

DOCKETED

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BUSINESS MEETING

BEFORE THE

CALIFORNIA ENERGY COMMISSION

In the Matter of:)
) 24-BUSMTG-01
 Business Meeting)
 _____)

WEDNESDAY, MAY 8, 2024

10:00 A.M. - 3:30 P.M.

In-person at:

California Natural Resources Agency Building
715 P Street
First Floor Auditorium
Sacramento, California 95814
(Wheelchair Accessible)

Remote Access via Zoom™

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. Commissioners may attend remotely in accordance with Government Code section 11123.2(j).

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:
M. Nelson

APPEARANCES (*Present via Zoom)

Commissioners

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

Staff Present:

Drew Bohan, Executive Director
Lisa DeCarlo, Acting Chief Counsel
Deana Carrillo, Director, RREDI Program
Ryan McCauley, California Energy Commission, Petroleum
Market Oversight
Guadalupe Corona, Demand Side Grid Support (DSGS) Program
Erik Lyon, Demand Side Grid Support (DSGS) Program

Public Advisor:

Mona Badie, Public Advisor
Dorothy Murimi, Public Advisor's Office

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Also Present:

* Román Partida-López, Chair, CEC-CPUC Disadvantaged
Communities Advisory Group
*Ryan McCauley, Division of Petroleum Market
Oversight, DPMO
Andrea Coon, Western Electricity Coordinating Council

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a. Pursuant to Government Code section 11126(a)(1), the CEC may adjourn to closed session with its legal counsel to consider the appointment, employment, evaluation of performance, or dismissal of a public employee or to hear complaints or charges brought against that employee by another person or employee.	
b. Pursuant to Government Code section 11126(e)(1), the CEC may adjourn to closed session with its legal counsel to discuss the following pending litigation:	
i. Shasta County and Pit River Tribe, et al. vs. California Energy Commission	
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1 P R O C E E D I N G S

2 MAY 8, 2024

10:00 a.m.

3 MS. MURIMI: (Start of Introductory Video)

4 Welcome to the California Energy Commission's
5 Business Meeting. Close captioning via Zoom is available
6 for today's meeting. Attendees can use this feature by
7 clicking "CEC Closed Caption" or "Live Transcript" and then
8 selecting either "Show Subtitle" or "View Full Transcript."

9 You can find the agenda for today's meeting,
10 presentation materials, and other links on the business
11 meeting event page. A Zoom recording of today's business
12 meeting will also be made available on the event page.
13 Please visit energy.ca.gov/proceedings/business-meetings to
14 find the event page for this business meeting.

15 Approved orders, resolutions and court reporter
16 transcripts will also be made available in this year's CEC
17 business meeting docket.

18 The CEC welcomes public comment at its business
19 meetings. To ensure the orderly and fair conduct of
20 business public comments will be limited as announced and a
21 timer will be shown on the screen. To make a comment
22 please follow the instructions provided by the Public
23 Advisor's Office during the meeting. We ask that all
24 commenters spell their name and state any affiliation for
25 the record before making their comment.

1 Welcome to the California Energy Commission's
2 business meeting. The meeting will now begin.

3 (End of Video)

4 CHAIR HOCHSCHILD: Good morning, friends. I'm
5 David Hochschild, Chair of the California Energy
6 Commission. Today is May 8th, 2024. I call this meeting
7 to order. Joining me are Vice Chair Gunda, Commissioner
8 McAllister, Commissioner Monahan and Commissioner Gallardo.
9 We have a quorum.

10 Let's stand for the Pledge of Allegiance.

11 (Whereupon the Pledge of Allegiance was recited.)

12 CHAIR HOCHSCHILD: Thanks. A little windy out
13 there, so if you get some windswept hair I understand why.
14 But the wind turbines are spinning, so it's a good thing.

15 So let's go ahead and begin if we could with
16 public comment, and then move on to agency announcements.

17 MS. BADIE: Good morning. This is Mona Badie,
18 the California Energy Commission's Public Advisor. The
19 Commission welcomes public comment at its business
20 meetings. There's going to be multiple opportunities for
21 public comment today. This initial public comment period
22 is open for any items on the agenda, including
23 informational or non-voting items. Each voting item on the
24 agenda will have its own dedicated public comment period as
25 well.

1 And so I know we have some folks in the room that
2 are here or online for the Item 6, which is the WREGIS
3 item. If that is the item that you wish to comment on
4 we're asking for folks to comment at this time during this
5 public comment period. There won't be a dedicated public
6 comment period for Item 6. And the same applies for Item
7 4, which is the DACAG Info Report. And then the report out
8 at the end of the agenda.

9 So there's a few ways you can let us know you'd
10 like to make a comment. If you're joining us in the room
11 we've got a QR code, and we've got folks that have signed
12 up using that QR code. And then also if you do not have a
13 chance to use the QR code you can raise your hand and then
14 we'll call on you to approach the podium. And then we'll
15 move to Zoom. If you're on Zoom you'll use the raised-hand
16 feature on your screen, it looks like open palm. That'll
17 let us know you'd like to comment. And if you're joining
18 us by phone you'll press *9 to raise your hand and let us
19 know.

20 So right now we'll start with folks in the room
21 and I'll start with the QR code. And first we have Josh
22 Harmon. Josh, if you want to approach the podium. We're
23 asking folks to spell their name for the record and keep
24 comments to two minutes or less. There'll be a timer on the
25 screen. Thank you.

1 MR. HARMON: Commissioners, Josh Harmon, J-O-S-H
2 H-A-R-M-O-N. And I'm here on behalf of Pacific Gas and
3 Electric Company commenting Item Number 6, WREGIS
4 functionality issues.

5 So first of all I want to thank Sean Simon and
6 Elizabeth Huber for helping to elevate this issue and get
7 it on the business meeting agenda today. I also want to
8 thank CalCCA for adding their voice to this important
9 issue. And we want to indicate our support for their
10 proposed delays to the compliance deadlines as outlined in
11 the letter that they sent to you all on Monday evening.

12 I also want to thank Andrea Coon and her staff at
13 WREGIS for the progress that they've made this far on this
14 issue.

15 So WREGIS is core to the Renewable Portfolios
16 Standard program in California. It is a system of record
17 for creating, for transferring and tracking RECs. And it
18 tells us whether or not California is on track to meet its
19 climate goals. Right now it's not working as well as it
20 should be. Problems with REC creation and transfer started
21 last summer. It affects one-and-a-half-million RECs for
22 PG&E, and that number is only growing. The impact is that
23 counterparties cannot get the RECs they need for compliance
24 purposes. And PG&E is experiencing a short-term cash flow
25 gap that can increase our short-term borrowing costs. These

12

1 costs are ultimately paid for by Californians.

2 Unfortunately, despite ongoing engagement with
3 WREGIS there's still a lack of transparency regarding
4 outstanding issues and no clear timeline for resolution.
5 We know that California's RPS program is strong and that we
6 are on track. But ultimately, these data problems could
7 start to erode that perception if they aren't resolved.

8 So we're here to ask for your help. We look
9 forward to hearing your thoughts on how we can drive
10 towards resolution in a way that is more transparent, more
11 accountable, and more collaborative. Thank you.

12 CHAIR HOCHSCHILD: Thank you.

13 MS. BADIE: Thank you. Next we'll hear from
14 Melissa Yu. Melissa, if you want to approach the podium.
15 Please spell your name for the record. We're asking for
16 comments to be two minutes or less. There'll be a timer on
17 the screen.

18 MS. YU: Hello, Commissioners. Good morning. My
19 name is Melissa Yu, M-E-L-I-S-S-A Y-U. I'm representing
20 the Sierra Club today. I'm here to comment on the 45-day
21 language for the 2025 Building Energy Efficiency Standard.
22 I wanted to first thank the Commissioners and staff for all
23 of your work on this so far, and really applaud the
24 inclusion of language for the expansion of heat-pump
25 baseline for new construction in residential and commercial

13

1 buildings and the inclusion of the single-zone package
2 rooftop units.

3 We are however concerned that this 45-day version
4 took out really important language that was included in the
5 previous draft, which includes -- encourage households to
6 install heat pumps when replacing AC units when they break
7 down. So I myself am here today along with 450 other
8 Sierra Club members that have signed a petition, in
9 addition to 50 other organizations and local electives that
10 urge you to put this language back in. I'll submit that on
11 the docket later on before that deadline.

12 And to date, cities have been leaders in passing
13 ordinances to protect their constituents from the emissions
14 from building appliances, but not all have the resources to
15 do so. And so punting this responsibility back to local
16 governments will not make as great of an impact as the
17 state passing a statewide code. So we really need you to
18 take this leadership and include this provision back to
19 include AC-to-heat pumps when an appliance breaks down.
20 Most appliances are replaced every 10 to 20 years, if not
21 more. So we really have to take advantage of these life
22 cycles, these equipment life cycles, to avoid continuing to
23 lock in decades of more fossil fuel.

24 There has been so much progress that has been
25 made so far from our government and Governor's commitment

1 to 6 million heat pumps, to CARB's commitment to zero
2 emission standards to the largest manufacturers and
3 distributors committing to 6 million heat pumps on this
4 very stage by 2030. So we really hope that you can take
5 leadership and pass a code that will continue to move the
6 needle on building decarbonization. Thank you.

7 MS. BADIE: Thank you.

8 Next we'll hear from Olga Mandrussow. Olga, if
9 you could approach the podium please. Please spell your
10 name for the record. We're asking for comments to be two
11 minutes or less.

12 MS. MANDRUSSOW: Olga Mandrussow, O-L-G-A,
13 Mandrussow is M-as-in-Mary-A-N-as-in-Nancy-D-as-in-dog-R-U-
14 Sam-Sam-O-W. I sent in a letter also -- actually two e-
15 comments. But your system is a little funny, I'm not
16 really sure what happened.

17 I'm a 74-year-old private citizen who's concerned
18 about the climate crisis. And I would -- I'm also --

19 CHAIR HOCHSCHILD: Ma'am, I'm sorry. Do you mind
20 raising the mic a little so we can hear you better? Thank
21 you, yeah.

22 MS. MANDRUSSOW: I'm also concerned about the --
23 I'm here to comment about the building codes for 2025. And
24 I would also request that you please reinstate the heat-
25 pump AC measure. My husband and I had to install a heat

15

1 pump HVAC system. And we're extremely happy and we're the
2 rock stars in our neighborhood. Thank you very much for
3 thinking about this.

4 MS. BADIE: Thank you.

5 Next we'll hear from Sarah Taheri. Sarah, if you
6 could please approach the podium. Just a reminder to spell
7 your name for the record and we're asking for comments to
8 be two minutes or less.

9 MS. TAHERI: Great. Good morning Commissioners.
10 Thank you so much for the opportunity to speak. I'm
11 addressing Item 6 today. It's the WREGIS functionality
12 issue.

13 And generally I'd just like to align comments
14 with Mr. Harmon at PG&E. SDG&E is very appreciative of the
15 CEC staff and WREGIS, taking up this item today to have
16 additional conversation on how to get to timely resolution
17 of the WREGIS issues. We were encouraged to see in the
18 slides that there are three upcoming software releases that
19 should be able to address these issues by June. Hopefully
20 the remainder of the issues can be addressed swiftly
21 thereafter.

22 I also just wanted to add on the CalCCA letter
23 that was submitted we're generally supportive of that. And
24 we agree that there may be a need for extension of
25 compliance deadlines to support the RPS and Power Source

1 Disclosure program. And in particular that the extension
2 of the deadlines will be helpful for ensuring that whatever
3 data gets submitted to the CEC can be validated after the
4 WREGIS fix is implemented.

5 So I look forward to continued discussion on
6 that, appreciative of your time and consideration today.
7 And thank you again.

8 MS. BADIE: Thank you.

9 And next for Item 1 we'll hear from Frank Harris.
10 Frank, if you could please approach the podium. And as a
11 reminder to spell your name for the record, that we're
12 asking for comments to be two minutes or less.

13 MR. HARRIS: Thank you very much. My name is
14 Frank Harris, F-R-A-N-K H-A-R-R-I-S. I'm with the
15 California Municipal Utilities Association. And I'm here
16 to comment on the WREGIS informational item. We have met
17 with our members, we have a number of members who are being
18 affected by this. And so I am standing here to express my
19 support for the CalCCA letter requesting an extension based
20 on the availability of the accurate information coming out
21 of WREGIS.

22 Just to provide a little bit of detail to this I
23 understand the staff may be considering an extension for
24 affected utilities only. I'm a little concerned about the
25 administrative cost, the administrative burden of trying to

17

1 demonstrate that. My members who are not affected by this,
2 and thankfully there aren't as many as there would be on
3 the IOU side, because of the VAMO contracts are not
4 typically -- those transactions are not typically POU-type
5 transactions. But the ones who are not affected are
6 already well along their way in producing this report as
7 well as the MRR, both of those are due on June 1st.

8 And so I don't think that we have to worry about
9 a number of organizations taking advantage of an extension
10 that they wouldn't otherwise need. However, I think it
11 just will be more straightforward if there is a broad
12 extension consistent with the availability of accurate
13 information from WREGIS, so I appreciate the Commission
14 considering my comments. Thank you very much.

15 MS. BADIE: Thank you.

16 And before we transition to Zoom, I just wanted
17 to see if there's any other folks in the room that wanted
18 to comment. Okay, now we're going to go to Zoom. Karl
19 Aldinger I'm going to open your line. If you could, please
20 unmute on your end. Spell your name for the record. We're
21 asking for comments to be two minutes or less.

22 MR. ALDINGER: Hello, my name is Karl Aldinger,
23 K-A-R-L A-L-D-I-N-G-E-R. And I live in Fallbrook in San
24 Diego County. I'm a homeowner and my wife and I live in
25 what the state of California considers a low income, below

1 \$88,400.

2 I'm asking you to consider the importance of a
3 central air conditioner to heat-pump replacement role. As
4 a homeowner on a limited income, and one who works
5 professionally advocating for decarbonization strategies
6 and policies, I know that the most cost-effective way to
7 change from gas-furnace heating to an electric heat pump is
8 to perform that change when my central air conditioner
9 fails. The installation labor and effort is essentially
10 the same to install a heat pump versus an AC-only unit.
11 But this simple, cost-effective change will eliminate the
12 need for and use of a gas furnace.

13 The cost differential between AC hardware and the
14 heat pump hardware is minimal. If California AC
15 technicians no longer have the option to install AC units
16 only and instead become even more expert on the benefits
17 and features of their heat pump counterparts, consumers and
18 the market will benefit, dragging heat pumps out of the
19 overpriced, niche category of early adoption, a place that
20 they should not be in and they continue to be in, in
21 California. Heat pumps must become our de facto cooling
22 and heating methods.

23 Understanding that decarbonizing our existing
24 homes is not an option, but is an inevitability, there is
25 no downside to enacting this rule that will ensure an

1 easier and more cost-effective way for any homeowner to
2 gain electric heat pump heating. Heat pumps are extremely
3 energy- and cost-efficient to operate compared to any other
4 electric heating. Requiring heat pumps in place of AC on
5 burnout is the logical and equitable way to ensure everyone
6 is participating in the transition affordably. Thank you.

7 MS. BADIE: Thank you. Next we'll hear from Al
8 Sattler. Al, I'll open your line. Could you please spell
9 your name for the record. We're asking for comments to be
10 two minutes or less.

11 MR. SATTLER: Good morning. Al Sattler, A-L S-A-
12 T-T-L-E-R. California has led the way on energy efficiency
13 and that needs to continue. Having heat pumps for heating
14 and cooling in new construction is great. But it should
15 also be specified in state building code or retrofit, for
16 retrofits when an existing air conditioner burns out.
17 Otherwise, it's going to -- if it's left for each
18 individual city or county to have to deal with that they
19 have to spend staff time and perhaps even City Council time
20 making decisions about that. And it would be great. And
21 (indiscernible) times, I don't know about that. But okay,
22 no. Okay.

23 And I have to say from personal experience that a
24 HVAC contractor was quite resistant to installing a
25 combination heating-cooling air pump system. So if it were

20

1 in state code, rather than just -- that would be a great
2 thing to do. Thank you very much.

3 MS. BADIE: Thank you.

4 Next we'll hear from Jim Stewart. Jim, I'm going
5 to open your line. If you could please spell your name for
6 the record. We're asking for comments to be two minutes or
7 less.

8 MR. STEWART: Jim Stewart, S-T-E-W-A-R-T. I just
9 want to support the Sierra Club and all the other
10 organizations and people that are demanding that you
11 require the heat pump when an air conditioner burns out.
12 Thank you very much.

13 MS. BADIE: Thank you. Next we'll hear from Nico
14 DeGiorgio. I'm going to open your line, Nico. If you
15 could please spell your name for the record. We're asking
16 for comments to be two minutes or less.

17 MR. DEGIORGIO: Yes, hello, this is Nico
18 DeGiorgio. I'm the founder of Net Zero Energy Operators.
19 And we're independent energy consultants serving the San
20 Joaquin Valley.

21 First of all, I just want to start with an
22 appreciation for the generational funding. First of all
23 that's available to us energy professionals to foster a
24 cleaner valley.

25 I also want to extend appreciation for the present state

1 Water, Energy and Technology Center funded by the CEC to
2 support the development of businesses such as mine.

3 There were a couple of things that I wanted to
4 comment on in regard to funding. One was the CalSEED
5 program. Based on research that I've conducted I really
6 wanted to highlight and ensure that benefits are being
7 targeted towards California-based businesses and that those
8 resulting businesses are actually benefiting California
9 ratepayers. And so I'd like to ask that some sort of
10 evaluation process be made to ensure that those that are
11 applying for this are indeed part of the state, and that
12 those benefits are indeed going to ratepayers of
13 California.

14 Another thing I wanted to comment on was the Food
15 Production Investment Program. Based on recent work with
16 industrial clients we noted that the installation would not
17 be covered by the grant. And that created some serious
18 hurdles for this business to take on some of these climate
19 retrofits. And so we just ask that funding for greenhouse
20 gas reduction also be applied for installation costs.

21 I do have some super comments for CalSHAPE and
22 some of my experiences with that, but I'll leave that to --
23 for the expected time on the agenda. So thank you.

24 MS. BADIE: Thank you.

25 Next we'll hear from Eric Little. Eric, I'm

1 going to open your line if you could please spell your name
2 for the record. We're asking for comments to be two minutes
3 or less.

4 Eric you'll have to unmute on your end.

5 MR. LITTLE: Yeah, sorry. My mouse was not
6 agreeing with me. This is Eric Little, E-R-I-C L-I-T-T-L-
7 E. I am the Director of Regulatory Affairs for the
8 California Community Choice Association. CalCCA has 24
9 Community Choice aggregator members serving energy to 14
10 million customers in over 200 cities and counties.

11 Later today, you will be briefed on a delay in
12 the issuance of Renewable Energy Credits out of the Western
13 Renewable Energy Generation Information System, or WREGIS,
14 Item 6, on your agenda. RECs are the basis for tracking
15 the energy delivery from renewable resources, which is a
16 significant factor in reducing emissions in the state of
17 California. And in fact, California should be proud of its
18 efforts to reduce those emissions. But displaying those
19 accomplishments requires accurate reporting. The delay in
20 RECs from WREGIS without a commensurate delay in the
21 reporting threatens the accurate depiction of California's
22 accomplishments. Twenty-one out of twenty-four CCAs
23 represented by CalCCA have experienced delays in the
24 issuance of RECs, all three investor owned utilities, many
25 of the energy service providers, and some of the

1 municipalities as well.

2 Customers are savvy and many have developed their
3 own desires and policies regarding their own GHG footprint.
4 And because many of these customers have choices as to who
5 serves their energy needs it's critical that all of our
6 reporting be done at the same time to avoid confusion.

7 It's for these reasons that Beth Vaughan, the CEO
8 of CalCCA sent a letter to the Commission of the Energy
9 Commission, sorry, to the Commissioners of the Energy
10 Commission, Public Utilities Commission, and the Board of
11 the members of the Air Resources Board to request a day-
12 for-day delay in all reporting obligations that are
13 dependent on correct accounting for RECs. Under usual
14 circumstances load-serving entities would receive their
15 RECs in March to April and this places those entities over
16 one month behind as of right now.

17 We're encouraged that WECC is prioritizing this
18 effort and ask the Energy Commission to delay their June
19 1st power source disclosure filing, their July 1st
20 renewable portfolio standard procurement claims and their
21 October 1st LSE power content -- excuse me -- power content
22 label publications.

23 The Energy Commission should coordinate with
24 WECC, Public Utilities Commission and the Air Resources
25 Board to determine new dates once the RECs are issued in

1 full. Thank you.

2 MS. BADIE: Thank you.

3 Next we'll hear from Kathy. Kathy, sorry, I
4 don't have a last name on the screen. I'm going to open
5 your line. If you could please spell your name for the
6 record. We're asking for comments to be two minutes or
7 less.

8 MS. DERVIN: Good morning. My name is Kathy
9 Dervin, K-A-T-H-Y D-E-R-V-I-N. And I'm calling about the
10 2025 Building Energy Efficiency Standards. I'm a retired
11 public health official who spent seven years working at the
12 State Health Department's Climate Health and Equity
13 Program.

14 California's goal of 6 million heat pumps by 2030
15 requires strong, ongoing action. This is not just an
16 important climate and energy efficiency goal it's also a
17 critical public health goal. Recent studies are
18 documenting more risks associated with gas appliances in
19 our homes and buildings. We now have more data about the
20 risks from nitrogen oxide, particulate matters, benzene,
21 formaldehyde, carbon monoxide. Gas-powered appliances
22 contribute to both outdoor and indoor pollution and
23 increase the risk of asthma, lung cancer and respiratory
24 illness.

25 Fortunately, and I live in Monterey County, and I

1 can look out my window today and watch our HVAC contractor
2 putting in new ducts for our heat pump and making space for
3 a heat pump water heater, which with stackable rebates will
4 cost us \$0.00 in an 80-year-old, 1,100-square-foot home.

5 I urge the CEC to move forward with requiring
6 two-way heat pumps to replace aging and broken-down air-
7 conditioning units. This is especially important and
8 valuable for people who live in hotter and more polluted
9 areas of the state. I want to thank you for your long-time
10 efforts in energy efficiency. And please ensure that air
11 conditioning is covered in the 2025 goals. Thank you very
12 much.

13 MS. BADIE: Thank you.

14 Next we'll hear from John McKenna. John, I'm
15 going to open your line. If you could please spell your
16 name for the record. We're asking for comments to be two
17 minutes or less.

18 MR. MCKENNA: Okay, thank you. My name is John
19 McKenna, J-O-H-N M-C-K-E-N-N-A, and my 10-year-old daughter
20 and I live in Menlo Park. I thank you for the opportunity
21 to speak with you today. I'm here to talk about the
22 proposed 2025 Energy Code language. This is my very first
23 time making a public comment to the CEC. I wish I could be
24 there in person. I imagine you're hearing from many first-
25 time commenters these days. Confronting something as

1 destructive and frightening as climate change will force me
2 out of their comfort zone and motivate them to learn and to
3 act. I've learned that it's important for you, our leaders
4 and decision makers to hear from everyday people. Our
5 voices can give you the courage and support needed to make
6 bold decisions.

7 You have a difficult job. These critical
8 decisions that you're being required to make now will have
9 an outsized impact on the lives of our children and many
10 generations after them. They need us to fight for their
11 future, to give them a livable planet, which we are merely
12 borrowing from them. And sadly, we likely will not be
13 returning it to them in as good a condition as it was given
14 to us. At this point it is our responsibility to preserve
15 as much as we can and minimize any continued damage.

16 So I want to thank you for your work to make the
17 2025 Energy Code as strong as possible. The proposed
18 enhancements are meaningful, but we can't stop there. We
19 need more and we don't have time to delay. You have the
20 opportunity to make the code even stronger by requiring
21 that air conditioning systems be switched to heat pumps
22 upon replacement. Heat pumps as you know provide both
23 cooling and heating. So by including this requirement we
24 will greatly reduce the usage of gas-powered furnaces and
25 reduce the emissions of planet-heating greenhouse gases.

27

1 Knowing what we know about the burning of fossil
2 fuels and its costly negative impacts we are failing on our
3 duty if we don't take every opportunity to eliminate such
4 activities, while fully acknowledging and confronting the
5 challenges of doing so. Our children are counting on us.
6 We owe them and future generations an all-hands-on-deck
7 effort. And when faced with tough choices we must choose
8 the option that will produce the best results for their
9 future. Thank you for your time.

10 MS. BADIE: Thank you, John.

11 Next, we'll hear from Heather Farr. Heather, I'm
12 going to open your line. If you could please spell your
13 name for the record. We're asking for comments to be two
14 minutes or less.

15 MS. FARR: Good morning Commissioners. My name
16 is Heather Farr H-E-A-T-H-E-R, last name F-as-in-Frank-A-R-
17 R, and I'm commenting on the 2025 Building Code. I am with
18 the South Coast Air Quality Management District, the local
19 air quality pollution agency for the four county regions.
20 That includes Los Angeles, Orange, San Bernardino, and
21 Riverside counties. We are the largest of the 35 local air
22 agencies in California, and encompass almost 11,000 square
23 miles and are responsible for the air quality of our 17
24 million residents. Our region has the worst air quality in
25 the nation. And we are striving to adopt zero emission

1 requirements wherever feasible to attain our air quality
2 goals.

3 The South Coast AQMD appreciates the CEC's work
4 in developing the 2025 Building Code and it aligns some of
5 our zero emission appliance implementation dates with the
6 dates in the building code. However, we support the
7 previous provisions in the draft code that have since been
8 eliminated, including the provision that required air
9 conditioners in existing homes to be replaced with heat
10 pumps, and the provisions for the use of solar and heat
11 pumps for pool heating in existing, nonresidential and
12 multifamily buildings.

13 Establishing requirements to transition to zero
14 emission technologies such as such as heat pumps aligns
15 with the South Coast AQMD's regulatory approach. And
16 consistency among regulatory agencies sends a strong market
17 signal and promote certainty for appliance manufacturers,
18 homeowners, and our local businesses. The proposed changes
19 will not assist in early development of zero emission
20 technologies, and therefore it will slow the potential air
21 quality improvements and public health benefits. Thank
22 you.

23 MS. BADIE: Thank you.

24 Next we'll hear from Marie Luebbers. Marie, I'm
25 going to open your line. If you could please spell your

29

1 name for the record. We're asking for comments to be two
2 minutes or less. Marie, you'll have to unmute on your end.
3 Okay, Marie I'm not getting an unmute on your end, so I'm
4 going to move on. And then I'll try you again if you want
5 to --

6 MS. LUEBBERS: Hello. Do you hear me?

7 MS. BADIE: Yes, we can hear you now. Thank you.

8 MS. LUEBBERS: Okay. So my name is Marie
9 Luebbbers, Marie L-U-E-B-B-E-R-S. I live in Orange County
10 in Tustin. I'm a private citizen, and I care about climate
11 change. We need solar and electric heat pumps. We need a
12 building code that encourages households to install two-way
13 heat pumps when replacing AC units for example. Please
14 reinstate the language to encourage expired AC units to be
15 replaced with electric heat pumps.

16 We need to meet Governor Newsom's target of 6
17 million heat pumps by 2030, and we are far from it. So I
18 trust you. I trust you're smart enough to know that if we
19 don't do that it will cost us money somewhere else. Either
20 in health, because we know now that gas is bad for your
21 health, or climate change (Indiscernible). So please do
22 reinstate the heat pump, electric heat pump elements.
23 Thank you.

24 MS. BADIE: Thank you.

25 Next we'll hear from Asia Gregory. Asia, I'm

1 going to open your line. If you could please spell your
2 name for the record. We're asking for comments to be two
3 minutes or less. Asia your line is open. Asia we're
4 showing that you're unmuted, but we're not getting any
5 audio from you. So I'm going to move on and I'll come back
6 to you later if you wanted to configure your settings.

7 Next we'll hear from Anne Pernick. Anne, I'm
8 going to open your line. If you could please spell your
9 name for the record. We're asking for comments to be two
10 minutes or less.

11 MS. PERNICK: Hi, my name is Anne Pernick, A-N-N-
12 E. Last name is P-E-R-N-I-C-K. And I am with SAFE Cities
13 at Stand.earth. We work with many local government leaders
14 and advocates in California as well as across the country
15 and in Canada to protect local health and safety and global
16 climate by decarbonizing, including by transitioning to
17 energy-efficient and healthy buildings.

18 Local governments in California started and grew
19 this building movement and remain dedicated to its goals,
20 exploring and passing new policy approaches to meet them.
21 But we don't have the luxury of time to ask every
22 jurisdiction to pass these policies.

23 That is why on the language in the draft energy
24 code for nonresidential buildings SAFE Cities applauds the
25 CEC for extending prescriptive heat pump space heating

1 requirements to all school, retail, library, financial
2 institution and office occupancy. We applaud the CEC for
3 maintaining the requirement for heat pumps to be
4 prescriptively required for small, packaged unit
5 replacements in most climate zones, and for establishing
6 electric-ready requirements for commercial kitchens. We
7 ask that you please maintain these requirements in the
8 final standards.

9 And on the language in the draft code for single
10 family and multifamily buildings SAFE Cities applauds the
11 CEC for introducing a prescriptive requirement for heat
12 pump space and water heating in all climate zones for
13 residential buildings. And for the decision to include the
14 new construction heat pump baselines for spacing water
15 heaters. In addition, we ask that you please maintain
16 these requirements in the final standards.

17 We are concerned that a prescriptive requirement
18 was removed from the draft express terms that would have
19 encouraged house-wide, state -- households statewide to
20 install two-way heat pumps when replacing old air
21 conditioning units. This is a missed opportunity to
22 improve air quality for Californians, drive the heat pump
23 market, and accelerate heat pump adoption. Please move that
24 prescriptive requirement for a heat pump to replace an air
25 conditioner in existing single-family homes from the

1 voluntary section of CALGreen back to the Energy Code.

2 Thank you very much.

3 MS. BADIE: Thank you.

4 Next we'll hear from Bret Andrews. Bret, I'm
5 going to open your line. If you could please spell your
6 name for the record. We're asking for comments to be two
7 minutes or less.

8 MR. ANDREWS: Hello. Yes, thank you. My name is
9 Bret Andrews, B-R-E-T A-N-D-R-E-W-S. Thank you for the
10 opportunity to speak today. I'm asking as a physician from
11 the San Francisco Bay Area Physicians for Social
12 Responsibility to reinstate the statewide provision that
13 would encourage replacing broken air conditioning units
14 with two-way heat pumps.

15 As a practicing neurologist I see the
16 consequences of increased disease and premature deaths from
17 air pollution. This includes PM 2.5, nitrogen dioxide, and
18 multiple other pollutants. The asthma and chronic lung
19 disease are some of the effects, but also I see stroke and
20 dementia. These are increased by the air pollution
21 particulate matter and other emissions. This is
22 disproportionately affecting my patients who are people of
23 color and low income who suffer greater air pollution
24 exposure, both indoors and outdoors.

25 And decisions like this where you can increase

1 the efficiency and reduce the energy consumption from
2 fossil fuel will dramatically save lives and the health of
3 Californians. And thank you for your efforts in this
4 continued pursuit.

5 MS. BADIE: Thank you.

6 Next we'll hear from Kylee Golzar. Kylee, I'm
7 going to open your line. If you could please spell your
8 name for the record. We're asking for comments to be two
9 minutes or less. Kylee you'll need to unmute on your end to
10 make your comment.

11 MS. GOLZAR: Can you hear me? Can you hear me
12 now?

13 MS. BADIE: Kylee, your volume is extremely low.
14 So it won't be audible in the room. If you could adjust
15 your settings, I'll come back to you.

16 Next we'll hear from Robert Mayo. Robert I'm
17 going to open your line if you could please spell your name
18 for the record. We're asking for comments to be two
19 minutes or less. Robert, your line is open.

20 MR. MAYO: Hello my name is Robert Mayo, spelled
21 R-O-B-E-R-T M-A-Y-O. I'm a private individual living in
22 Mountain View, California. The climate crisis is urgent.
23 A quick look at the news this week reveals extreme heat in
24 Asia, and historic floods in Brazil. As an individual, I
25 am concerned that the world I know is slipping away and I

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1 do not like it.

2 I'm commenting today on the 2025 draft energy
3 code. This is my first time commenting before the
4 Commission. I commend the Commission on the draft energy
5 code, especially the provisions that encourage building
6 electrification and the installation of heat pumps for
7 space and water heating. I strongly urge the Commission to
8 keep these provisions.

9 To strengthen the code further, please reinstate
10 the mandatory provision to convert air conditioners to heat
11 pumps at the time of their replacement. This is a low-cost
12 way to increase the use of heat pumps. In particular, this
13 provision results in the heat pump being installed in much
14 the same way as a replacement air conditioner. Because of
15 this, it reduces any reluctance that consumers or
16 contractors may have if they are not already familiar with
17 heat pumps.

18 Governor Newsom has a target of 6 million heat
19 pumps by 2030. We are not on track for that target at the
20 current pace, nor are we on track to meeting our 2030
21 climate goals. Please act with urgency and do all you can.
22 Please reinstate the language that would make an upgrade to
23 a heat pump mandatory at the time an air conditioner is
24 replaced. Thank you.

25 MS. BADIE: Thank you.

1 Next we'll hear from Bill Woodbridge. Bill I'm
2 going to open your line. If you could please spell your
3 name for the record. And keep your comments to two minutes
4 or less. Thank you. Bill if you could unmute on your end.

5 MR. WOODBRIDGE: Oh, just unmuted. My name is
6 Bill Woodbridge, W-O-O-D-B-R-I-D-G-E. I live in Santa
7 Barbara. Not only am I very concerned about the amount of
8 methane and co2 that is escaping from gas appliances into
9 our atmosphere, but I'm calling because last week I had the
10 scare of my life. I live in a 16-unit apartment building.
11 There's a vacant unit that had some remodeling going on in
12 it. One of the contractors apparently left the one of the
13 appliances on with -- (Audio cuts out)

14 MS. BADIE: I think we lost your audio Bill.
15 Okay, I'm not seeing Bill on the line anymore. I'm going to
16 -- Bill if you want to rejoin if you're on and raise your
17 hand again we'll come back to you.

18 Next we'll hear from Linh Dan Do. I'm going to
19 open your line Linh, please spell your name for the record.
20 We're asking for comments to be two minutes or less.

21 MS. DAN DO: Good morning, my name is Linh Dan
22 Do. First name L-I-N-H D-A-N, last name D-O. I live in
23 Menlo Park and I'm speaking as an individual. I am a
24 mother of two young children and a renter. And like many
25 others on the call today, I am concerned about ensuring

1 healthy air quality and creating a livable future for our
2 communities and really the entire planet.

3 Again, like previous speakers, I'm commenting
4 about the 2025 Building Efficiency Standards. I appreciate
5 that the rules will mean that new homes and buildings are
6 built with electric heat pumps rather than gas. However,
7 there is a missed opportunity when it comes to addressing
8 pollution from existing homes. So please reinstate the
9 critical provision, which was included previously, that
10 will encourage households statewide to install two-way heat
11 pumps when replacing old air conditioning units. I hope
12 you'll take this opportunity to comprehensively, and
13 swiftly transition away from burning fossil fuels. Thank
14 you.

15 MS. BADIE: Thank you.

16 Bill I'm going to open your line again, if you
17 can continue where you left off. Bill your line is open.

18 MR. WOODBRIDGE: Yeah, can you hear me now?

19 MS. BADIE: Yes. Thank you Bill. Go ahead.

20 MR. WOODBRIDGE: I had the scare of my life last
21 week when a vacant unit in a 16-unit apartment building
22 that I live in had gas escaping from a gas appliance. It
23 leaked into three other units and SoCal Gas said if they
24 hadn't gotten here within the timeframe they did the whole
25 building would have exploded. I'm sure you've all seen all

37

1 the explosions from gas appliances around the country on
2 TV.

3 I commend the Commission for the new building
4 draft. That's great. But the proposed code scrapped the
5 critical provision that would have encouraged households
6 statewide to install two-way heat pumps when replacing
7 broken air conditioners. We encourage the Commission to
8 deliver the full win we need for climate by reinstating
9 that language.

10 California as previously stated is not on track
11 to meet its 2030 goals. Only, as of last fall, just one-
12 and-a-half million heat pumps across 8000 homes -- 800,000
13 homes were installed. That doesn't get us anywhere near
14 where we need to be by 2030.

15 Burning fossil fuels in California homes and
16 buildings generates four times more smog-forming NOx
17 pollution than power plants. Gas-powered furnaces generate
18 many of the same pollutants found in car exhaust, including
19 nitrogen oxides, fine particulate matter, benzene,
20 formaldehyde and carbon monoxide. I don't want to breathe
21 that stuff anymore.

22 So I've recently read that the Co2 and methane
23 emissions coming from gas-powered appliances, air
24 conditioners, and other appliances in homes and businesses
25 escaping into the air in California are equivalent to what

1 would come out of 21 coal-fired plants. That is
2 unacceptable. We need to really replace these air
3 conditioners when they go bad with heat pumps to start
4 result solving some of the pollution that's going into our
5 air. Thank you very much for your time.

6 MS. BADIE: Thank you. Next we'll hear from Sara
7 Tincher. It's there. I'm going to open your line if you
8 could please spell your name for the record. We're asking
9 for comments to be two minutes or less.

10 MS. TINCHER: Hello and thank you. I'm Sara
11 Tincher, S-A-R-A T-as-in-Thomas-I-N-as-in-Nancy-C-H-E-R. I
12 would like to start by thanking the Commission for all your
13 hard work and consideration on the 2025 building code.

14 Since I was a child I've suffered from sinus
15 issues, asthma and allergies. I monitor and account for
16 the air quality every day. I am deeply concerned about my
17 wellbeing in addition to the quality of life and air that
18 our future generations will have to endure. We need real,
19 impactful changes today that will lead to a better future
20 for all. For this reason I would like to strongly
21 encourage the CEC to adopt this drafted code with the
22 addition of encouraging households to install two-way heat
23 pumps when current units reach their end of life.

24 Installing a heat pump cuts emissions from space
25 heating by 72 percent in the first year, and 93 percent

1 over the lifetime of the equipment compared to a gas
2 furnace. Seeing that California is not on track to meet
3 Governor Newsom's target of 6 million heat pumps by 2030 it
4 is even more crucial that we provide this incentive.

5 As someone who has who was born into and
6 continues to exist in poverty, the impact of providing
7 additional options and alternative costs to heating systems
8 in California cannot be understated. For example, in 2022,
9 wholesale gas prices in California soared to as high as ten
10 times the national benchmark in December. A staggering
11 increase that doubled, tripled, and even quadrupled January
12 2023 heating bills for Californians. Speaking on a personal
13 level, during warmer months my household cost for gas is
14 between \$20 and \$30. When using heat in the winter months
15 our bill is often close to and over \$400. Our highest cost
16 is always in January, which in 2023 was about \$80 more than
17 in 2022. This in part was a result of higher usage due to
18 more extreme weather conditions fueled by climate change.

19 In terms of climate change, burning fossil fuels
20 in California homes and buildings generate four times more
21 smog-forming NOx pollution than power plants. Encouraging
22 zero emission heat pump installations will cut pollution
23 from space heating and deliver cleaner air to communities
24 across the state. I'm grateful for this opportunity to
25 share my personal feelings and opinions on the matter. And

1 I thank you for your consideration.

2 MS. BADIE: Thank you. Next we'll hear from
3 phone number ending in 124. I'm going to open your line.
4 If you could please unmute on your own by pressing *6.
5 Please state and spell your name for the record. We're
6 asking for comments to be two minutes or less. Phone
7 number ending in 124 you'll have to unmute on your end.
8 Your line is open.

9 MS. GREGORY: Can you hear me now?

10 MS. BADIE: Yes.

11 MS. GREGORY: Can you hear me? Okay, wonderful.
12 Thanks so much. Good morning Commissioners and staff. My
13 name is Asia Gregory, A-S-I-A. G-R-E-G-O-R-Y. I represent
14 Southern California Edison, where I work as a Senior
15 Advisor in Regulatory Affairs. I'm commenting today on
16 Item Number 6.

17 Southern California Edison appreciates the CEC
18 and WREGIS for providing an update today on the WREGIS
19 functionality issues. I'm looking forward to hearing an
20 update during staff presentation on items. We also would
21 like to thank Sean Simon and CEC for all their engagement
22 on the issue.

23 Like PG&E and SDG&E and other stakeholders SCE
24 supports resolving the WREGIS system challenges as quickly
25 as possible. These system issues need to be resolved so

1 that the parties can complete REC transfers as a result of
2 the CPUC's VAMO process and complete various reporting and
3 other compliance activities.

4 This also includes finalizing data for the
5 upcoming RPS compliance filing for the CPUC and CEC.

6 Moreover, it is really important that WREGIS can
7 fix these problems in a timely manner, so that parties
8 enough time to perform quality control checks, transfer
9 RECs between parties, and generate reports well before the
10 various compliance and reporting deadlines, such as the
11 CPUC's annual August 1st RPS Compliance Report.

12 Also like PG&E and SDG&E, SCE is aware of and
13 generally supports CalCCA's request for delay in compliance
14 and reporting due dates. SCE is happy to work with WREGIS
15 and other stakeholders to resolve this matter as quickly as
16 possible. Thank you again for the opportunity to comment on
17 this important item.

18 MS. BADIE: Thank you.

19 Next we'll hear from Leslie Purcell. Leslie I'm
20 going to open your line. If you could please spell your
21 name for the record. We're asking for comments to be two
22 minutes or less. Leslie if you could please unmute on your
23 end, your line is open.

24 MS. PURCELL: You can hear me?

25 MS. BADIE: Yes.

1 MS. PURCELL: Great. Leslie Purcell, P-U-R-C-E-
2 L-L. And I'm calling in from Ventura. And I would like to
3 support folks who are asking to have the heat pumps for
4 heating and cooling as a requirement in the energy code.

5 And I will just say I have had a couple of
6 friends on the East Coast who were early adopters of heat
7 pumps and I was quite impressed in the efficacy and how
8 well those units helped with their heating and cooling.
9 And so I would just like to concur with others that have
10 asked to have that put back into the energy code. Thank
11 you so much.

12 MS. BADIE: Thank you.

13 Asia, I'm going to come back to you and see if we
14 can get your line to be open. I'm going to open your line
15 right now. And if you could unmute on your end you may
16 begin. Sorry Asia, we're not getting any audio from you
17 from this side.

18 MS. GREGORY: Can you hear me?

19 MS. BADIE: Yes, we can hear you now. Thank you.

20 MS. GREGORY: Yes, I already commented. I called
21 in via phone, because I was having trouble unmuting my line
22 before. So thank you.

23 MS. BADIE: Oh, thank you.

24 MS. GREGORY: Thanks so much

25 MS. BADIE: All right. Kylee Golzar I'm going to

1 try your line again.

2 I can you hear me? Yes. Okay, great. Hello,
3 Commissioners. My name is Kylee Golzar, that's K-Y-L-E-E
4 G-O-L-Z-like-zebra-A-R. And I'm here to submit a brief
5 statement regarding the recent spending and encumbrance
6 freeze directed by the Department of Finance. This move
7 has the potential to significantly impact and/or derail
8 many critical, high-priority projects. We urge the
9 Commission to provide any and all details related to the
10 potential impacts, and if and when spending and encumbrance
11 is expected to resume to ensure impacted parties can plan
12 accordingly. Thank you.

13 MS. BADIE: Thank you.

14 That concludes public comment. Back to you,
15 Chair.

16 CHAIR HOCHSCHILD: Great. Thank you to all the
17 members of the public for providing comment. I wanted to
18 give Commissioner McAllister an opportunity to respond to
19 some of the issues that were raised.

20 COMMISSIONER MCALLISTER: So thank you, Chair.
21 And, really, thank you to all the commenters. It really --
22 I'm specifically going to address the issues around the
23 building code and the AC to heat pump changeout topic.
24 Really appreciate everyone taking time to comment. I know
25 everyone's busy and it means a lot to us in our process.

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1 And just it demonstrates how important it says to all of
2 you.

3 And I wanted to just let everyone know kind of
4 where we are with the building code. And also, agree with
5 a lot of what was said about the importance of heat pumps
6 as a decarbonization measure and just give a little bit of
7 broader perspective here to ground the conversation going
8 forward.

9 So the letter I believe that we got from Sierra
10 Club and that many of the members who just commented, many
11 members of public who just commented, use the word
12 "encourage." And I would say that you wanted us to, in the
13 code, encourage the installation of heat pumps when ACs
14 need changing out.

15 And actually that's exactly what we're doing.
16 That's very different, that is different from a
17 requirement. A minimum requirement means that every AC
18 that goes bad must be replaced by a heat pump, with maybe
19 some exceptions for extraordinary conditions.

20 And so I want to first just commend our staff,
21 because we have been looking at this exhaustively. And
22 we've been working with all stakeholders, lots of
23 knowledgeable stakeholders, many advocates, the original
24 equipment manufacturers, just a huge variety of
25 stakeholders. We've been doing an amazing amount of

1 technical, a huge amount of technical and economic analysis
2 on that measure.

3 And I think part of the complication is that just
4 we're in such a diverse state with diverse climate, which
5 means that the load on AC and heat pumps varies
6 tremendously across the state. Energy prices vary, both
7 gas and electric vary tremendously across the state. So
8 that analysis comes down very differently in different
9 parts of the state. And so those are just realities. And
10 so that complicates the conversation around a minimum
11 requirement in all cases. So again, staff has done an
12 amazing amount of analysis about this.

13 And there's both -- a couple of commenters said
14 that their contractors didn't know about this and they were
15 discouraging you from installing them. Well that's part of
16 the market transformation that has to take place. In order
17 to make a minimum requirement it's got to be a real no-
18 brainer. And contractors need to be coming along with that
19 and being able to actually do these installations properly,
20 they have to perform.

21 I think we can all agree that heat pumps are
22 awesome, that they work great, that they are inherently
23 cleaner and inherently more efficient than the combustion
24 alternative. And they are a key measure for our
25 decarbonization journey, absolutely. The six million heat

1 pump goal is a thing and we are we are dedicated to meeting
2 that, doing a ton with the OEMs and other stakeholders to
3 ramp up installations of heat pumps. So that is a process.

4 And so in the building code this measure is in
5 Part 11, CALGreen, that we will be discussing as that
6 regulation is up, that proceeding moves forward. In Part 6
7 it is a similar requirement in the nonresidential for RTUs
8 as some people mentioned, but not for residential
9 changeouts. So that residential is in Part 11. I want to
10 encourage everyone to participate in that rulemaking when
11 it moves forward. Right now the 45-day language has not
12 opened, but it will here in a few weeks.

13 So and I also just want to agree that in terms of
14 the moments to install a heat pump, that that changeout is
15 the least cost moment to put in a heat pump. It is the
16 most convenient moment to put in a heat pump and it's
17 logical that people would do that. We really want people
18 to do that.

19 And so the Part 11 strategy is -- and I'll just
20 back up a little bit here -- in Part 11 historically we've
21 left that largely up to the local governments. And it is
22 their responsibility to adopt a provision in Part 11 that's
23 voluntary, to adopt it locally as mandatory. And so we've
24 kind of been arm's length with local governments in the
25 past on this for different reasons, of sort of

1 jurisdictional reasons, really.

2 In this case we plan to work very closely with
3 local governments. And perhaps provide some kind of an
4 assistance to sort of allay some of those concerns about
5 workload, to create some templates, perhaps, that local
6 governments can use to ease that process for them.

7 And the reason for that is that the places where
8 it's most clearly sort of viable in a relatively
9 straightforward decision are places where electricity tends
10 to be less expensive. And so there are a number of places
11 around the state that that is the case. And so those are
12 logically the local governments that would move forward
13 with it, with the requirement. And as scale goes up we can
14 revisit that as a requirement in the state building code in
15 the next cycle.

16 The other issue is some people bought --
17 commenters I want to acknowledge -- that incentives are
18 important for moving heat pumps into the mainstream. There
19 is an incremental cost. And at that will come down as we
20 get some scale. But a requirement means that it's more
21 difficult to provide incentives. If it's required by code
22 then most programs would not be making that installation
23 eligible for an incentive. Because you have to do it why
24 would you subsidize it? And so there are tax credits.
25 There are some other mechanisms that don't depend on

1 whether it doesn't matter whether it's requirement or not.
2 But that does sort of make it more difficult to provide
3 subsidies, state subsidies to those installations.

4 So all this is to say that we have a lot of work
5 to do to translate it, to really get scale on heat pumps.
6 And I know all of the comments are coming from a good
7 place. And I think we absolutely agree that this is a key
8 measure. And we need to get to pervasive installation and
9 replacement. But the code strategy is that it's in Part 11
10 we're going to move forward. And the timeline for Part 6 is
11 such that really that ship has sailed. And Part 11 is a
12 place where we're going to move forward together. And we
13 really hope to get a lot of collaboration from stakeholders
14 on that going forward, local governments, advocates, all of
15 you commenters, it's really gratifying to see all the
16 engagement. So thank you.

17 CHAIR HOCHSCHILD: Thank you. All right,
18 colleagues, we're an hour into the meeting and we're on
19 Item 2. So I would just ask if we can really try to move
20 expeditiously through a pretty substantial agenda today and
21 keep the comments brief if we can.

22 I do want to issue one update and correction to
23 Item 3e, which is that the budget number is \$4,626,847. So
24 just let the record reflect that's the updated number.

25 With that let's turn to Item 3, Consent. Are

1 there any public comments on Item 3?

2 MS. BADIE: Oh sorry, I thought you were asking
3 for dais comments. Thank you.

4 Good morning. Again, this is Mona Badie the
5 Public Advisor for the California Energy Commission. The
6 Commission now welcomes public comment on Item 3, the
7 Consent Agenda. If you're joining us in the room you can
8 use the QR codes or raise your hand. And if you're joining
9 us on Zoom please use the raise-hand feature on your screen
10 or press *9 if joining by phone.

11 And I'm not seeing any commenters in the room, so
12 I'm going to transition over to Zoom. Amanda Myers Wisser,
13 I'm going to open your line. If you could please spell
14 your name for the record. We're asking for comments to be
15 two minutes or less.

16 MS. MYERS WISSER: My name is Amanda Myers
17 Wisser. That is spelled Amanda A-M-A-N-D-A, last name M-Y-
18 E-R-S-space-W-I-S-S-E-R. And I am here representing
19 WeaveGrid. WeaveGrid is a California-based software
20 startup company that supports increased adoption of
21 electric vehicles or EVs through greater understanding of
22 charging behaviors, manage charging programs and
23 distribution focus, charging optimization.

24 I am providing comment in strong support of our
25 Responsive, Easy Charging Products with Dynamic Signals, or

1 REDWDS, proposed award on today's Consent Calendar. We
2 appreciate this grant opportunity to help meet state goals
3 including vehicle grid integration, load shift, zero
4 emission vehicle adoption and renewable energy integration.
5 We are honored to be selected as the proposed awardee to
6 help meet these ambitious objectives of CEC and its sister
7 agencies.

8 Our project aims to deploy charging management
9 software with a focus on dynamic rates and other load
10 management signals to align EV charging with grid
11 conditions such as periods of low-grid constraints or
12 emergency events, and driver benefits such as bills
13 savings. Phase I of our project will target 4000 EVs and
14 Phase II will target as many as 25,000 EVs.

15 Affordability and equity are top of mind for our
16 project design as we are targeting at least 50 percent of
17 deployments to be in disadvantaged communities, low-income
18 communities, or both.

19 We commend the CEC staff for developing such an
20 impactful grant opportunity and ask that the Commission
21 approve our proposed project for funding. I'm very happy
22 to answer any questions you may have. Thank you for the
23 opportunity to comment.

24 MS. BADIE: Thank you.

25 That concludes public comment for Item 3. Back

1 to you, Chair.

2 CHAIR HOCHSCHILD: Thanks. Is there a motion on
3 Item 3 from Commissioner Gallardo?

4 COMMISSIONER GALLARDO: I move to approve Item 3.

5 CHAIR HOCHSCHILD: Is there a second from the
6 Vice Chair?

7 VICE CHAIR GUNDA: Second.

8 CHAIR HOCHSCHILD: All in favor say aye.
9 Commissioner Gallardo?

10 COMMISSIONER GALLARDO: Aye.

11 CHAIR HOCHSCHILD: Vice Chair Gunda?

12 VICE CHAIR GUNDA: Aye.

13 CHAIR HOCHSCHILD: Commissioner McAllister?

14 COMMISSIONER MCALLISTER: Aye.

15 CHAIR HOCHSCHILD: Commissioner Monahan?

16 COMMISSIONER MONAHAN: Aye.

17 CHAIR HOCHSCHILD: And I vote aye as well. Item
18 3 passes unanimously.

19 We'll turn now to Item 4.

20 COMMISSIONER GALLARDO: Chair?

21 CHAIR HOCHSCHILD: Yes?

22 COMMISSIONER GALLARDO: Sorry for interrupting,
23 but I did have an announcement to make an Item Number 2,
24 and I wasn't sure that was here?

25 CHAIR HOCHSCHILD: I apologize, I skipped that.

1 Yes, please. Sorry, any agency announcements. My mistake.

2 COMMISSIONER GALLARDO: All right. So it'll be
3 quick, just to reminder to everybody that the Energy
4 Commission has an Annual Clean Energy Hall of Fame Awards
5 ceremony we put on in December. So I know that's still a
6 few months away; however, nominations are due this week.
7 And so I want to make sure to remind you if you want to
8 submit a nomination for a local leader who is making
9 positive impacts in the community to contribute to a 100
10 percent clean energy future to please do so by May 10th. So
11 thank you. (Indiscernible.)

12 CHAIR HOCHSCHILD: Thank you, Commissioner.

13 Let's continue with Item 4, Disadvantaged
14 Community Advisory Group. And I welcome the Chair of the
15 DACAG, Román Partida-López. Is he here virtually or in-
16 person? Virtually?

17 MS. BADIE: Román is joining us on Zoom.

18 MR. PARTIDA-LOPEZ: Hi.

19 CHAIR HOCHSCHILD: Hi, Román. Yeah, go ahead.

20 MR. PARTIDA-LOPEZ: Hello, *buenos dias*. Good
21 morning, everyone. Chair and Commissioners, thank you for
22 having me on today. My name is Román Partida-López, Chair
23 of the Disadvantaged Advisory Group, or DACAG for short,
24 and today we'll be presenting the DACAG's combined 2022 and
25 2023 Annual Reports. Next slide.

1 The CEC-CPUC DACAG is an advisory body
2 established under SB 350, with 11 members from or
3 representing disadvantaged communities across California.
4 Members have diverse community, regional, and technical
5 expertise, and dedicate many hours each month serving on
6 the DACAG.

7 This slide shows the composition from 2022 and
8 2023. Later on the agenda, CEC will be considering three
9 new DACAG appointments to fill the vacancies of three
10 valuable members who recently termed out: Adrian Martinez,
11 Andres Ramirez, and Roger Lin. We recognized them and
12 thanked them for their service at the last DACAG meeting on
13 April 19th. Next slide.

14 DACAG members are very interested and motivated
15 to give feedback and recommendations on as many topics as
16 possible. This interest stems from the need to ensure that
17 programs and policies are developed with outcomes that
18 would -- excuse me -- that will deliver direct, meaningful
19 and measurable benefits for our most impacted communities.

20 Here are some of their priority areas DACAG
21 adapted for 2022 and 2023. These priority areas cover a
22 majority of CEC programs and policies including
23 transportation electrification, EPIC, decarbonization, and
24 reliability. Next slide.

25 And so the DACAG adopted its combined 2022 and

1 2023 annual report at its February 16th, 2024, meeting. I
2 want to thank our recent member, Adrian Martinez, for
3 drafting the report for consideration and approval of the
4 DACAG. It's usually a big lift to try to put these annual
5 reports together, so we really thanked him for that and
6 also staff for all their support and getting this approved.

7 DACAG provided actions and recommendations via
8 comment letters in the following varied and extensive
9 areas: energy efficiency, business plans, microgrid
10 incentive programs, self-generation incentive programs,
11 long-term planning, SB 544, equity building
12 decarbonization, Oakland Community Resiliency Center, and
13 transportation electrification.

14 These letters are in addition to the verbal
15 advice and feedback DACAG regularly provides in its monthly
16 public meetings and in separate, smaller subject-matter
17 expertise meetings, expert meetings.

18 DACAG members also participated in multiple
19 workshops related to the priority areas identified. Next
20 slide.

21 So I want to close briefly by highlighting
22 DACAG's adopted priorities for 2024. As you can see, these
23 are less than what we had in previous years as we wanted to
24 be more intentional and targeted with the areas that we
25 focus in on. These new priority areas reflect the program

1 and policies the joint agencies projected will be elevated
2 and have elevated importance in 2024 including
3 affordability, decarbonization long-term planning, and
4 workforce development, workforce training and development.

5 Lastly, I just want to highlight that DACAG is in
6 the process of updating its equity framework, which will
7 help provide -- which was originally developed and adopted
8 early on when DACAG was established. And so we are in the
9 process of updating it to continue to provide guidance for
10 us as an advisory group, but hopefully also to agency staff
11 who seek to use the framework. And that then seeks to
12 engage with us to develop policies and guidelines that
13 deliver equity outcomes, equitable outcomes.

14 So thank you. And that concludes my presentation
15 for today.

16 CHAIR HOCHSCHILD: Thank you so much. And let
17 me, just on behalf of all of us, Mr. Chairman, thank you
18 and your colleagues for all your service. It's a lot of
19 work and many meetings. And as a result you've really
20 contributed meaningfully to improving the state's energy
21 policy. So thank you so much.

22 Any Commissioner discussion on this?
23 Commissioner Gallardo, please.

24 COMMISSIONER GALLARDO: So I also want to thank
25 you for all of your great work, Román. As the leader of

1 the DACAG right now, being Chair is not easy. And there's
2 a lot of things that you have to do on the administrative
3 side, aside from guiding the policy and facilitating the
4 meeting. So we see you, we appreciate you, and we will
5 continue supporting you as best we can.

6 I also wanted to highlight the services of our
7 Public Advisor's Office that support the DACAG, so Mona
8 Badie and Dorothy Murimi. And we also have support from
9 the California Public Utilities Commission staff as well.
10 And those Commissioners from CPUC also participate with
11 Commissioner Monahan and myself. So it's a big team
12 effort. But again, Román is leading the DACAG, so I want
13 to give big kudos to him.

14 Román, I would also ask for future reports if you
15 could highlight any items where the Energy Commission in
16 particular, when you're presenting to us, has been
17 impactful. Or if you've seen movement in our policies,
18 practices, et cetera, given what the DACAG has advised or
19 provided guidance. And also just to hold us accountable as
20 well. I think you've also done a good job of that, keeping
21 us on our toes and making sure that we are meeting all of
22 the obligations that we've committed to. So I would make
23 that request for future reports. But thank you again.

24 I'll turn it over to you.

25 CHAIR HOCHSCHILD: Vice Chair.

1 VICE CHAIR GUNDA: Thank you. I also just wanted
2 to commend, Román, to you and just extend a sincere
3 gratitude to the entire DACAG leadership for the incredible
4 work that you do, mostly for free or I should say all for
5 free. And I think it is a absolute comfort for us to have
6 a new weigh-in on important policy areas. And ensure that,
7 as Commissioner Gallardo mentioned, keep us accountable to
8 the promises we've made. And help us untangle some of the
9 issues that we struggle with and really take that
10 importance. So I just want to say thank you and extend my
11 sincere gratitude.

12 CHAIR HOCHSCHILD: Great. Commissioner
13 McAllister.

14 COMMISSIONER MCALLISTER: Well, Chair, thank you
15 very much. Really appreciate, Román, your leadership on
16 this. And we all recognize that it's not a small lift for
17 all of you. It's really almost a second full-time job.
18 When tough issues come up we really just rely on you. And
19 it's certainly something I value a lot. I'm really glad to
20 see the diversity of topics that are the priorities for
21 this coming year. And the decarbonization and just not
22 shying away from tough issues.

23 And keeping us accountable for sure, but really
24 pushing us. Not just keeping us accountable, but also sort
25 of helping us understand how we can push better and further

1 and faster and really keep grounded in the needs of
2 disadvantaged communities, under-resourced communities
3 across the state. That is a key role. And you take off our
4 blinders and help us really see what needs to be done and
5 give us the courage to do that.

6 So I really just appreciate the -- not just the
7 sounding board, but also just the role, the muscle that
8 you've been bringing to this, and the seriousness of all
9 the members, including yourself, so thank you.

10 CHAIR HOCHSCHILD: Thank you. Commissioner
11 Monahan.

12 COMMISSIONER MONAHAN: Well I just want to heap
13 on, Román, in particular with your leadership and on the
14 transportation electrification side, you've really brought
15 such deep expertise. And Adrian Martinez too, I'm going to
16 miss him and his contribution here. I would say the
17 Disadvantaged Communities Advisory Group leadership on
18 transportation electrification has really been a seminal
19 part of our transition towards a focus on zero emission
20 almost exclusively. So just thanks to you and to the
21 leadership of the DACAG.

22 As you're hearing from all the Commissioners,
23 that we rely on you. That our agenda to advance a clean,
24 equitable, affordable energy system relies on input from
25 stakeholders like you. And just you've put in heart and

1 brain and time into this. So just appreciate the
2 contribution of the Disadvantaged Community Advisory Group
3 and look forward to continuing to work with you.

4 MR. PARTIDA-LOPEZ: Thank you, all.

5 CHAIR HOCHSCHILD: Thank you.

6 All right, thanks so much, Román, much
7 appreciated.

8 With that, I would like to ask that we take a
9 couple of items out of order due to the Vice Chair's
10 schedule. So we'll do Items 7, 8 and 11 in that order, and
11 then return to regular order. So if we could move ahead
12 with Item 7, if that's all right, which is Emergency
13 Rulemaking Implementing Revised SB X1-2 Gasoline Refining
14 Margin and Marine Import Reporting Requirements. And a
15 welcome to Jeremy Smith to do that.

16 MR. SMITH: Great. Good morning Chair, Vice
17 Chair, and Commissioners. My name is Jeremy Smith and I am
18 a Deputy Director in the Energy Assessments Division. And
19 I am presenting for your consideration and approval the
20 revised gasoline refining margin and marine imports
21 reporting requirements developed under the SB X1-2
22 emergency rulemaking. Next slide, please.

23 To set the stage I'd like to share a timeline of
24 the CEC's data collection and rulemaking activities to date
25 under SB X1-2. As a response to gasoline price spikes in

1 California in 2022 Governor Newsom signed SB X1-2 in March
2 of 2023 and it went into effect in June. This is when the
3 CEC was mandated to expand data collection and reporting of
4 gasoline refining margins, assess options to avoid future
5 price spikes, and determine a maximum gross refining margin
6 and whether a penalty should be assessed for refiners that
7 exceed it.

8 The Legislature provided the CEC with emergency
9 rulemaking authority, which enables an expedited process by
10 which data reporting requirements can be enhanced to ensure
11 we receive the information necessary to fulfill our
12 responsibilities called for in the bill. The CEC adopted
13 the Order Initiating Rulemaking at the October business
14 meeting to initiate this process.

15 In February of this year, the CEC adopted revised
16 spot market data regulations under the first rulemaking,
17 increasing transparency into the transportation fuels
18 market, and supporting the Division of Petroleum Market
19 Oversight to conduct market oversight analysis.

20 Today, staff are presenting for adoption under
21 the second rulemaking revised reporting requirements for
22 refiner margins and marine imports. Next slide, please.

23 Since the bill was signed last year the CEC staff
24 have been hard at work collecting and analyzing information
25 from the industry to better understand the underlying

1 causes of gasoline price spikes and assessing policy
2 options to mitigate the risk of these events repeating in
3 the future. The revised data regulations I am presenting
4 today, if adopted, will provide greater transparency into
5 the California transportation fuels industry and market.

6 Further, they will provide data to better analyze
7 market behavior and investigate anomalies.

8 And finally, the proposed changes will provide
9 the facts necessary to inform critical policy decisions to
10 protect consumers in California. Next slide, please.

11 The CEC has numerous forms to collect data from
12 the petroleum industry. These generally fall into the
13 following four categories.

14 Refinery costs and profits, which informs the
15 California Oil Refinery Cost Disclosure Monthly Report and
16 whether a maximum refiner margin should be set.

17 Market analysis, which informs whether there is
18 market manipulation or market failures.

19 Refinery maintenance, which provides insights
20 into the timing and impact of planned and unplanned
21 outages.

22 And, finally, other miscellaneous data.

23 The proposed regulations I am presenting today
24 clarify and refine the reporting requirements with respect
25 to refining margins and marine imports. Next slide,

1 please.

2 The enhancements to the refining margin reporting
3 requirements would provide the information necessary to
4 calculate refiner gross and net margins, which the CEC is
5 required to report under SB 1322 and SB X1-2. This
6 information, in turn, informs the CEC's analysis on whether
7 to set a maximum gross gasoline refining margin and
8 penalty.

9 The proposed reporting requirements provide
10 several key improvements, including clearer accounting of
11 refinery costs by expanding categories and specificity to
12 ensure all refiners report data in a consistent manner and
13 net margins can be properly calculated.

14 Inclusion of all relevant wholesale gasoline
15 channels.

16 And clarifications on how to calculate the gross
17 and net gasoline refining margins to ensure that these
18 metrics are reported correctly. Next slide, please.

19 The enhancements to the marine imports reporting
20 requirements would provide the information necessary to
21 assess near-term gasoline supplies, which is critical to
22 better understanding and identifying the conditions that
23 lead to price spikes.

24 The proposed reporting requirements provide
25 several improvements, including improving details on

1 product purchases, improving vessel tracking information,
2 and clarification on which entities are required to report,
3 the reporting event triggers, and the timelines to report
4 incoming cargos.

5 This was particularly important for near-term
6 domestic deliveries with transit times less than the
7 original 96-hour reporting requirement. Next slide,
8 please.

9 Here are the next steps. If approved, the
10 package will be submitted to the Office of Administrative
11 Law for review tomorrow. For those wanting to submit
12 comments to the docket I would like to direct their
13 attention to the Notice of Proposed Emergency Action for
14 guidance because there are specific instructions. The
15 docket is 23-OIR-03.

16 SB X1-2 requires the Office of Administrative Law
17 to review these regulations as an emergency, which means
18 that OAL has ten days to review after receiving them. OAL
19 and the CEC will accept public comment for the first five
20 days of that ten-day period. Based on this timeline we
21 expect the regulations to take effect on May 20th.

22 Staff have determined these data regulations are
23 exempt from CEQA and recommend that you approve the revised
24 refiner margins and marine imports reporting requirements.

25 That concludes my presentation. Lisa DeCarlo, our

1 Acting Chief Counsel and I are available to respond to your
2 questions. But before we do that, we have a brief comment
3 from the Division of Petroleum Market Oversight, so I'll
4 turn it over to Ryan McCauley who is appearing via Zoom.
5 Thank you.

6 MR. MCAULEY: Thank you, Jeremy.

7 Good morning, Commissioners. I'm Ryan McCauley
8 and I'm with DPMO. On behalf of Director Milder and our
9 team we appreciate the opportunity to briefly comment on
10 the regulation and guidebook packages before you today.
11 The regulations are in this agenda item and the guidebook
12 will be the next one.

13 The clarifications in today's packages are modest
14 in light of the fact that these reports are already
15 required by statute, but they represent significant
16 improvements in the data reporting process.

17 As Jeremy noted the CEC has experienced
18 significant challenges as a result of reporting entities'
19 disparate interpretation of what and how to report key
20 information over the past ten months. Indeed, industry
21 representatives have highlighted that they seek more
22 clarity on their own SB X1-2 reporting obligations.

23 We commend the EAD team for iterating on these
24 reporting strengths, digging into the details, hearing out
25 industry, and finding the best fit moving forward as the SB

1 X1-2's transparency tools are incredibly important, as we
2 collectively strive to understand the factors driving this
3 complex industry.

4 The updated reports and regulations that are
5 before you today will allow the CEC to collect accurate and
6 consistent data, which will serve all of us as direct
7 inputs that inform the upcoming work for SB X1-2. We
8 support their adoption and thank Jeremy and his team again
9 for their work on these packages.

10 CHAIR HOCHSCHILD: Okay, thank you.

11 We'll move now to public comment on Item 7.

12 MS. BADIE: Thank you, Chair.

13 The Commission welcomes public comment on Item 7
14 at this time. If you're joining us in the room we're
15 asking folks to use the QR code or raise their hand. And
16 if you're joining on Zoom please use the raise-hand feature
17 on your screen or *9 if you're joining by phone to let us
18 know.

19 And we have some folks in -- or the one person
20 in the room, Sophie Ellinghouse. If you want to approach
21 the podium to make your comment for Item 7. Please spell
22 your name for the record. We're asking for comments to be
23 two minutes or less.

24 MS. ELLINGHOUSE: Do I have to press -- oh, good.
25 No pressing anything. Sophie Ellinghouse, S-O-P-H-I-E E-L-

1 L-I-N-G-H-O-U-S-E. I'm the General Counsel for Western
2 States Petroleum Association.

3 Effective regulation depends on the CEC getting
4 accurate information and we believe the proposed forms
5 don't give the agency the information it needs. It also
6 skews the information it does receive to paint a false
7 picture of the industry.

8 We previously shared concerns with the numerous
9 additional challenges these forms present, including
10 requesting detailed data that may be impossible to provide,
11 changing definitions perhaps to influence an outcome may
12 make them inconsistent with statute, providing insufficient
13 time to determine feasibility of providing consistent and
14 useful data. And excluding the capture of critical
15 expenses like corporate overhead costs, capital
16 investments, and blending components, systematically
17 overstating net margins, and unfairly penalizing some in-
18 state refineries.

19 Simply stated, a refinery cannot operate or sell
20 products without a central employees' system and routine
21 business services. And accounting for these costs is
22 absolutely essential. And yet the CEC has yet to clarify
23 these and many other issues we've raised in our April 1st
24 comment letters.

25 We are also concerned with how the CEC intends to

1 use additional inventory information from both Arizona and
2 Nevada. Both states depend on California for fuel supplies.
3 And regulations that burden in those states raise serious
4 constitutional Commerce Clause issues.

5 In many cases these forms request information
6 that has questionable or no relevance at all to the CEC's
7 efforts to minimize or prevent price spikes here. In other
8 cases, the forms would exaggerate industry profit by
9 ignoring the necessary costs as I just discussed. Neither
10 of these results helps the CEC produce effective
11 regulations, nor will they help Californians.

12 Similar issues apply to the marine import forms
13 as well. For example, the CEC may draw inaccurate
14 conclusions about the supply and demand of fuels based on
15 the imports reported without accounting for the factors
16 that affect the import management practices of different
17 operators. We continue to be extremely concerned that this
18 data could be misused to support restrictions, or a ban on
19 exports that isn't supported by expert findings, which
20 would only make California's fuel supplies issues worse and
21 would inflict harm on Californians. Thank you.

22 MS. BADIE: Thank you.

23 Next we'll hear from Al Sattler. Al, I'm going
24 to open your line. If you could please spell your name for
25 the record again. We're asking for comments to be two

1 minutes or less.

2 MR. SATTLER: Thank you. Good evening, or good
3 day. Al Sattler, A-L S-A-T-T-L-E-R. And I'm calling from
4 L.A. County near the Torrance refinery and the Valero
5 refinery, both of which use toxic hydrogen fluoride
6 refinery.

7 After the Torrance ExxonMobil refinery had a
8 major explosion in 2015 that sent a 40-ton electrostatic
9 precipitator flying through the air, landing about six feet
10 from a tank containing tons of hot toxic volatile hydrogen
11 fluoride, the refinery, was shut down. If the tank had
12 been breached the cloud could have killed hundreds, if not
13 thousands of people, and probably the refinery would have
14 been shut down permanently.

15 As it was, during the time that the refinery was
16 shut down gas prices spiked in California, and they never
17 completely came down. And I support this reporting. You
18 know that, to my mind, that incident showed some evidence
19 of market manipulation. And we need to be on guard against
20 that.

21 Similarly, if there is a major HF accident
22 incident at one refinery, presumably both refineries using
23 HF will be shut down, which would impact gasoline supply
24 even more in California. So again I support, and thank you.

25 MS. BADIE: Thank you.

1 That concludes public comment for Items 7. Back
2 to you, Chair.

3 CHAIR HOCHSCHILD: Thank you.

4 Let's go to Commissioner discussion, starting
5 with the Vice Chair.

6 VICE CHAIR GUNDA: Thank you, Chair.

7 I just wanted to see, Jimmy, do you have any
8 quick response to the comments made?

9 MR. SMITH: Sure. I can just say that on the
10 refining margins proposed data regulations, I mean our
11 focus there is on cleaning things up, so that we have the
12 operating costs that we really need to better understand
13 the cost to make gasoline -- really what that is -- are not
14 up for interpretation. They're just too vague right now.
15 And so we've added the specific categories to allow us to
16 do that. And to report the information that we're
17 obligated to do so.

18 I would also say that on the marine imports it's
19 really just about making sure that we can do a mass
20 balance, that we understand all the different factors that
21 provide supply in the state. And marine imports is a
22 portion of that. I mean, it's probably about 10 percent on
23 average every month. And so we're trying to get visibility
24 into that. That's particularly important.

25 And actually, my next item about when refineries

1 go down for maintenance that we need to make sure that
2 those supplies are coming in, and we have that information
3 to understand the situation on supplies.

4 So that's really what it's about. It's just
5 about getting the data we need to make those decisions.
6 And, yeah.

7 VICE CHAIR GUNDA: Okay. Thank you, Jeremy.

8 So I just wanted to make a few observations and
9 comments. Just to begin by thanking Jeremy, you, and the
10 Energy Assessments Division then CCO and all the support
11 staff that have been doing incredible work in ensuring
12 there is more clarity and transparency of the industry as a
13 whole. And understanding the ecosystem in which we are
14 trying to work through.

15 I also want to take the opportunity to just thank
16 Aria from our office, who has been working incredibly hard
17 with the team. And just I don't get to give thanks to Aria
18 regularly. So, Aria, thank you so much for all the work
19 you are doing.

20 And I think it's really important, going back to
21 last year and a couple of important facts here. Last year
22 when the price spikes happened we were invited by the
23 Legislature and we were asked, "What is going on?" And
24 basically our answer was, "We do not know." And one of the
25 agreements was, and I think industry would broadly agree,

1 is we need to be able to at least shed light on what is
2 going on in a situation. So I think to the comment that
3 was just made, that fear of using the data that we collect
4 in a certain way, I would also argue the lack of action
5 because we are not sure what is happening in the ecosystem.
6 So it's really important to think about having visibility
7 and having agreement.

8 I also want to just thank the industry for
9 working with us. They have been meeting with us regularly,
10 giving feedback and supporting the overall form
11 development. I also want to thank DPMO for their insights
12 into the market, and the contractors and consultants we
13 have with ICF, and Stillwater Associates. That's really
14 kind of the expertise that's coming together to help
15 develop these forms.

16 I fully support increasing transparency into the
17 issue. As CEC continues to go forward with developing
18 solutions for ultimately protecting the consumers it's
19 essential we have the full picture. And so I want to just
20 think your work and fully support the adoption of these
21 regs.

22 CHAIR HOCHSCHILD: Great. Thank you. Unless
23 there's other Commissioner comments I would welcome a
24 motion.

25 Oh, did you have a comment, Commissioner Monahan?

1 COMMISSIONER Monahan: Yeah, just really briefly.
2 I just want to thank you, Jeremy and the team, for your
3 diligence on this. I also want to thank WSPA for their
4 comments. I think this is an evolving process and we have
5 an open door. And we're trying to get the information that
6 we need before summer, when we expect to see a price spike.
7 But this is a place of I would say learning for all of us.
8 And so I commend the team for rapidly pulling together
9 these regulations and trying to increase transparency.

10 And the "mysterious surcharge" as Severin
11 Borenstein has named it is something that we need to better
12 understand and diagnose. And this data will help us but
13 it's, I would say, not the end game. There's going to be a
14 lot of conversation, a lot of back and forth, and
15 refinement.

16 CHAIR HOCHSCHILD: Commissioner McAllister.

17 COMMISSIONER MCALLISTER: Yeah, I wanted to just
18 really thank the Vice Chair for his leadership on this.
19 And trying to really just put together all the puzzle
20 pieces and understand what data is needed and how to do the
21 analysis to figure out -- I think that's just that's our
22 special sauce. We have a lot of great analysts. And so,
23 agreeing with Commissioner Monahan this is a moving,
24 evolving story. But we need good data to be able to
25 develop that narrative and understand it and really figure

1 out what to do from a policy perspective. So it's an
2 iterative process, but I really, really commend the staff
3 under Vice Chair Gunda's leadership for making a lot of
4 progress to getting the tools we need. Thanks.

5 CHAIR HOCHSCHILD: Vice Chair.

6 VICE CHAIR GUNDA: Yeah. Thank you, Commissioner
7 McAllister.

8 Commissioner Monahan, I think you just laid out
9 the importance on the, I think, particularly our agency's
10 role in shedding light on a variety of energy issues. And
11 I think there is a specific reason why the Legislature gave
12 us the tool for adoption of emergency regs around data,
13 because of the urgency of the issue and the magnitude of
14 the problem that regular Californians face because of the
15 price spikes. I think it's important for us to shed light
16 and make sure that we all understand the facts and have a
17 common starting place.

18 CHAIR HOCHSCHILD: Is there a motion on Item 7
19 from Vice Chair Gunda?

20 VICE CHAIR GUNDA: Yes, I move Item 7.

21 CHAIR HOCHSCHILD: Is there a second from
22 Commissioner McAllister?

23 COMMISSIONER MCALLISTER: Second.

24 CHAIR HOCHSCHILD: All in favor say aye.
25 Vice Chair Gunda?

1 VICE CHAIR GUNDA: Aye.
2 CHAIR HOCHSCHILD: Commissioner McAllister?
3 COMMISSIONER MCALLISTER: Aye.
4 CHAIR HOCHSCHILD: Commissioner Monahan?
5 COMMISSIONER MONAHAN: Aye.
6 CHAIR HOCHSCHILD: Commissioner Gallardo?
7 COMMISSIONER GALLARDO: Aye.
8 CHAIR HOCHSCHILD: And I vote aye as well. Item
9 7 passes unanimously.

10 We'll turn now to Item 8, California Refinery
11 Maintenance Reporting Guidebook. Jeremy.

12 MR. SMITH: Still right here. Hello again, Chair
13 and Commissioners. Once again, my name is Jeremy Smith,
14 Deputy Director in the Energy Assessments Division. I am
15 now presenting for your consideration and approval the
16 revised refinery maintenance reporting requirements
17 developed to support the implementation of SB X1-2. Next
18 slide, please.

19 As I mentioned earlier with the passage of SB X1-
20 2 the Legislature provided the CEC with emergency
21 rulemaking authority to support the many implementation
22 activities the law calls for. This includes most of the
23 data collected under the Petroleum Industry Information
24 Reporting Act or PIIRA for short, the timing of turnaround
25 and maintenance rules, and a number of other requirements.

1 The one exception to this is that the refinery
2 maintenance activity reporting is exempt from the
3 Administrative Procedure Act, so the CEC may institute
4 revised guidelines through a published guidebook. These
5 guidelines on refinery maintenance activity reporting are
6 what I am presenting for adoption today. Next slide,
7 please.

8 The proposed guidelines clarify and enhance
9 reporting requirements related to refinery planned and
10 unplanned maintenance. The data collected under these
11 proposed requirements would allow for greater transparency
12 into the California petroleum industry and market.

13 The revised reporting requirements will also
14 provide data to support our analysis of gasoline supplies
15 during these periods of reduced refining capacity. These
16 events can place additional strain on California's gasoline
17 supply. This creates conditions upon which price spikes
18 are more likely to occur as we experienced even just this
19 spring.

20 Finally, the proposed changes will provide the
21 facts necessary to inform critical policy decisions to
22 protect consumers in California. Next slide, please.

23 Earlier I mentioned the four distinct categories
24 of data the CEC collects from the petroleum industry,
25 including refining margins, market analysis, refinery

1 maintenance, and other miscellaneous data. The proposed
2 guidelines I am presenting today clarify and refine the
3 reporting requirements with respect to planned and
4 unplanned refinery maintenance and turnarounds. Next
5 slide, please.

6 The enhancements to the refinery maintenance
7 reporting requirements would provide the information
8 necessary to assess the timing and impact of planned and
9 unplanned refinery maintenance and turnaround events on
10 gasoline supplies.

11 Some of the key improvements of the revised
12 reporting requirements include consolidation of initial and
13 final reports for both planned and unplanned events. This
14 will simplify the process for which refiners report,
15 revise, and finalize information that they submit regarding
16 the timing and impact of these events.

17 The proposed guidelines provide clarity on when
18 the planned and unplanned reports are to be submitted,
19 including the final report when the event concludes. And
20 clarity on how to report supplemental capacity that is
21 purchased or imported to offset the loss of production,
22 which is critical to understanding the impact on the
23 state's gasoline supply. Next slide, please.

24 Here are the next steps. If approved the
25 guidelines will be effective immediately. Staff will

1 finalize and publish the guidebook containing these
2 guidelines tomorrow. Staff will notify the obligated
3 parties of the new guidelines and reporting instructions.
4 Reporting with the revised forms will begin within the next
5 month.

6 Staff have determined these data regulations are
7 exempt from CEQA and recommend that you approve the revised
8 refinery maintenance reporting requirements.

9 That concludes my presentation. Lisa DeCarlo,
10 our Acting Chief Counsel and I are available to respond to
11 your questions. Thank you.

12 CHAIR HOCHSCHILD: Okay. I believe Vice Chair
13 you wanted to invite --

14 VICE CHAIR GUNDA: Thank you, Jeremy. Before we
15 go to public comment today I just request Director Bohan to
16 just kind of comment on some of the authority that you have
17 been given in this space.

18 MR. BOHAN: Yes, absolutely. Thank you Vice
19 Chair. And thank you Jeremy for that presentation, which,
20 as you noted, focused on kind of the mechanics of the
21 collection of information we get from refineries when it
22 comes to maintenance events.

23 There's another portion of SB X1-2 that we're
24 working on right now. And perhaps Jeremy could speak more
25 to the specifics if you'd like them, but we have an

1 upcoming workshop to discuss. And one of the things that
2 is on the table is the statute gives the Energy Commission
3 the authority to adjust the timing of turnarounds in such a
4 way as to protect Californians in a variety of areas,
5 particularly in terms of supply.

6 So one of the things we're looking at is the
7 possibility of conditioning approvals of maintenance events
8 on the refiner, maintaining adequate fuel supply during the
9 time that the maintenance is taking place. So if someone
10 has a -- if a refinery has plans to go offline for say a
11 month the statute talks about how we might ask them to move
12 that from, say, August to September or something like that.
13 Particularly if there are two of them and they can't speak
14 to one another because of SEC concerns and they don't
15 coordinate, we get to see who's doing what. And so we
16 might juggle, but we're looking at the various options.
17 Moving is clearly one, but another is saying, "It's okay
18 when you do it. What we're concerned about is the drop in
19 production associated with the maintenance event. And if
20 you make that up with imports then there'll be no need to
21 move."

22 VICE CHAIR GUNDA: Thank you, Director Bohan.
23 Just kind of a follow-up on that. Given the importance of
24 safety as has been raised around the maintenance, would you
25 just comment on coordination with the DIR and the industry,

79

1 just kind of thinking this through together, making sure
2 there's safety but there is reliability and affordability
3 of fuel.

4 MR. BOHAN: Absolutely. We're working closely
5 with DIR. In fact, we're having a workshop early next
6 week, too, with DIR with -- and like we do with all
7 workshops, we invite participants, we expect industry will
8 participate heavily and we want to hear their concerns.
9 But absolutely, safety is paramount. If the consequence of
10 our exercising our authority, as I described earlier, means
11 workers are compromised in terms of safety, the community
12 surrounding the facilities are compromised, that's not
13 acceptable. So we aren't experts in that area, so we lean
14 heavily on our colleagues at DIR.

15 VICE CHAIR GUNDA: Thank you.

16 CHAIR HOCHSCHILD: Okay, so let's go to public
17 comment on Item 8.

18 MS. BADIE: Thank you, Chair.

19 The Commission welcomes public comment on Item 8
20 at this time. If you're joining us in the room, you can
21 raise your hand or use the QR code. And if you're joining
22 via Zoom please use the raise-hand feature on your screen
23 or press *9 to let us know you'd like to comment.

24 And we've got Sophie Ellinghouse would like to
25 comment on Item 8. Sophie, if you want to approach the

1 podium again. We're asking for comments to be two minutes
2 or less. Thank you.

3 MS. ELLINGHOUSE: I was ready. Sophie
4 Ellinghouse again, S-O-P-H-I-E E-L-L-I-N-G-H-O-U-S-E. I'm
5 the General Counsel for Western States Petroleum
6 Association.

7 We again express concerns that the ongoing rush
8 to revise and add forms and guidebooks without having
9 sought informed guidance and expertise from operators most
10 familiar with this industry has resulted in confusing and
11 ambiguous forms. This will only impede the state's ability
12 to obtain information truly relevant to price volatility
13 issues.

14 We again emphasize that the CEC must not
15 compromise refinery safety. Refinery maintenance must
16 continue to be governed by long-standing government safety
17 regulations and mechanical integrity standards,
18 specifically created by expert agencies, equipment
19 manufacturers, and standard setting bodies. Maintenance
20 schedules cannot be dictated by a desire to somehow quote
21 "try to time the market" and restrict necessary maintenance
22 based on the ups and downs of gas prices.

23 This would unacceptably and unnecessarily
24 threaten the safety of workers, nearby communities, and the
25 environment. It would hurt Californians and leave the

1 CEC's regulations open to potential legal challenges. WSPA
2 has repeatedly outlined its concerns, especially as it
3 relates to the state's attempt to control maintenance
4 activities in several past comment letters. Specifically
5 pertinent to this guidebook in draft reporting, reporting
6 instructions contain definitions and reporting requirements
7 that differ from the Public Resources Code.

8 Further, such low-reporting thresholds for
9 changes of 10,000 barrels per day over three days is far
10 too low. For large refiners this represents a mere
11 fraction of their daily gasoline output.

12 Additionally, exact inventories at a refinery or
13 other storage locations are difficult to accurately obtain
14 in such a short order of just two business days, and will
15 at best be an estimate. This raises the question of how
16 useful this information really would be.

17 Unfortunately, because the CEC has not clearly
18 conveyed the need to amend, remove, expand or create
19 definitions, the ability for the industry agency and the
20 public to uniformly understand and speak the same language
21 is compromised.

22 And on a separate but related matter we've made
23 multiple requests to CEC staff to see the materials for
24 Monday's workshop. We only have two business days now, so
25 just wondering when we're going to get those. Thanks.

1 MS. BADIE: Thank you.

2 Next we're going to hear from Al Sattler. Al,
3 I'm going to open your line, just a reminder to keep your
4 comments to two minutes or less.

5 MR. SATTLER: Thank you. Thank you again. Al
6 Sattler, A-L S-A-T-T-L-E-R. My apologies, obviously my
7 comments to the previous agenda item were directed to this
8 agenda item and I hope you can move them over to this one.

9 And one question, what's DIR? And I don't know
10 how this relates to the interagency Refinery Task Force,
11 which is also very important. But very, very much support
12 refinery safety. Thank you.

13 MS. BADIE: Thank you for your comment.

14 That concludes public comment. Back to you,
15 Chair.

16 MR. BOHAN: Chair, I'll just jump in. DIR --
17 thanks for that flag Mr. Sattler -- is the Department of
18 Industrial Relations and they're the experts on these sorts
19 of things.

20 CHAIR HOCHSCHILD: All right, let's go to
21 Commissioner discussion starting with the Vice Chair.

22 VICE CHAIR GUNDA: Yeah. Thank you Chair. And
23 again, thank you for the public comment. Given how much
24 public comment we get from WSPA and Sophie, I mean
25 specifically item after item you're here and kind of

1 providing comment. I just want to acknowledge your role of
2 ensuring that the industry perspective is on the record.
3 And I just want to thank you and WSPA for the time that you
4 spend on providing the perspective.

5 Having said that, I will continue to offer the
6 perspective of need for transparency. And as Commissioner
7 Monahan mentioned earlier this is going to be an iterative
8 process. The more data we get, the better questions we can
9 ask, that kind of comes with more data needs. And this is
10 going to be an iterative process. And I recognize having a
11 perfect data-gathering exercise will be difficult in such
12 an emergency situation that we are in. So I want to just,
13 again, commend the staff for taking a very reasonable
14 approach in ensuring that our data becomes better and
15 better and better in time, and both in terms of the
16 precision of the data required, and how we are using that.
17 So, Jeremy, to you and the entire team thanks again.

18 Again, I think this is an important step in
19 further clarifying and standardizing the data that we
20 receive and be able to provide the insights, both from a
21 transparency standpoint, but continue our journey towards
22 what can the state do to ultimately protect the consumers
23 at the end of the pump. So with that I'm looking forward to
24 supporting this as well. Thank you Jimmy.

25 CHAIR HOCHSCHILD: Thank you. Unless there's

1 other Commissioner -- oh yeah, go ahead, Commissioner
2 Gallardo.

3 COMMISSIONER GALLARDO: I'll be quick. I just
4 wanted to thank Vice Chair Gunda and the team, including
5 Jeremy, for all the information and just emphasize the
6 importance of the consumer protection and public safety
7 that we'll be advancing, because of this additional nuance
8 in detail. So I think that's really important, I want to
9 emphasize that. Thank you.

10 CHAIR HOCHSCHILD: Thank you.

11 Unless there's other Commissioner comments I
12 welcome a motion on Item 8 from the Vice Chair.

13 VICE CHAIR GUNDA: I move Item 8.

14 CHAIR HOCHSCHILD: Is there a second from
15 Commissioner Gallardo?

16 COMMISSIONER GALLARDO: I second.

17 CHAIR HOCHSCHILD: All in favor say aye.
18 Vice Chair Gunda?

19 VICE CHAIR GUNDA: Aye.

20 CHAIR HOCHSCHILD: Commissioner Gallardo?

21 COMMISSIONER GALLARDO: Aye.

22 CHAIR HOCHSCHILD: Commissioner McAllister?

23 COMMISSIONER MCALLISTER: Aye.

24 CHAIR HOCHSCHILD: Commissioner Monahan?

25 COMMISSIONER MONAHAN: Aye.

1 CHAIR HOCHSCHILD: And I vote aye as well.

2 We'll turn now to Item 11, Demand Side Grid
3 Support Program Guidelines. Welcome Ashley Emery to
4 present.

5 MS. EMERY: Good afternoon, Chair, Vice Chair,
6 and Commissioners. My name is Ashley Emery, and I am the
7 Manager of the Reliability Reserve Incentives Branch within
8 the Reliability, Renewable Energy & Decarbonization
9 Incentives Division. I am here today with our Director
10 Deana Carrillo, as well as two of my colleagues, Guadalupe
11 Corona and Erik Lyon to help respond to any questions.

12 Today we are proposing modifications to
13 guidelines for the Demand Side Grid Support Program, also
14 known by the acronym DSGS, for your consideration and
15 approval. Next slide, please.

16 The effects of climate change, including extreme
17 heat, drought and wildfires, coupled with supply chain
18 delays, have challenged the state's ability to plan and
19 maintain grid reliability.

20 So as part of the Budget Act of 2022 the
21 Legislature and Governor created a Strategic Reliability
22 Reserve with programs such as the DSGS program and
23 Distributed Electricity Backup Assets or DEBA Program, to
24 help meet our emergency grid needs outside of normal
25 planning standards.

1 The DSGS and DEBA programs serve as complementary
2 programs to help meet grid needs during extreme events.
3 DEBA incentivizes the purchase of cleaner and more
4 efficient distributed energy assets that will serve as on-
5 call emergency supply or load reduction during extreme
6 events, whereas DSGS incentivizes the use of existing load
7 reduction resources during extreme events. Next slide,
8 please.

9 As part of the Strategic Reliability Reserve the
10 DSGS Program serves as one of the state's tools in
11 responding to unplanned extreme events taxing California's
12 electrical grid. As established by AB 205, the program
13 seeks to achieve the following goals: support grid
14 reliability by enhancing load capacity during extreme
15 events, increase visibility into resource capacity, and to
16 prioritize the dispatch of clean resources in times of
17 need.

18 These goals benefit Californians by supporting
19 the reliability of our electrical grid, providing
20 electricity to all Californians including our most
21 vulnerable. Next slide, please.

22 To accommodate policy, market, and operational
23 complexities the CEC has been taking a phased approach to
24 developing the DSGS program. In 2022 we launched Phase One
25 with an accelerated development process to quickly meet the

1 needs of that summer.

2 Last year we incorporated lessons learned into
3 modified guidelines to streamline and simplify
4 participation, expand eligibility consistent with statute,
5 and test approaches to maximize demand response with new
6 incentive options. This year we are working to scale the
7 program and bring on additional clean resources. Next
8 slide, please.

9 Last summer the modified guidelines were approved
10 on the same day as the last of three grid emergency events
11 for the summer. Although there were fewer program events
12 in 2023 compared to 2022, the DSGS Program team remained
13 busy operationalizing our two new incentive options and
14 enrolling providers and participants under the new
15 guidelines.

16 The program has grown from 4 DSGS providers and
17 44 individual participants to 21 DSGS providers, some of
18 which are offering more than one incentive option, with
19 more than 1,300 participants. Next slide, please.

20 Based on the DSGS Program team's experience and
21 stakeholder feedback, we are proposing modifications to the
22 program guidelines to continue growing participation from
23 clean resources, refine and clarify requirements for a
24 better user experience, and provide solutions for
25 operational complexities. Next slide, please.

1 To continue the growth and impact of
2 participation from clean resources the proposed guidelines
3 make several changes to Incentive Options 2 and 3 for
4 demand response and storage VPPs, including extending the
5 30 percent incentive bonus through program year of 2026 to
6 provide more certainty for participants.

7 Based on stakeholder feedback that the current
8 guidelines inadvertently preclude long-start resources in
9 Incentive Option 2 for market-integrated demand response
10 the proposed guidelines make modifications to better
11 accommodate these resources. The proposed guidelines also
12 make changes to the minimum dispatch requirements under
13 Incentive Option 2 to target the hotter summer months while
14 providing flexibility for providers.

15 Finally, the proposed guidelines also allow
16 aggregations of electric vehicles with bi-directional
17 chargers to participate in Incentive Option 3 as Virtual
18 Power Plants. Next slide, please.

19 The proposed guidelines also make several changes
20 to help refine and simplify the program. For example, to
21 improve visibility into program impact and enrollment the
22 proposed guidelines establish a deadline for submitting
23 claims, require timely reporting of enrollment to receive
24 incentives, and add estimated capacity to Incentive Option
25 2 reporting requirements. The proposed guidelines also

1 limit the personal identifying information reported to the
2 CEC only to include the minimum data required to implement
3 the program to streamline enrollment. Next slide, please.

4 This year we have been working closely with
5 stakeholders to identify areas for improvement. The
6 proposed guidelines are based on stakeholder feedback from
7 two workshops and public comment periods. If the Energy
8 Commission approves the guidelines staff will immediately
9 launch Phase 3 of the program's implementation.

10 Thinking ahead for 2025 there are still some
11 topics that require consideration and discussion, so
12 program staff plan to continue the stakeholder process this
13 summer for potential changes to the guidelines that would
14 be implemented in 2025. Next slide, please.

15 Staff recommends the Energy Commission approve
16 the Third Edition of the Demand Side Grid Support Program
17 Guidelines and adopt staff's determination that adoption of
18 these guidelines is exempt from CEQA. This concludes
19 staff's presentation, and I am available to answer any
20 questions you may have.

21 CHAIR HOCHSCHILD: Thank you.

22 Let's go to public comment.

23 MS. BADIE: The Commission now welcomes public
24 comment on Item 11. If you're joining us in the room we're
25 asking folks to use the QR code or show of hands. And if

1 you're on Zoom please use the raise-hand feature. If
2 you're joining us by phone, you'll press *9 to raise your
3 hand and let us know you'd like to comment.

4 And so in the room with us, we have Frank Harris.
5 Frank if you want to approach the podium again. Please
6 spell your name again for the record. And we're asking for
7 comments to be two minutes or less.

8 MR. HARRIS: Certainly, thank you. Thank you. My
9 name is Frank Harris, F-R-A-N-K H-A-R-R-I-S. I represent
10 the California Municipal Utilities Association and I
11 appreciate the opportunity to comment on this item.

12 The CMUA appreciate the work that staff at the
13 Energy Commission has performed to update these guidelines.
14 And we broadly support the updated guidelines with one
15 exception. The proposed guidelines would restrict the
16 option to respond to EEAs (phonetic) as issued by another
17 BA, solely to the EEAs issued within the CAISO. In other
18 words, there are eight BAAs in the State of California, but
19 the inter-BAA transfer for combustion resources under these
20 guidelines would not be authorized except for transfers
21 into the CAISO. And given the seven other BAAs may
22 similarly find this need, CMUA is very concerned about this
23 provision.

24 The draft guidelines still permit transfers into
25 cross-BAAs into a non-CAISO BAA if the resources being

1 called are non-combustion. We all hope, like any good
2 insurance policy, that the DSGS is never called. Although
3 it's supposed to be 92 degrees on Friday, so who knows.

4 This program is funded by all taxpayers in the
5 State of California. And we are concerned that these draft
6 guidelines limit the ability for all taxpayers to
7 participate. And so in that spirit I ask Commission to
8 draw an exception and not approve this part of these draft
9 guidelines. And to continue to allow transfers between all
10 BAAs for all resources that are authorized to operate
11 within the program. Thank you again for the opportunity to
12 comment.

13 MS. BADIE: Thank you.

14 Next we have Meredith Alexander. Meredith, do
15 you want to approach the podium. Please spell your name
16 for the record and we're asking for comments to be two
17 minutes or less.

18 MS. ALEXANDER: Good morning Commissioners. My
19 name is Meredith Alexander, M-E-R-E-D-I-T-H A-L-E-X-A-N-D-
20 E-R. And I am here as a consultant for Generac Power
21 Systems.

22 We have been engaged in the demand side grid
23 support docket since late 2022 and we really appreciate the
24 significant amount of work and creativity that CEC staff
25 has put into this, and the thoughtful incorporation of

1 stakeholder feedback as reflected in the latest version of
2 the revised guidelines. We think California will be in a
3 stronger position in future grid emergencies, because of
4 the work here to unlock distributed energy resources as the
5 key resiliency solution.

6 We think if you approve this today it will show
7 to everyone that California continues to value distributed
8 resources and recognize their ability to back up the grid.
9 And that state investments provide a vote of confidence
10 that they are a critical part of the solution.

11 As others have said we know that the grid is in
12 an unprecedented position of stress with recurring near
13 emergencies. During the blackouts of 2024 the Assembly had
14 the foresight to work creatively to empower the CEC to
15 develop this program. And stakeholders have put in
16 cumulatively hundreds of hours and countless resources
17 working with your staff to design programs under DSGS. So
18 we're excited to see the revised program launch in time for
19 Generac and ecobee to be prepared for summer of 2024.

20 And we specifically look forward to working with
21 the publicly owned utilities to launch new smart thermostat
22 programs. And we also believe that the new Option 3
23 program will better incent distributed battery storage to
24 provide major grid benefits.

25 We're happy to hear that there's going to be a

1 Phase 3, and remain eager to work with staff on a statewide
2 smart thermostat program where we think we could deliver,
3 just from ecobee, over 35 megawatts of responsive capacity
4 that's currently untapped under the existing design.

5 And we would also encourage staff to consider the
6 comments of CMUA with regards to non-CAISO balancing
7 authorities since the current program is for smart
8 thermostats heavily focused on POU territories.

9 Thank you again for your consideration of our
10 perspective and the opportunity to engage.

11 MS. BADIE: Thank you.

12 We're going to transition to Zoom. And we'll
13 hear from Luke Tougas. Luke, I'm going to open your line.
14 If you could please spell your name for the record. We're
15 asking for comments to be two minutes or less. Luke, if
16 you could unmute on your end to make your comment please.

17 MR. TOUGAS: My apologies. Can you hear me,
18 okay?

19 MS. BADIE: Yes.

20 MR. TOUGAS: Great. Thank you. Yes, my name is
21 Luke Tougas. That's L-U-K-E, T-as-in-Tom-O-U-G-A-S, and I
22 am a consultant for the California Efficiency and Demand
23 Management Council. Thank you very much for the
24 opportunity to speak today.

25 So first, I would like to thank the CEC staff for

1 their efforts over the past several months to develop this
2 third edition of the DSGS program guidelines. The process
3 was robust and transparent, and we greatly appreciate
4 staff's continued willingness to consider stakeholder
5 feedback. Broadly, we want to recognize the CEC for its
6 commitment to leading from the front and growing
7 opportunities to deploy distributed energy resources.

8 The Council is very supportive of the revisions
9 contained in the latest DSGS program guidelines, especially
10 extension of the 30 percent payment bonus, elimination of
11 the EEA and EA watch triggers for Option 3, and the
12 flexibility provided for DSGS providers by extending the
13 due date to the last business day of the year. And
14 recognizing that some data may not always be available to
15 them by then.

16 We also strongly support the non-holiday weekday
17 availability option for Option 2 to allow customers with
18 minimal weekend loads to participate.

19 And with regard to Option 3 we welcome its
20 expansion to vehicle-to-load service providers and
21 reduction of the participation threshold to 100 kilowatts
22 across utilities and resource durations, which will
23 hopefully attract additional participation.

24 In addition to these excellent improvements we
25 would like to respectfully highlight some additional areas

1 of improvement in future iterations of the DSGS program
2 guidelines. These include continued program innovation for
3 smart devices; expanding Option 3 to thermal energy
4 storage, developing a website for more transparent budget
5 tracking similar to what is currently used for the self-
6 generation incentive program. Developing new approaches to
7 allowing dual participation between DSGS and resource
8 adequacy. And a process or report for identifying and
9 inputting all the valuable lessons learned from this
10 program into the CPUC's resource adequacy and demand
11 response proceedings.

12 Thank you once again. And we strongly and
13 respectfully encourage the Commission to approve these
14 updated guidelines. And we look forward to continuing to
15 work with staff on this program. Thank you.

16 MS. BADIE: Thank you. Next we'll hear from
17 Cristy Sanada. Cristy, I'm going to open your line. If you
18 could please spell your name for the record. We're asking
19 for comments to be two minutes or less.

20 MS. SANADA: Great. Hi, my name is Cristy Sanada.
21 That is C-R-I-S-T-Y S-A-N-A-D-A and I'm calling on behalf
22 of the California Independent System Operator or CAISO. So
23 CAISO would like to express our support for the adoption of
24 the CEC's updated demand side grid support guidelines.
25 DSGS is a key piece of the state's growing reliability

1 programs, which help the CAISO and other California
2 balancing areas maintain grid reliability during extreme
3 events and challenging grid conditions.

4 The CAISO very much appreciates the ongoing
5 collaboration with CEC staff. As the CEC continues to
6 enhance the DSGS Program it's been really exciting to see
7 this program evolve and grow over the past couple of years.
8 We do applaud the CEC for developing new and innovative
9 approaches to integrate demand response and flexible loads
10 through both market integrated and other market options.
11 We are also really excited to see the DSGS participation
12 grow this summer, particularly in Options 2 and 3. And we
13 really look forward to continuing to see the grid benefits
14 GSGS can provide during challenging summer conditions.

15 I also want to highlight our appreciation for the
16 ongoing coordination throughout (indiscernible) with the
17 CEC staff and with all of you who have been very helpful
18 and collaborative to ensure that we can track and prepare
19 for potential DSGS load reductions on the grid.

20 So in closing the CAISO supports the adoption of
21 the new editions of the DSGS guidelines. We look forward
22 to seeing this program grow this summer. And we thank the
23 CEC for their thought leadership in this area. Thank you.

24 MS. BADIE: Thank you.

25 Next we'll hear from Kate Unger. Kate, I'm going

1 to open your line. If you could please spell your name for
2 the record. We're asking for comments to be two minutes or
3 less.

4 MS. UNGER: Hi, this is Kate Unger with the
5 California Solar and Storage Association. And thank you so
6 much for the opportunity to speak. I'm really happy to see
7 the Demand Side Grid Support program moving into another
8 year. And it's an innovative and valuable program, which
9 we have been tracking since the beginning.

10 I am speaking in particular about Option 3, the
11 market-aware battery storage virtual powerplant pathway.
12 It's a really smart program design that we are so happy
13 that the CEC was willing to take on and innovate. It takes
14 the best advantage of the capacity of customer-sided
15 battery storage, and it can help address and avoid grid
16 emergencies. And we do expect to add a substantial amount
17 of capacity to Option 3 in 2024 and future years from --
18 sorry, I'm just distracted about the timer -- but CALSSA
19 members have already been involved in we expect to see
20 more. We want to see this program perform and show its
21 value and the potential of distributed storage.

22 And one fundamental element of the pathway that
23 was preserved during this round of modifications that I
24 really wanted to highlight and applaud, is the smart
25 market-informed design of this pathway With an event-

1 signaled based on day-ahead CAISO market prices. We
2 strongly support that design. we think it offers a lot of
3 potential.

4 During the modification process CEC staff
5 considered adding other CAISO energy emergency alert events
6 to Option 3. And we really appreciate the staff's
7 responsiveness when we were pointing out our concerns that
8 making that change might impede the goal of showing how the
9 market price signals could provide emergency reliability
10 resources. So we're we really appreciate that.

11 We also appreciate that the guidelines extend the
12 current incentive rate through 2026. It is really
13 important to send a signal to participants that the
14 compensation rate won't go down. We do continue to have
15 some concern that this incentive rate might be lower than
16 needed. But we are happy to have the opportunity to
17 continue enrolling customers and participating through
18 aggregators.

19 We very much look forward to being involved in
20 upcoming efforts to further refine and expand DSGS
21 opportunities. We think there is a great potential for
22 this program to work together with other kinds of grid
23 services programs. And we hope to participate in
24 conversations about dual participation.

25 And then finally I just want to highlight how

1 much we appreciate the collaborative spirit and
2 responsiveness of DSGS program staff. They're a highly
3 effective professional team, and I really commend their
4 hard work. Thank you all so much.

5 MS. BADIE: Thank you.

6 That concludes public comment. Back to you,
7 Chair.

8 CHAIR HOCHSCHILD: Thank you.

9 Let's go to the Vice Chair for Commissioner
10 discussion on Item 11.

11 VICE CHAIR GUNDA: Thank you Chair. I would like
12 to invite Deana Carrillo, the Director for RREDI, to
13 provide any comments as it pertains to CMUA comment.

14 MS. CARRILLO: Yeah. I appreciate that, Chair
15 and Commissioners.

16 As you can imagine, operationally, when there's
17 an emergency event and various balancing authorities
18 there's a specific sequencing of events. The specific
19 provision in the guidelines is under the hypothetical that
20 a balancing authority, a small balancing authority, a non-
21 CAISO balancing authority would trigger an emergency event
22 when there wasn't a statewide emergency event.

23 In that case we're allowing for clean resources
24 to be called upon. Yet understanding that in order to
25 trigger diesel-backup generators there would need to be an

1 Emergency Proclamation, a waiver from a -- on the scale in
2 balancing the various priorities. Having BUGS running
3 statewide for a small balancing authority's emergency event
4 did not pass that cost benefit analysis or that
5 hypothetical. So just a reminder that as we address our
6 reliability needs, a shoutout to all the publicly owned
7 utilities and the smaller balancing authorities, they're
8 doing great.

9 A lot of our needs are on the -- for the CAISO
10 balancing authority. And so that's how we were able to
11 balance, maybe pun intended, on this one -- the competing
12 priorities related to this provision.

13 And as we've met with the various balancing
14 authorities we'll continue to work with them to make sure
15 that this truly is a statewide program, which we believe it
16 is now. It's just the trigger of combustion resources
17 being called for a smaller balancing authority's needs. An
18 emergency, a standard procedure would still allow for
19 transfers between balancing authorities, which would be
20 likely in that case.

21 I'm happy to answer any other questions that
22 might have arisen.

23 VICE CHAIR GUNDA: Thank you, Deana, that's
24 excellent. And I just wanted to just note Frank, the CMUA
25 boys in the entirety of this emergency planning is

1 extremely important, so thank you for raising the issue. I
2 look forward to further collaboration. And ensuring that
3 the guidelines are continued to iterate to support the
4 needs of everybody.

5 And given the urgency of having to move forward
6 and balancing the equity implications I think it will be
7 helpful for us to move forward with the guidelines and
8 continue to make those changes as we move forward.

9 Before I hand it off to the other Commissioners
10 for any comment I just wanted to really say a really big
11 thanks to Deana, Ashley, Aloke, Payam, and Guadalupe, the
12 excellent team we have. And I notably left Erik from that
13 for a reason.

14 Erik Lyon has been an absolute rockstar, and I
15 don't say that lightly. The amount of skill and
16 thoughtfulness that went into designing this over the last
17 four years, all the way back to your work on the DR Working
18 Group, to them thinking through the DSGS guidelines and
19 continue to update them is what is innovation. And it's
20 really what a state has to do to meet the challenges that
21 we have at the moment. So Erik, I just want to give you a
22 special shoutout for the incredible work that you've done
23 these last few years. And I hope Deana doesn't disagree
24 with me.

25 With that, I think as I mentioned, DSGS is going

1 to continue to evolve. And to CMUA's comments and the
2 comments we've heard from others it's important to note
3 that we have to continue to evolve this program.

4 I want to say one important element as we go
5 through, under Commissioner McAllister's leadership for the
6 last several years we've been working on enhancing the
7 opportunity for demand flexibility. And demand flexibility
8 will be a key and essential resource to really solve the
9 emergency crisis we have. And so this DSGS program is
10 really around that. How do you operationalize those 4 or
11 5-6,000 megawatts in emergency resources moving forward?

12 So I just want to commend the team and look
13 forward to supporting it. And to the comments on the
14 inter-balancing area transfers, really request the staff to
15 continue to work and make sure those -- we have good
16 solutions as we move forward.

17 CHAIR HOCHSCHILD: Thank you.

18 Commissioner McAllister.

19 COMMISSIONER MCALLISTER: Yeah, thanks, Deana.
20 And I really appreciate the briefing on this. And since
21 we're not BKed on reliability so I have to kind of talk to
22 the staff directly. But I think it becomes to me very
23 clearly that there is a plan. And then there is just a lot
24 of visibility across everything that has to do with load
25 flexibility, whether its reliability resources or not. And

1 it's really important that we keep that cross-Commission
2 visibility, because all the flexibility resources roll up
3 into the 7,000 megawatt goal. And so we really just have
4 to take that comprehensive view.

5 I'm super-excited about DSGS is just a platform
6 to push new solutions and just allow people to opt in and
7 try things. And to say the thermal, that could be
8 thermostat. That's a perfect example where that is a
9 resource that has huge potential. And we need to get the
10 bugs out -- and sorry, pun intended, I guess -- and figure
11 out what solutions we really want to include long-term in
12 that portfolio to get to 7,000 and beyond, right? We think
13 load flexibility has to be a big, big solution.

14 And we're doing things that no other jurisdiction
15 is doing. And so I think that creativity, I totally agree
16 with your assessment of Erik Lyon and the whole staff just
17 really bringing their full knowledge base, which is
18 extensive, to this problem. So really optimistic for where
19 this is going. So thanks for this.

20 CHAIR HOCHSCHILD: Thank you.

21 Okay, so what I'd like to do -- yes, just a
22 minute, Commissioner -- is we'll hear from the other
23 Commissioners, vote on this item. Then we'll take up Item
24 12, which is related to this. Then go into closed session,
25 then lunch. Then back and we will resume the agenda. But

1 I think we wanted to take Item 6.

2 Sean, you have to leave at 2:00, right? Yes,
3 okay. So we'll come back and make sure we get to your item
4 before that.

5 So with that, Commissioner Monahan.

6 COMMISSIONER MONAHAN: Well, I can't believe
7 nobody's mentioned one of the most exciting aspects of this
8 new proposal, which is the Vehicle-to-X piece of this. And
9 I just feel like that's visionary. It's like we're early
10 days in this, and this connects with our REDWD grants to
11 really try to unlock this potential of Vehicle-to-Whatever.
12 And I just give the team credit. I mean, DSGS I think got
13 rolled out faster than any new program ever. So Deana and
14 her team are just like hitting it out of the ballpark in
15 terms of speed and efficacy and really laser-focused on
16 what we can do to support a more reliable grid.

17 So I just think as Commissioner McAllister said,
18 like we're leaning in on early-stage technologies to try to
19 get them to scale. And so just congratulations to the
20 team. And I'm super-psyched and I can't wait for the next
21 year's report to see if we actually get vehicle capitalized
22 on the -- on vehicle batteries to help support grid
23 reliability.

24 CHAIR HOCHSCHILD: Are you psyched enough to make
25 a motion?

1 COMMISSIONER MONAHAN: (Overlapping colloquy.) I
2 am. Okay, I move to make a motion.

3 VICE CHAIR GUNDA: Before we make a motion I
4 think I'm just going to say one thing I wanted to ensure is
5 that it's important to note that this DSGS program is not
6 funded through ratepayers. And it's an important element
7 that we have a platform like DSGS that solves for emergency
8 without ratepayer funds. And I also wanted to say thanks
9 to Chinkh (phonetic) and her office,

10 CHAIR HOCHSCHILD: Commissioner Monahan, do you
11 want to move Item 11?

12 COMMISSIONER MONAHAN: I make a motion to move
13 this item.

14 CHAIR HOCHSCHILD: Is there a second from
15 Commissioner McAllister?

16 COMMISSIONER MCALLISTER: Second.

17 CHAIR HOCHSCHILD: All in favor say aye.
18 Commissioner Monahan.

19 COMMISSIONER MONAHAN: Aye.

20 CHAIR HOCHSCHILD: Commissioner McAllister.

21 COMMISSIONER MCALLISTER: Aye.

22 CHAIR HOCHSCHILD: Vice Chair Gunda?

23 VICE CHAIR GUNDA: Aye.

24 CHAIR HOCHSCHILD: Commissioner Gallardo.

25 COMMISSIONER GALLARDO: Aye.

1 CHAIR HOCHSCHILD: And I vote aye as well.

2 We'll turn now to Item 12 and then break for
3 lunch after that. Item 12, Olivine DSGS.

4 MS. EMERY: Hello again, Good afternoon. Again,
5 my name is Ashley Emery, and I am the Manager of the
6 Reliability Reserve Incentives Branch within the RREDI
7 Division. Today we are seeking approval of a contract not
8 to exceed \$22,250,000 over a term of four years, with an
9 option to extend for a fifth year, with Olivine, Inc. to
10 provide program administration services in the Energy
11 Commission's implementation of the Demand Side Grid Support
12 Program. Next slide, please.

13 As I mentioned earlier, as part of the Strategic
14 Reliability Reserve the DSGS Program serves as one of the
15 state's tools in responding to unplanned extreme events
16 taxing California's electrical grid.

17 As established by AB 205, the program seeks to
18 achieve the following goals: support grid reliability by
19 enhancing load capacity during extreme events. Increase
20 visibility into resource capacity. And prioritize the
21 dispatch of clean resources first in times of need.

22 These goals benefit Californians by supporting
23 reliability of our electrical grid providing electricity to
24 all Californians including our most vulnerable. Next
25 slide, please.

1 Over the past almost two years there have been
2 many lessons learned from program implementation that we
3 have sought to address in our program guidelines, as well
4 as in our administration processes. So in 2022 we launched
5 Phase 1 with an accelerated development process to quickly
6 meet the needs of that summer. The program structure and
7 processes were very simple and manual.

8 Last year we incorporated lessons learned into a
9 second edition of the program guidelines to streamline and
10 simplify participation including our enrollment processes,
11 reporting, and communications. Expand program eligibility
12 into investor-owned utility customers consistent with
13 statute. And test approaches to maximize demand response
14 with new incentive options.

15 And this year we are working to further refine
16 and scale the program and bring on additional clean
17 resources. Next slide, please.

18 To support the Energy Commission in administering
19 DSGS staff sought to identify a third-party entity that
20 could provide services to support and modernize program
21 implementation, including data sharing with the investor-
22 owned utilities to verify customer eligibility as required
23 by statute.

24 After surveying other similar programs in the
25 state the CEC staff identified Olivine Inc., which is

1 uniquely qualified to support these services. Olivine Inc.
2 supports the investor owned utilities in the implementation
3 of the Emergency Load Reduction Program. And under this
4 contract Olivine will support DSGS program enrollment
5 eligibility validation; communicate and report to
6 participants and partners such as the California balancing
7 authorities, investor owned utilities, publicly owned
8 utilities, community choice aggregators, and our third-
9 party aggregators. They will also help monitor and
10 validate performance. Next slide, please.

11 Staff recommends the Energy Commission approve a
12 contract with Olivine, Inc. in an amount not to exceed
13 \$22,250,000, and adopt staff's determination that this
14 action is exempt from CEQA. This concludes staff's
15 presentation, I'm available for any questions you may have.

16 CHAIR HOCHSCHILD: Great. Thank you.

17 Is there a public comment on Item 12?

18 MS. BADIE: Thank you, Chair.

19 Now is the time for public comment on Item 12.
20 And if you're in the room with us you can raise your hand.
21 I'm not seeing anyone on the QR code, and I'll transition
22 to Zoom as well. If you're on Zoom please use the raise
23 hand feature on your screen or press *9 if you're joining
24 by phone to comment on this item.

25 And I'm not seeing any comments on this item.

1 Back to you, Chair.

2 CHAIR HOCHSCHILD: Thanks.

3 Let's go to Commissioner discussion, starting
4 with the Vice Chair.

5 VICE CHAIR GUNDA: Thank you, Chair. And just to
6 say I repeat my comments from the previous one. Thank you.
7 And Olivine has been a really good administrator of a
8 number of programs as it pertains to emergency. So just
9 looking forward to supporting, and thank you for the work.

10 CHAIR HOCHSCHILD: Great, thanks.

11 Unless there's other discussion I would welcome a
12 motion from the Vice Chair.

13 VICE CHAIR GUNDA: I move Item 12.

14 CHAIR HOCHSCHILD: Is there a second from
15 Commissioner Gallardo?

16 COMMISSIONER GALLARDO: I second.

17 CHAIR HOCHSCHILD: All in favor say aye.
18 Vice Chair Gunda.

19 VICE CHAIR GUNDA: Aye.

20 CHAIR HOCHSCHILD: Commissioner Gallardo.

21 COMMISSIONER GALLARDO: Aye.

22 CHAIR HOCHSCHILD: Commissioner McAllister.

23 COMMISSIONER MCALLISTER: Aye.

24 CHAIR HOCHSCHILD: Commissioner Monahan.

25 COMMISSIONER MONAHAN: Aye.

1 CHAIR HOCHSCHILD: And I vote aye as well. Item
2 12 passes unanimously.

3 We'll turn now to Item 22 for an announcement
4 from the Chief Counsel.

5 MS. DECARLO: Thank you Chair. I propose that
6 the Commission go into a closed session as specified in
7 Agenda Item 22b-ii.

8 CHAIR HOCHSCHILD: Thank you. We will adjourn
9 for closed session and return here at 1:15. Thanks.

10 (Off the record at 12:21 p.m.)

11 (On the record at 1:22 p.m.)

12 CHAIR HOCHSCHILD: Okay. Are we back on camera?
13 My camera's saying you can't start your video, because the
14 host has stopped it. Are you guys -- you're on camera.
15 Yeah, we're not missing much, if you can enable my camera
16 that'd be great. I did -- here we go. (Chair Hochschild
17 camera is back on.)

18 I did want to just ask Lisa, should we report out
19 from the closed session (indiscernible)?

20 MS. DECARLO: You can just identify that there
21 was nothing to report out.

22 CHAIR HOCHSCHILD: Okay. There's nothing to
23 report out from closed session. And with that I believe
24 we're going to take back up with Item 5. Did we do Item 5.
25 No, we did DACAG. Sorry, Item 6 because of Sean, right?

1 Yes. Go ahead, Sean.

2 That is Information Item - Western Renewable
3 Energy Generation Information System (WREGIS). Go ahead.

4 MR. SIMON: Okay. Good afternoon, Chair
5 Hochschild, Vice Chair Gunda is not with us, and
6 Commissioners. I am Sean Simon, a Deputy Director in the
7 Siting, Transmission and Environmental Protection Division.
8 Today I will provide background on the Western Renewable
9 Energy Generation Information System, WREGIS, the
10 independent tracking system for Renewable Energy
11 Certificates that serves California and other states and
12 provinces in the Western Interconnection territory.

13 As you heard during public comment this morning
14 WREGIS updated platform is dealing with some stubborn
15 technical issues that is impacting California programs. As
16 we approach the one-year mark with these challenges I
17 thought it was important to provide an update. And I'm
18 joined today by Andrea Coon, the Director of WREGIS, who
19 will be presenting after me. Next slide, please.

20 The CEC established WREGIS as part of its early
21 responsibilities implementing the Renewables Portfolio
22 Standard, the RPS program. And this busy graphic is a
23 helpful way of seeing how WREGIS fits with the broader
24 market and regulatory systems. WREGIS is marked with a red
25 circle just left of center.

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1 And to the left of the circle shows the
2 infrastructure, the market side of the program, and
3 everything is functioning well there. Clean electricity is
4 flowing to the grid. Meters are spinning and accurately
5 recording and reporting information into WREGIS. And
6 commercial transactions and development continues on our
7 path to 100 percent clean electricity.

8 The generation data that results in the Renewable
9 Energy Certificates or RECs are going into the WREGIS
10 system, but the processing of some of that data that Andrea
11 will get into is where the problem lies.

12 And to the right of the WREGIS on the diagram it
13 does show that a lot of our administration, most of the
14 state's administration of the program, happens beyond this
15 WREGIS step because our verification and compliance work
16 relies on the independent tracking and integrity that
17 WREGIS provides. So next slide, please.

18 This timeline, we're presenting just to show the
19 main process steps we've taken, and what's approaching.
20 And the leftmost side of the timeline shows the initiation
21 of the tracking system came in 2006 and soon thereafter
22 WREGIS was up and running with 2008 being the first time
23 that WREGIS was really fully integrated into the program.
24 And WREGIS, let me be clear, has been a great partner for
25 California. The RPS program has evolved over the years to

1 include some complex policies. And WREGIS has been able to
2 meet our needs for 15 years. And the integrity of the
3 WREGIS system is an important part of California's success
4 and climate programs throughout the West.

5 WREGIS is independent. We launched it, but it is
6 definitely an independent entity and has been for some
7 time. The Energy Commission does not regulate WREGIS.
8 It's not directly funded by the Energy Commission, or its
9 operations. There is regular communication, though. I
10 represent the Energy Commission on the WREGIS Committee,
11 and I joined staff at a monthly reach a stakeholder
12 committee. And in addition to that, we meet every other
13 week with Director Coon.

14 WREGIS launched in '22, this new software and
15 Andrea will speak to the details there. And then here we
16 just walk through some of the steps that we've encountered.
17 The issues really bubbled up in the summer of 2023 when
18 reports started coming into the Energy Commission. And so
19 we suspended that reporting for a few months on the
20 understanding a fix was within reach. That didn't
21 ultimately materialize, so we've suspended reporting now
22 for the reporting year of 2022. And that's where we are
23 right now.

24 Moving to the right side of the timeline, we are
25 now approaching the next annual process you heard about,

1 our service disclosure program, and then also the next
2 annual report. And so that's where we are right now. And
3 if we can go to my last slide.

4 We touch on the program impacts. You heard about
5 some of these from the public comment this morning. The
6 annual report I talked about on the prior slide, I'll just
7 note here that our compliance period spanned multiple
8 years, and we're in compliance period for which covers
9 2021, 2021 through 2024. So that's the period that we're
10 in right now. I can talk about that a little bit.

11 The second bullet is a program that the PUC
12 established, where the three large investor owned utilities
13 are authorized to make portions of their RPS portfolio
14 available to other load serving entities in their service
15 territory. Josh Harmon spoke about this from PG&E this
16 morning during public comment.

17 The third bullet is an annual compliance report
18 that retail sellers submit to the PUC.

19 The fourth bullet talks about this multiyear
20 compliance period that the Energy Commission manages for
21 all load serving entities, both the publicly owned
22 utilities and the retail sellers.

23 And then finally, the last bullet is the Power
24 Source Disclosure Program, which provides important
25 information to consumers about the energy sources and

1 greenhouse gas emissions associated with the electricity
2 they use.

3 And I'll also note we coordinate very closely
4 with the PUC. It's really a collaborative program
5 implementation and administration, and other partner
6 agencies, are really we're moving through these processes
7 together.

8 And with that, I think I will turn it over to
9 Director Coon. And then after their presentation, will be
10 available for any questions.

11 CHAIR HOCHSCHILD: Thank you so much, Sean. And
12 let me just say I also really have appreciated having you
13 on the team since you came over from really distinguished
14 career at the PUC. And I know you're a smart guy, because
15 you're wearing a bow tie and those are really hard to tie.
16 So we appreciate all the IQ you've added and thank you for
17 your work.

18 MS. COON: Hello, Chairman, afternoon and to the
19 Members of the Commission. I'm really thankful for the
20 opportunity to come and speak with you today and to speak
21 to my customers both that are on the line and that came in
22 person to make comments today. I appreciate very much the
23 relationship that I have with my customers and the
24 partnership that we have as we move to make it so that
25 everybody's policy goals can be met. I really appreciate

1 the relationship and partnership that I have with
2 Commission staff. They have shown nothing but grace and a
3 lot of good insights when I'm dealing with them. So I
4 really appreciate that.

5 So first thing I want to do is start out today
6 and tell you and again just fill in a couple of blanks
7 about WREGIS. So next slide, please.

8 So WREGIS does track renewable outputs from
9 generators across WECC, which is the Western
10 Interconnection, as well as a couple of territories within
11 states that are bisected by the Western Interconnection.

12 We are policy neutral, and we create Renewable
13 Energy Certificates that are used for both voluntary
14 purposes such as greening up corporate energy profiles as
15 well as compliance purposes. So for complying with
16 renewable portfolio standards or other statutory programs
17 within the Western Interconnection. We do have at this
18 point more than a dozen programs across the states and
19 provinces in our territory that are using WREGIS for
20 compliance purposes. We do track more than 7,100
21 standalone generators at this point with a variety of fuel
22 types.

23 CHAIR HOCHSCHILD: Say that again, it's 7,000?

24 MS. COON: It's 7,107 yeah or close to 7,000 so a
25 lot of them. And again, a variety fuel types, you know,

1 your normal standard kind of renewables such as wind and
2 solar, but also things like biomass, biogas, geothermal,
3 and certain types of hydro.

4 We also have more than 225,000 small rooftop
5 solar units that we track in in groups. So split up in
6 about 44-4,500 groups, we have 225,000 of those small
7 rooftop solar units from again across the territory, the
8 Western Interconnection, that we are tracking as well.

9 We do create RECs that are based on independent
10 verifiable meter data that we get provided for by our
11 balancing authorities, by various utilities that own
12 distribution level transmission, as well as independent
13 meter companies whose really sole purpose is to provide
14 metering information to those that they meter. Next slide,
15 please.

16 As Sean mentioned -- could we get the next slide,
17 please. We'll skip that one. As Sean mentioned, we have
18 been operating since June of 2007. We did upgrade our
19 software platform in November 2022 to meet the needs of our
20 programs and our customers.

21 Since the Go Live we have been dealing with a
22 number of kind of sticky software bugs, which is reasonably
23 normal for a new software program. But several of the
24 bugs, as Sean mentioned, have been very disruptive to our
25 customers. We know it's been very stressful for them over

1 the last period trying to make sure that they can do their
2 job.

3 It is important to point out that for the vast
4 majority of our customers, they're able to interact
5 normally with WREGIS and do everything they need to do.
6 But we're still dealing with again, that handful of issues
7 that are actively disruptive to some of the customers. And
8 some of these customers are indeed facing these compliance
9 deadlines, not only in the State of California, but in
10 other states and programs as well.

11 The main issues can be broken kind of into three
12 buckets of issues. The first one is some e-Tag issues,
13 especially for RECs that have been matched and then
14 unmatched and match rematch with e-Tags. And for those who
15 are not familiar with an e-Tag, basically the State of
16 California and various programs is using e-Tags to show
17 delivery of energy into the state. And so it is basically
18 a stamp device that we get from another system that shows
19 where the power flowed from and where it flowed to. So
20 we're having a couple of issues with that with that
21 particular item.

22 Not all organizations that are using attacks e-
23 Tags are experiencing this, but still is significant. And
24 it is also California, largely California centric, because
25 California is the only state with programs that are

1 actively using e-Tags for this purpose. So even though
2 it's less than 5 percent of our customers that are
3 experiencing this issue, it still is having that outsized
4 impact on California due to where the e-Tags are being
5 used.

6 So the next issue is REC transfer issues, which
7 are preventing some batches from transferring correctly.
8 Basically, they just won't go through. Right now, again
9 this issue is impacting multiple organizations, but again
10 far less than 5 percent. And the majority of this seems to
11 be connected directly to the e-Tag issues. So they're kind
12 of hitting that same subgroup of customers.

13 And then the last one is the one that Sean was
14 mentioning that we've been dealing with over the last
15 almost a year now, which is we call them remainder issues.
16 And basically this is there was a problem with a data
17 import that cause certificates to either under or over
18 create. And so we've been cleaning all of that up and
19 making sure that if there was more certificates created
20 than then were supposed to be, those are being accounted
21 for and wiped out where we can. And those that were under
22 created, we're getting them so they will actually create.

23 So again as of now this issue appears to be
24 targeting 1 to 2 percent of our generators. So we've got
25 this one mostly cleaned up. And we're hoping that we can

1 get the rest of it cleaned up in the near future. But
2 again given the way that generators are marketing their
3 power, even though it's only 1 to 2 percent of generators,
4 it could have more than that impact on customers, because
5 one generator may be marketing their certificates to
6 multiple off takers. And so given that we're doing this by
7 generator, not by LSC, we're not sure we've got a real
8 great handle on just how many of those LSCs. But again, 1
9 to 2 percent of generators, and we're actively working on
10 that one.

11 So to address the first two issues we have put
12 together three compliance related software releases that we
13 are hoping will fix all of the issues that we're having in
14 these first two areas. The first of these releases
15 actually went out yesterday. And I've heard back not only
16 from Commission staff who have done some testing on
17 something that affected them, but also from a couple of
18 customers that it definitely has resolved some of the
19 issues. So that was successful.

20 We anticipate that we'll begin testing release
21 number two, out of these three, sometime this week. We're
22 waiting for it to go up onto our testing site, so that we
23 can begin that testing.

24 We are actually doing full regression testing as
25 well as user testing, before we do any of these releases.

1 Because we have had some issues in the past, so we are
2 doing full regressions on these to make sure we're not
3 introducing new large scale bugs is we're trying to fix
4 these other issues.

5 And again, to address the remainders issue, which
6 is not necessarily all functionality, it also has that data
7 piece involved. We've been doing at least one data release
8 a week on this issue. We've got another one that we have
9 scheduled for this week, later this week. I just heard
10 that from my staff, as of today, their testing is going
11 well. It looks like it's going to be success. So that
12 should go out sometime later this week. And we've got
13 another one on deck next week as well.

14 And, you know, when Sean was talking about the
15 fact that the CEC depends on us a lot for data integrity
16 and for making sure that that data is correct, we take that
17 very seriously as well. It really is our ultimate goal.
18 It's kind of what we're there to do. So in order to make
19 sure that all of this data is actually right, we are
20 literally having staff kind of go through generator by
21 generator and validate the data updates that have been done
22 to make sure that what's there matches up with what was
23 reported in as the generation that was actually produced by
24 those generators.

25 So we definitely are having internal, extensive

1 internal auditing as we do these releases. And we will
2 continue to do that to make sure that all of the data
3 points that we're providing can be depended on.

4 We do know the compliance deadlines in California
5 and the other states are rapidly approaching. And we are
6 actively working to ensure that both the functionality that
7 folks need to comply with their compliance deadlines, as
8 well as the data and the RECs that they need, will be
9 available to them. We don't necessarily have a date
10 certain. We've asked for one of those from our provider
11 before, they were unable to meet their deadline. But we
12 definitely are working very actively with them to make sure
13 that we are meeting compliance deadlines.

14 And we do have WREGIS staff right now who are
15 almost solely dedicated to doing testing, so that we can
16 make sure that everything is flowing as smoothly from our
17 end as we possibly can get it. And again, those staff that
18 is pretty much their sole job right now is testing both the
19 functionality updates, as well as the data updates. And so
20 with that, I am happy to address any questions.

21 CHAIR HOCHSCHILD: Great, thank you so much.
22 Let's go to public comment on Item 6.

23 COMMISSIONER GALLARDO: Chair, this is an
24 informational item.

25 CHAIR HOCHSCHILD: My mistake, sorry. No, we're

1 not having public comment. As a matter of fact, we already
2 got some public comments at the beginning of this. So
3 yeah, over to you, Commissioner.

4 COMMISSIONER GALLARDO: Right, Buenas tardes,
5 good afternoon. First thank you to Sean Simon for his
6 presentation. I also want to commend the teams that have
7 been working on this effort led by Elizabeth Huber and
8 Aleecia Gutierrez.

9 I want to give additional gratitude to you
10 Director Coon, for traveling here and devoting so much time
11 to provide this really important update and doing it in-
12 person. I think it helps show your commitment to resolving
13 the issue. And it also helps us get additional context on
14 what's been happening. So I really appreciate that.

15 Sean and his team have kept me apprised of the
16 situation, because the software functionality issues with
17 WREGIS are affecting an array of programs. Including the
18 Renewable Portfolio Standard which I oversee, the Power
19 Source Disclosure Program overseen by Vice Chair Gunda, the
20 annual compliance reports overseen by the CPUC, and other
21 programs, right.

22 And the Energy Commission does depend on WREGIS.
23 It's one of the most important tools that the staff that's
24 working on my policy portfolio use. So the deficiencies
25 I'm hearing about are extremely concerning. And there is

1 urgency as you've mentioned as well. So it does seem
2 though that it has been too slow in terms of progress
3 towards completely resolving the issue. So I wanted to get
4 this update to obtain more information to determine how can
5 we resolve it completely.

6 And I am still concerned about the impacts not
7 just to the staff at our agencies, but also to the load
8 serving entities, the ratepayers, and the general public.
9 We did hear several comments earlier about the WREGIS
10 problem impacting investor owned utilities, like PG&E,
11 Southern California Edison, the municipal utilities, and
12 also the 20 choice aggregators.

13 And for the benefit of my fellow Commissioners
14 and the public I wanted to clarify that there was a letter
15 mentioned yesterday. It was filed by the California
16 Community Choice Association and the Alliance for Retail
17 Energy Markets. They asserted that the WREGIS issue has
18 imposed hardship on the industry. Because one, they won't
19 be able to meet regulatory deadlines for reporting. And
20 two, that any information they could provide would give an
21 inaccurate view of California's progress toward meeting
22 environmental goals.

23 In that letter, they also asked for relief in the
24 form of delaying upcoming deadlines, starting with a June 1
25 deadline. And we did hear support for those delays in the

1 earlier comments. But to be clear, we are not voting on
2 that request or any other matter. We're still gathering
3 information that as I mentioned earlier, about this issue
4 that we want to get resolved. So again, thank you for
5 joining us today and for having this conversation.

6 I do have some questions, but I wanted to see if
7 my fellow Commissioners have questions first. And Sean
8 will have to leave soon, so maybe start with Sean first, if
9 you have any.

10 COMMISSIONER MCALLISTER: Well, let's see I did
11 not force my questions into whether there -- no, I don't
12 have any direct questions for Sean.

13 COMMISSIONER GALLARDO: Okay. So let me --
14 what's that? So Sean says he has 20 minutes.

15 All right, well let me start. So Sean, I wanted
16 to hear more about the impacts that you see in a scenario
17 where the system is not fully functioning by July 1st,
18 which is one of the major milestone dates. And what plans
19 that you have, or you and your team have if any, to address
20 that. Whether it's at that time, three months from then,
21 and so on.

22 MR. SIMON: Thank you. I think we're looking at
23 it through the lens of the short term and the medium term,
24 rather than contemplate a longer term.

25 In the short term, it's absolutely clear that the

1 problems are outside of the control of load serving
2 entities I think, who have the reporting requirement. And
3 so I think we should be, and need to be as flexible as we
4 can be in that regard. So that's for the dates that are in
5 front of us. That's how we're looking at it in an RPS
6 context.

7 On a similar timescale for the Power Source
8 Disclosure Program, which is not worked directly but for
9 coordinating with that team, they've heard the request.
10 And their plans are to proceed with a short extension, move
11 the date out to July 1, and then reassess. I think people
12 are hearing progress being made, having some faith and want
13 to send that clear signal that we hear it, but the
14 reporting is important. So July 1 on power source
15 disclosure until further notice.

16 Back to the RPS, we're also at the same time
17 we're in a place where we feel like we need to explore
18 options. And so one thing we're looking at is, can we
19 bring the analysis sort of in house. So we're looking at
20 that.

21 And then another one is issuing an RFI to see
22 what other third-party vendors are out there. The CEC
23 statutory connection to this is that we had the requirement
24 to establish a tracking system. And so we kind of go back
25 to that. We don't enforce WREGIS. You know, they're

1 independent. We're working collaboratively with them.
2 That's as far as we can drive change there. So we are also
3 looking at, in a worst case scenario, what do we do? So
4 we're exploring all of those. Of course we want WREGIS
5 fully functional. And that's what we're all working
6 towards.

7 COMMISSIONER MCALLISTER: So I really appreciate,
8 Andrea, you being here. And thanks, Sean, for the
9 presentation. I've been keeping track of this.

10 And I guess I was wondering, so you know a small
11 percentage of your customers is (indiscernible). I'm
12 wondering if we know sort of what percentage of the energy
13 is impacted, what percentage of the reportable renewable
14 energy is impacted?

15 MS. COON: So I don't know that I can necessarily
16 give you a number, like a solid number of what percentage.
17 But I will say that just based on how much generation is
18 being tracked WREGIS it's not a ton, right. But that being
19 said if you're the LSE that has one or two or three of
20 these generators that are affected, it's going to have an
21 outside impact on you, right. And if that generator
22 happens to be selling downstream, it's now affecting
23 multiple LSEs rather than just one.

24 So even though it may not be a huge percentage of
25 the overall energy that we're tracking, and WREGIS is

1 affected by this, the impact always spreads out a little
2 bit more than we think, just because of the way the markets
3 (phonetic) run.

4 COMMISSIONER MCALLISTER: Thanks for that. So it
5 is obviously I think we're the reason we're here is it's
6 concerning that there have been missed deadlines. And we
7 don't actually have a date by which it'll be fixed. And
8 the concern is kind of rising out there and inside the
9 Commission. How will we know when it's fixed? I guess how
10 does the hygiene sort of be proven to restore kind of the
11 faith and the rigor of the system.

12 MS. COON: So I think there's a couple of pieces
13 to this. First of all, once the actual functionality and
14 once we believe that all of the generators that are
15 affected has been fixed, we would probably be notifying our
16 customers as well as programs that are involved. To let
17 them know hey we've repaired functionality that was
18 stopping you from doing your job, right.

19 And that next piece is what I was talking about
20 earlier, which is my staff basically going through
21 generator by generator and looking at each one of these
22 things to make sure that the number of RECs that are
23 produced are equivalent to the amount of generation that
24 was actually reported to us. And again, doing that really
25 thorough self-audit. I think that's kind of that next

1 piece.

2 And, again the reality is if we find through our
3 audit, if we find additional problems, we'd be resolving
4 those. Because for me having the RECs that are available
5 not match up with the generation that was reported is not
6 really an option.

7 And so I think that it's kind of that two steps.
8 One, we fix things. We let people know, so that they can
9 again also be looking at their own data. And seeing and
10 getting comfortable with it again, and feeling good about
11 it. And then that second piece is that we would be doing
12 that really deep dive on it.

13 COMMISSIONER MCALLISTER: Okay. Thanks. Well,
14 obviously we're paying really close attention to this.

15 And then probably it's sort of beyond the
16 Commission's scope here. But I guess I'm just wondering in
17 terms of managing the contractor like what accountability
18 do you have or what consequences?

19 MS. COON: Well, I can't talk too much about the
20 contractor, my contractor of course. But I will say that
21 my senior management up to the level of CEO is involved in
22 this. And we are using all commercially available
23 pressures to get what we need out of that. So like I said
24 I can't talk a lot about it, but we do have General Counsel
25 and the CEO involved. And we're taking it very seriously.

130

1 COMMISSIONER MCALLISTER: Totally understood. So
2 I really appreciate your giving even a high level answer to
3 that. So anyway, we value your partnership. And obviously
4 we interact with WECC on a whole bunch of different issues.
5 And this one is really important, as you said definitely
6 for California, but really for the whole west. So thanks
7 very much.

8 MS. COON: Absolutely.

9 COMMISSIONER MCALLISTER: Thanks for being here.

10 CHAIR HOCHSCHILD: Any other questions? No, you
11 had more? Yeah, go ahead.

12 COMMISSIONER GALLARDO: Director Coon, thank you
13 for that. So it does sound like you're taking steps.
14 You're thinking about this. I was curious about two
15 things. One, I think this is the easy question, would you
16 be able to provide us progress report of sorts, in like a
17 couple of weeks to let us know where things are at? And
18 then two, I was curious if you could talk a little bit more
19 about your plans if you're not able, or if the system isn't
20 fully functioning by July 1st, let's say. What would be
21 your plan, similar to what I asked Sean.

22 MS. COON: So I have no problem at all giving you
23 a progress report in two weeks. As a matter of fact,
24 during my stakeholder meeting yesterday I have promised my
25 stakeholders the same thing. That they would get a

1 progress report in two weeks, so that they can feel -- they
2 can evaluate the progress that's being made. And see
3 whether or not they feel like they need to take additional
4 steps with either you or other registers, right. So no
5 problem, we can provide that. Whether the Commission
6 themselves would prefer that progress report or send it
7 through staff I'm okay with either of those options.
8 Whatever is suitable.

9 COMMISSIONER GALLARDO: I think going through
10 staff, since you already have established communication,
11 makes sense. And then they can forward that on to us as
12 well.

13 MS. COON: As far as the second thing, I will say
14 that WECC has been looking into this issue very seriously.
15 And have been also evaluating what our options would be if
16 we cannot get WREGIS functioning the way it needs to.
17 Because again, as I mentioned before while California is
18 definitely our biggest stakeholder, you're not the only
19 one. We've got, you know, we've got 14, 15 programs right
20 now spread across eight jurisdictions that are counting on
21 us. And so it is first in our minds that we need to make
22 sure that what we're doing is supportive to those goals.
23 And without good data, we can't be right.

24 And so we've been having those internal
25 discussions as well as to what options are available for

1 us. If in fact, we just say, "Look, we just can't get this
2 thing to work. It just isn't going to make it." So we've
3 been also having those discussions, again up to the
4 executive team level. And, yeah we're taking it very
5 seriously. Because again we're only here because the
6 western states and the provinces have put their faith in
7 us. That's why we're here. That's why we do what we do.
8 And so we need to make sure that we can be we'll call it
9 worthy, right of that of that faith. And we take it very
10 seriously.

11 COMMISSIONER GALLARDO: Thank you for that. I
12 appreciate you being open about those conversations that
13 you're having and those steps that you're taking. And I
14 think that is really important. And you're right, we have
15 invested a lot of trust and faith into that system. So
16 we're taking it very seriously as well.

17 I was curious if you could talk just a little bit
18 about the extent to which WECC is aware of the impacts on
19 California. And if there's any other insight you want to
20 share on that piece.

21 MS. COON: Yeah, and again WREGIS is right now
22 even though it started out under a contract with
23 California, we have been folded into WECC since 2012. So
24 we literally are a department within WECC. So my direct
25 boss is the WECC CFO. Okay, so WECC is intimately involved

1 in this. They are very familiar with the problems.

2 You know, I brief my boss somewhere either weekly
3 or every other week on where we are, and the issues. And
4 so they are very, very well aware of this. And again, it
5 is WECC's senior management that have been involved in the
6 contract discussions as well as me. We are all taking this
7 very seriously, doing the best we can to push it forward.

8 COMMISSIONER GALLARDO: Okay, that's excellent to
9 hear. And one of the reasons why I asked is we do want
10 this to be a collaborative process where if there's
11 anything else the Energy Commission could do to help
12 resolve the issue we'd be willing also to work with the
13 WECC counterparts. So on that note, is there anything else
14 that you think Energy Commission could do to be helpful?
15 Whether it is talking to WECC directly or doing anything
16 else.

17 MS. COON: So right now, I don't think so.
18 Because again from WECC's side we're doing everything we
19 can. And so we just need, we are right now pushing as hard
20 as we can to get those functionalities completed, the data
21 fixes completed. But the reality is that WECC doesn't have
22 software engineers. We're counting on a third party to do
23 this. And so even though I have people who are very
24 software minded, and doing testing and all these other
25 things, we have to wait for those first steps from a

1 vendor.

2 COMMISSIONER GALLARDO: Thank you. Those are my
3 final questions for Director Coon.

4 I did have one last thing for Sean. Sean, before
5 you leave, just curious if you wanted to add anything else
6 based on what you heard.

7 MR. SIMON: I don't think so. I'm glad you got a
8 sense of the hope and the challenge I think where we're at.

9 I do want to thank the team here: Greg Chin,
10 Chris Metzker and Yoseph Saeed in particular, who have been
11 really digging into the details. I'll definitely commit to
12 keeping you up to date, you all up to date on this. And
13 also the open communication we're having with utilities and
14 developers and what have you, actively participating in the
15 WREGIS forums. They're working closely with Andrea.

16 COMMISSIONER GALLARDO: Excellent. Thank you
17 again to both of you for presenting, being so direct with
18 us about the situation. We really appreciate them. And
19 that's it, Chair. Back to you.

20 CHAIR HOCHSCHILD: Thank you so much. Yeah,
21 thanks to both of you.

22 We'll now to Item 5, DACAG appointments, Mona.

23 MS. BADIE: Good afternoon. I'm Mona Badie, the
24 Public Advisor at the California Energy Commission. Today
25 I'm pleased to present five proposed appointments to the

1 CEC CPUC Disadvantaged Communities Advisory Group. Next
2 slide.

3 As many of you know, the Disadvantaged
4 Communities Advisory Group or DACAG is an 11 member
5 advisory body created by Senate Bill 350 that advises CEC
6 and the CPUC on how to design and implement policies and
7 programs to be more effective on behalf of disadvantaged
8 communities, and the achievement of our clean energy and
9 pollution reduction goals.

10 California is a diverse state by many measures.
11 So CEC and CPUC tried to solicit and select members from
12 varied regions, energy expertise areas, and community
13 perspectives. Next slide.

14 As our energy and climate action goals quickly
15 ramp up to 100 percent reaching all Californians with our
16 programs and policies is not just the right thing to do, it
17 is an imperative. Access to DACAG's expansive expertise
18 helps CEC design and implement effective statewide policies
19 and programs. Next slide.

20 This slide shows the current makeup of the
21 Disadvantaged Communities Advisory Group. As you can see,
22 it's a little sparse. Today I'm presenting for your
23 approval five appointments to the DACAG as recommended by
24 the CEC and CPUC DACAG Lead Commissioners. For the CEC,
25 that's Commissioners Gallardo and Monahan. And for the

1 CPUC that's Commissioners Houck and Douglas.

2 The five appointments consist of two
3 reappointments of existing members, and three new member
4 appointments to fill vacancies from recently termed out
5 members.

6 Tomorrow CPUC will consider these five same
7 appointments at their voting meeting. Next slide.

8 So first up are our two reappointments. Julia
9 Hatton has been serving on the DACAG since 2022, and is
10 based in the East Bay of the San Francisco Bay Area. She
11 is President and CEO of Rising Sun Center For Opportunity,
12 a nonprofit workforce development organization in the Bay
13 Area, and San Joaquin County.

14 Julia brings expertise and high road labor
15 standards tied to climate investments, income based energy
16 efficiency, and healthy homes programs, and economic
17 development.

18 And our second reappointment for consideration is
19 Fred Beihn. He has been serving on the DACAG since 2021
20 and is based in North Folk near the Sierra National Forest.
21 Fred is the founder of Arrowhead Solutions and brings
22 expertise in hydroelectric generation transmission, and
23 related facilities such as reservoirs and dams. He is also
24 Tribal Chairman of the North Folk Rancheria Mono Indians.
25 Next slide, please.

1 This slide shows our proposed three new DACAG
2 members. First up is Abimael. He is an equitable
3 development analyst at West Modesto Community
4 Collaborative, a nonprofit focusing on public service
5 education and community engagement in the area of health.

6 Abimael is based in Modesto and brings expertise
7 and interest in civic engagement and community development.

8 And then we have Chelsea Kirk. Chelsea Kirk is
9 the Director of Policy and Advocacy for Built Environment
10 and Transit at Strategic Actions for a Just Economy or
11 SAGE, a nonprofit focusing on tenant rights, healthy
12 housing, and equitable development.

13 Chelsea is based in Los Angeles and brings
14 expertise and interest in building decarbonization, tenant
15 protections, REACH codes and building standards.

16 And finally, our last new member recommended for
17 appointment is Sarah Sharpe. Sarah Sharpe is a Deputy
18 Executive Director of Central California Asthma
19 Collaborative or CCAC, a nonprofit focusing on health and
20 environmental justice. Sarah is based in Fresno and brings
21 expertise and interest in climate equity, environmental
22 justice, and public health.

23 Sarah also previously worked for USEPA Region 9
24 and CPUC, where she advised on environmental and social
25 justice. Next slide, please.

1 Thank you for your consideration of the CEC and
2 CPUC DACAG Lead Commissioner recommended appointments
3 presented here today. I'm happy to answer any questions.
4 And that concludes my presentation. Thank you.

5 CHAIR HOCHSCHILD: Thank you.

6 Let's go to public comment (indiscernible).

7 MS. BADIE: Okay, the Commission now welcomes
8 public comment on Item 5. If you're in the room you can
9 raise your hand. And also if you're on Zoom, you'll use
10 the raise hand feature on your screen or press *9 if you're
11 joining us by phone.

12 And we have Judith in the room with us. So go
13 ahead, Judith.

14 MS. IKLÉ: My name is Judith Iklé, J-U-D-I-T-H,
15 I-K-L-E. I'm a staff member at the CPUC and very happy to
16 bring this very qualified group of new members to the
17 DACAG. Thank you.

18 MS. BADIE: Thank you. And I'm not seeing any
19 other raised hands in the room or on Zoom. So back to you,
20 Chair.

21 CHAIR HOCHSCHILD: Let's go to Commissioner
22 discussion, starting with Commissioner Gallardo.

23 COMMISSIONER GALLARDO: Thank you. So I'm really
24 excited about this item and fully support the reappointment
25 of Fred and Julia and also the appointment of Abimael,

1 Chelsea and Sarah.

2 I think this group will help us, help ensure that
3 the DACAG continues to represent communities in a diverse
4 geographic way, because we are losing a couple of members
5 who are in the Los Angeles area. So Chelsea will be
6 bringing that back. And then two of these folks are also
7 from the Central Valley, so we'll be expanding that reach
8 that we have in that area, which I think will be extremely
9 helpful to us.

10 I also wanted to thank Judith for being here from
11 the CPUC. It's a wonderful collaboration that we have
12 between CPUC and Energy Commission staff to support the
13 DACAG. It takes a lot of work and can be challenging at
14 times given logistics and other things. So we're really
15 appreciate all of the investment that you all make from the
16 staff side to ensure a successful DACAG.

17 And I wanted to turn it over to Commissioner
18 Monahan in case she has any other comments who's the
19 Associate Commissioner for DACAG.

20 COMMISSIONER MONAHAN: But Commissioner Gallardo
21 is so good at this. And I just want to say like it is a
22 hard job to be actually either staffing or part of the
23 Disadvantaged Communities Advisory Group. So just a big
24 shout out to all the folks at the CPUC and the CEC that
25 have collaborated on this.

1 And excited to have these three new members.
2 Sarah Sharpe, in addition to having history at the PUC,
3 also worked for many years at the Fresno Metro Ministries,
4 I think it was called, where I intersected with her on
5 diesel pollution reduction. So she'll bring some
6 transportation and cognizance of the air pollution burdens
7 that communities face and some of the solutions. So I'm
8 just excited for a new set of folks to come in and support
9 us.

10 CHAIR HOCHSCHILD: Yeah. Go ahead, Commissioner
11 McAllister.

12 COMMISSIONER MCALLISTER: Yeah, I just wanted to
13 chime in with enthusiastic support. It's really good to
14 see the diversity of subject matter expertise and geography
15 and just background generally. And especially around
16 health given the non-energy benefits conversation, and
17 around building decarbonization.

18 It's really going to make the DACAG even stronger
19 even though it's already good on those issues. But I think
20 we're going to have some deep conversations about those
21 elements, so the building decarb and that's a good thing.
22 So and thank you for both the existing and the new members
23 for really dedicating your time and, you know, being
24 willing to roll up your sleeves with our staff and all the
25 stakeholders. And it's not an easy job, so we really

1 appreciate it.

2 CHAIR HOCHSCHILD: Yeah, absolutely.

3 I just wanted to give my thanks to Román and all
4 the members of the DACAG for giving their time and service
5 and thought leadership. And especially to Commissioner
6 Gallardo and to Commissioner Monahan for all the
7 engagement. And just very grateful that these talented
8 public servants are willing to contribute their time in
9 this new role, so fully support.

10 And with that, I would welcome a motion from
11 Commissioner Gallardo on Item 5.

12 COMMISSIONER GALLARDO: I move to approve Item 5.

13 CHAIR HOCHSCHILD: Is there a second from
14 Commissioner Monahan.

15 COMMISSIONER MONAHAN: I second.

16 CHAIR HOCHSCHILD: All in favor say aye.
17 Commissioner Gallardo.

18 COMMISSIONER GALLARDO: Aye.

19 CHAIR HOCHSCHILD: Commissioner Monahan.

20 COMMISSIONER MONAHAN: Aye.

21 CHAIR HOCHSCHILD: Commissioner McAllister.

22 COMMISSIONER MCALLISTER: Aye.

23 CHAIR HOCHSCHILD: And I vote aye as well with
24 the Vice Chair absent.

25 We'll turn now to Item 9, Order Instituting

1 Informational Proceeding. And I welcome my Advisor,
2 Lorraine Gonzalez.

3 MS. GONZALEZ: Good morning, I'm Lorraine
4 Gonzalez, Special Advisor for Chair David Hochschild.
5 Today, staff is requesting the Commission's approval of an
6 order instituting informational proceeding for the 2024
7 Integrated Energy Policy Report Update, which I will refer
8 to as the 2024 IEPR Update. Next slide, please.

9 The Commission is required to prepare an IEPR
10 every two years that provides an overview of major energy
11 issues and trends facing California, with an update in the
12 intervening year.

13 On April 22nd, Chair Hochschild issued the
14 scoping order that identifies the topics and general
15 schedule for the 2024 proceeding. The 2024 IEPR Update
16 will address two topics. The first is to update to the 15-
17 year electricity demand forecast. The updated forecast
18 will include scenarios that estimate the potential impacts
19 of the state's decarbonization strategies and other sources
20 of load growth, such as increases in the number of data
21 centers and hydrogen production in the state.

22 The second topic is an evaluation of wave and
23 tidal energy as required by Senate Bill 605, authored by
24 Senator Padilla. SB 605 directs the CEC to address various
25 topics related to wave and tidal energy including factors

1 that may contribute to its use in California. Research on
2 technological and economic feasibility. Potential
3 transmission and permitting requirements. Workforce and
4 economic development. Near-term actions to maximize job
5 creation and economic development while considering
6 affordable electric rates and bills. And monitoring marine
7 and tidal impacts to inform adaptive management. Next
8 slide, please.

9 Adoption of this order appoints Chair David
10 Hochschild as the Lead Commissioner and Vice Chair Siva
11 Gunda as the Associate Commissioner in this proceeding. It
12 also directs the Executive Director and staff to gather and
13 assess information that is needed to complete the 2024 IEPR
14 Update. Next slide please.

15 Adoption of this order will benefit California as
16 it calls for the development of clean energy policy that
17 conserves state resources, protects the environment,
18 provides reliable energy, enhances the state's economy, and
19 protects public health and safety.

20 Specifically, the forecast of electricity demand
21 is fundamental to energy system planning. It informs the
22 level of investment the state needs to make in the
23 procurement of clean energy resources and in electricity
24 transmission infrastructure. Tidal and wave energy are
25 emerging technologies that hold the promise of expanding

1 our options for achieving a statewide carbon neutral
2 economy by 2045. Next slide, please.

3 To recap, I'd like to request your approval of
4 this order instituting informational proceeding for the
5 2024 IEPR Update. Thank you. I'm available to answer any
6 questions and that concludes my presentation.

7 CHAIR HOCHSCHILD: Thank you.

8 We'll turn to public comment now on Item 9.

9 MS. BADIE: Thank you, Chair.

10 If you would like to comment on Item 9 and you're
11 in the room with us, please raise your hand or use the QR
12 code. And if you're on Zoom, please use the raise hand
13 feature on your screen. If you're joining by phone, press
14 *9 to let us know you'd like to make a comment.

15 And I'm not seeing any raised hands for this
16 item. So back to you, Chair.

17 CHAIR HOCHSCHILD: Great, thank you.

18 I just really want to say my gratitude to you,
19 Lorraine, for stepping up to help quarterback this. And we
20 have a lot on our plate right now. So this is a somewhat
21 trimmed down IEPR update, which I think is appropriate just
22 given the huge deliverables we have programmatically. So I
23 fully support this.

24 And unless -- yes, Commissioner Gallardo?

25 COMMISSIONER GALLARDO: Thank you so much,

1 Lorraine, for that wonderful presentation. You listed out
2 at the beginning various items, and I think I heard
3 workforce and economic development. So I just wanted to
4 get clarity on if whether those are going to be talked
5 about separately or those are going to impact the forecast
6 or how are those going to be included? Or if I got them
7 wrong, please tell me.

8 MS. GONZALEZ: Sure. SB 605 for the Wave and
9 Tidal Energy Assessment directs the CEC to assess workforce
10 and economic development as part of that assessment.

11 COMMISSIONER GALLARDO: Thank you. I'm glad I
12 asked.

13 CHAIR HOCHSCHILD: Commissioner McAllister?

14 COMMISSIONER MCALLISTER: I just wanted to thank
15 you and the Vice Chair for stepping up. And since he's not
16 here, you want to flip to him to the Lead and you to the
17 Associate? (Laughter.)

18 CHAIR HOCHSCHILD: Exactly. That's what happens
19 when you're absent.

20 COMMISSIONER MCALLISTER: But thanks to you both
21 for stepping up.

22 CHAIR HOCHSCHILD: Thank you. And I'd welcome a
23 motion, Commissioner McAllister, if you would like to move
24 Item 9.

25 COMMISSIONER MCALLISTER: Move Item 9.

1 CHAIR HOCHSCHILD: Is there a second from
2 Commissioner Gallardo?

3 COMMISSIONER GALLARDO: I second.

4 CHAIR HOCHSCHILD: All in favor say aye.
5 Commissioner McAllister.

6 COMMISSIONER MCALLISTER: Aye.

7 CHAIR HOCHSCHILD: Commissioner Gallardo.

8 COMMISSIONER GALLARDO: Aye.

9 CHAIR HOCHSCHILD: Commissioner Monahan.

10 COMMISSIONER MONAHAN: Aye.

11 CHAIR HOCHSCHILD: And I vote aye as well with
12 the Vice Chair absent.

13 And we'll turn now to Item 10, the 2023 Gradual
14 Transformation Additional Achievable Fuel Substitution
15 Scenario. That's a mouthful. Wow, all right. Welcome,
16 Nick.

17 MR. JANUSCH: Good afternoon, Chair and
18 Commissioners. I'm Nick Janusch, Acting Supervisor in the
19 Energy Assessments Division. Today, I will be presenting
20 the 2023 Gradual Transformation Additional Achievable Fuel
21 Substitution scenario for your consideration to adopt.
22 Next slide.

23 In the 2023 IEPR, staff proposed six fuel
24 substitution scenarios for the 15-year electricity demand
25 forecast, reflecting variations on clean energy policy and

1 implementation. While the scenarios were intended for use
2 in electricity system planning, the 2023 IEPR recommended
3 against using them for gas system planning due to the
4 considerable uncertainty surrounding the pace of building
5 electrification.

6 The biggest difference between the scenarios is
7 the inclusion and characterization of proposed zero
8 emission appliance standards, for space and water heating
9 requiring the sale of new appliances are zero emission.

10 Of the six 2023 Scenarios, Scenarios 1 and 2
11 exclude the proposed standards and thus are not aligned
12 with the state's goals to reduce GHG emissions. Scenarios
13 3 through 6 include these proposed standards and result in
14 significant reductions in gas demand, which could pose
15 potential risks to gas system reliability and safety if
16 electrification proceeded more slowly.

17 CEC staff developed the proposed scenario to
18 provide an alternative path, with a statewide adoption rate
19 that is in between that assumed in AAFS Scenarios 2 and 3.
20 Next slide.

21 Energy Commission staff presented and received
22 stakeholder feedback of a proposed alternative scenario at
23 a March 20th Demand Analysis Working Group meeting. Prior
24 to that meeting, CEC staff coordinated and consulted with
25 staff from the Air Resources Board and CPUC regarding the

1 characterization assumptions of this new alternative
2 scenario. Next slide, please.

3 There are four components that make up the
4 proposed scenario. 1) Programmatic gas savings from
5 programs and incentives. 2) Zero-emission appliances
6 adopted in new construction. 3) Local air districts' zero-
7 emission appliance regulations. And 4) and finally,
8 statewide replace on burnout assumptions.

9 The proposed scenario updated several of these
10 assumptions. However, as outlined in this figure, the
11 most significant change is the replace-on-burnout adoption
12 rates since this component has the largest energy impacts.

13 Notice that the bottom orange 2023 Scenario 2
14 does not assume any additional adoption of zero emission
15 appliances beyond those from programs and incentives.

16 The blue-dashed Planning Scenario models rapid
17 adoption with a statewide standard going into effect in
18 2030.

19 Thus, as an in between alternative scenario the
20 black-dotted March 20th scenario assumes adoption
21 plateauing at 50 percent starting in 2030.

22 Finally, the green proposed scenario gradually
23 increases and reaches 100 percent starting in 2040.

24 There are three factors that support this gradual
25 adoption curve of the proposed scenario. First,

1 California's ambitious climate goals and legislation, such
2 as Assembly Bill 3232's 40 percent emission reduction by
3 2030 emission target for buildings, the Governor's 6
4 million heat pumps by 2030 goal, and the 3 million climate-
5 ready and climate-friendly homes goal by 2030 and 7 million
6 by 2035. These and many other strong climate policies
7 incubate an environment for market transformation.

8 Second, we can look at clean or energy-efficient
9 technologies such as electric vehicles, LED lightbulbs, and
10 clothes washers as examples of successfully transformed
11 technologies. Like heat pumps, each technology has their
12 own circumstances where each required multiple years to
13 overcome their unique barriers such as consumer awareness
14 and performance uncertainties and risks.

15 Lastly, the growing dynamics within the heat pump
16 manufacturing space. For example, in October of last year
17 the top global building appliance manufacturers and
18 distributors committed to the 6 million heat pump goal and
19 the recent approved of a \$9 million public-private
20 partnership contract between the CEC and building-
21 decarbonization coalition dedicated to achieving the 6
22 million heat pump goal.

23 Moreover, even though according to recent data
24 reported shipments of both heat pumps and gas furnaces
25 declined in 2030, the penetration of air-source heat pumps

1 grew in 203- and remains larger compared to gas furnaces.

2 Taken together, these three factors can support a
3 gradual transformation of this market. Next slide, please.

4 Now let's look at the gas savings impacts of
5 proposed scenario relative to the other scenarios
6 discussed.

7 Starting with the left figure, we can see the gas
8 reduction comparisons of the top orange 2023 Scenario 2,
9 which have very little impact compared to the blue dashed
10 planning scenario. This gap is where an alternative
11 scenario should fit.

12 The black dotted line shows the March 20th
13 scenario where the replace-on-burnout adoption plateaus at
14 50 percent. Now compare it to the green gradual
15 transformation scenario, which has smaller impacts in the
16 earlier years but eventually surpasses the impacts of the
17 March 20th scenario. The amount of gas reduced is quite
18 large.

19 As seen on the right bar chart, the majority, 60
20 percent, stem from the statewide replace on burnout of
21 appliances. This large share further demonstrates the
22 impact and importance of the replace-on-burnout adoption
23 rates assumption. Next slide, please.

24 What I have presented here today are high-level
25 results summarizing the development of the Proposed AAFS

1 Scenario. More detailed results are posted in the 2023
2 IEPR docket that include annual gas and electricity results
3 as well as hourly results.

4 Should the Commission vote to adopt the 2023
5 Gradual Transformation AAFS scenario today, it will fulfill
6 a public need called out in the 2023 IEPR of adding an
7 alternative scenario that is in between AAFS Scenario 2 and
8 3.

9 Thank you for your consideration.

10 CHAIR HOCHSCHILD: Great. Thank you, let's go to
11 public comment.

12 MS. BADIE: If you'd like to make a public
13 comment on Item 10 at this time, please raise your hand if
14 you're in the room with us or use the QR code. And if
15 you're on Zoom, please use the raise hand feature on your
16 screen. And if you're joining by phone press *9. I'm just
17 giving that a moment.

18 All right, we don't have any raise hands for this
19 item. Back to you, Chair.

20 CHAIR HOCHSCHILD: Okay, thank you so much for
21 the presentation, Nick. The Vice Chair is out, but I
22 support the direction you're going on this.

23 Okay, I did just want to ask one question if I
24 could before turning it over the Commission McAllister. I
25 wanted to just know just the impact of tax credits on our

1 evaluation of fuel substitution and how significant is
2 that? And are we assuming certainty throughout the rest of
3 the decade on that?

4 MR. JANUSCH: Well, assuming tax credits are part
5 of the programmatic elements. So on that one figure
6 showing the amounts, that was in that bar. So that's in
7 our programmatic AFS scenario stage. But the impacts will
8 say it here. I mean, tax credits within that round, I'm
9 not sure, but it's less than 7 percent of that full impact
10 of 2040.

11 CHAIR HOCHSCHILD: Okay.

12 All right, Commissioner McAllister.

13 COMMISSIONER MCALLISTER: Well, first of all
14 thank you, Nick. I know that this has been something the
15 team has been cogitating on and since the IEPR I think.
16 And I appreciated the briefing on it, and obviously have a
17 big stake in getting more and more heat pumps out there.
18 Both programmatically we really need to, you know,
19 accelerate this market. And that will be reflected in the
20 actuals, right. And so then we can use that information to
21 update the next forecast.

22 But obviously concerning the relatively slow
23 penetration, I think, a lot of uncertainties as you said.
24 But it's not getting to 100 percent until 2040, I believe.
25 So a lot depends on what happens with the rulemakings over

1 at the Air Resources Board. And also the implementation of
2 the local programs at the Air Quality Management District,
3 so South Coast and Bay Area who have goals for requiring
4 heat pumps starting as early as 2027.

5 So I think there's a reasonable expectation that
6 the actual penetration could grow a lot faster than this
7 scenario. And so I think the dynamic is you want to go with
8 what you know. And that's appropriate for a forecast where
9 we're really making planning decisions, you know, amid
10 uncertainty. But I do think it's really a few things then
11 become really important.

12 You know, one is maintaining very close touch
13 with our colleagues over at the Air Resources Board and the
14 AQMDs, so that we really know as close as we can. You
15 know, really hew our activities to what's happening with
16 those settings, at those agencies. So we can kind of
17 handicap what part of the marketplace that they have
18 influence over and how that'll go.

19 And then as new information comes in really pivot
20 and incorporate that into the forecast, we may see news as
21 this update is happening. And so hopefully we can have the
22 flexibility to plan to those realities as we get more
23 certain right, and you have more certainty for the
24 forecast.

25 And then I'd also just like to really keep up to

1 date periodically about the gap between kind of our policy
2 goals or sort of the 6 million heat pump goal, and climate
3 friendly, climate ready buildings with where the forecast
4 is tracking. It's really important to be able to tell that
5 narrative and also to maintain a policy scenario, so that
6 we can create this feedback loop, so we know what we should
7 be pushing for on the policy side. So we can actually meet
8 our goals based on forecasts but maybe fall short or is
9 telling a different story.

10 So really, just these issues are complicated, and
11 there's no crystal ball, but we're working really hard to
12 get that market transformed, and hopefully it's going to
13 happen sooner rather than later. So we want to really
14 pivot the forecast as we see that happening. So I
15 appreciate you and the team sort of taking a rigorous
16 approach to this. And doing all you can to decrease the
17 risk around the forecast and uncertainty, but also being
18 open to events as they take place.

19 CHAIR HOCHSCHILD: Do you have any comments?

20 All right, I would welcome a motion from
21 Commissioner McAllister on Item 10.

22 COMMISSIONER MCALLISTER: I move Item 10.

23 CHAIR HOCHSCHILD: Is there a second from
24 Commissioner Monahan?

25 COMMISSIONER MONAHAN: I second.

1 CHAIR HOCHSCHILD: All in favor say aye.
2 Commissioner McAlister.

3 COMMISSIONER MCALLISTER: Aye.

4 CHAIR HOCHSCHILD: Commissioner Monahan.

5 COMMISSIONER MONAHAN: Aye.

6 CHAIR HOCHSCHILD: Commissioner Gallardo.

7 COMMISSIONER GALLARDO: Aye.

8 CHAIR HOCHSCHILD: And I vote aye as well. That
9 item passes 4-0 with the Vice Chair absent. Thank you.

10 COMMISSIONER MCALLISTER: Thanks, Nick.

11 CHAIR HOCHSCHILD: And we will turn now to Item
12 13, Indian Energy LLC, Long Duration Energy Storage
13 Testing. Welcome to Caitlin.

14 MS. PLANCHARD: All right, greetings, Chair and
15 Commissioners. I'm Lin Planchard, and I am a Utilities
16 Engineer in the Energy Research and Development Division.
17 And today I will be presenting to you a \$4.85 million
18 agreement with Indian Energy to demonstrate long duration
19 energy storage technology at the Rapid Integration and
20 Commercialization Unit abroad the Marine Corps Air Station
21 Miramar. Next slide, please.

22 If this agreement is funded, Indian Energy will
23 conduct valuable research on the performance of long
24 duration energy storage technology, providing feedback that
25 will enable these technologies to scale-up towards

1 commercialization.

2 Indian Energy will develop testing procedures and
3 safety guidelines that can be used to standardize the way
4 we evaluate and implement LDES, which is especially
5 important as the demand and integration of these
6 technologies continues to grow.

7 Overall, Indian Energy's research will further
8 improve our understanding of the benefits and applications
9 of LDES technology, benefitting regional resiliency and
10 reliability, and aiding in California's clean energy
11 efforts. Next slide, please.

12 The Rapid Integration and Commercialization Unit,
13 known as the RICU, is located abroad the Marine Corps Air
14 Station Miramar and was constructed under a \$5 million EPIC
15 agreement to demonstrate the utility of LDES in combination
16 with ancillary storage to maximize the system's load and
17 response capabilities.

18 The RICU itself is a microgrid connected to a
19 solar array, and features multiple connection points for
20 energy storage to be installed.

21 This project demonstrated and tested two modular
22 energy storage systems, which are Invinity's Vanadium Redox
23 flow battery and EOS's Zinc hybrid non flow battery. In
24 combination with ancillary energy storage, which are
25 Eaton's super capacitor and Amber Kinetics' fly wheel.

1 So expanding beyond the initial scope of the EPIC
2 project, the RICU has now been recognized as a uniquely
3 valuable testing facility that has the capability to
4 evaluate energy storage technology under a wide variety of
5 realistic and specific operating conditions. Meaning, the
6 RICU is capable of providing extensive performance data
7 that can then be assessed to further improve energy storage
8 technologies and their applications. Next slide, please.
9 One more slide before or did I -- oh, I see a slide.
10 That's okay. I'll skip to the last slide, it's not a big
11 deal. The end of the Phase 2 slide, please. One more,
12 yes. Thank you.

13 Okay, so the success of the RICU EPIC project
14 leads into this proposed \$4.85 million agreement which we
15 are calling "Phase 2" of LDES deployment and research at
16 the RICU.

17 This agreement would continue our collaboration
18 with Indian Energy, who are a Native American owned and
19 operated company with a history of helping California
20 tribes establish energy sovereignty. Under the scope of
21 this agreement, Indian Energy would deploy four different
22 LDES technologies, which are: ESS's iron flow battery,
23 Redflow's zinc bromine flow battery, e-Zinc's zinc air
24 battery, and a fourth technology to be determined.

25 These technologies will be installed on the

1 microgrid via the existing infrastructure and evaluated
2 under diverse use cases, loads, and operating conditions,
3 both independently and as a part of the microgrid system.

4 As part of this testing, Indian Energy would
5 develop and improve the measurement and verification
6 testing procedures for LDES technologies, enhancing our
7 abilities to evaluate these technologies, and developing a
8 standardized way to compare them.

9 This agreement will also use the unique testing
10 capabilities of the RICU to capture insights on various
11 safety aspects of LDES, which is an incredibly important
12 but largely undeveloped area of research.

13 By working in collaboration with local
14 authorities and first responders, Indian Energy will set a
15 precedent for establishing safety guidelines to assist
16 emergency first responders who are otherwise unfamiliar
17 with these developing technologies.

18 In fact, Indian Energy has already hosted a
19 safety event at the RICU, which has successfully resulted
20 in implementation of onsite safety measures at the Viejas
21 site. Next slide, please. Oh, they got switched. Okay,
22 go ahead to the last slide. Thank you.

23 So staff proposes to approve the agreement with
24 Indian Energy and adopt staff's determination that the
25 action is exempt from CEQA. This concludes my

1 presentation. Thank you for your time.

2 CHAIR HOCHSCHILD: Thank you so much.

3 Let's turn to public comment on Item 13.

4 MS. BADIE: Thank you. If you'd like to comment
5 on Item 13 we're asking folks to raise their hand if
6 they're in the room with us. And if they're on Zoom, use
7 the raise hand feature on your screen, or *9 if joining by
8 phone. And just giving that a moment, I am not seeing any
9 raised hands for this item. Back to you, Chair.

10 CHAIR HOCHSCHILD: Okay, thanks.

11 Look, I am thrilled with the momentum we've had
12 over the last few years on long duration storage. It's
13 really an example of the Energy Commission single handedly
14 enabling a new industry that wouldn't exist without the
15 seed funding we're doing.

16 And I can tell you, you know I spent Monday with
17 -- visiting with a number of the folks from our R&D team, a
18 bunch of the cutting edge lithium ion battery companies.
19 All of them said the same thing, the next wave of
20 technology innovation that they're doing was enabled by our
21 grants. And we're looking at very concrete cost reductions
22 on the order of 25 to 30 percent, because of our work.

23 So it's really gratifying and this is kind of
24 especially so because it's a sector that wasn't developing
25 at a very quick pace before this infusion of funds. So I'm

160

1 thrilled to see this and I just want to again recognize the
2 great work Mike Gravely has done to build a relationship
3 with the military. And to be able to pilot these projects.
4 Get them up and get the results quickly. It's been a
5 really terrific partnership.

6 So I'm in full support. And I guess the one
7 question would be just on timing for this asset, when can
8 we expect it to be commissioned and anything you can share
9 on that?

10 MS. PLANCHARD: Yeah, so if I recall correctly I
11 believe we're going to be deploying most if not all of this
12 wave towards the end of the year. So we'll be moving
13 pretty quickly as soon as we get them procured. All the
14 infrastructure is already there in the microgrids. So it's
15 a lot faster to do it with what we already have.

16 CHAIR HOCHSCHILD: Terrific.

17 Okay. I welcome any other comments.
18 Commissioner Gallardo, please.

19 COMMISSIONER MCALLISTER: Oh, sorry.

20 CHAIR HOCHSCHILD: No, go ahead.

21 COMMISSIONER MCALLISTER: That I was just
22 recently last weekend in San Diego for a couple of days and
23 looked -- visited some of our CalSEED grant funding
24 recipients in the battery space, and Cleantech San Diego.
25 And talked to a number of people in that ecosystem down

1 there. And they also totally agree with the Chair's
2 comments that the work we've done on long duration energy
3 storage, in particular, Indian Energy's role, has been
4 critical. And we're very excited that that platform is
5 going to be there for them when they you know,
6 commercialize and scale up. And they really see it as a
7 shot in the arm for them too.

8 So it really just the landscape, this ground is
9 very fertile right now. There's just incredible innovation
10 going on. And we're right in the middle of it, so it's
11 very gratifying. And really a lot to do with you and the
12 staff, so thank you very much, Mike Gravely, and the whole
13 team.

14 CHAIR HOCHSCHILD: Commissioner Gallardo.

15 COMMISSIONER GALLARDO: Thank you, Chair.

16 So Lin, I wanted to congratulate you on the
17 wonderful presentation and handling so graciously the
18 issues with the PowerPoint slides. The briefing that you
19 provided to me also was really helpful.

20 And I've been eager to get out to visit Miramar
21 to see the microgrid. And what I learned based on this
22 project makes me even more excited. So I'm kind of putting
23 it on the record, so Mike Gravely can plan a visit for me.

24 MS. PLANCHARD: I second that.

25 COMMISSIONER GALLARDO: Right? We'll go together

1 on that one.

2 I also wanted to just highlight that it's you
3 know, Indian Energy has the tradition and history of
4 working with Native American tribes. But sometimes
5 entities that have that type of history and experience get
6 pigeonholed that that's what they solely do. And in this
7 instance, it's not solely that. It's more expansive.

8 So that's great work. This is great work, and
9 just really excited to see more happening on this front. I
10 would just want to make sure I emphasize that. Thank you
11 again, Lin. Great work.

12 CHAIR HOCHSCHILD: Great point. Thank you again,
13 Commissioner. Would you be willing to move the item
14 unless there's other comments?

15 COMMISSIONER GALLARDO: I move to approve Item
16 13.

17 CHAIR HOCHSCHILD: Is there a second from
18 Commissioner McAlister?

19 COMMISSIONER MCALLISTER: I second.

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

22 COMMISSIONER GALLARDO: Aye.

23 CHAIR HOCHSCHILD: Commissioner McAllister.

24 COMMISSIONER MCALLISTER: Aye.

25 CHAIR HOCHSCHILD: Commissioner Monahan.

1 COMMISSIONER MONAHAN: Aye.

2 CHAIR HOCHSCHILD: And I vote aye as well with
3 the Vice Chair absent.

4 We'll go to Item 14, Decarbonizing Heating,
5 Ventilation, and Air Conditioning Systems in Large
6 Buildings. Welcome to Bradley.

7 MR. MEISTER: Good afternoon, Chair and
8 Commissioners. I'm Brad Meister. I'm a Senior Mechanical
9 Engineer with the Technology Innovation and
10 Entrepreneurship Branch. I'm here today to request
11 approval of six exciting projects totaling \$10,397,619 with
12 a 33 percent match amount of \$6,468,320. Next slide,
13 please.

14 So this competitive solicitation sought to fund
15 research and development projects that develop
16 decarbonization solutions for heating, ventilation, and air
17 conditioning systems in large commercial buildings with an
18 emphasis on technology advancements, energy efficiency,
19 ultra-low global warming potential refrigerants, and
20 replicability. Next slide, please.

21 The benefits of this work will accelerate
22 adoption of ultra-low GWP refrigerants, which if adopted
23 industrywide can increase efficiency and have a very low
24 environmental impact, reduce greenhouse gas emissions,
25 accelerate adoption of electric heat recovery chillers,

1 demonstrate scalable hybrid heat pump solutions which will
2 accelerate the ability for many existing large buildings to
3 substantially electrify, and develop innovative electric
4 solutions that can heat and cool. Next slide, please.

5 On June 16, 2023, the California Energy
6 Commission's Electric Program Investment Charge Program
7 released a Grant Funding Opportunity for this solicitation.
8 In all, 16 proposals were evaluated, and scored using the
9 criteria prescribed in the solicitation.

10 The NOPA was released on February 20, 2024.
11 Based on the Review Team's scores and suggested funding
12 level, staff requests approval of these six projects.
13 Collectively, these six research projects will advance
14 ultra-low GWP refrigerants. They'll improve the efficiency
15 of heat pumps and accelerate other innovative solutions for
16 heating and cooling with electricity. Next slide, please.

17 I would ask for your approval and am happy to
18 answer any questions. Thank you.

19 CHAIR HOCHSCHILD: Thank you so much, Brad.

20 Let's go to public comment on Item 14.

21 MS. BADIE: Thank you. If you'd like to comment
22 on Item 14, and you're in the room with us, please raise
23 your hand or use the QR code. And if you're joining us via
24 Zoom, you can use the raise hand feature on your screen or
25 *9 if joining by phone to let us know you'd like to

1 comment.

2 And I'm not seeing any comments for Item 14. So
3 back to you, Chair.

4 CHAIR HOCHSCHILD: Great. Well, this was a
5 terrific set of projects. And let me go to Commissioner
6 McAllister first.

7 COMMISSIONER MCALLISTER: Great. Thank you,
8 Chair.

9 So I'm super excited about this. Thanks,
10 Bradley. Really appreciate that and this is just a key
11 element of our whole decarbonization journey. I mean to
12 the extent buildings or a quarter or so of the problem and
13 we're trying to transition combustion over to heat pumps,
14 the high GWP refrigerants are, you know they're a problem.
15 And we have to pivot away from those.

16 And you know just by reference like most of the -
17 - many, if not most of the GWP refrigerants out there now
18 have a GWP selective of 1,000, right? I mean, that is a
19 serious multiplier of the greenhouse gas impact of the
20 refrigerant classes that are out there today. And these
21 are all below 10 and down to 0. So I mean, we're two
22 orders of magnitude improvement if these can pan out and go
23 commercial. So this is really important work. And there's
24 a ton of innovation in this sector. This is a great series
25 of projects, and I'm super excited to move them forward, so

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1 enthusiastic support.

2 CHAIR HOCHSCHILD: Fantastic. Well, I -- ditto
3 to all that. And unless there's other comments I'd welcome
4 a motion on Item 14 from Commissioner McAllister.

5 COMMISSIONER MCALLISTER: I move Item 14.

6 CHAIR HOCHSCHILD: Commissioner Monahan, would
7 you be willing to second?

8 COMMISSIONER MONAHAN: Second.

9 CHAIR HOCHSCHILD: All in favor say aye.
10 Commissioner McAlister.

11 COMMISSIONER MCALLISTER: Aye.

12 CHAIR HOCHSCHILD: Commissioner Monahan.

13 COMMISSIONER MONAHAN: Aye.

14 CHAIR HOCHSCHILD: Commissioner Gallardo?

15 COMMISSIONER GALLARDO: Aye.

16 And I vote aye as well. Item 14 passes 4-0 with
17 the Vice Chair absent.

18 And we'll turn now to Item 16, Improvements in
19 Maintenance Processes for Reliable Operations that are
20 Verifiable and Effective for --

21 COMMISSIONER MONAHAN: Is this Item 15, Chair?

22 CHAIR HOCHSCHILD: We're not doing Item 15,
23 sorry.

24 COMMISSIONER MONAHAN: Sorry, my thing doesn't
25 show that.

1 CHAIR HOCHSCHILD: Yeah, so Verifiable and
2 Effective for Hydrogen Refueling Stations. Welcome Miki
3 Crowell to present.

4 MS. CROWELL: Good afternoon, Chair and
5 Commissioners. My name is Miki Crowell with the Fuels and
6 Transportation Division. Staff is seeking approval for two
7 projects, which are being proposed for funding under Grant
8 Funding Opportunity-23-604 known as IMPROVE FOR H2. The
9 improvements in maintenance processes for reliable
10 operations that are verifiable and effective for hydrogen
11 refueling stations. Next slide, please.

12 This competitive grant solicitation was released
13 on November 3rd, 2023 to support operations and maintenance
14 of existing hydrogen refueling stations in California to
15 improve the customer experience.

16 The Notice of Proposed Awards was posted on
17 February 14, 2024 with two projects being proposed for
18 funding. Next slide.

19 Currently, the state has 61 open retail hydrogen
20 refueling stations. However, 7 of these stations are
21 considered as temporarily nonoperational. Meaning these
22 stations previously achieved open retail status, but have
23 been unavailable for customer fueling for a period greater
24 than 30 days for various reasons including the time needed
25 for mechanical upgrades or repairs, station testing, and

1 reviews by local officials.

2 The other 54 stations are available for customer
3 fueling, but these stations experience downtime events due
4 to hydrogen supply issues, maintenance, equipment failures,
5 and supply chain constraints.

6 With limited options currently available for
7 drivers to refuel, it is critical to operate existing
8 stations as reliably as possible to improve driver
9 experience. The two projects that are being proposed for
10 funding will make the make improvements to 45 existing
11 stations total, so they can be reliable and available to
12 drivers. Next slide.

13 Iwatani Corporation of America will implement O&M
14 activities at seven of their existing stations. These
15 activities will include installation of new hardware
16 components, development of new software tools, development
17 of a customer facing mobile app that will make the SOSS,
18 the Station Operational Status System that drivers
19 currently use more accessible, and expansion of spare parts
20 inventory to improve response time. Next slide.

21 FirstElement Fuel will implement O&M activities
22 at 38 of their existing stations. The activities will
23 include recruiting and hiring additional staff, point of
24 sale interface improvements, mobile application development
25 to allow drivers to pay on their phone, and expansion of

1 spare parts inventory. Next slide.

2 Staff recommendation is to approve these two
3 agreements and adopt staff CEQA findings. Thank you for
4 your consideration. This concludes my presentation and I'm
5 happy to answer any questions.

6 CHAIR HOCHSCHILD: Thank you so much.

7 Let's go to public comment.

8 MS. BADIE: Thank you.

9 If you are wanting to comment on Item 16, and
10 you're in the room with us we ask that you use the QR code
11 or raise your hand. And if you're on Zoom, please use the
12 raise hand feature on your screen or *9 if joining by
13 phone.

14 And in the room with us we're joined by Matt
15 Miyasato who would like to make a comment. Matt, if you
16 could spell your name before you begin and we're asking for
17 comments to be two minutes or less.

18 DR. MIYASATO: Great. Thank you. It's Dr. Matt,
19 M-A-T-T, Miyasato, M-I-Y-A-S-A-T-O. I'm the Chief Public
20 Policy Officer at FirstElement Fuel. And I just wanted to
21 come and express our deep gratitude to the California
22 Energy Commission for consideration of this item. You may
23 know that we're a locally grown Orange County business that
24 started 10 years ago, and we are now the market leader in
25 retail hydrogen fueling stations. And in fact, we opened

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1 the world's first heavy-duty commercial hydrogen refueling
2 station in Oakland. And Commissioner Monahan was there to
3 help us celebrate that achievement.

4 And we're only in this position because of the
5 California Energy Commission. So your support for hydrogen
6 infrastructure has enabled our California business to take
7 the lead anywhere in the world to providing infrastructure
8 such as such as we do throughout California, and by
9 default, the United States.

10 And I just want to applaud you for your
11 leadership, especially in light of the budget deficit where
12 you've actually had to pull items off your agenda today,
13 because of the General Fund concern. So we thank you, and
14 I'm sure on behalf of all the fuel cell vehicle drivers in
15 the State of California, they thank you, because the funds
16 that you're going to provide here will surely increase the
17 reliability and operation of the network. So thank you.

18 CHAIR HOCHSCHILD: Great, thank you.

19 MS. BADIE: Thank you.

20 And we do not have anyone on Zoom that wants to
21 comment this item. So back to you, Chair.

22 CHAIR HOCHSCHILD: Okay, is there Commissioner
23 discussion on Item 16? Commissioner Monahan?

24 COMMISSIONER MONAHAN: Yeah, well, I want to
25 thank Matt and the leadership of FirstElement Fuel for

1 really stepping in and helping California to meet its goals
2 around zero emission transportation.

3 I know, FirstElement Fuel and other fuel
4 providers are deeply committed to improving the reliability
5 and improving the customer experience at refueling
6 stations. And this series of grants, I think is important
7 at this time in the network. You know, we're seeing some
8 headwinds, and the need to really make sure that
9 Californians who have invested in fuel cells have a
10 convenient place to refuel their vehicles.

11 So just excited to support these grants, excited
12 to support the industry at this juncture. And recognize
13 that companies are really trying to do more to improve the
14 customer experience in this very young network.

15 CHAIR HOCHSCHILD: Great, any other comments? If
16 not, Commissioner Monahan, would you be willing to move the
17 item?

18 COMMISSIONER MONAHAN: I move this item.

19 CHAIR HOCHSCHILD: Commissioner McAllister, would
20 you second?

21 COMMISSIONER MCALLISTER: Second.

22 CHAIR HOCHSCHILD: All in favor say aye.
23 Commissioner Monahan.

24 COMMISSIONER MONAHAN: Aye.

25 CHAIR HOCHSCHILD: Commissioner McAllister.

1 COMMISSIONER MCALLISTER: Aye.

2 CHAIR HOCHSCHILD: Commissioner Gallardo.

3 COMMISSIONER GALLARDO: Aye.

4 CHAIR HOCHSCHILD: And I vote aye as well. Item
5 16 passes 4-0 with the Vice Chair absent.

6 We'll turn to Item 18 now, the minutes of the
7 April 10 2024 Business Meeting.

8 COMMISSIONER MCALLISTER: Move the minutes.

9 CHAIR HOCHSCHILD: I was going to say is there
10 any public comment.

11 COMMISSIONER MCALLISTER: I'm sorry.

12 MS. BADIE: Thank you.

13 If you'd like to comment on Item 18 and you're in
14 the room with us please raise your hand. If you're joining
15 via Zoom use the raise hand feature or *9 if joining by
16 phone.

17 And there's no comments, commenters for Item 18.
18 So back to your, Chair.

19 CHAIR HOCHSCHILD: Commissioner McAllister?

20 COMMISSIONER MCALLISTER: I move this item.

21 CHAIR HOCHSCHILD: Is there a second,
22 Commissioner Gallardo?

23 COMMISSIONER GALLARDO: I second.

24 CHAIR HOCHSCHILD: All in favor say aye.

25 COMMISSIONER MCALLISTER: Aye.

1 CHAIR HOCHSCHILD: Commissioner Gallardo.

2 COMMISSIONER GALLARDO: Aye.

3 CHAIR HOCHSCHILD: Commissioner Monahan?

4 COMMISSIONER MONAHAN: Aye.

5 CHAIR HOCHSCHILD: And I vote aye as well. That
6 item passes 4-0 with the Vice Chair absent.

7 We will turn now to Item 19, Lead Commissioner
8 Reports starting with Commissioner Gallardo.

9 COMMISSIONER GALLARDO: Yeah. Thank you, Chair.

10 So I do have some images that we'll share, the
11 team will share in a little bit. But I had some activity
12 going on with the Lithium Valley Vision, so I thought I'd
13 update you just quickly on that. We'll go to the next
14 slide.

15 So if you recall, we did institute an
16 informational proceeding on Lithium Valley Vision earlier
17 this year, and we had our first workshop on April 19. We
18 had Supervisors from the County of Imperial join us on the
19 dais. Drew and Kat were also very gracious to join us on
20 the dais and got more information from the county
21 specifically on what steps they're taking to advance with
22 the Valley Vision, and hearing from them how we can better
23 collaborate together. So I was really excited to get that
24 first workshop completed.

25 And I wanted to give a big thank you to my team,

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1 especially my Chief of Staff, Erik Stokes for putting that
2 together. Lorraine from the Chair's Office also helped us
3 out a lot. She's been a great partner on Lithium Valley
4 Vision, so I also wanted to uplift her efforts.

5 And then April 25th, we were asked also to
6 participate in a informational hearing on Lithium for the
7 Senate Budget Subcommittee. So that's chaired by Senator
8 Steve Padilla who covers the area where Lithium Valley is
9 focused. So both Erik and I spoke there to give more
10 information about what the Energy Commission has been
11 working on, since the Lithium Valley Commission ended. You
12 know, all that we did last year and then what we're doing
13 this year with the informational proceeding. And the
14 symposium we did, and all the other things.

15 So one of the things I think folks are excited
16 about is our dashboard that we're trying to get together to
17 show what investments we have done at the state level.
18 Hopefully, we can show at the federal level as well and
19 even local, so we're working on that and there'll be more
20 to come. We'll go to the next slide.

21 So here I wanted to move over. We did some
22 tribal engagement, and wanted to highlight our Director of
23 Tribal Affairs, Sierra Graves is doing a phenomenal job on
24 not just doing the required work of consultations, but also
25 the additional heart work, as they call it of engaging

1 tribes, building relationships. You know, setting up an
2 array of different activities for us to better understand
3 the tribes and what they're seeking.

4 These are a few pictures from our visit to the
5 Paskenta Tribe. They had a groundbreaking for a long
6 duration energy storage program that they're setting up.
7 And a few pictures here including the Chair who made
8 remarks, Secretary Snider-Ashtari who also made remarks.
9 Jimmy Qaqundah, my Advisor also attended with us, and he's
10 been supporting Sierra as well given his extensive tribal
11 experience. So I wanted to thank both of them for all
12 their support. We'll go to the next slide.

13 And then just a little bit on what I've been
14 doing in terms of community engagement, social impact. So
15 I was invited by SoCalGas, and the Department of Energy, to
16 speak at a Minority Business Enterprises Summit. So this
17 is kind of the work that we've been doing on supplier
18 diversity, trying to figure out how can we increase
19 opportunities for minority owned businesses, small
20 businesses, women owned businesses, etcetera to get more
21 opportunities in the energy arena in terms of contracts and
22 whatnot. So that was fun. That was a really busy event.

23 And I also wanted to thank Pierre Washington who
24 is our, I think it's called the supplier diversity
25 advocate. But he went out there with me, had a booth, and

1 was telling people all about the Energy Commission and
2 opportunities to be able to engage with us.

3 And then in the other photo here on April 23rd, I
4 attended a summit that's put on by the Governor's Office
5 for Philanthropy. And there's special guests including
6 Julian Castro, who you see in the photo there, who is now
7 the Executive Director of the Latino Community Foundation.
8 They're interested in the efforts going on with Lithium
9 Valley. And they're going to make some investments for
10 support to community-based organizations out in the
11 Imperial Valley area. So it was nice to be able to meet
12 him. He's a hero of mine. And also we're getting to
13 connect to talk more about Lithium Valley and how they can
14 support and learn more about what's going on there.

15 So a lot of exciting stuff I wanted to share with
16 you a little bit. I think that's the last slide.

17 CHAIR HOCHSCHILD: Great, thank you so much.
18 Commissioner McAllister?

19 COMMISSIONER MCALLISTER: Oh, well, great. I
20 just wanted to hit a couple of things. I have an
21 announcement. The solicitation for the equitable building
22 decarbonization is out on the street. So we're looking for
23 regional implementers, up to three of them, Southern
24 California which is about half, and then also Central
25 Valley and Northern California. So that is depending on

1 how the budget lands, you know, 600-ish million to
2 somewhere above that up to maybe 900. We'll see where it
3 lands, for over several years.

4 And that is our really key building
5 decarbonization program to direct install program targeted
6 at disadvantaged communities and under-resourced
7 communities and low-income families across the state.
8 We're going to layer 60 percent of the HOME's federal money
9 into that program. So this solicitation for leads and
10 teams to administer those regional programs is super, super
11 important. It's going to be certainly a long-term
12 investment in our program infrastructure. So I just want
13 to make that. And anybody who thinks they might be on a
14 team to implement that program figure out whose ship to get
15 on and hop on, because it's going to be a really long-term
16 very transformational effort.

17 And thanks to Deana and Christine and the whole
18 team, Diana Maneta. Just the whole team of staff and RREDI
19 Division for getting that done, a lot of complicated
20 issues. And really looking forward to getting that
21 solicitation worked out and move forward with contracting
22 and implementation.

23 This week the National Energy Codes Conference is
24 in Sacramento and so we've got a phalanx of staff attending
25 it yesterday and today. And it's notable, because there's

1 really no other forum that gets such a diverse set of
2 professionals from really varied backgrounds that are
3 deeply enmeshed in building codes. And so it's really an
4 opportunity to forge consensus, you know, surface issues,
5 move forward.

6 It's funded and sponsored by the Department of
7 Energy. So Ram Narayanamurthy has been just instrumental
8 in getting that put together, that leadership from the
9 Department of Energy. Carolyn Snyder from EERE and Heather
10 Clark from the White House, both are just sort of neck deep
11 in all of these issues, and really committed to making
12 progress on codes.

13 There have been some hiccups in the national code
14 conversation, but a lot of people paying attention to this
15 now trying to figure out paths forward for a solid model
16 code at the national level that states and localities can
17 use in a predictable, robust, accountable way. So it's a
18 really important moment for building codes.

19 A lot of people were looking at Title 24 in
20 California, obviously. We're the only state that sort of
21 invents our code anew every three years and has our own way
22 of doing things. But the technical information that we
23 develop as part of our codes and standards work can serve
24 all the other states. And so we're offering to really be a
25 resource for the other states as they embark on a

1 conversation to figure out what the path forward is for
2 those other states.

3 Then let's see, I wanted to just thank
4 Commissioner Gallardo. I had a really fun time at the
5 Hispanic Coalition of Small Businesses, a really
6 interesting group, a lot of wonderful members, incredible
7 stories and just almost like family. And they embraced me
8 in your stead, although I was literally and figuratively a
9 pale comparison to you. They would have much preferred
10 I'm sure having you there, but your video went over really
11 well. And I was really thankful for that opportunity plus
12 follow up on.

13 And actually already people thinking about how to
14 get on one of the teams for the EBD solicitation. So it
15 was like a little bit of synergy there. So that was really
16 nice. And thanks to Erik Stokes for helping me get
17 prepared for that. I really appreciate it.

18 I've been doing a lot of traveling, but I've
19 mentioned some of it already in the meeting. I won't go
20 into too much of it, but mostly around the state. And then
21 Vice Chair Gunda and I were out in Denver a couple weeks
22 ago for the CREPC WIRAB meeting, so just interacting with a
23 lot of the regulatory community in the other states talking
24 about transmission and Western market integration and those
25 sorts of things. So those conversations are always

1 interesting and kind of a half a step forward, a quarter
2 step back kind of thing. But that's very good that
3 California is engaged on all this conversations across the
4 Western Interconnection.

5 And thanks again to Sean Simon, Grace Anderson,
6 Aleecia, the whole team in the Assessments Division for
7 helping us keep prepared for that and siting Elizabeth also
8 for keeping us current.

9 So last thing I did want to just let everyone
10 know. You may have met earlier my newest advisor, Hughson
11 Garnier, who is just really so nice to have him on board
12 and really dynamic. He comes out of Sac State, an
13 electrical engineering background, power engineering. He
14 has been kind of bouncing around, you know, a year here a
15 year there and as sort of a little bit of a SWAT team, an
16 individual SWAT teams. Sort of working on program
17 infrastructure for helping get BUILD and CalSHAPE and some
18 of our other programs that sort of --

19 CHAIR HOCHSCHILD: And Dashboards, right?

20 COMMISSIONER MCALLISTER: -- and also Dashboards,
21 really good with data and stuff. So sort of really a jack
22 of all trades, sort of MacGyver type and really happy to
23 have him on board and glad he's at the Commission and --

24 CHAIR HOCHSCHILD: I just want to say it'd be
25 great if you haven't come in person.

1 COMMISSIONER MCALLISTER: Yeah, actually he was
2 around earlier but --

3 CHAIR HOCHSCHILD: Yeah, I think it's just
4 wonderful to have a face to the name.

5 COMMISSIONER MCALLISTER: Yeah, for sure. You'll
6 all meet him at some point here pretty soon.

7 And then I do have another advisor who's just
8 happens to be on home leave in China right now, but Maggie
9 Deng who was an intern in my office and now is staff at the
10 Commission. And so she's going to be joining my office
11 when she gets back in a few weeks.

12 So I wanted to make those announcements, so
13 thanks very much.

14 CHAIR HOCHSCHILD: Great. Thank you.
15 Commissioner Monahan?

16 COMMISSIONER MONAHAN: It's so interesting
17 hearing all these and then we're just like talk at each
18 other (indiscernible) conversation. It's a little strange
19 with nobody left in the room.

20 Well, I just got back from Korea. And that was a
21 really interesting trip. And I was excited to go. I went
22 with UC Davis folks, Giedt Hall who's heading their EV
23 related research.

24 And I was invited to go speak as a keynote to the
25 International Electric Vehicle Symposium, which was in

1 Korea. But I really wanted to go because well, in part
2 because of Hyundai. Hyundai is the second largest supplier
3 of electric vehicles in California after Tesla if you count
4 the Hyundai family, which includes Kia. And they are
5 committed to Vehicle2X. And so just having some kind of
6 more deep dive conversations with them about what does that
7 mean? What does that mean for California? How can we
8 unlock that potential? It was really illuminating.

9 And I was telling the Chair I kind of went in
10 there with this idea of like oh what more can we do with
11 Korea, with the country of Korea? And I kind of left with
12 like huh, what more can we do in the international
13 community around standard setting and EV charging
14 reliability? I'm really leaning in on the work that we're
15 doing on EV charging reliability, but just seeing like how
16 do we build a global consensus about what the network
17 should look like? And how can we learn from each other?

18 And I'm really committed to this idea of
19 learning. Like we don't have all the answers. We're in
20 this early stage. California has long been a leader when
21 it comes to vehicles, what more can we do on the
22 infrastructure side of the equation when it comes to
23 transportation. So that's just a lot of thoughts
24 percolating. And would love to touch base with you about
25 like, I mean, there's some similarities, I think, in just

1 the load flex world around standardization.

2 I also met with the -- while I was there I always
3 meet with the Dutch when I'm in these international trips,
4 because they're very international. And we have an MOU with
5 the Netherlands around charging. And so I had a
6 conversation with their Director of Mobility about what
7 more -- and he totally agreed with the standardization and
8 how do we make this global, not just these little
9 individual efforts that we have with individual countries.
10 Also really good food, not that's the why, I was not there
11 for the food, but it was good food. I didn't know what
12 everybody meant about Korean barbecue and now I do.

13 We had a charger reliability workshop, which you
14 guys know I'm super jazzed about. This whole concept of
15 what we can do to lead. And one of the interesting
16 stakeholders who showed up was the Alliance for Auto
17 Innovation. And they heartily supported our standards,
18 very strongly supported our initial -- having a successful
19 initial charge. So that was exciting and interesting,
20 because automakers sometimes don't like what California is
21 doing. Sometimes they do.

22 And then what Matt from FirstElement Fuel talked
23 about. I went with Chair Randolph to this kickoff of the
24 NorCal ZERO Project, which has 30 Hyundai fuel cell
25 vehicles, this big station. And they're really trying to

1 demonstrate what class eight truck mobility could look like
2 goods movement could look like with fuel cell vehicles. So
3 it's the biggest effort in the country, hands down to do
4 this. And so I think we'll have important learnings from
5 this.

6 CHAIR HOCHSCHILD: Great. Well, while you were
7 in Korea I was sort of the substitute teacher at a couple
8 of your events I wanted to share. I did two heavy-duty
9 charger projects education. One was in Lynwood, which is
10 the largest one in North America. So 65 fast chargers that
11 can do 200 electric semi-trucks.

12 And we got to do a drive with one of the drivers,
13 truck drivers there, who's been driving a truck in
14 California for 30 years. And the last year has been all
15 electric. And he was just very affected by it. He said,
16 "You know, this is good for my health." He said the
17 reduction in noise and vibration, he said, "I really
18 experience less fatigue." And so it's a nice reminder that
19 a lot of what we're doing on air pollution and climate is
20 really good for people's health. So that was just very
21 affirming.

22 And then I did another one with Performance Foods
23 and FreeWire. It's a facility that has 15 fast chargers,
24 but what's unique about that is they're putting 160
25 kilowatt hour batteries inside the charger, so they do this

1 whole installation. And just do no distribution system
2 upgrades, because of the storage.

3 They are also not just saving money, but also
4 time had they required that. Right now the timing for
5 that, for PG&E is probably two-and-a-half, three years. So
6 they will do it in one quarter. So there's some great stuff
7 there.

8 So I did want to share we had one big kind of
9 victory lap with the Governor at an event last week, around
10 getting to 10,000 megawatts of energy storage. And this is
11 in the category -- there's a bunch of things that I think
12 in this category of like, really significant news that gets
13 no attention. But I just want to highlight, you know, our
14 state gets hit a lot with you can't build anything. Okay,
15 we built -- you know, it took over a century to get enough
16 grid capacity to meet our peak load of 52 gigawatts. Okay,
17 that's a century of the electric grid to get that size. In
18 five years, we built 10 gigs of storage in five years.
19 That's more than four Diablo Canyon Nuclear power plants.
20 And that fleet is performing very reliably, very
21 successfully, obviously without emissions. And it's a huge
22 part of the reason why for 42 of the last 50 days, we've
23 been hitting 100 percent clean energy for some number of
24 hours a day.

25 And what's exciting to me is that first of all

1 our work and supporting innovation and market
2 transformation is working. The next 10 gigs that we bring
3 on, and we will be bringing on even more than that, but the
4 next 10 gigs they're going to come in at 50 percent less
5 cost, because the price is going down. Lithium Ion went
6 down 14 percent last year. And all the cost trajectories
7 from innovation and scale are pointing towards that. And
8 that's a huge facilitator.

9 And if you just think about that coupled with
10 what's happening now nationally, and another item of great
11 significance that gets no attention okay, 99 percent of the
12 retirements on the grid in 2024 in the United States are
13 fossil; 95 percent of the capacity additions are clean
14 energy, 95 percent. And this again is born in California.
15 We were the birthplace. The very first utility scale solar
16 project, the first utility scale wind project, the first
17 rooftop solar, first energy storage, first energy
18 efficiency codes and standards. So it's really working and
19 it's spreading and propagating. And it's winning in the
20 market on price. They've got the take home point. And
21 storage is I think, sort of a facilitator and accelerator
22 of all that. Yeah?

23 COMMISSIONER MCALLISTER: Can I make just a --

24 CHAIR HOCHSCHILD: Yeah, please.

25 COMMISSIONER MCALLISTER: I want to jump in

1 because the storage, I think is just really, really
2 becoming this rainbow of incredible diversity. And two of
3 the places I visited last week with CleanTech San Diego
4 coordinating were relatively small grants, two small
5 startup companies that are doing incredibly innovative
6 things.

7 One was Sony Charge. (phonetic) I don't know if
8 you've heard of them, but they have figured out that a
9 little piezoelectric vibration, a little sound, a little a
10 sound wave that if you push it down into a lithium ion
11 cell, it can triple the life of the battery. And it does
12 that by physically knocking down the little dendrites,
13 little formations that happen that are the cause of most
14 failures. Which they bridge between the anode and the
15 cathode and these little stalactites that form, right? It
16 just knocks those down with every cycle. And it's this
17 tiny little piezoelectric thing and they're producing a
18 charge that goes into the casing. That's the bundle of
19 cells.

20 And so that, I mean that could be
21 transformational. It would totally extend the life of
22 lithium ion batteries for one. And they've got a ton of
23 traction in the marketplace. They're tracking all sorts of
24 venture capital. I mean, it's amazing.

25 And the other storage technology that I visited

1 was called RedoxBlox. You can tell it's engineers are
2 naming these companies, but it's a reduction oxidation of
3 magnesium, you know of a metal oxide. And this compound
4 becomes -- it starts conducting electricity at like 800
5 degrees. So you heat up to 800 degrees and it becomes a
6 big resistor. And you put electrodes on either side of it,
7 put electricity through it, and it produces heat. And by
8 driving it, it actually stores energy by driving off the
9 oxygen. Okay, so it stays hot but it's not just like a
10 source of heat that you cool off. It actually, you take a
11 -- to get the energy back out of it you just blow air
12 through it to provide oxygen. And the chemical reaction
13 reverses and it just produces massive amounts of heat.
14 It's got a tiny footprint.

15 And they're targeting large industrial thermal
16 applications for energy storage. So it's an electro
17 chemical thermal process. I mean, totally fascinating. I
18 hadn't even imagined anything like this. But it's an
19 electric storage medium, right? You can take excess
20 electricity, and produce huge quantities of heat in a very
21 small footprint. So we have the issue of how to replace
22 drop-in boilers. You know, how to replace boilers in
23 multifamily housing, you know, commercial. All sorts of
24 need for displacing combustion and water heating
25 applications.

1 And it's almost a no brainer that that's got to
2 be a market segment for them. But we've given them this
3 little grant. And they've -- I mean, they have some
4 incredibly smart people doing amazing innovations. And
5 that's going to really solve one of our problems. It would
6 not have happened anywhere but California.

7 CHAIR HOCHSCHILD: It's totally true. And I'll
8 just share -- by the way I can talk about storage until
9 midnight on this stuff. But just the three companies we
10 visited on Monday, I mean, just to give some concrete
11 examples. One of them Liminal, what they're doing also
12 using an ultrasound, but they're doing it to evaluate
13 cells. So you think about what happened with GM and LG
14 Chem, the car battery fires, it was like a \$2 billion hit.
15 Totally, totally 100 percent preventable, right? They
16 didn't have a technology, just scan. Now they do. So it's
17 just basically this equipment that does an ultrasound into
18 the battery. You can detect flawed cells and remove them.
19 And since they don't even get to market, it's a huge
20 savings there. And developed in California with CEC
21 support. Scaling, those guys are growing, they're hiring
22 right now.

23 Four Shell, (phonetic) the same thing, but 25
24 percent cost reduction on process. And so it's just
25 incredibly -- I think this is going to be the defining

1 energy technology of the next decade. And you know, it's
2 just a huge facilitator of more clean energy.

3 So just (indiscernible) thing we're trying to do
4 now that came out of the battery summit we did about six
5 weeks ago, is -- and Lorraine Gonzalez really pulled
6 together for us -- is trying to create a battery hub, like
7 we have a hydrogen hub. And get folks organized, and
8 really position us to get more federal funding and to have
9 a much more organized approach. So scaling that.

10 I also wanted to highlight my gratitude, and I
11 think all of our gratitude for DOE. There are a whole
12 bunch of DOE folks out here this week. And we met at
13 length yesterday with Jigar Shah and Arden Powell
14 (phonetic) from the DOE Loan Program. They pushed out \$18
15 billion last year in DOE loans. Remember, basically
16 nothing had happened before the Biden Administration going
17 back from 7-8 years before. And now this year they're on
18 track to do between \$50 and \$70 billion a month. So a lot
19 of money. And so we had some great, great discussions with
20 them and you know, pushing funds out to support all of our
21 agendas.

22 And finally, I just wanted to recognize that May
23 is Asian American and Pacific Islander Heritage Month. So
24 happy Heritage Month to all for that. And that was it for
25 me.

1 So with that let's turn to Item 20, Executive
2 Director's Report.

3 MR. BOHAN: No report this afternoon. Thank you.

4 CHAIR HOCHSCHILD: Thank you.

5 Item 21, Public Advisor's Report.

6 MS. BADIE: I just wanted to mention that next
7 Friday, May 17th, is the next DACAG meeting. And at the
8 meeting, Fuels and Transportation staff will present on the
9 National Electric Vehicle Infrastructure Program. That's
10 the federally funded NEVI Program. They're going to
11 present the 2024 Deployment Plan Update. And then we'll
12 also welcome any new members that were appointed by the
13 CPUC tomorrow as they were appointed today.

14 And as Roman mentioned that DACAG will also
15 revisit the equity framework that they developed several
16 years ago and possibly adopt revisions.

17 That's all for me. Thank you.

18 CHAIR HOCHSCHILD: Great.

19 Item 22, Chief Counsel's Report.

20 MS. DECARLO: No report for me. Thank you.

21 CHAIR HOCHSCHILD: All right, we're adjourned.

22 Thanks everybody.

23 (The Business Meeting adjourned at 3:11 p.m.)

24

25

CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of May, 2024.



MARTHA L. NELSON, CERT**367

CERTIFICATE OF TRANSCRIBER

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

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

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



May 23, 2024

MARTHA L. NELSON, CERT**367