

BEFORE THE
CALIFORNIA ENERGY COMMISSION

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Committee Hearing)

Draft 2010 Integrated Energy Policy Report Update

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

MONDAY, NOVEMBER 1, 2010
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1 P R O C E E D I N G S

2 NOVEMBER 1, 2010

1:04 P.M.

3 MS. KOROSEC: All right, I think we'll get ready to
4 get started now. Good afternoon, everyone. I am Suzanne
5 Korosec. I manage the Energy Commission's Integrated Energy
6 Policy Report Unit. And welcome to today's IEPR Committee
7 Hearing on the Draft 2010 IEPR Update. For those of you who
8 may not have been here before, the restrooms are in the
9 atrium, out the double doors and to your left. We do have a
10 snack room on the second floor at the top of the atrium
11 stairs under the white awning, and if there's an emergency
12 and we need to evacuate the building, please follow the
13 staff to Roosevelt Park that is diagonal to the building and
14 wait there until we're told that it's safe to return.

15 Today's workshop is being broadcast through our
16 WebEx Conferencing System and parties should be aware that
17 you are being recorded. We'll make an audio recording
18 available on our website a few days after the workshop, and
19 we'll have a written transcript within about two weeks.

20 We have a very simple agenda today, starting with
21 opening comments from the dais, followed by a brief overview
22 of the report, and then we'll move directly to public
23 comments. We'll take comments first from those of you here
24 in the room, and then we'll turn to the folks who are
25 participating on the WebEx. For those of you that are here,

1 please come up to the center podium and use the microphone
2 to make your comments, and it's also helpful if you can give
3 the transcriber your business card, so we can make sure your
4 name and affiliation are reflected correctly in the
5 transcript. WebEx participants can use the chat function to
6 let the WebEx Coordinator know that you have a question or
7 comment, and we'll open your line at the appropriate time.

8 We are also accepting written comments until close
9 of business November 8th, and the notice for today's hearing,
10 which is out on the table in the foyer, and also available
11 on our website, gives the process for submitting comments to
12 the docket. So, with that very brief housekeeping, I'll try
13 it over to the dais for opening remarks.

14 CHAIRMAN DOUGLAS: Thank you, Ms. Korosec. This is
15 Karen Douglas, the Chair of the California Energy
16 Commission. I wanted to make very brief opening remarks.
17 This has been an incredibly busy and challenging year at the
18 Energy Commission for working to administer Recovery Act
19 money that we hadn't had to administer in the past, and
20 didn't frankly expect until quite late in the game when the
21 Recovery Act passed and was signed by the President. It's
22 also been really valuable to work with so many entities in
23 California through our PIER Program and AB 118 Program to
24 try to help maximize the benefit to California from the
25 competitive pots of money that were administered by the

1 Department of Energy. And, in particular, in certain areas
2 such as Smart Grid and electric vehicle infrastructure,
3 California did extraordinarily well. Finally, the Energy
4 Commission has been working under accelerated timelines to
5 site renewable energy projects that are trying to bring ARRA
6 incentives - Recovery Act incentives - that will allow them
7 to build in California and to get cash grant from Treasury
8 and potentially loan guarantees from the Department of
9 Energy. So, the Recovery Act has in all of these ways, and
10 in these different programs, has challenged us to take
11 advantage of these opportunities and has also provided what
12 I think will become lasting advances in energy efficiency
13 and policy in research and deployment of advance
14 technologies, and in particular, energy efficiency policies
15 and programs, especially those that help advance retrofits
16 of existing buildings, leading into the Energy Upgrade
17 California Program. I will also note that some of the
18 workforce training efforts that came forward through the
19 funding that the Energy Commission put into these programs
20 through, again, Recovery Act, the AB 118 Program, has also
21 led to an extraordinarily close partnership between the
22 Energy Commission and Workforce Training agencies in the
23 State and other constituencies in workforce training that I
24 think will benefit us for a long time to come.

25 So, we bring this Draft out to hear public comment

1 and to hear your, the public's, thoughts about what has been
2 done, get your comments on what could be better in the
3 draft, what did we leave out, what policy implications you
4 take from this past year that might be reflected in the
5 draft. So, thanks for being here. I look forward to
6 hearing from the public. Commissioner.

7 COMMISSIONER BYRON: Thank you, Madam Chair. Is
8 this the first meeting in our newly refurbished Hearing Room
9 A?

10 MS. KOROSEC: Yes, today is the test. So there may
11 be interesting things happening throughout the day
12 electronically, but we have a full staff on hand here to
13 make sure everything runs smoothly.

14 COMMISSIONER BYRON: Look at the size of that screen
15 you're hiding behind there.

16 MS. KOROSEC: Yeah, I like this. I don't have to be
17 face to face with anybody.

18 COMMISSIONER BYRON: All right, well, I'm sure it
19 will all work fine. If not, I hope you'll understand and
20 bear with us. I think what's happened at the Federal level,
21 the actions that this Administration has taken to move money
22 to stimulate this economy, it was done quickly, it was done
23 in a big way, there's a lot of argument and discussion
24 around it, but I think not enough credit is being given to
25 the Administration and what they did. It significantly is

1 moving the needle and the economy, jobs, and technology.
2 It's not as much as we'd want, certainly, but we have seen
3 the impact of that and have discussed in a number of
4 workshops through the course of this year already, this
5 Commission has been fortunate enough, and I supposed cursed,
6 in having played a significant role in that, a great deal of
7 staff time has been devoted this over the last probably 18
8 months or so, at least, and of course, we don't do politics
9 here at this Commission, but tomorrow is a significant day,
10 as well, both at the Federal and State level, in determining
11 the direction on where a lot of things will be headed both
12 within our Congress and here in the State of California.

13 This IEPR Draft calls out the accomplishments of the
14 ARRA spending and how those funds have been used to
15 accelerate this State's meeting its energy policy goals. I
16 think it's been an extremely significant accomplishment.
17 But we're here today to see what you all think about that.
18 There's a lot of good effort that's gone on, on the part of
19 our staff, certainly the Chairman's Office over the last 18
20 months has been integrally involved in these activities, but
21 we're here today to hear from you. We really welcome and
22 value your input, that's part of our process here. Madam
23 Chair, I'm glad to be here and I'm eager to hear what folks
24 think about our Draft IEPR.

25 MS. KOROSSEC: All right. I just want to give some

1 brief background of the IEPR here. Public Resources Code
2 requires the Energy Commission to prepare an Integrated
3 Energy Policy Report, or IEPR, every two years in odd
4 numbered years, that assesses energy supply and demand,
5 energy production, delivery, and distribution, energy market
6 trends, and major energy challenges that are facing the
7 State. The Energy Commission is also required to prepare an
8 IEPR Update in even numbered years to address any new issues
9 that may have arisen since publication of the prior IEPR.
10 The first IEPR was published in 2003 and, with the adoption
11 of the 2010 IEPR Update, will have completed our fourth two-
12 year cycle.

13 This year, with the large influx of funding from the
14 American Recovery and Reinvestment Act into California, the
15 IEPR Committee chose to focus the 2010 IEPR Update on the
16 potential effects of that funding on California's energy
17 sectors, and how it will affect achievement of our energy
18 policy goals to increase energy efficiency in the use of
19 renewable resources, decrease our dependence on petroleum,
20 and reduce greenhouse gas emissions.

21 The IEPR Committee held six public workshops between
22 June and September that covered, first, Measurement,
23 Verification and Evaluation of ARRA funded projects, next
24 was ARRA funded State and local government building energy
25 efficiency retrofit programs, then Clean Tech projects that

1 are receiving Federal funding that the Energy Commission
2 assisted through its cost-share efforts, clean energy jobs
3 and workforce development, clean energy manufacturing, and
4 finally, ARRA funded residential and commercial energy
5 efficiency retrofit programs and the foundation that they're
6 going to be providing for the comprehensive program to
7 increase energy efficiency in existing buildings that is
8 required under Assembly Bill 758. ARRA is providing \$787
9 billion nationwide to create jobs, jumpstart the economy,
10 invest in long term growth, using tax cuts and benefits,
11 increased funding for education, healthcare, and entitlement
12 programs like extending unemployment benefits, and Federal
13 contracts, grants, and loans.

14 The Federal government allocated about five percent
15 of that funding to energy-related activities like increasing
16 energy efficiency, building the domestic renewable industry,
17 restructuring the transportation industry to increase global
18 competitiveness, cleaning up nuclear waste, modernizing the
19 electric grid, reducing GHG emissions through carbon capture
20 and storage, and scientific innovation and technology
21 research.

22 California has been awarded approximately \$5 billion
23 of ARRA funds to date. Funds are coming from three main
24 sources, formula-based grants, direct awards through
25 competitive Federal solicitations or contracts, and loan

1 guarantees and clean energy tax credits. The \$808 million
2 in formula grants coming to California include the
3 Weatherization Assistance Program, the State Energy Program,
4 the Energy Efficiency and Conservation Block Grant Program,
5 the State Energy Efficient Appliance Rebate Program, and
6 various State and local energy assurance and regulatory
7 assistance.

8 Direct awards through Federal solicitations or
9 contracts include funding for energy efficiency, renewable
10 energy, investments in the electric grid, transportation
11 electrification, advanced fuels and alternative fuels and
12 vehicles, carbon capture and storage, and innovative energy
13 research projects. Tax credits and loan guarantees include
14 payments for renewable energy generation and for clean
15 energy manufacturing, it also includes conditional loan
16 guarantees for one solar plant, a solar PV manufacturing
17 plant, and an electric vehicle manufacturing plant.

18 So, the Energy Commission is directly administering
19 more than \$300 million in formula-based funding through four
20 programs, the State Energy Program, the Block Grant Program,
21 the Appliance Rebate Program, and the Energy Assurance
22 Initiative. Under the State Energy Program, we divided that
23 into six areas: Energy Upgrade California, which is a
24 comprehensive energy efficiency retrofit program for
25 existing residential, commercial, and municipal buildings;

1 the Energy Conservation Assistance Act loan program, which
2 provides low interest loans to cities, counties, special
3 districts, public schools, colleges, universities, public
4 care institutions and hospitals for energy generation
5 projects; the Department of General Services Energy
6 Efficient State Property Revolving Loan Fund, which provides
7 low interest loans for efficiency improvements to State
8 buildings; the Clean Energy Business Finance Program, which
9 provides low interest loans for clean tech manufacturing;
10 the Clean Energy Workforce Training Program, which is
11 designed to develop skilled workers that will be needed for
12 California's clean energy economy; and finally, Program
13 Support and Contracts, which is being used for auditing
14 Measurement, Verification & Evaluation for ARRA funded
15 projects.

16 Energy Upgrade California, the first program under
17 the State Energy Program funding is an umbrella program
18 developed in conjunction with the Public Utilities
19 Commission. It includes residential, municipal, and
20 commercial retrofit programs, along with a financing element
21 and administration. It is intended to provide a one-stop
22 shop for information about energy efficiency retrofit
23 activities throughout the State, and includes an integrated
24 web portal that provides information on financing options,
25 utility rebates, and complimentary State of Federal

1 programs, marketing, education, outreach, and quality
2 assurance, as well. I do want to mention that, not
3 including in the \$113 million shown for Energy Upgrade
4 California is about \$13 million that was used from the
5 discretionary portion of the Block Grant Program to ensure
6 broader coverage of the State for residential retrofit
7 activities - although the funding is not included here,
8 programmatically that function will fit under Energy Upgrade
9 California.

10 I also want to do a brief update - when this report
11 was published, there was a note that there had been an
12 injunction filed against the Energy Commission's
13 administration of Energy Upgrade California, that was filed
14 by Western Riverside Council of Governments. On October
15 18th, the Energy Commission filed a Petition in the
16 California Court of Appeal 4th District, asking the Court to
17 overturn the Restraining Order and, on October 21st, the
18 Court did lift the Order; however, Western Riverside County
19 does have until the end of today to oppose the Energy
20 Commission's Petition to overturn that Order.

21 Next, under the State Energy Program is the Energy
22 Conservation Assistance Act, or ECAA, Loan Program. This
23 provides loans for a variety of energy efficiency upgrades,
24 including lighting, HVAC, variable speed chillers, water
25 pumping, all to help local jurisdictions invest in energy

1 efficiency, save money, reduce their greenhouse gas
2 emissions, and also create jobs in industries in local
3 communities. This is a revolving loan program with
4 repayments that will be used to fund new projects and loan
5 recipients must repay the loans from their energy savings
6 within 15 years.

7 Next is the Department of General Services loan
8 program. This is supporting energy improvements in State-
9 owned buildings. Projects include lighting and HVAC
10 retrofits, replacements of control systems, water heaters,
11 boilers, other mechanical improvements. With electricity
12 costs for State buildings around about \$500 million a year,
13 meeting Governor Schwarzenegger's Executive Order that calls
14 for State buildings to be 20 percent more efficient by 2015
15 could save taxpayers up to \$100 million a year, and this
16 program is going to significantly contribute to that.

17 While much of the focus of the State Energy Program
18 is on energy efficiency, the program also does include the
19 Clean Energy Business Finance Program, which provides low
20 interest loans to Clean Tech manufacturing facilities to
21 help really reverse the trend of job losses that we've been
22 seeing in this sector over the last decade. This program
23 has awarded about \$30 million to eight solar PV
24 manufacturing companies to either establish or expand their
25 PV manufacturing capability.

1 California is going to need an extensive and well-
2 trained workforce to step into the jobs that are being
3 created by the expansion of the State's Clean Energy Economy
4 that is resulting from ARRA funding. The Energy Commission
5 worked very closely with a wide variety of public and
6 private entities that had workforce development expertise to
7 establish the Clean Energy Workforce Training Program to
8 meet this need, and to prepare workers for energy-related
9 jobs in energy retrofits, operation and maintenance of small
10 and large scale renewable power plants, and also clean
11 transportation jobs.

12 The last segment of the State Energy Program is the
13 program support and contracts. The Energy Commission has a
14 very strong commitment to prevent waste, fraud, or abuse in
15 the use of ARRA funding, consistent with Federal direction,
16 and to ensure that ARRA funded projects are providing long
17 term benefits to taxpayers. We've contracted with Perry-
18 Smith LLP to review and make recommendations on our system
19 of internal controls and also to do financial reviews of
20 funding recipients, develop a project monitoring process,
21 and to evaluate the credit worthiness of awardees under the
22 Clean Energy Business Financing Program. A second contract
23 was awarded to KEMA, Inc. for an aggressive Measurement,
24 Verification & Evaluation effort. This will help verify
25 that projects are delivering benefits like jobs, GHG

1 emission reductions, and electricity and natural gas
2 savings.

3 So, in addition to the SEP, another formula-based
4 category is the Block Grant Program. This program provides
5 grants for cost-effective energy efficiency measures and,
6 under statute, at least 60 percent of the funding was
7 required to go to small cities and counties with a remainder
8 that could be awarded at the Energy Commission's discretion.
9 We have awarded actually about 70 percent of the funding
10 through 208 grant agreements with small cities and counties,
11 and, as I mentioned earlier, used the discretionary portion
12 of the funding to ensure broader State coverage for
13 residential retrofit programs. The Block Grant Program is
14 providing funds for energy efficiency improvements in street
15 lights, traffic signals, HVAC systems, and water pumping in
16 hundreds of cities and counties throughout the State. In
17 addition to the Block Grant funding that the Energy
18 Commission is administering, California also received more
19 than \$300 million for 332 direct formula grants from the DOE
20 for large cities and counties, as well as Native American
21 and Tribal organizations, and these projects are also going
22 to contribute towards our goal of achieving all cost-
23 effective energy efficiency in the State.

24 The third formula-based program is the State Energy
25 Efficiency Appliance Rebate Program, which for California is

1 Cash for Appliances. The DOE awarded funding to individual
2 states, along with the discretion for each state to
3 determine the scope of its own program, but they did limit
4 the use of the funding for appliance rebates. The Energy
5 Commission received \$35.2 million from DOE for its Cash for
6 Appliances Program, which began on April 22nd of this year.
7 It provides rebates for a variety of different appliances
8 and for HVAC systems.

9 Lastly, DOE provided ARRA funding to help State
10 Governments improve their Emergency Plans and ensure grid
11 resiliency. The Energy Commission has authorized contracts
12 to update California's Energy Assurance Plan, to include
13 recent technology advancements like the Smart Grid, to
14 develop a process for tracking energy supply disruptions,
15 and to conduct intra and interstate emergency planning
16 exercises. We've also authorized funding for contracts to
17 help local jurisdictions develop and upgrade their energy
18 assurance plans.

19 So, in addition to the formula-based funding,
20 California has been awarded more than \$1.4 billion of ARRA
21 funding through competitive Federal solicitations and
22 contracts. We recognize the tremendous opportunity to use
23 funding from our existing programs, most notably the public
24 interest energy research program and the alternative and
25 renewable fuel and vehicle program as cost-share funding to

1 bring additional stimulus funding to California. These
2 projects will help further California's research and clean
3 transportation agendas. These two programs provided more
4 than \$57 million matching funds, which helped leverage over
5 \$600 million in additional ARRA funding for California, as
6 well as more than a billion in private investment.

7 The third category of ARRA funding is the Federal
8 Tax Credits and Loan Guarantees. ARRA extended many of the
9 consumer tax credits that were originally introduced in the
10 Energy Policy Act of 2005, that will allow consumers to
11 receive tax credits for as much as 30 percent of the cost to
12 install renewable energy resources or energy efficiency
13 measures in existing residential buildings. Credits are
14 also available for certain types of plug-in electric
15 vehicles. ARRA also provides for companies to receive cash
16 assistance in lieu of the 30 percent tax credit for
17 renewable energy property, and there are 157 renewable
18 projects in California that have been awarded \$240 million
19 through this program, primarily for solar installations. In
20 addition to the tax credits, DOE is providing loan
21 guarantees that are financed through ARRA to support clean
22 energy projects that use innovative technologies. DOE has
23 made conditional awards, as I said, to three projects to
24 date, a solar plant, a solar manufacturing facility, and an
25 electric vehicle manufacturing facility.

1 There are also approximately 50 renewable plants
2 proposed in California that have either applied or indicated
3 their intent to apply for ARRA funding, including nine large
4 solar thermal plants that are under the Energy Commission's
5 power plant permitting jurisdiction. These power plants
6 represent about 40 percent of the 11,000 megawatts shown
7 here for all the renewable power plants that are being
8 proposed. We have worked very closely with other State and
9 Federal agencies to expedite the permitting process for
10 these nine facilities, to allow them to meet Federal
11 deadlines and qualify for ARRA funding, while still ensuring
12 that we do the appropriate environmental and engineering
13 review for each project. If built, these nine projects
14 could provide as much as 17 percent of our current targets
15 for the 33 percent renewable portfolio standard by 2020.

16 So, that is a brief overview of all of the programs.
17 I want to talk just about the priorities we used in awarding
18 the funding. We had five distinct priorities, to stimulate
19 the economy, retain or create jobs in California, achieve
20 lasting and measurable energy benefits, spend money
21 efficiently with accountability and minimal administrative
22 burdens, contribute to meeting California's energy and
23 environmental policy goals, and leverage other Federal,
24 State, local, and private financing through various
25 partnerships.

1 So, consistent with the Federal goals, California's
2 top priority in awarding ARRA funding was really to
3 stimulate the economy and to provide jobs. Based on the
4 proposals that we've received from the projects receiving
5 awards, the formula-based programs are estimated to provide
6 about 6,000 jobs and leverage more than \$600 million in
7 additional private and public funding. We did choose to
8 devote a large portion of the formula-based funding on
9 energy efficiency programs because these programs do tend to
10 create more jobs per dollar than other energy investments.
11 They'll create jobs for unemployed construction workers who
12 can be retrained to do energy efficiency installations for
13 building auditors and raters, and for workers that are going
14 to be manufacturing the products that are going to be
15 installed. Also with manufacturing, the clean Energy
16 Business Finance Program will provide manufacturing jobs by
17 providing low interest loans to the manufacturing companies
18 that will create those jobs.

19 We also structured our programs to provide jobs and
20 economic benefits throughout the State, but particularly in
21 areas that are hardest hit by the economic downturn and had
22 the highest unemployment rates. ARRA funds coming to
23 California through competitive solicitations will also
24 provide important job and economic benefits through our PIER
25 Program. The Energy Commission is helping to bring nearly a

1 billion dollars to California to upgrade our transmission
2 infrastructure, create the Smart Grid of the future, and
3 this represents about a ten-fold increase in Smart Grid
4 research funding compared to past levels. This is going to
5 lead to manufacturing and installation jobs for Smart Grid
6 technologies and for products. Projects receiving cost
7 share funding through the Alternative and Renewable Fuel and
8 Vehicle Technology Program are also expected to create jobs,
9 approximately 1,300, and to bring more than \$100 million in
10 private investment to California to build the alternative
11 fuel and vehicle infrastructure that is going to be needed
12 to accommodate the large roll-out of alternative vehicles
13 that auto manufacturers are expecting in California over the
14 next decade.

15 The power plants under the Energy Commission's
16 siting jurisdiction that are seeking ARRA tax credits and
17 loan guarantees will also provide significant job and
18 economic benefits based on projections by the project
19 developers, these plants could provide more than 10,000
20 temporary construction jobs, nearly 1,400 full-time plant
21 operation jobs, along with more than \$300,000 in tax revenue
22 through property taxes and sales taxes. Projects also
23 expect to spend more than \$2 billion in materials purchases
24 during construction, which will also help to benefit the
25 local economies. Further, manufacturing companies that are

1 receiving loan guarantees are expected to create another
2 200,000 jobs.

3 As I said, to provide the skilled training needed
4 for workers that will fill the jobs being created by these
5 ARRA funded programs, the Energy Commission created the
6 Clean Energy Workforce Training Program. This is the
7 largest State sponsored green jobs program in the nation,
8 and it is providing training to more than 9,000
9 participants, and is also establishing ongoing curricula at
10 community colleges so that the training will continue to
11 turn out workers that will be able to fill the jobs in the
12 clean energy economy.

13 The second priority was achieving lasting and
14 measurable energy benefits. Several of the formula based
15 programs will provide energy benefits now and in the future
16 through the use of revolving loans, or payments that are
17 recycled to fund new projects, ensuring that programs will
18 continue to provide benefits over the long term. Equipment
19 and measures funded through these projects often have useful
20 lives of as long as 25 years, which will continue the energy
21 savings long after the loans have been repaid. The Block
22 Grant Program is funding improvements in street lights,
23 traffic signals, HVAC systems, and water pumping in cities
24 throughout the State, and these improvements will also
25 continue to provide energy savings long into the future.

1 The Clean Energy Business Financing Program also
2 provides revolving loans and is funding expansion of solar
3 PV manufacturing capacity that will reduce the cost of these
4 technologies over time, and also provide the generating
5 capacity to meet the State's goals of installing 3,000
6 megawatts of rooftop PV by the end of 2016. The cost share
7 funding provided by the Energy Commission is supporting
8 investments in transmission and alternative vehicle
9 infrastructure that will provide benefits for decades and
10 encourage new investment, and the investments in electricity
11 generation infrastructure through the tax credits and loan
12 guarantees are going to provide a significant amount of the
13 renewable generation we need to meet our RPS goals. These
14 power plants also have long useful lives, often as long as
15 30 years, which will continue to provide the renewable
16 generation that we need to reduce our dependence on natural
17 gas, provide air quality benefits, and reduce GHG emissions
18 from the electricity sector.

19 In designing our ARRA funding programs, the Energy
20 Commission had a strong commitment to spending money
21 efficiently, with accountability and minimal administrative
22 burdens. We used existing programs and processes, where
23 possible, with those that had a history of success, combined
24 with new and innovative programs that will deliver longer
25 term benefits to the economy, programs like ECAA, the DGS

1 Loan Fund, and the Workforce Training Program, were able to
2 very quickly distribute money, which minimized
3 administrative delays. The Energy Commission also worked
4 very closely with the California Legislature to get the
5 statutory authority to spend the ARRA funding and to
6 implement new programs using guidelines, rather than
7 regulations, which significantly shortened the time needed
8 to implement the programs. We also worked closely with
9 State Control agencies like the Department of General
10 Services and the Department of Finance to streamline State
11 contract solicitation processes and expedite contract review
12 and approval. To ensure accountability, the Energy
13 Commission conducted extensive public outreach through
14 workshops held throughout the State, to get stakeholder
15 feedback, and buy-in on program designs and priorities, and
16 also to put in place contracts to improve the Commission's
17 internal controls and to do the Measurement, Verification &
18 Evaluation. The MV&E effort will go really beyond simple
19 confirmation of these job creation and GHG benefits, but it
20 will also provide insight into why some programs are more
21 effective than others, and so that knowledge can be applied
22 to future energy programs and standards.

23 The massive influx of ARRA funding really has the
24 potential to reshape California's energy landscape. It is
25 accelerating the timeline for meeting many of our energy and

1 environmental policy goals. And example, Energy Upgrade
2 California, the retrofit program will really help with our
3 goal of achieving all cost-effective energy efficiency in
4 the State by addressing many of the barriers to efficiency
5 in existing buildings. California already has stringent
6 efficiency standards for new buildings, but about 60 percent
7 of our existing residential buildings and a comparable
8 percentage of commercial buildings were built before the
9 standards, but these represent a huge untapped potential for
10 additional energy savings. Also, energy efficiency has been
11 identified by the Air Resources Board as the top strategy
12 for meeting GHG emissions, and it will also indirectly help
13 meet our RPS goals by reducing overall energy demand. And
14 since the RPS percentages are based on retail sales,
15 lowering that will lower the amount of renewable energy
16 needed to meet those goals.

17 The Clean Energy Business Finance Program is funding
18 PV manufacturing facilities. It will add nearly 500
19 megawatts of new PV capacity a year, which, as I mentioned,
20 is going to contribute to our solar initiative goals, and
21 the renewable power projects are going to contribute
22 significantly towards our RPS goals.

23 Cost share funding for Smart Grid technologies will
24 also contribute to California's energy environmental goals
25 by improving the reliability of the State's transmission

1 system, reducing peak energy demand, and helping to
2 integrate high levels of renewable resources into the
3 system. Similarly, transportation projects receiving match
4 funding will advance the goals of the Alternative and
5 Renewable Fuel and Vehicle Technology Program's Investment
6 Plan to reduce GHG emissions from the transportation sector
7 and to reduce petroleum fuel consumption.

8 And last, but not least, the Energy Commission was
9 committed to leveraging other Federal, State, local and
10 private financing through partnerships in awarding ARRA
11 funding. ARRA has led to an unprecedented level of
12 partnerships between Government and the private sector to
13 leverage funding and expertise, in developing the workforce
14 training program, we partnered with a wide variety of
15 agencies and other partners, including the Employment
16 Development Department, the Employment Training Panel, the
17 California Workforce Investment Board, Green Collar Jobs
18 Council, Community Colleges, local Workforce Investment
19 Boards, Labor Unions, Employers, and Trade and Community
20 Organizations. These partnerships really allowed the Energy
21 Commission to take advantage of the expertise in these State
22 agencies and other agencies to move funding out quickly, and
23 ensure the appropriate training was being provided for jobs
24 that are being created by the other ARRA programs. This
25 program is providing a crucial link between workforce

1 development and energy to ensure that the training programs
2 are providing the most relevant skills that are going to
3 meet the needs of business.

4 The Clean Energy Business Financing Program is also
5 an excellent example of a public private partnership that's
6 leveraging both financing and expertise from its program
7 partners, which include the California Business
8 Transportation and Housing Agency, State Treasurer's, and
9 Statewide Financial Development Corporations.

10 Energy Upgrade California, this is another massive
11 partnership effort between the Energy Commission, the PUC,
12 local governments, utilities, energy efficiency product
13 manufacturers, and others. It's going to wrap all
14 efficiency retrofit efforts under a single brand to reduce
15 confusion, and to create a one-stop-shop for consumers and
16 contractors. The retrofit programs under Energy Upgrade
17 California are leveraging nearly \$500 million of additional
18 public and private funding. Local jurisdictions that
19 receive ECAA loans were also allowed to apply for Block
20 Grants to make their projects as cost-effective as possible,
21 and they are leveraging more than \$9.5 million in additional
22 private funding, which represents about half again as much
23 as their total loan awards. Similarly, the Block Grant
24 recipients are leveraging about \$24 million, again, about
25 half again as much as the \$46 million that was awarded

1 through utility incentive programs and match funding. And
2 the Clean Energy Business Financing Program is leveraging
3 more than twice the amount of its ARRA funding, about \$85
4 million, from its program recipients.

5 For the competitive funding, as I mentioned earlier,
6 the Energy Commission used \$57 million in existing program
7 funding to leverage more than \$620 million of competitive
8 ARRA funding, and more than a billion in private investment,
9 and the cost share funding isn't simply bringing additional
10 ARRA funding to California; by partnering in these projects,
11 the Energy Commission now has a voice in shaping the
12 projects to ensure that they stand course, that they're
13 consistent with California's energy agenda, and that they
14 deliver sustainable benefits to California.

15 That was a very quick run-through of the programs
16 and priorities, so just a quick summary. We are receiving
17 funding through three venues, formula grants, competitive
18 solicitations, and tax credits. Our funding is being
19 administered through a suite of programs that combine first
20 strike programs to get money out the door quickly, combined
21 with new and innovative programs that will deliver long term
22 and sustainable jobs, economic benefits, energy savings, and
23 GHG reductions. ARRA funded projects will help overcome
24 many of the barriers to clean energy development in
25 California, including costs, financing, consumer awareness,

1 quality assurance, and workforce development. ARRA is
2 providing the workforce that's needed to implement
3 California's energy programs at the scale that will be
4 needed to achieve the State's aggressive energy policy
5 goals, and is funding the manufacturing needed to encourage
6 companies to locate in and to remain in California. ARRA is
7 also providing the foundation for future energy programs and
8 the essential infrastructure that's needed to support clean
9 energy development in California. And through our
10 Measurement, Verification & Evaluation effort, we're going
11 to ensure that these projects are delivering the jobs, the
12 energy savings, and the greenhouse gas reductions that will
13 contribute to the market transformation we expect to see
14 with this influx of ARRA funding. So, with that, I would be
15 happy to take any questions.

16 CHAIRMAN DOUGLAS: No questions from here.

17 MS. KOROSEC: All right, if nothing from the dais,
18 then I think we should just go directly, then, into public
19 comments. If anybody would like to make a comment, just
20 please come up to the center podium and give your name and
21 affiliation for the record.

22 MR. ALVAREZ: So I guess it's a new PA system. Do I
23 have to worry about anything here? Good morning, my name is
24 Manuel Alvarez. I'm with Southern California Edison. I
25 actually just have a couple of things that I want to bring

1 to the Committee's attention. Actually, I'm very pleased
2 with the report. This document basically puts the entire
3 ARRA funding activity in one perspective, and it was always
4 hard to get a handle on that activity, so I think you've
5 accomplished a lot here. But the three items I want to
6 bring to your attention, the first one deals with the
7 question of workforce impacts. I think the Committee is
8 aware that there is work being done jointly by the utilities
9 and the Public Utilities Commission in trying to estimate
10 those impacts, and we'll be providing you some comments, but
11 there are still some uncompleted work in that activity that
12 I think the Committee will have to take into account as it
13 deals with the final impacts on what the workforce
14 consequences are, so I just kind of direct your attention to
15 that particular piece of work that is being undertaken. The
16 second item relates to the power plant siting activities,
17 and the reference to the work on the lessons learned
18 process, we've heard about that activity for quite a bit now
19 and we understand that it's going to be undertaken more
20 thoroughly in the 2011 process, but we're looking forward to
21 participating and I think we have enough experience in this
22 last year to kind of share with the Committee the impacts,
23 consequences, and possible improvements that could be made.
24 The third item I want to bring to your attention is
25 something that the Chair brought up early in her comments,

1 and that is on the electric vehicles side. I think you'll -
2 and perhaps this is more of an observation that I'm making
3 from Southern California - there is definitely a growing
4 interest, anxiety, and concern by at least Southern
5 California government about their role on the infrastructure
6 development for electric vehicle charging, and I just want
7 to keep that item on your attention for the next go-around.
8 There will probably be some discussions from local
9 governments in conjunction with the utility coming forward
10 and how that infrastructure is developed and advanced to
11 meet your goals. Thank you.

12 CHAIRMAN DOUGLAS: Well, thank you, Manny, and
13 thanks for being the first to speak on our new system. Just
14 quickly, I appreciate your comments. Putting all of this
15 together in one document was not easy for us, so I can only
16 imagine how hard it would be for the public to track
17 everything going on with Stimulus dollars, so that's exactly
18 why we did this. I'm looking forward to working with you on
19 workforce impacts and siting, lessons learned, and you can
20 follow-up on your third item and let us know maybe what some
21 of the concerns are and how we can address them.

22 COMMISSIONER BYRON: Mr. Alvarez, thank you. I've
23 got a quick question for you. I am not really aware of
24 what's going on with regard to workforce impacts at the PUC.
25 Could you give me a little bit more information around that,

1 please?

2 MR. ALVAREZ: Well, there was a contract awarded by
3 the Public Utilities Commission to try to estimate what the
4 impacts of the workforce has undertaken, and there's a
5 contractor that's coordinating between the three utilities
6 and other parties in terms of trying to estimate that. They
7 were here at the workshop presenting you some of the
8 preliminary results, but their work hasn't been completed,
9 and so they're definitely curious about the final
10 conclusions that one would draw in this report when their
11 work is not completed. I'm not exactly sure of the timing
12 of when their studies are going to be done, but it's
13 something that you need to keep a look at in terms of what
14 the consequences are. But it gets into the realm of, at
15 times, perhaps just analysts disagreeing in terms of
16 references and assumptions and consequences of a particular
17 work, so that is kind of where the realm of discussion is
18 taking place. I don't believe it's a question of
19 disagreement in policy in terms of what work is being done.

20 COMMISSIONER BYRON: Okay, thank you.

21 CHAIRMAN DOUGLAS: Thank you. I'm sure you'll bring
22 it to our attention when it's completed, not that others
23 won't. So, thank you.

24 MS. KOROSEC: Any other comments anyone would like
25 to make? Was the report that good that there's no need to

1 make any comments?

2 MR. WILSON: Just quickly, my name is Peter Wilson
3 and I'm with the Powerhouse Science Center, it's a new
4 project that we're building on the waterfront in Sacramento.
5 It's taking the old PG&E Powerhouse Building which has been
6 vacant since the '60s and turning it into a 69,000-square-
7 foot three facility science campus for stem education for
8 youth. We're exciting about this because we hope that we're
9 going to be able to educate the youth to hopefully step into
10 this workforce role and be able to create the workforce for
11 the alternative energy systems that are going to be in place
12 moving forward. We have some information that we'd love to
13 share with you guys if there is a place where we can leave
14 it.

15 CHAIRMAN DOUGLAS: Well, thank you. And I'd love to
16 see it. Why don't you just bring it up here, or put it on
17 the corner there and we'll definitely get it. Perfect,
18 thank you. Any other public comment?

19 MS. KOROSSEC: Let's go ahead and open up the WebEx
20 lines and see if we have any comments there. Donna, do you
21 want to go ahead and unmuted everyone's lines? All right,
22 anybody on the WebEx who would like to make a public
23 comment? All right, apparently not. So, all right, well
24 then I guess we're ready to go on to Next Steps here.

25 As I said earlier, written comments are due by 5:00

1 p.m. on November 8th. We plan to release the proposed final
2 report in mid-December, and it will be considered for
3 adoption at the CEC Business Meeting on December 29th.
4 Because of the short turnaround time between the Draft and
5 the Final Reports, I want to encourage parties to be as
6 specific as possible in your comments, with actual language
7 changes where possible, which would help things make it a
8 little bit easier for us to incorporate it for the report on
9 time. Would you like to make any closing comments,
10 Commissioners?

11 CHAIRMAN DOUGLAS: Not really. I hope that some
12 groups who, as you look at the Draft, have comments and
13 would like to point something out to us that we didn't cover
14 sufficiently, or there's new information that comes out,
15 please do submit written comments and we'd love to take them
16 into account. Commissioner Byron?

17 COMMISSIONER BYRON: Well, Ms. Korosec runs very
18 efficient workshops. Two things, one is, could you repeat
19 those dates again so everybody has them?

20 MS. KOROSEC: The dates are - written comments are
21 due on November 8th, we will release the proposed Final
22 Report in mid-December, around the 14th, and it will be
23 considered for adoption at the December 29th Business
24 Meeting.

25 COMMISSIONER BYRON: And I'll just solicit one more

1 time because I see a number of faces in the audience, if
2 there is anyone that wishes to make a public comment, now
3 would be a good time to do it. And I'm in no hurry. Madam
4 Chair, I'm a little - did you open up the WebEx?

5 MS. KOROSEC: It's open, go ahead and un-mute it.

6 COMMISSIONER BYRON: Any public comment on WebEx?
7 Okay. Madam Chair, I'm a little surprised that we didn't
8 get more public comment. We'll certainly welcome your
9 written comment, and I don't think I have anything more to
10 say with regard to the close of this workshop. I didn't
11 have time to write anything down.

12 CHAIRMAN DOUGLAS: Well, neither did I. All right,
13 well, we're adjourned. Thanks, everyone, for being here.

14 MS. KOROSEC: Thank you everybody for coming.

15 [Adjourned at 1:49 P.M.]

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