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, MAY 6, 2009

10:00 A.M.

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SAN RAFAEL, CA 94901

(415) 457-4417

Reported by: Mary Clark CERT*D-214

COMMISSIONERS PRESENT

Karen Douglas, Chairman

James D. Boyd, Vice Chair

Jeffrey D. Byron

Julia Levin

Arthur H. Rosenfeld

STAFF AND CONTRACTORS

William Chamberlain, Chief Counsel

Bill Pennington

Christopher Meyer

Betty LaFranchi

Sylvia Bender

Mike Gravely

Chris Scruton

Claudia Chandler, Chief Deputy Director

ALSO PRESENT

Camille Champion, Counsel for Solar One

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P R O C E E D I N G S

CHAIRMAN DOUGLAS: Good morning, everybody. Welcome to the Energy Commission Business Meeting of May 6th, 2009. Please join me for the Pledge of Allegiance.

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

CHAIRMAN DOUGLAS: Before we start, I wanted to make a quick announcement. The next business meeting will be on the 27th of May, not the 20th, as had been originally scheduled, so please mark that down in your calendars. Our next Business Meeting on May 27th.

We will begin with Item 1, Culver City Locally Adopted Energy Standards. Possible approval of proposed Culver City Locally Adopted Energy Standards requiring greater energy efficiency than the 2005 Building Energy Efficiency Standards for all newly constructed commercial and multi-family residential buildings. Bill.

MR. PENNINGTON: Good morning, Commissioners. This is I think the Energy Commission's 15th application by local government for approval of a local energy ordinance. And, you know, what might be unique about this is that they have looked at buildings that are less than 50,000 square feet, either buildings or major renovations, and have a list of energy efficiency measures and other green

measures that there's 25 measures on their list, and their criteria is that someone has to meet 20 of those 25 on the list, and so that is what they do for less than 50,000 square feet.

And then for other buildings, they require lead certification. And to meet lead certification, you need to be -- there's a minimum threshold of needing to be 14 percent better than the Building Code in Title 24.

So on both of those types of buildings, they are going to be in excess of our standards, and they've met all the requirements for approval, so we recommend approval.

CHAIRMAN DOUGLAS: Thank you. Are there questions or comments?

COMMISSIONER ROSENFELD: Comments, I think it's wonderful.

CHAIRMAN DOUGLAS: I second that, Art. I think it's wonderful, too.

COMMISSIONER BYRON: This is an extraordinary ordinance. I mean a great of detail and thought and effort went into this. Isn't that somewhat unique as well?

MR. PENNINGTON: I think we get pretty good thought and effort put into each of them. I think they did a good job.

COMMISSIONER BYRON: Great. The word is getting out, and there's more and more of these.

MR. PENNINGTON: Right.

CHAIRMAN DOUGLAS: I understood that there might be someone from Culver City on the phone. Is there a call-in at this point? Not at this point?

MR. PENNINGTON: No.

COMMISSIONER LEVIN: I would move to approve.

COMMISSIONER ROSENFELD: Second.

CHAIRMAN DOUGLAS: All in favor?

(Ayes.)

MR. PENNINGTON: Thank you.

CHAIRMAN DOUGLAS: This measure passes. Thank you. Item 2, Stirling Energy Systems Solar One Project, (08-AFC-13). Christopher Meyer, please.

MR. MEYER: Good morning, Chair Douglas and Commissioners. My name is Christopher Meyer. I'll be Staff's Project Manager for the Stirling Energy Systems Solar One Project. Galen Lemei is Staff Counsel for this, and the applicant is represented by Allan Thompson is their Counsel, and Camille Champion will be the Applicant's Project Manager. And we're -- On the NEPA side, we're probably going to have Jim Stovall. We're still trying to get a final on that as the BLM's Project Manager, who will be my counterpart.

Basically, SES Solar One Project is an 850-megawatt project -- renewal project based on the Stirling engine design, and it will be on approximately 8,230 acres of BLM land adjacent to Interstate 40 about 37 miles east of Barstow in San Bernardino County. And so the primary equipment will be 34,000 of these Stirling energy systems that will be throughout the case referred to Sun Catcher Units. There are just, to give you an idea, there are about 38 feet in diameter, 40 feet tall mirror dish.

And the project is proposed to go in two phases, initially a 500-megawatt phase to be followed up by an additional 350 megawatts. And one of the benefits is that a project of this nature as it's completed in small units of the 34,000, each of the 60 of these Sun Catcher units when they come on, they can start putting energy onto the grid at that point instead of having to wait for full build-out of either the full project or even a phase.

VICE CHAIRMAN BOYD: You said they can. Excuse me. Will they?

MR. MEYER: Yes. That's what they are proposing in the AFC is that each unit of 60 will go onto the grid.

VICE CHAIRMAN BOYD: Thank you.

MR. MEYER: And the project would also include a new 230 kV substation in the center of the site. And then it would tie into Pisgah, which is immediately adjacent to

the site, so it would be off site. Interconnection is less than a quarter of a mile.

Initially, staff identified 15 areas that were data inadequate, and that was adopted back at the January 14th Business Meeting. And subsequently the applicant has provided a supplement. We received that April 6th, and technical staff reviewed it and found that they had addressed the data inadequacy issues and the revised recommendations went out on April 27th from Melissa.

So at this point, staff recommends that the Commission find that SES Solar One application for certification data adequate and, if so, would recommend an assignment of a committee.

CHAIRMAN DOUGLAS: Thank you very much. Can we hear from the applicant?

MS. CHAMPION: Yes. This is Camille Champion with Stirling Energy Systems. We are also under the name of Tessera Solar as part of the development company as well.

I just wanted to extend our thanks to Christopher and the staff for their review and commitment to the project and reviewing our supplemental filing. We've worked with the staff in the past as well, and currently are working with them on our Solar Two project, which is in Imperial Valley right now that's proceeding,

and that was deemed adequate I think last October, so we're very excited about this project and looking forward to working with you guys and the staff on this as well, and as well with BLM through our MOU that you guys have so.

CHAIRMAN DOUGLAS: Thank you. Are there questions, comments or --

COMMISSIONER BYRON: Well, if I may, Madam Chairman, just briefly. This is the, you know, the latest in many of these large renewable projects. I've had discussions and we've talked publically about the importance of these projects at this Commission. We're very excited about them because they're renewables, and this Commission has a long history of promoting them.

But we also know, as you do, Ms. Champion, a great name to have as a the Project Manager, that there are some significant land use issues associated with this, and we've pushed our staffs very hard to get through these as quickly as possible. We find the Bureau of Land Management is not relinquishing these land uses very easily and very quickly.

So I would ask you, as an applicant, to continue to be very responsive to the data requests. These early examples of large land use renewables are going to set the bar for how we're going to do a lot of these we hope going

forward. But I know this Commission is very committed to doing these as quickly as we can and seeing as much renewables get online as soon as we can.

So welcome aboard and would you consider changing the names on the two projects so we can get them back in order? I noticed that you have two --

MS. CHAMPION: Yes, we've been asked that.

COMMISSIONER BYRON: -- two ahead of one, which you probably didn't plan, but we'll try and keep track of that.

MS. CHAMPION: Okay. Thank you very much.

COMMISSIONER LEVIN: With that, I just wanted to make two comments. For the applicant and staff, I really want to underscore what Commissioner Byron just said that we have a very steep path to climb to meet our renewable energy goals. And we all need to move as quickly as possible and more quickly than we have in the past.

We do want to see a lot of new renewable energy development without prejudging any particular project. It is absolutely incumbent on us to prioritize these projects and move the right ones forward.

I also want to say in interest of full disclosure I was part of a tour that a number of companies, government agencies, State and Federal, and Senator Feinstein and much of her staff was on several

weeks ago in the desert. I want to be very clear that I stepped out of any project-specific discussions. I stepped out of the tent during the discussions of your project, but I want to be upfront that I was a member of that tour. I don't think that I had any conversations that should be troubling to anyone, but I was there so just to be upfront about that.

And then I just would like to thank you all for moving this forward.

COMMISSIONER BYRON: So, Madam Chair, I'd be more than happy to move Item 2, accepting staff recommendation that we find Stirling Energy System Solar One Project data adequate.

VICE CHAIRMAN BOYD: Second.

CHAIRMAN DOUGLAS: All in favor?

(Ayes.)

CHAIRMAN DOUGLAS: This item passes and thank you. And moving on to Item b, possible appointment of a siting committee for the Stirling Energy Systems Solar One Project. I have Commissioner Boyd and Byron, Boyd presiding. Do I have a motion?

VICE CHAIRMAN BOYD: I move it.

COMMISSIONER LEVIN: I second it.

CHAIRMAN DOUGLAS: All in favor?

(Ayes.)

CHAIRMAN DOUGLAS: This item passes.

VICE CHAIRMAN BOYD: You notice and the motions and seconds coming from the -- I didn't say anything about how good a project this is because I knew was coming as an assignment, so I'll lots of opportunity

COMMISSIONER ROSENFELD: The juicier times.

VICE CHAIRMAN BOYD: I'll have lots of opportunities to see it and talk about it nicely I hope.

MR. MEYER: Thank you very much.

COMMISSIONER BYRON: Excellent. Thank you very much.

MR. MEYER: Thank you.

CHAIRMAN DOUGLAS: Item 3, CPS Human Resources Services. Possible approval of Contract 200-08-005 for $100,000 with CPS Human Resources Services to assist with revision of class specifications specific to the Energy Commission and perform other work associated with the consolidated classification proposal submitted to the Department of Personnel Administration in May 2008. Ms. LaFranchi.

MS. LAFRANCHI: Yes. I'm Betty LaFranchi, and I'm substituting this morning for Gina Tosi-Smith on this item.

The proposed contract before you with CPS, which is a Joint Powers Authority, made of the State of

California, the City and the County of Sacramento, and several other, about a half a dozen other local jurisdictions and special districts throughout actually the country, is the contractor that we proposed for this work.

And CPS is very well qualified to perform the work because it is staffed with individuals who have extensive government-related expertise especially in the human resources area. And additionally, this is a follow-on contract to a contract that we have currently with CPS. And the contract that we have right now will be expiring this month, and it’s produced several major products for the Commission.

And probably the best-known product is one that was submitted to the Department of Personnel Administration, which requests the consolidation of many of our classifications, in fact, 20 of our classifications. And although that product has been submitted to DPA, it still needs to be taken through all of their review process and hopefully approval. And for that, we would like to have the services of CPS. They’re quite familiar with how the State control agencies work and would be of a great benefit to the Commission if we could continue to have their services.

But additionally, we would also like to use CPS

for several new projects, projects that we do not have the in-house time or staff expertise to complete at this point. One of those or several of those projects would include the updating of many of our classifications that we use at the Commission to make the classifications more in sync with how we use those classes these days.

These classes are literally in some cases 25 or 30 years old, and you can imagine how the energy industry and the work that we do here has changed in those years, and they just don't adequately describe the work that our staff are expected to do. So when it comes to trying to recruit the right staff and to test those staff in a manner that would be of great benefit to the Commission, we're not able to do it because we have to stick with the knowledges, and the skills, and the abilities that are described on these current, outdated classifications.

So for those reasons, we are here today to request the approval of this particular contract.

CHAIRMAN DOUGLAS: Questions?

VICE CHAIRMAN BOYD: I'll move approval if there are no questions.

COMMISSIONER ROSENFELD: Second.

CHAIRMAN DOUGLAS: Do you have a question?

COMMISSIONER BYRON: If I may, I just -- No. Let's go ahead and vote. I'll comment afterwards. Thank

you.

CHAIRMAN DOUGLAS: Very good. All in favor?

(Ayes.)

MS. LAFRANCHI: Thank you.

CHAIRMAN DOUGLAS: This item is approved. Commission Byron?

COMMISSIONER BYRON: Thank you. Ms. LaFranchi, thank you for briefing me on this subject. And I'm not as well versed in State policies and procedures around personnel, but I did get two pieces of advice when I joined this Commission. One is read the Integrated Energy Policy Report, and second is we have some personnel issues that need to be dealt with at the Energy Commission. Retaining and recruiting staff is a serious issue. It comes up repeatedly and I understand that, you know, we've had this classification consolidation request at DPA now for a while.

MS. LAFRANCHI: Right.

COMMISSIONER BYRON: But this will help. This additional work will help position us, so when the State has the funds and has the motivation to move on these corrections, we'll be in a better position.

But I share the frustration that our staff must have at how slowly this all moves and how long this takes, so I please implore my executives here, and you're no

longer in the human resources department, but the HR department as well, please be at the front of the line. Keep this in front of the Governor's Office, in front of the DPA, and I'd like to do whatever I can to help support this issue as a Commissioner.

We have a highly dedicated staff. I value most all of them, and I would certainly -- I would certainly like to make sure that we take care of our staff. It's a very difficult time right now and you know --

MS. LAFRANCHI: It is. It's a --

COMMISSIONER BYRON: I'm frustrated with how long this has taken to fix, so I will make my commitment to Ms. Tosi-Smith as well, and I'll meet with her soon on this issue.

MS. LAFRANCHI: I would appreciate that dedication.

COMMISSIONER BYRON: Thank you.

MS. LAFRANCHI: We share a lot of your frustration by the way. Thank you.

CHAIRMAN DOUGLAS: Thank you. And thank you, Commissioner Byron. I agree that this is -- this is a very important issue and it absolutely requires our focused attention.

VICE CHAIRMAN BOYD: If you think you're frustrated, just think how long I've been around doing

this.

CHAIRMAN DOUGLAS: Item 4, Aspen Environmental Group. Possible approval of Work Authorization 1900.003 under Contract 400-07-032 with Aspen Environmental Group in an amount not to exceed $242,408.16, that's very precise.

MS. BENDER: That's very precise. We are indeed. CHAIRMAN DOUGLAS: -- to build upon and address findings from the Aspen Phase I Demand Forecast Modeling Methodology Evaluation. Ms. Bender, please.

MS. BENDER: Good morning, Commissioners. I'm Sylvia Bender from the Electricity Supply Analysis Division.

This proposed Phase II Work Authorization is part of our ongoing analytical capability improvement effort. This is also coming in response to the 2008 Integrated Energy Policy Report that directs staff to review and evaluate Energy Demand Forecasting Methodologies to determine the type of models and/or other analytical tools that most closely meet the Commission's analytical and forecasting needs.

Recently completed by Aspen under the direction of Dr. Carl Linville, Phase I of the project evaluated the Energy Commission's existing Demand Forecast Modeling Methodology and identified its chief advantages and

disadvantages. Phase I further identified at least 13 different uses of the Commission's energy and peak load forecasts.

The disparate nature of the multiple methodology applications calls into question whether these uses all fall within or beyond the scope of the original methodological design and resource commitments that we can make or whether some of these uses might be better met with alternative methodologies, perhaps more flexible short term econometric models or even other non-modeling tools or methods.

Phase I revealed that, while the original purpose in building the methodology was clear, the purposes of other activities for which that methodology is now being applied may not be as clear. Commitment to too many disparate activities with vague purposes may well lower product quality, over commit staff resources, and degrade the reputation of the Energy Commission's forecasting capabilities.

In this Phase II, staff and the consultant team working together will implement a formal framework to identify and evaluate three things. First, the underlying purpose of each of the forecast uses, the feasibility and the useful for the Energy Commission to allocate resources to these uses, and how the Energy Commission can ensure

the methodological and data transparency to produce trustworthy results for use.

This framework will be used to evaluate alternative modeling and non-modeling methodologies for performing predictive and non-predictive energy analyses. The framework will allow assessment of whether our tools are valid for the purposes that they are being put.

At the conclusion of Phase II, the framework evaluations and the collected information will make it possible for us to assess the feasibility of these forecast uses, to demonstrate synergies or lack thereof between the various uses, and to prioritize any competing uses. We will also be able to frame the organizational benefits and costs of maintaining, initiating, or eliminating modeling or non-modeling capabilities to serve any given purpose.

And with that, we ask for your approval.

CHAIRMAN DOUGLAS: Questions?

COMMISSIONER BYRON: I hope I have the right committee. I believe we reviewed this in Electricity and Natural Gas.

MS. BENDER: Yes, you did.

VICE CHAIRMAN BOYD: Yes, you did. Yes, we did.

COMMISSIONER BYRON: Ms. Bender, I don’t have any questions. I know this work is important. I’m

relying on it for the IPER as is Commissioner Boyd, and I would like to move this item.

VICE CHAIRMAN BOYD: I'll second it.

CHAIRMAN DOUGLAS: All in favor.

(Ayes.)

MS. BENDER: Thank you.

CHAIRMAN DOUGLAS: This item passes. Thank you. Item 5, University of California, Office of the President. Possible approval of Amendment 4 to Contract 500-01-043 with the University of California, Office of the President-CIEE to add $1,900,000 to the contract and extend the term by 30 months to continue long-term research into enabling technologies for demand response. Mr. Gravely.

MR. GRAVELY: Good morning, Chairman Douglas and Commissioners. I'm Mike Gravely from the R and D Division.

And this project here is a Fourth Amendment to a project we've had a lot of success with. This particular area has been run through the University of Berkeley. They focus on high technology devices and items that we can bring into the marketplace, specifically in a command and control area, energy storage area, and other types of creative areas.

We had a lot of success. The program started in

2001. We are able to bring products to the marketplace. We have the opportunity to use this program by giving them this type of funding that allows them to make some long-term commitments with their professors and with their students, so we get them to do the research. The majority of the work is done at Berkeley.

The projects that have extra promise they actually have public workshops and public meetings, and they bring in entrepreneurs and they bring in venture capitalists and ask them to look at those technologies and take them to the commercial marketplace. In the past, we have had success with that. In fact, when they have these open houses and share their technology, it’s a very popular activity. We usually have it once or twice a year.

So they take the knowledge. They look at the creative. They look for things like technologies that will disruptive where they were a tenth of the cost and ten times the performance, so you’re looking at both higher performance and lower cost. Things like devices you can put in your home to very simply put on the wall and measure temperature and measure the charge by the vibration in the wall, new innovative communication type architecture that can be used for thermostats and meters, and those types of things. So they focus in the energy

market but they bring to market and bring to the surface technologies that are ready for commercialization.

And so we have had a long history with this project, and we're very happy with it, and we encourage them to continue. And this project and this funding will allow them to have the stability they need to keep the students and the professors and bring in the commercial interest that they have in past.

And I'm asking for your approval to go forward today.

COMMISSIONER ROSENFELD: I move the motion.

VICE CHAIRMAN BOYD: Second.

CHAIRMAN DOUGLAS: All in favor?

(Ayes.)

VICE CHAIRMAN BOYD: I should note it did come before the Research Committee and we've reviewed and approved it there.

CHAIRMAN DOUGLAS: Item 5 is approved. Moving on to Item 6, Electric Power Research Institute. Possible approval of Amendment 1 to Contract 500-05-030 with Electric Power Research Institute to extend the performance period to June 30th, 2010, and augment the budget by $1,272,706. The project is to conduct WESTCARB Phase II CO2 storage pilot test in northern Arizona. Mr. Gravely.

MR. GRAVELY: Thank you. This is project is under WESTCARB, stands for the Western Coast Regional Carbon Sequestration Partnership. We have been involved in that partnership for many years. This is part of what they call Phase II, which is doing the small-scale pilots of underground sequestration. This is funding is primarily funded by DOE. In fact, the funding that we have today is all Federal funding that we're asking permission to use.

What happens in these projects is we plan these. In this case, the project will be in Arizona, and we will be doing underground sequestration in a site there, and the Cholla Power Plant area. What they run into, as you would understand, is permitting delays and those types of things. We've also experienced increases in well drilling costs, and materials cost, and the cost of carbon for the sequestration.

And in this case, we've presented this to the Department of Energy, and they agree that it was a valid cost increase, and so they funded it. And we presented it to the R and D committee, and they've agreed to this project, so we're asking for your permission to amend this contract to allow us to continue and finish the project and use the Federal funds to do that.

VICE CHAIRMAN BOYD: Well, as the patron of

WESTCARB and one of the Commissioners up here and on the Research Committee, and I would move approval of the item and just comment that, Mike is right, we have faced all kinds of delays on all the WESTCARB components, this just being one of them, this one being in Arizona, because it's so new, because people have a lot of trouble with understanding the whole subject.

And in the not too distant future, I would trust there will be people in this room talking about 'not under my backyard.' So anyway, this is still part of the research and development and a well-reasoned project that we've talked to the DOE about quite a bit lately.

CHAIRMAN DOUGLAS: Are there questions, comments?

COMMISSIONER BYRON: No. I'll be glad to move the item.

VICE CHAIRMAN BOYD: I'll move that you can second it.

COMMISSIONER BYRON: I'll be glad to second that.

CHAIRMAN DOUGLAS: All in favor?

(Ayes.)

CHAIRMAN DOUGLAS: That item passes. Thank you.

MR. GRAVELY: Thank you.

COMMISSIONER BYRON: Mr. Gravely, you get all

the interesting projects. Commissioners, he's one of those people, those highly dedicated employees that I do appreciate at the Commission. But, Mike, I know you've had a tough week this last week personally. I hope everything is good.

MR. GRAVELY: Thank you very much. I appreciate that.

COMMISSIONER BYRON: You work tremendous hours. In fact, I should also mention, you know, that the earlier project you did, the University of California and all the research that we do there, I'm actually speaking this afternoon at a joint, I should say this evening, at joint Stanford-Berkeley Energy Summit I think it's called where they'll be touting a number of the various technologies that have been developed out of the PIER Program and particularly energy storage, which I know is an area you're very much involved with. And so it pains me to go Berkeley, but I'm doing it this afternoon because it's joint Stanford-Berkeley.

VICE CHAIRMAN BOYD: You're lucky Berkeley will actually talk to Stanford people at all.

COMMISSIONER BYRON: Mike, thank you very much.

MR. GRAVELY: Thank you, Sir.

CHAIRMAN DOUGLAS: Item 7, UC Berkeley Center for the Built Environment. Possible approval of Contract

500-08-44 for $2,100,000 with UC Berkeley Center for the Built Environment. Mr. Scruton.

MR. SCRUTON: Good morning, Commissioners. I'm Chris Scruton with the PIER Buildings Program.

Over the last several years with funding from PIER, the Center for the Built Environment at UC Berkeley has had a significant impact on the performance of commercial buildings across the country and especially in California.

Their technological specialty has been underfloor air distribution systems, which now account for about 20 percent of new commercial installations. The CBE has developed simulation tools, designed guidelines, and commissioning tools used by the major implementers of these systems and that effort continues.

The other major research areas for the CBE concern how people assess their indoor environments. These research topics include thermal comfort investigations and an indoor environmental survey tool and database. As fundamental as this research seems, little data has been collected on these topics outside of CBE, and filling this information vacuum has enabled them to capture the high ground in an area of great relevance for building energy use.

For example, having access to thermal comfort

data allowed them to beat back an attempt to define a Class A indoor environment within ASHRAE standards in a way that could have only been met with very high energy use. Their work includes systems combining radiant cooling and heating with natural ventilation, which shows great promise to enable California to reach its goal of zero energy commercial buildings.

The proposed three-year research contract before you today would fund them to continue work in all of these areas and others, and the stable longer-term funding allows the CBE to attack topnotch graduate student who tend to populate the best design firms and many of them remain in California.

The PIER Building team recommends approval of this contract, and I'd be happy to try to answer any questions you might have.

VICE CHAIRMAN BOYD: I move approval of this item for the research committee.

COMMISSIONER ROSENFELD: Second.

CHAIRMAN DOUGLAS: All in favor?

(Ayes.)

CHAIRMAN DOUGLAS: This item passes. Thank you.

MR. SCRUTON: Thank you.

CHAIRMAN DOUGLAS: Item 8, Minutes: Approval of the April 22nd, 2009, Business Meeting Minutes.

COMMISSIONER ROSENFELD: I move the minutes.

COMMISSIONER BYRON: Second.

CHAIRMAN DOUGLAS: All in favor?

(Ayes.)

CHAIRMAN DOUGLAS: This item is approved. Item 9, Commission Committee Presentations and Discussion. Not today?

VICE CHAIRMAN BOYD: All we do is economic stimulus recovery these days, and I think we all know what we're all doing.

CHAIRMAN DOUGLAS: Well, that's right. And not only that, but we have a report on that in the Executive Director's Report. Item 10, Chief Counsel's Report.

CHIEF COUNSEL CHAMBERLAIN: I have no report today, Madam Chairman.

CHAIRMAN DOUGLAS: Item 11, Executive Director's Report.

CHIEF DEPUTY DIRECTOR CHANDLER: Good morning, Commissioners. I'm Claudia Chandler, the Chief Deputy Director for the Energy Commission. Our Executive Director, Melissa Jones, is at the Assembly Budget Committee hearings today, and tomorrow we will have Senate Budget Committee hearings on our budget.

California was first in the nation to file its State Energy Program Plan application with the Department

of Energy late last week. We filed that because we wanted to be first in the nation to receive the funding from the State Energy Plan.

The Department of Energy has indicated that they will begin allocating funds 60 to 90 days after the May 12th date, the cutoff date. Originally, they had said 60 days and so we want to make sure that we're first in the queue as well to get the funds in and to get them out to the qualified recipients.

This also gives us time to focus on the Energy Efficiency Block Grant, that application to DOE. That application is due on the 26th of May. It's much more complicated in terms of the completeness of it, whereas the SEP grant application or the SEP application was broad, more administrative, asked us to identify programs areas in the matrix that we would be measuring our proposed programs by. The SEP application or the Block Grant application is a little bit more complicating.

We had, as many of you know, an 811 workshop recently, the 27th of April, very well attended, very interesting and fascinating, you know, material that was presented. I think that we had about 180 people here. We know that we had about 50 to 80 on the phone or on webcast. So it clearly is a topic that is well received and of interest to local jurisdictions as well as others.

Our next steps are to assign staff to address the opportunities that were identified in the workshop, and also to further develop that concept because that concept does fall both within the SEP grant or SEP application and possible within the Block Grant, so that's what we're working forward on right now.

Earlier this week on Monday, we had the two workshops in Diamond Bar, the SEP grant or the SEP application workshop and the Block Grant workshops. We had about 150 people at the Block Grant workshop and about 60 people at the SEP workshop. It was quite informative. I think that the consistent comment was how appreciative these folks were that we came down to Diamond Bar and talked to them in their community about conceptually the approaches that we're taking, and that was a very positive experience for us.

We heard varying input. We gave them some broad overarching guidelines that we were looking at and then we spent a lot of time in the workshop listening to their feedback and their comments on that. We'll be compiling those workshop notes. We have one right now going on today in Fresno from 1:00 to 3:00 for the Block Grant Program and then from 4:00 to 8:00 tonight for the SEP Grant. And then tomorrow we'll be up here in Sacramento.

As I said, the workshops went so well from the

standpoint of the Block Grant input that we are looking at adding four additional workshops specific to the Block Grant to cover broader regions of California to get these local jurisdictions' input.

The SEP concepts and information will go into helping us develop the guidelines, which is now where staff is headed related to the SEP Program. The guidelines are what is going to basically provide us with the programmatic structure for the SEP Program.

So with that, any questions?

COMMISSIONER LEVIN: I've got a couple of questions. Can you just summarize the nature of why the Block Grant's application is more complicated than the SEP application? And the workshops that you mentioned, the potentially four additional workshops under the Block Grants, are you thinking that those would occur before or after the Block Grant application deadline to inform the application to inform the guidelines?

CHIEF DEPUTY DIRECTOR CHANDLER: As I understand it in terms of the Block Grant application, it calls for more specificity than what we were required to do in the SEP grant. We were able address the overarching rules.

But in the Block Grant, we have to be more specific about the funding mechanisms that we're going to use to move out that 60 percent of the funds that go

directly into the smaller, local jurisdictions, so that's what we're focused on right now, and that is in part why we are looking for more input.

In terms of your second question, the schedule and we're just talking about that right now. In fact, staff is probably a little surprised that we're adding and some staff, but we're looking to add that before the May 26th because that really is important.

I can't stress enough how valuable it was to get their, the local jurisdictions, input on what we call the conceptual proposals. We kind of threw out five different kinds of conceptual proposals that maybe we could use the funds for and then opened up the discussion for hearing from them.

I think that what we'll be doing is refining our conceptual proposals based on kind of the input that we got and maybe even adding a couple of more conceptual proposals based on some of the input that we received from the local jurisdictions as to kind of what their needs were or what they, you know, their perceive needs.

COMMISSIONER LEVIN: Thank you. I also -- Commissioner Rosenfeld and I met with some of the local governments after the AB 811 workshop here and got only extremely positive feedback, so thank you for all of this work.

And I think we would like to see the conceptual proposals I think right away if possible, and then as they get refined as the Efficiency Committee takes over more of the planning as we move into the guidelines part of this and actually on the application as well, so that we really can participate in shaping that since that one -- especially since that one needs to be more specific.

CHIEF DEPUTY DIRECTOR CHANDLER: Absolutely.

COMMISSIONER LEVIN: So thank you.

CHIEF DEPUTY DIRECTOR CHANDLER: I should say that at the -- one of the conceptual proposals is the 811 for both SEP in the industrial or, excuse me, in the non-res and in the res, and it was also included in the Block Grant because it could fall either way at this point in time.

And local jurisdictions were very, very enthralled with that idea, as were some of the people that were providers. We had people that were like installations companies. We had folks who were from green jobs, work investment boards, so they were all very, very interested in the 811 concept and the energy efficiency on to photovoltaics as we discussed it.

COMMISSIONER BYRON: Madam Chairman?

CHAIRMAN DOUGLAS: Please.

COMMISSIONER BYRON: Thank you, Ms. Chandler.

My thanks to the staff. I mean I think being first out in terms of the application and all the effort that's gone into that. I have not followed it as closely as I'd like, but I think that's tremendous.

And also, Madam Chairman, thanks to you and your office. That AB 811 workshop last week was, to say it was informative is somewhat of an understatement for me. I really got a lot out of that including some follow-up meetings the next day as well with folks that wanted to meet with me, so that was very good and very informative.

And I also would like to report back to my fellow Commissioners the efforts that I've undertaken with Commissioner Chong at the PUC on Smart Grid Continues, and this Governor has demonstrated tremendous support. I think he issued a letter and a press release surrounding getting the criteria right so that California can participate in a more substantial way. And that's a good test because we're going to look for continuous support out his office as the applications come forward from the various utilities. They look like exemplary proposals. I think they're called applications by the Department of Energy.

So we're very hopeful that the Department of Energy will responsive to the leadership California demonstrates both technically and otherwise to move

forward in this area of Smart Grid technology as well as others, but I'm very pleased thus far.

The proof of the pudding, though, will be in how well the Federal government responds to California's proposals, so we'll stay on this make sure that we position ourselves well. I understand some of my fellow Commissioners are going to D. C. soon as well on this issue, correct?

CHAIRMAN DOUGLAS: I was actually going to help prompt some discussion of that if it didn't come up on it's own, but that's absolutely right. As you know, Commissioner Byron, your trip to D. C. I think was very helpful, as has been your involvement and close work on this issue.

I was very pleased to learn that Commissioners Levin, Rosenfeld, and Boyd are planning on going to Washington D. C. the week of the 18th, and in large part to do meetings on stimulus funding and to learn more about DOE and other Federal agencies' perspectives and also to communicate the State of California's priorities, goals, platforms, programs, and so on.

I don't know if any of you would like to say something about that.

VICE CHAIRMAN BOYD: Just on the meeting. We could put out a notice and convene a meeting in Washington

if you'd like.

Just to build on that, each of us has similar and differing goals and objectives as it relates to our committee assignments and our personal interests, so we'll be going our separate ways and going our collective ways at various times, never violating the rule of three, Mr. Chamberlain, to meet with various agencies.

I am particularly interested in all the transportation areas. I am particularly interested in bioenergy, be it biopower or biofuels, and I think USDA has to be added to the list of agencies, who have a lot of money to spend on biomass, bioenergy, and their types of activities. And, you know, we'll, of course, be working through our Washington -- California-Washington office folks to help us along, so I look forward to the opportunity.

I don't like to venture inside the beltway very often in life, but this is for a good cause to the State of California, so I'm hopeful that we'll make an impression being first there with some of our applications, having complete program packages, and other areas that should prove to be attractive to the Federal government. It's certainly a benefit to the California and to this agency, so hopefully we'll be able to make a good impression and bring back bags full of money or IOUs

at least.

CHIEF DEPUTY DIRECTOR CHANDLER: I should also mention that we are awaiting one more funding award to the Energy Commission and that is the Energy Star Program. We'll be hearing from a webinar tomorrow more about the Energy Star Program and DOE's plans through the National Association and State Energy Offices.

They'll be holding a webinar tomorrow and our key staff will be on that to hear. This will be the first that we're really hearing about the Energy Star Program and the parameters for that. You might be aware that we are looking at approximately $30 million to be California's share. Without any guidelines, of course, right now from the Department of Energy, as to how that will be allocated.

COMMISSIONER ROSENFELD: Claudia, I mention one specific point there, which is a big irritation. The bill, which authorizes rebates for Energy Star, calls for Energy Star Products, which intrigues me because that would include rebates for cool-colored roofs.

One place in the darn bill it says Energy Star appliances. How do you think of a roof as an appliance? I called the DOE and said I hope you leave the guidelines without adding the word appliance, and make them applicable to products in general. The DOE lawyer said,

no, the word appliance appears. It has to be an appliance.

CHIEF DEPUTY DIRECTOR CHANDLER: So we put a plug on that cool roof. Is that what we do?

VICE CHAIRMAN BOYD: Plug it in.

COMMISSIONER ROSENFELD: I haven't figured out a good way out, but it would nice. Thank you for that. That's a great suggestion. It would nice if there's some discussion of the guidelines to point out California's issue that we could do market transformation on cool-colored roofs if they will allow rebates. PG and E and Edison E could do rebates on cool-colored roofs, and DOE lawyers are a pain in the neck.

CHIEF DEPUTY DIRECTOR CHANDLER: Well, I see that Valerie Hall is our Deputy Director for the Energy Efficiency Division is here, and she'll be leading that call, ably attended by Bill Pennington and Tim Tutt.

So we'll make sure that our perspective gets encouraged not only on the call but follows through, and you know we have been talking with the Department of Energy specifically about this issue and this concern.

COMMISSIONER ROSENFELD: I might say also, one of the things we'll do, Commissioner Levin and I, at DOE is to talk with them about tools for doing audits of retrofits and -- well, particularly retrofits. Bill

Pennington has been putting together a group to turn CAL-RES into an audit tool and then there's -- that has to be coordinated with DOE's efforts who were producing our audit tools, so that's another area where we'll try to get some coordination.

CHAIRMAN DOUGLAS: Okay. It sounds good.

COMMISSIONER LEVIN: Can I ask just a follow-up question. I know the staff is just overloaded with all of this work. But I am wondering, have there been discussions or where in the schedule will we start to talk about what would be the appropriate role for the Commission to help with competitive grants from California because there's so many more billions in the various competitive pots?

How do we make sure that the right set of projects from California are eligible? What's the appropriate role for the Commission to help competitive grant applications that wouldn't necessarily come through us but is a role that we could plan to ensure, as the Governor has said, that we get our fair share or more of the competitive pots?

CHAIRMAN DOUGLAS: Commissioner, we've been doing that largely led at times through Policy Committees and coordinated through the Budget Management Committees.

So for example, the Transportation Committee

developed an approach for the transportation pots that came out in a program opportunity notice where we offered 118 funding as match share for California projects that are consistent with the investment plan. And the reason and justification for going with that approach is that the way that the most relevant funds at DOE were set up it was impractical for the Energy Commission to itself be an applicant. So it made more sense for us to step up and offer some match to California applicants. That's not always the case in other areas.

Commissioner Byron on working on the Smart Grid applications -- Well, maybe, Commissioner Byron, you should say something about the strategy on Smart Grid in a moment.

There are other areas that we haven't yet looked as hard at as we should, and I'm particularly interested next in working through the R and D Committee to think about PIER and is there a -- is there a potential link with some of the California institutions doing research, PIER, the Energy Commission, and some of the Federal research funds that are out there, so I guess that's an early head ups to PIER staff, but those questions are about to go your way.

I think, Commissioner Levin, it would very helpful, you know, if you look at the list of -- We

certainly have not covered everything, so if you look at the list of competitive solicitations that may be going forward and you have ideas for how the Energy Commission can help in any one of these, please bring those to me or through the Budget Management Committee and we'll to get work.

And the way that we tend to address this just because it takes a lot of work and follow up is that, you know, often one of the Commissioners will take the lead in working with staff on -- working with staff and stakeholders in these different areas.

Commissioner Byron, would you like to say something about Smart Grid?

COMMISSIONER BYRON: Thank you. I'll go into just a little bit more detail so hopefully it's helpful. First, I should mention that it's not just myself at the Commission. There's been a significant amount of staff's work, but I've also been working closely with Commissioner Rosenfeld on this. We just decided to divide up labor and not both make the trip back to D. C.

Commissioner Chong is very much engaged on behalf of the investor-owned utilities, and we were somewhat representing the interest of publically-owned utilities. Although I chair a committee -- a research committee on transmission here at the Commission that has

all the investor-owed utility, the right folks involved from the IOUs at the VP level and above, so that we did conference calls with them. We found out what they're planning on proposing to DOE. This was all before the notice of -- NOI, Notice of Intent?

CHIEF DEPUTY DIRECTOR CHANDLER: Yes.

COMMISSIONER BYRON: Thank you, came out. So we were really -- And our technology and leadership in this market area I think speaks for itself. We just want to make sure that the DOE is fully aware of it. So we plan to provide the Governor's Office support for all the proposals that are submitted to the DOE.

We've also weighed in the Governor -- We sent -- Commissioner Chong and I sent a letter to the Department of Energy on their criteria, pointing out how it disadvantages California. The Governor has weighed in on that as well I think even with a press release. And I think each one of them will be a little bit different.

The balance is making sure that we get the information to the Department of Energy. We can't make the decision for them, but helping them to see, as I said earlier, the leadership that we've got in this area. This is really where they can best spend their money if they want to set good examples for the rest of the States on how to develop Smart Grid technologies and move them

forward.

I hope that's enough. Maybe that's too much.

CHAIRMAN DOUGLAS: No. That's very helpful and actually I did not mean to leave Commissioner Rosenfeld out of that description because I know very much about his partnering with Commissioner Byron on the Smart Grid issues.

I'd also say we are looking at, because we're doing so much in the area of workforce development particularly through the 118 program but also potentially through the SEP Program, we're definitely looking at the possibility of a statewide application on workforce issues. That's not a decision. It's something that needs to be vetted with the workforce agencies. And we wouldn't necessarily be the lead applicants, and that is an approach in some areas.

ARB was the lead applicant in the DERA funds, for example, the Diesel Emission Reductions, so that's another approach that is at times out there. It just hasn't been front and center in the pots that we've focused on so far.

CHIEF DEPUTY DIRECTOR CHANDLER: We also have learned since maybe the first flurry of press releases and information on the competitive funds that although DOE called the funds competitive, they're not competitive in

the sense of the word that you might think where it's open for all states or all entities to participate.

We are -- We have Martha Crabbe (phonetic), she's our very well versed Department of Energy D. C. person, is tracking very closely those funds that are probably designated for the national labs. Those funds where they expanded a program opportunity notice in maybe a technical area had three projects that they had accepted and then opened it up to take four, five, and six as a result of this. So it was competitive in a sense, but it was not opened up for a full --

So I think that you raise a good point, which is let's take a look at that list and really look at what's competitive for California Energy Commission's participation either with partnerships, external stakeholders, other State agencies, and refine the list to give true kind of where should we direct our resources because we are a little limited right now. We still haven't received any new bodies, so operating with the ones that we've got, the able bodies that we have.

CHAIRMAN DOUGLAS: Well, we thought we had full days before there was a stimulus act, and so I think a lot of us have both diverted the time and attention from other issues at times but also increased the hours worked as needed. I think we've seen a lot of that.

COMMISSIONER LEVIN: Well, this is really helpful and it makes me realize that, Chairman Douglas, as the Renewable Energy Committee, we need to catch up I think to some of the other committees in terms of focusing on where because the one area that I haven't discussion of and I'm not aware of is on the renewable, energy-related, competitive grants.

Certainly, Commissioner Rosenfeld and I are starting to look at some of the energy efficiency pots beyond the SEP funds and the Block Grants. But I'm sorry to add more to your overfull plate, but I think, as the Renewable Energy Committee, we need to take this up as well because we want to take -- I know everyone is overloaded, but we need to take full advantage of the range of different grant programs.

CHIEF DEPUTY DIRECTOR CHANDLER: Or at least know where our resources should be going.

COMMISSIONER LEVIN: Yeah.

CHIEF DEPUTY DIRECTOR CHANDLER: I can appreciate that. It's very daunting from the standpoint of the tsunami that's coming towards us and it would be nice to divert -- clarify what of these our folks should be focused on and what is going to be not in our ballpark.

CHAIRMAN DOUGLAS: Right. I completely agree with you, Commissioner Levin. My focus -- One of the

things that is probably the most important thing we could do for renewables that's R-related is get some projects permitted on time for them to take advantage of stimulus. And so that is something that Commissioner Levin and I, and Commissioner Byron and probably everybody here is very cognizant of. And one of the reasons why we're looking hard at the timelines and encouraging staff to work faster, which I know that they are very much trying.

CHIEF DEPUTY DIRECTOR CHANDLER: Sleep fewer hours.

CHAIRMAN DOUGLAS: Sleep fewer hours.

COMMISSIONER LEVIN: And to be fair to staff and applicants as well, I mean this is certainly not our staff's fault many times when they are delays. We recognize that, and we definitely recognize staff are just incredibly burdened right now with so many different things, but all parties, our colleagues in other agencies, State and Federal as well, we all need to accelerate this.

CHAIRMAN DOUGLAS: Absolutely. But I do agree. Let's take this up at the Renewables Committee and let's look at other opportunities as well as just the siting issue.

If there are no more questions or comments, I just wanted to add my appreciation to staff for their hard work on all of this. The SEP application was very well

put together. It was great to be able to be first in the nation. It also made a lot of sense to submit the application earlier. I think by doing that we may have very well saved ourselves or potentially saved ourselves some headaches down the road. And we put ourselves in the front of the line to get money flowing into California and then through us to Californians, so very well done on that.

I also appreciated the hard work on the workshops, the 811 workshops, and the workshops that are happening this week. I have never seen -- I've occasionally seen this room full and I've occasionally seen hearing room B get close to capacity, but I've never before seen a set up TV in the lobby and broadcast the workshops.

COMMISSIONER ROSENFELD: It was all day, too.

CHAIRMAN DOUGLAS: Absolutely. We had people just in the lobby watching a TV and listening to the broadcast, and it was just amazing the attendance we got for that workshop. So it's both a message to us about how important this is, and a sign of the interest of the public, so I wanted to thank you again for that hard work.

And with that, I believe we are on to -- No. There's no Legislative Director's Report. We're on to the Public Advisor's Report.

FROM AUDIENCE: Nothing to report and (inaudible).

CHAIRMAN DOUGLAS: Thank you. Nothing to report. Public comment. Is there public comment? Very well. Meeting is adjourned. Thank you.

(Whereupon, the Business Meeting was adjourned.)

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CERTIFICATE OF REPORTER

I, MARY CLARK, a certified electronic reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Business Meeting, dated May 6, 2009; 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 the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of May, 2009.

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MARY CLARK CERT*D-214

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