

DOCKETED

Docket Number:	25-BUSMTG-01
Project Title:	2025 Business Meeting Agendas, Transcripts, and Public Comments
TN #:	268198
Document Title:	Transcript of the December 8, 2025 Business Meeting Final
Description:	N/A
Filer:	Kim Todd
Organization:	California Energy Commission
Submitter Role:	Commission Staff
Submission Date:	1/8/2026 2:08:39 PM
Docketed Date:	1/8/2026

CALIFORNIA Energy Commission

In the matter of:

)	
Business Meeting)	Docket No. 25-BUSMTG-01
_____)	

MONDAY, DECEMBER 8, 2025

10:00 A.M. - 3:00 P.M.

In-person at:

CALIFORNIA NATURAL RESOURCES AGENCY BUILDING
 715 P STREET
 MEDIA ROOM (2-201) SECOND FLOOR
 SACRAMENTO, CALIFORNIA 95814
 (Wheelchair Accessible)

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Reported by:
 Martha Nelson

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Tanya DeRivi, Western States Petroleum Association

Allison Hilliard, Climate Center

Jeremy Martin, Union of Concerned Scientists

Faraz Rizvi, Asian Pacific Environmental Network (APEN)

Julia May, Communities for a Better Environment

Hollin Kretzmann, Center for Biological Diversity

Woody Little, Last Chance Alliance

Ilonka Zlatar, Oil and Gas Action Network

Jerri Strickland, Central Coast Community Energy

Bill Magavern, Coalition for Clean Air

Laura Renger, California Electric Transportation Coalition

Stephen Rosenblum, Climate Action California

Michael Hyams, San Francisco Public Utilities Commission

Scott Galati, representing AVAIO

Tim Sbranti, Contra Costa Building Construction Trades
Council

Anthony Viscuso, Heat and Frost Insulators, Local 16

INDEX		<u>PAGE</u>
1.	Public Comment	6
2.	Agency Announcements	21
3.	Consent Calendar	25
4.	Information Item - Monarch: Advancing Zero-Emission Agriculture and Grid Resilience through CEC-Funded Innovation	--
5.	Information Item - Division of Petroleum Market Oversight 2024 Annual Report	28
6.	Information Item - Petroleum: Year in Review (Docket 23-SB-02)	34
7.	Information Item - Petroleum: Senate Bill 237 March 2026 Transportation Fuels Assessment	50
8.	2025-2026 Investment Plan Update for the Clean Transportation Program	59
9.	Publicly Owned Utility Integrated Resource Plans (IRPs)	79
10.	Small Power Plant Exemption (SPPE) for AVAIO Pittsburg Backup Generating Facility (Docket 24-SPPE-01)	90

INDEX		<u>PAGE</u>
11.	Lead Commissioner or Presiding Member Reports	104
12.	Executive Director's Report	118
13.	Public Advisor's Report	118
14.	Chief Counsel's Report	119
	Closed Session	119
	Adjournment	119

P R O C E E D I N G S

10:03 a.m.

MONDAY, DECEMBER 8, 2025

(Whereupon an introduction video is played and not
transcribed.)

CHAIR HOCHSCHILD: Good morning, friends, and
welcome. My name is David Hochschild, Chair of the
California Energy Commission. Today is December 8th. I
call this meeting to order. Joining me are Vice Chair
Gunda, Commissioner McAllister, Commissioner Gallardo, and
Commissioner Skinner. We have a quorum.

Let's begin with the Pledge of Allegiance.

(The Pledge of Allegiance is recited in unison.)

CHAIR HOCHSCHILD: We'll begin by taking public
comment and then move on to agency announcements.

MR. YOUNG: Good morning and welcome. This is
Ryan Young, the Energy Commission's Deputy Public Advisor.
The Commission welcomes public comment at its business
meetings. There will be multiple opportunities for public
comment today. This initial public comment is for any
informational or non-voting items on the agenda. If you
would like to comment on a voting agenda item, we ask that
you wait for the dedicated public comment period for each
item to make your comment.

Now for the instructions on how to notify us that

1 you'd like to make a comment.

2 If you are in the room, please use the QR code
3 posted in the back or visit the Public Advisors table to
4 get into the queue. If you are on Zoom, you're going to
5 use the raise-hand feature on your screen. And if you're
6 joining by phone, you're going to press star nine to raise
7 your hand.

8 To ensure that we can hear from everyone and get
9 through the agenda, comments will be limited to two minutes
10 or less per one speaker and one speaker per entity. You'll
11 be called upon when it's your time to make your comment.

12 We're first going to welcome in the room, Tanya
13 DeRivi. Tanya, we welcome your public comment. Comments
14 will be two minutes or less. Thank you.

15 MS. DERIVI: Good morning. My name is Tanya
16 Derevy, T-A-N-Y-A, D like David, -, capital -R-I, V like
17 Victor, -I, with the Western States Petroleum Association.
18 Thank you for the opportunity to provide comments regarding
19 informational items six through seven.

20 First, regarding the Division of Petroleum Market
21 Oversight's 2024 Annual Report, we want to reiterate that
22 California's price volatility is driven by significant
23 factors, including supply challenges, as we have explained
24 in multiple past comment letters and workshops, and as the
25 CEC itself has presented to the governor, California

1 lawmakers, and stakeholders, not by manipulative practices.

2 We'd like to remind the Commission and DPMO that
3 we have not seen any evidence or information to suggest
4 that adopting further mandates on how refiners resupply,
5 manage inventory levels, or time their planned turnarounds
6 will resolve California's elevated or volatile gasoline
7 prices. And while we do not agree with everything in
8 DPMO's report, we are glad to see their recognition that
9 California's transportation fuels market is large and
10 extremely complex.

11 To that point, California's fuel market also
12 requires compliance with significant transparency measures
13 in place. We stress here that extensive reporting
14 requirements and additional oversight have not revealed
15 price gouging, and that compliance with these transparency
16 measures also contradicts narratives about opportunistic
17 behavior.

18 Finally, and in good faith, this industry
19 continues engaging constructively with the CEC and DPMO to
20 meet California's strong demand for fuels under
21 California's strict environmental standards. But more
22 progress is needed towards the governor's direction to the
23 Energy Commission to, quote, "help ensure that Californians
24 continue to have access to a safe, affordable, and reliable
25 supply of transportation fuels, and that refiners continue

1 to see the value in serving the California market," end
2 quote.

3 While for a limited time, the CEC has avoided
4 imposing a penalty that could reduce in-state gasoline
5 supply and unintentionally drive up pump prices by forcing
6 refiners to cut production to stay below a revenue cap, an
7 outcome directly contrary to the intent of the authorizing
8 legislation, there remains a pressing need to stabilize
9 California's refining sector, and we look forward to
10 working with the CEC to advance policies that are in the
11 best interest of consumers.

12 Thank you again for the time.

13 CHAIR HOCHSCHILD: Thank you.

14 MR. YOUNG: Thank you.

15 I believe we have one more commenter for this
16 item. They're getting in queue here. Come on and approach
17 the podium, state your affiliation, and spell your name for
18 the record. Comments will be two minutes or less. Thank
19 you.

20 MS. HILLIARD: Good morning. My name is Allison
21 Hilliard, and I am the Legislative Manager for the Climate
22 Center.

23 I'd like to first comment on Item 5 regarding the
24 DPMO report. It is clear, based on the key findings on
25 page 10, that state intervention is required if we are

1 going to have a smooth transition away from petroleum-based
2 and other combustion fuels over the next two decades.
3 Market consolidation imposes economic risk and other
4 vulnerabilities to a safe, equitable, and smooth
5 transition. The unresolved mystery surcharge underscores
6 the need for further investigation. A market-only approach
7 without coordination planning is insufficient to ensure a
8 stable transition.

9 I'd also like to comment on Item 7. The Climate
10 Center is very appreciative of the CEC's effort to advance
11 the bucket three holistic transition strategy away from
12 fossil fuels. We are eager to participate in developing
13 and implementing that concept.

14 We are particularly interested in understanding
15 how that concept, as outlined in the June 27th CEC letter
16 and the coming expansion of bucket three of that letter,
17 aligns with the SBX-1-2 Transportation Fuels Transition
18 Plan. We would like to hear more insights and or
19 information regarding the holistic transition strategy and
20 the SB X1-2 TFTP. And it is our understanding that the
21 plan will be published before the end of this month and
22 that the two are closely related and that the March 31st
23 assessment will build on what is in the TFTP.

24 We appreciate all of the comments today and would
25 love additional insights on those items. Thank you so

1 much.

2 MR. YOUNG: Would you be kind enough to spell
3 your name for the record?

4 MS. HILLIARD: I'm so sorry, yes. My name is
5 spelled A-L-L-I-S-O-N and my last name, Hilliard, is
6 H-I-L-L-I-A-R-D. Thank you again.

7 MR. YOUNG: Thank you so much.

8 We're next going to transition to Zoom. Jeremy
9 Martin, we're going to unmute your line. Go ahead and
10 unmute on your end and we are going to give you two
11 minutes. And please state and spell your name and
12 affiliation and thank you for your public comment.

13 MR. MARTIN: Yes, can you hear me?

14 MR. YOUNG: We can hear you. Thank you.

15 MR. MARTIN: Good. My name is Jeremy Martin.
16 That's J-E-R-E-M-Y M-A-R-T-I-N. And my affiliation is the
17 Union of Concerned Scientists. Thanks very much for the
18 opportunity to comment.

19 First, on Item 5, the DPMO Annual Report. This
20 is important work to document the ongoing costs for
21 California of inadequate competition in the state's fuel
22 markets. The staggering \$59 billion cost to consumers of
23 the mystery gas surcharge is a reminder that this is not a
24 well-functioning or competitive market. And this really
25 speaks to the need for regulations. In an uncompetitive

1 market, leading the fox to guard the head house is
2 obviously not a tenable solution.

3 DPMO's report highlights that the mystery gas
4 surcharge is not simply the result of concentration in the
5 refining market. Premiums paid at branded stations, much
6 more than in the rest of the country, suggest there's a lot
7 more to understand about the barriers to fair pricing for
8 gasoline in California.

9 The changes in California's fuel markets are far
10 from over. Proposed pipeline projects may soon bring
11 significant structural changes to California's fuel market.
12 New sources of supply should restore some competition to
13 California's fuel market, but not without additional
14 potential for turbulence. Within the next few years, we
15 could see West Coast fuel markets resemble the East Coast
16 fuel market today with a mix of in-state refineries,
17 pipelines, and international imports. But getting from
18 where we are now, you know, to three to five years from
19 now, there's the potential for some pretty significant
20 bumps in the road, and disruptions of even a few weeks can
21 be very costly. And so it's important for DPMO and CEC to
22 remain attentive and manage the mid-transition.

23 On the Transportation Fuels Assessment, Item 7,
24 this is also very important. A lot's changed since the
25 first assessment was published. The transportation fuels

1 transition is upon us. Thoughtful planning is more
2 critical than ever to deliver important benefits for public
3 health, climate, and economic benefits phasing out
4 petroleum, even as many of the tools that California's
5 relied on have come under threat. This means looking for
6 new, creative new strategies, and it also, we need to
7 protect not just consumers, but also workers and
8 communities as we transition away from petroleum.

9 Thank you.

10 MR. YOUNG: Thank you.

11 Hollin Kretzmann, we are going to unmute your
12 line. Please unmute on your end, spell your name for the
13 record, state the affiliation, and then begin your comment.

14 MR. RIZVI: Can you hear me?

15 MR. YOUNG: Yes, we can. Thank you.

16 MR. RIZVI: Hi, this is Faraz Rizvi with APEN,
17 Asian Pacific Environmental Network. And I'm calling
18 because I think it's really important, given all that
19 happened last year with the refinery closures to -- and the
20 way that Big Oil was able to spin the narrative about how
21 California's regulatory environment is raising gas prices.
22 The report from the DPMO does an excellent job laying out
23 how oil refiners are continuing to impact drivers and
24 consumers and that it's really important for the state to
25 ensure that there is a phase out of fossil fuels that

1 includes communities that are most impacted.

2 At APEN, we represent Asian immigrant and refugee
3 communities, particularly in Wilmington and Carson, and
4 Richmond as well, which has the largest refinery in the
5 state. And because of our community's experiences, we
6 think it's really important that we look at the data and
7 not just what Big Oil keeps trying to say. And that this
8 report really demonstrates that gasoline pricing in America
9 is far beyond what other states -- and that has to do with
10 this mystery surcharge and price spikes, not California's
11 environmental fees.

12 And so, you know, putting forward that we need to
13 continue on our path towards a holistic transition that
14 includes communities and workers. Thank you.

15 MR. YOUNG: Thank you.

16 I'm next going to turn to Julia May. Julia,
17 we're going to unmute your line. Please unmute on your
18 end, spell your name, state any affiliation, and then you
19 may begin your public comment. Julia, you might want to
20 try unmuting on your end.

21 MS. MAY: Can you hear me now?

22 MR. YOUNG: We can hear you. Thank you.

23 MS. MAY: Great. Julia May, Senior Scientist,
24 Communities for a Better Environment, J-U-L-I-A M-A-Y. CBE
25 represents frontline communities of color in Wilmington,

1 Richmond, East Oakland, and Southeast L.A., and people
2 throughout California.

3 On Item 5, thanks for your DPM report. It adds
4 important new ways to CEC's body of evidence showing
5 gasoline overpricing by the oil industry, not due to
6 California environmental laws but caused by the mystery
7 surcharge and price spikes on a regular basis. It
8 underlines the need for fossil fuel phase-out. It would be
9 great if you would consider adding cost-benefit information
10 on the value of fossil fuel phase-out, which would prevent
11 thousands of deaths per year from particulate matter,
12 eliminate most smog, and avoid continued climate disasters.
13 California found this would save additional billions per
14 year just from the smog impacts.

15 So it's obvious the oil industry is costing us in
16 our pockets, our health, and in frontline communities most,
17 as long as -- as well as our climate. We appreciate the
18 data underpinnings. And that was Item 5.

19 On Item 7 -- on Item, excuse me, 7, I'd like to
20 add there are certain actions that are -- that CEC has
21 obviously -- or already identifying and which are fairly
22 obvious. We need to bolster safety, process safety
23 management regulations. We need to plan gradual refinery
24 phase-out. We need to support demand reduction more. We
25 need to support the smooth move toward phasing out fossil

1 fuels, toward resupply and reserves, balancing imports and
2 exports, and considering a partial refinery closure pathway
3 and penalties. We can do this.

4 Killing our environmental laws is
5 counterproductive, so we need to take those obvious steps.
6 Thanks.

7 MR. YOUNG: Thank you.

8 I'm going to return to Hollin Kretzmann. Hollin,
9 I'm going to unmute your line. Please stay and spell your
10 affiliation, and then we welcome your comment.

11 MR. KRETZMANN: Sure. Hello. Can you hear me
12 this time?

13 MR. YOUNG: We sure can. Thank you.

14 MR. KRETZMANN: Okay, great. Hollin Kretzmann
15 with the Center for Biological Diversity, H-O-L-L-I-N
16 K-R-E-T-Z-M-A-N-N. My comments relate to Information Items
17 5, 6, 7, and 8 on today's agenda.

18 The DPMO's report states that California's
19 refineries are best characterized as an oligopoly, and the
20 outsized market power of a few large refiners has resulted
21 in a mystery surcharge on gasoline that has taken more than
22 \$59 billion out of the pockets of Californians and boosted
23 corporate profits for those few refining companies.

24 So it's deeply concerning that the CEC refuses to
25 use its authority to rein in the excessive greed of these

1 refining companies. The best tool it has is the price
2 gouging penalty, which the legislature enacted specifically
3 so that the CEC could protect Californians from these
4 volatile price swings, and yet CEC pushed off that
5 responsibility for at least another five years.

6 In addition to the price gouging penalty, another
7 tool is the minimum inventory and resupply requirement.
8 Refiners have an incentive to draw down gasoline supplies
9 because this allows them to increase the price at the pump,
10 and therefore their own profits. So price gouging and low
11 inventories are two sides of the same coin. And AB X2-1
12 was signed into law over a year ago, and yet the CEC has
13 yet to develop or adopt minimum inventory and resupply
14 requirements. So the CEC needs to adopt these critical
15 regulations soon before consumers get hit with another
16 price spike.

17 And we'd also like to take issue with CEC's
18 misinformed assertion that environmental protections have
19 led to lower production and higher gas prices. The facts
20 show that that's simply not the case. Kern County had its
21 fast-tracking ordinance implemented from 2015 to 2020, and
22 during that period we still saw oil production decline
23 across that period. So we should focus on what really
24 makes gas prices come down, and that's the price gouging
25 penalty.

1 Thank you.

2 MR. YOUNG: Thank you.

3 I'm next going to turn to Woody Little. Woody,
4 I'm going to open your line. Please unmute on your end,
5 spell your name, state in the affiliation, and then begin
6 your comment. Woody, you're going to want to unmute on
7 your end? Okay.

8 Okay, we're next going to go to --

9 MR. LITTLE: Hi. Sorry, I just got the unmute
10 prompt. It was a little delayed.

11 MR. YOUNG: Okay, we can hear you.

12 MR. LITTLE: Great. Hi, thank you for the
13 opportunity to comment. My name is Woody Little. That's
14 W-O-O-D-Y L-I-T-T-L-E, with the Last Chance Alliance.

15 First commenting on Item 5, I want to offer my
16 appreciation for this analysis from DPMO. This is the
17 latest finding of overcharging in California's
18 oligopolistic gasoline market, here quantified in the
19 billions of dollars, and again, as others have stated, not
20 primarily attributed to regulations, taxes, or fees. For
21 that reason, I would strongly urge you to continue full
22 steam ahead on the minimum inventory and resupply rules
23 that are underway.

24 I'd also, again, urge you to take the price-
25 gauging penalty off the back burner, given these findings

1 and the record of overcharging in the California gasoline
2 market, it should be actively pursued.

3 With regard to Item 7, I just wanted to
4 emphasize, as I think we all know, that many of the issues
5 that CEC has considered in terms of holistic transition
6 were not addressed last year, given the focus on oilfield
7 production. I would echo the previous speaker's analysis
8 that that approach is not at all likely to work.

9 And I think that there's an opportunity here to
10 focus on things that will, to continue to focus on demand
11 reduction, including increased investments that are needed
12 to pursue that. Fossil fuels are inherently costly and
13 volatile in price, and the only durable solution to
14 potential supply or price challenges is to continue and
15 accelerate fossil fuel demand reduction through
16 electrification, transit, and other strategies.

17 I'd also urge you to renew a focus on protecting
18 workers and communities that could involve bolstering
19 process safety requirements that are key for health and
20 safety, and for avoiding chaos and disruptions in the
21 supply chain. We need to bolster support for cleanup as
22 well at the refineries that are slated to close, and in the
23 oilfields, as well, to address this toxic legacy and ensure
24 that it's polluters who are paying for cleanup.

25 And we need to avoid falling into a moral hazard

1 trap that I fear we're already at risk of, given the oil
2 industry's successful drive for relaxing oilfield
3 regulation next year. Consumers and communities must be
4 directly prioritized this year.

5 Thank you.

6 MR. YOUNG: Thank you.

7 We're next going to turn to Ilonka Zlatar.

8 Ilonka, I'm unmuting your line. Please state and spell
9 your name for the record, state your affiliation, and then
10 begin your public comment.

11 MS. ZLATAR: Hello, my name is Ilanka Zlatar,
12 I-L-O-N-K-A Z-L-A-T-A-R, and I'm an organizer with Oil and
13 Gas Action Network.

14 I wanted to focus my comments on the fact that we
15 continue to see the fossil fuel industry over and over lie
16 to consumers about why gas costs so much and then using
17 that leverage to pressure our elected officials and our
18 agencies to give them more and more handouts and more and
19 more support.

20 We understand that there is no incentive for
21 these corporations to prioritize the needs of Californians,
22 and that they're going to maximize their profit at every
23 single turn. So we know that they're not playing --
24 they're not negotiating in good faith, they're actually
25 negotiating to maximize their own profits at the expense of

1 Californians. So I do support the implementation of the
2 inventory refinery rules and the price gouging penalty.

3 But aside from that, I would love to see an
4 analysis from the CEC that actually analyzes what would
5 happen if the State of California were able to take over
6 the operations of these refineries with an explicit purpose
7 for phasing out. So if we know that the industry has no
8 incentive to actually phase out their own existence, then
9 maybe it's time for the state to step in and take over that
10 with a, you know, a board of elected people from the
11 community to oversee the phase out with a just transition
12 and really prioritizing safety and the transition and being
13 able to support our lower income residents with reducing
14 their own demand as well.

15 Thank you.

16 MR. YOUNG: Thank you so much for your comment.

17 Chair, this concludes public comment on this
18 item. Back to you.

19 CHAIR HOCHSCHILD: Thank you so much for everyone
20 for providing those comments.

21 With that, we'll move on to Item 2, Agency
22 Announcements. And I want to begin with a moment of thanks
23 for Commissioner Gallardo and Aretha on her team and all
24 those who helped contribute to a really extraordinary
25 California Clean Energy Hall of Fame ceremony, which we had

1 here in this room last Thursday. We started this ceremony
2 six years ago to recognize Californians working across the
3 state on the front lines, helping us get to 100 percent
4 clean energy future. And we have a really robust process
5 for nomination and a great selection committee. And it was
6 just an extraordinary, extraordinary day.

7 The only update I want to add is we do a Tribal
8 Champion Award as part of that and Chair Simon of the
9 Middletown Rancheria Tribe, who was this year's winner, was
10 unable to join us in person on Thursday because he's also a
11 very dedicated football coach. I was able to see him the
12 following night and I delivered him this signed football
13 from all of us, so that was really special.

14 But with that, I wanted to turn it over to
15 Commissioner Gallardo who had a few slides to share on
16 that.

17 COMMISSIONER GALLARDO: Yeah, if the team could
18 show the Hall of Fame slides? We'll go to the next, next
19 one.

20 So just real quick, I wanted to see, did anyone
21 in the room attend the Clean Energy Hall of Fame Awards
22 last Thursday? Oh, good. Oh, good. I see a lot of you.
23 So you'll know what I'm talking about.

24 For those of you who weren't able to join us,
25 these are the six winners who we honored. They come from

1 all different parts of the state, so there's great
2 geographic representation here, and just wonderful folks
3 who are contributing to our 100 percent clean energy
4 future. That's our mission. We know it's ambitious and we
5 can't do it alone. So we need these types of partners and
6 that's why we wanted to uplift these local leaders.

7 So we have a Lifetime Achievement Award, a Youth
8 Game Changer, Tribal Champion, and then three Clean Energy
9 Champions. That's more general and all contributing in
10 different ways. So I want to make sure that you all got to
11 see them.

12 And our media team will also be creating a video
13 recording of the event and the videos of the winners will
14 be included there. And so that will post so that the
15 entire public can get to enjoy this.

16 And then we'll go to the next slide. I wanted to
17 give a huge thank you to all of the staff who volunteered
18 their time to help us make this event happen, whether it
19 was the day of or in preparation. There's a lot of people
20 who are excited about this event and had a chance to
21 participate. We also wanted to thank our DGS staff for
22 their support on the event. We can't do it without them
23 either. So again, thank you so much to everybody who
24 participated.

25 I also wanted to thank my fellow Commissioners

1 for all their support and their engagement. Commissioner
2 McAllister, even, was in Mexico and still sending his
3 loving care and rooting for us all the way from Mexico. So
4 thank you again, everybody.

5 And wanted to highlight a few of the vendors as
6 well who participated. Braylon Murray from Collabyrinth
7 (phonetic) for the amazing videos, the Phoenix Drumming and
8 Dance Company for the performance, Jesse's Getaway Cafe for
9 the food in the lobby, the Sacramento Tree Foundation for
10 the plaques and the tree that they plant in honor of our
11 recipients, and also the Original Self Boothie for the
12 booth they had for the photos that folks take.

13 So a lot of fun. Hope those of you who weren't
14 able to make it this year can make it next year. We do it
15 annually as the Chair was saying.

16 Thank you.

17 CHAIR HOCHSCHILD: Great. In addition,
18 information Item 4 that was listed on the agenda is going
19 to be postponed for a future business meeting and won't be
20 presented today. And altogether at today's meeting, we're
21 going to be seeking approval for approximately \$16 million
22 of grants and investments.

23 And with that, let me just open up to my
24 colleagues. Any other agency announcements? Vice Chair?

25 Yes, Commissioner?

1 COMMISSIONER GALLARDO: One more thing I forgot.
2 I wanted to uplift my advisor, Aretha Welch, who led the
3 Clean Energy Hall of Fame Awards and wouldn't have happened
4 without her leadership. So she's done a fantastic job and
5 wanted to make sure she was aware and she was highlighted
6 here. Thank you.

7 CHAIR HOCHSCHILD: Thank you.

8 Vice Chair?

9 VICE Chair GUNDA: Yeah, Chair, thank you.

10 Just really wanted to say thank you to
11 Commissioner Gallardo, you and the staff, for kind of like
12 envisioning this idea to take a moment from the busy days
13 and celebrate the diversity of leadership at the grassroots
14 level, at the highest levels. And just wanted to say thank
15 you, Commissioner Gallardo, for continuing to do it with so
16 much heart. It's amazing to be a part of that. So I just
17 wanted to say thank you.

18 CHAIR HOCHSCHILD: All right, unless there's
19 other comments, we'll turn now to Item 3, the Consent
20 Calendar.

21 Do we have any public comments on Item 3?

22 MR. YOUNG: Thank you. The Commission now
23 welcomes public comments on Item 3. If you're in the room,
24 please use the QR code printed in the back or visit the
25 Public Advisor table to ensure we hear from everyone.

1 Comments will be limited to two minutes or less and one
2 speaker per entity. We'll start with people in the room.
3 Doesn't look like there's anyone in the room.

4 I'll now turn to Zoom. Jerri Strickland, I'm
5 going to unmute your line. Please state and spell your
6 name for the record. Identify your affiliation and
7 comments limited to two minutes or less. Thank you.
8 Jerri, go ahead and unmute. There you go.

9 MS. STRICKLAND: Thank you. My name is Jerri
10 Strickland, J-E-R-R-I S-T-R-I-C-K-L-A-N-D. I'm the
11 Director of Regulatory Affairs and Compliance at Central
12 Coast Community Energy, a CCA serving the Central Coast of
13 California.

14 Today, the Commission on consent is voting to
15 approve the LMS plans of the CCAs that achieve the
16 regulations of the load management standards. I just
17 wanted to say thank you to the staff for their
18 correspondence on updating the plans, and also encourage
19 the Commission, as the load management standards are being
20 implemented, to continue to consider the cost effectiveness
21 of the regulations as currently written to Californians.

22 I believe an initial cost effectiveness study was
23 done before the regulations were updated in 2022, but I
24 haven't seen or been updated on any additional analysis of
25 the cost effectiveness of the regulations. Demand response

1 and load management technology is advancing rapidly, so we
2 would just like to ensure that the Commission is thinking
3 of how we can continue to encourage programs and
4 implementation that continue to bring the greatest value to
5 Californians.

6 So again, thank you for the consideration of our
7 plans, and really thank you to the load management
8 standards implementation team at the CEC for their
9 continued correspondence.

10 MR. YOUNG: Thank you.

11 Chair, that concludes public comment on this
12 item. Back to you.

13 CHAIR HOCHSCHILD: Okay, unless there's any
14 discussion on the consent calendar, I'd welcome a motion on
15 Item 3 from Commissioner McAllister.

16 COMMISSIONER MCALLISTER: Move Item 3.

17 CHAIR HOCHSCHILD: Second from Commissioner
18 Gallardo.

19 COMMISSIONER GALLARDO: I second.

20 CHAIR HOCHSCHILD: All in favor, say aye.
21 Commissioner McAllister?

22 COMMISSIONER MCALLISTER: Aye.

23 CHAIR HOCHSCHILD: Commissioner Gallardo?

24 COMMISSIONER GALLARDO: Aye.

25 CHAIR HOCHSCHILD: Commissioner Skinner?

1 COMMISSIONER SKINNER: Aye.

2 CHAIR HOCHSCHILD: Vice Chair Gunda?

3 VICE Chair GUNDA: Aye.

4 CHAIR HOCHSCHILD: And I vote aye as well.

5 As I mentioned, Item 4 is going to be postponed,
6 so we'll turn to Item 5, which is an information item,
7 Division of Petroleum Market Oversight 2024 Annual Report.
8 And welcome to Varsha.

9 MS. SARVESHWAR: Good morning, Chair, Vice Chair,
10 and Commissioners. My name is Varsha Sarveshwar, and I am
11 the Deputy Director for Policy here at the Division of
12 Petroleum Market Oversight. Thank you so much for the
13 opportunity to present on our Annual Report, which we
14 published in late October.

15 Next slide.

16 DPMO was established in 2023 by SB X1-2, the
17 California Gas Price Gouging and Transparency Law. We were
18 established as an independent division of the CEC and with
19 a mandate to protect California consumers.

20 Our work falls into two broad categories. The
21 first category is independent oversight and investigations.
22 We have a team of investigative counsel with enforcement
23 backgrounds. They are supervised by our Division Chief,
24 Ryan McCauley. DPMO has subpoena power, and we may refer
25 potential violations of the law to other agencies for

1 further investigation and prosecution. This work is
2 generally confidential, so I want to be sure to acknowledge
3 my colleagues who don't get as much coverage in this report
4 or in other public reports, but who play an equally vital
5 role in protecting California consumers.

6 The second category is our economic analysis and
7 policy recommendations. And here SB X1-2 tasks us with
8 providing you, the Commission, and other policymakers with
9 input, guidance, and recommendations on transportation
10 fuels market issues. This includes a requirement to
11 provide input on a number of CEC reports and a requirement
12 that we publish our own Annual Report.

13 We are very, very lucky to have our Chief
14 Economist, Dr. Gigi Moreno, and our other staff economists
15 and data scientists who lead this work. And I also want to
16 be sure to thank the CEC's own Energy Assessments Division,
17 and it's their hard work in processing thousands, hundreds
18 of thousands of data submissions that really makes all of
19 this possible.

20 Next slide.

21 DPMO's 2024 Annual Report has three chapters.
22 The first describes DPMO and its early work. The second
23 describes gasoline market conditions in 2024, which were
24 generally lower and more stable than in previous years.
25 And the third is an analysis of California's persistently

1 high retail gasoline prices.

2 I have listed our five key findings on this
3 slide, and I won't have time to go through all of them, but
4 I will walk you through two of the most important charts in
5 our report.

6 Next slide.

7 DPMO is able to confirm that Californians have
8 been paying a quote-unquote "mystery gasoline surcharge"
9 since about February 2015. This surcharge, which was first
10 identified by Professor Severin Bornstein in 2017, refers
11 to the unexplained difference between retail gasoline
12 prices in California and the rest of the U.S. after
13 accounting for California's taxes, fees, and environmental
14 programs. And this includes the gasoline excise tax,
15 gasoline sales tax, cap and invest mobile source emissions,
16 and low carbon fuel standard. Between 2015 and 2025, this
17 surcharge has averaged about \$0.41 to \$0.42 per gallon,
18 costing Californians a cumulative total of \$59 billion.

19 This chart here shows the unexplained difference
20 between California and rest of U.S. retail gasoline prices
21 since 2010. The blue line is the monthly average
22 surcharge, and the orange line is the annual average
23 surcharge. As you can see, before February 2015, these
24 lines hover around zero. In other words, California's
25 higher prices were clearly attributable to those taxes and

1 fees and environmental programs.

2 But after February 2015, when the Torrence
3 Refinery in Southern California had a major outage,
4 California prices started deviating from rest of U.S.
5 prices. And the fact that this change occurs so suddenly,
6 virtually overnight, suggests that some more constant
7 factors, such as the relative cost of doing business in
8 California, don't tell the full story.

9 Next slide.

10 Our report extensively discusses the market
11 structure and market power issues that may be driving the
12 surcharge, and I'll just highlight one here.

13 Retail prices for branded gasoline are on a
14 significant upward trend in California, but not in the rest
15 of U.S. Between 2019 and 2025, the difference between
16 average branded and average unbranded prices in California,
17 and that's represented by the blue line, grew from about
18 \$0.20 per gallon to \$0.31 per gallon. And this is just the
19 average. Most of us see much larger differences between
20 higher priced and lower priced stations when we're looking
21 for a place to fill up our own cars.

22 In contrast, during the same period, the
23 difference between average branded and average unbranded
24 prices in the rest of U.S., represented by the orange line,
25 was virtually unchanged at about \$0.07 to \$0.08 per gallon.

1 California's large and growing branded unbranded
2 price spread is particularly surprising when you consider
3 the fact that California Air Resources Board standards
4 include a requirement that all gasoline sold in California
5 include deposit control additives. Better understanding
6 this price spread and helping unpack why increasing branded
7 station prices are apparently not deterring enough
8 consumers, despite the availability of cheaper
9 alternatives, will be a core focus of our work going
10 forward.

11 Next slide.

12 In conclusion, DPMO is committed to protecting
13 California consumers and safeguarding the integrity of the
14 transportation fuels market. We look forward to working
15 with you and other policymakers to advance that goal.

16 Thank you so much for the opportunity to present
17 and I'm happy to take any questions you may have.

18 CHAIR HOCHSCHILD: Thank you, Varsha.

19 Let's go to Commissioner discussion, starting
20 with the Vice Chair.

21 VICE Chair GUNDA: Thank you, Chair.

22 I just wanted to say thank you, Varsha, for the
23 and the DPMO's continued work and collaboration on, you
24 know, the last couple years of getting this work done. I
25 think that one of the most important parts of our work

1 collectively has been just to shed the light and the
2 transparency on what was a very opaque market two years
3 ago. I really want to thank the staff at DPMO, not only as
4 you mentioned the economists, but also the investigative
5 staff that are tirelessly working on thinking through what
6 are the different pieces that are happening. So I look
7 forward to hearing from you on that.

8 I think the substantiation of the mystery
9 gasoline surcharge through the work is really important and
10 continue to work through. And I think the couple other
11 points that you have in the report that you didn't speak to
12 today are the winners and losers and then the kind of like,
13 you know, who have the opportunity to be more stable versus
14 not. So I really look forward to continued work on that.
15 So with that, thank you again and look forward to 2026 and
16 beyond.

17 CHAIR HOCHSCHILD: Commissioner McAllister?

18 COMMISSIONER MCALLISTER: Just a real quick
19 question.

20 Varsha, thanks so much for the briefing and for
21 the presentation. I just think I want to just make a
22 comment just about, in general, transparency and openness
23 and communication and just sort of generating a platform
24 for better understanding broadly is really critical for
25 this area because it's so contentious and so political and

1 just so, you know, so kind of fraught in a lot of different
2 ways. And at California, I think all of us, we go out in
3 the world and we talk about all the different issues in the
4 energy sector and the clean energy transition and the like.
5 It's clear that we're sort of the tip of the spear, tip of
6 the spear in terms of, you know, declining gasoline
7 consumption and that just forces all sorts of market
8 complications. And I think, so we're actually learning
9 lessons in real time that other people will be able to, you
10 know, beyond our borders will be able to take advantage of
11 and learn from.

12 So just really appreciate the leadership and
13 thought leadership and just all the analytical heavy
14 lifting that you all are doing. So I really appreciate it.
15 Thanks.

16 CHAIR HOCHSCHILD: Unless there's any other
17 questions? Okay. Thank you, Varsha. Appreciate very
18 much.

19 We'll turn next to Item 6, also an information
20 item, petroleum urine review. And I welcome Max Solanki to
21 present.

22 MR. SOLANKI: Good morning, Chair, Vice Chair,
23 Commissioners, and all those who are attending. My name is
24 Max Solanki, Branch Manager at the California Energy
25 Commission.

1 Next slide, please.

2 The purpose of today's workshop is to provide a
3 review of the 2025 petroleum trends that include demand,
4 fuel flows, refinery capacity, and retail gasoline prices.

5 Next slide, please.

6 The Energy Commission is committed to maintaining
7 a safe, reliable, and affordable fuel supply as California
8 transitions to cleaner transportation. This chart shows
9 two key trends, declining gasoline demand and rising zero-
10 emission vehicle, under both our baseline and advanced
11 electrification scenarios. Even with a rapid EV adoption,
12 California will still need more than 10 billion gallons of
13 gasoline in 2030 and about 6 billion in 2035, underscoring
14 the importance of a stable, resilient fuel system during
15 the transition.

16 Next slide, please.

17 Stepping back to present day, this map shows the
18 typical daily flow of crude oil and gasoline into and out
19 of California. Our refineries process 1.3 million barrels
20 of crude each day, 300,000 produced in California and a
21 million barrels of crude oil imported, roughly producing
22 700,000 barrels of CARB gasoline, another 100,000 barrels
23 of non-CARB gasoline. About one-third of this capacity is
24 in Northern California and about two-thirds of the capacity
25 is in Southern California. Because we have no pipelines

1 bringing fuel into the state, about 90 percent of
2 California's gasoline comes from eight in-state refineries,
3 with the remaining 10 percent imported by marine vessels.

4 On the supply side, Californians use about
5 800,000 barrels of gasoline or 25 million gallons of
6 gasoline per day. And we also export over 100,000 barrels
7 to Nevada and Arizona.

8 Next slide, please.

9 The Energy Commission is closely monitoring the
10 gasoline refining capacity in the state to ensure there is
11 enough supply to meet in-state consumption and pipeline
12 exports.

13 This chart shows California's total gasoline
14 production capacity has changed over the last 18 years.
15 The ones shaded in gray are refineries that are offline.
16 The ones shaded in blue is Phillips 66 Wilmington that
17 exited October 2025 and Valero Benicia that is expected to
18 exit early 2026. The current existing refining capacity is
19 shaded green.

20 The blue line shows the peak daily gasoline
21 demand, including both in-state consumption and pipeline
22 exports relative to available capacity. The shaded area in
23 yellow shows actual marine imports, while the dashed area
24 in yellow shows estimated supplemental marine imports
25 needed to meet demand.

1 Next slide, please.

2 Now let's turn to California's retail gasoline
3 prices. This chart compares retail prices from 2022 in
4 red, 2023 in green, 2024 in blue, and 2025 in purple. You
5 can clearly see the sharp spikes in 2022 and 2023 when
6 prices climbed over \$6.00, and another run-up in spring of
7 2024 when we nearly hit \$5.50. Those increases weren't
8 driven by taxes but by global crude volatility and in-state
9 refining margins.

10 In contrast, 2025 has been more stable. Even
11 with refinery issues, prices have consistently stayed below
12 \$5.00. Stronger import volumes and better supply
13 conditions helped keep the market balanced and prevented
14 the kind of extreme spikes we saw in earlier years.

15 Next slide, please.

16 This chart shows California-U.S. gasoline price
17 difference. And while the gap moves with outages and
18 seasonal shifts, 2024 and 2025 have been far more stable
19 than the major spikes we saw in 2022 and 2023.

20 This year's lower prices reflect three key
21 factors. The major new transparency laws that allow us to
22 work with industry in a more informed way, lower crude oil
23 prices, and most importantly, the success of strong, timely
24 imports that kept the market balanced. At the same time,
25 the California-U.S. differential remains on the higher

1 side, due to structural factors like labor, regulatory, and
2 energy costs. And we are continuing to analyze the causal
3 driver behind that elevated baseline.

4 As we move forward, we'll continue monitoring
5 this indicator and providing annual updates. Thank you,
6 Chair, Vice Chair, Commissioner, and everybody in
7 attendance for your time.

8 CHAIR HOCHSCHILD: Thank you so much. Just
9 before we begin, you know, we've had to scale up our
10 resources and our team members to, you know, meet the needs
11 of this challenge. Can you share a little bit about the
12 team we have at CEC working on this, what kind of talent is
13 coming in, what they offer?

14 MR. SOLANKI: Yes, thank you for that question.
15 We built an excellent team. I'll brag a little. We have
16 PhDs in economics, in engineering, and even in aerospace.
17 We have master's degree holders in data science, business
18 analytics, chemical and industrial processes. We have MBAs
19 in finance, data analytics, and business systems.
20 Together, we are positioned to do all the analysis we need
21 and provide supply stabilizations for the state of
22 California.

23 CHAIR HOCHSCHILD: How many CEC team members are
24 working on this all together?

25 MR. SOLANKI: We have two teams. One is the Data

1 Collection Unit and Data Analytics Unit. Together, we have
2 16 folks on our team with two supervisors and a branch
3 manager.

4 CHAIR HOCHSCHILD: Okay, very helpful.

5 Let's go to Commissioner McAllister, please.

6 COMMISSIONER MCALLISTER: Yeah, Max, thanks so
7 much, and amazing team, totally agree. And I appreciate
8 the briefing on this.

9 I did want to ask, I mean, it's notable, the
10 recent increases in imports. And it's also notable the
11 fact that the last couple of years have been much improved
12 in terms of the volatility and just those peak prices, you
13 know, those seasonal peak prices. And could you comment a
14 little bit on sort of what -- a bit on that broader context
15 around imports and kind of maybe why those have been more
16 available and better priced and what the kind of prospects
17 going forward for having imports be our sort of cushion
18 for, you know, as we approach declining, potentially
19 declining refined products in-state?

20 MR. SOLANKI: At first, we were worried when we
21 saw refineries, you know, having planned and unplanned
22 maintenances and fires, but we did realize that there is
23 import capacity, and this could be increased provided we
24 provide support to that; right? We saw imports coming in.
25 We opt out at 6.5 million barrels imported in the month of

1 October, and we hadn't seen this before. So what is the
2 capacity and what are the constraints that we need to help
3 resolve?

4 I think there is capacity, but we need to ensure
5 that all the supply constraints are met and that we are
6 continuing to study that with the import infrastructure.
7 Our team is looking at every aspect, the boats, the
8 pipeline, the refineries, all the equipment that the
9 refineries have, what are the permits that are pending, so
10 there's a lot of work being done in the background to help
11 resolve that.

12 COMMISSIONER MCALLISTER: Great. I really
13 appreciate that. And I want to give the Vice Chair kudos
14 for all his leadership on this as well and certainly
15 developing relationships along these lines, so thanks, Max.
16 Appreciate it.

17 VICE Chair GUNDA: You know, Commissioner, just
18 to kind of support and expand on what Max has mentioned, I
19 think a few observations that are really helpful. I think
20 there are two charts that are indicative of the totality of
21 the story. So the prices at the pump, as you know, are
22 inclusive of the crude oil and such, which kind of
23 contribute to the overall spikes.

24 So if we look at the 2023 spike specifically
25 early in the -- or 2024 spike, these are coincidental. You

1 have crude oil prices. You have the supply being low in
2 California because of planned and unplanned outages, and so
3 when those things happen, and also in 2024, we had it
4 coinciding with the winter to summer blend switch, so all
5 of them kind of impact.

6 And so but, you know, kind of then leading into
7 the question that you mentioned, it's really helpful to
8 observe the California, you know, versus the U.S. delta.
9 And I think Max pointed, and to Varsha's kind of
10 presentation in the previous segment, there are a number of
11 reasons you can explain why the differences, you know, like
12 about half to two-thirds of that could be explained, but
13 majority of that is kind of a combination of whether it's
14 the, you know, just the conditions in California to do
15 business. But also I think to the point of DPMO, just how
16 the structural part of the market works, and whether it's
17 efficient or inefficient, and, you know, how do you see
18 that.

19 And finally, bringing into the imports
20 conversation, I think a big part of what we looked at in
21 April this year, right after the closure announcement of
22 Benicia, was to really think about four specific elements
23 to imports.

24 One, is there enough ability globally for
25 molecules, specifically CARBOB, to be made? And the

1 answer, I think, today is yes. I think, you know, as we
2 see some of the closures of refineries in the UK and other
3 developed economies, and then, you know, the refining
4 industry moves more towards developing economies, we just
5 don't know exactly what that's going to look like, but I
6 think, in general, the answer is we have plenty of
7 molecules.

8 The second important part of the question there
9 is, do we have enough vessels globally that can bring the
10 molecules to California? The answer currently suggests
11 that we do. We do have enough vessels globally. I think
12 there's a little bit of a question on what happens when the
13 Chinese economy picks up, but I think the downward pressure
14 there from China is really around the electrification that
15 they're pursuing on transportation, so, you know, we'll
16 have to watch that, but as of today, both those things are
17 good.

18 Then comes the last two, which is, if those, you
19 know, molecules come to California, do we have enough dock
20 space to actually unload them? The answer, again, seems to
21 be, yes, we have enough dock space and the terminal space.
22 The problem, a little bit of uncertainty comes in there is
23 the ability to bring them in a rated basis as you need
24 them, and that comes also because of weather, big vessel
25 moving before, you know, what does that do to the waves, do

1 we have to wait for another vessel to come in, and so on,
2 so you have a little bit of streamlining and optimizing we
3 have to do there.

4 But the real constraint right now, which we feel
5 like we have hit the ceiling this year on, is the
6 distribution, so once you offload it, once you put it in
7 the tanks, how does that move from the tanks all the way to
8 the pump? And so there's that idea of distribution
9 infrastructure, but also trucks that move stuff, so that's
10 where the focus for us is. You know, if we look back 10,
11 12 years, you do have this level of significant imports
12 coming in, and the need for imports have gone down, and the
13 needs for imports are coming up. So based on this year, we
14 have historic values, so the opportunity for imports seems
15 to be there and it's about figuring out how to really
16 streamline that.

17 COMMISSIONER MCALLISTER: I really appreciate all
18 that context. And really, my comments to DPMO, the
19 previous item, apply to our team and your team as well,
20 Max. You know, I think DPMO and our sort of analytical
21 team and division don't always agree or don't always have
22 the exact same perspective, and that's a good thing; right?
23 So it helps us understand the complexities of this and
24 really understand the nuances. And so I think, you know,
25 your work is vital, and the team is amazing.

1 And I guess just top level, you know, it seems
2 like the -- so this is a really difficult set of problems,
3 and again, I want to just acknowledge the Vice Chair for
4 all the leadership in working through all these issues over
5 the last couple of years since the legislature asked us,
6 the governor asked us to dig in.

7 And it seems like, and maybe I'm reflecting my
8 kind of half-classful, you know, mentality, but it seems
9 like these are structural issues that we've identified and
10 we're addressing, and they may end up being more manageable
11 than maybe we feared at the outset, in terms of what, you
12 know, you just said, Vice Chair, that infrastructure
13 investment in sort of the, you know, the last mile, or the
14 last, you know, 10 miles, getting from, you know, bulk down
15 to retail, that seems like a solvable problem, you know,
16 with the right information, and the right planning, and the
17 right investment.

18 So anyway, just wanted to really, again, thank
19 you and the team for the presentation, and all the great
20 work.

21 CHAIR HOCHSCHILD: Unless there's -- oh, yeah,
22 Commissioner Gallardo, please.

23 COMMISSIONER GALLARDO: Hi, Max. I too wanted to
24 thank you, and Varsha, thank you for your presentation as
25 well. You've both given us a lot to think about. And I

1 think it just highlights how complex this area is.

2 And I also want to thank Vice Chair Gunda for his
3 leadership on this and his commitment to trying to figure
4 this out. And it does matter to a lot of people, as we
5 heard in the public comment this morning. These amounts
6 can add up and really impact people, especially those who
7 are low-income. So it's not just an environmental issue,
8 it's also an economics and affordability issue, so I
9 appreciate that.

10 I was just curious, with all the work that's
11 being done, and what we're publishing, if any other states
12 are asking questions or wondering, you know, what we're
13 doing, and seeing if they can do similar things? I was
14 just curious about that.

15 MR. SOLANKI: I haven't heard directly, but I
16 know the Vice Chair's Office is in communication with other
17 states, Oregon, Washington. I haven't heard.

18 COMMISSIONER GALLARDO: Okay, no problem. Yeah,
19 I was just curious, as they both were presenting, I was
20 wondering if anyone else is looking at this outside of
21 California.

22 VICE Chair GUNDA: Yeah, absolutely. I think one
23 of the information sets we track is the spikes, when they
24 happen in California, where else they happen. Nevada,
25 Arizona, sorry, yeah, Nevada, Arizona, Washington, Oregon,

1 all kind of show similar spikes, when we have spikes.

2 I think it kind of points to a couple of pieces,
3 one, that the West, even though there are different fuel
4 blends, because much of the components that make the fuel
5 essentially are a West-wide commodity, they do have, they
6 do share some sort of, you know, kind of market reactions,
7 very similar, so that's one. And to that extent,
8 Washington is -- the legislature has tried to pursue kind
9 of something on the likes of more transparency for the
10 state of Washington.

11 Given that we've heard a lot from Arizona and
12 Nevada colleagues, including elected members, during the
13 last couple of years, during business meetings as well, we
14 have a tri-state meeting that happens monthly, which has
15 now been expanded to just think about, holistically, the
16 Western region. and Commissioner McAllister sits on NASEO,
17 and NASEO also has a very specific element on the West-wide
18 petroleum security, so that's something that we start
19 engaging after the passage of AB X2-1.

20 COMMISSIONER GALLARDO: Excellent. thank you.

21 CHAIR HOCHSCHILD: Commissioner Skinner.

22 COMMISSIONER SKINNER: Thank you. And I did not
23 speak when Varsha spoke, so, yes, appreciate her
24 presentation, and Max, yours also.

25 To the question of my colleague, Commissioner

1 Gallardo, one of the reasons that the State of California
2 took this action is because when we look at what the
3 gasoline prices in the state of California compared to
4 every other state, other than perhaps Alaska or Hawaii, our
5 retail price is much higher. And, of course, the research
6 prior to the establishment of the Division showed that some
7 of that was due, yes, to our particular formulation,
8 because we have a particular formulation for clean air, and
9 a small amount, not as much as people may perceive, was due
10 to the taxes that we add to our gasoline sales.

11 But there was always this sense of, okay, why
12 else is our gasoline prices higher? And anyone who leaves
13 the state and goes to any other state, with the exception
14 of the two I mentioned, obviously notices that our prices
15 are higher, and so that's really why we looked at it. But
16 it also explains perhaps why other states may have not
17 taken such an action or are pursuing.

18 So we really are kind of alone in this, and so I
19 just wanted to kind of point that out, that there was very
20 sound rationale for why we set up this Division and why we
21 wanted to really get into the weeds on understanding.

22 CHAIR HOCHSCHILD: Thank you.

23 Yeah, Vice Chair.

24 VICE Chair GUNDA: Yeah, Chair, thank you. Just
25 I want to make a few comments.

1 I want to first start by thanking Max, and also
2 Aleecia and the EAD team as a whole. It has been a very
3 difficult year, to keep it mildly, in terms of the amount
4 of work that we had to begin to do, but also all the
5 changing and evolution in the market so quickly this year.

6 I wanted to highlight the new team members that
7 you mentioned. Max, thank you for, and I think I said this
8 to you privately, really appreciate building on the
9 existing pilot team and just bringing in some really good
10 folk to add to the team. Really appreciate your efforts on
11 that front.

12 You know, there's a lot of people to thank, and
13 I, you know, don't want to like lift up names to then make
14 other people feel undermined, but I do want to lift up a
15 couple of people from your team.

16 I think first, Jeremy Smith, this year, you know,
17 I know Jeremy has stepped back and, you know, started
18 working on what we originally hired him for, which was the
19 demand forecasting part. So really appreciate Jeremy's
20 work for two years, just really setting up a baseline of
21 excellent data analysis for your team.

22 And wanted to uplift, you know, Sunit. Sunit has
23 been a significant addition to your team. I really
24 appreciate the background he brings from being in the
25 industry for decades that really helped us understand the

1 gaps that we have.

2 Also, I really want to, you know, the two
3 supervisors that you just hired, but also welcome William
4 as a part of the team as a chief economist on the CEC side.

5 So just wanted to say, you know, thanks, and I
6 wanted to give the Commission colleagues a little bit of
7 context. This year is a trial run for what we might see in
8 2026 in the north. As you know, we start off the year with
9 PBF Martinez having a pretty big fire, and PBF Martinez has
10 been out all year. So, you know, moving into next year,
11 if, you know, Valero moves forward with their closure, we
12 will still have two refineries.

13 And so we had a test year on how to work. And
14 just the amount of interagency coordination that has been
15 happening, both at the state level, local level, I cannot
16 underappreciate that for you all. It has been significant
17 amount of work and a lot of hours that.

18 Also want to just recognize that as we went into
19 this year, there were predictions that the gas prices could
20 top \$8.00. And, you know, we, you know, CEC staff kind of
21 put the upper end at about \$6.50 if the crude oil prices
22 were to be really high. Luckily, our crude oil prices have
23 been lower than 2024, and it has contributed to the lower
24 gasoline prices in California this year.

25 So overall, just want to say thanks to the

1 tremendous work. Some of the work is not seen when things
2 are okay. The prices have not crossed \$5.00 this year, and
3 so there hasn't been a lot of conversation. And this is
4 the time you take a minute and say, really recognize the
5 effort behind the scenes that's invisible when those prices
6 are low.

7 And the other piece, I just want to make sure
8 that we really uplift is in 2023, 2022, when we had these
9 questions around why the gas prices spiked, we had no idea.
10 And one of the biggest, I think, successes of this through
11 the CEC and DPMO work is really kind of improving the
12 transparency. And I think sometimes, you know, just some
13 of the market players knowing that we have the data and we
14 can track the data helps, you know, create the conditions
15 for, you know, positive behavior.

16 So I think overall, you know, good year for, you
17 know, the state, and we want to continue working on this as
18 we move forward, so thank you.

19 CHAIR HOCHSCHILD: Thank you, Vice Chair.

20 Unless there are other items or points of
21 discussion, we'll move on. Thank you, Max.

22 We'll turn next to Item 7, Information Item,
23 Petroleum: Senate Bill 237, March 2026 Transportation Fuels
24 Assessment. And we welcome back, Quentin Gee.

25 MR. GEE: Hi. Good morning, Chair, Vice Chair,

1 Commissioners, and meeting attendees. My name is Quentin
2 Gee, and I'm the technical lead for several petroleum
3 market and policy reports at the CEC, kind of following up
4 with the theme of the last few items.

5 To set a little context, some of you recall
6 probably, and actually we saw as Max just presented some
7 gasoline price spikes in 2022 and 2023. These spikes
8 prompted the governor to call for special legislative
9 sessions in 2022 and 2023. Emerging issues on
10 transportation fuels policy are key in these bills that
11 came out of these legislative sessions. SB X1-2, Senate
12 Bill X1-2, and then also in 2023, Assembly Bill X2-1, which
13 came into effect in 2024. Lots of these policy issues,
14 refinery production, fuel imports, adaptively managing to
15 transition away from fossil-based combustion fuels. In
16 September of this year, also, 2025, we saw SB 237 signed
17 into law, which again called attention to petroleum.

18 So let's go to the next slide with that context
19 set.

20 So here's a recap. Those bills call for a lot,
21 as we've heard, DPMO being founded, you know, Max's team
22 being expanded as well. But here's a recap of some of the
23 reports that are also mandated by the legislation as well.

24 The first is the Transportation Fuels Transition
25 Plan, or TFTP, required by SB X1-2. This plan has been

1 developed with CARB and the CEC for a while now and is
2 nearing completion. The TFTP has had a significant amount
3 of public and workgroup engagement to help craft key issues
4 around communities, labor, key supply dynamics. Strategy
5 sessions -- strategies, excuse me, discussed will focus on
6 long-term holistic transition and supply concepts, as we
7 may have heard a little bit of interest in that today.

8 The SB 237, in the middle of the SB 237 March
9 assessment, due in a few months, a quick timeline here,
10 will evaluate some strategies put forward in Vice Chair
11 Gunda's letter to Governor Newsom in June of this year and
12 further develop others.

13 After receiving a letter from Governor Newsom in
14 April 2025, Vice Chair Gunda responded in a June letter of
15 this year and outlined concurrent approaches. These
16 strategies support a stable and affordable fuel supply
17 while advancing the state's transition away from fossil-
18 based transportation fuels through strategies that protect
19 public health, workers, communities, consumers, and the
20 environment.

21 Key issues in the March assessment will cover
22 near and mid-term supply issues as well as a broad look at
23 some of the more holistic transition strategies
24 complementary to the TFTP. There's a bit of a balancing
25 act here, but I'll do what I can to make sure that you

1 don't get too much crisscrossing and acknowledgement where
2 it's due.

3 There are some other issues on the legislation
4 that directs CEC to focus on some other things, including
5 potential working group authorities, structures, as well as
6 potential things such as permitting.

7 Finally, the Triennial Transportation Fuels
8 Assessment on the far right here, a key market analysis
9 document originally required under SB X1-2, originally
10 developed in 2024, it's going to have its next iteration in
11 2027 with an additional focus this time on import and
12 export logistics, fuel specification analyses, and these
13 are content requirements added by AB X2-1 and SB 237.

14 So the overarching theme on all of these products
15 is a reliable, safe, and equitable supply of transportation
16 fuels throughout the transition away from petroleum,
17 something that the CEC is committed to.

18 Next slide, please.

19 All right, so on this slide is a sort of a broad
20 characterization of the different timelines over the course
21 of a busy 2026. With three major products coming out, this
22 helps give a visual of what to expect and when. The 2027
23 TFA is due at the beginning, the very beginning, January
24 1st of 2027, so all the work will occur throughout 2026,
25 including a few public workshops.

1 For the March assessment, as you can see, there's
2 a very short timeline. We don't have much time on this.
3 It's almost midway through December and then the holidays,
4 so yeah, not a lot of time, so we're moving fast. We are
5 looking to incorporate multiple forms of public engagement,
6 though, and we will definitely be doing that the early part
7 of 2026, and then also today as well as we saw with some of
8 the public comment.

9 Next slide.

10 So just to kind of let, you know, folks here
11 today know and be aware of, we are looking to get some
12 comments. We did get some public comments this morning to
13 begin the business meeting and look forward to kind of
14 digesting those a little bit more. And anyone interested
15 in putting forward some other considerations, we certainly
16 welcome that. Overall, the best repository for written
17 comments on the March assessment is posted here, this link
18 here, if you want to access the slides online, at 23-SB-02,
19 a very busy docket that has a lot of good content on it.

20 Next slide.

21 So thanks to the Commission and the public for
22 their time, and I can answer any questions that you may
23 have. My contact information is also here for those in
24 attendance.

25 CHAIR HOCHSCHILD: Thank you so much, Quentin.

1 Let's go to Commissioner discussions, starting
2 with the Vice Chair.

3 VICE Chair GUNDA: Thank you, Chair.

4 I just wanted to say thanks, Quentin. I wanted
5 to uplift your work also on the first fuels assessment, as
6 well as helping with a lot of information on the response
7 to the governor that we wrote in June. So thank you so
8 much for that.

9 And I also want to just thank Theresa, who's here
10 from our office, and Aria, who have been spectacular for
11 our office to continue to do this important work.

12 I also want to recognize there's a lot of people
13 in this. CEC's, you know, EAD is a primary division, DPMO
14 has their work, but also the Legal Team, the Comps Team,
15 the Legislative Team is so focused on this issue. So I
16 just wanted to say thanks to all of them for the important
17 insights and continued work.

18 So a couple of pieces. I think, you know, this
19 is just, I want to harmonize some of this comment with what
20 we've heard earlier in the, you know, public comment
21 period. I think it's really important for us to continue
22 to kind of look towards the frame of the mid-transition
23 that we discussed in the letter, and again, coined by Dr.
24 Emily Grubert and Sarah Hastings-Simon, just the importance
25 of making sure that we manage this decline away from the

1 fossil very carefully.

2 And in order to do that, just again reminding
3 that as a part of the conversation, we had diverse
4 stakeholders thinking through what a holistic framework
5 could look like. Not everybody will agree on all the
6 pieces, and I think that's the tough job of the Commission
7 to balance all the different inputs that we need to take
8 into account to make sure that there is a stable supply
9 while we double down on decarbonization of California's
10 economy, but also the transportation sector.

11 And as we talked through that, we made three
12 buckets, primarily. One was around near-term supply
13 stabilization. Second, around the investor confidence,
14 ensuring that the industry sees an opportunity to invest in
15 California as long as we need it. And then the bucket
16 three, which was really important and really looking at the
17 holistic transition all the way from protecting workers,
18 communities, public health, and environment. And we
19 asserted over and over in many of the oversight hearings
20 that the conversation was an end and not an or. And, you
21 know, all those three buckets had to be simultaneously
22 worked on to move forward with the overall decarbonization
23 strategy in a managed transition in a pathway.

24 And I think the legislature has primarily acted
25 on bucket two, which was around ensuring investor

1 confidence to have that supply stability. But I think the
2 March, you know, product that we have as a Commission is a
3 second opportunity for us to double down on the bucket
4 three and the importance of making sure we frame the
5 holistic transition and with some recommendations that the
6 legislature could quickly act on moving into the next
7 couple of years.

8 So I think, again, this is a complex issue. You
9 know, I haven't lost my sleep this much on any specific
10 item that we worked on over the last five years. I think
11 it's emotive. It's a very emotional issue. It has a lot
12 of really personal impacts, whether it's communities that
13 live close by. It has impacts on the economy. It has
14 impacts on the overall price stability.

15 You know, so I think it's going to be hard work
16 going into 2026, and each of these reports have to make
17 sure that we do not skirt the hard truths, making sure that
18 the nuanced view and the vision is laid out. And I think
19 the best we can do as a Commission is be forthcoming,
20 transparent, and honest as we move forward and create the
21 trust and hope that we all seek.

22 So with that, I thank all the staff and look
23 forward to continue working on this.

24 CHAIR HOCHSCHILD: Great.

25 Yeah, Commissioner McAllister?

1 COMMISSIONER MCALLISTER: I just want to say
2 thanks, Quentin and team, for the briefing and just for
3 keeping me and my office up to date on this, really. The
4 integrative nature of your work, I think, is really key
5 for -- you know, we have such a complex sort of, you know,
6 panoply of agencies and jurisdictions and authorities and
7 everything, and I think just having that integrative
8 approach and producing plans that kind of connect all the
9 dots for people is really critical for our work. And also
10 to just maintain stakeholder engagement and buy-in on
11 California's direction and communicating how we're going to
12 meet the challenges that are coming our way.

13 So I really appreciate you and the team keeping
14 your fingers on the pulse of all the activity and telling
15 that story in a way that's understandable and transparent.
16 Really appreciate it.

17 CHAIR HOCHSCHILD: Thank you.

18 Yeah, just in closing, I mean, to kind of restate
19 the obvious, earlier this morning we approved on the
20 consent calendar \$1.7 million for four Rivian fast-charging
21 sites in Long Beach, Temecula, Tulare, and Cabazon. I just
22 want to say, that that is not just supporting EVs. It does
23 help with this issue because the reduction in demand does
24 free up more supply, which can help us on price
25 containment. So just to keep in mind, these things do

1 stitch together. So thank you, Quentin.

2 With that, we'll turn next to Item 8, the 2025-
3 2026 Investment Plan Update for the Clean Transportation
4 Program.

5 Ben Tuggy.

6 MR. TUGGY: All right. Good morning, Chair, Vice
7 Chair, Commissioners. My name is Benjamin Tuggy. I'm the
8 Project Manager for the Clean Transportation Program
9 Investment Plan Update. And today we are seeking your
10 approval of the 2025-2026 Investment Plan Update. If
11 approved, the current Lead Commissioner Report version,
12 which we published November 24th, will be reissued as a
13 final Commission report.

14 So next slide, please. Great.

15 As part of California's ambitious goals to
16 protect public health and environmental quality and cut
17 pollution, the state is working to quickly shift to zero-
18 emission vehicles. And achieving those goals requires
19 enough charging and hydrogen refueling infrastructure
20 deployed in time to serve these vehicles.

21 The Clean Transportation Program began back in
22 2008. Most recently, it was reauthorized through July 1st,
23 2035. And it is funded through vehicle registration,
24 identification plate, and smog abatement fees. The CEC
25 administers the program, which provides about \$100 million

1 per year in grants and incentives, mainly to accelerate
2 deployment of zero-emission vehicle infrastructure across
3 the state. And in recent years, the governor and the
4 Legislature have provided significant general funds and
5 greenhouse gas reduction funds to supplement the Clean
6 Transportation Program.

7 The CEC is committed to making sure that program
8 funding and project benefits flow to low-income and
9 disadvantaged communities across the state. And as of July
10 2025, 61 percent of Clean Transportation Program and
11 supplemental funds have gone to projects located in low-
12 income or disadvantaged communities. This 61 percent
13 excludes certain projects for which we do not yet know the
14 specific site location.

15 Next slide, please.

16 All right, now in its 17th year, the Clean
17 Transportation Program and supplemental funds have provided
18 several billion dollars for a broad spectrum of zero-
19 emission vehicles and infrastructure, alternative fuels and
20 technologies, and workforce development projects. The
21 program has funded over 35,000 installed or planned
22 chargers for light-duty plug-in electric vehicles as of
23 July 2025, and it has also supported the nation's largest
24 network of hydrogen fueling stations.

25 The program has funded 42 manufacturing projects

1 supporting in-state economic growth while reducing supply-
2 side barriers for zero-emission vehicles, ZEV components,
3 including batteries, and ZEV infrastructure. And it has
4 also funded 30 ZEV workforce training projects.

5 Overall, the investments made through the Clean
6 Transportation Program and supplemental state funds
7 provided through recent budget acts are essential to
8 meeting the state's climate goals.

9 And I'm not sure if this is -- this might be a
10 slightly older version of the slide, but no worries. Next
11 slide, please.

12 All right, so statute requires the CEC to
13 annually update an Investment Plan that communicates the
14 CEC's strategic vision for the program, determines funding
15 priorities and opportunities, and gives an analytical
16 rationale for the proposed expenditures. The Investment
17 Plan provides a high-level view, so it identifies general
18 funding categories rather than specific projects.

19 And specifically, the Investment Plan identifies
20 how the Clean Transportation Program funds of \$95.2 million
21 per year will be allocated across different fuels, vehicle
22 sectors, and supporting activities like workforce
23 development. The Investment Plan also discusses
24 supplemental funding allocations from the Greenhouse Gas
25 Reduction Fund, which we cannot change.

1 When developing the Investment Plan, the CEC
2 considers the context of state and federal funding and
3 policies and analyses that we conduct around infrastructure
4 and workforce needs, and coordinates with other state
5 agencies, such as the California Air Resources Board. And
6 we gather input from the Clean Transportation Program
7 Advisory Committee, the Disadvantaged Communities Advisory
8 Group, and the public.

9 Next slide, please.

10 CEC has undergone a thorough public process
11 overall to develop this Investment Plan Update. This slide
12 shows some key points of the schedule. We released a
13 Guiding Principles document and Staff Draft Report, and
14 held three public meetings and two rounds of written
15 comments to develop this Lead Commissioner Report version.
16 CEC staff has revised the Investment Plan Update based on
17 feedback received, and will also use the input to inform
18 future solicitations.

19 Next slide, please.

20 Now for some highlights on the 2025-2026
21 Investment Plan Update. The plan covers multiple fiscal
22 years. Program funding allocations beyond fiscal year
23 2025-2026 may change in future Investment Plan Updates, but
24 the multi-year plan is intended to give a little more
25 certainty and convey the CEC's goals.

1 In addition to the considerations mentioned
2 before, some key points of the CEC's rationale for this
3 Investment Plan Update include that there is currently more
4 funding available for medium- and heavy-duty infrastructure
5 compared to light-duty funding. Medium- and heavy-duty
6 infrastructure remains a strong priority with multiple
7 funding opportunities this fall.

8 We also have state greenhouse gas reduction funds
9 in fiscal year 2025-2026 in this category, and existing
10 funds remaining to spend. That's why the CEC proposes
11 directing more clean transportation program funds to light-
12 duty infrastructure in the short-term fiscal year 2025-
13 2026.

14 We also propose continuing to fund ZEV workforce
15 development.

16 And finally, the 2025 state budget also
17 reappropriated some previous fiscal year funds. The CEC
18 proposes reallocating \$41.3 million of that with this
19 Investment Plan Update.

20 So next slide, please.

21 This slide shows the proposed clean
22 transportation program allocations totaling \$326.9 million
23 for fiscal years 2025-2026 through 2027-2028. Note that
24 dollars are in millions.

25 Specifically, the fiscal year 2025-2026

1 allocations include the proposed reallocations just
2 mentioned and include \$98.5 million for light-duty EV
3 charging, \$15 million for medium- and heavy-duty ZEV
4 infrastructure, \$22 million in hydrogen-specific funds, and
5 \$1 million for workforce development. Proposed medium- and
6 heavy-duty and workforce allocations increase in the
7 following two fiscal years, as you can see here. And
8 again, future allocations are subject to change.

9 As mentioned, the CEC has significant medium- and
10 heavy-duty funding, including three open medium- and heavy-
11 duty solicitations providing up to \$120 million for
12 electric and hydrogen vehicle infrastructure. And there
13 are also currently active block grants and more remaining
14 funds to be released and funding opportunities soon, as
15 well as \$38 million in newly appropriated greenhouse gas
16 reduction funds for heavy-duty infrastructure for fiscal
17 year 2025-2026. So all of those amounts total over \$400
18 million and are not included in the table.

19 In addition to the proposed workforce
20 allocations, the CEC is working to release grant funding
21 opportunities in 2025-2026, and also has some unreserved
22 funds there, about \$5 million in previously allocated
23 workforce funds. So there's a little more context.

24 Next slide, please.

25 All right, before wrapping up, I'd like to take a

1 moment to thank the Clean Transportation Program Advisory
2 Committee for their guidance in developing this Investment
3 Plan Update. Most members listed here joined the advisory
4 committee last year. A few are new this year. And members
5 will serve through the end of 2027.

6 Next slide, please.

7 Staff recommends approving the 2025-2026
8 Investment Plan Update with proposed funding allocations
9 and reallocations. Staff also recommends a determination
10 that this plan is not a project under CEQA or in the
11 alternative, if determined to be a project, that it is
12 exempt.

13 And I believe we have a few members of the
14 advisory committee here to speak before public comment.
15 Bill Magavern is here in person. And I believe we'll also
16 have Laura Renger on Zoom.

17 So thank you, and I'm happy to take any
18 questions.

19 CHAIR HOCHSCHILD: Thank you.

20 Let's go to public comment on Item 8.

21 MR. YOUNG: Thank you, Chair.

22 The Commission now welcomes public comment on
23 Item 8. To notify us that you wish to make a public
24 comment and are in the room, please use the QR code in the
25 back or visit the Public Advisor table. If you are on

1 Zoom, you're going to click this raise-hand feature on your
2 screen. And if you're joining by phone, you're going to
3 press star nine to raise your hand.

4 We're first going to welcome Bill Magavern.

5 MR. MAGAVERN: Good morning. Thank you. Bill
6 McGavern with Coalition for Clean Air speaking in support
7 of the plan.

8 As indicated in the current year, this plan
9 emphasizes light-duty infrastructure, but it does in the
10 multi-year context maintain the commitment to medium- and
11 heavy-duty infrastructure, which is very important to us
12 because most of those vehicles on the road are running on
13 diesel and emitting toxic exhaust into communities, and
14 that burden is falling disproportionately on low-income
15 communities of color that have the worst air pollution in
16 California.

17 This plan also continues the commitment to
18 investing in our disadvantaged communities that are bearing
19 those disproportionate burdens. So we thank the CEC for
20 continuing over the years to well exceed the statutory
21 minimums we have supported in law for disadvantaged
22 community investment.

23 When it comes to hydrogen funding, we strongly
24 urge you to put that into medium- and heavy-duty. Hydrogen
25 cars are actually dwindling in California. It's not just

1 the new sales that are dwindling. The number of cars on
2 the road is actually going down. But there is a demand for
3 hydrogen fuel cell electric buses, and I think that we may
4 well need that technology for long-haul heavy-duty
5 trucking. So let's put the money there.

6 When it comes to light-duty, we agree with the
7 emphasis on multifamily housing and appreciate the
8 inclusion of Level 1, which can be a cost-effective
9 alternative, particularly in the multifamily context.

10 One of the shortcomings of this plan is just that
11 there's not enough investment in it. So we need, in the
12 coming budget cycle, to advocate for getting additional
13 funding both for the vehicles and the infrastructure to
14 fund our zero-emission transportation.

15 Thank you very much.

16 CHAIR HOCHSCHILD: Thank you.

17 MR. YOUNG: Thank you.

18 Seeing no further commenters in the room, I'm
19 going to transition to Zoom. Laura Renger, we're going to
20 unmute your line. Please spell your name, state of
21 affiliation, and we welcome your comment on this item.

22 MS. RENGGER: Hi, good morning. My name is Laura
23 Renger, my last name is R-E-N-G-E-R, and I'm the Executive
24 Director of the California Electric Transportation
25 Coalition.

1 First, I just wanted to give a sincere thanks to
2 Commissioner Skinner and to the staff at CEC for all of the
3 thoughtful work that went into this proposed Investment
4 Plan Update.

5 Like Bill, I'd like to echo many of those
6 comments. The CalETC supports this proposal because we do
7 think it strikes the right balance of funding the different
8 sectors, given the amount of funds that are currently
9 available. Because we are in a budget deficit, we really
10 encourage CEC to continue to ensure that we're
11 strategically utilizing the Clean Transportation Program
12 funds and getting the money out the door and into projects
13 as soon as possible.

14 And to that end, we also recommend that the CEC
15 continues to streamline and simplify the processes for
16 approval and for awards, and to continue to allow
17 flexibility in these programs. We really need to try to
18 move the market and get as many EVs on the road as soon as
19 we can.

20 Thank you again for the opportunity to speak and
21 for the opportunity to be a part of the Advisory Committee.
22 The CalETC members are ready and willing to help in any
23 way, so please do reach out and appreciate your time and
24 attention to this matter.

25 Thank you.

1 MR. YOUNG: Thank you.

2 Stephen Rosenblum, I'm opening your line. Please
3 unmute on your end, spell your name, state of affiliation,
4 and we welcome your public comment.

5 MR. ROSENBLUM: Hello, my name is Stephen
6 Rosenblum, S-T-E-P-H-E-N R-O-S-E-N-B-L-U-M, Climate Action
7 California. I would like to reiterate my support for the
8 previous two speakers' comments, and I want to restrict
9 myself specifically to the issue of hydrogen for light-duty
10 vehicles.

11 Climate Action California is opposed to any
12 funding of hydrogen for light-duty vehicles for three main
13 reasons.

14 One, most hydrogen is still made from steam
15 reforming of methane, so it encourages the continued use of
16 fossil fuels to make the hydrogen.

17 Secondly, there's no good distribution system for
18 hydrogen in the state. All of it has to be delivered by
19 diesel tractors hauling trailers of compressed gas or
20 liquefied gas. And so there's a lot of emissions
21 associated with the distribution system, and it's also not
22 reliable and cost effective. We do support the use of
23 hydrogen for buses, for example, for fuel cell buses,
24 because in a lot of cases, electrified buses are not suited
25 to some of the routes and services they have to be in.

1 And finally, for light-duty transportation, it's
2 pretty clear that EVs have won the market. There are
3 millions of them on the and only a few thousand are
4 hydrogen light-duty vehicles. So I think it's time to put
5 the whole issue of light-duty hydrogen vehicles to bed and
6 not support their development any further.

7 Thank you.

8 MR. YOUNG: Thank you.

9 Chair, that concludes public comment at this
10 time.

11 CHAIR HOCHSCHILD: Okay. Thank you all for
12 providing those public comments.

13 We'll turn now to Commissioner discussion,
14 starting with Commissioner Skinner.

15 COMMISSIONER SKINNER: Thank you so much. I want
16 to first start with thanking the Fuels and Transportation
17 Division staff for the excellent work they've done on this
18 Investment Plan, and in particular, Benjamin, of course,
19 who presented for us, Charles Smith, Marissa Williams,
20 Mabel Lopez, Hannon, our Division Director, Melanie Vail,
21 and Jen Kalafut. And of course, there are many other FTD
22 staff who have some role in this and make it all possible.

23 What I will note, and this is my first year in
24 playing this role to deliver this Investment Plan, but the
25 Investment Plan is for the very fiscal year that we're in,

1 which we're now six months into. So what I would hope next
2 year is to do the Investment Plan earlier because it is
3 supposed to be guiding our investments for the fiscal year
4 that we are in.

5 While this is a multi-year plan, the statutory
6 obligation for the future years that are represented in our
7 chart is, what we're adopting today, really only is
8 obligating us for what's shown in the chart for '25-26,
9 this fiscal year we're six months into. And the future
10 years are kind of our projection, and again, just to show
11 the direction we hope to go in. And of course, things can
12 change, but that is, we've thought about it a lot.

13 Now, obviously, given that we're approving this
14 now, we're probably not going to be able to get all of the
15 funds that are listed for '25-26 on the street within this
16 fiscal year. We'll do our best, but it's probably not
17 likely, but we will do our very best.

18 I wanted to note for those who made the comments
19 around hydrogen, that our medium- and heavy-duty
20 solicitations, block grants and solicitations, by and large
21 are open to both EV and hydrogen, so we don't restrict.

22 Now we also do hydrogen-solely only
23 solicitations, and that's due to our, when the statute was
24 approved for the extension of the Clean Transportation
25 Program, we were required to give a certain percent. So we

1 are definitely putting out solicitations reflecting that,
2 and we have it reflected in our plan, but the statute also
3 allows us that if we do not get the take-up for the
4 hydrogen only, the hydrogen-specific solicitations, which
5 in most recent past, we have not been getting the take-up,
6 then we are allowed to redirect. So if you see some
7 changes, for example, in next year's plan, it may be due to
8 that. We'll see what kind of responses we get to the
9 hydrogen-solely solicitations.

10 And I appreciate also my Advisory Committee
11 members references. They're speaking to the public and the
12 Advisory Committee was very involved and we rely on them
13 greatly for this kind of input.

14 And I was very heartened that they agreed with
15 our, not only our focus on light-duty, but for this, just
16 this fiscal year, but also our targeting the expansion of
17 charging in multifamily housing properties. Because in the
18 analysis we've done and analysis done by others externally
19 who are studying this, the multifamily residents have the
20 least access to charging at home. And so since charging at
21 home is one of the most convenient ways, of course, to have
22 an EV, we really want to expand multifamily charging
23 installations so that there is that much more convenience
24 for folks. And it isn't ever a barrier for them to get an
25 EV.

1 But we're also very focused on making sure that
2 the installations we fund are at areas where there is
3 population density, for example, of multifamily residents
4 who, you know, maybe have no choice but to use the public
5 charger, and at locations where there is high frequency,
6 high use, and where we would use fast chargers. So lots of
7 people could charge their car in a day versus the Level 2
8 where perhaps, you know, maybe only three to four cars
9 might ever use it in a day.

10 So those are the kinds of directions we're moving
11 in. And they were articulated of course, by Benjamin in
12 his presentation, but articulated even in more detail in
13 the plan document itself.

14 But beyond that, I hope that the Commission is in
15 support also, and I'll leave it at that.

16 CHAIR HOCHSCHILD: You open enough to move the
17 item?

18 COMMISSIONER SKINNER: I'm happy to move the
19 item.

20 CHAIR HOCHSCHILD: Did you want to say something
21 first? You did. Okay, go ahead, Vice Chair.

22 VICE Chair GUNDA: Yeah. Thank you, Benjamin,
23 for the presentation. And I also want to thank Charles,
24 Jen, and others for joining the briefing with that office
25 and really appreciate the work.

1 I just wanted to say, you know, Commissioner
2 Skinner, not just this thing, all the petroleum items
3 today, and some of the work that we're doing have your
4 fingerprints before and now. So I just wanted to say thank
5 you for your leadership. Really appreciate this multi-year
6 approach to just kind of think through, you know, how to
7 provide that certainty into the market to really think
8 about the broad transformation that we are hoping for.

9 Again, always, you know, the thoughtful comments
10 that we receive is helpful. And, you know, thanks to the
11 Program Advisory Committee. And I think this just teaches
12 so well the comments that the Chair mentioned with the
13 petroleum items, that this is a holistic transition. And I
14 think part of the idea around the mid-transition framing is
15 we really need to double or triple down on the investments
16 we need to make to create the clean system that's robust
17 and then that can be depended on by the consumers.

18 So really looking forward to this work. And
19 thank you so much for your presentation.

20 CHAIR HOCHSCHILD: Commissioner Gallardo?

21 COMMISSIONER GALLARDO: Thank you, Benjamin, for
22 the presentation and the briefing. Extremely helpful to
23 understand the nuance and the reason for the some of the
24 changes.

25 I want to focus on how incredible it is that you

1 have the Clean Transportation Program Advisory Committee.
2 As you mentioned, Commissioner Skinner, you lean on them a
3 lot. And also that you incorporate the input and feedback
4 from the Disadvantaged Communities Advisory Group, which is
5 not part of the committee but is also a group that you lean
6 on. And I recall when Commissioner Monahan was here, how
7 she leaned on the Disadvantaged Communities Advisory Group
8 to help modify the Clean Transportation Advisory Committee.

9 And so I think it's come a long way and I just
10 want to emphasize our gratitude for you leveraging all
11 those experts on that committee. Thank you, Bill McGovern,
12 for representing here in person. We really appreciate that
13 and it just helps hear their voices as well.

14 So much appreciated and I support this as well.

15 COMMISSIONER MCALLISTER: Yeah, just briefly,
16 I'll just agree with everything that's been said and I just
17 want to acknowledge Commissioner Skinner's leadership over
18 not just, you know, a brief time here so far, but just over
19 decades of leadership in this direction and providing the
20 market and the world consistent messaging about how
21 important this arena is. And I appreciate staff and a
22 great job on this work.

23 And, you know, this is just so key to our clean
24 energy transition and it's, I think, really important to
25 have a consistent continuity just across year to year, plan

1 to plan and be very intentional with our investments. And
2 I just think Commissioner Skinner is just the exact right
3 leader for this conversation going forward.

4 So thanks for all your work on this and support
5 the item.

6 CHAIR HOCHSCHILD: Yeah, I would just add, you
7 know, I'm super proud of this program and of you and the
8 team and Commissioner Skinner for the oversight, and to the
9 legislature and the governor for creating it and
10 reauthorizing it. We've gone from 7 percent the new
11 vehicle sales being electric when Governor Newsom took
12 office to over 29 percent last quarter. And there should
13 be no mistake about where we are heading.

14 One indicator of that, the largest auto market in
15 the world is China and the largest auto show in the largest
16 auto market is in Shanghai. I had a colleague who was
17 there the other week and 90 percent of the new vehicles on
18 the floor that are coming to market are electric. You
19 know, 40 percent of the cost of those vehicles is the
20 battery pack and that has been declining rapidly in cost
21 and then improving in energy density. And as we resolve
22 what I think is our biggest barrier here is charging
23 infrastructure and that's really resolving at a very good
24 clip, more and more fast charging, IONNA, the Rivian
25 network, the Tesla network, EVgo, Electrify America and so

1 many others. The momentum is going to continue to build.

2 So this program is a really, really important
3 part of that. So thank you. And thank you, Commissioner
4 Skinner.

5 CHAIR HOCHSCHILD: With that, I welcome a motion.

6 COMMISSIONER SKINNER: Right before we vote, and
7 I think I did move and I think someone already seconded,
8 but just two other comments I intended to make that I
9 forgot.

10 One is, as our Chair very frequently points out,
11 our last count of the number of chargers that are installed
12 that have some level of public access, so either they're
13 fully publicly accessible or they're at workplaces or
14 locations where it's not solely private, is about 200,000
15 chargers now with our estimate of installed at homes is
16 800,000 or higher, and homes meaning that's not only
17 single-family home. So that is far more than California's
18 number of gas nozzles. So just the 200,000 public and
19 semi-public are far more than the number of gas nozzles in
20 California. So we're getting there.

21 But I wanted to make one other comment that in
22 our slide, the 35,000 chargers that we know have been
23 installed that we have supported, those are light-duty and
24 that is an estimate. And I want to just clarify that the
25 reason I won't sit here today and tell you exactly how many

1 have been installed due to our public support is because
2 many of our funding solicitations, we may have opened that
3 funding solicitation say five, six years ago. And, but if
4 you remember, that was pre pandemic. And so for some of
5 those funding solicitations, there was a good amount of
6 delay. A lot of things were not installed during that
7 pandemic.

8 So we have extended many of the solicitations
9 that we opened say that many years ago. So those had a
10 certain number of chargers that the awards were expected,
11 but they are still installing. So we, until our contracts
12 close of all the different solicitations we have out there,
13 we won't be able to give that type of accurate number.

14 And of course, our latest reliability regulations
15 that all of us adopted include some inventory reporting by
16 all chargers. So that will help us give you that a better,
17 an accurate number. But in addition to those estimated,
18 which is an underestimate 35,000 light duty, we have a good
19 amount of heavy duty that have been installed at our ports,
20 for example, at locations at interstates at locations where
21 large haul trucks are utilized frequently. So there's also
22 a good deal of MD and HD installation and we are always
23 updating our data.

24 So just wanted to give those little bits of
25 nuance.

1 CHAIR HOCHSCHILD: Great. Would you be kind
2 enough to move item?

3 COMMISSIONER SKINNER: Yes, I moved the item.

4 CHAIR HOCHSCHILD: All right, is there a second
5 from the Vice Chair? Okay.

6 VICE Chair GUNDA: Second.

7 CHAIR HOCHSCHILD: All in favor, say aye.

8 Commissioner Skinner?

9 COMMISSIONER SKINNER: Aye.

10 CHAIR HOCHSCHILD: Vice Chair Gunda?

11 VICE Chair GUNDA: Aye.

12 CHAIR HOCHSCHILD: Commissioner McAllister?

13 COMMISSIONER MCALLISTER: Aye.

14 CHAIR HOCHSCHILD: Commissioner Gallardo?

15 COMMISSIONER GALLARDO: Aye.

16 CHAIR HOCHSCHILD: And I vote aye as well. That
17 item passes unanimously.

18 We'll turn now to Item 9, Publicly Owned Utility
19 Integrated Resource Plans, and welcome Bryan Neff to
20 present.

21 MR. NEFF: Good morning, Chair.

22 MR. YOUNG: We should have Mr. Neff online ready
23 to go.

24 MR. NEFF: Can you hear me?

25 CHAIR HOCHSCHILD: Yes.

1 MR. NEFF: All right. Good morning, Chair, Vice
2 Chair and Commissioners. I'm Bryan Neff and I work in the
3 Energy Assessments Division, leading the Publicly Owned
4 Utility Integrated Resource Plan review process. Today, I
5 am presenting staff's review and Executive Director
6 determination for two POU IRPs, City of Palo Alto Utilities
7 and San Francisco Public Utilities Commission, Hetch Hetchy
8 Power.

9 Next slide, please.

10 IRPs are comprehensive planning documents
11 prepared by utilities to help them manage their electricity
12 resource portfolios. As part of SB 350, the 16 largest
13 POUUs are required to create IRPs every five years and
14 submit them to the Energy Commission. Staff reviews each
15 IRP to ensure it is consistent with state regulations as
16 documented in the POU IRP guidelines. Staff then provides
17 its recommendations to the Executive Director who provides
18 a determination of consistency. Staff's review and the
19 Executive Director's determination are made available for a
20 45-day public comment period prior to being taken up at an
21 Energy Commission business meeting for adoption.

22 Next slide, please.

23 The guidelines follow statute as laid out in
24 Public Utilities Code section 9621. This statute specifies
25 that IRPs must demonstrate that the utility will meet and

1 address a variety of public policy targets.

2 Next slide, please.

3 City of Palo Alto Utilities provides a variety of
4 municipal services to the South Bay community, including
5 providing electricity to 66,000 residential, commercial,
6 and city customers. Energy and peak demand increase
7 through 2025 and 2026 as they finish rebounding after the
8 pandemic. Subsequently, demand growth is flat as new
9 building and vehicle electrification and potential data
10 centers are offset by behind-the-meter solar generation and
11 energy efficiency measures.

12 Next slide, please.

13 The graph shown on this slide is dependable
14 capacity by resource type, indicating how much each
15 resource contributes to meeting peak demand. The two years
16 shown represent the range of the study period for this IRP,
17 2024 representing the current resource mix and 2030
18 representing the future resource mix in that year. This
19 graph illustrates the overarching approach that the utility
20 is taking to reliably provide power while also meeting
21 policy goals.

22 City of Palo Alto Utilities' main resource is
23 hydroelectric, coming from its ownership stake in Calaveras
24 and contract with Western Area Power Authority. Solar
25 power is the second largest contributor to both energy and

1 dependable capacity, followed by landfill gas projects and
2 a single wind project. Over the forecast, the wind and
3 some landfill gas contracts expire, which is expected to be
4 replaced with new geothermal contracts.

5 Because of its high amount of base load
6 resources, the utility will use California ISO markets to
7 balance its energy surplus and deficits. While the
8 utility's large position in hydroelectric power poses
9 increased risks during low hydro years, it is planning to
10 balance this by adding new solar and storage after 2030.

11 Next slide, please.

12 San Francisco Public Utilities Commission, or
13 SFPUC, is a department of the city and county of San
14 Francisco. SFPUC operates two electric services, Clean
15 Power SF, a community choice aggregation program, and Hetch
16 Hetchy Power, a publicly owned utility. SFPUC's IRP
17 pertains only to Hetch Hetchy Power.

18 Hetch Hetchy Power provides electric services
19 primarily to San Francisco city government agencies and
20 tenants on city property, including the Port of San
21 Francisco and San Francisco International Airport. Hetch
22 Hetchy Power also serves retail customers at recent and
23 future developments across San Francisco, from Treasure and
24 Yerba Buena Islands to Candlestick and Hunter's Point.

25 Hetch Hetchy Power's generation resources provide

1 about 1,250 gigawatt hours per year during normal
2 hydroelectric conditions, with current demand roughly 1,000
3 gigawatt hours. Hetch Hetchy Power anticipates low growth
4 driven by the airport expansion, public transit
5 electrification, and new developments will require
6 additional resources by 2033.

7 Next slide, please.

8 Most of the power generated to serve Hetch Hetchy
9 Power comes from three hydroelectric facilities in the
10 Sierra Nevada Mountains, operated to meet San Francisco's
11 water needs, Holm, Kirkwood, and Moccasin powerhouses.
12 Generation from Hetch Hetchy Power system is transmitted by
13 167 miles of transmission owned and operated by SFPUC, fed
14 into the California ISO system, and delivered to most Hetch
15 Hetchy Power customers through PG&E's distribution system.

16 Because of its unique portfolio, Hetch Hetchy
17 Power falls under an alternative RPS compliance mechanism.
18 To meet demand, Hetch Hetchy Power's preferred scenario
19 includes the addition of battery storage in 2027, solar
20 power in 2033, and geothermal in 2035.

21 Next slide, please.

22 I would like to thank my fellow staff, Joseph
23 Merrill, who helped review these POU IRPs. I would also
24 like to thank Mikayla Roberts for her administrative
25 assistance.

1 In conclusion, staff found that both the POU IRP
2 filings are consistent with the statutory requirements of
3 Public Utilities Code section 9621. Staff recommends the
4 Commission approve the orders adopting the determinations.

5 In addition to myself, utility representatives
6 are available to answer questions. Thank you for your
7 time.

8 VICE CHAIR GUNDA: Thank you, Bryan.

9 With that, can we move to public comment, Ryan?

10 MR. YOUNG: Thank you.

11 The Commission now welcomes public comment on
12 Item 9.

13 I think we're first going to go to Michael Hyams
14 online. If you are there, you can go ahead and start your
15 public comment by pressing star nine and unmute on your
16 end. Michael, are you there?

17 MR. HYAMS: Yes. Can you hear me?

18 MR. YOUNG: We can. Thank you.

19 MR. HYAMS: Okay. Good morning, Chair, Vice
20 Chair, and Commissioners. My name is Michael Hyams, that's
21 H-Y-A-M-S, and I am the Deputy Assistant General Manager
22 responsible for power supply resources at the San Francisco
23 Public Utilities Commission.

24 I'd like to thank CEC staff for their
25 comprehensive review of Hetch Hetchy Power's Integrated

1 Resource Plan and their recommendation to approve the
2 determination of consistency with the requirements of PUC
3 section 9621.

4 As staff detailed, Hetch Hetchy Power is San
5 Francisco's local publicly owned power utility operated by
6 the SFPUC, serving municipal departments and some
7 commercial and residential customers within the city and
8 county of San Francisco. Our 2023 IRP provides a roadmap
9 to ensure Hetch Hetchy Power will have sufficient power
10 supplies to serve a growing customer base with reliable,
11 affordable, and 100 percent clean power well into the
12 future.

13 Our team analyzed energy resource options for
14 four load forecast and three hydroelectric generation
15 scenarios, assuming the continued operation of all of Hetch
16 Hetchy Power's hydroelectric generation over the 2045
17 planning horizon. Over the next several years, we forecast
18 Hetch Hetchy Power will continue to be long in generation
19 and a net seller of power, but as retail sales grow over
20 the next decade, we will need to identify additional
21 sources of energy supplies to meet demand on a regular
22 basis beginning as soon as 2033.

23 As such, the IRP examined the addition of up to
24 150 megawatts of new renewable power supply starting in
25 calendar year 2033. In all, the IRP projects that between

1 2024 and 2045, Hetch Hetchy Power, with the addition of new
2 renewable power purchases to supplement our hydro
3 generation, will continue to provide 100 percent clean
4 renewable electric energy to serve our customer needs,
5 exceed the greenhouse gas reduction goals for Hetch Hetchy
6 Power by the California Air Resources Board, meet our
7 compliance obligations under the California Renewables
8 Portfolio Standard Program, and continue to provide
9 reliable electric service to meet growing demand.

10 Thank you for the opportunity to provide these
11 comments on behalf of our utility, Hetch Hetchy Power.

12 MR. YOUNG: Thank you so much.

13 Chair, there are no other public commenters.
14 Back to you.

15 CHAIR HOCHSCHILD: Okay, should we go to
16 Commissioner discussions starting with Commissioner
17 Gallardo? No, this is --

18 COMMISSIONER GALLARDO: Go ahead.

19 CHAIR HOCHSCHILD: You're both RPS --

20 COMMISSIONER GALLARDO: Well, I just had a
21 question, so --

22 CHAIR HOCHSCHILD: Okay, you --

23 COMMISSIONER GALLARDO: Just on the RPS, so go
24 ahead, Vice Chair.

25 VICE CHAIR GUNDA: We're just trying to pass it

1 on. Yeah, thank you.

2 Yeah, thanks, Bryan, for the presentation. And
3 also, Joseph, thanks, I see in the audience, thanks for all
4 the work and continuing to shepherd the overall IRPs, POU-
5 IRP works. Thank you so much for all of that.

6 I think just wanted to observe a couple of
7 pieces. I think we're seeing this in all the IRPs from the
8 POU's. There is significant load growth in the upcoming
9 years. I think that's consistent with the demand forecast
10 of the CEC. You know, when we think about the California
11 as a whole, we generally think about CPUC as a significant
12 part of the work. You know, about 75, 80 percent of the
13 load does fall into the CPUC jurisdictional, but there's
14 almost a quarter, depending on the time of the year, that
15 is planned through the POU work. So just wanted to uplift
16 that the significant load is something that we need to
17 think through.

18 Also, really want to understand kind of the
19 transmission expansion. I think, you know, when we think
20 about CAISO's work on the transmission planning, there's a,
21 you know, clear path and a part that CEC works through,
22 which is the demand forecast that goes into the IRP
23 process, goes into the transmission planning process, but
24 there's also a lot of transmission work that is being taken
25 up by the POU's and something that we need to closely, you

1 know, track. I think a significant part of the opportunity
2 in terms of data here is how all of this then constructs
3 into the SB 100 and gives us a clear picture at a 30,000-
4 foot level on what California's future planning looks like.

5 Part of the piece we need to track through is, as
6 you might have seen in the IRPs, there is some dependence
7 on spot market purchases. Pretty much in every IRP there's
8 a small element of that. I think a part of what we need to
9 think through is as we stitch it at a system level, at a
10 state level, what is the net imports into California and
11 how is that changing over time? Given that as we move into
12 the future, 10 years from now, depending on whether it's
13 fuel substitution, whether it's data centers, whether it's
14 hydrogen, there is a significant uncertainty in the load
15 and there is a significant uncertainty in what resources
16 are coming out in the West. It's important for us to track
17 through our dependence on imports and, you know, just
18 really be careful of planning that.

19 There's a question I had, Bryan, for you, if
20 you're up for it. Just on the Palo Alto, the planned rate
21 increase and how it offsets by reserve funds, could you
22 expand on that, Bryan?

23 MR. NEFF: Yeah. I believe it was more of an
24 accounting, that they shifted the contribution from one
25 account to the other. So while the rate increase looks

1 much more significant, the accounting measure keeps the
2 rate increase to, I think, below five percent.

3 VICE CHAIR GUNDA: Thanks, Bryan. I think this
4 is something, you know, you've been lifting up. Just the
5 rate increases in the IRPs, generally, I think, you know,
6 something that we should carefully track and understand
7 affordability, you know, at a state level as we think about
8 all these pieces.

9 Thank you so much, again, Bryan, for your work,
10 Joseph, and everybody on the IRP team.

11 VICE CHAIR GUNDA: Commissioner Gallardo?

12 COMMISSIONER GALLARDO: Thank you, Vice Chair
13 Gunda, for going first there on your lead program.

14 Bryan, thank you for the presentation and
15 briefing. I am really grateful for all the work that's
16 being done. I know this can be complex and appreciate all
17 that the POU's are doing.

18 I'm just curious on the geothermal front, is I
19 heard a couple of them are counting on geothermal. I was
20 wondering if that's become a common pattern you're seeing?
21 Is that different from before? Is there anything else you
22 can add on the geothermal front? And I am interested,
23 because of my work in the Lithium Valley. You know, we're
24 trying to extract lithium from geothermal brine. So
25 anyways, just have a general curiosity about that.

1 MR. NEFF: Yeah. Geothermal seems to have a role
2 in maybe about half the utilities. It's definitely
3 expanding in the post-2030 timeframe. The City of Palo
4 Alto is planning 10 megawatts by 2030. Hetch Hetchy Power
5 included 48 megawatts in their preferred plan by 2035.

6 COMMISSIONER GALLARDO: All right. Thank you.

7 CHAIR HOCHSCHILD: Any other comments? If not,
8 I'd welcome a motion on Item 9 from the Vice Chair.

9 VICE CHAIR GUNDA: I move Item 9.

10 CHAIR HOCHSCHILD: Is there a second from
11 Commissioner Gallardo?

12 MS. GALLAGHER: I second.

13 CHAIR HOCHSCHILD: All in favor, say aye.

14 Vice Chair Gunda?

15 VICE CHAIR GUNDA: Aye.

16 CHAIR HOCHSCHILD: Commissioner Gallardo?

17 COMMISSIONER GALLARDO: Aye.

18 CHAIR HOCHSCHILD: Commissioner Skinner?

19 COMMISSIONER SKINNER: Aye.

20 CHAIR HOCHSCHILD: Commissioner McAllister?

21 COMMISSIONER MCALLISTER: Aye.

22 CHAIR HOCHSCHILD: And I vote aye as well. Item
23 9 passes unanimously.

24 We'll turn to Item 10, Small Power Plant
25 Exemption for AVAIO Pittsburg Backup Generating Facility.

1 DR. JAHANI: Good afternoon, Chair and
2 Commissioners. My name is Ali Jahani, and I'm a Project
3 Manager in the Siting, Transmission, and Environmental
4 Protection Division, STEP. Today, I'm presenting the staff
5 recommendation for the AVAIO Pittsburg Backup Generating
6 Facility Small Power Plant Exemption application.

7 The California Energy Commission has exclusive
8 licensing jurisdiction over thermal power plants that have
9 the capacity to generate 50 megawatts or more of
10 electricity. An applicant can request an exemption from
11 the CEC licensing jurisdiction for a thermal power plant
12 that will not generate more than 100 megawatts of
13 electricity. The CEC can grant a small power plant
14 exemption, or SPPE, if it finds that no substantial adverse
15 impacts on the environment or energy resources will result
16 from the construction or operations of the proposed
17 facility.

18 CEC is the lead agency in accordance with the
19 California Environmental Quality Act, or CEQA, for all
20 facilities seeking an SPPE. The CEC's SPPE determination
21 is limited to the backup generating facility for the
22 proposed data hub.

23 Next slide, please.

24 On February 29, 2024, the applicant AVAIO
25 Infrastructure, filed an application for a small power

1 plant exemption for the AVAIO Pittsburg Backup Generating
2 Facility proposed at 2232 Golf Club Road in Pittsburg. The
3 backup generating facility would be part of the AVAIO
4 Pittsburg data hub, which together constitute the projects
5 under CEQA. The Initial Study Mitigated Negative
6 Declarations, ISMND, evaluated the whole data hub projects,
7 constructions, and operation to inform the public and
8 decision makers of potential environmental impacts of the
9 project.

10 Next slide, please.

11 The data hub would include a three-story data hub
12 building -- three-story data hub building, backup
13 generators to support the data center buildings, an on-site
14 project substation, the Pacific Gas and Electric Company
15 switching stations, and an on-site transmission line. The
16 backup generators would only serve the data hub by
17 providing up to 92 megawatts of emergency generation to
18 replace the maximum electricity needs of the data hub in
19 case of loss of facility power.

20 Next slide, please.

21 The ISMND underwent all required public review
22 and comment period. Eleven comment letters were received
23 on the ISMND, including nine support letters, one letter
24 from California Department of Fish and Wildlife, and one
25 letter from Contra Costa Water District. The final ISMND

1 was filed in the SPPE proceedings docket on November 21,
2 2025. Although not required, responses to the local and
3 state agencies comments were provided in the final ISMND,
4 and commenters were notified via email. No significant new
5 information has been added that would require recirculation
6 of the final ISMND.

7 The final ISMND concludes that the project's
8 maximum electrical load would not exceed 100 megawatts.
9 The final ISMND demonstrates that the project will not have
10 a substantial adverse impact on the environment or energy
11 resources with the implementations of mitigation measures
12 contains in the final ISMND.

13 If the exemption is granted, the ISMND is
14 expected to be used by the City of Pittsburg in its
15 considerations of permitting the project, as well as by the
16 Bay Area Air Quality Management District for its issuance
17 of various air quality permits. Upon exempting the
18 project, the CEC would have no permitting authority over
19 the project and would not be responsible for any mitigation
20 or permit conditions imposed by the City of Pittsburg or
21 other agencies. The applicant has agreed to implement the
22 mitigation measures and the City of Pittsburg has agreed to
23 enforce them.

24 Next slide, please.

25 In conclusion, the CEC staff recommends, based on

1 the entire record, the Commission adopt the final ISMND and
2 grant AVAIO Pittsburg Backup Generating Facility and SPPE.

3 I would like to close by acknowledging and
4 thanking the entire STEP technical and management team,
5 Project Assistant Marishka House (phonetic), the Chief
6 Counsel's Office including Staff Attorneys Alex Mayer and
7 Barbara Borkowski for all their hard work on the
8 environmental documents and throughout the SPP proceeding.

9 I would like also to thank Scott Galati, the
10 Applicant's Representative, and Alison Spells with the City
11 of Pittsburg Development Service Department for their
12 cooperation and responsiveness.

13 Staff is available to answer any questions you
14 may have. And on behalf of the applicant, Scott Galati is
15 available to answer any project-related questions. Alison
16 Spells is also online should you have any questions for the
17 City of Pittsburg.

18 Thank you.

19 CHAIR HOCHSCHILD: Thank you.

20 Let's go to public comment on Item 10.

21 MR. YOUNG: Thank you, Chair.

22 The Commission now welcomes public comment on
23 Item 10. To notify us that you want to make a public
24 comment on this item and if you're in the room, please use
25 the QR code posted in the back or visit the Public Advisor

1 table in the back of the room. If you're on Zoom, you're
2 going to click on the raise-hand feature on your screen and
3 if you're joining by phone, please press star nine.

4 I am first going to ask that we hear from Scott
5 Galati, counsel to AVAIO. Scott, please spell your name
6 for the record, state your affiliation again, and we
7 welcome your public comment.

8 MR. GALATI: Thank you. My name is Scott Galati,
9 S-C-O-T-T G-A-L-A-T-I, and I'm pleased to represent AVAIO.
10 AVAIO is the applicant for this particular proposed
11 project. They're a pleasure to work with. They were very
12 proactive in the filing of the SPPE. They did an analysis,
13 determined if there were going to be any significant
14 impacts, and they proposed all of the applicant proposed
15 measures to ensure that this project would not have any
16 impacts. And ultimately that's what staff found as well,
17 although some of the mitigation measures changed to fit
18 more of the details of the information as the project was
19 evaluated.

20 This project will use 100 percent renewable
21 diesel as its primary fuel to avoid using CARB diesel,
22 would only use CARB diesel in the case of an emergency when
23 renewable diesel was not available. We hope that as these
24 data centers continue to do this, that that would actually
25 increase the ability to have more renewable diesel in the

1 state of California with some regular demand. In addition,
2 it will use 100 percent renewable energy, or it will
3 participate in a program to achieve the same objective.

4 I would really like to acknowledge that Mr.
5 Jahani inherited this project with very few months left to
6 go on it and he had to work very hard to understand a very
7 complex process and a complex project in a very short
8 period of time. He did an excellent job communicating with
9 me and our team so that we could respond to any of the
10 questions that staff may have.

11 I also really wanted to thank the City of
12 Pittsburg. The City of Pittsburg has been one of the best
13 cities that I have ever worked with. They've been
14 attentive, they want the project, and specifically I'd like
15 to call out Jordan Davis, John Funderburg, and Allison
16 Spells, who has implemented all of our strategies and the
17 issues that we needed to. They responded very quickly,
18 have agreed to implement mitigation measures.

19 We agree with all the mitigation measures that
20 staff has proposed, and we ask that you approve this so we
21 can build this important project. Thank you.

22 MR. YOUNG: Thank you.

23 I'm next going to welcome Tim Sbranti. Please
24 approach the podium, spell your name, state and
25 affiliation, and we welcome your public comment.

1 MR. SBRANTI: Good afternoon, Honorable Chair and
2 Commissioners. Tim Sbranti, last name spelled S, as in
3 Sam, -B, as in Boy, -R, as in Ronald, -A-N-T-I, and I'm the
4 Executive Director of the Contra Costa Building
5 Construction Trades Council, representing 35,000 union
6 members, 20 affiliates in Contra Costa.

7 We are enthusiastically in support of this
8 project, and I urge the Commission to adopt the staff
9 recommendation of the ISMND and the small power plant
10 exemption. In addition to the different benefits cited by
11 Mr. Galati in terms of jobs for our members, we're really
12 looking forward to the opportunity in an area of the county
13 that's really important to us, East Contra Costa, and we
14 think this could be a catalyst, as was noted, for future
15 economic growth and providing jobs for the region, not only
16 for our members, but for the entire community.

17 I also just want to acknowledge, try to stay on
18 the call as long as he could, Jason Lindsey with the Iron
19 Workers. He had to jump off, but wanted me to pass on his
20 support. And our Council President, Nick Goodwin, who's
21 the President of our Council, the Business Manager for UA
22 159, had a trust meeting today. He had hoped to come, but
23 wanted me to also make sure to pass on the support. And
24 you have the comment letters as well from our affiliates,
25 and hope that you'll move forward.

1 Thank you for your time.

2 CHAIR HOCHSCHILD: Thank you.

3 MR. YOUNG: Thank you.

4 We're next going to transition to Zoom. Anthony
5 V., please unmute on your end, spell your name, state any
6 affiliation, and we welcome your public comment.

7 MR. VISCUSO: Okay, can you hear me?

8 MR. YOUNG: We can. Thank you.

9 MR. VISCUSO: Excellent. My name is Anthony
10 Viscuso. Last name is spelled V -- first name is Anthony,
11 A-N-T-H-O-N-Y. Last name is V-I-S-C-U-S-O. I'm a business
12 agent with the Heat and Frost Insulators, Local 16, but
13 I've also been following this project a long way as a
14 resident of Pittsburg.

15 And, you know, our city got decimated when POSCO
16 left, USS-POSCO, when the steel mill shut down, and we lost
17 1,200 jobs. And Pittsburg has really been an industrial
18 town, and we're turning more and more into a bedroom
19 community. So the opportunity of good jobs, good middle-
20 wage jobs that this project brings, we're excited for it,
21 not just the city, but the residents as well.

22 I think you guys are doing a great thing here. I
23 would love to see this get moved forward. I'm just calling
24 to give my support as a resident, as well as the support of
25 my members as a business agent. So thank you very much.

1 Appreciate it.

2 MR. YOUNG: Thank you.

3 Chair, that concludes public comment. Back to
4 you.

5 CHAIR HOCHSCHILD: All right, let's move to
6 Commissioner discussions, starting with Commissioner
7 Gallardo.

8 COMMISSIONER GALLARDO: Buenas tardes. Good
9 afternoon, everyone. I want to appreciate Scott, Tim, and
10 Anthony for making public comment and joining us today.
11 Really appreciated especially being here in person. I know
12 that's not always easy to do.

13 I wanted to thank Dr. Jahani for the
14 presentation, and thank you and the entire STEP Division
15 for the hard work that you put into this application. As
16 Mr. Galati mentioned, you took it on and had to learn quick
17 and you got it here.

18 Second, I wanted to thank our chief counsel,
19 Sanjay Ronchod, Matt Pinkerton, Alex Mayer, and all of the
20 attorneys in the Advocacy and Compliance Unit for their
21 hard work on this application as well, and just for their
22 hard work on our permitting programs in general.

23 So I want to acknowledge that both the STEP
24 Division and our Chief Counsel's Office are investing many
25 hours to handle the multiple programs that we have for

1 permitting, and they conduct everything with the utmost
2 rigor and scrutiny. And this is all very important because
3 our permitting programs are one of the ways that the Energy
4 Commission is helping the state meet its energy needs,
5 trying to build out infrastructure, and is part of that
6 holistic transition that the Chair and Vice Chair mentioned
7 earlier.

8 And I do want to clarify that we are not focused
9 on the data center itself here. We're focused on the
10 backup generation facility for the data center. And also
11 that when we do our CEQA review, there are different types
12 of documents that can be applied. And for those of you who
13 aren't as familiar, primary difference lies in the
14 significance of the potential environmental impacts and how
15 they're handled.

16 And so I wanted to clarify this because when we
17 first started doing these small power plant exemptions, we
18 used to do a full environmental impact report out of an
19 abundance of caution. But again, our STEP Division and our
20 chief counsel's office have been working together to
21 determine what's more accurate to do, what's more
22 appropriate, and what's a more efficient use of our time
23 and resources. And so now they're leveraging initial
24 studies to determine, do we have to do a full environmental
25 impact report, or can we do something different? And here

1 staff had decided or determined that a mitigated negative
2 declaration was appropriate. So again, just want to
3 acknowledge the hard work that goes into even doing that.

4 So I wanted also to highlight a few of the key
5 mitigations required for this project, which I think is
6 really important that Mr. Galati said that they have agreed
7 to.

8 First, the generators for this project are
9 meeting the highest standards for emissions for these types
10 of engines and using renewable diesel as its primary fuel,
11 and also participating in PG&E's 100 percent carbon-free
12 electricity program or purchasing renewable energy credits
13 or similar instruments that can accomplish the same goals
14 of 100 percent carbon-free electricity.

15 Finally, I do want to thank the applicant and
16 their representatives, Mr. Scott Galati, for their
17 engagement. Also the California Department of Fish and
18 Wildlife, our peer agency, and Contra Costa Water District
19 for providing comments. It's always helpful to hear what
20 our peer agencies are thinking and what is important to
21 them. And especially the City of Pittsburg, as was
22 highlighted earlier. They will be the permitting -- they
23 are the primary permitting authority for the project and
24 have agreed to enforce the mitigation measures that are in
25 the mitigated negative declaration. So it's very important

1 we can rely on them.

2 So with that, I do want to encourage approval of
3 this item. Thank you, Chair.

4 CHAIR HOCHSCHILD: All right, Vice Chair, please.

5 VICE CHAIR GUNDA: Thanks, Chair.

6 Thank you, Ali, for the presentation and, you
7 know, the entire STEP Team for the rigorous analysis, and
8 all the other divisions that helped with this.

9 It's always great, you know, to hear from you,
10 Mr. Galati, and also just thank you for reaffirming the
11 staff's work.

12 And, you know, also from the City of Pittsburgh,
13 thank you so much. I recognize there has been a lot of
14 conversations with labor unions, Contra Costa Water
15 District, Fish and Wildlife. So thank you for taking the
16 input, but also setting the stage really well for BACMUD
17 (phonetic) and City of Pittsburgh to, you know, move forward
18 with the necessary permitting decisions.

19 I think, you know, I just want to share the
20 mitigation measures. The monthly limitation of the testing
21 was an important one. Thank you for that. Also, I
22 appreciate the analysis of water use. I think a
23 significant part of the demand forecast moving forward that
24 we see is anywhere from 4 to 21 gigawatts -- sorry, of data
25 center load. So right now we are picking about 4 gigawatts

1 in the demand forecast, but the amount of applications in
2 the state is four times that, almost at 20, 21. So I think
3 the water use will become an important part of the
4 discussion. The technology used for the backup generation
5 will become an important part of the discussion. So
6 evaluating those things and getting us on a good path is
7 really helpful. So thank you so much for all the work and
8 looking forward to supporting the item.

9 CHAIR HOCHSCHILD: Unless there's others, I
10 welcome the motion from Commissioner Gallardo on Item 10.

11 COMMISSIONER GALLARDO: I move to approve Item
12 10.

13 CHAIR HOCHSCHILD: Is there a second from the
14 Vice Chair?

15 VICE CHAIR GUNDA: Second.

16 CHAIR HOCHSCHILD: All in favor, say aye.

17 COMMISSIONER GALLARDO: Aye. Sorry. Sorry,
18 Commissioner Gallardo, please.

19 COMMISSIONER GALLARDO: Aye.

20 CHAIR HOCHSCHILD: Vice Chair Gunda?

21 CHAIR HOCHSCHILD: Aye.

22 CHAIR HOCHSCHILD: Commissioner McAllister?

23 COMMISSIONER MCALLISTER: Aye.

24 CHAIR HOCHSCHILD: And Commissioner Skinner?

25 COMMISSIONER SKINNER: Aye.

1 CHAIR HOCHSCHILD: And I'll vote aye as well.
2 That passes unanimously.

3 We'll turn now to Item 11.

4 Were you trying to say something, Commissioner
5 McAllister? No. Okay.

6 Let's go to Item 11, and thank you. And
7 Commissioner McAllister, you're just back from representing
8 CEC in Mexico. So why don't you start us off?

9 COMMISSIONER MCALLISTER: Yeah, just quickly.
10 I'll only talk about this.

11 So it was all last week in Mexico, as you said,
12 and the driver was kicking off a new working group on
13 energy and environment with the -- led by the UC system and
14 Alianza, UC Mexico, and led, really, I think, conceived and
15 led by Ethan Elkind at CLEE, UC Berkeley, and then Jael
16 Cruz (phonetic), who is at UC Riverside and provides a lot
17 of the sort of glue that holds the Alianza multi-campus
18 initiative together. And it is energy and the environment,
19 so broader than just our issues at the Energy Commission,
20 CalEPA, our lead for climate change, Sara Eisen (phonetic),
21 was there.

22 And we also had really good participation from
23 Mexican agencies. They're, I think, kind of experiencing a
24 rejuvenation of the energy discussion in Mexico, which is
25 really great to see. They reorganized their agencies a

1 bit. The CNE is now kind of the new regulator and has
2 folded a couple of entities into it. So there was
3 representation from CNE. And also SINED, which is sort of
4 our counterpart, the Secretary of Energy -- the Secretariat
5 of Energy for the national government was there kind of en
6 masse. There were a bunch of representatives of SINED. I
7 got to chat with each of them.

8 And there is quite a bit of, I think, energy for
9 a new MOU treating with the federal government under
10 Claudia Sheinbaum, the relatively new president. I think
11 we kind of wanted to give her time to get her legs under
12 her because there are lots of issues, obviously, she has to
13 deal with. But clean energy is kind of her happy place.
14 And so I think there's a lot of volunteerism on the Mexican
15 side to engage with us and the other agencies and work
16 together.

17 There is some, on a bunch of different topics,
18 areas. For us, it would certainly be codes and standards.
19 They've almost doubled the budget of the CONUA (phonetic),
20 which is the energy efficiency entity. And they fold that
21 into the National Energy Commission as well, instead of
22 traditionally, it's been an independent entity. And I
23 think that'll be good. They'll all be in the same building
24 and they'll be able to kind of really create synergies
25 across all these different efforts in their clean energy

1 transition.

2 And also, so all things energy efficiency
3 buildings, a lot of data discussions, how they could
4 collect better data and leverage that data. I think we're
5 really in a position to contribute to them, to their
6 progress on that.

7 And then also on, you know, the Baja, many people
8 don't know this, but I think everybody here does. But the
9 Baja electricity system is interconnected with the Western
10 Interconnection. It's part of the Western Interconnection.
11 It's part of, you know, the Western electricity system in
12 the U.S. and Canada and not interconnected with the rest of
13 Mexico. And so their reliability affects ours and vice
14 versa.

15 And they actually, the Mexican government has
16 spots at the WIRAB, that's the Western Interconnection
17 Regional Advisory Body to WECC, to the Western
18 Interconnection, the Western Electricity Coordinating
19 Council that reports up to NERC. So they have a spot on
20 the WIRAB that's been vacant for about a decade. And also
21 on the Market Advisory Committee. So I've been kind of
22 trying to figure out how to best encourage them to take up
23 those spots and take those seats and be in the room for all
24 the discussions as the Western markets conversation
25 proceeds. And I think both they could contribute and learn

1 a lot for their own sort of re-entering the conversations
2 on the Mexican side about electricity sector reforms.

3 So it's just a real opportune moment to re-engage
4 with Mexico. I think they're ready. And certainly the
5 president is supportive. The secretary is, I think, a good
6 leader in this area. And, you know, we have MOUs with
7 Sonora and Baja and historically with Jalisco as well. And
8 there's, you know, always interested more, but I think we
9 could really, I think, have the biggest impact by engaging
10 with at the federal level on a bunch of different topics.
11 And I think the time is pretty opportune for that.

12 So that's why I wanted to go and support UC, of
13 course, and Alianza and all those discussions, but also
14 start to build relationships with the new leadership in
15 these Mexican agencies. And they just seem very motivated
16 to engage with us.

17 And I think I made the point, you know, in my
18 presentation there that together we're the third largest
19 economy in the world, Mexico plus California. And we can
20 move markets together. We could send, I think, a much more
21 broadly accessible message, including the Mexican
22 perspective and the California perspective in everything we
23 do together. And so I think that could be very powerful.
24 And I think President Sheinbaum is in a position to really
25 get on board with that approach.

1 You know, she got her PhD at UC Berkeley, you
2 know, based on research she did while she was at UC
3 Berkeley up at LBL and is an energy wonk. I mean, how
4 incredible is that? We have a president of a major economy
5 that's an energy wonk, you know, an energy policy expert.
6 So I just think that the planets are very much aligned to
7 work together more closely with Mexico and excited to help
8 us lead that effort. So thanks.

9 CHAIR HOCHSCHILD: Thank you.

10 VICE CHAIR GUNDA: Thank you, Chair. I was going
11 to pass the hot potato again to Commissioner, but I can
12 actually --

13 COMMISSIONER MCALLISTER: Can I say one last
14 thing?

15 VICE CHAIR GUNDA: Yes.

16 COMMISSIONER MCALLISTER: I just want to thank
17 Elsabelle Jean (phonetic) and also Maggie in my office for
18 helping coordinate and just facilitate that trip. Really,
19 you know, in addition to Ethan and Jael, I think it was
20 their, again, their kind of connections and just due
21 diligence and just working through all of the, you know,
22 complexities with international travel and all that and
23 really helping engage and set up meetings really makes it
24 all work, so thanks.

25 CHAIR HOCHSCHILD: Thank you.

1 VICE CHAIR GUNDA: Thank you. Yeah, just it
2 reminds me that the UC event is where I met you,
3 Commissioner McAllister, many, many years ago, and it has a
4 direct impact of me being here, so thank you so much.

5 And it also has a story, Commissioner Gallardo,
6 with potato and Spanish. I was struggling with my Spanish
7 and I was taught mas papas, por favor, and that's all I
8 learned that day. You know, so I eat a lot of potatoes.

9 So but I just wanted to place a couple of high-
10 level pieces quickly. I think much of the last month since
11 the last business meeting has been really preparing for
12 2026 and thinking through the pieces around reliability,
13 petroleum, and such.

14 So I wanted to just kind of uplift a conversation
15 that Commissioner McAllister and I have been working with
16 the staff on is really think about demand flexibility, both
17 from a planning tool, but as a reliability tool moving
18 forward. So that has been a significant part of the last
19 four weeks on just what the opportunity is and how, as an
20 agency, we have a single voice on, you know, kind of
21 bringing the demand flexibility into the conversation more
22 broadly in our energy system planning and really kind of
23 looking at actionable items.

24 So I also want to thank, you know, the Chair
25 who's speaking with me on the reliability. We've been

1 thinking through the role of demand flexibility as we move
2 forward on the reliability side as well.

3 Second, a lot of, you know, just invitations to
4 speak on all the work we have done this year. So whether
5 it's petroleum, regional markets and such, I have been up
6 in the northwest, you know, still meeting with colleagues
7 to figure out how to work with the West as the markets
8 develop. So it's been helpful conversations, nothing to
9 really report, but just kind of keeping the conversations,
10 you know, well primed as we move forward into developing
11 the markets.

12 And finally, just wanted to say, you know, it's
13 been an incredible year. I know we have another business
14 meeting and we'll share the thanks with the staff, but what
15 a year. And, you know, we have a lot of work to do on the
16 petroleum front and looking forward to bringing those
17 updates to you all next year.

18 With that, Chair, I'll pass it to you.

19 CHAIR HOCHSCHILD: Okay. Commissioner Gallardo?

20 COMMISSIONER GALLARDO: All right. I'm focusing
21 on one topic today and I have a couple images for you. So
22 it's fusion. I've been doing a lot, trying to find out
23 more about fusion. I won't say I'm an expert by any means
24 or even a fusion nerd, but I am an enthusiast. So my team
25 and I have been digging in here. I just feel like if

1 fusion could happen, it would check off so many of the
2 boxes that we talk about. It's clean. It would create
3 mass jobs. And so anyway, we're learning more as we go.

4 We'll go to the next slide. So I want to just
5 share a little bit about last month, an event that I
6 attended for the California Fusion Energy Ecosystem. They
7 had a big convening. I provided some opening remarks on
8 behalf of the Energy Commission, and Governor Newsom also
9 provided remarks through a recording. So he's also an
10 enthusiast based on what he said.

11 And the theme of the convening is Accelerating
12 California's Fusion Energy Economy. That was the first
13 statewide summit dedicated to advancing fusion energy
14 research, development, demonstration, commercialization,
15 all in California. And the event was co-hosted by three
16 main organizations, General Atomics, which I think you'll
17 be hearing more about fellow Commissioners, their key
18 fusion leaders in California, Lawrence Livermore National
19 Laboratory, UC San Diego, who is representing the broader
20 UC system, and also held with additional support from the
21 U.S. department of energy and their Office of Fusion Energy
22 Sciences.

23 So there were more than 200 attendees, so
24 definitely not the only enthusiast here, including a lot of
25 legislators like Senator Blakespear, Senator Caballero,

1 Senator McNerney, and also National Labs were represented,
2 others from government, the local government in San Diego,
3 and also industry.

4 Trey Bradley from GO-Biz and my Chief of Staff
5 Erik Stokes, presented at the convening as well. Folks are
6 really interested to know what the state is doing and what
7 is their willingness to support, of course. Le-Le-Quyen
8 Nguyen, our Deputy Secretary for Energy at CNRA, also
9 attended the event. I know CNRA is paying attention to
10 this.

11 And then we were fortunate to have Kevin Uy and
12 Nathan Lubega from our R&D division there. They're going
13 to be the ones handling a \$5 million grant for fusion that
14 was authorized by a bill that ran by Senator Caballero, SB
15 80. So I think it'll be really exciting for the Energy
16 Commission to participate in this fusion ecosystem that's
17 building here.

18 And then there was also a presentation at the
19 convening from the San Diego Economic Development
20 Corporation, which published a fusion roadmap in October,
21 in case anyone's interested in learning more about it. And
22 they did mention a few key things, for example, that
23 California is home to 16 fusion companies, which is more
24 than one third of all U.S.-based fusion companies. And
25 they have captured more than \$2.2 billion in funding.

1 So there's a lot of talk about how much
2 investment is going into fusion right now. And fusion
3 energy accounts for approximately 4,700 jobs across
4 California. And it's generating 1.4 billion in annual
5 economic output. And there's also potential that it could
6 continue generating \$48 billion to even up to \$125 billion
7 in economic output for the state on an annual basis. So
8 that's part of why I'm so excited about this.

9 So here are the images just showing our
10 California team there from the state represented and also
11 just one of the panels.

12 And we'll go to the next slide. So after the
13 convening, the next day they provided a tour. And so here
14 we went to three different facilities, the DIII-D National
15 Fusion Facility, the General Atomics Inertial Fusion
16 Technologies Facility, and the UC San Diego Fusion
17 Laboratories. And so one of the pictures here is on the
18 left is at UC San Diego. And they recently received a \$15
19 million award from DOE to upgrade their research facility
20 to reduce the time and cost required to develop and
21 demonstrate new materials that are fit to line the walls of
22 fusion reactors. So they're really excited about that and
23 have been really enthusiastic and engaging with the state
24 as well.

25 And then I wanted to end by saying that I visited

1 the Lawrence Livermore National Ignition Facility a couple
2 months ago. And I did mention this to you all in an email
3 that it is really exciting what they're doing there. And
4 they actually achieved for the first time the fusion
5 ignition, which is having more energy come out than what is
6 being put in. So that's making everybody excited. It's a
7 major milestone. Very cool facility. Again, I recommend
8 that all of you go visit. Even if you've already been to
9 Lawrence Livermore National Lab, I think what they're doing
10 now is worthwhile to go visit.

11 So I'll end there and more to come at the next
12 business meeting.

13 CHAIR HOCHSCHILD: And Commissioner Skinner?

14 COMMISSIONER SKINNER: Thank you. Well, I'm
15 pleased that we were able to get the Investment Plan on
16 today's agenda and appreciate the Commissioner's vote
17 today. That's been a work in progress for some time, so
18 it's great to put it to bed.

19 I had the good fortune to attend a meeting of
20 energy -- new companies and investors who are looking at
21 all kinds of advanced technologies to help us move towards
22 our clean energy future. And I was very fascinated about
23 the reports around work being done to make our distribution
24 and transmission system much more efficient. So be able to
25 use, increase the capacity of our existing infrastructure.

1 And as we expand electrification, we know that one of our
2 most costly aspects of it is expanding and upgrading these
3 systems. And if they can be made more efficient, it's
4 interesting how much progress we've made in improving the
5 efficiency of appliances, vehicles, you name it, but that
6 system is like hardly been touched.

7 So there were a number of companies from all over
8 the country who are -- some of them have brought their
9 technologies to market, some not but are quite being
10 significantly capitalized, and so that was very excited to
11 hear about that.

12 Additionally, were a number of companies that are
13 working on the whole flex demand, meaning how to, again,
14 achieve our electrification goals without necessarily so
15 greatly expanding either the generation or the
16 infrastructure, because as we do much of our planning just
17 to meet certain hours in any given year. Now those hours
18 are expanding because of winter peak expanding, but still
19 it is a limited number of hours. And these companies have
20 done phenomenal things with, both with utilizing not only
21 utility grade storage, but the storage that's inherent in
22 vehicles and other forms of storage, as well as systematic
23 energy systems where -- or, you know, building systems and
24 such where buildings can then go on to -- can either reduce
25 their load or go on to alternative to storage or another

1 load, again, to reduce that demand on our systems.

2 And much of it is proven. A good amount of it
3 has been deployed in some other countries. So it's
4 technologies that we might read about, but being able to
5 actually meet the companies who are developing it or the
6 investors who've decided to invest in it was exhilarating.

7 I also had the good fortune to attend a meeting
8 that the Rockefeller Brothers Fund hosted of mostly state
9 level, though it also included some city level and such,
10 but people working on state clean energy policies and
11 the -- what we're facing with the Washington DC's reversal
12 on so many, both reversal on investments, reversal on
13 funding, and of course, reversal on policy. And so it was
14 good to, we know what we're facing, but to exchange with --
15 there was a governor's association, mayor's association,
16 NASEO was there various other entities that work on these
17 state level challenges just to kind of brainstorm together
18 and, and also feel like, Hey, yeah, we're not alone.

19 So those were some of my interesting experiences
20 since our last business meeting.

21 CHAIR HOCHSCHILD: All right. Well, I'll close
22 this out here.

23 Most of this last week, I was with a delegation
24 of state legislators from 18 different states who came to
25 California for an electrification tour and just to see some

1 of the cutting edge electrification projects that are
2 happening in our state which those on this dais know well:
3 Zoom, the electric school bus project, which is the first,
4 it's an Oakland, the first city to fully electrify their
5 school bus fleet, 74 buses, 74 chargers, and the largest
6 vehicle to grid project, the United States for REDI
7 (phonetic), which is doing all-electric construction
8 equipment and has a mobile battery generator that can
9 replace the diesel generator; Copper, which is doing
10 electric induction cooktops with a battery built in;
11 Gradient, which is doing a super low-cost electric heat
12 pump; Tesla and Monarch doing electric tractor; and then a
13 tour of SF Bay Ferry, which is building five battery
14 electric ferries, the first battery-electric ferry fleet in
15 North America, and we're, we're funding the charging
16 infrastructure for that.

17 So really, really productive dialogue with
18 members of the state legislature, both parties from 18
19 States, so really fruitful.

20 Then the last thing I'll say is tomorrow's my --
21 I guess Wednesday is my last class. I've been teaching a
22 climate class at UC Berkeley on Wednesday nights. First
23 time doing that and it's been really wonderful. And my
24 hope is to raise some funds to be able to do with UC
25 Berkeley what we've done with Stanford where we have a

1 funded program of students can come for a summer here, and
2 now -- you know, in between their two years and a grad
3 program and come work at the Energy Commission and our
4 sister agencies. And now we got the first funding to do a
5 one-year fellowship, which is in our tribal program.

6 Kelsey, who's -- so we want to do that and see if we can
7 make that possible for, for UC Berkeley as well.

8 Anyway, with that, I think we are done with that
9 update. We'll turn now to Item 12, Executive Director's
10 Report.

11 EXECUTIVE DIRECTOR BOHAN: Thank you, Chair.
12 We'll keep it super brief. Nothing to report, other than I
13 want to introduce Regina Galer, who started a month ago as
14 the lead of our STEP Division, or Siting, Transmission, and
15 Environmental Protection Division. She's been doing great
16 so far. She comes to us from the federal government. I
17 asked her if she could join, maybe she won't be able to,
18 she is currently living in San Diego, and just say hello.
19 But what she was going to say is thank you and she looks
20 forward to meeting each of you personally that she hasn't
21 yet met. And we'll get those meetings set up as she comes
22 into town in the next weeks and months.

23 Thanks so much.

24 CHAIR HOCHSCHILD: Great. Thanks.

25 Let's go to Item 13, Public Advisor's Report.

1 MR. YOUNG: Thank you, Chair. No reports at this
2 time.

3 CHAIR HOCHSCHILD: Thank you.

4 Item 14, Chief Counsel's Report.

5 MR. RANCHOD: Thank you, Chair. No Chief
6 Counsel's Report today.

7 I do want to note that the CEC plans to adjourn
8 to closed session today to discuss matters listed in Item
9 14 specifically. Pursuant to Government Code section
10 11126(e)(1), CEC may adjourn to closed session with its
11 legal counsel to discuss pending litigation, including the
12 matters listed in Item 14B and when there is a significant
13 exposure to litigation against the CEC. And pursuant to
14 Government Code section 11126(c)(3), CEC may adjourn to
15 closed session with its legal counsel to deliberate on a
16 decision to be reached in an adjudicatory proceeding that
17 the state body is required by law to conduct pursuant to
18 Public Resources Code sections 25500 et sec.

19 CHAIR HOCHSCHILD: Thank you. Okay. We'll
20 recess for closed session. We're going to meet in the
21 clear lake room upstairs. Thanks, everybody.

22 (Closed session from 12:41 p.m. until 2:06 p.m.)

23 CHAIR HOCHSCHILD: Okay. We're back from recess
24 and we are adjourned. Thank you, everyone.

25 (The meeting adjourned at 2:06 p.m.)

CERTIFICATE OF REPORTER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 6th day of January, 2026.



MARTHA L. NELSON, CERT**367

CERTIFICATE OF TRANSCRIBER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.



MARTHA L. NELSON, CERT**367

January 6, 2026