

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, JANUARY 30, 2008

10:00 A.M.

Reported by:
Debi Baker
Contract Number: 150-07-001

COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, Chairperson

Arthur Rosenfeld

John L. Geesman

James. D. Boyd

Jeffrey D. Byron

STAFF and CONTRACTORS PRESENT

Melissa Jones, Executive Director

William Chamberlain, Chief Counsel

Michael Smith, Legislative Director

Harriet Kallemeyn, Secretariat

Mazi Shirakh

Elaine Hebert

John Sugar

Rob Hudler

Fernando DeLeon

Claudia Chandler

Bill Pennington

Lynette Esternon-Green

Monica Rudman

Tav Commins

Betty Chrisman

Nancy Libonati

Cathy Turner

Martha Krebs

ALSO PRESENT

Joseph Somsel
americanthinker.com

Erik S. Emblem, Consultant
3E International
Sheet Metal and Air Conditioning Contractors
National Association
Sheet Metal Workers International Association with
the State of California

Roy MacBrayer
Department of General Services

Matthew Hargrove, Senior Vice President
California Business Properties Association

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

I N D E X

	Page
Proceedings	1
Items	1
1 Consent Calendar	1
2 2008 Building Energy Efficiency Standards	1
3 AB-2160 Report to the Green Action Team	20
4 City of Santa Barbara Building Efficiency Standards	59
5 Order Instituting Rulemaking for the Alternative and Renewable Fuel and Vehicle Technology Program	61
6 ProProse	66
7 TIAX, LLC	69
8 Digital Energy, Inc.	73
9 Hotel Nikko San Francisco (removed)	1
10 California Commissioning Collaborative	75
11 Setka, Inc.	77
12 State Water Project Contractors Authority (removed)	1
13 Purchase Order for PIMS Support	81
14 Public Sector Consultants, Inc.	82
15 Association of State Energy Research and Technology Transfer Institutions	83
16 Pneu-Logic Corporation (moved to 2/13)	1
17 Minutes	87
18 Commission Committee Presentations/ Discussion	88
19 Chief Counsel's Report	93

I N D E X

	Page
Items - continued	
20 Executive Director's Report	94
21 Legislative Director's Report	94
22 Public Adviser's Report	97
23 Public Comment	97
Adjournment	97
Certificate of Reporter	98

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

2 10:00 a.m.

3 CHAIRPERSON PFANNENSTIEL: This is the
4 Energy Commission biweekly meeting. Please join
5 me in the Pledge of Allegiance.

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

8 CHAIRPERSON PFANNENSTIEL: We have a
9 couple of changes to the published agenda. Item
10 1.b. comes off of the consent calendar and Ms.
11 Jones will discuss that in the Executive
12 Director's report.

13 Item 9 is removed. Item 12 is removed.
14 And item 16 is moved to the February 13th business
15 meeting.

16 With that, do we have a motion for the
17 consent calendar?

18 COMMISSIONER ROSENFELD: I move the
19 consent calendar.

20 COMMISSIONER GEESMAN: Second.

21 CHAIRPERSON PFANNENSTIEL: In favor?

22 (Ayes.)

23 CHAIRPERSON PFANNENSTIEL: Consent
24 calendar is approved.

25 Then item 2, the 2008 building energy

1 efficiency standards. And no action on this item
2 will occur at this meeting, but it will be
3 continued to allow notice and publication of the
4 15-day language that will change the original
5 proposal. Morning, Mazi.

6 MR. SHIRAKH: Good morning,
7 Commissioners. Mazi Shirakh; I'm the Project
8 Manager for the 2008 standards. I have a short
9 statement I'd like to read.

10 In November of 2007 the Commission
11 published a notice of proposed action, or NOPA,
12 and the 45-day language express terms which
13 included all of 2008 standards documents. The
14 NOPA included the dates of January 30, 2007 --

15 CHAIRPERSON PFANNENSTIEL: 2008.

16 MR. SHIRAKH: 2007, I'm sorry. For
17 adoption of the 45-day --

18 COMMISSIONER ROSENFELD: 2008, Mazi.

19 CHAIRPERSON PFANNENSTIEL: Go ahead.

20 COMMISSIONER BOYD: You just can't get
21 out 2007, Mazi. It is 2008, however.

22 The Energy Efficiency Committee held a
23 hearing on December 17, 2007 -- I think I got that
24 one right --

25 (Laughter.)

1 MR. SHIRAKH: -- to receive comments on
2 the 45-day language. The Committee received
3 substantial comments at the hearing, and then
4 subsequent to the hearing, written comments to the
5 staff and the Committee.

6 As a result of these comments the
7 Committee has directed the staff to develop 45-day
8 language for possible adoption by the Commission
9 at a later date.

10 Staff anticipates several weeks to work
11 with the commenters and various stakeholders to
12 work through the issues, and then revise the 45-
13 day language.

14 When the Committee decides to make
15 further changes to the proposed regulation and
16 release the 15-day language that action nullifies
17 the dates specified in the NOPA for the adoption
18 of the 45-day language.

19 Therefor, no decision on the 2008
20 standards is required from the Commission today.
21 So with that I'd be happy to answer any questions.

22 CHAIRPERSON PFANNENSTIEL: Thank you,
23 Mazi. I do have a couple blue cards, but first
24 let me just affirm a couple points I think have
25 been discussed.

1 One is the process that nothing is
2 happening today because there will be a revision
3 to the proposed building standards. And they'll
4 go back out for review. And then we will consider
5 them at some later time.

6 As I understand, there are a lot of
7 changes that have been requested. And so we're
8 considering those changes.

9 MR. SHIRAKH: Yeah, the staff has been
10 working on many of the issues, and we're making
11 progress. But there's still some work to do, so
12 within the next few weeks (inaudible) will come
13 back (inaudible) with the 15-day language
14 recommendations.

15 CHAIRPERSON PFANNENSTIEL: And then the
16 second point, which I think is also critical to
17 say, is that the Committee has directed that the
18 PCT discussion be removed from the 2008 standards.
19 So that will not be considered when they're
20 brought back to us.

21 MR. SHIRAKH: Correct. In fact, we've
22 already reverted back to the 2005 language which
23 required the set-back thermostats.

24 CHAIRPERSON PFANNENSTIEL: Thank you.
25 Are there questions from the Commissioners? Yes,

1 Commissioner Geesman.

2 COMMISSIONER GEESMAN: Would the
3 Committee contemplate workshops then when the
4 staff has a new proposal? Or will that come
5 straight back to the full Commission?

6 CHAIRPERSON PFANNENSTIEL: I believe
7 there will be at least one public hearing before
8 it comes back to the Commission.

9 Mr. Pennington.

10 MR. PENNINGTON: Excuse me. The normal
11 process is to try to address all the comments to
12 the satisfaction of the Committee and bring the
13 proposal back as 15-day language for the full
14 Commission to decide.

15 CHAIRPERSON PFANNENSTIEL: But, Bill, is
16 it not the case that at that -- when it comes back
17 to the Commission, that is, in fact, the public
18 hearing?

19 MR. PENNINGTON: It is, that's correct.

20 CHAIRPERSON PFANNENSTIEL: It is an
21 opportunity for people to speak?

22 MR. PENNINGTON: Absolutely.

23 CHAIRPERSON PFANNENSTIEL: I would also
24 suggest that given the number and magnitude of the
25 changes that have been requested, the Committee

1 may well consider an additional public hearing --

2 MR. PENNINGTON: Sure, that --

3 CHAIRPERSON PFANNENSTIEL: -- prior to
4 coming back to the Commission.

5 MR. PENNINGTON: -- that would be the
6 Commission's decision. Sure.

7 CHAIRPERSON PFANNENSTIEL: Thank you.

8 Other questions before we go to blue cards?

9 Joseph Somsel from the
10 americanthinker.com.

11 MR. SOMSEL: Yes, hello. My name's Joe
12 Somsel and I wrote an article in the January 4th
13 issue of the americanthinker.com where I had both
14 praise for some of the energy savings suggestions
15 in the code, and some criticisms.

16 Some of the proper uses of the building
17 codes, I thought one good example was the one on
18 the swimming pools. I thought that made a lot of
19 sense as a building code and was a proper
20 application.

21 But, of course, I was critical of the
22 PCTs. Now, I think the fundamental issue that the
23 PCTs raised was the state energy policy, which is
24 now conservation first, as I understand it.

25 Sure sounds nice, you know, it's a nice

1 sound bite. It's very easy to support; very
2 difficult to oppose. It seems very painless
3 politically.

4 What if we citizens don't voluntarily
5 meet our conservation quotas? What if we
6 customers find good uses for the electricity at
7 prices that we're willing to pay?

8 As we first saw with the federal
9 legislation on banning incandescent light bulbs,
10 and then later on with the PCT proposal,
11 conservation first rapidly devolves into
12 government coercion of the ratepayers, of the
13 people who use electricity.

14 I think from the comments that I've seen
15 on the blogs and heard on the talk radio and The
16 New York Times and elsewhere, the public
17 understands that state policies currently actually
18 discourage investment in effective new generation.

19 We have a ban in the state on new coal
20 plants and new nuclear plants. We also have an
21 extraterritorial ban on coal plants outside the
22 state for selling electricity back into the state.

23 According to your own website in 2007
24 the state added only 167 megawatts came online.
25 Now that is 0.35 percent of the 2006 peak loads.

1 Admittedly 2007 was a bad year. But I think that
2 trend reflects the fact that state policies
3 actually discourage investment in new generation.

4 By my estimate we've spent -- somebody
5 spent almost \$4 billion on windpower. Now there
6 was a study by an engineer from the Department of
7 Energy who pointed out that during the heat wave
8 in 2006 wind provided only 6 percent of its
9 capacity. So essentially somebody spent \$4
10 billion to not meet our peaks.

11 Another example of the discouragement of
12 energy generation was, of course, the former
13 Attorney General when he talked about Spike and
14 giving free room and board as Spike's roommate in
15 the state prisons. That probably didn't help
16 much.

17 I think we all understand now that when
18 the government warns of blackouts, what they
19 really are saying is we will create shortages
20 which are the prime cause of these blackouts. Of
21 course, there are acts of God and certain
22 operational failures. The blackouts will always
23 be part of the electric grid.

24 But if the policies are creating
25 shortages, and the government offers invasive

1 techniques and requirements to ameliorate those
2 shortages, that's probably not the right kind of
3 policy.

4 One thing I didn't see in the Title 24
5 was cost/benefit analysis. I went to the PUC and
6 they have a docket for a proposal to exploit PCTs
7 and other communicating port that was part of the
8 standard inside of PCT.

9 That utility, a major utility in
10 northern California, estimated a savings of just
11 over \$1 billion of the net present over 20 years.
12 When they did the cost it came out to be just a
13 little bit under \$1 billion.

14 And if you take out the \$150 million
15 savings they estimates that would arise just from
16 the ability to remotely disconnect customers who
17 didn't pay their bills, it's really an economic
18 wash.

19 And the worst part of that was the
20 savings are in negawatts. Negawatts are an
21 innovative idea that came up with Amory Lovins
22 about 20 years ago, 30 years ago now, that really
23 violate all basic accounting principles in terms
24 of debits and credits; they're really funny money.

25 But that was the estimated savings to

1 offset the real hard dollars, the hard billion
2 dollars that utility was going to spend on
3 implementing demand response.

4 I think people understand that demand
5 response really means that the government demands
6 and the citizens respond. Now, that, ladies and
7 gentlemen, is probably backwards around the way
8 our system is supposed to work. That's probably
9 why you received a number of hostile comments.
10 And I apologize if that -- people got a little
11 carried away on that. In my article I tried to be
12 fair and technocratic about it, if you would.

13 I think we all understand in the state
14 that there are business innovators and
15 entrepreneurs out there who are ready, willing and
16 able to build new generation in the state, or
17 supply the state at least to meet our needs.
18 People want to have their houses cool; people want
19 to run their dryers when they do their laundry
20 when it's appropriate for them in their personal
21 lives to do so.

22 The question becomes, well, why can't
23 our state government just stand aside and let the
24 free enterprise system work.

25 Let me close with one little story from

1 the founding of the electric utility industry.
2 Thomas Alva Edison faced this problem of peak
3 demand and ability to meet customers' requirements
4 for electricity.

5 This was on the very first electric
6 utility in the country, which was the Pearl Street
7 Station in New York City supplying Wall Street.

8 His first customer, his major investor
9 was a guy named J.P. Morgan. Well, Edison had
10 troubles expanding his system and meeting customer
11 demands. And J.P. Morgan simply said, hey, we
12 want electricity, you know; if you can't deliver
13 it, here, go fix it, Tom.

14 Well, when Edison's system proved to be
15 too limited, his direct current system, and unable
16 to meet those demands, J.P. Morgan fired Edison.

17 So, if the government's going to be
18 involved in the regulation of electric utilities
19 and supply and demand for electricity in the
20 state, I think the customers may take the attitude
21 of J.P. Morgan.

22 Thank you very much.

23 CHAIRPERSON PFANNENSTIEL: Thank you,
24 Mr. Somsel.

25 COMMISSIONER GEESMAN: Madam Chair.

1 CHAIRPERSON PFANNENSTIEL: Yes,
2 Commissioner Geesman.

3 COMMISSIONER GEESMAN: I had a question
4 for --

5 MR. SOMSEL: Yes.

6 COMMISSIONER GEESMAN: You sketch a
7 fairly entertaining cartoon and you seem like a
8 knowledgeable individual. I wonder if you're
9 aware of the fact that this Commission has
10 approved permits for projects summing to about
11 8500 megawatts that have never gone to
12 construction. Projects that have met all the
13 environmental, public health and safety
14 requirements, and received the approval of this
15 Commission, and they've not proceeded to
16 construction.

17 MR. SOMSEL: Well, I wouldn't, you know,
18 I certainly don't say the Energy Commission is
19 responsible for all these issues. But the overall
20 state policies that, of course, the Energy
21 Commission is trying to apply here of conservation
22 first, arrived at through the Legislature, does
23 actually discourage investors in the state.

24 I know that from personal experience --

25 COMMISSIONER GEESMAN: Are you aware of

1 any power plant application that this Commission
2 has denied in the last ten years?

3 MR. SOMSEL: No, I haven't, no.

4 COMMISSIONER GEESMAN: Thank you very
5 much.

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

8 Also Erik Emblem from SMACHA (sic).

9 MR. EMBLEM: Good morning, Madam
10 Chairman, Commissioners. Appreciate the
11 opportunity to speak to you today. I'm here, I'm
12 with 3E International; I'm a private consultant;
13 and I'm working for SMACNA, the Sheet Metal and
14 Air Conditioning Contractors National Association,
15 and their employees' union, the Sheet Metal
16 Workers International Association with the State
17 of California.

18 Just kind of give you a little
19 background on them, because I don't think you've
20 probably had them around here very much.

21 SMACNA represents 625 member contractors
22 throughout the State of California; it employs
23 25,000 people in the state. On a national level
24 they promulgate standards and guidelines for HVAC
25 and duct systems in buildings, and energy

1 efficiency systems. They do duct system
2 inspection guides, duct systems and design, indoor
3 air quality guidelines for construction, building
4 systems analysis and retrofit, HVAC air duct
5 leakage, HVAC systems commissioning manuals,
6 guidelines for roof-mounted air conditioner
7 installations, residential comfort system
8 installation manual, residential sheet metal
9 guidelines.

10 That's just a few of their manuals that
11 are recognized on a national level and are
12 referenced in all the national codes.

13 So, they've been around a long time.
14 The Sheet Metal Workers Union was chartered in
15 1888. And actually the local union located in San
16 Francisco is older than their International that
17 they belong to. It was actually chartered in
18 1875. So, been around a long time, working with
19 the State of California in the building and
20 construction industry.

21 Jointly they sponsor training programs
22 throughout the state. These are apprentice and
23 journeyman training programs; they have ten
24 facilities. They contributed \$30 million a year
25 of industry funds to support these training

1 facilities. And currently they have 3000 students
2 in class in a career-based training program to
3 understand HVAC and building systems, as well as
4 architectural metals and building sealing systems
5 for energy retrofit.

6 They are major stakeholders in the
7 construction industry in the State of California;
8 and they're here today to talk to you about your
9 2008 energy code. And your card it's kind of
10 distinguished, you're either going to be opposed
11 or against or neutral. And I want to commend the
12 Commission and the employees, because I think
13 overall it's a good report. And overall there was
14 a lot of hard work. I've worked on some of the
15 working groups with Bill Pennington's office, and
16 I'm going to tell you they do a lot of hard work
17 and I commend them for that.

18 I'm here only in opposition to a couple
19 pieces of that, so if you look at the entirety of
20 the standard as it's been published, you know,
21 that's just a mini piece of it.

22 One of our concerns is that on
23 ventilation. The Air Resources Board submitted a
24 comment letter on ventilation and recommended some
25 changes that we generally support. And we sent a

1 letter to such, and I won't go through the boring
2 thing of reading the whole letter.

3 But what our concern is is establishing
4 some standards for assessing energy efficiency and
5 ventilation in buildings. And in most of the
6 other codes and standards, such as the MasterSpec
7 through the American Institute of Architects. If
8 you went to the U.S. Corps of Engineers, you went
9 to the GSA, even OSHPD in the State of
10 California, they reference three testing agencies
11 that do verifications of systems analysis.

12 And that's the American Associated Air
13 Balance Council, the AABC, the National
14 Environmental Balance Council, NEBB, and the Test
15 and Adjusting Balancing Bureau, TABB. And these
16 are private industry people that specialize in
17 testing, adjusting, commissioning, retro-
18 commissioning of building environmental systems.

19 And we think very strongly that they
20 should be referenced throughout your code when it
21 comes to evaluating or suggestions for evaluating
22 or requirements that evaluations of building
23 systems come about.

24 Currently within the code, through the
25 home energy rating system, the HERS project, that

1 is referenced and it has jurisdiction. And I
2 don't purport to be an expert on HERS and
3 everything; I'm fairly familiar with it. But HERS
4 rating can be required on systems from homes all
5 the way up to 20 tons in size.

6 Now, 20 tons in size generally is not a
7 residential system. Now in Monterey and La Jolla
8 and some of the areas of the state there may be
9 some 20-ton residential systems. But by and large
10 those are light commercial and some commercial
11 applications. And the HERS rating system, if you
12 took and overlaid it to the TABB, NEBB and AABC
13 system testing protocols they wouldn't even look
14 the same. They wouldn't even be close.

15 And the reason is is the TABB, NEBB,
16 AABC have been in existence for over 40 years
17 combined. And they've established protocols and
18 vetted them through various testing agencies and
19 have been recognized by ANSI on how to test and
20 evaluate building systems.

21 When I started I explained that SMACNA
22 and the sheet metal workers, they sponsor training
23 programs throughout the State of California
24 through ten training facilities. And they train
25 3000 people currently in those programs.

1 Well, a big part of those programs is
2 training individuals on how to do that, and apply
3 those protocols and to evaluate the systems in
4 buildings.

5 Now, we object to the HERS system at
6 this point because if you went and you wanted to
7 become a HERS rater in the State of California,
8 basically the admittance application is a check.
9 And if you have a check and you go in and you take
10 a few-day course, you come out with a
11 certification.

12 I can tell you that the certified TABB
13 technicians, working with those three agencies
14 throughout the State of California, they go
15 through a five-year training program in which
16 they're required to have minimum of 200 contact
17 hours per year, 1000 contact hours in front of a
18 contractor, coupled with 2000 contact hours in the
19 field before they can even seek to be certified.

20 So, basically they go through and get
21 what would be an equivalent of a bachelors degree
22 to become a system evaluator for systems. And I
23 will say that throughout the United States,
24 California has more of them available than any
25 other state in the Union, even proportionate to

1 its size. You have a tremendous amount of them
2 because it's been a dedicated industry in the
3 state.

4 So, if I leave here with too much
5 information I don't want to do that, but what I
6 want to do is just highly recommend that you
7 consider, when you rewrite the code, or looking at
8 putting some changes in the code, that we
9 reference those agencies. And maybe for the time
10 being that we reference them for any system
11 outside of a residence as a required, or as an
12 equal-to the HERS system. And that we consider or
13 put a group together to study looking at them for
14 doing applications in the residential field. And
15 maybe helping them get some protocols that would
16 be directly applicable to residences.

17 I feel that what they have now would
18 fit. Obviously what they're doing deals with
19 multistory buildings and huge applications. But a
20 ventilation system is a ventilation system. And
21 an energy system is an energy system. Basically
22 the components are the same; it's just multiplied
23 many times over in commercial buildings.

24 So, with that, I think that's it. I'd
25 be happy to answer any questions. Appreciate it.

1 CHAIRPERSON PFANNENSTIEL: Thank you,
2 Mr. Emblem. Your comments have been submitted in
3 writing?

4 MR. EMBLEM: Yes, they have.

5 CHAIRPERSON PFANNENSTIEL: Thank you
6 very much.

7 MR. SHIRAKH: We did receive SMACNA's
8 comments in the last few days. I just read them
9 for the first time yesterday. We still don't
10 have, haven't had time to prepare a response, but
11 we will.

12 CHAIRPERSON PFANNENSTIEL: Thank you so
13 much.

14 MR. EMBLEM: Okay, thank you very much.

15 CHAIRPERSON PFANNENSTIEL: Anything
16 else? So this item, then, has no action indicated
17 recommended. So we will move on to the next.
18 Thank you, Mazi.

19 Item 3, possible approval of the Energy
20 Commission's report to the Governor's Green Action
21 Team as directed by Assembly Bill 2160 on the
22 state's financing and other project delivery
23 mechanisms for energy and resource-efficient
24 projects in the state's own buildings and on
25 obstacles and incentives for green building

1 projects in the private commercial sector. Good
2 morning.

3 MS. HEBERT: Good morning, Commissioners
4 and audience members; my name is Elaine Hebert and
5 with me is John Sugar. He's the Office Manager
6 for the public programs office of the efficiency
7 and renewable energy division.

8 The description on the agenda of this
9 item is quite succinct. Let me give you a little
10 bit more detail.

11 A green building action plan for
12 California was established by Governor
13 Schwarzenegger's executive order S-20-04 in
14 December 2004. AB-2160 in 2006 put into law
15 several items from that executive order. And that
16 executive order is also known as the Green
17 Building Initiative.

18 AB-2160 directs the Energy Commission to
19 consult with the state's Department of General
20 Services and Treasurer's Office to identify and
21 develop financing and other mechanisms for
22 implementing what are called energy and resource
23 efficient, or green building projects in state-
24 owned facilities.

25 AB-2160 also directs the Energy

1 Commission to consult with those same entities and
2 the commercial building industry to identify
3 obstacles to and to identify and recommend
4 incentives for furthering green building in the
5 private commercial sector.

6 The report we are asking you to approve
7 today contains the findings from these items.
8 This is a staff report, and if you approve it
9 today we will make the appropriate changes to make
10 it a Commission report, and then submit it to the
11 Green Action Team.

12 Allow me to summarize our findings. For
13 the portion dealing with the state implementing
14 green building in its own facilities, we worked
15 most closely with the Department of General
16 Services, DGS, which is the entity responsible for
17 physically implementing green and energy efficient
18 measures.

19 We also consulted with the Treasurer's
20 Office as appropriate. We, the state, have set up
21 a number of mechanisms to move our buildings
22 toward being green. Among the financing options
23 are a low interest, municipal lease program and an
24 energy services company or ESCO program in which
25 the upfront costs for energy-saving measures are

1 paid back over time from the energy savings.

2 Among the nonfinancial mechanisms are
3 many items outlined in the Green Building
4 Initiative including energy benchmarking and
5 retrocommissioning of our existing buildings.
6 Also adopting guidelines for greening K-through-12
7 schools in California.

8 For the private commercial sector
9 portion of the report, back in late summer of 2007
10 we drafted a list of obstacles and incentives for
11 green building in the commercial private sector
12 based on what we knew already from three decades
13 of program implementation and energy efficiency in
14 buildings; and based on staff's research and input
15 from a limited stakeholder base.

16 We used that draft list as a basis for
17 discussion and comment at a public workshop in
18 September.

19 After September we were able to obtain a
20 number of excellent relevant documents, some of
21 which had been previously unpublished, that
22 provided information for this portion of the
23 report. We synthesized a great deal of
24 information into ten obstacles to green building.

25 And I won't list them all here, but the

1 main one appears to be that many commercial
2 building owners, managers and investors don't yet
3 fully see a convincing business case or value
4 proposition to going green.

5 Now, many factors contribute to this.
6 I've listed them in the report. Some of them are
7 simply, there's just a lack of consistent easily
8 locatable and understandable information on green
9 building, green building strategies, green
10 building costs and so forth.

11 We came up with a number of potential
12 incentives and other options to address these.
13 Many involve better collaboration with the
14 affected stakeholders. Several stakeholders
15 expressed a need for, for example, a third party,
16 the state or a utility or something like that, to
17 subsidize the cost of green building consultants
18 to help newcomers to green building take the first
19 steps.

20 In general, there's a great need for
21 reliable, easily understandable, accessible
22 information on green building costs, strategies
23 and financing. Cash incentives to support green
24 building could also help jump-start the private
25 sector.

1 Yesterday we received several excellent
2 letters addressing the private commercial portion
3 of the report, and I believe there's a
4 representative here today from the California
5 Business Properties Association who wishes to
6 address you with some of those comments.

7 If you agree that the comments are
8 valuable and should be submitted with the report
9 to the Green Action Team, we will await your
10 instructions on how to proceed.

11 Before I close I want to say that I
12 think this process has opened up some
13 communication channels with some stakeholders that
14 we hadn't reached very well before, and we look
15 forward to future collaborations with them.

16 Can I answer any questions for you?

17 CHAIRPERSON PFANNENSTIEL: Well, let me
18 just start with a process question. Has this
19 report already been conveyed to, as staff report,
20 to the Green Action Team?

21 MS. HEBERT: No.

22 CHAIRPERSON PFANNENSTIEL: It's not gone
23 out yet?

24 MS. HEBERT: No.

25 CHAIRPERSON PFANNENSTIEL: It has been

1 posted on the website, the Commission website?

2 MS. HEBERT: Yes, that is correct. That
3 is correct.

4 CHAIRPERSON PFANNENSTIEL: Thank you.
5 Other questions? Discussion? Commissioner
6 Geesman.

7 COMMISSIONER GEESMAN: I have the
8 impression that earlier drafts of the report
9 contain quite a bit more candor with respect to
10 the state government portion of the report. And
11 I'm quite disappointed that in our polishing
12 effort and good neighbor effort with respect to
13 the Department of General Services and the
14 Department of Finance, most of that candor has
15 been stricken from the report.

16 This is an area that I think has
17 bedeviled state government for 30 years. And it
18 has been an area showered with good words and good
19 intentions, but the Department of General
20 Services, despite having a few bravehearts over
21 there that have fought the good fight for a number
22 of years, the Department of General Services has
23 never been able to apply even the most fundamental
24 of planning criteria or budgeting criteria to
25 accomplish the policies embedded in our green

1 building rhetoric.

2 I don't feel comfortable voting for this
3 because of the government portion of the report.
4 I think the private sector part of the report is
5 very good and serves a very positive value. But I
6 think that our zeal to be a good neighbor to other
7 state agencies really serves a very poor public
8 purpose.

9 MS. HEBERT: Thank you, Commissioner
10 Geesman. It's a very good point. We looked at
11 AB-2160 very closely to determine the scope of
12 what the report should include. And we didn't see
13 that it was asking us to do that. However, it is
14 a very good question worth asking.

15 We have a representative from the
16 Department of General Services here. If he wants
17 to speak to this matter, he's welcome to.

18 COMMISSIONER GEESMAN: Only the
19 braveheart --

20 (Laughter.)

21 MR. MacBRAYER: I don't know how
22 brave -- let's see, the microphone is hot here.

23 Good morning, Commissioner Pfannenstiel
24 and Commissioner Geesman and other Commissioners.
25 Thank you very much for the opportunity for me to

1 make comment.

2 I would like to congratulate the folks
3 on the CEC Staff for putting forth an effort to
4 try to do this report, and to try to address the
5 issues. They've consulted with me on this, and I
6 appreciate the fairness that has come out in the
7 report.

8 With regard to your comment about the
9 candor, I know that there may be a lot of
10 questions about what has been the actual progress
11 that's been made so far on the Governor's green
12 buildings initiative, and I think with respect to
13 where I think your comments were headed, I believe
14 in the three years that I have been on this
15 assignment, there has been some very significant
16 progress in certain areas.

17 In other areas, however, I think that we
18 are looking forward to some breakthroughs that
19 would enable the program to move forward.

20 But let me start by telling you that I
21 think -- I am here today representing the green
22 buildings initiative, not DGS. I'm not trying to
23 carry DGS' water with respect to what they have or
24 have not done in the past.

25 What I'm trying to do for this program

1 is to move it forward across all state agencies.
2 I'm formally assigned as the Deputy to the State
3 Architect, but for the last three years have been
4 assigned to work for Secretary Marin as her
5 Program Manager. And to not only lay out how
6 we're going to get this program accomplished, but
7 also to get the policy issues up to the forefront
8 through the use of the Green Action Team so that
9 appropriate decisions can be made to remove
10 barriers so that we can move forward.

11 With that, I think in the areas where --
12 there are two issues that I think are crucial to
13 progress on the green buildings initiative. First
14 is I would consider to be an overall policy issue;
15 and the second one is funding.

16 What I mean by policy issue, I mean that
17 the clarification of what is the Governor's policy
18 here in what we should be doing to move forward.
19 And, you know, we had some early activity within
20 the program where there was question about what
21 the green buildings order was actually telling us
22 to do with regard to the certification of
23 buildings under the leadership and energy and
24 environmental design program.

25 And we were able to resolve that in the

1 Administration; and clear direction was given to
2 the appropriate players, including the Department
3 of Finance. And today every major capital outlay
4 project that's on the books that's moving forward
5 is budgeted to achieve a LEED silver rating. And
6 every project from henceforth will be budgeted and
7 managed to achieve that goal.

8 That is tremendous progress. We today
9 have ten buildings certified under the LEED
10 program. And we have 209 in the pipeline. So,
11 there isn't anyone else, I think, any other entity
12 that I'm aware of that has that kind of numbers.

13 So we think we're making great progress
14 in that area. And I think what has enabled that
15 progress has been the clarification of that policy
16 decision and then an appropriate funding mechanism
17 to make it happen.

18 Because now those capital outlay budget
19 change proposals that go through have incorporated
20 within them monies to implement the measures that
21 would qualify the building for LEED certification.

22 In the area of retrocommissioning I
23 think we've made good progress for the same
24 reasons. There have been some clarifications made
25 of the requirement to do retrocommissioning as a

1 first step in the process of upgrading buildings
2 and making them energy efficient.

3 I personally was sent out to get the
4 funds obligated for the first 27 projects that
5 we've now completed, almost all but completed, in
6 our retrocommissioning program. And where we were
7 able to get those funds obligated and confirm that
8 policy direction to the appropriate agencies we
9 have moved forward very smartly.

10 And those projects are yielding the
11 types of benefits that we expected them to. The
12 first nine averaged 12 percent electricity savings
13 and 19 percent natural gas savings.

14 But what we have come up against now is
15 that this method of funding retrocommissioning is
16 really not sustainable. And now in the second
17 round we are again facing struggles, particularly
18 with the budget situation we have in state
19 government now, of trying to figure out how to
20 squeeze those dollars out to pay for those
21 retrocommissioning projects. And so our progress
22 may be subject to faltering as a result of not
23 having a solution to that.

24 It gets more difficult as you get into
25 other elements of the program. In particular,

1 where we start looking at existing buildings and
2 the need to upgrade those buildings to make them
3 more energy efficient.

4 Where we can identify the funding,
5 either as part of the existing appropriations for
6 special repair or maintenance, we have been able
7 to implement energy efficiency retrofit projects
8 in state buildings.

9 These have typically been the lower
10 cost, shorter payback measures such as lighting;
11 or they may have been associated with catastrophic
12 equipment failures that required action today.

13 Where we're having difficulty is moving
14 forward in a deliberative manner in a more
15 comprehensive way to examine these buildings, put
16 together comprehensive projects and get those
17 implemented. Because, again, we have not yet, in
18 some cases, solved the fiscal issue that needs to
19 be solved to allow that to happen.

20 We have a financing tool that's been
21 made available to us by the Department of Finance,
22 the GS smart loan program, which could give us
23 cost effective financing. But there are other
24 costs associated with developing energy projects
25 for which we have yet to come up with a

1 sustainable solution for funding.

2 And I'm talking here about the need to
3 do a good investment-grade audit to scope the
4 project so that you can even go forward and get
5 the financing.

6 So, what I would leave you with in my
7 comments is that I think that if we can find ways
8 to solve these two issues, making sure that it is
9 clear what it is we're doing, and that everyone
10 understands these are the objectives, and we can
11 have tailored solutions to the funding issues, I
12 see no reason why any of the objectives of that
13 executive order cannot be met in short order.

14 But if we don't solve those issues then
15 I think we're going to be continually faced with
16 the problem of particularly not being able to fund
17 the necessary steps to get them going.

18 Thank you.

19 COMMISSIONER GEESMAN: I thank you for
20 your statement. I think it contained quite a bit
21 more information and quite a bit more candor, I
22 think, than I find the report does.

23 CHAIRPERSON PFANNENSTIEL: Other
24 Commissioners, questions or comments?

25 COMMISSIONER BOYD: I would just thank

1 Roy for his statement. I've known him a few years
2 and known him to be one of the bravehearts, as
3 indicated, in other areas. I haven't worked
4 closely in this area with him.

5 But I would just put on the record the
6 dilemma that we in government have continually
7 faced, and that is being subject to allegations of
8 being guilty of "do as I say, not as I do" as we
9 push the rest of the California public real hard
10 in these areas.

11 As Roy's indicated, the state is now
12 really stepping forward. To me it's been a long
13 history of minimal investment in the good years,
14 and, of course, as indicated, it's hard to get any
15 investment in bad years. And we live in a
16 cyclical society and we're going through bad times
17 again. Unfortunately, it's just too bad in the
18 good years we didn't have the same dedication and
19 enthusiasm that we experience now. So we've got a
20 lot of catching up to do.

21 But, as he indicated, things are looking
22 up. And I just hope the economy turns up in the
23 future to provide the investment for this.

24 CHAIRPERSON PFANNENSTIEL: Yes,
25 Commissioner Rosenfeld.

1 COMMISSIONER ROSENFELD: Roy, can you
2 get back to the microphone --

3 CHAIRPERSON PFANNENSTIEL: Art, turn on
4 your microphone.

5 COMMISSIONER ROSENFELD: First, I want
6 to echo Jim Boyd's praise for you. Every time
7 I've run into you you're agitating for action and
8 that's great, and I'm pleased to be associated
9 with it.

10 I guess I'd like to get a number from
11 you. Jim Boyd just said that well, it's hard
12 times and maybe we have to bear that in mind. But
13 these buildings that you got certified, I think
14 you said LEED silver.

15 MR. MacBRAYER: Well, some of them have
16 been LEED silver; some of them have been LEED
17 gold.

18 COMMISSIONER ROSENFELD: Even better.

19 MR. MacBRAYER: A couple of them are
20 LEED certified.

21 COMMISSIONER ROSENFELD: Can you give us
22 a couple of numbers about how much more, what it
23 adds to, you know? Is it an extra percent on the
24 first cost, 3 percent, and what's -- something
25 like the cost effectiveness?

1 MR. MacBRAYER: Well, that's been a
2 hotly debated topic. And there have been a lot of
3 seat-of-the-pants estimates made. But the truth
4 of it is that we really don't have accounting
5 mechanisms that allow us to know.

6 These costs are arguably so buried in
7 the projects that it's difficult to extract them
8 out.

9 The two costs that can easily be pulled
10 out and identified as LEED costs are the new
11 building commissioning costs and the actual
12 certification costs, you know, the paperwork.

13 The rest of the things that we do to
14 build a LEED building arguably can be said to be
15 no cost. I mean they are things that you should
16 be doing anyway. And there may be, in some cases,
17 a marginal cost increase for a higher efficiency
18 air conditioning system or something of that
19 nature that may go beyond what, you know, a
20 developer might want to put in as a baseline
21 building.

22 But it's a hard thing to do. And we are
23 trying to get some data on our buildings that
24 we've currently got certified to see if we can
25 extract those numbers. But right now they really

1 don't exist.

2 What we believe -- we believe in some of
3 the reports that companies such as Davis-Langdon
4 have recently published that say that there really
5 is no discernible difference if it's done right.
6 And they cite other factors as driving the cost of
7 projects moreso than implementing LEED measures.

8 But, to date, we lack any really
9 objective data on this.

10 COMMISSIONER ROSENFELD: I agree with
11 you that there's a data problem. Everything I
12 have read is not so great is that to beat existing
13 standards by 15, 20 percent, the payback time is
14 maybe five years. It's not something we should
15 avoid at a time of shortage of money. You
16 actually should be more driven to it at a time of
17 shortage of money.

18 And commissioning is, of course,
19 dreadfully amazingly effective. Payback times are
20 six months or whatever.

21 MR. MacBRAYER: Well, and there's an
22 artificiality that's built into even that analysis
23 because those paybacks are generally calculated on
24 the basis of monetizable savings. And those
25 savings generally are restricted to energy

1 savings.

2 There aren't any values that are
3 typically put into those calculations to account
4 for improvements in indoor air quality that may
5 reduce sickness in the workplace, or to account
6 for the offset of commuter miles on the freeways
7 because we've got better connection with light
8 rail systems.

9 I mean -- or the reduction in greenhouse
10 gas emissions. I mean those benefits are real and
11 they're there. They may not be always quantified
12 very well, but they are not also monetized in any
13 sort of way that can be used in a cost/benefit
14 analysis, which is a little bit of a disconnect,
15 in my opinion.

16 COMMISSIONER ROSENFELD: So that's
17 rated, that's stay-the-course.

18 CHAIRPERSON PFANNENSTIEL: Thank you,
19 Roy. I have a blue card from Matthew Hargrove,
20 California Business Properties Association.

21 MR. HARGROVE: Good morning, Madam Chair
22 and Commissioners. My name is Matthew Hargrove;
23 I'm the Senior Vice President of Government
24 Affairs for the California Business Properties
25 Association. I'm here today representing a wide

1 variety of businesses and professional
2 associations involved in commercial real estate,
3 and including the International Council of
4 Shopping Centers, ICSC; the National Association
5 of Industrial Office Properties, NAIOP; and the
6 Building Owners and Managers Association of
7 California, as well as many member companies and
8 I've been asked to associate my comments with the
9 Cal Chamber. So thank you for having me here this
10 morning.

11 First of all, we'd like to say we're
12 very pleased with the draft report. And my
13 comments are focused on the commercial portion of
14 the report. It really does lay out a lot of
15 obstacles that our members are seeing in moving in
16 this direction. But we also do see a lot of
17 members that are building green, and are building
18 more sustainable buildings.

19 As you know, just the baseline to build
20 in California, our buildings are up to 50 percent
21 more energy efficient than other parts of the
22 country. So we just wanted to make sure that we
23 put that in the context that buildings that are
24 being built, even at baseline, relative to the
25 rest of the country, are very energy efficient and

1 sustainable.

2 Many of our professional organizations
3 are offering a lot of educational opportunities
4 for their members to build green. I've gone
5 throughout the nation this year to different
6 conferences, and every single conference that is
7 being put on by commercial real estate
8 professional organizations is somehow addressing
9 how to build green and build more sustainably.

10 So we'd like to figure out ways to work
11 with California agencies, the Energy Commission,
12 to partner and figure out ways that we can get
13 information out there to the hands of, down to the
14 building facility manager level. I think that's
15 something that's pointed out in the report that
16 makes a lot of sense. And I think that that's
17 something we can very easily do, form some public/
18 private partnership there to make sure that that
19 information gets out.

20 This past year California Business
21 Properties Association put on a conference in Napa
22 where some Energy Commission Staff came there and
23 heard directly from industry leaders about what's
24 going on with energy efficiency and sustainable
25 building in California. And we thought it was

1 very helpful that Energy Commission Staff was
2 there, and we appreciate that you took the time to
3 be there.

4 Just moving real quickly, and we've
5 submitted letters in writing from the California
6 Business Properties Association, as well as the
7 building owners and managers of California, where
8 we point out some incentives that we think the
9 Energy Commission could either do within the
10 Commission, itself, or support in California to
11 incentivize more sustainable building.

12 And I'll just quickly run through the
13 list that we've put together. And we hope that
14 this will spur some discussion and some working
15 together.

16 First and foremost is the Energy
17 Commission could support in some way for carbon
18 credits under AB-32 for sustainable buildings.
19 We're finding that our industry is building
20 sustainable buildings right now. And some of our
21 members are saying, well, why aren't we getting
22 any credit for that under AB-32, and the
23 discussion with the 1990 baselines.

24 We're not exactly sure how to resolve
25 that issue right now, and of course, discussions

1 are going on with other state agencies. But
2 that's something I think the CEC could think
3 about.

4 And secondly is doing some partnerships
5 with private industry to fund some training and
6 education for building managers. A lot of the
7 issues we're seeing in existing buildings is
8 easily resolvable in terms of providing the tools
9 and information for folks who are running the HVAC
10 systems and the building systems to become a
11 little bit more sustainable.

12 We'd also ask that the CEC consider
13 supporting the CPUC decision on submetering. The
14 Building Owners and Managers Association of
15 California has been at the table in the general
16 ratecase with CPUC and PG&E where the CPUC has
17 approved submetering for the first time in, I
18 believe, almost 40 years in California. And we
19 think that that's going to be a great tool for
20 building owners to be able to rein in energy
21 consumption.

22 If we can make the building owners and
23 tenants partners in reducing energy usage, we
24 think that that's a great tool. We're right now
25 working to get that implemented in other parts of

1 the state. And hope that the CEC will join us in
2 providing that tool to folks throughout
3 California.

4 We also would ask that the CEC help with
5 information and training for voluntary
6 benchmarking programs for California buildings.
7 As we know, benchmarking is now the law of the
8 land when a building does a financial transaction.
9 But we think that there's a lot of room for
10 voluntary programs to train people who own these
11 large facilities on what the benefits of
12 benchmarking are, and how you can use that
13 information to make your operations of your
14 building more sustainable.

15 And, again, this is some low-hanging
16 fruit that we think that we can really work with
17 you on.

18 Also, we just had a discussion on
19 retrocommissioning. I think the CEC and other
20 state agencies can help private enterprise
21 understand the benefits of retrocommissioning.
22 And there could be some programs that can help
23 educate on how you retrocommission and what you do
24 with that information.

25 The Building Standards Commission, as

1 you know, is moving through, they're writing the
2 green building codes right now. And we think that
3 that's a great exercise that we are very
4 supportive of. We think a statewide green
5 building standard that is adopted into Title 24
6 and is understandable and everyone supports and
7 builds to, is a very good way to increase green
8 buildings in the State of California. Raising
9 that baseline is a way to make more buildings more
10 sustainable.

11 And, again, we'd like to form just more
12 partnerships in general with the CEC.

13 Now, we know we have a little problem
14 with the budget this year, but we think some easy
15 things like tax credits under the state tax code
16 would be a real easy way to incentivize some more
17 sustainable building practices. That's very
18 easily understandable and that builds the business
19 case.

20 Our industry has come up with some ideas
21 about how to get more marketing programs out
22 there. One idea we had was as the Building
23 Standards Commission moves through its process and
24 Title 24 is ratcheted up, that the State of
25 California, and this is something that the CEC

1 could work on, is a California green builder label
2 for those companies who exceed the baseline
3 standards of Title 24 by a certain percentage --
4 in our letter we have a very high percentage, but
5 I think it's something we could look at -- that we
6 could very easily do a program that might
7 incentivize more companies to move beyond the
8 baseline standards.

9 And say if you go 15 or 20 percent
10 beyond what the baseline standards are the state
11 would say this building is a California green
12 building. And we think that that type of
13 marketing would be helpful.

14 We also would ask that you consider
15 funding programs through the Building Standards
16 Commission just to get education out there to
17 folks who are out in the local governments and the
18 builders who are on the ground about how they can
19 go above and beyond the standards of the minimum
20 Title 24.

21 And then finally we think that some help
22 with private industry, energy and water
23 conservation audits through the state, providing
24 education and maybe some grants for companies to
25 do that would be a good idea.

1 And finally a lot of our buildings have
2 a lot of rooftop space, as you know. And we think
3 that we can form partnerships with the state to
4 provide some PV space and work on some of the
5 issues that are barriers right now to commercial
6 properties doing that. Things like supporting
7 full net metering so folks that are providing
8 energy back to the grid get fully compensated for
9 that. And working on the SB-1 commercial offset
10 program; we think that there's a lot of room to
11 move and work with home builders in terms of
12 providing our rooftops to help them out with some
13 of those needs.

14 So, in closing I know that's a lot of
15 ideas; a lot of those are already in the report
16 and that's really why we appreciate this. We
17 think it was very thorough and we think it really
18 lays out the case that there are a lot of things
19 happening in California that are barriers. But,
20 again, it should be noted that a lot of our
21 leaders in our industry are building sustainable
22 buildings.

23 And over the past ten years we can
24 really show that commercial real estate is
25 building much more green buildings.

1 So, thank you very much.

2 CHAIRPERSON PFANNENSTIEL: Thank you,
3 Mr. Hargrove. We look forward to your --
4 Commissioner Rosenfeld.

5 COMMISSIONER ROSENFELD: First of all,
6 good list, that's great. Thank you. A couple of
7 questions which show that maybe I'm not very alert
8 or have a bad memory.

9 On the submetering issue. Submetering,
10 the prohibition against submetering has been a
11 pain in the neck for all of us for a long time.
12 Then I read that the PUC turned around and said,
13 okay, let's submeter. And I sort of breathed a
14 sigh of relief and went back to sleep, I guess.

15 What do we have to do -- I think your
16 words were support the PUC. And I'm not quite
17 clear. You know, I just sort of thought the
18 problem was solved, so --

19 MR. HARGROVE: Well, a big piece of the
20 problem is solved. Through the general ratecase
21 with PG&E the Building Owners and Managers
22 Association was at the table and worked on the
23 submetering piece.

24 In that single general ratecase
25 submetering will be allowed within the PG&E

1 territory. We now need to take that to other
2 areas of the state. And we have a lot of positive
3 statements from the CPUC and think that will
4 happen. But we want to make sure that they
5 understand that agencies like the CEC think that
6 that's a good idea.

7 So it's not a statewide decision yet.
8 We hope it will be in the coming years. But we've
9 got to continue moving through the general
10 ratecases on this.

11 And then the big hump that we need is
12 education on submetering. There are many building
13 owners and tenants, right now it has to be
14 voluntary agreement between the building owner and
15 the tenant to do submetering. But we have a big
16 job to do in private enterprise, as well as the
17 state, in educating building managers and owners
18 why submetering is good, how you implement it and
19 going through the process of writing some rules
20 and regulations for that.

21 So right now we have a decision saying
22 you can submeter in the PG&E territory. But we
23 need to take some of those next steps to flesh out
24 what that means and educate folks why it's good.

25 COMMISSIONER ROSENFELD: Very good. And

1 then I had one other questions, also. I thought
2 the problem was more solved than you know it to
3 be.

4 The issue of benchmarking, as you know
5 very well because you guys had something to do
6 with it, there are plans for the utilities to
7 benchmark every commercial building in the state.
8 And then you can do, I guess you try and
9 (inaudible) the great middle you don't do a lot
10 with. The ones, the most efficient buildings, you
11 want to give awards to.

12 You suggested a California green
13 building award, and I guess that has to be
14 coordinated with EPA, which would probably
15 (inaudible) California EPA green building award.

16 It's the 20 percent at the bottom that
17 we're really concerned with and need to offer
18 commissioning help and so on.

19 But there was a bill which I thought was
20 signed by the Governor, and I'm sorry, I've
21 forgotten the name of its illustrious sponsor,
22 which said that starting in I think 2009 or 2010
23 that the energy intensity of that building had to
24 be publicly available upon transfer of title. Is
25 that not an adequate first step?

1 MR. HARGROVE: That's a very adequate
2 first step, and that's something that we think is
3 great that's happening. But we do see a lot of
4 opportunity in between financial transactions on
5 those buildings, to have more education out there
6 for building owners and managers to continuously
7 benchmark their buildings, and to be able to use
8 that information. Right now that's occurring when
9 a building's being sold or bought or refinanced.

10 And as you know, benchmarking is
11 something that can continuously happen every year,
12 and that information can be used to manage the
13 building better.

14 So I was acknowledging that that was the
15 law in the land right now. But that I think that
16 we can form some partnerships to get more
17 education out there about why benchmarking is a
18 good thing and how you actually use that
19 information.

20 And groups like the Building Owners and
21 Managers Association do get information out there
22 and are very supportive of benchmarking and get
23 that information out to its members. But I think
24 that we can step that up and work with the Energy
25 Commission to make sure that we get the benefits

1 of benchmarking out there so maybe it happens more
2 often than just on financial change of title.

3 COMMISSIONER ROSENFELD: One thing which
4 I think we would all agree with this, once you go
5 to the trouble of benchmarking a building the
6 first time, so you know its utility bills and you
7 know its gross square footage and so on, you
8 should certainly do it every year because the
9 utilities know the energy costs and square footage
10 probably doesn't change, so it should be done
11 every year.

12 COMMISSIONER GEESMAN: What would you
13 do, Art, with buildings that never transfer like
14 those owned by the State of California?

15 (Laughter.)

16 COMMISSIONER ROSENFELD: Touch,.

17 CHAIRPERSON PFANNENSTIEL: Thank you,
18 Mr. Hargrove.

19 MR. HARGROVE: Thank you very much for
20 your time.

21 COMMISSIONER BYRON: Madam Chair, if I
22 may?

23 CHAIRPERSON PFANNENSTIEL: Yes.

24 COMMISSIONER BYRON: Mr. Hargrove, it's
25 all right, go ahead and sit down. I won't ask you

1 any questions. But I did want to acknowledge
2 these two excellent letters from your organization
3 and BOMA. I'm not as familiar with your
4 organization, but I thought these were very
5 thoughtful comments, very helpful. Shows a
6 tremendous understanding, I think, of what we're
7 trying to do here at the state with regard to
8 energy efficiency.

9 And I certainly applaud the efforts of
10 both organizations. I like the understanding
11 demonstrated around submetering, as well. I've
12 always understood this to be a significant
13 impediment to getting building owners to start to
14 take action to improve building efficiency.

15 And so certainly the CPUC's action that
16 lifted that prohibition on submetering will be
17 very helpful, and this Commissioner certainly
18 supports what's gone on there.

19 I note, though, that there was a -- and
20 all the things that your organizations are doing,
21 you'd, of course, like to get credit for. And the
22 potential trading on CO2 credits, et cetera.

23 But I think, if I may, there's one
24 comment or two that were in the BOMA letter with
25 regard to, you know, the uncertainty around rate

1 structure and where we're headed. And whether or
2 not some of these energy efficiency improvements
3 are cost effective.

4 I don't want to prejudge what the PUC's
5 going to do with rates, certainly, but I think we
6 all know that they are headed higher. All the
7 modeling indicates that the things we're doing in
8 the state indicates some increase in those rates.

9 And given that assumption, I think your
10 organization and BOMA should assume that that's
11 probably the direction we're headed. And
12 therefore, energy efficiency projects have payback
13 and are very cost effective.

14 So I encourage you to continue to
15 educate your building owners and continue the
16 progress that you've made thus far. But please
17 assume more energy efficiency is better.

18 Thank you, again, for being here today.

19 MR. HARGROVE: Thank you.

20 CHAIRPERSON PFANNENSTIEL: I think
21 before we put this to a vote I just would like to
22 make a couple observations.

23 First, I just think it was really
24 helpful to have the California Business Properties
25 Association here, both to make sure that we all

1 hear, rather than wait for us to read, the
2 comments that you've offered, because they're very
3 insightful. And certainly are ones that we are
4 sympathetic with and would like to move towards.

5 And that brings us back to the report
6 that's in front of us today. I do think that the
7 report did a very good job of laying out some of
8 the issues and some of the potentiality for
9 commercial buildings. Clearly there's more to go,
10 but we are feeling like we're getting, making some
11 progress there.

12 The state buildings are more
13 problematical. And I appreciate Roy being here
14 because he always brings some really good thoughts
15 in terms of, you know, why things are as they are.

16 The frustration -- I have been very
17 involved in it, and I have been on the Green
18 Action Team, I think since its inception -- and it
19 is a frustrating process because we do seem to go
20 one step forward and maybe not a full step
21 backwards. But not a lot of forward progress on
22 it.

23 And in reading the report I did
24 experience some surprise, I guess, that we chose
25 to be very objective and be very straightforward

1 in our reporting on what was there and what had
2 happened, rather than providing sort of critical
3 analysis that I think was possible.

4 The letter of the law, and if
5 Commissioner Geesman will excuse my legal analysis
6 of it, I thought just said, gave us a lot of
7 leeway one way or the other, in terms of being a
8 very straightforward report or providing some more
9 critical insights in terms of what the problem
10 is. And we chose to be totally objective in
11 terms of the reporting.

12 I think that we need to go a little
13 farther. Perhaps not in this report, perhaps in a
14 subsequent effort. This Commission has perhaps
15 the best perspective, certainly one of the best
16 perspectives to look at what's going in state
17 buildings. And why things are not happening that
18 we thought would be happening by now.

19 The example I use, or I could use, will
20 use is trying to get this building, you know, we
21 are the Energy Commission, we should have a very
22 energy efficient building. We should be the ones
23 who know how to work the system to make this
24 happen. And we've been as frustrated as any other
25 state agency. And I think, as a case study, we

1 would be, you know, well situated.

2 That could have gone into this report.

3 It didn't. I think that the report, as it stands,
4 is a straightforward factual presentation. I
5 don't really think it gives the Green Action Team
6 much insights in terms of what they need to do
7 better. And I think we could have been helpful to
8 them in that regard.

9 It is where it is. It has a legislative
10 deadline that has since passed, although I
11 understand we exceeded it with the concurrence of
12 the author. But I don't think it should be the
13 end. I think that, in fact, if anything it should
14 be the beginning of a more critical analysis.

15 I think we owe that, if not to the
16 legislative author, then perhaps to the Green
17 Action Team.

18 Yes, Commissioner Byron.

19 COMMISSIONER BYRON: Madam Chair, I
20 agree. You know, as I read the law, as well, I
21 think we meet the requirements of AB-2160 or at
22 least the intent. But I'm reminded in the last
23 phrase of the executive summary, the state still
24 has much work to do to achieve those goals in its
25 own buildings and in the private, commercial

1 sector.

2 I think it's an understatement, given
3 the comments of my fellow Commissioners. I think
4 the report could go a lot further to critique and
5 provide meaningful recommendations. My sense is
6 that maybe that work has been done and it's not
7 been included in this report.

8 So my suggestion, given the wisdom of
9 the others here at the dais, would be to ask the
10 staff to go further and give us a more meaningful
11 report. I'd like to see those recommendations and
12 that critique. And I think the state would
13 benefit from them.

14 CHAIRPERSON PFANNENSTIEL: Other
15 comments? Then why don't we, in fact, ask the
16 Executive Director to follow up on that and come
17 back to us, I would say, within a month with that
18 part of the report that we felt was not included
19 in what is being voted on today.

20 EXECUTIVE DIRECTOR JONES: Okay, so just
21 to --

22 COMMISSIONER ROSENFELD: Madam Chair.

23 CHAIRPERSON PFANNENSTIEL: Yes.

24 COMMISSIONER ROSENFELD: I'm not just
25 quite sure on what we just agreed on. Do we have

1 time to hold the report up for --

2 CHAIRPERSON PFANNENSTIEL: I'm not
3 suggesting that we hold the report as is.

4 (Parties speaking simultaneously.)

5 CHAIRPERSON PFANNENSTIEL: We will vote
6 on this one, but I'm asking for a supplement.

7 COMMISSIONER ROSENFELD: Very good.

8 CHAIRPERSON PFANNENSTIEL: Is that
9 understood?

10 COMMISSIONER ROSENFELD: Okay.

11 CHAIRPERSON PFANNENSTIEL: With that, is
12 there a motion for the report that's been on the
13 agenda?

14 There is no motion.

15 COMMISSIONER ROSENFELD: I move the
16 report.

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

19 CHAIRPERSON PFANNENSTIEL: All in favor?

20 (Ayes.)

21 CHAIRPERSON PFANNENSTIEL: Opposed?

22 COMMISSIONER GEESMAN: Opposed.

23 COMMISSIONER BYRON: I'm going to oppose
24 it, also. I'd like to see it in this report.

25 CHAIRPERSON PFANNENSTIEL: Thank you.

1 Item 4, possible approval of the City of
2 Santa Barbara's adoption and enforcement of a
3 local ordinance for residential and nonresidential
4 buildings requiring greater energy efficiency than
5 the 2005 building energy efficiency standards to
6 be implemented on February 1, 2008.

7 Good morning, Mr. Hudler.

8 MR. HUDLER: Good morning,
9 Commissioners. Under the building standard
10 regulations administrative code we do allow local
11 jurisdictions the opportunity to request for
12 adopting a local ordinance which exceeds Title 24.

13 Santa Barbara has submitted an
14 application that is all inclusive; it includes
15 both residential and nonresidential buildings.

16 The energy savings by sector ranges
17 between 15 to 20 percent above the Title 24
18 requirements for that climate zone.

19 Within this particular application which
20 is similar to past ones, roughly one-half to two-
21 thirds of that additional performance has to come
22 from actual efficiency measures. The remaining
23 portion can be attained through the installation
24 of photovoltaic systems.

25 And that's pretty much it. You know,

1 Commissioners have seen, you know, similar
2 applications. And with that I ask for your
3 consideration and possible approval.

4 CHAIRPERSON PFANNENSTIEL: Questions?
5 Yes, Commissioner Byron.

6 COMMISSIONER BYRON: Do we have a
7 representative from the City here or on the phone?

8 MR. HUDLER: I do not believe so, no.

9 COMMISSIONER BYRON: Well, I'll give my
10 kudos then to the general audience. I think it's
11 just incredible to continue to see these cities go
12 beyond our standards. So I'm highly in favor of
13 this.

14 MR. HUDLER: Okay, and there's still
15 more --

16 CHAIRPERSON PFANNENSTIEL: Rob --

17 MR. HUDLER: -- in the pipeline, by the
18 way.

19 CHAIRPERSON PFANNENSTIEL: -- I was just
20 going to ask, how many have been approved so far?

21 MR. HUDLER: This will make nine. And
22 we have one more, the City of Santa Rosa, which
23 should be complete pretty soon. Our expectation
24 is with the lead program and the green building
25 program. We can see a proliferation of this

1 activity for the next cycle.

2 CHAIRPERSON PFANNENSTIEL: Fabulous.

3 COMMISSIONER BYRON: Pretty soon the
4 Energy Commission is going to be behind in
5 developing leading standards here.

6 COMMISSIONER GEESMAN: I think it's the
7 ingenuity and innovation among these local
8 governments is one of the primary resources that
9 this state has. And I'm hopeful that they begin
10 to turn their attention to the retrofit sector, as
11 well, where the problem is so much larger, but the
12 opportunity is --

13 CHAIRPERSON PFANNENSTIEL: Are there
14 questions? Is there a motion?

15 COMMISSIONER GEESMAN: I'll move it.

16 CHAIRPERSON PFANNENSTIEL: Second?

17 COMMISSIONER ROSENFELD: Second.

18 CHAIRPERSON PFANNENSTIEL: All in favor?

19 (Ayes.)

20 CHAIRPERSON PFANNENSTIEL: It's
21 approved; thank you.

22 MR. HUDLER: Thank you very much.

23 CHAIRPERSON PFANNENSTIEL: Number 5,
24 possible adoption of an order instituting
25 rulemaking authorizing a proceeding to develop

1 regulations implementing the Energy Commission's
2 new authority to administer the alternative and
3 renewable fuel and vehicle technology program
4 under Health and Safety Code section 44270. Good
5 morning.

6 MR. DeLEON: Good morning,
7 Commissioners. I am Fernando DeLeon, Staff
8 Counsel here at the Energy Commission.

9 Energy Commission Staff is seeking
10 approval of the OIR to develop regulations
11 implementing AB-118.

12 CHAIRPERSON PFANNENSTIEL: Any
13 discussion? Questions?

14 COMMISSIONER BOYD: Move approval.

15 COMMISSIONER GEESMAN: Second.

16 COMMISSIONER BYRON: Madam Chair.

17 CHAIRPERSON PFANNENSTIEL: Yes,
18 Commissioner Byron.

19 COMMISSIONER BYRON: I know there's been
20 a lot of discussion about the need for these
21 regulations. I know the Chairman of the
22 Transportation Committee, Commissioner Boyd -- I'm
23 sorry, the Presiding Member, was quite concerned
24 whether or not we needed these.

25 Do we indeed have the consent, if that's

1 the right word, from the author of the bill?

2 MR. DeLEON: I'm not sure if we have any
3 information from the author of the bill, but the
4 legal office has written a memorandum, given to
5 the Commissioners, stating that regulations are
6 necessary to implement the provisions of AB-118.

7 COMMISSIONER BYRON: Right.

8 COMMISSIONER BOYD: Let me jump in here
9 and say, Mr. Smith, Ms. Jones and I met with the
10 author's staff within the past week on this issue
11 of regulations. As we've all known, the law's a
12 little unclear. Our own attorneys have said
13 pretty clearly that they felt we should do
14 regulations. There's been concern, of course,
15 that doing regulations tends to slow things down.

16 But it was the author's understanding
17 that regulations would be pursued by the CEC; and
18 we confirmed that within the past week. So we're
19 now fulfilling the understanding of the greatest
20 number of stakeholders out there on this issue.

21 COMMISSIONER BYRON: Well, and,
22 Commissioner, I'm well aware of all of --

23 COMMISSIONER BOYD: I think that was a
24 leading question on your part.

25 COMMISSIONER BYRON: Yeah. I'm well

1 aware of all of that. I just really wanted to
2 make sure everybody understood that this agency
3 wanted to move quickly, and we really wanted to
4 get this underway. And we're concerned about our
5 reputation for being, perhaps, a little slow at
6 times. It takes time to develop regulations.

7 But I think this is the right decision.
8 And unfortunately it's going to take a little
9 additional time to do so. So.

10 COMMISSIONER BOYD: Well, since you
11 broached the subject, let me just say that I've
12 said to every stakeholder who asks, as well as to
13 the author's office, that this agency wanted to do
14 exactly as you say, but we want to be compliant
15 with everybody's understanding. But that if they
16 also join us in the idea that we'd like to move
17 smartly on this project, that they will all work
18 very hard with our staff on these regulations and
19 allow us to actually develop them in almost record
20 time, instead of achieving the other end of the
21 scale.

22 Because we've told people that it could
23 be done in four months; it would be rather
24 miraculous. But it could take up to a year. And
25 I didn't want to even mention some of those that

1 have dragged on for more than a year.

2 But if everybody understands that.

3 There's just a great concern -- this opened a
4 whole new area to lots of, quote, stakeholders who
5 should understand this better than they do. And
6 there's a lot of concern about adequate public
7 process, which most of us know, is the rule not
8 the exception here.

9 So, if we can assure everybody and get
10 them to participate quickly, we can move this
11 along.

12 COMMISSIONER BYRON: Commissioner, I
13 wanted to underscore your efforts. And if anybody
14 can get it done in four months, I'm sure you can.
15 And I'll do everything I can to help. Thank you
16 very much.

17 COMMISSIONER BOYD: You'll probably turn
18 my hair white now --

19 (Laughter.)

20 COMMISSIONER BOYD: Thank you.

21 CHAIRPERSON PFANNENSTIEL: Is there a
22 motion?

23 COMMISSIONER BOYD: I move.

24 COMMISSIONER BYRON: Second.

25 CHAIRPERSON PFANNENSTIEL: All in favor?

1 (Ayes.)

2 CHAIRPERSON PFANNENSTIEL: Thank you.

3 Item 6, possible approval of amendment 1 to
4 contract 400-06-006 with ProPose to add \$140,000,
5 extend the term by 14 months, and expand the scope
6 of work to facilitate outreach efforts and approve
7 partnership agreements for the New Solar Homes
8 Partnership public awareness campaign. Ms.
9 Chandler.

10 MS. CHANDLER: Thank you, Chairman
11 Pfannenstiel. I think I'd be remiss if I didn't
12 stop a moment and tell you, Commissioner Geesman,
13 how much I've truly appreciated working with you.
14 I value your guidance and how interesting you've
15 made my job.

16 (Laughter.)

17 MS. CHANDLER: So, thank you, thank you
18 very much.

19 COMMISSIONER GEESMAN: Let me thank you,
20 also, for making certain that they always spell my
21 name correctly.

22 (Laughter.)

23 MS. CHANDLER: Even though it doesn't
24 come up properly on spellcheck, you're correct.

25 Ms. Staynes (phonetic), who is the owner

1 of ProProse, is a small business owner. She has
2 worked over the course of her initial contract
3 with the New Solar Homes Partnership on designing
4 the public awareness and outreach efforts and
5 campaign for this very important and worthwhile
6 program.

7 Our original ad buy in this contract was
8 a measly \$800,000; all of us would like that in
9 our checking account, I'm sure, however when
10 you're looking at a two-year statewide campaign
11 it's not a lot of dough.

12 So Ms. Staynes embarked on a journey of
13 adding money to that venture. She has basically
14 brought in, doubled that in value added, not only
15 from the standpoint of the advertising buy that we
16 had, but probably envisioned a sweepstakes that
17 would allow us to educate consumers in the state.

18 One of our challenges on this is getting
19 all potential and current home buyers about the
20 value of high energy efficient solar homes. And
21 one way to do that is to do a sweepstakes and make
22 them go through an educational video to get to
23 that sweepstakes. But if you're going to have a
24 sweepstakes and you want people to spend that much
25 time, you need some pretty terrific prizes.

1 And so after envisioning the
2 sweepstakes, she set about getting some pretty
3 terrific prizes. The prize that she got that is
4 really the crown jewel in this campaign is working
5 with Wells Fargo Bank. And they will be offering
6 as the grand prize up to \$500,000, a brand new
7 energy efficient solar home.

8 So we believe that that will be enough
9 interest and enticement to get many people to go
10 through the gate, the educational video gate, to
11 get to the other side to win that as the grand
12 prize. There's other prizes that are equally
13 noted.

14 But, this is the vision and this is
15 where we are right now. And she is going to, as
16 part of her mission in this extension, continue to
17 shake the trees to have partners join us with
18 their checkbooks open. I'm sure Mr. Alvarez is in
19 the back of the room listening to me right now.

20 And so we can continue to advance and
21 educate the public about the value of high energy
22 efficient solar homes.

23 CHAIRPERSON PFANNENSTIEL: Thank you,
24 Claudia. Questions?

25 COMMISSIONER GEESMAN: I'd just say I

1 think you guys have done a great job in the worst
2 housing market in modern history in California.

3 So, I would move approval of this with
4 great expectations for the future.

5 COMMISSIONER BOYD: Second.

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

8 CHAIRPERSON PFANNENSTIEL: Approved.

9 Thank you, Claudia.

10 Item 7, possible approval of contract
11 400-07-023 for \$494,848 with TIAX, LLC, to develop
12 a cost/benefit analysis report on California's
13 self generation incentive program. Good morning,
14 Lynette.

15 MS. ESTERNON-GREEN: Good morning, Madam
16 Chairman and Commissioners. This request for
17 contract approval for TIAX, LLC was the result of
18 a solicitation conducted by the renewable energy
19 office.

20 Just to give you a brief background.
21 Assembly bill 2778 requires the Energy Commission,
22 by November 1, 2008, in consultation with the
23 California Public Utilities Commission, and
24 California Air Resources Board, to evaluate the
25 costs and benefits of providing ratepayer

1 subsidies for renewable and fossil fuel, ultra
2 clean and low emission distributed generation as
3 defined under the self generation incentive
4 program.

5 This includes air pollution, efficiency
6 and transmission and distribution system
7 improvements. It further specifies that this
8 evaluation shall be conducted as part of an Energy
9 Commission Integrated Energy Policy Report.

10 The evaluation will include
11 recommendations for changes in the eligibility of
12 technologies and fuels under the SGIP program, and
13 whether the level of subsidy should be adjusted
14 after considering its conclusions and the costs
15 and benefits.

16 On September 28, 2007, the renewable
17 energy office released a request for proposals to
18 select a qualified contractor to perform this
19 work. Bidders were asked to submit proposals to
20 develop a cost/benefit framework analysis of
21 electric generation technologies including
22 renewable and clean fuel technologies that could
23 be included in the SGIP.

24 Develop a user friendly cost/benefit
25 methodology that can be used by the Energy

1 Commission Staff to evaluate various technologies,
2 as well as replicate results in the report.

3 Provide scenarios of cost/benefit
4 evaluations based on staff-recommended inputs.
5 And produce a cost/benefit analysis report for the
6 Energy Commission.

7 A total of five companies submitted
8 proposals in response to this RFP and TIAX, LLC
9 was selected as the most qualified. A notice of
10 proposed award was released and posted on our
11 website on November 30, 2007.

12 This contract would be for ten months
13 with a proposed contract term date of February
14 29th to December 31st of this year for a maximum
15 of 494,848. Funding for this contract will come
16 out of the renewable resources trust fund. And
17 staff has presented this to the Renewables
18 Committee and received their approval.

19 I ask for your approval; and would be
20 happy to answer any of your questions.

21 CHAIRPERSON PFANNENSTIEL: Questions?
22 Comments?

23 COMMISSIONER GEESMAN: I'll move
24 approval.

25 COMMISSIONER BYRON: May I comment?

1 CHAIRPERSON PFANNENSTIEL: Yes,
2 Commissioner Byron.

3 COMMISSIONER BYRON: This particular
4 item, I asked some questions to staff on the
5 selection of the contractor. I'm not familiar
6 with this contractor's full history with the
7 Commission. But on a more recent project we were
8 quite concerned about some of their performance.
9 They were late. And I don't know, but I believe
10 they may have overrun their cost on that, as well.
11 On an extremely important project. They did good
12 work, but staff answered all of my questions.

13 I guess I'd just like to make the
14 comment that for the sake of this contractor, that
15 I would certainly be interested in seeing this
16 report before it's published because of the
17 subject matter. And I'd also like to somewhat put
18 the contractor on notice that we're paying close
19 attention to how well they perform on this
20 project.

21 MS. ESTERNON-GREEN: We've heard that
22 and we will consider that, too.

23 COMMISSIONER BYRON: Thank you. I'll
24 second the motion.

25 CHAIRPERSON PFANNENSTIEL: And thank

1 you, Commissioner, I think that's a really good
2 point to share that.

3 It's been moved and seconded.

4 All in favor?

5 (Ayes.)

6 CHAIRPERSON PFANNENSTIEL: Thank you.

7 MS. ESTERNON-GREEN: Thank you.

8 CHAIRPERSON PFANNENSTIEL: Item 8,
9 possible approval of contract 400-07-026 for
10 \$2,300,000 with Digital Energy, Inc. to provide
11 technical assistance and support to the Energy
12 Commission's Bright Schools Energy Partnership and
13 energy efficiency financing programs. Good
14 morning.

15 MS. RUDMAN: Good morning, Madam Chair
16 and Commissioners. My name is Monica Rudman and
17 I'm with the public programs office of the Energy
18 Commission.

19 This contract, as you said, is a \$2.3
20 million contract to provide technical assistance
21 and support to our public programs office in
22 support of our Bright Schools and energy
23 partnership program.

24 It's a retainer contract and we will
25 issue work authorizations as needed to support the

1 work. The contract task serving energy efficiency
2 opportunities in existing buildings, in new
3 construction, in water wastewater will evaluate
4 opportunities in cogeneration, distributed
5 generation, renewable energy systems and thermal
6 energy storage. And will provide engineering
7 support and program and energy efficiency
8 marketing. And then administration, as needed.

9 The value of the services that we
10 provide is greater than the costs of the contract,
11 dollars expended. So it's a cost effective use of
12 funds. And I hope that you will support the
13 contract.

14 Thank you.

15 CHAIRPERSON PFANNENSTIEL: Thank you.

16 Questions?

17 COMMISSIONER BYRON: Well, I'll move the
18 item, but also with the comment that I asked staff
19 some questions about the cost effectiveness of
20 prior programs. And I appreciate the responses,
21 and I agree with your results. Also, very helpful
22 information. I'd ask that you consider including
23 this kind of information in future agenda items.
24 I think it's very helpful for us to evaluate these
25 contracts this way.

1 So I will move the item.

2 COMMISSIONER GEESMAN: I'll second.

3 CHAIRPERSON PFANNENSTIEL: All in favor?

4 (Ayes.)

5 CHAIRPERSON PFANNENSTIEL: Thank you.

6 Item 10, possible approval of contract
7 400-07-025 for \$50,000 to renew the Energy
8 Commission's membership with the California
9 Commissioning Collaborative and allow the Energy
10 Commission to retain a position on the Board of
11 Directors. Good morning.

12 MR. COMMINS: Good morning. My name is
13 Tav Commins; I'm with the Title 24 building
14 standards office.

15 Staff is seeking approval to renew the
16 Energy Commission's membership with the California
17 Commissioning Collaborative. The cost of this
18 membership is \$50,000.

19 Membership in the Collaborative allows
20 the Energy Commission to retain its position on
21 the Board of Directors, and oversee work of the
22 Collaborative. Bill Pennington is one of the --
23 on the Board, a member.

24 The California Commissioning
25 Collaborative was formed in 2000 and retains both

1 federal and California nonprofit status. The
2 Collaborative is comprised of many organizations,
3 including all of the major California utilities,
4 the U.S. Department of Energy, various state
5 agencies and many commissioning agents.

6 The Collaborative is trying to make the
7 process of commissioning become business as usual
8 in the State of California. They have done this
9 by developing a workplan to promote commissioning.
10 And this workplan is funded by the Collaborative
11 Board Members membership; and these members decide
12 what the projects will be funded.

13 The Collaborative is the only
14 organization that is conducting this type of work.
15 If this contract is not approved, the Energy
16 Commission will lose its position on the board of
17 directors. By retaining this position we will
18 continue to be able to vote on the work that the
19 Collaborative is doing, the projects that it's
20 working on.

21 And two of these projects that have
22 direct relevance to the Commission are updating
23 the 2008 acceptance requirements for
24 nonresidential buildings and to help implement SB-
25 1, a ratepayer-funded incentive program for

1 photovoltaic systems.

2 Thank you. Any questions?

3 COMMISSIONER ROSENFELD: I move the
4 item.

5 COMMISSIONER GEESMAN: Second.

6 CHAIRPERSON PFANNENSTIEL: In favor?

7 (Ayes.)

8 CHAIRPERSON PFANNENSTIEL: It's
9 approved.

10 Item 11, possible approval of purchase
11 order 07-409.00-014 for a maximum of \$245,000 with
12 Setka, Incorporated, to assist the Energy
13 Commission in accomplishing necessary tasks to
14 continue to collect and publish appliance
15 efficiency data. Ms. Chrisman.

16 MS. CHRISMAN: Thank you. For the
17 record, I'm Betty Chrisman, Program Manager of the
18 Energy Commission's appliance efficiency program.

19 Staff is seeking approval of this
20 purchase order with Setka, Inc. for a maximum of
21 \$245,000 in order to complete several necessary
22 changes to the Energy Commission's appliance
23 database.

24 The appliance database is the
25 cornerstone of the appliance efficiency program's

1 efforts both to insure manufacturer compliance
2 with state and federal regulations, and of the
3 Commission's ability to collect and publish
4 appliance-specific energy efficiency data.

5 To highlight the importance of this
6 second part I provide the following example: As
7 you are aware, two days ago the Commission filed a
8 legal brief in the U.S. Ninth Circuit Court of
9 Appeals requesting that court overturn the U.S.
10 Department of Energy's denial of the Commission's
11 petition for a waiver of federal preemption for
12 the state's water efficiency standards for
13 residential clothes washers.

14 One of DOE's three rationales provided
15 in their December 2006 rejection of our petition
16 was the alleged unavailability of any top-loading
17 residential clothes washer that could likely meet
18 a water factor standard of 6.0 by 2010, thereby
19 likely resulting in the unavailability of top-
20 loader residential washers in California.

21 Manufacturers are to certify to us
22 models being sold or offered for sale in
23 California. A recent search of our database found
24 three residential clothes washers certified by
25 their manufacturers late last year having a water

1 factor of 6.0 or less.

2 With our available database we had easy
3 access to show the court that the USDOE's argument
4 was based on a wrong assumption that a water
5 factor of 6.0 for a residential clothes washer
6 could not be met by 2010, as these models were
7 certified to us in late 2007, well in advance of
8 that 2010 date. This is merely one tangible
9 example of the importance of our appliance
10 database.

11 Work done under this purchase order will
12 accomplish several necessary tasks including
13 automating the log-in process and the data
14 submittal responses, updating current validation
15 to update its standards, adding new appliances
16 with new validation, maintaining existing data
17 tables, updating the online help feature,
18 incorporating historical data and adding features
19 to the searchable database.

20 Two proposals were received in response
21 to the request for offer issued last month. Setka
22 was selected based on the best value selection
23 criteria included with the RFO.

24 The Efficiency Committee has approved
25 this item. Staff would appreciate your approval

1 of this purchase order. And I am happy to answer
2 any questions.

3 COMMISSIONER ROSENFELD: This database
4 is used not only within California but by many
5 other states, isn't that correct?

6 MS. CHRISMAN: Yes, it is.

7 COMMISSIONER ROSENFELD: So, we're
8 really running a national database.

9 MS. CHRISMAN: We're running a database
10 that is used by multiple states, and yes.

11 COMMISSIONER ROSENFELD: I just want to
12 also praise you for your long history of -- I
13 guess you're the mother of the database --

14 (Laughter.)

15 MS. CHRISMAN: Thank you very much.

16 (Laughter.)

17 COMMISSIONER BOYD: I think.

18 COMMISSIONER ROSENFELD: -- absolutely
19 essential and with great pleasure I move the item.

20 COMMISSIONER BYRON: I'd also like to
21 thank you for your example of the use of the
22 database in your presentation; that was very
23 helpful.

24 I'll be glad to second.

25 CHAIRPERSON PFANNENSTIEL: All in favor?

1 (Ayes.)

2 CHAIRPERSON PFANNENSTIEL: Thank you,
3 Betty.

4 Item 13, possible approval of purchase
5 order 07-409.00-012 for an amount not to exceed
6 \$250,000 with Public Sector Consultants, Inc., to
7 provide operational support for the energy
8 research and development division, Public Interest
9 Energy Research information management system and
10 APS.NET/SQL server applications. Good morning.

11 MS. LIBONATI: Good morning. My name is
12 Nancy Libonati. I'm with the research and
13 development division PIER program. And as you've
14 explained, I'm asking for approval of this PO that
15 is the result of, I guess I'd call it a mini-
16 solicitation through the Department of General
17 Services CMAS agreement this is the California
18 multiple award schedule.

19 We requested offers or proposals and
20 reviewed and selected Public Sector Consultants to
21 provide the services of programmers to support the
22 PIER program.

23 CHAIRPERSON PFANNENSTIEL: And that's
24 what it is --

25 MS. LIBONATI: And our database.

1 CHAIRPERSON PFANNENSTIEL: -- is
2 programmers for PIER?

3 MS. LIBONATI: Absolutely, it is
4 programmers to maintain the database, to help with
5 analysis of data, and to basically do coding.

6 CHAIRPERSON PFANNENSTIEL: Other
7 questions?

8 COMMISSIONER ROSENFELD: I move the
9 item.

10 COMMISSIONER GEESMAN: Second.

11 CHAIRPERSON PFANNENSTIEL: In favor?

12 (Ayes.)

13 CHAIRPERSON PFANNENSTIEL: And then you
14 have the next item, number 14, possible approval
15 of purchase order 07-409.00-013 for \$187,000 with
16 Public Sector Consultants, Inc. to manage and
17 document development of centralized business
18 functions for the energy research and development
19 division of PIER.

20 MS. LIBONATI: And, similarly, we went
21 through the General Services CMAS agreement. And
22 I'm asking for approval of the resulting purchase
23 order for a project manager to assist us with
24 these. It's all the underlying business processes
25 for the PIER program.

1 Some examples would be workload
2 management, changes to existing processes, grant
3 development, communication planning, the data
4 analysis. And I think one of the real important
5 underlying systems is our managing the research
6 budgets. And additional processes.

7 So I'm asking for approval of this
8 agreement as described. Thank you.

9 CHAIRPERSON PFANNENSTIEL: Thank you.
10 Questions?

11 COMMISSIONER ROSENFELD: I move this
12 item, too.

13 COMMISSIONER GEESMAN: Second.

14 CHAIRPERSON PFANNENSTIEL: In favor?
15 (Ayes.)

16 CHAIRPERSON PFANNENSTIEL: Approved.

17 Item 15, possible approval of contract
18 500-07-029 for \$36,000 with the Association of
19 State Energy Research and Technology Transfer
20 Institutions Energy Commission membership for two
21 years.

22 MS. TURNER: Good morning,
23 Commissioners; my name is Cathy Turner. I work in
24 the energy research and development division of
25 the PIER program. I am the Administrator for the

1 proposed membership agreement with the Association
2 of State Energy Research Technology Transfer
3 Institutions, otherwise known as ASERTTI.

4 This agreement will fund our membership
5 with ASERTTI for two years for a total of \$36,000.
6 ASERTTI is a nonprofit organization of state and
7 local energy institutions that promotes research,
8 demonstration, transfer and deployment of advanced
9 energy technologies that can contribute to
10 economic growth, environmental quality and energy
11 security and reliability in the United States.

12 The main focus of ASERTTI work is
13 collaboration in building working relationships to
14 serve the public interest and energy efficiency.

15 The Energy Commission was one of the
16 institutions that created ASERTTI in 1990. And
17 today I am requesting approval for this
18 membership.

19 Thank you. Do you have any questions?

20 CHAIRPERSON PFANNENSTIEL: Questions?

21 COMMISSIONER ROSENFELD: Yeah, I have a
22 question, either for you or for Martha, who I can
23 see back there. This is one case where there's
24 cost-sharing between DOE and the member states, is
25 that right?

1 DR. KREBS: I'm Martha Krebs, the Deputy
2 Director for R&D. In the past there has been
3 considerable cost sharing from DOE.

4 COMMISSIONER ROSENFELD: That's the way
5 it got started.

6 DR. KREBS: That's how it got started.
7 I believe that there has been a reduction in that
8 cost sharing over time. And I'm not sure at this
9 moment whether it's a very small amount or none.

10 It has been a problem because of from the
11 Congressional perspective.

12 However, there is still cost sharing
13 among the states. And we do collaborate to do
14 actual R&D activities among the states. So this
15 is essentially a mechanism for us to work with
16 other states and to carry out agreed-upon R&D
17 activities.

18 COMMISSIONER ROSENFELD: I sure hope
19 under the next Administration that the 50/50 cost
20 sharing will be seriously considered, but I don't
21 know if they feel that way right now.

22 Okay, well, I move the item.

23 COMMISSIONER GEESMAN: I'll second it.
24 But, Martha, I'm curious. What's the nature of
25 the Congressional concern over cost sharing?

1 DR. KREBS: I can't answer that
2 question. I'd have to get back to you on that,
3 but I just know that there have been problems.

4 COMMISSIONER ROSENFELD: Does that
5 answer your question, John?

6 COMMISSIONER GEESMAN: Well, it kind of
7 explains a number of different things with
8 Congress.

9 COMMISSIONER BYRON: Perhaps
10 insufficient funds.

11 COMMISSIONER BOYD: I don't know if this
12 is part of -- I think we're seeing kind of a
13 general pullback by DOE and its participation in
14 many of what in the past were cooperative
15 programs. I don't know if this is part of this,
16 or has its own unique problem. But I'm aware of
17 other programs where DOE is not stepping up to the
18 plate nearly to the degree they used to.

19 COMMISSIONER GEESMAN: It would seem an
20 environment where one of the few things working in
21 energy policy is at the state level that this
22 would be money well spent by DOE. And well
23 supported by Congress, but --

24 CHAIRPERSON PFANNENSTIEL: That doesn't
25 always follow, John.

1 COMMISSIONER GEESMAN: Right.

2 COMMISSIONER ROSENFELD: Well, more than
3 that, Commissioner Geesman, ASERTTI is, I don't
4 know, 10 or 15 years old, but it has a good track
5 record.

6 COMMISSIONER GEESMAN: Right. Right.
7 An unassailable track record.

8 CHAIRPERSON PFANNENSTIEL: Moved and
9 seconded.

10 All in favor?

11 (Ayes.)

12 CHAIRPERSON PFANNENSTIEL: Thank you.

13 COMMISSIONER BOYD: Logic and Washington
14 don't go hand-in-glove.

15 CHAIRPERSON PFANNENSTIEL: Approval of
16 the minutes of the January 16th board meeting.

17 COMMISSIONER ROSENFELD: I'll move the
18 minutes.

19 COMMISSIONER GEESMAN: Second.

20 COMMISSIONER BOYD: I'll abstain.

21 CHAIRPERSON PFANNENSTIEL: Okay.

22 In favor?

23 (Ayes.)

24 CHAIRPERSON PFANNENSTIEL: Approved, the
25 minutes are approved.

1 Commission Committee presentations.

2 This is an opportunity where Commissioner
3 Geesman -- this is Commissioner Geesman's third
4 last meeting.

5 (Laughter.)

6 COMMISSIONER GEESMAN: Also called the
7 long goodbye.

8 (Laughter.)

9 CHAIRPERSON PFANNENSTIEL: But that is a
10 dangerous place, because the first meeting we had
11 a whole bunch of things going on. The second
12 meeting we had other people coming in. So this
13 meeting we have a resolution for him. Finally.

14 See, if you'd have left earlier, John,
15 you wouldn't have gotten your resolution.

16 Whereas, John L. Geesman -- I didn't
17 know about the L -- so believed in the mission of
18 the Energy Commission that he first served, in his
19 youth, as an Advisor and Executive Director. And
20 then nearly two decades later as Commissioner,
21 after a successful career in investment banking
22 and as a Board Member of both the Power Exchange
23 and the California System Operator.

24 And whereas John L. Geesman for over 30
25 years never wavered from his vision that

1 developing California's rich renewable energy
2 resources would benefit the state by keeping more
3 of our energy dollars in the state, stimulating
4 new investment opportunities, creating new jobs,
5 and keeping our skies blue and our economy golden,

6 And whereas John L. Geesman exhibited
7 his extraordinary ability to guide, arbitrate,
8 facilitate, cajole and ultimately create keystones
9 in California's energy policy with his work on the
10 2005, 2006 and 2007 Integrated Energy Policy
11 Reports,

12 And whereas John L. Geesman never
13 shirked from tackling new, challenging, and often
14 controversial energy issues while upholding the
15 Energy Commission's commitment to developing and
16 vetting energy policies in an open process that
17 provided for stakeholder and public input on
18 emerging energy policies related to transmission
19 line corridors, avian guidelines for developing
20 wind energy, nuclear energy status and potential,
21 and advancing renewable energy and energy
22 efficiency to its fullest economic and
23 environmental potential,

24 And whereas John L. Geesman served
25 governors, the state and the people of California

1 with integrity, intelligence and devotion while
2 keeping staff, industry representatives and fellow
3 Commissioners engaged with critical thinking,
4 brilliant dialogue, and imaginative humor.

5 Therefore, be it resolved that the
6 California Energy Commission acknowledges, values,
7 and was privileged to have John L. Geesman serve
8 this organization and the State of California as a
9 quintessential public servant and energy
10 visionary. And that his friendship, intelligence,
11 wit and wisdom will be greatly missed by his
12 fellow Commissioners and the Energy Commission
13 Staff.

14 (Applause.)

15 COMMISSIONER BOYD: You'll be missed, my
16 friend, you'll be missed.

17 Might I add that I, for one, will very
18 definitely miss John. Because often he had the
19 courage to say in public settings things that some
20 of us wanted to say but were struggling with. And
21 I think it's going to be incumbent upon the rest
22 of us to uphold John's, and remember his spirit,
23 and once in awhile say those things that need to
24 be said that one wonders if they fit the occasion.
25 They always have, and I've always appreciated it.

1 And will be truly missed by many of us, by all of
2 us, I'm sure.

3 COMMISSIONER BYRON: Right.

4 COMMISSIONER ROSENFELD: I'd like to add
5 a couple of words, too. John Geesman is a hero,
6 and he's going to go down mainly in history as a
7 great proponent of renewables.

8 But I want to say a couple of words as
9 Presiding Member of the Efficiency Committee
10 because we're really going to miss you there, too,
11 John. I don't know how you do it, but you're
12 always well informed; you've got a preconsidered
13 wonderful judgment on the wisdom of everything we
14 do.

15 I'm discovering one thing about John
16 Geesman. Some people, they read very fast. And
17 some people remember everything they read. But
18 what's remarkable about John Geesman is he reads
19 very fast, and then he remembers it all and
20 processes it all. And it's just wonderful. And I
21 have really learned a lot.

22 On behalf of Efficiency, as well as
23 Renewables, we thank you.

24 COMMISSIONER BYRON: And if I may,
25 Commissioner Geesman, I didn't really begin to

1 appreciate what an extraordinary public servant
2 you are until I was on this Commission. Thank you
3 very much for your service.

4 CHAIRPERSON PFANNENSTIEL: Rebuttal,
5 John?

6 (Laughter.)

7 COMMISSIONER GEESMAN: Well, thank you.
8 I'm going to read this resolution to my teenage
9 daughter tonight at dinner.

10 (Laughter.)

11 COMMISSIONER GEESMAN: I apologize for
12 the lengthy departure process. Governors never
13 seem to get around to this until the very end.
14 But I am always reminded of the Dan Hicks song,
15 "How Can We Miss You If You Won't Go Away?"

16 (Laughter.)

17 COMMISSIONER GEESMAN: And this is my
18 last meeting. But let me say the obvious thing.
19 Nobody, nobody has had the opportunity I've had to
20 work with such a wonderful group of colleagues.
21 We've worked so closely together the five and a
22 half years that I've been here, that the
23 Commission has truly been seamless in our
24 activities, in our priorities and in our
25 judgment. And I think that's been a real

1 value to the State of California.

2 I've had some terrific relationships
3 with my colleagues and with the staff. And it's
4 one of the most enriching things that you can do
5 in life, to have those kinds of working
6 relationships.

7 So I want to thank you all, and assure
8 you that I'll be watching and listening very
9 carefully --

10 CHAIRPERSON PFANNENSTIEL: And maybe
11 writing about us.

12 COMMISSIONER GEESMAN: -- and maybe
13 writing.

14 CHAIRPERSON PFANNENSTIEL: Thank you,
15 John.

16 Chief Counsel report, Mr. Chamberlain.

17 MR. CHAMBERLAIN: Thank you, Madam
18 Chair. I'd just like to add that on this same
19 note, that as you may know, I'm completing my
20 thirtieth year as the Commission's Chief Counsel.
21 And I can tell you that the Chief Counsel does not
22 always appreciate the Warren Alquist Act's
23 provision for an attorney on the Commission. But
24 in this case, I really have.

25 And I don't know how many of you know,

1 but John's wife used to be in my office. And I'm
2 sorry that we didn't have a more formal dinner for
3 you so that I could have seen her again.

4 I have two items for closed session,
5 both involving litigation or possible litigation.

6 CHAIRPERSON PFANNENSTIEL: Thank you.
7 We'll look forward to that.

8 Ms. Jones.

9 EXECUTIVE DIRECTOR JONES: I have one
10 item to report. That deals with a report that was
11 prepared by the Energy Commission entitled,
12 vulnerability assessment and security analysis of
13 electric power systems.

14 Under our regulations the Executive
15 Director has the ability to grant this report
16 confidentiality. I went ahead and made that
17 decision on December 10th based on the fact that
18 there's critical information that could be used to
19 disable the electric grid if it was made public.

20 And so I'm just informing you of that
21 action. And other than that, I have nothing to
22 report.

23 CHAIRPERSON PFANNENSTIEL: Thank you.
24 Leg Director, Mike.

25 LEGISLATIVE DIRECTOR SMITH: Good

1 morning, Commissioners. Just two quick notes. By
2 way of deadlines, the end of this month is the
3 deadline for existing two-year bills to be voted
4 out of the first House. And there are a number
5 that are in jeopardy. So after this month is over
6 we'll probably see the list of bills that we're
7 focused on, the two-years bills shrink measurably.
8 So we'll be monitoring that and keeping your
9 apprised of that.

10 And also February 22nd is the deadline
11 for new bills to be introduced in this session.
12 So, while two-year bills may be falling by the
13 wayside, they will no doubt be replaced in equal
14 or perhaps even greater quantity as new bills are
15 introduced. And we will keep you apprised of that
16 progress, as well.

17 And on a personal note, I, too, would
18 like to add my voice to the chorus of
19 appreciation, Commissioner Geesman, for your years
20 of service here at the Energy Commission.

21 You've provided a clear and compelling
22 voice for the Energy Commission on many very
23 difficult and tough issues. And I think public
24 policy in California has been greatly enriched as
25 a result of your involvement.

1 So, thank you very much.

2 COMMISSIONER GEESMAN: Thank you. And
3 we go back a few years, too. It's been terrific.

4 CHAIRPERSON PFANNENSTIEL: Mike, you
5 might want to note February 12th both the Assembly
6 Energy Committee and the -- no, the Assembly
7 Utilities and Commerce and the Senate Energy
8 Committee are holding hearings involving us.

9 LEGISLATIVE DIRECTOR SMITH: Thank you
10 very much. Yes, the Assembly Utilities and
11 Commerce, the long awaited hearing on the
12 oversight of the -- or the review of the IEPR
13 process and the PIER program will be held on
14 February 12th, a state holiday -- state employee
15 holiday, I should say.

16 As well as the Senate Energy Committee
17 is holding a hearing on the review of the CSI,
18 which our involvement, of course, is the New Solar
19 Homes Partnership program.

20 CHAIRPERSON PFANNENSTIEL: The same
21 afternoon, but --

22 LEGISLATIVE DIRECTOR SMITH: The same
23 afternoon, yeah. Not even just the same day, but
24 the same afternoon.

25 CHAIRPERSON PFANNENSTIEL: -- but

1 sequentially, not consecutively.

2 LEGISLATIVE DIRECTOR SMITH: The Senate
3 Energy hearing begins at 1:00, I believe. And the
4 Assembly hearing begins at 3:00.

5 CHAIRPERSON PFANNENSTIEL: Thanks.
6 Public Adviser report. Any --

7 MS. MURPHY: Nick is at a doctor's
8 appointment and to my knowledge there's nothing to
9 report.

10 CHAIRPERSON PFANNENSTIEL: Okay, no
11 Public Adviser report.

12 MS. MURPHY: We don't have a Public
13 Adviser report.

14 CHAIRPERSON PFANNENSTIEL: Thank you.

15 Any other additional public comment?

16 Anybody on the telephone for public comment?

17 No. Thank you. We'll be adjourned.

18 (Whereupon, at 11:55 a.m., the business
19 meeting was adjourned.)

20 --o0o--

21

22

23

24

25

CERTIFICATE OF REPORTER

I, DEBI BAKER, 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 7th day of February, 2008.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345