



Commissioners Present

Robert B. Weisenmiller, Chair  
James Boyd  
Karen Douglas  
Carla J. Peterman

Staff Present:

Michael Levy  
Rob Oglesby  
Jennifer Jennings  
Lynn Sadler  
Harriet Kallemeyn  
Jamie Patterson  
Marcia Smith  
Le-Quyen Nguyen  
Kourtney Vaccaro  
Anthony Ng  
Drew Bohan

	Agenda Item
Eric Solorio	3
Pierre Martinez	4
Tony Wong	6 & 7
Jamie Paterson	8
Marcia Smith	9 & 10
Le-Quyen Nguyen	11
Lorraine Gonzalez	12
Anthony Ng	16

**Also Present**

Interested Parties

	<u>Item #</u>
Ella Foley Gannon	
Rick Neff, Quail Brush	3
Brian Biering, on behalf of Rio Mesa Solar Project	4
Jim Blatchford, California ISO	8
C.P. Van Dam, University of California, Davis	8
Bob Raymer, California Building Industry Association	11

Public Comment

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Leonard Miller, Richmond America	11
Nina Rizzo, Sun Light & Power	11
Bill Scott, Solar Solutions	11
Rachel O'Brien, Distributed Wind Energy Association	11
Terry Carlone, Synergex Ventures	11
Patrick Splitt, App-Tech	

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Proceedings

Items

1. CONSENT CALENDAR 11
- a. State Controller's Office, Division of Audits. Possible approval of Amendment 6 to Contract 200-98-012 with the State Controller's Office, Division of Audits, to perform Public Interest Energy Research (PIER) Royalty Payment Verification Engagements. On an as-needed basis, the State Controller's Office will review PIER royalty payments received by the Energy Commission. There will be no increase in funding or time extension with this amendment. (PIER funding.)
  - b. Inter-Con Security Systems, Inc. Possible approval **POSTPONED** of Amendment 8 to Contract 200-07-004 with Inter-Con Security Systems, Inc. to extend the term from January 1, 2012 to June 30, 2012, and add \$110,000 to the contract for unarmed security guards at the Energy Commission. The amendment is necessary due to ongoing negotiations for the Master Service Agreement with the California Highway Patrol. (ERPA funding.)
  - c. California Institute of Energy and Environment. Possible approval of Amendment 1 to Contract RMB 200-10-006 with the Regents of the University of California, California Institute of Energy and Environment (CIEE) to extend the existing tenant agreement at 1500 5th Street, Third Floor in Sacramento. Changes include a one-year term extension, and space and nominal fee reduction as CIEE is no longer renting conference room space. (Reimbursement funding.)

## Items

1. CONSENT CALENDAR (Continued).
  - d. City of Seaside. Possible approval of Amendment 1 to Agreement 023-09-ECE-ARRA with the City Seaside for a change of scope and a time extension to March 31, 2012. The project is to replace a 40-year-old boiler and upgrade streetlights to higher efficiency induction and/or LED lamps. The city originally proposed retrofitting streetlights with induction lamps. This amendment will not change the project cost, loan amount, energy cost savings, or payback period. (ARRA funding.)
  - e. County of Alameda. Possible approval of Amendment 1 to Grant Agreement PIR-08-039 with the County of Alameda to extend the term of the agreement to March 31, 2014. Santa Rita Jail researchers plan to install and demonstrate demand response using an advanced energy storage battery. A two-year data monitoring project will be completed in February 2014. There is no change to the total grant amount of \$1,983,555. (PIER electricity funding.)
  - f. Lippman Consulting. Possible approval of Purchase Order 11-445.03-004 for \$50,000 to Lippman Consulting for subscription renewal for one year from October 1, 2011 to September 30, 2012. This subscription allows Energy Commission staff access to two databases that contain up-to-date information on natural gas production and pipeline gas flows in the United States, Canada and Mexico. This data is used to develop analyses related to the Integrated Energy Policy Report. (ERPA funding.)
  - g. Administrative Subpoena. Possible approval of **POSTPONED** modifications to an existing administrative subpoena directing the California Independent System Operator (CA ISO) to provide data needed to evaluate generation and transmission outages, congestion, must-offer waivers, and load, to assist Energy Commission staff in assessing electric system adequacy.

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2. Energy Commission Committee Appointments. Possible approval of appointments to the Energy Commission's Standing Committees and Siting Case Committees.	<b>POSTPONED</b>
3. QUAIL BRUSH GENERATION PROJECT (11-AFC-3).	13
a. Possible adoption of the Executive Director's data adequacy recommendation for the Quail Brush Generation Project, a nominal 100-megawatt intermediate/peak load serving facility that would employ a set of eleven (11) natural gas-fired, reciprocating Wartsila engine generators. The project is proposed to be located on a 21-acre parcel in the City of San Diego west of the City of Santee, south of the Sycamore Landfill, and north of State Route 52.	
b. Possible appointment of a siting committee for the Quail Brush Generation Project.	
4. Rio Mesa Solar Electric Generating Facility (11AFC-4).	18
a. Possible approval of the Executive Director's data adequacy recommendation for the proposed Rio Mesa Solar Electric Generating Facility. The project consists of three 250-MW solar plants each surrounded by approximately 85,000 heliostats that focus the sun's rays on a solar receiver atop a 750-foot-tall tower. The project is proposed on the Palo Verde Mesa in Riverside County, California, 13 miles southwest of Blythe and is located partially on public land and partially on private land.	
b. Possible appointment of a siting committee for the Rio Mesa Solar Generating Facility.	
<del>5. COSUMNES POWER PROJECT (01 AFC 19C). Possible approval of a petition to amend the Cosumnes Power Project to allow for a change in fuel supply and modifications to WATER RES 1 to maximize generation on high temperature days due to changes in water supply quality.</del>	<b>POSTPONED</b>

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6. Quantum Energy Services & Technologies. Possible approval of Amendment 1 to Contract 400-09-011 with Quantum energy Services & Technologies to reallocate \$20,000 from Task 2 (Project Marketing) to Task 2.8 (Rebate Processing) and authorize an increase of up to \$250,000 above the original contract amount should American Recovery and Reinvestment Act (ARRA) funding become available. The amendment will fund additional projects that reduce energy costs for Oakland businesses. The amendment does not extend the contract period. (ARRA funding.)	20
7. Cohen Ventures, Inc. dba ENERGY SOLUTIONS. Possible approval of Amendment 1 to Contract 400-09-012 with Cohen Ventures, Inc., dba Energy Solutions to reallocate \$100,000 from various tasks to project financing (Task 2.6) and to authorize up to \$750,000 above the original contract amount should American Recovery and Reinvestment Act (ARRA) funding become available. The amendment will fund additional projects that are on a waiting list. The amendment does not extend the contract period. (ARRA funding.)	24
8. University of California Davis. Possible approval of Contract 500-11-009 for \$398,662 with the Regents of the University of California on behalf of the Davis Campus to implement an analytical wind ramp event prediction tool for the California Independent System Operator. Match funding of \$109,364 is being provided. (PIER electricity funding.)	29
9. The Solaria Corporation. Possible approval of Amendment 2 to Agreement 009-10-CEB to increase the loan amount by \$2,231,878, from the previously approved \$2,768,122 to the maximum amount of up to \$5 million, using American Recovery and Reinvestment Act - State Energy Program funds.. The additional loan funding will be used to purchase equipment designed to increase annual manufacturing capacity by an estimated eight megawatts and improve cost-competitiveness at Solaria's Fremont, California facility. (ARRA funding.)	34

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10. Morgan Solar Inc. Possible approval of Amendment 1 to Agreement 008-10-CEB to increase the amount of a loan to Morgan Solar Inc. by \$1,695,000, from the previously approved \$3,305,000 to the maximum amount of up to \$5 million, using American Recovery and Reinvestment Act - State Energy Program funds. The additional loan funding will be used to purchase equipment designed to further increase annual manufacturing capacity by an estimated six megawatts and enable increased long term investment by Morgan Solar in the Chula Vista, California area. (ARRA funding.)	45
11. New Solar Homes Partnership Program Waiting List. Possible approval to establish a waiting list for the New Solar Homes Partnership (NSHP) and criteria for processing and disposing rebate applications from the waiting list. Since August 2011, the Energy Commission has seen a surge in the number of rebate reservations for NSHP funding. Due to this temporary increase in program activity, the amount of funding requests will exceed program funds available at this time.	48
12. Renewable Energy Program 2011 Annual Report. Possible approval of the <i>Renewable Energy Program 2011 Annual Report to the Legislature</i> and its associated Appendix. The <i>2011 Annual Report</i> summarizes the results and accomplishments of the Renewable Energy Program's activities and status of funding for the period July 1, 2010 through June 30, 2011. The <i>2011 Appendix</i> contains detailed project descriptions, statistics, and financial data; it also lists facilities certified or pre-certified as Renewable Portfolio Standard (RPS) eligible in fiscal year 2010/2011, and RPS contract activities in FY 2010/2011 for California's large investor-owned utilities.	82
13. <del>Energy Aware Planning Guide. Possible approval of a Web tool version of the Energy Aware Planning Guide approved by the Energy Commission in February 2011 to assist regional and local jurisdictions to make land use choices that reduce energy consumption and greenhouse gas emissions. Contact: Bill Pfanner. (15 minutes) (To be heard a later date.)</del>	<b>POSTPONED</b>

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14. Calico Solar Project Complaint and Investigation. (11-CAI-01). Possible adoption of the assigned committee's proposed decision on BNSF Railway Company's Verified Complaint to Revoke Certification and Patrick C. Jackson's related request for investigation.	<b>POSTPONED</b>
15. Ridgecrest Solar Power Project. (09-AFC-09). The Commission will hold a closed session pursuant to Section 11126(c)(3) of the Government Code, to deliberate on the decision to be made in response to Applicant's Motion for Order Affirming Application of Jurisdictional Waiver pursuant to Section 25502.3 of the Public Resources Code. No action will be taken by the Commission on this date.	<b>POSTPONED</b>
16. Emerging Renewables Program Guidebook. Possible adoption of proposed revisions to the <i>Emerging Renewables Program Guidebook</i> , Eleventh Edition. The guidebook describes the requirements to receive incentives for installing eligible fuel cell systems and small wind generating systems located in specified investor-owned utility territories.	89
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b. <i>Public Utilities Commission of California</i> (Federal Energy Regulatory Commission, Docket No. EL10-64-000); <i>and Southern California Edison Company, et al.</i> (Federal Energy Regulatory Commission, Docket No. EL10-66-000);	
c. <i>BNSF Railway Company v. US Department of Interior, California Energy Commission</i> (U.S. District Court Central District of California-Riverside, CV 10-10057 SVW (PJWx));	

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P R O C E E D I N G S

NOVEMBER 16, 2011

10:08 a.m.

CHAIRMAN WEISENMILLER: Good morning. Let's begin today's Business Meeting with the Pledge of Allegiance.

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

CHAIRMAN WEISENMILLER: Good morning. Let me set the context for the meeting in terms of some adjustments on the schedule. First thing is that we're actually going to have an announcement by the Executive Director. In terms of Items on the Agenda today, first let me walk through the ones that are pulled. On the Consent Calendar Items B and G are pulled. Similarly, continuing along, Item 2 is pulled until the next meeting. Item 5 is pulled. Item 13 is pulled. Item 14 we'll deal with at the next Business Meeting and Item 15 also to be dealt with at the next Business Meeting.

In addition, for this Consent Calendar we're actually going to deal with the Consent Calendar three times or as three separate sections. First of all, we will deal with Item A, D and E and then we will deal with Item C and then we will deal with Item F.

So with that clarification.

1                   COMMISSIONER BOYD: All right, Mr. Chairman.  
2 Let me try to sort this out as has become the Vice  
3 Chairman's chore. I move approval of the Consent  
4 Calendar for Items 1A, D and E.

5                   COMMISSIONER PETERMAN: I'll second.

6                   CHAIRMAN WEISENMILLER: All those in favor?

7                   (Ayes.)

8                   COMMISSIONER BOYD: Now we have to deal with  
9 Item 1C.

10                  COMMISSIONER PETERMAN: I'll need to recuse  
11 myself from Item 1C due to a previous financial  
12 arrangement with subsidiary of CIEE. Thanks.

13                  COMMISSIONER BOYD: With that proviso, I  
14 will move approval of Item 1C.

15                  COMMISSIONER DOUGLAS: Second.

16                  CHAIRMAN WEISENMILLER: All those in favor?

17                  (Ayes.) This Item also passes.

18                  COMMISSIONER BOYD: Item 1F.

19                  CHAIRMAN WEISENMILLER: Item 1F. I'm going  
20 to recuse myself from this. I'm not financially  
21 affected by the arrangement with Lippman Consulting  
22 but I do have a relationship with them and it seems to  
23 be easier to make sure there's no question in anyone's  
24 mind for me to recuse myself. So I'll be back.

25                  COMMISSIONER BOYD: All right. With that

1 proviso, I move approval of Item 1F.

2 COMMISSIONER DOUGLAS: Second.

3 COMMISSIONER BOYD: All in favor?

4 (Ayes.) Motion carries 3-0.

5 Welcome back, Commissioner Chairman.

6 [LAUGHTER]

7 CHAIRMAN WEISENMILLER: Thank you. Let's go  
8 onto Item 3. Quail Brush Generation Project. 11-AFC-  
9 3. Eric?

10 Oh, excuse me. Your announcement.

11 MR. OGLESBY: Well first let me congratulate  
12 the Commission for negotiating and navigating a  
13 complex Agenda for today's meeting.

14 I wanted to announce the appointment of a  
15 new Chief Deputy Director. I'm very pleased and proud  
16 to announce that Drew Bohan has agreed to work with  
17 us. This is about his tenth day on the job. Drew  
18 previously served as the Executive Director to the  
19 Commission on State Mandates and previously his public  
20 service included stints as Chief Counsel for the  
21 Department of Conservation, Executive Policy Officer  
22 for the California Ocean Protection Council, Deputy  
23 Cabinet Secretary and Assistant Secretary at CalEPA.

24 He was the Executive Director of Santa  
25 Barbara Channel Keeper and served as Senior

1 Legislative Counsel to the Republic of Palau National  
2 Congress.

3           With that as a brief review of his many  
4 accomplishments – he also was an attorney in the  
5 private sector. I’m very, very pleased to announce  
6 that we have Drew Bohan joining us as Chief Deputy  
7 Director. And Drew, you may want to say hello or –

8           MR. BOHAN: I just want to say thank you for  
9 having me. It’s an honor to be here. I’ve met with  
10 each of you now and we’ll have many more in the  
11 future. Thank you very much.

12           CHAIRMAN WEISENMILLER: Thank you for  
13 joining the Energy Commission. We certainly  
14 appreciate your willingness to help us. We’re looking  
15 forward to the opportunity to work with you going  
16 forward in the future.

17           COMMISSIONER BOYD: Congratulations, Drew.  
18 That résumé should partially prepare you to deal with  
19 what the Energy Commission finds itself having to deal  
20 with and I say that from personal experience that  
21 we’ve shared together a little. In any event,  
22 congratulations. You’re very much appreciated and  
23 look forward to your tenure here long after I’ve left.

24           COMMISSIONER DOUGLAS: Welcome on board  
25 Drew. It’s great to have you here.

1 COMMISSIONER PETERMAN: Welcome.

2 CHAIRMAN WEISENMILLER: Okay. So let's go  
3 back to the normal, regular Agenda. So Item 3. Eric.

4 MR. SOLORIO: Yes. Good morning, Chairman.  
5 Commissioners. I'm Eric Solorio. Staff's Project  
6 Manager assigned to the Quail Brush Generation  
7 Project. I'm going to provide a brief description of  
8 the project followed by the results of staff's data  
9 adequacy review and the Executive Director's  
10 recommendation.

11 The proposed Quail Brush Generation Project  
12 is a nominal 100-MW, intermediate and peaking load  
13 facility that would operate up to 3,800 hours per year  
14 using natural gas-fired reciprocating engine  
15 technology. The project would be located west of the  
16 City of Santee, south of the Sycamore Landfill and  
17 north of State Route 52 in the City of San Diego.

18 On August 29, 2011 Quail Brush Genco, LLC.  
19 submitted an application for certification to  
20 construct and operate the project. At the October 5,  
21 2011 Business Meeting the Commission found the AFC to  
22 be data inadequate. On October 26 the applicant filed  
23 a supplement to the AFC. Staff has completed its data  
24 adequacy review of the supplemental information  
25 together with the original AFC and has determined that

15

1 it now meets all of the requirements listed in Title  
2 20, California Code of Regs. Therefore, staff is  
3 recommending the Commission accept the AFC as complete  
4 and assign a Committee. Thank you.

5 CHAIRMAN WEISENMILLER: Thank you.

6 MS. FOLEY GANNON: Good morning, Chairman  
7 and Commissioners. My name is Ella Foley Gannon. I'm  
8 Counsel to the applicant and with me is Rick Neff from  
9 Quail Brush.

10 We would like to thank staff for their work  
11 with us to get to that adequacy over the last bump.

12 We'd like to commend them. They were very responsive  
13 and we are pleased to be here before you this morning.

14 Mr. Neff, would you like to say a few words?

15 MR. NEFF: Yes. Good morning, Chairman and  
16 Commissioners. We'd like to just iterate how  
17 impressed we are with the technical staff and the work  
18 they have done. I know it was barely six weeks ago,  
19 the last time that we sat before you, and at that time  
20 I promised that I would have the responses turned  
21 around the next day. Turns out I missed that by a few  
22 weeks. Nevertheless, we did have an ambitious  
23 schedule and for Mr. Solorio and all of the technical  
24 staff within the department to respond to that. It's  
25 making a stronger project and we look forward to

1 working with you in the future. Thank you.

2 CHAIRMAN WEISENMILLER: Commissioners, any  
3 questions or comments for either the staff or the  
4 applicant?

5 COMMISSIONER BOYD: No questions. Seeing no  
6 questions, I'll move approval of the staff  
7 recommendation.

8 COMMISSIONER DOUGLAS: Second.

9 CHAIRMAN WEISENMILLER: All those in favor?

10 (Ayes.) This Item passes and is approved.

11 Going on to the next Item which will be possible  
12 appointment of a signing committee for Quail Brush  
13 Generation Project. Commissioner Douglas has  
14 graciously agreed to be the presiding member and  
15 Commissioner Peterman has graciously agreed to be the  
16 second member, associate member. So we have a  
17 Committee. I need a resolution on that.

18 COMMISSIONER BOYD: Move approval.

19 COMMISSIONER PETERMAN: I'll second.

20 CHAIRMAN WEISENMILLER: All those in favor?

21 (Ayes.) Passed unanimously.

22 Congratulations.

23 MS. FOLEY GANNON: Thank you.

24 MR. NEFF: Thank you.

25 COMMISSIONER BOYD: Congratulations to the

1 applicant.

2 COMMISSIONER PETERMAN: I'll just add.  
3 Thanks again to staff for quickly moving on this and  
4 glad to hear that the applicant has a good  
5 relationship with staff. We look forward to working  
6 with you on this project.

7 MR. NEFF: Thank you.

8 COMMISSIONER BOYD: We have to be careful  
9 not to overly compliment the staff or they'll form a  
10 cooperative and go out and start building power plants  
11 themselves.

12 CHAIRMAN WEISENMILLER: Okay. So Item 4.  
13 Rio Mesa Solar Electric Generating Facility. This is  
14 11AFC-4. Pierre.

15 MR. MARTINEZ: Good morning. Pierre  
16 Martinez, staff Project Manager for the Rio Mesa Solar  
17 Project. Briefly, the Rio Mesa Solar Project AFC was  
18 submitted on October 14, 2011 by BrightSource Inc.  
19 And the project would comprise of three solar fields  
20 in a common area with shared facilities, encompassing  
21 a total of approximately 5,750 acres.

22 The project is a nominal 750 MW solar  
23 generating facility that includes three 250 MW plants  
24 each with approximately 85,000 heliostats located in a  
25 solar field surrounding a 750 foot solar power tower.

1 The facility is proposed approximately 13 miles  
2 southwest of the City of Blythe in Riverside County.

3 Staff has completed its data adequacy review  
4 of the application for certification and has  
5 determined that it does not meet the requirements  
6 listed in Title 20 of the California Code of  
7 Regulations. Of the 23 technical disciplines reviewed  
8 we believe the information contained in the AFC is  
9 deficient in five areas: air quality, biological  
10 resources, cultural resources, project overview and  
11 water resources.

12 So therefore staff asks the Commission to  
13 find the AFC inadequate and adopt the listed  
14 deficiencies which were filed together with the  
15 Executive Director's data adequacy recommendation on  
16 November 8, 2011.

17 That concludes my remarks.

18 CHAIRMAN WEISENMILLER: Thank you.  
19 Applicant?

20 MR. BIERING: Good morning, Chairman and  
21 Commissioners. My name is Brian Biering. I'm here on  
22 behalf of the applicant. I just wanted to give the  
23 Commission a quick update on where we are on preparing  
24 our responses to the data adequacy request by staff.  
25 We've pretty much responded to all of them and we're

1 prepared to submit that this week.

2           The one outstanding issue is there are  
3 several parcels within the project site that we do not  
4 have a right of entry from the county yet, this county  
5 owned land, and we're working diligently on getting  
6 those right of entries secured and get the cultural  
7 and bio surveys underway as soon as possible. I would  
8 like to note though that the bio surveys will be  
9 delayed by needing to get that done in the spring  
10 windows so that will take some time. But we're  
11 looking forward to working with staff and coming back  
12 before the Commission as soon as possible for data  
13 adequacy recommendation.

14           CHAIRMAN WEISENMILLER: Commissioners, any  
15 questions or comments?

16           COMMISSIONER DOUGLAS: No. No comments.  
17 Just glad to see you here and hopefully we'll see you  
18 in here with data adequacy in the near future.

19           I will move approval of the finding that  
20 this is currently data inadequate.

21           COMMISSIONER BOYD: Second.

22           CHAIRMAN WEISENMILLER: All those in favor?

23           (Ayes.) Passed unanimously. Thank you.

24           As we've said, Item 5 is off the Agenda so  
25 now we're going to Item 6. Quantum Energy Services

1 and Technologies. This is possible approval of  
2 Amendment 1 to Contract 400-09-011 to reallocate  
3 \$20,000 from Task 2 and an increase of up to \$250,000  
4 above the original contract amount. These are ARRA  
5 funds. Tony?

6 MR. WONG: Good morning, Chairman and  
7 Commissioners. My name is Tony Wong. I am with the  
8 Appliances and Processing Energy Office of the  
9 Efficiency and Renewable Energy Division.

10 I'm here today to request approval of the  
11 Quantum Energy Services and Technologies contract to  
12 be augmented with \$250,000 in ARRA funds should the  
13 funds become available and also to use them in a  
14 \$20,000 relocation of the budget.

15 The Quantum Energy Services and Technologies  
16 is an ARRA-funded contract that was selected through a  
17 competitive process approved by the Commission in May  
18 2010 and became effective in August 2010. The  
19 contract program, also known as Oakland Shines  
20 Program, provides assistance in identifying targeted  
21 measures for commercial buildings in the City of  
22 Oakland. And also provides incentives for  
23 implementing the measures, targeted measures include  
24 wireless lighting control, wireless HVAC control, bi-  
25 level lighting in control for parking garages and also

1 refrigerator case LED lightings.

2           The contract has been doing well since  
3 August of this year and Oakland Shines programs has  
4 fully committed \$2.78 million in the original program  
5 incentive budget. The Oakland Shines program has a  
6 waiting list of projects representing about \$400,000  
7 in additional rebate. This funding augmentation would  
8 be used only for incentive for these waiting projects.

9           These 20 projects could be completed prior  
10 to the March 31, 2012 deadline. These projects  
11 include a variety of buildings from mom and pop stores  
12 such as small markets to commercial office buildings.  
13 These projects would save about 1.5 million kW hours  
14 per year. The additional \$250,000 would allow the  
15 program to leverage about \$500,000 in additional  
16 utility incentives and participant funds to complete  
17 these projects.

18           I am requesting the Commission approve this  
19 contract amendment. Happy to answer any questions  
20 that you may have.

21           CHAIRMAN WEISENMILLER: Thank you.

22           Commissioners, any questions or comments?

23           COMMISSIONER DOUGLAS: Just one question,  
24 one clarification. Does the project administrator  
25 have projects lined up for this full amount of money?

1           MR. WONG: They have more than that. They  
2 have about \$400,000.

3           COMMISSIONER DOUGLAS: Okay.

4           MR. WONG: So our waiting list is about 26  
5 projects so it may not be enough to cover all.

6           COMMISSIONER DOUGLAS: Okay. Thank you.  
7 That's good.

8           Commissioners, this is one of our quite  
9 successful projects. This is a project, as you know  
10 called Oakland Shines, is trying to get a very, very  
11 strong uptake of commercial efficiency retrofits  
12 within the downtown Oakland area. It will be a good  
13 opportunity for us to learn about outreach and  
14 outreach that works and how to effectively engage a  
15 pretty diverse constituency within the downtown  
16 Oakland area. And, obviously, Oakland is pretty  
17 heavily hit by the economic recession and by the  
18 economic difficulties that much of the state has  
19 experienced recently. This is a way of helping  
20 businesses and, in many cases small business, be more  
21 competitive by reducing their energy costs. It brings  
22 good leverage numbers so I do recommend this for your  
23 approval. It's a good project.

24           I'll move Item 6.

25           COMMISSIONER BOYD: I'll second the Item and

1 I'm presuming that additional projects means  
2 continuation of or generation of additional jobs for  
3 these folks in addition to helping the businesses  
4 become more economically competitive. So I'm glad to  
5 second the motion.

6 COMMISSIONER PETERMAN: I'll just add being  
7 a previous resident of Oakland over the last few years  
8 I've witnessed some of the revitalization of downtown  
9 and that the efforts of the small businesses are doing  
10 to bring people back to the urban center. And I think  
11 it's great that we're funding projects to reduce the  
12 costs to these businesses and increase their  
13 viability.

14 CHAIRMAN WEISENMILLER: Well, like you said,  
15 I should note that I was a small business owner in  
16 downtown Oakland since '82 and so have certainly seen  
17 a lot of revitalization there and obviously that was a  
18 key part of then Mayor Brown's agenda was to  
19 revitalize the downtown area and with energy  
20 efficiency so this certainly should be very helpful in  
21 dealing with what are real strong needs there.

22 With that we have a motion and a second.  
23 All those in favor?

24 (Ayes.) This passes unanimously. Thanks,  
25 Tony.

1                   Now let's go to Cohen Ventures, Inc. dba  
2 Energy Solutions. And this is an amendment to  
3 reallocate \$100,000 from various tasks to project  
4 financing and to authorize up to \$750,000 above the  
5 original contract amount. This is ARRA funding.  
6 Tony.

7                   MR. WONG: Good morning, again. The Item is  
8 a request for augmentation of the contract with Cohen  
9 Ventures, also known as Energy Solutions, with  
10 \$750,000 ARRA funds should the funds become available  
11 and also reallocate \$100,000 in the existing budget.

12                   Energy Solutions is an ARRA funds contract  
13 that was selected through the competitive selection  
14 process, approved by the Commission in May 2010 and  
15 become effective in August 2010.

16                   The contract provides assistance to identify  
17 targeted energy saving measures for municipal  
18 buildings and to provide incentive for independent  
19 measures. This is a statewide program.

20                   The targeted measure includes wireless  
21 lighting control, wireless HVAC control and bi-level  
22 lighting in control for parking lots and garages.

23                   The contract has been very successful and  
24 the program has fully committed all \$2.5 million of  
25 the original program incentive budget. Energy

1 Solutions has a waiting list of projects representing  
2 about \$1 million additional incentives.

3 The program could use the additional  
4 \$750,000 to fund these additional 28 projects that  
5 could be complete prior to March 31, 2012.

6 These 28 projects are all over the state and  
7 include facilities in cities, counties, Cal State  
8 Universities, University of California campuses and  
9 community colleges. Proposed efficiency measures  
10 include wireless lighting control, wireless HVAC  
11 control and bi-level lighting control for parking  
12 garages.

13 This project would save about 4.9 million kW  
14 hours per year. An additional \$750,000 would allow  
15 the program to leverage \$2.1 million additional  
16 incentives from the utilities and the participant's  
17 funding to complete this project.

18 I'm requesting the Commission to approve  
19 this contract amendment.

20 CHAIRMAN WEISENMILLER: Thank you.

21 COMMISSIONER BOYD: Question, Mr. Chairman.

22 CHAIRMAN WEISENMILLER: Any questions or  
23 comments?

24 COMMISSIONER BOYD: A question, Tony, and it  
25 relates really to both these projects. Again, I'm

1 very favorably disposed to this but they're both  
2 predicated on should ARRA funds become available.  
3 What's the probability of these ARRA funds becoming  
4 available?

5 MR. OGLESBY: Perhaps I should answer that,  
6 Mr. Commissioner. We are actively monitoring all of  
7 the ARRA projects and reallocating funds from the  
8 lower performing program or programs that are  
9 apparently not able to fully utilize their allocation  
10 to projects that are moving their funds more  
11 successfully. In both of these categories, they're  
12 high performers and the funds are available in the  
13 amount that would be able to support this additional  
14 augmentation that's being authorized.

15 COMMISSIONER BOYD: Okay. Thank you. I'm  
16 intrigued by that because I'm aware of other projects  
17 that have indicated to us that should funds become  
18 available they have great opportunities so maybe we  
19 should talk more.

20 CHAIRMAN WEISENMILLER: We should talk but  
21 obviously, as you know, we have incredible pressure  
22 from the legislature and the Governor and everyone to  
23 get the money invoiced and done by the end of March.  
24 And that means we can shift within contracts but  
25 there's no opportunity to say, "Do another RFP" or do

1 anything else but basically find the strong  
2 performers, give them money and shifting it from the  
3 weak performers.

4 MR. OGLESBY: Commissioner, in anticipation  
5 of perhaps a similar comment, I would point out that  
6 we have a couple of Agenda Items coming up that are  
7 also the same type of situation. That we're taking  
8 advantage of companies that could take additional  
9 funds, redirecting funds from other companies that  
10 were unable to fully utilize their funds.

11 COMMISSIONER BOYD: In reading this Agenda  
12 book, I had this question for you yesterday but in our  
13 brief meeting I let it slip through the cracks. So  
14 we'll talk more. Thank you.

15 COMMISSIONER DOUGLAS: So now I've also  
16 looked closely at Item 7 and this is a good project.  
17 This is actually a – it covers a broad reach set of  
18 the state so it's accessible to participants  
19 throughout the state. So I'll recommend and move Item  
20 7.

21 COMMISSIONER BOYD: Second.

22 CHAIRMAN WEISENMILLER: All those in favor?

23 (Ayes.) This passed unanimously. Thanks,  
24 Tony.

25 MR. WONG: Thank you.

1                   CHAIRMAN WEISENMILLER:   Number 8.  
2   University of California Davis. Possible approval of  
3   Contract 500-11-009 for \$398,662 with the Regents of  
4   the University of California. This is a match fund  
5   that's being provided and these are PIER Electricity  
6   funding. Jamie?

7                   MR. PATTERSON:   Good morning, Commissioners.  
8   I am Jamie Patterson. I'm a Senior Electrical  
9   Engineer with the Energy Research Development Division  
10  here at the Commission.

11                  We have before you today a project coming  
12  out of our PIER program that is for a forecast tool  
13  that will primarily be used by the California ISO.  
14  They have identified a need for a wind forecast  
15  product that provides grid operators an advanced  
16  warning of situation in which there's going to perhaps  
17  be a large change of wind power production over a  
18  relatively short time period. These they refer to as  
19  'wind ramps.' So this is a 'wind ramp' prediction  
20  tool.

21                  This particular tool will be a new tool for  
22  the renewable desk that's in their operations room  
23  that will give them a short-term within a two hour  
24  probability forecast of upcoming 'wind ramp' events.  
25  Most tools that are available on the renewable desk

1 are looking out two hours or more currently and they  
2 need a shorter time period tool. Okay.

3 It will also complement much of the other  
4 CEC funded tools that are being tested at the  
5 renewable desk by providing forecast into the data set  
6 that's used to predict the amount of generation that  
7 will be required to provide ramping for the  
8 variability of the wind.

9 Today with me I have Jim Blatchford of the  
10 California ISO. He would like to provide some  
11 comments on this particular project and next to him is  
12 C.P. Van Dam of UC Davis, the researcher who will be  
13 overseeing the project.

14 I request that the project be approved.  
15 It's a good one. Thank you.

16 MR. BLATCHFORD: Thank you, Jamie. Good  
17 morning, Chairman and Commissioners. I am Jim  
18 Blatchford. I am Lead Renewable Integration  
19 Specialist with the California ISO.

20 I first want to thank you and the staff for  
21 allowing me to speak here today to show the ISO  
22 support for the PIER program. We at the ISO believe  
23 that the PIER funded R&D programs like this will have  
24 a direct positive influence on the orderly integration  
25 of renewables into the California grid.

1           As I have addressed the Commission before,  
2 the ISO has a need for wind and solar forecasting  
3 project that provide the grid operators with advanced  
4 warning of situations in which there is a high  
5 probability of a large change in wind power projection  
6 over a relatively short period of time.

7           These types of events, as Jamie has  
8 mentioned, are called 'wind ramps.' What this project  
9 will provide is a probabilistic forecast which will be  
10 useful for the ISO on multiple look-ahead timescales,  
11 with the greatest need on the timescale from 0-6  
12 hours.

13           This forecast is needed to anticipate – the  
14 forecast needed is anticipated to become more urgent  
15 within the next 2-3 years as we grow in the Tehachapi  
16 area therefore it is desirable to have a large ramp  
17 alert system that will meet this need.

18           The effort proposes an approach to address  
19 the need by developing and implementing a 'wind ramp'  
20 event prediction system that is optimized to predict  
21 'wind ramps' in the California ISO control area. The  
22 region's specific weather regimes in Tehachapi, San  
23 Geronimo, Altamont and Solano wind resource areas are  
24 the primary areas of focus. These areas and other  
25 areas in California are being studied due to the

1 unique cause of 'wind ramps' when compared to wind  
2 generation areas in other parts of North America.

3           Again, I thank you for your time and for  
4 considering this, past and hopefully future renewable  
5 forecasting projects for PIER R&D funding. I'd be  
6 glad to answer any questions. Thank you.

7           CHAIRMAN WEISENMILLER: I think we're going  
8 to hold questions until everyone's done their  
9 presentations so if you want to give your presentation  
10 next. Sir? In terms of the research project.

11           PROFESSOR VAN DAM: In case there are any  
12 questions for us.

13           CHAIRMAN WEISENMILLER: Okay.  
14 Commissioners, any questions or comments?

15           COMMISSIONER BOYD: I have no questions. My  
16 comment is that I've followed this activity in the  
17 past and have known the ISO to be very supportive and  
18 we appreciate you being here to express that support  
19 in your overall endorsement of PIER type projects and  
20 programs and research projects past, present and  
21 hopefully future.

22           I know UC Davis quite competent and capable  
23 of handling this effort from past work so I'm prepared  
24 to support this project.

25           MR. BLATCHFORD: Thank you.

1                   COMMISSIONER PETERMAN: I'll echo  
2 Commissioner Boyd's sentiments, welcoming Jim and  
3 thank you so much for being here. You have a  
4 challenging job which will kind of increase in its  
5 difficulty over the next few years as we put even more  
6 renewables on the system. The Energy Commission is  
7 especially interested in and will be looking to, in  
8 2012, how do we minimize integration needs and costs  
9 and this model seems like one of the tools that will  
10 be useful for the ISO and the state going forward in  
11 terms of trying to do some predictive work. So I'm  
12 also very supportive.

13                   CHAIRMAN WEISENMILLER: I was just going to  
14 note that in the Spring when – the Executive Director  
15 of the ISO, Steve Berberich, and I did a joint press  
16 conference on sort of the summer outlook and also sort  
17 of dedication of the new building. One thing Steve  
18 had mentioned was that at that time we had reached the  
19 maximum amount of wind production in the California  
20 grid, it was about 2,400 MWs on a particular Saturday,  
21 and, of course, since then I hope it's gone up but one  
22 Saturday afternoon within an hour the wind production  
23 had dropped by 800 MWs –

24                   MR. BLATCHFORD: Yes, sir.

25                   CHAIRMAN WEISENMILLER: And presumably it

1 went back up by 800 MWs within another hour. So it  
2 was a good illustration of the range of variability  
3 we're going to see going forward. These types of  
4 tools are going to be important, as Carla said, to  
5 really minimize the cost and allow us to integrate the  
6 renewables but keep the system very reliable and keep  
7 costs under control. So, again, certainly thank you  
8 for being here and as we all said, we appreciate the  
9 ISO's strong support on the PIER reauthorization  
10 issues.

11 COMMISSIONER BOYD: With that, I'm prepared  
12 to move approval of the Item.

13 COMMISSIONER PETERMAN: I'll second.

14 CHAIRMAN WEISENMILLER: All those in favor?

15 (Ayes.) This Item passed unanimously.

16 Thanks, Jamie. Thanks for being here.

17 MR. BLATCHFORD: Thanks.

18 CHAIRMAN WEISENMILLER: Next Item is number  
19 9, the Solaria Corporation. Possible approval of  
20 Amendment 2 to Agreement 009-10-CEB to increase the  
21 loan amount by \$2,231,878, from the previously  
22 approved \$2,768,122 to the maximum amount of up to \$5  
23 million, using ARRA funds. Marcia?

24 MS. SMITH: Good morning, Chairman and  
25 Commissioners. My name is Marcia Smith and with me

1 today is Jacob Orenberg and we work in the Fuels and  
2 Transportation Division, Special Projects Office on  
3 the Clean Energy Business Financing Program.

4           Agenda Item number 9 is the possible  
5 approval of an Amendment to increase the Solaria  
6 Corporation's CEBFP loan to the maximum allowable  
7 amount of \$5 million.

8           Solaria was originally approved at the  
9 September 15, 2010 Business Meeting for an amount of  
10 \$753,992 of a CEBFP loan to purchase and install  
11 equipment to manufacture concentrated photovoltaic  
12 solar cells at their Fremont, California facility.

13           On December 29, 2010 the Commission  
14 increased the loan to Solaria's full requested amount  
15 of \$2,768,122 when additional ARRA State Energy  
16 Program funds became available.

17           Recently when another CEBFP borrower  
18 withdrew from the program and additional funds became  
19 available, Solaria requested a loan increase to the  
20 maximum allowable limit of \$5 million to purchase  
21 additional manufacturing equipment to further increase  
22 annual production by an estimated 8 MWS and improve  
23 the cost effectiveness at their Fremont manufacturing  
24 facility.

25           The SEP guidelines and the CEBFP program

1 announcement specific a maximum loan amount of \$5  
2 million and that eligible high scoring applications  
3 that pass all criteria are given priority for funding  
4 based on point scores. This request meets these  
5 requirements. The State Assistance Fund for  
6 Enterprise Business and Industrial Development  
7 Corporation, otherwise known as SAFE-BIDCO, is the  
8 CEBFP financial consultant that both underwrote the  
9 original Solorio loan and performed the due diligence  
10 for this requested augmentation of \$2,231,878.

11           SAFE-BIDCO analyzed the cash flow collateral  
12 and capacity of Solaria. This information along with  
13 historical, current and projected financial  
14 information was provided to the SAFE-BIDCO Loan  
15 Committee for review which unanimously approved the  
16 augmentation on September 22, 2011.

17           In an Action Memorandum to the Commission  
18 staff dated October 5, 2011 SAFE-BIDCO recommends the  
19 Energy Commission approve this augmentation.

20           CEBFP staff reviewed the information  
21 submitted by SAFE-BIDCO and concurs with this  
22 recommendation.

23           Staff requests the Commission approve Item 9  
24 to augment agreement number 009-10-CEB with the  
25 Solaria Corporation by \$2,231,878 for a total CEBFP

1 loan amount of \$5 million. Thank you.

2 CHAIRMAN WEISENMILLER: Thank you.

3 Commissioners, any questions or comments?

4 COMMISSIONER BOYD: Comment, Mr. Chairman.

5 I think I would be remiss and we would as a Commission  
6 by not discussing a little bit more the due diligence  
7 and safe guards issue in light of the universal  
8 concerns expressed of late about government loans to  
9 similar type industries and I very much appreciate Ms.  
10 Smith's recitation of the due diligence efforts by  
11 SAFE-BIDCO and their assurances to this Agency that  
12 they recommend this proposal. I think it needs to be  
13 emphasized in the record that this body is very keen  
14 with regard to its concern about this subject area.  
15 These type projects will get an extraordinary amount  
16 of scrutiny in light of other events. In the case the  
17 case of an awfully similar named organization that's  
18 not too far down the road from this organization.

19 I would just like to ask Ms. Smith and the  
20 staff to assure us that you've done your own due  
21 diligence with regard to the recommendation from SAFE-  
22 BIDCO relative to their due diligence effort and  
23 you're obviously comfortable in recommending this to  
24 us but, I think, we need a recitation of your comfort  
25 with regard to safeguards that are in place, due

1 diligence that this Agency has done; and I would make  
2 note that this is a paltry sum of money compared to  
3 that that's of great concern to others but I think our  
4 record should reflect a bit of discussion about this  
5 issue.

6 MS. SMITH: Thank you for making that point.  
7 We have indeed been much more diligent in reviewing  
8 all financial information and asking questions of our  
9 financial advisors so that our comfort level is at a  
10 high level. And I can assure you of that.

11 I think it's also worth noting that Solaria  
12 has actually employed at least a few of the laid off  
13 Solyndra employees at their facility so that's a  
14 positive that did come of this.

15 COMMISSIONER BOYD: The shaft of light in an  
16 otherwise dark -

17 MS. SMITH: A little one.

18 [LAUGHTER]

19 COMMISSIONER BOYD: Thank you very much.

20 COMMISSIONER DOUGLAS: Commissioners, I  
21 wanted to make a couple of comments. First, as I did  
22 the last time Solaria appeared on our Business Meeting  
23 Agenda, I wanted to disclose that I'm a Board Member  
24 of SAFE-BIDCO. The Energy Commission has a statutory  
25 board seat on the SAFE-BIDCO Board and so we are by

1 statute one of their Board Members. I agreed to fill  
2 that seat not too terribly long ago. I phoned into my  
3 first meeting not too long ago and will phone into my  
4 second in the near future.

5 In any case, I'm not on the Loan Committee.  
6 I don't talk to SAFE-BIDCO about any of these issues  
7 aside from the fact that we want their best financial  
8 advice and have gotten it.

9 I also wanted to note that I have been  
10 impressed with the due diligence that staff has been  
11 doing. While we do not have the financial expertise  
12 to do financial due diligence staff has done site  
13 visits, staff has been in constant contact with all of  
14 the recipients of these loans, has followed up very  
15 quickly on any issues that have arisen, definitely  
16 raised issues to me whenever they have come up  
17 certainly on some of the applicants.

18 Solaria has been very good to work with and  
19 I actually did have an opportunity to see their  
20 facility and it's an impressive technology and it's an  
21 impressive facility.

22 That said, of course we always know that  
23 when we venture into this world of loans to private  
24 companies in a competitive market and, furthermore, a  
25 competitive market in which there are also government

1 players who are putting their own money behind  
2 government companies in some cases in amounts that  
3 quite significantly dwarf the small amount we're  
4 talking about today. We know that there are risks.

5           To me the reason to be in this field and the  
6 reason to do this is, first of all, that we have the  
7 opportunity to help create jobs in the private sector  
8 and help create jobs here in a leading industry and,  
9 furthermore, that this is an area where California  
10 should and can lead. We've got a very strong foothold  
11 in the solar industry here in California, not only  
12 deployment of solar panels which, by the way, are  
13 still relatively heavy and relatively fragile so there  
14 is a good reason to manufacture them close to the  
15 market.

16           Also because this is where so much of the  
17 research and development and innovation that is  
18 driving down costs – is doing more to drive down cost  
19 than subsidies than anything else can do is occurring.  
20 It's here. There's so much of that here in California  
21 and our PIER funding has been a part of that as well  
22 to our pride when we look at some of the PIER  
23 recipients and what they've been able to do with this  
24 funding.

25           So I say that to say that while there is

1 always some inherent risk involved in loans to private  
2 companies this is a good one and California has a real  
3 opportunity in this field. We've got very strong  
4 companies in this field and so I don't think that we  
5 should shy away from it. Although I do think that, as  
6 I said, there is risk and we can take reasonable steps  
7 to protect ourselves here but we also have to - we'll  
8 have to see how these programs go.

9           COMMISSIONER BOYD: Let me just say that I  
10 very much appreciate and agree with Commissioner  
11 Douglas' comments and the idea of no rewards without  
12 risks or etc. is always evident and is always part of  
13 those who are leading any areas. As a society we've  
14 gotten awful conservative of late, particularly in  
15 government you're not supposed to ever take any risks.  
16 You only can have rewards and that's rather impossible  
17 so I very much appreciate your attention to this Item  
18 and your statement about what needs to be done and  
19 what this Agency has consistently done in the past  
20 with regard to its research and investment ventures in  
21 the past. So thank you.

22           COMMISSIONER PETERMAN: I'll just add a  
23 little bit more because I think my fellow  
24 Commissioners have summed up the points well but I'd  
25 just like to reiterate that risk is not unique to

1 solar manufacturers or renewable energy. You have an  
2 investment risk across all technologies and across all  
3 sectors. And I've been troubled by the singular focus  
4 on this industry in particular. I think what recent  
5 events has done is draw to higher profile attention to  
6 our need to do risk analysis but, as my fellow  
7 Commissioner said, to continue moving forward with  
8 investing in these technologies that have many  
9 benefits for the state.

10           Moreover I'll just add that risk profiles  
11 are constantly changing and evolving and so something  
12 that's not risky right now, there can be exogenous  
13 market factors that suddenly make a business model not  
14 work going forward and that doesn't mean that current  
15 investment isn't appropriate. What it does mean is  
16 that we need to continue to monitor these various  
17 industries and, in particular, I solicit input from  
18 all of you stakeholders out there who have different  
19 views of the market than we might do. We are trying  
20 very earnestly to invest well with citizen, taxpayer  
21 and ratepayer money in this space but we need your  
22 help in doing that. And as you have information that  
23 will shed light and improve our financial due  
24 diligence don't hesitate to share that with us.

25           CHAIRMAN WEISENMILLER: Yeah. I wanted to

1 make a few comments. I think everyone has really  
2 covered much and I certainly appreciate Commissioner  
3 Boyd raising the issue so that we have this  
4 opportunity to talk about it on the record.

5 I think there was, as mentioned in the last  
6 Items, one of the things which certainly we've made a  
7 commitment is to get the ARRA funds out the door and  
8 to get those invoiced and, certainly, there's an  
9 enormous amount of legislative interest and interest  
10 from the Governor's Office. I think Rob's done a very  
11 good job stepping forward but the corollary to that is  
12 everyone is assuring us is get the money out the door  
13 but spend it wisely. We are trying to do both. It's  
14 not easy. I think in terms of this type of project is  
15 critical. I think as we've talked before on some of  
16 these is we are competing every day to get  
17 manufacturing into California. We're competing with  
18 Oregon. We're competing with Mississippi. We're  
19 competing with China and we need tools to compete and  
20 as you do that competition and as you do the tools  
21 sometimes you will be taking risk.

22 I think the challenge on taking risks and I  
23 remember talking with a good friend of mine who was  
24 running the Credit Suisse portfolio at one point and  
25 eventually they got burned very badly with investments

1 in Indonesia and as he was getting the call, one of  
2 those things where you're talking to him and he's  
3 reciting the exact date five years before where the  
4 calls came in and the time. So it really seared in  
5 his memory and certainly affected him professionally  
6 quite a bit. But that he was saying that the first  
7 deals they were doing were pretty solid from the  
8 credit analysis but then they were pressured to stay  
9 competitive with other banks that by the time that you  
10 got to the nth deal he was left trying to figure out  
11 why would we ever agree to that, in retrospect. In  
12 terms of the guarantees we had put off.

13           So part of that is this challenge, like I  
14 said, we need to stay competitive but at the same time  
15 we do have to stay diligent and maintain our fiduciary  
16 duties as a state to make sure the money is wisely  
17 spent even though we're competitive and there may be  
18 some times that we're undercut in that competition.

19           COMMISSIONER PETERMAN: And Chairman, I'll  
20 also add, I don't have any numbers in front of me but  
21 when I've asked questions about this from staff, we've  
22 had a very successful payback of our loan programs  
23 historically as a Commission. And I would argue that  
24 it's probably more successful than what you've seen in  
25 various AAA-rated banks and other portfolios. And so

1 the state has invested wisely and it is important, as  
2 you note, to continue with that track record going  
3 forward even as we try to improve our competitive  
4 position.

5 COMMISSIONER BOYD: We've not had to seek a  
6 bailout but we would like to see reauthorization of  
7 some good programs like PIER.

8 COMMISSIONER DOUGLAS: On that note, I would  
9 like to move Item 9.

10 COMMISSIONER BOYD: Second.

11 CHAIRMAN WEISENMILLER: All those in favor?

12 (Ayes.) This Item passed unanimously.

13 Thank you. Let's go on to Item 10 which is Morgan  
14 Solar. This is also a possible approval of Amendment  
15 1 to Agreement 008-10-CEB and this increases the loan  
16 by \$1,695,000 which would go up to the maximum amount  
17 of \$5 million and this is also ARRA funding, excuse  
18 me. Marcia, will you go on?

19 MS. SMITH: Sure. Thank you. Agenda Item  
20 number 10 is the possible approval of an amendment to  
21 increase Morgan Solar Inc.'s CEBFP loan to the maximum  
22 allowable amount of \$5 million.

23 Morgan Solar originally received approval at  
24 the September 15, 2010 Business Meeting for \$3,305,000  
25 CEBFP loan to purchase and install solar panel

1 manufacturing equipment at their Chula Vista facility.

2           Recently, when another CEBFP borrower  
3 withdrew from the program and additional ARRA SEP  
4 money became available Morgan Solar requested a loan  
5 increase to the maximum allowable amount of \$5 million  
6 to purchase additional equipment to manufacture  
7 concentrated photovoltaic solar panels.

8           Staff estimates that approving this request  
9 will further increase annual production at the  
10 facility located in San Diego County by an estimated 6  
11 MWS.

12           The SEP guidelines and CEBFP program  
13 announcement specify a maximum loan amount of \$5  
14 million and that eligible high scoring applications  
15 that pass all the criteria are given first priority  
16 for the funding based on their point scores.

17           And this request also meets these  
18 requirements.

19           The Pacific Coast Regional Small Business  
20 Development Corporation, referred to as PCR, is the  
21 CEBFP financial consultant that both underwrote the  
22 original Morgan Solar loan and performed the due  
23 diligence for this request of \$1,695,000 augmentation.

24           PCR obtained updated financial information  
25 from Morgan Solar and analyzed cash flow, collateral

1 and various financial ratios. The PCR Loan Committee  
2 reviewed the analysis as well as historical and  
3 current financial information and on October 13, 2011  
4 approved the augmentation in an action memorandum to  
5 Commission staff, also dated October 13, 2011, PCR  
6 recommends the Energy Commission approve this  
7 augmentation.

8           The CEBFP staff reviewed this information  
9 with PCR and concurs with its recommendation. Staff  
10 requests the Commission approve Item number 10 to  
11 augment agreement number 008-10-CEB with Morgan Solar  
12 Inc. by \$1,695,000 for a total CEBFP loan in the  
13 amount of \$5 million.

14           Thank you.

15           CHAIRMAN WEISENMILLER: Thank you.

16           Commissioners, any questions or comments?

17           COMMISSIONER BOYD: I think I exhausted the  
18 subject on the last Item and I'll have to say to staff  
19 that this is a great big ditto here.

20           COMMISSIONER DOUGLAS: I agree with that.

21           COMMISSIONER BOYD: I'll be comfortable.

22           COMMISSIONER DOUGLAS: I tend to agree with  
23 that. I don't know that we want to repeat our last  
24 discussion but it applies equally here. I will move  
25 Item 10.

1 COMMISSIONER BOYD: Second.

2 CHAIRMAN WEISENMILLER: All those in favor?

3 (Ayes.) This Item also passed unanimously.

4 Marcia, thank you.

5 MS. SMITH: Thank you.

6 CHAIRMAN WEISENMILLER: Item 11. New Solar  
7 Homes Partnership Program Waiting List. Le-Quyen?

8 I would note for the record we have gotten –  
9 at least I've gotten an email from CBIA, I don't know  
10 if they're here, but it asked to be put out back in  
11 case they were not here when we got to this Item on  
12 the Agenda.

13 MS. NGUYEN: Good morning, Chairman and  
14 Commissioners. My name is Le-Quyen Nguyen. I'm the  
15 Program Lead for the New Solar Homes Partnership  
16 Program. With me I have Gabe Herrera from our Legal  
17 Office.

18 The program began in January 2007 with a  
19 goal of installing 400 MWs of solar by the end of the  
20 program in 2016. We designed the program to offer  
21 incentives for builders and homeowners to install  
22 eligible solar energy systems on energy efficient, new  
23 residential construction.

24 Incentives are scheduled to decline as we  
25 reach predetermined megawatt targets and in August

1 2011 we issued a 30-day notice for our first incentive  
2 level decline. This triggered a surge in applications  
3 and the total amount of funding requested by those  
4 applications exceeds the program funds available at  
5 this time.

6           So to address the shortfall in program  
7 funding, staff is recommending the establishment of a  
8 waiting list and criteria for processing applications  
9 on that waiting list. Our recommendations for the  
10 waiting list were publicly noticed by the Energy  
11 Commission on November 4, 2011. And I would like to  
12 briefly summarize the processing criteria we proposed  
13 in that waiting list.

14           We recommend that only complete projects  
15 that have not already received a reservation be placed  
16 on the waiting list based on the time and date they  
17 were submitted to the Program Administrator.

18           They should be processed on a first come,  
19 first serve basis until available program funds are  
20 depleted and if additional funds become available that  
21 funding will be used to process additional  
22 applications off of the waiting list.

23           The waiting list will be cancelled on  
24 December 31, 2012 and any applications still on that  
25 waiting list at the time will be asked to reapply.

1           These criteria are specifically listed in  
2 the waiting list notice that was publicly posted on  
3 November 4, 2011. And I would like to clarify for the  
4 record that the completeness of a rebate reservation  
5 application as specified in the waiting list notice  
6 criteria numbers 3 and 4 is to be determined by the  
7 reviewing Program Administrator.

8           And so I would respectfully request your  
9 approval of a resolution for the establishment of a  
10 waiting list using the criteria outlined in the  
11 waiting list notice and read into the record.

12           At this time if you have any questions or  
13 comments, I would be happy to address them.

14           CHAIRMAN WEISENMILLER: Commissioners, any  
15 questions or comments?

16           COMMISSIONER PETERMAN: I'll have some  
17 comments but I'll wait to see if any other  
18 Commissioners have any other questions.

19           COMMISSIONER DOUGLAS: Can I just ask you to  
20 walk through the criteria on the record please? You  
21 said that the first criteria that the projects would  
22 already be completed. What else?

23           MS. NGUYEN: So the completed projects that  
24 have not received a reservation we ask that they be  
25 placed on the waiting list according to the date and

1 the time that they were submitted to the Program  
2 Administrator and they would be processed on a first  
3 come, first serve basis and in the waiting list notice  
4 we had outlined an additional criteria in terms of  
5 only complete applications would be added to this  
6 waiting list so we clarified, for the record, that by  
7 complete application this is an application that is  
8 deemed complete by the reviewing Program  
9 Administrator.

10           And then we also laid out additional  
11 criteria such as if additional funding becomes  
12 available that will be used to process applications  
13 off the waiting list, again, in the order in which  
14 they were placed on the waiting list. And we have  
15 additional criteria regarding additional funding  
16 requests for applications that already have an  
17 existing reservation and we request that those funding  
18 requests for additional funding be treated as new  
19 applications and, again, added to the waiting list  
20 based on the time and date that that additional  
21 funding was requested to the Program Administrator.

22           COMMISSIONER DOUGLAS: Okay. Is it your  
23 sense that where there are projects that have not been  
24 completed that might have been hoping for funding from  
25 this program that they should not hope for funding

1 from this program? That they should assume that they  
2 won't get it? Where are we in terms of how much  
3 funding is left compared to the amount that might be  
4 on the waiting list?

5 CHAIRMAN WEISENMILLER: We should at least  
6 start with the overarching thing that obviously we're  
7 hoping that PGC is reauthorized and that this program  
8 makes a transition and that there will be ongoing  
9 funds. So that's step one so now back to your  
10 question.

11 MR. HERRERA: So good morning, Commissioner  
12 Douglas. Gabe Herrera with the Legal Office. If I  
13 can respond to that particular point. So the  
14 Commission finds itself in this somewhat awkward  
15 situation because even though technically on the books  
16 there's still money available for these kinds of  
17 activities funded through the Renewable Resource Trust  
18 Fund money has been borrowed from time to time to help  
19 balance the general fund those repayments are expected  
20 and so to address the immediate shortfall what is  
21 being proposed is a waiting list such that completed  
22 applications get added to the list as money becomes  
23 available because of repayments. For example, then  
24 those applications, again they're complete and on the  
25 waiting list, will be funded first come, first serve.

1           That, I guess in theory, could affect the  
2   certainty of some of the program participants, not  
3   knowing for sure if there's going to be funds when  
4   they've been working behind the scenes to try to make  
5   these projects happen.

6           But absent the creation of a waiting list I  
7   think the Commission would have to be looking at  
8   perhaps some sort of suspension temporary in nature or  
9   whatnot so that we didn't get ahead of the funding we  
10  actually have available at this time.

11           COMMISSIONER DOUGLAS: Thank you. I think  
12  the idea of waiting list makes sense. I'm just asking  
13  in part because, obviously, the Chairman's point is  
14  correct and well taken if this, hopefully, this will  
15  be a program that we'll continue with others.

16           I was asked recently by one of our  
17  California manufacturers, although not one that we  
18  have given a loan to, whether they should let builders  
19  know to just not put solar on the next wave of houses  
20  that are going forward imminently because the builders  
21  are concerned about doing that in the absence of a  
22  fair amount of certainty on these funds. So I said  
23  that I would get back to them.

24           I'm happy to follow up or hear what you have  
25  to say now but it would be – I find myself not knowing

1 how to get back to them; although I know I can hand  
2 them to others who probably will be able to get back  
3 to them.

4 MR. HERRERA: So just by way of background  
5 the way this program operates is that individuals who  
6 are interested in receiving a rebate apply for what's  
7 called a reservation so they submit an application.  
8 If that application is deemed complete then what ends  
9 up happening is the Commission issues a reservation  
10 which reserves a specific amount of money for that  
11 particular project for a set amount of time. Once  
12 they have that reservation then they can go forward  
13 knowing that there's money, essentially, in the bank  
14 to cover those projects. It's at the application  
15 level right now where we're getting perhaps completed  
16 applications but we don't have money in the bank at  
17 this moment to be able to reserve funding for them.  
18 But, again, once that money becomes available then the  
19 Energy Commission will issue a reservation for them.

20 CHAIRMAN WEISENMILLER: So it sounds like  
21 the other issue is that people are submitting  
22 reservations for new home construction, obviously,  
23 that's dropped quite a bit. Some of the existing  
24 reservations may not draw down funds eventually or may  
25 be swept out so it is a very complicated -

1           COMMISSIONER DOUGLAS: So people will still  
2 be able to get on the waiting list. People, if they  
3 do decide to go forward and take a chance which they,  
4 of course, may not, than they could still get on the  
5 waiting list and should more funds be available they  
6 would be ahead of others?

7           MR. HERRERA: That's right. I guess we  
8 haven't thought about this internally but the way the  
9 list would work is that you would be put on a list and  
10 we would go down sequentially based upon applicants  
11 that are on the list, once money becomes available it  
12 would be reserved for the highest priority projects or  
13 those projects with the higher queue number.

14           CHAIRMAN WEISENMILLER: It sounds like, in  
15 terms of money becoming available, it could be  
16 existing projects dropping out, loans being repaid or  
17 reauthorization.

18           COMMISSIONER PETERMAN: Yes. And I'll just  
19 echo that Chairman with follow up. Staff is thinking  
20 about how do we work with those who have existing  
21 reservations that they've had for awhile in terms of  
22 discussing the project viability and whether some of  
23 those reservations can be deleted and those funds  
24 become available. It is the intention to continue to  
25 have solar installed in new homes to the extent

1 possible which is why staff has recommended this  
2 action as a way to make people aware of the current  
3 funding but also as a motivation for continued action  
4 in this space in terms of cleaning older reservations,  
5 the reservation period is three years for these  
6 projects, just reflecting the building cycle as well  
7 as perhaps to facilitate at some point some repayment  
8 of some funds for the program and the PUC pursuing  
9 continued funding.

10 I think it's been positive that we've seen  
11 the increase in program interest that was possibly  
12 spurred by the drop in incentives. I think one of the  
13 takeaways is that perhaps there were certain  
14 applicants who had applications that they were working  
15 on that they weren't processing necessarily as quickly  
16 as they could have and they were motivated to do so  
17 and we would encourage applicants to process their  
18 applications in a timely manner.

19 Also it was pointed out that only complete  
20 applications will be accepted. I would suggest that  
21 those applicants really make sure that you carefully  
22 review your application. Staff has spent a lot of  
23 time creating a checklist for what represents a  
24 complete application. You can go through it and  
25 that's the easiest way to make sure that you maintain

1 your place in the queue. We will be carefully  
2 scrutinizing this process as well making sure  
3 applications are complete so that we don't have  
4 reservations that can't be fulfilled going forward.

5 COMMISSIONER BOYD: Mr. Herrera's comments  
6 did raise a question in my mind to ask of I guess the  
7 staff in general. And that was reference to the fact  
8 that the fund has made loans to the state's general  
9 fund in the past and we're presuming some repayment.  
10 I'm wondering about the currency of those repayments  
11 and when might the next one be due.

12 MR. HERRERA: Mr. Commissioner, the status  
13 of the general fund will be determined on December 15.  
14 At this point in time the repayment of that is an open  
15 question.

16 COMMISSIONER BOYD: Have we had any  
17 repayments in the past?

18 MR. HERRERA: No, we haven't.

19 COMMISSIONER BOYD: We have not. Thank you.  
20 I too agree of the options available to this Agency  
21 though, the option recommended by the staff is the  
22 most equitable approach we can take under the  
23 situation and the monetary environment we find  
24 ourselves in. I would agree that it is the best  
25 approach and would support it.

1                   COMMISSIONER PETERMAN: I'll also add that  
2 the waiting list is not unique to the New Solar Homes  
3 partnership program that in many of the other solar  
4 programs within the state there have been waiting  
5 lists created over time due to accelerated interest in  
6 the space. So we followed some of those models as  
7 well.

8                   I'll also note that those who have been  
9 following the New Solar Homes process know that we are  
10 working on revisions to the Guidebook. We received a  
11 lot of helpful feedback and comments on the draft  
12 Guidebook which staff is currently addressing. We're  
13 continuing to move forward with improvements to the  
14 program that reflect both how the market has improved  
15 for solar, how the costs have declined as well as  
16 acknowledging the value of this program in helping the  
17 state reach goals for net zero energy homes.

18                   What's unique about this program, for those  
19 who are not familiar, and makes it different from some  
20 of the other subsidy programs that the state has for  
21 solar is the energy efficiency component which strives  
22 to have homes first do energy efficiency and then  
23 solar, reflecting the loading order. And, again,  
24 important goals to support and I sincerely thank staff  
25 for the work that they've done on the program and with

1 attemptingly addressing the need for a waiting list.

2 CHAIRMAN WEISENMILLER: We have a public  
3 comment before we have a motion. Go ahead. Please go  
4 ahead.

5 MS. BOSWORTH: I'm calling in, I'm listening  
6 to the audio, my question is if we are only past step  
7 one for the decline which we just reached at 37.2 MWs  
8 and this program is supposed to go through for 100  
9 MWs. Where'd all that money go? I understand that  
10 you loaned it out to the general fund but doesn't the  
11 state have a general accounting program to let them  
12 know how much money is in there? How much is  
13 available?

14 I know, myself, as a business person I know  
15 how much money is in my account every day. How come  
16 the state does not? How come the CEC allowed this to  
17 happen to this program?

18 This is a crime in itself. This is criminal  
19 because I, myself, have 20 projects that I have  
20 committed which are over \$2.5 million in rebate funds  
21 and now these homeowners and contractors have to wait  
22 to see if their project will be approved. That's not  
23 right. This is going to bankrupt a lot of these  
24 contractors. These contractors are putting out  
25 \$30,000 of their own money and waiting for the rebate

1 to come back to them. And then you're going to put  
2 them on a waiting list until December of 2012 and if  
3 it doesn't get approved they get dropped? By then  
4 these homeowners won't be able to participate in this  
5 program because their homes will already be done. So  
6 I don't understand the logic in this. I mean I know  
7 there is money that we pay, the ratepayers pay, into a  
8 ratepayer's trust fund. Why can't you take money from  
9 their and feed it into the NSHP program. I don't  
10 understand what's going on here. Why the CEC would  
11 allow this to happen.

12 CHAIRMAN WEISENMILLER: Staff, do you want  
13 to respond?

14 MR. OGLESBY: First, let's talk about the  
15 history of the program. We certainly know the balance  
16 in our accounts. There were a couple of factors I'd  
17 like staff to go through the description of how we had  
18 a surge in applications.

19 So what essentially happened over the past  
20 several months is an awareness that the amount of  
21 subsidy available was going to decrease which resulted  
22 in a bubble of applications. If you overlay that with  
23 the termination of the Public Goods Charge which  
24 creates some doubt about the amount of funding in the  
25 future. The prudent thing to do is to do a charge in

1 the applications. There are still some funds that  
2 will come into the program as a result of cancellation  
3 of reservations. There is some flow through of about  
4 \$10.7 million in the program that remains to be  
5 distributed. But I'm going to ask staff if you could  
6 provide a little more detail on the history of the  
7 program over the last few months.

8 MR. HERRERA: So we can do that, Rob. Just  
9 to respond quickly just a couple of points that Ms.  
10 Bosworth raised is one that you described as the  
11 Energy Commission loaning the money out. The money  
12 was actually borrowed from this renewable resource  
13 trust fund by statute. So the Commission had no  
14 influence there. There have been different laws since  
15 starting in 2002 where money has been borrowed for  
16 cash flow purposes to help balance the general fund.

17 Another thing to point out is that even  
18 though the law right now, and I'm talking about Public  
19 Utilities Code Section 2851, identifies the sum of  
20 \$400 million for the New Solar Home Partnership type  
21 activity through the end of 2016. The legislature did  
22 not establish a process for funding the program to  
23 that amount. In fact the money for this program comes  
24 from the Public Goods Charge which sunsets at the end  
25 of this year and there have been no provision to

1 extend that collection.

2           So, again, even though the law indentified  
3 \$400 million there are not mechanisms in the law that  
4 would result in the collection of that money.

5           COMMISSIONER BOYD: Mr. Herrera, I  
6 appreciate your thorough explanation and that of the  
7 staff. I did take exception if not umbrage with the  
8 language about criminal. It's terribly unfortunate, I  
9 don't think it's criminal, it's unfortunate available  
10 funding does not meet the projected need. It's  
11 unfortunate that there's a bubble. It's unfortunate  
12 that the State of California is in the severe  
13 financial position it's in and, as Mr. Herrera  
14 indicated, we did not voluntarily loan this money.  
15 The legislature in assessing the needs of the State of  
16 California, through statutes, borrows money from  
17 multiple funds including this one and that's just an  
18 unfortunate fact of life. It's certainly no  
19 malfeasance of lack of knowledge on the part of the  
20 staff with regard to what funding needs are, what  
21 funds are available. It's an unfortunate situation  
22 that has, as some have heard here, the staff and the  
23 Commissioner are trying to deal with.

24           COMMISSIONER PETERMAN: I'll also just add,  
25 again, that Ms. Bosworth, that approximately a third

1 of the applications that the program has received in  
2 entirety were received in the last two months post the  
3 incentive drop. So there has been a significant surge  
4 in applications.

5           And also regarding your comment regarding  
6 how we just past step one. If we go back to the  
7 original incentive schedule when the program started  
8 we're actually past more than step one in terms of the  
9 megawatts that have been reserved. But as you can  
10 appreciate over the last couple of years there has  
11 been a reticent to decline the incentive,  
12 acknowledging the slow build of houses and so there  
13 was a higher incentive. The higher incentive was  
14 continued at request and with support by the various  
15 builders and installers. So that's where some of the  
16 money has gone as well.

17           And I appreciate your frustration and also  
18 note that in addition to the New Solar Homes  
19 Partnership Program there is also the CSI Program and  
20 that if consumers put solar on their homes they can  
21 apply for that funding as part of the retrofit  
22 process. And ask that you continue to work with us  
23 and I hope the information received have at least shed  
24 some light as Commissioner Boyd noted a challenging  
25 but real situation.

1                   CHAIRMAN WEISENMILLER: Please go to the  
2 microphone and identify yourself.

3                   MR. MILLER: Hi. My name is Leonard Miller  
4 and I'm the Regional President of Richmond America  
5 Homes. I thought I would just shed; you guys have hit  
6 a lot of the different things. We're new to the  
7 program, have applied for about the better part of 25  
8 projects. I think it's a time, honestly, where the  
9 building industry has kind of figured out a model that  
10 actually works. That the consumer will absorb. I  
11 realize that the timing very much plays a part of it  
12 but I think there's also a part of it where one of our  
13 competitors over the last year has really created a  
14 model that works where builders are able to offer a  
15 smaller base system at, essentially, no cost to the  
16 homeowner and there are some upgrade paths that I  
17 think are very, very effective.

18                   For my 20 years in the industry am probably  
19 more excited than I've ever been. But I'm faced with  
20 the decision, and I know it was mentioned earlier,  
21 that every week that goes by and we sell 5, 10, 15  
22 homes a week, it's a \$25 - \$50 - \$75,000 bet. So in  
23 the next week or two weeks I'm going to be faced with  
24 a decision on those 25 communities whether I basically  
25 stop marketing the program and pull back because we

64

1 can't absorb that.

2 I know that it may not be resolved in the  
3 next week or two but as I listen and I didn't know how  
4 the priority list was going to work but one thing  
5 struck me, in a sense of fairness first come, first  
6 serve on the surface sounds great, right? But what I  
7 also hear is that people who have applied in the past  
8 that have never used the program. The project stands  
9 dormant and I would believe that most of my  
10 competitors would be in the same position that I am.  
11 We're reserving 1,000 or 1,500 homes and probably on  
12 average over the next 12 months, you're talking about  
13 20-25 percent of those homes being built.

14 And what I would hate to see, I know it  
15 sounds fair, first come, first serve, but the reality  
16 is to reserve, and I don't know where I stand in the  
17 queue frankly today. This is all new to me. It seems  
18 odd to me that first come, first serve you may have a  
19 program that might not get built or a home that might  
20 not be built for 2, 3, 4, 5 years out. And yet that's  
21 observed in the queue where it seems to me, based on  
22 not knowing where the funding is going, that the  
23 reality may be that you may want to limit or do this  
24 in a form or fashion for homes that are going to be  
25 built in the next 6-12 months. Because I think that

1 will sort out the reality of new homes and the program  
2 and you'll see where it does or doesn't go.

3           So just a couple of comments from our  
4 perspective. I'm sure you've heard it from many  
5 others and I appreciate the opportunity to speak in  
6 front of you. Thanks.

7           CHAIRMAN WEISENMILLER: Thank you. Thanks  
8 for being here. Sure. Please. Well, it's set for  
9 the end but certainly in terms of this Item would be  
10 happy to take any public comments on this particular  
11 Item.

12           MS. RIZZO: Hello. My name is Nina Rizzo.  
13 I'm with Sun Light and Power. We're an installer  
14 based in the Bay Area. We've been installing for 35  
15 years and we've been participating in the NSHP Program  
16 since 2007.

17           We have a dedicated staff, including myself  
18 that do the applications and the claim. We've  
19 submitted over 63 projects, installed almost 2 MWs, 86  
20 percent of which have been for the affordable housing  
21 sector. That's our niche. And have reserved over  
22 \$3.5 million over that time.

23           I would like to take the time to  
24 specifically respond to some of the criteria for the  
25 waiting list that the CEC recommended in the notice.

1 So thank you for this opportunity.

2           The first one being the creation of the wait  
3 list for the projects. We were, just like the woman  
4 on the phone expressed, we were extremely shocked and  
5 upset that the applications that we have put in will  
6 not be guaranteed funding and so we're actually  
7 opposed to the creation of the wait list. We would  
8 really like to see that all the applications that were  
9 submitted before the step one drop receive that  
10 reservation. Part of our stance is due to the lack of  
11 transparency in the reservation process. Specifically  
12 the speed and order of which the reservation  
13 processing team by the Program Administrators and the  
14 plan checking agencies isn't transparent to us and we  
15 suspect that the speed and order varies depending on  
16 the complexity of the project.

17           For example, I think it would be really  
18 unfair that luxurious single family homes are more  
19 quickly to get the reservations than the complex  
20 affordable housing, multi-family homes that we submit  
21 just on a social justice level.

22           And I would also like to note that none of  
23 the projects that Sun Light and Power has submitted  
24 before the step one drop have been reserved and it  
25 could be because we do the complex affordable housing

1 projects.

2           On the note of affordable housing the lack  
3 of the NSHP rebate program whether it goes on hold or  
4 goes away completely significantly jeopardizes the  
5 feasibility of affordable housing project because they  
6 try to meet green housing standards. And we have been  
7 told by at least one of our repeat clients, an  
8 affordable housing developer, that without NSHP they  
9 will not install PV, period.

10           Furthermore we were disappointed because by  
11 this happening to NSHP we believe that it  
12 significantly ruins the reputation of the solar  
13 industry as a whole. That it makes installers and  
14 integrators, such as ourselves, seem incompetent and  
15 uninformed. At the very moment where this program was  
16 created to help the solar industry develop, have it be  
17 a stable market and also a model for the rest of the  
18 country. So curtailing the incentives at this stage,  
19 especially since we've only installed 4 out of 36 of  
20 the megawatt goal for affordable housing really  
21 creates confusion and instability in the market.

22           That being said I do anticipate that this  
23 wait list will go forward and so I have a few specific  
24 requests with how that would be done.

25           The first being to – someone already

1 mentioned prioritizing on the first come, first serve  
2 basis. We try really hard to submit thorough  
3 documentation, all the documents that you want, dot  
4 the I's, cross the T's and we think that applications  
5 that are done right should be prioritized so not just  
6 the time and date stamp but also the integrity with  
7 which it was submitted in the first place be taken  
8 into account.

9           Secondly, like you said, other rebate  
10 programs do have wait lists and they have a way of  
11 doing it. We would like to see NSHP adopt some of  
12 those best practices including that the waiting list  
13 be online, be public, be downloadable. That every  
14 project has an application number and that it's  
15 updated at least once a month.

16           And for projects that do come off of the  
17 waiting line and can get funding that there is a  
18 standard deadline for when missing documentation or  
19 requests for more info can be submitted, such as 30  
20 days. That's how CSI MASH does it. I think that  
21 having that we can all expect and work around would be  
22 much appreciated.

23           I have two more comments and then I'd like  
24 to reiterate a question that you brought up. Do I  
25 have some more time?

1                   CHAIRMAN WEISENMILLER: Yeah. But, again,  
2 we're trying to be brief. Certainly I know that this  
3 is important but we're still trying to hold you to  
4 something like one minute. So hit the high points.

5                   MS. RIZZO: Thank you. On the point of  
6 incomplete applications, we disagree with sending them  
7 back to applicants because that creates a high  
8 administrative burden. We would rather that NSHP keep  
9 them on file.

10                   Second, on the request for additional  
11 funding. We disagree with making applicants really  
12 due to systemized changes and thereby jeopardizing  
13 their reservation. We think that instead any  
14 difference in system size because in the construction  
15 process systemized changes are the norm and we would  
16 instead like for the change in the size be made at the  
17 next available step instead of having to reapply all  
18 together. That's how CSI does it.

19                   And, finally, my question goes back to the  
20 very overarching question that you pointed out earlier  
21 which is what will NSHP do to reach its stated goal of  
22 installing 400 MWs? And, specifically, what amount of  
23 money is available now for the applications that  
24 they're processing? We weren't given this  
25 information. We weren't told this was coming and we

1 would really appreciate specific numbers and how that  
2 lines up to the applications as they stand.

3 Thank you very much for allowing me to  
4 comment.

5 COMMISSIONER PETERMAN: I'd like to  
6 contribute a few comments and then perhaps staff has  
7 some more clarifying information.

8 Regarding one stands on the waiting list or  
9 how much money is available, staff is working on that.  
10 As you appreciate and as you pointed out there are  
11 three different program administrators. These are the  
12 utilities that receive the applications and process  
13 them and determine their completeness and eventually  
14 that information comes to us.

15 So, as noted, we had a massive surge of  
16 applications in the last two months and those are  
17 being processed. And we don't want to go out with  
18 numbers until we are confident in what they are and so  
19 we ask for your patience on that so that they can be  
20 accurate.

21 So that's my first point.

22 Second, I think you've pointed out what  
23 really are some of the complexities with new homes and  
24 new developments versus doing retrofits. There are a  
25 variety of different models that are being deployed.

1 You have production homes, custom homes, individual  
2 homes and each of those work on different timelines.  
3 I think that you can appreciate that the program to  
4 date and the Guidebook have tried to be flexible to  
5 accommodate those different models as well as concerns  
6 that have been raised by installers around the amount  
7 of time needed for reservations, the differences in  
8 system sizes, how one sells solar in a new home versus  
9 a retrofit home. That just fundamentally makes that  
10 more complex than the CSI program and other programs  
11 we have in the state. So I would encourage staff to  
12 look at the best practices for waiting lists from  
13 other programs but also ask everyone just to  
14 appreciate that these are different models and we're  
15 not necessarily going to have a one size fits all.  
16 And it's been noted that's not of interest.

17           Again, we appreciate thorough applications  
18 and applaud you for submitting them and that is why we  
19 keep reinforcing the point of applications needing to  
20 be complete. There's responsibility there on the  
21 applicant's part. There's the responsibility by the  
22 PA's and there's the responsibility by the Energy  
23 Commission undertakes as well.

24           But doing that will ensure that that work is  
25 rewarded. And, again, I think the importance of going

1 out with the notice was to make everyone aware that  
2 this is a situation that before we run out of funds to  
3 talk about here's what we think is going to happen.  
4 The notice that's put before us today for resolution,  
5 reviewed it again and I think that it is specific but  
6 general enough to allow for some of these  
7 implementation details to continue to be worked out.  
8 Staff will be doing that over the next few days, next  
9 few weeks. We've received some comments on the  
10 waiting notice already which we're processing. So  
11 this is the first step in the information and there  
12 will be more detail that will be posted publicly  
13 further clarifying the criteria.

14 Does staff have any other comments on that  
15 point?

16 MS. NGUYEN: No.

17 COMMISSIONER PETERMAN: Okay.

18 MR. SCOTT: Hello, Commissioners. Chairman.  
19 My name is Bill Scott. I work for Petersen Dean  
20 Roofing & Solar Company. We've been serving the  
21 production home building market for many years. I  
22 would just like to point out and make a couple of very  
23 brief points.

24 One is that the climate for the builders, as  
25 the gentleman from Richmond American said a minute

1 ago, has become more favorable and more receptive to  
2 solar, primarily because of three things. The  
3 incentive program is very important but also the SB1  
4 provisions that began at the beginning of this year  
5 where production home builders must offer solar as an  
6 option on communities of 50 homes or more. Petersen  
7 Dean is not in favor of the wait list because we think  
8 it will cause the builders to not implement solar on  
9 projects absent the certainty of doing so and that may  
10 actually impair their ability to meet the SB1  
11 provision. So that's a concern that we share with  
12 some builders.

13           The other thing that's prompted the  
14 acceptance of builders of solar is the third party  
15 ownership on the solar leasing that minimizes the  
16 first cost for them. We don't believe that those  
17 companies, those third party owners, will want to go  
18 forward with solar facilities on these projects absent  
19 the certainty of the cost.

20           So we just wanted to make those points.

21 Thank you.

22           COMMISSIONER PETERMAN: Sir, before you sit  
23 down I have a question. What would you pose then  
24 instead of a waiting list?

25           MR. SCOTT: First a review of the

1 outstanding reservations. We believe that maybe with  
2 a proactive review process by staff with builders and  
3 with installers to release unused reservations. We  
4 believe that over reservation has occurred in the  
5 past. Much of the time when solar is being offered as  
6 an option in a production home building community the  
7 rebate reservation level might be up to 50 percent and  
8 whereas the adoption rate is in the 10-20 percent  
9 range in those communities. So that means that over  
10 reservation is likely occurring.

11           There's much more inclination the part of  
12 builders today to look at offering it as a standard  
13 and in that case it's going to be 100 percent reserved  
14 and a 100 percent installed. But there is likely  
15 substantial funding that can be freed up by looking  
16 back at what's on the books and seeing what's been  
17 built and what's been built with solar. There should  
18 be some reservations that can be freed up. We are  
19 committed to doing that internally. And we believe  
20 that we can work with the builders who have to release  
21 those reservations but that we can proactively release  
22 some of that funding.

23           I think that if the decision to implement a  
24 wait list could be delayed, it's also – yesterday  
25 there was a proposed decision on the continuation of

1 the Public Goods Charge which might resolve the  
2 funding issue differently. I would just recommend  
3 against implementing a wait list at this time and  
4 maybe revisit it as we see what happens with that  
5 proposed decision.

6 COMMISSIONER PETERMAN: And I thank you for  
7 your internal as well as now your public commitment to  
8 working with staff to reduce over reservations. I  
9 hope similar organizations and builders will commit to  
10 doing the same. From my view I see the wait list not  
11 as we're waiting. We are going to move ahead. We're  
12 continuing to move forward with this program working  
13 earnestly to try to free up funds. The wait list  
14 provides just an awareness of what the fund status is  
15 and I think it is a responsible thing to do to the  
16 public who are considering investments in this space  
17 to let them know the reality or currently what the  
18 status is in terms of committed funds. By committing  
19 to reservations without a wait list we would be  
20 fundamentally committing funds that we may or may not  
21 have. It is my hope and assumption that we'll be able  
22 to move through that wait list relatively quickly as  
23 we get more funds in but that is not a certainly that  
24 we can provide which is, again, why we're trying to  
25 provide this information.

1           I can appreciate, however, the impact of  
2   having a waiting list will have perhaps on interest  
3   and so I would encourage you to work with the builders  
4   to really clarify some of the misinformation out there  
5   regarding why we're having a wait list, what the  
6   Commission is doing to continue to work with the  
7   program. We ask for your support and assistance with  
8   that.

9           MR. SCOTT: Certainly. We will support you.  
10   I would like to also just add though that as these  
11   reservations are being made, it's at the start of  
12   maybe the end of the planning process prior to the  
13   start of construction. And I think that it's at that  
14   time the builder has to make either a go or no-go  
15   decision. Btu we will certainly work with you in any  
16   way we can to help free up reservations and to, if we  
17   can, make additional – give additional insight into  
18   the process.

19           COMMISSIONER PETERMAN: Thank you very much.

20           MR. SCOTT: Thank you.

21           CHAIRMAN WEISENMILLER: Okay. Again if  
22   there's – ah. Bob. Certainly.

23           MR. RAYMER: Thank you. Mr. Chairman and  
24   Commissioners, I'm sorry for arriving late but anyway.

25           I'm Bob Raymer. I'm representing the

1 California Building Industry Association. We are in  
2 very much strong support of the waiting list concept  
3 that you're considering today. I understand that  
4 there may be some confusion about what that waiting  
5 list is intended to do. My understanding is what the  
6 Commissioner just indicated. It's very important to  
7 try to keep this program ongoing and as seamless as  
8 possible as we make the transition to whatever new  
9 funding and administrative mechanisms will be dealt  
10 with.

11 CBIA is actively involved in the proceeding  
12 that's going on at the PUC. We're very supportive of  
13 that. We're supportive of the decision, the interim  
14 decision, that was issued yesterday and we'll be  
15 supporting the adoption of that decision on December  
16 15 so unless there's any questions. Thank you very  
17 much.

18 CHAIRMAN WEISENMILLER: Thank you. I think  
19 we've given all the public opportunity to comment. I  
20 think at this point I also want to point out that we  
21 do have a Public Advisor here, Jennifer Jennings, in  
22 the back so for those of you who want to understand  
23 better how to participate in our process Jennifer can  
24 be a real resource on that.

25 Commissioners, any other comments,

1 discussion, questions for staff?

2           COMMISSIONER BOYD: I guess the value of  
3 sitting here listening has left me with a concern, I  
4 guess, with regard to the issue brought up about the  
5 waiting list and the fact that there may be  
6 reservations sitting or people sitting on the list for  
7 extraordinarily long periods of time with no  
8 likelihood of something being constructed. And I  
9 don't know how the staff can deal with that without –  
10 well, just how the staff can deal with it and  
11 recognizing our staffing limitations and everything  
12 else. That one issue does leave me a little bit of  
13 concern. It would be efficient in terms of spending  
14 the valuable resources that are left to have them move  
15 as rapidly as possible and not be tied up with  
16 projects that are not going to see the light of day.  
17 I guess I am a partial Keynesian economist and like to  
18 see in these times money moving and therefore I'm not  
19 sure that how relevant that is to this issue but  
20 nonetheless I thought the point made by the very first  
21 gentleman on that was – gave me pause with regard to  
22 how can we help. I don't know if there is a staff  
23 response or?

24           COMMISSIONER PETERMAN: Commissioner Boyd, I  
25 would add I completely agree and, again, we have a

1 longer reservation period for this program  
2 specifically because of points that have been raised  
3 by our stakeholders both through the advisory council  
4 initially as well as the various stakeholder meetings  
5 we've had regarding the need to have a longer  
6 reservation period because of some uncertainty around  
7 the timing within the building community. And I would  
8 say that although there's more investigation that our  
9 staff can do, really the responsibility lies with  
10 those who have that reservation who are interested in  
11 seeing this space going forward. It's truly only  
12 those business and those builders that know the  
13 likelihood of some of their projects and so, again, we  
14 ask them to if there's an interest freeing up some of  
15 that money be proactive to work with us on how to  
16 reduce that list because I also don't think that we  
17 can go forward and arbitrarily cut reservations that  
18 might be viable in a couple months or within the  
19 reservation period because we've committed to them.  
20 And we've committed to these industries and so I share  
21 your concern and I think we've gotten at least some  
22 interest and some commitment here today to have the  
23 industry work with staff on how to reduce those over  
24 reservations.

25 COMMISSIONER BOYD: I think that's the key.

1 Industry working with the staff, CBIA in particular is  
2 a relevant agency to pursue that question.

3 CHAIRMAN WEISENMILLER: Exactly. Bob, we're  
4 going to ask you if you could – if CBIA could step  
5 forward to help us deal with the reservation issues?

6 MR. RAYMER: Yes. Bob Raymer, CBIA. I'm  
7 meeting Friday with representatives from the Solar  
8 Alliance and a few others. This is one of the issues  
9 that we'll be talking about and I must say that with  
10 the downturn of the economy there most certainly be  
11 some projects that will not be going forward. To the  
12 extent that we can assist in not only getting the word  
13 out but helping staff locate appropriate individuals  
14 to speak with regarding specific projects, since our  
15 membership includes – our production builders do about  
16 85-90 percent, jeeze, it might even be more now  
17 because of the economy, we can certainly help the  
18 Energy Commission doing that.

19 It's sort of two separate issues though.  
20 The establishment of the waiting list is kind of one  
21 thing and then perhaps weeding out some of the  
22 projects that may have gone on the chopping block. We  
23 can certainly assist with that and we look forward to  
24 doing that. Thank you.

25 CHAIRMAN WEISENMILLER: Thank you. We

1 appreciate that help.

2 COMMISSIONER PETERMAN: So if there are no  
3 further comments or questions I move Item 11, the New  
4 Solar Home Partnership Program waiting list.

5 COMMISSIONER BOYD: I'll second that with  
6 the understanding that all the dialogue that we just  
7 had about looking at some of the issues is rolled into  
8 our future actions. That's a second.

9 CHAIRMAN WEISENMILLER: All those in favor?  
10 (Ayes.) Again, thank you for being here,  
11 help participate in our decision making and certainly  
12 we encourage the staff and CBIA to work with people to  
13 make sure that the list, the money is used efficiently  
14 is the bottom line and we get the money out the door  
15 to the projects that need it.

16 MS. NGUYEN: Thank you.

17 CHAIRMAN WEISENMILLER: Okay. So now we're  
18 on Item 12. Renewable Energy Program 2011 Annual  
19 Report. Lorraine?

20 MS. GONZALEZ: Good morning, Commissioners  
21 and Chairman. My name is Lorraine Gonzalez and I'm  
22 here to present the 2011 Renewable Energy Program  
23 Annual Report to the legislature.

24 This report responds to the legislative  
25 directive to report annually on the renewable energy

1 programs, activities and expenditures. The  
2 information included in this year's report is from  
3 July 1, 2010 - June 30, 2011.

4 The Energy Commission is required to provide  
5 information on the following topics: the allocation of  
6 funds for programs; existing, new and emerging  
7 technologies; interest on the renewable energy program  
8 accounts; as well as project descriptions; award  
9 amounts and outcomes for projects awarded funding in  
10 the prior fiscal year and progress on achieving RPS  
11 targets and the types and quantities of biomass fuels  
12 used by facilities receiving funds from the existing  
13 renewable facility program and impacts on improving  
14 air quality.

15 Next slide shows the total collections and  
16 funding allocations for the renewable energy program  
17 from July 1, 2010 through June 30, 2011. The  
18 renewable energy program has collected \$72.9 million  
19 from PG&E, SDG&E and SCE to date.

20 The report also includes a brief description  
21 of the various programs in the renewable energy  
22 program and their accomplishments including the  
23 renewables portfolio standard program.

24 Governor Brown signed SBX-12 in April 2011  
25 making it the most ambitious clean energy plan in the

1 nation. Among other responsibilities the legislation  
2 expands the Energy Commission's role to include  
3 monitoring the publicly owned utilities progress  
4 toward meeting the state's RPS goals. These utilities  
5 must adopt the new goals of an average of 20 percent  
6 of retail sales from procurement of renewables from  
7 January 1, 2011 - December 31, 2013 inclusive and 25  
8 percent of retail sales from renewables by December  
9 31, 2016 and 33 percent of retail sales from  
10 renewables by the end of 2020. And procurement of no  
11 less than 33 percent of retail sales from eligible  
12 renewable energy resources in all subsequent years.

13           The RPS program received 540 applications in  
14 fiscal year 2010-2011 and 358 facilities were approved  
15 for precertification or certification in this fiscal  
16 year which amounts to about 30 percent of total  
17 facilities who have applied to participate in the RPS  
18 since the beginning of the program.

19           Also since the beginning of the RPS program,  
20 1,267 renewable energy facilities have been approved  
21 by the Energy Commission for RPS eligibility  
22 certification or precertification with the total  
23 capacity of 56.6 gigawatts. These data do not reflect  
24 activity in the application queue.

25           Additionally, investor owned utilities have

1 signed contracts for up to 18,417 megawatts of  
2 capacity for new, repowered or restarted renewable  
3 facilities with 22 percent of these projects currently  
4 online.

5           The Emerging Renewables program provides  
6 incentives to customers who install eligible renewable  
7 energy systems under 50 kilowatts to offset part or  
8 all of their electricity needs at their homes or  
9 businesses. During fiscal year 2010-2011 the Energy  
10 Commission funded 140 rebate applications for  
11 completed projects located in IOU service areas  
12 representing 1 megawatt of generating capacity from  
13 small scale PV, wind and fuel systems.

14           Since 1998 20,673 emerging renewable systems  
15 have been installed, representing 127 megawatts of  
16 distributed renewable electricity capacity.

17           Also the New Solar Homes Partnership was  
18 created by Senate Bill One and encourages the  
19 installation of 400 megawatts of solar systems on new  
20 residential construction by the end of the program in  
21 2016, as we heard.

22           During fiscal year 2010-2011 payments were  
23 made for 1,185 solar systems with a combined capacity  
24 of 4.82 megawatts and since the programs beginning in  
25 2007 and through June 30, 2011 the NSHP has provided

1 funding for the installation of 12.31 megawatts with  
2 additional reserved funding for 30.51 megawatts.

3           The existing renewables facilities program  
4 provides production based incentives for renewable  
5 energy facilities that began commercial operation  
6 before September 26, 1996.

7           In fiscal year 2010-2011 the program  
8 supported 4,277 gigawatt hours of renewable generation  
9 which accounted for approximately 14 percent of the  
10 IOUs RPS requirement.

11           Since the beginning of the program in 1998  
12 the existing renewable facilities program has provided  
13 production incentives for more than 87,400 gigawatt  
14 hours of generation.

15           In 2011, the existing renewable facilities  
16 program received and approved funding applications for  
17 25 solid fuel biomass facilities and 8 solar thermal  
18 facilities and the existing renewables facility  
19 program promotes increased biomass use for energy  
20 production reducing the air impacts associated with  
21 traditional disposal methods such as open burning of  
22 ag and forest waste. This benefits the surrounding  
23 regions by reducing particulate matter and other air  
24 pollutant emissions.

25           Additionally the report appendix itemizes

1 the various projects and contract activities that have  
2 been funded by the renewable energy program along with  
3 their status and ward amounts. It also lists  
4 facilities that have been precertified and certified  
5 as RPS eligible and RPS contract activities in fiscal  
6 year 2010-2011 for California's large investor owned  
7 utilities.

8 I'd like to request approval of this Item  
9 and am happy to address any questions.

10 CHAIRMAN WEISENMILLER: Thank you.

11 Commissioners, any questions or comments?

12 COMMISSIONER BOYD: I have no questions. My  
13 only comment is to compliment and congratulate the  
14 staff for the hard work that they've put into this  
15 issue over a long period of time and as a former  
16 member of the Renewables Committee I'm fairly up to  
17 speed on the long haul that's been involved in  
18 developing this document.

19 MS. GONZALEZ: Thank you.

20 COMMISSIONER BOYD: So I will defer to our  
21 Lead Commissioner on the subject, however.

22 COMMISSIONER PETERMAN: Yes, thank you  
23 Commissioner Boyd and thank you for all the work that  
24 you did with staff before my arrival, especially to  
25 gather this information. Again, congratulations on

1 assembling the report. One thing that's been striking  
2 me as I've been listening though is that this space is  
3 changing so quickly and so as you noted these numbers  
4 and values are through June 30, 2011 and don't reflect  
5 the activities that we've seen in all the programs in  
6 the last 6 months of which there have been  
7 significant. And so as people are trying to sometimes  
8 reconcile the numbers they see with what they've heard  
9 recently just remember it's consistently moving and  
10 we've got to do reports and sometimes do a cutoff and  
11 looking forward to seeing the report next year which  
12 will reflect a lot of the growth that we've seen in  
13 these sectors. So thank you.

14 MS. GONZALEZ: Correct. And I would like to  
15 recognize and acknowledge Madeleine Meade who has  
16 carried forward this report in the past and recognize  
17 her efforts as she looks forward to retirement and I'm  
18 happy to carry on her legacy for this report.

19 COMMISSIONER PETERMAN: Great. If there are  
20 not other questions or comments, I'll move Item 12 the  
21 Renewable Energy Program 2011 Annual Report.

22 COMMISSIONER BOYD: I'll second the motion.

23 CHAIRMAN WEISENMILLER: All those in favor?

24 (Ayes.) Passes unanimously.

25 COMMISSIONER BOYD: Congratulations.

1                   CHAIRMAN WEISENMILLER: Congratulations.

2 Thanks, Lorraine.

3                   COMMISSIONER BOYD: And I just added another  
4 retirement to the checklist I'm keeping here. I'm up  
5 to seven known retirements at the end of next month  
6 therefore

7                   CHAIRMAN WEISENMILLER: I wonder who one of  
8 those might be but anyway.

9                   COMMISSIONER PETERMAN: Don't forget we're  
10 hiring out there.

11                  CHAIRMAN WEISENMILLER: Yeah. Lots of  
12 opportunities here.

13                  Okay. So Items 13, 14 and 15 have been held  
14 so we're now at Item 16. The Emerging Renewables  
15 Program Guidebook. Anthony?

16                  MR. NG: Good morning, Mr. Chairman and  
17 Commissioners. My name is Anthony Ng with the  
18 Renewable Energy Office.

19                  This Item is for the possible adoption of  
20 proposed revisions to the Renewables Program  
21 Guidebook. The latest edition of which was just  
22 adopted at the last Business Meeting on November 2.  
23 The Emerging Renewables Program Guidebook programs  
24 incentives for customers who purchase and install  
25 small wind turbines at fuel cell systems using

1 renewables fuels.

2 COMMISSIONER BOYD: Anthony, Anthony. Slow  
3 down a tiny little bit.

4 [LAUGHTER]

5 MR. NG: I'll try. The proposed changes to  
6 the Guidebook presented today are limited to two  
7 items.

8 The first being that the rebate level for  
9 small wind turbines remain at \$3.00 a watt for the  
10 first 10 kW and \$2.50 per watt for increments between  
11 10 kW and 30 kW for 180 days after the program was  
12 restarted on November 9.

13 After the 180 days have elapsed the rebate  
14 level would drop to \$2.50 for the first 10 kW and  
15 \$1.50 per watt for increments between 10 kW and 30  
16 kW.

17 The second change is the removal of the  
18 provision to limit any single retailer or manufacturer  
19 from receiving more than 25 percent of the annual  
20 allocation to the Emerging Renewable Resources  
21 accounts.

22 These are the extents of the changes  
23 presented in this Guidebook today. Staff requests  
24 approval of this Item and I'd be very happy to answer  
25 any questions you might have.

1 CHAIRMAN WEISENMILLER: Gabe?

2 MR. HERRERA: Chairman, Good morning. Gabe  
3 Herrera with the Legal Office. Just as a reminder to  
4 the Commission that the November 2 Business Meeting  
5 approved a series of revisions to the Emerging  
6 Renewables Guidebook and at that time there were  
7 public comments that were made that encouraged the  
8 Commissioners to propose these additional changes.  
9 What happened is that we adopted the Guidebook  
10 revisions at that time and then you directed staff to  
11 come back with these additional changes. That's what  
12 we're doing. They're limited in nature, again, based  
13 on the comments that were received at the November 2,  
14 2011 Business Meeting adoption of the larger set of  
15 Guidebook revisions.

16 Just one other point. At that time, I  
17 commented, on behalf of the legal office, that the  
18 adoption of the guideline revisions were not a project  
19 under CEQA for various reasons. These minor changes  
20 likewise are not a project under CEQA. Throwing that  
21 out there now.

22 COMMISSIONER PETERMAN: I'll just mention  
23 that we did discuss the reason for these additional  
24 changes in the November 2 Business Meeting but just to  
25 summarize: keeping the incentive at \$3.00 per watt for

1 a longer period of time was to allow for more  
2 manufacturers to be able to participate in the  
3 program, more consumer choice on technologies. One of  
4 the changes in this Guidebook is requiring third party  
5 certification of wind turbines and that does take some  
6 time and so we wanted to acknowledge that and not have  
7 companies disadvantaged as they're trying to complete  
8 that process.

9           And then also the decision to lift the 25  
10 percent limit on any particular company or technology  
11 for getting funding was done after lengthy  
12 consideration. Key to having such a limit is ensuring  
13 competition was one of the goals of the program, cost  
14 sharing and competition, and so we're going to be  
15 careful to not let any one technology or provider  
16 necessarily use all the funds. However, on the other  
17 hand this is an emerging space and sometimes you do  
18 have single providers or companies doing innovation in  
19 this area, serving a number of customers and we want  
20 to make sure that customers can choose any company  
21 that they want. So I don't see a need at this time to  
22 impose such a limit however as I noted we'll be  
23 watching both the fuel cell and the wind markets and  
24 if we don't see competition and, in particular, if we  
25 don't see a decrease in cost of technologies even if

1 provided by one provider I will strongly recommend  
2 that the Commission adopt similar language going  
3 forward.

4 CHAIRMAN WEISENMILLER: Thank you. We have  
5 two public comments. Let's start with Justin.

6 MS. O'BRIEN: I'm actually Rachel O'Brien.  
7 Justin had to take off so I'm going to fill in for him  
8 today.

9 I'm here on behalf of DWEA, the Distributed  
10 Wind Energy Association, and we'd like to express our  
11 support for the proposed revisions to the 11<sup>th</sup> edition  
12 of the Emerging Renewables Guidebook.

13 Just want to note that we did submit formal  
14 comments on November 7 of this month. The extension  
15 of the \$3.00 a watt rebate level for the first 10 kW  
16 and under wind turbines for an additional 60 days will  
17 extend this deadline into the second quarter of 2012  
18 which kind of as you were alluding to is historically  
19 when sales begin to pick up each year and also want to  
20 note that we are in support of the removal of the 25  
21 percent manufacturer retail total rebate limitation.  
22 We do believe that this will increase customer choice  
23 and perhaps allow for greater opportunity for future  
24 cost reductions stemming from economies of value  
25 production and implementation.

1 Thank you, Commissioners, for your time.

2 CHAIRMAN WEISENMILLER: Thank you. Terry  
3 Carlone?

4 MR. CARLONE: Yes, may it please the  
5 Commission. Terry Carlone, Synergex Ventures. We are  
6 also in support of the proposals and want to thank the  
7 Commission for the diligence for which it has  
8 addressed these complex issues and for your  
9 considering this. Thank you.

10 CHAIRMAN WEISENMILLER: Thank you. Thank  
11 you both for being here.

12 At this point do we have a motion or  
13 comments? Any comments or questions?

14 COMMISSIONER PETERMAN: Round up the  
15 renewables motions then. I would like to move Item  
16 16, Emerging Renewable Program Guidebook.

17 COMMISSIONER BOYD: Second.

18 CHAIRMAN WEISENMILLER: All those in favor?

19 (Ayes.) This Item also passes unanimously.

20 Thank you.

21 MR. NG: Thank you.

22 CHAIRMAN WEISENMILLER: Item 17. Minutes.

23 Possible approval of November 2 Business Meeting  
24 minutes.

25 COMMISSIONER DOUGLAS: Move approval of the

1 minutes.

2 COMMISSIONER BOYD: I'll abstain from this  
3 Item as I wasn't present.

4 Also, you've actually got two sets of  
5 minutes in here.

6 CHAIRMAN WEISENMILLER: Okay. So I'm  
7 looking at October 5<sup>th</sup>. That's right.

8 COMMISSIONER DOUGLAS: They're not in my  
9 packet.

10 CHAIRMAN WEISENMILLER: Yes. So November 2.  
11 So you're abstaining. So I need a -

12 COMMISSIONER DOUGLAS: I move the minutes  
13 for November 2, 2011.

14 COMMISSIONER PETERMAN: And I'll second  
15 those.

16 CHAIRMAN WEISENMILLER: Great. All those in  
17 favor?

18 (Ayes.) This passes unanimously.

19 Okay. Let's now look at October 5.

20 COMMISSIONER BOYD: I'll move approval.

21 MR. LEVY: Pardon me, Commissioners.

22 October 5 doesn't appear to be on the Agenda so that  
23 should be held until the next meeting.

24 CHAIRMAN WEISENMILLER: Okay. We'll hold it  
25 then. Good point.

1                   COMMISSIONER BOYD:  It's in the Agenda book  
2 but not on the Agenda.

3                   CHAIRMAN WEISENMILLER:  Number 18.  Lead  
4 Commissioner or Presiding Member Reports.

5                   COMMISSIONER BOYD:  There's so much going on  
6 I wouldn't know where to start.  I'll say no report.

7                   COMMISSIONER PETERMAN:  Yeah, more or less  
8 ditto.  I will say that since we just covered an Item  
9 on the Emerging Renewables Program that the program  
10 did restart last week and we've received applications  
11 and significant interest and so glad that stakeholders  
12 have hung in there with us over the last 8 or 9 months  
13 and are still engaging with us and look forward to  
14 processing those applications and getting those  
15 rebates out.

16                  COMMISSIONER BOYD:  I guess I'll quickly  
17 mention the fact that this being my third day in a row  
18 sitting at this dais desk that we've had two workshops  
19 in here this week.  One on a continuation of the  
20 subject of alternative transportation fuels which was  
21 an IEPR oriented workshop on Monday and yesterday  
22 Commissioner Peterman and I sat with the staff on an  
23 energy storage workshop that I thought was extremely  
24 beneficial and positive.

25                  That just gives you an idea of the kinds of

1 activity that we've been engaged in.

2 CHAIRMAN WEISENMILLER: Okay so let's go on  
3 to number 19. Chief Counsel's Report.

4 MR. LEVY: I have no report today, thank  
5 you.

6 CHAIRMAN WEISENMILLER: Okay. Let's go to  
7 number 20. Executive Director's Report.

8 MR. OGLESBY: I have nothing to add today.

9 CHAIRMAN WEISENMILLER: Public advisor?

10 MS. JENNINGS: I have nothing to report,  
11 thank you.

12 CHAIRMAN WEISENMILLER: And on the public  
13 comment we have a gentleman. Patrick? I think you've  
14 identified two items that you'd like to discuss with  
15 us.

16 MR. SPLITT: Good afternoon, Commissioners.  
17 Patrick Splitt from App-Tech Energy Consultants in  
18 Santa Cruz. I have two items, basically dealing with  
19 water calculations under the compliance options and  
20 their inadequacies.

21 So the first time is just to point out that  
22 the water heating calculations for both residential  
23 and nonresidential haven't been updated in a long,  
24 long time so they're way out of date. Especially in  
25 the residential side, there are many new types of

1 systems that can't be correctly inputted into the  
2 software and this leads manufactures and people trying  
3 to do high efficiency buildings at a disadvantage and  
4 in fact just making up numbers that will get by the  
5 building department. And in most instances this  
6 works. The problem that comes up is if they're' going  
7 for a new solar homes partnership and third party  
8 review comes into effect and they all of a sudden want  
9 to know where this number came from. It's a big  
10 problem. So I, and many others, have been asking for  
11 an update for the next version of the code to improve  
12 these calculations and so far there's no work  
13 scheduled for this.

14 On the residential side where I really see  
15 the problems, many homes cannot utilize correctly new  
16 equipment like I'm trying to use air water heat pumps  
17 or ground source heat pumps. The efficiencies aren't  
18 really set up to be inputted into the software so  
19 people play games. On a small residential project for  
20 the current standards and what will be even more  
21 apparent in the new standards the way that the  
22 calculation is done, an efficient building the water  
23 heating calculation budget becomes much greater than  
24 the space conditioning heating and cooling budgets.  
25 To the extent that all of these requirements and

1 changes you're coming up with for the new standards, a  
2 little tweak here. A little tweak there. You gotta  
3 add this. You gotta add that. For a small residential  
4 building, you don't have to do any of that. You put  
5 in a high efficiency water heater. Forget all of that  
6 stuff because you're just wasting your time because  
7 it's going to pass. That's the way the calculation  
8 works now. The calculation may be right or it may be  
9 wrong. If it's right then it means you're wasting all  
10 your time on features that aren't going to matter to  
11 these efficient homes and you should be worrying about  
12 water heating. If it's wrong, well then it's wrong  
13 and a lot of these buildings aren't going to put these  
14 features in because they're utilizing this incorrect  
15 calculation.

16           So either way you have to put some money and  
17 effort into this now to correct those calculations and  
18 see what's going on.

19           I have to admit that the way things have  
20 been going with all the hearings and workshops that  
21 we've had working up to the new standards, it's  
22 actually a great improvement over what we've had  
23 before but a lot of that funding has come from the  
24 utilities. And while you're main goal now is to meet  
25 zero net energy goals, theirs is to reduce peak. So

1 obviously they're going to put most of their effort  
2 into features that reduce peak.

3           Now for the instance, let's say, a resident  
4 put in an ice storage system. They, instead of  
5 cooling the house in the afternoon, they create ice at  
6 night and then use that during the day. That would  
7 benefit the utility. That reduces their peak demand.  
8 That moves most of that energy to the night instead of  
9 the end summer afternoon. But if you look at the  
10 total energy their loss is at storing that cold at  
11 night and then having to deliver it back to the house  
12 so actually the net energy went up. In total it took  
13 more energy to use that system than if you just would  
14 have put an air conditioner in.

15           So that's not getting to your goal but if  
16 you've picked features that are going for zero net  
17 energy where you try to get the total energy use of  
18 the house, including hot water that is used every day  
19 of the year not just in the summer for cooling or  
20 winter for heating, every day of the year you're using  
21 hot water. If you get those efficiencies better so  
22 that the house uses less energy and what's left is  
23 offset by photovoltaics, if the annual energy use is  
24 offset by photovoltaics well that means that sometimes  
25 you have sun and sometimes you don't.

1           So in the summer afternoons you must be  
2   creating more energy than you're using in order to  
3   zero out for the year. That then means that in the  
4   summer afternoons when the utilities are looking to  
5   reduce their peak, we're pumping energy back into the  
6   system. So we haven't just cut down on the energy,  
7   we're putting energy back. So if you put an emphasis  
8   on zero net energy, not just peak reduction, you  
9   automatically get the peak reduction. And I think  
10  that's a problem right now. There wasn't much effort  
11  put into items other than those at reduced peak.

12           So that's all I have to say on this is you  
13  gotta fix that.

14           COMMISSIONER DOUGLAS: Thank you for your  
15  comments. Can I ask have you submitted this in  
16  writing to staff or to us?

17           MR. SPLITT: Well, I've been participating  
18  in a lot of these workshops and brought them up there.

19           COMMISSIONER DOUGLAS: You have. So you've  
20  brought these issues up orally in workshops but you  
21  haven't written them down?

22           MR. SPLITT: Right. Well, I've probably  
23  written them down over the past decade several times.

24           COMMISSIONER DOUGLAS: All right.

25           MR. SPLITT: I'm also on the Board of

1 Directors of CABEC Energy Consultants Group and other  
2 groups and in conjunction with those groups we are  
3 also proposing changes.

4 COMMISSIONER DOUGLAS: Okay. Good.

5 MR. SPLITT: Then my next item. First I  
6 want to confirm something. I was talking to you and  
7 I'm going to propose an application for an exceptional  
8 design and there's some timing restraints in the code  
9 as far as when things have to happen after I do this  
10 and they're listed like within 60 days or 75 days and  
11 I just became aware that that's probably calendar  
12 days, not just work days. Is that correct? Or do you  
13 exclude holidays and weekends?

14 CHAIRMAN WEISENMILLER: I was going to say  
15 that we will need to have you and the staff talk and  
16 clarify that. I don't know if they have on their  
17 fingertips the correct response.

18 MR. SPLITT: It matters to what I say next  
19 so I don't want to put my foot in my mouth more than I  
20 normally do. For procedures for consideration of an  
21 application for this exceptional design, it says, for  
22 instance, "Within 75 days of receipt of an application  
23 the Executive Director may request" or "within 90  
24 days, he shall do something." What are those 90 days?

25 MR. LEVY: 75 days or 90 days would be

1 calendar days.

2 MR. SPLITT: Calendar days. Okay. Well, in  
3 that case I have an application for approval of  
4 exceptional design and I'm going to give three copies  
5 to the Executive Director and for the application to  
6 be correct I need to give him four. The reason that  
7 I'm doing this is that I'm also asking - well, I'll  
8 get to this but just to let you know why I'm doing  
9 this. I want to have a workshop in conjunction with  
10 my application which has to do with air to water heat  
11 pump water heaters and I want to give manufacturers a  
12 chance to attend. I'm all for openness. And the AHR,  
13 the big organization they all belong to, is having  
14 their annual meeting in Chicago in the end of January.  
15 I was thinking that I had more time but if I wanted to  
16 do this to let the 75 day period to have a workshop  
17 will happen after this meeting in Chicago so all these  
18 manufacturers will have a chance to get together and  
19 decide if they want to participate or not. So I just  
20 don't want to have it happen after the workshop. So  
21 it's a technicality but it'll keep people from coming  
22 back.

23 CHAIRMAN WEISENMILLER: Again, I encourage  
24 you to work with the Executive Director on the timing.

25 MR. SPLITT: Okay. So what I have here then

1 is -

2 COMMISSIONER PETERMAN: I got to ask. You  
3 said you needed four copies. How come you only gave  
4 him three?

5 MR. SPLITT: Because if I give him four  
6 copies the clock starts?

7 COMMISSIONER PETERMAN: Okay.

8 MR. SPLITT: And then I'll have to have the  
9 workshop before the meeting in Chicago.

10 COMMISSIONER PETERMAN: Okay. That makes  
11 sense. I was just wanted to make sure I understood  
12 what was happening.

13 MR. LEVY: In fairness Commissioners, I  
14 don't have the specifics of the regulations he's  
15 citing. Based on what's he recited, calendar days  
16 would be what's there but I don't have the regulations  
17 in front of me. I don't know the program requirements  
18 without looking at it.

19 COMMISSIONER DOUGLAS: I think that if he  
20 works with the Executive Director on timing you can  
21 follow up with him on when to give us his fourth copy  
22 if that's how he wants to do that.

23 MR. LEVY: We're happy to do that offline,  
24 certainly.

25 CHAIRMAN WEISENMILLER: Yeah because it's

1 occurred to me that there's probably someone in your  
2 office who's an expert on this who should be here but  
3 not. But unfortunately -

4 MR. SPLITT: I'm a stickler for details and  
5 doing things right. So I, right now, have a couple of  
6 projects where I'm trying to use air to water heat  
7 pumps in close to zero if not actual zero net energy  
8 buildings. And one of them is under construction  
9 right now. For over two years I've been trying to get  
10 the Commission staff to agree on what the efficiencies  
11 of this equipment should be.

12 It's equipment that actually isn't tested by  
13 the feds or regulated by them. A company called  
14 Daikin Altherma for over two years has been trying to  
15 get the Commission staff to come up with some numbers  
16 and I actually two years was going to use the  
17 equipment and dug up an email from January 9, 2010  
18 saying that they were assured by the CEC staff that  
19 they'd have an answer within two weeks. That's almost  
20 two years ago.

21 CHAIRMAN WEISENMILLER: But, again, we've  
22 had experience around here with emerging technologies  
23 in the wind space and it's very important to have  
24 rated, recognized measurements for these emerging  
25 technologies.

1           MR. SPLITT: This is equipment that has been  
2 used in Europe for years and years and years. The  
3 problem is that the software doesn't have the input  
4 for this type of equipment. So they have been coming  
5 up with – they have a draft version of their solution  
6 for that equipment but it's got problems. What I've  
7 done is that I've gone back to the building official  
8 in the city where I have about half this project  
9 because right now they're ready for the New Solar  
10 Homes Partnership check. Well they were until I just  
11 heard so maybe they aren't.

12           If I have to model this home with the  
13 default efficiency that the staff requires for when  
14 they don't have a number, it's the worst number,  
15 0.904. Not only will I not qualify for the rebate it  
16 won't qualify for Title 24.

17           I know this is very efficient equipment so  
18 what I have done is I have had the building official  
19 write a letter according to that procedure stating  
20 that in fact the house will not meet these  
21 requirements so now that enables me to appeal to you  
22 to ask for an exceptional design.

23           So what I'm doing is asking for an  
24 exceptional design and not just for this project but  
25 for all residential buildings that would be using this

1 type of equipment, air to water heat pumps from 3-5  
2 tons, and the numbers I'm using are the numbers that  
3 the staff has agreed to for this Daiken system. These  
4 numbers were not the numbers that Daiken wanted. They  
5 wanted something way up here and the staff originally  
6 wanted something down here. It this is some  
7 compromise.

8 CHAIRMAN WEISENMILLER: Okay. I'm sorry but  
9 we're trying to keep this - this is the brief public  
10 comment. One minute, three minute. We don't need to  
11 dive into the weeds.

12 MR. SPLITT: Okay. Let me see if there's  
13 anything else I want to say real quick.

14 COMMISSIONER PETERMAN: Is your point, sir,  
15 that you have - I just want to make sure we have a  
16 follow up around your comment around the January 2010  
17 email. Is your point that you have not received a  
18 response and, if so, I would recommend resending that  
19 email to staff, maybe CC'ing the Public Advisor,  
20 something like that.

21 MR. SPLITT: That's not the comment.

22 COMMISSIONER PETERMAN: And the Chief  
23 Counsel. But I just want to make sure that we're able  
24 to immediately address your concerns but many of them  
25 seem like they can be addressed directly with staff

1 again although it's nice to have learned about them.

2 MR. SPLITT: I've been trying for two years.

3 CHAIRMAN WEISENMILLER: We certainly  
4 appreciate you coming up and taking the time to come  
5 here and bring it to our attention.

6 COMMISSIONER PETERMAN: And so I think you  
7 may have just heard, again, that the Chief Counsel  
8 said you can resend, maybe summarize in an email, what  
9 your issues are, resend them and make sure you CC the  
10 Public Advisor as well as our Chief Counsel because  
11 you do have our attention here.

12 MR. SPLITT: Okay. Just one thing I want to  
13 do since - if my application is accepted, all of these  
14 heat pumps will have the same number requirements as  
15 the Daikin system that would make any separate  
16 procedure for Daikin moot. So what I'm asking the  
17 staff to do, or whoever to do this, is to combine the  
18 two procedures together so that we have both the  
19 Daikin resolution and my problem solved at the same  
20 public hearing rather than have two and have everybody  
21 have to come twice.

22 CHAIRMAN WEISENMILLER: Okay. But again,  
23 we'll certainly let you and the Executive Director  
24 work out the precise details on that.

25 MR. SPLITT: Okay. Thank you.

1                   CHAIRMAN WEISENMILLER: Efficiency is good.  
2 Both in process and in heat pumps. So if there are no  
3 further public comments, this meeting is adjourned.

4                   (Whereupon, at 12:20 p.m., the business  
5 meeting was adjourned.)

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