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BUSINESS MEETING

BEFORE THE

CALIFORNIA ENERGY COMMISSION

In the Matter of:)
)
Business Meeting)
_____)

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

WEDNESDAY, FEBRUARY 25, 2015
10:00 A.M.

Reported by:
Kent Odell

APPEARANCES

Commissioners Present

Robert B. Weisenmiller, Chair
Karen Douglas
Andrew McAllister
David Hochschild
Janea Scott

Staff Present:

Rob Oglesby, Executive Director
Kourtney Vaccaro, Chief Counsel
Michael Levy, Staff Counsel
Jared Babula, Staff Counsel
Kevin Bell, Senior Staff Counsel
Alana Mathews, Public Advisor
Nancy Fletcher
Taylor Rhodes, Chief Counsel's Office
Mazi Shirakh, Building Energy Efficiency Standards
Peter Strait

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| Abigail May | 3 |
| Heather Raitt | 4 |
| Taylor Rhodes | 5 |
| Suzie Chan | 6 |
| Tim Olson | 7 |
| Brian Fauble | 8 |
| Pierre du Vair | 9 |
| Matthew Ong | |
| Sharon Purewal | 10 |
| Laura Zaninovich | 11 |
| Cheryl Closson | 12 |
| James Lee | 13 |
| Heather Bird | 14 |

Others Present (* Via WebEx/Phone)

Valerie Winn, Pacific Gas and Electric Company (PG&E)
Manuel Alvarez, Southern California Edison (SCE)
*Wade Sorola, Clean Fuel Connection
*Jeff Serfass, California Hydrogen Business Council
Patrick Splitt, APP-TECH
*Matthew Christie, Chair, Board of Directors of CABEC

APPEARANCES (Contin.)

*George Nesbitt, Energy Consultant, HERS Rater,
HERS Verifier, and Building Performance Contractor
Max McKinney, EACS, Inc.
Floyd Vergara, Chief, Industrial Strategies Division,
California Air Resources Board
Chuck White, Private Consultant, representing
Waste Management
Tim Carmichael, California Natural Gas Vehicle Coalition
Ryan Kenny, Clean Energy
Andy Foster, COO, Aemetis Corporation
*Bruce Melgar, COO, UrbanX
Anna Doty, Environmental Defense Fund
Rick Moore, Edgar and Associates
*John Shears, Center for Energy Efficiency and
Renewable Technologies
*Lisa Mortenson, Co-Founder and CEO, Community Fuels
*Julia Levin, Bioenergy Association of California
*Harry Simpson, Crimson Renewable Energy
*Paul Relles, CR&R, Inc.
*Jennifer Case, New Leaf Biofuel
*Joe Gershen, California Biodiesel Alliance
Kevin Miller, Materials Diversion Administrator,
Solid Waste Manager, City of Napa
*Clyde Murley, Solar Program Manager, Community College
League of California
Dennis Domaille, Board of Directors, Mammoth Community
Water District
Patrick Hayes, General Manager, Mammoth Community
Water District
*Charlene Wardlow, Ormat
Corey Jackson, Program Director, California Lighting
Technology Center at U.C. Davis

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P R O C E E D I N G S

FEBRUARY 25, 2015 10:06 a.m.

CHAIRMAN WEISENMILLER: Good morning.

Let's start the Business Meeting with the Pledge of Allegiance.

(Whereupon, the Pledge of Allegiance was recited in unison.)

CHAIRMAN WEISENMILLER: Good morning. In terms of items today that are being held, one is a Consent Item, 1C, another one is Item 2, and finally on Item 14f. And I guess part of the messaging on 14f is that, when we do these PONs under EPIC, one of the things we ask people is whether they can comply with the conditions, in terms of conditions with our standard contracts, and they basically say they can; so we're trying to void people then afterwards running in with a bunch of changes. Certainly, we'll consider any requests, but the bottom line is, when people make that assertion that they can comply that we want them to be serious about it.

So with that, let's go on to Item 1, the Consent Calendar.

COMMISSIONER DOUGLAS: Move the Consent

1 Calendar.

2 COMMISSIONER MCALLISTER: Second.

3 CHAIRMAN WEISENMILLER: All those in
4 favor?

5 (Ayes.) So this item passes 5 to 0. As
6 I said, number 2 is being held to next time.

7 Item 3. Renaming of Energy Hearing
8 Rooms. Abigail, please.

9 MS. MAY: Good morning, Commissioners,
10 Chair. I'm Abigail May, I work in the Office of
11 Governmental Affairs in the California Energy
12 Commission. And I'm here to present Proposed
13 Resolutions changing the Energy Commission's
14 public hearing rooms in honor of former
15 Commissioners Arthur Rosenfeld and Charles R.
16 Imbrecht.

17 So I will now read an abbreviated version
18 of each of the Resolutions followed by a request
19 to approve this item.

20 So starting with California Energy
21 Commission Resolution on Art Rosenfeld:

22 "WHEREAS, 2005 marks the California
23 Energy Commission's 40th Anniversary as the
24 State's primary energy policy and planning
25 agency; and

1 WHEREAS, from 2000 until 2010, former
2 Commissioner Art Rosenfeld was one of the
3 remarkable individuals shaping the efforts of the
4 California Energy Commission as a Commissioner;
5 and

6 WHEREAS, at the Energy Commission Dr.
7 Rosenfeld was responsible for advancing
8 California's Energy Efficiency Standards for
9 Buildings and Appliances, for overseeing the
10 Public Interest Research Program, and for guiding
11 the California Energy Efficiency Program; and

12 WHEREAS, Dr. Rosenfeld is one of the
13 leading figures worldwide for energy efficiency
14 and is credited with being personally responsible
15 for billions of dollars of energy savings;

16 THEREFORE, BE IT RESOLVED that the
17 California Energy Commission recognizes, honors,
18 and is grateful to Arthur Rosenfeld for his
19 pivotal role in shaping California Energy
20 Efficiency Standards and the work at the
21 California Energy Commission for 10 years, and
22 shall forever be remembered for his service and
23 commitment to responsible energy policy, with the
24 dedication of Hearing Room A as The Arthur
25 Rosenfeld Hearing Room."

1 Now, the second resolution, California
2 Energy Commission Resolution on Charles Imbrecht:

3 "WHEREAS, 2005 marks the California
4 Energy Commission's 40th anniversary as the
5 state's primary energy policy and planning
6 agency; and

7 WHEREAS, from 1983 until 1997, former
8 Chairman Charles R. Imbrecht was one of the
9 remarkable individuals who guided the California
10 Energy Commission as Chairman for 14 years; and

11 WHEREAS, Chairman Imbrecht built high
12 quality staff that gained the Energy Commission a
13 national and international reputation for
14 innovation and excellence in the energy arena;
15 and

16 WHEREAS, Chairman Imbrecht established
17 California's first Alternative Transportation
18 Fuel and Vehicle Technology Program to reduce the
19 state's dependence on oil for transportation;

20 THEREFORE, BE IT RESOLVED that the
21 California Energy Commission recognizes, honors,
22 and is grateful to Charles R. Imbrecht for his
23 stewardship of this agency for 14 years and shall
24 be forever remembered for his service and
25 commitment to responsible energy policy with the

1 dedication of Hearing Room B as The Charles R.
2 Imbrecht Hearing Room."

3 So with that, staff requests your
4 approval of this item and I'll show you just a
5 mock-up of the Resolutions that will be put in
6 each Hearing Room.

7 CHAIRMAN WEISENMILLER: Great, thank you.

8 COMMISSIONER SCOTT: Thank you very much
9 for putting these resolutions together. We had a
10 wonderful event here during the 40th anniversary
11 where we dedicated both of the hearing rooms, and
12 Art Rosenfeld was able to join us and also Mrs.
13 Imbrecht, Charles' widow, and so just thoroughly
14 enjoyed the ceremony. It's wonderful, I think,
15 to get to dedicate these hearing rooms to folks
16 who have done so much for the Energy Commission,
17 and so I wholeheartedly support this.

18 COMMISSIONER MCALLISTER: Yeah, so many
19 many kudos to Art and certainly I, having worked
20 with him on and off over a number of years,
21 wholeheartedly support dedication of this hearing
22 room, so we'll be here a lot, and I we'll be able
23 to reflect on his accomplishments consistently
24 going forward and that's great. I remember
25 working on the fourth floor at Building 90 at LBL

1 back in the day and having his office really be
2 the little center of the beehive for a lot of
3 really innovative activities, and he obviously
4 has carried that on; wherever he sits, that's
5 what happens around Art, he really makes things
6 happen and quite a personality and quite a
7 driving force.

8 And similarly, historically Charles
9 Imbrecht has had a huge impact on the Energy
10 Commission and we all live with those positive
11 effects that they've had on this institution and
12 I think we're dedicated to carrying them forward.
13 So I'm obviously very wholeheartedly in support
14 of changing the names and giving them the
15 recognition they deserve.

16 COMMISSIONER DOUGLAS: You know, I'll
17 just say briefly it was a real pleasure to pull
18 together with my colleagues and our staff and the
19 broader community who we work with and interact
20 with at the Energy Commission to commemorate the
21 Energy Commission's 40th Anniversary and to
22 reflect on both the accomplishments of the Energy
23 Commission and the challenges that face us
24 looking forward, and the great amount of
25 important work that there is left to do building

1 on the success of so many people, the hard work
2 of so many people over these four decades.

3 You know, I had the pleasure of serving
4 with Art Rosenfeld on the Commission, I learned a
5 lot from him from the 101 on how one does an
6 Efficiency Standard that I had the pleasure of
7 getting from him one morning when I innocently
8 wandered by his office and said, "Gee, it would
9 be kind of neat if we could do a standard on
10 this, what do you think?" And two hours later I
11 walked out with my head spinning about, "Oh, this
12 is how it works."

13 I never had the opportunity to meet
14 Charles Imbrecht, but it was really wonderful to
15 meet his widow and to just get more of a real
16 world sense -- of course, we all know that he is
17 a figure that has loomed very large in the
18 history and culture of the Energy Commission and
19 he came along at such an important moment. But
20 taking the opportunity to commemorate him and his
21 achievements at that time has really made that
22 legacy much more present and brought it into much
23 clearer focus for me, and I really appreciated
24 that, as well. So I'm obviously wholeheartedly
25 in support. Thanks for bringing that to us.

1 COMMISSIONER HOCHSCHILD: So I think
2 about the notion of stewardship, I think that's
3 what we're here to do as best we can, to be good
4 stewards of the state and our energy future, and
5 I'm grateful to have these rooms renamed as a
6 reminder of the history of stewardship here. I
7 used to actually feel it was a bad idea to rename
8 a building or room after someone who was still
9 alive, and I've totally changed that view, having
10 had Art Rosenfeld here when we did that a few
11 weeks ago was one of my highlights of my time
12 here. And I think we will still have the
13 pleasure of his input, I still get fairly
14 frequent calls from him with ideas about what we
15 ought to be doing, so I'm grateful for that.

16 CHAIRMAN WEISENMILLER: Yeah, I was going
17 to say I think it's a wonderful opportunity on
18 the 40th to reflect back on the history because
19 so much of what we do builds off of the history.
20 And certainly I've known Art since the '70s,
21 probably back to when we were both doing more
22 classic science. And I didn't know Chuck well,
23 although I would say one of the more memorable
24 moments when I was here the first time was we
25 came within one vote of being abolished, and

1 Chuck was the surprise vote that kept us alive,
2 so anyway. And then coincidentally he got
3 appointed. And once he got appointed, again, I
4 think most people's odds from the Deukmejian
5 Administration were that, although my position
6 was blue penciled, but that the whole place would
7 be gone. But Chuck really dug in, found a way to
8 reframe it in a very business context, and
9 obviously I think the Energy Commission thrived
10 under his leadership.

11 So again, in terms of contributions of
12 both of them, I think it's very important to
13 reflect on that going forward and, at the same
14 time, just very quickly, on the 40th I would note
15 the first thing we did was have an event for all
16 the staff and, again, I think certainly if you
17 look at the contributions of this agency at this
18 stage, it's pretty much the staff, the countless
19 hours, people's whole careers here have really
20 made the mark on California that it has. And
21 then we had the symposium and then the reception,
22 and I think certainly Charlie Warren's words
23 about how the Warren-Alquist Act really helped
24 transform the world, I think sort of resonates
25 with all of us in terms of our mandate. So,

1 again, I think it's very appropriate to name
2 these rooms and ultimately the building to
3 basically Warren-Alquist.

4 COMMISSIONER HOCHSCHILD: I would move
5 the item.

6 COMMISSIONER SCOTT: Second.

7 CHAIRMAN WEISENMILLER: All those in
8 favor?

9 (Ayes.) So this item passes also 5-0.
10 Thank you.

11 MS. MAY: Thank you.

12 CHAIRMAN WEISENMILLER: So let's go on to
13 the Integrated Energy Policy Report, Item 4.
14 Heather Raitt, please.

15 MS. RAITT: Good morning, Commissioners.
16 Staff is requesting that you adopt the 2014
17 Integrated Energy Policy Report Update, or the
18 IEPR, this morning.

19 I'm Heather Raitt, the IEPR Program
20 Manager. The Energy Commission is required to
21 prepare an IEPR in odd-numbered years that
22 assesses energy supply and demand, production,
23 delivery and distribution, market trends, and
24 major challenges. On even-numbered years, the
25 Energy Commission prepares an IEPR Update, and I

1 will present a high level overview of the report.

2 On January 15, 2014, the Energy
3 Commission adopted an Order Instituting
4 Informational Proceeding to gather and assess
5 information needed to prepare the 2014 IEPR
6 Update and the 2015 IEPR.

7 The IEPR Lead Commissioner, Janea Scott,
8 issued a Scoping Order on April 3, 2014,
9 identifying the report topics. Since March 2014,
10 the Energy Commission held 12 public workshops on
11 topics identified in the Scoping Order. The
12 information gleaned from the workshops were
13 instrumental in developing the Draft IEPR.

14 On November 24th, the Energy Commission
15 held a workshop on the Draft 2014 IEPR Update.
16 We received over 30 sets of written comments on
17 the draft. The written and oral comments were
18 carefully considered in developing the final
19 report presented today.

20 We released the Final Draft on January
21 28th and subsequently made two changes to the
22 report which are detailed in the Errata that is
23 posted online and available at the entrance to
24 the Hearing Room.

25 The 2014 IEPR Update focuses on next

1 steps for transforming transportation energy use
2 in California to help meet the state's climate
3 and clean air goals. The report also provides
4 updates on incorporating environmental
5 information into renewable energy, planning the
6 electricity infrastructure in Southern
7 California, and the Electricity Demand Forecast.

8 The Report highlights the importance of
9 incentives to speed the transition to a low
10 carbon cleaner future. Assembly Bill 8 by
11 Assembly Member Perea makes over \$1 billion
12 available from the Energy Commission for public
13 investment and clean transportation. The report
14 explores how this funding can help advance
15 California's transportation energy use. AB 8
16 extends the Energy Commission's Alternative and
17 Renewable Fuel and Vehicle Technology Program, or
18 ARFVTP, through January 1, 2024.

19 This chart shows the various policy
20 drivers for cleaner, low carbon transportation
21 fuels and vehicles. To touch on a few, the state
22 has set climate goals in the Global Warming
23 Solution Act of 2006, the CAP Economy-wide
24 California Greenhouse Gas Emissions to 1990
25 levels by 2020, and in Executive Order S305 and

1 Governor Brown's Executive Order B162012 which
2 call for reductions in greenhouse gas emissions
3 to 80 percent below 1990 levels by 2050.

4 Governor Brown further reaffirmed the
5 State's commitment to these goals by setting the
6 following targets for 2030 in his Inaugural
7 Address: use renewable resources for 50 percent
8 of the state's electricity, reduce petroleum use
9 in cars by 50 percent, and double energy savings
10 in existing buildings and make heating fuels
11 cleaner. Further, the Federal Clean Air Act
12 calls for an 80 percent reduction in Oxides of
13 Nitrogen, or NO_x emissions by 2023.

14 The transportation sector is currently
15 California's largest source of greenhouse gas
16 emissions and emissions of smog-forming NO_x. To
17 meet California's climate and clean air goals,
18 California's transportation system needs a
19 transformation to zero and near zero technologies
20 and fuels.

21 Through AB 8, the California Legislature
22 directed the Energy Commission to make dedicated
23 investments until there are at least 100 publicly
24 available hydrogen filling stations in operation
25 in California. This will help build the

1 infrastructure needed to support the early market
2 for hydrogen vehicles. The Governor's Zero
3 Emission Vehicle Action Plan lays out the State
4 strategy of achieving its goal of 1.5 million
5 Zero Emission Vehicles in 2025. Hydrogen Fuel
6 Cell technology is poised to become a zero
7 emission option across the transportation sector.

8 Station equipment costs continue to be a
9 barrier to hydrogen infrastructure development
10 and more directed research and innovative funding
11 partnerships are needed.

12 The Plug-In Electric Vehicle market is
13 growing steadily and provides another Zero
14 Emission Vehicle option. In 2013, PEV sales were
15 triple 2012 levels, and as of September 2014,
16 more than 118,000 PEVs were sold in California,
17 representing about 40 percent of the national PEV
18 sales. While charging infrastructure has grown,
19 additional incentives and innovations are needed
20 to rapidly increase the number of available
21 stations and to solve infrastructure challenges.

22 Continued strategic investments in
23 charging infrastructure at residential,
24 workplace, multi-unit dwellings, and public sites
25 along with Regional Readiness Plans, will be

1 needed to continue advancing adoption of Plug-In
2 Electric Vehicles.

3 The Report also looks at the need to
4 proactively plan for integrating large numbers of
5 Electric Vehicles on the Grid. Electric Vehicles
6 have the potential to benefit the electricity
7 grid and help manage the growing use of
8 electricity generation from solar and wind
9 resources. To realize these opportunities, Smart
10 Charging technologies that communicate with
11 customers and Electric Vehicles will be
12 essential.

13 Further, collaboration is needed on
14 research, demonstration and deployment planning
15 and market facilitation activities related to
16 vehicle to grid projects.

17 The Report also looked at the need to
18 transition to Zero and near Zero Emission Medium-
19 and Heavy-Duty Vehicles. California's fleet of
20 medium- and heavy-duty vehicles comprise about
21 3.7 percent of the total vehicle population in
22 California and are responsible for as much as 23
23 percent of transportation-related greenhouse gas
24 emissions and 30 percent of NO_x emissions. They
25 are the leading cause of harmful ozone pollution

1 and fine particulate matter pollution in the San
2 Joaquin Valley and South Coast Air Basins. State
3 Incentive Programs like the Energy Commission's
4 ARFVTP help facilitate development and
5 commercialization of medium- and heavy-duty
6 vehicle technologies across multiple near term
7 and long term fuel pathways. These include
8 natural gas, electric drive, hydrogen fuel cell
9 electric drive, and hybrid and range extender
10 combinations. Still, market uptick of the
11 cleanest trucks remains slow due to costs and
12 targeted incentives are needed.

13 Uncertainties about methane leakage along
14 the natural gas distribution, transmission and
15 production systems raise a question, however,
16 about natural gas's potential benefits. Many
17 research efforts are underway to reduce
18 uncertainties where and how much methane is
19 leaking from the natural gas system. Continued
20 engagement and research support will be critical.

21 Biofuels will also play a critical role
22 in reducing carbon emissions from the
23 transportation sector and have the potential to
24 provide immediate emission reduction benefits.
25 Growth in the use of biofuels as a blend with

1 gasoline and diesel is being spurred by
2 regulations and government incentive funding.
3 Biodiesel and renewable diesel are making
4 tremendous gains in California markets, although
5 feedstock limitations and waste-based oils and
6 greases may prove to be a limiting factor.

7 Biogas production in California is also
8 proceeding, but challenges remain to ensure that
9 biogas can be safely and economically injected
10 into pipelines.

11 Opportunities are available to leverage
12 funding that may help achieve deeper benefits on
13 a faster timeframe. California is fortunate to
14 have several programs designed to accelerate the
15 use of clean transportation fuels and vehicles.
16 Government capital can accelerate technology by
17 helping to assume risk from investments that
18 markets are not ready to take.

19 Studies show that investments in a low
20 carbon transportation system will accelerate
21 transformation and that the long term benefits
22 will far exceed costs, although costs will exceed
23 benefits for about the first 10 years. Because
24 of positive feedback effects, the earlier the
25 investments are made, the bigger the net benefits

1 over time.

2 To date, the ARFVTP has primarily
3 distributed funding through a competitive grant
4 basis. As technology matures, however, different
5 forms of incentives such as loans, loan support,
6 or consumer and commercial voucher rebates may
7 become more appropriate.

8 The National Renewable Energy Laboratory,
9 or NREL, assessed the benefits from roughly \$500
10 million invested by the Energy Commission's
11 ARFVTP through September 2014. The results show
12 that the program has achieved important benefits
13 in terms of greater greenhouse gas reductions and
14 petroleum displacement and the benefits will grow
15 as the Energy Commission makes additional
16 investments.

17 Market transformation toward a low
18 carbon, low emission transportation system in
19 California is measurably underway as evidenced by
20 the substantial increase in Electric Vehicles and
21 chargers, Electric Trucks, Natural Gas Trucks,
22 and Hydrogen Fueling infrastructure. The program
23 also helped create over 6,000 new jobs in
24 California and provided training for over 13,600
25 technicians and maintenance personnel throughout

1 the state. It will be important to continue
2 tracking these data points and to use the
3 information when considering future project
4 investments.

5 Although California is making strides and
6 transitioning to alternative transportation
7 fuels, petroleum-based fuels continue to account
8 for about 92 percent of the state's
9 transportation needs. The use of horizontal
10 drilling and hydraulic fracturing has led to
11 dramatic increases in oil production in the
12 Midwest and Canada, and California refineries are
13 pursuing projects to obtain crude oil delivered
14 by rail.

15 Reflecting public concern over the safety
16 of crude by rail, the Governor's Office formed an
17 Interagency Rail Safety Working Group in January
18 2014. The group's preliminary findings were
19 published in June.

20 On June 25, 2014, the Energy Commission
21 held an IEPR workshop to bring together
22 representatives from Federal, State and Local
23 Governments, as well as the railroad industry, to
24 discuss trends in crude oil and clarify which
25 agencies are responsible for overseeing these

1 developments. The discussion highlighted the
2 need for the state to be vigilant in protecting
3 the ability to address safety concerns including
4 additional data needed.

5 The 2014 IEPR Update also addresses
6 renewable energy and planning and includes an
7 update on the Desert Renewable Energy
8 Conservation Plan, or DRECP, and related local
9 government planning initiatives and their
10 relationship to transmission planning and
11 renewable procurement. The DRECP is intended to
12 advance state and federal conservation goals in
13 the Mojave and Colorado Desert Regions while also
14 facilitating the timely permitting of renewable
15 energy projects to help meet California's long
16 term climate and renewable energy goals out to
17 2040 and beyond.

18 The DRECP is focused on desert regions
19 and adjacent lands of seven California counties
20 totaling roughly 22.5 million acres of Federal
21 and non-Federal California desert land. The
22 Energy Commission recommends finalizing and
23 implementing the DRECP and working with the
24 California Public Utilities Commission and the
25 California Independent System Operator to build

1 on recent planning processes and continue to
2 improve renewable energy and transmission
3 planning coordination in California, particularly
4 for the post-2020 timeframe.

5 The Energy Commission also recommends
6 working with local, State, Federal, and other
7 partners and stakeholders to advance the current
8 capabilities of the state in performing
9 landscape-scale analysis.

10 The Southern California Region's
11 electricity reliability has been of concern over
12 the past several years due to the planned
13 retirement of aging facilities that use once-
14 through cooling technologies, as well as the June
15 2013 retirement of the San Onofre Nuclear
16 Generating Station. A preliminary plan
17 reflecting a collaborative process with other
18 energy agencies, utilities and Air Districts was
19 detailed in the 2013 IEPR.

20 In August 2014, the Energy Commission
21 held a workshop to discuss progress on ongoing
22 collaborative efforts to assure reliability in
23 Southern California. Recommendations include
24 continuing interagency coordination, enhancing
25 monitoring and data sharing among the agencies,

1 and continuing to develop contingency plans and
2 potential mitigation strategies to help ensure
3 reliability in the region.

4 One of the core functions of the Energy
5 Commission is to forecast electricity and natural
6 gas demand as part of the IEPR on odd-numbered
7 years; however, as part of the Energy Agencies'
8 ongoing commitment to improve process alignment,
9 the Energy Commission provides an annual update
10 in even-numbered years beginning with this
11 report. This is expected to exist with the
12 California ISO and California PUC planning
13 processes. The Update adds another year of
14 historical electricity consumption and peak
15 demand data. The updated forecast reflects
16 projected economic growth that is more
17 pessimistic than in 2013. By 2024, statewide
18 peak demand, the Mid scenario, is 1.8 percent
19 lower than the forecast Mid Case developed in
20 2013. Going forward, the Energy Commission will
21 continue efforts to align planning processes.

22 And that concludes my presentation.
23 Staff requests that you adopt the 2014 IEPR
24 Update with the changes detailed in the Errata.
25 Thank you.

1 CHAIRMAN WEISENMILLER: Thank you. We
2 have a couple comments, so before we turn to
3 Commissioner discussion, let's go to Valerie
4 Winn.

5 MS. WINN: Good morning, Chair and
6 Commissioners. Valerie Winn with Pacific Gas &
7 Electric Company. We just wanted to support the
8 adoption of the 2014 IEPR as it has been issued
9 and congratulate Commissioner Scott on completing
10 her first IEPR. And also, thank you to the staff
11 who's done a tremendous job in pulling all of
12 this information together. And I think the IEPR
13 really correctly recognizes that reducing GHG
14 emissions in the transportation sector will be
15 really important to help the state achieve our
16 emission reduction goals in 2020 and beyond. And
17 we look forward to working with you on the 2015
18 IEPR. Thank you very much.

19 CHAIRMAN WEISENMILLER: Thank you.
20 Manuel Alvarez.

21 MR. ALVAREZ: Good morning,
22 Commissioners. Manual Alvarez of Southern
23 California Edison. I guess I'd also like to
24 recommend adoption of this report and
25 congratulate Commissioner Scott on this activity.

1 I think she learned something very important in
2 terms of the State of California and the
3 importance of the transportation sector and how
4 it's going to fit in the overall energy system,
5 so I'm actually looking forward to the 2015 IEPR
6 to see how those things come out.

7 There's one item that I want to raise to
8 your attention and in most of our comments we
9 tended to urge the Commission to examine the
10 transportation sector and this sense of urgency
11 to get past the 2025, 2030 and 2050 goals for the
12 greenhouse gas. I think the Commissioner
13 actually struck a balance there in terms of our
14 urging to become more urgent on the need for
15 these changes, and I look forward to kind of
16 looking beyond the 2024-2025 timeframe and
17 looking to the 2030 and 2050 goals for greenhouse
18 gas. And with that, I'll urge your support.

19 CHAIRMAN WEISENMILLER: Thank you. Of
20 course, I always urge you guys to speed up the
21 interconnection on Vehicle to Grid and other
22 projects.

23 Okay, I don't believe there are any other
24 comments in the room, so let's go to the one
25 gentleman on the phone.

1 MR. SOROLA: Hi, good morning. My name
2 is Wade, I'm with Clean Fuel Connection down in
3 Southern California. We've been working for
4 quite a while to get some EV Electric Vehicle
5 presence up your way. We are both a distributor
6 and installer of Electric Vehicle Charging
7 Stations and have been for like the last 18
8 years. I've been working with Brian Fauble on
9 putting together -- and he's really been a
10 tremendous help, thank you Brian -- for some
11 Electric Vehicle Charging Stations there for the
12 Woodland School District. It's kind of like
13 putting, now I know a little bit of what it's
14 like to build a ship in a bottle because we've
15 had several different factors that we've been
16 working on for a while, but I think we finally
17 did it. So I really appreciate your time today.

18 CHAIRMAN WEISENMILLER: Okay, thanks. I
19 think actually you're referring more to Item 8,
20 so I believe we also have a gentleman on the line
21 on Item 4.

22 MR. SOROLA: Oh, I'm terribly sorry.

23 CHAIRMAN WEISENMILLER: No, that's fine.
24 We'll hold that in our minds when we get to Item
25 8.

1 MR. SOROLA: All right, thank you.

2 MR. SERFASS: Hello, this is Jeff
3 Serfass. Can you hear me?

4 CHAIRMAN WEISENMILLER: Yes, we can.

5 MR. SERFASS: Okay, thank you. I
6 represent the California Hydrogen Business
7 Council and, like others, I applaud the efforts
8 of Commissioner Scott and the entire set of
9 Commissioners on this report, and certainly
10 recommend adoption.

11 On behalf of the Hydrogen and Fuel Cell
12 businesses providing products and projects in
13 California, I want to compliment the Commission
14 for its vision in including hydrogen prominently
15 in the state's plans for transportation. As
16 noted in the report, the Hydrogen Fuel Cell
17 Electric Vehicles entering the marketplace this
18 year and the next several years will, quote,
19 "play a key role in fulfilling California's
20 climate clean air and petroleum reduction goals."

21 I'd like to comment that meeting energy
22 goals often requires cost sector efforts and
23 hydrogen is one of those energy commodities that
24 can integrate transportation efforts with those
25 designed to manage the increasing penetration of

1 wind and solar energy on our utility grids, and
2 assist with the greening of the natural gas
3 system. We urge that the state move quickly to
4 establish market rules for multi-function systems
5 like those that utilize Electrolyzers for
6 hydrogen fuel production, as well as hydrogen
7 production for energy storage, dispatchable load,
8 and voltage support resources. We're pleased
9 that the IEPR in the Hydrogen section of Chapter
10 5 recognizes this potential and we're also
11 pleased that Chapter 6 recommendations for
12 transportation and electricity sector nexus
13 address this potential, as well.

14 We also appreciate the recognition for
15 the potential for Biogas to support green
16 hydrogen goals and the intersection of the
17 wastewater treatment and agricultural sectors in
18 addressing transportation and hydrogen fuel
19 production goals.

20 Our Business Council is also planning to
21 address the issues of private financing of
22 fueling stations by conducting a workshop this
23 year on financing the 101st station, and we look
24 forward to working with the Commission on this
25 important topic that's also recognized in the

1 IEPR.

2 So in summary, often transportation
3 energy use and electric grid management are
4 considered in technological silos; the benefits
5 of power to gas and hydrogen in storage solutions
6 warrant coordinated consideration of electric
7 rate regulation, research and transportation
8 systems and application of energy storage
9 solutions. I thank you for the opportunity to
10 comment.

11 CHAIRMAN WEISENMILLER: Thank you. Any
12 other comments either in the room or on the
13 phone? Okay, so Commissioner Scott, do you want
14 to lead our discussion?

15 COMMISSIONER SCOTT: All right, well, I'm
16 really excited about our 2014 Integrated Energy
17 Policy Report Update and I thank Valerie Winn and
18 Manny Alvarez and Jeff Serfass for their comments
19 and their support of the IEPR, and I also look
20 forward to keeping our sleeves rolled up and
21 continuing to work together on these topics.

22 You know, it's my understanding that this
23 is the first time that the Energy Commission has
24 focused an IEPR on transportation, and I think
25 it's been just really timely and important. As

1 you all know and you heard in Heather's
2 presentation, but I think it's worth
3 underscoring, the Transportation sector is
4 responsible for about 40 percent of the
5 greenhouse gases, 80 percent of the smog forming
6 oxides of nitrogen, and about 95 percent of the
7 diesel particulate matter here in the state. And
8 so for us to be able to meet these climate goals,
9 our clean air goals, our energy security goals,
10 our petroleum reduction goals, we're going to
11 need a transformation of this transportation
12 system to be using fuels with lower carbon
13 intensity values and to get to these zero and
14 near zero emission vehicles. And the magnitude
15 of the transformation, especially when you listen
16 to our colleagues from the San Joaquin Air
17 Quality Pollution Control District, or the South
18 Coast, and how much reductions they need and on
19 the timeframe, the magnitude of the change is
20 pretty big.

21 I was so pleased to be joined at our
22 kick-off workshop by Senator Pavley and Assembly
23 Members Perea and Skinner. It was terrific for
24 them to come over here and spend some time with
25 Commissioner Douglas and myself here on the dais.

1 Senator DeSaulnier wanted to join us that day,
2 but he was a little bit under the weather. But I
3 think Commissioner Douglas and I really enjoyed
4 the chance to share our dais with these
5 Legislators and with Cliff Rechtschaffen from the
6 Governor's Office, and to really learn more about
7 their vision and passion for the transportation
8 sector, I just thought it was a great way to kick
9 off the Update.

10 And over the course of the IEPR
11 workshops, we were joined by our local, state and
12 federal colleagues from the Governor's Office,
13 the California Public Utilities Commission, the
14 Air Resources Board, the CAISO, Bay Area Air
15 Quality Management District, South Coast Air
16 Quality Management District, U.S. EPA, USDOE, and
17 I'm sure that I've left some folks off the list,
18 but we really had a great set of people come and
19 work with us and help us out. We learned from a
20 cadre of internal and external experts from
21 around the state, from around the U.S, and also
22 from around the world on a variety of what I
23 thought were really timely, interesting and
24 relevant cutting edge topics that Heather so
25 articulately described for you in her excellent

1 presentation.

2 I think we had really engaged
3 participation and received thoughtful comments
4 from our stakeholders, and the team put together
5 a well-researched and informative report. And
6 I'm really proud of our 2014 Integrated Energy
7 Policy Report Update.

8 So I'd like to just take a minute to say
9 thank you to everyone who took the time to
10 participate with us on the dais and to all the
11 experts who provided us with thought provoking
12 and robust presentations. I want to say thank
13 you to my Advisors, Lesley Kimura-Szeto, Jim
14 Bartridge, and Rhetta de Mesa, and to
15 Commissioner Douglas's Advisors, Jennifer Nelson,
16 Eli Harland, and Christine Stora. I want to say
17 thank you to Commissioner Douglas for being such
18 a great partner on this, it's always really fun
19 when we get a chance to work on something
20 together, so I just thought that was great.

21 I want to thank everyone who is on our
22 Acknowledgements page, so if you look at page (i)
23 on the report, but they all did terrific work,
24 please take a moment to look at that, it really
25 does take a village for us to put this together.

1 And I express my wholehearted thanks to the staff
2 team who worked tirelessly to pull this together,
3 and it's Al Alvarado, Leslie Baroody, Silas
4 Bauer, Simone Brant, Rhett De Mesa, Mike
5 Gravely, Mike Jaske, Chris Kavalec, Jim McKinney,
6 Tim Olson, and Gordon Schremp.

7 And last but certainly not least, a very
8 special thanks to the IEPR team, Laura Ernst,
9 Linette Green, Raquel Kravitz, Stephanie Bailey,
10 and their fearless leader, Heather Raitt, who
11 quietly and efficiently and effectively, almost
12 under the radar sometimes, just diligently and
13 with incredible competence just gets the job
14 done. So I really appreciate the hard work that
15 all of you on the IEPR Team did helping to
16 organize a set of phenomenal workshops, and then
17 doing the hard work of coordinating the staff and
18 the public input into a cohesive and well-done
19 document. And I really enjoyed the opportunity
20 to work with you all, so thank you very much.

21 And I'll turn it over to my fellow Commissioners.

22 COMMISSIONER DOUGLAS: Well, let me step
23 in just because I had a bit of a front row seat
24 for this IEPR, although I have to say that with
25 the exception of maybe one workshop, Commissioner

1 Scott did the lion's share of the Commissioner
2 heavy lifting.

3 This was a tremendous effort, as you
4 said, from the staff level, Advisors,
5 Commissioners, we really did bring in a nice
6 group of experts, we had a lot of good dialogue.
7 I focused particularly on a workshop on renewable
8 energy and landscape planning and we had
9 Department of Interior and very senior leadership
10 from a number of state and federal agencies, and
11 a lot of folks from the industry and
12 environmental community. That was a really
13 productive and good exercise that we're looking
14 forward to building on.

15 So, yeah, I just want to join the
16 congratulations, really, of Commissioner Scott
17 and the whole IEPR Team, and I obviously, I
18 think, and strongly am in support of this IEPR.

19 COMMISSIONER MCALLISTER: I guess the
20 procedure dictates that I go next, and I preceded
21 you in the 2013 IEPR, and I'm going to follow you
22 in the 2015 IEPR, so hopefully you won't make me
23 look too bad here.

24 I know intimately what a lift it is to
25 get the IEPR, to keep it moving and, really, the

1 IEPR staff does an incredible job of keeping the
2 train moving down the tracks, and inexorably in
3 some ways. And it's quite a well-oiled machine.

4 But at the same time, it's an art because
5 you have to both do all the logistics and involve
6 all the stakeholders, and dot the I's and cross
7 all the T's, just logistics, but also make sure
8 that the substance is there and the right people
9 are at the table, and that the interaction with
10 stakeholders happens apace, and notices go out,
11 and all the Bagley-Keene issues if you have other
12 people from other agencies, and you've got to
13 just really keep on top of that stuff to get it
14 done in the timeframe that statutorily we're
15 supposed to do it.

16 And so I appreciate both sides of that,
17 the logistics side and also the really thought
18 leadership side of it. And I think it's a great
19 forum that a lot of folks in the state look to,
20 to drive the policy discussions. And that is
21 both a blessing and a curse, I think, because on
22 the one hand it has some gravitas and it convenes
23 the right people and it kind of has that ability;
24 on the other hand, there's a big drive to put
25 everybody's issues into it, so as the Lead

1 Commissioner, you have to maintain discipline to
2 make sure that you're talking about the topics
3 not only that statute requires we talk about, but
4 also are the key policy issues that the
5 discussion is needed around in that moment and
6 across that year. So, really, congratulations is
7 really what I'm trying to say and a job well
8 done.

9 And I think, to give folks a preview of
10 the 2015 IEPR, the Scoping Order comment period
11 is closed and we're looking at getting the Final
12 Scoping Order out, but we're going to pick up
13 some of the topics that follow from the 2014
14 Update, but also look at some new topics really
15 specifically focusing on energy efficiency again,
16 and existing buildings in large measure, in
17 addition to a number of other topics that require
18 a discussion in 2015, including renewables and
19 obviously the full forecast with efficiency in
20 there as well, and so there's a lot of heavy
21 lifting that staff is preparing for in the 2015
22 IEPR, and we're really looking forward to getting
23 many of the same stakeholders, but also a lot of
24 new and different ones in the room for those
25 various discussions.

1 So, again, really great, I'm happy to
2 take the baton, I'll be sitting at this dais a
3 lot more in 2015 probably than in 2014, and
4 that's going to be a really good thing, it's a
5 great opportunity to have the necessary
6 discussions moving forward.

7 So I'm in full support of adoption of the
8 2014 IEPR Update.

9 COMMISSIONER HOCHSCHILD: Ditto.

10 CHAIRMAN WEISENMILLER: No, I was going
11 to say I had the opportunity to be there for the
12 Southern California one, the Renewable one in --
13 I was going to say Crude, but I forgot what
14 euphemism you had -- and one of the real
15 challenges I tended to find was that, as you're
16 sort of at 4:00 and you've been going through
17 this really detailed day, that Janea just
18 maintained this incredible energy and enthusiasm
19 that will certainly present a challenge to you
20 next year! (Laughter)

21 COMMISSIONER SCOTT: All right, well,
22 thank you very much. It was great working with
23 all of you on this.

24 I will move adoption of the Resolution
25 for Item 4, adopting the 2014 IEPR Update and

1 incorporating the changes identified and
2 discussed at the Business Meeting today therein.

3 COMMISSIONER DOUGLAS: Second.

4 CHAIRMAN WEISENMILLER: All those in
5 favor?

6 (Ayes.) 5-0. Thanks. Congratulations
7 again. Thank you, Heather, and your team.

8 So let's go on to Item 5, Petition for
9 Rulemaking. I was going to ask both the staff
10 and the Petitioner, Patrick Splitt, to come up.

11 MR. SPLITT: I'm going to sit for this
12 one.

13 CHAIRMAN WEISENMILLER: Well, you can
14 sit, I was going to say, and I think let's start
15 with, Mr. Splitt, can you give a short
16 presentation of your concerns, and then we'll
17 have the staff response?

18 MR. SPLITT: Oh, I was expecting it to be
19 the other way around, but okay.

20 CHAIRMAN WEISENMILLER: We could do it
21 either way, but I thought it would be better for
22 you to just start out and present your issues
23 first.

24 MR. SPLITT: Well, I over the last year
25 or so, and many other energy consultants have

1 been frustrated with the rollout of the 2013
2 Code, it's been really a problem for us. It's a
3 moving target. We never seem to be able to
4 settle down and think it's done, the programs
5 keep changing, there are more features that get
6 added all the time, there are more that we're
7 waiting for. You know, the supposed benefit of
8 the new software was that it was going to allow
9 us to model all this new equipment and for a long
10 time we couldn't even model a wall furnace. So
11 part of that is due to the fact that you try to
12 do things sort of almost instantly where the
13 programs before that actually evolved over many
14 many years, and they didn't instantly work the
15 way they did at the end. But there's a lot of
16 confusion, there's a lot of problems that can't
17 wait until 2017 when the Code would go into
18 effect to be fixed because what happens now,
19 there are so many problems where the energy
20 consultants generate the forms, and then add a
21 letter to it to the Building Department,
22 explaining what they really should be saying and
23 how half of what's there is wrong, and many
24 Building Departments now, many, have just thrown
25 up their hands and said, well, we can't deal with

1 this, you just give us a piece of paperwork
2 that's got the signatures on it so we're covered
3 and you're good to go. Well, it's getting worse
4 and worse all the time. And for people like me
5 that are actually trying to actually do it
6 correctly and get people to comply with the Code,
7 I'm losing clients every week because they talked
8 to one of their buddies that had somebody else do
9 the work, and they turned in something that
10 didn't require the stuff that I said you had to
11 do, and they get a Building Permit. So in their
12 mind, I'm the guy that doesn't know how to do
13 this. And the guy that just doesn't really care
14 and knows that anything he turns in is going to
15 get approved, he's getting the work. And he's
16 putting me out of business, he's putting a lot of
17 people out of business. So I over the holidays,
18 I had my birthday on Christmas Eve and I turned
19 70, and started thinking about this, and it just
20 seemed like to look back at all the effort I put
21 into this and it's getting worse, not better. So
22 I took a few days off and just started making
23 lists, so I got to 21 items, I figured that was
24 enough, I tried to select mainly items that were
25 actually what I thought were problems in the Code

1 itself that probably could only be changed by a
2 rulemaking, and then I presented it to you guys.
3 And what I asked for is a combination rulemaking
4 because I've actually done this before at the
5 Energy Commission in 1987 when Commissioner
6 Imbrecht was Chairman, and I got as much love
7 from him as I'm getting from you, so I'm
8 Agnostic, it doesn't matter who is sitting up
9 there, I'm going to give you a hard time -- just
10 trying to be fair.

11 But we went through and had the
12 rulemaking, but the way it was formatted was as
13 for a simultaneous Standard Rulemaking and
14 emergency, the idea being if it was just an
15 Emergency Rulemaking, they would crash through
16 and adopt something and then later on figure out
17 whether they did the right thing and maybe have
18 to go back and change everything. And we didn't
19 want to do that.

20 So we had the Standard Rulemaking
21 proceeding, but in the back of everybody's mind
22 is that if there really was a problem, they had
23 gone through the steps and it also would have
24 been necessary to have an Emergency Rulemaking,
25 and lo and behold, after all the public hearings

1 and public comment, especially a lot of comment
2 from Building Officials saying that if they
3 didn't adopt the Regulation on this right away
4 and delayed things for six months, they would
5 just suspend issuing Building Permits for six
6 months. So that made it an emergency. But it
7 wasn't an Emergency Rulemaking decision upfront,
8 it was at the end, and that's what I'm asking for
9 now, is consideration and just to set things up
10 so that, if in fact somebody decides that they're
11 our problems, and the main problem would be we
12 decide to adopt this, you do adopt it, and then
13 everybody has adopted and thinks they've got a
14 new set of Regulations that they can use and fix
15 the problems, but technically if it was a regular
16 rulemaking, we'd have to wait an additional six
17 months because of building standards regulations
18 and publication rules. So we would be sitting
19 around for six months, knowing that we have a fix
20 that we can't use. So the only reason for saying
21 we'd do an Emergency Rulemaking is so, once it's
22 decided that these things are done, and assuming
23 I wouldn't be surprised if Building Officials
24 lined up again and sort of said the same thing
25 they did before, and it would be an emergency, we

1 don't have to wait the additional six months,
2 that's the whole deal with the Emergency
3 Rulemaking part of this, just to cut off that
4 last six months if it's determined that we have
5 to do something.

6 So anyway, I'm pretty sure every one of
7 my IMs, the problem is correct, and sure most of
8 my solutions are correct. I did get some
9 comments on one item where I was talking about
10 mandatory minimum insulation values and some
11 people pointed out areas and situations where we
12 really do need something like that, so that
13 opened a discussion to figure how to fix that.
14 But otherwise, I think it's worth doing and I
15 think there are a lot of comments, as far as I
16 know, all in support of my position and actually
17 I just wanted to mention a couple of them.
18 CABEC, Energy Consultants unanimously voted to
19 support me, so that's the State group for the
20 Energy Consultants; my local Monterey Bay
21 Chapter, the ICC, at the last meeting had a
22 unanimous vote to support me, and that's a group
23 of at least 15 different Building Departments, so
24 these are Building Officials, now, that want
25 these changes; and there are a lot of other

1 comments that I hope you read because some of
2 them --

3 CHAIRMAN WEISENMILLER: I was going to
4 say I've read all of them, so you don't need to
5 read them all, but --

6 MR. SPLITT: I won't read them all, but I
7 just noticed from the list that just came out
8 now, the Amended List, there was one that still
9 isn't in there, so I just want to put this in the
10 record from Bill Martin.

11 CHAIRMAN WEISENMILLER: No, that's good.
12 And I believe there are copies, at least what we
13 have, the Public Advisor put those all in the
14 back for folks.

15 COMMISSIONER MCALLISTER: I'll say I've
16 read them all, too.

17 MR. SPLITT: Okay, well, anyway this
18 wasn't there, so I just wanted to get that in the
19 record.

20 CHAIRMAN WEISENMILLER: That's good.

21 MR. SPLITT: Well, anyway, I'd like to
22 hear what the staff has to say, and then my idea
23 is, since there's 21 items and you don't want to
24 go through 21 items now, I was just going to pick
25 one and try to point out where I think they were

1 wrong and I'm right.

2 CHAIRMAN WEISENMILLER: Okay, so at this
3 point let's turn to staff and particularly
4 looking for reaction back both on procedural and
5 the substance.

6 MS. RHODES: Good morning, Commissioners.
7 My name is Taylor Rhodes. I'm an attorney in the
8 Chief Counsel's Office, and I can respond to the
9 procedural aspects. And with me today are Mazi
10 Shirakh, Peter Strait, staff members who can
11 respond to the technical points.

12 I believe in the backup materials we went
13 through the procedural requirements of how the
14 Commission considered the Petition, so I can go
15 into that if you'd like, or I can respond
16 specifically to Mr. Splitt's points about the
17 Emergency Rulemaking procedures, whatever is
18 convenient.

19 COMMISSIONER MCALLISTER: So I'd like you
20 to eventually get to his points that he laid out
21 today, but talk more about your analysis of the
22 overall petition.

23 MS. RHODES: Certainly. So on January
24 14, 2015, the Energy Commission received a
25 Petition from Mr. Splitt, of APP-TECH,

1 Incorporated, requesting an Emergency Rulemaking
2 to amend the portions of the 2013 Building Energy
3 Efficiency Standards. The Petition has been
4 included in the backup materials.

5 On January 20, 2015, the Executive
6 Director certified APP-TECH, Incorporated's
7 petition as complete and directed the Energy
8 Commission staff to schedule the petition to be
9 heard at the next Commission Business Meeting.
10 APP-TECH, Incorporated was sent a courtesy copy
11 and mailed a paper copy of the certification on
12 January 22, 2015.

13 In its Petition to Commence an Emergency
14 Rulemaking, APP-TECH, Incorporated presents 21
15 requests for amendments to the Standards, and
16 requests that the Energy Commission immediately
17 commence a concurrent standard and an Emergency
18 Rulemaking procedure.

19 In considering the merits of the
20 Petition, Energy Commission staff analyzed
21 information submitted and reviewed the record of
22 the 2013 Standards. Energy Commission staff has
23 documented its analysis in the staff
24 recommendation document, which is included in the
25 backup materials to this item. In its analysis,

1 Energy Commission staff determined that APP-TECH,
2 Incorporated relies on general assertions and has
3 not submitted specific facts demonstrating that
4 adopting amendments is necessary for the
5 immediate preservation of the public peace,
6 health and safety, or general welfare, and has
7 concluded that there is no emergency present in
8 any of the 21 requests raised in the Petition.

9 Where Energy Commission staff believes
10 that APP-TECH, Incorporated raises valid
11 concerns, Energy Commission staff has suggested
12 in the Staff Evaluation Report the actions that
13 it will endeavor to take to address these
14 concerns. Where such alternative actions are
15 noted, Energy Commission staff believes that the
16 recommended actions are more efficient and
17 effective when compared to initiating a
18 rulemaking.

19 For the reasons I have articulated here,
20 and as supported by the Energy Commission Staff
21 Analysis document, we ask that you concur with
22 Energy Commission staff's recommendation and find
23 that there is no emergency and that all
24 amendments proposed in the Petition should be
25 denied for cause.

1 MR. SPLITT: Can I just butt in right
2 now?

3 CHAIRMAN WEISENMILLER: No, let the staff
4 make their case, and you get a chance to respond,
5 but let's get this part done.

6 MR. SHIRAKH: I'm Mazi Shirakh. I'm the
7 Project Manager for the Building Energy
8 Efficiency Standards. I want to say, Pat has
9 been around the block a long time, he's been
10 around longer than I have, so when he makes a
11 comment we listen. He made the 21 comments, you
12 know, we went through his comments individually,
13 we responded to each one of them, you know, he
14 has points that we can use. But in our opinion,
15 none of them rise to the level of emergency that
16 requires a rulemaking, in fact, if you open up
17 rulemaking, it doesn't really help with some of
18 the points that he is bringing up. Many of his
19 comments are related to software-related issue,
20 which is an open work in progress, it's being
21 dealt with, doesn't require opening an emergency
22 rulemaking, you know, that we have software teams
23 for both Res and Nonres, they are aware of the
24 issues, they are getting feedback from the users,
25 and are periodically releasing new software

1 releases, which is really not impacted by an
2 Emergency Rulemaking.

3 Many of his comments -- and again, I can
4 go through some of them for examples -- require
5 clarifications, and we have mechanisms to deal
6 with those clarifications. We have blueprints,
7 we have the Compliance Manuals, we have other
8 means of doing it against, and none of them
9 require opening up an Emergency Rulemaking. And
10 in some cases, you know, he had suggestions where
11 we thought we can probably make additional
12 clarifications since we are working on the 2016
13 Standards, so we've already looked at some of
14 them. I can probably give you one, a couple of
15 examples.

16 Pat mentions the Letter of Support from
17 CABEC, and then they said the problems come in
18 many forms, included but not limited to software
19 functionality. Again, that's not an emergency
20 deal, you know, project. Errors within the Title
21 24-related Forms. Forms are not part of the
22 Rulemaking, they are part of the Compliance
23 Manuals, and we can deal with them on an ongoing
24 basis. HERS Registration, mechanics and, again,
25 then they're talking about conflicting language

1 and they are saying there are incorrect
2 references within the Code, like you know we have
3 different sections that are referring to each
4 other. We can deal with those with Errata as we
5 speak, and that doesn't require an Emergency
6 Rulemaking. So basically this was the essence of
7 CABEC's letter.

8 Some of Pat's suggestions, for instance,
9 you know, he's talking about Section 141(B)(3)(b)
10 of the Standards, says delete the sentence "all
11 components proposed for alteration must be
12 verified." So what this is in 2013 Standards, we
13 working with actually other CABEC members, Mike
14 Gabel, and we came up with this procedure that if
15 somebody wanted to get additional credit in an
16 alteration project, they could have a HERS Rater
17 or a third party verifier to verify the existing
18 condition of that altered component. And if they
19 do that third party verification, they get
20 additional credit.

21 The language says that all components
22 proposed for alteration must be verified. This
23 could actually be read in two different ways, one
24 is that you have to verify all the components
25 within the building that are altered, whether or

1 not they are being targeted for these credits;
2 the other way is that only the components for
3 which you're taking the credits should be
4 verified. The intent of the authors was the
5 latter, that only the components for which you're
6 taking credits should be verified, and not
7 everything else in the building.

8 So actually I went back and talked to
9 Mike Gabel of CABEC and that's his understanding,
10 as well, and he is saying that he has a
11 residential project that has the exact same
12 language, and that's what he's doing is basically
13 only verifying components for which the credit is
14 being taken. Again, it's one of those things
15 that we can make a very simple clarification,
16 we've already gone to the 2016 language and put
17 additional words in there to clarify that, but
18 again, this doesn't rise to the level of an
19 emergency. And again, there are other examples
20 here that I can go through, but that's going to
21 take too long.

22 So that's basically the summary of my --
23 and some of the other suggestions he had, we have
24 again a point by point rebuttal and we need I can
25 respond to those, too.

1 CHAIRMAN WEISENMILLER: Okay, thank you.

2 So do you want to reply dealing both with the
3 procedural and substance?

4 MR. SPLITT: Well, I can't remember all
5 the things I was going to say, that's why I
6 wanted to butt in, so luckily I forgot half of
7 them. But just for the last item, what I'm
8 commenting on is the wording, I mean, I
9 understand how it's supposed to be, but that's
10 not what the wording says. The word "all" means
11 all. You can't say the word "all" means "some."
12 You know, how can you redefine that? I mean,
13 it's what it means.

14 MR. SHIRAKH: Well, again, when you read
15 that within the context of the sentence, you can
16 read it either way.

17 MR. SPLITT: Well, it shouldn't be
18 ambiguous. This is a law.

19 MR. SHIRAKH: And so that's why we are
20 saying we can make that clarification and, again,
21 the clarification that we're making is the
22 direction of making compliance simpler, not
23 harder for people.

24 MR. SPLITT: Okay, well, I'm basically a
25 stickler for the letter of the law, but if we can

1 everybody agree to some --

2 MR. SHIRAKH: And another point I'd like
3 to add is that, you know, if this came as a set
4 of comments to us instead of packaged for
5 emergency, we could have basically dealt with it.
6 We get these comments all the time from other
7 CABEC members, even more substantive. And these
8 are ongoing issues that we can actually use,
9 these are good comments, but our point is that it
10 doesn't rise to the level of an emergency. We
11 have existing mechanisms that we can deal with
12 most of these.

13 MR. SPLITT: Okay, and as I explained
14 before, I referred to the 1987-'88 procedure, and
15 that and what I asked for now is a concurrent
16 rulemaking where the plan was that it wouldn't be
17 decreed an emergency until after we had a package
18 of changes and decided it was an emergency. So
19 for all the items that the staff has agreed with,
20 but just has rejected because it's not an
21 emergency, fine, so it's not an emergency, it
22 still can be in the rulemaking. They haven't
23 said there's anything wrong with it, they just
24 said they don't consider it an emergency, they
25 agreed with me.

1 CHAIRMAN WEISENMILLER: Well, let's be
2 precise. I was actually dealing with - we have a
3 petition on an emergency, I actually had to deal
4 last week with a potential emergency associated
5 with the Port shutdowns, and they're very
6 specific legal things you have to conclude to get
7 to the conclusion of an emergency, and I think
8 staff has argued, at least from what I've heard
9 so far successfully that what you're talking
10 about is not at that level. Now, they haven't
11 really questioned the problems and are trying to
12 find other solutions, and so part of it, in terms
13 of the solutions they're talking about technical
14 solutions, again, is that part at least moving
15 forward satisfactorily from your perspective?

16 MR. SPLITT: Well, we'll have to see. I
17 sort of had my day planned out in a little
18 different order, so I'd like to just pick on one
19 small item and sort of explain what --

20 CHAIRMAN WEISENMILLER: No, that's fine,
21 go ahead.

22 MR. SPLITT: -- my thought versus what
23 their position is, and then we can see how that
24 goes. And I want to at least try to pick one
25 item where I think ultimately we can agree that I

1 was more right than wrong.

2 COMMISSIONER MCALLISTER: I want to just
3 chime in really quickly here and just say that
4 we're really interested in the substance and, you
5 know, going forward whatever we vote here, I'm
6 going to propose that, if needed, I can help turn
7 the heat up really on both parties to figure out
8 the specific substantive issues. But we're
9 voting on an emergency petition right now, and
10 trying to get that issue dispatched, so let's try
11 to focus on that.

12 MR. SPLITT: Well, I'm willing to say
13 right now it's not an Emergency Petition. So
14 forget it, it's just a regular Petition. Okay,
15 but anyway --

16 MS. RHODES: Yes. I just wanted to raise
17 the issue, though, that we should be aware of the
18 scope in which Mr. Splitt presented his request
19 to the Commission. The way that we understood
20 the request was a request for an Emergency
21 Petition. So if Mr. Splitt is rephrasing or
22 rewording or resubmitting a request, we would
23 like him to clarify that. And if it should be a
24 request for a regular rulemaking as Mr. Splitt
25 seems to have mentioned, then we should clarify

1 whether he's waiving the procedural requirements
2 as set out in our Regulations moving forward.

3 CHAIRMAN WEISENMILLER: For those of you
4 on the phone, the Public Advisor is discussing
5 with Mr. Splitt these issues.

6 MR. SPLITT: Well, but I asked for a
7 concurrent and when I asked for a concurrent
8 standard and emergency rulemaking, nobody came
9 back to me and said we couldn't do a concurrent,
10 so don't come to me now and say we can't do it,
11 you should have said it before. And when I
12 submitted the information on the original docket,
13 88NRBS-2, to Taylor, I had a note along with it
14 that said I've attached some information on CEC
15 Docket 88NRBS-2, that's my previous rulemaking
16 petition. The adoption process used, then, is
17 the way I am asking for this rulemaking to be
18 done also. So I specifically stated that I want
19 them to go the same way, and this was put in the
20 docket, and it was all sent, besides Taylor, it
21 was sent to Dave Ashuckian, Christine Collopy,
22 Yuling Geissler (ph), Jeffrey Ogata --

23 CHAIRMAN WEISENMILLER: That's fine, but
24 again it's sort of we're trying to deal with a
25 couple different things, 1) is there an

1 emergency? And we're saying so far we don't see
2 the evidence of an emergency. The second is in
3 terms of problems, trying to understand that, and
4 then third, we're obviously trying to come up
5 with solutions to those problems.

6 MR. SPLITT: Well, I'm okay with agreeing
7 it's not an emergency as long as that doesn't
8 mean I have to start all over again with the
9 Standard Rulemaking --

10 CHAIRMAN WEISENMILLER: Well, again,
11 we're just trying to get to solutions today. So
12 at this stage, I guess we're trying to figure
13 out, if you want to go through the one example
14 conversely, we have a public comment that I also
15 want to cover, and then I want to go to the
16 Commissioner conversation.

17 MR. SPLITT: Okay, then let's do just one
18 item. It was my Item 2-15 and I think it was
19 your Item 15 is your response. And it was very
20 short, I just asked to delete the phrase "or both
21 space heating and water heating" from a reference
22 in the Standards. And I said, "There are many
23 boilers rated only for space heating which also
24 provide domestic water heating, there are also
25 many tank water heaters that are not certified as

1 space heaters which can also provide space
2 heating. There's no Federal requirement to test
3 for all possible uses of this equipment, only for
4 the primary listed use as determined by the
5 manufacturer." So, I don't know, do you want to
6 read your response? I don't want to put words in
7 your mouth.

8 MR. STRAIT: I'm just going to read from
9 our analysis of this, but I'll preface it by
10 saying that part of what he was talking about is
11 a preemption issue, and part of what he's talking
12 about involves the testing of appliances, but in
13 our response what our analysis found is that
14 Federal Appliance Regulations and the Building
15 Energy Efficiency Standards are two different
16 sources of law. The Federal law grants states
17 the authority to adopt minimum equipment
18 efficiency that have been adopted by ASHRAE.
19 ASHRAE 90.1, Section 6.4.1.1 requires equipment
20 with dual functions to meet the minimum energy
21 efficiency for each function. The 2013 Building
22 Energy Efficiency Standards adopted the minimum
23 equipment efficiencies found in ASHRAE 90.1,
24 Section 6.4.1.1, through adoption of Section
25 110.2(A)(3) of the Standards.

1 So in this case, when we adopted ASHRAE,
2 we made the decision that we were adopting a
3 section of Codes that would require that this
4 type of equipment be certified for both of the
5 functions for which it was being used, and that
6 was as we understood a legal thing that we were
7 able to do given that we are able to adopt ASHRAE
8 90.1. So if theirs is a request that we change
9 that decision and reexamine the logic by which we
10 arrived at that, we could look at that. But
11 honestly, what that does is open a door for a
12 system that performs well in one category, but
13 poorly in another being installed to serve that
14 second function that it performs poorly at. And
15 we're not sure that serves the public interest.

16 MR. SPLITT: Okay, so maybe I'll just
17 read the sentence in the Code that I'm, the part
18 I'm trying to take out. It says, "Where
19 equipment can serve more than one function such
20 as both heating and cooling, or both space
21 heating and water heating, it shall comply with
22 all efficiency standards applicable to each
23 function." Okay? And this is in a section that
24 you took from ASHRAE 90.1, and you're just
25 rewording it a little bit. Okay, so if I look at

1 Section 6.4.1.1, what it actually says is,
2 "Minimum equipment efficiencies listed equipment.
3 Equipment shown in Tables 6.8.1A through 6.8.1G
4 shall have a minimum performance at the specified
5 rating conditions specified in the Tables when
6 tested in accordance with a specified test
7 procedure -- procedures that are specified in the
8 Tables. Where multiple rating conditions or
9 performance requirements are provided in the
10 Tables, the equipment shall satisfy all stated
11 requirements unless otherwise excepted by the
12 footnotes. Equipment used to provide water
13 heating functions as part of a combination system
14 shall satisfy all stated requirements for the
15 appropriate space heating or cooling category -
16 nothing about water heating, it's either the
17 associated space heating or cooling category, it
18 doesn't require any efficiency for the water
19 heater efficiency in a combination unit. That's
20 what it actually says. Now, if somebody called
21 up the hotline and questioned one of your
22 Standards, they'd probably ask them to look in
23 the User Manual, so I'm wondering if the Energy
24 Commission has looked in the User Manual. So and
25 apparently they haven't.

1 MR. STRAIT: Well, I don't have it in
2 front of me at this meeting. Let me take a look
3 because I had a slightly different reading. So,
4 "Equipment used to provide water heating
5 functions as part of a combination system shall
6 satisfy all State requirements for the appliance
7 space heating or cooling category." That doesn't
8 say it shall not meet the requirements for water
9 cooling functions.

10 MR. SPLITT: Well, I can do anything
11 unless it's prohibited. It doesn't say I can't
12 do it, I can do it. I mean, you can't just
13 imagine things.

14 MR. STRAIT: Right, so the language that
15 we have in the Regulation says "applicable" and
16 what we're saying is that if it is performing a
17 water heating function and a space heating
18 function, then water heating requirements are
19 applicable and space heating functions are
20 applicable. I think the difference is I don't
21 and staff hasn't read this as being in conflict
22 in that sense. We may need to have an extended
23 discussion to find out how to say what this needs
24 to be, but because our Regulations also say
25 what's applicable --

1 MR. SPLITT: There is a User Manual for
2 things like this to explain -

3 CHAIRMAN WEISENMILLER: Okay, this is a
4 great conversation for the two of you to have
5 later.

6 MR. SPLITT: No, I want to have it now.

7 CHAIRMAN WEISENMILLER: No, I'm telling
8 you, we're going to have it later. We're going
9 to turn to --

10 MR. SPLITT: No, I refuse to have it -
11 you're not listening to me.

12 CHAIRMAN WEISENMILLER: Well, listen, you
13 two can have that conversation later. We're
14 moving on. Mr. Christie, you're on the phone,
15 please chime in.

16 MR. CHRISTIE: Hi. This is Matt
17 Christie, I'm the Chair of the Board of Directors
18 of CABEC. I was not intending on necessarily
19 speaking aloud, you know, I was listening to the
20 proceedings. We do support in general the need
21 for CABEC as a Board, and CABEC as a Membership
22 Organization supports definitively the need for
23 clarification, a quicker way of getting
24 clarification of the language, and a simpler way
25 of changing Codified language that sometimes is

1 misleading, is hard to clarify, is in conflict
2 with each other and doesn't get caught until much
3 much later. Listening to these proceedings, I'm
4 understanding that Mazi and the rest of the crew
5 believe that such clarifications can be done
6 outside of an emergency rulemaking procedure. If
7 that truly is the case, if that kind of
8 engagement can be done in an efficacious manner,
9 then we support that. Our goal is to support
10 mechanisms for getting Code language clarified
11 more quickly and more robustly.

12 CHAIRMAN WEISENMILLER: Thank you.

13 MR. SHIRAKH: Again, if I may extend the
14 offer that, you know, we are willing to work with
15 all stakeholders to provide clarifications with
16 the 2013 Standards and also consider any
17 improvements to the 2016 Standards that will make
18 this implementation easier.

19 CHAIRMAN WEISENMILLER: Great, thank you.
20 So let's go to Commissioner comment on this.
21 Commissioner McAllister.

22 COMMISSIONER MCALLISTER: Are those all
23 the comments we have?

24 CHAIRMAN WEISENMILLER: Those are the
25 only ones I have listed.

1 COMMISSIONER MCALLISTER: Okay. So I'm
2 actually heartened if we back up and look overall
3 I think, you know, the issues that we really need
4 to work through aren't -- I really appreciate
5 staff's analysis both on the procedural and
6 technical fronts, and I truly appreciate Mr.
7 Splitt looking in detail at these issues and
8 identifying issues that are problematic for the
9 marketplace, I appreciate CABEC's input and all
10 the folks who have chimed in on this. And I
11 think we're all understanding that the issues are
12 the substantive issues and the responsiveness
13 issues between the Commission and stakeholders
14 out there in the marketplace, and that is a
15 different issue than whether there's an emergency
16 or not, or at least it's a different issue.

17 So I also really believe that the rubber
18 hits the road out there on the folks trying to do
19 projects, I've said that repeatedly from this
20 dais in countless hearings and as Lead on Energy
21 Efficiency, it's really important that we be
22 responsive to the marketplace. So there are a
23 number of urgent issues, I think, you know, the
24 21 issues, it's a good list, the sort of quality
25 of the arguments varies quite a bit, there are

1 some quite substantive issues there, and there
2 are some that are less substantive that can be
3 kind of dealt with pretty quickly I think with
4 the right discussion between staff and Mr. Splitt
5 and other stakeholders, most likely. So there
6 are some urgent issues, but that's very different
7 from calling it an emergency, and so I think
8 staff's analysis is excellent, actually, and
9 right on in that regard. But that does not take
10 away the fact that we have to have this
11 conversation and we have to be better, we have to
12 communicate more, and I'm not just talking about
13 the Commission staff, I'm not just talking about
14 anyone in particular, but I think that
15 communication is really key, and there are really
16 two layers to this, one is sort of what requires
17 near term immediate hopefully administrative
18 solutions, and we need to do that. We've got to
19 communicate out to the marketplace, "Here's how
20 we're dealing with this." And it's not just a
21 one-time mission from the white tower, it is out
22 there talking with people in the marketplace,
23 local Building Officials, trying to make sure
24 that they understand. You have to do that over
25 and over and over again until you're maybe blue

1 in the face because there are a lot of people out
2 there, there are 40 million people in this state,
3 almost.

4 So this is a bit of an admonishment to do
5 better on the communication front. And then on
6 the longer term conversation, you know, we have a
7 new goal in the state to do better on the
8 efficiency of existing buildings and that, I
9 think, heightens the need that we're discussing
10 in this conversation to really present Code in a
11 way that is understandable to a broader range of
12 stakeholders, you know, not just in the new
13 construction realm, but also folks doing projects
14 in their existing buildings. And there will be
15 many forums in the coming year to have that
16 discussion, and so I wanted to lay that out
17 there, that not only in the IEPR where we're
18 going to be talking about efficiency quite a bit,
19 but in any non-IEPR workshops that have to do
20 with implementation of AB 758. One of the
21 strategies that I'll just project here has to do
22 with making Code more usable for existing
23 buildings. And so these issues that stakeholders
24 have, we really need to hear those in those
25 discussions, and then follow-up with sit downs

1 and hardnosed discussions about, okay, well, what
2 is clarity to you and you and you? Because that
3 communication is the only way these issues get
4 resolved.

5 So where there are legitimate technical
6 differences, we've got to work those out. You
7 know, I think we've done a lot of outreach on the
8 Code. From staff's perspective, certainly, we've
9 done a lot. I've got a table that's arm's length
10 long of all the things that we've done to get the
11 word out to the marketplace to Building
12 Officials, to contractors and building energy
13 professionals, including with CABEC and others.
14 But the fact that there are these persistent
15 perceptions that that hasn't been enough I think
16 is something that we need to listen to. So
17 perception in some regards is reality, so we have
18 to step up and work with all the stakeholders on
19 this. So, you know, just lack of clarity in and
20 of itself is a problem. And that is really apart
21 from substance.

22 So you know, hopefully each of these
23 issues we can work through and figure out a way
24 to expeditiously update the Compliance Manuals
25 and in other areas, certainly the software and

1 the HERS issues, and those I think there are
2 forums that are not reopening, you know, that are
3 having an emergency rulemaking, or reopening the
4 already adopted 2013 Standards.

5 But I want to just manifest that I
6 certainly appreciate the due diligence that Pat,
7 and channeling some others, I think, has done,
8 also staff's earnest and sincere and capable
9 efforts to address the technical underpinnings
10 and the process issues certainly on the legal
11 side. But there is quite a bit of work to do to
12 resolve these issues; to the extent that ones
13 bubble up that have substance, we've got to deal
14 with them and move forward. My goal certainly is
15 not to have this get in the way of the 2016 and
16 the 2019 Standards because we have a lot of work
17 to do going forward and part of our
18 responsibility, I think, is to always be looking
19 at Code from the perspective of a user. And I'll
20 keep saying that until I feel like we're mostly
21 there because it's important. People have to
22 actually use this, they have limited time to
23 interpret and apply Code, and we have to be
24 available to answer questions and we have to be
25 -- the plain reading of the Code, you know, we

1 want to get that better and better so people
2 don't have those conflicts and those
3 misunderstandings.

4 So to the extent that there are forums
5 that I can help convene, or that we can leverage
6 some of the IEPR discussions in 758 or separate
7 workshops within implementation of 758, you know,
8 I want to begin to think about how we can be more
9 effective in that communication, to facilitate it
10 among the parties.

11 MR. SPLITT: Commission, I just need a
12 clarification. I might have a solution for the
13 problem here.

14 CHAIRMAN WEISENMILLER: Well, again, I'm
15 trying to have the conversation with the
16 Commissioners and then move forward.

17 MR. SPLITT: Well, I just need a
18 clarification from Mazi. It sounded like he was
19 saying that, at least for most of my items there
20 was some way other than a rulemaking to perhaps
21 satisfy the concerns, is that right?

22 MR. SHIRAKH: Yes.

23 MR. SPLIT: Okay, so if that's the case
24 and you guys really really really really don't
25 want to have a rulemaking proceeding, if you

1 would commit to having a workshop to address
2 these problems and try to get whatever we can
3 fixed now instead of waiting until 2017, I'll
4 amend my Petition.

5 CHAIRMAN WEISENMILLER: We're going to
6 vote on your Petition, so you're not amended it,
7 let's be clear.

8 MR. SPLITT: I'm trying to help you.

9 CHAIRMAN WEISENMILLER: Well, it was
10 that, but I listened to you enough and let's move
11 forward on Commission actions.

12 COMMISSIONER MCALLISTER: Yeah, so I
13 guess I think with opening a rulemaking that
14 implies, as Legal has laid out, and as many of us
15 understand, that is sort of a case of the
16 medicine possibly being worse than the disease
17 itself, so --

18 MR. SPLITT: If you'd let me just explain
19 what I want to propose before you reject it, it
20 might help, please!

21 CHAIRMAN WEISENMILLER: Calm down. You
22 take a break. First thing we're going to do is
23 just vote on your motion and then we'll look at
24 solutions after that. So, Commissioner
25 McAllister?

1 COMMISSIONER MCALLISTER: Yeah, so I will
2 move Item 5.

3 MS. VACCARO: Excuse me, Chair
4 Weisenmiller, before you move forward with a
5 motion, I think what we need to take a look at is
6 the way that it's currently written has you only
7 acting on a Petition for Emergency Rulemaking,
8 when in fact Mr. Splitt did propose it as
9 concurrent standard and emergency rulemaking, so
10 we would need to be looking at a motion that
11 would be denying the petition for a concurrent
12 standard and emergency rulemaking to make it
13 consistent with the language of the proposed
14 resolution before you.

15 CHAIRMAN WEISENMILLER: That's good.

16 COMMISSIONER MCALLISTER: So I'm going to
17 move Item 5 as a motion to deny a concurrent
18 standard and an emergency rulemaking.

19 COMMISSIONER DOUGLAS: Second.

20 CHAIRMAN WEISENMILLER: All those in
21 favor?

22 (Ayes.) Now, let's try to figure out,
23 with that off the table, Commissioner McAllister,
24 what's the best way to move forward?

25 COMMISSIONER MCALLISTER: So I think I'm

1 going to defer to staff to say what forum will be
2 most helpful with kind of the admonishment from
3 my spot here on the dais to say, you know, this
4 is an important thing to work through
5 systematically and put in the workflow so that it
6 happens expeditiously, and if I need to utilize
7 some mechanism that makes it a Commissioner
8 workshop, I would potentially do that, I don't
9 really want to, I don't want to be the
10 bottleneck. But staff, what do you propose to do
11 in terms of convening the various stakeholders
12 that have weighed in on this and others who might
13 want to participate?

14 MR. SHIRAKH: Related to 2013 Standards?
15 We actually have for each one of these items, we
16 have a recommended action listed, so we basically
17 suggest we pursue that, further conversations
18 with Pat, how we can accommodate his comments.
19 Again, some of them are already being done
20 through updates to the software for both res and
21 nonres, some of his suggestions we can deal with
22 through the blueprints in the Compliance Manuals.
23 In fact, some of his suggestions have already
24 prompted me to go back and change the 45-day
25 language for 2016 Standards, which will be

1 presented here in this room Monday and Tuesday.
2 So my recommendation is for him to come to us,
3 talk to us directly, and come up with a
4 mechanism, as many of his colleagues are doing
5 already, and find out how we can account for
6 these comments.

7 COMMISSIONER MCALLISTER: Okay, so that's
8 good as far as it goes. I guess to the extent
9 that there have been, you know, a number of
10 others weighing on these same issues, or at least
11 sort of supporting in spirit, it's very likely
12 that they have specific issues that they want to
13 bring up, as well. And so what I'm thinking is
14 not a bilateral conversation, but some forum
15 where we can have a multilateral conversation and
16 hash out the issues with folks who know what
17 they're talking about right there in the room
18 with staff.

19 MR. SHIRAKH: We're open to anyone
20 calling us, talking to us, emailing us. There
21 were about half a dozen letters that came in,
22 they supported Pat's petition, they were very
23 generic, but if they have very specific comments
24 that's at variance with Pat's suggestions, or
25 they have issues with what we are recommending,

1 we'll be happy to talk to them.

2 COMMISSIONER MCALLISTER: Yes, I think
3 there needs to be more of a specific plan.

4 MR. SPLITT: I have the plan if somebody
5 would just -- I've been doing this for 30 years,
6 I know what to do if you'd just let me tell you
7 what to do.

8 COMMISSIONER MCALLISTER: We'll take it
9 under advisement, certainly. If you could be
10 brief, that would be great.

11 MR. SPLITT: What I wanted to do before
12 is amend my petition from requesting a rulemaking
13 proceeding to requesting an informational
14 proceeding, which is something you people have,
15 and informational proceedings shall include any
16 hearings designed to gather and assess
17 information to assist the Commission in
18 formulating policies, informing the public of
19 Commission actions, or obtain public comment and
20 opinion. That's what I was trying to do. And
21 that's what you need to do is just have this
22 informational, and then we can have a meeting,
23 everybody can sit around a table, and we can try
24 to mete this out.

25 CHAIRMAN WEISENMILLER: Well, again, the

1 reason I didn't let you go forward is, if you
2 want to amend it and then staff has to review
3 your amendment, it just seemed like at this point
4 I'm just trying to find the solution. I think
5 from the dais Commissioner McAllister can come up
6 with an approach there, as opposed to going
7 through you amend, they revise -

8 MR. SPLITT: But whether it's an
9 amendment or not, that informational proceeding
10 is what we need.

11 COMMISSIONER MCALLISTER: Well, so
12 whether it's actually a proceeding or a workshop
13 under an existing rulemaking, or something like
14 that, or within the 758 context, or someplace
15 where we can have the substantive discussion with
16 relatively minor sort of administrative and legal
17 burden, that would be my preferred option, and so
18 I'm going to ask staff to come up with a forum
19 that's appropriate that allows us to talk through
20 the substantive issues, assess where changes can
21 be made expeditiously, and then if there are any
22 leftover items that we can't dispatch through
23 that process, then we'll figure something out for
24 those. I suspect that will be a small group of
25 items, or even a null set. So that is kind of my

1 direction for now, for staff to come back with a
2 plan to convene a workshop of some sort, and to
3 figure out what the best forum for that is.

4 MR. SHIRAKH: So in a sense we agree with
5 you, Commissioner. And obviously I need to
6 circle back with the Division Management, but I
7 don't see a problem with what's been suggested.

8 CHAIRMAN WEISENMILLER: Yeah. And I was
9 going to encourage you to consult with Pat and
10 CABEC on it.

11 COMMISSIONER MCALLISTER: And possibly
12 CALBO and some of the other folks who are
13 manifesting that they have some heartburn about
14 specific issues. But we've got to dig into what
15 those specific issues are and work through them.
16 Rob.

17 MR. OGILSBY: As Management, we'll follow-
18 up on that and make sure that there's a forum
19 that's convened.

20 CHAIRMAN WEISENMILLER: Now, I guess - so
21 one last thing, I was not given that notice that
22 George Nesbitt was on the line, so I was going to
23 ask George if -- yeah, from the Public Advisor --
24 so I don't know how the confusion occurred. So,
25 George, do you have any comments on the outcome

1 as opposed to the issues that took us to get to
2 the outcome?

3 MR. NESBITT: Hello?

4 CHAIRMAN WEISENMILLER: Go ahead.

5 MR. NESBITT: Oh, okay. No feedback, the
6 problem with being on the phone is we get
7 neglected. George Nesbitt, I'm an Energy
8 Consultant, HERS Rater, HERS Verifier, and
9 Building Performance Contractor. Honestly, in
10 about 25 years of professional practice, I never
11 had to comply with the Energy Code. So there are
12 major problems with not only enforcement, which
13 often comes from a lack of understanding, and it
14 goes from the Building Department to the
15 Architects, the Builders, Contractors, people
16 don't understand the Code, so it doesn't get
17 enforced. There are definitely problems in the
18 Code, in the written Code, the written word,
19 interpretations, you know, I've participated in
20 the 2016 as well as '13 Code Updates. I probably
21 provided a thousand positive comments on the Code
22 to make things better, more enforceable, more
23 understandable; unfortunately at times when staff
24 has acted on a few things, they've actually
25 solved it and made the problem worse. So

1 definitely we need a better process for
2 identifying problems, clarifying them, making
3 sure we all understand. A lot of that actually
4 happens in a non-transparent way, information
5 doesn't filter out to people, and so you know,
6 which forum for a workshop or what kind of
7 stakeholder groups has also been needed in the
8 NSHP in specific programs, and especially around
9 HERS issues and registries and forms and
10 paperwork, a lot of issues there. So I would
11 definitely support an effort to make
12 clarifications, make things easier, make things
13 more transparent, and also to solve things
14 quicker because, honestly, in a lot of cases we
15 don't really see change. Thanks.

16 CHAIRMAN WEISENMILLER: Thank you. So
17 before we move on, I was just going to ask the
18 Executive Director, at our next meeting when you
19 get to the Executive Director Report, if you
20 could give us an update on where we are on that
21 issue it would be great.

22 MR. OGLESBY: We will do that.

23 CHAIRMAN WEISENMILLER: Okay, thank you.
24 Thank you, Pat, for raising the issues.

25 Let's go on now to Item 6, which is

1 Energy Analysis and Comfort Solutions, Inc., 14-
2 HERS-01. And Suzie Chan, please.

3 MS. CHAN: Good morning, Chairman and
4 Commissioners. I'm Suzie Chan from the Public
5 Communications Office. Okay, so currently we
6 have two Home Energy Rating Systems, or HERS
7 Providers, CalCERTS and UCERA (ph) approved for
8 Prescriptive HVAC operation to assisting
9 residential buildings under the 2013 Building
10 Energy Efficiency Standards. Energy Analysis and
11 Comfort Solutions, Inc., or EACS, has submitted
12 an application to become a new HERS Provider.
13 Staff is requesting that the Commission approve
14 EACS as a new HERS Provider to oversee HERS
15 Raters conducting field verification and
16 diagnostic testing for HVAC, alterations to
17 existing residential buildings, and approve the
18 EACS HERS Data Registry as the Residential Data
19 Registry.

20 Staff has extensively reviewed the EACS
21 HERS Providers application, including their
22 training materials and data registry and has
23 determined that they meet the requirements of the
24 2013 Standards and the HERS Regulations. Based
25 on this information, staff is requesting

1 Commissioners to confirm the Executive Director's
2 findings and accept his recommendations to
3 certify EACS as the new HERS Provider for field
4 verification and diagnostic testing for HVAC
5 Alteration to existing residential buildings
6 under the 2013 Standards, and certify the EACS
7 HERS Data Registry as the Residential Data
8 Registry under the 2013 Standards. The
9 Efficiency Lead Commissioner has reviewed this
10 item. Thank you. EACS staff and I will be
11 available to answer any questions.

12 CHAIRMAN WEISENMILLER: Thank you.
13 First, do we have any comments either in the room
14 or on the line? Good, and again we'll transition
15 over to the Commissioners. Commissioner
16 McAllister.

17 COMMISSIONER MCALLISTER: So in my view
18 this is relatively straightforward, it's good to
19 have another provider. I'll just highlight the
20 fact that Susie said clearly, though, that this
21 is for Residential HVAC alterations only, which
22 is a subset of the overall HERS activities that
23 providers generally provide in the state. And
24 it's good to have another one in there and that
25 will give more options to contractors and folks

1 doing projects to retrofit their HVAC systems.
2 So it will give more options, there will be more
3 raters out there, and hopefully there will be a
4 broader availability of those services. I think
5 we have a public comment after all. Please.

6 MR. MCKINNEY: Thank you. My name is Max
7 McKinney and on behalf of EACS, Inc., I would
8 like to thank the Commissioners, CEC staff and
9 other interested parties for your consideration
10 today. We value the opportunity to participate
11 and share our passion as a HERS Provider for our
12 growing energy efficiency industry. We strongly
13 believe that regulators, contractors, energy
14 raters, and consumers will all benefit from
15 enhanced competition, technical knowledge, and
16 industry experience that the EACS team can employ
17 with your approval today. Increasing the energy
18 standard compliance rate is one of our primary
19 goals. We offer a powerful and user-friendly
20 process that can assist and support contractors
21 and raters in learning, understanding, and
22 evolving into a more energy efficient workforce.
23 This workforce can help Californians make more
24 informed energy decisions and promote
25 environmental efficiency when improving their

1 buildings. The EACS, Inc. Registry is designed
2 to be a framework that supports a broad roadmap
3 of a set of goals. It is nimble, scalable, and
4 quickly adaptable when meeting the changing
5 requirements of CEC and our customers. It
6 provides accurate and reportable data collection,
7 seamless document transmission, and an
8 unprecedented project record accessibility. As
9 providers we would respectively propose to become
10 advocates for the Energy Commission, HERS Raters,
11 and Contractors, alike. We support the men and
12 women who diligently work towards meeting
13 California's energy objectives. EACS, Inc. will
14 strive to nurture these communities, exceed
15 industry expectation, and compliance adoption and
16 simplify the energy compliance process. Our goal
17 is to provide the training and service and
18 support that raises the bar of competition and
19 continues to establish California as the nation's
20 leader in Energy Conservation and the reduction
21 of greenhouse emissions. Thank you for your
22 consideration.

23 CHAIRMAN WEISENMILLER: Thanks for being
24 here. Could you make sure the Court Reporter has
25 your card?

1 COMMISSIONER MCALLISTER: Great, so I've
2 reviewed this item and am very comfortable with
3 moving forward. Thanks for being here today.

4 I'll move Item 6.

5 COMMISSIONER DOUGLAS: Second.

6 CHAIRMAN WEISENMILLER: All those in
7 favor?

8 (Ayes.) This item passes 5-0. Thank
9 you.

10 So let's go on to Item 7, Alternative and
11 Renewable Fuel and Vehicle Technology Program,
12 15-OIR-2. Tim Olson, please.

13 MR. OLSON: Thank you, Commissioners.
14 Today staff is seeking your approval of an
15 emergency action to modify a Regulation in
16 Section 3103 of Title 20 that provides guidance
17 to expand funds under the Alternative and
18 Renewable Fuel and Vehicle Technology Program, we
19 refer to that as the ARFVT.

20 The main purpose of the program is to
21 reduce greenhouse gases and petroleum dependents
22 by stimulating the growth of alternative fuels in
23 California. The existing 3103 Regulation
24 requires companies that receive ARFVT grants or
25 other funds to discount carbon credits received

1 from programs to reduce greenhouse gas emissions,
2 such as the ARV Low Carbon Fuel Standard,
3 commensurate with the value of the ARFVT funding
4 received by the California projects. Compliance
5 with the existing credit discounting requirement
6 places 19 ARFVT project recipients in immediate
7 economic harm because the value of the credits
8 are substantial sources of revenue, which if lost
9 affect business operations or possible decisions
10 to close plants.

11 We estimated the total investment of
12 those projects equal \$442 million and they're for
13 biofuel and biomethane production, and that is
14 subject to the carbon credit discounting
15 requirement. Of that amount, \$135 million from
16 the Energy Commission and \$307 million from the
17 private investment match. This represents
18 roughly 25 percent of all funding awards since
19 2009.

20 Our analysis included a detailed look at
21 the cost structure of several projects and we
22 found in some instances up to 36 percent of
23 annual revenue would be lost by project
24 recipients to comply with the Regulation.

25 It appears that Biofuel and Biomethane

1 project funding recipients face the greatest risk
2 of adverse economic impact and several submitted
3 comment letters verifying this economic harm,
4 which are located in Appendix B of the White
5 Paper supporting documents for this item.

6 Many of the projects are located in the
7 economically disadvantaged communities of San
8 Joaquin and Sacramento Valleys which would also
9 lose employment and tax revenue from the impacted
10 projects.

11 Since the initiation of the ARFVTP
12 program, several factors related to Biofuel and
13 Biomethane have changed, compelling us to revisit
14 and revise the existing 3103 Regulation. Costs
15 of Biofuel and Biomethane production plants have
16 increased, Federal and State Government
17 incentives vary from year to year creating
18 investment uncertainty, and international and
19 national fuel market conditions have changed. As
20 a result, the success of California low carbon
21 biofuel and biomethane projects requires both
22 government financial incentives designed to
23 support the biofuel production, like ARFVT, and
24 the full value of revenue from the Low Carbon
25 Fuel Standard credits.

1 We are justifying the emergency
2 regulation as an action to eliminate economic
3 harm faced by these companies. This economic
4 harm directly translates into decreased
5 availability of biofuels and biomethane in the
6 market, thus potentially impeding achievement of
7 the State's greenhouse gas emission reduction
8 goals.

9 Two other factors help justify the
10 proposed action, 1) no other state or local
11 government agency discounts credits for
12 regulations to reduce greenhouse gases or air
13 pollutants related to grant funding. Today we
14 have a representative from the ARB, the ARB is
15 directed by statute to provide guidance on these
16 matters, and we have a representative here to
17 talk about that. They also submitted a letter in
18 our docket.

19 Another argument here is discounting
20 credit results in a non-level playing field for
21 California projects, placing them at an economic
22 disadvantage compared to imports of Low Carbon
23 biofuels and biomethane from competing projects
24 located in other states and countries. Several
25 Midwest states provide grants and other financial

1 support to biofuel and biomethane producers in
2 their states, but do not discount the LCF credits
3 for low carbon fuel delivered to California, or
4 renewable fuel standard credits for any biofuel
5 or biomethane project.

6 It is worth noting that the proposed
7 emergency regulation does not affect any other
8 aspect of the ARFVT Regulations which remain the
9 same as before.

10 Upon approval by the Energy Commission,
11 staff will submit the Emergency Rulemaking
12 package to the Office of Administrative Law, five
13 days after posting the Notice of Emergency
14 Rulemaking Action. The Office of Administrative
15 Law allows for public comment up to five calendar
16 days after the rulemaking action is submitted.
17 Later this spring 2015, staff will initiate
18 regular rulemaking to make the emergency
19 regulation permanent.

20 We are available to respond to questions
21 and appreciate allowing us to bring this issue
22 forward for resolution. Also, Lisa DeCarlo is
23 here from our Legal Office help answer questions.

24 CHAIRMAN WEISENMILLER: Great. So let's
25 start with the Air Resources Board, and then

1 we'll go through folks in the room, then switch
2 over to folks on the line.

3 Great, thank you. Good morning, Chair
4 Weisenmiller and Commissioners and Commission
5 staff. I'm Floyd Vergara, I'm the Chief of the
6 Industrial Strategies Division at the Air
7 Resources Board. My division portfolio covers a
8 number of the key AB 32 programs, including Cap-
9 and-Trade and Low Carbon Fuel Standard, which is
10 why I'm here.

11 We have been working diligently with your
12 staff, they're fantastic to work with, and we've
13 had a number of very collaborative and productive
14 discussions with them. We are strongly
15 supportive of this proposed Emergency Rulemaking.
16 As you heard from Tim, we believe the potential
17 impacts are pretty substantial and so we are very
18 interested in the rulemaking. We offer our
19 continued assistance to work with staff to craft
20 the best possible regulatory language. I don't
21 have anything other than that, we did submit a
22 comment letter. I'll be happy to take any
23 questions you might have.

24 CHAIRMAN WEISENMILLER: Okay,
25 Commissioners, before we go to the next card,

1 does anyone have any questions on that specific
2 letter? No, fine. So thank you. So let's go to
3 Chuck White next.

4 MR. WHITE: Thank you very much, Chairman
5 and Commissioners. Chuck White, I retired from
6 Waste Management, but now I'm a private
7 consultant and I am representing Waste Management
8 here today. What Tim said is really true, it's
9 really a huge economic challenge to produce
10 alternative fuels for a whole variety of reasons,
11 not the least of which in our case, price of
12 natural gas has fallen to really low levels and
13 has stayed low.

14 We built one of the first commercial-
15 scale landfill gas to LNG plants at our Altamont
16 facility, producing one of the lowest carbon
17 fuels in California in partnership with Linde.
18 And we actually had plans to build others, in
19 fact, we had received a very substantial grant
20 offer from this Energy Commission. There were a
21 whole variety of factors that led us to have to
22 decline that grant, not the least of which was
23 the very low price of natural gas, the incredible
24 uncertainty in the revenue that we could derive
25 from both the LCFS and the RFS2, which in the

1 last several years as you're probably aware has
2 fluctuated widely. But also the uncertainty,
3 even if we were able to get revenue from the LCFS
4 and the RFS2, would this Rule 3103 possibly limit
5 the amount of revenues that we could achieve.

6 Now Waste Management and other similar
7 parties are not obligated parties under either
8 the RFS2 or the Low Carbon Fuel Standard; we're
9 voluntarily trying to produce low carbon fuels
10 from the resources that are available to us with
11 the intent of generating credits, and then
12 selling them to the obligated parties who are
13 ultimately required to obtain them.

14 So it's really important for us to be
15 able to have a clear understanding that there
16 aren't going to be limitations on our ability to
17 get maximum value from both the value of the fuel
18 and the value of the credits. We've been talking
19 about this issue for three years and I was so
20 glad to see this thing come up on your agenda
21 today, and I'm hoping that you will proceed in
22 adopting the Emergency Regulations and finish the
23 process because it's going to be so important to
24 continue to establish and provide incentives for
25 us to produce fuels now and in the future.

1 So I would urge you, in particular, the
2 Paragraph 1 and 3 of your Subdivision D,
3 Paragraph 1 provides clear that if you're an opt
4 end provider of a Low Carbon Fuel Standard,
5 you're not limited because you've received a
6 grant from giving up any of those values or
7 credits, and then paragraph 3 is more broadly
8 worded for other types of incentive programs such
9 as the RFS2 and others. So those are really key
10 and important for Waste Management and other
11 folks in our similar position to proceed and
12 produce low carbon alternative fuels in
13 California, for California. Thank you very much.

14 CHAIRMAN WEISENMILLER: Thank you. Tim
15 Carmichael.

16 MR. CARMICHAEL: Good morning,
17 Commissioners. Tim Carmichael with the
18 California Natural Gas Vehicle Coalition. Let me
19 start with thank yous to Commissioner
20 Weisenmiller, Commissioner Scott, and Tim Olson
21 for your recent efforts on this issue.

22 Chuck mentioned and I have to say I was
23 surprised when I looked at my own correspondence
24 on this issue, it literally was three years ago
25 this month that I and some of my members started

1 to engage with the Commission on this issue. So
2 I could say time flies when you're having fun, or
3 I could say you've undertaken a very deliberative
4 process to get to this point, but we're very
5 pleased, very very pleased, that we're here
6 today.

7 Others will speak to the financial harm
8 that Tim referenced, but I want to mention that
9 the context for this and the concept of the
10 discount, you know, we spend a lot of time
11 talking about all of our accomplishments
12 collectively, CEC, ARB and the various industries
13 and advocates that are working on trying to
14 modernize our transportation sector, but for all
15 of our efforts to date, we're still talking about
16 less than 10 percent of our transportation fuels
17 that aren't petroleum. And that's remarkable.
18 I'm a kid in some respects in this industry, and
19 I've been working on it for more than 20 years,
20 and yet we're still at less than 10 percent.

21 My point is we're still needing to throw
22 every tool and incentive and option that we can
23 throw at this to grow alternative fuels and grow
24 alternative technologies in transportation. And
25 that was our belief three years ago and it's our

1 belief today, that combining incentives is a good
2 idea, this should not be discounts, it's not
3 helpful, and it's not surprising that we've
4 gotten to a point where there's dozens of
5 companies that are being financially impacted by
6 this, and it's time to make the adjustment.

7 We appreciate the staff's work on this
8 and we urge your adoption of the staff's
9 recommendation.

10 CHAIRMAN WEISENMILLER: Thank you. Ryan
11 Kenny, Clean Energy.

12 MR. KENNY: Good morning, Chairman,
13 members of the Commission. My name is Ryan
14 Kenny. I'm with Clean Energy, we are the
15 nation's largest provider of natural gas
16 transportation fuel. I'm here to offer support
17 to the Emergency rule to change Rule 3103, and we
18 ask that the amendment clearly not impose any
19 restrictions on the sale of LCFS credits by
20 voluntary producers of Low Carbon Fuels that have
21 received AB 118 grant funding.

22 It's critical that our industry is
23 allowed to participate at AB 118 funding without
24 losing any ability to benefit from the LCFS in
25 terms of credit generation. AB 118 funds were

1 designed to accelerate low carbon fuel adoption,
2 not to conflict or create an either/or situation
3 between incentives and the program.

4 Past CEC AB 118 solicitations have
5 suggested that Grantees would have to forego the
6 value of credits in proportion to the level of
7 grant assistance provided by AB 118 funds. This
8 puts the potential biofuel producer in the
9 impossible position of choosing between obtaining
10 capital to build their project, or having
11 sufficient future revenue to make the production
12 of biofuel economically sustainable.

13 We feel it is critical for the CEC staff
14 to change their interpretation of the program so
15 the funds can support the development and
16 adoption of low to ultra-low carbon fuels as
17 originally intended. In our business, our
18 industry, it is important to have regulatory
19 certainty and that's vital to the success of our
20 industry. The uncertainty of how Rule 3103 has
21 been interpreted over the life of any project has
22 been problematic, and thus we support the change
23 for the rule. Thank you.

24 CHAIRMAN WEISENMILLER: Thank you. Andy
25 Foster.

1 MR. FOSTER: Thank you. I'm Andy Foster
2 with Aemetis Corporation. We own the state's
3 largest Ethanol production facility down in Keyes
4 in Stanislaus County. Tim mentioned most of the,
5 all of the Ethanol plants in California are in
6 areas with high unemployment and so we are
7 looking at this and we support the staff's
8 recommendations. We appreciate your
9 consideration of this. We think it's a very
10 important issue.

11 A week ago the Ethanol Producers in
12 California were joined together to kick off our
13 in-state sorghum growing program where we intend
14 to begin the transition to alternative
15 feedstocks, and it's critical for us to move
16 forward, that this change be made because the
17 economic incentives will be removed from us to
18 continue to invest in new technologies. I think
19 all the speakers have hit the major points, but
20 we applaud your consideration and strongly
21 encourage your adoption. Thank you.

22 CHAIRMAN WEISENMILLER: Thank you for
23 being here. Let's go to EDF.

24 MS. DOTY: Good morning, Commission.
25 Anna Doty with the Environmental Defense Fund. I

1 would like to echo the previous comments and
2 speak in support of the Resolution to adopt the
3 Emergency Regulation modifying funding
4 restrictions in the Alternative Fuel and Vehicle
5 Technology Program and eliminate the requirement
6 for credit discounting.

7 EDF advocates for the efficient and
8 intelligent design of policies that provide
9 market signals to reduce environmental pollution.
10 Within this workload for many years we've helped
11 design, analyze, implement and defend the
12 policies in the state that stimulate production
13 and use of low carbon fuels that deliver public
14 health, environmental and economic benefits to
15 the state.

16 Over the past eight years, the
17 Transportation Fuel System in California has seen
18 impressive movement towards fuel diversification.
19 As this has occurred, new businesses,
20 technologies and business models have sprung up
21 throughout the state. In our 2014 analysis, we
22 showed over 300 Clean Transportation Fuel
23 companies in the state, and there are surely more
24 than that today. Similarly, our profiles of
25 individual industrial sectors such as the

1 biodiesel sector have shown that clean
2 transportation companies have a ripple effect
3 throughout the company because they support
4 traditional companies located throughout the
5 value chain.

6 Finally, our analysis of alternative fuel
7 benefits document huge savings in California and
8 from improved public health, reduced GHG
9 emissions, and improved energy security.

10 It's without a doubt that California has
11 done a tremendous amount to assist the
12 development of alternative fuels, and it's
13 equally obvious that AB 8 and AB 118 programs are
14 playing a huge role in moving those fuels from
15 bench-scale to pre-commercialization volumes.

16 However, for most fuel providers to reach
17 commercialization and compete with traditional
18 liquid fossil fuels, they must be able to imbed
19 the value of the reduced carbon fuels provide
20 into their bottom line, requiring credit
21 discounting simply because a provider receives a
22 grant to help stimulate business development,
23 undermines this need and reduces the change these
24 companies are going to be able to sustain their
25 production of low carbon fuels.

1 California is moving towards a system of
2 policies and regulations that reward fuels based
3 on greenhouse gas reductions accordingly by
4 requiring fuel producers discount their value of
5 their fuel by discounting the credits they
6 receive by selling the fuel; the current form of
7 alternative fuel program regulation runs counter
8 to established state policy and runs the risk of
9 jeopardizing the multitude of benefits these
10 fuels bring to the state.

11 We're supporting the Commission's effort
12 to overturn this piece of the regulation and
13 thank you for your time.

14 CHAIRMAN WEISENMILLER: Thanks for being
15 here. I believe there is no one else in the room
16 with comments. Oh, please, come up.

17 MR. MOORE: Chair, members of the
18 Commission, my name is Rick Moore, I work with a
19 company called Edgar and Associates here in
20 Sacramento. I've worked with the Energy
21 Commission on a couple of projects that have been
22 funded, Transportation Fuel projects, one with
23 Blue Line Scavenger in South San Francisco and
24 one that's before you today with the City of
25 Napa.

1 You know, on very large products where
2 the match fund amount is large compared to the
3 grant funded portion, and if the credits
4 generated before the termination of the agreement
5 are not really significant over what would be
6 considered the life of the project, it may not
7 have a significant impact on the investability of
8 the project; however, it has other significant
9 effects. One of them is that the entity
10 generating the credits has to consider whether
11 they should bank those credits, or whether they
12 should wait until later when it won't be
13 discounted, when in fact you would want those
14 credits to come into the market when they're most
15 valuable, when they're most needed to meet the
16 goals of the Low Carbon Fuel Standard.

17 Another issue is that the entity may need
18 that revenue early in the project. There's also
19 the fact that the goal is to promote low carbon
20 intensity fuels. I'd initially thought that the
21 difference in the market value and the discounted
22 value had gone to the Energy Commission to invest
23 in future programs. I found out I was mistaken,
24 that in fact it in effect subsidizes obligated
25 parties in their efforts to meet their regulatory

1 mandates, which I think runs counter to the
2 intent. So that concludes my comments. Thank
3 you.

4 CHAIRMAN WEISENMILLER: Thank you.
5 Anyone else in the room? So let's go on line to
6 John Shears.

7 MR. SHEARS: Hello?

8 CHAIRMAN WEISENMILLER: We can hear you.

9 MR. SHEARS: Oh, okay. Yeah, my name is
10 John Shears, I'm with the Center for Energy
11 Efficiency and Renewable Technologies and have
12 been involved with the program since the drafting
13 of the original language for AB 118.

14 I just wanted to offer a little
15 historical perspective and I think when the
16 Regulations were first promulgated, the thinking
17 and the understanding was based around a more
18 sort of halcyon view of Biofuels before all of
19 the challenges faced with getting low carbon
20 biofuels to market were really realized with the
21 law coming into effect originally back in 2007.

22 Also a lot of the stakeholders at the
23 time were exercising an overabundance of caution
24 in terms of what they thought would be a program
25 that might be a little too helpful in allowing

1 the oil industry to comply with the Low Carbon
2 Fuel Standard and it was thought that, in fact,
3 this type of approach with the apportionment of
4 credits as a function of the CEC funding level
5 would better incentivize the industry, and
6 obviously that's counter to what really happened.

7 So that being said, I just want to speak
8 in support of the proposed resolution and
9 measures to move forward with an Emergency
10 correction to the situation and the subsequent
11 rulemaking to make permanent the adoption of the
12 proposed changes to 3103. Thank you.

13 CHAIRMAN WEISENMILLER: Thank you. Lisa
14 Mortenson, Community Fuels.

15 MS. MORTENSON: Yes, can you hear me?

16 CHAIRMAN WEISENMILLER: Yes.

17 MS. MORTENSON: Hello, this is Lisa
18 Mortenson, I'm the Co-Founder and CEO of
19 Community Fuels. Thank you to the Commissioners
20 and the Energy Commission staff for bringing
21 attention and awareness to this issue.

22 I do appreciate the opportunity to join
23 you by phone today, of course I regret that I'm
24 not able to be there in person.

25 The Alternative and Renewable Fuel and

1 Vehicle Technology Program is very important and
2 it has served as a catalyst to drive more private
3 investment into California for clean fuel
4 development. The Energy Commission is doing
5 great work on this program.

6 Community Fuels is a company that
7 designed, built and we operate an advanced bio
8 refinery at the Port of Stockton, and we are
9 honored to have received multiple CEC grant
10 awards to help support key projects at the site.

11 Section 3103 in my opinion is
12 inconsistent with the goals of the program, which
13 include reducing harmful emissions and displacing
14 petroleum with alternative and renewable fuels.
15 We operate in a very competitive market with
16 razor-thin margins. California producers, in
17 particular, have higher operating costs, which
18 put us at a disadvantage when you compare us
19 against huge volumes of imports that come in from
20 other states and also other countries. This
21 higher cost of doing business in California is an
22 existing and unfortunately it's an ongoing
23 challenge for in-state. So to reiterate, it's
24 very important that we look for the credit values
25 that will support in-state production.

1 We produce a high quality biodiesel fuel
2 that is primarily sold to regulated parties,
3 those being major oil companies and refiners.
4 The fuel that we sell is sold with all credits
5 attached. These regulated parties are not going
6 to purchase fuel from Community Fuels if it
7 doesn't have all the credits attached because the
8 reason that they're buying that fuel is to meet
9 multiple compliance requirements. It's not just
10 the Low Carbon Fuel Standard, but also to meet
11 requirements under the Renewable Fuel Standard
12 and also Cap-and-Trade.

13 So discounting the credits as is required
14 in Section 3103 creates a structurally difficult
15 issue for us since we do not charge a separate
16 cost or a separate line item for the credits.
17 But I would ask you to consider that, even if we
18 were to develop some sort of creative method to
19 track and discount credit values, I'd ask you to
20 think about who benefits from discounting those
21 credit values. Discounting the credit values
22 would result in savings for those regulated
23 parties and it would result in decreased revenues
24 and lower margins for in-state biofuel producers.
25 When you net that out, what this rule does is it

1 results in a direct financial benefit to
2 obligated parties at the direct expense of small
3 in-state producers.

4 So I do urge you to consider the real
5 world impacts of Section 3103, and to modify this
6 so that it does not apply to California biofuel
7 producers. And most importantly, I do want to
8 thank you for all that you do in supporting clean
9 fuels in California. In today's business
10 climate, it is certainly an uphill battle
11 producing clean fuels in California, and we
12 sincerely appreciate the support from the Energy
13 Commission. Thank you.

14 CHAIRMAN WEISENMILLER: Thank you. Julia
15 Levin.

16 MS. LEVIN: I think it's good afternoon
17 now. Julia Levin on behalf of the Bioenergy
18 Association of California. I just want to echo
19 all of the previous comments in support of this
20 rule change to Section 3103, and I particularly
21 want to thank Commissioner Scott for her
22 leadership on this and Tim Olson and other staff
23 for responding to what has been a very serious
24 barrier for the green fuels industries, and I
25 think that this rule change will help to move

1 alternative and low carbon fuels forward and it
2 will help to meet not just the Low Carbon Fuel
3 Standard, but now the Governor's call for a 50
4 percent petroleum reduction. So I thank the
5 Commission and we strongly support the change in
6 the rule.

7 CHAIRMAN WEISENMILLER: Okay, thank you.
8 Harry Simpson.

9 MR. SIMPSON: Oh, hello. Harry Simpson
10 with Crimson Renewable Energy. I'd like to thank
11 the Chairman, Commissioner, and staff for the
12 opportunity to speak today. We're one of the
13 largest in-state producers of biodiesel in
14 California with our plant in Bakersfield,
15 specifically we produce a very low carbon scoring
16 biodiesel mostly from used cooking oil, as well
17 as corn oil from Ethanol plants and inedible
18 animal fats, as well.

19 First, I really would like to thank CEC
20 staff such as Tim Olson, Jim McKinney, and Bill
21 Kinney and Commissioner Scott for their active
22 engagement with us and various other stakeholders
23 on the issues surrounding 3103 Regs and working
24 hard to fix this problem.

25 As you've heard today, the 3103 Regs were

1 really never meant to penalize or dis-incentivize
2 producers of alternative transportation fuels who
3 do not use the carbon credits associated with
4 their production to meet their own statutory
5 carbon production requirements under AB 32 or
6 LCFS.

7 The 3103 Regs were meant to prevent major
8 oil companies and other AB 32 and LCFS obligated
9 parties from taking advantage of funding from the
10 Alternative and Renewable Fuels and Vehicle
11 Technology Program to produce alternative fuels
12 that they would need to meet their own carbon
13 reduction requirements.

14 And as you've heard from CEC staff and
15 various industry participants, and NGOs, that the
16 way that the 3103 Regs are currently crafted
17 creates several highly negative consequences.
18 One of the major goals is to stimulate the in-
19 production of low carbon alternative
20 transportation fuels, one of the major goals of
21 AB 118. And the 3103 Regs are doing the exact
22 opposite of that. They dis-incentivize
23 alternative fuel producers from pursuing such
24 projects and substantially harm those that
25 receive funding and are trying to produce and

1 market alternative transportation fuels in
2 California.

3 The ability to receive the full value,
4 the full economic benefit of the LCFS credits is
5 critical for alternative fuel producers for
6 several reasons: by discounting the value of
7 credits proportionate to the funding received,
8 the 3103 Regs can effectively render an
9 alternative fuel production project to be
10 economically nonviable on multiple levels. The
11 full value of the credits are necessary to ensure
12 sufficient operating cash flow and to achieve
13 profitability, both of which are critical to
14 attracting the necessary equity capital and/or
15 debt funding needed to build a project, even when
16 AB 118 funding is part of the equation.

17 The 3103 Regs penalize an alternative
18 fuel producer and, even more so, those who
19 produce very low carbon fuels, since the producer
20 loses proportionally greater economic value from
21 ever lower carbon scores and the higher value of
22 carbon credits associated with that very low
23 carbon fuel.

24 This is especially true in the market
25 conditions we have seen recently. In the case of

1 our plant and biodiesel in general, we're
2 competing with petroleum diesel pricing which
3 some of you may know has reached a five-year low
4 in January. Competing against petroleum fuels in
5 the market really means that all biodiesel
6 producers have to sell their biodiesel at a
7 discount relative to petroleum diesel to
8 incentivize the utilization and blending of
9 biodiesel. The discount is also necessary to
10 cover the added cost for storing and blending
11 biodiesel, whether that happens at a bulk fuel
12 terminal, at refinery rack, or at a truck stop.

13 So the end result is that when you factor
14 in the full value of LCFS credits and Federal law
15 RFS RINs, the biodiesel after you subtract out
16 the value of those credits and Federal Law or
17 RINs, has to be able to sell about 20 to 40 cents
18 on the delivered basis relative to petroleum
19 diesel. So if you can't receive the full value
20 of the LCFS credits for each gallon produced and
21 sold, an AB 118 funded producer cannot compete in
22 the marketplace against petroleum diesel.

23 Additionally the 3103 Regs renders an AB
24 118 funded production plant in California
25 effectively unable to compete against non-AB 118

1 funded in-state producers or without a state or
2 overseas alternative diesel producers. These
3 other producers can take full advantage of the
4 economic value of any carbon credits associated
5 with their fuel, and that's the defining
6 difference, but keep in mind that as Lisa and
7 others have mentioned, out-of-state and overseas
8 alternative fuel producers already enjoy
9 significant labor and other operating cost
10 advantages relative to a producer in California.
11 Additionally, these producers typically benefit
12 from additional tax credits or production
13 incentives from their state or country.

14 CHAIRMAN WEISENMILLER: Could you wrap
15 up?

16 MR. SIMPSON: I thought Tim did a great
17 job of doing all that, so in closing we fully
18 support the proposed modifications to the Section
19 3103 Regs and we urge the Commission to adopt the
20 emergency action today to modify these Regs.
21 Thank you.

22 CHAIRMAN WEISENMILLER: Thank you. Paul
23 Relles, CR&R, Inc.

24 MR. RELLES: CR&R Incorporated is
25 building one of the largest biogas products in

1 North America, in Paris, Riverside County,
2 California to produce renewable fuel. We've
3 received some \$4.82 million in AB 118 grants and
4 more recently a \$3 million grant from CalRecycle
5 to incentivize the development of our 320,000 ton
6 per year facility that will conservatively
7 produce four million gallons of renewable natural
8 gas annually. The first phase of the project is
9 well under construction and should be operational
10 by late summer or early fall of this year.

11 CR&R's concern with the current language
12 is that it effectively negates the value of the
13 grants that we have received from the CEC and
14 CalRecycle. If the current language in Section
15 1303 were to stand, CR&R could effectively lose
16 3.5 years of critical revenue, representing the
17 combined LCFS and RFS revenues that we might have
18 to forego to offset the value of our grants.

19 This lost revenue would result in a
20 negative net income after tax for the project,
21 for the same period of time. We are certain that
22 the CEC in adopting the current language did not
23 intend to negate the value of the grants it has
24 made to incentivize the development of
25 alternative fuels, which in our case involves the

1 production of renewable natural gas from source
2 separated municipal food and green waste. Like
3 others, we applaud the Commission for taking up
4 the language problem in Section 1303 at today's
5 meeting, and we implore you to revise the
6 language and thus remove the cloud over the CEC's
7 alternative fuel incentive efforts.

8 And in closing, I'd like to thank
9 Commissioner Scott, in particular, and Tim Olson
10 for their efforts to address this problem. Thank
11 you very much.

12 CHAIRMAN WEISENMILLER: Thank you.
13 Jennifer Case.

14 MS. CASE: Good afternoon, everyone.
15 Thank you for giving me the time to address the
16 Commission today. Thank you to Tim Olson and the
17 Commissioners for addressing this very important
18 issue. I am one of the founders of New Leaf
19 Biofuel in San Diego. We are a recipient of AB
20 118 funds for a project to increase biodiesel
21 production at our bio refinery in San Diego.

22 I will not take up too much time because
23 all the preceding speakers pretty much hit every
24 point I would have made, but just that we offer
25 overwhelming support of this emergency regulation

1 so that we can continue to do what we're doing
2 reducing the carbon in California by producing
3 low carbon biodiesel and being able to obtain the
4 credits that we deserve and that our competitors
5 are able to produce from out of state. So thank
6 you very much to everyone for your efforts on
7 this, and I do support the emergency regulation.

8 CHAIRMAN WEISENMILLER: Thank you. Now,
9 is there anyone else on the line who wants to
10 comment at this stage?

11 MR. GERSHEN: Yes.

12 CHAIRMAN WEISENMILLER: Please identify
13 yourself and go ahead.

14 MR. GERSHEN: Joe Gershen here with the
15 California Biodiesel Alliance. Thanks for the
16 opportunity to speak about this very important
17 issue and thanks also to Tim Olson and
18 Commissioner Scott and staff.

19 So at the risk of being an echo chamber,
20 I'm very supportive of the proposed action to
21 modify the 3103 Regulations regarding funding
22 restrictions applicable to AB 118 grant award
23 recipients. This emergency rulemaking to
24 eliminate the restriction on using credits
25 generated by Projects that receive funding from

1 the ARFVT Program for those entities that
2 voluntarily opt into an emissions reduction
3 program is absolutely the right thing to do. I
4 believe this provision is totally contrary to the
5 intent and specific language of AB 118 and would
6 actually penalize rather than encourage award
7 recipients for doing what the program was set up
8 to promote and encourage, namely reducing carbon
9 emissions, displacing petroleum, improving air
10 quality, and creating jobs. It would also reward
11 carbon emitters who are typically required to buy
12 and deploy low carbon alternative fuels to obtain
13 LCFS credits in order to meet their compliance
14 obligation by effectively giving them a discount
15 on those credits, or the renewable fuel they are
16 attached to.

17 Additionally, rather than encouraging in-
18 state production of renewable fuels that have
19 been providing the overwhelming benefits to the
20 LCFS program, this provision actually dis-
21 incentivizes in-state low carbon fuel producers
22 and puts them at a distinct disadvantage to
23 producers from other states and countries who
24 actually enjoy incentive programs provided by
25 their host governments. And since these foreign

1 producers in many cases already enjoy a much
2 lower cost of production, as was pointed out by
3 several others on the calls today, then
4 California producers, it's easy to understand how
5 this provision really served to undermine the
6 benefits intended by AB 118 and the creation of
7 the ARFVTP Program. So again, I urge you to
8 adopt these emergency modifications, and thanks
9 again for letting me speak.

10 CHAIRMAN WEISENMILLER: Okay. One more
11 time, anyone else? Okay, it appears there's no
12 one else on the line or in the room, so let's
13 transition to conversation among the
14 Commissioners. Commissioner Scott.

15 COMMISSIONER SCOTT: Great. I just want
16 to say thank you to all of our commenters for
17 providing your feedback today, and I echo your
18 thanks to Tim Olson and Lisa DeCarlo for the
19 great work that they did. I've worked closely
20 with the team as they put this Emergency
21 Rulemaking Regulation together and I think that
22 they've done a good job crafting the Reg and on
23 the outreach for this.

24 I wanted to underscore a couple of the
25 points that Tim Olson made as he was speaking.

1 The first one was he said it is worth noting that
2 the proposed Emergency Regulation does not affect
3 any other aspect of the ARFVT Regulations, which
4 remain the same as before. I wanted to
5 underscore that for you all. The current
6 provisions, as you've heard throughout the
7 comments from industry and EDF and CEERT, without
8 the proposed changes, it would put California
9 companies at a competitive disadvantage and they
10 actually discourage the innovation that we are
11 trying to encourage.

12 I want to thank Floyd Vergara for being
13 here, thank you so much for coming over and for
14 your great work and engagement with our team.
15 Our team here at CEC did work carefully with Air
16 Resources Board on this language to ensure that
17 the exception here properly captures the
18 appropriate set of people.

19 And one other thing I'd like to
20 underscore is just a process point, and that's
21 that, you know, an Emergency Rulemaking is
22 followed by a regular Rulemaking and so there
23 will be more opportunities to continue the
24 dialogue and to take public comment as we go
25 through that regular rulemaking process.

1 So my recommendation for you all is that
2 we approve this Emergency Action to modify
3 Section 3103 of Title 20. Do you have questions?

4 Then I will move Item 7.

5 COMMISSIONER MCALLISTER: I'll second.

6 CHAIRMAN WEISENMILLER: All those in
7 favor?

8 (Ayes.) Item 7 passes 5-0.

9 Let's take a break. Let's be back at
10 1:30.

11 (Break at 12:25 p.m.)

12 (Reconvene at 1:32 p.m.)

13 CHAIRMAN WEISENMILLER: Good afternoon.
14 Let's start the Business Meeting with Item 8.
15 Woodland Joint Unified School District. Brian
16 Fauble, please.

17 MR. FAUBLE: Good afternoon,
18 Commissioners. My name is Brian Fauble. I'm
19 with Fuels and Transportation Division, Emerging
20 Fuels and Technologies Office.

21 Today staff is requesting approval of a
22 Proposed Grant Agreement with the Woodland Joint
23 Unified School District, which I'll refer to as
24 "the District" for a \$128,000 grant.

25 The proposed grant will install 16 Level

1 2 Plug-In Electric Vehicle Charging Stations at
2 seven sites in the City of Woodland. The sites
3 include five elementary schools, one high school,
4 and one district administration building. The
5 District recently installed photovoltaic panels
6 at the school sites included in this proposed
7 agreement. The solar panels will help lower the
8 cost of the electricity used to power the
9 chargers and donations from local businesses will
10 cover the remaining costs of the electricity to
11 make each charger free to use. The chargers are
12 publicly accessible 24 hours a day, and will be
13 used by commuting teachers, district staff,
14 parents, and local multi-unit and dwelling
15 residences.

16 If approved, the CEC will provide
17 \$128,000 in funding from the Alternative and
18 Renewable Fuel and Vehicle Technology Program.
19 The Grant Agreement includes \$32,000 in match
20 funding and plans to be completed in May 2017.

21 In summary, staff is requesting the
22 Commissioners' support and approval of the
23 proposed Grant Agreement listed under Item 8 on
24 the Agenda. Thank you for your time and
25 consideration of the project. I'm available for

1 any questions and hopefully we still have Wade
2 from earlier.

3 CHAIRMAN WEISENMILLER: I think we might
4 also have someone else, I can't quite read the
5 name.

6 MR. DUNLAP: Dunlap?

7 CHAIRMAN WEISENMILLER: Yes. Please.

8 MR. DUNLAP: Good afternoon. Thank you
9 for allowing me to make a couple comments. I
10 want to put a face behind the proposal. I'm the
11 Lead Volunteer on this project. I pushed the
12 Woodland Schools after they installed the PV
13 panels to consider putting in EV chargers because
14 I wrote for a German EV and Solar Magazine about
15 this project in Woodland that is really far
16 reaching.

17 I didn't really want to talk here
18 because, you know, I wasn't prepared or anything,
19 but then I got scared after I heard the
20 discussion on 5 and on 7, and I said I --

21 CHAIRMAN WEISENMILLER: Contagious, huh?

22 MR. DUNLAP: -- yeah -- I would kick
23 myself if this project gets denied or something
24 and I didn't at least say something, and so
25 that's what I'm doing. So I hope this project is

1 not controversial, but I never know and I will
2 expect anything.

3 I would like to say just a couple short
4 comments about the staff, they were so wonderful,
5 this was our first proposal that we put in from
6 the Woodland School District, the Sustainability
7 Manager never had experience writing proposals, I
8 didn't have much experience, we got together and
9 put it in, and without the wonderful help of the
10 staff and with their ability to answer questions
11 and be so helpful, this would have never made it,
12 especially after our original contractor, the
13 company that put up the solar panels, SolarCity,
14 put in the amount that they needed to do the
15 project, jumped ship, and we had to find
16 something else.

17 Brian has said mostly what the project is
18 about, most of the teachers come from outside
19 Woodland, so it is a good workplace chargers,
20 it's a good public charger, and it's good for
21 education. I have some friends in the Elementary
22 School in Davis and they're teachers, and when
23 they asked their kids about the Electric cars in
24 class, I think it was a third grade, 80 percent
25 of the students new *Tesla*. So I have other

1 friends in Woodland, and when they asked about
2 Electric cars, only two students out of 30 knew
3 *Tesla*. So one of my goals is also to be able to
4 have all the students in Woodland know what a
5 *Tesla* is, what a *GM Volt* is, what a *Nissan Leaf*
6 is, and tell their parents to get on it.

7 So I think combinations of PV panels and
8 EV Charging is ideal, I wished you would have it
9 in every project, I see you have a community
10 college proposal, I wish they would also put in,
11 and I thank you for listening and I hope we get
12 your support.

13 CHAIRMAN WEISENMILLER: I have one
14 question. Why is it taking until 2017, shall I
15 ask Valerie about interconnection?

16 MR. FAUBLE: There's six months of data
17 collection after the charger is installed. We
18 expect to move pretty quickly with it since most
19 of the installation is already done, but it's
20 going to be a lot of data.

21 CHAIRMAN WEISENMILLER: Okay, so data. I
22 was just trying to make sure -- I wasn't taking
23 it out on interconnect. I was going to say,
24 please, see if they need help. Valerie Winn from
25 PG&E, if you do have issues, she's right there

1 and happy to take your card. So is there anyone
2 else in the room or on the phone? Okay.

3 COMMISSIONER SCOTT: Thank you for
4 joining us and for volunteering to work on this
5 project, we appreciate that you came to talk with
6 us at our Business Meeting. If there are no
7 questions, I will move approval of Item 8.

8 COMMISSIONER DOUGLAS: I'll second.

9 CHAIRMAN WEISENMILLER: All those in
10 favor?

11 (Ayes.) Item 8 passes 5-0. Thank you.

12 MR. FAUBLE: Thank you.

13 CHAIRMAN WEISENMILLER: Let's go to Item
14 9. Pilot-Scale and Commercial-Scale Advanced
15 Biofuels Production Facilities. Pierre duVair,
16 please.

17 MR. DUVAIR: Good afternoon, Chairman and
18 Commissioners. My name is Pierre duVair and I
19 work in the Fuels and Transportation Division
20 Emerging Fuels Office, and I'm joined at the
21 table by my colleague, Matthew Ong.

22 Today staff is requesting possible
23 approval of three grants to produce advanced
24 biofuel in California under PON 13-609. The
25 first proposed grant, Item 9a, is for \$3 million

1 of a \$19.4 million project to Aemetis Advanced
2 Fuels for grain sorghum ethanol production under
3 the Alternative and Renewable Fuels and Vehicle
4 Technology Program. Funding for this project
5 would provide for modification of a receiving
6 area for grain sorghum feedstock, acquisition of
7 approximately 92,000 tons of grain sorghum for
8 commercial ethanol production located in Keyes,
9 California, that's between Modesto and Turlock.

10 With this grant, Aemetis would produce
11 nine million gallons of sorghum ethanol with a
12 very low carbon intensity of, well, 70 grams of
13 carbon dioxide equivalent per megajoule. This
14 will reduce greenhouse gas emissions by more than
15 18,000 metric tons and the project will
16 indirectly sustain about 30 jobs.

17 It will provide for the development of a
18 California In-State Sorghum Program, it's a
19 collaborative venture with Universities,
20 Agricultural communities, seed vendors, and
21 Ethanol producers, and they'll have a focused
22 mission to support the development of a grain
23 sorghum as a viable feedstock for the low carbon
24 ethanol industry in California.

25 This project is a third installment under

1 PON 13-609 to promote in-state production of low
2 carbon grain sorghum ethanol. Similar grants
3 have been recently awarded to Pacific Ethanol and
4 Calgren. And we do have a representative from
5 Aemetis here today.

6 The second proposed grant is Item 9b and
7 that is \$5 million for UrbanX Renewables Group.
8 This grant will help fund a \$12 million renewable
9 diesel production facility in Southgate,
10 California which is in South Los Angeles. UrbanX
11 will produce 7.5 million gallons per year of
12 renewable diesel, which is a drop-in fuel
13 chemically equivalent to petroleum diesel.
14 Renewable Diesel is NO_x neutral, meets the 15
15 parts per million ultra-low sulfur diesel
16 requirement, has a very low carbon intensity of
17 19 grams of CO₂ equivalent per megajoule, and it
18 also will meet the ASTM D975 diesel certification
19 standard. The feedstocks will be brown and
20 yellow grease from local restaurants and waste
21 treatment facilities. UrbanX will use a patented
22 ISO conversion process that has a 75 percent
23 conversion efficiency, and was recently
24 successfully tested on a feedstock of 100 percent
25 brown grease. This project will be located at

1 World Oil Corporation's asphalt production
2 facility in Southgate, a CEQA categorical
3 exemption has been filed for the existing
4 facility. Approximately 60 new jobs will be
5 created with this renewable fuel project. UrbanX
6 will also develop a community program on Clean
7 Energy and partnership with a local education
8 institution like CSU Long Beach. And Matthew Ong
9 will be the Grant Manager for that grant.

10 And the third project for which I will be
11 the CAM is a proposed grant to the City of Napa.
12 And this grant would be for \$3 million of a \$14
13 million project called the Napa Renewable
14 Resources Project. Energy Commission funds would
15 support organics diversion from landfills to
16 produce biomethane or renewable natural gas
17 through a dry anaerobic digestion technology.
18 Napa's existing materials diversion facility will
19 convert 25,000 tons per year of organic waste,
20 food waste of approximately 13,000 tons a year,
21 grape pumice and horse manure of about 7,000 tons
22 per year, and green waste of about 5,000 tons per
23 year to convert all of this into renewable
24 natural gas, as well as compost from the
25 digestate to be used as a soil amendment.

1 The expanded collection and diversion of
2 organic waste will yield a production capacity of
3 approximately 328,000 diesel gallon equivalent
4 per year of natural gas or RNG. The project will
5 include a compressed RNG refueling station. They
6 have an existing fleet of about 34 or 35 waste
7 and recycling trucks that can use this RNG, so
8 they've got a fleet ready to go to use it, and
9 it's expected to have a very negative carbon
10 intensity of minus 48 grams of CO₂ equivalent per
11 megajoule.

12 This is a model community-scale self-
13 contained organics to waste energy project and
14 the Energy Commission funding will help make the
15 economics work in combination with a small rate
16 increase for their waste and recycling services.
17 The project is expected to provide about 20
18 temporary engineering and construction jobs,
19 three ongoing full time jobs, and approximately
20 50 jobs related to additional organic waste
21 collection.

22 Staff is seeking your approval of the
23 proposed grants to Aemetis, UrbanX, and the City
24 of Napa.

25 And participating at this meeting is

1 Andy Foster, COO of Aemetis Advanced Fuels,
2 hopefully Bruce Melgar, COO of UrbanX is on via
3 telephone, and then Kevin Miller is here,
4 Materials Diversion Administrator for the City of
5 Napa. Thank you for considering these proposed
6 grants.

7 CHAIRMAN WEISENMILLER: Yeah, I was going
8 to ask if any of the three want to make comments
9 to the Commission.

10 MR. MILLER: Thank you, Commission. My
11 name is Kevin Miller. I'm the Solid Waste
12 Manager for the City of Napa and I was actually
13 sitting here about five years ago imploring you
14 to look into these kind of technologies for pre-
15 landfill biogas, and I'm so pleased that we've
16 been able to submit our own proposal and have it
17 approved through you.

18 One little minor correction I'll make to
19 what Pierre said is about four years ago we
20 started planning what we've termed the Napa
21 Renewable Resources Project, but it's really
22 about \$31 million of improvements. Some of them
23 are things that we must do, for example, covered
24 compost and stormwater upgrades to continue doing
25 business, and some of them are things that we

1 wanted to do, that we would love to do, one of
2 them as the AD to Biofuel Project, we also looked
3 at biomass gasification, we're also looking at
4 solar panels on top of our solar building. But
5 those were nice to have. We don't know if we
6 could afford those or not, and the reality of
7 this grant is probably exactly what it should be
8 for a grant of this type, is it turned the corner
9 from a possible project to actually making it a
10 project that could come to fruition and it would
11 not have happened otherwise.

12 Our council approved a two percent
13 increase to meet our goal of 75 percent recycling
14 and composting by the year 2020 that aligns with
15 the statewide AB 341 goal on your CalRecycle
16 partners, but two percent of that was just for
17 the commercial food waste collection to deliver
18 that feedstock to our processing facility. They
19 added another one percent for the next 20 years
20 with the expected life of this facility because
21 they believed in this project. It wouldn't
22 pencil out otherwise, we need those LCFS credits,
23 we did a very extensive cost benefit analysis,
24 but it could be, as Pierre mentioned, a model
25 program for others to look at. My understanding

1 is it's one of the first in California that's
2 actually turning it into a renewable fuel, and I
3 believe it's one of the first in America, for
4 that matter. So to have a carbon negative fleet,
5 and it is well timed in that we hope to have it
6 operational by the spring of 2017, at the same
7 time we just happen to be able to replace our
8 whole fleet, which we have seven natural gas
9 vehicles now, but 100 percent of the next
10 generation will be natural gas to drink the fuel
11 created in this project. And I've got 23
12 seconds, so -- the only other things I was going
13 to mention is our adopted City Sustainability
14 Plan, to give you an idea of how important this
15 is for us, the refuse and recycling fleet was 58
16 percent of our city fleet accounted for about 30
17 percent of our emissions, our goal for the
18 adopted plan for the city was to reduce it by 15
19 percent by the year 2020, this action along will
20 mean it will double that. We will do it three
21 years early and we'll be 30 percent at least
22 reduction in GHG emissions. So we just want to
23 thank you so much for funding this project.

24 CHAIRMAN WEISENMILLER: Great. Thank you
25 for being here. Andy Foster.

1 MR. FOSTER: Commissioners, thank you
2 again for the opportunity to be here. I
3 appreciate very much all the work and support
4 that you as Commissioners and the staff have
5 given the biofuels industry here in California.
6 We're working hard to continually drive down our
7 CI through both technology, as well as the
8 introduction of alternative feedstocks, and
9 that's what this program does.

10 As I mentioned earlier, we've already had
11 our kick-off meeting down at the U.C. Extension
12 in Kearney last week to get the program underway.
13 We're going to be meeting with growers next week
14 about transitioning crop acres into sorghum
15 growing. California at one point back in the '60s
16 grew almost a half a million acres of grain
17 sorghum here, it was used as a feed and so it's
18 not uncommon for farmers, or at least their
19 parents, current farmers to be familiar with it,
20 and it's something that's going to take some time
21 and this grant will provide us the opportunity
22 and the resources we need to help make that
23 transition. Getting farmers to change over crops
24 is not an easy process, but we think our
25 commitment to this program and your commitment to

1 us as producers provides them with the most
2 important part of that, which is to know that
3 they have an end market for their product. So
4 once again, on behalf of Aemetis, as well as the
5 other producers, thank you for your support.

6 CHAIRMAN WEISENMILLER: Thank you. On
7 the phone? Okay, so we'll start the discussion
8 of this Item 9. Commissioner Scott?

9 COMMISSIONER SCOTT: Sure. I think all
10 three of these projects are terrific projects.
11 One thing I like about them together as a package
12 is that they demonstrate a variety of feedstocks
13 that will go into the renewable fuels. And also
14 all of them have really great leveraging
15 potential, and I appreciate you coming and
16 telling us a bit more about what the City of Napa
17 is doing and learning that it's \$3 million that
18 the Energy Commission is going to put in that
19 really helps with the \$31 million I think you
20 said sustainable investment, and so I think these
21 also demonstrate great leveraging of the ARFVTP
22 funds. Any questions?

23 I will move approval of Item 9.

24 COMMISSIONER HOCHSCHILD: Second.

25 CHAIRMAN WEISENMILLER: All those in

1 favor?

2 (Ayes.) This item passes 5-0. Thank
3 you, Peter.

4 MR. DUVAIR: Thank you.

5 CHAIRMAN WEISENMILLER: Let's go to Item
6 10.

7 COMMISSIONER MCALLISTER: I have to
8 recuse myself from this vote since my immediately
9 previously employer was, prior to my stepping on
10 the Commission, is a sub on this proposed
11 contract, so I'm going to step out.

12 CHAIRMAN WEISENMILLER: Okay, Sharon.

13 MS. PUREWAL: Hello. Good afternoon,
14 Commissioners. My name is Sharon Purewal and I'm
15 a staff member in the Fuels and Transportation
16 Division's Emerging Fuels and Technologies
17 Office.

18 Today staff is seeking approval of two
19 agreements, Item 10a, ARV-14-035, with the South
20 Bay Cities Council of Governments in the amount
21 of \$199,559. And Item 10b, Agreement ARV-14-036,
22 with the San Diego Association of Governments,
23 also referred to as SANDAG, for the amount of
24 \$300,000. Both of these projects are to develop
25 alternative fuel readiness plans and are funded

1 through the Alternative and Renewable Fuels and
2 Vehicle Technology Program.

3 The goal of the first agreement, ARV-14-
4 035 with the South Bay Cities Council of
5 Governments is to conduct outreach to multi-unit
6 dwelling owners and homeowners associations with
7 the 15 cities in the Southern California Edison
8 territory as specified in the South Bay Cities
9 Plug-In Electric Vehicle Deployment Plan. The
10 cities include Torrance, El Segundo, Carson,
11 Inglewood, Gardena, Redondo Beach, Hawthorne,
12 Manhattan Beach, Hermosa Beach, Lawndale, Ranchos
13 Palos Verdes, Rolling Hills Estates, Lomita,
14 Palos Verdes Estates, and Rolling Hills.

15 The South Bay Cities Council of
16 Governments is subcontracting with UCLA Luskin
17 Center for Innovation in the amount of \$111,425.
18 Letters of support have been received from the
19 City of Hermosa Beach, South Coast Air Quality
20 Management District, Southern California
21 Association of Governments, and the City of
22 Torrance.

23 Staff is also seeking approval of ARV-14-
24 036 with the San Diego Association of
25 Governments. This Readiness Plan will further

1 regional deployment of Plug-In Electric Vehicles
2 and infrastructure through a combination of
3 resource development, training, technical
4 assistance, and outreach. SANDAG is
5 subcontracting with the Center for Sustainable
6 Energy in the amount of \$225,000. Letters of
7 support have been received from the Cities of
8 Chula Vista, Carlsbad, San Diego, as well as the
9 Port of San Diego, and the Air Pollution Control
10 District of San Diego.

11 With that, I would like to thank you for
12 your time and consideration of these items. I'm
13 available for any questions you may have.

14 CHAIRMAN WEISENMILLER: Thank you.
15 Anyone on the phone or in the room?

16 MS. PUREWAL: Not that I know of.

17 CHAIRMAN WEISENMILLER: No, that's fine,
18 I'm just asking.

19 MS. PUREWAL: Not at this time, I'm
20 sorry.

21 CHAIRMAN WEISENMILLER: Okay,
22 Commissioner?

23 COMMISSIONER SCOTT: I think both of
24 these are terrific projects. I like the focus of
25 the South Bay Cities on the Multi-Unit dwelling

1 and the Homeowners Associations because that's
2 been one of the tougher nuts to crack in terms of
3 EV infrastructure, so I very much look forward to
4 seeing what they find out. And if there's no
5 other questions, I will move --

6 CHAIRMAN WEISENMILLER: Why don't we make
7 just one comment? I was going to say, basically
8 in a conversation with Commissioner Peterman, she
9 asked us to set up joint workshops between
10 Commissioner Scott and she to look at these local
11 plans. There are pending applications from the
12 utilities to do charging infrastructure and one
13 of the questions, she would like to have a better
14 understanding of what is perceived by local
15 governments as the needs for locations that will
16 help her map back to the utility applications
17 which might be more, say, grid-centric than local
18 planning centric. And so anyway, I think that
19 reemphasized the importance of this type of work.
20 So go ahead.

21 COMMISSIONER SCOTT: I will move approval
22 of Item 10.

23 COMMISSIONER HOCHSCHILD: Second.

24 CHAIRMAN WEISENMILLER: All those in
25 favor?

1 (Ayes.) So this is 4-0-1. Thank you.

2 Let's go on to Item 11, which is Sequoias
3 Community College District. And Laura, please.

4 MS. ZANINOVICH: Thank you, Commissioner.
5 Good afternoon, Commissioners, my name is Laura
6 Zaninovich with the Local Assistance and Finance
7 Office in the Efficiency Division. Today I'm
8 requesting approval of an Energy Conservation
9 Assistance Act Education Sub Account Loan for
10 ECAA-Ed, funded by Proposition 39, California
11 Clean Energy Jobs Fund, totaling \$3 million to
12 the Sequoias Community College District to
13 install solar voltaic panels at two campuses with
14 the Sequoias Community College District located
15 in Tulare County.

16 This renewable energy project will
17 produce approximately 0.78 megawatts of
18 electricity for the district. This will reduce
19 the district's electrical use by over 1.7 million
20 kilowatts per year, saving over \$400,000 per
21 year, and reduce the greenhouse gas emission by
22 586 tons of CO₂ equivalent annually.

23 The actual total project cost will be \$3
24 million and, as the photovoltaic system will be
25 owned by the school district, the solar

1 investment tax credit is not applicable; however,
2 California's Solar Initiative Funds for rebates
3 within the Southern California Edison territory
4 are available to the Sequoias Community College
5 District for the photovoltaic project.

6 Energy Commission staff have determined
7 that this loan request is technically justified
8 and has a payback period of approximately 7.33
9 years, which is within the 20-year period
10 requirement under this loan program. With this
11 information, I request your approval of this loan
12 for the Sequoias Community College District.

13 CHAIRMAN WEISENMILLER: Thank you. I
14 believe we have one comment on the phone.

15 MR. MURLEY: Hello? Can you hear me?

16 CHAIRMAN WEISENMILLER: Yes. Please
17 identify yourself.

18 MR. MURLEY: Yes. My name is Clyde
19 Murley and I'm the Solar Program Manager for the
20 Community College League of California, and I've
21 been assisting the College of the Sequoias on
22 this project from its onset, right up to this
23 point. I would just add to Laura's very fine
24 summary that it seems to me that this loan
25 program is just so valuable in the case of

1 College of the Sequoias. They would not have
2 been able to do this project without the
3 availability of the zero percent loan program, so
4 I think it's serving exactly its purpose, which
5 is to allow districts to do something they
6 otherwise would not be able to do, that was
7 certainly the case in the College of the
8 Sequoias. And I would also say that I've managed
9 and analyzed lots of these solar PV systems and
10 because we're able to put most of the capacity in
11 a ground-based tracking system at the Tulare
12 campus, the costs are considerably lower than is
13 typical when you need to put it on roofs, or need
14 to do carport projects, and the return is
15 similarly better because of the tracking system
16 harvesting 20-25 percent more of the solar energy
17 per unit of electric capacity. So this project
18 just has stellar economics. Of course, with the
19 CSI incentive, it just makes it even better. The
20 District is extremely excited about the project
21 and ready to move.

22 COMMISSIONER HOCHSCHILD: This is
23 Commissioner Hochschild, just a question for you.
24 Is this a third-party owned project?

25 MR. MURLEY: No. This will be District

1 owned, it's not a PPA. Borrego Solar is the
2 company that won the competitive competition for
3 the project, but it will be wholly owned by -

4 COMMISSIONER HOCHSCHILD: So are you able
5 to take advantage of the ITC?

6 MR. MURLEY: No. As a tax exempt public
7 community college district, that has no value for
8 a tax exempt organization.

9 COMMISSIONER HOCHSCHILD: Yeah, that's
10 why I was asking if you did third party or not.
11 I mean, I just am curious that it's still
12 penciled out --

13 CHAIRMAN WEISENMILLER: Actually it's a
14 pretty short payback, too, relative to some of
15 these.

16 COMMISSIONER HOCHSCHILD: No, it's an
17 excellent payback, I just - I guess I would have
18 thought a third party with the ITC would be more
19 advantageous. And how many KW is this in total?

20 MR. MURLEY: This is, let's see, two
21 campuses, it's a total of 894 Kilowatts DC, total
22 of 798 Kilowatts AC, most of it as I said is in
23 the form of a ground-mounted single access
24 tracker, 623 of the 894 Kilowatts are the ground
25 mount, the rest is a carport.

1 COMMISSIONER HOCHSCHILD: Great. Thank
2 you. Just to request the staff, when we do this,
3 if we could please have the capacity in Kilowatts
4 included in the project description, not just the
5 kilowatt hours because it just makes it easier to
6 see the cost per watt.

7 MS. ZANINOVITCH: Thank you,
8 Commissioner.

9 MR. MURLEY: Yeah, the cost per watt is
10 \$336 per watt DC.

11 COMMISSIONER HOCHSCHILD: Great.

12 COMMISSIONER MCALLISTER: Wow, that is a
13 far cry from where we were even just a few years
14 ago, really. That's pretty amazing.

15 MR. MURLEY: It really is. And I would,
16 if I could, just add this project also has a 25-
17 year 99 percent output guarantee associated with
18 it, which is, I mean, the Community College
19 League always likes to see its districts with
20 such strong robust performance guarantees, it's
21 not typical in the industry.

22 COMMISSIONER HOCHSCHILD: Sorry, could
23 you say that -- a 99 percent performance
24 guarantee of the nameplate rating?

25 MR. MURLEY: There is an expected output

1 that they claimed in their initial RFP response.

2 COMMISSIONER HOCHSCHILD: Oh, okay, but
3 it's still like an 80 percent like module
4 warranty, you're not getting 99 percent of the
5 original capacity?

6 MR. MURLEY: Well, we are in that if the
7 performance ever dips below 99 percent of
8 expected over the given true-up period, the three
9 year true-up period, then the solar vendor
10 actually has to make a payment to the district to
11 make up for the shortfall in CSI incentive and
12 for any increased utility bills that the district
13 experiences. So this goes well above the module
14 warranty that I believe you're referring to that
15 over 25 years --

16 COMMISSIONER HOCHSCHILD: Yeah, but just
17 to clarify, the expected output in year 25 is not
18 the same as the expected output in year 1, you
19 still have a degradation ratio in there, right?

20 MR. MURLEY: That's right. For each, the
21 performance guarantee allows for half a percent
22 degradation per year, so you're right, it is
23 degradation adjusted, if you will, exactly.

24 COMMISSIONER HOCHSCHILD: Great. Thanks
25 and congratulations.

1 MR. MURLEY: Yeah, thank you.

2 COMMISSIONER MCALLISTER: All right, so
3 sounds like a great project. Congratulations on
4 that. I'm going to move Item 11.

5 COMMISSIONER SCOTT: Second.

6 CHAIRMAN WEISENMILLER: All those in
7 favor?

8 (Ayes.) This also passes 5-0. So,
9 great, so now we're up to Item 12, Ormat. And
10 Cheryl Closson, please. I was going to say, we
11 wanted to make sure we got here about now, so if
12 you have a couple of folks in the audience from
13 Mammoth, and wanted to make sure they could be
14 here for this part and catch their flight home.

15 MS. CLOSSON: Good afternoon. I'm Cheryl
16 Closson with the Renewable Energy Division. This
17 item for approval is a \$631,620 grant to Ormat
18 Nevada, Inc. from the Energy Commission's
19 Geothermal Grant and Loan Program, which is also
20 known as the GRDA Program after its Geothermal
21 Resources Development Account funding source.

22 Under this agreement, Ormat will initiate
23 elements of a groundwater monitoring program for
24 their proposed Casa Diablo IV geothermal
25 development near Mammoth Lakes, California.

1 Three binary cycle geothermal power plants owned
2 by Ormat have been operating in the area for over
3 30 years and, combined, they generate 29
4 megawatts. The proposed Casa Diablo IV
5 geothermal development would increase electrical
6 production in the area to approximately 60
7 megawatts.

8 Extensive monitoring and research has
9 been conducted over the years in the region to
10 assess the impacts of the geothermal development.
11 One concern due to the proposed Casa Diablo IV
12 project is whether or not there is connection
13 between the shallow groundwater used for drinking
14 water supplies by the town of Mammoth Lakes, and
15 the deeper geothermal reservoir. However, there
16 is not consistent evidence that suggests a
17 hydrologic connection between the thermal and
18 non-thermal groundwater beneath the western part
19 of the Long Valley Caldera where geothermal
20 production will occur to support the Casa Diablo
21 Project.

22 The goal of this agreement is to help
23 expand the existing hydrologic monitoring program
24 to gather additional data concerning any
25 connectivity between the drinking water

1 production zones and the geothermal reservoir.
2 This agreement does not represent a complete
3 monitoring program that is currently being
4 negotiated and developed for the Casa Diablo
5 Project, it only addresses two well elements that
6 were recommended by the United States Geological
7 Survey, and the Long Valley Hydrological Advisory
8 Committee.

9 As part of the project, two groundwater
10 monitoring wells will be drilled and baseline
11 data collected from those wells. A flow test
12 will then be conducted using two existing but
13 idle geothermal wells with the monitoring wells
14 being used to check for any connectivity between
15 the shallow cold groundwater and the deeper
16 geothermal resource.

17 The U.S.G.S. will act as a key
18 subcontractor for the drilling and testing of the
19 monitoring wells. Public and scientific
20 community involvement in the project will be
21 provided via the Long Valley Hydrologic Advisory
22 Committee, and this is a multi-agency and
23 developer advisory body that was formed by the
24 Mono County Board of Supervisors in 1986 to
25 monitor geothermal development in the area.

1 On a program note, the Geothermal Grant
2 Loan Programs authorizing statute requires that
3 GRDA projects approved by the Energy Commission
4 be submitted for a 30-day comment period to the
5 Department of Finance, the Legislative Analyst,
6 and the Joint Budget Committee when the
7 Legislature is in session before the Energy
8 Commission executes the Agreement. If approved
9 today, staff will send notice of the approval to
10 the Department of Finance, the Legislative
11 Analyst, and the Joint Legislative Budget
12 Committee as directed by the statute, and execute
13 the agreement after the required 30-day comment
14 period.

15 I ask for your approval of this agreement
16 and would be happy to answer any questions you
17 may have about the agreement. I believe Charlene
18 Wardlow with Ormat may also be on the phone and
19 is available to answer questions as well.

20 CHAIRMAN WEISENMILLER: Okay, so the one
21 question I need to understand, Cheryl, is when
22 this is submitted for comments, what is the
23 process of us responding to any comments that are
24 received in that review process?

25 MS. CLOSSON: The statute actually, it's

1 just a review and comment, it's not an approval,
2 so we don't necessarily have to wait for their
3 approval, but we can respond to comments. The
4 current letters that we provide to them direct
5 them to call me for comments if they have any
6 questions about the projects that we approve.

7 CHAIRMAN WEISENMILLER: We have two
8 gentlemen in the room from the Mammoth Community
9 Water District. Come on up, sit down, you can
10 figure out how you want to address us. We
11 appreciate both of you coming from Mammoth to our
12 Commission meeting and sitting through the
13 discussions so far.

14 MR. DOMAILLE: Good afternoon. My name
15 is Dennis Domaille. I am one of five Directors
16 on the Board of Directors of the Water District,
17 I've been there for 24 years. You know, common
18 wisdom would dictate that water flows downhill,
19 but as we know in California it's the only place
20 where water flows uphill to the money. And
21 unfortunately in four years of drought, it hasn't
22 been flowing uphill to Mammoth. In fact, Mammoth
23 is kind of short on money these days because of
24 the drought and the ski industry. After four
25 years of drought, we have become 100 percent

1 reliant on our groundwater for drinking water
2 right now. Maybe later on in the summer after
3 some runoff we'll have a little more water. But
4 right now we're 100 percent reliable on our
5 groundwater.

6 We have nine production wells, two of
7 which are starting to show signs of stress, and
8 because we are at the top of the mountain, we
9 have no other sources of water, we can't tap into
10 any aqueducts, any rivers, any lakes, if it
11 doesn't come out of the sky as snow or water, we
12 don't have the water. Of the water we pump,
13 Ormat, which is a foreign company, is proposing
14 to pump 13 times as much water as we already pump
15 for groundwater. And they're proposing to pump
16 this water and then re-inject it two and a half
17 miles downslope from where our wells are. We are
18 not opposed to their project at all. Who doesn't
19 like the idea of geothermal? Free energy from
20 the heat of the earth. All we want is for them
21 to do a responsible monitoring and if the
22 monitoring program shows signs of stress on our
23 aquafer, we want a mitigation program where we
24 can pull the trigger and shut it off. Right now
25 with all of the environmental work that's done,

1 all of the Federal approvals that have been
2 granted, nothing has been done to address our
3 concerns. It has just been literally forced
4 through the cracks by this compelling desire to
5 create renewable energy.

6 At the current time, we are involved with
7 a lawsuit with Ormat, and until these legal
8 issues are resolved, most notably the location of
9 these test wells they want to drill, which at
10 least one of them is in direct opposition to what
11 the U.S. Geological Survey and our consultants
12 recommend, we think that your Board should at
13 least delay decision on this until after the
14 legal issues are resolved. Our local water
15 district at this point has spent over \$800,000 on
16 legal fees, that's how serious we're taking this
17 matter. All of our consultants, the U.S.
18 Geological Survey, believe that there is a
19 connection between the two aquifers. Our General
20 Manager, Pat Hayes, will talk about some of the
21 chemical analysis that's been done. But we can't
22 urge you strongly enough to at least postpone
23 this decision until the court battle is over
24 with, so that your decision does not add
25 credibility to this terrible direction that this

1 whole project is going right now. And with that,
2 I will --

3 CHAIRMAN WEISENMILLER: I just have one
4 clarifying question.

5 MR. DOMAILLE: Yes.

6 CHAIRMAN WEISENMILLER: When would you
7 anticipate the Court issues being resolved?

8 MR. COMAILLE: The hearing will be on
9 April 1st, so it's not long away. Both sides
10 expect that whoever wins, the other side will
11 appeal, so we would expect this appeal will go on
12 for years. But keep in mind that this is a \$165
13 million program for Ormat, and they're coming to
14 you asking for \$630,000 some. If they can afford
15 \$165 million to invest in this, it's just not
16 right that they're given \$600,000 now to just
17 completely undermine the lawsuit and add
18 credibility to their argument, which we believe
19 there's absolutely no basis for.

20 CHAIRMAN WEISENMILLER: Now let's hear
21 from your colleague.

22 MR. DOMAILLE: Thank you very much for
23 your time.

24 MR. HAYES: Good afternoon, Chairman
25 Weisenmiller, Members of the Commission, staff,

1 members of the public. My name is Patrick Hayes.
2 I'm the General Manager at the Mammoth Community
3 Water District. To build on what Dennis has
4 said, I think it's clear that I'm here to oppose
5 the approval of this agreement at this time. The
6 Mammoth Community Water District is a small water
7 district on the eastern slope of the Sierras,
8 we're located at 8,000 feet above sea level near
9 the headwaters of the Owens River, the backside
10 of Mammoth Mountain is the virtual headwaters
11 from the San Joaquin. At this time in the
12 hydrologic cycle, we're at about 30 percent of
13 normal and we're in the fourth year of a drought.
14 We're completely reliant at this time, as Dennis
15 pointed out, on groundwater.

16 The reason I'm here is, as one gentleman
17 earlier said, I'm afraid if I don't speak that
18 this project could get approved without the full
19 vetting that hopefully the Commission is able to
20 do. I'm asking that you set this aside until a
21 couple of things happen. Dennis mentioned the
22 legal aspects. We have been in discussions with
23 Ormat for many months about a monitoring and
24 mitigation plan. The current environmental
25 documents that went through on the NEPA level had

1 no monitoring mitigation in them whatsoever.
2 This is an afterthought on Ormat's part. It
3 certainly hasn't been for this District. From
4 the very beginning, starting in the outline of
5 the Environmental documents in 2011, we have put
6 our hand up and said we're concerned about this
7 project.

8 So I have some prepared remarks if I
9 could read them to you.

10 CHAIRMAN WEISENMILLER: I think -- so we
11 have a two-page item which has gone before all
12 the Commissioners now.

13 MR. HAYES: I believe it has been
14 distributed.

15 CHAIRMAN WEISENMILLER: So to the extent
16 if you could summarize it, I've certainly read it
17 so far, so you don't have to go word for word.

18 MR. HAYES: To Ms. Chisholm, her Board
19 report, it states in the objectives there that
20 the objective of the project under Item 1 is
21 Drill and complete two new groundwater monitoring
22 wells in locations suggested by the U.S.G.S. and
23 agreed to by the BLM, the U.S. Forest Service,
24 Great Basin, and Mammoth Community Water
25 District. I will state succinctly the MCWD has

1 not agreed to this project approach, nor the
2 locations or the type of monitoring that's being
3 done here. To our knowledge, the BLM and Forest
4 Service, Great Basin, also have not agreed to
5 this project approach. U.S. Geologic Survey has
6 been studying the Mammoth Lakes area for well
7 over 40 years and has recommended that the
8 monitoring include at least one deep geothermal
9 monitoring well, and a nested well in which they
10 look at shallower groundwater and mid-depth zoned
11 wells. There's no deep geothermal monitoring
12 well included in this project. We believe that's
13 essential. We have had under our employ two
14 hydro geologists for over 25 years in our region
15 and they both recommend two or more deep
16 geothermal monitoring wells for this project.
17 There are none in the scope of work.

18 We have noted that the chemistry in our
19 production well 17 which is closest to the
20 proposed geothermal project is similar in
21 chemistry to the geothermal water. Additionally,
22 this well and MCWD Monitoring Well 26 exhibit
23 elevated water temperatures in the 70 to 80
24 degree Fahrenheit and 90 to 100 degree
25 Fahrenheit, respectively. A U.S.G.S. multi-

1 decade study in the area reveals increases in
2 soil temperatures up to the boiling point at the
3 surface in the vicinity of the well Ormat brought
4 on line in 2007. The study also reveals
5 significant increases in carbon dioxide emissions
6 and the death of vegetation and trees in the
7 vicinity of these production wells, and in these
8 cases it is apparent that the geothermal pumping
9 and extraction have caused steam, carbon dioxide
10 emissions and gas to flow to the surface in
11 increasing amounts. So geothermal may be
12 renewable, but it's not necessarily benign,
13 particularly when it comes to the Mammoth
14 Community Water District's concerns. The project
15 proponent, Ormat, and MCWD, we have been in
16 negotiations for some time, our next meeting on
17 this subject is March 4th. We're still hoping to
18 move forward a robust monitoring and mitigation
19 plan, but that's still ongoing, separate to the
20 legal efforts that Dennis outlined.

21 Simply put, the proposed project is
22 completely inadequate in meeting the project
23 objectives. We ask that you set this aside until
24 such time as we have an agreement between the two
25 parties as to how to proceed.

1 CHAIRMAN WEISENMILLER: Okay, thanks for
2 being here. Ormat is on the phone, so I was
3 going to ask her to respond to the comments.

4 MS. WARDLOW: Yes, good afternoon. Thank
5 you, Chairman. This is Charlene Wardlow with
6 Ormat and I apologize I can't be there. I'm
7 actually in Mammoth Lakes. We have a Long Valley
8 Hydrologic Advisory Committee Meeting tomorrow
9 and can't be in two places at one time.

10 So let me just address a couple of the
11 questions. These are items that the Water
12 District has brought up, I will just say that the
13 CD IV project initiated permitting in February of
14 2010, and it's a joint agency project, the
15 mineral rights are BLM, the surface is Inyo
16 National Forest, and the lead agency for CEQA was
17 the Great Basin Unified Air Pollution Control
18 District. The Forest Service and the BLM both
19 issued separate Records of Decision. The BLM
20 Record of Decision, well, let me just say, so
21 they did a joint EIR/EIS, there were no
22 significant impacts to groundwater identified in
23 that document, which as Mr. Hayes identified,
24 there was no mitigation monitoring program
25 identified for the project; however, the BLM

1 understanding the concerns of the Water District
2 did add to the Record of Decision that a
3 monitoring plan be required. That was in August
4 of 2012. Last summer, the EIR was certified by
5 the Air Pollution Control Officer, also there was
6 no identified significant impacts to ground
7 water; however, as Mr. Hayes indicated, we have
8 been working on a mitigation monitoring plan,
9 even though mitigation was not identified in the
10 EIR/EIS.

11 Let me just state that this isn't an
12 afterthought on Ormat's part, we weren't the ones
13 that did the Environmental Analysis for the
14 agencies, that was independently done by agencies
15 and subcontractors. I would like to say that the
16 reason for submitting the grant is through the
17 Long Valley Hydrologic Advisory Committee last
18 summer in August. The U.S.G.S. presented a
19 proposal on monitoring for the CD IV project at
20 the request of the BLM. The BLM defers to the
21 U.S.G.S. as their experts, and they recommended
22 some of the program as identified in this grant,
23 not all of it, as Mr. Domaille and Mr. Hayes have
24 indicated, and so it was to do -- this is just a
25 part of it, and that was to do the one shallow

1 groundwater well, the one dual completed
2 groundwater well, and then also part of the grant
3 application is to flow test the wells that were
4 drilled back in 2010–2011 to do the flow tests,
5 and we recommend that this Commission go ahead
6 and approve this grant, it's critical that we get
7 these groundwater wells drilled this spring, the
8 U.S.G.S. would be doing the work and overseeing
9 the entire project, so that, 1) we can determine
10 is there groundwater into the saltwater canyon
11 well field area and start collecting baseline
12 data if there is. Once those wells have been
13 drilled, it's critical that we collect baseline
14 data for an adequate time before the stress test,
15 the flow test of the existing geothermal wells
16 has been initiated maybe later this year, and the
17 BLM is the authorizing agency to oversee the flow
18 test at those two existing geothermal wells. So
19 I understand completely the Water District's
20 concerns. Yes, we are continuing to work with
21 them and are hopeful in working towards a
22 cooperative monitoring mitigation plan, but I
23 believe these wells were agreed to last summer by
24 everyone and that the U.S.G.S. recommended them,
25 they were not Ormat recommendations on the

1 locations or how they would be completed, and we
2 recommend that the Commission go ahead and
3 approve these. The money would not be available
4 until later this spring, and then hopefully
5 drilling would not be done until weather
6 conditions permit, and of course we're all
7 praying and hoping for a lot more snow, that it
8 would be later this year. So I'm completely
9 aware of their concerns, the environmental
10 documents, as stated again, the analysis was done
11 by the agencies, did not find a potential impact
12 to the Mammoth Community Water District's
13 groundwater supply, and we've had operations at
14 Casa Diablo for 30 years, and then at the Salt
15 Canyon which is the closest to the town for over
16 eight years with no shown impact to the Water
17 District's Water Supply. Ormat is not interested
18 in impacting the town's water supply at all, you
19 know, we want to be here, we're a valuable member
20 of this community, too, and we're here to work
21 cooperatively not only with the Water District,
22 but with the town and Mono County. Thank you so
23 much for the opportunity to speak and, again, I
24 apologize for not being there in person.

25 COMMISSIONER HOCHSCHILD: Thank you. Mr.

1 Chairman, can I ask a question? So the GRDA
2 Program is under my oversight and, as you know,
3 geothermal is a priority for the state. I guess,
4 and I want to just thank both of you for coming
5 such a long distance to share your concerns.
6 What I'm struggling a bit with is the scope of
7 this project is monitoring, and it seems to me
8 more information is a good thing. Can you
9 articulate what the concern is about getting the
10 information that this project would produce?

11 MR. HAYES: It seems counterintuitive
12 that we be arguing against a monitoring program
13 which the grant would be about. First of all,
14 the locations for these wells, it's not know that
15 there is groundwater in these proposed locations.
16 One of them is directly adjacent to, as was
17 pointed out in the report, an existing geothermal
18 production well that is going to be part of a
19 future project, it's not producing, and as far as
20 we know the records don't show that when they
21 drill that well, it's about 2,000 feet, that
22 there is any groundwater in that vicinity. So to
23 drill wells in areas where there's no likely to
24 be groundwater, essentially you'll have dry
25 holes. The concern here is not the projects that

1 had occurred 30 years ago, those are six or eight
2 miles away from our groundwater system. These
3 wells are now getting within a mile or a mile and
4 a half proximity. There are no geothermal
5 monitoring wells proposed by the proponent. They
6 need to be put -- sorry, I've been told I need to
7 state my name -- Patrick Hayes, Mammoth Community
8 Water District. So to pick up on that train of
9 thought, there is an area between our well fields
10 and the geothermal proposed fields that is
11 completely unknown hydro geologically. That area
12 is where we're proposing and where the U.S.G.S.
13 has proposed these shallow, mid-depth and deep
14 wells. The project that you're considering today
15 only considers shallow wells and at close
16 proximity to these geothermal locations, not in
17 the area between the two. A valid test hydro
18 geologically, and we have two of our experts
19 saying this, is to put wells between the two
20 systems, run their wells and see if there's a
21 stress test, a signal going to the wells in
22 between.

23 Simply put, if we don't have some sort of
24 protection our groundwater could either leak very
25 quickly or insidiously over time as you reduce

1 pressure. Drawing this 29,000 acre feet out from
2 under our well system, and we use about 2,000
3 acre feet, it can have a very large impact, even
4 though they're re-injecting, it's miles away.
5 We're getting into the weeds on geothermal power,
6 but essentially this area is very active
7 volcanically, it's full of faults and cracks. We
8 see some of our production wells with geothermal
9 signals in them.

10 COMMISSIONER HOCHSCHILD: I was wondering
11 if we could hear from our geologist, Cheryl, your
12 response to the issues that have been raised.

13 MS. CLOSSON: Well, with respect to this
14 particular project, it was never meant to be a
15 complete monitoring program for the Casa Diablo
16 IV Project, it is merely an attempt to initiate
17 some of the groundwater monitoring and it will
18 provide regional data that will also benefit
19 assessment of the geothermal resource in the
20 area.

21 COMMISSIONER HOCHSCHILD: Do we have
22 confidence that the information, let's say they
23 do these monitoring wells and they don't find a
24 connection, I mean, how much more information
25 will be required in order to safely permit the

1 project? I mean, is the utility of what we're
2 getting, I mean, if it's only sort of part of
3 what's needed, why is the scope what it is?

4 MS. CLOSSON: Because they were still in
5 negotiation for developing the monitoring
6 program, this is only meant to address the wells
7 that had been identified by the Long Valley
8 Hydrologic Advisory Committee and the U.S.
9 Geological Survey and it was my understanding
10 that there had been no contention on the location
11 for these particular wells as recommended by the
12 Long Valley Hydrologic Advisory Committee.

13 COMMISSIONER DOUGLAS: So David, if I
14 could as a follow-up question. So these issues
15 of whether groundwater is hydrologically
16 connected in specific locations are really
17 complex, as you both know probably many times
18 better than I do, but I know fairly well. What
19 kind of work or analysis went into the selection
20 of these well locations? You were starting to
21 get at that, Cheryl, when you were talking about
22 how these wells were recommended by a certain
23 group? Or what level of work and analysis went
24 into choosing these locations rather than other
25 locations or other depths and that sort of thing?

1 MS. CLOSSON: So for this particular
2 project, the application came in with the
3 locations already identified and as they had been
4 recommended by the Long Valley Hydrologic
5 Advisory Committee. So I'm assuming that the
6 U.S.G.S. had weighed in already and identified
7 specific locations for Ormat when they submitted
8 this application. The U.S.G.S. will be acting as
9 the major subcontractor and will be drilling the
10 wells and doing the testing, so they are a
11 subcontractor to the agreement. So it came in as
12 an application to our Grant and Loan Program
13 Solicitation with the well locations already
14 identified.

15 COMMISSIONER DOUGLAS: And if Ormat is
16 still on the phone, could you help shed some
17 light as well into how the locations were
18 identified?

19 MS. WARDLOW: Yes. The BLM actually made
20 a formal request to the U.S.G.S., they're both
21 under the Department of Interior, and the BLM
22 defers to the U.S.G.S. as their technical
23 advisors on the monitoring, and so the U.S.G.S.,
24 specifically Jim Howell who is out of the Truckee
25 Office, made a recommendation back to BLM which

1 was presented to the Long Valley Hydrologic
2 Advisory Committee on the location of the wells,
3 and specifically only these two groundwater
4 wells, there is more to the program, but as
5 Cheryl noted, this isn't the entire program. So
6 the U.S.G.S. is the one responsible for the
7 locations, not Ormat.

8 MR. HAYES: I heartily disagree with
9 that. The Mammoth Community Water District is a
10 member of the Long Valley Hydrologic Advisory
11 Committee. U.S.G.S. is a nonvoting member of
12 that committee. The locations were suggested
13 specifically by Ormat. Right from the beginning
14 we said there's not likely to be groundwater
15 found in those areas, the type of wellbeing
16 drilled is what she's referring to in terms of
17 what the U.S.G.S. has recommended, this nested
18 shallow and mid-depth well, and the geothermal
19 wells, but not the locations. And I stated at
20 the beginning of my conversation that the
21 District does not agree with these well
22 locations. And to our recollection, the rest of
23 the members cited in the Long Valley HAC have not
24 agreed necessarily, as well.

25 COMMISSIONER DOUGLAS: So are you saying

1 definitively that the Long Valley Hydrologic
2 Advisory Committee did not recommend these
3 locations? Or you don't think they did? Or
4 what?

5 MR. HAYES: There was a discussion at two
6 of the Long Valley HAC meetings that this would
7 be a starting point, and I think Cheryl has
8 referred to this as a starting point. Since that
9 time, we've had numerous meetings with Ormat
10 about what a real monitoring and mitigation plan
11 would look like, and from the beginning the
12 U.S.G.S. has stated there should be at least one
13 deep geothermal well. There are none included in
14 this proposal. And for this to have any real
15 validity in terms of a stress test and a leaky
16 aquifer test, you need to look at all levels and
17 zones in terms of monitoring specifically at the
18 deep level. There are no deep geothermal
19 monitoring wells in this proposal.

20 MS. WARDLOW: And this is Charlene again.
21 I would be happy to email Cheryl the BLM letter
22 requesting the U.S.G.S.'s recommendation and the
23 U.S.G.S. recommendation showing the specific
24 location of the wells.

25 MR. HAYES: You can tell we're far apart

1 on these two issues. And I'm sorry for your --

2 COMMISSIONER MCALLISTER: Is the extent
3 of the whole monitoring plan? Or is this
4 potential project that's laid out in front of us
5 now for a vote just part of the overall plan?
6 This broader discussion, is it taking place and
7 are there other pieces of this that we are not
8 seeing here?

9 MS. CLOSSON: This particular project is
10 only a very minor small part of the overall
11 monitoring plan that will be developed for the
12 Casa Diablo IV geothermal development. We are
13 only looking at two monitoring wells and a flow
14 test of two existing but idle geothermal wells.
15 This is not a complete monitoring program.

16 COMMISSIONER MCALLISTER: Does the
17 District feel that that overall plan is moving
18 forward in any constructive way? It sounds like
19 you're at loggerheads in some areas, but this
20 deep well, what's the way for that to get done if
21 it doesn't happen in this proposal?

22 MR. HAYES: It would be for the two
23 parties to agree to it, we've at our previous or
24 last meeting between Ormat and the District, we
25 again proposed two deep geothermal wells, the

1 response was that they would, quote, "consider
2 it." And that's where we stand until next March
3 4th's meeting. The veracity of the testing
4 program needs to be looked at en toto. To have
5 this Commission essentially bless off on this
6 approach when they know going in that it's
7 partial, incomplete, and that the very party
8 that's going to be affected by this has a much
9 broader proposal on the table, it would seem
10 disingenuous to approve part of a plan, rather
11 than to see the whole picture and put a plan in
12 place that all the parties have agreed to. It
13 would be premature.

14 MS. WARDLOW: This is Charlene and just,
15 you know, my understanding of the GRDA Program
16 and through the Water District's knowledge, I
17 don't know that they are aware that the money
18 that funds the GRDA Program comes from the
19 royalties paid to the Bureau of Land Management
20 in the State of California. You know, I've
21 historically done GRDA Programs in the past, GRDA
22 Grant Programs, and I don't think there's any
23 requirement that it ever be a complete program.
24 I completely agree, I mean, I think once the deep
25 geothermal monitoring wells, depending on where

1 settlement negotiations end up and if the final
2 plan is approved ultimately by the BLM who is the
3 responsible agency for the geothermal resource,
4 that in a future solicitation we may want to come
5 back in cooperation with the Water District and
6 apply for additional funds. To be honest, the
7 match is a lot better in that regard in terms of
8 the money available for a project. So we were
9 never saying this was a complete monitoring
10 program, and I think it would be great if we come
11 back in the future and we have a grant
12 application that contains more elements to move a
13 project forward that includes the rest of the
14 program.

15 Ormat currently through the Long Valley
16 Hydrologic Program pays for monitoring within the
17 Long Valley Caldera that is averaging, you know,
18 at least \$100,000 a year. The Water District
19 will be part of the additional program going
20 forward, including upgrading their own transducer
21 and monitoring equipment in their well field, so
22 yes, there are additional elements that could be
23 added down the road, but at this point in time, I
24 think these pieces, I know these pieces are
25 valuable to the program, and the sooner we get

1 them going the better off the entire monitoring
2 for the Water District and U.S.G.S. Program, too,
3 it will be a better value for everyone.

4 COMMISSIONER HOCHSCHILD: You know,
5 colleagues, I'd like to in light of the concerns
6 that are raised here just propose we table this
7 until the next meeting. There's I think some
8 more information that I know I would be
9 interested to get about the remainder of the
10 information that's necessary before the full
11 project could be approved and the plan for that
12 to happen. And I think it would make sense if we
13 could just postpone it to the next meeting.

14 CHAIRMAN WEISENMILLER: I agree with that
15 notion. I would also like to have U.S.G.S. and
16 BLM in the room so that we have all the effective
17 parties, in the room or on the line, obviously.

18 COMMISSIONER MCALLISTER: Yeah, I agree.
19 When we have stakeholders that are disagreeing
20 about something and it seems like there's both an
21 informational, well, there's a broad
22 informational landscape that we're not seeing, I
23 think it's our due diligence to collect that
24 information and consider the various opinions.

25 CHAIRMAN WEISENMILLER: Yeah, and I was

1 certainly going to suggest to Ormat, if they have
2 specific things they want to docket in terms of
3 letters or the District for that matter, that it
4 would be good to have that material docketed
5 before the meeting.

6 COMMISSIONER DOUGLAS: I think, you know,
7 I'll just add some thoughts as to what I would be
8 looking for. Commissioner Hochschild and I have
9 had the pleasure of sitting through hours and
10 hours and hours of hearing about whether certain
11 groundwater basins were hydrologically connected,
12 and that is not what I'm looking for in terms of
13 additional information. I have a basic interest
14 in understanding the role of these wells and how
15 they fit in the broader groundwater monitoring
16 plans, the role of BLM, did they or did they not
17 recommend these locations, these wells, same with
18 U.S.G.S., same with -- I wrote it down and lost
19 it -- the Long Valley Committee, and you know,
20 it's not really in this program our role to
21 collect evidence and make findings on whether we
22 believe in our independent judgment those are the
23 best locations, that's not what we're trying to
24 do here, but I just want to understand who is
25 recommending what and how this fits in the

1 broader program. So you know, I am not terribly
2 moved if I'm going to put it that way by the
3 concern about adding -- this is sort of a quote
4 -- "thin veneer of legitimacy to anything in
5 particular", but I want to understand how this
6 action that we have in front of us fits and I've
7 heard the concerns raised by the Water District
8 as to whether or not certain entities were
9 involved in recommending the location, the depth,
10 and anything like that, and I think that it
11 really behooves us to understand how the pieces
12 fit together before taking action. So I
13 appreciate bringing that to our attention and
14 look forward to some more detailed information,
15 without it being anywhere near as detailed as it
16 might be.

17 COMMISSIONER HOCHSCHILD: Can I make a
18 motion that we table Item 12 for the next
19 Business Meeting?

20 CHAIRMAN WEISENMILLER: Yeah.

21 COMMISSIONER DOUGLAS: Second.

22 CHAIRMAN WEISENMILLER: All those in
23 favor?

24 (Ayes.) It's been approved 5-0. Thanks,
25 Cheryl.

1 MS. CLOSSON: Thank you.

2 CHAIRMAN WEISENMILLER: Thanks for
3 coming.

4 So let's go on to Item 13. Natural Gas
5 Technologies. James Lee, please.

6 MR. LEE: Thank you. Good afternoon,
7 Commissioners. My name is James Lee from the
8 Energy Research and Development Division. Today
9 staff seeks the possible approval of the six
10 highest ranking grant applications totaling
11 \$891,550 from the PIER Energy Innovations Small
12 Grant Solicitations 14-03 Natural Gas and
13 Transportation Natural Gas. These grants were
14 competitively selected and are capped at \$150,000
15 each.

16 Of the 14-03 solicitations, 19 grant
17 applications were received. Of those, 10 passed
18 the initial screening and also exceeded the
19 minimum required score. The program technical
20 reward is recommending funding for the six
21 highest ranked proposals of those 10. Three
22 proposals are for the Natural Gas Solicitation
23 and are valued at \$450,000 in total. The other
24 three proposals are for the Transportation
25 Natural Gas Solicitation and are valued at

1 \$441,550 in total. I will be happy to answer any
2 questions you may have. Thank you.

3 CHAIRMAN WEISENMILLER: Yeah, this has
4 obviously gone before me as the Lead Commissioner
5 and I think most of you are familiar with the
6 Small Grants Program, it's certainly been very
7 effective and efficient. Any questions on this
8 one?

9 COMMISSIONER DOUGLAS: No questions. I
10 agree, it's been a really nice program. I'll
11 move approval of Item 13.

12 COMMISSIONER SCOTT: Second.

13 COMMISSIONER MCALLISTER: Just one more
14 comment. I have just over and over heard the
15 benefits of it and, you know, the fact that it's
16 relatively small money and it's a lot of
17 different folks doing really interesting stuff in
18 a huge variety of topics, it's a lot of bang for
19 buck for the Commission and gets a lot of balls
20 moving that then can grow over time and pull in
21 more and more funding. And I think it has
22 generated a lot of repeat comers and all that
23 good stuff, so it's a really good onramp to
24 getting into energy issues, cutting edge energy
25 issues in California. So you seconded it

1 already.

2 CHAIRMAN WEISENMILLER: All those in
3 favor?

4 (Ayes.) This also passes 5-0. Thank
5 you.

6 Let's go on to Item 14. Technologies and
7 Approaches for more Affordable and Comfortable
8 Buildings Grants.

9 COMMISSIONER DOUGLAS: For item -- I'm
10 sorry -- I was going to make a disclosure, but --

11 CHAIRMAN WEISENMILLER: Okay, please make
12 the disclosure. I was going to call Heather Bird
13 and then make the disclosure.

14 COMMISSIONER DOUGLAS: All right, good.
15 So for Item 14e, I want to disclose that I am an
16 Adjunct Professor at U.C. Davis King Hall, I
17 teach a Renewable Energy Law class and U.C. Davis
18 King Hall is not a recipient of this grant, this
19 grant goes to the California Lighting Technology
20 Center, also on the Davis Campus. And so that's
21 my disclosure.

22 COMMISSIONER MCALLISTER: So I have a
23 very similar disclosure, only it's my wife who is
24 a faculty member at U.C. Davis King Hall in the
25 Law School and also has no relationship with

1 these grants. So I'm just disclosing that
2 affiliation.

3 CHAIRMAN WEISENMILLER: Okay. And I'll
4 remind folks that EFF has been pulled. Okay,
5 please.

6 MS. BIRD: Good afternoon, Commissioners
7 and Chairman. I'm Heather Bird of the Energy
8 Efficiency Research Office. Today staff is
9 recommending approval of eight agreements for
10 projects totaling approximately \$15.7 million
11 under PON-13-301, Developing a Portfolio of
12 Advanced Efficiency Solutions, Technologies and
13 Approaches for more Affordable and Comfortable
14 Buildings.

15 Additional agreements under this
16 solicitation will be proposed at future Business
17 Meetings. The purpose of this solicitation is to
18 fund applied research that develops next
19 generation end use efficiency technologies and
20 strategies for the building sector, projects
21 applied in new construction and existing
22 residential and commercial buildings in
23 California.

24 Funding projects must emphasis emerging
25 energy efficiency technologies and improvements

1 to processes and operations in new construction
2 and existing buildings.

3 We have three funding groups: Funding
4 Group A includes Lighting Systems, HVAC
5 technologies, Building Envelope Systems, Plug
6 Load Devices, and understanding occupant
7 behavior. Funding Group B is Direct Current
8 Applications to Future Zero Net Energy Buildings.
9 And Funding Group C is Roof Deck Insulation
10 Analysis for New Residential ZNE Buildings.

11 This was a highly subscribed and highly
12 competitive solicitation with 120 Stage 1
13 Abstracts and 44 proposals. Staff proposes
14 funding the following advanced efficiency
15 projects: Item a, the recipient will develop a
16 simplified, cost-effective and optimal control
17 method for radiant heating and cooling systems
18 for a typical building automation system without
19 making significant modification. The results
20 will provide updates to the Title 24 Alternative
21 Calculation Method Reference Manual to enable
22 improved radiant system modeling capabilities.

23 Match funding of \$299,194 will be
24 provided. Project partners are Tiller
25 Engineering, New Buildings Institute, and TRC

1 Engineering. And the recipient, Fred Melman is
2 available via WebEx if necessary.

3 Item b is a very low cost micro-
4 electromechanical systems-based ultrasonic
5 anemometer for indoor and HVAC duct use. The
6 recipient will develop a highly accurate, robust
7 and low cost anemometer, an instrument that
8 measures the speed of air movement. When air
9 speed in an HVAC system or room is known,
10 tremendous energy efficiency improvements are
11 possible through connecting current wasteful HVAC
12 malfunctions, reducing equipment oversizing,
13 reducing excessive fan speeds, and conditioning
14 interiors using air movement as a means of
15 cooling instead of cooling the air itself.

16 Match funding of \$249,000 will be
17 provided. Project partners are Chirp
18 Microsystems and Taylor Engineering.

19 Item c, Solar Reflective Cool Walls.
20 This recipient will evaluate the potential
21 benefits of solar reflective cool walls, assess
22 and advance available and potential cool wall
23 technologies, and develop the infrastructure
24 needed to appropriately promote their use. Cool
25 wall technologies include existing light colored

1 and cool colored paints, cool colored coatings
2 such as exterior wall paints and stuccos that
3 incorporate reflective pigments, self-cleaning
4 coatings and claddings in retro reflective
5 coatings and claddings.

6 Match funding of \$610,800 will be
7 provided. Project partners are University of
8 Southern California, U.C. San Diego, and Lawrence
9 Berkeley National Labs -- oh, I'm sorry, they're
10 actually the Applicant.

11 And the recipient is attending via WebEx
12 and can respond to questions if necessary.

13 Item d, the recipient will develop
14 standardized user interface lighting control
15 systems that save energy and provide lighting
16 tailored to the needs of building occupants with
17 whole building control and automation. One of
18 the outcomes of this project is to target
19 California's Title 24 2019 Building Energy
20 Efficiency Standards revisions. This project
21 will help to accelerate the adoption of
22 Standardized Lighting Control Systems and help
23 realize the California Lighting Action Plan goal
24 of 60 to 80 percent reduction in lighting energy
25 use by 2020.

1 No match funding will be provided.

2 Project partners are Hancock Software, *Home*
3 *Energy Magazine*, CLASP, and PG&E.

4 Item e, the Recipient will develop and
5 conduct three consumer focused preference and
6 performance studies including medium screw-based
7 LEDs, Linear LED replacement lamps, and dedicated
8 LED Luminaires, for the most common applications
9 in commercial buildings. This work will address
10 key barriers to widespread market adoption of LED
11 technologies and provide energy efficient safe
12 and simple LED solutions that can quickly be
13 brought to market.

14 Match funding of \$5,000 will be provided.
15 Project partners are Go Green LED, Green
16 Creative, and CREE Lighting. A representative of
17 the recipient is present and would like to
18 briefly address the Commissioners after this
19 presentation.

20 Under Funding Group B, Item g, the
21 proposed Recipient will evaluate costs and
22 performance advantages and disadvantages of DC
23 and Hybrid ACDC electrical systems and their
24 integration with the Smart Grid. The products of
25 this research will help speed the market

1 transformation of DC systems, helping California
2 to achieve its ZNE building goals. The project
3 will also identify a path to improve the
4 integration of Electric Vehicle and energy
5 storage into ZNE buildings to help California
6 meet its Electric Vehicle and customer cited
7 storage goals by 2025.

8 Match funding of \$100,000 will be
9 provided. Project partners are Electric Power
10 Research Institute, California Institute for
11 Energy and Environment, ARAP, and Pacific
12 Northwest National Laboratory.

13 Under Funding Group C, we have two
14 proposals, the first, the Recipient will develop
15 alternative attic construction practices that
16 contribute to lower residential HVAC energy
17 consumption for new Zero Net Energy in
18 retrofitted homes in California. This project
19 will develop the technical background for
20 California Title 24 Building Energy Efficiency
21 Standard requirements and the accompanying
22 compliance software to ensure that appropriate
23 credit is given for sealed and insulated attics.

24 No match funds will be provided. And the
25 project partner is De Young Properties. The

1 Recipient is available via WebEx.

2 And the last item i, the Recipient will
3 develop two new approaches to residential attic
4 design with novel construction and material
5 attributes to make them perform similarly to
6 ducts in a conditioned space, but with low
7 incremental cost compared to current accepted
8 methods for sealed insulated attics. The
9 approach has both analytical and experimental
10 components that will lead to development of test
11 systems for field evaluation and demonstration by
12 2016, that will be market ready by 2017.

13 Match funding of \$265,000 will be
14 provided. Project partners are Owings Corning,
15 Shay Homes, and KB Homes. And this recipient is
16 present to answer questions, I believe.

17 Staff recommends approval of these
18 projects and we are available to answer any
19 questions.

20 CHAIRMAN WEISENMILLER: Great. So let's
21 hear from those participants who want to speak at
22 this time.

23 MS. BIRD: Corey Jackson.

24 COMMISSIONER HOCHSCHILD: Could you just
25 comment briefly on Item F. Is that going to be

1 coming back to us?

2 CHAIRMAN WEISENMILLER: It may or may
3 not. It's a contract issue, I don't know if you
4 heard me at the beginning, but the Applicant had
5 agreed to in the PON that they could meet
6 conditions, and now they've come back with
7 substantial renegotiations, so it's been pulled.
8 We'll see if we can resolve the issues or if we
9 move on to the next party.

10 COMMISSIONER HOCHSCHILD: Yep.

11 MS. JACKSON: Hi. Thank you. My name is
12 Corey Jackson and I'm the Program Director for
13 the California Lighting Technology Center at U.C.
14 Davis, and previously as Senior Development
15 Engineer with the Center, so I've been with them
16 essentially since they were founded about 10
17 years ago.

18 I want to take just a few moments, it's
19 been a long day, just to say thank you to the
20 Commission staff. As it was said, this was a
21 highly competitive solicitation, so we're very
22 happy to know that we were able to receive funds
23 under the award. And recently there has been
24 quite a bit of discussion on how to fund our
25 public academic research centers. And so I want

1 to say thank you and let you know that we are
2 happy and we are able to compete under the terms
3 of these competitive solicitations, so thank you.

4 But it does touch on a couple of points
5 that came up. I've been here for the whole
6 meeting, and there were some concerns over policy
7 development, Codes and Standards issues,
8 education of Building Inspectors, for example, so
9 this grant is absolutely essential for us to
10 continue to maintain one of our three core
11 activities which is research and development. So
12 the technologies that will be developed through
13 this grant will touch on energy efficiency of
14 California's existing buildings, as well as new
15 construction. So thank you very much for that.

16 But what it doesn't do is allow us to
17 continue to pursue education and pursue policy
18 development, so I really want to challenge the
19 Commission and the staff to consider the market
20 transformation aspect under EPIC and some of
21 those strategic objectives, and think of some
22 creative ways, and we really want to get out
23 there to pursue that policy aspect and pursue
24 workforce development and education so that, once
25 these great technologies are in the market, we

1 can actually make sure they get installed, make
2 sure that you realize and California realizes the
3 savings from its investment in the development.
4 So again, thank you and --

5 CHAIRMAN WEISENMILLER: Thank you. Of
6 course, we will also challenge you to reach out
7 to others besides the Energy Commission for
8 funding.

9 MS. JACKSON: Absolutely. Currently,
10 Energy Commission provides about 50 percent of
11 our current funding, we get about 25 percent from
12 California Utilities who are an active partner,
13 and 25 percent from the private sector. So we
14 definitely will continue to pursue all aspects
15 when it comes to our funding.

16 CHAIRMAN WEISENMILLER: Great.

17 MS. JACKSON: Thank you.

18 CHAIRMAN WEISENMILLER: Thank you.

19 MS. BIRD: Okay, I think that's it unless
20 you have a question.

21 CHAIRMAN WEISENMILLER: No, that's good.
22 We may have. For context, Commissioners, this is
23 the second batch of EPIC contracts, there were
24 some in December, so it's exciting. These are
25 the energy efficiency ones, we have sort of

1 frontloaded those to deal with the needs for the
2 Standards in 758, so again it's a pretty good
3 group. Though I should note, generally, having
4 mumbled about CREE on contract issues, EPIC is
5 not PIER, so there's whole new terms and
6 conditions, and so we've been going through a
7 fairly painful process with U.C. and Lawrence
8 Berkeley Lab to try to get the contracts nailed
9 down so people could actually get some money, and
10 start doing some research. And we're not there
11 yet. So the good news is I think we're going to
12 be moving forward on these. But certainly all
13 the scientists, when they start working I would
14 encourage you to encourage your attorneys to move
15 faster and be creative. And again, this is not a
16 time to keep coming up with new and new issues,
17 but just basically let's move forward and rein in
18 your attorneys some, bottom line.

19 COMMISSIONER HOCHSCHILD: I just really
20 wanted to thank the Chair for his oversight of
21 the EPIC Program, these projects look terrific to
22 me and I'm just thrilled to see the money finally
23 get out the door.

24 COMMISSIONER MCALLISTER: Yeah, so I
25 think the synergy with the new goals that we have

1 as of January 5th of this year and trying to get
2 our heads around practically speaking what that's
3 going to mean for all of our programs, it's right
4 in front of us, and a lot of the solutions really
5 start with R&D and these efficiency solicitations
6 are a key part of the puzzle for long term. And
7 so I know how the solicitation worked and have
8 been briefed on it along the way and, as you
9 said, it was highly competitive, you know, I've
10 had many outreach opportunities with disappointed
11 bidders, which aren't very fun, but it's also in
12 some ways a sign of our success because we were
13 very much oversubscribed, a lot of good ideas
14 didn't make the final cut.

15 So I did want to ask one question just
16 about, you know, quantitatively how the plug load
17 issues was included in this PON, but I didn't see
18 a lot of it in the final results and I'm just
19 wondering kind of what some of the challenges you
20 faced in getting proposals in and getting them
21 through, and I think in the 758, in the existing
22 buildings context, for example, you know,
23 strategies that we need to pursue is aggressively
24 figuring out how we can improve the performance
25 of our plug loads, both in the Appliances

1 Standard front, but also in getting Changeouts
2 over the ones that are already out there on the
3 program front. So it's a tough nut to crack and
4 we need to engage on that proactively. A lot of
5 this has to do with IT, with technology, with
6 electronics, and coming up with solutions for how
7 to optimize all the devices we're all using and
8 getting that kind of technology out throughout
9 the economy. So it's a big lift, I think, for
10 all of us and EPIC is potentially one of the key
11 ways that we can stimulate that kind of
12 innovation and I guess I'm wondering how that --
13 maybe I'm reaching a little too far forward here,
14 but what that looks like from the perspective of
15 the staff who has actually been running the
16 solicitation.

17 MS. BIRD: We did receive I don't
18 remember how many plug load applications, I would
19 estimate about a handful, and the way that this
20 worked, with funding group A, is we had all of
21 the different categories competing against each
22 other, so each application stood on its own
23 merit, and so when it all played out, it was the
24 ones that we're recommending that came in on top
25 and, one second, let me just check with

1 Management for a second.

2 COMMISSIONER MCALLISTER: You don't have
3 to let any cats out of the bag here, but, yeah, I
4 think going forward, given the challenge maybe we
5 should structure something to focus on plug loads
6 more specifically.

7 MS. BIRD: Yeah, that's what I wanted to
8 check and see if I could say.

9 COMMISSIONER MCALLISTER: Hey, we're on
10 the same page.

11 MS. BIRD: Yes, and I can. So there's a
12 second phase to this solicitation, we had a group
13 of I think it was \$43.1 million and the first one
14 we went out with \$25 million, and we have money
15 left in the pot, so we are preparing a second
16 solicitation and in that solicitation we're
17 actually going to have separate funding groups
18 and one of those funding group will be plug
19 loads. So that pretty much guarantees that we'll
20 get some - and we're aware that there are holes
21 in the result of this first solicitation, and so
22 we want to fill it out and have a complete
23 portfolio.

24 COMMISSIONER MCALLISTER: Great, and I
25 totally appreciate that's part of the design

1 where we sort of roll with the punches and make
2 sure that we're watching the marketplace broadly
3 and trying to fill the holes that are there, so I
4 really appreciate that. Thanks very much.

5 Okay, I'll move Item 14.

6 COMMISSIONER DOUGLAS: Second.

7 MS. VACCARO: I'm sorry, you need an
8 amended motion. You're moving Item 14 with the
9 exclusion of Item f.

10 CHAIRMAN WEISENMILLER: Just f.

11 COMMISSIONER MCALLISTER: Okay, move Item
12 14, excluding item f.

13 COMMISSIONER DOUGLAS: I'll second that.

14 CHAIRMAN WEISENMILLER: All those in
15 favor?

16 (Ayes.) Item 14 passes 5-0. Thank you.

17 So let's go on to Minutes, Item 15,
18 January 14th Business Meeting Minutes.

19 COMMISSIONER DOUGLAS: Move the Minutes.

20 COMMISSIONER MCALLISTER: Second.

21 CHAIRMAN WEISENMILLER: All those in
22 favor?

23 (Ayes.) Minutes were approved 5-0.

24 Let's go to Lead Commissioner or
25 Presiding Member Reports. Commissioner Scott?

1 COMMISSIONER SCOTT: I'm still just
2 delighted and thrilled by our successful
3 completion of the 2014 IEPR Update, so a good
4 day, a very good day.

5 A couple of things that I have been up to
6 recently, I went and maybe I'll just group this
7 altogether, I had some good opportunities to go
8 out and talk with a pretty broad set of folks
9 about what the Energy Commission is doing and
10 also what I'm doing and my program under the
11 Alternative and Renewable Fuel and Vehicle
12 Technology Program. We went to the Verde
13 Exchange Conference which was in Los Angeles and
14 had a great opportunity to highlight some of the
15 things that the Commission is doing, go to do
16 that at the CalSTART Low Carbon Fuel Summit, as
17 well, at the California Biodiesel Alliance, and
18 also with the Power Association of Northern
19 California, so it's been a good opportunity to
20 kind of get the word out about the Energy
21 Commission and what we're doing.

22 At Power Association of Northern
23 California, it was interesting to talk about the
24 intersection of Electric Vehicles with our
25 Electrical Grid, and I think a lot of the things

1 that we're working on, especially with the
2 Vehicle Grid Integration Projects through EPIC,
3 we're really actually of interest to those folks,
4 so that was pretty neat to get to talk about it.

5 We did our Alternative and Renewable Fuel
6 and Vehicle Technology Program Advisory Committee
7 Meeting a couple weeks ago, we hosted that in
8 Fresno, so I just want to say thank you again to
9 our friends and colleagues at the San Joaquin
10 Valley Air Pollution Control District, they let
11 us meet in one of their conference rooms, which
12 was fantastic. They gave us a presentation about
13 what's going on in the San Joaquin Valley and the
14 importance of transforming transportation to help
15 meet their air quality goals, which was terrific.
16 We had a really good turnout, actually. People
17 drove up from Southern California and drove down
18 from Northern California, and came in from the
19 Fresno area and we had a good set of our Advisory
20 Committee members who were there in person, and
21 we also had a great set of the mostly biofuels
22 folks, but a lot of the biofuels folks who are
23 working, have projects that are funded by the
24 Commission and are interested in what the
25 Commission is doing. And they came, they came to

1 the meeting and participated in person all day.
2 Assembly Member Perea sent a staff member over
3 and he was a water guy, but he was still there
4 and he listened to the whole day and thought it
5 was very interesting, so it was just nice to host
6 that meeting in Fresno, and you will see an
7 updated version of the Investment Plan at our
8 April Business Meeting.

9 And I would like to, since we last met,
10 my Advisor Jim Bartridge has gone back up to
11 Division and so I am 100 percent thrilled for him
12 and a little bit sad for me, but I just wanted to
13 say thank you to him for all the fantastic work,
14 he has been a wonderful Advisor. I was so
15 delighted to have him on my staff and he is
16 missed. And I so wanted to welcome Rhett de
17 Mesa, who is going to come over and join my staff
18 from the EPIC team and she starts on March 2nd,
19 and I am very much looking forward to getting to
20 work with her again as an Advisor, so some
21 staffing changes in my office. That's me.

22 COMMISSIONER MCALLISTER: Well, great.
23 I'll be brief. I feel like I've been doing a lot
24 of public speaking lately and I won't try to be
25 comprehensive here, but really just highlighting

1 the things that come to mind and seem important.
2 A lot of it is about stakeholder engagement and
3 just keeping our various stakeholders in the
4 loop, so I've been meeting with the Legislature,
5 some of our key folks over there, trying to get
6 them up to speed on the things we're doing with
7 Title 20, Title 24, and the Existing Building
8 Action Plan that's coming up for release here in
9 the next few days.

10 I spoke with BOMA last week, so the
11 Building Owners and Managers Association, a very
12 key stakeholder for us going forward on a number
13 of fronts, but certainly for Building Standards
14 and for AB 1103. Our staff has been working
15 really hard on AB 1103 and getting those rules
16 improved such that the program can run more
17 smoothly and we can ramp up the compliance with
18 that program. So that's pretty exciting.

19 And then just highlighting a couple of
20 things on the Title 20 front, on the Appliance
21 Efficiency Standards, there's actually a
22 rulemaking that is new that we opened, but also
23 just want to highlight that that process is
24 moving forward, staff has done a good job on
25 those devices, they're the water consuming

1 devices for the most part and obviously have an
2 energy component, but water is a little unique
3 for us to be doing, and working on several other
4 groups of devices that will over the coming weeks
5 and months be rulemakings, additional rulemakings
6 under Title 20.

7 And also some really great progress on
8 2016 Title 24, you know, we had a pretty robust
9 discussion this morning about some of the hiccups
10 on Title 24 2013, and I think the 2016 process is
11 really I think a model of how we can move it
12 going forward and working with stakeholders from
13 the get go to avoid some of the gaps and
14 understanding about what that's about.

15 I also went to Verde Exchange, that's
16 quite an event. It was my first time, I couldn't
17 make it the last couple of years and certainly
18 want to go back. LA just has a lot of really
19 interesting stuff going on and some stakeholders
20 who are unique to that area that deserve our
21 engagement, so it's really good to be down there.

22 And then finally the RESNET Conference
23 actually on President's Day was in San Diego this
24 year and RESNET is the National equivalent, or
25 everyplace by California equivalent of our Home

1 Energy Rating System, so RESNET HERS is what the
2 other states use, and we have a slightly modified
3 version of it, or a California-centric version of
4 it that we use, and I'm looking to align those
5 more and get them more on the same page so that
6 builders can -- so that the marketplace can kind
7 of just understand more and standardize on one
8 set of tools, or something close to one set of
9 tools. And I think that's a productive group to
10 really have that conversation and work through
11 the differences that we have and see where we can
12 align with the RESNET Standard and where they
13 might change to meet what we're doing if that
14 actually is more optimal.

15 So really the overarching theme is trying
16 to involve our stakeholders and leverage other
17 resources so that we can focus more on what is
18 necessarily California-specific and where there's
19 a DOE investment or a national investment that's
20 been made, that we can piggyback on, that we want
21 to try to do that. So in general, optimization
22 and stakeholder engagement, those are my two
23 themes.

24 COMMISSIONER DOUGLAS: All right, well,
25 I'll try to keep it brief, I've actually got

1 quite a bit to report. So February 23rd was the
2 comment deadline for DRECP and we are now awash
3 in comments. As of February 24th at 2:00 p.m.
4 there were 11,368 comments received. In
5 addition, there were a number of hard copy
6 comments received and staff is not entirely sure
7 yet whether they're duplicates of prior submitted
8 electronic versions, or original comments.

9 We have two hardworking docket staff,
10 Sabrina Savala and Patti Paul, who are on the
11 frontlines handling the comments and they are
12 working very quickly and efficiently and their
13 goal is to docket all comments by the end of the
14 day, Monday, March 2nd. So I'm sure that's going
15 to take a huge amount of concentrated effort and
16 I really want to call them out and express my
17 appreciation for their hard work. Kristy Chew is
18 also on the frontlines handling comments; when
19 Dockets finishes with the comments, she reviews
20 them and sends them to the Web. She tries to get
21 them loaded to the DRECP website within two days
22 of the comments being received and in general we
23 are able to do that, although some of the form
24 letters take longer because Kristy is trying to
25 batch the form letters together. The advantage

1 of doing that is that if you don't batch form
2 letters together, you sometimes just bury a lot
3 of the original different levels with the number
4 of form letters, so everything will be available
5 on the Web. I've been kind of watching my
6 computer, I've seen Dockets send out a number of
7 batched comments. Of course, we've got a lot of
8 people now working hard to read all of these
9 comments, so that's probably enough about that.

10 In terms of recent travel and events,
11 back in late January I had an opportunity to do
12 some tribal visits, I went and visited the Fort
13 Mojave and the Chemehuevi Tribes on the 26th and
14 27th of January. That followed a visit with the
15 Colorado River Indian Tribes and the Quechan
16 Tribe a couple weeks before that. I think I
17 might have talked about that at a former Business
18 Meeting.

19 On February 9th, Commissioner Hochschild
20 and I were at the Desert Sunlight event out in
21 East Riverside and I'll really let him speak more
22 to that, but I will say that it was a real
23 inspiration to go to that event and to see that
24 project. Secretary Jewell spoke at that event
25 and I think you'll all be pleased to hear that

1 she called out the Energy Commission in
2 particular and recognized our 40th and some of
3 the achievements of the Energy Commission and I
4 think that if I had to guess, that might have
5 come about because Jim Kenna, the State Director
6 for BLM, attended one of our 40th events and
7 heard Charlie Warren speak and he told me
8 afterwards that he learned a thing or two and
9 really enjoyed it. So anyway, we had a really
10 nice shout out from the Secretary of Interior.

11 On February 17th, I went to speak at an
12 Inyo County Board Meeting, we had a very good
13 dialogue about DRECP and renewable energy
14 planning in Inyo County. I also stopped briefly
15 by one of two meetings on a programmatic
16 agreement for DRECP that our staff is supporting
17 and working with BLM on. The other meeting was
18 in Palm Springs, and with these meetings tribes
19 are invited, also archaeologists and cultural
20 resource specialists from various places, and so
21 I was only able to be at the Ridgecrest meeting
22 briefly.

23 In terms of my office, I've also had a
24 few staffing changes. Christine Stora, my former
25 Advisor, is now back in the Siting Division, she

1 got a position as the OM for Compliance, and so
2 she'll have a major role now helping to manage
3 the Siting Compliance Program. I think it's a
4 really nice fit for her and there's a lot of
5 really important work that's going on in that
6 program that she'll be able to support us with
7 and help get done.

8 Le-Quyen Nguyen from the Renewables
9 Division, particularly the New Solar Homes
10 Partnership Program, has accepted my offer to be
11 my second Advisor, and we've got kind of a
12 transition period worked in there, but I'm really
13 happy to have her on board.

14 And in part because we do have so much
15 obviously public interest and work on DRECP, Lori
16 Sinsley is going to be working with my office, as
17 well on DRECP. So that's my report.

18 COMMISSIONER HOCHSCHILD: It's been a
19 quality five hours and 15 minutes with everyone
20 today, so no updates from me, except to say a
21 special thanks to everyone who was involved in
22 the 40th Anniversary and in particular to Drew
23 Bowen for really putting together all of the
24 logistics for what I think was a huge success.
25 These public events, a lot of great feedback from

1 the officials who were there and members of the
2 public and, Drew, I just want to thank you for
3 everything you did to make that happen.

4 CHAIRMAN WEISENMILLER: I certainly
5 second that. You know, I think he certainly led
6 staff, Kevin was definitely one of those, and the
7 remarkable thing, he really double-checked with
8 something going wrong, but anyway, it did come
9 out very well, and I think particularly the event
10 for the staff, and then the reception, symposium,
11 I want to thank Janea for actually making the
12 Thursday thing happen while I was trying to
13 preserve my voice or what was left of it by then.

14 So I'll try to be brief, but there's a
15 bunch of things floating around. First, in terms
16 of personnel changes, I would note this is
17 Kourtney's first Business Meeting as our Chief
18 Counsel. (Applause) So I think in terms of
19 something I feel very good about, you know, it's
20 a great move and I appreciate her rolling this
21 step forward on this.

22 I was also at Verde Exchange and, again,
23 it is the premier event in Southern California
24 and the bulk of our citizens are South of
25 Wilshire Boulevard, so I think it's a good

1 opportunity for us to have a presence in Southern
2 California and to make contact with key decision
3 makers there.

4 In terms of I've been spending a lot of
5 my time on the Energy Imbalance Market
6 Transitional Committee and I think which will
7 continue. Basically we're trying to deal with
8 the thorny governance issues there, but I would
9 note a couple things on why that's as important
10 as it is. There's been a lot of debate back and
11 forth under Doc Kerr (ph) and every day I look at
12 the ISO app for renewables the day before, and
13 I'd have to say case closed at this point, you
14 know, it's just basically it's there, it's there
15 faster than people are expecting. There are
16 certainly some days where the wind is very high
17 in the morning and evening which flattens things
18 out, and other days where it's less so. Also in
19 terms of ramping for some reason Christmas day,
20 we had like a 9,000 megawatt ramp, I mean, which
21 again is just amazing to try to burn through
22 that. And we've had over-gen issues now. When
23 you think about the over-gen issues, I mean,
24 there are a variety of options we can have, power
25 to gas, storage, blah, blah, blah, but the thing

1 that you can do right now, and we are doing right
2 now, is energy imbalance market, that when things
3 went live with PacifiCorp, when you look at the
4 benefits report, you can actually start seeing
5 renewables flowing out of California to
6 PacifiCorp. And again, in terms of the over-gen
7 numbers, they're not nearly as pronounced as they
8 could be. So bottom line, that's a very
9 important topic and one of the things we're
10 frankly struggling with is this is very important
11 for a lot of other states to be in the Energy
12 Imbalance Market, and you know, as this becomes
13 more of a regional approach, then we're starting
14 to run into questions just under basic
15 governance, you know, the Imbalance Market is in
16 some respects just the last hour as opposed to if
17 you think about all the products the ISO has, and
18 it's something which, you know, PacifiCorp means
19 seven states, there's a couple others that may
20 come in, Nevada will come in next October,
21 there's a couple other states that may come in
22 the near term, too. But that starts the
23 questions certainly of other states trying to
24 figure out what is their role in governance. And
25 at this point we have a proposal where at least

1 for the Energy Imbalance Market, there would be a
2 separate Board of Governors that would deal just
3 with those parts of the tariff that deal with the
4 Energy Imbalance Market, which would certainly be
5 more regional in character in terms of
6 governance, but with sort of a nesting
7 arrangement with existing ISO Board. So we're
8 starting to see obviously some degree of pushback
9 from other states, I mean, when you talk to, say,
10 the northwest, they say they'd love to join as
11 long as you can figure a way to keep it totally
12 separate from California and FERC. Okay. Well,
13 it's not going to work, bottom line, unless you
14 have enormous seams between the hourly markets
15 and the day ahead markets, it just doesn't make
16 any sense.

17 So anyway, it's tough, but very important
18 to really move that right now and certainly it's
19 a key part of moving forward on some of our
20 renewable goals.

21 Another one which, again, trying to keep
22 it short, is when we talk about the emergency
23 stuff, one of the things which we dodged the
24 bullet on was the Port stuff. There have been
25 phenomenal labor problems at the ports, which

1 have resulted in, I mean, one of my friends in
2 Southern California was shocked when Nordstrom's
3 couldn't get their products in for the holidays.
4 And now we have had produce not being able to go
5 out, we've also had goods coming either way for
6 the Chinese New Year. Well, the other aspect
7 from our more parochial perspective is the pet.
8 coke produced by the refineries were stacking up
9 and there was the potential that about this week
10 we could start seeing refineries ramping down
11 which then gets you into gasoline markets and
12 obviously there are strikes already, so it was
13 really a sigh of relief Friday night to get the
14 note saying, "By the way, it's settled." But,
15 again, it sort of gets to some of the fragility
16 of our energy systems at this stage.

17 And we did have an event on EPIC,
18 probably you will be hearing about from different
19 people. We had a mid-course review for people,
20 it was a talk about PONs, the process we're going
21 through, is there anything we're overlooking?
22 And that was certainly an opportunity for the
23 Lighting Center to say, well, wait a minute,
24 while we do well in competitive processes, we
25 would like to have the Centers more out for

1 competition for sort of pretty well no strings
2 attached money for multi-year. And that's one of
3 the things which I have to talk to Lori and
4 figure out whether we do that, and if we do, what
5 sort of competitive process. Obviously there are
6 the incumbents, there are the non-incumbents, all
7 of whom would like to get some -- I'm not sure
8 it's called easy money, but in the R&D world
9 what's expected is, but basically we have
10 substantial investments in the Centers already,
11 but we do have this framework under EPIC of
12 basically competition really and sort of tying
13 back to the Investment Plan. And at the PUC,
14 that part was not particularly well received, the
15 Centers were not very well received in the first
16 Investment Plan, by ORA, TURN, and a number of
17 parties. So anyway, we're struggling, but it was
18 a good opportunity I think for people to make
19 their case. I'm sure some of you will hear the
20 same case, Lori in our hearing, and we're going
21 to try to figure out where we're going forward
22 shortly.

23 So with that, let's go to Chief Counsel's
24 Report.

25 MS. VACCARO: I have nothing to report.

1 Thank you.

2 CHAIRMAN WEISENMILLER: Great. Executive
3 Director?

4 MR. OGLESBY: I will be very brief, but
5 I'd add that a week before last I represented the
6 Energy Commission and Chair Weisenmiller in
7 particular at the ARPA-e Summit that was in
8 Washington, D.C. And at that summit there was a
9 staggering amount of innovative research
10 activity, kind of a forum for all over the
11 country, more PhDs per square foot than any other
12 place in the nation, and one of the remarkable
13 aspects of the summit was the number of
14 California companies that are involved with
15 really innovative research that were there at the
16 summit.

17 The Energy Commission also held a
18 briefing session for Summit participants,
19 highlighting the EPIC Program, the type of
20 research we are doing here, and that was very
21 well attended, as well.

22 CHAIRMAN WEISENMILLER: Great. Public
23 Advisor Report?

24 MS. MATHEWS: Good afternoon. It's been
25 a really great month. I've been really busy and

1 I want to start off by adding in the staff
2 changes that I have and introduce Shawn Pittard
3 who is the new Assistant Public Advisor, so we
4 stay busy. I just wanted to highlight that part
5 of my job is to ensure that the public can
6 participate, and that's more than just the
7 proceedings, or the Commission Business Meetings,
8 it's also the opportunities that we have. And so
9 I'd just like to highlight that sometimes this
10 support comes in the form of looking at our
11 processes. We actually had a member who wanted
12 to comment, who was unable to type, so we always
13 want to submit comments or give verbal comments,
14 but they didn't have the ability to do that, so
15 we are starting to initiate a protocol for
16 someone who would like to submit comments on the
17 lessons learned on proposed rulemakings, but they
18 are not able to submit those written comments.
19 We have also assisted with three emergency
20 rulemakings, I think each Division probably has
21 one and we've been consulting on all three of
22 those. We've attended the Advisory Committee
23 meeting to try to offer support with the
24 workshops. Tomorrow, what's going to happen is
25 I'm having the opportunity to take along EPIC

1 staff, as well as ARFVTP staff to a Bay Area
2 Roundtable and so again, in making sure that the
3 public can participate in our proceedings, as
4 well as the opportunities that we have at the
5 Commission, that is going to be a forum where we
6 can let them know about all the funding
7 opportunities and get more dialed into that.

8 I also wanted to highlight that one other
9 way we can offer support specifically to the New
10 Home Solar Project is we will have two staff
11 members who will be working to support some of
12 the work that they are doing. So just letting
13 you know that the Public Advisor's Office is
14 busy, we are excited about all that we are doing,
15 and also next week I've been invited to join a
16 meeting with the Japanese Delegation, so we've
17 been doing a lot with China and with Mexico, so I
18 guess this is opening the door. I am just going
19 to sit in the room and the table, but they're
20 interested in the work at the Energy Commission,
21 so hopefully that will be an opportunity to open
22 the door to bring them here so that they can
23 connect with the proper staff. And I believe
24 Amelio is going to be representing Chair
25 Weisenmiller at that event, as well.

1 CHAIRMAN WEISENMILLER: That's very good.

2 Yeah, actually at Verde Exchange there was a
3 strong presence of the Japanese companies.

4 Public comment? Okay, this meeting is
5 adjourned.

6 (Whereupon, at 3:25 p.m., the Business Meeting
7 was adjourned.)

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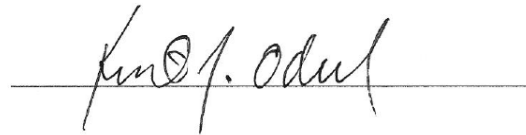
25

REPORTER'S CERTIFICATE

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 16th day of March, 2015.

A handwritten signature in cursive script, appearing to read "Kent Odell", is written over a horizontal line.

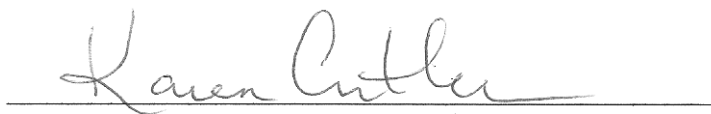
Kent Odell
CER**00548

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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.

IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of March, 2015.

A handwritten signature in cursive script, reading "Karen Cutler", is written over a horizontal line.

Karen Cutler
Certified Transcriber
AAERT No. CET**D-723