



Commissioners Present

Robert B. Weisenmiller, Chairperson  
Karen Douglas  
Carla Peterman

Staff Present:

Rob Oglesby, Executive Director  
Jennifer Jennings, Public Advisor  
Allan Ward, Staff Counsel

	Agenda Item
Miki Crowell	2
Gabe Herrera	3
Rebecca Menten	4
Adrian Ownby	5
Samuel Lerman	7 and 8
Karen Perrin	11
Leslie Barody	12, 13, 14, 15
Barbara Byron	16 and 17
Sherryl Yourczek	18
Rita Champlion	19
Consuelo Sichon	20
Dan Gallagher	21
Cheryl Closson	22
Robin Mayer	
Suzanne Korosec	23 and 24

**Also Present**

Interested Parties (\* Via WebEx)

Judith Corbett, Executive Director, Local Government  
Commission

\*Brennan Jensen, Ecology Action

Gerald L. Lahr, Program Manager, Association of Bay Area  
Governments

\*Howard Choy, Los Angeles County

Stephanie Pinceti, UC Davis Institute of Transportation  
Studies

\*Manuel Gouveia, Senator Carol Liu's Office

**Also Present** (Continued) (\* Via WebEx)

Interested Parties

\*Beth Jines, Director of Sustainability, Office of Mayor Villaraigosa, City of Los Angeles

\*Lauren Rank, L.A. County Office of Sustainability

\*Henry Stern, Senator Pavley's Office

Michael Benjamin, Assistant Division Chief, Research Division, California Air Resources Board

Brian Johnston, Nissan

Bill Eisenstein, Executive Director, Center for Resource Efficient Communities, UC Berkeley

\*Laura Justine, Caltrans

Dr. Michael Nicholas, UC Davis

Gina Grey, WSPA

Siddhartha Oza, NRDC

Ben Davis, Jr.

Manuel Alvarez, Southern California Edison

Rochelle Becker

John Geesman

Daniel J. Rivest, Beyond Oil Solar

Valerie Winn, PG&E

\*Gary Goodson, Goodson Consulting

I N D E X

	Page
Proceedings	14
Items	
1. CONSENT CALENDAR.	14
a. CITY OF SANTA MONICA. Possible approval of the City of Santa Monica's locally adopted building energy standards to require greater efficiency than the <i>2008 Building Energy Efficiency Standards</i> .	
b. CITY OF NORCO. Possible approval of Amendment 1 to Agreement CBG-09-046 with the City of Norco to change the scope of work and extend the agreement from March 30, 2012 to June 14, 2012. The city faced fiscal challenges and cost share funds for the original project were redirected. The city submitted a new project to utilize the grant funds that consists of retrofitting lighting at the City Hall, Community Center, Senior Center, and Pikes Peak Park. As a result, the budget is being reallocated. The grant amount of \$153,259 is unchanged. (EECBG funding.)	
c. COUNTY OF SUTTER. Possible approval of Amendment 1 to Agreement CBG-09-131 with the County of Sutter to revise the budget and scope of work. The county has received free energy efficiency equipment and has requested to use the resulting savings to include LED parking lot lights and expand LED streetlight retrofits in the project. As a result, the county will realize additional energy savings without additional expense. The grant amount of \$141,606 is unchanged. (ARRA funding.)	
d. BECKER ENGINEERING COMPANY. Possible approval of Amendment 1 to Agreement PIR-08-011 with Becker Engineering Company for a 12-month no-cost time extension and a budget reallocation of \$27,960 due to loss of key project personnel. (PIER electricity funding.)	

## Items

- e. SIDLEY AUSTIN LLP. Possible approval of Amendment 1 to Contract 140-09-001 with Sidley Austin LLP for a two-year no-cost time extension for bond and tax legal assistance for the Energy Conservation Assistance Act Program revenue bonds. (ERPA funding.)
  - f. BUILDING MEDIA INCORPORATED. Possible approval of Amendment 1 to Contract 400-08-004 with Building Media Incorporated for a one-year, no-cost time extension to March 13, 2013 for a web hosting and maintenance of the California Energy Standards Online Learning Center. (DOE funding.)
  - g. STONE & WEBSTER, INC. Possible approval of Amendment 1 to Contract 500-10-037 with Stone & Webster, Inc. to extend the term to March 30, 2013 due to the time required to obtain Department of Energy approval of the revised WESTCARB grant Phase III. (PIER-federal funding.)
  - h. LAWRENCE BERKELEY NATIONAL LABORATORY. Possible approval of Amendment 2 to Contract 500-09-005 with Lawrence Berkeley National Laboratory for a no-cost time extension of 12 months. Amendment 1 was a transition from Lawrence Livermore National Laboratory to the Lawrence Berkeley National Laboratory (LBNL). The transition is now complete and this extension allows time for the principal investigator to complete the remaining tasks on this effort. (PIER electricity funding.)
2. STATE ENERGY PROGRAM GUIDELINES. Possible adoption of changes to the State Energy Program Guidelines to extend the program deadline from March 31, 2012 to April 30, 2012. Other non-substantive changes to the Guidelines are also being proposed for clarification purposes. 15

## Items

3. ARRA-FUNDED CONTRACTS AND LOANS. Possible approval of an Energy Commission resolution directing the Executive Director to amend certain Energy Commission contracts and loans, funded through the American Recovery and Reinvestment Act of 2009 (ARRA), to extend the term of these agreements by 30 days from March 31, 2012 to April 30, 2012, consistent with the Energy Commission's ARRA State Energy Program Award from the U.S. Department of Energy. 19
4. LOCAL GOVERNMENT COMMISSION. Possible approval of Amendment 2 to Contract 400-10-004 with the Local Government Commission. The amendment will extend The entire agreement for one month until April 30, 2012, consistent with item 3 on the Business Meeting agenda. It will also ensure that after April 30, 2012 the Energy Commission can still enforce the DOE requirements for the loan reserve and revolving loan fund aspects of the contract. The amendment will also reduce the contract by \$2 million to correct for estimated under-spending, for a total of \$31,176,912; and revise the statement of work, budget, and terms and conditions. (ARRA funding.) 23
5. CRHMFA HOMEBUYERS FUND. Possible approval of Amendment 3 to Contract 400-09-016 with CRHMFA Homebuyers Fund (CHF) for administration of Moderate Income Sustainable Technology (MIST) Program. The amendment will extend the entire agreement for one month until April 30, 2012, consistent with item 3 on the Business Meeting agenda. It will also ensure that after April 30, 2012 the Energy Commission can still enforce the DOE requirements for the revolving loan fund aspects of the contract. The amendment will also revise the budget to reallocate unexpended funds from specific categories to the program's revolving loan fund, and add up to \$3 million in spending authority contingent on funding availability and program performance. The MIST program provides grants and low interest loans with 15-year terms to moderate income homeowners in CHF Member and Associate Member jurisdictions through a revolving loan fund for whole home energy efficiency and renewable generation 29

## Items

retrofits. Revisions will be made to the statement of work, budget, and terms and conditions. (ARRA funding.)

6. SAN FRANCISCO MAYOR'S OFFICE. Possible approval Postponed  
of Amendment 1 to Contract 400-09-019 with the San Francisco Mayor's Office of Housing (SFMOH) for the Bay Area Multifamily Fund Program. The program provides financing through a revolving loan fund, for energy efficiency and renewable generation retrofits of affordable multifamily housing buildings in the Bay Area. The amendment will extend the entire agreement for one month until April 30, 2012, consistent with item 3 on the Business Meeting agenda. It will also ensure that after April 30, 2012 the Energy Commission can still enforce the DOE requirements for the loan loss reserve and revolving loan fund aspects of the contract. The amendment will also realign the remaining funding; provide a budget and matching scope of work for the extended administration and implementation of the program by SFMOH. Revisions will be made to the statement of work, budget, and terms and conditions. (ARRA funding.)
7. ASSOCIATION OF BAY AREA GOVERNMENTS. Possible approval 32  
of Amendment 3 to Contract 400-09-021 with the Association of Bay Area Governments to redirect existing funds into additional rebates for home energy retrofits and assessments (\$958,473), add \$600,000 to the contract for home energy retrofit and assessment rebates, and redirect funds into reporting and program management activities (\$5,124). The amendment also seeks to add contingency language to make sure all contract funds are spent effectively. Revisions will be made to the statement of work and budget. (ARRA funding.)
8. COUNTY OF LOS ANGELES INTERNAL SERVICES DEPARTMENT. 38  
Possible approval of Amendment 3 to Contract 400-09-024 to add up to \$8 million in spending authority contingent on funding availability and program performances for innovative financing options such as Residential Loan Loss Reserve Financing, Residential Interest Rate Buy Down Reserve Financing, Non-Residential PACE Loan

## Items

Loss Reserve Financing, Multifamily Loan Loss Reserve Financing, and a Contractor Scholarship Revolving Loan Fund. The Amendment will also ensure that the Energy Commission can still enforce the DOE requirements for these financing programs beyond the current term of the Agreement and add contingency language to make sure all contract funds are spent effectively. Revisions will be made to the statement of work, budget, and terms and conditions. (ARRA funding.)

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| 9.  | ENERGY COMMISSION COMMITTEE APPOINTMENTS.<br>Possible approval of appointments to the Energy Commission Standing Committees and Siting Case Committees.   | Postponed |
| 10. | CITY OF CERES. Possible approval of Amendment 1 to Agreement 004-11-ECE-ARRA to increase the loan by \$142,860. The city will use the funds to retrofit 348 additional high pressure sodium and mercury vapor streetlights to LED. The project will save an estimated 1.49 million kilowatt hours of electricity and reduce the city's energy bills by \$121,487 annually, with a simple payback of 11 years based on the total loan amount of \$1,336,360. (ECAA and/or ARRA funding.) | Postponed |
| 11. | CITY OF PITTSBURG. Possible approval of Amendment 1 to Agreement 008-10-ECD to increase the loan from \$425,000 to \$675,000. The amendment increases the number of LED streetlight retrofits under the agreement allowing the city to purchase and install 128 additional streetlights. The project is expected to save the city approximately \$65,000 annually and will have a 10.4 year payback based on the loan amount. (ECD funding.)  | 42        |

## Items

12. VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT. 43  
Possible approval of Agreement ARV-11-002 with the Ventura County Air Pollution Control District for a \$200,000 grant to produce a comprehensive plug-in electric vehicle (PEV) readiness plan for the Central Coast Region, including Ventura, Santa Barbara and San Luis Obispo Counties to support the mass deployment of electric vehicles. The plan will include PEV infrastructure deployment; streamlined permitting, installation, and inspection processes; and consumer education and outreach. (ARFVTP funding.)
13. SAN DIEGO ASSOCIATION OF GOVERNMENTS. Possible 47  
approval of Agreement ARV-11-004 with San Diego Association of Governments (SANDAG) for a \$200,000 grant to produce a comprehensive plug-in-electric vehicle readiness plan for the San Diego Region to support the mass deployment of electric vehicles. The plan will leverage existing EV Project efforts, and will include plans for infrastructure deployment; streamlined permitting, installation, and inspection processes; and consumer education and outreach. (ARFVTP funding.)
14. BAY AREA AIR QUALITY MANAGEMENT DISTRICT. Possible 48  
approval of Agreement ARV-11-005 with Bay Area Air Quality Management District for a \$200,000 grant to produce a comprehensive plug-in electric vehicle readiness plan for the nine county Bay Area to support the mass deployment of electric vehicles over the next ten years. The project will include plans for PEV infrastructure deployment, streamlined permitting, installation and inspection processes; and consumer education and outreach. (ARFVT funding.)
15. SACRAMENTO AREA COUNCIL OF GOVERNMENTS. Possible 49  
approval of Agreement ARV-11-009 for a grant of \$200,000 to produce a comprehensive plug-in electric vehicle (PEV) plan to support the mass deployment of electric vehicles in the six-county Capitol Region. This plan will include plans for PEV infrastructure deployment; streamlining of permitting, installation and inspection processes; and consumer education and outreach. (ARFVTP funding.)

## Items

16. WESTERN GOVERNORS' ASSOCIATION. Possible approval of Contract 150-11-004 to receive \$16,018 from the Western Governors' Association to continue state preparation for federal nuclear waste shipments to the Waste Isolation Pilot Plant in New Mexico/or the Idaho National Laboratory in Idaho. (Reimbursement funding.) 50
17. CALIFORNIA HIGHWAY PATROL. Possible approval of Contract 150-11-003 for \$11,108 with the California Highway Patrol (CHP) to reimburse the CHP for training, inspections and/or escorts for federal nuclear waste shipments in California. 51
18. PACIFIC STORAGE COMPANY. Possible approval of Contract 200-11-012 for up to \$160,000 with Pacific Storage Company to provide moving services for two years, including ergonomic adjustments, modular panel reconfigurations, moving used furniture from the warehouse to Energy Commission and moving archived material to storage. (ERPA funding.) 53
19. DEPARTMENT OF WATER RESOURCES. Possible approval of Contract 200-11-013 for \$625,450 for a three-year Interagency Agreement (IAA) with the Department of Water Resources for information technology computer services referred to as "shared services." This IAA is the next logical step to meet the directives of Government Code sections 11545-11548.5. Examples of "shared services" include the use of virtual services, storage services, monitoring services, and business shared application services (ERPA funding.) 54
20. UNIVERSITY ENTERPRISES, INC. Possible approval of Contract 500-11-011 for \$83,355 with University Enterprises, Inc. to develop a nationally replicable model for California's Smart Grid workforce training and development. This award will be cost-share for the Contractor's American Recovery and Reinvestment Act of 2009 award of \$749,992. (PIER electricity funding.) 56

## Items

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| 21. | UNIVERSITY OF CALIFORNIA, LOS ANGELES. Possible approval of Contract 500-11-012 for \$1.9 million with the Regents of the University of California on behalf of the Los Angeles campus to develop a multi-campus Center for Sustainable Communities. (PIER electricity funding.)   | 59  |
| 22. | AMENDMENTS TO GEOTHERMAL REGULATIONS. Possible adoption of an order instituting a rulemaking to update and streamline California Code of regulations, Title 20, sections 1660-1665. The regulations specify procedures for administering the Geothermal Grant and Loan Program under Public Resources Code, section 3822 et seq. Staff plans to update the regulations, simplify the application process, clarify the requirements for awards to private entities, and make other non-substantive changes. | 80  |
| 23. | ORDER INSTITUTING INFORMATIONAL PROCEEDING. Possible adoption of an order instituting an informational proceeding (OII) to gather and assess information for preparation of the 2012 Integrated Energy Policy Report (IEPR) Update and the 2013 IEPR, as required by Public Resources Code section 25302(a) and 25302(d).  | 83  |
| 24. | 2011 INTEGRATED ENERGY POLICY REPORT. Possible adoption of the Lead Commissioner's <i>Final 2011 Integrated Energy Policy Report</i> .   | 86  |
| 25. | Minutes: Possible approval of the January 12, 2012 Business Meeting Minutes.   | 160 |
| 26. | Lead Commissioner or Presiding Member Reports. A Lead Commissioner on a policy matter may report to the Commission on the matter and discussion may follow. A Presiding Member on a delegated committee may report to the Commission on the matter and discussion may follow.  | 160 |

## Items

27. Chief Counsel's Report: The Energy Commission may adjourn to closed session with its legal counsel [government Code Section 11126(e)] to discuss any of the following matters to which the Energy Commission is a party: 161
- a. *In the Matter of U.S. Department of Energy (High Level Waste Repository), (Atomic Safety Licensing Board, CAB-04, 63-001-HLW);*
  - b. *Public Utilities Commission of California (Federal Energy Regulatory Commission, Docket No. EL10-64-000); and Southern California Edison Company, et al. (Federal Energy Regulatory Commission, Docket No. EL10-66-000);*
  - c. *BNSF Railway Company v. US Department of Interior, California Energy Commission (U.S. District Court Central District of California-Riverside, CV 10-10057 SVW (PJWx));*
  - d. *Richard Latteri v. Energy Resources, Conservation and Development Commission, et al. (Sacramento County Superior Court, 34-2011-99985);*
  - e. *Communities for a Better Environment, Robert Sarvey v. California Public Utilities Commission, Energy Resources Conservation and Development Commission, Real Parties in Interest, Pacific Gas and Electric Company, Contra Costa Generating Station, LLC (California Supreme Court, S194079).*

The Energy Commission may also discuss any judicial or administrative proceeding that was formally initiated after this agenda was published; or determine whether facts and circumstances exist that warrant the initiation of litigation, or that constitute a significant exposure to litigation against the Commission.

28. Executive Director's Report. 161

Page

Items

17. Public Adviser's Report. 162

18. Public Comment 103

Adjourn 163

Certificate of Reporter 164

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P R O C E E D I N G S

FEBRUARY 8, 2012 10:10 a.m.

CHAIRPERSON WEISENMILLER: Good morning. Let's start the Business Meeting with the Pledge of Allegiance.

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

CHAIRPERSON WEISENMILLER: Good morning, let's talk about the layout of the agenda for a second. First, Items 6, 9, and 10 are going to be held to the next Business Meeting.

And looking at the agenda, my guess is that we will get to Items 23 and 24 after lunch. And the Public Adviser has volunteered to give people -- if you call in and give them your telephone number, or if you're either here or if you're on the phone, if you contact the Public Adviser's Office, leave your number, they will contact you if we happen to move very fast.

So, with that let's go to Item Number 1, the Consent Calendar.

We have one correction on the Consent Calendar, which is for Item e. It's not ERPA funding, but it's ECAA Bond Funding.

Do I have a motion?

COMMISSIONER PETERMAN: I'll move the Consent Calendar.

1 COMMISSIONER DOUGLAS: Second.

2 CHAIRPERSON WEISENMILLER: All those in favor?

3 (Ayes)

4 CHAIRPERSON WEISENMILLER: This item passed  
5 unanimately.

6 Okay, Item Number 2, State Energy Program  
7 Guidelines. The possible adoption of changes to the State  
8 Energy Program Guidelines. Miki?

9 MS. CROWELL: Thank you, Chairman. Good morning,  
10 Commissioners, my name is Miki Crowell and I'm with the  
11 Special Projects Office.

12 I'm here this morning seeking the adoption of the  
13 proposed sixth edition of the Energy Commission's State  
14 Energy Program or SEP Guidelines. The Energy Commission  
15 has developed the SEP Guidelines to govern the  
16 implementation and administration of California's SEP  
17 Program funded by the American Recovery and Reinvestment  
18 Act of 2009.

19 In 2009, the Energy Commission received a \$226.1  
20 million grant from the U.S. Department of Energy to  
21 implement a wide variety of energy efficiency and renewable  
22 energy programs in projects throughout California.

23 This Federal grant expires on April 30<sup>th</sup>, 2012,  
24 which means that all expenditures reimbursed under this  
25 grant must be incurred on or before this date.

15

1           The original Energy Commission guidelines  
2 required projects to cease incurring costs under this grant  
3 on or before March 31<sup>st</sup>, 2012, which is 30 days earlier than  
4 the Energy Commission's SEP Grant allows.

5           The proposed changes to the guidelines extend the  
6 program deadline to April 30<sup>th</sup>, 2012. This allows projects  
7 to utilize the entire term of the Federal grant to complete  
8 their projects and receive the benefits provided by the SEP  
9 funds.

10           In addition, the guidelines have also been  
11 updated to reflect the Energy Commission's recent  
12 elimination of certain policy committees.

13           Other nonsubstantive administrative changes are  
14 also proposed for clarification purposes.

15           Revisions to the guidelines require our 15-day  
16 public notice and comment period prior to adoption. The  
17 notice for the sixth edition of the SEP Guidelines was  
18 published on January 24<sup>th</sup>, 2012, thereby meeting the  
19 requisite 15-day public notice period.

20           As of this morning the Energy Commission has not  
21 received any comments or questions on the proposed  
22 guideline revisions. As such, I respectfully request your  
23 approval of the SEP Guidelines sixth edition as proposed.  
24 I'm happy to answer any questions you may have, thank you.

25           CHAIRPERSON WEISENMILLER: Thank you.

1 Commissioners, any questions or comments?

2 COMMISSIONER DOUGLAS: No questions, just a  
3 comment. I just wanted to emphasize that the  
4 proposed -- the proposal to change the amount of time that  
5 the award recipients have to complete the projects by one  
6 month is not an extension because we had initially required  
7 them to complete the work significantly before the  
8 deadline, the Federal deadline for completing work on these  
9 projects.

10 As we've gotten closer to the deadline we're  
11 seeing tremendous progress from these recipients and at the  
12 same time, in some cases, that extra month is helpful to  
13 them to complete invoicing and to complete all of the --  
14 tie up, really, all of the loose ends that are needed to  
15 close down the Federal funding aspect of these programs and  
16 in some cases -- in any case, wrap up the program.

17 So, I just want to emphasize that, you know, this  
18 is generally clean up. As we get closer to the finish line  
19 on these grants and we are, indeed, getting to the finish  
20 line on these grants, we have in some cases seen benefits  
21 to giving just that much more time, which is within the  
22 framework of the Federal deadline, to wrap up loose ends on  
23 paperwork and so on.

24 If there are no other questions, I will --

25 MR. HERRERA: Commissioner Douglas, Gabe Herrera

1 with the Commission's Legal Office, just here to make some  
2 brief comments concerning the California Environmental  
3 Quality Act, just to make sure we cover our basis before  
4 you adopt these guideline revisions.

5           When the Commission proposes revisions to these  
6 type of guidelines, the Legal Office takes a look at the  
7 changes to see if it's possible to consider it as a project  
8 under CEQA. We took a look at these changes and determined  
9 that it was not a project under CEQA for several reasons.  
10 One is that the activities in this case falls within one of  
11 the listed exemptions in Title 14 of the California Code of  
12 Regulations, section 15378, subdivision (b)(2) and (4), in  
13 that it relates to general policy and procedure making.  
14 And, also, the creation of governmental funding mechanisms,  
15 which do not involve any commitment to a specific project,  
16 which may have a potentially significant physical impact on  
17 the environment.

18           In addition, the adoption of these guidelines  
19 falls under what's commonly known as the common sense  
20 exception under Title 14, California Code of Regulations  
21 section 15061(b)(3). That section indicates that CEQA only  
22 applies to projects that have a "Significant effect on the  
23 environment", which is defined in the law as being a  
24 substantial adverse change in the environment. Thank you.

25           COMMISSIONER DOUGLAS: Thank you, Gabe. With

1 that, I'd like to move approval of Item 2.

2 COMMISSIONER PETERMAN: I'll second.

3 CHAIRPERSON WEISENMILLER: All those in favor?

4 (Ayes)

5 CHAIRPERSON WEISENMILLER: Item 2 passed  
6 unanimately.

7 Item 3, ARRA-Funded Contracts and Loans.  
8 Possible approval of an Energy Commission resolution  
9 directing the Executive Director to amend Energy Commission  
10 contracts and loans, funded through ARRA.

11 MR. HERRERA: Good morning, Commissioners, Gabe  
12 Herrera, again, with the Commission's Legal Office. I'm  
13 here to provide you a little background on this item.

14 As was discussed in Item Number 2, the SEP  
15 guidelines identified a project end date by March 31<sup>st</sup>, 2012  
16 and the purpose of that, again, was to give the Energy  
17 Commission a 30-day buffer period in which to complete or  
18 close out projects before the April 30<sup>th</sup>, 2012 end date in  
19 the Department of Energy grant award to the Energy  
20 Commission.

21 The Commission has made a number of awards from  
22 the ARRA State Energy Program Funds received under that DOE  
23 grant award. And, like the guidelines, those particular  
24 awards included standard agreements that required project  
25 proponents to complete their projects by that March 31<sup>st</sup>,

19

1 2012 date.

2 Now that the guidelines have been revised to  
3 extend that date to April 30<sup>th</sup>, 2012, consistent with the  
4 DOE's grant award to the Energy Commission, the Commission  
5 needs to now go back and amend awards that -- or contracts,  
6 excuse me, and borrowers that needs this additional 30 days  
7 to complete their projects.

8 That's what this resolution would do, it would  
9 authorize the Executive Director to extend the term of  
10 these agreements that need the additional 30 days. The  
11 extension would be limited to just that 30 days. Again,  
12 the term would be extended from March 31<sup>st</sup>, 2012 to April  
13 30<sup>th</sup>, 2012.

14 There's good reason for doing that, as  
15 Commissioner Douglas has just indicated. Basically, the  
16 beneficial purposes would be it would provide the  
17 contractors and borrowers 30 additional days to complete  
18 their State Energy Program projects and expend the funds  
19 ahead of the April 30<sup>th</sup>, 2012 deadline established by DOE.

20 It would benefit California through the  
21 completion of these projects and potentially, also, avoid  
22 the loss and/or return of any unspent funds to DOE under  
23 the DOE grant award.

24 And with that I conclude my comments and, if you  
25 have any questions, I'd be more than happy to answer them.

1           CHAIRPERSON WEISENMILLER: Thank you, Gabe.

2           Commissioners, any questions or comments?

3           COMMISSIONER DOUGLAS: No questions, not a  
4 comment on this. You know, we've been really pleased by  
5 progress on a number of the grantees, and I'll just give  
6 one example.

7           For some time we were concerned about the ABAG  
8 grant, that's a residential retrofit grant that went out to  
9 the Bay Area Counties because the spend rate was slower  
10 than it would need to be to get through the funding by the  
11 deadline.

12           And to everyone's surprise, to our surprise in  
13 any case, in a matter of weeks that program went from  
14 under-subscribed to significantly over-subscribed.

15           And so it's just an example of momentum building  
16 up on these programs.

17           And I'm quite confident, as we get towards the  
18 finish line, that this is a trend that's going to continue  
19 not only for that grant, but for most or all of the  
20 programs. And at the same time this extra month to wrap up  
21 last details, get in the paperwork, and so on is going to  
22 be important for everybody to make sure that we're invoiced  
23 on time and make sure that we're able to pay those invoices  
24 out by the deadline.

25           So, I really want to emphasize that even as we

1 might provide another month within the original deadline,  
2 that deadline is not going to move and we're not going --  
3 you know, from my perspective, I'm not really interested in  
4 looking for it to move.

5           So, there's a lot of work that needs to be done  
6 between now and the finish line and, you know, we're going  
7 to need to have work completed, we're going to need to get  
8 invoices in, we're going to need to approve those invoices  
9 and spend the money; essentially pay down the invoices  
10 within what is a pretty compressed time frame.

11           So, I don't -- I don't think anybody out there  
12 who is responsible for implementing any of this funding  
13 sees one month and breathes a sigh of relief, or they  
14 shouldn't be. But I just wanted to make it clear that  
15 there's a lot of work that needs to be done and we  
16 certainly look forward to getting invoices, and getting  
17 frequent communication where there are issues with the  
18 invoices, for example, as quickly as possible.

19           So, I will move Item 3.

20           COMMISSIONER PETERMAN: Before I second, also I'd  
21 just like to compliment and thank staff in the executive  
22 office and, in particular, lead Commissioner Douglas on the  
23 work they've done with the rollout of the ARRA funding.  
24 It's an extraordinary amount of work and you should be very  
25 proud of what you've done.

1           And happy to continue to support as we finalize  
2 this rollout, and so I'll second.

3           CHAIRPERSON WEISENMILLER: Okay, all those in  
4 favor?

5           (Ayes)

6           CHAIRPERSON WEISENMILLER: This item also passed  
7 unanimously.

8           Item 4, Local Government Commission. Possible  
9 approval of Amendment 2 to Contract 400-10-004, Local  
10 Government Commission. This is ARRA funding.

11           Rebecca.

12           MS. MENTEN: Thank you. My name is Rebecca  
13 Menten; I'm the Contract Manager for Local Government  
14 Commission Contracts.

15           I'm here before you today for possible approval  
16 of this Contract No. 400-10-004. This would be the second  
17 amendment to this contract.

18           This amendment would the Local Government  
19 Commission to use the program income that they retain from  
20 their financing programs to continue to support those  
21 financing programs on an ongoing basis.

22           Additionally, these amendment would remove \$2  
23 million from this contract.

24           Just a moment to recap some of the successes this  
25 contract has achieved to date. Since its inception this

1 contract, the \$33 million contract designed to support the  
2 market transformation infrastructure necessary to support  
3 the market transformation we're seeing in the residential  
4 energy upgrade market, has achieved over 3,000 residential  
5 upgrades which are either completed or currently in  
6 progress.

7           Additionally, over 3 million square feet of  
8 commercial space has been audited under this contract.  
9 These audits are necessary for preparation for potential  
10 financing to complete these projects.

11           Over 600 contractors to date have been trained,  
12 ensuring a lasting, high-quality workforce years after the  
13 ARRA funding diminishes.

14           The marketing and education efforts have  
15 currently accomplished over 58 million consumer impressions  
16 in the State of California.

17           The one-stop web portal which provides all the  
18 resources necessary to help a homeowner make their way  
19 through the upgrade process, was recently cited in an  
20 Energy Upgrade California releasing from the Energy  
21 Commission as the source of over one-third of contractor  
22 projects. That means that one-third of projects completed  
23 under the IOU program directly receive referrals through  
24 the Energy Upgrade California web portal that's funded  
25 through this contract.

1           Additionally, over \$9 million of this contract  
2 has been invested in innovative local government financing  
3 programs which help to reduce the cost of capital for  
4 consumers in California and achieve upgrades by  
5 accomplishing -- by overcoming the first cost barrier,  
6 which is one of the most significant.

7           Currently, this contract has invoiced up to \$22.4  
8 million in expenditures. It's on track in spending and we  
9 have every anticipation that this contract will be fully  
10 expended by the deadlines.

11           This amendment would introduce an alternate scope  
12 of work and budget which will go into effect upon the  
13 conclusion of existing program activities and would allow  
14 the financing programs to continue providing their services  
15 in the regions where they're operating.

16           The Department of Energy terms and conditions are  
17 very clear, the ARRA funding retains its Federal nature in  
18 perpetuity. Hence, an agreement with the Local Government  
19 Commission must be modified to ensure that we have an  
20 enforcement mechanism to see that these terms and  
21 conditions are complied with.

22           The implications of approving this amendment not  
23 only keep this funding in these programs and regions, but  
24 also ensure that the \$4.8 million currently invested in  
25 financing programs will continue, and direct financing

1 support will continue to be leveraged with more than \$100  
2 million in local government and private capital.

3           Given the clear and continuing need for financing  
4 in the Energy Upgrade California market, staff recommends  
5 the approval of this amendment.

6           Thanks for your time, I'm available for questions  
7 on this item.

8           MS. CORBETT: And I'm Judy Corbett, we're the  
9 contractor, the prime contractor leading the team that has  
10 been doing this amazing project.

11           I've been, as Executive Director of the Local  
12 Government Commission, just standing back and looking at it  
13 in awe because in just one year we managed to put this  
14 screen up on the web, do a portal so that somebody can come  
15 in and put in their zip code, find out what contractors are  
16 available, what rebates, financing options. It's pretty  
17 amazing to me and Carla repeated all of these achievements.  
18 So, I'm just here to say wow.

19           And we're very fortunate that all this  
20 investment, and it was a lot of money, is not going to go  
21 away. We now have a brand that people recognize. The  
22 Public Utilities Commission is going to pick it up and keep  
23 it going.

24           So, I'm certainly grateful to the Commission who  
25 really just came up with this idea.

1           And I think it's really terrific that you're  
2   considering giving more money to San Francisco, L.A. and  
3   Solano County because their programs which, of course, were  
4   stopped when FHA -- or Fannie Mac and Freddie Mae decided  
5   that their original idea was not going to be legal, have  
6   been able to be continued and this money will continue that  
7   funding for them.

8           And I expect that someday Fannie Mae and Freddie  
9   Mac are going to back off but, in the meantime, we'll have  
10   three local governments who have really been able to prove  
11   that this is a good idea, it's worthwhile, and it's going  
12   to make a big difference to us achieving California's  
13   energy goals. Thanks.

14           CHAIRPERSON WEISENMILLER: Great, thanks for  
15   being here, Judy.

16           I think we have Brennan Jensen on the line.

17           MS. JENSEN: Hello, this is Brennan Jensen with  
18   the Ecology Action. We're working in tandem with the Local  
19   Government Commission and several other subcontractors on  
20   the Local Government Commission contract.

21           And we just wanted to voice our appreciation to  
22   the Energy Commission for the ongoing support of this  
23   contract.

24           I wanted especially to note the contract term  
25   adjustment of the additional 30 days to provide for final

1 invoicing and documentation, which we feel is integral to  
2 that final cleanup process and enabling the entire program  
3 team to be able to fully take advantage of the remaining  
4 term, to be able to add to our overall impact of this  
5 program.

6 Thank you very much.

7 CHAIRPERSON WEISENMILLER: Thank you.

8 Commissioners, any questions or comments?

9 COMMISSIONER DOUGLAS: Just a brief comment,  
10 Commissioners. I recommend this item for your support. I  
11 did want to note, as we heard briefly in the presentation,  
12 that the PUC has allocated \$588,000 to cover work on the  
13 portal. That includes maintenance and upgrades for the  
14 rest of the calendar year.

15 We're working very closely with the Public  
16 Utilities Commission on how they can best leverage and take  
17 advantage of work and investments made in the ARRA period,  
18 as they consider the energy efficiency portfolios going  
19 forward.

20 So, we really appreciate that relationship and  
21 the hard work at the PUC on energy efficiency.

22 So, if there are no other comments or questions,  
23 I will move Item 4.

24 COMMISSIONER PETERMAN: That was a great report,  
25 thank you very much. I'll second that motion.

1 CHAIRPERSON WEISENMILLER: Okay, all those in  
2 favor?

3 (Ayes)

4 CHAIRPERSON WEISENMILLER: This item also passed  
5 unanimously.

6 Thank you both.

7 Item 5, which is CRHMFA Homebuyers Fund.  
8 Possible approval of Amendment 3 to Contract 400-09-016.  
9 And this is also ARRA funding.

10 Adrian.

11 MR. OWNBY: Good morning, Commissioners, I'm  
12 Adrian Ownby, the Commission Contract Manager for this  
13 contract.

14 This item is an amendment to an existing ARRA SEP  
15 residential contract with the CRHMFA Homebuyers Fund or,  
16 more simply, CHF.

17 CHF's Moderate Income Sustainable Technology  
18 Program, or MIST Program, provides grants and low interest  
19 loans for comprehensive energy efficiency retrofits to  
20 modern income homeowners in 52 counties and two cities in  
21 California.

22 This program's been extremely successful. It's  
23 grown from an initial \$16.5 million program to a \$27.5  
24 million program.

25 By April 30<sup>th</sup>, 2012 CHF expects to have made over

1 \$23.9 million in loans to retrofit 1,055 single family  
2 homes. On a per-home basis, staff estimates the annual  
3 electrical energy savings will be over 33 percent and that  
4 the average annual natural gas savings will be over 28  
5 percent.

6 The staff projects the annual -- the energy  
7 efficiency and renewable generation retrofits financed by  
8 this program will reduce electricity and natural gas  
9 consumption by over 86 billion source BTUs annually, and  
10 save homeowners almost \$40 million in utility costs over  
11 the 15-year loan period.

12 This contract has been one of our most  
13 administratively cost effective ARRA contracts. Upon  
14 approval of this amendment, including grants and loans,  
15 it's anticipated that 95 percent of the program spending  
16 will have gone directly to pay for retrofit work on single  
17 family moderate income homes.

18 This amendment will provide for several critical  
19 changes to the program's scope of work and budget. It will  
20 make changes to the existing scope of work and clean up the  
21 current budget by moving \$700,000 from under-spending  
22 budget line items into loans and grants.

23 It will create \$3 million in additional spending  
24 authority contingent upon funding availability and program  
25 performance.

1           Any additional funds that may be provided to the  
2 program will go directly to loans.

3           This program is a revolving loan program that  
4 will continue past April 30, 2012. This amendment will  
5 provide a scope of work and budget for the administration  
6 and implementation of that ongoing revolving loan program.

7           The contractor will also evaluate options and  
8 make recommendations on creating a leveraging fund using  
9 the loan portfolio or loan repayments to leverage private  
10 capital for energy efficiency retrofits.

11           CHF has agreed to a five-year extension as the  
12 administrator of the existing revolving loan program and  
13 any leverage program that may be developed under this  
14 contract.

15           So, at this time staff would like to request the  
16 Commission's approval of this amendment and we would  
17 welcome any questions you might have.

18           CHAIRPERSON WEISENMILLER: Thank you.  
19 Commissioners, any questions or comments?

20           COMMISSIONER DOUGLAS: No questions, just a  
21 really brief comment. CHF has been in here before, as I  
22 think all of you probably remember, and they're doing very  
23 good work, they're very passionate about the program.

24           These are good adjustments. CHF is also working  
25 hard talking to us, talking to other entities that might

1 help them create a longer-term program in this area, or  
2 statewide.

3 And so we look forward to continuing to work with  
4 them and helping them in any way we can.

5 Move Item 5.

6 COMMISSIONER PETERMAN: I was impressed by the  
7 public comment provided, I believe it was our December  
8 Business Meeting, with the number of people who are engaged  
9 in this market, and it's a new job opportunity. And it was  
10 great to see how this money is being used and talk to the  
11 people who are being directly affected by it.

12 So, happy to second this motion.

13 CHAIRPERSON WEISENMILLER: Okay, all those in  
14 favor?

15 (Ayes)

16 CHAIRPERSON WEISENMILLER: This item also passed  
17 unanimously.

18 So, Item 6 is being held, so we're going to Item  
19 7. The Association of Bay Area Governments. Possible  
20 approval of Amendment 3 to Contract 400-09-021, with the  
21 Association of Bay Area Governments to redirect existing  
22 funds into additional rebates, and this is, again, ARRA  
23 funding.

24 Samuel.

25 MR. LERMAN: Good morning, Commissioners, my name

1 is Sam Lerman of the Efficiency and Renewable Energy  
2 Division. And with me is Jerry Lahr, Program Manager for  
3 the Association of Bay Area Governments.

4 Contract 400-09-021, with the Association of Bay  
5 Area Governments, is an ARRA State funded program contract  
6 that provides retrofit for single family and multi-family  
7 properties with an extensive network of property owner  
8 incentives, including utility rebates.

9 Current funding under this contract includes  
10 subsidizing homeowner rebates for residential upgrade  
11 projects, establishing contractor scholarships for Building  
12 Performance Institute and HERS trainings, implementing an  
13 outreach program that reaches contractors, homeowners and  
14 local governments through eight of the nine ABAG member  
15 counties and refining marketing and outreach strategies to  
16 promote tier 3 whole house retrofits.

17 Most notably, ABAG has created numerous  
18 innovative incentive options for homeowners that have  
19 greatly increased the number of project reservations in the  
20 region.

21 For instance, in October of 2011 ABAG institute a  
22 new regional incentive program for all eight participating  
23 counties, which offered rebates up to \$2,000 for advanced  
24 path retrofits, on top of the existing local rebates  
25 offered by the member counties.

1           To date, over 1,000 projects have funding  
2 reserved for either audit or retrofit incentives,  
3 representing the entire \$1.9 million currently allocated  
4 for regional and local rebates under the contract.

5           In addition, 470 audit and retrofit projects,  
6 representing over \$1.5 million of regional and local  
7 incentive funds have been submitted to ABAG and are  
8 currently on a wait list should additional money become  
9 available.

10           Therefore, the primary objective of this  
11 Amendment Number 3 is to shift \$958,473 of existing  
12 contract funds to local and regional rebates, as well as  
13 add an additional \$600,000 to the contract so that all  
14 projects pending on the wait list may be reimbursed.

15           The amendment will also extend the contract  
16 period from March 31<sup>st</sup>, 2012 to April 30<sup>th</sup>, 2012, consistent  
17 with Item 3 on the Agenda, so that the contractor will be  
18 able to complete their reporting and invoice activities.

19           Contingency language is also being added to  
20 ensure all contract funds are expended effectively.

21           So, I request your approval of this item. And,  
22 Jerry, if you had any other comments?

23           MR. LAHR: Yes, thank you. Again, Jerry Lahr,  
24 the Energy Programs Manager at ABAG. This is an eight-  
25 county collaboration of the Bay Area, a pretty significant

1 effort.

2           And maybe to reiterate a couple of comments, we  
3 were one of the programs that was audited back in August, I  
4 think, and was determined that we were unlikely to spend  
5 all our funds and we used that opportunity, or kick in the  
6 pants, whatever you want to call it, to revise our program  
7 and regionalize our incentive funds from the various  
8 counties and create this additional regional incentive.

9           And as was mentioned, we went -- we initiated  
10 that in October, but December was the real month that  
11 everything took off. It went from very low subscription to  
12 being significantly over-subscribed. That \$1.9 million was  
13 we were a hundred percent committed, but then a million and  
14 a half more than that now sitting on the wait list.

15           And we have essentially cut off that wait list,  
16 now. But as Sam mentioned, the opportunity here is to try  
17 to cover all of those projects that are on the wait list.

18           You know, why things took off all of the sudden,  
19 certainly that's a huge success, we think. Part of it, I  
20 think, is a buildup of things that have gone on in the  
21 past, the whole program year. We have anecdotal evidence  
22 of folks coming, you know, I got this pamphlet back in the  
23 summer and all of the sudden I've decided I want to do  
24 something, marketing and outreach around that.

25           Part of it, though, probably is just the fact

1 that there is a deadline, now, and they have to act. They  
2 have to do something, both the homeowners and the  
3 contractors have to act and that's, you know, pushed  
4 everything all here to trying to get done to the end.

5 There is a lot of work before the end of March or  
6 end of April, and we thank you for the additional month, at  
7 least, to do some admin work.

8 But again, I think it's a success here, finally,  
9 right at the end. Thanks.

10 CHAIRPERSON WEISENMILLER: Thank you. Any  
11 questions or comments?

12 COMMISSIONER DOUGLAS: Just briefly, really  
13 appreciate you being here and appreciate ABAG's hard work  
14 on this contract. And in almost every case these -- the  
15 proposals that the Energy Commission got for spending  
16 Recovery Act money, inefficiency programs involved people  
17 trying new things, people trying new things at a scale that  
18 was unprecedented for the region or for the State of  
19 California.

20 You know, we hugely appreciate the coordination  
21 work that ABAG has been able to pull together so that in an  
22 eight-county region you have one program, you know, you  
23 have standard rules. You have, you know, the single portal  
24 end that is, of course, keyed to the statewide web portal,  
25 but customized for the ABAG region and project.

1           So, I just wanted to congratulate you on the  
2 great work and, you know, whatever it is that caused the  
3 sudden turnaround in December.

4           And I think, as you've said, it probably was a  
5 culmination of outreach work that had been done in the  
6 past. You know, we're seeing that some of the -- in some  
7 cases, the consumer response to a whole-house retrofit  
8 opportunity may be more of a slow fuse response, than an  
9 immediate response. They might hear about it and hear  
10 about it a couple of times, and think about it, and forget  
11 about it, and think about it six months later and then  
12 decide to do something about it.

13           And so I think we're seeing that pattern in other  
14 programs, as well. In any case, you know, there's a lot to  
15 learn.

16           So, I hope that in addition to spending the  
17 funding on time, and invoicing us on time, and resolving  
18 any issues with invoices, you know, all by the deadline,  
19 you know, I hope that after all of that is done we'll be  
20 able to work with you on lessons learned and also feed that  
21 experience that you've gained into the PUC process.

22           Because, you know, we've learned a lot, but you guys have  
23 been on the front lines and so you have learned a lot that  
24 we could benefit from.

25           But that's longer term, of course, it's eyes on

1 the prize for now.

2 But, anyway, thank you. I'll move Item 6 -- or  
3 7, Item 7.

4 COMMISSIONER PETERMAN: I'll second.

5 CHAIRPERSON WEISENMILLER: All those in favor?

6 (Ayes)

7 CHAIRPERSON WEISENMILLER: This item passed  
8 unanimately.

9 Again, thanks for being here.

10 Item 8, County of Los Angeles Internal Services  
11 Department. Possible approval of Amendment 3 to Contract  
12 400-09-024 to add up to \$8 million in spending authority  
13 contingent on funding availability, and program performance  
14 for innovative financing options. This is, again, ARRA  
15 funding.

16 Sam.

17 MR. LERMAN: So, Contract 400-09-024 with the  
18 County of Los Angeles is an ARRA Energy Efficiency and  
19 Conservation Block Grant contract that establishes a  
20 countywide residential energy efficiency retrofit program.

21 While the contract currently does not directly  
22 offset or incentivize the cost of energy upgrades, it does  
23 support the marketing and workforce development activities  
24 needed to sustain a large scale home energy upgrade  
25 program.

1           Specifically, current funding under this contract  
2 includes refining marketing and outreach strategies,  
3 developing workshops for directing stakeholders and  
4 contractors into the program, and establishing contractor  
5 scholarships for Building Performance Institute and HERS  
6 trainings.

7           Additionally, the county has secured ARRA funds  
8 through the Department of Energy's Better Buildings Program  
9 and direct EECBG Formula Funding to implement innovative  
10 community-scale building retrofit programs within the 88  
11 cities that comprise the County of Los Angeles.

12           With this suite of funding the county has created  
13 a number of innovative financing and incentive options that  
14 have seen much success.

15           For instance, the county's existing residential  
16 and nonresidential loan loss reserves and three percent  
17 residential interest rate buy downs have increased the loan  
18 applications within the county.

19           Also, the county's existing rebate program,  
20 offering incentives of up to \$4,000 per project, have more  
21 than tripled the number of project reservations since the  
22 program was institute in September of 2011.

23           Amendment Number 3 to this agreement seeks to  
24 place up to \$8 million in an account designed to expand  
25 upon the county's existing innovative financing programs

1 established through their other ARRA agreements and utilize  
2 a portion of these funds to create new innovative financing  
3 options such as revolving loan funds or loan loss reserves  
4 that will help secure private capital for residential,  
5 commercial and contract support, and build upon the  
6 county's existing financing programs.

7           The amendment also seeks to create a HERS rating  
8 and audit incentive program for homeowners in the region,  
9 will extend the new financing aspect of the program until  
10 March 31<sup>st</sup>, 2017, and add contingency language to ensure all  
11 program funds will be spent effectively.

12           If this amendment is not approved, the likelihood  
13 exists that many homeowners in the Los Angeles region will  
14 not be able to pursue home energy upgrades since efficient  
15 financing programs may not be available.

16           So, I request your approval of this item.

17           CHAIRPERSON WEISENMILLER: Thank you. I believe  
18 we have a gentleman on the line from L.A. County.

19           MR. CHOY: Yes, hi, this is Howard Choy with Los  
20 Angeles County and I just want to say that your approval of  
21 this amendment will allow the county to enhance financing  
22 programs for multiple sectors and go beyond the term of our  
23 grants that are providing incentives.

24           So, this will allow our retrofit program to fully  
25 develop over a number of years, now, as we ease out of

1 providing direct incentives.

2           And I'm sorry I'm not with you today, I'm at the  
3 PUC workshop on financing. And on Friday I'll be part of a  
4 panel to talk about the ARRA financing programs that are  
5 being implemented by local governments and how working  
6 together with the PUC we can make sure that all of this  
7 effort is leveraged and financing becomes a key component  
8 of delivering energy retrofits throughout the State.  
9 Thank you.

10           CHAIRPERSON WEISENMILLER: Thank you.  
11 Commissioners, any questions or comments?

12           COMMISSIONER DOUGLAS: Just a brief comment.  
13 It's good to hear you on the phone, Mr. Choy. This is  
14 Commissioner Douglas. It's been great working with the  
15 county and we particularly appreciate your leadership on  
16 financing options and your interest in finding financing  
17 options going forward, not only for the Los Angeles region,  
18 but that can also benefit other regions of the State and  
19 have applicability to other regions of the State.

20           So, you know, I think that given the topic of the  
21 PUC workshop, today you're in the right place. But in any  
22 case, I definitely will recommend this item to my  
23 colleagues. And if there are no questions, move Item 8.

24           COMMISSIONER PETERMAN: I'll second.

25           CHAIRPERSON WEISENMILLER: Okay, all those in

1 favor of Item 8?

2 (Ayes)

3 CHAIRPERSON WEISENMILLER: Item 8 passed  
4 unanimately.

5 Thanks Sam.

6 Okay, as I mentioned earlier, Items 9 and 10 are  
7 being held, so the next item is Number 11, City of  
8 Pittsburgh. Possible approval of Amendment 1 to Agreement  
9 008-10-ECD, and this is ECD funding.

10 Karen.

11 MS. PERRIN: Good morning Commissioners and  
12 Chairman. My name is Karen Perrin and I work in the Energy  
13 Commission's Fuels and Transportation Division, in the  
14 Special Projects Office.

15 This agenda item is a possible amendment to  
16 increase the amount to the City of Pittsburgh's Energy  
17 Conservation Assistance Act, or ECAA-funded loan, from  
18 \$425,000 to \$675,000.

19 At the time of the initial loan application and  
20 the Commission's approval the city relied on a database  
21 count of the street lights to develop the project and  
22 budget. However, in the following months the city realized  
23 that the database was inaccurate and they had omitted one  
24 section of street light poles and lamps.

25 The request is for an additional \$250,000 in loan

1 funds and this will allow the city to retrofit 128  
2 additional street lights, bringing the total to 766.

3 The project is expected to save the city  
4 approximately \$65,000 annually and it will have a 10.4 year  
5 payback based on the loan amount.

6 The funding for this loan will come from the  
7 Energy Conservation Assistance Account Bond, ECD funds, and  
8 the agreement term remains the same and ends July 31<sup>st</sup>,  
9 2013.

10 Staff requests the Commission approve the item to  
11 amend the loan agreement with the City of Pittsburgh for a  
12 total amount of \$675,000. Thank you.

13 CHAIRPERSON WEISENMILLER: Thank you.  
14 Commissioners, any questions or comments?

15 COMMISSIONER DOUGLAS: No questions or comments.  
16 Move Item 11.

17 COMMISSIONER PETERMAN: I'll second.

18 CHAIRPERSON WEISENMILLER: Okay, all those in  
19 favor?

20 (Ayes)

21 CHAIRPERSON WEISENMILLER: This item also passed  
22 unanimously.

23 Thanks, Karen.

24 Item 12, Ventura County Air Pollution Control  
25 District. Possible approval of Agreement ARV-11-002, this

1 is with Ventura County Air Pollution Control District for a  
2 \$200,000 grant, and this is ARFVTP funding.

3 Leslie.

4 MS. BAROODY: Good morning Commissioners,  
5 Chairman. I am Leslie Baroody in Emerging Fuels and  
6 Technologies Office, in the Fuels and Transportation  
7 Division.

8 And I'm presenting for your approval today four  
9 projects for the regional plans to support plug-in electric  
10 vehicle readiness in California. These are Agenda Items 12  
11 through 15.

12 I'll summarize the similar aspects of each of  
13 these grants and then I'll discuss each on, specifically.

14 Over the next few years thousands of plug-in  
15 electric vehicles will be deployed in the California. By  
16 2013 the number of PEVs in California is expected to double  
17 from current levels and by 2020 it is expected to reach  
18 460,000 based on the goals of the recently adopted  
19 California Air Resources Board Advanced Clean Cars Program.

20 In order to prepare California regions for the  
21 rollout of these PEVs, the Energy Commission issued  
22 solicitation PON-10602, for \$2 million in alternative and  
23 renewable fuel, and vehicle technology program funds.

24 Each region will be led by a PEV coordinating  
25 council comprised of at least four public agencies. They

1 will develop a regional plan for charging infrastructure,  
2 for residential single and multi-unit dwellings, workplace  
3 fleets, commercial and public sites, as well as corridors.

4 They'll also coordinate with utilities,  
5 automakers, and local government to streamline the charging  
6 infrastructure permitting, installation and inspection  
7 processes, as well as provide consumer education and  
8 outreach.

9 These awards are complemented by the Department  
10 of Energy award of \$1 million for six California regions.  
11 This is known as the Clean Cities Community Readiness and  
12 Planning for PEVs and Charging Infrastructure.

13 We're working very closely with the statewide PEV  
14 Collaborative as they assist with the development of the  
15 DOE regional plans.

16 So, Item 12, Ventura County Air Pollution Control  
17 District. The Central Coast PEV Planning Project will  
18 cover a three-county area, Ventura, Santa Barbara, and San  
19 Luis Obispo Counties. The \$50,000 in match funding will be  
20 provided by the three county air pollution control  
21 districts and the Community Environmental Council. Other  
22 partners include the Central Coast Clean Cities Coalition,  
23 Ventura County Transportation Commission, the three  
24 counties, eight cities, Pacific Gas & Electric Company, and  
25 Southern California Edison.

1           The DOE award complementing this is \$50,000. I  
2 request your approval of this project.

3           CHAIRPERSON WEISENMILLER: Commissioners, any  
4 questions or comments?

5           COMMISSIONER PETERMAN: Thank you. I was very  
6 happy to see these four items on the agenda today. This is  
7 some very important work, it complements the other work  
8 that the Commission and Air Resources Board is doing in  
9 terms of deployment of vehicles and support for vehicles.  
10 And doing this up-front, advanced planning to make sure  
11 that the grid, and the permitting agencies, and local  
12 authorities are ready to receive this new technology is  
13 incredibly important.

14           I'd also like to take a moment and thank Ms.  
15 Baroody for all of her work on this area. It's nice as a  
16 Commissioner, when you go out to talk about different  
17 topics, and I've been talking about electric vehicles,  
18 recently, and transportation, and people always come up to  
19 me and compliment Ms. Baroody's work, and the Energy  
20 Commission. And you're a very good ambassador for us, so  
21 we appreciate that.

22           So, again, I'm very happy to support this work  
23 and thank the various control districts, counties and local  
24 governments for their collaboration and coordination with  
25 the Energy Commission on this.

1           And so I'll move -- should we take these each in  
2 turn? Okay. Well, I'll move Item 12.

3           COMMISSIONER DOUGLAS: Second.

4           CHAIRPERSON WEISENMILLER: All those in favor?

5           (Ayes)

6           CHAIRPERSON WEISENMILLER: Item 12 passed  
7 unanimously.

8           Okay, let's get Item 13, with is with the San  
9 Diego Association of Governments.

10          COMMISSIONER PETERMAN: I'll move Item 13.

11          CHAIRPERSON WEISENMILLER: Actually, do we have a  
12 correction on the amount on 13?

13          MS. BAROODY: Yes, we do. Instead of \$200,000 it  
14 should be \$199,379.

15          CHAIRPERSON WEISENMILLER: Okay.

16          MS. BAROODY: So, the San Diego Regional Plan  
17 covers San Diego County and will leverage the efforts of  
18 the ED Project, a national project to deploy the Nissan  
19 Leaf and charging infrastructure.

20                 Match funding of \$50,451 is from the San Diego  
21 Association of Governments. The other partners include the  
22 California Center for Sustainable Energy, members of eight  
23 local jurisdictions, three regional planning agencies, the  
24 San Diego Clean Cities Coalition, San Diego Gas & Electric,  
25 UC San Diego, ECotality, and AeroVironment. And their DOE

1 award is \$100,000.

2 And I'd like to request approval of this as well.

3 CHAIRPERSON WEISENMILLER: Thank you. Any  
4 questions or comments?

5 COMMISSIONER PETERMAN: I'll move Item 13.

6 COMMISSIONER DOUGLAS: Second.

7 CHAIRPERSON WEISENMILLER: All those in favor?

8 (Ayes)

9 CHAIRPERSON WEISENMILLER: Item 13 passes  
10 unanimously.

11 Okay, Item 14, Bay Area Air Quality Management  
12 District. Possible approval of Agreement ARV-11-005 for  
13 \$200,000. This is ARFVT funding.

14 Leslie.

15 MS. BAROODY: Thank you. The Bay Area Regional  
16 Plan encompasses the nine-county Bay Area and includes the  
17 Bay Area Strategic Council, which is comprised of local  
18 agencies, cities, counties, and companies, as well as the  
19 Association of Bay Area Governments and the Metropolitan  
20 Planning Commission.

21 The Bay Area Air Quality Management District will  
22 provide \$200,000 in match funds. And their DOE award is  
23 \$300,000.

24 And I'd like to request your approval on this.

25 COMMISSIONER PETERMAN: I'll move Item 14.

1 COMMISSIONER DOUGLAS: Second.

2 CHAIRPERSON WEISENMILLER: All those in favor?

3 (Ayes)

4 CHAIRPERSON WEISENMILLER: Item 14 passes

5 unanimately.

6 Item 15, Sacramento Area Council of Governments.

7 Possible approval of Agreement ARV-11-009 for a grant of

8 \$200,000, and this is also ARFVTP funding.

9 Leslie.

10 MS. BAROODY: Yes, the Capital Area PEV Readiness

11 Program covers the six-county Sacramento Association of

12 Governments region, including El Dorado, Placer,

13 Sacramento, Sutter, Yolo and Yuba Counties.

14 In-kind match funding of \$47,420 is provided by

15 Valley Vision.

16 Their partners include Sacramento Municipal

17 Utility District, Pacific Gas & Electric Company, Roseville

18 Electric, UC Davis PH and EV Center, Sacramento Metro and

19 Yolo/Solano Air Quality Management Districts, and the

20 Cities of Sacramento, West Sacramento, Citrus Heights,

21 Folsom and Elk Grove. And their DOE award is \$75,000.

22 And I'd like to request your approval on this.

23 COMMISSIONER PETERMAN: I'll move Item 15.

24 COMMISSIONER DOUGLAS: Second.

25 CHAIRPERSON WEISENMILLER: Okay, all those in

1 favor?

2 (Ayes)

3 CHAIRPERSON WEISENMILLER: Item 15 also passed  
4 unanimously.

5 Thank you very much for your presentations.

6 MS. BAROODY: Thank you very much.

7 CHAIRPERSON WEISENMILLER: Okay, so 16, Western  
8 Governors' Association. Possible approval of Contract 150-  
9 11-004 to receive \$16,018 from Western Governors'  
10 Association and this is reimbursement funding.

11 Barbara.

12 MS. BYRON: Good morning Chairman Weisenmiller  
13 and Commissioners, my name is Barbara Byron and I'm the  
14 Contract Manager for the two contracts in Items 16 and 17,  
15 with the Western Governors' Association and the California  
16 Highway Patrol.

17 Since these two items are related, I'd like to  
18 request that they be considered together.

19 In Item 16 we're requesting your approval of the  
20 Western Governors' Association contract so the Energy  
21 Commission can receive the next increment of funding from  
22 WDA. And there's a correction in the amount, it should be  
23 \$11,108.

24 The Federal Department of Energy funds western  
25 states through the Western Governors' Association to

1 reimburse states for preparation for shipments of federal  
2 nuclear waste to the Waste Isolation Pilot Plant in New  
3 Mexico for disposal, or to the Idaho National Laboratory  
4 for waste characterization.

5           Would you like me to go on to Item 17 or would  
6 you like to consider them separately.

7           CHAIRPERSON WEISENMILLER: I'm just trying to  
8 make sure I understand. So, the correction is to Item 16  
9 and it's to --

10           MS. BYRON: Right, Item 16 is --

11           CHAIRPERSON WEISENMILLER: -- match the funding  
12 amount to \$11,108?

13           MS. BYRON: A hundred and eight dollars, uh-hum.

14           CHAIRPERSON WEISENMILLER: Okay, thank you.

15           MS. BYRON: And the second is correct, it's  
16 \$11,108.

17           CHAIRPERSON WEISENMILLER: Okay. Okay, that's  
18 good.

19           MS. BYRON: Item 17 would allow the Energy  
20 Commission to pass through the WGA funds to the California  
21 Highway Patrol to reimburse the CHP for shipment  
22 inspections, possible shipment escorts and officer  
23 training.

24           The purpose of these funding increments is to  
25 help California continue its preparation for Federal

1 nuclear waste shipments to the Idaho National Laboratory.

2           Since 1989 the Energy Commission has coordinated  
3 California's preparation for these shipments to WIPP or to  
4 the Idaho National Laboratory, and we coordinate a  
5 California interagency group called the California Nuclear  
6 Waste Transport Working Group to prepare for these  
7 shipments.

8           From the beginning, these WJ funds have been  
9 administered through the Energy Commission and distributed  
10 to other State agencies, including the California Emergency  
11 Management Agency and the CHP.

12           These two contracts are a continuation of this  
13 program. I respectfully request your approval of Items 16  
14 and 17 and welcome any questions that you may have. Thank  
15 you.

16           CHAIRPERSON WEISENMILLER: Thank you.  
17 Commissioners, any questions or comments?

18           COMMISSIONER DOUGLAS: No. Move approval of  
19 Items 16 and 17.

20           CHAIRPERSON WEISENMILLER: Yes.

21           COMMISSIONER DOUGLAS: Move them together, to  
22 move approval of Items 16 and 17.

23           COMMISSIONER PETERMAN: I think he'd rather have  
24 them separate.

25           MR. WARD: You can take them together, if you

1 want, as long as it's clear that the vote is on both items  
2 and as long as the public had the opportunity to comment on  
3 both items.

4 COMMISSIONER PETERMAN: Then I'll second the  
5 motion for 16 and 17.

6 CHAIRPERSON WEISENMILLER: Okay, all those in  
7 favor?

8 (Ayes)

9 CHAIRPERSON WEISENMILLER: Items 16 and 17 were  
10 both approved unanimously.

11 Thanks Barbara.

12 Okay, we're now looking at Item 18, Pacific  
13 Storage Company. Possible approval of Contract 200-11-012  
14 for \$160,000 with Pacific Storage Company and this is ERPA  
15 funding.

16 Sherryl.

17 MS. YOURCZEK: Yes. Good morning, I'm Sherryl  
18 Yourczek, I'm the Business Service Officer in charge of the  
19 Business Services Office.

20 I'm here this morning to request a possible  
21 approval of Contract 200-11-012 for a two-year contract up  
22 to \$160,000 with Pacific Storage Company.

23 This contractor would provide moving services,  
24 including ergonomic adjustments, modular panel  
25 reconfiguration, moving used furniture from the warehouse

1 to the Energy Commission and moving archived material to  
2 our storage facility.

3 This contract will be utilized to also accomplish  
4 the Commission-wide realignment of divisions in small  
5 offices, as well as occasional moving service needs  
6 throughout the next two years.

7 This contract was competitively bid and Pacific  
8 Storage was the lowest bidder meeting the bid requirements  
9 for this contract.

10 We are requesting approval of this contract and  
11 I'm happy to answer any questions that you may have.

12 CHAIRPERSON WEISENMILLER: Thank you.

13 Commissioners, any questions or comments?

14 COMMISSIONER PETERMAN: No. Then I'll move Item  
15 18.

16 COMMISSIONER DOUGLAS: Second.

17 CHAIRPERSON WEISENMILLER: Okay, all those in  
18 favor?

19 (Ayes)

20 CHAIRPERSON WEISENMILLER: Item 18 passed  
21 unanimously.

22 Thank you very much.

23 Number 19, this is with the Department of Water  
24 Resources. Possible approval of Contract 200-11-013 for --  
25 Rita, are you going to correct the amount? Anyway, which

54

1 I'm going to -- I think is \$634,045, and this is ERPA  
2 funding.

3 Rita.

4 MS. CHAMPLION: Thank you Commissioner and  
5 Chairman. You're correct in the amount.

6 My name is Rita Champion, I'm the Manager of the  
7 Information Technology Services Branch and I'm here seeking  
8 your approval of this Interagency Agreement with the  
9 Department of Water Resources.

10 At the Department of water Resources is housed  
11 the Resource Agency Data Center.

12 We are in compliance with AB 2408, which is now  
13 Government Code 11545. That code requires three actions  
14 from the Energy Commission, as well as every other State  
15 department.

16 The first is the physical consolidation of data  
17 centers into a federated data center model. And for us  
18 that happens to be the Resource Agency Data Center. We are  
19 compliant with that requirement that was completed May of  
20 last year.

21 The second and third requirements is the use of  
22 what's called shared services and also the housing of all  
23 mission critical and public facing applications to, again,  
24 the Resource Agency Data Center.

25 This interagency agreement will allow us to be

1 compliant with the second and the third requirement.

2 Examples of shared services are, for example,  
3 using a common storage backup of our files. Another would  
4 be monitoring services and also business applications.

5 With the approval of this agreement we will  
6 continue our compliance with the directive of the  
7 Government Code and will allow us to utilize these services  
8 at the Resource Agency Data Center.

9 So, I'm here seeking your approval. Any  
10 questions?

11 CHAIRPERSON WEISENMILLER: Thank you.  
12 Commission, any questions or comments?

13 COMMISSIONER DOUGLAS: No, move approval of Item  
14 18.

15 COMMISSIONER PETERMAN: I'll second.

16 CHAIRPERSON WEISENMILLER: Okay, all those in  
17 favor?

18 (Ayes)

19 CHAIRPERSON WEISENMILLER: This item also passed  
20 unanimously.

21 Thanks Rita.

22 MS. CHAMPLION: Thank you.

23 CHAIRPERSON WEISENMILLER: So, Item 20,  
24 University Enterprises, Inc. Possible approval of Contract  
25 500-11-011 for \$83,355 with University Enterprises, Inc.

1 This is PIER funding.

2 Consuelo.

3 MS. SICHON: Good morning, Commissioners, my name  
4 is Consuelo Sichon with the Energy, Research and  
5 Development Division.

6 This agreement will provide cost share for a  
7 project funded by the U.S. Department of Energy to develop  
8 a statewide training program to support California's Smart  
9 Grid deployment.

10 The electric power industry needs a smart new  
11 Smart Grid workforce that includes a significant number of  
12 existing workers who will need new training in advance to  
13 power technologies and concepts.

14 Under this agreement the contractor will review  
15 the California utilities' Smart Grid implementation plans  
16 and identify critical electrical and information  
17 technologies that require additional workforce training and  
18 support.

19 The contractor will get input from key Smart Grid  
20 stakeholders in California to develop the training program,  
21 which will be a model for Smart Grid workforce training  
22 that can be nationally replicated.

23 Staff requests approval of this contract and I'd  
24 be happy to answer any questions at this time.

25 CHAIRPERSON WEISENMILLER: Thank you. As the

1 Commissioner who's the scientist/engineer, and also on  
2 point on the research and development activities, I've  
3 reviewed this contract and, again, I think it's a critical  
4 part of our overall educational program.

5 We talked earlier today about how we've been  
6 educating people for the retrofit. Certainly, we're also  
7 working on the career tech and this is another part of the  
8 education we need to help our workers prepare for the  
9 technology of the 21st Century. So, I certainly would  
10 recommend approval of this.

11 COMMISSIONER DOUGLAS: Thank you, Chairman  
12 Weisenmiller. I agree, I was very pleased to read about  
13 this contract and the work that's going to be done. I  
14 think that this is very important and coming at exactly the  
15 right time because we're seeing very large increases in  
16 Smart Grid in California, and with increasing deployment of  
17 photo voltaic panels, and electric cars, and so on and so  
18 forth this trend is only going to accelerate.

19 So, I will move Item 20.

20 COMMISSIONER PETERMAN: I'll second.

21 CHAIRPERSON WEISENMILLER: Okay, all those in  
22 favor?

23 (Ayes)

24 CHAIRPERSON WEISENMILLER: Item 20 passed  
25 unanimously.

1 Thank you.

2 So, Item 21, and this is a contract with the  
3 University of California, Los Angeles. Possible approval  
4 of Contract 500-11-012 for \$1.9 million with the Regents of  
5 the University of California to develop a multi-campus  
6 Center for Sustainable Communities. This is PIER funding.

7 Dan.

8 MR. GALLAGHER: Good morning Chairman  
9 Weisenmiller and Commissioners. My name is Dan Gallagher  
10 and I am the Project Manager for the PIER transportation  
11 project entitled "California Center for Sustainable  
12 Communities at UCLA."

13 The California Center for Sustainable Communities  
14 will become a statewide interface for the synthesis,  
15 coordination and communication of sustainable energy  
16 systems research.

17 Using a 2011 sustainable communities research  
18 roadmap as a framework and guidance from a project advisory  
19 committee, the Center will initiate and disseminate  
20 research and development to benefit California.

21 It will assist in producing data, models,  
22 methods, tools and case studies to support the creation of  
23 more sustainable communities.

24 The Center will be a multi-campus effort located  
25 in Southern California at UCLA's Institute of the

1 Environment, and include partners from both UC Berkeley and  
2 UC Davis.

3 We expect the Center will become a national model  
4 and leader in sustainable communities research.

5 The Center will address issues raised in Senate  
6 Bill 375, which targets reduction of greenhouse gas  
7 emissions from the transportation sector by reducing  
8 vehicle miles traveled.

9 The Center will also address the 2007 Integrated  
10 Energy Policy Report, which states that "further land use  
11 research and development is necessary to both explain and  
12 quantify potential energy savings from better integrated  
13 land use and transportation practices."

14 In developing the Center, PIER conducted  
15 extensive key stakeholder coordination and outreach to many  
16 agencies, including the Air Resources Board, the Governor's  
17 Office of Planning and Research, Caltrans, the Strategic  
18 Growth Council, metropolitan planning organizations from  
19 around the State, and the Energy Commission Fuels and  
20 Transportation Division AB 118 program. Asking them what  
21 does your agency need out of a new center? What products  
22 would be useful to your agency? And to avoid duplicative  
23 research efforts, do you know of any similar projects that  
24 are happening within the State?

25 Some of the Center products that arose from those

1 discussions include, but are not limited to the following;  
2 a GIS-based tool for EV infrastructure. This GIS tool will  
3 assist not only the Energy Commission's Fuels and  
4 Transportation Division, AB 118 program's efforts, enabling  
5 them to make more effective use of their program funds, but  
6 also help metropolitan planning organizations, local  
7 governments, cities, and counties plan for public charging  
8 infrastructure.

9           A pedestrian rating tool for level of service;  
10 this level of service tool will be developed for use by  
11 Caltrans, metropolitan planning organizations and local  
12 governments to better plan for and invest in pedestrian  
13 supportive transportation infrastructure.

14           Tools and methods for local governments; tools  
15 and methods will be developed from research findings and  
16 disseminated to end users, stakeholders through training,  
17 presentation materials, classes, seminars and demonstration  
18 workshops. This is supported by the Air Resources Board.

19           And, finally, web-based information encompassing  
20 the collective statewide sustainable communities research  
21 supported by the Office of Planning and Research.

22           Due to our extensive and coordinated outreach  
23 efforts we have received 24 letters of support to date for  
24 the proposed center, including Senator Carol Liu, Senator  
25 Fran Pavely, Assembly Member Filipe Fuentes, Chairman Mary

1 Nichols of the Air Resources Board, Director Ken Alex of  
2 the Governor's Office of Planning and Research, Heather  
3 Fargo, Executive Officer of the Strategic Growth Council,  
4 Martin Tuttle, Deputy Director for Caltrans Transportation  
5 Planning, seven metropolitan planning organizations from  
6 around the State, including the four largest, Southern  
7 California Association of Governments in the Los Angeles  
8 Region, Association of Bay Area Governments, Sacramento  
9 Council of Governments, and San Diego Association of  
10 Governments.

11 I will end my presentation with an excerpt from  
12 one of the letters, which really captured the goals we have  
13 set forth for the Center. This is from Senator Carol Liu,  
14 and I quote:

15 "Good research will reduce the risks of  
16 unintended consequences. By funding the California  
17 Center for Sustainable Communities, the California  
18 Energy Commission will reduce existing research  
19 redundancies, promote collaboration among  
20 universities and local governments, enhance  
21 interdisciplinary lines of communities and  
22 widely disseminate best practices."

23 I ask you to approve and fund this proposal,  
24 thank you for your consideration.

25 With me today I have all the Center partners who

1 are available to speak and answer any questions. From UCLA  
2 Institute of the Environment, Dr. Stephanie Pinceti; from  
3 the UC Davis Institute of Transportation Studies, Dr. Mike  
4 Nicholas; from UC Davis Land Use Extension, Dr. Jeff Loux;  
5 and from UC Berkeley Center for Resource Efficient  
6 Communities, Dr. Bill Eisenstein.

7 CHAIRPERSON WEISENMILLER: Great. So, those in  
8 the room, let's start. Yeah, sure.

9 MS. PINCETI: Good morning, Commissioners, thank  
10 you so much for PIER staff for having helped us through  
11 this process and to this point. They have done a  
12 remarkable job.

13 I stand ready, I'm ready to answer any questions.  
14 I could speak to you extemporaneously about what we're  
15 trying to do as well. Which is your preference?

16 COMMISSIONER DOUGLAS: You know, we always  
17 appreciate it when people come up and talk to us about the  
18 project.

19 I don't have any immediate questions, but I'd  
20 love to hear your sort of brief summary of what, you know,  
21 what you think you're really going to be aiming to  
22 achieving in the, say, near future.

23 You know, we're obviously excited about the idea  
24 of the Sustainability Center. I think it has a lot of  
25 potential. But we'd love to hear from you.

1 MS. PINCETI: Sure. One of our big aims, really,  
2 is to not duplicate existing research and to synthesize  
3 what's already been done and to work in a collaborative  
4 manner.

5 And I think that one of the real challenges today  
6 is to overcome the siloization of our approaches to the  
7 questions of energy, transportation and land use.

8 And I think we have a very strong track record in  
9 seeing how things come together, rather than how things  
10 operate in a separate manner, to create greater  
11 efficiencies.

12 So, one of our aims is really to synthesize the  
13 research and to support our research partners in the Center  
14 and the walkability research in order to make that more  
15 integrated into already existing research, and complement  
16 the work that we've been doing looking at Los Angeles  
17 County as a pilot project for the synthetic kind of  
18 research on energy use in urban environments.

19 So our goal, really, is not to replicate what's  
20 already been done, but rather to highlight what has been  
21 done and bring to fore best management practices, new tools  
22 and approaches that have been vetted and/or have been  
23 researched.

24 And we would like to have the Center become a  
25 place where people, like the Commissioners, or Senators and

1 legislators, or policymakers can just call up with a  
2 question and say do you know what has been done about this;  
3 where?

4 Pardon me? Oh, sorry.

5 So, our goal is really to take that work and to  
6 bring it to the public and to policymakers at all levels,  
7 and we have been working very, very closely with people in  
8 the L.A. County, who are trying to create a plan for urban  
9 sustainability and climate action.

10 So, that's really -- we want to be of service,  
11 basically, and transform the university into a place where  
12 the information is far more readily accessible and  
13 available.

14 COMMISSIONER DOUGLAS: That sounds really  
15 interesting and valuable. I just wanted to ask, you know,  
16 do you see following and tracking information on some of  
17 the clean energy workforce training issues, or curriculum,  
18 or just kind of who's doing that work? Is that within the  
19 scope or are you really more focused on activities to, you  
20 know, directly achieve sustainability, whether it be  
21 through energy, or transportation, and so on?

22 MS. PINCETI: That's a good question. I don't  
23 actually see them as quite distinct because they create a  
24 kind of virtual circle. We work very closely, for example,  
25 with Howard Choy, and Howard's work is really about

1 translating ideas into practical application.

2 And so we have partners who are actually doing  
3 things on the ground in workforce development, so I think  
4 that would be integrated into our analysis and our  
5 perspective.

6 CHAIRPERSON WEISENMILLER: Thank you. I think  
7 I'm going to adjust the order a little bit. We have a  
8 number of public officials on the phone, too. So, what I'm  
9 going to do is switch to the public officials and then come  
10 back, but make sure that all of you who are in the room  
11 have the opportunity to speak, too.

12 MS. PINCETI: Okay, thank you.

13 CHAIRPERSON WEISENMILLER: So, with that let's  
14 go -- thank you, again, for being here. And let's go to  
15 Harry Stern, from Senator Pavley's office.

16 Okay, then let's go to Senator Carol Liu's  
17 office.

18 MR. GUVEIA: Hi, good morning, can everybody hear  
19 me?

20 CHAIRPERSON WEISENMILLER: Yes.

21 MR. GUVEIA: Okay. My name is Manuel Gouveia  
22 and I'm calling this morning on behalf of State Senator  
23 Carol Liu.

24 I would like to inform you that Senator Liu and  
25 her staff have been working with and strongly support the

1 UCLA Center for Sustainable Communities Research.

2 Our office plans to utilize the Sustainable  
3 Communities' information hub to inform both our legislative  
4 policies and practices.

5 We thank you very much for your consideration  
6 this morning.

7 CHAIRPERSON WEISENMILLER: Thank you.

8 Is Senator Pavley's office on the line?

9 Then let's go to the L.A. Mayor's office, Beth  
10 Jines.

11 MS. JINES: Good morning, this is Beth Jines, I'm  
12 the Director of Sustainability in the Office of Mayor  
13 Villaraigosa for the City of Los Angeles.

14 And I'm calling in support of the California  
15 Center for Sustainable Communities Research at UCLA. As  
16 the Sustainability Director for the City of L.A. Mayor's  
17 Office we will use the information to help create, help  
18 inform our plan and policies, and we will also use the EV  
19 charger, GIS from the Center in helping us to increase the  
20 EV capacity of the city.

21 The Center is an important part of the city and  
22 the region's efforts to take climate action and to plan for  
23 the changing climate and also toward our ultimate goal of  
24 becoming a completely sustainable region of more than 10  
25 million people. Thank you.

67

1                   CHAIRPERSON WEISENMILLER: Okay. I think Andy  
2 Schroeder, also, Deputy Director, City of Los Angeles. Are  
3 you on the line?

4                   Okay, we have the County of Los Angeles, I think  
5 Lauren Rank.

6                   MS. RANK: Yes, good morning, my name is Lauren  
7 Rank with the L.A. County Office of Sustainability. I'd  
8 like to affirm the county's support for the proposed  
9 Center. The county definitely plans to utilize the  
10 resources made available through the Center to inform  
11 future policy recommendations and sustainability practices.  
12 Readily available data will be extremely valuable in aiding  
13 local governments, including Los Angeles County, in putting  
14 for research-based solutions that will inevitably be more  
15 successful in reaching our stated sustainability goals.

16                  For that reason the county is voicing support  
17 today for this valuable initiative.

18                  CHAIRPERSON WEISENMILLER: Thank you.

19                  I believe we have Mr. Stern, from Senator  
20 Pavley's Office.

21                  MR. STERN: Henry Stern, I'm the principal  
22 consultant for Senator Pavley on energy and environmental  
23 issues and I'm calling you today in support of the  
24 California Center for Sustainable Communities Research at  
25 UCLA, in support of their grant application.

1           It's a crucial time in the State for meeting some  
2 of our landmark policy goals, such as AB 32, and SB 375,  
3 and this Center's going to be a critical driver for those  
4 kind of solutions. Their urban metabolism framework is a  
5 very unique model and here in the State Legislature we rely  
6 on this types of policy innovation hubs to generate the  
7 kind of solutions we need.

8           So, expressing our strong support. Thanks.

9           CHAIRPERSON WEISENMILLER: Thank you.

10           I think we also have Laura Justine, from Caltrans  
11 on the phone.

12           Okay, let's see if Andy Schroeder is on from the  
13 City.

14           Okay, so let's go back to people in the room.  
15 So, certainly, Michael Benjamin, Air Board.

16           MR. BENJAMIN: Good morning Mr. Chairman and  
17 Commissioners. My name is Michael Benjamin, I'm the  
18 Assistant Division Chief for the Research Division at the  
19 California Air Resources Board.

20           My responsibilities include coordinating with  
21 other agencies, such as the Energy Commission, to ensure  
22 that our respective research programs are complementary and  
23 meet multiple agency needs whenever possible.

24           The California Center for Sustainable Communities  
25 Research, which you are considering for funding today, is

1 an excellent example of this type of leveraged research  
2 because it supports not only the goals of the Energy  
3 Commission, but also the California Air Resources Board.

4           One of the Air Resources Board key goals in the  
5 years ahead is reducing California's greenhouse gas  
6 emissions through implementation of Assembly Bill 32. We  
7 will accomplish this through a range of regulatory and  
8 voluntary measures, including changes in the types of  
9 vehicles driven, fuels used, and vehicle miles traveled by  
10 California's drivers.

11           There are two specific ways in which the Center  
12 will be a valuable resource in helping the Air Resources  
13 Board to reduce California's carbon footprint from the  
14 transportation sector.

15           The first will be by providing tools and methods  
16 to help regional planning organizations meet the  
17 requirements of Senate Bill 375. SB 375 seeks to reduce  
18 vehicle miles traveled by curbing auto-oriented development  
19 patterns and, instead, focusing on alternative  
20 transportation modes such as transit, bicycling, and  
21 walking.

22           Specifically, the Center can serve as a central  
23 clearinghouse that regional planning organizations can use  
24 to help prioritize smart growth strategies needed to meet  
25 the goals of SB 375.

1           The second way in which the Center will be  
2 helpful to the Air Resources Board will be by providing  
3 decision makers with access to the latest research on the  
4 demand for electric vehicles, how those vehicles are used,  
5 and the charging infrastructure necessary to serve those  
6 vehicles.

7           Last month the Air Resources Board adopted the  
8 Advanced Clean Cars Program, a suite of regulations  
9 designed to provide California's drivers with zero and near  
10 zero emissions vehicles that will not only save them fuel,  
11 but also significantly reduce their greenhouse gas  
12 emissions.

13           The Center has the potential to serve as a source  
14 of information for consumers, as well as policymakers at  
15 the regional and state government levels.

16           In summary, the California Air Resources Board  
17 strongly supports the Energy Commission's funding of the  
18 California Center for Sustainable Communities research. We  
19 believe the Center will play an essential role in  
20 generating and disseminating the research needed to support  
21 the development of sustainable communities and clean cars,  
22 thus helping California reduce its greenhouse gas emissions  
23 and energy usage.

24           Thank you.

25           CHAIRPERSON WEISENMILLER: Thank you. Thank you

1 very much for being here.

2 I believe we have Brian Johnston, from Nissan,  
3 here.

4 MR. JOHNSTON: Good morning, Commissioners. My  
5 name is Brian Johnston, I'm an engineer with Nissan Zero  
6 Emission Vehicle Research Group, here in Sacramento,  
7 California.

8 We strongly support the creation of this Center.  
9 As you may know we have -- Nissan starting selling Nissan  
10 Leafs in 2010. We've got over 2,000 on the roads in the  
11 United States, now, with the majority of them actually  
12 being in California.

13 To get that effort started, though, we actually  
14 had to do a lot of one-to-one sort of community development  
15 so that, you know, people could actually adopt the cars and  
16 use them for their daily lives.

17 We've gotten great feedback from, you know, the  
18 owners of the cars, but we'd like to see the numbers, the  
19 sales numbers goes up into the hundreds of thousands as  
20 soon as possible.

21 And we think that communities being more aware of  
22 both how people are using the cars, as well as what sort of  
23 potential public infrastructure can benefit those  
24 activities and we think more people will adopt those  
25 vehicles.

1 CHAIRPERSON WEISENMILLER: Thank you.

2 And I just want to ask if any of the other  
3 scholars from UCLA want to speak?

4 MR. EISENSTEIN: Good morning, my name is Bill  
5 Eisenstein, I am the Executive Director of the Center for  
6 Resource Efficient Communities, at UC Berkeley, and I'd  
7 like to thank you for your time and for your consideration  
8 this morning.

9 Our Center is involved in three specific tasks  
10 within this overall scope --

11 CHAIRPERSON WEISENMILLER: Hold on.

12 MR. EISENSTEIN: Sure.

13 COMMISSIONER DOUGLAS: Why don't we go ahead and  
14 try and we'll see if the feedback stops. Huh-oh, no, it  
15 hasn't stopped, has it? We're working on it.

16 COMMISSIONER PETERMAN: Hello? It's better now.  
17 No. No, it's not.

18 MR. EISENSTEIN: Do I sound better, with the mic  
19 somewhat -- not really, huh.

20 Hello? Is this one better? Is this mic better  
21 for you? Okay.

22 Maybe we'll try this. Our Center is involved in  
23 three specific tasks within this scope, all of which have  
24 to do with transportation, which is the largest of consumer  
25 of energy within major metropolitan regions, and which are

1 in support of the overarching priorities that Dan and  
2 Stephanie described, as well as support for the programs at  
3 the Air Resources Board that Mr. Benjamin just referred to.

4 We are specifically engaged with supporting SB  
5 375 which, of course, is California's preeminent  
6 sustainable communities law at the moment, anyway. By  
7 monitoring the efforts that are already underway in  
8 metropolitan regions around the State, deriving best  
9 practices from those efforts and communicating those to the  
10 regions which will come in future years, some of which are  
11 already in preliminary stages, to ensure that that  
12 knowledge transfer around the State does occur.

13 We're also focused on producing specific tools  
14 and methods for local and regional governments to meet the  
15 goals that the State of California has established for not  
16 only energy use, but also greenhouse gas emissions, both  
17 from the transportation sector and other parts of the  
18 economy.

19 And so that's partly in recognition of the fact  
20 that the State can establish mandates and regions can do  
21 plans but, ultimately, it's local governments that still  
22 control land use and will, of course, for the foreseeable  
23 future in California.

24 And so those governments need tools and resources  
25 to make the decisions that are consistent with and

1 commensurate with the goals that the State has established.

2           So, our Pedestrian Rating System Tool is very  
3 much in that vein, as Dan mentioned earlier. It will be a  
4 replacement for the level of service measures for  
5 pedestrianism which currently exist and which do not  
6 characterize, correctly, the factors which contribute to  
7 pedestrianism in metropolitan areas.

8           And also a tool that will be flexible enough so  
9 that it can be incorporated into regional transportation  
10 planning efforts which are part, now, of SB 375, and which  
11 can now then begin to take seriously pedestrianism as an  
12 important energy efficient transportation mode within  
13 cities by strategizing investments correctly, identifying  
14 gaps in the pedestrian network, and other ways that  
15 pedestrianism can be enhanced.

16           And so we're also focused, finally, on a task  
17 which is looking at the legal codes and standards which  
18 apply to the design of streets. Because, again, in that  
19 sort of reality that local governments work within it's  
20 actually often city attorneys which have a very large role  
21 in determining what standards are going to be applied to  
22 street design in a given city.

23           And so we're intending to create a guidebook to  
24 support, to educate and support them in understanding what  
25 sort of innovative street designs are possible and that

1 will help -- again, help their locality and help the goals  
2 that the State and the regions have established under SB  
3 375.

4 So, thank you again for your time and  
5 consideration.

6 CHAIRPERSON WEISENMILLER: Well, thanks.  
7 Certainly, thanks for being here.

8 MR. EISENSTEIN: Thank you.

9 CHAIRPERSON WEISENMILLER: I believe we have, on  
10 the line, Caltrans.

11 MS. JUSTINE: Good morning. I wanted to thank  
12 you for allowing me to support the work of the California  
13 Center for Sustainable Communities Research. My name is  
14 Laura Justine and I'm a Project Manager for the Caltrans  
15 Livable Main Streets Guidance Documents.

16 And much of the Center's work will be of value to  
17 our complete streets and sustainable main streets work, in  
18 particular the pedestrian rating tool and the legal  
19 research regarding complete streets and green streets.

20 Their work will be invaluable to ensure that our  
21 public dollars are spent effectively in support of multi-  
22 modal sustainable and livable transportation networks.

23 So, thanks very much for letting me comment.

24 CHAIRPERSON WEISENMILLER: Oh, sure. Thank you  
25 for calling in.

1           Do we have anyone else in the room or on the  
2 phone who wants to speak at this time?

3           DR. NICHOLAS: Good morning, my name's Dr.  
4 Michael Nicholas. Thank you very much for the opportunity  
5 to speak.

6           I was just going to give you guys a chance maybe  
7 to ask questions, but at UC Davis we're in charge of the  
8 people, in charge of planning tools, helping the  
9 communities better plan for infrastructure.

10           And I guess the main thing I'd like to say is the  
11 unique part of this project is working with the local  
12 governments to develop tools rather than developing tools  
13 beforehand, helping identify what needs are there in the  
14 community.

15           So, it's more of a collaborative process and it's  
16 very unique as far as I've seen for electric vehicle  
17 charging.

18           CHAIRPERSON WEISENMILLER: Thank you.  
19 Commission, any questions or comments?

20           COMMISSIONER PETERMAN: I'll just comment that  
21 it's nice to see the representation from UC Berkeley and UC  
22 Davis and the collaboration between the different campuses  
23 in UCLA. And, obviously, this is a project that will have  
24 statewide benefit and input and there seems to be no -- no  
25 shortage of a showing of support for it. So, thank you.

77

1 DR. NICHOLAS: Okay, thank you very much.

2 CHAIRPERSON WEISENMILLER: Again, if that's all  
3 the commenters then I think we'll move on to the next  
4 discussion of it.

5 First, again, I'm a scientist/engineer on the  
6 Commission and also in charge of the R&D areas. This was  
7 actually a tough thing for us to think about. This has  
8 been in the works for a long time, it's a great project and  
9 everyone knows that when the PGC was not reauthorized we're  
10 sort of in a state, now, of trying to figure out how to  
11 plan going forward.

12 And that we have somewhat limited funds and we're  
13 trying to figure out how best to use those funds and,  
14 frankly, it was a little daunting to launch a center. And,  
15 basically, we've had to scale back some and I think some of  
16 the other centers, historically, had more of a pathway for  
17 ongoing support and we just don't know, frankly, what our  
18 long term situation is here.

19 But we felt this was a strong enough project,  
20 obviously we've heard a lot of support from the  
21 Legislature, particularly appreciate Senators Pavley and  
22 Liu's support.

23 And, certainly, land use planning, you know, is  
24 very important to the State to really use as one of the  
25 tools for reducing its energy consumption and greenhouse

1 gas emissions.

2 But like I said, it certainly would be a lot  
3 easier if the PGC had been reauthorized for us to move  
4 forward. And, certainly, I think our support at this point  
5 would have been higher. But I mean we have to deal with  
6 the cards we're dealt.

7 And so, with those factors in mind, I still think  
8 we should go forward. But as I said, it would have been a  
9 lot easier if the PGC was authorized.

10 COMMISSIONER DOUGLAS: Well, you know, I  
11 definitely appreciate those comments and I also very much  
12 appreciated hearing the support and having a chance to ask  
13 a few questions about the proposed center.

14 I'm strongly in support of it. I'm hopeful that  
15 even with the uncertainties that lie ahead of us we will  
16 find a way to maintain the great work that this center will  
17 do as well as, hopefully, the great work that other centers  
18 are currently doing.

19 And so I think this is a really -- I think this  
20 center would fill a very important niche in the work that's  
21 before us in California and increasing -- increasing our  
22 ability to break down silos, to have easy access to  
23 information about what people are doing, to really create  
24 some cutting edge, new applications and do that in  
25 collaboration with the government.

1           What I'm hearing is impressive and important to  
2 me. And so I'm in strong support. I would make a motion,  
3 but I'll see if there are any other comments, now.

4           Okay, then I'll move Item 21.

5           COMMISSIONER PETERMAN: I will second.

6           CHAIRPERSON WEISENMILLER: Okay, all those in  
7 favor?

8           (Ayes)

9           CHAIRPERSON WEISENMILLER: This item passed  
10 unanimously. Again, thanks.

11          MR. GALLAGHER: Thank you very much.

12          CHAIRPERSON WEISENMILLER: Thank you. Thanks for  
13 everyone's work on this.

14          Item 22, Amendments to Geothermal Regulations.  
15 Possible adoption of order instituting a rulemaking to  
16 update and streamline the California Code of Regulations,  
17 title 20, sections 1660-1665.

18          Cheryl.

19          MS. CLOSSON: Good morning, Commissioners, my  
20 name is Cheryl Closson, I'm with the Research and  
21 Development Division.

22          With me is Robin Mayer from our Legal Office.

23          And we're here to seek your approval to initiate  
24 a rulemaking to amend the existing Geothermal Grant and  
25 Loan Program regulations.

1           As you know, the Energy Commission has operated a  
2 grant and loan program for geothermal resource assessment  
3 and development since 1981. This program was authorized  
4 when the Legislature created the State's Geothermal  
5 Resources Development Account to distribute monies that the  
6 Federal government gives back to the State from geothermal  
7 leases and royalties from Federal lands in California.

8           The Energy Commission is authorized to use 30  
9 percent of the funds deposited in this account for our  
10 Geothermal Grant and Loan Program. Typically, this amounts  
11 to one to two million annually and we generally accumulate  
12 these funds and conduct solicitations for projects roughly  
13 every other year.

14           Since the program's beginning the Energy  
15 Commission has awarded approximately \$69 million to co-fund  
16 over 180 geothermal projects.

17           The Public Resources Code sets forth the funding  
18 provisions for our program and identifies the types of  
19 geothermal projects that can be funded. Regulations are  
20 place for the program that define the program terms and set  
21 forth the procedures for running the program, including  
22 application and award procedures.

23           Staff would like to revise and update the  
24 existing regulations for the following main reasons:  
25 first, the existing regulations contain review and approval

1 requirements for the old Research and Development Policy  
2 Committee. And since that committee is no longer in  
3 operation, staff would propose to replace reference to the  
4 committee with the term "Energy Commission Staff."

5           Secondly, the existing regulations include  
6 several solicitation and application requirements that make  
7 the process time consuming and difficult for both  
8 applicants and staff.

9           Staff proposes to streamline the application  
10 process to remove the pre-application requirement and make  
11 other changes as necessary.

12           And, finally, the Public Resources Code includes  
13 a requirement for local agency approval of grants to  
14 private entities for projects with that local agency's  
15 jurisdiction.

16           In coordination with local agencies, staff would  
17 like to provide clarity and guidance in the regulation on  
18 what constitutes local agency approval for these private  
19 entity awards.

20           Thank you very much for your consideration and  
21 we're here and happy to answer any questions you may have.

22           CHAIRPERSON WEISENMILLER: Thank you. And again,  
23 as the Commission's scientist and also responsible for  
24 research and development, I've reviewed the regulations.  
25 it's certainly a good time to change those to reflect

1 necessary changes, but also we're going to look and see if  
2 there are ways to clarify or simplify the regulations  
3 moving forward, so we can move more efficiently, but still  
4 meet the basic requirements.

5 COMMISSIONER DOUGLAS: Move Item 22.

6 COMMISSIONER PETERMAN: I'll second.

7 CHAIRPERSON WEISENMILLER: All those in favor?

8 (Ayes)

9 CHAIRPERSON WEISENMILLER: Item Number 22 passes  
10 unanimously.

11 MS. CLOSSON: Thank you very much.

12 CHAIRPERSON WEISENMILLER: Okay, in terms of  
13 scheduling we've huddled up here and we will, after Item  
14 23, take a break and be back at exactly 1:00.

15 Okay, Item 23.

16 MS. KOROSEC: Good morning, Commissioners. I'm  
17 Suzanne Korosec, I'm the lead for the Integrated Energy  
18 Policy Report Unit.

19 Today I'm asking for your approval of an order  
20 instituting informational proceeding to gather and assess  
21 information needed for preparing the 2012 IEPR update and  
22 the 2013 IEPR.

23 The Commission's required, under Public Resources  
24 Code, to prepare an IEPR every two years, with an update in  
25 the intervening year that assesses California's

1 electricity, natural gas, and transportation fuel sectors.  
2 The assessments are used to then develop policy  
3 recommendations to the Governor.

4           The IEPR team is working with Commissioner  
5 Peterman, who is the lead Commissioner for the 2012 IEPR  
6 update, to develop a scoping order for the 2012 report and  
7 we hope to release that proposed scope in the next month.

8           There are two workshops currently scheduled in  
9 February for the 2012 IEPR and the first is on February  
10 16<sup>th</sup>, which is on combined heat and power issues. And the  
11 second is on February 23<sup>rd</sup>, which is on the Commission's  
12 electricity and natural gas demand forecast.

13           We'll also be holding workshops for the renewable  
14 strategic plan that will be developed as part of the 2012  
15 IEPR update and we'll announce the dates of those as they  
16 are scheduled, as well as any other workshops that will be  
17 held under the 2012 IEPR update proceeding.

18           With that, I'd like to ask for your approval of  
19 the order instituting informational proceeding.

20           CHAIRPERSON WEISENMILLER: Thank you, Suzanne.  
21 Discussion? I would say I want to congratulate  
22 Commissioner Peterman for picking up the torch on this one  
23 and looking forward to a great effort next year.

24           I think I've tried to end -- we have a lot of  
25 comments that we'll get to later, people suggesting tweaks

1 in this IEPR to give guidance to the next committee.

2 And one of the things which, having gone through  
3 this myself, I think it's basically the scope of this IEPR  
4 will be determined much -- well, it will be determined by  
5 the committee in the scoping order as a -- you know, it  
6 will certainly build off of this IEPR.

7 But, certainly, my experience is we had to deal  
8 with the realities of what was emerging and not what people  
9 were hoping we were going to do last year.

10 So, again, I think it's -- certainly, there's  
11 always some continuity. But literally, if you have  
12 suggestions on what to do in the next IEPR, the scoping  
13 order's the place to really bring those up.

14 COMMISSIONER PETERMAN: Yes, and I look forward  
15 to working on the 2012 IEPR with Ms. Korosec and her team.  
16 And I think we'll have opportunities to address some  
17 immediate issues that were raised on the 2012 IEPR. And  
18 then the 2013 IEPR, the next big one, we'll continue to  
19 develop some of the themes that emerged in 2011.

20 So, thank you. And with that, I will move Item  
21 23.

22 COMMISSIONER DOUGLAS: Second.

23 CHAIRPERSON WEISENMILLER: All those in favor?

24 (Ayes)

25 CHAIRPERSON WEISENMILLER: Item 23 passed

1 unanimously.

2 Again, back, we're going to start at 1:00.

3 (Off the record at 11:40 a.m.)

4 (Back on the record at 1:05 p.m.)

5 CHAIRPERSON WEISENMILLER: Okay, good afternoon,  
6 it's a little after 1:00, let's start.

7 Our next item is Number 24, the 2011 Integrated  
8 Energy Policy Report. Possible adoption of the Lead  
9 Commissioner's Final 2011 Integrated Energy Policy Report.  
10 Suzanne.

11 MS. KOROSSEC: All right. Good afternoon,  
12 Commissioners. Today staff is asking for your approval of  
13 the 2011 Integrated Energy Policy Report.

14 Public Resources Code requires the Energy  
15 Commission to prepare an IEPR every two years, in odd-  
16 numbered years, that assesses supply and demand,  
17 production, delivery, distribution, market trends and major  
18 challenges that are facing the State.

19 These assessments are then used to develop  
20 California's Energy Policy recommendations.

21 Development of the IEPR began with the release of  
22 the initial scoping order in August of 2010, with a revised  
23 scoping order that was subsequently released in March of  
24 2011. Workshops on specific topics began in October 2010  
25 and continued through December of 2011.

1           The IEPR proceeding included 30 public workshops  
2 that covered a wide variety of subject areas, including  
3 evaluating energy supply and demand cost, and  
4 infrastructure needs, progress toward and barriers to  
5 achieving California's clean energy goals, and other areas  
6 like efforts to improve coordination between the State's  
7 energy agencies, developing a clean energy workforce, and  
8 the role of energy-related research and development.

9           Throughout the process there was extensive  
10 stakeholder participation, both in the workshops and  
11 through written comments on various documents and issues.  
12 And the stakeholder engagement was instrumental in  
13 developing the draft 2011 IEPR.

14           On the draft, itself, we received 32 sets of  
15 comments, totaling nearly 250 pages. And the proposed  
16 final IEPR, presenting for your approval today, includes  
17 revisions made in response to many of those comments.

18           We've also suggested additional changes in  
19 response to comments on the proposed final IEPR. A list of  
20 those changes was posted on our website yesterday.

21           The IEPR includes the results of in-depth  
22 analyses of key aspects of California's energy system and  
23 describes many activities that are either completed or  
24 underway, including: the Energy Commission's forecasts of  
25 electricity, natural gas, and transportation fuel demand;

1 our proceeding on lessons learned during the licensing of  
2 power plants in 2009 and 2010; ongoing analysis of the  
3 electricity infrastructure needs, particularly in the  
4 southern part of the State which faces unique challenges;  
5 assessment of natural gas prices and market trends; the  
6 status of energy efficiency efforts by the State's  
7 investor-owned and publicly-owned utilities; our work  
8 towards reducing energy use in existing buildings and  
9 contributing toward the State's zero net energy building  
10 goals; the recently released Renewable Power in California  
11 Status and Issues Report; development of bioenergy, which  
12 includes biopower, biogas, and biofuels; the status of the  
13 California's clean energy future coordination effort among  
14 energy agencies; the value provided by research and  
15 development in supporting California's energy policies and,  
16 finally; our ongoing commitment to ensuring the reliability  
17 of the State's nuclear power plants.

18           Each of these topics is covered in a separate  
19 chapter of the IEPR, which discusses the unique issues that  
20 are associated with that topic. However, there are three  
21 common threads that are running throughout the report.

22           First, is the need to ensure sufficient, reliable  
23 and safe energy infrastructure to meet current and future  
24 energy demand and to support California's clean energy  
25 goals.

1           In the electricity sector this involves  
2 continuing our efforts toward achieving all cost-effective  
3 energy efficiency which can both reduce overall energy  
4 demand and use existing energy sources much more  
5 efficiently.

6           It means increasing the amount of DG resources  
7 that generate near load and reduce the need for new large-  
8 scale power plants and transmission lines, but which will  
9 require investments in the State's distribution to  
10 integrate DG without compromising safety or reliability.

11           It means addressing challenges to achieving the  
12 State's renewable portfolio standard targets by  
13 streamlining permitting processes, continuing the work to  
14 improve power plant and transmission permitting through the  
15 Desert Renewable Energy Conservation Plan; making sure  
16 transmission projects to bring renewable energy to  
17 customers are built; and developing the support  
18 infrastructure to integrate renewable resources, including  
19 gas-fired plants, energy storage and demand response.

20           In addition to supporting our clean energy goals  
21 we also need to address infrastructure challenges like the  
22 potential retirement of thousands of megawatts of gas-fired  
23 generation as a result of the State's policy on once-  
24 through cooling, combined with air quality constraints that  
25 restricted development of new fossil plants to replace that

1 capacity.

2           Efforts are underway at the Air Resources Board  
3 to assess the need for new power plant capacity in the  
4 South Coast Air Basin. And the Energy Commission is  
5 continuing its assessment of the electricity infrastructure  
6 needed to replace retiring plants and support California's  
7 transition to a low carbon future while maintaining  
8 resource adequacy and reliability.

9           There are also infrastructure challenges  
10 associated with California's nuclear plants, particularly  
11 in the wake of events at Fukushima.

12           In 2010 California's two nuclear plants provided  
13 more than 15 percent of in-state electricity generation,  
14 making reliability of those plants a major concern.

15           The Energy Commission and the PUC held a joint  
16 workshop in 2011 on the implications of the Fukushima  
17 accident for California's nuclear plants.

18           And the 2011 IEPR includes a set of specific  
19 recommendations to address issues like completion of the  
20 recommended seismic studies, improvements in spent fuel  
21 storage, and new generation or transmission infrastructure  
22 that may be needed to maintain reliability in the event of  
23 a long-term outage at the plants.

24           In the natural gas sector the primary  
25 infrastructure issue in the IEPR is the safety and

1 reliability of the State's network of natural gas  
2 pipelines, given the September 2010 explosion in San Bruno  
3 of a high-pressure gas line.

4           The PUC has issued a comprehensive staff report  
5 that's detailed findings from its investigations into the  
6 incident that makes recommendations for changing at PG&E.  
7 And the Energy Commission is continuing to closely monitor  
8 hydro testing and reductions in operating pressure to  
9 determine any potential impacts on natural gas customers,  
10 including gas-fired power plants.

11           The Energy Commission also made funds available,  
12 through the Public Interest Energy Research Program, for  
13 natural gas safety research.

14           In the transportation fuels sector California  
15 needs to ensure sufficient infrastructure to meet future  
16 demand for both conventional and alternative transportation  
17 fuels.

18           Oil production in California has fallen 47  
19 percent since 1985 and the State's oil refineries continue  
20 to rely on crude imports by marine vessel from Alaska and a  
21 variety of foreign sources.

22           As imports continue to increase the State could  
23 require new oil import infrastructure projects to ensure  
24 sufficient supplies of conventional transportation fuels to  
25 meet demand.

1           Our staff forecast also indicate increased demand  
2 for alternative transportation fuels, including biofuels,  
3 electricity, natural gas, and hydrogen.

4           Meeting this demand will require continuing  
5 investments in fueling infrastructure and vehicles, such as  
6 the investments being made through the Energy Commission's  
7 Alternative and Renewal Fuel and Vehicle Technology Program  
8 to develop the charging infrastructure to support plug-in  
9 electric vehicles and upgrade and install fueling  
10 infrastructure for natural gas, hydrogen, and E-85  
11 stations.

12           The second thread running through the IEPR is  
13 addressing challenges to meeting California's clean energy  
14 goals. Shown here, we have goals for increased energy  
15 efficiency, renewable electricity, distributed generation,  
16 combined heat and power, and alternative and renewable  
17 transportation fuels.

18           The IEPR covers three energy efficiency topics.  
19 First is utility progress towards meeting efficiency  
20 targets set under Assembly Bill 2021, which requires the  
21 utilities to achieve ten percent efficiency savings over  
22 ten years.

23           Second is the status of efforts to reduce energy  
24 use in existing buildings.

25           And third is a discussion of the Energy

1 Commission's contributions to achieving zero net energy  
2 homes and buildings through our Building and Appliance  
3 Standards.

4 In December 2011 the Energy Commission staff  
5 release the AB 2021 report, which showed that the IOU's  
6 reported savings for 2010 exceeded the PUC's savings goals,  
7 and POUs achieved 74 percent of the 2010 savings target set  
8 by the Energy Commission.

9 Although both of these represent reported savings  
10 and have yet to be verified.

11 The AB 2021 report also indicates that higher  
12 energy efficiency levels for customers could bring the POUs  
13 closer to meeting the ten percent goal in AB 2021.

14 Although the IEPR does acknowledge the cost effectiveness  
15 is a key factor in setting incentive levels, and that  
16 increased levels may not be cost effective for all POUs.

17 Under Assembly Bill 758 the Energy Commission is  
18 directed to implement a comprehensive program to reduce  
19 energy consumption in existing buildings and to report on  
20 that effort in the IEPR.

21 A foundation for this program is being provided  
22 by collaborative efforts between the Energy Commission, the  
23 PUC, local governments and utilities under the Energy  
24 Upgrade California brand.

25 The IEPR discusses next steps for the AB 758

1 program, which include developing action plans for moving  
2 forward with program development, completing needs  
3 assessments for residential and nonresidential buildings,  
4 and using lessons learned to date to identify specific  
5 strategies in the various program component areas, which  
6 include energy assessments, financing options, information  
7 and education to property owners, and systematic workforce  
8 training.

9           The AB 758 program will be developed in three  
10 phases. Phase one includes developing infrastructure and  
11 implementation plans.

12           Phase two involves supporting market development  
13 and partnerships.

14           And phase three will include development of  
15 statewide ratings and upgrade requirements.

16           Implementation plans developed in phase one will  
17 include detailed schedules of activities and each phase  
18 will include ample opportunity for public input.

19           The final efficiency topic in the IEPR is the  
20 goal of achieving zero net energy residential buildings by  
21 2020 and commercial buildings by 2030.

22           The IEPR reports on the Energy Commission's  
23 contribution of this effort through the tri-annual updates  
24 of our building efficiency standards, with the goal of  
25 achieving 20 to 30 percent savings in each update; and

1 through our updates of appliance standards, including  
2 updates to reflect the increasing portion of California's  
3 energy use that comes from plug loads; and our recently  
4 adopted battery charger standards that are estimated to  
5 save ratepayers around \$300 million a year when they're  
6 fully implemented.

7 California's clean energy goals also include  
8 increasing the amount of renewable energy in the State's  
9 electricity mix. One of the main focuses in this IEPR was  
10 developing a renewable plan, called for in Governor Brown's  
11 Clean Energy Jobs Plan, to expedite permitting of the  
12 highest priority renewable generation and transmission  
13 projects.

14 Many of the IEPR workshops this cycle dealt with  
15 renewable energy and fed into the Renewable Power in  
16 California Status and Issues Report, which was released in  
17 December 2011.

18 That document lays the foundation for a more  
19 comprehensive renewable strategic plan that we'll be  
20 developing as part of the IEPR update in 2012 and reports  
21 on the status of meeting the State's RPS targets, with  
22 renewable electricity representing nearly 16 percent of  
23 retail sales in 2010 for more than 10,000 megawatts of  
24 renewable capacity.

25 The IEPR discusses challenges to achieving the

1 RPS target, as well as the Governor's target of adding  
2 20,000 megawatts of renewable capacity by 2020, which  
3 includes 12,000 megawatts of distributed generation and  
4 8,000 megawatts of large-scale renewables.

5           These challenges include land use and permitting  
6 issues, transmission needs, upgrades to the distribution  
7 system to support high levels of renewable DG, integration  
8 issues, investment and financing issues, and the need for  
9 continuing funding for research and development to develop  
10 new technologies and strategies to support renewable  
11 development.

12           The Renewable Strategic Plan that will be  
13 developed during the 2012 IEPR update proceeding will focus  
14 on five high level strategies to address these issues.  
15 These strategies include prioritizing geographic areas for  
16 development, evaluating the cost and benefits of renewable  
17 projects, minimizing interconnection costs and time,  
18 promoting incentives for projects that create in-state  
19 benefits, and promoting and coordinating existing financing  
20 and incentive programs.

21           A second renewable topic covered in the topic is  
22 the development of bioenergy to help achieve the State's  
23 clean energy goals.

24           In March 2011 the Energy Commission adopted the  
25 2011 Bioenergy Action Plan and the IEPR provides a summary

1 of that plan, including actions needed to increase  
2 electricity generation from biopower, as well as increasing  
3 in-state biofuel production.

4 The Bioenergy Action Plan will be updated as  
5 needed to adapt to changing conditions. And agencies are  
6 continuing to work on completing and updating the measures  
7 that are contained in the plan. And those updates and  
8 processes will be reported on in future IEPRs.

9 The IEPR also begins the discussion of the  
10 contribution to California's clean energy goals from  
11 combined heat and power facilities. California has more  
12 than 8,500 megawatts of CHP installed. And the Governor's  
13 Clean Energy Jobs Plan includes a target of 6,500 megawatts  
14 of additional CHP by 2030.

15 This goal will have a major effect on future  
16 electricity demand and infrastructure needs. And as part  
17 of the 2012 IEPR update and the 2013 IEPR the Energy  
18 Commission will be updating past assessments of the status  
19 of and potential for CHP and developing forecasting  
20 methods, and scenarios that more accurately reflect --  
21 excuse me -- account for the potential contribution of CHP  
22 to the State's electricity mix.

23 In fact, we're holding our first workshop on the  
24 2012 IEPR update on February 16<sup>th</sup>, and that will be covering  
25 CHP issues.

1           In the transportation sector California's  
2 policies include increasing the efficiency of the  
3 transportation fleet, increasing energy security by  
4 developing alternative transportation fuels and vehicles to  
5 reduce petroleum dependence, and reducing greenhouse gas  
6 emissions.

7           The IEPR reports that petroleum dependence in  
8 2010 declined nearly ten percent from 2006 levels, largely  
9 due to increased use of ethanol and gasoline. And that use  
10 of alternative vehicles, including hybrids, flex-fuel  
11 vehicles, and natural gas buses is increasing.

12           Energy Commission staff projections indicate that  
13 consumption of alternative fuels is expected to increase  
14 between now and 2030, and meeting this increased demand  
15 will require investments in alternative and renewable fuel,  
16 and vehicle infrastructure.

17           The investment is occurring through two programs  
18 that were established by Assembly Bill 118. The Air  
19 Resources Board's Air Quality Improvement Program, which  
20 supports development and deployment of zero emission and  
21 reduced emission light-duty vehicles and trucks.

22           And the Energy Commission's Alternative and  
23 Renewable Fuel and Vehicle Technology Program, which  
24 supports development and deployment of alternative and  
25 renewable fuels, and advanced transportation technologies.

1           To date, the Energy Commission has funded 86  
2 projects, totaling \$204 million, and has approved plans for  
3 allocating an additional \$152 million.

4           As required by Assembly Bill 109, the IEPR  
5 includes an evaluation of the benefits of the Alternative  
6 and Renewable Fuel and Vehicle Technology Program. As a  
7 result of the program, California now has the largest  
8 network of EV charging systems and hydrogen fueling  
9 stations in the country. And the program has more than  
10 doubled the number of E-85 stations, compared to 2010  
11 levels, and has added 20 natural gas stations.

12           Program investments will also add more than 1,400  
13 alternative vehicles to the California fleet and is  
14 bringing additional investment to California by leveraging  
15 more than \$380 million from private financing and other  
16 funding sources.

17           Other benefits of the program include potential  
18 displacement of up to six percent of petroleum fuel demand  
19 and up to four percent reduction in GHG emissions from  
20 transportation in 2020.

21           Also, commercialization of biofuel projects  
22 funded by the program will contribute towards State goals  
23 to produce an increasing share of California's biofuel  
24 consumption from in-state sources by 2020.

25           The IEPR also discusses how energy agency

1 coordination and research and development investments are  
2 supporting the State's clean energy goals.

3 In 2010, the Energy Commission, the ARB, CalEPA,  
4 the PUC, and the California ISO developed a vision,  
5 implementation plan, and roadmap to achieve a clean energy  
6 future for California.

7 This effort will ensure close coordination  
8 between state energy agencies to maintain a broad  
9 perspective on energy policies, and identify policy  
10 overlaps, conflicts, or areas of concern that need to be  
11 addressed.

12 As part of the California Clean Energy Future  
13 process, agencies jointly developed metrics that show  
14 progress towards meeting California's clean energy goals,  
15 posted on the Clean Energy Future website, shown here,  
16 which will be periodically updated to reflect new  
17 information.

18 For energy related research and development, the  
19 2011 IEPR discusses the value provided by public agency  
20 investment in R&D, in particular, the Energy Commission's  
21 Public Interest Research Program, to further the State's  
22 clean energy goals.

23 For example, research on energy efficiency  
24 technologies and strategies has led to improvements in  
25 building and appliance efficiency standards that will

1 provide estimated energy savings of more than \$1 billion  
2 for electric and natural gas ratepayers when they're fully  
3 integrated.

4 Research projects are also helping renewable  
5 technologies reach maturity and achieve faster market  
6 penetration, which will contribute towards the State's RPS  
7 goals.

8 However, the PIER Program does face challenges  
9 with the expiration of the State's Public Goods Charge.

10 In December 2011, as part of its proceeding on  
11 continuation of the PGC Fund, the PUC established the  
12 Electric Program Investment Charge to collect funds on an  
13 interim basis for renewables and for research and  
14 development programs, with funds that are placed in  
15 balancing accounts and not disbursed until authorized by  
16 CPUC's final decision in phase two of that proceeding.

17 The final common theme in the IEPR is the  
18 contribution of California's clean energy goals to economic  
19 development and job creation.

20 Governor Brown's Clean Energy Jobs Plan  
21 emphasized that investing in energy efficiency and clean  
22 energy are central elements of rebuilding California's  
23 economy.

24 Energy efficiency standards promote investment in  
25 new products and create jobs to provide energy audits, home

1 energy ratings, building commissioning to identify  
2 efficiency improvements, and to install and test products  
3 and technologies.

4 Strong renewable energy policies lead to jobs  
5 both in clean tech industries and in support industries,  
6 like construction, and encourage investments in clean tech  
7 companies.

8 In the first quarter of 2011, alone, California  
9 received more than \$600 million in venture capital  
10 investments for clean tech companies, which represented  
11 more than half of all national investments in clean tech  
12 industry.

13 As I mentioned earlier, the Alternative and  
14 Renewable Fuel and Vehicle Technology Program has leveraged  
15 and estimated \$380 million in additional investments. And  
16 projects funded through the program are expected to create  
17 more than 5,000 jobs throughout the market spectrum,  
18 including manufacturing, construction, engineering,  
19 operations and maintenance.

20 R&D activities are also instrumental in bringing  
21 additional venture capital investments in creating clean  
22 energy jobs.

23 Energy Commission staff estimates that PIER  
24 research has created more than 5,500 jobs. And the program  
25 also leverages additional investment. For example, through

1 the Energy Innovation Small Grant Program, which has  
2 provided \$30 million to awardees, who went on to secure  
3 \$1.4 billion in additional investment.

4 And through cost share funding, providing during  
5 2010, which successfully leveraged more than \$500 million  
6 in Federal Stimulus funding, and \$900 million in private  
7 investment, using only \$20 million of program funding.

8 So, that's a very quick and dirty overview of a  
9 very long and detailed report.

10 And I'd be happy to answer any questions and we  
11 also do have authors of the individual chapters here to  
12 answer questions.

13 CHAIRPERSON WEISENMILLER: Thank you very much,  
14 Suzanne, for that great overview. And, certainly, as we go  
15 forward at a later date -- at a later moment, we'll talk  
16 about thanking the authors, too. Appreciate having the  
17 whole team here.

18 Let's turn to public comment. Remind the  
19 commenters that we're shooting for three minutes on  
20 comments.

21 The first one is Gina Grey, WSPA.

22 MS. GREY: Good afternoon Chairman,  
23 Commissioners, staff. My name is Gina Grey, I've Vice  
24 President of Strategic Policy and Fuels for the Western  
25 States Petroleum Association, or WSPA.

1           WSPA has participated throughout the entire 2011  
2 IEPR process, particularly in the transportation and fuels  
3 area.

4           We also have, over the years, participated in all  
5 of the IEPR process and even the what you might deem to be  
6 called the pre-IEPR processes, before the IEPR was even  
7 conceived.

8           So, basically, we're not newcomers to the IEPR  
9 process.

10           We did receive, late yesterday, a response letter  
11 from the Chairman's office, that is in response to our  
12 December 9<sup>th</sup> WSPA comment letter on the IEPR.

13           We've attempted, in the intervening hours, to  
14 update our comments to you today so, hopefully, we've taken  
15 those into account.

16           We were actually encouraged as we worked through  
17 2011, in the transportation arena, to see that the  
18 Commission actually, this time around, seemed to be  
19 providing more comprehensive and realistic data and  
20 information as input to the IEPR, especially with regard to  
21 potential impacts, the challenges, cost of both the RFS-2  
22 program and the Low Carbon Fuels Standard Program, as well  
23 as an assessment of the vehicle side, because that's the  
24 other part of the equation that often doesn't get discussed  
25 in terms of how the vehicle and the fuel is going to come

1 together at some point in time.

2           Unfortunately, we did not see this detailed  
3 information on the transportation side, even in a summary  
4 fashion, placed in the primary policy document, which is  
5 the IEPR. And as you know, something in a policy document  
6 is often the document that Legislators and others rely on  
7 for policy advice.

8           While the letter from yesterday did indicate that  
9 many of the documents are posted on the Commission's  
10 website which, of course, we have reviewed and looked  
11 through already.

12           We, nor the public, have got to see, actually,  
13 the complete information and background data, and the  
14 modeling and analysis that went into, for example, the  
15 November 14<sup>th</sup> Transportation Workshop.

16           And moreover it appears that the final  
17 transportation document that is meant to be an input to the  
18 IEPR has not yet been released, and even though the final  
19 IEPR is before you today for adoption.

20           So, I think we -- you've seen in our CPRA  
21 requests, et cetera, have been requesting that this  
22 information get released so we can actually see how a lot  
23 of the information that started to be released November 14<sup>th</sup>  
24 came to light.

25           We would like to make it clear that we do

1 consider the Commission to be uniquely qualified to provide  
2 both accurate and thorough data analysis and proactive  
3 potential solutions for the State's transportation sector.

4           It's because of this view that we would like to  
5 see the Commission's IEPR with regard to the transportation  
6 issues move beyond statements of what has historically  
7 occurred to a much more definitive analysis of what is  
8 currently occurring, along with projections and scenarios  
9 of what might occur based on your expansive knowledge base.

10           We see long lists of uncertainties in the IEPR,  
11 but little in the way of commitments to analyze the  
12 uncertainties in a timely way, in addition to  
13 recommendations.

14           And I think this is the thing that we've  
15 continued to hit on throughout 2011 is that it would be  
16 very beneficial to go beyond just this recording of what  
17 seems to have been taken place historically and into the  
18 recommendation arena.

19           Because these issues somehow need to get  
20 resolved, the challenges need to be addressed.

21           Our industry and the transportation fuels  
22 industry at large, so it's not just the oil industry, we  
23 face increasing Federal, state, and local legislative and  
24 regulatory challenges, along with survival issues.

25           For example, the impact of a number of current

1 ARB regulations, such as the AB 32 Cap and Trade Program,  
2 Fuels Under the Cap in 2015, the LCFS Program, and the  
3 Clean Fuel Outlet Regulation that was just amended in  
4 December are proving to be a cumulative burden.

5 WSPA provided specific comments in December on  
6 the draft IEPR and submitted to you, yesterday, our written  
7 comments on the final IEPR that's being considered today.  
8 You'll find our comments to be almost identical to what we  
9 had in our draft IEPR comments.

10 And I think we just did not see a lot of  
11 revisions that were made in response to our comments, which  
12 is probably why we did the duplication.

13 We didn't feel today that it would be very  
14 productive to debate the completeness of the IEPR. I think  
15 we may have differing views than you folks do in terms of  
16 the actual completeness and what needs to be in the IEPR.

17 And if we ignore for the moment our page-specific  
18 comments that, again, we don't feel that those page-  
19 specific comments were necessarily addressed.

20 We would like to understand, today, what the  
21 Commission's response is to our three general requests that  
22 were in our letters. This was not discussed in the letter  
23 that we received yesterday from the Commission, so that's  
24 why we're asking it today.

25 Our first request is for the Commission to

1 introduce an annual review of the transportation sector  
2 issues, instead of the current review every two years.

3 This segment of the energy picture should be  
4 provided equal focus as compared with the electricity  
5 segment, since both have significant energy security issues  
6 that need to be addressed.

7 In addition, as we heard this morning, as  
8 electricity fuel use and electric vehicle penetration  
9 increase in the State there is a linkage between the  
10 transportation and electricity sectors.

11 Moreover, as the State attempts to transition to  
12 alternative fuels, we constantly point out that petroleum  
13 products have significant ongoing issues in the State and  
14 the challenges for the existing fuels base need more  
15 attention by the CEC, as well.

16 So, number one request is an annual review. The  
17 intermediate years, we would like to see transportation  
18 there, not just electricity.

19 Second, there seems to be a new détente between  
20 ARB and the CEC, so WSPA has actually asked if this  
21 relationship could be strengthened even more.

22 We suggested in our comments that the Commission  
23 provide the ARB at a minimum, on a quarterly basis,  
24 information on transportation fuels, including supply,  
25 demand, cost information for conventional fuels, first of

1 all, as well as projections, supply and demand, and cost  
2 information for alternative and low-carbon intensive fuels.

3 And, in addition, information on the vehicle  
4 sector, numbers, cost, availability, as well as any  
5 challenges that are being faced.

6 It would be very helpful as the transportation  
7 industry deals with the variety of regulations, such as  
8 RFS-2 and LCFS.

9 So, our second request is just more data, more  
10 information flowing from the Energy Commission to the ARB  
11 on a quarterly basis. It is generated now, just in case  
12 you're wondering, it's just not flowing over there.

13 Third, we request the Commission clearly identify  
14 a process and timeline for dealing with all the  
15 uncertainties and challenges identified in the IEPR. It  
16 would be appreciated if the Commission would provide clear  
17 statements of potential scenarios and their respective  
18 problems and costs, along with recommendations for how to  
19 address or avoid the issues.

20 And this, of course, would work in tandem with  
21 our first request, which was the annual review.

22 So, basically, we'd just be interested in  
23 receiving a response today, if at all possible, on our  
24 three requests that I just outlined. Thank you.

25 CHAIRPERSON WEISENMILLER: Okay, thank you.

1           The next speaker is NRDC.

2           MR. OZA: Good afternoon, my name is Siddhartha  
3 Oza and I'm with Natural Resources Defense Council. Thank  
4 you for the opportunity to speak here today.

5           NRDC would like to thank the Commissioners and  
6 staff for your hard work and leadership on these issues.

7           Overall, NRDC supports the final IEPR. However,  
8 we would like to focus our comments today on three main  
9 areas, the energy demand forecast, prioritization of POU  
10 involvement in energy efficiency, and regional transition  
11 coordination.

12           So, first, we appreciate the Commission staff's  
13 extensive work on forecasting the State's energy demand.  
14 However, energy efficiency is the State's top priority  
15 resource and should be fully integrated into the demand  
16 forecast.

17           Since 2003, NRDC has repeatedly recommended that  
18 the CEC include energy efficiency in the demand forecasts.  
19 However, today, nearly nine years later, the 2011 final  
20 IEPR's energy consumption projections still exclude all  
21 savings from future energy efficiency programs.

22           We greatly appreciate that the CEC has calculated  
23 future energy efficiency in the IEPR and now we're simply  
24 urging that the CEC integrate it into the demand forecast.

25           NRDC understands the rationale behind classifying

1 projected savings as uncommitted, instead of committed, but  
2 has long objected to admitting the uncommitted savings.

3 NRDC also understands the limitations of the  
4 timeline for this current IEPR and, thus, does not ask for  
5 a wholesale change of the committed/uncommitted paradigm.  
6 Rather, we recommend maintaining this distinction at this  
7 point and merely including the uncommitted portion.

8 Excluding uncommitted efficiency inaccurately  
9 forecasts energy growth from 2012 to 2022 to be 48 percent  
10 higher than it will likely be when accounting for future  
11 energy efficiency.

12 Furthermore, excluding future energy efficiency  
13 is inconsistent with other State agencies and State policy.  
14 The CPUC and California Air Resources Board both include  
15 future energy efficiency in their energy and emissions  
16 projections.

17 At this stage of the IEPR we are fine with the  
18 Commission publishing a forecast that contains zero future  
19 efficiency, so long as that graph also indicates, on that  
20 same graph, how uncommitted efficiency would reduce the  
21 demand forecast.

22 Next, NRDC greatly appreciates the inclusion of  
23 the strong recommendations and guidance for the public  
24 utilities in the IEPR and associated AB 2021 report.

25 We also recognize the resource limitations faced

1 by the CEC and utilities of all sizes, as well as the  
2 challenges that additional requirements bring.

3           However, as the Commission knows, efficiency is  
4 by far the most cost effective source of energy that the  
5 utilities can use to provide electric services to their  
6 customers and reduce their utility bills.

7           We now urge the CEC to focus attention on  
8 prioritizing that the utilities, one, integrate energy  
9 efficiency into procurement planning; two, continue  
10 improving evaluations, measurement and verification; and,  
11 three, improve the target-setting process for 2013.

12           To ensure that the utilities are integrating  
13 efficiency into their resource plans, the CEC could hold a  
14 workshop and a series of informal roundtable discussions on  
15 the mechanics of how to integrate efficiency into resource  
16 planning, including how to overcome common barriers.

17           Given the resource constraints on both the CEC  
18 and the utilities, we suggest that if the CEC has not  
19 already done so, they should provide a template for their  
20 requested information for both the annual report and the  
21 upcoming target-setting process to ensure that the data  
22 collected are consistent across utilities.

23           To maintain that current progress, the CEC should  
24 continue its effort to work with POUs through workshops,  
25 templates, and developing strategies. Robust evaluation is

1 critical to integrating efficiency into their resource  
2 plans.

3           Finally, we strongly urge the Commission to  
4 address the need for regional transmission and procurement  
5 coordination. California could be a leader at fostering  
6 operational transmission coordination with neighboring  
7 states, which would increase efficiencies and reliability  
8 benefits, and reduce consumer costs.

9           Lower costs for renewable energy will help  
10 accelerate the transition away from conventional power and  
11 reduce regional greenhouse gas emissions.

12           Examples of regional grid coordination include  
13 sub-hourly scheduling and dispatch, greater visibility into  
14 neighbor balancing authorities, and taking advantage of  
15 lower cost renewables elsewhere in the western  
16 interconnection.

17           And we urge the Commission to include a specific  
18 recommendation in the final IEPR to establish a process  
19 that will improve coordination on this matter.

20           Thank you for considering NRDC's comments  
21 throughout the process and, again, for the opportunity to  
22 speak here today.

23           We recommend that the Commission adopt the 2011  
24 IEPR with the inclusion of our recommendations today.

25           CHAIRPERSON WEISENMILLER: Okay, thank you.

1 MR. OZA: Thank you.

2 CHAIRPERSON WEISENMILLER: The next speaker is  
3 Ben Davis.

4 Wait a minute, Ben Davis is next. Okay, you have  
5 to fill out a blue card.

6 MR. DAVIS: Hi, I'm Ben Davis, Jr. and I'm the  
7 proponent of the initiative that would close the State's  
8 nuclear power plants, will close the State's nuclear power  
9 plants when it's adopted next November.

10 I'm recommending that you do not adopt this final  
11 report today because the nuclear portion of it, Chapter 14  
12 I believe it is, is too vague for me or the Legislature to  
13 understand and make any decisions with the information  
14 that's in it.

15 To give you an idea of why I think so, I'm going  
16 to start by going to the end of my talk and ask the  
17 questions that I don't believe I can -- can be answered  
18 with this report.

19 Are you saying what happened in Japan can't  
20 happen here or are you saying that we need more study to  
21 determine whether this is true? I can't discern this from  
22 reading your report.

23 Or are you saying you have no position on that  
24 question?

25 The second question is you recommend more seismic

1 studies, are you saying that the plants are safe enough at  
2 the current time to continue operation while we do these  
3 studies or are you saying that these studies need to be  
4 completed to determine whether they're safe enough to  
5 continue to operate while the studies are completed? Or do  
6 you have no position on that?

7           Again, reading this report I cannot tell your  
8 answer to that, it's too vague.

9           Based on this report, number three, does the CEC  
10 have a position on whether or not SONGS, the San Onofre  
11 Plant, should be allowed to restart pending completion of  
12 the studies that you're recommending in this report or do  
13 you have no position on that, also?

14           The fourth thing concerns my comments on your  
15 draft. On the draft I asked whether -- I noted that you  
16 made the same exact recommendations in 2007, or after the  
17 Japan earthquake in 2007 that you're making today. You  
18 recommended we need, as California, to discern whether or  
19 not we need these nuclear power plants and what our  
20 alternatives are.

21           How would it affect us economically if we closed  
22 these plants?

23           That was your recommendations after the 2007  
24 earthquake in Japan.

25           I checked, I did a Freedom of Information Act

1 request with your organization, the CEC, you recommended I  
2 also check with the ISO. I did so. Nothing was done on  
3 our previous recommendation, not one hour was spent on  
4 that. Nobody was assigned to it. The ISO, the PUC, and  
5 the CEC, all of which were supposed to coordinate this  
6 effort, did nothing.

7 Today there's nothing done on it. Today, when we  
8 need this information, there's no information.

9 And, now you're making the exact same  
10 recommendation. At least, if you're going to make the same  
11 recommendation this long and after you made it before, give  
12 me a timeline and tell me how you're going to make sure  
13 that the same recommendation is not going to be included in  
14 the report after the next Japan accident, or the accident  
15 that occurs in California.

16 Now, with those in mind I'm going to explain some  
17 of the vagueness in your report that I see and for that I'm  
18 going to refer to this map that was given to me by the  
19 USGS.

20 The readers are led to believe, in this report,  
21 that a 9.0 earthquake cannot happen here. In fact, the  
22 report does not say that, it infers it. It says that a 9.0  
23 earthquake caused by a subduction zone can't happen here or  
24 is not believed to be able to happen here. It's a very  
25 vague comment.

1           In fact, I don't know if that means -- it doesn't  
2 say whether a 9.0 earthquake can happen here from something  
3 other than a subduction zone, from the faults we do know,  
4 it doesn't say yes or no to that.

5           It does say that we've just discovered new faults  
6 as recently as 2003 and 2008 and we should do more studies,  
7 which might show more faults in 2009 -- I'm sorry, 2013.  
8 It's just not clear on that.

9           It also doesn't mention that the 9.0 that  
10 occurred in Japan was 100 miles away from the Fukushima  
11 plant, which means a 9.0 earthquake did not happen on site.  
12 It's quite different, but it infers that that's the case.

13           Now, the Fukushima plant was designed to  
14 withstand a 7.9 earthquake.

15           The ones in California are designed, SONGS, to  
16 withstand a 7.0, and Diablo Canyon to withstand a 7.5.  
17 That means a comparable earthquake here for SONGS would be  
18 an 8.1. That means a 9.0 is to the Fukushima plant like an  
19 8.1 is to SONGS, or an 8.6 is to Diablo Canyon.

20           You do not rule out, state that. I mean for me,  
21 as a Legislator, if I were a Legislator reading this, I'd  
22 need to know these things.

23           But even more so it doesn't point out that when  
24 you assume -- find that this 9.0 occurred 100 miles away  
25 from the plant, you even have to go down further. And

1 that's what this map shows you over here.

2           Down on the bottom it shows you the ground  
3 intensity, which is really what shook the plant apart. And  
4 it shows you that the ground intensity around Fukushima was  
5 in the mid-range, in the yellow range, not in that red  
6 range at the end.

7           Basically, using this map and what's known about  
8 earthquakes and how it affects structures, one can conclude  
9 that a 7, between a 7 and an 8 earthquake could cause the  
10 same damage in California as that 9.0 did to Fukushima, in  
11 Japan.

12           Yet, none of that's really determined, you can't  
13 even see if that was analyzed.

14           I attended the July 26<sup>th</sup> hearing here. It wasn't  
15 really considered, none of this was explained and it's  
16 certainly left out of your report.

17           It's really, as I said, so vague I don't -- it's  
18 almost -- it's difficult to know what to respond to.

19           Given this, what I would like to see, besides an  
20 answer to my questions, is for this -- for the CEC, if  
21 you're going to say by inference -- basically, you've  
22 inferred that these plants should be allowed to continue to  
23 operate while these studies are done, but you have no basis  
24 for making that recommendation. And you should note, when  
25 you make that recommendation by omission, that that's the

1 same recommendation that came from Japan after their 2007  
2 earthquake.

3           They decided, yes, we should study it, but we can  
4 continue to operate these plants while we do.

5           If they had chosen to close those plants down  
6 while studying this, what happened in Japan this last year  
7 would not have happened.

8           We should not be making that same mistake. That  
9 is the lesson to learn from Japan is if you're going to, by  
10 omission, inform the Legislature that you think it's safe  
11 enough to continue to study the -- operate those plants  
12 while we study these seismic issues, you should state that  
13 clearly. Say, we have made this determination, here's the  
14 evidence we're basing it on, and we recommend that you, as  
15 a Legislature, follow it.

16           If you're not going to make that recommendation  
17 clearly, provide the Legislature with the information it  
18 needs to make that determination, itself, and state we have  
19 not made this determination, we're giving you this  
20 information so you can consider it.

21           I would have other recommendations, but given the  
22 time constraints of this meeting and, really, this should  
23 have all been gone into at the last meeting in July, what  
24 I'm recommending to you is that you don't adopt at least  
25 the nuclear portion of this today. Put it off, let me

1 discuss it with staff some more, answer the questions I've  
2 asked, and then come up with exacting recommendations.  
3 Given what happened in Japan, that's very important.

4 CHAIRPERSON WEISENMILLER: Okay, thank you.

5 The next speaker is Manny Alvarez.

6 MR. ALVAREZ: Good afternoon, Manuel Alvarez with  
7 Southern California Edison.

8 I guess I'll be quick, you wanted a short, three-  
9 minute presentation. I just want to thank the Commission  
10 and the staff for putting together a well-crafted report, I  
11 think we found it well worthwhile.

12 During the course of the process we made a lot of  
13 comments and the Commission actually listened to some of  
14 our concerns, and so we're thankful of that.

15 But clearly, as the report points out, the  
16 electricity sector has significant tasks ahead of us and  
17 you point those out quite clearly.

18 And there's still some concerns that we want to  
19 bring to your attention and, hopefully, they'll be  
20 addressed during the update process because they all relate  
21 to various issues that are carried over to the 2012 and the  
22 2013.

23 But those issues concern the economic  
24 consequences of many of the policies and recommendations  
25 that are put forth. I believe there still needs to be some

1 further analysis there and we pledge to continue to work  
2 with the Commission to kind of examine those issues and put  
3 those issues before you in the update process, and in the  
4 2013 process.

5 We want to continue to work with the Commission  
6 to promote competitive markets in meeting our energy and  
7 environmental goals.

8 We want to work with the Commission to prioritize  
9 some of the policy actions you're going to need to take and  
10 perform the necessary analysis you need to undertake, also.

11 And, finally, we'd like to ask you to fully  
12 consider what the costs are going to be going forward and  
13 then the resulting impacts on customers in the State of  
14 California.

15 I think those are issues that are identified in  
16 the report as items that will be carried forward in the  
17 future, so we look forward to doing that.

18 I guess and, finally, I just urge your approval  
19 of this report and I look forward to the 2012 and the 2013  
20 process. Thank you.

21 CHAIRPERSON WEISENMILLER: Okay, thank you.

22 Rochelle Becker. I believe Rochelle has a video.  
23 And we can post that, although if anyone is watching online  
24 and has a slow interconnection, they'll have problems.

25 MS. BECKER: Yeah, the best we can do. I'd like

1 to play this, first. It has to do with seismic studies for  
2 Diablo Canyon. One of your recommendations is to continue  
3 seismic studies. But one of our concerns is what are these  
4 going to cost and how many studies are we going to be  
5 doing?

6 This is PG&E's presentation at their seismic  
7 meeting in San Luis Obispo. They held it over three days,  
8 the end of November, the first day of December. This is  
9 the last day of testimony from PG&E's consultants.

10 I had left the pre-hearing conference for the  
11 seismic issues for San Onofre, hurried down on the train  
12 and got home in time to attend this one workshop. And I  
13 think it's rather interesting, so if you can get it to go.

14 (PG&E video of William Lettis is played)

15 MS. BECKER: A billion dollars, a billion dollars  
16 for seismic studies that aren't included in the \$64 million  
17 that they're asking for right now at the Public Utilities  
18 Commission.

19 I'm not sure how much money we're supposed to be  
20 throwing at these nuclear power plants to make sure they're  
21 save. But a billion dollars is about the right amount that  
22 we threw during construction to prove that it was okay to  
23 license them.

24 Are we going to do it again for aging technology?  
25 We're not sure, that list was over 50 long, and we're

1 looking at these lists of studies that aren't even included  
2 in the \$64 million that they're asking for.

3           We're quite concerned, what are we supposed to  
4 do?

5           My entire presentation today was going to be the  
6 money and the number of studies that we haven't done and  
7 that are still on the horizon for these nuclear plants.

8           But ten days ago my focus sort of changed because  
9 I was in San Diego, and I was down at my San Diego home,  
10 and I was getting calls left and right from media people  
11 wanting to know about the steam generator leak at Unit 1.  
12 The steam generator was effective before it arrived, and  
13 Edison knew it was defective.

14           They asked them to fix it but, obviously, they  
15 didn't fix it. Now, we've got wearage at Unit 2 steam  
16 generator that shows 20 years' worth of wear. They're not  
17 two years old.

18           There was a \$700 million cap on the steam  
19 generator replacement project. But was that warrantied for  
20 a year? I mean did ratepayers pay \$700 million and only  
21 get a one-year warranty, a two-year warranty for these  
22 steam generators?

23           The reason we replaced them was because the  
24 utility had to take way too much time to check all the  
25 tubes during refueling outages, and it was cost-intensive,

1 and it was labor-intensive, and it was time-intensive. And  
2 so they said, well, we're going to take care of this  
3 problem, we'll order some new steam generators.

4 And we had some concerns about the steam  
5 generator project because they hadn't quite got their  
6 safety culture issue in place and they had to cut 28-foot  
7 by 28-foot holes.

8 They eventually got them in and they patched the  
9 holes, and a year later both of the reactors' steam  
10 generators are having a problem.

11 Now, when I asked the Nuclear Regulatory  
12 Commission about these problems, because their press  
13 release said radiation, quote/unquote, could have been  
14 released from San Onofre. And if it was released, it was a  
15 "very, very, very low level radiation source."

16 And so I wrote to the NRC and I said, first, I'd  
17 like the information from you so I'm not reacting to the  
18 media, so can you, when you have updates, will you send  
19 them to the Alliance?

20 Secondly, how come you're saying it could have  
21 been released? Doesn't the NRC know if radiation was  
22 released at this plant? Don't you have monitors you can  
23 read at this plant to tell the public whether or not a  
24 very, very low level of radiation has been released, or not  
25 been released?

1           And they said, well, we haven't really made up  
2 our minds, yet, we haven't really gone through the full  
3 investigation. This is over a week later. So, we don't  
4 have those answers.

5           And I said, well, what about the guy falling in  
6 the reactor vessel head water? And, you know, and they  
7 said, well, that wasn't a reportable offense because it  
8 wasn't -- he wasn't exposed to high radiation.

9           My guess is if they were under OSHA rules and not  
10 NRC rules, falling into a reactor pool might be a  
11 reportable offense.

12           But the kicker on this e-mail, which I will be  
13 happy to send to the Commission, was that the NRC told the  
14 Alliance for Nuclear Responsibility that if we had any  
15 further questions, to ask Southern California Edison. This  
16 is our regulatory body.

17           I cannot tell you how grateful I am for the  
18 Energy Commission. You guys have done your job. We do  
19 support your recommendations. They're not everything we  
20 want, but nothing is ever going to be everything we want.

21           They're a good step. The emergency planning is a  
22 good step. The spent fuel pool storage is a good step.  
23 The liability limits is a good step.

24           We need to discuss all these things. But what we  
25 really need to discuss is what all this is going to cost

1 us. You know, if we keep doing this in incremental little  
2 pieces, like the Water Board talks about once-through  
3 cooling, and the State Lands Commission talks about their  
4 permits, and the Energy Commission talks about their  
5 recommendations, and the Coastal Commission has their  
6 permits, and the PUC is finally moving forward. Maybe  
7 they'll get a seismic expert someday so they can actually  
8 tell us if these costs are reasonable. We don't know at  
9 the moment.

10 Edison actually filed in this case and wanted to  
11 have their own independent seismic review committee. They  
12 said, oh, we've already done that, we don't need the  
13 independent peer review panel that you've put for Diablo  
14 Canyon because we've already hired an independent panel.

15 And we said, really. Did you hire them? Yes.  
16 Did you pay for them? Yes. Are they reporting to you?  
17 Yes.

18 Well, then can you define independence because  
19 I'm just not seeing it anywhere here, and neither did the  
20 judge. And so there probably will be an independent peer  
21 review panel, the judge's decision isn't made, yet.

22 What we're paying \$64 million for, when we asked  
23 the staff of the PUC, we said did you have a seismic expert  
24 look at these numbers and the scope? And they said no.

25 I said did you hire a consultant to look at it?

1 No.

2 Did you talk to your sister agencies that do have  
3 seismic experts to find out whether or not your  
4 recommendation was a good one? No.

5 In retrospect, do you think you should have? No.

6 So, my concern all along has been when this  
7 Commission actually does a good job and makes good  
8 recommendation, where I have to end up is at the Public  
9 Utilities Commission. And I see them slowly changing and  
10 being more responsive, but it's going to take this  
11 Commission staying in touch with them, as you have over the  
12 years, to let them know you expect them to be responsible.

13 And I know I'm over three minutes, and I  
14 apologize, but I thank you very much for the  
15 recommendations.

16 CHAIRPERSON WEISENMILLER: Thank you, Rochelle.

17 Commissioner Geesman.

18 MR. GEESMAN: Good afternoon. I want to  
19 acknowledge from the very outset that I was recently  
20 retained by the Alliance for Nuclear Responsibility to  
21 represent them at the Public Utilities Commission in their  
22 various nuclear proceedings.

23 But today I appear before you as an alumnus,  
24 speaking only for myself. And, frankly, I'd like to  
25 congratulate my friends at the dais for a job well done. I

127

1 think you've got a fine report and I hope you recommend it.

2 Or I think you've done a fine job and I recommend  
3 that you approve the report as it's submitted to you.

4 I would like to direct my remarks, though, to the  
5 two empty chairs, the missing Commissioners, the ones that  
6 haven't been appointed, yet. And I hope we are not far  
7 from the day when the significance of the Commission's work  
8 is properly recognized and appointments are not allowed to  
9 stay vacant longer than the 30 days originally contemplated  
10 by Assembly Member Warren and Senator Alquist.

11 I would recommend to those new Commissioners a  
12 careful perusal of this report. I think I'd actually start  
13 back to the 2008 report that you adopted, in which you said  
14 "In the current Energy Agency planning process there does  
15 not appear to be an overt consideration of lengthy  
16 shutdowns for the nuclear units on reliability or other  
17 implications for customers."

18 And I think each of us knows that in the three  
19 and a half years since those words were written not much  
20 has changed in State government.

21 I would say to the new Commissioners you've got a  
22 problem. The magnitude of that problem was quantified just  
23 a couple of months ago by the Legislative Analyst, the  
24 Governor's Director of Financing. In assessing Mr. Davis'  
25 initiative, and I know he doesn't necessarily agree with

1 this assessment, but the Legislative Analyst and the  
2 Director of the Department of Finance both said the  
3 consequences of San Onofre being down for an extended  
4 period of time, tens of billion dollars potential economic  
5 impact. Rolling blackouts in Southern California. You've  
6 got a problem, a problem that needs to be addressed. There  
7 still is no plan B for what happens if that plant is not  
8 available.

9 I would encourage your new Commissioners to  
10 carefully read your Chapter 14, which received some  
11 commentary here this afternoon. In essence, the same  
12 recommendation is made, as in 2008, that this Commission,  
13 the ISO, the Public Utilities Commission need to address  
14 this problem quite diligently and determine what is the  
15 contingency plan if the nuclear units are out for an  
16 extended period of time?

17 I would suggest to you, as a starter, that you  
18 might reduce that issue specifically to address Southern  
19 California.

20 As I indicated, the Legislative Analyst and the  
21 Department of Finance are on to the magnitude of this  
22 problem. New Commissioners should be, as well.

23 I would introduce the authors of Chapter 14 of  
24 the report to the authors of Chapter 9. Chapter 9 goes  
25 into an extended discussion of the vexing problem of

1 dealing with the schedule for once-through cooling  
2 retirements, potential replacements. It's not clear in  
3 that assessment that you have varied the assumption for San  
4 Onofre's operating.

5           And I would suggest to you, as new Commissioners,  
6 that you might want to do that.

7           It's not clear that an assumption that San Onofre  
8 is indefinitely available in Southern California is likely  
9 to be the case in conducting a thorough evaluation of once-  
10 through cooling alternatives.

11           Chapter 9, the jump between pages 115 and 116 is  
12 the interesting observation that I think a new Commissioner  
13 would find curious, the California ISO has explained that  
14 at least a portion of its results stem from an assessment  
15 of the sequence of actions that resulted in the September  
16 8<sup>th</sup>, 2011 outage in the San Diego and Imperial Counties of  
17 California, as well as portions of Western Arizona.

18           These results are at odds with information  
19 submitted by SDG&E and the PUC's 2010 Long-Term Procurement  
20 proceeding.

21           I suspect that as those forensic studies of the  
22 San Diego blackout move to conclusion that one of the  
23 observations will be one of the great shortcomings in  
24 California's electric infrastructure planning and  
25 permitting process this past decade has been the PUC's

1 inability and unwillingness to find a project that  
2 greater -- provides greater strengthening of the  
3 transmission tie between San Diego and the Southern  
4 California Edison system.

5           And I suspect that as those assumptions are  
6 plugged into the transmission models you'll find a greater  
7 availability of imports from the southwest flowing into  
8 Southern California that will cause you to look at San  
9 Onofre and its indispensability in a different fashion,  
10 than the transmission planners have before.

11           As your Chapter 9 indicates, it is unclear  
12 whether California ISO and SDG&E have contrasting results  
13 for different variants of the same studies, or different  
14 analytic methods are causing different conclusions.

15           This Commission has the analytic expertise to  
16 bring quite a bit of illumination to those questions.

17           For new Commissioners, I would direct their  
18 attention specifically to Footnote 139, on page 120, that  
19 indicates that although San Diego and Ventura are outside  
20 the South Coast Air Quality Basin, and thus the  
21 administrative requirements to provide offsets do not apply  
22 to such capacity, these areas are linked to the South Coast  
23 Air Basin electrically, both for zonal and perhaps even  
24 local capacity area requirements.

25           Options exist in which capacity development in

1 San Diego or Ventura areas can substitute for capacity in  
2 the Western L.A. Basin.

3 Further transmission system changes (new lines or  
4 selective upgrades of existing lines) could reduce the  
5 capacity requirements for the actual boundaries of  
6 transmission-constrained local areas.

7 For new Commissioners, there is a great deal of  
8 work to be done and for you, my friends, as well. Thank  
9 you very much.

10 CHAIRPERSON WEISENMILLER: Thank you.

11 Daniel Rivest, from Beyond Solar -- Beyond Oil  
12 Solar.

13 MR. RIVEST: Thank you for letting me address the  
14 Commission. This has nothing to do with nuclear, it has to  
15 do with the type of solar panels that the Commission has  
16 allocated to install in these large projects. One is  
17 Topaz, the other is Ridgecrest, the other is Blythe.

18 We sell solar panels all over the world and we  
19 would never, ever consider selling the type of panels that  
20 the Energy Commission is putting in these areas. They're  
21 made out of cadmium telluride, which is a very hazardous  
22 substance.

23 99.9 percent of all the solar panels manufactured  
24 in the world are silicon based and there's no problem with  
25 any type of recycling or hazardous things that would happen

1 with the silicon solar panel.

2           When these panels are sold by the manufacturer,  
3 they charge an extra five percent, five cents per watt to  
4 recycle the panels at the end of their life expectancy.

5           But this company, its stock used to be \$175 a  
6 share and now it's down to \$30 a share, and there's a  
7 question as to whether this company is going to be in  
8 business in order to be able to recycle these acres, and  
9 acres, and acres of solar panels.

10           And this is a real problem when you try and  
11 recycle these things because it involves ionic  
12 precipitation, it involves acid-based equipment to get out  
13 the cadmium.

14           And I'm just thinking that the Commission is  
15 probably not aware of the type of panels that they're  
16 installing in these areas.

17           These panels are also less efficient than silicon  
18 solar panels. Silicon solar panels, if you were putting  
19 300 megawatts with cadmium telluride panels, if you put in  
20 silicon panels you would have a 500-megawatt system.

21           Now, these panels were started to -- came into  
22 being when silicon was very, very expensive, and this is  
23 probably around four or five years ago. But now there's  
24 all this new technology to make silicon and silicon has  
25 become very, very inexpensive. So, silicon is comparable

1 for the cost of these cadmium panels.

2 And I'd just like to tell the Commission that I  
3 think they should take a second look about the recycling  
4 issue because this could eclipse Celindra as far as a  
5 catastrophe. At the end of the life expectancy it could be  
6 very, very expensive to recycle these solar panels.

7 Thank you.

8 CHAIRPERSON WEISENMILLER: Okay, thank you.

9 Valerie Winn, PG&E.

10 MS. WINN: Hi. Good afternoon, Valerie Winn for  
11 Pacific Gas & Electric Company. I did also want to thank  
12 the CEC team that's worked so diligently on this IEPR over  
13 the last several months.

14 I know I've sat through numerous workshops.  
15 Suzanne has probably sat through way more than I have, as  
16 well as other members on the team.

17 So, it's been a really good way to share  
18 information, good working relationships with the staff on  
19 numerous issues. And, you know, we look forward to  
20 continuing to work with them on the next IEPR.

21 PG&E has filed numerous comments throughout this  
22 process. We filed extensive comments on December 23<sup>rd</sup>, file  
23 additional comments on February the 1<sup>st</sup>. And we were very  
24 pleased to see, you know, most of our technical comments  
25 and additions to the record have been considered and were

134

1 incorporated in the current draft of the IEPR.

2           And also, we're very supportive of many of the  
3 comments that the -- the substantive comments that were  
4 released yesterday. Which kind of note that on, say, the  
5 12 gigawatts of localized energy resources, that many of  
6 the statements that it seemed to be rather conclusionary  
7 before, recognize that we'll be continuing to work on that  
8 issue in the next IEPR and that additional expansion of  
9 some of the definitions of what counts toward that goal may  
10 be considered.

11           And that's a very important point for us, not  
12 only whether other technology should be considered, but  
13 also whether what's the cutoff point for what counts.  
14 Right now it's written as the distribution system or  
15 serving a customer, and the different utilities do have  
16 different cutoff points for the distribution system, so we  
17 would like that sort of recognition there.

18           The other two issues that PG&E was primarily  
19 concerned about in the 2011 IEPR had to do with combined  
20 heat and power, which we'll be continuing to discuss in the  
21 next IEPR. And we've made many comments there, so I won't  
22 repeat them here.

23           And then, also, on the nuclear issues. And, you  
24 know, there's been quite a bit of comments and discussion  
25 here today on nuclear issues. And I did want to note, PG&E

1 does have an independent peer review panel and we actually  
2 met with them just earlier this week, where we are looking  
3 at our seismic, 3D seismic studies that we're planning to  
4 do this fall off of the coast, near Diablo Canyon.

5           And we've got a draft environmental impact report  
6 that we're expecting to get soon from the State Lands  
7 Commission.

8           And we've been working very diligently with the  
9 members of the IPRP, that include seismic hazard experts  
10 from various State agencies, on what the targets should be  
11 and what the best way is to assess those.

12           So, you know, once we -- once we gather that data  
13 there will be another extensive process for processing the  
14 data and then interpreting it, but we are moving forward  
15 with trying to get those studies done.

16           We would like to see some sort of acknowledgement  
17 in the nuclear chapter, though, that many of these issues  
18 are subject to the exclusive jurisdiction of the NRC and  
19 so, you know, as we move through this process and we learn  
20 more we're always willing to share information, but there  
21 are some of those jurisdictional issues that, you know, we  
22 may get caught up in.

23           And, lastly -- and other than that, I guess we'll  
24 look forward to working with you in the next -- the next  
25 IEPR cycle. Thank you very much.

1 CHAIRPERSON WEISENMILLER: Thank you.

2 I think at this point we're switching to folks on  
3 the phone. I have no blue cards. So, Gary Goodson, of  
4 Goodson Consulting.

5 MR. GOODSON: Hi, can you hear me?

6 CHAIRPERSON WEISENMILLER: Yes.

7 MR. GOODSON: All right, great. Chairman and  
8 Commissioners, my name is, again, Gary Goodson. I've been  
9 participating in the IEPR process, focusing on petroleum as  
10 a transportation fuel, more specifically oil depletion and  
11 adaptation.

12 I am new to many of you, so I want to add that  
13 I've worked over 20 years as an energy consultant, and I've  
14 also been the Executive Director for an energy foundation  
15 in Aspen, Colorado. I worked for Randy Udall, and was also  
16 the Director for the US Green Building Council, Chapter of  
17 San Diego.

18 I did study oil depletion under Randy Udall,  
19 who's the brother of U.S. Senator Mark Udall. And you may  
20 know that Mark also helped found the House of  
21 Representatives' Peak Oil Caucus.

22 I've been able to provide some information on  
23 peak oil to a number of staff members there, including  
24 Deputy Director Pat Perez, Jennifer James, and Senior Staff  
25 Counsel Kerry Willis, as well as Suzanne Korosec, and many

1 others. I also did participate in one of the IEPR  
2 workshops this year -- past year.

3 To set the stage for what is to follow, I felt it  
4 might be useful to step back in time to briefly relive the  
5 genesis of the Energy Commission through the words of  
6 Assemblyman Charles Warrant. Specifically, to hear his  
7 thoughts about the events immediately following Governor  
8 Reagan's veto of the seminal Warren-Alquist Act.

9 He wrote: "A few days after the veto, I was in  
10 Praeus, Greece; at the yacht harbor, where I saw what  
11 appeared to be the entire U.S. Mediterranean fleet at  
12 anchor. When I returned from a three-day trip to the Greek  
13 Islands, the fleet was gone. The Middle East, or Yom  
14 Kippur War had begun. Arab members of OPEC announced an  
15 oil embargo. Suddenly, energy became the political  
16 concern."

17 Warren continues: "When I got back to  
18 California, I was contacted by some of Reagan's staff  
19 people. They recognized in their search for an energy  
20 policy that the measure which had just been vetoed had  
21 considerable merit."

22 I'm sure many of you have heard this story many  
23 times, but in light of the current events it seems it's  
24 worth recounting. And while it's true the Energy  
25 Commission was developed and fostered by the wise and

1 tenacious, in the end it was birthed by circumstance and  
2 the sudden realization for many that one of our state's  
3 greatest vulnerabilities, on par with earthquakes and  
4 wildfires, is petroleum.

5           As recently retired Vice Chair of the Energy  
6 Commission Jim Boyd, and likely many of you have also said,  
7 "Only the USA and China consume more oil than California."

8           Since Reagan's apparent epiphany and subsequent  
9 signing of the Warren-Alquist Act, the California Energy  
10 Commission has been a blessing to the state and has become  
11 widely and deservedly lauded for being the most progressive  
12 and important organization of its kind in the U.S. Its  
13 primary focus on demand side management has saved the state  
14 from several near misses, including the proposed oil  
15 burning power generation plant in Lucerne Valley.

16           But as you know, few people provide public  
17 comment solely to heap accolades on the Commission, no  
18 matter how well deserved those accolades are, and so I turn  
19 now to the Warren-Alquist Act from page 1, Section 25000.t,  
20 which states: "The Legislature finds and declares that  
21 overdependence on the production, marketing and consumption  
22 of petroleum based fuels as an energy resource in the  
23 transportation sector is a threat to the energy security of  
24 the state due to continuing market and supply  
25 uncertainties."

1           Now, contrast that statement written by Charles  
2 Warren with what the draft IEPR had original stated before  
3 David Fridley, a staff scientist at Lawrence Berkeley, and  
4 I got involved with the effort.

5           What it said then was, "While petroleum will be  
6 available far into the future and markets will fluctuate,  
7 higher prices may be a permanent feature of future fuel  
8 markets."

9           As Fridley, David Fridley, from Lawrence Berkeley  
10 noted, "The IEPR report lacks a sense of urgency or risk by  
11 assuming sufficient, but more efficient, more expensive  
12 petroleum will be readily available to meet California's  
13 demand through 2030."

14           There is also --

15           COMMISSIONER PETERMAN: Excuse me, Mr. Goodson?

16           MR. GOODSON: Yes.

17           COMMISSIONER PETERMAN: Excuse me. Hi, sorry,  
18 this is Commissioner Peterman. Could you speak slightly  
19 slower because you're presenting a lot of information and I  
20 want to make sure to capture it. Thank you.

21           MR. GOODSON: Yeah, I know, I was trying to meet  
22 the -- I can't do it in three minutes for sure, but I was  
23 trying to get through it as quickly as I could to --

24           COMMISSIONER PETERMAN: Yeah. Well, if the Chair  
25 will allow me this indulgence to hear it slightly slower,

140

1 I'd appreciate it.

2 CHAIRPERSON WEISENMILLER: Yeah, four would be  
3 fine.

4 MR. GOODSON: I would be happy to present it  
5 slowly. That was my plan until I learned that the time  
6 limit was so short. Thank you.

7 COMMISSIONER PETERMAN: Keep it at a reasonable  
8 length, regardless, but just speak a little bit slower.

9 MR. GOODSON: Yeah, I won't get out of the  
10 ballpark, I promise.

11 Okay, so again, as David Fridley noted, from  
12 Lawrence Berkeley National Labs, "The IEPR lacks a sense of  
13 urgency or risk by assuming sufficient, but more expensive  
14 petroleum will be readily available to meet California's  
15 demands through 2030."

16 There also is no mention of potential supply  
17 disruptions. Note that U.S. Navy's shops have once again,  
18 like Assemblyman Warren noted earlier in this report here,  
19 left the relative safety of their harbors to protect our  
20 national interest in the Middle East, namely the world's  
21 largest oil fields. In contrast to glossing over the  
22 risks, the Energy Commission may wish to consider advancing  
23 to the next level of your own Emergency Responds Plan,  
24 which as you all know is the verification phase.

25 And why exactly would I say that? Because I

1 think that the beginnings of what, you know, might be,  
2 could easily become, unfortunately, the global oil war are  
3 happening right now.

4           You may have seen two weeks ago, a *New York Times*  
5 magazine article that Israel is on a war footing right now  
6 and their president has said that they are determined to  
7 attack Iran this year. And Leon Panetta has also expressed  
8 concerns, Secretary of Defense, about the same issue.

9           From today's news, I just learned this, that  
10 Russian's Joint Chiefs of Staff, Colonel -- General Leonid  
11 Ivashov, if I can say that, said, "A strike against Syria  
12 or Iran is an indirect strike against Russia. In addition,  
13 Russia is thus defending the entire world from fascism.  
14 Everybody should acknowledge that fascism is making strides  
15 on our planet."

16           What they did, and he's talking about us, of  
17 course, as well, with our coalition with Britain and  
18 others.

19           "What they did in Libya is nearly identical to  
20 what Hitler and his armies did against Poland and that then  
21 Russia. Today, therefore, Russia's defending the entire  
22 world from fascism."

23           Is that all paper rattling? I mean it might be,  
24 but as you all know the oil embargo against Japan was a  
25 factor that drew them into the AXIS alliance with Nazi

1 Germany and others.

2 That said, I do want to offer my sincere thanks  
3 to the Commissioners, Deputy Director Pat Perez and his  
4 staff for making -- taking a portion of the input provided  
5 by David Fridley and myself and making this one brief, but  
6 important, addition to the 2011 IEPR by crafting and  
7 including this statement.

8 "Some analysts and stakeholders have gone further  
9 and argued that worldwide crude oil production has peaked,  
10 or will shortly, and that the petroleum dependent global  
11 economy is at high risk for substantial disruption."

12 Yet, despite of that great effort, and we do  
13 appreciate it, Pat, if you're there, a lot more work really  
14 is required. And I did see that we've been added -- at  
15 least one of my reports that I wrote, to the substantive  
16 changes for the 2011 IEPR.

17 So, other work that's needed is, one, the Energy  
18 Commission has been well served for decades with the  
19 pioneering, your pioneering, and laser-like focus on demand  
20 side management. This was the right tack when energy was  
21 practically a limitless commodity and the state was  
22 struggling to control the massive expansion plans of some  
23 utilities. There will always be a place for DSM, of  
24 course, but even if that's true it can only take our state  
25 so far.

1           In a changing world where oil shortages are very  
2 likely for all of us here in this room today,  
3 overdependence on DSM may be deleterious to the security of  
4 our state. I would say that 2012 is the year to give  
5 energy supply the same level of effort and attention as  
6 energy demand.

7           So, come into the easy decision, the temptation  
8 is to just wait until the 2012 draft IEPR sits in front of  
9 you, would be terribly short-sighted in my thinking and  
10 possibly even self-destructive. I really am concerned with  
11 this issue of not -- if the CEC does not get on top of it,  
12 it would not cast the CEC in the light, the positive light  
13 that it deserves to be cast in.

14           Or as Francois Voltaire has said, "men argue and  
15 nature acts."

16           The key elements of the challenge ahead and some  
17 proposed solutions are outlined below. And here you should  
18 have -- hopefully, Jennifer has copies of the 2009 BIA  
19 report on world liquid fuel supplies. Everyone have a copy  
20 of that?

21           CHAIRPERSON WEISENMILLER: Yeah, we have that  
22 exactly.

23           MR. GOODSON: Great, thank you very much. Okay,  
24 from reading the CEC staff reports and the subsequent IEPR,  
25 it appears that the plan's low petroleum demand scenario,

1 known as LPDS, forecast for oil demand through 2030 was  
2 derived by extrapolating from the high oil prices of pre-  
3 recession 2008 to the low oil prices during the recession  
4 year that followed. Many energy experts believe that the  
5 tight oil supplies are what caused the high prices cited in  
6 the 2011 IEPR, and then the subsequent demand destruction  
7 is what caused the falling oil prices that then quickly  
8 rebounded. And I would say that voluntary conservation or  
9 use of alternative fuels, as great as those things are,  
10 probably had very little to do with this decrease in  
11 demand.

12           Additionally, the Energy Commission's LPDS  
13 forecast runs counter to demand projections, freely  
14 available from the U.S. EIA, as shown in the graph you're  
15 holding in your hands right now.

16           The CEC offers no explanation, or at least they  
17 haven't to me so far, for this departure from this widely  
18 accepted and authoritative source. I realize that you have  
19 your own analysts there but, nonetheless, this research  
20 is -- a lot of money's gone into this, we might as well  
21 make use of that.

22           The Energy Commission's high petroleum demand  
23 scenario is a much better fit to the EIA supply curve  
24 below. The top line that goes off to your right, the blue  
25 line.

1           However, a quick glance at the chart also  
2 illustrates that while demand might rise substantially by  
3 2030, as they note in the IEPR report, there's no guarantee  
4 that there will be a supply equal to this project demand,  
5 at least not at a price our economy can support.

6           So, and then next I have questions about the  
7 chart. I don't know if you can take questions, or how that  
8 works.

9           But as David Fridley noted in his docketed  
10 letter, the only low carbon fuel source metric that's used  
11 in the IEPR is carbon. And we don't really get into that  
12 energy return on energy invested. And what David said was,  
13 the shortcoming of both grain alcohol, or ethanol, and  
14 cellulosic ethanol is that they produce little, if any net  
15 energy. I've seen some studies by the DOE that showed the  
16 ratio was about 1.1 to 1, so not very positive, really, all  
17 things considered given their cost.

18           The next thing is that our economic system  
19 requires net increases in energy supplies to grow.  
20 Without significant increases in net energy production,  
21 sustained economic growth is unlikely.

22           The report, as it's written now, downplays the  
23 significance of price volatility. Look at any graph  
24 showing the price of oil from 2007 to present. What you  
25 will notice --

1                   CHAIRPERSON WEISENMILLER: We do have your  
2 written comments so you don't need to recite those. We've  
3 been pretty indulgent, but if you could wrap up, that would  
4 be great.

5                   MR. GOODSON: Oh, okay, my apologies and thank  
6 you for that indulgence.

7                   These are significantly different than those, so  
8 I will probably just skip over the ones that are close to  
9 that.

10                  Basically, volatility makes it very difficult for  
11 budgeting and cash flow projections for businesses. I  
12 think that should be acknowledged, it's only mentioned  
13 twice in the entire report and not even non-oil.

14                  Another boom and bust cycle is going to probably  
15 affect the economy quite negatively and so I was thinking  
16 that perhaps the State could look at establishing a State  
17 bank, somewhat akin to AB 20, 750 of 2011. And I know  
18 Governor Brown has some interest in that if it's led by the  
19 Assembly and Senate Banking Committees.

20                  Okay, just I mean I think I'm going to go to the  
21 conclusion, now. I mean the main thing is that the Joint  
22 Forces of the United States, which is all five branches of  
23 the military, have identified five choke points for oil  
24 around the world and, again, we're around those areas right  
25 now with our fleets.

1           This is basically -- I think the thing here is to  
2 note that we need to deal proactively and effectively with  
3 oil depletion, which I think will be the greatest challenge  
4 to face Californians since World War II. I really do  
5 believe that.

6           Here's a quote from Shakespeare that might be  
7 appropriate to this time and this moment: "Some are born  
8 great, some achieve greatness, and some have greatness  
9 thrust upon them."

10           The CEC may prove to be one of the few  
11 organizations to achieve greatness in all three forms. The  
12 Energy Commission now has an unprecedented opportunity to  
13 prove yet again how vital it is to the citizens of  
14 California, and as California goes, often so goes our  
15 nation. Real action is possible. And there's a transition  
16 town movement, as well as California that's done a lot of  
17 great work there.

18           I think many of you are aware of some of those  
19 efforts, yet they're not reflected in this particular plan.

20           And now I'm going to wrap up with the last  
21 paragraph here. The Energy Commission has a chance to  
22 achieve a level of success that not even Assemblyman Warren  
23 and Senator Alquist could have dreamed possible. Both of  
24 those men served our military and then returned home to  
25 give all of us the foundation of today's Energy Commission.

1 Don't we all owe them, as well as our own families, the  
2 best that we've all got?

3 Thank you for your time.

4 CHAIRPERSON WEISENMILLER: Thank you. Anyone  
5 else on the line?

6 No, okay. So, this is a lot, thanks for  
7 everyone's comments. This has been a fairly productive  
8 IEPR throughout, certainly a lot of public participation.  
9 And, you know, pointing out things that, you know,  
10 certainly we've -- given us an opportunity to reflect on  
11 and think about.

12 In terms of talking about some of today's  
13 comments, in terms of WSPA, we really don't do annual  
14 demand forecast of electricity and natural gas, we do it  
15 every two years.

16 And, you know, so that -- again, it's in terms of  
17 on the transportation sector we're going to do it every two  
18 years. Certainly, it's going to be the 2013 IEPR.  
19 Certainly encourage your participation in that.

20 Certainly, if the Air Board has specifics that we  
21 can help them, we will try to provide that information or  
22 data, but we -- we have a very heavy workload. I mean I  
23 think you've heard about the ARRA projects, earlier today,  
24 that's really had a substantial impact on what this agency  
25 has to do and we've had to make some tough priorities on

1 stuff.

2 But, you know, again, certainly encourage WSPA.  
3 We appreciate, as you said, the IEPR is sort of the second  
4 generation. I would confess to having been here when the  
5 first bi-annual report was adopted, and I've been here for  
6 the one, two, three, four.

7 So, anyway, understand your long-term  
8 contribution here. But in terms of moving forward,  
9 certainly appreciate your continued involvement in the IEPR  
10 and I think 2013 will certainly be a good opportunity to  
11 dig into some of these issues.

12 NRDC, in terms of we do -- again, we're moving  
13 forward to develop, you know, go back through the demand  
14 forecast. There's a lot of digging in I want to do there.

15 When we started and I think Mike Jaske may be the  
16 only one in the room who remembers the utilities always  
17 talking about phantom appliances. And at that point we  
18 didn't include them, although in retrospect I guess they  
19 were things like computers, TEVO's and other things, which  
20 maybe we were a little bit too flippant.

21 But at the same time, I'm really not prepared to  
22 adopt phantom efficiency measures, either. So, I think the  
23 committed/uncommitted approach makes sense.

24 You know, at the same time one of these comments,  
25 certainly looking at our demand forecast, is in really

1 trying to come up with a bigger range of high and low than  
2 what we have.

3 And, certainly, that has to in the low case  
4 reflect sort of what we -- what our aspirations are for  
5 energy efficiency. And, you know, in the high case there  
6 might be some of more of the realities.

7 But, again, it's important to have a pretty good  
8 range. It's important to continue to be very aspirational  
9 on the energy efficiency.

10 I would note on the POU side we've got a pretty  
11 good working relationship there, although I've certainly  
12 been assured by Assemblyman Bradford that he's concerned  
13 about making sure that some of our data collection and  
14 other things are not too burdensome for the POUs.

15 So, I guess part of the message is that we also  
16 want to really harness the POUs on the energy efficiency  
17 part, although, you know, there's such a spectrum of POUs,  
18 ranging from your L.A., or Edison, or SMUD, down to some  
19 relatively small entities that have relatively few people.  
20 And somehow, one size is not going to fit all.

21 So, we're struggling to come up with something  
22 which is not too burdensome, but certainly continues in the  
23 overall framework of what we're trying to do.

24 In terms of the regional transmission, you know,  
25 we've all heard that a lot from Carl but I mean the reality

1 is we're going to follow the State law on RPS. And which  
2 is certainly more California-centric. And, again,  
3 certainly, we're going to follow the law in that area.

4 I mean I know NRDC certainly can continue to talk  
5 to the Legislature on that question of regional balance.

6 For Mr. Davis, I'm sorry you were disappointed.  
7 I mean certainly going forward we're looking at, on the  
8 nuclear side, trying to get, as Commissioner Geesman said,  
9 a better understanding of what we do if there's a sustained  
10 outage, and also what we do if these are not relicensed.

11 In the near term, certainly the best data we have  
12 on the operational impacts is looking at the old Cal-ISO  
13 transmission studies which indicate in Southern California  
14 there's a real, real problem if SONGS is not operational.

15 And that certainly is, as Commissioner Geesman  
16 said, interacts strongly with the OTC issues, things we're  
17 doing. As we look at how few fossil units we need in the  
18 L.A. Basin to deal with load, that is certainly tied into  
19 the SONGS question in a big way.

20 So, I mean it's something which going forward we  
21 know we have to deal with. Sorry, the -- having sat  
22 through the workshop on the seismic issues, it was pretty  
23 complicated. I don't have a good black and white. This  
24 was the conclusion from that, aside from it definitely  
25 needs more study.

1           And, you know, as Rochelle said, the studies can  
2 be pretty expensive, figuring out what's enough. But I  
3 think we owe it to our citizens to understand what some of  
4 the risks are. There's no risk-free energy by any means,  
5 and particularly trying to move forward, again, we've tried  
6 to lay out an assessment of the nuclear issues, as we  
7 understand them. It certainly wasn't designed to be  
8 something that fits into the initiative debate but, again,  
9 tried to follow up on the previous IEPRs and try to come to  
10 grips with some of the seismic issues.

11           We actually really appreciated having the PUC's  
12 participation in this and, certainly, it was very good to  
13 get a consensus between the Energy Commission and the PUC  
14 on those issues.

15           Edison and PG&E, certainly appreciate the  
16 comments and, you know, again, the contribution, and expect  
17 to continue working together as we march through on the  
18 next IEPR.

19           And, yeah, I mean certainly on the peak oil issue  
20 that sort of part of the history was, actually, we're both  
21 graduates of the Energy and Resources Program, which  
22 started when Ann King Hubbard gave a presentation at Cal in  
23 the early seventies, then about the peak oil. And based  
24 upon that, the decision was to put in place an  
25 interdisciplinary energy program. That was actually one of

1 the things that got me into energy was that. The other  
2 thing was marching through line by line through something  
3 called the Wash 1400, the Rasmussen Report on Nuclear Power  
4 Plant Safety.

5 But, anyway, certainly in the seventies, as you  
6 said, the *New York Times* article was chilling about, you  
7 know, the Iran/Israel debate.

8 Fortunately, and one of our responsibilities is  
9 contingency planning, it's one of our five. We've actually  
10 gone through a fairly major effort this year, looking back  
11 at our contingency plans and running some desktop  
12 operations. So, certainly, I don't know if anyone's really  
13 ready for the Straits of Ormuz being shut down, but we're  
14 certainly aware.

15 Certainly, my first opportunity to interact with  
16 then Governor Brown was the last time we had an Iranian oil  
17 shortage. And many of you probably remember the lines at  
18 the service stations.

19 So, it's certainly a huge issue. You know,  
20 having said that we went through the seventies, and after  
21 the seventies everyone thought that oil was going to move  
22 in a very linear fashion for increasing and increasing  
23 scarcity. And so when we got to the eighties and basically  
24 higher prices resulted in lower demand, and our increasing  
25 supplies, and the marginal supplies shifted from OPEC to

1 other countries, and oil prices crashed, that two Harvard  
2 professors wrote a book about people, how they lost money  
3 on assuming the peak oil in the seventies. One of whom,  
4 Dan Yergin, has gone on to write a number of books on the  
5 oil industry. The latest being "The Quest" and the other  
6 one being "The Prize." Talking about, again, the  
7 complexities or the history of oil and certainly how that  
8 fuels so much of our and the world's economy.

9           But it's in the politics of it. You know, I  
10 think, again, you can talk about whether the problems are  
11 the geology or the geo-politics. But, certainly, it's  
12 something which could be a defining challenge for us,  
13 easily, in the next year.

14           But I would say, actually, the study we looked at  
15 was looking -- a desk tech exercise is more in terms of  
16 what happens generally from an earthquake in Southern  
17 California, and a nuclear plant is only part of that  
18 question.

19           So, again, I certainly appreciate the comments, a  
20 lot of food for thought today. One of the advantages of  
21 sitting in the IEPR through this is getting a lot of  
22 people's input and perspectives on stuff.

23           I just want to say, certainly, I have some more  
24 general comments later, but would like to turn to the other  
25 Commissioners at this stage.

1           COMMISSIONER DOUGLAS: I appreciate both all the  
2 comments that have come forward today and also Chairman  
3 Weisenmiller's responses and thoughts to some of the issues  
4 that were raised.

5           I find myself reflecting that I do not think at  
6 this point that there's anything that I'd like to add.  
7 Although, you know, I do want to add my thanks to Chairman  
8 Weisenmiller for heading up this effort and for personally  
9 attending most of the workshops that we had for the IEPR  
10 Committee across this very widely ranging set of subjects.

11           I was Associate Member, as we handled this as a  
12 committee, but I do have to say that he carried quite a lot  
13 of the load on this one. So, thank you.

14           COMMISSIONER PETERMAN: Yes, also I'll just echo  
15 Commissioner Douglas's comments that I very much  
16 appreciated the public comment, as well as Chair  
17 Weisenmiller's response.

18           I guess I'll just say that the state of energy is  
19 constantly evolving, as our IEPRs and you have a cutoff  
20 date and then you finish it. But these are all topics that  
21 are important to the State I'll continue to reflect on them  
22 and think about them as we move into the 2012 and the 2013.

23           And I'd just thank you for your continued  
24 participation, the stakeholders make this process work.

25           COMMISSIONER DOUGLAS: So with that, I'd like to

1 move approval of this item.

2 COMMISSIONER PETERMAN: I will second that.

3 CHAIRPERSON WEISENMILLER: Okay, all those in  
4 favor?

5 (Ayes)

6 CHAIRPERSON WEISENMILLER: This item passed  
7 unanimously. Thank you.

8 I would like to make just a few brief remarks at  
9 this stage. Again, we have all the staff who -- well,  
10 actually, I mean, as you know, when you look at the list of  
11 acknowledgements there's a very long list. But we have the  
12 key staff authors here and certainly the team.

13 And I'd like to personally thank all of the staff  
14 that contributed to this IEPR. You know, there's a lot of  
15 hard work that went into preparing the workshops and into  
16 writing the chapters. And it's really, truly been a team  
17 effort.

18 And I'd like to name a few names. I'd like to  
19 Jennifer Williams for getting the IEPR out on time.  
20 Certainly, Suzanne Korosec for taking on the responsibility  
21 for the Renewable Report and, again, that -- you know, with  
22 the new Governor we decided we were going to do a  
23 renewable, a strong renewable report. We did and we  
24 certainly influenced the IEPR schedule and influenced what  
25 we could spend on other things.

1           And also, it wouldn't have been possible without  
2 Lynette Green who did, you know, a great job of managing  
3 the multiple workshops, streamlining the process, and  
4 facilitating public participation.

5           Now, I remember, you know, back -- actually,  
6 Commissioner Geesman, who is not here, how he set the  
7 record of 66 workshops for the 2005 IEPR. And I think  
8 Suzanne certainly remembers me saying we were not going to  
9 have -- we weren't going for the record on that one.

10           And, certainly, I commend the staff for their  
11 efficiencies. We were able to streamline it down to 30  
12 workshops, 12 staff and 18 committee.

13           And, you know, I really want to thank the  
14 stakeholders and presenters for their feedback. I mean it  
15 certainly led us to sort of the record we developed here.

16           And, certainly, the other State agencies for  
17 their active participation. I think of the IEPRs that I've  
18 been in, or including some of the earlier year stuff, I  
19 can't think of a hearing where you basically had two Energy  
20 Commissioners and two PUC Commissioners on the dais for a  
21 hearing. Or, similarly, when we had the CCEF where, again,  
22 you had the Energy Commission, the PUC, the ISO, the Air  
23 Board, EPA all represented at the hearing.

24           And in many of our workshops we had very, very  
25 valuable contributions from the Cal-ISO staff, or from the

1 PUC staff, or from the Air Board staff.

2 So, again, it's certainly -- this document, you  
3 know, is part of what the IEPR is supposed to be for State  
4 government are coming together across all the agencies and  
5 dealing with some of the key policy issues in energy and  
6 trying to frame those for action.

7 Now, having said that, you know, as Commissioner  
8 Peterman said, at some point you decide this is enough and  
9 the next bus is coming. And this -- we're closing off this  
10 chapter, we're now starting, and I'm sorry it's a little  
11 bit late, but we're starting the 2012 IEPR. It will be a  
12 lesser IEPR, more follow up on this one.

13 And then, again, there will be another IEPR of  
14 this magnitude the year after next.

15 COMMISSIONER PETERMAN: Well, I'd say shorter,  
16 not lesser.

17 CHAIRPERSON WEISENMILLER: Shorter.

18 COMMISSIONER PETERMAN: Yeah.

19 CHAIRPERSON WEISENMILLER: Shorter, shorter,  
20 shorter. Well, you're shooting for 15 workshops, too,  
21 right?

22 COMMISSIONER PETERMAN: I like the record of the  
23 least number of workshops, so we'll see how we do, we'll  
24 report back on it next year.

25 CHAIRPERSON WEISENMILLER: Right. But anyway,

1 you always find there's one more topic you really want to  
2 dig into so, maybe. But I think you will certainly be  
3 striving for efficiency on this. And, certainly, we would  
4 commend that as the model throughout the process.

5 But, again, I'm leaving you in good hands and I  
6 guess we can be helping you on some of these issues.

7 COMMISSIONER PETERMAN: Yes, I think there's been  
8 a tremendous record developed as part of the 2011 IEPR, as  
9 there will be in the next bi-annual report. And so in the  
10 2012 we'll focus on a couple of key issues and start the  
11 dialogue as well for the 2013. So, looking forward to it,  
12 everyone.

13 CHAIRPERSON WEISENMILLER: Great. So, okay, Item  
14 25, Minutes.

15 COMMISSIONER DOUGLAS: I'll move the Minutes.

16 COMMISSIONER PETERMAN: I'll second.

17 CHAIRPERSON WEISENMILLER: All those in favor?

18 (Ayes)

19 CHAIRPERSON WEISENMILLER: Minutes are approved  
20 unanimously.

21 Number 26, Lead Commissioner or Presiding Member  
22 reports.

23 COMMISSIONER DOUGLAS: I don't have any reports,  
24 thank you.

25 COMMISSIONER PETERMAN: I'll just report I got

1 confirmed by the Senate, that was nice.

2 CHAIRPERSON WEISENMILLER: That was nice. That  
3 was nice.

4 27, Chief Counsel's report.

5 MR. WARD: Excuse me. Only one item, which is  
6 Assistant Chief Counsel for Siting, Jeffery Ogata, wanted  
7 me to make an announcement for the -- mainly for the  
8 public's benefit, to remind them that the next Commission  
9 Business Meeting's going to be on Monday, and that's Keir  
10 versus Ormat. And it starts at 9:00 o'clock, instead of  
11 the usual 10:00. He thought that would be useful just to  
12 make sure that there was no confusion on that.

13 CHAIRPERSON WEISENMILLER: No, thank you, that  
14 was very good.

15 Executive Director Report.

16 MR. OGLESBY: Very briefly, just the observation  
17 that this is another example of the active management we've  
18 been undertaking to fully execute our ARRA funding. We had  
19 many items on this Business Meeting's Agenda that related  
20 to modifications that were necessary to make sure that we  
21 expend all the ARRA funds, certainly the SET funds by April  
22 30<sup>th</sup>.

23 And in that regard I'm happy to report that the  
24 Bureau of State Audits did an update on their earlier audit  
25 of the SET Program. The update was dated January 30<sup>th</sup>, 2012

161

1 and it essentially acknowledged the progress that's being  
2 made, saying that the Commission had made substantial  
3 progress and that our current efforts and plans appear to  
4 be adequate to reduce the risk that Recovery Act funds will  
5 revert, meaning reverting to the Department of Energy.

6 I want to acknowledge the hard work that staff's  
7 done to achieve that and report to you that we're on our  
8 way. There's a lot of work that remains ahead of us, but  
9 we seem to be doing exactly what we need to do to meet  
10 those deadlines.

11 CHAIRPERSON WEISENMILLER: Thank you very much  
12 and thank, certainly, congratulations to you and the staff  
13 for all that hard work. But this was critical to turn that  
14 around and we're not there yet but, you know, we're  
15 certainly in a lot better field position than the previous  
16 audits, you know, in terms of what we heard.

17 So having said that, I would note that when I had  
18 coffee with Senator deLeon he had not heard of that. So,  
19 the more we can get the message out to the Legislature, the  
20 better.

21 Public Advisers Report?

22 MS. JENNINGS: I have nothing to report, thank  
23 you.

24 CHAIRPERSON WEISENMILLER: Any public comment?

25 Okay, this meeting is adjourned.

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(Whereupon, at 3:00 p.m., the business  
meeting was adjourned.)

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