BEFORE THE
CALIFORNIA ENERGY COMMISSION

In the Matter of: )
Docket No. 09-OII-1 )
Order Instituting )
Informational Proceeding )
American Recovery and )
Reinvestment Act ) COMMITTEE WORKSHOP

THE AMERICAN RECOVERY AND REINVESTMENT ACT
AD HOC COMMITTEE WORKSHOP ON ENERGY EFFICIENCY AND
CONSERVATION BLOCK GRANT AND STATE ENERGY PROGRAMS

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

WEDNESDAY, JULY 15, 2009
2:00 P.M.

Reported by:
Peter Petty CER**D-493
COMMISSIONERS PRESENT
Karen Douglas, Chair
Jeffrey D. Byron
Arthur H. Rosenfeld
Deborah Eden, Advisor to Rosenfeld

STAFF PRESENT
Claudia Chandler, Chief Dep. Dir.
Pat Perez
Mark Hutchison
John Sugar
Valerie Hall
Bill Pennington
Chris Graillat

ALSO PRESENT (Via WebEx)
Dan Estrada, California Community Colleges Chancellors Office
Nehemiah Stone, The Benningfield Group
Craig Walker, SBK Investment Corp., Inc.
Ken Anater, Ca Dept. of Food and Agriculture
John Means, Kern Community College District
Craig Keys, Green Valley Initiative (GVI)
Ali Sahibi, Green Valley Initiative
Michael Theroux, Theroux Environmental
Wendell Brase, Univ. Of California
Also Present (Continued)

Colleen Quinn, Go Green Solutions
Cara Martinson, CSAC
Michael Day, Bestco
Anna Ferrera, Murdoch, Walrath & Holmes
John McIntyre, University of the Pacific
Leif Magnuson, USEPA
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CHAIR DOUGLAS: Good afternoon, everybody. Sorry about the false start. Good afternoon, everybody. Welcome to the California Energy Commission. This is the "Commissioner Rosenfeld and I Ad Hoc Committee on Stimulus." We may be joined by some of our colleagues later in the afternoon. To my left is Commissioner Rosenfeld, and to his left is his Advisor, Deborah Eden.

Welcome again. We will make some brief opening remarks and then turn this workshop over to the staff. And we will try to be brief because I know that there are a lot of people in the audience and a lot of people online, and part of the reason why -- most of the reason why -- we hold workshops like this is that we want to hear from you. We have put out a fairly detailed -- staff has put out a fairly detailed overall proposal here and we are very interested in hearing from stakeholders.

I will say, just briefly, it has been both an honor and a challenge for the Energy Commission to administer this Federal Stimulus Funding. Our staff has been doing a tremendous job and working very hard under difficult circumstances to put together a package that I think can bring benefits to Californians up and down the state, and both help create jobs, save energy, and bring
lasting benefits to the State of California. So that is
certainly what we are here to do and we are very interested
to hear from stakeholders about what you think of our
proposal, how you think it might be better, and how you
would like to work with us in the future, and so on. So,
with that, I will ask Committee Member, Commissioner
Rosenfeld, if he has any opening comments.

COMMISSIONER ROSENFELD: Good afternoon. No, I
think we are ready to hear from staff.

CHAIR DOUGLAS: Very good. In that case, I will
turn this over to Pat Perez to begin this proceeding.

MR. PEREZ: Thank you, Chairman Douglas and
Commissioner Rosenfeld, and Deborah Eden. I am going to
lead this joint presentation. As you can see, Mr. Hutchison
and my name are on the presentation. We flipped a coin, I
lost, and therefore I will be doing the presentation today.
So let me move up to the podium and we can launch the
presentation from there.

Okay, just a couple of announcements before I get
started. We do realize we have got a full house here, we
also have seating in Hearing Room B, and out in the atrium
for this presentation today, as well as over 200 people who
are participating by WebEx. And you will certainly have an
opportunity at the end of the presentations to provide
written comments, as well as ask any questions of us later
today, and that Web address is in the presentation, so I will not go over that again.

What I would like to do today is just briefly go over these main six program areas, give you a quick overview of the American Recovery Act programs that the Energy Commission will be administering, talk a little bit about some of the overall goals and objectives for the use of this federal money, and also where we have been to date. I see many familiar faces out there, certainly a lot of you have been involved in the many many workshops and forums we have conducted throughout the state, and other parties have basically presented to us for our participation, and then also talk more directly about the Energy Efficiency Conservation Block Grant Program and the State Energy Program. And, as many of you may be aware, yesterday the U.S. Department of Energy announced the guidance for the Energy Star Appliance Rebate Program, another $35 million that will be coming to the Energy Commission, we will talk a little bit about that. And then, most importantly, at the end of today, we will get your feedback and input and suggestions on some of the recommended and proposed areas for funding in the programs that the Energy Commission is administering.

In terms of the overall Recovery Act and the funding that is available, there is roughly a little over
$11 billion on what we call formula-based funding for various programs that support energy efficiency, as well as renewable energy, certainly nationwide, there is $3.1 billion available for the State Energy Program, the Energy Commission will be administered $226 million there, and then, nationally, $3.2 billion is available for the Energy Efficiency Conservation and Block Grant Program, and the Energy Commission is administering $49.6 million in that program. And then, also, as I just noted, the $35 million Energy Star Program is a new program that the Energy Commission will be administering in partnership with our municipal and investor-owned utilities, and working closely with California Public Utilities Commission. And then, also, one of our sister agencies, the Community Services and Development, of course, is administering the Weatherization Assistance Program Funds, a total of about $186 million there, and we will be working closely with them as they advance energy efficiency measures in the more low income areas of the residential sector.

In terms of the some of the over-arching principals that we have been given by the federal government, accountability, of course, is extremely important, that we use this money wisely and efficiency, and that we be transparent with our decisions with respect to where the funding is going, and that we have an open process
like today so that parties like yourselves and other key stakeholders can provide regular input and see how decisions are ultimately made. And then, also, verification is extremely important, that we are in a position to demonstrate that we are getting measurable benefits and impacts from the money that is flowing out there, and that we have in place accounting methods to track the delivery and the release and the use of every dollar expended on the Recovery Act. And then, on risk mitigation, which I characterize as more the program evaluation component, that is going to also be important. But those are some of the overall major principals that are guiding not only the energy programs, but all programs administered under the Recovery Act.

In terms of some of the overall goals for the program priorities, in terms of what you will be hearing about a little bit, there are a number of things that are driving our program design. Of course, stimulating the economy is the number one priority, it is not only the retention of existing jobs, but also the creation of new jobs and, as the Chairman mentioned earlier, we are looking at long-term sustainable jobs and benefits down the road. But also, expending money efficiently is going to be extremely important. And, as many of you know, we do have additional contract support and technical expertise that is
going to be assisting us with the accountability components of these various funding programs, as well as tracking the money that goes out to local government, the private sector, and others. And then, also, a key to some of the initial designs and proposals you will be hearing about in a moment, is the ability to leverage and expand this money supply so that we can maximize the benefits, as well as sustain longer-term benefits that go beyond the 2-3 year funding cycle, as contained in the Recovery Act, and then, of course, achieve lasting and measurable energy benefits consistent with some of the policy documents adopted by the Commissioners, and clearly articulated in the Integrated Energy Policy Report, and also the many other policy documents and instruments used by not only the Energy Commission, Public Utilities Commission, Integrated System Operator, and others. So we will be looking at how these proposals and activities support the overall policy guidance, not only in the Integrated Energy Policy Report, but also the Joint Public Utilities and Energy Commission Energy Act Plan, and also ARB's recently approved Scoping Plan because greenhouse gas reductions is also one of the measurable outcomes for most of our programs.

In terms of where we have been and where we are going, certainly, as this slide illustrates clearly, we have had a number of workshops not only in Sacramento, but
throughout California, on both the State Energy Program, Block Grant Program, and many more workshops are just around the corner. You will be hearing later the State Energy Program Guidelines we hope to release here tomorrow night, and we will be seeking additional input from the public on those guidelines at workshops that will be announced shortly in both northern and southern California, and then there will be additional workshops coming up in August, so there are going to be multiple opportunities for many of you to provide comments to us.

Again, with respect to the two major programs that we are administering, the State Energy Plan, our application was approved back on June 25th, which releases the first 50 percent of that $226 million to the Energy Commission, and on the Block Grant, which we submitted also on June 25th, that application is pending before the U.S. Department of Energy, and certainly we hope to have a response back by September on that program.

In terms of the Energy Efficiency Conservation Block Grant Program, the overall objective of that is to reduce fossil fuel emissions and total energy use, as well as improve how we use energy. And again, we have filed our application and we will be awaiting DOE approval, and in the meantime hopefully we will have a state budget here before long because we are going to need state budget authority for
the receipt and expenditure of that federal money, so it is very critical we get a budget in place here soon.

In terms of the money that is coming through the Block Grant Program, the Energy Commission is administering the money that is going to small jurisdictions, and when I refer to small jurisdictions, that is counties with a population of less than 200,000, as well as cities with under 35,000. We are looking at -- one of our pass-through's is using an allocation formula that is based on population per capita, and our base allocation as illustrated here in the table is $5.00 per person, using the DOE population estimates for California, and then one of the things that is of paramount importance is trying to get a lot of these funds into some of California's more economically distressed areas, so we have actually included an unemployment factor to use, to assist us in allocating this funding and ultimately programs and activities that would benefit economically distressed areas. Through this proposed allocation, this would provide at least a minimum of $25,000 per city, and roughly $50,000 per county. And the money would also be used for energy efficiency projects, or direct equipment purchases for devices that lead to improved energy use. As required under the Federal Guidelines, we have to allocate a minimum of 60 percent to the small jurisdictions. The Energy Commission has actually
gone beyond that guidance and we are proposing actually using 70 percent of the money coming through the Energy Commission to support local government.

In terms of the additional program design and use of the funds, of course cost effectiveness is going to be very important in terms of evaluating the proposals. We are also looking at the energy saved per dollar spent, as one of the measures for evaluating projects, and then, also, employing a minimum of 10,000 million-sourced Btu's per every thousand dollars of these funds that are being spent as one of the evaluation criteria. And we will also be looking at feasibility studies as part of verifying some of the energy savings that would be proposed with the different measures that we are looking at, and then also a direct purchase option whereby you could go out and a county or city could directly purchase from a particular vendor some of the energy saving devices. Also, in terms of the types of energy saving equipment, that will be specified in the Draft Guidelines, for those of you who have had a chance to look at those, and then we will also be specifying what types of applications we are looking for the various energy efficiency devices and how they should be employed.

In terms of the discretionary funds, which is the 40 percent of the Block Grant Program, we are looking at setting aside right now $13 million through a competitive
program. And, again, I want to qualify that these are proposals and certainly subject to modification and revision based on stakeholder and public input, but these are some of the initial ideas we are looking at. Having minimum funding awards of $500,000, I think it is important to have a high enough level threshold so that we get meaningful results from these programs, and then program design and discussions are currently underway with respect to the competitive grants for local jurisdiction and partnership, something early on that the Energy Commission highlighted, that we wanted to see partnerships and encourage partnerships, and then also setting aside a portion of the funding for expanded activities in the event we get relief from what is called AB 2176, with respect to energy efficiency and conservation type measures.

In terms of the overall schedule here, one of the things that is on the minds of many of you, because I have been in quite a few forums recently, is when the money is actually going to be available. This slide here kind of lays out for you the application process, the workshops, the process for developing the guidelines, as well as feedback on the draft guidelines, as well as ultimately the timetable for when the Energy Commission would be issuing the solicitation packages for grants, which would be in September. And then, hopefully, we would issue the grants
with funding some time in the November period for the Block
Grant Program. So that is the overall scheduling and key
milestones and steps that are before us.

In terms of the State Energy Program, again, the
objective here is to increase the use of energy efficiently,
to reduce costs and consumption, also reduce our imports of
imported energy, whether it be oil, or electricity that is
tied to petroleum-based combustion, improve reliability, of
course, is an important objective, and then reduce energy
production impacts on the environment. And then, from this
program, of course, $226 million will be administered by the
Commission. I will be providing the breakdown on at least
our proposed allocations for that funding. I think the rest
of this, I have already covered here.

Here are the proposed allocations that we are
looking at right now. And what we have done is we have
broken it down to two stages, Phase one and Phase two, and
the way we broke this down was what types of programs and
activities could we get approved and expedite in the near
term, without additional guidelines and regulations, through
the use of, for example, inter-agency agreements, and what
we have done is come up with these four major allocations,
one of which is to set aside an estimated $25 million for
the Department of General Services Revolving Loan Program,
that they would administer, and we would essentially provide
the funding through the Energy Commission, and then also
set aside $20 million for clean energy workforce training
because we know it is extremely important that we have a
skilled labor force that is able and ready to move as
quickly as possible once this funding is released. And then
also use the Energy Commission's existing Energy
Conservation and Assistance Account that is currently
utilized, add $25 million to that program to expand it and
provide additional opportunities to support our energy
objectives, and then finally a school and public sector
matching grants program, we are also entertaining at the
moment, and could provide up to $50 million there.

Phase two, which is going to take a little bit
more time because it also requires that we go through a
formal process on the guideline development. But we are
looking here at a couple of important areas, one is a Clean
Energy Systems Revolving Loan Program whereby we are
proposing up to $35 million that would be available through
funding agreements that could include loans, grants, or even
a hybrid, a mix of loans and grants, depending on your
ability to go after certain types of financing and money.
And, of course, we realize that different jurisdictions are
going to be suited in a different manner in terms of being
able to go after loans and grants, so we are looking at a
variety of options here. And then, also, on the energy
efficiency programs, up to $96 million for residential
retrofits and also non-residential retrofits, and then also
putting money aside for what we call municipal financing
districts, such as AB 811 type programs that many of you are
aware of, and this is an area, of course, that we received a
lot of input from stakeholders at workshops that they would
like to see expanded, AB 811 type programs.

MR. HUTCHISON: I just want to -- this is Mark
Hutchison -- I just want to make a comment. If there are
any folks out there that are kind of anal like me in terms
of crunching numbers, you are going to look at those numbers
and go, "Wait a minute, this is kind of a fuzzy map. This
is more than $226 million." And what we are doing here when
we say "up to" is that, if we reach the maximum in any one
of those categories, the money would have to be taken away
from one of the other program areas. So when we say "up
to," it is going to be a give and take. So, again, there
are only $226 million, or actually $216 million that are
pass-through's. So I just wanted to clarify that.

MR. PEREZ: Great. Thank you, Mark. In terms of
the specifics of the proposals, in terms of the Department
of General Services Revolving Loan Program, again, what we
are looking at as the overall state building, housing stock
throughout the state, looking at energy efficiency
retrofits, which include not only lighting systems and
controls, but also heating, ventilating, and air-conditioning systems, so it is going to be broad-based, again, these must stimulate the economy through jobs creation and we see this as something that is going to lend itself to a great deal of acquisition and purchases of energy efficiency devices, as well as contracting for the installation, so there are a lot of opportunities here for the private sector since so much of the focus has been on money going to local governments and state governments, and so forth, the important point is that it is not government that is going to be doing a lot of this work, it is the private sector. And finally, of course, the Department of General Services hopefully will be using this for at least 300 of the buildings statewide that the State of California actually owns, so some of the initial thinking.

In terms of the Clean Energy Work Force Training, as I mentioned earlier, it is important that we have a skilled, able, and ready workforce to do this work. We have got a number of goals that are guiding us in that effort and programs areas such as energy efficiency and water efficiency, as well as renewable energy for utility scale, distributed generation, and clean energy transportation programs and activities. As I also mentioned earlier, leveraging is an extremely important component to maximize the use of these dollars, and the Energy Commission is
actually going to be -- not only are we going to be
receiving $20 million in Recovery Act funding, but we are
actually going to use money out of some of our existing
funding programs to augment what is coming through the
federal government, such as using what is called AB 118
funding through the Alternative and Renewable Fuel and
Vehicle Technology Program that the Energy Commission
administers, but also pulling out another $12 million from
our Public Interest Energy Research Program to support green
partnership academies that compliments our efforts to expand
the green workforce. So, in total, $47 million, we believe,
will have a substantial impact in developing that skilled
green workforce.

In terms of training programs, looking at green
building re-training and pre-apprenticeship training
partnerships, also clean energy re-training, green building
and clean energy career advancement training, as well as
some of the vehicle technology workforce training, of which
a lot of it is run out of community colleges, so we plan to
work with existing infrastructure where possible to build
this green workforce, to achieve our long-term renewable
energy and energy efficiency installation goals. So, as you
can see, also on this slide are the target populations that
we are focusing on, certainly on the green building clean
energy sector, trying to capture and put back to work the
unemployed or under-employed incumbent workers, with a
focus on the construction industry, that it has been
adversely impacted by the downturn in not only the
residential side, but commercial side now, and then also on
alternative and renewable fuel and vehicle technologies,
too, is trying to assist those populations that are equally
challenged at the moment.

We also have the existing Energy Conservation
Assistance Revolving Loan Program. We are looking at
injecting another $25 million there to support low interest
financing for energy efficiency, as well as combined heat
and power, other efforts to reduce demand and for generation
projects. Some of the entities that we are looking at
including as part of that effort, of course, public schools,
as well as public hospitals, public care facilities, and
other units of local government. The current rate for that
right now is at 3 percent, and we are looking at a maximum
loan amount of about $3 million. So it is pretty
substantial. For those of you that are interested in
learning more about that program, we have provided the
website address there for you.

In terms of the school and public sector, matching
grants would not only be K through 12, but also for the
colleges and universities. Recipients must match the grant
funds using the Conservation Assistance Act, and then also
meet our Energy Conservation Assistance Act criteria for
cost-effectiveness. But you are also open to matching this
funding with other utility incentive funds that may be
available, not only for the investor-owned utilities, but
also publicly-owned utilities, to match and further leverage
these dollars.

On clean energy systems, again, here we are
targeting the private sector with up to $35 million in
Recovery Act State Energy Program funds, focused on
distributed generation, as well as combined heat and power,
and also bioenergy, so there are tremendous opportunities
here. And, again, we are looking at revolving loans to
sustain the funding over time. One of the things that we
are really trying to achieve here is to make sure that we
get programs and activities that are in place that will last
well beyond the next two to three years, so we can avoid
another boom and bust period like many of you witnessed back
in the '70s with some of the other federal energy programs
that, once they lost funding, that was the end of them.

In terms of the efficiency retrofits, focus again
is on energy efficiency retrofits in existing residential
and commercial buildings. Some of the three major programs,
again, as a California Comprehensive Residential Building
Retrofit Program that we are proposing municipal and
commercial building, a targeted measure retrofit program,
and a financing district, or also referred to as AB 811 type programs. So these are all under consideration.

In terms of the retrofits, again, the driving force is creation of jobs through energy retrofits, working with regional groups of local governments, utilities, and community colleges, and others to put Californians back to work, and essentially, as part of that effort, there would be a two-tiered effort and the first tier would be based on putting together a checklist approaching what can be developed quickly and carried out on limited training, and then also an additional tier that would provide a more deeper, comprehensive whole house retrofit approach, something that is also being promoted down at the Public Utilities Commission, and also the National Home Performance and Energy Star Program would all compliment this program. Again, coordination is extremely important for leveraging local affordable housing and neighborhood stabilization programs to bring and capture some of these advantages for the underserved and economically disadvantaged populations throughout the state. So these will all be considered in the ultimate program design.

With respect to municipal and commercial building program, again, the focus here is to capitalize on some of the low risk, high return energy efficiency opportunities across the state. Technologies for deployment must
transform the marketplace and lead to long-term changes, that is what we are looking for, so we will be looking at best practice concepts for the various applications here, the ability to achieve significant energy savings compared to existing technologies that are being replaced by the new technologies, and hopefully will be broadly applicable for the commercial building sector and also provide secondary benefits such as higher quality building environments and reduced maintenance costs, and ultimately get consumer acceptance levels increased over this time. Training entry-level workers to conduct the energy audits will be important for these targeted measures, and also the program participants can benefit from volume purchasing agreements as we currently have the programs structured for. And hopefully this will lead to minimizing the payback periods that many of you are challenged with in terms of bringing on new, more costly emergent technologies over the long-term. And some of the examples of some of these targeted measures include occupancy control bi-level lighting fixtures for parking lots, as well as parking garages, as well as exterior walkways, and building stairwells. So these are just some of the samples that are examples that we are looking at.

In terms of the financing district program that I have mentioned quite a few times this afternoon, it is again
designed to assist counties and cities, as well as collaborative groups of cities and counties in implementing their own financing districts to support energy efficiency and clean energy systems such as photovoltaic systems, both for the residential and commercial sectors, and to also ensure the local financing programs are structured to be cost-effective, as well as long-lasting, visible, and transparent, and that we achieve the greatest energy savings possible for each dollar invested.

The overall schedule for the State Energy Program is portrayed here on this slide. Again, we are looking at issuing the solicitation for these funds in late September with a due date on the proposals in late October. We will be holding a number of State Energy Program workshops in San Diego, Los Angeles, and other areas. You probably saw the e-mail of a couple hours ago announcing a new round of workshops there. And then hopefully we will announce the winners in late November and issue awards to the winning bidders in the December-January time frame. So that kind of gives you at least a good feel for the tentative schedule that we are working under.

The other exciting news for all of us here at the Energy Commission and the State of California was U.S. Department of Energy's announcement for the Energy Star Appliance Rebate Program that will be administered by the
Energy Commission and Valerie Hall's division here. And, like I said, we have got $35 million that will be coming through the Energy Commission to augment and support existing rebate programs for highly efficient appliances, and hopefully this will allow us to replace much of the older, less efficient appliance stock that we have in the state, so that we can reduce energy use, as well as reduce the creation of greenhouse gas emission, so that we achieve our long-term local climate change goals. And it is up to our discretion, with your support and input, to identify those eligible appliances that will be eligible for receiving the rebates. We have a very short timetable for getting our application to the U.S. Department of Energy in August, so we will be working on that to get that out, and then we have a more comprehensive application due a few months later.

We have a wealth of websites here for more information, not only on the programs that we are administering directly, but also all the competitive funding programs that the Energy Commission is overseeing. I do want to point out that, for today's workshop, for the 200 plus that are participating by the Webcast, I encourage you to e-mail your comments and questions to us now at recovery@energy.state.ca.gov.us, and we will be able to read your comments and questions into the record as we open this
to public comments and questions. Oh, yes at the end of
that. Thank you, Miki. But I would also, before closing my
presentation, I am going to just acknowledge the recovery
team that is here, that has put in long hours and weekends
on putting these presentations together, as well as the many
workshops that are underway. We are currently conducting
two other workshops simultaneously in the State of
California right now, and participating in many forums, and
it is really stretching our resources and time, and I want
to thank Claudia Chandler, our Deputy Director who is
overseeing -- our Chief Deputy Director -- that is
overseeing these efforts, as well as all of the staff, Mark
Hutchison, and John Sugar, and Bill Pennington, and Valerie
Hall, and Stephanie and Joelle and Mickey, and the many
others that are putting in 50 and 60 hour work weeks on this
effort. It is truly a challenge, but it also provides many
opportunities for all of us to put people back to work in a
way that will achieve our energy and environmental goals, so
we are very excited. And with that, I will turn it back to
the Chairman.

COMMISSIONER ROSENFELD: Uh, there is also, Pat
Perez, who has worked very hard.

CHAIR DOUGLAS: Yes, there is, Commissioner
Rosenfeld. Thanks for that. And I will also mention that,
officially they are working just about 32-hour work weeks.
Who is counting these days? Commissioners, this is our opportunity to make comments or ask questions.

I have heard this before, I must admit, and so I do not need to take time for questions from myself, but go ahead.

COMMISSIONER ROSENFIELD: Uh, Pat, I will ask you one question. All the programs you talked about are in the multi-million dollar range. When people are making proposals, what about pilot projects in the million dollar range, where we learn what works in residential retrofit, or non-res, so whatever?

MR. PEREZ: Okay, I think I will go ahead and deflect that over to Mr. Bill Pennington.

MR. PENNINGTON: Well, at this point, we are at a very early stage in redoing the guidelines, and we are going to be holding workshops on those guidelines, and we are pretty broadly open to ideas. We are actively interested in having, in particular, consortia of local governments being actively involved in making proposals and so that we are certainly emphasizing, you know, large projects. But we are open to comment.

COMMISSIONER ROSENFIELD: Okay, I guess the summary of that is that you can think big, and that is very good, or you can think small, and that is also acceptable. That is my comment -- question.
CHAIR DOUGLAS: Very good. At that point, then, we are on to questions and comments from the public. I have a stack of blue cards in my hand and I understand that there is another stack somewhere in this room that will make its way up here. But while that is happening, we can get started. We are asking the public to please limit your comments to three minutes and, to the extent that it is reasonable and that you can do so, please keep your comments higher-level for this meeting. This workshop is meant to be an overview of both SEP and Block Grant, and so it is more of a programmatic overview. Staff, as you have heard, will be doing more detailed workshops of both Block Grant and SEP throughout the state that would be a great opportunity to go into some of the real program details that may interest you. You are, of course, welcome to raise them here, but we are asking that your emphasis be on some of the more higher level issues that you might like to raise. The first card I have is for Dan Estrada with the California Community Colleges Chancellors Office.

MR. ESTRADA: Thank you, Commissioner Douglas and Commissioner Rosenfeld, and staff. I represent California Community Colleges Chancellors Office. We are the state office that coordinates with 72 community college districts across the state. Those 72 districts serve 2.8 million students and have quite an array of 110 campuses, 69 off-
campus centers, 22 district offices, it represents over 64.4 million-square-feet of space. We have 21,600 acres, 4,885 buildings. When the ARRA legislation was being considered, we provided to the Governor's Office within an hour's notice a list of shovel-ready projects representing $721 million. We currently are in partnership with the four California owner-investor utilities across the state and '06-'08 implementing energy efficiency projects. What I would like the Commission to consider is that we partner with you to dedicate a block of resources that can be leveraged because, within our system, we currently have 64 of the 72 districts have passed local bonds which currently exceeds $22.4 billion, and so leveraging those funds with a partnership with the utilities, leveraging funds from your ARRA State Energy Program, would be an ideal mix. Again, I provided John Sugar with an initial list of 120 projects that could be completed within the 2010 year, depending on how soon we start, but, of those, they represents 120 projects, 106 of those projects are in high unemployment areas of the state that exceed the national average, and so with that I just want to call to your attention that we want to partner, we think we have adequate resources and capabilities to go statewide because the community college is within 30 minutes of everybody's reach here in California. With that, we do serve 2.8 million students,
which represents over 70 percent of all higher education students in the State of California, and one-fourth of all community college students in the nation are in California community colleges. Thank you very much.

CHAIR DOUGLAS: Thank you very much. And just this morning at the Business Meeting, we approved the grant of several million dollars to the community colleges for workforce training. I want to thank you for working with us on workforce training. I think, Commissioner, we will hear a lot today about shovel-ready projects and I would guess that there are -- I will not even put a number to the amount of shovel-ready projects that there really are in California, and it is a shame that we do not have 20 times the money, but of course we thought very hard about schools and setting up the categories, as you saw, and so we want to look at that and there certainly is a category that community colleges would be very very eligible to apply for.

Comments? The next card I have is Nehemiah Stone from Brownfield Group, Incorporated.

MR. STONE: My name is Nehemiah Stone. I am with the Benningfield Group. I do not write very clearly, so it is my fault, not yours. I am cognizant of the short amount of time we have, so I will make my comments uncharacteristically short. I want to remind the Commission going forward that residential includes multi-family, as
well as single-family, and part of the reason I do that is, on slide 23 there were some references there that are for residential, that only really apply to single-family homes. The second thing I wanted to say is to ask the Commission to re-think bid in terms of the opportunities. It is characteristic or common to think of 15 percent reduction over what is in the standards as being a sound target, it is possible to get 75 percent reduction, and to do it cost-effectively. And in terms of being shovel-ready, I do not know if these projects are shovel-ready, but a partnership between PG&E and affordable comfort called the NorCal Collaborative is developing a thousand home retrofits that will be at least 75 percent improvement over the existing condition. The analysis has begun on some of these, they can go forward probably very easily within the time frame that you are talking about. And the last thing I wanted to say is, in order to establish a continuing and sustainable way of approaching this, I would like to urge the Commission to make as much of the tools and the processes as possible, the online, so that people can, instead of having to download or buy a piece of software to figure out how to make something work and figure out what the efficiency levels that they are getting, would be that they can work through the stuff online. And that goes for a lot of the application process, too. I would encourage you to make as
much of it online as possible so that it is as efficient as possible. Thanks.

CHAIR DOUGLAS: Thank you. And can I ask staff to address the issue of multi-family and provide your perspective on, you know, it seems that it would be beneficial to comment.

COMMISSIONER ROSENFELD: Nehemiah, I have a comment. Your 70 percent savings figure certainly grabs one's attention. I hope when you put in your proposal you will talk about past experience and monitoring and verification so --

MR. STONE: Absolutely.

COMMISSIONER ROSENFELD: -- we are looking to demonstrate what works.

MR. STONE: One other thing I would like to say, Commissioner Rosenfeld, is that you are not going to be able to get that 75 percent on all projects. The idea of the thousand home challenge is not to create a cookie cutter that is going to work for everything, but if we are going to actually meet the challenge of climate change that we have to meet, we have got to think a lot bigger than 15, 20, even 35 percent reductions. So the purpose of this program, again, sponsored by ACI and PG&E is to demonstrate that, for some buildings, you can do it. And you can do it in a way that has a reasonable payback.
COMMISSIONER ROSENFELD: Very good, thank you.

MR. STONE: And by the way, measuring and monitoring is a big part of the thousand home challenge.

COMMISSIONER ROSENFELD: Very good.

MR. PENNINGTON: So just to respond to your question, Chairman, the Comprehensive Residential Building Retrofit Program does anticipate addressing both single-family and multi-family, and deep retrofits that we are shooting for in Tier 2, would be just as applicable for multi-family. There may be unique aspects of multi-family that we will have to think about as we go here, but we are certainly not ruling that out.

CHAIR DOUGLAS: Thank you. The next card, Craig Walker with SBK Investment Corporation.

MR. WALKER: Good afternoon, Commissioner and staff. I am just here -- I am an investment banker in public finance, I specialize in this area. And I met with some of you already previously in submitting some ideas, but I wanted to come in and put this on the record. You know, in our analysis, 811 is the most efficient way to finance energy efficiency retrofits for commercial and residential properties, primarily because you can achieve a 15-20 year loan payoff on those transactions, as well as the loan is based on the value of the property and stays with the property so that, in the event the property owner sells the
building or the home, they do not have to pay that loan off, which would eat into their equity, but as rather the new individual coming to the home would serve and take over those payments. We have provided two models to leverage these funds that you have been discussing here today. We have identified and talked with Jan McFarland of the California Alternative Energy and Advanced Transportation Finance Authority. We think that the Energy Commission can use that as an effective pass-through authority to utilize pooled leveraging for both a AB 811 program, which under our finance model we can achieve a 12 times leverage; so, for example, if the Energy Commission was going to devote $7.5 million towards a California AB 811 loan program for smaller cities and counties throughout the state, that could translate to $100 million program for those cities and counties. We also think it can serve as a valuable tool for larger cities like the City of Los Angeles, who we are advising currently. There are some obstacles they would face in terms of doing a contract with AB 811 program, including an election to authorize bonds where, by utilizing and working in partnership with the Energy Commission, they could issue those bonds through this authority, not have to go through the election process, and get that money on the street a lot quicker. Also, there is, I would believe, for the State Energy Commission's perspective, a strong interest
in having a uniformity of AB 811 programs throughout the
state, you know, even in Los Angeles you have different
areas that you do not want to have two, three, four
different loan programs that have different concepts,
different ways that work, because then you are going to have
confusion in the marketplace. So if the Energy Commission
positions itself as the clearinghouse for most of the cities
and counties in this state to fund their AB 811 program, you
can ensure a uniformity of programs throughout the state,
which would make it very effective for the consumers to
utilize. And just a last point on the energy efficiency
leverage model we used for the California buildings and the
leveraging of those assets, the one unique aspect of our
leverage model is it allows the city, county, or, in this
case, the state, to receive 100 percent of the benefits of
that energy efficiency retrofit for the first four and five-
year period; and on those funds, we can get a leverage of
about three times, so even in the DGS Program of $25
million, we could probably take that up to about $75 million
and get a correspondingly increased bang for your buck. And
we will be submitting those by e-mail to staff and to you,
Chairman Douglas, in writing, as well as on the record for
this program. Thank you.

CHAIRMAN DOUGLAS: Thank you. Next card is from
Ken Anater, I am sorry if I said that wrong, with the
California Department of Food and Agriculture.

MR. ANATER: That is Ken Anater, and thank you. I am Ken Anater from the California Department of Food and Agriculture's Division of Affairs and Expositions. I would like to thank the Committee for this opportunity to speak before you. We are here to -- we would like to promote our desire to obtain receipt partnerships and therefore funding for a third phase of photovoltaic installations at 19 fair sites throughout the state. This would add to the 26 existing photovoltaic installations that we have already done since 2001, and convey the fact that the fairs are located statewide, north to south, east to west, and we can hit small and large communities, both rural and urban. We do have a dedicated construction resource, the California Construction Agency that has successfully installed the past pv projects. And about the only suggestion that I would have in light of our past experiences in trying to obtain energy efficiency financing is that, as we have oversight of state, county, and even nonprofit organizations, that for the sake of efficiency, we do not have a single vehicle to obtain that application process. So in closing, I just would like to say that we would provide a stable partner with a proven track record of pv installations, and throughout the state. Thank you for your time.

COMMISSIONER ROSENFELD: We were huddling about
giving you a warning that we are going to place huge emphasis on jobs created per dollar invested and photovoltaics does not go very high on that list. You better make a pretty good address to that in your proposal.

MR. ANATER: Yeah, I was informed of that as the presentation was going on and it was a little too late to rescind my card, but I thought I would take this opportunity nonetheless.

CHAIR DOUGLAS: Well, we appreciate it and obviously in our ECAA program, photovoltaics have certainly been part of the projects we have gone forward with, but it has been a package of energy efficiency and pv that have pushed projects over the edge, and over the top in terms of meeting the energy efficiency criteria. ARRA lays another step in there in that we have also got to consider jobs created per dollar spent, and so that is fair warning on the importance of those criteria, and we can move on.

COMMISSIONER ROSENFELD: We will be looking, in fact, Pat Perez showed you a slide which said you have got to show at least 10 million Btu per thousand dollars and I think you are going to have a hard time meeting that with a pv program, so be warned.

CHAIR DOUGLAS: John Means, Associate Chancellor, Kern Community College District.

MR. MEANS: Thank you, Chair, Commissioner, and
staff. I am the Associate Chancellor for the Kern Community College District, which includes the three colleges of Cerro Coso, which is in Ridgecrest in the Mojave Desert, Bakersfield College, and Porterville College. We oversee all of the economic and workforce development programs for our district. While we certainly support the job training workforce development programs that are contained within your guidelines, as well -- particularly with the weatherization -- we also strongly support all of the criteria that are both with the SEP Program and the Block Grant Programs. Our request would be to consider also the workforce training that would be acquired for the commercial electricity generating facilities. Our region, combined with a fourth college, covers over 30,000-square-miles, and contains the Tahachapi Wind Farms, which is the second largest commercial generating area in the state. And the solar, thermal and photovoltaic commercial electricity generating is the largest in the state with the transmission lines that were approved, I believe, within the last year or two years by this Commission, thus expected to quadruple. What is needed in order to make that happen is a skilled workforce. We have begun that process over two years ago. We have a wind farm boot camp that has begun to put out those trainees, technicians that have that skill; however, in order to respond to the need that is there now, the labor
market need from just the industry within our region indicates that they will be just slightly under 3,000 skilled technicians over the next five years. We would argue that a critical need is to meet the state's 33 percent energy need for renewable sources by 2020, and we need another 25,000 Megawatts that are generated. We are far beyond that. Last year, as I understand it, about 158 Megawatts actually came on line. We believe, if we are going to meet our need of electricity generated from renewable energy sources, we need those skilled technicians who are able to do that. What we need, and we had started to do, and begun to do, but we need the funding for both the industry assistance to develop that curriculum, the facilities, as well as the equipment. If we are training for the commercial needs, we have a tremendous need. We have been to the workshops, we have talked to staff, and perhaps minimal, if almost absent, is the workforce training for the commercial electricity generation. So, as you consider and move forward, we would ask that you include those as much as possible if we are going to meet our needs. If we are going to have long-lasting impact, if we are going to reduce greenhouse gases, if we are going to create jobs, and we are going to reduce our independence on energy fuel, we believe, again, the electricity generation from renewable sources is critical. And the job creation that can be done
through the community colleges is another critical part.

CHAIR DOUGLAS: Thank you for that. I am going to ask staff, we are looking at a workforce development program, not only through stimulus funds, but also through the AB 118 funds and potentially some renewable sources. I would like to ask staff to address particularly the renewables workforce investment piece.

MS. CRAILLAT: Right. We will be issuing --

COMMISSIONER ROSENFELD: Who are you?

MS. CRAILLAT: Oh, sorry. Chris Graillat with the Energy Commission. We are going to be issuing a solicitation for a proposal for workforce development on -- it will be issued on August 7th, and it will address energy efficiency, utility scale, and distributed generation energy, and water efficiency. So that training will be part of the solicitation for a proposal.

MR. MEANS: Thank you.

CHAIR DOUGLAS: Does that answer your question?

MR. MEANS: We are aware of that. We just think that there could be and should be other opportunities for some of that funding, to not just focus on the weatherization and the retrofit, but on the commercial scale for the technicians, for their commercial generators.

CHAIR DOUGLAS: Thank you.

MS. GRAILLAT: And it will.
CHAIR DOUGLAS: I usually take cards in order,
but I noticed we had two from the same organization, so I am
going to ask you to come up one after the other and possibly
consolidate to the extent possible. I have got Ali Sahibi,
Chair, Green Valley Initiative, and I have also got Craig
Keys, the Executive Director of the Green Valley Initiative.

MR. KEYS: Thank you very much, Chairman Douglas
and Commissioner Rosenfeld, and staff. I want to just thank
you all for giving us this opportunity. I am very pleased
with what I heard today. Green Valley Initiative, of which
I am the Executive Director, exists to foster collaborative
efforts, to foster economic development, and expansion of
green industries. And everything that I have seen today, I
think, will go very far in helping the state get a head
start in that direction. I want to start by mentioning just
a few things that excited me about what I heard, things that
GVI supports. One, we strongly support engaging the private
sector with these policies that I think will produce the
most jobs there, as opposed to spending on public
infrastructure projects, I think it is very important to
have a very significant emphasis on private sector
engagement. Secondly, projects that leverage regional
resources are very important because they also stretch out
those resources and their impact. Third, targeting regional
leads and strengths is important. And finally, there must
be a very strong emphasis on job creation, but there should also be an emphasis on mix of the jobs, there should be both entry level and opportunities for skilled job development.

And with that, I would like to tell you a bit about GVI, its mission, and how we fit into this. GVI is a regional collaborative that consists of the support of some 500 leaders from the inland empire, from business sector, from government, travel communities, academia, and other stakeholders, and over a three-year period it represents a $3 million investment in consensus building around those issues, that has resulted in a comprehensive economic development strategy that was approved by the U.S. Department of Commerce in October 2007, and which we have been working to implement. GVI intends to make the inland empire a leader in green technology development and that is something that we want to see happen throughout the state. We are on the front lines of the state's efforts to address the recession and to implement a recovery, and the reason for that is that we have been the fastest growing region in the state, yet we have the highest rates of home foreclosures, we have the highest unemployment rate and an effective unemployment rate of 25 percent, and we also share with the rest of the state some significant advantages for these emerging technologies, which is an abundance of sun, an abundance of land, and tremendous educational resources.
and labor force that can be deployed to it. So, again, I mentioned those things that I saw were very positive about what was presented here today in terms of moving us towards that green economy and helping us meet our goals of reducing greenhouse gases and providing for a green economy in the state. I think that if we think big, if we think innovatively, if we plan regionally, and if we emphasize collaborative efforts, it will be very successful. We have been pursuing these kinds of efforts since 2007. Some of our activities involve consensus building symposiums and events, green business development activities, and policy programs such as advocating for AB 811 programs in the 40 cities within our region that have signed on to the Green Valley Initiative, we are working with all of them to encourage AB 811 programs to help finance these technologies. And we also have developed a regional program that is an integrated resource conservation program which would meet the goals of the CEC and federal stimulus objectives. And you will hear more about that from our Chairman, Ali Sahibi, so I want to turn this over to him.

And thank you again for this opportunity.

COMMISSIONER ROSENFIELD: Just a question. Do you have an AB 811 program underway?

MR. KEYS: We are working with cities in our region. One of the first AB 811 programs to come into
existence in the state is in our region by the city of Palm Dessert, and we are working with others. I also want to submit for your review a reference and information packet on our accomplishments, which will show the cities that are involved. Our region encompasses some 53 cities, 40 of which we are working very closely with and have signed formal resolutions to sign on to this effort. And I also am going to submit a copy of the approved Development Plan, approved by the Department of Commerce.

COMMISSIONER ROSENFELD: Thank you.

CHAIR DOUGLAS: Thank you. And we will now hear from your Chair, although I will ask you to please keep it brief if you could.

MR. SAHIBI: Yes. Thank you very much, Chairman Douglas, and Commissioner Rosenfeld. This is a wonderful wonderful day. I want to commend you, the Commission, and your staff for doing such a wonderful job and really being so thoughtful about the future. As you can imagine, as you heard from Mr. Keys, we have been working on this project for more than three years, and it is really exciting for us to see that so many of the things that, two or three years ago, could have been just us dreaming when others were observing us, now actually coming true. And you are a part of that transformation, you are an important part of that transformation that is going to really help us achieve our
goals and objectives. What Mr. Keys referred to, IRRCP, which is called Integrated Regional Resource Conservation Program, basically it is a three-step program where we, as a region, we are going to commit to attend to audit not only electricity, but also gas, water, and potential building improvements, audit more than 331 million square feet of industrial and commercial buildings in our region. And the reason why we are focusing on industrial and commercial buildings is very simple, because we feel that we are going to have multiple bottom lines. We all have heard of triple bottom lines, well, in this case, there are so many other benefits of working on businesses to be competitive in this global market, it is going to allow our businesses to stay in business, to expand, and to create other jobs, and the ripple effect is what is really unique about this project, is to the extent we believe, based on scientific calculations, and following UC Berkeley and others that have studied the actual costs of creating jobs, we believe we can create jobs, six times as many jobs, as what is currently the target for the state of California. Our cost of creating jobs is about $8,500 per job, whereas state target is almost $55,000 per job.

CHAIR DOUGLAS: Thank you.

MR. SAHIBI: Thank you so much. I can go on, but we are -- we believe that this project can be national model
for energy efficiency, complying with AB 32 and many other
benefits that we have outlined in our written proposal that
we will be submitting to you. Thank you very much.

CHAIR DOUGLAS: Well, thank you for your good work
and thank you for your comments. Before we go on, I would
like to acknowledge, we have about at least 20 questions on
the Web waiting for us, as well as people in the room. Time
permitting, we will have staff read those Web questions and
to try to provide answers or discussion to the extent
possible; but if it is not possible to get through the Web
questions, staff has committed to provide answers to them on
the Web by early next week. Before we go to the Web, we
will of course go through all of the comments of people in
the room. I am going to watch the clock a little more
closely as we go forward, although I do want -- in part
because I do want to allow time for us to provide feedback,
or to ask staff for feedback to comments that are raised.
The next card I have is for Michael Theroux of Theroux
Environmental.

MR. THEROUX: Good afternoon. I would like to
point at one specific area that I am trying to puzzle
through right now. In advance of the state pass-through of
ARRA funding for the Energy Efficiency Community Block
Grant, is the direct formula grants. Many of these are
being allocated to our Native American tribes. Many of
those communities are very small. The program had found
that the June 25th deadline simply was too fast and extended
that deadline until August 10th for submission. I am on
contract to assist one of the small tribes, and in doing so,
I realize that many of our small tribes certainly need this
program, but are somewhat left in the lurch trying to
understand how to approach it. In the state's pass-through
funds for the Block Grant, you have committed up to 75
percent for, as it turns out in the language, non-direct
formula grants, in other words, those that are not eligible
for the direct formula grants, will receive appropriately
most of the funds coming this way. My question, then, would
be to direct towards that last percentage, that 30 percent,
or whatever is left over. The tribes need the ability to
have follow-on support, hopefully to work with the state
directly and coordinate multiple reservation assessments.
Most of the funding come from this first assessment, from
this first direct grant, is being used for strategic
planning, just to get a plan in place, get a concept in
place, find some specialists that can assist the community.
Obviously, once they get that done, they will want to take
the second place. So I will be contacting the Commission
directly now that we are in place with -- our contract just
stepped in and they asked that we quickly try to make our
presence felt with the Commission, so I will come in and
contact you on that. I would ask, though, that you think
about the 20-30 other small communities that I am not on
contract for, and see if perhaps we can take what we have
learned out of this first small community Block Grant
Program, work with the DOE's Tribal Energy Program, and
spread that a little bit more broadly among the tribes of
California. And I would be more than happy to help on that
one on my own. Thank you.

COMMISSIONER ROSENFELD: Pat, there probably are
people in the audience who represent small communities. Can
you give them some advice?

MR. PEREZ: Certainly the input we are hearing
today is helpful. We have simply not had the resources and
the time to really explore those opportunities with the
tribal communities, specifically, and the DOE program that
is geared, but we really welcome their participation in our
forum and just, you know, we just do not have a lot of
information about those solicitations. We have been pretty
much preoccupied with the direct funding programs that are
coming to the Energy Commission that we are going to be
administering. But to the extent that we can gain some
additional insight and information from Mr. Theroux, we
welcome that and we will follow-up with on.

CHAIR DOUGLAS: Thank you, Pat. Next card is from
Wendell Brase, University of California.
MR. BRASE: Good afternoon, Commissioners. I am representing University of California in my capacity as Chair of the Climate Solutions Steering Group for the system. We, of course, support all of the objectives and criteria that I heard discussed here today and in the earlier workshop, that are aimed at maximizing the efficiency and effectiveness of using taxpayer dollars for the stated program objectives. There are two objectives, or two criteria, rather, which I hope to hear mentioned. One actually was mentioned and seemed almost as an afterthought because it was the last thing you mentioned when you went through the goals. The two are some assessment of the readiness in terms of project management systems in place that will be able to launch quickly a program that meets all of the objectives you have, including, of course, the systems of accountability that are expected to the taxpayers; and the second one, which was mentioned and I thought seemed like an afterthought, perhaps that was just my interpretation, but some kind of metric to evaluate proposals in terms of units of greenhouse gas reductions per dollar of ARRA funding. That is not quite the same as the MMBTU measure. Then, finally, let me say, it was not entirely clear to me when I hear words like state buildings used where the public higher education sector fits into some of the categories you described. Our buildings are not
usually called "state buildings," however, they of course were for the most part built by taxpayers of the state, the energy used in them is paid for by the taxpayers of the state, and they actually solely serve the benefit of the taxpayers of the state, so they are public buildings in all those respects.

CHAIR DOUGLAS: Let me ask staff to address that last question. John, do you want to take that?

MR. SUGAR: Well, I think the element of state buildings that has been discussed thus far is the agreements that are being developed with the Department of General Services.

MR. BRASE: Right.

MR. SUGAR: There has been discussion, I know, between staff and the committee regarding the role of public education in the State Energy Program funding, and that is still being discussed to determine how best to allocate those funds, or to make them available to public agencies. The discussions thus far have centered on trying to match those with loans through our Energy Conservation Assistance Act Program to try to ensure that the funds are leveraged, so that while the grants from the State Energy Program would be paying for a portion of projects, that the institutions involved would also be contributing either immediately or in the form of low repayments.
MR. BRASE: We completely agree on that last point. And, in fact, the University of California is issuing energy retrofit project bonds in a program which we would hope could be expanded quickly. In fact, I just spoke to the Regents Grounds and Buildings Committee about that only yesterday, about that point. So, yes, leverage with loan funds and other sources of funds, for that matter. And we are glad to see leverage is one of your high criteria in the program.

CHAIR DOUGLAS: Thank you.

COMMISSIONER ROSENFIELD: Wendell, with respect to the question of metrics, I assure you that when the guidelines are finalized, there will be a scorecard --

MR. BRASE: Perfect.

COMMISSIONER ROSENFIELD: -- that same scorecard we use, the applicant will use. We will, of course, verify claims, but we recognize you need a scorecard. The guidelines have a lot of things missing, they do not even have a glossary yet.

MR. BRASE: Oh, I understand. I appreciate the responsiveness of all the comments here. Thank you.

MR. PENNINGTON: So just one more comment. The Municipal and Commercial Building Targeted Measure Program also, the UC System might be very appropriate for consideration for that program.
MR. BRASE: Okay, well, I understand this is still being developed. Thank you.

CHAIR DOUGLAS: Thank you. Colleen Quinn.

MS. QUINN: Hi. Good afternoon, Commissioners. I am here representing a company, Go Green Solutions. I just have one quick question and then sort of a process overview question. The way that I at least took away from the outline today was that the majority of the funds that appear to be coming into the state through the Federal ARRA Program, through your SEP and other programs, especially the Block Grant, appear to go to users, to the consumers so to speak, of the electricity, or whatever the issue is. Is there any program that is going to be directed towards manufacturing for the equipment, or things that are made, for example, the company that I represent is a lighting solution company and they want to build a manufacturing facility in Los Angeles. Is any of this money going to be dedicated to that? So those create jobs, manufacturing jobs, etc.

CHAIR DOUGLAS: I will ask staff to --

MS. CHANDLER: I think that the area that that would fall into may be our clean energy systems program area. That was the area that was up to $35 million, it had bioenergy, biogas, combined heat and power, as well as energy efficiency. It would be a loan program, or a loan
and grant combined program. We are looking at existing funding vehicles, or financial vehicles such as business, housing and transportation, their program, the Treasurer's Office, as well as, say, BIDCO as funding as a financial mechanism. So with that program, which is up to, like I said, $35 million, is the area that it sounds to me like your company would be a best bet.

MS. QUINN: Is that ARRA money?

MS. CHANDLER: Yes, it is. It is one of the step programs --

MS. QUINN: Oh, okay.

MS. CHANDLER: -- and it was the State Energy Program and it is in that category included in the $226 million, or, as Mark pointed out, the $261 million, that it all adds up to.

MS. QUINN: Okay, great. One other question. Will there be some sort of approved vendor list, in other words, as you put together S Co's, or whomever is going to look at providing these services, and then you dial down to what the services are and the equipment that is going to used in retrofitting buildings, or whatever, how will that be determined?

MS. CHANDLER: Do you want to take that, John?

MR. SUGAR: Well, for the Block Grant Program, we will be providing funding to local agencies.
MS. QUINN: Okay.

MR. SUGAR: One option -- local agencies, at least as the guidelines are currently written -- and they are being vetted at two workshops at the moment, we have one more tomorrow, to make sort of an unashamed advertisement for our WebEx workshop tomorrow -- the two options that we have are the local agencies may propose a project with the normal engineering back-up to justify the cost-effectiveness of the effort. Another alternative will be purchase of energy efficient equipment that would be installed in whatever facilities they have that require that equipment. We anticipate that the Commission will be specifying what types of equipment would be sort of ironclad, cost-effective. This would include sensors for lighting systems, change-outs of T-12s to high efficiency T-8 systems, things like that. The specific vendors would be chosen by the local entities that would be purchasing the equipment.

MS. QUINN: So the type of equipment list would be part of the guidelines?

MR. SUGAR: We anticipate that, for that option, the guidelines will include the types of equipment that would be covered.

MS. QUINN: Okay, and that would be the Block Grant Program. What about --

MR. SUGAR: This is for the Block Grant Program.
And now I will turn it over to Bill.

MS. QUINN: Okay.

MR. PENNINGTON: So that was a very good answer that would apply to the Municipal and Commercial Targeted Measure Program, very similar response.

MS. QUINN: Okay, thank you.

CHAIR DOUGLAS: Thank you. I suppose staff, the DGS revolving loan program would be covered by the existing DGS term channeled services process?

MR. PENNINGTON: Yes.

CHAIR DOUGLAS: Okay. The next card I have is Cara Martinson, Legislative Analyst for CSAC.

MS. MARTINSON: Good afternoon. I am Cara Martinson on behalf of the California State Association of Counties. First, we would like to thank staff for providing a clarification within your Draft Guidelines stipulating that 200,000 population for counties specifically being unincorporated and we think that provides the necessary clarity that will include 13 counties that were previously in question and providing them to be eligible for the program. Specifically, I have a question or comment regarding the guidelines with respect to climate change planning. If legislative changes are made, which looks likely either through AB 262, or our budget, possibly tailor the language, will this be an activity that will be
allowable under the program either through the direct
formula grants, or through the discretionary pot?

MR. SUGAR: An excellent question. Maybe AB 2176
limited the types of projects which we may fund to energy
efficiency where the cost-effectiveness can be measured.
The Committee is currently considering a couple of options
for the use of the balance of the Block Grant money, which
will be up to $12 or $13 million. One of those two
alternatives would be to fund projects which do not fit
under the current AB 2176 guidelines, but would be allowable
if legislative language changes that restriction. The
situation we encounter, just speaking for staff, is that we
are starting down a road based on the existing legislation,
which is focused on energy efficiency. Given our resources,
it would be very difficult to make a big shift in that
effort and still meet the very restrictive time lines that
the federal money includes. So one option may be for the
committee to consider using some of the funds for other
opportunities, so that staff can clear off the energy
efficiency projects, get those applications taken care of,
and then start looking at other areas.

MS. MARTINSON: Okay, great. Thank you.

CHAIR DOUGLAS: Rick Bofinger, Jerico Energy.

All right, I hope I did not mangle his name so badly that he
is sitting here. Anyone here named "Rick" and the last name
starts with "B"? Bafinger, or something like that? All
right, I will put the card at the end and I will try again

MR. DAY: Good afternoon, Commissioners, staff,
other people, usual suspects in the room. I am not going to
talk about a specific proposal, I want to talk about
concepts here. First off, in light of the work that we have
done over the last 10 years on time dependent valuation,
will we be evaluating different proposals in light of the
curve, something that could be TDVish, if you will, or will
it be on straight KWH? I mean, we have done a lot of work
around here to figure out that a May morning and an August
afternoon do not give the same value to the state, either
from carbon footprint or from true cost to consumers, so
that is one concept. Another question would be, in the
evaluation, is there a way that we can give a bonus for
technologies that concentrate their Kilowatt hour reductions
on peak, or something that gives benefits for peak Kilowatt
reductions? Another question would be, are we going to be
able to give a bonus for programs that have existing clean
technology job training programs already in place that could
be expanded, as opposed to ones that would have to be ramped
up? Another question would be, are we able to in any way
give bonus points for those that are manufacturers of
equipment based here in California? It is a little bit more
expensive to be a California manufacturer, but that brings jobs and rolls the money over here in California. So I know that is a lot of stuff, but I wanted to try and be quick.

CHAIR DOUGLAS: Thank you very much.

COMMISSIONER ROSENFELD: Michael, I suspect most people in the audience do not know what the heck TDV is. I think when you write your proposal, you should make that point and you should talk about TDV and Kilowatt Hours in addition to the standard ones. I am a huge supporter of TDV, but I think we are not going to train everybody here and I guess you just hope that the reviewer knows what the heck you are talking about.

MR. DAY: Well, I guess one thing, there would be an option that, for those proposals that are able to differentiate their savings into -- even if it would be sort of binned that would be able to show some TDV curve, or E-3 curve if they prefer to use that type of benefits, in addition to just a straight waiting, that that would be a reviewable criteria under the standards that you are able to set up. We could come up with some sort of simplified type of analysis, I think. And I think that the benefits there would be pretty substantial.

COMMISSIONER ROSENFELD: Write them in your proposal.

MS. CHANDLER: So the type of detail that we are

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getting into right now is exactly the type of detail we
want to get into at the Regional Workshops because these
questions that you have are all good ones in terms of
criteria, but it is related to the SEP guidelines, which
will be posted tomorrow night, hopefully, and I am sure you
will be reading them over the weekend to kind of discover,
and then we have three workshops that will be set up, one in
San Francisco, one in Stockton, and the third in San Diego.
This is exactly the kind of --

    MR. DAY: Nuts and bolts.

    MS. CHANDLER: Nuts and bolts that Bill Pennington
lives by. So, anyway, we invite you to one of those three
workshops, I think the one closest to you so you will keep
your carbon footprint down, and we will see you there.

    MR. DAY: Thanks very much and we look forward to
participating.

    CHAIR DOUGLAS: Thank you. The next card I have
is for Anna Ferrera.

    MS. FERRERA: I thought that was going to take a
lot longer, sorry. I am Anna Ferrera. I am here
representing Murdoch, Walrath & Holmes. We have a number of
school district clients, K-12 schools, in addition to
associations such as the Coalition for Adequate School
Housing and County School Facilities Consortium. I am also
the Executive Director for the Californians for School
Facilities, an organization that goes and lobbies in Washington, D.C. on school facilities issues. So you can guess what I am going to be talking about, which is incentivizing schools to do some of the things that you have been talking about today. We have been very interested in looking at efficiencies and, as you may know, we are in a budget crisis and that trickles down to districts. What winds up happening is those upfront costs are very difficult for school districts to get over, given that we get our state funding matched 50 percent by the district, and it is barely enough to build the schools, the boxes that we are able to build throughout the state. But we have some innovative districts that are looking to do some of this, and so we are hopeful that we will be able to utilize it. We will be very interested to see what those matching grants, what the criteria and all that will be, and we have good partners in utilities, I believe, and so we hope to utilize that, as well. On the not to be mentioned renewable and other areas, we also do believe, though, that efficiencies are the first step as we move into perhaps doing some of these systems because K-12 schools are kind of a natural for that, we have flat rooms and we are not as well used in the summer. So we are hoping to use this to piggyback onto some of those other things. So we look forward to working with you. We are excited to see that
schools are included, and that is something that we will be watching in the future. Thank you.

CHAIR DOUGLAS: Thank you. John McIntyre,

University of the Pacific.

MR. McIntyre: Thank you very kindly, both to you as the Commissioners, as well as to staff. Again, my name is John McIntyre from the University of the Pacific, and I have heard a great deal about public -- heard representation from public universities and colleges, have not heard anything about possible support for programs at private colleges and universities, which provide the central pressure valve in times of retrenchment and difficulty in the state systems. University of the Pacific has 6,700 students spread across three campuses, a main campus in Stockton, a small demi-school in San Francisco, and then McGeorge School of Law here in Sacramento. Two of those campuses have projects that we believe would qualify, but just to get clarity, in the Energy Efficiency and Conservation Block Grants Program, will the set-aside -- and I see in the presentation a set-aside for expanded activities, and I wonder if those would include projects that would include private higher education and, if so, by what process?

CHAIR DOUGLAS: I am going to ask staff to respond, but the block grant goes to local government, so
the Block Grant would not be the place to look. Staff,
could you address the questions that relates to the SEP --
unless I am wrong about block grants?

MR. SUGAR: No, no. Block grants are limited to
cities and counties.

MR. MCINTYRE: Sorry for missing that. Thank you.

MR. PENNINGTON: The Municipal and Commercial
Targeted Measure Program is a possibility for these kinds of
schools, so that is out there.

MR. MCINTYRE: That was a really short answer.

MR. PENNINGTON: Good.

MR. MCINTYRE: Thank you.

MR. PENNINGTON: Come to the workshops.

CHAIR DOUGLAS: Read the guidelines. All right,
this is the last blue card, so, staff, if you could prepare
to take the Web questions, and he may not be here. Rick
Bofinger again? Going once, going twice. Let's move on to
the Web questions.

MR. HUTCHISON: Okay, first question, "Why aren't
other units of local government listed, utilities, special
districts, etc.? Where do we go for our dollars for energy?
Thus far, little money is even available for water utilities
and special districts through DOE or the state." And this
question is from Bobbi Becker with Metro Water District of
Southern California.
MR. SUGAR: Well, those districts are not eligible under the Block Grant Program. I believe the committee is still discussing which public agencies will be eligible under the SEP match program. And they are eligible for our loan program. We have lowered the interest rate to 3 percent, which provides quite a cost-effective opportunity for efficiency undertakings.

MS. HALL: In addition, and depending upon the type of program or proposal, it is possible that they may qualify under the Clean Energy System portion of the CP.

MR. PENNINGTON: Also, the Municipal and Commercial Targeted Measure Program is not ruling out particular kinds of local governments, but a consortia regional approach is what we are looking for, so these kinds of districts could partner with others on those kinds of programs.

MR. HUTCHISON: Next question. This is from Allis Druffel with California Interfaith Power and Light, and I am going to kind of truncate some of these background information here. "We are wondering if there is stimulus money available for congregation interfaith facilities for energy efficiency devices such as appliances and solar power. Also, is there a way to get a grant to do outreach to the communities, members of lower income congregations, to match them up with green training/green jobs?"
CHAIR DOUGLAS: Can we take that first question and then go to the second one so that --

MR. HUTCHISON: Let me back up here. Allis Druffel is wondering if there is stimulus money available for congregation facilities for energy efficient devices such as appliances and solar power.

MR. PENNINGTON: So basically the Targeted Measure Program could clearly be an opportunity for them.

CHAIR DOUGLAS: Bill, if there is, within jurisdiction, that sets up an 811-type program, that would potentially be another opportunity, right?

MR. PENNINGTON: Exactly. Very good. Good answer. And I think Chris might have an answer.

MS. GRAILLAT: Yeah, regarding the workforce development for the solicitation for proposal, workforce investment boards and community colleges are the lead applicants for the workforce training funds, however, other organizations can be partners because that is our goal, is to build these regional partnerships for workforce training programs, so there can be a joint partnership.

MR. HUTCHISON: Okay, thanks Chris. "Can a block grant..." -- and this is from Laura Battise at CES -- "Can a block grant applicant include renewables in with their energy efficiency project, provided the energy efficiency measures meet the requirements?"
MR. SUGAR: As our guidelines are currently written, they would be able to include a renewables project, as long as the total project cost-effectiveness meets the criteria.

COMMISSIONER ROSENFELD: But it is important to emphasize that it is your total project that has to meet the criteria.

MR. SUGAR: Yes. The total project has to meet the cost-effectiveness criterion.

COMMISSIONER ROSENFELD: And you will be competing with projects which more than meet the criteria.

MS. CHANDLER: I think this is block grants, so this would be direct.

MR. SUGAR: Yeah, this one is formula. So each jurisdiction, we anticipate, will propose a project. In our guidelines, we are requiring that the project meet a cost-effectiveness criterion of a ten million Btu source energy per thousand dollars. On their own, a lot of renewables projects will not meet that. If the renewable project is bundled with energy efficiency, it could well meet that criteria as the total project.

MR. HUTCHISON: Thanks, John. The next question is from Linda McDaid, Honeywell International. "How will these programs be impacted by the Value America Act in the ARRA legislation?"
MR. PEREZ: Certainly, the Buy America provisions will apply to many of these programs. The actual details on how they apply to various programs, not only the direct programs, but also the competitive funding programs, are actually outlined -- I think it is the Department of Labor website, there is a whole discussion on that. So depending upon the type of project it is, and the availability of the equipment, or whatever, that is how it basically comes in. Certainly, you do not necessarily have to purchase American manufactured products if they are not available, so that there are options for using non-American made products in the event that you cannot find that product available.

MR. HUTCHISON: Thanks, Pat. Next question, this is from Chris Rich, County of Santa Barbara. "Is the SEP schedule on page 26 of the presentation related only to Phase two, or both Phase one and two? That is an easy one, I will take that. It is really focused on Phase two. As we mentioned, the Phase one quick strikes are actually -- a number of them are in process right now. We are developing inter-agency agreements. We are awaiting legislation to move to create the DGS revolving fund, and we are also pushing for the ECCA solicitation. So, again, the SEP schedule is really more focused on Phase two.

CHAIR DOUGLAS: Before we go on, let's just do a quick time check. Commissioner Rosenfeld and I were just
talking about the schedule. We are happy to stay beyond
4:00 and maybe let's run this to about 4:30 and see if we
can get through. Is that realistic, Mark?

MR. HUTCHISON: I think so. I think we are about
maybe a third of the way through the questions.

CHAIR DOUGLAS: Great. Okay, let's keep going.

MR. HUTCHISON: Next question, this is from K.

Shawn Thompson, City of Irvine. "Where are the guidelines
for the $13 million competitive funding for the Block Grant
Program?"

MR. SUGAR: Those guidelines are not out. That
part of the program is still being developed. The
guidelines that we have out are for the small jurisdiction
program.

MR. HUTCHISON: And let me clarify on the point
there, is that our major thrust is for the 60 percent or 70
percent that is going to locals; that is on a much tighter
timeframe. We have got 180 days from DOE approval of our
application. The remaining money, that $13 million, give or
take, has a longer period to allocate the funds, and that is
why we are going to deal with it as soon as we can, but
certainly we have to focus on the Block Grant money going to
the locals.

MR. SUGAR: Exactly.

MR. HUTCHISON: Next question. This is from Jan
Spencer Rosen, Greener Dawn, Inc. "Is there a copy of the presentation available?" We will skip that one. I think that is posted online. Next question, Barry Brooks, Indirect Evaporative Technology Co., A comment was made about approved equipment for energy efficiency improvements. They liked the title for this approval list. Is that in the guidelines?

MR. SUGAR: It is not in the guidelines yet. We are working on the list. We are seeking to get comments. We are raising the list in workshops to get comments from jurisdictions and other stakeholders regarding the technologies. We are going to be looking for technologies that are proven, for which the savings estimates are easily determined. We estimate using the DEER database that the CPUC and the investor-owned utilities use for estimating energy savings from efficient technologies. And what we are looking for with that option, with the direct buy option, is items which are as much as anything can be assured to provide cost-effective efficiency. If a jurisdiction is interested in using equipment that is not on the list, they are certainly welcome to take the route of proposing a project. The engineering work behind that is going to be somewhat more significant. What we are looking for with this direct buy option is to simplify the application for funding for entities that are not in a position to really
pursue more integrated efforts to save energy.

MR. HUTCHISON: Thanks, John.

CHAIR DOUGLAS: Mark, we have one blue card.

Let's take that and go back to the Internet questions. Leif Magnuson, USEPA and California Home Energy Retrofit Coordinating Committee.

MR. MAGNUSON: Good afternoon, Chairman, Commissioner, staff, and audience members. My name is Leif Magnuson. I work for the Environmental Protection Agency in the San Francisco Office. I also chair a group called the California Home Energy Retrofit Coordinating Committee. We are an ad hoc group of federal, state and local government representatives. We also have members from utilities, the California Building Performance Contractors Association, and some non-governmental organizations. And I just wanted to state that, from our perspective, the proposal that you made today is a very strong one. We are especially supportive of the $96 million for energy efficiency. We support the residential and commercial energy efficiency retrofit focus. And within that, we support the tiers of retrofits from basic to advanced. We want to especially lend our support to the deeper comprehensive whole house, or whole multi-family retrofit, using the HERS and Home Performance with Energy Star approach and guidelines. And the comment I wanted to make is, it was previously mentioned that there is
a strong need for standardization in the state for implementation of these type of programs, with all of the clean energy municipal financing programs starting around the state, there is quite a bit of variety being entertained. We will be submitting some comments, but our group has put together a set of recommendations for those programs, and we feel that recommendations such as these are helpful in bringing about that kind of standardization. And finally, your own financing or funding is really key to helping to induce that type of standardization throughout the state, there really is no other way to sort of regulate or mandate that, maybe we do not want to, but I think it is important to provide some kind of inducement or incentive for that type of standardization and your fund can certainly do that. So thank you.

CHAIR DOUGLAS: Thank you. And I am guessing that your comments are on behalf of the coordinating committee, not official EPA comments, although if you could clarify that?

MR. MAGNUSON: That is correct. I am here on behalf of the committee. My support for Home Performance with Energy Star, however, I can say that I am qualified, yes, that is on behalf of the Environmental Protection Agency.

CHAIR DOUGLAS: Thank you.
COMMISSIONER ROSENFELD:  One second.  John Sugar, I want to get back to your answer on evaporative coolers. If there is cost-effectiveness, I think they are, they would probably be on utility rebate lists. Does anybody know? Or, Bill, do you know?

MR. PENNINGTON:  So the person on the phone was talking about direct/indirect evaporative coolers?

COMMISSIONER ROSENFELD:  Yes.

MR. PENNINGTON:  Which are not your smaller coolers?

COMMISSIONER ROSENFELD:  Well, which are not your standard low cost item?

MR. PENNINGTON:  Yes, I suspect they probably are in the DEER database.

COMMISSIONER ROSENFELD:  Michael has a comment.

MR. BAY:  Michael Bay, Bestco. As a manufacturer of flash evaporative pre-coolers for air-cooled condensing units, I can tell you that not all evaporative pre-cooler technologies are in the DEER database, and the cost numbers can be off by quite a bit. There are indirect evaporative pre-coolers for outside air that are in the DEER, or at least in the last version of the DEER, so you figure that they are going to be rolled over. But there are some pretty nice evaporative pre-cooler technologies as a class, that have extremely good dollars per KWH numbers, that we would
like to see on the list. And they are really much plug-and-play kind of stuff.

COMMISSIONER ROSENFELD: Thank you.

MR. HUTCHISON: Okay, back to the questions. This one has got a little bit of background information here. This is from Karl Drexel, Tomales Village Community Service District. "It seems like the guidelines you are proposing are specifically eliminating projects that meet all of the criteria for RF funding by small communities and agencies, by limiting funding to a per capita basis. We have a solar project in Marin County that will provide manufacturing jobs in the U.S., will be installed and maintained by local work force, as leveraged by the Clean Renewable Energy Bonds, provides alternative energy sources for the next 30 years or more, but would only be available for $1,000 in funding under these guidelines. If we apply for SEP grants, with the KREBS being a matching source, we are eliminated because we are not borrowing from the state. Where are small local agencies supposed to get help from this program?"

MR. SUGAR: That seems to span both the block grants and SEP. Regarding block grants, current legislation directs us to cost-effective energy efficiency, which makes it difficult to pursue renewables. Should that restriction be changed by legislation, and should the Commission decide, or a committee decide, to pursue activities or projects that
AB 2176 does not currently allow, to use the balance of the funding for that, this might be one that could apply.

Similarly, if it were packaged with energy efficiency, you would have to know more about the project, I think. It is unusual for $1,000 of seed money to --

MS. CHANDLER: It is written kind of confusingly. It says $1,000 in award, which makes me think that the gentleman did not realize that we have a $25,000 minimum award for small cities, and just multiplied the per capita by the $5.00, so we should clarify for small cities and small counties that there is a $25,000 minimum award for small cities. And for small counties, there is a $50,000 minimum award because the policy committee and Commission felt that, at least in this way, it is enough money to develop with leverage a project, or to do the substantial building in terms of purchasing equipment off the Direct Buy list.

MR. HUTCHISON: Next question. This is from Paul Dirksen, City of West Sacramento. "As a local government, we are concerned about the local match requirement." I am not quite sure where that came from because there is no local match requirement. We encouraged it --

MR. SUGAR: We encourage a match. The Block Grant Program as proposed has no local match requirement. During the earlier workshops, we presented a few alternative
program designs, some of which required a match, as part of
the Commission's effort to determine what would be most
effective for purposes of both the Act and the Commission's
goals.

    MS. CHANDLER: So he may be looking at an earlier
version.

    MR. SUGAR: He may be looking at an earlier
version than the current guidelines. We are not proposing
any kind of a match requirement. And we will have a
workshop tomorrow discussing this, it will be broadcast on
WebEx, it should be a grand time, and I highly recommend
that people interested in this program tune in.

    MR. HUTCHISON: There are a couple more questions
and they have been somewhat dealt with, but I will quickly
go over them. "Has the Energy Commission considered
dedicating energy efficiency retrofit funding specifically
for multi-family apartments and condominiums?" Bill, I will
address that. Stay tuned for the SEP Guideline discussion.
It is certainly not precluded. And then, finally, "We
noticed a ARB Scoping Plan was listed as a potential
activity that could be funded. Is the CEC considering
funding local or regional Climate Action Plans?" And that
is to be determined.

    MR. SUGAR: That is to be determined. During the
discussions on the Block Grants, during the workshops, a
number of jurisdictions expressed an interest in using Block Grant funding for that purpose. AB 2176 currently precludes that and, again, if those requirements are rolled back, that might be an area which the remaining Block Grant funding could be directed.

MR. HUTCHISON: The next question is from Louise Auerhahn, Working Partnerships USA. This is for Chris. "Would the proposed SEP workforce training program also be open to training targeted occupations in public transit operations?"

MS. GRAILLAT: Part of the solicitation is using AB 118 money and I believe that some of that, the training, could go towards that type of transportation training programs.

MR. HUTCHISON: The next question or questions are from Steve Schmidt from Los Altos Hills. I guess I better give some background information here. They are working on a -- it is community volunteers working on a local nonprofit project and they are working with three other local towns. Their question is, "Is there a fast track program to get this type of a program started earlier than November 15th for the Block Grant, or December 1st for SEP funds?" It is not a lot of information on the project, it is a unique and very cost-effective residential energy efficiency program. And I think we are fast tracking as much as we can, but I will
defer to you guys.

MR. SUGAR: Yeah, we are paddling as fast as we can. At the moment, it looks like early November is the soonest we will actually be able -- the Commission would actually be able to make an award. Staff is meeting on a regular basis to try to determine how we can move, or if we can move more quickly. If a jurisdiction does have a project like that, and that is the way they would like to spend the funding as far as we know, from that description it sounds like something that would be eligible. We would encourage them to be ready so, as soon as we get the documents to apply for Block Grant funding on the street, they would be ready to fill it out and turn it around, that package, as quickly as possible. Staff would be happy to talk with him about what we anticipate that we will need to help them prepare for it.

MS. CHANDLER: John, and we are planning on putting that application, that simple, easy to use, two-page application, up quickly, right? Because we do not have to wait. Once we get through these workshops, we will be able to direct our attention to that, so folks out there will be able to see what that application looks like.

MR. SUGAR: Yes. We anticipate having the application out as soon as the Commission is legally able to approve the guidelines. This is likely to be before we have
received federal approval, so there is always a chance that we may need a tweak or two if Department of Energy requires it. But we anticipate that it is going to be as close to final as we can possibly make it, and we are looking forward to helping, you know, stepping people through it to make sure that people are in a position to get it turned around as quickly as possible.

MR. HUTCHISON: Thanks, John. Next question from Elaine Berghausen, The Gualco Group, Inc. "Public agencies, such as small public water systems serving small communities, have limited loan repayment capacity. In addition to grants, projects serving these communities need access to loan programs that offer longer repayment periods and lower or zero interest rate loans. Loan programs offered by other state agencies often recognize these circumstances by offering more advantageous loan terms to them. Will the Energy Commission consider developing more generous loan provisions for these projects?"

MR. SUGAR: Our Energy Conservation Assistance Act loan program is currently available to all public agencies. We charge 3 percent interest, we have technical assistance to help local agencies determine what improvements, including improvements to water and waste water systems, would be cost-effective. Loans are made for projects wherein the savings from those projects will at least cover
the repayment of the loan, so that there is no money out of pocket for a local agency, at least longer term. We have worked for years to make that program as user friendly as we can. Both formal and informal feedback we get is that it is an extremely user friendly program. We worked with local agencies to try to tailor it as best we can to their needs. That is, you know, what we have to offer right now here at the Commission.

MR. HUTCHISON: And the interest rate is set in the statute --

MR. SUGAR: To pay back the minimum.

MR. HUTCHISON: Yeah, if they had a payback period that was five years, could we extend that loan term out to 10 years to make it easier repayment?

MR. SUGAR: Thank you for bringing that up, sort of lobbing me a softball. We have a maximum 15-year repayment, so the way we generally estimate with projects is that, if a project provides a simple payback of 10 years or less based on the utility bill savings, we are able to loan on the project. There are cases in which, by undertaking one of these projects that we help finance, a public agency is able to change the rate at which it is billed by the utility and achieve savings there, as well as savings from reduced energy use and peak demand.

MR. HUTCHISON: Okay, next question, Wendy Sommer
from StopWaste.org. "In addition to regional partnership and leveraged funds...," actually, this is more comment. I will go ahead and just read this for the record. It does not appear there is a question here. "In addition to regional partnership and leveraged funds, one criteria for funding that is essential to a program's success is a consumer demand strategy. While we can argue that the demand exists, there is still a barrier to consumer acceptance. Many property owners perceive energy efficient retrofits, specially performed spaced, to be difficult and expensive to implement. Any proposed program needs to include a consumer demand strategy, marketing education incentives to overcome the informational obstacle that undermined so many previous efforts to promote building energy efficiency. It would be fruitless to develop infrastructure and train workers in energy efficiency retrofit without simultaneously stimulating consumer demand." Point well taken.

MR. PENNINGTON: So, I would just comment that that is an element of what can be proposed for funding under the Comprehensive Residential Retrofit Program.

MR. HUTCHISON: Thanks, Bill. Next question from Treena Colby, Cypress Ltd. "Are there any areas in ARRA where demand and peak load will be looked at?" This follows on the gentleman's comment earlier. "And will there be
MR. PENNINGTON: Could you re-ask the question?

MR. HUTCHISON: Sure. First question, "Are there any areas in ARRA where demand and peak load will be looked at?"

MS. CHANDLER: I think ARRA guidelines from Department of Energy look at kilowatt hours and they do not distinguish between peak and non-peak. Of course, peak is very important to California, but when we look at the guidelines and the components with the Guideline, or the DOE Guidelines, it does not distinguish between peak and off-peak.

COMMISSIONER ROSENFELD: But they are going to be -- we are going to be way oversubscribed on these proposals, or applications, and if, as I told Michael Day, I would think that if they make the point that there is a lot of peak power involved, whoever grades, scores their application, might give it some weight.

MS. CHANDLER: I think you are correct, Commissioner Rosenfeld, from the standpoint that those guidelines and scoring criteria are not yet developed --

COMMISSIONER ROSENFELD: Right.

MS. CHANDLER: -- and it is this group of people who will be looking at that. But to respond to her question right now, that the DOE does not make any distinction, and
we have not made any distinction in our scoring criteria.

When our program opportunity notice goes out, it will
include the scoring criteria in it and will probably have
that decision by that point.

MR. HUTCHISON: Okay. Next question. This is
from Michael Hvisdos from Microgy Inc. "Would the Clean
Energy System Revolving Loan Program allow for a loan to be
awarded in the amount up to $35 million? Or will this
program be funded with $35 million and the loans granted
against the pool?"

MS. CHANDLER: We are still developing that
program, but we would be looking at, I would imagine,
leveraging more loans out to more people than one loan at
$35 million. We want to target regional areas, geographical
areas, and we have those technologies, the bioenergy, the
combined heat and power, energy efficiency, and renewable
energy, that we are focused on. So we probably would not
achieve our goal if we only did one loan.

MR. HUTCHISON: Next question from Seth Wilson,
NEC Clear. "Do you envision public purpose funds as a
source of leveraging ARRA block grant?" And there is a
second part to that, but I will stop there.

MR. SUGAR: Yes. We are assuming that, where
local agencies can use utility incentives, which are public
purpose -- generally public purpose, as well as rate funded,
we assume that they will do that and that is a match for projects. We are not requiring a match, but that certainly will help the funding go further.

MR. HUTCHISON: Sure. Second part, "How do you see collaborative efforts forming with the IOU's to optimize these efforts?"

MR. SUGAR: We are in discussions with the Public Utilities Commission on that issue, both of our commissions are cognizant we have to be very careful in not undertaking any kind of partnerships that will complicate the IOU's relationship with the CPUC and the CPUC's policies regarding those utility activities and shareholder return.

MR. HUTCHISON: Thanks, John.

MR. PENNINGTON: I might just add to that. For SEP-related programs, while there is this issue about, you know, accounting for the savings and all of that, that is a very important issue and perhaps fairly difficult. All of the SEP programs advocate the use of whatever incentives are available as a way to accomplish the overall project. And so, you know, the guidelines will directly encourage using rebates and incentives, and collaboratives being well aware of what kinds of incentives are available locally to promote projects.

MR. HUTCHISON: Okay, thanks. Next question is a follow-on question. This is from Kaishon Thompson
9phonetic), City of Irvine. "This is the second workshop where I have heard someone from the CEC say that faith-based organizations can be a part of an AB 811 type program. AB 811 gives a local jurisdiction the ability to attach special tax financing to a property. Please explain how a faith-based non-profit organization can participate in a special tax financing program."

MR. PENNINGTON: So I am not sure the answer to the question previously was strictly about municipal financing programs, but certainly one of the things that we are going to be doing in exploring the guidelines is seeking good input on what may be the constraints on using municipal financing and trying to well understand that, as we move to final guidelines.

MR. HUTCHISON: Okay, thanks.

MS. CHANDLER: I think that we also -- that is why we distinguished the municipal finance district. Many people shortcut the name to see AB 811, but we have had workshops on AB 811 and AB 811 type programs, and recognize that there are limitations, and so we are looking at the broader term of municipal financing districts to determine how we can apply that repayment in some way.

MR. HUTCHISON: We are getting more questions as we -- we have gone through the printed list, but we have got about another half dozen, and so we will continue to try and
work through these?

CHAIR DOUGLAS: Absolutely.

MR. HUTCHISON: Okay. This is from Kerianne Hewitt (phonetic) with Ventura, County of Ventura. "In the DOE application for the larger cities and counties, there is a technical consultant component that allows for educational outreach. Is the state application going to incorporate similar a component?"

MR. SUGAR: I am assuming that is for the Block Grant Program, and at the moment AB 2176 restricts us to cost-effective energy efficiency projects. So, currently that is not part of the program. Should the legislation be changed, the Commission may decide to use the balance of the funding from that program for projects or undertakings which are currently not allowed. And if that is the case, I assume that this might be something that could be considered. It depends on what kind of guidelines you develop for that part of the program, and we are not there yet.

MR. HUTCHISON: Okay, thanks, John.

MR. PENNINGTON: I might comment on the SEP programs. For the residential and commercial SEP programs, there is a strong interest and a recognition that you need to be training the workforce for delivering the measures to these sectors, both for the targeted measure program and the
comprehensive residential program. And so training is clearly going to be discussed in those programs, and there is an expectation that the collaboratives that will be proposing on this will be focusing in on training -- workforce training -- as one aspect, and also coordinating with the Energy Commission's separate ARRA funding that is going to workforce training.

MR. HUTCHISON: Next question is from Carl Broomhead. I believe he works for the City of San Francisco. "How can we find U.S. DOE comments on the state application?" And I am not aware that we got any written comments back from DOE. We got the green light on the SEP, and they are still reviewing our Block Grant application.

MR. SUGAR: Pretty much. We just received an approval. We did not get comments.

MR. HUTCHISON: Agreed, okay. Next question is from Nancy Richards, Sierra Business Council. "Is AB 2176 currently up for amendments? And what are those amendments?"

MR. SUGAR: Our understanding is that there is language, I believe, in the budget trailer legislation?

MS. CHANDLER: Why don't we defer that and get back to her with more specificity.

MR. SUGAR: We do not have a lot of information on it.
MS. CHANDLER: And given how legislation changes so dramatically, we could talk about what happened yesterday, and it will be different today. Do we have an author on the Bill, though? Maybe we can defer and maybe she can follow-up with the author's office.

MR. SUGAR: We can find the author and get back to her.

MS. CHANDLER: Okay.

MR. HUTCHISON: And that is it.

CHAIR DOUGLAS: Well, thank you very much, Mark and --

COMMISSIONER ROSENFELD: Since we have some devotees present, I would like to take one minute to ask an off-the-wall question. Pat, in your summary -- in your introduction under State Energy Programs, you mentioned that the amount of sweetener for unemployment was -- the formula was 1 plus the unemployment rate.

MR. PEREZ: Yes.

COMMISSIONER ROSENFELD: And, of course, we heard from the [inaudible] that the unemployment rate for that was up to 25 percent. This is a pitiful economic situation and the most it is going to get is a 25 percent sweetener. I am not sure where that number came from, but it could have been twice the unemployment rate, or half of the unemployment rate, or something. Where did that decision come from?
MR. PEREZ: In terms of the staff recommendation on how they arrived at that, John, your office actually, I believe, came up with that.

MR. SUGAR: We are culpable is the word I would use. It seemed we looked at the amount of funding, we looked at the per capita amounts that were possible, given the funding that is available. It appeared that using one time the unemployment rate would take us a bit above the 60 percent minimum for local agencies, with a reasonable $5.00 per person basis, which exceeds the amount of funding that some of the smaller large jurisdictions are getting. And so that is what we proposed.

CHAIR DOUGLAS: You know, I think, Commissioner, it was a good idea to raise this issue for public discussion input and the stakeholders present to think about this. This is something we can take comment on in subsequent workshops. I will provide a few thoughts. The Block Grant Program is not necessarily the greatest jobs generator under the energy related ARRA expenditures that we are looking at. Certainly, these energy efficiency investments in cities and counties up and down California will be job generators, but it is only one aspect, and I am assuming that, although this did not come through loud and clear, that staff is looking at considering economic circumstances as a factor in competitive applications and the SEP funds, as well. You
MR. PEREZ: Correct.

CHAIR DOUGLAS: Correct. That is something we may want to emphasize more. I think we are also very open to comment about whether one time the unemployment rate is the right number, or the wrong number, should we have that, should it be twice that, and so, again, this is a proposal which we are putting before the public and which the Commission will be considering at a later date.

MR. PEREZ: And maybe I would like to just add to that because the whole focus on economically distressed areas came from the California Economic Recovery Task Force, supported by the Governor, does not only apply to energy, but all funding areas. So it is something we have been asked to consider, regardless of the sector and the funding source.

CHAIR DOUGLAS: We also obviously have to recognize that the Block Grant Funds are meant to go to cities and counties throughout California and that the cities and counties that are sitting here with 10 or 12 percent unemployment rates are not doing great either, so we have to make sure that, to the extent possible, the benefits of this program are felt far and wide.

MR. SUGAR: Madam, tomorrow's workshop will be an opportunity for people to comment on this very issue.
COMMISSIONER ROSENFIELD: Thanks.

CHAIR DOUGLAS: Thanks. I sat back, but I think it is up to me to adjourn this workshop. Thank you, everybody, for your participation. Thank you, staff, for putting together a great workshop and a very strong proposal. We are looking forward to public comment and looking forward to wrapping up these applications, and we are really looking forward to starting to get this money out the door and to the economy. So thank you.

(Whereupon, at 4:30 p.m., the workshop was adjourned.)

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I, TAHSHA SANBRAILO, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Workshop; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, nor in any way interested in outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of August, 2009.

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Tahsha Sanbrailo