEL: Are there
2 other questions?

3 VICE CHAIRPERSON BOYD: Well, just a
4 comment. Good to see you, again, Mr. Kissinger.

5 MR. KISSINGER: Likewise, Commissioner
6 Boyd.

7 VICE CHAIRPERSON BOYD: I'm a little bit
8 -- having read all this I am a little bit in a
9 quandary here. I do think -- and I don't fault
10 the staff at all because I think we stumbled into
11 a fairly unique situation here that's a product of
12 climatology, added burden of moisture, and maybe
13 physical topography, perhaps, in terms of what I
14 read about where the plant is in relation to the
15 terrain and what-have-you. So I'm a little
16 sympathetic to the idea of getting some monitoring
17 data.

18 I do support the idea of proceeding with
19 approving this addition because I think it's a
20 very positive thing. But I am somewhat
21 sympathetic to the idea of requiring some
22 monitoring of some kind to continue to try to
23 trace the problem. And is, as Commissioner
24 Rosenfeld said, this is solely an issue that
25 should be resolved by, I guess, radiation in the

1 daytime, or is the added load that on top of what
2 nature has already provided, which has been
3 brought upon you by this facility, truly the root
4 cause of your problem.

5 So, I'm not sure where to go from this,
6 but I am somewhat concerned. Because this may not
7 be the last time we encounter this situation. And
8 mold has, in the last decade or so, become a very
9 interesting dilemma in our society.

10 CHAIRPERSON PFANNENSTIEL: Mr.
11 Kissinger, what I would recommend is that you
12 pursue the other remedies. I think that they will
13 give us -- if it comes back to us as a request for
14 an investigation, we then can take it up on that
15 basis. Rather than delaying and potentially
16 depriving us of these additional 40 megawatts for
17 the summer.

18 But rather you take your individual
19 request for monitoring back to us as a separate
20 issue. And that we then would be willing to
21 consider it on its own merit, rather than getting
22 involved with what this actual modification is all
23 about.

24 That would be my recommendation to the
25 Commission.

1 COMMISSIONER GEESMAN: I move it.

2 COMMISSIONER BYRON: Madam Chair, I'd
3 like to move the petition to install and operate
4 the gas turbine inlet air chiller. And I'd like
5 to tell you why.

6 Mr. Kissinger, we have looked at this
7 many times in the Committee. I know the staff
8 takes it very seriously, and we have, as well, in
9 the Siting Committee.

10 And to date I don't feel as though we've
11 received sufficient documentation or information
12 to be able to make any kind of determination.

13 So, without prejudging, as Commissioner
14 Geesman indicated, the difficulty that you are
15 having, at least -- and I'd encourage you also to
16 exercise the options that the staff has suggested
17 to you at this point.

18 But with regard to this position, I'm
19 not inclined to hold up this additional 40
20 megawatts because of the complaint that's not
21 substantiated here.

22 We think this is a really innovative
23 approach that this utility has taken to increase
24 the efficiency of the plant. We'd like to see
25 other units do similar kind of work.

1 So, for those reasons -- or I should
2 say, for that reason, I will move this item.

3 COMMISSIONER GEESMAN: Second.

4 CHAIRPERSON PFANNENSTIEL: All in favor?

5 (Ayes.)

6 CHAIRPERSON PFANNENSTIEL: Thank you,
7 Mr. Kissinger.

8 MR. KISSINGER: Thank you.

9 CHAIRPERSON PFANNENSTIEL: Thank you,
10 Ms. David.

11 Item number 6, possible approval of the
12 Executive Director's data adequacy recommendation
13 for the Kings River Conservation District
14 Community Power Project.

15 MR. McFARLIN: Good morning, again,
16 Chairman and Commissioners. As you know, I'm Che
17 McFarlin, Staff Siting Project Manager of the
18 Community Power Project. Staff's counsel for this
19 project is Kerry Willis.

20 On September 27th Kings River
21 Conservation District filed an application for
22 certification seeking approval from Energy
23 Commission to construct and operate the proposed
24 Community Power Project. It's proposed as a 12-
25 month AFC.

1 The proposed site is located near the
2 City of Parlier, unincorporated area of Fresno
3 County, within the service area of Kings River
4 Community Power Conservation District.

5 The site is an area known for
6 agricultural use and is currently under a
7 Williamson Act contract.

8 The project will connect to the
9 transmission system by a new five-mile, double-
10 circuit transmission line next to the existing
11 PG&E McCall Substation west of the project site.
12 And the project, as proposed, would utilize
13 reclaimed water from the City of Parlier and
14 Sangers wastewater treatment plants.

15 The project, as currently proposed, is a
16 nominal 565 megawatt natural gas-fired, combined
17 cycle power plant, powered by two Siemens or GE
18 turbine generator units. Additional equipment
19 includes two heat recovery steam generators and
20 one steam turbine generator.

21 At this time we've received comments
22 from Fresno County and the San Joaquin Valley Air
23 Pollution Control District. These are just
24 preliminary comments, and the County has stated
25 there has -- management requirements, and the Air

1 District has determined that the AFC is complete
2 and issued their determination of compliance.

3 Our agency concerns will be addressed by
4 staff during the discovery analysis phase. At
5 this time staff has determined that the project is
6 data adequate for the 12-month process, and
7 recommend the AFC is complete data adequate at
8 this time.

9 If the Commission agrees with this
10 recommendation, we request the appointment of a
11 Committee. And if you have any questions I'll be
12 happy to answer them.

13 CHAIRPERSON PFANNENSTIEL: Are there any
14 questions? Comments from the applicant?

15 MR. GALATI: Scott Galati on behalf of
16 Kings River Conservation District. To my right is
17 Jim Richards, who's the Manager of Power
18 Resources; and in the audience is Amy Cuellar from
19 Navigant, who prepared this excellent AFC.

20 We'd ask you, also, to support staff's
21 recommendation. But we would like to single out
22 four members of staff that we think were extremely
23 helpful in helping us get data adequate. That was
24 Che, himself, Eileen Allen, Mark Hesters and
25 Beverly Bastian, who went above and beyond the

1 call of duty, to help us understand what we needed
2 to provide, and helped us get data adequate very
3 quickly. So, thank you.

4 CHAIRPERSON PFANNENSTIEL: Thank you,
5 Scott. Are there questions? Is there a motion to
6 adopt the Executive Director's data adequacy
7 recommendation?

8 COMMISSIONER GEESMAN: So moved.

9 COMMISSIONER BYRON: Second.

10 CHAIRPERSON PFANNENSTIEL: All in favor?

11 (Ayes.)

12 CHAIRPERSON PFANNENSTIEL: So the
13 project is found data adequate.

14 A Siting Committee will -- I would
15 nominate myself as the Presiding Member of that,
16 and Commissioner Geesman as the Associate Member,
17 for his remaining tenure here.

18 Is there a motion for that Committee?

19 VICE CHAIRPERSON BOYD: Move approval.

20 COMMISSIONER ROSENFELD: Second.

21 CHAIRPERSON PFANNENSTIEL: In favor?

22 (Ayes.)

23 CHAIRPERSON PFANNENSTIEL: Thank you,
24 all.

25 Item 7, possible adoption of Committee

1 order terminating proceedings in the South Bay
2 Replacement Project.

3 MR. CELLI: Good morning, Chairman, --

4 CHAIRPERSON PFANNENSTIEL: Morning.

5 MR. CELLI: -- Commissioners. Kenneth
6 Celli, C-e-l-l-i, on behalf of the Committee in
7 this matter.

8 On October 22, 2007, Kevin R. Johnson,
9 Vice President of LSP South Bay Replacement
10 Project, sent a letter to B.B. Blevins requesting
11 the withdrawal of the application for
12 certification for the South Bay Replacement
13 Project, and cessation of all activities
14 pertaining thereto. The stated reason is that
15 expenditures of additional development resources
16 are not warranted.

17 On November 13th you received the same
18 letter which is in compliance with 1709.8 with
19 regard to the verification language.

20 The Committee ordered, on October 24th,
21 the proceedings to be terminated. And to date
22 we've received no comment or objection from
23 anyone.

24 The Committee recommends that the
25 Commission terminate, or rather adopt the order to

1 terminate this AFC.

2 CHAIRPERSON PFANNENSTIEL: Thank you,
3 Mr. Celli. Any comments, or is there a motion?

4 COMMISSIONER GEESMAN: So moved.

5 CHAIRPERSON PFANNENSTIEL: Second?

6 COMMISSIONER BYRON: Second.

7 CHAIRPERSON PFANNENSTIEL: In favor?

8 (Ayes.)

9 CHAIRPERSON PFANNENSTIEL: The order is
10 adopted and the proceedings are terminated.

11 MR. CELLI: Thank you.

12 CHAIRPERSON PFANNENSTIEL: Thank you,
13 Mr. Celli.

14 Item 8, possible adoption of order
15 terminating certification for phase II of the
16 Valero Cogeneration Project.

17 MR. BELL: Good morning, Madam Chair,
18 Commissioners. Kevin Bell, Staff Counsel with the
19 California Energy Commission.

20 Before the Commission today is a
21 possible adoption of the order terminating
22 certification for phase II of the Valero
23 Cogeneration project.

24 On October 31, 2001, Valero Cogeneration
25 project was certified by the Energy Commission.

1 The project was to be built in two phases, each
2 phase consisting of a separate 51 megawatt unit.

3 Phase I of Valero was constructed and
4 operational in October 2002. Since that time the
5 project owners filed two separate petitions to
6 extend the online date for phase II. Each of
7 those petitions being granted by the Commission.

8 The Commission's order granting the
9 latest of those petitions, which was granted in
10 November of 2005, extended the online date for
11 phase II to the project to no later than November
12 1, 2007.

13 On October 24th of this year Valero
14 Cogeneration project submitted a letter to the
15 Commission, addressed to Madam Chairman,
16 indicating a desire to allow the certification of
17 phase II to lapse, rather than filing another
18 petition to yet again extend that deadline.

19 I will state that Valero has made no
20 progress towards the construction beyond their
21 original laying of foundations and since the
22 original extension of the deadline.

23 Staff has analyzed the letter and agrees
24 with Valero's position that the certification
25 should lapse and should be terminated.

1 CHAIRPERSON PFANNENSTIEL: Thank you.
2 Questions, comment? Motion. Commissioner
3 Geesman.

4 COMMISSIONER GEESMAN: Well, I guess I
5 will move that we accept the recommendation, but
6 this is a pretty sad set of circumstances. And I
7 think there's something seriously wrong with the
8 institutional configuration of the various
9 agencies involved in energy supply planning, that
10 we would allow this set of circumstances to unfold
11 in slow motion over the course of the last five or
12 six years.

13 This Commission has repeatedly
14 emphasized the necessity of additional generation
15 in the Bay Area and the value to be derived from
16 combined heat and power generation. Every
17 policymaker in California that's ever asked to
18 pronounce on the subject said something in favor
19 of combined heat and power.

20 And yet here we have a willing project
21 developer -- I should add, given the price of oil,
22 a very well-endowed project developer -- a project
23 that has met all of California's rigorous
24 environmental, public health and safety standards,
25 and consequently received a license from us. But

1 one which receives nothing but institutionalized
2 hostility from both the grid operator and the
3 would-be purchaser of excess generation.

4 And I think that it represents a failure
5 on all of our parts that we've allowed this to
6 happen. So I will move approval of the
7 recommendation.

8 VICE CHAIRPERSON BOYD: I would like to
9 jump in here, and normally the other member of the
10 Siting Committee might second this, but
11 Commissioner Geesman has uncorked my memory. I
12 was just biting my tongue; my memory was always
13 there.

14 First I just want to join in in his long
15 crusade and that of this agency, and he and I
16 working together on so many IEPRs, and his
17 concerns and our collective grievances with the
18 inability of this state to deliver distributed
19 generation, central heat and power and what-have-
20 you.

21 This case is, to me, more sad than
22 Commissioner Geesman has revealed, because the
23 first unit there became a poster child for all
24 that's wrong in this state with regard to
25 encouraging the construction of generation,

1 distributed generation, cogeneration and so on and
2 so forth.

3 Because during the electricity crisis,
4 when I was not here, but rather sitting as a
5 Deputy at the Resources Agency, and having been
6 recruited into the crisis as a member of the
7 generation team, worked diligently with at least
8 another member of that team to encourage
9 generation construction.

10 And one of the things that we thought
11 about was, gee, generation financed by people with
12 money who have brownsites and have a native need
13 for electricity in these tough times, we might
14 like to see refineries continue to operate if
15 there's a failure in the grid.

16 And so we approached those people, and
17 they didn't seem to like government too well. So
18 there weren't many volunteers. But Valero was
19 one, Texaco was the other. And they've built
20 cogen plants. And a piece of legislation passed
21 eventually to grandfather them in after all these
22 other barriers were erected in their way. You
23 know, the exit charges, the grid operators new-
24 found fee needs, and desire to have the system
25 totally dispatched by them rather than the owner,

1 et cetera, et cetera. It's just part of the sad
2 history.

3 And so I agree with Commissioner
4 Geesman; it's unfortunate to see these people
5 finally throw in the towel and give up. Because
6 today, as then, these are people who have money,
7 who can self-finance projects. And we were
8 desperately begging some of the people we felt
9 were gouging us to go out and finish their power
10 plants or build new power plants.

11 So, it was somewhat of an oxymoron to
12 me. And has left me scarred from all these years.
13 And I guess this is the end, the last shovelful of
14 dirt on the subject. And it's most unfortunate
15 that we passed on a situation in this state that
16 still exists. We still have a security issue with
17 regard to the operation of refineries, which some
18 of us are busy trying to scale down or put out of
19 business in terms of transportation fuel. But
20 recognize that, you know, petroleum is going to be
21 with us for awhile and we don't want to hurt the
22 people of the state, and seized upon an
23 opportunity we just couldn't see our way clear to
24 seize up.

25 So, we've a way to go. So, I'll

1 reluctantly second the motion to cast the last
2 shovelful of dirt in on the casket, the empty
3 casket.

4 CHAIRPERSON PFANNENSTIEL: Wow, Jim,
5 that's --

6 (Laughter.)

7 VICE CHAIRPERSON BOYD: Well, you got --

8 CHAIRPERSON PFANNENSTIEL: I don't know
9 that I'm quite that pessimistic.

10 VICE CHAIRPERSON BOYD: You haven't been
11 a Commissioner longer than I've been one.

12 (Laughter.)

13 CHAIRPERSON PFANNENSTIEL: Oh, dear.

14 COMMISSIONER BYRON: Madam Chair.

15 CHAIRPERSON PFANNENSTIEL: Yes,
16 Commissioner Byron.

17 COMMISSIONER BYRON: Just one comment,
18 perhaps a correction from an observer of this for
19 a long time on this particular project, and really
20 not having been involved at the Commission.

21 I don't see any fault of this Commission
22 for why this project has failed. So, Commissioner
23 Geesman, that's the only correction that I would
24 add.

25 COMMISSIONER GEESMAN: Well, I would use

1 the word ineffectuality as an indictment of
2 ourselves. We've been unable to persuade the
3 Public Utilities Commission, we've been unable to
4 persuade Pacific Gas and Electric, we've been
5 unable to persuade California ISO of the merits of
6 this type of project. And I think that we have to
7 accept responsibility for that.

8 CHAIRPERSON PFANNENSTIEL: I would offer
9 the fact that the technology is still one that we
10 do support, and I believe that there will be other
11 opportunities. It is a shame on this one, but
12 there will be other opportunities that we will
13 pursue.

14 The order terminating certification has
15 been moved and seconded.

16 All in favor?

17 (Ayes.)

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

20 MR. BELL: Thank you, Commissioners.

21 CHAIRPERSON PFANNENSTIEL: Item 9,
22 possible approval of Pacific Gas and Electric's
23 petition to amend the existing certificate of the
24 Gateway Generating Station project, to change from
25 R-134 to anhydrous ammonia refrigerant for the

1 inlet chiller. Good morning.

2 MR. YASNY: Good morning. Ron Yasny,
3 Compliance Project Manager. This project was
4 certified May 30, 2001, for Mirant as Contra Costa
5 Unit 8. It is approximately 33 percent complete
6 in construction.

7 The request is to use ammonia as a
8 refrigerant which is increasing lately over the
9 use of chlorinated and fluorinated refrigerants,
10 otherwise known as freon or R-22 or R-134. This
11 because it's more efficient and not ozone
12 depleting. It's also used in fertilizer plants,
13 nylon, resin and semiconductor production; as well
14 as water and wastewater treatment facilities.

15 It's a closed loop system; one delivery
16 is anticipated. However, in the form of anhydrous
17 ammonia it is dangerous if released. And for that
18 reason PG&E completed a risk analysis. Our
19 hazardous material handling expert, Rick Tyler,
20 who is here to answer any questions, reviewed that
21 analysis and concurred that the assumptions were
22 very conservative. And agreed with the findings
23 that the risk level was acceptable.

24 Based on that the Contra Costa Fire
25 Department and Health and Safety Department also

1 agreed. And PG&E and Contra Costa Fire Department
2 are in agreement regarding safety precautions,
3 rapid notification plan for the public, workers
4 and first responders.

5 There was no comment from the public;
6 however there was one inquiry. Based on that
7 staff is recommending that we update our haz-1,
8 haz-4 and haz-6 to address anhydrous ammonia.

9 The only other small item is the project
10 owner just found a typo in the table labeled
11 Appendix C. So we'll make that minor adjustment
12 before the order is signed.

13 With that, --

14 CHAIRPERSON PFANNENSTIEL: Thank you.
15 Are there questions of staff? Comments from
16 petitioner?

17 MR. GALATI: Scott Galati on behalf of
18 PG&E, with Tom Allen, Director of the project.
19 And we support the changes to the conditions, and
20 would ask your approval.

21 CHAIRPERSON PFANNENSTIEL: Is there a
22 motion for approval?

23 COMMISSIONER GEESMAN: Move approval.

24 COMMISSIONER BYRON: Madam Chair, it's
25 always a pleasure to have Mr. Galati before us. I

1 believe this is a three-for --

2 (Laughter.)

3 COMMISSIONER BYRON: And just so you'll
4 know, if you need any help dividing up the cost
5 among your various customers, we'll help you on
6 that.

7 (Laughter.)

8 MR. GALATI: Commissioner Byron, the
9 first thing they teach us in law school is how to
10 divide in thirds.

11 (Laughter.)

12 COMMISSIONER BYRON: I'm not sure you'll
13 be before us again today, so thank you for being
14 here. I'll second the item.

15 CHAIRPERSON PFANNENSTIEL: All in favor?

16 (Ayes.)

17 CHAIRPERSON PFANNENSTIEL: Thank you.

18 MR. YASNY: Thank you.

19 CHAIRPERSON PFANNENSTIEL: Item 10,
20 possible approval of a loan of \$2,960,000 to
21 Contra Costa County to install two cogeneration
22 systems at the Contra Costa Regional Medical
23 Center and the Juvenile Hall totaling 425
24 kilowatts; a new steam boiler at the old jail; and
25 lighting upgrades at nine county facilities.

1 That's very good news.

2 MS. LEW: Good morning, Madam Chairman
3 and Commissioners. My name is Virginia Lew from
4 the public programs office.

5 At the October 10th business meeting the
6 Energy Commission approved a \$180,000 loan to
7 Contra Costa County to upgrade lighting at eight
8 facilities. Subsequently the County determined
9 that it wanted to expand that work scope to
10 include two cogeneration systems, a boiler
11 replacement project and an additional lighting
12 project.

13 To simplify loan administration we are
14 canceling the \$180,000 loan and combining all
15 those lighting projects, along with these new
16 projects, into the loan you are now considering
17 for \$2.96 million.

18 The cogeneration project includes a 170
19 kW system for the juvenile hall, a 255 kW system
20 for the regional medical center. All the
21 electrical output will be used onsite, and the
22 waste heat will be used for space heating and
23 domestic hot water. A new low pressure steam
24 boiler will be installed at the juvenile hall.

25 The lighting projects consist of

1 converting to high efficiency fluorescent lamps
2 and electronic ballasts that will use 25 percent
3 less energy.

4 Also including replacing existing exit
5 signs with light emitting diodes and retrofitting
6 to lower wattage post start metal halide lamps.

7 The total project cost is \$3,283,813, of
8 which the loan is going to provide \$2.96 million;
9 and the balance will come from utility rebates and
10 County funds.

11 The projects will save about 3.8 million
12 kilowatt hours a year; reduce peak electrical
13 demand by 458 kW; and reduce carbon dioxide
14 emissions by 1572 tons annually.

15 Based on the loan amount of \$2.96
16 million the estimated simple payback is 10 years,
17 which makes it eligible for our loan program.

18 The County's loan request has been
19 approved by the Efficiency Committee, and the
20 staff recommends approval.

21 CHAIRPERSON PFANNENSTIEL:
22 Commissioners.

23 COMMISSIONER ROSENFELD: It's cogen, I
24 think either --

25 (Laughter.)

1 COMMISSIONER ROSENFELD: -- Commissioner
2 Geesman or Commissioner Boyd --

3 COMMISSIONER GEESMAN: Happy to do so.
4 I'll move it.

5 VICE CHAIRPERSON BOYD: I'll second it.
6 I'm feeling really good all of a sudden.

7 CHAIRPERSON PFANNENSTIEL: I think it's
8 a great use of the loan money. And I'm delighted
9 that Contra Costa County had the vision and
10 foresight to come in and look for a way to become
11 more efficient.

12 Yes, Commissioner --

13 COMMISSIONER BYRON: A brief question.
14 Ms. Lew, clearly somebody at Contra Costa County
15 has figured out that this is a great way to -- I
16 mean it's an energy efficiency project is what it
17 is. Is there a particular champion, do you know,
18 at Contra Costa County that has moved this forward
19 there?

20 MS. LEW: Well, the person that we work
21 with there is Andy Green. And he's the energy
22 efficiency coordinator for the County. And so
23 he's been quite an advocate in pushing projects.

24 Originally, when we did the lighting
25 project, he thought about it some more and said,

1 well, what about these cogeneration systems. And
2 so as a result all this came together, kind of
3 packaged together. And so I think they are very
4 interested in further reducing their load and
5 energy costs.

6 COMMISSIONER BYRON: I hope you and he
7 will have opportunity to inform other counties
8 about this way to reduce use of energy, improve
9 efficiency and the access to these monies. So I
10 hope this is the first of many of these we'll see.

11 CHAIRPERSON PFANNENSTIEL: It is true,
12 isn't it, Virginia, that certain counties have
13 made a great deal more use of our loan fund than
14 others? I see the next one on the list is
15 Alameda. And they, I know, have come to us a
16 number of times for energy efficiency loans.

17 Are there some counties that have just
18 taken a good deal of the loan funds and others
19 that we've never heard from?

20 MS. LEW: That's correct. I think that
21 Alameda County definitely is one that has taken
22 great advantage of our loan funds. Contra Costa
23 County, this is actually their -- not including
24 the one that was canceled, this would be their
25 third loan through our loan program within the

1 last ten years. And so they've been also an
2 active participant, as well, too.

3 CHAIRPERSON PFANNENSTIEL: So maybe we
4 do want to think about, again, how to make sure
5 that the counties are aware of, and have the
6 technical expertise to take advantage of the loan
7 program that exists.

8 So, this loan has been -- approval of
9 this loan has been moved and seconded.

10 All in favor?

11 (Ayes.)

12 CHAIRPERSON PFANNENSTIEL: Thank you,
13 Virginia.

14 MS. LEW: Thank you.

15 CHAIRPERSON PFANNENSTIEL: Item 11,
16 possible approval of a loan of \$1,890,000 to the
17 County of Alameda to upgrade lighting systems and
18 numerous county government facilities. Mr.
19 Holland.

20 MR. HOLLAND: Good morning, Madam
21 Chairman and Commissioners. I'm Jim Holland from
22 the public programs office.

23 And I am here to request approval of a
24 \$1.89 million loan for a lighting retrofit in
25 Alameda County. This project would include a

1 lighting retrofit of 50 Alameda County facilities
2 where all T-12 fluorescent lamps with magnetic
3 ballasts, along with first generation T-8 lamps
4 and standard electronic ballasts will be replaced
5 with long-life, high-lumen output T-8 lamps and
6 high-efficiency, third-generation electronic
7 ballasts.

8 It also includes replacing the existing
9 incandescent and fluorescent exit lights, or exit
10 signs, with light emitting diode technology. And
11 high-pressure sodium and metal halide fixtures
12 will be replaced with high-efficiency T-8 lamps
13 and electronic ballasts.

14 These upgrades are estimated to save
15 2,779,898 kilowatt hours per year, or 2.8 million
16 kilowatt hours per year; reduce demand by 846
17 kilowatts. This project is estimated to reduce
18 greenhouse gas emissions by approximately 1,132
19 tons of carbon dioxide. And we anticipate savings
20 of \$353,899 a year.

21 The total project cost is \$1,891,325 of
22 which they have requested \$1,890,000. The
23 remainder of the required funds are to be made up
24 through incentives and rebates.

25 If you have no further questions I

1 request approval of this loan.

2 CHAIRPERSON PFANNENSTIEL: Are there
3 questions? Is there a motion?

4 COMMISSIONER ROSENFELD: I move the
5 item.

6 COMMISSIONER BYRON: I'll second.

7 CHAIRPERSON PFANNENSTIEL: All in favor?

8 (Ayes.)

9 CHAIRPERSON PFANNENSTIEL: It's
10 approved.

11 MR. HOLLAND: Thank you.

12 CHAIRPERSON PFANNENSTIEL: Thank you.

13 Item 12, possible approval of purchase order 07-
14 445.01-012 for \$27,000 to MarketPoint, Inc. to
15 renew the Energy Commission's North America
16 regional gas model license agreement and
17 associated software packages. Good morning.

18 MR. TAVARES: Good morning, Madam
19 Chairman, Commissioners. My name is Ruben Tavares
20 and I'm part of the Energy Commission Staff.

21 For several years now the Energy
22 Commission Staff have been using the North
23 American regional model, also known as the NARG
24 model, to simulate natural gas supply, demand,
25 price and infrastructure under competitive

1 conditions.

2 In the 2005 IEPR proceeding there were
3 some issues raised by the public, Advisors and
4 Commissioners, questioning some of the attributes
5 of the model. As a result of those questions
6 staff, in conjunction with expert consultants,
7 late 2006 attempted to use a different model for
8 estimating North American natural gas shortfall
9 between supply and demand. But the results were
10 not satisfactory.

11 Therefore, early this year staff
12 recommended to the Natural Gas Committee to use
13 the NARG model again for the 2007 natural gas
14 assessment report. Staff held a workshop on March
15 26, 2007, to discuss some of the inputs and
16 assumptions to the model and received comments
17 that were taken into account to simulate the
18 natural gas parameters.

19 Preliminary results of the model and the
20 staff assessment were initially presented at the
21 June 7, 2007, workshop and revised version of the
22 results were also discussed in the August 16, 2007
23 IEPR workshop.

24 During this effort staff received
25 assistance from three consultants who checked the

1 results, and also supplemented the staff analysis.

2 Staff is keenly aware of the IEPR
3 Committee's current recommendations outlined in
4 the 2007 IEPR report, due for adoption today,
5 indicating the need for more rigorous verification
6 of the models used for natural gas simulations.

7 Staff is also aware that there is a need
8 to evaluate and compare the results of the model
9 to the numerous real-life variables such as the
10 number of wells drilled, rates of production,
11 depletion rates and others.

12 Staff intended to follow through those
13 recommendations in the next few months, and will
14 keep the Natural Gas Committee and the rest of the
15 Commissioners informed of the progress.

16 The Commission's license to use the NARG
17 model platform for the natural gas analysis
18 expires on June 30, 2007. Staff received a
19 \$27,000 invoice from the vendor to renew the
20 license in May of this year, but did not process
21 the invoice because the state budget was not
22 approved on time.

23 Staff asked the vendor for permission to
24 use the model until the invoice could be
25 processed, and the vendor granted permission.

1 Today we are asking the Commission to
2 approve the renewal of the NARG license that will
3 cover July 1, 2007 to June 30, 2008. Staff has
4 already briefed the Natural Gas Committee on these
5 requests.

6 This approval does not in any way
7 preclude a vigorous assessment of this and other
8 models used for natural gas simulations over the
9 next few months.

10 If you have any questions, I will be
11 able to answer. Thank you.

12 CHAIRPERSON PFANNENSTIEL: Are there
13 questions?

14 VICE CHAIRPERSON BOYD: No questions.
15 I'll move approval of the item. And I would just
16 say that Mr. Tavares has very well spelled out the
17 history of this issue. And as Commissioner
18 Geesman can well remember in the 2005 IEPR process
19 we had a lot of issues, concerns, and I will
20 commend the staff for a tremendous amount of work
21 between then and now on the subject of modeling
22 natural gas issues. And we, as he's indicated,
23 have consulted many consultants.

24 And I think what we have is the typical
25 situation in modeling, it's almost more the

1 assumptions and the data in than it is the model,
2 themselves. And we've found that the NARG is
3 needed to be used as part of the suite of tools to
4 use in making estimates. And we used it again
5 this year.

6 Its pursuit in pushing on the
7 assumptions and the inputs that becomes the more
8 difficult issue. And I think we've done a better
9 job this year of utilizing assumptions that fit
10 California, which you always find is a little more
11 unique than the rest of the United States.

12 So, in any event, I would support the
13 recommendation and, as I said, move approval of
14 the request.

15 COMMISSIONER BYRON: And I will second
16 it.

17 CHAIRPERSON PFANNENSTIEL: All in favor?

18 (Ayes.)

19 CHAIRPERSON PFANNENSTIEL: Thank you.

20 Item 13, possible approval of purchase order 07-
21 409.00-007 for \$240,000 to RC Consulting to
22 analyze the October 2007, April 2007, October 2008
23 and April 2009 vehicle registration databases in
24 the Department of Motor Vehicles to support Energy
25 Commission transportation activities. Good

1 morning.

2 MS. STRECKER: Good morning, Madam
3 Chairman, Commissioners; I'm Gene Strecker with
4 the fossil fuels office.

5 This purchase order has -- well, this
6 activity has been an ongoing project that the
7 Commission has supported since the early 1990s.
8 We use the vehicle counts that we get from these
9 databases to support many transportation-related
10 activities. In addition, we also respond to many
11 requests from outside governmental agencies when
12 they have data requests in this area.

13 We request approval of this purchase
14 order. And if you have any questions I'd be happy
15 to answer them.

16 CHAIRPERSON PFANNENSTIEL: Are there
17 questions? Thought the write-up was helpful.

18 VICE CHAIRPERSON BOYD: If not, I'll
19 move approval of the item. It was reviewed and
20 approved by the Transportation Committee by
21 Commissioner Byron and myself.

22 COMMISSIONER BYRON: Agreed. I will
23 second the item.

24 CHAIRPERSON PFANNENSTIEL: All in favor?
25 (Ayes.)

1 CHAIRPERSON PFANNENSTIEL: It's
2 approved, thank you.

3 MS. STRECKER: Thank you.

4 CHAIRPERSON PFANNENSTIEL: Item 14,
5 possible approval of amendment 11 to contract 300-
6 97-009 with the Regents of the University of
7 California at Davis to add \$50,000 and extend for
8 one year the existing interagency agreement for
9 student interns to support for electric and
10 natural gas forecasting demand analysis and
11 impacts of energy efficiency programs and legal
12 support for power plant licensing cases,
13 contracts, loans, grants and Public Records Act
14 requests. Good morning.

15 MR. JUNKER: Good morning, thank you.
16 Good morning, Commissioners. I'm Bill Junker; I'm
17 filling in for Belen Valencia, contract manager
18 for the interagency agreement before you.

19 This contract provides highly qualified
20 students to assist the Commission. For example,
21 the demand analysis office, in support of
22 quarterly fuel energy reports. And to the
23 electricity analysis office's weekly natural gas
24 prices updates.

25 Additionally, it provides second- and

1 third-year law students to the Office of Chief
2 Counsel in support of their responsibilities.

3 We would like you to consider extending
4 the terms of the existing contract another year
5 through. Thank you.

6 CHAIRPERSON PFANNENSTIEL: Questions?
7 Motion?

8 COMMISSIONER BYRON: I forget what
9 Committee this came through, but we sent it back
10 to the Director briefly because we wanted to make
11 sure that the way we were contracting here wasn't
12 in any way impeding our recruiting process for
13 some of these same students. And I became
14 convinced that it was not.

15 So, I would move the item.

16 COMMISSIONER GEESMAN: Second.

17 CHAIRPERSON PFANNENSTIEL: All in favor?

18 (Ayes.)

19 MR. JUNKER: Thank you.

20 CHAIRPERSON PFANNENSTIEL: Thank you.

21 Item 15, possible approval of contract 500-07-017
22 with the University of San Diego Scripps Institute
23 of Oceanography for \$2,300,000 to continue core
24 climate change research. Good morning.

25 MR. FRANCO: Good morning,

1 Commissioners. My name is Guido Franco; I'm with
2 the Public Interest Energy Research program.

3 I'm here to ask you for approval for a
4 contract with Scripps to do basically two things.
5 First, to continue with their high-quality core
6 research program that reviews outstanding
7 findings, such for example, the fact that more
8 precipitation is falling as rain instead of snow
9 in the Sierra Nevada, which is very worrisome.

10 And second, to allow them to produce the
11 second biennial report that's required by
12 executive order signed by the Governor of June 1,
13 2005, that culminated with the preparation of this
14 nontechnical summary entitled, Our Changing
15 Climate. The 2008 -- report will be delivered to
16 CalEPA by the end of 2008.

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

19 CHAIRPERSON PFANNENSTIEL: Are there
20 questions, Commissioners?

21 VICE CHAIRPERSON BOYD: I have no
22 questions; I have compliments to the staff for the
23 work they've done for a large number of years now
24 in this arena, back when climate change wasn't so
25 popular, but the data about the impacts in

1 California were being aggregated.

2 Guido and the folks here, particularly
3 working at Scripps, were very instrumental in
4 documenting some of the issues and hoping to
5 convince other state agencies that there really
6 was a problem out there.

7 So I think it's great that you're
8 continuing this work, Guido.

9 COMMISSIONER ROSENFELD: And, of course,
10 this went to the Committee, so I move the item.
11 And I want to compliment Guido on his two virtual
12 centers and how well the whole thing works.

13 COMMISSIONER GEESMAN: Second.

14 COMMISSIONER BYRON: Madam Chair, --

15 CHAIRPERSON PFANNENSTIEL: Yes,
16 Commissioner Byron.

17 COMMISSIONER BYRON: -- if I may, I'm
18 also going to support it, but I note, you know,
19 with all the excellent work that we've done in
20 this climate research area, the PUC is apparently
21 considering creation of a climate institute that
22 will -- and I hope that they work to make sure
23 that we don't duplicate ratepayer spending in
24 these areas and coordinate our activities going
25 forward.

1 So, I think it's extremely important we
2 owe that to the residents of this state. And I
3 will, of course, support this project.

4 VICE CHAIRPERSON BOYD: Commissioner, I
5 think the track record of this agency in being
6 open and collaborative and cooperative is
7 unblemished and unparalleled, and I hope you're
8 right with regard to this other interesting
9 proposal we've all been seeing and hearing about.

10 COMMISSIONER ROSENFELD: Well, I will
11 make the comment to Commissioner Byron that the
12 first draft of the institute proposal did not
13 have, on the governing committee, did not have
14 either the Resources Agency, meaning the CEC, or
15 the EPA, meaning Cal-ARB.

16 And between Commissioner Peevey and me,
17 and a little bit of lobbying, the present comments
18 have those on the governing committee. So I think
19 we're moving in the right direction.

20 COMMISSIONER BYRON: Thank you.

21 CHAIRPERSON PFANNENSTIEL: But I share
22 the concern. I think that there is a great deal
23 of ratepayer money going into much needed research
24 and very valuable research. But, I do think that
25 unless it is carefully coordinated it does risk

1 some redundancy.

2 Moved and seconded.

3 All in favor?

4 (Ayes.)

5 CHAIRPERSON PFANNENSTIEL: Approved,

6 thank you.

7 Item 16, possible approval of PIER work
8 authorization MR-076 for \$1,160,000 with the U.S.
9 Department of Energy, Pacific Northwest National
10 Laboratory, for extreme event research to
11 understand large, cascading blackout promulgation.

12 MR. PATTERSON: Hello, Commissioners.
13 I'm Jamie Patterson, associate electrical engineer
14 with the PIER program here at the Commission.

15 This project is basically a mathematical
16 project. We will be looking at methodologies,
17 methods, if you will, to analyze multiple failures
18 of legs of the grid.

19 If you think of the grid much like a
20 highway system, if one section of the highway gets
21 clogged up the traffic will tend to flow around
22 that clog.

23 But if multiple sections start to get
24 clogged up, pretty soon you have basically a
25 shutdown in the system. You have gridlock.

1 This happens also on the electrical
2 system. What we're looking at on this one is a
3 way to actually analyze and predict methods of
4 failure in that manner.

5 Currently, right now, using the Beck
6 (phonetic) computers, you can only look at a
7 contingency of about maybe two legs of the system
8 because of the vastness of the grid failing.

9 So what we want to do, we want to try
10 and explore a way to go directly to a solution
11 where we can hopefully, at some time in the
12 future, analyze as much as 20 legs of the grid.
13 And this is how cascading blackout generally
14 happens. One thing fails, then another thing, and
15 then a third thing.

16 It just simply takes too long to analyze
17 everything across the grid and come up with a
18 contingency plan for all those things.

19 Currently, to give you an idea about
20 that, if you had an n-4 contingency, you got four
21 legs of the grid failing, anywhere in the grid, it
22 would take our current Beck computers over 1000
23 years, using our traditional analysis methods.

24 So this is exciting research. And I
25 hope that you will approve it.

1 COMMISSIONER GEESMAN: I move approval.

2 COMMISSIONER ROSENFELD: Second.

3 CHAIRPERSON PFANNENSTIEL: All in favor?

4 (Ayes.)

5 CHAIRPERSON PFANNENSTIEL: It is

6 approved, thank you.

7 Item 17, possible approval of contract
8 500-07-020 with Alternative Energy Systems
9 Consulting for \$1,150,000 to apply and demonstrate
10 intelligent agent technology that can successfully
11 coordinate energy production and delivery from
12 wind generation resources and storage.

13 MR. PATTERSON: Yes, this project is
14 really interesting because it combines a number of
15 projects that we have been performing within the
16 PIER program together in a demonstration that
17 actually will bring a number of projects to
18 market.

19 We have a storage program, we're
20 combining wind, and we're using our intelligent
21 agent that we have developed in prior contracts,
22 to coordinate the wind generation with the storage
23 to try and get greater transmission of renewable
24 energy across the grid.

25 This particular project, we're right now

1 looking at only kind of a feasibility to see if we
2 can establish the communication links using the
3 intelligent software agents with the ISO storage
4 and the wind. And so this project you will be
5 seeing again in the future as we progress it
6 through the stages of research.

7 It's an exciting project. We hope to
8 have it grow. We have support of the ISO on this
9 one, along with Southern California Edison. We
10 have -- it looks like it's very very promising
11 technology, and I urge you to support this one,
12 also.

13 COMMISSIONER GEESMAN: Move approval.

14 COMMISSIONER BYRON: I will second, but
15 I'd also like to comment, Mr. Patterson. You can
16 tell, we're moving through this agenda very
17 quickly. I was briefed on both these projects; I
18 think they're excellent. And I will, of course,
19 move for them.

20 But I just wanted to comment that these
21 are important research projects. As we're halfway
22 through our agenda you can see we're starting to
23 pick up speed.

24 (Laughter.)

25 MR. PATTERSON: I'm trying to be brief,

1 myself.

2 CHAIRPERSON PFANNENSTIEL: Is it
3 seconded? Moved and seconded.

4 All in favor?

5 (Ayes.)

6 CHAIRPERSON PFANNENSTIEL: Thank you,
7 Mr. Patterson.

8 MR. PATTERSON: Thank you.

9 CHAIRPERSON PFANNENSTIEL: Item 18,
10 possible approval of contract 500-07-022 for
11 \$399,286 with the Association of California Water
12 Agencies for the assessment and field
13 demonstration of the ability to obtain electrical
14 peak load reductions and water conservation by
15 shifting end-use customers from volumetric water
16 meters to time-of-use water meters. Mr. Gravely.

17 MR. GRAVELY: Good morning,
18 Commissioners and Madam Chairman. Mike Gravely
19 from the PIER program.

20 This project is a follow-on project from
21 previous PIER research where we looked at the use
22 of peak water -- water during peak demand and the
23 opportunity to encourage customers to shift that
24 water use off peak demand to both reduce peak
25 demand and conserve water.

1 What happens in the current technology
2 is most of the water agencies use volumetric
3 meters, and so there was no incentive or
4 identification of who uses water on peak versus
5 off peak; and there's no incentive or value to
6 customers for using it in the time more valuable
7 to California.

8 This particular project we'll be looking
9 at what commercially available time-of-use meters
10 are available. We'll evaluate those. We'll be
11 developing a pilot project to actually look at
12 different customer classes and developing of pilot
13 tariff to determine if we can encourage customers
14 to shift their load from peak to off peak, and
15 also encourage them to save water.

16 We'll also work with the utilities to
17 look at their back office and to see what the
18 impact is to their back office to ship from
19 volumetric metering to time-of-use metering.

20 We anticipate similar results to the
21 electricity change where we think we will be
22 seeing a substantial amount of savings both in
23 electricity use and water use as a result of this
24 research.

25 By using the Association of California

1 Water Agencies we think we'll be able to get broad
2 exposure throughout the State of California, and
3 be able to share the results of this research and
4 implement it, if successful.

5 This has been approved by the R&D
6 Committee, and I request your approval today.

7 COMMISSIONER ROSENFELD: I move the
8 item.

9 COMMISSIONER GEESMAN: I'll second it,
10 but express some concern about the slow metabolism
11 that seems to characterize all of our demand
12 response efforts. The water sector appears to be
13 no different than the electricity sector.

14 Although, as we showed in the 2005 IEPR,
15 the water cycle accounts for 17 or 18 percent of
16 all of our electricity consumption.

17 Commissioner Boyd will remember that it
18 was in the spring of 2005 in one of our workshops
19 in this room that we first discussed what a good
20 idea it would be to apply time-of-use principles
21 to water. So, two and a half years later, here we
22 are.

23 And I'm proud to second it, but I would
24 hope, going forward, we'd move a little quicker on
25 this opportunity.

1 MR. GRAVELY: We also hope so.

2 VICE CHAIRPERSON BOYD: Does water
3 comport with glacial alacrity.

4 (Laughter.)

5 CHAIRPERSON PFANNENSTIEL: With that,
6 all in favor?

7 (Ayes.)

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

10 Item 19, possible approval of PIER work
11 authorization MRA-02-077 for \$402,269 with the
12 Regents of the University of California Davis for
13 the California Wind Energy Collaborative. Good
14 morning.

15 MS. YEN-NAKAFUJI: Good morning,
16 Commissioners. My name is Dora Yen-Nakafuji and I
17 serve as the technical lead for the wind and
18 renewable innovation initiatives for the PIER
19 research and development program.

20 Staff is requesting approval to continue
21 the activities the California Wind Energy
22 Collaborative has at UC Davis. The Collaborative
23 was established to function as a focal center in
24 California to help bring together the expertise in
25 the industry and other stakeholder groups to

1 provide unbiased input on key research initiatives
2 directly addressing wind energy deployment that's
3 unique to California's physical and regulatory
4 environments.

5 Most recently the California Wind Energy
6 Collaborative successfully helped guide our
7 efforts in conducting the intermittency analysis
8 project, which subsequently was instrumental in
9 Cal-ISO producing their own renewable study
10 reports.

11 Key initiatives for this coming year
12 continue to engage and break down the barriers of
13 planning needs, research needs that utility and
14 key researchers in the industry, as well as
15 modelers need, as far as data and modeling
16 accuracy and uncertainty.

17 So we continue to engage with the
18 industry, the expertise, bring them together under
19 the Collaborative to help us prioritize and also
20 develop research initiatives to continue the PIER
21 programs.

22 We'd also like to better align the
23 research initiatives to policy targets and
24 objectives. And we'd also like to continue to
25 engage the California's next generation of energy

1 experts through the California Wind Energy
2 Collaborative initiatives.

3 CHAIRPERSON PFANNENSTIEL: Thank you.
4 Are there questions?

5 COMMISSIONER GEESMAN: Move approval.

6 COMMISSIONER ROSENFELD: Second.

7 CHAIRPERSON PFANNENSTIEL: In favor?

8 (Ayes.)

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

11 Item 20, possible approval of amendment
12 3 to contract 500-01-043, University of
13 California, Office of the President, to add
14 \$2,405,863 to expand the scope of work and extend
15 the contract by six months.

16 MS. CHEW: Good morning; I'm Kristy
17 Chew, demand response program manager for the
18 energy system integration team of the Public
19 Interest Energy Research program.

20 I'm here today to request approval of
21 amendment 3 of contract 500-01-043 with the
22 California Institute for Energy and the
23 Environment for the amount of \$2,405,863, and to
24 extend the contract term through to June 30, 2010.

25 Since the Energy Commission's PIER

1 program entered into this contract in 2002, the
2 contract's focus has been the development of new
3 enabling technologies to market -- demand response
4 to California.

5 To date six grants have been
6 competitively awarded in the research areas of
7 control and communications integration, network
8 management, system integration, the electricity
9 meter and the thermostat.

10 This amendment will allow continued
11 long-term enabling technologies research to
12 support demand response. And it will expand
13 enabling technologies development research to the
14 PIER buildings program area, as well as to the
15 distribution systems program area.

16 Future research grants may be awarded to
17 support more efficient end-use devices in
18 buildings and to improve utility distribution
19 system automation.

20 Staff recommends the Commission approve
21 this contract amendment.

22 CHAIRPERSON PFANNENSTIEL: Let me just
23 note, I think it's not really a question, it's a
24 comment, with Commissioner Geesman's thought about
25 the slowness. This extends it six months out to

1 2010?

2 MS. CHEW: Yes, there's the current
3 contract amendment in place now, have the contract
4 extending through the end of 2009. And this
5 contract will extend it another six months.

6 The idea of this project and the grant
7 program is that every year additional money will
8 be awarded to competitive research proposals. And
9 so currently the contract is worded to allow
10 research to continue through 2009. And so this
11 will extend it a few additional months.

12 CHAIRPERSON PFANNENSTIEL: Is there a
13 motion or are there additional questions?

14 COMMISSIONER ROSENFELD: I move the
15 item.

16 COMMISSIONER BYRON: Second.

17 CHAIRPERSON PFANNENSTIEL: In favor?

18 (Ayes.)

19 CHAIRPERSON PFANNENSTIEL: It's
20 approved.

21 Item 21, possible approval of two grants
22 for proposals that were competitively selected in
23 response to 2007 research opportunity notice for
24 the enabling technologies development program.

25 Ms. Chew.

1 MS. CHEW: Yes. These two proposals for
2 grants award were result of the previous item that
3 you just heard. So the first project is the
4 decision support tool for demand response trigger
5 system to connect retail -- electricity markets.

6 This project would be conducted by the
7 Electric Power Research Institute, EPRI. The goal
8 of this project is to develop software that would
9 automate the way energy retailers trigger demand
10 response events.

11 This first phase for \$250,000 would
12 develop, demonstrate and prove the feasibility of
13 this concept. The second project entitled,
14 requirements, architecture and tools for
15 implementing reliable command and control for
16 demand responsive energy grid would be conducted
17 the InterNex Corporation. This project would
18 develop software that would calculate the amount
19 of dispatchable demand response in real time for
20 the Independent System Operator, as well as
21 utility dispatch centers.

22 This first phase for \$250,000 would
23 develop the requirements, architecture, reference
24 design, prototype and simulation testing. As
25 stated before, these two were selected as part of

1 the 2007 research opportunity notice program.

2 CHAIRPERSON PFANNENSTIEL: Thank you.

3 Are there questions?

4 COMMISSIONER ROSENFELD: I move the
5 item.

6 COMMISSIONER GEESMAN: Second.

7 CHAIRPERSON PFANNENSTIEL: In favor?

8 (Ayes.)

9 CHAIRPERSON PFANNENSTIEL: It's
10 approved.

11 Item 22, possible approval of amendment
12 1 to PIER work authorization MR-070 with the
13 Regents of the University of California Berkeley
14 to add \$450,000 for a third year of work for fault
15 analysis in underground cables. Good morning.

16 MS. MacDONALD: Good morning, Chairman
17 Pfannenstiel and Commissioners. My name is Rachel
18 MacDonald and I work in the PIER distribution
19 program with Linda Kelly.

20 We're seeking amendment to the MRA work
21 authorization number 70 for \$450,000 to complete
22 the third and final year of research with CITRIS,
23 the Center for Information Technology Research in
24 the Interest of Society, which is based at UC
25 Berkeley.

1 This work is looking at underground
2 cable diagnostic work. And it's phased over three
3 years. Just a little background on this. It's
4 for \$1.5 million for the complete phases over this
5 three years.

6 We were here at the May 2007 business
7 meeting where an original amount approval of
8 \$1,050,000, knowing that we'd have to come back
9 for the final 450. That money has become
10 available in the MRA now, and so we're back
11 seeking this amendment.

12 A little bit of background on this work.
13 As you know from our recent workshop in May with
14 the distribution infrastructure, 90 percent of
15 outages occur at the distribution level. About
16 almost 50 percent of those are underground
17 related.

18 So, the utilities were here and felt
19 very strongly, and brought that to the forefront,
20 that underground cable was one of the highest
21 priorities for research and interest with these
22 failure rates looming for reliability issues.
23 This was highlighted in the 2007 IEPR, as well.

24 And recommendations included in the IEPR
25 that we support the development and demonstration

1 of technologies that accelerate the transformation
2 of the distribution grid into an intelligent and
3 sustainable network. And this work, this project,
4 supports that goal.

5 I am available for any questions if you
6 have any.

7 CHAIRPERSON PFANNENSTIEL: Questions,
8 Commissioners?

9 COMMISSIONER GEESMAN: Move approval.

10 CHAIRPERSON PFANNENSTIEL: Is there a
11 second?

12 COMMISSIONER ROSENFELD: Second.

13 CHAIRPERSON PFANNENSTIEL: In favor?

14 (Ayes.)

15 CHAIRPERSON PFANNENSTIEL: It's
16 approved.

17 Item 23, possible approval of four
18 projects totaling \$1,767,302 under the PIER
19 natural gas program renewables research,
20 development and demonstration grant solicitation.
21 Good morning.

22 MR. SETHI: Good morning, Madam
23 Chairperson and Commissioners. My name is Prab
24 Sethi and I'm PIER renewables natural gas program
25 lead.

1 A notice of proposed awards was issued
2 on July 17, 2007, indicating selection of four
3 competitive renewable grant awards to replace
4 natural gas under PIER natural gas program. The
5 Energy Commission has received 24 proposals in
6 response to a grant opportunity notice for the
7 development of renewable technologies to replace
8 or reduce consumption of natural gas.

9 The total PIER funding for these four
10 grants is \$1,767,302, while the proposed matching
11 funding is approximately \$4.6 million.

12 I'm here to seek your approval to fund
13 these four selected projects.

14 CHAIRPERSON PFANNENSTIEL: Thank you.
15 Are there questions on the four projects, any of
16 the four? Commissioner Byron.

17 COMMISSIONER BYRON: Biogas and CHP,
18 what's not to like?

19 VICE CHAIRPERSON BOYD: I was going to
20 say --

21 (Laughter.)

22 VICE CHAIRPERSON BOYD: I wasn't going
23 to move the item, but I was going to comment, as
24 the bioenergy fanatic up here, who just spent the
25 last week talking to the Swedes about biogas, I'm

1 very pleased to see us moving this subject along.

2 COMMISSIONER ROSENFELD: Why don't you
3 move it?

4 VICE CHAIRPERSON BOYD: Well, then I'll
5 move the item, thank you. Why don't you second
6 it?

7 COMMISSIONER ROSENFELD: Second.

8 CHAIRPERSON PFANNENSTIEL: All in favor?

9 (Ayes.)

10 CHAIRPERSON PFANNENSTIEL: They're
11 approved.

12 MR. SETHI: Thank you.

13 CHAIRPERSON PFANNENSTIEL: Item 24,
14 possible approval of five grant applications
15 totaling \$474,988 in response to solicitation
16 cycle 07-01 of the energy innovations small grant
17 program. Good morning, Mr. Michel.

18 MR. MICHEL: Good morning,
19 Commissioners. I'm Dave Michel, the program
20 manager of the energy innovations small grant
21 program.

22 Item 24 on the agenda contains five
23 competitively selected small grant projects that
24 have been approved for Commission consideration by
25 the RD&D Committee.

1 The projects were selected from 41 grant
2 applications received from the 27 solicitations
3 07-01. Twenty-two passed our initial screening
4 and advanced through technical review; 15 exceeded
5 the minimum required score and technical review to
6 advance to the program and technical review board
7 to conclude scoring.

8 In terms of the PIER research areas, one
9 is in the building end-use-related technology, two
10 are in renewable generation, and two are in the
11 environmental preferred advanced generation area.

12 In terms of applicants, two technologies
13 are offered by small businesses and three are by
14 the academic community.

15 The total funding requested for the five
16 projects is \$474,988, which is well within the
17 program budget. I recommend the five projects for
18 Commission consideration and approval. Any
19 questions or comments?

20 CHAIRPERSON PFANNENSTIEL: Are there
21 questions? Yes, Commissioner Byron.

22 COMMISSIONER BYRON: You show the
23 ranking on them, correct, so the first project by
24 Clean Energy Group --

25 MR. MICHEL: Yes, they're ranked in

1 highest order, yes.

2 COMMISSIONER BYRON: Well, you know, 20
3 years ago I worked with George Tuchten at the
4 Electric Power Research Institute, so I'm really
5 glad to see he's still going strong here.

6 I would be more than happy to move this
7 item.

8 COMMISSIONER GEESMAN: Second.

9 CHAIRPERSON PFANNENSTIEL: In favor?

10 (Ayes.)

11 MR. MICHEL: Thank you.

12 CHAIRPERSON PFANNENSTIEL: They're all
13 approved. Thank you.

14 Item 25, possible approval of four grant
15 awards totaling \$765,377 under the Energy
16 Commission's building energy research grant
17 program's second solicitation. Ms. Davis.

18 MS. DAVIS: Hi, I'm Cheri Davis and I'm
19 the program manager for the sister program to the
20 one you just heard about. Our program is called
21 the building energy research grant program.

22 And pursuant to the second project
23 solicitation, held in the spring of 2007, we have
24 four grants that we would like to provide funding
25 for.

1 We received over 35 grant proposals; 27
2 of these passed screening and were scored by three
3 or four technical reviewers. The top 16 proposals
4 were then scored by the program technical review
5 board consistent of ten members.

6 The four projects that are recommended
7 for grant awards in the second solicitation total
8 \$765,377. The RD&D Committee has approved this
9 item, and I'm here to answer any questions you
10 have.

11 CHAIRPERSON PFANNENSTIEL: Are there
12 questions on this item?

13 COMMISSIONER ROSENFELD: I'll move the
14 item.

15 COMMISSIONER GEESMAN: Second.

16 CHAIRPERSON PFANNENSTIEL: In favor?

17 (Ayes.)

18 CHAIRPERSON PFANNENSTIEL: Approved.

19 MS. DAVIS: Thank you.

20 CHAIRPERSON PFANNENSTIEL: Item 26,
21 possible approval of an order instituting
22 rulemaking authorizing a proceeding to amend the
23 Energy Commission's appliance efficiency
24 regulations to include standards for general
25 purpose lighting under Assembly Bill 1109. The

1 rulemaking may include other appliance types
2 and/or clarification of existing regulations.

3 Good morning.

4 MR. SINGH: Good morning, Madam Chairman
5 and Commissioners. I'm Harinder Singh from
6 appliances efficiency program.

7 I'm here to seek approval to open
8 rulemaking proceedings to amend the current
9 appliance regulations by establishing minimum
10 performance standards for general purpose
11 lighting, indoor commercial lighting and outdoor
12 lighting.

13 In order to reduce the power consumption
14 as required by the Assembly Bill 1109, this
15 rulemaking may include battery chargers, other
16 priorities matters as determined by the Efficiency
17 Committee, updated or clarifications to the
18 existing appliance regulations.

19 And we have plans to set up a scoping
20 workshop in mid-January to seek information from
21 stakeholders and interested parties to this
22 rulemaking.

23 CHAIRPERSON PFANNENSTIEL: Thank you. I
24 think it should be clear that this is - -that the
25 timing is driven by the need to do the lighting

1 regulations. But, in fact, there are several
2 other appliances that we intend to take up,
3 depending, I think, on the outcome of the scoping
4 order, the scoping hearing workshop.

5 Is there a motion?

6 COMMISSIONER ROSENFELD: I move the
7 item.

8 COMMISSIONER GEESMAN: I'll second it.
9 I really want to reiterate the importance of
10 moving forward as quickly as possible on the
11 lighting matter. The Legislature has made its
12 thoughts extremely clear in the Huffman bill.
13 There does appear to be industry support; and
14 there is an effort by others to preempt us with
15 federal legislation.

16 So I would not want to see this effort
17 slowed down in any way adding other appliances to
18 the lighting regulations. That's not to say that
19 we shouldn't move forward with other appliances,
20 as well, but I certainly wouldn't hold up the
21 lighting regulations to bring in other products.

22 So, I'll second the motion with that.

23 COMMISSIONER ROSENFELD: I might make
24 the comment that I've done a lot of lobbying
25 between Sunday and last night. And as of now the

1 way the energy bill is written we do have time
2 to -- California is spelled out explicitly and the
3 effective -- we have to have an effective date by
4 1/1/08. And let's hope the bill doesn't get
5 vetoed.

6 COMMISSIONER GEESMAN: Let's not make
7 any bets.

8 COMMISSIONER BYRON: Well, and of course
9 there's other reasons to proceed post haste, but
10 this is one of the things the Energy Commission
11 does very well. And so I'm certainly going to
12 support this.

13 CHAIRPERSON PFANNENSTIEL: Thank you.

14 All in favor?

15 (Ayes.)

16 MR. SINGH: Thank you.

17 CHAIRPERSON PFANNENSTIEL: The
18 rulemaking is approved.

19 Item 27, possible adoption of a post
20 amendment of the state plan to increase the use of
21 alternative transportation fuels in California in
22 response to Assembly Bill 1007. Mr. Olson.

23 MR. OLSON: Okay, these changes are what
24 I would characterize as highlights or
25 embellishments of some items that were in the

1 report you approved on October 31st.

2 Just to kind quickly summarize the
3 changes highlight objective to reduce criteria and
4 toxic air contaminants. The changes add,
5 embellish and reword some of the hydrogen action
6 recommendations.

7 The changes also highlight the relevance
8 of natural gas as a near-term feedstock and
9 transition fuel for hydrogen fuel development.
10 And also modify electric drive recommendations to
11 highlight hydrogen fuel attributes that reflect
12 potential future merging or some consistency
13 between hydrogen and electric.

14 Some of this is new language; some of it
15 is inadvertent omissions from that October 31st
16 approval. And, as you know, AB-1007 requires
17 approval by both the Energy Commission and the Air
18 Board. The Air Board made these changes in their
19 adoption on November 15th. Staff agrees with
20 these changes and we're here to answer any
21 questions you have.

22 CHAIRPERSON PFANNENSTIEL: Are there
23 questions?

24 COMMISSIONER BYRON: It would seem that
25 we're in very close agreement between the two

1 agencies. I wonder if we were to make one minor
2 change and send it back to them, if they'd have to
3 adopt the report, as well.

4 (Laughter.)

5 CHAIRPERSON PFANNENSTIEL: Rosella is
6 suggesting that we don't want to do that.

7 (Laughter.)

8 COMMISSIONER BYRON: But I think the
9 staff did a very good job of working through these
10 and we appreciate the input from the ARB, but most
11 importantly, that they've adopted this report.

12 So I will certainly support these
13 changes.

14 VICE CHAIRPERSON BOYD: I'd just like to
15 comment that I must confess initially I was quite
16 concerned that the product that our two agencies
17 had mutually agreed up and presented to this body
18 on the 31st of October were to, yet again, be
19 modified after I thought we have unanimous
20 consent. However, a great majority of these
21 changes turned out to be issues that we had
22 mutually discussed and agreed upon. And
23 recognizing that we had a workshop one day and the
24 Commission acted the very next day, stuff fell on
25 the floor that didn't get approved.

1 So I went through these very
2 extensively; had multiple discussions with the
3 Chair of the Air Resources Board, Chairwoman
4 Nichols, and I would say that in the areas of
5 beefing up the language on air quality, that's
6 their chief responsibility. And I think we
7 basically said if they wanted to beef it up we
8 would have no difficulties.

9 In a sense they are charged with dealing
10 with the hydrogen highway. We didn't feel that
11 the language changes did any -- hurt anything in
12 terms of our understanding of the various fuels
13 programs.

14 So I would support a motion to adopt
15 these changes. And I see Ms. Fry in the audience,
16 Barbara Fry from the ARB. And I'd just take this
17 opportunity to thank her and all the ARB Staff for
18 the hard work. This was truly a strong
19 cooperative effort. And I think we can be glad
20 for the good relationship we seem to have achieved
21 of late with the Air Resources Board.

22 CHAIRPERSON PFANNENSTIEL: Was that by
23 way of a motion?

24 VICE CHAIRPERSON BOYD: That was a
25 motion.

1 CHAIRPERSON PFANNENSTIEL: Is there a
2 second?

3 COMMISSIONER BYRON: And I'll second it.
4 And I'd also ask if Ms. Fry would like to say
5 anything.

6 MS. FRY: Just support your adoption of
7 the amendment.

8 CHAIRPERSON PFANNENSTIEL: Fine. For
9 the record, she supports the adoption. So moved
10 and seconded.

11 In favor?

12 (Ayes.)

13 CHAIRPERSON PFANNENSTIEL: So the
14 revised report has been adopted.

15 VICE CHAIRPERSON BOYD: It's done.

16 CHAIRPERSON PFANNENSTIEL: Nothing is
17 ever done.

18 Item 28, possible adoption of the report
19 geologic carbon sequestration strategies for
20 California in response to Assembly Bill 1925.

21 MS. BURTON: Hi; I'm Elizabeth Burton;
22 I'm a geoscientist under contract to the Energy
23 Commission to work on this effort to produce this
24 report.

25 The report under consideration today is

1 the first of two reports to meet the requirements
2 of AB-1925. Its purpose is to make
3 recommendations for how the state can develop
4 parameters to accelerate the adoption of cost
5 effective geologic sequestration strategies for
6 the long-term management of industrial carbon
7 dioxide.

8 In accordance with the legislation the
9 Commission has produced this report as a separate
10 document, but it is a supplement to the 2007
11 Integrated Energy Policy Report.

12 In formulating the recommendations in
13 this report the Commission met with
14 representatives from industry, environmental
15 groups, academic experts and other government
16 officials, experts in statutory and regulatory
17 issues in subsurface geology and fossil fuel power
18 generation in an advanced carbon separation and
19 transport technologies, and in economics, were
20 engaged to provide the material that was used to
21 produce this report.

22 This first report makes recommendations
23 for actions necessary to inform the second report,
24 which will be submitted to the Legislature in
25 November of 2010 after the results of the WESTCARB

1 demonstration projects and other studies can be
2 evaluated, both of which we feel are very
3 important to making the final recommendations
4 required by AB-1925.

5 In brief, this report's recommendations
6 are that the following actions occur over the next
7 three years. That any state planning and analyses
8 involving energy or greenhouse gas emissions
9 reduction strategies, as appropriate, should
10 include consideration of carbon capture and
11 sequestration options.

12 Cost estimates for carbon sequestration
13 should be considered as an appropriate proxy for
14 the long-term value of CO2 reduction.

15 Number two. Further examination should
16 be done of the early instate opportunities that
17 were identified in this report such as those that
18 may facilitate development of a market for CO2 in
19 the state for enhanced oil recovery.

20 Number three. Demonstrations projects
21 should be facilitated. These will provide key
22 data to set carbon capture and sequestration
23 policy.

24 Number four. Coordinated investigations
25 of opportunities for carbon capture and

1 sequestration should take place in conjunction
2 with other states within the Western Electricity
3 Coordinating Council region, recognizing the
4 interconnections between the region's objectives
5 for climate change and electricity generation; and
6 that carbon responsibility should flow with
7 electricity.

8 Number five. The regulatory and
9 statutory ambiguities and barriers identified in
10 the report must be addressed through efforts that
11 involve all the relevant agencies that ultimately
12 may regulate carbon capture and sequestration,
13 from the surface facilities through injection to
14 long-term verification of climate change
15 mitigation.

16 Staff would like to recommend that the
17 Commission adopt this report. And we would also
18 like to acknowledge the very important
19 contributions made by the Division of Oil and Gas
20 and Geothermal Resources, and the California
21 Geological Survey in helping to generate this
22 report.

23 So, thank you.

24 CHAIRPERSON PFANNENSTIEL: Thank you.

25 Questions, comments from the Commissioners?

1 VICE CHAIRPERSON BOYD: Comment.
2 Commissioner Byron and I spent an interesting day
3 Monday down at Lawrence Livermore Laboratory, and
4 Ms. Burton, who's on their staff, was among the
5 group that we met with, including Ms. Yen-
6 Nakafuji, who I should have acknowledged on wind.

7 We had extensive discussions of both
8 subjects, but in particular this subject. And I
9 would just like to compliment these folks and the
10 staff on the work they've done on this report.

11 I would like to point out that as a
12 result of the discussions that Commissioner Byron
13 and I had, we have a little concern about the
14 WESTCARB project in terms of its third phase.

15 We've rested on our technological
16 laurels in this state to apply for phase one and
17 immediately be given a grant by DOE, and phase two
18 and immediately be given a grant. And quite
19 frankly, I think we're sitting fairly comfortable
20 just assuming, since we're such pillars of
21 scientific knowledge and skill in this area, phase
22 three would, you know, automatically come.

23 Phase three is the big one, the huge
24 demonstration with lots of money. And what we did
25 learn from this experience on Monday was that

1 other people would like to have these grants, as
2 well, other states. And they are marshaling
3 pretty significant lobbying efforts to obtain that
4 grant.

5 So I just wanted to mention to my fellow
6 Commissioners that we've been discussing
7 internally, I think, we need to give some added
8 impetus to this by perhaps marshaling some support
9 out of the Administration, and definitely in the
10 Congressional Delegation for our project.

11 Because I think, as we've said before,
12 we're uniquely positioned to deal with this issue
13 in the west. California, in particular, has
14 abundant potential for geologic sequestration.
15 And I think it would help our industries, in
16 particular the oil industry, if we partnered more
17 and put some push behind this.

18 So, this report will just add to the
19 portfolio of material that we have to support a
20 California effort here. So, I'm very pleased to
21 see it. And I guess I'll make that in the form of
22 a motion to approve it.

23 CHAIRPERSON PFANNENSTIEL: Commissioner
24 Byron.

25 COMMISSIONER BYRON: The Legislature has

1 clearly indicated that they think this is a very
2 important subject. I believe the legislation that
3 created the need for this report, requirement for
4 this report, passed unanimously.

5 I agree with Commissioner Boyd. I think
6 it's an extremely important subject, as well.

7 I'd like to thank you for the briefing
8 yesterday, as well as the time that we spent at
9 Lawrence Livermore National Lab on Monday. This
10 was a substantial topic when we met with the
11 Director of the Lab, as well, in the evening.

12 With regards to the report there may,
13 you know, there may be some comments that the
14 recommendations don't go far enough. And we
15 discussed this to some extent yesterday. Of
16 course, I understand researchers want results
17 before they make a lot of recommendations. And so
18 we really want to encourage you on this second
19 report, which comes out when? Would you remind
20 me, Ms. Burton?

21 MS. BURTON: November 2010.

22 COMMISSIONER BYRON: Okay. That it
23 certainly be much more aggressive with regard to
24 recommendations. There's a lot of folks that
25 generally feel that the best carbon sequestration

1 is never taking the carbon out of the ground. But
2 I think that's somewhat of a naive approach. You
3 know, we may not take coal out of the ground in
4 California, but it's certainly going to come out
5 of the ground in the rest of this country and
6 certainly the rest of the world.

7 California, I think, should and wants to
8 be the technology leader in this area. So, with
9 regards to WESTCARB I think it's an extremely
10 important project, and that California should want
11 this project so that we can demonstrate we know
12 how to do this, and really lead the country and
13 hopefully the world with regard to sequestration
14 going forward.

15 So, I'm certainly going to support this
16 report for those reasons.

17 CHAIRPERSON PFANNENSTIEL: And that's a
18 second?

19 COMMISSIONER BYRON: Yes.

20 CHAIRPERSON PFANNENSTIEL: Commissioner
21 Geesman, you had a comment?

22 COMMISSIONER GEESMAN: I think the
23 report's a good start. I think the WESTCARB phase
24 three project or proposal has some special
25 attributes to it that are particularly well suited

1 to California, particularly our interest in air
2 quality solutions, which is a little bit separate
3 from carbon capture and sequestration, but I do
4 think that the project has value.

5 I would encourage the staff and
6 contractors working on both the WESTCARB project
7 and whatever follow-on report is done, to make a
8 special effort to stay abreast of developments in
9 this area, both in the United States and around
10 the world. There's a great deal of research going
11 on that we need to stay abreast of, I think, to
12 properly inform policymakers.

13 So, I'm supportive of the report, and
14 hopeful of the WESTCARB phase three project.

15 CHAIRPERSON PFANNENSTIEL: I think it's
16 an important report. And I know that we're all
17 looking for the next work that needs to be done.
18 But I think that it informed us in the IEPR
19 process, I think, very deeply, where there was a
20 lot of sort of casual reaction to carbon, and
21 carbon, the technology, the science.

22 And I think it helped to inform the
23 process in terms of the timing, what's available,
24 what's possible, what research needs to be done.
25 And I think our conclusions in the IEPR were

1 based, to some extent, on what we now know and
2 what else we need to know.

3 I would commend, in fact, Assemblyperson
4 Blakeslee for the legislation that required this
5 effort. I think it really did say California
6 needs to look at the science. And the Energy
7 Commission is well positioned to look at the
8 science and come up with a report.

9 And I know it's premature to some extent
10 because there's so much more that we will need to
11 research, but at the point in time I thought it
12 was very valuable, at least to me, as an
13 educational tool.

14 With that, we do have one public speaker
15 on this, Michaelleen Mason from WSPA, who'd like to
16 speak on this report before we vote.

17 MS. MASON: Good morning -- excuse me,
18 I've had a cold for awhile -- good morning, Madam
19 Chairwoman and Members of the Commission. My name
20 is Michaelleen Mason and I am the Director of
21 Statewide Regulatory Issues for Western States
22 Petroleum Association.

23 WSPA agrees with the IPCC that in
24 appropriately selected and managed geological
25 reservoirs carbon dioxide can be effectively

1 stored for a significant period of time.

2 WSPA also agrees with the intent of Mr.
3 Blakeslee's bill that the State of California must
4 look at ways, and I quote, "to accelerate the
5 adoption of cost effective geologic sequestration
6 strategies for the long-term management of
7 industrial carbon dioxide."

8 We would like to take this time to thank
9 the Commission for all their hard work on
10 preparing the AB-1925 report and engaging in an
11 open dialogue regarding this issue. WSPA believes
12 that carbon capture and storage can be a key piece
13 of California's program to reduce carbon
14 emissions. This report can be a significant first
15 step to making that happen.

16 Thank you for considering our comments,
17 and all the hard work that went into developing
18 the report.

19 CHAIRPERSON PFANNENSTIEL: Thank you
20 very much. Any further discussion? Yes,
21 Commissioner Byron.

22 COMMISSIONER BYRON: Thank you for being
23 here, and thank you for your comments. You know,
24 the oil industry may likely proceed with some
25 projects on enhanced oil recovery. And although

1 this is that nexus of looking to private industry
2 to indeed solve some of the problems and issues
3 that need to be resolved, but at the same time
4 making sure we do this in a very careful and
5 controlled way so as not to jeopardize carbon
6 capture and sequestration going forward, or the
7 public safety.

8 So I encourage you to work closely with
9 us going forward, as an industry, if indeed yo do
10 EOR-type projects prior to us being able to do all
11 the science that may be necessary to convince
12 regulators and the public that this is a safe and
13 do-able process.

14 MS. MASON: Yes, sir; and we are
15 dedicated to that proposition.

16 COMMISSIONER BYRON: Thank you.

17 MS. MASON: Thank you.

18 CHAIRPERSON PFANNENSTIEL: Adoption of
19 this report has been moved and seconded. Further
20 discussion?

21 All in favor?

22 (Ayes.)

23 CHAIRPERSON PFANNENSTIEL: The report is
24 adopted. Thank you.

25 MS. BURTON: Thank you.

1 CHAIRPERSON PFANNENSTIEL: Item 29,
2 possible approval of the 2007 Integrated Energy
3 Policy Report. Ms. White.

4 MS. WHITE: Thank you, Chairman,
5 Commissioners. For the record my name is Lorraine
6 White. I am the Program Manager for the 2007
7 Integrated Energy Policy Report proceeding. And
8 it is with great pleasure that I present to you,
9 on behalf of the Integrated Energy Policy Report
10 Committee, the 2007 Integrated Energy Policy
11 Report.

12 Its associated executive summary that
13 was provided to you that highlights some of the
14 content of that report, as well as is sometimes
15 the case with reports like this, the necessary
16 errata to make certain factual corrections and
17 clarifications.

18 This particular report and its
19 associated documents embodies the efforts of staff
20 and numerous participants over the last 21 months;
21 that satisfies the requirements of Public
22 Resources Code section 25301; as established under
23 SB-1389 in 2002.

24 It is the third of such reports that is
25 being presented to you that essentially highlights

1 some of the energy trends and issues facing
2 California, and makes various recommendations to
3 address those issues. With the objective, of
4 course, of conserving resources, protecting the
5 environment, insuring reliable, secure and diverse
6 energy resources, enhancing the state economy as
7 well as protecting public health and safety.

8 Unique to this particular IEPR we're
9 also making those recommendations in the context
10 of AB-32's mandate to also reduce greenhouse gas
11 emissions.

12 This particular document and proceeding
13 was a very intense process over the last 21
14 months. It is based on robust, in-depth and
15 thorough analytic foundations that are contained
16 in its associated 31 reports developed essentially
17 by an army of staff, some 170 of them were, at
18 some point, involved in this, some of them full
19 time. And also the technical contributions of
20 some support consultants.

21 We are proud of the fact that this was
22 also developed with a very robust and thorough
23 public record. We have held a total of 58 public
24 workshops as part of this proceeding. We've had
25 over 160 representatives participate from 80

1 governmental agencies; another 310 representatives
2 of 180 private firms all offering contributions to
3 the development of very sound, and I think,
4 important policies for the state.

5 I would also like to thank personally
6 the participation of all of those individuals; in
7 particular, the support of the technical leads on
8 staff, the support and participation of our sister
9 agency, the PUC, and also our close writing staff
10 that has helped to create this for the Committee.

11 So I am proud to ask the Commissioners
12 here today to adopt the 2007 Integrated Energy
13 Policy Report, its associated executive summary,
14 and errata. I'm available to answer any
15 questions.

16 CHAIRPERSON PFANNENSTIEL: Gee, what can
17 we say. Thank you.

18 (Laughter.)

19 CHAIRPERSON PFANNENSTIEL: Commissioner
20 Geesman just advises me that 58 workshops is, in
21 fact, a record. I'm not sure it's a record that
22 we want to endorse and --

23 MS. WHITE: We wanted to be thorough,
24 Commissioner.

25 CHAIRPERSON PFANNENSTIEL: It was that.

1 Let me just offer a couple observations. I know
2 the hour is late and people -- we still have some
3 business to transact.

4 But, I want to extend my thanks. There
5 were, I went through and counted, nearly 250
6 staff, different entities that were involved in
7 the report, public entities, private entities who
8 participate in those 58 workshops.

9 There were some about 200 staff. I want
10 to single out two staff people, and that's
11 Lorraine, as the Project Manger, who herded the
12 cats as effectively as anybody could, I think,
13 throughout.

14 I also want to single out Mike Jaske,
15 whom I don't see here, but who really went above
16 and beyond in bringing in the analytical basis for
17 an awful lot of what we did, and try to bring us
18 together, who participated in a whole variety of
19 different subject matters.

20 I want to recognize the writing team.
21 You know, it was a really difficult process.
22 Carolyn, Yvonne, Suzanne, I think, were, you know,
23 masterful in trying to bring our various ideas
24 together.

25 The Advisors worked very hard with us.

1 The Advisors all down the row, with all the
2 different Commissioners' Advisors. And clearly
3 Commissioner Geesman's Advisors and mine were
4 instrumental.

5 Let me also point out that Commissioner
6 Bohn of the PUC was thoroughly engaged in this.
7 He sat here with us any number of hours on a
8 variety of subjects and was always available to
9 help us think through different issues.

10 I want to personally and specifically
11 thank Commissioner Geesman, who brought a depth of
12 experience with the IEPR process, as well as a
13 valuable knowledge in many of these areas. And
14 who worked tirelessly to package at the end what
15 was a variety of different issues.

16 This IEPR represents, in a lot of ways,
17 an expansion over our prior IEPRs. Perhaps one,
18 we ended up needing so many more workshops. It
19 did bring in AB-32, but I think more than just the
20 law, it brought out the whole question of the
21 climate implications of our energy actions.

22 It also produced a whole discussion of
23 load management, which we really hadn't had before
24 beyond just demand response strategies. And it
25 brought in the subject of land use, which we had

1 not done. We mentioned in the '06 Update, and
2 this time I believe, investigated pretty
3 thoroughly where the energy/land use nexus was and
4 what we can do about it.

5 This IEPR also, I believe, represents a
6 transition into the next level of IEPR with
7 different analytical approaches that I felt were
8 incredibly important in terms of drawing the
9 conclusions we did. And it left a lot to the next
10 IEPR cycle. All through there are areas teed up
11 for the next cycle. I'm sure that the next IEPR
12 Committee is reading that carefully.

13 I went through quickly, just to pull out
14 what were the major findings here. And, in fact,
15 there are too many to enumerate here. But let me
16 just start with what I see is really the big story
17 from what we found in this IEPR.

18 And that's that our analysis, which was
19 not conclusive, but was certainly indicative,
20 shows that we do expect to be able to meet what is
21 a possible energy electric sector target of 1990
22 emissions levels by the year 2020 with the
23 programs that we have, with an aggressive 33
24 percent RPS, and an aggressive economic energy
25 efficiency programs.

1 That those will allow us not just to
2 meet, but perhaps even allow room in meeting the
3 emissions levels in the electric sector.

4 It says that we need to do more energy
5 efficiency. It says that we need to do better on
6 the RPS. I think the RPS story that we describe
7 here is a good story, it's a positive story.
8 We've made a lot of progress. And where we still
9 have areas that we need to make progress, we've
10 pointed out what we need to do, what needs to be
11 done.

12 Transmission, I think, is the key area
13 and we're working with our sister agency at the
14 PUC. We're involved with the Governor's Office in
15 programs and policies to break through the
16 transmission roadblocks that we see.

17 We see new approaches that are in front
18 of us, feed-in tariffs, new technologies, new
19 demand response technologies all through the
20 report. All through the eight very full chapters.

21 I don't know, Lorraine, whether you
22 mentioned that it was 300-some pages, which is, I
23 believe, again a record.

24 MS. WHITE: I do believe it is a record.

25 CHAIRPERSON PFANNENSTIEL: And I guess

1 the bottomline in this report is that it does
2 point out that we need to balance price
3 reliability and environmental impacts of our
4 energy decisions. But it points out a whole
5 variety of ways that we are doing that and need to
6 continue to do that.

7 So, with that, I want to again thank the
8 staff, the project staff, for all their very hard
9 work on this endeavor.

10 Further comments or questions from the
11 Commissioners?

12 COMMISSIONER GEESMAN: I would certainly
13 compliment you, Madam Chair, for the way in which
14 you both structured the subject matter that we
15 pursued in this cycle, and also conducted the
16 proceeding. I think that we have had a closer
17 relationship with our fellow state agencies and
18 with many of the stakeholders engaged in this
19 process than we have before.

20 I would strongly encourage you to do a
21 better job than we have done before in carrying
22 forward the story of this report. I think that
23 government reports tend to die a sudden and
24 undistinguished death on shelves around this town.
25 But that there is a lot of content here that will

1 reach a very receptive audience, other state
2 agencies, the Governor's Office and in the
3 Legislature, and probably among interested members
4 of the public across the state, and perhaps beyond
5 that.

6 So I'd encourage you very much to carry
7 the torch forward and tell our story. I think
8 it's a very exciting story to tell, and I'm very
9 proud to have been associated with it.

10 VICE CHAIRPERSON BOYD: Let me just say
11 that I want to commend the two of you for the work
12 that you've done, and, of course, commend the
13 staff. As a veteran of at least three previous
14 IEPRs, I know the dedication and commitment
15 involved. And I really enjoyed this past year not
16 being on the IEPR Committee.

17 (Laughter.)

18 VICE CHAIRPERSON BOYD: I really got to
19 address some of the other issues. But I know it's
20 always a rewarding, if not exhausting, experience.

21 You have, as you've said, extended and
22 expand -- expanded the report, and I think it's a
23 marvelous report. Of course, very pleased to
24 repeat, once again, that DG was prominently
25 featured, and that we continue. And perhaps

1 Commissioner Geesman is correct, we should
2 continue with a little more vigor in the future to
3 push those goals and objectives.

4 I was very pleased with the many
5 discussions of feed-in tariff recommendations and
6 the use thereof, because I think that's fairly
7 important.

8 In the area of natural gas, I think
9 there's a good discussion. I think, you know,
10 we've done a better job, you've done a better job
11 than we've been able to do in the past. We've
12 learned and evolved in our ability to discuss the
13 policy issues and to make suggestions.

14 I'm very pleased with the references to
15 biogas, as we've referenced earlier today. But
16 I'm particularly pleased about it because as we
17 mature in our approaches to dealing with climate
18 change and implementing AB-32, I'm hearing more
19 and more discussion about that clean-burning
20 natural gas fuel that we worked so hard in this
21 state to make our almost number-one boiler fuel
22 years ago for air quality reasons, is indeed still
23 a fossil fuel. And it is raising some concern.

24 And I know in the transportation report
25 we got a lot of push-back when we encouraged

1 natural gas as an alternative fuel, it's readily
2 available, at least in the short term, because it
3 is a fossil fuel. But I think various fuels have
4 to play their role.

5 But you've mentioned multiple times
6 biogas. Biogas can be biomethane. I think we
7 have to talk about methane from now on instead of
8 natural gas, because there are great opportunities
9 to utilize biogas in our so-called natural gas
10 infrastructure in use in this state. That will
11 help. And I'm pleased to see the results that
12 occurred there.

13 Lastly, and building what Commissioner
14 Geesman said about attention to this report, or
15 people using the report, as you know earlier this
16 year I had to go through the confirmation process
17 yet again. I got lots of questions from
18 legislators. Some of them were questions of what
19 do you do over there.

20 And in response to questions asked about
21 what can we do to help, I quite frankly repeatedly
22 said you can read the Integrated Energy Policy
23 Report if you haven't seen it. And when I got
24 challenged on why don't we implement some things,
25 I frankly retorted, why don't you hold some policy

1 hearings on that report and the recommendations in
2 it if you don't think we're moving things along
3 well enough.

4 I only hope that happens. Certainly the
5 Executive Branch and the Governor's Office are
6 quite aware of this report. I'm not sure if we're
7 still awaiting the 90-day response to the last
8 one, but nonetheless, it's an excellent document.
9 And it gets better every year. And I just hope
10 people do put it to good use.

11 And I think you've all put us in a very
12 good position to have a very excellent debate on
13 energy policies and issues this year. And
14 hopefully we can use the Energy Action Plan
15 discussions to have meaningful, meaty debates
16 about some of the policy issues that face the
17 state.

18 CHAIRPERSON PFANNENSTIEL: Thanks, Jim.
19 Further comments? Commissioner Rosenfeld.

20 COMMISSIONER ROSENFELD: I wasn't on the
21 Committee, so like Jim, I can glory in all the
22 hard work that everybody else did.

23 I must say, even though I'm not on the
24 Committee, I do work nights a lot, and Lorraine
25 and her gang were in my part of the building. And

1 I saw an awful lot of them late at night.

2 Efficiency, of course, and demand
3 response were happily represented. I just want to
4 echo Commissioner Geesman's point. I just wish
5 the heck that national energy policy were in as
6 good shape as California energy policy. We do
7 need to continue beating the bushes. The job's
8 only 90 percent done. It's a wonderful job,
9 congratulations.

10 CHAIRPERSON PFANNENSTIEL: Thank you.
11 Commissioner Byron.

12 COMMISSIONER BYRON: I, too, would like
13 to congratulate the staff and the Committee on
14 this report. I think it reflects the correct
15 policy and I certainly support it.

16 I think back to seven years ago as an
17 end-use customer sitting in our meetings at the
18 Silicon Valley Leadership Group, and the level of
19 frustration with the lack of energy policy that we
20 had at that time.

21 So now we've completed three cycles of
22 the Integrated Energy Policy Report. I'd note it
23 also doesn't seem to be getting any easier. In
24 fact, it seems to be getting a lot more difficult
25 to produce this report.

1 I think probably because it's gotten
2 larger, more complicated and loaded with a lot of
3 additional legislative requirements that it didn't
4 have initially.

5 So, nevertheless, it makes the document
6 more and more important. And probably also begins
7 to make it a little more unwieldy because of its
8 size.

9 So, I think the Committee's done an
10 excellent job, and I think the Committee's done an
11 impossible job in completing this extraordinary
12 document. So I'd like to thank you both for
13 incorporating many of my comments, and for
14 evaluating all of my input, as well.

15 Just a few comments on the report,
16 itself. Clearly now the emphasis is all on
17 greenhouse gas reduction. But I've noted it
18 hasn't reduced any of our other obligations or
19 requirements, as a Commission. It's only made it
20 more challenging. We still need to address supply
21 forecasting, the licensing of new power plants,
22 environmental and health issues, keeping costs
23 down, alternative fuels for transportation,
24 renewables, energy efficiency, demand response,
25 none of these things have gone away. If anything,

1 they've become more important in addressing GHG
2 reduction.

3 I note in the report that we have
4 focused on GHG goals for 2020, primarily figure 1-
5 2, and in the executive summary draft that I saw
6 yesterday, ES-1, to that 80 percent of 1990
7 levels. And what's necessary to get to that
8 required level. But if you extrapolate out to
9 2050, we're going to need to do a heck of a lot
10 more that's yet to be identified. And if we're
11 serious as a state, and there I say a country, we
12 have some dramatic changes ahead, even more
13 dramatic than are called out in the IEPR.

14 I think the IEPR makes many excellent
15 and difficult-to-accept recommendations. I note
16 that it's carefully worded, many of those
17 recommendations are carefully worded; and that it
18 seems to be tough on everyone, agencies and the
19 government, as well as the private sector. And
20 the change from business as usual is probably
21 going to be our mantra going forward.

22 We still project continued population
23 growth and the equal electrical demand growth of
24 1.25 percent per year; increased peak demand on
25 the order of 1.6 percent per year. Yet we call

1 for net zero energy in buildings with the use of
2 building standards and renewable energy.

3 There's a wealth of many excellent
4 recommendations in the IEPR and demonstrates a lot
5 of -- an enormous amount of innovative thinking
6 and a great deal of vision on the part of staff,
7 the Commissioners and, as some of my fellow
8 Commissioners indicated, the Legislature and the
9 Governor's Office.

10 As in previous IEPRs, this IEPR pushes
11 the envelope to where everyone will probably take
12 some exception with it. But if read with an eye
13 to how we accomplish the aggressive goals laid out
14 by the state, and how will we demonstrate
15 leadership for others, it's an extremely valuable
16 document.

17 The best advice I received when I joined
18 this Commission was read the IEPR. And I agree
19 completely with Commissioner Boyd's comments, as
20 well, that I think that's the -- and Commissioner
21 Geesman, that that's part of the story, is to make
22 sure we get folks to read this, to see what's in
23 here. And I think the Legislature, by giving all
24 the legislation -- much of the legislation we've
25 seen in recent years, many of them do read it.

1 So I certainly will endorse this IEPR
2 today. I plan to promote it, promote the
3 recommendations. And over the course of my tenure
4 here I'll do all I can to implement those
5 recommendations.

6 CHAIRPERSON PFANNENSTIEL: Thank you.
7 We have a number of public speakers who would like
8 to comment on the IEPR starting with Joe Sparano
9 from WSPA.

10 MR. SPARANO: I always write "good
11 morning" on this and have to change it to "good
12 afternoon." I think the next time I come up here
13 I'm just going to put "good afternoon."

14 But I'm pleased to be here. Thank you,
15 Commissioners, for allowing me the opportunity to
16 speak. For the record, my name is Joe Sparano;
17 I'm President of the Western States Petroleum
18 Association, or WSPA.

19 WSPA's 26-member companies are engaged
20 in exploration, production, refining,
21 transportation and marketing of energy supplies
22 and transportation fuel products.

23 WSPA has participated in every IEPR for
24 the past several years. Our members' business
25 activity are directly and indirectly impacted by

1 the Commission's recommendations. We also
2 submitted comments earlier this year relative to
3 the 2007 IEPR.

4 I want to quote from the fundamental
5 purpose of the IEPR, and this is from previous
6 commentary: To develop energy policies that
7 conserve resources, protect the environment,
8 insure energy reliability, enhance the state's
9 economy and protect the public health and safety."

10 While we appreciate the Energy
11 Commission highlighting the importance that AB-32
12 and the low carbon fuel standard have in the
13 energy debate and design of our future
14 transportation fuels mix, the original fundamental
15 purpose of the IEPR should be treated with equal
16 importance.

17 Our industry continues to invest heavily
18 in alternative and renewable fuels. We believe
19 the CEC should focus on removing obstacles that
20 may limit the ability of market forces to
21 ultimately determine the optimum transportation
22 fuels mix. These obstacles include, but are not
23 limited to, mandates, local port policies,
24 NIMBYism, permit system complexities and delays,
25 and unrealistic or unachievable product

1 specifications.

2 WSPA supports diversification of
3 California's transportation fuels portfolio. We
4 continue to advocate the efficient and abundant
5 use of cleaner burning petroleum-based products
6 augmented by renewable and alternative fuels that
7 are scientifically sound, technologically feasible
8 and cost effective without mandates.

9 Our other core message is WSPA disagrees
10 with the ongoing Commission efforts to
11 substantially reduce the supply of cleaner burning
12 efficient petroleum products as a main element of
13 the strategy to diversify energy supplies.

14 WSPA members are deeply concerned about
15 the state's transportation energy supply
16 situation. We have specific concerns about the
17 Commission's strategy, not the objective, but the
18 strategy to insure that clean, reliable,
19 affordable fuels are delivered to the consumer.

20 Our concerns include potential impacts
21 of climate change initiatives, what impacts
22 they'll have on energy supplies, and on the
23 planning for alternative and renewable fuels
24 projects. Implementation of the Governor's low
25 carbon fuel standard and its potential impact on

1 energy supplies. Obstacles to expansion of
2 California's port and marine petroleum
3 infrastructure and refining facilities. And the
4 implications on meeting future energy demands.

5 And I think it's interesting to note the
6 conversation and sincere regrets offered by the
7 Commissioners, in particular Commissioner Geesman,
8 with the ending of a project proposal for
9 cogeneration, which in our industry has been used
10 widely and represents one of the terrific forms of
11 energy conservation and carbon dioxide reduction.

12 So, we're not out of sorts here, we just have
13 some concerns that in places mirror your own.

14 We're also concerned about the
15 importance of maintaining fuel neutrality as
16 California adopts and implements alternative
17 fuels, climate change and other energy policies.
18 And finally, the impact of federal, state and
19 local public lands policies have on the
20 accessibility and production of oil and natural
21 gas resources.

22 I was pleased and interested to hear the
23 emphasis that the Chair made about the addition of
24 land use issues in this IEPR. I think it's an
25 important feature and facet that has to be

1 addressed.

2 WSPA believes the 2007 IEPR has
3 attempted to address some of these issues, but
4 we're still concerned about development of
5 concrete future action to help overcome that. And
6 I don't say that as though it's simple for you to
7 do that. I know well from working with
8 Commissioners Boyd and Geesman on the 2003 and
9 2005 IEPRs that they have had some very specific
10 and focused desire to remove obstacles, for
11 example in port policies and infrastructure
12 improvements throughout the energy system that
13 have been met basically with disinterest. And
14 perhaps sometimes even questioning why that might
15 be necessary. Again, I think we're on the same
16 page on that issue.

17 In mid October we also provided a
18 detailed set of comments on the issue of market
19 access. We'd like a response from the Commission
20 on how those comments were dealt with. Let me
21 just remind you what I'm talking about. In the
22 changing the future section of the IEPR, the list
23 of recommendations and action steps includes the
24 following bullet-point recommendation, and I'll
25 quote:

1 To help insure that independent traders
2 are not unfairly denied access to the California
3 fuels market, the Energy Commission should propose
4 an arbitration mechanism for the state backed by
5 decisionmaking authority to resolve market access
6 issues. That sounds pretty fair and even-handed.
7 Unfortunately, that recommendation would institute
8 an artificial mechanism that would override the
9 natural behavior of the market. In a market
10 economy no artificial decisionmaking mechanism is
11 as efficient and effective as the free market in
12 responding to changes in supply and demand.

13 And the question I have, and perhaps not
14 for answer this moment, but for your
15 consideration, is have there been any revisions to
16 the IEPR in its current form that were made to
17 address that issue.

18 In closing I'd like to remind the
19 Commission that the impact of those draft IEPR
20 recommendations that include the removal of 15
21 percent, would be 40 percent depending on actual
22 demand, of existing cleaner burning petroleum
23 fuels could include important unintended
24 consequences.

25 If you're wrong about the amount of

1 market penetration or the timing of mass market
2 availability of the selected alternative and
3 renewable fuels, I think there are nine of them
4 contained in the alternative transportation fuel
5 report, while you pursue the overarching objective
6 of reducing the supply of petroleum-based fuels,
7 California's economy and future economic growth
8 could be severely damaged. I don't know that it
9 will; I'm not predicting that it will; but I think
10 there's an open and honest question about those
11 impacts and how it might affect the economy. And
12 it's one that we all need to consider.

13 That doesn't need to happen. Once again
14 I'll say, and I guess for the last time on this
15 subject, we can all achieve the energy supply
16 growth and fuel diversification that we believe
17 California needs by adding to existing supplies
18 instead of eliminating them.

19 I'll close with that and be happy to
20 answer your questions if there are any.

21 CHAIRPERSON PFANNENSTIEL: Thank you,
22 Joe. Lara Ettenson from the Natural Resources
23 Defense Council.

24 MS. ETTENSON: Good day. My name is
25 Lara Ettenson with the Natural Resources Defense

1 Council. Thank you for the opportunity to speak
2 here today.

3 NRDC would like to first thank the
4 Commissioners for your hard work and leadership in
5 this effort. We would also like to thank the
6 staff for their effort, availability, willingness
7 and time spent to discuss changes and
8 clarifications along the way.

9 Overall NRDC supports the IEPR and the
10 changes made in the final Committee report. My
11 comments today fall within three main categories,
12 energy, water and smart growth.

13 Regarding energy in chapter 2, NRDC
14 thanks the staff for the efforts to clarify the
15 amount of embedded energy efficiency in the staff
16 demand forecast released in November. While we
17 understand the difficulty of this task, we would
18 also like to note that this November version goes
19 only part of the way to clarifying the issues.

20 We want to re-emphasize that further
21 clarification is needed, particularly because
22 other analyses such as CARB's business as usual,
23 AB-2021 goal-setting, among others, depend on the
24 accuracy of this demand forecast.

25 I would like to offer an example that

1 highlights the magnitude of this issue. The E3
2 methodology for modeling greenhouse gas for the
3 PUC assumes that the CEC demand forecast includes
4 future uncommitted energy efficiency savings. And
5 therefore, does not include additional savings
6 when running the reference cases.

7 As a result their analysis shows that
8 California is expected to increase its load growth
9 on average by 1.2 percent per year.

10 In contrast, the AB-2021 does not assume
11 that future or uncommitted energy efficiency
12 savings are embedded in the forecast. Therefore,
13 when analyzing the effects of adopting the goal of
14 100 percent economic potential, the results show
15 that California will actually have a negative load
16 growth.

17 This example illustrates the importance
18 of clarifying the actual amount of energy
19 efficiency that is embedded within the forecast,
20 and as soon as possible.

21 While we appreciate the addition of
22 natural gas conservation savings data in appendix
23 A of the demand forecast released in November, we
24 would also like to note that as with electricity,
25 embedded natural gas efficiency needs to be

1 further clarified in the demand forecast.

2 We therefore encourage the Committee to
3 address the further clarification of embedded
4 energy efficiency and natural gas efficiency in
5 the demand forecast within the next few months as
6 the first part of the 2008 IEPR update. It is
7 essential not to wait until November, as this
8 further clarification needs to occur soon in the
9 next few months to coincide with the timeframes of
10 the other analyses.

11 Moving forward, we support the IEPR
12 recommendation to have an open public process that
13 may also involve soliciting input from a broad
14 array of stakeholders and experts familiar with
15 forecasting methodology. This can help clarify
16 the embedded energy in the existing forecast, or
17 also could provide alternative forecasting methods
18 for the future in order to more accurately split
19 out energy efficiency from the overall forecast.

20 In addition we note that in response to
21 the draft report we provided more extensive
22 comments pertaining to publicly owned utility
23 energy efficiency that we had hoped would be
24 addressed either in the IEPR or in the AB-2021
25 report.

1 We are pleased that it appears the AB-
2 2021 report will address many of our concerns, and
3 we look forward to commenting more fully on that
4 report.

5 Relating to chapter 3, NRDC thanks the
6 Commission for the clarification that utility
7 programs alone are not expected to reach the
8 statewide goal of 100 percent economic potential,
9 but rather the utility-specific goals to be
10 achieved through their programs, along with local
11 government activities, codes and standards, and
12 other energy efficiency strategies will, together,
13 reach the ambitious statewide goal of 100 percent
14 economic potential. NRDC supports this clarified
15 goal of 100 percent economic potential.

16 Relating to chapter 6, NRDC would also
17 like to commend the Commission for adding a
18 recommendation that the CEC and CPUC create a
19 loading order for natural gas similar to that
20 already in place for electricity.

21 We also appreciate the general
22 recommendation to use renewable resources to
23 displace natural gas. We would also like to note
24 that NRDC provided specific policy suggestions for
25 how to promote biomethane in our October 19th

1 comments on the draft IEPR. And we hope the
2 Commission will consider these recommendations in
3 the future.

4 With regard to water/energy nexus in
5 chapter 3, NRDC commends the Commission for
6 including an acknowledgement of the importance of
7 water conservation as a means to capture energy
8 savings and GHG, greenhouse gas, reductions.

9 We also want to emphasize that there are
10 still significant opportunities that can be gained
11 from expanding the role of water conservation.
12 For example, requiring performance standards and
13 labeling for landscape irrigation equipment, as
14 done in AB-1881, would greatly increase both water
15 and energy savings.

16 With regard to carbon capture and
17 storage as referenced in chapter 2, we appreciate
18 the concern that the Commission has regarding the
19 readiness of this carbon capture storage to
20 deliver meaningful reductions under AB-32 by 2020.
21 However, while we still think that increased
22 investment in energy efficiency and renewable
23 energy is the first priority, we would encourage
24 the Commission not to rule out any options, and to
25 remain open to the option of incorporating carbon

1 capture and storage technology as part of the
2 package of options to reduce global warming.

3 With regard to smart growth presented in
4 chapter 8, NRDC would like to thank the Commission
5 and Chair for their leadership on making the
6 important connection between land use and global
7 warming.

8 NRDC would like to further commend the
9 Commission on the excellent recent report, the
10 role of land use in meeting our climate and energy
11 goals. We think the policy recommendations in
12 this report are excellent and look forward to
13 working with you to insure that these
14 recommendations are adopted as key strategies in
15 CARB's scoping plan process.

16 Thank you, again, for your leadership
17 and we look forward to working with them and
18 supporting them.

19 NRDC also wants to reiterate that
20 improving the transportation models to reflect the
21 benefit of smart growth is a key piece of the
22 puzzle. And while this was touched upon in the
23 role of land use report, it seemed to receive less
24 attention in the IEPR. However, we are overall
25 supportive of what the IEPR has done to draw

1 attention to the importance of smart growth.

2 In sum I want to thank you for
3 considering NRDC's comments throughout the
4 process; and again, for the opportunity to speak
5 here today. Thank you.

6 CHAIRPERSON PFANNENSTIEL: Thank you.
7 We appreciate your comments, and we appreciate
8 NRDC's active participation with us throughout
9 these past 21 or so months. Twenty months?

10 MS. WHITE: Twenty-one or so.

11 (Laughter.)

12 MS. WHITE: It's a ballpark.

13 CHAIRPERSON PFANNENSTIEL: Thank you.

14 MS. ETTENSON: Thank you.

15 CHAIRPERSON PFANNENSTIEL: Mark Krausse,
16 PG&E.

17 MR. KRAUSSE: Good afternoon, Madam
18 Chair and Commissioners. Mark Krausse on behalf
19 of Pacific Gas and Electric Company.

20 Just three quick points. First we want
21 to also commend and thank the staff on a great job
22 on an amazing work product. This is, as you know,
23 my first time and it has been a great education.

24 Just three quick points. First, in the
25 area of renewables we appreciate the recognition

1 that we're making good progress toward the 20
2 percent target. And we appreciate that there may
3 be some impatience with the speed that we're
4 making that progress. And that may be what
5 motivates the move to 33 percent.

6 But we encourage the Commission to
7 consider both your own numbers, I think the \$140
8 per ton in terms of costs of GHG reduction using a
9 renewable-only approach, and some of the other
10 numbers that have come out more recently, the
11 McKenzie report showing a range of either net
12 savings up to \$50 per ton or so for other
13 alternatives, and hope that you'll consider some
14 flexibility in terms of how we get there.

15 In the GHG reduction area in particular,
16 we had some comments and we appreciate all the
17 changes that were made in response to our
18 comments. In one area we pointed out that we
19 felt, at least the company feels that identifying
20 the electric sector as potentially being a
21 candidate for disproportionate reduction over and
22 above its contribution to the GHG problem might
23 not be appropriate at this point.

24 In light of that comment, we hope, we
25 think one remark to that extent was taken out.

1 But at page 90 it remains more or less there. And
2 I don't know if that was intention or not. We
3 just call it to the Commission's attention.

4 And then finally in the nuclear section
5 on page 72 there is a comment about nuclear having
6 a lower GHG emissions rate than fossil fuels. As
7 someone new to this subject matter I was a little
8 confused by it. I've always heard of it as non-
9 emitting. And I understand if you look at a life
10 cycle analysis certainly there's some emissions.
11 But we see it as very competitive with renewables,
12 even. So hoping that maybe that could be either
13 omitted or reworded in some fashion.

14 I would also like to say, and I think it
15 would be remiss not to, the attention the report
16 gives to AB-32 and, in particular, to including
17 local land use planning is really forward
18 thinking. And you should be commended.

19 Thank you very much.

20 CHAIRPERSON PFANNENSTIEL: Commissioner
21 Geesman.

22 COMMISSIONER GEESMAN: Mark, I wonder if
23 you'd elaborate a bit on your logic in terms of
24 the disproportionate contribution. I think you
25 may be mis-reading any editorial changes we made.

1 There's no intent there whatsoever to diminish
2 attention to the fact that our conclusion is that
3 the electric sector could very well be able to
4 make a disproportionately large contribution to
5 the state's AB-32 goals.

6 But why don't you tell us why you don't
7 think that's a good idea.

8 MR. KRAUSSE: Well, I'm not certain that
9 the company's position is it's a bad idea. I
10 think the message was it's premature to say that
11 that should be a target that the energy sector
12 should be identified now to take a
13 disproportionate share of those reductions.

14 COMMISSIONER GEESMAN: Yeah, I think
15 that's something the Air Resources Board is going
16 to have to figure out over the next year.

17 CHAIRPERSON PFANNENSTIEL: Thank you.

18 MR. KRAUSSE: Thank you.

19 CHAIRPERSON PFANNENSTIEL: Carl Silsbee
20 from Edison.

21 MR. SILSBEE: Thank you, Madam Chair and
22 Commissioners. I'm Carl Silsbee representing
23 Southern California Edison. I manage a resource
24 economics group in our power procurement area.

25 Edison has participated very actively in

1 the IEPR process; probably contributed quite a few
2 documents to enhance the volume that people have
3 commented on earlier today. I won't try to repeat
4 many of our comments, and given the time I'll be
5 brief.

6 First I'd like to thank the Commission
7 and the Committee for their work on this docket.
8 As the number of participants in the electricity
9 industry expands with deregulation and the move
10 towards retail choice it's increasingly important
11 to have a forum or forums where we can engage in
12 forward-looking thinking.

13 And I think this is an important place
14 for state policy. I'll second the comments that
15 several of those of you made about the value of
16 the IEPR in terms of state policy.

17 A few items. First, we greatly
18 appreciate the November changes that have been
19 made to the Commission Staff's demand forecast.
20 My expectation is that we'll be attempting to
21 incorporate that forecast in the long-term
22 procurement plan proceeding docket that the
23 California Public Utilities Commission has open
24 right now. And we'll be using that forecast as a
25 basis to establish resource need for Edison's

1 service area going forward over the next seven
2 years. So it's important that forecast be right.

3 And in that regard I will second the
4 concerns that NRDC raised a few minutes ago, that
5 there remains a lack of clarity in the amount of
6 uncommitted energy efficiency that we should
7 assume in that forecast.

8 This isn't something that can be put off
9 for resolution to some time off in the future, in
10 the next few months. We're going to have to
11 determine the level of resource need that we will
12 start putting into our procurement plan process.

13 Another item I'd like to applaud the
14 Commission for the efforts they've taken to
15 establish the energy efficiency goals for all
16 publicly owned utilities. The IEPR adopts 100
17 percent cost effective potential goal; that's an
18 extremely challenging goal. There's a lot of work
19 that will need to be done to come anywhere close
20 to achieving that goal. Not just utility
21 programs. I think it needs to be a broader effort
22 than that. I do want to point out the importance
23 of codes and standards and other market
24 transformation efforts.

25 We also would like to express our

1 appreciation that the IEPR recognizes the
2 importance of maintaining the confidentiality of
3 the nuclear safety self-assessment studies IMPOST
4 reports. This is an important issue to us. The
5 NRC has existing rating systems for nuclear power
6 plant safety. Those are available on their
7 website; they're publicly accessible. But the
8 IMPOST studies are self-assessment, and we feel
9 very strongly as to maintaining the
10 confidentiality of that process. Or at least to
11 see the recognition of that.

12 Moving forward beyond this IEPR into the
13 future, just a couple points to make. With regard
14 to portfolio and scenario analysis one of the
15 important considerations that we have is
16 maintaining the operability of the electric
17 utility system and grid. This, of course, gets
18 very technical and talks about things such as
19 inertial mass and voltage support.

20 But it's important, as we think about
21 future scenarios, to make sure that we can
22 actually operate the system with the mix of
23 resources that are built into those scenarios.

24 And then finally, with regard to
25 distributed generation and the designation of

1 preferred resources in the loading order, we'd ask
2 that the Commission consider the importance of
3 establishing efficiency standards for CHP so that
4 as we endorse both resources, we make sure we get
5 what we're seeking.

6 Thank you for your consideration.

7 CHAIRPERSON PFANNENSTIEL: Commissioner
8 Geesman.

9 COMMISSIONER GEESMAN: I want to thank
10 you for being here, and also to offer some
11 friendly advice for your company's participation
12 in future cycles of the IEPR.

13 I think you get the most traction with
14 us when you send your technical staff to engage
15 with our staff. And while all of us know your
16 lobbyists and governmental affairs people to be
17 wonderful people, when you send them as your
18 primary representatives to the IEPR process, I
19 think you miss something in terms of traction with
20 our staff. And it would be greatly beneficial to
21 us, as well as to your company, I think, if you
22 changed that approach.

23 Your colleagues in the other utilities
24 have tended to change it. And I think they've
25 gotten a little bit better traction than your

1 company historically has.

2 MR. SILSBEE: I appreciate that comment,
3 Commissioner. I've worked at Edison for 26 years,
4 until recently in the regulatory side of the
5 business. I've recently moved into the resource
6 planning area and I appreciate the importance of
7 close working relations at a staff level.

8 COMMISSIONER GEESMAN: We've benefitted
9 immensely from the technical input of your
10 transmission planning staff. And I would hold
11 that group out as an example of how I think most
12 successfully engage with us.

13 MR. SILSBEE: I appreciate that. Thank
14 you.

15 CHAIRPERSON PFANNENSTIEL: Thank you,
16 Carl. Further comments on the IEPR? Do I hear a
17 motion for approval?

18 COMMISSIONER BYRON: Madam Chair, what
19 are we approving?

20 CHAIRPERSON PFANNENSTIEL: We are
21 approving the report with the errata. And there
22 is, in fact, an adoption order that is in your --
23 is not in your binder?

24 MS. WHITE: We also have the executive
25 summary, which is part of --

1 CHAIRPERSON PFANNENSTIEL: Which is part
2 of the errata.

3 MS. WHITE: Yeah.

4 VICE CHAIRPERSON BOYD: Well, I'll move
5 approval as a veteran of these processes. And
6 with compliments, again, to the Committee. I
7 think you've done a magnificent job.

8 CHAIRPERSON PFANNENSTIEL: Commissioner
9 Byron, I know that -- is your concern that we have
10 not gone through the entire document of the
11 adoption order?

12 COMMISSIONER BYRON: No. It's just I
13 know that we were making changes up until the last
14 minute on the executive summary. I'm comfortable
15 with the errata. I'm just concerned that we may
16 end up with another errata to our executive
17 summary. So I'm just wondering --

18 CHAIRPERSON PFANNENSTIEL: It happens.

19 COMMISSIONER BYRON: So that's okay,
20 that doesn't represent any concern?

21 CHAIRPERSON PFANNENSTIEL: I don't
22 believe that will be the case. I believe that the
23 executive summary was put to bed before the
24 errata, even. Lorraine, perhaps you can clarify
25 that.

1 MS. WHITE: There is one typo that we
2 have found since we've published it.

3 CHAIRPERSON PFANNENSTIEL: We'll
4 probably find more.

5 COMMISSIONER BYRON: Well, that's what I
6 mean, so --

7 MS. WHITE: Yeah.

8 COMMISSIONER BYRON: -- I was just
9 wondering because the executive summary doesn't
10 represent any substantive material or conclusion
11 differences, whether or not the Commission leaves
12 open making a final version of the executive
13 summary just so that we don't have an errata for
14 the executive summary.

15 COMMISSIONER GEESMAN: Item 3 in the
16 adoption order delegates to the IEPR Committee the
17 authority to make conforming changes.

18 COMMISSIONER BYRON: Very good.

19 CHAIRPERSON PFANNENSTIEL: And this will
20 go -- there will be a hard copy produced within a
21 month, I believe, that will clean up any other
22 typos or that kind of corrective stuff --

23 COMMISSIONER BYRON: Okay.

24 CHAIRPERSON PFANNENSTIEL: -- you know,
25 that we find between now and then.

1 COMMISSIONER BYRON: Thank you for the
2 clarification.

3 CHAIRPERSON PFANNENSTIEL: With that may
4 I have a second?

5 COMMISSIONER BYRON: Absolutely, you
6 have my second and my thanks.

7 CHAIRPERSON PFANNENSTIEL: All in favor?
8 (Ayes.)

9 CHAIRPERSON PFANNENSTIEL: So the 2007
10 IEPR is adopted. Thank you, all.

11 MS. WHITE: And I do want to thank the
12 Commissioners for the pleasure of working with you
13 on this Committee. Thank you.

14 CHAIRPERSON PFANNENSTIEL: I know it was
15 always a pleasure.

16 (Laughter.)

17 MS. WHITE: Yes, always a pleasure.

18 CHAIRPERSON PFANNENSTIEL: Approval of
19 minutes. Minutes from the October 31st business
20 meeting with --

21 VICE CHAIRPERSON BOYD: Move approval.

22 COMMISSIONER GEESMAN: Second.

23 CHAIRPERSON PFANNENSTIEL: -- without
24 Commissioner Rosenfeld.

25 All in favor?

1 (Ayes.)

2 CHAIRPERSON PFANNENSTIEL: Approval of
3 minutes of the November 7th business meeting
4 without Commissioner Byron.

5 VICE CHAIRPERSON BOYD: Move approval.

6 COMMISSIONER GEESMAN: Second.

7 CHAIRPERSON PFANNENSTIEL: In favor?

8 (Ayes.)

9 CHAIRPERSON PFANNENSTIEL: Commission
10 presentations or discussions. Anything else from
11 the Commissioners?

12 VICE CHAIRPERSON BOYD: I wouldn't dare.

13 CHAIRPERSON PFANNENSTIEL: Good idea.

14 Chief Counsel's report, Mr. Blees.

15 MR. BLEES: I have to dare. I request a
16 very brief closed session to discuss litigation.

17 CHAIRPERSON PFANNENSTIEL: That's fine.

18 We are going to have a more extensive closed
19 session on a personnel matter immediately
20 subsequent. And so I think perhaps the attorneys
21 can be on call for when that concludes.

22 MR. BLEES: Certainly.

23 CHAIRPERSON PFANNENSTIEL: Thank you.

24 Executive Director report, Ms. Jones.

25 MS. JONES: I have nothing to report

1 today, in the interest of brevity.

2 CHAIRPERSON PFANNENSTIEL: We appreciate
3 it. Leg Director.

4 MR. SMITH: I have two brief notes. By
5 now you all are aware that the oversight hearing
6 of the Assembly Commerce Committee was postponed.
7 We still are awaiting any potential rescheduling
8 of that, although the time is getting short within
9 the month of December.

10 VICE CHAIRPERSON BOYD: Start a pool?

11 (Laughter.)

12 MR. SMITH: Well, Vegas has -- the other
13 note is the Senate Energy Committee is holding a
14 hearing on nuclear energy on Monday. And
15 Commissioner Boyd will be representing the Energy
16 Commission, attending that hearing in San Diego or
17 thereabouts.

18 CHAIRPERSON PFANNENSTIEL: Thanks, Mike.

19 MR. SMITH: Just one other, the final
20 point I want to make regarding the IEPR, is one of
21 the pleasant surprises that I have observed during
22 my tenure in the governmental affairs office is
23 the extent to which the energy report, in its
24 various versions, is read and acknowledged at the
25 Legislature.

1 And I think the Energy Commission should
2 take a great deal of pride to the extent to which
3 the reports, the various reports, are used as
4 bases for bills or actual bill language. And
5 there have been a number of very key legislation,
6 key pieces of legislation, that have been enacted
7 that the basis of which can be traced back to the
8 energy report, the analyses and recommendations in
9 the energy report.

10 I think the Energy Commission and the
11 Energy Commission Staff should take a great deal
12 of pride in that. And I believe the 2007 version
13 of this report is rich with legislative
14 opportunities for progressive legislators to take
15 advantage of.

16 So I look forward to that continuing
17 dialogue. We already are seeing interest
18 expressed at various levels at the Legislature on
19 some of our recommendations that are appearing in
20 the report now that have been circulating in the
21 draft reports.

22 So, again, just a quick note from a
23 legislative perspective on the value of the
24 document that this agency produces over the years.

25 CHAIRPERSON PFANNENSTIEL: Thanks, Mike.

1 Public Adviser report.

2 MR. BARTSCH: Madam Chair, Members, Nick
3 Bartsch representing the Public Adviser's Office.
4 Nothing new to report at this time. Thank you.

5 CHAIRPERSON PFANNENSTIEL: Thank you,
6 Nick. Public comment. Yes.

7 MR. O'CONNOR: Good afternoon, Madam
8 Chair, Members of the Commission. My name is Todd
9 O'Connor, O'Connor Consulting Services. I'm here
10 on behalf of CADER. As you noted in the IEPR on
11 page 206, the California Energy Commission has
12 been responsible in the formation of CADER.

13 And I wanted to put on the record that
14 we are holding our tenth anniversary symposium on
15 January 30th to February 1st in La Jolla. And we
16 are pleased and thrilled to list the following
17 speakers, starting with Commissioner Boyd. We
18 thank you for agreeing to speak. And,
19 Commissioner Geesman, we thank you for your past
20 participation and your willingness to serve as our
21 master of ceremonies at our awards dinner. That
22 will take a look back at all those who
23 participated in the investment of clean
24 distributed energy throughout the State of
25 California on a regional basis.

1 Our speakers include, and these are
2 confirmed, State Senator Kehoe. She's expressed
3 willingness to talk, as have Bill Keese, former
4 Chair of this august body. He's speaking for the
5 second time on his role with the Western Governors
6 Association. And we look forward to him there.

7 Other speakers who have expressed an
8 interest are Katie McGinty. She is the Secretary
9 of the Department of Environmental protection in
10 the Commonwealth of Pennsylvania. Mike Ekhart,
11 the President of ACOR (phonetic). This year, for
12 the first time we have had associate sponsorships
13 from CMTA, from ACOR; from the University of
14 California San Diego's sustainability program. We
15 are working very closely with the California
16 Center for Sustainable Energy. And also we have
17 sponsorships from three of the investor-owned
18 utilities and from SMUD. We look forward to --
19 and also USEPA is sponsoring for the second
20 straight year.

21 Over the years CADER has offered a forum
22 for a variety of CEC programs of your
23 jurisdiction, such as PIER. We've had a number of
24 panels on the PIER participating, from advanced
25 clean generation to system integration to

1 environmental. And also on the area of
2 distributed generation. Our members have
3 participated over the years in forums that have
4 promoted distributed generation from the CARB
5 clean distributed energy certification
6 legislation, rulemaking and implementation to the
7 California Solar Initiative.

8 We look forward to continuing the
9 relationship with the California Energy Commission
10 without which we wouldn't have made the advances
11 we have had so far to date.

12 In that regard we look forward hopefully
13 to consideration of our request for sponsorship.
14 That has been helpful, I can't say how much
15 because it's hard to put a number on it, in
16 getting the support of DOE. DOE has always cost-
17 shared when the CEC has come in first. We look
18 forward to continuing that relationship.

19 So with that I will conclude my remarks.
20 We look forward to your participation in our
21 conference, and hope you will continue our
22 relationship. Thank you.

23 CHAIRPERSON PFANNENSTIEL: Thank you,
24 Mr. O'Connor.

25 As I said, we will now go into executive

1 session -- I think we'll probably take about a 15-
2 minute break -- for a personnel matter. And then
3 we will continue on into a litigation matter.

4 COMMISSIONER ROSENFELD: Your office?

5 CHAIRPERSON PFANNENSTIEL: My office, 15
6 minutes. Thank you.

7 (Whereupon, at 1:04 p.m., the business
8 meeting was adjourned into executive
9 session.)

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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 13th day of December, 2007.

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