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Janea Scott, Vice Chair
Karen Douglas
Andrew McAllister (Absent)
Patricia Monahan

Staff Present: (* Via WebEx)

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 - v. *City of Los Angeles, acting by and through, its Department of Water and Power v. Energy Commission (Los Angeles Superior Court, Case No. BS171477).*
 - vi. *vii. In re: PG&E Corporation and In re: Pacific Gas and Electric Company (United States Bankruptcy Court, Northern District of California, San Francisco Division, Case No. 19-30088)*
 - vii. *State Energy Resources Conservation and Development Commission v. HyGen Industries, Inc. (Sacramento County Superior Court, Case No. 34-2019-00252543)*

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b. Pursuant to Government Code section 11126(e), 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, which might include.	
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1 P R O C E E D I N G S

2 DECEMBER 11, 2019

10:06 a.m.

3 CHAIR HOCHSCHILD: Let's begin with the Pledge of
4 Allegiance.

5 (Whereupon the Pledge of Allegiance is recited)

6 CHAIR HOCHSCHILD: Well, happy holidays to
7 everybody. I hope everybody had a good Thanksgiving. And
8 I did want to say that Commissioner McAllister is in Spain
9 for the Climate Summit and so he will not be joining today,
10 but I do have a statement to read from him later in the
11 agenda.

12 But before we get into the Consent Calendar and
13 the rest of the agenda this is the last meeting of 2019 of
14 the Commission. It's been my first year as Chair. It has
15 been without question the busiest year of my life, the
16 busiest year for my career, working my tail off along with
17 all my colleagues. And we wanted to actually have an
18 opportunity for all the Commissioners to give thanks to our
19 staff and teams and why don't we just do that first.

20 Commissioner Monahan, if you had staff you wanted
21 to recognize, go ahead.

22 COMMISSIONER MONAHAN: Well, good morning
23 everybody. I think as maybe some of you know I am the
24 newest Commissioner. I've been here just about seven
25 months. And I came from a nonprofit, philanthropic

1 environment and so when I arrived here I had so much to
2 learn. And there are so many people who have helped me
3 along the way and I'm not going to be able to thank
4 everybody, but I do want to call out a few folks.

5 So I just want to say it took me awhile when I
6 first arrived to get my sea legs. Like I said, I didn't
7 know what I was doing and there were several colleagues who
8 really helped steer the ship while I figured out what the
9 job was. And I first want to thank Catherine Cross. She
10 reached out to me before I even started working to welcome
11 me to the Commission. And she made sure I had my computer
12 and my office. And she is just -- every day she arrives
13 with a smile on her face and a warm, positive attitude. It
14 brightens my day. It brightens the day of all of those
15 around her. So I just want to thank her for being a steady
16 guiding presence as I join the Commission.

17 I also want to thank Elizabeth Giorgi who, she
18 was plucked from her regular job to be my advisor. She had
19 never been an advisor. I had never been a Commissioner.
20 We kind of looked at each other and went, "Wow, what are we
21 doing?" So we really learned the ropes together. And she
22 was willing to do whatever I asked and more, because I
23 often didn't really know what I needed. So I'm just very
24 grateful to Elizabeth. She is a model of pluck and
25 determination and I was really grateful to have her with me

10

1 those first few months.

2 So I want to thank my advisors, Ben De Alba and
3 Jana Romero. They've both shown tremendous grace under
4 pressure. And perhaps, most importantly they're willing to
5 roll up their sleeves, do the work and collaborate deeply
6 with others across the Commission and other agencies. So
7 it's been a joy to foster this new team together and I
8 really look forward to learning from them and working with
9 them and strengthening our team as we go forward.

10 So I want to welcome to our team our new
11 Executive Fellow, Pilar Manriquez. Pilar are you here
12 somewhere? Oh, she's not here. That's too bad. Hopefully
13 she will be later. She's a recent UC Berkeley graduate.
14 She studied -- she kind of studies with an emphasis on
15 public policy. And she's going to be working with us on
16 the Intersection of Equity and Transportation, so it's
17 really great to have her on our team.

18 So before I recognize other staff, I just want to
19 say that the progress we are seeing on clean transportation
20 is nothing short of amazing. And yet it is still our
21 number one source of global warming pollution. And
22 emissions are still going the wrong direction. So it's a
23 place I think of increasing focus here at the Commission as
24 we work across the entire state, especially with our
25 partner at the Air Resources Board, to make sure we can

1 change, bend the curve on transportation pollution and move
2 it in the right direction. And the team here and the team
3 at the Air Resources Board and other agencies, we're all in
4 this together.

5 And there are a lot of bright spots. Despite the
6 fact that the emissions are going the wrong direction we're
7 seeing a lot of really positive trends. And we're seeing
8 them reflected here in the State of California. We're the
9 number one market for electric vehicles, but we're seeing
10 progress -- battery- electric vehicles and fuel-cell
11 electric vehicles for that matter -- and we're helping lead
12 not just the other states, but the world on how do we get
13 to a clean transportation future.

14 And we're seeing some progress in terms of what
15 the industry is doing. I mean, we have 17 electric-vehicle
16 manufacturers in the state as Chair Hochschild likes to
17 emphasize and I do too. But we're also seeing companies
18 step up and invest. So Amazon has sent in an order for
19 10,000 battery electric trucks by this company called
20 Rivian. Anheuser Busch has ordered 800 Nikola fuel-cell
21 Class A trucks, which is the biggest order in the entire
22 world. And we're seeing UPS ordering 6,000 natural-gas
23 trucks, which in California are probably going to be fueled
24 by renewable and natural gas which we are helping to
25 support.

1 So I just think this ecosystem is changing. Our
2 teams need to be ready for it. And I feel like here at the
3 CEC we do have the teams that are -- you know, in R&D and
4 the Fuels and Transportation Division, just across the
5 organization generally that are going to be leaders in
6 helping make sure we can get to a clean transportation
7 future.

8 So on that front, which I hope I leave you with
9 more optimism than pessimism among the clean transportation
10 front, let me turn to thanking some of the folks in the
11 Fuels and Transportation Division who have really helped me
12 navigate this new job and are navigating all the challenges
13 and opportunities in the transportation sector really
14 adeptly.

15 So let me start with Kevin Barker. He stepped up
16 to lead FTD just as I arrived at the Commission. He brings
17 a wealth of experience across the Commission. And he has
18 shown enthusiasm, creativity, a can-do spirit in everything
19 he does. He's loyal to his staff. He's loyal to the
20 Commission. And he's just been a great advisor to me as
21 well.

22 So to get to the finish line, on the Clean
23 Transportation Program Investment Plan it took a village of
24 folks from the Executive Office, the Chair's Office, the
25 Fuels and Transportation Division. It's really been quite

1 a journey for all of us. I think from the Executive Office
2 both Kourtney and Drew spent a lot of time and energy,
3 shepherding and providing key advice along the way.

4 Lindsay Buckley, who was in the Chair's Office at
5 the time, was really instrumental in helping us engage with
6 the Disadvantaged Communities Advisory Group. And Patrick
7 Brecht was the staff point for the plan. He was amazing,
8 he was a champ. He kept the trains running on time. He
9 adjusted to all the changes that we were asking of him with
10 grace and he was a pleasure to work with.

11 John Butler, Charles Smith and Kevin all kept the
12 trains running on time. They were just really adept
13 leaders for this whole process. And I want to particularly
14 acknowledge Charles, who put in overtime to write the plan.
15 He was working on the weekends. He has a young child and
16 yet he still put his muscle and energies into making sure
17 that we had a really well-written product at the end of the
18 line. So, Charles was also the point on a joint ARB-CEC
19 project on Transportation Electrification. And he
20 demonstrated collaboration, visionary and thorough
21 analysis. His team included Micah, Kiel, Messay and Noel.
22 And they all stepped up along the way to support the
23 analysis.

24 I'd like to thank Tim Olsen who spearheaded and
25 is continuing to spearhead analysis into kind of out-of-

1 the-box strategies to support the broader commercialization
2 of biofuels, electric vehicles and natural gas vehicles.

3 I want to thank Elizabeth John who provided
4 steady and thoughtful leadership on advanced fuels,
5 advanced vehicle technologies and the school-bus team. She
6 is an excellent writer. And she models calm, competent and
7 a kind style of leadership. And I really look forward to
8 working with her more and actually learning from her, her
9 style of leadership.

10 I want to thank Joji Castillo and the team of the
11 Advanced Fuel Production Unit for their work to advance
12 clean and low zero-carbon and zero-carbon biofuels.
13 Lorraine Gonzales and the full school bus team, which are
14 really doing a great job to make sure that kids get to
15 write on zero-emission buses. I think it's really a
16 flagship program for us here at the Commission.

17 And I want to recognize the Freight and Transit
18 Unit who have had to forgo leadership challenges when Ben
19 made the transition to my office. And I welcome Michelle
20 Vater to her new role on that team. Jennifer Allen, Brian
21 and the rest of the EV Infrastructure Unit have really done
22 a great job in rolling out the CALeVIP Program and making
23 sure that we're doing a good job in filling the gap on
24 charging infrastructure. This program is going to be
25 instrumental to making sure that all of California's

1 electric vehicles -- we now have over 650,000 electric
2 vehicles, battery-electric vehicles -- have a place to
3 charge.

4 Jean Baronas and her team in the Hydrogen
5 Refueling Unit have shepherded both significant progress in
6 rolling out hydrogen stations. And also, they have managed
7 a stressful situation when we've had some supply
8 disruptions in our hydrogen supply. We currently have 42
9 hydrogen refueling stations with enough capacity to power
10 16,000 light-duty fuel-cell electric vehicles. We
11 currently close to 7000, so we actually have more capacity.
12 But because of some supply disruptions and the need to make
13 sure that we have a robust infrastructure across the state,
14 there is still work to be done. There's another 21
15 stations in development. And that gets us about two-thirds
16 of the way to our AB 8 goal of 100 stations.

17 CHAIR HOCHSCHILD: (Off mic) Please go faster.

18 COMMISSIONER MONAHAN: Go faster?

19 CHAIR HOCHSCHILD: Yeah.

20 COMMISSIONER MONAHAN: So I have to go faster.

21 So I'm going to send out an email to folks to thank them.
22 Just a shout-out to Siva, Laurie ten Hope, hang on, the
23 folks in the Media Team: Melissa and Albert, Kourtney
24 Vacarro, Jennifer Martin-Gallardo. There's just been so
25 many folks, Courtney Smith, who have really helped me over

1 this transition. And so I'm going to send you a private
2 note and elaborate more.

3 But I just want to say tomorrow I go for my
4 Senate Rules Committee staff hearing. And I've been
5 prepping a lot for that. And there's been a lot of folks
6 helping me including the other Commissioners and their
7 teams, so just a big thank you for the warm welcome that I
8 have received here and all the support.

9 CHAIR HOCHSCHILD: All right. Thank you,
10 Commissioner Monahan.

11 And we will take Item 5 after the Consent
12 Calendar just so folks know. Let's move on to Vice-Chair
13 Scott.

14 VICE-CHAIR SCOTT: Okay. Well good morning
15 everyone. I think the challenge to go faster just means
16 I'll talk even faster than my normal, crazy cadence.
17 (Laughter.) But I will do my best to hit my remarks in a
18 quick way.

19 But I also am very appreciative of the
20 opportunity that we take at the end of each year to
21 acknowledge the accomplishments of all of the staff here at
22 the Energy Commission. They carry out great work each and
23 every day throughout the year. And it's really easy I
24 think for us to get sucked into kind of the tyranny of the
25 urgent and the sort of the day-to-day things that are

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1 taking place. And so I really do appreciate the time to
2 just take a moment and say thanks to everybody. And
3 reflect on the great work that we do here at the
4 Commission.

5 2019 as you know has been a big year of change.
6 We said goodbye to our former Chair, Bob Weisenmiller. And
7 we welcome my friend and colleague, new Chair Commissioner
8 Hochschild. So I'm so pleased for that. And I was just
9 thrilled to be designated by Governor Newsom as the Vice-
10 Chair. It truly is an honor and it's just been great to
11 work on leading the Commission with you.

12 We welcomed Commissioner Monahan to the
13 Commission. And it's been a pleasure getting to work with
14 her. We've actually worked together through many
15 iterations of different jobs. And so it's great to
16 actually be on the same job in the same place. So this is
17 really quite lovely.

18 I did say goodbye to the Transportation Team,
19 which I worked with over the past six years. And I still
20 miss them all dearly, as they know. I try not to run and
21 hug everybody every time I see them in the hallways, but
22 it's a great team. I really enjoyed being able to work
23 with them day in and day out.

24 And I'm also thrilled to have picked up our
25 Research Portfolio. It is also a great team. And there is

1 such a breadth of work that is going on in that space. And
2 I am impressed daily with the enthusiasm, the dedication,
3 the commitment of that team and that they have displayed,
4 really, the whole time that I've been at the Commission,
5 but also as I get to know them better in working together
6 to lead research for the Commission.

7 So I wanted to highlight a couple of
8 accomplishments from the Research Division. So we've
9 created some programs here that are really innovative and
10 they are cutting-edge. And the Commission is thinking hard
11 about how to be nimble and how to be flexible and how to
12 help shepherd technologies from sort of the seed of an
13 idea, so when it's a prototype all the way through to the
14 pilot phase. And then oftentimes we have other programs at
15 the Commission that pick them up and push them into pre-
16 commercial and even into deployment.

17 So we're addressing the electric-system
18 resilience. We're looking at wildfire mitigation and
19 emergency response, with a demonstration of 16 microgrids.
20 Our microgrids can align power during disruptions and
21 provide electricity to main critical facilities and
22 services. And a number of which were called on during the
23 recent public safety power shutoffs.

24 To also address grid resiliency and flexibility
25 the Commission has invested over \$30 million to develop

1 commercially viable, alternative lithium-ion storage
2 technologies. And those will help provide longer duration
3 storage and also help address some of our supply chain
4 concerns.

5 The R&D staff has done a fantastic job of
6 developing an innovative ecosystem to help clean energy
7 entrepreneurs navigate the challenges of market entry.
8 This year the Commission was able to bolster that ecosystem
9 with two new components: our RAMP Program, which is a new
10 program designed to help startup companies scaling up from
11 early projects. And our CalTestBed, which is a new
12 initiative that provides entrepreneurs with access to
13 state-of-the-art testing facilities in our world-class
14 universities around the state.

15 In our Pure Natural Gas Research Program our
16 staff has been working diligently to support the research
17 that improves the safety and integrity of California's
18 natural gas system, including tools for mapping pipeline
19 assets and preventing excavation damage. And those are
20 currently being used for reconstruction in Paradise and a
21 jointly funded research project with California Air
22 Resources Board and NASA JPL. The Energy Commission with
23 our partners was able to identify super emitters. And that
24 work is now informing the state strategy to control methane
25 emissions. And I'm really pleased to report that this work

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1 was published in *Nature* In November of this year. So
2 that's a good one to go look for.

3 We've also been working to ensure that low-income
4 and disadvantaged communities are realizing the benefits of
5 our research. And this year we developed new scoring
6 criteria to better evaluate direct benefits of community
7 engagement and localized health impacts when selecting
8 technology demonstration projects. So these are just a
9 handful of highlights from the Research Division this year.
10 There are so many more that I could have included.

11 And I also want to thank Laurie ten Hope, because
12 much of this great work was done in large part due to her
13 excellent leadership. Laurie's experience, knowledge and
14 proficiency and her ability to run the R&D Division is
15 unparalleled. And her guidance and know-how has been so
16 valuable to me as I've stepped into the role as the new
17 Lead Commissioner an R&D. So although she's not here today
18 I do want to send a big shout-out to her.

19 And I also want to recognize her second-in-
20 command Linda Spiegel. Linda also helps us keep all of
21 those moving pieces in shape and on time and moving
22 forward. And she does it with great spirit and with great
23 style.

24 And I want to make sure that I do get a chance to
25 thank all of the teams. So if you take a look at the

1 authors' pages on some of the reports we do or the list
2 that have the CAMs (phonetic) that are our agreement
3 managers on them, please do take time. Those are the folks
4 who make these programs work, day-in and day-out. And they
5 do a great job here at the Commission.

6 I want to talk about a couple of other things and
7 then I'll wrap it up.

8 I just want to note also that this year I've had
9 the pleasure I'm serving as the Lead Commissioner for our
10 2019 Integrated Energy Policy Report. And our IEPR Team
11 does a fantastic job so Heather Raitt, Stephanie Bailey,
12 Raquel Kravitz and the whole rest of that team, I really
13 want to thank them for their hard work on the IEPR. The
14 IEPR is a huge undertaking every year. And they just do it
15 with so much grace and everything goes smooth and it flows
16 really well. And that's because they are treading water
17 really lightly like a duck, right? So they look very calm
18 on the top, but their feet are treading water a lot under
19 the water. And that's what our team does to just keep
20 everything flowing smoothly for us and pulling together
21 great integrated energy policy reports every year.

22 I want to say thank you to Kristy Chew, Galen
23 Lemei, Jennifer Martin-Gallardo, and our new Public
24 Advisor, Noemi Gallardo, for the great work that they do in
25 supporting our Disadvantaged Communities Advisory Group.

22

1 That DACAG provides valuable recommendations to the Energy
2 Commission. And I want to thank the DACAG as well for
3 taking time to look into the work that the Energy
4 Commission does, that the PUC does and give us great advice
5 on how we can continue to make sure that low-income
6 communities, disadvantaged communities are part of a
7 meaningful energy, clean-energy transition.

8 I want to say thank you to Grace Anderson who has
9 ably and enthusiastically helped me in my role as the Chair
10 of the Western Interconnection Regional Advisory body and
11 also as a member of the Western Interstate Energy Board.
12 She has a great team of folks, including Al Alvarado,
13 Christopher McLean, Angela Tanghetti, Judy Grau and Tom
14 Flynn. And they really help us to be engaged in western
15 collaboration on critical energy issues and policies.

16 And I want to thank Albert Lundeen for his
17 leadership of our media team. He has now taken on a new
18 role here at the Commission. But I look forward to seeing
19 how we continue to innovate and be creative in the media
20 and outreach space under the direction of our new Director
21 of Communications, Lyndsey Buckley.

22 I want to thank Barry Steinhart and Richard Rojas
23 from our Office of Governmental Affairs. And also our
24 Executive Office, Drew Bohan, Courtney Smith and your whole
25 team, you guys do a fantastic job for us each and every

1 day. Kourtney Vaccaro who so ably led our Chief Counsel's
2 Office before she joined Commissioner Douglas's team. And
3 then Allan Ward for ably stepping in as our Chief Counsel,
4 Acting Chief Counsel, until we got Darcie Houck. Welcome,
5 we're glad to have you here as well.

6 And the last, but certainly not least, I want to
7 say thank you to my team. As I've mentioned it's been a
8 year of transitions and so I just want to acknowledge
9 Monica Shelley, who really ably served as my Executive
10 Assistant for three years. She did a fantastic job
11 bringing a smile, a great attitude, anything that anyone
12 needed help with ever she always got it done. So she will
13 be missed. I really appreciated having her on my team.
14 I'm so excited for her and her new opportunity.

15 I want to welcome Mina Holloway who stepped right
16 in and helped keep my office flowing smoothly. And also my
17 terrific Advisors, both Linda Barrera and Rhetta deMesa.
18 They are incredibly reliable, and they do a great job each
19 and every day. They're nimble, they're positive. If I
20 need some help with something they jump in and we just get
21 it done. I feel like it's a team of doers and I'm really
22 thrilled and delighted that I get to work with them.

23 And then I would just like to close with a thanks
24 to my fellow Commissioners. You guys are fantastic. And I
25 enjoy getting to work with you all each and every day as

24

1 well, so just a big round of thanks to a ton of people here
2 at the Energy Commission. And I'm glad that we have a few
3 minutes to acknowledge that.

4 CHAIR HOCHSCHILD: Thanks.

5 Commissioner Douglas?

6 COMMISSIONER DOUGLAS: All right. Thank you
7 Chair Hochschild. And I just wanted to say, in starting,
8 that it's a real privilege to be part of the Energy
9 Commission in times like this. And it's not only the
10 opportunity to work with this administration and this set
11 of Commissioners. But I'm really acutely aware that we
12 stand on the shoulders of this tremendous body of work and
13 expertise that our very capable and committed staff put out
14 each and every day. And that's the value proposition of
15 the Energy Commission. You know, the analysis and the
16 research and the on-the-ground public engagement that
17 enables us to do what we do. And so I just want to give
18 first of all a global thanks to the staff for making all of
19 this possible. You are the Energy Commission. Your work
20 is really critical.

21 In the areas that I've focused on, first of all
22 the Siting, Transmission and Environmental Protection
23 Division, we've done a lot this year to retool and
24 reorganize the division for a very different kind of
25 workload. We're focused on data centers. We've developed

25

1 a much more efficient and also a much more systematic
2 approach for compliance and enforcement. And just ensuring
3 that the commitments represented in licenses and conditions
4 are met. There is a large team behind both of those
5 efforts. We've got a very large caseload right now.
6 They're all data centers. It's a different kind of
7 project.

8 We've completed projects with the California
9 Public Utilities Commission under an interagency agreement
10 for transmission permitting and provided support to the SB
11 100 joint agency report.

12 We've done a tremendous amount of public outreach
13 and analysis and interagency coordination around offshore
14 wind. And helped to get that conversation on to the front
15 burner where I think it belongs as a significant
16 opportunity for California, one that also comes with
17 significant challenges and one that we need to look hard
18 at. And I think we're in a position to do that. And a
19 lot of the hard work from folks in the STEP Division helped
20 get us there.

21 Helping the Energy Commission implement our
22 Tribal Policy, which was one of the first policies enacted
23 by a state agency. And is also I think a model in its
24 implementation, including doing a significant amount of
25 work with tribes outside of formal consultation where we'll

1 hold an Energy Policy Conference or a conference on
2 sustaining tribal resources. And really have informal
3 dialogue where we help convene not just the Energy
4 Commission, but staff from other agencies to be part of
5 those dialogues. And I think we've reached a level of
6 capability to have partnership with tribes that has been a
7 real asset to the state of California as well as to the
8 Energy Commission.

9 The analytics mapping, geospatial thinking about
10 how that feeds into resiliency and some of our current
11 challenges today. And lending the CEQA expertise that we
12 have in the STEP Division to other divisions in order to
13 provide that kind of support and provide it in-house and so
14 Sean Pittard and his team. And I think I'm going to join
15 Patty in an email thank you afterwards and shorten this to
16 some degree, because there are a lot of people who have
17 stepped up to produce these kinds of outcomes. And I'm
18 really pleased with what the STEP Division has been able to
19 do this year.

20 Likewise with Renewables. I'm new to Renewables.
21 The Renewables Division and the Renewables team got to
22 spend many, many, many, many hours with me talking to me on
23 what they do. And then it would never be enough. And we'd
24 say, "Well I guess we need more time to go talk about this,
25 because. . ." And you know they do a lot. It's not one of

1 our bigger divisions, but it's a division that has a
2 tremendous workload.

3 We're going to see, and I think a lot of the
4 people who are here today are here to speak on an item that
5 comes out the Renewables Division, the AB 1110 regulations,
6 which the Commission will be considering on our agenda
7 today. That represents two-and-a-half plus years of very
8 hard work. And the staff has done, I think, a tremendous
9 job. And I won't speak more about that. I'll wait until
10 we get to that item, which I think it sounds like it'll be
11 very soon.

12 RPS regulations, the outside world hasn't seen a
13 lot of this yet, but eminently this week we're going to
14 really kick this off with an issues paper and some draft
15 regulatory language and we're going to get going on the RPS
16 regulations. That's a tremendous work item. And at the
17 same time that these rulemakings are going on the
18 Renewables Division put out the Renewable Energy for
19 Agriculture Program, first-ever funding program aimed at
20 agricultural producers. They did a great job on out-reach.
21 They did a great job on making awards quickly and getting
22 the money out there.

23 The New Solar Homes Partnership, we're really
24 close to wrapping up that program. And the staff has just
25 worked really diligently and hard to get that wrapped up.

1 And will continue to, it's not done.

2 Important updates to the equipment list, adding
3 storage to the equipment list, doing some new cutting-edge
4 work on geothermal lithium production. And that's not all
5 of it, that's not necessarily even most of it. But there's
6 just a tremendous workload coming through there right now.

7 I want to talk about audits briefly. And
8 sometimes we have an auditor and sometimes we'd have audit
9 reports and we'd be like, "Okay, well what are we going to
10 do with this report?" Well we have a team together now.
11 And we have moved through something of a backlog and we're
12 in a place where we are in a position to be very, very
13 efficient.

14 If something is wrong it could just be something
15 simple like the wrong category is billed or something is
16 not eligible, we're in a position to follow up very quickly
17 and get things resolved very efficiently. And we pulled a
18 team together around that. Lisa Negri our auditor, John
19 Butler, a couple of the chief deputies of key divisions,
20 Alan Ward from Legal, and of course our Executive Director,
21 and Kourtney as well putting a lot of hours into that.

22 Let's see, because I'm the Attorney Commissioner
23 I tend to spend a little bit of extra time and attention on
24 the Legal Office. Kourtney Vacarro my now Advisor, as
25 Chief Counsel for a long time worked very hard, left things

29

1 in good shape. But again, we have a lot of work and a
2 limited number of people. And Darcie Houck is here now, I
3 really appreciate her being here. I really appreciate
4 Allan Ward for stepping up and doing the interim job while
5 we made that transition. And I think we're in good shape
6 in Legal.

7 And let's see here, I want to join my colleagues
8 thanking Jennifer Martin-Gallardo and welcoming Noemi in
9 the Public Adviser's Office. And I think I'll just end
10 with a catch-all. I'll follow up with some emails, but I
11 think that I really want to thank all the staff, all the
12 divisions. When we come to a business meeting and we see
13 the diversity of items on the agenda and we know the amount
14 of time and effort that goes into them it's not unnoticed.
15 And so a lot of appreciation. And I'll pass this on to
16 David.

17 CHAIR HOCHSCHILD: Great. So last night I had
18 the opportunity to go to The California Hall of Fame Awards
19 that the governor hosts with the first partner, Jennifer
20 Newsom. And it was incredibly inspirational. My heart is
21 beating with California pride this week just watching the
22 incredible diversity of talent. Brandy Chastain, who won
23 the gold medal in women's soccer and Wolfgang Puck. Ad
24 Maya Angelou was recognized and received an award. She's
25 passed of course, but her son accepted on her behalf.

1 The Governor made the point that there is no
2 other state that is associated with a dream, right?
3 There's a California dream and an American dream, and it's
4 true. And actually what we're doing here, the vision we
5 are advancing on clean energy is part of that broader
6 mosaic. And I know my colleagues and I all feel the same
7 about how proud we are to be a part of this incredible
8 state, incredible mosaic.

9 I wanted to just begin by thanking my colleagues.
10 And perhaps you especially, Commissioner Monahan. We've
11 all worked together now for almost seven years. And having
12 you join and bringing this incredible fresh energy, our
13 offices are right next to each other and I hear your laugh
14 come through the walls and I love it. It's just a great
15 energy and vigor. And the collaborative approach you've
16 brought, it's just been such a bright light. And a delight
17 to work with you on promoting clean transportation and
18 really getting our vision tight on that.

19 And Vice-Chair Scott, what a pleasure over the
20 years. And just to see all your talents at work. And in
21 this new area of focus, really the crown jewel of the
22 Energy Commission is our R&D Program, the EPIC Program.
23 And working with you to ensure we sustain that excellence
24 and make it as high impact as possible and that we get the
25 program continued; top, top priority, and I couldn't be

1 more grateful to have you in that role.

2 And Commissioner Douglas on offshore wind, it's
3 been a great collaboration on tribal. And Commissioner
4 McAllister on building decarbonization as well.

5 I have some new staff. And I want to just, as I
6 go through their names, if you could just stand up so
7 people know who you are. I'm starting with Anjelica Romo-
8 Ramos my new Assistant, and Le-Quyen Nguyen my new Chief of
9 Staff. It was kind of like when these two joined it was
10 kind of like the clouds parted and the light came in,
11 angels started singing. (Laughter.) Everything started
12 working better. The rest of my team's stress levels went
13 down. I think I've spoken at nine conferences in the last
14 20 days and done already three trips with Le-Quyen and I
15 just can't thank you enough, just the ship is running so
16 much tighter because of both you.

17 Ken Rider can you stand please as well? Ken has
18 been just stalwart, incredible, technical knowledge and
19 vision and collaboration and a very deep energy Commission
20 IQ to get things done, so thank you.

21 Terra Weeks now running SB 100 was a Summer
22 Fellow for me I think two-and-a half, three years ago out
23 of Stanford. And is now running SB 100 implementation with
24 all the rest of the staff and agencies and just a delight
25 every day to work with.

1 Justin Cochran, my Emergency Advisor and Nuclear
2 Advisor. In hockey you get credited with a pass. If
3 you're two passes away you get credited with a goal, right?
4 So credit to Chair Weisenmiller for bringing Justin on
5 board. Justin recently -- we've had a lot of emergencies,
6 blackouts -- he canceled his vacation, came back from the
7 airport when it was clear that we were going through a bad
8 situation and has been just an incredible addition.

9 Jennifer Martin-Gallardo, where are you? There
10 she is. Again another credit to Kourtney Vacarro for
11 suggesting Jen. We formed a new role, which is an advocate
12 and ombudsman for grant recipients to make the process
13 friction-free, as workable and friendly a process. We are
14 here to serve our grant recipients, the innovators and
15 others that we fund, and Jen is locking in on that, has
16 called every single grant recipient for the last three
17 years from our Clean Transportation program, our EPIC
18 program, gotten their feedback. We're incorporating that
19 and making the process better. And she's working super-
20 hard every day. Thank you, Jen, for everything that you
21 do.

22 Mike Gravely where are you? Mike is my Military
23 Advisor. We have 30 military bases around the state of
24 California. I've visited a huge number of them, many
25 actually with Vice-Chair Scott. And that relationship is

1 where we're actually having a lot of progress and
2 demonstrating new technologies. And you've been fantastic.
3 And thank you for all your work on the summit we're doing
4 with the military in January.

5 And then I wanted to just welcome, especially,
6 Darcie Houck in your role as Chief Counsel. The depth
7 you're bringing on rate-making and nuclear issues and
8 energy crises and tribal issues and everything else from
9 the PUC and your incredibly collaborative style, it's
10 already having a huge impact. And I just want to say we're
11 really lucky to have you. And I view you as really a long-
12 term partner here with us. And it's great to have you on
13 the Energy Commission family.

14 And the same for Noemi Gallardo, who couldn't be
15 here today, but has brought that incredible energy to the
16 Public Advisor's Office, the face of the Energy Commission.
17 As well as some other new appointments: Carousel Gore has
18 done a terrific job in her new role as EO, and Drew will
19 say more about that in a minute, and Mike Sokol one of the
20 other big new appointments that has happened in my tenure
21 running Efficiency, thank you for everything you're doing.

22 And then Courtney Smith, where are you Courtney?
23 Yeah, in the back hiding there. Just been a problem solver
24 on every issue under the sun. And I just really appreciate
25 your diligence.

1 But really most of all I really wanted to
2 recognize one person in particular and that's our Executive
3 Director Drew, who brings his best every day. I send a lot
4 of emails, some of them at like 3:00 in the morning and I
5 get a reply 20 minutes later. And Drew, you put your heart
6 into the work every day. And we all see that, we feel it.
7 The Commission really wouldn't be what we are today without
8 you, so on behalf of all of my colleagues we'd like to
9 present you this shirt, which we got which says, "I solve
10 problems you don't understand in ways you will never know.
11 Executive Director." So come forward and take it. Let's
12 give Drew a round of applause.

13 (Applause.)

14 MR. BOHAN: Thank you. Okay.

15 CHAIR HOCHSCHILD: Oh yes, so where is Lindsay?
16 Thank you. Is Lindsay Buckley here? Where is she? Hiding,
17 yes. Lindsay stand up, yes. Lindsay was on my team until
18 very recently as my Communications Advisor. She's now
19 running the Communications shop. And she has brought an
20 incredible level of creativity and zest and vigor and
21 humor. And really makes us laugh every day.

22 And I will tell you this job to me, is one of the
23 most important jobs in our entire agency, because we're
24 actually making a lot of headway on clean energy policy.
25 Half of what we need to do now is communicate that

1 effectively, get the word out to other states and other
2 countries. And Lindsay thank you for everything you're
3 doing and will do. Thank you.

4 And with that I think we should get into the
5 agenda. We can do the rest of the things.

6 Is that right, Drew?

7 MR. BOHAN: (Indiscernible).

8 CHAIR HOCHSCHILD: Yeah, yeah, is that right?
9 Good.

10 Thank you everyone for your patience for 45
11 minutes of that, but let's move ahead if we could.

12 I wanted to first just read a statement on public
13 comment. Pursuant to California Code of Regulations Title
14 20, Section 1104(e) "Any person may make oral comment on
15 any agenda item. To ensure the orderly conduct of business
16 such comments will be limited to three minutes per person
17 as to each item listed on the agenda that will be voted on
18 today. Any person wishing to make a comment on information
19 items or reports, in other words non-voting items, shall
20 reserve their comment for the general public comment
21 portion of the meeting agenda."

22 With that is there a motion to approve the
23 Consent Calendar?

24 VICE-CHAIR SCOTT: Move approval.

25 COMMISSIONER DOUGLAS: Second.

1 CHAIR HOCHSCHILD: All in favor say aye.

2 (Ayes.)

3 CHAIR HOCHSCHILD: All right that passes
4 unanimously.

5 With your approval, colleagues, I'd like to take
6 Item 5 first and let's move straight to that. So,
7 Modifications to Regulations Governing the Power Source
8 Disclosure Program. Jordan, thank you.

9 Sorry, did I -- is Alana Sanchez here?

10 UNIDENTIFIED SPEAKER: No.

11 CHAIR HOCHSCHILD: She is traveling. Okay. I
12 wanted to thank her. She is my International Advisor and
13 she's, I think, traveling internationally.

14 So anyways go ahead Jordan.

15 MR. SCAVO: Greetings Chair Hochschild and
16 Commissioners. My name is Jordan Scavo. I'm the Staff
17 Lead for AB 1110 implementation. And with me today is Lisa
18 DeCarlo our Staff Counsel for this rulemaking. We'll both
19 be available to answer any questions you have after this
20 presentation is concluded.

21 I'm here to present the proposed regulations and
22 the associated Negative Declaration for your consideration
23 for adoption. I'll also note that for the purposes of the
24 Administrative Procedures Act this business meeting serves
25 as our public hearing. And due to the complexity of the

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1 issues and the level of public interest this presentation
2 will take longer than typical business meeting items.

3 The Power Source Disclosure was established in
4 1998 and was designed to provide clear and accurate
5 information about the sources of a consumer's electricity.
6 Retail electricity suppliers are required to report their
7 procurement and sales annually to the Energy Commission.
8 Retail suppliers then disclose to their customers a power
9 content label, which displays the power mix of the
10 customer's electricity portfolio alongside that of the
11 state's total system power mix.

12 Assembly Bill 1110 authored by Assemblymember
13 Ting was signed into law in the fall of 2016. AB 1110
14 requires the Energy Commission, in consultation with the
15 Air Resources Board, to develop a method for calculating
16 greenhouse gas emissions intensities.

17 The new law then requires retail suppliers to
18 disclose the GHG emissions intensity associated with each
19 electricity portfolio.

20 AB 1110 also requires the disclosure of a retail
21 supplier's unbundled renewable energy credits. AB 1110
22 authorized the Energy Commission to determine the
23 appropriate method for a retail supplier to report and
24 publicly disclose its unbundled RECs associated with each
25 electricity portfolio.

1 In addition, AB 1110 requires all marketing
2 claims pertaining to a retail supplier's GHG emissions
3 intensity to be consistent with the methodology adopted by
4 the Energy Commission through this proceeding.

5 AB 1110 stipulated a number of guidelines for our
6 proceeding. We're required to develop a methodology that
7 provides reliable, accurate and simple-to-understand
8 information to consumers to ensure there is no double-
9 counting of GHG emissions or environmental attributes, to
10 minimize the reporting burden, to rely on the most recent
11 verified GHG data, and to consult the California Air
12 Resources Board in developing our methodology.

13 On that last point I'll note that we've worked
14 closely with our counterparts, both of the Air Resources
15 Board and the Public Utilities Commission. I'm not certain
16 whether our sister agencies are represented in person
17 today, but we do want to extend our thanks for their
18 collaboration and support in this proceeding thus far.

19 These regulations are three years in the making
20 and their lengthy course of development has provided for a
21 robust engagement with stakeholders and the public and
22 allowed for necessary cross-agency coordination. Over the
23 past three years of pre-rulemaking and formal rulemaking
24 our staff has held several public workshops, issued
25 multiple draft proposals and modified a wide range of

1 provisions after considering public comments.

2 Our 15-day language released on November 25th
3 represents the final staff proposal for these regulations.
4 The comment period for the 15-day express terms ended on
5 December 10th. Staff has reviewed all comments and will
6 provide responses in the final statement's reasons as
7 required by the Administrative Procedures Act.

8 Our proposed methodology seeks to harmonize to
9 the extent practicable renewable resource accounting as
10 it's done under RPS, with GHG emissions accounting
11 developed for the California Air Resources Board.

12 The slide above lays out the treatment of various
13 procurement types for fuel mix and GHG emissions intensity
14 counting for this program.

15 This table illustrates how different types of
16 transactions are reported for both the fuel type and GHG
17 emissions. As you can see, directly delivered electricity
18 procurements assigned a fuel type and GHG emissions
19 intensity of the generator. Spot market purchases
20 including those made for the Energy Imbalance Market will
21 be classified as unspecified power in the fuel mix and
22 assigned a default emissions factor for unspecified power.

23 The role of RECs for resource accounting under
24 this program has been a key area of discussion. Following
25 the adoption of these regulations firmed-and-shaped

1 imports, which deliver substitute power bundled with RECs
2 will be factored into the fuel mix according to the
3 generator of the REC.

4 For the GHG emissions intensity however, firmed-
5 and-shaped imports will be assigned GHG emissions according
6 to the generator of the substitute power.

7 Unbundled RECs won't be used to determine the
8 fuel mix or GHG emissions intensity. Instead unbundled
9 RECs will be disclosed separately in the footnote area on
10 the power content label.

11 Finally, as I mentioned earlier, we sought to
12 harmonize multiple accounting practices established by the
13 state and to do so in a manner that best meets with the
14 statutory requirements. For example, our proposed
15 treatment of RECs is consistent with emission's accounting
16 practices established by the Air Resources Board for the
17 mandatory reporting requirement and the Public Utilities
18 Commission rules governing integrated resource planning.

19 Staff has proposed a new method for calculating
20 unspecified power. Under the current program retail
21 suppliers determine their procurements of unspecified power
22 using hourly data. However, staff has found that hourly
23 counting of unspecified power results in mathematical
24 inconsistencies with specified purchases reported on an
25 annual basis rather than hourly.

1 In short, it results in substantial over-
2 procurement and mathematical incongruities in the reporting
3 of this program, which requires adjustment to reconcile
4 with retail sales as I'll discuss in the next slide.
5 Consequently staff has proposed that unspecified power will
6 be determined annually by comparing total specified
7 procurements against retail sales.

8 If retail sales exceeds total specified
9 procurements than the retail supplier drew unspecified
10 power from the grid on an annual basis to serve retail
11 sales and the difference between retail sales and total
12 specified procurements will be reported as unspecified
13 power. If the total specified procurements exceed retail
14 sales, then the retail supplier will report zero
15 procurement of unspecified power on an annual basis.

16 Staff has proposed a revised method for adjusting
17 procurement to reconcile against retail sales, which is
18 necessary since statute dictates that all calculations
19 should be based on procurement serving retail sales.

20 This proposal outlines a reduction order for
21 situations in which total specified purchases exceeds
22 retail sales. Under this provision natural gas resources
23 will be the first resources to be proportionately reduced
24 so that total specified purchases equal retail sales.

25 If the electricity portfolio contains

1 insufficient natural gas generation to cover the excess
2 specified purchases, then each line item of coal and other
3 fossil fuels will be proportionately reduced. If all
4 fossil fuels are reduced to zero and there is still excess
5 specified purchases then nuclear, large hydro and
6 renewables will be proportionately reduced so that total
7 procurements matches total retail sales.

8 Staff has proposed a specific treatment for
9 resources under the Cost Allocation Mechanism, or CAM.
10 Most CAM resources are based on generators burning natural
11 gas. CAM resources are purchases that the Public Utilities
12 Commission assigns via IOUs to procure on behalf of all
13 retail suppliers, serving customers in an IOU service
14 territory, which includes the IOU community-choice
15 aggregators and electric service providers. Staff has
16 proposed that IOUs report their share of CAM resources,
17 while other parties that aren't signatories to CAM purchase
18 agreements would not.

19 Since CAM generation is a similar emissions
20 profile to unspecified power, staff considered the
21 unclaimed portion of CAM to contribute to unspecified power
22 on the grid. To be clear, although IOUs will claim a share
23 of CAM resources while other retail suppliers will not,
24 staff doesn't expect this proposed treatment to result in a
25 significant emissions benefit or detriment to any party.

1 Adding CAM resources to the portfolios of a
2 retail supplier that was under-procured would kick out
3 unspecified power. While adding CAM resources to a retail
4 supplier that was over-procured would filter out those CAM
5 resources through the adjacent mechanism outlined in the
6 previous slide.

7 There are a few other provisions we'd like to
8 highlight. First, staff has proposed to grandfather
9 firm-and-shaped contracts executed prior to 2019 allowing
10 retail suppliers to exclude the GHG emissions of these
11 resources from the calculation of the GHG emissions
12 intensity on the power content label. This change only
13 applies to firm-and-shaped contracts executed prior to
14 2019. As discussed on a prior slide all of the firm-and-
15 shaped contracts will be included in the GHG emissions
16 intensity disclosed on the label.

17 And second, and the 15-day changes staff has
18 proposed to postpone GHG reporting and disclosure by one
19 year to allow retail suppliers time to adjust to the new
20 requirements.

21 AB 1110 anticipated these regulations would be
22 adopted by January 1st of 2018. And based on that,
23 specified the reporting of the GHG emissions intensity
24 should commence on June 1st of 2020 for 2019 procurements.
25 Unfortunately due to the complexity of issues involved and

1 markedly differing interests and concerns that had to be
2 balanced these regulations took longer than expected.

3 Stakeholders have raised compelling arguments
4 about why their Energy Commission should honor the lag
5 between regulation adoption and reporting as memorialized
6 in statute. 2019 is nearly over and retail suppliers have
7 already made marketing claims to their customers for
8 portfolios offered this year. To require that disclosures
9 made about the year's purchases comply with regulations
10 that are not yet adopted would be unfair and would likely
11 confuse customers.

12 Staff believes the legislation intended to avoid
13 these problems by providing a period of time between the
14 adoption of the regulation and the start of reporting in
15 statute and in the regulations. And the regulations should
16 reflect that intent.

17 We've considered numerous alternatives during the
18 proceeding. I'd like to speak to a few of the most
19 prominent ones. We've received substantial public comments
20 indicating a desire to use REC based accounting for GHG
21 emissions rather than the method we've proposed.
22 Stakeholders asserted that using RECs for emissions
23 accounting is simpler, more accurate and more transparent.
24 Stakeholders noted that REC based accounting aligns with
25 corporate emission accounting used in voluntary markets

1 under the Scope 2 protocol.

2 We've also heard from stakeholders that, at least
3 firmed-and-shaped imports, adjusting emissions using RECs
4 is consistent with the RPS adjustment under Cap and Trade.

5 We've responded to each of these arguments in our
6 supporting documentation, but I'll briefly speak to them
7 here. Since 2011 California has had a GHG accounting
8 framework in place through CARB activities. And deviating
9 from that standard would undermine the accuracy and
10 reliability of power source disclosure. In this we agree
11 with CARB and others that RECs are not appropriate
12 instruments for tracking or adjusting California GHG
13 emissions. And the RPS adjustment under Cap and Trade
14 adjusts the financial obligation for GHG emissions
15 attributed to the regulated entity. It does not adjust the
16 GHG emissions themselves. Therefore adjusting GHG
17 emissions under this program to align with the RPS
18 adjustment is not appropriate.

19 Some stakeholders advocated for an expanded
20 grandfathering that would cover contracts executed through
21 2019 rather than for contracts executed through 2018. As
22 we noted elsewhere in this proceeding the grandfathering
23 provision was meant to cover retail suppliers that entered
24 into firmed-and-shaped contracts prior to the state
25 establishing standardized rules for retail level GHG

1 emissions accounting. The grandfathering proposal was not
2 intended to establish a window for retail suppliers to
3 enter into new contracts that wouldn't be subject to the
4 GHG accounting provisions of this program.

5 We first posted our proposal not to use RECs to
6 track emissions in July of 2017. And we've consistently
7 messaged our intent since then.

8 In response to stakeholder requests we've already
9 pushed out the cutoff date for grandfathering from February
10 1st of 2018 to December 31st of 2018. We believe this has
11 provided ample notice for stakeholders of our intent to
12 reflect the same accounting assumptions for firmed-and-
13 shaped imports that CARB has had in place since 2011.

14 Some stakeholders suggested we move it from
15 annual accounting to hourly accounting, which commenters
16 suggested would improve program accuracy and transparency.

17 Under the current program as well as our proposed
18 modifications electricity resources are accounted on an
19 annual basis rather than by matching resources to load
20 annually. While we've noted the potential benefits of such
21 an approach, staff concluded that we lack statutory
22 authority to require annual accounting since the statute
23 expressly states that retail suppliers are not required to
24 identify specified purchases by matching resources to load
25 on an hourly basis.

1 Moreover, allowing retail suppliers to choose
2 between hourly or annual accounting would result in
3 incompatible datasets. Consequently staff has proposed to
4 require that all procurements to be identified annually.

5 Some stakeholders argued retail suppliers should
6 continue to determine procurements of unspecified power
7 using hourly settlement data, since this approach most
8 accurately reflects unspecified power by matching resources
9 to load on an hourly basis. However, staff has found that
10 hourly accounting of unspecified power results in
11 mathematical inconsistencies with specified purchases
12 reported on an annual basis rather than hourly. As I
13 mentioned earlier resources can be reported either hourly
14 or annually from an accounting standpoint, but reporting
15 resources using a mixture of both methods doesn't work.
16 And since statute prevents this program from requiring
17 hourly reporting, staff concluded that using an annual
18 method to determine unspecified power best meets the
19 program needs.

20 We've received suggested alternatives to the
21 adjustment mechanism to account for procurement in excess
22 of retail sales. Some stakeholders suggest that rather
23 than a tiered adjustment that targets resources with
24 similar emissions impacts as unspecified power all
25 resources should be proportionally adjusted. Stakeholders

1 have argued this would be more accurate. In fact, staff
2 proposed this approach through an earlier pre-rulemaking
3 white paper.

4 We received broad stakeholder objections to this
5 approach as retail suppliers argued that they should be
6 able to designate preferred resources as specifically
7 serving retail sales. In response staff has proposed its
8 tiered adjustment mechanism that preferentially assigns
9 renewables and GHG-free procurements to retail sales and
10 targets resources for adjustment based on their similarity
11 to the emissions profile of unspecified power.

12 Staff believes this approach is appropriate since
13 resources subject to adjustment are effectively washed out
14 into unspecified power, so the resources that are filtered
15 out should reflect the emissions profile assumptions of
16 unspecified power.

17 Some stakeholders have suggested we amend our
18 proposed treatment of CAM resources by requiring all
19 parties to claim their specific share. However staff
20 acknowledges the argument made by certain stakeholders that
21 parties that did not sign the purchase agreements for CAM
22 resources should not be required to claim those resources.
23 As I discussed earlier staff does not expect this proposed
24 treatment to result in a significant emissions benefit or
25 detriment to any party since CAM resources would either

1 displace unspecified power or be filtered out through the
2 adjustment mechanism.

3 At the same time staff is aware that the Public
4 Utilities Commission is exploring an allocation method for
5 other shared resources under the power charge and
6 difference adjustment. After the Public Utilities
7 Commission has completed that process the Energy Commission
8 may consider modifying regulatory guidance for all shared
9 resources mandated by the Public Utilities Commission
10 through a separate rulemaking.

11 Finally, I'll note that the alternatives I've
12 just discussed don't cover all submitted comments. As I've
13 mentioned earlier we will respond to also submitted
14 comments in the final Statement of Reasons as required by
15 the Administrative Procedures Act.

16 In accordance with CEQA and APA requirements
17 staff evaluated the environmental, economic and fiscal
18 impacts of the proposed regulations. The resultant
19 Negative Declaration concludes that there is no substantial
20 evidence in light of the whole record before the agency
21 that these regulations may have a significant effect on the
22 environment.

23 Furthermore, the associated economic and fiscal
24 impact analysis indicates that the direct and indirect
25 impacts of these regulations will not exceed the \$50

1 million-dollar threshold of major regulations.

2 We've received public comments questioning the
3 assumptions used in our economic impact analysis, so I'd
4 like to speak a moment to that. The direct costs
5 associated with the reporting under this program are
6 minimal. However, we approached our economic impact
7 analysis conservatively also taking into account indirect
8 costs that might be associated with AB 1110 implementation.

9 Our economic impact analysis was based on the
10 assumption that retail suppliers would make procurement
11 changes in two circumstances. First, for retail suppliers
12 offering voluntary green portfolios we estimated the cost
13 to ensure that green portfolios marketed as being sourced
14 from renewable and GHG resources would be consistent under
15 the new methodology.

16 And second, we evaluated procurement changes that
17 would be needed for CCAs to make GHG claims that matched
18 their IOU competitors. In each case we estimated
19 procurement changes using the least costly means to ensure
20 renewable GHG resources would be displayed on the label,
21 which we believe to be a reasonable assumption since retail
22 suppliers are sensitive to ratepayer impacts. Largely this
23 meant backing up firmed-and-shaped RECs with Pacific
24 Northwest large hydro as the substitute power.

25 We expect any new procurements to be derived from

1 existing resources rather than result in the construction
2 of new generating facilities. This analysis only estimates
3 the cheapest method to adjust procurement as outlined
4 above. It does not speculate on consumer behavior if a
5 retail supplier does not make procurement changes.
6 Regardless, any changes to procurement or the lack thereof
7 won't result in additional procurements of GHG emitting
8 resources since the product claims in question were
9 predicated on RECs pay with emitting resources. In other
10 words, although RECs may have been used to make GHG claims
11 in the past the underlying resources have not changed.
12 Therefore we do not anticipate any increase in procurements
13 of GHG emitting resources.

14 Finally, I'll note that we do not anticipate this
15 program impacting corporate procurement practices related
16 to RECs. This program only regulates the marketing
17 practices of retail electricity suppliers. And we've been
18 clear in our supporting documentation that the conclusions
19 we've drawn about RECs apply strictly to California's power
20 source disclosure program.

21 Finally, staff concludes that these regulations
22 meet the statutory mandates prescribed by AB 1110. The
23 proposed regulations balance the requirements to provide
24 accurate, reliable and simple-to-understand information, to
25 minimize the reporting burden, to avoid double-counting and

1 to rely on the most recent verified GHG data.

2 Consequently, we recommend the Commission adopts
3 the Negative Declaration and the proposed regulations. And
4 Lisa and I are available to answer any questions you have.
5 Thank you for your consideration.

6 CHAIR HOCHSCHILD: Thank you. Yes, we'll do
7 public comments unless you want to say anything first?

8 (No audible response.)

9 CHAIR HOCHSCHILD: Okay. Let's move to public
10 comments. Lauren Cullum from the Sierra Club, to be
11 followed by Jessica Melton from PG&E.

12 MS. CULLUM: Good morning Chair and
13 Commissioners. I'm Lauren Cullum with Sierra Club
14 California representing 13 local chapters in California and
15 half-a-million members and supporters across the state.

16 Sierra Club supports the proposed modification to
17 the Power Sources Disclosure Program Regulations. These
18 modifications will ensure the power companies will report
19 on the emissions intensity of their electricity products,
20 allowing customers to better understand the climate impact
21 of their electricity use. These regulations appropriately
22 encourage power companies to avoid unbundled RECs and
23 accurately associate emissions with firmed-and-shaped
24 energy products.

25 We also appreciate the compromise that the

1 Commission strikes on these issues through the
2 grandfathering clause for certain resources purchased
3 before this year.

4 Additionally these modifications bring emissions
5 reporting in alignment with greenhouse gas accounting
6 methodologies used at the California Public Utilities
7 Commission as well as Air Resources Board. All in all,
8 these modifications will result in transparent and accurate
9 greenhouse gas accounting to customers.

10 To be noted the most recent modifications include
11 an extension for retail suppliers to begin reporting on
12 greenhouse gas emissions for generation and procurement
13 that occurs in 2020 rather than 2019. We see this as a
14 sore spot in these regulations. This clause means that
15 electricity providers will only begin reporting on
16 greenhouse gas emissions intensity on the 2022 power
17 content label. In our view this delay is unfortunate and
18 unnecessary. Despite this design Sierra Club supports the
19 modifications and recommends that the Commission approve
20 these modifications today.

21 Thank you to the Commission and staff for their
22 leadership on this issue.

23 CHAIR HOCHSCHILD: Thank you.

24 Let's move on to Jessica Melton from PG&E to be
25 followed by Sara Dudley.

1 MS. MELTON: Good morning. Thank you for the
2 opportunity to comment today. Jessica Melton, PG&E.

3 PG&E appreciates the hard work of CEC staff to
4 implement the requirements of AB 1110 to date. PG&E
5 believes the current proposal is a significant improvement
6 from the status quo and should be implemented as soon as
7 possible. But has concerns that there are aspects of the
8 proposed regulations that fall short of the legislative
9 requirements.

10 As drafted these regulations would still fail to
11 provide accurate, reliable and simple-to-understand
12 information to customers regarding the GHG emissions
13 intensity of their electricity supply as required by law.
14 AB 1110 requires retail suppliers to begin reporting June
15 1st, 2020 for data on the greenhouse gas emissions
16 intensity associated with retail sales occurring after
17 December 31st, 2018.

18 PG&E urges the CEC to comply with the language of
19 AB 1110, but otherwise approve the regulations as drafted.
20 By delaying implementation the CEC will cause PG&E and
21 other LSEs to either violate the Public Utilities Code Or
22 attempt to comply via a voluntary reporting. It would be
23 far simpler and fairer for the CEC to implement AB 1110 On
24 the schedule required by the law.

25 There are still significant opportunities for

1 improvement in the Power Source Disclosure Program, so PG&E
2 asks the CEC to commit to a second phase of this proceeding
3 to address the following concerns: the portion of CAM
4 resource emissions attributed to unbundled customers,
5 transmission and distribution losses that have emissions
6 consequences unaccounted for by the draft regulation, and
7 the implementation of an hourly accounting methodology that
8 would take into account the time dependency of electric
9 sector emission.

10 Thank you again.

11 CHAIR HOCHSCHILD: Thank you.

12 Let's move on to Sara Dudley, California Utility
13 Employees to be followed by Frank Harris.

14 MS. DUDLEY: Hello. Good morning. Sara Dudley
15 on behalf of the Coalition of California Utility Employees
16 or CUE. CUE is a coalition of unions that represents
17 approximately 35,000 people who work for investor-owned and
18 publicly owned utilities in California, and for contractors
19 who perform work for utilities and project developers.

20 We support the proposed modifications to the
21 Power Source Disclosure regulations. The modifications
22 properly eliminate unbundled RECS as a carbon-free resource
23 when calculating or adjusting the fuel mix or GHG emissions
24 intensity of an electricity portfolio disclosed on a power
25 content label.

1 CUE also supports separately disclosing on the
2 power content label retired unbundled RECs. In addition,
3 the modifications properly eliminate firmed-and-shaped
4 products as a carbon-free resource. The modifications
5 properly assign GHG emissions to firmed-and-shaped products
6 based on the emissions profile of the delivered substitute
7 energy. The modifications are good policy and consistent
8 with CARB's treatment of firmed- and-shaped products.

9 The modifications will help consumers understand
10 the impacts of their electricity use and to effectively
11 choose the electricity portfolio that suits them.

12 We understand that due to some concern about the
13 modifications the revised language moves the start date for
14 GHG reporting from 2019 to 2020. We just heard about some
15 of those concerns. However CUE believes that this revision
16 is acceptable and will not undermine the effectiveness of
17 the rules going forward.

18 Thank you for this opportunity to present these
19 comments.

20 CHAIR HOCHSCHILD: Thank you.

21 Let's move on to Frank Harris to be followed by
22 Scott Tomashefsky.

23 MR. HARRIS: Thank you very much. My name is
24 Frank Harris. I'm with the California Municipal Utilities
25 Association. I appreciate the opportunity to comment

1 today. CMUA supports the grandfathering provision for
2 firmed-and-shaped resources as a compromise action to
3 recognize procurement that's already occurred.

4 However, I would ask the Commission to consider
5 as an issue that goes beyond this regulatory activity
6 whether regulated entities are to respond and act
7 preliminary to a regulation being implemented. And as the
8 staff presentation today indicated, because there was the
9 expectation of a certain treatment they felt that the
10 cutting off of the firmed-and-shaped grandfathering a year
11 in advance of when the regulation will actually be approved
12 was reasonable. I'm not sure. I think this is something,
13 given the incredible workload and the demands on staff this
14 is probably something the Commission might consider for
15 other -- as an issue to be addressed in other regulations
16 as well.

17 We also support the change in language of the
18 timing to conform to the billing cycle. This is a primary
19 way that accounting occurs for utilities in terms of what
20 information is being delivered to customers. And so that
21 change is very, very helpful.

22 The change to the reporting of the GHG intensity
23 in 2021 for 2020 procurement is also a move in the right
24 direction. However, as staff indicated AB 1110 actually
25 originally expected a one-year planning timeline between

1 when the regulation was implemented and when the
2 procurement would occur to be reported in the modified PCL.
3 And so again I encourage staff and the Commission to
4 consider recognizing that timeline, which would mean that
5 would be procurement in 2021. Much of the procurement for
6 2020 for some of these programs has already been planned.
7 And so while again this is a move in the right direction it
8 still leaves us having to make changes for procurement that
9 already occurred. Thank you very much.

10 CHAIR HOCHSCHILD: Thank you.

11 Let's move on to Scott Tomashefsky to be followed
12 by Carrie Thompson.

13 MR. TOMASHEFSKY: Good morning, Commissioners,
14 and Happy Holidays. Scott Tomashefsky with the Northern
15 California Power Agency. I guess in terms of trench
16 warfare this has been an excellent three-year process.
17 (Laughter.) And I will say, I mean I say that actually in
18 jest, but there's been a lot of good communications over
19 the last few years to try and get to the point to where
20 we're at, so we're actually in a much better place than we
21 were when we started this in 2016. So there are some good
22 things in there and then there are some concerns we still
23 have.

24 The implementation delay date is extremely
25 important. And for those of us that have dealt with

1 implementation once regulations are approved dealing with
2 the spreadsheet work that has to occur to bring in the
3 carbon emissions intensity is going to take same time. And
4 I know when we did similar things with the RPS program we
5 did focus group discussions, got a lot of feedback which
6 really made the product much better. The online database
7 there is a very good product because of that. So that's
8 important to have that time.

9 Secondly, the auditing provisions that were
10 provided in the 45-day language worked really well. I
11 think that actually is making the burden of compliance
12 easier to deal with, compliance costs reduction, and it
13 doesn't really undermine the integrity of the data. So
14 that's important as well.

15 With respect to resource accounting the treatment
16 of large hydro is vastly improved, not perfect. But it is
17 important especially for public power entities that are
18 tied to the western area power administration resources
19 that do not have the ability to lay off resources if there
20 is an over-procurement situation. So what we don't want to
21 do when we start to work towards this 100 percent carbon
22 goal by 2045, large hydro is starting to play a much more
23 important role in that conversation So to have that kind of
24 information on the power content label more appropriately
25 represented is important as we start there.

1 The other thing also the utility posting date,
2 and as Frank mentioned, going back to the language that's
3 in there was important. In practice we've been posting
4 these labels by October 1st of each year. The language in
5 the statute doesn't really comport with that. We're going
6 to be working with - to secure a legislative fix to deal
7 with that. That's really an administrative thing that
8 really is not going to undermine or change the things that
9 we've been doing in practice for the last 20 years.

10 At the same time there are a couple of concerns
11 that I wanted to just raise briefly. When we look at the
12 requirement to provide annual disclosures via written mail
13 I do want to point out that there are, at least within our
14 membership, there are some utilities where a third of the
15 customer bills are actually provided electronically. So
16 we're starting to get into a situation where the statute in
17 1998 and 2009 is nearly not really up with the times up
18 where we are with technology. And so at a minimum perhaps
19 there would be consideration to adding some provision,
20 which assumes that any customer that consents to receiving
21 an electronic bill is basically opting for electronic
22 notification on that. So that's one thing.

23 The other thing just very briefly is just dealing
24 with the general desire to make sure that we're letting
25 consumers know what this is and what it's not. And it is a

1 very good proxy to deal with resource mix and it will be a
2 good mix for carbon intensity, but we need to make sure
3 that we keep bringing that message, both utilities and
4 regulators as well. Thank you.

5 CHAIR HOCHSCHILD: Thank you Scott.

6 Next let's go to Carrie Thompson, to be followed
7 by Nicholas Blair.

8 MS. THOMPSON: Good morning. Carrie Thompson
9 representing Anaheim Public Utilities. Thank you for the
10 opportunity to provide comments today.

11 I'm here today to address a key concern that we
12 raised in written comments during the last two comment
13 periods concerning the proposed modifications to this
14 program. We are hopeful that the CEC will utilize our
15 written and oral comments to make positive changes to the
16 language, so that we can deliver the most accurate
17 information about the energy that we procure and deliver to
18 our customers.

19 The changes to the methodology that the CEC is
20 proposing for calculating the PCL are inconsistent when
21 being applied to retail sellers that are over-procured like
22 Anaheim. Under the proposed methodology when a retail
23 seller has net purchases that exceed retail sales natural
24 gas as subtracted first, followed by coal and other fossil
25 fuel resources followed by all other specified purchases

1 until net purchases meet retail sales.

2 This new calculation has drastic effects on
3 resource percentages to the point that labels for over-
4 sourced resale sellers become completely inaccurate.

5 As an example, when we compare our true resource
6 percentages for 2018 to the percentages calculated by the
7 CEC's proposed calculation the results are significantly
8 skewed. Anaheim's actual portfolio percentages for natural
9 gas and coal resources for 2018 were 25 percent and 38
10 percent respectively. As opposed to 11 percent gas and 54
11 percent coal that gets calculated under the new
12 methodology. Anaheim has been actively exiting its coal
13 resources over the years and has not exceeded 50 percent of
14 the energy delivered to customers from coal resources in
15 nearly a decade.

16 Another concern raised regarding the proposed
17 methodology is that for an over-resourced utility that
18 delivers electricity for many non-renewable resources,
19 including coal and gas, the tiered reduction of purchases
20 creates a perverse incentive to use less natural gas
21 because it reduces coal purchases and creates the
22 appearance of a cleaner overall portfolio on the label.

23 In Anaheim's previous comments we included an
24 example that demonstrates this effect. In the example GHG
25 emissions intensity decreased by approximately two-thirds

1 despite an increase in coal production.

2 In closing, reducing excess procurement through
3 an order of merit is inherently flawed. All resources
4 including unspecified electricity should be equally reduced
5 to give the clearest picture where customer power is being
6 procured in order to accurately represent the sources of
7 electricity that our customers receive.

8 For these reasons we hope The CEC will reconsider
9 the adoption of this methodology today and instead either
10 change the PCL methodology to reduce excess procurement to
11 meet retail sales by using the power mix percentage of the
12 retail seller, to reduce the excess, or alternatively keep
13 the current methodology for reducing the excess. While not
14 perfect it creates a more accurate label than what is being
15 proposed today.

16 We are open for further discussions with CEC
17 staff on this issue. And we look forward to continuing to
18 work with staff to ensure that the label is accurate,
19 transparent and most importantly useful for our customers.
20 Thank you.

21 CHAIR HOCHSCHILD: Thank you.

22 Let's move on to Nicholas Blair to be followed by
23 Tim Tutt.

24 MR. BLAIR: Good morning, Chair Hochschild and
25 Commissioners. My name is Nick Blair. I'm with the

1 Southern California Public Power Authority representing
2 eleven municipal utilities and one irrigation district.

3 So SCPPA appreciates that the CEC has adopted
4 recommendations to delay the new rule of governing 2020
5 procurement data instead of 2019. As well as removing the
6 "on or before August 30th" deadline to annually disclose
7 information enabling room for legislative amendments, AB
8 1110. However we still are concerned about the current
9 reporting requirements for unspecified power sources. We
10 think that proposed methodology should instead rely upon
11 settlement data, which is readily available and consistent
12 with how others including CAISO and the Air Resources Board
13 use it.

14 Secondly as just noted by Anaheim, SCPPA remains
15 very concerned that the CEC's proposed methodology for
16 calculating the PCL. One, gross megawatt hours procured
17 exceeds retail sales. We recommend that the CEC retain its
18 current methodology, because that better represents the
19 retail sellers' actual power mix and treats traditional
20 energy sources equally.

21 However, also reiterating what Anaheim said if
22 retaining the PCL current methodology isn't feasible, SCPPA
23 reiterates the recommendation that CEC change the
24 methodology to either reduce excess procurement to meet
25 retail sales by applying the California power mix

1 percentages for the corresponding year. Or to reduce
2 excess procurement to meet retail sales by applying the
3 retail sellers power mix for the corresponding year.

4 We've made these comments in previous rounds and
5 we also submitted written commentary. We appreciate
6 staff's diligent work on this over the past 2 1/2 years and
7 we look forward to continuing to work with the Energy
8 Commission. Thank you.

9 CHAIR HOCHSCHILD: Thank you.

10 Let's move on with Tim Tutt to be followed by
11 Todd Jones.

12 MR. TUTT: Good morning Chair and Commissioners.
13 Tim Tutt for SMUD. Likely my swan song for SMUD at this
14 particular business meeting.

15 So we've been at this for three years as staff
16 has said and SMUD has submitted at least six sets of
17 comments and participated in numerous workshops. And we've
18 consistently suggested that the power mix and GHG intensity
19 follow the procurement path not the delivery path, that
20 unbundled RECs should be considered as renewable consistent
21 with the RPS and show the GHGs of the RECs procured. And
22 that firmed-and-shaped contracts should also be treated
23 consistently as renewable and zero GHG.

24 Unfortunately, this path has been rejected by
25 staff and this will lead to a disruption in the renewable

1 marketplace in California. It already has in fact. People
2 look at SMUD's website today. You'll see our Greenergy
3 program advertised as you can buy 100 percent renewable
4 energy for 2019. A lot of that energy in 2019 was
5 procuring unbundled RECs for those products.

6 If you look at that website it says next year
7 we're redesigning our program to be like a clean, 100
8 percent clean energy program. And that's going to include
9 our large hydro resources as part of that effort as well as
10 increasing the prices, because of the higher costs of
11 procuring the renewables. So higher costs for renewables
12 means less voluntary green power being procured. Adding in
13 the large hydro means less renewables being supported.

14 These regulations are already having a negative
15 impact on the renewable market in California in SMUD's
16 case. We don't believe a negative declaration is
17 appropriate for the environmental impacts from this
18 regulatory change.

19 We do appreciate the change to delay the GHG
20 emission reporting to 2020. But this does not go far
21 enough. We've already done our 2019 procurement, our 2019
22 marketing. And if we have to send a power content label
23 next year to those customers that say -- that is different
24 from what they have been marketed with, what they thought
25 they were procuring, it's going to cause problems to our

1 reputation. It's going to cause problems to their
2 obligations because they made green energy procurement, in
3 part, to meet their lead and CEQA obligations on an ongoing
4 basis. And that's backed up by a power content label that
5 shows that they are meeting those obligations. So we're
6 going to have to go through some kind of fancy explanation
7 to say, "Here's why that power content label that you're
8 using as backup doesn't work."

9 So we oppose the adoption today for the reasons
10 stated. We think you should go back and take another look
11 at these issues. We think it will damage the renewable
12 market. And if you do proceed we ask for an item in the
13 Resolution, as we have put in our written comments that
14 says the power mix reporting should be grandfathered to be
15 under the rules in place when that procurement occurred for
16 2019. Thank you.

17 CHAIR HOCHSCHILD: Thank you Tim.

18 And let me just say as a point of privilege,
19 thank you for those comments. But I just wanted to
20 recognize you served with distinction here at the Energy
21 Commission for many, many years; were involved in many of
22 the policies, new solar homes, and many others. And then
23 have served at SMUD for a number of years since then. And
24 I know you're retiring at the end of the month. And I just
25 want to give a round of applause for your long career.

1 (Applause.)

2 MR. TUTT: Thank you.

3 CHAIR HOCHSCHILD: Yeah. I won't be surprised if
4 you retire from retirement and if you come back and give us
5 some more. (Laughter.) Okay, thank you.

6 Let's move on to Todd Jones if we could to be
7 followed by Susie Berlin.

8 MR. JONES: Thank you Commissioners and
9 Commission staff. My name is Todd Jones. I'm the Policy
10 Director at Center for Resource Solutions. CRS is a
11 501(c)(3) nonprofit organization. It's been providing
12 renewable energy and carbon policy analysis and technical
13 assistance in California for over 20 years.

14 There are elements of this proposal that we
15 support. Critically, the proposal avoids double counting
16 by requiring that retail suppliers must procure the RECs
17 from eligible renewable generators and not sell them. Both
18 to report the renewable fuel type and the GHG emissions
19 intensity of the generator, otherwise the purchases have to
20 be classified as unspecified power.

21 We have concerns with other parts of the proposal
22 that create inconsistencies with the RPS and discrepancies
23 between fuel type and emissions. Specifically we have
24 concerns with the proposed ineligibility of unbundled RECs,
25 PCC3 renewables and treatment of new post-2018 firmed-and-

1 shaped procurements, PCC2 renewables and the GHG emissions
2 intensity calculation. We do not think these elements are
3 accurate or simple to understand. They represent a major
4 change from the RPS and historical best practice in terms
5 of the kinds of renewable energy contracts that can be
6 reported as renewable by retail suppliers and how GHG
7 emissions are assigned to them.

8 To be clear, consistency with the RPS among all
9 other programs is paramount since the RPS is the only other
10 state program addressing and verifying electricity to meet
11 retail sales. Both power source disclosure and RPS verify
12 renewable energy as a percent of retail electricity sales.
13 And all classifications RECs under the RPS including
14 unbundled RECs verified delivery renewable energy as a
15 percent of retail electricity. And AB 162 says explicitly
16 that compliance with power source disclosure and RPS are
17 the same.

18 So Jordan said earlier that deviating from the
19 MRR with respect to RECs would undermine power source
20 disclosure. It would not since CARB's accounting under the
21 MRR is not in conflict with the RPS or power source
22 disclosure. The MRR does not account for the GHG intensity
23 of retail sales.

24 On the whole, the proposal will increase the cost
25 of purchasing renewable electricity through a retail

1 supplier, make it more difficult for customers purchasing
2 renewable, purchasing from retail suppliers to achieve
3 their climate goals, and ultimately shift demand for
4 renewable energy away from California retail suppliers.

5 Just in my last few minutes if you're not
6 considering revisiting these major components of the
7 proposal I want to at least draw your attention to the
8 proposed footnote language on the PCL. The 15-day language
9 includes changes to a footnote that describes RECs and
10 unbundled RECs. And it now reads that unbundled RECs
11 represent renewable generation that was not delivered to
12 serve retail sales. That statement on the PCL would be
13 false and is directly contradicted by the RPS and CPUC
14 decisions.

15 So we encourage you to, at this point, if you're
16 going to adopt this proposal exclude the second sentence in
17 that proposed footnote, so that it's not inaccurate
18 disclosure to customers. Thank you.

19 CHAIR HOCHSCHILD: Thank you.

20 Let's move on to Susie Berlin to be followed by
21 Steve Uhler.

22 MS. BERLIN: Good morning Chair Douglas,
23 Commissioners. My name is Susie Berlin and I represent the
24 MSR Public Power Agency. And I'd like to start by thanking
25 staff for working with all the stakeholders throughout this

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1 deliberative process, not just during the last few months
2 when we've had the actual regulation, but throughout the
3 pre-rulemaking process as well.

4 And we'd also support the recognition of moving
5 the actual implementation date to cover the procurement and
6 generation that begins in 2020. We think that this date,
7 although it is not consistent with what the Legislature had
8 put forth, also reflects the need to ensure that there is
9 time to work through the labels and the other data that
10 forms that will be used to report the data.

11 The legislation also anticipated that there would
12 be a longer period of time for implementation. And if we
13 don't spend the next couple of months ensuring that the
14 spreadsheets are correct the information that will be
15 reported to the customers has a higher likelihood of being
16 inaccurate and would completely undermine the whole purpose
17 of the regulation in the first place.

18 We also support the recognition of firmed-and-
19 shaped resources and the importance of recognizing them as
20 renewable resources and how the regulation anticipates
21 counting the GHG emissions from those resources. This is a
22 really important issue, because firmed-and-shaped contracts
23 that have been entered into by retail suppliers are part of
24 their long-term procurement. They are also part of their
25 integrated resource planning. And these contracts have a

1 value that comes with their RPS eligibility. And even
2 without having a compliance obligation attached to the
3 label, the way in which they are treated on the label does
4 have an impact on the value of the contracts.

5 One other point as we put in MSR's written
6 comments we urge the Commission to review the provisions
7 that may be obsolete or not applicable to information
8 that's actually necessary for the power source disclosure
9 label. In this regard we mean reporting that generators
10 are required to both their EIA and the balancing
11 authorities.

12 And on that note, and more broadly, we encourage
13 the Commission whether through staff or through the
14 legislative advocates to work with the stakeholder, to go
15 through provisions in the regulation and the statute that
16 are just impractical or obsolete, just unfeasible to
17 implement as drafted, so that when we are putting forth a
18 regulation we have something that's consistent with the
19 statutory requirements. And that the statute no longer
20 reflects items that are just extra baggage basically at
21 this point. Thank you.

22 CHAIR HOCHSCHILD: Thank you.

23 Let's move on to Steve Uhler to be followed by
24 Matt Freedman.

25 MR. UHLER: Thank you, Commissioners. My name is

1 Steve Uhler. I'd like to talk about some laws that you
2 will not change here today such as physical laws such as
3 Ohm's Law and Watt's Law. The accuracy of knowing how much
4 greenhouse gases in any product, electric product, has to
5 take into account losses. Other laws that are involved is
6 that your renewable enforcement for publicly owned
7 utilities where you have a rulemaking that is not
8 completed, offers up unbundled RECs as an electricity
9 product. It's very confusing if you show RECs on there.
10 Do they belong to the individual or do they still belong
11 and can be used for RPS?

12 The SB 100 2018 session requires no resource
13 shuffling. The formulas are shuffling resources to remove
14 greenhouse gases from the calculation. The point of PUC
15 54.53(a) is to see that we end up with zero carbon. This,
16 the way the label is laid out now, the public will not get
17 the true answer to the total costs, the losses, which
18 losses would be efficiency related. Efficiency is first in
19 the loading order. It's ignoring those. So that the
20 situation of the shuffling needs to be dealt with.

21 I've put in a number of comments with some
22 suggestions on wording as well as the citability of the
23 express terms. I wish those would be reviewed as far as
24 making it more citable, so that we know exactly what --
25 when somebody says something and they don't just have to

1 reference words, they can reference sections instead of
2 words.

3 And let's see, I think that's the main point.
4 But as it stands the law clearly says it has to be
5 accurate. You're not telling them that's exactly what
6 they're getting. This is supposed to be like a nutrition
7 label. And if this was a nutrition label it would not be
8 allowed because you're not telling them about you're hiding
9 the carbon by allowing this resource shuffling in the
10 calculations of 1393. Thanks.

11 CHAIR HOCHSCHILD: Thank you.

12 Let's open the phones and go to Matt Freedman.

13 MR. FREEDMAN: Hi, this is Matt Freedman with The
14 Utility Reform Network. And I'd like to start off by
15 appreciating the hard work of the staff and Commissioners
16 in the development of these regulations. We've been
17 involved from the beginning. And although the delays have
18 been challenging we think the final product is worth the
19 wait. TURN was the outside sponsor of Assembly Bill 1110
20 that established the new requirements that are subject to
21 the regulations. We worked with all stakeholders in the
22 development of the language. And we think that the final
23 regulations are can place completely 100 percent with the
24 statutory provisions and the intent of both the author and
25 the sponsor.

1 I think it's important to understand that the
2 Power Source Disclosure Program doesn't establish any
3 procurement requirements. The requirements here relate
4 only to disclosure, so no retail supplier is obligated to
5 make any changes to their procurement based on these rules.
6 It's not a surprise to us that stakeholders who engage in
7 buying, selling and certifying our unbundled environmental
8 attributes have concerns with the regulations.

9 But we think the Commission is in charge with
10 maximizing the number and types of transactions that can be
11 reported to customers as (indiscernible) GHG. The goal is
12 accurate and consistent reporting. And we think that the
13 proposed regulations strike the proper balance between
14 competing objectives, result in more accurate disclosures
15 to customers, and create greater alignment between the
16 greenhouse gas accounting methodologies used by the Energy
17 Commission, Public Utilities Commission and the California
18 Air Resources Board.

19 Specifically we think that the rules are
20 consistent with the other state greenhouse gas accounting
21 protocols. The treatment of both unbundled renewable
22 energy credits and
23 firmed-and-shaped resources is the same as the approaches
24 that are used by the Air Resources Board and the PUC. And
25 therefore it would create long-term and long immediate

1 consistency between these approaches.

2 For example, in the integrated resources planning
3 process the PUC has explicitly excluded both firmed-and-
4 shaped resources and unbundled RECs from being counted as
5 zero GHG resources. And this treatment was adopted after
6 being fully litigated at the PUC.

7 The Air Resources Board similarly does not permit
8 either types of procurement to be used to adjust reported
9 greenhouse gas emissions. And the ARB previously
10 determined, for example, that treating unbundled RECs as a
11 GHG offset would be contrary to the express requirements
12 and purposes of Assembly Bill 32 that establishes the
13 state's greenhouse gas goal of reductions.

14 So our view is that the proposed treatment of the
15 unbundled RECs and firmed-and-shaped resources are
16 consistent with not only the greenhouse gas accounting
17 approaches but the RPS rules.

18 While we have concerns about the grandfathering
19 treatment that has been proposed we understand that this
20 compromise was made to address concerns of various retail
21 suppliers. And we think the program even with those
22 changes still represent a major step forward from the
23 current rules.

24 Getting greenhouse gas accounting right is a
25 challenging endeavor. And each iteration of the reporting

1 and disclosure protocols should be seen as a work in
2 progress. We think these rules represent an excellent step
3 in the right direction and they should be approved by the
4 Commission today. Thank you.

5 CHAIR HOCHSCHILD: Thank you.

6 Let's turn to Commissioner Douglas.

7 COMMISSIONER DOUGLAS: All right, well I have a
8 few high-level comments. And then I wanted to offer to
9 staff an opportunity to address some of the questions and
10 comments that we heard today. But I think, colleagues,
11 what you have heard and seen from both Jordan's
12 presentation and from the public comment we've heard is
13 that this was not an easy endeavor.

14 This was a really challenging endeavor. And I
15 think Matt Freedman's comment at the end and also Jordan's
16 comment at the very beginning in his presentation, a lot of
17 what this required is harmonizing different methodologies
18 that have been developed by different agencies for somewhat
19 different purposes in trying to give them a level of
20 consistency and meaning in a way that is also clear and
21 understandable to the public and informs them about their
22 electricity sources, the generation that serves them. And
23 doing that in a context where not every utility was
24 reporting these things to their consumers in the same way.

25 And so the Legislature has directed us to create

1 the statewide, consistent methodology. And we endeavored
2 to do so in a way that was also to the maximum extent
3 possible consistent with what other agencies are doing in
4 measuring the same things. And the result was never going
5 to be absolutely perfect or absolutely clean, especially in
6 the first year or so of the program. And so some of the
7 policy decisions reflected in this package, such as the
8 grandfathering and the one-year delay in when the
9 greenhouse gas emissions themselves would be reported
10 reflect our effort to balance the needs and commitments and
11 concerns that different stakeholders have had with the
12 direction we've gotten from the Legislature to create this
13 label and this consistency in the way that these attributes
14 are reported in this methodology.

15 And I don't think any other state has
16 successfully done this. And I don't know that any other
17 state has really tried, because it's a very complex
18 endeavor as you can see from not only the amount of
19 comments but the depth of comments and the depth of issues
20 that we had to cover.

21 And so I do think in the public comments there
22 were some comments raised that staff may wish to address
23 and I'll kick this to them. And I may ask a few questions.
24 And obviously you should be willing -- yeah, obviously if
25 you have questions this would be a good time for that.

1 But let me pass this now over to Jordan. And
2 I'll ask you first, "What did you hear that you would like
3 to speak to?"

4 MR. SCAVO: I'd like to speak to I believe it was
5 Alameda's comments about the adjustment mechanism. You
6 mentioned that the adjustment mechanism which is that
7 tiered approach for ramping off resources to ensure that
8 total procurements matches total retail sales would create
9 a perverse incentive for procurement of coal. I don't
10 believe this to be the case, because the way that
11 adjustment mechanism is structured natural gas offloads
12 first, then coal and other fossil fuels and then all other
13 resources are reduced proportionately after that.

14 So if your existing procurements don't include
15 any natural gas you could swap some out to procure coal
16 instead, but that would be the first resource targeted.
17 Even if you had natural gas, if you're not touching that
18 but you're moving other resources out to procure additional
19 coal, coal would be the first resource touched there.

20 You could move resources that are currently in
21 natural gas into coal. and then that coal would be sort of
22 couched between natural gas and other resources for the
23 adjustment mechanism. But we're looking at a one to one
24 switch and the adjustment mechanism has a certain threshold
25 that it has to adjust down to, because retail sales doesn't

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1 change. So there is a certain quantity of megawatt hours
2 that need to be adjusted out regardless. If you strictly
3 take out natural gas and move it into coal then nothing has
4 changed. There won't be any natural gas there, but instead
5 the coal gets targeted so the same quantity of megawatt
6 hours are adjusted out and the emissions impact is
7 negligible.

8 Alameda's comments did include an example of how
9 this adjustment mechanism might result in reducing
10 emissions through moving around resources to try and
11 benefit from the tiered adjustment approach. But the
12 example that Alameda submitted wasn't moving strictly
13 natural gas into coal. It, I believe, broke up the
14 procurement of natural gas into coal, large hydro and
15 nuclear power equally. So when Alameda mentioned that there
16 was a two-thirds reduction rate --

17 COMMISSIONER DOUGLAS: Jordan, you're saying
18 "Alameda," but "Anaheim?"

19 MR. SCAVO: Yes, "Anaheim." Sorry.

20 So an example, they eliminated all their natural
21 gas and broke up those procurements equally into coal,
22 large hydro and nuclear. Nuclear and large hydro are
23 considered to be zero GHG for this program so it, to me, is
24 unsurprising that we would see a two-thirds reduction on
25 emissions to the adjustment mechanism because two-thirds of

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1 those resources were moved from an emitting resource to
2 non-emitting resources.

3 I'd also like to speak a moment about the
4 footnote language that Todd Jones from CRS brought up. The
5 intent of that language was to reflect the assumptions in
6 this program that the underlying generation from unbundled
7 RECs doesn't serve retail sales. And to the extent that
8 we're talking about serving retail sales as a specified
9 resource, meaning that you can point to the power that is
10 derived from the generator in which the RECs have been
11 decoupled and say that, "I'm being served by solar or wind
12 or any renewable resource," I think that's accurate. I do
13 understand, I think, Todd's point that there is the
14 potential for some ambiguous interpretations of that
15 language.

16 And Mr. Uhler commented on the adjustment
17 mechanism and references to resource shuffling. One way or
18 another there needs to be some sort of reconciliation
19 between procurement and retail sales because the statute
20 requires the denominator in these calculations to be retail
21 sales. And in most cases retail suppliers have other
22 electricity-end uses on top of retail sales. Somehow those
23 have to be filtered out. And over the course of these
24 three years we have grappled with a number of different
25 ways of doing that. But any way we do that, something has

1 to get pushed out.

2 And I don't believe resource shuffling is a
3 specific situation. It's swapping out existing resources
4 for new resources in a way that basically pushes emissions
5 out of California and into other jurisdictions. In this
6 case I don't believe that's what's happening. Rather it's
7 allocating procurements to different electricity-end uses,
8 which one way or another we have to do to get things down
9 to retail sales. Thank you.

10 COMMISSIONER DOUGLAS: Commissioners, did you
11 have other questions that you wished for Jordan to address?

12 VICE-CHAIR SCOTT: I have one more.

13 COMMISSIONER DOUGLAS: Go ahead.

14 VICE-CHAIR SCOTT: Thank you for that
15 opportunity. And that was a very good list. You actually
16 hit all of the questions that I had except one, which is I
17 believe it was SCPPA that mentioned that the unspecified
18 should be based on settlements. And that's how CAISO and
19 the Air Resources Board do it. And I wanted to hear a
20 little bit more about that.

21 MR. SCAVO: So far as I'm aware the only way to
22 directly calculate unspecified power is through hourly
23 settlement data. What that means is that the utility goes
24 through a balancing authority; in most cases that's the
25 ISO. And they look at their total specified procurements

1 for that hour and their purchases from the grid during that
2 hour.

3 If their specified purchases exceed their
4 procurements from the grid then they consider that to mean
5 there wasn't any unspecified power that was serving them
6 during that hour. If they don't have sufficient resources
7 on the books from a specified resource then the additional
8 electricity that is being drawn from the grid is considered
9 to be unspecified power. That's done on an hourly basis.

10 That's basically one component to the Clean Net
11 Short methodology. It's hourly accounting and it results
12 in significant reporting of over procurement for power
13 source filings. We've noticed over the past couple of
14 years that this situation is becoming exacerbated as more
15 and more renewables are being brought into the portfolios
16 of retail suppliers. That over-procurement further
17 complicates the issue of needing adjustment to bring
18 procurement back down to retail sales.

19 So I acknowledge that this isn't an accurate way
20 to -- or the most accurate way to best capture unspecified
21 power from an hourly perspective. If we're looking at
22 things annually, which we do for all other resources, I
23 think the proposal we have best approximates unspecified
24 power in a way that conforms to the other calculation
25 mechanisms that are embedded in the regulation.

1 And it also simplifies reporting requirements
2 rather than needing to dig through hourly settlement data
3 for reporting. For this program unspecified power is
4 calculated automatically in the reporting form. Thank you.

5 VICE-CHAIR SCOTT: Thank you. And I had just one
6 more thought on this that you or Commissioner Douglas have
7 not mentioned quite yet. And that's just as the Public
8 Member for the Commission it's important that we have
9 really great public process, which I know that we did over
10 many, many years on this topic. And so I appreciate that,
11 the staff's diligence and the engagement of all of our
12 stakeholders to really help on something that's complex and
13 complicated and difficult.

14 And I also take the point, which I think Tim Tutt
15 made about this is all to really help the public
16 understand. And so I would be interested, obviously not
17 today but later as this gets rolled out, seeing what kind
18 of feedback we get from people when they see the label.
19 And hopefully it does communicate what we are hoping to
20 tell the folks. And I think we've put a very good plan in
21 place to have that happen, but to kind of have a feedback
22 mechanism to tweak or update or improve or change things if
23 needed. So thank you.

24 COMMISSIONER DOUGLAS: Thank you. And I would
25 have some comments on that, but I saw Commissioner Monahan

1 reach for her mic. Did you want to ask some questions?

2 COMMISSIONER MONAHAN: I do. And I actually was
3 going to make that same point where this is an important
4 first step. And making sure that we refine over time and
5 have a public engagement process so that we can do that
6 seems like it's important, because this is really the first
7 of its kind.

8 And I do think it's important to really make sure
9 that we are doing the best job we can to align with the
10 greenhouse gas reporting protocols that the Air Resources
11 Board is shepherding. And as we move from an RPS regulated
12 world where it's percentage of renewables that we're
13 tracking into a greenhouse gas world where it's the amount
14 of greenhouse gas emissions we're tracking, we're going to
15 run into some challenges as we try to crosswalk those two.

16 Jordan, I was wondering if you could talk to the
17 biofuels issue? We talked about this a little bit
18 yesterday. I think this is one of these areas, I mean
19 we're encountering this in transportation too where there
20 is the direct emissions from transportation. There's
21 actually the upstream emissions from the transportation
22 fuels, which is attributed to a different sector than
23 transportation. So in some way we get these kind of funny
24 accounting mechanisms where we say, "Oh the electricity
25 sector is responsible for some emissions. Others are

1 falling into a different emissions category." Can you just
2 walk us through that a little bit?

3 MR. SCAVO: Yes, yes. This most recent version
4 of the proposed regulations does not require retail
5 suppliers to report carbon dioxide emissions associated
6 with electricity production using biofuels. We did that to
7 align with accounting provisions used at CARB and through
8 international standards at the IPCC, International Panel
9 for Climate Change, where carbon -- this is just carbon --
10 so other GHG emissions associated with biofuels are
11 included, but just carbon is allocated to a land use
12 category in these other emissions accounting activities.
13 To be consistent we've proposed to treat it the same way.

14 At one point we had a proposed footnote that
15 explained that the emissions intensity did not include
16 carbon from biogenic fuels, but did provide that
17 information in a footnote. So it illustrated an emissions
18 intensity if that were to include carbon from biogenic
19 fuels.

20 And in the course of hashing out these
21 regulations we simplified and reduced most of the
22 footnotes. At one point I think we had six and it was
23 turning into a long-form power content label. And instead
24 we proposed to consuss (phonetic) out those nuances on our
25 website.

1 COMMISSIONER MONAHAN: So this is just one point
2 of I'd love to hear some discussion with the other
3 Commissioners about whether it would make sense just to
4 have that footnote. And the reason I emphasized that is
5 because when we put the resource allocation and have a
6 biofuels percentage it presumes that the GHGs are going to
7 be accounted for in the metric.

8 And so I just want us to be thoughtful about how
9 we make sure that we're being as rigorous as we can be
10 about the accounting and as clear as we can be. Given, I
11 understand we need to constrain on six footnotes and
12 people's eyes roll back when there is so much. And yet
13 it's important to be true to the data and not create
14 confusion about what's being included in the greenhouse gas
15 accounting and what isn't.

16 COMMISSIONER DOUGLAS: So I think that I'll make
17 some comments that might help us wrap up here. And I've
18 got notes that are not terribly linear, so that's the way
19 my comments may flow.

20 I think Commissioner Monahan, you put your finger
21 on something that this does, which this label as part of
22 bringing us from -- and we're doing this across the board
23 in a number of different areas from a kind of RPS-centric
24 viewpoint to a carbon-centric viewpoint. And then some of
25 that is at the heart of some of the difficulties we've had.

1 Unbundled RECs are an RPS compliance mechanism. And how do
2 we reconcile that with the fact the electricity that is
3 actually produced, associated with the unbundled REC, is
4 obviously by definition not what was used to serve the
5 customer.

6 And so we had very significant policy discussions
7 and policy issues around all of that that have moved us to
8 the proposal that we have in front of us today. And it's
9 not a perfect proposal and there are a lot of areas for
10 future work, but it's a pretty good proposal I really
11 think.

12 The public process took a long time. I wrote
13 many years or like too many years, because people need
14 predictability and certainty in order to be able to make
15 decisions. And I think we heard from a lot of electricity
16 providers here today that they are making decisions, they
17 have made decisions. They need to know what the rules are
18 going to be in terms of how their decisions are reflected
19 in scores on labels but they're going to be required to
20 show their customers. And they need to know two years ago,
21 but we can't go back in time, so they'd like to know.

22 And it's my perspective that we need to get this
23 done, we need to get this done this year. Getting this
24 done this year gives the providers all of 2020 to make
25 decisions, especially affecting the greenhouse gas

1 reporting that's done. And be in a position to report that
2 for 2021 and that's important. And I hear loud and clear
3 that people would have liked longer. And I understand
4 that, because I would have liked to have given them longer.

5 And I think for all of the challenges in this
6 proceeding, and there have been many, and I think Scott
7 Tomashefsky put his finger on this very nicely, there have
8 been moments when things have been very testy and very hard
9 in this proceeding. And I think the really good thing
10 about it is because people fundamentally care. The people
11 reading the labels care. People I think, especially people
12 who are subscribed to green pricing programs and people who
13 are looking for reducing their own personal carbon impact
14 care and electricity providers care and so do we. And
15 that's part of what makes this hard.

16 And two of the opportunities we have coming out
17 of this that both you and Commissioner Scott touched on and
18 some of the commenters touched on this as well, one is
19 education. One thing that we have tried to do is focus the
20 language on this label and in the documents that will be
21 supporting this package to be very clear that this
22 information is being provided for this purpose. And this
23 is what this program is.

24 And I understand the concerns about the footnote.
25 I think the footnote is, on balance, helpful. But I think

1 it's helpful and incumbent upon us to make sure it's not
2 misread and misused to the extent that we can't. And we
3 can use our website as a tool. We can partner with
4 electricity providers and others on education: what this
5 is, what this isn't.

6 There are many areas that have been pointed out
7 to us that are not perfect. And the biofuel one is
8 numerically probably not the biggest. But what I wanted to
9 commit to was something that PG&E suggested in its comments
10 and reiterated orally, which is to say that, "No, we're not
11 done." Version 2 of the Power Source Disclosure Rules is
12 not imminent. So please understand that, but we will gain
13 experience, others will gain experience.

14 We may find that consumers misunderstand
15 something on the label in a way that we didn't anticipate.
16 We may find that there are better ways of reflecting data.
17 And we are very open to learning from this process, so not
18 only working with everybody on the education side but also
19 learning from implementation and trying to improve this
20 label.

21 We don't want this label to become outdated and
22 obsolete and still require people to mail it or distribute
23 it if it's no longer as useful as it could be. So I think
24 there really needs to be -- I think we will find that we
25 will want to improve this. And we will want to work

1 collaboratively with everyone here to do that.

2 I heard Anaheim and SCPPA's comments loud and
3 clear about the way that the adjustment mechanism affects
4 them. If you want to talk to us about again, education and
5 what this is and what this isn't, we would be happy to talk
6 to you. Because I think the proposal that has been put
7 forward handles an issue that was going to be challenging
8 no matter what in a way that generally works. I do
9 understand that it has an impact on or potentially could
10 have an impact on utilities that still have coal in their
11 portfolio and that are working very hard to get coal out of
12 their portfolio. And who has a significant slice of their
13 customers who would like them to do that quickly.

14 And so I think that the really good thing is that
15 the intentionality in this room is all going in the right
16 direction. And now we've got this scorecard that is pretty
17 good, but not perfect. And we could work many, many years
18 to make it perfect. And I'm in the mode of let's get it
19 done and let's come back, because I think we will want to
20 and need to at some point.

21 So I think those are my main comments. I
22 recommend this to the Commission's approval. And I just
23 want to see if there are more comments. I think maybe the
24 Chair?

25 CHAIR HOCHSCHILD: Yeah, first of all I just

1 wanted to thank Commissioner Douglas for your careful deep
2 dive into this issue.

3 And let me say that I do recognize that we're
4 late on this decision. It's taken a long time. I think the
5 stakeholder process has been very thorough. And I think
6 the public comment we heard today is actually a very good
7 illustration of there is no solution that's going to keep
8 everybody perfectly happy. We have to thread the needle.

9 I will say some of the critiques I've heard over
10 the years of our direction on this, I actually think are
11 critiques of the legislation itself. And this is not the
12 forum for that. We're trying to faithfully implement the
13 truth in advertising that was the intent of the
14 legislation. And to do that in as pragmatic a way as we
15 possibly can.

16 I think this decision today does move us in the
17 right direction. And I would emphasize two things: one is
18 there is nothing about the decision today that dictates
19 procurement either way. This is about how it gets
20 communicated. And secondly, this is the first step. And
21 we will be making further improvements and changes down the
22 line and then being as attentive as we can, so I think it's
23 critical that we get this over the finish line. And this
24 has my full support.

25 COMMISSIONER DOUGLAS: I'll make a motion to --

1 just looking at the Chief Counsel's Office.

2 CHAIR HOCHSCHILD: Thank you. Is there a second?

3 VICE-CHAIR SCOTT: Second.

4 CHAIR HOCHSCHILD: All in favor say aye.

5 (Ayes.)

6 CHAIR HOCHSCHILD: That motion passes
7 unanimously.

8 COMMISSIONER DOUGLAS: Miss DeCarlo?

9 MS. DECARLO: I just want to confirm we did the
10 motion in the proper order, or the adoption. We need to
11 adopt the Negative Declaration first.

12 COMMISSIONER DOUGLAS: Thank you.

13 CHAIR HOCHSCHILD: Oh, thank you.

14 MS. DECARLO: And then subsequently adopt the
15 proposed regulations.

16 COMMISSIONER DOUGLAS: All right.

17 CHAIR HOCHSCHILD: Thank you, go ahead.

18 COMMISSIONER DOUGLAS: So I move to adopt the
19 Negative Declaration of the regulations.

20 VICE CHAIR SCOTT: Second.

21 CHAIR HOCHSCHILD: Okay. Second for that. All
22 in favor say aye.

23 (Ayes.)

24 CHAIR HOCHSCHILD: That passes unanimously.
25 Let's move on to the proposed regulations.

1 COMMISSIONER DOUGLAS: And now I move to adopt
2 the regulations.

3 CHAIR HOCHSCHILD: Okay.

4 VICE-CHAIR SCOTT: Second.

5 CHAIR HOCHSCHILD: All in favor say aye.

6 (Ayes.)

7 CHAIR HOCHSCHILD: That passes unanimously.

8 Thank you. And thank you to the staff.

9 COMMISSIONER DOUGLAS: Thank you. And I just
10 want to take this opportunity to thank Jordan, Lisa,
11 Natalie and the team, my advisors and many others who
12 worked very hard to get us to December. I thank the
13 Chair's Office as well, Ken Rider, appreciate the work.

14 CHAIR HOCHSCHILD: Okay. Let's move on to Item
15 2, Energy Commission Progress on Joint Agency Report,
16 Charting a Path to a 100 Percent Clean Electricity Future,
17 SB 100. Terra Weeks.

18 MS. WEEKS: Good afternoon now Chair and
19 Commissioners. This will hopefully be relatively brief.
20 So we have held one SB 100 workshop since the last business
21 meeting, which was focused on technologies and
22 implementation scenarios.

23 We had a full agenda with the session on existing
24 studies that can help inform our SB 100 analysis. And a
25 number of technical panels representing 11 technologies

1 that fall under either the existing renewable energy
2 definition or are considered potential enabling
3 technologies, such as gas plants with carbon capture,
4 emerging nuclear, hydrogen and energy storage.

5 We heard from experts and innovators on the state
6 of the market for these technologies, cause and performance
7 trends, and possible contributions to SB 100 goals.

8 This was also the first workshop where we
9 solicited specific feedback on technical implementation of
10 the Bill, so I'll just go over a couple of the key areas
11 that were addressed.

12 The first is the definition of zero-carbon
13 resources. During the workshop the agencies offered two
14 resource scenarios to consider while evaluating the impact
15 of resource eligibility. The first is what we're calling
16 an RPS-plus option, so this includes all RPS eligible
17 technologies plus large hydro, nuclear and natural gas with
18 CCS.

19 The second was a no-combustion scenario, which
20 does not allow resources to combust fuel, which was
21 included in response to comments regarding local air
22 pollution impacts.

23 Overwhelmingly, comments received were in favor
24 of defining resource eligibility in line with the more
25 inclusive RPS scenario. And we will incorporate this

1 feedback as we continue to establish a framework for a
2 definition of zero-carbon resources.

3 The second area was our modeling approach, which
4 builds on the PUC's IRP 2045 framing studies, which is just
5 focused on IOU territory, so we're looking to expand that
6 statewide. We received several comments on this framework,
7 mostly focused on inclusion of a broad range of resource
8 options in our modeling.

9 And the last was alignment of accounting rules.
10 So during the workshop agencies acknowledged that we have
11 different accounting methodologies for the RPS program and
12 then for the Mandatory Greenhouse Gas Reporting Regulation
13 or MRR. So it was proposed during the workshop whether it
14 was advisable to align the two methodologies under SB 100,
15 which would require coordination between the Energy
16 Commission and Air Resources Board specifically.

17 We received a wide variety of comments without
18 really clear consensus on this, but accounting and
19 compliance is a really key topic that we'll address in this
20 report. But we're really teeing it up as a focus for the
21 next report. Looking ahead the interagency team is going
22 to be a little quiet for the next couple of months as we
23 dive into analytical work and report drafting.

24 So we're currently developing content for initial
25 sections of the report that include bill interpretation,

1 process and pertinent background information, incorporating
2 the comments that we have received so far. We're also
3 working to secure a contract to help with the SB 100
4 modeling work.

5 And lastly, we're finalizing plans for our spring
6 workshops, which will tentatively include workshops on
7 resilience, reliability -- which we will plan jointly with
8 the balancing authorities -- equity and affordability and
9 environmental impacts. We're also discussing adding an
10 additional workshop on our modeling assumptions. And we
11 will have more details about plans for these workshops
12 shortly.

13 And that's my update.

14 CHAIR HOCHSCHILD: Thanks. There was a request
15 for public comment. Again, we are not taking public
16 comment on non-voting items. Going forward public comment
17 on those items will occur at the end when we do public
18 comment generally. Thanks.

19 Any other questions or discussions?

20 VICE-CHAIR SCOTT: Yeah, I just had one quick
21 thought. Thank you for the excellent update. As part of
22 the IEPR, so as you know I'm leading the 2019 IEPR, we have
23 put maybe one or two pages describing SB 100 into the IEPR.
24 Of course the proceedings, the workshops, all of that is
25 its own separate thing.

1 But we did get a few comments that were specific
2 to SB 100, I think more so than to the IEPR. So I have
3 asked Heather and Stephanie to make sure, Terra, that you
4 and your team get those comments. And if we want to make
5 some appropriate tweaks into the IEPR just to kind of --
6 obviously we can't have an IEPR that doesn't mention SB
7 100, but the place for the comments and the details are of
8 course within the SB 100 proceedings, so I just wanted to
9 flag those comments for you. And also do a little PSA for
10 folks who are following what we're up to.

11 MS. WEEKS: Great. Thanks. Yeah, and we'll be
12 sure to engage with the IEPR team on that.

13 CHAIR HOCHSCHILD: Thanks. Any other comments or
14 questions? Okay.

15 MS. WEEKS: Thanks.

16 CHAIR HOCHSCHILD: Okay, thank you Terra.

17 Let's move on to Item 3, San Jose Data Center.

18 MR. KERR: Good Afternoon Chair and
19 Commissioners. My name is Steve Kerr. I supervise the
20 Siting and CEQA Review Unit in the Environmental Office of
21 STEP. With me is staff attorney Nick Oliver. We're here
22 to present a proposed order appointing the Committee to
23 oversee a Small Power Plant Exemption or SPPE proceeding
24 for the San Jose City Data Center.

25 The SPPE option is only available for thermal

1 power plants between 50 and 100 megawatts. And pursuant to
2 Public Resources Code Section 25541, the exemption can only
3 be granted if no substantial adverse impact on the
4 environment or energy resources will result from the
5 construction or operation of the proposed facility.

6 The Applicant, Microsoft Corporation, filed its
7 SPPE application on November 15th, 2019, seeking an
8 exemption from the Commission's power plant application for
9 certification process.

10 The project would be in San Jose and consists of
11 two single-story data center buildings and house data
12 servers and associated diesel-fueled backup generators to
13 provide an uninterruptible power supply of up to 99
14 megawatts during an emergency loss of utility power.

15 Staff will conduct a CEQA review of the exemption
16 application and prepare an initial study.

17 In addition to the San Jose City Data Center,
18 staff is currently working on the Walsh, Sequoia and
19 Mission College Data Center projects.

20 Staff anticipates three additional SPPE
21 applications for data centers in the Santa Clara and San
22 Jose area to be submitted this month and in January.

23 Thank you. We'd be happy to answer any questions
24 you may have.

25 CHAIR HOCHSCHILD: Yeah, go ahead Applicant.

1 MR. BROOKS: Yeah, good afternoon Commissioners.
2 We thank you for your time and your efforts reviewing
3 materials for this matter. My name is Travis Brooks,
4 Attorney here with the Microsoft team. I have Peter
5 Witters, Design Manager for Microsoft and Jerry Salamy with
6 Jacobs Engineering, a consultant on the project as well.
7 And I believe Peter has a brief statement to give. If now
8 is appropriate he can give that.

9 CHAIR HOCHSCHILD: Sure, go ahead.

10 MR. WITTERS: Good morning, good afternoon,
11 excuse me. My name is Peter Witters. I'm a member of
12 Microsoft's Data Center and Engineering Team. Silicon
13 Valley is a key location of Microsoft's global footprint on
14 looking to better serve our customers and looking to
15 decrease network latency and increase availability to our
16 customers.

17 The SJC or San Jose Project is a key element in
18 that proposal and that footprint. And we're very excited
19 and motivated to get this project underway, so thank you
20 for your consideration.

21 CHAIR HOCHSCHILD: Okay, Commissioner Douglas did
22 you any comments you want to make? The committee that I'd
23 like to create is Commissioner Douglas as Presiding and
24 Commissioner Monahan as Associate for this. Were there any
25 comments you want to make or --

1 COMMISSIONER DOUGLAS: I don't have any
2 questions. I appreciate you being here. And I think that
3 probably I'll just -- I'm just looking at this to see what
4 I'm actually -- a proposed order appointing the committee.
5 All right, so I will move to appoint the committee
6 suggested by the Chair, which would be myself working with
7 Commissioner Monahan as the Associate Member.

8 CHAIR HOCHSCHILD: Thanks. Is there a second?

9 COMMISSIONER MONAHAN: I'll second it.

10 CHAIR HOCHSCHILD: All in favor say aye.

11 (Ayes.)

12 CHAIR HOCHSCHILD: All right. That motion passes
13 unanimately.

14 Thank you.

15 MR. BROOKS: Thank you.

16 CHAIR HOCHSCHILD: Let's move on Item 4, Inland
17 Empire Energy Center.

18 MR. FONG: Good afternoon Chair, Vice-Chair and
19 Commissioners. My name is Jonathan Fong. I'm the
20 Supervisor in the Compliance Office in the Siting,
21 Transmission and Environmental Protection Division.

22 Staff is here today to recommend approval of the
23 Inland Empire Energy Center's closure plan. With me today
24 from Chief Counsel's Office is Nick Oliver and Engineering
25 Office staff, Brett Fooks. And representing the project

1 owner is Michael Carroll.

2 On June 20th, 2019, the project owner filed a
3 decommissioning and demolition plan with the Energy
4 Commission, requesting permanent closure of the facility.
5 Staff evaluated the plan, met with the project owner and
6 suggested revisions.

7 On November 14th, 2019, a revised closure plan
8 was filed with additional measures intended to reduce
9 potential environmental impacts associated with closure
10 activities.

11 Inland Empire is an 800-megawatt, combined cycle
12 baseload, natural gas fire power plant, located in the city
13 of Menifee in Southern Riverside County. The project was
14 originally certified by The CEC in December of 2003. And
15 began commercial operation in January of 2009.

16 Inland Empire Currently supplies electricity to
17 the California ISO on a merchant basis, Providing both
18 local and system resource adequacy. However, the project
19 owner is pursuing planned permanent closure of the facility
20 based on economic considerations, including the cost of
21 maintenance and the evolving energy market needs in
22 California. the project owner has decided to cease
23 commercial operation of the project effective December
24 31st, 2019.

25 General Compliance Condition COM-12, of the final

1 Commission decision for Inland Empire, requires the Energy
2 Commission to approve the closure plan. Per the condition
3 the closure plan is required to identify and discuss
4 potential mitigation measures to address significant
5 adverse impacts associated with closure; a discussion of
6 project remnants to remain on site; and conformance of the
7 plan with applicable Laws, Ordnances, Regulations And
8 Standards, which staff commonly refer to as LORS.

9 Closure of the project would include the
10 termination of power generation activities, transferring
11 the facility to a safe, nonoperational state. And the
12 eventual demolition and removal of facilities, associated
13 structures and linears. The project owner anticipates that
14 closure would approximately 12 months.

15 Staff in the CEC's delegate chief building
16 official will oversee closure activities to ensure that the
17 closure of Inland Empire is conducted in accordance with
18 the conditions of certification, the provisions in the
19 revised closure plan, and applicable LORS.

20 Upon completion of the decommissioning and
21 demolition activities the project owner will submit a
22 request to terminate the license. And staff will present
23 the request at a future business meeting.

24 The closure plan identifies certain project
25 facilities and structures to remain to facilitate reuse of

1 the site, which may include a battery energy-storage
2 system. Any reuse of the site would not occur until after
3 demolition is complete and the CEC relinquishes its
4 jurisdiction on the site. The battery system will be
5 subject to review in permitting by the city of Menifee and
6 other applicable agencies.

7 Based on staff's analysis staff concludes that
8 the decommissioning and demolition activities proposed in
9 the revised closure plan would not have a significant
10 effect on the environment or an environmental justice
11 population. And that closure would be consistent with
12 applicable LORS as required by General Compliance
13 Condition, COM-12.

14 If you have any questions staff is available.
15 Thank you.

16 CHAIR HOCHSCHILD: Okay, let's hear from the
17 Applicant.

18 MR. CARROLL: Good afternoon. Michael Carroll
19 with Latham & Watkins on behalf of Inland Empire Energy
20 Center, which is a wholly owned subsidiary of GE.

21 Inland is pleased to be moving forward to
22 repurpose this site and certain of the infrastructure, to
23 replace what's become an uneconomic gas-fired plant with a
24 state-of-the-art, battery energy storage facility.

25 One of the units at the facility has been in cold

1 lay up for approximately two years. and as Jonathan
2 indicated the plan is to cease operation of the second unit
3 at the facility effective December 31st of this year. And
4 assuming approval of the plan today, then to immediately
5 proceed with the decommissioning and the demolition of the
6 facility and making the site ready for the battery energy
7 storage facility. And turning it over to that developer no
8 later than December 31st up next year.

9 So we're very anxious to move forward with this
10 project. I'd like to thank Jonathan and Keith and other
11 members of the staff who were very prompt in reviewing
12 earlier drafts of this plan and provided constructive input
13 that led to the plan that's before you today.

14 And I'd also like to thank Mary Dyas who
15 shepherded the DCBO contract, which you approved on your
16 Consent Calendar today. And I'd be happy to answer any
17 questions. Thank you.

18 CHAIR HOCHSCHILD: Commissioner Douglas.

19 COMMISSIONER DOUGLAS: I don't have questions. I
20 just want to thank staff for their thorough work and thank
21 the applicant. And I think that we should definitely move
22 forward on this. And obviously, the repurposing of this
23 site as a battery storage facility will provide significant
24 benefits.

25 And so I'll move approval of this item.

1 VICE-CHAIR SCOTT: Second.

2 CHAIR HOCHSCHILD: All in favor say aye.

3 (Ayes.)

4 CHAIR HOCHSCHILD: That motion passes
5 unanimately. Thank you.

6 MR. CARROLL: Thank you.

7 CHAIR HOCHSCHILD: Let's move on to Item 6, 2019
8 California Energy Efficiency Action Plan.

9 MR. KENNEY: Good afternoon Chair, Vice-Chair and
10 Commissioners. I am Michael Kenney From the Existing
11 Buildings Office in the Efficiency Division. Today I'm
12 here to present the 2019 California Energy Efficiency
13 Action Plan for adoption.

14 This combined update of prior energy efficiency
15 reports reflects a renewed promise and commitment to
16 efficiency, both as a traditional and common-sense energy
17 management strategy and as a dynamic grid resource.
18 Building upon mandates introduced by Assembly Bill 758 in
19 2009 and Senate Bill 350 in 2015, this plan is focused on
20 advancing energy efficiency in residential, commercial and
21 public buildings as well as within the industrial and
22 agricultural sectors.

23 It looks at the opportunities, barriers, market
24 needs and the next steps required to transform energy
25 efficiency in California. It also summarizes activity

1 across private, local, state and federal entities. It
2 tracks and updates energy efficiency savings estimates and
3 recommendations to achieve greater savings and to remove
4 barriers to energy efficiency in low-income, disadvantaged
5 communities. It also lays out new recommendations in
6 pursuit of these ends. And to reduce greenhouse gas
7 emissions from buildings.

8 Development of the action plan began with an
9 outline in early 2018. For the second half of 2018 and
10 2019 staff drafted early material for the plan and gathered
11 information.

12 In April and May of this year staff held five
13 workshops around California to gather more information
14 directly from stakeholders. These workshops featured
15 panels and presentations from local governments, affordable
16 housing groups, program implementers, utilities, state
17 agencies, air districts and more. Following this staff
18 worked with several state agencies on the draft. action
19 plan.

20 The drafted action plan was posted for review and
21 presented at the integrated energy policy, a report
22 workshop on energy efficiency and building decarbonization
23 in August of this year. Stakeholders provided input
24 following the release of the draft and in addition to
25 following workshops. Taking the feedback for the draft

1 action plan staff revised it into the version before you
2 now for adoption.

3 One major component of the action plan is to
4 report and track the energy efficiency savings targets
5 Introduced by Senate Bill 350. The energy efficiency
6 savings projected in the action plan are updates of
7 estimates done in 2017. SB 350 directed the Energy
8 Commission to set annual energy efficiency targets that
9 achieve a cumulative doubling by 2030. The figures shown
10 here represent cumulative electricity, natural gas, and
11 combined energy efficiency savings from 2015 to 2030.
12 Savings are separated into sectors. The primary drivers of
13 savings are utility programs, building codes and appliance
14 standards.

15 Our updated estimates indicate that California is
16 falling short of the 2030 savings goal. This is due to a
17 variety of factors covered in the action plan. In order to
18 achieve more savings it is necessary to increase standards
19 compliance, energy efficiency program participation,
20 equipment turnover and the financing options available on
21 programs.

22 The action plan puts forth several
23 recommendations to increase energy efficiency savings, to
24 remove barriers to energy efficiency in low-income and
25 disadvantaged communities and to reduce greenhouse gas

1 emissions from buildings. Importantly all recommendations
2 should be viewed and implemented through an equity and
3 environmental justice lens. Individuals and organizations
4 in the impacted communities should be sought out for
5 collaboration and implementation.

6 The recommendations in the action plan include
7 creating a single resource outside the ratepayer portfolio
8 that can offer funding for energy efficiency as well as
9 other clean energy options like rooftop solar, electric
10 vehicles and energy storage. There is a need for a
11 comprehensive program that remove silos between clean
12 energy solutions, supports grid interactive buildings and
13 helps customers across sectors understand the numerous
14 benefits to energy efficiency and clean energy.

15 California can also support efficiency programs,
16 improve program targeting, and more accurately measure
17 impacts by leveraging the smart-meter infrastructure and
18 other big data systems. There is a need to develop hourly
19 energy efficiency savings profiles, (sounds like) palm and
20 open-source data tools and continuing to improve
21 projections and assessments of energy efficiency impacts
22 and potential.

23 California has unique tools at its disposal to
24 implement new program designs and to procure resources that
25 emit fewer greenhouse gas emissions. Through the

1 integrated resource planning process the state is
2 increasing clean energy procurement. Energy efficiency and
3 demand flexibility should be available for procurement but
4 are not currently pursued in this process.

5 Additionally, Californians should like to
6 initiate and expand program designs like on-bill financing
7 and pay-for-performance to generate more energy efficiency
8 opportunities.

9 It is also clear in from the assumptions in our
10 savings projections that closing the gap or even achieving
11 current estimates are not possible if compliance with the
12 energy codes do not improve. To support this California
13 should continue to train and develop a strong energy
14 efficiency workforce and educate the public on the benefits
15 of quality installation.

16 We also find the California should establish
17 markets for flexible demand technologies. This work is in
18 its initial phases but will be essential to creating grid
19 interactive resilient buildings.

20 And perhaps most crucially California should set
21 up a clear, statewide decarbonization policy and assess the
22 pathways towards that end.

23 Implementing these recommendations will take time
24 and require careful coordination and collaboration between
25 state agencies, utilities, local governments and numerous

1 other stakeholders. It will require an increase in
2 financing options and strong policy backing.

3 should the Commission adopt the action plan staff
4 will begin coordinating with the stakeholders involved
5 throughout the process. Staff will also be reaching out to
6 the disadvantaged community advisor group for input on next
7 steps in early 2020.

8 After a comprehensive process involving public
9 input and collaboration staff has asked that you adopt the
10 resolution, approving the 2019 California Energy Efficiency
11 Action Plan. I'm happy to take any questions. Thank you.

12 CHAIR HOCHSCHILD: Any questions from
13 Commissioners? We'll do public comment -- did you have a
14 question? No.

15 But before we do, let me just read a statement
16 from Commissioner McAllister who's in Spain for the Climate
17 Summit.

18 "The 2019 California Energy Efficiency Action
19 Plan marks the next phase in California's efforts to reduce
20 energy consumption and associated greenhouse gas emissions
21 across all sectors of the state. This report updates the
22 California Energy Commission's previous 2015 Existing
23 Buildings Energy Efficiency Action Plan.

24 "The new action plan includes the industrial and
25 agricultural sectors and sets a date for the development of

1 the Building Decarbonization Plan assigned to the CEC by AB
2 3232. It also updates economy-wide SB 350 energy
3 efficiency doubling targets and provides recommendations
4 for bridging the gap between expected savings and that
5 doubling.

6 "Thanks to Michael Kenney and to our division
7 staff and stakeholders for their dedication, collective
8 engagement and great ideas. As we look towards full
9 decarbonization of our economy, efficiency will reduce the
10 footprint of gas end-uses and will enable the electricity
11 grid to integrate new loads from transportation and
12 buildings.

13 "Yet it is no longer sufficient to view and
14 utilize energy efficiency as a static resource. The clean
15 energy transition requires energy systems. And buildings
16 and industrial processes would like to be both highly
17 efficient and flexible. Buildings must be able to
18 communicate and interact with the grid to minimize its cost
19 drivers and carbon content. The 2019 California Energy
20 Efficiency Action Plan reinforces California's deep,
21 ongoing commitment to efficiency as both a common-sense
22 energy management strategy and an active dynamic grid
23 resource.

24 "The plan recommends additional funding, improved
25 use of data and visualization tools, expanded program

1 coverage and renewed focus on educational outreach and
2 workforce development. Energy efficiency is a bedrock
3 resource for decarbonization. And California's
4 implementation toolkit is unrivaled. The action plan
5 provides a guiding vision for realizing efficiencies' full
6 potential into the next decade and beyond."

7 With that let's go to public comment. We do have
8 Dana Waters from the California Air Resources Board, to be
9 followed by Jeorge Tagnipes from the PUC.

10 MS. PAPKE WATERS: Good afternoon Chair
11 Hochschild and Commissioners. I'm Dana Papke Waters with
12 the California Air Resources Board in support of the action
13 plan.

14 First off, I'd like to thank Energy Commission
15 staff for coordinating with us on the development of the
16 plan. And there are several key points from the action
17 plan that we agree with and I just want to reiterate.
18 First of all, as Michael mentioned, California is going to
19 fall short of meeting our 2030 goal to double energy
20 efficiency targets unless additional action is taken.

21 And second, we support the action plan
22 recommendation for a new paradigm to target energy
23 efficiency savings and demand flexibility during hours of
24 the day when greenhouse gas emissions are highest.

25 Third, we agree with the action plan conclusion

1 that disadvantaged communities, low-income households and
2 rural areas need more assistance than they are receiving.
3 We look forward to continuing collaborative efforts to
4 remove some of those financing barriers and implement clean
5 energy solutions to benefit those most vulnerable
6 populations in the state.

7 Fourth, we support the action plan point that
8 along with clean energy supply and high-energy efficiency
9 building electrification is the most viable and least cost
10 path for 0 mission buildings. However, demand-flexible
11 technologies and strategies that encourage the use of
12 climate-friendly refrigerants are also key to reducing
13 emissions in homes and businesses.

14 Finally, we agree with the action plan conclusion
15 that building decarbonization is going to help to fill that
16 gap in the projected energy savings and the doubling of the
17 energy efficiency target.

18 And in closing we recommend that the Energy
19 Commission approved the action plan as our comprehensive
20 roadmap for energy efficiency and a low-carbon future for
21 buildings. And we look forward to working closely with
22 Energy Commission staff on plans, policies and pathways
23 forward as we reduce emissions from buildings. Thank you.

24 CHAIR HOCHSCHILD: Thank you. And thank you to
25 you and your colleagues for all the great collaboration

1 between our agencies. Let's move on to Jeorge Tagnipes
2 from the PUC now. I hope I'm pronouncing your name
3 correctly.

4 MR. TAGNIPES: Hello Chair and Commissioners. My
5 name is Jeorge Tagnipes, you got it right, with the
6 California Public Utilities Commission. I'm a Supervisor
7 at the Energy Efficiency branch.

8 I came here in person just to thank everyone in
9 this, and the Energy Commission for their leadership in
10 leading this plan together, but really also to thank the
11 staff of both agencies. This truly was a collaborative
12 effort over longer than a year, with all the workshops
13 we've put together, a lot of the emails we've exchanged,
14 the data we've shared, there's a lot of decisions that came
15 out from the Commission to CPUC last year. This document
16 reflects that.

17 And I also want to voice that we need to continue
18 to do this collaboration and coordination in order to meet
19 California's ambitious goals. And with that I want to
20 voice support for the Energy Efficiency Action Plan.

21 CHAIR HOCHSCHILD: Great. Thank you. Any
22 further questions or discussion from the Commissioners?
23 Otherwise, is there a motion to approve this resolution?

24 VICE-CHAIR SCOTT: Move approval of Item 6.

25 CHAIR HOCHSCHILD: Thanks. Is there a second?

1 COMMISSIONER MONAHAN: I second.

2 CHAIR HOCHSCHILD: All in favor say aye.

3 (Ayes.)

4 CHAIR HOCHSCHILD: All right, then --

5 MR. UHLER: Hold that vote, I have a card in.

6 CHAIR HOCHSCHILD: Oh, excuse me. Excuse me.

7 I'm sorry, Mr. Uhler. Yes, you do. Let's go to our final

8 -- that's my mistake.

9 MR. UHLER: Sorry about that, but --

10 CHAIR HOCHSCHILD: No, no you're right. That's

11 my mistake.

12 MR. UHLER: -- the state tells me to do that, so

13 I don't miss my turn.

14 CHAIR HOCHSCHILD: That's my mistake, you're not

15 too late. No, no you're absolutely right.

16 MR. UHLER: Okay.

17 CHAIR HOCHSCHILD: Go ahead Mr. Uhler. Sorry.

18 MR. UHLER: Okay. My name is Steve Uhler. In

19 all of this work I would like you to pay attention to the

20 previous work, such as things as the Appliance Efficiency

21 Database. Oddly enough it has come to my attention that

22 people are selling products in Sacramento I can't find in

23 the Appliance Efficiency Database. And when I inquire to

24 the group they don't come back and tell me that it is in

25 the Appliance Efficiency Database. They refer me to AHRI

1 for a directory and that directory is not compliant with
2 606 of your Title 20. So something seemed to be falling
3 apart in the ability for the public to know.

4 And it's particularly encumbered, because last
5 month you decided that variable capacity heat pumps are not
6 accurately represented as to efficiency by the SEER. So
7 all of this data and everything you're handling as long as
8 -- as well as a power content label that wishes to ignore
9 that the grid is governed by Ohm's Law and Watt's Law and
10 there are losses. This is confusing. It's very confusing
11 to have the notion that if you can have a power content
12 label that ignores the losses in the grid, how can any of
13 this -- is this considering these losses in the grid?
14 Because I believe there is a large amount of them.

15 And also if you go through some of the stuff that
16 I've put on a power content label, I'm looking at EIA data
17 that shows that in some cases power is going into one
18 balancing authority and coming out of that same balancing
19 authority. Are we adding switching losses and so on and so
20 forth?

21 So I would appreciate you fixing the Appliance
22 Efficiency Database thing and see that I get an answer
23 before I'll believe that any of this stuff matters on
24 anything, Particularly the data processing side of it. So
25 please consider that and direct staff to answer my

1 questions about the item in the Appliance Efficiency
2 Database. Thanks.

3 CHAIR HOCHSCHILD: Thank you.

4 Let's try that vote one more time. Was there a
5 motion?

6 VICE-CHAIR SCOTT: I will move approval of Item
7 6.

8 CHAIR HOCHSCHILD: Is there a second?

9 COMMISSIONER MONAHAN: I second.

10 CHAIR HOCHSCHILD: All in favor, Item 6 passes --
11 or all in favor say aye.

12 (Ayes.)

13 CHAIR HOCHSCHILD: Item six passes unanimously
14 for the second time.

15 And let's move on to Item 7, Determination of
16 Consistency of Integrated Resource Plans with SB 350.

17 **ITEM 7**

18 MR. DEAVER: Good afternoon Chair Hochschild and
19 Commissioners. My name is Paul Deaver. I'm the Program
20 Manager for Publicly Owned Utility Integrated Resource
21 Plans or POU IRPs. Today I will present reviews of five
22 POU IRPs and propose adopting the Executive Director
23 determination finding each IRP consistent with Senate Bill
24 350 requirements, specifically Section 9621 of the Public
25 Utilities Code or SB 350.

1 The POU's are the Los Angeles Department of Water
2 and Power or LADWP, the City of Palo Alto or Palo Alto,
3 Sacramento Municipal Utility District or SMUD, Silicon
4 Valley Power or SVP and Turlock Irrigation District or just
5 Turlock.

6 First I'm going to provide an overview of POU IRP
7 requirements under SB 350. The 16 largest POU's must
8 adopt an IRP by January 1st of 2019 and submit it to the
9 Energy Commission. The Energy Commission reviews the IRPs
10 and determines if they are consistent with requirements of
11 the SB 350.

12 For reviewing the IRPs staff looks at the POU-
13 adopted IRP, the four IRP reporting tables, and any
14 supporting information staff needs to help in the review.

15 Status update on the POU IRPs, all 16 POU's have
16 submitted their IRPs to the Energy Commission thus far: 10
17 Executive Director determinations have been adopted, 5 IRPs
18 will be presented today, and one is scheduled for early in
19 2020.

20 Before moving on I want to recognize the staff
21 leads for their efforts in reviewing the IRPs that I am
22 presenting today: Bryan Neff, David Vidaver, John Mathias,
23 Melissa Jones and Robert Kennedy.

24 In the IRPs POU's must plan to meet the 2030
25 California Air Resources Board established GHG, or

1 greenhouse gas reduction targets. POU's must also ensure
2 procurement of at least 50 percent renewable energy by
3 2030. SB 100 went into effect January 1st of 2019 after
4 the POU's adopted their IRPs; thus the Energy Commission
5 will review for a 50 percent RPS by 2030. And although we
6 are reviewing the IRPs for a 50 percent RPS half of the
7 POU's planned for at least for a 60 percent RPS by 2030.

8 Along with the GHG reduction and renewable energy
9 procurement targets, staff reviewed the IRPs to ensure the
10 POU's adequately addressed preferred resources, including
11 energy efficiency and demand response, energy storage,
12 transportation and electrification efforts and reliability.

13 The next few slides are going to provide an
14 overview of define POU's today and their IRPs. First is
15 LADWP. They are the largest POU in California and they
16 operate the second largest balancing authority in
17 California as well. They serve mostly residential
18 customers. LADWP plans to fall under CARB's GHG reduction
19 range. They plan to reduce their greenhouse gas emissions
20 roughly 3,600,000 metric tons by 2030. By 2025 L.A. plans
21 to stop receiving coal from the Intermountain Power coal
22 plant. They plan to replace those resources with natural
23 gas, renewable energy and energy efficiency resources.

24 The utility is planning for a 55 percent RPS by
25 2030 and a 65 percent RPS by 2036. They plan to procure

1 additional solar resources and generic RPS resources to
2 meet that target.

3 An example of LADWP addressing preferred
4 resources, they discussed their plans to promote electric
5 vehicle adoption and provide rebates to customers. They
6 also provide rebates to residential customers for
7 purchasing used electric vehicles. As well as they also
8 are studying medium and heavy-duty electric vehicles in
9 their plans.

10 Palo Alto is the 15th largest POU in California.
11 And although most of their customers are residential,
12 almost 70 percent of their energy needs come from their
13 commercial customers. Palo Alto plans to fall below the
14 low end of CARB's GHG reduction targets each year on the
15 planning horizon. The utility's GHGs come primarily from
16 there one small natural gas plant and from spot market
17 purchases. And by 2030 they project that their greenhouse
18 gas emissions will be around 3,000 metric tons.

19 Palo Alto plans for 51 percent RPS by 2030. They
20 plan to procure additional solar resources starting in the
21 early 2020s. And by 2030 solar makes up roughly 90 percent
22 of Palo Alto's renewable resource mix.

23 SMUD is the second largest POU in California.
24 They also operate a balancing authority and they serve
25 primarily residential customers. SMUD plans to fall under

1 CARB's GHG reduction targets. They plan to reduce their
2 natural gas use and procure additional renewable energy.
3 And by 2030 they plan to have their greenhouse gas
4 emissions down to about 1,300,000 metric tons.

5 SMUD is planning for a 60 percent RPS by 2030.
6 They plan to procure additional wind and solar resources.
7 And their other currently existing RPS resources remain
8 relatively flat over the planning period.

9 One example of SMUD addressing preferred
10 resources in their plan, in discussing their light-duty
11 electric vehicle adoption and a program such as rebates for
12 customers they are also participating in a research for
13 both medium and heavy-duty electric vehicles.

14 Silicon Valley Power or SVP, they are the fourth
15 largest POU in California. And although most of their
16 customers are residential most of their retail sales needs
17 come from its industrial and commercial customers. And
18 half of those retail sales from industrial and commercial
19 customers are data centers. SVP plans to fall under CARB's
20 GHG reduction targets.

21 Similarly, they plan to reduce their natural gas
22 use and spot market purchases and procure additional
23 renewable energy. And by 2030 they plan to reduce their
24 GHG emissions down to roughly 330,000 metric tons. They do
25 plan for a 60 percent RPS by 2030. They plan to procure

1 both wind and solar resources in the early 2020s. And by
2 2030 wind makes up the majority of SVP's renewable resource
3 mix. It's almost half. They found that wind is a better
4 match towards their load profile. And also solar in 2030
5 makes up less than 20 percent of their renewable resource
6 mix.

7 Turlock Irrigation District or Turlock is the
8 eighth largest POU in California. They also operate a
9 balancing authority. Although most of their customers are
10 residential half of their energy needs come from industrial
11 loads. This includes agricultural and water-pumping loads.

12 Turlock also plans to fall under CARB's GHG
13 reduction targets. Similar to other utilities they plan to
14 reduce their natural gas use and procure additional
15 renewable energy. And by 2030 they plan to have their GHG
16 emissions just above 300,000 metric tons.

17 Turlock also plans for a 60 percent RPS by 2030.
18 And they plan to add solar resources, both in 2024 and
19 2029. One example of how Turlock addressed preferred
20 resources in their plan, in their discussion of energy
21 storage resources along with using those to help integrate
22 renewable energy they also plan to use energy storage
23 resources to optimize and reduce the need for their thermal
24 generation. They are also considering pairing storage with
25 solar resources in the future.

1 Staff reviewed the IRPs for the 2030 greenhouse
2 gas emissions reduction targets and renewable energy
3 procurement targets along with the other SB 350
4 requirements to address preferred and clean resources.
5 Based on staff's review we find that the publicly owned
6 utility and integrated resource plans meet the requirements
7 of Senate Bill 350. We have representatives from the POU's
8 participating today. For LADWP and SMUD we have
9 representatives in person. For Silicon Valley Power,
10 Turlock and Palo Alto we have representatives participating
11 by WebEx.

12 Today we are requesting that the Energy
13 Commission adopt the Executive Director determination
14 finding each of the following integrated resource plans
15 consistent with the requirements of Senate Bill 350.
16 Specifically, the utilities are LADWP, the City of Palo
17 Alto, SMUD, Silicon Valley Power and Turlock Irrigation
18 District. I'm open to answer any questions you have.

19 CHAIR HOCHSCHILD: Thank you.

20 We do have four public comments on this item.
21 And I think we should move to those at this time. So let's
22 begin with Willy Manuel, if I'm saying that right, from the
23 Turlock Irrigation District. Oh, pardon me, that's on
24 phone. Let's do the one -- we have one in person. I guess
25 these three are by phone; is that correct? Yes. Let's do

125

1 the one here first, Steve Uhler.

2 MR. UHLER: Thank you, Commission. I'm Steve
3 Uhler.

4 CHAIR HOCHSCHILD: Yeah, go ahead.

5 MR. UHLER: I would also like you to pay
6 attention to whether this is compliant with SB 100 and
7 resource shuffling. I don't know if you can see this, but
8 this is Turlock Irrigation District. There is kind of
9 asymmetrical pattern that shows them bringing in power from
10 CAISO and sending it to BANC. You should also know that
11 BANC has no wind.

12 So in knowing that they're going to meet these
13 goals, are they still resource shuffling and claiming that
14 they have wind power? In the case of SMUD, that only has a
15 very small amount of solar. This is based on EIA data, so
16 you really need to consider this situation. You'll find
17 that it's a theme in here. I want to know exactly what I'm
18 getting and when I'm getting it and why I'm getting it.

19 In your power content label you are allowing
20 people to throw out the greenhouse gases for fossil fuels.
21 These kind of plans apparently bank on that notion, pardon
22 the expression, "bank" and "BANC," but that you can hide
23 greenhouse gases from customers.

24 This charge I have here I have some folks
25 interested who have bought Teslas who believe that they are

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1 zero emission. They were surprised to find out we don't
2 have really any renewables in this county. So you need to
3 consider that in these plans that the actual data that the
4 EIA holds says there is no wind in Sacramento County.
5 Thanks.

6 CHAIR HOCHSCHILD: Thank you. Is there anyone
7 else in the room wishing to make a comment on Item 7? If
8 not let's go to the phones.

9 MS. HOUCK: Oh, excuse me, Chairman.

10 CHAIR HOCHSCHILD: I'm sorry?

11 MS. HOUCK: We're having some technical
12 difficulties with the phones at the moment. Is it possible
13 to take a five-minute break while we're working with
14 (indiscernible)?

15 CHAIR HOCHSCHILD: Here's what I would suggest.
16 We've been meeting for almost three hours. We do need to
17 do a lunch break, so if we have to break anyways for
18 technical reasons I suggest we just take the lunch break
19 and then reconvene at 1:30 p.m. Is that all right? And
20 we'll finish this item and then take those comments and
21 move on to Item 8. Is that all right with everybody?

22 Yeah, Okay. See everyone back at 1:30 p.m.

23 (Off the record at 12:50 p.m.)

24 (On the record at 1:33 p.m.)

25 CHAIR HOCHSCHILD: All right. We were in the

1 middle of Item 7 and we're about to take public comment. I
2 do have one public comment for Item 7 in the room, which is
3 Steve Uhler. Is he here? And then we'll go to the phones.
4 We have one public comment on the phones, which is Lena
5 Perkins from the City of Palo Alto.

6 And go ahead Mr. Uhler.

7 MR. UHLER: Hi, I'm Steve Uhler. I hope I
8 haven't forgot everything. Yeah, we were talking about SB
9 350. And I believe I've already made this comment that are
10 you considering SB 100? Yeah. That's why I'm feeling
11 confused. I've already made my comment.

12 CHAIR HOCHSCHILD: Okay. Let's move on to Lena
13 Perkins, City of Palo Alto. Are you on the line?

14 Okay. If not, is there anyone else on the line
15 for Item 7? Going once. Going twice. Okay. Gone.

16 Any Commissioner comments on Item 7 or questions
17 for staff? No? Okay.

18 If not, is there a motion to adopt the CEC
19 determination as described in Item 7?

20 COMMISSIONER DOUGLAS: So moved.

21 CHAIR HOCHSCHILD: Is there a second?

22 VICE CHAIR SCOTT: Second.

23 CHAIR HOCHSCHILD: All in favor say aye.

24 (Ayes.)

25 CHAIR HOCHSCHILD: That motion passes

1 unanimously.

2 Let's move on to Item 8, Local Ordinances
3 Exceeding the 2019 Energy Codes.

4 MR. TAYLOR: Good afternoon, Commissioners. My
5 name is Gabriel Taylor. I am the Lead Staff for Local
6 Building Energy Efficiency Standards within the Building
7 Standards Office here at the California Energy Commission.

8 I'm joined by Jacqueline Moore from the Chief
9 Counsel's Office. And also I'm joined by the Danuta
10 Drozdowicz, a new staff member in our office focused on
11 local building standards as well. She has extensive
12 experience in building energy efficiency in both government
13 and private sector. And we're excited to have her join our
14 team.

15 This item is the possible approval of six
16 separate local Reach Codes for six separate local
17 jurisdictions. Those jurisdictions are the cities of Menlo
18 Park, San Jose, San Mateo, Santa Monica and West Hollywood
19 and the County of Marin.

20 Local building energy codes that reach beyond the
21 statewide minimum energy code are generally referred to as
22 Reach Codes. Local governments in California have long had
23 broad authority to adopt standards of all kinds within
24 their jurisdiction, including building standards.

25 When the California Legislature created the

1 Energy Commission, it authorized and required us to develop
2 statewide minimum energy efficiency standards for the
3 design and construction of buildings known as the Energy
4 Code. At the same time, the Legislature required that if
5 adopted new local building energy codes must save more
6 energy than the statewide minimum code. And that local
7 jurisdictions must consider the cost effectiveness of any
8 new requirements.

9 This year is unusual in that many of these local
10 Reach Codes emphasize or require building electrification
11 in order to achieve decarbonization goals outlined in local
12 climate action plans. Many other local jurisdictions are
13 working on similar Reach Codes and staff expects these six
14 are the first of many that will come before you over the
15 next few months.

16 Energy Commission staff has analyzed each of
17 these locally adopted Reach Codes and determined they will
18 result in a diminution of energy consistent with law.
19 Staff has further confirmed that each application package
20 contained all the required documentation.

21 Each of these six Reach Codes appeared on the
22 Energy Commission's website for a 60-day public review and
23 three comments were submitted to the record during the
24 comment period. Staff reviewed each of these comments.
25 One comment was in support. One comment asked about the

1 compliance process once these local Reach Codes are
2 approved for enforcement. And one comment addressed four
3 of the six jurisdictions objecting to the local policy
4 treating propane and methane similarly.

5 In addition, beginning yesterday afternoon, a
6 number of comments were submitted to the docket. These
7 comments are outside the public comment period but staff
8 nevertheless reviewed them anyway. I should note that in
9 addition the number of additional comments from the same
10 group have come in this morning as well. Some of these
11 comments were supportive, but many are in opposition. None
12 of these comments addressed the issue that you are being
13 presented on to vote on today, however.

14 Finally, each of these Reach Codes have passed
15 through a lengthy public process at the local level and
16 have been adopted by a public vote of the jurisdiction's
17 elected representatives. All received strong public
18 support during local development. For example, in one
19 case, local staff reported a standing ovation after a
20 unanimous City Council vote.

21 Staff recommends your approval of these six local
22 Reach Codes and the associated resolutions. And we're
23 happy to answer any questions you may have.

24 CHAIR HOCHSCHILD: Great. Just to clarify again,
25 Gabe just make crystal clear what the threshold for Energy

1 Commission approval of the Reach Codes is just for the
2 benefit of the public and stakeholders.

3 MR. TAYLOR: So the section of the Public
4 Resources Code that we are focused on is 25402.1(h)2, which
5 requires that the Energy Commission confirm a diminution of
6 energy for a local Reach Code. In effect, this requires
7 the Energy Commission to confirm that a local Reach Code
8 saves more energy than the statewide minimum building code.

9 CHAIR HOCHSCHILD: Okay. Thank you. With that,
10 let's move on to public comment for Item 8. Let's begin
11 with Lauren Cullum from the Sierra Club to be followed by
12 Jessica Melton from PG&E.

13 MS. CULLUM: Hello, again. Lauren Cullum on
14 behalf of Sierra Club California. We are in strong support
15 of the Energy Commission approving these Reach Codes.

16 Most if not all the Reach Codes before the Energy
17 Commission today were unanimously approved by City Council
18 meetings and broadly supported by community members. These
19 Reach Codes are the result of statewide cost effectiveness
20 analysis by the IOU Codes and Standards Team and extensive
21 stake holder engagement.

22 Importantly these Reach Codes are not just a key
23 measure to reduce our greenhouse gas emissions, but are
24 also critical to make housing more affordable, to lower the
25 cost of new construction, to reduce indoor and outdoor air

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1 pollution and associated health and economic impacts and to
2 make our communities safer and more resilient.

3 So on behalf of our half-a-million members and
4 supporters across the state as well as partner groups, we
5 urge the Energy Commission to approve these Reach Codes and
6 to also consider more bold action to make the Title 24
7 Building Energy Efficiency Standards, the 2022 code cycle,
8 explicitly focused on clean energy, all electric new
9 construction. According to the Energy Commission's own
10 reports, the IEPR and E3's Future of Gas Report, this is
11 directly needed to achieve the state's climate goals at
12 least cost. E3 finds that the cost to achieve greenhouse
13 gas reduction goals increases dramatically if we continue
14 to expand the gas system with new construction. Please
15 consider electrification as not just a climate, but an
16 affordability solution in the 2022 code update. Thank you.

17 CHAIR HOCHSCHILD: Thank you.

18 Let's move on Jessica Melton from PG&E, to be
19 followed by Steve Uhler.

20 MS. MELTON: Hi there, again. Jessica Melton,
21 PG&E. PG&E strongly supports the California climate and
22 clean air goals. We recognize that part of achieving these
23 goals involve increasing the use of energy efficient
24 electric appliances in buildings when cost effective. PG&E
25 welcomes the opportunity to avoid investments in new gas

1 assets that might later prove underutilized as local
2 governments and the state work together to realize long
3 term decarbonization objectives.

4 With all this in mind, PG&E supports local
5 government policies that promote all electric new
6 construction when cost effective.

7 Beyond new construction, PG&E believes a multi-
8 faceted approach is needed to cost effectively achieve
9 California's broader economy-wide long-term GHG reduction
10 objectives. This includes transportation and building
11 electrification as well as decarbonizing the gas system
12 with renewable natural gas and hydrogen.

13 Thank you for the opportunity to provide these
14 comments.

15 CHAIR HOCHSCHILD: Thank you.

16 Let's move on to Steve Uhler to be followed by
17 Ben Granholm.

18 MR. UHLER: My name's Steve Uhler. One of the
19 points would be -- this is under 25402.1, I believe the
20 Vice Chair at the last meeting requested possibly that the
21 Chief Counsel would explain the exemption to the APA on
22 that. So that's one point that I would like to bring up.

23 The other thing is as these folks are trying to
24 decide what to do here, do they have a clear understanding
25 that when you go all-electric and SB 100 says no resource

1 shuffling that they can be increasing the amount of
2 greenhouse gases due to the efficiencies of generating
3 electricity from gas-fired power plants? And will often be
4 responding to things like cooking, because there's no solar
5 at that time often, like right now. So the ability to ramp
6 is coming out of there.

7 And also whether or not some folks may claim
8 they're doing hydro, but they're actually exporting that
9 hydro, because they are taking those carbon free credits
10 for something else.

11 In other words, we want to make sure that these
12 folks understand that they may have been told that their
13 electricity is green, but it actually isn't. So I want to
14 pay attention to that.

15 But in particular, being that I haven't gotten an
16 email from your Chief Counsel, I have from the Public
17 Adviser, of which I pointed out the means for exemption
18 from the APA and gave examples. And it should actually
19 show up in 25402.1, the exemption. So I would like to have
20 clarification on this. Should you actually be having this
21 proceeding outside of the APA? Thank you.

22 CHAIR HOCHSCHILD: Thank you.

23 Let's move on to Ben Granholm to be followed by
24 Sarah Wiltfong. I hope I'm not mispronouncing your name.

25 MR. GRANHOLM: Good afternoon, Mr. Chair and

1 Commissioners. My name is Ben Granholm with the Western
2 Propane Gas Association. Thank you for the opportunity to
3 comment today.

4 And I'd just like to mention that WPGA supports
5 decarbonization efforts. However, we do believe that a
6 number of the Reach Codes before you for consideration
7 today are misguided. Over the past couple of months, we've
8 seen millions of Americans left in the dark and cold due to
9 public safety power shutoffs. These occurrences, which are
10 expected to continue for at least the next 10 years are a
11 prime example as to why relying on a single power source is
12 unacceptably risky. And it accentuates the need for both
13 energy diversity and resiliency, which are two things that
14 residents, particularly in low-income and disadvantaged
15 communities will not receive by relying specifically on
16 electric.

17 We've heard from countless individuals who were
18 able power their homes, stay warm and ensure that life-
19 sustaining equipment was not turned off during these
20 shutoffs, because their homes were also plumbed with
21 propane. The simple truth is that only a minor portion of
22 electricity is and will be generated by renewable fuels for
23 many years to come. And it will be delivered by an
24 electric system that's in a state of turmoil. Whereas
25 propane can provide a clean uninterrupted energy at a

1 cheaper rate than electricity.

2 The propane industry is proud of the role that we
3 play in providing an affordable clean energy for these low-
4 income communities as well as a vital backup power for
5 solar-powered homes when battery power is low.

6 Disincentivizing propane as a complementary power
7 to solar has an unintended consequence to make solar homes
8 more expensive and less reliable when power generation is
9 not at peak levels.

10 We would also look forward to meeting with you
11 and staff to review the cost effectiveness study that's
12 used by many of these cities across the state. The data in
13 the study that we've seen thus far does not appear to
14 calculate the true cost of plumbing a home with propane, as
15 there is no substantial cost differential between building
16 with propane in comparison to building electric, especially
17 once you factor in the cost of the energy.

18 When looking towards the future our industry is
19 investing heavily in renewable propane, which is derived
20 from renewable sources like beef tallow or vegetable oil.
21 We hope that regulators will take a more holistic view of
22 the complementary role that propane plays alongside
23 decarbonization efforts including solar, wind and other
24 renewable fuels.

25 We believe that clean energy solutions should not

1 have to compete against one another when they can so often
2 complement each other such as propane and solar.

3 In 1974, the Warren-Alquist Act created the CEC
4 and charged it with the responsibility to encourage, "The
5 balanced use of all sources of energy to meet the state's
6 needs and to seek to avoid possible undesirable
7 consequences of reliance on a single source of energy."
8 The proposals before you today fail on two accounts, one on
9 balanced energy use and two, avoidance of undesirable
10 consequences.

11 We appreciate your work and hope that we can be a
12 valuable contributor as we continue to reduce greenhouse
13 gas emissions through comprehensive clean energy solutions.
14 Thank you.

15 CHAIR HOCHSCHILD: Thank you. Let's move on to
16 Sarah Wiltfong to be followed by Gary Passmore.

17 MS. MURIMI: The Public Adviser's Office will be
18 reading Sarah's comments on her behalf.

19 "Good morning, Commissioners. My name is Sarah
20 Wiltfong. I'm here on behalf of the Los Angeles County
21 Business Federation also known as BizFed. We are an
22 alliance of over 180 organizations who represent over
23 400,000 employers with 3.5 million employees in Los Angeles
24 County. BizFed represents businesses from large to small
25 in a wide variety of industries such as manufacturers,

1 warehouses, refineries, transportation, construction,
2 housing, entertainment, ports, terminal operators,
3 restaurants, retailers and more.

4 As we are working to implement decarbonization
5 policies, we would like to reiterate that sustainability is
6 not just about the environment. It is about sustainability
7 of jobs, sustainability of communities and the
8 sustainability of the economy.

9 We are here because we know you are considering
10 Reach Code approvals and we respectfully ask that you
11 oppose them. Electricity, natural gas and solar or wind
12 are all vital to our state's continued economic and
13 environmental successes. Eliminating renewable affordable
14 natural gas, which is the intent of these proposals for
15 citizens and businesses would do very little to address
16 climate emissions. It would however increase monthly
17 utility bills, make our housing affordability crisis worse
18 and add additional burdens to businesses already struggling
19 to survive.

20 The intent of the CEC is to prevent over-reliance
21 on one energy source. The adoption of the Reach Codes will
22 undermine this prohibiting a balanced approach to energy
23 policy, which is why we ask you to reconsider locally-
24 adopted Reach Codes. Thank you for your consideration of
25 our comments.

1 CHAIR HOCHSCHILD: Thank you.

2 Let's move on to Gary Passmore to be followed by
3 Jerry Desmond.

4 MR. PASSMORE: Good afternoon. I'm Gary
5 Passmore, President and CEO of the Congress of California
6 Seniors. And I'm speaking today on behalf of the
7 Californians for Balanced Energy and balanced energy
8 solutions. And we are made up of a variety.

9 I've got a letter that I've given to you just
10 before the lunch break that is cosigned in effect by 18
11 different statewide organizations including the California
12 Association of Realtors, the California Business Property
13 Association, California Small Business Alliance, the
14 California Apartment Association and the Union of Utility
15 Workers of California. We come together with over 100 --
16 that is exactly 110 cities and counties in Southern
17 California who seek balanced energy policies and consumer
18 choice in energy services.

19 And we are concerned about preventing over-
20 reliance on any one energy source. I think someone cited
21 the reference in the Warren-Alquist Act that specifically
22 empowers and calls upon this Commission to encourage a
23 balanced use of energy sources to meet the state's needs.
24 And that we strongly support that point of due.

25 We believe that the Reach Codes under

1 consideration today undermine statewide building codes and
2 appliance standards, which you are empowered to adopt and
3 enforce. And further that it will prohibit a balanced
4 approach to energy and undermine your function to prevent
5 an over-reliance on one energy source.

6 So we are here today to ask you to pause in
7 considering these Reach Codes and specifically to further
8 address the issue of reliability and impact to consumer
9 costs. Thank you very much.

10 CHAIR HOCHSCHILD: Thank you.

11 Let's move on to Jerry Desmond to be followed by
12 Rebecca Lucky.

13 MR. DESMOND: Good afternoon Chair and
14 Commissioners. My name is Jerry Desmond and I'm here today
15 on behalf of Plumbing Manufacturers International or PMI,
16 an international U.S.-based trade association representing
17 manufacturers that provide approximately 90 percent of the
18 plumbing products sold in California and throughout our
19 country.

20 We'd like to comment specifically on Item 8e, the
21 West Hollywood Ordinance please. I should begin by noting
22 that PMI was actively engaged in 2015 directly with the
23 Commission under the leadership of Commissioner McAllister
24 as we addressed with the Commission the Governor's
25 Executive Order to address the drought. That process that

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1 was led by the Commissioner resulted in amendments to Title
2 20 appliance efficiency regulations, that lowered the
3 maximum flow rates for plumbing products and fixtures.

4 The flow rates established in the 2015 process
5 were precedent-setting and included timeframes for
6 manufacturers to ramp up our research and development
7 efforts and the manufacturing processes. That effort to
8 develop, manufacture and offer products in the marketplace
9 in compliance with those standards is recent and it is
10 ongoing in a competitive market.

11 Now, the City of West Hollywood Ordinance sets
12 forth new maximum flow rates that are significantly lower
13 than these Title 20 appliance efficiency standards. The
14 lower flow rates apply to three products: water closets,
15 shower heads and kitchen faucets. And we have three
16 concerns with these standards.

17 First and foremost the significant issue is the
18 impact of the flow rates on public health and safety.
19 There are new studies that have come out since we worked
20 together in 2015 that call into question the impact of flow
21 rates on public health.

22 An example is the 2019 study of the Committee of
23 the National Academies of Science, Engineering and Medicine
24 recommending that low-flow fixtures not be used in
25 hospitals or long-term care facilities with the rational

1 that they have an impact on restricting disinfectant
2 levels, including the disinfection provided by elevated
3 water temperatures. And as such prevent a great risk for
4 Legionella development in the plumbing systems that feed
5 them.

6 In addition, there are two USEPA studies that are
7 being conducted right now to determine the impact of water
8 conservation on public health. One is with Drexel
9 University. And the second is with Purdue, Michigan State
10 and San Jose. The hypothesis of the project is the recent
11 use of low-flow plumbing fixtures such as faucets, toilets
12 and shower heads has resulted in waterborne disease
13 outbreaks and other water quality problems in building
14 premise systems.

15 There's a third study that we'll put into the
16 record there and it mentioned the second concern of PMI is
17 the low flow rates impact on infrastructure, the potential
18 negative citing a joint study in 2017 that said with
19 declining water system flows there's a potential impact on
20 disinfection, coliform bacteria, chorine residual and lead
21 and copper action levels.

22 The third concern of PMI is the lack of product
23 available on the market to actually provide the market.

24 So taken together, public health and safety,
25 impact on infrastructure and availability of product, we

1 think adds up to an economic issue that should be
2 considered by the commission here as you consider the
3 ordinance.

4 And with that we thank you for the opportunity to
5 provide our comments.

6 CHAIR HOCHSCHILD: Thank you.

7 All right, is there anyone else in the room
8 wishing to make a comment? Let's move to the phones.
9 Let's go to Rebecca Lucky.

10 MR. TAYLOR: Commissioners. Rebecca Lucky is the
11 Sustainability Manager for the City of Menlo Park. She was
12 one of the lead staff for the development of Menlo Park's
13 ordinance that is under consideration here.

14 CHAIR HOCHSCHILD: Thank you.

15 MS. LUCKY: Hi.

16 CHAIR HOCHSCHILD: We hear you. Go ahead.

17 MS. LUCKY: Oh, great. Thank you for this
18 opportunity to speak in support of our electrification
19 Reach Code and considering our application. Mayor Mueller
20 expressed at a recent State of the City that adopting this
21 code is one of his proudest accomplishments this year. And
22 we had the standing ovation Mr. Taylor referred to.

23 Locally, we are experiencing increased
24 development like we have never seen before to address
25 housing. And we're also home to Facebook who's considering

1 expansion that could create an entirely new neighborhood.
2 These developments are occurring near the Bay. This was a
3 motivating and key factor in developing a Reach Code that
4 would ensure that these new buildings not become a further
5 contributor to the climate's impact that they would
6 directly experience through sea-level rise.

7 In addition, over 95 percent of Menlo Park
8 residents and businesses are customers of Peninsula Clean
9 Energy, a CCA that provides 90 percent greenhouse gas-free
10 electricity at a rate less than PG&E. And they are
11 anticipated to be greenhouse gas-free by 2020. This means
12 that if the CEC approves this electrification Reach Code
13 for Menlo Park every new building built in this code cycle
14 be greenhouse gas-free.

15 There are many advantages to electrification.
16 Many of us grew up hearing that natural gas was superior to
17 electricity, because it was more efficient. While this
18 used to be true, three modern electric appliances such as
19 the heat pump, water heater and space heaters and induction
20 cook tops now offer enhanced efficiency and performance.
21 These products have been on the market for years. And
22 while there has been information available and significant
23 incentives offered to property owners it hasn't been
24 successful in becoming mainstream.

25 This code offers what I would call a soft opening

1 because by focusing only on new buildings it starts to
2 motivate property owners and the development industry to
3 actively educate themselves on this technology. And what
4 it has to offer is just as if not more superior. I will
5 say the dialogue hasn't been easy with our major
6 developers, but they have been able to see a way through
7 and are willing to take on this leadership role with us.

8 I'd also like to point out that PG&E provided
9 support on our Reach Code effort.

10 Electrification also significantly saves on
11 construction costs by avoiding the installation of gas
12 piping. On the operational side it is still difficult to
13 determine whether an all-electric building will cost more
14 or less to operate, because the relative cost of energy
15 always fluctuates over time. However, the gains in energy
16 efficiency made on electric heating appliances as well as
17 the opportunity for property owners to own their own solar
18 systems, energy systems and store energy, can offset or
19 reduce costs.

20 And some may still question whether having an
21 all-electric house makes one more inconvenienced by power
22 outages. While this is partly true the dynamic is largely
23 mitigated by the fact that modern gas appliances still rely
24 on electricity for controlling and ignition systems. So
25 they too are also unavailable during a power outage.

1 Lastly, I would like to take this opportunity to
2 thank CEC staff for their guidance and responsiveness as we
3 navigated through Menlo Park's Reach Code efforts to
4 require electrification for new buildings.

5 Both Mr. Taylor and Mr. Straight have helped
6 clarify information many times and I don't think I ever had
7 to leave a voice mail. I know they were also talking
8 through the issues with some of our stakeholders. I'm
9 truly grateful you've been able to retain such great talent
10 and also find new talent. It shows leadership in the form
11 of being a good listener and a collaborator. Thank you.

12 CHAIR HOCHSCHILD: Thank you.

13 Is there anyone else on the phone wishing to make
14 a comment at this time or in the room?

15 Okay. Let's move to Commissioner discussion.
16 Commissioner McAllister is not here in the country today,
17 but I do have a few thoughts to share, but let me just open
18 up. Are there other comments, questions or --

19 VICE CHAIR SCOTT: Sure, I did have a question,
20 Gabe, for you and the team on PMI's comments on AE, the
21 flow rates at the City of West Hollywood. Are you able to
22 address that?

23 MR. TAYLOR: The authority that the Energy
24 Commission has, when reviewing these standards is focused
25 on the energy savings. The determination, the policy

1 questions at the local jurisdictions with regarding the
2 health and safety that the commenter mentioned, would have
3 been addressed as a policy issue at the local level. Under
4 our review, we determined that these do affirmatively
5 result in a diminution of energy consumption based on the
6 energy-water connection and that the standards were adopted
7 according to all legal requirements.

8 CHAIR HOCHSCHILD: Any other comments? Yeah, so
9 I would just add that what we're voting on today is very,
10 very narrow. It's whether the city's codes meet the test
11 as laid out by Gabe Taylor. I think it's abundantly clear
12 that that is the case.

13 But to the extent that folks have other ideas or
14 preferred policies to promote decarbonization at the local
15 level, the venue for that is really at the local level.
16 And we're seeing enormous momentum now happening across the
17 state as cities adopt these kind of Reach Codes.

18 I will say just generally speaking we want to see
19 cities lead on decarbonization. The decarbonization of the
20 building sector is absolutely essential. And new
21 construction is a particularly ripe area for that just
22 because it's much easier to build a new facility with new
23 codes than to do retrofit. And that's true with any system
24 whether it's solar or any other measure's that we're
25 talking about today.

1 But I really want to just thank and congratulate
2 the cities who are engaging this. And there's many, many
3 different iterations and approaches to decarbonization.
4 And I just really want to encourage all the cities who've
5 brought these proposals forward today, and as well as the
6 dozens more that are coming, to continue to lead. We need
7 to see vision and innovation in new construction in order
8 to meet our decarbonization goals.

9 This is a top priority and it's not an easy nut
10 to crack. This is a very complex, challenging space. I
11 actually think, you know, you go back to SB 350 and those
12 goals of getting to 50 percent renewables and 50 percent
13 reduction in petroleum and 50 percent increased energy
14 efficiency, in some ways the efficiency piece is the
15 hardest. And the building sector is a tough one. So I
16 just want to recognize this is not easy work, this piece of
17 this. But I really want to congratulate all the cities for
18 stepping up to show their leadership role.

19 We had a call with Mayor Liccardo, the Mayor of
20 San Jose a few days ago. I think they're the largest city
21 in the state to have adopted a code like this and they put
22 a lot of work into it. But many more cities are coming.
23 And the Energy Commission as an agency stands ready to
24 assist in terms of technical feedback we can give and help
25 vet these policies and make sure that they meet our

1 standards, so when they arrive here they're in a condition
2 to be passed.

3 But with that I'm satisfied that these cities
4 have passed that test. Are there any other comments? If
5 not, I'd entertain a motion for Item 8.

6 COMMISSIONER MONAHAN: I move to approve Item 8.

7 COMMISSIONER DOUGLAS: Second.

8 CHAIR HOCHSCHILD: All those in favor say aye.

9 (Chorus of ayes)

10 CHAIR HOCHSCHILD: That passes unanimously.

11 Let's move on to Item 9, Refrigeration Service
12 Engineers Society 2019 Update Report.

13 MR. LOYER: Chair, Vice Chair, Commissioners.
14 I'm Joe Loyer, Senior Mechanical Engineer of the Efficiency
15 Division. I'm here to present for your consideration the
16 Refrigeration Services Engineer Society, or RSES, 2019
17 Update Report, which makes substantive and non-substantive
18 amendments to its approved Acceptance Test Technician
19 Certification Provider or ATTCP application.

20 Staff posted its evaluation on November 27th,
21 2019, for public comment. No comments were received.
22 Based on the staff evaluation the Executive Director found
23 that the proposed amendments meet the requirements of the
24 2019 Energy Code and issued a recommendation for approval.

25 Staff recommends the CEC approve the RSES 2019

1 Update Report application amendments. RSES representatives
2 are available online today. Thank you for your
3 consideration. I'm available to answer any questions.

4 CHAIR HOCHSCHILD: I don't have any questions,
5 but we do have one public comment from Parker Miller of the
6 Refrigeration Service Engineers Society. Going once, going
7 twice. Okay. No public comment.

8 Any other comments from Commissioners or
9 questions? Okay. Hearing none, I'll entertain a motion
10 for the proposed resolution.

11 COMMISSIONER DOUGLAS: I move approval.

12 VICE CHAIR SCOTT: Second.

13 CHAIR HOCHSCHILD: All those in favor say aye.

14 (Chorus of ayes)

15 CHAIR HOCHSCHILD: That motion passes
16 unanimously.

17 CHAIR HOCHSCHILD: Let's move on to Item 10,
18 National Lighting Contractors Association of America 2019
19 Update Report.

20 MS. OLVERA: Good afternoon Chair, Vice Chair and
21 Commissioners. My name is Veronica Olvera from the
22 Standards Compliance Office in the Efficiency Division.
23 I'm here to present for your consideration the National
24 Lighting Contractors Association of America 2019 Update
25 Report, which makes substantive and non-substantive

1 amendments to its approved Acceptance Test Technician
2 Certification Provider application.

3 Staff posted its evaluation on November 25th,
4 2019, for public comment. No comments have been received.
5 Based on the staff evaluation the Executive Director has
6 found that NLCA's proposed amendments meet the 2019 Energy
7 Code requirements and has issued a recommendation for
8 approval.

9 Staff recommends that the CEC approve NLCA's
10 proposed 2019 Update Report application amendments. And
11 NLCA's Executive Director is available in person during
12 today's meeting. Thank you for your consideration and I'm
13 available to answer any questions.

14 CHAIR HOCHSCHILD: Okay, I see no public comment
15 requests. Are there any -- is there anyone in the room
16 wishing to make a public comment on this item or on the
17 phone?

18 Okay. Commissioner discussion? Any questions?
19 Otherwise I'll entertain a motion.

20 VICE CHAIR SCOTT: I'll move approval of Item 10.

21 CHAIR HOCHSCHILD: Is there a second?

22 VICE CHAIR DOUGLAS: Second.

23 CHAIR HOCHSCHILD: All those in favor say aye.

24 (Chorus of ayes)

25 CHAIR HOCHSCHILD: That motion passes

1 unanimously.

2 CHAIR HOCHSCHILD: Let's move on to Item 11,
3 Energy Conservation Assistance Act.

4 MS. GODFREY: Good afternoon Chair and
5 Commissioners. I'm Deborah Godfrey with the Local
6 Assistance and Financing Office in the Efficiency Division.

7 The highly successful ECCA Loan Program has been
8 around since 1979 offering zero or low-interest loans
9 totaling approximately 449 million to about 882 applicants
10 and with no defaults. The program is well regarded and
11 therefore frequently oversubscribed.

12 In 2017, the ECCA-Ed, a zero interest loan
13 program exclusively for K through 12 schools was changed
14 from a first come-first served to a competitive program.
15 The loans proposed today are from our first competitive
16 solicitation.

17 The ECCA-Ed Competitive Program had four
18 criteria: number of students, geographic regions, students
19 eligible for free or reduced price meals and the estimated
20 energy savings of the proposed projects.

21 Today's seven applications are proposed for
22 funding. These loans range from approximately 45,000 to
23 2.75 million and will fund six exclusively solar PV
24 projects and one project that combines HVAC, lighting and
25 solar. Together these seven projects will reduce grid

1 energy consumption by an estimated 2 megawatts and energy
2 costs by approximately \$575,000 each year.

3 The first, a proposed resolution for a loan to
4 Eureka City Schools in Humboldt County for approximately
5 464,000 to install a 132 kWdc roof mounted solar PV system
6 at the corporation yard. The proposed project is estimated
7 to save approximately \$39,000 annually.

8 Next, a proposed resolution for a loan to
9 Southern Humboldt Unified School District in Miranda,
10 California, Humboldt County for approximately 1,480,000 for
11 five roof-mounted solar PV systems as Southfork School
12 totaling about 280 kWdc and offsetting 100 percent of
13 electric consumption. The project is estimated to save
14 approximately \$89,000 annually.

15 Third, a proposed resolution for a loan to Cutten
16 Elementary School District, located in Eureka, California,
17 Humboldt County for approximately \$182,000 for a 52 kWdc
18 roof mounted solar PV system at Ridgewood Elementary. The
19 project will save the district an estimated \$14,000
20 annually.

21 Fourth, a proposed resolution for a loan to
22 Classical Academy High School, a charter school located in
23 Escondido, California, San Diego County for approximately
24 585,000. The project is two roof-and-shade structure-
25 mounted PV systems totaling 107 kWdc. It's estimated the

1 project will save approximately \$76,000 annually.

2 Fifth, a proposed resolution for a loan to
3 Mattole Unified School District, located in Petrolia,
4 California, Humboldt County, for approximately \$45,000.
5 The proposed project is to install two roof-mounted solar
6 PV systems at Honeydew Elementary and Mattole Unified
7 School District's library, totaling 12.8 kWdc, resulting in
8 an estimated energy cost savings of \$4,000 annually.

9 Sixth, a proposed resolution for a loan to Palm
10 Springs Unified School District in Riverside County, for
11 approximately \$1.6 million. The proposed project is to
12 install two solar PV carport systems, one at Rio Vista
13 Elementary School and the second at Mt. San Jacinto High
14 School, totaling 496 kWdc and saving the district about
15 \$82,000 annually.

16 Last, a proposed resolution for a loan to Parlier
17 Unified School District, located in Parlier, California, in
18 Fresno County, for approximately \$2.75 million. The
19 project includes the retrofit of interior and exterior
20 lighting with LED replacing 26 wall-mounted heat pumps with
21 high efficiency systems and installing an 898 kWdc ground-
22 mounted solar PV system at two co-located schools, Brletic
23 Elementary and Parlier High School. It's estimated this
24 project will save the district approximately \$271,000
25 annually.

1 I request your approval of these seven loans
2 which would also include adoption of staff's determination
3 that each of these projects is exempt from CEQA. Thank you
4 and I'm available to answer any questions.

5 CHAIR HOCHSCHILD: Thank you. I don't think we
6 have any public comments on this item. I love this
7 program.

8 MS. GODFREY: Thank you.

9 CHAIR HOCHSCHILD: I love this program. It's
10 really one of the best things that we do and it's a win for
11 the environment, win for schools, and it's a win for job
12 creation and for innovation. And I'm pleased to support
13 it. Unless there's any further comments I'd entertain a
14 motion on item 11.

15 COMMISSIONER MONAHAN: Oh, just one quick
16 comment. I also appreciate how the staff is doing -- I
17 mean a competitive process is more complicated, but as we
18 try to think through how to spread the advantages to all
19 communities it's just a great way to make sure that we're
20 doing a better job of that. So thank you.

21 MS. GODFREY: Thank you for your comments.

22 COMMISSIONER DOUGLAS: So I'd move approval of
23 this item.

24 CHAIR HOCHSCHILD: Yeah, thank you. Is there a
25 second?

1 VICE CHAIR SCOTT: Second.

2 CHAIR HOCHSCHILD: All in favor say aye.

3 (Chorus of ayes)

4 CHAIR HOCHSCHILD: That passes unanimously.

5 Thank you.

6 Let's move on to the minutes. Is there a motion

7 to approve the minutes?

8 VICE CHAIR SCOTT: Move approval of the minutes.

9 COMMISSIONER MONAHAN: I'll second.

10 CHAIR HOCHSCHILD: All in favor say aye.

11 MR. UHLER: Hold the bus. (Laughter.) I have a

12 card in on the minutes.

13 CHAIR HOCHSCHILD: You do? Oh, okay. I was not

14 given that.

15 MR. UHLER: Yeah.

16 CHAIR HOCHSCHILD: Go ahead Mr. Uhler.

17 MR. UHLER: My name's Steve Uhler. Primary

18 question is --would be a (indiscernible) question about the

19 call out for what actually stopped the deliberation on Item

20 6. It says that McAllister moved to pull Item 6, but

21 tabling is something that would be done, because you've

22 already started the item, you can't really pull it. Or did

23 he use the word "pull" as in we'll vote on Item 6?

24 Also, to be noted is I don't find any of the

25 resolutions in the minutes. Now I see there's an attempt

1 to put them into proceeding, a proceeding and that's the
2 business meeting proceeding. But they're not showing up in
3 the proceedings. Each of the resolutions are not showing
4 up in the individual dockets for the items that you decided
5 separately. So it's still not clear, but I should see all
6 the resolutions here according to your Title 20 1105, I
7 believe it is. So there's that.

8 And then also Item 16 has a complete description
9 of what you would be considering, yet the public is not
10 allowed to comment on this, particularly since it seems to
11 elicit that you'd like to know about any omissions. And I
12 was prevented from that. There needs to be some
13 clarifications on what your rules are, particularly if the
14 public is going to wait around for an item like this to
15 then find out -- because it wasn't announced like it was
16 announced at this meeting -- that we wouldn't be allowed to
17 comment on that. So I'd like you to be more clear on that.

18 And even I would like to have whatever you read.
19 If it was a written comment related to not allowing the
20 public to comment items that you don't vote on, you need to
21 be clear, because you can only deliberate or consider items
22 under your jurisdiction. At some point you will vote on
23 them.

24 And the public should have a right to influence
25 you whenever those things are brought up in the meeting

1 along with that when you're considering what -- like in SB
2 100 today. You should also consider if it's a time issue,
3 you can go read that stuff online. And you should remove
4 those items from the agenda. Understanding Item 16 is a
5 standing item. There's some sort of rules. I've requested
6 those rules, but it's been beyond the period for 6250 for
7 you to give me the rules. So I'd really like to know what
8 these rules are. There's a number of rules I've recently
9 requested that people, your staff seem to be utilizing that
10 are not in Title 20.

11 And I urge you to not vote yes on this and put
12 the resolutions in the minutes, so that they don't get
13 mislaid.

14 CHAIR HOCHSCHILD: Thank you.

15 Is there a motion for the minutes?

16 VICE CHAIR SCOTT: I'd like to just confirm with
17 our Chief Counsel's Office that the minutes do meet the
18 requirements that we need in order to take them up for
19 consideration (indiscernible) right now.

20 MS. HOUCK: I would indicate that the Item 6 that
21 Commissioner McAllister moved to pull probably it should be
22 tabled. The item was discussed and there was comments. It
23 wasn't removed at the beginning of the meeting, so with
24 that change I would say they're sufficient.

25 CHAIR HOCHSCHILD: Okay, is there a motion.

1 VICE CHAIR SCOTT: Yes. I move approval of the
2 minutes.

3 CHAIR HOCHSCHILD: Is there a second?

4 COMMISSIONER MONAHAN: I second.

5 CHAIR HOCHSCHILD: All in favor say aye.

6 (Chorus of ayes)

7 CHAIR HOCHSCHILD: That motion passes
8 unanimously.

9 Let's move onto Lead Commissioner Reports,
10 Commissioner Monahan?

11 COMMISSIONER MONAHAN: Tomorrow I'm going to be
12 going in front of the Senate Rules Committee and so I just
13 want to -- I gave a shout out earlier, but a shout out to
14 all the staff who helped me. Really, almost everybody in
15 the agency has helped me in some way shape or form in
16 preparing for this. And I'm really excited to embark on
17 this process, find out when my date for the Senate Rules
18 Committee hearing is, and hopefully be confirmed. So it's
19 exciting and a great process.

20 I also wanted to say that on the Clean
21 Transportation Program we reached out to the Advisory
22 Committee members to let them know that we are disbanding
23 and reconstituting the Advisory Committee for the Clean
24 Transportation Program. And our goal is to be responsive
25 to comments that we need to make sure that we are engaging

1 communities, that we have diverse representation.

2 And also because there had been some members who
3 were initial members who remained on the committee the
4 entire time. In fact I was on the original group and there
5 were some members who were on the original group with me,
6 so it just felt like it is -- it's been over a decade.
7 It's time for a refresh and so we're deep in the process of
8 doing that.

9 We've asked for -- we're doing different
10 categories. So we want to make sure that we have
11 representation of different types of constituents. And
12 we'll be going through a vetting process to make sure that
13 we're doing a good job making a diverse set of advisors for
14 the Clean Transportation Program.

15 We're encouraging everybody to continue to give
16 us advice, whether you're in the Advisory Committee or not.
17 We're still going to be responsive to public comment.
18 We're still going to have opportunity for that to influence
19 our thinking around the investment plan that we'll be
20 putting together soon.

21 CHAIR HOCHSCHILD: Great. Thank you.

22 Vice Chair Scott?

23 VICE CHAIR SCOTT: Yeah, I just wanted to report
24 on a couple of quick things, which are just different
25 events where I've had an opportunity to go out and

1 highlight the great work that our R&D team has been doing.

2 So I went to the Workshop on Research,
3 Innovations in Water Treatment And Energy Recovery and had
4 a chance to take about some of the great work that's taking
5 place on that important topic. And as you all know water
6 delivery actually takes quite a bit of energy, so focusing
7 in on that was a great day.

8 I had a chance to go to New Energy Nexus's
9 Connects Investor Night. It was the first one that they've
10 done here in Sacramento. They've done several in the Bay
11 Area and also down south in LA. But it was fantastic to
12 have all of those folks here in Sacramento trade
13 information. There were a couple of folks who have been
14 recognized as innovators in Sacramento. And so they were
15 there at the meeting. And it was great to kind of have
16 that meeting together. And a couple of folks that were
17 funded by the Energy Commission who were recognized as
18 innovators, so that was really fantastic. I enjoyed the
19 chance to talk about some of the things the Commission is
20 doing there.

21 And then also at Berkeley, last week, there was
22 the Clean Tech To Market Symposium. Again, these are
23 really interesting forums, because it's financiers, it's
24 the people with the ideas, it's the people with the project
25 sites. It's sort of the whole set of people like you need

1 to kind of come together to do these types of research
2 projects and get the result from a prototype into a pilot.
3 So I enjoy the opportunity to speak at those types events
4 and highlight the great work that our R&D program is doing.

5 And then I did want to just say one last set of
6 thank yous to the set folks who keeps our business meetings
7 running, so smoothly and so well. So we've got Peter there
8 and Cody and Patty here listening in and Chester and Liza.
9 And I want to thank Raj also and broadly the whole IT team.
10 It takes a lot of work to kind of have all of this running
11 smoothly in the background. So thank you very much to all
12 of you as well.

13 And because it's December, our last business
14 meeting of the year I just want to wish everyone a happy,
15 health, safe, relaxing holiday. That's my update.

16 CHAIR HOCHSCHILD: All right, thank you.

17 Commissioner Douglas?

18 COMMISSIONER DOUGLAS: All right, thank you.

19 Well, I'll just keep this brief. I had the opportunity
20 19th of November to go the Western Regional Partnership
21 Principals' Meeting on Camp Pendleton. And it's a
22 collaborative group that's largely organized by the
23 Department of Defense that you have state and federal
24 officials from multiple state agencies throughout the west
25 convening to talk about kind of broadly, land use and

1 military and public land sorts of issues -- public land use
2 and military and renewable energy and transmission and
3 things like that.

4 And I think the Chair may want to talk about
5 this, but I'll be brief. He and I had the opportunity to
6 visit a Rio Tinto mine where they are looking at extracting
7 -- it's a boron mine, but they're looking at extracting
8 lithium from essentially land that's already been mined.
9 And so initially if all goes well just integrating that
10 into the operation, so that as the boron production
11 continues lithium can be potentially produced as well.

12 California actually has quite a bit of lithium
13 potential, primarily in the Salton Sea where it can be co-
14 located with geothermal production. And that's another
15 very exciting opportunity. So those are my updates.

16 CHAIR HOCHSCHILD: Great, thank you.

17 So I've been (indiscernible) season, there's been
18 a ton of them. Just a couple of highlights. Went to the
19 forum, the sort of congress of all the CCAs, which was
20 great dialogue to see the innovation happening there. That
21 was in LA.

22 I had the Veloz Board Meeting. And I really
23 encourage -- I want to recognize again Vice Chair Scott who
24 along with Mary Nichols got that going. Because that ad
25 they did promoting electric vehicles has now had 15-and-a-

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1 half million views and really has made an impact. And I'm
2 just really grateful for what came of that in just bringing
3 together utilities and auto makers and the environmental
4 community and environmental justice and that's making good
5 headway.

6 We also had the Germany-California Forum, which
7 we do once a year, that was down in San Diego, attached to
8 the Battery Summit that was down there and it went great.
9 One thing I learned about the grid in Germany is that its
10 12 minutes a year of downtime. It's a highly, highly
11 reliable grid. And just this needs to be one of our new
12 mantras as we focus on just really ensuring grid
13 reliability. It really is paramount to everything we're
14 doing here.

15 And another conference on 100 percent clean
16 energy policies with about 30 states down at the Luskin
17 Center in LA. A great (indiscernible) Kevin de Leon was
18 there and a few others including the launch of the
19 CalTestBed, which is great new step forward in partnership,
20 the Energy Commission partnership with New Energy Nexus.
21 And the nine UC campuses has this very simple voucher
22 system where entrepreneurs get given a voucher that they
23 can use to get their product tested, really move it from a
24 good idea to pilot stage. And that's just I think a much
25 needed, very well-conceived system. I'm just really proud

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1 of everybody for coming together to make that happen.

2 Maybe the most interesting thing was this lithium
3 tour. So just for context for the last 90 years in
4 California, Rio Tinto has been operating a Borax mine in
5 the Death Valley area. Borax is in everything. You've
6 used probably 10 products today already that have it from
7 soap to the glass in your cell phone to everything else.

8 They have discovered very recently lithium in the
9 tailings of the mine. So they have 90 years of waste from
10 this mine, which they are now beginning to go through to
11 extract lithium. And so that we've actually saw it, so
12 they're actually -- I mean, they haven't have produced
13 lithium. What they're doing is optimizing the process now.
14 They'll end up doing about between 5,000 and 15,000 tons a
15 year. So the global lithium market today is a 210,000 ton
16 market. So there's not a huge resource, but it's a
17 meaningful resource. But most importantly they're likely
18 to be, I think the first to commercial production in
19 lithium in California. And they have 40 people working
20 full time to make this a reality.

21 I also have met with other developers in the
22 Salton Sea area. And it turns out I mean the growing
23 consensus is that resource is actually much bigger than we
24 had thought. We'd been originally told about 90,000 tons a
25 year. We're now hearing more like 200,000 to 300,000 tons

1 a year. So we actually very well could be the largest
2 lithium resource in the world. And produce in
3 (indecipherable) of the entire today's entire global
4 market. And it's a really interesting thought to think
5 about the implications of this.

6 We're going to be doing a Lithium Symposium down
7 in Silicon Valley in February in collaboration with GO-Biz
8 and I'll be sharing more about that, on that vision.

9 And that was it for me. Drew, I wanted to make
10 sure that you had a chance to do your thank yous during
11 your report, so why don't we move to that?

12 MR. BOHAN: Great. I'm going to, with your
13 indulgence, kind of mush together the thank yous and the
14 next installment in our unsung heroes program, which I
15 think the timing is good.

16 I first wanted to say though thank you very much
17 this morning for all of your acknowledgements. I'm going
18 to try to not repeat too many of them. You've covered a
19 lot of the ones I wanted to cover. But I do want to call
20 out a few people. Also thank you for the t-shirt.

21 (Laughter.)

22 As you know, we're nearly 700 strong. And you
23 really can't sit up there and get done what you get done
24 without the work of all of them. And so it's really my
25 pleasure and honor to be able to be able to call out some

1 of them periodically. I've got 15 direct reports, which is
2 a lot. Thankfully, it's a really great team. So I could
3 be spending with a not so great team most of my time just
4 dealing with those sorts of issues, but I don't have to,
5 because it's really a wonderful team.

6 But I want to first call up or ask him to stand
7 up Sebastian Serrato, who is surrounded by his colleagues
8 back here. He is a name perhaps you haven't heard except
9 maybe Patty, because he's in the Fuels and Transportation
10 Division. He is a UC Davis grad, so locally grown, got his
11 BS there. He's our hydrogen safety expert. And he knows
12 an awful lot, more than anybody in the building about this
13 sort of stuff, but he's got a reputation for being really
14 humble about what he knows. And he delivers really great
15 customer service both internally and externally. In fact,
16 we get notes about him from folks on the outside saying,
17 "Who is this guy? He's really great. Thanks for the
18 service that he provides." So I want say thank you
19 Sebastian. (Applause.)

20 In terms of staff, more generally I want to call
21 out a number of people. As I said I'll try to move quickly
22 respecting your time. I know we're at the end of the day
23 here, but I first want to mention Courtney Smith. She is,
24 as you all know, our Chief Deputy Director. And she is
25 just phenomenal. She's brilliant. That's well known. She

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1 cares really, really deeply about our mission. And I think
2 when you care about our mission and a lot of us do, it
3 makes it easier to do the work and you do better work.
4 She's a really shining example of that. And she's also got
5 a great attitude. We have tough stuff come our way, easy
6 stuff come our way, whatever ball bounces into her court
7 she just takes it. I'll ask, "Do you mind doing that,
8 Courtney?" I've never heard her flinch or hesitate, so
9 really great.

10 Second, I want to mention Gaylene. I don't know
11 what I would do without her. She's really one of the best
12 people I've worked with ever, on any project in any
13 capacity. She's terrific at her job. She constantly stays
14 a step ahead of pretty much everything. And she works
15 really well both with Victoria and Shirley, but also the
16 other folks who support you on the row. And she's
17 collaborative. She doesn't have an ego in this stuff. She
18 just tries to do a good job day in and day out. I can't
19 thank her enough.

20 I want to thank you folks. Not a day goes by
21 that I don't think how fortunate I am to have stumbled into
22 this position and to have bosses like you, so I thank you
23 very much. You can be demanding at times, which is good.
24 And you're also understanding though when things don't work
25 out great.

1 I appreciate the acknowledgements of our AT and
2 other staff who keep this meeting room running. They're
3 not accustomed to hearing compliments for when things go
4 well. They do periodically hear when things don't go well,
5 but if you looked at the balance of time it's a very, very
6 high percentage when things go really, really well.

7 The deputies also, as I noted they all have teams
8 behind them, but I just want to acknowledge them as
9 leaders. I asked the deputies, "What are you most proud
10 about in 2019?" So I want to kind of rip through this
11 quickly.

12 Laurie, I don't even need to use last names,
13 because you know everybody. So Laurie, she leads the
14 largest state-run energy research program in America. She
15 leads it extremely well. She puts a heck of a lot of
16 effort in that. You wouldn't notice it, because she's so
17 effortless and graceful in the way she conducts herself.
18 She works her butt off. She's really, really great.

19 Rob, he hires really well among other things.
20 ERPA has been a thorn in our side. He's been the steward
21 of that project, had great people in charge of it.
22 Mandatory training, we are very close to 100 percent on our
23 mandatory training. There's probably not another
24 organization state service that has more than three people
25 that could say anything like that. FI\$Cal, big problem.

1 He's also managed that well.

2 When you read articles about folks that stumble
3 in other state agencies, we've been fortunate to stay out
4 of that and Rob gets a lot of that credit.

5 Kevin. Kevin wakes up every day thinking about
6 infrastructure and how can we build this out. He's super
7 creative, got lots of good ideas. I appreciate the
8 receptivity of the folks up there and you made an
9 acknowledgement, Patty, about him and his attitude. We've
10 got 37 million in reservations out there in CALeVIP and
11 we've got 230 school buses funded. They're moving out
12 quickly. It's really exciting.

13 Siva, one of our organization's real thought
14 leaders. He and I spend a lot of time sitting in a room
15 talking about the future and how do things get assembled in
16 both organizationally and on the substance of what we do.
17 He's been an excellent choice to work with the team on the
18 thought leadership associated with SB 100. And he wanted
19 me, which is typical Siva, to not talk about him but
20 instead talk about Nick Fugate and Cary Garcia. When Chris
21 Kavalec left we had big shoes to fill. They stepped in and
22 have spent 70-hour weeks, several of the weeks in the past
23 couple of months trying to pull together the forecast,
24 because we're getting deeper and more detailed than we've
25 ever been. And they had to take over from a giant who's

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1 done this forever.

2 Our newest deputy, Mike, I saw him sitting in the
3 back, there he is, jumped right in. It seems as though
4 he's been on the job for years and he's been on the job for
5 weeks. Maybe we could say months now. He's been helping
6 steward the GSL issue, the lighting issue that's been very
7 challenging. And I'm grateful for his work on that. Also
8 the first in the nation PV mandate. He inherited a lot of
9 stuff. Some of it was well baked, others he's had to move
10 along. So I thank him for that.

11 Natalie. I think I'd just point to AB 1110. I'm
12 thankful you guys had an opportunity to hear the whole
13 story. I think you saw how widespread the views were. And
14 how it did take a long time, but it was at least in part
15 borne of the fact that it was complicated and there's lots
16 of views. I don't know how many people understood more
17 than about 10 percent of what was discussed on that item.
18 Our items aren't always so complicated, but thank you for
19 hanging in there. And as was commented at the very end,
20 the final product was worth the wait. I appreciate to
21 hear that comment and that was by one of the sponsors of
22 the bill.

23 Shawn, this last year we inspected 75 power
24 plants in the state, including 14 -- all 14 that are in the
25 Wildfire Threat Level 2 And 3, so the worst-placed plants

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1 both in terms of burning down in a fire or causing a fire
2 that could cause other problems. So we're pleased to have
3 gotten through all that.

4 He also was the Chief Coordinator of the tribal
5 resource efforts that Commissioner Douglas you mentioned,
6 and set up the meeting in Bishop in July, that I know a
7 couple of you attended.

8 Lisa. I've never done the math, but Lisa's work
9 as our Chief Auditor has got to have saved the taxpayers
10 untold numbers of dollars. And she's not only helped with
11 the audits on the backend, but she's helping train our
12 staff. So her workload goes down and is a lot easier and
13 she finds fewer things, because they understand what to
14 look for on the front end. And as you know she's really
15 easy to get along with. It's not an auditor's trait. But
16 she gets that she's dealing with people and most of them
17 mean well and some of them just don't understand. But
18 she's all business and when there is something that isn't
19 right, she's not shy about pointing that out.

20 Melissa, inherited from somebody who's been with
21 us for a long time and Paul, she's been keeping the
22 regulated community honest. She's super creative, looks at
23 things outside of just her area that she's focusing on as
24 our Enforcement Chief. And she's been a great team builder
25 there as well.

1 Carousel, I wanted to mention, also been here a
2 very short period of time. In fact the newest of all the
3 people I'm mentioning. She jumped right in. Trust is key.
4 If we can't trust her, she can't do her job. And at least
5 so far I've been dealing with her on a lot of issues and I
6 trust her, both her integrity but also her judgment. These
7 are all tricky judgment calls, including what does she tell
8 various people about things. She has to make judgments and
9 I'm confident she's great for the job.

10 And finally, I just want call up Barry. I know
11 you folks did, a couple of you as well, but he's a really
12 great face for us over at the building and represents the
13 Energy Commission really well.

14 Thank you very much.

15 CHAIR HOCHSCHILD: Thank you.

16 Public Adviser's Report?

17 MS. MURIMI: Hello, Commissioners. The Public
18 Adviser has nothing to report.

19 CHAIR HOCHSCHILD: Thank you.

20 Let's go to public comment. I have Steve Uhler.

21 MS. UHLER: Thank you. I'm Steve Uhler. The
22 main thing I want to talk to you about is the protocol and
23 how you run the meeting here and not letting the public
24 know that you're not going to take comment.

25 According to your agenda I'm not to speak on

1 items that appear on the agenda. But I've been told that
2 this is the only time I can speak on some of the items that
3 are on the agenda. So you might want to think about
4 removing that, or actually codify the statement that was
5 made in the beginning, because the Bagley-Keene -- I know
6 this meeting is to allow you guys to talk together with the
7 public there. And the public has a right to an opportunity
8 on all agenda items discussed or considered. Action is not
9 even in that section of the code.

10 So for you to say that -- I have to take it that
11 you think that my comment is going to add additional time
12 to the meeting. Those items that are only informational,
13 like I say you should read them off of a docket for those.

14 And if you come here and you want to discuss, the
15 public should still be able to point out things, things
16 that could have shortened -- well and actually very much
17 you're in arrears for RPS rulemaking, which your power
18 content label relies on, so your power content label can't
19 not actually be produced until they finish the rulemaking
20 for RPS. So you should think about any opportunity you can
21 get.

22 And one of the things that you should do is
23 consider the use of standing committees. Then you totally
24 can tell the public that they can't comment, because that's
25 in the Bagley-Keene. But also you should remember that

1 members other than the committee cannot attend those
2 meetings other than observers. So things like that on that
3 type of protocol.

4 The other thing would be is I very much want to
5 know this air conditioner that my sister intended to buy,
6 but we couldn't find in your appliance database, no
7 reference to an external directory that's allowed under
8 1606. That directory doesn't comply with 1606 and really
9 it's confusing. And it needs to be corrected. Even a
10 direct question of, "Is this is your database?" is not
11 answered.

12 The other thing is are all VHCP air conditioners
13 now considered SEER 14 regardless of their SEER? I'd like
14 some of these answers. And these also happen to appear to
15 be rulemaking that should come under the APA.

16 Again, I need to know about 25402 and its
17 exemption and where your legal staff finds that exemption.
18 It still hasn't been answered from the last meeting.

19 CHAIR HOCHSCHILD: Thank you.

20 Let's move on to Chief Counsel's Report.

21 MS. HOUCK: Thank you. I do have one closed
22 session item and before we go to closed session, I did also
23 want to recognize the staff in my office. Some of whom are
24 here and have been recognized: Cody, Chester and Lisa all
25 do an excellent job. We've also got Pam, Patty and Moui in

1 our support staff and we couldn't do our jobs without them.
2 I am still new to the Commission and getting to know
3 everyone, but I've got a great group of attorneys in our
4 office here to support the Commission. And we're available
5 as needed.

6 And I wanted to thank each of the Commissioners
7 and Drew for really welcoming me and being so supportive,
8 as well as all of the deputy directors have been great. So
9 I'm very happy to be here.

10 And with that would like to take the
11 Commissioners to closed session to provide some information
12 on one of our litigation items.

13 CHAIR HOCHSCHILD: Okay. We will move to closed
14 session in the anti-room. And then we'll adjourn
15 subsequent to that. Okay. Thanks.

16 (Off the record at 2:39 p.m.)

17 (On the record at 2:52 p.m.)

18 VICE CHAIR SCOTT: Okay. Welcome back, everyone.
19 This is Vice Chair Scott on Item 17. There is no action to
20 report. And then we are adjourned.

21 (The Business Meeting adjourned at 2:53 p.m.)

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REPORTER' S CERTIFICATE

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

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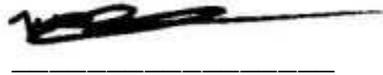
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Myra Severtson
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