

COMMISSIONERS PRESENT

Karen Douglas, Chair
James Boyd, Vice Chair
Robert Weisenmiller
Anthony Eggert

STAFF PRESENT

Melissa Jones, Executive Director
Michael Levy, Chief Counsel
Harriet Kallemeyn, Secretariat

Item No.

Panama Bartholomy

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P R O C E E D I N G S

OCTOBER 21, 2010

2:15 p.m.

CHAIRPERSON DOUGLAS: Welcome everybody, this is a continuation of yesterday's Business Meeting to consider Items 17, 18 and 19 on our agenda. The Commission must take the vote to consider whether there exists a need for immediate action on the following Items 17, 18 and 19. If the Commission determines that such a need exists, the Commission may consider the items. I'd like to ask the Chief Counsel to provide us with his opinion on this item.

MR. LEVY: Yes, thank you, Chair and Commissioners. In terms of the urgency and the need for immediate action, there are three things that have transpired, as I reported to you yesterday at the Business Meeting. The Superior Court had issued a restraining order, prohibiting us from acting. The California Court of Appeal issued an Order filed October 20th, 2010, yesterday, lifting the temporary restraining order, and staying the Superior Court's orders against us, which frees us up to proceed with acting.

The urgency in this matter comes from two things, one is the October 21st deadline under the Federal award for the State Energy Program money, which expires today. The Federal funding opportunity announcement and

1 the award requires the funds be obligated or encumbered
2 within 18 months of the award. The award was made on
3 April 21st, 2009, and this is 18 months later, and today
4 is therefore the deadline to act, otherwise the
5 Department of Energy is at liberty to disencumber the
6 funds and they would presumably revert back to the United
7 States Treasury; I'm not sure about what the result of
8 the funds would be. Our right to encumber the deadline
9 today under the announcement, the deadline is today under
10 the announcement.

11 The second urgency is, you previously awarded
12 the contract to CSCDA; on October 13th, we learned that
13 they were not prepared to go forward with the contract
14 because of several of their members, specifically the
15 Western Riverside Council of Governments, objections to
16 them proceeding. And, in view of that, they did not, as
17 was represented to us, actually adopt the contract on
18 October 13th, and you on September 22nd had awarded it to
19 them, and we were advised that their next meeting was
20 October 13th, and on October 13th, they declined to
21 proceed.

22 So, in view of those two actions, currently the
23 monies are not obligated and the deadline is today, and
24 that would present the urgency.

25 CHAIRMAN DOUGLAS: Thank you, Mr. Levy. And,

1 Commissioners, I will also note that this has been a
2 very long saga for us and 18 months past the date in
3 which we got the money is many months too many from my
4 perspective. I've testified before a number of
5 legislative oversight hearings over the past year and a
6 half on this topic. We've heard loud and clear from the
7 Governor's Office and the Legislature that the Energy
8 Commission needs to get this money into the economy and
9 out of our hands, and absolutely not to risk loss of the
10 money, but also to move forward as quickly as possible to
11 create jobs for the State. I've personally committed to
12 legislative leaders and the Governor's Office that we
13 would make or beat all Federal deadlines on encumbering
14 and expending these funds. I have to say that, in acting
15 today, we do not beat the deadline, but at least we meet
16 it, and it's incredibly important that we do so. It's
17 also important that we make sure this contract is
18 actually granted to the right entity, and if CSCDA has
19 expressed hesitation about moving forward and the local
20 government and Commission has expressed great enthusiasm
21 about moving forward, I think it's incumbent on us to
22 make sure that this funding is encumbered to the right
23 organization as quickly as possible. So, Commissioners,
24 I think I would ask if there are any questions, and if
25 there are no questions, we'll move to vote on whether

1 there exist a need for immediate action.

2 VICE CHAIR BOYD: Hearing no questions, I'll
3 make a motion that we find a need to move on this item
4 today as outlined by counsel.

5 CHAIRMAN DOUGLAS: Is there a second?

6 COMMISSIONER EGGERT: Second.

7 CHAIRMAN DOUGLAS: All in favor?

8 (Ayes.)

9 CHAIRMAN DOUGLAS: All right, so the Commission
10 has voted that there is a need for immediate action.
11 Counsel?

12 MR. LEVY: Let the record reflect that is a
13 unanimous vote of four Commissioners.

14 CHAIRMAN DOUGLAS: All right, so, Commissioners, we
15 will take up Item 17, Local Government Commission. Possible
16 approval of Contract 400-10-004 for \$33,176,912 with Local
17 Government Commission to support Energy Upgrade California, the
18 state-wide energy and water efficiency and renewable
19 energy generation retrofit program for single- and multi-
20 family residential and commercial buildings. Mr.
21 Bartholomy.

22 MR. BARTHOLOMY: Good afternoon, Commissioners,
23 Executive Director, Chief Counsel. My name is Panama
24 Bartholomy, I work in the Executive Office here at the
25 Energy Commission. I'm bringing forward to you contract

1 400-10-004 with the Local Government Commission. The
2 scope of work that you have before you has been posted on
3 the Energy Commission's website, as well, on the agenda
4 page, it is very similar to Contract 400-10-003 in the
5 scope of work for the California Statewide Community
6 Development Authority. I provided you with a memo which
7 is also posted on the Energy Commission's website that
8 delineates the differences between the past scope of work
9 and the current scope of work. I will read into the
10 record those two major differences. The new Contract
11 400-10-004 has the Local Government Commission replacing
12 the California Statewide Community Development Authority
13 in contract and program administration duties, with name
14 changes throughout all tasks in the scope of work, budget
15 changes and administrative task 1, technical task 2.1-1,
16 the Draft Implementation Plan, 2.1-2, the Final
17 Implementation Plan, 2.1-3, the Sustainability Plan, and
18 2.1-13, the tracking and reporting. The second major
19 change in the scope of work from which you previously
20 have seen was that the CSCDA is replaced in all financial
21 clearinghouse aspects of the contract with the California
22 Alternative Energy and Advanced Transportation Financing
23 Authority, an authority under the State Treasurer's
24 Office. CAEATFA, as their acronym is pronounced,
25 replaces CSCDA in finance administration duties and is

1 also taking over the responsibility for providing a fund
2 trustee from renewable funding a subcontractor under this
3 contract. There are name changes throughout the scope of
4 work in task changes, and Task 2.1-4, 2.1-5, and 2.1-6,
5 the design, establishment and administration of the
6 financing clearinghouse, and budget changes in
7 Administrative Task 1, Technical Task 2.1-1 through 2.1-
8 6, and 2.1-13. We are very excited about this new
9 partnership, we think that the Local Government
10 Commission and the State Treasurer's Office, through
11 CAEATFA, provides wonderful new partners and will provide
12 significant new resources to draw upon and to be able to
13 expand this program to provide energy savings and jobs
14 and stimulus to our economy. We are joined today by Mr.
15 Patrick Stoner of the Local Government Commission, so if
16 you would like to hear from him at some point, he can
17 talk to you about their organization's commitment to this
18 effort. And we are joined by many of the local
19 governments, as well as some of the other contractors on
20 the phone, as well. And at that, Commissioners, I will
21 stop and answer any questions you may have.

22 CHAIRMAN DOUGLAS: Thank you, Mr. Bartholomy.
23 I would like to hear from the Local Government
24 Commission. Do any Commissioners have questions they'd
25 like to ask before we go to the Local Government

1 Commission? Okay, and we also have a number of members
2 of the public who would like to speak, I think both in
3 the room and certainly on the phone. So, let's hear from
4 the Local Government Commission now, if we could.

5 MR. STONER: Good afternoon, Commissioners. My
6 name is Pat Stoner. I am here representing our Executive
7 Director, who is out traveling today, he did not know
8 we'd have to be here this quickly. I am just here to say
9 that we're pleased and really ready to discuss and
10 administer this contract if you decide to vote that way.
11 We had a Board meeting in September where we got approval
12 from our Board to sign a contract with the Commission if
13 you decide to do it that way. And in the early 2000's,
14 we actually had a contract with the Energy Commission to
15 administer the Cool Roofs Program, which had about \$14
16 million in it, and had a similar number of
17 subcontractors, so we feel we're ready to step in and do
18 that if you would like.

19 CHAIRMAN DOUGLAS: Thank you, Mr. Stoner, and
20 thanks for being here today. The Commission has had a
21 longstanding relationship with the Local Government
22 Commission. We certainly like your work, we appreciate
23 your ability to step in and your willingness to step in
24 and administer this contract. And Mr. Bartholomy had
25 said to me before that Local Government Commission

1 actually brings some additional assets to the table in
2 terms of local relationships and actions that you are
3 already undertaking, that you could leverage into making
4 this program even more effective. And I was wondering if
5 either you or Mr. Bartholomy could talk to us about some
6 of what Local Government Commission specifically adds to
7 the effectiveness of the program?

8 MR. STONER: Sure. Well, Local Government
9 Commission has a statewide partnership with the Institute
10 for Local Government, additionally, and the PGE, Edison,
11 Southern California Gas Company, and SDG&E, it is called
12 the Statewide Energy Efficiency Collaborative, and so a
13 lot of work that LGC is doing with that collaborative
14 dovetails with the work here, there is a lot of outreach
15 we do, Webinars we are doing. We just last week did the
16 Statewide Conference, which we plan to do continually,
17 and then, also, with our outreach with ICLEI and the
18 Local Government, which is the Nonprofit arm of the
19 biggest California cities and the State Association of
20 Counties, we have outreach to every local government in
21 the State.

22 CHAIRMAN DOUGLAS: Great. Commissioners, any
23 questions for Local Government Commission?

24 VICE CHAIR BOYD: Very quickly, I just wanted
25 to say publicly hi to Mr. Stoner, we've known each other

1 a long long time and the working relationship that was
2 referenced to between this Commission and the Local
3 Government Commission is, indeed, something that has
4 served us both very well in the past, and I am happy to
5 see the Commission in a position to pick up this baton
6 and run with it for us, to make this program the success
7 it can be. So, thank you, Patrick, good to see you here.

8 CHAIRMAN DOUGLAS: Thank you, Commissioner
9 Boyd. And I think that that is great. I think, if you
10 don't mind staying in case we have some additional
11 questions, please do so. But we're very excited to be in
12 a position to consider working with you on this project.
13 I'd like to ask now if there is any public comment on
14 this item? Members of the public, if you could come
15 forward, we will take public comment from people in the
16 room first, and then we'll go to the phones.

17 MR. WALLAUCH: I'll be quick. Steve Wallauch
18 on behalf of the City and County of San Francisco and the
19 County of Ventura. We support this item and we want to
20 also express our appreciation for the work that the
21 Commissioners have done and particularly staff to get us
22 to this point, and I urge your support.

23 CHAIRMAN DOUGLAS: Thank you. Any other public
24 comment in the room? Very well, we'll go to the phone.
25 I have a list in front of me. If I mispronounce or

1 misread anyone's name, I apologize in advance. Sandy
2 Padilla, are you on the phone?

3 MS. PADILLA: Yes, I'm on the phone. Can you
4 hear me?

5 CHAIRMAN DOUGLAS: Go ahead, absolutely.

6 MS. PADILLA: Okay, this is Sandy Padilla from
7 the City of Los Angeles and Sharon Gee, we wanted to
8 express our support of the contract. We've been working
9 really hard on the commercial retrofit program for the
10 City of L.A., really focusing on creating jobs, reducing
11 greenhouse gas emissions, and just retrofitting a lot of
12 the buildings here, so we've spent a lot of time
13 developing the program and we just wanted to really
14 reiterate our support for the contract, and really thank
15 the Commission for working hard through this. And that's
16 my comment.

17 CHAIRMAN DOUGLAS: Thank you, Ms. Padilla.
18 Thanks for participating in the meeting. Dana Armanino?
19 Are you on the phone?

20 MS. ARMANINO: Yes. This is Dana Armanino from
21 the County of Marin, and I just wanted to strongly
22 support this contract. It provides an excellent leverage
23 to small counties and cities that are trying to take
24 every ARRA dollar that we can get our hands on, to
25 stretch as far as possible. So, I wanted to strongly

1 support the contract.

2 CHAIRMAN DOUGLAS: Thank you. Thanks very
3 much. John Haig, are you on the phone?

4 MR. HAIG: I am on the phone. John Haig,
5 representing the County of Sonoma. I also wanted to urge
6 the support of the Commission in passing this matter and
7 contracting with the LGC. Mr. Stoner and his team and
8 that organization will be excellent partners in this.
9 For the County's part, we're ready to go, as you know,
10 we're operating our program. We have an Implementation
11 Plan ready and the funds that will be provided under this
12 contract will help us take our program to the next level.
13 We think this is an excellent idea and urge your support
14 of it. And I want to recognize the work of staff on
15 this, particularly Panama's work in keeping us all
16 informed and pushing this forward to this conclusion.
17 Thank you.

18 CHAIRMAN DOUGLAS: Thank you, Mr. Haig. Allan
19 Krauter. Are you on the phone?

20 MR. KRAUTER: Yes, this is Allan Krauter with
21 the Kern County Administrative Office. Kern County
22 strongly supports the signing of this contract. In Kern
23 County, unemployment has averaged well over 15 percent
24 this entire year, it's currently at 15.3, so a lot of
25 people need the jobs. We also have a lot of people

1 paying over \$.40 a kilowatt hour for electricity, so
2 they need it. We also are in one of the worst places for
3 ozone and non-attainment of air standards, so we need
4 that, we need the greenhouse gas reduction, and we can't
5 do what this would do on our own, so we welcome it.
6 Thank you.

7 CHAIRMAN DOUGLAS: Thank you, Mr. Krauter.
8 Janet Purchase, are you on the phone?

9 MS. PURCHASE: Yes, I'm on the phone. My name
10 is Janet Purchase, I'm representing the County of
11 Riverside. Riverside County wishes to express its
12 support for these contracts. As you know, we have the
13 leadership example of Palm Desert's program present in
14 our county. We are looking forward to implementing the
15 Energy Upgrade California county-wide and are confident
16 it will create many valued benefits for our county and
17 the entire State. Thank you.

18 CHAIRMAN DOUGLAS: Thank you, Ms. Purchase. We
19 absolutely look forward to working with you, as well.
20 Rick Chien.

21 MR. CHIEN: Yes, hi. Rick Chien from the City
22 and County of San Francisco. Thanks for the opportunity.
23 I also wanted to express the City's support and encourage
24 the Commission to support this new contract. We launched
25 our PACE Program just before the first regulators, you

1 know, the blockade against PACE came down. We have
2 contractors, we have home retrofit goals through our
3 other Energy Efficiency Conservation Block Grants that we
4 need to meet, and I think the new Energy Upgrade
5 California financing clearinghouse and portal are going
6 to help us meet those targets, as well as meet our
7 greenhouse gas reduction targets and get people back to
8 work, and we look forward to working with the City of
9 L.A. and the Local Government Commission and the
10 Commission under the new contract. So, thank you very
11 much.

12 CHAIRMAN DOUGLAS: Thank you. Jamie Tuckey.

13 MS. TUCKEY: Yes, this is Jamie Tuckey. I am
14 representing Marin Energy Authority, and I'd like to
15 express on behalf of our organization our strong support
16 of the contract. We understand the need for local jobs
17 and greenhouse gas reductions in our communities and we
18 see the value of this contract to help us in achieving
19 these goals.

20 CHAIRMAN DOUGLAS: Thank you, Ms. Tuckey. Jim
21 Metropolis.

22 MR. METROPOLIS: Hi. This is Jim Metropolis
23 with the Sierra Club, an environmental group.

24 CHAIRMAN DOUGLAS: Do you have a comment, Mr.
25 Metropolis? Or are you just identifying yourself?

1 MR. METROPOLIS: Yeah, we support the action
2 taken by the Energy Commission here today, and we support
3 the Energy Upgrade Program.

4 CHAIRMAN DOUGLAS: Thank you. Thanks for
5 participating in this meeting. Adam Lenz?

6 MR. LENZ: Yes, Adam Lenz with the City of
7 Richmond. Can you hear me? Hello?

8 CHAIRMAN DOUGLAS: Yes, we're here, we can hear
9 you, although if you could speak up, it would be great.

10 MR. LENZ: Okay. Adam Lenz here with the City
11 of Richmond and we strongly urge the Commission to award
12 the contract today. We are excited about creating more
13 demand and local jobs, increasing our greenhouse gas
14 reductions measures and programs, so thank you for your
15 support and look forward to working with you.

16 CHAIRMAN DOUGLAS: Thank you. We look forward
17 to working with you, as well. Angie Hacker, are you on
18 the phone?

19 MS. HACKER: Hi there. Yes, I am. Angie
20 Hacker. I am with the County of Santa Barbara, where we
21 have a program called Empower SBC that shares a lot of
22 the same goals as Energy Upgrade California. We do
23 support the approval of this contract and we look forward
24 to collaborating with a significant role for local
25 government, but being able to leverage a large scale of

1 statewide resources, as well as the grant that we had
2 received from the Department of Energy to engage our
3 local community and provide additional resources for
4 retrofits and renewables. Thank you.

5 CHAIRMAN DOUGLAS: Thank you, Ms. Hacker. Is
6 there anybody else on the phone whose name I did not
7 read, who would like to make a comment? Please speak up.

8 MS. ETTENSON: Yeah, this is Laura Ettenson,
9 Director of California Energy Efficiency Policy with the
10 Natural Resources Defense Council. May I speak now?

11 CHAIRMAN DOUGLAS: Please.

12 MS. ETTENSON: I just wanted to voice our
13 support for this innovative and comprehensive program
14 that both you and the CPUC have spearheaded. We think
15 that Energy Upgrade California provides an excellent one-
16 stop-shop for Californians, not only to save money
17 through energy and water upgrades, but also to help us
18 achieve our aggressive State Climate Goals, and it's also
19 a critical step forward to help us capture all the
20 available savings within our State's existing building
21 stock. And also, in addition, another benefit is that it
22 provides a strong foundation for fulfilling our
23 requirements under Skinner's Assembly Bill 758. So, I
24 thank everyone involved in this unprecedented effort and
25 I urge the Commission to take immediate action today to

1 approve this contract.

2 CHAIRMAN DOUGLAS: Thank you, Ms. Ettenson. Is
3 there anybody - and I should say, we really appreciate
4 NRDC's strong support over the years for energy
5 efficiency. Is there anybody else on the phone whose
6 name I did not read, who would like to make a comment?
7 Is there anybody else in the room that did not come
8 forward the first time, who would like to come forward
9 now to speak on this item? All right, Commissioners,
10 we've heard from the public, we've heard our staff
11 presentation, we've heard from Local Government
12 Commission. Any questions or comments at this time?

13 COMMISSIONER EGGERT: Madam Chair, if I might,
14 just a couple of comments. I am very pleased that we are
15 here today considering this item. I know we've had the
16 conversation when this first came before the Commission,
17 talking about many of the incredible benefits that will
18 flow from this program. I think just the number of
19 statements in support that we heard from the public are a
20 testament to the importance and the excitement that there
21 is around this program. I was fortunate to participate
22 in a workshop a couple of weeks ago at the Public
23 Utilities Commission, where we discussed this program in
24 great detail, and we had a lot of the stakeholders there,
25 including the utilities, contractors, and a lot of the

1 folks that we've also heard on the phone here. And just
2 the level of excitement of getting this thing underway,
3 really providing an excellent model for a statewide
4 retrofit program that can sort of bring together all of
5 the elements that we know are necessary to have a
6 successful program, and that includes things like
7 building evaluation and diagnostics, access to lending,
8 workforce training, certified contractors to make sure
9 that the work that is done is done well, and actually
10 delivers the savings to consumers, as well as energy
11 evaluations to give homeowners information about the
12 energy efficiency of their homes. I think the setback
13 that we were dealt from FHFA was a significant setback,
14 but I want to really commend the staff of taking that
15 challenge and really turning it into a program that I
16 think is even better than what I think was originally put
17 forth with this money. I think the leverage that we're
18 going to be getting, not just from the other utility
19 programs, but also the local governments, I think this
20 has been a tremendous accomplishment of the Local
21 Government partnership between the State, the local
22 governments, and the other stakeholders. We've really
23 seen a level of activity and partnership that I think is
24 unparalleled and I think that bodes quite well for the
25 implementation of everything that we're trying to

1 achieve. I also do want to recognize the comment made
2 by Lara Ettenson that this is also the perfect vehicle to
3 prepare us for the AB 758 program, Assemblywoman
4 Skinner's bill, that we're just now underway developing
5 that program here at the CEC, all of the elements are
6 there, and I think we see this as laying the foundation,
7 laying the framework for how we can proceed under that
8 program. And I think, also, just the fact that, given
9 this is statewide, knowing that we're going to have the
10 benefits accrue to all Californians to save energy, to
11 create jobs, to meet our energy and environmental goals,
12 I guess I strongly support and encourage the vote of the
13 Commission on this item.

14 CHAIRMAN DOUGLAS: Thank you, Commissioner
15 Eggert. Commissioner Weisenmiller.

16 COMMISSIONER WEISENMILLER: Yes. I wanted to
17 also talk about this. I think certainly the timing issue
18 is that, as we've indicated, there is an impending
19 deadline; at the same time, we acknowledge that no one
20 knows exactly what DOE will do and when it will do it,
21 but I think, as the Chair indicated, there are many
22 reasons to move forward, that, you know, in many
23 respects, I wish the program had started month ago, as in
24 many of these. But I think that, in looking at, again,
25 why I say that, obviously when one looks at the climate

1 change issues, it's important to take action now, and to
2 do that, we must reduce our greenhouse gas emissions. I
3 think this Commission, certainly the PUC, the whole State
4 government, realizes that, in the loading order, energy
5 efficiency is the top measure we could take in terms of
6 impacting climate change. And at the same time, I think
7 all of us who have looked at the energy efficiency sector
8 realize that retrofitting the existing buildings is
9 probably one of the most important things we can do to
10 achieve our energy efficiency goals. And at the same
11 time, we are in the midst of the great recession at this
12 point; I think when I talked to CBIA, they pointed out
13 that new construction has gone from something like
14 250,000 new homes a year to about 40,000 to 50,000, and
15 that has translated into a loss of jobs of about 80
16 percent of the building industry. So, that has severe
17 impacts in many parts of our State. And hopefully, with
18 the retrofit market, we can provide jobs to some of those
19 unemployed. Also, as I talked to different industries
20 around the State, like the insulation industry, again, as
21 they are not selling their products to new housing,
22 they've had to reduce their operations. And so, again, I
23 think this program is a key part of revitalizing the
24 California economy. And finally, I would indicate that,
25 by reducing homeowner costs of operations, hopefully that

1 that will help some of our citizens deal with the
2 economic stress at this time, and perhaps keep some in
3 the housing. So, I think it's important that we move
4 today on this program.

5 CHAIRMAN DOUGLAS: Thank you, Commissioner
6 Weisenmiller. Commissioner Boyd?

7 VICE CHAIR BOYD: Well, my fellow Commissioners
8 have said a lot of the good things. I would just
9 reference once again the loading order that has been in
10 existence for quite some time now, between ourselves and
11 the other energy agencies, as Commissioner Weisenmiller
12 said, efficiency is job 1 in California. The IEPR has
13 consistently echoed that same message on the years that
14 it has published, and the latest IEPR did identify
15 buildings as a major target. And this program has done
16 that. And maybe very important to me is the idea of
17 creating partnerships that, as we step out and in the
18 process of designing this program and all of its initial
19 elaborations and forms, a greater collaborative, I would
20 say, of this agency and local governments has been
21 formed; I think it will set a trend for the future of
22 public agency partnerships that will move our agenda as
23 we try to meet our needs, we try to do it in the most
24 efficient and cost-effective way possible, and efficiency
25 is that way, which will lead over time, I think, to a

1 lowering of the cost of electricity to Californians and
2 California business in lieu of doing some of the more
3 conventional things that one has to fall to if efficiency
4 doesn't work. So I think this is a great program and,
5 with the passage of time, even though it has been
6 delayed, it has just gotten better and better, and it is
7 definitely time to launch and take advantage of the
8 partnership of Federal, State, and local monies, and
9 State and local efforts that are available to us now.
10 So, I too am very much in support of the action proposed
11 here today.

12 CHAIRMAN DOUGLAS: Thank you, Commissioner
13 Boyd. And I wanted to make a few brief comments, as
14 well, and I hope the representatives of the public and
15 the local governments who have called in are still on the
16 phone. I think one of the most exciting things about
17 this program is that it establishes a statewide
18 infrastructure and standardization for retrofits,
19 workforce training, and standards and approaches, and
20 language, and marketing, and so on, so that we can reduce
21 consumer confusion, reduce duplication, get to scale
22 statewide, and at the same time, the program
23 infrastructure is able to capitalize on and then
24 facilitate the localized energy and the local governance,
25 the local community groups, who are really going to make

1 this work, and I really see this as a statewide
2 infrastructure that facilitates decentralized action,
3 decentralized innovation, throughout the State, and we
4 are tremendously blessed to have the incredible talent
5 and innovation and energy to change and to reduce
6 greenhouse gases, and to find ways to improve our
7 building stock and retrofit our building stock, and make
8 this program work. Different regions are going to use
9 different strategies to some degree, but they will all
10 benefit from the basic program infrastructure and support
11 that we can provide through Energy Upgrade California.
12 So, it's a great way to support local governments and to
13 bring ARRA benefits, the Recovery Act, to Californians
14 throughout the State, where they live and where they
15 work.

16 I wanted to make a brief comment back on the
17 issue of the contractor. I am incredibly pleased to be
18 working with the Local Government Commission and the
19 Treasurer's Office. The Local Government Commission
20 brings a tremendous amount of institutional knowledge and
21 connections to this project. The Treasurer's Office has
22 been a great partner of the Energy Commission in a number
23 of different areas. I think it will be a great partner
24 for us here. I do want to say that us moving away from
25 CSCDA is not a statement on their ability, they would

1 have successfully implemented this program, as well, but
2 I think it was an issue of mutual agreement that we moved
3 on, and we've found two really great entities to work
4 with, in the implementation of this contract. So we've
5 heard from the public, I think we've heard from all the
6 Commissioners here today. Would anyone like to say
7 anything more, or make a motion?

8 COMMISSIONER EGGERT: I will move approval of
9 the item.

10 VICE CHAIR BOYD: Second.

11 CHAIRMAN DOUGLAS: All in favor?

12 (Ayes.)

13 All right, Item 17 has been approved.

14 MR. BARTHOLOMY: Thank you, Commissioners.

15 CHAIRMAN DOUGLAS: Thank you, Mr. Bartholomy.

16 Commissioners, it would be my opinion Items 18 and 19
17 have been rendered moot from our action on Item 17.

18 Would any of you like to discuss Items 18 or 19 in any
19 way? Or shall we leave those unacted upon?

20 COMMISSIONER EGGERT: Maybe just a question of
21 clarification. So, as I understand the partnership with
22 the State Treasurer's Office with respect to the
23 financing aspect of this, it will be incorporated into
24 the contract with the Local Government Commission. Is
25 that correct?

1 CHAIRMAN DOUGLAS: Mr. Bartholomy?

2 MR. BARTHOLOMY: Yes, Commissioner Eggert. The
3 California Alternative Energy Transportation Fuels
4 Authority will be a subcontractor under the Local
5 Government Commission. They have confirmed this and they
6 will be bringing forward their responsibilities under
7 this contract to their Board on November 17th for
8 approval.

9 COMMISSIONER EGGERT: Thank you very much. No
10 further questions.

11 VICE CHAIR BOYD: May I ask for advice from our
12 Counsel? Do we, a) take no action, or b) take an action
13 to remove these items from the Commission agenda as no
14 longer necessary?

15 MR. LEVY: You may just table them indefinitely
16 if you like. They were back-up proposals. In fact, all
17 three of these were back-up proposals to the CSCDA
18 contract and they were put on the agenda for your
19 consideration in contemplation of CSCDA not going
20 forward. So these would be back-up proposals that are
21 not necessary.

22 CHAIRMAN DOUGLAS: All right. Then, on
23 Counsel's advice, with no objection, we will table Items
24 18 and 19 and do not expect to ever revisit them. Very
25 well - counsel?

1 MR. LEVY: Yes, before you adjourn,
2 Commissioners, I just wanted to give a special
3 acknowledgment to somebody who is not here today, but in
4 view of the efforts, the actions of FHFA, which
5 completely derailed the PACE Program that underlies this
6 effort originally, that was strongly endorsed by the U.S.
7 Department of Energy, it took a monumental effort to
8 change courses on such a short period of time, to go from
9 a PACE-based effort to the one that you've just approved
10 today, and the primary architect behind that, aside from
11 Mr. Bartholomy was Chief Deputy Director Claudia
12 Chandler, who as you know is not here today, and I think
13 she deserves special acknowledgement for her tenacity,
14 her ingenuity, and her creativity, in making sure that we
15 were able to take this money and use it timely for the
16 benefit of the State, for energy efficiency.

17 CHAIRMAN DOUGLAS: Thank you, Mr. Levy. I
18 wholeheartedly agree with that statement. I think that
19 if I had to go through the list of all of the people who
20 we ought to thank for getting us to where we are today,
21 we'd probably still be here tonight. But I will thank
22 the staff who worked on the original 401 solicitation,
23 and who worked mightily to change course when FHA made
24 our initial course impossible. So, I see some of the
25 staff who really deserve our acknowledgement here today

1 and I also would like to thank the Governor's Office,
2 especially the Recovery Task Force for its longstanding
3 support of our agency and our vision and our efforts to
4 timely encumber Recovery Act funds.

5 VICE CHAIR BOYD: If I might just build on your
6 compliments to staff, the public wouldn't understand or
7 appreciate the feelings we have for the incredible effort
8 for this that was made in a very short period of time,
9 both over the long range in formulating the original
10 program and its successors, and in particular, the last
11 couple of weeks with respect to the steps that had to be
12 taken to keep this moving forward. Unmatched in a long
13 time in terms of the midnight oil burning down here on
14 weekends and what have you, so, again, hats off to staff
15 for an absolutely incredible loyal and dedicated job that
16 they undertook in reference to where we are today. So,
17 my thanks, and I'm sure, the thanks of all Commissioners.

18 CHAIRMAN DOUGLAS: Commissioner Eggert.

19 COMMISSIONER EGGERT: I have to echo that. It
20 is just a remarkable effort that's been put forth, I
21 think particularly because there were a lot of other
22 paths available to us early in the process that would
23 have led to a much more quick expenditure of the funds,
24 that would have already been spent, and we'd be on our
25 merry way. But, I think what the staff recognized was an

1 opportunity to create something that would be lasting,
2 lasting well beyond the end date of the ARRA program,
3 basically putting forth a proposal that creates an
4 institutional infrastructure that will persist and
5 provide savings and significant economic benefits to the
6 State, well beyond and well in excess of what would have
7 accrued if we'd just spent it on a number of other areas.
8 So, I think it's a remarkable effort both in terms of how
9 they've been able to adapt to challenges and changing
10 conditions, but also, I think, just even some of the
11 original vision for what we could actually do with these
12 funds, I think, is really just a testament to the
13 dedication and the ingenuity of our staff. So -

14 COMMISSIONER WEISENMILLER: Yeah. I think this
15 has certainly been a very challenging time for the agency
16 and I think the good news is that people have responded
17 to those challenges, and I think, just as when one looks
18 back to the darkest days of the Depression, was when
19 basically we came out of it with the Bay Bridge, the
20 Golden Gate Bridge, Hoover Dam, you know, essentially
21 laid the foundation for our society now. But I think
22 we've taken this money, as the Chair pointed out, really,
23 we could have just at some point dug holes and refilled
24 them, but instead have really put in place the
25 infrastructure to move the State forward. And certainly,

1 the staff effort has been extraordinary, and I think all
2 of us certainly acknowledge that Claudia, in her
3 leadership role there, has kept that going and helped us
4 overcome any number of unexpected obstacles.

5 CHAIRMAN DOUGLAS: Thank you, Commissioner
6 Weisenmiller. And I think, for the record, I will
7 explain my dig holes and refill them comment. When this
8 effort - when the Energy Commission began in our effort
9 to administer ARRA Act funds, we were under such
10 tremendous time pressure to spend the money quickly,
11 quickly, quickly, immediately, immediately, immediately,
12 and both from the Legislature and from the Governor's
13 Office, and the then new Recovery Task Force, and there
14 was an expectation that we would spend the money quickly,
15 and we did, at least for us - we did guidelines, we
16 created a portfolio of programs, some of those programs
17 were what we called Quick Strike where we got the money
18 out very quickly through existing mechanisms, we quickly
19 got money to the Department of General Services, which
20 has managed to encumber all of that money in a Revolving
21 Loan Fund, we used the existing ECAA Program where we did
22 a really visionary, I think, workforce training program
23 that began in partnership with the entities that know
24 what they're doing and have done workforce training for a
25 long time. But we also saw an opportunity to do more and

1 to implement a vision that would take a little longer to
2 get going, but that would create a lasting infrastructure
3 and lasting benefits in the retrofit area, which is
4 something that we have been wanting to make progress in
5 for so long and that we are now, under statutory
6 obligation, to make progress in. And so, it was really
7 the vision of the Commission and staff who are charged
8 with moving forward with the Statewide Retrofit Program
9 that we are fulfilling with this action today.

10 **[Recording ends here]**

11 (Whereupon, at 2:49 p.m., the business meeting was
12 adjourned.)

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