

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 19, 2007

10:00 A.M.

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

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, Chairperson

James D. Boyd

Jeffrey D. Byron

John L. Geesman

Arthur H. Rosenfeld

STAFF and CONTRACTORS PRESENT

Kevin Bell

Bill Blackburn

Beth Chambers

Maura Clark

Michael Doughton

Mary Dyas

Lynette Esternon-Green

Gabriel Herrera

Caryn Holmes

Mark Hutchison

Melissa Jones

Harriet Kallemeyn, Secretariat

Gary Klein

Jason Orta

James W. Reede, EdD

Mike Smith

Jennifer Williams

Kate Zocchetti

PUBLIC ADVISER

Nick Bartsch

ALSO PRESENT

John A. McKinsey, Panoche Energy Center

Paul Kramer, Panoche Energy Center

Michael Lozano, Cement Industry Environmental Consortium

Perry H. Fontana, Ausra Inc.

Scott Tomashefsky, Northern California Power Agency

Sarah Birmingham, Solar Alliance

Richard LaBrie, California Green Designs

Diane Fellman, Luz Solar

Manuel Alvarez, Southern California Edison

Scott Galati, Galati|Beck, representing Pacific Gas and Electric Company

Lora Ettenson, National Resources Defense Council

Brenda LeMay (via telephone)

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P R O C E E D I N G S

10:00 a.m.

CHAIRPERSON PFANNENSTIEL: Good morning, this is the Energy Commission Business meeting our last of the year. Please join me in the Pledge of Allegiance.

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

CHAIRPERSON PFANNENSTIEL: We have one change to the agenda as published. But we will be having two closed sessions immediately following the public session. The Commissioners will meet in my office for a brief discussion of litigation.

And then later, in fact at 12:45 we will go into Executive Session again for a personnel matter.

With that the consent calendar. Is there a motion for the consent calendar?

COMMISSIONER ROSENFELD: I move the consent calendar.

COMMISSIONER GEESMAN: Second.

CHAIRPERSON PFANNENSTIEL: All in favor?

(Ayes.)

CHAIRPERSON PFANNENSTIEL: Consent calendar is approved.

1 Item number 2, 2a, possible approval of
2 the Executive director's data adequacy
3 recommendation for Carrizo Energy, LLC Application
4 for certification of the Carrizo Energy Solar Farm
5 Project, a nominal 177 megawatts net solar thermal
6 power plant, in San Luis Obispo County,
7 California. Good morning.

8 MS. DYAS: Good morning Chairman and
9 Commissioners, I'm Mary Dyas, staff siting project
10 manager for the Carrizo Energy Solar Project. And
11 with me is staff counsel Michael Doughton.
12 Sitting across from us is the applicant
13 representative, Perry Fontana.

14 On October 25th Ausra LLC, doing
15 business as Carrizo Energy LLC, filed an
16 application for certification to develop a nominal
17 177 megawatt net solar thermal power plant to be
18 owned and operated by Carrizo Energy LLC.

19 Supplemental information to the AFC was
20 filed on Monday, December 17th, 2007. The
21 proposed project would be located on 640 acres on
22 an incorporated area immediately adjacent to the
23 California State Route 58 Carrizo Highway in San
24 Luis Obispo County.

25 The proposed project design would

1 incorporate Ausra's proprietary Compact Linear
2 Fresnel Reflector technology to concentrate solar
3 energy on pipes in an elevated receiver.

4 As proposed, the project's water needs
5 would be served by an existing ground water well
6 and the facility will be air cooled.

7 The transmission system will require
8 construction of approximately 850 feet of 230 kV
9 transmission line.

10 Staff has reviewed the application for
11 certification and supplemental materials and has
12 found the application adequate for the 12 month
13 process.

14 At this time recommends that you find
15 this AFC complete and data adequate. If the
16 Commission agrees to this recommendation we would
17 request the appointment of a committee.

18 I'm available if you have any questions.
19 And then also the applicant would like to say a
20 few words.

21 CHAIRPERSON PFANNENSTIEL: Questions,
22 and the applicant then.

23 MR. FONTANA: Thank you, and I'll be
24 very brief. I would just like to thank Ms. Dyas
25 and the Commission staff for working with us to

1 get us to this point. And we look forward to
2 working closely with your Commission and staff as
3 we go through the process.

4 CHAIRPERSON PFANNENSTIEL: Thank you.

5 Is there a motion?

6 COMMISSIONER GEESMAN: I'll move
7 approval of the recommendation.

8 COMMISSIONER BYRON: I second it.

9 CHAIRPERSON PFANNENSTIEL: All in favor?

10 (Ayes.)

11 CHAIRPERSON PFANNENSTIEL: So the
12 Executive Director's recommendation is approved.
13 I would nominate the following committee. Myself
14 as the presiding commissioner and Commissioner
15 Byron as the associate commissioner.

16 Is there a motion for that.

17 COMMISSIONER GEESMAN: So moved.

18 COMMISSIONER BYRON: Seconded.

19 CHAIRPERSON PFANNENSTIEL: In favor?

20 (Ayes.)

21 CHAIRPERSON PFANNENSTIEL: Okay. We
22 have a committee.

23 MR. FONTANA: Thank you.

24 CHAIRPERSON PFANNENSTIEL: Item 3,
25 possible adoption of the Errata to the Presiding

1 Member's Proposed Decision and the Presiding
2 Member's Proposed Decision on the Panoche Energy
3 Center. Good morning Mr. Kramer.

4 MR. KRAMER: Good Morning Madame
5 Chairman and members of the Commission. This
6 application was filed on August 2nd and determined
7 to be data adequate on November 8th of 2006.

8 The Committee, Commissioners Byron and
9 Boyd held an evidentiary hearing on October 10th
10 of this year. Issued their PMPD on November 14th
11 and held a comment hearing last Wednesday.

12 Before you today we have and then on
13 Monday we issued an errata. It was distributed to
14 the parties.

15 The decision recommends approval of the
16 project with conditions. There is one additional,
17 final issue to discuss today.

18 Before you on your desk is a letter from
19 Mr. McKinsey the applicant's counsel requesting an
20 additional change to Condition, Soil and Water 6.

21 And I will let him briefly describe that
22 and the reason for it. And the recommendation
23 would be to approve the PMPD with the errata and
24 with your decision on which ever way you decide to
25 decide the requested amendment to Soil and Water

1 6.

2 CHAIRPERSON PFANNENSTIEL: Thank you,
3 Mr. McKinsey.

4 MR. MCKINSEY: Thank you Chairman
5 Pfannenstiel. The request for maintenance on
6 water 6, it's a condition that governs the
7 construction of deep-injection wells and the
8 permit that is required for them from the EPA.

9 The condition as it's worded now
10 requires that the permits be obtained prior to any
11 cyclabilization activities for the entire project.
12 And that was based on I think the schedule that we
13 were presuming that we would get from EPA.

14 Dr. Reede has pointed out that my
15 characterization in my letter is not entirely
16 accurate as to the time frame EPA has taken but we
17 had indicated it was 15 months for them to
18 consider it.

19 It's normally, in fact it's a statutory
20 12 month permit process. They took about 13 to 14
21 months from acceptance of the application to get
22 us a rough draft permit which they provided in the
23 beginning of November.

24 And we're told we will not get it until,
25 the final permit, until sometime perhaps in May.

1 And so this would prevent us from beginning
2 construction of the project whatsoever in January
3 as we require in order to fulfill our obligations
4 under our purchase agreement with PG&E.

5 So what we've requested is a change in
6 the language of the condition and in the
7 verification that would require that the
8 construction of the wells be the triggering event
9 and not any cyclabilization activity.

10 And we've discussed that with the staff
11 and I think the staff is comfortable with that.
12 It's not atypical of conditions and in fact
13 there's a condition right before this one that
14 provides very similar such condition for
15 construction of the water supply wells.

16 And it says that prior to the
17 construction of the water supply wells you have to
18 have the permits for those.

19 Additionally the rough draft from the
20 EPA indicated that they don't expect the terms of
21 the permit to differ significantly from what's in
22 the rough draft. So we don't really have any
23 reason to have any issues or surprises when we
24 receive the final, the actual permit that will
25 have any compliance issues involved in it.

1 CHAIRPERSON PFANNENSTIEL: Staff?

2 DR. REEDE: The staff has no objections
3 to the revision to the Condition of Certification,
4 Soil and Water 6.

5 CHAIRPERSON PFANNENSTIEL: Do we have
6 actual language?

7 DR. REEDE: Yes. The actual language is
8 contained in a letter that was docketed December
9 17th.

10 CHAIRPERSON PFANNENSTIEL: Yes, I see it
11 now. Questions? Yes, Commissioner Geesman.

12 COMMISSIONER GEESMAN: I'll move
13 approval of the PMPD with the errata and with the
14 recommended change to Soil and Water 6 suggested
15 by the applicant.

16 CHAIRPERSON PFANNENSTIEL: Is there a
17 second?

18 COMMISSIONER BOYD: I'll second it.

19 COMMISSIONER BYRON: Discussion.

20 CHAIRPERSON PFANNENSTIEL: Yes.

21 COMMISSIONER BYRON: Because of my
22 travel I have really had an opportunity to get a
23 lot of briefing from staff on this issue yet this
24 morning. I would just ask the question, what is
25 the risks here for the Commission?

1 DR. REEDE: The risks for the Commission
2 are very low. Basically we're saying, well
3 basically the applicant has suggested that we
4 allow them to proceed with construction of the
5 project.

6 However prior to beginning any of the
7 test wells or drilling of the test wells or
8 drilling of the actual wells that will be used
9 they have to submit a copy of the EPA permit.

10 We don't see a problem with that.

11 COMMISSIONER BYRON: Okay. All right,
12 thank you.

13 CHAIRPERSON PFANNENSTIEL: Moved and
14 seconded.

15 MR. MCKINSEY: If I could say one thing.

16 CHAIRPERSON PFANNENSTIEL: Yes.

17 MR. MCKINSEY: I didn't get a chance to,
18 and I think it's really appropriate that to thank
19 the staff and the hearing officer and the
20 committee for really bringing this decision on
21 this date. And it really reflected a lot of hard
22 work over the last three or four months.

23 And we requested that due to a situation
24 we were in with when we had committed to have this
25 project on-line for the PG&E Power Purchase

1 Agreement and I just really wanted to convey both
2 my and Gary Chandler the president of Panoche
3 Energy LLC is with me in appreciation for all
4 these efforts and the cooperative methods.

5 CHAIRPERSON PFANNENSTIEL: Thank you
6 Mr. McKinsey. I think we're ready to vote. All
7 in favor?

8 (Ayes.)

9 CHAIRPERSON PFANNENSTIEL: It's
10 approved. Item 4, possible approval of a request
11 to extend the five-year commencement of
12 construction deadline for the Salton Sea
13 Geothermal Unit 6 Project from December 18, 2008,
14 to December 18, 2011. Good morning Kevin.

15 MR. BELL: Good morning Madame Chairman.
16 Good morning Commissioners. My name is Kevin W.
17 Bell staff counsel with the California Energy
18 Commission.

19 Before the Commission is a proposed
20 order approving extension of the deadline for
21 commencement of construction of the Salton Sea
22 Geothermal Unit 6 located in Imperial County.

23 As the Commission knows this project was
24 certified in December of 2003. And construction
25 of the project was to commence by December of

1 2008.

2 On November 12th of this year CE
3 Obsidian Energy LLC the owner of Salton Sea
4 Geothermal Unit 6 filed a petition to extend the
5 deadline for construction.

6 The project owner is requesting an
7 additional three years beyond 2008. Not from this
8 year but from the deadline as currently set.

9 The project owner has stated that due to
10 economic circumstances beyond their control.
11 Construction of the project as certified is
12 extremely unlikely to commence by December of
13 2008.

14 We're told by the project owner that
15 they are anticipating filing an amendment to that
16 project in the middle of next year.

17 The project will change in some
18 respects. Rather than being a single 215 megawatt
19 unit the project owner is anticipating building
20 several smaller units within the same relative
21 footprint as the current project with some minor
22 changes.

23 But in the meantime the project owner
24 will need additional time to properly update the
25 environmental analysis associated with that

1 amendment.

2 Staff supports the proposed order
3 approving the extension. I'm available for any
4 questions. And I understand that counsel for the
5 project owner is as well.

6 CHAIRPERSON PFANNENSTIEL: Questions?
7 Commissioners?

8 COMMISSIONER GEESMAN: I'll move that we
9 accept staff's recommendation and approve the
10 extension license.

11 COMMISSIONER BYRON: Second.

12 CHAIRPERSON PFANNENSTIEL: All in favor?

13 (Ayes.)

14 CHAIRPERSON PFANNENSTIEL: So moved.
15 Item 5, possible of Guidelines for California's
16 Solar electric Incentive Programs Pursuant to
17 Senate Bill 1.

18 MS. GREEN: Good morning Commissioner.
19 I'm Lynette Green from the Renewable Energy
20 Office. And other Commission staff participants
21 are Bill Blackburn supervisor for the Renewable
22 Energy Office.

23 CHAIRPERSON PFANNENSTIEL: Lynette would
24 you make sure your mic is turned on and maybe you
25 can speak a little closer to it.

1 MS. GREEN: I'm Lynette Green from the
2 California Energy Commission's Renewable Energy
3 Office. Other Commission staff participants
4 present are Bill Blackburn supervisor for the
5 Renewable Energy Office. Claudia Orlando from
6 Buildings and Appliances Office and Gabe Herrera
7 from our Legal Counsel's Office.

8 With the passage of Senate Bill 1 last
9 year the Energy Commission was directed to, among
10 other things, establish eligibility criteria,
11 conditions for incentives and rating standards for
12 all ratepayer-funded, solar electric programs in
13 California by January 1st '08.

14 Solar programs under SB 1 include those
15 overseen by the Energy Commission, the California
16 Public Utilities Commission and local publicly-
17 owned electric utilities.

18 SB 1 makes clear that to qualify for
19 ratepayer-funded solar incentives applicants must
20 install high-quality solar electric systems to
21 promote the highest energy production per dollar
22 and insure optimal system performance during
23 periods of peak demand and consider appropriate
24 energy efficiency improvements where the systems
25 are to be installed.

1 Prior to the final version of the
2 guidelines that you have before you today staff
3 and the Renewables Committee published two draft
4 reports last August 9th and September 27th.

5 Workshops followed on August 22nd and
6 October 4th to solicit public input. With the
7 Renewables Committee direction staff produced this
8 final version of the guidelines which was released
9 on November 19th.

10 The report before you today is the
11 result setting a high bar for high-quality solar
12 installations and a commitment to encourage energy
13 efficiency improvements yet also reflects numerous
14 changes to address concerns and suggestions from
15 the public, industry and utilities.

16 Because solar incentive programs are
17 required to meet our guidelines by January 1st
18 2008 the report is divided into two sections.

19 Program administrators must meet the
20 minimum requirements of SB 1 beginning January 1st
21 2008 which includes requirements such as ten year
22 equipment warranties using only equipment that has
23 been tested and is on the Energy Commission's
24 eligible equipment list.

25 Beginning January 1st 2009 more specific

1 guidelines must be met by all program
2 administrators. And I can summarize some of those
3 requirements.

4 Solar system components including PV
5 modules, invertors and meters must undergo
6 specific laboratory testing to be eligible for the
7 program.

8 Manufacturers of non-PV technologies are
9 requested to work with the commission staff to
10 develop ratings and standards if these
11 technologies are to be eligible in the future.

12 There are two acceptable performance-
13 based approaches by which the incentives shall be
14 calculated. First the performance-based
15 incentives which we call PVI and the expected
16 performance-based incentives which is EPVI.

17 Projects opting to use the PVI approach
18 will be incentivized based on their actual
19 production which is in kilowatt hours over a
20 minimum of five years during which incentives will
21 be paid.

22 Projects choosing the EPVI approach will
23 receive an up-front incentive of which the
24 incentive amount is based on an hourly modelling
25 of the performance of the system components in a

1 certain location.

2 Field verification of the system is
3 required for EPVI projects and encouraged for PVI
4 projects. Under the Energy Efficiency Section
5 newly constructed residential and commercial
6 buildings shall achieve a minimum 50 percent
7 beyond California's 2005 Title 24 Building Energy
8 Efficiency Standards to qualify for this solar
9 incentive. Higher levels of energy efficiency are
10 also encouraged.

11 Existing commercial buildings must be
12 benchmarked and retro-commissioned if using the
13 PVI, EPVI approach.

14 Existing residential buildings
15 constructed three or more years prior to the
16 incentive application must complete an energy
17 audit.

18 As an alternative to the energy
19 efficiency requirements program administrators may
20 instead conduct a program which achieves a total
21 20 percent energy efficiency savings over the
22 group of EPVI participants in their SB 1
23 participation portfolio by first submitting a plan
24 to the Energy Commission for review and approval.

25 Publicly-owned utilities must submit key

1 information regarding their solar energy incentive
2 programs no later than June 1st each year
3 beginning in 2008.

4 Some of the key areas they must report
5 include number of submitted applications, total of
6 incentives awarded, types and total number of
7 systems installed and amount of solar capacity
8 added.

9 Smaller publicly-owned utilities defined
10 as those with peak demand of 200 megawatts or less
11 shall comply with requirements and solar system
12 design and installation standards, incentive
13 structures and efficiency no later than January
14 1st 2010.

15 Finally I want to mention that there is
16 a non-substantive erratum to the proposed
17 document. It is in Chapter 5 under the section on
18 energy efficiency exceptions for existing
19 commercial buildings. Page 26 of the unmarked
20 section, fourth bullet.

21 It reads, retro-commissioning is not
22 required for existing commercial buildings that
23 have a current energy star rating. It would be
24 more appropriate if we could change the word from
25 rating to label to avoid misinterpretation that

1 the exemption is a benchmark rating.

2 Staff and the Renewables Committee asks
3 for your approval on this item and we'll be happy
4 to answer any questions.

5 CHAIRPERSON PFANNENSTIEL: Thank you
6 Lynette. Are there questions of this committee?
7 Commissioner Byron.

8 COMMISSIONER BYRON: Well I don't know
9 if there's going to be public comment on this.

10 CHAIRPERSON PFANNENSTIEL: Yes, I do
11 have --

12 COMMISSIONER BYRON: Okay there are --

13 CHAIRPERSON PFANNENSTIEL: -- public
14 comment.

15 COMMISSIONER BYRON: Well then let's go
16 ahead and wait for public comment.

17 CHAIRPERSON PFANNENSTIEL: Fine. First
18 we have Scott Tomashefsky of NCPA.

19 MR. TOMASHEFSKY: Good morning
20 Commissioners. May I, this is not the length of
21 my comments so I (laughter) don't be concerned.

22 We had submitted comments to you by e-
23 mail a little bit earlier this morning given all
24 the things going on with greenhouse gases and
25 everything else. I do apologize for not getting

1 that to you until early this morning.

2 The comments are not much different than
3 what we had provided in October when we had the
4 revisions to the draft guidelines.

5 And really it comes down to two
6 elements. And let me note before I even talk
7 about that, we understand the process in terms of
8 how the guidelines work, how the guidelines once
9 adopted have an expedited ability to be updated on
10 a regular basis.

11 Our concern is more from a standpoint of
12 what once something is adopted verbal agreements
13 are not necessarily things that governing board
14 members can move forward with. So they have to go
15 with what's in text.

16 So that said, the two comments are
17 related to reporting requirements and also the
18 flexibility on the energy efficiency programs.

19 And with respect to the reporting
20 requirements what we're recommending is that that
21 component be stricken entirely from the guidelines
22 themselves under the basis that that has little to
23 do with program design which is really the intent
24 of the guidelines but also we developed a pretty
25 good process for dealing with energy efficiency

1 reporting as you know.

2 And many of the folks in this room are
3 involved in some that effort as well. So from the
4 standpoint of prescribing what is needed to be
5 reported, that dialogue really hasn't fully
6 occurred yet.

7 And I understand the need to put those
8 things in play but we really haven't had an
9 opportunity to do that informally. And I think
10 that we certainly can do that off line instead of
11 seeing it show up in terms of guidelines.

12 And again the commitment that we have
13 provided not only in the energy efficiency side of
14 the equation with SB 1037 and 2021 is a fairly
15 good give and take in what's needed and that has
16 also involved the Committee as well. So that's
17 what we would expect to see happen here.

18 With respect to the reporting
19 requirements there is flexibility that is
20 developed in the context of Section 5 which
21 basically says if you don't like the things that
22 are outlined then we'll go ahead and provide an
23 alternative plan to the Energy Commission every
24 three years and so on and so forth.

25 From that standpoint what that does is

1 it creates an administrative burden not only for
2 the Energy Commission but it also creates a fairly
3 significant administrative burden for each of
4 local governing boards.

5 And as you look at it from a smaller
6 utility perspective the administrative costs vis-
7 a-vis the cost of the actual program that tends to
8 dominate the expenditures. And we don't want to
9 take away from the ability to actually implement
10 solar programs and really meet the needs of the
11 state.

12 So in some respects what we have
13 provided here in the comments is some alternative
14 language that deals with the alternative portfolio
15 energy savings.

16 And so instead of having the plan be
17 submitted to the Energy Commission subject to
18 approval, what would happen is those plans would
19 be submitted to local governing boards subject to
20 the approval of the local governing boards.

21 And the information based on that would
22 then be reported in these energy efficiency
23 reports and/or the solar reports or renewables
24 reports that would come before the Commission on a
25 regular basis.

1 So what that does is that it does
2 something that is similar to the spirit of what we
3 talked about in the Mission Performance Standard
4 development that there was a self-certification
5 mode. And then ultimately once things are adopted
6 at the local level the information would float
7 back to the Energy Commission for review and any
8 follow up.

9 So it takes the administrative burden
10 away to some extent from the Energy Commission and
11 still takes the requirement of dealing with
12 appropriate energy efficiency standards at the
13 local level.

14 And that's kind of what our comments are
15 all about. So with that I'll take any questions.

16 CHAIRPERSON PFANNENSTIEL: Thank you
17 Scott. Are there questions here? Commissioner
18 Geesman.

19 COMMISSIONER GEESMAN: Scott have you
20 had a chance to or have your members had a chance
21 to review the draft that's in front of us in
22 detail.

23 You mentioned that your comments haven't
24 really changed since the October 15th draft. But
25 the Committee made substantial revisions to what

1 the staff had been recommending. And we made
2 those recommended revisions with a mind to trying
3 to provide quite a bit more flexibility to the
4 municipal utilities.

5 MR. TOMASHEFSKY: Correct, we have
6 looked at them and I know Redding Electric has
7 also submitted comments as well. So they have
8 some concerns, some technical concerns in terms of
9 the standards.

10 Yeah, we recognize the fact that there
11 have been significant changes from the draft
12 report. Many of the changes were designed the way
13 we look at it as a deferral of the issue that it
14 would give us an opportunity to further discuss
15 the outstanding concerns through 2008.

16 And we definitely acknowledge and
17 appreciate that. That commitment to do that.

18 Having said that, we still have a budget
19 planning process for 2008. Local utilities have
20 adopted their programs for 2008 going forward. As
21 the fiscal year goes on as you get into the July
22 one period any changes that are adopted here we
23 have to go under the premise that those are the
24 programs in place.

25 And so if there are adjustments that are

1 made going forwards, that's great. But we still
2 have to work from the basis of budgeting and
3 program development on what's in print.

4 So verbal agreements are great and those
5 of us that work through these processes recognize
6 the value of that but it's the elected officials
7 that we end up representing in our membership that
8 are going to be stuck with the document that is
9 actually before them.

10 COMMISSIONER GEESMAN: Well while we're
11 on the subject of elected officials do you think
12 that striking the reporting requirement would be
13 consistent with what the elected officials and the
14 Legislature enacted in SB 1?

15 MR. TOMASHEFSKY: Absolutely not. I
16 think you have that reporting requirement
17 authorized in terms of SB 1037 and AB 2021. We
18 have a commitment to provide you with information
19 on energy efficiency programs regardless of
20 whether those programs are in the traditional
21 consumer programs or programs that are driven as
22 an incentive to installing solar energy systems.

23 So you're still going to get that
24 information that comes out of those various bits
25 of encouragement or requirements in terms of

1 energy efficiency. It's not going to be avoided
2 by any means.

3 Along those lines and you also have
4 renewables reports that are required under SB 107
5 and then there's SB 1 reporting requirements. And
6 part of the objectives that we have talked about
7 is trying to harmonize some of these reports so
8 that we're not constantly providing you with
9 report after report.

10 So the way we envision it is that you
11 get one energy efficiency report that deals with
12 all of our energy efficiency programs. You get
13 one report that deals with renewable energy. And
14 the solar program is one component of that as
15 well.

16 So I don't think we're avoiding it by
17 any means of it being not part of this schedule.

18 COMMISSIONER GEESMAN: So if the staff
19 agreed that that harmonization as you envision it
20 was a good approach the choice then that we have
21 is do we make that change to the guidelines after
22 you all have agreed to it or do we preemptively
23 now strike the reporting requirement and hope that
24 you're able to agree to it.

25 MR. TOMASHEFSKY: That's right. That's

1 exactly right.

2 COMMISSIONER GEESMAN: Thank you.

3 CHAIRPERSON PFANNENSTIEL: Thank you
4 Scott. Sarah Birmingham from Solar Alliance.

5 MS. BIRMINGHAM: Good morning
6 Commissioners. My comments today are going to be
7 very brief. But I just wanted to take the
8 opportunity to thank the staff.

9 The revisions that have been made in the
10 past guidebook and in the final guidebook have
11 taken into consideration a lot of the concerns
12 that we had particularly on the energy efficiency
13 requirements. And I greatly appreciate the staff
14 taking our concerns into consideration and
15 revising the guidebook.

16 We do remain a bit concerned with some
17 of the changes particularly in the calculator and
18 the shading methodology. And we just hope for the
19 opportunity in 2008 to work with the staff and the
20 program administrators to make sure that that
21 transition is as smooth as possible and that the
22 disruption to the market is minimized as much as
23 possible.

24 So we're just looking for an opportunity
25 to work with staff in 2008.

1 CHAIRPERSON PFANNENSTIEL: Great and I
2 encourage that.

3 MS. BIRMINGHAM: Okay, thank you.

4 CHAIRPERSON PFANNENSTIEL: Richard
5 LaBrie, California Green Designs.

6 MR. LABRIE: Good morning, thank you. I
7 was prompted to come up here by a few customers in
8 the southern California area. We're a solar
9 installers and I'm a sales rep.

10 In reference to Section 5 to the
11 guidelines on efficiency my first point is just
12 that in every case solar customers have many
13 reasons to say no to purchasing solar. But the
14 one they always use is price.

15 What we're experiencing is in Burbank,
16 in Glendale and Pasadena and, correct me if I'm
17 wrong, I think in LADWP there is now PVI program
18 yet. And in Glendale, Pasadena and Burbank there
19 is no real commercial program to be at all.

20 Burbank, in fact, limits their rebates
21 to customers of \$25,500.00 . And so given that's
22 there no PVI any of my commercial customers with
23 buildings over 100,000 square feet are subject to
24 the mandatory retro-commissioning standards.

25 And these customers are purchasing

1 that's at least a million dollars. And so I'm
2 making this comment to encourage some flexibility
3 in those areas because I think these customers
4 would prefer to be PVI which would then take them
5 out of the retro-commissioning requirements.

6 And in general there's a built-in
7 incentive to upgrade their efficiency. But if I
8 approach them and say, okay now you're system is
9 going to be a million dollars but because of these
10 catches in say the Burbank area you have to be
11 EPVI. You have a tiny rebate.

12 And you also have to spend this much
13 money to meet retro-commissioning. I think
14 that'll kill my sales in those areas. And in
15 LADWP it's similar. I'm dealing with a large YMCA
16 facility with nearly a half a megawatt system.

17 They're in Edison so they're fine.
18 They'll be PVI. And they will upgrade their
19 energy efficiency appropriately based on the
20 suggestions. But it won't be mandatory according
21 to the way I read the guidelines.

22 However if other YMCAs in LADWP want to
23 do this I don't think they'll be able to because
24 of the lack of PVI.

25 The second point is that I occasionally

1 run into utility workers on the ground who are
2 somewhat hostile towards solar. It maybe just a
3 misconception on their part.

4 But in a few cases those are the people
5 who communicate or sign off on the projects with
6 my customers. If those same people communicate
7 the efficiency guidelines to my customers whether
8 it's a small customer or a large customer that's
9 another reason for a customer to say no because of
10 the possible hostility. Usually that doesn't
11 happen. I'm not saying utility workers are that
12 way. It's just happened enough to affect a
13 handful of customers in different regions.

14 So I'm here to just stress flexibility
15 through 2008. And also an acknowledgement of
16 these smaller providers in those three cities that
17 I mentioned plus LADWP for the larger systems or I
18 will not be able to sell large, commercial systems
19 at all in those areas. Thank you.

20 CHAIRPERSON PFANNENSTIEL: Thank you.

21 Questions of the Commission.

22 COMMISSIONER ROSENFELD: Jeff I think --

23 CHAIRPERSON PFANNENSTIEL: Jeff --

24 COMMISSIONER ROSENFELD: No I don't. I
25 was pointing at you.

1 MR. HERRERA: Chairman I had some
2 comments for the record.

3 CHAIRPERSON PFANNENSTIEL: Certainly.

4 MR. HERRERA: I'm dealing with the
5 California Environmental Quality Act. Before we
6 decide this matter if I could present this for the
7 record.

8 CHAIRPERSON PFANNENSTIEL: Of course.

9 Go.

10 MR. HERRERA: Okay. Gabriel Herrera
11 with the Energy Commission Legal Office. Just
12 some quick comments on the record concerning the
13 California Environmental Quality Act. When the
14 Commission proposes the adoption of guidelines
15 such as these revisions the legal office evaluates
16 the guidelines to determine whether the active
17 adoption constitutes a, quote, project under CEQA
18 and is thereby subject to an environmental review
19 under CEQA.

20 In this case these guidelines, the
21 Commission's adoption is not a project under CEQA
22 because the guidelines fall within a list of
23 excluded activities under Title 14 of California
24 Code of Regulations, Section 15378, subdivision B2
25 and 4 in that the activity relates to general

1 policy and procedure making and/or the creation of
2 governmental funding mechanisms or other fiscal
3 activities which do not involve any specific
4 project which results in a potentially significant
5 physical impact.

6 In addition the adoption of these
7 guidelines is exempt from CEQA under what is
8 commonly referred to as the common sense exception
9 pursuant to Title 14, California Code of
10 Regulations, Section 15061, subdivision B3.

11 That section indicates that CEQA only
12 applies to projects that have a significant affect
13 on the environment which is defined in the Public
14 Resources Code, Section 21068, and Title 14,
15 California Code of Regulations, Section 15382 as
16 being a substantial or potentially substantial
17 average change in the environment. Thank you.

18 CHAIRPERSON PFANNENSTIEL: Thank you
19 Gabe. Yes, Commissioner Byron.

20 COMMISSIONER BYRON: I'd like to thank
21 those that provided comment, public comment today
22 on this particularly, well all of you, but those
23 that may have been speaking before the Commission
24 for the first time, thank you.

25 I was under the impression that this

1 document would be revised at some point in the
2 future. I've got an email here that indicates
3 some information to that effect.

4 I'd guess I'd like to ask staff. Is
5 there any plans to refinements to this document
6 going forward?

7 MR. BLACKBURN: Yes, Commissioner Byron.
8 Bill Blackburn the Renewable Energy Program. We
9 will be trying to reach out and really engage
10 stakeholders in early 2009.

11 We recognize that even though we had two
12 public workshops. We did go over significant
13 comments and as it is brought up made significant
14 changes. There are still concerns in here as it
15 stands.

16 So we felt the best way to do that would
17 be to either form some working groups or committee
18 groups and get input early on in '09.

19 And then if the Commission really does,
20 the Rules Committee feels it's appropriate then we
21 would re-open this guidelines report in the spring
22 or summer of 2008 to make adjustments if
23 necessary.

24 COMMISSIONER BYRON: Okay, Yeah, our
25 Renewables Committee always does a great job of

1 having the public workshops and committees. And
2 it is difficult, I'm sorry public workshops. And
3 it is difficult to get comments the morning of the
4 time we're being asked to approve this.

5 My guess is that there's probably a
6 year-end obligation for this report as well. Is
7 that correct?

8 CHAIRPERSON PFANNENSTIEL: Yes.

9 COMMISSIONER BYRON: Okay.

10 CHAIRPERSON PFANNENSTIEL: Bill you in
11 your comments you put that you would re-engage in
12 discussions in getting 2009. Did you mean 2008?

13 MR. BLACKBURN: Yes, actually that's
14 correct.

15 COMMISSIONER BYRON: Okay. Thank you
16 very much. I'm prepared to move it unless the
17 Renewables Committee would prefer.

18 COMMISSIONER GEESMAN: I'll second it.
19 Actually with the comment that I thought that
20 Scott's points were reasonably well taken. But
21 I'm confident that, particularly in the light of a
22 recommendation the staff had made earlier that we
23 need a receptive ear, I long have the concern that
24 we need to focus our efforts on the larger
25 opportunities among municipal utilities.

1 And I'm hopeful that the same approach
2 that we've taken in the energy efficiency area can
3 prevail here. I'd like to see NCPA try to
4 aggregate the programs for the smaller utilities
5 to bring some administrative efficiency to it.

6 But to me the staff has been extremely
7 flexible here and quite responsive. And I think
8 that the changes that they've made to the guide
9 book are highly advisable and that we ought to
10 approve it as it's been submitted with the
11 acknowledgement that we're going to look at this
12 again in 2008.

13 I'm confident that Renewables Committee
14 in 2008 will be even more responsive than it has
15 been (laughter) so far.

16 COMMISSIONER BYRON: I doubt that.

17 CHAIRPERSON PFANNENSTIEL: Moved and
18 seconded. All in favor?

19 (Ayes.)

20 CHAIRPERSON PFANNENSTIEL: Thank you
21 all.

22 COMMISSIONER GEESMAN: Madame Chair if I
23 may. One other thing that I'd recommend that
24 staff do is speak with the southern California
25 municipal utilities about their apparent lack of a

1 PVI program.

2 I don't think particularly with respect
3 to the City of Los Angeles but the others as well
4 that they would readily accept being in an
5 inferior position to the Southern California
6 Edison as it relates to either the solar industry
7 or perspective solar customers.

8 And I know Nancy Sutley, the Deputy
9 Mayor in the City of Los Angeles, would be, I
10 think, quite receptive to the notion that they
11 need to move their program much more rapidly to a
12 PVI program for commercial customers.

13 And I'm hopeful that that would spill
14 over to some of the other cities down there as
15 well.

16 MR. BLACKBURN: We'll be happy to do
17 that Commissioner Geesman.

18 CHAIRPERSON PFANNENSTIEL: Next agenda
19 item. Item 6, possible approval of Purchase Order
20 07-409.00-010 for \$40,000 with M-Corp to perform a
21 technical assessment of the Petroleum Industry
22 Information Reporting Act and Oil Price
23 Information Service databases and recommend design
24 options for the future conversion of these
25 databases from Microsoft Access to a new platform.

1 Good morning.

2 MS. WILLIAMS: Good morning Madame
3 Chairman and Commissioners. My name is Jennifer
4 Williams from the Fuels and Transportation
5 Division. We are coordinating the technical
6 assessment with IT to improve the functionality
7 and expand the storage capacity of the PIIRA and
8 OPIS databases.

9 The current platform Microsoft Access is
10 not the most efficient system for the vast amount
11 of data that we receive under PIIRA on a daily,
12 weekly, monthly basis.

13 This technical assessments
14 recommendations will be used for the actual
15 database conversion project which will be a future
16 phase of the project.

17 And that's it. I'm happy to try to
18 answer any questions for you.

19 CHAIRPERSON PFANNENSTIEL: Questions
20 from the Commission?

21 COMMISSIONER BOYD: I would say this
22 item was brought before the Transportation
23 Committee and we reviewed and approved it. So
24 I'll move the item.

25 COMMISSIONER BYRON: And I'll second it.

1 CHAIRPERSON PFANNENSTIEL: All in favor?

2 (Ayes.)

3 CHAIRPERSON PFANNENSTIEL: It's
4 approved, thank you. Item 7, possible approval of
5 Amendment 3 to Work Authorization MR-001 to add
6 \$2,878,576 and a time extension of 27 months with
7 The Regents of the University of California,
8 Office of the President - CIEE, for the management
9 and administration of research, development and
10 demonstration awards for the Public Interest
11 Energy Research Program under Interagency
12 Agreement 500-02-004. Good morning.

13 MS. CHAMBERS: Good morning Madame
14 Chairman, Commissioners. I'm Beth Chambers. I'm
15 from the Energy Research and Development Division.

16 I am requesting approval of Amendment 3
17 to the Work Authorization MR-001 under the Prime
18 Contract 500-02-004 with The Regents of the
19 University of California, Office of the President.

20 Under this amendment I am requesting
21 approval of \$2,878,576 and an additional 27
22 months.

23 The purpose of this work authorization
24 is to provide for payment of management and
25 administration duties that are conducted for

1 research activities performed under the various
2 work authorizations under the Prime Contract.

3 And they are all paid through this work
4 authorization. I recommend approval of this
5 amendment and ask if you have any questions.

6 CHAIRPERSON PFANNENSTIEL: Are there
7 questions?

8 COMMISSIONER GEESMAN: I move approval.

9 COMMISSIONER ROSENFELD: Second it.

10 CHAIRPERSON PFANNENSTIEL: In favor?

11 (Ayes.)

12 MS. CHAMBERS: Thank you.

13 CHAIRPERSON PFANNENSTIEL: Item 8,
14 possible approval of Contract 500-07-019 for
15 \$500,000 with the Cement Industry Environmental
16 Consortium for 50 percent funding of a carbon
17 capture research demonstration project using
18 update amine technology specifically suited for
19 the cement industry. Good morning.

20 MR. LOZANO: Good morning, my name is
21 Michael Lozano from the PIER IAW Program. The
22 purpose of this contract is to co-fund technology,
23 a technology demonstration with the Cement
24 Industry Environmental Consortium to demonstrate a
25 technology for reducing carbon dioxide from its

1 manufacturing process at the California Portland
2 Cement Company plant in southern California.

3 The CIEC will contribute a half million
4 as the cost shared for this project and CEC will
5 contribute the other 500,000.

6 The cement industry has CO2 emissions of
7 approximately one ton per ton of cement produced.
8 These emissions result from the combustion of fuel
9 and from the process of calcination, which is
10 integral to the cement manufacturing process.

11 The California cement manufacturers
12 produce in excess of ten million tons of CO2 in
13 2006 at 11 cement production facilities.

14 One of the options for reducing
15 greenhouse gas emissions is to install a CO2
16 capture system at the cement plant in conjunction
17 with identifying end use.

18 A reduction of ten million tons of CO2
19 represents approximately 5.8 percent of total
20 reduction in greenhouse gases necessary to achieve
21 the year 2020 goals outlined in AB 32.

22 The proposed project represents an
23 investment of public funds in the amount of half a
24 million dollars over 18 months and match funding
25 in the amount of \$500,000 has been pledged by the

1 partner.

2 The 500,000 of CEC funds will be funded
3 out of the remaining 2006 Electric Reserve Budget
4 of 6.5 million or 7.7 percent of the remaining
5 funds.

6 I am recommending that this contract be
7 approved.

8 CHAIRPERSON PFANNENSTIEL: Are there
9 questions? Yes, Commissioner Byron.

10 COMMISSIONER BYRON: Mr. Lozano are you
11 aware is anyone else conducting similar research
12 throughout the US or perhaps the world like this
13 on the cement manufacturing industry?

14 MR. LOZANO: There's a lot of research
15 being done for co-powered plants.

16 COMMISSIONER BYRON: Right.

17 MR. LOZANO: But not so much with
18 cement. And this process is unique for two
19 reasons.

20 One, the cement manufacturing process
21 results in a very high CO2 harsh environment
22 because there are heavy metals with the input
23 lines. So this causes you to have a very robust
24 system needed.

25 And also this particular process that

1 we're going to be demonstrating has a 20 percent
2 more efficient than the existing CO2 amine capture
3 projects.

4 So for two reasons, one it's unique to
5 the cement industry. And I haven't heard of any
6 other large-scale cement manufacturers trying
7 this.

8 And the CIEC is all the cement
9 manufacturers in California. So we would know if
10 it's being done anywhere in California or the in
11 West.

12 And this particular process has not been
13 tested in a cement manufacturing plant. And it
14 has efficiencies over the ones that are being used
15 in co-powered plants.

16 So even if we're wrong about some other
17 cement manufacturers somewhere in the world doing
18 similar research this particular project would be
19 worthwhile because of the energy efficiencies.

20 COMMISSIONER BYRON: I think this is
21 fantastic. You know as a Commissioner I've been
22 concentrating on the carbon capture and
23 sequestration in the electric sector and then this
24 comes along and I just had no idea that PIER was
25 involved in this area. I was so pleased to see

1 it.

2 It's one of the, I suppose as
3 Commissioners we're supposed to know everything
4 going on around this place. And this is just one
5 of those pearls that shows up. I'm so glad to see
6 this research going forward and of course we'll
7 endorse it.

8 COMMISSIONER ROSENFELD: If you're so
9 keen why don't you move it (laughter)?

10 CHAIRPERSON PFANNENSTIEL: Commissioner
11 Geesman do you have a question?

12 COMMISSIONER GEESMAN: I was going to
13 second Commissioner Byron's motion which I'll take
14 as a motion and also commend the PIER staff for
15 coming up with this and the Cement Industry
16 Environmental Consortium as well.

17 When AB 32 passed a lot of people that
18 said that, well California is just going to write
19 off its cement industry. Obviously from a carbon
20 capture standpoint that would involve a fair
21 amount of leakage because I don't think anyone in
22 California is proposing that we stop using cement.

23 So it's going to be manufactured
24 somewhere. And I think that the PIER staff and
25 the Cement Industry have been particularly

1 inventive in identifying this as good constructive
2 research that we ought to be conducting. So I'll
3 second the motion.

4 COMMISSIONER BOYD: I'll second the
5 second only in that we were studying the cement
6 issue before there was an AB 32 and Mike and the
7 staff for following up the early inventory
8 identification of the cement industry being a
9 major concern and the immediate major concern that
10 Commissioner Geesman brought up of driving all of
11 this industry offshore.

12 So to the extent we can solve this
13 problem or come up with some technology I think it
14 will help everybody everywhere and also prove that
15 it is feasible thing to do. Hopefully it'll prove
16 that it's a feasible thing to do.

17 COMMISSIONER BYRON: And kudos to The
18 Cement Industry Environmental Consortium as well.
19 I'm not familiar with them. Unless my fellow
20 Commissioners correct me I think we want to
21 commend the industry on this issue as well.

22 CHAIRPERSON PFANNENSTIEL: Absolutely.

23 COMMISSIONER ROSENFELD: Yeah, I would
24 make the point that Commissioner Boyd thought
25 about it before AB 32. But AB 32 worked miracles

1 on the cement consortium (laughter). I'm very
2 happy too.

3 CHAIRPERSON PFANNENSTIEL: Moved and
4 seconded, all in favor?

5 (Ayes.)

6 CHAIRPERSON PFANNENSTIEL: Thank you.
7 Item 9, possible approval of sub award grant DE-
8 FG26-07NT43333 for \$514,610 to the Collaborative
9 for High Performance Schools under the 2007 State
10 Energy Program Special Award grant to the Energy
11 Commission by the U.S. Department of Energy. Good
12 morning.

13 MS. CLARK: Good morning Chairman
14 Pfannenstiel and Commissioners. My name is Maura
15 Clark and I'm with the Public Programs Office.

16 I'm requesting approval for a grant
17 with the Collaborative for High Performance
18 Schools (CHPS).

19 The Energy Commission was awarded in the
20 2007 State Energy Program Special Grant from DOE
21 in the amount of \$534,610. Of this amount DOE
22 stipulated that 514,610 be used to expand the CHPS
23 criteria to include existing k-12 schools.

24 Although many of the school districts in
25 California have adopted resolutions to use the

1 CHPS criteria in the design of their new schools
2 there is currently no rating system tool to assist
3 K-12 schools with evaluating their existing
4 schools.

5 Funds spent renovating and modernizing
6 the existing schools far exceeds investments in
7 new construction. There is a need to better
8 understand current school building performance in
9 order to set the goals for energy efficiency and
10 sustainable improvements.

11 The grant of CHPS will consist of two
12 phases. Phase one, CHPS will develop the CHPS
13 criteria for operations, the evaluation tool to
14 identify schools for energy efficiency projects.

15 And phase two will consist of the
16 implementation of the final program to monitor the
17 schools efficiency if they're both over five
18 years.

19 The results of the grant will be the
20 development of a set of criteria for evaluating
21 existing schools and their facilities and
22 modification of the Environmental Protection
23 Agency Energy Star portfolio manager benchmark
24 goal that could be used to identify energy
25 inefficient schools in a district.

1 This grant has been approved by the
2 Efficiency Committee and I will be happy to answer
3 any of your questions.

4 CHAIRPERSON PFANNENSTIEL: Thank you,
5 Maura. Having been involved with the CHPS for a
6 number of years I highly commend it. And I think
7 this will be an excellent new area going into the
8 existing schools criteria.

9 I know that the work they've done for
10 new schools has made a big difference in
11 California. And I hope this will be the beginning
12 of a new set of programs.

13 Further discussions, questions?

14 COMMISSIONER ROSENFELD: I'd like to
15 move it.

16 COMMISSIONER BOYD: Second.

17 CHAIRPERSON PFANNENSTIEL: In favor?

18 (Ayes.)

19 CHAIRPERSON PFANNENSTIEL: Thank you.

20 Item 10, possible approval of Funding Award
21 Notices pursuant to the Energy Commission's
22 Existing Renewable Facilities Program Guidebook,
23 Renewables Portfolio Standard Eligibility
24 Guidebook and Overall Program Guidebook.
25 Mr. Orta.

1 MR. ORTA: Good morning, my name is
2 Jason Orta. And I am with the Renewable Energy
3 Programs, Existing Renewable Facilities Program.

4 The Existing Renewable Facilities
5 Program provides funding in the form of production
6 incentives to eligible renewable energy facilities
7 for each kilowatt hour of eligible electricity
8 generated.

9 The statutory purpose of the existing
10 renewable facilities program is to improve the
11 competitiveness and to achieve self-sustainability
12 of existing in-state, solid-fuel, biomass, solar-
13 thermal electric and wind facilities.

14 Facilities eligible for funding are
15 issued a funding award notice by the Energy
16 Commission to provide funding pursuant to the
17 Energy Commission's existing Renewable Facilities
18 Program Guidebook.

19 The Renewable Portfolio Standard
20 Eligibility Guidebook and the overall Program
21 Guidebook.

22 The proposed funding award notices do
23 not specify a dollar amount to be paid to the
24 facility nor does the funding award notice
25 encumber funds for each facility.

1 However each funding award notice
2 identifies a facility-specific target price and
3 production incentive cap.

4 The following are the facilities whose
5 funding award notices that I am submitting to the
6 Commission for approval along with each facility's
7 proposed target price and proposed production
8 incentive caps for the 2007 calendar year.

9 The Thermal Energy Development
10 Partnership with a proposed target price of 6.7
11 cents per kilowatt hour and a proposed production
12 incentive cap of 1.5 cents per kilowatt hour.

13 There are the seven Luz Solar Partners
14 facilities. Luz Solar Partners number three
15 through number nine with a proposed target price
16 of 5.37 cents per kilowatt hour. We're also
17 proposing for these facilities to be eligible for
18 time-of-use incentive payments with a production
19 incentive cap of 1.5 cents per kilowatt hour.

20 The Wheelabrator Shasta Energy Company
21 with a proposed target price of 5.87 cents per
22 kilowatt hour and a proposed production incentive
23 cap of 1.5 cents per kilowatt hour.

24 And finally the Collins Pine Company
25 with a proposed target price of 6.45 cents per

1 kilowatt hour and we're proposing that they be
2 eligible for time-of-use incentive payments with a
3 production incentive cap of 1.5 cents per kilowatt
4 hour.

5 Energy Commission staff evaluated the
6 funding award applications for each of these
7 facilities based on the required information
8 submitted by each facility.

9 Based on the information submitted in
10 these applications for each facility staff
11 believes that the funds provided by this program
12 will enable these facilities to become self-
13 sustaining and to provide the benefits for
14 California including the environmental, economic
15 and reliability benefits these facilities provide
16 by continuing to operate.

17 This evaluation was performed in
18 accordance with Public Resources Codes, Section
19 25742 and with a March 2007 Existing Renewables
20 Facilities Program Guidebook, Fourth Edition.

21 Based on the information submitted staff
22 recommends the approval of the target prices and
23 production incentives caps along with the approval
24 of each funding award notice and its entirety.

25 I will gladly answer any questions that

1 the Commission may have on these funding award
2 notices.

3 CHAIRPERSON PFANNENSTIEL: Thank you
4 Jason. Are there questions? We have one request
5 to speak. Diane Fellman from FPR Energy.

6 MS. FELLMAN: Thank you Madame Chair and
7 Commissioners. I am here representing the Luz
8 Solar Partners Projects.

9 And as I have mentioned to this
10 Commission before, we are appreciative of these
11 funds because they provide a platform for us to
12 make investment decisions regarding our
13 facilities.

14 And with these facilities we have
15 submitted this information to the staff. Recently
16 we have put in 70 million dollars into re-tubing
17 the solar fields. So we will stop the degradation
18 of the output of these solar fields as well as
19 increase the RPS eligible output from these
20 facilities by 20 percent.

21 That is not news to the Renewables
22 Committee. I've said that before.

23 Today we are accepting the funding
24 award. We are not going to appeal. We are not
25 going to challenge the 2007 allotment.

1 However we are going to continue the
2 conversation regarding the Commission's criteria
3 for awarding these funds to projects that are
4 already sustaining their operations.

5 These funds are important to us. As
6 Mr. Orta just indicated, we get time-of-use
7 eligibility. And during the shoulder periods when
8 we can still contribute to California's peak
9 through our solar production these funds help make
10 those operations cost-effective.

11 And we also are looking at the other
12 funding awards. And we see that our investment in
13 our tubes is equivalent to what biomass facilities
14 are receiving for diesel fuel offsets. That our
15 equipment is more expensive.

16 As these facilities get older our
17 operations and maintenance costs are more
18 expensive. And again we will discuss this with
19 the staff because these are annual awards. And we
20 will put that information in for 2008.

21 So we appreciate this program. We
22 understand that the Commission has some
23 legislative constraints. But we believe based on
24 the hearing, was it last week we were here? It
25 seems like I've --

1 MR. ORTA: Yes.

2 MS. FELLMAN: -- last week on the 13th
3 that we will continue to talk about the general
4 criteria as well as our specific concerns for our
5 facility. Thank you.

6 CHAIRPERSON PFANNENSTIEL: Thank you
7 Diane. Further questions, discussion?

8 COMMISSIONER GEESMAN: I'd move approval
9 of the staff recommendations.

10 COMMISSIONER BYRON: Second.

11 CHAIRPERSON PFANNENSTIEL: All in favor?
12 (Ayes.)

13 CHAIRPERSON PFANNENSTIEL: Thank you
14 all. Item 11, possible approval of reallocation
15 of New Renewable Resource Account funds (unused SB
16 90 funds) of \$22,720,992 to the Emerging
17 Renewables Program. Good morning Mr. Hutchison.

18 MR. HUTCHISON: Good morning. Good
19 morning Commissioners. Mark Hutchison with the
20 Renewable Energy Office.

21 The item before you requests your
22 approval of a 22.72 million reallocation of the
23 renewable resource trust funds from the Renewable
24 Resource Account to the Emerging Renewables
25 Account.

1 The source of funds is old SB 90 New
2 Account Option Funds from projects that were
3 completed under budget or cancelled.

4 The reallocation of the Renewable
5 Resources Trust Funds from the new account to the
6 emerging account is authorized per Public
7 Resources Code, Section 25748.

8 Shifting these unused funds to the
9 Emerging Renewables Account will offer repayment
10 of advanced spending in the account authorized by
11 AB 135 and will provide additional for the New
12 Solar Homes Partnership to achieve its funding
13 goals.

14 This item has been approved, reviewed
15 and approved by the Renewables Committee. I am
16 requesting your approval of this reallocation.
17 And I'm available to answer any questions.

18 CHAIRPERSON PFANNENSTIEL: Any questions
19 of Mr. Hutchison.

20 COMMISSIONER ROSENFELD: No.

21 CHAIRPERSON PFANNENSTIEL: Is there a
22 motion?

23 COMMISSIONER GEESMAN: So moved.

24 COMMISSIONER BYRON: Second.

25 CHAIRPERSON PFANNENSTIEL: All in favor?

1 (Ayes.)

2 CHAIRPERSON PFANNENSTIEL: Approved.

3 Thank you Mark.

4 MR. HUTCHISON: Thank you.

5 CHAIRPERSON PFANNENSTIEL: Item 12,
6 possible adoption of the Committee Draft,
7 Renewables Portfolio Standard Eligibility
8 Guidebook. Good morning.

9 MS. ZOCCHETTI: Good morning Madame
10 Chair and Commissioners. I'm Kate Zocchetti with
11 the Renewable Energy Program. To my right is
12 Heather Raitt the technical director of the
13 Renewable Energy Program. And to my left is Gabe
14 Herrera of the Legal Office.

15 Please bear with me I'm trying not to
16 get a cold. Since 2002 the Energy Commission has
17 implemented portions of California's Renewables
18 Portfolio Standard.

19 Under the RPS retail sellers of
20 electricity must increase the amount of renewable
21 energy they procure each year by at least one
22 percent so that 20 percent of their retail sales
23 are served with renewables by 2010.

24 The Energy Commission's New Renewables
25 Facilities Program provided funding in the form of

1 supplemental energy payments or SEPs to cover the
2 above market costs of procuring renewable energy
3 under an RPS solicitation.

4 The Renewables Committee has proposed
5 revisions to two of the Renewable Energy Program's
6 Guidelines to reflect the changes in laws as a
7 result of Senate Bill 1036 and Assemble Bill 809
8 and to address regulatory and other market
9 developments.

10 The Committee drafts before you today
11 reflects proposed changes to the March 2007 RPS
12 Eligibility Guidebook and to the March 2007
13 Overall Program Guidebook.

14 These two guidebooks with the post
15 changes were issued to the public in early
16 September of '07.

17 Parties were invited to comment on the
18 staff drafts at the Renewables Committee Workshop
19 on September 26th.

20 After careful consideration and
21 incorporation of written and verbal comments an
22 additional technical and policy analysis the
23 Renewables Committee draft of these guidebooks
24 were revised and publicly released on December
25 7th.

1 And party comments were due last week on
2 December 14th. Along with the proposed errata
3 that incorporates the party comments received
4 during the last comment period the Renewables
5 Committee is proposing revisions to these
6 guidebooks.

7 And I would ask the Commission if you
8 would like me to just discuss one and then have
9 party comments and then discuss the second or to
10 combine them.

11 CHAIRPERSON PFANNENSTIEL: You mean on
12 the errata, on --

13 MS. ZOCCHETTI: Well I was, the RPS
14 Guidebook and then we have the Overall Program
15 Guidebook. Should we do one and then the other?

16 CHAIRPERSON PFANNENSTIEL: You know I
17 have a number of people who want to speak. And I
18 believe it's on this item. So why don't you just
19 go ahead on this one.

20 MS. ZOCCHETTI: Okay, thank you. As
21 described earlier the Eligibility Guidebook, I
22 would like to summarize highlights of the proposed
23 changes to the RPS Eligibility Guidebook which
24 include the following.

25 Remove the provisions for certifying

1 facilities as eligible for supplemental energy
2 payments and remove references to supplemental
3 energy payments throughout the RPS Eligibility
4 Guidebook, Require that effective January 1st 2008
5 all participants in California RPS Program must
6 register with and use the Western Renewable Energy
7 Generation Information System or WREGIS as part of
8 RPS compliance, And certification for facilities
9 that must otherwise, I'm sorry, that might
10 otherwise be considered distributed generation
11 facilities except that some or all of the energy
12 produced be sold through a standard contract or
13 tariff executed under Public Utilities Code 399.20
14 as implemented through the CPUC decision 07-07027
15 or sold through a comparable standard contract or
16 tariff approved by a local publicly-owned electric
17 utility or the facility is owned by a utility and
18 meets the other requirements.

19 Modify the definition of conduit,
20 hydro-electric facility to remove reference to the
21 federal code and add that the facility must use
22 for its generation only the hydro-electric
23 potential of an existing pipe, ditch, plume,
24 siphon, tunnel, canal or other manmade conduit
25 that is operated to distribute water for a

1 beneficial use under Assembly Bill 809.

2 Change the eligibility criteria for
3 small hydro and conduit hydro so that the facility
4 becoming commercially operational after January
5 1st 2006 must not cause an adverse impact on end
6 stream beneficial uses or cause a change in the
7 volume or timing of stream flow.

8 Change the eligibility criteria for
9 efficiency improvements that would cause small
10 hydro and conduit hydro facilities to exceed the
11 30 megawatts size limit for RPS eligibility such
12 that the improvements must be made after January
13 1st 2008 and must not cause an adverse impact end
14 stream beneficial uses or cause a change in the
15 volume or timing of stream flow.

16 Add the RPS certification category and
17 eligibility requirements for the incremental
18 generation of hydro-electric facilities due to
19 eligible efficiency improvements regardless of
20 facility's electrical output.

21 We add a definition of eligibility
22 efficiency improvements in determining RPS
23 eligibility at such facilities.

24 We clarify that eligible electricity may
25 be delivered into California at a different time

1 than when the RPS-certified facility generated the
2 electricity and may be generated at a different
3 location than that of the RPS facility and provide
4 examples of eligible banking and shaping in
5 contract delivery structures.

6 Describe the Energy Commission's pre-
7 approval process of eligible contract delivery
8 structures as part of the CPUC's RPS contract
9 review process.

10 And finally remove the two year renewal
11 requirement for RPS certification and add that RPS
12 eligibility is effective for the life of the
13 facility.

14 And I'd like to summarize the errata
15 that staff and the Committee have developed
16 pursuant to the comments just received last
17 Friday.

18 CHAIRPERSON PFANNENSTIEL: And excuse me
19 Kate, this errata has been previously circulated.
20 I know I have it. And I want to make sure that it
21 publicly --

22 MS. ZOCCHETTI: Yes, just last evening.
23 And there are copies on the desk.

24 CHAIRPERSON PFANNENSTIEL: Thank you.

25 MR. HERRERA: Kate because these erratas

1 are being proposed right now I'd recommend that
2 you read them into the record so that the
3 Commissioners can understand what they're agreeing
4 to when they consider this to the guidebook.

5 MS. ZOCCHETTI: Absolutely. In addition
6 to the written ones I would like to read into the
7 record a verbal errata that we proposed to the
8 Committee this morning that we just didn't have,
9 we added at the eleventh hour I guess is what I'm
10 saying. It didn't get incorporated into the
11 written ones.

12 Okay, under Section 2 in the Renewables
13 Portfolio Standards of Eligibility Guidebook,
14 Section 2, eligibility Requirements, sub-section
15 B, Eligibility for the Renewables Portfolio
16 Standard Number 5, Solar Energy to Distributed
17 Generation, page 24, third full paragraph is
18 revised as follows.

19 The Energy Commission will certify
20 facilities that would have been considered
21 distributed generation facilities except that they
22 are participating in a standard contract/tariff
23 executed pursuant to PUC 399.20 as implemented
24 through the CPUC Decision 07-07-027 (R.06.05.027).
25 Executed pursuant to a comparable standard

1 contract/tariff approved by a local, publicly-
2 owned electric utility or POU or if a facility is
3 owned by a utility and meets other requirements to
4 become certified as RPS eligible.

5 And you heard me just read that as part
6 of the additional and this was an oversight on
7 staff's part to include it in another section in
8 the Guidebook.

9 In the same sub-section, the Section 2,
10 sub-section C, Eligibility of Out-of-state
11 facilities, page 29, last paragraph. It's revised
12 as follows.

13 The exception only applies to situations
14 where a multi-jurisdictional utilities procure
15 energy to meet their own RPS obligations. In the
16 event that these facilities are located out of
17 state and their generation is procured to meet the
18 RPS targets by another retail seller the facility
19 would be subject to all out-of-state and
20 eligibility requirements including delivery
21 requirements.

22 The change here was to remove the term,
23 obligated utility and replace it with, retail
24 seller.

25 Section D, Delivery Requirements, page

1 32, footnote 22 is revised as follows.

2 Beginning January 1st 2008 it will be
3 acceptable for an RPS certified facility to sell
4 power to a retail seller procurement entity or
5 third party pursuant to a PPA and all such parties
6 must use and be registered as account holders with
7 WREGIS as part of RPS compliance.

8 We deleted enter into the PPA and
9 replaced it with sell power. And we moved percent
10 to the PPA to a later part in the sentence for
11 clarity.

12 Page 32, middle of the third full
13 paragraph is revised as follows, the electricity
14 generated and associated RECs from the RPS-
15 certified facility must be procured through a
16 power purchase agreement with the retail seller or
17 procurement entity. And we added or a third
18 party.

19 Then I'd like to verbally insert the
20 following also on page 32, the last paragraph.

21 We would like to delete the sentence
22 that we had previously inserted which states,
23 electricity from the RPS eligible facility may be
24 remarketed consistent with any applicable CPUC
25 rules so long as a quantity of electricity is

1 delivered into California and matches the amount
2 originally procured from the out-of-state RPS-
3 eligible facility.

4 This was described in another portion in
5 the Guidebook and several parties found this to be
6 a confusing and asked that we strike it.

7 Page 33 is revised as follows. And
8 these three numbers, one, three and five the only
9 changes to add for a third party into this text.

10 The retail seller, I'm sorry, number
11 one. The retail seller, procurement entity, or
12 facility representative or --

13 COMMISSIONER BYRON: Excuse me,
14 Ms. Zocchetti, forgive my interruption.

15 Mr. Herrera wouldn't it enough to just
16 say, we're going to add third party to those three
17 sections?

18 MR. HERRERA: Yes it would be.

19 MS. ZOCCHETTI: Thank you Commissioner
20 Byron (laughter). We would also like to add, or
21 third party on page 34, Item 6.

22 Under Section A, Reports to the Energy
23 Commission, page 58, second paragraph a similar
24 oversight, to verify generation, the facility must
25 submit monthly payment statements from the retail

1 seller and we added, or procurement entity or
2 third party as an attachment to the form showing
3 the amount of energy procured from the facility.

4 Section 3, Certification Process, sub-
5 section P, Additional Required Information for
6 Biofuels, Hydro-electric and out-of-state
7 facilities, number 3. This is on page 49, number
8 1b, B as in boy. An assessment as to whether the
9 facility's development or operation will cause or
10 contribute a violation of any of these LORS we
11 added, in the region of California most likely to
12 be affected by the facility's development or
13 operation. This paragraph has been problematic
14 for parties and so we added that for clarity.

15 On page 51, number 2, the bullet that
16 says an explanation as to how the facility's
17 developer and/or operator will meet these LORS we
18 have inserted this phrase, the developer and/or
19 operator will protect the environment to the same
20 extent as provided by these LORS and we added for
21 a similar facility located in California in
22 developing or operating the facility including
23 whether the developer and/or operator will secure
24 putting in place mitigation measures to ensure
25 that these LORS are followed. Again this was

1 added for clarity.

2 Section 4, Generation Tracking and
3 Verification System, sub-section C, number 1,
4 Verification of Delivery, page 61 is revised as
5 follows.

6 The monthly information on NERC E-Tag
7 data for each facility will be compared to the
8 monthly generation procured from an RPS-eligible
9 facility per Load Serving Entity with the lesser
10 of the two annual totals considered to be eligible
11 for California RPS procurement. We added the
12 term, annual totals because that was an oversight.

13 That is the end of the errata.

14 CHAIRPERSON PFANNENSTIEL: Thank you. I
15 wasn't sure your voice was going to hold out
16 (laughter). Are there questions of Ms. Zocchetti?
17 As I said there were several speakers on this
18 item. But first, no questions here?

19 We'll take the people who are here in
20 the room then somebody on the phone. Let's start
21 with Manuel Alvarez of SCE.

22 MR. ALVAREZ: Good morning Commissioner
23 and staff. We sent you a letter filing our
24 comments on this particular matter.

25 There was five items. Four of them of

1 which were clarifications and we thought would be
2 make the document a little bit better. I'll leave
3 those with staff and for your consideration.

4 I'd like to raise one issue. And this
5 is the question of WREGIS and the date of
6 application which is January 1st 2008. I guess
7 the complexity and I'm sure the Commission is
8 aware of the negotiations that have been going on
9 on that particular matter. And that there is
10 still an outstanding legal issue dealing with
11 indemnification of use of this particular
12 activity.

13 And I guess the difficulty we have is in
14 our October filing we were suggesting this may be
15 a problem and in fact it did materialize.

16 And what we're asking for today is some
17 accommodation by which we can still meet the
18 compliance by filing information to the staff.

19 We're not sure that the agreement can be
20 reached by January 1st. So therein lies the
21 complexity in terms of being able to comply.

22 And I guess the perplexing thing for me
23 is given the Commission's history working with
24 computer programs and management that there is
25 usually a flexible compliance capability. But

1 here in this case we don't seem to find that case.

2 So what we're asking for today is
3 perhaps some reasonable accommodation by which
4 information can be filed through the staff to show
5 the renewable share of the generation component.

6 With that I'll answer any questions.

7 CHAIRPERSON PFANNENSTIEL: Commissioner
8 Geesman do want to respond to that?

9 COMMISSIONER GEESMAN: Well I guess I'd
10 ask you Manual, how close do you think the parties
11 are? How much time in your judgement do you think
12 is likely to be required before there's an
13 agreement.

14 MR. ALVAREZ: Well I personally am not
15 involved in the direct negotiations so it's kind
16 of --

17 COMMISSIONER GEESMAN: That makes two of
18 us so let's talk about just our mutual
19 conjectures.

20 MR. ALVAREZ: I've asked folks about
21 this particular matter and they feel confident
22 that they'll be able to do it within the next six
23 months. And actually that's still kind of long
24 for me when I talk to them and want to get it done
25 sooner.

1 This issue will be discussed. We have
2 to understand what the risks and liabilities are
3 and what the potential costs might be to the
4 Corporation. And therein lies the problem
5 resolving that.

6 The Energy Commission's component
7 receiving indemnification, it doesn't pass through
8 a third party so we're kind of exposed there.

9 I can't give you a date. But I, because
10 I don't have that particular date. But we will
11 definitely be pushing it as much as we can at
12 least from my perspective. I'd be pleased if I
13 could bring it to you in the first quarter of next
14 year. And --

15 COMMISSIONER GEESMAN: Let me tell you
16 the way it gets reported to Commissioner
17 Pfannenstiel and I on the Renewables Committee.
18 And that it's a continued pattern of foot dragging
19 and bellicosity that, you know, we've tended to
20 attribute to your company in particular, but to
21 the utilities in general with respect to the RPS
22 Program.

23 When I hear that sometimes I think I'm
24 being bated because people think I've had that
25 pre-disposition toward my evaluation of your

1 performance. But I read your letter very
2 carefully. And I see that what you're requesting
3 on page two is revising the Guidebook to require
4 the IOUs to use WREGIS on the earlier of January
5 1st 2008 or the date on which the WECC and WREGIS
6 Committee have adopted and approved the terms of
7 understanding.

8 I think if I had been your lawyer or
9 your business manager I would have said January
10 1st 2009, but in the spirit of the season, would
11 May 1st 2008 be acceptable?

12 MR. ALVAREZ: I would find it
13 acceptable. I'd have to ask other folks in the
14 Corporation to see if that would be acceptable.
15 But May 1st, that be something I'd be working over
16 the next few months to get resolved.

17 COMMISSIONER GEESMAN: I think that a
18 lot of eyes are going to be on this process going
19 forward because as I understand it it's the three
20 utilities and perhaps the ISO that are still the
21 only material parties that have not signed to the
22 agreement.

23 But I would be prepared to recommend to
24 the Commission that we simply add to
25 Ms. Zocchetti's list of errata the date May 1st in

1 substitution for the date January 1st 2008 and
2 provide you that extra time.

3 MR. ALVAREZ: I appreciate that.

4 CHAIRPERSON PFANNENSTIEL: Does Staff
5 have a comment on that?

6 MR. HERRERA: Commissioner, Gabe Herrera
7 with the Energy Commission's Legal Office. I
8 think it leaves open an issue in terms of how the
9 utilities and load serving entities retail sellers
10 will have to report their procurement data to the
11 Energy Commission.

12 I'm assuming that they would have to do
13 so under the interim process that we're using now.
14 I'm not sure if that's specifically spelled out in
15 the Guidebook.

16 I know the date would be easy enough to
17 change. Whether we would then have to insert
18 language that says in the interim the utilities
19 are to provide data consistent with what's
20 required under the interim reporting requirement.

21 CHAIRPERSON PFANNENSTIEL: I think
22 logically if we haven't changed it then it would
23 continue until we did change it.

24 MR. ALVAREZ: Commissioner, I guess in
25 our consideration of how we would deal with this

1 complexity, it was our intent all along just to
2 continue to provide the information to the Energy
3 Commission whether it met any requirement or not.

4 So that information in terms of what the
5 actual subsequent information of generation
6 amounts would be available to you for your
7 consideration at any point.

8 COMMISSIONER GEESMAN: Yeah but we have
9 to be wary of what all the other reporting
10 entities are required to do.

11 MR. ALVAREZ: I'm aware of that.

12 COMMISSIONER GEESMAN: And I think what
13 Mr. Herrera is suggesting is that we foreclose any
14 potential loopholes that we'll be creating as to
15 well what are the requirements between now and May
16 1st?

17 And I think with all of the associated
18 administrative costs we do need to continue the
19 interim system.

20 If it's your judgement Gabe that that
21 needs to be spelled out, I think we need to spell
22 it out.

23 CHAIRPERSON PFANNENSTIEL: Mark did you
24 have a comment?

25 MR. HUTCHISON: Yes I would. Mark

1 Hutchison again with the Renewables Energy Office.
2 I think we've had these discussions with the
3 Committee. But I just want to reiterate that the
4 system became operational in June, June 25th,
5 2007.

6 And there were an existing terms of use
7 that was more or less agreed to. Again, maybe the
8 utilities didn't have as much of an opportunity to
9 review it but it was certainly posted.

10 And we had in excess of 70 entities that
11 have actually signed this terms of use. My
12 recommendation would be to ask the utilities,
13 California utilities and the Cal ISO to agree to
14 these interim terms of use.

15 And then maybe they would work more
16 readily towards a more acceptable terms of use and
17 it might encourage them to work in a more
18 expeditious fashion so that we can at least get
19 these folks signed up January 1 so that we can
20 then in fact, you know, try and get a full year in
21 2008 of generation data.

22 COMMISSIONER GEESMAN: Well I think if
23 you were expecting expeditious treatment by the
24 utilities you should have been negotiating with
25 their advertising departments not their legal

1 office because I think the utilities seem to
2 spring to the occasion on renewables in the
3 advertising area a lot more readily (laughter)
4 than their lawyers seem to pursue some of these
5 more formal obligations.

6 But I think under the circumstances we
7 don't really have a good alternative. I'm wary of
8 the whole topic of indemnification because, I'll
9 tell you, in 19 years in the bond business if you
10 didn't want to reach an agreement of if you wanted
11 to drag your feet what you do is hang up on
12 indemnification.

13 And it goes back and forth, and back and
14 forth, and back and forth and there's no progress
15 on either side. So what I am suggesting is a
16 delay that allows all attention to be focussed
17 where it is quite justified which is on the
18 utilities to come to some prompt conclusion of
19 this.

20 And I think that we do have to incur the
21 additional expense and cumbersomeness of the
22 interim reporting system until then.

23 CHAIRPERSON PFANNENSTIEL: Commissioner
24 Byron you have a comment.

25 COMMISSIONER BYRON: I too agree that we

1 need a more rigorous deadline than to leave it
2 open at this point given my experience in
3 negotiating with the utilities in the past.

4 A couple of questions. Do either of our
5 other two IOUs in the state have similar problems?
6 Do we know?

7 COMMISSIONER GEESMAN: I think they've
8 elected to be represented jointly today. And you
9 can generally tell when the task is distasteful
10 because they send Mr. Alvarez (laughter).

11 COMMISSIONER BYRON: Is that correct?

12 CHAIRPERSON PFANNENSTIEL: Yes.

13 MR. ALVAREZ: Well I don't know if I'd
14 characterize it that way (laughter).

15 COMMISSIONER GEESMAN: The understudy
16 for distasteful tasks is Mr. Galati (laughter) and
17 I expect we'll hear from him next.

18 CHAIRPERSON PFANNENSTIEL: We will.

19 COMMISSIONER BYRON: All right. So
20 Commissioner Geesman I would ask and you've
21 provided what I think is a reasonable deadline of
22 May 1st but is that just from the basis of the
23 suggested six months necessary to close out this
24 issue?

25 Why not a more stringent deadline?

1 CHAIRPERSON PFANNENSTIEL: The thing is
2 Commissioner Geesman's usual generosity
3 (laughter).

4 COMMISSIONER GEESMAN: My susceptibility
5 is seasonal (laughter).

6 MR. ALVAREZ: It is the holiday season.

7 COMMISSIONER BYRON: Why not March 1st?

8 COMMISSIONER GEESMAN: I had actually
9 suggested to my staff, Suzanne Korosec, that it be
10 February 1st. She's our representative to the
11 WREGIS Committee.

12 But she informed that the committee
13 process at WREGIS and the potential approval
14 process required at WECC would run us into late
15 April as to the earliest possible date.

16 So in the spirit of generosity I said,
17 well May 1st is --

18 COMMISSIONER BYRON: I suspected there
19 was a basis for your date. Thank you.

20 CHAIRPERSON PFANNENSTIEL: Okay, so we
21 will then consider May 1st as the date.

22 COMMISSIONER BYRON: Can we hear from
23 other utilities?

24 CHAIRPERSON PFANNENSTIEL: We are about
25 to. Mr. Herrera you had another comment before

1 we --

2 MR. HERRERA: I do, just a question.

3 There are a number of entities that have already

4 signed up for WREGIS as Mr. Hutchison indicated.

5 Will the Commission allow these facilities to take

6 advantage of the WREGIS systems if it is able to

7 report?

8 COMMISSIONER GEESMAN: Would that be

9 administratively possible? I think it would be

10 preferable from a program standpoint. Just make

11 the card out for the three non-signatories right

12 now.

13 MR. HUTCHISON: Well that's correct we

14 actually have some balancing authorities already

15 signed up. And we're anticipating some activity

16 shortly with them.

17 So we would hope that they would --

18 CHAIRPERSON PFANNENSTIEL: I thank you.

19 We would like to hear from Mr. Galati who is here

20 representing PG&E.

21 COMMISSIONER BYRON: Mr. Galati good to

22 see you again. Mr. Galati was in attendance at

23 our Eastshore hearings for two straight days,

24 Monday and Tuesday.

25 MR. GALATI: Nice to see you too. Scott

1 Galati representing PG&E. With respect to the
2 last exchange and in the spirit of cooperation as
3 well, May 1st is very generous. We appreciate
4 that. We can certainly support that.

5 We had elevated to the highest levels of
6 our company and we're continuing to work to
7 resolve that. So thank you very much for the
8 additional time.

9 Unless there's any additional questions
10 on that I would like to address other comments on
11 the Renewable.

12 CHAIRPERSON PFANNENSTIEL: Yes.

13 COMMISSIONER BYRON: Would March 1st be
14 doable?

15 MR. GALATI: You know what, I cannot
16 answer that today. When we were sitting there
17 today we thought May 1st was generous. We'll
18 continue to work closely.

19 My understanding is too is that there is
20 a two step process. Once we have an agreement
21 there is an approval process. So we'd appreciate
22 the time for that approval process as well.

23 COMMISSIONER BYRON: Thank you.

24 CHAIRPERSON PFANNENSTIEL: Other
25 comments Scott?

1 MR. GALATI: Yes. First of all we'd
2 like to thank the Renewable Committee and staff in
3 particular, and I'm going to refer to a particular
4 long meeting in which I think we actually sucked
5 the oxygen all out of the room and very much
6 appreciate the errata.

7 We make it very clear on the out of
8 country, out of state, the third party. I think
9 these are things that are very helpful to us. I
10 think without them it would have been difficult
11 for us to be able to do some of the things that
12 we're doing now.

13 So we very much appreciate those and
14 just wanted to express our thanks to the
15 Committee. Thank you.

16 CHAIRPERSON PFANNENSTIEL: Thank you
17 Scott. We also have Brenda LeMay on the phone
18 who'd like to speak to this item.

19 MS. LEMAY: How did you know? I didn't
20 say anything. Hi, this is Brenda, thank you very
21 much for allowing me to speak to the Commission.

22 I just wanted to thank everybody for all
23 the hard work on this. I was one of those
24 involved in the comments. And some of my comments
25 did get into the errata. So I do appreciate it.

1 And I'm trying to use it.

2 CHAIRPERSON PFANNENSTIEL: Thank you
3 Brenda. Were there last comments or questions
4 from the Commission? Mr. Herrera.

5 MR. HERRERA: Yes I've got some
6 additional comments. They're the same comments I
7 made earlier concerning the SB 1 guidelines. I
8 need to make some comments for the record
9 concerning CEQA.

10 I'll just summarize those comments where
11 I can at this point. The Energy Commission's
12 Legal Office has looked at the application of the
13 California Environmental Quality Act to the
14 adoption of these guideline revisions and in this
15 case determined that the adoption itself is not a
16 project and thereby not subject to a full
17 environmental review under CEQA.

18 The guidelines fall within a list of
19 excluded activities under Title 14, California
20 Code of Regulations, Section 15378, B2 and 4 and
21 the adoption of the guidelines is also exempt
22 under what I explained earlier was the common
23 sense exemption in the sense that it will not have
24 a significant affect on the environment as defined
25 in Public Resources Code, Section 21068 and Title

1 14 of the California Code of Regulations, Section
2 15382, thank you.

3 CHAIRPERSON PFANNENSTIEL: Thank you.
4 So I guess we're ready for a motion that would
5 incorporate the Guidebook, the proposed Guidebook
6 with the errata with the amendment that
7 Commissioner Geesman offered to extend the date to
8 May.

9 MS. ZOCCHETTI: Madame Chair may I just
10 ask a clarifying question?

11 CHAIRPERSON PFANNENSTIEL: Of course.

12 MS. ZOCCHETTI: Do you intend then to
13 just change the date from January 1st to May 1st
14 and leave the wording, all participants in
15 California RPOs must register with and use the --

16 COMMISSIONER GEESMAN: We'll change the
17 date for the three investor-owned utilities only.

18 MS. ZOCCHETTI: Oh, okay.

19 COMMISSIONER GEESMAN: And put into
20 effect the interim reporting requirement for them
21 until such date.

22 MS. ZOCCHETTI: Okay so we just wanted
23 to be clear that not that the terms of use, the
24 agreement will be signed by May 1st but that they
25 will have registered with WREGIS by that date.

1 Thank you.

2 CHAIRPERSON PFANNENSTIEL: With the
3 clarifications is there a motion?

4 COMMISSIONER GEESMAN: So moved.

5 COMMISSIONER BYRON: Second.

6 CHAIRPERSON PFANNENSTIEL: All in favor?

7 (Ayes.)

8 CHAIRPERSON PFANNENSTIEL: Thank you.

9 And then moving on Item 13, possible adoption of
10 the Committee Draft, Overall Program Guidebook,
11 Kate.

12 MS. ZOCCHETTI: Thank you Madame Chair.
13 There are no errata for the Overall Program
14 Guidebook which just provides a specific aspect of
15 how the Renewable Energy Program is administered
16 not just limited to the RPS.

17 Proposed changes to the Overall
18 Guidebook include the following.

19 Remove provisions for providing
20 supplemental energy payments from the New
21 Renewables Facilities Program under Senate Bill
22 1036 and adjust the expected allocation of funding
23 to the Renewable Energy Program element under SB
24 1056.

25 Modify definitions in accordance with

1 changes in the law and policies for the following.

2 Did you want me to read the terms that
3 we are modifying?

4 CHAIRPERSON PFANNENSTIEL: They are
5 included in the written material.

6 MS. ZOCCHETTI: They are.

7 CHAIRPERSON PFANNENSTIEL: I don't know
8 that they need to be read into the record unless
9 we have otherwise advise. Okay. We do not need
10 to then.

11 MS. ZOCCHETTI: Thank you. Then that
12 includes the highlights of the changes. So with
13 those we would ask the Commission to approve the
14 Overall Program Guidebook as revised.

15 CHAIRPERSON PFANNENSTIEL: Questions or
16 discussion? Motion?

17 MR. HERRERA: Madame Chairman I want to
18 make sure that you understand that the comments
19 the Legal Office made earlier concerning CEQA
20 apply with respect to the Overall Guidebook as
21 well.

22 CHAIRPERSON PFANNENSTIEL: It's good
23 that you're shortening it each time (laughter).

24 MR. HERRERA: I should have gotten your
25 permission to read it once (laughter).

1 CHAIRPERSON PFANNENSTIEL: Permission
2 granted.

3 MR. HERRERA: And you to apply it.

4 CHAIRPERSON PFANNENSTIEL: We have a
5 motion.

6 COMMISSIONER GEESMAN: I will move it
7 with commendation to the staff for all of the good
8 work on these guidebook changes. It's a lot of
9 work, a lot of phone calls, a lot of meetings.
10 And I think you've been quite responsive both to
11 the various stakeholders and to the Renewables
12 Committee.

13 MS. ZOCCHETTI: Thank you very much.

14 COMMISSIONER BYRON: I will second it.
15 I would also like to thank you so very much for
16 red line versions of these documents. It makes it
17 so much easier to get changes.

18 CHAIRPERSON PFANNENSTIEL: Moved and
19 seconded. All in favor?

20 (Ayes.)

21 CHAIRPERSON PFANNENSTIEL: Okay, they've
22 been approved. Thank you very much Kate.

23 MS. ZOCCHETTI: Thank you very much.

24 CHAIRPERSON PFANNENSTIEL: Item 14,
25 possible approval of the final staff report,

1 Statewide Energy Efficiency Potential Estimates
2 and Targets for California Utilities. Mr. Klein.

3 MR. KLEIN: Good morning Commissioners.
4 I need to make a note before proceeding that it
5 appears that the document in front of us as posted
6 outside has a different title than what you just
7 read into the record. My apologies. I didn't see
8 that until I'm sitting here this morning.

9 So the current title of the report, the
10 one we're adopting and approving today is,
11 Achieving All Cost-Effective Energy Efficiencies
12 in California, The Final Staff Report.

13 Well let's see, Assembly Bill 2021 says
14 we had to do it and we did. We had to identify
15 with the publicly-owned utilities all potentially
16 achievable cost-effective electricity energy
17 savings.

18 We had to establish annual targets for
19 achieving feasible and reliable energy
20 efficiencies, savings and demand reduction for a
21 ten year period. And to report these targets to
22 the Energy Commission which are responsibilities
23 of publicly-owned utilities.

24 Upon receiving these targets from the
25 publicly-owned utilities the Energy Commission in

1 conjunction with the Public Utilities Commission
2 is required to develop a statewide estimate of all
3 potentially achievable cost-effective electricity
4 and natural gas savings and establish targets for
5 statewide annual energy efficiency savings for
6 both publicly-owned and investor-owned utilities
7 for the ten year period that was described.

8 We received and discussed with the
9 utilities potential studies. They gave us their
10 data that we analyzed and presented in one or more
11 public hearings and in staff reports and helped
12 establish targets related to this.

13 We evaluated three basic levels of
14 potential. Technical potential which is maximum
15 possible. Economic or cost-effective potential.
16 And feasible or achievable potential as described
17 in the statute.

18 We aggregated data from the utilities
19 from their studies and came up with a
20 recommendation. And the recommendation we came up
21 with is to adopt what the report has described as
22 Option 3, all cost-effective economic potential.

23 So with that we're seeking approval.

24 CHAIRPERSON PFANNENSTIEL: Thank you
25 Gary. Let me just comment that this is an

1 incredibly important report, an important step.

2 We need to find a way to capture that
3 economic potential if we're going to meet our AB
4 32 goals as well as achieving where I believe the
5 state can go on energy efficiency.

6 And I think that the staff does a very
7 good job of gathering up what we currently do,
8 what's currently out there and if nothing else
9 define the path, the next steps that we need to
10 take.

11 So I want to commend the staff for
12 pulling together a good report. Are there
13 questions or discussion from the Commission?

14 We have several people who are too,
15 who'd like to speak on this. Scott Tomashefsky,
16 NCPA.

17 MR. TOMASHEFSKY: Good morning again.
18 Actually I'd just like to take an opportunity to
19 just kind of reflect on what actually has gone
20 into the report itself and really.

21 It's been a good collaboration from the
22 public power perspective in terms of how the
23 Energy Commission has addressed this issue.

24 And we came to the Commission just after
25 SB 1037 was adopted and we basically said, let's

1 figure out a way that we can actually give you
2 information that you can make use of and we can
3 provide in a thoughtful way.

4 And so this is the result of a lot of
5 that effort. And we certainly don't agree with
6 everything that's in here which is fine.

7 But I do think the way staff has
8 characterized option 3. There is a little bit of
9 a nuance that I think in the Executive Summary is
10 very important to note. It may get lost in the
11 text itself.

12 But it's the notion of a 100 percent of
13 economic potential. There's a recognition in here
14 that talks about it being based on utility and
15 non-utility type programs which recognizes the
16 importance of Title 24 and Title 20 and those
17 types of things.

18 So I think at first glance when we had a
19 lot of the discussions you would hear things like,
20 well the utilities are going to be responsible for
21 all of that which causes a lot of angst.

22 I think the recognition that it's more
23 than just a utility program as a statewide goal I
24 think makes that much more of a comforting
25 statement to make.

1 So I just wanted to make sure that that
2 doesn't get lost in the detail of what's included
3 in the hundreds of pages here.

4 But I do want to recognize the work of
5 the staff. It has been very good from our
6 perspective to be able to get that particular
7 feedback. I know we have probably on average at
8 least one call a week depending on when the
9 reports are due and the fact that we have been
10 able to be forthcoming with information has been
11 great from our perspective.

12 And I also want to acknowledge, although
13 Lora is going to speak to it a little bit as well,
14 but NRDC has been very helpful at least in terms
15 of shaping some of the direction in terms of how
16 we approach that. And we do appreciate that.

17 Now on another note and I know in terms
18 of public opportunities to express appreciation I
19 know in terms of the end of this year and the
20 timing behind Commissioner Geesman's term ending I
21 just want to express our personal appreciation to
22 you for the efforts that you have provided.

23 And again as we have not agreed on all
24 issues I think it's very clear that the
25 thoughtfulness in terms of how you approach these

1 issues is well appreciated by those of us in the
2 public power community.

3 And personally I've had the opportunity
4 to see it on both ends of the equation, three
5 years in the building and two years out. So I
6 just want to personally thank you for your input
7 sir.

8 CHAIRPERSON PFANNENSTIEL: Thanks Scott.
9 Lora Ettenson from NRDC.

10 MS. ETTENSON: Hello again. My name is
11 Lora Ettenson with the Natural Resources Defense
12 Council. I thank you for the opportunity to speak
13 here today.

14 We would like to thank you Commissioners
15 for your hard work and your leadership along the
16 way and also the staff for their hard work, time
17 and collaboration.

18 Overall NRDC supports the report
19 achieving all cost-effective energy efficiency for
20 California. And we appreciate staff's efforts to
21 incorporate comments and to improve the report
22 from the previous version.

23 To echo Scott we also strongly support
24 the Commission's goal for the state to achieve a
25 hundred percent cost-effective energy efficiency

1 savings through a combination of utility programs,
2 CEC building and appliance efficiency standards,
3 local standards among other new strategies yet to
4 be determined.

5 We commend the publicly-owned utilities
6 overall for the significant increase in energy
7 savings that their targets represent.

8 And in particular we commend NCPA for
9 their leadership during this process.

10 We urge the Commission to commend the
11 individual POUs that have adopted the most
12 aggressive targets.

13 Based on our analysis the most
14 aggressive targets are in alphabetical order,
15 Azusa, Burbank, Corona, Glendale, Hercules,
16 Imperial Irrigation District, LADWP, Needles,
17 Pasadena, Riverside and SMUD.

18 In addition we urge the Commission to
19 continue to make this issue a high priority over
20 the coming year. For example, by making one of
21 the IEPR update topics this report is an excellent
22 first step but much work remains.

23 One of the areas that requires
24 additional work as you already know is the issue
25 of imbedded energy efficiency within the demand

1 forecast.

2 We commend the Commission for addressing
3 the process to resolve this issue in the IEPR.

4 In addition some of the POU's set low
5 targets and did not provide enough information for
6 the Commission to assess the reasonableness of
7 those targets.

8 While NRDC would have liked to see more
9 attention to recommend higher targets for those
10 POU's we understand the time constraints that both
11 the Commission and POU's worked under this year.

12 We urge the Commission to focus on
13 setting clear expectations for the next target
14 setting and the 1037 reporting process as early as
15 possible.

16 This will enable the POU's to conduct the
17 necessary analysis and to work collaboratively
18 with the CEC and stakeholders to provide the
19 necessary information.

20 We support the recommendations and next
21 steps as listed in Chapter 6 and encourage the
22 Commission to support the staff recommendation to
23 work collaboratively with the POU's to help them
24 succeed.

25 In particular we urge the Commission to

1 support the recommendation for the CEC to work
2 with the POU's to increase energy, excuse me, to
3 increase investments in energy efficiency in order
4 to meet their goals and to explore ways to remove
5 financial disincentives for additional energy
6 efficiency investments.

7 For example the Commission could write
8 letters to the POU boards commending their
9 increased attention to energy efficiency
10 encouraging them to increase their investments and
11 noting that the Commission will be tracking their
12 success.

13 NRDC would welcome the opportunity to
14 continue to work collaboratively with Commission
15 staff and NCPA to identify the specific steps the
16 Commission can take in order to help the POU's
17 achieve their goals.

18 In summary we urge you to adopt the
19 report and to make POU efficiency an IEPR update
20 topic next year.

21 We look forward to working with you to
22 help capture all cost-effective energy savings.

23 Thank you for considering NRDC's comments
24 throughout the process and again for the
25 opportunity to speak here today.

1 CHAIRPERSON PFANNENSTIEL: Thank you
2 Lora. We appreciate your comments and we very
3 much appreciate NRDC's involvement in this
4 process. We've got a long way to go and we're
5 going to have to be, continue to be partners with
6 you, with the NCPA, with SCPPA, with the POUs as
7 well as the IOUs.

8 So we've got a ways to go. Thank you.
9 Further questions? Yes, Commissioner Byron.

10 COMMISSIONER BYRON: This suggestion of
11 picking this up in the IEPR 2008 proceeding.
12 Madame Chair with you're concurrence a week or two
13 ago, forgive me I can't remember when, I asked the
14 Executive Director if we could go ahead and begin
15 this issue with regard to the Electricity
16 Committee.

17 And so I'll put it in the form of a
18 question. Ms. Jones have we got anywhere, will
19 this be on next agenda, business meeting agenda
20 for approval.

21 MS. JONES: I have talked with your
22 advisor and we are looking at trying to establish
23 a workshop to kick off the process you're talking
24 about under the auspices of the Electricity
25 Committee.

1 I don't believe it's something that has
2 to come forward to the Commission as a whole. I
3 believe the Committee has the authority to conduct
4 a workshop.

5 COMMISSIONER BYRON: All right, thank
6 you very much.

7 MS. JONES: And then we could wrap that
8 into the 2008 cycle once we get that cycle
9 started.

10 COMMISSIONER BYRON: All right. So for
11 your information we'll begin to pick that up early
12 in next year.

13 CHAIRPERSON PFANNENSTIEL: Further
14 discussion?

15 COMMISSIONER BYRON: I would just
16 comment this is an impressive document. I would
17 commend everybody for the work that's gone on in
18 it. I'm going to find it useful. Maybe we all
19 will when we get questions, both within, but even
20 more so from outside the state as to what people
21 might do or what are you doing in California.

22 This is going to make it a lot easier
23 than trying to explain it all. Hand them a copy
24 of this document and say, here's your primer.

25 CHAIRPERSON PFANNENSTIEL: It's our

1 starting point.

2 COMMISSIONER BYRON: Right.

3 CHAIRPERSON PFANNENSTIEL: Is there a
4 motion then for approval?

5 COMMISSIONER GEESMAN: I'll move
6 approval.

7 COMMISSIONER BYRON: Second.

8 CHAIRPERSON PFANNENSTIEL: All in favor?

9 (Ayes.)

10 CHAIRPERSON PFANNENSTIEL: Thank you
11 Gary.

12 MR. KLEIN: Thank you and may I beg your
13 indulgence for one minute. This is my last
14 business meeting as an employee of the Energy
15 Commission.

16 I retire at the end of the month. And I
17 want to thank you for 19 years of working with you
18 all. I appreciate it.

19 CHAIRPERSON PFANNENSTIEL: Thank you.

20 COMMISSIONER BOYD: Your hair is not
21 grey, you can't retire (laughter).

22 MR. KLEIN: It's not about age.

23 CHAIRPERSON PFANNENSTIEL: Approval for
24 the minutes from the December 5th Business
25 Meeting.

1 COMMISSIONER ROSENFELD: I'll move the
2 minutes.

3 COMMISSIONER BYRON: I'll second it.

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

6 CHAIRPERSON PFANNENSTIEL: Commission
7 presentations, discussion anything to raise?

8 COMMISSIONER BYRON: Will we be
9 discussing at all what passed through the Congress
10 I understand yesterday.

11 CHAIRPERSON PFANNENSTIEL: When we get
12 to the Leg Director Report perhaps.

13 MR. SMITH: Only to note that it was
14 passed (laughter).

15 CHAIRPERSON PFANNENSTIEL: And signed I
16 believe.

17 COMMISSIONER BOYD: It was signed this
18 morning.

19 CHAIRPERSON PFANNENSTIEL: And signed
20 this morning.

21 MR. SMITH: I've gotten through the
22 Table of Contents. Yes, it was signed this
23 morning and we are processing information to
24 provide each of you with information on its
25 contents.

1 CHAIRPERSON PFANNENSTIEL: I might
2 observe that it's probably not as long as it maybe
3 it should be.

4 COMMISSIONER BOYD: Lucky they signed it
5 at the Energy Department since the Executive
6 Office Building had a fire today.

7 CHAIRPERSON PFANNENSTIEL: Yeah.

8 COMMISSIONER GEESMAN: There's some
9 important missing parts.

10 COMMISSIONER ROSENFELD: I have a
11 comment Madame Chairman.

12 CHAIRPERSON PFANNENSTIEL: Certainly.

13 COMMISSIONER ROSENFELD: On the Energy
14 Bill.

15 COMMISSIONER BYRON: Push your button
16 there.

17 COMMISSIONER ROSENFELD: One item which
18 certainly didn't make page one of the newspapers
19 but which I'm very happy about.

20 I want to confirm that this issue of
21 regional HVAC heating, ventilation and air
22 conditioning which means three air conditioning
23 zones for the country. Which means the ability to
24 get an air conditioner which is 10 or 15 percent
25 better EER, passed.

1 CHAIRPERSON PFANNENSTIEL: Good.

2 COMMISSIONER ROSENFELD: Very, very
3 happy. And there was another issue which we,
4 which failed but which got so close that it might
5 go into technical amendments next year was the
6 issue of a waiver for the threshold for Title 24.

7 That's been an issue which for 25 years
8 has bothered us. And we got DOE to agree that
9 it's a good idea. So the move now is to hope that
10 we can get it into law next year.

11 CHAIRPERSON PFANNENSTIEL: Thank you.
12 Anything else? Chief Counsel's Report.

13 MS. HOLMES: Nothing to report.

14 CHAIRPERSON PFANNENSTIEL: Executive
15 Director's Report.

16 MS. JONES: Nothing to report.

17 CHAIRPERSON PFANNENSTIEL: Leg Director,
18 Mr. Smith.

19 MR. SMITH: The only couple of things I
20 want to mention beyond the Energy Act is going
21 into next session the Governor has announced that
22 he will be calling, declaring a fiscal emergency.

23 That will require the Legislature to act
24 within a 45 day period to provide the Governor
25 with remedies to the increasing budget deficit.

1 If they do not act within 45 days the
2 law requires that no other legislation may be
3 considered until such remedies are provided to the
4 Governor. So they have a 45 day window to act, to
5 respond.

6 We have received, regarding bills,
7 looking forward to the next session, we, there are
8 two bills have been amended that have come across
9 we've become aware of that affect us.

10 One is AB 1327, which is a bill by
11 Assembly Member Ma that would increase the term of
12 loans through our Energy Conservation Assistance
13 Act Funding Programs up to 30 years.

14 This bill is actually scheduled for
15 Assembly Utilities and Commerce hearing on January
16 13th. So we are in the process of analyzing that
17 bill and will be making recommendations shortly.

18 The other one is AB 1675 which is a bill
19 by Speaker Nunez that would do two things. It
20 would require the Department of General Services,
21 excuse me, the Department of Transportation to
22 develop specifications and standards for fuel
23 economy and emissions for medium and heavy-duty
24 vehicles that they purchase for their fleet.

25 This is interesting, recall that we had

1 made amendments last year, suggested amendments
2 last year to the Governor and to, for some reason
3 I'm blanking on, Assembly Member Lieu who had AB
4 236 where the statute was amended to require DGS
5 to take more aggressive steps in increasing
6 alternative fuels and fuel efficiency in the state
7 fleet.

8 And we had recommended that it not be
9 limited to light-duty cars and trucks. But that
10 there maybe a significant opportunity for medium
11 and heavy-duty vehicles as well. And so it's good
12 to see that that's now in a piece of legislation.

13 The second item this bill would do is
14 require the Department of Transportation to
15 develop cement specifications for the Department's
16 purchasing of cement for non-structural purposes
17 that would require the cement to include a 5 to
18 15, excuse me, 5 percent to 10 percent non-cement
19 blend to address potential greenhouse gas or
20 greenhouse issues.

21 So we will be, and that's scheduled for
22 Assembly Transportation on January 14th. So we'll
23 also be doing an analysis quickly to get that in
24 your hands.

25 And those are the only items I have to

1 report right now.

2 COMMISSIONER BOYD: Madame Chair,
3 Mr. Smith reminds me that there was a hearing last
4 week. Monday of last week Senator Kehoe's
5 committee, augmented by Assemblyman DeVore, held
6 their hearing on nuclear energy in San Diego --
7 nuclear energy in California the hearing was held
8 in San Diego.

9 The Senator asked this agency to lead
10 off the whole discussion and then sit at the table
11 and make closing comments.

12 The Commission was treated kindly by
13 all. I wouldn't say all of those who testified
14 were treated equally kindly but it was an
15 interesting presentation by many different folks
16 on the subject.

17 And I think the work that has been done
18 both in the 2005 and the 2007 IEPR processes was
19 well documented, referenced and received
20 appropriate amounts of notoriety. And I think I
21 said IEPR so many times that I've had people
22 coming back to me now mentioning it.

23 That fact and it's just all part of the
24 campaign to get the Legislature to pay more
25 attention to that document. So several of the

1 Legislators asked for copies of it again at the
2 hearing and perhaps will pay more heed to
3 recommendations made there even beyond the nuclear
4 arena.

5 So in any event I thought it went quite
6 well. And Barbara Byron did a great job of
7 staffing this thing for me.

8 CHAIRPERSON PFANNENSTIEL: Thanks Jim.
9 Commissioner Geesman.

10 COMMISSIONER GEESMAN: Mike, do the
11 legislative responses to the fiscal emergency have
12 to have a two-thirds majority?

13 MR. SMITH: I'm not sure. That's a
14 question I don't know. I can find out and get
15 back to you.

16 COMMISSIONER GEESMAN: Thanks.

17 CHAIRPERSON PFANNENSTIEL: Anything
18 else? Public Adviser's Report.

19 MR. BARTSCH: Madame Chair and members,
20 Nick Bartsch of the Public Adviser's Office. I
21 don't have anything new for you at this time.
22 Thank you.

23 CHAIRPERSON PFANNENSTIEL: Thank you.
24 Further public comment? Let me just offer before
25 we adjourn to our first executive session that

1 this may be Commissioner Geesman's last business
2 meeting, maybe.

3 COMMISSIONER BYRON: We're not certain.

4 CHAIRPERSON PFANNENSTIEL: We're not
5 certain exactly. There will be a business meeting
6 January 2nd. And if history is any indicator I
7 think that he will be here with us --

8 COMMISSIONER ROSENFELD: He'll be here.

9 CHAIRPERSON PFANNENSTIEL: -- on January
10 2nd.

11 COMMISSIONER BOYD: We're betting on it.

12 CHAIRPERSON PFANNENSTIEL: But I want to
13 just make sure that he understands that our not
14 doing any ceremony today is just kind of in
15 expectation that we'll get an opportunity again
16 sometime. Commissioner Byron.

17 COMMISSIONER BYRON: Yes, but I'm
18 concerned. I mean January 2nd, who knows what
19 could happen between now and then. So and --

20 CHAIRPERSON PFANNENSTIEL: Do you have
21 like a poem to read or something (laughter)?

22 COMMISSIONER BYRON: You know I
23 actually, I actually do have some prose that I
24 would like to read into the record. And this was
25 triggered by the generosity, the seasonal

1 generosity that he exhibited today.

2 So I wrote this while Mr. Alvarez and
3 Mr. Galati were speaking (laughter). It's very
4 short.

5 To Commissioner Geesman, he's always
6 well read. He adds to business meetings, they're
7 never dead. But as the new year approaches I fear
8 it with dread, because of JG's departure, we'll
9 miss him, 'nuff said.

10 I hope you're back in January,
11 Commissioner Geesman.

12 CHAIRPERSON PFANNENSTIEL: And then
13 you'll add to this (laughter).

14 COMMISSIONER BYRON: No.

15 CHAIRPERSON PFANNENSTIEL: All right as
16 I said at the outset, we will have a brief -- ah,
17 Ms. Holmes has something to offer.

18 MS. HOLMES: I just want, just a
19 housekeeping matter. I wanted to note that based
20 on the information I had this morning, you're
21 going into closed session not only for personnel
22 matters as it notes in the agenda notice but also
23 on pending litigation.

24 CHAIRPERSON PFANNENSTIEL: Yes I was
25 just going to say that. That we're going into a

1 brief executive session on a litigation matter
2 then we will take a break and then we will
3 reconvene on a personnel matter at 12:45.

4 So litigation matter in my office right
5 now. We'll be adjourned.

6 (Whereupon, at 11:58 a.m., the
7 business meeting was adjourned.)

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CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 2nd day of January, 2008.

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