

COMMISSIONERS PRESENT

Karen Douglas, Chair

James D. Boyd, Vice Chair

Jeffrey D. Byron

Anthony Eggert

Robert Weisenmiller

STAFF PRESENT

Claudia Chandler, Executive Director

Michael Levy, Chief Counsel

Jennifer Jennings, Public Advisor

Harriet Kallemeyn, Secretariat

Agenda Item

Darcy Chapman	2
Tim Olson	3
Adrian Ownby	4, 5, 6
Angela Gould	7
Shahid Chaudhry	8
Deborah Godfrey	9, 10
Anne Fisher	11
Haile Bucaneg	12, 13, 14
Tony Goncalves	15
Guido Franco	16
Marla Mueller	17, 18

Also Present

Interested Parties

Brian McMahon, State of CA Employment Training Panel

Peggy Jenkins, State of CA Air Resources Board

I N D E X

	Page
Proceedings	11
Items	
1. CONSENT CALENDAR.	11
A. LAWRENCE BERKELEY NATIONAL LABORATORY. Possible approval of Amendment 1 to Agreement PNG-07-004 with Lawrence Berkeley National Laboratory for a 12-month no-cost time extension, and a change of subcontractors and microturbine. Elliott Energy Systems and Professional Energy Solutions will be replaced by University of California Combustion Laboratory and SCS Engineers, respectively. An Elliott microturbine will be replaced with a Capstone microturbine.	
B. COUNTY OF MARIN. Possible approval of the County of Marin's proposed locally adopted energy standards for residential and nonresidential newly constructed buildings and additions and alterations to existing buildings to require greater energy efficiency than the 2008 Building Energy Efficiency Standards.	
C. CITY OF SAN RAFAEL. Possible approval of the City of San Rafael's proposed locally adopted energy standards for residential and nonresidential newly constructed buildings and additions and alterations to existing buildings to require greater energy efficiency than the 2008 Building Energy Efficiency Standards.	
D. CITY OF REDWOOD CITY. Possible approval of the City of Redwood City's proposed locally adopted energy standards for residential and nonresidential newly constructed buildings and additions and alterations to existing buildings to require greater energy efficiency than the 2008 Building Energy Efficiency Standards.	

I N D E X

Items	Page
E. CITY OF LOS ALTOS. Possible approval of the City of Los Altos' proposed locally adopted energy standards for residential and nonresidential newly constructed buildings and additions and alterations to existing buildings to require greater energy efficiency than the 2008 Building Energy Efficiency Standards.	
F. NCPA-2 POWER PLANT (79-AFC-2C). Possible approval of a petition by the Department of Interior, U.S. Geological Survey (USGS) to amend the Energy Commission's Decision on the NCPA-2 Power Plant by removing the USGS as the primary compliance agency of authority for the power plant's license and terminating the Memorandum of Understanding with the Energy Commission.	
2. CALIFORNIA EMPLOYMENT TRAINING PANEL. Possible approval of Contract 600-09-016 for \$6 million with the California Employment Training Panel to train current employees (through businesses) and unemployed individuals (through training agencies) in alternative and renewable fuels and vehicle technologies program-specific training. (ARFVT funding.)	12
3. SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT. Possible approval of Agreement ARV-09-002, awarding \$5,142,000 to the South Coast Air Quality Management District to replace up to 180 heavy-duty diesel drayage trucks used at the Ports of Los Angeles and Long Beach with commercially available new 2009 or 2010 model year heavy-duty state-of-the-art ultra clean natural gas powered trucks. (ARFVTF funding)	17
4. CALIFORNIA RURAL HOUSING MUNICIPAL FINANCE AUTHORITY HOMEBUYERS FUND. Possible approval of Contract 400-09-016 for \$16.5 million with California Rural Housing Municipal Finance Authority Homebuyers Fund) to establish the Moderate Income Sustainable Technology (MIST) Program. (ARRA funding.)	21

I N D E X

Items	Page
5. SAN FRANCISCO MAYOR'S OFFICE OF HOUSING. Possible approval of Contract 400-09-019 for \$2,993,029 with the San Francisco Mayor's Office of Housing to establish the Affordable Multifamily Retrofit Initiative in the City and County of San Francisco, the City of Berkeley and the City of Oakland. (ARRA funding.)	24
6. SAN FRANCISCO PUBLIC UTILITIES COMMISSION. Possible approval of Contract 400-09-018 for \$2,080,000 with the San Francisco Public Utilities Commission to establish the GreenFinanceSF Program in the City and County of San Francisco. The program will allow the City of San Francisco to sell microbonds for Tier II and Tier III residential retrofit projects to bond buyers, who will receive a solid return on an investment in real estate improvements that benefit the environment and the community. (ARRA funding.)	29
7. COUNTY OF HUMBOLDT. Possible approval of Contract 400-09-017 for \$4,384,349 with the County of Humboldt to franchise the Sonoma County Energy Independence Program's municipal financing program design strategies and financing concepts throughout the North Coast region concepts throughout the North Coast region. (ARRA funding.)	31
8. MCKINLEYVILLE COMMUNITY SERVICES DISTRICT. Possible approval of Agreement 013-09-ECE-ARRA for a \$165,100 loan to the McKinleyville Community Services District to upgrade old pumps at the Grant Ramey Pump Station. (ARRA funding.)	34
9. ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT AWARDS. Possible approval of 11 Energy Efficiency and Conservation Block Grant (EECBG) Program grant agreements awarding \$1,037,133 in American Recovery and Reinvestment Act of 2009 funds. The following proposals are Direct Equipment Purchase projects.	37
A. CITY OF PISMO BEACH. Grant agreement CBG-09-116, awarding \$46,402 to upgrade streetlights, install variable frequency drives, retrofit interior lighting, install occupancy sensors, and retrofit exterior lighting to induction.	

I N D E X

Items	Page
B. CITY OF SAN JUAN CAPISTRANO. Grant agreement CBG-09-018, awarding \$189,031 to retrofit existing City-wide high pressure sodium streetlights with induction lighting.	
C. TOWN OF COLMA. Grant agreement CBG-09-088, awarding \$25,000 to replace 32 high pressure sodium streetlights with LED replacement fixtures and replace 30 high pressure sodium pedestrian streetlights with induction streetlights.	
D. CITY OF IMPERIAL BEACH. Grant agreement CBG-09-104, awarding \$145,393 to replace 159 high pressure sodium, low pressure sodium and mercury vapor streetlights with induction streetlights.	
E. CITY OF GRAND TERRACE. Grant agreement CBG-09-072, awarding \$69,640 to upgrade lighting, and replace eight HVAC units totaling 40 tons.	
F. CITY OF SAN PABLO. Grant agreement CBG-09-112, awarding \$169,886 to replace high pressure sodium and metal halide streetlights and parking lights with LED lights, upgrade interior lights, and install occupancy sensor controls.	
G. TOWN OF LOOMIS. Grant agreement CBG-09-115, awarding \$37,403 to retrofit streetlights from high pressure sodium to induction lamps.	
H. CITY OF CANYON LAKE. Grant agreement CBG-09-069, awarding \$57,674 to upgrade two HVAC units, convert regular thermostats to programmable units, install dual technology sensors, convert 39 traffic signals from incandescent to LED, and upgrade 450 T12 and 250 ballasts to T8 and electronic ballasts.	

I N D E X

Items	Page
I. CITY OF LA HABRA HEIGHTS. Grant agreement CBG-09-113, awarding \$32,860 to replace HVAC units, upgrade lighting, replace incandescent exit signs, upgrade T-12 lamps to T8 with electronic ballasts, and install photo cell control sensors.	
J. CITY OF WILDOMAR. Grant agreement CBG-09-114, awarding \$134,140 to replace incandescent vehicle traffic signals and old vehicle LED traffic signals. Also replacing existing high pressure sodium parking lot lighting with induction lighting.	
10. ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT AWARDS. Possible approval of seven Energy Efficiency and Conservation Block Grant (EECBG) Program grant agreements awarding \$1,576,506 in American Recovery and Reinvestment Act of 2009 (ARRA) funds. The following Energy Efficiency Projects are proposed for the following jurisdictions.	39
A. CITY OF DINUBA. Grant agreement CBG-09-055 awarding \$114,827 to retrofit existing lighting, install occupancy sensors and daylight controllers, and install network thermostat to control HVAC system at various locations.	
B. CITY OF LAGUNA WOODS. Grant agreement CBG-09-008, awarding \$99,416 to retrofit the lighting and roof mounted HVAC systems at City Hall to a more energy efficient system, and replace south facing single pane windows with energy efficient, dual pane, low E2 windows.	
C. CITY OF VILLA PARK. Grant agreement CBG-09-077, awarding \$32,411 to retrofit the lighting systems and the 10-ton HVAC unit and controls at City Hall to a more energy efficient systems and controls.	

I N D E X

Items	Page
D. CITY OF DEL REY OAKS. Grant agreement CBG-09-108, awarding \$15,811 to retrofit the lighting systems and controls at multiple city owned facilities to a more energy efficient lighting system. Single pane windows on the south facing side of City Hall building will be replaced with the latest energy efficient, dual pane, low E2 windows.	
E. COUNTY OF STANISLAUS. Grant agreement CBG-09-111, awarding \$671,249 to replace the HVAC systems at the County's Juvenile Detention Facility. In addition, 276 street light fixtures will be retrofitted from the existing high pressure sodium and mercury vapor technologies to induction technology.	
F. COUNTY OF SANTA CLARA. Grant agreement CBG-09-105, awarding \$553,438 to retro-commission and install lighting controls at four county owned facilities.	
G. TOWN OF TRUCKEE. Grant agreement CBG-09-109, awarding \$89,354 to retrofit T12 fluorescent light fixtures to T8, and install daylight controls, premium efficiency motors, and network thermostat controls.	
11. TOWN OF MAMMOTH LAKES. Possible approval of Agreement 05-09-ECA for a \$60,000 loan to the Town of Mammoth Lakes to install three high efficiency boilers. (ECAA funding.)	40
12. SOMIS UNION ELEMENTARY SCHOOL DISTRICT: Possible approval of Agreement 009-09-ECA for a loan of \$245,369 to the Somis Union Elementary School District for energy efficiency upgrades to school lighting systems and installation of a PV system at Somis Elementary School. These projects are estimated to save the District 156,433 kilowatt hours annually, which is equivalent to \$22,307 in reduced energy costs. (ECAA funding.)	41

I N D E X

Items	Page
13. COUNTY OF MARIN: Possible approval of Agreement 008-09-ECA for a loan of \$1,398,441 to the County of Marin to implement energy efficiency measures. Projects include upgrades of HVAC systems, insulation, and LED lighting at county facilities. (ECAA funding.)	44
14. TOWN OF MORAGA: Possible approval of Agreement 007-09-ECA for a loan of \$198,935 for the Town of Moraga to implement several energy efficiency measures including HVAC upgrades, lighting controls, installation of LED lights and installation of a 35 kW photovoltaic system at the city Police Department. (ECAA funding.)	45
15. CALIFORNIA WIND ENERGY COLLABORATIVE. Possible approval of Contract 400-09-015 for \$65,000 with the UC Davis California Wind Energy Collaborative to develop the Small Wind Energy Estimation Tool (SWEET) to evaluate the performance of small wind turbines and provide an economic analysis of the payback on investment. (RRTF funding.)	46
16. UNIVERSITY OF CALIFORNIA, SAN DIEGO. Possible approval of Contract 500-09-043 for \$1.3 million with the University of California, San Diego, to collect particulate data and analyze the interaction between airborne particles, clouds and precipitation. (PIER electricity funding.)	49
17. LAWRENCE BERKELEY NATIONAL LABORATORY. Possible approval of Contract 500-09-042 for \$1,263,300 with Lawrence Berkeley National Laboratory to evaluate the exposure to unvented combustion gases in California homes, and emissions from advanced technology residential water heaters. The project will collect data from a minimum of 100 homes. (PIER natural gas funding.)	54
18. UNIVERSITY OF CALIFORNIA, IRVINE. Possible approval of Contract 500-09-040 for \$499,980 with the University of California, Irvine Advanced Power and Energy Program to evaluate the potential air quality implications of the California renewable portfolio standard. (PIER electricity funding.)	60

I N D E X

Items	Page
19. CALIFORNIA REPORTING, LLC. Possible approval of Contract 170-09-001 for \$200,000 with California Reporting, LLC, to provide Hearing Reporter services for siting case hearings and workshops for three years.— (ERPA funding.)	
20. Minutes: Approval of the April 7, 2010, Business Meeting Minutes.	63
21. Commission Committee Presentations and Discussion.	64
22. Chief Counsel's Report.	75
23. Executive Director's Report.	75
24. Public Adviser's Report.	82
25. Public Comment.	83
Adjournment	83
Certificate of Reporter	84

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P R O C E E D I N G S

1
2
3
4
5
6
7
8
9
10
11
12
13
14
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MAY 5, 2010

10:04 a.m.

CHAIRPERSON DOUGLAS: Welcome to the California Energy Commission Business Meeting of May 5th, 2010.

Please join me in the Pledge.

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

CHAIRPERSON DOUGLAS: Two changes to the agenda this morning. Item 9K is on the agenda for May 12th, so it is off the agenda for today, and Item 19 has been pulled. And with that, Commissioners, we will take up the Consent Calendar, Item 1.

COMMISSIONER BYRON: Madam Chair, before we move the Consent, I was just wondering, since there are so many items on there that are, you know, require greater efficiency standards for a number of cities and counties, I just wanted to check and see if there were any cities or counties that were online or with us today that might wish to comment before or afterwards.

CHAIRPERSON DOUGLAS: Thank you, Commissioner, and I had thought about saying that. We used to take these up as individual items, these cities and counties, because we like to acknowledge when they move forward with local ordinances that are more stringent than our standards, and our agendas have gotten so fat that we have done that a

1 little less of late. But are there any cities or counties
2 present or listening to this who are moving forward with
3 these ordinances?

4 COMMISSIONER BYRON: Well, in that case, it is
5 appropriate they are on the Consent Calendar. Madam Chair,
6 I move the Consent Calendar.

7 VICE CHAIR BOYD: Well, I will second it, but I
8 will join you. I had the same exact reaction when we were
9 doing the agenda, saying, "My, we used to really make a big
10 deal out of these," and now there are so many. So I am glad
11 at least some extra notices being given of more and more
12 local governments moving to be aggressive in this area and
13 putting us in the position of having to gleefully agree with
14 what they are doing in terms of efficiency and other
15 activities they are engaged in. So, with that, enough said.

16 CHAIRPERSON DOUGLAS: With that, we have a motion
17 and a second. All in favor?

18 (Ayes.)

19 Item 1 is approved.

20 Item 2. California Employment Training Panel.
21 Possible approval of Contract 600-09-016 for \$6 million with
22 the California Employment Training Panel to train current
23 employees and unemployed individuals in alternative and
24 renewable fuels and vehicle technologies. Ms. Chapman.

25 MS. CHAPMAN: Good morning, Commissioners. I am Darcy

1 Chapman. Also joining me today at the table is Brian
2 McMahon, the Director of the Employment Training Panel.

3 MR. McMAHON: Good morning.

4 MS. CHAPMAN: Today we are seeking approval of a \$6
5 million interagency agreement with the Training Panel for the
6 funding of workforce training contracts with employers, labor
7 unions, and training agencies. Training participants will be
8 primarily currently employed by businesses and organizations
9 involved in the development and deployment of alternative fuels and
10 vehicle technologies. New hire training will also be an aspect of
11 the program, but to a lesser extent.

12 Primary funding -- recipients will be businesses and
13 organizations receiving funding through the Alternative and
14 Renewable Fuels and Vehicle Technology Program. We will also be
15 funding training contracts with companies, first responders or first
16 adopters not funded by the program, so response to deployment and
17 development of alternative fuels and vehicles.

18 ETP was created in 1982, has reimbursed over 77,000
19 employers at the extent of \$1.2 billion with a "B" for training over
20 780,000 trainees. ETP is entirely funded by the Employment Training
21 Tax, which is a tax collected alongside the Employment Insurance
22 Tax. There are no General Funds involved with the Employment
23 Training Panel. ETP only enters into performance-based contracts,
24 contractors are only reimbursed for training when a trainee has
25 completed all training, a retention period, and is earning a set or

1 agreed-upon wage on the 91st day of employment, post-
2 training. Employer match is required in each one of the projects
3 and the ETP Interagency Agreement is the final component in our
4 first Investment Plan workforce development allocation of \$15
5 million. If you have any questions, I would be more than happy to
6 answer them.

7 CHAIRPERSON DOUGLAS: Thank you. And Mr. McMahon, would
8 you like to say anything?

9 MR. McMAHON: I would just like to thank the Commission
10 for considering this expansion of our existing partnership. We are
11 particularly pleased to have the opportunity to focus on segments of
12 the green sector and believe that the funding under AB 118 is very
13 linked to our strategic plan in terms of addressing the workforce
14 needs in the green sector, and will certainly use our well-developed
15 infrastructure for marketing to project management to structure this
16 program in a way that meets the accountability goals of the other
17 funding sources, as well. So thank you for the opportunity to
18 continue our relationship.

19 CHAIRPERSON DOUGLAS: Thank you.

20 VICE CHAIR BOYD: If my fellow Commissioners do not have
21 any comments or questions, I would be more than pleased to move
22 approval of this item with a comment that I, and I think all of us
23 because we have put such an emphasis on this in our pleas to see
24 this happen, and I appreciate your comments. I would just note that
25 Commissioner Eggert and I, in this room last Friday, spent the day

1 with the AB 118 Investment Plan Advisory Committee, and
2 this general subject, not this specific item, but the subject of
3 workforce development and workforce training was something we talked
4 about quite a bit, something that was deemed very important,
5 something that pleased a large number of people, with what respect
6 it is we are doing. And as the Chairman knows, we really front-
7 loaded this effort in our 118 ARRA programs, and what have you. So
8 I am just very pleased to see that it seems to be working, it is
9 enthusiastically received, and we are going to benefit from some
10 hopefully very positive output. So it is really great to see this
11 coming to fruition and adding additional funding into this activity.
12 But because it is well-received, it seems to be addressing a very
13 important purpose for us. So, thank you.

14 MR. McMAHON: I would additionally add that, just on the
15 basis of expectation that this program would be in place, we have a
16 number of applicants that have already submitted preliminary
17 applications, so we expect the demand to be fairly great.

18 COMMISSIONER EGGERT: Yeah, I just wanted to echo
19 Commissioner Boyd's comments. In an area which does see a
20 significant amount of disagreement about policy direction, this was
21 one area where I think we did see a lot of agreement. I just wanted
22 to ask a quick question. You had mentioned first responders
23 as one of the audiences of this training, which I think is
24 -- I am heartened to hear because I know that often tends to
25 be local fire officials, and such, which are also involved

1 in the permitting of a lot of the activities for
2 infrastructure and, you know, getting them to be familiar
3 with these technologies, what are the associated risks will,
4 I think, make it much easier for that activity to move
5 forward, as well. So there are some co-benefits there. So
6 I do not -- did you move this?

7 VICE CHAIR BOYD: I did.

8 COMMISSIONER EGGERT: Okay, I will second it.

9 CHAIRPERSON DOUGLAS: Commissioner Byron.

10 COMMISSIONER BYRON: If I may, just a comment and,
11 I think, a question. This is my first contact or knowledge
12 of the California Employment Training Panel, and after
13 reading through this material and what I have heard this
14 morning, I suppose my question would be, "What is not to
15 like about this?" This is very good. But, Commissioners
16 Boyd and Eggert, I note in the write-up it says, I think as
17 a result of AB 118, that the Commission is directed to make
18 funding available for the workforce training programs. Is
19 that in legislation? Or is that direction that came from
20 your Advisory Committee?

21 VICE CHAIR BOYD: No, it is in the legislation, I
22 mean, to look at workforce development, workforce training,
23 as one of the many features that the Bill pointed out as
24 areas of interest, this is one that was there, and this is
25 one that we made a very high priority out of, as I

1 indicated, because the 118 program began to hit the road at
2 the same time as our economic malaise really set in, and so
3 it really fit together well.

4 COMMISSIONER BYRON: Well, very good. I would
5 like to thank the Director for being here today, also.

6 MR. McMAHON: Thank you.

7 CHAIRPERSON DOUGLAS: Commissioners, before I call
8 the vote, I also would like to just acknowledge that we
9 recognized the workforce agencies, including ATP, I believe,
10 at our last meeting, and so we look forward to continuing to
11 work with you in this partnership.

12 MR. McMAHON: As we do, thank you.

13 CHAIRPERSON DOUGLAS: We have a motion and a
14 second. All in favor?

15 (Ayes.)

16 This item is approved. Thank you.

17 MR. McMAHON: Thank you.

18 CHAIRPERSON DOUGLAS: And a big thank you to the
19 AB 118 staff, the Energy Commission staff who helped make
20 this possible.

21 Item 3. South Coast Air Quality Management District.
22 Possible approval of Agreement ARV-09-002, awarding \$5,142,000 to
23 the South Coast Air Quality Management District to replace
24 up to 180 heavy-duty diesel drayage trucks used at the
25 Ports of Los Angeles and Long Beach. Ms. Allen.

1 VICE CHAIR BOYD: We lost the proponent, the
2 sponsor. Ms. Chandler, do you want to give it your best? Maybe
3 Mr. Olson could help.

4 MS. CHANDLER: I am a bit surprised because I had an
5 agenda review briefing on this, so I am not sure. Can we --

6 MR. OLSON: I can give you an update. This project is
7 one of eight -- my name is Tim Olson, I am Commissioner Boyd's
8 Advisor, but previously I had been working on these projects in the
9 AB 118 --

10 VICE CHAIR BOYD: That is why I picked on you, Tim.

11 MR. OLSON: This project is one of eight projects that
12 the Commission is matching with the AB 118 money for the original
13 ARRA round. Two others had been approved in the previous business
14 meetings; AVIA was an advanced battery manufacturing in a previous
15 South Coast project for electric vans. This project is for LNG
16 trucks, primarily in the Ports of LA/Long Beach area. This is one
17 of the significant natural gas projects that were approved under AB
18 118 and there are several different parties involved in this,
19 including, I believe, Ryder Trucks. So this is meant to be kind of
20 the first blush introduction of a pretty significant number of LNG
21 trucks, and I think there are one or two stations, fueling
22 stations, that are associated on this in another proposal.

23 VICE CHAIR BOYD: Thank you, Tim.

24 COMMISSIONER EGGERT: Just a quick comment. I was just
25 in Long Beach yesterday and the day before, and got to sit on, I

1 think it was the I-710 freeway, along with a lot of these
2 older trucks, and I think the opportunity to replace some of those
3 with some of these cleaner - and these are LNG, correct -- LNG
4 vehicles, both as an opportunity to demonstrate the technology and
5 to provide clean air benefits is a great opportunity.

6 VICE CHAIR BOYD: I think these are both going to be LNG
7 and CNG, and there is a pretty good infrastructure that has been
8 set up down there to address this problem. And, of course, I think
9 many of us are very familiar with the fact that the ports became
10 the main contributor to the diesel particulate problems that affect
11 the South Coast Air Basin, and so we are joining in very
12 significantly in an effort that has been underway for quite some
13 time, and I am glad we are able to help so much, and I know there
14 are a number of legislators who ought to be very positively
15 impressed with the fact that we are able to join in and help with
16 this very substantial project that the South Coast Air Resources
17 Board, the two Port Directors, and Mayors of the respective
18 community, have been pretty deeply involved in. So this is a very
19 positive contribution we are able to make because of the 118
20 program.

21 COMMISSIONER BYRON: Madam Chair, this is another one of
22 those projects that, if you are not on the Committee, you do not
23 get a chance to see these until they come before the full
24 Commission. It looks like an excellent project. I am just
25 curious, and I am not sure if there is anyone here that can answer

1 this for us today, there is a significant emission
2 reduction here for the Basin as a result of taking these trucks off
3 the road. I am guessing that there is no accumulation of these, no
4 one is going to accumulate these Emission Reduction Credits, or are
5 they? Do we know, Commissioners?

6 VICE CHAIR BOYD: You know, I honestly do not know the
7 answer to that.

8 COMMISSIONER BYRON: You kind of know where I am going
9 with that. We have a little problem right now in the South Coast.

10 VICE CHAIR BOYD: That is a good question and I think we
11 should pursue it. I do not know, Tim, do you have -- I am not sure
12 that we know the answer to that. We would probably have to put the
13 question to the South Coast, and you are right, we are deeply
14 involved with them. I kind of doubt it, but it is an interesting
15 question.

16 COMMISSIONER EGGERT: I would say that anything that can
17 help them achieve their SIP, though, hopefully will move us in the
18 direction towards -- yeah, that is a good question.

19 VICE CHAIR BOYD: I kind of doubt it because they are so
20 deep in the hole that there is no surplus to bank probably, but
21 interesting question.

22 MR. OLSON: But there are significant NO_x, CO, and
23 particulate reductions in these vehicles compared to the diesel
24 trucks that are used in the ports. These are meant to displace
25 diesel, and so there is significant reductions, it is part of the

1 Clean Air Action Plan for the two Ports. But the question
2 of banking of credits, I would have to check into that.

3 COMMISSIONER BYRON: Well, I am sure there are others in
4 the South Coast Air Quality Management District who are considering
5 whether or not these are going to be made available.

6 Commissioners, unless it has already been moved, Madam Chair, I
7 will be glad to move approval of Item 3.

8 VICE CHAIR BOYD: Second.

9 CHAIRPERSON DOUGLAS: All in favor?

10 (Ayes.)

11 Item 3 is approved.

12 MS. CHANDLER: And nice job, Tim. He did a very good job
13 in a pinch.

14 MR. OLSON: Thank you.

15 CHAIRPERSON DOUGLAS: Thank you, Tim.

16 VICE CHAIR BOYD: That is why I hired him as my Advisor.

17 CHAIRPERSON DOUGLAS: Item 4. California Rural Housing
18 Municipal Finance Authority Homebuyers Fund. Possible approval of
19 Contract 400-09-016 for \$16.5 million with the California Rural
20 Housing Municipal Finance Authority Homebuyers Fund to establish
21 the Moderate Income Sustainable Technology (MIST) Program. Mr.
22 Ownby.

23 MR. OWNBY: Good morning, Commissioners. The next two
24 items, actually Item 4 and Item 5, are part of the ARRA SEP
25 Residential Retrofit solicitation. This is a request for approval

1 of a \$16,500,001 ARRA State Energy Plan Residential
2 Retrofit contract with the California Rural Housing Municipal
3 Finance Authority Homebuyers Fund. This contract will create the
4 Moderate Income Sustainable Technology (MIST) Program. The MIST
5 Program will provide deep energy efficiency retrofits for moderate
6 income households with single-family homes in 31 rural counties,
7 mainly in the northern and eastern regions of the state.

8 The MIST Program includes two main components, the first
9 component is a Moderate Income Retrofit and Conservation Loan
10 Program (or MIRACL), and which will make 3 percent, 15-year term
11 retrofit loans from a sustainable revolving loan fund. The second
12 component is an effort to expand the use of the Federal Housing
13 Administration's 203K Acquisition and Energy Efficiency
14 Rehabilitation Loans. The MIST Program will coordinate and
15 collaborate with the California Workforce Investment Board and
16 local Workforce Investment Boards to help place newly trained HERS
17 Raters and other trades people with firms doing retrofit and review
18 work for the program. The program includes marketing efforts,
19 targeting real estate community to develop awareness, and
20 continuing education training regarding MIST and other energy
21 efficiency mortgage tools. The MIRACL Program will support the use
22 of energy ratings at time of sale by requiring homeowners to record
23 an enforceable obligation on the property in favor of the
24 contractor that includes post-retrofit HERS 2 ratings and HERS
25 Rater information, along with an agreement to release utility data

1 upon request at time of sale. The contractor estimates
2 this program will create 493 jobs based on the Department of
3 Energy's provider formula, and save over 11 million kilowatt hours
4 and 1 million therms annually. Based on those contractor estimated
5 energy savings, this program is estimated to reduce greenhouse gas
6 emissions by over 11,000 tons of CO₂ equivalents annually. So I
7 request your approval of this.

8 COMMISSIONER EGGERT: That was a great detailed
9 description and I would just mention that this is -- we see this as
10 being very foundational to the work for AB 758 implementation; a
11 lot of the features that were mentioned, including the HERS 2
12 rating and the information that would be made available, plus the
13 activities for deep energy efficiency retrofits based on that
14 rating is core components of setting the stage for a successful
15 758.

16 COMMISSIONER WEISENMILLER: Obviously, we are looking at
17 a number of projects that are geared to help on setting the
18 groundwork for 758. I found this one to be particularly
19 interesting in that it is geared to more rural and also low and
20 moderate income, so it very important to have the whole portfolio
21 of projects that really span the state and span the whole range of
22 Californians. So I certainly would be happy to move this item.

23 COMMISSIONER BYRON: And if I may add a quick comment, as
24 well. I was going to save this toward the end, but as we get
25 towards the end of these agendas, we tend to have a smaller group

1 here. Commissioners, we are going to move a lot of stuff
2 today, I think there is on the order of \$40-\$45 million worth of
3 projects, and most of them are competitive. I would like to extend
4 my thanks to the staff, and I think I am saying this for all the
5 Commissioners, we know there is a tremendous amount of work that
6 goes into this, so I will just emphasize it during the comments for
7 this project, not pre-determining, of course, the outcome of any of
8 the future votes this morning, but we certainly recognize there is
9 a lot of effort that has gone into this to bring us to this point
10 today. And while the room is still full, I guess I would like to
11 make sure we acknowledge that. I will be glad to second the item.

12 CHAIRPERSON DOUGLAS: We have a motion and a second. All
13 in favor?

14 (Ayes.)

15 This item is approved.

16 Item 5. San Francisco Mayor's Office of Housing.
17 Possible approval of Contract 400-09-019 for \$2,993,029 with the
18 San Francisco Mayor's Office of Housing to establish the
19 Affordable Multifamily Retrofit Initiative in the City and County
20 of San Francisco, the City of Berkeley and the City of Oakland.
21 Mr. Ownby.

22 MR. OWNBY: This is a request for approval of a
23 \$2,993,029 ARRA State Energy Plan Residential Retrofit contract
24 with the San Francisco Mayor's Office of Housing. This contract
25 will create the Affordable Multifamily Retrofit Initiative. The

1 Initiative will create a revolving loan fund that will
2 create capital, an estimated 5 percent or lower interest rate, for
3 deep energy efficiency retrofits and water conservation
4 improvements for Affordable Multifamily projects in San Francisco,
5 Oakland and Berkeley. This program will begin work quickly; the
6 contractor already has five projects that have been audited and
7 reviewed and are ready to begin retrofit work on, they have an
8 additional 40 projects or more identified as possible program
9 targets. The initiative will coordinate and collaborate with the
10 San Francisco City Bill Program to employ training graduates in San
11 Francisco retrofit projects, and it will coordinate job training
12 with the First Source Hiring Programs in Oakland and Berkeley to
13 meet the expected workforce needs of the program in those cities.
14 The initiative will combine public and private capital with the
15 public funds taking the first lost position on any loans and loan
16 reserves, this will reduce the perceived lending risk to private
17 capital lenders and result in lower interest rates on loans. The
18 strategic goal of the program is to demonstrate to the private
19 affordable housing capital market that loans for cost-effective
20 energy efficiency retrofits to both the common areas and tenant
21 units are viable low-risk investment. The initiative is also
22 expected to return dividends to the Commission in the form of
23 energy audit policies, procedures and techniques for high-rise
24 residential energy efficiency retrofits that may inform future HERS
25 2 regulations.

1 The contractor estimates this program will create
2 162 jobs and save 1 million kilowatt hours and 1,000 therms
3 annually. Based on those contractor estimated energy savings, this
4 program is estimated to reduce greenhouse gas emissions by over
5 1,040 tons of CO₂ equivalents annually.

6 CHAIRPERSON DOUGLAS: Thank you. Questions or comments?

7 VICE CHAIR BOYD: My only comment would be to commend the
8 Efficiency Division and our committee. I was impressed with the
9 fact that this is kind of a collaborative effort amongst three Bay
10 Area cities and that one of the cities has taken the responsibility
11 to be the coordinator. I mean, that is a very positive thing in my
12 mind in terms of collaboration and cooperation amongst a
13 municipality in a particular region, so I was very impressed with
14 this, and I am sure the Efficiency Committee was instrumental in
15 seeing this along.

16 COMMISSIONER EGGERT: I think the innovation of the
17 proposers on these has been really quite impressive in terms of how
18 they are linking together all of the different pieces. It was
19 mentioned, but I just wanted to highlight that one of the
20 significant components of this program is that it is targeting
21 multifamily residential, which is one of the harder areas to
22 address with respect to efficiency upgrades. And so we are very
23 eager to see the success of this program. I was just going to move
24 the item, go ahead.

25 COMMISSIONER WEISENMILLER: Yeah, I was going to say, I

1 think certainly all of us are very encouraged that this
2 program is geared at multifamily, I guess a little flag on it is
3 that, at least what was alleged in the San Francisco newspaper, the
4 *Chronicle*, was that when some allegations were raised in terms of a
5 City of Oakland training program, that I guess some of the funding
6 under ARRA was used to go to amusement parks, or alleged to go to
7 amusement parks, and the Mayor's response was at least, according
8 to Chip Johnson, pretty, you know, "Get over it," that I think, as
9 we push the money out, we also have to unfortunately stay on our
10 toes on making sure that the money is going for what it is supposed
11 to be going for.

12 CHAIRPERSON DOUGLAS: Thank you, Commissioner.
13 Absolutely no amusement parks and no swimming pools.

14 VICE CHAIR BOYD: That is what Inspector Generals are
15 for.

16 CHAIRPERSON DOUGLAS: And our MV&E contract, but it is an
17 important thing for our contract staff to underscore with
18 successful applicants, absolutely. Other comments or questions?
19 Do we have a motion?

20 COMMISSIONER WEISENMILLER: I would certainly be happy to
21 second this one.

22 CHAIRPERSON DOUGLAS: The motion is seconded. All in
23 favor?

24 (Ayes.)

25 The item is approved. Commissioners, before we go to

1 Items 6 and 7, which are out of the 401 solicitation, I
2 would like to ask our Chief Counsel to make a brief comment. Mr.
3 Levy.

4 MR. LEVY: Yes, thank you, Chairman and Commissioners.
5 With regard to solicitation 400-09-401, I think the Commissioners
6 are aware there was some litigation filed in response to a protest
7 that was attempted to be lodged by the Western Riverside Council of
8 Governments. They did not perfect their protest timely, we are
9 informed by the Department of General Services, and therefore their
10 protest was rejected. They went to Riverside Superior Court and
11 obtained an injunction against us dispersing funds under this
12 contract, or under any of these contracts under proposed 401 until
13 such time as there is a hearing in the Superior Court on whether or
14 not the protest should have been heard by the Department of General
15 Services. So, for both Item 6 and Item 7, you award of the
16 contract here is contingent upon the protest either not having to
17 be heard by the court, per the court's order, or, alternatively,
18 DGS's resolution of the protest in favor of the CEC. So you can
19 proceed on that basis, that it is contingent.

20 CHAIRPERSON DOUGLAS: Commissioner.

21 COMMISSIONER BYRON: So, as I recall, as well, there will
22 be a hearing on this later this month. Is that correct?

23 MR. LEVY: The hearing -- the preliminary injunction was
24 issued and there is a hearing on the merits of the Council of
25 Government's claim against DGS on May 21st, so we would hope to have

1 this resolved by May 21st. Of course, I will keep you
2 posted.

3 COMMISSIONER BYRON: Very good.

4 CHAIRPERSON DOUGLAS: Thank you, Mr. Levy. With
5 that, Mr. Ownby, Item 6, San Francisco Public Utilities
6 Commission, possible approval of Contract 400-09-018 for
7 \$2,080,000 with the San Francisco Public Utilities
8 Commission to establish the GreenFinanceSF Program in the
9 City and County of San Francisco.

10 MR. OWNBY: Well, as Commissioner Douglas noted,
11 the next two items are part of the ARRA SEP Municipal
12 Finance solicitation. This is a request for approval of a
13 \$2,080,000 ARRA State Energy Program Municipal Contract with
14 the San Francisco Public Utilities Commission. This
15 contract will create the Green Finance S.F. Program. The
16 Green Finance Program will create a Municipal Microbond
17 Program for the City and County of San Francisco. The
18 Program will provide loans at an estimated 7 percent
19 interest rate to single-family homeowners and commercial
20 property owners for prescriptive and performance-based
21 energy efficiency, water efficiency, and renewable
22 generation retrofits. The Green Finance Program will pursue
23 aggressive energy efficiency requirements through a targeted
24 20 percent building energy savings through efficiency
25 retrofits for renewable and generation measures that may be

1 installed. The microbonds will be aggregated and re-
2 marketed to the larger bond market after an interest rate
3 buy-down to make the loans attractive to the larger bond
4 market. The refinance program will coordinate and
5 collaborate with the Green Skills Academy Partnership and
6 the Cityville Program to help place newly trained workers
7 with firms doing review and retrofit work for the program.
8 Incentive payments will be provided to the first 200
9 applicants who can demonstrate that graduates of the Green
10 Skills Academy Partnership or the Cityville Program worked
11 on their project. The program includes marketing efforts
12 targeted at single-family homeowners, commercial building
13 owners, and contractors. The program also includes a
14 substantial component for communications and outreach,
15 workforce development, and financial assistance for targeted
16 economically disadvantaged populations in areas within the
17 city.

18 The contractor estimates this program will create
19 179 jobs based on the Department of Energy's provided
20 formula and save over 200 kilowatt hours and 49,000 Therms
21 annually. Based on those contractor estimated energy
22 savings, this program is estimated to reduce greenhouse gas
23 emissions by over 2,200 tons of CO₂ equivalence annually.

24 COMMISSIONER BYRON: Madam Chair, another good
25 project from the staff working on these ARRA funds, another

1 -- the hits keep coming, a competitive solicitation that is
2 amongst many other good ones on here. I would certainly
3 endorse this project.

4 VICE CHAIR BOYD: Is that a motion?

5 COMMISSIONER BYRON: I can make it one. I move
6 Item 6 for approval.

7 COMMISSIONER EGGERT: I will second that.

8 CHAIRPERSON DOUGLAS: All in favor?

9 (Ayes.)

10 Item 6 is approved.

11 Item 7. County of Humboldt. Possible approval of
12 Contract 400-09-017 for \$4,384,349 with the County of
13 Humboldt to franchise the Sonoma County Energy Independence
14 Program's municipal financing program design strategies and
15 financing concepts throughout the North Coast region. Ms.
16 Gould.

17 MR. LEVY: Once again for the record, this will be
18 subject and contingent upon the outcome of the Western
19 Riverside litigation and any protests that may happen after
20 that.

21 MS. GOULD: Thank you. Good morning, Chairman
22 Douglas and Commissioners. My name is Angela Gould and I
23 work with the Renewable Energy Office, and I am joined by
24 Devi Eden, who is the manager for this contract. I am here
25 to present a contract with Humboldt County to expand Sonoma

1 County's successful Municipal Financing Program to create
2 the North Coast Energy Independence Program in the Counties
3 of Del Norte, Humboldt, Lake, Mendocino, Siskiyou, and
4 Trinity. This contract will be funded by American Recovery
5 and Reinvestment Act funds allocated to the Energy
6 Commission through the U.S. Department of Energy's State
7 Energy Program (SEP). SEP funds will be used to cover
8 program start-up and initial operational costs. The
9 approximately \$4.4 million in SEP funds will leverage a
10 committed \$15 million in interim financing from
11 participating counties, as well as an additional expected
12 \$7.2 million in utility rebates, tax incentives, and income
13 services. The expected leverage is based on an annual
14 target of 800 residential and 90 commercial retrofits.

15 This program will create an estimated 150 jobs in
16 California over the contract period, which ends March 31st,
17 2012. The program's proposed regional franchising and
18 financing strategy has statewide importance because it will
19 provide a model of a municipal financing program for whole
20 house energy and water efficiency retrofits for rural and
21 economically disadvantaged regions of California. It has
22 been designed to be financially feasible at very low market
23 penetration rates. A less than 0.1 percent market
24 penetration rate will sustain the program. Existing
25 municipal financing programs have been experiencing

1 penetration rates of 0.2 to 1.38 percent. I ask you to
2 provisionally approve this contract with Humboldt County.

3 COMMISSIONER BYRON: Ms. Gould, am I reading this
4 correctly, that we are leveraging over \$22 million of
5 additional funds with this project?

6 MS. GOULD: Yes, that is correct.

7 COMMISSIONER BYRON: Very good.

8 VICE CHAIR BOYD: I was impressed with that
9 leveraging and I was impressed with the fact that, again, we
10 have got a group of regional counties banded together, who
11 will benefit from this program. So, once again, I see
12 significant progress in terms of our working with local
13 governments in this arena, certainly helped by the Recovery
14 Act stimulus money, but it certainly motivates activities
15 that this Commission has been keenly interested in for a
16 long period of time. So, again, as Commissioner Byron
17 indicated, a very positive outcome, very good for all
18 concerned.

19 COMMISSIONER EGGERT: Yeah, I think that there is
20 a lot to be impressed on this project, as well as the
21 others, including their partnership with Workforce Training
22 Programs in Humboldt County. One thing that was interesting
23 to me was that they are characterizing this sort of as a
24 franchise of the Sonoma County model, and actually an
25 expansion from that, including a lot of other elements that

1 I think are going to be well served to this particular
2 project. And so we are already seeing the innovation
3 occurring and people copying the innovation where they see
4 that it is working, and even the Sonoma County Program is
5 not that old, and I think this is kind of exactly what we
6 are hoping for in terms of these various parts of the state
7 looking to other models, taking what has worked from those
8 models and expanding upon them.
9 And I will move it.

10 COMMISSIONER BYRON: Second.

11 CHAIRPERSON DOUGLAS: All in favor?

12 (Ayes.)

13 This item is approved.

14 MS. GOULD: Thank you.

15 CHAIRPERSON DOUGLAS: Commissioners, Item 8 is an
16 ECCA/ARRA loan and I would like to read it into the record
17 and then make a brief comment about it. Item 8.
18 McKinleyville Community Services District. Possible
19 approval of Agreement 013-09-ECE-ARRA for a \$165,100 loan to
20 the McKinleyville Community Services District to upgrade old
21 pumps at the Grant Ramey Pump Station.

22 I would like to acknowledge, this is the last of
23 the ECCA/ARRA loans that will be coming before us. The
24 Commission allocated \$25 million to go into this program,
25 and these are, as you know, revolving loan funds, it is a

1 revolving loan program for energy efficiency improvements
2 in public facilities, public buildings, and related
3 facilities. So we have closed out one -- or we will be,
4 assuming approval of this loan -- closing out this \$25
5 million pot. And I think we will have similar
6 acknowledgement on Block Grants fairly soon, and we really
7 are reaching a very good stage in this entire process.

8 COMMISSIONER EGGERT: We need a little bell behind
9 us so we can --

10 CHAIRPERSON DOUGLAS: I wish I had one. Mr.
11 Chaudhry.

12 MR. CHAUDHRY: Thank you, Chairman, you have made
13 my job much easier. Good morning, Commissioners. For the
14 record, I am Shahid Chaudhry with Special Projects Office
15 over at the Fuels and Transportation Division, and I am here
16 today to request an approval for \$165,100 for the
17 McKinleyville Community Services District to upgrade their
18 pumping station. This project will save about 60,000
19 kilowatt hours a year, which translates roughly into 49,000
20 pounds of carbon dioxide equivalent greenhouse gas
21 emissions. As you mentioned, this is the last project of
22 the series. This was the 25th and the last project of the
23 series and we have located pretty much all the amount of \$25
24 million, as you mentioned.

25 VICE CHAIR BOYD: I do have a question. Might

1 future Commissioners have the opportunity, since this is a
2 revolving loan fund, might future Commissioners have the
3 opportunity some day to find revenue returned to this fund
4 that they could make future such loans to other similar
5 activities? Certainly, perhaps not us because you need to
6 build up some revenue, but it is the end of a cycle, but not
7 the end of the program.

8 MS. CHANDLER: That is correct, Vice Chair. This
9 is a revolving loan program patterned much after the ECCA
10 loan program, designed for 1 percent rather than 3 percent,
11 with the idea that these monies would come back, we pay, and
12 we would be able to even leverage these dollars even more in
13 a second or third round. These dollars are leveraged
14 heavily not only with utility rebates, but we encouraged,
15 when we set up this program, for those local jurisdictions
16 to match their Block Grant monies that they are receiving
17 with these, with our loans so that they could really
18 maximize the energy efficiency projects in their local
19 jurisdictions. And you will hear that some of them have
20 done exactly that in terms of the intent of what we were
21 looking for. So the ECCA Program is a loan program and you
22 will hear more about a couple loans in the business meeting
23 today, and then soon, hopefully June, we will be seeing the
24 Clean Energy Business Financing Loans, which are also
25 revolving loans. So when we set up the ARRA Programs, one

1 of the things that you all told us that you wanted is you
2 wanted a long landing bill, you did not want this money to
3 just drop off at the end of the cliff in September 2012, you
4 wanted programs that would be sustained outward, and these
5 revolving loan programs are a good way of effecting your
6 desire.

7 VICE CHAIR BOYD: Well, thank you for complying
8 with the Commission's wishes. Job well done.

9 MS. CHANDLER: I consider it my day job.

10 VICE CHAIR BOYD: Based on my hours here, this is
11 a lot of people's night jobs around here, too. So, anyway,
12 I will move approval.

13 COMMISSIONER EGGERT: Second.

14 CHAIRPERSON DOUGLAS: All in favor?

15 (Ayes.)

16 Item 8 is approved.

17 MR. CHAUDHRY: Thank you, Commissioners.

18 CHAIRPERSON DOUGLAS: Thank you.

19 Item 9. Energy Efficiency and Conservation Block Grant
20 Awards. Possible approval of 11 -- I guess now 10 -- Energy
21 Efficiency and Conservation Block Grant (EECBG) Program grant
22 agreements. And we will be taking up Item 9A through J. Ms.
23 Godfrey.

24 MS. GODFREY: Good morning. I am Deborah Godfrey with
25 the Special Projects Office, and I am pleased to present the fourth

1 and next to last group of the Energy Efficiency and
2 Conservation Block Grants. And I would like to start by giving you
3 a quick update of where we are at this point. To date we have
4 approved 76 of these block grants, 53 of them for the type we are
5 discussing now, the direct equipment purchase, and the other 23 for
6 the energy efficiency projects for a total of \$10,303,755, so far.
7 The remaining block grants will be heard on the 12th, and I can lull
8 you into a stupor with all the stats at that time, of what all we
9 have done, some of the great things we have done with this money.
10 Again, we have the three types of applications for this block
11 grant, the energy efficiency projects, which will be the next item,
12 the municipal financing program, which we only had two, and these
13 which were by far the most popular option for about 65 percent of
14 ours with the direct equipment purchase. We established the
15 minimum grant of \$25,000 to the cities, and \$50,000 to the
16 counties, and all but one essentially, being Canyon Lake, were able
17 to use close to their full amount. One missed it by \$9.00, one
18 missed it by \$100.00. Eight of the ten, Pismo Beach, San Juan
19 Capistrano, Colma, Imperial Beach, San Pablo, Loomis, Canyon Lake,
20 and La Habra Heights, all committed to a cost-share, with three of
21 them being quite large. Combined, these grants represent an annual
22 reduction of almost 1.7 kilowatt hours, 578 tons of CO₂ reduction,
23 and annual cost savings of approximately \$210,000. And we request
24 your approval.

25 COMMISSIONER BYRON: With my thanks, I would like to move

1 Item 9, I believe less Item K, that is off the agenda.

2 VICE CHAIR BOYD: I will second that motion and hope that
3 Ms. Godfrey infuses us with excitement rather than lulls us into a
4 stupor with her statistics at the next meeting, but nonetheless...

5 CHAIRPERSON DOUGLAS: All in favor?

6 (Ayes.)

7 I will add to Commissioner Boyd's comment that, not only
8 in the next meeting, but also as we look at the 2010 IEPR Update
9 and assessing the ways in which the ARRA expenditures have advanced
10 state energy policy, we will hope to be excited yet again with
11 information on how this money is actually being spent and what the
12 benefits are for the state, and what the issues are that local
13 governments have encountered, and how they have overcome them in
14 moving forward.

15 Item 10. Energy Efficiency and Conservation Block Grant
16 Awards. Possible approval of seven grant agreements awarding
17 \$1,576,506 in American Recovery and Reinvestment Act of 2009 (ARRA)
18 funds. Ms. Godfrey - Items 10A through G.

19 MS. GODREY: Thank you. These are the energy efficiency
20 project options and, of course, these require a considerably
21 greater effort on both the Applicant and on the part of staff to
22 assemble these applications and also to review them. At this
23 point, we have approved 23 of these for about \$3.8 million. Of
24 these seven applications, five of them have committed to a cost-
25 share, and you will notice the two counties, Stanislaus and Santa

1 Clara, committing quite a significant amount of money. We
2 established, again, the minimums for the counties and cities, and
3 most of these came very close with being able to utilize the full
4 amount. This required staff sometimes to work extensively with the
5 cities and the counties to try to help them identify additional
6 projects to fully utilize the money. There was an approximate
7 annual savings of 3.6 million kilowatt hours, 1,455 tons of CO₂
8 reduction, and slightly greater than \$161,000 in annual energy cost
9 savings. And the projects, due to the innovative approach by the
10 Applicants and the staff, will result in significant savings for a
11 number of years for these jurisdictions. Again, we request your
12 approval.

13 CHAIRPERSON DOUGLAS: Thank you. Comments or questions.

14 COMMISSIONER EGGERT: I will move the item.

15 VICE CHAIR BOYD: I will second.

16 CHAIRPERSON DOUGLAS: All in favor?

17 (Ayes.)

18 MS. GODFREY: Thank you.

19 CHAIRPERSON DOUGLAS: That item is approved. Thank you.

20 Item 11. Town of Mammoth Lakes. Possible approval of

21 Agreement 05-09-ECA for a \$60,000 loan to the Town of Mammoth

22 Lakes to install three high efficiency boilers. Ms. Fisher.

23 MS. FISHER: Good morning, Commissioners. Anne

24 Fisher with the Special Projects Office. The Town of

25 Mammoth Lakes is requesting a \$60,000 loan. Their Public

1 Works Maintenance Department has an old inefficient boiler
2 providing heat and hot water, and with funding from a 3
3 percent ECAA loan and an EECBG grant, they are replacing the
4 old boiler with three new high efficiency boilers. With
5 these retrofits, the town will reduce its propane use by
6 5,000 gallons per year, and that equates to about a \$10,000
7 annual savings, and a 64,000-pound reduction in its CO₂
8 emissions. The 5.85 percent year simple payback is within
9 the allowable payback period. And I am requesting your
10 approval of this item. Thank you.

11 VICE CHAIR BOYD: This is a real good payback
12 period and a good project, one often wonders about Mammoth
13 Lakes, whether they do not have geothermal possibilities
14 there, but that would probably be much more expensive. In
15 any event, I thought it was a good project and I will move
16 it through.

17 COMMISSIONER BYRON: Commissioner, I am sorry, was
18 that a motion to approve?

19 VICE CHAIR BOYD: It was.

20 COMMISSIONER BYRON: I will second it.

21 CHAIRPERSON DOUGLAS: All in favor?

22 (Ayes.)

23 That item is approved. Thank you.

24 Item 12. Somis Union Elementary School District.

25 Possible approval of Agreement 009-09-ECA for a loan of

1 \$245,369 to the Somis Union Elementary School District for
2 energy efficiency upgrades to school lighting systems and
3 installation of a PV system. Mr. Bucaneg.

4 MR. BUCANEG: Good morning, Commissioners. My
5 name is Haile Bucaneg and I am with the Special Projects
6 Office. This item is for the loan to the Somis Union
7 Elementary School District for \$245,369, to implement two
8 energy projects at Somis Union Elementary School. The first
9 project is to upgrade lighting systems to T8 lamps and
10 compact fluorescent lamps, and also to install lighting
11 controls. The second project is the installation of a 63 kW
12 photovoltaic system. The combined energy savings of these
13 two projects is estimated at 156,000 kilowatt hours, and
14 this is equivalent to an annual energy cost savings of
15 \$22,300. At an interest rate of 3 percent, the loan will
16 have a payback of 11 years. In addition to this loan, the
17 Somis Union Elementary School District is also applying for
18 \$192,000 in rebates and incentives.

19 CHAIRPERSON DOUGLAS: Thank you. Questions or
20 comments?

21 COMMISSIONER BYRON: Yes, please. Mr. Bucaneg,
22 what did you say the payback period was for the project?

23 MR. BUCANEG: Eleven years.

1 COMMISSIONER BYRON: Does my paperwork indicate
2 that it has a much longer payback period -- oh, I see,
3 simple payback based on a loan amount of 11 years.

4 MR. BUCANEG: Yes. The total project cost is a
5 much higher payback.

6 COMMISSIONER BYRON: Thank you. No questions. I
7 will be glad to move the item.

8 COMMISSIONER EGGERT: I just wanted to make
9 mention, I was recently briefed, and I guess I am being
10 proposed to be on the Board of the Collaborative for High
11 Performance Schools, which is another one of our wonderful
12 collaborative that we participate in and does excellent
13 things with respect to providing guidance, technical
14 assistance to the schools who want to make improvements just
15 like the ones we are talking about here; in fact, I just
16 wanted to use the opportunity to make mention that they just
17 released about a week ago an Operation Report Card, which is
18 an online tool that benchmarks current performance, analyzes
19 existing conditions, and recommends green and healthy
20 improvements in school buildings. And so I do not know if
21 Somis Union Elementary School District is involved in the
22 CHIPS program?

23 MR. BUCANEG: They have not been involved in the
24 CHIPS program for this project.

1 COMMISSIONER EGGERT: I wonder if maybe that is
2 something we could look into, or direct them to, to see if
3 there is an opportunity.

4 MR. BUCANEG: Yes, definitely.

5 COMMISSIONER EGGERT: So I will second this.

6 CHAIRPERSON DOUGLAS: All in favor?

7 (Ayes.)

8 Item 12 is approved. Thank you.

9 MR. BUCANEG: Thank you.

10 CHAIRPERSON DOUGLAS: Item 13. County of Marin.
11 Possible approval of Agreement 008-09-ECA for a loan of \$1,398,441
12 to the County of Marin to implement energy efficiency measures.
13 Mr. Bucaneg.

14 MR. BUCANEG: Before I begin on this item, there is one
15 correction that needs to be made. On the agenda, the savings state
16 55,682 therms saved, the actual savings is 44,732 therms. The
17 County of Marin has applied to California Energy Commission for a
18 \$1,398,441 loan to implement several lighting and HVAC projects.
19 The HVAC project consists of HVAC equipment upgrades and
20 installation of insulation at several buildings. The lighting
21 project consists of upgrading parking lot lights and street lights
22 to LED lamps, and these lighting technologies have previously been
23 studied through the PIER-funded California Lighting Technology
24 Center. The combined energy savings for these projects is
25 estimated at 547,500 kilowatt hours, and 44,732 therms. This is

1 equivalent to an annual energy cost savings of \$127,000,
2 and the payback on this loan meets the criteria of our loan
3 program. In addition to the loan, the County of Marin has applied
4 for \$376,953 through the Energy Efficiency and Conservation Block
5 Grant, and also is eligible for approximately \$172,000 in PG&E
6 rebates.

7 COMMISSIONER EGGERT: I was just going to move the item.

8 VICE CHAIR BOYD: Second.

9 CHAIRPERSON DOUGLAS: All in favor?

10 (Ayes.)

11 The item is approved.

12 Item 14. Town of Moraga. Possible approval of
13 Agreement 007-09-ECA for a loan of \$198,935 for the Town of
14 Moraga. Mr. Bucaneg.

15 MR. BUCANEG: The Town of Moraga has applied to
16 the California Energy Commission for a \$198,935 loan to
17 implement a number of HVAC and lighting projects at several
18 town facilities. HVAC projects include replacing existing
19 HVAC equipment with energy efficient HVAC equipment,
20 replacing HVAC ductwork, and upgrading building insulation.
21 The lighting projects include upgrading street lights,
22 parking lot lights, and installing controls for interior
23 lighting systems. A number of these lighting technologies
24 being implemented in this project have previously been
25 studied through the PIER-funded California Lighting

1 Technology Center. In addition to these HVAC and lighting
2 projects, the town plans to install a 35 kW photovoltaic
3 system.

4 The combined energy savings of these projects is
5 estimated at 120,000 kilowatt hours and 5,000 therms. This
6 is equivalent to an annual energy cost savings of \$18,000,
7 and a reduction of approximately 71 tons of carbon dioxide.
8 The payback on this loan meets the criteria of our loan
9 program and, in addition to our loan, the Town of Moraga is
10 applying for \$93,465 through the Energy Efficiency and
11 Conservation Block Grant, which will only be used for the
12 HVAC and lighting projects, and also for \$75,830 in rebates
13 and incentives from PG&E.

14 CHAIRPERSON DOUGLAS: Thank you. Commissioners.

15 COMMISSIONER EGGERT: I just wanted to thank you
16 for making the connection back to the PIER Program, I
17 appreciate any opportunity that we can link these activities
18 to our research and the benefits of that research. So I
19 will also move this item.

20 COMMISSIONER BYRON: Second.

21 CHAIRPERSON DOUGLAS: All in favor?

22 (Ayes.)

23 This item is approved. Thank you.

24 MR. BUCANEG: Thank you.

25 CHAIRPERSON DOUGLAS: Item 15. California Wind Energy

1 Collaborative. Possible approval of Contract 400-09-015
2 for \$65,000 with the UC Davis California Wind Energy Collaborative
3 to develop the Small Wind Energy Estimation Tool (SWEET). Mr.
4 Goncalves.

5 MR. GONCALVES: Thank you, Chairman and Commissioners.
6 The California Wind Energy Collaborative is a UC Davis-based
7 research group that has forced development of safe, reliable, cost-
8 effective, and environmentally responsible wind power in California
9 through close communication with the Energy Commission's PIER staff
10 and Advisory Board and, most importantly, by presenting themselves
11 as an informed, impartial entity that is open to input from all
12 parties. The Energy Commission provided some of the seed funding
13 to help establish the Wind Collaborative in 2002. The Emerging
14 Renewables Program provides rebates for small wind systems up to 30
15 kilowatts in size. The Energy Commission recently increased the
16 rebate for small wind systems and is working on efforts to help
17 increase the utilization of small wind systems in California. The
18 Small Wind Energy Estimation Tool (SWEET) will provide consumers
19 with information on the potential kilowatt performance of a wind
20 turbine, as well as the return on investment. The performance
21 estimation will be derived from a combination of existing wind map
22 data and user-entered specifications such as location of the
23 system, turbine model, tower height, and surrounding obstructions.
24 The SWEET will also provide consumers with an economic analysis of
25 their proposed system so they can see how long the system will take

1 to achieve payback. When the model is completed, consumers
2 will be able to use the tool to estimate the overall financial
3 value of a small wind system, and be informed about the benefits
4 and costs before considering whether to install a system in
5 applying for rebates from the Emerging Renewables Program. The
6 Wind Collaborative will begin work on this immediately and expects
7 to have the model completed by December of this year. We ask for
8 your approval of this item.

9 COMMISSIONER BYRON: I think this project fills a very
10 important niche. I think there is going to be a demand for this
11 modeling tool. I am glad to hear it will be done soon, and will
12 pay special attention to making it available to folks, they can
13 easily find it. Commissioners, it goes to show that any successful
14 project needs a good acronym for its name and this one certainly
15 has it. Mr. Goncalves, I hope the research is as sweet as the
16 acronym's name.

17 MR. GONCALVES: Thank you. And part of the work by the
18 collaborative is to get this model to be a user-friendly web-based
19 tool that will be up on the website.

20 COMMISSIONER BYRON: Excellent. And I move the item.

21 VICE CHAIR BOYD: Second.

22 CHAIRPERSON DOUGLAS: All in --

23 COMMISSIONER EGGERT: Actually, I just want to also
24 commend the fact that this is specifically geared towards making it
25 easily accessible. I noticed the previous work had only been

1 available to those with Arc GIS capabilities, and this will
2 go with Google Maps. Is that the plan? Or at least it is laid out
3 in the proposal?

4 MR. GONCALVES: Yes.

5 COMMISSIONER EGGERT: So sorry for interrupting the vote
6 there, but I think, in terms of our research making it more broadly
7 available, looking for the opportunities exactly like this, to put
8 it on easily accessible and available programs is great.

9 CHAIRPERSON DOUGLAS: Absolutely. Very well, we have a
10 motion and a second. All in favor?

11 (Ayes.)

12 This item is approved. Thank you, Mr. Goncalves.

13 MR. GONCALVES: Thank you.

14 CHAIRPERSON DOUGLAS: Item 16. University of
15 California, San Diego. Possible approval of Contract 500-09-043
16 for \$1.3 million with the University of California, San Diego, to
17 collect particulate data and analyze the interaction between
18 airborne particles, clouds and precipitation. Mr. Franco.

19 MR. FRANCO: Good morning, Commissioners. My name is
20 Guido Franco, I am a Senior Engineer working on climate change in
21 the Energy Commission's Public Interest Energy Research Program.
22 One of the largest sources of uncertainty in determining how
23 climate might change in the rest of the century, and here in
24 California, is our lack of understanding on how small particles in
25 the air affect clouds and precipitation. For example, prior PIER

1 research has suggested that the small particles are
2 reducing precipitation in the Sierra Nevada, in the western part of
3 the Sierra Nevada. In addition, black particles that are dark,
4 almost black carbon, they deposit on top of the snow, and they
5 reduce the reflectivity of the snow. Reducing reflectivity of the
6 snow results in more solar and solar energies absorbed by the snow,
7 which ends up melting, continuing to be melting of the snow. There
8 have been several studies indicating that the snowpack is melting
9 earlier in California, and so far it has been assumed that it is
10 only due to the warming that we have already experienced; but black
11 carbon may play a role and may continue to play a role in the rest
12 of the century. So for these reasons, we need to understand the
13 effect of black carbon.

14 The principal investigator for this study is Professor
15 Kim Prather, and she has received numerous awards. Recently, just
16 a few weeks ago, she was elected to be a member of the U.S.
17 National Academy of Sciences, this is a very prestigious
18 recognition of her work. Among the different items to cover under
19 this interagency agreement, I would like just to describe two of
20 them. The researcher will use instruments that will measure in
21 research aircraft the chemical composition of the particles that
22 act as seeds to create the droplets on ice, and we need to
23 understand that in order to determine what sources are potentially
24 contributing to the reduction of precipitation in the Sierra. The
25 researcher will also be measuring the effect that black carbon,

1 different concentrations of black carbon, has on the snow
2 reflectivity. In particles, so far, there are very few
3 measurements, and most of these studies have used just for
4 theoretical consideration, no-action measures, of the effect of
5 black carbon on the snow. I just want to mention that, as you
6 know, hydropower continues to a significant amount of the
7 electricity that is generated for California, and understanding the
8 effect of particles in the hydrological cycle is therefore very
9 important for California. And with that, I am prepared to answer
10 any questions that you may have.

11 COMMISSIONER EGGERT: Just a quick comment. I was very
12 fortunate to have been given a briefing on some of this research by
13 Professor Prather about a year ago when I was down at San Diego,
14 and was very impressed, and I think what we are learning is that
15 black carbon is an incredibly -- appears to be an incredibly
16 important component of climate change, but there is still a lot of
17 uncertainties associated with how it plays out and I would hope
18 that this helps contribute to that understanding. We actually -
19 the last Haagen-Smit Symposium that was held in collaboration with
20 the ARB focused also on the black carbon issue and identified a
21 significant number of research gaps that still needed to be filled,
22 so I think this looks like it is going to be extremely valuable to
23 that purpose. And I think, actually, if I remember correctly, the
24 estimations of black carbon's contribution to overall climate
25 change, I mean, it was upwards of 10-20 percent, possibly?

1 MR. FRANCO: Yeah, the research we have conducted
2 to date suggests that it is the second most important global
3 warming agent, just second to carbon dioxide.

4 VICE CHAIR BOYD: I just wanted to comment, as well, that
5 as a member of the Research Committee and along with Commissioner
6 Byron, and with Commissioner Eggert, we are members of the AB 32 or
7 Climate Change Committee, that I find this a very interesting and
8 fascinating project. I agree with everything Commissioner Eggert
9 said about what they are learning about the role of black carbon,
10 and seeing Ms. Jenkins in the audience, I just want to reference
11 the fact that the first person to introduce me to the black carbon
12 as being a potential problem for our society was Dr. Holmes of the
13 Air Resources Board Research Division, many many many years ago.
14 And it has taken a long time for this to grow in importance as an
15 issue to be dealt with both as an air quality issue and now as a
16 climate change issue, as well. And having just seen recently a
17 science program about the volcanic eruption in Iceland, there was
18 an instant interest in what all that black ash was doing to the
19 glacier and the snow in Iceland and, I mean, there seemed to be an
20 instant correlation between more rapid melting occurring over a
21 period of days just because of that huge black blanket that had
22 been laid down on all that white ice, and I guess destroying the
23 Albedo Effect somewhat that we have come to depend on to reflect --
24 white snow and ice reflects back into the atmosphere instead of
25 being absorbed here. And so it is a very interesting phenomenon

1 and I am glad to see Guido, who is always out in front of
2 these subjects, helping us with the project here. And I will move
3 its approval.

4 COMMISSIONER WEISENMILLER: I was going to say the other
5 obvious connection is we are looking a lot from the impacts on the
6 Sierras and what it does here, but the other area I think people
7 are getting more concerned is the impact of black carbon on the
8 glaciers in the Himalayas, and so the Asian mountains. And so it
9 is certainly something where my impression is that, in the U.S.-
10 Chinese scientific collaboration, that this is getting a lot of
11 attention on both sides of the Pacific, and obviously this is sort
12 of the inverse of Art's Cool Rules [phonetic], right? And I think
13 all of us are concerned about it, so I certainly consider this very
14 important research.

15 VICE CHAIR BOYD: And since our biggest concern in
16 California with regard to climate change has been the effect on
17 precipitation and water yield, and since this year is our biggest
18 reservoir, you are correct, the impacts on, and thus, as Franco
19 said, the impacts on our water yield which affects our hydro system
20 have been an issue that has driven us for many many years, but just
21 like so many problems we deal with, it turns out to be part of a
22 huge giant system of problems that we need to look at, very
23 definitely.

24 COMMISSIONER BYRON: A quick comment. Mr. Franco, this
25 is not an area certainly in my expertise, and I thank you and a

1 number of researchers in our research division in PIER that
2 bring us projects like this, that will help us to quantify matters
3 that we can only model at this time. It does inform future energy
4 policy and I want to thank you and the many in the research
5 division that continue to come up with these excellent projects. I
6 am certainly in favor of this and this is exactly the kind of
7 research that we need so that we can set good energy policy going
8 forward.

9 VICE CHAIR BOYD: I guess I would just -- last note --
10 that this is part of a continuing effort with the University of
11 California at San Diego -- which I will note is in Southern
12 California -- the work they have done for us on climate change over
13 a period of years, and they have become if not the number one
14 academic institution, and at Scripps, in looking at climate change
15 issues for us, they are an integral part of our virtual California
16 Climate Change Research Center, as well, and the work that they
17 have done there is deposited in great quantities now in our virtual
18 research library, let's say.

19 CHAIRPERSON DOUGLAS: Commissioners, we have a motion.
20 Do we have a second?

21 COMMISSIONER BYRON: I will second the item.

22 CHAIRPERSON DOUGLAS: All in favor?

23 (Ayes.)

24 The item is approved.

25 Item 17. Lawrence Berkeley National Laboratory.

1 Possible approval of Contract 500-09-042 for \$1,263,300
2 with Lawrence Berkeley National Laboratory to evaluate the exposure
3 to unvented combustion gases in California homes, and emissions
4 from advanced technology residential water heaters. Ms. Mueller.

5 MS. MUELLER: Good morning. I am Marla Mueller with the
6 PIER Environmental area. Unvented and improperly vented combustion
7 sources in residences can lead to high indoor pollutant
8 concentrations and exposures, presenting a substantial health
9 hazard. It is well-established that combustion-related pollutants
10 reach hazardous levels in homes, yet there is a scarcity of data
11 that would allow an assessment of the frequency of such
12 occurrences. As the Energy Commission has established its Energy
13 Efficiency Standards in existing homes, it is important that the
14 impacts of these sources are well understood so as not to degrade
15 indoor air quality.

16 The purpose of the proposed research project before you
17 today is to develop the science for reducing health risks to the
18 population of California from exposures to combustion gases in
19 residences. This project would provide critical data needed to
20 evaluate potential mitigation measures to reduce combustion gas
21 levels in homes, to assess the potential health and benefits of
22 those measures, and to identify co-benefits such as energy
23 efficiency and reductions in other pollutants and greenhouse gases.
24 This project would include surveys and field studies of a minimum
25 of 100 homes and apartments. The studies would target primarily

1 unvented, improperly vented, and improperly functioning
2 appliances. It would focus on measurements of carbon monoxide,
3 nitrogen dioxide, and formaldehyde, but would attempt to obtain
4 measurements of other pollutants in at least a subset of the homes.

5 In addition, this project would build on one of the
6 prominent findings from the PIER-funded research on natural gas
7 variability. That research project found tankless water heaters
8 had emissions of carbon monoxide and formaldehyde that were orders
9 of magnitude higher on average compared with storage water heaters.
10 This finding suggests that the large shift to tankless technology
11 could dramatically impact the emissions of carbon monoxide and
12 formaldehyde from natural gas water heating. Additional laboratory
13 testing of tankless water heaters would be conducted under this
14 project to better quantify those emissions.

15 This project would have a technical advisory committee
16 with experts and stakeholders such as the Air Resources Board. The
17 proposed research would develop reliable scientific data that could
18 be used by regulators, policy-makers, and industry in developing
19 standards, guidelines, and regulations. The information from this
20 project would be disseminated through the Technical Advisory
21 Committee, publications, and presentations to community groups,
22 environmental agencies, and at scientific meetings. And the
23 information would be available to the Energy Commission for
24 developing new efficiency standards for existing homes. We have
25 been working closely with the Air Resources Board on indoor air

1 quality projects and Peggy Jenkins of the Air Resources
2 Board Indoor Air Exposure Assessment Section is here today in
3 support of this project.

4 CHAIRPERSON DOUGLAS: Thank you. Ms. Jenkins.

5 MS. JENKINS: Yes, thank you, Marla. And good morning,
6 Chairman Douglas and Commissioners. I manage the Indoor Exposure
7 Assessment Program at the Air Resources Board and I am here today
8 on behalf of the Air Resources Board in support of this project.
9 In our 2005 Report to the Legislature on Indoor Air Quality, indoor
10 combustion appliances were rated and ranked in the highest priority
11 category for indoor sources that required mitigation, and the
12 primary concern here is the unvented appliances, or improperly
13 vented appliances, so, for example, our gas ranges which many of us
14 have, also kerosene heaters and unvented gas logs or fireplaces
15 which really are not entirely legal, but it is a little squishy in
16 that area. So these are of concern because they are direct
17 emissions of carbon monoxide and nitrogen oxides, aldehydes, PH's,
18 and so on, directly into the living space, and without the benefit
19 of active venting. And so, because of this, we have serious
20 concerns about these types of appliances. The project before you
21 would provide some additional current information on the use and
22 resulting indoor concentrations from all types of gas appliances.
23 This is a benefit in terms of our interest in mitigation because
24 the current studies, well, there are no really current studies
25 focused on this. The previous studies were conducted in the late

1 '80s, the mid-'90s, and there have been a lot of changes
2 since then. Finally, the follow-on work related to the advanced
3 design, or tankless, water heaters is very important; we did see
4 some elevated emissions there and we think that is very important
5 to pursue that, just to determine the extent of those emissions and
6 across the brands of products. So, finally, in conclusion, the
7 indoor combustion appliances are very important, the emissions, I
8 think, are particularly important to understand particularly in
9 light of the enlarging programs for weatherization and the
10 upwelling for retrofit programs that you and others will be
11 engaging in. So thank you very much and we hope you can support
12 this project. Thank you.

13 CHAIRPERSON DOUGLAS: Thank you. Commissioners.

14 COMMISSIONER EGGERT: Just a quick comment. I had the
15 great pleasure of working with Ms. Jenkins at ARB where she is -- I
16 characterize her as a tireless supporter of improving indoor air
17 quality and was a great advocate to the California Buildings
18 Standards Commission with respect to trying to make sure that what
19 is in our homes contributes less and less to the challenges that we
20 would have with indoor air quality as we further tighten our homes.
21 And so I think this is a very timely project and one that will
22 definitely help inform our activities that are already underway
23 with respect to existing building retrofit activities and new
24 building standards.

25 VICE CHAIR BOYD: I would join the Commission in pointing

1 out that Ms. Jenkins has been a tireless supporter of
2 indoor air, even when I was there, but I would not do that to her
3 because of our mutual ages, or whatever -

4 MS. JENKINS: Thank you.

5 VICE CHAIR BOYD: But, in any event, I would certainly
6 concur that Ms. Jenkins and Air Board pursued this, and I find it
7 interesting in my tenure here to go from many of us thinking
8 tankless water heaters were a marvelous example of progress to
9 learning that there may be unintended consequences that we have
10 been discovering for a while, with regard to their employment. I
11 know our organization has been researching tankless water heaters
12 for a little while now, and this just adds to the questions that
13 have been raised about them. So, a timely piece of research.

14 COMMISSIONER BYRON: Well, and I hope, Ms. Mueller, that
15 the primary concern -- and I was troubled, as well, as I read this
16 and the results from the ARB Report on Indoor Air Quality -- I hope
17 the primary concern is the improper venting of these appliances and
18 all other natural gas appliances indoors. But this is a serious
19 issue, I certainly support this research. Ms. Jenkins, did you
20 want to say anything about how much you miss these two gentlemen
21 from the Air Resources Board?

22 MS. JENKINS: I do, I do. No, I really do, both of these
23 gentlemen just contributed so much to air pollution and to all that
24 we know and what we are doing today. I enjoyed working with both
25 of them and we actually do miss both of them, including from years

1 ago with Jim, you know, there is so much that has gone on
2 since then.

3 COMMISSIONER BYRON: Well, thank you for being here today
4 to support this research.

5 MS. JENKINS: Sure. Thank you very much.

6 VICE CHAIR BOYD: I will move approval.

7 COMMISSIONER WEISENMILLER: I was going to say, just to
8 move us all back in time, one of my fellow graduate students under
9 Joe Cerny in the '70s, actually, became one of the founders of
10 LBL's research on indoor air quality, so that goes back to -- my
11 connections go back to the '70s in some respects on this, although
12 the last time I saw Sextro he had retired!

13 VICE CHAIR BOYD: Gee, Commissioner, your memory goes
14 back further than mine now, so you are really dating yourself.

15 COMMISSIONER WEISENMILLER: I was going to say, yes. But
16 I would be happy to second this.

17 CHAIRPERSON DOUGLAS: All in favor?

18 (Ayes.)

19 This item is approved. Thank you.

20 MS. JENKINS: Thank you.

21 VICE CHAIR BOYD: Thank you, Peggy.

22 CHAIRPERSON DOUGLAS: Item 18. University Of California,
23 Irvine. Possible approval of Contract 500-09-040 for \$499,980 with
24 the University of California, Irvine Advanced Power and Energy
25 Program. Ms. Mueller.

1 MS. MUELLER: Thank you. Most of the residents
2 in California live in areas that are classified as Non-Attainment
3 for the Federal Ozone Standard, and much of the state is also
4 classified as Non-Attainment for the Federal PM Standards,
5 therefore it is important that California meets its renewable
6 energy goals without adversely impacting air quality. A major
7 barrier to meeting California's renewable goals is how to integrate
8 large amounts of variable and intermittent renewable sources such
9 as wind and solar into California's electricity system. These
10 technologies pose challenges to traditional reliability planning
11 and resource adequacy requirements because they cannot be relied on
12 to meet rapid changes in load and supply during peak hours, and
13 generally must be backed up with dispatchable resources. Air
14 quality implications of renewable energy will depend on how
15 renewable resources and associated back-up power are implemented,
16 including whether electricity is generated, the fuels that are
17 used, and the duty cycles. The goals of the proposed project
18 before you today are to evaluate the potential air quality
19 implications of the California Renewable Energy Goals and to
20 provide guidance on implementing those goals in such a way that
21 does not adversely impact air quality. Case studies using a
22 variety of potential renewable energy mixes would be used for this
23 evaluation. Spatial and temporally resolved emission fuels would
24 be developed for each case and used to model the air quality
25 impacts. The project would be coordinated with current and

1 previous efforts on renewable energy such as those with the
2 Energy Commission, Air Resources Board, California Public Utility
3 Commission, and CAISO. You would have a Technical Advisory
4 Committee with members from the state and local agencies,
5 environmental groups, and DOE National Labs. The results of these
6 case studies would provide valuable data that would be available to
7 regulators, policy makers, and other stakeholders, in developing
8 standards, guidelines, and regulations. Information developed in
9 this project would be disseminated through the Technical Advisory
10 Committee, publications, and presentations at scientific meetings.
11 Please note there is a change to the Statement of Work that is in
12 the package that you have; the Commission's Electricity Analysis
13 Office is now considering changing from Intech to another software
14 package to model the electric grid, to allow for flexibility in
15 this project, to be able to use the same software as the
16 Electricity Analysis Office, the contract is being changed to say
17 "Intech," adding, "or similar" Software. So we are just adding the
18 words "or similar." Thank you.

19 CHAIRPERSON DOUGLAS: Thank you. Commissioners.

20 COMMISSIONER WEISENMILLER: I think this is very
21 important research, and when we talked about it, I think part of
22 the connection will be to make sure that it does connect to the
23 other agencies, but also to what we are doing internally. So I
24 thought it was very important to have this cross-connection, that
25 if our appropriate group changes for its model that this analysis

1 be based upon, that changed model, instead of the one that
2 we have been using historically. So certainly, I would like to
3 move this.

4 VICE CHAIR BOYD: I will second it and maybe almost --
5 Commissioner Byron probably noted this, and the fact that this
6 involves another deeper venture into the WECC issue and the WECC is
7 our grid, WECC Transmission System, is important to all of us. And
8 while we try to be an island many times for obvious reasons,
9 sometimes I like to reference that early Spanish map of California
10 as an island off the West Coast of North America, but nonetheless,
11 this is a regional issue and the idea that we are continuing our
12 work within the WECC area is going to be helpful to us. So I was
13 glad to see that as a component of this. It happens to be a very
14 interesting area to us now, the renewable we may receive from the
15 WECC region, or receive into the region, as they relate to our
16 categorization of renewable and the credits they are given in
17 various markets. So it probably would have been nice to have this
18 a while back, but better in the future than not at all.

19 CHAIRPERSON DOUGLAS: Commissioners, we have a motion.
20 Do we have a second?

21 VICE CHAIR BOYD: Second.

22 CHAIRPERSON DOUGLAS: All in favor?

23 (Ayes.)

24 This item is approved.

25 Item 20. Minutes. Approval of the April 7th, 2010

1 Business Meeting Minutes.

2 VICE CHAIR BOYD: Move approval.

3 COMMISSIONER EGGERT: I will abstain.

4 COMMISSIONER BYRON: Abstain.

5 COMMISSIONER WEISENMILLER: Second.

6 CHAIRPERSON DOUGLAS: All in favor?

7 (Ayes.)

8 That item is approved with Commissioners Byron and Eggert
9 abstaining.

10 Item 21. Are there any Commission Committee
11 presentations or discussion? Commissioner.

12 COMMISSIONER BYRON: Madam Chair, if I may take a few
13 minutes for the benefit of my fellow Commissioners, I think you may
14 know that yesterday the State Water Resources Control Board adopted
15 a once-through cooling policy about 6:30 in the evening last night.
16 I believe this is the first in the nation and represents a number
17 of years of work in cooperation with this Commission and the Public
18 Utilities Commission, the Independent System Operator, and working
19 with the State Water Resources Control Board. I met personally a
20 number of times with Board members over the last few years, most
21 recently Commissioner Weisenmiller joined me in a meeting with a
22 couple of the members, and we have worked closely with all of the
23 energy agencies and this Board for a number of reasons, one is that
24 this once-through cooling policy that they adopted really
25 represents the intersection of a number of this Commission's key

1 policy issues, including the fact that their policy will
2 affect, I believe, 19 coastal and estuary cold power plants in the
3 State of California, going forward. They adopted a number of
4 changes yesterday to what was the draft rule that had been out for
5 a while. I should mention that Dr. Jaske and our staff, other
6 members of our staff, have been working closely with these agencies
7 literally for the last number of years; under Dr. Jaske's tutelage,
8 we were able to produce a joint letter on April 13th with the other
9 energy agencies, and that was no small task. There is a lot at
10 stake here in terms of reliability, as well as moving forward with
11 this Commission's policies to shut down a number of these aging
12 coastal power plants that are less efficient. Repowering is going
13 to be very challenging, we have essentially made a commitment here
14 to work with the energy agencies over the next 15 years to come up
15 with a reliability-based approach for the retirement or repowering
16 of these plants, and it will take a considerable effort during that
17 time. Annually, we will be developing and revising that plan, and
18 the State Water Resources Control Board will show great weight to
19 the recommendations that will come from the energy agencies,
20 particularly with regard to the possibility that we will need to
21 suspend compliance on those plants that are critical to reliability
22 for short periods of time -- there is a provision for 90-day
23 suspension of compliance -- and I think the State Water Resources
24 Control Board has done an excellent job of thinking this all
25 through to the best they can at this point, and the bottom line is

1 that this agency will need to work closely with the other
2 energy agencies moving forward. So I think it is an important
3 milestone for this agency, as well as the State Water Resources
4 Control Board in implementing the policy recommendations that have
5 come from previous Integrated Energy Policy Reports about the
6 retirement of these aging power plants. I turn to Commissioner
7 Weisenmiller because he has also gotten involved in this more
8 recently. I think all Commissioners at this dais have been
9 involved in one way or another, but it marks an important date that
10 this rule has been adopted.

11 COMMISSIONER WEISENMILLER: Yes, I think it is a very
12 important rule for the State of California. It certainly reflects
13 a lot of activity on the part of Commissioner Byron and Dr. Jaske.
14 As we know, at times trying to get the various agencies to work
15 together can be challenging, however, there are substantial rewards
16 from it, and I think getting that through is certainly a tribute to
17 this agency's contribution, in particular to Commissioner Byron and
18 Dr. Jaske.

19 VICE CHAIR BOYD: I want to join in that because I
20 followed this pretty closely for a while, while I sat with
21 Commissioner Byron on the Electricity Committee, but having stepped
22 down, I have lost a little bit of touch with it; but there is no
23 question that Commissioner Byron dogged this through, the process,
24 persistently, and Dr. Jaske, as well, and they deserve the comments
25 and compliments they are getting. I have continually been

1 impressed with the complimentary memos and notes we have
2 received over the last year or two now from Water Board members
3 about the testimony of Dr. Jaske before their body. So I think all
4 have learned a valuable lesson in the need for interagency
5 cooperation on issues like this. The last comment was, before I go
6 out and make any speeches, or include in any speeches, I certainly
7 will not initiate any on once-through cooling, but this idea of
8 being first, I think, I would like to double-check that statistic
9 before we do that.

10 COMMISSIONER BYRON: I heard that this morning on
11 National Public Radio, so I am not sure myself.

12 VICE CHAIR BOYD: But let's check that, and the only
13 reason I say that, this week I had a meeting with staff in the
14 nuclear area, and learned that the State of New York is moving on a
15 nuclear power plant there in light of their recently passed once-
16 through cooling, so they may have beaten us to the finish line a
17 little bit. But I found it interesting that they moved instantly
18 on one of the contentious nuclear plants.

19 COMMISSIONER BYRON: I believe, Commissioner, you may be
20 absolutely right, but I believe they denied them their license
21 renewal for -- I do not want to say the plant name, I may get that
22 wrong -- but I believe they denied them their license renewal
23 extension.

24 VICE CHAIR BOYD: I believe that is true, and predicated
25 on the once-through cooling issue. In any event --

1 COMMISSIONER BYRON: Dr. Jaske would probably be
2 here today to answer questions, but he is taking a well-deserved
3 day of vacation.

4 VICE CHAIR BOYD: Very good.

5 CHAIRPERSON DOUGLAS: Commissioner Eggert.

6 COMMISSIONER EGGERT: Just one comment. I would note
7 that the item we just approved, which looks at the air quality
8 implications in renewable energy options and integration in the
9 South Coast, we should make sure that they are taking into account
10 this new information about BOTC decisions and how that might affect
11 the system down there. I did not notice it in the write-up, but...

12 VICE CHAIR BOYD: Good point.

13 CHAIRPERSON DOUGLAS: Good point, Commissioner.

14 VICE CHAIR BOYD: I was just going to say, one other item
15 I would mention, although I already broached it, Commissioner
16 Eggert and I did chair another meeting, or only the second meeting
17 of this term of the AB 118 Advisory Committee last Friday in this
18 room. I think we were both very pleased with the meeting. I think
19 we have come a long way in reaching understandings of how the
20 program operates, how the Commission and staff are operating with
21 regard to administering the 118 program, and several explanations
22 offered on decisions we made in the past and why. And let's say
23 the virtues of entering into some of the research and development
24 areas that others might have initially thought were strangely not
25 relevant, but an opportunity to discuss with everybody how energy

1 interconnects and how energy policies interconnect with so
2 many other issues have led us to a very good consensus, in general,
3 on where we should be going and it will affect the next iteration
4 of the Draft Investment Plan that the staff will be providing in
5 the not too distant future. So I was personally very pleased with
6 the meeting, and the exchange of information that has occurred
7 between the first and second meetings has certainly shed a lot of
8 light -- provided a lot of answers to people who had interests and
9 concerns. So I think we felt pretty good, felt quite good about
10 the outcome of that meeting last Friday.

11 CHAIRPERSON DOUGLAS: Great. Commissioner.

12 COMMISSIONER EGGERT: Two items, one just to second that,
13 and I was also just recently, the last couple days, down at a
14 conference on Hydrogen, and a significant amount of interest in our
15 118 program, this was an international audience, and there was a
16 high degree of awareness of our activities on alternative fuels,
17 and we even had two of our staff down there, Peter Ward and Tobias
18 Muench, providing sort of an impromptu presentation on the program
19 to a very interested audience. The second one I wanted to bring up
20 is a little bit less serious, and that is I realize that I maybe
21 should have taken the opportunity at the beginning while there were
22 still witnesses here, but I do want to provide -- this is -- May is
23 Bike Month in Sacramento, and in the interest of promoting
24 basically sustainable transport and providing encouragement to our
25 staff to take the opportunity to use their bike for commuting and

1 other activities, I would like to issue a challenge, a
2 personal challenge, and this goes to all of the Commission staff,
3 as well as the Commissioners. I am going to be pledging somewhere
4 between 400 and 500 miles for the month, and if anybody exceeds my
5 mileage level, I am offering to buy them a drink of their choice at
6 a Happy Hour. I believe my first opportunity would be June 16th,
7 which should give adequate time to compile the data. It is an
8 honor system, so I would encourage people to be honest. You can
9 register online, there is a really great website, all sorts of
10 information about how to commute by bike, all the associated
11 advantages of doing so. And I will provide more information about
12 the location, but that is on the table now.

13 CHAIRPERSON DOUGLAS: Commissioner, I did notice that you
14 did ride your bike in this morning despite an 8:00 a.m. meeting,
15 and rather long ride from Davis to get there, to make coffee for
16 the 8:00 a.m. meeting.

17 COMMISSIONER EGGERT: So I have 70 miles under my belt.

18 CHAIRPERSON DOUGLAS: I see you issued the challenge when
19 you already had a 70-mile advantage.

20 COMMISSIONER EGGERT: I realize that, but I was traveling
21 the last couple of days, so that set me back a little bit, as well.

22 COMMISSIONER BYRON: This is a little bit of a set-up, I
23 think, Madam Chairman, however, I did note on my calendar that I am
24 going to have a drink with Commissioner Eggert on June -- what did
25 you say? June 16th.

1 VICE CHAIR BOYD: Well, it is a challenge and I
2 salute the youth of Commissioner Eggert's ability. I would have
3 taken him on several years ago when I used to lead the -- for more
4 than a decade -- the Annual Bike to Work Day at the Air Resources
5 Board, but I may be beyond that based on all the bachelor bloat
6 [phonetic] that I have had lately, but there are some younger folks
7 who live long distances away with you in Davis, for instance, who
8 may put the challenge to --

9 COMMISSIONER EGGERT: I do expect to be beaten, but I am
10 hoping maybe perhaps by not so much that it bankrupts me, and they
11 do have these really wonderful new recumbent bikes that are almost
12 like a Lazy Boy.

13 MS. CHANDLER: So, Commissioner, I would like to say that
14 the Energy Commission staff are up to the challenge, I will speak
15 for them. For many years, we have led in terms of the small agency
16 on May is Bike Awareness Month activities, and I am sure that this
17 will heighten their interest in Smack-Down for showing that they,
18 too, are just as young as you are, or older than you, and will beat
19 you. So we will make sure we get an all staff out. Thank you for
20 increasing the competitiveness in the organization, which is
21 already pretty competitive when it comes to biking, and maybe you
22 could get your Chairman to also bike across the COSWAY with you.

23 CHAIRPERSON DOUGLAS: I am all dusted -- I do not need to
24 dust it off, it is ready to go. We will get going here....

25 COMMISSIONER BYRON: Madam Chair, I also note that there

1 are a number of people in the Commission that are walking
2 across the country. I joined a team and we are all carrying these
3 little pedometers and our steps are being converted into miles and
4 added up. I think my team has reached Reno so far.

5 VICE CHAIR BOYD: I had not heard about this.

6 CHAIRPERSON DOUGLAS: I have seen people with the
7 pedometers and I keep meaning to ask what the pedometers are about.

8 MS. CHANDLER: So this is part of our Walk to Atlanta, it
9 is something that we are doing, it came over from our Personnel
10 Office to help keep us healthy and get those 10,000 steps in a day,
11 and go somewhere. So we are headed to Atlanta, teams, as well as
12 individuals, and it is just part of trying to make sure that we
13 have that kind of whole body approach, you know, mind, soul, and
14 body.

15 VICE CHAIR BOYD: What is the significance?

16 MS. CHANDLER: I think it is on the other seaboard is all
17 that --

18 VICE CHAIR BOYD: I was hoping you would go for Atlantic
19 City because Highway 50 starts in West Sacramento and ends in
20 Atlantic City, and that would be a big challenge.

21 MS. CHANDLER: Atlantic City, thank you. I knew I was
22 walking, I just did not know where, I guess, I was just following
23 the pack.

24 CHAIRPERSON DOUGLAS: Well, great. Before we move off of
25 this item, I would just like to join my colleagues in thanking

1 Commissioner Byron for his leadership on the once-through
2 cooling issue and for bringing it up to us today. And Commissioner
3 Weisenmiller, do you have something?

4 COMMISSIONER WEISENMILLER: I just have a brief report.
5 I went to the Earth Day event at Cal where John Holdren gave a
6 talk, and John is now President Obama's Science and Technology
7 Advisor, was the Founder of Energy and Resources Group, and
8 actually Jerry Brown had initially offered him the chairmanship of
9 this agency, but because of his obligations to get the program
10 going, he turned him down. But I think he has really reached sort
11 of the job that he has been preparing for, for his life. I think
12 this President is really trying to bring science technology back
13 into the federal decision-making process, and as such, I think
14 Holdren is right in the middle of all that, of trying to bring good
15 science and good technology back into government decision-making.
16 And he said one of the challenges they are facing, obviously, at a
17 time where there is substantial skepticism about climate change,
18 you know, and the question is, how can you change that. And I
19 guess the only good news from Holdren's perspective is that there
20 is greater skepticism about evolution than climate change, which is
21 a really equally scary thought. And so they have a very strong
22 focus on science and technology education, and the feeling that you
23 really have to really upgrade the education in the schools and
24 really, if there is a way to revitalize, you know, sort of as the
25 Sputnik era did, sort of the emphasis on science and technology and

1 education, in the hope that would lead to a more literate
2 public and influence, obviously, voting and political decisions.
3 And he did have a very interesting picture, obviously, of the two
4 of them. Obama was the first President to address the National
5 Academy since John Kennedy, so they had the picture of John Kennedy
6 and his Science and Technology Advisor in the background, with the
7 two of them in front of it. It was certainly, as you can imagine,
8 an academic environment, I think people were sort of motivated and
9 very interested and highly charged in their notion that, indeed,
10 you know, let's refocus our efforts on better research and better
11 education.

12 COMMISSIONER BYRON: Commissioner, thank you for bringing
13 that up. Just a quick thought. You know, I think that helps Dr.
14 Holdren and others like him help explain perhaps why there is such
15 a propensity for individuals like yourself and Commissioner Boyd
16 and Commissioner Eggert, and others that have come out of Northern
17 California, being so strong in this area. I was looking back, you
18 know, we have had a lot of Northern California influence in this
19 Commissioner for the last 30 years, and it probably stems back to
20 individuals like Dr. Holdren. Well, maybe members of the
21 Legislature would do well to understand that, too.

22 COMMISSIONER EGGERT: I would just maybe make a quick
23 comment. It has been great coming in to see how this organization
24 is one that bases its policy-making, and decision-making on good
25 science and the fact that we have a very robust research program

1 within the agency to help provide that information directly
2 to us, I think, is really an excellent asset that we have to the
3 Commission, and so I look forward to making sure we continue that
4 into the future.

5 CHAIRPERSON DOUGLAS: Thank you. With that, I think we
6 will move on to Item 22. Chief Counsel's Report.

7 MR. LEVY: I do not have any report today. Thank you.

8 CHAIRPERSON DOUGLAS: Item 23. Executive Director's
9 Report.

10 MS. CHANDLER: I have a couple of items I would like to
11 raise, thank you for the opportunity, Madam Chair. First of all,
12 the DOE Inspector General's Audit continues, this is their second
13 week, and we expect them to be closed this week. This is - we were
14 one of several states that were selected to be audited in their
15 second group, they had a first group, and we are now in the second
16 group. This is a regular audit, it is a pro forma, we did not do
17 anything wrong. I would like to acknowledge the amount of staff
18 that are working to help provide the documentation and information
19 that the Inspector General's Auditors are requesting, Mark
20 Hutchison has led this ably with Stephanie Bailey, Cheryl Raedel,
21 Kyle Emigh, and John Butler. They have provided a tremendous
22 amount of documentation and answered questions. We do not have any
23 fixed timeline for when the audit will actually be delivered back
24 to us for review. We have heard from other states that this could
25 take as much as four months, so that is where we are on that.

1 Cash For Appliance Program launched on Earth Day
2 to great press coverage and great success. We were acknowledged in
3 the Governor's Office by the new Czar of the Recovery Task Force,
4 Rick Rice, who said that he was very pleased with this program. We
5 have had lots of media coverage, we have had lots of ads, and it
6 seems to be going very well. We have received approximately, as of
7 Monday earlier this week, 25,000 Applications and about \$25 million
8 in remaining rebate. We have put on our website a counter, so
9 people will know where they are in the process, there is a lag,
10 obviously. We are only counting the applications that have been
11 filled. I have to say that I am very pleased that we did not have
12 that boom/bust cycle that many states ended up having. I think
13 that is a credit to our staff, Lorraine White, Amy Morgan, for
14 their team and how they have crafted this, so that it was not a
15 reservation. Other states chose to do it with a reservation; well,
16 of course, with a reservation, you know, you do not know if you
17 want to buy something or not, but you are going to reserve. And so
18 we actually chose to approach it in a way of you could have a
19 complete application, and then you will get your rebate check. And
20 so that is how it is flowing, and I am pleased about that. If
21 anything, I guess the only complaint that we have had is that we
22 have run out of appliances that are in certain categories, but the
23 good news, I think, is that there is still enough money in the fund
24 that people can order those appliances. Part of that could be that
25 the stores did not realize how successful this project would be,

1 part of it could be that the manufacturers did not get
2 their certification in quickly enough to certify their appliances,
3 but we still have an open door for that and they can put in
4 additional third-tier appliances that are highly energy efficient,
5 and make sure that they are eligible to be purchased.

6 COMMISSIONER EGGERT: Claudia, may I make a quick comment
7 on that? One thing that was very useful during some of the early
8 media was to be able to say because of some of the scrutiny of the
9 Energy Star Program that our program also requires that the
10 manufacturers be certified to California standards, which requires
11 that they submit test data and such, and I think that gave a higher
12 degree of sort of legitimacy associated with the claims that were
13 made with respect to energy efficiency out of these products, and
14 that actually, I think, played quite well in the discussions and
15 the press coverage of that.

16 MS. CHANDLER: You are correct in part because EPA Energy
17 Star has come under some questioning recently about how energy
18 efficient are their appliances, and what kind of certification
19 process do they go through. And it does bode well for the Energy
20 Commission because our certification process, to be on our list for
21 energy efficiency appliances, it is partly a self-certification,
22 but you have to provide your lab data, your testing data, and then
23 we also, as part of our program with our Appliance Standards
24 Program, is we actually pull appliances off the shelf and test them
25 to make sure that they do, in fact, meet the criteria that we

1 expect. So you are right. And I should note that, if you
2 would like, you can jump onto YouTube and see Commissioner Eggert,
3 he is on there, on our Cash for Appliance clip. We are using all
4 mediums to get out the word on various Energy Commission programs,
5 so we have Facebook and we have YouTube, and we are about ready to
6 start Twittering.

7 COMMISSIONER BYRON: I prefer to see Commissioner Eggert
8 live. Ms. Chandler, I think this has been done really well, and it
9 sounds as though it is proceeding well. I jumped on the website
10 last night and tried to step through it like a consumer just to get
11 a sense of what it felt like, and I think the forms are straight
12 forward. But I came up against one thing that I thought, as a
13 consumer it might cause me some angst, and I wonder if we had been
14 getting any problems in this area, and that is that there is a very
15 limited number of places where you can recycle appliances, which is
16 a requirement, of course, of the rebate. You know, there was no
17 place near my home, and so that means I either had to drive it
18 somewhere to drop it off, or maybe -- so I was just wondering, are
19 you getting very many consumer complaints in that area?

20 MS. CHANDLER: Well, thank you, because I am going to put
21 a commercial in right now for our Platinum Partners. If you go to
22 one of our Platinum Partners, and we have several big ones,
23 including Home Depot, and RC Willey, and Lowe's, they will do all
24 that for you.

25 COMMISSIONER BYRON: Excellent.

1 MS. CHANDLER: -- a complete and you will not be
2 charged. So we had some small Platinum Partners, but I want to say
3 there are some folks in Jackson and down here in Elk Grove who are
4 mom and pop type shops, they stepped up and they saw the value of
5 making sure that the appliances got recycled in the appropriate
6 way. It is the law here in California. And they, too, kind of
7 stepped in and said, "We're going to be a Platinum Partner." And,
8 in fact, we have received anecdotal information from both of those
9 companies, the first one up in Jackson e-mailed us and basically
10 said, "We sold out of the amount of appliances that we had
11 purchased for the full month in one weekend." And they just
12 praised us, Lorraine actually, who was the recipient of the e-mail,
13 for how well the program was moving. So it has been terrific. It
14 has been a real bright spot in my life. So I think the staff is
15 doing a great job.

16 COMMISSIONER EGGERT: Just one quick comment on that.
17 So, yes, you should go to your Platinum Partner, and there are
18 rebates left, so get out there now -- to extend the commercial.
19 One thing, though, that was kind of interesting to me was that,
20 when we looked at the benefits of this program, the recycling
21 component from a GHG perspective, was actually bigger potentially
22 than the energy savings because of the significant amount of high
23 global warming potential gases that are in the refrigerator and the
24 insulation foams. For example, the best estimate of savings from
25 the energy savings was on the order of 125 million metric tons,

1 whereas basically making sure that those gases, a lot of
2 them which are ozone depleting, stayed out of the atmosphere, the
3 estimate was about 450,000 metric tons that would basically be
4 prevented from going into the atmosphere, properly disposed of.

5 VICE CHAIR BOYD: What I will just say is, I salute those
6 Commissioners and the staff who have done this, it was not one of
7 my principal responsibilities, and I got to enjoy reading the
8 press. I was impressed and pleased with the press. They have
9 their problems, but I thought they did a real good job on this
10 project, and when they compared it with what is going on in other
11 states, they drew no analogies, they described a complex California
12 process, and it was obvious to the reader that that probably was a
13 good way to go because you had so many guarantees built into the
14 system that things would happen. I was also impressed with the
15 high volume on the first day because I did not think it had gotten
16 that much advance notoriety, and I am kind of pleased to see so
17 many people who did run out to take advantage of the program, and a
18 few people who were quoted, who went out to buy one appliance,
19 learned of this program while in the store in question, and bought
20 one of these appliances instead of what their original intent was.
21 So, yeah, it is done well and there are a lot of people we need to
22 remind of that when we are standing before certain bodies talking
23 about our mission in life. So good job, a very good job.

24 MS. CHANDLER: Thank you, all. I will convey that to the
25 staff. Like I say, they have just done an amazing job on this.

1 Commissioner Byron, I would like to build on your
2 remarks that when -- you talked about how many awards you have made
3 today, so I did some math, and today you approved over \$26 million
4 in SEP dollars out of \$110 million that we have set aside, those
5 are the last big chunk that we are moving forward on. By June 2nd,
6 we will have moved for you for your approval all but \$22 million,
7 so we had in that SEP \$110, we had 12 proposals, and all but two of
8 them will be before you on June 2nd, and I can assure you that the
9 other two will be very close behind. So we are continuing to move
10 the SEP proposals forward. I am also pleased to say that, while
11 you approved \$2.6 million in block grant funds today, by next
12 business meeting, you will have completed all of the awards, over
13 200 to the small cities and counties of local jurisdictions,
14 totaling right about \$30 million, and you will be meeting on May
15 12th, the deadline that the Department of Energy has set out for us,
16 in terms of encumbrance, of that 60 percent of the monies that we
17 had to the small cities and counties, that had to go out the door
18 within the 180 days, and that box will be checked. So good things
19 are happening.

20 We also have continued to work positively with our
21 Historic Preservation Officer at the Parks and Rec, Department of
22 Parks and Recreation, Wayne Donaldson, and he has been terrific, as
23 has our own counsel, Gabe Herrera. I am probably going to miss
24 some amazing people who are doing amazing things in this building,
25 and Vice Chair Boyd, you are correct, a lot of them are here at

1 night, and early in the morning, and weekends, but it is a
2 great program and we have not lost sight of that, even though it at
3 times can be challenging because of the incoming flack. But we are
4 persevering.

5 CHAIRPERSON DOUGLAS: Very good, Claudia.

6 VICE CHAIR BOYD: Excuse me, Ms. Chandler, I am losing a
7 lot of my faculties, but my hearing is extraordinarily good, our
8 sound system sounds like it is a life support system, it makes this
9 -- it reminds me too much of being in a hospital room and listening
10 to someone's labored breathing who is on breathing assistance, and
11 I hope it does not have any reflection on the state of this
12 organization, and it is just a matter of, you know, we do not have
13 enough money to fix something just quite yet. But in any event....

14 MS. CHANDLER: I am not sure quite what it is, the heavy
15 breather effect, I was going in another direction. I was looking
16 at Harriet, thinking is somebody on the phone doing an obscene
17 phone call for us? We will definitely check into that, though, and
18 make sure it is fixed.

19 VICE CHAIR BOYD: It is not outrageous, but there is a
20 standard pulse, I should have been timing it to see what it is. In
21 any event, enough said.

22 MS. CHANDLER: I thought somebody was actually in the
23 room sleeping, but I noticed that nobody is here now, so it is not
24 us.

25 VICE CHAIR BOYD: There, it just did it again.

1 MS. CHANDLER: So, thank you, that concludes my
2 report.

3 CHAIRPERSON DOUGLAS: It is clicking, as well.

4 VICE CHAIR BOYD: Clicking? Your ears are better than
5 mine, then. I just hear the breathing apparatus.

6 CHAIRPERSON DOUGLAS: Well, all right, hopefully there is
7 something that can be done about the sound.

8 VICE CHAIR BOYD: Oh, it is getting more frequent.

9 CHAIRPERSON DOUGLAS: Public Advisor's Report?

10 MS. JENNINGS: I do not have a report this morning, thank
11 you.

12 CHAIRPERSON DOUGLAS: Public Comment? Seeing no members
13 of the public here to comment, we will be adjourned.

14 (Whereupon, at 12:00 p.m., the business meeting was adjourned.)

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