

BUSINESS MEETING  
BEFORE THE  
CALIFORNIA ENERGY COMMISSION

In the Matter of:                    )  
  )  
Business Meeting                    )  
\_\_\_\_\_                                  )

CALIFORNIA ENERGY COMMISSION  
HEARING ROOM A  
1516 NINTH STREET  
SACRAMENTO, CALIFORNIA

WEDNESDAY, NOVEMBER 17, 2014  
11:07 A.M.

Reported by:  
Kent Odell

Commissioners Present

Robert B. Weisenmiller, Chairperson  
Karen Douglas  
Andrew McAllister  
Janea Scott

Staff Present:

Rob Oglesby, Executive Director  
Jeff Ogata, Acting Chief Counsel  
Alana Mathews, Public Adviser  
Harriet Kallemeyn, Secretariat

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Dale Rundquist	4, 5, 6
Kevin Bell	6, 8
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Nancy Fletcher	7, 8
Gerry Bemis	7, 8
Camille Remy Obad	8
Jared Babula	9
Joe Loyer	10
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Lynette Green	14
Gabe Herrera	14
Sam Lerman	15
David Nichols	16
Larry Rillera	17
Andrew Hom	18
Jim Holland	19, 20
Barry McLeod	21
Marcia Smith	21
Raquel Kravitz	22

Also Present

Interested Parties (\* Via WebEx)

*Sarkis Nazerian	3
Michael J. Carroll, GWF	4, 5
Samantha Pottenger, Ellison, Schneider and Harris	6
Kathleen Sullivan, Abengoa	6
Greg Wheatland	7
Barbara McBride	7

Also Present

Interested Parties (\* Via WebEx)

George L. Piantka, NRG	8
Ann Connell, Project Manager, ERS	8
Tom Enslow	10, 12
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P R O C E E D I N G S

NOVEMBER 17, 2014 11:07 a.m.

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

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

CHAIRPERSON WEISENMILLER: So, we're going to cover the items in order today. Item 2 will be held for the next business meeting.

So, let's start with the Consent Calendar.

COMMISSIONER DOUGLAS: Move consent.

COMMISSIONER MC ALLISTER: I'll second.

CHAIRPERSON WEISENMILLER: All those in favor?

(Ayes)

CHAIRPERSON WEISENMILLER: Oh, wait. Okay, fine. So, hold on. So, Consent Calendar, do you want to make your announcement?

COMMISSIONER SCOTT: I'm a member of the Executive Board for the California Fuel Cell Partnership, which is Item 1.b so --

CHAIRPERSON WEISENMILLER: Are you going to recuse?

COMMISSIONER SCOTT: Yeah, I'll step away from this vote.

1           Should I step out?:

2           CHAIRPERSON WEISENMILLER:   Yes, yes, go over  
3 there.

4           COMMISSIONER MC ALLISTER:   And then turn around  
5 and come back, yeah.

6           COMMISSIONER DOUGLAS:   All right, sorry for  
7 jumping the gun on that one.   Now, I move the Consent  
8 Calendar.

9           COMMISSIONER MC ALLISTER:   And I'll second.

10          CHAIRPERSON WEISENMILLER:   All those in favor?

11          (Ayes)

12          CHAIRPERSON WEISENMILLER:   So, this item passes  
13 three to zero.

14          Okay, so let's go on to Item Number 3, City of  
15 Pasadena.   Ingrid Neumann, please.

16          MS. NUEMANN:   Good morning, Commissioners.   My  
17 name is Ingrid Neumann, from the Building Standards Office.

18          Local governmental agencies are required to apply  
19 to the Energy Commission for approval of local energy  
20 standards pursuant to Public Resources Code section  
21 25402.1(h)(2), and the 2013 Building Energy Efficiency  
22 Standards provided in the California Code of Regulations,  
23 Title 24, Part 1, Chapter 10, section 10-106.

24          Staff has reviewed the City of Pasadena's  
25 application for approval of its local energy standards,

1 enumerated in Ordinance 7234, section 14.04.506.

2 Staff has found that the application contains all  
3 of the components required by section 10-106 (b) of the  
4 standards.

5 The City of Pasadena's locally adopted building  
6 energy standards will require the use of cool roof  
7 materials for new residential construction, as well as  
8 additions and alterations to existing residential projects.

9 Cool roof materials result in roofs that reflect  
10 a large portion of the incident heat energy away from  
11 buildings, as well as absorb a significant portion of the  
12 incident energy remaining, rather than transmitting it into  
13 the building.

14 The combination of increased solar reflectants  
15 and thermal emittents reduces the internal heating of these  
16 buildings and thus reduces the amount of energy required to  
17 cool those buildings for occupants.

18 The modifications that the City of Pasadena is  
19 making will ensure that less energy will be consumed by  
20 residential buildings complying with the new ordinance.

21 In regards to environmental impact, these cool  
22 roof measures are more protective of the environment by  
23 reducing the energy consumption of occupants in cooling  
24 climates, yet allow buildings to be constructed in a  
25 similar manner to conventional buildings compliant with the

1 Energy Code.

2 Staff recommends that this item be approved.

3 Thank you.

4 CHAIRPERSON WEISENMILLER: Okay, any public  
5 comment?

6 Commissioners?

7 COMMISSIONER MC ALLISTER: Yeah, I just wanted to  
8 highlight this as kind of one of the great things about how  
9 we operate here in California. Local governments can lead.  
10 They come to us, they have to ask permission. We're,  
11 obviously, very encouraging of local governments going  
12 beyond code.

13 And that dialogue, I think, is really key to  
14 helping show leadership across the State. Other  
15 jurisdictions can then follow.

16 We had a recent, at the last business meeting or  
17 the one before, we had one from L.A., where they were  
18 adopting a beyond-code measure as well, that included,  
19 specifically, cool roofs.

20 And it also highlighted in that instance, and in  
21 this instance, the collaboration between the cities and the  
22 various utilities to serve them to sort of go in lock-step  
23 towards energy efficiency.

24 So, I really appreciate staff's highlighting this  
25 and doing a good job of evaluating, working with the cities

10

1 on their ordinance to understand them, so we can kind of  
2 incorporate that into the way we do business and other  
3 cities can follow their lead.

4 Obviously, Pasadena, very progressive on the  
5 energy front, both the City, itself, and the utility, and  
6 working with Edison as well on this front. So, I think  
7 it's a really nice story.

8 Cool roofs, specifically, benefit from a broad  
9 range of collaborators and the industry, itself, via the  
10 CRRC, the Cool Roof Rating Council, which actually performs  
11 a lot of the technical work underpinning this kind of a  
12 standard.

13 And so I think, really, it's an example of  
14 everybody agreeing that something is good and really going  
15 in coordinated fashion toward it, and then incorporating it  
16 into code to give it some teeth, so that people actually do  
17 it in the real world.

18 So, I want to just highlight as a great example  
19 and congratulations to the City of Pasadena for getting  
20 that done. And thanks to Ingrid, and Peter, and the staff  
21 for evaluating and having a dialogue with them.

22 So, I would move -- any more comments or --

23 MS. NEUMANN: We do have Sarkis Nazerian, who's  
24 the building official for the City of Pasadena on the line.

25 COMMISSIONER MC ALLISTER: Oh, great.

1 MR. NAZERIAN: Good morning, Commissioners. My  
2 name is Sarkis Nazerian. I'm the Building Official for the  
3 City of Pasadena. And I'm requesting for approval, by the  
4 California Energy Commission, City of Pasadena's ordinance.

5 The City of Pasadena has been at the forefront in  
6 green buildings, green code, especially with the cool roofs  
7 this past code cycle, to mitigate the heat island effect.

8 And with the studies and everything else, done in  
9 collaboration with the L.A. City, we have come up with the  
10 improvements that would contribute to the environment, and  
11 in the City of Pasadena.

12 I also want to thank you, the staff from the  
13 Energy Commission, and State Buildings Commission for  
14 taking this into consideration. And looking forward to  
15 receiving the approval from the Commission.

16 And if there are any questions, I'll be glad to  
17 answer.

18 COMMISSIONER MC ALLISTER: Well, thank you very  
19 much for being here today and congratulations on getting it  
20 through your process, on your end.

21 So, I'll move Item 3.

22 COMMISSIONER SCOTT: Second.

23 CHAIRPERSON WEISENMILLER: All those in favor?

24 (Ayes)

25 CHAIRPERSON WEISENMILLER: This item passes four

12

1 to zero. Thank you.

2 MR. NAZERIAN: Thank you.

3 CHAIRPERSON WEISENMILLER: Let's go on to Item  
4 Number 4, which is Hanford Energy Park Emergency Peaker  
5 Project.

6 Dale.

7 MR. RUNDQUIST: Good morning, Commissioners. My  
8 name is Dale Rundquist and I'm presenting --

9 Oh, now I'm presenting this item.

10 Good morning, Commissioners. My name is Dale  
11 Rundquist and I am presenting this item for Mary Dyas, the  
12 Compliance Project Manager for Hanford Energy Park Peaker.

13 This item is requesting the revocation of the  
14 amended final decision for the GWF Hanford Combined Cycle  
15 Power Project and the reinstatement and extension of the  
16 original 2001 certification for the Hanford Energy Park  
17 Emergency Peaker Project.

18 The Hanford Energy Park Emergency Peaker Project  
19 was originally certified by the Energy Commission in its  
20 decision on April 26th, 2001. The facility began  
21 commercial operation as a simple-cycle generator on  
22 September 2nd, 2001.

23 The Hanford Energy Park Emergency Peaker is a 95-  
24 megawatt, natural gas-fired, simple-cycle peaking facility  
25 on five acres of the ten-acre parcel owned by GWF Energy,

13

1 LLC, and Kings Industrial Park on the southern border of  
2 the City of Hanford, in Kings County.

3 On January 17th, 2001, Governor Grey Davis  
4 proclaimed a state of emergency due to constraints on  
5 electricity supplies in California. The Governor declared  
6 that all reasonable conservation, allocation, and service  
7 restriction measures would not alleviate an energy supply  
8 emergency.

9 As a result, the Governor issued Executive Orders  
10 D2201, D2401, D2501, D2601, and D2801 to expedite the  
11 permitting of peaking and renewable power plants that were  
12 to be online by September 30th, 2001.

13 The Governor also declared that these projects  
14 were emergency projects under Public Resources Code section  
15 21080(b)(4) and were thereby exempt from the requirements  
16 of the California Environmental Quality Act.

17 An amendment to modify the Hanford Emergency  
18 Peaker Project to a combined cycle natural gas-fired, 120-  
19 megawatt facility was approved by the Energy Commission on  
20 march 24th, 2010.

21 GWF Energy began construction of the conversion  
22 in June, 2011, based on a limited notice to proceed.

23 However, the expected demand for additional  
24 combined cycle generation did not materialize. GWF  
25 suspended the conversion of the project and continues to

1 operate the facility in simple cycle mode, in compliance  
2 with this 2000 certification -- excuse me, 2001  
3 certification.

4           The Energy Commission decisions for the emergency  
5 peaker projects included a provision that would allow for  
6 the certification of the projects to be extended, provided  
7 that the conditions of certification were current, the  
8 project was in compliance with all conditions of  
9 certification, the project was permanent and air emission  
10 credits were in place.

11           Staff has worked with the project owner to verify  
12 the facility is operating consistent with the conditions of  
13 certification.

14           On March 24th, 2014, GWF Energy, LLC filed a  
15 petition with the California Energy Commission requesting  
16 the revocation of the amended final decision for the GWF  
17 Hanford Combined Cycle Power Project and the reinstatement  
18 and extension of the original 2001 certification for the  
19 Hanford Energy Park Emergency Peaker Projection.

20           In April 2014, staff conducted a site visit to  
21 verify the existing facilities were permanent and visually  
22 inspected the condition of the facility.

23           The project owner has provided verification that  
24 the project has met the extension criteria in order to  
25 continue the permit.

1           These criteria include the following. Number  
2 one, the project is permanent, rather than temporary or  
3 mobile in nature.

4           Number two, the project owner demonstrates site  
5 control.

6           Number three, the project owner has secured  
7 permanent emission reduction credits, or ERCs, approved by  
8 the San Joaquin Valley Air Pollution Control District, or  
9 Air District, and the California Air Resources Board, or  
10 ARB.

11           The ERCs must be adequate to fully offset project  
12 emissions for its projected run hours and must have been in  
13 place prior to the expiration of the temporary ERCs  
14 obtained from ARB, if temporary ERCs were used for the  
15 initial operation of the project.

16           Number four, the project is in current compliance  
17 with all Energy Commission permit conditions specified in  
18 its decision.

19           Number five, the project is in current compliance  
20 with all conditions contained in the authority to construct  
21 permit from the Air District.

22           And number six, the project meets all best  
23 available control technology requirements under Air  
24 District rules, as established by the authority to  
25 construct permit and all ARB requirements.

1           The notice of receipt was mailed to the project  
2 post-certification mail list, docketed and posted to the  
3 web on June 6th, 2014. Additional information was docketed  
4 on August 27th, 2014.

5           Staff's analysis of the proposed modification was  
6 mailed to interested parties and posted to the web on  
7 October 9th, 2014 for a 30-day comment period. No comments  
8 were received.

9           Staff proposes no new and/or revised conditions  
10 of certification. The project complies with the  
11 continuation conditions applicable to air quality and  
12 necessary for an extension of the project license.

13           The project would continue to comply with all  
14 laws, ordinances, regulations and standards through  
15 enforcement of the project permit to operate and final  
16 Commission decision under the original 2001 certification.

17           Staff is recommending approval of the revocation  
18 of the 2010 amended decision for GWF Hanford Combined Cycle  
19 Power Project and extension of the original 2001  
20 certification for the Hanford Emergency Peaker Project.

21 Thank you.

22           CHAIRPERSON WEISENMILLER: Thank you. Applicant?

23           MR. CARROLL: Good morning. Mike Carroll with  
24 Latham and Watkins on behalf of GWF Energy.

25           I think staff has done a very good job of

1 providing the background and the explanation for this  
2 request and we appreciate their analysis.

3 I would simply summarize that this action and the  
4 one that's to follow, Agenda Item Number 5, are really  
5 clean up in nature. These are simple cycle projects for  
6 which the licenses were amended to allow conversion over to  
7 combined cycle.

8 It was always contemplated that they would  
9 continue operating in simple cycle mode until modifications  
10 were made to the combined cycle mode. And while there was  
11 no deadline for undertaking that conversion, I think at the  
12 time it was contemplated that the conversion would happen  
13 within a relatively short period of time.

14 Due to market conditions, the conversion has not  
15 happened. The nature of the licenses has led to some  
16 confusion over time, given that their simple cycle licenses  
17 with the ability to convert, at this point it doesn't  
18 appear as though the conversion will happen at any time in  
19 the foreseeable future.

20 So, in discussions with staff, it seemed that the  
21 cleanest way or the best way to clean up the licenses was  
22 to simply revoke the amendments that allowed conversion to  
23 simple cycle and make it clear that the -- I'm sorry, to  
24 convert to combined cycle and make it clear that the simple  
25 cycle licenses stayed in place.

1           The Hanford project has the additional twist that  
2 the amendment which allowed conversion to combined cycle  
3 also extended the license under the emergency peaker  
4 provisions. And so, given that we are seeking revocation  
5 of that action in its entirety, we asked the staff to  
6 affirm that the extension criteria were met just so that  
7 there isn't any question in revoking that amendment that,  
8 somehow, the extension was also revoked.

9           Thank you very much.

10           CHAIRPERSON WEISENMILLER: Okay, thank you.

11           Any comment, public comment? Commissioners, any  
12 comments or questions?

13           COMMISSIONER DOUGLAS: Yeah, I just have a brief  
14 comment that I've reviewed this and I agree this is largely  
15 clean up in nature and it's important to move ahead with  
16 this.

17           I just wanted to see whether anyone else had  
18 comments or questions before making a motion.

19           COMMISSIONER MC ALLISTER: I'm a little  
20 interested in the changing market conditions question and  
21 sort of what led us to where we are? Agree, this is clean  
22 up and, I guess, certainly when the amendment was worked  
23 through there was some expectation in the marketplace that  
24 was going to be a good path to follow, to move to combined  
25 cycle.

1           And I'm wondering how sort of market conditions  
2 shifted to make that less attractive?

3           MR. CARROLL: Yeah, and I'm not sure that I can  
4 speak to the specifics of that. I think that what GWF has  
5 tried to, and continues to try to do is anticipate what the  
6 demands are going to be and be prepared to offer whatever  
7 is asked for, or demanded from the utilities.

8           So, at the point that they requested the  
9 conversion to combined cycle, at least GWF anticipated that  
10 there was going to be additional request for combined cycle  
11 capacity from PG&E at the time and they wanted to be  
12 prepared to respond to that, and to convert over.

13           As it turned out, that didn't bear out. In fact,  
14 a PPA was put in place to replace the emergency peaker --  
15 or, I'm sorry, the DWR contract by calling for continued  
16 simple cycle.

17           So, I can't really speak to what caused the  
18 changes except to say that what PG&E was looking for, at  
19 one point we anticipated it to be combined cycle. It  
20 turned out to be continued simple cycle and that's what  
21 brought us to where we are today.

22           CHAIRPERSON WEISENMILLER: And I think I can say,  
23 from past lives, that they had bid basically flipping it to  
24 combined cycle into the PG&E, and I think it was a 209 RFO,  
25 and PG&E did not accept that, and indicated that they

1 thought flexibility was more important than efficiency.

2 Yeah, at least at that time.

3 COMMISSIONER DOUGLAS: All right, so I'll move  
4 approval of Item 4.

5 COMMISSIONER SCOTT: Second.

6 CHAIRPERSON WEISENMILLER: All those in favor?

7 (Ayes)

8 CHAIRPERSON WEISENMILLER: This passes four to  
9 zero. Thank you.

10 Dale, you want to go into the next item which is  
11 Number 5, the Henrietta Peaker Power Plant Project.

12 MR. RUNDQUIST: Yes, again, my name is Dale  
13 Rundquist. I'm also presenting this for Mary Dyas, who is  
14 the Compliance Project Manager for Henrietta.

15 This item is a request for the revocation of the  
16 2010 amendment final decision for the GWF Henrietta  
17 Combined Cycle Power Plant, and the reinstatement of the  
18 original 2002 certification to operate as a simple cycle  
19 Henrietta Peaker Plant.

20 The Henrietta Peaker Project was originally  
21 certified by the Energy Commission as a simple cycle,  
22 natural gas-fired, 95-megawatt facility in its decision on  
23 March 5, 2002.

24 The facility began commercial operation on July  
25 1st, 2002 and is located approximately one mile south of

1 Highway 198, on 25th Avenue, southeast of the City of  
2 Lemoore, in Kings County.

3 In October, 2008, the Energy Commission received  
4 a petition from GWF Energy, LLC, asking to convert the  
5 simple cycle Henrietta Peaker Project to the 120-megawatt,  
6 GWF Henrietta Combined Cycle Power Project by adding two  
7 once-through steam generators to recover heat from the  
8 exhaust of the existing turbines and produce steam to power  
9 a new, 25-megawatt steam turbine generator.

10 The Commission approved the petition on March  
11 24th, 2010.

12 Due to changing market conditions, the demand for  
13 additional combined cycle generation did not materialize,  
14 so GWF Energy did not move forward with the conversion.

15 On March 24th, 2014, GWF Energy, LLC filed a  
16 motion with the Energy Commission requesting the revocation  
17 of the 2010 amended final decision for the GWF Henrietta  
18 Combined Cycle Power Plant and the reinstatement of the  
19 original 2002 certification to operate as a simple cycle  
20 Henrietta Peaker Plant.

21 The notice of receipt was mailed to the project  
22 post-certification mail list, docketed and posted to the  
23 web on June 6th, 2014.

24 Staff's analysis of the proposed modification was  
25 mailed to interested parties and posted to the web on

1 October 9th, 2014, for a 30-day comment period. No  
2 comments were received.

3 Staff proposes no new and/or revised conditions  
4 of certification. It is staff's opinion that if the  
5 petition is approved, the project would remain in  
6 compliance with applicable laws, ordinances, regulations  
7 and standards and that the proposed changes would not  
8 result in a significant adverse, direct or cumulative  
9 impact to the environment pursuant to California Code of  
10 Regulations, Title 20, section 1769.

11 Staff is recommending approval of the revocation  
12 of the 2010 amended decision for GWF Hanford Combined Cycle  
13 Power Project, an extension of the original 2001  
14 certification for the Henrietta Emergency Peaker Project.

15 Thank you.

16 CHAIRPERSON WEISENMILLER: Thank you.

17 Applicant?

18 MR. CARROLL: Yes, Mike Carroll, Latham and  
19 Watkins, on behalf of GWF Energy. Again, a very similar  
20 request to the prior agenda item, with the exception that  
21 the Henrietta Project was not approved pursuant to the  
22 emergency peaker provision, so we don't have that  
23 additional wrinkle associated with this request. But other  
24 than that, virtually identical to the prior request.

25 Thank you.

1 CHAIRPERSON WEISENMILLER: Thank you.

2 Commissioners, questions or comments?

3 COMMISSIONER DOUGLAS: I have no comments on this  
4 one. I'll go ahead and move approval of Item 5.

5 COMMISSIONER SCOTT: Can I make one comment?  
6 Which I just wanted to note that even though this item and  
7 the last one are largely clean up, as the public member I  
8 really appreciate that we spend a little bit of time  
9 talking about these topics at the meeting so that people,  
10 who are interested, can hear some of the details about what  
11 we're doing.

12 COMMISSIONER MC ALLISTER: I'll second Item 5.

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

15 (Ayes)

16 CHAIRPERSON WEISENMILLER: Item 5 passes four to  
17 zero.

18 COMMISSIONER DOUGLAS: And on that note I will  
19 just say, in response to Commissioner Scott's comments,  
20 that sometimes items like this come up and it almost seems  
21 like one might deal with it on the consent calendar, but we  
22 typically don't for some of these siting matters even  
23 though, you know, it really is kind of an obvious thing to  
24 do. To take an action like the one we've just taken, it  
25 makes sense to have some of the public dialogue on siting,

1 or at least offer that opportunity on these matters.

2 COMMISSIONER MC ALLISTER: Yeah, and I just want  
3 to wholeheartedly agree. I mean, these aren't the biggest  
4 plants that we work with, but they're certainly 100  
5 megawatts. That range, you know, is bigger than 50  
6 megawatts and we do that for a reason, these have -- these  
7 are large, industrial facilities. And so, I think it's  
8 never anything that one should just assume because they do  
9 have real impacts out there and just on that basis I think  
10 it's worth talking about, and making sure that there's a  
11 public vetting opportunity.

12 COMMISSIONER DOUGLAS: Yeah, absolutely. And I  
13 might as well take this moment to also say that, as you  
14 have no doubt seen, we have a fairly substantial list of  
15 amendments on this Business Meeting agenda, and they do  
16 take time and work to analyze and put forward to us.

17 So, I'm happy to see the work getting done or on  
18 the path to getting done here, and to completion for a lot  
19 of these items.

20 MR. CARROLL: Thank you.

21 CHAIRPERSON WEISENMILLER: Thanks. Thank you.

22 So, let's go on to Item 6, which is the Abengoa  
23 Mojave Solar Project, 09-AFC-5C.

24 Dale Rundquist, again.

25 MR. RUNDQUIST: This is my project.

1 (Laughter)

2 MR. RUNDQUIST: Good morning, Commissioners, my  
3 name is Dale Rundquist and I am the Compliance Project  
4 Manager for the Abengoa Solar Power Project.

5 With me this morning is Kevin Bell, Senior Staff  
6 Counsel, and technical staff from Air Quality.

7 Also present in the room, as well as on the  
8 telephone, are representatives from Mojave Solar, LLC, the  
9 owner of the Abengoa Mojave Solar Power Project.

10 The Abengoa Mojave Solar Power Project was  
11 certified by the Energy Commission on September 8th, 2010.  
12 Construction is currently 99 percent complete and the  
13 project is expected to be operational Thursday, November  
14 20th, 2014, so three days.

15 It is a 250-megawatt project located near the  
16 Town of Hinckley, approximately 20 miles northwest of the  
17 City of Barstow, in San Bernardino County, California.

18 On August 15th, 2014, Mojave Solar, LLC filed a  
19 petition with the California Energy Commission requesting  
20 to amend Air Quality Condition of Certification AQ-25 in  
21 the final decision for the Abengoa Mojave Solar Project.

22 The modification proposed in the petition would  
23 revise AQ-25 to provide a different method of measuring the  
24 levels of total dissolved solids in the cooling town blow-  
25 down water from the project.

1           In reviewing the petition, Energy Commission  
2 staff also recommended minor condition language changes to  
3 AQ-26 and AQ-28, which do not affect emission limits or  
4 create additional air quality impacts.

5           These minor changes are recommended by the Mojave  
6 Desert Air Quality Management District and are included in  
7 this proposed modification.

8           Staff believes the proposed modifications to AQ-  
9 25, AQ-26, and AQ-28 will allow Mojave Solar, LLC to  
10 utilize a more efficient way to measure the total dissolved  
11 solid levels in the cooling tower blow-down water and the  
12 project to remain in compliance with all applicable laws,  
13 ordinances, regulations and standards.

14           The proposed changes would not result in any  
15 significant adverse, direct, indirect or cumulative impacts  
16 to the environment.

17           The notice of receipt was mailed to the post-  
18 certification mailing list and affected public agencies on  
19 August 29th, 2014. It was docketed and posted on the  
20 Energy Commission website on September 2nd, 2014.

21           The staff analysis was mailed, docketed, and  
22 posted to the Energy Commission website on October 7th,  
23 2014, for a 30-day comment period. There were no comments  
24 received.

25           Energy Commission staff reviewed the petition and

1 finds that it complies with the requirements of Title 20,  
2 section 1769(a), of the California Code of Regulations and  
3 recommends approval of the project modifications and  
4 associated revisions of the Air Quality Conditions of  
5 Certification based upon staff's findings and subject to  
6 the revised conditions of certification.

7 Thank you.

8 CHAIRPERSON WEISENMILLER: Applicant?

9 MS. POTTENGER: Good morning, Samantha Pottenger,  
10 Ellison, Schneider and Harris on behalf of the project.

11 With us today is Kathleen Sullivan, with Abengoa.

12 We'd like to thank staff for its recommendation  
13 and work on this petition and are available for any  
14 questions, if you have any. Thank you.

15 CHAIRPERSON WEISENMILLER: Thank you.

16 Commissioners, questions or comments?

17 COMMISSIONER DOUGLAS: So, I have a brief  
18 comment. Obviously, I think it's a good thing to allow  
19 Abengoa to use a portable, hand-held meter. The broader  
20 comment I guess I have is that, you know, sometimes in our  
21 licenses we take some very specific and prescriptive  
22 language into the licenses and in this case it came from  
23 Air District requirements having to do with how to do this  
24 test.

25 And then we find when the Air District's

1 requirements change or when new ways of measuring things  
2 come up that we find ourselves in the position of doing an  
3 amendment.

4 And so, I do want to suggest that we think in the  
5 future about how to build a little more flexibility into  
6 conditions like this, where we can.

7 But in any case, I'm strongly in favor of moving  
8 ahead with this amendment.

9 If there are no other comments -- I'll go ahead  
10 and move approval of Item 6.

11 COMMISSIONER SCOTT: Second.

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

14 (Ayes)

15 CHAIRPERSON WEISENMILLER: Item 6 passes four to  
16 zero. Thank you.

17 Let's go on to Item Number 7, which is Calpine  
18 King City Cogen, 85-AFC-5C, and this is Eric Veerkamp.

19 MR. VEERKAMP: Good morning, Commissioners. My  
20 name is Eric Veerkamp and I'm the Compliance Project  
21 Manager for Calpine King City Cogeneration.

22 Here with me this morning, representing our Air  
23 Quality staff, we have Nancy Fletcher and also Gerry Bemis.

24 And I know in the room we have, representing the  
25 owner, Calpine, Barbara McBride, and we have Greg

1 Wheatland, as well.

2           The petition for consideration before the  
3 Commission would alter the way in which the Calpine King  
4 City project, or plant, tests and tunes the combustion  
5 turbine and boilers involving multiple startups and  
6 shutdowns following a major service maintenance outage.

7           The petition would also document a number of  
8 administrative changes and operating specifications,  
9 incorporating changes in the plant's Title 5 permit and  
10 permit to operate issued by the Monterey Bay Unified Air  
11 Pollution Control District in 2011.

12           The Calpine King City Cogeneration Plan, or the  
13 KCC, is a nominal 130-megawatt natural gas-fired power  
14 plant.

15           The KCC was certified by the Energy Commission in  
16 its original decision in 1987 and has been in commercial  
17 operation since 1989.

18           The facility is located in the City of Kings  
19 City, 50 miles south of the City of Salinas, near State  
20 Highway 101.

21           On February 23rd, of 2011, Calpine filed a  
22 petition with the Energy Commission requesting to amend the  
23 final decision for the KCC. The petition proposed to  
24 delete a condition of certification limiting the combustion  
25 turbine to one startup and one shutdown per day.

1           The petition also proposed to add two new  
2 conditions of certification that would exempt the two aux.  
3 boilers from specified emission limits during boiler tuning  
4 and exempt the combustion turbine from specified emission  
5 limits during defined periods of combustion tuning and  
6 testing.

7           In a first draft of the staff analysis, completed  
8 in April of 2012, Air Quality staff proposed to support the  
9 applicant's request. However, during our review a number  
10 of conditions of certification were discovered to be  
11 numbered incorrectly and/or obsolete, and/or in need of  
12 overdue modifications due to changes in the regulatory  
13 requirements.

14           None of these items were addressed in the owner's  
15 original petition. Energy Commission staff requested  
16 clarifying information from the owner on more than one  
17 occasion, culminating with a revised petition submitted by  
18 Calpine in September of 2012.

19           The revised petition raised additional questions,  
20 leading to further correspondence with Calpine into 2013.  
21 And a final revised petition was submitted by the owner in  
22 March of 2014.

23           The conditions of certification, of which there  
24 are 26 total being proposed for modification, can be  
25 characterized as three different types.

1           First, the proposed deletion of conditions of  
2 certification that are no longer applicable and/or are  
3 obsolete.

4           Number two, proposed addition of conditions of  
5 certification to extend reporting time requirements and to  
6 provide relief from the short-term mass emission and mass  
7 concentration limits during the limited periods of  
8 equipment tuning and regulatory performance testing.

9           And number three, proposed modification of  
10 conditions of certification that could be considered  
11 cleanup language.

12           The California Energy Commission staff has  
13 thoroughly reviewed the petition and assessed the impacts  
14 of this proposal on environmental quality and on public  
15 health and safety.

16           It is staff's opinion that with the  
17 implementation of the new, revised and deleted conditions,  
18 the project will remain in compliance with applicable laws,  
19 ordinances, regulations and standards, and that the  
20 proposed modifications will not result in a significant  
21 adverse, direct or cumulative impact to the environment, as  
22 per Title 20, of 1769.

23           Therefore, staff is recommending that the Energy  
24 Commission approve the revisions to Air Quality Conditions  
25 of Certification.

1           And that concludes my presentation. I'd be happy  
2 to take any questions you may have.

3           I do want to point out that there are some late  
4 revisions to the draft order to be read into the record. I  
5 know Harriet has a copy of that.

6           And how would you like me to handle that?

7           CHAIRPERSON WEISENMILLER: Why don't you read  
8 them into the record now.

9           MR. VEERKAMP: Okay. Shall I call out, Harriet,  
10 the last sentence of the first paragraph, that type of  
11 thing on the first page or -- okay.

12           The last sentence on the first page shall read,  
13 "In a subsequent request KCC proposed additional revisions,  
14 modifications to several conditions of certification".

15           The last sentence of the second paragraph, on the  
16 first page, "The project is located near State Highway  
17 101".

18           The fifth bullet on the second page reads, "The  
19 proposed modification would be beneficial to the public  
20 because the facility would be free to perform the necessary  
21 testing and tuning activities that would result in the  
22 least polluting and most efficient operation possible,  
23 partly by virtue of the ability to restart after an aborted  
24 startup".

25           Under Item AQ-1, instead of "Basic American

1 Foods", it reads "The project owner, Monterey Bay, or  
2 MBUAPCD, or District", and "the CEC" should read "Energy  
3 Commission".

4 Again, in the verification, it's "project owner"  
5 as opposed to "Basic American Foods".

6 Should I read each and every one of these  
7 strikeouts and additions?

8 CHAIRPERSON WEISENMILLER: Let's assume that  
9 every time it says "CEC" it's now amended to say "Energy  
10 Commission". And every time it says "Basic American Foods"  
11 it now says "the project owner", so that may simplify this  
12 a little bit.

13 MR. VEERKAMP: Okay, in -- thank you, Mr.  
14 Chairman.

15 In Air Quality 2, we need to add Condition 22, in  
16 addition to 17, and strike out "24".

17 On page 4, under AQ-6, the verification, in  
18 addition to Condition 17, in parens it should be "(AQ-26)".

19 And for the verification under AQ-7, following  
20 "30", in parens it should be "(Air quality 26, Air quality  
21 28, Air quality 38 and Air quality 39)".

22 For AQ-10, in the verification, following  
23 Condition Number 25, in parens it should read "(AQ-26, AQ-  
24 28-AQ-30, and AQ-34)".

25 For AQ-11, in the verification, at the end of the

1 sentence, in parens, "(AQ-26 and AQ-34)".

2 In the verification for AQ-12, at the end  
3 following 27 should be, in parens, "(AQ-29, AQ-34 and AQ-  
4 36)".

5 In the verification for AQ-13, at the end of the  
6 sentence, in parens, "(AQ-38)".

7 In the verification for AQ-14, instead of "DOC  
8 Condition 18", it should read "17 and 26", and then in  
9 parens, "(AQ-26 and AQ-35)".

10 The verification for AQ-15, at the end, in parens  
11 it should read "(AQ-26 and AQ-34)".

12 Under the verification for AQ-16, instead of  
13 Energy Commission -- "CEC staff Energy Commission", it  
14 should read "CPM".

15 The verification for AQ-19, at the end of the  
16 sentence, in parens, "(AQ-27 and AQ-35)".

17 The verification for AQ-21 -- oh, excuse me. In  
18 AQ-21, under the column "Pollutant", instead of "TSP", it  
19 should read "PM-10".

20 The verification for AQ-21, at the end of the  
21 sentence, in parens, "(AQ-27 and AQ-35)".

22 The verification for AQ-23, the last sentence  
23 should read, "These records shall be made available to the  
24 Monterey Bay Unified Air Pollution Control District and CPM  
25 on request".

1           The verification under AQ-28, the last sentence,  
2 instead of "CEC Energy Commission staff", again, it should  
3 be "CPM".

4           And we could say in each instance where that may  
5 occur it should read "CPM".

6           The verification for AQ-41, at the end of the  
7 sentence, in parens, "(AQ-41)" should be inserted.

8           The verification for AQ-41, at the end of the  
9 sentence, in parens, "(AQ-42)" should be inserted.

10          The verification for AQ-43, at the end of the  
11 sentence, in parens, "(AQ-43)" should be inserted.

12          Under AQ-45, "Any authorized representative of  
13 the Monterey Bay Unified Air Pollution Control District and  
14 the Energy Commission staff".

15          The verification under AQ-47, rather than "Basic  
16 American Foods", "project owner".

17          Under the verification for AQ-52, instead of  
18 "TSP", it should be "PM-10", "The PM-10 daily emission  
19 limit".

20          Under AQ-54, the last two words of the sentence,  
21 "per turbine" should be stricken.

22          And the last sentence of the verification for AQ-  
23 54, "District and CPM as part of the annual report."

24          And the same for the verification for AQ-55.

25          CHAIRPERSON WEISENMILLER: Okay, thank you.

1 Applicant, you have comments?

2 MR. WHEATLAND: Greg Wheatland, with Barbara  
3 McBride. We're fully supportive of these revised changes  
4 to the proposed order and we're here to answer any  
5 questions that you may have.

6 CHAIRPERSON WEISENMILLER: Thank you.

7 Commissioners, any questions or comments?

8 COMMISSIONER DOUGLAS: I do not have any  
9 questions. Well, maybe a brief comment. I've reviewed  
10 this. I think these are good changes. I appreciate the  
11 effort to not only bring in the new conditions, but also  
12 ensure that the conditions are up-to-date in general. I  
13 think that's very important and I'm glad that's before us.

14 So, I move approval of Item 7.

15 COMMISSIONER MC ALLISTER: I take it some of  
16 the -- just one quick question. The updating of many of  
17 these conditions have to do with updating it to more  
18 recently passed or adopted operating conditions, adopted by  
19 the Air District, right? So, maybe you could just talk  
20 about that interaction a little bit.

21 MS. MC BRIDE: Yeah, basically, as the CEC makes  
22 amendments over the years, what we were trying to do was  
23 just make is so, one, that the CEC license is consistent  
24 with our air quality permit, and also that all the previous  
25 CEC amendments are incorporated and kind of on one -- in

37

1 one CEC license here, instead of having all the different  
2 pieces, and kind of just updating it so everything is  
3 current.

4 COMMISSIONER MC ALLISTER: And staff, presumably,  
5 has had that interaction also with the district to make  
6 sure that everything makes sense within that context.  
7 Okay, great.

8 All right, well, I'll second Item 7.

9 CHAIRPERSON WEISENMILLER: Okay, all those in  
10 favor?

11 (Ayes)

12 CHAIRPERSON WEISENMILLER: Item 7 passes four to  
13 zero. Thank you.

14 Let's go on to Item 8, which is Marsh Landing  
15 Generating Station Project, 08-AFC-03C. And this would be  
16 Remy Obad.

17 MS. OBAD: Hello, Commissioners, my name is  
18 Camille Remy Obad. I'm the Compliance Project Manager for  
19 the Marsh Landing Generation Station.

20 And today I'm presenting a petition to amend  
21 Marsh Landing's existing license to replace their fire  
22 suppression system.

23 Joining me today, from the Chief Counsel's  
24 Office, is Kevin Bell, technical staff Gerry Bemis and  
25 Nancy Fletcher.

1           The project applicants are also present to answer  
2 any questions.

3           The Marsh Landing Generation Station is a simple  
4 cycle, natural gas-fired, 760-megawatt facility, certified  
5 by the Energy Commission on August 25th, of 2010.  
6 Commercial operation began on May 1st, 2013.

7           Marsh Landing is located on a 27-acre industrial  
8 site north of the City of Antioch, in Contra Costa County.

9           NRG Marsh Landing, LLC proposes the installation  
10 of a new diesel backup generator, a diesel fire pump  
11 engine, and 150 feet of fire loop piping, with a maximum  
12 depth of approximately five feet below ground surface.

13           Formerly, Marsh Landing used the Contra Costa  
14 Generation Station's fire suppression system, but Contra  
15 Costa was retired on April 30th, of 2013, and their fire  
16 suppression equipment will no longer be maintained.

17           The new system proposed will no longer draw fire  
18 suppression water from the San Joaquin River but, instead,  
19 use potable water from an existing water tank supplied by  
20 the City of Antioch.

21           The petition to amend was filed on July 8th,  
22 2014. The notice of receipt was filed and mailed on July  
23 14th, 2014.

24           The staff analysis was filed and mailed on  
25 October 10th, 2014. And the 30-day comment period ended on

1 November 10th. There are no public comments received on  
2 the petition. And staff did meet with the applicant for  
3 some minor clarification language.

4 The proposed amended would add five new Air  
5 Quality Conditions of Certification, AQ-41 through AQ-45,  
6 pertaining to the operation and monitoring requirements of  
7 the diesel engines.

8 Also, the proposal modifies one existing Air  
9 Quality Condition, AQSC-7, requiring the surrender of  
10 additional emission reduction credits and a modification to  
11 BIO-8, which increases the annual mitigation payment for a  
12 slight increase in nitrogen deposition near the Antioch  
13 Dunes National Wildlife Area.

14 Staff recommends that the Energy Commission  
15 approve the project modification and associated revisions  
16 to the Air Quality and Biological Resource Conditions of  
17 Certification based on staff's findings and subject to the  
18 new, and revised conditions.

19 Staff notes that the following required findings,  
20 mandated by Title 20, section 1769(a)(3) of the California  
21 Code of Regulations can be made and recommends approval.

22 There will be no new or additional unmitigated  
23 significant environmental impacts associated with the  
24 proposed changes.

25 The facility will remain in compliance with all

1 applicable laws, ordinances, regulations and standards.

2 The changes will be beneficial as it will allow  
3 for the installation of a new, independent fire suppression  
4 system that is no longer shared with the retired facility.

5 And there has been a substantial change in  
6 circumstances since the Energy Commission's certification,  
7 justifying the changes because Marsh Landing can no longer  
8 share a fire suppression system with Contra Costa  
9 Generation Station.

10 In conclusion, staff has independently analyze  
11 the petition and, based on their findings, staff recommends  
12 that the Energy Commission approve the Marsh Landing  
13 Generation Station's proposed modifications. Thank you.

14 CHAIRPERSON WEISENMILLER: Thank you.

15 Applicant?

16 MR. PIANTKA: Good morning, this is George  
17 Piantka. I'm the Director of Environmental Regulatory  
18 Services in NRG's West Region. And with me is Ann Connell,  
19 Project Manager for ERS.

20 And we request approval for this petition and  
21 thank staff, as well as the Bay Area AQMD staff for their  
22 analysis. I'm available for any questions.

23 CHAIRPERSON WEISENMILLER: Thank you.

24 Commissioners, any questions or comments?

25 COMMISSIONER DOUGLAS: I don't have any

1 questions. I reviewed this one, as well.

2 I'll move approval of Item 8.

3 COMMISSIONER MC ALLISTER: How big is this diesel  
4 generator?

5 MR. PIANTKA: It's 580 kw.

6 COMMISSIONER MC ALLISTER: And in the testing --  
7 I mean, hopefully, you know, it won't be necessary to have  
8 it actually used for fire suppression, but in any case  
9 you're going to be testing it periodically. How often or  
10 what kind of hours up-operation, just baseline?

11 MR. PIANTKA: Well, you know, typically allow for  
12 30 days for testing and maintenance during the year, these  
13 type of generators. So, it will be operating periodically  
14 for those purposes and for testing, as well.

15 COMMISSIONER MC ALLISTER: And that's all built  
16 into the addition, the increase in emissions that you've  
17 required for them to submit or surrender. Okay, great.

18 Okay, thanks, I'll second Item 8.

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

21 (Ayes)

22 CHAIRPERSON WEISENMILLER: This passes four to  
23 zero, thank you.

24 Let's go on to Item Number 9, which is an order  
25 instituting rulemaking.

1           Jared.

2           MR. BABULA: Thank you. My name's Jared Babula,  
3 I'm Staff Counsel.

4           Staff is requesting the Commission issue an order  
5 instituting a rulemaking for the purpose of staff  
6 completing the formal rulemaking process as required by the  
7 Office of Administrative Law.

8           Staff has been in the process of reviewing and  
9 updating the Commission's Title 20 Siting and General  
10 Process and Procedure Regulations, as well as engaging  
11 stakeholders for feedback, and now seeks to undertake the  
12 formal rulemaking process, which will result in the  
13 adoption of updated regulations to Title 20.

14           Staff anticipates two phases for this formal  
15 rulemaking process. Phase one will cover updates to  
16 general process and procedure, as well as siting  
17 regulations up to power plant approval.

18           The phase one draft language is expected to be  
19 filed with OAL in early January, pending review of  
20 additional comments by stakeholders.

21           Currently, a draft has gone out and we've been  
22 receiving stakeholder comments. And we're going to work  
23 and continue to work with stakeholders and develop the  
24 language, and ensure we have a good working draft.

25           Phase two will cover post-certification

1 amendments, compliance, and Appendix B updates. And staff  
2 is currently working on draft phase two language.

3 The overall goal of these updates is to improve  
4 Commission's process to ensure efficiency, functionality  
5 and fairness.

6 I'm available for any questions or if you'd like  
7 more details about what we've done so far. Thank you.

8 CHAIRPERSON WEISENMILLER: Thank you.

9 Commissioners, any questions or comments?

10 COMMISSIONER DOUGLAS: You know, I'll briefly  
11 comment and then there may be other comments, as well.

12 I just wanted to say that, you know, thank you  
13 for that brief presentation. I mean, obviously, what Jared  
14 said very quickly, but what I'll put a little more emphasis  
15 on is that we've actually been working on this rulemaking  
16 and these proposals for a long time, for years now.

17 There's a lot in there and I do think that this,  
18 both phase one and then, in the future, phase two update of  
19 our siting regulations is going to improve the process  
20 incrementally in a lot of areas, as opposed to  
21 dramatically, but certainly make the regulations more user-  
22 friendly, easier to follow, and update them as well.

23 So, I am looking forward to continuing to go  
24 through this process and certainly appreciate, and am well-  
25 aware of all it has taken to get us to this point.

1           So, with that, let me see if there are any other  
2 comments?

3           COMMISSIONER SCOTT: Yeah, I would just add to  
4 that, to thank the staff, and Jared, for their really great  
5 work on this. And to Commissioner Douglas for her  
6 excellent leadership on all of this.

7           We had a workshop that was a few weeks ago, and  
8 that was a great opportunity to continue the dialogue and  
9 dig into some of the details here. And she's right, that  
10 was a very succinct summary of a fairly detailed process.  
11 But thank you for your leadership on this.

12           COMMISSIONER MC ALLISTER: Yeah, I'll pile on.  
13 So, yeah, a lot of really impressive work has been done.  
14 I've gotten a couple of briefings about this and actually  
15 been able to engage with Jared, mostly, about just, really,  
16 some of the substantive issues and weighing what we're  
17 trying to accomplish with, you know, trying not to impose  
18 too much complexity in the process and do what makes sense,  
19 and really sort of have a process that responds to all the  
20 various constraints, and needs, and participation, desire  
21 for better and more transparent participation. And really  
22 valuable stuff.

23           And also, you know, the role of technology and  
24 sort of how we conduct business in the modern day and age,  
25 with all the technology and communications that we have at

45

1 our disposal.

2           So, I've been really impressed with the process,  
3 both the kind of outside assessment of our process and also  
4 the internal work to try to take those lessons and really  
5 put them in reg form.

6           So, that's largely due to sort of the leadership,  
7 I think, of Commissioner Douglas to sort of make sure that  
8 we're all singing from the same hymnal.

9           So, I would -- did it get moved or no?

10           CHAIRPERSON WEISENMILLER: Really, I was going to  
11 say, sort of the two alumni of our project siting, I  
12 certainly want to thank Commissioner Douglas for sort of  
13 digging in on this and looking at how to, going forward,  
14 basically make sure that we look at our overall process.  
15 You know, certainly maintain the sort of public  
16 participation and, at the same time, look on how we can do  
17 things better.

18           COMMISSIONER DOUGLAS: Well, thank you. And I  
19 appreciate all of that thanks. And, obviously, you know,  
20 we've had a fairly large group of people in the engine room  
21 on this particular item, so I do want to appreciate and  
22 acknowledge, you know, Jeff Ogata, and Jared, and Roger and  
23 his team. The Public Adviser has been very involved.

24           And we've had a lot of effort going into this.  
25 We had a really good workshop and got some really good

1 feedback from stakeholders. And so, as Jared said, we're  
2 waiting for the written comments to come in, and we'll  
3 review them, and then we'll be ready to move forward.

4 But it's been -- this one really has been -- has  
5 taken a village and it has been more, really more than just  
6 about regulations. I mean, certainly in this package and  
7 in this item we're looking at regulations.

8 But more broadly, the lessons-learned approach  
9 we've taken from the ARRA cases, and then from subsequent  
10 cases, has caused us to think more broadly about our  
11 process and how to improve it.

12 So, there's a lot coming out of that, that you  
13 don't and won't necessarily see in a reg package.

14 So, I will move Item 9.

15 COMMISSIONER MC ALLISTER: I'll second it.

16 CHAIRPERSON WEISENMILLER: All those in favor?

17 (Ayes)

18 CHAIRPERSON WEISENMILLER: Item 9 passes four to  
19 zero. That's great, thanks.

20 In looking at the agenda we have, why don't we  
21 take a break now and come back at, I want to say, one  
22 o'clock? Yeah.

23 (Off the record at 12:05 p.m.)

24 (On the record at 1:05 p.m.)

25 CHAIRPERSON WEISENMILLER: Okay, we're back on

1 the record.

2 Let's go to Item Number 10, Mechanical Acceptance  
3 Test Technician Certification Provider Program.

4 Yeah, actually, as I understand it, we're going  
5 to go through a presentation on 10 and 11, and then we'll  
6 vote separately on those.

7 Okay, Joe.

8 MR. LOYER: Almost.

9 CHAIRPERSON WEISENMILLER: Almost.

10 MR. LOYER: I'll give you Item 10, and then 11  
11 and 12 will be done.

12 CHAIRPERSON WEISENMILLER: Okay, I got confused  
13 with some assistance here. But anyway, let's go through  
14 10.

15 (Laughter)

16 COMMISSIONER MC ALLISTER: I'll cop to that,  
17 yeah.

18 MR. LOYER: Joe Loyer, Senior Mechanical Engineer  
19 from the Standards Implementation Office.

20 Staff is recommending that the Energy Commission  
21 extend the Nonresidential Mechanical Acceptance Test  
22 Technical Certification Provider interim approval period  
23 from December 31st, 2014 to June 30th, 2015, to enable the  
24 interim approved ATTCPs, the National Environmental  
25 Balancing Bureau, NEBB, and the Testing Adjusting and

1 Balancing Bureau, TABB, to continue to provide certified  
2 technicians to the marketplace so that the industry  
3 certification threshold requirements of Title 24, Chapter  
4 10, Part 1, Section 10-103(b) can be met.

5 Section 10-103(b) (e) (5) allows the Energy  
6 Commissioner to determine, if necessary, to make a one-time  
7 extension of the interim approved period for up to six  
8 months if the threshold requirements have not been met.

9 The two interim approved ATTCPs, NEBB and TABB  
10 have not submitted a certification provider report to  
11 assist the Energy Commission in finding that the threshold  
12 requirements have been met, and the Energy Commission has  
13 not made such a determination of its own volition.

14 Therefore, staff recommends that the Energy  
15 Commission -- oh, prior to that, there is another Item 10  
16 on the background material posted on the internet. It is  
17 an inadvertent posting. It is in relation to an errata to  
18 the Residential ACM and has nothing to do with this item.  
19 And we recommend that that posting be ignored.

20 We also recommend that the Energy Commission  
21 order the Nonresidential Mechanical Acceptance Test  
22 Technician Certification Provider interim approval period  
23 be extended to June 30th, 2015.

24 And we are available for any questions.

25 CHAIRPERSON WEISENMILLER: Thank you.

1           We have one public comment, Tom Enslow.

2           MR. ENSLOW: Good afternoon, Tom Enslow, speaking  
3 on behalf of National Energy Management Institute  
4 Committee, NEMIC, which is the program administrator for  
5 TABB.

6           TABB is one of the interim approved providers and  
7 they also have an application pending for full approval  
8 that's been pending for about 90 days, now.

9           And so, TABB strongly supports the extension.  
10 They just want to make sure that this extension isn't going  
11 to delay, any further, the approval of their full  
12 application. Once their full application is approved, they  
13 can begin training acceptance test technicians in all of  
14 the mechanical acceptance tests out there so we have a  
15 trained and qualified work force out there, and we're able  
16 to start meeting the 300 threshold in order to make that a  
17 mandatory requirement to use those trained acceptance  
18 testers. Thank you.

19           CHAIRPERSON WEISENMILLER: Okay, great. Thank  
20 you.

21           Staff, any comment?

22           MR. LOYER: Only to clarify that this will have  
23 no impact on the staff review of the NEMIC application.

24           CHAIRPERSON WEISENMILLER: Okay, thank you, it's  
25 good to get that on the record.

1           Okay, so I think that's all the comments.

2           Commissioners, any questions or comments?

3           COMMISSIONER MC ALLISTER: So, I support this  
4 item. I think it's necessary to keep the ball rolling and  
5 get us where we need to go for the longer term.

6           I understand that there's actually active  
7 collaboration going on between the two entities.  
8 Mechanical is a fairly complex arena. There are a lot of  
9 subspecialties that are needed. There are lots of  
10 different kinds of systems.

11           And, you know, to get this done right it requires  
12 kind of a lot of hand-holding and sharing of  
13 responsibilities out there in the marketplace, and so I  
14 think all of us acknowledge that.

15           Certainly, I do and I understand that both TABB,  
16 and NEBB, and staff acknowledge that.

17           So, with this extension it gives us all time to  
18 make sure all the boxes are checked and we have all the  
19 skills we need in place and then can get to the thresholds  
20 expeditiously.

21           I guess, you know, the hope, obviously, is that  
22 this is a one-time -- I mean, this is a one-time extension.  
23 It's six months. And so, the next six months are going to  
24 be critical for getting the pool of trained technicians,  
25 you know, getting everything in place and getting the pool

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1 of trained technicians up and available across the State so  
2 that we can actually have a fully-formed program here, in  
3 the State.

4 So, with that -- well, I don't know if you have  
5 any other comments, Joe?

6 MR. LOYER: No, sir.

7 COMMISSIONER MC ALLISTER: Okay. So, I'm  
8 supportive of this and I'll go ahead and move it. So, I'll  
9 move Item 10.

10 COMMISSIONER DOUGLAS: Second.

11 CHAIRPERSON WEISENMILLER: All those in favor?

12 (Ayes)

13 CHAIRPERSON WEISENMILLER: Item 10 passes four to  
14 zero.

15 Thank you, Joe.

16 MR. LOYER: Thank you.

17 CHAIRPERSON WEISENMILLER: So, let's go on, now,  
18 to 11 and 12. And again, we're going to have a  
19 presentation on both items and then we'll have separate  
20 votes on each item.

21 So, Joan Walter, please, on the California  
22 Advanced Lighting Controls Training Program and National  
23 Lighting Contractors Association of America.

24 MS. WALTER: Good afternoon, Chair and  
25 Commissioners. My name is Joan Walter and I'm Manager of

1 the Standards Implementation Office, in the Efficiency  
2 Division.

3 I'm here to present two items on the agenda today  
4 for your consideration, relating to the Acceptance Test  
5 Technician Certification Provider, or ATTCP, program.

6 Both items are being brought to the Business  
7 Meeting today after having been tabled at the October 7th,  
8 2014 Business Meeting.

9 During the October 7th Business Meeting, Energy  
10 Commission staff provided a general overview of the ATTCP  
11 program, which will not be restated today, during today's  
12 presentation. And Item Numbers 11 and 12 on today's agenda  
13 will be presented together.

14 The first item for your consideration is a  
15 request to approve the California Advanced Lighting  
16 Controls Training Program, or CALCTP, as a fully-approved  
17 Acceptance Test Technician Certification provider.

18 The second item for your consideration is a  
19 request to approve the National Lighting Contractors  
20 Association of America, or NLCAA, as a full-approved  
21 Acceptance Test Technician Certification provider.

22 Energy Commission staff completed a review and  
23 validation pursuant to section 10-103-A(f), of the 2013  
24 Building Energy Efficiency Standards of both CALCTP's and  
25 NLCAA's applications on August 1st, 2014 and July 2nd,

1 2014, respectively, and found that both applications meet  
2 or exceed the requirements for approval under section 10-  
3 103-A(c) of the 2013 standards.

4 Energy Commission staff explained these findings  
5 in the respective staff evaluation reports for each  
6 application.

7 Each applicant's staff evaluation report is  
8 included in today's backup materials as Exhibit A to the  
9 respective Executive Director's recommendation.

10 Pursuant to section 10-103-A(f) of the 2013  
11 standards, Energy Commission staff review and consider  
12 public comments received in response to the staff  
13 evaluation reports prepared for both applications.

14 The comments received did not change staff's  
15 determinations that both applications meet or exceed the  
16 requirements of the 2013 standards.

17 In a comment letter submitted by the Labor  
18 Management Cooperation Committee on August [sic] 6th, just  
19 prior to the October 7th Business Meeting, new, specific  
20 comments were made about topics that weren't considered in  
21 either staff evaluation report.

22 As stated earlier, staff presented these two  
23 items at the October 7th Business Meeting and the  
24 Commission received public comment on both items at that  
25 time.

1           However, to allow staff additional time to review  
2 the new information in the October 6th [sic] comment  
3 letter, both items were tabled until this meeting.

4           Staff has now reviewed these additional comments  
5 and has included supplemental responses to comments in  
6 today's backup materials. Energy Commission staff has  
7 determined that the new information does not change staff's  
8 conclusion that either applicant's staff evaluation report  
9 and -- sorry, let me start that again.

10           Staff has reviewed the additional comments and  
11 has included supplemental responses to the comments in  
12 today's backup materials. Energy Commission staff has  
13 determined that the new information does not change staff's  
14 conclusion in either applicants' staff evaluation report,  
15 and staff recommends that the Commission approve both  
16 CALCTP and NLCAA as ATTCPs.

17           Staff requests that the Commission, in separate  
18 actions for each program, confirm the Executive Director's  
19 findings, adopt his recommendations and approve both CALCTP  
20 and NLCAA as Lighting Controls Acceptance Test Technician  
21 Certification Providers to administer the programs  
22 described in their respective applications.

23           Technical and legal staff are available to answer  
24 questions and representatives from both CALCTP and NLCAA  
25 are here and available to answer questions, as well. Thank

1 you.

2 CHAIRPERSON WEISENMILLER: Thank you.

3 We have three parties with comments on Item 11,  
4 so let's go through those.

5 Bernie Kotlier, please.

6 MR. KOTLIER: Good afternoon, Commissioners.

7 First of all, I'd like to thank you for this opportunity to  
8 speak to you today. I'm the Co-Chair of the California  
9 Advanced Lighting Controls Training Program.

10 And, first, I'd like to compliment the Commission  
11 on what has been done with Title 24, particularly in terms  
12 of acceptance testing. I understand that the previous  
13 acceptance testing requirements were reviewed and  
14 considered inadequate, and then the new regulations for  
15 acceptance testing were increased and required to be more  
16 stringent, to be more effective in terms of making sure  
17 that energy was saved and that property owners receive the  
18 type of return investment that they expect and deserve.

19 We believe this is very important because that  
20 previous system didn't work. And there are a number of  
21 approaches and provisions that CALCTP has taken to make  
22 sure that the new provisions for acceptance testing in 2013  
23 code are effective.

24 First of all, as we all know, the new code allows  
25 for contractors to become certified employers and to hire

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1 certified acceptance testers. That means that contractors  
2 can check their own work.

3 Because of this, we feel it's very, very  
4 important that there be strong requirements not only for  
5 the testing, but for the auditing of that testing.

6 What CALCTP has done is, first of all, we have  
7 now over 750 trained and certified technicians in every  
8 county in the State. We have a third-party administrator,  
9 ICF International, which can respond to quality assurance  
10 checks within 24-hour notice anywhere in California. And  
11 ICF has over 10 years' experience doing those kinds of QA  
12 tests. They've done them for the Environmental Protection  
13 Agency, for utilities and other organizations across the  
14 country.

15 So, for many reasons, we feel it's incredibly  
16 important that the high standards and requirements that  
17 CALCTP's applying to acceptance testing be maintained.

18 We support the applications of all other  
19 organizations who are doing training and certification that  
20 will maintain those high standards and, once again, make  
21 sure that the tests are done right, that there's adequate  
22 and effective quality assurance that protects and ensures  
23 that the property owners, who are spending money to meet  
24 California's new Title 24, do get the type of return  
25 investment that they expect and deserve. Thank you.

1 CHAIRPERSON WEISENMILLER: Thank you.

2 Okay, Kevin Dayton, please.

3 MR. DAYTON: Kevin Dayton, with Labor Issue  
4 Solutions, LLC. I was here last month when these two  
5 programs were brought up for approval.

6 And once again, I ask you today to approve both  
7 programs. Getting these out there, training people and  
8 certified is good for workers, it's good for the public,  
9 it's good for efforts to reduce unnecessary energy  
10 consumption.

11 They've met all the standards. I think what  
12 happened last month was unfortunate and it looks like today  
13 things seem to be moving smoothly. So, thank you for your  
14 consideration.

15 CHAIRPERSON WEISENMILLER: Okay, thank you.

16 We now have a gentleman on the line.

17 OPERATOR: Mr. Ouellette, go ahead, your line is  
18 open.

19 MR. OUELETTE: No, I'm only here for questions  
20 back, but thank you.

21 CHAIRPERSON WEISENMILLER: Thanks.

22 Okay, Commissioners, any questions or comments?

23 COMMISSIONER MC ALLISTER: So, thanks, Joan, for  
24 that presentation. I'll just make comments, just generally  
25 about both of these items.

1           You know, as we move towards implementing  
2 technologies at scale, advanced technologies at scale, and  
3 particularly as we move those into code and we kind of  
4 challenge the building industry to incorporate them as we  
5 move towards meeting our energy efficiency goals, I think  
6 the last round of Title 24 Building Efficiency Standards  
7 Updates acknowledged that by including this ATTCP program  
8 in it.

9           And so, you know, we certainly take this  
10 seriously at the Energy Commission, with Commissioner  
11 Douglas' leadership at that time, putting this program in  
12 place for mechanical as we heard in the previous item, and  
13 for lighting on this in the following item.

14           And, you know, at the same time it is a new set  
15 of -- it's a new system that we're imposing, that we're  
16 putting in place in the marketplace, that we're putting in  
17 place to ensure the quality happens.

18           So, I am happy with the way the marketplace is  
19 responding and bringing programs that look like they will  
20 meet the needs of the marketplace at a cost that, you know,  
21 is hopefully going to be reasonable. And I say hopefully  
22 because we're at the initiation of this period. We're  
23 going to see how it plays out in the marketplace.

24           And I want to manifest my interest, certainly, in  
25 monitoring how it goes out there in the world, on real

1 projects and potentially, you know, revisiting or looking  
2 at how things are going out there in the world,  
3 periodically, to make sure that the program is as well-  
4 designed as it can be, that the technicians are performing  
5 the work that they're supposed to be performing, that  
6 they're well-trained. And that, fundamentally, the  
7 customer is having a system that they can use and that's  
8 harvesting the energy savings potential that we all believe  
9 is there.

10           So, I want to commend staff on rigorous and  
11 repeated evaluation of just ongoing making sure that all  
12 the I's are dotted, and the T's are crossed.

13           And, you know, TABB certainly has been working  
14 hard on that, and Joan, and others in your office. And  
15 also, all the stakeholders that are in one or the other of  
16 the providers. I think we're all depending on you to do a  
17 good job and get out there and give customers what they  
18 need while, you know, making sure that they respect the  
19 code and implement it thoroughly.

20           So, we're looking forward to having a lot of  
21 really high-performing and beautiful lighting systems out  
22 there in commercial buildings across the State, and that's  
23 really what we all want. And it's pretty incredible what  
24 you can do with lighting these days. Having incredible  
25 indoor spaces with truly minimal energy consumption is

1 quite fantastic. So, we're at a good spot in that regard  
2 and we want to make sure that these systems are sort of all  
3 they can be, right.

4 So, with that I'll pass it to any other  
5 Commissioner comments.

6 COMMISSIONER DOUGLAS: Yeah, I'll just briefly  
7 pile on to everything that Commissioner McAllister just  
8 said. And I certainly am happy to see this moving forward.

9 COMMISSIONER MC ALLISTER: Okay, so I will move  
10 Item 11.

11 COMMISSIONER DOUGLAS: Second.

12 CHAIRPERSON WEISENMILLER: All those in favor?

13 (Ayes)

14 CHAIRPERSON WEISENMILLER: This item is approved  
15 four to zero.

16 Now, we'll turn the attention to Item 12 and we  
17 have public comments on Item 12, so let's take those up.

18 Jack Yapp.

19 MR. YAPP: Thank you, Chair, Commissioners for  
20 this opportunity to speak on behalf of NLCAA.

21 First of all, I agree with Mr. Kotlier about  
22 regards to quality assurance that it is mandatory.

23 In our organization we set up a software program  
24 for each item, job that's being performed by our acceptance  
25 test technicians to be registered.

1           We monitor every job that's being done under our  
2 ATTCP, as long as we get approved, by the way. And we have  
3 it electronically set up in a registry.

4           We are ready to put that into a repository as  
5 soon as the CEC is ready. We can download that  
6 automatically to the repository so as of January 1st, 2015  
7 it will be available. So, we're ready to, excuse the  
8 expression, rock and roll.

9           But more importantly, if I may address this  
10 really, extremely important issue that was presented by  
11 your staff. I commend your staff in what they have done.  
12 They did a superb job in analyzing every aspect of these  
13 applications that were given. And again, I want to  
14 personally thank the staff and what a remarkable job they  
15 have done. Thank you very much. Thank you.

16           CHAIRPERSON WEISENMILLER: Thank you.

17           Kevin Dayton.

18           MR. DAYTON: I already spoke on both.

19           CHAIRPERSON WEISENMILLER: Okay, great.

20           Tom Enslow.

21           MR. ENSLOW: Good afternoon, Commissioners. Tom  
22 Enslow speaking on behalf of the IBEW, NICCA, California  
23 State Labor Management Cooperation Committee.

24           The LMCC isn't opposed to approval of NLCAA as a  
25 provider, per se, however, they believe much stronger

1 standards have to be applied to certification providers to  
2 ensure they will operate a reliable and quality  
3 certification program.

4           At the time these regulations were put together,  
5 we argued for having stronger and more specific regulations  
6 as to what a provider needed to do in order to make sure  
7 that they would have a reliable and quality program that  
8 really met the requirements, the model requirements for  
9 personnel certification programs that have been set  
10 nationally and internationally.

11           And at the time we were told that, no, we're  
12 going to give the -- the staff has discretion, as written,  
13 in order to impose those strong requirements and we'll let  
14 them do that at the time.

15           Yet, now when we've raised these issues that, you  
16 know, the standard practices set forth in, you know, model  
17 certification handbooks, and ISO regulations, and  
18 government regulations haven't been met, we've been told  
19 they don't have the discretion to impose these stronger  
20 standards.

21           And we found that a frustrating response. And we  
22 continue to believe that the NLCAA application needs to be  
23 strengthened. You know, it hasn't even verified its tests  
24 for reliability, rigor, lack of bias, which requires a  
25 statistical analysis, and pilot testing. There's standards

1 practices for that that haven't been applied here.

2           They haven't even set forth a process to make  
3 sure that multiple tests are used and there's not -- you  
4 know, there's no sharing of answers and that sort of  
5 continued assessment isn't in their application that was  
6 provided.

7           In addition, there's inadequate quality assurance  
8 proposals here. You know, this is a small company, based  
9 in Southern California, that their certified technicians  
10 have to be able to do field audits in 24-hour notice all  
11 over California and there has been no explanation of how  
12 that's going to work with the size of this operation. And  
13 they haven't provided any details on that.

14           Moreover, the remedial action described for  
15 failed inspections are wholly inadequate. If they have a  
16 failed audit, they're application says, well, then we're  
17 going to increase the rate of random field inspections from  
18 one percent to two percent.

19           Well, that means someone could do another 97 jobs  
20 before they even look at their audit again. It's puzzling  
21 how that can be considered a sufficient response to a  
22 failed test.

23           And then, finally, their proposal requires random  
24 field inspections in just one percent of the technicians'  
25 jobs. And the staff reports states, well, that's

1 comparable to what's required for HERS raters. But HERS  
2 raters are third-party testers. And here, we don't have  
3 third-party testers. The provider is the entity that has  
4 to make sure that there's quality assurance.

5 And under, you know, under standard quality  
6 assurance practices it calls for the first three to five  
7 years of a program you have higher numbers of -- higher  
8 rates of audits and the you can lower down once it's more  
9 established.

10 And in CALCTP's case, they start out at six  
11 percent for the first three years, then four percent, then  
12 two percent.

13 Here, you know, NLCAA just has one percent the  
14 whole time and we don't believe that that's at all  
15 adequate.

16 So, you know, we still strongly oppose this  
17 application. And we feel in the five months since it's  
18 been approved there's been plenty of time to fix this up  
19 and have a stronger application and we're disappointed it's  
20 the same application that was there five months ago. Thank  
21 you.

22 CHAIRPERSON WEISENMILLER: Thank you.

23 Richard Markuson.

24 MR. MARKUSON: Good afternoon, Commissioners,

25 Richard Markuson for the Western Electrical Contractors

1 Association. We, too, compliment the staff. And I think  
2 this proposal to approve both programs that is before you  
3 today is consistent with what Commissioner Douglas, I  
4 think, identified over two years ago, when we first started  
5 down this road is it's important that the contracting  
6 community have access to multiple programs to comply with  
7 the requirements.

8 Your action today to approve both programs, and I  
9 think both programs are credible alternatives, will give  
10 contractors that access, assuring that there is a choice  
11 that is in the industry for acceptance testing for the  
12 company and for the test acceptance providers. Thank you  
13 very much.

14 CHAIRPERSON WEISENMILLER: Thank you.

15 Robert Shearer.

16 MR. SHEARER: Chairman, Commissioners, staff,  
17 guests, my name's Robert Shearer and I'm here to represent,  
18 with their permission, the National Lighting Contractors  
19 Association of America's directors.

20 First, we would like to thank the CEC staff who  
21 have been involved in reviewing our application. They have  
22 put out a lot of effort, a lot of time, and taken a lot of  
23 patience.

24 We feel that their approval of our application is  
25 justified.

1           I would also like to state -- that was all I  
2 meant to say today, but I would also like to state that I  
3 feel that our quality assurance program, as written in our  
4 application, is being misrepresented by some of the  
5 speakers here.

6           An explanation of our application is available on  
7 the NLCAA website. It is a very difficult-to-read  
8 application, as it follows 10-103-A in order, which makes  
9 it very difficult to read.

10           However, if you do go and look at the  
11 presentation on the NLCAA website, which is an explanation  
12 of our application, our quality assurance programs, our  
13 prequalification programs, or I should say NLCAA's  
14 programs, you'll find that it's certainly adequate to the  
15 task. Thank you very much.

16           CHAIRPERSON WEISENMILLER: Thank you.

17           Staff, any response?

18           MS. WALTER: In response to Tom Enslow's comments  
19 on the series of technical topics that he touched on, we  
20 did provide responses to the original comments that were  
21 submitted, covering all of those technical aspects, and  
22 then additional supplemental responses to comments in the  
23 October 6th letter. And feel that the application provides  
24 everything necessary to meet or exceed the standards or the  
25 requirements of the 2013 standards.

1 CHAIRPERSON WEISENMILLER: Thank you.

2 Okay, Commissioners, any questions or comments?

3 COMMISSIONER MC ALLISTER: Oh, I said most of  
4 what I think needed to be said before the previous item,  
5 but I think I would just reiterate that, you know, this is  
6 a new activity under this regime and, certainly, the  
7 Commission, and staff, and Commissioner offices, and myself  
8 in particular, as lead on energy efficiency are -- our ears  
9 are open, our doors are open to hear how folks think things  
10 are going out there in the marketplace. And so, I think  
11 that's an ongoing situation and condition, and certainly  
12 look forward to hearing how this rolls out. And how, you  
13 know, hopefully, great projects are getting done uniformly  
14 and pervasively.

15 So, if that's not the case then, obviously, we  
16 have the wherewithal to figure out what's going on and fix  
17 anything that needs fixing.

18 So, certainly, I strongly support approval of  
19 this application, as well.

20 COMMISSIONER DOUGLAS: I'm just going to briefly  
21 add or really reiterate the point made by Commissioner  
22 McAllister. This is an important new aspect of our Title  
23 24 regulations. We are going to be watching with great  
24 interest to see how it plays out and how effective it is.

25 And to the degree that we need to address issues

1 that come up or adjust to what we find actually happening  
2 in the real world, you're going to find us open and  
3 interested to hearing about that and learning from this  
4 experience.

5           It's a high priority to the Commission to make  
6 this work. This is clearly an area where we can help  
7 ensure better results across the board, and on the ground,  
8 and we hope to be able to achieve that through this  
9 program.

10           COMMISSIONER SCOTT: I just had one question.  
11 And I got a good, a really good briefing from Joan and from  
12 her team on this, so thank you very much for that.

13           And you mentioned this both in the briefing to me  
14 and also in your presentation, but you talked about both  
15 applications meeting the standards for approval and it  
16 might be helpful if you just reiterate what the standards  
17 for approval were.

18           MS. WALTER: Those are quite lengthy and  
19 technical.

20           COMMISSIONER SCOTT: Maybe not in great detail  
21 about --

22           MS. WALTER: And they are included in the backup  
23 materials for these items. And we've touched briefly on  
24 that in the presentation at the October 6th meeting. So, I  
25 can go through those items or we can use the record to

1 reference them.

2 COMMISSIONER SCOTT: I think that's fine. I just  
3 wanted to emphasize that you had made that point.

4 MS. WALTER: Yes.

5 COMMISSIONER MC ALLISTER: Great, so I will move  
6 Item 12.

7 COMMISSIONER DOUGLAS: Second.

8 CHAIRPERSON WEISENMILLER: All those in favor?

9 (Ayes)

10 CHAIRPERSON WEISENMILLER: Item 12 is adopted  
11 four to zero. Thank you.

12 Let's go on to Item 13, Appliance Efficiency  
13 Enforcement Rulemaking.

14 John Nuffer, please.

15 MR. NUFFER: Good afternoon, Chair Weisenmiller  
16 and Commissioners. I'm John Nuffer with the Appliances and  
17 Existing Buildings Office. With me today is Galen Lemei,  
18 from the Chief Counsel's Office.

19 And we're here today to ask you to consider  
20 adopting regulations which would establish an  
21 administrative enforcement process.

22 This process would allow the Energy Commission to  
23 impose monetary penalties for violations of the Appliance  
24 Efficiency Regulations.

25 As you know, the Appliance Efficiency Regulations

1 set minimum energy and water efficiency standards for  
2 specified appliances and require those appliances to be  
3 tested, properly marked, and included in the Commission's  
4 database of eligible appliances before they may be sold or  
5 offered for sale in California.

6 In addition to significant energy and water  
7 savings, these standards have saved California consumers  
8 billions over the last 40 years. They've also helped  
9 reduce greenhouse gas emissions, conserve resources, and  
10 mitigate the need to build new power plants.

11 However, such benefits can only be achieved and  
12 sustained with adequate enforcement of the Appliance  
13 Efficiency Regulations.

14 Currently, the Energy Commission's authority to  
15 enforce the Appliance Efficiency Regulations includes, but  
16 is not limited, to issuing administrative decisions that  
17 determine noncompliance and ordering actions, such as  
18 removal of noncompliant products from the appliance  
19 efficiency database. The Commission may also currently  
20 seek mandatory or prohibitory injunctive relief to compel  
21 desired conduct.

22 With the passage of Senator Pavley's bill in  
23 2011, Senate Bill 454, the Legislature gave the Energy  
24 Commission additional enforcement authority to impose  
25 monetary penalties for violations of the Appliance

1 Efficiency Regulations.

2 In adopting Senate Bill 454, the Legislature  
3 found that significant quantities of appliances were being  
4 sold or offered for sale in California that did not meet  
5 the State's energy and water efficiency standards. It also  
6 recognized that inadequate certification of appliances was  
7 undermining the State's ability to manage its energy  
8 consumption, conserve resources, reduce greenhouse gas  
9 emissions, and protect consumers and businesses.

10 The Legislature also found that violations of the  
11 Appliance Efficiency Regulations saddled consumers with  
12 hidden, long-term operational costs and put responsible  
13 companies doing business in California at a significant  
14 competitive disadvantage.

15 Senator Pavley's bill authorized the Commission  
16 to assess penalties for violations of the Appliance  
17 Efficiency Regulations. Her bill specified a number of  
18 factors that must be considered in assessing a penalty,  
19 which are similar to those considered by the California Air  
20 Resources Board and the U.S. Department of Energy.

21 The bill also allowed monetary penalties to be  
22 assessed by a court, through a civil action, or by the  
23 Energy Commission through an administrative action.

24 In the case of an administrative action by the  
25 Energy Commission, it required a formal hearing process

1 before the implementation of a penalty and allowed for  
2 judicial review.

3           The process of implementing this new legislative  
4 authority began with a scoping workshop, the purpose of  
5 which was to engage and begin a dialogue with stakeholders.  
6 After considering comments from the scoping workshop, staff  
7 prepared a first draft of proposed enforcement regulations.

8           This draft was presented and discussed at a  
9 subsequent workshop in February of this year. We received  
10 and considered more comments and revised the draft  
11 regulations.

12           We formally submitted proposed regulations to the  
13 Office of Administrative Law in August, which OAL published  
14 on August 29th, for a 45-day public review. After the 45-  
15 day public review we held a public hearing on October 20th  
16 to discuss and solicit additional comments on the proposed  
17 regulations.

18           We gave careful consideration to all of the  
19 comments received during the drafting and vetting of the  
20 proposed regulations. And during this process we kept in  
21 mind that a key goal of the legislation was to ensure a  
22 fair and level playing field for all businesses.

23           The proposed regulations establish a deliberate,  
24 straight forward and understandable process that convey to  
25 regulated entities four basic things. First, who may be

1 subject to a penalty. Second, what factors shall be  
2 considered in assessing a penalty. Three, how the  
3 Commission must proceed in proposing a penalty. And four,  
4 a regulated entity's rights to due process.

5 In terms of who may be subject to a penalty, I'd  
6 like to point out that we consider internet sellers to be  
7 the same as brick and mortar retailers. Internet sellers  
8 will be subject to the new enforcement regulations, just  
9 like retail stores.

10 To convey that message, we will be reaching out  
11 to internet sellers as part of our Compliance Assistance  
12 Program prior to any assessment

13 In terms of what factors shall be considered in  
14 assessing a penalty, it's important that I point out the  
15 nine factors that are specified in regulations. These must  
16 be considered before the implementation of a penalty.

17 In assessing a penalty, it's important that I  
18 point out the nine factors that are specified in  
19 regulations. These must be considered before the  
20 implementation of a penalty.

21 First, the nature and seriousness of a violation.  
22 Second, the history and number of past violations. Third,  
23 the length of time over which a violation occurred.  
24 Fourth, the willfulness of a violation. Fifth, the harm to  
25 consumers and to the State. Sixth, the number of persons

1 responsible for a violation. Seven, a responsible person's  
2 efforts to correct a violation prior to initiation of an  
3 enforcement action by the Energy Commission. And ninth,  
4 the assets, liabilities and net worth of responsible  
5 persons which can only be considered to reduce a monetary  
6 liability. And should a responsible person elect to  
7 provide that information to demonstrate that a reduction in  
8 a penalty is necessary to avoid an undue burden.

9           The application of these nine factors to  
10 different sets of facts and circumstances will result in  
11 different conclusions. For example, the application of  
12 these factors to a certification violation resulting from  
13 an inadvertent clerical error involving the sale of 100  
14 light bulbs will result in a much different conclusion than  
15 the willful sale of thousands of large appliances that  
16 don't meet the State's energy or water efficiency  
17 standards.

18           In terms of how the Commission shall proceed when  
19 imposing a penalty, I'd like to point out that staff made  
20 one minor, nonsubstantive change to the proposed  
21 regulations related to how notices of violations shall be  
22 delivered.

23           Section 1609(c), of the 45-day language,  
24 previously read in part, "The Executive Director or his  
25 designee shall send a written notice of violation to any

1 person in violation of this article".

2           And I'll read that again, "The Executive Director  
3 or his designee shall send a written notice of violation to  
4 any person in violation of this article".

5           In response to that, we got questions from  
6 stakeholders about the manner in which that would be sent.  
7 So, we revised the 45-day language to read, "The Executive  
8 Director or his designee shall send a written notice of  
9 violation by certified mail, registered mail to non-U.S.  
10 destinations, or other means that provide actual notice to  
11 the person in violation of this article".

12           So, we've added certified mail, registered mail,  
13 or other means that provide actual notice to the person in  
14 violation. This was non-substantial change that clarified,  
15 without materially altering, the original text.

16           The current regulations are found in California  
17 Code of Regulations, Title 20, section 1601 through 1608.  
18 The new administrative enforcement process would be added  
19 in a new section, 1609.

20           Commissioners, if you choose to adopt these  
21 regulations, we will be preparing a rulemaking package for  
22 submittal to the Office of Administrative Law. With their  
23 approval, the regulations would take effect some time  
24 during the first quarter of 2015.

25           That concludes my presentation and we'd be happy

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1 to answer questions.

2 CHAIRPERSON WEISENMILLER: Thank you.

3 We have two comments, so let's hear those and  
4 then we'll turn to questions.

5 Let's start with the Association of Home  
6 Appliance Manufacturers.

7 MR. MESSNER: Thank you, Mr. Chairman,  
8 Commissioners. I'm Kevin Messner. I represent the  
9 Association of Home Appliance Manufacturers.

10 I'll start off positive, thanks for the addition  
11 of the certification mail, that's a good thing.

12 But I wanted to focus on a not-so-good thing. I  
13 guess, just one final plea to the reasonableness and  
14 fairness of the regulations. And right now there is no cap  
15 on the amount that can be held over the head of a company.

16 So, into the extreme, a billion dollars could be  
17 the fine for a minor area and you have real people, and  
18 small, potentially family-owned businesses, who are signing  
19 that this is the case. And the government, CEC could come  
20 with a fine that could put the company out of business.

21 That is something that this is really not  
22 reasonable and really not fair to have no cap whatsoever.

23 And I realize that there are considerations. But  
24 one example I was trying to -- trying to, hopefully, this  
25 will help make the case is it's ninth of nine factors,

1 would the CEC feel warmly or feel this is a good thing that  
2 I can hang my hat on if back in, let's say, the Bush  
3 Administration, they said we will consider the CEC's  
4 appliance regulations, and consider means carefully think  
5 of, and it will be considered. We'll run it through OMB,  
6 we'll have the State Department check treaties. We'll even  
7 have it go to the President's desk. But we'll consider  
8 CEC's appliance. Would that give you guys warm fuzzies if  
9 the consideration is enough?

10           The net assets of a company and somebody signing  
11 these, it's just unreasonable to not have a cap. Even the  
12 Consumer Product Safety Commission has a \$15 million cap  
13 and that's for children's safety, life and health.

14           Here, you could have a trillion dollars hanging  
15 over the head of a company. I'm just pleading to  
16 reasonableness and fairness.

17           And one last point is this morning I saw an  
18 agenda. I'm actually going abroad to a developing country,  
19 to a U.S.-funded democratization effort to try to get their  
20 governments more transparent, more open, less -- more fair  
21 in how they're doing this. And this is not an example that  
22 I would bring on that mission to try to show governments  
23 being reasonable and fair to companies.

24           So, I don't know what else to say on this besides  
25 plead that before you do this put some kind of cap. We

1 offered \$500,000, CPSCS \$15 million. But something so that  
2 somebody that has to certify this, an engineer in a small  
3 company can sit and say this is not going to put my company  
4 out of business if something goes wrong, something, some  
5 kind of cap.

6 So, I just hope that you'll consider that before  
7 you approve it. Thank you.

8 CHAIRPERSON WEISENMILLER: Okay, thank you.

9 NRDC?

10 MS. HEAVEY: Good afternoon, my name is Christa  
11 Heavey and I am here on behalf of Natural Resources Defense  
12 Council. Thank you for the opportunity to comment today.

13 NRDC strongly supports the proposed regulations  
14 and commends the Commission for its work on this issue.  
15 Appliance efficiency standards are the most cost-effective  
16 way to meet California's energy needs and carbon pollution  
17 reduction goals by avoiding the need to build new power  
18 plants and saving California's money on their energy bills.

19 Appliance standards have saved Californians  
20 nearly \$40 billion since the 1970s.

21 However, Senate Bill 454 estimated that a  
22 significant share of appliances sold and offered for sale  
23 in California do not meet the State's efficiency standards.

24 Effective enforcement of existing standards  
25 through the proposed regulation could save Californians

1 several billion dollars in reduced utility bills over the  
2 next decade.

3 This regulation gives the Commission the  
4 flexibility to set appropriate fines, depending on the  
5 circumstance, so that the efficiency standards can be  
6 enforced without enforcing undue or unreasonable penalties.

7 NRDC thanks the Energy Commission for its  
8 commitment to developing effective, balanced and flexible  
9 enforcement regulations that will help California consumers  
10 and businesses get the most environmental and economic  
11 benefits out of appliance efficiency standards.

12 Thank you for your work on this issue.

13 CHAIRPERSON WEISENMILLER: Thank you.

14 I believe that's all the comment we have from the  
15 audience, so let's turn to the Commissioners?

16 COMMISSIONER DOUGLAS: There's none on the phone?

17 CHAIRPERSON WEISENMILLER: None on the phone, I  
18 believe, right? No.

19 COMMISSIONER DOUGLAS: All right, well, I'll  
20 start and I'm sure between Commissioner McAllister and I  
21 we'll have a fair number of comments as we had the  
22 opportunity to work together on this package. And I want  
23 to -- maybe I'll even start by thanking him for the work we  
24 did together on this.

25 And I have a couple high-level comments, I guess,

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1 to start. First of all, I agree with the comment from NRDC  
2 that our appliance efficiency standards are one of the most  
3 important things the Commission does, and has done over the  
4 decades. And we have achieved many really important  
5 benefits for the State of California, as a whole, and for  
6 consumers within the State through these efficiency  
7 standards by reducing energy use, by reducing costs, by  
8 reducing people's bills.

9           And time and time again we've seen the industry  
10 able to step up, meet our standards, and more often than  
11 not, in some cases, exceed them before we even necessarily  
12 expected them to be exceeded.

13           So, we've got a very nice track record on  
14 appliance efficiency standards. And at the same time, of  
15 course, without the actual enforcement authority provided  
16 by SB 454 we did not have the same ability that this law,  
17 and these regs would give us to ensure a level playing  
18 field, and just really be able to ensure that the  
19 requirements are followed, they're followed by everyone.

20           And the first approach that we take to this is  
21 really built on our history here, where we are really  
22 trying to get compliance with the standards. So, this is  
23 not about getting record fines and it's not about, you  
24 know, going all out on being, necessarily, the appliance  
25 efficiency police.

1           But it is about making sure that we get  
2 compliance, that we do outreach with industry, that we --  
3 when we see problems, we communicate those problems and we  
4 get things fixed.

5           And having this authority to fine companies that  
6 are, you know, not following the rules in California and  
7 getting, in many cases, some competitive advantage for  
8 doing so is a really important part of both continuing to  
9 deliver the benefits to Californians of the standards, and  
10 also of ensuring a level playing field for companies doing  
11 business in the State.

12           I just wanted to briefly address the concern or  
13 the request for a cap on penalties. We did consider that.  
14 That was brought to us in, I think, probably both  
15 workshops, and in written comments. And I'll just say that  
16 Commissioner McAllister and I looked at it. We considered  
17 it on one, you know, the concern was raised and it was  
18 articulated today that one could -- if you ignore the  
19 factors and you just think about, you know, theoretically,  
20 how high could I get this fine if I imagine a boatload of  
21 noncompliant light bulbs or something like that. You can  
22 do the math and construct a pretty high number.

23           But that's assuming a lot. It's assuming, you  
24 know, a maximum fine for every unit. And that's really not  
25 the way this is designed.

1           I mean, the way this law is designed and the  
2 proposed regulations very, very, very closely track the  
3 law, we are balancing a number of factors. The Legislature  
4 gave us a good many factors to look at in considering what  
5 an appropriate fine might be.

6           And these factors, in mitigation so to speak, are  
7 going to be important and they're going to have weight, and  
8 they will -- and so, as we implement this law, the  
9 Commission has discretion.

10           But the prospect of a paperwork error costing the  
11 amounts of money that we just talked about are really not  
12 contemplated within the structure of the law and not the  
13 sort of thing that would be, frankly, realistic.

14           We did look at other agencies, though. We did a  
15 quick survey of other types of administrative enforcement  
16 programs, and did they have fines, and did they not -- or  
17 not fines. Did they have caps, and did they not? And to  
18 the extent they had caps were they legislative or were they  
19 administrative? So, we did look and do some comparative  
20 work there.

21           And so the other side of the cap question is  
22 always at what point does not following a rule in order to  
23 gain competitive just become a cost of doing business? And  
24 so, you know, the danger of coming out and saying, you  
25 know, no matter what happens this is the cap, is that it

1 becomes very easy to calculate costs of doing business.

2 And that was something that -- you know, and you  
3 multiply that by what you think your chances are of getting  
4 caught and, you know, and so on.

5 And that's not really the approach we want to  
6 take here, either. We really want to achieve compliance  
7 with these standards. We want to achieve it wherever  
8 possible by working collaboratively with the industry and  
9 providing early, and multiple opportunities for correction  
10 of errors, and bringing people into compliance. That's  
11 really the goal here.

12 I think those are -- you know, I may have a few  
13 more comments or I will have a few more comments after we  
14 take action, but I'll stop with that for now.

15 COMMISSIONER MC ALLISTER: Great. So, thanks  
16 Commissioner Douglas. And again, a place where we've  
17 worked together closely and it's really been a pleasure.  
18 And just getting, I think sort of our backgrounds  
19 complement each other in a way that ends up covering all  
20 the bases, one of us or the other.

21 And together, with a great staff on this item.  
22 We'll have a few, quite a few people on staff, actually, to  
23 thank here if we do vote this out positively here.

24 But I wanted to -- well, I want to make a couple  
25 of comments. One, just to reiterate about the cap

1 discussion. We have looked at this seriously and I think  
2 comparing, looking at what other agencies in the California  
3 context have done is helpful in coming to the place where  
4 we ended up on that issue. Both in the statute and the  
5 regs, whatever agency they are in, going now across the  
6 different agencies in the State, but also the real outcomes  
7 of what caps are actually being -- or what -- I'm sorry,  
8 what penalties are actually being levied.

9           So, there is kind of a realistic -- there is some  
10 reality to compare to here. It's not just pie in the sky,  
11 what could happen in theory. Actually, there is some  
12 reality we could look at there and we did.

13           And I wanted to just sort of take a little bit of  
14 issue on the comments on how this would not be an example  
15 for a democratization program in a developing world. I've  
16 worked on many of those programs. I lived abroad for a  
17 number of -- for many years, over a decade, worked in  
18 environments where those programs were actually being  
19 funded by USAID, and the State Department, et cetera.

20           And one of the main things that we saw over and  
21 over again was that you need regulators that had teeth in  
22 places like that or you didn't have a civil society that  
23 functioned well.

24           And this is -- if you take our appliance  
25 standards over time and you look at what they've

1 accomplished, they are a result of a robust civil society  
2 that produces incredible value for that society.

3 And so this, I see SB 454 implementation in that  
4 context very clearly. And, in fact, in many developing  
5 countries, we're working with Mexico for example on some of  
6 the standard stuff. Within the U.S. we're working across  
7 states to harmonize.

8 They would be well-served by looking at  
9 California's example to ensure that efficient appliances  
10 come into their economies and don't weigh them down, and  
11 avoid weighing them down with inefficient devices that use  
12 too much energy because their power sectors, typically,  
13 would benefit from that tremendously.

14 So, I really see, in some contrast to the comment  
15 that was made, that this is a positive example of the way  
16 government can work and not government imposing some kind  
17 of an undue burden in theory or in reality.

18 So, anyway, I think I'm obviously very supportive  
19 of this. I want to thank -- I'll go ahead and thank staff,  
20 if you will indulge me. Okay, great.

21 Great. Any other comments? Okay.

22 COMMISSIONER DOUGLAS: So, with that I will move  
23 approval of, what item are we on, Item 13.

24 COMMISSIONER SCOTT: Second.

25 CHAIRPERSON WEISENMILLER: All those in favor?

1 (Ayes)

2 CHAIRPERSON WEISENMILLER: Item 13 passes four to  
3 zero.

4 COMMISSIONER DOUGLAS: All right. And now that  
5 we've taken action on this item I do want to move through  
6 and just thank some of the folks on our staff team for  
7 their very hard work on this.

8 This was also a heavy lift that took many years  
9 just to think through how to apply this law, go through the  
10 process that John described. But, certainly, John Nuffer,  
11 Maunee Bernstein, Bruce Helft, Bill Diedrich, Consuelo  
12 Martinez, Chuck Beddow, Galen Lemei, Gabriel Vivas, Kevin  
13 Bell, Pippin Brehler. And that's my list, but there  
14 probably are more people who we should think of.

15 Yes, I'm going to --

16 COMMISSIONER MC ALLISTER: That was exactly what  
17 I was going to --

18 COMMISSIONER DOUGLAS: Good, we're going to add  
19 to the list. And, of course, the advisors help compile  
20 lists like these and they also need to be thanked. So, on  
21 my staff, Jennifer Nelson, and Christine Stora, and also  
22 Eli Harland, who is now back in the research side, but  
23 worked with me on a lot of this.

24 And I'll let you.

25 COMMISSIONER MC ALLISTER: Yeah, absolutely, Pat

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1 Saxton is my go-to guy on this stuff in my office, and he  
2 did a stellar job on this, and Hazel Miranda stepping in  
3 when needed, so thanks to both of them.

4 COMMISSIONER DOUGLAS: Good. And, you know, we  
5 will also be leaning on staff, as I know they're going to  
6 finish the package and get it to OAL. But we're also going  
7 to be very quickly talking to you about compliance  
8 assistance, and outreach to industry.

9 And, you know, we all heard Kevin Messner, your  
10 comments about some of the industry concerns that may be  
11 out there and so, I'd like to offer you the -- just make  
12 sure that you know that we are very interested in working  
13 with you, working with AHAM, working with others to make  
14 the rollout of this new authority as smooth as possible.

15 And really, again, I'll just reiterate it, I'll  
16 say it again, help people come into compliance, do this  
17 kind of outreach. So, whatever suggestions or ideas you  
18 may have for how we make that work more smoothly, we're  
19 very interested in working with you.

20 COMMISSIONER SCOTT: I'd just add, also, a big  
21 thank to both Commissioner Douglas and Commissioner  
22 McAllister for the thought and care that they put into this  
23 and for their leadership on this issue. Thank you.

24 CHAIRPERSON WEISENMILLER: Great. So, let's go  
25 on to Item 14, Renewable Portfolio Standard Program,

1 Implementation of Assembly Bill 1478.

2 Lynette Green, please.

3 MS. GREEN: Good afternoon, Chair Weisenmiller  
4 and Commissioners. I'm Lynette Green, with the  
5 Commission's Renewable Energy Division.

6 With me is Gabe Herrera, Staff Attorney.

7 We are seeking approval of a resolution that  
8 would revise the requirements in the Renewables Portfolio  
9 Standard Eligibility Guidebook to implement Assembly Bill  
10 1478, which was signed into law and became effective in  
11 September of this year.

12 AB 1478 amends the eligibility requirements of a  
13 hydroelectric generation unit with a nameplate capacity up  
14 to 40 megawatts that is operated as part of a water supply  
15 or conveyance system as an eligible renewable energy  
16 resource for California's Renewables Portfolio Standard.

17 The RPS Guidebook is revised periodically to  
18 reflect statutory, market and regulatory developments, and  
19 to respond to lessons learned through implementing the  
20 program.

21 The Guidebook was revised to implement changes in  
22 law under Senate Bill X1-2 in 2012 and 2013.

23 Prior to that time, the law generally limited RPS  
24 eligibility of hydroelectric facilities to 30 megawatts in  
25 size. Senate Bill X1-2 created a new category by

1 establishing hydroelectric generating units up to 40  
2 megawatts as eligible renewable energy resources if they  
3 are operated as part of a water supply or conveyance system  
4 and meet other criteria.

5 AB 1478 amends the eligibility requirements for  
6 such generation units, clarifies eligibility dates and  
7 imposes certain limitations onto load-serving entities that  
8 can use the generation for their RPS procurement  
9 requirements.

10 To implement AB 1478 quickly and to process  
11 applications expediently, staff proposes that the  
12 Commission adopt staff's proposed revisions to the RPS  
13 Eligibility Guidebook as set forth in Attachment A, to  
14 Resolution 14-1117-SX, which are available as backup  
15 materials for this agenda item on the Commission's website.

16 I'd like to summarize the resolution's key  
17 points. The generation unit must be operated as part of a  
18 water supply and conveyance system, and be subject to the  
19 definition of a project as defined by the Energy  
20 Commission.

21 A generation unit may be considered a separate  
22 project, even though the unit is part of a larger  
23 hydroelectric facility, provided it is metered separately  
24 from any other generation unit.

25 RPS eligibility is limited to those units for

1 which an application was submitted to the Energy Commission  
2 before January 1st, 2013.

3 The eligibility of these units applies beginning  
4 January 1st, 2011. The generation unit must have commenced  
5 commercial operations and a retail sellers, or local  
6 publicly-owned electric utility must have procured  
7 electricity from the generation unit on or before December  
8 31st, 2005.

9 The eligibility of a unit is limited to the  
10 retailer seller or publicly-owned electric utility that  
11 procured electricity from the unit as of December 31st,  
12 2005.

13 A local, publicly-owned electric utility that  
14 meets the criteria of subdivision J, of section 399.30 may  
15 sell to other publicly-owned utilities up to 100,000-  
16 megawatt hours which can be used by the purchasing POUs for  
17 their own RPS requirements.

18 The POU seller must report such sales to the  
19 Energy Commission as specified.

20 We received to sets of written comments and staff  
21 have reviewed and considered them. They have been docketed  
22 and posted online.

23 At this time, staff don't recommend additional  
24 changes to the proposed revisions to the RPS Eligibility  
25 Guidebook, but may consider them in the next Guidebook

1 revision, which is planned for early next year.

2 That concludes my presentation. We're happy to  
3 answer any questions you might have.

4 CHAIRPERSON WEISENMILLER: Great, thank you.

5 Let's go to Friant Power Authority.

6 MR. BLAISING: Thank you very much. Scott  
7 Blaising representing the Friant Power Authority.

8 First of all, I'd like to commend staff. They  
9 have spent an inordinate amount of time working with Friant  
10 to try to find different ways by which the regulations can  
11 be implemented in a manner that doesn't impact Friant, we  
12 believe in a way that was not intended by the Legislature.

13 Our challenge is that the way the law has been  
14 interpreted by staff, we believe that would impair Friant's  
15 existing contracts they have, as described in the letter  
16 that has been docketed. And I won't go over that in  
17 detail, other than to say that Friant is a bit unusual.

18 They have three existing units, two of which certainly are  
19 water supplier conveyance facilities. The other one  
20 probably is. And those have contracts that currently are  
21 with PG&E, that at the end of 2015 those will transfer to  
22 the City of Santa Clara.

23 Friant also has a new facility that is being  
24 constructed and that new unit also has a contract with  
25 Santa Clara.

1           The challenge is in the language that constrains  
2 the output from those facilities to just either a retail  
3 seller or a publicly-owned utility. Friant lies in  
4 between. And we've tried to work with staff to bring forth  
5 these concerns and try to modify the regulations in such a  
6 way that it doesn't create a worse problem, opening up some  
7 potential loopholes, but we believe applying it to Friant.

8           Appreciate, again, all the time that they've  
9 given to us. They've suggested that perhaps further  
10 regulations could address Friant's concerns.

11           We'd ask, though, that this would be the  
12 opportunity where you can incorporate the changes in such a  
13 way that it doesn't impact any other party but, rather,  
14 does recognize Friant and the water supply conveyance  
15 system units that Friant operates.

16           Appreciate your consideration, thank you.

17           CHAIRPERSON WEISENMILLER: Thank you.

18           Staff, do you want to address Friant's proposals?

19           MR. HERRERA: Good afternoon, Commissioners, Gabe  
20 Herrera with Energy Commission's Legal Office.

21           As Mr. Blaising indicated, we have discussed with  
22 them proposals and proposed changes to staff's  
23 recommendations. We think those proposals are problematic  
24 because what they would set up is a change in the way the  
25 Commission has been applying its 30-megawatt cap to

1 existing hydroelectric facilities.

2           From the start of the RPS program, the way the  
3 Commission and Commission staff have applied that 30-  
4 megawatt cap is to apply it to all the generating units at  
5 a given project, which would include all the hydroelectric  
6 units at a given dam.

7           And the challenge with Friant is that right now  
8 they've got some existing hydroelectric units that are  
9 certified as one project because the sum capacity of those  
10 units is less than 30 megawatts.

11           They've proposed an additional new unit, which  
12 would take them above the 30-megawatt cap. That's the  
13 problem.

14           And so, the way staff has proposed to address  
15 that would be to separately certify the water supply --  
16 excuse me, one of the existing units as a water supply  
17 conveyance unit, or perhaps several, and then certify the  
18 remainders as a project under 30.

19           We think there is flexibility under the statute  
20 and under the amendments by AB 1478 to do that. But that  
21 comes with some limitations which could impact Friant.

22           As Mr. Blaising indicated, if a facility is  
23 certified as a water supplying conveyance system then the  
24 law, as amended by AB 1478, requires that that power be RPS  
25 eligible only for the POU or retail seller that procured it

1 as of 12/31/2005.

2 That language is pretty clear in AB 1478 and so  
3 we really don't think we have any flexibility. But we're  
4 certainly interested in working with Friant to try to  
5 figure out a way that would result in the less -- you know,  
6 the least amount of impact to their existing contracts.

7 One of the things that Ms. Green mentioned is  
8 that we are working on a set of broader Guidebook changes.  
9 In the context of those broader Guidebook changes, perhaps  
10 we can figure out a way to lessen the impact on Friant.

11 But right now, we're not proposing any changes to  
12 what's being proposed.

13 CHAIRPERSON WEISENMILLER: Okay. Well, thank  
14 you.

15 Any other comments or response?

16 Then let's go to Commissioner questions or  
17 comments.

18 COMMISSIONER DOUGLAS: I'll step in, briefly,  
19 just to say that I got a briefing on this item and I  
20 appreciated that because it is a complex area. And I've  
21 been involved in some of the renewables issues, although  
22 not terribly directly more recently because, of course,  
23 Commissioner Hochschild's lead Commissioner on renewables.

24 But, certainly, for a period of time there when  
25 we were getting our RPS regulations, when we were getting

1 that to OAL, and also in some past time on the Commission.  
2 So, I've got some reasonable perspective on how complex  
3 these things can be, both in terms of the legal and  
4 regulatory scheme, and then even more so when you're trying  
5 to apply these rules to real projects on the ground, and  
6 real -- with real circumstances and facts.

7           And so, this is one that definitely took some  
8 unpacking to get through and I appreciate some of the  
9 challenges it presented to Friant and to staff. And I,  
10 personally, think that the proposal here is reasonable in  
11 the proposed resolution.

12           And also appreciate, as you noted, I think, Gabe,  
13 continuing interest in working with Friant going forward  
14 because, you know, there may be additional approaches we  
15 could take, or things we could think about.

16           But, I don't know, those are my comments for now.

17           COMMISSIONER MC ALLISTER: Yeah, I just kind of  
18 wanted to point out that often, I think, Gabe, you summed  
19 it up well, interpretation of statute is something that has  
20 to be very deliberate. And in a place like California,  
21 that really has a huge variety of projects, and developers,  
22 and situations, and jurisdictions overlapping on any given  
23 project, the facts of the case really matter.

24           So, I heard you saying that there was still --  
25 there was a path forward, but that the interpretation that

1 basically we're forced to maintain is one that is clear on  
2 that aspect at the moment, and reflected in this proposal.  
3 So, on that aspect I definitely support it.

4 CHAIRPERSON WEISENMILLER: Yeah, and I was going  
5 to say, certainly we both have -- Commissioner Douglas and  
6 I both have had a lot of experience in the renewable area  
7 on the development of the Guidebook and the regulations.  
8 And, you know, I've talked to Commissioner Hochschild about  
9 this who, unfortunately, can't be here today.

10 But having said that, you know, we do take our  
11 guidance from the Legislature. And, you know, as we try to  
12 work with people, we certainly -- part of the touchstone is  
13 to make sure that as we do that that it's embedded in the  
14 overall regulations, but also that it certainly reflects  
15 the guidance or directions we've been given by the  
16 Legislature.

17 And this is an area where, in spite of what may  
18 be some consequences, we have clear statutory direction in  
19 many respects. And appreciate the staff continuing to work  
20 with Friant to try to see if there's any way to thread the  
21 needle.

22 But I think at this point, today, we certainly  
23 have, I think, the best outcome to come up with to  
24 really -- you know, as I understand it, we certainly have  
25 the City and County of San Francisco urging us to move

1 forward quickly, and this has been an issue that's been  
2 pending for a while.

3 So, I think we really need to take action today.  
4 And as staff indicated, as we go forward into the next  
5 Guidebook revision, you know, there may be some way to find  
6 some additional relief for Friant. But again, whatever we  
7 do come up with in that area, it really has to be within  
8 the context of the law as written.

9 So, with that I'll take a motion.

10 COMMISSIONER DOUGLAS: So, yeah, I'll move  
11 approval of Item 14.

12 COMMISSIONER MC ALLISTER: I'll second.

13 CHAIRPERSON WEISENMILLER: All those in favor?

14 (Ayes)

15 CHAIRPERSON WEISENMILLER: So, this item passes  
16 four to zero.

17 Thank you. Thank you, staff.

18 Okay, so let's go on to Item Number 15, South  
19 Coast Air Quality Management District.

20 Sam Lerman, please.

21 MR. LERMAN: Good afternoon, Commissioners, my  
22 name is Sam Lerman from the Fuels and Transportation  
23 Division.

24 Item 15 is a proposed resolution for a \$1.4  
25 million interagency agreement with the South Coast Air

1 Quality Management District.

2           The goal of this agreement is to demonstrate the  
3 feasibility of supplying electrical power to heavy-duty  
4 trucks via overhead catenary wire.

5           Up on the screen is a picture of similar  
6 technology operating on a test track in Germany. In this  
7 picture, a pantograph system on top of the truck collects  
8 electrical power via catenary lines, allowing the truck to  
9 operate in all-electric mode while engaged with the  
10 catenary wire.

11           The proposed agreement before you today is for  
12 the installation of overhead catenary line infrastructure  
13 along a one-mile test track in Carson, California.

14           In June of 2013, the Energy Commission approved a  
15 separate award with South Coast to install pantograph  
16 systems on existing heavy-duty trucks that will be used in  
17 this demonstration.

18           When entering road corridors with overhead  
19 catenary lines, the pantograph systems will verify the  
20 proximity of the contact lines and allow drivers to raise  
21 the pantographs from within the cabs of the trucks.

22           While on the catenary, the trucks will switch  
23 from diesel to all-electric mode, and upon exiting the  
24 catenary, the pantographs will automatically retract.

25           The support poles will be designed with automatic

1 tensioning devices that will ensure proper tensioning of  
2 the system and also allow the trucks to move between  
3 different lanes.

4           This project is part of the I-710 zero-emission  
5 freight corridor project, which is evaluating alternative  
6 fuel technologies for the heavily-polluted South Coast Air  
7 Basin on Interstate I-710 between Ocean Boulevard and State  
8 Route 60.

9           The I-710 corridor serves as a vital  
10 transportation artery as it links the Port of Los Angeles  
11 and Port of Long Beach to Southern California and the rest  
12 of the country.

13           Due to population growth, growth of international  
14 cargo shipped through the ports, and aging infrastructure,  
15 the region currently experiences serious congestion and air  
16 pollution issues.

17           Additional overhead catenary infrastructure may  
18 be installed along the I-710 corridor to help alleviate  
19 pollution in this area, if this demonstration proves  
20 successful.

21           With that, I request your approval of this item  
22 and I welcome any questions you have.

23           CHAIRPERSON WEISENMILLER: Thank you.

24           We also have a gentleman from the South Coast on  
25 the line, if we have questions.

1           COMMISSIONER SCOTT: So, thanks for that  
2 presentation, Sam. I just wanted to share with you all  
3 this is -- it's great to see the continuation of this  
4 project, I think moving forward from that original  
5 pantograph system that we funded and now on to the catenary  
6 lines.

7           As you all know, the zero-emissions goods  
8 movement in the Ports of L.A. and Long Beach region are  
9 really important. And so, it's important for us to pilot,  
10 and test, and demonstrate technologies like this.

11           I did have a question for you about the  
12 anticipated timeline for this portion of the project?

13           MR. LERMAN: So, anticipated completion of the  
14 infrastructure is going to be late this summer or early  
15 next fall, so about a year out.

16           COMMISSIONER SCOTT: Thanks.

17           I will move approval of Item 15.

18           COMMISSIONER MC ALLISTER: I'll second.

19           CHAIRPERSON WEISENMILLER: All those in favor?

20           (Ayes)

21           CHAIRPERSON WEISENMILLER: This item passes four  
22 to zero. Thank you.

23           Let's go on to Item Number 16, CalSTART. Dave  
24 Nichols, please.

25           MR. NICHOLS: Good afternoon, Commissioners. My

101

1 name is David Nichols. I am with the Emerging Fuels and  
2 Transportation Office, and a part of Fuels and  
3 Transportation Division -- Department.

4 I am here today seeking your approval for a  
5 proposal for an agreement, ARV-14-025 with CalSTART, Inc.,  
6 for a \$900,000 grant to develop and demonstrate an  
7 innovative, zero-emission, battery-dominant, fuel cell  
8 hybrid system architecture for a 40-foot, heavy-duty  
9 transit bus.

10 This will lead to the reduction in size and costs  
11 for the bus, making it a more viable product for commercial  
12 use.

13 The recipient responded to our Federal Cost Share  
14 solicitation, PON-13604. The Energy Commission funds will  
15 total 11 percent of the total project. We will be  
16 leveraging \$7.64 million for the project, of which \$4.5  
17 million is derived from Federal funding.

18 Key subcontractors will include El Dorado  
19 National, U.S. Hybrid, BA Systems, and Hydrogenics  
20 Corporation.

21 The most expensive component on a hybrid bus is  
22 the power plant. This project looks to reduce that cost by  
23 70 percent. With this prospect of significantly reducing  
24 cost and size, they're hoping to make these green buses  
25 much more commercially viable.

1           The battery dominant, fuel cell hybrid bus will  
2 be operated by SunLine who, for the past two years, has  
3 operated a seventh generation fuel cell dominant, American  
4 fuel cell bus.

5           In addition, we will be collecting information on  
6 revenue and operation for up to 12 months, while the bus is  
7 in service in the Coachella Valley.

8           We are seeking your approval today and, if you  
9 have any questions, I will be happy to answer them.

10           CHAIRPERSON WEISENMILLER: Thank you.

11           Commissioners, any questions or comments?

12           COMMISSIONER MC ALLISTER: This looks like a  
13 great one. This and the previous item, as well, the  
14 leverage, you know, our funds leveraging significant other  
15 funds and kind of allowing the package to come together I  
16 think is really key, and we reap the benefits right here in  
17 the State. So, it's nice to be able to tell that story.

18           And, certainly, obviously this is a technology  
19 that we've got to push forward, both the hybrid element and  
20 the fuel cell element of it, oh, and the battery element.  
21 All good.

22           So, yeah, a lot of innovation kind of needed and  
23 coming in all of those fronts. So, I'll certainly be  
24 supportive of this.

25           Do you want to move or -- okay, I will move Item

1 16.

2 COMMISSIONER SCOTT: Second.

3 CHAIRPERSON WEISENMILLER: All those in favor?

4 (Ayes)

5 CHAIRPERSON WEISENMILLER: Item 16 passes four to  
6 zero. Thank you.

7 MR. LERMAN: Thank you.

8 CHAIRPERSON WEISENMILLER: Let's go on to Item  
9 17, Pacific Ethanol Development.

10 Larry Rillera.

11 MR. RILLERA: Good afternoon, Commissioners. My  
12 name is Larry Rillera with the Fuels and Transportation  
13 Division.

14 Staff is requesting possible approval of a \$3  
15 million grant to Pacific Ethanol Development for a biofuel  
16 production project under the Alternative and Renewable Fuel  
17 and Vehicle Technology Program.

18 Funding the project will include, one, the  
19 installation of a pretreatment technology needed to break  
20 down the grain sorghum feedstock, which will be acquired as  
21 part of the project, as well.

22 Secondly, it will also acquire approximately  
23 92,000 tons of grain sorghum for commercial ethanol  
24 production facilities located in Stockton and Madera.

25 With this grant, Pacific Ethanol will produce 9

104

1 million gallons of sorghum ethanol, reduce GHG emissions by  
2 more than 18,000 metric tons, and sustain approximately 30  
3 jobs.

4 Thirdly, this grant will fund the development of  
5 a California in-state sorghum program, a collaborative  
6 venture of universities, agricultural communities, seed  
7 vendors and ethanol producers in a focused mission to  
8 support the development of grain sorghum as a reliable  
9 feedstock for the low carbon ethanol industry in  
10 California.

11 Staff is seeking your approval of this proposed  
12 award. And Pacific Ethanol is present if there are any  
13 other questions. Thank you.

14 CHAIRPERSON WEISENMILLER: Thank you.

15 Do you want to say a few words?

16 MR. KOEHLER: Members of the Commission,  
17 appreciate it. My name is Paul Koehler. I'm Vice-  
18 President of Corporate Development for Pacific Ethanol.

19 As you know, we have two plants here in  
20 California, one in Madera and one in Stockton. We've been  
21 fortunate in the last year to be able to restart the Madera  
22 facility, so now we have 100 million gallons of ethanol  
23 producing here in California, producing among the lowest  
24 carbon transportation, liquid transportation fuel  
25 available.

1           This grant will support the continued development  
2 of low carbon fuels using non-corn feedstocks. And we  
3 certainly appreciate your consideration and support of this  
4 funding.

5           It's about a three-year program and we are hoping  
6 that it will -- it will seed a sorghum industry, better  
7 industry here in this State.

8           So, thank you very much and I'd be happy to  
9 answer any questions you might have.

10           CHAIRPERSON WEISENMILLER: Yeah, thank you for  
11 being here.

12           Commissioners, any questions or comments?

13           Well, certainly looking forward to this program  
14 moving forward.

15           COMMISSIONER SCOTT: Thank you for the great  
16 presentation. I'll move approval of Item 17.

17           COMMISSIONER DOUGLAS: I'll second.

18           CHAIRPERSON WEISENMILLER: All those in favor?

19           (Ayes)

20           CHAIRPERSON WEISENMILLER: This item also passes  
21 four to zero.

22           Thanks, Larry.

23           Let's go on to Item 18, City of San Mateo. And  
24 this is Andrew Hom.

25           MR. HOM: Good afternoon, Commissioners. My name

1 is Andrew Hom. I work in the Fuels and Transportation  
2 Division's Emerging Fuels and Technologies Office.

3 Today, I'm seeking approval of an agreement with  
4 the City of San Mateo to sustainably produce low carbon  
5 vehicle fuel from the unused digester gas that is generated  
6 at the City of San Mateo's Wastewater Treatment Plant.

7 This project would utilize funding that is  
8 provided by the Energy Commission's Alternative and  
9 Renewable Fuel and Vehicle Technology Program, and \$2.45  
10 million of match funding being provided by the City of San  
11 Mateo.

12 The project consists of the installation of a  
13 digester gas treatment system which will remove  
14 contaminants and carbon dioxide from the digester gas that  
15 is currently being produced.

16 To utilize the biomethane produced, the City of  
17 San Mateo plans to convert up to 54 of their fleet vehicles  
18 to compressed natural gas and install equipment for  
19 biomethane storage, compression and dispensing in order to  
20 deliver the fuel.

21 The benefits of this project include 160,000  
22 diesel gallon equivalents of biomethane per year, which has  
23 a carbon intensity of nearly 90 percent lower than  
24 conventional, petroleum-based gasoline.

25 This project will also help to create

1 approximately two full time jobs and 15 to 20 part-time  
2 construction jobs.

3 Staff request approval of this item and I would  
4 like to thank you for your consideration.

5 Gogo Heinrich, Project Manager from the City of  
6 San Mateo and Mike Barnes, Project Engineer from Kennedy  
7 Jenks Consultants, are here to answer any questions you may  
8 have.

9 CHAIRPERSON WEISENMILLER: Great, thank you.

10 Commissioners, any questions or comments? Or,  
11 again, San Mateo, do you have any comments you want to  
12 make? Please.

13 MS. HEINRICH: Commissioners, my name's Gogo  
14 Heinrich and I will be the Project Manager for the City of  
15 San Mateo. And I really am looking forward to working on  
16 this project.

17 COMMISSIONER SCOTT: Thank you. And thank you  
18 for being here today. We look forward to partnering with  
19 you on this project, as well.

20 Any questions?

21 COMMISSIONER MC ALLISTER: I know that I watched  
22 a similar project happen down in San Diego, where they're  
23 using the biogas from a wastewater treatment plant, and  
24 getting it around to where it needs to be, which is often  
25 the challenge from there. How do you actually transport it

1 from the source to the particular places that could use it.

2 But it's a resource we have sitting there that we  
3 really have to use and it makes all the sense in the world.  
4 So, thanks for working so hard to make it happen in the  
5 City.

6 COMMISSIONER SCOTT: And I'll just note we had a  
7 really exciting suite of projects before us today. We  
8 looked at technology with a catenary system, and cost  
9 reductions in fuel cell electric vehicle in the heavy-duty  
10 space, and that may help pave the way for  
11 commercialization, which is pretty exciting. Developing  
12 the new feedstocks in the valley.

13 And then we have this project before us,  
14 capturing the waste methane and then using it in the  
15 trucks.

16 And so, I'm excited about these projects and I'd  
17 move approval of Item 18.

18 COMMISSIONER DOUGLAS: Second.

19 CHAIRPERSON WEISENMILLER: All those in favor?

20 (Ayes)

21 CHAIRPERSON WEISENMILLER: Item 18 passes four to  
22 zero.

23 Thank you, thanks for being here.

24 COMMISSIONER DOUGLAS: Yeah, thanks for being  
25 here.

1 MR. RILLERA: Thank you.

2 CHAIRPERSON WEISENMILLER: Let's go on to Item  
3 Number 19, which is Campbell Union School District Loans.  
4 Jim Holland.

5 MR. HOLLAND: Good afternoon, Chairman and  
6 Commissioners. I'm Jim Holland of the Local Assistance and  
7 Financing Office of the Efficiency Division.

8 For this agenda item, I am requesting approval of  
9 11 Energy Conservation Assistance Act Education Subaccount  
10 Loans, or ECAA-ED loans for short, totally \$7,498,929 to  
11 the Campbell Union School District for energy efficiency  
12 and renewable energy projects at 10 charter school sites,  
13 and one non-charter school site, in addition to a  
14 corporation yard within the Campbell Union School District.

15 These schools are located in Santa Clara County,  
16 in towns that include Campbell, Los Gatos, San Jose and  
17 Saratoga.

18 There are separate loan requests for each of the  
19 charter schools and the non-charter school because the  
20 ECAA-ED loan program is funded through the California Clean  
21 Energy Jobs Act, Prop. 39, and the program recognizes and  
22 funds each charter school as a separate local education  
23 agency, even if it is administered through a school  
24 district.

25 We have aligned the ECAA-ED program to recognize

1 charter schools as separate eligible loan recipients.

2           The efficiency measures to be funded by these  
3 loans include upgrading walk-in refrigeration systems with  
4 more efficient and effective condensing units, replacing  
5 distribution transformers with more efficient units,  
6 upgrading interior and exterior lighting and controls, and  
7 upgrading exit signs to LED-based units.

8           The renewable energy measures consist of  
9 installing photovoltaic systems at nine school sites and  
10 the school district's corporation yard with an approximate  
11 total capacity of 1300 kW AC of electrical generation.

12           The energy efficiency and renewable energy  
13 projects to be funded by these loans are estimated to  
14 reduce the school district's electrical use through the  
15 local electric utility service by over 2 million kWh per  
16 year, saving over \$483,000 each year.

17           It is also estimated that these efficiency and  
18 renewable energy projects will reduce greenhouse gas  
19 emissions by 786 tons of CO2 equivalent, annually.

20           Energy Commission staff have determined that  
21 these loan requests are technically justified and each loan  
22 has a payback within the 20-year period required under this  
23 loan program.

24           The payback periods from these loans range from  
25 11.2 years to 17.7 years.

1           As the photovoltaic systems funded by these loans  
2 will be school district owned, the solar investment tax  
3 credit is not applicable.

4           Additionally, because California Solar Initiative  
5 funds rebates within the PG&E territory has been exhausted,  
6 CSI funds are also unavailable to Campbell Union School  
7 District for the photovoltaic systems.

8           With this information, I request your approval of  
9 these loans.

10           CHAIRPERSON WEISENMILLER: Thank you.

11           Commissioners, any questions or comments?

12           COMMISSIONER MC ALLISTER: I just have to make a  
13 couple of comments here. So, first of all, just top level  
14 it's really great to see the flow of ECCA-ED, Prop. 39  
15 funded projects coming through.

16           It's been a long road. I see Marcia back there,  
17 in the back of the room. The project -- you know, the  
18 rubber's hitting the road and the funds are going out, and  
19 that's great, and that's really what we all wanted to see.

20           And I want to commend her and her staff on  
21 getting this done, including you, Jim. Thanks for the  
22 presentation.

23           But also, on just that's a great list of  
24 efficiency measures that every school in the State probably  
25 has some potential for, virtually every school. You know,

1 Santa Clara County may be a -- you know, every school  
2 district has a unique mix of existing infrastructure but,  
3 certainly, you know, the kitchens, and the walk-in  
4 freezers, and lighting, and controls and just all that good  
5 stuff.

6 And on the PV side, I think it's helpful to point  
7 out that we really are in a moment. You know, you  
8 mentioned that they're ownership-based schools, and they  
9 don't have a tax appetite, so they don't have access to the  
10 ITC.

11 But also, the CSI rebates across the State,  
12 really, are largely gone, at least in the investor-owned  
13 utility territories.

14 But at the same time we've seen PV prices go down  
15 tremendously during the course of the CSI program and so  
16 schools are able to actually make these deals work without  
17 a lot of those traditional kinds of subsidies. You know,  
18 the ITC is obviously helpful, if you can get it. But  
19 packaged together with a portfolio of energy efficiency and  
20 self-generation, you can really make this stuff work.

21 And, you know, 20 years is a long time, but it's  
22 less than the lifetime, likely lifetime of the systems.

23 So, I think it's really highlighting how mature  
24 these markets have become in the last decade. And the fact  
25 that we can receive an application, process it, provide

1 some funds for it and the school can implement it in the  
2 marketplace is just really a testament to how far we've  
3 come, I think, in the last decade or so.

4 So, obviously, I'm highly supportive of this.

5 And, you know, similar comments could be made on  
6 some of the following items as well, but it's really an  
7 admirable position, I think, that we've put ourselves in as  
8 a State.

9 So, I'll go ahead and move Item 19.

10 COMMISSIONER DOUGLAS: Second.

11 CHAIRPERSON WEISENMILLER: All those in favor?

12 (Ayes)

13 CHAIRPERSON WEISENMILLER: Item 19 passes four to  
14 zero. Thank you.

15 MR. HOLLAND: Thank you.

16 CHAIRPERSON WEISENMILLER: Let's go to Item  
17 Number 20, which is Newport Mesa Unified School District,  
18 which is Jim Holland again.

19 MR. HOLLAND: Thank you. Yes, today I'm also  
20 requesting approval of an Energy Conservation Assistance  
21 Act Education Subaccount loan for \$3 million to the Newport  
22 Mesa Unified School District for photovoltaic system  
23 installation at four school sites within the school  
24 district.

25 These schools are located in Orange County, in

1 the Towns of Costa Mesa and Newport Beach.

2           The photovoltaic systems will range in size from  
3 252 kW to 483 kW, with total combined capacity of  
4 approximately 1500 kW, and are expected to produce  
5 approximately 2,795,000 kWh per year in electricity for the  
6 district, which amounts to approximately 42 percent of the  
7 combined average annual electrical consumption at the four  
8 school sites where the photovoltaic systems will be  
9 installed.

10           It is also estimated that the school district  
11 will save over \$461,000 annually and reduce greenhouse gas  
12 emissions by 964 tons each year.

13           Newport Mesa School District does have a  
14 performance guarantee written into the contract with its PV  
15 vendor, so that if the PV system falls short of the  
16 expected production, the vendor will compensate the school  
17 district for the difference between the expected and actual  
18 production.

19           Additionally, the school district will receive  
20 California Solar Initiative Rebates, estimated to be in the  
21 amount of \$1,217,000 over a five-year period. As these  
22 photovoltaic systems will be school district owned, the  
23 Solar Investment Tax Credit is not applicable.

24           The actual total project cost to the school  
25 district for this project will be \$6,416,334. With the

1 different between the loan amount and the project cost  
2 being paid for by the school district funds.

3 Energy Commission staff have determined that this  
4 loan is technically justified and based on the loan amount,  
5 the CSI incentives and the -- excuse me, based on the loan  
6 amount and the CSI incentives, the payback period for this  
7 loan will be approximately six years.

8 And with this information, I request your  
9 approval.

10 CHAIRPERSON WEISENMILLER: Great. We have on the  
11 line a representative of the school district and also their  
12 technical staff.

13 Do you have any -- do you want to make any  
14 statements or just be prepared for questions?

15 MR. MURLEY: Commissioner, just ready to answer  
16 any questions you have.

17 CHAIRPERSON WEISENMILLER: Great, thank you.

18 COMMISSIONER MC ALLISTER: I'm actually  
19 wondering, you mentioned CSI incentive, I'm not sure if I  
20 missed it, but where's that coming from, again?

21 MR. HOLLAND: Yes, sir, so for Newport Mesa,  
22 they're in Southern California Edison territory --

23 COMMISSIONER MC ALLISTER: Oh, they still have  
24 money.

25 MR. HOLLAND: -- and they still have CSI funds.

1 PG&E territory has exhausted the CSI funds.

2 COMMISSIONER MC ALLISTER: Okay, SDG&E and PG&E,  
3 I think are out, and Edison still has some.

4 MR. HOLLAND: Correct. So, Campbell Union was  
5 ineligible for any of those funds because there's none left  
6 in PG&E.

7 COMMISSIONER MC ALLISTER: In PG&E, okay.

8 MR. HOLLAND: But Newport Mesa's in the SCE  
9 territory, which does still have some funds remaining.

10 COMMISSIONER MC ALLISTER: Great, okay.

11 COMMISSIONER SCOTT: I had a question about how  
12 long it will take to get the PV systems installed on the  
13 schools. I saw that the payback is six years, but how long  
14 will it take to get them constructed and operating?

15 MR. HOLLAND: I believe the estimated  
16 installation is approximately six months or less, but  
17 certainly the consultant online could give a better idea of  
18 that installation period.

19 MR. MURLEY: Yes, thank you, Jim. This is Clyde  
20 Murley. Can folks hear me?

21 COMMISSIONER SCOTT: Yes.

22 COMMISSIONER MC ALLISTER: Yes.

23 MR. MURLEY: Yes, great. Yeah, these four high  
24 schools are slated to be substantially complete in the  
25 April to May 2015 timeframe and then final completion, and

1 receiving permission to operate from Southern California  
2 Edison happening, hopefully, fairly shortly thereafter.

3 The district doesn't have total control over that  
4 process, but we expect the systems to be done by, as I  
5 said, late April or early May 2015.

6 COMMISSIONER SCOTT: Great, thank you.

7 CHAIRPERSON WEISENMILLER: Great. A motion?

8 COMMISSIONER SCOTT: I will move approval of Item  
9 20.

10 COMMISSIONER MC ALLISTER: I'll second.

11 COMMISSIONER DOUGLAS: Second.

12 COMMISSIONER MC ALLISTER: Oh, go ahead.

13 COMMISSIONER DOUGLAS: Go ahead.

14 COMMISSIONER MC ALLISTER: Second.

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

17 (Ayes)

18 CHAIRPERSON WEISENMILLER: This item passes four  
19 to zero. Thank you.

20 Let's go on to Item 21, which is Patterson Joint  
21 Unified School District, and this is Barry McLeod.

22 MR. MC LEOD: Good afternoon, Chairman,  
23 Commissioners. I'm Barry McLeod from the Efficiency  
24 Division's Local Assistance and Financing Office.

25 I am requesting approval of an Energy

1 Conservation Assistance Act Education Loan number 012-14-  
2 ECG, requested by the Patterson Joint Unified School  
3 District, located in San Joaquin County.

4 This \$3 million, zero percent interest loan is  
5 requested to finance photovoltaic systems at two school  
6 locations in the Patterson School District.

7 The school district, in an effort to reduce their  
8 utility expenses and to reduce carbon dioxide emissions  
9 would like to install these two PV systems, but lacks  
10 sufficient funds for the \$3,052,515 project.

11 With this loan they will install a 321 kilowatt  
12 DC system at Creekside Middle School and a 442 kilowatt DC  
13 system at Walnut Grove School.

14 These systems will save the schools approximately  
15 \$70,125 and \$96,668, respectively, in their first full year  
16 of operation.

17 The combined systems will reduce the schools'  
18 carbon dioxide emissions by over 700 tons annually.

19 Energy Commission staff has determined that the  
20 district loan request is technically justified and meets  
21 the requirements of an ECCA-ED loan. The loan program  
22 requires payments to be made from the project's energy  
23 savings in less than 20 years.

24 Based on the loan amount, the simple payback is  
25 approximately 17.9 years.

1           Since the schools will own the systems, they are  
2 not eligible for the tax credits and the solar initiative  
3 funds have run out in their territory, also.

4           The PV systems will reduce the schools' overall  
5 electricity costs by nearly 70 percent.

6           I am here today to seek your approval for this  
7 loan. Thank you, and if you have any questions, I'd be  
8 happy to address them.

9           CHAIRPERSON WEISENMILLER: Thank you.

10          Commissioners, any questions or comments?

11          COMMISSIONER MC ALLISTER: So, I guess, you know,  
12 this is a broader question, really, on the Prop. 39 funds  
13 that are going through ECCA-ED.

14          You know, the efficiency and renewables are both  
15 kind of eligible. Is there any -- you know, this is an  
16 application for PV. Is there any sort of overall trend in  
17 terms of sort of combining versus one or the other, in  
18 terms of the applications? I see Marcia getting up.

19          MR. MC LEOD: The schools are going to be --

20          COMMISSIONER MC ALLISTER: With a panicked look  
21 on her face.

22          MR. MC LEOD: They're using their Prop. 39 funds  
23 for their energy efficiency things, first, and then this  
24 will supplement that with the loan.

25          COMMISSIONER MC ALLISTER: Oh, okay, that's the

1 answer I was looking for so, yeah, great. Is that  
2 typically what schools are choosing to do in your  
3 understanding, is that they're taking the grant funds and  
4 using them for sort of the -- I mean, are they, you know,  
5 going for efficiency first, and then renewables, combining  
6 them in a package?

7 I guess, you know, we funded a bunch of planning  
8 with the original Prop. 39 funds and I guess my question  
9 really is are we seeing the planning start to bear fruit in  
10 terms of projects actually coming forward for both the  
11 grant funding program and the loans?

12 MS. SMITH: We are really seeing a variety. But  
13 they are coming through both, oftentimes with expenditure  
14 plans, and then the supplemental ECCA loan. And because  
15 ECCA loans, now, go up to 20 years for repay, there's more  
16 flexibility for the solar, and so they're using their Prop.  
17 39 funds, as Barry said, for efficiency projects. But we  
18 do see different combinations coming through.

19 And I think we'll see more of the results of the  
20 planning funds, as well, later this year and probably into  
21 the next couple of years of the program.

22 COMMISSIONER MC ALLISTER: So, the PV-only  
23 systems, like this one, sort of are now at the point where  
24 they can come in at zero percent, and with a fairly long  
25 payback, you know, up to 20 years and kind of make it under

1 the wire in terms of the ECCA-ED loans.

2 MS. SMITH: Correct.

3 COMMISSIONER MC ALLISTER: Okay, well, that's  
4 good. That means schools have more flexibility.

5 MS. SMITH: Uh-hum.

6 COMMISSIONER MC ALLISTER: So, great. Thanks.  
7 So, I'll move Item 21.

8 COMMISSIONER DOUGLAS: Second.

9 CHAIRPERSON WEISENMILLER: All those in favor?

10 (Ayes)

11 CHAIRPERSON WEISENMILLER: Item 21 passes four to  
12 zero. Thank you.

13 MR. MC LEOD: Thank you.

14 CHAIRPERSON WEISENMILLER: Let's go to Item  
15 Number 22, Trustees of the California State University.  
16 Raquel Kravitz, please.

17 MS. KRAVITZ: Good afternoon, Commissioners. My  
18 name is Raquel Kravitz.

19 For Item 22, staff seeks the possible approval of  
20 the five highest grant applications, totally \$584,311 from  
21 the Public Interest Energy Research, Energy Innovation  
22 Small Grant Solicitation 14-02 Natural Gas and  
23 Transportation Natural Gas.

24 These grants were capped at \$150,000 and termed  
25 at 18 months.

1           To give you a little bit of a breakdown on  
2 Solicitation 14-02, there were 14 grants that were received  
3 originally. Nine passed the technical review. And after  
4 technical review it went to program technical review. And  
5 in the technical review there were six that exceeded the  
6 score.

7           And from program technical review there are five  
8 that are being recommended for funding.

9           From the five, there are two in natural gas and  
10 three -- my apologies. There's three in natural gas and two  
11 in transportation natural gas.

12           And out of the five grants, in respect to PIER  
13 Research and Development, there are two in Building and Use  
14 Efficiency, one in Renewable Energy Technology, and two in  
15 Vehicle Technology.

16           I'll be more than happy to answer any questions  
17 that you have.

18           CHAIRPERSON WEISENMILLER: Thank you. Obviously,  
19 this has gone through the EPIC Lead Commission, or the R&D.  
20 And I've had the opportunity to look at these. This is a  
21 good program with some interesting projects here.

22           COMMISSIONER DOUGLAS: Yeah, I think so. So,  
23 I'll move approval of this item.

24           Oh, sorry, were there more questions?

25           COMMISSIONER SCOTT: No, I was going to second,

1 but let you finish.

2 COMMISSIONER DOUGLAS: Oh, sorry. Go ahead.

3 COMMISSIONER SCOTT: Second.

4 COMMISSIONER DOUGLAS: Yeah.

5 COMMISSIONER SCOTT: Do you want me to second it  
6 again? Second.

7 CHAIRPERSON WEISENMILLER: All those in favor?

8 (Ayes)

9 CHAIRPERSON WEISENMILLER: This also is approved  
10 four to zero. Thank you.

11 So, let's to go the minutes. So, we have October  
12 7th and --

13 COMMISSIONER SCOTT: And I need to abstain from  
14 October 7th, I was not at that meeting.

15 CHAIRPERSON WEISENMILLER: All right.

16 COMMISSIONER DOUGLAS: All right, I move approval  
17 of the October 7th minutes.

18 COMMISSIONER MC ALLISTER: I'll second.

19 CHAIRPERSON WEISENMILLER: All those in favor?

20 (Ayes)

21 CHAIRPERSON WEISENMILLER: It was passed three to  
22 zero, to one -- or with one abstention.

23 Let's go to October 29th minutes.

24 COMMISSIONER DOUGLAS: Move approval of October  
25 29th minutes.

1 COMMISSIONER MC ALLISTER: Second.

2 CHAIRPERSON WEISENMILLER: All those in favor?

3 (Ayes)

4 CHAIRPERSON WEISENMILLER: This is approved four  
5 to zero.

6 Okay, so let's go to Lead Commissioner and  
7 Presiding Member reports.

8 COMMISSIONER SCOTT: Great. Well, so, I had a  
9 few things that I wanted to update you all on. One is a  
10 few weeks ago we had a meeting of the California Plug-in  
11 Electric Vehicle Collaborative, and I have been elected to  
12 serve as the Chair of that. So, I'm really excited about  
13 that. You know, it's a fantastic organization and I  
14 brought down their mission just to read it. I think you  
15 all probably know.

16 But they're a public/private organization focused  
17 on accelerating the adoption of plug-in electric vehicles  
18 to meet California's economic, energy and environmental  
19 goals.

20 So, I'm just pleased as punch to be chairing that  
21 organization with Christine Kehoe.

22 I have more good news to report, which is that  
23 the draft of the Integrated Energy Policy Report Update is  
24 now out for public review. So, we posted that on November  
25 10th.

1           Many, many thanks to Heather and Stephanie for  
2 tons of last-minute editing and tweaking, and getting that  
3 out there. So, that's out for public review.

4           We will have a workshop on that on Monday, the  
5 24th of November. And I believe comments are due maybe the  
6 first or second week of December. I'll have to double  
7 check that. But that's out. So, many thanks to the IEPR  
8 team for getting the draft across the finish line.

9           We also have a draft of the Alternative and  
10 Renewable Fuel and Vehicle Technology Program Investment  
11 Plan out. So, we released that in the first week of  
12 November and we had the meeting last Wednesday.

13           So, we had a nice opportunity to review that  
14 draft with the Investment Plan members. You know, we had  
15 some suggestions for how we might tweak some of the  
16 allocations that we made, but for the most part I think  
17 people seemed pretty comfortable with the allocations where  
18 they were.

19           So, we'll see as the written comments come in for  
20 that and those are due, I believe, at the end of this week.

21           And then, I wanted to let you know last week I  
22 went down to the L.A. Air Force Base, and that was really  
23 fun. That was on Friday. And it was to announce a  
24 project. It's the largest vehicle-to-grid project that the  
25 Department of Defense is doing. It covers about 42

1 vehicles. Some of them will be bidirectional vehicles and  
2 some of them will be uni -- the energy will just flow one  
3 way.

4 But what's really neat about this is it's all  
5 their non-tactical vehicles. Some of them are big, you  
6 know, it's like a 12-passenger shuttle that takes people  
7 around the base to Nissan Leaf. And, you know, some Ford  
8 250s and trucks in between.

9 And what's really exciting about this, so the  
10 Energy Commission put in about \$3 million to help fund both  
11 the vehicles, some of the batteries, and some of the  
12 battery testing. And so, there's a bunch of neat things  
13 that will be going on.

14 One is, you know, so batteries are actually made,  
15 of course, to be charged up and discharged. But the  
16 question with vehicle grid integration is they're just  
17 going to be using it more often than you would if you were  
18 just going to be using it for driving. So, what does that  
19 look like?

20 The other thing is, because these vehicles, we  
21 know the L.A. Air Force Base knows when they need them and  
22 knows when they don't need them. So, they're going to be  
23 able to bundle them together and it's about -- I believe  
24 it's about 600 kilowatt hours that they can then sell back  
25 to Southern California Edison. So, it will be the first

1 time to kind of see how vehicles can be bundled together  
2 and then used in the ancillary services market.

3           So, that was a lot of fun. The Assistant  
4 Secretary of the Air Force was there. And so there was  
5 much pomp and circumstance. But she's really smart and she  
6 did a great job explaining to people what vehicle-grid  
7 integration is, why it's important, why it's something  
8 that's of interest to DOD. And so, that was just terrific  
9 to be partners with them on that.

10           And then later this week, I'm going to go down to  
11 the L.A. Auto Show and do some of the pre-events for that.  
12 So, I'm really looking forward to that. I'll let you know  
13 if I hear any interesting announcements while I'm there.

14           And then I will also be in Washington, D.C.,  
15 because I have recently been appointed to the Department of  
16 Energy's Hydrogen and Fuel Cell Technology Advisory  
17 Committee. So, that will be great. It will be my first  
18 meeting, it's on Wednesday.

19           And this is just a nice opportunity to exchange  
20 notes with DOE and with other people who are thinking about  
21 hydrogen on what California is doing. And especially with  
22 the fueling stations that we have, or the ones that we've  
23 funded, we'll be kind of on the cutting edge, as usual.  
24 And so, it will be neat to kind of exchange information,  
25 some of the things DOE is looking at or how can you reduce

1 the costs of various components of fueling stations? How  
2 can you standardize them? And that also helps reduce  
3 costs.

4 And so, this is just a -- it's a great way to be  
5 plugged in to what's going on nationally. So, that's what  
6 I'm up to.

7 COMMISSIONER MC ALLISTER: All right, thanks.  
8 Well, congratulations, again, on the IEPR. Almost there,  
9 almost there, yeah. I can -- it's recent enough memory for  
10 me that I can definitely sympathize and feel your elation,  
11 I guess I'll say. Yeah, nice, you know, all the work  
12 that's gone into that this year and it's really been a  
13 great -- you've really stepped up and shown leadership and  
14 I think the transportation world have heard, in numerous  
15 cases, that they're really excited to have you focusing and  
16 carrying that torch, so that's great.

17 Just a few quick highlights. On the 30th,  
18 actually, of October, I went down to Cal State Northridge  
19 for a forum, hearing that Senator Pavely put on, on Clean  
20 Tech, down in the San Fernando Valley. And it was really  
21 interesting.

22 It's just I had not been aware of what a  
23 tremendous institution Northridge, CSUN, they call it, is.  
24 And just the diversity of the student population, and the  
25 ideas, and just the fact that, you know, it's right near

1 L.A., itself, in the Basin, and it's just producing a lot  
2 of value. And I think that's a huge resource, a lot of  
3 creative thought going on, a lot of spinning off of a lot  
4 of businesses in the Clean Tech incubator that they've just  
5 kicked off down there.

6           So, they have an incubator. It's got housing,  
7 it's got space, office space for startups, and they've even  
8 gone out and used Kickstarter, and other devices, other  
9 mechanisms to get funding for some of these businesses that  
10 they're getting going down there.

11           So, just a lot of interesting things going on in  
12 L.A., generally, and I was really pleased to see the role  
13 of the CSU in that setting.

14           And, of course, Senator Pavely just ran a great  
15 show and I think highlighted a lot of the innovation that's  
16 going on in that part of the world, which is core partner  
17 district.

18           So, then the following week I did a meeting at  
19 the WHPA, which for the uninitiated is the Western HVAC  
20 Performance Association, I believe it is. And so, it's all  
21 the HVAC vendors. A big group of key industry players in  
22 HVAC. And so, working with them.

23           They don't always agree amongst themselves about  
24 everything and they have robust discussions. And you can  
25 imagine they're out there duking it out, selling product,

1 getting it installed in the real world in a variety of  
2 projects, and it's a big part of the building industry.

3 And so, it's great to see. There were several  
4 staff there, as well, and from the PUC, also. And so, both  
5 the Energy Commission and the PUC, and so I think that  
6 engagement is terrific, certainly in the context of our  
7 standards and the existing building challenges that we have  
8 going forward, we really need to work with them closely.

9 And then the following day went down to the  
10 Silicon Valley Leadership Group, the Data Center  
11 Conference, and presented their keynote. And, again, just  
12 amazing innovation down there. A lot of incredible things  
13 going on in the data center front.

14 It's a large -- it's one of the biggest energy  
15 consumers in the State and it's growing, significantly, all  
16 across the nation as our data processing needs get larger  
17 and larger, and that you have different business models  
18 and, you know, increasingly large data centers within  
19 enterprises, but also stand-alones that are sort of for  
20 hire. So, interesting set of problems.

21 And I think the funding that we've given from the  
22 Commission, to various research projects over the years,  
23 through PIER and now EPIC, is really valued and has  
24 generated just many fold benefits coming back.

25 And, let's see, and I'm actually headed back down

1 tomorrow for a little bit more brainstorming or a little  
2 bit less formal interaction with some of their members, and  
3 just to kind of get in tune with the innovation economy, as  
4 they see it, particularly to develop some closer ties with  
5 them and encourage them. They have different members in  
6 the, say, electronics manufacturing or, you know, different  
7 kinds of the technology industry, different parts of it, to  
8 come and engage directly in our processes.

9           And particularly in our appliance regulation  
10 rulemakings, when we're developing new standards, really  
11 encourage them to come directly and interact with us, and  
12 provide data and be a stakeholder in our processes here.

13           Oftentimes, I think they're focused out there on  
14 the marketplace, and selling stuff, and developing new  
15 products and may not be aware of all the things that we're  
16 doing here. And it's really to their benefit and ours to  
17 make that a more close relationship within, you know, the  
18 formal record development process.

19           So, that's tomorrow. Or no, that's Wednesday,  
20 I'm sorry.

21           Then tomorrow actually is the ACEEE Intelligent  
22 Efficiency Conference. So, I think it's the inaugural one.  
23 It's in San Francisco this year. And it looks like it's  
24 going to be a good -- probably, they tend to -- they tend  
25 to identify, at ACEEE, good ideas, form a conference that

1 then has traction, and then repeats year after year. So,  
2 we'll see if that happens here.

3 But there's so much going on with data and with  
4 kind of analysis of how to target efficiency opportunities  
5 better, more cost effectively. A lot of good thinking  
6 going on around the country and around the world on this  
7 topic.

8 So, hopefully, it will kind of gel in a  
9 conference setting and we'll be able to get some value out  
10 of it and make some connections that help us move forward  
11 as a State.

12 And the day after that, on Thursday, I'm heading  
13 down to the Milken Institute, in Santa Monica, to do a --  
14 they're convening discussions about the new energy system  
15 and they tend to have quite interesting topics, with good  
16 panelists. So, hopefully, I can hold up my end of the  
17 bargain on that.

18 And then, I think just prior to the next  
19 Business Meeting I'm going to spend about a week in  
20 Washington, for NASEO, of which I'm on the Board, so I get  
21 to interact with a bunch of other states in that forum.  
22 And then the 3N meeting, the NASEO, NERUC and NACA on the  
23 111-D regs that are going in. So, it will be interesting,  
24 now that the Federal election has happened, kind of to see  
25 what the tone shift, if any, is over there. And what the

1 various states represent as to what their intentions now  
2 are with respect to implementing 111-D. So, I'm kind of  
3 interested to see what the tenor of that discussion is.

4           Anyway, that's kind of what's going on in my  
5 world.

6           CHAIRPERSON WEISENMILLER: Yeah, about five  
7 things, briefly. One of them, let's start out with  
8 Commissioner Scott and I went down to meet with the Navy,  
9 Admiral McGinn. We met about eight months go to come up  
10 with areas of interest to them.

11           And since then, I've followed up with about eight  
12 teams, working on specific topics. I've touched with a  
13 Military lead, and a California lead. Touch base once a  
14 month, Denny and I have a call. Actually, I have one  
15 coming up this week.

16           So, that was sort of a touch base on where we've  
17 gotten and where to identify next steps. But again, I  
18 think certainly the partnership between us, and the Navy,  
19 and the Marines is going along pretty well. They're doing  
20 some interesting things and certainly trying to work with  
21 them on those. So, that was sort of one thing.

22           Actually, we had -- Chair Pfannenstiel was also  
23 there. I don't know if I call her "Chair" or "Admiral",  
24 but I mean she was -- since she had both roles. But she  
25 was also a participant in that workshop, which was fun.

1           On EIM, just to give you an update on that, so  
2 I'm on the EIM Transition Committee and got to spend last  
3 Tuesday at the ISO digging in. EIM went live with  
4 PacifiCorp on November 1st, which was a huge step forward.  
5 And, really, exciting. Certainly, an awful lot of hard  
6 work went into that.

7           And what we were trying to understand last  
8 Tuesday was there were some price spikes. And it turns out  
9 the issues are basically data synchronization. That,  
10 basically, the EIM deals with fluctuations in load or wind,  
11 things like that which can be -- you know, PacifiCorp may  
12 be 70 megawatts.

13           And at the same time they have power plant  
14 outages which could be 300 megawatts. And they have unison  
15 reserve to deal with the outages, but they're not  
16 dispatched into the EIM context.

17           So, basically, you have a 300-megawatt outage,  
18 PacifiCorp responds to the outage. But from the software  
19 for the EIM, it looks like nothing happens. You know, it  
20 will say, oh, we've just lost 300 megawatts, so we'll now  
21 put the price at the max because no units are responding to  
22 it. Even though, in fact, it is happening, it's just  
23 not -- so, when I was talking about data synchronization,  
24 there were data issues but this -- on the price spikes, a  
25 lot of that is more in that nature of responding to plant

1 outages, which are not dealt with in the EIM.

2 So, a lot of work trying to work through that.

3 But what the ISO has just done is make a FERC filing saying  
4 let's reduce the cap to \$250, instead of \$1,000.

5 Generally, this doesn't mean anything in the  
6 sense that PacifiCorp is both the operator and it also has  
7 a merchant system. So, basically, what happens is that  
8 it's all in the PacifiCorp loop of, you know, of this price  
9 spike being reflected on the load side, but also the supply  
10 side, so it washes out.

11 Okay. However, that's in most cases. Having  
12 said that, there are some cases where somebody else gets  
13 caught up and so that's one of the reasons to really reduce  
14 it. But even then, I think so far the estimate is that --  
15 the estimate given that they're going through and  
16 correcting the prices, and stuff, but it's like \$150,000  
17 total for all of the price spike periods in terms of  
18 impacts. So, it's not, you know, everyone thinking of  
19 price spikes in California's history.

20 You know, anyway, it's nowhere similar to that  
21 but, certainly, it's just what had -- it's going to be  
22 really smooth, it's sort of a little bit of a whatever  
23 issue, so we're trying to work through that.

24 But it's been pretty good to see the ISO staff  
25 really dig into the technical issues and sort of dig

1 through this and try to understand data and then this new  
2 issue. Because, obviously, the other thing is there's lots  
3 and lots of data in the software and you can dwell on that.  
4 And some of it, once you go live, you discover was  
5 incorrect and you fix it. So, just that continued  
6 watching. So, that was good.

7 But, you know, so in terms of the next thing I'll  
8 talk about is, so on the 111-D context, we've been working  
9 with -- we, let's see, Kristin, working with the ARB on a  
10 variety of filings. And the one I'll talk about today is  
11 sort of the Western States letter.

12 And, basically, the Center for a New Economy,  
13 Governor Ritter, in Colorado, has been organizing a west  
14 wide effort for comments. Which, as you can imagine,  
15 looking across the Western States.

16 So, this letter was signed by most of the Western  
17 States, but not New Mexico, North Dakota, or Wyoming. But,  
18 you know, it's still pretty good.

19 And so, basically, it's asking that the EPA  
20 consider the unique position of the west, which has an  
21 interconnected power grid, WECC, with importing and  
22 exporting power between states, generation profiles that  
23 vary widely between the states, impacts from droughts,  
24 changing snowpack, tribal generation, variances in power  
25 governance and lots of Federal land.

1           And sort of key to future clean energy  
2 development that allow multi-state or regional approaches  
3 that includes agreements on aspects of the State energy  
4 plans, without combining State energy plans.

5           Considering increasing flexibility in the 2020 to  
6 2029 interim goals to ensure that the states can get to the  
7 2030 goals.

8           Clarify how to treat renewable energy generation  
9 and energy efficiency where power is both being imported or  
10 exported in the State.

11           Minimize the direct enforceability of State  
12 programs by the Federal government.

13           Work with States to understand how tribal  
14 resources fit into the picture and work with States to  
15 establish a fair and accurate baseline. So, that's part.

16           There are also letters with, obviously, the  
17 Pacific Coast Collaborative, which I'll talk about when  
18 those are done, with the ARB.

19           We've filed, with the ARB, 111-B plus letter,  
20 that was jointly signed by Chairman Nichols and myself.

21           The Western States letter was signed for  
22 California by both Chair Nichols and myself. I guess  
23 Chairman Nichols is the correct term.

24           But, so we filed a letter on 111-B, which in  
25 consultation with CPUC, and it encouraged -- this deals

1 more with gas turbines. And we encouraged them or it deals  
2 with -- excuse me, I was incorrect.

3           It deals with sort of changes -- new source  
4 review, changes to existing gas units. And we encouraged  
5 them to break out units which are operationally flexible.  
6 So, California has a pretty unique issue in that unlike  
7 most of the rest of the country, we have our gas units  
8 really cycling up and down. You know, you've heard today  
9 about Basic American Foods saying only start us up once a  
10 day which, you know, you do the math, that's over 300 times  
11 a year. And, you know, it's sort of --

12           Well, for example, before -- at one point  
13 Edison's units had about six starts a year, on average.  
14 So, again, if you look more throughout the country it's a  
15 handful of starts, and so you can really focus on  
16 what's - how much can you drive down the efficiency of the  
17 baseload units, as opposed to these things where you ramp  
18 up and down fast, so you can shut them off overnight and  
19 stuff.

20           So, basically, we can up with the idea of needing  
21 some flexibility for flexible units that have fast ramping  
22 and load-following capabilities, which help us deal with  
23 integration and, basically, make the system of power plants  
24 more efficient, as opposed to just looking at an individual  
25 power plant.

1           And then we also proposed certain limits. So,  
2 for baseload units, which have a 60 to 100 percent  
3 capacity, a limit of 825 pounds of CO2 per megawatt hour,  
4 flexible from 33 up to 60, have a limit of 1,100, depending  
5 upon -- or 1,000, depending upon size. And then peaker  
6 plants less than 33 have emissions factors appropriate for  
7 a peaker unit.

8           So, again, it took a lot of work on the part of  
9 our staff, certainly the Siting Air Group, and Melissa  
10 Jones, and Kristin to work with the ARB and get something  
11 everyone was comfortable with.

12           And last, but not least, I dealt with -- I had a  
13 Mexican delegation visiting last Thursday. We had a pretty  
14 good meeting as a follow up on the meetings between the  
15 Governor and Secretary Meade from the Mexican Ministry of  
16 Foreign Affairs, and also between the Governor and the  
17 Secretary Caldwell, from the Minister of Energy, or Senar  
18 on the Governor's trade mission.

19           And, also the one, ultimately, between the  
20 Governor and the Mexican President, here in August.

21           But in the meeting we talked about looking at  
22 joint projects. We also looked at ways we can collaborate.  
23 In particular, ways we could provide some of the research  
24 we have done in California on things like geothermal, on  
25 things like Smart Grid, or renewables, and make that

1 resource available to them.

2 And also to provide training opportunities with  
3 them.

4 You know, a vision certainly would be to have  
5 them co-locate here. As part of their training have their  
6 scientists working on renewable integration, spend some  
7 time here with our staff and somebody -- CAL-ISO's  
8 obviously been a big proponent of it. So, again,  
9 encouraged them to spend some time with the CAL-ISO, as  
10 Mexico needs to set up an independent system operator.  
11 That's a good place to sort of understand some of that.

12 We were joined by representatives of the ISO PUC.  
13 And we also participated in a public policy forum hosted by  
14 UC -- USC's Price School of Public Policy where, again, we  
15 had a workshop and we had a panel discussion.

16 Commissioner McAllister went out for that.  
17 Fortunately, he did not attempt to translate for me, but  
18 I'm sure could have.

19 I'd like to really thank the staff for helping us  
20 in these conversations. Certain, Laurie ten Hope, Aleecia  
21 Gutierrez, Pablo Gutierrez, Roger Johnson, Don Kondoleon,  
22 and Ian O'Neill for helping us put together packages for  
23 that.

24 So, anyway, pretty productive sessions.

25 COMMISSIONER MC ALLISTER: Actually, can I ask a

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1 question real quick on that? So, I talked later with some  
2 of the Mexican folks and they have not, frankly, have not  
3 really delved into what it is they're doing in the details.

4 But found it interesting that they've taken a  
5 model where, basically, CFE is still going to own all the  
6 stuff, the system, down to the distribution grid. So,  
7 they're not going to sell off.

8 In many countries, when they've restructured,  
9 they've sold off the distribution grid, and they've had an  
10 RFP process, and they've ended up with regional utilities,  
11 like we have here, basically. And in other -- in most  
12 other places.

13 But here, they're really proposing to cut the  
14 customer loose of the supplier, but not actually sell off  
15 the distribution grid. So, they'll have -- so, Mexico will  
16 have retail choice, you know, neighbor could differ on  
17 their utilities, on their supplier. But the CFE, the state  
18 utility, will still be on the hook to make the distribution  
19 grid investments that help them run the grid, and integrate  
20 renewables and do all the other things.

21 And so, I think that will present some unique  
22 challenges because, you know, it will be the state trying  
23 to get that right. And that's probably both good and bad  
24 and we'll see how they're able to manage it. But I think  
25 it's pretty exciting.

1           So, my question actually was, you know, in your  
2 discussions as the -- kind of the overall reform package  
3 moves forward, where does that -- you know, they have an  
4 energy efficiency entity in Mexico and they've given  
5 some -- historically, they've funded and they've done a lot  
6 of energy efficiency.

7           Kind of wondering, you know, how actively they've  
8 engaged in the realities of demand size, of promoting  
9 demand side improvements and whether or not that's going to  
10 be integrated into the overall reform discussion --

11           CHAIRPERSON WEISENMILLER: Well, it --

12           COMMISSIONER MC ALLISTER: -- in the context of  
13 the Smart Grid and kind of the not-just-traditional light  
14 bulb type energy and widgets, but sort of a more integral  
15 approach.

16           CHAIRPERSON WEISENMILLER: Well, certainly, one  
17 of our mutual friends, Carlos, has been very vigorous on  
18 the energy efficiency side. They have pretty, I'll say,  
19 aggressive energy efficiency standards.

20           But, you know, at this point, in terms of going  
21 forward, you know, they've got an awful lot on their plate,  
22 you know, particularly on the training side.

23           So, I guess what I'm saying is on the one hand  
24 you're looking at it and they're sitting there going, okay,  
25 so we have to put up an -- put together an ISO in a year.

1 We have to put in place the equivalent of a FERC, a PUC,  
2 and Energy Commission, you know, in a year, right. You  
3 know, and we want to be making our investments wisely. So,  
4 they're putting it in -- they have some major centers  
5 they're funding, now, to try to be really cutting edge on  
6 renewables, on Smart Grid, on energy efficiency.

7 So, they're trying to really do an awful lot of  
8 things fast, and at the same time there's also this  
9 incredible, I want to say, race between CFE and Pemex on  
10 gas.

11 So, CFE is building \$10 billion worth of gas  
12 pipelines, like five, to really bring gas all the way  
13 through from Texas down through Mexico, so they can flip  
14 their gas -- their fossil plants from oil, from Pemex, to  
15 natural gas.

16 So, I mean, when you look at all these things,  
17 it's like wow.

18 COMMISSIONER MC ALLISTER: They also were talking  
19 about, you know, figuring out what kind of -- not weather  
20 but, really, what kind of an interconnection, transmission,  
21 you know, high-voltage transmission they would bring from  
22 the Baja grid down to the AIN grid, down in Southern  
23 Mexico, and whether it was going to be AC or DC, and where  
24 it was going to start. It was quite interesting.

25 CHAIRPERSON WEISENMILLER: Oh, man, there's some

1 huge issues there, I mean at this stage. Baja, the north  
2 and south are not interconnected, number one.

3           Number two, Baja is connected to California, or  
4 Northern Baja is, but not to the rest of Mexico. So,  
5 they're talking of maybe back-to-back DC. Because at this  
6 point, if you just sort of flip the switch and connect Baja  
7 to Central Mexico, you suddenly -- you know, and Central  
8 Mexico's actually, you know, connected into Latin America,  
9 Central -- yeah, so I mean, basically, we were talking and  
10 they were talking about how they operate their grid. You  
11 know, they call Guatemala and say you either need to do  
12 something or we're going to cut you off, you know.

13           COMMISSIONER MC ALLISTER: Well, it would be -- I  
14 guess I might even lobby for DC, just to sort of not  
15 necessarily have WECC go all the way to, you know, Panama.

16           CHAIRPERSON WEISENMILLER: Right. Yeah, so I  
17 mean it's just amazing the number of challenges they have  
18 and, at the same time, the opportunities I think for all  
19 Californians in this.

20           And, you know, it was Mexico, it's like two  
21 percent of the population do not have electric service.

22           So, if somehow as part of this, you know, we  
23 could provide power more universally it would be, again, a  
24 huge change for them.

25           So, yeah, it's a great opportunity. There's lots

1 of things to deal with.

2 Commissioner Douglas?

3 COMMISSIONER DOUGLAS: Just a very brief report.

4 The interagency staff, working on DRECP, have done a number  
5 of public meetings throughout a fair number of locations in  
6 the desert, also one in Sacramento that we hosted last  
7 week.

8 And there is one more coming up. We're  
9 getting -- you know, we're getting feedback and input from  
10 those public meetings although, really, the large part of  
11 the purpose of those meetings was to get information out  
12 about the plan. People are still reading it. There's been  
13 quite a bit of press interest. And I certainly expect that  
14 to continue.

15 So, that's my only report today.

16 CHAIRPERSON WEISENMILLER: Chief Counsel's  
17 report.

18 MR. OGATA: Thank you, Chair Weisenmiller. Jeff  
19 Ogata, Acting Chief Counsel. I have nothing to report  
20 today.

21 CHAIRPERSON WEISENMILLER: Executive Director  
22 report?

23 MR. OGLESBY: Rob Oglesby, I'll pass.

24 CHAIRPERSON WEISENMILLER: Public Adviser report?

25 MS. MATHEWS: Good afternoon, I'll be brief. I

1 did want to make the Commission aware that we've begun  
2 outreach, education and training efforts. So, last week,  
3 gosh everything goes together so quickly, I believe, I was  
4 able to meet with a couple of groups, interveners in  
5 Carlsbad, as well as a Wetlands group, and local officials,  
6 members of the public, city officials and give them a  
7 training over the overview of the siting process, as well  
8 as how to intervene.

9           So, it is something that will be ongoing and will  
10 be memorialized so that it can live in perpetuity for other  
11 Public Advisers.

12           Also, we have provided assistance -- well, let me  
13 say this, we are working on user guides for amendments.  
14 Those are not clearly readily available in our regulations  
15 and we kind of draw from the regular AFC process to apply  
16 that to amendments. And that can be confusing for people  
17 who want to intervene.

18           So, we're trying to create some kind of user  
19 guide to help members of the public, as well as interveners  
20 understand, as well as an overview for the rulemaking  
21 process, we had a rulemaking on today, so to ensure that  
22 the public can participate.

23           And we are also trying to work on a lessons  
24 learned quick reference guide, so that we can ensure that  
25 we get more participation from various levels of

