

DOCKETED

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BUSINESS MEETING

BEFORE THE

CALIFORNIA ENERGY COMMISSION

In the Matter of:)
)23-BUSMTG-01
 Business Meeting)

)

WEDNESDAY, MAY 31, 2023

9:00 A.M. - 3:30 P.M.

Remote Access Only via Zoom

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

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

Reported by:
Peter Petty

APPEARANCES (*Present via Zoom)

Commissioners

David Hochschild, Chair
Siva Gunda, Vice Chair
Andrew McAllister
Noemi Gallardo
Patty Monahan

Staff Present:

Drew Bohan, Executive Director
Linda Barrera, Chief Counsel
Mona Badie, Public Advisor

	Agenda Item
Elizabeth Huber	2
Katerina "Kat" Robinson	2
Eric Knight	4, 5, 6
Dian Vorters	7
Ingrid Neumann	8
David Velazquez	9
Gavin Situ	10
Michael Murza	10
Aleecia Gutierrez	11
Liza Lopez	15

Presenters:

Jesus Salera, CalGEM	4
Jon Trujillo, BHER	4

Public Comment:

Steve Uhler	1, 8, 10, 11
Kelly McAdoo, City of Hayward	7
Sarah Taheri, SDG&E	10
Paul Phillips, CPUC	10
Sophie Ellinghouse, WSPA	11

I N D E X

	Page
Proceedings	5
Items	
1. Public Comment	5, 46, 63, 101, 116
2. Agency Announcements	7
3. Consent Calendar	15
a. SG H2 Lancaster Project Company, LLC.	
i. CEQA. Findings that, based on the lead agency City of Lancaster's Initial Study (IS) and Mitigated Negative Declaration (MND), and Conditional Use Permit (CUP) No. 21-06.	
ii. Lancaster Waste to Renewable Hydrogen Project.	
b. Electric Power Research Institute, Inc. (EPRI).	
c. CivicWell.	
d. Charge Bliss, Inc.	
e. Aspen Environmental Group.	
f. Association of Women in Water, Energy and Environment (AWWEE).	
g. U.S. Department of Energy (DOE) - Lawrence Berkeley National Laboratory (LBNL).	
4. Morton Bay Geothermal Project (MBGP) (23-AFC-01).	17
5. Elmore North Geothermal Project (ENGP) (23-AFC-02).	30
6. Black Rock Geothermal Project (BRGP) (23-AFC-03).	37
7. Russell City Energy Center (RCEC) Settlement Agreement (01-AFC-07C).	41

I N D E X (Cont.)

	Page
8. SB 846 Load Shift Goal.	53
9. California Schools Healthy Air, Plumbing, and Efficiency Program (CalSHAPE) (20-RENEW-01).	86
10. Load Management Standards Implementation (23-LMS-01).	95
11. Petition to Request a Rulemaking Hearing.	112
12. Lead Commissioner or Presiding Member Reports	128
13. Executive Director's Report.	144
14. Public Advisor's Report	145
15. Chief Counsel's Report	145
a. Pursuant to Government Code Section 11126(e)(1), the CEC may adjourn to closed session with its legal counsel to discuss the following matter to which the CEC is a party:	
i. <i>Interlink Products International, Inc. v. Xavier Becerra, Drew Bohan, Melissa Rae King (United States District Court for the Eastern District of California, Case No. 2:20-cv-02283)</i>	
Adjournment	149
Reporter's Certificate	150
Transcriber's Certificate	151

1 P R O C E E D I N G S

2 MAY 31, 2023

9:05 a.m.

3 CHAIR HOCHSCHILD: All right, so Mona we are not
4 going to do the video, so I'll just begin.

5 MS. BADIE: Yeah, we're live.

6 CHAIR HOCHSCHILD: Well, welcome friends. Good
7 to see everybody. I hope everyone had a good Memorial Day
8 weekend. Today is May 31st. I call this meeting to order.
9 Joining me are Vice Chair Gunda, Commissioner Monahan, and
10 Commissioner Gallardo. Commissioner McAllister will be
11 with us within the hour. Let's begin with the Pledge of
12 Allegiance.

13 (Whereupon the Pledge of Allegiance was recited.)

14 CHAIR HOCHSCHILD: So let's begin with public
15 comment. Go ahead, Mona.

16 MS. BADIE: Thank you. This is Mona Badie, the
17 Public Advisor of the California Energy Commission. The
18 Energy Commission welcomes public comment at its business
19 meetings. At this time, the Commission welcomes public
20 comment on any item today, including any informational or
21 non-voting items on the agenda. If you want to comment on
22 a voting item, we ask that you reserve your comment for the
23 dedicated public comment period for that time.

24 And to notify if you'd like to make a comment, we
25 ask that you use the raise hand feature if you are online

5

1 on Zoom. That's the open palm that should be on the bottom
2 of your screen. And if you are joining us by phone, you
3 can press *9 to raise your hand and notify us you'd like to
4 make a comment.

5 And so now going to -- We have two raised hands.
6 Call-in User 2, I'm going to open your line. Please limit
7 your comment to two minutes. And please state and spell
8 your name for the record before beginning your comment.
9 I'm going to open your line now.

10 MR. UHLER: Hello, Commissioners. This is Steve
11 Uhler, U-H-L-E-R. I've requested to have a posting, or
12 writing access, upload access to MIDAS, but I'm being
13 denied. They cite a bit of statute that's -- or regulation
14 that says only LSEs can be uploading. Yet the rules for
15 MIDAS access, which by the way have not been adopted by the
16 Commission, state that other entities will be able to post.
17 So I want you to see if you can take care of that aspect of
18 it and see that I can post. I was hoping to have that
19 before this meeting so I could further comment on Item 10.

20 I don't know. Are you aware that the rules for
21 accessing MIDAS have not been adopted by the Commission and
22 there does not seem to be any express exemption from the
23 APA. And it seems that you are going to be trying to hold
24 people to uploading using rules that have not been adopted.

25 So yeah, take care of the problem about me not

1 being able to post, because like somebody called Watttime
2 can post. They're not an LSE. The CAISO who is actually
3 not an LSE, they don't support loads, they just moved the
4 power around. I am an entity just like the MIDAS rules
5 say. I should be able to post. Thank you.

6 MS. BADIE: Thank you for your comment.

7 And that is all the raised hands we have now. So
8 back to you, Chair.

9 CHAIR HOCHSCHILD: Okay, thank you, everyone.

10 Well, today we're going to be seeking approval
11 for over \$35 million in grant investments contributing to
12 California's economy. And very much a good trend. We've
13 been getting a lot of money out the door these last months
14 and years, so that continues today.

15 I wanted to begin with a short recap of a trip I
16 just returned from. So Mona, if you could pull up the
17 slides, and I'll share a little bit so that --

18 MS. BADIE: Chester, can you advance -- sorry
19 about that, Chair.

20 CHAIR HOCHSCHILD: Yeah, so this was a delegation
21 of U.S. states to Norway for an offshore wind summit hosted
22 by Norway. Actually, it wasn't just an offshore wind
23 summit. It was an offshore -- floating offshore wind
24 summit. And I went with my Chief of Staff, Kat Robinson,
25 Donne Brownsy, the Chair of the California Coastal

1 Commission, and Elizabeth Huber from the Siting Division.

2 I wanted to share a little bit, because what
3 Norway is doing is absolutely pathbreaking. They are
4 basically -- it felt very much like going, you know, 15
5 years into the future. So 90 percent of new vehicle sales
6 as of last month are now electric in Norway. Thirty-five
7 percent of all vehicles are electric. And in Oslo, I don't
8 know what the number is, but it felt like the majority of
9 the vehicles were electric around us. And one of the
10 things you notice is it's just quiet walking around
11 downtown, when everything's electric.

12 But they haven't just stopped with vehicles.
13 They're doing things that we have not even talked about in
14 California, electrifying construction equipment. So 51
15 percent of all of the street construction projects going on
16 in Oslo at the moment, there's 60 that are currently
17 underway, are being done with all electric. This is, you
18 know, trains and dump trucks and bulldozers and it'll be at
19 100 percent by 2025.

20 By the end of this year, 100 percent of buses in
21 Oslo will be battery electric.

22 They've also invested in some really exciting
23 things. Ferries, they have converted their fleet of
24 ferries to be all electric. We got to ride one of those.
25 It takes seven minutes to fully disembark all the

1 passengers on a ferry and reload the next batch. And the
2 ferry fully recharges in that time. It's an automated
3 system, it's not manual. And then it can operate for two
4 hours before needing to recharge. Incredibly quiet as well
5 as clean.

6 And then they're doing some things at scale that
7 we got to visit, including the largest carbon capture
8 project in the world. That's what those metal cylinders
9 you're looking at there, that's a project called Northern
10 Lights, which is basically collecting point source CO2
11 brought by ships from Europe, put into these cylinders, and
12 then injected into these sequestration sites underground.

13 And they just completed construction of the
14 largest floating offshore wind project in the world. And
15 that was really the reason for our trip, because we're
16 doing principally floating offshore wind here in
17 California. And you know, this is a project, I think it's
18 an excess of 70 miles offshore. So really extraordinary.

19 The photo there with Chair Brownsey and I is with
20 the Prime Minister of Norway, Prime Minister Støre who's
21 really impressive, fully committed on climate. I would say
22 the thing that's striking, I mean their philosophy is
23 they're kind of done with climate action plans, and it's
24 really about climate budgets and making stuff happen. And
25 they have made a commitment that every climate solution

1 they advance has to make people's lives better today. And
2 so, I just thought that was a really powerful way of
3 conceiving of it.

4 We had about 700 people at this offshore wind
5 conference. And that was really terrific. And you can see
6 by the way, the photo on the right at the bottom is Kat.
7 They have EV charging for motorboats on the docks there.
8 So they're just doing stuff that you don't see in the U.S.
9 very much. Okay, next slide. Is there any more pictures?

10 So yeah I mentioned the construction equipment
11 timeline. You also see, by the way, the taxi. So I don't
12 think I saw a taxi in Oslo that was not electric. They
13 mostly appeared to be Tesla taxis.

14 And then we also get an overview of wind in
15 Europe. So they're now -- the entire European Union
16 collectively is getting to 60 gigs by 2030. Again, our
17 goal is up to 5 gigs by 2030 in California and 25 gigs by
18 2045. And so they're going to get to 300 gigs by 2050.
19 And the UK has now raised their goal recently to 50 by
20 2030, of which 5 will be EU (phonetic) and then 100 U.S. by
21 2050.

22 So really pathbreaking stuff. And I just want to
23 point out, that means that the majority of the electricity
24 for the EU and for the UK will be coming from offshore
25 wind. So really validating to kind of see all the momentum

1 and the investment there. All right, next slide.

2 Oh, and I'll just throw this in. This is my two
3 daughters. That's Sonia on the left and Rosa on the right.
4 I brought Sonia -- oh, go back one. I brought Sonia a
5 necklace, which she loved. And I brought Rosa a sweater
6 which she hated. And she said, "Dad I will start wearing
7 this in my 70s." So her opinion of the sweater did not
8 match my opinion of the sweater, which I thought was quite
9 charming.

10 So anyways, I wanted to just pause and open it up
11 to Kat or Elizabeth, who were together with us on the trip
12 and just see if either of them had any additional
13 observations they wanted to share.

14 MS. HUBER: Thank you Chair, this is Elizabeth
15 Huber, the Director of the Siting, Transmission, and
16 Environment Protection Division. For the record, I want to
17 thank you for your leadership and taking us there.

18 One of the -- I echo everything the Chair said.
19 We also had representatives from the US Bureau of Ocean
20 Energy Management. And I thought -- we had the opportunity
21 to speak to the different ministries there and talk about
22 how they have been able to permit and streamline. Because
23 as everyone knows with floating offshore wind those
24 floating power plants will be in federal waters. And so
25 there was some lessons learned for us and our partners at

1 BOEM during this conference that we had on the floating
2 wind days.

3 And also, recognize our representatives from
4 Humboldt, we all sat on a panel together of what California
5 is doing. And so we were able -- as the Chair said we were
6 definitely able to share best practices, and in particular
7 the success of them having, in Norway, having 88 megawatts
8 of floating offshore wind. So it definitely was an
9 educational insightful trip. Thank you, Chair.

10 CHAIR HOCHSCHILD: Thank you for joining,
11 Elizabeth. It was great to have you.

12 MS. ROBINSON: And I'll just say a few words as
13 well. Thank you, Chair for the opportunity to speak about
14 what we experienced in Norway. And thank you to the Chair
15 and to the state for allowing us to go on this study trip.

16 There is nothing quite like seeing these climate
17 policies in action. And I think one of the most valuable
18 parts of this trip was seeing what California can look like
19 in a few years. And Oslo and the country of Norway are
20 really there. They are what it looks like to have these
21 climate policies deployed at scale. And what you see is
22 just the people of Norway enjoying the fruits of a cleaner
23 city, a cleaner world.

24 And it was very heartening to see that these
25 policies, they were controversial, a little controversial

1 at the beginning. But when people started to see the value
2 to them in clean air and quiet streets, and when the
3 workers started to see that their jobs in oil and gas,
4 which Norway is quite heavy in are directly transferable to
5 the spaces of clean energy and offshore wind and carbon
6 capture and storage these policies took on a life of their
7 own. And are quite popular.

8 And so it was nice to see like the government
9 signals work. And you only have to get it to a tipping
10 point where it's just the market takes over and people see
11 the value on the streets, even if they were skeptical to
12 begin with.

13 The last two things I will say is one, the scale
14 of the work, of the worked infrastructure, was very helpful
15 to see. There's a lot that we need to do to get our ports
16 up and running and ready for supporting offshore wind.
17 Norway has a lot of heavy port infrastructure already to
18 support oil and gas. So we have a little bit of out in
19 California, but we'll need to be doing more work there,
20 which our STEP Division is actually leading in analyzing
21 what needs to be done to upgrade our ports.

22 And then secondly, it was very productive to have
23 the Coastal Commission also attend this in California as
24 they will be one of the key permitting entities moving
25 forward. And we got a lot of good cross-pollination

1 between the two agencies on different research questions
2 that still need answering as these technologies evolve in
3 offshore wind. And it was very helpful to continue to
4 strengthen those relationships with them.

5 So thank you again for letting us have a chance
6 to speak.

7 CHAIR HOCHSCHILD: And yeah, just on that last
8 point, there are some innovations coming. They're I think
9 really good for cost reduction for us including synthetic
10 mooring lines, which would be definitely a big cost
11 savings. And that's one of the things we talked about. So
12 thank you so much Kat and Elizabeth.

13 And with that, we'll just see if there's any
14 other Commissioner announcements. I believe Commissioner
15 Gallardo, were you going to share about the
16 (indiscernible)? Okay, great.

17 COMMISSIONER GALLARDO: Yes. So I saw the slide
18 appear a little bit there. But basically, we're doing our
19 annual Clean Energy Hall of Fame Awards in December. And I
20 know that's the end of the year, but our nominations period
21 is happening now. So you have until June 16th to submit
22 candidates for these prestigious awards.

23 And what we're doing with these awards is
24 uplifting, celebrating, praising those local leaders who
25 are making big impacts in terms of clean energy. So

1 contributing to helping us get to a 100 percent clean
2 energy future. We want them to get recognition and they
3 are also inspiring, so it's good to give them a venue where
4 we can hear more about what they're doing, and inspire
5 others to do similarly.

6 So again this is the Clean Energy Hall of Fame
7 Awards. It's an annual event put on by the Energy
8 Commission. We will have our ceremony December 7th at the
9 CNRA auditorium, and we encourage you to get your
10 nominations by June 16th.

11 The staff will share the link in our chat here on
12 Zoom to the nomination page, so you can submit information.

13 Thank you so much, Chair.

14 CHAIR HOCHSCHILD: Okay. Thank you.

15 Any other Commissioners wishing to make an
16 announcement? Hearing none, we'll turn to Item 3 Consent
17 Calendar. Is there any public comment on Item 3?

18 MS. BADIE: Thank you, Chair. This is Mona
19 Badie, the Public Advisor at the California Energy
20 Commission. And now is the time for public comment on Item
21 3, our Consent Calendar, Items (a) through (g).

22 If you'd like to make a public comment on this
23 item, please use the raise hand feature on Zoom or press *9
24 if you're on the phone, and we will open your line. I'm
25 not seeing any raised hands, so back to you, Chair.

15

1 CHAIR HOCHSCHILD: Okay. I just actually
2 wondered if Commissioner Monahan, you had anything you
3 wanted to add on Charge Bliss. This is a pretty big grant,
4 32 million around -- oh, sorry, is that not a -- I
5 apologize. That's not a -- is that a charging grid?

6 COMMISSIONER MONAHAN: No, that's (indiscernible)

7 CHAIR HOCHSCHILD: Sorry. Sorry. I misspoke. I
8 misspoke. Yeah, sorry. In any case I just wanted to -- I
9 know a little bit about this. And I've been just really
10 impressed and encouraged. This is another Native American
11 project in a long line of those that were doing. So thank
12 you. And Mike Gravely, thank you for that.

13 Is there a motion from Commissioner Gallardo for
14 Item 3?

15 COMMISSIONER GALLARDO: Yes, this is Commissioner
16 Gallardo. I move to approve Item 3.

17 CHAIR HOCHSCHILD: Okay. Commissioner Monahan,
18 would you be willing to second that?

19 COMMISSIONER MONAHAN: Second.

20 CHAIR HOCHSCHILD: All in favor, say aye.

21 Commissioner Gallardo.

22 COMMISSIONER GALLARDO: Aye.

23 CHAIR HOCHSCHILD: Commissioner Monahan.

24 COMMISSIONER MONAHAN: Aye.

25 CHAIR HOCHSCHILD: Vice Chair Gunda.

1 VICE CHAIR GUNDA: Aye.

2 CHAIR HOCHSCHILD: And I say aye as well. That
3 item passes 4-0. We'll turn now to Item 4, which is the
4 Morton Bay Geothermal Project.

5 MR. KNIGHT: Good morning, Chair and
6 Commissioners. My name is Eric Knight, manager of the
7 Siting and Environmental Branch of the Siting,
8 Transmission, and Environmental Protection Division,
9 otherwise known as STEP. With me today are Staff Attorneys
10 Jared Babula, Kari Anderson, and Tanner Kelsey, STEP's
11 Project Manager Eric Veerkamp, and technical staff from
12 STEP Division and the California Department of
13 Conservation, who I'll introduce later in my presentation.

14 And finally, Jon Trujillo, General Manager of
15 Geothermal Development for BHE Renewables, LLC,
16 representing the Applicant of the Morton Bay Project is on
17 the line. Next slide, please.

18 Staff is requesting your approval of an order in
19 the matter of Morton Bay Geothermal Project (23-AFC-01).
20 This is the first of three similar orders before you this
21 morning.

22 On April 18th and 19th, 2023, BHE Renewables,
23 LLC, we'll refer to as BHER, filed Applications for
24 Certification, or AFCs with the CEC seeking approval to
25 construct and operate three geothermal power plants: Morton

1 Bay, Elmore North, which is Item Number 5 on today's
2 agenda, and Black Rock, which is Item Number 6.

3 By adopting the proposed Orders, the Commission
4 would one, find that the Applicant has reasonably
5 demonstrated the sites are capable of providing geothermal
6 resources in commercial quantities and therefore the
7 Applicant is not required to file Notices of Intent. Two,
8 find the AFCs are incomplete and adopt the list of
9 deficiencies enumerated in the Executive Director's
10 memorandums, dated May 8, 2023. And three, appoint
11 committees to oversee the AFC proceedings. Next slide,
12 please.

13 The first project I'll focus on is Morton Bay.
14 The site is located within the Salton Sea Known Geothermal
15 Resource Area, about four miles southwest of the town of
16 Niland, and seven miles northwest of the town of
17 Calipatria, in unincorporated Imperial County. The site is
18 generally within an area dominated by agricultural and
19 energy uses, and the Salton Sea immediately to the west.
20 Next slide, please.

21 The Morton Bay geothermal power plant would have
22 a net output of 140 megawatts and would deliver its power
23 to the Imperial Irrigation District switching station via a
24 new 3.2-mile above ground transmission line. Additional
25 components of the Morton Bay project include geothermal

1 production and injection wells, well pads, and pipelines
2 connecting the wells to the plant site. Next slide,
3 please.

4 The Warren-Alquist Act requires a two-step
5 process for an applicant to receive a certification from
6 the CEC to construct and operate a thermal powerplant. The
7 first step is to file a Notice of Intent, or NOI. And the
8 second step is to file an AFC. For geothermal plants, the
9 NOI step may be bypassed if an applicant can reasonably
10 demonstrate the proposed site is capable of providing
11 geothermal resources in commercial quantities.

12 The Morton Bay, Elmore North, and Black Rock
13 projects would be located within approximately five miles
14 of each other on the south shore of the Salton Sea, within
15 the Known Geothermal Resource Area. A region so designated
16 by the United States Department of the Interior, Bureau of
17 Land Management, and by the United States Geological
18 Service. Next slide, please. Thank you.

19 In the proceedings for the three projects'
20 dockets, staff filed a hearing notice on May 19th, 2023,
21 indicating that the commission would be considering the
22 issue of geothermal resources adequacy at this business
23 meeting and providing for a public comment -- written
24 comment period. The comment period ended on May 30, and no
25 comments were received. Each proceeding's docket contains

1 substantial evidence supporting the finding of commercial
2 quantities of geothermal resources through testimony,
3 studies, and declarations. Therefore, staff is seeking a
4 determination at this stage of the proceedings.

5 Specifically, GeothermEx, Inc. provided a study,
6 on behalf of the applicant, dated May 2023, substantiating
7 that the proposed Morton Bay, Elmore North, and Black Rock
8 projects are supported by commercial quantities of
9 geothermal energy within the Salton Sea Geothermal Field.
10 The study concludes that heat and pressure in the Salton
11 Sea Geothermal Field is sufficient to support existing
12 generation capacity, of which is about 400 megawatts, as
13 well as the generation capacity of the three proposed BHER
14 projects, about 360 megawatts until the year 2065.

15 This is consistent with a similar study provided
16 in 2002 supporting development of the Salton Sea Unit 6
17 geothermal project, which was Docket number 02-AFC-02.
18 Unit 6 did not get built, but the study supported the
19 existence of commercial levels of resources, and the CEC
20 concurred with this conclusion.

21 In addition, expert staff with the California
22 Department of Conservation, Division of Geothermal Energy
23 Management, better known as CalGEM, filed detailed
24 testimony concluding that based on the evidence, the Salton
25 Sea Geothermal Field is capable of supporting existing

1 electrical production and also supporting the additional
2 power production by the new proposed facilities. CalGEM's
3 testimony indicates that some studies of the region
4 estimate 2950 megawatts net for the entire area analyzed
5 and 990 net megawatts proven for the area that approximates
6 BHER's leaseholds.

7 Jesus Salera, Senior Oil and Gas Engineer with
8 CalGEM, and one of the authors of the testimony, is here to
9 provide a short summary of CalGEM's conclusions, as well as
10 to answer technical questions the Commissioners may have.
11 Also available to answer questions is CEC staff's expert,
12 Dr. Abdel-karim Abulaban with STEP's Engineering Branch,
13 and the Applicant's geothermal resource adequacy experts
14 Hossein Shamshiri and James Lovekin. Next slide, please.

15 In conclusion, staff requests your approval of
16 the Order. As I noted at the beginning of my presentation,
17 staff recommends that the Commission: One, find that the
18 Applicant has reasonably demonstrated the project site can
19 provide commercial quantities of geothermal resources and
20 therefore the Applicant does not need to file a Notice of
21 Intent. Two, adopt the list of data deficiencies
22 enumerated in the Executive Director's May 8th, 2023 memo
23 and not accept the AFC as complete until the additional
24 information is provided. And finally, appoint a committee
25 to oversee the AFC proceeding.

1 Staff is available to take any questions you have
2 on this item after Mr. Salera from CalGEM completes his
3 statement. Mr. Salera, please go ahead and unmute
4 yourself.

5 COMMISSIONER GALLARDO: Please go ahead and
6 unmute yourself. Mr. Solera, you are still muted, if you
7 could please unmute. There you go. That was Commissioner
8 Gallardo. Sorry, helping you out.

9 MR. SALERA: Okay. Thank you. Thank you, Eric,
10 and good morning everyone. I am Jesus Salera also called
11 Jerry Salera. And I am a Senior Oil and Gas Engineer with
12 the California Department of Conservation Geologic Energy
13 Management, or CalGEM Division.

14 CalGEM is tasked under state laws and regulations
15 to oversee the safe drilling, operation and maintenance and
16 the eventual plugging and abandonment of all oil, gas and
17 geothermal wells in the state, except for those under
18 federal lands. CalGEM's governing statute also mandates us
19 to encourage the maximum economic recovery of geothermal
20 resources in California.

21 It is in this light that we have submitted our
22 written testimony for the three proposed thermal projects
23 before the Commission. That testimony was prepared by
24 Charlene Wardlow, CalGEM's Geothermal Program Manager, and
25 me. Because of a long planned vacation Charlene is unable

1 to be here to attend this meeting. And here are the major
2 points of our testimony.

3 Since CEC's last certification in 2003, of the
4 Salton Sea Unit 6 of 185 net megawatts, there have been
5 additional studies conducted in the Salton Sea Geothermal
6 Field, and in the Salton Trough, which we have greatly
7 improved the geoscientific knowledge of the underlying
8 geothermal resource. Also in the 20 years since 2003, 24
9 additional wells had been drilled throughout the field, and
10 an additional 49.9 megawatt power plant installed in the
11 Hudson Ranch Project. All these including the continuous
12 operation of the 10 existing CalEnergy power plants,
13 totaling about 250 net megawatts, and their corresponding
14 wells, have provided more data and information about the
15 extent of the resource and how to efficiently operate and
16 manage the wealth in the production field.

17 This wealth of information has been used to
18 update and refine the geothermal energy reserves in the
19 Salton Sea Geothermal Field. The 2002 study which formed
20 the basis for the reserves in the 2003 certification, has
21 been updated by a new study in 2016. This study increased
22 the producing equipment (indiscernible) to the Field of 990
23 megawatts.

24 The 3D numerical resrad model has also been
25 updated with all the additional data since 2002. The

1 model's undergone additional calibration, and there is all
2 the history match of existing data is very good. The
3 results of the simulated forecast based on the model
4 projects that the additional development of 257 net
5 megawatts from the three proposed projects, on top of the
6 current production of 335 net megawatts from the existing
7 power plants, and another 49.9 net megawatts from a future
8 Hell's Kitchen project, all these totaling 801 net
9 megawatts will be supported by geothermal resource for 40
10 years up to the year 2065.

11 In summary, these studies provide a high level of
12 confidence that the proposed three projects before the
13 Commission, namely the Morton Bay 140 net megawatt
14 Geothermal Project, the Elmore North 140 net Megawatt
15 Geothermal Project and the Black Rock 77 net megawatt
16 thermal project will be viable and will be supported by the
17 resource at the Salton Sea Geothermal Field. Thank you.

18 MS. BADIE: Thank you, Eric. Do you have any
19 other speakers you'd like to queue up? This is Mona.

20 MR. KNIGHT: No. Staff's presentation is
21 complete. At this point, we're available for questions.

22 CHAIR HOCHSHCILD: Okay, let's go ahead and take
23 public comment on this item and then we'll go to
24 Commissioner discussion.

25 MS. BADIE: Great. This is Mona Badie, the

1 Public Advisor at the California Energy Commission. The
2 Commission will now take public comment on Item 4. If you
3 would like to make a public comment on this item, I'd ask
4 that you use the raise hand feature if you are using Zoom
5 online. You can press *9 if you are on the phone, and I
6 will call on you in the order of the raised hands. So
7 let's just give that a few seconds here.

8 All right, I'm not seeing any public comment.
9 Back to you, Chair.

10 CHAIR HOCHSCHILD: Okay, let's go to Commissioner
11 discussion, starting with Commissioner Gallardo.

12 COMMISSIONER GALLARDO: Buenos Dias, good
13 morning. So I am very confident about this item, Item
14 Number 4 on Morton Bay, I think staff did a great
15 presentation.

16 Thank you, Eric, and appreciate Jerry joining us
17 from CalGEM. You know, as I have personal knowledge about
18 what's going on with the geothermal in that area of
19 Imperial, given my work overseeing the Lithium Valley
20 effort so personally I know that there is a lot happening.
21 There's a great resource there.

22 And I think, as staff has emphasized, multiple
23 studies have shown that there is that capacity. There are
24 -- we have the CalGEM testimony, and also the federal
25 government designation. So that combination of support, I

25

1 think gives me confidence that we can move forward with
2 this item. And I'm just really excited, 140 megawatts is a
3 lot and we'll just keep adding on to that clean energy.
4 And get us a step closer to the 100 percent that we're
5 looking to achieve, especially with the other items coming
6 up.

7 So yeah, I'll stop there. Chair, is there any
8 comment you'd like to make?

9 CHAIR HOCHSCHILD: No, no. I'm only just happy
10 to see this. And Jon Trujillo, it's good to see you. I
11 see the Vice Chair has a comment as well. Go ahead.

12 VICE CHAIR GUNDA: Yeah. Thank you, Chair and
13 thank you, Commissioner Gallardo. Eric, just a couple of
14 high-level points and a comment.

15 I think I just wanted to first of all thank the
16 staff for all the work you're doing, our staff and CalGEM.
17 As Commissioner Gallardo noted, the Future Clean Energy
18 Plan requires the clean, firm resources, a significant
19 amount of them. And these are part of those long lead-time
20 resources that PUC and the state is counting on. So really
21 I look forward to tracking the progress of this work.

22 Just one question. On one, the totality -- the
23 total amount of geothermal resources between the three
24 projects as well as that broader area under concentration,
25 I think I heard around 2,000 plus, is what I heard. If you

1 can confirm that, Eric.

2 And then second, you said the future transmission
3 above-ground transmission, is that one of the transmissions
4 that's being considered to be funded through the iBank?
5 Would you just kind of highlight exactly what the timeframe
6 -- how we're thinking about connecting to the grid?

7 MR. KNIGHT: Sure, Vice Chair. So the existing
8 generation capacity of the Salton Sea Geothermal Field is
9 about 400 megawatts. And these three projects this morning
10 proposed by Berkshire Hathaway, BHER Renewables, is about
11 360 megawatts. So the total is just shy of 800 megawatts.

12 And I think the 2,000 number you heard was the
13 there's -- according to CalGEM's testimony studies of the
14 region estimate that the area can produce and support 2,950
15 net megawatts.

16 VICE CHAIR GUNDA: Eric, the state of play on the
17 transmission?

18 MR. KNIGHT: And then so I may ask Jon Trujillo
19 to help me out here on this one, but each project has an
20 interconnection line to Imperial Irrigation District's
21 switching station. They're somewhere between three -- it's
22 half mile to three miles, each one of those lines. But
23 then there's a larger collector line, I believe that is
24 maybe what you're referring to. That's outside of these
25 proceedings. Maybe Jon can help us out there?

1 MR. TRUJILLO: Yes, certainly. Good morning and
2 very excited to be here. Thank you, everyone.

3 So yeah, Eric, you're exactly right. We've got
4 generation tie lines that are expected to run up to
5 anywhere from a half mile to three-and-a-half miles
6 approximately from that interconnection cluster station.
7 It's been identified in IIDs, Imperial Irrigation
8 District's Balancing Authority that there will be
9 additional upgrades required, predominantly along the L
10 line, which runs along the western side of the Salton Sea.
11 So that portion of the project is with IID as a separate
12 project, but we've been working with them under a self-
13 build option to create those upgrades. And you're
14 absolutely correct, iBank. We're also speaking with them
15 for support as we progress through this project in the
16 early stages.

17 VICE CHAIR GUNDA: Thank you. First of all, I
18 think one of the commenters -- and Commissioner Gallardo
19 being involved in this -- I know the community impacts and
20 all will be center in consideration as we move forward.

21 But just one high-level ask, if you could share
22 anything on what we think the general support from the
23 community today is and what kind of impacts, or things that
24 we are considering today?

25 MR. TRUJILLO: And that's directed towards me, or

1 is this Commissioner Gallardo?

2 VICE CHAIR GUNDA: Either of you, Jon or Eric.

3 COMMISSIONER GALLARDO: Jon, go ahead if you have
4 any thoughts on this, feel free.

5 MR. TRUJILLO: Okay. Sure.

6 You know, I don't want to speak for everyone,
7 everybody has their own thoughts on this project. But so
8 far we've received a significant amount of support from our
9 operating staff, as well as our connections within the
10 community. We've been working in operating these
11 facilities that we currently have now for the past 40
12 years. And I see and recognize the opportunities that
13 essentially doubling our output provides for the region
14 with good, stable, well-paying skilled jobs. As well as
15 the construction support leading up to this process, and
16 the other additional opportunities associated with that.
17 So, you know, it's overall been very supportive. I don't
18 want to dismiss anybody who feels otherwise, but I'm
19 optimistic.

20 CHAIR HOCHSCHILD: Great.

21 VICE CHAIR GUNDA: Thank you so much.

22 CHAIR HOCHSCHILD: Okay. Unless there is other
23 Commissioner discussion, I'd welcome a motion on Item 4
24 from Commissioner Gallardo.

25 COMMISSIONER GALLARDO: I move to approve Item

1 Number 4.

2 CHAIR HOCHSHCILD: Vice Chair Gunda, would you be
3 willing to second Item 4?

4 VIEC CHAIR GUNDA: Second Item 4.

5 CHAIR HOCHSCHILD: All in favor, say aye.
6 Commissioner Gallardo.

7 COMMISSIONER GALLARDO: Aye.

8 CHAIR HOCHSCHILD: Vice Chair Gunda.

9 VICE CHAIR GUNDA: Aye.

10 CHAIR HOCHSCHILD: Commissioner Monahan.

11 COMMISSIONER MONAHAN: Aye.

12 CHAIR HOCHSCHILD: And I vote aye as well. Item
13 4 passes 4-0. Someone tell me when Commissioner McAllister
14 rejoins. I can't see on the screen. But we'll turn now to
15 Item 5, which is the Elmore North Geothermal Project.

16 MR. KNIGHT: All right, and I'll make this one --
17 I'll go quicker than the last item, I hope. I know they're
18 generally long.

19 So Good morning, Chair and Commissioners, Eric
20 Knight again, Manager of the STEP, Siting, Transmission --
21 sorry, excuse me -- Siting and Environmental Branch of the
22 STEP Division. Still with me today are Staff Attorneys
23 Jared Babula, Kari Anderson, and Tanner Kelsey and Mariah
24 Ponce, STEP's Project Manager Eric Veerkamp, and staff's
25 geothermal resource adequacy experts: Dr. Abulaban and

1 CalGEM's Mr. Salera. And then Jon Trujillo with the
2 Applicant is still on the line. Next slide, please.

3 Staff is requesting your approval of an order in
4 the matter of Elmore North Geothermal Project (23-AFC-02).

5 On April 18, 2023, Elmore North Geothermal, LLC,
6 a subsidiary of BHE Renewables, LLC, filed an AFC with the
7 CEC seeking approval to construct and operate the Elmore
8 North Geothermal Project.

9 As with Item 4, by adopting the Proposed Order,
10 the Commission would find that the Applicant has reasonably
11 demonstrated the site is capable of providing geothermal
12 resources in commercial quantities and therefore, the
13 Applicant is not required to file a Notice of Intent. Two,
14 find that the AFC is incomplete and adopt the list of
15 deficiencies enumerated in the Executive Director's
16 Memorandum dated May 8, 2023, and appoint a committee to
17 oversee the AFC proceeding. Next slide, please.

18 As noted for Item 4, the site of the Elmore North
19 Geothermal Project is within the Salton Sea Known
20 Geothermal Resource Area. The site is about six miles
21 southwest of the town of Niland, and six miles northwest of
22 the town of Calipatria, generally within an area dominated
23 by agricultural and energy uses. Next slide, please.

24 Elmore North would also have a net output of also
25 140 megawatts and would deliver its power to the IID

1 switching station via a new half mile above-ground
2 transmission line. It would also include geothermal
3 production and injection wells, well pads, and pipelines
4 connecting the wells to the plant site. Next slide,
5 please.

6 And this is the same slide from my presentation
7 for Item 4, showing the three BHER projects in relationship
8 to one another on the south shore of the Salton Sea within
9 the Known Geothermal Resource Area designated by the United
10 States Department of Interior, Bureau of Land Management,
11 and the United States Geological Service. Next slide,
12 please.

13 As you heard during Item 4, the proceeding's
14 docket contains substantial evidence supporting the finding
15 of commercial quantities of geothermal resources through
16 testimony, studies, and declarations. The statement and
17 testimony made by Mr. Salera with CalGEM for Morton Bay are
18 incorporated by reference in this proceeding.

19 Mr. Salera, CEC's Dr. Abulaban, and the
20 Applicant's geothermal resource experts Hossein Shamshiri
21 and James Lovekin are still available should you have any
22 questions. Next slide, please.

23 In conclusion, staff requests your approval of
24 the Order. Finding that the Applicant has reasonably
25 demonstrated the project site for Elmore North can provide

1 commercial quantities of geothermal energy and therefore,
2 the Applicant does not need to file a Notice of Intent.
3 Adopting the list of deficiencies enumerated in the
4 Executive Director's May 8, 2023, memo and not accepting
5 the AFC as complete until the additional information is
6 provided. And finally, appointing a committee to oversee
7 the AFC proceeding. And that concludes my presentation.

8 CHAIR HOCHSCHILD: Thank you so much, Eric.

9 At this time, we'll go to public comment on Item
10 5.

11 MS. BADIE: Hello, again, this is Mona Badie, the
12 Public Advisor at the California Energy Commission. The
13 Commission now welcomes public comment on Item 5.

14 If you'd like to make a comment, please let us
15 know by using the raise hand feature on your screen if
16 you're online, or pressing *9 to raise your hand if you are
17 on the phone. I'll just give it a few seconds here to see
18 if we have anyone for Item 5. Chair, I'm not seeing any
19 raised hands, so back to you.

20 CHAIR HOCHSCHILD: Okay, thank you. We'll turn
21 to Commissioner Gallardo for Commissioner discussion.

22 COMMISSIONER GALLARDO: Hello again. So
23 similarly to the last one I also feel confident about this
24 item. And I wanted to add on to the comments that Jon
25 Trujillo made about the community interest.

1 (Commissioner McAllister joins the meeting
2 onscreen.)

3 And I see Commissioner McAllister there just in
4 time. So Commissioner McAllister, we're talking about
5 Elmore North Project, Item 5.

6 So Vice Chair Gunda, you asked a good question
7 about how is the community responding? What are they
8 thinking? And I agree with Jon that we can't speak for
9 everyone. But on my trips down there to visit the
10 community and get to know more people, the majority are
11 excited about the potential that these types of projects
12 are delivering in terms of jobs, of course, as mentioned by
13 Jon.

14 But also, the other types of opportunities that
15 can come like more infrastructure for the region. So
16 sidewalks, bridges, things of that sort, streets. Those
17 are really important. Those are -- there's a lot missing
18 in that area.

19 The other thing is business enterprise. What
20 else can come about, so that indirect businesses that can
21 be established, whether it's related to lithium as we've
22 been talking about Lithium Valley, but the geothermal as
23 well. So given that those are combined, we're extracting
24 the lithium from the geothermal brine, it just has a lot of
25 potential for folks to really prosper there.

1 So the majority, as I said, are looking forward
2 to it. There, of course, are questions about impacts.
3 Very normal to have those types of questions. But for the
4 most part, I've seen folks just display enthusiasm for
5 what's possible. As long as we're doing it correctly,
6 asking the right questions as you just did, Vice Chair,
7 etcetera.

8 So again very confident about this Item Number 5,
9 as well. And on top of that, I'm looking forward to
10 working with Commissioner McAllister on the committee. So
11 that'll be a fun opportunity.

12 CHAIR HOCHSCHILD: Great. Yeah. Thank you so
13 much, Commissioner McAllister for being willing to serve on
14 two of those committees.

15 I did have a question for Jon. And I apologize
16 if you said this, and I missed it. But just again, what is
17 the total capital investment in the three projects
18 combined, and total jobs you expect?

19 MR. TRUJILLO: Yeah. So again this is Jon
20 Trujillo, General Manager with BHE Renewables for
21 Geothermal Development. The total capital expenditure,
22 we're looking in excess of \$2 billion and possibly even \$3
23 billion for these projects.

24 As far as jobs in the range of 150 to 200 full-
25 time direct employees. I would also note a significant

1 amount of construction workers to construct all three of
2 these projects in a parallel path.

3 Additionally, if you look at the operating
4 geothermal power plants that we have now on any given day,
5 we typically have 50 to 400 contractors onsite supporting
6 these projects beyond direct staff. So (indiscernible).

7 CHAIR HOCHSCHILD: Thank you. With that, unless
8 there's additional discussion, I would welcome a motion on
9 Item 5 from Commissioner Gallardo.

10 COMMISSIONER GALLARDO: Yes, I move to approve
11 Item Number 5.

12 CHAIR HOCHSCHILD: Commissioner McAllister, would
13 you be willing to second Item Number 5?

14 COMMISSIONER MCALLISTER: I second. And just
15 will add that I'm looking forward to working with
16 Commissioner Gallardo. And this will be a good way for the
17 CEC to have a strong presence continued and ongoing in that
18 part of the state, really important.

19 CHAIR HOCHSCHILD: Terrific. All in favor, say
20 aye. Commissioner Gallardo.

21 COMMISSIONER GALLARDO: Aye.

22 CHAIR HOCHSCHILD: Commissioner McAllister.

23 COMMISSIONER MCALLISTER: Aye.

24 CHAIR HOCHSCHILD: Vice Chair Gunda.

25 VICE CHAIR GUNDA: Aye.

1 CHAIR HOCHSHCILD: Commissioner Monahan.

2 COMMISSIONER MONAHAN: Aye.

3 CHAIR HOCHSCHILD: And I vote aye as well. Item
4 5 passes unanimously.

5 We'll turn now to Item 6, Black Rock Geothermal.

6 MR. KNIGHT: All right, good morning, Chair,
7 commissioners, Eric Knight, still, with the STEP Division,
8 for the third and last time today.

9 MR. KNIGHT: All right. Good morning, Chair,
10 Commissioners, Eric Knight still with the STEP Division,
11 for the third and last time today. Let's see, why don't we
12 just skip to the next slide, please.

13 All right. Staff is requesting your approval of
14 an Order in the matter of Black Rock Geothermal Project
15 (23-AFC-03).

16 On April 18, 2023, Black Rock Geothermal, LLC, a
17 subsidiary of BHE Renewables, LLC, filed an AFC with the
18 CEC seeking approval to construct and operate the Black
19 Rock Geothermal Project.

20 As with Items 4 and 5, by adopting the Proposed
21 Order, the Commission would find that the Applicant has
22 reasonably demonstrated the site is capable of providing
23 geothermal resources in commercial quantities and
24 therefore, the Applicant is not required to file a Notice
25 of Intent. Two, find the AFC is incomplete and adopt the

1 list of deficiencies enumerated in the Executive Director's
2 memorandum, dated May 8, 2023. And appoint a committee to
3 oversee the AFC proceeding. Next slide, please.

4 As noted for Items 4 and 5, the site of the Black
5 Rock Geothermal Project is within the Salton Sea Known
6 Geothermal Resource Area. The site is about eight miles
7 southwest of the town of Niland, and six miles northwest of
8 the town of Calipatria. Next slide, please.

9 This is the smaller of the other two projects.
10 The Black Rock Project would have a net output of 77
11 megawatts and would deliver its power to the Imperial
12 Irrigation District switching station via a new 2.2 mile
13 long above-ground transmission line. And like the other
14 two project it would include geothermal production and
15 injection wells, well pads, and pipelines connecting the
16 well pads to the Black Rock site. Next slide, please.

17 By now you're very familiar with this slide,
18 showing the three BHER projects in relation to one another
19 on the south shore of the Salton Sea, within the Known
20 Geothermal Resource Area. Next slide, please.

21 As you heard during Item 4, the proceeding's
22 docket contains substantial evidence supporting the finding
23 of commercial quantities of geothermal resources through
24 testimony, studies, and declarations. The statement and
25 testimony made by Mr. Salera with CalGEM for Morton Bay are

1 incorporated by reference in this proceeding.

2 And staff's experts as well as the applicants
3 experts are still available should you have any further
4 questions on geothermal resource adequacy.

5 And in conclusion, we request that you approve
6 the Order before you this morning.

7 CHAIR HOCHSCHILD: Thank you so much, we'll turn
8 to public comment on Item 6.

9 MS. BADIE: Hello, this is Mona Badie, the Public
10 Advisor at the California Energy Commission. The
11 Commission now welcomes public comment for Item 6.

12 If you'd like to make a comment, please notify us
13 by raising your hand. If you're online, you can click the
14 raise hand feature, it looks like open palm on your screen.
15 And if you're joining us by phone, please press *9 to raise
16 your hand. Just giving that a moment. Chair, I'm not
17 seeing any raised hands, back to you.

18 CHAIR HOCHSCHILD: Okay, we'll go to Commissioner
19 discussion starting with Commissioner Gallardo.

20 COMMISSIONER GALLARDO: All right, I'm back again
21 as well. Eric, you've done a phenomenal job walking us
22 through those three, so thank you for doing that.

23 And, again similar to what I said before, I'm
24 very confident about this one. Less megawatts, 77,
25 compared to the others that are 140 each, but it -- we need

1 all we can get. And so I think they've shown, with what
2 Eric has talked to us about, that there's sufficient
3 testimony studies and designations for us to be confident
4 about the production. And I agree with staff that we can
5 move forward on this one.

6 So I don't have anything additional other than
7 I'll be working with Chair Hochschild on this one if it's
8 approved, and always a good team when we work together. So
9 looking forward to that as well.

10 CHAIR HOCHSCHILD: Well, my condolences on your
11 fellow -- I'm not quite sure what you did wrong to get
12 stuck with that guy. (Laughter.) With that, I would
13 welcome a motion, unless there is further Commissioner
14 discussion, from Commissioner Gallardo on Item 6.

15 COMMISSIONER GALLARDO: Okay, I move to approve
16 Item Number 6.

17 CHAIR HOCHSCHILD: Okay. Vice Chair Gunda, would
18 you be willing to second Item 6?

19 VICE CHAIR GUNDA: I second the entirety of the
20 testimony including yours, Chair Hochschild.

21 CHAIR HOCHSCHILD: All in favor, say aye.
22 Commissioner Gallardo.

23 COMMISSIONER GALLARDO: Aye.

24 CHAIR HOCHSCHILD: Vice Chair Gunda.

25 VICE CHAIR GUNDA: Aye.

1 CHAIR HOCHSCHILD: Commissioner McAllister.

2 COMMISSIONER MCALLISTER: Aye.

3 CHAIR HOCHSCHILD: And Commissioner Monahan.

4 COMMISSIONER MONAHAN: Aye.

5 CHAIR HOCHSHCILD: And I vote aye as well. Item
6 6 passes unanimously.

7 And thank you, Eric, for your professionalism,
8 and really the whole Siting team just being really, really
9 organized. That was a great overview. And, Jon, thank you
10 as well.

11 So with that, we'll move on to Item 7, which is
12 the Russell City Energy Center Settlement Agreement. I'll
13 turn it over to Dian Vorters to begin.

14 MS. VORTERS: Thank you, Commissioner. Good
15 afternoon, Commissioners, my name is Dian Vorters. I am
16 the Assistant Chief Counsel within the California Energy
17 Commission representing the Siting, Transmission and
18 Environmental Protection Division.

19 I'm here today to request your approval for a
20 settlement agreement between the Energy Commission and the
21 Russell City Energy Center, LLC, a subsidiary of Calpine
22 Corporation; and a finding that such an approval is exempt
23 from the California Environmental Quality Act.

24 With me today are attorneys Kirk Oliver and Jared
25 Babula with the Chief Counsel's Office. Also with me from

1 the STEP Division are Director Elizabeth Huber, Compliance
2 Project Manager John Heiser, and Acting Safety &
3 Reliability Branch Manager Brett Fooks. Next slide,
4 please.

5 Russell City Energy Company, LLC owns and
6 operates the Russell City Energy Center facility licensed
7 by the Energy Commission and located in Alameda County,
8 California. The Russell City Energy Center is a nominal
9 600 megawatt natural gas-fired, wet-cooled, combined-cycle
10 electric generating facility.

11 The Commission issued a final decision on
12 September 11, 2002, certifying the Russell City Energy
13 Center facility. The Commission's Decision governs the
14 construction, operation, and decommissioning of the
15 facility.

16 On May 27, 2021, Russell City Energy Center
17 facility experienced a mechanical failure of the steam
18 turbine generator that resulted in an explosion and fire.
19 The steam turbine generator experienced extensive damage.
20 As a result the project owner temporarily shut down the
21 facility. Next slide, please.

22 Immediately after the May 27th Event, Calpine
23 Corporation retained Structural Integrity Associates to
24 conduct an independent failure investigation and to perform
25 a root cause assessment.

1 From June 2021 through March 21, 2022, Energy
2 Commission and California Public Utilities Commission Staff
3 conducted site visits and investigations at the Russell
4 City Energy Center facility to determine the causative
5 factors.

6 On October 11, 2022, Energy Commission Staff sent
7 the Russell City Energy Center a Notice of Violation letter
8 alleging instances of noncompliance at the facility arising
9 out of the May 27th Event. Next slide, please.

10 Energy Commission Staff and the Chief Counsel's
11 Office believe that rather than engaging in formal
12 adjudication, a mutual settlement with the Russell City
13 Energy Center is the most effective tool for promoting the
14 interests of all the parties impacted by the May 27th
15 Event.

16 In developing the settlement, Energy Commission
17 staff considered the May 2021 Incident Root Cause Gap
18 Analysis and other facts gathered during the course of the
19 Energy Commission staff's investigation. And efforts by
20 Calpine to restore the Russell City Energy Center
21 operations to meet local and statewide reliability needs
22 and implement all safety measures identified by Structural
23 Integrity Associates, the Energy Commission, and the
24 California Public Utilities Commission.

25 The legal requirements at issue, as well as

1 Energy Commission staff's allegations, the Russell City
2 Energy Center's admissions and denials, are included in the
3 Settlement Agreement. The Settlement Agreement requires
4 that the Russell City Energy Center pay \$1,250,000 to the
5 Energy Commission. Additionally, the Settlement Agreement
6 requires that the Russell City Energy Company pay
7 \$1,250,000 to the City of Hayward to fund projects of the
8 City's selection, limited to clean energy efficiency
9 projects in the City to support grid resiliency, including
10 microgrids, solar energy and battery storage installations.
11 The Settlement Agreement resolves the alleged violations
12 related to the May 27th Event.

13 The Energy Commission staff and the Chief
14 Counsel's Office recommend that the Commission approve the
15 Settlement Agreement and direct the Executive Director to
16 execute the Settlement Agreement on behalf of the Energy
17 Commission, and find that the approval of the settlement is
18 exempt from the California Environmental Quality Act.

19 Director Elizabeth Huber is available to answer
20 any questions. That concludes my presentation.

21 CHAIR HOCHSCHILD: Thank you so much, Dian.
22 Let's go to public comment on Item 7.

23 MS. BADIE: Hello, this is Mona Badie, the Public
24 Advisor at the California Energy Commission. The
25 Commission now welcomes public comment on Item 7.

1 If you'd like to make a comment, please use the
2 raise hand feature on your screen by selecting the open
3 palm icon. And if you're on the phone, please press *9 to
4 raise your hand. Just giving that a moment to see if we
5 have any raised hands.

6 Chair, I'm not seeing any raised hands, so back
7 to you.

8 CHAIR HOCHSCHILD: Okay, thank you. Let's go to
9 commissioner discussion beginning with Commissioner
10 Gallardo.

11 COMMISSIONER GALLARDO: Thank you, Chair. So
12 first, I want to start out by thanking the City of Hayward
13 for their grace and patience as we went through this
14 process. And I do see that Kelly McAdoo has joined us.
15 She is from the City, I think the City Administrator,
16 Kelly? Correct. Yes, I see her nodding.

17 So I do have a special place in my heart for
18 Hayward. I wanted to confess that when I was a little law
19 student, I did an externship in the City Attorney's Office
20 at the City of Hayward, so had a connection there. And
21 just appreciate again, Kelly, your assistance with
22 everything. And also the Mayor who has been extremely
23 gracious to us and has joined meetings, so we appreciate
24 that type of collaboration. It's really helpful.

25 I also wanted to thank Calpine for working with

1 us and enabling us to visit the site, which was helpful to
2 better understand, you know, what happened and what they're
3 doing, what they're working on.

4 And then also we heard from Senator Aisha Wahab
5 and Assemblymember Luis Ortega from that area and
6 appreciate that they reached out to us and also were
7 willing to work with us. So I think we've reached a good
8 settlement, and I'm confident about what we're doing here.

9 Chair, I wasn't sure if we wanted to enable Kelly
10 to make any comments at this point or if he wanted to do
11 that?

12 CHAIR HOCHSCHILD: Well that would be during
13 public comment. So -- but I welcome that if Kelly would
14 like to add anything at this time?

15 MS. MCADOO: I just want to thank you so much,
16 Chair and Commissioners. I have been now working with all
17 of you for a couple of years and have been to several
18 business meetings, something I never thought I would do in
19 my career. But really just appreciate the partnership and
20 the support that the Commission has given to the City.

21 I want to express appreciation for Elizabeth
22 Huber on the Energy Commission staff, her team, the team at
23 the California Public Utilities Commission, and also the
24 team at Calpine. I'm really pleased with how the revised
25 settlement agreement has been put together and the

1 continued partnership we've had with Calpine, our fire
2 department, and our staff teams working together. And hope
3 that we never have another event like this occur. And
4 really am grateful for the partnership.

5 Our City Council did approve the revised
6 settlement agreement on May 16th, unanimously and did
7 express appreciation to both Senator Wahab and
8 Assemblymember Ortega for advocating on the City's behalf.
9 And just again wanted to thank the Commissioners for their
10 consideration of this agreement today. And thank you. I'm
11 happy to answer any other questions.

12 CHAIR HOCHSCHILD: Great, thank you.

13 Let's just open it up to Commissioner discussion.
14 Is there any other Commissioner wishing to make a comment?
15 Go ahead, Vice Chair.

16 VICE CHAIR GUNDA: Thank you, Chair. Thank you,
17 Commissioner Gallardo. I just wanted to go back to 2021 a
18 little bit. I think this was one of those extraordinary
19 votes and business meeting items we had. It was a very
20 emotionally charged discussion.

21 And I wanted to just recognize Kelly, who's with
22 us today. And but also the Mayor and the Fire Marshall who
23 was there and the community who made a number of comments.

24 And I think there's a couple of things we talked
25 about that day. One is, you know, while we were really

1 concerned about Reliability that summer, and we were trying
2 to reopen the energy center at half the megawatts in a
3 simple cycle there was a recognition that it was
4 extraordinary. That lives would have been lost, could have
5 been lost, and then it would have been a much bigger issue
6 if there was there was a fatality. And we were really
7 lucky that didn't happen.

8 And I think if I remember correctly, and I'm
9 paraphrasing, Commissioner Monahan mentioned at the time
10 how that particular business item, a business meeting and
11 the discussion we've had, needs to set a precedent on how
12 we work together moving forward. And how we bring in a
13 community. How we bring in the local administration into
14 discussions around how we ensure safety of operations, and
15 how we ensure that people feel comfortable and feel like
16 one with -- feel ownership of what we're doing here. So I
17 think I just wanted to recognize those things. And I'm
18 really, really glad the way it worked out.

19 I want to give a special thank you to Drew,
20 Elizabeth Huber, the Chief Counsel's Office, and the Chair
21 for really kind of shepherding the settlement. I know
22 we've had a number of behind-the-scenes discussions on
23 what's legal, how can we do this? And just the ability to
24 kind of come up with a creative solution to have a new type
25 of settlement where the community directly benefits from

1 the settlement was incredible. So I just want to thank
2 everybody, express my gratitude.

3 Again, Calpine, thank you. As Commissioner
4 Gallardo mentioned, it's absolutely essential that we work
5 as a team. And thanks for showing up. And thanks for
6 being a part of the discussion. And I really look forward
7 to voting on this with a sense of gratitude and relief.
8 Thanks.

9 CHAIR HOCHSCHILD: Let's go to Commissioner
10 McAllister next.

11 COMMISSIONER MCALLISTER: Great. Well, Vice
12 Chair, you said it incredibly well. I mean, I think we've
13 all been paying close attention to this really, since that
14 initial -- since the event. And I think all of us
15 actually did make visits down there and really talk to
16 folks on the ground and really got a sense of what
17 happened, and how we can avoid this in the future. You
18 know, this safety and reliability cannot be -- we can't
19 compromise on either of those.

20 And so really it's a matter of all of us being
21 good citizens, and that includes the corporation and
22 operators of facilities and communities such as Hayward.
23 So I really appreciate that.

24 And hopefully the sort of the dialogue, the
25 institutional dialogue, Calpine, city, local elected

1 officials, Commission, all the stakeholders, you know, that
2 process has really been a demonstrative one that we can use
3 as a template going forward. I mean, I really think
4 California, one of our great strengths is our process and
5 our collaborative approach. And I think inclusion, this is
6 a great example of inclusion and having hard conversation.
7 You know, this stuff is not easy. And not everybody always
8 gets what they want. But we all have to be accountable and
9 operate in good faith and come to the table. And I think
10 that's happened here.

11 And I think with the leadership of the Chair, the
12 Vice Chair, Chief Counsel's Office, Elizabeth and Division,
13 Drew, setting a great example. It just -- I think, this
14 has been an all-hands-on-deck. It's really hard to call it
15 a positive experience, because we hope that these things
16 never happen. But I think we need to really take note of
17 this process as something that is part of our strength as a
18 state. And so really gratified at the outcome and hopeful
19 that this process will put us on a stronger foundation
20 going forward. And avoiding these things in the future,
21 obviously, but also using this unfortunate event, as a way
22 to improve our process and get stronger over time.

23 So thanks for the opportunity to comment, and
24 really, congrats on getting us to this point. I think it's
25 a good -- it's a very solid outcome.

1 CHAIR HOCHSCHILD: Thank you, Commissioner.

2 Let's go next to Commissioner Monahan.

3 COMMISSIONER MONAHAN: Well, I'm just going to
4 pile on here. I think there's some redundancy, but I think
5 it's definitely important because we were all just very
6 concerned about what happened in 2021. And as Vice Chair
7 Gunda said, the explosion could easily have resulted in
8 injury and death. And it was by luck that it did not. And
9 we could have had a situation where the City and the Fire
10 Department and Calpine just couldn't come to agreement on
11 what should be done to protect the community to make sure
12 this doesn't happen again. And instead, what we had was
13 conversation and trust building. And that is hard work.

14 So I just want to commend all the parties that
15 have been involved: Mayor Halliday, Kelly McAdoo, the Fire
16 Department, the Public Utilities Commission and Calpine. I
17 just really am heartened by the fact that these hard
18 conversations did occur and we were able to reach a
19 settlement. So with this, I'm hopeful that this will not
20 happen again as a result of these hard conversations. And
21 just really want to commend everyone for engaging in them.

22 CHAIR HOCHSCHILD: Thank you, Commissioner.

23 Well, I too support this. I want to thank
24 everybody for the engagement. I just did want to emphasize
25 we are extremely fortunate that there were no fatalities

1 with this incident. And the most important thing to do
2 when you have something like this is learn its lessons and
3 really make sure together we're following all of the
4 preventive maintenance safety protocols. And all the
5 diligence, so that we're never in a position where our
6 energy system is endangering people's lives and safety.
7 And so, you know, in addition to the settlement, really
8 just learning the lessons together is I think the most
9 important thing.

10 So thank you to all the parties. And with that,
11 I would turn it over to Commissioner Gallardo for a motion
12 on Item 7.

13 COMMISSIONER GALLARDO: Thank you, Chair. I'll
14 just say real quick I wanted to thank the Commissioners for
15 their work on this as well. In 2021, I was Public Advisor,
16 so I was involved in that from that perspective. I just
17 appreciated you all going out there. And I was able to
18 visit as well. And I think that's also an important lesson
19 that we need to do things like that, visits and see what
20 folks are experiencing and doing. So with that I will move
21 to approve Item 7.

22 CHAIR HOCHSCHILD: Let's see, Vice Chair Gunda,
23 would you be willing to second Item 7?

24 VICE CHAIR GUNDA: Yes, second Item 7.

25 CHAIR HOCHSCHILD: All in favor, say aye.

1 Commissioner Gallardo.

2 COMMISSIONER GALLARDO: Aye.

3 CHAIR HOCHSCHILD: Vice Chair Gunda.

4 VICE CHAIR GUNDA: Aye.

5 CHAIR HOCHSCHILD: Commissioner McAllister.

6 COMMISSIONER MCALLISTER: Aye.

7 CHAIR HOCHSCHILD: Commissioner Monahan.

8 COMMISSIONER MONAHAN: Aye.

9 CHAIR HOCHSCHILD: And I vote aye, as well.

10 Thank you, all.

11 We'll turn now to Item 8, which is SB 846 Load
12 Shift Goal. I welcome Ingrid Neumann to present.

13 MS. NEUMANN: Hi, can you hear me?

14 CHAIR HOCHSCHILD: Yes, we can.

15 MS. NEUMANN: Excellent. All right. Good
16 morning, Commissioners. My name is Ingrid Neumann, and I'm
17 presenting Item 8, the Load Shift Goal pursuant to SB 846
18 for your consideration and adoption today. Next slide.

19 So we want to always consider the benefit to
20 Californians. We are making sure with this Load Shift Goal
21 that we will keep the lights on and emissions low. So what
22 we're looking at is having a stable grid as our future
23 becomes more decarbonized. We set an achievable load shift
24 for the goal year 2030. Today, we're at about 3,100
25 megawatts of load shift. And we're looking at reaching

1 7,000 megawatts in 2030 with this goal.

2 For an overview of this presentation, we'll start
3 with the goal setting framework, which includes our current
4 state of load flexibility, as well as the proposed goal for
5 2030. We will talk a little bit about the analysis of the
6 achievable potential, which gave us a spectrum of values or
7 a range of values to look at for an achievable goal. Then
8 in order to reach that goal, we had to concurrently develop
9 policy recommendations towards that end. Next slide,
10 please.

11 In this slide, we are displaying how we bucketed
12 load flexibility across our planning processes. We start
13 on the left-hand side with load modifying. This includes
14 anything that modifies our IEPR Demand Forecast including
15 time-of-use rates and any other pricing such as dynamic
16 pricing and even real-time pricing in the future. This
17 also includes load-modifying programs.

18 Then we move onto the second bucket, Resource
19 Planning & Procurement. This encompasses economic as well
20 as reliability demand response programs on the supply side
21 of the equation. Sometimes these two core planning buckets
22 don't match up.

23 The third bucket then is needed. We named it
24 "Incremental & Emergency" and it is designed to accommodate
25 extreme events, such as those experienced last year. This

1 is to provide contingency planning outside of the core
2 planning processes. Next slide.

3 This table shows the buckets as we have defined
4 them as well as further division by intervention and our
5 best estimates for the current megawatts of load shift
6 available in each. All values are given at the meter, and
7 for 2022 sum up to 3,100 megawatts. In the orange block,
8 there are emergency -- there are backup generators are part
9 of the emergency framework, but they're not considered true
10 load flexibility and thus that number is not included in
11 the total, nor towards the goal in 2030.

12 So under this proposed goal, a large proportion
13 of load flexibility growth would come through demand site
14 interventions. This is the Load Modifying category in
15 green on the top. Such as the new hourly dynamic rate
16 offers, such as those proposed under CalFUSE. The Load
17 Management Standards are going to be responsible for
18 dynamic rates being rolled out in the next couple of years.
19 So we'll see that 30 megawatt value that we have right now,
20 grow.

21 Some customers will switch from time-of-use rates
22 to dynamic pricing. The load shift potential from dynamic
23 pricing is much greater than time-of-use rates.

24 And then of course, the load modifying programs
25 are currently at 7 megawatts, but there are many proposals

1 to grow those. And so those programs could also work in
2 conjunction with dynamic pricing to give the greatest load
3 shift. So the proposed goal for this green load modifying
4 bucket in 2030 is 3,000 megawatts.

5 The blue Resource Planning and Procurement bucket
6 is the most mature currently. It includes the economic
7 supply side, as well as the reliability supply side demand
8 response, and the POUDR programs, which are non ISO
9 integrated.

10 The Incremental and Emergency bucket in orange,
11 and the blue bucket, are combined for the 4,000 megawatt
12 goal in 2030. The reason for that is that there is always
13 conversation about maybe reclassifying some of the
14 programs. Or what we see the potential for is piloting new
15 programs in the Incremental and Emergency bucket. And then
16 if those are found to be reliable or one can call on them
17 more often, those can be moved into a different bucket. So
18 that's to allow for that flexibility.

19 So the total goal for 2030 is to grow our demand
20 or load flexibility to 7,000 megawatts. Next slide,
21 please.

22 So let's talk a little bit about the analysis, or
23 the modeling that we did in order to get at some feasible
24 numbers. We focused on shifting load away from the top 100
25 system net peak hours. So we need to talk about what that

1 means.

2 So we have an hourly forecast, so 8,760 hours of
3 consumption based on energy forecast for the goal year here
4 of 2030. We then modify that by that transportation and
5 building electrification as well as building energy
6 efficiency. Then we adjust by behind-the-meter storage,
7 MPV, as well as on the supply side with utility scale wind
8 and solar generation.

9 This gives us the system net hours. We can
10 choose the top 100 net hours to get the system net peak.
11 So those are the hours that we may have some mismatch
12 issues. And we need to flatten the peak and find some ways
13 of shifting the load away. And that's what we looked at
14 there.

15 So in those top 100 hours of 2030 as just
16 described, we then examine how much capacity can be shifted
17 away using various end use and enabling technology
18 combinations with and without participation in dynamic
19 rates. The potential values for load flexibility in the
20 net peak hours for each of these enabling combinations were
21 updated using the most recent work completed by the CPUC
22 and LBNL in their Phase 4 Demand Response Potential Study.

23 Key inputs from the LBNL Potential Study included
24 characterization of technological options to control end
25 use, including projected saturation, performance, and unit

1 impacts. Next slide please.

2 So Energy Commission staff developed a range of
3 scenarios with varying key input assumptions to calculate
4 estimates of statewide achievable load shift potential in
5 2030. Those are shown here in the six boxes on the top.

6 The scenario analysis provides a range of
7 forecasted results upon which to base a goal and provides
8 insight into the sensitivity to certain inputs. We
9 designed our scenarios as sensitivities around a reference
10 scenario. This reference scenario included the energy
11 consumption from the 2022 planning -- statewide planning
12 scenario. So that's our most recent forecast. This
13 includes building electrification, energy efficiency,
14 transportation, electrification and so on.

15 We examined an average weather year and applied
16 participation and dynamic pricing before event or program
17 based demand response. The load shift potential was based
18 directly on the assumptions in the Phase 4 LBNL study,
19 which projected achievable supply curves based on the
20 economic filters and current participation in existing
21 supply side demand response programs.

22 The sensitivities for the five other scenarios
23 pulled at each of these levers. So the second box
24 increased the assumptions around that load shift potential
25 from those and the LBNL study. The third box, higher

1 electrification, increased the electric demand because of
2 higher rates of electrification. And then the fourth
3 scenario did both of the previous items. You know, it had
4 higher electrification. It combined with higher load
5 flexibility assumptions.

6 In the last two scenarios, we flipped the demand
7 response hierarchy to prefer event or program-based
8 participation, before dynamic pricing.

9 And then, the very last scenario where it says
10 "Reference 1:10 weather year," we examined a slightly more
11 extreme weather year than the average one in 2 weather
12 year.

13 So looking at all of the results from these
14 scenarios, the findings suggest that the total estimated
15 potential ranges from about 5,000 megawatts to slightly
16 over 8,000 megawatts. Depending on which scenario there
17 was variability in the dynamic pricing ranges, as well as
18 the event or program-based demand response. And those are
19 shown below. But these gave us some achievable values to
20 consider for the Load Shift Goal that we showed previously.

21 Now, there needed to be a lot of discussion with
22 the agencies. The Energy Commission did this work in
23 collaboration with the CAISO and the CPUC, as the bill
24 required. And we also had a workshop in April and received
25 stakeholder input. And from that, we finalized the goal

1 and the policy recommendations to support that. Next
2 slide.

3 This is not an exhaustive list of the policy
4 recommendations. Those are all highlighted or are all
5 explained in the report. Here we're just highlighting a
6 subset of those recommendations for growing and utilizing
7 each of the load flexibility buckets.

8 So some policy recommendations for the load
9 modifying site. We have three groups here. The first
10 three bullets we support our lead dynamic pricing
11 frameworks, so the Load Management Standards are requiring
12 dynamic rates to be provided to customers. Then the CPUC
13 has put forth the CalFUSE proposal.

14 We encourage alternative rate and program
15 designs. And we believe it's important to incentivize
16 load-shifting technologies paired with dynamic rates. Of
17 course, if we can automate these load-shifting technologies
18 with the dynamic rates, we get the greatest potential for
19 load shift.

20 So that brings us to the second group of bullets,
21 where it says, "Deploy information infrastructure to
22 support load shifting." One key piece here is the MIDAS
23 database. So it's the market informed database for the
24 dynamic rates, any real-time pricing, and it gives one
25 location or one repository for all of those rates.

1 And then if we have flexible appliances such as
2 those being put forth with under SB 49, with the Flexible
3 Demand Appliance Standards, the more flexible appliances
4 exist, the more of those come into homes and other
5 buildings, they can then be automated to pull and respond
6 to those rates directly. So they change their performance
7 and give you automatic load shift.

8 Lastly, we proposed some pilot program
9 development. That of course also needs to include robust
10 measurement and compensation protocols. Because if we
11 don't measure exactly what we're getting for what we're
12 compensating, then maybe there needs to be some change made
13 with the pilot program before it becomes a full-blown
14 program that we rely on. Next slide, please.

15 So here we have some policy recommendations for
16 the second bucket, Resource Planning and Procurement. We
17 chose to highlight the ones that are recommending new ways
18 of doing things, as opposed to making small tweaks to an
19 existing framework or doing a set.

20 First, adopt an incentive-based capacity
21 valuation approach. Second, explore a centralized
22 competitive demand response procurement process. And
23 third, include an adder on wholesale market revenue. Next
24 slide, please.

25 For the final bucket, Incremental and Emergency,

1 we're recommending various pilots. So approaches to
2 compensate incremental capacity delivered under critical
3 conditions, or a pathway for behind-the-meter energy
4 storage and other short-duration load shifting resources.
5 And the goal here is to then periodically reassess their
6 role in the emergency bucket.

7 So some of these emergency resources or some of
8 these piloted programs might be found to be very reliable.
9 Perhaps one can count on them in other situations and not
10 just emergency situations, and then they can be moved to
11 one of the other buckets. Final slide, please.

12 So staff proposes adoption of the Load Shift
13 Goal. And I want to thank you from the Energy Commission
14 team: Cynthia, Eric and myself, for your consideration.
15 I'm available to answer any questions.

16 CHAIR HOCHSCHILD: Well, thank you so much,
17 Ingrid. That's a terrific presentation and a really
18 exciting milestone on our energy journey. We've never done
19 this before.

20 So with that, let's go to public comment on Item
21 8.

22 MS. BADIE: Hello, again. This is Mona Badie,
23 the Public Advisor at the California Energy Commission.
24 The Commission now welcomes public comment on Item 8.

25 To notify us you'd like to make a comment, if

1 you're online please use the raise hand icon on your
2 screen. To notify us and if you are joining us by phone,
3 please press *9 to raise your hand. Just giving that a
4 moment.

5 All right, we have one hand raised. Call-in User
6 2 I'm going to open your line, please state and spell your
7 name for the record. We ask that you limit your comments
8 to two minutes. I'm opening your line.

9 MR. UHLER: Hello, Commissioners. This is Steve
10 Uhler. I'm interested in finding out when the Commission
11 can go to five-minute scheduling instead of an hour,
12 replacing volt amps instead of watts in all the
13 calculations.

14 Also for the loads, factor in power factor,
15 leading and lagging for each load.

16 And when will power factor data from smart meters
17 be available.

18 There's also mention of MIDAS. Now I'm
19 attempting to use MIDAS. But I find that it doesn't
20 download properly. There's people deciding that people
21 can't access it in certain ways. I'd like to know when
22 MIDAS will be ready, available for this use.

23 Now, I'm finding a lot of people don't understand
24 power factor. But possibly you've noticed if you go to the
25 beach the wave comes up and some of that energy is stored

1 up on the beach. And then if you stand right at the
2 waterline, you can feel that push, that pushing you back
3 out to sea. That's the stored energy. That value will
4 vary with temperature, even at the beach, and when you're
5 running a motor.

6 So all these calculations based on watts could be
7 off by 10, 15, even 20 percent. You could be switching out
8 loads that would be actually beneficial because they may be
9 lagging instead of leading. And if you put a lagging
10 against the leading, you can actually correct the power
11 factor.

12 So we need to pay more attention to that when we
13 come to these edges. It will be very important. So yeah,
14 definitely you need to go to five-minute data. Thank you.

15 MS. BADIE: Thank you for your comment.

16 I don't see any other raised hands. Chair, back
17 to you.

18 CHAIR HOCHSCHILD: Okay, thank you. Let's go to
19 Commissioner discussion on Item 8. I'll turn it over to
20 Vice Chair Gunda.

21 VICE CHAIR GUNDA: Thank you, Chair. I just want
22 to begin by saying how grateful I am to the staff. Ingrid
23 from our team here at CEC, Cynthia Rogers, Ida who is a
24 Supervisor in the Energy Assessments Division. Just a
25 really big thanks to the team here.

1 This would not be possible without Commissioner
2 McAllister and his team. So especially David Johnson,
3 Morgan Shepherd, who contributed to this, so thank you to
4 both of them. President Reynolds who was actively involved
5 in helping support the development of the goal from PUC,
6 the CPUC Energy Division staff specifically Dan Busch,
7 Aloke Gupta and Simon Baker who were critical. CAISO
8 staff, Cristy Sanada. And big kudos to Advisor in our
9 office, Erik Lyon, who has been working on the demand side
10 issues for the last two-and-a-half years in a variety of
11 different forms. So thank you, a big thanks to Erik. But
12 there are so many other people who have contributed. So
13 thank you, thank you all including Aleecia and David Urn,
14 and the management at ERE. (phonetic)

15 And I just wanted to make a few high-level points
16 of the importance of this goal setting process. So the
17 load flexibility, obviously, as all of us know plays a
18 critical role in California's clean energy transition.
19 Especially to see that it can really change the amount of
20 resource built on the bulk side and the way we build it and
21 how efficiently we build it.

22 So by embracing the Load Shift Goal in demand
23 response, we can maximize the potential of existing
24 resources, definitely reduce the amount of greenhouse gas
25 emissions, and also achieve a more resilient, affordable,

1 and reliable system that benefits all residents in
2 California.

3 So we really appreciate the collaboration between
4 CEC, CPUC and CAISO as Ingrid noted, this was done jointly
5 as much as possible together. And it's important to note
6 that we all: CPUC, CEC and CAISO have very unique
7 perspectives. One is trying to keep the lights on managing
8 the grid. One's trying to make sure that the ratepayers
9 impacts are not overblown and the affordability is really
10 put in place. And we have the opportunity to think big,
11 ideate, envision stuff, because we don't have the necessary
12 regulatory constraints.

13 So I think the three of us make a really good
14 team on kind of making sure all elements are brought
15 together. So I just wanted to congratulate the joint team.
16 And I think I'm committed to working closely with our
17 partners in CPUC. And I'm sure Commissioner McAllister is
18 going to touch on the rates. So I'm going to just jump
19 away from that.

20 I think it's important to note that there are
21 three specific paradigms that Ingrid noted. The load side.
22 The kind of demand modifying or load modifying element,
23 which we currently do. We do a load forecast. And then we
24 make sure we understand what the rate design is doing to
25 change the load down at different times. And then we call

1 it.

2 But given that we have and incredible amount of
3 electrification coming, both in transportation and
4 buildings and potentially in industrial and ag sector, this
5 really represents a huge amount of opportunity for really
6 optimizing the grid by making sure we optimize the demand.
7 So we have a really good opportunity here. And I think
8 there's a lot of opportunities in terms of LMS and the Load
9 Management Standards that Commissioner McAllister has been
10 leading in the data that we have to really work with PUC.

11 And also from a reliability planning and the
12 resource planning, so the second and the third buckets that
13 Ingrid mentioned. We have a couple of issues here that we
14 need to think about as a community and as a state. So what
15 is the baseline from which we think about demand
16 flexibility, right? So that kind of having a standardized
17 baseline and standardized accounting really becomes
18 important.

19 And two, how long can you rely on this resource?
20 For some resources could provide us benefit for like an
21 hour, or half an hour, and some could probably provide a
22 benefit for five hours. As we move forward we need all of
23 them. So it's about figuring out what types of -- what
24 kind of performance is acceptable from a resource planning
25 perspective, and what is acceptable from an emergency

1 planning perspective. And I think that's what Ingrid tried
2 to frame is you have these resources some part of those
3 resources will ultimately become a part of IRP and resource
4 planning. And part of them will become incremental.

5 And one important part there is it's really
6 ratepayers. So it comes down to what amount of load
7 flexibility is going to be borne by the ratepayers, and
8 what should be socialized beyond that. Whether it's coming
9 from a general fund, whether it's coming from some way of
10 socializing at CAISO, whatever the strategy might be, it's
11 important.

12 And the second thing I want to make sure this
13 really provides us is the opportunity to standardize demand
14 response. One of the hardest issues with the demand
15 flexibility is, depending on the program, we use different
16 baselines. And this gives an opportunity for us to call us
17 as a state to say, this is the way we're going to approach
18 valuing demand of flexibility moving forward and this is
19 how we're going to structure.

20 And finally the 7,000 megawatts, which is a
21 doubling goal, is the statewide goal, obviously CPUC
22 jurisdictional entities is only 75 percent of that. So we
23 have another 25 percent coming from the POUs and other
24 entities. So it's a statewide effort as we move forward.

25 For me, I'm incredibly excited with just moving

1 this ball forward, and setting the stage for
2 operationalizing this doubling of the goal. I think as
3 most of us have seen, last year on September 6th, the
4 (indiscernible) electrical was out and then we dropped
5 2,000 megawatts of load. And that could be a voluntary,
6 monetized by the customer in the end.

7 So I think we need to figure out what the
8 programs are, how do we automate it so it's simple. And
9 how do we make sure it doesn't create discomfort for the
10 consumers in the end? So I think we have an incredible
11 opportunity.

12 I again want to elevate Commissioner McAllister
13 and his years and years of work on this. This didn't
14 happen on its own. It's coming on the shoulders of years
15 of work from Commissioner McAllister. And really, again
16 want to thank CPUC for their collaboration in figuring out
17 how to articulate this report. So looking forward to
18 continuing work.

19 Ingrid, again, thank you to you. Your work,
20 you've set this up and we'll move forward. Thank you for
21 that.

22 I'll pass it on to Commissioner McAllister.

23 CHAIR HOCHSCHILD: Yeah, please go ahead.
24 Commissioner McAllister?

25 COMMISSIONER MCALLISTER: Thanks, Vice Chair

1 Gunda. I feel like we've done a bit of a mind meld on
2 this, which is super gratifying. I think, unfortunately,
3 if I continue with that metaphor probably you're a Captain
4 Kirk and I'm Spock, which I'm not sure I like that.

5 But I really want to congratulate staff on
6 bringing this report forward, so --

7 CHAIR HOCHSCHILD: Wait, sorry. Who is Spock and
8 who is Captain Kirk here? (Laughter.)

9 COMMISSIONER MCALLISTER: Yeah, no. I'm going to
10 move on. But I think you can sort of feel my excitement
11 here. So maybe that means I'm not Spock.

12 But I think this is, as Vice Chair Gunda said
13 this is a long, long time coming. We're really moving I
14 think into kind of a truly -- a phase in which we're truly
15 organically integrally developing demand side resources,
16 load side resources, well load side, load as a reliability,
17 or resource in the full sense of the word, so that it can
18 inform planning. And so that can really help us as Vice
19 Chair said optimize the grid going forward.

20 We are going to face lots of upward cost
21 pressures on rates. And I think this is one of those key
22 areas where we can create important downward cost pressures
23 -- downward pressure on energy costs. And we do that by
24 improving load factors and optimizing the use of the grid.
25 And it's a huge opportunity, as we have all this

1 electrification investment happening. Literally hundreds
2 of billions of dollars in advanced electric technologies on
3 the load side over the coming decades. And so that is a
4 generational opportunity that really is just hard to
5 overstate.

6 And with all the other activities that Ingrid
7 highlighted, like the Load Management Standards, like the
8 Flexible Demand Appliance Standards, and even in the
9 Building Code itself, really consistently creating
10 opportunities to express and value these load-based
11 resources in a consistent way.

12 And so that really is something that California
13 is leading on, I think our vision is absolutely appropriate
14 for today and the future. And so I'm really excited. The
15 way this report, I think in this activity fits in, is
16 really redefining load-based resources, redrawing this
17 landscape so that it's much more rational and so that it
18 really is much more much clearer. And makes it possible to
19 show where the value is for the different kinds of load-
20 based resources, load flexibility. And allow the customer
21 -- really allow that to be monitored monetized up and down
22 the system.

23 So I just have a few comments. I want to just
24 reiterate the thanks to the PUC and the CAISO. This has
25 just been a collaborative conversation. I want to elevate

1 Vice Chair Gunda for really taking the lead on those
2 interagency conversations. I think that's been just really
3 key to getting to this goal as it's expressed in the
4 report. This is a goal.

5 Those numbers are relatively round. And they are
6 relatively bucketed -- large buckets with complimentary,
7 but different resources at each bucket. And so I think
8 over time, as we develop each of those resources and see
9 what succeeds, and how we can tweak programs going forward
10 those sort of sub-buckets will become defined and we'll
11 learn more about them.

12 I actually think that the number on the load
13 modification side is highly likely to be greater than that.
14 I think where the sort of inflection point has in the
15 hockey stick turns I think is whether that's around 2030 or
16 before after, I think remains to be seen. But as we build
17 these flexibility resources, we're going to see them scale
18 I think really, really rapidly when things really catch on.
19 And so that will happen and I think sooner rather than
20 later.

21 Dan and Logan and Simon and the whole team at the
22 PUC, Luam (phonetic) as well, I just want to thank them.
23 And Christine at the CAISO. And on my staff, Morgan and
24 David, they've been really key on this. They both came
25 over from staff in the last year or so and have been

1 involved in different pieces of this. But both have been
2 instrumental.

3 And on the Load Management Standards side. We'll
4 have an item later on in the agenda. But I wanted to just
5 thank Stephanie Wayland and Gavin Situ, and new member
6 Kenzo on that team as well, who are really doing great
7 things with Load Management Standards implementation and
8 the MIDAS tool.

9 The recommendations in this report are -- I just
10 really recommend everyone to read them. And repeatedly I
11 think, because there's a lot of content, there is a lot of
12 vision in those recommendations, and I think a lot of
13 really great joint agency work.

14 Let's see, and then PUC. Of course, that
15 integration with CalFUSE, I think is really key going
16 forward, are really going to see long-term benefit from the
17 LMS and CalFUSE ratemaking. And then the tools to express
18 that rate making and automate demand load responses to
19 automated rates, to time-based rates is going to be a key
20 way that that we grow this demand resource.

21 So let's see, so I guess the last thing, last
22 main point I want to make, is that Ingrid focused on the
23 top 100 hours, and absolutely in a reliability context.
24 And in the moment we're living right now I think that's
25 appropriate. We are talking about those peak moments, real

1 stress moments. Last year when an Amber Alert went out --
2 it's sort of that situation is what is focused everyone's
3 attention.

4 But I think these automated tools and sort of the
5 digitization of load flexibility really is going to create
6 much, much more value across all the hours of the year.
7 And so this infrastructure that is enabling this new
8 resource to happen at scale, and in a consistent and robust
9 way, is going to just provide grid operators with all sorts
10 of flexibility and targeted flexibility. By sub-lab, by
11 service territory by in a much more targeted and optimal
12 way. And it's going to enable much, much improved use of
13 the grid, from the distribution level all the way up to the
14 transmission level. So that's super exciting. Again, it's
15 something that will unfold over the coming few years.

16 And then I think we'll see where all this
17 opportunity comes to the floor. But in any case, really
18 this massive investment in electrification, on the
19 transportation side, on the building side, can be
20 accompanied by the technologies and the processes and the
21 tools to really help the grid be all it can be. As we
22 confront and try to integrate as many renewables as
23 possible. So just really excited about where this is
24 coming and where this is going.

25 I want to highlight another thing that the Vice

1 Chair said, just about the rigor. The methodological
2 challenges, I certainly don't want to dismiss those. So
3 having essentially what you're doing with in load
4 modification resources is changing the shape of load over
5 time. And eventually that expresses itself into the actual
6 forecast, in a changed load shape. You're changing load
7 day in and day out. So eventually the statistics are going
8 to come out with a different load shape. As that happens
9 it permeates throughout the whole state.

10 But the showing that has taken place, and really
11 having that long view and establishing a rigorous way to
12 quantify, that is something we need to work together with
13 the PUC on and really make sure that we're being
14 accountable. And it's not just hand waving, it's actually
15 rigorous. And it's a resource that's quantifiable and has
16 value.

17 So that's the final kind of point that I wanted
18 to make. But just really excited about this and the
19 platform to really move this resource into the modern era
20 in a way that can really help us achieve our goals over the
21 medium and long term.

22 So thanks to the staff again, for a great report,
23 and I'm really supportive of this item.

24 CHAIR HOCHSCHILD: Well said.

25 Let's go to Commissioner Monahan.

1 COMMISSIONER MONAHAN: Well I just want to
2 emphasize some of the points that Vice Chair Gunda and
3 Commissioner McAllister have made about the importance of
4 capitalizing on load shifts.

5 And Chair, you're always saying that we need EVs,
6 electric vehicles to be good citizens of the grid. And
7 this is something I think about a lot. How do we make it
8 easier for people to charge their vehicles at the right
9 time of day? So they can literally run their vehicles on
10 sunshine. We can provide downward pressure on rates. And
11 we can make sure that we are moving towards a 100 percent
12 clean energy system that's safe, affordable, reliable.

13 And I do worry about this with transportation
14 electrification. Because, just as I told Ingrid when she
15 gave me the briefing, just anecdotally I have friends who
16 are teaching at UC Berkeley, PhDs, and they can't charge
17 their vehicle (indiscernible) on chargers (indiscernible)
18 it's really easy. So we need, as Commissioner McAllister
19 said that, we need tools that make it really easy for
20 people to capitalize on hourly dynamic pricing.

21 And we need to make sure that we're sending the
22 right signals to the investor community, to the business
23 community, about developing these tools. And setting load
24 shift goals are part of this whole bigger ecosystem of
25 investments that we are trying to stimulate in the business

1 community to make it really easy to meet our load shuffles,
2 to charge our vehicles at the right time of day, to
3 electrify buildings, and capitalize on load shift
4 capabilities.

5 So just excited to support this and all the work
6 that's happening across all the energy agencies to make
7 this happen.

8 I would also like to say, I would love a briefing
9 when the CPUC passes CalFUSE to just better understand how
10 the all the pieces fit together. So I know, Ingrid, you
11 had told me that this report is every two years we're going
12 to be evaluating this. But I would suggest that this is
13 important enough that we periodically have briefings on
14 just where we are and what other agencies are doing to help
15 capitalize on this opportunity.

16 CHAIR HOCHSCHILD: Thank you so much,
17 Commissioner.

18 Commissioner Gallardo, did you want to make any
19 comments?

20 COMMISSIONER GALLARDO: I did, but I saw Vice
21 Chair Gunda raise his hand. Do you want to respond? I'll
22 say something different.

23 VICE CHAIR GUNDA: No, no. Please go ahead and
24 then I just have a --

25 COMMISSIONER GALLARDO: Okay. Mine are quick.

1 Well, I wanted to commend Commissioner McAllister
2 and Vice Chair Gunda on the collaboration with the other
3 entities working in this energy space, our peer agencies,
4 and others. It's just fantastic to see that happening.
5 And with the importance of this, we have to do it that way.
6 And I just appreciate what great ambassadors you are for
7 us.

8 And then also I want to celebrate what you said
9 at the beginning, Vice Chair Gunda. It's about all of us,
10 all Californians, and just making sure that's being taken
11 into account how that affects everyone from folks who are
12 low-income disadvantaged to others who are wealthy and
13 whatnot. So what Commissioner Monahan was saying about
14 helping educate everybody, so from our PhDs all the way
15 over to the other spectrum, and me in the middle. So again
16 thank you so much for all of that.

17 And to the staff, I also got a briefing. I was
18 just so impressed with all of the various components that
19 go into this and how much thought there was, and heart too.
20 So thank you, Ingrid, Eric, and others who were working on
21 this. I'll turn it over to you, Vice Chair.

22 VICE CHAIR GUNDA: Thank you, Commissioner
23 Gallardo.

24 Just I think a couple of points I just wanted to
25 react to that Commissioner McAllister mentioned. I think

1 the resource, when we talk about it as a reliability tool,
2 could also be a significant tool in winter as we move
3 forward. Especially given what we experienced in January
4 with the incredible price spikes in the natural gas. I
5 mean, if it so happens that the demand flexibility could be
6 cheaper then you could deploy that before you deploy gas
7 that might be expensive, because of the natural gas prices.

8 So I think it's an important element to think
9 about comprehensively. And kind of another element I
10 think, Ingrid for you and the technical team specifically,
11 it is so important for us to establish the baseline, right.
12 I mean, the baseline could be anything. The baseline could
13 be what is the counterfactual to what we're trying to
14 achieve. Is the counterfactual a single rate across all
15 hours? Is it for x either up one in two, heat, or what is
16 it?

17 So I think having this ongoing work on
18 standardizing that baseline and that will give us the
19 opportunity to develop this in a comprehensive competitive
20 market that could be really performance driven. Again if
21 we are turning on a diesel bug to keep the lights on, and
22 we are willing to pay \$2,000 per megawatt hour plus
23 mitigation, yeah let's pay that to demand flexibility, to
24 achieve the same, if we are able to.

25 But again it's important then to establish that

1 they perform. It's easier on the virtual power plants like
2 a storage or something else to be deployed. How do
3 consumers behave during the time? What is the right
4 incentive? What's the mechanism of communication? So I
5 just wanted to lay that out.

6 And on a final note, Commissioner McAllister, I
7 absolutely see you as a Vulcan. I can't tell which Vulcan
8 you are. (Laughter.) I have to tell you, my application to
9 the Vulcan Academy was rejected. I was not seen as
10 helpful. I love the Star Trek response. I'm a big Star
11 Trek fan, and I would just give the "Live long, and
12 prosper."

13 CHAIR HOCHSCHILD: I have to say, I take great
14 comfort knowing my colleagues have all these additional
15 powers. That's great.

16 Commissioner McAllister, did you want to --

17 COMMISSIONER MCALLISTER: Just really -- yeah,
18 really quickly. So I neglected to thank Guidehouse
19 actually, because they provided some key technical support,
20 and their deep expertise on this was very helpful. So just
21 I want to commend them for help, their assistance with
22 staff. A lot of analysis behind this report.

23 And then also I wanted to elevate just the idea,
24 the fact that we have to bring customers along. And just
25 to Commissioner Gallardo and Commissioner Monahan's points

1 about inclusion.

2 There's a lot of opportunity for automation. So
3 sort of set and forget it when we get a bunch of appliances
4 that have native load flexibility to plug in. They get a
5 signal. They modulate and nobody -- it's all sort of under
6 the radar. And people get the service they want and it's
7 all cheaper, and it helps optimize the grid. And so that's
8 the sort of the gold standard.

9 But it has to be simple. It has to work with
10 rates that people understand. You know, and it likely in
11 many cases, not all, it's going to be mediated by third
12 parties that have programs that help customers participate.

13 And so all of those details of how this rolls
14 out, all of those sorts of programmatic, structural kind of
15 issues, we certainly have to collaborate across the
16 agencies to figure out, and make sure that it works for
17 actual people across the state. Because without that it's
18 not going to work. And it's not going to spread the
19 benefits of all this as widely as they need to be.

20 So anyway I'm super excited about all of this.
21 Tons of tons of potential, just amazing potential. And you
22 know this is a place where the world is looking at us as
23 the innovator. I think that's very clear. And the MIDAS
24 Database is something that's going to have traction far
25 beyond California, as a way to go about this. So really,

81

1 really appreciate all the work across the Commission.

2 CHAIR HOCHSCHILD: Well, thank you. Thank you all
3 for those comments.

4 VICE CHAIR GUNDA: Chair?

5 CHAIR HOCHSCHILD: Yeah?

6 VICE CHAIR GUNDA: I just wanted to thank also
7 Drew. He has been behind the scenes working with
8 Guidehouse to do a lot of this work. So just a big thanks
9 to Drew as well on this journey.

10 And I think one point we need to elevate is the
11 way we talk about demand flexibility. There is kind of
12 this sense that somehow we are forcing people to turn off
13 the lights. No. I mean like right now we have the
14 opportunity for people who want to monetize. So it's
15 important that load flexibility truly becomes voluntary in
16 nature, while being automated, so people don't have to
17 actively decide every single minute what to do. That they
18 can put their preferences in, and it's automated to make it
19 a voluntary program to support the grid, and monetizing the
20 value that they've invested in. I think that's the message
21 here and we want to continue to reinforce that message.

22 CHAIR HOCHSCHILD: Yeah, well said. Thank you,
23 Vice Chair. Thank you, Drew. Thank you, Ingrid and the
24 whole team, Commissioner McAllister.

25 I have been a part of a lot of or witness to a

1 lot of California goals getting set. Building solar roofs,
2 one-and-a-half million zero emission vehicles, 33 percent,
3 50 percent, 100 percent RPS to 5 million electric vehicle
4 goal. And many of these we have blown through and gotten
5 to. My view is you don't get anything without having a
6 goal first. And so this is sort of a really big day
7 actually. We've never had a load flexibility goal. And as
8 a fraction of our peak load this represents 13 percent of
9 that. So it's a big number.

10 And so I would say it's one of the most
11 important, least sexy state goals that we've established.
12 But it really is, you know the future runs through the
13 electric lines more than pipes. We know that the
14 electrification of everything is well underway. And
15 supporting grid reliability while reducing emissions is
16 absolutely paramount. That's the big challenge. And we
17 are punching below our weight on this question and have
18 been for a long time. So this is a really exciting
19 opportunity. I absolutely believe we can and will rise to
20 the challenge. But this is like the first big thing to set
21 this goal.

22 And I want to just thank the Governor and the
23 Legislature for directing us to do this. And to be in
24 partnership with the PUC and the ISO and our other partners
25 around the state on bringing this to fruition. I

1 absolutely believe we can and will hit and ultimately
2 surpass this goal.

3 But this is a big milestone, because I just don't
4 think as a state we focus the way we need to until we have
5 a goal. And that really dictates a lot of actions to
6 follow. So I'm just incredibly proud of the team and the
7 diligence. And Ingrid, your presentation was fantastic.
8 And really within this, I mean especially focusing on the
9 automated part of the load flex, that's really where we
10 want to drive to. I think that's what will make the system
11 really friction free.

12 So this is a big day. It's a big vote. I just
13 am incredibly proud to be a part of it. And just again
14 thank you to Vice Chair Gunda, Commissioner McAllister, all
15 the team, all the staff, Drew, and everyone else.

16 And with that, I'd welcome a motion on Item 8
17 from Vice Chair Gunda.

18 COMMISSIONER MCALLISTER: I wanted to make
19 actually one other comment just --

20 CHAIR HOCHSCHILD: Okay.

21 COMMISSIONER MCALLISTER: Just really quick. So
22 yeah just I guess that's reinforcing the Vulcan theme here.
23 The least -- I have the least sexy items in my portfolio.
24 So but I think to your point this is actually intimately
25 woven in with our electric vehicle goals. You know, big

1 numbers that we're blowing past. Our heat pump goals, 6
2 million by 2030. Each of those heat pumps needs to come
3 with native load flexibility that plugs into the system to
4 automate it.

5 And so we're working feverishly on standards
6 really across the board to help really wake up this
7 potential and put it out there in actual equipment across
8 the state. And so this is one piece of that overall
9 strategy, but it's really a cornerstone of it. So I'm
10 really excited to be making this decision. And thanks for
11 all your support as well. It's really momentous, I agree.

12 CHAIR HOCHSCHILD: Yeah, absolutely.

13 With that, I'd welcome a motion on Item 8 from
14 Vice Chair Gunda.

15 VICE CHAIR GUNDA: Thank you, Chair. Yes, I'm
16 happy to move Item 8.

17 COMMISSIONER MCALLISTER: Second.

18 CHAIR HOCHSCHILD: Second by Commissioner
19 McAllister.

20 All in favor say aye. Vice Chair Gunda.

21 VICE CHAIR GUNDA: Aye.

22 CHAIR HOCHSCHILD: Commissioner McAllister.

23 COMMISSIONER MCALLISTER: Aye.

24 CHAIR HOCHSCHILD: Commissioner Gallardo.

25 COMMISSIONER GALLARDO: Aye.

1 CHAIR HOCHSCHILD: And Commissioner Monahan.

2 COMMISSIONER MONAHAN: Aye.

3 CHAIR HOCHSCHILD: And I vote aye as well. Item
4 8 passes unanimously. Thank you, Ingrid. Thank you, team.

5 With that, we'll turn to Item 9, California
6 Schools Healthy Air, Plumbing, and Efficiency Program
7 (CalSHAPE).

8 MR. VELAZQUEZ: Good morning, Chair and
9 Commissioners. My name is David Velazquez, and I work in
10 the School Stimulus Branch of the Reliability, Renewable
11 Energy and Decarbonization Incentives Division. I will be
12 providing a brief background of the California Schools
13 Healthy Air, Plumbing and Efficiency Program or commonly
14 known by its acronym CalSHAPE. I will also be seeking your
15 approval of the third edition guidelines based on the
16 changes described later in the presentation. Next slide,
17 please.

18 CalSHAPE is comprised of two grant programs: the
19 Ventilation and Plumbing Programs.

20 The Ventilation Program provides grants to
21 assess, maintain, and repair or replace ventilation
22 systems. The Plumbing Program provides grants to replace
23 aging and inefficient plumbing fixtures and appliances.

24 Program benefits to California include improving
25 indoor air quality in classrooms, aiding underserved

1 communities, creating high-paying jobs, increasing energy
2 efficiency, and reducing greenhouse gas emissions on school
3 campuses. Next slide, please.

4 CalSHAPE was enacted with the passage of Assembly
5 Bill 841, in September 2020 and guidelines for both
6 programs were adopted by the Commission in June 2021.

7 In its initial phase, the Ventilation Program has
8 offered grants, which provide funding for HVAC assessment,
9 maintenance, and the completion of an assessment report, as
10 well as funding the installation of air filters and CO2
11 monitors.

12 Due to the short timeframe that we were required
13 to begin administering this program, the first edition
14 guidelines focused on assessment and maintenance, with the
15 provision that upgrades and repairs of HVAC systems would
16 be addressed at a future phase.

17 The Ventilation Program guidelines were last
18 updated in June 2022 and so with this latest guideline
19 update, CalSHAPE plans to offer grants for HVAC repairs,
20 upgrades, and replacements. Next slide, please.

21 Through the first four funding rounds, over 600
22 LEAs have applied to the Ventilation Program with
23 approximately \$450 million being requested. This results
24 in close to 40 percent of the schools in the state, that
25 have been included in applications.

1 The program also prioritized underserved schools
2 in the initial launch. We define the full list of
3 underserved schools in our guidelines. But a couple of
4 examples are a community in which at least 75 percent of
5 public-school students in the project area, which are
6 eligible to receive free or reduced-price meals under the
7 National School Lunch Program, as well as a community
8 located on lands belonging to a federally recognized
9 California Indian Tribe. This has resulted in over 50
10 percent of our funds being awarded to schools that are in
11 the most need of support.

12 We're also pleased to report that 49 of 58
13 counties across the state include a school with at least
14 one CalSHAPE application. Next slide, please.

15 Program funding comes from the large gas and
16 electric utilities' energy efficiency rolling portfolio
17 funds.

18 The overall Ventilation Program budget is
19 estimated to be close to \$550 million with the potential to
20 be higher. Additionally, although the funds are collected
21 for three years, the statute allows the CEC to administer
22 the program through December 2026.

23 The third edition guidelines will add a new phase
24 of upgrade, repair and replacement grants, with an
25 estimated \$125 million available for use. This comes from

1 the \$20 million in funding allocated from the Greenhouse
2 Gas Reduction Fund in addition to the unspent Ventilation
3 Program funds from Funding Round 4, along with funds not
4 claimed for assessment and maintenance grants in Round 5,
5 which will also be available to fund upgrade and repair
6 grants. Next slide, please.

7 The most significant update in the third edition
8 Ventilation Program guidelines incorporates a new phase of
9 program funding for upgrade and repair grants, or U&R for
10 short. In this new phase, an LEA that has completed a
11 CalSHAPE Assessment and Maintenance Grant project may apply
12 for additional funding to make repairs, upgrades or
13 replacements.

14 Similar to the initial launch of the program,
15 eligibility for U&R grants will be prioritized to schools
16 located in underserved communities.

17 Other updates in the third edition guidelines for
18 the Ventilation Program include eligible electric
19 equipment, the reimbursement process, acceptance testing
20 requirements, and equipment disposal requirements.

21 The changes proposed are a result of staff's
22 efforts to continue to engage with stakeholders and solicit
23 feedback.

24 To ensure transparency and inclusivity, an open
25 public process was initiated. At the start of this year, a

1 public workshop was held to facilitate discussions and to
2 explain various components or aspects of the U&R Grant
3 Program. We also shared the revised guidelines with the
4 public for review and comment. Acknowledging the feedback
5 received, a second version of the draft guidelines was
6 posted and now is being shared with you.

7 Our goal was to make changes that will allow A&M
8 grant award recipients to not only address HVAC system
9 deficiencies that were identified but also to assist in
10 meeting the state's ambitious goal of carbon neutrality.
11 Next slide, please.

12 In closing, I'd like to thank Division staff,
13 staff from the Chief Counsel's Office, staff from the
14 Public Advisor's Office, and the advisors from Commissioner
15 McAllister's and Chair's office for their continued support
16 and guidance.

17 Finally, I'd like to recognize and thank all of
18 the stakeholders who have participated in this process.

19 Staff is recommending the Energy Commission
20 approve the Third Edition CalSHAPE Ventilation Program
21 Guidelines. Staff is also recommending the CEC approve the
22 determination that adoption of these guidelines is exempt
23 from CEQA.

24 This concludes staff's presentation, and I am
25 available to answer any questions you may have.

1 CHAIR HOCHSCHILD: Thank you so much. Great
2 presentation, David.

3 Let's go to public comment on Item 9.

4 MS. BADIE: Hello, this is Mona Badie again, the
5 Energy Commission's Public Advisor. The Energy Commission
6 welcomes public comment on Item 9 at this time. If you are
7 on Zoom, you can use the "raise hand" feature on your
8 screen to notify us. And if you're on the phone, please
9 press *9 to raise your hand and notify us if you'd like to
10 make a comment on this item. Just giving that a moment.

11 Chair, I'm not seeing any raised hands back to
12 you.

13 CHAIR HOCHSCHILD: Okay, let's go back to
14 Commissioner discussion began with Commissioner McAllister.

15 COMMISSIONER MCALLISTER: Well, great. Well,
16 thank you, David. Great presentation. I am totally
17 supportive of this item.

18 And just a little bit of context here. You know,
19 this group that's developed and running this program is
20 made up of experts from other programs from previous
21 iterations of different programs across the Commission.
22 And so it's just got really great DNA and a lot of programs
23 smarts. And you see that reflected in each phase, each
24 subsequent phase of the program, getting funds out there to
25 where they can do the most good.

1 And I just wanted to thank a few folks. Theresa
2 Daniels, who brought the technical review experience from
3 the RPS and has been the lead for getting the guidelines to
4 this business meeting. And is primary author and
5 responsible for coordinating across the Commission with
6 Chief Counsel's Office and the Executive Office and in the
7 Contracts Office. And Hughson Garnier, who's the online
8 system expert and HVAC technical expert, keeps the online
9 system running, and works with all the HVAC techs and
10 contractors and engineers. He just ironed out any kinks
11 that come up on projects and in the process.

12 David, who you heard from. Thanks. David is the
13 Grant Management Supervisor and oversees the application
14 process and implementation of this phase that we're about
15 to vote on. So the upgrade and repair phase.

16 And then Jonathan Fong who's just been a rock
17 throughout the evolution of the CalSHAPE program, and is
18 now the Branch Manager of the School Stimulus Branch at
19 RREDI. And then Deana, the fearless leader of RREDI just
20 really bringing both good humor and competence and just
21 really great management skills to everything under her
22 oversight, so.

23 And the Grant Award Management Unit just did a
24 great job on this and other programs through the years.
25 Rena Kastigar, O'Shea Bennett, Victor Yakshin and Kelsey

1 Knight. And then Zoilyn Edjan from the Technical Design
2 and Data Unit as well.

3 So lots of really capable hands on this update.
4 And just really happy with where this program is at, and
5 where it's going. So with that I will express my support.

6 CHAIR HOCHSCHILD: Thank you.

7 A question for David. Can you remind me, this
8 was established under AB 841. And I was just wondering if
9 we have an accurate number that this the total funding
10 within the CalSHAPE program now. It was in the hundreds of
11 millions, but I don't -- I'm just curious if we had a
12 clearer picture of the total?

13 MR. VELAZQUEZ: The total right now and still
14 again is around 750 million, so that gets updated every
15 year with some uncommitted funds. But as of right now, it's
16 still around 750 million in total.

17 CHAIR HOCHSCHILD: That is phenomenal. I mean,
18 this is just a huge, huge program. Well, tremendous work.
19 Thank you all. Thank you to the team.

20 And with that, I'd welcome a motion on Item 9
21 from Commissioner McAllister.

22 COMMISSIONER MCALLISTER: I will make such
23 motion.

24 I did want to just express this particular
25 program has some complication in that the buckets of funds

1 are kind of constantly changing. And they vary widely
2 across from utility service territory to use utility
3 service territory. So there's an accounting and kind of
4 rigor aspect to this program that is kind of unique.

5 And you know, managing expectations across the
6 state when the amounts of resources are so varied is
7 actually very challenging in a program context. And I
8 think, Chair, you appreciate that from the various
9 programs. You've been involved in: CSI and others.

10 And so, you know, the simpler this thing looks
11 from the outside I think the higher it speaks to the
12 competence of the team, really because they just make it
13 look really, really easy. So with that I'll move Item 9.

14 CHAIR HOCHSCHILD: Really, really well said. Is
15 there a second from Vice Chair Gunda?

16 VICE CHAIR GUNDA: Second.

17 CHAIR HOCHSCHILD: All in favor of Item 9, say
18 aye.

19 Commissioner McAllister.

20 COMMISSIONER MCALLISTER: Aye.

21 CHAIR HOCHSCHILD: Vice Chair Gunda?

22 VICE CHAIR GUNDA: Aye.

23 CHAIR HOCHSCHILD: Commissioner Monahan.

24 COMMISSIONER MONAHAN: Aye.

25 CHAIR HOCHSCHILD: And Commissioner Gallardo?

1 COMMISSIONER GALLARDO: Aye.

2 CHAIR HOCHSCHILD: And I vote aye as well. Item
3 9 passes unanimously.

4 We'll turn now to Item 10, Load Management
5 Standards Implementation.

6 Item 10 Load Management Standards Delay Request
7 BM Script

8 MR. SITU: Good Morning, Commissioners. I'm
9 Gavin Situ with the Efficiency Division, Existing Building
10 Branch.

11 California Energy Commission Staff and Executive
12 Director request you approve the proposed order, which
13 would grant the investor owned utilities and community
14 choice aggregators extensions of time to comply with a
15 requirement in the Load Management Standards Regulation to
16 upload their existing time-dependent electricity rates to
17 the Commission's Market-Informed Demand Automation Server,
18 or MIDAS database. I will refer to them as Joint Parties.

19 The proposed order responds to the Joint Parties'
20 April 28, 2023 request for a nine-month extension of the
21 current July 1, 2023, MIDAS upload deadline. The order
22 would also cover the four CCAs that are listed as Joint
23 Parties and filed separate requests supporting the Joint
24 Parties' extension request. That is Valley Clean Energy,
25 Central Coast Clean Energy Authority, and San Jose Clean

95

1 Energy and Peninsula Clean Energy. Next slide, please.

2 The amended LMS became effective on April 1,
3 2023. The amended LMS has four main requirements. The
4 first requirement is that utilities and CCAs shall upload
5 all time-dependent rates to CEC's MIDAS database and keep
6 those rates updated whenever a rate changes or a new rate
7 is implemented by July 1, 2023. The Joint Parties'
8 extension request is on this requirement.

9 Second, utilities and CCAs will implement a
10 single, statewide, standard method for providing automation
11 service providers with access to their customers' rate
12 information.

13 Third, utilities and CCAs will be required to
14 develop opt-in retail electricity rates that change at
15 least hourly to reflect locational marginal costs and
16 submit those rates to the utility's governing body for
17 approval.

18 And fourth, utilities and CCAs will be required
19 to integrate information about time-dependent rates and
20 automation technologies into existing customer education
21 and outreach programs. Next slide, please.

22 MIDAS is designed to provide mass market demand
23 flexibility through responsive automation. It provides
24 centralized access to all time-varying rates from included
25 utilities and CCAs to California customers. The utilities

1 and CCAs will upload and maintain all time-dependent rates.
2 Customer devices and third parties like aggregators and
3 automation service providers will be able to reduce or
4 shift energy usage to when electricity is less expensive.

5 It is a key piece of load flexibility
6 infrastructure that California urgently needs. It will
7 ensure the resiliency of California's electric grid, reduce
8 carbon emissions, and reduce the energy burden of
9 Californians. Next slide, please.

10 The California Energy Commission adopted the
11 amended Load Management Standard after a careful and
12 thorough rulemaking process dating back to January 2020,
13 engaging a wide range of stakeholders. Staff held a
14 scoping workshop on amending the Load Management Standards
15 on January 14, 2020, released the draft Staff Analysis on
16 Potential Amendments to the Load Management Standards for
17 public comment on March 25, 2021. And held a workshop on
18 the staff report on April 12, 2021.

19 CEC staff developed MIDAS before it undertook the
20 formal rulemaking, while staff was drafting the Staff
21 Analysis on Potential Amendments to the Load Management
22 Standards.

23 On August 27, 2021, CEC staff held a webinar
24 demonstrating and soliciting input on MIDAS and published
25 the instructions for connecting and interacting with the

1 MIDAS database on September 15, 2021. This documentation
2 was updated October 17, 2022, and again on April 27, 2023.

3 The original notice for the rulemaking that
4 adopted the MIDAS upload requirement and the other
5 amendments to the Load Management Standards Regulation was
6 published December 22, 2021. CEC held a 45-day comment
7 period for the proposed language and followed it with three
8 15-day comment periods for additional amendments from
9 February 2022 to September 2022. The Load Management
10 Standards' amendments were adopted at the Commission's
11 October 12, 2022, CEC Business Meeting and they took effect
12 April 1, 2023. Next slide, please.

13 Since the LMS regulations have been adopted, CEC
14 staff has been conducting extensive outreach and technical
15 support efforts. Staff convened and facilitated a
16 stakeholder working group to provide technical support to
17 regulated parties to upload their time-dependent rates to
18 MIDAS and held seven meetings through May 9, 2023. In
19 addition, staff provided tutorials and computer codes to
20 accomplish uploads and helped some Joint Parties upload
21 their rates. Next slide, please.

22 The order responds to the Joint Parties' April
23 28, 2023, request for a nine-month extension of the current
24 July 1, 2023, MIDAS upload deadline.

25 Staff evaluated the Joint Parties' request

1 according to the requirements and process established in
2 the LMS regulations. Staff believes that while the Joint
3 Parties did not justify the need for a nine-month delay,
4 two targeted shorter extensions of time can address any
5 technical feasibility issues the Joint Parties may be
6 facing in uploading their rates to MIDAS.

7 In its evaluation, staff considered the
8 information supporting the Joint Parties' request and such
9 things as the importance of MIDAS to California's load
10 flexibility goals, the length of time the MIDAS requirement
11 has been known, and staff's extensive outreach efforts and
12 compliance assistance efforts to build MIDAS and implement
13 the LMS regulations successfully. As indicated earlier,
14 the MIDAS upload requirement have been available to the
15 regulated parties since December 2021, over 18 months ago.
16 Next slide, please.

17 CHAIR HOCHSCHILD: Hey, sorry to interrupt. I
18 unfortunately had to leave the meeting a little early to
19 get on the road. Vice Chair Gunda, I'll just turn it over
20 you to finish out these items and I'd vote in support of
21 this item. Thanks.

22 MR. SITU: Thank you.

23 Staff's initial recommendations to the Executive
24 Director and the Commission address two issues, surrounding
25 MIDAS uploads staff and Joint Parties have encountered in

1 their efforts to implement the regulation.

2 The first issue concerns the way electricity
3 rates are “bundled” for CCA customers. For these
4 customers, CCAs provide the generation portion of the rates
5 and IOUs provide the transmission and distribution portion.
6 Under staff’s initial recommendation, IOUs and CCAs would
7 upload only the rates they are responsible for by August 1.

8 The second issue involves how to upload rates
9 that are affected by rate modifiers, such as CARE
10 discounts. Staff has been working with the regulated
11 parties and has made significant progress to address the
12 issue. Under staff’s initial recommendation, the deadline
13 to upload rates with rate modifiers would be extended to
14 October 1.

15 These modest extensions of time would address any
16 technical feasibility issues that the uploads may pose.
17 Next slide, please.

18 After the initial proposed order was posted on
19 May 19, 2023, staff received input from Pacific Gas &
20 Electric, San Diego Gas & Electric, Southern California
21 Edison and California Community Choice Association. Based
22 on that input, staff amended the proposed order with the
23 following changes. First, minor clarifications were added
24 to the initial one-month extension for base rates uploads.
25 Second, the deadline to upload rates with rate modifiers

1 would still be extended to October 1. Third, the deadline
2 to upload two specific hourly rates from San Diego Gas &
3 Electric that require automation development would be
4 extended to April 1, 2024.

5 Following the process in the regulation, the
6 Executive Director reviewed and concurred with the staff's
7 analysis and made the determinations and recommendations
8 contained in the document and proposed order before you.
9 Staff and the Executive Director request your approval of
10 this order.

11 Thank you. Attorney Kirk Oliver and I are happy
12 to answer your questions. Thank you.

13 VICE CHAIR GUNDA: Thank you, Gavin.

14 We will now move to public comment.

15 MS. BADIE: Thank you. This is Mona Badie, the
16 Public Advisor. The Commission now welcomes public comment
17 on Item 10 of the agenda. If you are online, you can use
18 the raise hand icon to notify us you'd like to make a
19 comment. And if you're on the phone, please press *9 to
20 raise your hand.

21 And I'm looking on to Zoom. We have two comments
22 at this time, so I'm calling User 2. I'm going to open
23 your line. Please limit your comments to two minutes or
24 less. And please also state your name and affiliation and
25 spell your name for the record before making your comment.

101

1 I'm going to open your line now.

2 MR. UHLER: Hello, Commissioners. This is Steve
3 Uhler, U-H-L-E-R. I'm really concerned. I heard that
4 there's a new MIDAS document from April, which is not
5 according to your website, so I'm concerned about people
6 being notified about changes.

7 Bear in mind ratepayers will be paying for this
8 effort. It better work. Uploading data into a database
9 that you can't download properly, at this time or maybe
10 even into the future is not a good idea. It's not stable.
11 The staff doesn't notify all users of changes and actions.

12 Nothing can be done without these, this MIDAS
13 document or MIDAS rules of access. It's not adopted yet.
14 MIDAS appears to be an embellishment on a regulation.
15 That's not appropriate to the APA. That's an underground
16 regulation.

17 At the minimum, and you should only have the LSCs
18 at this time provide the URLs to the rate schedules,
19 directly to the rate schedules. Now, unfortunately, the
20 MIDAS database is not structured in a relational way to
21 allow only the rate schedules to be uploaded. I used the
22 system on Saturday, and it started handing me 20 megabyte
23 files. It made the system entirely unusable. So once
24 again, do not have people unload stuff into a system you
25 can't -- you're not assured that they'll come out.

1 The Form 399 for this rulemaking says it's a
2 performance standard, yet you're harping over a
3 prescriptive use of a technology. You need to think about
4 that a little bit. You've told the Secretary of State it's
5 a performance standard. And now you're going prescriptive
6 heavily. This is not good. This is not a difficult task.
7 Whoever's doing this work seems -- is quite possibly hard
8 coding patches around to make it look like the database
9 works. It now --

10 MR. UHLER: Thank you for your comment.

11 We will now go to Sarah Taheri from SD&E. I ask
12 that you limit your comments to two minutes or less. I'm
13 opening your line. Sarah, your line is open. You may
14 begin your comment.

15 MS. TAHERI: Thank you. Hello, Commissioners.
16 I'm Sarah Taheri with San Diego Gas and Electric.

17 I'd like to just thank Commissioner McAllister,
18 Executive Director Bohan and CEC staff, in particular Gavin
19 and Stephanie for their work on the Load Management
20 Standards. This is a complex regulation and there are a
21 lot of moving pieces with it. But SDG&E understands the
22 interest in making MIDAS available for third parties, so
23 that we can provide price signals that could aid customers
24 in shifting load or reducing load. And this is
25 particularly important as we enter the summer months when

1 the grid is more likely to experience stress conditions.

2 Specifically regarding the proposed order that's
3 before you today, I wanted to express appreciation for the
4 additional flexibility that's provided in Finding Number 10
5 and the third condition in the conclusion. As we noted in
6 our comments, SDG&E has two hourly dynamic rates that only
7 a fraction of a percent of our customers are enrolled in.
8 And completing manual uploads into MIDAS for these rates
9 would shift on an hourly basis based on case our pricing
10 would create a disproportionately large resource burden for
11 us. So for this reason, we appreciate the CC's extension
12 on the timeline for uploading those rates until April 120
13 24, aligning with the development of an automated solution
14 to make sure that this process can go forward. And we'll
15 continue to provide updates based on the timeframes that
16 have been identified in the order.

17 Lastly, along these lines, I just generally
18 wanted to encourage regular check-ins and coordination
19 between the LSCs and CEC staff on the implementation of
20 MIDAS uploads. We think this will help with identifying
21 any potential need for further flexibility down the line.
22 And we're committed to just staying in close communication
23 with CEC staff. Thank you.

24 MS. BADIE: Thank you.

25 Next we have Paul Phillips. I'm going to open

1 your line, please state any affiliation and begin your
2 remarks.

3 MR. PHILLIPS: Good morning, Commissioners.
4 Thank you. This is Paul Phillips. I manage the retail
5 rates team at the Energy Division at the CPUC and just
6 wanted to echo SDG&E's comments as well as Gavin's and you
7 know, just express our support for this Item 10. We agree
8 that I guess nine months was too long as requested by IOUs
9 generally, although we do agree with San Diego Gas and
10 Electric that the two hourly rate schedules do merit some
11 additional time. And certainly preparation as we go
12 forward with the California's framework as well which will
13 involve the uploading of hourly rates as well. So I'll be
14 eager to see how that plays out for them over the learning
15 process as MIDAS continues to develop.

16 We agree completely that one month for time
17 variant rates generally, and three months for price
18 modifiers such as CARE is critical. I think that's plenty
19 of time for ensuring that these are uploaded quickly.
20 We'll want to move forward swiftly, as does the CEC to make
21 sure that we are getting this very critical foundational
22 database underway, which will be essential to ensuring
23 short-term and long-term reliability, as well as GHG
24 reductions in California and maximizing demand flexibility.

25 So we're very excited to have been working with

1 the CEC on the LMS Standards and just wanted to echo
2 complete support for this item. And thank you very much.

3 MS. BADIE: Thank you for your comment. That
4 concludes all the raised hands, Vice Chair, back to you.

5 VICE CHAIR GUNDA: Thank you, Mona.

6 Before I open it up to Commissioner discussion, I
7 just want to see if Linda from CCO has any comments or
8 anybody else?

9 MS. BARRERA: Good afternoon, Commissioners. I'd
10 like to invite Mike Murza who's one of the attorneys
11 meeting about this item. Before he's able to speak I do
12 want to address Mr. Uhler's comment concerning the timing
13 of the filing, or the posting of the proposed order.

14 The proposed order was posted on our CEC website
15 about nine days before the Business Meeting. In addition
16 to that we posted our revised order yesterday after we made
17 a few changes to address the comments submitted by certain
18 IOUs. And so we were responsive to those comments, and we
19 wanted to make sure the public had an opportunity to read
20 those changes prior to the Business Meeting.

21 VICE CHAIR GUNDA: Thank you so much, Linda.
22 Would you still invite Mike to speak or are we good?

23 MS. BARRERA: Yes, he joined.

24 Mike, do you have anything to add?

25 MR. MURZA: Yes, I'd just like to address the

1 issue regarding the MIDAS database and indicate that the
2 MIDAS database is an implementation tool that is a
3 repository for the data that is required to be submitted to
4 the Commission under the Load Management Standards. And
5 the Load Management Standards themselves did indeed follow
6 the requirements of the APA to be enforceable regulations.
7 And so today we're discussing the implementation of those
8 regulations, which includes the internal implementation
9 tool of MIDAS.

10 VICE CHAIR GUNDA: Thank you so much, Mike and
11 Linda. I would really appreciate you following up with Mr.
12 Uhler specifically on any concerns.

13 With that I'll move to Commissioner discussion,
14 Commission McAllister.

15

16 COMMISSIONER MCALLISTER: Great, well, thanks
17 Vice Chair Gunda. And thanks, Linda and Michael, really
18 appreciate that. And thanks to the commenters, certainly
19 Mr. Uhler and also SDG&E. And, you know, Paul and your
20 colleagues at the at the PUC, I really want to just elevate
21 you as really tremendous partners on this endeavor that
22 we're talking a fair bit about today with the Load Flex
23 Goal and now the Load Management Standards edition. And
24 the multi-agency approach really is critical to unlocking
25 this resource that we all are working to scale, so I really

107

1 appreciate the close partnership.

2 Rates are key to expressing the actual incentives
3 that we want folks to act on. And I fully support this,
4 have been involved since the parties' petition and then
5 some additional information from various parties, including
6 CCAs along the way. And I want to thank the investor owned
7 utilities for really rolling up their sleeves, and
8 implementing the Load Management Standards.

9 You know, we adopted those with time-based goals
10 for implementation and stages. And so that's what's
11 happening and that's as it should be. And I really want to
12 just come in the diligence and trying to get it right.

13 I would highlight the SDG&E sort of special case
14 of a few rates, a couple of rates that affect not that many
15 customers, but a small percentage of customers. But
16 important customers in terms of consumption.

17 And also just highlighting the fact that the
18 automation that they'll be building for those specific
19 time-based rates that need to be refreshed often, that kind
20 of automation is where we're going ultimately. And so the
21 implementation of MIDAS and the automated rates, the great
22 upload function, that is the goal to have it be automated
23 over time. And we're in the sort of initial stages of
24 uploading the rates that exist now. The utilities are also
25 in the process of beginning to develop more time-dependent

1 rates that are more disaggregated and have additional
2 location and time components. So that we can really sort
3 of help load flexibility be all it can be for individual
4 customers with appropriate rates.

5 And so this is a step forward in the overall
6 journey. And I think this petition is exactly the kind of
7 back and forth that we expected when we adopted the Load
8 Management Standards. And it just shows that that's
9 happening, that the implementation is happening apace, and
10 that the issues are coming up as they should.

11 So I think as a overall kind of understanding, I
12 think our partnership with the regulated entities, you
13 know, the investor owned utilities, the CCAs, and the large
14 Munis I think are -- publicly POU's are healthy and, you
15 know, provide a good platform for implementing further the
16 Load Management Standards.

17 So I fully support this, and just wanted to thank
18 Gavin, Stephanie Kenzo and the whole team for giving them.
19 And also CCO, certainly a number of eyes on this: Kirk, and
20 Michael and Linda, Jimmy, and the Drew as well. I know
21 he's been paying close attention to this, so really we've
22 got a great team, helping ensure that LMS gets implemented
23 apace. So thanks.

24 VICE CHAIR GUNDA: Thank you, Commissioner
25 McAllister.

1 I'm just checking if Commissioner Monahan or
2 Gallardo might have a comment? Commissioner Gallardo,
3 please go ahead.

4 COMMISSIONER GALLARDO: Just a quick comment that
5 I really appreciate how this recommendation reflects both
6 the flexibility of hearing folks out on this request for an
7 extension. And then at the same time holding firm on
8 accountability. You know, making sure that we are able to
9 get the information that we need and that things are being
10 done in a way that makes sense for us to accomplish what we
11 need to do. So thank you for that Commissioner McAllister.
12 And Gavin, great job, as well as the rest of the team. I
13 really appreciate it.

14 VICE CHAIR GUNDA: Thank you, Commissioner
15 Gallardo. I love that new hashtag, "accountability and
16 flexibility," love that.

17 And I just wanted to also just sharing my
18 gratitude, and thanks to Commissioner McAllister and his
19 leadership, and the entire team. Gavin, great
20 presentation. And Stephanie, you were called out. Thank
21 you for all the work. And I just wanted to reemphasize the
22 intersection of this item with the Load Flexibility item
23 that we just had, and how important it is to have good Load
24 Management Standards to complement what we're hoping to
25 achieve on the demand flexibility side.

1 So thank you again, Commissioner McAllister.
2 With that I will see, Commissioner McAllister, if you want
3 to move to Item 10?

4 COMMISSIONER MCALLISTER: You know, I will. And
5 I just realized I left a couple of people out that I think
6 also deserve thanks here. Heather Bird is the Supervisor
7 of the Load Management and Local Support Unit in the
8 Efficiency Division. So she has been making sure the
9 wheels turn forward on this.

10 Jen Nelson, Supervisor of the Existing Buildings
11 Branch where the Load Management and Local Support Unit
12 sits.

13 And Corinne Fishman, who's the Regulations
14 Manager for the Efficiency Division. She's really very
15 process centric, and make sure that everything's done
16 right.

17 And then Mike Sokol who is the Deputy over
18 Efficiency Division, who has been just really in the thick
19 of this. And Load Management Standards implementation
20 generally, but certainly making sure that we gave the
21 petitioners a fair hearing and that all the I's are dotted
22 and T's crossed. Thanks, Mike, for that.

23 So a great team on this and really appreciate it.
24 So with that, I'll move Item 10.

25 VICE CHAIR GUNDA: Commissioner Monahan, would

1 you second?

2 COMMISSIONER MONAHAN: I second Item 10.

3 VICE CHAIR GUNDA: Thank you. With that, we'll
4 move to the vote.

5 VICE CHAIR GUNDA: Commissioner McAllister.

6 COMMISSIONER MCALLISTER: Aye.

7 VICE CHAIR GUNDA: Commissioner Monahan.

8 COMMISSIONER MONAHAN: Aye.

9 VICE CHAIR GUNDA: Commissioner Gallardo.

10 COMMISSIONER GALLARDO: Aye.

11 VICE CHAIR GUNDA: I vote aye as well and the
12 motion moves 4-0. Thank you.

13 I think the Chair voted on this before he left
14 (indiscernible) so it's 5-0.

15 VICE CHAIR GUNDA: Oh, yes. You're right, so
16 with his voting it's a 5-0. Thank you, Commissioner
17 McAllister. The Chair voted yes as well before he left, so
18 the motion moves 5-0. Thank you.

19 With that, we'll move to Item 11, a Petition to
20 Request a Rulemaking Hearing. Thank you, I would welcome
21 Aleecia to present.

22 MS. GUTIERREZ: Good afternoon, Commissioners.
23 My name is Aleecia Gutierrez and I'm the Director of the
24 CEC's Energy Assessments Division. Next slide.

25 I'm here to provide staff's recommendation on

1 action to be taken regarding the Petition for Rulemaking
2 filed by the Western States Petroleum Association regarding
3 statutory language adopted in two different bills: SB 1322
4 that was effective on January 1, 2023, and SB x1-2 which
5 will become effective June 26, 2023.

6 The petition states a rulemaking is needed to
7 ensure the provisions of the new law are understandable and
8 workable in practice. Next slide.

9 SB x1-2 and SB 1322 have expanded the CEC's role
10 in collecting data and otherwise regulating the gasoline
11 industry. The two bills use terms and language generally
12 used in the industry and that are in many cases defined in
13 CEC's existing petroleum industry reporting regulations
14 contained in Title 20 of the California Code of Regulations
15 and in federal law.

16 In response to an earlier petition for rulemaking
17 filed January 7, 2023, staff determined that SB 1322 is
18 clear as written and can be implemented without further
19 interpretive regulations.

20 The requirements adopted in SB x1-2 are similarly
21 considered to be clear as written, and the bill itself
22 specifically states that its terms may be implemented
23 without the need for regulations.

24 The CEC is actively collecting data for SB 1322,
25 which commenced on March 1, 2023. Currently three months

1 of refiner data is available on the CEC website.

2 On May 16, the CEC held a public workshop on
3 SBx1-2 Implementation where staff presented an overview of
4 the statutory requirements, including data requirements
5 that go into effect on June 26, 2023. Staff will begin
6 collecting data required under SBx1-2 when the statute goes
7 into effect.

8 As we collect the SB 1322 data and prepare to
9 collect the SBx1-2 data, staff was engaging with
10 stakeholders, including WSPA, those represented by WSPA,
11 and community and environmental groups. Staff will
12 continue this engagement and after further experience in
13 implementation is gained, may propose a rulemaking if we
14 conclude that it would be helpful to support implementation
15 of the statutes. Next slide.

16 Staff recommends that the CEC deny WSPA's request
17 for reconsideration as the requirements of SBx1-2 have yet
18 to take effect. Staff believes the statute is clear as
19 written and regulated entities will be able to comply with
20 the laws by the specified deadlines.

21 Once the statute takes effect, staff will
22 evaluate whether guidelines are necessary to clarify terms
23 or processes contained in SB 1322 and SBx1-2.

24 In staff's view, since compliance with SB 1322
25 has been shown to be feasible, it is expected that the

1 terms of SBx1-2 are also capable of being implemented
2 without the need for regulations. Also, since the
3 provisions of SBx1-2 are not effective yet, any
4 determination that rulemaking is needed at this point is
5 speculative and premature.

6 Staff has developed forms for industry
7 participants to use to report the information required by
8 SBx1-2, and will be providing them to the public in a
9 webinar to be scheduled for June 15th.

10 For these reasons, staff recommends denying the
11 petition.

12 This concludes my presentation. I am here today
13 with the Chief Counsel's Office to respond to your
14 questions.

15 VICE CHAIR GUNDA: Thank you so much, Aleecia.

16 We'll now hear public comment on this item.

17 MS. BADIE: Thank you. This is Mona Badie again,
18 the Public Advisor. The Commission now welcomes public
19 comment on Item 11. If you'd like to make a comment, we
20 ask that you raise your hand. If you're online, you can
21 raise your hand by pressing the raise hand icon. It looks
22 like an open palm. And if you're joining us by phone,
23 please press *9 to notify us you'd like to make a comment.

24 Okay, I'm seeing a few raised hands. Calling
25 User 3, I'm going to open your line, please state and spell

115

1 your name for the record. And we do ask that comments be
2 limited to two minutes or less per commenter. I'm going to
3 open your line.

4 MR. UHLER: Hello, Commissioners, this is Steve
5 Uhler, U-H-L-E-R. You believe that it would be more
6 efficient to not have even a preliminary or a pre-
7 rulemaking activity, a docket for it, to iron out these
8 things. Instead of waiting to find out that somebody
9 totally misunderstands how a business such -- complex as a
10 refining activity is to be accounted.

11 Also there I see the Petitioner's concerned about
12 security. I often run into the situation where the
13 Commission is not going to allow me to like upload data to
14 the MIDAS database because of a security issue. I'm really
15 skeptical of security and how it is being used as a means
16 of controlling the public.

17 Yeah, you definitely need to answer their issue
18 on will their crown jewels of how they run their business
19 be secure within your system. To not be disclosed to
20 anybody, particularly if people are doing uploads directly
21 to any system. Don't use it to stop me at MIDAS and then
22 turn around tell Petitioner, you're totally secure.

23 So let's be consistent. Let's be proactive.
24 Approve their petition. Thank you.

25 MS. BADIE: Thank you.

1 Next we have Sophie Ellinghouse, WSPA. I'm going
2 to open your line Sophie, please limit your comments to two
3 minutes or less.

4 MS. ELLINGHOUSE: Okay, there we go. I think you
5 can hear me now.

6 MS. BADIE: Yes.

7 MS. ELLINGHOUSE: Perfect. My name is Sophie
8 Ellinghouse, that's E-L-L-I-N-G-H-O-U-S-E. I am WSPA's
9 Vice President and General Counsel. We are again
10 requesting that this body move to a formal rulemaking for
11 the reasons outlined in both our petition, and supplemented
12 by comments that we filed yesterday.

13 We have a couple of reasons that we believe this
14 rulemaking is necessary, which include first the numerous
15 issues we've identified in the statute as being unclear.

16 Second, our strong belief that it is necessary to
17 ensure clarity, consistency and accuracy in interpreting,
18 implementing and properly complying with new statutes.

19 Third, the implementation of voluminous new
20 reporting requirements for confidential business
21 information.

22 And fourth, our belief that the CEC will need to
23 prioritize and narrow the scope of initial reporting
24 requirements during the startup period, especially as newly
25 obligated entities are identified.

1 The necessity of formal rulemaking is now further
2 evident simply looking at the CECs SB 1322 data. While
3 staff in January said SB 1322 was clear as written, as
4 reiterated again today with SBx1-2 it is indeed not. There
5 has been nearly a \$1 per gallon differential each month
6 since gross gasoline refining margin data was posted. The
7 only thing clear is that without rulemaking industry has
8 been left to interpret requirements independently, and are
9 doing so differently due to known ambiguities. Now SBx102
10 raises even more questions on reporting requirements.

11 Respectfully, the time for rulemaking is now.
12 Under SBx1-2, data reporting will exponentially increase.
13 We believe the data requested represents at least 500,000
14 daily transactions for 3.5 billion per week, and 182.5
15 million per year. And that's just for refiners.

16 To be clear, WSPA is not seeking to delay new
17 reporting requirements. Rather, we want to work with you
18 to ensure effective implementation and standardized
19 reporting practices. Assuming the CDC denies our petition
20 today, we strongly encourage a public disclaimer and
21 caveats, given the lack of clarity that this data should
22 not be used to create public policy, as it will likely
23 provide a distorted view of how the industry operates.

24 We also respectfully requested detailed and
25 confidential response to the Information Technology

1 Security questionnaire we submitted yesterday. Thanks.

2 MS. BADIE: Thank you for your comment.

3 There are no other raised hands, Vice Chair, back
4 to you.

5 VICE CHAIR GUNDA: Thank you so much, Mona.

6 Moving to Commissioner discussion, just maybe
7 start with any other Commissioners who might have
8 questions. I have a few questions and comments. (No
9 audible response.)

10 Okay, I don't see from others, so yeah I'll just
11 begin. So Aleecia, could you just respond to, you know,
12 just the 1322 data? And kind of the clarity of the data as
13 just was phrased by the commenter, Sophie?

14 MS. GUTIERREZ: Yeah, I think the data is coming
15 in. There are slight inconsistencies with the data, but we
16 aren't getting anything that is standing out as an anomaly.
17 And the CEC staff are preparing a recommendation for how we
18 would present the data with CEC analysis and waiting.

19 VICE CHAIR GUNDA: Just, again Aleecia to you,
20 happy to welcome CCO or Drew as well to respond to this
21 question.

22 Just another one, on the staff memo, you know,
23 like on considerations on why the staff believe it is
24 unnecessary at this time I understand that the statute is
25 not in place yet, so we don't want to do that. But the

1 following sentence says, "Staff encourages the CEC to open
2 a rulemaking process regarding implementation once those
3 provisions take effect and we gain experience." Could you
4 expand on that a little bit? What we're thinking there,
5 from the staff point of view?

6 MS. GUTIERREZ: Yeah, so since the statute states
7 the provisions are self-executing, we're confident that
8 compliance is feasible now. And the reporting cadence for
9 some of the items is monthly, and at least several months
10 of experience in discussions in public workshops and with
11 regulated entities, will help us with the information
12 needed to determine whether any specific interpretive
13 language is needed or what that might be. So our data team
14 would like to have four to five months of data under our
15 belts to be able to draw meaningful conclusions in this
16 regard.

17 And one distinction that I'd just like to mention
18 is according to Boyles' (phonetic) interpretation, if we
19 were to accept the petition it requires setting a hearing
20 within 30 days to finalize proposed regulatory changes.
21 Which in staff's perspective isn't a reasonable timeline to
22 make those decisions.

23 VICE CHAIR GUNDA: Aleecia, just kind of
24 expanding on that the timeline is because we want to have a
25 little bit of understanding of what the data is, is that

1 the thinking?

2 MS. GUTIERREZ: Correct, and we're thinking since
3 it's monthly data, with four to five months we would have a
4 decent amount of data to see if there is any clarification
5 needed.

6 VICE CHAIR GUNDA: Got it. So one additional
7 question, could we just respond to the security
8 questionnaire that we received and the process or steps
9 that are being contemplated?

10 MS. GUTIERREZ: So the security I don't know if
11 Jason Harville is on, but he is leading our effort on the
12 portal development, which we will be using to submit the
13 data. And as you know, we are receiving advanced metering
14 infrastructure data through, that has the same data
15 security and protections. So we will be using the same
16 infrastructure and data securities that we have in place
17 for other personally identifiable information and
18 confidential data.

19 VICE CHAIR GUNDA: Thank you.

20 It looks like Drew turned on his camera too.
21 Anything that you might want to add to that?

22 MR. BOHAN: Vice Chair, Commissioners. Thank
23 you. I think Aleecia really got it right.

24 I just wanted to add a little bit, which is to
25 say I think our record speaks for itself on data security.

1 We've been collecting information for decades and have an
2 unblemished record of keeping it secure. We man certainly
3 understand the concerns and agree with all the statements
4 about how vital it is that we continue that.

5 And just in terms of the rulemaking, I want to
6 underscore that we come at this in good faith. And we're
7 open to the idea of there needing to be a rulemaking at
8 some point. I think what we learned from 1322, as Aleecia
9 pointed out, that there were lots of concerns about the
10 definitions being open to very wide interpretation. And as
11 Aleecia noted they're really just modest differences.

12 So I think what we want to do is get a clearer
13 understanding of industry's concerns. We'll be meeting
14 with industry. We'll be meeting with other stakeholders
15 including environmental justice communities, and
16 environmental, and labor, and consumer groups. we want to
17 work out some of those details.

18 There's clearly a very large amount of
19 information that the statute requires that there's no real
20 argument, it is fairly straightforward. It's not much of a
21 deviation from what we've done in the past. However, there
22 is information that is more complicated, and it may well be
23 that we learn a rulemaking or possibly a set of guidelines
24 might make sense for all parties involved.

25 VICE CHAIR GUNDA: Thank you, Drew. I really

1 appreciate that. I think I just want to make sure that I
2 put it on the record, I think we've discussed this before.
3 This is probably one of the most controversial and nuanced
4 and difficult work that CEC is embarking on.

5 And apart from so many other things we do, this
6 has a lot of eyes looking at us. And to the extent that we
7 move forward with the policy, and then in a potentially
8 going through the assessment and the transition plan, and
9 the decision making process on potentially putting a
10 penalty. And then the independent division that will be
11 working on the market monitoring, I think critical to all
12 of that is data and credibility of data. I think that's
13 one.

14 And two, it's also critical for us to be able to
15 work together. A lot of the expertise comes from the
16 industry on this issue. And then you know, I want to
17 reiterate my commitment to make sure that we do work in
18 good faith with the industry, and honor our commitments to
19 Californians and the promise of what this legislation talks
20 about: transparency and accountability. So what I would
21 like to honor from what Aleecia was just saying is that
22 this is not the right time. And then we are open to
23 potential rulemaking or guidelines as we see fit as we get
24 a little bit of data. And continue to understand exactly
25 the quality of data and where the lack of clarity might be.

1 So I think with that supposition, I'm comfortable
2 with just kind of moving forward with denying the petition.
3 But I also encourage your staff and WSPA -- and I know
4 we're having our first industry meeting today to talk about
5 data, and then how to structure the data moving forward. I
6 think it's helpful -- I really do not like WSPA having to
7 come to us over and over with a petition and getting
8 denied. I would love for that work to be done at the staff
9 and then WSPA level, in a coordinated fashion on what the
10 right timing could be. And having those questions kind of
11 worked out and coordinated at a level where it's not a
12 formal decision where we have to continue to reject the
13 petition.

14 So with that I really request, Sophie, with
15 respect to like really work with our staff on some of the
16 clarity issues. And I myself is absolutely open to the
17 need for rulemaking or guidelines as we move forward,
18 depending on what the collective understanding of the data
19 is. You know, the statute provides the CEC with
20 extraordinary powers on rulemaking. And so we should
21 consider as needed moving forward.

22 I think with that I'm uncomfortable with the
23 staff's recommendation, kind of noting that we are still
24 within -- that the statute is still not in place yet. And
25 then we don't have the data to have some level of

1 experience to see what kind of rulemaking or guidelines we
2 might need moving forward.

3 With that before I hand it on to the voting,
4 Drew, CCO, or Aleecia, any other comments you might want to
5 add before the Commissioners take a vote on this?

6 MS. GUTIERREZ: No, I -- well actually I would
7 just like to remind everyone that we do have the open
8 docket where we are hoping to encourage open communication
9 and hear from all stakeholders on various aspects of
10 implementing SBx1-2. So I just wanted to mention that and
11 as another tool for facilitating communication.

12 VICE CHAIR GUNDA: Okay, I'll go to Drew and then
13 I'll go to Commissioner McAllister and Commissioner
14 Gallardo.

15 MR. BOHAN: Just very briefly, I'd underline that
16 I think you really got it right that this is a complicated
17 endeavor, lots of moving parts. And the data isn't
18 important in and of itself, it underlies all the questions
19 we need to answer. So it's really foundational and I think
20 the conversations we're going to get into the weeds on a
21 lot of sort of the tedious details, but there are critical
22 to getting this right. So that's what we're really
23 focusing on this in this period, prior to the statute
24 becoming effective later next month.

25 COMMISSIONER MCALLISTER: So thanks.

1 Just very briefly, primarily I just I wanted to
2 well thank staff, I think, you know, thanks, Aleecia, and
3 the whole team, for the presentation, really well done.

4 Primarily I wanted to just express gratitude for
5 Vice Chair Gunda and your leadership in this area. This
6 obviously is a difficult landscape. And I think it kind of
7 will require, you know, pretty intense navigation going
8 forward. And it's a new authority.

9 And I think we have to see it in this long-term
10 context of the Energy Commission's core authorities. And
11 this is a new one that really joins a few primary
12 authorities that we have at the Energy Commission from our
13 founding, you know, almost 50 years ago. And so I think we
14 have to see it in that structural way as something that's
15 very important and worth getting right. And so I think a
16 little judicious approach, a little prudence as we kind of
17 start down this path, which will be a significant path.
18 It's not it's not a short-term effort. And so I just want
19 to thank staff and Vice Chair Gunda and the whole team for
20 being circumspect and really having the state's best
21 interest in mind as we walk forward on this.

22 VICE CHAIR GUNDA: So thank you, (indiscernible)
23 Commissioner Gallardo.

24 COMMISSIONER GALLARDO: Thank you, Vice Chair
25 Gunda. I also wanted to highlight the prudence that

1 Commissioner McAllister just mentioned as staff has just
2 been doing a really good job on that being diligent and
3 prudent, which is required here for such a sensitive topic
4 and one that is complex, as was mentioned.

5 I thought Aleecia did a great job presenting
6 providing us the information. And I really appreciate,
7 Aleecia, that you're also sharing with the public the
8 docket that's available for everyone to continue submitting
9 comments. And I was hoping that maybe that link could be
10 shared if we have enough time here through the Zoom chat.
11 So those folks who are able to see it there it's just
12 easier for them to access. Otherwise, it can be found on
13 our web page, but if we can make it a little bit easier for
14 people here?

15 Perfect. So Aleecia just shared that with me,
16 but I know it's a little complicated there. If you could
17 share it with all participants, that'd be great. Thank
18 you, Vice Chair.

19 VICE CHAIR GUNDA: Thank you, Commissioner
20 Gallardo. And I think Commissioner Gallardo, we will be
21 looking to your assistance and help specifically engaging
22 DCAG and other advisory committees to really help us with
23 the other part of this equation, which is that we have the
24 assessment and all. But really what's the best path
25 forward on how do we even set up a framework for how we

1 assess and then to do the transition planning and such. So
2 we look forward to engaging with your office and helping us
3 set that stage for our work.

4 So with that, I will move and see if anybody
5 wants to move the motion here. Commissioner Gallardo?

6 COMMISSIONER GALLARDO: Yes, I move to approve
7 this item.

8 VICE CHAIR GUNDA: Commissioner McAllister.

9 COMMISSIONER MCALLISTER: Second Item 11.

10 VICE CHAIR GUNDA: I'll take the vote now.
11 Commissioner Gallardo?

12 COMMISSIONER GALLARDO: Aye.

13 VICE CHAIR GUNDA: Commissioner McAllister.

14 COMMISSIONER MCALLISTER: Aye.

15 VICE CHAIR GUNDA: Commissioner Monahan?

16 COMMISSIONER MONAHAN: Aye.

17 VICE CHAIR GUNDA: I vote aye as well and the
18 motion passes 4-0 with the Chair absent.

19 Okay, with that we'll move to Item 12, the Lead
20 Commissioner or Presiding Member Reports. And we'll start
21 with that with Commissioner Monahan.

22 COMMISSIONER MONAHAN: You know, since our last
23 business meeting, I was actually on vacation, so I don't
24 have -- all I can say is I'm freshly returned from two
25 weeks on the Grand Canyon without any access to the

1 Internet, which was remarkable. And now I have an
2 overwhelming number of emails to respond to, but it's great
3 to be back.

4 VICE CHAIR GUNDA: Thank you, Commissioner
5 Monahan.

6 Commissioner McAllister. Oh, sorry
7 (indiscernible) --

8 COMMISSIONER MCALLISTER: Yeah, (indiscernible).

9 COMMISSIONER GALLARDO: Real quick. I just wanted
10 to say to Commissioner Monahan, I wished you had some
11 images to show that you can handle a vehicle in the water
12 (indiscernible) comments mentioned before by our Vice
13 Chair.

14 COMMISSIONER MCALLISTER: That's funny.

15 COMMISSIONER GALLARDO: All right. Go ahead,
16 Commissioner McAllister. Sorry about that.

17 COMMISSIONER MCALLISTER: And that is funny, no
18 absolutely.

19 Well, actually it's a great segue, because the
20 first thing on my report is last Friday I shared a visit to
21 the states and I think the nation's only hydrogen-powered
22 ferry boat that is sitting at Pier 9 and operating out of
23 Pier 9 in San Francisco and with the British Secretary of
24 the environment and the British Consulate in San Francisco.
25 And it was quite a shindig. I got a tour from the building

1 -- from the ferry owner and developer.

2 And, you know, it's a business model. It's
3 aiming to produce more of these in providing service around
4 the Bay, eventually. And the Ferry Authority is focused on
5 this. The ARB actually funded -- it's called the Sea
6 Change and ARB funded. So that we funded different parts
7 of the hydrogen ecosystem around it, but the ferry itself
8 got some funding from the ARB, and I think some DOE
9 funding.

10 Anyway, it's an interesting use case. And we
11 didn't actually get to tour around the Bay, because they
12 didn't have any hydrogen on board. So there's a supply
13 chain is still you know, pretty nascent. And certainly the
14 supply chain for green hydrogen is pretty nascent. So but
15 I think the plan is actually quite interesting, and the
16 infrastructure in that part of the Bay where there's a lot
17 of population, there's a lot of need, and the service need
18 is pretty dense for ferry service. It's interesting and it
19 seems like potentially a sound use case. And we have
20 funded similar work. And so our R&D Division is also aware
21 of that project.

22 I wanted to -- I imagine the Vice Chair will also
23 mention this -- but the Western Conference of Public
24 Service Commissioners was last week in Napa. And that was
25 just a good event for mostly PUC members, but lots of

1 stakeholders as well. And some state energy officials and
2 committee staff from WEAVE (phonetic) and other of the
3 Western committees came to Napa to spend a few days
4 together and talk about the various regulatory issues.

5 And all five PUC Commissioners were there, it was
6 just wonderful to see them and their leadership and
7 hosting. Genevieve Shiroma, Commissioner Shiroma, is the
8 Chair of WCPSC this year and was the host and did a
9 marvelous job. President Reynolds as well, just really
10 great leadership across the whole PUC.

11 And just lots of lots of Western common issues to
12 be to be discussed, that the Energy Commission obviously is
13 quite involved in in California. And then also just those
14 in-person events, you know, again I think we still have
15 that feeling that everybody just wants to be together. And
16 that the socialization and the relationship building is
17 really key, hard to overstate how important that is. So it
18 was great that the California hosted and the weather
19 cooperated. So it was good, a good event all around.

20 Let's see, I wanted to highlight that
21 Commissioner Houck and I, and our respective staffs and
22 some couple of staff of PG&E, Richard Heath and Associates
23 and Synergy, we all convened down in San Joaquin to go to
24 visit some of the pilot projects that PG&E and the team has
25 implemented there, really initially under then under

1 Commissioner Martha Guzman Aceves leadership.

2 And we've been trying to go down there and
3 finally made it happen. And visited a few homes that had
4 gotten retrofits, electrification retrofits, and just asked
5 a million questions. And I certainly got my head around
6 some of the challenges they faced. And it is a great kind
7 of case study to help us inform our ethical building decarb
8 programs that Deana, Mike and their teams are developing
9 and getting ready to implement.

10 So not exactly, you know, replicate-able,
11 replicable in all the senses of the word. But certainly a
12 lot of great experience and a lot of competence on the
13 ground, actually. I'd say PG&E and Edison both actually
14 had been implemented pieces of that program. It's right on
15 the edge of their service territory down in southern San
16 Joaquin. And just lots of great lessons learned.

17 Self-Help Enterprises, actually we sat down with
18 them at the end of the day and kind of got the skinny on
19 their perspective. So really, I think strengthened our
20 conviction that local contacts, local linkages on the
21 ground, really local strength of community organization is
22 a key component of success. So anyway, I could talk about
23 that for a long time, but I won't. I'm happy to go
24 offline. And I think staff is digesting those lessons as
25 well.

1 We, think all of us made appearances at
2 VerdeXchange at some point a couple of weeks ago and since
3 the last business meeting. That's always a great event and
4 David Abel always merits lots of kudos for his force of
5 personality and charisma to pull that whole thing together.
6 Another great one this year.

7 And then finally, on report out items, I just
8 wanted to say what a pleasure it was to do the retreat a
9 couple of weeks ago, right after the last business meeting.
10 That we all gathered in Suisun City at a noticed meeting
11 and had a sort of in-person unpacking of the issues the
12 Commission faces. And getting some reports from key sort
13 of knowledge centers about the various issues that are
14 relevant in California today. So just really enjoyed
15 spending that time together as well.

16 And then I just had a couple of thank yous I want
17 to -- two weeks ago, a whole contingent of Department of
18 Energy officials and staff led by Ram Narayanamurthy who
19 came out who actually is based in California but he's now
20 at DOE in Washington, commuting back and forth, for a whole
21 contingent of DOD staff to our new building. And our team
22 and they convened on the second floor of the resources
23 building for a whole afternoon.

24 And I just wanted to give Will Vicent kudos for
25 making that happen. And sort of just setting a welcoming

1 tone and just really getting DOE, like making them feel
2 welcome. And I think the result of that is they reached
3 out and said, "Hey, can we get together talk about the key
4 issues around buildings and decarbonization," so really
5 great team building with the federal DOE team as well.

6 And Mike Sokol, the Deputy and the whole Building
7 Standards team and a bunch of others from our staff were
8 there. And I was able to make an appearance as well and
9 just really saw the team building and productive
10 engagement, so that was great.

11 I also wanted to just finally wrap up by thanking
12 Jann Mitchell who has been in my office, or still in my
13 office and not going anywhere quite yet. But I just wanted
14 to acknowledge her, her competence and just her filling the
15 gap while my longtime Executive Assistant, Laura Castaneda,
16 is out on maternity leave. Laura is coming back here in a
17 month or so, but I just wanted to acknowledge and elevate
18 Jann's work. She's a really, really special person and
19 just doing a great job. So so thanks to her.

20 And that's it for me.

21 VICE CHAIR GUNDA: Thank you, Commissioner
22 McAllister.

23 Commissioner Gallardo?

24 COMMISSIONER GALLARDO: Thank you so much.

25 Commissioner McAllister, it's really exciting all the stuff

1 that you got to do. And I have been thinking about ferries.
2 I had visited, as you hopefully remember, the Chemehuevi
3 Tribe out in Lake Havasu. They run a ferry. It's a
4 diesel, and they want to find a cleaner ferry. And so you
5 know, with the electric ferry that the Chair mentioned, and
6 now you're mentioning the hydrogen one, I feel like we can
7 provide some ideas to them.

8 Let's see, I wanted to start out by acknowledging
9 that we just had Memorial Day. It gave us an opportunity
10 to have an extended weekend time to spend with our
11 families. And also reflect on those heroes and sheroes who
12 have sacrificed their lives to take care of the country
13 right, make sure that we're safe and running and able to
14 maximize the opportunities that this country provides us.
15 Because they can keep us safe. And so it's I've been
16 reflecting a lot on this, because I attended the Governor's
17 Military Council last week. And it was just very intense
18 hearing about how those who are in the service now are
19 impacted so much. Not just with that risk of losing their
20 lives when they serve, but also just the things that they
21 have to go through moving from state to state or country to
22 country, you know, due to their service obligations.

23 And I was representing the Energy Commission. We
24 got a chance to talk about energy. And they're really
25 excited about it. And one of the -- a Brigadier General,

1 Jason Woodworth from the Navy said, "California is crushing
2 this on clean energy, and we couldn't be more
3 appreciative." And so I wrote down the quote, because I
4 was just so excited. I thought my piece was going to be
5 the most boring of everything that was said there, because
6 everything else was just so sentimental and family based.
7 But they were really excited about what we're doing, very
8 grateful, and want to do more with this.

9 So I got some invitations to work more closely
10 with the Coast Guard, for example, and some others. So I
11 just wanted to let you know that. And I wanted to ask,
12 Vice Chair Gunda, if you'd be willing if we could take
13 maybe a moment, maybe just one minute as a moment of
14 silence in respect for those who have lost their lives and
15 who Memorial Day is meant for. So if we could do that?

16 VICE CHAIR GUNDA: Absolutely, (indiscernible).

17 (A moment of silence for Memorial Day was
18 observed.)

19 COMMISSIONER GALLARDO: Thank you so much for
20 that. And also I wanted to extend our gratitude on our
21 behalf if that's okay, to those at the Energy Commission
22 who have served, who are veterans, who are serving now,
23 whether as volunteers or otherwise, much appreciated. And,
24 you know, we know what you go through. And thank you so
25 much for being here as a part of our family.

1 I just have a few more things. It'll be quick.
2 The item is I attended two offshore wind workshops. I
3 wanted to say that the staff just did a fantastic job
4 putting those together and preparing me. I'm going to
5 represent the Energy Commission in another conversation
6 with the military where offshore wind will be a topic. So
7 I wanted to attend the workshop, because I'm excited and
8 fascinated by offshore wind period, but also to get
9 prepared for that upcoming conversation.

10 So congratulations Jim Bartridge, Elizabeth Huber
11 and others who put those workshops together. They were
12 excellent.

13 And then I wanted to talk about JAEDI-Out real
14 quick so there's going to be a slide that pops up here. I
15 just wanted to remind you, Commissioners, that our staff is
16 participating in the JAEDI Task Force, which you know is
17 voluntary for folks to join, but there are a lot of people
18 who are excited about this. And we are establishing those
19 communities of practice that I mentioned to you at the
20 retreat, so this is focused on JAEDI-Out. So our work to
21 advance Justice, Access, Equity, Diversity, Inclusion
22 Principles Outward, so for our programs, our policies,
23 operations, etc.

24 And we have five action areas that you have
25 agreed to champion and work with our staff leads. And so

1 I'm really excited about this. So I just wanted to give
2 you a little reminder. So that's on Language Access it'll
3 be Patricia Carlos and Commissioner McAllister. Workforce
4 Development is Larry Rillera and Vice Chair Gunda.
5 Supplier Diversity will be Pierre Washington and myself.
6 Outreach and Engagement will be Rachel Salazar and Chair
7 Hochschild. There's a question mark on the Chair, because
8 he hasn't affirmatively agreed to this. But I assume he
9 will, just didn't want to put him on the hook yet. But he
10 was away when we were doing this. So anyway, but I'm
11 pretty sure he'll do. And then Benefits Development,
12 Taylor Marvin and Commissioner Monahan. So thank you for
13 agreeing to be champions here and staff looking forward to
14 working with you on this.

15 And then finally, I just want to remind folks to
16 please, please nominate any candidates for the Clean Energy
17 Hall of Fame Awards. So the link is being shared in the
18 Zoom chat, and the due date is June 16. So we'd appreciate
19 all nominations possible. And thank you to the
20 Commissioners who have submitted some names for us. I
21 really appreciate that.

22 All right, Vice Chair, I think you -- did you,
23 you wanted me to note something on the GRIP proposal that
24 our staff has been working on. So I don't have details in
25 front of me, but I believe that this proposal that staff

1 has been working on for a while now, and very diligently
2 on, because it's going to be potentially very
3 transformative for tribes who have put forward applications
4 to establish micro grids and other clean energy resources.
5 That proposal has been submitted and so now we're in a
6 waiting game. I think we will find out in the fall whether
7 or not we are approved. That's with I believe the
8 Department of Energy through the Infrastructure and
9 Investments Jobs Act, so IIJA. It's an opportunity we
10 maximize there.

11 And I forget the what the acronym stands for, so
12 I apologize for that. But the Grid Reliability Investment
13 Proposal or something like that. So sorry, I didn't do it
14 justice here. But thank you to Katrina, Alex Suranjit,
15 (phonetic) Jen Martin-Gallardo, and all others who've been
16 working on that proposal. We're super excited for it and
17 crossing our fingers.

18 Here we go. Mona just helped me out here. It's
19 the Grid Resilience and Innovation Partnership Proposal.
20 Thank you, Mona.

21 VICE CHAIR GUNDA: Thank you, Commissioner
22 Gallardo.

23 I just wanted to add Kat Robinson and the Chair,
24 the Chair's Office as well for all the work that they've
25 been doing on that proposal. So I will try to kind of

1 close off on our side. So I think Commissioner McAllister,
2 I noted a bunch of things we did together. So I'll try to
3 cover the things I was able to join.

4 So first of all, the Governor unveiled his Energy
5 Transition Plan last week. And me and Liz from our office
6 and President Reynolds and a few of us were able to join
7 that. It was a wonderful moment for me to be able to one
8 discuss with the Governor some of the goals, but also be
9 able to be a part of that nice ceremony at Moxian. It's a
10 California battery manufacturing company, which makes clean
11 backup generators and who knows. So we love to probably,
12 you know, have a lot of them moving forward about.

13 But just at a 30,000foot level the plan does
14 articulate our kind of doubling down on electrification and
15 clean energy goals. It kind of recognizes some of the
16 ambitious plans that California has set and already met and
17 continues to (indiscernible), right.

18 So and then I think -- but I think it also kind
19 of notes some of the things that we need to focus on in
20 terms of interconnections, which Commissioner Monahan is
21 like leading on the IEPR, which would be a phenomenal
22 document for us this year. And it notes a bunch of those
23 elements including the IEPR this year. So Commissioner
24 Monahan, thank you for leading that work.

25 On Reliability, since the 9th when we had last --

1 or 10th since we had our last Business Meeting, a lot of
2 things have happened especially on Reliability. A few of
3 them being we had a workshop.

4 We also were a part of the Legislative Oversight
5 Hearing to just talk about summer at a 30,000-foot level.
6 I think some of you were in attendance at the workshop.

7 The summer outlook is looking better than what we
8 expected in February thanks to the large number of energy
9 storage resources coming online. But also improved hydro
10 conditions, we are cautiously optimistic. But if we have
11 average conditions in summer we should coast very easily.
12 If we have extreme weather like 2020 or 2022, you know,
13 there will be certain reliance on contingencies. But I
14 also think we have enough contingencies right now in the
15 pocket to get through.

16 Commission McAllister?

17 COMMISSIONER MCALLISTER: I just wanted to give
18 you some kudos on the presentation at the hearing. I just
19 happened to be with my daughter flipping channels on the TV
20 one evening, and ABC Primetime News was on the local
21 channel. And there was the Energy Commission's PowerPoint
22 with a little insert of Vice Chair Gunda giving the key
23 talking points. So where we are with Reliability on you
24 know, it wasn't even like public TV. It was actually a
25 commercial news station. And it just goes to show how

1 important these issues are if they're getting primetime
2 news and getting a 30-second slot about electricity
3 reliability as we approach the summer. And I just wanted
4 to give you kudos for leading and being the face of that.
5 And just showing competence, I really appreciate it.

6 VICE CHAIR GUNDA: Thank you, Commissioner. I'm
7 glad we've moved from C-Span. But also I always -- and
8 anytime I get praise I just like to, you know, put it back
9 on you. And thanks for helping me grow as staff here and
10 take on that role. Thank you. Thank you for your
11 mentorship.

12 So I think overall, the summer is looking better
13 for us. And then we have enough contingencies.

14 I will just also mention on Napa, Commissioner
15 McAllister kind of pointed this out, the Western NARUC
16 Conference. I know one of the things I think is on the
17 mind for a lot of people is the broader regional
18 integration conversation. That's been pretty heavy, so
19 that basically I think at this point we as an agency are
20 looking at gathering information on what are some of the
21 best steps in moving forward. We have obviously -- the
22 state has pretty broadly committed to the EDAM (phonetic)
23 expansion in our SB 168 report a couple of years ago. That
24 we think it is a really good incremental step on moving
25 forward, but recognizing that there are opportunities for a

142

1 broad vision integration through whether it's a voluntary
2 or coordination on transmission planning. You know,
3 regional transmission planning, but also expanding resource
4 adequacy frameworks to reduce the seams. I think it's an
5 ongoing conversation.

6 And, again I get to do that with my mentor and
7 friend and colleague, Commissioner McAllister, on the
8 regional engagement.

9 I had a couple of other noteworthy things, you
10 know, the CalCCA Annual Meeting was last week. We had an
11 opportunity to be a part of that annual meeting, and really
12 recognize this kind of tension that we have of going from
13 today, Point A to Point B in 2045. And along the way
14 there's a recognition that there might be some suboptimal
15 near-term things that we have to do, as we continue to rely
16 on whether it's possibly generation or other emergency
17 generation to keep the lights on. How do we go towards the
18 long-term transition with affordability and reliability in
19 mind, but also really undergrounding that with equity. And
20 it's an important element on how do you really think
21 through the tradeoffs and trust building and common ground
22 as we navigate this next few difficult years. Like I feel
23 like the next five years is probably the most important
24 work we all can do to set the stage for the long-term
25 transition.

1 Finally, as a last point I want to conclude, I
2 think there's some regional engagement coming up under
3 Commissioner Monahan's leadership both on IEPR, but you
4 know, other topics. So looking forward to that.

5 Again, you know, I want to take this moment to
6 just say I'm incredibly grateful for the team we have. All
7 the way from welcoming our team: Commissioner McAllister,
8 and Commissioner Monahan and how balanced she is. And
9 Commissioner Gallardo just leading with your heart on
10 everything, and just making sure that we remember that as a
11 foundation of our work. And Commissioners and then also
12 the Chair, just an incredible champion. And then the staff
13 that we get to honor and work with every single day.

14 So, you know, "onward together" is our hashtag as
15 we go. So with that I will just close. Oh, I did want to
16 say thanks, Lindsay. Lindsay has been phenomenal. So most
17 of the work that we've done over the last seven weeks in
18 whether it's the Energy Plan, whether it's the Load Flex
19 Goal, so much of that detail to be able to track and really
20 make sure the public at large can understand she puts her
21 fingers in everything. At both a request and sometimes to
22 just help us. And the Governor's Office asks her to do a
23 lot. So just to Lindsay and her team a big, big thanks for
24 all the work that you have been doing.

25 And Sandy, welcome back to the team and just kind

1 of working together.

2 So with that I'll move on to the Executive
3 Director's Report unless anybody else has anything else,
4 Commissioners? Okay, nothing. So Drew, all yours.

5 MR. BOHAN: Thank you very much. No report. I
6 just want to thank Commissioner Gallardo for the shout-out
7 about Memorial Day. My father navigated to B17 in World
8 War II and would tell me about buddies who didn't make it
9 back. He did. I lost him about a decade ago, but I
10 appreciate the opportunity to spend a lot of time Monday
11 thinking about him. But doing so again this morning, so
12 thank you.

13 VICE CHAIR GUNDA: So now let's go to the Public
14 Advisor's Report.

15 MS. BADIE: No report for me. Thank you.

16 VICE CHAIR GUNDA: Thank you, Mona.

17 So to Chief Counsel's Report.

18 MS. BARRERA: Thank you. Thank you for the
19 opportunity to give a report. I have two things, one is
20 short.

21 I first want to go back to Item 10, which is the
22 Load Management Standard Implementation. We heard the
23 Chair was very enthusiastic about supporting the proposed
24 order. And so he said he supported it when he bought it,
25 yes. But unfortunately that vote won't be able to count,

145

1 because the Vice Chair had not made a motion to move
2 consideration of that item. However, the good news is that
3 item passes, because the majority of you are here and voted
4 for that item. So I just wanted to clarify the record on
5 that particular agenda item.

6 Then the second thing I --

7 VICE CHAIR GUNDA: Just is there anything formal
8 we have to do or that can just -- it's going to be
9 corrected?

10 MS. BARRERA: No, that's all given that all of
11 you voted for the item and it passed.

12 VICE CHAIR GUNDA: Okay, thank you. It's 4-0 and
13 will be corrected. Thank you.

14 MS. BARRERA: Yes, yes.

15 And then last I want to recognize Liza Lopez.
16 Liza, if you can please turn your camera on?

17 Liza Lopez has served as the Secretary here at
18 the Energy Commission, which is that unit within the Chief
19 Counsel's Office for the past year and a half. She jumped
20 at it right in the midst of the pandemic and has done a
21 phenomenal job. So I want to elevate her and recognize her
22 for her just dedication to the Commission and always doing
23 her very best.

24 Liza's moving on to become -- well she's a
25 paralegal, she's a senior legal analyst. And so she will

146

1 be supporting a unit within the Chief Counsel's Office and
2 building these massive administrative records in our review
3 of our non-fossil fuel powerplant certification, which is
4 under AB 205. And I'm just so fortunate to have her with
5 that background being able to like apply her paralegal
6 skills and help us build very strong and defensible
7 administrative records.

8 So thank you, Liza. I think you've been trying
9 to turn your camera on, but it's not working.

10 MS. LOPEZ: Yeah, I didn't know what's going on.
11 But I appreciate it. Thank you so much. It was a great
12 run on the Secretariat role. And I am ready for new
13 adventures, so I'm not going anywhere. I'm still here.

14 MS. BARRERA: Yeah, thank you so much.

15 MS. LOPEZ: Thank you.

16 MS. BARRERA: Thank you so much, Liza. And just
17 so that everybody knows, but I just want to emphasize the
18 brain for this Business Meeting is a joint effort between
19 the Public Advisor and the Chief Counsel's Office, but it's
20 a lot of work even when they're virtual. And Liza has lots
21 of balls in her hand juggling all the time. And I just
22 want to appreciate you, Liza, for how patient you were with
23 us when everybody wanted something from you to get ready
24 for the Business Meeting. thank you so much.

25 VICE CHAIR GUNDA: Thank you so much, Linda.

1 Let's go to Commissioner Gallardo.

2 COMMISSIONER GALLARDO: Yes, I want to thank Liza
3 as well, as both a witness to her greatness and also
4 beneficiary of all that she did. So on personal things,
5 I'd ask her if she could do X, Y, or Z. So in the middle
6 of everything else that she was handling, she would also
7 support me when I was Public Advisor and now as
8 Commissioner.

9 So thank you, Liza, for all you do, and
10 congratulations. That's wonderful.

11 And then my lingering question is if you've
12 gotten a Secretariat yet, Linda, if that's to come.
13 Because I know that is a significantly important role.

14 MS. BARRERA: Well, we're working on that and
15 posting that job to backfill. So in the next, hopefully,
16 less than 60 days we will be spreading that responsibility
17 among various members of the Chief Counsel's Office to
18 ensure that they run smoothly.

19 But yes, we will be recruiting to backfill this
20 position.

21 VICE CHAIR GUNDA: Thank you so much, Linda.
22 Thank you, Commissioner Gallardo. And Liza, thank you for
23 all the work and congratulations.

24 I don't think we have anything else on the
25 agenda. I just wanted to thank everybody in attendance

1 today, both the Commissioners, staff and the public. Thank
2 you for the conversation and the comments and moving us
3 forward together.

4 With that, thank you everyone, and the meeting is
5 adjourned.

6 (The Business Meeting adjourned at 12:25 p.m.)

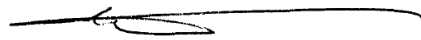
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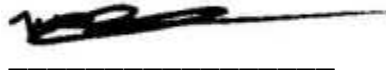
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