

COMMISSIONERS PRESENT

Karen Douglas, Chair

James D. Boyd, Vice Chair

Jeffrey D. Byron

Julia A. Levin

Arthur H. Rosenfeld

STAFF PRESENT

Melissa Jones, Executive Director

Jonathan Blee, Acting Chief Counsel

Loreen McMahon, Office of the Public Advisor

Harriett Kallemeyn, Secretariat

Mike Monasmith

Kenneth Celli

John Sugar

Pedro Gomez

Marla Mueller

Valerie Hall

Also Present

Scott Busa, NEXtera Energy

Scott Galati, Galati & Blek

Steven Stadler, Kings River Conservation District (KRCD)

David Mehl, CA Air Resources Board (ARB)

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P R O C E E D I N G S

NOVEMBER 4, 2009 10:20 a.m.

CHAIRPERSON DOUGLAS: I am sorry about the late start, everybody. And we will get going. Welcome to the California Energy Commission November 4th Business Meeting.

Please join me in the Pledge.

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

CHAIRPERSON DOUGLAS: Before we begin with the formal agenda items, I would like to welcome Commissioner Rosenfeld back. We missed you tremendously, both Commissioners and I know staff have missed you a lot, and I am really happy to look across and see you sitting there.

COMMISSIONER ROSENFELD - Thank you, Karen. I cannot tell you how much I have missed both the Commissioners and the staff.

COMMISSIONER BYRON: Go ahead, Commissioner.
[Laughter]

CHAIRPERSON DOUGLAS: Well, Item 4 has been removed from the agenda and, with that, we will start with Item 1, the Consent Calendar.

COMMISSIONER BYRON: Madam Chair, I would like to pull Item 1C from the Consent Calendar for discussion.

CHAIRPERSON DOUGLAS: Very good. We will take up Item 1C next and is there a motion for the Consent

1 Calendar, Items A and B?

2 COMMISSIONER BYRON: I move Items 1A and 1B.

3 COMMISSIONER LEVIN: Second.

4 CHAIRPERSON DOUGLAS: All in favor?

5 (Ayes.)

6 That item is approved. And now, Commissioner
7 Byron, Item 1C?

8 COMMISSIONER BYRON: I really do not have
9 anything significant on Item 1C except I would like to make
10 a comment, and that is that we never really acknowledge the
11 Secretary of this Commission and, of course, she does such
12 a great job all the time, and I know that today was not --
13 the delay is not the cause of Ms. Harriet Kallemeyn's
14 fault, but I just want to acknowledge her and thank her for
15 all the work she does, our Secretariat, as I like to think
16 of her. But Ms. Secretary, I have to tell you, I will
17 probably not be here for the December 27th meeting between
18 New Years and --

19 CHAIRPERSON DOUGLAS: Did you mean the 30th,
20 Commissioner?

21 COMMISSIONER BYRON: No, I mean next year, 2010.

22 MS. KALLEMEYN: We will cross that bridge when we
23 come to it.

24 COMMISSIONER BYRON: Okay. Ms. Kallemeyn, thank
25 you very much for all your work. I move Item 1C.

1 COMMISSIONER BYRON: Second.

2 CHAIRPERSON DOUGLAS: All in favor?

3 (Ayes.)

4 That item is approved.

5 Item 2. Genesis Solar Energy Project, 09-AFC-8.

6 Mr. Monasmith.

7 MR. MONASMITH: Good morning, Chairman,
8 Commissioners. Mark Monasmith, Genesis Project Manager for
9 the Energy Commission, along with Robin Mayer [Phonetic],
10 staff counsel. On August 31st, 2009, the Energy Commission
11 received an Application for Certification from Genesis
12 Solar, LLC to construct and operate the Genesis Solar
13 Energy Project. The Project site is located approximately
14 25 miles west of Blythe in Riverside County, four miles
15 north of Interstate 10. The project is a solar electric
16 generating facility proposed for construction on
17 approximately 1,800 acres of land owned by the Federal
18 Government and managed by the Bureau of Land Management.
19 The project would utilize solar parabolic trough technology
20 and would have a combined nominal electrical output of 250
21 Megawatts. This application was reviewed for data adequacy
22 on October 7th, 2009, and the Energy Commission found the
23 AFC inadequate and adopted a list of deficiencies in nine
24 areas: air quality, biological resources, cultural
25 resources, geological resources, paleontological resources,

1 soils, transmission system design, visual resources, and
2 water resources. The Applicant provided the initial
3 supplemental information on October 12th, 2009, and also
4 filed subsequent supplemental information on October 26th
5 and October 29th in order for the AFC to be reviewed for
6 adequacy. Staff has completed its data adequacy review of
7 the AFC and we ask that you find the project data adequate
8 and appoint a committee to oversee the Genesis Solar Energy
9 Project proceeding. Thank you.

10 CHAIRPERSON DOUGLAS: Thank you. Can we hear
11 from the Applicant?

12 MR. BUSA: Good morning, Commissioners. My name
13 is Scott Busa. I am a Business Development Director with
14 NextEra Energy Resources, and I also want to introduce Meg
15 Russell with Next Era Energy. We will be working with both
16 the Commissioners and the staff, and hope to get this
17 project already through the licensing over the next 12
18 months so that we are eligible for the ARRA funding and
19 ready to construct by the end of the year.

20 MR. GALATI: I am Scott Galati representing Next
21 Era, and I wanted to acknowledge a couple of people in the
22 room that are the reason that we are data adequate. The
23 data adequacy supplement in the AFC was prepared under the
24 leadership of Tricia Bernhardt from Tetra Tech and the
25 cultural lead is Jenna Farrell. I think they worked

1 diligently, quickly, and provided very very good quality
2 information in a record time, so I think that they deserve
3 to be acknowledged.

4 CHAIRPERSON DOUGLAS: Good. Well, thank you very
5 much. And, of course, providing quality information in
6 record time is exactly what we need to do on all sides in
7 order to get this through the process, given the deadlines
8 that we have in front of us. Questions or comments from
9 Commissioners?

10 COMMISSIONER BYRON: Yes, please. Mr. Galati
11 already answered my first question, and that is that
12 indeed, this is a project that is looking for ARRA funding.
13 That means we will put it on our accelerated -- as I say
14 that, I realize the irony of it -- our accelerated 12-month
15 scheduling process. And I wanted to ask Mr. Monasmith a
16 couple of questions. What happens if the Applicant misses
17 a deadline in terms of a data response, or it is an
18 inadequate response? What happens to the schedule?

19 MR. MONASMITH: Commissioner, that certainly is
20 going to be a challenge for us and the Siting Transmission
21 and Environmental Protection Division is prepared, we are
22 meeting right now with our federal counterparts, the Bureau
23 of Land Management, Fish and Wildlife Service, as well as
24 other state sister agencies. We understand the
25 implications and we are prepared to make sure that we do

1 enough groundwork ahead of time that we are not going to
2 have to face those kinds of choices, however, if we do,
3 that is something that Management and the Siting Committee
4 and others will be apprised of and, as the Secretariat
5 indicated, we will cross that bridge when we get there.

6 COMMISSIONER BYRON: I look carefully at the data
7 adequacy worksheets and, of course, there is insufficient
8 information for me to delve down into detail, so we trust
9 staff -- the thorough review that we get from the staff on
10 this, the transmission system design was one of those areas
11 that was inadequate the first time around and now is found
12 adequate, so is the staff satisfied that we have a full and
13 complete system integration study?

14 MR. MONASMITH: Yes, Commissioner, we are. Mark
15 Hesters, senior for that Unit, has worked with Eric Knight
16 from the Environmental Office, as well as Office Manager
17 Eileen Allen and Legal, the transmission route, the linears
18 which run approximately 6.5 miles from the project site,
19 cross I-10, and plug into the Blythe transmission line,
20 which is owned by the parent company of this Applicant, we
21 find it sufficient and adequate. The surveys in terms of
22 biological and cultural have been completed. Work with
23 CAISO and Edison is ongoing in this area as part of the
24 larger cluster study. And we feel confident that we have
25 the information, the data that we need, to move forward.

1 COMMISSIONER BYRON: Well, of course I am going
2 to agree with staff recommendation. I guess I would like
3 to add my comments, as well, to the Chairman's -- directed
4 towards the Applicants. This is going to be very
5 challenging for us, but we are certainly committed to
6 keeping this on a 12-month schedule, but it is going to be
7 very incumbent upon the continued quick responses of Mr.
8 Busa and Ms. Bernhardt, Farrell, and others, so Mr. Galati,
9 the challenge is before you. We will do our best to keep
10 this on the 12-month schedule, but the real burden of that
11 is going to be on the Applicant early on.

12 MR. GALATI: Thank you, Commissioner. We
13 certainly understand that and we know it is going to be
14 challenging. One of the things, the approaches that we are
15 going to try to take is, in addition to answering staff's
16 data requests, to the extent we can solve the issue,
17 resolve the underlying issue behind the request, we are
18 going to do our best to do that and we ask staff to work
19 with us, to actually work on issue resolution as opposed to
20 information exchanging, to the extent we can do that.

21 COMMISSIONER BYRON: And, Mr. Galati, you have a
22 great track record of doing this on other projects that I
23 have seen you involved with, so I think that is a very good
24 approach, and we encourage staff to try that, as well, as a
25 way of expediting this application. Unless there are any

1 other comments, I would be more than happy to move the
2 item. I move that we accept staff recommendation of data
3 adequacy on Item 2A.

4 VICE CHAIR BOYD: Second.

5 CHAIRPERSON DOUGLAS: All in favor?

6 (Ayes.)

7 That item is approved.

8 Item 2B. Possible appointment of a siting
9 committee for the Genesis Project. I have Commissioner
10 Levin presiding and Commissioner Boyd, associate.

11 COMMISSIONER LEVIN: Before someone makes a
12 motion, I thought this would be a more appropriate time to
13 weigh in on the timing issue. Before you decide whether or
14 not you want to do that, I just want to say that, along
15 with the Chairman and Commissioner Boyd, not just that we
16 will do our best, Mr. Monasmith, I have every faith in you,
17 and then some, but we will get it done -- not prejudging
18 the outcome, but we will get to a decision point in time
19 for ARRA dollars, period, unless the Applicant falls down
20 on the job. But knowing this Applicant, both the company
21 -- I have worked a lot with Next Era -- and Mr. Galati, I
22 have every confidence and certainty, and we need that
23 certainty, we have got to maximize ARRA dollars coming to
24 California, we have got to increase renewable energy
25 development, get back on track with our RPS goals, our

1 greenhouse gas emission reduction goals, I will ride this
2 project hard, to be very blunt. And if at any time it
3 looks like we are slipping, I think it is absolutely
4 critical that both staff and the Applicant come together
5 quickly, act proactively. I know Mr. Galati is full of
6 ideas for accelerating the process, not streamlining, not
7 cutting corners, but moving more quickly. I encourage Mr.
8 Monasmith and Mr. Galati to come together very quickly and
9 talk about how you two can both have the same certainty
10 that we will reach a decision point within the ARRA
11 timeline. But, as I said, before my fellow Commissioners
12 make a decision on this, I want to be very clear, I
13 personally will not accept delays unless they are things
14 that absolutely are out of our control. This is just -- we
15 have got to raise the bar and meet the bar on these ARRA
16 eligible cases, so if that is clear and okay with my fellow
17 Commissioners, we can move forward.

18 COMMISSIONER BYRON: Mr. Rosenfeld, did you want
19 to move this item?

20 COMMISSIONER ROSENFELD: With pleasure.

21 COMMISSIONER BYRON: I will second it.

22 CHAIRPERSON DOUGLAS: All in favor?

23 (Ayes.)

24 The item is approved.

25 MR. MONASMITH: Thank you.

1 CHAIRPERSON DOUGLAS: Item 3. Kings River
2 Conservation District Community Power Project, 07-AFC-07.
3 Possible adoption of a committee recommendation to
4 terminate proceedings. Hearing Officer Celli.

5 MR. CELLI: Good morning, Chairman Douglas and
6 Commissioners. Kenneth Celli appearing on behalf of the
7 KRCD Community AFC Committee. This matter comes before the
8 commission on a motion by Kings River Conservation District
9 to withdraw the AFC for the KRCD Community Power Project.
10 KRCD filed their Notice to Withdraw on October 6th, 2009.
11 The Notice complied with 1709.8A of our regulations. On
12 October 8th, 2009, the Committee terminated proceedings and
13 filed an Order to that effect. The Committee recommends
14 that the Commission affirm and adopt the Committee Order.
15 With that, I am available to answer questions, but I think
16 the Applicant is in a better position to inform the
17 Commission.

18 CHAIRPERSON DOUGLAS: Can we hear from the
19 Applicant, please?

20 MR. STADLER: Yes, my name is Steve Stadler, I am
21 Chief Engineer with the Kings River Conservation District.

22 MR. GALATI: And Scott Galati representing Kings
23 River Conservation District.

24 MR. STADLER: I would like to just take this
25 opportunity to thank the Commission and thank staff for

1 their efforts in reviewing our application. Unfortunately,
2 we have come to a point where we need to withdraw. The
3 power plant was intended to serve a community choice
4 aggregation effort that our district was facilitating with
5 13 communities in our service area; the communities, after
6 a prolonged effort and a prolonged attempt, were not able
7 to meet the objectives that they set forth in their
8 community choice aggregation effort, and decided not to go
9 through with it. That left the plant without a customer,
10 if you will. After some effort in trying to reevaluate the
11 project, and so on, our district, our Board of Directors
12 came to the conclusion that it would be best to terminate
13 the proceeding, and we filed a notice to do so.

14 CHAIRPERSON DOUGLAS: All right, thank you very
15 much.

16 COMMISSIONER LEVIN: I will just say I am
17 personally disappointed. I was hoping to get out to Kings
18 River, which is really truly one of the most beautiful
19 parts of the state, but we appreciate your coming forward
20 and not letting it just drag on indefinitely.

21 MR. STADLER: Well, thank you. I would also like
22 to thank our counsel, he worked very diligently on this
23 project and with staff, and I think that we had a very good
24 and cooperative effort between the Applicant, if you will,
25 and CEC staff, and I think that is very important and would

1 just like to congratulate everybody on that.

2 COMMISSIONER BYRON: Well, you can of course not
3 answer this question, but I am always curious, I mean, this
4 is a noble effort, a community choice aggregation project
5 like this, and we do not see these kinds of projects. It
6 must be very disappointing for you that it is not going
7 forward. Could you share anymore information as to what
8 was the major cause of the failure to be able to pull the
9 project together? And like I said, if you would prefer not
10 to answer it, that is fine.

11 MR. STADLER: I absolutely do not mind answering
12 that question. The community choice aggregation effort
13 that was set forth encountered a number of obstacles, and I
14 am going to be very delicate, if you will, when I describe
15 the obstacles, but there were some regulatory proceedings
16 with the CPUC, some issues that still needed to be ironed
17 out, that prolonged the implementation date, if you will.
18 There were some issues to be resolved with the industrial
19 owned utilities that we would be sharing customers with,
20 that needed to be resolved and those efforts seemed to drag
21 on. The CCA effort to appoint where market conditions no
22 longer made it viable to meet the objectives that everybody
23 had set forth. The San Joaquin Valley Power Authority, the
24 entity that is putting forth the CCA effort, has decided
25 not to pursue CCA, however, they are still together and,

1 you know, if an appropriate time were to come up, I am sure
2 they would reconsider that. But that would be something in
3 the far future, not the near future.

4 COMMISSIONER BYRON: Thank you, Mr. Stadler. I
5 would like to discuss it further with you if it is
6 convenient, certainly not at this time at a business
7 meeting, but I would certainly, as a Commissioner, be very
8 interested in understanding better some of the details
9 around the issues with the IOUs and the PUC.

10 MR. STADLER: And I think we would be glad to
11 have that conversation with you.

12 COMMISSIONER BYRON: Thank you.

13 COMMISSIONER LEVIN: I move approval of staff's
14 recommendation.

15 COMMISSIONER BYRON: Second.

16 CHAIRPERSON DOUGLAS: All in favor?

17 (Ayes.)

18 That item is approved. Thank you.

19 MR. STADLER: Thank you.

20 MR. GALATI: Thank you.

21 CHAIRPERSON DOUGLAS: Item 5. City of Monterey.
22 Possible approval of a loan amendment to reduce the loan
23 approved for the City of Monterey in October 2008 from
24 \$600,000 to \$337,940. Mr. Sugar?

25 MR. SUGAR: Madam Chairman, Commissioners, I am

1 John Sugar with Commission staff. As you note, in 2008,
2 the Commission approved a loan -- oh. Thank you, Mr.
3 Petty. I am John Sugar with Commission staff. I should
4 know better about the microphone. In 2008, as you note,
5 the Commission approved a \$600,000 loan to the City of
6 Monterey for some efficiency upgrades to some structures
7 they have and for some photovoltaic solar installations.
8 This last August, the City determined that the project was
9 not going to provide the savings that they had anticipated.
10 As a result, they are reconfiguring one of the two solar
11 installations and eliminating the other. With the revised
12 information that the City provided, staff has concluded
13 that the savings would support a loan of \$337,940.
14 Monterey has agreed to reducing the loan amount. The
15 Efficiency Policy Committee has considered and approved
16 this amendment, and staff requests Commission approval of
17 this change.

18 CHAIRPERSON DOUGLAS: And, Mr. Sugar, what is the
19 payback period of this loan as modified?

20 MR. SUGAR: It is going to be a 15-year payback.

21 COMMISSIONER ROSENFELD: I move the item.

22 COMMISSIONER LEVIN: Second.

23 CHAIRPERSON DOUGLAS: All in favor?

24 (Ayes.)

25 That item is approved.

1 MR. SUGAR: Thank you.

2 CHAIRPERSON DOUGLAS: Item 6. Electric Power
3 Research Institute, Inc. Possible approval of Contract
4 500-09-014 for \$500,000 with Electric Power Research
5 Institute, Inc., to develop a common California Smart Grid
6 vision and roadmap. Mr. Gomez?

7 MR. GOMEZ: Good morning, Madam Chair,
8 Commissioners. My name is Pedro Gomez. I am the Team Lead
9 for the Energy Systems Integration Program Area of the PIER
10 Program. The contract before you is a result of a previous
11 PIER funded research project that looked into the
12 integration of new and emerging technologies into the
13 California Grid. The conclusion and result and
14 recommendation of that project was that California needed
15 to develop a consistent vision in order to develop a
16 comprehensive RD&D plan to deploy Smart Grid in California.
17 As a result of that conclusion, earlier this year we
18 announced a competitive solicitation seeking input from a
19 utility perspective and an industry perspective in order to
20 define what the Smart Grid for California would be in 2020.
21 This contract before you today is with the Electric Power
22 Research Institute and they are representing the utility
23 perspective. We will get several things from this
24 contract, most importantly, they will use the 2010 year as
25 a baseline as to what the status of the California Grid is.

1 We will also ask them, and they will provide us, a
2 definition of what the California Grid will look like in
3 2020, so a vision going forward. And they will also
4 develop a roadmap that will lead us to that vision. I may
5 point out that, about a month from now, we hope we will
6 come back before you with the industry perspective on the
7 California Grid for 2020. The EPRI, or the Electric Power
8 Research Institute, has multiple partners, they have
9 partnered with all three major IOUs, the Pacific Gas &
10 Electric, San Diego Gas & Electric, and Southern California
11 Edison. Our funding support on this contract is \$500,000.
12 Their partners in this contract are contributing \$537,000.
13 Last, I may point out that this contract was approved at a
14 previous RD&D meeting. That concludes my presentation. I
15 am open to any questions you may have.

16 MS. JONES: And can I just make one more comment?
17 This was the result of an RFP, so it was the result of a
18 competitive solicitation.

19 COMMISSIONER BYRON: Quick question -- I think it
20 is a quick question, and that is I recall that there is
21 some new legislation that requires the investor owned
22 utilities to provide a Smart Grid plan at the Public
23 Utilities Commission.

24 MR. GOMEZ: Are you referring to SB 17?

25 COMMISSIONER BYRON: I will take your word for

1 it. But my question is, I think you are probably aware of
2 it, my question is would this work help inform that
3 process, noting that the utilities are involved with this
4 RFP?

5 MR. GOMEZ: Yes, absolutely it will. And I might
6 point out that the genesis of this project started before
7 SB 17 was developed, but now that it is actually law, it
8 will support and it is in line with SB 17.

9 COMMISSIONER BYRON: Very good.

10 COMMISSIONER LEVIN: My question is how this
11 relates to the loading order and policy goals beyond 2020,
12 you know, particularly the Governor's Executive Order on
13 2050 goals for greenhouse gas emissions. It is not clear
14 from the summary of the contract that we received -- is
15 there going to be a strong emphasis on maximizing demand
16 response, energy efficiency gains, more generally,
17 integration of renewables? I mean, the Smart Grid is sort
18 of like the elephant that you have the five blind men each
19 describing different reasons for it, different motivations
20 for it. I hope that this study really follows the loading
21 order preference of maximizing energy efficiency, then
22 renewables integration, you know, as the highest priorities
23 in what the study addresses.

24 MR. GOMEZ: Yes. So the RFP called specifically
25 for them to follow all policies that are being mandated by

1 California legislation, so it is absolutely in line with
2 the loading order. Does that make sense?

3 COMMISSIONER LEVIN: Is it all policies mandated
4 by legislation, or all policies, generally? Because there
5 is a difference.

6 MR. GOMEZ: I think both. What we have asked is
7 for them to consider all legislation and policies, and have
8 that incorporated into their response.

9 COMMISSIONER LEVIN: Okay. If there is any
10 question in your mind, I just think it will be helpful to
11 point out to them the Governor's Executive Order and the
12 loading order and make sure that they are including those,
13 as well as legislation.

14 MR. GOMEZ: We will.

15 COMMISSIONER LEVIN: Thank you.

16 MR. GOMEZ: Thank you.

17 VICE CHAIR BOYD: If there are no other
18 questions, since this did come through the Research
19 Committee, I will move approval of the item. But I would
20 note that, in that committee meeting, Chairman Douglas and
21 I being the committee, we did have quite a discussion about
22 how to bring the POUs into this type of activity, and we
23 look forward to having our public utilities work with us on
24 equivalent kinds of projects and activities since it
25 ultimately, like it or not, is one giant integrated Grid,

1 we need to address it that way. So I look forward to that
2 also being a component of what we do in the future. But
3 with regard to this project, which we think is a needed and
4 a very good project, as I said, I would move approval of
5 the item.

6 COMMISSIONER ROSENFELD: Second.

7 CHAIRMAN DOUGLAS: All in favor?

8 (Ayes.)

9 The item is approved. Thank you.

10 Item 7. I have one blue card for Item 7, just to
11 let the Commissioners know. The Regents of the University
12 of California, Office of the President-CIEE. Possible
13 approval of two final projects under Work Authorization MR-
14 026 under Contract 500-02-004. Ms. Mueller.

15 MS. MUELLER: Good morning. I am Marla Mueller
16 with the PIER Program in the environmental area. At the
17 Business Meeting on March 14th, 2004, Work Authorization MR-
18 026 was approved to fund a program to support high priority
19 research in air quality. The goal of the program is to
20 give decision makers better tools to balance energy needs
21 with air quality concerns. When this program was
22 established, we committed to bring back each research
23 project for your review and approval. Today, I am asking
24 for approval to use funds already allocated in MR-026 to
25 fund the last two projects under this program. The first

1 project we are requesting your approval of would be with UC
2 Riverside to evaluate the Air Resources Board distributed
3 generation certification regulation testing methods,
4 criteria pollutant emission limits for ARB certified DG are
5 now so low that they are near the lower detection limits of
6 some of the certification test methods, leading to greater
7 uncertainty and reduced confidence in measured values. The
8 current test methods were not developed to assess such low
9 emission levels and need to be updated to accurately
10 reflect the low emission levels now being seen in DG
11 technologies. The goal of this project is to evaluate and
12 recommend improvements to current ARB DG certification test
13 methods to more accurately measure new low emission DG
14 technologies. Improving these test methods will allow ARB
15 to certify with greater accuracy and confidence the DG
16 entering the markets throughout California. It should also
17 help with the Energy Commission's objective of increasing
18 the number of installed DG. We have been working directly
19 with ARB on this project and David Mehl from ARB is here
20 today in support of this project -- he is your blue card.

21 CHAIRPERSON DOUGLAS: That is right. If you are
22 done with your presentation, let me ask David Mehl to come
23 up and speak.

24 MR. MEHL: Good morning. My name is Dave Mehl.
25 I am the Manager of the Energy Section at the Air Resources

1 Board, and we have been working very closely with Ms.
2 Mueller on this program and want to voice our support.

3 CHAIRPERSON DOUGLAS: Well, thank you for being
4 here to voice your support. We always like it when our
5 sister agencies come and particularly voice support on
6 items that we are doing in partnership. As you may know,
7 Distributed Generation is a really important strategy, it
8 could help us avoid the need in some cases for new central
9 station generation for new transmission lines, and it is a
10 really important area that we would like to advance. And
11 so it is really -- it is great that we are able to work
12 together and work on some of the air quality issues
13 together. Commissioner.

14 COMMISSIONER BYRON: Mr. Mehl, before you leave,
15 you might respond to this. I was talking to Governor
16 Schweitzer's Energy Manager/Director yesterday, Tom
17 Kaiserski, and he is from Southern California, actually,
18 and he moved up to Montana for cleaner air. But he
19 commented, unsolicited yesterday, just how incredibly clean
20 California's air is. And I was in China a couple weeks
21 ago, and you come back home and it is the first thing you
22 notice, and of course, Ms. Mueller puts together tremendous
23 research projects and I am certainly going to endorse this.
24 But I just want to make sure I understand this. We are now
25 imposing emission standards on Distributed Generation that

1 is below detectable levels?

2 MR. MEHL: Well, they are not below detectable,
3 they are below level of confidence.

4 COMMISSIONER BYRON: Measurable levels. Say it
5 again?

6 MR. MEHL: It is below confidence level. The
7 test methods that are developed, they have a lower
8 detection limit of 1 ppm, say, but the agency, South Coast
9 AQMD, was ecstatic when we started to verify their data
10 because they do not feel confident with their own test
11 methods below 10 ppm for VOCs. We have a measured
12 background concentration of about 2.5 to 3 ppm in South
13 Coast which actually would not pass our DG certification
14 standards, so we are dealing with high volumes of air in
15 microturbines where 60 percent roughly bypasses the
16 combustion chamber. When you are dealing with very low
17 concentrations with excess dilution air, because it is used
18 for cooling, it drives down the ppm numbers. When we are
19 dealing with fuel cells, we are talking .1 ppm or lower on
20 NO_x. So the test methods have not kept up with the
21 technology.

22 COMMISSIONER BYRON: Darn test methods. It
23 drives an engineer crazy.

24 MR. MEHL: Yes, it does. It drives us crazy.

25 COMMISSIONER BYRON: You know, that our detection

1 levels are not good enough. So I hope that the project is
2 successful, but I do want to point out that California's
3 standards are amongst the highest standards, the lowest
4 emissions in the world, and I know that my fellow
5 Commissioners would not want to change that, but it is --
6 it is frustrating. I mean, if it is below the ability to
7 measure it, then it starts becoming a little challenging
8 for these technologies to move forward. So let's make sure
9 we keep putting some reason to our high standards.

10 MR. MEHL: Well, it will also have implications
11 for larger -- because our DG certification standards per
12 state law were set at the same standards on a pounds per
13 megawatt basis --

14 COMMISSIONER BYRON: That is central power
15 plants.

16 MR. MEHL: -- at central station power plants,
17 and so when you are at about 2 ppm there, also, for NO_x and
18 VOCs, we actually run into some of these same accuracy and
19 precision issues.

20 COMMISSIONER BYRON: All right, well, you clearly
21 understand the subject really well, lots better than I do,
22 and I am not questioning at all what we are doing, but just
23 wanted to voice that, if I am understanding this correctly,
24 we are right at the threshold of our ability to measure it.
25 So, again, I add to the Chair's appreciation for your being

1 here and supporting the project.

2 COMMISSIONER LEVIN: Commissioner, I think
3 certainly we all want standards that are practical. I take
4 from this a very hopeful note, which is we are anticipating
5 so much more Distributed Generation, which cumulatively can
6 have a large impact, so even though we may be down around
7 the detectable levels, when we start to accumulate all of
8 the Distributed Generation that we hope to see happen in
9 California, then it becomes an issue. So notwithstanding
10 Commissioner Byron's comment, I think this is very
11 important work and will be very useful going forward. And,
12 Mr. Mehl, I want to thank you. It is impressive to hear
13 how knowledgeable you are, it is a little daunting.

14 VICE CHAIR BOYD: I would just say that,
15 Commissioner Byron, when you started, you perked up my
16 interest and I was leaning towards the microphone, I
17 thought I might have to defend something, but I appreciate
18 the fact that, in reality, you were saying this was a good
19 thing to do, you were just pointing out the engineering
20 challenges that this represents. As an old air quality
21 guy, I would not want to yield an inch, and you did not
22 want to yield an inch.

23 COMMISSIONER BYRON: Yeah, and you are
24 responsible for all that clean air, Commissioner, having
25 been at the Air Resources Board as the Executive Officer

1 for as many years as you were. But, Commissioner Levin, it
2 is not obvious that Distributed Generation combined heat
3 and power is going to make the moves that we have all
4 anticipated, and part of the difficulty is this very thing,
5 it is daunting for private customers to meet all these
6 different requirements. So even if the research is
7 successful, it will still be a daunting task to see more
8 combined heat and power. We are counting on this for a lot
9 of GHG reduction.

10 MR. MEHL: Yes, we are.

11 COMMISSIONER BYRON: Okay. I will be glad to
12 move the item.

13 COMMISSIONER ROSENFELD: Second.

14 CHAIRMAN DOUGLAS: All in favor?

15 (Ayes.)

16 The item is approved. Thank you again for
17 coming.

18 MS. MUELLER: The second research project we are
19 requesting your approval of would be to expand the existing
20 project with UC Irvine, evaluating the realistic
21 applications and air quality implications of Distributed
22 Generation in combined heat and power in California. The
23 goal of this project is to improve the understanding of the
24 long term air quality and energy impacts of the widespread
25 placement of DG CHP systems in California urban areas. The

1 use of small and midsized DG CHP system in the state is
2 expected to grow significantly due to ongoing policy and
3 legislation directed at enhancing the stability of
4 California's electricity supply and meeting global warming
5 goals. However, the use of DG CHP systems in urban areas
6 can potentially increase exposure to air pollutants. Most
7 DG CHP efficiencies are currently based on theoretical or
8 averaged information, which is just not adequate for
9 estimating actual impacts. This research would expand on
10 the existing project by collecting time resolved
11 information on the electrical heat and cooling use of
12 representative hospitals, health care facilities, and
13 hotels in California. The hospitals and hotels are the
14 remaining untested sectors of the six small to midsize key
15 sectors identified in the first part of this project as
16 having the highest mark potential for wide-scale urban
17 implementation of DG CHP in the near future. In addition,
18 we will provide the real world efficiency data to the
19 electricity analysis Office to support their technical
20 analysis as they work with the Air Resources Board to
21 quantify and better understand the potential of CHP to
22 reduce greenhouse gas emissions in California. And I will
23 just throw in here, Dave is also on our advisory committee
24 for this project.

25 CHAIRPERSON DOUGLAS: Questions or comments.

1 VICE CHAIR BOYD: No questions or comments. I
2 will move approval.

3 COMMISSIONER ROSENFELD: Second.

4 COMMISSIONER BYRON: Quick question. The results
5 from this are very helpful to similar facilities throughout
6 the state that are not part of the testing program, the
7 hospitals and healthcare facilities, hotels, etc. This is
8 the dilemma in research -- how are you disseminating this
9 information? How will the results get out so that others
10 might benefit from it?

11 MS. MUELLER: That is a good question. Actually,
12 we have four sectors that we are finishing up results on
13 now, so we actually want to start disseminating the
14 information as soon as possible. We will look for
15 opportunities if there are some hearings, or that the
16 information be useful for, we would try to present the
17 information there. We will hold a seminar here at the
18 Energy Commission, invite the ARB people to come, and open
19 it up for others. I honestly do not remember, we usually
20 require papers be written.

21 COMMISSIONER BYRON: And those are all good
22 approaches. I would also like to ask, if at all possible,
23 think about how you might contact -- because there are a
24 limited number of facilities here -- contacting them
25 directly, giving thing information directly, because I

1 always note the energy folks, the guys that run the
2 facilities, they do not come to Sacramento very often, and
3 they do not read a lot of technical papers, and getting
4 information to them of this sort could be very helpful in
5 their making decisions to install combined heat and power,
6 convincing their management that this is a good thing. So
7 I am just trying to ask you, Ms. Mueller, to think forward
8 a little bit about how you can get this information out in
9 a proactive way.

10 MS. MUELLER: I think that is an excellent point,
11 thank you.

12 COMMISSIONER BYRON: I would of course support
13 the project.

14 CHAIRPERSON DOUGLAS: All right, we have a motion
15 and a second. All in favor?

16 (Ayes.)

17 The item is approved. Thank you, Ms. Mueller.

18 MS. MUELLER: Thank you.

19 CHAIRPERSON DOUGLAS: Item 8. And we will take
20 up the item as listed with A through K. Trustees of the
21 University of California State University, possible
22 approval of 11 grant applications totaling \$1,038,797 from
23 PIER Energy Innovations Small Grant's Solicitation, 08-03.
24 Mr. Gomez, I would like to ask you to read items A through
25 K and provide -- obviously you are here to answer

1 questions, so please keep descriptions very brief.

2 MR. GOMEZ: Okay. Thank you. Good morning,
3 Madam Chair, Commissioners. Once again, it is Pedro Gomez
4 from the Energy Systems Integration Team. I am here before
5 you to seek approval of funding the third electric funded
6 solicitation for 2008. This is for the Energy Innovation
7 Small Grant Program. During the solicitation, we received
8 65 applications, 27 of the 65 passed the initial
9 administrative review, of those 27, 22 passed technical
10 review, and of those 22, we are asking to fund 11 of those
11 solicitations in the total amount of \$1,038,797. I would
12 like to point out that, of the 11 projects, one of them is
13 a building efficiency related project, eight of them are
14 related to renewable generation, and two are in advanced
15 generation. Additionally, of the 11, eight of them are
16 California based projects and three of them are out of
17 state. I might point out that the program does require
18 that each project represent and demonstrate value to
19 California.

20 With that said, I would start with the first
21 project, which is a fully -- and if I may ask, after
22 reading the title and the dollar amount, would you like me
23 to give a brief description at that point?

24 COMMISSIONER BYRON: Madam Chair, I think we can
25 forego this, except to the extent which legally requires --

1 CHAIRPERSON DOUGLAS: The title and dollar amount
2 is legally required, and obviously it has gone through the
3 R&D Committee --

4 MR. GOMEZ: Yes.

5 CHAIRPERSON DOUGLAS: -- and we have gotten
6 materials right here. Please, go ahead.

7 MR. GOMEZ: So the first project, Fully Printed
8 All Inorganic Nanoparticle-based Solar Cells, for \$95,000;
9 Project B, High Efficiency LED bulb using Low Cost Compact
10 Cooling Technology, for \$95,000; Project C, Development of
11 a Pet Coke-fueled Solid Oxide Fuel Cell for \$94,931;
12 Project D, Direct Solid Oxide Fuel Cells, for \$95,000;
13 Project E, High Efficiency Compact Silicon Carbide Based
14 Solar Inverter, for \$95,000; Project F, Verification Test
15 Undershot Impulse - Jet Hydro-Turbine, for \$95,000 -- I did
16 not make that up; Project G, Closed-loop Tracking for Solar
17 Thermal Heliostats, for \$89,000; and Project H, Development
18 of High-efficiency and Cost-effective Micro Wind Turbines,
19 for \$94,868; Project I, Efficient Mass Microalgae Culturing
20 and Harvesting Device, for \$95,000; Project J, Module-level
21 Power Converters for Parallel-connected Photovoltaic
22 Arrays, for \$94,998; and Project K, the final project, Low
23 Cost Dye Sensitized Solar Cells, for \$95,000. Now, I am
24 open for any questions you may have.

25 VICE CHAIR BOYD: I have no questions. I would

1 just comment that, once again, we are bringing before this
2 commission proposals that represent an area of program
3 activity that this commission has become very pleased with,
4 frankly, proud of. You heard the small amounts of money
5 distributed to a wide cross section of people who competed
6 in a solicitation type process, and this agency has in the
7 past few years really gotten some very significant results
8 from these seed money investments in new technology, and I
9 cannot tell you how significant and how pleasing it is to
10 me that we have been able to do this. I know, on the R&D
11 Committee, we have had extensive discussions and know
12 Commissioner Byron has delved into this and, in the past,
13 has been extremely supportive and pleased with what we do,
14 and I would just say, again, that we certainly need to
15 communicate the positive results that we get from this
16 program to address some of the criticism we get from those
17 that do not really look into what we do, but just like to
18 criticize expenditures of money on research, because this
19 is an extremely positive return on investment type of
20 activity. So, with that, I would love to move approval.

21 COMMISSIONER BYRON: And I would like to take
22 just 30 seconds to also say the same, you know, the R&D
23 Committee -- unfortunately, being divided on committees,
24 other Commissioners do not get to participate to the extent
25 that the R&D committee does. I think this is one of the

1 best things we do, I think this is truly the intent of the
2 legislation that is set up here, and I agree completely
3 with everything Commissioner Boyd said. I would like to
4 talk about each one of these, in particular, but we will
5 forego that for today's discussion. I will be glad to add
6 my third to this vote.

7 CHAIRPERSON DOUGLAS: A motion and a second, and
8 even a third. All in favor?

9 (Ayes.)

10 The item is approved. Thank you, Mr. Gomez.

11 MR. GOMEZ: Thank you.

12 CHAIRPERSON DOUGLAS: Item 9. Negative
13 Declaration for Energy Efficiency Standards for
14 Televisions. Possible adoption of the proposed negative
15 declaration, including a Finding of No Significant Impact
16 under the California Environmental Quality Act, for the
17 proposed energy efficiency standards for televisions. Ms.
18 Hall.

19 MS. HALL: Good morning, Commissioners. As you
20 are noting on today's agenda, are two items, actually,
21 related to the adoption of efficiency standards for
22 televisions. This first item, as you were reading,
23 pertains to the environmental quality review of the
24 proposed project, the CEQA review, as it is commonly
25 referred to, and the second item is to consider the actual

1 adoption of efficiency standards. Approximately 18 months
2 ago, the Commission began a process to determine whether
3 efficiency standards for televisions were appropriate and,
4 if so, just exactly what those standards should be, and
5 during that time, staff conducted a great deal of analysis
6 and held many informal discussions with stakeholders.
7 Staff and the efficiency committee conducted two public
8 workshops during that informal period. The formal
9 rulemaking began on September 18 of this year, with the
10 issuing of the Notice of Proposed Action, the Initial
11 Statement of Reasons and the Expressed Terms, which are the
12 language of the regulations, and a hearing was held by the
13 Efficiency Committee on the proposed regulations on October
14 13. The formal comment period for CEQA, for the
15 environmental review, ended on November 2nd. No comments
16 were received. The formal comment period for the actual
17 standards is also now closed. On Monday, the Commission
18 received a significant number of submissions from various
19 parties, and staff and the Efficiency Committee want to be
20 confident that we have given every one of those last minute
21 submissions the careful review, analysis and consideration
22 provided to each of the earlier submissions. Therefore, we
23 are requesting that today's scheduled -- the two items that
24 are scheduled, that are related to the standards, the CEQA
25 review and the actual standards themselves, be continued to

1 the next meeting of the Commission. The actual formal
2 comment period for both of those are now closed, and I am
3 not certain if we actually have anyone in the audience who
4 would like to speak, but if there is anyone who would like
5 to speak, they certainly have the right and ability to do
6 so today at today's session. And if anyone would like to
7 speak, we simply ask that the comments be a summary of the
8 comments that they submitted during the formal process.

9 CHAIRPERSON DOUGLAS: Thank you, Ms. Hall. I do
10 not have any blue cards, but that does not mean -- is there
11 anybody in the audience who would like to speak on the
12 proposed television standards? I do not see anybody. I
13 will read the second item into the record, Item 10, and
14 then open the door for questions or comments by
15 Commissions.

16 Item 10. Energy Efficiency Regulations for
17 Televisions. Possible adoption of proposed amendments to
18 the Appliance Efficiency Regulations in Title 20. I think
19 we have gotten an adequate summary for both items. Are
20 there questions?

21 COMMISSIONER BYRON: Just a quick comment. I
22 note that we received a lot of additional information at
23 the last minute. And I appreciate the staff's
24 thoroughness, you always do a very good job of thoroughly
25 reviewing all the comments received, and I guess we

1 determined that there was sufficient material there, not
2 enough time, that we needed to do that, and I applaud that.
3 But, Ms. Hall, if this any way an extension of getting more
4 press and keeping this item in the lime lights, I have not
5 seen you on Entertainment Tonight yet. Is that show still
6 on TV?

7 MS. HALL: I hope not.

8 COMMISSIONER BYRON: But if there is any reason
9 that you are delaying this just to get more publicity out
10 of this, I would like to put a stop to it right now.

11 MS. HALL: So would I.

12 COMMISSIONER BYRON: No, I look forward to your
13 bringing this to the Commission in two weeks.

14 COMMISSIONER LEVIN: I would just like to thank
15 staff. This has been a very challenging proposed
16 rulemaking with some very strong opinions, strong
17 arguments. I think the staff, and I include Commissioner
18 Rosenfeld's advisors and my own advisors, have done an
19 outstanding job throughout the last nearly two years,
20 looking at all of the evidence, carefully giving it the
21 consideration that it requires, including at this point
22 making a decision that, to give the due diligence the
23 thorough consideration required, that we need to extend the
24 decision making period for two weeks. But if anyone is
25 listening from the public who is interested in this issue,

1 to be very clear that we are not reopening the public
2 record in this, so we will not be accepting any additional
3 public comments on this issue, this is additional time for
4 staff to give full consideration to the quite large volume
5 of comments that we received mostly at 4:00, 4:59, 4:55 for
6 the 5:00 p.m. deadline on Monday. And I know, as someone
7 who always waits until the last minute, that is just what
8 people usually do. But I appreciate the staff's
9 thoroughness throughout this process, and including now,
10 and particularly on top of all the other workload issues
11 that the Energy Efficiency staff is facing with ARRA and
12 with other programs. So thank you, I think you have done a
13 tremendous job to date, and fully expect you will continue
14 to until we cross the finish line.

15 CHAIRPERSON DOUGLAS: Very well. With that, we
16 will obviously continue this item until the Business
17 Meeting on November 18th. Thank you, Ms. Hall.

18 MS. HALL: Thank you.

19 CHAIRPERSON DOUGLAS: I will join Commissioner
20 Levin in thanking staff for their very hard work on this
21 issue.

22 Item 11. Minutes. Approval of the October 21st,
23 2009 Business Meeting Minutes.

24 VICE CHAIR BOYD: Move approval.

25 COMMISSIONER BYRON: Second.

1 CHAIRPERSON DOUGLAS: All in favor?

2 (Ayes.)

3 COMMISSIONER ROSENFELD: I abstain, of course.

4 COMMISSIONER LEVIN: And I abstain, as well.

5 CHAIRPERSON DOUGLAS: Thank you. The item is
6 approved.

7 Item 12. Commission Committee Presentations or
8 Discussion. Seeing none, Item 13. Chief Counsel's Report.

9 MR. BLEES: Thank you, Chairman Douglas and
10 Commissioners. Two items briefly, which probably everyone
11 knows about, but just for the record, first of all,
12 yesterday was the irreplaceable Bill Chamberlain's last day
13 as Chief Counsel of the Energy Commission, after 31 years
14 of sterling service. I personally was privileged to work
15 for and with him during his entire tenure here. Very
16 fortunately, he has agreed to continue his service to the
17 Commission as retired annuitant, and in fact arose at 5:00
18 this morning to catch a plane to Arizona to attend meetings
19 of -- I believe it is all three WECC, WIEB and CREPC.

20 The second item is that, last week, the U.S.
21 Court of Appeals for the Ninth Circuit announced its
22 opinion in the case of the Energy Commission vs. U.S.
23 Department of Energy in which the Court overturned USDOE's
24 denial of the Commission's request for a preemption waiver
25 for our water efficiency standards for residential clothes

1 washers. What that means is that DOE will have to
2 reconsider its denial and we will be returning to DOE
3 hopefully very early next year, and we will of course keep
4 you informed as to the developments in that proceeding.
5 Thank you.

6 COMMISSIONER BYRON: You know, notwithstanding
7 that first item Mr. Blee brought up, and I will be joining
8 Mr. Chamberlain in Phoenix for some of these meetings, the
9 second one, I was glad to see, got a little bit of press,
10 in addition to the PV standards work that the staff is
11 doing, and this is big news -- this says, once again, this
12 commission and the work that it does in setting energy
13 efficiency standards is the right stuff and I was glad to
14 see the press picked that up a little bit, as well. I hope
15 you saw some of those articles, too, Mr. Blee.

16 MR. BLEES: In between my rehearsals for
17 Entertainment Tonight, yes.

18 COMMISSIONER BYRON: Yes, well, and of course,
19 notwithstanding the fact that these are good legal
20 arguments that you all put forward, the content is there.
21 The work of this commission in considering energy
22 efficiency standards really sets the standard for the rest
23 of the country, and I am glad to see that we were on the
24 right side with our own Department of Energy on this.

25 MR. BLEES: Well, thank you, and it is also

1 important to note that this is not just an important
2 victory for the Energy Commission here in California, but
3 the principals that the Court established for DOE review of
4 state waiver petitions should be of assistance to, you
5 know, any of the other 49 states that will be adopting
6 appliance efficiency standards and seeking federal waivers.

7 COMMISSIONER ROSENFELD: Jonathan, let me ask
8 you, now that we have the Obama Administration on our side,
9 instead of a Bush Administration denying waivers, what is
10 really going to happen at DOE? Is this going to unleash a
11 new set of hearings or a process on -- we are not the only
12 sink that is short on water, after all.

13 MR. BLEES: That is correct. I know that there
14 are other states that were supportive of our efforts, both
15 the DOE and then the Ninth Circuit, and I would certainly
16 expect that this will encourage additional state efforts
17 not only in water efficiency, but also energy efficiency.
18 Exactly how DOE is going to handle the remand, they have
19 not announced, but I am confident that we and the other
20 parties will be able to work with them to shape an
21 expeditious proceeding so that we can get a final ruling on
22 the waiver petition.

23 COMMISSIONER ROSENFELD: Thanks.

24 VICE CHAIR BOYD: Building on what Commissioner
25 Rosenfeld just broached, first, I would just like to add my

1 comments to all the staff who worked on this because a lot
2 of pick and shovel work goes on down in the trenches to win
3 something like this, and it does not usually get the kind
4 of notoriety that it deserves, so good job by all. It does
5 keep us on the course the state has been on for a long
6 time, it does now provide a lever for the water energy
7 nexus discussions that we were having just a little bit of
8 here. I am sure it will become an agenda item for whomever
9 happens to be discussing with high level managers at DOE in
10 the near future, you know, working relationships between
11 our two agencies. This provides an opportunity to make
12 this an agenda item for our cooperative work. And it does
13 provide other states who want to move now a clear signal;
14 this is a second major waiver issue that has been decided
15 positively here in the last roughly a year, so I think that
16 is an excellent move and keeps the state, if not this
17 nation, moving in the right direction to address some of
18 these real problems. So the water energy nexus is boldly
19 back on the agenda for us, I think, now.

20 CHAIRPERSON DOUGLAS: Very good. Thank you, Mr.
21 Blee.

22 Item 14. Executive Director's Report.

23 MS. JONES: Good morning, Commissioners. In the
24 interest of brevity, I do not have anything to report
25 today.

1 CHAIRPERSON DOUGLAS: Thank you, Ms. Jones.

2 Item 15. Is there a Public Advisor's Report?

3 MS. McMAHON: Good morning, Commissioners. The
4 only thing that I have to add today is that we do have the
5 Oakley Generating Station Informational Hearing and site
6 visit coming up this Monday, as you probably know, and we
7 will be down there with a lot of our staff, and it is one
8 of our current high profile projects.

9 CHAIRPERSON DOUGLAS: Thank you very much.

10 Item 16. Is there any public comment? Very
11 well. We will be adjourned.

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

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CERTIFICATE OF REPORTER

I, PETER PETTY, 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 _____ day of November, 2009.

PETER PETTY