

State of California

California Energy Commission Minutes of the October 18, 2023, Energy Commission Business Meeting

The meeting was called to order by Chair Hochschild. The Pledge of Allegiance was led by Commissioner McAllister.

Present:

David Hochschild, Chair
Siva Gunda, Vice Chair
Noemí Gallardo, Commissioner

Patricia Monahan, Commissioner
Andrew McAllister, Commissioner

Please note that the California Energy Commission (CEC) aims to begin the business meeting promptly at the start time and the end time is an estimate based on the agenda. The meeting may end sooner or later than the time indicated depending on various factors.

Pursuant to the California Code of Regulations (CCR), title 20, section 1104(e), any person may make an oral comment on any agenda item. To ensure the orderly conduct of business, such comments will be limited to three minutes or less per person.

THE CEC WILL CONSIDER AND MAY TAKE ACTION ON THE FOLLOWING:

1. Public Comment.

Any person wishing to comment on information items (non-voting items) shall provide comments during this period.

Public Comment:

Sherri Lightner commented on Item 1.

Sakereh Carter, Senior Policy Strategist, from Sierra Club commented on Item 1.

John Armstrong from Sierra Club commented on Item 1.

Paul Wermer from SF Coalition commented on Item 1.

Gabe Gabelman commented on item 1.

2. Agency Announcements.

The Chair may announce relevant matters to the public and the CEC, including updates, events, and other opportunities. Discussion may follow.

3. Consent Calendar.

Items will be taken up and voted on as a group. A commissioner may request that an item be moved and discussed later in the meeting.

- a. Physicians, Scientists and Engineers for Sustainable and Healthy Energy, Inc.
Proposed resolution approving agreement 800-23-05 with Physicians, Scientists and Engineers for Sustainable and Healthy Energy, Inc., for up to \$999,765 to

assist the CEC evaluate the social costs and non-energy benefits of the deployment of clean energy resources. The agreement will initially be for \$500,000. Additional funding, up to \$999,765 total, will require approval from the CEC's Executive Director. This agreement will help the CEC develop standard approaches to evaluate such factors as land-use impacts, public health and air quality, water supply and quality, economic impacts, and resilience. (General Fund Funding) Contact: Brian McCollough

- b. Veloz. Proposed resolution approving agreement 600-23-004 with Veloz for a \$100,000 contract which provides the CEC membership for one year. Membership allows the CEC to participate in member meetings, working groups, workshops, briefings, and other events; and provide input on electric vehicle (EV) awareness campaigns including the prominent display of the CEC logo on related public facing literature and displays. Veloz membership provides a forum for the CEC to collaborate with stakeholders in the EV community. (Clean Transportation Program Funding) Contact: Katherine Dillon
- c. Aspen Environmental Group. Proposed resolution approving amendment 1 to contract 700-22-005 with Aspen Environmental Group (AEG) to increase the agreement's budget by \$4,500,000 for a total of \$6,000,000. AEG will provide technical and expert support for CEC's evaluation of applications for certain non-fossil fuel power facilities made pursuant to the Opt-In Program defined in Chapter 6.2 of Division 15 of the Public Resources Code. (EFLCF, ERPA/COIA, DEBA Funding) Contact: Hilarie Anderson
- d. Energy Conservation Assistance Act (ECAA) Loan Program – PON-22-001 and PON-22-002. Proposed resolutions approving two ECAA-ED loans at zero-percent interest and one ECAA-Regular loan at one percent interest, totaling \$3,289,032 in loans. (ECAA Funding) Contact: Stephen Banister
 - i. City of Clovis. Proposed resolution approving agreement 004-23-ECI with the City of Clovis for a \$1,152,880 loan at one-percent interest, and adopting staff's determination that this action is exempt from California Environmental Quality Act (CEQA). The loan will finance installation of solar photovoltaic (PV) arrays at three sites in Clovis. The project is estimated to generate 340,235 kWh of electricity in the first year of solar production, saving approximately \$105,471 in utility costs per year. The simple payback period is 10.9 years.
 - ii. Princeton Joint Unified School District. Proposed resolution approving agreement 012-23-ECG with Princeton Joint Unified School District for a \$1,063,573 loan at zero-percent interest, and adopting staff's determination that this action is exempt from CEQA. The loan will finance installation of a 138.2 kW ground mounted PV array and updated thermostats in Princeton. The project is estimated to reduce 227,359 kWh of electricity consumption in the first year of solar production, saving approximately \$69,202 in utility costs per year. The simple payback period is 15.4 years.

- iii. Washington Colony Elementary School District. Proposed resolution approving agreement 013-23-ECG with Washington Colony Elementary School District for a \$1,072,579 loan at zero-percent interest, and adopting staff's determination that this action is exempt from CEQA. The loan will finance installation of a 145.8 kW ground mounted PV array in Fresno. The project is estimated to reduce 229,433 kWh of electricity consumption in the first year of solar production, saving approximately \$77,121 in utility costs per year. The simple payback period is 13.9 years.
- e. California Schools Healthy Air, Plumbing, and Efficiency Program Guidelines (CalSHAPE) (20-RENEW-01). Proposed resolution adopting the fourth edition guidelines for the CalSHAPE Ventilation Program, and adopting staff's determination that this action is exempt from CEQA. The program provides grants to local educational agencies for the assessment, maintenance, repair, and replacement of HVAC systems in California schools. The fourth edition guidelines revise the timing of payment for the initial phase of program awards and remove the limit on the number of applications that can be submitted in each funding round for both phases of program awards. Contact: David Velazquez

Public Comment:

None.

Vice Chair Gunda moved to approve Item 3b. Commissioner Monahan seconded. The vote was Yes (4-0) with Chair Hochschild abstaining.

Vice Chair Gunda moved to approve Item 3(a) and 3(c)-(e). Commissioner Monahan seconded. The vote was Yes (5-0).

4. Information Item – Department of Water Resources (DWR) Update on Strategic Reliability Reserve Investments.

In accordance with Assembly Bill 205 (Stats. 2022, ch. 61), DWR is required to provide quarterly updates to the CEC regarding current and planned investments being considered for California's Electricity Supply Strategic Reliability Reserve Program. DWR will present the status of its efforts in response to the legislation and the activities taken. Contact: Delphine Hou; Pete Skala (Presenter); (DWR Presentation: 5 minutes)

Information item only, no vote was taken.

~~5. Information Item – Indoor Air Quality Research Findings.~~

~~Staff will provide an overview of recent project findings on indoor air concentrations of benzene associated with residential gas stoves, and ongoing indoor air quality research funded by the CEC's Electric Program Investment Charge (EPIC) and Gas Research and Development programs. Contact: Maninder Thind (Staff Presentation: 10 minutes)~~

6. Order Instituting Rulemaking Whole-House Home Energy Rating and Labeling (23-HERS-02).

Consideration and possible adoption of an Order Instituting Rulemaking to consider amendments to the California Home Energy Rating System (HERS) Program regulations (CCR, title 20, sections 1670-1675), which implement the Home Energy and Labeling Program (PRC, section 25942 *et seq.*) for residential dwellings.

Contact: Will Vicent (Staff Presentation: 5 minutes)

Public Comment:

Shelby Gatlan from CalATERS commented on Item 6.

Bob Raymer from CBIA commented on Item 6.

Commissioner McAllister moved to approve Item 6. Commissioner Gallardo seconded. The vote was Yes (5-0).

7. Equitable Building Decarbonization Direct Install Program Guidelines (22-DECARB-03).

Proposed resolution adopting guidelines for the Equitable Building Decarbonization Direct Install Program, and staff's determination that this action is exempt from CEQA. In accordance with Assembly Bill 209 (ch. 251, stats. 2022), this program will provide and install energy efficient electric appliances, energy efficiency measures, and related upgrades at no cost to low-income households in under-resourced communities. The guidelines describe requirements for the program, including funding allocations, household and property eligibility, and eligible measures.

Contact: Diana Maneta (Staff Presentation: 10 minutes)

Public Comment:

David Calabrese, Senior Vice President for Government Affairs, from Daikin commented on Item 7.

Katie Valenzuela from Central Valley Air Quality Coalition commented on Item 7.

Oliva Seideman from Leadership Council for Justice and Accountability commented on Item 7.

Andrew Dawson from California Housing Partnerships commented on Item 7.

Kristine Schilk from San Francisco Environmental Economic Justice Organization commented on Item 7.

Grace Hut from Strategic of Action for Economy commented on item 7.

Marjaneh Moini from Physicians for Social Justice of Los Angeles commented on Item 7.

Beckie Menten from Building Decarbonization Coalition commented on Item 7.

Andew Graf from State Association of Electrical Workers, California Coalition of Utility Employees and the Western State Council of Sheet Metal Workers commented on Item 7.

Zach Lou from California Green Renewable Coalition commented on Item 7.

Jessica Guadalupe Tovar from Clean Energy Power commented on Item 7.

Fatima Abdul-Khabir from Green Light Energy Solutions commented on Item 7.

Antonio Diaz from Poder San Francisco commented on Item 7.

Ericka Flores from National Resources Coalition Building commented on Item 7.

Commissioner McAllister moved to approve Item 7. Commissioner Gallardo seconded. The vote was Yes (4-0). Chair Hochschild Absent.

8. Flexible Demand Appliance Standards for Pool Controls (23-FDAS-01).

Proposed resolution adopting regulations, including general provisions for flexible demand appliance standards (FDAS) and specific provisions applying to pool controls, and adopting staff's determination that this action is exempt from CEQA. These regulations will add a new Chapter 4.1, Article 1, sections 1690-1697 to CCR, title 20, concerning FDAS to reduce emissions of greenhouse gases associated with electricity production. Contact: Nich Struven (Staff Presentation: 10 minutes)

Public Comment:

Mark Alatore from PG&E commented on Item 8.

Phillip Escobedo from Fluidra Pool Equipment Manufacturer commented on Item 8.

Justin Wiley from Pool and Hot Tub Alliance commented on Item 8.

Commissioner McAllister moved to approve Item 8. Commissioner Gallardo seconded. The vote was Yes (4-0). Chair Hochschild Absent.

9. Order Instituting Informational Proceeding – Maximum Gross Gasoline Refining Margin and Penalty, Senate Bill X1-2 (23-OIIP-01).

Consideration and possible adoption of an Order Instituting Informational Proceeding concerning the potential imposition of a penalty for exceeding a maximum gross refining margin (Max Margin). Senate Bill (SB) X1-2 (Stats. 2023, 1st Ex. Sess. 2023, Ch. 1) authorized the CEC to consider setting a Max Margin and a penalty for exceeding that Max Margin. This proceeding would explore the benefits and costs to consumers of setting a Max Margin and the level at which it might be set pursuant to Public Resources Code (PRC) section 25355.5. Contact: Drew Bohan (Staff Presentation: 5 minutes)

Public Comment:

Sarah Taylor, Associate Counsel, from Western States Petroleum Association commented on Item 9.

Jamie Court, President, from Consumer Watchdog commented on Item 9.

Commissioner Gallardo moved to approve Item 9. Commissioner Monahan seconded. The vote was Yes (4-0). Chair Hochschild Absent.

10. Order Instituting Rulemaking – SB X1-2 (23-OIR-03).

Consideration and possible adoption of an Order Instituting Rulemaking to consider

regulations, including emergency regulations and guidelines exempt from the Administrative Procedure Act, to implement statutory provisions related to petroleum supply and pricing and the petroleum market, including those contained in SB X1-2 and SB 1322 (Stats. 2022, ch. 374). Topics to be considered in the rulemaking proceeding will include, but are not limited to, rules related to the data collection and analysis provisions in PRC section 25354 and rules to manage necessary refinery maintenance and turnarounds pursuant to PRC section 25354.2. Contact: Aleecia Gutierrez (Staff Presentation: 5 minutes)

Public Comment:

Sarah Taylor, Associate Counsel, from Western States Petroleum Association commented on Item 10.

Commissioner Monahan moved to approve Item 10. Commissioner Gallardo seconded. The vote was Yes (4-0). Chair Hochschild Absent.

11. Distributed Electricity Backup Assets (DEBA) Program Guidelines (22-RENEW-01).

Proposed resolution adopting the First Edition of the DEBA Program Guidelines and staff's determination that this action is exempt from CEQA. The DEBA Program supports the state's Strategic Reliability Reserve by providing incentives for (1) efficiency upgrades, maintenance, and capacity additions to existing power generators and (2) new zero- or low-emission technologies at existing or new facilities. These distributed energy assets will serve as on-call emergency supply or load reduction for the state's electrical grid during extreme events. The guidelines cover eligibility, program participation requirements, the program application process, and funding structures. Contact: Hudson Spivey (Staff Presentation: 10 minutes)

Public Comment:

Scott Lipton, Western Policy Maker, from Enchanted Rock commented on Item 11.

Frank Harris from California Municipal Utilities Commission commented on Item 11.

Meridth Alexandar from Generac Power System commented on Item 11.

Brad Heavner Policy Director, from California Solar and Storage Association commented on Item 11.

Jon Hart from Power Flex commented on Item 11.

Commissioner Monahan moved to approve Item 11. Commissioner Gallardo seconded. The vote was Yes (4-0). Chair Hochschild Absent.

12. Staff's Gas Research and Development Program 2023 Annual Report.

Proposed resolution approving Staff's Gas Research and Development Program 2023 Annual Report. This gas annual report highlights project successes and research benefits of completed and in-progress projects for Fiscal Year 2022–2023 (July 1, 2022, through June 30, 2023). In the past fiscal year, the CEC administered

\$24 million for gas research, development, and demonstration geared toward improving entrepreneurial support; building decarbonization; gas system decarbonization; industrial and agricultural innovation; transportation; and resiliency, health, and safety in California. The report is due to the California Public Utilities Commission and California Legislature by October 31, 2023. Contact: Molly O'Hagan (Staff Presentation: 5 minutes)

Public Comment:

None.

Commissioner McAllister moved to approve Item 12. Commissioner Monahan seconded. The vote was Yes (4-0). Chair Hochschild Absent.

13. Lawrence Berkeley National Laboratory.

Proposed resolution approving agreement EPC-23-017 with Lawrence Berkeley National Laboratory for a \$1,200,000 grant to investigate the social and economic costs of long-duration, widespread power outages on disadvantaged vulnerable communities as defined in the California Public Utilities Commission climate adaptation rulemaking, and adopting staff's determination that this action is exempt from CEQA. The project will estimate previously undercounted costs of these power outages and support integration of these costs in assessing the value of utility investments in increased resilience. (EPIC Funding) Contact: Mithra Moezzi (Staff Presentation: 5 minutes)

Public Comment:

None.

Commissioner Gallardo moved to approve Item 13. Commissioner Monahan seconded. The vote was Yes (3-0). Chair Hochschild and Commissioner McAllister Absent.

14. Smartville, Inc.

Proposed resolution approving agreement EPC-23-016 with Smartville, Inc. for a \$1,499,995 grant to demonstrate two second life battery energy storage systems, extend cycle life, and establish low-rate initial production of these systems using a modular battery assembly at two locations in Carlsbad and Fresno, and adopting staff's determination that this action is exempt from CEQA. This is a federal cost share grant leveraging \$5,999,525 of Bipartisan Infrastructure Law funding from the U.S. Department of Energy. (EPIC Funding) Contact: Peter Chen Bryan Lee (Staff Presentation: 5 minutes)

Public Comment:

Grant Berman from Smartville commented on Item 14.

Commissioner Monahan moved to approve Item 14. Commissioner Gallardo seconded. The vote was Yes (3-0). Chair Hochschild and Commissioner McAllister Absent.

15. Twelve Benefit Corporation.

Proposed resolution approving agreement EPC-23-015 with Twelve Benefit Corporation for a \$2,792,088 grant to develop and test a novel electrochemical reactor capable of converting carbon dioxide (CO₂) into carbon monoxide for use in concrete manufacturing, and adopting staff's determination that this action is exempt from CEQA. The test will occur in Alameda, using simulated flue gas from a California cement manufacturer, and will demonstrate the potential long-term storage of CO₂ in cement. (EPIC Funding) Contact: Michael Lozano (Staff Presentation: 5 minutes)

Public Comment:

None.

Commissioner Monahan moved to approve Item 15. Commissioner Gallardo seconded. The vote was Yes (3-0). Chair Hochschild and Commissioner McAllister Absent.

16. California Grinding, Inc.

Proposed resolution approving agreement ARV-23-001 with California Grinding, Inc. for a \$1,629,962 grant to perform an engineering evaluation to determine the optimal pathway to convert forest and woody biomass waste to transportation fuel at the existing Fresno Renewable Energy System facility, and adopting staff's determination that this action is exempt from CEQA. This grant will fund a technical, economic, and environmental analysis of three different technologies being considered for fuel production. (Clean Transportation Program Funding) Contact: Pilar Magaña (Staff Presentation: 5 minutes)

Public Comment:

Michael Brown, Program Manager, from California Grinding commented on Item 16.

Commissioner Monahan moved to approve Item 16. Commissioner Gallardo seconded. The vote was Yes (3-0). Chair Hochschild and Commissioner McAllister Absent.

17. Innovative Hydrogen Refueling Solutions for Heavy Transport – GFO-22-502.

This solicitation sought proposals to develop and demonstrate innovative hydrogen refueling solutions to support the decarbonization of emerging medium- and heavy-duty on-road and off-road vehicle applications. Solicitation objectives included reducing hydrogen delivery and refueling costs, improving reliability, enabling higher fill rates, and minimizing energy losses. This item includes two projects totaling \$8,500,000. (Gas R&D Funding) Contact: Antonio Gomez (Staff Presentation: 5 minutes)

- a. Zero Emission Industries, Inc. Proposed resolution approving agreement PIR-23-007 with Zero Emission Industries, Inc. for a \$5,250,000 grant to fund the development and demonstration of a mobile liquid hydrogen bunkering solution for medium and heavy-duty maritime applications, and adopting staff's determination that this action is exempt from CEQA. The findings from this project will be immediately applicable to the decarbonization of California ports and could facilitate the adoption of zero emission heavy equipment in various

transportation sectors, with a demonstration occurring at Port of Los Angeles.

- b. ZeroAvia Federal, Inc. Proposed resolution approving agreement PIR-23-006 with ZeroAvia Federal, Inc. for a \$3,250,000 grant to fund the development and demonstration of a mobile liquid hydrogen storage and dispensing system for refueling hydro-electric aircraft, and adopting staff's determination that this action is exempt from CEQA. The project will advance liquid hydrogen refueling for aviation with its demonstration at an airport in Kern County and the lessons learned will help decarbonize many applications in the transportation sector.

Public Comment:

Ricky Elder from Zero Emission Industries commented on Item 17.

Commissioner Monahan moved to approve Item 17. Commissioner Gallardo seconded. The vote was Yes (3-0). Chair Hochschild and Commissioner McAllister Absent.

18. Minutes.

Possible approval of the September 13, 2023, Business Meeting minutes.

Public Comment:

None.

Commissioner Gallardo moved to approve Item 18. Commissioner Monahan seconded. The vote was Yes (3-0).

19. Lead Commissioner or Presiding Member Reports.

The Commissioners reported on their recent activities.

The Commissioners had nothing to report.

20. Executive Director's Report.

The Executive Director had nothing to report.

21. Public Advisor's Report.

The Public Advisor had nothing to report.

22. Chief Counsel's Report.

The Chief Counsel had nothing to report.

There being no further business the meeting was adjourned.

Respectfully submitted,

Signed by:

BLANCA CAMBEROS
Secretariat