

BUSINESS MEETING  
BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of:                    )  
  )  
Business Meeting                    )  
  )  
\_\_\_\_\_                              )

CALIFORNIA ENERGY COMMISSION  
HEARING ROOM A  
1516 NINTH STREET  
SACRAMENTO, CALIFORNIA

WEDNESDAY, OCTOBER 22, 2008

10:00 A.M.

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

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

James D. Boyd, Vice Chairman

Karen Douglas

Arthur H. Rosenfeld

STAFF PRESENT

Sylvia Bender

Libbie Bessman

Joji Castillo

William Chamberlain, Chief Counsel

Claudia Chandler

Guido Franco

Mike Gravely

John Hingtgen

Jim Holland

Rod Jones

Harriet Kallemeyn, Secretariat

Chris Marxen

Madeleine Meade

Melinda Merritt

Joe O'Hagan

Larry Smith

PUBLIC ADVISER

Elena Miller

ALSO PRESENT

Ken Speer, Northern California Power Agency

Scott Galati, Galati|Blek  
Counsel to Northern California Power Agency

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## I N D E X

	Page
Proceedings	1
Items	1
1 Consent Calendar	2
2 Lodi Energy Center	2
3 Geothermal Resources Development Account Grant Recipient Change	7
4 Benicia Unified School District	9
5 City of Monterey	12
6 McGraw-Hill Construction	14
7 ABT SRBI	16
8 Public Sector Consultants	18
9 US Department of Energy - Pacific Northwest National Laboratory	20
10 UC Davis	23
11 UC Santa Barbara, Bren School of Environmental Science & Management	25
12 UC Energy Institute	29
13 Appliance Efficiency Regulations A and B	31
14 Renewable Energy Program Annual Report	34
15 Minutes	37
16 Commission Committee Presentations/Discussion	37
17 Chief Counsel's Report	37
18 Executive Director's Report	38
19 Legislative Director's Report	40

I N D E X

	Page
Items - continued	
20 Public Adviser's Report	42
21 Public Comment	43
Adjournment	43
Certificate of Reporter	44

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

10:04 a.m.

VICE CHAIRMAN BOYD: Good morning,  
everybody. Welcome to the October 22 Business  
Meeting of the California Energy Commission. If  
you would all please join me in the Pledge.

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

VICE CHAIRMAN BOYD: Thank you. As you  
see we have a bare quorum today. The other two  
Commissioners are on the East Coast somewhere.  
No, one of them is out of the country and one is  
on the East Coast.

There are no changes to today's agenda,  
no deletions or corrections.

I do want to note one thing before we  
get into the agenda. I was shocked yesterday to  
receive a notice that somebody I considered a dear  
friend of the Energy Commission passed away, Jane  
Turnbull of the American Lung Association -- the  
League of Women Voters, excuse me. Who was a very  
regular person here in attendance at the  
Commission at its IEPR hearings and just on a  
whole host of subject matter.

She was a delight. She was a wonderful

1 person and she comported herself extraordinarily.  
2 She was a wonderful representative of the League  
3 of Women Voters and I know we will miss her.  
4 Hopefully we will send some expression of our  
5 condolences to her family, Ms. Chandler. Thank  
6 you very much.

7 MS. CHANDLER: We will take care of  
8 that, absolutely.

9 VICE CHAIRMAN BOYD: Thank you.

10 Okay, the Consent Calendar. Is there a  
11 motion?

12 COMMISSIONER ROSENFELD: I move the  
13 consent calendar.

14 COMMISSIONER DOUGLAS: And I second.

15 VICE CHAIRMAN BOYD: A motion and a  
16 second. All in favor?

17 (Ayes.)

18 VICE CHAIRMAN BOYD: Opposed? Nothing.  
19 Three to nothing it carries.

20 The second item, Lodi Energy Center.  
21 Possible approval of the Executive Director's data  
22 adequacy recommendation for the Northern  
23 California Power Agency's Application of the Lodi  
24 Energy Center, a nominal 255 megawatt natural gas-  
25 fired combined cycle facility. Good morning.

1                   MR. JONES: Good morning. Good morning,  
2                   Commissioners. My name is Rod Jones and I am the  
3                   staff Project Manager for the Lodi Energy Center.

4                   On September 10, 2008 Northern  
5                   California Power Agency submitted an Application  
6                   for Certification to the California Energy  
7                   Commission to construct and operate an electrical  
8                   generating plant in the city of Lodi, San Joaquin  
9                   County, California. The Lodi Energy Center would  
10                  be a natural gas-fired, combined cycle, nominal  
11                  255 megawatt power generation facility.

12                  The proposed project would be located on  
13                  4.4 acres of land owned and incorporated by the  
14                  City of Lodi, six miles west of the Lodi city  
15                  center, located near Interstate 5, approximately  
16                  1.7 miles south of State Route 12. On the east  
17                  site of the site is the City of Lodi's White  
18                  Slough Water Pollution Control Facility. The  
19                  WPCF's treatment and holding ponds are located to  
20                  the north.

21                  An existing generating plant, the CTP  
22                  number 2, is located to the west, with a 230 kV  
23                  Pacific Gas and Electric overhead electrical  
24                  transmission line aligned further to the west, and  
25                  the San Joaquin County Mosquito and Vector Control

1 facility is to the south. The proposed project  
2 would also be located near the city of Stockton,  
3 which is approximately two miles south. The  
4 project site is currently undeveloped and used for  
5 equipment storage during upgrade to the WPCF.

6 The project would include the addition  
7 of a combustion turbine generator, single  
8 condensing steam turbine generator, deaerating  
9 surface condenser, mechanical draft cooling tower,  
10 heat recovery steam generator, emission reduction  
11 system, auxiliary boiler, recycle water from the  
12 WPCF, underground injection well for processing  
13 cooling tower blowdown, 520 foot, 2300 kilovolt  
14 line for transmitting plant output to the  
15 electrical grid, 2.5 mile long gas line built  
16 parallel to the existing natural gas pipeline for  
17 serving NCPA's CTP number 2, and assorted support  
18 equipment.

19 In addition, the proposed project would  
20 share existing facilities with the CTP number 2,  
21 most notably infrastructure and an anhydrous  
22 ammonia system, 230 kilovolt switchyard and grid  
23 connection, fire systems, diesel-fired emergency  
24 fire pump, domestic water systems, an existing  
25 Class I underground injection well, and operating

1 facilities including an administration building,  
2 control room, office space, warehouse and a gas  
3 metering station.

4 If the project is approved construction  
5 would begin the first quarter of 2010 with  
6 commercial operation commencing in 2012.

7 Staff's evaluation of the AFC was  
8 submitted to the Executive Director, whose  
9 recommendation is before you. The Executive  
10 Director has determined that the AFC does not meet  
11 all of the requirements listed in Title 20 Section  
12 1704 and Division 2, Chapter 5, Appendix B of the  
13 California Code of Regulations for the 12-month  
14 process. Therefore, we recommend that the Energy  
15 Commission find the AFC inadequate and adopt the  
16 attached list of deficiencies. Of the following  
17 23 technical disciplines reviewed we believe the  
18 information contained in the AFC is deficient in  
19 eight areas, Air Quality, Biological Resources,  
20 Cultural Resources, Socioeconomics, Transmission  
21 System Design, Soils, Visual Resources and Water  
22 Resources.

23 As essential to the data adequacy phase,  
24 staff will be back to the Commission once the  
25 Applicant has supplied the needed information to

1 make the AFC complete.

2 VICE CHAIRMAN BOYD: Thank you.

3 MR. JONES: And we have in attendance  
4 here Ken Speer, Assistant General Manager, NCPA,  
5 and Scott Galati, counsel for NCPA.

6 VICE CHAIRMAN BOYD: Thank you,  
7 Mr. Jones. Applicant.

8 MR. GALATI: Thank you, Commissioners.  
9 We have reviewed the staff's data adequacy  
10 recommendation. We have been working very hard.  
11 We believe we are going to be responding to all of  
12 these deficiencies by Friday of this week,  
13 including getting -- we have already received the  
14 Letter of Completeness from the San Joaquin Air  
15 Pollution District. So we would hope to see you  
16 on the 5th with a positive recommendation. Staff  
17 has been working with us very well so we think  
18 that information is going to be readily -- easy  
19 for them to review.

20 VICE CHAIRMAN BOYD: Very good, thank  
21 you. All right, we have before us the item. We  
22 have the staff's recommendation, the  
23 recommendation of the Executive Director. Any  
24 comments, questions or a motion?

25 COMMISSIONER DOUGLAS: I move to support

1 the staff recommendation.

2 VICE CHAIRMAN BOYD: A motion.

3 COMMISSIONER ROSENFELD: Second.

4 VICE CHAIRMAN BOYD: A second. All in  
5 favor?

6 (Ayes.)

7 VICE CHAIRMAN BOYD: Thank you, it  
8 carries three to nothing. We look forward to  
9 seeing you soon.

10 COMMISSIONER ROSENFELD: On the 5th.

11 VICE CHAIRMAN BOYD: Agenda Item number  
12 3, Geothermal Resources Development Account Grant  
13 Recipient Change. Possible approval of a change  
14 from Potter Drilling, LLC to GroundSource  
15 Geothermal as a recipient of funding under the  
16 Geothermal Resource Development Account. Good  
17 morning.

18 MR. HINGTGEN: Good morning,  
19 Commissioners. My name is John Hingtgen, I am  
20 with the Energy Generation Research Office in the  
21 Research and Development Division.

22 The award that is the subject of this  
23 was awarded at the May 21 Business Meeting under  
24 the GRDA or geothermal solicitation last year.  
25 Potter Drilling was awarded \$72,000,

1 approximately, for a market study of geothermal  
2 heat pumps and how to increase their use within  
3 California.

4 Since that award the company received a  
5 large amount of investment capital. They  
6 reorganized, splitting into two parts. The work  
7 of this project would be assigned to a new company  
8 called GroundSource Geothermal. The staff at the  
9 company would stay the same, the scope of work  
10 would stay the same and the budget. So this  
11 action would simply assign the award from the old  
12 company, Potter Drilling, to the new company,  
13 GroundSource Geothermal. And that would be the  
14 only change.

15 VICE CHAIRMAN BOYD: Okay, any  
16 questions?

17 COMMISSIONER ROSENFELD: I move the  
18 change.

19 COMMISSIONER DOUGLAS: I second.

20 VICE CHAIRMAN BOYD: There has been a  
21 motion and a second. All in favor?

22 (Ayes.)

23 VICE CHAIRMAN BOYD: Thank you very  
24 much, approved the item.

25 MR. HINGTGEN: Thank you.

1                   VICE CHAIRMAN BOYD:  And I need to go  
2                   back on the record for just a moment.  In my  
3                   haste, Item 2B, which would have been the  
4                   appointment of a siting committee.  Pretty  
5                   obviously we are not going to appoint a siting  
6                   committee if we found the item data inadequate but  
7                   I want the record to note that that action was not  
8                   taken and will be advanced to the time the Center  
9                   proposal is back before us.

10                   All right, Item number 4, Benicia  
11                   Unified School District.  Possible approval of a  
12                   \$925,418 loan to the Benicia Unified School  
13                   District to install several energy efficiency  
14                   projects.  Good morning.

15                   MR. HOLLAND:  Good morning,  
16                   Commissioners.  I am Jim Holland of the Public  
17                   Programs Office.  And as you stated I am  
18                   requesting a loan approval for \$925,418 for  
19                   efficiency projects in the Benicia Unified School  
20                   District.  And these projects will be composed  
21                   primarily of retrofitting T-12 lamps and magnetic  
22                   ballasts with T-8 lamps and electronic ballasts as  
23                   well as putting controls on lighting and beverage  
24                   vending machines.  And also upgrading aged HVAC  
25                   units with modern, more efficient HVAC units.

1           These upgrades will save the school  
2           district 683 kWh per year, 2,366 therms per year,  
3           and \$99,153 in annual cost savings. This project  
4           is also estimated to reduce carbon dioxide  
5           emissions by 292 tons.

6           The full project cost is \$925,418 and  
7           therefore the loan will cover the full amount of  
8           the project. But we also anticipate PG&E rebates  
9           of \$74,196. With the rebate the payback period is  
10          estimated to be 8.6 years. This loan request has  
11          been reviewed and approved by the Efficiency  
12          Committee and I ask for your approval.

13          VICE CHAIRMAN BOYD: Thank you.  
14          Questions?

15          COMMISSIONER ROSENFELD: Jim, I have a  
16          question for you.

17          MR. HOLLAND: Sure.

18          COMMISSIONER ROSENFELD: I am on the  
19          Efficiency Committee so I shouldn't have to ask  
20          this question. Usually these loans have a payback  
21          period of maybe five years.

22          MR. HOLLAND: Yes sir.

23          COMMISSIONER ROSENFELD: And they  
24          support some renewables, which is a good thing,  
25          and the payback time goes up to about ten years.

1 Here the payback time is about ten years without  
2 supporting any renewables, as far as I can see.

3 MR. HOLLAND: Yes sir. It's the HVAC.

4 COMMISSIONER ROSENFELD: It's a little  
5 unfavorable compared to most, isn't it?

6 MR. HOLLAND: Yes sir. The HVAC system  
7 replacement is driving the payback upward. The  
8 HVACs are all over 20 years old and at best 8  
9 SEER. It is a very expensive retrofit to go and  
10 replace most if not all of the HVAC units through  
11 the school district. And that is why we have a  
12 much longer payback than usual, because of the  
13 HVAC replacement. The HVAC alone is, by itself,  
14 over a 50 year payback. But when mixed with the  
15 lighting and the lighting controls it brings the  
16 payback down to the reasonable 9.3 years. But it  
17 is the HVAC itself that is driving the payback  
18 period long.

19 COMMISSIONER ROSENFELD: Okay, thank  
20 you. I move the item.

21 VICE CHAIRMAN BOYD: Commissioner  
22 Rosenfeld, knowing you would ask that question,  
23 because I know how you are on questioning the  
24 payback period, I inquired of this ahead of time  
25 and found it was the HVAC system, the air

1 conditioning. And my only reaction was, they  
2 didn't air condition schools when I went to  
3 school. But in any event --

4 COMMISSIONER ROSENFELD: And you got  
5 through school, apparently.

6 VICE CHAIRMAN BOYD: I made it anyway.  
7 I'll entertain your motion. Is there a second?

8 COMMISSIONER DOUGLAS: I second.

9 VICE CHAIRMAN BOYD: There is a motion  
10 and a second. All in favor?

11 (Ayes.)

12 VICE CHAIRMAN BOYD: It carries three to  
13 nothing.

14 MR. HOLLAND: Thank you very much.

15 VICE CHAIRMAN BOYD: Thank you, Jim.

16 Agenda Item number 5. I just revealed  
17 my age there, didn't I?

18 The City of Monterey. Possible approval  
19 of a \$600,000 loan to the City of Monterey to  
20 upgrade lighting and photovoltaic installation  
21 projects. Good morning.

22 MS. CASTILLO: Good morning,  
23 Commissioners. My name is Joji Castillo and I am  
24 with the Public Programs Office. This is a loan  
25 request from the City of Monterey for \$600,000.

1       These funds will be used to fund lighting upgrades  
2       and solar installations.

3               The lighting projects will be at two  
4       facilities, the Monterey Conference Center and the  
5       Monterey Sports Center. The projects include  
6       retrofitting interior and exterior incandescent,  
7       mercury vapor and metal halide lighting with CFLs,  
8       induction lighting and LED lighting.

9               The solar installations will be also at  
10       two facilities. One will be a 23 kilowatt,  
11       rooftop photovoltaic system at the 735 Pacific  
12       Street building and the other will be a 49.8  
13       kilowatt, ground-mounted photovoltaic system at  
14       the Ryan Ranch building.

15               These projects will save the City of  
16       435,000 kilowatt hours per year or \$60,000 per  
17       year. The total project cost is over \$783,000.  
18       The City will potentially be receiving rebates of  
19       over \$183,000 and the net cost to the City is  
20       \$600,000. Based on the loan amount of \$600,000  
21       payback is estimated at ten years.

22               The item has been approved by the  
23       Efficiency Policy Committee and I am seeking your  
24       approval for this loan request. Thank you.

25               VICE CHAIRMAN BOYD: Thank you.

1 Questions?

2 COMMISSIONER ROSENFELD: I had one  
3 question. There is this parenthetical remark which  
4 says it is ECAA or bond funded. Usually these  
5 things are just bond funded. Can you explain why?

6 MS. CASTILLO: This particular one is  
7 bond funded.

8 COMMISSIONER ROSENFELD: It is, okay.

9 MS. CASTILLO: Yes.

10 COMMISSIONER ROSENFELD: This is just  
11 confusing here.

12 MS. CASTILLO: Okay.

13 COMMISSIONER ROSENFELD: Okay, I move  
14 the item.

15 COMMISSIONER DOUGLAS: I second.

16 VICE CHAIRMAN BOYD: A motion and a  
17 second. All in favor?

18 (Ayes.)

19 VICE CHAIRMAN BOYD: Thank you very  
20 much. It is approved three to nothing.

21 Item 6, McGraw-Hill Construction.  
22 Possible approval of a purchase order 08-445.03-  
23 002. This numbering system is getting too exotic.  
24 For \$37,901 to McGraw-Hill Construction Company  
25 for floor space data. Good morning, Sylvia.

1 MS. BENDER: Good morning. I am Sylvia  
2 Bender from the Electricity Supply Analysis  
3 Division and I am here to speak to this purchase  
4 from McGraw-Hill Construction, otherwise known as  
5 Dodge.

6 The quantity of floor space is an  
7 essential ingredient in the preparation and  
8 validation of commercial and residential sector  
9 energy demand forecasts. Dodge is the only  
10 reliable source of construction permit data and  
11 has supplied this information to the Commission  
12 for more than 30 years. Acquisition of the Dodge  
13 permit data would allow staff to estimate and  
14 project commercial floor stocks by building type  
15 and climate zone and to verify the residential  
16 models' housing floor space stock.

17 Lack of this information would result in  
18 less accurate commercial and residential floor  
19 space projections, which in turn would yield less  
20 accurate commercial and residential energy demand  
21 forecasts coming up for our 2009 IEPR. So I move  
22 approval or I would ask for approval for this  
23 item, for this purchase of the data.

24 VICE CHAIRMAN BOYD: Thank you, Sylvia.  
25 Questions?

1                   COMMISSIONER ROSENFELD: I move the  
2                   item.

3                   COMMISSIONER DOUGLAS: I second.

4                   VICE CHAIRMAN BOYD: There is a motion  
5                   and a second. All in favor?

6                   (Ayes.)

7                   VICE CHAIRMAN BOYD: The motion carries  
8                   three to nothing.

9                   MS. BENDER: Thank you, Commissioners.

10                  VICE CHAIRMAN BOYD: Thank you very  
11                  much, Sylvia.

12                  Item 7, ABT SRBI. Possible approval of  
13                  Amendment 1 to Contract 600-07-004 with this firm  
14                  to add \$196,516 and to revise the scope of work.  
15                  Good morning.

16                  MS. BESSMAN: Good morning and thank  
17                  you, Commissioners. My name is Libbie Bessman. I  
18                  am with the Fuels and Transportation Division.

19                  On May 21, 2008 staff came to the  
20                  Business Meeting requesting approval of the  
21                  household and commercial fleet vehicle survey used  
22                  for the Cal Cars Light Duty Vehicle Demand Model.  
23                  The original contract amount was \$600,000 to  
24                  update the current coefficients on the vehicle  
25                  choice.

1                   Since that Business Meeting staff  
2           decided we should take opportunity to expand and  
3           amend this contract to include cell phone-only  
4           households and to increase the entire sample size  
5           by 20 percent. This increase in funding will  
6           allow the contractors to gather more information  
7           on the cell phone-only households, which are  
8           typically the 35 and under demographics that may  
9           disproportionately adapt innovative technologies.

10                   Additionally the contractors will be  
11           able to ask more questions about alternative fuels  
12           and vehicle technologies, including responses to  
13           incentives.

14                   Two previous surveys performed, one was  
15           in 2000 by MORPACE, and the other was performed by  
16           KEMA in 2006. The funding levels for these two  
17           contracts started at around \$750,000. The initial  
18           contract funding of the \$600,000 came from the  
19           Department of Finance as part of the Dynasim  
20           project.

21                   The amended survey provides additional  
22           supporting information for the AB 118 program as  
23           well as this information will be used for the 2009  
24           and then the 2011 IEPRs. If there are any  
25           questions I would be happy to answer them.

1 VICE CHAIRMAN BOYD: Thank you.

2 Questions, comments?

3 COMMISSIONER DOUGLAS: I'll move  
4 approval.

5 COMMISSIONER ROSENFELD: Second.

6 VICE CHAIRMAN BOYD: All in favor?

7 (Ayes.)

8 VICE CHAIRMAN BOYD: It carries three to  
9 nothing. Thank you.

10 MS. BESSMAN: Thank you.

11 VICE CHAIRMAN BOYD: I am quite familiar  
12 with this since the Transportation Committee is  
13 involved in this.

14 All right, Item number 8, Public Sector  
15 Consultants. Possible approval of purchase order  
16 08-409.005-004 for \$437,400 to this firm to  
17 provide technical project management and  
18 programming for the PIER Information Management  
19 System or PIMS as we call it. Good morning.

20 MR. SMITH: Good morning, Chairman and  
21 Commissioners. My name is Larry Smith and I am  
22 the Information Technology Services Branch  
23 Manager. And I am seeking approval for the Energy  
24 Commission --

25 COMMISSIONER ROSENFELD: Larry, can you

1 talk a little closer to the mic.

2 MR. SMITH: I am seeking approval for  
3 the Energy Commission to enter into an agreement  
4 with Public Sector Consultants to provide  
5 automation support for the Program Information  
6 Management System or PIMS. PIMS was developed to  
7 manage data for the Commission's research,  
8 demonstration and development program.

9 This agreement resulted from a request  
10 of offer made under the Department of General  
11 Services, California Multiple Award Schedule or  
12 CMAS. The Commission issued this request for  
13 offer for two programmers and one project manager  
14 to maintain the current PIMS system, to modify the  
15 PIMS application, to accommodate changes to the  
16 Commission's program needs, and to train existing  
17 civil service programmers to take over and provide  
18 maintenance and oversight to the PIMS system.

19 Six offers were received and evaluated  
20 for this request of offer and today I am  
21 requesting approval for the purchase order with  
22 Public Sector Consultants for the amount of  
23 \$437,400 for up to two years. Thank you.

24 VICE CHAIRMAN BOYD: Thank you.  
25 Questions, comments?

1                   COMMISSIONER ROSENFELD: I move the  
2           item.

3                   COMMISSIONER DOUGLAS: I second.

4                   VICE CHAIRMAN BOYD: There is a motion  
5           and a second. All in favor?

6                   (Ayes.)

7                   VICE CHAIRMAN BOYD: The motion carries  
8           three to nothing. Thank you very much. And I am  
9           delighted to have learned that PIMS is quite  
10          successful and there are hopes and plans to maybe  
11          utilize the capabilities to help us in other  
12          program areas, which would be a very positive  
13          thing for us. It is a system with potential for  
14          us to expand. Particularly the programs with big  
15          dollars in them like AB 118. Thank you.

16                   Item number 9, US Department of Energy-  
17          Pacific Northwest National Laboratory. Possible  
18          approval of Contract 500-08-013 with US Department  
19          of Energy-Pacific Northwest Laboratory for  
20          \$228,337 to develop modeling capabilities for  
21          consistent analysis of California's energy system  
22          and the impacts of proposed supply and demand-side  
23          policies. Good morning.

24                   MR. FRANCO: Good morning,  
25          Commissioners. My name is Guido Franco. I am

1 part of your Public Interest Energy Research  
2 Program, the PIER Program.

3 I am here to ask you for approval of an  
4 interagency agreement with the Pacific Northwest  
5 National Laboratory to develop a long-term energy  
6 model for California based, that would be based on  
7 their very successful MiniCAM model. The MiniCAM  
8 model is one of the models that is used by the  
9 Intergovernmental Panel on Climate Change, IPCC,  
10 to estimate future global emission scenarios. The  
11 California model will be embedded into their  
12 national and international models to allow the  
13 study of the interactions of climate and energy  
14 policy in California with the rest of the world.

15 This phase of this project is only for  
16 the construction of the model. If this effort is  
17 successful, as expected, future projects would  
18 include analytical studies used in the model. For  
19 example, the Commission may decide to use the  
20 model to develop scenarios for California that are  
21 compatible with the IPCC global climate scenarios  
22 that the IPCC will use in the near future that are  
23 under development.

24 In turn the California scenarios that  
25 are compatible with the global scenarios could be

1 used for the 2010 or the 2012 biennial climate  
2 change science report that the PIER program  
3 prepares every other year for the Climate Action  
4 Team. Our changing climate is the report that we  
5 prepare for the Climate Action Team every other  
6 year.

7 The RD&D Committee approved this  
8 project. With that I am ready to answer any  
9 questions that you might have.

10 VICE CHAIRMAN BOYD: Thank you, Guido.  
11 Questions?

12 COMMISSIONER DOUGLAS: I have a couple.  
13 I have a couple, I have a couple of questions. So  
14 what is the time frame for development of this  
15 model and when might it be providing policy  
16 results or analytical results?

17 MR. FRANCO: This phase is only for  
18 development of the model. The development of the  
19 model would take about two years.

20 COMMISSIONER DOUGLAS: And then once the  
21 model is developed there would be another phase  
22 where we would need to develop further capacities  
23 in the model?

24 MR. FRANCO: The next phase would for  
25 analytical studies with the model.

1                   COMMISSIONER DOUGLAS: Okay. Got it,  
2 thank you.

3                   COMMISSIONER ROSENFELD: I move the  
4 item.

5                   COMMISSIONER DOUGLAS: Second.

6                   VICE CHAIRMAN BOYD: It has been moved  
7 and seconded. All in favor?

8                   (Ayes.)

9                   VICE CHAIRMAN BOYD: It carries three to  
10 nothing. Thank you, Guido.

11                   Item number 10, UC Davis. I see you are  
12 not moving.

13                   (Laughter)

14                   VICE CHAIRMAN BOYD: Possible approval  
15 of contract 500-08-005 for \$300,000 with the  
16 University of California at Davis to expand and  
17 enhance CALVIN, a water resources management tool.

18                   MR. FRANCO: Yes. The University of  
19 California at Davis has developed an engineering/  
20 economic model for the water system in California.  
21 The model is known as CALVIN and has been used  
22 very successfully in the past for prior PIER  
23 studies on climate change.

24                   Under this proposed Interagency  
25 Agreement UC Davis will enhance the model in

1 several ways, including the following: First, by  
2 updating the engineering and economic data that  
3 drives the model with new data sets that have  
4 become available recently.

5 Second, develop a new module in CALVIN  
6 to track energy consumption and generation in the  
7 water system. This feature will be extremely  
8 useful in the future because it will allow us to  
9 examine the energy implications of different water  
10 management strategies designed to cope with  
11 climate change.

12 Third, including the consideration --  
13 The model will also be enhanced to include the  
14 consideration of water temperatures that is  
15 required for environmental purposes.

16 And fourth, the enhancements will  
17 include the representation of hydropower  
18 generation in the CALVIN model.

19 And again, the model will be used for  
20 climate change studies that will be part of the  
21 third biennial science report that will be  
22 submitted to the Governor and the Legislature via  
23 the Climate Action Team in 2010. And with that I  
24 am ready to answer any questions that you may  
25 have.

1 VICE CHAIRMAN BOYD: Thank you.

2 Questions or comments?

3 COMMISSIONER ROSENFELD: Guido, this  
4 sounds remarkably familiar. Did this come up in a  
5 Business Meeting recently or do I just remember it  
6 from a PIER meeting?

7 MR. FRANCO: Yes, it came up to a  
8 Business Meeting like two months ago but the  
9 Commissioners decided to wait about it. I think  
10 the resolution is B-1276.

11 COMMISSIONER ROSENFELD: Oh, this was  
12 the hold-up because of the uncertainty about the  
13 PIER funding.

14 MR. FRANCO: Yes.

15 COMMISSIONER ROSENFELD: Right. Okay, I  
16 move the item.

17 COMMISSIONER DOUGLAS: I second.

18 VICE CHAIRMAN BOYD: A motion and a  
19 second. All in favor?

20 (Ayes.)

21 VICE CHAIRMAN BOYD: The motion carries  
22 three to nothing. Thank you, Guido.

23 Item number 11, UC Santa Barbara, Bren  
24 School of Environmental Science and Management.  
25 Possible approval of work authorization MRA-02-078

1 for \$397,000 under an existing contract with the  
2 Regents of the University of California. Gee, I  
3 went to that school, you'd think I'd remember it.  
4 Office of the President. Mr. O'Hagan.

5 MR. O'HAGAN: Good morning. My name is  
6 Joe O'Hagan. I am in the PIER Environmental Area  
7 Program here at the Commission.

8 The work authorization before you, as  
9 Commissioner Boyd said, is for \$397,000. And the  
10 purpose of this proposed work authorization is to  
11 increase our understanding of potential effects of  
12 growing biofuel crops in California.

13 As you are well aware the Governor has  
14 issued an Executive Order that we should increase  
15 reliance on biofuel crops grown within the state.  
16 So the purpose of this proposed project is to  
17 understand what trying to reach those goals would  
18 mean for wildlife and water use within the state.

19 As you probably are aware, migratory  
20 birds utilize a lot of the crop land in the  
21 Central Valley. It is very important as part of  
22 the Pacific Coast Flyway. Half the vertebrate  
23 species in California utilize agricultural land,  
24 either for foraging or reproduction. So it is  
25 very important that we understand how changing

1 crop types and tillage patterns would affect these  
2 species. It is also important to understand how  
3 agricultural water demand will change with the  
4 change in crop types.

5 The researchers are proposing to work  
6 with the biomass collaborative and also  
7 researchers at UC Davis which are producing models  
8 to identify likely biofuel crops to be grown in  
9 different portions of the state, based on both  
10 economic factors as well as physical, such as soil  
11 types, water availability, growing season and  
12 whatnot.

13 To use that information and address all  
14 the existing agricultural areas in the state and  
15 take a look at the wildlife utilization of these  
16 areas and try to anticipate what that would mean  
17 for wildlife and water demand in these areas.

18 If you have any questions I would be glad to  
19 answer them.

20 VICE CHAIRMAN BOYD: Thank you, Joe.  
21 Any questions or comments? I would note this does  
22 a couple of things, for me anyway. One, it  
23 continues to address the subject of biomass, which  
24 is a personal interest. But also really made me  
25 realize that it begins to address questions that

1 all of us are familiar with. Maybe Commissioner  
2 Douglas and I in particular. Sustainability,  
3 resilience of our system, so on and so forth. So  
4 the sooner you get this done the better for some  
5 of us. Anyway, questions, comments, motions?

6 COMMISSIONER DOUGLAS: I will just add my own  
7 comment. I completely agree with Commissioner  
8 Boyd. This is very important research. We need  
9 to have a better understanding of how integrating  
10 a larger amount of biofuel crops could affect our  
11 natural environment and the species that right now  
12 depend on the current agricultural system and  
13 natural system in California. So I am also eager  
14 to see the results of this work. I think it will  
15 be very helpful for us in meeting our  
16 sustainability goals.

17 COMMISSIONER ROSENFELD: I think I will  
18 move the item.

19 COMMISSIONER DOUGLAS: And I will second  
20 it.

21 VICE CHAIRMAN BOYD: A motion and a  
22 second. All in favor?

23 (Ayes.)

24 VICE CHAIRMAN BOYD: It carries three to  
25 nothing. Thank you very much, Joe.

1 MR. O'HAGAN: Thank you very much.

2 VICE CHAIRMAN BOYD: Item 12, UC Energy  
3 Institute. Possible approval of Contract 500-08-  
4 006 for \$2,394,375 with the Regents of the  
5 University of California, Office of the President,  
6 to fund the Center for the Study of Energy Markets  
7 or CSEM at UC Energy Institute. Good morning  
8 again, Joe. Mike, I mean.

9 MR. GRAVELY: Good morning,  
10 commissioners. I am Mike Gravelly from the R&D  
11 Division.

12 This effort will conduct economic  
13 research on the dynamics of the natural gas and  
14 electricity markets and transfer that knowledge  
15 gained through a series of technical papers,  
16 presentations and conferences. We have about  
17 seven years experience with this. It goes back to  
18 2001. We have been very happy with the work and  
19 effort that has been done with this group and we  
20 look forward to continuing to do this effort in  
21 the future.

22 The research going forward will focus in  
23 six general areas. The reliability and adequacy  
24 of supply in California's electric and natural gas  
25 markets; demand response interaction of

1 transmission networks with market performance,  
2 implementation of commercial policies around the  
3 world. Competition, commercial competition  
4 policies around the world. Interaction of the  
5 environmental regulations on the energy markets.  
6 And the influencing factors of the pricing of  
7 refined petroleum products and their alternatives  
8 in California.

9           We have an advisory committee that  
10 oversees this group and monitors what they do and  
11 approves their research of specific projects with  
12 representatives from both the CEC, the PUC and the  
13 ISO. I am here to answer any additional questions  
14 you may have on this.

15           VICE CHAIRMAN BOYD: Thank you.  
16 Questions, comments?

17           COMMISSIONER ROSENFELD: Just a word of  
18 praise for CSEM. As you said, we have six or  
19 seven years of very productive --

20           MR. GRAVELY: Yes, 2001.

21           COMMISSIONER ROSENFELD: -- productive  
22 experience. My only complaint is they write  
23 reports faster than I can read. But I read some  
24 of them. Of course this is for the next nearly  
25 four years so it is a modest level of funding and

1 I happily move the item.

2 COMMISSIONER DOUGLAS: I'll second the  
3 item.

4 VICE CHAIRMAN BOYD: There is a motion  
5 and a second. All in favor?

6 (Ayes.)

7 VICE CHAIRMAN BOYD: It carries three to  
8 nothing. Thank you, Mike.

9 Item 13, Appliance Efficiency  
10 Regulations A and B. Possible adoption of  
11 proposed amendments to the Appliance Efficiency  
12 Regulations A and B. Ms. Merritt.

13 MS. MERRITT: Good morning,  
14 Commissioners. I am Melinda Merritt with the  
15 Appliance Efficiency Program.

16 The 2008 Appliance Efficiency Rulemaking  
17 was initiated in December 2007 with oversight by  
18 the Efficiency Policy Committee. In April of this  
19 year the Committee divided the proceeding into  
20 three parts with separate, concurrent rulemakings.

21 The topics for consideration in Part A  
22 and B of Phase I, which are the subject of today's  
23 meeting, concern the following appliance types:  
24 Within Part A the Commission is considering  
25 lighting efficiency standards for general purpose

1 lamps and for portable lighting fixtures or  
2 luminaires.

3 In Part B the Commission is considering  
4 more stringent standards for metal halide  
5 luminaires. A test procedure for battery charger  
6 systems that includes energy use in the active  
7 mode. Requirements for residential pool pumps and  
8 testing of portable electric spas.

9 And finally, a broad update and  
10 revisions necessary for consistency with federal  
11 laws and other non-substantive changes.

12 The express terms for Parts A and B were  
13 published on August 29, 2008, beginning a 45-day  
14 public review period. The Committee held a public  
15 hearing on September 17 and written comments have  
16 been entered into the record on all topics. The  
17 Notice of Proposed Action stated that the full  
18 Commission would consider adoption of the proposed  
19 regulations at a public hearing on October 22.

20 Staff has reviewed the comments received  
21 to date and believes that further changes to the  
22 express terms for both Parts A and B need to be  
23 made and recommends that the Commission not adopt  
24 the proposed 45-day language today. We recommend  
25 that modified or 15-day language be published for

1 consideration and adoption in December. The  
2 revised language will address issues raised in the  
3 public comments and by staff.

4 So this concludes staff's presentation.  
5 And at this point I'll pass the baton to the  
6 Committee.

7 COMMISSIONER ROSENFELD: Mr. Chairman,  
8 there is nothing to move. But as Melinda just  
9 suggested, I will read two paragraphs, which is  
10 the Committee's response.

11 We of course agree with the staff's  
12 recommendation that no action be taken today and  
13 that instead we wait for 15-day language in the  
14 next few weeks. The Committee will notice the  
15 availability of the 15-day language for review and  
16 proposed adoption at a Business Meeting.

17 If my fellow Commissioners agree there  
18 is no need to do anything further and we accept  
19 the staff's recommendation.

20 VICE CHAIRMAN BOYD: Thank you,  
21 Commissioner. I have no card to indicate there is  
22 anybody in the audience who wanted to speak to  
23 this item but I will raise that question just in  
24 case there is.

25 COMMISSIONER ROSENFELD: There is.

1                   VICE CHAIRMAN BOYD: There is motion,  
2 there is movement.

3                   COMMISSIONER ROSENFELD: No, there is  
4 not.

5                   VICE CHAIRMAN BOYD: Okay. I just  
6 wanted to make sure we afforded anybody the  
7 opportunity. All right. Well, as indicated, no  
8 action is required today if we accept the staff  
9 recommendation, which the Committee has  
10 recommended that we do. I have no concerns. So  
11 we will accept your recommendation and this will  
12 be posted for 15 day language and brought back  
13 before the full Commission at a future date.

14                  MS. MERRITT: Thank you.

15                  VICE CHAIRMAN BOYD: Thank you very  
16 much.

17                  Item 14. Renewable Energy Program  
18 Annual Report. Possible approval of the Renewable  
19 Energy Program 2008 Annual Report to the  
20 Legislature and its associated Appendix. Good  
21 morning.

22                  MS. MEADE: Good morning, Commissioners.  
23 I am Madeleine Meade with the Renewable Energy  
24 Office.

25                  Since 1998 the Renewable Energy Program

1 has been reporting to the Legislature on program  
2 activities and expenditures. These have taken the  
3 form of quarterly, annual and biennial reports.  
4 In 2004 legislation consolidated these reports  
5 into a single, annual report which is due to the  
6 Legislature each November 1 and it reports on the  
7 program on a fiscal year basis. This year's  
8 reporting period is for fiscal year '07-08.

9 The annual report discusses allocation  
10 of renewable resource trust fund dollars and any  
11 reallocations among the renewable energy program  
12 elements. Information on cash flow, expenditures  
13 and encumbrances, transfers and repayments, the  
14 allocation of interest earned on the Renewable  
15 Resource Trust Fund, program activities and  
16 results, projects and funding awards.

17 Additionally the report includes a  
18 discussion of program activities associated with  
19 achieving the RPS target of 20 percent renewables  
20 by 2010. It also responds to the legislative  
21 requirement to identify the types and quantities  
22 of biomass fuels used by facilities receiving  
23 funds from our existing renewable facilities  
24 programs and their impacts on improving air  
25 quality.

1                   Lastly, the report's Appendix itemizes  
2                   various projects, contracts and grants that have  
3                   been funded by the Renewable Energy Program along  
4                   with their status and award amounts.

5                   I would like to request approval of this  
6                   item and I am happy to answer any questions.

7                   VICE CHAIRMAN BOYD: Thank you.  
8                   Questions?

9                   COMMISSIONER DOUGLAS: I do not have  
10                  questions. I am very pleased that we have managed  
11                  to put together this fairly comprehensive report,  
12                  on time, to the Legislature. So I thank you for  
13                  your work.

14                 COMMISSIONER ROSENFELD: Ahead of time.

15                 COMMISSIONER DOUGLAS: Ahead of time.

16                 VICE CHAIRMAN BOYD: Yes, early.

17                 COMMISSIONER DOUGLAS: Early. So I  
18                  would like to move this item.

19                 COMMISSIONER ROSENFELD: I second with  
20                  pleasure.

21                 VICE CHAIRMAN BOYD: There is a motion  
22                  and a second. All in favor?

23                         (Ayes.)

24                 VICE CHAIRMAN BOYD: The motion carries  
25                  three to nothing. Congratulations and thank you

1 very much.

2 MS. MEADE: Thank you.

3 VICE CHAIRMAN BOYD: All right. Item 15  
4 on the agenda is Minutes.

5 COMMISSIONER ROSENFELD: I move the  
6 Minutes, whatever date they are.

7 VICE CHAIRMAN BOYD: They are the  
8 minutes of October 8. And you were here so that  
9 is an appropriate motion.

10 COMMISSIONER DOUGLAS: And I will second  
11 it. I was here too.

12 VICE CHAIRMAN BOYD: And I was here.  
13 There is a motion and a second. All in favor?

14 (Ayes.)

15 VICE CHAIRMAN BOYD: Thank you. Item  
16 16, Commission Committee Presentations or  
17 Discussions. Do any of my fellow Commissioners  
18 have anything have anything them want to bring  
19 before this body?

20 Hearing nothing we will move on to the  
21 Chief Counsel's Report.

22 MR. CHAMBERLAIN: Thank you,  
23 Mr. Chairman. I have just one, brief closed  
24 session item on matters of litigation that I hope  
25 will only take about five minutes.

1                   COMMISSIONER ROSENFELD:  Where are we  
2 going to meet?

3                   VICE CHAIRMAN BOYD:  We will meet in my  
4 office as soon as this is done.  I went to all the  
5 trouble of cleaning my table off for you all.

6                   COMMISSIONER ROSENFELD:  Thank you.

7                   VICE CHAIRMAN BOYD:  Which is a rare  
8 thing for me.  Thank you, Bill.

9                   Executive Director's Report.

10                  MS. CHANDLER:  I would like to thank you  
11 all for your participation in our kickoff campaign  
12 when we did the ice cream social; you were great  
13 scoopers.  Staff appreciates your willingness to  
14 come down.

15                  Of course that was more than just a  
16 launch of the California State Employee Campaign.  
17 That was also a thank you to many of the staff who  
18 have raised money each year for different kinds of  
19 nonprofit activities.  I like to call it fun-  
20 raising, because although we raise funds for  
21 worthy nonprofits, we also have a lot of fun in  
22 the process.

23                  The next day was a Business Meeting and  
24 at that same time several of us were giving blood.  
25 Actually 45 pints of blood were collected on that

1 day. And as you know this is also a very  
2 important component of the Energy Commission's  
3 culture of giving. We have an amazing staff. We  
4 have a staff that gives freely of their time, of  
5 their talent, of their money.

6 And upcoming at the end of this month is  
7 one of my favorite events and that is the Chili  
8 Cookoff Contest. I urge you all to get your moms'  
9 recipes, moms and dads' recipes out. You would  
10 probably be favored at the event if you did.

11 But if not, come and join us in terms of  
12 partaking. There is always a good batch of chili  
13 that is being brewed up by -- last year we had  
14 about 45 participants. So it's a great gig and it  
15 is one of the best things we do in terms of staff  
16 engagement around here, in my opinion.

17 So that is my report. It is not serious  
18 but it is important.

19 COMMISSIONER ROSENFELD: Claudia, in the  
20 spirit of that, I missed the ice cream social but  
21 I discovered the ice cream in the freezer last  
22 night. It was delicious.

23 (Laughter)

24 MS. CHANDLER: Well we put it there for  
25 you, knowing that you couldn't scoop. And I could

1 see you come in late and kind of -- we got a  
2 couple of scoops up.

3 COMMISSIONER ROSENFELD: Thank you.

4 MS. CHANDLER: Yes, it is there for you,  
5 Art.

6 VICE CHAIRMAN BOYD: His late-night  
7 dessert there.

8 MS. CHANDLER: For those midnight snacks  
9 that you like to have.

10 VICE CHAIRMAN BOYD: Thank you, Claudia,  
11 that sounds interesting.

12 MS. CHANDLER: My pleasure.

13 VICE CHAIRMAN BOYD: And I look forward  
14 to the chili. I'm not much of a chili cook but I  
15 am quite a chili eater.

16 MS. CHANDLER: All right. Well it's the  
17 31st of this month. It coincides with Halloween.  
18 All right, see you there.

19 VICE CHAIRMAN BOYD: Okay, thank you.

20 Legislative Director's Report. Good  
21 morning, Chris.

22 MR. MARXEN: Good morning,  
23 Commissioners. I am Chris Marxen, Office of  
24 Governmental Affairs. I don't have much to  
25 report, as you can imagine. The Legislature is

1 fairly quiet this time of year.

2 VICE CHAIRMAN BOYD: Thank goodness

3 MR. MARXEN: It is an election year.

4 Members and staff are generally out of town.

5 I suppose that you have all read that  
6 there are rumors the Governor is going to call a  
7 special session in a few weeks to deal with some  
8 budget issues. But other than that it has been  
9 fairly quiet on the legislative front and will  
10 continue to be probably through the beginning of  
11 November.

12 VICE CHAIRMAN BOYD: Okay, thank you. I  
13 am going to go back and ask our Deputy Executive  
14 Director, in light of the special session to  
15 address the newly discovered, yet-again, deficit  
16 in the state. Have there been any administrative  
17 actions relative to cost-cutting or what have you  
18 that affect this agency?

19 MS. CHANDLER: We are very fortunate  
20 that we have no general funds. The Executive  
21 Order now applies to the General Fund agencies.  
22 Each General Fund agency has been asked to take a  
23 ten percent cut in their budget. They have been  
24 told that they can take that cut in any type of  
25 way that their management feels is appropriate.

1                   So the hiring freeze has been lifted.  
2           They can choose to take that ten percent cut by  
3           eliminating contracts, eliminating travel,  
4           eliminating -- you know, freezing positions. This  
5           was something that Resources Agency felt was a  
6           very important step because it allowed the  
7           Directors to control their own budgets as long as  
8           they met that ten percent cut.

9                   We were also told that we need to be  
10          aware that, you know, this could be increased. It  
11          is uncertain in terms of the revenues, especially  
12          given this financial meltdown. That we need to be  
13          prudent and conservative as we move forward. That  
14          was the position we are in.

15                   VICE CHAIRMAN BOYD: Thank you. I ask  
16          because I know, even though we are not a General  
17          Fund agency, we were suddenly found fungible on  
18          some occasions. So anyway, thanks very much.

19                   Public Adviser's Report.

20                   MS. MILLER: Good morning,  
21          Commissioners, Elena Miller. I just have one item  
22          to report. That tomorrow is the Informational  
23          Hearing and Site Visit in Tracy on the Tracy  
24          expansion project. I will be in attendance as  
25          well as Associate Public Adviser Loreen McMahon.

1 That's all I have, thank you.

2 VICE CHAIRMAN BOYD: Thank you.

3 Public comments. There's one public out  
4 there, perennially, regularly.

5 Okay, no comments, thank you. All  
6 right, thank you everybody.

7 We are going to adjourn into Executive  
8 Session in my office and then that will complete  
9 -- following that, that will be total adjournment  
10 of this meeting for the day.

11 (Whereupon, at 10:49 a.m., the  
12 Business Meeting was adjourned.)

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## CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 24th day of October, 2008.

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