

DOCKETED

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

SACRAMENTO, CALIFORNIA 95814

10:00 A.M.

CALIFORNIA REPORTING, LLC
52 Longwood Drive, San Rafael, California 94901 (415) 457-4417

APPEARANCES

Commissioners Present

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

Staff Present:

Rob Oglesby, Executive Director
Kourtney Vaccaro, Chief Counsel
Alana Mathews, Public Adviser
Shawn Pittard, Assistant Public Adviser
Tiffani Winter, Secretariat

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Roger Johnson	2
Eric Veerkamp	3
John Butler	4
Alan Ward	4
Sean Steffensen	5
Amir Ehyai	6 & 7
David Chambers	8
Colin Corby	9
Paul Robinson	9
Matt Fung	10
Tami Haas	11
Sarah Williams	12
Sharon Purewal	13

Others Present (* Via WebEx)

Interested Parties

Jeffrey Harris, Ellison Schneider & Harris	2
Scott Galati, Galati & Blek LLP, PG&E	3
William Pucheu, Mendota Bioenergy LLC	4
Sharon Starcher, Mendota Bioenergy LLC	4
Charles Kim, SoCal Edison	5
Jerry Desmond, PMI	5
*Travis O'Guin, LightSail Energy	8

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	h. FIRSTELEMENT FUEL, INC.	
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The Energy Commission may also discuss any judicial or administrative proceeding that was formally initiated after this agenda was published; or determine whether facts and circumstances exist that warrant the initiation of litigation, or that constitute a significant exposure to litigation against the Commission.

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P R O C E E D I N G S

DECEMBER 9, 2015 10:04 a.m.

CHAIRMAN WEISENMILLER: ... to the Business Meeting with the Pledge of Allegiance.

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

CHAIRMAN WEISENMILLER: Okay. So let's go on to the Consent Calendar. First, I think Chief Counsel has a notice on this, go ahead.

MS. VACCARO: Just for clarity for members of the public, I wanted to point out that initially the Commission posted for Item 1c a proposed resolution, and since the time of posting a revised resolution was prepared. It's been distributed to the Commissioners before today's meeting. It's also available today here, I think, in the entry area. But just for members of the public who might have seen the prior version there was a replacement version and it is before all the Commissioners today -- Item 1c.

CHAIRMAN WEISENMILLER: Okay. That's great.

I think I have two Commissioners with disclosure on this Consent, so?

COMMISSIONER MCALLISTER: I do actually.

COMMISSIONER SCOTT: So I need to disclose on Item 1f, that as a member of the Western Interstate Energy

1 Board I receive travel reimbursements for my participation
2 in the Board meetings. This requires me to recuse myself
3 from consideration of this item.

4 COMMISSIONER MCALLISTER: So I have a similar
5 disclosure on 1g, which a membership with NASEO, the
6 National Association of State Energy Officials, of which I
7 am on the Board. So I will recuse on that vote.

8 CHAIRMAN WEISENMILLER: Okay. So let's take up
9 first the consent items except for g and -- yeah, actually
10 no is --

11 COMMISSIONER MCALLISTER: How about I --

12 CHAIRMAN WEISENMILLER: I think, yes. Well, why
13 don't you stay first and stay here? We'll take up
14 everything except f now -- g excuse me. I'll get it
15 straight yet, g.

16 MS. VACCARO: Okay. Then Commissioner Scott
17 can't be here for --

18 CHAIRMAN WEISENMILLER: No, actually we're
19 correcting -- yeah, okay.

20 MS. VACCARO: Okay. So then --

21 CHAIRMAN WEISENMILLER: Go ahead, so I need a
22 motion?

23 COMMISSIONER DOUGLAS: All right, so I move
24 approval of the Consent Calendar Items a through f --

25 MS. VACCARO: I'm sorry I'm going to interrupt

1 the motion. Commissioner Scott cannot participate for Item
2 f.

3 CHAIRMAN WEISENMILLER: Right, we know this.

4 COMMISSIONER DOUGLAS: Yeah, I know the motion
5 just included f, so I just want to make sure.

6 CHAIRMAN WEISENMILLER: Yeah, no we --

7 COMMISSIONER DOUGLAS: All right, I'll do that
8 again. Move approval of the Consent Calendar Items a
9 through e and Item g.

10 CHAIRMAN WEISENMILLER: Great.

11 COMMISSIONER SCOTT: Second.

12 CHAIRMAN WEISENMILLER: All those in favor?

13 (Ayes.)

14 CHAIRMAN WEISENMILLER: So this passes 4-0 with
15 one abstention.

16 Now, let's go on.

17 COMMISSIONER MCALLISTER: Now go to f?

18 CHAIRMAN WEISENMILLER: Yes, so now we're ready
19 to deal with f.

20 COMMISSIONER DOUGLAS: Move approval of Consent
21 Calendar Item f.

22 COMMISSIONER MCALLISTER: Second.

23 CHAIRMAN WEISENMILLER: All those in favor?

24 (Ayes.)

25 CHAIRMAN WEISENMILLER: So this also passes 4-0

1 with one abstention.

2 So let's go on to Item 2. I want to make the
3 announcement that Commissioner Douglas has volunteered to
4 be head of the IEPR next year. And we're looking forward
5 to sort of basically the scoping coming out and obviously
6 looking forward to that.

7 COMMISSIONER MCALLISTER: I will do all I can to
8 pass the baton in a very streamlined and seamless way.

9 CHAIRMAN WEISENMILLER: Yeah, I know it always is
10 a little --

11 Now, I also have Mr. Harris I guess who wants to
12 speak on this item. And I don't know why you're here, so
13 why don't you come up?

14 MR. HARRIS: I'm here because of page 23 of last
15 month's transcript, where it was ambiguous to me as to
16 whether you wanted to see me back here in December. And
17 that's lines 5 through 9 of the transcript, so that's why
18 I'm here. That's the most important reason I'm here, is to
19 make sure Commissioner Douglas doesn't get mad at me.

20 The second reason I'm here is because this is an
21 important issue. We're talking about power plants and
22 water supply and there's an Executive Order B-29-15 that
23 talks about expediting processing of applications and
24 amendments for power plants.

25 And then finally I guess I would like to let you

1 know, I think that Mr. Johnson and I have a joint
2 recommendation to move this matter along, which would be to
3 put this item on your January agenda. And specifically
4 identify the high desert and possible appointment of a
5 committee to take away any issues about notice, and then
6 hear the issue in January.

7 So that's why I'm here and I'll be happy to
8 leave.

9 CHAIRMAN WEISENMILLER: Well, let me turn to
10 Roger first and then turn to Commissioner Douglas to see --
11 to take her temperature.

12 MR. JOHNSON: Good morning, Commissioners. Roger
13 Johnson, I do agree with Mr. Harris that it would be
14 appropriate to put this on the January business meeting for
15 consideration of a committee appointment.

16 COMMISSIONER DOUGLAS: All right. Well, I think
17 that sounds like a really good resolution. And I think
18 that by January we should have a very clear indication of
19 whether a committee's needed or not.

20 CHAIRMAN WEISENMILLER: Great, so Happy New Year.

21 MR. HARRIS: Thank you.

22 MR. JOHNSON: And thank you.

23 CHAIRMAN WEISENMILLER: Okay. Let's go on to
24 Item Number 3, Colusa.

25 Okay, staff?

1 MR. VEERKAMP: Good morning Commissioners. Eric
2 Veerkamp, Compliance Project Manager for the Colusa
3 Generating Station.

4 The petition for consideration before the
5 Commission would document a number of administrative
6 changes and operating specifications, incorporating changes
7 in the plant's Title V permit to operate dated September
8 1st, 2014 issued by the Colusa County Air Pollution Control
9 District.

10 Changes requested in the petition would provide
11 additional details about upset/breakdown monitoring and
12 allow more accurate documentation of equipment maintenance,
13 allow for more accurate testing procedures and fine tune
14 compliance with regulated procedures including Continuous
15 Emission Monitoring System or CEMS, hot and cold startups
16 and applicable federal standards and testing procedures.
17 This amendment does not request an increase in air emission
18 limits technology or equipment.

19 The Colusa Generating Station is a combined-
20 cycle, natural gas-fired, air-cooled, 660 megawatt
21 electricity-generating facility that was certified by the
22 Energy Commission in its decision on April 23rd, 2008 and
23 began commercial operation on December 22nd of 2010.
24 The facility is located in an unincorporated area of Colusa
25 County, California approximately six miles north of the

1 community of Maxwell and four miles west of Interstate 5.

2 On July 27th of this year PG&E filed a petition
3 with the Energy Commission requesting to modify the Final
4 Decision for the Colusa Generating Station. The
5 modifications proposed in the petition would reconcile the
6 Energy Commission Air Quality Conditions of Certification
7 and the conditions contained in the Federal Title V
8 Operating Permit issued by the Colusa County Air Pollution
9 Control District on September 4th, 2014.

10 The Conditions of Certification, 25 of which are
11 new conditions and 9 of which are modified conditions, can
12 all be characterized as further refinements and
13 improvements to existing procedures, all towards the goal
14 of continued compliance and more accurate and responsive
15 administration.

16 The staff analysis includes modified air quality
17 Conditions of Certification AQ-4, AQ-5, AQ-10, AQ-11, AQ-
18 13, AQ-19, AQ-20, AQ-22 and AQ-25; and new conditions of
19 certification, AQ-30 through AQ-45.

20 Staff published its analysis on November 3rd of
21 2015 for a 30-day comment period and no comments were
22 received.

23 It is staff's opinion that with the
24 implementation of the new and revised conditions the
25 project will remain in compliance with applicable laws,

1 ordinances, regulations and standards. And that the
2 proposed modifications will not result in a significant
3 adverse direct or cumulative impact to the environment.
4 Therefore staff is recommending that the petition be
5 approved.

6 That concludes my presentation. I'd be happy to
7 answer any questions you have. We also have a
8 representative from our Air Quality staff. And I know
9 there is an Owner's Representative in the room as well.

10 CHAIRMAN WEISENMILLER: Thank you.

11 Let's start with the Owner's Rep, Mr. Galati?

12 MR. GALATI: Scott Galati, representing PG&E.

13 This amendment came about simply because the air district,
14 when they go from an authority to construct and you build
15 your power plant, at some point later you file a permit to
16 operate. They updated the conditions by consolidating,
17 making certain tables in the same conditions. That's all
18 this was.

19 I point that out to you, other than just saying
20 "Thank you for hearing it." I point out to you for your
21 consideration, as you go forward in looking at your
22 compliance and amendment process. This is a perfect
23 amendment that should have not have five Commissioners have
24 to spend time listening to. And therefore, it is a
25 conforming amendment. And therefore, I would ask that you

1 consider that in your future regulation change, so that we
2 don't have to waste your time. But thank you.

3 COMMISSIONER DOUGLAS: This is a brief
4 comment. You know, one of the goals of that process, as
5 Mr. Galati noted, is indeed to have put in place processes
6 and potentially regulatory changes -- and some things I
7 think may not need regulatory changes -- that will help
8 screen the amendments that really do rise to the level of
9 having some significance in terms of change or in terms of
10 impacts that the Commission should hear them. And to find
11 ways of otherwise dealing with amendments that are changes,
12 but that are not really in the category that rise to that
13 level.

14 And so that's something that we're looking
15 forward to engaging with Mr. Galati on. And in the mean
16 time, I do recommend this one for our approval this
17 morning.

18 CHAIRMAN WEISENMILLER: Yeah I was just going to
19 follow up for a second before this -- a second on it. Is
20 just yeah, it would be great if we could basically simplify
21 things enough in terms of the conforming amendments. God
22 bless, it's not like we're going to do a change to them, so
23 we stay out of conformance. And in a way, it should be
24 something we could simplify and not take Applicant, our
25 time, staff time on. And but to try to focus on the things

15

1 in the compliance filings, which really are of real public
2 importance.

3 COMMISSIONER DOUGLAS: I think that's right. And
4 you know, even for a simple amendment it actually does take
5 quite a lot of staff time to move something like that
6 forward through our process into the business meeting. And
7 so to the extent that we're able reduce the time spent
8 processing amendments that are fairly simple, and that
9 really have other ways or could have other ways of being
10 dealt with, that really frees up resources for higher
11 priority compliance work plan items as well.

12 So that is, as I said, one of the goals of that
13 process.

14 CHAIRMAN WEISENMILLER: If I can have a second?

15 COMMISSIONER DOUGLAS: I didn't move it. I'm
16 sorry, I'll move approval of Item 3.

17 COMMISSIONER MCALLISTER: I'll second.

18 CHAIRMAN WEISENMILLER: All those in favor?

19 (Ayes.)

20 CHAIRMAN WEISENMILLER: So this passes 5-0,
21 thanks.

22 MR. GALATI: Thank you.

23 CHAIRMAN WEISENMILLER: So let's go on to Number
24 4, Mendota Bioenergy. John Butler, Mendota, please come
25 up?

1 MR. BUTLER: Good morning Chair and
2 Commissioners, my name is John Butler. I'm a Manager in
3 the Fuels and Transportation Division.

4 Today, I'm seeking your approval of a proposed
5 Order to Terminate With Cause, Agreement ARV-12-033 with
6 Mendota Bioenergy LLC, henceforth referred to as Mendota,
7 due to significant and unresolved financial irregularities,
8 which breach the agreement terms and conditions.

9 Under the alternative --

10 CHAIRMAN WEISENMILLER: Excuse me. John, let me
11 just frame in things for a second.

12 MR. BUTLER: Yes.

13 CHAIRMAN WEISENMILLER: I was just going to say,
14 just so everyone's clear, at this point we had postponed
15 things for a month to give Mendota a chance to get an
16 attorney. The law certainly encourages parties to work out
17 stipulations on the issues, which were not -- where there
18 was agreement.

19 Obviously that didn't happen. Today, we're here
20 to walk through that. Staff will present first. You will
21 then have a chance to respond to them. And then staff will
22 have again a moment to respond to your responses.

23 And then we'll go for public comment. And after
24 that, the Commissioners will discuss the issue.

25 Okay. So go ahead.

1 MR. BUTLER: Thank you.

2 So continuing, under the Alternative and Renewal
3 Fuel and Vehicle Technology Program, or ARFVTP, Mendota was
4 awarded \$4,998,399 to design, construct and operate the
5 Advanced Biorefinery Center-Mendota Integrated
6 Demonstration Plant to produce 60,000 gallons of 200 proof
7 advanced biofuel ethanol from sugar beets, and demonstrate
8 the economic viability of a potential future 15 million
9 gallon per year commercial facility.

10 This project was awarded under Funding
11 Solicitation PON-11-601 Biofuels Production Facilities.

12 Benefits of this project included demonstration
13 of a novel technology for converting energy beets, a new
14 feed stock, into ethanol. This project is located in a
15 disadvantaged community, with significant unemployment and
16 air quality issues.

17 Throughout the term of this project, Energy
18 Commission staff has worked collaboratively with Mendota in
19 support of this project and accommodated numerous requests
20 for amendments and changes to the agreement.

21 However in November 2014 Energy Commission staff
22 identified and began questioning an issue that has now
23 revealed significant financial irregularities under this
24 agreement. The irregularities originate from 2013 when
25 Mendota submitted two payment requests and received

1 disbursements totally nearly 1.8 million for equipment
2 purchases from Mendota's subcontractor, Easy Energy
3 Systems, henceforth referred to as Easy Energy.

4 Even though the Energy Commission disbursed the
5 requested funds to Mendota, Mendota only remitted \$750,000,
6 or 42 percent of the funds received to Easy Energy. And
7 Mendota stated it retained the approximate \$1 million
8 balance.

9 On December 1st, 2014 Energy Commission staff
10 requested Mendota remit to the Energy Commission the
11 approximate \$1 million in unspent funds. In Mendota's
12 December 11th, 2014 response to this request, Mendota
13 stated that the return of these unspent funds could
14 jeopardize the project momentum and viability due to the
15 Energy Commission's lengthy process for approving and
16 paying invoices.

17 Mendota treated the funds as an advance, which is
18 not allowable in this situation in accordance with ARFVTP's
19 statutes, specifically Health and Safety Code Section 44270
20 et sec.

21 The chronology of events is in the memo as part
22 of this item's backup material. In general terms, when
23 Mendota told Energy Commission staff that Mendota had
24 approximately \$1 million in ARFVTP funds in its bank
25 account Energy Commission staff had concerns.

1 Mendota retained and subsequently used the funds
2 for other expenses without obtaining Energy Commission
3 staff approval. Energy Commission staff worked with
4 Mendota and requested Mendota either pay back the funds or
5 justify and properly document the use of funds in
6 accordance with the agreement.

7 As a result, in January 2015 Mendota paid back
8 \$300,000 of the \$1.8 million disbursed to Mendota for the
9 Easy Energy equipment.

10 Despite repeated requests, including a May 2015
11 in-person meeting between Energy Commission staff and
12 Mendota principals, Mendota has not repaid the balance or
13 submitted adequate backup documentation for allowable
14 project expenditures.

15 In a final Demand Letter dated July 9th, 2015,
16 Energy Commission staff requested repayment of a slightly
17 lesser amount of approximately \$1.3 million, recognizing an
18 offset for expenses deemed allowable under disputed
19 invoices Number 20 through 23.

20 Without adequate backup documentation Energy
21 Commission staff is unable to determine whether
22 expenditures paid by Mendota with ARFVTP funds comport with
23 the approved budget under the agreement. As a result,
24 Mendota's expenditure of the approximate \$1.3 million of
25 ARFVTP funds in unallowable in accordance with the

1 agreement terms and conditions.

2 While Energy Commission staff has provided
3 Mendota several opportunities to cure this breach by
4 repaying the funds or providing adequate documentation,
5 Mendota has not complied. Mendota's failure to resolve
6 these serious and significant issues compels staff to
7 recommend termination of this agreement.

8 At last month's business meeting the Commission
9 requested Mendota work with Energy Commission staff to see
10 if we could agree on a set of facts pertaining to this
11 issue. While Mendota provided three emails since last
12 month's business meeting in an attempt to document some
13 expenditures, these submittals failed to include the
14 required source documentation necessary to confirm the
15 allowability of the expenditures in question.

16 Just yesterday, Mendota submitted a package of
17 materials documenting from their perspective
18 misunderstandings by Energy Commission staff. Staff has
19 reviewed this information and disagrees with their
20 assessment. None of these submittals cure Mendota's
21 breaches of the agreement at issue today or provide
22 information affecting staff's recommendation to terminate
23 this agreement for cause.

24 Therefore, due to Mendota's inability or
25 unwillingness to comply with the terms and conditions of

1 this funding agreement, or repay the Energy Commission the
2 \$1,281,308.97 in question, staff recommends approval of a
3 proposed Order Terminating Agreement ARV-12-033 with
4 Mendota Bioenergy LLC, for Cause.

5 This request today only involves terminating the
6 agreement. The Commission will soon receive information
7 from the Chief Council's Office about options for
8 addressing Mendota's actions beyond terminating this
9 agreement. Thank you.

10 CHAIRMAN WEISENMILLER: Thank you. Please
11 respond.

12 MR. PUCHEU: Oh, thank you.

13 Commission, Commissioners, staff, my name is
14 William Pucheu. I'm the General Manager from Mendota
15 Bioenergy. And yes we do have a response.

16 Mendota Bioenergy feels there are fundamental
17 misunderstandings with the CEC staff based on
18 misconceptions.

19 Mendota feels that fairness requires that these
20 issues be addressed. These issues can be resolved, but it
21 will be necessary to bring in a neutral third party
22 auditor. Mistakes have been made on both sides. And
23 Mendota acknowledges that some of the payments it made were
24 for un-reimbursable expenses.

25 Misunderstanding number one, CEC advanced \$1.7

1 million to Mendota based upon terms of a subcontract with
2 Easy Energy. The subcontract was submitted to the CEC and
3 the terms were clearly outlined. The subcontract was for
4 Easy Energy to build a pilot energy beet-to-ethanol plant
5 and then lease the equipment to Mendota.

6 The contract was for the lease of equipment, not
7 for a sale. The payment by the CEC was not a
8 reimbursement, but was an advance to ensure that Easy
9 Energy could be paid on a timely basis. Mendota complied
10 with the terms of the approved subcontract and the
11 milestones were not met by Easy Energy.

12 Mendota cancelled the subcontract.

13 Misunderstanding number two, after the
14 subcontract with Easy Energy was cancelled, Mendota hired a
15 local fabricator to finish the project and was successful
16 in producing ethanol from energy beets.

17 A Stop Work Order was issued in December of 2014.
18 The CEC Program Manager, Bill Kinney, and his Manager,
19 Elizabeth John, visited the project and saw the partially
20 completed fabrication work.

21 Thereafter, Mendota wrapped up the project which
22 was near completion.

23 The position of CEC staff is that any expenses
24 incurred by Mendota after the Work Order are not
25 reimbursable. Mendota's position is that the expenses were

1 reimbursable and that reasonable steps to efficiently wind
2 up the project are allowable even after a Stop Work Order
3 is issued.

4 Misunderstanding number three, the CEC still owes
5 Mendota for four unpaid invoices and for the retention.
6 When these are offset against the un-reimbursable expenses
7 already paid by the CEC there is still a balance owed by
8 the CEC to Mendota.

9 Resolution, CEC staff maintains that all payments
10 made to Mendota were strictly for reimbursement whereas the
11 facts clearly show that the 1.7 million payment was an
12 advance.

13 And Mendota further maintains that subsequent
14 expenses by Mendota were clearly for the purpose of
15 completing the objectives of the project in a timely
16 manner.

17 Though it is a general rule that the CEC only
18 pays for reimbursable expenses there are exceptions such as
19 this case presents. Because this is unusual, it should
20 have been cleared by fairly high level management. A
21 neutral third party auditor needs to be brought in to
22 resolve these issues.

23 Mendota feels that the decision of the auditor
24 will show that the project was a success. Some un-
25 reimbursable expenses were made by the CEC to Mendota, and

1 that when these are off set against what is owed by the CEC
2 to Mendota, that Mendota is still owed payments by the CEC.

3 So in summary, as a matter of fundamental
4 fairness, Mendota respectfully requests that an independent
5 third party conduct an audit of the disputed amounts.

6 If the result is favorable to the CEC then the
7 CEC can terminate the contract with Mendota. If the result
8 is favorable to Mendota the remaining invoices and
9 retention should be offset against any funds that are due
10 to the CEC.

11 A final report on the grant work should be
12 prepared by Mendota and submitted to the CEC and the
13 contract should thereafter be concluded.

14 CHAIRMAN WEISENMILLER: I was just going to note
15 for the record that you just read word-for-word the summary
16 sheet. Normally, I discourage people from reading word-
17 for-word, but this is a very serious matter so I thought
18 I'd give you the opportunity to present you side any way
19 you want it.

20 MR. PUCHEU: I'm grateful.

21 CHAIRMAN WEISENMILLER: Staff, do you have a
22 response?

23 MR. BUTLER: Yes, thank you.

24 So we'll take those misunderstandings one at a
25 time.

1 Mendota has said the 1.7 million invoice to the
2 Commission was clearly an advance. So invoices Number 6
3 and 7a under the agreement is the documentation that was
4 submitted by Mendota for the disbursement for the
5 approximately 1.8 million. That is included in today's
6 backup material under tab number 5 and number 6 for your
7 information.

8 Referring to that invoice and documentation, this
9 is clearly an invoice from Easy Energy Systems. The first
10 invoice includes some pre-design and engineering work for a
11 small amount, approximately \$55, \$56,000 along with a beet
12 hammer mill and glycol heat pumping system for \$249,192.
13 That's clearly an invoice for equipment.

14 Moving to invoice 7a under tab 6 -- I won't go
15 through all the items -- but these are all documented as
16 equipment purchases that show a price each in the amount
17 due along with a total amount of over \$2.5 million, which
18 was reduced due to a loan from Easy Energy Systems that was
19 supposed to cover some match share expenditures for this
20 equipment.

21 Nowhere on these pieces of documentation that was
22 submitted to the Energy Commission was this deemed as a
23 lease, was it deemed as periodic payments for this
24 equipment, or was it deemed as an advance for this
25 expenditure.

1 So Mendota also states that the Services
2 Agreement was submitted to the Energy Commission. The
3 Services Agreement was executed in May of 2014. These
4 invoices that were submitted were submitted in late October
5 -- September-October of 2013. So the Services Agreement
6 did not exist at the time that this invoice came in.

7 MR. WARD: And just to clarify -- and the
8 Commission made payment shortly thereafter those invoices,
9 about January 2014. Still about four months before the
10 Services Agreement, so not just the submittal of the
11 invoices, but also the payment by the Commission happened
12 before the Services Agreement was executed.

13 MR. BUTLER: So I have reviewed the Services
14 Agreement. While Mendota states that's clearly leased
15 equipment the word "lease" does not appear anywhere in that
16 agreement.

17 I'll admit there are some terms in there which
18 are odd in terms of -- well odd to me, and it may be clear
19 to the parties that executed the agreement. There are
20 terms in there that talk about equipment disposition at the
21 end of their Services Agreement and that they have a 12-
22 month window to purchase that equipment.

23 But regardless, that was not what was documented
24 to the Energy Commission staff that provided the
25 justification for the disbursement of the 1.8 million.

1 MR. WARD: Are you going to go to number two?

2 MR. BUTLER: Yes, I'm going to move on to number
3 two.

4 MR. WARD: Can I -- let me just jump in?

5 MR. BUTLER: Please.

6 MR. WARD: I need to add something on
7 misunderstanding number one, which is on the advanced
8 funds.

9 The memo that we've provided already outlines the
10 law under the ARFVTP Program that states that we can only
11 make advanced funding in certain situations. Those
12 situations include when there's a public entity recipient
13 or that recipient has a public entity sub, or the recipient
14 is an administrative or a block program. None of those
15 exist in this situation.

16 Mendota is not a public entity. Easy Energy is
17 not a public entity sub. And Mendota is not a block grant
18 program. So there's no legal authority to advance funds
19 under this agreement.

20 Lastly, for the sake of argument only, even if
21 the CEC had advanced funds to Mendota for the Easy Energy
22 expenses that does not affect the breach that we put forth
23 before the Commission today. The breach we put forth has
24 to do with the invoiced amounts for Easy Energy that
25 Mendota then paid for non-Easy Energy expenses.

1 So Mendota invoices for 1.7 million. They pay us
2 back 300,000. They pay Easy Energy 750,000, leaving a
3 balance of about 700,000 of other funds. They then spent
4 those funds on non-Easy Energy expenses. So even for the
5 sake of argument, if you say we advanced funds based on
6 Easy Energy invoices, Mendota than used the funds for non-
7 Easy Energy expenses, for which there is no invoice,
8 advanced or otherwise.

9 MR. BUTLER: So moving on to the Stop Work Order
10 Mendota asserts that they have completed the project even
11 with the Stop Work Order in place and expecting that those
12 costs will be honored.

13 I will be just forthright. You know, a Stop Work
14 Order is a very serious matter that staff takes very
15 seriously. We do not issue those lightly. That Stop Work
16 Order was to provide our two entities time to work through
17 this disagreement or potential confusion of the
18 requirements of the agreement.

19 Staff has worked diligently with Mendota to
20 provide every opportunity to either repay the amount in
21 question, which was our initial tactic, but if not at least
22 document to us what that funding was used for since they
23 were unable to repay.

24 They did repay 300,000 of the approximate \$1
25 million in question at the time. But to date, they still

1 have not documented with source documentation, on where the
2 other dollars went. They have indicated to us in a letter
3 that Mendota is out of funds, so we know that the funds
4 have been spent. But we have not been able to confirm,
5 even though we have requested that information several
6 times.

7 MR. WARD: And I would just like to add on
8 misunderstanding number two about the advanced payment,
9 that it's not relevant to the two breaches that are in the
10 memo and before the Commission to decide whether or not to
11 terminate this agreement with cause. The Stop Work Order
12 has to do with whether or not they can continue work after
13 the Stop Work Order is issued and then be reimbursed for
14 it.

15 The two breaches that we outlined in our memo
16 involve the one that I just explained relative to
17 misunderstanding number one, about the amount of Easy
18 Energy invoiced funds that were spent for non-Easy Energy
19 Expenses.

20 The second breach, chronicled in the memo, has to
21 do with the fact that under the terms they have to provide
22 certain source documentation, receipts, other things before
23 there's payment. That's a requirement. We don't have that
24 documentation.

25 So whether or not the Stop Work Order does or

1 does not prevent future work for which we'll reimburse is
2 not relevant to the two breaches that we put forth in the
3 memo today before the Commission.

4 MR. BUTLER: And then moving on to the third
5 misunderstanding, Mendota states that there are four
6 invoices that remain unpaid. We actually agree with that.
7 Immediately, as this issue came to our attention, we
8 disputed the invoices that were in-house until we could
9 resolve this situation. It's a very serious situation.

10 As part of the final number that I read to you in
11 my presentation of what we assert Mendota owes the Energy
12 Commission, or remains undocumented, that actually nets out
13 the allowable costs under those invoices. So we have gone
14 through those invoices in detail.

15 Mendota had provided adequate source
16 documentation for a number of expenditures, not all of
17 them. Some of the expenditures occurred after the Stop
18 Work Order. Those were disallowed, so there was some
19 disallowed costs in those invoices. But that amount has
20 been netted out of the amount that was due and payable to
21 the Energy Commission.

22 Mendota also asserts that the Energy Commission
23 owes them retention on this agreement. Staff disagrees.
24 Retention is paid when all of the terms and conditions and
25 requirements of the agreement have been fulfilled. And I

1 think it's clear today that staff's opinion is that those
2 terms and conditions certainly have not been fulfilled.

3 And then I also want to discuss about the general
4 rule term and condition in our agreement. The words in our
5 terms and conditions actually do say "a general rule". And
6 that's because those terms and conditions are general terms
7 and conditions that are actually applied to several
8 different types of entities.

9 And we do have authority to advance to certain
10 types of public entities, and especially federal government
11 agencies, and that's why the term is written the way it is.
12 We have had this discussion with Mendota, clarified that
13 and clarified the law, the Health and Safety Code Section
14 that prevents ARFVTP from actually advancing Energy
15 Commission funds to private entities.

16 So in terms of that with the invoices coming in,
17 if the invoices were truly documented as an advance of
18 funds, which they were not -- but if they were -- Energy
19 Commission staff would not have approved payment for those
20 invoices.

21 That's all I have. Thank you.

22 CHAIRMAN WEISENMILLER: Okay. Thank you.

23 Is there any public comments on this issue,
24 either in the room or on the line?

25 COMMISSIONER DOUGLAS: (Indiscernible) I forgot

1 to bring it up with me.

2 CHAIRMAN WEISENMILLER: Oh, sure. Go for it,
3 yeah.

4 MR. PUCHEU: I'd like to introduce to the
5 Commission, Ms. Sharon Starcher. She was involved with us
6 at the beginning, but due to professional responsibilities,
7 had to -- what's the right word -- leave working with us
8 about two years ago or thereabouts?

9 MS. STARCHER: Yeah.

10 MR. PUCHEU: Okay. You're up.

11 MS. STARCHER: Well, good morning Commissioners.
12 I'm Sharon Starcher. My current role is Department Chair
13 and Professor in the College of Business and Management at
14 DeVry University in Bakersfield and in Fresno, California.

15 Prior to my current position, I worked for 21
16 years at Spreckels Sugar. I was part of the beet processor
17 that these gentlemen and women on the Board of the
18 Bioenergy group worked with. I've engaged with the members
19 of this Board for over 25 years, obviously. Not only
20 within the beet industry when Spreckels -- Bill's kids and
21 a couple others and mine were all in 4H together. I've
22 known these people on a personal and business level for a
23 long time.

24 And I served as their Administrative Coordinator
25 in their founding days and helped them get their first

1 grant from the Rural Development Value-Added Producer
2 Grant. And then the first grant with the CEC I did most of
3 the administration of that grant and oversight, so I'm
4 familiar with the grant process.

5 As Bill said my current job has limited my
6 engagement. When I started with them I wasn't working,
7 because Spreckels had closed. So once I started at DeVry,
8 as Department Chair obviously my demands increased. So
9 I've not been employed with them during the terms of this
10 current contract at all. I have attended some Board
11 meetings and somewhat followed their progress.

12 I know firsthand that the growers involved in
13 this endeavor to create ethanol from beets have put an
14 immense amount of time, energy, and personal capital into
15 seeing this project come to fruition. Beet growers are a
16 very passionate group, because beets have a very definite
17 need in our valley to soak up nitrogen, which you water
18 people can appreciate that, right?

19 These growers, like the rest of us, are human.
20 They're subject to making mistakes, but they're not a
21 dishonest group. They're individuals with integrity. Men
22 and women who have faced some overwhelming challenges in
23 this project.

24 I teach an introductory class to project
25 management. You guys all manage projects a lot higher

1 level than I do, but everybody knows there's scope of work,
2 there's milestones and deliverables, and there's a whole
3 list or risks. And I think about every risk that they can
4 think of, and some they couldn't, they've encountered --
5 and challenges. And being growers they face challenges
6 head on, because that's what they do -- climate, lack of
7 water, and trying to sustain family farms.

8 Everybody on this Board are second-generation
9 farmers with a third generation coming along. So they want
10 this to last and they're looking for an option and an
11 alternative crop. And beets are a very important one to
12 our San Joaquin valley.

13 They're not dishonest. They are second
14 generation and they want to preserve and succeed in
15 completing -- they actually persevered and succeeded in
16 completing the first whole beet to energy integrated
17 biorefinery project in the nation. That's pretty cool.

18 And I know that when you look at a project, do
19 you look at the middle of the project and all the things
20 that went wrong or do you say, "Wow, we got a deliverable.
21 We have an end product."

22 And I know you guys know projects go south and
23 people get their wires crossed and things happen. Growers
24 are innovative, so they're going to just push through to
25 get her done. That's how they are.

1 So anyway the fact that they succeeded, in my
2 mind -- and knowing these gentlemen and I have been -- so
3 I'll state what I have been doing the last few weeks. I
4 heard they didn't have any staff left, because they had no
5 way to pay anybody. I do consulting on the side.
6 Obviously, very familiar with this group and said, "Hey, I
7 will give my time to come and help you to try to get all
8 these invoices together."

9 Well that's not been an easy task, because the
10 office was packed up. And you know when boxes are boxed up
11 it's very difficult to find things. So I just -- in fact,
12 last night I stayed up until midnight getting a bunch of
13 those invoices that Mr. Butler was asking for the other day
14 when I said -- I said, "Okay. I got a spreadsheet here.
15 This is just a rough. This is what I'm seeing."

16 I got access to the QuickBooks files, so I could
17 print out stuff and cross-reference things. It still needs
18 to be gone through with a fine-toothed comb. You know, and
19 so I -- but I at least have a start on that. I've got a
20 whole stack I brought today, some with payment vouchers.

21 Some I have to get the checks for, which I don't
22 have access to the bank account. They do everything
23 electronic these days. They don't have any statements.

24 So I just feel that these misunderstandings are
25 not worth legal. I mean, obviously there needs to be

1 somebody to come in and mediate. That's what I teach at
2 school. And so I just wanted to say that.

3 CHAIRMAN WEISENMILLER: Well, no. Thanks for
4 coming up. Thanks for providing your perspective.

5 Let's now transition to discussion among the
6 Commissioners. Commissioner Scott will start out.

7 COMMISSIONER SCOTT: Sure. So as the Lead
8 Commissioner over Transportation, and having oversight of
9 the Alternative and Renewable Fuel and Vehicle Technology
10 Program, I want to reiterate that for us that one of our
11 primary responsibilities is to be good stewards of the
12 program funds.

13 And with that being said though, one of the
14 challenges that the Energy Commission and our program
15 continually face, is finding the right balance between good
16 stewardship of the funds and then taking on risks. And we
17 recognize that when you're working with emerging industries
18 such as advanced biofuels production, there are often
19 uncertainties and challenges that we cannot necessarily
20 account for upfront.

21 But to help address these challenges the Energy
22 Commission strives to work proactively with our award
23 recipients to help manage the barriers and the conflicts as
24 they arise. And in the case of this particular agreement,
25 I feel like the Energy Commission put forth a really good

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1 faith effort to work with the project team.

2 And I know that I personally have been following
3 this very closely. I've spent a lot of time on the details
4 going over the various invoices and things with the staff.
5 We've tried, I think, to be open and communicative with the
6 Mendota team. We've made multiple efforts to find an
7 acceptable path forward.

8 And as John mentioned in his presentation we've
9 accommodated numerous requests for amendments, and have
10 made multiple requests for the necessary information and
11 proper documentation to ensure that the project funds were
12 being spent appropriately.

13 I feel confident that the Energy Commission has
14 done our due diligence here. And unfortunately, despite
15 our efforts, it does not seem to be in the State's best
16 interest to continue with this agreement. And therefore, I
17 support the staff's recommendation to terminate at this
18 time.

19 COMMISSIONER MCALLISTER: I guess I would just
20 comment. Having managed a lot of contracts in the former
21 lives, you know, when a Stop Work Order goes out you stop
22 work. And there are terms that just have to be met. And
23 certainly the Energy Commission does a lot of due diligence
24 on making sure that happens.

25 And it seems to me that the facts are pretty

1 clear along those lines that the terms weren't met. So if
2 we as a Commission, are going to be accountable for public
3 funds, then we really have to make sure that after a whole
4 bunch of due diligence, and follow up, and opportunities,
5 and communication, that we can't -- we can give time to
6 shore up and fix problems, but we can't just dismiss
7 problems.

8 So it seems to me that there are some problems
9 that are apparently not resolvable in terms of
10 documentation and compliance with contract terms. So that
11 seems to be sort of a top level of just fact.

12 In any case, it's unfortunate. I remember voting
13 on this project and I think there was some good energy in
14 the room. And I think we were sympathetic with this
15 potential source of biofuel.

16 And I think well we're in a different place now,
17 so I'm supportive of the action as well.

18 COMMISSIONER DOUGLAS: You know, I think that was
19 very well said by Commissioner McAllister and Commissioner
20 Scott. I don't have a lot to add. I also remember the
21 original vote on this project. And there were a number of
22 sugar beets brought into the room. And I think we were all
23 really hopeful and excited about this.

24 And I hope that as we move through the process of
25 both -- of vetting what has been achieved -- and as Mendota

1 Biofuels ideally gets all the boxes unpacked and is able to
2 potentially show us more -- you know, I hope that we will
3 see value for the investment. But at this stage in terms
4 of the contract terms and conditions, and the way that as
5 Commissioner McAllister said we have -- and Commissioner
6 Scott -- we have responsibilities with regard to public
7 spending. And when a Stop Work Order goes out, the Stop
8 Work Order is out, that means stop work.

9 There are some things that, as a Commission, we
10 just can't overlook.

11 COMMISSIONER HOCHSCHILD: I want to make a few
12 comments, but first I just want to ask directly to the
13 gentleman from Mendota, "What happened to the money that's
14 unaccounted for?" It sounds like the staff has not been
15 able to get invoices or any satisfactory answer. What did
16 happen to the money that you have no receipts for?

17 MR. PUCHEU: Okay. I can assure you every penny
18 was spent for project purposes. We've had some
19 disagreements as to how to account for it. I could put up
20 a big spreadsheet here if you wish, then show you where
21 everything went.

22 The Stop Work Orders -- I've got to address that
23 one, if I may please? Okay, Stop Work Order means just
24 that, stop. Now we had 26 acres of -- we call them energy
25 beets, okay? We're not making eatable sugar out of these

1 things. And of the 26 acres we had planted at CSU Fresno's
2 campus 8 had been harvested at that point, okay? I have
3 400 tons of beets in cold storage, another 18 acres still
4 in the ground.

5 Okay. With a Stop Work Order now tell me, am I
6 supposed to turn the switch off on that cold storage and
7 thereby destroy and ruin the facility we had the beets
8 stored in? Is that the position you're taking? I mean if
9 a Stop Work Order is just that then I have to walk away
10 from it. So what do I do?

11 The land owner, in this case the Fresno State
12 College system, they're entitled to be paid for the use of
13 their ground. But I've still got 18 acres of beets in the
14 ground. What do I do? You know, if I have to stop, walk
15 away from it, where does that put us?

16 So that's what I'm trying to understand, with a
17 Stop Work Order, you can't just cut it off. We have an
18 organic, perishable crop we're working with here. And in
19 some cases yeah you can just turn the switch off like a
20 light bulb. But you can't do that with living tissue,
21 which is what we were working with here.

22 And so when we got the Stop Work Order from these
23 folks -- I mean I'm not questioning the integrity of the
24 staff. John, please I'm not. You guys are very thorough.
25 In fact, you've mentioned a lot of things here that I'm not

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1 technically competent to respond to. That's why I was
2 asking for, and humbly requesting, a third party take a
3 look at this and see what the facts are.

4 And sure, I'm the General Manager, but I'm not a
5 lawyer. I'm not an accountant either. I'm a farmer. We
6 are, how's it go, a jack of all trades and a master of
7 none. You know, and I'm certainly the case of that.

8 But anyway, that's what I was trying to get at.
9 The Stop Work Order, that was just like throwing a torpedo
10 into the Titanic. I mean it stopped us. It denied us any
11 ability to generate funds, to do repayment. It killed off
12 my staff. So how do I respond to you without a staff? I
13 mean it's gone.

14 I'm working with volunteers right now. They're
15 spending their time to come here to honestly and
16 objectively and completely respond to you folks in an
17 attempt to get this resolved.

18 I understand you're responsible for funds. I'm a
19 public official too on a couple of water boards. And I
20 understand full well the duty and obligation you have to
21 properly account for these things. Oh, I understand it
22 very well. But here we have disagreement over what took
23 place. And that's why we're asking for a third party to
24 come in and take a look. We're offering to pay for it.

25 CHAIRMAN WEISENMILLER: No. We're going to -- we

1 have to be pretty clear on a couple of things.

2 I mean one is you did produce some ethanol from
3 beets. Now, I'm a chemist. We knew that you could do
4 that, but you were trying to get to a commercial scale.

5 MR. PUCHEU: Uh-huh.

6 CHAIRMAN WEISENMILLER: And I think in terms of
7 basically we've got a contract. And we're not -- I think
8 staff -- well obviously I don't think anyone in the room
9 thinks you took the money and enriched yourself, just to be
10 clear.

11 I think the issue that we're confronting is we
12 had a contract. We had an agreement. Did you meet the
13 terms, you know? Or as you were going through, as things
14 came up, was there a way that people had a heads up on,
15 "Hey, we need to work through some adjustments on this?"
16 As opposed to, "Oh my God, what happened?"

17 But I mean, one of our biggest challenges -- I
18 mean this has been a tough year for regulators in
19 California, is maintaining public confidence. And just
20 we've watched some of our brethren just really lose public
21 trust. And when I worry about this place maintaining its
22 public trust -- and I've talked about it some in my
23 submittal to the Senate Rules Committee -- is a lot of
24 money flows through here. And one of our obligations is to
25 make sure that we're really prudent in the management of

1 that.

2 And again, we're not accusing you of enriching
3 yourself. We're just saying, "Oh my God. We give out
4 money for X and the staff was trying to manage to X."

5 And god, but we get audited. I mean, this is not
6 something we can turn to a third party auditor and say,
7 "Could you resolve?" I mean we're state officials. We
8 have the obligation to make tough decisions like this. And
9 we have to -- and I mean we are -- you were audited, you
10 didn't like it. We're going to be audited, but we are
11 audited from time-to-time by any number of entities. And
12 their first question to us is, "Did you really comply?"

13 This was the benefit of the bargain for the
14 Californians who paid the money that we disbursed. Were we
15 really making sure we got the value?

16 And one of my -- again, in terms of looking at
17 where I'm most concerned, is on maintaining the public
18 confidence. And we really try to make sure a) it's a
19 competitive process, it's aboveboard. We go through it, we
20 can now have an independent auditor going through and
21 trying to check and make sure we're getting what we paid
22 for. And so I think that's our responsibility.

23 It's not something -- and frankly, I mean before
24 I came here I was involved in a lot of contract disputes,
25 litigation, as an expert witness. And I never saw a

1 parties in that case say, "Well, in a disagreement you
2 might go to arbitration." There are things you might do,
3 but again it wasn't the, "Oh, okay. Let's bring in the
4 third party."

5 Again if the clause said, "This is the deal."
6 Then you had to enforce your benefit on the bargain. And
7 again if it was a dispute, depending on the nature, maybe
8 it would go to arbitration. But again we're not -- our
9 contracts don't have that sort of provision.

10 And so again I think we're in a situation today
11 of saying, "What's the facts?" staff has laid out. And
12 again when I came in here all of us were pretty hopeful on
13 the project. I think all of us came in here pretty open-
14 minded for the staff to lay out their case, for you to
15 respond.

16 What I was trying to -- and I realize you've got
17 the question of funding, but we are told you're getting an
18 attorney to say, "Okay. Can we at least narrow it?" And
19 say, "Okay, here's the issues. There's no dispute on this.
20 Here's the three fundamental areas of disagreement. And
21 can we really zoom in on these and talk about them today?"
22 And you've done some on the nature of really focusing on
23 the disbursements, but again today's the day when we have to
24 act.

25 MS. STARCHER: And I can certainly provide them

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1 with what -- I wanted to last night --

2 UNIDENTIFIED MALE: Mic?

3 MS. STARCHER: Oh, I'm sorry. I do have some of
4 those disbursements if he'd like to take time to review them
5 to at least see that we're doing the due diligence. And
6 again, I apologize that I'm a little slow to the game
7 trying to get everything together. I wasn't able to scan
8 it to them, but --

9 CHAIRMAN WEISENMILLER: Well, again we gave
10 pretty clear notice at the last business meeting this was
11 our time to act on it.

12 And this review has been going on for a very long
13 time and we're sort of stuck at this stage. I think this
14 is certainly -- God bless you for trying to walk through
15 some of this stuff -- but we really have to -- our response
16 to the public is to move now today.

17 COMMISSIONER HOCHSCHILD: Yeah I think the
18 Chairman's comments are well taken. And I appreciate your
19 response to my question.

20 My only point is, I think, you have to understand
21 -- you're operating great constraints, I appreciate that,
22 and we are as well. I came to the Commission -- I was in
23 the business world before this in Silicon Valley -- all
24 kinds of ups and downs and huge challenges. I know how
25 hard it is to be on the other side of the table.

1 And I do believe as a Commission and as a State,
2 we have to be comfortable with risk. The biggest risk,
3 from my perspective is not taking any risks. We're trying
4 to push the envelope here. We're trying to help California
5 lead towards a new clean energy era, and that necessarily
6 involves stretch goals and stretch projects. And not all
7 of them are going to get over the finish line. I am
8 comfortable with that.

9 I think this is actually in some sense an
10 expected outcome of some number of our grants. This is
11 actually something we need to be comfortable, because Woody
12 Allen has had great phrase, "If you don't have at least one
13 big failure a year you're not trying hard enough." And I
14 think there's something to that. We want to be pushing the
15 envelope, but I really have to say I support Commissioner
16 Scott's recommendation at this point.

17 COMMISSIONER MCALLISTER: And I guess I wanted to
18 just draw a distinction. I mean a project that gets
19 through and tries something and builds something, and sort
20 of doesn't meet the intended goal with reasons that are
21 documented, and kind of everybody can understand and learn
22 from, that's one thing. But sort of that presumes that
23 contract compliance has sort of been managed all along and
24 has happened in a way that is transparent and open with
25 public funds.

1 And so we're not actually talking -- I mean, I
2 agree. I think that actually this is not a give up on
3 biofuels. It's not even necessarily give up on beets, but
4 it's a contract that was not complied with.

5 So and I mean I also have been on the other side
6 of the table a lot and managed stakeholders out there in
7 the world who were trying to get everybody on board with
8 how serious these contracts are, and sort of lay down the
9 rules, "You've got to document."

10 And it's not always easy, for sure, in a very
11 dynamic private sector. Now, agriculture maybe even more
12 so, but I think that that's the world we live in. And I
13 think the other Commissioners have stated this quite well.

14 COMMISSIONER SCOTT: I just underscore the
15 Chair's point too that this has been a period of many, many
16 months. So this is not a surprise, the information that we
17 were looking for, or the timeline. We were asked for 30
18 extra days. We provided 30 extra days. And we're just not
19 getting the information that we need to be where we'd like
20 to be on this.

21 So that is again why I support the staff's
22 recommendation to terminate at this time. And any -- okay,
23 so I will move approval of --

24 MR. WARD: Oh, excuse me, Commissioners?

25 COMMISSIONER SCOTT: Yes, go ahead.

1 MR. WARD: Before we move the item just one quick
2 clerical -- Well, two things first.

3 One is that there's been a lot of discussion on
4 the Stop Work Order and flipping the switch and whether
5 things can be just stopped automatically. I just want to
6 read from the terms that say that once a recipient receives
7 one they, "... shall immediately take all necessary steps
8 to comply therewith and to minimize the incurrence of cost
9 allocable to the stopped work."

10 And the very next provision allows for an
11 equitable adjustment, meaning that there can be payment for
12 things that can't be stopped. So that might go to whether
13 or not payment is paid back and forth between the two
14 parties. But that again the payment of funds was not the
15 issue in terms of the breach -- excuse me -- the payment of
16 funds is not the decision for you today. It's the breach
17 of contract.

18 So I just wanted to let you know that the terms
19 do speak to that situation where you can't just turn off a
20 project.

21 Secondly, there's a couple of little clerical
22 things on the proposed order. Because it was carried over
23 from the last business meeting the proposed order in your
24 packet would need to be approved with the following
25 changes. The order number reflects the number from last

1 business meeting, not this one. In paragraph nine it
2 mentions five or more days prior to the November 12th
3 business meeting and that should be the December 9th
4 business meeting -- this one. And the same thing in the
5 very last part of the certification that references the
6 November 12th business meeting that should be December.

7 So if you move, it should be to move the proposed
8 order with those clerical changes. Thank you.

9 COMMISSIONER MCALLISTER: If I can actually ask
10 one question?

11 COMMISSIONER SCOTT: Yeah, go ahead

12 COMMISSIONER MCALLISTER: So you -- it sounds
13 like you just sort of implied that there were follow-on
14 steps after -- to sort of resolve any -- if we approve
15 this, the contract termination, what are the next steps to
16 sort of clean everything up?

17 MR. WARD: It would be to the parties to decide
18 what happens next relative to the funding that each has
19 either holding, or thinks it's owed by the other parties.
20 That would be decided in a different situation than this.

21 COMMISSIONER MCALLISTER: Uh-huh. So we're not
22 going to decide it today. I just wanted to kind of sort of
23 get a sense of what that ongoing dialogue looks like. I
24 mean, if there is a dispute about what happens around the
25 Stop Work Order then there will be steps to resolve all

1 those issues, correct?

2 MR. WARD: Yes. There will be a discussion.

3 COMMISSIONER MCALLISTER: Got it, okay. Anyway,

4 okay.

5 MR. PUCHEU: We'd like to know what those steps

6 are.

7 MS. STARCHER: Yes.

8 COMMISSIONER MCALLISTER: So it sounds like

9 that's a follow-on discussion outside of the vote that

10 we're about to take.

11 CHAIRMAN WEISENMILLER: Is there a motion?

12 COMMISSIONER SCOTT: Okay. I move approval of

13 the order with the changes that Alan listed to terminate

14 the agreement.

15 COMMISSIONER MCALLISTER: I'll second

16 CHAIRMAN WEISENMILLER: All those

17 (Ayes.)

18 CHAIRMAN WEISENMILLER: Thank you. Thanks for

19 coming up. We certainly encourage you to talk to staff.

20 Let's go on to the next item, Number -- Sorry,

21 Item 5, Appliance Efficiency Standards for Kitchen Faucets,

22 Tub Spout Diverters and Showerheads, hearing a possible

23 adoption of regulations, staff?

24 MR. STEFFENSEN: Good morning Chair and

25 Commissioners, my name is Sean Steffensen. I'm a

1 Mechanical Engineer for the Appliance Efficiency Program in
2 the Efficiency Division.

3 And I'm here today to present, and recommend for
4 your approval, staff's recommended changes to the Water
5 Efficiency Standards for kitchen faucets, showerheads and
6 tub spout diverters. The changes are intended to clarify
7 and improve the regulations to meet the original intent.
8 Because these are merely clarifications, there are no costs
9 or savings associated with the proposed amendments.

10 In response to the drought emergency Governor
11 Brown issued Executive Order B-29-15, which among other
12 things requires the Commission to adopt regulations
13 establishing standards to improve the efficiency of water
14 consuming appliances.

15 In April, the Energy Commission adopted
16 regulations for toilets, urinals and kitchen and public
17 lavatory faucets. Those standards go into effect for all
18 products sold or offered for sale after January 1st, 2016.

19 The Energy Commission also adopted maximum flow
20 rates for showerheads at the August 12th business meeting.
21 This standard includes minimum flow rates to ensure
22 consumer satisfaction and to mitigate concerns about
23 thermal shock.

24 Since then, the stakeholders have expressed
25 concerns that the showerhead minimum flow rates will limit

1 the development of lower flow showerheads by requiring the
2 minimum flow as a calculated percentage of the maximum
3 allowable flow.

4 Staff has proposed an update to allow the minimum
5 flow rate be a percentage of the manufacturer's stated flow
6 rate rather than a percentage of the maximum allowable flow
7 rate. The change will enable the sale of showerheads with
8 lower maximum flow rates, and better aligns with WaterSense
9 no flow requirements.

10 With regard to kitchen faucets, the plumbing
11 industry submitted comments to the Commission concerned
12 that the scope of the regulation would include kitchen
13 faucets intended for use in a commercial kitchen.
14 Commercial kitchens have a need for faucets that have a
15 significantly higher flow rate than would be allowed under
16 the regulations.

17 These needs include pot fillers, kettle fillers,
18 and glass fillers designed for flow rates of between 5 and
19 50 gallons per minute that far exceed the 1.8 and 2.2
20 gallon per minute maximum flow rate standard.

21 Amending the regulation to limit the scope of the
22 kitchen faucet regulation to consumer products would permit
23 commercial kitchen faucets to provide the flow rate
24 required to meet commercial kitchen requirements, while
25 maintaining the recently adopted flow rates for consumer

1 products.

2 As staff had only estimated savings for consumer
3 products this amendment will not lead to any decrease in
4 the estimated savings from the regulations.

5 The Energy Commission also received comments
6 seeking clarity regarding the tub spout diverter test
7 method. Staff has studied the Appliance Efficiency
8 Standard and believes the regulation does not provide a
9 clear test method due a rulemaking change in February 2014.
10 Staff considers the amendment to be a clarification of the
11 test method that is consistent with current industry
12 practice.

13 Therefore, we recommend that the Commission
14 approve Item Number 5, which will provide for the lower
15 flow showerheads, kitchen faucets that meet the needs for
16 commercial kitchens, and clarity for the tub spout diverter
17 test method.

18 I'm happy to answer any questions.

19 CHAIRMAN WEISENMILLER: Thank you.

20 So we have public comment, Charles Kim.

21 MR. KIM: Thank you, Chair and Commissioners.

22 I'm Charles Kim, of the Southern California Edison Company.

23 I'm speaking on behalf of the California IOUs.

24 Regulation must be enforceable, and at the same
25 time, it must be sensible. CEC clearly demonstrates its

1 leadership, its stewardship in this rulemaking by hearing,
2 double checking, clarifying, and making sensible changes
3 for a greater cause. Greater cause -- that is save water
4 for all Californians turning showerhead, shower
5 experiences, and food preparation experiences, into water-
6 saving efforts.

7 So I'm thankful and I'm grateful. And I would
8 like to take a moment to commend staff for working hard,
9 working diligently, to make this very enforceable, also
10 very sensible regulation that benefits entire Californians.

11 So as all the California IOUs, we fully support
12 the amendments. Thank you very much.

13 CHAIRMAN WEISENMILLER: Thank you.

14 Let's go on to Jerry Desmond.

15 MR. DESMOND: Good morning, Chair and
16 Commissioners, Jerry Desmond on behalf of Plumbing
17 Manufacturers International, PMI.

18 You know, similar to our support for the action
19 taken in August to clarify and refine the regulations, we
20 support the proposed regulations as presented by staff
21 today. And concur on everything that has been said in the
22 presentation.

23 We believe that the refinements and revisions
24 provide clarity that will help the manufactures in the
25 development, and manufacture, and provision of these

1 products; will still provide for the savings that are
2 intended by the Energy Commission; and will provide us with
3 the clarity that we need in order to move forward together
4 with these regulations. Thank you.

5 CHAIRMAN WEISENMILLER: Thank you, anyone else in
6 the room or on the phone?

7 (No audible response.)

8 Okay. Let's turn to Commissioner discussion,
9 Commissioner McAllister?

10 COMMISSIONER MCALLISTER: Yeah, so I wanted to
11 first of all thank Sean for your excellent work on this,
12 and Kristen Driskell, lead of the Appliances team.

13 So as you will recall the original regulation was
14 really under the Governor's Executive Order, and so a
15 remarkably fast sort final development in vetting with
16 industry, and really a dynamic process to get to the end of
17 that. And I think we ended up with a very good product.

18 And then shortly thereafter well the dialogue
19 kind of continued and we noticed that the faucets or the
20 showerheads rather, weren't quite aligned with WaterSense.
21 And there might be products coming out on the marketplace
22 that were even more radically efficient that we didn't want
23 to foreclose from the marketplace. We actually wanted to
24 encourage that. And so, that change made sense.

25 And then the dialogue continuing with industry we

56

1 ended up with a couple of other changes that Sean's talked
2 about.

3 And I think I just want to hold -- we don't
4 always have the flexibility that again Executive Order
5 provides us -- or an Emergency Order rather provides us to
6 do things that quickly and sort of that dynamically. But
7 in this case, I think the dialogue has been really great.
8 And the necessary part has been at the table. And there's
9 been a lot of language going back and forth and getting to
10 a good result.

11 And I really am very happy with the way it's
12 turning out. So thanks again for all your work and to
13 Jerry and crew as well. And the Codes and Standards team
14 actually as well with the IOUs, so thanks for everybody's
15 input.

16 COMMISSIONER DOUGLAS: I just want say that this
17 is impressive work in a short amount of time. So I'm
18 really pleased to see this as well.

19 COMMISSIONER MCALLISTER: All right. I'll move
20 Item 5.

21 COMMISSIONER HORSCHILD: Second

22 CHAIRMAN WEISENMILLER: All those in favor.

23 (Ayes.)

24 CHAIRMAN WEISENMILLER: This item passes 5-0,
25 thank you.

1 Let's go on to Item 6, Lamont Public Utility
2 District, staff?

3 MR. EHYAI: Thank you, Chairman, good morning
4 Commissioners, my name is Amir Ehyai with the Efficiency
5 Division.

6 The Lamont Public Utility District operates the
7 secondary-level wastewater treatment plant, and seven water
8 wells, providing water and sewer service to its customers.
9 Lamont is located in the southern end of the San Joaquin
10 Valley, approximately 10 miles southeast of Bakersfield.

11 The District is requesting an ECAA-funded Energy
12 Commission loan to construct a 1 megawatt solar PV system
13 at its wastewater treatment plant.

14 The project is estimated to generate 1.8 million
15 kilowatt hours of electricity annually, which represents 65
16 percent of the District's current usage. And will save
17 \$271,000 in utility costs.

18 The installed project cost us \$2,580,767 and will
19 be fully funded by the Energy Commission loan.

20 And I'm happy to answer any questions you have.

21 CHAIRMAN WEISENMILLER: Thank you.

22 Commissioners, any questions, or comments?

23 COMMISSIONER HOCHSCHILD: Again, I know there
24 have been different structures for these projects in the
25 past, but this is -- they're not able to take advantage of

1 the ITC -- or is there a third party involved
2 (indiscernible)?

3 MR. EHYAI: That is correct, no they're not.

4 COMMISSIONER HOCHSCHILD: Okay, yeah.

5 MR. EHYAI: Yes.

6 COMMISSIONER MCALLISTER: I want to point out --
7 I'm sorry, Commissioner, are you done?

8 Yeah, I want to point out just to make it clear,
9 this project will be fully funded by the Energy Commission
10 loan; is that correct?

11 MR. EHYAI: That is correct, yes.

12 COMMISSIONER MCALLISTER: So the 2.58 million
13 funds, 100 percent of the project, right?

14 MR. EHYAI: That is right. The 9.5 year simple
15 payback is for the full project cost.

16 COMMISSIONER MCALLISTER: For the full project
17 cost, and it's about a megawatt DC, right?

18 MR. EHYAI: That is correct.

19 COMMISSIONER MCALLISTER: So you've got to
20 discount it on the AC side a little bit, but that's just a
21 pretty amazing price for a public entity with no ITC -- let
22 me just point that out -- two-and-a-half bucks a DC watt.

23 There are bigger projects out there that are
24 cheaper, but this is really quite a -- I mean it just
25 demonstrates the state of the industry doing projects that

1 are that low cost for that quick a benefit.

2 You know, if we'd have looked at it five or even
3 three years ago, a nine-and-a-half year payback for a
4 public entity that owns outright the system, would have
5 been -- I don't think we were really in that range. So
6 this is great. The evolution is just amazing.

7 So great, so I will move Item 6 if there are no
8 other comments.

9 COMMISSIONER HOCHSCHILD: Second

10 CHAIRMAN WEISENMILLER: All those in favor?

11 (Ayes.)

12 CHAIRMAN WEISENMILLER: This passes 5-0. Thank
13 you.

14 MR. EHYAI: Thank you, as well.

15 CHAIRMAN WEISENMILLER: Let's go to Orville Union
16 High School District. Go ahead.

17 MR. EHYAI: Thank you, Chairman. Shahid Chaudhry
18 is unable to attend this morning's meeting, I'll present
19 Item Number 7 on his behalf.

20 CHAIRMAN WEISENMILLER: Okay.

21 MR. EHYAI: Again, my name is Amir Ehyai with the
22 Efficiency Division.

23 Staff requests your approval of a \$2,800,000
24 ECAA-Ed loan to the Orville Union High School District to
25 install PV panels totaling 839 kW on roofs and parking

1 structures at the Orville and Las Plumas High Schools. The
2 project is estimated to generate 1.3 million kilowatt hours
3 of electricity annually and save the school district
4 \$302,000 in utility costs.

5 The installed project cost is \$3,637,904 of which
6 \$2.8 million will be funded by the Energy Commission loan
7 at zero percent interest rate. The payback on the loan
8 amount is 9.3 years.

9 Staff requests your approval.

10 CHAIRMAN WEISENMILLER: Thank you.

11 Commissioners, any questions or comments, assuming there's
12 no one in the room or online?

13 CHAIRMAN MCALLISTER: No, great. I want to just
14 make sure to thank you, Amir, and the team, Armand and the
15 team, and Shahid as well, who's worked on this project.

16 So yeah, I really appreciate all your efforts in
17 keeping this project going. A lot of money goes through
18 this project and you guys do a great job on the due
19 diligence, so thanks for that.

20 MR. EHYAI: Thank you, as well.

21 COMMISSIONER MCALLISTER: Another great project.

22 So I'll move on Item 7.

23 COMMISSIONER DOUGLAS: Second

24 CHAIRMAN WEISENMILLER: All those in favor?

25 (Ayes.)

1 CHAIRMAN WEISENMILLER: This passes 5-0. Thank
2 you.

3 MR. EHYAI: Thank you.

4 CHAIRMAN WEISENMILLER: Let's go on to Item
5 Number 8, which is LightSail Energy. David Chambers,
6 please?

7 MR. CHAMBERS: Good morning, Commissioners. My
8 name is David Chambers and I am an Associate Electrical
9 Engineer with the Energy Research and Development Division.

10 On July 23rd, 2015 a Notice of Proposed Award, a
11 NOPA, for PON-13-302 was amended to provide additional
12 funding for the Electric Program Investment Charge to fund
13 applied research and development projects, with a focus on
14 developing advanced energy storage technology solutions to
15 lower cost and achieve policy goals.

16 Today staff is asking for your approval of a
17 \$1,200,276 grant, with \$779,400 match funding with
18 LightSail Energy, to demonstrate an isothermal compressed
19 air energy storage system for use in integrating solar PV
20 renewable energy and providing grid support.

21 As increasing renewable energy resources such as
22 solar PV come online to help meet California's Renewable
23 Portfolio Standard and greenhouse gas reduction goals, its
24 intermittent nature puts a strain on grid operators to keep
25 the smooth, reliable, energy supply for our ratepayers.

1 This project includes pilot testing a commercial
2 size Isothermal Compressed Air Energy Storage system. The
3 storage unit will be aboveground and firm up the solar PV
4 generation at the University of California, San Diego's
5 microgrid. UCSD's microgrid has several key sources of
6 power: fuel cell, solar, and a cogeneration plant.

7 The project will also provide realtime
8 information on the performance and operational
9 characteristics of the energy storage unit in a real world
10 setting. This information will be used in creating a
11 strategy to lower the capital costs, enhance load following
12 of energy storage, and reduce the impact of renewable
13 intermittency on the grid.

14 The I-CAES system will use one power module that
15 will provide 200 kilowatts of power, and use one air tank
16 module that will provide approximately 800 kilowatt hours
17 of energy.

18 The air storage tanks are ASME-certified to 200
19 bars, or approximately 3,000 psi. They are 25-feet long
20 and are composed of a filament-wound carbon fiber with a
21 polymer liner. The air storage tank temperature will be
22 less than 10 degrees Centigrade or 50 degrees Fahrenheit of
23 ambient temperature.

24 The way this unit works is that it stores energy
25 with an electric motor that drives an air compressor. And

1 to deliver the energy, we reverse a process and the air
2 compressor becomes an expander, and the electric motor
3 becomes a generator.

4 Some of the innovations about this process are
5 that compressing air creates heat energy. Until now, this
6 heat energy was wasted and drastically reduced the overall
7 efficiency. LightSail Energy's innovation is an elegant
8 method of capturing this heat energy and regenerating
9 useful energy from it. LightSail Energy injects a fine,
10 dense mist of water spray, which rapidly absorbs the heat
11 energy of compression, and provides it during expansion.

12 This will provide a greater than 80 percent
13 overall energy storage efficiency. And help reduce capital
14 costs of the system down to \$1,000 per kilowatt and
15 approximately \$200 per kilowatt hour.

16 Therefore staff respectfully requests your
17 approval of the grant agreement with LightSail Energy. I
18 am happy to answer any questions.

19 And I believe Travis O'Guin of LightSail Energy
20 is on the phone to say a few words. Thank you for your
21 consideration.

22 CHAIRMAN WEISENMILLER: Thank you.

23 Let's go to Travis, please?

24 MR. O'GUIN: Hi, yes. Can you hear me?

25 CHAIRMAN WEISENMILLER: Yes, we can.

1 MR. O'GUIN: Oh, great, so good morning,
2 Commissioners.

3 Thank you, David, for the introduction. I think
4 you hit most of the points there, so I'll keep it brief. I
5 just want to reiterate some of the points that David made,
6 that our system only stores energy in the form of air and
7 water. So there's no hazardous chemical, no rare earth
8 materials, no end-of-life recycling complications.

9 The other things I want to point out is our
10 system is made to last 20 years if not more. It's a
11 mechanical form of energy storage, not electro-chemical.
12 And so for these reasons plus many more I won't go into
13 now, we think this is going to be an excellent project for
14 showcasing this technology. And really help us make the
15 jump from laboratory testing to commercialization.

16 So we just want to thank the Commission really
17 for the entire EPIC Program, which is very forward
18 thinking, very innovative, and is specifically this energy
19 storage PON-13-302.

20 CHAIRMAN WEISENMILLER: Okay, and thank you.

21 I'll see if any of the other Commissioners have
22 any questions or comments. As the Head of the R&D Program,
23 on going through this I think this is a good project. I
24 certainly would recommend it for approval by the
25 Commission.

1 Does anyone have any questions or comments on
2 this?

3 COMMISSIONER MCALLISTER: Just that storage is
4 really part of the core solution, and there's lots of talk
5 about batteries, electrical storage, but this is really a
6 great potential option for satisfying the needs for -- a
7 broad range of needs for the grid. So we're looking
8 forward to how this turns out.

9 So and I do get briefings on these projects
10 periodically, so I think probably all of us will be paying
11 attention and we'll be having our -- knock on wood for this
12 project as well.

13 COMMISSIONER SCOTT: Then I will move approval
14 for Item 8.

15 COMMISSIONER MCALLISTER: And I'll second

16 CHAIRMAN WEISENMILLER: All those in favor?

17 (Ayes.)

18 CHAIRMAN WEISENMILLER: So this passes 5-0.
19 Thanks.

20 Let's move on to Kennedy/Jenks Consultants.
21 Please come on up.

22 MR. CORBY: Good morning, Commissioners.

23 Mr. Robinson got called away for a couple of
24 minutes, my name's Collin Corby -- oh there he is.

25 Go ahead, Paul.

1 CHAIRMAN WEISENMILLER: Okay.

2 MR. ROBINSON: Good morning, Commissioners. I'm
3 Paul Robinson with the Energy Efficiency Research Office.

4 This was a result of a competitive solicitation
5 entitled "Bringing Energy Efficiency Solutions to
6 California's Industrial, Agriculture and Water Sectors."

7 The purpose of this project is to demonstrate a
8 technology that directly measures the particle
9 concentration and size treated in wastewater prior to going
10 through membranes, and used in water reclamation
11 facilities. This will reduce energy use by minimizing
12 membrane fouling.

13 Membrane treatment processes are highly intensive
14 due to the clogging of membranes over long periods of time.
15 The high energy demand is caused by the buildup of nano-
16 size like particles in feed water inside membrane pores,
17 which increases the transmembrane pressure. As the
18 pressure builds more energy is required to push wastewater
19 through the membranes.

20 Currently, there are no technologies available
21 for monitoring colloidal particles in membrane feed waters.
22 This technology can be readily installed in most water
23 reclamation facilities in California with the potential to
24 conserve 47,000 megawatt hours annually.

25 There are over 600 facilities in California that

1 could benefit from this technology. The total project
2 costs are \$1,167,000, with \$336,000 provided via matched
3 funding, which is a combination of cash and in-kind
4 services.

5 The agreement would be completed over a three-
6 year term. The demonstrations will take place at the
7 Orange County Water District in Fountain Valley, California
8 and the West Basin Municipal Water District in El Segundo,
9 California.

10 Thank you for your time and considerations. And
11 I'm prepared to answer your questions. And I also have
12 Ganesh online from Kennedy/Jenks to also address you as
13 well.

14 CHAIRMAN WEISENMILLER: Great, so why don't we
15 start with the person on the phone?

16 (Colloquy re: no online speaker.)

17 MR. ROBINSON: Well, I guess he's -- all right.

18 CHAIRMAN WEISENMILLER: Well, anyway we'll go on.
19 Again, this is going to the Renewable Committee, or
20 Research and Development Committee, I'm the Lead Member of
21 both of those. It's a good project, I recommend it for
22 approval.

23 Okay, anyone have any questions or comments?

24 COMMISSIONER HOCHSCHILD: Yeah, just having
25 served at a water and wastewater utility, I have seen these

1 facilities and the energy use is phenomenal.

2 And I just want to compliment this type of
3 thinking actually, because this is kind of a second order
4 of when you think about energy use reduction, and people
5 that work a lot on appliances and all sorts of other first
6 order things. But getting to a problem like this is
7 exactly where we need to be thinking. I actually think
8 this is a very strategic type of grant and project. And
9 I'm happy to support it.

10 CHAIRMAN MCALLISTER: That's great. And water
11 pumping, in general, a huge amount of energy in the State.

12 COMMISSIONER HOCHSCHILD: Yeah.

13 COMMISSIONER MCALLISTER: And, you know, anything
14 that we can do there is great.

15 And also 350 actually does include industrial --
16 it does call out industrial efficiency as a place where we
17 need to go and look for more savings. And this kind of
18 goes in that direction, and I want to make sure we're
19 thinking about process efficiency across the board as well.

20 CHAIRMAN WEISENMILLER: And actually one of the
21 things we should talk about focusing on is we have a
22 program, which these are examples of, in the area of
23 industrial and agricultural to do research -- particularly
24 on energy efficiency stuff. And we can -- some of the
25 stuff works out, some of it doesn't. But again, assuming

1 that we hit a home run on it and it works then an issue
2 really is the sort of handoff --

3 COMMISSIONER MCALLISTER: Commercialization.

4 CHAIRMAN WEISENMILLER: -- in commercialization,
5 particularly in this end of utility efficiency programs.
6 And that's been an area where it's not gone smoothly in the
7 past, so as we work under the 350 context again as I said,
8 not all the technology demonstrations is going to work out.

9 You know, I mean if we hit -- all of them always
10 work we're doing something wrong -- we have to take some
11 risk.

12 COMMISSIONER MCALLISTER: Yeah, exactly.

13 CHAIRMAN WEISENMILLER: But the ones that work we
14 need to -- as part of the commercialization process you
15 would like to have a very smooth handoff into some of the
16 utility grant programs.

17 COMMISSIONER MCALLISTER: Yeah. I think we've
18 seen on a number of occasions that long-term commitment
19 over a decade or so, starting out with some pretty
20 aggressive incentives, and then tapering those off as you
21 move into the market actually does work.

22 And another distinction really also is that new
23 construction and existing industrial processes are kind of
24 a different beast than new technologies that would be in a
25 new plant. And so I really like that this project is a

1 retrofit and it can be put into existing facilities and to
2 improve their efficiency. And because I think that
3 immediately has a huge market if it's successful.

4 COMMISSIONER HOCHSHILD: Yeah. Just and to build
5 on that I think it's sort of the big four in commercial
6 energy use in California: is wastewater, agriculture
7 pumping, datacenters and refrigerated warehouses. I mean,
8 so looking at the other three where low-hanging fruit is
9 that's parallel to this I'd be really excited to support.

10 MR. ROBINSON: Thanks.

11 COMMISSIONER HOCHSCHILD: Thanks.

12 CHAIRMAN WEISENMILLER: Well, again just to
13 close -- I mean, it's just a follow up. Given the water-
14 energy nexus stuff there seems to be a lot of interest in
15 wastewater treatment plants. And sort of going through and
16 sort of upping them in the area of energy efficiency and
17 renewables -- a whole series of stuff. So again it seems
18 to be a good market for us to really deepen what we're
19 doing here.

20 Okay. A motion?

21 COMMISSIONER MCALLISTER: Yeah. Okay, I'll move
22 Item 9.

23 COMMISSIONER SCOTT: Second.

24 CHAIRMAN WEISENMILLER: All those in favor?

25 (Ayes.)

1 This passes 5-0. Thank you.

2 MR. ROBINSON: Well, thank you

3 CHAIRMAN WEISENMILLER: Let's go on to South
4 Coast Air Quality Management District. This is PIER
5 natural gas funding, staff?

6 MR. FUNG: All right. Good morning
7 Commissioners, my name is Matt Fung. I'm with the Energy
8 Generation Research Office.

9 I'm here seeking approval for this resolution for
10 a \$2 million other agency agreement with South Coast Air
11 Quality Management District, to solicit applicants to
12 perform a two-year on-road in-use emission study that
13 addresses our R&D initiative for our fleet on-road and
14 advanced emission testing.

15 The research initiative seeks to characterize and
16 address emissions emitted from actual day-to-day fleet
17 operations, which go beyond the conditions used for a
18 certification testing. The target fleets for the study
19 include heavy-duty hybrid and conventional vehicles used
20 for transit, school bus, refuse, goods movements,
21 applications in South Coast Air Basin.

22 These vehicles will be fueled with natural gas,
23 diesel, propane and renewable natural gas. The objective
24 is to improve emission inventory and drive cycles, identify
25 technology short falls and short fall solutions. And

1 identify and maximize engine and alternative clean fuel
2 technology benefits.

3 The research will monitor day-to-day real world
4 in-use vehicle operations for fuel usage and emissions
5 measured with a portable emissions measurement system. The
6 collected data will tell us which and how much emissions
7 are produced and how much fuel is used under actual
8 operating conditions for the selected locations. The data
9 will also be used to improve location-based drive cycles
10 aimed at improving air quality through reduced emissions.

11 South Coast Air Quality Management District
12 solicitation is expected to be released in the April
13 timeframe, with final agreement awards in the summer of
14 next year.

15 The CEC staff will also assist in developing the
16 solicitation, review its core proposals as well as
17 participate in project advisory committee meetings.

18 Southern California Gas Company and California
19 Air Resources Board are also partners for this project.

20 Staff respectfully request approval of this
21 resolution. I'm open for comments and questions. Adewale
22 Oshinuga, from South Coast Air Quality Management District
23 is also here to express support for this project.

24 CHAIRMAN WEISENMILLER: All right. So let's go
25 to a representative from the South Coast.

1 MR. OSHINUGA: Good morning, Chair and
2 Commissioners, my name is Adewale Oshinuga from South Coast
3 Air Quality Management District.

4 As you all know, South Coast is responsible for
5 keeping the air clean in the South Coast Air Basin. And
6 also, I want to say that the Commission, the CEC, is also
7 involved in making sure that the energy is clean and
8 efficient.

9 So both goals -- that is the goal of turning the
10 air and the goal of making sure the energy is not only
11 clean, but efficient are actually in tandem, which means
12 that they work in unison.

13 For that reason South Coast Air Quality
14 Management District, as well as the Energy Commission, have
15 for the past many years and hopefully in the future will
16 continue to collaborate to make sure that these goals are
17 met.

18 In case of the current item before you I want to
19 say that there is -- we have spent a lot of money actually,
20 both on the air quality side as well as the Energy
21 Commission side, to make sure that most of these
22 technologies that will ensure that we meet these goals are
23 out there in the public.

24 And to ensure that these technologies continue to
25 meet the goals that we hope they will, we want to make sure

1 that we continue to monitor their performance. So that is
2 why I'm here today on behalf of South Coast Air Quality
3 Management District to express our support, undivided
4 support to this project. Thank you, very much.

5 CHAIRMAN WEISENMILLER: Adewale, thank you for
6 coming up for this. Also obviously thank you for your
7 public service in Southern California dealing with huge air
8 quality issues. And certainly this is an example of those.
9 A lot of your pollution comes from goods movement, but it's
10 a lot of your economic vitality. So we really need these
11 types of innovative approaches to really look for some
12 solutions there.

13 But again, thanks.

14 MR. OSHINUGA: Thank you

15 COMMISSIONER SCOTT: And also I'll just highlight
16 how much we appreciate the partnership with South Coast and
17 also with Air Resources Board and the other folks as we
18 look at the natural gas engines.

19 When I talked to Matt about this he also
20 mentioned that we will be able to look at the new low NOx
21 engine. And potentially what that looks like combined with
22 renewable natural gas, which is pretty exciting. So I am
23 really looking forward to South Cost getting the contract
24 out there so we can kind of see what the testing comes back
25 looking like.

1 So I'm a supporter of this project.

2 COMMISSIONER MCALLISTER: This is great. I want
3 to just -- you know, on-road testing, now we know more than
4 ever that it's really important actually. So, and no other
5 place more than South Coast, so it's a great project.

6 COMMISSIONER SCOTT: I'll move approval

7 COMMISSIONER MCALLISTER: I'll second

8 CHAIRMAN WEISENMILLER: All those in favor?

9 (Ayes.)

10 CHAIRMAN WEISENMILLER: This passes 5-0. Thank
11 you. And again thanks for being here.

12 Let's go to Natural Gas Fueling Infrastructure.

13 MS. HAAS: Good morning, Chair and Commissioners.
14 My name is Tami Haas, staff in the Fuels and Transportation
15 Division.

16 Today I'm seeking approval of three natural gas
17 fueling infrastructure projects to be funded through the
18 Energy Commission's Alternative and Renewable Fuel and
19 Vehicle Technology Program.

20 These three agreements totaling \$1.25 million
21 represent projects resulting from the natural gas fueling
22 infrastructure solicitation PON-14-608 released on March
23 19th, 2015. Seven other natural gas fueling infrastructure
24 projects from this solicitation were approved at last
25 month's business meeting.

1 The solicitation was tailored to target the
2 highest need entities with an emphasis on deploying
3 projects in areas facing significant environmental
4 challenges.

5 Through this funding opportunity, school
6 districts and other public entities were able to request
7 financial support to construct new, or upgrade existing
8 natural gas vehicle fueling facilities. The agreements
9 presented for your consideration include projects that will
10 serve fleets of two school districts and one public entity.

11 The vehicles served by these natural gas fueling
12 stations include options to provide criteria pollutant
13 reductions for vehicles in high-pollution areas as well as
14 help California meet its alternative fuel usage goals, with
15 a wide variety of duty cycles and operational locations for
16 natural gas vehicles in regions served by these projects.

17 The benefits of the reduced tailpipe emissions
18 can be felt in areas impacted by vehicle air pollution.
19 Additional benefits can be achieved from the promotion of
20 the natural gas vehicle sector, with further development of
21 low NOx engines, natural gas-electric hybrids, and
22 renewable natural gas production facilities currently
23 funded by the Energy Commission.

24 I would like to thank you for consideration of
25 this item. The resolutions and backup materials have been

1 provided to you and available to the public. However, I'd
2 like to point out that the resolution and backup for Item
3 11b has been updated.

4 With that, I'm available to answer any questions
5 you may have.

6 CHAIRMAN WEISENMILLER: Thank you.

7 Any comments on the phone or in the room?

8 (No audible response.)

9 So Commissioners, any comments or questions?

10 COMMISSIONER SCOTT: It was an excellent
11 presentation, Tami, thank you.

12 I would just underscore what she said about this
13 solicitation being targeted at the school districts and
14 other public entities to really enable them to be able to
15 have and utilize clean air fleets and the fueling that goes
16 along with them.

17 MS. HAAS: Thanks.

18 COMMISSIONER SCOTT: If there's no questions I
19 will move approval of Item 11.

20 COMMISSIONER DOUGLAS: Second

21 CHAIRMAN WEISENMILLER: All those in favor?

22 (Ayes.)

23 CHAIRMAN WEISENMILLER: So this passes 5-0.

24 MS. HASS: Thank you.

25 CHAIRMAN WEISENMILLER: Let's go on to Item

1 Number 12, Hydrogen Refueling Infrastructure, staff?

2 MS. WILLIAMS: Good morning Chairman,
3 Commissioners. My name is Sarah Williams. I'm with the
4 Fuels and Transportation Division Hydrogen Unit.

5 Solicitation PON-13-607, staff responded to the
6 need to help keep stations open until the fuel cell
7 electric vehicles rolled out by including coverage for
8 operation and maintenance costs. Fuel cells are rolling
9 out, but that need is still there. The way we responded to
10 this allowed any existing planned or proposed stations to
11 apply for operation and maintenance grants.

12 Today I'm here to request approval for 17 of
13 these grants for a total of \$5.1 million. Each grant
14 provides \$100,000 in coverage per year over three years for
15 a total of \$300,000 per grant.

16 The proposed grants are one for H2 Frontier in
17 Chino; one for Air Liquide in Anaheim; five for Air
18 Products, which includes two in Los Angeles, one in Santa
19 Monica, one in Irvine, and one in Woodland Hills; and ten
20 for FirstElement, which includes one in South San
21 Francisco, one in Hayward, one in San Jose, one in Truckee,
22 one in Coalinga, one in Santa Barbara, one in Costa Mesa,
23 one in Long Beach, and two in Los Angeles. And the details
24 for all of those are in the agenda items.

25 I'm here to answer any questions you have and I

1 understand that Tyson Eckerle is also available.

2 CHAIRMAN WEISENMILLER: Yes. Let's ask Tyson if
3 he wants to come up and say a few words. Thanks.

4 MR. ECKERLE: Well, thank you very much
5 Commissioner, for the opportunity to voice strong support
6 for this item and for the O and M grants. They're
7 incredibly important in standing up the network and I'll go
8 into that.

9 But my job here is I'm with the Governor's Office
10 of Business and Economic Development. I'm the Zero
11 Emission Vehicle Infrastructure Project Manager, so I work
12 very closely with staff and station developers to
13 troubleshoot and help stand up the network -- get this
14 thing established.

15 And so, through that, I've learned a lot about
16 the process and how important and fundamental this
17 operation and maintenance support is.

18 I wanted to commend the staff and Commission for
19 setting up a very objective and transparent process. I
20 think it's exciting to see the response from station
21 developers here. I think you can -- by that 17th station
22 you can see how important this really is. It's clear that
23 every station that becomes operational is eligible for this
24 funding. And that's an important distinction.

25 So just quickly, why is operation and maintenance

1 support so important? Really, at this stage in the game
2 with very few cars in the marketplace stations are not
3 moneymakers by any stretch of the word. But at the same
4 time, we need these stations to be established before we
5 can get fuel cell vehicles on the road. No one's going to
6 buy a car if there aren't stations there to fuel them.

7 You've seen, with real world evidence, in the
8 pre-operations and maintenance support worlds with previous
9 solicitations station developers were hesitant to move
10 forward and build those stations, because once they stood
11 those stations out they were loss leaders.

12 Now, you're starting to see a lot of progress.
13 And I get the opportunity to report that out to people, so
14 it's very exciting to see the development. We have four
15 stations that are fully open for the retail, another eleven
16 that are fully constructed and commissioning, another ten
17 that are in construction. That's real progress in that
18 work.

19 And I think the operation and maintenance support
20 is really the fundamental reason for that, in addition to
21 the grant support.

22 Really, at this point in the game it's all about
23 confidence. And operation and maintenance support gives
24 station developers the confidence that they can get those
25 stations up and running early. And that they will be able

1 to pay the bills while they're waiting for the vehicles,
2 which are coming.

3 And they hear from all the automakers and they
4 see the production. And they're just waiting for these
5 stations to open. So by the time that these vehicles are
6 coming, they will be there. So that gives confidence to
7 the automakers, and they are every day making adjustments
8 with their productions, and deciding where in the world to
9 send these cars.

10 We want them to come to California. And this
11 operation and maintenance support says that these stations
12 will be open, we're waiting for you, bring them here.
13 That, in turn, facilitates the confidence of the customers
14 who'll actually be driving these fuel cell vehicles.

15 And so I can't underscore enough how important
16 this grant and support is, the operation and maintenance
17 support is. It really is fundamental to that network. So
18 we commend the Commission for taking the leadership to do
19 this and the staff has done an excellent job managing the
20 program. So thank you very much.

21 CHAIRMAN WEISENMILLER: Yeah, thanks for your
22 work on this.

23 And also, Commissioner Scott, it's great to be
24 hearing that the O and M contracts are associated with
25 stations that are there, right? Go ahead.

1 COMMISSIONER SCOTT: Sure, it's very exciting.

2 Thank you so much, Tyson, for joining us today.

3 Actually many of the things I wanted to communicate to you
4 may be repetitive a little bit of what Tyson said, but it
5 is a really exciting time. And so I wanted to let you know
6 just a little bit about where we are in the hydrogen
7 transportation market.

8 To date 11 of the Energy Commission-funded
9 hydrogen stations have been fully constructed. They still
10 have to go through sort of a commissioning process, so not
11 all those are open yet, but they've been fully constructed.

12 Another six stations are expected to be
13 constructed by the close of the year.

14 And next year we're going to be just as busy as
15 we anticipate an additional 20 stations to come online
16 early in 2016 or in the first half of 2016.

17 We are pushing, at the Energy Commission, really
18 hard, and at GO-Biz, to get these stations up and running,
19 because the automakers are bringing the hydrogen and fuel
20 cell cars to the market.

21 And so let me talk to you a little bit about
22 that. Hyundai has leased about 85 of the hydrogen and fuel
23 cell vehicles to date. And they've received interest from
24 more than 2,000 people who would really like to drive those
25 cars. Toyota has announced that they expect to release

1 approximately 200 Mirai vehicles in 2015. And will
2 steadily increase totaling more than 3,000 units by the end
3 of 2017. And we have Honda releasing the Clarity in 2016.
4 We don't have any numbers on those yet, but they're here.
5 The cars are here, the cars are coming.

6 One other thing I wanted to mention, I know we've
7 had a few questions about why all of these CEC-funded
8 stations aren't on this list of operation and maintenance
9 grants that we're looking at today. And that's because not
10 all of them are constructed yet. I wish they were.

11 But basically the stations that you see on our
12 list under 12 here, are constructed and operational or are
13 very close. And so that's why we're considering them for
14 the operations and maintenance grants.

15 As the other ones get closer to that phase, they
16 will then come to the Energy Commission and be considered
17 for operations and maintenance grants. So that's why you
18 see a subset of the projects, but not all of them there.

19 So I think the takeaway here, you heard from
20 Tyson and from Sarah, that there's really good progress
21 being made in this space. And the Energy Commission is and
22 remains committed to getting this first tranche of stations
23 built. It's pretty exciting times.

24 I got to see the Coalinga Station on Friday. I
25 was down in the Valley at another event. And we were

1 really close, so we went over to look at it. And it's just
2 -- they're beautiful. And they're there and they're ready
3 to fuel up cars, so it's exciting.

4 Any thoughts or comments for --

5 MR. ECKERLE: (Indiscernible)

6 COMMISSIONER SCOTT: Excellent. Well, I will
7 happily move approval of Item 12.

8 COMMISSIONER HOCHSCHILD: Second

9 CHAIRMAN WEISENMILLER: All those in favor?

10 (Ayes.)

11 This passes 5-0. Thanks.

12 Thanks Tyson for coming over.

13 Let's go on to Item 13, California Department of
14 Food and Agriculture, Division of Measurement Standards,
15 staff?

16 MS. PUREWAL: All right. Good morning,
17 Commissioners. My name is Sharon Purewal and I'm a staff
18 member in the Fuels and Transportation Division's Zero
19 Emission Vehicle and Infrastructure Office.

20 Today staff is seeking approval of Item 13,
21 Agreement Number 615-10, with the California Department of
22 Food and Agriculture, Division of Measurement Standards, in
23 the amount of \$1.3 million.

24 This interagency contract will establish
25 standards for commercial measurement of electricity as a

1 transportation fuel for light-duty vehicles. Governor
2 Jerry Brown's Executive Order B-16-2012 sets 2020 as the
3 target date for California's ZEV infrastructure to support
4 one million vehicles. Standardized charging infrastructure
5 that provides the consumer with the basis of value
6 comparison is essential to prepare California for the
7 widespread deployment of Commercial Electric Vehicle Supply
8 Equipment or EVSE.

9 The main objectives of this agreement are to
10 establish and to validate laboratory and fuel standards for
11 the commercial measurement of EVSE. Standards that can be
12 uniformly applied in the exchange of goods and services
13 will support consumer confidence and commercial electric
14 vehicle charging transactions.

15 With that, I would like to thank you for your
16 time and consideration and I'm available for any questions
17 you may have. I also believe Kristen Macy, the Director of
18 the Division of Measurement Standards, is available.

19 CHAIRMAN WEISENMILLER: Great, well why don't we
20 -- please, come on up.

21 MS. MACY: Thank you. Good morning, Chair and
22 Commissioners, Kristen Macy Department of Food and
23 Agriculture, Division of Measurement Standards.

24 And tagging on from that last item that you just
25 voted and approved, which we were a big part of and I'm

1 excited that we were able to help with, the hydrogen
2 infrastructure. What we're seeking to do is exactly the
3 same type of research project, which you support, and which
4 we deeply appreciate in advance, to help do the same thing
5 for electric charging stations.

6 Right now, most of the electricity is being given
7 away for free. However, that's transitioning as we go to a
8 paid-as-you-go type fuel of energy. Then it's going to be
9 extremely important that we establish the same norms of
10 weights and measures in this marketplace too.

11 So we have demonstrated that we have been good
12 stewards of your public funds in several interagency
13 agreements and most notably the hydrogen one. So I don't
14 think we're going to have a situation like we heard earlier
15 this morning.

16 So we're anxious to begin this work. And your
17 approval will allow us to meet the goals of the Executive
18 Order B-16-12. Thank you.

19 CHAIRMAN WEISENMILLER: Well thanks. Thanks for
20 being here.

21 COMMISSIONER HOCHSCHILD: Can I just ask a
22 question just to help me understand what we're talking
23 about? Are you talking about having a common meter, like
24 make sure it's a utility grid meter that actually dispenses
25 the electricity? What is the actual measurement?

1 MS. MACY: Sure, right.

2 So in this particular case we're talking about
3 entities in facilities that are providing retail-type
4 electricity. We're not crossing lines with the CPUC. So
5 this is for light-duty vehicle refueling. This is not
6 electricity in homes, residences, submeters and that sort
7 of thing.

8 And so, actually Public Utilities Code 216(i)
9 does carve out and say that those types of fueling
10 experiences are not utilities. And so what that does is
11 that clearly, by taking it out of the utility realm, that
12 clearly puts it in the realm of weights and measures. And
13 the PUC Code has done this also for hydrogen and natural
14 gas and some other forms of energy.

15 Does that help?

16 COMMISSIONER HOCHSCHILD: Yeah, I mean I --
17 that's okay, I think I'm --

18 COMMISSIONER SCOTT: I think what we're doing --
19 I don't think -- what DMS is going to do is a rulemaking to
20 figure out all of the components that go along with making
21 sure that if you think you're getting a kilowatt hour of
22 electricity into your car, through the charger, you're
23 actually getting that kilowatt of electricity in your car.

24 And they've got to put in place also the systems
25 to go and test that and to go and help measure that.

1 COMMISSIONER HOCHSCHILD: That's my -- I mean the
2 question I guess is it a 2 percent meter versus a 5 percent
3 meter? That's what you have to kind of work out at the end
4 of the day, right?

5 COMMISSIONER SCOTT: Oh, I don't know that.

6 COMMISSIONER MCALLISTER: I think it's also the
7 battery -- the energy needs to end up in the car and in the
8 battery. Like yeah, I mean I think there's a whole system
9 around that.

10 MS. MACY: Good, so I can just expand a little
11 bit. Yes, it will be similar to a utility grade meter in
12 the sense that the accuracy tolerances are plus or minus 2
13 percent accuracy of delivery.

14 And the issue is our laboratory having the
15 standards that will then be used to verify the field
16 standards that would be used by county weights and measures
17 officials, who will actually be out in the field testing
18 the electric charging stations.

19 And so it's important that the standards be
20 certified that they all be uniform, that they all be the
21 same, we're applying the same standards, the same type of
22 test procedures, the Department of Food and Ag, our
23 Division and Measurement Standards. We're an enforcement
24 agency and it's unfortunate that we don't have the
25 sufficient funding to perform this type of research

1 project, which is really outside of our traditional
2 enforcement activities.

3 That's why we're seeking your support.

4 COMMISSIONER HOCHSCHILD: Got it. Thank you.

5 COMMISSIONER MCALLISTER: One final question
6 actually, so is there -- part of the State's activity in
7 the EV arena is about not just charging the cars, but also
8 using them as a resource for grid support. And I'm
9 wondering if that is at all part of this project?

10 MS. MACY: No, Commissioner. It is not.

11 COMMISSIONER MCALLISTER: Okay. I suspected, but
12 you can imagine standard process around that?

13 MS. MACY: Uh-huh.

14 COMMISSIONER SCOTT: Thank you so much for being
15 here, Kristin.

16 CHAIRMAN WEISENMILLER: Yes, thanks.

17 COMMISSIONER SCOTT: I will move approval of Item
18 13.

19 COMMISSIONER MCALLISTER: Second

20 CHAIRMAN WEISENMILLER: All those in favor?

21 (Ayes.)

22 This passes 5-0 again. Thank you.

23 Okay. So our next item is minutes, November
24 12th, 2015.

25 COMMISSIONER SCOTT: Move approval.

1 COMMISSIONER MCALLISTER: Second

2 CHAIRMAN WEISENMILLER: All those in favor?

3 (Ayes.)

4 The minutes are also approved 5-0.

5 Let's go on to Lead Commissioner or Presiding

6 Members Reports. Commissioner Scott?

7 COMMISSIONER SCOTT: Okay. Would you like me to

8 do both my report and my thank yous at --

9 CHAIRMAN WEISENMILLER: Yes.

10 COMMISSIONER SCOTT: Okay, terrific.

11 So just two quick things to report on for you

12 all, on Monday Commissioner Peterman from the Public

13 Utilities Commission and I, hosted a workshop on electric

14 vehicles and the regional readiness plans that the Energy

15 Commission has funded.

16 And what we wanted to do was a really deep dive

17 into some of those regional plans. We funded a dozen or

18 so. We had about five of them come in and present to us to

19 really understand exactly how it is that they are planning

20 for where the chargers should go within their region, and

21 so that -- it was just a very interesting discussion.

22 We learned a little about -- right now, it's a

23 little bit of an art and a science, because you know where

24 a lot of the people are going, and so that you would want

25 to put some chargers there. Bay Area Air Quality

1 Management District was saying, "That there's so many
2 places that we need chargers that once you're sort of on
3 that broader list of oh, we know people go there and
4 probably use a charger," that they are funding the folks
5 who really want them.

6 And then they'll all come back and think about
7 strategically, "Oh gosh. There's places where we still
8 need them, but people didn't volunteer and come to say yes,
9 I'll put one at my business or at my location," and how
10 they can engage those. But that's kind of like a Phase 2.
11 And many of the other regions said that as well.

12 So it just was an interesting workshop. It was a
13 nice opportunity to get some parameters, understand some of
14 the criteria and the requirements that the folks who are
15 doing the regional planning -- they're working with their
16 transmission plan or not transmission, transportation
17 planners, and others in their locations to really
18 strategically think about where the infrastructure really
19 ought to go and how they can prepare for that.

20 And then the other thing I would highlight is
21 we're doing a merit review, a little mini merit review.
22 Not like DOE's week-long, every project they've ever
23 funded, but we're doing a little mini merit review for some
24 of the ARFVTP projects. And this one was on the medium-
25 duty and heavy-duty space.

1 So we talked to about seven of the projects that
2 we have funded and kind of did a deep dive into their
3 projects. What are some of the challenges that they're
4 facing? What are some of the barriers they've overcome?
5 Do they have lessons learned or strategic tips that are not
6 business confidential, that they're willing to share with
7 others in this space.

8 And we will think about how to kind of carry that
9 forward as we put together additional solicitations. Are
10 there things in there that we want to target for funding
11 and that type of thing?

12 We also are thinking about it in terms of the
13 sustainable freight order from Governor Brown on how some
14 of these medium and heavy-duty vehicles help in that space.
15 And it-s pretty neat. I mean, we looked at some hydrogen
16 ones. We looked at the new low NOx engine. We looked at
17 electric vehicle range extenders, pure electric vehicles,
18 so we kind of looked at the gamut of types of technologies
19 and saw what similarities and what differences.

20 One thing that almost all of them highlighted is
21 that they build that component. And what they really need
22 is an OEM to come in and then pick up their technology and
23 put it into the vehicle itself. And so the OEMs and the
24 fleets are going to be very important as we try to get
25 those technologies from sort of that pre-commercial space

1 into the commercial market.

2 So that was great. We did that in partners --
3 that was here. The next day we had a discussion with UC
4 Davis, and kind of a broader set of people. There were
5 about 100 people in the room and we really kind of also had
6 the same type of discussion, but not in sort of the project
7 focus of the seven Energy Commission projects, but in the
8 broader space for medium and heavy-duty vehicles. So that
9 was great.

10 I want to thank Tim Olson a lot, because I said
11 "I'd like to do a mini merit review. Can you make that
12 happen?" And he did and he did a laudable job, so those
13 are my two updates.

14 Let me do some thank yous. And I feel like we
15 should do those at the beginning, because everyone -- not
16 everyone, but almost everyone is gone now.

17 So I'd like to start by thinking you, Chair, for
18 carving out some time at the end of the year for us to
19 acknowledge the Energy Commission staff. They work very
20 hard and they've been dedicated this year and over all of
21 the years. It's certainly been a busy year and I think we
22 have a lot to show for it.

23 As you all know, I'm Lean on Transportation and I
24 work most closely with the Fuels and Transportation
25 Division. So I'd like to personally give many thanks to

1 the staff and the management in that division. The
2 Transportation team is a great group and they continued to
3 display diligence, professionalism, and expertise,
4 consistently throughout this year.

5 And we're also really lucky and excited this
6 year, because we were able to bring on some new staff for
7 the Transportation Division. So we're just delighted to
8 have all of the new folks on board and I look forward to
9 the great things that they will also do.

10 I've a little bit of information about the ARFVTP
11 Program, but I'm not going to highlight that because you
12 all know what that program does. But I wanted to take a
13 minute to highlight some of the accomplishments from this
14 year -- just a couple.

15 This year we saw a lot of success in getting
16 electric vehicle infrastructure deployed. To date we have
17 funded more than 7,500 charging stations. And some 6,000
18 of those stations are already installed and being used by
19 California plug-in vehicle drivers today.

20 We talked about hydrogen a little bit earlier
21 this morning, but the staff has done a tremendous job
22 working with industry to build out California's hydrogen
23 network.

24 I'd really like to do a shout-out to both Jean
25 Baronis on the CEC team and Tyson Eckerle at GO-Biz.

1 Together, they've been like a dynamic duo of hydrogen
2 permitting. They have gone all over the state and they've
3 talked to the hydrogen developers, the cities, the
4 counties, the fire marshals, anyone that you can think of
5 that has a hand in the permitting of these stations. And
6 they've just done a really great job walking folks through,
7 letting them know what the technologies are, why the
8 technology is coming, why the state is committed to that
9 technology.

10 As I mentioned 11 hydrogen stations have been
11 fully constructed and another 6 are anticipated to be
12 complete by the end of the year. I want to thank Phil
13 Cazal on the team. He does a great job of keeping track of
14 that and making sure I kind of know the status.

15 And for the folks who are in the hydrogen
16 industry they know that getting these stations built is no
17 easy feat, and so I think they appreciate the work of the
18 staff as well.

19 I also want to thank Jim McKinney on his
20 leadership and understanding sort of the nitty-gritty
21 details of the hydrogen costs. We're putting a report
22 together that really looks into how much hydrogen stations
23 cost right now and hydrogen itself, and then how much
24 they'll cost in the future.

25 I'd also like to highlight our medium and heavy-

1 duty project success and some of our medium and heavy-duty
2 work. I mentioned already the low NOx engine, which is
3 just really exciting. The Energy Commission helped fund
4 that along with South Coast, Air Resource Board, and some
5 other partners there.

6 And the reason it's so exciting is the current
7 EPA NOx limit is .2 grams per brake horsepower-hour. That
8 engine is 90 percent lower at .02 grams per brake
9 horsepower-hour. And in some instances has been certified
10 as low as .01, so that's just especially when you put it
11 together with renewable natural gas, has the potential to
12 be a game changer in that medium, heavy-duty space where
13 maybe batteries and fuel cells aren't quite there yet.

14 We are working with the five California ports:
15 San Diego, Long Beach, Los Angeles, Hueneme and Oakland to
16 identify some energy efficiency and transportation-related
17 projects of mutual interest to us. And we're also playing
18 a role in helping implement Governor Brown's Sustainable
19 Freight Executive Order. And so I want to thank Larry
20 Rillera, Ray Gonzalez, Mike Gravely and Andre Freeman for
21 their leadership on these initiatives.

22 Let's see, earlier this year the Energy
23 Commission put together an agreement with the Province of
24 North Holland in the Netherlands. And this is just the way
25 that California leads for our nation, the Netherlands is

1 leading for Europe on a lot of the technology. And so it's
2 great to work with them and I just want to thank my
3 previous adviser, Leslie Kamericito, (phonetic) for getting
4 that work started for the Commission.

5 We were also active in spurring the development
6 of the International ZEV Alliance. And you probably saw
7 Governor Brown's announcement this week that we will strive
8 to have all new passenger vehicles sold in California be
9 zero emission by 2050. And that's with ten European and
10 North American governments including California, so we
11 worked together on that.

12 I want to thank my adviser, Courtney Smith, for
13 her work there and then all the folks at Cal/EPA like Mark
14 Wenzel who did a lot of the -- he did all of the heavy
15 lifting to do that.

16 I want to thank our Public Adviser, Alana
17 Mathews, for the great work that she does each day in
18 making sure the public knows how to engage with the Energy
19 Commission. I appreciate her creativity and I really
20 enjoyed working with her on our summer high school program
21 where we provided about ten students the opportunity to
22 learn more about the Energy Commission and energy in
23 general.

24 And I'd like to thank Michelle Chester, who used
25 to be my Executive Fellow and is now on the CEC team as a

1 Legislative Analyst for her great work generally, but also
2 for helping Alana and me to put that summer program
3 together.

4 And thanks to all of the folks around the Energy
5 Commission who took time and went down and talked to the
6 students. I think the students were really inspired by
7 that.

8 A couple of others I'd like to mention -- sorry,
9 I've just got one more page, but it's really big font so
10 don't worry -- is Linda Rapattoni from our Media team,
11 Allan Ward from Legal, Barry Steinhart and Erin Flannery
12 from the OGA team, the Transportation Demand Forecast team,
13 especially Sylvia Bender, Elise Brown and Aniss Bahreinian,
14 my previous adviser Jim Bartridge, Samantha Arens, Ryan
15 Eggers, and Ysbrand van der Werf for their work on our
16 Petroleum Market Advisory Committee.

17 John Butler and Kyle Emigh who in their
18 management continue to be forward thinking and are always
19 looking for ways to improve the quality, timing, and value
20 of Fuels and Transportation work.

21 Jacob Orenberg who took on oversight of the
22 ARFVTP Investment Plan this year, he has a done great job.
23 I thanked Tim Olson already, for the great work he's done
24 on the ARFVTP First Annual Merit Review. I really
25 appreciate how he kind of took the vision I threw out there

1 and ran with it and put some great workshops on biofuels
2 and on medium and heavy-duty.

3 I want to take just a minute to give a special
4 thanks to Randy Roesser, the Deputy Director of the Fuels
5 and Transportation Division. His knowledge and dedication
6 has been integral to the implementation and success of
7 ARFVTP and the Transportation Division.

8 I'm pretty sure I made this similar comment at
9 the business meeting last year as Randy was on his way to
10 retirement. But as we found ourselves in need of a Deputy
11 Director he kindly agreed to come back and help us out.
12 Randy's going to retire at the end of the month for real
13 this time again, and we're truly going to miss his
14 leadership.

15 I want to thank the folks that you see sitting
16 across from us here: Rob and Kourtney and also Drew. I
17 appreciate your vision and passion for this agency and the
18 professional, high caliber way that you carry that out for
19 us every day. I really appreciate that.

20 And last, but certainly not least, I want to
21 thank my team. My intern, Oshay Bennett, (phonetic) my
22 Admin Amie Brousseau, my terrific advisers Rhetta deMesa
23 and Courtney Smith. I couldn't ask for a better team of
24 people to work with and I really appreciate their
25 nimbleness in this fast-paced environment, their dedication

1 and professionalism, and the great way they go about
2 implementing key energy Commission priorities.

3 I really wish that we had like lots and lots of
4 time to acknowledge everybody, but the folks at the
5 Commission do such a great job on the work that they do.
6 And it's a pleasure for me to get to work with them each
7 and every day.

8 And I want to say also to you, my fellow
9 Commissioners, thank you for being such wonderful
10 colleagues. And it is a pleasure to work with you all each
11 and every day on these energy issues as well.

12 So thank you very much.

13 CHAIRMAN WEISENMILLER: Great.

14 COMMISSIONER MCALLISTER: A lot has happened this
15 year. I'll try not to list everybody, I guess.

16 You know, the Energy Efficiency Division that I
17 spend most of my time working with is a large division and
18 has just a lot of incredibly dedicated people and just
19 giving their all every day. And the Energy Efficiency, in
20 particular has I think, a heightened sense of history
21 associated with the Energy Commission. And I just --
22 people are very aware of that, it's palpable. And there's
23 a sense of mission in the Energy Efficiency Division that
24 we're really sort of following in the footsteps of giants
25 and doing really important work.

1 And I think all that is true, so I'm not going to
2 call out -- certainly not going to comprehensively call out
3 staff. And if I tried to do that I'd leave people out,
4 which I don't want to do. So I'm going to kind of do it as
5 I go along and then clean up at the end.

6 So just as far as Lead Commissioner Report, the
7 IEPR is getting there. You've all looked at pieces of it I
8 think and per the comment to the team we're waiting with
9 baited breath for the 2015 year to close, so we can have
10 all of that information and finish up the forecast, but a
11 lot of great work on that. I think particularly on energy
12 efficiency, which has been a big focus for this year.

13 And then next year passing it over to
14 Commissioner Douglas and having some conversations about
15 how to lay the proper foundation for F350 implementation.
16 I think it's going to be of a lot of interest to me, so
17 looking forward to participating in that as well.

18 Just a few events, let's see on the middle of
19 last month I spent a day cruising around the Bay Area, one
20 working with the California Association of Counties talking
21 about much of the legislative issues, lots of interest in
22 the counties at the local level on 802 and 350. And that's
23 been good, a lot of outreach on those bills. I think we've
24 all been doing a lot of messaging around that, so I think
25 there's just a lot of excitement about how those are going

1 to streamline and help us up our game and get some scale on
2 what we're doing. And really impact the State to meet the
3 Governor's goals and now the Legislature's goals.

4 And then I spent some time at Stanford also
5 looking at doing a presentation with Commissioner
6 Hochschild as well, but really getting kind of an
7 intellectual tour around all the stuff that they're doing
8 for modeling and energy sort of big data type work on the
9 energy front. And I think there are a number of nodes
10 around the State that are doing really great work on that.

11 And it's very exciting that I think we're going
12 to create some intellectual capital that's going to have
13 big repercussions based partly on the smart meter
14 investment, but also just on the expertise and knowledge
15 that we have around clean energy in the state. It's going
16 to help us on the policy front a lot. So that was really
17 interesting to see what they're doing.

18 I want to congratulate Laurie ten Hope and the
19 Chair on the EPIC Symposium that happened last week. That
20 was a really good event. I think that kind of outreach is
21 great and really interesting projects, a very stimulating
22 set of projects they chose to talk about. Obviously a lot
23 more where those came from, but it was a really good
24 sampling.

25 Then on the 20th actually the UC Davis -- they

1 have a huge solar system that's going to supply about 14
2 percent of their campus's energy. It's behind their meter
3 entirely consumed on campus. They got an interesting deal
4 on it with a lot of flexibility going forward and was there
5 with Chancellor Katehi. And just again, a lot of palpable
6 excitement about what they're doing on that campus, and I
7 think it's emblematic of what the UC system and other
8 universities in the state are doing, so very exciting
9 there.

10 Let's see then, the last thing I'll mention
11 really is just some work I've been doing with the
12 Department of Energy on kind of helping them scope out the
13 Quadrennial Energy Review, the next update of that, which
14 they're sort of in earnest trying to get going, because
15 their time is limited to finish it.

16 And they're going to focus on electricity issues,
17 some on transmission, but really primarily on the
18 distribution level and end use, and grid modernization
19 issues around renewables. And so I think it's actually
20 pretty interesting that they're reaching out actively to
21 the states and they've asked me to kind of help coordinate
22 that discussion among the states. And I think we and
23 Massachusetts and New York and Hawaii kind of are in a
24 position to highlight the cutting edge issues that are
25 coming.

1 And so one question is sort of how we frame the
2 QER to be relevant to all the other states that have a lot
3 of progress to make under the Clean Power Plan, but may not
4 be in the situation we are, or may not have the policy
5 engagement that we already have. So we need to find a
6 balance there as far as getting DOE resources allocated to
7 stuff that's relevant for California for sure. But also in
8 a way that helps replicate in other states that are maybe
9 not quite where we are, but will be in a few years, so
10 pretty interesting.

11 They're going to use it for their budgeting and
12 their research and their program development going forward.
13 So we do have an end date on the administration there, so
14 there may be a limited time here, but it's a document that
15 hopefully will have some persistence after that as well.

16 So let's see, I want to just highlight as
17 Commissioner Douglas did -- or Commissioner Scott did,
18 sorry -- some of what we accomplished this year in the
19 Efficiency Division. Really, you know, again it's a great
20 privilege to be working with the incredible staff in the
21 Efficiency Division and they just give their all every day.
22 And everybody understands that and really is marshalling
23 their efforts.

24 So the Building Standards Office, we adopted the
25 2016 Residential and Nonresidential Building Efficiency

1 Standards under Title 24. So Part 6 and then we also did
2 Part 11, CalGreen. Those are huge, foundational for the
3 State obviously, really important work and on time with a
4 lot of consensus.

5 And beyond that we have already approved the 2016
6 Residential and Nonresidential Compliance Tools. And that
7 I think is kind of a record-breaking timeframe that we've
8 gotten. So with much anticipation the marketplace has now
9 a good solid year to figure out the new standards when they
10 come into effect on January 1, 2017 we really ought to be
11 in good shape. So that conversation I'm sure will continue
12 to have updates and new developments, but we've got a great
13 foundation and the Building Standards Office has just
14 really, really stepped up to that one.

15 The Standards Implementation Office now takes
16 that and takes what the Development Office does and makes
17 it accessible to the real world. And they've just really
18 upped their game very much as well, so we've approved the
19 National Energy Management Institute Committee as a
20 mechanical ATTCP, Acceptance Test Technician Certification
21 Provider. If you'll remember there's a new system in place
22 and now we have these providers that we evaluate and
23 approve.

24 The Energy Standards hotline literally 9,000
25 inquiries they've fielded over the course of the year.

1 Some are easy, many are pretty complicated, so we're on
2 that and I think doing a great job there. The staff on the
3 outreach around the Standards is really phenomenal.

4 Again Outreach and Education staff provided the
5 statewide training to industry stakeholders, local
6 governments, building departments, enforcement agencies,
7 CALBO, AHACI, etcetera, etcetera on the 2013 Building
8 Efficiency Standards and stimulated lots of conversation
9 that informed the 2016 ones as well. And they've got a
10 newsletter that they're being much more regular in getting
11 out called "The Blueprint," which is a newsletter to
12 industry stakeholders -- all that kind of outreach, I
13 think, is fundamental to making the standards a success and
14 really realizing the savings that they have the potential
15 to make.

16 The Appliances Office, there is an incredible
17 amount going on in the Appliances Office and it's a small
18 team. They launched, in August, the modernized Appliance
19 Efficiency Database System to I think universal acclaim
20 really. It makes life easier for everybody, both staff and
21 the companies that need to certify equipment in it. And we
22 adopted Appliance Efficiency Standards for fluorescent
23 dimming ballasts, air filters -- that's a labeling
24 requirement. Test and list for heat pump water chilling
25 packages -- a lot of savings associated with those now and

1 certainly into the future more. Toilets, kitchens, and
2 lavatory faucets -- we talked about that earlier --
3 urinals, showerheads. Huge amounts, a couple of billion
4 dollars in annual energy and water savings after the stock
5 turns over, billion, that's with "b," so big money.

6 We opened the rulemaking to consider standard for
7 general service light-emitting diodes and small diameter
8 directional lamps, so we're helping shape the marketplace,
9 really the global marketplace for LEDs to make sure that
10 they meet expectations and they are appropriate. And
11 again, realize the savings that we know are there, cost
12 effectively and with social benefit. So real very clear
13 policy direction and very clear results along those lines.

14 And then finally, a first of its kind settlement
15 agreement for \$1 million plus some other conditions with
16 iRobot Corporation to resolve compliance issues related to
17 battery chargers. I want to congratulate the Executive
18 Office on working through that. You know, our efficiency
19 standards are real and we enforce them and I think the
20 world now knows that and gives us quite a lot of
21 credibility to follow through with that.

22 So the Existing Buildings Office, we adopted the
23 AB 758 Action Plan, so thank you guys very much all on the
24 dais for doing that. It's a great foundational document
25 and now we're moving forward with implementation on a bunch

1 of different fronts, coordinating with the PUC and putting
2 together the oversight kind of structure to make sure that
3 we move forward systematically on its various strategies.
4 Big, big deal, the Governor's energy efficiency goal will
5 not be achieved without good implementation of the Action
6 Plan. 350 embodies a lot of what's in there and so we have
7 incredibly good alignment with our strategies on the
8 existing buildings.

9 I feel like that's a big win, just for me
10 personally actually. Having been at the Commission for
11 about three-and-a-half years now I feel like that's an
12 incredibly concrete and productive result for shaping of
13 the marketplace for upgrading our existing buildings. And
14 I'm really proud of that and proud on behalf of staff as
15 well. They just are doing a great job on it; we've got a
16 terrific team in the existing Buildings Office.

17 And then we opened also in that office, a formal
18 rulemaking for implementation of AB 802, which is the new
19 and approved benchmarking program for the State that is a
20 key recommendation of the AB 758 Action Plan. So there's
21 just a lot of alignment and a clear policy landscape now
22 for that group of activities.

23 Local Assistance and Financing Office, I'm just
24 going to list all the things. They've done an incredible
25 amount, so Prop 39 the Clean Energy Jobs Act, they've

1 received 750 plus energy expenditure plans from schools
2 across the state; 2,739 sites are represented in those. It
3 represents 546 million in requested funds. We've approved
4 451 of those, around 1,600 sites, and over \$300 million in
5 approved funds. And that's, I mean if you think about sort
6 of what the -- from the time that the budget passed and
7 getting to the point where they're at now, now we
8 consistent oversight. The Oversight Board is regularly
9 meeting and we've got results for them to look at, all
10 really in record time in terms of the state agency
11 processes that we've gone through.

12 We awarded \$15 million in ECAA loans for energy
13 efficiency and clean energy projects, saving millions of
14 dollars in costs annually, 9 million kilowatt hours, 12,000
15 therms, lots of carbon dioxide emissions. Twelve million
16 in ECAA Ed loans, so that's funded by the Prop 39. It's a
17 loan, it's that ECAA component that was funded by Prop 39,
18 so at \$12 million there, again similar results.

19 Ride schools program, we did 46 ASHRAE Level 2
20 Audits and with final reports. And then those then
21 translated into a number of projects.

22 We deployed another -- this is another innovation
23 that I'm very, very happy about is we deployed the Online
24 Energy and Expenditure Plan Application and Final Project
25 Completion Reporting System. So it's a online tool that

1 makes life incredibly easier for the schools that are going
2 through the Prop 39 process.

3 It also facilitates the evaluation and the
4 tracking of what's going on with that program. When you
5 have a couple of thousand LEAs getting money and in various
6 stages with changes and the developments as they go
7 forward, tracking that is no mean feat. And our staff is
8 significant, but it's a limited number of people and that
9 really helps them manage this massive project flow
10 effectively. So that's a huge innovation.

11 On drought response we did a lot in the
12 Efficiency Division. The Water and Energy Savings
13 Appliances Regulations -- Energy Saving Appliances
14 Regulations that I mentioned and then developed an
15 incentive program to provide monetary incentives for
16 replacement of inefficient household devices, clothes
17 washers and a direct install program for disadvantaged
18 communities. So both of those are pending legislative
19 funding approval from the Legislature, but they are ready
20 to go at a moment's notice. That incentive program is
21 awaiting funding.

22 Again, the IEPR, I just have to thank Heather
23 Raitt and the team: Raquel and Stephanie and the rest of
24 the IEPR team for keeping that train moving down the
25 tracks. It's always just an amazing process that they go

1 through and they're very efficient with it. And they do it
2 terrific, and you know not only dealing with all the
3 Commissioners and our issues, but organizing workshops and
4 gathering the comments from everyone, incorporating it in
5 ways. Really it's quite a mediation task that they have as
6 well, so it requires a lot of subtlety and skill and
7 they're just terrific at that.

8 I will leave the Siting stuff, but I'm on a few
9 cases and I just am tremendously impressed with the Siting
10 staff generally, but I'll leave that to Commissioner
11 Douglas. Happy to have Kristy Chew as the adviser for the
12 ROW, certainly and am just working with her on a siting
13 case and she's just terrific, and to the hearing officers
14 as well.

15 Wrapping up here, Alana Mathews the Public
16 Adviser, she has really brought I think a fresh approach.
17 And just a real, I think -- well, she's very diligent and
18 just I think has a lot of vision that's leading the
19 Commission in the diversity direction in a very good way.
20 And has shown a lot of initiative in that front and really
21 creative thinking about how we can do better in the
22 diversity realm. And it's really just a terrific breath of
23 fresh air. A lot to do there and I think she's doing a
24 great job.

25 And then on the Executive Office I think Rob and

1 Drew and Kourtney as Chief Counsel, Barry Steinhart as the
2 new Leg Director who really just came in jumping and jumped
3 right in and got his feet wet from day one and Al Lundeen,
4 the Acting Media and Communications Deputy. I think we
5 have a really good team on the sort of executive level
6 helping the Commission shape its message and really protect
7 itself on the one hand, also be very leadership oriented on
8 the other hand. So that's really terrific.

9 And I have to call out Amber as well for the
10 media stuff too. She's been great on the outreach front
11 for energy efficiency.

12 And finally my own staff, my Executive Assistant
13 Donna Parrow is just fantastic. In addition to just being
14 a phenomenal human being and person, very effective and
15 really keeps the office humming along and is really just a
16 pleasure to work with. And finally my advisers Pat Saxton,
17 Hazel Miranda, and Charles Smith who has been with my
18 office working on IEPR and I imagine many of you have
19 worked directly with him on different issues with the IEPR.
20 It's really having a capable, competent, kind, effective,
21 well-informed, highly networked team is just -- it's such a
22 pleasure and a privilege I can't -- it's hard to put it
23 into words.

24 But we've gotten -- all of the things that I've
25 listed, we've gotten them done this year, because of the

1 team effort. And it's not just my office obviously, but
2 it's just the ability of people to coordinate, keep each
3 other up on issues and work with staff. And bringing value
4 is just -- I think we're -- it's been improving the whole
5 time I think I've been at the Commission. And I want to
6 just credit Chair Weisenmiller with setting that tone and
7 all of you as well for doing it in different ways. I think
8 we all benefit and the State benefits from it.

9 So anyway, it's really great to be at the
10 Commission and we're doing wonderful things. And I'll
11 leave it there, but it's been a good year.

12 COMMISSIONER DOUGLAS: All right. Well, you know
13 I would like to join my colleagues obviously in thanking
14 the staff. I'll speak specifically to some of the areas
15 where I've been Lead including Siting, Compliance and
16 Enforcement legal matters and DRECP.

17 In terms of Siting, as Commissioner McAllister
18 noted it's been a busy year. The Commission staff has
19 ongoing compliance monitoring covering 117 existing
20 operating power plants located throughout the State.

21 In addition to that, the Commission Siting
22 Division continued to oversee construction and regulatory
23 compliance for two new plants that are under construction.
24 We approved one gas fire power plant replacement project
25 with a capacity of 632 megawatts this year, in addition to

1 approving 11 amendments for certified power plants. And a
2 significant number of staff-approved project modifications.
3 You know, these power plant applications and the compliance
4 and the amendments take a significant amount of work to get
5 to completion.

6 I'd also like to thank Eileen Allen, who's
7 retired now, but who carried a pretty heavy load for the
8 Commissioners most of the year, Kristy Chew who has
9 succeeded her in the Technical Adviser role for the
10 Commissioners, and the Public Adviser's Office Alana
11 Mathews and Shawn Pittard.

12 I'd also like to acknowledge Tom Gates and his
13 team for really good work in reaching out to Native
14 American tribes, both in formal consultation around actual
15 siting projects and in consultation on the Desert Renewable
16 Energy Conservation Plan. And generally in helping us
17 foster our dialogue with tribes. I just recently -- I
18 think maybe two or three weeks ago -- had an opportunity to
19 go visit for the second time, the Colorado River Indian
20 Tribes and met with their tribal council. So it's been a
21 real pleasure working with Tom and his team and it's a
22 great help to our organization.

23 We worked with a very strong team to update the
24 lessons learned in compliance regulations for siting. And
25 I think I'm going to be a little careful about reading the

1 long list of names, a lot of people contributed very
2 heavily to that effort and I'll leave it at that with a lot
3 of thanks.

4 Many people in the original team have now turned
5 their attention to the compliance regulations and process
6 review. We're currently in the process of evaluating our
7 compliance activities generally, and our regulations
8 specifically. We just had a kickoff workshop for that
9 process and we're looking at getting it either to a
10 relative stage of completion, or at least a large way
11 towards that over the next calendar year.

12 Let's see, DRECP we hit a major milestone with
13 the Desert Renewable Energy Conservation Plan this year by
14 working with the Bureau of Land Management and our partner
15 agencies to get the public land portion of DRECP to a final
16 plan. And that final plan is now out for public review and
17 it's going through the Bureau of Land Management Process,
18 which is a federal process. And we're looking at that
19 wrapping up and coming to completion probably in February
20 or March of next calendar year.

21 A lot of thanks to the team on DRECP, and many of
22 the members of that team plus a number of other staff are
23 now also helping to support the new RETI II effort.
24 There's a lot of expertise and lessons learned that's been
25 gained through DRECP and I think it's very beneficial to us

1 now as we look on taking on the challenges of the next
2 year.

3 I want to thank our hearing officers. They've
4 done a very good job for us. And I think sometimes when
5 the Commissioners show up to a case and find that the WebEx
6 is running and the exhibits are in order and the hearing
7 runs smoothly we sometimes don't see all of the work that
8 goes into making that happen. Their support team as well,
9 we've all learned the importance.

10 You know, you've got the content of decisions and
11 you've got the management of the proceeding, but behind
12 that is a tremendous amount of exhibits to manage and
13 deadlines to hit on all sides including on the Commissioner
14 side. One of the real achievements of the last year was
15 our e-Filing system and having that really up running and
16 proving its value again and again as we move forward with
17 our siting cases. In fact, it's almost hard for me to
18 remember now the days when we did not have an e-Filing
19 system, because it's so much a part of how we do business
20 today.

21 I want to thank the Planning Grants team for
22 their work with the six counties -- the seven counties that
23 have planning grants. Some of them have completed the
24 work, some of them are doing Phase II work, but that's been
25 a really good program.

1 On the Compliance and Enforcement side a thank
2 you to the Efficiency staff and Legal that helped us move
3 forward and finalize the Appliance Efficiency Enforcement
4 Regulations required by SB 454 and with close work and
5 support from Commissioner McAllister and his office.

6 I'm really pleased that we have Paul Jacobs on
7 board now to be the Commission's Deputy for Compliance
8 Assistance and Enforcement. And I want to thank Rob for
9 helping make that happen. I think that as we move forward
10 and look at our responsibilities across a range of programs
11 in that area his support and Kourtney's support -- because,
12 of course, Kourtney Vaccaro had a major role also in
13 helping us get our compliance and enforcement programs
14 either up to speed or just do some reviews on what our
15 processes were and what they need to be.

16 Just I'll wrap up by just thanking Executive
17 Office Rob and Drew, Kourtney Vaccaro our Chief Counsel,
18 Barry Steinhart our Leg Director, and Albert Lundeen on the
19 Media side and their staffs and their teams. I have the
20 pleasure of working with a lot of really talented staff
21 here at the Energy Commission.

22 I want to thank my Executive Assistant Ollie
23 Awolowo who I've told many times makes me about three times
24 more effective than I otherwise would be. And my Advisers
25 Le-Quyen Nguyen and Jennifer Nelson of whom I could

1 probably say the same thing, so thank you.

2 COMMISSIONER HOCHSCHILD: Great. Well, my thanks
3 as well to my team at the Renewables Division Suzanne
4 Korosec, Bill Blackburn, Angie Gould, Brett Arriaga, Cheryl
5 Closson, and all the other good folks who keep the trains
6 running. And have really I think have shown a commitment
7 to excellence in everything they do, proud to work with
8 them as well as my Advisers Emilio Camacho, Ken Rider, and
9 my fellow Rudy -- my legal fellow.

10 I also just wanted to take a minute just to thank
11 my colleagues. It is really interesting how diverse our
12 sets of experience are. I mean, it's extraordinary. And
13 you know, Janea, I've really appreciated your insights with
14 your experience in the federal government.

15 And Jaya (phonetic) came to our thanksgiving and
16 very quickly became much more popular than me in my own
17 house. And it's been just a delight to partner with him
18 and we actually have co-hosted an Environmental Justice
19 Roundtable two weeks ago with the top ten environmental
20 justice groups in the state. And had almost a four-hour
21 dialogue with them and just a real pleasure to explore
22 these issues together.

23 And then Andrew, your depth on efficiency and
24 your passion for it is just wonderful and I learn a lot
25 from you. And I'm just constantly amazed at how much you

1 know about all these little areas of minutiae that turn out
2 to be quite important, but it's extraordinary. And I
3 applaud your family for putting up with you all for all the
4 stuff you must want to talk about. I know my family has to
5 suffer through my interest.

6 And then Chair Weisenmiller, your breadth of
7 experience and also your depth and the things that you
8 bring to the table on power market and R&D expertise I've
9 really appreciated and benefited from.

10 And then Karen, again that same thing on siting
11 and, you know, also again the extraordinary patience, I
12 think, that's required to what you do successfully that you
13 have in so much more abundance than me, that's for sure.

14 And I know we've had some departures, but also
15 some arrivals and I just want to congratulate Kourtney
16 again for stepping up when the Commission needed you and
17 doing a terrific job in your new role as Chief Counsel.
18 Looking forward to what we can all do together in the years
19 ahead.

20 And Rob, could not ask for a more professional,
21 diligent, committed Executive Director. Having been in
22 some dysfunctional organizations in the past I am more
23 grateful than you know for your service and your approach.
24 And I just want to thank you for that as well as true.

25 So just a few thoughts looking ahead -- you know,

1 what we do here. I mean, there's sort of two pieces to it.
2 One is I think just execution successfully, of the programs
3 that we have, keeping the trains running and that's a lot
4 of what we spend our time doing. But just by virtue of
5 doing that we inspire a lot of other success.

6 You know, New York is going now to 50 percent
7 renewables. Hawaii is going to 100 percent by 2045. And
8 incredible interest in what we're doing from around the
9 country, which wouldn't happen if we were failing, right?

10 And so keeping the trains running is really
11 important, but just as important is thinking ahead. How do
12 we make things even better? How do we synthesize all of
13 the talents we have here and develop a common vision and
14 push the envelope? And I think that's the spirit that I
15 really sense from the Governor and from the new leaders in
16 the Legislature. This is maybe the most exciting chapter
17 in our state's energy history ever and we can really hit
18 some home runs. So I'm excited for the synthesis to come
19 of what we all bring and the forging of a bold and
20 successful vision.

21 I'll just close with one final thing. I'm also
22 very interested in supporting the development of staff
23 here. Part of that's been this guest speaker program.
24 We've had now over 40 guest speakers; luminaries from
25 different parts of the clean-energy world come in. And

1 I've now persuaded all of my colleagues to agree to do a
2 talk. Chair Weisenmiller was kind enough to do that in
3 June. I'll be doing one later this month. And then the
4 rest of my colleagues in the coming months; just about
5 their background and what they see, looking ahead.

6 And we're continuing to try to recruit new talent
7 to the Commission. We were at Stanford doing that and
8 we've gotten some interest. There's now a fellowship
9 program that's been set up. And so just we want this to
10 the destination agency for top talent in the energy world.

11 And then finally one other update. Recently I
12 just did a round table with small farms in renewables about
13 two or three weeks back in the Capay Valley and very
14 interesting to see the way in which agriculture can make a
15 big difference. And the cover crops you can plant that
16 absorb carbon and this kind of thing.

17 And they're talking about the notion of like
18 there's a watershed, actually having an energyshed where
19 you have a small valley really have shared resources,
20 storage that's available for all the farms and valley, that
21 kind of thing. So I had a very fruitful dialogue in that.
22 So I will close with that.

23 CHAIRMAN WEISENMILLER: Thank you.

24 I want to also look back over the past year and
25 thank folks. Obviously from my role, sort of a lot of it

1 is synthesis. So I guess what I'm saying is I certainly
2 say appreciate the work of the Transportation folks, the
3 Energy Efficiency folks, the Siting and the Renewable
4 folks. But I'm going to focus more on the things I'm more
5 directly involved in. But again, it's good Commission-
6 wide, it's really critical to be running on all cylinders.

7 And I wanted to start out actually thanking
8 Commissioner Hochschild, because we had -- this is our 40th
9 and this has been sort of a great year for that. I mean,
10 it's -- I've been really happy the number of other
11 organizations who have been inspired by what we did to
12 think about what their events should look like. And also
13 frankly we didn't make the "Chronicle," as some of my other
14 colleagues have done in that area. But that was a huge
15 lift on the 40th, as I said.

16 Certainly Commissioner Hochschild, I mean I have
17 to really thank as we were struggling at the end to get the
18 details together. Jay, Abigail, Susan -- who bless their
19 souls then from that experience moved on -- hopefully not
20 because of it, but they were really critical. Obviously
21 Albert and Katie were great on getting the video stuff
22 together.

23 Certainly, I know Kevin was really integral also,
24 in terms of trying to go through and make sure that we got
25 people there, and certainly Rick Frank's generosity. I

1 mean, it was just -- it was really a home run. And I think
2 was really helping to reset the tone.

3 And again there's probably any number of people
4 who really -- Drew who just really worked very hard to make
5 that event a success -- that I really want to applaud them
6 for that.

7 In addition, the State's challenge this year was
8 the drought. And Commissioner McAllister has already
9 talked about what the Appliance folks did. I mean that was
10 just a real, "Bang, here's the Standard. Yes, we're going
11 to be ready for the rebates to run."

12 Similarly in Laurie's shop. I mean her, okay
13 again Kevin, Pam, we were ready to get the WET Program
14 going. You know, we were ready to just sort of roll with
15 that. And again it was something where I think people rose
16 to that occasion to really address it when frankly none of
17 it was in any of our work plans. But given the State's
18 crisis we stepped forward.

19 We've also -- again looking at a high level --
20 the military partnership has been amazing, I think, in
21 terms of again certainly people like Mike Gravely, Kevin.
22 You know, we've also worked with them on trying to
23 unscramble some of the interconnection mess. Certainly
24 Commissioner Scott was there and eventually sprung some
25 money out of the Air Board's hands for the conversions.

1 You know, again it's been a real -- I mean, every
2 time I -- certainly Secretary McGinn, Secretary Mabus, they
3 always call out California's role in working so closely
4 with them to really make things happen here.

5 Diversity, you know again we're making efforts.
6 There's a lot to do, but certainly again that's an area
7 that I think Alana, Emilio, I mean just a lot of people
8 really care a lot about that issue. And we're just going
9 to -- we have to move the needle on that.

10 I was also going to say on international, you
11 know, usually it's we just deal with the reality of
12 California's one percent of the world's greenhouse gas
13 emissions. We're trying to move more international. A lot
14 of that has been centered on my office, but it's just sort
15 of highlighting some of the stuff this year that was just
16 amazing.

17 The trade mission that we did in Mexico, Emilio
18 just did a phenomenal job. We had great help from
19 Stanford, great help across the board there, and it ran
20 very smoothly. I mean, you're always in one of the
21 situations when you're doing these sort of first-time
22 things of going, "Oh my God, are we going to suddenly
23 discover that we've stranded everyone sans luggage
24 somewhere in the middle of Mexico City?" And just having
25 it all come together and just really I think got everyone

1 jazzed on the opportunities for clean tech in Mexico.

2 China -- I mean Grant, Fong Daei (phonetic). You
3 know, I mean it was definitely don't go to China without
4 her. But basically that was an incredibly ambitious trip.
5 We pulled it off, it took a lot of work, but it just went
6 incredibly smoothly.

7 Germany, I went there in June at the invitation
8 of the German government. And again Kevin really helped me
9 organize that. So again it just went remarkably smoothly.

10 So standing back looking at the pieces, obviously
11 I like all my offices, my life support system. You know, I
12 mean like Catherine Cross in terms of keeping things
13 organized. I mean without that it would be pretty
14 hopeless. But certainly my advisers: Kevin, Grant, Jana,
15 Alana and Al and Justin. You know, just there's a lot to
16 do there. And as I've said we even have Emilio as my
17 special adviser on Mexico. And again, that's been a real
18 push. And obviously some of my past advisers have done
19 phenomenal jobs too, as we always go through transitions.

20 This has been really fun to work with all of you,
21 certainly with the Executive Office.

22 I want to call out a couple of things. The
23 auditors, I mean we have a new audit shop that I think is
24 doing a phenomenal job. Today we had to deal with a
25 problem, but she's picking up and putting up a process. I

1 mean, very professional about it. Certainly understands
2 phenomenally what the regulations are for the State. And
3 at the same time some of the things she's not finding
4 problems with, others she is. I mean it's not like she's
5 determined to find an issue in every single audit, but if
6 there is one she'll find it and try to work through
7 resolutions of it. So that's been great.

8 Chief Counsel, again really Kourtney has been a
9 pleasure. I would point she is the only Chief Counsel
10 where I got a note from Nancy McFadden specifically
11 thanking me for her activities on a brief that the
12 administration had to file, which was great. And certainly
13 in terms of just sort of moving forward on stuff, there's
14 been a lot of work to do there.

15 We also did a great filing I think on the nuclear
16 stuff with a lot of her hard work to really get that one
17 out. For those of you -- talk about obscure issues, but
18 the Waste Conference proceeding, which has gone on for
19 decades -- as it's going into a new life with even a new
20 title we've intervened in that, you know?

21 But anyways with that obviously in terms of the
22 areas where I'm more directly involved, R&D, yeah between
23 Laurie and Mike it's really phenomenal leadership there in
24 terms of what we've accomplished.

25 And particularly looking at the Climate Group, I

1 mean, you know, certainly there's just incredible work in
2 the area of climate change adaptation. It's got a very
3 strong group there: Susan, David Stoms. It's just really
4 that Climate Group really -- again it's a very strong team
5 overall. But I think at this point as the spotlight really
6 has faded, shifting more onto climate stuff, I mean they've
7 had the ability to really set up and shine.

8 I think certainly working with Sylvia, Sylvia is
9 phenomenal in terms of really that analytical base for us.
10 And certainly she's got a really strong team. You've got
11 Chris Kavalec on the forecasting and again, sort of world-
12 class, Jaske. I mean, Jaske has been around -- you know,
13 he was here when I was here before and just continues to
14 really drive the needle on the analysis of these areas.

15 Linda Kelly on the DG side, I think certainly in
16 terms of working with the folks on the 1257 Report: Chris,
17 Melissa, Ivin, just really a strong team there.

18 And obviously like everyone, the legislative
19 staff, Barry's been good. And as I said, Albert certainly
20 in terms of really getting the right tone in getting the
21 media shop to really hum, he's doing a phenomenal job for
22 us there.

23 I think in terms of -- and again I hope I haven't
24 overlooked anyone between all of our pieces -- but I think
25 we've covered it pretty well. Oh actually I should not

1 Mark Hutchison. I mean, just in terms of as when we
2 through the activity on renaming the building and stuff
3 like that or getting this hearing room more of a venue, I
4 mean again Mark really cut through this. Who knows,
5 otherwise we'd still be waiting for the building to be
6 renamed, right? So again, a really strong team.

7 Just very, very briefly on the stuff I've been on
8 -- so Picker, Steve Berberich, and I did this event on a
9 bulk storage workshop. It was a chance -- (indiscernible)
10 energy storage in the CPUC, its focus is really on
11 batteries, electric chemical stuff, so this was a chance to
12 look at pump storage. We looked at compressed-air storage.
13 We sort of took a different -- longer duration.

14 Often batteries you sort of -- well actually we
15 had that experience. People couldn't get the clicker to
16 work right for the slide deck, which was obviously the
17 stupid batteries had gone dead on him. So anyway that
18 happens with batteries, but not necessarily with pump
19 storage and stuff.

20 COMMISSIONER MCALLISTER: (Indiscernible) a heavy
21 clicker though.

22 CHAIRMAN WEISENMILLER: Right, yeah it was.
23 Well, we had -- it turns out California has two really big
24 pump storage projects at this point, which we looked at
25 Castaic and Helms. And the genesis for both of them were

1 nuclear power plants. I mean that was it fundamentally.
2 And one of them, Castaic, has some degree of adaptations
3 since you know -- well Helms -- I guess the caverns are
4 such that they can't really do much. You know,
5 (indiscernible) but in terms of upgrading it to current
6 technologies they just said they really couldn't pull that
7 off.

8 COMMISSIONER HOCHSCHILD: They want to go to
9 variable speed drives, but they don't have that up there?

10 CHAIRMAN WEISENMILLER: Yes, they don't have that
11 capability there. And but so we have people proposing pump
12 storage and they're trying to figure out how to get that to
13 occur. But it's a very, very long lead time, very
14 expensive.

15 I mean one of them, Eagle Crest, I remember
16 talking to those people in the middle '90s. And this is
17 still, whatever 20 years into it, and \$30 million or
18 whatever the real number is just still struggling to get
19 something to happen there. And if they did it would be
20 another ten years, so again it's you have to have a
21 phenomenal amount of patience.

22 The other thing I've been working on is the next
23 business meeting generally we're going to look at a series
24 of rulemakings on implementing 350. So I'm just
25 encouraging, particularly POUs, to sort of interact with

1 the staff as we start doing that. It should be quite
2 interesting.

3 And last I was going to say Aliso Canyon
4 continues on, it's leaking. Still spending -- actually
5 they keep trying to spend less, but can never get rid of
6 it. At this stage it's sort of SoCalGas's largest storage
7 reservoir and there's a leak. The leak is in one of the
8 wells and it's a very old well from the '50s. It's very
9 small, but old. There's about 110 wells there, so it's not
10 that the field shuts down if this little thing is leaking,
11 but it reduces methane gas.

12 And methane: it's colorless, odorless, you know,
13 you have to worry about flammability. It's on a very high
14 hill, houses are like a mile away at least, with high wind
15 speeds. So but natural methane, they put mercaptans in it,
16 particularly hydrogen sulfite, which for those of you who
17 have ever done Chemistry 1, smells like rotten eggs. And
18 people are very sensitive to it like patch petroleum and so
19 all the people surrounding are complaining, not about the
20 methane per se, but the hydrogen sulfite or mercaptans.
21 And some people are actually very sensitive to mercaptans.

22 And so at this point the Health Department has
23 told SoCalGas to basically -- anyone who wants to be --
24 Well, originally this was always going to fixed like in a
25 matter -- as we were shoving stuff in the ground over there

1 -- it was going to be fixed any day now. And at this point
2 we're sort of drilling a relief well. And so it could be
3 three months before it stops. So basically anyone in the
4 surrounding areas, SoCalGas is paying for them to be
5 relocated to deal with that.

6 DOGGR, I'm working very closely with Steve Bohlen
7 of DOGGR, who is doing a phenomenal job of -- You know,
8 once he looked at the leak it could either be on the PUC
9 side on the pipes, or could be in the wells on the DOGGR's
10 side. Well, it's in the DOGGR's side, so Picker got lucky
11 for once.

12 And so basically DOGGR's doing a phenomenal job.
13 They've had people onsite all the time. They had them
14 there through the entire Thanksgiving weekend. It's just
15 really overseeing that and doing an independent assessment.
16 And have been pretty clear when they need to step up.

17 I mean, our role was we have done some research
18 on air monitoring for methane emissions. And that
19 complemented what the Air Board does in terms of air
20 monitoring. They have on-the-ground stations, they have
21 mobile stations, they have all kinds of things. But it's a
22 very complicated topography. You've got other major
23 emission sources around there. And so they could not
24 really untangle what was coming from the field versus the
25 nearby landfill or whatever.

1 And so we have done -- we did two flights. And
2 right now we're set up where Air Board is using our
3 research team pilot to do additional flights. SoCalGas is
4 paying for those. And it's going on, on at least a weekly
5 basis, so we can see what the emissions are.

6 Not too surprising as we do the flights you see
7 different levels each time. I mean, it's (indiscernible)
8 by scientists on what's going on, it's like well there's
9 100 people at the field working all the time. You would
10 hope that they're doing something on the emissions and
11 you're seeing some of the impacts.

12 But so it's a very major leak. Obviously,
13 methane is -- anyway it's a major leak, methane is pretty
14 potent from a greenhouse gas perspective. I mean, people
15 often fill out the number by weight. It's probably 28 or
16 30 times as potent as CO₂, so by molecule. As a chemist I
17 always think of molecules, so any weight is not -- you get
18 more to the weight of the molecules. It's different, but
19 it's still pretty potent. Fortunately it has a very short
20 lifetime as opposed to CO₂, which is around I'm going to
21 say more or less forever.

22 But still it's a big thing and certainly I think
23 it's sort of forcing the Air Board -- the Air Board will
24 have regulations this year, you know, of short-lived
25 climate emitters and sort of the consequences of leaks like

1 this that are being developed, but are not in place yet.

2 But anyway it's taken up very high level of
3 administration attention, a lot of attention, particularly
4 DOGGR on point on that, PUC some, Energy Commission some.
5 Basically OES has done a phenomenal job too as emergency
6 state services on that, but it's still going on.
7 So anyway I'll give you updates and hopefully next time
8 I've got a happier story there.

9 So that's all I have. So let's go to the
10 Executive Director Report, or actually excuse me, Chief
11 Counsel's Report first.

12 MS. VACCARO: Thank you, Chair Weisenmiller.

13 Two items, today I think for the first time since
14 I've been Chief Counsel I am going to invite the
15 Commissioners to join me in closed session.

16 CHAIRMAN WEISENMILLER: Right.

17 MS. VACCARO: We have that agendaized as you'll
18 see on Item 16. And more particularly, we'd be going to
19 that closed session under a Government Code, Section 11126,
20 (e)(2)C. And it's identified on the agenda as the second,
21 6a. But there are other matters for you to discuss before
22 we do that, so however you want to take that up. But
23 before we adjourn, that's something that we would do.

24 In addition I would just like to make an
25 introduction?

1 CHAIRMAN WEISENMILLER: Sure.

2 MS. VACCARO: We have, I think, both of my two
3 new attorneys that I am so very pleased to introduce.
4 First we have Linda Barrera -- please stand -- who is
5 joining the House Unit of Chief Counsel's Office. And she
6 comes to us from Department of Fish and Wildlife.

7 And the Hearing and Policy Office has been long
8 overdue for a new hearing adviser. And what we've done is
9 we've brought in an Attorney III to supplement that group,
10 which is Raj Dixit and we're very happy about that. And he
11 joins us from the Agricultural Labor Relations Board and
12 has experience as an administrative law judge.

13 CHAIRMAN WEISENMILLER: Great. Welcome aboard
14 both of you. Thank you.

15 Okay. So what we'll do is we'll finish 17, 18
16 and 19, take public comment, then go into Executive
17 Session. And after that's adjourned I'll come back down
18 and close the meeting. But at least we'll give people an
19 opportunity for a public comment before we go into closed
20 session.

21 Executive Director Report?

22 MR. OGLESBY: Good afternoon, Commissioners.

23 First, I just want to report that a planned trip
24 on Friday that I will be taking with members of the Siting
25 Division to tour the damaged facilities in The Geysers

1 area. We have four damaged power -- geothermal power
2 cooling facilities in The Geysers as a result of the
3 massive fire outgrowth of the drought, at least in part.

4 And the Governor's Office gave us direction to
5 take expedited action to reconstruct these facilities to
6 continue providing geothermal energy. And also provide
7 some employment stimulus associated with doing the
8 reconstruction at the projects and the demolition of
9 basically dangerous facilities that are either completely
10 or partially damaged. So I'll be doing that Friday, day
11 after tomorrow.

12 And I too wanted to express gratitude over
13 accomplishments, but as the Commissioners reviewed staff I
14 began -- I don't want to repeat well-earned accolades, but
15 I crossed off the names. But only to underscore that
16 really staff at every level has been working hard and
17 dedicated to our mission of cleaner, sustainable energy
18 here in California in all facets and all aspects of energy
19 use in the state.

20 I'll name just a couple of others in my immediate
21 staff that works with both Drew and I: Tanya Chandler,
22 Laura Castenada, Gloria Guthrie. And in particular I want
23 to call out Eunice Miyori (phonetic), who is a student who
24 has stepped forward at every opportunity, works for some of
25 the charitable and other -- many tasks that she's done for

1 us and has been really an instrumental and a standout
2 performer here at the Energy Commission.

3 And finally -- not quite finally -- I also want
4 to thank Drew Bohan who you all acknowledge has been a
5 strong and solid partner in the management of this
6 organization.

7 We have 700 positions authorized for this agency.
8 We administer a large amount of funds. The issues we deal
9 with are complicated. And it's really been a team effort,
10 a solid partnership that I think has helped get us there.
11 And we're not done.

12 I mean, improvement is a continuous and ongoing
13 endeavor. We haven't stopped. And we'll continue to look
14 for ways to make our organization more efficient, more
15 accountable and more effective in delivering our mission
16 goals.

17 And finally, I want to thank you Commissioners
18 for your leadership, your confidence, your expertise. All
19 of the issues that you deal with have been complicated,
20 challenging issues.

21 I've seen throughout the year each and every one
22 of you deal with issues, which essentially you have to make
23 tough decisions. And they're never just simple decisions.
24 They're never binary, a good or bad. They're always that
25 different shade of complications and tradeoffs that have to

1 be made considering public interest and public policy. And
2 I want to thank you for your leadership in this issue and
3 your confidence as well.

4 CHAIRMAN WEISENMILLER: Thank you.

5 Actually, I think, just a footnote for a second.
6 For all of us I want to make sure that we express our
7 gratitude for Gabe and Allan Ward and obviously Dick
8 Ratliff for their contributions. I mean, I know with Allan
9 and Gabe the thing is if I need to find someone at 7:00
10 o'clock at night I know where to find them, so anyway, most
11 of the time. But anyway just to make sure again that we
12 really -- hats off to them. And I could certainly
13 appreciate Dick's long career here in public service.

14 Public Adviser?

15 MR. PITTARD: We have nothing to report today.
16 Thank you.

17 CHAIRMAN WEISENMILLER: Okay, so public comment?

18 (No audible response.)

19 Okay. So we're going to go into Executive
20 Session now. And we'll probably be back in about an hour.

21 (Off the record at 12:59 p.m.)

22 (On the record at 2:55 p.m.)

23 CHAIRMAN WEISENMILLER: Good afternoon. I'd like
24 to report out that in the closed session, the Commission
25 authorized the Chief Counsel to pursue all available legal

1 remedies to obtain any funds that the Energy Commission
2 might be owed by Mendota Bioenergy, LLC under Grant
3 Agreement ARV-12-033 including possible initiation of
4 litigation.

5 This meeting is adjourned.

6 (Whereupon, at 2:56 p.m., the Business Meeting
7 was adjourned.)

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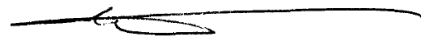
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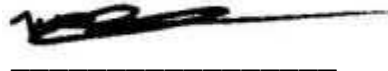
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