

BEFORE THE
CALIFORNIA ENERGY COMMISSION

DOCKET

09-OII-1

DATE 7/15/2009

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In the Matter of:)
) Docket No. 09-OII-1
Order Instituting)
Informational Proceeding)
American Recovery and)
Reinvestment Act) COMMITTEE WORKSHOP

THE AMERICAN RECOVERY AND REINVESTMENT ACT
AD HOC COMMITTEE WORKSHOP ON ENERGY EFFICIENCY AND
CONSERVATION BLOCK GRANT AND STATE ENERGY PROGRAMS

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



ORIGINAL

WEDNESDAY, JULY 15, 2009

2:00 P.M.

Reported by:
Peter Petty CER**D-493

COMMISSIONERS PRESENT

Karen Douglas, Chair

Jeffrey D. Byron

Arthur H. Rosenfeld

Deborah Eden, Advisor to Rosenfeld

STAFF PRESENT

Claudia Chandler, Chief Dep. Dir.

Pat Perez

Mark Hutchison

John Sugar

Valerie Hall

Bill Pennington

Chris Graillat

ALSO PRESENT (Via WebEx)

Dan Estrada, California Community Colleges
Chancellors Office

Nehemiah Stone, The Benningfield Group

Craig Walker, SBK Investment Corp., Inc.

Ken Anater, Ca Dept. of Food and Agriculture

John Means, Kern Community College District

Craig Keys, Green Valley Initiative (GVI)

Ali Sahibi, Green Valley Initiative

Michael Theroux, Theroux Environmental

Wendell Brase, Univ. Of California

Also Present (Continued)

Colleen Quinn, Go Green Solutions

Cara Martinson, CSAC

Michael Day, Bestco

Anna Ferrera, Murdoch, Walrath & Holmes

John McIntyre, University of the Pacific

Leif Magnuson, USEPA

I N D E X

Page

Welcome and Introductions

Chair Douglas

5

Presentation - Overview of Energy Efficiency and
Conservation Block Grant Program and State Energy Program

Pat Perez and Mark Hutchison, CEC

6

Committee Input and Questions

27

Public and Stakeholder Input and Comments

28

Dan Estrada, California Community Colleges
Chancellors Office

28

Nehemiah Stone, The Benningfield Group

30

Craig Walker, SBK Investment Corp., Inc.

33

Ken Anater, Ca Dept. of Food and Agriculture

35

John Means, Kern Community College District

37

Craig Keys, Green Valley Initiative (GVI)

41

Ali Sahibi, Green Valley Initiative

44

Michael Theroux, Theroux Environmental

46

Wendell Brase, Univ. Of California

48

Colleen Quinn, Go Green Solutions

52

Cara Martinson, CSAC

55

Michael Day, Bestco

57

Anna Ferrera, Murdoch, Walrath & Holmes

59

John McIntyre, University of the Pacific

61

Leif Magnuson, USEPA

69

Adjournment

89

Certificate of Reporter

90

P R O C E E D I N G S

JULY 15, 2009

2:12 p.m.

CHAIR DOUGLAS: Good afternoon, everybody. Sorry about the false start. Good afternoon, everybody. Welcome to the California Energy Commission. This is the "Commissioner Rosenfeld and I Ad Hoc Committee on Stimulus." We may be joined by some of our colleagues later in the afternoon. To my left is Commissioner Rosenfeld, and to his left is his Advisor, Deborah Eden.

Welcome again. We will make some brief opening remarks and then turn this workshop over to the staff. And we will try to be brief because I know that there are a lot of people in the audience and a lot of people online, and part of the reason why -- most of the reason why -- we hold workshops like this is that we want to hear from you. We have put out a fairly detailed -- staff has put out a fairly detailed overall proposal here and we are very interested in hearing from stakeholders.

I will say, just briefly, it has been both an honor and a challenge for the Energy Commission to administer this Federal Stimulus Funding. Our staff has been doing a tremendous job and working very hard under difficult circumstances to put together a package that I think can bring benefits to Californians up and down the state, and both help create jobs, save energy, and bring

1 lasting benefits to the State of California. So that is
2 certainly what we are here to do and we are very interested
3 to hear from stakeholders about what you think of our
4 proposal, how you think it might be better, and how you
5 would like to work with us in the future, and so on. So,
6 with that, I will ask Committee Member, Commissioner
7 Rosenfeld, if he has any opening comments.

8 COMMISSIONER ROSENFELD: Good afternoon. No, I
9 think we are ready to hear from staff.

10 CHAIR DOUGLAS: Very good. In that case, I will
11 turn this over to Pat Perez to begin this proceeding.

12 MR. PEREZ: Thank you, Chairman Douglas and
13 Commissioner Rosenfeld, and Deborah Eden. I am going to
14 lead this joint presentation. As you can see, Mr. Hutchison
15 and my name are on the presentation. We flipped a coin, I
16 lost, and therefore I will be doing the presentation today.
17 So let me move up to the podium and we can launch the
18 presentation from there.

19 Okay, just a couple of announcements before I get
20 started. We do realize we have got a full house here, we
21 also have seating in Hearing Room B, and out in the atrium
22 for this presentation today, as well as over 200 people who
23 are participating by WebEx. And you will certainly have an
24 opportunity at the end of the presentations to provide
25 written comments, as well as ask any questions of us later

1 today, and that Web address is in the presentation, so I
2 will not go over that again.

3 What I would like to do today is just briefly go
4 over these main six program areas, give you a quick overview
5 of the American Recovery Act programs that the Energy
6 Commission will be administering, talk a little bit about
7 some of the overall goals and objectives for the use of this
8 federal money, and also where we have been to date. I see
9 many familiar faces out there, certainly a lot of you have
10 been involved in the many many workshops and forums we have
11 conducted throughout the state, and other parties have
12 basically presented to us for our participation, and then
13 also talk more directly about the Energy Efficiency
14 Conservation Block Grant Program and the State Energy
15 Program. And, as many of you may be aware, yesterday the
16 U.S. Department of Energy announced the guidance for the
17 Energy Star Appliance Rebate Program, another \$35 million
18 that will be coming to the Energy Commission, we will talk a
19 little bit about that. And then, most importantly, at the
20 end of today, we will get your feedback and input and
21 suggestions on some of the recommended and proposed areas
22 for funding in the programs that the Energy Commission is
23 administering.

24 In terms of the overall Recovery Act and the
25 funding that is available, there is roughly a little over

1 \$11 billion on what we call formula-based funding for
2 various programs that support energy efficiency, as well as
3 renewable energy, certainly nationwide, there is \$3.1
4 billion available for the State Energy Program, the Energy
5 Commission will be administered \$226 million there, and
6 then, nationally, \$3.2 billion is available for the Energy
7 Efficiency Conservation and Block Grant Program, and the
8 Energy Commission is administering \$49.6 million in that
9 program. And then, also, as I just noted, the \$35 million
10 Energy Star Program is a new program that the Energy
11 Commission will be administering in partnership with our
12 municipal and investor-owned utilities, and working closely
13 with California Public Utilities Commission. And then,
14 also, one of our sister agencies, the Community Services and
15 Development, of course, is administering the Weatherization
16 Assistance Program Funds, a total of about \$186 million
17 there, and we will be working closely with them as they
18 advance energy efficiency measures in the more low income
19 areas of the residential sector.

20 In terms of the some of the over-arching
21 principals that we have been given by the federal
22 government, accountability, of course, is extremely
23 important, that we use this money wisely and efficiency, and
24 that we be transparent with our decisions with respect to
25 where the funding is going, and that we have an open process

1 like today so that parties like yourselves and other key
2 stakeholders can provide regular input and see how decisions
3 are ultimately made. And then, also, verification is
4 extremely important, that we are in a position to
5 demonstrate that we are getting measurable benefits and
6 impacts from the money that is flowing out there, and that
7 we have in place accounting methods to track the delivery
8 and the release and the use of every dollar expended on the
9 Recovery Act. And then, on risk mitigation, which I
10 characterize as more the program evaluation component, that
11 is going to also be important. But those are some of the
12 overall major principals that are guiding not only the
13 energy programs, but all programs administered under the
14 Recovery Act.

15 In terms of some of the overall goals for the
16 program priorities, in terms of what you will be hearing
17 about a little bit, there are a number of things that are
18 driving our program design. Of course, stimulating the
19 economy is the number one priority, it is not only the
20 retention of existing jobs, but also the creation of new
21 jobs and, as the Chairman mentioned earlier, we are looking
22 at long-term sustainable jobs and benefits down the road.
23 But also, expending money efficiently is going to be
24 extremely important. And, as many of you know, we do have
25 additional contract support and technical expertise that is

1 going to be assisting us with the accountability components
2 of these various funding programs, as well as tracking the
3 money that goes out to local government, the private sector,
4 and others. And then, also, a key to some of the initial
5 designs and proposals you will be hearing about in a moment,
6 is the ability to leverage and expand this money supply so
7 that we can maximize the benefits, as well as sustain
8 longer-term benefits that go beyond the 2-3 year funding
9 cycle, as contained in the Recovery Act, and then, of
10 course, achieve lasting and measurable energy benefits
11 consistent with some of the policy documents adopted by the
12 Commissioners, and clearly articulated in the Integrated
13 Energy Policy Report, and also the many other policy
14 documents and instruments used by not only the Energy
15 Commission, Public Utilities Commission, Integrated System
16 Operator, and others. So we will be looking at how these
17 proposals and activities support the overall policy
18 guidance, not only in the Integrated Energy Policy Report,
19 but also the Joint Public Utilities and Energy Commission
20 Energy Act Plan, and also ARB's recently approved Scoping
21 Plan because greenhouse gas reductions is also one of the
22 measurable outcomes for most of our programs.

23 In terms of where we have been and where we are
24 going, certainly, as this slide illustrates clearly, we have
25 had a number of workshops not only in Sacramento, but

1 throughout California, on both the State Energy Program,
2 Block Grant Program, and many more workshops are just around
3 the corner. You will be hearing later the State Energy
4 Program Guidelines we hope to release here tomorrow night,
5 and we will be seeking additional input from the public on
6 those guidelines at workshops that will be announced shortly
7 in both northern and southern California, and then there
8 will be additional workshops coming up in August, so there
9 are going to be multiple opportunities for many of you to
10 provide comments to us.

11 Again, with respect to the two major programs that
12 we are administering, the State Energy Plan, our application
13 was approved back on June 25th, which releases the first 50
14 percent of that \$226 million to the Energy Commission, and
15 on the Block Grant, which we submitted also on June 25th,
16 that application is pending before the U.S. Department of
17 Energy, and certainly we hope to have a response back by
18 September on that program.

19 In terms of the Energy Efficiency Conservation
20 Block Grant Program, the overall objective of that is to
21 reduce fossil fuel emissions and total energy use, as well
22 as improve how we use energy. And again, we have filed our
23 application and we will be awaiting DOE approval, and in the
24 meantime hopefully we will have a state budget here before
25 long because we are going to need state budget authority for

1 the receipt and expenditure of that federal money, so it is
2 very critical we get a budget in place here soon.

3 In terms of the money that is coming through the
4 Block Grant Program, the Energy Commission is administering
5 the money that is going to small jurisdictions, and when I
6 refer to small jurisdictions, that is counties with a
7 population of less than 200,000, as well as cities with
8 under 35,000. We are looking at -- one of our pass-
9 through's is using an allocation formula that is based on
10 population per capita, and our base allocation as
11 illustrated here in the table is \$5.00 per person, using the
12 DOE population estimates for California, and then one of the
13 things that is of paramount importance is trying to get a
14 lot of these funds into some of California's more
15 economically distressed areas, so we have actually included
16 an unemployment factor to use, to assist us in allocating
17 this funding and ultimately programs and activities that
18 would benefit economically distressed areas. Through this
19 proposed allocation, this would provide at least a minimum
20 of \$25,000 per city, and roughly \$50,000 per county. And
21 the money would also be used for energy efficiency projects,
22 or direct equipment purchases for devices that lead to
23 improved energy use. As required under the Federal
24 Guidelines, we have to allocate a minimum of 60 percent to
25 the small jurisdictions. The Energy Commission has actually

1 gone beyond that guidance and we are proposing actually
2 using 70 percent of the money coming through the Energy
3 Commission to support local government.

4 In terms of the additional program design and use
5 of the funds, of course cost effectiveness is going to be
6 very important in terms of evaluating the proposals. We are
7 also looking at the energy saved per dollar spent, as one of
8 the measures for evaluating projects, and then, also,
9 employing a minimum of 10,000 million-sourced Btu's per
10 every thousand dollars of these funds that are being spent
11 as one of the evaluation criteria. And we will also be
12 looking at feasibility studies as part of verifying some of
13 the energy savings that would be proposed with the different
14 measures that we are looking at, and then also a direct
15 purchase option whereby you could go out and a county or
16 city could directly purchase from a particular vendor some
17 of the energy saving devices. Also, in terms of the types
18 of energy saving equipment, that will be specified in the
19 Draft Guidelines, for those of you who have had a chance to
20 look at those, and then we will also be specifying what
21 types of applications we are looking for the various energy
22 efficiency devices and how they should be employed.

23 In terms of the discretionary funds, which is the
24 40 percent of the Block Grant Program, we are looking at
25 setting aside right now \$13 million through a competitive

1 program. And, again, I want to qualify that these are
2 proposals and certainly subject to modification and revision
3 based on stakeholder and public input, but these are some of
4 the initial ideas we are looking at. Having minimum funding
5 awards of \$500,000, I think it is important to have a high
6 enough level threshold so that we get meaningful results
7 from these programs, and then program design and discussions
8 are currently underway with respect to the competitive
9 grants for local jurisdiction and partnership, something
10 early on that the Energy Commission highlighted, that we
11 wanted to see partnerships and encourage partnerships, and
12 then also setting aside a portion of the funding for
13 expanded activities in the event we get relief from what is
14 called AB 2176, with respect to energy efficiency and
15 conservation type measures.

16 In terms of the overall schedule here, one of the
17 things that is on the minds of many of you, because I have
18 been in quite a few forums recently, is when the money is
19 actually going to be available. This slide here kind of
20 lays out for you the application process, the workshops, the
21 process for developing the guidelines, as well as feedback
22 on the draft guidelines, as well as ultimately the timetable
23 for when the Energy Commission would be issuing the
24 solicitation packages for grants, which would be in
25 September. And then, hopefully, we would issue the grants

1 with funding some time in the November period for the Block
2 Grant Program. So that is the overall scheduling and key
3 milestones and steps that are before us.

4 In terms of the State Energy Program, again, the
5 objective here is to increase the use of energy efficiently,
6 to reduce costs and consumption, also reduce our imports of
7 imported energy, whether it be oil, or electricity that is
8 tied to petroleum-based combustion, improve reliability, of
9 course, is an important objective, and then reduce energy
10 production impacts on the environment. And then, from this
11 program, of course, \$226 million will be administered by the
12 Commission. I will be providing the breakdown on at least
13 our proposed allocations for that funding. I think the rest
14 of this, I have already covered here.

15 Here are the proposed allocations that we are
16 looking at right now. And what we have done is we have
17 broken it down to two stages, Phase one and Phase two, and
18 the way we broke this down was what types of programs and
19 activities could we get approved and expedite in the near
20 term, without additional guidelines and regulations, through
21 the use of, for example, inter-agency agreements, and what
22 we have done is come up with these four major allocations,
23 one of which is to set aside an estimated \$25 million for
24 the Department of General Services Revolving Loan Program,
25 that they would administer, and we would essentially provide

1 the funding through the Energy Commission, and then also
2 set aside \$20 million for clean energy workforce training
3 because we know it is extremely important that we have a
4 skilled labor force that is able and ready to move as
5 quickly as possible once this funding is released. And then
6 also use the Energy Commission's existing Energy
7 Conservation and Assistance Account that is currently
8 utilized, add \$25 million to that program to expand it and
9 provide additional opportunities to support our energy
10 objectives, and then finally a school and public sector
11 matching grants program, we are also entertaining at the
12 moment, and could provide up to \$50 million there.

13 Phase two, which is going to take a little bit
14 more time because it also requires that we go through a
15 formal process on the guideline development. But we are
16 looking here at a couple of important areas, one is a Clean
17 Energy Systems Revolving Loan Program whereby we are
18 proposing up to \$35 million that would be available through
19 funding agreements that could include loans, grants, or even
20 a hybrid, a mix of loans and grants, depending on your
21 ability to go after certain types of financing and money.
22 And, of course, we realize that different jurisdictions are
23 going to be suited in a different manner in terms of being
24 able to go after loans and grants, so we are looking at a
25 variety of options here. And then, also, on the energy

1 efficiency programs, up to \$96 million for residential
2 retrofits and also non-residential retrofits, and then also
3 putting money aside for what we call municipal financing
4 districts, such as AB 811 type programs that many of you are
5 aware of, and this is an area, of course, that we received a
6 lot of input from stakeholders at workshops that they would
7 like to see expanded, AB 811 type programs.

8 MR. HUTCHISON: I just want to -- this is Mark
9 Hutchison -- I just want to make a comment. If there are
10 any folks out there that are kind of anal like me in terms
11 of crunching numbers, you are going to look at those numbers
12 and go, "Wait a minute, this is kind of a fuzzy map. This
13 is more than \$226 million." And what we are doing here when
14 we say "up to" is that, if we reach the maximum in any one
15 of those categories, the money would have to be taken away
16 from one of the other program areas. So when we say "up
17 to," it is going to be a give and take. So, again, there
18 are only \$226 million, or actually \$216 million that are
19 pass-through's. So I just wanted to clarify that.

20 MR. PEREZ: Great. Thank you, Mark. In terms of
21 the specifics of the proposals, in terms of the Department
22 of General Services Revolving Loan Program, again, what we
23 are looking at as the overall state building, housing stock
24 throughout the state, looking at energy efficiency
25 retrofits, which include not only lighting systems and

1 controls, but also heating, ventilating, and air-
2 conditioning systems, so it is to going to be broad-based,
3 again, these must stimulate the economy through jobs
4 creation and we see this as something that is going to lend
5 itself to a great deal of acquisition and purchases of
6 energy efficiency devices, as well as contracting for the
7 installation, so there are a lot of opportunities here for
8 the private sector since so much of the focus has been on
9 money going to local governments and state governments, and
10 so forth, the important point is that it is not government
11 that is going to be doing a lot of this work, it is the
12 private sector. And finally, of course, the Department of
13 General Services hopefully will be using this for at least
14 300 of the buildings statewide that the State of California
15 actually owns, so some of the initial thinking.

16 In terms of the Clean Energy Work Force Training,
17 as I mentioned earlier, it is important that we have a
18 skilled, able, and ready workforce to do this work. We have
19 got a number of goals that are guiding us in that effort and
20 programs areas such as energy efficiency and water
21 efficiency, as well as renewable energy for utility scale,
22 distributed generation, and clean energy transportation
23 programs and activities. As I also mentioned earlier,
24 leveraging is an extremely important component to maximize
25 the use of these dollars, and the Energy Commission is

1 actually going to be -- not only are we going to be
2 receiving \$20 million in Recovery Act funding, but we are
3 actually going to use money out of some of our existing
4 funding programs to augment what is coming through the
5 federal government, such as using what is called AB 118
6 funding through the Alternative and Renewable Fuel and
7 Vehicle Technology Program that the Energy Commission
8 administers, but also pulling out another \$12 million from
9 our Public Interest Energy Research Program to support green
10 partnership academies that compliments our efforts to expand
11 the green workforce. So, in total, \$47 million, we believe,
12 will have a substantial impact in developing that skilled
13 green workforce.

14 In terms of training programs, looking at green
15 building re-training and pre-apprenticeship training
16 partnerships, also clean energy re-training, green building
17 and clean energy career advancement training, as well as
18 some of the vehicle technology workforce training, of which
19 a lot of it is run out of community colleges, so we plan to
20 work with existing infrastructure where possible to build
21 this green workforce, to achieve our long-term renewable
22 energy and energy efficiency installation goals. So, as you
23 can see, also on this slide are the target populations that
24 we are focusing on, certainly on the green building clean
25 energy sector, trying to capture and put back to work the

1 unemployed or under-employed incumbent workers, with a
2 focus on the construction industry, that it has been
3 adversely impacted by the downturn in not only the
4 residential side, but commercial side now, and then also on
5 alternative and renewable fuel and vehicle technologies,
6 too, is trying to assist those populations that are equally
7 challenged at the moment.

8 We also have the existing Energy Conservation
9 Assistance Revolving Loan Program. We are looking at
10 injecting another \$25 million there to support low interest
11 financing for energy efficiency, as well as combined heat
12 and power, other efforts to reduce demand and for generation
13 projects. Some of the entities that we are looking at
14 including as part of that effort, of course, public schools,
15 as well as public hospitals, public care facilities, and
16 other units of local government. The current rate for that
17 right now is at 3 percent, and we are looking at a maximum
18 loan amount of about \$3 million. So it is pretty
19 substantial. For those of you that are interested in
20 learning more about that program, we have provided the
21 website address there for you.

22 In terms of the school and public sector, matching
23 grants would not only be K through 12, but also for the
24 colleges and universities. Recipients must match the grant
25 funds using the Conservation Assistance Act, and then also

1 meet our Energy Conservation Assistance Act criteria for
2 cost-effectiveness. But you are also open to matching this
3 funding with other utility incentive funds that may be
4 available, not only for the investor-owned utilities, but
5 also publicly-owned utilities, to match and further leverage
6 these dollars.

7 On clean energy systems, again, here we are
8 targeting the private sector with up to \$35 million in
9 Recovery Act State Energy Program funds, focused on
10 distributed generation, as well as combined heat and power,
11 and also bioenergy, so there are tremendous opportunities
12 here. And, again, we are looking at revolving loans to
13 sustain the funding over time. One of the things that we
14 are really trying to achieve here is to make sure that we
15 get programs and activities that are in place that will last
16 well beyond the next two to three years, so we can avoid
17 another boom and bust period like many of you witnessed back
18 in the '70s with some of the other federal energy programs
19 that, once they lost funding, that was the end of them.

20 In terms of the efficiency retrofits, focus again
21 is on energy efficiency retrofits in existing residential
22 and commercial buildings. Some of the three major programs,
23 again, as a California Comprehensive Residential Building
24 Retrofit Program that we are proposing municipal and
25 commercial building, a targeted measure retrofit program,

1 and a financing district, or also referred to as AB 811
2 type programs. So these are all under consideration.

3 In terms of the retrofits, again, the driving
4 force is creation of jobs through energy retrofits, working
5 with regional groups of local governments, utilities, and
6 community colleges, and others to put Californians back to
7 work, and essentially, as part of that effort, there would
8 be a two-tiered effort and the first tier would be based on
9 putting together a checklist approaching what can be
10 developed quickly and carried out on limited training, and
11 then also an additional tier that would provide a more
12 deeper, comprehensive whole house retrofit approach,
13 something that is also being promoted down at the Public
14 Utilities Commission, and also the National Home Performance
15 and Energy Star Program would all compliment this program.
16 Again, coordination is extremely important for leveraging
17 local affordable housing and neighborhood stabilization
18 programs to bring and capture some of these advantages for
19 the underserved and economically disadvantaged populations
20 throughout the state. So these will all be considered in
21 the ultimate program design.

22 With respect to municipal and commercial building
23 program, again, the focus here is to capitalize on some of
24 the low risk, high return energy efficiency opportunities
25 across the state. Technologies for deployment must

1 transform the marketplace and lead to long-term changes,
2 that is what we are looking for, so we will be looking at
3 best practice concepts for the various applications here,
4 the ability to achieve significant energy savings compared
5 to existing technologies that are being replaced by the new
6 technologies, and hopefully will be broadly applicable for
7 the commercial building sector and also provide secondary
8 benefits such as higher quality building environments and
9 reduced maintenance costs, and ultimately get consumer
10 acceptance levels increased over this time. Training entry-
11 level workers to conduct the energy audits will be important
12 for these targeted measures, and also the program
13 participants can benefit from volume purchasing agreements
14 as we currently have the programs structured for. And
15 hopefully this will lead to minimizing the payback periods
16 that many of you are challenged with in terms of bringing on
17 new, more costly emergent technologies over the long-term.
18 And some of the examples of some of these targeted measures
19 include occupancy control bi-level lighting fixtures for
20 parking lots, as well as parking garages, as well as
21 exterior walkways, and building stairwells. So these are
22 just some of the samples that are examples that we are
23 looking at.

24 In terms of the financing district program that I
25 have mentioned quite a few times this afternoon, it is again

1 designed to assist counties and cities, as well as
2 collaborative groups of cities and counties in implementing
3 their own financing districts to support energy efficiency
4 and clean energy systems such as photovoltaic systems, both
5 for the residential and commercial sectors, and to also
6 ensure the local financing programs are structured to be
7 cost-effective, as well as long-lasting, visible, and
8 transparent, and that we achieve the greatest energy savings
9 possible for each dollar invested.

10 The overall schedule for the State Energy Program
11 is portrayed here on this slide. Again, we are looking at
12 issuing the solicitation for these funds in late September
13 with a due date on the proposals in late October. We will
14 be holding a number of State Energy Program workshops in San
15 Diego, Los Angeles, and other areas. You probably saw the
16 e-mail of a couple hours ago announcing a new round of
17 workshops there. And then hopefully we will announce the
18 winners in late November and issue awards to the winning
19 bidders in the December-January time frame. So that kind of
20 gives you at least a good feel for the tentative schedule
21 that we are working under.

22 The other exciting news for all of us here at the
23 Energy Commission and the State of California was U.S.
24 Department of Energy's announcement for the Energy Star
25 Appliance Rebate Program that will be administered by the

1 Energy Commission and Valerie Hall's division here. And,
2 like I said, we have got \$35 million that will be coming
3 through the Energy Commission to augment and support
4 existing rebate programs for highly efficient appliances,
5 and hopefully this will allow us to replace much of the
6 older, less efficient appliance stock that we have in the
7 state, so that we can reduce energy use, as well as reduce
8 the creation of greenhouse gas emission, so that we achieve
9 our long-term local climate change goals. And it is up to
10 our discretion, with your support and input, to identify
11 those eligible appliances that will be eligible for
12 receiving the rebates. We have a very short timetable for
13 getting our application to the U.S. Department of Energy in
14 August, so we will be working on that to get that out, and
15 then we have a more comprehensive application due a few
16 months later.

17 We have a wealth of websites here for more
18 information, not only on the programs that we are
19 administering directly, but also all the competitive funding
20 programs that the Energy Commission is overseeing. I do
21 want to point out that, for today's workshop, for the 200
22 plus that are participating by the Webcast, I encourage you
23 to e-mail your comments and questions to us now at
24 recovery@energy.state.ca.gov.us, and we will be able to read
25 your comments and questions into the record as we open this

1 to public comments and questions. Oh, .us at the end of
2 that. Thank you, Miki. But I would also, before closing my
3 presentation, I am going to just acknowledge the recovery
4 team that is here, that has put in long hours and weekends
5 on putting these presentations together, as well as the many
6 workshops that are underway. We are currently conducting
7 two other workshops simultaneously in the State of
8 California right now, and participating in many forums, and
9 it is really stretching our resources and time, and I want
10 to thank Claudia Chandler, our Deputy Director who is
11 overseeing -- our Chief Deputy Director -- that is
12 overseeing these efforts, as well as all of the staff, Mark
13 Hutchison, and John Sugar, and Bill Pennington, and Valerie
14 Hall, and Stephanie and Joelle and Mickey, and the many
15 others that are putting in 50 and 60 hour work weeks on this
16 effort. It is truly a challenge, but it also provides many
17 opportunities for all of us to put people back to work in a
18 way that will achieve our energy and environmental goals, so
19 we are very excited. And with that, I will turn it back to
20 the Chairman.

21 COMMISSIONER ROSENFELD: Uh, there is also, Pat
22 Perez, who has worked very hard.

23 CHAIR DOUGLAS: Yes, there is, Commissioner
24 Rosenfeld. Thanks for that. And I will also mention that,
25 officially they are working just about 32-hour work weeks.

1 Who is counting these days? Commissioners, this is our
2 opportunity to make comments or ask questions.

3 I have heard this before, I must admit, and so I
4 do not need to take time for questions from myself, but go
5 ahead.

6 COMMISSIONER ROSENFELD: Uh, Pat, I will ask you
7 one question. All the programs you talked about are in the
8 multi-million dollar range. When people are making
9 proposals, what about pilot projects in the million dollar
10 range, where we learn what works in residential retrofit, or
11 non-res, so whatever?

12 MR. PEREZ: Okay, I think I will go ahead and
13 deflect that over to Mr. Bill Pennington.

14 MR. PENNINGTON: Well, at this point, we are at a
15 very early stage in redoing the guidelines, and we are going
16 to be holding workshops on those guidelines, and we are
17 pretty broadly open to ideas. We are actively interested in
18 having, in particular, consortia of local governments being
19 actively involved in making proposals and so that we are
20 certainly emphasizing, you know, large projects. But we are
21 open to comment.

22 COMMISSIONER ROSENFELD: Okay, I guess the summary
23 of that is that you can think big, and that is very good, or
24 you can think small, and that is also acceptable. That is
25 my comment -- question.

1 CHAIR DOUGLAS: Very good. At that point, then,
2 we are on to questions and comments from the public. I have
3 a stack of blue cards in my hand and I understand that there
4 is another stack somewhere in this room that will make its
5 way up here. But while that is happening, we can get
6 started. We are asking the public to please limit your
7 comments to three minutes and, to the extent that it is
8 reasonable and that you can do so, please keep your comments
9 higher-level for this meeting. This workshop is meant to be
10 an overview of both SEP and Block Grant, and so it is more
11 of a programmatic overview. Staff, as you have heard, will
12 be doing more detailed workshops of both Block Grant and SEP
13 throughout the state that would be a great opportunity to go
14 into some of the real program details that may interest you.
15 You are, of course, welcome to raise them here, but we are
16 asking that your emphasis be on some of the more higher
17 level issues that you might like to raise. The first card I
18 have is for Dan Estrada with the California Community
19 Colleges Chancellors Office.

20 MR. ESTRADA: Thank you, Commissioner Douglas and
21 Commissioner Rosenfeld, and staff. I represent California
22 Community Colleges Chancellors Office. We are the state
23 office that coordinates with 72 community college districts
24 across the state. Those 72 districts serve 2.8 million
25 students and have quite an array of 110 campuses, 69 off-

1 campus centers, 22 district offices, it represents over
2 64.4 million-square-feet of space. We have 21,600 acres,
3 4,885 buildings. When the ARRA legislation was being
4 considered, we provided to the Governor's Office within an
5 hour's notice a list of shovel-ready projects representing
6 \$721 million. We currently are in partnership with the four
7 California owner-investor utilities across the state and
8 '06-'08 implementing energy efficiency projects. What I
9 would like the Commission to consider is that we partner
10 with you to dedicate a block of resources that can be
11 leveraged because, within our system, we currently have 64
12 of the 72 districts have passed local bonds which currently
13 exceeds \$22.4 billion, and so leveraging those funds with a
14 partnership with the utilities, leveraging funds from your
15 ARRA State Energy Program, would be an ideal mix. Again, I
16 provided John Sugar with an initial list of 120 projects
17 that could be completed within the 2010 year, depending on
18 how soon we start, but, of those, they represents 120
19 projects, 106 of those projects are in high unemployment
20 areas of the state that exceed the national average, and so
21 with that I just want to call to your attention that we want
22 to partner, we think we have adequate resources and
23 capabilities to go statewide because the community college
24 is within 30 minutes of everybody's reach here in
25 California. With that, we do serve 2.8 million students,

1 which represents over 70 percent of all higher education
2 students in the State of California, and one-fourth of all
3 community college students in the nation are in California
4 community colleges. Thank you very much.

5 CHAIR DOUGLAS: Thank you very much. And just
6 this morning at the Business Meeting, we approved the grant
7 of several million dollars to the community colleges for
8 workforce training. I want to thank you for working with us
9 on workforce training. I think, Commissioner, we will hear
10 a lot today about shovel-ready projects and I would guess
11 that there are -- I will not even put a number to the amount
12 of shovel-ready projects that there really are in
13 California, and it is a shame that we do not have 20 times
14 the money, but of course we thought very hard about schools
15 and setting up the categories, as you saw, and so we want to
16 look at that and there certainly is a category that
17 community colleges would be very very eligible to apply for.
18 Comments? The next card I have is Nehemiah Stone from
19 Brownfield Group, Incorporated.

20 MR. STONE: My name is Nehemiah Stone. I am with
21 the Benningfield Group. I do not write very clearly, so it
22 is my fault, not yours. I am cognizant of the short amount
23 of time we have, so I will make my comments
24 uncharacteristically short. I want to remind the Commission
25 going forward that residential includes multi-family, as

1 well as single-family, and part of the reason I do that is,
2 on slide 23 there were some references there that are for
3 residential, that only really apply to single-family homes.
4 The second thing I wanted to say is to ask the Commission to
5 re-think bid in terms of the opportunities. It is
6 characteristic or common to think of 15 percent reduction
7 over what is in the standards as being a sound target, it is
8 possible to get 75 percent reduction, and to do it cost-
9 effectively. And in terms of being shovel-ready, I do not
10 know if these projects are shovel-ready, but a partnership
11 between PG&E and affordable comfort called the NorCal
12 Collaborative is developing a thousand home retrofits that
13 will be at least 75 percent improvement over the existing
14 condition. The analysis has begun on some of these, they
15 can go forward probably very easily within the time frame
16 that you are talking about. And the last thing I wanted to
17 say is, in order to establish a continuing and sustainable
18 way of approaching this, I would like to urge the Commission
19 to make as much of the tools and the processes as possible,
20 the online, so that people can, instead of having to
21 download or buy a piece of software to figure out how to
22 make something work and figure out what the efficiency
23 levels that they are getting, would be that they can work
24 through the stuff online. And that goes for a lot of the
25 application process, too. I would encourage you to make as

1 much of it online as possible so that it is as efficient as
2 possible. Thanks.

3 CHAIR DOUGLAS: Thank you. And can I ask staff to
4 address the issue of multi-family and provide your
5 perspective on, you know, it seems that it would be
6 beneficial to comment.

7 COMMISSIONER ROSENFELD: Nehemiah, I have a
8 comment. Your 70 percent savings figure certainly grabs
9 one's attention. I hope when you put in your proposal you
10 will talk about past experience and monitoring and
11 verification so --

12 MR. STONE: Absolutely.

13 COMMISSIONER ROSENFELD: -- we are looking to
14 demonstrate what works.

15 MR. STONE: One other thing I would like to say,
16 Commissioner Rosenfeld, is that you are not going to be able
17 to get that 75 percent on all projects. The idea of the
18 thousand home challenge is not to create a cookie cutter
19 that is going to work for everything, but if we are going to
20 actually meet the challenge of climate change that we have
21 to meet, we have got to think a lot bigger than 15, 20, even
22 35 percent reductions. So the purpose of this program,
23 again, sponsored by ACI and PG&E is to demonstrate that, for
24 some buildings, you can do it. And you can do it in a way
25 that has a reasonable payback.

1 COMMISSIONER ROSENFELD: Very good, thank you.

2 MR. STONE: And by the way, measuring and
3 monitoring is a big part of the thousand home challenge.

4 COMMISSIONER ROSENFELD: Very good.

5 MR. PENNINGTON: So just to respond to your
6 question, Chairman, the Comprehensive Residential Building
7 Retrofit Program does anticipate addressing both single-
8 family and multi-family, and deep retrofits that we are
9 shooting for in Tier 2, would be just as applicable for
10 multi-family. There may be unique aspects of multi-family
11 that we will have to think about as we go here, but we are
12 certainly not ruling that out.

13 CHAIR DOUGLAS: Thank you. The next card, Craig
14 Walker with SBK Investment Corporation.

15 MR. WALKER: Good afternoon, Commissioner and
16 staff. I am just here -- I am an investment banker in
17 public finance, I specialize in this area. And I met with
18 some of you already previously in submitting some ideas, but
19 I wanted to come in and put this on the record. You know,
20 in our analysis, 811 is the most efficient way to finance
21 energy efficiency retrofits for commercial and residential
22 properties, primarily because you can achieve a 15-20 year
23 loan payoff on those transactions, as well as the loan is
24 based on the value of the property and stays with the
25 property so that, in the event the property owner sells the

1 building or the home, they do not have to pay that loan
2 off, which would eat into their equity, but as rather the
3 new individual coming to the home would serve and take over
4 those payments. We have provided two models to leverage
5 these funds that you have been discussing here today. We
6 have identified and talked with Jan McFarland of the
7 California Alternative Energy and Advanced Transportation
8 Finance Authority. We think that the Energy Commission can
9 use that as an effective pass-through authority to utilize
10 pooled leveraging for both a AB 811 program, which under our
11 finance model we can achieve a 12 times leverage; so, for
12 example, if the Energy Commission was going to devote \$7.5
13 million towards a California AB 811 loan program for smaller
14 cities and counties throughout the state, that could
15 translate to \$100 million program for those cities and
16 counties. We also think it can serve as a valuable tool for
17 larger cities like the City of Los Angeles, who we are
18 advising currently. There are some obstacles they would
19 face in terms of doing a contract with AB 811 program,
20 including an election to authorize bonds where, by utilizing
21 and working in partnership with the Energy Commission, they
22 could issue those bonds through this authority, not have to
23 go through the election process, and get that money on the
24 street a lot quicker. Also, there is, I would believe, for
25 the State Energy Commission's perspective, a strong interest

1 in having a uniformity of AB 811 programs throughout the
2 state, you know, even in Los Angeles you have different
3 areas that you do not want to have two, three, four
4 different loan programs that have different concepts,
5 different ways that work, because then you are going to have
6 confusion in the marketplace. So if the Energy Commission
7 positions itself as the clearinghouse for most of the cities
8 and counties in this state to fund their AB 811 program, you
9 can ensure a uniformity of programs throughout the state,
10 which would make it very effective for the consumers to
11 utilize. And just a last point on the energy efficiency
12 leverage model we used for the California buildings and the
13 leveraging of those assets, the one unique aspect of our
14 leverage model is it allows the city, county, or, in this
15 case, the state, to receive 100 percent of the benefits of
16 that energy efficiency retrofit for the first four and five-
17 year period; and on those funds, we can get a leverage of
18 about three times, so even in the DGS Program of \$25
19 million, we could probably take that up to about \$75 million
20 and get a correspondingly increased bang for your buck. And
21 we will be submitting those by e-mail to staff and to you,
22 Chairman Douglas, in writing, as well as on the record for
23 this program. Thank you.

24 CHAIRMAN DOUGLAS: Thank you. Next card is from
25 Ken Anater, I am sorry if I said that wrong, with the

1 California Department of Food and Agriculture.

2 MR. ANATER: That is Ken Anater, and thank you. I
3 am Ken Anater from the California Department of Food and
4 Agriculture's Division of Affairs and Expositions. I would
5 like to thank the Committee for this opportunity to speak
6 before you. We are here to -- we would like to promote our
7 desire to obtain receipt partnerships and therefore funding
8 for a third phase of photovoltaic installations at 19 fair
9 sites throughout the state. This would add to the 26
10 existing photovoltaic installations that we have already
11 done since 2001, and convey the fact that the fairs are
12 located statewide, north to south, east to west, and we can
13 hit small and large communities, both rural and urban. We
14 do have a dedicated construction resource, the California
15 Construction Agency that has successfully installed the past
16 pv projects. And about the only suggestion that I would
17 have in light of our past experiences in trying to obtain
18 energy efficiency financing is that, as we have oversight of
19 state, county, and even nonprofit organizations, that for
20 the sake of efficiency, we do not have a single vehicle to
21 obtain that application process. So in closing, I just
22 would like to say that we would provide a stable partner
23 with a proven track record of pv installations, and
24 throughout the state. Thank you for your time.

25 COMMISSIONER ROSENFELD: We were huddling about

1 giving you a warning that we are going to place huge
2 emphasis on jobs created per dollar invested and
3 photovoltaics does not go very high on that list. You
4 better make a pretty good address to that in your proposal.

5 MR. ANATER: Yeah, I was informed of that as the
6 presentation was going on and it was a little too late to
7 rescind my card, but I thought I would take this opportunity
8 nonetheless.

9 CHAIR DOUGLAS: Well, we appreciate it and
10 obviously in our ECAA program, photovoltaics have certainly
11 been part of the projects we have gone forward with, but it
12 has been a package of energy efficiency and pv that have
13 pushed projects over the edge, and over the top in terms of
14 meeting the energy efficiency criteria. ARRA lays another
15 step in there in that we have also got to consider jobs
16 created per dollar spent, and so that is fair warning on the
17 importance of those criteria, and we can move on.

18 COMMISSIONER ROSENFELD: We will be looking, in
19 fact, Pat Perez showed you a slide which said you have got
20 to show at least 10 million Btu per thousand dollars and I
21 think you are going to have a hard time meeting that with a
22 pv program, so be warned.

23 CHAIR DOUGLAS: John Means, Associate Chancellor,
24 Kern Community College District.

25 MR. MEANS: Thank you, Chair, Commissioner, and

1 staff. I am the Associate Chancellor for the Kern
2 Community College District, which includes the three
3 colleges of Cerro Coso, which is in Ridgecrest in the Mojave
4 Desert, Bakersfield College, and Porterville College. We
5 oversee all of the economic and workforce development
6 programs for our district. While we certainly support the
7 job training workforce development programs that are
8 contained within your guidelines, as well -- particularly
9 with the weatherization -- we also strongly support all of
10 the criteria that are both with the SEP Program and the
11 Block Grant Programs. Our request would be to consider also
12 the workforce training that would be acquired for the
13 commercial electricity generating facilities. Our region,
14 combined with a fourth college, covers over 30,000-square-
15 miles, and contains the Tahachapi Wind Farms, which is the
16 second largest commercial generating area in the state. And
17 the solar, thermal and photovoltaic commercial electricity
18 generating is the largest in the state with the transmission
19 lines that were approved, I believe, within the last year or
20 two years by this Commission, thus expected to quadruple.
21 What is needed in order to make that happen is a skilled
22 workforce. We have begun that process over two years ago.
23 We have a wind farm boot camp that has begun to put out
24 those trainees, technicians that have that skill; however,
25 in order to respond to the need that is there now, the labor

1 market need from just the industry within our region
2 indicates that they will be just slightly under 3,000
3 skilled technicians over the next five years. We would
4 argue that a critical need is to meet the state's 33 percent
5 energy need for renewable sources by 2020, and we need
6 another 25,000 Megawatts that are generated. We are far
7 beyond that. Last year, as I understand it, about 158
8 Megawatts actually came on line. We believe, if we are
9 going to meet our need of electricity generated from
10 renewable energy sources, we need those skilled technicians
11 who are able to do that. What we need, and we had started
12 to do, and begun to do, but we need the funding for both the
13 industry assistance to develop that curriculum, the
14 facilities, as well as the equipment. If we are training
15 for the commercial needs, we have a tremendous need. We
16 have been to the workshops, we have talked to staff, and
17 perhaps minimal, if almost absent, is the workforce training
18 for the commercial electricity generation. So, as you
19 consider and move forward, we would ask that you include
20 those as much as possible if we are going to meet our needs.
21 If we are going to have long-lasting impact, if we are going
22 to reduce greenhouse gases, if we are going to create jobs,
23 and we are going to reduce our independence on energy fuel,
24 we believe, again, the electricity generation from renewable
25 sources is critical. And the job creation that can be done

1 through the community colleges is another critical part.

2 CHAIR DOUGLAS: Thank you for that. I am going to
3 ask staff, we are looking at a workforce development
4 program, not only through stimulus funds, but also through
5 the AB 118 funds and potentially some renewable sources. I
6 would like to ask staff to address particularly the
7 renewables workforce investment piece.

8 MS. CRAILLAT: Right. We will be issuing --

9 COMMISSIONER ROSENFELD: Who are you?

10 MS. CRAILLAT: Oh, sorry. Chris Graillat with the
11 Energy Commission. We are going to be issuing a
12 solicitation for a proposal for workforce development on --
13 it will be issued on August 7th, and it will address energy
14 efficiency, utility scale, and distributed generation
15 energy, and water efficiency. So that training will be part
16 of the solicitation for a proposal.

17 MR. MEANS: Thank you.

18 CHAIR DOUGLAS: Does that answer your question?

19 MR. MEANS: We are aware of that. We just think
20 that there could be and should be other opportunities for
21 some of that funding, to not just focus on the
22 weatherization and the retrofit, but on the commercial scale
23 for the technicians, for their commercial generators.

24 CHAIR DOUGLAS: Thank you.

25 MS. GRAILLAT: And it will.

1 CHAIR DOUGLAS: I usually take cards in order,
2 but I noticed we had two from the same organization, so I am
3 going to ask you to come up one after the other and possibly
4 consolidate to the extent possible. I have got Ali Sahibi,
5 Chair, Green Valley Initiative, and I have also got Craig
6 Keys, the Executive Director of the Green Valley Initiative.

7 MR. KEYS: Thank you very much, Chairman Douglas
8 and Commissioner Rosenfeld, and staff. I want to just thank
9 you all for giving us this opportunity. I am very pleased
10 with what I heard today. Green Valley Initiative, of which
11 I am the Executive Director, exists to foster collaborative
12 efforts, to foster economic development, and expansion of
13 green industries. And everything that I have seen today, I
14 think, will go very far in helping the state get a head
15 start in that direction. I want to start by mentioning just
16 a few things that excited me about what I heard, things that
17 GVI supports. One, we strongly support engaging the private
18 sector with these policies that I think will produce the
19 most jobs there, as opposed to spending on public
20 infrastructure projects, I think it is very important to
21 have a very significant emphasis on private sector
22 engagement. Secondly, projects that leverage regional
23 resources are very important because they also stretch out
24 those resources and their impact. Third, targeting regional
25 leads and strengths is important. And finally, there must

1 be a very strong emphasis on job creation, but there should
2 also be an emphasis on mix of the jobs, there should be both
3 entry level and opportunities for skilled job development.
4 And with that, I would like to tell you a bit about GVI, its
5 mission, and how we fit into this. GVI is a regional
6 collaborative that consists of the support of some 500
7 leaders from the inland empire, from business sector, from
8 government, travel communities, academia, and other
9 stakeholders, and over a three-year period it represents a
10 \$3 million investment in consensus building around those
11 issues, that has resulted in a comprehensive economic
12 development strategy that was approved by the U.S.
13 Department of Commerce in October 2007, and which we have
14 been working to implement. GVI intends to make the inland
15 empire a leader in green technology development and that is
16 something that we want to see happen throughout the state.
17 We are on the front lines of the state's efforts to address
18 the recession and to implement a recovery, and the reason
19 for that is that we have been the fastest growing region in
20 the state, yet we have the highest rates of home
21 foreclosures, we have the highest unemployment rate and an
22 effective unemployment rate of 25 percent, and we also share
23 with the rest of the state some significant advantages for
24 these emerging technologies, which is an abundance of sun,
25 an abundance of land, and tremendous educational resources

1 and labor force that can be deployed to it. So, again, I
2 mentioned those things that I saw were very positive about
3 what was presented here today in terms of moving us towards
4 that green economy and helping us meet our goals of reducing
5 greenhouse gases and providing for a green economy in the
6 state. I think that if we think big, if we think
7 innovatively, if we plan regionally, and if we emphasize
8 collaborative efforts, it will be very successful. We have
9 been pursuing these kinds of efforts since 2007. Some of
10 our activities involve consensus building symposiums and
11 events, green business development activities, and policy
12 programs such as advocating for AB 811 programs in the 40
13 cities within our region that have signed on to the Green
14 Valley Initiative, we are working with all of them to
15 encourage AB 811 programs to help finance these
16 technologies. And we also have developed a regional program
17 that is an integrated resource conservation program which
18 would meet the goals of the CEC and federal stimulus
19 objectives. And you will hear more about that from our
20 Chairman, Ali Sahibi, so I want to turn this over to him.
21 And thank you again for this opportunity.

22 COMMISSIONER ROSENFELD: Just a question. Do you
23 have an AB 811 program underway?

24 MR. KEYS: We are working with cities in our
25 region. One of the first AB 811 programs to come into

1 existence in the state is in our region by the city of Palm
2 Dessert, and we are working with others. I also want to
3 submit for your review a reference and information packet on
4 our accomplishments, which will show the cities that are
5 involved. Our region encompasses some 53 cities, 40 of
6 which we are working very closely with and have signed
7 formal resolutions to sign on to this effort. And I also am
8 going to submit a copy of the approved Development Plan,
9 approved by the Department of Commerce.

10 COMMISSIONER ROSENFELD: Thank you.

11 CHAIR DOUGLAS: Thank you. And we will now hear
12 from your Chair, although I will ask you to please keep it
13 brief if you could.

14 MR. SAHIBI: Yes. Thank you very much, Chairman
15 Douglas, and Commissioner Rosenfeld. This is a wonderful
16 wonderful day. I want to commend you, the Commission, and
17 your staff for doing such a wonderful job and really being
18 so thoughtful about the future. As you can imagine, as you
19 heard from Mr. Keys, we have been working on this project
20 for more than three years, and it is really exciting for us
21 to see that so many of the things that, two or three years
22 ago, could have been just us dreaming when others were
23 observing us, now actually coming true. And you are a part
24 of that transformation, you are an important part of that
25 transformation that is going to really help us achieve our

1 goals and objectives. What Mr. Keys referred to, IRRCP,
2 which is called Integrated Regional Resource Conservation
3 Program, basically it is a three-step program where we, as a
4 region, we are going to commit to attend to audit not only
5 electricity, but also gas, water, and potential building
6 improvements, audit more than 331 million square feet of
7 industrial and commercial buildings in our region. And the
8 reason why we are focusing on industrial and commercial
9 buildings is very simple, because we feel that we are going
10 to have multiple bottom lines. We all have heard of triple
11 bottom lines, well, in this case, there are so many other
12 benefits of working on businesses to be competitive in this
13 global market, it is going to allow our businesses to stay
14 in business, to expand, and to create other jobs, and the
15 ripple effect is what is really unique about this project,
16 is to the extent we believe, based on scientific
17 calculations, and following UC Berkeley and others that have
18 studied the actual costs of creating jobs, we believe we can
19 create jobs, six times as many jobs, as what is currently
20 the target for the state of California. Our cost of
21 creating jobs is about \$8,500 per job, whereas state target
22 is almost \$55,000 per job.

23 CHAIR DOUGLAS: Thank you.

24 MR. SAHIBI: Thank you so much. I can go on, but
25 we are -- we believe that this project can be national model

1 for energy efficiency, complying with AB 32 and many other
2 benefits that we have outlined in our written proposal that
3 we will be submitting to you. Thank you very much.

4 CHAIR DOUGLAS: Well, thank you for your good work
5 and thank you for your comments. Before we go on, I would
6 like to acknowledge, we have about at least 20 questions on
7 the Web waiting for us, as well as people in the room. Time
8 permitting, we will have staff read those Web questions and
9 to try to provide answers or discussion to the extent
10 possible; but if it is not possible to get through the Web
11 questions, staff has committed to provide answers to them on
12 the Web by early next week. Before we go to the Web, we
13 will of course go through all of the comments of people in
14 the room. I am going to watch the clock a little more
15 closely as we go forward, although I do want -- in part
16 because I do want to allow time for us to provide feedback,
17 or to ask staff for feedback to comments that are raised.
18 The next card I have is for Michael Theroux of Theroux
19 Environmental.

20 MR. THEROUX: Good afternoon. I would like to
21 point at one specific area that I am trying to puzzle
22 through right now. In advance of the state pass-through of
23 ARRA funding for the Energy Efficiency Community Block
24 Grant, is the direct formula grants. Many of these are
25 being allocated to our Native American tribes. Many of

1 those communities are very small. The program had found
2 that the June 25th deadline simply was too fast and extended
3 that deadline until August 10th for submission. I am on
4 contract to assist one of the small tribes, and in doing so,
5 I realize that many of our small tribes certainly need this
6 program, but are somewhat left in the lurch trying to
7 understand how to approach it. In the state's pass-through
8 funds for the Block Grant, you have committed up to 75
9 percent for, as it turns out in the language, non-direct
10 formula grants, in other words, those that are not eligible
11 for the direct formula grants, will receive appropriately
12 most of the funds coming this way. My question, then, would
13 be to direct towards that last percentage, that 30 percent,
14 or whatever is left over. The tribes need the ability to
15 have follow-on support, hopefully to work with the state
16 directly and coordinate multiple reservation assessments.
17 Most of the funding come from this first assessment, from
18 this first direct grant, is being used for strategic
19 planning, just to get a plan in place, get a concept in
20 place, find some specialists that can assist the community.
21 Obviously, once they get that done, they will want to take
22 the second place. So I will be contacting the Commission
23 directly now that we are in place with -- our contract just
24 stepped in and they asked that we quickly try to make our
25 presence felt with the Commission, so I will come in and

1 contact you on that. I would ask, though, that you think
2 about the 20-30 other small communities that I am not on
3 contract for, and see if perhaps we can take what we have
4 learned out of this first small community Block Grant
5 Program, work with the DOE's Tribal Energy Program, and
6 spread that a little bit more broadly among the tribes of
7 California. And I would be more than happy to help on that
8 one on my own. Thank you.

9 COMMISSIONER ROSENFELD: Pat, there probably are
10 people in the audience who represent small communities. Can
11 you give them some advice?

12 MR. PEREZ: Certainly the input we are hearing
13 today is helpful. We have simply not had the resources and
14 the time to really explore those opportunities with the
15 tribal communities, specifically, and the DOE program that
16 is geared, but we really welcome their participation in our
17 forum and just, you know, we just do not have a lot of
18 information about those solicitations. We have been pretty
19 much preoccupied with the direct funding programs that are
20 coming to the Energy Commission that we are going to be
21 administering. But to the extent that we can gain some
22 additional insight and information from Mr. Theroux, we
23 welcome that and we will follow-up with on.

24 CHAIR DOUGLAS: Thank you, Pat. Next card is from
25 Wendell Brase, University of California.

1 MR. BRASE: Good afternoon, Commissioners. I am
2 representing University of California in my capacity as
3 Chair of the Climate Solutions Steering Group for the
4 system. We, of course, support all of the objectives and
5 criteria that I heard discussed here today and in the
6 earlier workshop, that are aimed at maximizing the
7 efficiency and effectiveness of using taxpayer dollars for
8 the stated program objectives. There are two objectives, or
9 two criteria, rather, which I hope to hear mentioned. One
10 actually was mentioned and seemed almost as an afterthought
11 because it was the last thing you mentioned when you went
12 through the goals. The two are some assessment of the
13 readiness in terms of project management systems in place
14 that will be able to launch quickly a program that meets all
15 of the objectives you have, including, of course, the
16 systems of accountability that are expected to the
17 taxpayers; and the second one, which was mentioned and I
18 thought seemed like an afterthought, perhaps that was just
19 my interpretation, but some kind of metric to evaluate
20 proposals in terms of units of greenhouse gas reductions per
21 dollar of ARRA funding. That is not quite the same as the
22 MMBTU measure. Then, finally, let me say, it was not
23 entirely clear to me when I hear words like state buildings
24 used where the public higher education sector fits into some
25 of the categories you described. Our buildings are not

1 usually called "state buildings," however, they of course
2 were for the most part built by taxpayers of the state, the
3 energy used in them is paid for by the taxpayers of the
4 state, and they actually solely serve the benefit of the
5 taxpayers of the state, so they are public buildings in all
6 those respects.

7 CHAIR DOUGLAS: Let me ask staff to address that
8 last question. John, do you want to take that?

9 MR. SUGAR: Well, I think the element of state
10 buildings that has been discussed thus far is the agreements
11 that are being developed with the Department of General
12 Services.

13 MR. BRASE: Right.

14 MR. SUGAR: There has been discussion, I know,
15 between staff and the committee regarding the role of public
16 education in the State Energy Program funding, and that is
17 still being discussed to determine how best to allocate
18 those funds, or to make them available to public agencies.
19 The discussions thus far have centered on trying to match
20 those with loans through our Energy Conservation Assistance
21 Act Program to try to ensure that the funds are leveraged,
22 so that while the grants from the State Energy Program would
23 be paying for a portion of projects, that the institutions
24 involved would also be contributing either immediately or in
25 the form of low repayments.

1 MR. BRASE: We completely agree on that last
2 point. And, in fact, the University of California is
3 issuing energy retrofit project bonds in a program which we
4 would hope could be expanded quickly. In fact, I just spoke
5 to the Regents Grounds and Buildings Committee about that
6 only yesterday, about that point. So, yes, leverage with
7 loan funds and other sources of funds, for that matter. And
8 we are glad to see leverage is one of your high criteria in
9 the program.

10 CHAIR DOUGLAS: Thank you.

11 COMMISSIONER ROSENFELD: Wendell, with respect to
12 the question of metrics, I assure you that when the
13 guidelines are finalized, there will be a scorecard --

14 MR. BRASE: Perfect.

15 COMMISSIONER ROSENFELD: -- that same scorecard we
16 use, the applicant will use. We will, of course, verify
17 claims, but we recognize you need a scorecard. The
18 guidelines have a lot of things missing, they do not even
19 have a glossary yet.

20 MR. BRASE: Oh, I understand. I appreciate the
21 responsiveness of all the comments here. Thank you.

22 MR. PENNINGTON: So just one more comment. The
23 Municipal and Commercial Building Targeted Measure Program
24 also, the UC System might be very appropriate for
25 consideration for that program.

1 MR. BRASE: Okay, well, I understand this is
2 still being developed. Thank you.

3 CHAIR DOUGLAS: Thank you. Colleen Quinn.

4 MS. QUINN: Hi. Good afternoon, Commissioners. I
5 am here representing a company, Go Green Solutions. I just
6 have one quick question and then sort of a process overview
7 question. The way that I at least took away from the
8 outline today was that the majority of the funds that appear
9 to be coming into the state through the Federal ARRA
10 Program, through your SEP and other programs, especially the
11 Block Grant, appear to go to users, to the consumers so to
12 speak, of the electricity, or whatever the issue is. Is
13 there any program that is going to be directed towards
14 manufacturing for the equipment, or things that are made,
15 for example, the company that I represent is a lighting
16 solution company and they want to build a manufacturing
17 facility in Los Angeles. Is any of this money going to be
18 dedicated to that? So those create jobs, manufacturing
19 jobs, etc.

20 CHAIR DOUGLAS: I will ask staff to --

21 MS. CHANDLER: I think that the area that that
22 would fall into may be our clean energy systems program
23 area. That was the area that was up to \$35 million, it had
24 bioenergy, biogas, combined heat and power, as well as
25 energy efficiency. It would be a loan program, or a loan

1 and grant combined program. We are looking at existing
2 funding vehicles, or financial vehicles such as business,
3 housing and transportation, their program, the Treasurer's
4 Office, as well as, say, BIDCO as funding as a financial
5 mechanism. So with that program, which is up to, like I
6 said, \$35 million, is the area that it sounds to me like
7 your company would be a best bet.

8 MS. QUINN: Is that ARRA money?

9 MS. CHANDLER: Yes, it is. It is one of the step
10 programs --

11 MS. QUINN: Oh, okay.

12 MS. CHANDLER: -- and it was the State Energy
13 Program and it is in that category included in the \$226
14 million, or, as Mark pointed out, the \$261 million, that it
15 all adds up to.

16 MS. QUINN: Okay, great. One other question.
17 Will there be some sort of approved vendor list, in other
18 words, as you put together S Co's, or whomever is going to
19 look at providing these services, and then you dial down to
20 what the services are and the equipment that is going to
21 used in retrofitting buildings, or whatever, how will that
22 be determined?

23 MS. CHANDLER: Do you want to take that, John?

24 MR. SUGAR: Well, for the Block Grant Program, we
25 will be providing funding to local agencies.

1 MS. QUINN: Okay.

2 MR. SUGAR: One option -- local agencies, at least
3 as the guidelines are currently written -- and they are
4 being vetted at two workshops at the moment, we have one
5 more tomorrow, to make sort of an unashamed advertisement
6 for our WebEx workshop tomorrow -- the two options that we
7 have are the local agencies may propose a project with the
8 normal engineering back-up to justify the cost-effectiveness
9 of the effort. Another alternative will be purchase of
10 energy efficient equipment that would be installed in
11 whatever facilities they have that require that equipment.
12 We anticipate that the Commission will be specifying what
13 types of equipment would be sort of ironclad, cost-
14 effective. This would include sensors for lighting systems,
15 change-outs of T-12s to high efficiency T-8 systems, things
16 like that. The specific vendors would be chosen by the
17 local entities that would be purchasing the equipment.

18 MS. QUINN: So the type of equipment list would be
19 part of the guidelines?

20 MR. SUGAR: We anticipate that, for that option,
21 the guidelines will include the types of equipment that
22 would be covered.

23 MS. QUINN: Okay, and that would be the Block
24 Grant Program. What about --

25 MR. SUGAR: This is for the Block Grant Program.

1 And now I will turn it over to Bill.

2 MS. QUINN: Okay.

3 MR. PENNINGTON: So that was a very good answer
4 that would apply to the Municipal and Commercial Targeted
5 Measure Program, very similar response.

6 MS. QUINN: Okay, thank you.

7 CHAIR DOUGLAS: Thank you. I suppose staff, the
8 DGS revolving loan program would be covered by the existing
9 DGS term channeled services process?

10 MR. PENNINGTON: Yes.

11 CHAIR DOUGLAS: Okay. The next card I have is
12 Cara Martinson, Legislative Analyst for CSAC.

13 MS. MARTINSON: Good afternoon. I am Cara
14 Martinson on behalf of the California State Association of
15 Counties. First, we would like to thank staff for providing
16 a clarification within your Draft Guidelines stipulating
17 that 200,000 population for counties specifically being
18 unincorporated and we think that provides the necessary
19 clarity that will include 13 counties that were previously
20 in question and providing them to be eligible for the
21 program. Specifically, I have a question or comment
22 regarding the guidelines with respect to climate change
23 planning. If legislative changes are made, which looks
24 likely either through AB 262, or our budget, possibly tailor
25 the language, will this be an activity that will be

1 allowable under the program either through the direct
2 formula grants, or through the discretionary pot?

3 MR. SUGAR: An excellent question. Maybe 2176
4 limited the types of projects which we may fund to energy
5 efficiency where the cost-effectiveness can be measured.
6 The Committee is currently considering a couple of options
7 for the use of the balance of the Block Grant money, which
8 will be up to \$12 or \$13 million. One of those two
9 alternatives would be to fund projects which do not fit
10 under the current AB 2176 guidelines, but would be allowable
11 if legislative language changes that restriction. The
12 situation we encounter, just speaking for staff, is that we
13 are starting down a road based on the existing legislation,
14 which is focused on energy efficiency. Given our resources,
15 it would be very difficult to make a big shift in that
16 effort and still meet the very restrictive time lines that
17 the federal money includes. So one option may be for the
18 committee to consider using some of the funds for other
19 opportunities, so that staff can clear off the energy
20 efficiency projects, get those applications taken care of,
21 and then start looking at other areas.

22 MS. MARTINSON: Okay, great. Thank you.

23 CHAIR DOUGLAS: Rick Bofinger, Jerico Energy.
24 All right, I hope I did not mangle his name so badly that he
25 is sitting here. Anyone here named "Rick" and the last name

1 starts with "B"? Bafinger, or something like that? All
2 right, I will put the card at the end and I will try again
3 later. Michael Day, Bestco.

4 MR. DAY: Good afternoon, Commissioners, staff,
5 other people, usual suspects in the room. I am not going to
6 talk about a specific proposal, I want to talk about
7 concepts here. First off, in light of the work that we have
8 done over the last 10 years on time dependent valuation,
9 will we be evaluating different proposals in light of the
10 curve, something that could be TDVish, if you will, or will
11 it be on straight KWH? I mean, we have done a lot of work
12 around here to figure out that a May morning and an August
13 afternoon do not give the same value to the state, either
14 from carbon footprint or from true cost to consumers, so
15 that is one concept. Another question would be, in the
16 evaluation, is there a way that we can give a bonus for
17 technologies that concentrate their Kilowatt hour reductions
18 on peak, or something that gives benefits for peak Kilowatt
19 reductions? Another question would be, are we going to be
20 able to give a bonus for programs that have existing clean
21 technology job training programs already in place that could
22 be expanded, as opposed to ones that would have to be ramped
23 up? Another question would be, are we able to in any way
24 give bonus points for those that are manufacturers of
25 equipment based here in California? It is a little bit more

1 expensive to be a California manufacturer, but that brings
2 jobs and rolls the money over here in California. So I know
3 that is a lot of stuff, but I wanted to try and be quick.

4 CHAIR DOUGLAS: Thank you very much.

5 COMMISSIONER ROSENFELD: Michael, I suspect most
6 people in the audience do not know what the heck TDV is. I
7 think when you write your proposal, you should make that
8 point and you should talk about TDV and Kilowatt Hours in
9 addition to the standard ones. I am a huge supporter of
10 TDV, but I think we are not going to train everybody here
11 and I guess you just hope that the reviewer knows what the
12 heck you are talking about.

13 MR. DAY: Well, I guess one thing, there would be
14 an option that, for those proposals that are able to
15 differentiate their savings into -- even if it would be sort
16 of binned that would be able to show some TDV curve, or E-3
17 curve if they prefer to use that type of benefits, in
18 addition to just a straight waiting, that that would be a
19 reviewable criteria under the standards that you are able to
20 set up. We could come up with some sort of simplified type
21 of analysis, I think. And I think that the benefits there
22 would be pretty substantial.

23 COMMISSIONER ROSENFELD: Write them in your
24 proposal.

25 MS. CHANDLER: So the type of detail that we are

1 getting into right now is exactly the type of detail we
2 want to get into at the Regional Workshops because these
3 questions that you have are all good ones in terms of
4 criteria, but it is related to the SEP guidelines, which
5 will be posted tomorrow night, hopefully, and I am sure you
6 will be reading them over the weekend to kind of discover,
7 and then we have three workshops that will be set up, one in
8 San Francisco, one in Stockton, and the third in San Diego.
9 This is exactly the kind of --

10 MR. DAY: Nuts and bolts.

11 MS. CHANDLER: Nuts and bolts that Bill Pennington
12 lives by. So, anyway, we invite you to one of those three
13 workshops, I think the one closest to you so you will keep
14 your carbon footprint down, and we will see you there.

15 MR. DAY: Thanks very much and we look forward to
16 participating.

17 CHAIR DOUGLAS: Thank you. The next card I have
18 is for Anna Ferrera.

19 MS. FERRERA: I thought that was going to take a
20 lot longer, sorry. I am Anna Ferrera. I am here
21 representing Murdoch, Walrath & Holmes. We have a number of
22 school district clients, K-12 schools, in addition to
23 associations such as the Coalition for Adequate School
24 Housing and County School Facilities Consortium. I am also
25 the Executive Director for the Californians for School

1 Facilities, an organization that goes and lobbies in
2 Washington, D.C. on school facilities issues. So you can
3 guess what I am going to be talking about, which is
4 incentivizing schools to do some of the things that you have
5 been talking about today. We have been very interested in
6 looking at efficiencies and, as you may know, we are in a
7 budget crisis and that trickles down to districts. What
8 winds up happening is those upfront costs are very difficult
9 for school districts to get over, given that we get our
10 state funding matched 50 percent by the district, and it is
11 barely enough to build the schools, the boxes that we are
12 able to build throughout the state. But we have some
13 innovative districts that are looking to do some of this,
14 and so we are hopeful that we will be able to utilize it.
15 We will be very interested to see what those matching
16 grants, what the criteria and all that will be, and we have
17 good partners in utilities, I believe, and so we hope to
18 utilize that, as well. On the not to be mentioned renewable
19 and other areas, we also do believe, though, that
20 efficiencies are the first step as we move into perhaps
21 doing some of these systems because K-12 schools are kind of
22 a natural for that, we have flat roofs and we are not as
23 well used in the summer. So we are hoping to use this to
24 piggyback onto some of those other things. So we look
25 forward to working with you. We are excited to see that

1 schools are included, and that is something that we will be
2 watching in the future. Thank you.

3 CHAIR DOUGLAS: Thank you. John McIntyre,
4 University of the Pacific.

5 MR. MCINTYRE: Thank you very kindly, both to you
6 as the Commissioners, as well as to staff. Again, my name
7 is John McIntyre from the University of the Pacific, and I
8 have heard a great deal about public -- heard representation
9 from public universities and colleges, have not heard
10 anything about possible support for programs at private
11 colleges and universities, which provide the central
12 pressure valve in times of retrenchment and difficulty in
13 the state systems. University of the Pacific has 6,700
14 students spread across three campuses, a main campus in
15 Stockton, a small demi-school in San Francisco, and then
16 McGeorge School of Law here in Sacramento. Two of those
17 campuses have projects that we believe would qualify, but
18 just to get clarity, in the Energy Efficiency and
19 Conservation Block Grants Program, will the set-aside -- and
20 I see in the presentation a set-aside for expanded
21 activities, and I wonder if those would include projects
22 that would include private higher education and, if so, by
23 what process?

24 CHAIR DOUGLAS: I am going to ask staff to
25 respond, but the block grant goes to local government, so

1 the Block Grant would not be the place to look. Staff,
2 could you address the questions that relates to the SEP --
3 unless I am wrong about block grants?

4 MR. SUGAR: No, no. Block grants are limited to
5 cities and counties.

6 MR. McINTYRE: Sorry for missing that. Thank you.

7 MR. PENNINGTON: The Municipal and Commercial
8 Targeted Measure Program is a possibility for these kinds of
9 schools, so that is out there.

10 MR. McINTYRE: That was a really short answer.

11 MR. PENNINGTON: Good.

12 MR. McINTYRE: Thank you.

13 MR. PENNINGTON: Come to the workshops.

14 CHAIR DOUGLAS: Read the guidelines. All right,
15 this is the last blue card, so, staff, if you could prepare
16 to take the Web questions, and he may not be here. Rick
17 Bofinger again? Going once, going twice. Let's move on to
18 the Web questions.

19 MR. HUTCHISON: Okay, first question, "Why aren't
20 other units of local government listed, utilities, special
21 districts, etc.? Where do we go for our dollars for energy?
22 Thus far, little money is even available for water utilities
23 and special districts through DOE or the state." And this
24 question is from Bobbi Becker with Metro Water District of
25 Southern California.

1 MR. SUGAR: Well, those districts are not
2 eligible under the Block Grant Program. I believe the
3 committee is still discussing which public agencies will be
4 eligible under the SEP match program. And they are eligible
5 for our loan program. We have lowered the interest rate to
6 3 percent, which provides quite a cost-effective opportunity
7 for efficiency undertakings.

8 MS. HALL: In addition, and depending upon the
9 type of program or proposal, it is possible that they may
10 qualify under the Clean Energy System portion of the CP.

11 MR. PENNINGTON: Also, the Municipal and
12 Commercial Targeted Measure Program is not ruling out
13 particular kinds of local governments, but a consortia
14 regional approach is what we are looking for, so these kinds
15 of districts could partner with others on those kinds of
16 programs.

17 MR. HUTCHISON: Next question. This is from Allis
18 Druffel with California Interfaith Power and Light, and I am
19 going to kind of truncate some of these background
20 information here. "We are wondering if there is stimulus
21 money available for congregation interfaith facilities for
22 energy efficiency devices such as appliances and solar
23 power. Also, is there a way to get a grant to do outreach
24 to the communities, members of lower income congregations,
25 to match them up with green training/green jobs?"

1 CHAIR DOUGLAS: Can we take that first question
2 and then go to the second one so that --

3 MR. HUTCHISON: Let me back up here. Allis
4 Druffel is wondering if there is stimulus money available
5 for congregation facilities for energy efficient devices
6 such as appliances and solar power.

7 MR. PENNINGTON: So basically the Targeted Measure
8 Program could clearly be an opportunity for them.

9 CHAIR DOUGLAS: Bill, if there is, within
10 jurisdiction, that sets up an 811-type program, that would
11 potentially be another opportunity, right?

12 MR. PENNINGTON: Exactly. Very good. Good
13 answer. And I think Chris might have an answer.

14 MS. GRAILLAT: Yeah, regarding the workforce
15 development for the solicitation for proposal, workforce
16 investment boards and community colleges are the lead
17 applicants for the workforce training funds, however, other
18 organizations can be partners because that is our goal, is
19 to build these regional partnerships for workforce training
20 programs, so there can be a joint partnership.

21 MR. HUTCHISON: Okay, thanks Chris. "Can a block
22 grant..." -- and this is from Laura Battise at CES -- "Can a
23 block grant applicant include renewables in with their
24 energy efficiency project, provided the energy efficiency
25 measures meet the requirements?"

1 MR. SUGAR: As our guidelines are currently
2 written, they would be able to include a renewables project,
3 as long as the total project cost-effectiveness meets the
4 criteria.

5 COMMISSIONER ROSENFELD: But it is important to
6 emphasize that it is your total project that has to meet the
7 criteria.

8 MR. SUGAR: Yes. The total project has to meet
9 the cost-effectiveness criterion.

10 COMMISSIONER ROSENFELD: And you will be competing
11 with projects which more than meet the criteria.

12 MS. CHANDLER: I think this is block grants, so
13 this would be direct.

14 MR. SUGAR: Yeah, this one is formula. So each
15 jurisdiction, we anticipate, will propose a project. In our
16 guidelines, we are requiring that the project meet a cost-
17 effectiveness criterion of a ten million Btu source energy
18 per thousand dollars. On their own, a lot of renewables
19 projects will not meet that. If the renewable project is
20 bundled with energy efficiency, it could well meet that
21 criteria as the total project.

22 MR. HUTCHISON: Thanks, John. The next question
23 is from Linda McDaid, Honeywell International. "How will
24 these programs be impacted by the Value America Act in the
25 ARRA legislation?"

1 MR. PEREZ: Certainly, the Buy America provisions
2 will apply to many of these programs. The actual details on
3 how they apply to various programs, not only the direct
4 programs, but also the competitive funding programs, are
5 actually outlined -- I think it is the Department of Labor
6 website, there is a whole discussion on that. So depending
7 upon the type of project it is, and the availability of the
8 equipment, or whatever, that is how it basically comes in.
9 Certainly, you do not necessarily have to purchase American
10 manufactured products if they are not available, so that
11 there are options for using non-American made products in
12 the event that you cannot find that product available.

13 MR. HUTCHISON: Thanks, Pat. Next question, this
14 is from Chris Rich, County of Santa Barbara. "Is the SEP
15 schedule on page 26 of the presentation related only to
16 Phase two, or both Phase one and two? That is an easy one,
17 I will take that. It is really focused on Phase two. As we
18 mentioned, the Phase one quick strikes are actually -- a
19 number of them are in process right now. We are developing
20 inter-agency agreements. We are awaiting legislation to
21 move to create the DGS revolving fund, and we are also
22 pushing for the ECCA solicitation. So, again, the SEP
23 schedule is really more focused on Phase two.

24 CHAIR DOUGLAS: Before we go on, let's just do a
25 quick time check. Commissioner Rosenfeld and I were just

1 talking about the schedule. We are happy to stay beyond
2 4:00 and maybe let's run this to about 4:30 and see if we
3 can get through. Is that realistic, Mark?

4 MR. HUTCHISON: I think so. I think we are about
5 maybe a third of the way through the questions.

6 CHAIR DOUGLAS: Great. Okay, let's keep going.

7 MR. HUTCHISON: Next question, this is from K.
8 Shawn Thompson, City of Irvine. "Where are the guidelines
9 for the \$13 million competitive funding for the Block Grant
10 Program?"

11 MR. SUGAR: Those guidelines are not out. That
12 part of the program is still being developed. The
13 guidelines that we have out are for the small jurisdiction
14 program.

15 MR. HUTCHISON: And let me clarify on the point
16 there, is that our major thrust is for the 60 percent or 70
17 percent that is going to locals; that is on a much tighter
18 timeframe. We have got 180 days from DOE approval of our
19 application. The remaining money, that \$13 million, give or
20 take, has a longer period to allocate the funds, and that is
21 why we are going to deal with it as soon as we can, but
22 certainly we have to focus on the Block Grant money going to
23 the locals.

24 MR. SUGAR: Exactly.

25 MR. HUTCHISON: Next question. This is from Jan

1 Spencer Rosen, Greener Dawn, Inc. "Is there a copy of the
2 presentation available?" We will skip that one. I think
3 that is posted online. Next question, Barry Brooks,
4 Indirect Evaporative Technology Co., A comment was made
5 about approved equipment for energy efficiency improvements.
6 They liked the title for this approval list. Is that in the
7 guidelines?

8 MR. SUGAR: It is not in the guidelines yet. We
9 are working on the list. We are seeking to get comments.
10 We are raising the list in workshops to get comments from
11 jurisdictions and other stakeholders regarding the
12 technologies. We are going to be looking for technologies
13 that are proven, for which the savings estimates are easily
14 determined. We estimate using the DEER database that the
15 CPUC and the investor-owned utilities use for estimating
16 energy savings from efficient technologies. And what we are
17 looking for with that option, with the direct buy option, is
18 items which are as much as anything can be assured to
19 provide cost-effective efficiency. If a jurisdiction is
20 interested in using equipment that is not on the list, they
21 are certainly welcome to take the route of proposing a
22 project. The engineering work behind that is going to be
23 somewhat more significant. What we are looking for with
24 this direct buy option is to simplify the application for
25 funding for entities that are not in a position to really

1 pursue more integrated efforts to save energy.

2 MR. HUTCHISON: Thanks, John.

3 CHAIR DOUGLAS: Mark, we have one blue card.

4 Let's take that and go back to the Internet questions. Leif
5 Magnuson, USEPA and California Home Energy Retrofit
6 Coordinating Committee.

7 MR. MAGNUSON: Good afternoon, Chairman,
8 Commissioner, staff, and audience members. My name is Leif
9 Magnuson. I work for the Environmental Protection Agency in
10 the San Francisco Office. I also chair a group called the
11 California Home Energy Retrofit Coordinating Committee. We
12 are an ad hoc group of federal, state and local government
13 representatives. We also have members from utilities, the
14 California Building Performance Contractors Association, and
15 some non-governmental organizations. And I just wanted to
16 state that, from our perspective, the proposal that you made
17 today is a very strong one. We are especially supportive of
18 the \$96 million for energy efficiency. We support the
19 residential and commercial energy efficiency retrofit focus.
20 And within that, we support the tiers of retrofits from
21 basic to advanced. We want to especially lend our support
22 to the deeper comprehensive whole house, or whole multi-
23 family retrofit, using the HERS and Home Performance with
24 Energy Star approach and guidelines. And the comment I
25 wanted to make is, it was previously mentioned that there is

1 a strong need for standardization in the state for
2 implementation of these type of programs, with all of the
3 clean energy municipal financing programs starting around
4 the state, there is quite a bit of variety being
5 entertained. We will be submitting some comments, but our
6 group has put together a set of recommendations for those
7 programs, and we feel that recommendations such as these are
8 helpful in bringing about that kind of standardization. And
9 finally, your own financing or funding is really key to
10 helping to induce that type of standardization throughout
11 the state, there really is no other way to sort of regulate
12 or mandate that, maybe we do not want to, but I think it is
13 important to provide some kind of inducement or incentive
14 for that type of standardization and your fund can certainly
15 do that. So thank you.

16 CHAIR DOUGLAS: Thank you. And I am guessing that
17 your comments are on behalf of the coordinating committee,
18 not official EPA comments, although if you could clarify
19 that?

20 MR. MAGNUSON: That is correct. I am here on
21 behalf of the committee. My support for Home Performance
22 with Energy Star, however, I can say that I am qualified,
23 yes, that is on behalf of the Environmental Protection
24 Agency.

25 CHAIR DOUGLAS: Thank you.

1 COMMISSIONER ROSENFELD: One second. John Sugar,
2 I want to get back to your answer on evaporative coolers.
3 If there is cost-effectiveness, I think they are, they would
4 probably be on utility rebate lists. Does anybody know?
5 Or, Bill, do you know?

6 MR. PENNINGTON: So the person on the phone was
7 talking about direct/indirect evaporative coolers?

8 COMMISSIONER ROSENFELD: Yes.

9 MR. PENNINGTON: Which are not your smaller
10 coolers?

11 COMMISSIONER ROSENFELD: Well, which are not your
12 standard low cost item?

13 MR. PENNINGTON: Yes, I suspect they probably are
14 in the DEER database.

15 COMMISSIONER ROSENFELD: Michael has a comment.

16 MR. BAY: Michael Bay, Bestco. As a manufacturer
17 of flash evaporative pre-coolers for air-cooled condensing
18 units, I can tell you that not all evaporative pre-cooler
19 technologies are in the DEER database, and the cost numbers
20 can be off by quite a bit. There are indirect evaporative
21 pre-coolers for outside air that are in the DEER, or at
22 least in the last version of the DEER, so you figure that
23 they are going to be rolled over. But there are some pretty
24 nice evaporative pre-cooler technologies as a class, that
25 have extremely good dollars per KWH numbers, that we would

1 like to see on the list. And they are really much plug-
2 and-play kind of stuff.

3 COMMISSIONER ROSENFELD: Thank you.

4 MR. HUTCHISON: Okay, back to the questions. This
5 one has got a little bit of background information here.
6 This is from Karl Drexel, Tomales Village Community Service
7 District. "It seems like the guidelines you are proposing
8 are specifically eliminating projects that meet all of the
9 criteria for RF funding by small communities and agencies,
10 by limiting funding to a per capita basis. We have a solar
11 project in Marin County that will provide manufacturing jobs
12 in the U.S., will be installed and maintained by local work
13 force, as leveraged by the Clean Renewable Energy Bonds,
14 provides alternative energy sources for the next 30 years or
15 more, but would only be available for \$1,000 in funding
16 under these guidelines. If we apply for SEP grants, with
17 the KREBS being a matching source, we are eliminated because
18 we are not borrowing from the state. Where are small local
19 agencies supposed to get help from this program?"

20 MR. SUGAR: That seems to span both the block
21 grants and SEP. Regarding block grants, current legislation
22 directs us to cost-effective energy efficiency, which makes
23 it difficult to pursue renewables. Should that restriction
24 be changed by legislation, and should the Commission decide,
25 or a committee decide, to pursue activities or projects that

1 AB 2176 does not currently allow, to use the balance of the
2 funding for that, this might be one that could apply.
3 Similarly, if it were packaged with energy efficiency, you
4 would have to know more about the project, I think. It is
5 unusual for \$1,000 of seed money to --

6 MS. CHANDLER: It is written kind of confusingly.
7 It says \$1,000 in award, which makes me think that the
8 gentleman did not realize that we have a \$25,000 minimum
9 award for small cities, and just multiplied the per capita
10 by the \$5.00, so we should clarify for small cities and
11 small counties that there is a \$25,000 minimum award for
12 small cities. And for small counties, there is a \$50,000
13 minimum award because the policy committee and Commission
14 felt that, at least in this way, it is enough money to
15 develop with leverage a project, or to do the substantial
16 building in terms of purchasing equipment off the Direct Buy
17 list.

18 MR. HUTCHISON: Next question. This is from Paul
19 Dirksen, City of West Sacramento. "As a local government,
20 we are concerned about the local match requirement." I am
21 not quite sure where that came from because there is no
22 local match requirement. We encouraged it --

23 MR. SUGAR: We encourage a match. The Block Grant
24 Program as proposed has no local match requirement. During
25 the earlier workshops, we presented a few alternative

1 program designs, some of which required a match, as part of
2 the Commission's effort to determine what would be most
3 effective for purposes of both the Act and the Commission's
4 goals.

5 MS. CHANDLER: So he may be looking at an earlier
6 version.

7 MR. SUGAR: He may be looking at an earlier
8 version than the current guidelines. We are not proposing
9 any kind of a match requirement. And we will have a
10 workshop tomorrow discussing this, it will be broadcast on
11 WebEx, it should be a grand time, and I highly recommend
12 that people interested in this program tune in.

13 MR. HUTCHISON: There are a couple more questions
14 and they have been somewhat dealt with, but I will quickly
15 go over them. "Has the Energy Commission considered
16 dedicating energy efficiency retrofit funding specifically
17 for multi-family apartments and condominiums?" Bill, I will
18 address that. Stay tuned for the SEP Guideline discussion.
19 It is certainly not precluded. And then, finally, "We
20 noticed a ARB Scoping Plan was listed as a potential
21 activity that could be funded. Is the CEC considering
22 funding local or regional Climate Action Plans?" And that
23 is to be determined.

24 MR. SUGAR: That is to be determined. During the
25 discussions on the Block Grants, during the workshops, a

1 number of jurisdictions expressed an interest in using
2 Block Grant funding for that purpose. AB 2176 currently
3 precludes that and, again, if those requirements are rolled
4 back, that might be an area which the remaining Block Grant
5 funding could be directed.

6 MR. HUTCHISON: The next question is from Louise
7 Auerhahn, Working Partnerships USA. This is for Chris.
8 "Would the proposed SEP workforce training program also be
9 open to training targeted occupations in public transit
10 operations?"

11 MS. GRAILLAT: Part of the solicitation is using
12 AB 118 money and I believe that some of that, the training,
13 could go towards that type of transportation training
14 programs.

15 MR. HUTCHISON: The next question or questions are
16 from Steve Schmidt from Los Altos Hills. I guess I better
17 give some background information here. They are working on
18 a -- it is community volunteers working on a local nonprofit
19 project and they are working with three other local towns.
20 Their question is, "Is there a fast track program to get
21 this type of a program started earlier than November 15th for
22 the Block Grant, or December 1st for SEP funds?" It is not a
23 lot of information on the project, it is a unique and very
24 cost-effective residential energy efficiency program. And I
25 think we are fast tracking as much as we can, but I will

1 defer to you guys.

2 MR. SUGAR: Yeah, we are paddling as fast as we
3 can. At the moment, it looks like early November is the
4 soonest we will actually be able -- the Commission would
5 actually be able to make an award. Staff is meeting on a
6 regular basis to try to determine how we can move, or if we
7 can move more quickly. If a jurisdiction does have a
8 project like that, and that is the way they would like to
9 spend the funding as far as we know, from that description
10 it sounds like something that would be eligible. We would
11 encourage them to be ready so, as soon as we get the
12 documents to apply for Block Grant funding on the street,
13 they would be ready to fill it out and turn it around, that
14 package, as quickly as possible. Staff would be happy to
15 talk with him about what we anticipate that we will need to
16 help them prepare for it.

17 MS. CHANDLER: John, and we are planning on
18 putting that application, that simple, easy to use, two-page
19 application, up quickly, right? Because we do not have to
20 wait. Once we get through these workshops, we will be able
21 to direct our attention to that, so folks out there will be
22 able to see what that application looks like.

23 MR. SUGAR: Yes. We anticipate having the
24 application out as soon as the Commission is legally able to
25 approve the guidelines. This is likely to be before we have

1 received federal approval, so there is always a chance that
2 we may need a tweak or two if Department of Energy requires
3 it. But we anticipate that it is going to be as close to
4 final as we can possibly make it, and we are looking forward
5 to helping, you know, stepping people through it to make
6 sure that people are in a position to get it turned around
7 as quickly as possible.

8 MR. HUTCHISON: Thanks, John. Next question from
9 Elaine Berghausen, The Gualco Group, Inc. "Public agencies,
10 such as small public water systems serving small
11 communities, have limited loan repayment capacity. In
12 addition to grants, projects serving these communities need
13 access to loan programs that offer longer repayment periods
14 and lower or zero interest rate loans. Loan programs
15 offered by other state agencies often recognize these
16 circumstances by offering more advantageous loan terms to
17 them. Will the Energy Commission consider developing more
18 generous loan provisions for these projects?"

19 MR. SUGAR: Our Energy Conservation Assistance Act
20 loan program is currently available to all public agencies.
21 We charge 3 percent interest, we have technical assistance
22 to help local agencies determine what improvements,
23 including improvements to water and waste water systems,
24 would be cost-effective. Loans are made for projects
25 wherein the savings from those projects will at least cover

1 the repayment of the loan, so that there is no money out of
2 pocket for a local agency, at least longer term. We have
3 worked for years to make that program as user friendly as we
4 can. Both formal and informal feedback we get is that it is
5 an extremely user friendly program. We worked with local
6 agencies to try to tailor it as best we can to their needs.
7 That is, you know, what we have to offer right now here at
8 the Commission.

9 MR. HUTCHISON: And the interest rate is set in
10 the statute --

11 MR. SUGAR: To pay back the minimum.

12 MR. HUTCHISON: Yeah, if they had a payback period
13 that was five years, could we extend that loan term out to
14 10 years to make it easier repayment?

15 MR. SUGAR: Thank you for bringing that up, sort
16 of lobbing me a softball. We have a maximum 15-year
17 repayment, so the way we generally estimate with projects is
18 that, if a project provides a simple payback of 10 years or
19 less based on the utility bill savings, we are able to loan
20 on the project. There are cases in which, by undertaking
21 one of these projects that we help finance, a public agency
22 is able to change the rate at which it is billed by the
23 utility and achieve savings there, as well as savings from
24 reduced energy use and peak demand.

25 MR. HUTCHISON: Okay, next question, Wendy Sommer

1 from StopWaste.org. "In addition to regional partnership
2 and leveraged funds..." actually, this is more comment. I
3 will go ahead and just read this for the record. It does
4 not appear there is a question here. "In addition to
5 regional partnership and leveraged funds, one criteria for
6 funding that is essential to a program's success is a
7 consumer demand strategy. While we can argue that the
8 demand exists, there is still a barrier to consumer
9 acceptance. Many property owners perceive energy efficient
10 retrofits, specially performed spaced, to be difficult and
11 expensive to implement. Any proposed program needs to
12 include a consumer demand strategy, marketing education
13 incentives to overcome the informational obstacle that
14 undermined so many previous efforts to promote building
15 energy efficiency. It would be fruitless to develop
16 infrastructure and train workers in energy efficiency
17 retrofit without simultaneously stimulating consumer
18 demand." Point well taken.

19 MR. PENNINGTON: So, I would just comment that
20 that is an element of what can be proposed for funding under
21 the Comprehensive Residential Retrofit Program.

22 MR. HUTCHISON: Thanks, Bill. Next question from
23 Treena Colby, Cypress Ltd. "Are there any areas in ARRA
24 where demand and peak load will be looked at?" This follows
25 on the gentleman's comment earlier. "And will there be

1 projects that reduce demand or permanently shift load?"

2 MR. PENNINGTON: Could you re-ask the question?

3 MR. HUTCHISON: Sure. First question, "Are there
4 any areas in ARRA where demand and peak load will be looked
5 at?"

6 MS. CHANDLER: I think ARRA guidelines from
7 Department of Energy look at kilowatt hours and they do not
8 distinguish between peak and non-peak. Of course, peak is
9 very important to California, but when we look at the
10 guidelines and the components with the Guideline, or the DOE
11 Guidelines, it does not distinguish between peak and off-
12 peak.

13 COMMISSIONER ROSENFELD: But they are going to be
14 -- we are going to be way oversubscribed on these proposals,
15 or applications, and if, as I told Michael Day, I would
16 think that if they make the point that there is a lot of
17 peak power involved, whoever grades, scores their
18 application, might give it some weight.

19 MS. CHANDLER: I think you are correct,
20 Commissioner Rosenfeld, from the standpoint that those
21 guidelines and scoring criteria are not yet developed --

22 COMMISSIONER ROSENFELD: Right.

23 MS. CHANDLER: -- and it is this group of people
24 who will be looking at that. But to respond to her question
25 right now, that the DOE does not make any distinction, and

1 we have not made any distinction in our scoring criteria.
2 When our program opportunity notice goes out, it will
3 include the scoring criteria in it and will probably have
4 that decision by that point.

5 MR. HUTCHISON: Okay. Next question. This is
6 from Michael Hvisdos from Microgy Inc. "Would the Clean
7 Energy System Revolving Loan Program allow for a loan to be
8 awarded in the amount up to \$35 million? Or will this
9 program be funded with \$35 million and the loans granted
10 against the pool?"

11 MS. CHANDLER: We are still developing that
12 program, but we would be looking at, I would imagine,
13 leveraging more loans out to more people than one loan at
14 \$35 million. We want to target regional areas, geographical
15 areas, and we have those technologies, the bioenergy, the
16 combined heat and power, energy efficiency, and renewable
17 energy, that we are focused on. So we probably would not
18 achieve our goal if we only did one loan.

19 MR. HUTCHISON: Next question from Seth Wilson,
20 NEC Clear. "Do you envision public purpose funds as a
21 source of leveraging ARRA block grant?" And there is a
22 second part to that, but I will stop there.

23 MR. SUGAR: Yes. We are assuming that, where
24 local agencies can use utility incentives, which are public
25 purpose -- generally public purpose, as well as rate funded,

1 we assume that they will do that and that is a match for
2 projects. We are not requiring a match, but that certainly
3 will help the funding go further.

4 MR. HUTCHISON: Sure. Second part, "How do you
5 see collaborative efforts forming with the IOU's to optimize
6 these efforts?"

7 MR. SUGAR: We are in discussions with the Public
8 Utilities Commission on that issue, both of our commissions
9 are cognizant we have to be very careful in not undertaking
10 any kind of partnerships that will complicate the IOU's
11 relationship with the CPUC and the CPUC's policies regarding
12 those utility activities and shareholder return.

13 MR. HUTCHISON: Thanks, John.

14 MR. PENNINGTON: I might just add to that. For
15 SEP-related programs, while there is this issue about, you
16 know, accounting for the savings and all of that, that is a
17 very important issue and perhaps fairly difficult. All of
18 the SEP programs advocate the use of whatever incentives are
19 available as a way to accomplish the overall project. And
20 so, you know, the guidelines will directly encourage using
21 rebates and incentives, and collaboratives being well aware
22 of what kinds of incentives are available locally to promote
23 projects.

24 MR. HUTCHISON: Okay, thanks. Next question is a
25 follow-on question. This is from Kaishon Thompson

1 9phonetic), City of Irvine. "This is the second workshop
2 where I have heard someone from the CEC say that faith-based
3 organizations can be a part of an AB 811 type program. AB
4 811 gives a local jurisdiction the ability to attach special
5 tax financing to a property. Please explain how a faith-
6 based non-profit organization can participate in a special
7 tax financing program."

8 MR. PENNINGTON: So I am not sure the answer to
9 the question previously was strictly about municipal
10 financing programs, but certainly one of the things that we
11 are going to be doing in exploring the guidelines is seeking
12 good input on what may be the constraints on using municipal
13 financing and trying to well understand that, as we move to
14 final guidelines.

15 MR. HUTCHISON: Okay, thanks.

16 MS. CHANDLER: I think that we also -- that is why
17 we distinguished the municipal finance district. Many
18 people shortcut the name to see AB 811, but we have had
19 workshops on AB 811 and AB 811 type programs, and recognize
20 that there are limitations, and so we are looking at the
21 broader term of municipal financing districts to determine
22 how we can apply that repayment in some way.

23 MR. HUTCHISON: We are getting more questions as
24 we -- we have gone through the printed list, but we have got
25 about another half dozen, and so we will continue to try and

1 work through these?

2 CHAIR DOUGLAS: Absolutely.

3 MR. HUTCHISON: Okay. This is from Kerianne
4 Hewitt (phonetic) with Ventura, County of Ventura. "In the
5 DOE application for the larger cities and counties, there is
6 a technical consultant component that allows for educational
7 outreach. Is the state application going to incorporate
8 similar a component?"

9 MR. SUGAR: I am assuming that is for the Block
10 Grant Program, and at the moment AB 2176 restricts us to
11 cost-effective energy efficiency projects. So, currently
12 that is not part of the program. Should the legislation be
13 changed, the Commission may decide to use the balance of the
14 funding from that program for projects or undertakings which
15 are currently not allowed. And if that is the case, I
16 assume that this might be something that could be
17 considered. It depends on what kind of guidelines you
18 develop for that part of the program, and we are not there
19 yet.

20 MR. HUTCHISON: Okay, thanks, John.

21 MR. PENNINGTON: I might comment on the SEP
22 programs. For the residential and commercial SEP programs,
23 there is a strong interest and a recognition that you need
24 to be training the workforce for delivering the measures to
25 these sectors, both for the targeted measure program and the

1 comprehensive residential program. And so training is
2 clearly going to be discussed in those programs, and there
3 is an expectation that the collaboratives that will be
4 proposing on this will be focusing in on training --
5 workforce training -- as one aspect, and also coordinating
6 with the Energy Commission's separate ARRA funding that is
7 going to workforce training.

8 MR. HUTCHISON: Next question is from Carl
9 Broomhead. I believe he works for the City of San
10 Francisco. "How can we find U.S. DOE comments on the state
11 application?" And I am not aware that we got any written
12 comments back from DOE. We got the green light on the SEP,
13 and they are still reviewing our Block Grant application.

14 MR. SUGAR: Pretty much. We just received an
15 approval. We did not get comments.

16 MR. HUTCHISON: Agreed, okay. Next question is
17 from Nancy Richards, Sierra Business Council. "Is AB 2176
18 currently up for amendments? And what are those
19 amendments?"

20 MR. SUGAR: Our understanding is that there is
21 language, I believe, in the budget trailer legislation?

22 MS. CHANDLER: Why don't we defer that and get
23 back to her with more specificity.

24 MR. SUGAR: We do not have a lot of information on
25 it.

1 MS. CHANDLER: And given how legislation changes
2 so dramatically, we could talk about what happened
3 yesterday, and it will be different today. Do we have an
4 author on the Bill, though? Maybe we can defer and maybe
5 she can follow-up with the author's office.

6 MR. SUGAR: We can find the author and get back to
7 her.

8 MS. CHANDLER: Okay.

9 MR. HUTCHISON: And that is it.

10 CHAIR DOUGLAS: Well, thank you very much, Mark
11 and --

12 COMMISSIONER ROSENFELD: Since we have some
13 devotees present, I would like to take one minute to ask an
14 off-the-wall question. Pat, in your summary -- in your
15 introduction under State Energy Programs, you mentioned that
16 the amount of sweetener for unemployment was -- the formula
17 was 1 plus the unemployment rate.

18 MR. PEREZ: Yes.

19 COMMISSIONER ROSENFELD: And, of course, we heard
20 from the [inaudible] that the unemployment rate for that was
21 up to 25 percent. This is a pitiful economic situation and
22 the most it is going to get is a 25 percent sweetener. I am
23 not sure where that number came from, but it could have been
24 twice the unemployment rate, or half of the unemployment
25 rate, or something. Where did that decision come from?

1 MR. PEREZ: In terms of the staff recommendation
2 on how they arrived at that, John, your office actually, I
3 believe, came up with that.

4 MR. SUGAR: We are culpable is the word I would
5 use. It seemed we looked at the amount of funding, we
6 looked at the per capita amounts that were possible, given
7 the funding that is available. It appeared that using one
8 time the unemployment rate would take us a bit above the 60
9 percent minimum for local agencies, with a reasonable \$5.00
10 per person basis, which exceeds the amount of funding that
11 some of the smaller large jurisdictions are getting. And so
12 that is what we proposed.

13 CHAIR DOUGLAS: You know, I think, Commissioner,
14 it was a good idea to raise this issue for public discussion
15 input and the stakeholders present to think about this.
16 This is something we can take comment on in subsequent
17 workshops. I will provide a few thoughts. The Block Grant
18 Program is not necessarily the greatest jobs generator under
19 the energy related ARRA expenditures that we are looking at.
20 Certainly, these energy efficiency investments in cities and
21 counties up and down California will be job generators, but
22 it is only one aspect, and I am assuming that, although this
23 did not come through loud and clear, that staff is looking
24 at considering economic circumstances as a factor in
25 competitive applications and the SEP funds, as well. You

1 are nodding, so --

2 MR. PEREZ: Correct.

3 CHAIR DOUGLAS: Correct. That is something we may
4 want to emphasize more. I think we are also very open to
5 comment about whether one time the unemployment rate is the
6 right number, or the wrong number, should we have that,
7 should it be twice that, and so, again, this is a proposal
8 which we are putting before the public and which the
9 Commission will be considering at a later date.

10 MR. PEREZ: And maybe I would like to just add to
11 that because the whole focus on economically distressed
12 areas came from the California Economic Recovery Task Force,
13 supported by the Governor, does not only apply to energy,
14 but all funding areas. So it is something we have been
15 asked to consider, regardless of the sector and the funding
16 source.

17 CHAIR DOUGLAS: We also obviously have to
18 recognize that the Block Grant Funds are meant to go to
19 cities and counties throughout California and that the
20 cities and counties that are sitting here with 10 or 12
21 percent unemployment rates are not doing great either, so we
22 have to make sure that, to the extent possible, the benefits
23 of this program are felt far and wide.

24 MR. SUGAR: Madam, tomorrow's workshop will be an
25 opportunity for people to comment on this very issue.

1 COMMISSIONER ROSENFELD: Thanks.

2 CHAIR DOUGLAS: Thanks. I sat back, but I think
3 it is up to me to adjourn this workshop. Thank you,
4 everybody, for your participation. Thank you, staff, for
5 putting together a great workshop and a very strong
6 proposal. We are looking forward to public comment and
7 looking forward to wrapping up these applications, and we
8 are really looking forward to starting to get this money out
9 the door and to the economy. So thank you.

10 (Whereupon, at 4:30 p.m., the workshop was adjourned.)

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And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF,

I have hereunto set my hand this 27th day of August, 2009.

A handwritten signature in cursive script, appearing to read "Peter Petty", is written over a horizontal line. The signature is fluid and extends slightly beyond the line on both sides.

Peter Petty CER**D-493