

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY COMMISSION

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



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

WEDNESDAY, JUNE 12, 2013

9:00 A.M.

Reported by:
Kent Odell

Commissioners Present

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

Staff Present:

Rob Oglesby, Executive Director
Michael Levy, Chief Counsel
Laurie ten Hope, Deputy Director, R&D Division
Blake Roberts, Public Advisor
Harriet Kallemeyn, Secretariat
Gabe Herrera
Kate Zocchetti
Pierre Martinez
Kevin Bell
Jacquelyn Leyva Record
Alana Matthews
Pippin Brehler, Senior Staff Counsel

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Rhetta deMesa	22
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Bradley Meister	24
Eli Harland	25

Also Present (* Via WebEx and phone)

*Cheryl Martin, ARPA-E
Neil Millar, California Independent System Operation (ISO)
Robert Emmert, California Independent System Operation (ISO)
Ben Davis, California Nuclear Initiative
Mike Webster, Los Angeles Department of Water and Power (LADWP)
Reiko Kerr, City of Riverside
Anthony Andreoni, CA Municipal Utilities Association (CMUA)
James Hendry, San Francisco Public Utilities Commission (SFPUC)
Valerie Winn, Pacific Gas & Electric Company (PG&E)
Susie Berlin, Northern California Power Agency (NCPA)
Rachel Gold, Large Scale Solar Association
Laurie Wisland, Union of Concerned Scientists
*Oscar Herrera, Southern California Public
Power Authority (SCPPA)
*Steve Zuretti, Solar Energy Industries Association (SEIA)
Greg Wheatland, Esq., Ellison Schneider & Harris
Paul Shepard, Diamond Generating Corporation
John McKinsey, Esq., Locke Lord
George L. Piantka, El Segundo Energy Center, LLC
Douglas Robertson, City of Victorville
Janelle Davidson, City of Victorville
Tom Garcia, California Building Officials Organization
Tom Enslow, Adams Broadwell Joseph & Cardozo, on
behalf of Testing, Adjusting and Balancing
Bureau (TAB) and on behalf of California
Advanced Lighting Controls Training Program (CALCTP)
Bob Raymer, California Building Industry Association
Patrick Splitt, APP-TECH
*Dr. Cameron Gorduinpour, Department of Defense
*Michael Gensel, Concurrent Technologies Corporation
Lesley Garland, Western Propane Gas Association
Eric Bates, ROUSH CleanTech
Erik White, Air Resources Board
Bonnie Holmes-Gen, American Lung Association
Simon Mui, Natural Resources Defense Council (NRDC)
Matt Forrest, Mercedes Benz, R&D North America
Gil Castillo, Hyundai Motor America
Matt McClory, Toyota Motor Manufacturing and
Engineering, NA
*Bob Oesterrich, Air Liquide
*Robert Bienenfeld, American Honda Motor Company
*Dan Poppe, Hydrogen Frontier
*Angela Das, PowerTech Labs
*Steve Eckhardt, Linde North America
*Steve Jones, ITM Power
Ed Heydorn, Air Products

Also Present (* Via WebEx and phone)

*Geoffrey Budd, ITM Power, U.S.

Matt Miyasato, South Coast Air Quality Management District

Dipankar Sarkar, South Coast Air Quality Management District

*Kirk Honor, FirstCNG LLC

*Chip Works, Waste Management

*Charles Botsford, AeroVironment

Wayne Bishop, Harvest Power Tulare, LLC

Brandon Tianov, View, Inc.

Maryanne Tiette, Lawrence Berkeley National Lab

Blake Roberts

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P R O C E E D I N G S

JUNE 12, 2013

9:05 a.m.

CHAIRMAN WEISENMILLER: Good morning.

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

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

CHAIRMAN WEISENMILLER: Good morning.

We have a pretty large agenda today. So with that in mind, I would point out to people the note that we do not anticipate -- well, we will not take up items 12 through 31 before 1:00 p.m. today.

And, in fact, in terms of the other sort of just general guidance, so in terms of Item 2, it will not come up today and, in addition, Items 10C and D are also off the agenda. And finally, I'm going to shift the order when we come back, so Item 22 will come before Item 12. Item 22 is an effort we're doing with the Department of Defense and they would like to call in, and so in recognition of the time change, I wanted to give them some relative certainty and also somewhat earlier than would be the natural flow of things.

In terms of -- I'm saying not before

1 1:00, when we get to our lunch break we will
2 determine whether we're back exactly at 1:00, or
3 slightly later than that.

4 And the other thing I wanted to -- in
5 terms of general announcements -- point out one
6 of the great things of this job is you can
7 actually see the alchemy of changing visions into
8 reality, and so I would point out that we will be
9 having outside today some Fuel Cell Vehicles and
10 certainly encourage people to take the
11 opportunity to kick the tires, look under the
12 hood certainly at lunch and, for those of you who
13 are leaving earlier in the day, I would certainly
14 again encourage you to swing by and see those.

15 With that, let's start with the Consent
16 Calendar.

17 COMMISSIONER DOUGLAS: So, Chair
18 Weisenmiller, before we take up the Consent
19 Calendar, I'd like to make a disclosure, and I
20 have to admit that I can't locate my list of
21 which items this pertains to, but there are a
22 number of items on the Consent Calendar --

23 CHAIRMAN WEISENMILLER: Hang on one
24 second.

25 COMMISSIONER DOUGLAS: -- in which the

1 University of California is involved as a party
2 to contract with the Energy Commission. Thank
3 you. So those items are, let's see, Consent
4 Calendar Items 1(h), 1(i), and 1(n), and Agenda
5 Items -- oh, just do Consent Calendar. And so I
6 wanted to disclose that I am an Adjunct Professor
7 at the King Hall at U.C. Davis and I teach a
8 Renewable Energy Law class. My co-teacher in
9 that effort, Mike Levy, is our Chief Counsel, so
10 this disclosure relates to him, as well. King
11 Hall is a department that is not involved in any
12 of these contracts. So, thank you.

13 COMMISSIONER MCALLISTER: I will take
14 Commissioner Douglas's lead here. I have a bit
15 of a new development in my personal life that
16 actually affects what we're doing here. My wife
17 has recently been appointed as a tenured faculty
18 at U.C. Davis Law School, King Hall, and so that
19 will -- I will regularly be -- well, whenever
20 there's something with the U.C. system, I will be
21 disclosing it, but in general only recusing if
22 there's particular business with King Hall. So
23 the same items actually apply in my case. I will
24 point out right now that my wife, Leslie, does
25 not start actually until July 1st, so I'm doing

1 this as sort of a proactive measure this time,
2 and after July 1st then she will be a faculty at
3 U.C. Davis, King Hall. So no recusal is
4 required, but I want to disclose that.

5 MR. LEVY: Commissioners, if you just
6 mention items 24(d) and (f), that will obviate
7 the need for another disclosure when those items
8 come up because those are also U.C. related.

9 CHAIRMAN WEISENMILLER: Thank you. So
10 is there a motion?

11 COMMISSIONER DOUGLAS: Move approval of
12 the Consent Calendar.

13 COMMISSIONER MCALLISTER: Second.

14 CHAIRMAN WEISENMILLER: All those in
15 favor?

16 (Ayes.) Consent Calendar passes
17 unanimously.

18 CHAIRMAN WEISENMILLER: As I indicated,
19 we have held Item 2. So let's go on to Item 3.
20 Memorandum of Understanding between the Advanced
21 Research Program Agency Energy, ARPA-E, and the
22 California Energy Commission. Grant.

23 MR. MACK: Thank you, Chair
24 Weisenmiller. Good morning, Commissioners. My
25 name is Grant Mack from Chair Weisenmiller's

1 office. The item before you this morning is a
2 Memorandum of Understanding between the United
3 States Department of Energy Advanced Research
4 Projects Agency Energy, known as ARPA-E, and the
5 California Energy Commission.

6 ARPA-E was officially created in 2007
7 under the America Competes Act and appropriated
8 funding for its first projects under the American
9 Reinvestment and Recovery Act in 2009. Since
10 then, ARPA-E has funded over 285 potentially
11 transformational energy technology projects in 33
12 states.

13 The MOU before you conceptualizes both
14 of the agencies' intent to proactively coordinate
15 our energy research and development programs in
16 order to maximize and leverage public research
17 and development funding here in California. I
18 would like to highlight that this is the first
19 agreement ARPA-E has ever signed with a State
20 agency.

21 Both of the agencies recognize that
22 significant investment is needed in energy
23 innovation and technology to achieve California
24 and the nation's social, economic, environmental
25 and energy goals. Over the last eight months,

1 ARPA-E and the Energy Commission has engaged in
2 ongoing conversation and identified areas of
3 mutual interest that we believe will better
4 integrate our mission to advance energy science
5 and technology developments.

6 Specific areas of energy research and
7 development and coordination may include the
8 following: the development of coordinated
9 solicitation funding and solicitation project
10 review, technical information sharing and
11 participation, and relevant technology
12 development workshops and meetings, energy
13 technology support for projects that impact
14 California, and aligning solicitation processes
15 for mutual benefit. With that, I would ask for
16 your approval for this item and I would be happy
17 to answer any questions. But before I do that, I
18 would like to defer to Laurie ten Hope, Deputy
19 Director of the Energy Commission's R&D Division,
20 to say a few words.

21 MS. TEN HOPE: Good morning. Laurie ten
22 Hope, Deputy Director for Energy Research here at
23 the Commission. And I just want to underscore
24 what Grant has stated so far. This partnership
25 with ARPA-E has already been a productive

1 collaboration and I think this MOU will solidify
2 the relationship that we have fostered so far.

3 We've had some very productive meetings
4 with ARPA-E to better learn what their focus
5 areas are in technology. We have the same
6 overall mission in terms of funding and getting
7 innovative clean energy technologies to market,
8 but our niches are synergistic and not completely
9 overlapping, and so this partnership will help in
10 terms of sharing knowledge on where ARPA-E is
11 focusing on innovation, and particularly the
12 companies that they're funding in California, and
13 then what potential follow-on activities might be
14 appropriate within the research programs here in
15 California.

16 Thus far, we have benefitted from ARPA-
17 E's participation in our workshops, both in terms
18 of the technologies they're funding, but also
19 their methodology in innovating and stimulating
20 more cutting edge breakthrough technologies. They
21 participated in our EPIC workshops; they've also
22 graciously come out and met with our staff.

23 We have also supported ARPA-E in terms
24 of making their solicitation opportunities known
25 to California entities. We have also provided

1 some funding opportunities for match funding for
2 Federal solicitations and, in some cases, made
3 solicitations available in California to help
4 bring some of the funding opportunities to
5 California.

6 So that gives you a sense of the
7 relationship thus far, and I think the MOU will
8 solidify and provide structure for a deeper level
9 of collaboration going forward.

10 CHAIRMAN WEISENMILLER: Thank you. I'd
11 also like to now ask Cheryl Martin, the head of
12 ARPA-E, to speak.

13 MS. MARTIN: Yes. Thank you, Chair
14 Weisenmiller and Commissioners. Glad that I
15 could join into the meeting today. The MOU, I
16 think, is really wonderful. Collaborating with
17 states like California that, you know, foster
18 innovation and support breakthrough technologies
19 is really critical in developing the energy
20 innovation for the future of America. We really
21 look forward to continuing our work with various
22 aspects of CEC and working closely to encourage
23 innovative research and development to help move
24 technologies to their next step in their
25 demonstration and ultimately help to grow the

1 local state and national innovation and energy
2 communities by doing all of those things, the
3 innovation of the technologies, the next step
4 deployment, and creating these broader
5 communities. I think we all go a long way to
6 advancing what's very very important to the
7 nation for energy. Thank you.

8 CHAIRMAN WEISENMILLER: Well, thank you
9 for being here today. I'd like to say that, as
10 the scientist on the Commission and lead of
11 Research and Development, I'm sort of -- when I
12 started, one of the refrains in Legislature was
13 the concern on how well we were coordinating with
14 the Federal Government in research and
15 development, and I think this is a clear message
16 that we have a very strong partnership and I've
17 had an opportunity a couple times, you know, to
18 visit with ARPA-E and, as we talk there, it was
19 pretty clear that our visions for the need for
20 innovation in these technologies was very very
21 complimentary, and so we really wanted to take
22 the next steps. Over the last year, we've had a
23 lot of conversations to coordinate and now with
24 this MOU, we are moving forward in a more formal
25 relationship to coordinate. So, again, I think

1 this is an exciting day for California.

2 COMMISSIONER MCALLISTER: So I would
3 just support this strongly. I think -- thanks,
4 Grant and Laurie for your background there. I
5 was just actually last week in D.C. for a few
6 days and noted -- part of what I was doing was a
7 Congressional briefing on what states are doing
8 and how important State and Federal collaboration
9 actually is, and it was, I think, a little bit
10 novel for them to have somebody from California
11 in the room, in D.C., you know, on the Capitol
12 talking about the scale of things we're doing,
13 the types of things we're doing, and it
14 highlighted to me the kind of thirst across the
15 land for better coordination across the states
16 and also by the major states with the Federal
17 Government. And I also noted that the larger
18 states, kind of ironically, the larger states are
19 the ones that really are under probably more
20 pressure to do things that benefit themselves,
21 and it's a little tough to sort of engage at the
22 Federal level. And I think New York has the same
23 kind of issues that we have where we're really
24 focused on being efficient and effective, and
25 doing things to benefit us as a state directly.

1 And I think this is a clear example where it's
2 sort of the best of all worlds, where you have
3 the Federal Government and the State working
4 together for a mutual benefit. And the spillover
5 effects, I think, of this kind of a collaboration
6 could be very large, and we don't know what
7 direction exactly they're going to go in, but I
8 think just keeping each other engaged in
9 leveraging what the other is doing is just a
10 fantastic thing to be doing. And my experience
11 with ARPA-E has been that there are a lot of very
12 smart people thinking about important topics and
13 really effectively looking for solutions to those
14 topics and I'm excited to have that
15 collaboration. So, thanks.

16 COMMISSIONER DOUGLAS: So with that, I'd
17 like to move approval of this item.

18 COMMISSIONER MCALLISTER: I'll second.

19 CHAIRMAN WEISENMILLER: All those in
20 favor?

21 (Ayes.) This item passes unanimously.

22 Again, thanks, Cheryl Martin.

23 MS. MARTIN: Thanks so much.

24 CHAIRMAN WEISENMILLER: Thank you.

25 Let's go on to Item 4, which is Summer 2013

1 Assessment. Mark Pryor.

2 MR. PRYOR: Good morning, Commissioners.
3 I am Mark Pryor, Supervisor in the Electricity
4 Analysis Office. With us today is Robert Emmert,
5 Manager at California Independent System
6 Operator. Mr. Emmert will be giving a short
7 presentation of the ISO's current summer
8 assessment and after his presentation I will
9 present information about this summer's statewide
10 reserve margins and staff's direction in the
11 future as it pertains to tracking and reporting
12 on the statewide electricity supply. Mr. Emmert.

13 MR. EMMERT: Thank you. Good morning,
14 Commissioners. I'm Bob Emmert with the
15 California ISO and I'll be going through the
16 ISO's 2013 Summer Loads and Resources Assessment
17 just to kind of talk about our coordination in
18 the past, the ISO and the CEC has gotten together
19 when we both did our respective summer outlook
20 type of work and compared those numbers, and made
21 sure that our results were consistent with each
22 other and, if we found anything that looked a
23 little bit off, we would dig into it and figure
24 out and make sure that we could explain those
25 differences. So in giving this presentation, it

1 is our commitment to continue to work with the
2 CEC to discuss our Summer Assessment results.

3 So the 2013 Summer Assessment looks at a
4 number of things and we do a forecast of ISO's
5 system and zonal information in a number of
6 areas, and the zones are made up of NP26, which
7 means north of Path 26, and SP26, which is south
8 of Path 26. And we do forecasts for peak demand
9 generation resources, imports, and Demand
10 Response for each of those areas.

11 And this year we also include a
12 discussion related to local reliability concerns
13 that gets really into local areas, beyond just
14 the zonal information, and this is related to the
15 SONGS retirement.

16 We develop a number of information on
17 planning reserves and operating reserves for the
18 system and zonal levels, and we also do some
19 operating reserves based on a number of different
20 scenarios based on one and two probabilities for
21 demand, as well as for generator outages, and
22 also we developed an extreme scenario, which is
23 based on one in 10 demands, as well as one in 10
24 generator outages, and low imports. And then
25 finally, we do an assessment to determine what

1 are the probabilities of load shedding in the
2 zonal and system-level basis.

3 So this table looks at the planning
4 reserve margins and you can see that they're
5 pretty robust for this year. The CPUC already
6 requirement for planning reserves are in the 15-
7 17 percent range, and we've always been well
8 above that range, but this is even higher than
9 typical.

10 So we can see that we've got some
11 retirements in here which includes the SONGS
12 retirement and some high probability additions,
13 so we do have some new generation come on line.
14 We also have had a significant amount of
15 renewables come on line. So we are pretty good
16 in the generation area. But again, this is based
17 on planning reserve margins for the ISO system
18 and the north and south zones.

19 Looking at some of the key findings,
20 again, the system is zonal, reserves are
21 adequate, but we do have concerns for the local
22 reliability areas. So on the system zonal, we
23 have adequate reserves and a probability of load
24 shedding is very low, it's approximately one
25 percent this year. However, local reliability

1 concerns exist in the Southern Orange County and
2 in San Diego County with the SONGS retirement.

3 SONGS has in the past provided voltage
4 support for flows into San Diego, as well as
5 electric supply in the LA area, so without SONGS
6 we will miss the energy production, but even more
7 so we will miss that voltage support that that
8 unit provides.

9 So this year, we're dealing with
10 basically the same issues that we did last year
11 with SONGS being out, and so the reliability risk
12 this year is marginally more challenging than
13 last year. Last year we saw weather that was
14 pretty much in line with 1-in-2 conditions, so we
15 weren't really ever pushed last summer, even
16 though this year forecasts for the summer show
17 that there's a higher probability that
18 temperatures will be above normal.

19 Under extreme conditions, supply limits
20 in South Orange and San Diego Counties could be
21 reached, so these limits are necessary to avoid
22 the risk of voltage instability.

23 So knowing this was coming last year,
24 and this year as well, we've been over the last
25 year working on mitigation plans to see what we

1 can do to help bolster the system in those areas,
2 and this year we are working to reconfigure the
3 Barre-Ellis line, it's 220 kV lines, and we are
4 reconfiguring that from two circuits to four
5 circuits, and that's expected to be done today.
6 We're in the process of converting the Huntington
7 Beach Units 3 and 4 into synchronous condensers,
8 those units were retired, they're once-through
9 cooled units, and those units have been retired
10 and they're in the process of being converted to
11 synchronous condensers.

12 And Edison is also working on installed
13 80 MVAR capacitors at the Santiago and Johanna
14 Substations and two 80 MVAR capacitors at Viejo,
15 and that installation is complete.

16 New resources that are in the local
17 areas that will help somewhat this year are El
18 Segundo is expected to be fully available at the
19 end of June, and Sentinel and Walnut Creek are
20 both fully available now. So while they're not
21 located as close to SONGS as to help as much as
22 we'd really like, they do provide some help, so
23 those units will be on line for the summer.

24 The Flex Alerts have been fully funded.
25 We've been telling market participants that we

1 plan to fully utilize Demand Response as needed
2 throughout the summer, and we've been working
3 with the generation community to make sure that
4 all of their units are well maintained and
5 available, and should be operational no matter
6 what the conditions are this summer -- that's our
7 hope anyway.

8 So this table then moves from a planning
9 reserve margin to operating reserve margins, and
10 the net on-peak generation here includes the high
11 probability additions, as well. We have the
12 hydro derates associated with this. These hydro
13 derates were developed back in March and looks
14 like the conditions could be more extreme than
15 this, so in late summer we could see even higher
16 derates in these numbers for hydro; however, the
17 hydro conditions really don't contribute to the
18 local issues in Southern California, so we're not
19 really too concerned about it. I mean, impact
20 will be that we'll be running thermal units more
21 than typical with the lesser energy coming from
22 the hydro units.

23 So looking at the operating reserve
24 margins here, again, they are above the 15
25 percent requirement for RA and so, again, we're

1 in pretty good shape based on this normal
2 operating reserve scenario. This chart depicts
3 the information out of the previous table on the
4 left under the normal scenario, as well as the
5 extreme scenario, whereas again it's 1-in-10
6 demands, 1-in-10 outages for generation, as well
7 as low imports. So this is a very low
8 probability scenario. But the reason we look at
9 it is so that we can really give our operators an
10 understanding of, when we are in a scenario that
11 really challenges a system, how much reserves do
12 they have? Are they actually in a deficit where
13 they have to be prepared to shut load? Or
14 exactly what situation are they going to be in?
15 And in this one, it shows that in SP26, the more
16 challenging area, that we are below the Stage 1
17 and Stage 2 conditions, which are seven percent
18 operating reserves and five percent operating
19 reserves, but we are above what we call our Stage
20 3 emergency condition, which is a three percent
21 operating reserve point. So in this particular
22 scenario, we have a little bit of cushion, and if
23 we hit it exactly like this, we would not
24 typically be shedding firm load in this case.
25 Again, this is on a system in a zonal basis; if

1 we saw this extreme scenario occur, it would be
2 much more challenging in Southern California and
3 local areas in San Diego and South Orange County,
4 depending on where that 1-in-10 outage has
5 occurred. If they were in the local areas, we
6 very well may find ourselves in load shedding
7 conditions in the south, in those local zones.

8 So we have given this presentation
9 today, we're pretty much done with our summer
10 operation preparedness activities that we go
11 through every year, we go through a process and
12 we present the results of the Summer Assessment
13 to the operating community, we coordinate with
14 WECC, CAL FIRE, the gas companies, neighboring
15 balancing authorities, and relevant State
16 agencies. And we also, based on some of the
17 information that comes out of the Summer
18 Assessment, we train our Grid operators for
19 system events and we actually develop system
20 events for them to train on, based on what each
21 summer looks like it might have as a possibility
22 for an extreme event. And we continue to work
23 with them on operating procedures and utility
24 best practices. And then, as I said earlier,
25 this concludes our work with the CEC to work and

1 coordinate the information that we both put
2 together, based on the upcoming summer. With
3 that, that concludes my presentation. Are there
4 any questions?

5 CHAIRMAN WEISENMILLER: No, this is
6 good. Appreciate you coming here. Obviously we
7 have a very good working relationship with the
8 ISO, the PUC, and the Governor's Office, and I
9 think this is, as you indicated, sort of our
10 second summer of working together. We have
11 always had the assumption that, on a contingency
12 basis, we had to plan as if San Onofre was not
13 going to be back this summer and next summer,
14 actually. And also, at the same time, we've
15 started the planning exercise on, you know,
16 looking at replacement issues. I was going to
17 suggest as part of the outreach -- and I know,
18 again, we're going the outreach in a very
19 coordinated fashion, but you could do reach-out
20 to the Department of Defense, you know, from my
21 visits there, they're very concerned, you know,
22 major facilities in California, particularly in
23 San Diego, and they're very concerned on the
24 reliability of power there, and when the outage
25 occurred in September a couple years ago, they

1 had drones in the air, so it was not a good
2 situation.

3 MR. EMMERT: Yeah. I can look into
4 that. I'd be surprised if we hadn't already done
5 that, but I can confirm that.

6 CHAIRMAN WEISENMILLER: That would be
7 good. When I was back in D.C., I gave a very
8 similar presentation like this to FERC,
9 Department of Energy, two Senators, and at a
10 lunch for the House Representatives for
11 California. And we did a briefing for the
12 Legislature, myself and Berberich, and
13 Commissioner Ferron about a week ago. Okay,
14 Mark.

15 MR. PRYOR: Mr. Chairman, I would like
16 to acknowledge that Mr. Neil Millar from the ISO
17 is also in attendance.

18 As with Mr. Emmert's presentation, our
19 statewide reserve margin projection does not
20 include SONGS. At 32 percent, this year's
21 statewide reserve margin for normal weather
22 conditions in the month of August is once again
23 well above the target of 15 to 17 percent. It is
24 23 percent hotter than normal conditions.

25 Mr. Emmert presented the CAISO's

1 planning and operational assessments. The
2 difference is the planning assessment is a
3 deterministic assessment, it does not include the
4 probabilistic estimations of outages and hydro
5 derates. Our estimates are also deterministic
6 planning estimate projections and, for the
7 California ISO balancing area, are very close to
8 their planning assessment values. When we adjust
9 ours back to June, our estimates are within one
10 percent of CAISO's under both normal and hotter
11 than normal conditions. The major differences
12 between the two planning projections are due to
13 slightly different demand forecasts and values
14 for expected capacities of new generation
15 resources. Because these are high reserve
16 margins, the differences are trivial.

17 Energy Commission staff has issued
18 summer projections of electricity system reserve
19 margins since the energy crisis of the early
20 2000's. At that time, our projections were the
21 only public projections of reserve margins under
22 both planning and operational modes for all of
23 the State's balancing areas.

24 In recent years, the scope of our summer
25 outlook has diminished, becoming only a

1 deterministic planning projection at the
2 statewide level. Successful programs such as the
3 State's Resource Adequacy Requirements Program
4 have alleviated the once urgent issue of low
5 reserve margins. In addition, work by the
6 State's balancing areas, in particular by the
7 ISO, has rendered our operational projections
8 redundant and our planning projections moot.
9 Quite frankly, issuing summer outlook planning
10 projections in April or May for the coming summer
11 does not provide the medium term projections that
12 a planning perspective should provide. Of more
13 importance, what the state is facing now and in
14 the next decade or so are issues of meeting
15 demands in local areas such as the LA Basin and
16 San Diego; therefore, staff will no longer issue
17 summer outlook reports as in the past; rather, we
18 will direct our work toward longer term
19 perspectives.

20 In addition, California's needs are
21 changing and the longer term planning projection
22 focusing solely on the summer fails to meet those
23 needs. Our changing resource mixture and demands
24 on that mixture requires another approach. For
25 instance, staff expects that the ever increasing

1 use of renewable generation resources will
2 increase wintertime generation needs. Extending
3 our projections into other seasons is a natural
4 expansion of our current work.

5 Staff is considering multi-year
6 projections using a three-, four-, or five-year
7 horizon. We will issue reports as needed, rather
8 than on a set schedule. This will allow us to
9 alert decision makers about possible issues early
10 enough so they may implement well reasoned
11 responses. We are looking forward to working
12 with the electricity Lead Commissioner and the
13 other energy agencies as we refine our plans and
14 adjust our work to meet future needs.

15 CHAIRMAN WEISENMILLER: Okay. Thanks,
16 Mark; that was good. If Commissioners -- not
17 this year, but last year Steve Berberich and I
18 did a joint press conference and we talked about
19 our studies and their studies and, as Mark said,
20 we obviously were more statewide than what we're
21 looking at, so balancing authority -- our focus
22 is more planning and theirs is much more
23 operational, looking at all the nuts and bolts of
24 that. But Steve and I were trying to, a)
25 reassure the public and try to explain why we

1 were like a percent or two off, and so that led
2 to real questions in my mind, and had a
3 conversation with staff on what was the real
4 value going forward on that, so I think it's good
5 for us to really shift focus now and to move
6 forward, certainly it is consistent with the
7 Governor's directive to look at ways of
8 consolidating the reporting. But, again, I think
9 it just is a better service to the public at this
10 stage. So, again, I think we have one public
11 comment on the line. Oh, okay. So with that,
12 any questions or comments?

13 COMMISSIONER MCALLISTER: I would just
14 say it seems very appropriate to me. I mean, we
15 are moving into a future that's different from
16 the past, right? And we're kind of a proactive
17 management of the grid, and more of an
18 orchestration of much wider variety of resources
19 and issues throughout the year as kind of the new
20 reality. And I think in a world of not infinite
21 resources, we need to focus our priorities on the
22 reality that's coming and learning how to deal
23 with it, developing the systems that enable us to
24 deal with it, and sort of a time specific summer
25 outlook does seem like an activity that sort of

1 takes some resources a little bit outdated and
2 really sort of refreshing that to work within the
3 new reality is probably -- I'm confident that
4 that's actually the direction we ought to be
5 going. So I really commend staff and the Chair's
6 office for recognizing that and moving forward
7 and adjusting to the current and future needs of
8 our planning work. So I'm supportive of this
9 change.

10 MR. PRYOR: Thank you, Commissioners.

11 CHAIRMAN WEISENMILLER: And again, I
12 certainly want to thank the ISO, particularly
13 Neil for coming, and for the presentation.
14 Please -- so I thought Ben Davis was on the line,
15 but, Ben, if you're in the room, it's a good time
16 to speak. Sure, come forward and someone can try
17 to grab the -- our technical people, they left.

18 MR. DAVIS: Should I wait until they
19 come back? Would you like me to wait until the
20 technical people come back?

21 CHAIRMAN WEISENMILLER: Why don't you
22 start? You have three minutes.

23 MR. DAVIS: Okay, thank you. I'm Ben
24 Davis, Jr. with the California Nuclear
25 Initiative. And I was unclear -- I think I may

1 be clear, but I'd like to address this question
2 to the staff. If I understood correctly, we are
3 above our reserve margin for the year and
4 potentially for the 1-in-10 if I understood what
5 they were saying, and above 15 to 17, we may be
6 as high as 23 this summer. I wonder, they didn't
7 really discuss, given that we're going to be
8 without SONGS this summer and forever now, the
9 potential of outages at Diablo Canyon. Now, I
10 don't know if there are planned outages this
11 summer with Diablo Canyon, but we certainly have
12 to consider the potential of unplanned outages at
13 Diablo Canyon and at any other plant at any time.
14 The most current statistics I'm aware of from the
15 Commission suggest that the two nuclear power
16 plants provided between 11 and 15 percent of
17 California's in-state generation, and about
18 equally so. So Diablo Canyon, if I have it
19 correct, is somewhere between five and a half and
20 seven and a half percent. So if I'm
21 understanding this presentation correctly, even
22 without Diablo Canyon, we would be well above our
23 state's reserve margins for this summer and in
24 the 1-in-10. But I didn't hear it analyzed, they
25 didn't mention Diablo Canyon and weren't that

1 specific. So I wondered if I could have that
2 cleared up and find out if I was correct in these
3 assumptions.

4 CHAIRMAN WEISENMILLER: Well, I can
5 clarify it -- and Mark is back -- based upon the
6 Energy Commission IEPR, my first one, as you
7 recall, we asked the CAISO to do an analysis of
8 what our situation would be without San Onofre
9 and also without Diablo Canyon as a contingency
10 plan. And our rationale was, if you look around
11 the country, if you look at the 104 reactors we
12 have, it's not unusual to have a plant out for a
13 year. And the ISO published a draft of that
14 study in December, I think it's been finalized,
15 it's gone before the Board, so it includes not
16 only the San Onofre longer term analysis that we
17 now need, but also it lays out the implications
18 of Diablo Canyon.

19 MR. DAVIS: Yeah, next week, as I
20 recall.

21 CHAIRMAN WEISENMILLER: Well, and we're
22 certainly going to workshop next week on the
23 nuclear issues, but, again, the CAISO has a
24 report out that looks at the implications for
25 California if Diablo Canyon were not available.

1 MR. DAVIS: Uh-huh.

2 CHAIRMAN WEISENMILLER: That's a public
3 document.

4 MR. DAVIS: Yes, in fact, I have it.
5 But what they said today was a little more
6 updated information, the 23 percent reserve
7 margin. Do the two things that I'm asking and
8 the document you're referring to support my
9 assumption that, without Diablo Canyon, we would
10 still be above the 15 percent? Or do you just
11 want me to look at that final answer?

12 CHAIRMAN WEISENMILLER: Well, I was
13 going to ask Mark, otherwise we'll sort of refer
14 you back to the --

15 MR. DAVIS: And I can always ask next
16 week, I suppose.

17 CHAIRMAN WEISENMILLER: Sure.

18 MR. DAVIS: Thank you.

19 MR. PRYOR: The gentleman's question, I
20 believe, is not so much of a statewide impact, it
21 is more of a question that should be directed to
22 the ISO, and I would defer to them. So I don't
23 know if Neil Millar wants to say anything or --
24 you can come up to the --

25 CHAIRMAN WEISENMILLER: And Neil, for

1 our Court Reporter, would you make sure at the
2 end they get your name and all?

3 MR. MILLAR: Sorry?

4 CHAIRMAN WEISENMILLER: Just for the
5 Court Reporter, at the end if you could give them
6 your card that would be great. So for Neil,
7 before you leave, if you can give our Reporter --
8 the Court Reporter -- your business card, that
9 would be great.

10 MR. MILLAR: Oh, yes, of course, sir.
11 Yes, in regards to the Diablo Canyon generation,
12 as you've mentioned, the system implications for
13 that generator are set out on the local issues
14 that that would generate, are set out in our
15 Transmission Plan where we did an analysis of the
16 implications of one or both nuclear power plants
17 being out of service. And that was focusing on
18 did the loss of Diablo Canyon trigger any system
19 local concerns of the same nature as San Onofre
20 generates. So for that, I would point you to the
21 Transmission Plan that was approved by our Board
22 of Governors in March, and I believe you
23 mentioned you have a copy of that.

24 MR. DAVIS: Thanks.

25 MR. MILLAR: In terms of the operating

1 reserve margins, that I'm afraid would be looking
2 at more the data that you have here to consider
3 the loss of generation compared to the base
4 assumptions that the rest of the generation is in
5 service, except for some assumed outage levels.
6 So within an approximation, you could look at the
7 impacts by doing the math of losing that amount
8 of generation on a zonal or system-wide basis.
9 And just to reiterate what Mr. Emmert had said
10 earlier was that the reserve margins overall are
11 relatively healthy. Our major concern with the
12 loss of San Onofre is the local support that it
13 provided to the area.

14 MR. DAVIS: Great. Thank you very much.
15 And thank you for allowing me to speak.

16 CHAIRMAN WEISENMILLER: Oh, sure. Thank
17 you for coming. And I guess we look forward to
18 seeing you next week.

19 Let's go on to Item 5, which is
20 Enforcement Procedures for Renewables Portfolio
21 Standard for Local Publicly Owned Electric
22 Utilities. Angie.

23 MS. GOULD: Yes. Good morning, Chair
24 Weisenmiller. Good morning, Commissioners. My
25 name is Angie Gould and I work in the Renewable

1 Energy Office, and I'm joined here by Gabe
2 Herrera from our Legal Office, and Kate Zocchetti
3 also from the Renewable Energy Office.

4 I'm here to request your approval of the
5 Proposed Regulations for the enforcement
6 procedures for the Renewables Portfolio Standard
7 for Local Publicly Owned Electric Utilities
8 posted May 22nd, and approval of the Proposed
9 Negative Declaration for these Proposed
10 Regulations posted April 5th.

11 In drafting the Proposed Regulations,
12 staff has worked closely with stakeholders and
13 with our sister agencies. We've hosted four
14 public workshops and three webinars, in addition
15 to regular one-on-one meetings with stakeholders,
16 as requested. There have been seven rounds of
17 written comment solicitation, and we also hold
18 regular ongoing meetings with CPU staff and we
19 worked closely with ARB staff to draft pre-
20 rulemaking language, and have consulted them on
21 changes.

22 The formal rulemaking was initiated
23 March 1st, 2013, when the Office of
24 Administrative Law (OAL) published the Notice of
25 Proposed Action (NOPA) and the California

1 Regulatory Notice Registry.

2 The workshop on the 45-day language was
3 held March 15, 2013, and comments on this
4 language were received April 16th. The first 15-
5 day language was posted April 19th. Comments on
6 this language were received May 6th. The second
7 15-day language was posted May 22nd, and comments
8 on this language were received June 6th.

9 During the formal Administrative
10 Procedure Act, or APA rulemaking phase, all oral
11 and written comments are recorded and will be
12 included in the final rulemaking package. Once
13 completed, the final rulemaking package will be
14 submitted to OAL for approval. This package
15 includes the final Statement of Reasons, which
16 provides rationale for all changes from 45-day
17 language, and responses to all comments received
18 since rulemaking began March 1, 2013.

19 These Proposed Regulations complement
20 the RPS eligibility Guidebook, the 7th Edition of
21 which was adopted at the April 30, 2013 Business
22 Meeting. We also prepared a brief presentation
23 to provide more detail on the content of the
24 Proposed Regulations and the changes made in the
25 first 15-day language posted April 19th and the

1 second 15-day language posted May 22nd.

2 This first slide provides more
3 information on the documents posted March 1,
4 2013, the first day of the formal rulemaking
5 under the APA. On March 1st, the Energy
6 Commission posted the NOPA, the 45-day language
7 of the Proposed Regulations, the Initial
8 Statement of Reasons, and the supporting
9 materials for the Economic and Fiscal Impact
10 Statement and Assessment, which estimated a total
11 cost of just over \$2 million annually to the
12 POUs. This estimated cost was based on POU
13 reporting and administrative costs to comply with
14 the enforcement regulations.

15 The next few slides provide an overview
16 of what is covered in the proposed regulations,
17 starting with the rules of the POUs, the Energy
18 Commission, and the Air Resources Board. POUs
19 adopted their own RPS Programs.

20 The Energy Commission determines RPS
21 compliance based on information reported by the
22 POUs and verified by the Energy Commission.
23 Notices of Violation are forwarded to the Air
24 Resources Board, which determines any necessary
25 penalties.

1 There are three initial multi-year
2 compliance periods, 2011 to 2013, 2014 to 2016,
3 and 2017 to 2020. After 2020, there are annual
4 compliance periods.

5 The RPS procurement targets are an
6 average of 20 percent for the first compliance
7 period, 25 percent by the end of the second
8 compliance period, 33 percent by the end of the
9 third compliance period, and at least 33 percent
10 annually thereafter.

11 Procurement on or after June 1st, 2010,
12 will be classified into one of three Portfolio
13 Content Categories, or PCCs, also referred to as
14 "Buckets." PCC1 is for bundled electricity
15 products associated with resources located within
16 a California Balancing Authority (CBA), or
17 distribution facilities used to serve end users
18 within a CBA, scheduled into a CBA or dynamically
19 transferred into a CBA. There are five CBAs, the
20 California Independent System Operator, the
21 Balancing Authority of Northern California,
22 Turlock Irrigation District, Imperial Irrigation
23 District, and Los Angeles Department of Water and
24 Power.

25 PCC2 is for bundled, firming and shaped

1 electricity products providing incremental
2 electricity and scheduled into a CBA within the
3 same calendar year the electricity product is
4 generated. Requiring scheduling within the same
5 calendar year is consistent with the requirements
6 of firmed and shaped products prior to SBX12 and
7 is consistent with the definition of PCC2
8 established by the CPUC for retailer sellers.

9 In addition, both the renewable and
10 incremental resources must be located outside of
11 CBA. This requirement is consistent with both
12 the firmed and shaped requirements prior to SBX12
13 and the definition of PCC2 established by the
14 CPUC for retail sellers.

15 Incremental resources located outside of
16 CBA are also more likely to be truly incremental
17 and procure for the purposes of firming and
18 shaping the renewable electricity product. PCC3
19 is for all unbundled RECs and any other
20 electricity products that don't meet the criteria
21 of PCC1 or PCC2.

22 Bundled products are required for PCC1
23 and PCC2 because PCC3 in statute is defined to
24 include unbundled RECs, so the first two PCCs
25 must exclude unbundled RECs to remain distinct

1 categories and avoid a situation in which direct
2 could be classified in more than one PCC.

3 The POU's are also required to meet set
4 portfolio balance requirements, also called PPR,
5 for each compliance period. Minimum targets are
6 set for PCC1 and these increase over time. There
7 are also maximum levels set for PCC3 and these
8 levels decrease over time. There is no minimum
9 or maximum requirement for PCC2.

10 In addition, there are five different
11 measures that POU's may adopt called Optional
12 Compliance Measures. The first two of these
13 measures, Cost Limitations and Delay of Timely
14 Compliance, allow a POU not to be found in
15 violation under certain conditions, even if that
16 POU does not meet one or more of its RPS
17 procurement requirements.

18 The last three of these measures, Excess
19 Procurement, Portfolio Balance Requirement
20 Reduction, and Historic Carryover, could allow a
21 POU to more easily meet its RPS procurement
22 requirements if it meets the specified criteria.
23 The Energy Commission won't consider the
24 application of any optional compliance measures
25 that it determines do not comply with statute or

1 the regulations. The Energy Commission must
2 ensure that rules adopted are consistent with
3 statutory language and Public Utilities Code
4 Section 399.30(D) if the POU intends to use those
5 rules to satisfy or delay its procurement
6 requirements.

7 In addition to its RPS procurement
8 requirements, a POU must meet certain
9 requirements regarding its plans and reports.
10 POU's must adopt, publicly notice, and report
11 their procurement plans and enforcement programs
12 to the Energy Commission. POU's must also submit
13 timely and complete annual and compliance period
14 reports to the Energy Commission, as well as
15 Historic Carryover Reports for those POU's that
16 are claiming Historic Carryover.

17 The next several slides provide more
18 detail on changes to the 45-day language as
19 proposed in the first 15-day language posted
20 April 19th and the second 15-day language posted
21 May 22nd. The 45-day language stated that REC's
22 may not be retired to meet the RPS procurement
23 requirements of a compliance period that pre-
24 dates the date the associated electricity was
25 generated. So, for example, a February 2014 REC

1 could not be retired toward the 2011 to 2013
2 compliance period. But it did not also
3 explicitly state that a REC could not be retired
4 to meet the RPS requirements of a compliance
5 period that predates the date that the
6 electricity product was procured by the POU as
7 was intended. Staff revised the 45-day language
8 to include this restriction. So, for example, a
9 POU cannot procure a December 2013 REC in March
10 2014 and retire that REC to meet its 2011 to 2013
11 RPS procurement requirements.

12 Public Utilities Code Section
13 399.30(c)(2) specifies that procurement for the
14 second and third compliance periods must be
15 sufficient to ensure that the procurement of
16 electricity products from eligible renewable
17 energy resources achieves 25 percent of retail
18 sales by December 31, 2016, and 33 percent of
19 retail sales by December 31, 2020. This implies
20 that procurement must occur prior to the end of a
21 compliance period to count toward the RPS
22 procurement requirements of that compliance
23 period. And although it does not explicitly
24 state it for the first compliance period, it
25 stands to reason that the Legislature intended

1 this procurement restriction to apply to all
2 compliance periods, and not only to the second
3 and third.

4 The 45-day language set a target equal
5 to the sum of 25 percent of 2017 retail sales, 25
6 percent of 2018 retail sales, 25 percent of 2019
7 retail sales, and 33 percent of 2020 retail
8 sales. This is referred to as a "stair-step"
9 target and is set by the PUC for retail sellers.
10 Several stakeholders argue that this target
11 should be increased, referencing Public Utilities
12 Code Section 399.30(c)(2), which states: "The
13 quantities of eligible renewable energy resources
14 to be procured for all other compliance periods
15 reflect reasonable progress in each of the
16 intervening years sufficient to ensure that the
17 procurement of electricity products from
18 renewable energy resources achieves 25 percent of
19 retail sales by December 31, 2016, and 33 percent
20 of retail sales by December 31, 2020." By
21 specifying that the targets must reflect
22 reasonable progress in each of the intervening
23 years, the statute implies that the RPS
24 procurement target calculation should include
25 steadily increasing percentages of retail sales

1 in each year of the compliance period.

2 Staff increased the target for the 2017
3 to 2020 compliance period to equal the sum of 27
4 percent of 2017 retail sales, 29 percent of 2018
5 retail sales, 31 percent of 2019 retail sales,
6 and 33 percent of 2020 retail sales. This is
7 referred to as a linear target and is equivalent
8 to that set by the CPUC for retail sellers.
9 However, because of this late date, it would be
10 difficult for POU's to procure additional
11 electricity products to comply with a higher
12 target in the second compliance, especially
13 because POU's often own their eligible renewable
14 energy resources, staff kept the stair-step
15 target for the second compliance period of 2014
16 to 2016.

17 The 45-day language did not include an
18 exemption for the portfolio balanced requirements
19 for POU's that are successors to electrical
20 corporations that met the criteria of Public
21 Utilities Code Section 399.18. A commenter
22 pointed out that Kirkwood Meadows Public Utility
23 District, which is a successor to Mountain
24 Utilities, does meet the criteria in 399.18
25 because it is the successor to an electrical

1 corporation that, as of January 1, 2010, had
2 1,000 or fewer customer accounts in California
3 and was not connected to any transmission system
4 or to the California ISO. Staff added the
5 statutory exemption in the 15-day language to
6 Changes to the Proposed Regulations, and we have
7 received no comments opposing this change.

8 There are two types of electricity
9 products that are classified into PCCs, the first
10 type are those associated with contracts or
11 ownership agreements executed on or after June 1,
12 2010. These electricity products are covered in
13 Section 3202(A)(1) of the Proposed Regulations
14 and are subject to the portfolio balance
15 requirements. The second type are those
16 associated with contracts or ownership agreements
17 executed before June 1, 2010, that do not meet
18 the RPS Eligibility Rules that were in place at
19 that time, but do meet current eligibility rules.
20 They would include, for example, 30 to 40
21 megawatt hydro facilities that were made eligible
22 under SBX12. These electricity products are
23 covered in Section 3201(A)(3) of the Proposed
24 Regulations and are not subject to the portfolio
25 balance requirements.

1 The Excess Procurement Rules include two
2 restrictions on the use of PCC3 electricity
3 products, but no distinction was made in the 45-
4 day language regarding which restriction applied
5 to which type of PCC3 electricity product.

6 In Response to Comments, staff has
7 specified which restrictions apply to which type
8 of PCC3 product. And we have received no
9 comments opposing this change.

10 The 45-day language required both the
11 procurement classified as Historic Carryover and
12 the procurement applied toward the POUs 2004 to
13 2010 Annual Procurement Targets to have met both
14 the RPS Eligibility Rules in place at the time
15 for retail sellers and to be associated with
16 contracts or ownership agreements executed before
17 June 1, 2010. In Response to Comments, this
18 requirement was changed so that procurement
19 applied to the annual procurement target no
20 longer must be associated with contracts or
21 ownership agreements executed before June 1,
22 2010. We have received no comments opposing this
23 change.

24 The 45-day language of the Proposed
25 Regulations required POUs to retire Historic

1 Carryover RECs within 36 months of the date of
2 generation, consistent with the requirements for
3 RECs associated with January 1, 2011, and later
4 generation. However, several POUs commented that
5 because POUs were not previously required to
6 retire their RECs per Energy Commission rules,
7 and due to the late date of adoption of these
8 Regulations, such a rule would make ineligible
9 many historic carryover RECs that would otherwise
10 qualify for the RPS. In response, staff changed
11 the language to require all Historic Carryover
12 RECs to be retired and reported within 90 days of
13 the effective date of the Regulations. And we
14 have received no comments opposing this change.

15 Staff prepared a CEQA initial study and
16 Proposed Negative Declaration, which was filed
17 with the State Clearinghouse and posted for
18 public comment April 5, 2013. We received no
19 comments. The Proposed Negative Declaration
20 finds that there is no evidence that the project
21 may have a significant effect on the environment,
22 and that the project will result in no
23 significant adverse impact. For more information
24 on the CEQA Negative Declaration, I will now turn
25 it over to Pierre Martinez, the principal author.

1 MR. MARTINEZ: Thank you. Good morning,
2 Commissioners, Chairman Weisenmiller. My name is
3 Pierre Martinez, I'm a Project Manager with the
4 Siting Office. And our office was asked to
5 conduct and prepare an environmental document on
6 the Proposed Regulation changes. You know,
7 basically in conducting the initial study, we're
8 assessing the project potential effects on the
9 environment consistent with the California
10 Environmental Quality Act (CEQA), and the
11 conclusions are basically that this project won't
12 result in any adverse physical impacts to the
13 environment. So the initial study and the
14 Negative Declaration are included in your
15 materials.

16 I really have nothing else to add,
17 unless you have any questions specific to the
18 environmental document prepared.

19 CHAIRMAN WEISENMILLER: Commissioners,
20 any questions or comments on this document?
21 Okay, thank you.

22 MR. MARTINEZ: Thank you.

23 MS. GOULD: Thank you. Okay, so that
24 concludes my presentation and we're happy to
25 answer any questions that you have.

1 CHAIRMAN WEISENMILLER: Great. We're
2 going to turn to comments first from people in
3 the room, and then people on the phone, and then
4 I'll turn to the Commissioners generally for
5 questions, which there may well be some for you
6 at that time. Okay, so let's start with Mike
7 Webster from LADWP.

8 MR. WEBSTER: Good morning. My name is
9 Mike Webster with Los Angeles Department of Water
10 and Power. I am Assistant Director of our Power
11 System Planning and Development, and we have made
12 tremendous progress on the Regulations and I
13 would like to comment just on two items.

14 But first a little bit of background on
15 LADWP, is we are going through a historic
16 transformation of our utility system. Over the
17 next 17 years, we will be replacing 70 percent of
18 our utility infrastructure specifically related
19 to generation. Now, the funds to do all this is
20 going to cost billions of dollars, and it's not
21 necessarily just related to renewables, it's also
22 the once-through cooling, greenhouse gas
23 emissions, eliminating coal-fired generation, our
24 Feed-in Tariff Programs, and this represents a
25 tremendous economic and engineering challenge for

1 LADWP.

2 All of these programs are worthwhile,
3 and we are very very supportive of them, but we
4 need to do it in the most cost-effective and
5 economic way. Now, Compliance Period 3, LADWP
6 disagrees with this last minute change that looks
7 at 2017, at 17, 19, 27, 19 and up to 33 percent.
8 This change alone will cost the Ratepayers and
9 the City of Los Angeles over \$100 million to
10 comply with. SB21X is a bill that LADWP
11 supported with the City of Los Angeles, but it
12 was very very clear that it requires the
13 Governing Boards to implement procurement plans
14 that it achieve 20, 25, and 33 percent in those
15 compliance periods.

16 SB21X Section 39915(B)(2)(b) only
17 requires the POUs to reflect reasonable progress
18 for resources in those intervening years, and
19 reasonable progress can be demonstrated in a
20 multitude of ways, through investments, through
21 actual construction activities, building
22 renewable generation, building transmission,
23 permitting, procuring land and, yes, increased
24 renewable percentages are one way to show
25 progress, it's not the only way. So not only

1 does 39915(B)(2)(c) state that retail sellers are
2 not required to demonstrate a specific quantity
3 of procurement on any of the intervening years,
4 and the law specifically addressed for POUs in
5 399.30(K) states that POUs shall retain
6 discretion over both the mix of renewable
7 resources to ensure resource adequacy and
8 reliability, but also reasonable costs incurred
9 by the utility. And so we believe this last
10 minute change conflicts with the law as applied
11 to POUs is arbitrary and capricious, and will
12 result in short term wholesale transactions which
13 really does not further the goal that we all
14 want; we all want real renewable steel in the
15 ground and to create jobs, and to siphon off \$100
16 million for these intervening years doesn't help
17 us progress towards long term renewables.

18 So the RPS procurement is very different
19 for POUs and IOUs. So forcing POUs in the same
20 IOU model is no more appropriate than forcing
21 IOUs to build, own and operate their own
22 generation. So, like I like to tell my Boy
23 Scouts, two wrongs do not make a right. So we do
24 not believe that this modification should be
25 adopted.

1 My second point is I'd like to continue
2 to work with staff on the grandfathering
3 language, is that currently the grandfathering
4 language in this section says that everything
5 prior to June 1, 2010 shall be certified, but
6 neither the regulations nor the guidebooks really
7 fully implement this grandfathering. The
8 guidebook does offer limited certification,
9 however, it only grandfathers pre-2010 as related
10 to the Bucket requirements or the PCC
11 requirements. Consequently, POU renewable
12 resources legally adopted by Section 387 of the
13 Resources Code, and adopted during that public
14 process, are now retroactively subject to the
15 conditions of old versions of the CEC Guidebook.
16 So we believe that the rules in place at the time
17 were the POU's rules in place at the time when
18 their Boards and City Councils approved that. So
19 thank you for your serious and deliberate
20 consideration.

21 CHAIRMAN WEISENMILLER: Thank you.
22 Thank you for coming today. Let's go to Reiko
23 Kerr from the City of Riverside.

24 MS. KERR: Good morning. I'm Reiko Kerr
25 from the City of Riverside. I'm the Assistant

1 General Manager of Resources. We are a
2 vertically integrated utility, a medium size
3 serving about 106,000 customers. I appreciate
4 the opportunity to come and speak before the
5 Commission, it is my first time, so excuse my
6 nervousness. I would like to express support for
7 comments provided by both CMUA and SCPPA on this
8 issue.

9 Riverside fully supports SBX12 and its
10 goals. As way of background, in 2001, Riverside
11 had zero renewable energy. We were an early
12 adopter. Our Board set a goal in 2002 to get 25
13 megawatts. Now, our peak is 610, so we are a
14 smaller size, and when you scale that down, we
15 did that, at the time we bought 25 megawatts of
16 RECs, or what were known as green tags at the
17 time, spent \$65,000; today that cost would be
18 just south of about \$4 million. So that was a
19 onetime thing as we began to ramp up long term
20 contracts to begin adding renewable generation to
21 our portfolio.

22 Our Board and City Council adopted its
23 first Renewable Portfolio Standard in 2003 and it
24 has been since reviewed in 2006, and further
25 revised in 2008, where it stands today at 20

1 percent by 2010, 25 percent by 2015, and 33
2 percent by 2020. We met the 2010 target, we are
3 on goal, we are on target for meeting both the
4 2015 and the 2020 goals.

5 Further demonstrating our commitment is
6 Item 1B on your Consent Calendar today for a 25-
7 year Power Purchase Agreement with Cal Energy for
8 geothermal that steps up to ultimately 86
9 megawatts through 2039.

10 We support the Historic Carryover.
11 Riverside, as I say, has a long history and
12 commitment to supporting renewable energy and
13 sustainable policies, this recognizes that early
14 adoption and doesn't penalize you for those early
15 decisions, and it also supports the local control
16 of the governing bodies for a Publicly Owned
17 Utility to make those right decisions, as
18 Riverside has done.

19 Riverside does have a concern over the
20 uncertainty of the Regulations by continuing to
21 drag this on, and not having certainty that the
22 actions that we are taking will not penalize our
23 Ratepayers in the future. Locking down the
24 Regulations today will encourage and allow
25 Riverside to go past our 33 percent and look for

1 those opportunities to bring in additional
2 renewables into our portfolio and not be
3 retroactively penalized. Thank you very much.

4 CHAIRMAN WEISENMILLER: Thank you.
5 Thanks for coming. Let's go to CMUA.

6 MR. ANDREONI: Good morning,
7 Commissioners. My name is Anthony Andreoni. I'm
8 with CMUA, I'm the Director of Regulatory
9 Affairs. And I have a few general comments I'll
10 focus on and maybe one or two specifics.

11 But just as background, CMUA includes
12 more than 40 Publicly Owned Utilities or POUs,
13 which provide electricity to one-fourth of all
14 Californians, as well as represent a number of
15 water agencies. And overall, POUs are local
16 government entities which have no profit motive.
17 Our members are very committed, as you've heard
18 from LA and Riverside, and you may hear from a
19 few others, to the local economic development and
20 job creation, and have an excellent track record
21 in providing reliable energy at low rates, and
22 have demonstrated leadership in environmental
23 issues such as climate change, renewable energy,
24 and energy efficiency.

25 CMUA supports RPS and many of our

1 members set out targets early on to make sure
2 that they were going to be able to comply with
3 the requirements. And we certainly want to
4 recognize and appreciate the fact that CEC has
5 been working on this, we want to identify the
6 staff, Angie, Gabe, Kate, and others that we've
7 worked with over this roughly almost two-year
8 period in coming up with the version that's in
9 front of you today.

10 And so we did supply written comments in
11 the 15-day period, the second 15-day language
12 changes, and I wanted to focus just briefly on a
13 couple of the items that we highlighted, one
14 being the second Compliance Period 2. We support
15 where the Energy Commission is today in keeping
16 it as a stair-step approach. We also support the
17 changes recently made to the Historic Carryover
18 provision. CMUA supports all the flexibility
19 that will allow our members to meet the
20 requirements and the timeframe without providing
21 undue pressure on its customers.

22 We do still have concerns, though, on
23 the current Compliance Period 3, which was
24 already discussed, which is providing more of a
25 linear approach. We agreed with the original

1 staff proposal that was in the staff report, and
2 we would like to continue to talk with CEC on
3 looking at the impacts that may occur from going
4 to a linear approach, especially some of the cost
5 impacts that may occur that are unwanted.

6 We also at this point want to continue
7 to work with CEC in the implementation phase,
8 provide documents to our members, making sure
9 that reports and information are available to
10 make sure that all of our members, which are very
11 diverse, have a very different geographic area
12 they have to cover and that the information is
13 made available to them, so they can easier have a
14 better chance of complying and keeping up with
15 all of the reporting efforts that are required
16 under the rule. And we look forward to working
17 with staff and maybe assembling some of those
18 documents, whether they be FAQs or other types of
19 documents that will help members comply with the
20 requirements. And as of today, some of the
21 documents I was looking for on the Web are
22 somewhat missing, so we'll look forward to
23 helping CEC staff put that together and helping
24 our members to comply. But I want to thank the
25 Commission. Thank you.

1 CHAIRMAN WEISENMILLER: Yeah, that's
2 great. Certainly if you could provide to us a
3 list of what you think are the missing documents,
4 that will help. Let's go to James Hendry from
5 the S.F. PUC.

6 MR. HENDRY: Good morning. I'm James
7 Hendry with the San Francisco Public Utilities
8 Commission. I think it's kind of fortuitous I'm
9 going after Tony because basically we have much
10 the same comments. We just wanted to thank staff
11 for their tenacious efforts over the last couple
12 of years to get the rules out. I think, as Tony
13 noted, there are certain areas of the rules which
14 turned out differently, but we'll hope that the
15 Energy Commission will continue to look at those
16 rules on a going forward basis, and we just plan
17 to continue working with the Energy Commission as
18 the rules get implemented. Thank you.

19 CHAIRMAN WEISENMILLER: Thank you. And
20 I only go with public agencies first, and I'll
21 make one exception here, is I'll let Valerie Winn
22 go next and give Susie a chance to respond.

23 MS. WINN: Good morning, Commissioners.
24 I'm Valerie Winn with PG&E, and I expect my POU
25 colleagues are feeling like it's Groundhog Day

1 today because I'll make the same comments that
2 I've made at numerous workshops on this topic.

3 PG&E is largely in support of the Draft
4 Regulation as it's been presented today to apply
5 the 33 percent RPS requirements to the Publicly
6 Owned Utilities. We think it's very important
7 that many of the market rules and requirements
8 are the same for both POUs and IOUs that will
9 help everyone who is participating in the
10 marketplace better understand the rules, and
11 that's very important.

12 There are really three minor issues, as
13 we look at it, that we have really continued to
14 advocate for some changes, and those of course,
15 the big one was making sure that the trajectory
16 for everyone to reach the 2020 target is the same
17 for everyone participating in the marketplace.
18 And we felt that that's very important because
19 that ensures that all Californians are
20 contributing equally to achieving the state's
21 clean energy goals. Right now, with the
22 different trajectories, IOU customers are going
23 to be paying a little bit more than what POU
24 customers are, and ideally gathering more
25 greenhouse gas emission reductions than POUs will

1 be in the same time period. So we'd like to see,
2 of course, a little bit more equity there and
3 everyone trying to reach the same goals.

4 The second piece is really, as the POU's
5 submit their compliance filings, we have
6 continued to advocate for a public process in the
7 same way as utilities' compliance filings at the
8 Public Utility Commission are made publicly
9 available, we would like to see some sort of
10 process for the POU's compliance filings to be
11 made publicly available, as well.

12 And lastly, we are concerned about some
13 of the language that's applicable to the City and
14 County of San Francisco. We recognize that there
15 are special provisions for them in the statute as
16 to how they comply with the 33 percent
17 requirement; however, we do not read that
18 statutory language as exempting them from having
19 to comply with, as we call them, the "Bucket
20 Requirements." So those were the three areas
21 where we have continued to focus our comments.
22 But, as I said, it's been a long and very -- a
23 great effort by the CEC staff, and we are really
24 supportive of adoption of the Guidebook. Thank
25 you.

1 CHAIRMAN WEISENMILLER: Okay, thank you.
2 Susie Berlin.

3 MS. BERLIN: Good morning, Chair,
4 Commissioners. Thank you for letting me follow
5 Valerie, as I will make one small comment and
6 respond to what she had to say. But I want to
7 begin by thanking the staff for their
8 accessibility and for working with the
9 stakeholders, both the IOU and POU and public
10 stakeholders throughout this process, it has been
11 a long process.

12 We believe that the Proposed Regulations
13 should be adopted, but we urge the Commission to
14 make a few final revisions, most importantly, or
15 one of the most important issues is to recognize
16 the autonomy invested in the local governing
17 boards by the Legislature in SBX12. We believe
18 that, despite the fact that the staff has
19 acknowledged, and even in the presentation that
20 is the POUs that are responsible for adopting
21 their procurement programs and implementing them,
22 believe that we also have vested by the statute
23 itself a lot more autonomy in how those programs
24 are carried out, and that there are certain
25 provisions of the Regulation that are more

1 proscriptive than they need to be in that regard.

2 We also want to be certain that the
3 Commission recognizes the cost limitation
4 provisions for renewable expenditures are going
5 to be based on a myriad of factors that have to
6 do with ratemaking and specific impacts of each
7 local community, and so a one-size-fits-all
8 approach is not appropriate, and neither is
9 requiring the POU's to comply with provisions of
10 the Public Utilities Code that are called out
11 specifically for retail sellers and not for the
12 POU's. So we would also ask that the requirements
13 associated with Section 39915(D) are stricken
14 from the provisions of 3206(A)(3).

15 And we ask that the Commission recognize
16 the local authorities and the programs that they
17 adopt with regard to the optional compliance
18 measures when we look at the Section 3206(D)
19 regarding the Commission's approval to a certain
20 extent of the optional compliance measures that
21 have been adopted by any POU.

22 And finally, we would ask that the
23 Commission strike the incremental procurement
24 targets that are established for the third
25 compliance period. We do not believe that the

1 statute requires them, we believe the rationale
2 that was originally set forth in the initial
3 Statement of Reasons clearly articulated why, and
4 we think that the notion that reasonable progress
5 needs to be measured by a specific quantitative
6 value is incorrect. There are a number of issues
7 that play a part in demonstrating a reasonable
8 progress, what I call Procurement Planning
9 Practices, in general, and LADWP also outlined a
10 number of items that can be used to measure
11 reasonable progress. And that reasonable
12 progress is going to be achieved in order to
13 achieve the end goal, and we do not agree that
14 the POU customers will be paying less than the
15 IOU customers simply because the trajectories are
16 set up differently. Overall, at the end of the
17 day, we're all supposed to get to the same place,
18 and the manner in which we get there needs to
19 recognize the utility at issue and the
20 Legislators specifically acknowledged the unique
21 nature of the bifurcated IOU versus POU
22 structures.

23 So we believe that moving forward the
24 implementation process is going to be very
25 important and we think that adoption of the

1 regulation is not really the end point, but
2 rather the beginning point -- don't cringe --
3 rather the beginning point, our first milestone
4 in implementing the State's renewable goals. You
5 have to understand that the POUs, like the IOUs,
6 have been working on implementing the provisions
7 of SBX12 since it was first passed, so now we're
8 more than three-fifths, or four-fifths of the way
9 through the first compliance period, we've been
10 doing a lot already in adopting it, so
11 implementing the Regulations themselves is going
12 to be a very important next step in this process,
13 and we're looking forward to working with the
14 Commission, with Commissioner Hochschild's
15 office, with staff on those matters regarding
16 maybe some refinements to the Regulations as they
17 stand now, potential amendments to the RPS
18 Eligibility Guidebook that may be necessary to
19 reconcile, some of the implementation matters,
20 especially with regard to compliance reporting
21 and PCC verification. Thank you for your time.

22 CHAIRMAN WEISENMILLER: Thank you.
23 Let's go to Steve Zuretti. Actually, sorry, I had
24 gotten a blue card for him, so I was making the
25 assumption he was in the room. Let's stay with

1 people in the room for right now. So let's go to
2 Rachel -- I'm going to butcher your name, I'm
3 sure -- Gobel (ph) from Large Scale Solar
4 Association.

5 MS. GOLD: Good morning. I'm Rachel
6 Gold from the Large Scale Solar Association,
7 sorry about my handwriting on my blue card. I
8 wanted to first thank you for the opportunity to
9 comment on the adoption of the RPS POU
10 Regulations.

11 LSSA commends the Commission and the
12 staff for their very hard work on the Regulations
13 and encourages the Commission to adopt the
14 Regulations today. We wanted to make sure that
15 we expressed our support for both the
16 restrictions on the banking of short term
17 contracts and the linear targets for the third
18 compliance period. These two elements represent
19 significant improvements to the Regulations and
20 compliance with the requirements of the statute.

21 I did want to mention that we remain
22 concerned that the Regulations do not include
23 linear targets in the second compliance period,
24 nor do they ensure that POUs cannot take
25 advantage of excess banking based on those lower

1 requirements from the second to the third
2 compliance period. This approach, we feel, is
3 not only contrary to the statutory requirements
4 of reasonable progress, it is inconsistent with
5 the requirements for retail sellers.

6 In general, LSSA encourages the
7 Commission its implementation of the Regulations
8 to remain mindful of these concerns, and exercise
9 prudence in approving rules for carryover of
10 excess procurement. We look forward to working
11 with staff and Commissioner Hochschild's office
12 on implementation issues going forward, and thank
13 you again for the opportunity to speak this
14 morning.

15 CHAIRMAN WEISENMILLER: Thank you.
16 Laurie Wisland.

17 MS. WISLAND: Good morning,
18 Commissioners. I'm Laura Wisland with the Union
19 of Concerned Scientists. And I wanted to first
20 off take the opportunity to say thank you very
21 much to you and to your staff for all the work
22 that has gone into developing these rules. As we
23 all know, California has one of the largest
24 renewable energy programs in the country and, by
25 our estimates, by the end of 2020 this state is

1 going to be responsible for delivering over a
2 quarter of all the renewable energy generated in
3 the country, so getting these rules really
4 matters, it's going to have an impact that goes
5 far beyond the boundaries of our state.

6 I especially want to thank the
7 Commission for its revision to the RPS
8 procurement requirement for the third period,
9 which now we believe appropriately reflects
10 legislative intent, statutory language, and
11 actually the history of what the POUs have
12 generally been doing since the beginning of the
13 first RPS program in 2002 with the 20 percent
14 requirement, which actually wasn't a requirement
15 for the POUs, it was just a goal at the time.

16 This third compliance period now
17 appropriately mirrors RPS obligation for the
18 retail sellers over the same timeframe, and the
19 Legislature's original intent which was for the
20 POUs to make reasonable progress in the form of
21 increased procurement throughout a three or four-
22 year compliance period. This obligation to
23 procure a cumulative amount of electricity in a
24 compliance period does not conflict with the
25 POUs' ability to retain discretion over its

1 renewables mix, and it also does not conflict
2 with the statutory rule that specifically says
3 that a POU shall not be held responsible for a
4 specific number in a specific year between
5 compliance years. It's not inconsistent with
6 that.

7 And just getting back to my comment on
8 this generally mirrors what the POUs have been
9 doing in the past, we conducted our own analysis
10 last year looking at procurement of the POUs, the
11 top 10 largest which were responsible for
12 generating over 80 percent of the electricity
13 that all the POUs deliver in the state and found
14 that, generally speaking, the linear procurement
15 trend was consistent with what the POUs were
16 doing anyway. And, in fact, this was a huge
17 success story. From 2003 to 2010, the 10 largest
18 POUs were responsible for developing more new
19 renewable energy projects in the form of long
20 term contracts than their IOU counterparts.

21 So getting to that point, we also
22 strongly support the Commission's revision to the
23 banking rules which have restored the prohibition
24 on carrying forward short term contracts from one
25 compliance period to another. Again, these rules

1 appropriately mirror the retail seller's
2 obligations and reflects the principal reason for
3 only allowing certain types of contracts to be
4 banked forward, which is to encourage the
5 procurement of long term contracts of 10 years or
6 more because they most directly promote the
7 development of new clean energy resources, one of
8 the central reasons for having the RPS to begin
9 with. We believe that this statutory restriction
10 on backing short term contracts is very clear
11 and, again, is consistent with the POU's behavior
12 in the past.

13 So in conclusion, we strongly support
14 the rule as it is drafted today and urge the
15 Commission to adopt it. Thank you.

16 CHAIRMAN WEISENMILLER: Okay, thank you.
17 So let's -- I don't think there's anyone else in
18 the room who wants to speak, so let's go to the
19 lines. Actually, let's start with Oscar Herrera
20 of SCPPA.

21 MR. HERRERA: Hello. Can you hear me?

22 CHAIRMAN WEISENMILLER: Yes.

23 MR. HERRERA: Okay, excellent. Good
24 morning. My name is Oscar Herrera. I am the
25 Interim Director of Regulatory Affairs here at

1 the Southern California Public Power Authority,
2 also known as SCPPA.

3 SCPPA is the SoCal Joint Powers
4 Authority consisting of 11 Municipal Utilities
5 and one Irrigation District. We would like to
6 thank CEC staff for their work on the Regulation
7 and for this opportunity to comment on this item.

8 We support comments provided earlier
9 today by LADWP, the City of Riverside, and CMUA.
10 SCPPA understands that these regulations are on
11 an expedited process for adoption in order to
12 move forward with the RPS and for the CEC to
13 satisfy its requirement in PUC Section 399.30(L),
14 which essentially directs the CEC to adopt
15 procedures for the enforcement of the RPS. These
16 Regulations are also important given the fact
17 that we're in the last year of the first
18 compliance period.

19 However, SCPPA still has several
20 outstanding concerns with the Regulations that
21 really cannot be addressed today, or in the
22 additional 15-day comment period. So in order to
23 remain on record, SCPPA provided written comments
24 on June 6, 2013, and provides these verbal
25 comments, as well.

1 SCPPA remains opposed to the lack of a
2 change to compliance period 3, which is a
3 significant change introduced in the 15-day
4 packet. The only firm requirement provided in
5 SBX12 is that a POU meet the 25 and 32 percent
6 targets by the end of each compliance period, and
7 for the POU governing boards to implement
8 procurement plans to meet such targets. SCPPA
9 also believes that the interpretation of
10 reasonable progress as expressed by LADWP earlier
11 today is correct.

12 Further, SBX12 does not state that the
13 POUs and IOUs will need to be facsimiles of each
14 other. Actually, SCPPA still believes that the
15 interpretation of compliance period 3 made by the
16 CEC prior to the first 15-day packet was accurate
17 and aligned with SBX12's reasonable progress
18 language.

19 Another item of concern to SCPPA members
20 is grandfathering. SCPPA has provided comments
21 on the grandfathering provision stating that we
22 do not agree with the CEC's current
23 interpretation of the statute. The CEC's
24 interpretation retroactively penalizes early
25 adopters of RPS by applying the old Guidebooks to

1 historic procurement decisions, which were under
2 the guidance of the POU government boards. We do
3 not believe that this approach is appropriate.

4 We would also like to echo CMUA's
5 recommendation to develop documentation to help
6 POU's comply with the RPS.

7 Again, SCPPA would like to thank the CEC
8 staff for their hard work on these regulations
9 and thank you for your time and consideration of
10 these oral comments.

11 CHAIRMAN WEISENMILLER: Thank you.
12 Let's go to Steve Zuretti now.

13 MR. ZURETTI: Hi, yes. Good morning,
14 Commissioners. Steve Zuretti with Solar Energy
15 Industries Association. First, my apologies, I
16 was in attendance this morning and had to leave
17 for a conflict before I could offer my comment in
18 person, but do appreciate the opportunity to
19 comment over the phone, as well.

20 I wanted to first thank the Commission
21 for its hard work to date on developing these
22 Regulations. SEIA was particularly pleased that
23 the Commission has retained the linear targets
24 for the third compliance period and has also
25 reinstated restrictions on the backing of short

1 term contracts.

2 I also did want to be sure to highlight
3 on the record that we do have some concerns with
4 authorizing a stair-step approach for the second
5 compliance period, as we don't believe this
6 achieves reasonable progress as intended.

7 We also remain concerned with the lack
8 of limitation on backing excess procurement from
9 the second compliance period for using the third
10 compliance period.

11 But with that said, and our concerns
12 noted, we do appreciate the Commission's efforts
13 to address the industry's concerns up to this
14 point and we would support adoption today. So
15 thanks very much.

16 CHAIRMAN WEISENMILLER: Okay, thank you.
17 Before I turn to the Commission, I was going to
18 ask the staff if they want to make any responsive
19 comments.

20 MS. GOULD: I don't think we have any
21 responses at this time.

22 MR. HERRERA: We can. A number of
23 comments have been made and they were reflected
24 in the written comments that we've received, so
25 it may be important just to touch on a couple of

1 those.

2 With respect to the comments LADWP has
3 made, and they were supported by comments by
4 Oscar Herrera from SCPPA, in terms of the
5 grandfathering provisions, Energy Commission
6 staff has kind of struggled with that language.
7 We listened to the POU comments, but we think
8 we're bound by the limitations in the statute.
9 LA, for example, was utilizing hydro that was
10 larger than 30 megawatts to qualify for their
11 program; SB1X2, when that was enacted in 2011,
12 made that an eligible renewable resource, but it
13 didn't go back in time and direct the Energy
14 Commission to certify as RPS eligible that
15 generation that was utilized by LADWP before
16 SB1X2. That's an issue where we think we're kind
17 of hamstrung by the statute.

18 Concerning comments by Susie Berlin of
19 NCPA, the POU Regs do not identify the POU's
20 authority, but certainly staff has recognized
21 that the POU has this independent authority in
22 the statute, and certainly a Final Statement of
23 Reason can recognize that as well, so it may be
24 helpful in that document for the Energy
25 Commission staff to acknowledge and recognize the

1 POU's' independent authority.

2 Also, concerning the cost limitations,
3 the Regulations reference the provisions and
4 apply the provisions in a consistent manner that
5 applied to retail sellers under Public Utility
6 Code Section 39915(C). When we evaluated this
7 particular issue, we looked for comments that
8 indicated that POU's needed to be treated
9 differently given the language in the statute,
10 and we did not feel like we had the support to
11 make a distinction, which is why the Regulations
12 currently identify the provisions in 39915(C) and
13 (D).

14 And I think that's the only points I
15 want to make that kind of jump out.

16 CHAIRMAN WEISENMILLER: Okay. Thank
17 you. So, Commissioners, any questions or
18 comments?

19 COMMISSIONER DOUGLAS: Well, it's
20 interesting when you hear the comment from the
21 parties that it really just causes me to have
22 multiple flashbacks on so many conversations and
23 so many moments with stakeholders, or with staff,
24 where we really struggled over some of these very
25 same issues; you know, we had some differences in

1 interpretation of the statute, some of which I
2 think we've managed to work through, and some of
3 which, like the LADWP comment, we still just
4 differ on -- we had to put a lot of thought -- I
5 know that I personally put a lot of thought into
6 the dynamic and challenges on the compliance
7 side, given that we're a State body, a State
8 commission, with this enforcement role really
9 over another branch of government with locally
10 elected boards that set policy and set rates, and
11 so the intergovernmental relationship involved in
12 this, and the amount of, I think, proactive work
13 that we at the Energy Commission are going to
14 need to do in order to really work with the
15 Public Utilities, I think I've heard some things
16 today that also make me optimistic, and these are
17 things I've heard before, I've heard a lot of
18 commitment in the room to meet the 33 percent RPS
19 and to make this law work, and that's really what
20 I'm looking for, I think that's really what we're
21 looking for, in particular, is a joint commitment
22 to overcome the obstacles that might be there and
23 get to the 33 percent goal, and build a really
24 strong foundation for getting to that goal and
25 achieving the jobs benefits and the energy

1 benefits, and so on, that come along with it.

2 If we got into the details of every
3 issue that we spent time on, I think we'd be here
4 all day. I frankly appreciate the speakers
5 focusing their comments on the two or three items
6 that were still of high importance to them, thank
7 you for doing that. Gabe addressed some of those
8 in his comments. I don't have any that I
9 particularly feel the need to speak to right now,
10 except that I do want to say I appreciate NCPA's
11 offer to work with us on just helping make
12 compliance as easy as it can be; if there are
13 forms missing, if there are forums needed, if
14 there's outreach needed, those are the sorts of
15 things we'd really like to work with the POUs
16 proactively to achieve and to make work. And,
17 you know, beyond that I'll just say it's a
18 complex law, it's a complex balancing act, I
19 didn't see very many people stand up and jump up
20 and down and say, "Energy Commission, you've got
21 everything right." In fact, I don't recall at
22 the moment if I heard anybody say quite that.
23 But I think that I heard enough in the room to
24 certainly make me feel like we did reasonably
25 well under the circumstances to achieve a

1 workable balance in how we would propose to
2 proceed to implement our part of this law, or our
3 responsibilities under this law. So I certainly
4 am prepared to support this package. I'd just
5 wait and see what other comments or questions
6 other Commissioners have.

7 CHAIRMAN WEISENMILLER: Yeah, I was
8 going to ask people for comments or questions and
9 I was going to, as the Presiding Member and
10 Chair, do a wrap-up and then reserve time after
11 the vote.

12 COMMISSIONER HOCHSCHILD: So let me
13 first thank Chairman Weisenmiller and
14 Commissioner Douglas for shepherding through this
15 very very complex and comprehensive package we
16 have to vote on today, and also to the staff,
17 Kate Zocchetti, Angie Gould, and Gabe Herrera and
18 others who have been working on this, and to all
19 the stakeholders -- this is the binder of all the
20 comments, I've read them all, and I've met with
21 many of you individually, and I actually in
22 particular appreciate the hospitality of a number
23 of the Munis who hosted me; I'll be doing many
24 more meetings on-site with Munis around the state
25 in the next year, we really want to support all

1 of you in succeeding, the stakes are very very
2 high for California to meet our renewable energy
3 goals and the Governor's objectives, and we want
4 to partner with you in making this a success.

5 I will just say I see this issue through
6 sort of multiple hats. I served myself as a
7 Municipal Utility Commissioner at the San
8 Francisco Public Utilities Commission, which is a
9 mid-sized Muni and about 400 megawatt dim, two
10 million customers, and I completely get the
11 perspective of what I'm hearing from the Munis;
12 at the same time, we've also heard voluminous
13 amounts from colleagues in the environmental
14 community and the Ratepayer community, and PG&E,
15 as well, and so I actually think -- one thing I
16 would just ask of all the stakeholders here is to
17 just understand we have to hear everything and
18 then forge a middle path, and forge the right
19 path, and I actually think this package does
20 listen to all the perspectives and forges a path
21 that I'll be supporting today. So with that
22 said, I just want to thank everyone for
23 commenting and being here.

24 COMMISSIONER MCALLISTER: So I want to
25 echo Commissioner Hochschild's comments, that I

1 met with many of the POUs, I'm not the Policy
2 Lead, but I have had extensive discussions about
3 the RPS issue and really thank Kate and Angie and
4 Gabe, as well, for over an extended period of
5 time bringing me up to speed on these issues.
6 There are many many issues that actually require
7 multiple deep dives to really understand because
8 not only are they relatively just complex on the
9 face, but they also have a lot of historical
10 context that's needed to understand where we
11 started, what the various positions have been
12 through time as an evolution here. And I have
13 definitely -- I have worked in the Public Power
14 sector, well, in the Cooperative sector for a big
15 chunk of my career, there's some DNA shared
16 between the Coops and the Munis and I do
17 understand and very much sympathize with the
18 local perspectives. At the same time, you know,
19 we are a State agency, there is a law, there are,
20 it turns out, differing interpretations of that
21 law, and we have to figure out how to implement
22 one path and not multiple paths, and that's
23 reflected in the Regs here before us today.

24 I definitely understand where the POUs
25 are coming from as far as wanting to maintain

1 local autonomy. At the same time, I find myself
2 with a lot of faith that working with us, with
3 staff, and between themselves and through their
4 industry, or through their organizations, SCPPA,
5 NCPA, CMUA, that they will be able to get it done
6 in a way that demonstrates -- clearly
7 demonstrates compliance with the intent of the
8 law and, you know, even when intent is a little
9 bit depending on -- even if we don't agree
10 exactly on what the intent was, I think the POUs
11 are fully capable of implementing and achieving
12 the goals, and so I look forward to being perhaps
13 peripherally, but involved in that discussion
14 going forward and appreciate everybody's being
15 here today, I think it's been, again, another
16 step towards a goal that it really is important
17 for the state to get right, so thanks everybody
18 for being here.

19 COMMISSIONER SCOTT: I just wanted to
20 also echo a few of the things that I heard today
21 and highlight and stress the importance of
22 achieving the 33 percent Renewable Portfolio
23 Standard. I think that I would echo what
24 Commissioner Douglas said about hearing the
25 comments that we've heard today, that what we

1 have before us is a workable balance, and that I
2 also agree that it was good to hear that everyone
3 is willing to sort of roll up their sleeves and
4 work together with us, and has been working with
5 our staff to figure out just the best ways to do
6 that, so those were just a couple things I wanted
7 to echo that I heard today and from my fellow
8 Commissioners.

9 CHAIRMAN WEISENMILLER: Okay, thanks.
10 I'd like to sort of address the comments and, as
11 I said, I'll reserve some time after the vote to
12 supplement these comments. But I think it's
13 important, you know, as we go to OAL, we will
14 respond to any written comments we've gotten and
15 state our rationale, but I thought it was
16 important to set the broad context and talk about
17 a couple of the issues.

18 I mean, first I'm thinking about a
19 couple of things that I've gone through in the
20 last couple weeks, one is we had in the IEPR a
21 workshop on Climate Change, and we had the
22 scientists talking about things are changing, and
23 they're changing in ways that are not good,
24 they're changing fast, the scientific evidence is
25 very compelling, and in fact I should applaud

1 SMUD and LAWP for what they're doing to try to
2 respond to this and be prepared for these
3 changes. So, I mean, that's a fact of life we
4 have to deal with, and that climate change is
5 part of what motivates us in the area of
6 mitigation, and renewables is a key part of that
7 mitigation. And again, certainly I think
8 everyone has heard the Governor say repeatedly
9 that the statute is -- the 33 percent is a floor,
10 it's not a ceiling, we're not trying to just
11 squeak by to that point, but to really move
12 forward.

13 And I went to a Chadbourne & Park
14 conference last week and part of the message,
15 which I think we're hearing from a lot of sources
16 is there's a real fundamental change and energy
17 in terms of renewables, in terms of the cost of
18 renewables, in terms of the availability, I mean,
19 I think certainly I don't know how much dollars
20 we can talk about what the PG&E is seeing, but my
21 understanding is we're talking 20, 30 times the
22 bids, and obviously some of these are multiple
23 bids into a single utility, or multiple bids to
24 different utilities, but again, you know, it's a
25 very very vibrant competitive market and so, in

1 terms of -- and it's only going to get more
2 vibrant and competitive as we go forward.

3 So in terms of the major issues that
4 people have flagged, one is what are changes on
5 the compliance periods, you know, the whole
6 linear stair-step question and, you know, I must
7 say, that was my decision to change that and I
8 thought, again, looking at where we are, looking
9 at the challenge, looking at the opportunities,
10 you know, it's certainly legal to do what we did,
11 and it's certainly a reasonable decision, but I
12 think certainly when you look at climate change,
13 if you look at the renewable industry, you know,
14 there's a compelling reason to do that, frankly.
15 And similarly, we struggled all the way -- and
16 part of the other thing I was really trying to
17 balance is consistency with the PUC -- we need a
18 statewide market in a lot of these things, and
19 statewide definitions on a lot of these things,
20 but at the same time I appreciate that, you know,
21 that we do have local entities, that we do
22 respect that decision making, and so trying to
23 find that balance in these rules between
24 consistency, striving for even more efficient
25 market on the one hand, and also respecting your

1 autonomy on the other hand, so trying to find
2 that balance is what we strove for. I'm pretty
3 comfortable we found that, you know, we realized
4 not everyone is comfortable, but I think, again,
5 you have to look at the general balance and then
6 realize, as you eloquently put, this is not the
7 end, this is the beginning of this process, that
8 as we work forward on compliance, it's going to
9 be -- you know, as we actually try to implement
10 these, it's going to be a whole new day for all
11 of us at the Commission, and certainly in terms
12 of all the stakeholders. And I really appreciate
13 CMUA's offer to work with us, to get the
14 information out, you know, as I said, I'm happy
15 to be stepping back from this particular one and
16 more, frankly, with San Onofre, I suspect, than I
17 had anticipated, but as Commissioner Hochschild
18 pointed out, he was an official in a POU, and so
19 certainly understands that tension between
20 autonomy and basically respecting the State, the
21 Governor, the Legislature's vision on where we're
22 going. And we realize that, again, it's going to
23 be a new day, you know, I wouldn't be surprised
24 if after the first compliance period, we've gone
25 through all that, that we're looking at another

1 set of regulations and adjusting some of these in
2 various fashions so that they can operate more
3 smoothly and effectively, but we both talked
4 about having basically meetings in Northern and
5 Southern California with POU's to try and work on
6 stuff, coming up with FAQs, certainly reaching
7 out through CMUA and NCPA to some of the smaller
8 entities that may find these regulations more
9 challenging. And, again, we all realize this is
10 a new day, it's going to be a new relationship,
11 it's a new era, but again, if you look at the
12 challenges and opportunities of renewables that
13 we're facing, I think it's an exciting day for
14 all of us. So, again, I think it's a wonderful
15 opportunity to move forward in this area,
16 realizing there will be certainly some bumps in
17 the road. So with that, do we have a motion?

18 COMMISSIONER DOUGLAS: I will move
19 approval of this Reg package.

20 COMMISSIONER HOCHSCHILD: Second.

21 CHAIRMAN WEISENMILLER: Okay, all those
22 in favor?

23 (Ayes.)

24 CHAIRMAN WEISENMILLER: It passes
25 unanimously. Again, thanks.

1 I wanted to just say a few words in
2 terms of, first, I really want to thank -- this
3 has been a long process, a complicated process,
4 so I want to start out by first thanking the
5 staff for coming up with the best Regulations we
6 can at this time, and also they've worked very
7 strongly with the PUC so we can get that
8 consistency with the IOUs and at the same time
9 listening to the POUs on where there are real
10 differences. So, again, I want to start by
11 thanking key staff and the legal team, obviously
12 Angie Gould, Emily Chisholm, Gabe, God bless Gabe
13 again for really getting us here, certainly the
14 long hours, and certainly the Management Team,
15 Kate Zocchetti, Tony Goncalves, Dave Ashuckian,
16 certainly we really appreciate everyone's efforts
17 getting us here. And obviously Rob Oglesby, you
18 know, again, and changing over, shifting over,
19 this is a good segue in that, you know, Carla
20 Peterman and Saul Gomez really did a great job of
21 setting this up, I actually wish they'd stayed a
22 little bit longer to get it over the finish line,
23 but that didn't happen, but one of the things
24 that happened was that Commissioner Douglas and
25 her Advisor, Galen Lamei, and Rob stepped forward

1 on the compliance part of it, you know. We have
2 a very unusual relationship with ARB, and it took
3 a lot of time and effort to make sure that we
4 didn't do a recommendation, and the ARB then re-
5 litigate everything, so we needed to make sure
6 that our processes were going to fit into their
7 processes in a way for a smooth transition, and
8 that was definitely not easy. So certainly a lot
9 of work in a very short period of time had to
10 happen in order to make those fit together, and
11 we certainly appreciate the Air Board working
12 with us for that consistency. As I said, I
13 certainly want to thank Commissioner Ferron,
14 Sarah Kammins and others at the PUC for their
15 help with us on striving towards the consistency,
16 and they certainly read thoroughly everything we
17 were doing in trying to think through the
18 consistency questions. So, again, it really took
19 that cooperation between the agencies to get, I
20 think, as solid a document as we have. And I
21 certainly want to thank everyone who has been in
22 the stakeholder process, the POUs, all the
23 stakeholders, the environmentalists, and everyone
24 spent a lot of time and energy pouring through a
25 fairly complex set of Regulations, but again

1 giving us comments which led to a much stronger
2 final product today than certainly what we
3 started with.

4 COMMISSIONER HOCHSCHILD: One more
5 thing. So going forward, now that the baton has
6 been passed on this, I will be doing two regional
7 meetings with stakeholders on Muni compliance
8 with the RPS in the fall, one in Northern
9 California, tentatively to be hosted by SMUD, and
10 one in Southern California, and I don't have the
11 location for that yet, I'm going to be spending a
12 week with LADWP and I may ask them if they could
13 host it, or we could find another location, but
14 the point person for my office, if you could just
15 stand up, is Kelly Foley, who is my Advisor and
16 has been a tremendous resource to me, 12 years
17 with Sempra and PG&E, and then a few years with
18 Vote Solar before she joined here. So she is the
19 lead on this, so for those of you in the
20 Municipal Utility community have not met her yet,
21 she's going to be the main point of contact. And
22 I will be doing, as I said, individual site
23 visits to Munis, so if you are interested in
24 having me come to your headquarters, I want to do
25 that, I want to hear what you have to say, and

1 work together to make this a successful program.

2 MS. GOULD: Thank you.

3 CHAIRMAN WEISENMILLER: Thank you.

4 Let's go to Item 6. Mariposa Energy Project, 09-
5 AFC-3C. Craig Hoffman. And again, look at the
6 cars outside.

7 MR. HOFFMAN: Good morning, Chair
8 Weisenmiller, members of the Commission. The
9 item before you, again, is the Mariposa Energy
10 Project. I'm Craig Hoffman and I'm your
11 Compliance Project Manager for this project.
12 With me is Kevin Bell, Senior Staff Counsel, and
13 Jacquelyn Leyva Record, our Air Resources
14 Engineer.

15 Staff is requesting that the Energy
16 Commission adopt an Order approving the Petition
17 to Modify the Mariposa Energy Project and adopt
18 the Proposed Revised Conditions of Certification.

19 A little bit about this project. This
20 Petition is brought about because, during extreme
21 heat during July and August, modifications need
22 to be made so that the power plant can operate at
23 its maximum and provide the full range of 200
24 megawatts for the project.

25 On February 19, 2013, Mariposa Energy

1 filed a Petition with the Energy Commission and
2 the modifications proposed in the Petition would
3 change the maximum allowable hourly and daily
4 fuel throughput rate for the Mariposa combustion
5 turbines and increase the project output by one
6 megawatt per turbine, for a total of four
7 megawatts.

8 Mariposa Energy is a 200 megawatt simple
9 cycle generating facility consisting of four
10 General Electric LM 6000 natural gas-fired
11 combustion turbine generators and associated
12 equipment located in Northeastern Alameda County.
13 The project was certified by the Energy
14 Commission on May 18, 2011 and began commercial
15 operation October 1, 2012.

16 The modifications proposed in the
17 petition would change the maximum allowable
18 hourly and daily fuel throughput rate for the
19 combustion turbines. The maximum allowable
20 hourly throughput rate would increase the fuel
21 throughput from 481 million metric British
22 thermal units per hour, per turbine, to 500
23 thermal units per hour, per turbine. The maximum
24 allowable daily throughput would increase fuel
25 input from 11,544 thermal units per day, per

1 turbine, to 12,000 thermal units per day, per
2 turbine and, again, increase the output of the
3 plant by four megawatts.

4 The allowable annual fuel throughput
5 would remain unchanged and the project Applicant
6 is not requesting any changes to hourly, daily,
7 or annual emission limits despite the increase in
8 heat inputs.

9 For staff analysis, the maximum
10 allowable heat input limit identified in the
11 original Application For Certification was based
12 on preliminary and engineering design for the
13 combustion turbines and the turbine inlet chiller
14 systems. As constructed, at higher ambient
15 temperatures typical of summertime periods of
16 peak electricity demand, the power turbines need
17 to burn approximately four percent more fuel to
18 reach their rated capacity of 50 megawatts per
19 turbine. The turbines will be able to operate at
20 their maximum rated power capacity at all
21 operating conditions without exceeding any permit
22 limits. The proposed modifications would not
23 result in exceeding emission limits and only
24 change Conditions of Certification AQ12 and AQ13
25 in regard to heat rate. If the requested

1 throughput increases are approved, the project
2 would continue to comply with all applicable Bay
3 Area Air Quality Management District rules and
4 regulations. The limit of 4.4 pounds of NO_x per
5 hour would not be exceeded with this modification
6 for PM10 and there are no hourly limits in the
7 Conditions of Certification. There were no
8 changes to the annual heat input and the limits
9 of 45.6 tons of NO_x per year and 18.6 tons of
10 PM10 per year would not be exceeded with this
11 modification.

12 On May 4, 2013, a Notice of Receipt was
13 docketed, mailed and posted to the Web. On May
14 18, 2013, the staff analysis was mailed to
15 interested parties, docketed, and posted to the
16 CEC website for a 30-day comment period.

17 The end of comment period was June 7th
18 last week, and no comments have been received,
19 but staff understands that the California Pilots
20 Association is concerned about exhaust velocities
21 from the turbine stacks and impacts to pilots.
22 And I think Andy Wilson was either going to show
23 up or give a call in. At this point in time, I'd
24 like to turn over the mic to our Air Resources
25 Engineer who can explain a little bit more about

1 the changes to velocities coming out of the
2 stacks and how that may impact pilots in the
3 area.

4 MS. LEYVA RECORD: Good morning. My
5 name is Jacquelyn Leyva Record and I performed
6 the staff analysis on the amendment and concluded
7 the proposed increase to allowable maximum heat
8 throughput would not cause any air quality permit
9 limits to be approached or exceeded in the
10 Conditions of Certification that were approved by
11 both the local Air District and the Energy
12 Commission.

13 With regards to plume velocity increase,
14 I was able to replicate the original vertical
15 plume modeling done by CEC consultant, Will
16 Walters.

17 In their original Commission Decision, a
18 vertical velocity of 4.3 meters per second was
19 determined as the critical velocity of concern to
20 light aircraft. This was estimated to occur at
21 heights up to 1,230 feet above ground level.
22 With an increase of four percent in heat
23 throughput, the exit velocity would be equal to
24 4.3 meters per second at heights up to 1,277 feet
25 above ground level, a difference of 47 feet.

1 Currently, Condition of Certification
2 Trans 8 advises against direct overflight below
3 1,500 feet above ground level of the Mariposa
4 Energy Project site.

5 MR. HOFFMAN: And currently the project
6 complies with all Conditions of Certification.
7 Staff is available to answer any questions that
8 the public or Commissioners may have. Thank you.

9 CHAIRMAN WEISENMILLER: Thank you.
10 Applicant?

11 MR. WHEATLAND: Good morning. I'm Greg
12 Wheatland. I'm the attorney for the project
13 owner, and with me this morning is Mr. Paul
14 Shepard with Diamond Generating, and we're here
15 to answer any questions that you may have. We
16 would like to thank the staff for its thorough
17 and thoughtful analysis of this amendment and, if
18 you have any questions we would be pleased to
19 respond.

20 CHAIRMAN WEISENMILLER: Great. Thank
21 you. Any --

22 COMMISSIONER DOUGLAS: If there's no
23 other comment on this item, I just wanted to say
24 that I've looked at this closely, I was also the
25 presiding member on this case, so I'm very

1 familiar with the project. And I support moving
2 forward with this amendment. So I will move
3 approval of Item 6.

4 CHAIRMAN WEISENMILLER: Okay, I just
5 want to double-check first. Is there anyone in
6 the room with public comment, or anyone on the
7 phone? Okay.

8 COMMISSIONER HOCHSCHILD: Second.

9 CHAIRMAN WEISENMILLER: All those in
10 favor?

11 (Ayes.) This item passes unanimously.
12 Thank you.

13 CHAIRMAN WEISENMILLER: Let's go on to
14 Item 7, El Segundo Energy Center, 00-AFC-14C.

15 MR. HOFFMAN: Good morning,
16 Commissioners. I'm your Compliance Project
17 Manager for the El Segundo Energy Center
18 Amendment and with me this morning is Alana
19 Matthews, Senior Staff Counsel.

20 Staff is requesting that the Energy
21 Commission assign a Siting Committee to oversee
22 the El Segundo Amendment Proceeding. On April
23 23, 2013, El Segundo Energy Center LLC filed a
24 Petition with the Energy Commission requesting to
25 replace Utility Boiler Units 3 and 4 with one new

1 combined cycle generator unit identified as Unit
2 9, one steam turbine generator, Unit 10, and two
3 simple cycle gas turbines, which would be Units
4 11 and 12, for the Energy Center totaling 449
5 megawatts.

6 The current Amendment proposes the
7 demolition of Units 3 and 4 to be replaced with
8 these four units and dry cooling technology. The
9 site is located at the south most city limit of
10 the City of El Segundo on the Coast of the
11 Pacific Ocean. A Notice of Receipt was docketed
12 and posted to the Web and mailed on May 14, 2013.
13 A supplemental mailing to an updated mail list
14 took place on May 29, 2013.

15 A little history on the project.
16 Originally built in the 1950's, the El Segundo
17 Energy Center was a 1,052 megawatt power plant
18 consisting of four natural gas-fired utility
19 boiler generating units. In 2000, the project
20 owner applied for the Energy Commission to
21 demolish and replace Units 1 and 2 with combined
22 cycle Units 5, 6 and 7, and continued the use of
23 once-through cooling. The project was certified
24 by the Energy Commission on February 3, 2005.

25 In 2007, the owner petitioned to amend

1 the 2005 Decision to install smaller rapid start
2 combined cycle units using dry cooling technology
3 and designated the units as 5, 6, 7 and 8. The
4 Commission approved this Decision on June 30,
5 2010. NRG started construction on Units 5
6 through 8 in June 2011, and the project is
7 approximately 83 to 85 percent complete and is
8 expected to start commercial operation in August
9 2013.

10 The El Segundo Amendment will need to be
11 processed as a formal amendment and must
12 ultimately be approved by the full Commission at
13 a noticed Business Meeting or hearing because
14 Conditions of Certification are changing. Due to
15 the complexity of the project and the amount of
16 public interest, staff recommends that a Siting
17 Committee provide oversight of the Proposed
18 Amendment. Staff is available to respond to any
19 questions the Commission may have at this point
20 in time. Thank you.

21 CHAIRMAN WEISENMILLER: Thank you.
22 Applicant?

23 MR. MCKINSAY: Good morning,
24 Commissioners. My name is John McKinsey with
25 Locke Lord, counsel for the project owner which

1 is El Segundo Energy LLC, it's a subsidiary of
2 NRG Energy. With me is Mr. George Piantka, he is
3 the Project Manager for all aspects at El
4 Segundo, both the existing facility being
5 constructed, as well as this change, and we're
6 certainly able to answer any questions you may
7 have. And I think Mr. Piantka wanted to say a
8 couple words about this project.

9 MR. PIANTKA: Good morning, Chair and
10 Commissioners. First, I'd like to thank the
11 staff and the Commission in advance for
12 considering this project. It is a further
13 modernization of the El Segundo Power facility.
14 As noted, we're looking to replace those steam
15 boilers 3 and 4, Unit 3 will come off line soon
16 here in July, and then Unit 4 has a once-through
17 cooling compliance deadline of December 31, 2015.
18 So we look forward to working with all parties.
19 Thank you.

20 CHAIRMAN WEISENMILLER: Okay. Does
21 anyone either in the room or on the phone wish to
22 speak? Okay. Commissioners, I think it's time
23 to move forward with a committee. The committee
24 will be Commissioner Douglas as the presiding
25 member and Commissioner Scott as the second

1 member. A motion?

2 COMMISSIONER DOUGLAS: Move approval.

3 COMMISSIONER SCOTT: Second.

4 CHAIRMAN WEISENMILLER: All those in
5 favor?

6 (Ayes.) This also passes unanimously.

7 COMMISSIONER DOUGLAS: Chairman
8 Weisenmiller, before we continue I just wanted to
9 make a note that the committee, now that it
10 exists, is looking into holding a site visit and
11 informational hearing in the afternoon or evening
12 -- afternoon and evening, most likely -- of
13 August 6th. We don't have specific times or
14 location nailed down yet, so once that is nailed
15 down, the public notice will follow.

16 CHAIRMAN WEISENMILLER: That's very
17 good. I think obviously one of the implications
18 of the San Onofre Decision is that we need to be
19 looking for ways to increase supply or decrease
20 demand in the LA Basin, and certainly to the
21 extent that we can have in terms of pending
22 siting cases in that basin move in a -- actually
23 not move expedited, but to move in a timely
24 fashion -- making sure that we have full
25 opportunity for public participation, and that we

1 come up with strong mitigation plans for those.

2 COMMISSIONER DOUGLAS: Thank you, that's
3 absolutely right and that's why I just wanted to
4 make a note that, you know, we certainly do
5 intend to have an informational hearing, a site
6 visit, you know, we're already looking at dates,
7 August 6th looks good to us right now, and I want
8 to make sure that the public knows that we will
9 have the process that includes these
10 opportunities for engagement beginning with the
11 August 6th event.

12 CHAIRMAN WEISENMILLER: Anyway, thanks.
13 Let's go on to Item 8, which is Victorville 2
14 Hybrid Power Project, 07-AFC-1C. Mary Dyas,
15 please.

16 MS. DYAS: Good morning, Commissioners.
17 My name is Mary Dyas. I'm the Compliance Project
18 Manager for the Victorville 2 Hybrid Power
19 Project. And with me this morning is Kevin Bell,
20 Senior Staff Counsel.

21 The 563 megawatt Victorville 2 Hybrid
22 Power Project was certified by the Energy
23 Commission on July 16, 2008. The Hybrid facility
24 will be designed to use solar trough technology
25 to generate up to 50 megawatts of the project's

1 output. The facility will be located in the City
2 of Victorville, San Bernardino County.

3 Construction has not begun on the approved
4 project.

5 On March 29, 2013, the City of
6 Victorville filed a petition with the Energy
7 Commission requesting a five-year extension to
8 the deadline to commence construction of the
9 Victorville 2 Hybrid Power Project from July 16,
10 2013 to July 16, 2018.

11 A Notice of Receipt for the Petition to
12 Extend was mailed to the Victorville 2 Post-
13 Certification Mail List, docketed, and posted to
14 the Web on April 15, 2013. Staff's analysis of
15 the Petition to Extend was docketed on May 6,
16 2013, and posted to the Web on May 13, 2013.

17 On May 22, 2013, staff received a letter
18 from Robert Landwehr, a landowner, requesting
19 that the public hearing for the extension request
20 be postponed until issues he has with the City
21 have been resolved. On May 31, 2013, staff
22 received a copy of the City's response to Mr.
23 Landwehr's letter.

24 On June 6, 2013, staff received another
25 submittal by Mr. Landwehr pertaining to an SEC

1 filing. The public comment period ended on June
2 11, 2013, and no other comments have been
3 received. Staff concludes Mr. Landwehr's issues
4 with the City are unrelated to the Energy
5 Commission's proceeding and therefore there is no
6 justification to postpone action by the
7 Commission to consider the petition to extend the
8 deadline to commence construction.

9 In late 2008, staff received numerous
10 pre-construction compliance filings for this
11 project. The project owner will be required to
12 resubmit most, if not all of these documents,
13 since it has been nearly five years and the
14 surveys and other information submitted will need
15 to be updated. All preconstruction submittals
16 required per the Conditions of Certification will
17 need to be submitted and approved prior to
18 approval to begin construction.

19 Staff has concluded that extending the
20 start of construction deadline is consistent with
21 the Energy Commission's general interest in the
22 development of facilities it licenses. Staff
23 therefore supports the instant petition to extend
24 the deadline to commence construction.

25 CHAIRMAN WEISENMILLER: Applicant?

1 MR. ROBERTSON: Thank you, Chair
2 Weisenmiller and Commissioners. My name is
3 Douglas Robertson. I'm the City Manager for the
4 City of Victorville. With me today is our Senior
5 Analyst in our Municipal Utility, Janelle
6 Davidson.

7 I would first like to thank your staff,
8 specifically Mary Dyas. Earlier this year, our
9 City Council, brand new since originally filing
10 for this, directed staff to attempt to get this
11 extension and to do so using City staff, rather
12 than using consultants we previously used. This
13 was done for both cost reasons and also for
14 control reasons. Victorville, as you know, is
15 uniquely positioned to be part of Southern
16 California's future energy needs. Major
17 transmission lines from both Edison and LADWP
18 actually cross about a half mile from my house in
19 Western Victorville. When my schedule allows and
20 I can ride my mountain bike to work, I actually
21 ride right underneath that site. So we're well
22 aware of our ability to be part of Southern
23 California's solution as we go into the future.

24 To supplement the staff report, since
25 the draft was published we've now received

1 unanimous resolutions of support from all five
2 cities in the high desert, representing directly
3 over 350,000 residents right there in the Victor
4 Valley in the High Desert.

5 As I said, Victorville stands ready to
6 be part of the solution as we encounter new
7 economic growth, and especially with the closure
8 of San Onofre. Happy to answer any questions the
9 Commission may have.

10 CHAIRMAN WEISENMILLER: Thank you.
11 Commissioners, any questions or comments? Well,
12 first, we do appreciate both of you coming today,
13 certainly.

14 COMMISSIONER MCALLISTER: Just quickly,
15 I guess I'm wondering sort of where -- so the
16 original project now as conceived, I definitely
17 really appreciate the City's initiative here to
18 be part of the solution and it's really to be
19 commended. I'm wondering a little bit if there's
20 an aspect of the technology events sort of making
21 the project need to adapt and shift given that
22 the market is changing and I'm wondering sort of
23 what your plan going forward is if the extension
24 is granted, as to sort of revisit some of the --
25 really look at the market and do an assessment of

1 what project actually would be the best project
2 at this moment.

3 MR. ROBERTSON: Thank you for your
4 question, Commissioner McAllister. It's actually
5 very timely. One of the changes that the City
6 Council has made with the pursuit of this
7 project, I will say previously the City Council
8 had attempted to define the market, or predict
9 the market and get out in front of it with its
10 planning. And the City Council that currently
11 sits is more conservative in that regard, and our
12 intention is to allow the market to define the
13 exact needs of the project.

14 I think if you step back all the way to
15 the early 2000's when this project was first
16 conceived, the idea, although it didn't quite
17 meet the demands of the Renewable Portfolio
18 Standards, I think the desire of those early City
19 Council discussions was to create a project that
20 could be essentially a one stop shop for both
21 baseload power, as well as meeting renewable
22 standards. As the technology grows and advances,
23 obviously there will be some changes to the
24 project; we considered taking a stab at
25 estimating what those would be right now, but

1 there really wasn't reason to do that, especially
2 given the sort of pendulum swing between the
3 hyperbolic trough, solar versus PV solar.
4 Ultimately, at some point in the next five years,
5 that will be defined mostly by the market and
6 what the market will bear.

7 COMMISSIONER MCALLISTER: Thank you. I
8 really appreciate that. And in your estimation,
9 would there be a need to come back and sort of --
10 does the current permit for this project enable
11 you that flexibility to determine the best
12 technology and what do you anticipate that
13 project looking like, briefly?

14 MR. ROBERTSON: Ultimately, the permit
15 would need to be modified. Even the turbines,
16 the gas turbines, are no longer in production;
17 there are other similar models, obviously. We've
18 been in nearly constant negotiations with one or
19 more potential future owners of the facility.
20 The City would very much still like to be an
21 owner of the facility, but we're not financially
22 able to likely be the 100 percent owner. In
23 those discussions, there's been talks about
24 probably shifting to more of a rapid start
25 technology and with the very recent announcement

1 by Edison regarding San Onofre, you know, perhaps
2 we need to revisit that and look at more of a
3 baseload rather than supplemental power, which
4 would be our preference for a lot of different
5 reasons. But ultimately, as I mentioned in the
6 last question, we're ready to respond to the
7 market rather than trying to define it.

8 COMMISSIONER MCALLISTER: Great. Thanks
9 very much for being here.

10 CHAIRMAN WEISENMILLER: Yeah, that's
11 good. Again, even without SONGS, rapid response
12 is going to be the wave of the future, you know,
13 if you look at the utility RFOs they're calling
14 for over 300 starts a year, three times a day,
15 which is certainly where the future is heading
16 with renewable integration. So, anyway, we would
17 certainly discourage a shift towards baseload.
18 But, again, the market will determine. But
19 anyway, with that, do we have any motion?

20 COMMISSIONER MCALLISTER: I will --

21 CHAIRMAN WEISENMILLER: This is Item 8.

22 COMMISSIONER MCALLISTER: Okay, great.
23 I will move Item 8.

24 COMMISSIONER DOUGLAS: Second.

25 CHAIRMAN WEISENMILLER: All those in

1 favor?

2 (Ayes.) Item 8 passes unanimously.

3 Thank you. Thanks for being here.

4 CHAIRMAN WEISENMILLER: Let's go to Item
5 9. 2013 Building Energy Efficiency Standards
6 Compliance Manuals. Mazier.

7 MR. SHIRAKH: Good morning,
8 Commissioners. I'm Mazi Shirakh, Senior
9 Mechanical Engineer and the Core Project Manager
10 for the 2013 Building Standards, along with my
11 colleague, Martha Brook, who is present here.

12 There are several Building Standards-
13 related items before you on the Business Meeting
14 Agenda today. I'm here to present Items 9A and
15 9B, the Residential and Nonresidential Compliance
16 Manuals. Items 10A and 10B, the Residential and
17 Nonresidential ACM Reference Manuals will be
18 presented by Martha Brook. Sam Lerman will
19 present Items 10A (*sic*) and 10B (*sic*), the
20 Residential and Nonresidential Building Energy
21 Science Technical Support Contracts to support
22 the 2013 and 2016 Building Standards, as well as
23 the Energy Efficiency Programs for Existing
24 Buildings.

25 I'm here today to ask for approval of

1 the 2013 Update of the Residential and
2 Nonresidential Compliance Manuals. The Warren-
3 Alquist Act requires the Commission to approve
4 the Building Standards, supporting documents
5 which include the Compliance Manuals, and the ACM
6 Reference Manuals, six months ahead of the
7 effective date of the Standards, which is set for
8 January 1, 2014.

9 The Residential and Nonresidential
10 Compliance Manuals explain the Standards
11 requirement in plain English, along with
12 illustrations, examples, and questions and
13 answers. The audience for these documents
14 include the enforcement agencies, energy
15 consultants, builders, educators, or anyone else
16 who is involved in complying with the Building
17 Standards.

18 This Commission adopted the 2000
19 Building Standards on May 31st of 2012 and the
20 Acceptance Testing was adopted by this Commission
21 on October 12, 2012. The Standards were
22 subsequently approved by the California Building
23 Standards Commission on January 23, 2013. Since
24 the adoption of the Standards just about a year
25 ago, the staff and the Utility Teams have been

1 updating these Compliance Manuals, including a
2 major revamp of the Compliance forms. The
3 technical chapters were updated to reflect the
4 2013 Standards Updates, new chapters have been
5 added to cover newly regulated loads, which
6 include but are not limited to the parking
7 garages, laboratory hoods, commercial kitchens,
8 compressed air, and the solar ready zones.

9 Both the Residential and Nonresidential
10 forms have been substantially revamped to
11 facilitate the transition from the paper form to
12 electronic forms, which will be retained by data
13 registries.

14 Over the past 12 months, staff has
15 worked closely with many stakeholders, including
16 CALBO, representing the Building Departments,
17 CVIA representing the building industry, KBACK
18 representing the energy consultants, equipment
19 manufacturers, installing contractors, HERS
20 providers and raters, engineers, architects, and
21 others.

22 During this period, two drafts of each
23 manual were posted for public viewing to solicit
24 comments from the stakeholders. As a result, our
25 team received and responded to more than 1,000

1 questions and comments from all stakeholders,
2 many of which have been incorporated into these
3 Manuals.

4 The California Utilities provided
5 substantial assistance for this update of the
6 Manuals, as well as the support for transition to
7 the electronic forms, both with funds and
8 consultant time. Major support has been provided
9 from the PG&E, Southern California Edison, SDG&E,
10 Southern California Gas Company, as well as SMUD.

11 So with that, I encourage you to approve
12 the Residential and Nonresidential Compliance
13 Manuals, and I'm happy to answer any questions.

14 CHAIRMAN WEISENMILLER: Thank you. We
15 have -- let's start with public comment. And so
16 on Item 9, Tom Garcia, CALBO.

17 MR. GARCIA: Good morning, Commissioner
18 Weisenmiller and Commissioners. I represent
19 California Building Officials Organization and
20 I'd like to speak on this topic, I can just do it
21 at one time, and also Item 10. It's a general
22 comment that California Building Officials
23 Organization has. I chair their CEC Advisory
24 Committee and also report to the Board from time
25 to time, so I've worked with the President and

1 cleared this conversation with him, that CALBO
2 feels one of the most important things is that
3 the Energy Efficiency Standards come on line
4 January 1st, along with all the other Standards.
5 We support the efforts that the staff has been
6 doing to make this happen. In past years where
7 we've had Standards coming on track at different
8 times, it makes the Energy Efficiency Standards
9 sort of an outlier, a stepchild, if you will.
10 And in our opinion, it's important that the
11 Standards be adopted at the same time so that the
12 Building Departments are aware of the Standards
13 changes that contractors are aware that they can
14 update their plans one time, January 1st, and not
15 have to worry that there will be changes to
16 another specific document later on in the
17 process. So there has been some concern and I
18 guess hearsay that the Standards may be pushed
19 out, and CALBO would like to see that not happen
20 and would like to see them adopted at the same
21 time as other standards. Thank you.

22 CHAIRMAN WEISENMILLER: Okay. Tom
23 Enslow.

24 MR. ENSLOW: Good morning,
25 Commissioners. Tom Enslow with the law firm,

1 Adams Broadwell Joseph & Cardozo. I'm here today
2 on behalf of the Testing, Adjusting and Balancing
3 Bureau, TAB, and on behalf of the California
4 Advanced Lighting Controls Training Program,
5 CALCTP.

6 Both TAB and CALCTP are entities that
7 are conditionally approved to provide acceptance
8 test certification to technicians for performing
9 acceptance testing and acceptance test forums
10 that are addressed in these documents and the
11 Compliance Manuals and the forums.

12 First off, they'd really like to commend
13 staff for their hard work they've done in putting
14 together these Compliance Manuals. Both these
15 entities have provided extensive comments during
16 the earlier draft periods and, for the most part,
17 all these comments have been addressed and they
18 know it's taken a lot of hard work to get to
19 where they are.

20 I would like to note that yesterday
21 CALCTP sent in an email to staff just setting
22 forth a few, I guess, typos and incorrect
23 references and some missing language that they've
24 noted in the final draft. We think they're all
25 minor omissions that can be addressed as errata,

1 post-approval. I'm not sure, staff may have
2 already addressed them at this point or not, but
3 I just wanted to let you know that there's some
4 minor stuff that can be addressed along the way.

5 And then, in addition, TAB is doing a
6 final comprehensive review of the mechanical
7 portions and so far they've seen their issues
8 addressed, but as they come up with stuff,
9 they'll share any additional errors they find
10 with staff. And then finally, as both these
11 entities are putting together their acceptance
12 test curriculum and training programs during the
13 summer, it's possible that perhaps some
14 substantive issues may come up that should be
15 added to the compliance manuals or the forums,
16 and if that's the case they'll try to identify
17 those as early as possible, so if any revisions
18 need to be made, you know, as early as possible
19 in this process, that can occur. But we support
20 the approval of these forums and we appreciate
21 the hard work that has been done. Thank you.

22 CHAIRMAN WEISENMILLER: Thank you.
23 Staff, would you like to respond to their
24 comments?

25 MR. SHIRAKH: Yes. We did receive the

1 comments, we looked at them, unfortunately they
2 came yesterday, so we didn't have the time to
3 incorporate them. I do agree, most of them are
4 minor problems with references and incorrect
5 references within the forms. We can correct
6 those. In the past, what we've done is, after
7 certification of the manuals, we posted one or
8 two quarterly updates to the manuals. Once these
9 documents are out there, people are using them,
10 they'll report these problems to us, and then we
11 correct them, we put them in there, and then
12 we'll update it on our website. So we fully plan
13 to do that.

14 Some of just kind of the corrections, we
15 can do it. If there are substantive changes,
16 there's a likelihood that we have to come back to
17 the Commission for recertification of the
18 manuals, but we need to look at the type of
19 comments and talk to our counsel and decide
20 whether this is something we can do on our own,
21 or come back to the Commission.

22 CHAIRMAN WEISEMILLER: Well, certainly
23 while he is still here in Sacramento, I was going
24 to suggest your counsel and you sit down with him
25 and try to walk through the things and see if

1 there are any issues.

2 MR. BREHLER: And Commissioners, this is
3 Pippin Brehler, staff counsel. For the public's
4 record, a couple of revisions that staff had
5 finalized just in the last couple days were
6 posted this morning, and the resolution that's
7 before you today for both this site and Items 10B
8 also directs or authorizes the Executive Director
9 to make those kinds of non-substantive changes,
10 and to bring any substantive changes back to the
11 Commission for consideration.

12 CHAIRMAN WEISENMILLER: Great, thanks.

13 MR. BREHLER: Thank you.

14 CHAIRMAN WEISENMILLER: Okay,
15 Commissioners, any questions or comments?

16 COMMISSIONER MCALLISTER: So I want to
17 just thank -- well, make a few thanks here,
18 actually. You know, this is a long process,
19 we're in the middle of it today, we're hopefully
20 taking an important step, but really this is very
21 much ongoing activity and, in particular, you
22 know, we adopted the Standards and they were
23 adopted by the Building Standards Commission a
24 while ago now, and this is a significant post-
25 adoption effort that is really a mutation of the

1 Standards, and so I think probably the broad
2 group of some of those stakeholders understand
3 what that process looks like at implementation,
4 but I think it's not that well understood how big
5 of an effort this is to take the standards and
6 translate them into practice so that they can
7 actually go out in the world and be applied. And
8 I want to commend staff, Mazi and Martha, Pippin,
9 I'm not going to try to name everybody because I
10 know it's a big effort, but particularly Martha
11 for spearheading a lot of this stuff, and Dave
12 Ashuckian for shepherding it at that higher
13 level. And we're in the middle of that and I
14 think that the details will continue to change as
15 the marketplace changes and as we identify these
16 sort of how best to do it. I also wanted to
17 thank the Investor Owned Utilities for supporting
18 this effort in the near term. We're now finally
19 getting some of our own resources marshaled to
20 continue that and get it to the finish line, but
21 we've in the interim basis really been relying on
22 those utility resources, and that's very helpful,
23 as well as use of some contractors that had
24 utility support.

25 And then the stakeholders generally, I

1 think, Tom Garcia, Tom Enslow, there are many
2 others, CALBO, generally, many stakeholders who
3 have chimed in on this process, and I think we
4 really appreciate that and also expect them to be
5 and hope that they remain engaged on this
6 because, really, that's where the rubber hits the
7 road. So I think, you know, adopting the
8 standards happened and now we have to develop the
9 supporting tools, and then implementation. Even
10 after January 1st when it's out there, it will
11 need care and feeding, and so I think that's a
12 natural part of the process, and then here pretty
13 soon we'll start the same process over again for
14 2016, it's sort of a permanent revolution. I
15 know staff is already looking at that.

16 And I also wanted to point out just as a
17 supporting set of activities, you know, we're
18 also at the same time this is going on, we're
19 developing a plan for Assembly Bill 758 and that
20 is trying to get existing buildings upgraded
21 because this is for new buildings we're talking
22 about, but there are a lot of moving parts in
23 this whole -- across the industry here. And
24 Title 24 is really a key tool. So one thing in
25 AB 758 that will have an impact, hopefully, if we

1 can get it accomplished, it will have an impact
2 here, too, is bringing some resources from
3 somewhere to help in that outreach and education,
4 and working with the marketplace very proactively
5 as the Codes are updated. So it's parallel, it's
6 not directly related to this item, but I think I
7 wanted to point that out very much needed.

8 I want to just state for the record that
9 it's the Commission's goal, intent, to get the
10 Standards in place on January 1st, there's no
11 discussion of postponing that, so if there are
12 some rumors out there that that's going to
13 happen, those are not true. It's a big lift,
14 like I think many people will acknowledge here,
15 it's a big lift, you know, every three years we
16 go through this, and it's a lot of resources, and
17 in this case, I think particularly with the ACM
18 with the Alternative Calculation Method, I mean,
19 we're creating something relatively new, and so
20 it's an even bigger lift than may be normal. But
21 I believe staff is up to it and I think that with
22 the marketplace aligned on that, we're going to
23 get it done. And so I have every confidence that
24 that will happen.

25 CHAIRMAN WEISENMILLER: I would make one

1 comment, too, on the timing question. Given San
2 Onofre and my earlier remark about trying to
3 increase supply, reduce demand, frankly about the
4 only thing I'd be interested in is trying to
5 figure out a way to speed this up, although I
6 know it's not possible, so, yeah, don't expect a
7 delay.

8 COMMISSIONER MCALLISTER: Well, we don't
9 want to give Martha a heart attack.

10 MR. BREHLER: And Commissioners, if I
11 could just make one more additional response to
12 Mr. Garcia? As Mazi mentioned, we're already
13 starting on the 2016 Standards and henceforth all
14 of our Standards are going to be on the same
15 cycle as the rest of the Building Code, so there
16 won't be these two different start dates for
17 different aspects of California's Building Code
18 going forward, we're on the same track as the
19 Building Standards Commission and we'll stay that
20 way.

21 MR. RAYMER: Thank you, Mr. Chairman and
22 Commissioners. I'm Bob Raymer representing
23 California Building Industry Association. I'm
24 sorry I didn't get a blue card submitted, but I
25 showed up late. I would -- CBI would like to

1 sort of endorse the comments that were made by
2 Tom Garcia of CALBO, why we recognize the
3 software isn't done and that's perhaps an issue
4 that I could speak to during the next item. We
5 strongly support keeping the effective date of
6 January 1, 2014. As Tom indicated, CBI and CALBO
7 have for well over a decade done everything we
8 can to try to get everything that the Building
9 Standards Commission approves or adopts into the
10 same type of triennial cycle, and this is very
11 important for a variety of reasons, as Tom
12 mentioned.

13 So with that, we're very supportive of
14 the certification, we're also very pleased that
15 electronic copies exist because this whopper is
16 now about four to five pounds if you chose to
17 print it out. So with that, once again, we
18 support certification today. Thank you.

19 COMMISSIONER MCALLISTER: So I wanted to
20 just make clear that this is Item 9 we're talking
21 about, which is the Res and the Nonres Compliance
22 Manuals, and Item 10 is the Alternative
23 Calculation Method, and those are different
24 items, they're obviously very much related, and
25 maybe if Mazi or Martha, you want to sort of make

1 clear what Item 9 entails.

2 MR. SHIRAKH: Again, Item 9 as indicated
3 in the Agenda is the -- we're asking for
4 certification of the Residential and
5 Nonresidential Compliance Manuals. Item 10
6 hasn't been presented, Martha will present that,
7 and that one is the ACMS Reference Manuals. So
8 at this moment in time, we're just talking about
9 the Compliance Manuals.

10 COMMISSIONER MCALLISTER: And I guess
11 for those of us in the bubble here, that was a
12 perfectly accurate description, but I'm not sure
13 that everybody, the lay people, would necessarily
14 understand the distinction. So I guess I'm -- if
15 Commissioners have questions, you know, feel free
16 to ask.

17 MR. SHIRACK: The difference between the
18 two manuals is the Compliance Manuals describe or
19 explain the requirement in the Standards
20 document. The Standards document is written in
21 legalistic language, which Pippin understands
22 very good, but the rest of us may not. So this
23 is an attempt to explain the requirements of the
24 Standards in plain English so people know how to
25 proscriptively comply with the Standards

1 requirements. The ACM Manuals that Martha will
2 be presenting will explain the requirements for
3 the performance path. There are two ways to
4 comply with the Standards, proscriptively or the
5 performance path. So the Compliance Manuals
6 explain the proscriptive requirements, and the
7 ACM Manuals explain the requirements for
8 certification and approval of the performance
9 software. Is that correct? Martha says it's
10 correct, then it's correct.

11 COMMISSIONER MCALLISTER: Yeah, great.
12 So we're not talking about software in Item 9,
13 right, so Martha will talk about the software.
14 So I just wanted to make that clear. So I will
15 move Item 9.

16 COMMISSIONER SCOTT: Second.

17 CHAIRMAN WEISENMILLER: Okay, all those
18 in favor?

19 (Ayes.) This item passes 4-0.

20 CHAIRMAN WEISENMILLER: Let's go on to
21 Item 10. 2013 Building Energy Efficiency
22 Standards Residential and Nonresidential
23 Alternative Calculation Method (ACM). Martha.

24 MS. BROOK: Hi. I'm Martha Brook with
25 the Standards Development Office and Co-Manager

1 with Mazi of the 2013 Building Energy Efficiency
2 Standards.

3 First I'd like to briefly explain why we
4 withdrew sub items 10(C) and 10(D) from this
5 agenda and then seek your approval for sub items
6 10(A) and 10(B).

7 The Energy Commission is required by the
8 Public Resources Code to provide public domain
9 software that enables compliance with the
10 performance approach for any residential or
11 nonresidential building project subject to the
12 Building Energy Efficiency Standards, including
13 providing the documentation that explains the
14 modeling rules used in the software that are
15 consistent with these standards. This
16 documentation is included in the Alternative
17 Calculation Method Reference Manuals we are
18 seeking your approval on today.

19 This Alternative Calculation Method, or
20 ACM, is defined in the Standards as a method in
21 the form of computer software developed by
22 private vendors for demonstrating that a building
23 design complies with the Standards. These ACMS
24 are subject to Commission approval. The public
25 domain's compliance software is the subject of

1 the Agenda item elements we have withdrawn from
2 your consideration. We withdrew the requests for
3 you to conditionally approve the compliance
4 software, Item 10(C), because we believe it is
5 better to wait until the software is ready for
6 your full approval by the Commissioners at a
7 future Business Meeting. While we intended our
8 request for your direction to the Executive
9 Director to authorize his future approvals of the
10 software, Items 10(C) and 10(D), to streamline
11 the steps needed to get these software tools out
12 to the building industry for their use, we
13 understand that it is important for the full
14 Commission to grant such approval, at least for
15 the first time the software is approved as needed
16 for each new Standards update.

17 We fully intend to release the software
18 for public review in July, however, the software
19 released in July will not produce the detailed
20 compliance forms needed for permitting with
21 Building Departments. So we decided it was
22 better to come back to you in September with two
23 complete software products, one for residential
24 compliance, and the other for nonresidential
25 compliance, and request full Commission approval

1 then.

2 So the versions of the public domain
3 software that we've publicly released in July
4 will not be formally approved by the Commission
5 since this software will not yet be capable of
6 being used to generate compliance documentation
7 needed for building permitting. We will be
8 testing the software before the July release to
9 ensure the Commission staff is confident that the
10 software is correctly implementing the modeling
11 and rules documented in the ACM Reference
12 Manuals. And we can include the results of this
13 testing when we provide the software to the
14 public.

15 And now for items 10(A) and 10B). The
16 2013 Building Energy Efficiency Standards refer
17 to the residential and nonresidential ACM
18 Reference Manuals. Both of these documents were
19 significantly rewritten for the 2013 Standards
20 Update to more clearly describe the rules to be
21 used by compliance software to model the energy
22 use of a proposed building project, and to
23 compare that building's energy use to that of a
24 standard design energy budget for the building.
25 The standard design is that same building modeled

1 to just meet the proscriptive requirements of the
2 standards. A building project is deemed to pass
3 the performance compliance approach if its
4 estimated energy use is less than or equal to the
5 estimated energy budget established for the
6 Standard design. These manuals also include
7 references to detailed explanations of how the
8 underlying Building Energy Simulation Programs
9 used in the Energy Commission's compliance
10 software work. The modeling methods and
11 assumptions used to calculate the hourly energy
12 use of any building described, using the
13 compliance software.

14 This level of detailed documentation
15 ensures that the Energy Commission is as
16 transparent as possible in the methods used to
17 implement the performance compliance approach for
18 the 2013 Standards. These documented methods for
19 calculating the energy used in buildings also
20 establish the reference methods that all private
21 vendor software is then compared to in the review
22 process used by the Energy Commission when
23 certifying third party compliance software
24 programs. These ACM Reference Manuals also
25 describe the software test regime that will be

1 used by the Energy Commission to review all
2 compliance software tools submitted for
3 certification by private software vendors. The
4 Commission will also ensure its public domain
5 software passes these same tests.

6 I would like to acknowledge two CEC
7 staff members who are critical in getting these
8 Reference Manuals completed and ready for your
9 certification today, Sabaratham Thamilseran has
10 stewarded the revisions to the Nonresidential ACM
11 Reference Manual over the last year, and Dee Anne
12 Ross, who just returned to the Commission after
13 15 years as a Title 24 Consultant, has been
14 instrumental in completing the Residential ACM
15 Reference Manual over the last two months. This
16 concludes my summary of this agenda item and I am
17 available to answer any questions that you have.

18 CHAIRMAN WEISENMILLER: Let's start with
19 -- we have public comment. I was just going to
20 say, Bob, do you want to go first?

21 MR. RAYMER: Thank you, Mr. Chairman and
22 Commissioners. Once again, I'm Bob Raymer
23 representing the California Building Industry
24 Association. And as a user of the ECM, the
25 manuals that you just certified, we do clearly

1 understand the differences between Items 9 and
2 10, we also support your certification today of
3 the two ACMs. And having said that, and also
4 having said we appreciate keeping the effective
5 date of January 1, 2014, I would like to take the
6 opportunity to make a few comments on the
7 availability of the software if that would be
8 appropriate at this time?

9 CHAIRMAN WEISENMILLER: Please, sure.

10 MR. RAYMER: Thank you. While we're
11 very supportive of the certification of all these
12 documents, the fact that the computer software is
13 not fully available right now is problematic. We
14 understand that there's a great deal of work,
15 very technical work that goes into the
16 development of each of these evolutions that
17 we've seen over the years, but in reality this is
18 the third time in a row we're going to see a
19 hiccup in implementing the new Standards. And
20 that's unfortunate. I also recognize that staff
21 is taking direct efforts to try to make sure that
22 that's not the case when we get into the 2016
23 Standards. So with that, if I could explain to
24 you a few of the problems that we've had.

25 In terms of a policy position, CBIA and

1 I'm sure other industry groups would like to see
2 these certified programs available at least six
3 months in advance of the effective date. Our
4 preference is to have access to certified
5 software nine to 12 months in advance of the
6 Regs, and that's because the units that are going
7 to get built in 2014 are pretty much already
8 designed. If you look back in 2010, those
9 Standards, the Micropass version that was so
10 heavily used by 90 -- I would say the performance
11 method is used by 98 percent of all housing in
12 California, that was approved two weeks before
13 the Standards took effect in January of 2011.
14 The reason why you didn't see much of an impact
15 is that the housing economy was in a complete
16 freefall, we are now changing; and so in January
17 2014, we're not going to see the same set of
18 circumstances that kept us from having a logjam.
19 Having said that, because of the lack of
20 availability of a certified program now and over
21 the coming months, it's highly likely you're
22 going to see a serious spike in permit
23 applications submitted prior to January 2014.
24 That's because the Building Standards that are in
25 effect on the day you submit your permit

1 application are the ones that you build to. And
2 probably at the request of the energy consultants
3 involved, as you will probably hear from in a
4 minute, you're probably going to see a serious
5 spike in the fourth quarter of 2013. I know
6 that's not the staff's intention, but once again,
7 we've got to be able to build in advance and the
8 one way that we are trying to get early adopters
9 is to just tell them take the existing 2010
10 Standards and plug in a 30 percent increase, and
11 you should be well within the margins of minimum
12 compliance with the next set of Regs. But that's
13 easier said than done. So with that, we'll
14 continue to work with staff and hopefully by the
15 time we get to the 2016 Regs, this won't be a
16 problem. Thank you.

17 CHAIRMAN WEISENMILLER: Thank you.

18 Okay, Patrick Splitt.

19 MR. SPLITT: Good morning,
20 Commissioners. I'm Pat Splitt, President of APP-
21 TECH. I'm one of those energy consultants that's
22 going to be real busy for a month. I have a
23 couple of comments, 1) just technical, for this
24 item that we're referring to the Warren-Alquist
25 Act Section 25402.1(E), and actually these

1 manuals are required in Section 25402.1(B), so I
2 don't know if that's a big deal, but it's a
3 technicality, it's the law, and we have to be
4 correct.

5 MS. BROOK: Right, duly noted. Thank
6 you, Pat.

7 MR. SPLITT: Okay. And what wasn't
8 mentioned is that the ACM process has been
9 changed from previous years, they've actually
10 split things up into two manuals, and that wasn't
11 explained at all, but I think it's very critical
12 because I'm also on the AB 2339 Working Group
13 that Commissioner McAllister is concerned with,
14 the ground source heat pump people who it appears
15 are going to be proposing some sort of change to
16 the ACM to better handle ground source heat
17 pumps. And with this change, that I'm sure
18 you'll explain, we won't have to then go back and
19 do a rulemaking, it will be a much more
20 streamlined process.

21 MS. BROOK: Do you want me to explain
22 that now or --

23 MR. SPLITT: Well, it's germane to what
24 I'm going to say next.

25 MS. BROOK: Okay. So just as

1 background, we did change the process in the 2013
2 Building Standards. During the rulemaking, we
3 approved the ACM Approval Manual, which basically
4 explains the process steps that private vendors
5 need to take to get their software certified, and
6 we referenced the ACM Reference Manual in that
7 document that basically said all the details
8 about the modeling assumptions and the modeling
9 rules will be in the Reference Manual, but the
10 processes that you go through to certify and
11 decertify software is in the approval manual, and
12 that was part of the rulemaking. We did
13 deliberately pull out the Reference Manual from
14 the rulemaking process so that we would have the
15 ability in between major Code updates to make
16 advancements in the modeling of rules and
17 assumptions for new technologies that otherwise
18 would have to wait for three years until the next
19 standards update. So what Pat is referring to is
20 directly relevant to that change in our processes
21 for 2013.

22 COMMISSIONER MCALLISTER: And that's
23 appropriate because, as the marketplace evolves,
24 three years is a long time, and we need that
25 flexibility to be able to keep our Reference

1 Manual fully up to date.

2 MR. BROOK: And then the other thing,
3 just to be completely transparent, there's always
4 things that happen in the software that are
5 unintended, so there's mistakes, there's bugs,
6 they have to get fixed, and without having the
7 ability to change that in the middle of the Code
8 cycle, building designs will just be incorrect
9 for this next three years because there's no
10 ability to make the changes in the software if
11 it's part of the rulemaking. And so we
12 deliberately added some more flexibility for
13 ourselves and the industry in that regard.

14 MR. SPLITT: Good, thank you. So then I
15 actually was at that meeting at May 31st of last
16 year, and the actual agenda item basically stated
17 that it was a possible adoption following
18 publication of the proposed changes and 15-day
19 language, comment period of proposed 2013 Update
20 to the Building Energy Efficiency Standards for
21 Residential and Nonresidential Buildings in the
22 California Code of Regulations Title 24 Part 6,
23 Associated Administrative Regulations in Part 1,
24 and that's where some of these Regulations are,
25 and then Alternative Calculation Method Approval

1 Manuals and portions of the Green Building Code
2 Part 11, also known as CalGreen. That was the
3 agenda item, however, the vote that was taken did
4 not refer to the agenda item. The vote that was
5 taken actually after a suggestion by Mr. Levy was
6 to move to adopt the Proposed Order adopting the
7 Proposed Regulations, and that is what happened.
8 So that was, in fact, this, the Proposed 15-day
9 Language, Order Adopting Proposed Regulations and
10 Negative Declaration, the 15-day language, you
11 know, is an official document. Also along with
12 that was what then became the Final Statement of
13 Reasons, and there was also a list of all the
14 documents in the 15-day language that included
15 all kinds of things, Joint Appendix Final, Non-
16 ACM Final, Non-Res Appendix Final, R ACM Final,
17 Reference Appendices J and R combined, Standards
18 Final, but no ACM Approval. So there was never
19 a motion made to approve the ACM Approval
20 Manuals, they weren't included in the 15-day
21 language, it was not voted on, you have not
22 adopted the Approval Manual, period. And that's
23 sort of important that you do that, and since
24 that rulemaking is over, I think you have to
25 initiate another rulemaking.

1 CHAIRMAN WEISENMILLER: Okay, we'll ask
2 Pippin and Chief Counsel to discuss your
3 suggestion, and to the extent Bob wants to. Go
4 ahead.

5 COMMISSIONER MCALLISTER: Is there an
6 ask here or is there -- I guess is there an ask
7 to us or a final point?

8 MR. SPLITT: Well, I had suggested in my
9 comment that we delay the adoption of the
10 Standards until July of next year, and that was
11 assuming that, as far as I could see, the
12 earliest you'd be able to actually approve the
13 software is in your January meeting. Now, if
14 there's somehow you can do this quicker than
15 this, but I've never seen you guys do a
16 rulemaking in six months. Can you do that?

17 CHAIRMAN WEISENMILLER: Well, again, we
18 have a -- we're talking about San Onofre, we're
19 talking about the public overriding the needs of
20 the State, I guess in terms of first your legal
21 "Petition," that returns to where our attorneys
22 chime in, and I understand Bob Raymer may want to
23 speak on this question, too. So, thank you.

24 MR. SPLITT: Well, I have more.

25 CHAIRMAN WEISENMILLER: Well, you have

1 three minutes, so if you can summarize, that's
2 good.

3 MR. SPLITT: Well, I'll probably have
4 responses in writing --

5 CHAIRMAN WEISENMILLER: If you have
6 stuff in writing, you don't need to re-summarize
7 it, but certainly encourage you for the magnitude
8 of this change --

9 MR. SPLITT: I would point out that
10 what's said today is meaningless without this
11 other document.

12 CHAIRMAN WEISENMILLER: Well, but for
13 the magnitude of your change, basically that
14 certainly merits a written comment. So, thank
15 you. Bob Raymer, do you want to say anything
16 more with our attorney's discretion?

17 MR. RAYMER: Thank you. Mr. Chairman,
18 Commissioners, Bob Raymer with the California
19 Building Industry Association. And I think I've
20 got a fair understanding of what Pat is
21 requesting, and part of my education and degrees
22 in licensing is in Engineering, I'm not an
23 attorney. I have been sort of a regulatory nerd
24 for the last three decades.

25 COMMISSIONER MCALLISTER: And we thank

1 you for that, Bob.

2 MR. RAYMER: Administratively speaking,
3 I've been affiliated with the last 10 updates of
4 the Energy Standards and the related documents
5 and programs and everything else that are
6 triggered by those adoptions. And I don't recall
7 a proceeding where we've actually seen a
8 simultaneous adoption of the standards, which is
9 effectively the skeletal framework of the
10 Regulations that we're talking about, at the same
11 time that we see the adoption of the ECM and the
12 ACMs, because the adoption of the Standards
13 obviously trigger any number of activities by
14 which the CEC must then go about developing new
15 programs, etc. etc., and that's why the statute
16 formerly designates sort of a time period by
17 which you need to adopt the Energy Conservation
18 Manual, etc., etc., after the adoption of the
19 Standards, but prior to the effective date. And
20 so that's always worked out very well. Obviously
21 we'd like to see certain things approved well in
22 advance of the effective date, but the fact here
23 is you've had workshops on the ECMs, you've had
24 workshops and hearings on the ACMs, all of this
25 in public review, tons of comments have been

1 taken, those comments have been absorbed and
2 dealt with by the staff and their contractors,
3 and now before you today is the certification of
4 the ECMs and now the ACMs in Item 10. So we
5 would have to agree that, in terms of
6 administrative legalities that everything seems
7 to be proceeding quite well, albeit our own
8 personal preference is that it would proceed
9 quicker for all intents and purposes. I don't
10 think you have to start a new rulemaking for
11 this. So I think you've done everything well
12 within administrative boundaries, but maybe your
13 legal counsel would have another thing to say.
14 Thank you.

15 CHAIRMAN WEISENMILLER: Okay, thank you.
16 Actually, I was going to say I don't know if
17 legal counsel is ready to opine; Valerie, to the
18 extent you also asked to speak, why don't you
19 step forward and then we'll swing back to this
20 issue?

21 MS. WINN: Hi, Valerie Winn with PG&E.
22 And I have to say, I'm not a regulatory nerd on
23 this issue, so I have nothing really to offer
24 there.

25 CHAIRMAN WEISENMILLER: Just on this

1 issue, though.

2 MS. WINN: Okay, I'll accept that, okay.
3 I did want to indicate PG&E's support for
4 adoption of the Compliance Manuals today. We do
5 see that as a critical first step actually in
6 moving forward with the implementation of the new
7 Building Codes and Standards, which we have a
8 long history of working with the CEC on those,
9 and so we're happy to see things moving forward.
10 As Mr. Raymer did note, we do look forward to
11 continuing to work with the staff to develop the
12 software that's needed for the performance
13 approach in these programs, that is really an
14 area where we see most of the implementation
15 happening, and so the sooner we can move forward
16 with that software, that would be beneficial to
17 everyone. But, thank you.

18 CHAIRMAN WEISENMILLER: Thank you.
19 Ready, Michael, Pippin? Anything you want to
20 say?

21 MR. LEVY: Commissioners, this is a
22 little bit irregular for Mr. Splitt to hit us
23 with this on the fly, we don't have the materials
24 here from the record, or the transcript, or the
25 Order, we'd have to go upstairs to get them. It

1 was clearly the intent, though, from the
2 transcript that the Commission adopted everything
3 that it needed to adopt at the time. We could
4 certainly parse through the language in the Order
5 to take a look at that, and we could take a
6 recess and go check, but I'm pretty sure there is
7 infirmity here.

8 MR. BREHLER: One thing I would add,
9 Commissioners, is that, at least with the
10 document Mr. Splitt presented, that shows the
11 expressed terms, finals, that does include the
12 Alternative Calculation Method Approval Manual
13 and the provisions of CalGreen.

14 MR. LEVY: If you'd like us -- if you'd
15 like to postpone until right after lunch, we can
16 dig up all the materials for you.

17 CHAIRMAN WEISENMILLER: Okay, we'll hold
18 this item and we'll go to Item 11. And you will
19 get back to us first thing after lunch.

20 MR. LERMAN: Good morning,
21 Commissioners. My name is Sam Lerman from the
22 Energy Efficiency Division. In March 2013, the
23 Energy Commission released Requests for
24 Qualifications No. 12-401 and 12-402 to solicit
25 technical support contractors to provide

1 assistance for the development of the 2016
2 Building Energy Efficiency Standards, the
3 development of compliance tools for the 2013 and
4 2016 Standards, and development and
5 implementation of the AB 758 Comprehensive Energy
6 Efficiency Program for existing buildings. As a
7 result of these solicitations, the Energy
8 Commission received a winning response from a
9 team of contractors, and we'll invite Bruce
10 Wilcox, to support residential aspects of
11 standards and AB 758 development, and a winning
12 response from a team of contractors led by
13 Architectural Energy Corporation to support
14 Nonresidential aspects of standards in AB 758
15 development. Rates were negotiated with each
16 contract team based on a market survey of rates
17 from firms providing similar services, but not
18 participating on either contract.

19 Today, I am requesting approval of the
20 technical support contracts with each of the
21 winning teams. Contract No. 400-12-002 with
22 Bruce Wilcox will be funded for \$4,493,879, and
23 Contract 400-12-003 with Architectural Energy
24 Corporation will be funded for \$3,993,879. Each
25 contract will expire in March of 2016.

1 The specific activities in each contract
2 include updating standards analysis software for
3 determining if new energy efficiency technologies
4 should be included in the 2016 Standards Update,
5 making recommendations to Energy Commission staff
6 on whether to adopt recent updates to ASHRAE
7 Ventilation Standards in the 2016 Building
8 Standards Update, developing a simplified
9 Compliance Tool for projects with limited scope,
10 for instance, projects that affect building
11 envelope only, and supporting Energy Commission
12 staff in implementing various portions of the AB
13 758 Action Plan. I therefore request approval of
14 this item and welcome any questions you may have.

15 CHAIRMAN WEISENMILLER: Commissioners,
16 any questions or comments on this item?

17 COMMISSIONER MCALLISTER: So I'll just
18 point out, these are the resources that I was
19 referring to before where we're bringing much
20 needed resources on to really continue those
21 Standards development going forward from
22 implementation of 2013 and support of that, all
23 the way through to 2016 development and, you
24 know, supporting us on that process. So
25 significant resources for a big lift and, again,

1 you know, it's worth pointing out that we are
2 aiming forthrightly to having zero net energy
3 construction in Residential by 2020 and
4 Nonresidential by 2030, particularly in
5 Residential the lift -- the significant gains
6 need to be made at each step, definitely in the
7 2016 timeframe, to get that final goal on the
8 horizon, and chart the path halfway there,
9 basically. So the team on this has got, I think,
10 a very clear goal and a lot of work ahead of them
11 to make this happen, and so these resources, I
12 think, are some of the few in the state that are
13 actually qualified, or that have the depth of
14 knowledge to be able to help us do that, so they
15 are certainly quality resources. And there is
16 also a question about how we can make development
17 compliance more streamlined and sort of less
18 complex in any way we can, really, because I
19 think the left for the industry that we're asking
20 is actually going to change practices also, to
21 get there it's really going to have to be a
22 handshake in the middle with industry, the
23 Commission, and all the supporting stakeholders
24 in there. So this is really a broad team effort
25 by the Commission staff and by our contractors,

1 and by the marketplace, and we really need that
2 involvement across the board, and so these
3 contracts, I think, are really a critical element
4 to keep that moving forward and keep the inertia,
5 keep the forward movement. So, thanks. I'm
6 supportive, obviously. So I will move Item 11.

7 COMMISSIONER SCOTT: Second.

8 CHAIRMAN WEISENMILLER: All those in
9 favor?

10 (Ayes.) Item 11 is approved
11 unanimously.

12 CHAIRMAN WEISENMILLER: So we are now
13 going to take a break. We need to be back at
14 1:00. I again encourage everyone to visit the
15 Fuel Cell Vehicles and, again, we're going to
16 start out returning back to Item 10, and then
17 we'll move on to Item 22 before we get back to
18 the regular flow of the agenda.

19 (Break at 12:01 p.m.)

20 (Reconvene at 1:05 p.m.)

21 CHAIRMAN WEISENMILLER: We will first
22 deal with Item 10, and then we will pick up Item
23 22, and then we will start at 12. So in terms of
24 -- Mr. Levy, do you have a report for us?

25 MR. BREHLER: I do, Commissioners. I

1 apologize for the delay with this.

2 I would say that the Alternative
3 Calculation Methods and Part 11 Green Standards
4 were clearly and unequivocally adopted by the
5 Commission last May. On May 15, 2012, the
6 Commission publicly noticed what it called the
7 15-day language for the 2013 Energy Efficiency
8 Standards, and that notice described the
9 Regulations as being changes to Part 1 and Part 6
10 and Part 11, and that notice also provided web
11 links to where the underlying documents could be
12 found. And those links listed as part of the
13 rulemaking package explicitly the Alternative
14 Calculation Method Approval Manuals, as well as
15 Part 11 and the Codified language that appears in
16 Parts 1 and Part 6.

17 When the rulemaking initially commenced
18 sometime prior to that, the Notice of Proposed
19 Action described the Alternative Calculation
20 Method Approval Manuals as being part of the
21 Regulations. The Regulations themselves in
22 Section 10-102 defined the Alternative
23 Calculation Method Approval Manuals and the
24 Regulations in Part 6, Section 10-109, explicitly
25 referred to the Approval Manuals as being part of

1 the necessary elements to get an ACM approved.

2 The Business Meeting Agenda and Minutes
3 from May 31, 2012, Item 5, explicitly list the
4 Alternative Calculation Method Approval Manuals,
5 and Part 11, the Final Statement of Reasons that
6 was prepared after adoption of the Regulations,
7 explicitly discusses the Alternative Calculation
8 Method Approval Manuals as being incorporated by
9 reference to button up any ambiguity there.
10 Commissioner Douglas in her remarks at the
11 hearing on page 137 of the transcript explicitly
12 mentioned that she wanted to formulate a motion
13 that captured everything, so it was clearly the
14 Commission's intent to adopt these along with
15 everything else that had been posted as part of
16 the Standards. And frankly, we find that a year
17 later it's a bit unseemly to now raise a
18 challenge to the procedural steps on whether
19 something was possibly not adopted because it
20 wasn't explicitly bulleted out from a very long
21 list.

22 You know, the reason that we posted
23 links to the web pages is because there are so
24 many moving parts and so many pieces to these,
25 and it made sense to have those listed on the web

1 page. I also wanted to note in response to Mr.
2 Splitt's other comment that the resolutions
3 before you do properly refer to Section
4 25402.1(B) of the Warren-Alquist Act for
5 calculation methods and compliance options in
6 reference to the ACM Reference Manuals, and
7 Section 25402.1(E) in reference to the Compliance
8 Manuals under Item 9.

9 CHAIRMAN WEISENMILLER: Thank you for
10 that thorough legal analysis.

11 COMMISSIONER MCALLISTER: Very much
12 appreciate that and just also, I would point out
13 that logic supports us on this because this is
14 kind of inherently a serial process to decide
15 what we're going to do, and then do it and make
16 the appropriate adoptions at the moment they're
17 really ready for prime time. And so our process
18 is really the right process, I would just point
19 that out, just from a pragmatic standpoint I
20 think we've taken the right steps and it's good
21 to hear that that's firmly supported by the legal
22 analysis. So I would move Item 10.

23 COMMISSIONER DOUGLAS: Second.

24 CHAIRMAN WEISENMILLER: Okay, all those
25 in favor?

1 (Ayes.) This item passes unanimously.

2 Thank you.

3 CHAIRMAN WEISENMILLER: Let's go on to
4 Item 22. Department of Defense.

5 MS. DEMESA: Good morning, Chairman and
6 Commissioners. First, I would like to thank you
7 for being accommodating to our schedule and
8 letting us present a little bit out of order
9 here. With that, my name is Rhetta deMesa with
10 the Energy Generation Research Office, and I'm
11 going to be presenting for your approval today a
12 \$2 million contract to Concurrent Technologies
13 Corporation for a Vehicle to Grid Demonstration
14 Project with the Department of Defense.

15 Last year, the Department of Defense
16 began a demonstration project at L.A. Air Force
17 Base, and has since announced that it would be
18 expanded to an additional five bases, making it
19 the largest Vehicle to Grid demonstration
20 nationwide. Included in the expanded
21 demonstration is a second California Base Naval
22 Air Weapons Station, China Lake.

23 As the result of a competitive
24 solicitation, the Department of Defense selected
25 CTC to implement the Vehicle to Grid

1 Demonstration and, under this particular
2 agreement, the Energy Commission shall be
3 supporting efforts of the two California bases.
4 As part of the demonstration, the Department of
5 Defense will convert a portion of their non-
6 tactical fleet to electric vehicles, which will
7 then actively bid into the California ISO
8 ancillary services market, and be used as a grid
9 resource to manage base grid during times of peak
10 demand. This will contribute to grid stability
11 while generating additional revenue for the
12 bases.

13 Once the Vehicle to Grid Demonstration
14 is completed, CTC will work with a California
15 utility to test the batteries for second-use
16 applications, and their ability to service
17 storage for the grid. This demonstration will be
18 used to prove the technical and economic
19 viability of Vehicle to Grid technologies and
20 lessons learned will be applied to future
21 military base installations, as well as inform
22 future Energy Commission funding for Vehicle to
23 Grid technologies. That concludes my
24 presentation, but we also have on the line with
25 us Dr. Cameron Gorduinpour of the Department of

1 Defense, who would like to speak on behalf of
2 this project, as well as Mr. Michael Gensel of
3 CTC in the room with us.

4 CHAIRMAN WEISENMILLER: Okay, let's
5 start with the gentleman from the Department of
6 Defense.

7 DR. GORDUINPOUR: Hi, how do you do?
8 Can everyone hear me okay?

9 CHAIRMAN WEISENMILLER: Yes.

10 DR. GORDUINPOUR: Okay, great. How do
11 you do? My name is Cameron Gorduinpour. I run
12 the Department of Defense Plug-In Electric
13 Vehicle Program. I'm just calling in today to
14 express my support for this effort with the
15 Energy Commission, but also to express my
16 appreciation and gratitude for all the hard work
17 of the CEC staff working with Concurrent
18 Technologies to frame this contract in a way that
19 we think will be very supportive of our currently
20 effort, but will also help guide us as we move
21 forward and look to additional bases in
22 California and beyond. So we think the support
23 that the CEC has already provided has been great
24 and in addition to prior efforts, we think really
25 advances us in the right direction. So I mostly

1 just wanted to thank you for your consideration
2 and the time of your staff, and I'm available to
3 answer questions, of course, if there are any.

4 CHAIRMAN WEISENMILLER: We certainly
5 thank you for the opportunity to partner with the
6 Department of Defense on this. Certainly, having
7 been to China Lake, I'm certainly excited about
8 the opportunities there in this area, and again
9 certainly look forward to these projects and sort
10 of continuing to grow this effort. I don't know
11 if any other Commissioners have any questions or
12 comments for this gentleman?

13 COMMISSIONER SCOTT: I was just going to
14 add, kind of what you said here, in terms of it's
15 really good to work in partnership with the
16 Department of Defense to demonstrate and pilot
17 this type of technology, and what's great about
18 the Vehicle to Grid is it also has the potential
19 for Demand Response, which we've been talking
20 kind of a theme for the day, it's going to be
21 important upcoming, so it's going to be neat to
22 see what the results of this are.

23 DR. GORDUINPOUR: Appreciate that. Let
24 me just add that the degree of support throughout
25 the California State Government has just been

1 tremendous and some of you may know that the
2 California Public Utilities Commission has a
3 resolution that they've drafted and are hopefully
4 going to pass in some form next month that will
5 actually improve the regulatory environment and
6 tariff structure for us to conduct these for the
7 first time, so with the CEC and CPUC, CAISO,
8 Governor's Office, it has just been a tremendous
9 amount of support in getting this all together.
10 I should also give a shout out to Southern
11 California Edison for their hard work, as well.

12 COMMISSIONER HOCHSCHILD: I would just
13 say one more thing, this is David Hochschild. I
14 think the Navy has really distinguished itself
15 actually in renewables and this goal of 50
16 percent renewables by 2020, and all the pieces of
17 that, I was very impressed when I met with
18 Admiral Smith down in San Diego last week, or two
19 weeks ago, and I just -- I hope the other
20 Services will all continue to push ahead on this.
21 As I'm getting up to speed on what the Military
22 is doing, it's just been really impressive in
23 this whole arena.

24 DR. GORDUINPOUR: Yeah, as an Air Force
25 employee, although I do represent all DOD on

1 Electric Vehicles, I can say from the Air Force's
2 perspective, we are also very interested in
3 expanding our Renewable Portfolio and a similar
4 target that we're working towards, so...

5 CHAIRMAN WEISENMILLER: Okay, great. I
6 was going to ask the gentleman from Concurrent
7 Technologies Corp, do you want to say --

8 MR. GENSEL: Hi, I'm Michael Gensel,
9 Senior Technology Director for Power Energy for
10 Concurrent Technologies Corporation. Concurrent
11 Technologies Corporation is a nonprofit 501(C)(3)
12 organization. We are the prime contractor with
13 the Department of Defense driving their Vehicle
14 to Grid Program, as mentioned by Dr. Gorduinpour.
15 I have no specific comments, but make myself
16 available to questions.

17 CHAIRMAN WEISENMILLER: Thank you.
18 Thank you for being here. Commissioners, any
19 questions or comments?

20 COMMISSIONER MCALLISTER: I think this
21 is awesome from a Demand Response point of view
22 and it's going to improve all sorts of things
23 that we need out there, and so we can learn from
24 it, and really commend the military for making it
25 happen, not just Vehicle to Grid, but in any

1 number of ways that are relevant for the Demand
2 Response conversation, which is very much ongoing
3 and very active. So I hope you can participate
4 in that process and bring lessons learned to the
5 various fore that are going to be there. But I'm
6 happy to make the motion on Item 22.

7 COMMISSIONER HOCHSCHILD: Second.

8 CHAIRMAN WEISENMILLER: All in favor?

9 (Ayes.) Item 22 passes unanimously.

10 MS. DEMESA: Thank you.

11 CHAIRMAN WEISENMILLER: So then now
12 let's go to Item 12, which is the Alternative and
13 Renewable Fuel and Vehicle Technology Program
14 Investment Plan Update. And the contact is Jim
15 McKinney, do you want to discuss things? And I
16 believe Commissioner McAllister has a statement.

17 COMMISSIONER MCALLISTER: I am going to
18 recues myself on the two upcoming items, Items 12
19 and 13, as my immediate past employer before I
20 came onto the Commission was the California
21 Center for Sustainable Energy, and we have a role
22 in both of the items that you will be -- oh,
23 sorry -- they have a role in both of the items
24 that are coming before the Commission, so I will
25 recues myself and step out of the room. Thank

1 you.

2 CHAIRMAN WEISENMILLER: Jim.

3 MR. MCKINNEY: Good afternoon, Chairman
4 and Commissioners. My name is Jim McKinney, I'm
5 Program Manager for the Alternative and Renewable
6 Fuel and Vehicle Technology Program. This is the
7 first of two related actions proposed by staff to
8 facilitate a potential transfer of funds to the
9 Air Resources Board. AB 118 created two
10 complimentary incentive funding programs to
11 reduce carbon and criteria emissions in the
12 transportation sector. One resides here at the
13 Commission, while the other is administered by
14 the Air Resources Board.

15 Our part of the program is the
16 Alternative and Renewable Fuel and Vehicle
17 Technology Program. We provide up to \$100
18 million annually for commercial and pre-
19 commercial alternative fueling infrastructure,
20 fuel production, advanced technology vehicle
21 development, and workforce training.

22 The Air Resources Board part of the
23 program is called the Air Quality Improvement
24 Program, and it has two subprograms, the Clean
25 Vehicle Rebate Program, or CVRP, allocates

1 incentive vouchers for commercially available
2 light-duty, electric, and Fuel Cell Vehicles.
3 The Hybrid and Zero Emission Truck and Bus
4 Voucher Program, or HVIP, allocates incentive
5 vouchers for commercially available medium- and
6 heavy-duty advanced technology trucks. Their
7 combined funding level is about \$30 million.

8 The Energy Commission has been providing
9 supplemental funding to ARB from the ARFVTP Fund
10 to support the Air Quality Improvement Program.
11 We transferred \$2 million in 2011, another \$4.5
12 million was transferred from the Fiscal Year 2013
13 Investment Plan, and at our recent May Business
14 Meeting, the Commission approved an additional \$5
15 million transfer from the '13-'14 Investment
16 Plan. This totals \$11.5 million to date in
17 support to CVRP.

18 The Clean Vehicle Rebate Program is
19 experiencing a tremendous surge in voucher demand
20 for the new series of light-duty battery electric
21 and plug-in electric vehicles currently available
22 in California. AQIP voucher demand tripled from
23 March 2012 to March 2013 from about 750 vouchers
24 per month to over 2,200 per month. They have now
25 issued over 22,000 vouchers to the AQIP Program.

1 We currently have 35,000 light-duty
2 electric and plug-in electric cars in California,
3 and while this is great news for us in
4 transitioning from petroleum-based modes of
5 transportation to Zero Emission Vehicle
6 technologies, it is drawing down the AQIP fund
7 far faster than can be replenished through their
8 revenue base and other fund transfers.

9 The Governor's Zero Emission Vehicle
10 Executive Order and the ZEV Action Plan set an
11 ambitious series of goals for ZEV technology cars
12 and trucks in California. We are to accommodate
13 up to one million ZEV vehicles by 2020 and 1.5
14 million by 2025. To support continuing progress
15 towards these goals, Commission staff seek
16 Commission approval to reallocate \$8 million from
17 the FY 2012-2013 Investment Plan to allow for an
18 additional transfer of funds to AQIP, to support
19 the expanding demand and market for light-duty
20 electric vehicles.

21 Staff proposes reallocating the funding
22 categories from the 2013 Investment Plan as shown
23 on the slide. And can we post that slide,
24 please? Okay, thank you. The yellow categories
25 on the slide denote areas from which staff

1 proposes to reallocate money, while the green
2 part of the slide is where the money would go.

3 The first \$1 million increment will come
4 from the Propane Vehicle Buy-Down Program. The
5 Commission is zeroing out propane funding in the
6 2013-2014 Investment Plan due to slow demand for
7 the propane vehicle vouchers and the low carbon
8 reduction benefits that range about 10 percent.

9 The next increment is \$2 million in
10 funding from the Emerging Technologies Fund.
11 This money is from the canceled small grant
12 program that was to be administered by our PIER
13 colleagues. An additional \$4 million is
14 available in the Emerging Technologies category
15 in the 2013-2014 Investment Plan.

16 The next increment, \$3.38 million, is
17 from a canceled project from the Manufacturing
18 solicitation. The Vantage Company canceled its
19 grant because it was unable to raise the 50
20 percent capital match requirement. There will be
21 an additional \$5 million in the Manufacturing
22 category in the 2013-2014 Investment Plan.

23 The next increment, \$1.07 million, comes
24 from the Workforce Training category. One of our
25 primary Grantees is the Employment Training

1 Panel, they report they will not be able to pass
2 through the entire \$2.25 million in this fiscal
3 year. We have an additional \$2 million allocated
4 for them in the 2013-2014 Investment Plan.

5 The final increment of \$600,000 comes
6 from the Regional Readiness Planning category.
7 This category is intended to buttress the work of
8 the PEV Regional Readiness Councils working to
9 support ZEV Vehicle and Charger Deployment at the
10 local and regional levels. Based on feedback
11 from the Grantees, the full \$2.7 million
12 allocated in '12-'13 may not be needed this year.
13 There is another \$3.5 million scheduled in the
14 2013-2014 Plan for this category.

15 Over \$5 million of these proposed
16 reallocations are from canceled projects. Staff
17 believes that these are relatively minor
18 adjustments to the 2012-2013 Investment Plan that
19 will not adversely affect the Commission's
20 ability to continue the investment of public
21 ARFVTP funds into the Alternative Fuels and
22 Vehicle Technology categories, companies, and
23 markets needed to transition the state's vehicle
24 fleet away from petroleum fuels to low carbon,
25 low emission alternative fuels. Dr. Alberto

1 Ayala, Chief Deputy Officer from Mobile Sources
2 at the Air Resources Board, is available for
3 questions, and I think we have other speakers as
4 well.

5 But first I suggest we hear the next
6 Agenda item (13) from my colleague, Jennifer
7 Masterson, before hearing from Dr. Ayala and the
8 other speakers.

9 CHAIRMAN WEISENMILLER: Okay, please.
10 Come forward.

11 MS. MASTERSON: Good afternoon,
12 Commissioners, Chairman. My name is Jennifer
13 Masterson and I work in the Fuels and
14 Transportation Division. The Proposed Amendment
15 I'm bringing before you this afternoon is to
16 augment the agreement with the California Air
17 Resources Board by \$13 million for a total amount
18 of \$17.5 million.

19 The additional \$13 million consists of
20 \$8 million from the item just presented by Jim
21 McKinney, and \$5 million from 2013-2014
22 Investment Plan, which was adopted at the May 8th
23 Business Meeting. These funds will be used for
24 the Clean Vehicle Rebate Project, also known as
25 CVRP. The CVRP provides rebates for the purchase

1 of qualified electric drive vehicles in
2 California. With the depletion of ARB's original
3 funds, these additional Energy Commission funds
4 will allow the program to continue.

5 These ARFVTP funds will be used to
6 augment ARB's program, which will provide
7 additional rebates for Zero Emission Vehicles and
8 Plug-In Hybrid Electric Vehicles. Both must be
9 capable of freeway operation and certified for
10 four passengers or more, and for subcontractor
11 administrative and outreach costs. Overall, this
12 project provides a benefit by encouraging and
13 accelerating Zero Emission Vehicle deployment in
14 California, and supports Governor Brown's ZEV
15 Action Plan, and I urge you to approve this
16 amendment.

17 Now I'd like to invite Dr. Alberto Ayala
18 to speak briefly about the CVRP and, if you have
19 any questions afterwards, we'll be happy to
20 answer them. Thank you.

21 DR. AYALA: Thank you. Good afternoon.
22 As mentioned, my name is Alberto Ayala, I'm the
23 Deputy Executive Officer over at the Air
24 Resources Board overseeing the Mobile Source
25 Program. And first of all, I want to thank you

1 and thank CEC staff for the very close working
2 relationship that we've established on these very
3 important programs.

4 What I wanted to do today is simply do
5 two things, express our appreciation and thank
6 you on behalf of the Air Resources Board for the
7 additional support that you are providing to our
8 program. And the other thing, if I may, I just
9 wanted to make a couple of important points to
10 put in perspective why we think this is
11 necessary, and to highlight for you basically
12 that we are victims of our own success; the
13 deployment of advanced technology is taking off
14 and we feel very -- we feel compelled to continue
15 to support that deployment with the additional
16 fundings that we had requested.

17 So as I said, we want to thank you for
18 the support and obviously encourage you to
19 approve the staff proposal. The additional \$8
20 million is going to help us provide rebates to
21 about 4,000 additional vehicles. This support is
22 a critical bridge in a funding gap that we've
23 experienced in the program, it's not only going
24 to allow us to send a very clear signal of
25 certainty to the market, but it's also going to

1 allow us to support the continuity of providing
2 consumers and their rebates for advanced
3 technology vehicles.

4 The goal is simple, we're trying to
5 transform the on-road fleet, and get to zero
6 emission vehicles which are going to be extremely
7 critical for us to meet our air quality and
8 climate goals. And frankly, CVRP is turning out
9 to be one of the most critical and important
10 programs that we collectively as a state system
11 are trying to support. It continues to grow
12 since launched in March 2010, we've provided
13 rebates in over 50 million and supported more
14 than 20,000 Zero Emission Vehicles that are going
15 into the California market. And as I mentioned,
16 we're victims of our own success: the current
17 demand is on the order of \$1 million for rebates
18 per week. And what is notable is we've actually
19 conducted surveys to try to assess the benefit of
20 the rebate, and over 95 percent of respondents
21 tell us that the rebate does matter when it comes
22 to purchasing decisions.

23 So all the indication we have is that we
24 need to continue and right now is not the time to
25 falter. The rebate project, your own investments

1 in charging and fueling infrastructure, as well
2 as other regional and Federal programs are
3 transforming the transportation sector, and again
4 that is becoming a critical strategy for us to
5 meet climate and air quality goals, and as your
6 staff mentioned, the Governor's Zero Emission
7 Vehicle Action Plan.

8 We recognize that consumer demand is
9 going to continue to increase and we are fully
10 aware that we need to examine the program to see
11 to what extent changes are needed to make it more
12 sustainable because, frankly, we don't want to
13 come back here every year asking you for more
14 help.

15 So we look forward to undertaking an
16 examination of the program and obviously your
17 staff, as well as many other stakeholders are
18 going to be invited to participate with us in
19 this program examination. The goal is the same:
20 we want to make sure that we make changes so that
21 we can make this program a continued success
22 because we are certainly not where we need to be
23 in terms of the number of vehicles that we need
24 on the road.

25 So again, my purpose today is to be here

1 on behalf of the Air Resources Board and express
2 our thanks and appreciation and to support the
3 staff proposal, answer any questions you may
4 have, and look forward to continuing working with
5 the CEC. Thank you.

6 CHAIRMAN WEISENMILLER: Thank you. We
7 have a couple of blue cards. Let's start with
8 Leslie Garland.

9 MS. GARLAND: Good afternoon. My name
10 is Leslie Garland, I'm the President and CEO of
11 the Western Propane Gas Association, and I'm here
12 to speak on the million dollar reduction to the
13 Propane line item.

14 I'm proud that over the past few years
15 I've been a member of the AB 118 Advisory
16 Committee and been a small part in the success in
17 helping grow the Alternative Fuel market in
18 California. While I appreciate the difficult
19 choices that must be made with the limited
20 funding through the program, I'm concerned that
21 the million dollar reduction to the Propane
22 Vehicle Incentive Program is not in line with
23 some of the overall goals of the program.

24 In reading the explanation for the
25 Propane incentive reduction, there were two

1 reasons listed, first it cited the modest air
2 quality improvements in greenhouse gas emissions
3 of propane vehicles compared to conventional
4 gasoline and diesel vehicles. In the interest of
5 fairness, if vehicle emissions are going to be
6 used to judge funding opportunities, it needs to
7 be applied across the board to both Propane and
8 Natural Gas Vehicles, draw the line and set a
9 metric for the vehicles that you want to meet.
10 Is it SULEV, is it a specific metric on the ARB
11 Engine Certification? Just let us know.

12 Currently, while there are Propane
13 Vehicles that are certified only to meet the
14 gasoline and diesel standard, there are others
15 that are SULEV or, in the case of the school
16 buses, far exceed the current gasoline and diesel
17 standard. But due to the cost and time required
18 to achieve the ARB certification standards, many
19 companies that are developing Propane and Natural
20 Gas Vehicles, make a strategic decision only to
21 certify to the gasoline and diesel standard,
22 instead of going for the lower standards, which
23 typically require more time and testing and
24 money.

25 If the Commission sets an emission

1 standard for vehicles, it will incentivize, then
2 engine manufacturers can take that into
3 consideration when they're making certification
4 decisions in the future.

5 Second, there was a comment about how
6 the incentive program may have inhibited sales.
7 Since last October, Propane industry
8 representatives met with CEC staff requesting
9 administrative changes to the program in an
10 effort to utilize funding in a more efficient
11 manner. The funding limits on the manufacturers
12 and classes made it difficult for fleets to make
13 large vehicle purchases all at once, so fleets
14 would break up the purchases over a series of
15 months; in other words, people who wanted to buy
16 100 vehicles at a time would basically break the
17 purchases up into 10 or 20 to meet the funding.
18 Yes, some fleets did choose to delay sales
19 because, let's be honest, if your company could
20 get incentive funding, wouldn't you wait and play
21 by the rules?

22 I will point out that last month
23 administrative changes were made on the school
24 bus side and we see what happened, a significant
25 amount of funding was exhausted quickly.

1 I'm grateful for the Commission
2 including the Propane industry in this program.
3 Our vehicles are a valuable part of the equation
4 to move fleets away from gasoline and diesel. I
5 urge the Commission in future Investment Plans,
6 as they are developed, to again include Propane,
7 and we look forward to working with you in the
8 future. Thank you.

9 CHAIRMAN WEISENMILLER: Okay, thank you.
10 Eric Bates.

11 MR. BATES: Good afternoon. Thank you
12 for the opportunity to be here. I want to
13 reiterate what Leslie just said. I represent
14 Ralph's CleanTech. We produce dedicated OEM CARB
15 certified propane system on the Ford platform.
16 We appreciate the CEC support over the last
17 couple years.

18 We're here to oppose taking that amount
19 of money away from Propane, as well. You know,
20 if you look at the graph, there's a lot of money
21 up there and we would hope that we could find it
22 somewhere else other than from the Propane pool.
23 I think part of it is timing, if there's been any
24 perceived lack of demand on the Propane side, I
25 think it's timing more than anything, to be

1 honest with you. By October this year, we'll
2 have vehicles up to the 33,000 Jeep W class and
3 more OEM level vehicles available on Propane than
4 any other alternative fuel.

5 We need the CEC money. We're targeting
6 a little over 800 vehicles to put into California
7 this year, 2013, not a huge number, but if we did
8 an emissions savings calculator on those 800 plus
9 vehicles, you're looking at over 50 million
10 pounds of CO₂ reductions, so the emissions
11 benefit is significant with Propane, as well.

12 And obviously we oppose discontinuing
13 funding for Propane altogether in the 2013-2014
14 Program.

15 We've got a lot of vehicles, the demand
16 is surging, you know, we talked about that at the
17 last meeting, I think you look at the agenda item
18 later today and you can see there's a lot of
19 demand for Propane. So we'd like to see that
20 funding come from somewhere else other than
21 Propane. Thank you.

22 CHAIRMAN WEISENMILLER: Thank you.
23 Commissioners, any questions or comments?

24 COMMISSIONER SCOTT: I'd like to make a
25 couple comments. I think I'd like to thank Jim

1 and Jennifer for their great presentations, they
2 were succinct and I think hit all the high points
3 for you. I think the Commission's ability to be
4 flexible and to adjust to changing circumstances
5 is a really important one here, especially in a
6 place where we might have this sort of, perhaps
7 unanticipated, adoption of the electric vehicles
8 that caused the surge that Jim mentioned in the
9 Vehicle Rebate Program, and I think the momentum
10 that's there is important for us to help
11 continue.

12 I think the choices here, I mean, there
13 are no easy choices, it's a little bit painful,
14 but they follow the trends that go with the 2013-
15 2014 Investment Plan that we adopted last month,
16 and I think that's pretty much it. I just also
17 wanted to thank the Air Resources Board for your
18 invitation to join you as you examine your
19 program, and we really look forward to working
20 with you on this in the future, so thanks for
21 that invitation.

22 CHAIRMAN WEISENMILLER: A motion?

23 COMMISSIONER SCOTT: I'll move to
24 approve.

25 COMMISSIONER HOCHSCHILD: Second.

1 CHAIRMAN WEISENMILLER: All those in
2 favor?

3 (Ayes.) This passes 4-0. If someone
4 would get Commissioner McAllister?

5 CHAIRMAN WEISENMILLER: We will now move
6 on to 14, which is Hydrogen Fuel Infrastructure,
7 PON-12-6006. And Tobias Muench, please.

8 MR. MUENCH: Good afternoon, Chairman;
9 good afternoon, Commissioners; good afternoon,
10 everybody. I am Tobias Muench, ARFVTP staff.
11 This is the Alternative and Renewable Fuel and
12 Vehicle Technology Program. This presentation is
13 about California's hydrogen fueling
14 infrastructure.

15 Hydrogen fuel infrastructure is
16 essential to the Hydrogen Fuel Cell Vehicle, FCV
17 market. The Governor's 2013 ZEV Action Plan,
18 that's the Zero Emission Vehicle Action Plan,
19 calls for 1.5 million Zero Emission Vehicles,
20 ZEVs, by 2025. It also calls for 68 hydrogen
21 fueling stations by 2017, and ultimately 100
22 hydrogen fueling stations for full commercial
23 launch.

24 Benefits of Hydrogen Fuel Cell Vehicles,
25 they are zero tailpipe emissions vehicles, they

1 have extended vehicle ranges, comparable with
2 gasoline and diesel vehicles. There is the
3 ability to produce and dispense renewable
4 hydrogen and this provides public health and
5 environmental benefits, very important. The FCV
6 is an alternative zero emission vehicle to meet
7 the goals of the ZEV Action Plan.

8 The Hydrogen Fuel Infrastructure
9 Solicitation, PON-12-606, continues the
10 development of hydrogen transportation fueling
11 infrastructure for California as part of the
12 Alternative and Renewable Fuels and Vehicle
13 Technology Program funding, the ARFVTP. The
14 goals of this solicitation are to expand the
15 network of publicly accessible hydrogen fueling
16 stations, to serve existing and expected Fuel
17 Cell Vehicle population, and to boost innovation
18 in hydrogen fueling. This includes items like,
19 for example, high capacity scalability of fueling
20 stations through modular design, different
21 technologies for renewable hydrogen feedstocks,
22 for example, biogas; and production, for example,
23 advanced fuel cell membranes and electrolyzers,
24 the latest composite reinforced high pressure
25 hydrogen storage tanks, and latest point of sale

1 hydrogen dispenser technology.

2 More about goals of the solicitation,
3 very important -- protection of public health.
4 This technology and fuel eliminates tailpipe
5 emissions. Fuel Cell Vehicles have zero tailpipe
6 emissions. Also, hydrogen production, storage,
7 and dispensing emissions are lower than those of
8 fuels it displaces. Protection of the
9 environment also, hydrogen as transportation fuel
10 and Fuel Cell Vehicle technology has lower
11 greenhouse gas emissions, particularly with
12 renewable hydrogen. High vehicle efficiencies
13 and high miles per gallon equivalence ensure
14 highly effective energy use for transportation.

15 When we were planning on developing this
16 solicitation, four public workshops were held in
17 2012 on June 22nd, June 29th, July 10th, and
18 December 7th. A draft solicitation was issued
19 for public comment on September 7, 2012, and
20 consideration was given to docketed stakeholder
21 comments. Major solicitation elements considered
22 were: station location, station performance,
23 renewable hydrogen requirements, operation and
24 maintenance costs, CEQA compliance, funding
25 levels and match share requirements, market

1 diversity, and the operational date of the
2 stations.

3 The selection process was an open,
4 transparent, and competitive process. Proposals
5 were screened for eligibility in accordance with
6 the solicitation, proposals were scored by a team
7 in accordance with published scoring criteria.
8 Proposals achieving at least a minimum technical
9 score were then recommended for funding.

10 Now, about the results. A total of nine
11 proposals were received, two were disqualified in
12 accordance with the screening criteria. Of the
13 remaining seven, proposals achieved an above
14 minimum technical score and were thus recommended
15 for funding.

16 We are today presenting to the
17 Commission for possible approval of funding the
18 following four projects. The first project is by
19 Linde, a grant amount of \$4.5 million to build
20 three stations, three hydrogen stations, one in
21 Mountain View, one in Cupertino, and one in
22 Foster City. Linde will contribute approximately
23 \$3.1 million in match funding.

24 The second is by Air Products and
25 Chemicals for a grant amount of just under \$3

1 million, \$2,999,172, to build two stations, one
2 in Woodland Hills and one in Mission Viejo. This
3 includes funding for an essential fill facility
4 in Wilmington. Air Products will contribute
5 approximately \$1.6 million in match funding.

6 The third project is by Hydrogen
7 Frontier for a grant amount of \$3 million. They
8 will build one station in Chino if approved.
9 This station would dispense 100 percent renewable
10 hydrogen and it is co-located with a non-road
11 hydrogen station. Hydrogen Frontier will
12 contribute approximately \$1.6 million in match
13 funding.

14 The fourth and last project is by Air
15 Liquide Industrial, U.S. for a grant amount of
16 \$1.5 million. If approved, they will build one
17 station at Anaheim and contribute about \$900,000
18 in match funding.

19 With these current recommended awards,
20 the Energy Commission is doubling the number of
21 market participants in this emerging hydrogen
22 fueling market from two to four. We plan to
23 continue working to identify more station
24 developers so that we can create a functional and
25 competitive hydrogen fueling market in

1 California.

2 With these seven station recommended
3 awards, the Energy Commission has now provided
4 funding for a total of 17 retail fueling stations
5 and one fuel cell bus station. When combined
6 with the eight operational retail stations
7 currently available to the public, this brings
8 our running total to 25 stations as we continue
9 progress toward the 68 stations needed to
10 facilitate commercial launch of Fuel Cell
11 Vehicles in the 2015 to 2017 timeframe.

12 Highlights about the recommended awards.
13 All seven stations will dispense at least 33
14 percent renewable hydrogen, which amounts to a
15 total of approximately 108,000 kilograms of
16 hydrogen transportation fuel per year. One of
17 the stations will dispense 100 percent renewable
18 hydrogen, however, costs for that station are
19 nearly double. This expands the hydrogen fueling
20 network in Northern and Southern California.
21 Stations are expected to be operational by
22 October 30, 2014. Thank you.

23 CHAIRMAN WEISENMILLER: Okay, thank you.
24 Commissioners, what we'll do is take comments and
25 then turn it open for questions for either the

1 commenters or the staff.

2 So let's start with Erik White from the
3 ARB.

4 MR. WHITE: Good afternoon, Chairman and
5 Commissioners. My name is Erik White, I'm the
6 Division Chief of the Mobile Source Operations
7 Division at the Air Resources Board. And let me
8 say it's a pleasure to be here today to express
9 our strong support for the allocation of these
10 stations. We think that this is a very important
11 next step in the deployment of hydrogen fueling
12 infrastructure here in California. And I'll be
13 able to keep my remarks fairly brief today
14 because many of the things I was going to cover,
15 your staff already covered for me in terms of the
16 important health benefits that these stations
17 will provide, the innovation and the technologies
18 that these projects will bring to the
19 marketplace, and the new market participants that
20 will be coming to California in responses. We
21 think those are all very important steps as we
22 look to round out the hydrogen infrastructure
23 here in California to support the market-scale
24 deployment of Fuel Cell Vehicles here in the 2015
25 and beyond timeframe.

1 So one thing I did want to emphasize is
2 we certainly appreciate the public process that
3 your staff went through. We've worked very
4 closely with them and we've seen many of the
5 stakeholders in this process, worked closely with
6 them to develop proposals that we think are
7 models for moving forward on developing,
8 identifying and granting for hydrogen stations
9 moving forward. So we certainly would encourage
10 you and the staff to continue to build on that
11 model so that the stations that do come in are
12 stations that are going to be here for a very
13 long time to support the vehicles that are
14 coming.

15 And while I'm up here, if I could just
16 take an opportunity to also comment on the next
17 agenda item, which is the funding for the South
18 Coast Air Quality Management District, as well,
19 and express our strong support for that funding,
20 too, to ensure that existing hydrogen stations in
21 Southern California can continue in operation and
22 be operated to support the full roll-out of the
23 stations, the hydrogen stations that we are
24 looking for in support of the vehicle deployments
25 that are coming. So thank you very much.

1 CHAIRMAN WEISENMILLER: Thank you.

2 Let's go next to Bonnie Holmes-Gen.

3 MS. HOLMES-GEN: Good afternoon,
4 Chairman Weisenmiller and members of the
5 Commission. I'm Bonnie Holmes-Gen with the
6 American Lung Association in California and I'm
7 very pleased to be here. The American Lung
8 Association, as you know, I hope, has been a very
9 strong supporter of the AB 118 program, and of
10 course we are strongly supporting moving forward
11 on this Investment Plan this year and we are
12 strongly supportive because of the critical
13 importance of transforming our vehicles and fuels
14 in California. We have our focus, very strong,
15 on the need to get clean air in California, to
16 improve health of people across the state,
17 especially those with asthma and other lung
18 diseases that are suffering. And we believe that
19 this transformation of our fuels and vehicle
20 technologies in California is critical to clean
21 air.

22 So we are supporting you moving forward
23 with this group of solicitations. We are pleased
24 to see these proposals and that there is a focus
25 on renewable hydrogen, at least one of these

1 stations is 100 percent renewable, I think that's
2 a great step forward. We are very focused on the
3 goal of trying to get hydrogen stations on line
4 in California so we can support the thousands of
5 vehicles that are coming on line, we know, in the
6 next couple of years. And our goal, again, as
7 the ARB stated, we want to get to zero emissions
8 as quickly as possible, and we believe that this
9 hydrogen pathway is critical to moving toward the
10 clean low carbon alternative fuels that are going
11 to help us meet our air quality and climate
12 goals.

13 I just wanted to also express
14 appreciation for your action just now to make
15 additional CVRP funds available, we are
16 definitely very supportive of that, with those
17 consumer incentives, they're certainly important
18 as Commissioner Scott said in terms of continuing
19 this momentum forward on Plug-In Vehicles in
20 California, getting consumers excited, and we
21 also wanted to express support for the South
22 Coast Air District Hydrogen Fueling Station
23 solicitation. Thanks for the time.

24 CHAIRMAN WEISENMILLER: Great. Thanks a
25 lot for coming. Simon.

1 MR. MUI: Good afternoon, Commissioners.
2 Thank you for the opportunity to testify. I'm
3 Simon Mui with the Natural Resources Defense
4 Council. I help direct our California Vehicles
5 and Fuels Program. I wanted to come here to
6 support CEC's AB 118 investments, particularly
7 around expanding Californians' consumer choices
8 for fueling.

9 You know, if I came to you just five
10 years ago, I would be talking about there being
11 about 10 clean vehicles on the market that got
12 over 30 miles per gallon; today there are over 60
13 different models offered to consumers that are
14 clean, that get over 30 miles per gallon, and
15 many of those alternatives fuels, thanks to
16 investments by many of the automakers here today,
17 thanks to our State GHG emissions standards, as
18 well as national fuel economy standards that have
19 driven this.

20 But let's take a snapshot of the
21 alternative fuels market today about our fueling
22 choices. We now are expanding our vehicle
23 choices, but what about our fueling choices?
24 Statewide, there are about 10,000 stations that
25 provide gasoline and diesel, probably over 80,000

1 gasoline and diesel pumps throughout the state,
2 yet let's take a guess at how many hydrogen
3 fueling stations or alternative fuel stations
4 there are in the state. Anyone take a guess?
5 It's probably on CEC's fun facts almanac. There
6 are probably about 26 public and private hydrogen
7 fueling stations currently. That's a very
8 limited quantity if we want to move to a mass
9 market that programs like the CVRP, our state
10 policies are taking us.

11 So we know that we have clean fuel
12 choices coming down the road, we have a lot of
13 clean vehicle choices, as well, but we do need to
14 keep up the investments in this direction to
15 start breaking through that petroleum dependency.
16 And, you know, we'll talk a little bit -- Bonnie
17 talked a little bit about the environmental
18 benefits, I think others have, as well, some of
19 these stations providing things like renewable
20 feedstocks for hydrogen production, they will
21 virtually eliminate lifecycle emissions from the
22 vehicle going forward, and that's a wonderful
23 thing in order to meet our GHG reduction goals,
24 and it's a wonderful thing in terms of meeting
25 our air quality attainment goals. So NRDC fully

1 supports CEC going forward with AB 118 funding
2 requests. Thank you.

3 CHAIRMAN WEISENMILLER: Thank you.
4 Thank you for being here. Matt Forrest.

5 MR. FORREST: Hello, I'm Matt Forrest
6 and I'm with Mercedes Benz, Research &
7 Development, North America. First, let me begin
8 by thanking the Commission for their support in
9 establishing the initial hydrogen network in
10 California. Your commitment to the network is
11 crucial to preparing the market for Fuel Cell
12 Vehicles and retail hydrogen stations, and we
13 appreciate having you as a partner.

14 We believe that the funds that are being
15 invested in the seven awarded stations in this
16 latest PON are being invested wisely. These
17 stations will add significant coverage to the
18 existing hydrogen station network and add
19 tremendous value to our customers, especially
20 those in the San Francisco Bay Area.

21 As you know, we announced our first Fuel
22 Cell Vehicle will be coming to the market in
23 2017. The purchase decision of the customers
24 buying these vehicles will be heavily influenced
25 by the work that my company, the CEC, and other

1 stakeholders do between now and that time. We
2 hope that the CEC will continue to show its
3 leadership and commitment to the hydrogen
4 infrastructure development process, and make
5 every effort to support our early market Fuel
6 Cell Vehicle customers. Thank you.

7 CHAIRMAN WEISENMILLER: Thank you. Gil
8 Castillo.

9 MR. CASTILLO: Good afternoon. Thank
10 you for having me. My name is Gil Castillo and I
11 represent Hyundai Motor America. I serve as the
12 Senior Group Manager for our Alternative Vehicle
13 Strategy Department. Hyundai Motor America is
14 the sales arm of Hyundai Motors and we have our
15 U.S. headquarters down in Southern California in
16 Fountain Valley.

17 I'm here to briefly thank the CEC for
18 the work that it is doing to promote and help
19 establish the hydrogen refueling network and to
20 reinforce how important this network is to
21 companies such as Hyundai to be able to bring
22 Fuel Cell Vehicles to California and consumers.

23 For those who may not be aware, Hyundai
24 considers fuel cell technology to be one of our
25 key components for our long term CO₂ reduction

1 strategy. Hyundai strongly believes that Fuel
2 Cell Vehicles are one of the best options for
3 reducing tailpipe emissions by providing
4 consumers a no compromise experience in terms of
5 real world driving range and performance, quick
6 refueling time, and vehicle size scalability.

7 To reinforce our commitment in Fuel Cell
8 technology and our confidence in our Fuel Cell
9 design and capability, Hyundai recently started
10 small scale production of the Hyundai Tucson Fuel
11 Cell Vehicle in Korea earlier this year, with the
12 ability to manufacture 1,000 vehicles through
13 2015. Up to now, the focus has been to deliver
14 these vehicles to Korea and Europe, where long
15 term refueling infrastructure plans are in place
16 and stations are being developed.

17 In the U.S. and obviously specifically
18 in California, the passage of AB 8 and SB 11, as
19 well as the continued focus on AB 118, will go a
20 long way to promote or provide the infrastructure
21 certainty that our executives are looking for to
22 be able to bring Fuel Cell Vehicles sooner,
23 rather than later. In addition, by working with
24 the various stakeholders, the CEC is helping
25 assure that the time it takes to bring stations

1 on line is constantly improved and that stations
2 are deployed in a matter that best promotes
3 customer demand. So thank you once again and
4 here at Hyundai we look forward to continue to
5 work with the CEC.

6 CHAIRMAN WEISENMILLER: Thank you for
7 being here. Matt McClory.

8 MR. MCCLORY: Good afternoon. My name
9 is Matt McClory with Toyota Motor, Toyota Motor
10 Manufacturing and Engineering, North America, I'm
11 based in Los Angeles. And I appreciate the
12 opportunity to speak here, so thank you,
13 Commissioners and Chair Weisenmiller.

14 On behalf of Toyota, we sincerely
15 appreciate the significant effort of staff and
16 the Commissioners to produce the recent
17 solicitation and the numbers of proposed award
18 under the hydrogen fueling infrastructure. And
19 in addition, if you can indulge me also on Agenda
20 Item 15 also, we strongly support the funding
21 proposal to the South Coast Air Quality
22 Management District to upgrade and maintain
23 existing fueling stations towards build-out of an
24 expansive and robust network.

25 At Toyota, we feel that Hydrogen Fuel

1 Cell Vehicles is the best pathway forward into
2 the future to replace convention vehicle
3 performance while providing zero emissions at the
4 tailpipe, allowing a reduction in the carbon
5 intensity of the transportation fuel and then
6 allowing an opportunity to build out a
7 sustainable renewable fueling infrastructure for
8 the future.

9 We have already begun construction of
10 our Fuel Cell Vehicle production line and related
11 facilities in Japan, and volume agreements with
12 our supply chain partners, and this is towards
13 our plan for a global market launch in the 2015
14 timeframe. In addition to that, our staff and
15 the Southern California region of offices, both
16 engineers and sales and planning members, are
17 working right now towards that date, as well. So
18 towards this, we will continue to work with
19 Government and industry stakeholders here in
20 California and in the countries where fueling
21 infrastructure is planned in order to support our
22 vehicle launch planning. And we feel that
23 California is one of the most important markets
24 for Fuel Cell Vehicles and the progress to build
25 this market here may become a reference globally.

1 For this Notice of Proposed Award, we
2 strongly support the balanced approach for the
3 selection of new market station sites for new
4 station sites and net markets in the San
5 Francisco Bay Area, in addition to expanding the
6 network within Southern California. In addition,
7 we support that the station technology selected
8 provides a combination of the lowest cost to the
9 customer from a fuel cost standpoint, or a fuel
10 price standpoint, as well as to the retailer and
11 the hardware provider for that equipment. And in
12 addition, this combination allows for an
13 opportunity for a larger station network and key
14 environmental benefits. And I'd like to
15 underscore also that the retail sales and fleet
16 sales are going to be driven by that expansive
17 network.

18 In conclusion, we look forward to
19 support the CEC towards assuring that the station
20 network buildout is consistent with our
21 expectation for sales market and provides the
22 best possible experience for the customer. Thank
23 you.

24 CHAIRMAN WEISENMILLER: Thank you.
25 We're now going to transition to people on the

1 phone. Bob Oesterrich from Air Liquide.

2 MR. OESTERRICH: Good afternoon. --
3 Director of Hydrogen Energy. I'd like to thank
4 the Commissioners and Chairman for the
5 opportunity and considering Air Liquide and our
6 hydrogen station in Anaheim. We really
7 appreciate the opportunity to be part of the
8 clean California Alternative Fuel and Technology
9 Program. And Air Liquide looks forward to
10 developing its own hydrogen fueling network
11 within the state, this will allow us to further
12 expand our footprint throughout the world, and we
13 look forward to this project in helping the state
14 meet its zero emission vehicle goals. Thank you.

15 CHAIRMAN WEISENMILLER: Thank you.

16 Let's go to Robert Bienenfeld, Honda.

17 MR. BIENENFIELD: Hi. Thank you very
18 much, Mr. Chairman and Commissioners. I'm Robert
19 Bienenfeld, Assistant Vice President of American
20 Honda Motor Company. I'm also Vice Chair of the
21 California Fuel Cell Partnership and I represent
22 the partnership on the Energy Commission's AB 118
23 Advisory Panel.

24 First, thank you for allowing me to
25 participate by phone here, I'm sorry I couldn't

1 be there. And I hope some of you had a chance to
2 see and drive some of the Fuel Cell Vehicles on
3 display there today.

4 The State of California has set
5 ambitious goals to reduce carbon emissions
6 dramatically by 2050 and has set regulations
7 based on these policies, and the Zero Emission
8 Vehicle Regulation by the State of California has
9 inspired the creation of the California Fuel Cell
10 Partnership and the collaboration of its members
11 to bring Fuel Cell Vehicles to market. Towards
12 that end, the Partnership, working with
13 automakers and fuel providers and other
14 interested parties, and the CEC, developed and
15 published its roadmap document on what
16 infrastructure is necessary to bring Fuel Cell
17 Vehicles to market. This roadmap has been
18 consulted and referenced by the Governor in its
19 ZEV Executive Order and by Energy Commission
20 staff in the development of this PON.

21 Automakers around the world are looking
22 to reduce their carbon footprint and we're
23 working on a number of fronts. Conventional
24 vehicles are getting more efficient every year,
25 as Simon mentioned, we're introducing more and

1 more hybrid and plug-in hybrid and electric
2 vehicles every year. But fuel cells have the
3 potential to dramatically reduce CO₂ emissions
4 and reach a broader market than other technology
5 solutions.

6 Automakers are planning to bring FCVs to
7 market in significant volumes beginning in the
8 next few years, and the infrastructure must be in
9 place before these plans can be solidified.
10 Honda, Daimler, Toyota, and Hyundai have all
11 announced plans to bring vehicles to the market
12 in the 2015 to 2017 timeframe. But in our
13 previous pre-commercial efforts, meaning from
14 2008 through 2012, even this year, some vehicles
15 have languished in the parking lot waiting for
16 infrastructure. So as we move forward to the
17 larger volumes anticipated in the future
18 timeframes, it is essential that hydrogen
19 infrastructure commitments be undertaken.

20 As a California Fuel Cell Partnership
21 representation on the AB 118 Advisory Committee,
22 I'm in support of this PON and I believe that all
23 of the automakers in the Partnership are, as
24 well. I'd also like to add that American Honda
25 supports this investment and both Agenda Items 14

1 and 15, the agreement to work with South Coast to
2 upgrade existing stations. Thank you very much.

3 CHAIRMAN WEISENMILLER: Thank you.

4 Let's go to Angela Das of PowerTech. Okay, let's
5 try Hydrogen Frontier?

6 MR. POPPE: Can you hear me?

7 CHAIRMAN WEISENMILLER: Yes.

8 MR. POPPE: Hi. My name is Dan Poppe.
9 I'm with Hydrogen Frontier. First, I'd like to
10 thank the staff at CEC, ARB, and South Coast Air
11 Quality Management District for this important
12 hydrogen infrastructure program. I'm happy to be
13 a participant in this exciting development of
14 hydrogen fueling infrastructure and be a part of
15 the ability to promote California as a lead in
16 this technology.

17 As a current operator of a Burbank
18 hydrogen station with an up time of 99 percent
19 for the year 2012, I look forward to the
20 opportunity and the challenge of a 100 percent
21 renewable hydrogen fueling facility. Thank you.

22 CHAIRMAN WEISENMILLER: Great. Let's go
23 on to Steve Eckhardt of Linde.

24 MR. ECKHARDT: Good afternoon. This is
25 Steve Eckhardt, Program Manager for Hydrogen

1 Fueling for Linde North America. First off, I'd
2 like to extend on behalf of Linde our
3 appreciation for the Energy Commission
4 recognizing the proposals we submitted for the
5 three hydrogen fueling stations in Silicon
6 Valley, South Bay. We believe these stations are
7 critical to extending the footprint in the Bay
8 Area, where there is one station now, and
9 providing the Bay Area with more fueling
10 stations.

11 I'd also like to recognize and commend
12 the very hard work by the staff of the CEC, staff
13 and management of CEC, the public sessions that
14 were held last year were outstanding, I think
15 they generated a lot of great debate, and
16 certainly gave everybody an opportunity to
17 provide their insight and input into the process.

18 And finally, I'd like to just comment on
19 and extend commendation, I think, really to the
20 CEC all the way from the Commissioners on down to
21 the staff for the vision you're taking in
22 supporting and funding the hydrogen fueling
23 stations. Vision is needed to get up these
24 stations, the current ones, as well as continuing
25 the vision in deploying a sufficient number of

1 stations in the future so we can reach the
2 critical mass in enabling consumers to
3 confidently buy vehicles knowing that there is
4 sufficient fueling infrastructure available.
5 Linde is excited about progressing with these
6 stations and adding to the three public fueling
7 stations that we already have or are in the
8 process of building, and I'm excited to be a part
9 of the program. Thank you.

10 CHAIRMAN WEISENMILLER: Okay, thank you.
11 Steve Jones.

12 MR. JONES: Hi. This is Steve Jones,
13 Business Development Manager at ITM Power. First
14 of all, I'd like to reiterate the other speakers'
15 thanks to the CEC and the Commission for their
16 support of the hydrogen program. I represent a
17 company that is involved in Hydrogen Frontier's
18 bid for a 100 percent renewable station, so I'd
19 just like to extend thanks to the CEC for
20 supporting a diverse range of hydrogen production
21 and looking at rolling out 100 percent renewable
22 hydrogen stations as a stepping stone to where we
23 all need to be, which is not only having the
24 vehicles as zero carbon emitting, but also where
25 the hydrogen actually comes from. So I think

1 it's a step in the right direction and I'm very
2 thankful for the CEC for recognizing that. Thank
3 you.

4 CHAIRMAN WEISENMILLER: Thank you. Let
5 me try one more time for Angela Das, PowerTech.

6 MS. DAS: Hi. I represent PowerTech
7 Labs. We're happy to be working with Hydrogen
8 Frontier on this 100 percent renewable hydrogen
9 fueling station, and we'd like to thank CEC for
10 their support. Thank you.

11 CHAIRMAN WEISENMILLER: Thank you. We
12 have one more person in the room. Ed Heydorn
13 from Air Products.

14 MR. HEYDORN: Good afternoon, Mr.
15 Chairman and Commissioners. I'm Ed Heydorn,
16 Business Development Manager with Air Products.

17 I wanted to thank you and your staff for
18 the ongoing support for the development of
19 hydrogen fueling infrastructure in California.
20 Without a program like AB 118, the type of
21 infrastructure that we're developing and others
22 are trying to place in the marketplace would not
23 happen. We're trying to provide a pathway for
24 the development of stations that would meet the
25 requirements for customers for automakers to

1 allow for the successful launch of Hydrogen Fuel
2 Cell Vehicles in the marketplace, beginning in
3 the 2015 timeframe. Air Products is continuing
4 innovation in this area and, in particular, we
5 announced yesterday the development of a fully
6 integrated hydrogen dispenser system for use in
7 the retail marketplace with a gasoline pump
8 manufacturer, so it's another one of the
9 developments that we're trying to bring to the
10 marketplace to allow for consumer acceptance of
11 the entire fuel cell experience with vehicles,
12 not just the car, but the fueling infrastructure.
13 So, again, thank you and to your staff for your
14 ongoing support.

15 CHAIRMAN WEISENMILLER: Certainly thank
16 you for being here. I think with that,
17 Commissioners, do people have questions or
18 comments? I believe we've had all the public
19 comments. I spoke too soon. Mr. Budd?

20 MR. BUDD: Good afternoon. Can you hear
21 me?

22 CHAIRMAN WEISENMILLER: Yes, we can.

23 MR. BUDD: Thank you. So my name is
24 Geoff Budd. I am the representative of ITM Power
25 in the United States.

1 I would just like to extend my thanks
2 and appreciation to the CEC staff for the support
3 they have provided in terms of the award of the
4 funding, the proposed award of the funding for
5 the stations involved. I reiterate my
6 colleagues' statements, namely Steven Jones, in
7 terms of moving forward with the opportunity of
8 providing a 100 percent renewable option for the
9 installation of a hydrogen dispenser unit in
10 California. Thank you.

11 CHAIRMAN WEISENMILLER: Thank you. So
12 with that --

13 COMMISSIONER SCOTT: Hi. With your
14 indulgence, I would like to make a few
15 overarching comments just because there's --
16 okay, terrific. Items 12 through 16 and 18
17 through 22 are all about the Commission's
18 Alternative and Renewable Fuel and Vehicle
19 Technology Program, and so I just wanted to make
20 a few overarching comments to tie all of these
21 agenda items together. I know as you, my fellow
22 Commissioners know and folks around the room that
23 this program invests up to \$100 million and that
24 we have an Investment Plan that explains how the
25 money will be spent. As far as I know, no other

1 state has a program like this, and so it's really
2 exciting. We have the opportunity here before us
3 -- this is all about transforming our
4 transportation sector, and that's really
5 important in terms of meeting our climate goals
6 and our clean air goals because, as you all know,
7 transportation is one of the single largest
8 sources of greenhouse gas emissions in the state
9 and also in smog forming pollutants in the state.
10 So this program to me is about fostering
11 innovation, advancing technologies, and keeping
12 California where we're used to being which is on
13 the leading edge of all of this type of clean car
14 technology.

15 And so the projects and the grants that
16 we've talked about, and that we will continue to
17 hear about through the afternoon, span across
18 nearly every category that we've highlighted in
19 our Investment Plan, and whether it's supporting
20 infrastructure for the hydrogen fueling, which is
21 a very important component, or natural gas
22 fueling, or additional charging stations, whether
23 it's helping us speed the transition to cleaner
24 fueled vehicles, you know, incentivizing the
25 early adopters of electric vehicles, or replacing

1 the older higher polluting school buses, or other
2 vehicles with cleaner technologies, and just
3 continuing to invest in alternative fuels
4 technologies and manufacturing, or whether it's
5 things like to demonstrate innovative projects
6 like the Vehicle to Grid project that we talked
7 about before. So I just wanted to put all of
8 this into a slightly broader context for all of
9 us, and that's what's kind of coming up
10 throughout the afternoon. And since I have the
11 mic for a minute, I just wanted to thank our
12 Transportation team for all of their great work
13 in shepherding the projects that we have talked
14 about and will continue to talk about this
15 afternoon through our Business Meeting today, and
16 I know that there's been some nights and weekends
17 in getting that done, and I appreciate all of the
18 hard work. There's a lot of work and thought and
19 care and detail that goes into each of these that
20 we may end up going through relatively quickly,
21 but I just wanted to make sure that we
22 acknowledged that.

23 CHAIRMAN WEISENMILLER: -- the cars
24 outside.

25 COMMISSIONER SCOTT: Oh, thank you for

1 the reminder. And thank you so much for bringing
2 those cars for the outside -- I hope folks around
3 the audience had a chance to ride and drive
4 those, I know many of us did, as well, and they
5 were great fun and it's good to see the vehicles
6 here, you know, they're here today, these are
7 real. And so we appreciate you bringing them by
8 and enjoyed the opportunity to ride and drive
9 them.

10 CHAIRMAN WEISENMILLER: Commissioners,
11 any other questions or comments?

12 COMMISSIONER DOUGLAS: Well, just as a
13 brief comment, I wanted to say that I am reminded
14 yet again of how great it is to have Commissioner
15 Scott on board and fully focused on some of the
16 transportation and AB 118 implementation issues
17 that we've been working on for years. I've had
18 the opportunity from time to time, my first two
19 years on the Commission, and briefly in sort of
20 an interim capacity with the Chair more recently,
21 to dive into these issues and that has given me
22 enough experience to know just how complex and
23 challenging and critically important they are,
24 and also to clearly have a perspective on how
25 much work goes into the Investment Plan and the

1 specific solicitations and the grants that come
2 out of the solicitations. So I definitely join
3 you in all of your comments.

4 COMMISSIONER SCOTT: I'll move to
5 approve.

6 COMMISSIONER MCALLISTER: I'll second.

7 CHAIRMAN WEISENMILLER: All those in
8 favor?

9 (Ayes.) This passes unanimously.
10 Thanks.

11 CHAIRMAN WEISENMILLER: Let's go on to
12 the next item, which will be Item 15. South
13 Coast Air Quality Management District. This is
14 an agreement -- Phil Cazal.

15 MR. CAZEL: Good afternoon. My name is
16 Phil Cazal from the Emerging Fuels and
17 Technologies Office. The contract I'm presenting
18 for approval today, along with the following two
19 items, are projects that will be carried out by
20 the South Coast Air Quality Management District.

21 Matt Miyasato, Deputy Executive Officer
22 for Science and Technology Advancement, and
23 Dipankar Sarkar, the Technology Demonstration
24 Manager, are here today representing the Air
25 District. This District covers all of Orange

1 County and the highly populated urban portions of
2 Los Angeles, Riverside, and San Bernardino
3 Counties, and includes 16.8 million people,
4 almost half the population of the State of
5 California.

6 The Air District is responsible for
7 controlling emissions and enforcing standards for
8 mobile sources established by State or Federal
9 agencies such as the California Air Resources
10 Board and the U.S. Environmental Protection
11 Agency. They are tasked with protecting public
12 health from air pollution through the
13 implementation of numerous comprehensive programs
14 that include planning, regulation, and technology
15 advancement, while receiving less than nine
16 percent of their yearly budget from State or
17 Federal grants.

18 The next three projects presented for
19 approval today will support California's Zero
20 Emissions Vehicle Program and the Low Carbon Fuel
21 Standard by funding the development and
22 demonstration of heavy-duty electric trucks used
23 for goods movement in dense urban areas, the
24 development of advanced natural gas engines for
25 heavy-duty vehicles, and the assessment and

1 potential upgrade of public hydrogen fueling
2 stations.

3 Item 15 is a request for possible
4 approval of Contract No. 600-12-018 for the South
5 Coast Air Quality Management District to assess,
6 refurbish, and upgrade existing publicly
7 accessible hydrogen fueling stations in
8 California. If approved, the Energy Commission
9 will provide \$6,690,828 in Alternative and
10 Renewable Fuel and Vehicle Technology Program
11 funds.

12 This contract will direct the South
13 Coast Air Quality Management District to conduct
14 an assessment of the existing public hydrogen
15 fueling stations describing each station's
16 functionality and performance, as well as a
17 reasonable prediction of each station's life
18 expectancy, both before and after proposed
19 upgrades are performed. The results of this
20 assessment will be published in a public report.
21 The Air District will then develop, release, and
22 manage a competitive solicitation to fund
23 equipment upgrades at existing public stations
24 and seek competitive bids from companies that
25 will provide the refurbishment and upgrade work.

1 Testing and evaluation of the upgraded
2 hydrogen fueling and dispensing equipment will
3 then be coordinated by the Air District in order
4 to ensure that the upgrades meet the minimum
5 acceptable standards. The upgraded stations will
6 include state-of-the-art meters capable of
7 dispensing hydrogen by the kilogram, and will
8 allow customers to purchase hydrogen fuel by
9 using a point of sale credit card reader.

10 Each station will be able to dispense
11 hydrogen at acceptable standards and performance
12 levels based on the needs, rates, and volumes
13 required for that station to meet its market
14 demand.

15 Finally, this contract will require the
16 Air District to develop three public best
17 practice documents based on the experience
18 gleaned from the efforts carried out through this
19 contract. The publications will individually
20 address the differing technologies and systems
21 used by hydrogen fueling stations and include
22 hydrogen fuel electrolyzer technology, hydrogen
23 fuel steam methane reforming technology, and
24 hydrogen fuel generated offsite and delivered by
25 tube trailer.

1 This contract will strengthen the
2 state's hydrogen fueling infrastructure network
3 by allowing existing stations to remain open and
4 functional to ensure a reliable supply of
5 hydrogen fuel in areas of planned Fuel Cell
6 Vehicle deployment.

7 Staff is requesting the Commission's
8 support and approval of this proposed contract.

9 CHAIRMAN WEISENMILLER: I was going to
10 ask the gentlemen from the South Coast, Matt?
11 Please step forward.

12 MR. MIYASATO: Thank you, Chairman,
13 Commissioners. For the record, Matt Miyasato,
14 the Deputy Executive Officer for Science and
15 Technology Advancement of the South Coast AQMD,
16 Air Quality Management District. I'm very
17 pleased to be here, I'm happy to be working with
18 your staff. I also want to thank Phil for
19 granting us mobile source authority because
20 that's something we've been trying to get for a
21 long time -- that's a joke. We don't actually
22 have any regulatory authority over mobile
23 sources, only stationary sources, but that is the
24 prime reason we have such an aggressive research
25 and development, demonstration and early

1 deployment plan such as hydrogen infrastructure.

2 I'm here on behalf of our Executive
3 Officer, Dr. Barry Wallerstein, and our Governing
4 Board to thank the Commission for your
5 leadership, in particular in this area along with
6 your AB 118 program. Your leadership in
7 providing these technologies shows that you can
8 garner co-benefits with these technologies, not
9 just for reducing greenhouse gas emissions and
10 petroleum displacement, which is really the core
11 of your program, but to reduce -- which is our
12 major focus -- criteria pollutants and toxics, as
13 well. And so we think our continued partnership
14 really shows that co-benefits are possible.

15 We have a long history of working with
16 the Energy Commission, you may or may not know
17 this, but back in the mid-2000's you co-funded
18 our Five Cities Program, our five hydrogen
19 station programs where we converted Priuses to
20 run on hydrogen. And then more recently, we
21 helped co-fund your early first round of grants
22 for AB 118 Hydrogen Infrastructure. And our
23 station at the AQMD headquarters in Diamond Bar
24 will be one of the first benefactors of that
25 grant where we're upgrading our station to the

1 higher pressure for Fuel Cell Vehicles.

2 So that being said, we have a long
3 history of working with you. We recognize it's
4 not always easy to support hydrogen, and so we do
5 applaud your leadership and these are the types
6 of technologies and leadership and policy
7 decisions that need to be made if we're going to
8 evolve and transform our transportation sector,
9 as Alberto Ayala had mentioned, and other
10 speakers.

11 So in closing, let me just applaud the
12 Commission for your leadership and, frankly, your
13 trust in the South Coast to implement your
14 vision. We are willing partners and we are
15 certainly going to work hand in hand with your
16 staff to make sure that we do this in the most
17 efficient and beneficial way for both of our
18 agencies. I think the program is a model for how
19 the State Government can work with Regional
20 Governments and we urge you to approve the staff
21 recommendation to award these funds not only on
22 this, but in the subsequent items on your agenda.
23 Thank you.

24 CHAIRMAN WEISENMILLER: Thank you.

25 Commissioners, questions or comments?

1 COMMISSIONER MCALLISTER: I wanted to
2 just follow-up quickly on those comments. I
3 really appreciate your calling out that State
4 Regional cooperation because -- and we're talking
5 about transportation right now, but with energy
6 efficiency and other types of programs that have
7 an energy component, but that also have some
8 emissions associated with them, I think there are
9 a lot of potential opportunities there and would
10 really just commend South Coast for being truly
11 innovative because, as you've suggested, the sort
12 of limits of your formal jurisdiction aren't
13 going to really get you all the way there to the
14 final goal, and as transportation and mobile
15 sources are a bigger piece of the problem and
16 there are other problems out there we're trying
17 to address as a state, I think there is no other
18 pass than a really tight collaboration in sharing
19 vision and leveraging where we all are heading in
20 the same direction. So I wanted to just thank
21 you for those comments and reiterate them.

22 COMMISSIONER SCOTT: I'll move Item 15.

23 COMMISSIONER DOUGLAS: Second.

24 CHAIRMAN WEISENMILLER: All those in
25 favor?

1 (Ayes.) Item 15 passes unanimously.

2 CHAIRMAN WEISENMILLER: Let's go on to
3 Item 16. South Coast Air Quality Management
4 District. This is another agreement. Isaiah
5 Larsen, please.

6 MR. LARSEN: You can just go to the
7 second slide on the second item. Thank you.
8 Good afternoon, Chairman and Commissioners. My
9 name is Isaiah Larsen and I'm with the Emerging
10 Fuels and Technologies Office. Staff requests
11 your approval for Agreement 600-12-11 which is a
12 \$1,600,000 contract with the South Coast Air
13 Quality Management District using funding from
14 the Alternative and Renewable Fuel and Vehicle
15 Technology Program under AB 118.

16 Despite major advances in emissions
17 performance, heavy-duty diesel trucks operating
18 in dense urban areas continue to face pressure to
19 achieve lower emission operation. The South
20 Coast Air Quality Management District has
21 identified the development and deployment of zero
22 emission goods movement transportation systems as
23 one of the agency's top priorities in order to
24 attain Federal air quality standards.

25 Zero emission transportation and goods

1 movement technologies are also being proposed in
2 the Southern California Association of
3 Governments 2012 Goods Movement Appendix to the
4 Regional Transportation Plan, as well as the
5 Joint CARB, South Coast, and San Joaquin Valley
6 Air Pollution Control District "Vision for Clean
7 Air: A Framework for Air Quality and Climate
8 Planning."

9 Zero emission truck lanes are being
10 considered for the I-710 Freeway expansion, which
11 is an approximately 20-mile north to south trade
12 corridor. The proposed heavy-duty electric truck
13 pantograph retrofit project will provide five
14 Class 8 trucks with the Siemens Pantograph System
15 technology. When entering road corridors with
16 overhead catenary lines, the pantograph system
17 will verify the proximity of the catenary contact
18 lines and allow the driver to raise the
19 pantograph from within the cab of the truck at
20 the appropriate time. Upon leaving the catenary
21 lane, the pantograph will automatically retract,
22 allowing the truck to switch seamlessly from
23 overhead electrical power to onboard power at on-
24 road speeds. And that's a picture of the system
25 on a test track in Germany.

1 This project will design vehicle
2 electrical systems, manufacture electrical and
3 electronic modules, and components for the
4 integration of the pantographs into a variety of
5 hybrid and electric vehicle architectures. The
6 purpose of the project is to develop and test the
7 pantograph systems in the laboratory and to
8 facilitate the eventual connection to a catenary
9 system on a test track. The project will also
10 facilitate the eventual demonstration of vehicles
11 and pantograph systems in real world drayage
12 operations on a catenary system.

13 I respectfully ask for your approval of
14 this contract agreement and would be glad to
15 answer any questions that you have. Thank you.

16 COMMISSIONER SCOTT: Isaiah, will you
17 tell us a little bit more about the actual
18 pantograph piece? You guys gave me a briefing,
19 but it might be helpful for the fellow
20 Commissioners and folks around to understand
21 exactly which part that is.

22 MR. LARSEN: So the pantograph itself is
23 a proprietary Siemens technology that basically
24 anchors onto the top of the cab of the truck, and
25 I'm not an expert on the technology, it is a

1 proprietary -- it is Siemens' technology that no
2 one else in the world has really been developed.
3 Unlike the light rail pantographs that you see,
4 you know, out here in the downtown area, these
5 are just for movement with the trucks, so not
6 only can they raise and lower, but as the truck
7 moves side to side, they can adjust for that
8 lateral movement and continue to draw power from
9 the catenary line, which is also connected to
10 various power sources at dedicated integrals
11 throughout the system. So the pantograph is
12 essentially an interface between the overhead
13 power lines and the electrical components within
14 the vehicles, themselves. So that's the general
15 gist of it, yeah.

16 CHAIRMAN WEISENMILLER: Okay, South
17 Coast?

18 MR. MIYASATO: Thank you again, Chairman
19 Weisenmiller and Commissioners. So, again, Matt
20 Miyasato, the Deputy Executive Officer for
21 Science and Technology Advancement at the South
22 Coast AQMD. As you know, goods movement and
23 especially heavy-duty diesel trucks are the
24 number one NO_x contributor to our air quality
25 problem in the basin. If we have any hope of

1 meeting the Federal standard by 2015, we have to
2 reduce NO_x emissions across the board by 60
3 percent; in 2023, that number rises to 80
4 percent. So we have to take all essential
5 combustion sources and reduce those emissions,
6 goods movement being the primary bad actor that
7 we're tackling first. This project actually
8 helps us do that by providing the potential for
9 goods movement with zero emission miles. So
10 there's two ways you can reduce emissions, you
11 can get it to what we call PDC, or Pretty Darn
12 Close to zero, or you can go to zero emission
13 miles where you have zero emissions along
14 corridors, especially in communities that are
15 highest impacted by these types of technologies,
16 and that's what this project will help us do. So
17 the intent is to have this project, demonstrate
18 the technology, we're developing a test track
19 that is near the ports, the second phase of that
20 would be to develop the full route from the
21 marine terminals to the railhead, and that's
22 about a five-mile jaunt, this is only for the
23 first part to develop the technology, do one-mile
24 test track, and we're doing five different
25 trucks, three different architectures. So we

1 certainly appreciate your help in transforming
2 the goods movement sector to be very clean and
3 zero emissions. So with that, we urge you to
4 approve the staff recommendation for this
5 project. Thank you.

6 CHAIRMAN WEISENMILLER: Thank you.
7 Commissioners, any questions or comments? I
8 would note in the South Coast that 18 percent of
9 the economy is goods movement.

10 COMMISSIONER SCOTT: And I would just
11 add, given what the Chair said and what our
12 colleague Matt from the South Coast Air Quality
13 Management District just said, I can't sort of
14 understate more -- I can't understate the
15 importance of demonstrating technologies like
16 this pantograph system, I think, in terms of
17 helping us get to ways to reduce emissions.

18 COMMISSIONER HOCHSCHILD: This is the
19 first time I've seen anything like this, but I
20 think in many ways it's similar to light rail
21 systems in many cities, including my home town,
22 San Francisco. But the question I had, just at
23 scale, what is the cost per mile for the
24 infrastructure, the pulls and the wires? What
25 would you guess looking ahead?

1 MR. LARSEN: We do have a -- did you
2 want to -- I think we do have a preliminary
3 budget that lays out some of those costs and for
4 the demonstration, I don't have those numbers in
5 front of me, I could provide those to you, and we
6 could separate out the infrastructure components.

7 COMMISSIONER HOCHSCHILD: Just ballpark.

8 MR. LARSEN: I mean, I know for the
9 demonstration there's the sort of complementary
10 project that will produce the entire
11 demonstration project. The total project cost, I
12 believe -- this includes the vehicle costs, as
13 well, though, it's on the order of \$13 million,
14 so it's probably at least -- would you say like a
15 million dollars a mile or something?

16 MR. MIYASATO: We've heard estimates
17 from Siemens it's one to two million dollars per
18 mile, but because it's a new technology, the cost
19 that Isaiah is quoting are kind of the non-
20 recurring engineering costs and it's going to be
21 higher. As you go to scale, it should come down
22 and then they're using all the same light rail
23 components as you mentioned, Commissioner, it's
24 the same technology, it's just the fact that they
25 can go on and off at will. So that's the

1 interesting flexibility that it offers.

2 COMMISSIONER HOCHSCHILD: Right. Okay,
3 well, it's exciting to see. I will tell you it
4 works. I went to school on the Muni Metro and
5 that is exactly that shape, so it's exciting to
6 see this. Congratulations.

7 COMMISSIONER MCALLISTER: You answered,
8 actually, most of the questions I was going to
9 ask preemptively, which I appreciate. But I
10 guess, as this moves forward it would be nice to
11 sort of -- and maybe you've got this planned
12 already -- but, you know, the buildout and the
13 phases, and obviously this is capital intensive
14 and you'd want to peel off, as you said, the
15 corridors with the most traffic and sort of that
16 were most in and around the ports and stuff, I
17 would imagine staging it in that way and then
18 sort of proving feasibility and cost, and getting
19 costs down, and sort of doing it in many stages
20 presumably, but I'm just presuming that, and it
21 would be nice to sort of get a little flesh on
22 those bones.

23 MR. MIYASATO: You're absolutely right.
24 So the first phase is one mile to test it out,
25 and the trucks are just going kind of in a

1 circular route, they just keep going on the
2 catenary. The second phase is the five-mile
3 buildout between the marine terminals to the
4 ICTF, which is the UP Rail Yard. The third phase
5 is potentially the I-710 corridor, a 20-mile
6 jaunt that goes from the Ports up to the middle
7 of our Basin. The subsequent phases are the
8 east-west corridors, and so we're looking for
9 opportunities to, again, have zero emission
10 miles, not necessarily always zero emission
11 technologies.

12 COMMISSIONER MCALLISTER: So I would
13 just say, look, you know, collect the data and
14 share it with the other AQMDs and all the other,
15 you know, SANDAG and the others around the state
16 who are really worried about their various
17 vehicle miles and, you know, inform that
18 discussion, help the state advance this
19 discussion and figure out what the best route
20 forward is on this stuff because I think this is
21 a technology that is a significant commitment of
22 state funds for a really important demonstration.
23 So I just want to make sure we're making the most
24 out of it, but I appreciate your leadership on
25 that.

1 COMMISSIONER SCOTT: I will move this
2 item.

3 COMMISSIONER HOCHSCHILD: Second.

4 CHAIRMAN WEISENMILLER: All those in
5 favor?

6 (Ayes.) This item passes unanimously.
7 Thanks.

8 CHAIRMAN WEISENMILLER: Let's go on to
9 Item 17. South Coast Air Quality Management
10 District again. And Pilar Magana.

11 MS. MAGANA: Good afternoon, Chairman
12 and Commissioners. I'm Pilar Magana with the
13 Energy Research and Development Division, and I
14 am presenting to you for approval an agreement
15 for \$2 million with the South Coast Air Quality
16 Management District to develop and manage a
17 solicitation for the development and
18 demonstration of natural gas engines suitable for
19 heavy-duty vehicles that have a 90 percent
20 reduction in NO_x levels compared to the 2010
21 Emissions Standards. The low NO_x emission target
22 of .02 grams per brake horsepower hour can be
23 achieved by optimizing engine technologies. This
24 can include after-treatment technology designs,
25 after-treatment configurations, engine tuning,

1 and engine management practices for engines
2 suitable for various heavy-duty vehicle
3 applications.

4 The objective is to obtain the maximum
5 NO_x reductions possible while continuing to meet
6 or exceed all applicable standards for
7 hydrocarbons, non-methane hydrocarbons, carbon
8 monoxide and particulate matter, and without
9 incurring a fuel economy penalty. Low NO_x
10 emission engine technology can be developed and
11 deployed in the near term and as a cost-effective
12 solution to mitigate health and environmental
13 issues in areas such as the South Coast Air Basin
14 and the San Joaquin Valley Air Basin.

15 This solicitation was jointly developed
16 with our funding partners, including the South
17 Coast AQMD, Southern California Gas Company, and
18 additional potential funding partners include the
19 San Joaquin Valley Air Pollution Control District
20 and the Department of Energy. The solicitation
21 has already been released, it was released on May
22 5th, and proposals are due at the end of July,
23 and funding will be awarded at the end of
24 September with projects expected to start in
25 December. And with that, I would be happy to

1 answer any questions.

2 CHAIRMAN WEISENMILLER: Great. Matt, do
3 you want to talk about this one?

4 MR. MIYASATO: Happy to. Thank you,
5 Chairman and Commissioners. Again, it's Matt
6 Miyasato from the South Coast. As I mentioned
7 previously, we're looking at zero emission
8 models, but we're also looking at what we call
9 PDC or Pretty Darn Close to zero, and that's what
10 this engine technology does, it gets you to
11 essentially power plant equivalent emissions, so
12 therefore it is like an electric vehicle, if you
13 look far enough upstream, and so this is --
14 again, it harkens back to the days when the South
15 Coast, the Energy Commission released Joint RFPs
16 together, this was back in the Methanol days, and
17 we certainly appreciate your leadership and,
18 again, your trust in working with us to do this
19 for original deployment. And this is slightly
20 different from the one the ARB is releasing,
21 they're doing essentially bench-scale testing of
22 these heavy-duty engines. What we're partnering
23 with you, SoCalGas and perhaps San Joaquin
24 Valley, is to actually develop the engines and
25 then the goal is to commercialize these at 10

1 times lower NO_x emissions that are currently
2 available for these heavy-duty engines. So with
3 that, we thank you and we urge your approval of
4 this item.

5 CHAIRMAN WEISENMILLER: Thank you.

6 Commissioners, questions or comments?

7 COMMISSIONER SCOTT: I'll move Item 17.

8 COMMISSIONER DOUGLAS: Second.

9 CHAIRMAN WEISENMILLER: All those in
10 favor?

11 (Ayes.) Item 17 passes unanimously.

12 CHAIRMAN WEISENMILLER: Let's go on to
13 Item 18. Alternative Infrastructure: Electric,
14 Natural Gas, Propane, E85, and Diesel Substitute
15 Terminals. Lindsee Tanimoto.

16 MR. TANIMOTO: Yes. Good afternoon,
17 Chair and Commissioners. My name is Lindsee
18 Tanimoto. I am with the Emerging Fuels and
19 Technology Office in the Fuels and Transportation
20 Division. I will present for your approval today
21 Agenda Items 18A through E, Agenda Item F will be
22 presented to you by Darren Nguyen after my
23 presentation is over.

24 The five projects were awarded in
25 solicitation PON-11-602. This solicitation

1 provides funding for the deployment of natural
2 gas and electric charging stations.

3 Agenda Item 18(a) is with FirstCNG LLC
4 to grant Agreement ARV-12-058 for \$300,000. This
5 project will provide the CNG fueling station near
6 the John Wayne Airport to supply 200-300
7 vehicles. The station will consist of one fuel
8 dispenser and two pumps. FirstCNG will provide
9 \$945,000 in match year funding towards the
10 project. Kirk Honor of FirstCNG is available by
11 telephone to answer any questions after my
12 presentation.

13 Agenda Item 18(b) is with the South
14 Coast Air Quality Management District through
15 Grant Agreement ARV-12-053 for \$300,000. This
16 project will demonstrate 20 fast charging
17 stations in both urban and transportation
18 corridors and will accommodate the growing number
19 of Plug-In Electric Vehicles in the region. The
20 fast chargers will provide 24-hour a day service,
21 unlimited to the public at both Ralph and
22 Albertson's Grocery Stores. The average shopper
23 spends over 30 minutes in the store, which is
24 enough time to charge the battery to back up the
25 80 percent of capacity. South Coast AQMD and its

1 partners will provide \$600,000 in match year
2 funding. I have Dipankar Sarkar from South
3 Coast, who would like to speak at the end of my
4 presentation.

5 Agenda Item 18(c) is with Waste
6 Management of California through Grant Agreement
7 ARV-12-060 for \$300,000. Waste Management
8 currently maintains a fleet of 89 trash hauling
9 trucks. This project will build a CNG station in
10 Oceanside to fuel their existing and expanding
11 CNG powered fleet of trucks. The fueling station
12 will consist of 56 slow fill dispensers. Waste
13 Management plans to replace its entire diesel
14 powered fleet to CNG over the next 10 or 15
15 years.

16 Staff has reviewed the local permitting
17 agency's Mitigated Negative Declaration and we
18 have no information to dispute its findings.
19 Staff found the City of Oceanside's proposed
20 mitigation measures are feasible and sufficient
21 to mitigate the project's potential environmental
22 impacts. Staff recommends your approval of this
23 project with consideration and concurrence of
24 these findings, which is to be reflected in the
25 resolution.

1 Waste Management will provide \$1.7
2 million in match year funding. Chip Works from
3 Waste Management will be available on the
4 telephone to answer questions.

5 Agenda Item 18(d) is with the Bonita
6 Unified School District through Grant Agreement
7 ARV-12-042 for \$300,000. The project will design
8 and construct a new compressed natural gas
9 fueling station at an existing maintenance yard
10 that will supply 11 school buses. Fueling on-
11 site is expected to reduce the number of miles
12 traveled by nearly 16,000 miles annually. The
13 Bonita Unified School District will provide
14 \$210,962 in match shared funding.

15 Agenda Item 18(e) is augmentation to an
16 existing agreement with AeroVironment under Grant
17 Agreement ARV-12-023 for their Cal Electric
18 Residential EVSE Deployment Program. This
19 agreement amendment will add \$1,707,847,
20 increasing the total grant agreement to
21 \$3,707,847, and extend the term of the agreement
22 by 12 months to March 28, 2015. This additional
23 funding will increase the number of Level 2
24 charge points installed under the agreement from
25 770 to 1,425 in both single-family and multi-unit

1 dwellings throughout California. This project
2 expands the network of charge points throughout
3 the state which supports consumer adoption of
4 PEVs. I'll have Charles Botsford of
5 AeroVironment who will be available on the phone
6 to answer any questions.

7 This concludes my presentation. Staff
8 requests your approval of Agenda Items 18(a)
9 through (f). We will be glad to answer any
10 questions you may have regarding these projects
11 and I believe Dipankar would like to say a few
12 statements.

13 MR. SARKAR: Good afternoon,
14 Commissioners. My name is Dipankar Sarkar. I'm
15 the Technology Demonstration Manager at the South
16 Coast Air Quality Management District. I want to
17 make some comments in favor of this item, Item
18 18(b). We would like you to consider this
19 project for an award to install 20 DC fast
20 chargers in the South Coast Air Basin. These
21 chargers will support EVs in South Coast and, as
22 Dr. Miyasato was saying, such zero emission
23 technologies are necessary for South Coast to
24 attain its air quality goals. The sites have
25 been selected and we'll release an RFP in

1 September for a network provider, and we will
2 work closely and expeditiously with CEC staff on
3 this project, and also on other projects. Thank
4 you very much.

5 CHAIRMAN WEISENMILLER: Thank you.
6 Let's walk through the different parties on the
7 phone.

8 MR. TANIMOTO: Yeah, I think Charles
9 Botsford is on the phone, but I believe he's just
10 here to answer any questions, he has no statement
11 to make.

12 CHAIRMAN WEISENMILLER: Okay. So,
13 Commissioners, questions or comments?

14 COMMISSIONER DOUGLAS: No questions. It
15 sounds like a really good project. I'll move
16 approval.

17 COMMISSIONER SCOTT: Second.

18 CHAIRMAN WEISENMILLER: All those in
19 favor?

20 (Ayes.) This item passes unanimously.
21 Thank you.

22 CHAIRMAN WEISENMILLER: Let's go on to
23 Items 18(f) and 19.

24 MR. NGUYEN: Good afternoon, everyone.
25 My name is Darren Nguyen. I'm from the Emerging

1 Fuels and Technologies Office. Before I present
2 the two items, 18(f) and 19 for approval, I would
3 like to read for the record the CEQA review for
4 both projects. We just received confirmation
5 yesterday from the lead agency on the finalized
6 EIR.

7 This is the California Environmental
8 Quality Act review of Grant Agreements ARV-12-063
9 and ARV-12-064 with Harvest Power Tulare, LLC.
10 Energy Commission staff recommends providing
11 \$300,000 to Harvest Power Tulare to build, own
12 and operate a compressed natural gas fueling
13 station, as well as \$4,787,694 to build, own and
14 operate a biofuels facility. Energy Commission
15 staff have considered the Final EIR prepared by
16 the lead agency and the environmental effects of
17 the project, and believe that the EIR is
18 adequate. On behalf of the Energy Commission as
19 the responsible agency under the California
20 Environmental Quality Act, CEQA, and California
21 Code of Regulations Title 14, Sections 15096,
22 staff hereby summarizes and makes recommendations
23 on the environmental review of this product
24 conducted under CEQA.

25 The lead agency for this project under

1 CEQA is the County of Tulare, Resource Management
2 Agency, RMA. In March 2013, RMA prepared a
3 comprehensive Draft EIR, evaluating the potential
4 impacts associated with the proposed natural gas
5 fueling station, as well as the proposed biofuels
6 facility. The Draft EIR was made available for
7 public review and comment for a period of 30
8 days, from March 7, 2013 through April 7, 2013.

9 On April 24, 2013, RMA prepared a
10 comprehensive Final EIR report for the Harvest
11 Power Project. On May 8, 2013, RMA adopted the
12 Final EIR and approved the project. On June 11,
13 2013, the Tulare County Board of Supervisors
14 affirmed as modified RMA's decision, as well as
15 the project. The Board of Supervisors determined
16 that the project will have a significant adverse
17 impact on the environment, that an EIR was
18 prepared pursuant to CEQA, the mitigation
19 measures would be a condition of the approval of
20 the project, and that a Statement of Overriding
21 Considerations was adopted for the project. A
22 Notice of Determination was subsequently filed on
23 June 12, 2013.

24 The lead agency determined that there is
25 only one significant and unavoidable impact under

1 this mandatory finding of significance for
2 substantial adverse effects involving the
3 cumulative impact of odors on human beings
4 indirectly through accumulation with odors
5 associated with other existing adjacent land
6 uses, including dairies.

7 The EIR also identifies several impacts
8 that with mitigation will be reduced to less than
9 significant levels. Staff has determined that
10 the mitigation measures adopted by the County are
11 within its jurisdiction and concurs that they
12 would reduce the remaining identified impacts to
13 less than significant levels. As demonstrated in
14 the EIR, the project will have the following
15 economic, legal, environmental, technological,
16 social, and other benefits.

17 For the economic benefits, it spurs
18 development in an area that has been designated
19 as economically distressed and has been
20 identified as a recovery area characterized by
21 significant poverty, unemployment, home
22 foreclosure, or general distress. It would help
23 bolster the State economy through purchase of
24 California feedstock and the sales of Renewable
25 Natural Gas and co-products, including compost.

1 It generates up to over \$500 million in
2 additional salaries and wages, it would generate
3 up to over \$1.3 billion in additional goods and
4 services, and it would generate up to over \$679
5 million in additional sales.

6 For the legal benefit, it helps the
7 State meet its climate change goals under the
8 Global Warming Solutions Act of 2006, AB 32, and
9 the Low Carbon Fuel Standard. It would also help
10 the State meet the goals of the Federal Renewable
11 Fuel Standard.

12 For the environmental benefits, compared
13 to conventional diesel fuels, Renewable Natural
14 Gas produced from the project will result in
15 significant reductions in greenhouse gas and
16 criteria pollutant emissions from both stationary
17 and mobile sources. It also substitutes 660,000
18 gallons of conventional diesel for Renewable
19 Natural Gas each year.

20 The technological benefits is that it
21 would develop a two-stage batch high solids
22 anaerobic digestion system and it validates one
23 of the first technological viability of deploying
24 a commercial-scale digester pump in North
25 America.

1 And for the social benefit, it reduces
2 waste in Tulare County area landfills.

3 Energy Commission staff has considered
4 the comprehensive environmental documents
5 prepared by RMA and considered the environmental
6 effects of the project. After reviewing these
7 documents, as well as the grant application
8 submitted by Harvest Power, the Energy
9 Commission's Fuels and Transportation Division
10 staff, after consultation with the Chief
11 Counsel's Office, recommend that the Commission
12 make the following findings under CEQA: RMA as
13 lead agency prepared and certified a
14 comprehensive Draft EIR under CEQA on March 7,
15 2013 for Harvest Power to build, own and operate
16 a Biofuels facility, as well as a CNG fueling
17 station. RMA, as the lead agency, prepared and
18 certified a comprehensive Final EIR under CEQA on
19 April 24, 2013, for the above project.

20 The mitigation measures incorporated
21 into the EIR will mitigate most environmental
22 impacts to less than significant levels. The
23 mitigation measures adopted are within the
24 jurisdiction of the lead agency. There will be a
25 single significant unmitigated impact as follows:

1 Cumulative odor impacts from this facility plus
2 odors from other sources, such as an adjacent
3 dairy, are cumulatively unavoidable, despite
4 implementation of an Odor Impact Mitigation Plan,
5 as required by CalRecycle at the facility. There
6 are no feasible mitigation measures within the
7 Energy Commission's jurisdiction, or the
8 jurisdiction of the lead agency to mitigate the
9 cumulative odor impacts to less than significant
10 levels. The project has significant economic,
11 legal, social, psychological, and environmental
12 benefits. The benefits of this project outweigh
13 any significant direct, indirect, or cumulative
14 impacts which may result from the construction or
15 operation of this project.

16 And with that, I would like to present
17 Item 18(f) for your approval. This is the first
18 of two grants for Harvest Power Tulare to build,
19 own and operate a compressed natural gas fueling
20 station. The total funding amount for this
21 project is \$300,000, the match fund amount is
22 \$1,027,590. The CNG station will be supplied
23 primarily by the biomethane generated from an on-
24 site anaerobic digester. This fuel will have a
25 near zero carbon intensity and will be one of the

1 first commercial-scale digester to pump stations
2 in the U.S.

3 This project will reduce 5,800 metric
4 tons of CO₂ equivalents per year.

5 Thank you for your consideration of this
6 grant. I have here Wayne Bishop who would like
7 to make a comment and answer any questions you
8 may have.

9 MR. BISHOP: Hi. Wayne Bishop with
10 Harvest Power, Senior Project Developer. First,
11 I'd like to say thank you very much for us being
12 considered for this AB 118 grant. We've worked
13 extensively hard with the CEC to get here today.
14 We're glad to finally be here, it's been a long
15 road and we're just really grateful to be able to
16 produce one of the lowest carbon fuels in the
17 marketplace. So I just would like to say thank
18 you to staff and the CEC and for being considered
19 for this.

20 CHAIRMAN WEISENMILLER: Thank you for
21 being here. Commissioners, any questions or
22 comments?

23 COMMISSIONER SCOTT: I'll move Item
24 18(f) and 19.

25 CHAIRMAN WEISENMILLER: I think we have

1 to make sure we also include the resolution
2 explicitly, the finding on the mitigation.

3 MR. LEVY: That's correct. The motion
4 should be to adopt the CEQA findings as recited
5 by staff, including the Statement of Overriding
6 Considerations, and then to approve the items.

7 COMMISSIONER SCOTT: So adopt -- adopt
8 the CEQA findings as --

9 MR. LEVY: As recited by staff. That's
10 good enough. And including the Statement of
11 Overriding Considerations for the odor impacts.

12 MR. NGUYEN: Commissioner Scott, I
13 haven't presented 19 yet.

14 COMMISSIONER SCOTT: Oh, I'm sorry.

15 CHAIRMAN WEISENMILLER: Okay, so just
16 18.

17 COMMISSIONER SCOTT: So I will move Item
18 18(f) including the resolution to adopt the CEQA
19 findings as recited by staff, including the
20 Statement of Overriding Considerations.

21 COMMISSIONER DOUGLAS: Second.

22 MR. LEVY: And approve the item.

23 COMMISSIONER SCOTT: And approve the
24 item.

25 COMMISSIONER DOUGLAS: Still second.

1 CHAIRMAN WEISENMILLER: Okay. All those
2 in favor of the Amended Resolution?

3 (Ayes.) This has been adopted
4 unanimously. Let's go on to Item 19.

5 MR. NGUYEN: This is the second grant
6 for Harvest Power Tulare to build, own and
7 operate a Biofuels facility that will convert
8 organic waste to biomethane, a renewable
9 transportation fuel via anaerobic digestion.

10 The two grants are essentially one big
11 project that we will be funding from two
12 different solicitations. This biofuels facility
13 project will process the feedstock, convert it to
14 biomethane, and the CNG station project will
15 dispense the natural gas on-site. The biomethane
16 will be cleaned, compressed, and used on-site.
17 This fuel will have a near zero carbon intensity
18 and will be one of the first commercial-scale
19 digester to pump stations in California.

20 The total funding amount for this
21 project is \$4,787,694, and the match amount is
22 \$8,958,143. The proposed facility will process
23 40,000 tons per year of mixed organic waste
24 feedstock, displacement of 660,000 gallons of
25 gasoline, it reduces the GHG emissions by 5,800

1 metric tons of CO₂ equivalents per year.

2 Thank you for your consideration of this
3 grant.

4 CHAIRMAN WEISENMILLER: Thank you.
5 Commissioners, questions or comments? I assume
6 in this resolution we have to repeat the CEQA
7 findings?

8 MR. LEVY: I don't think you need to
9 repeat them verbatim, you can just reference that
10 they still apply for this item, and I think
11 that's fine.

12 CHAIRMAN WEISENMILLER: Okay. Got it.
13 So who wants to take a stab.

14 COMMISSIONER SCOTT: So I move approval
15 of Item 19, including the CEQA findings that we
16 made on Item 18(f).

17 MR. LEVY: And the Statement of
18 Overriding Considerations.

19 COMMISSIONER SCOTT: And the Statement
20 of Overriding Considerations.

21 CHAIRMAN WEISENMILLER: Great. Second?

22 COMMISSIONER MCALLISTER: I'll second.

23 CHAIRMAN WEISENMILLER: Okay, all those
24 in favor?

25 (Ayes.) This item also passes

1 unanimously. Thank you. Thanks for being here.
2 Good luck on the project.

3 CHAIRMAN WEISENMILLER: Let's go on to
4 Item 20. Natural Gas Fueling Infrastructure.
5 Isaiah Larsen again.

6 MR. LARSEN: Good afternoon,
7 Commissioners. My name is Isaiah Larsen. I'm a
8 staff member with the Emerging Fuels and
9 Technologies Office. Today we'll be presenting
10 for your approval Items 20(a) through 20(d),
11 which are agreements resulting from the recent
12 natural gas fueling infrastructure solicitation
13 funded through the Energy Commission's
14 Alternative and Renewable Fuel and Vehicle
15 Technology Program.

16 The intent of the solicitation was to
17 assist in the development of a network of natural
18 gas stations throughout California. The lack of
19 natural gas fueling infrastructure in certain
20 regions in California is a major barrier that
21 prevents companies from switching over to
22 environmentally and economically beneficial
23 Natural Gas Vehicles.

24 These projects will help support the
25 deployment of Natural Gas Vehicles which have

1 significant greenhouse gas and air pollution
2 benefits.

3 This competitive solicitation was open
4 to the installation of new infrastructure, as
5 well as upgrades of existing infrastructure.
6 Preferences were given to school districts
7 through a lower match share funding requirement,
8 and all projects were scored on the additional
9 fuel through-put and associated environmental
10 benefits that would be accrued, as well as the
11 express need for additional infrastructure, the
12 cost-effectiveness of the projects, and the
13 necessity for public funding to complete the
14 project with additional points provided to
15 entities that planned on using a renewable source
16 natural gas.

17 Now I will briefly go through the list
18 of projects and take any questions you may have
19 about the individual projects.

20 Item 20(a) is an agreement with the Lodi
21 Unified School District to install a publically
22 accessible CNG station that will enable on-site
23 refueling for their expanding fleet of CNG buses
24 and will also provide the opportunity for the
25 District to replace an additional 27 diesel buses

1 with CNG versions in the near future. The
2 station will have fast fill capability for public
3 usage and will serve as a back-up fueling station
4 for nearby public entities.

5 Item 20(b) is an agreement with Garden
6 City Sanitation, who will receive funding for the
7 installation of time fill CNG fueling equipment
8 that will support their expanding fleets of CNG
9 refuse trucks. Garden City Sanitation expects to
10 expand their heavy-duty CNG fleet by repowering
11 45 recently purchased diesel vehicles.

12 Item 20(c) is an agreement with Alameda
13 County Industries, who will install time fill CNG
14 infrastructure for on-site fueling of their
15 existing fleet of 18 CNG refuse trucks and allow
16 them to replace an additional 22 diesel trucks.

17 Item 20(d) is an agreement with
18 California Clean Fuels to upgrade an existing CNG
19 facility which will allow an increased number of
20 vehicles to use this 24/7 publicly accessible
21 station. The upgraded fueling station will
22 improve the site's ability to service an
23 increasing number of heavy-duty vehicles and
24 provide faster service for existing CNG fleets.

25 I would like to thank you for your

1 consideration of these items, and I am available
2 for any questions that you may have. Thank you.

3 CHAIRMAN WEISENMILLER: Thank you.

4 Commissioners, any questions or comments?

5 COMMISSIONER SCOTT: I will move Item
6 20.

7 COMMISSIONER DOUGLAS: Second.

8 CHAIRMAN WEISENMILLER: All those in
9 favor?

10 (Ayes.) This item is adopted
11 unanimously. We're going to take a 15-minute
12 break.

13 (Break at 3:00 p.m.)

14 (Reconvene at 3:20 p.m.)

15 CHAIRMAN WEISENMILLER: Hi, we're back
16 on the record. Let's start with Item 21.

17 MR. FREEMAN: Good afternoon,
18 Commissioners. My name is Andre Freeman from the
19 Fuels and Transportation Division. Today I'm
20 seeking your approval of Incentive Reservations
21 for Natural Gas and Propane Vehicles funded
22 through the Alternative and Renewable Fuel and
23 Vehicle Technology Program.

24 As you know, the Energy Commission's
25 Natural Gas and Propane Vehicle Buydown Program

1 is designed to promote the purchase of
2 alternative fuel vehicles to replace the aging
3 gasoline and diesel fleets. This program
4 provides incentives for consumers to adopt
5 technologies which will help improve air quality,
6 reduce petroleum usage, and help boost
7 California's economy.

8 These reservations will provide
9 incentives for the purchase of 135 Natural Gas
10 Vehicles, 250 Propane Vehicles, including 97
11 school buses. These vehicles will operate within
12 California at least 95 percent of the time.

13 With that, I'd like to thank you for
14 your consideration of these items and I'm
15 available for any questions you may have.

16 CHAIRMAN WEISENMILLER: Great.
17 Commissioners, any questions or comments?

18 COMMISSIONER SCOTT: I move Item 21.

19 COMMISSIONER MCALLISTER: I will just
20 comment -- no, I'm going to second -- you know,
21 there is a lot coming across in this Business
22 Meeting and Commissioner Scott said it at the
23 outset here across all these items, but I think
24 it's just worth reiterating, now that we're more
25 than half-way through with all the various

1 incentives, you know, all of these are really
2 continuations of programs that we know are being
3 successful and are helping transform the
4 marketplace, and that are clearly the result of a
5 lot of effort on the part of staff with the
6 rigorous process and, you know, these awards are
7 based on the merits. So the fact that it is kind
8 of galloping through here and approving these
9 things is kind of hiding the fact the huge amount
10 of effort that really got us to this point in the
11 first place. So each of the fuel sources that
12 we've been going through today obviously have
13 their niche and we're in the midst of an ongoing
14 investment, and so this is a part of that whole
15 process. So I just wanted to kind of remind
16 people of that.

17 COMMISSIONER SCOTT: Thank you very much
18 for that reminder, it has been a little while
19 since I made the overarching comments, but you
20 know, again, all of this is a part of our
21 Alternative and Renewable Fuel and Vehicle
22 Technology Program, again, it's up to \$100
23 million that we have to invest in transforming
24 the transportation sector, and so again this set
25 of grants and awards that Andre has just

1 presented for us fits right in with that. And
2 you know, this whole set of projects and grants I
3 think, again, are important in terms of
4 supporting the infrastructure, in speeding our
5 transition to the cleaner fueled vehicles, and to
6 demonstrating that innovative projects like the
7 Vehicle to Grid, so I will take a minute to
8 remind us all of how that all fits in together
9 and, again, thank the staff for all their
10 terrific work. I know we've gone through a lot
11 of projects that took a lot of work for folks to
12 put together and they kind of got grouped
13 together, and we talk about them very quickly,
14 but each one has a lot of details with it and are
15 each important in their own right.

16 CHAIRMAN WEISENMILLER: That's great.
17 OF course, with the footnote that the propane
18 stuff is still at the bottom of our loading
19 order, not at the top.

20 COMMISSIONER MCALLISTER: And this
21 actually includes natural gas and propane, a long
22 list of various awards, so I don't want to
23 minimize any one of them, but I will second Item
24 21.

25 CHAIRMAN WEISENMILLER: Okay, great.

1 All those in favor?

2 (Ayes.) This item also passes
3 unanimously. Thank you, Andre.

4 CHAIRMAN WEISENMILLER: Okay, now a
5 reminder, we've covered 22, so now we're at 23.
6 And that is the Harper Construction Company, Inc.
7 Prab Sethi.

8 MR. SETHI: Good afternoon,
9 Commissioners and Chairman. My name is Prab
10 Sethi. I'm with the Energy Generation Research
11 Office. Harper Construction Company is an
12 awardee for the Community Scale Renewable Energy
13 Development Deployment and Integration
14 Competitive Grant Solicitation, PON-12-502.
15 Recommended PIER funding is \$1,722,890. The
16 match funding is more than \$1.1 million, and the
17 length of the agreement is 21 months.

18 The de facto Grid demonstration project
19 is based on fractal architecture that is larger
20 components of the Grid system, comprised of
21 multiple microgrids that have a similar design.
22 This project will assure that critical demands
23 can be met if one or more microgrids are not
24 available.

25 The goal of this agreement is to

1 demonstrate four intelligent microgrids that use
2 community scale renewable energy resources such
3 as 300 kilowatt photovoltaic system, 186 kilowatt
4 concentrated PV, traditional generation assets
5 and energy storage within an existing utility
6 grid at Camp Pendleton.

7 This project will demonstrate individual
8 capabilities and interactions between the
9 microgrids by shedding loads to support critical
10 marine-based functions and provide long term
11 energy security. Camp Pendleton is a large
12 marine base with dispersed loads and generation.
13 The energy generation and demand will be
14 optimized by installation of the power
15 controllers, distribution and isolation switches,
16 and local energy storage, and analysis of
17 critical mission requirements.

18 This project will identify project
19 constraints and priorities to reduce energy and
20 peak demand by 10 percent while meeting base
21 priorities with locally available renewables.

22 The microgrid system includes a dynamic
23 solar forecasting and plug-in electric vehicles
24 for grid storage system.

25 The project team is a public and private

1 partnership and includes Harper Construction
2 Company, specializes in energy solutions, natural
3 information system, and Camp Pendleton Public
4 Works. I request approval of funding for this
5 project. Thank you.

6 CHAIRMAN WEISENMILLER: I was going to
7 say, I think all of us are excited by our
8 partnership with the Military in California, we
9 talked about the Vehicle to Grid, also an area
10 we've done a lot of work historically as
11 microgrids, but generally the notion has been
12 that they can be a test bed for the innovative
13 technology we develop through PIER and EPIC, and
14 certainly in that partnership. And at the same
15 time, they're a key part of the California
16 economy, you know, that for a number of years
17 they were investing like \$2.5 billion a year in
18 Southern California, and if you think about the
19 Southern California economy, which is pretty bad,
20 that without that \$2.5, it would have been
21 staggering. So we're looking at it and this is
22 need in a sense of, you know, they're really
23 looking at an overall microgrid down there, but
24 in terms of particularly large based, where
25 basically this has a pattern where it's not just

1 one microgrid, but as he said, it's a combination
2 of a series of microgrids. So, again, this is
3 really dealing with the Military needs. So as we
4 can take microgrids on sort of that sort of
5 scale, base-wide scale, across a number of bases,
6 that again -- I think that's going to help on the
7 reliability picture with them, and at the same
8 time as a way of developing technology which will
9 certainly have applications throughout the world.
10 So, again, I think it's a pretty exciting
11 project. I don't know if anyone else has any
12 questions or comments. You were at Pendleton,
13 right, yesterday?

14 COMMISSIONER SCOTT: I was at Pendleton.
15 We didn't talk about this particular project.

16 CHAIRMAN WEISENMILLER: But you saw
17 their energy facilities?

18 COMMISSIONER SCOTT: I went and spoke
19 with them about the Desert Renewable Energy
20 Conservation Plan and California's overarching
21 energy goals, and only got to see the inside of
22 the conference room that we were in.

23 COMMISSIONER DOUGLAS: I think that
24 probably means you'll have to go back.

25 COMMISSIONER SCOTT: Indeed. Were there

1 other questions?

2 COMMISSIONER MCALLISTER: Well, I guess
3 I'll just point out that part of -- we saw the
4 Eagle to Grid, we're seeing microgrids, you know,
5 we have a few other microgrids in the state and
6 there are some interesting ones in other parts of
7 the nation, as well, and I think just together
8 this is starting really to add up to something,
9 and the technology deployment is incredible --
10 it's central to making this work and getting the
11 real experience, getting everybody's feet wet
12 with this, comparing and contrasting, figuring
13 out strategies, and the more experience we have
14 and the closer attention we pay to it, I think,
15 the quicker it's going to add up to something
16 that we can use on scale. And in the Demand
17 Response, in the broader context of flexible
18 resources, demand side and supply side, and how
19 to orchestrate this whole multi-piece band that
20 we've got going is really -- I think we're making
21 a lot of progress and it's really exciting to
22 support a project like this within that context.

23 CHAIRMAN WEISENMILLER: Yeah, we have --
24 our first microgrid was with SMUD. So if anyone
25 is around who wants to see that -- you know, U.C.

1 San Diego, obviously the Alameda County Jail, we
2 also have one with UCLA, and the original
3 military microgrid was one with GE at Twentynine
4 Palms. So, again, it's actually -- it would be
5 interesting to map sort of where it is now and
6 where it's going to be in five years in terms of
7 microgrids in California.

8 COMMISSIONER MCALLISTER: So I'll move
9 Item 23.

10 COMMISSIONER SCOTT: Second.

11 CHAIRMAN WEISENMILLER: All those in
12 favor?

13 (Ayes.) Item 23 passes unanimously.

14 Thank you.

15 CHAIRMAN WEISENMILLER: Let's go on to
16 Item 24. Building Energy Efficiency Research and
17 Technology Grant Program. Brad Meister.

18 MR. MEISTER: So good afternoon,
19 Commissioners. I'm Bradley Meister. I'm here
20 today to request approval of 10 projects totaling
21 \$14,038,377 with a match amount of \$3,975,090.
22 This competitive solicitation sought research
23 development and demonstration projects to help
24 achieve the State's energy efficiency policy
25 goals in a cost-effective manner in two areas,

1 technology and innovations, Codes and Standards
2 Advancement, and cross-cutting demonstrations.
3 On November 1, 2012, the California Energy
4 Commission's Public Interest Energy Research
5 Program released a Program Opportunity Notice
6 entitled "Building Energy Efficiency Research and
7 Technology Grant Program." The purpose of the
8 solicitation was to seek proposals, both
9 electricity and natural gas energy efficiency
10 projects, which affect residential and commercial
11 buildings and communities. The proposals are
12 screened, reviewed, evaluated, and scored using
13 criteria proscribed in the solicitation.

14 The NOPA was released on March 15, 2013.
15 Based on review team scores and suggested funding
16 levels, staff requests approval of the following
17 projects: Chromasun, Inc. The project will
18 demonstrate an innovative system and includes the
19 use of 75 micro concentrators or collectors to
20 create both chilled water and domestic hot water.
21 The project will be demonstrated at a 300-room
22 hotel in Southern California. The benefits are
23 reduced natural gas by 45,000 therms and
24 electricity by 152,000 kilowatt hours per year.

25 View, Inc. The project will demonstrate

1 the integration of a package of advanced and
2 emerging technologies in the 30,000 square foot
3 existing commercial building to result in a zero
4 net energy building in a cost-effective manner.
5 The benefits are that it is a potential game
6 changer by altering the future of sustainable
7 construction practices to make zero net energy
8 construction compelling.

9 EPRI. The project will demonstrate
10 cost-effective packages of energy efficiency
11 measures, deep energy efficiency retrofits of low
12 income multifamily properties. There would be a
13 variety of projects installed, including high
14 efficiency HVAC, economizers, smart thermostats,
15 phase change materials, duct sealing, and window
16 upgrades. The benefits are reduced energy
17 consumption by approximately 40 percent.

18 CIEE with U.C. Berkeley. This project
19 will develop, evaluate and demonstrate three
20 innovative strategies to improve energy
21 efficiency and occupant comfort in buildings, low
22 energy personal comfort system that provides
23 direct local heating and cooling to building
24 occupants, controlled improvement to air handling
25 systems to allow for minimum diffuser air flow

1 rates and temperature reset strategies, and then
2 we use an open source software for implementation
3 with building management systems. Benefits are
4 potentially 62 million per year in cost savings.

5 University of California at Davis. This
6 project will conduct detailed field studies to
7 document and verify actual performance, energy
8 savings and cost characteristics for advanced and
9 emerging technologies, items for future Codes and
10 Standards activities. There would be a variety
11 of projects, including residential LED
12 luminaires, daylighting controls, energy
13 efficient clothes washers, fault detection and
14 diagnostics, and to heat swimming pools with air
15 conditioner waste heat. And the results will be
16 a Program Manual to serve as a guide for
17 demonstration needed to meet Codes and Standards
18 requirements. Benefits demonstrate the viability
19 of technologies and document performance to
20 support future Codes and Standards.

21 UCLA. The project will conduct research
22 to develop new phase change materials that can be
23 embedded in lightweight cement based composites
24 for building envelope. A second phase of the
25 project involves integrating the temperature

1 sensors into the smart envelope to communicate
2 with the HVAC system to optimize energy use. The
3 benefits, if used in one percent of new
4 construction, about \$250,000 a year in savings
5 initially.

6 Levy Partnership. This project will
7 conduct research in the development of new and
8 innovative methods for building roof and wall
9 systems that will reduce energy use in factory-
10 built homes, and to transition the market to
11 these new methods. There's about 10,000 of these
12 type of buildings that are built every year, and
13 they're currently not subject to Title 24
14 Standards, so we have the potential to reduce
15 annual energy use in each home by about 1,500
16 kilowatt hours per year and 140 therms, which is
17 about \$400 per year, and to low income families
18 that would be a lot of money.

19 Enovative Group. The project will
20 conduct research to improve the energy efficiency
21 of domestic hot water distribution systems and
22 their components. It will focus on the issues of
23 crossover of hot and cold water system and proper
24 balancing of systems to avoid crossover. It will
25 determine the best types of fixtures to eliminate

1 crossover and determine the best types of
2 balancing valves to maintain proper flow and
3 temperature balance. The benefits are
4 eliminating crossover and unbalanced
5 recirculation in the multifamily sector would
6 save 134 million therms per year in California.

7 Altex Technologies. The project will
8 develop and demonstrate a low cost waste heat
9 recovery system that can generate cooling and/or
10 hot water from the waste heat. The system
11 consists of a very simple jet pump cooling system
12 and uses multiple advanced performance and low
13 cost heat exchangers. The demonstration will use
14 full scale commercial boiler to generate the
15 waste heat and it could be adapted to use solar
16 thermal collectors. The benefit is, at least
17 initially, a 7.5 percent reduction in natural gas
18 use.

19 And lastly, LBNL. This project will
20 develop and demonstrate an innovative web-based
21 tool for small and medium businesses to determine
22 building energy performance, identify operational
23 improvements using conventional advanced energy
24 efficiency technologies, and assess impacts of
25 these improvements on indoor environmental

1 quality. The benefits are, of course, reduced
2 energy in small and medium-sized businesses
3 throughout the state.

4 I would ask for your approval and I'm
5 happy to answer any questions.

6 CHAIRMAN WEISENMILLER: Great. I think
7 we have a couple of folks on the phone who at
8 least I think wanted to comment. Let's start
9 with the gentleman from View.

10 MR. TIANOV: Good afternoon. I don't
11 have any comments, but I was prepared to answer
12 any questions about the project specifics itself.

13 CHAIRMAN WEISENMILLER: Okay, great.
14 Just hang on for a second and I think --
15 Maryanne?

16 MS. TIETTE: I am the same. I am
17 available if there are any questions about the
18 Lawrence Berkeley National Lab project.

19 CHAIRMAN WEISENMILLER: Okay. Now, with
20 that context, folks do we have any questions or
21 comments for staff or for the folks on the phone?
22 Well, let's start out with my comment in terms of
23 lead on R&D. Obviously when we've done R&D, one
24 of our -- we always look at it based on the
25 loading order, so at the top of our priorities in

1 R&D is always energy efficiency, and we really
2 try to have the energy efficiency part help us
3 develop the pipeline for things which will go
4 from the Lab, hopefully into incentive programs
5 for the utilities, at PUC, and then move from
6 that into the Standards, and that sort of flow.
7 And one of the things looking forward to 2016 or
8 2020, then, for the Building Standards, and of
9 course Appliance Standards have a lot of
10 trajectory there, we need to be building up that
11 inventory of stuff in the pipeline that we can
12 move forward the frontiers of energy efficiency
13 with. So I think these are a good variety of
14 interesting projects, and hopefully leading in
15 that direction towards additional savings, you
16 know, Standards.

17 COMMISSIONER MCALLISTER: Yeah. I
18 looked through this list, I mean, I'm an energy
19 efficiency guy, so as lead on Energy Efficiency,
20 this particular list throughout the whole agenda,
21 it jumps out at me and I get really excited. I'm
22 not sure if everybody is in the same boat here,
23 but maybe your eyes are glazing over, but I get
24 really excited.

25 COMMISSIONER HOCHSCHILD: Energy floats

1 your boat.

2 COMMISSIONER MCALLISTER: Yeah, exactly.
3 But I mean, this is a really great portfolio of
4 projects covering hotel, hospitality, commercial,
5 both large and small, factory, housing, mass
6 produced housing, basically for lesser income
7 folks, and really multifamily. So I think just
8 sector-wise, it's got really broad coverage and
9 is attacking issues that have emerged in our real
10 experience in other arenas, and I think that
11 feedback loop back to the R&D using our knowledge
12 from the implementation side of the world, from
13 the programs, the energy efficiency programs, and
14 from our knowledge on staff and what our
15 stakeholders bring to us, and actually
16 proactively going out and identifying what needs
17 to be done, designing the RFPs to capture those
18 kinds of ideas, and then picking the best ones
19 that cover a broad range of these topics, I
20 think, it works quite well and I really commend
21 staff on that.

22 I'm particularly excited to see behavior
23 issues coming increasingly to the fore because
24 those issues, for example personal comfort
25 systems and field studies to see how technologies

1 actually look, how their uptake looks in the real
2 world, I think is really key to understanding
3 what is most effective, and what's most cost-
4 effective, so that that can move over to the
5 program environment and then the successes there,
6 those measures when they truly become pervasively
7 cost-effective, then we can move them into
8 standards. And so, as the Chair said, this is
9 all part of a market transformation effort that
10 takes some time, and some deliberate effort that
11 I think we have a real good track record of
12 promoting and executing on. So I am very excited
13 to support this group of projects.

14 COMMISSIONER DOUGLAS: Commissioner
15 McAllister, I'll just join you in saying that I
16 also, with my fairly recent experience leading
17 energy efficiency and with the 2013 Building
18 Standards, I also look at a list of agenda items
19 like this with great anticipation and happiness,
20 so I think that this kind of research is really
21 valuable, it's valuable to the market, it's
22 valuable to builders who are really trying to
23 build cutting edge, really efficient buildings.
24 It helps push technology and ultimately all of
25 that feeds back to the energy efficiency savings

1 that we're able to achieve, including in the
2 Standards, but also including out in the
3 marketplace. So I'm really -- I enjoy very much
4 seeing these items come before us and I'm
5 strongly in support of them.

6 COMMISSIONER MCALLISTER: So I will move
7 Item 24.

8 COMMISSIONER DOUGLAS: Second.

9 CHAIRMAN WEISENMILLER: All those in
10 favor?

11 (Ayes.) Item 24 passes unanimously.
12 Thank you.

13 CHAIRMAN WEISENMILLER: So let's go to
14 Item 25. Renewable Energy and Conservation
15 Planning Grants. And Eli Harland, please.

16 MR. HARLAND: Good afternoon,
17 Commissioners and the public. My name is Eli
18 Harland. I work in the Renewable Energy Office
19 in the Efficiency and Renewable Energy Division.
20 I'm here seeking your approval of five grant
21 awards with five counties, totaling \$3,341,000.
22 These grant awards are the result of Program
23 Opportunity Notice 12-403, otherwise known as the
24 Renewable Energy and Conservation Planning
25 Grants.

1 I do want to note that updated CEC 270s
2 were made available this morning on the Energy
3 Commission's website and they're also available
4 by the front door to the entrance of the hearing
5 room.

6 In 2011, AB X113 became law and
7 authorized the Energy Commission to develop this
8 grant program. In the 2012 Budget Act, the
9 Legislature appropriated \$7 million from the
10 Renewable Resources Trust Fund to implement this
11 program. The Legislature directed the Energy
12 Commission to award up to \$7 million in grants to
13 15 qualified counties to develop a revised Rules
14 and Policies to facilitate the development or of
15 eligible energy resources, their associated
16 transmission facilities, and the processing and
17 permits for eligible renewable energy resources.

18 The Legislature specified that the
19 Energy Commission may award grant funds to
20 qualified Counties in the Desert Renewable Energy
21 Conservation Plan Area, only if those counties
22 are plan participants, or enter into a Memorandum
23 of Understanding with the Energy Commission in
24 which a County agrees to participate in the
25 development of the DRECP for the purpose of

1 ensuring that the DRECEP can achieve the goals
2 set forth in the planning agreement, in a manner
3 consistent with a applicable County policies.

4 At the December 9, 2012 Energy
5 Commission Business Meeting, the Commission
6 approved a model MOU for this purpose and four of
7 the seven counties that would land in the
8 planning area of the DRECP have executed the MOU
9 with the Energy Commission. All four of the
10 Counties with an MOU in place have applied for a
11 grant and are being proposed to you for approval
12 of a grant award today.

13 In December 2012, Energy Commission
14 staff engaged the qualified counties and other
15 stakeholders through a request for comments on
16 specific questions about the design and
17 implementation of the grant program. Staff used
18 these responses to inform the development of the
19 solicitation and, between March 11, 2013 and
20 April 10, 2013, the Energy Commission invited
21 qualified Counties to apply to the solicitation
22 and received six responses, one of which was
23 disqualified upon receipt because the Applicant
24 was not a qualified County.

25 The Scoring Committee made up of staff

1 from the State and Federal Wildlife agencies, the
2 Governor's Office of Planning and Research, as
3 well as staff from the Energy Commission's
4 Renewable Energy Office and Siting Division,
5 evaluated and ranked applications, and posted a
6 Notice of Proposed Awards on April 25, 2013.

7 I'm excited to present these very
8 important grant awards. The work that each
9 recipient County will undertake represents
10 important steps towards achieving California's
11 long term energy and natural resource
12 conservation goals, including the successful
13 completion and implementation of the DRECP, as
14 well as achieving the Renewable Portfolio
15 Standard Goals. Counties in the DRECP planning
16 area receiving grant funds will coordinate with
17 State and Federal partners to assist in the
18 development of the DRECP in a manner consistent
19 with County rules and policies. Once enacted,
20 the rules and policies in these counties will
21 help shape the market for developing eligible
22 renewable energy resources on land governed by
23 those Counties.

24 Further, this work marks an opportunity
25 to learn from each of these laboratory counties

1 so that we can share new institutional knowledge
2 with other California counties and land use
3 managers. Counties will begin work within the
4 next month and complete their work at the end of
5 March 2015.

6 I'm asking for your approval of five
7 grant awards. The first is with the County of
8 San Luis Obispo. The County will develop a
9 Renewable Energy Combining Designation in the
10 County's General Plan that will identify areas in
11 the County where certain types of renewable
12 energy resources -- solar, wind, and possibly
13 geothermal -- will be considered priority land
14 uses. The County will streamline permitting from
15 renewable energy technologies, especially in
16 areas with the combining designation. The
17 designation of combining areas will be informed
18 by creating maps using geographic information
19 system data, with mapping layers for renewable
20 energy resources, current land uses such as open
21 space agriculture, and even urban areas, and
22 utility transmission and distribution systems.
23 The County will prepare and certify an
24 Environmental Impact Report for the combining
25 designations that will minimize environmental

1 review for individual projects. The amount of
2 the grant award is \$638,152.

3 The second grant is with the County of
4 San Bernardino. The County will develop an
5 entirely new Renewable Energy and Conservation
6 Element as part of the County's Comprehensive
7 General Plan Update. The new General Plan
8 Element will establish the County's vision for
9 future renewable energy development and
10 conservation in the County by establishing the
11 goals, policies and objectives that will guide
12 development and conservation.

13 The County will also modernize its
14 regulatory system to ensure efficient governance
15 of renewable energy and conservation. The amount
16 of the grant award is \$700,000.

17 The County of Los Angeles will create a
18 Renewable Energy Ordinance and corresponding
19 Programmatic Environmental Impact Report. The
20 Ordinance will be consistent with the goals,
21 policies and objectives of the County General
22 Plan and Antelope Valley Plan. The County
23 anticipates that the Renewable Energy Ordinance
24 will set clear expectations and reduce
25 uncertainty for renewable energy developers,

1 stakeholders, and county residents. The
2 Programmatic EIR will assess broad development
3 issues like cumulative impacts, and provide a
4 mechanism for renewable energy developers to tier
5 their individual written environmental reviews
6 off of. The amount of the grant award is
7 \$603,000.

8 The County of Inyo will update and adopt
9 a Renewable Energy General Plan Amendment, as
10 well as prepare and certify an Environmental
11 Impact Report. The Renewable Energy and General
12 Plan Amendment include a General Plan Land Use
13 Designation Overlay for Wind and Solar Resources.
14 The overlays will identify areas in the County in
15 which solar and wind technologies are allowable
16 land uses, subject to the County's permitting
17 procedures and the County's Renewable Energy
18 Ordinance. The amount of the grant award is
19 \$700,000.

20 The last award is with the County of
21 Imperial. The County will undertake a
22 comprehensive update to the County General Plan,
23 including a significant Update to the Geothermal
24 Alternative Energy and Transmission element, as
25 well as prepare and certify a Programmatic

1 Environmental Impact Report. The County will
2 assess multiple eligible renewable energy
3 resources, solar, wind, geothermal, and
4 bioenergy, for development as well as inventory
5 critical natural resources, habitat species and
6 agriculture. To ensure coordinated energy
7 infrastructure investments, the County will work
8 with the Imperial Irrigation District and other
9 electric utility system managers to assess
10 electric system infrastructure. The amount of
11 the grant award is \$700,000. Thank you.

12 CHAIRMAN WEISENMILLER: Anyone on the
13 phone? Commissioners, any questions or comments?

14 COMMISSIONER DOUGLAS: Well, Chairman,
15 I'll make either a brief comment or a long
16 comment, I could talk about this topic for quite
17 a while, but I'll try to --

18 CHAIRMAN WEISENMILLER: You assured
19 Commissioner McAllister that you were excited
20 about this item.

21 COMMISSIONER DOUGLAS: I am. You talk
22 about planning for renewable energy and I
23 immediately perk up. These grants are a really
24 important step in the coordination and planning
25 work that really began and had its genesis when

1 the Energy Commission and other Federal and State
2 agencies and local agencies were suddenly facing
3 a fairly large influx of renewable energy
4 projects, both of the smaller distributed nature
5 and of the large scale nature, and had to make
6 some fairly tight timelines in permitting them,
7 and were generally successful in permitting
8 projects. And at the same time, we quickly
9 learned from that experience that permitting,
10 particularly in the California desert, is not as
11 easy as it would seem. To people who are not
12 from the desert, one might have an image of vast
13 open spaces and lots of room to build renewable
14 energy projects and do various other activities
15 or land uses, but really you quickly learn that
16 every inch of the desert serves a purpose to
17 somebody and maybe to many somebodies from
18 Federal agencies like the Bureau of Land
19 Management with jurisdiction over large areas of
20 desert, to National Parks and State Parks and
21 Off-Highway Vehicle users and recreational users,
22 and Agriculture, and Species Conservation, and of
23 course our partners at Department of Defense who
24 have some of their major training and testing
25 bases in the California desert. The numbers of

1 land users and people who are interested in what
2 happens with land in the desert are very very
3 high. And the conservation issues, given the
4 potential impacts of climate change and given the
5 relatively -- well, extraordinarily rich
6 biologically and ecologically and relatively
7 fragile by comparison to other types of
8 ecosystems in their natural environment, it
9 really calls for a coordinated look at what we're
10 doing at the state, the national and the local
11 level, and how we make these policies pull
12 together in order to achieve our development and
13 our conservation goals and provide a voice and a
14 forum, and input and meet the needs of residents
15 in desert communities, as well.

16 So these grants with the Counties that
17 have signed MOUs, the DRECP Counties, the Desert
18 Counties that have signed MOUs with the Energy
19 Commission, and with San Luis Obispo County,
20 really represent the next step in this work
21 because of course the Counties have land use
22 authority within their Counties, and they have
23 siting jurisdiction over photovoltaic and wind
24 projects that are fairly frequently the
25 technologies that are being utilized, not

1 exclusively, but frequently. And most of their
2 General Plans and ordinances and policies were
3 not developed when renewable energy was really a
4 major land use in the desert, and so even in
5 areas where fairly substantial numbers of
6 projects have been permitted, for example,
7 including by local governments, the policies are
8 not really fully reflective of either the need
9 for renewable energy or the need for conservation
10 to balance those impacts and also to achieve
11 broader conservation goals across the desert.
12 And one of the most exciting things,
13 opportunities that this really opens up, is the
14 opportunity to look across jurisdictionally and
15 across both private and public land, and across
16 the borders of different jurisdictions, what
17 really makes the most sense for the energy system
18 and for the environment.

19 So that's some of the context behinds
20 these grants. I think they're important and I
21 also think that they are coming along just about
22 right on time in terms of the Counties having a
23 lot of interest right now and engaging in this
24 kind of planning. So I don't know if there are
25 any other questions or comments?

1 COMMISSIONER SCOTT: I would just add to
2 that. When you take this really important
3 landscape level look like Commissioner Douglas
4 just described with the County participation and
5 the Counties having the ability to update their
6 plans so that they do take into account renewable
7 energy and also the conservation goals of the
8 Desert Renewable Energy Conservation Plan, it's
9 just invaluable. So that's all I would add.

10 COMMISSIONER DOUGLAS: With that, I'll
11 move approval of this item.

12 COMMISSIONER SCOTT: Second.

13 CHAIRMAN WEISENMILLER: All those in
14 favor?

15 (Ayes.) This item is also approved
16 unanimously. Thank you.

17 CHAIRMAN WEISENMILLER: Let's go on to
18 Item 26, Minutes.

19 COMMISSIONER MCALLISTER: I will move
20 Item 26.

21 COMMISSIONER HOCHSCHILD: Second.

22 CHAIRMAN WEISENMILLER: All those in
23 favor?

24 (Ayes.) The Minutes pass unanimously.

25 CHAIRMAN WEISENMILLER: Let's go on to

1 Lead Commissioner and Presiding Members Reports.
2 Janea.

3 COMMISSIONER SCOTT: So just a few
4 things that I wanted to highlight for you all
5 since this is a great opportunity for all five of
6 us to talk together. Since our last Business
7 Meeting, I had an opportunity to go down to
8 Stockton where the San Joaquin Regional Transit
9 District was putting in place the very first
10 buses, all electric buses in Northern California.
11 And that was due in part to a grant that we made
12 under our program in AB 118, and it was pretty
13 exciting, I mean, they had put a challenge out to
14 the folks who work at the RTD to decorate the bus
15 so that you would be able to tell which buses
16 were the electric vehicles, and the winner got to
17 sign the bus because it's just this really great
18 red and purple electric bus, and it's got the
19 Energy Commission logo on the back, which I think
20 is terrific because we did help fund the program
21 with our partners. And so that was just really
22 great to see. This is a grant that the
23 Commission made probably about two years ago or
24 so, and to see sort of the tangible results of
25 that was, I thought, really exciting. And I went

1 from there over to EVI which is where they're
2 making some all electric delivery vans, and those
3 were great to see, too. And they are really
4 working on some breakthrough types of
5 technologies and innovations that they're hoping
6 they might be able to put into additional trucks,
7 but it gives the truck a lot more pick-up and go,
8 which is not how the engineers would describe it,
9 but that's how I describe it. And, you know,
10 they were saying that the folks who drive those
11 vans when they're going over the hills on the way
12 between like here and the Bay Area, they can
13 actually zip right by folks in the other vans
14 because they actually do have that much more get
15 up and go, so that's terrific.

16 I think the other thing that they are
17 working on innovating is, when you're driving and
18 you put your foot on the brakes, that's usually
19 what puts some of the energy back into the
20 system, but they set up a system where, when you
21 take your foot off of the accelerator, it starts
22 to put the energy back into the system. And it
23 was just really neat to see those types of
24 innovations and, again, those are things that
25 were made possible by Energy Commission grants.

1 So it was terrific to get to go see those, get to
2 drive one of those electric -- it was a UPS
3 truck, you know, and so then you've got UPS
4 putting in orders for trucks like that, so those
5 will be on the road -- in fact, you've probably
6 seen some around Sacramento, so that's pretty
7 exciting.

8 Another event that I went to that I
9 would like to highlight for you all is I went
10 down to San Leandro and it was IBEW Local 595 in
11 NECA, and they opened up the very first zero net
12 energy building, it's a retrofit of a building,
13 it's about 46,000 square feet, so it's one of the
14 largest commercial buildings that's done this,
15 it's a retrofit in an existing building. And one
16 of the things that was really neat about that, I
17 mean, they had solar panels on the roof, they had
18 some wind turbine out front, all types of
19 efficiency measures, although they didn't double-
20 pane the glass, but they could still meet the
21 standards that they were trying to meet with the
22 different energy efficiency pieces that they put
23 in place. And the Governor was there, he gave a
24 terrific speech. And one of the things I really
25 enjoyed about being at this event was kind of the

1 symmetry, or just the really nice story about,
2 you know, IBEW workers who do the lighting and
3 the energy efficiency in all of those parts of a
4 building are going to be trained at this
5 building, where they have this sort of state-of-
6 the-art example of the types of things that they
7 will then get to go out and put in place in other
8 buildings. So I thought that was really neat to
9 see.

10 And then the Chair mentioned that I was
11 at Camp Pendleton yesterday, and so I thought I
12 would tell you all a little bit about that. It
13 was a Marine Corps meeting and they were mostly
14 talking about encroachment, which was pretty
15 interesting. And so one of their top concerns is
16 renewable energy development near their bases.
17 But we all sort of appreciate the opportunity for
18 us to think through and work closely in
19 partnership how best we can work together early
20 and often, so that if issues come up there's an
21 opportunity to flag them in advance and really
22 talk through are their solutions to these, how
23 can we continue to work forward.

24 They're also interested in just the
25 energy overall, sort of the goals of the state

1 and where the state might be headed, and so I
2 talked about some of the Governor's programs, for
3 example, on the Zero Emission Vehicles, and
4 energy efficiency, and I highlighted a lot of
5 that and I also flagged for them some of the
6 things that we talked about today in terms of
7 working on Vehicle to Grid projects, working
8 together on microgrid projects, and so there's
9 actually a lot of places where, when we work
10 together in partnership, there other aspects of
11 energy that we can all work on together so it's
12 not all renewable energy encroaching on their
13 various installations. And so that's a quick
14 summary of a few things I've been up to.

15 CHAIRMAN WEISENMILLER: Yeah, I was
16 going to ask you which car you drove today.

17 COMMISSIONER SCOTT: I drove the Honda
18 and then I rode with you in the Hyundai.

19 CHAIRMAN WEISENMILLER: Right.
20 Actually, on the encroachment, one of the
21 interesting things which actually was more in the
22 lush fiscal years of the Davis Administration,
23 what the state was trying to do was buy property
24 around Military bases to deal with the
25 encroachment. As you have more and more

1 development, that tends to drive the endangered
2 species close to the bases, and then start
3 threatening their overall mission. Obviously, we
4 don't have those days, but certainly any way we
5 can try and focus mitigation land purchases as
6 buffers around the bases would again help secure
7 their longevity.

8 COMMISSIONER SCOTT: Yeah.

9 COMMISSIONER MCALLISTER: Great. I
10 really appreciate your carrying the flag for
11 energy efficiency along with all the other
12 things. You know, at the end of the day they're
13 all related. So, really, I just wanted to
14 highlight a couple of things. First of all, I
15 did spend last week, most of last week, in
16 Washington, D.C. The first couple days were for
17 a Clean Energy States Alliance meeting, we are
18 members of the Clean Energy States Alliance, and
19 so a good group that covers much of the country.
20 And the second day on Tuesday last week, we did a
21 Congressional briefing focused largely on
22 renewable generation and the overall message to
23 committee staff and stakeholders, and it was an
24 overflowing capacity in the room, probably a
25 couple hundred people at least there and it was

1 webcast, and it was very well done, very well
2 organized, the overarching message is the states
3 are doing wonderful things, each has their own
4 kind of approach in some ways, they draw from
5 each other and work together, but the Federal
6 Government is a key partner in much of what
7 happens. And I think all of us had different
8 ways -- it was Alaska, Vermont, Massachusetts,
9 Maryland, a couple other states, that all had
10 sort of different versions of that message,
11 highlighting a project or two that they had going
12 in their states. And I think it was notable that
13 California's scale, which is far and away beyond
14 obviously Maryland or Vermont, but just the fact
15 that we were I think proactively talking about a
16 lot of these issues in an unfettered way, without
17 sort of political, you know, landmines to be
18 stepping on, I think, was just a reminder that
19 people were happy to have California in the room,
20 that there is scale somewhere and it's still, you
21 know, in the renewables space it's still a
22 percent or two, it's not where it needs to be,
23 but we are scaling relatively rapidly and the
24 market conditions are improving, and we have a
25 lot of skin in the game in a big state, and that

1 was my message to them and I think it was
2 refreshing to hear that in the D.C. context.

3 I want to thank Chair Weisenmiller for
4 holding down the fort on the IEPR Climate Change
5 Workshop, so hopefully we'll hear a little bit
6 about that in a little bit, but I was sorry to
7 miss that, but duty called out east.

8 And then I had a bunch of interesting
9 meetings with the various folks in the Federal
10 Government and also in the sort of nonprofit
11 community and energy efficiency and related
12 areas. In particular, I think with DOE the
13 Energy Efficiency Renewables Program there and
14 the White House Office of Science and Technology
15 Policy, Council on Environmental Quality, FERC, I
16 think there are a lot of people looking at
17 California and it was really nice to kind of plug
18 into that environment and make sure that they
19 were asking us the right questions and that we
20 were sort of helping them with what they're
21 doing. I think there's a lot of benefit to
22 California for developing and maintaining these
23 relationships.

24 And then finally, I met with some
25 members of our California delegation out there

1 and also with NASEO, I want to highlight them as
2 an organization, the National Association of
3 State Energy Offices. So the CEC is California's
4 version of a State Energy Office, and we are
5 pretty unique in that we're a large State Energy
6 Office. Most places you go in the State Energy
7 Offices is a suite in a building and it's got a
8 few people, or maybe a dozen people in it, and
9 that's what a State Energy Office kind of is
10 thought of in Washington. But the Energy
11 Commission is our version of that and obviously
12 doing a lot more than most of the State Energy
13 Offices. I think the only other comparable one
14 would be probably New York in scale. And so
15 definitely they would like us to participate
16 more, and I think there are some benefits to us
17 to helping them develop messaging that is in line
18 with what California wants to do. So I think, to
19 the extent that our involvement brings California
20 benefits, we really want to push that.

21 So the D.C. trip, I think, was very
22 productive and hopefully will lead to, you know,
23 in the context of funding that becomes available
24 potentially from DOE, we can provide a lot of
25 ways to learn from the funding that comes from

1 DOE if we can probably target it and get it.

2 The other thing I wanted to highlight
3 was the Title 20 Appliance Efficiency Standards
4 Workshops and just give everybody kind of a
5 status update on those. We have a whole suite of
6 15 product categories that are moving forward in
7 this round and it covers consumer electronics,
8 there's some water using devices, there's some
9 sort of miscellaneous devices in there, but there
10 are a lot of potential energy savings in there
11 and the process is really geared towards figuring
12 out which of those are harvestable in a cost-
13 effective way by adopting standards. And we've
14 designed the process really to be as accessible
15 to stakeholders as possible this time, really
16 amping up the outreach and the encouragement to
17 participate to all the stakeholders that could
18 participate, and that's folks based in D.C. and
19 that work Federally, and it's also State, and
20 it's manufacturers, and everybody who really has
21 information and insight to the various categories
22 of the devices. So staff put together some
23 really excellent workshops over the course of I
24 believe four days, three and a half days,
25 something like that during the course in early

1 June -- or, I'm sorry, in the last week of May, I
2 believe. And they were just run incredibly
3 professionally and I want to give Dave Ashuckian
4 and his team, the Appliance team, some kudos for
5 that because I think it went really well, all the
6 feedback -- I was able to attend part, but not
7 all, and all the feedback I got was that it
8 really went well. And this new process we have
9 to break it up into a few more steps, be very
10 explicit, encourage participation, and be very
11 transparent about where we're heading, I think,
12 is the right approach. The devices tend to be
13 more specialized categories now, you know, we're
14 not talking about dishwashers and refrigerators,
15 we're talking about consumer electronics and more
16 specific categories that have more sort of
17 technical detail to them, and so working it out
18 this way is very productive. So I wanted to just
19 highlight that evolution of our process, you
20 know, Appliance Standards and Buildings
21 Standards, Title 20, Title 24, respectively, are
22 really bread and butter issues for the Commission
23 and they've gotten us multiple billions -- all
24 told, more than \$100 billion of benefit over the
25 last 35-40 years, and I think it's that important

1 to the state and provides that social benefit, so
2 it's an evolution that's appropriate at this time
3 to keep that history of success going forward, so
4 I really give kudos to staff for evolving the
5 process in a very positive way.

6 CHAIRMAN WEISENMILLER: That's great.
7 Let's start with the IEPR Workshop, which
8 Commissioner Douglas and I were there, so I'll
9 let her put in her two cents on it. It was a
10 very good workshop. I think, again, Laurie and
11 Guido, particularly Guido, did a good job of
12 organizing that and, you know, first in terms of
13 setting one metric as opposed to like your
14 hearings, in that case every single speaker got a
15 round of applause afterwards, and so it was such
16 a polite, professional group of scientists that
17 was certainly out of our norm.

18 Having said that, the basic stuff was
19 pretty stark, you know, in terms of conclusions,
20 and certainly alarming. You know, again, the
21 basic science is clear, we are now experiencing
22 climate change and that the projections are that
23 it's going to become more and more obvious. And
24 we had sessions on things like what's the impact
25 on the PG&E hydro system, which, I mean, that is

1 our -- if you're trying to figure out how we
2 balance the system now, it's really the PG&E
3 hydro system, so as you start changing its
4 characteristics, it's going to get worse. And
5 similarly in terms of climate, we talked today
6 about 1-in-10, I don't know if 1-in-10 today is
7 really still 1-in-10 of what we have historically
8 thought of it; it could be more like what we
9 would have said was 1-in-20. Well, certainly,
10 that's one of the things we're trying to
11 investigate in the IEPR, but to the extent that
12 one of the early signs of climate change is
13 extreme events, and so that sort of heat spell,
14 and when you start saying, again, where is it
15 going to be and the locations, again, there are
16 sort of strong effects there that will affect
17 both on supply and demand. You know, with a
18 thermal power plant, often people say "gas
19 plant," well, in fact any solar thermal plant,
20 any nuclear plant, that is you start affecting --
21 things get hotter, the delta T is really what's
22 going to drive it, and in effect it drops off in
23 efficiency. And there are things you can do to
24 try to respond to that, but again -- and two of
25 the more interesting presentations were by LADWP

1 and SMUD on what they're doing to try to deal
2 with adaptation. And, again, some areas we
3 mumble about their lack of progressiveness, but
4 they're really trying to confront the issues head
5 on and deal with them. I'm not sure what your
6 other takeaways were from that.

7 COMMISSIONER DOUGLAS: Well, I agree, it
8 was both a really fascinating workshop and it was
9 nice to see just the speakers applauding each
10 other and asking clarifying questions and really
11 engaging in dialogue about the research that they
12 had done and the significance of it. I agree
13 that, as fascinating and interesting as it was,
14 it was also again profoundly disconcerting and it
15 really underscores to me how, as we both deal
16 with the impacts of climate change and also
17 muster the resources and the policies and the
18 programs to reduce greenhouse gas emissions and
19 really try to reduce the extent of climate
20 change, we're going to be encountering multiple
21 interrelated problems and challenges, and some of
22 these studies can really help us see where those
23 challenges are likely to occur, how they're
24 likely to manifest, and from that perspective it
25 helps us start to get a handle on what we might

1 need to do or think about as a state and as the
2 Energy Commission to put the state in the best
3 possible position to deal with some of these
4 challenges as they arise. And just as one small
5 example that's close to my world, but there were
6 many examples that came out of this, the PG&E
7 hydro system that Bob mentioned is obviously
8 going to be impacted and changed by climate
9 change, and one of those impacts is that the
10 system may not work as well to meet the needs
11 that we are currently using it to satisfy,
12 particularly in terms of when we're able to
13 generate electricity from the system and the
14 degree to which early releases have to be made
15 for flood control that reduce our generation
16 capability later, and that sort of thing. But
17 climate change also impacts species, and within
18 that same system and other systems. So
19 endangered species constraints may very easily
20 also operate, in fact, likely will also operate
21 as yet another constraint on how that system
22 operates, or how renewable energy is developed in
23 other systems, in other regions. And so we're
24 looking at a number of challenges that are really
25 going to take all of our abilities to work our

1 way through, and it's really helpful to have some
2 preview from some of these analyses.

3 CHAIRMAN WEISENMILLER: Yeah, I think
4 the other thing which -- there is a *Scientific*
5 *American* article in the last year that talks
6 about the notion that our rain comes in very
7 concentrated, rivers of rain, that really hit --
8 these enormous hydro events, and part of the
9 question is how the jet stream and everything is
10 shifting, and there are some interesting studies
11 talking about the relationship between that and
12 the ocean temperatures, you know, in terms of
13 rainfall when you see that sort of variability.
14 But again, a lot more variability which is not
15 good.

16 COMMISSIONER MCALLISTER: So it's great
17 that you were both there. I guess, I mean,
18 having the Chair and the past Chair, that's --
19 obviously this is an important issue within the
20 IEPR and broadly for California, and I really
21 thank you guys for driving that discussion. I
22 wanted to just point out that, you know,
23 California has really many of the preeminent
24 climate scientists in the world right here in our
25 state and we're lucky to be able to get them in

1 the room, you know, Dan Cayan, I think, was one
2 of the presenters there, I mean, the Scripps
3 Institute down in San Diego, they in many ways
4 were in on the ground floor on much of this
5 fundamental research, and they really know what
6 they're talking about, and it's very clear, and
7 it's very continuous over the last three
8 generations, really, and they're carrying on that
9 tradition with very rigorous, well -- incredibly
10 deep datasets, and the continuity there is just
11 painfully obvious to anybody who is really paying
12 attention and interested in facts. And so it
13 enables California to really drive this
14 discussion and kind of dispatch some of the
15 misconceptions about climate change and really
16 get to the hard business of fixing things.

17 CHAIRMAN WEISENMILLER: Yeah. The other
18 thing I did is I went out to Ivanpah and NRG was
19 having an event to really sort of, a) to raise
20 people's conscience, but really it's an NRG
21 Google project, we normally think of it as
22 BrightSource who is a partner in it, but they're
23 not one of the major owners of it at this stage,
24 but it was really, again, having been here in my
25 first year, Karen could say how we struggled with

1 Ivanpah to just get that out, you know, I mean,
2 that was like a 34 or 36-month siting process, it
3 was really past embarrassment, but anyway, it was
4 interesting to actually see it now physically
5 alive. I mean, here was the stop at the
6 heliostats and you could see those. Here was the
7 stop at the factory with robotics where, again,
8 they're pumping out 500 of those a day. Here is
9 the control room, you know. And then also here
10 you are on the third unit looking across at the
11 first unit, which is glowing at this point, and
12 2) hasn't really started through that startup,
13 and 3) still has a lot of blank space around it
14 where the heliostats will come in. So anyway, it
15 was -- and I guess at this point they're already
16 getting a number of movie companies approaching
17 them about wanting to do movies around there.

18 And along with that, when I was in that
19 area I went to see the Carpenters Training
20 Program which they have a pretty extensive
21 program there to, again, train their workers on a
22 variety of disciplines, actually, to be more
23 precise, the trainers of the trainers. So as
24 with many Unions, you have very extensive
25 apprenticeship programs and that's where people

1 come and you get there and here's the thing that
2 they train people on how to work on steam
3 turbines, or gas turbines, or various types of
4 technique, how to put those together and what to
5 watch out for. So that again was this whole
6 thing of reemphasizing how energy is really jobs,
7 too, which obviously is important for all of us
8 at this stage.

9 Also, obviously, I think everyone has
10 heard about San Onofre, you know, that Ted Craver
11 called the Governor Thursday night, indicated
12 that -- and I talked to Litzinger, we did a
13 pretty coordinated Press strategy on Friday,
14 Litzinger called me Friday morning to say
15 basically that they had I guess the two things --
16 basically Edison had certainly been telling me
17 privately, and Peevey, for at least the last six
18 months that, unless things got approved they were
19 going to pull the plug, and they had even
20 announced in their earnings report that unless
21 they had gotten NRC approval to restart by the
22 end of the year, they would pull the plug, so
23 here it is early in June and they pulled the
24 plug, and the thing that led to that decision was
25 in their technical analysis they thought the

1 highest economic value of restart would be if
2 they could do it by January, and after January
3 the value would drop off. And then you look at
4 the Atomic Safety and Licensing Board Decision
5 and they realized it was more or less inevitable
6 that that was going to add a year to the
7 confirmatory Action Letter of Decision and that,
8 even with that, there was a number of
9 opportunities for legal challenge of the
10 decision. So they just basically saw it as
11 something that was going to be a year plus, and
12 at that point they decided that was it. It was
13 interesting because the Chair of the NRC was
14 going to come out yesterday, had Rob lined up to
15 go to that, and tell us what she was going to do
16 on the procedural side. When I talked to her,
17 she had said that it was like a spider web of
18 more and more procedural options every time she
19 turned around, so I would have been curious to
20 find out what she had decided as a strategy, but,
21 as I said, that never happened. So anyway, at
22 this stage, as the Governor's press release has
23 indicated, he's directed us to come up with a
24 plan. By "we," that's the Energy Commission,
25 PUC, CAISO, certainly working with the South

1 Coast, and we're also working with the Water
2 Board -- 90 days indicated. So certainly one of
3 the implications of that is we're trying to
4 somehow get concurrence among the three agencies
5 on energy efficiency demand response by the end
6 of the summer; if we can notch that up to the
7 middle of the summer, that certainly is more
8 consistent with the 90-day schedule, although, as
9 anything, my impression is it's probably been
10 sliding a little bit back in time on when people
11 thought they would get their act together on a
12 difficult issue, but anyway, we have to do some
13 degree of crunching there.

14 Other things, I was going to indicate
15 that a lot of it with Rob and Mike Levy's
16 assistance, we're going to be moving some of our
17 partnership stuff, the PV Collaborative, Fuel
18 Cell Partnership, to a more public process, you
19 know, more transparent public process, which I
20 think is very good, it's certainly not going to
21 happen on a dime, but it's good that we now have
22 that concurrence of decision makers to move in
23 that direction.

24 Also a footnote, I've signed a secure
25 Memorandum of Understanding between us and a

1 number of agencies related to DRECP, and I signed
2 it in part to emphasize how important DRECP is to
3 us, I mean, it's actually on the scale of things
4 a relatively minor MOU that allows the sharing of
5 the drafts for DRECP among the agencies, with
6 keeping them confidential on the drafts, so it's
7 pretty minor, but at the same time I thought it
8 was important to emphasize how important that is
9 to us.

10 And I also went to the Chadbourne & Park
11 event. It was interesting just in terms of
12 getting more of a national or global perspective
13 on energy changes, and the one thing that I found
14 fascinating, oh, actually there were a lot of
15 fascinating things there, but was that in much of
16 -- we think a lot about California specific
17 stuff, but certainly if you look at a lot of
18 other parts of the world, you're looking at
19 either diesel or PV now, and suddenly, you know,
20 if you're in the Caribbean, if you're in Chile,
21 if you're in South Africa, you know, PV is just
22 the cheapest thing you can buy, and so for
23 Chadbourne, which has always vetted future and
24 renewables and at times has gotten nervous, you
25 know, when you have the calls coming in from

1 Chile, scattered throughout the world in their
2 main offices on what they're doing on renewable
3 projects at this stage, and in fact there's still
4 a lot of emphasis on some of the overseas
5 development, on not just photovoltaics, but also
6 solar thermal, you know, that if you're looking
7 at someone like Solar Reserve, which obviously
8 has the RICE project which we keep hoping gets
9 developed, and they have a project, but at the
10 same time, you know, they're in construction in
11 other countries. So it was good to see that sort
12 of diversity, but it's a real boom time, I mean,
13 Saudi Arabia said they're going to put \$100
14 billion into renewables, to go from less than a
15 percent to 20 percent in a very short period.
16 They want to save oil for, well, you know,
17 basically to sell it, so to basically shift over.
18 So it's a real sweep. I guess Puerto Rico is
19 trying to say you have to couple solar with
20 storage, or, again, if you're trying to sell to a
21 Chilean mine photovoltaics, you need something to
22 make it 24 by 7. So, again, it sort of
23 emphasizes the revolution that's occurring in the
24 fundamentals in many respects.

25 COMMISSIONER DOUGLAS: The only thing

1 I'll add is that I had an opportunity to go to
2 Stanford and participate in a discussion of a
3 number of articles looking at climate change in
4 an international context and, Bob, your recent
5 comments really struck a chord with that because,
6 of course, at a global scale, global emissions of
7 greenhouse gases are increasing, they're
8 increasing at a pretty stable kind of consistent
9 rate, and that trend does not show at the current
10 time any sign of slowing, let alone reversing,
11 and so we have a lot of work to do to translate
12 the impact of our work in California and to see
13 that realized and reflected in the scale of
14 global action and global efforts to adopt
15 alternative clean technologies and reduce
16 greenhouse gas emissions. And I really walked
17 away from that with the view that we can do a lot
18 at the policy level and certainly here in
19 California we need to, but really what we need to
20 see is the fundamentals change in a major way in
21 terms of the price point for PV and other clean
22 energy technologies, and the widespread
23 dissemination of relatively low cost alternatives
24 to technologies that currently are driving
25 emissions upwards in the transportation sphere

1 and the generation sphere, and so on. And so
2 that's certainly added something to the
3 perspective that I've been bringing to this and,
4 of course, we are seeing some of that change in
5 the fundamentals, but it needs to happen faster.
6 So maybe, David, some of your colleagues in the
7 industry can -- no doubt, they're hard at work
8 trying to figure out how to make it happen faster
9 and I wish them the best at it.

10 COMMISSIONER HOCHSCHILD: So I've been
11 now in the job three and a half months and I just
12 now feel like I'm getting my sea legs and I want
13 to just again express my gratitude to the
14 Chairman and to Commissioner Douglas, in
15 particular, for helping me get oriented and
16 showing me the ropes. And I also want to call
17 out Rob and Drew, in particular, as well, because
18 I've asked both of you literally north of 300 or
19 400 questions, and asked your help on various
20 projects, and both of you have been so responsive
21 and proactive and imaginative and creative. It
22 really gets me excited for what we can all do
23 working together as we approach the 40th
24 anniversary. When I describe the Energy
25 Commission to stakeholders in meetings, I really

1 describe it as we are turning over a new leaf and
2 we have 20 percent of our staff is new, the
3 majority of Commissioners, myself included, are
4 new in the last 18 months, and it's just exciting
5 to think about what we can do together going
6 forward.

7 I've been doing a lot of meetings with
8 stakeholders and a lot of site visits every
9 single week, and so a few of the highlights, I
10 did speak at the dedication of the First Solar
11 Project, the 130 megawatt project down in
12 Imperial County. It's interesting to note, by
13 the way, one benefit we're seeing now with PV
14 which I had not actually expected, but most of
15 these utility scale PV projects are not using
16 water at all to wash the modules, so it's basic
17 -- in the case of thin film, they're fixed tilt
18 -- I mean, literally, no moving parts, that's not
19 most of the PV that's going in is single axis
20 horizontal trackers, but it was news to me that
21 nobody is using water. And so that's a nice
22 benefit.

23 I spoke yesterday at U.C. Davis, I was
24 there with Laurie ten Hope and her team at the
25 Offshore Wind Conference, and I'll just share a

1 little bit with you about that. So this is -- I
2 kind of see renewables as a family and you kind
3 of, you know, each kid needs different levels of
4 education to kind of graduate from college, and
5 there's some that are going to take a little bit
6 longer, so offshore wind is in that category,
7 it's not going to happen quickly, but it is worth
8 noting there is actually 75 gigawatts of capacity
9 in California, so either wind speeds are higher,
10 the capacity factor is higher, the coincidences
11 with peak is much better, the wind turbine size
12 is much larger, so we're talking about 6 megawatt
13 turbines compared to one and a half or two
14 megawatt turbines, and the proximity to load is
15 better. So in the United States today, there's
16 only one system that's installed that is in
17 Maine, it's very small, it's a pilot, but they're
18 moving ahead with cape wind and, you know, Laurie
19 and her team have been working just on the sort
20 of R&D and permitting exploration. I see it as a
21 long term potential, but it's just worth keeping
22 an eye on as we go forward.

23 A few other highlights, at the
24 suggestion of the Chair I went to visit the Lodi
25 Power Plant, which is, depending on how you

1 measure it, it is either the first or the second
2 most efficient gas plant in the state, very close
3 by -- in fact, I think the Chairman spoke at the
4 dedication. This is fascinating to see because
5 it's actually a quick start technology, so it's a
6 combined-cycle plant that starts up in an hour,
7 and so it kind of combines the benefits of both
8 peakers and combined-cycle Seimens technology,
9 very exciting to see that, and I think that
10 actually has an important role to play as we are
11 looking at more flexibility in the system, and I
12 think there will be more of that to come. And
13 it's competitive, cost-wise.

14 The other highlight, I went to the
15 Lighting Center at Davis and, you know, I have
16 been sort of ignorant, but well meaning with
17 respect to lighting, and it was just great to see
18 the color rendition right now for LEDs, so it's
19 90, in some cases 95, and they have a display,
20 and for those who haven't seen it, I really would
21 encourage everybody to go there, they have a
22 display, a mock-up of a department store and you
23 can compare the lighting and, really, the
24 lighting is every bit as good for LEDs. And my
25 Adviser, Gabe Taylor, who has got a lot of

1 expertise in efficiency, I asked him to just get
2 the numbers for us on if LEDs were deployed in
3 every possible application where they could be in
4 California, what's the net effect on California's
5 total load, and it's a five percent reduction,
6 the switch is very significant. We have been
7 told something like 60 percent of fixtures in the
8 state are still incandescent, they told us that
9 at the Lighting Center, I hadn't realized it was
10 that high, but that's exciting going forward as
11 costs come down because LEDs, I think, are
12 following a similar trajectory to PV.

13 And then finally, Commissioner Scott and
14 I went to visit the Santa Rita Jail, fortunately
15 not as inmates, but we were there on a tour and
16 this is really just a remarkable facility for
17 anyone who has not had a chance to see it yet,
18 but they have deployed, I think it's fair to say,
19 more innovative clean energy and storage
20 technologies than any other public facility I've
21 ever seen. They have a 4 megawatt hour battery
22 bank, a fuel cell tracking solar thermal on the
23 roof, multiple types of tracking ground mounted
24 PV, rooftop PV, and all kinds of efficiency
25 measures, and Smart Grid, and it's just a real

1 creative thing. But actually, the most exciting
2 thing to me was they collaborated along with 20
3 other municipalities to do aggregate procurement
4 for renewables, and they achieved through that a
5 15 percent cost reduction. And I'm just saying,
6 if you were to go to NREL or to the PIER Program
7 and offer a way to reduce the cost of renewables
8 by 15 percent that could be deployed in three
9 months, you know, you would win a prize. And so
10 this is actually another example of, I would call
11 it procurement innovation. And I'm actually,
12 quite frankly, I'm curious to dig into that with
13 respect to supporting the Munis in compliance
14 with the RPS, I want to explore how much of that
15 could be replicated. But anyway, it's been a
16 great education so far. So thanks.

17 COMMISSIONER SCOTT: I would just add to
18 that, that was pretty amazing how they had
19 aggregated that and got that level of efficiency,
20 so that was, I thought, pretty interesting to
21 see, and I would agree that it was incredible to
22 see the number and different types of
23 technologies that they were willing to pilot
24 there at the jail. And one of the funny things
25 that our tour guide -- maybe "funny" is not the

1 right word -- but was saying was that it's a big
2 deal if the power goes down at a jail, so when
3 they're experimenting with all of these different
4 power sources, it tends to be of concern to the
5 folks that live around there. One of the other
6 things that was really neat that they were
7 piloting there was they had a little robot that
8 could go around on this system and it actually
9 hooked up to each one of the solar panels and
10 every 40 minutes it would turn it so that it was
11 facing the sun, and then it would keep going and
12 it would turn to the next one so that it was
13 facing the sun, and so it was just a different
14 type of tracker, and it really was pretty
15 incredible to see all the different things that
16 they were piloting and --

17 COMMISSIONER HOCHSCHILD: The R2D2
18 Tracker.

19 COMMISSIONER MCALLISTER: Wasn't that a
20 technology developed by the SunShot Initiative?

21 COMMISSIONER HOCHSCHILD: It may have
22 been.

23 COMMISSIONER SCOTT: It might have been.
24 The other thing I'd just -- between listening to
25 everything that everyone mentioned, I think it

1 was pretty terrific that Commissioner Hochschild
2 and Commissioner Weisenmiller were at the ribbon
3 cuttings for solar sites in the same week, I
4 think it was exactly the same day, as well. So
5 it's really neat to see some of these things like
6 Commissioner Douglas mentioned, you know, it took
7 a while to get some of them through the
8 permitting, but five or six years ago we didn't
9 have any, and now we've got all these or
10 multiples to go to groundbreakings and see, so
11 it's coming together.

12 CHAIRMAN WEISENMILLER: Now, I think the
13 ISO system last week hit 2,000 megawatts.

14 COMMISSIONER SCOTT: Wow.

15 CHAIRMAN WEISENMILLER: So, wow. Yeah.
16 Chief Counsel's Report.

17 MR. LEVY: Good afternoon,
18 Commissioners. I'm delighted to report I have
19 nothing to report.

20 CHAIRMAN WEISENMILLER: Good. Executive
21 Director's Report.

22 MR. OGLESBY: Well, I guess I'll observe
23 that this was the last regular Business Meeting
24 of the Fiscal Year, and so you've moved through
25 83 action items, not including the informational

1 items, so congratulations for moving through a
2 long agenda very very very well and not having to
3 go to midnight or anything like that. So we've
4 got a lot of business done during the course of
5 this year and this marks the end of that.

6 I will also highlight that I wish I
7 could give you an update on the budget, but we're
8 very close to having a budget ironed out and it
9 will be one of the things that I will provide to
10 you at the next business meeting after the budget
11 is signed, an update on how the Energy
12 Commission's budget has resolved.

13 COMMISSIONER HOCHSCHILD: So, Rob, I had
14 a hold on my account, I think we all do, for June
15 27th. Are we not going to --

16 MR. OGLESBY: I would ask you to
17 continue to hold that. We would use that date as
18 a special meeting if needed, particularly for
19 maybe a siting matter that has to be brought up
20 in that time. As far as the business of the
21 Commission that is subject to the deadline of a
22 Fiscal Year, we've resolved all those issues, so
23 the only thing that would come up in the
24 remaining on that date would be something that
25 has to be dealt with, that is not connected with

1 the Fiscal Year like a siting issue or something
2 like that.

3 CHAIRMAN WEISENMILLER: I think actually
4 on that date, at this point, you, I and Janea
5 have been invited to a Toyota event. So --

6 MR. OGLESBY: It would depend on how
7 important that item might be. I also, I guess,
8 for your benefit and for the benefit of the
9 public, we have a regular Business Meeting
10 scheduled on the calendar for July 10th, I would
11 flag to watch that date, we have a legislative
12 hearing that compels the Chair and some others to
13 perhaps work around that date, but we will have
14 to see how that develops. We're looking at ways
15 to make it work, nevertheless, but I wanted to at
16 least highlight it as something where there might
17 be a conflict for the Commission that relates to
18 legislative work.

19 CHAIRMAN WEISENMILLER: Public Advisory
20 Report.

21 MR. ROBERTS: Good afternoon. I have
22 nothing to report.

23 CHAIRMAN WEISENMILLER: Okay. So now
24 we're at the public comment phase and we have I
25 believe one person in the room who wants public

1 comment. I would note that public comment is not
2 to address any matter that was addressed prior on
3 the agenda.

4 MR. SPLITT: Good afternoon, now. It's
5 Pat Splitt from APP-TECH. Well, we could
6 characterize this however we want. I talked to
7 the legal people earlier, Mr. Brehler, and we got
8 a lot of stuff sort of ironed out, and he's going
9 to be working with me, I hope, and maybe somebody
10 else in the Legal Department to see where we can
11 go on that, so I promised that I wouldn't talk
12 about anything except one item and that's --

13 CHAIRMAN WEISENMILLER: And, again, you
14 know, I will indulge you, but I may cut you off.
15 Go ahead. I'm just saying under the rules of the
16 Commission, certainly I would prefer to have
17 public -- we love public comment, but if you go
18 too far, you know, we'll just close the hearing.
19 So go ahead.

20 MR. SPLITT: Well, that's a great way to
21 start, thanks a lot.

22 CHAIRMAN WEISENMILLER: I just want to
23 make sure the ground rules were clear.

24 MR. SPLITT: Well, they are now. You
25 know, I have a bad temper and I try real hard to

1 not get mad, and you're not helping me.

2 CHAIRMAN WEISENMILLER: Well, again,
3 talk about what you want to talk about. But it
4 has been a long day.

5 MR. SPLITT: I can't talk now. I was
6 going to -- people complained before because I
7 didn't let you know what I was up to, I was going
8 to try to tip you off on what I might be saying,
9 so next time you have a hearing, but if you don't
10 want to hear it, fine.

11 CHAIRMAN WEISENMILLER: Well, I'm
12 perfectly happy to have you say, "This is what
13 I'm going to cover," and at that point we can
14 decide whether or not we can --

15 MR. SPLITT: Okay, well, I promised I --
16 I'm not going to go where I was going -- okay, so
17 I have calmed down again. I'm not going to talk
18 about anything except the definition of public
19 domain. That's all. It had to do with the items
20 that were pulled from the agenda, we didn't
21 discuss it today. And the problem with the
22 original agenda was that the items were called
23 Public Domain Residential ACM, which is a
24 contradiction in terms, it's either a public
25 domain program, or it's an ACM, but especially

1 under the new requirements on Part I of Title 24,
2 you make a clear distinction that ACMs are
3 programs that are not public domain, so it's
4 absolutely impossible to have a public domain
5 ACM. But it's been explained to me that, in this
6 deferred hearing when you're going to present the
7 computer program again, it's just going to be
8 called a public domain computer program, and it
9 was also explained to me that it probably
10 wouldn't be adopted under either the current Part
11 I administrative requirements for the Commission
12 for adopting public domain programs, or the new
13 Part I, but rather that it would be adopted
14 directly under the requirements of the Warren-
15 Alquist Act. Is that correct? It's a
16 distinction that is very important for us to know
17 what we're dealing with and the reason I bring
18 this up again is because, back in 2010, there was
19 a lot of discussion by the Commission at
20 hearings, and by the Commission staff, they wrote
21 a paper delineating all kinds of problems with
22 the definition, and multiple definitions, and how
23 we should solve -- come up with an alternative to
24 calling these programs public domain. This was a
25 draft version and, as far as I know I thought it

1 was going to be implemented, but it isn't. So
2 the Commission has no definition of public
3 domain, yet you're proposing all these hearings
4 to adopt software that is public domain somehow,
5 referring back to the Warren-Alquist Act where
6 there are absolutely no requirements for the
7 public domain computer programming. So it seems
8 like what you're telling me is your California
9 State Compliance Programs are going to be adopted
10 in September, or wherever, and have no
11 requirements that they have to meet. But yet
12 private vendors, when they come in with their
13 ACMs, they're going to have to meet the ACM
14 requirements. Well, how are the two programs
15 ever going to come up with the same answer?
16 Shouldn't they?

17 CHAIRMAN WEISENMILLER: Okay, now, I was
18 going to ask the staff if they want to respond or
19 certainly briefly and/or have an off line
20 conversation with this gentleman?

21 MR. SPLITT: Well, there's a bunch of
22 them here.

23 CHAIRMAN WEISENMILLER: No, as I said,
24 no, it's --

25 MS. BROOK: So unfortunately I don't

1 think it's possible to have a brief discussion
2 and conclude anything. I think that Pat brings
3 up some really challenging questions and he's
4 right that the public domain is not defined in
5 the Warren-Alquist Act in terms of how it relates
6 to software, and we have for many years made an
7 interpretation of what that means. Our current
8 interpretation is that it's software that is
9 available to the public for free, and it's
10 released under an open source software license,
11 and it does act as compliance software, and
12 therefore it has to pass the same test as any ACM
13 private vendor software has to pass. And I think
14 Pippin should speak to the fact of how we plan to
15 go forward to approve the software.

16 MR. BREHLER: Commissioners, this is
17 Pippin Brehler again, Senior Staff Counsel. The
18 software that staff is developing for release in
19 July and issued in December would meet the
20 statutory direction in 25402.1(A) to develop a
21 public domain software program. The Warren-
22 Alquist Act also directs the Commission to
23 develop procedures for approving alternative
24 calculation methods and compliance calculation
25 methods, and those are elaborated on in the

1 Standards that were adopted as private third
2 party software that is developed, that also is
3 used to demonstrate compliance with the Building
4 Standards.

5 So what the Commission has on the one
6 hand is the public domain software, and the
7 Regulations don't impose requirements upon
8 ourselves for either procedurally or
9 substantively going through a series of tests, we
10 don't apply to ourselves to approve this software
11 for obvious reasons. But as Martha mentioned, we
12 will put the software through the same tests that
13 we require third party Alternative Calculation
14 Method software vendors to go through.

15 MS. BROOK: And Pat is right that we
16 pretty much have to do that because we have to
17 establish the reference method that every private
18 software tool needs to be compared to, and the
19 only way that we know how to do that is to
20 develop the public domain software, set that as
21 the reference method, and then everybody else has
22 the ability to compare and test against that
23 basically standard of reference.

24 COMMISSIONER MCALLISTER: And I'll just
25 point out, as I understand the process going

1 forward is to make sure that we validate -- that
2 we actually put it through paces that are
3 defensible and realistic, and based on the real
4 world, and then that helps the tool, it helps
5 everybody be confident that the publicly
6 available tool is good and it gives reasonable
7 answers and responds to the particular climate
8 zones appropriately that we have here in
9 California, and all that stuff. And you know, to
10 the extent that we're creating something out of
11 whole cloth, really, and putting it out there, it
12 becomes the reference and then others by
13 definition almost need to judge -- those tools
14 need to be judged against that. And so this is a
15 very creative activity that we're engaged in
16 because we're blazing the trail, and I think it's
17 a good thing.

18 One thing that might help, actually, or
19 one explanation that might help, is for this
20 cycle what the basic software tools are and sort
21 of the public access of the kernel and that kind
22 of stuff, the structure that we're moving
23 towards, because I think actually the way we're
24 doing it now and moving towards is going to solve
25 some of these differences.

1 MS. BROOK: Yes, and we did present all
2 of that detail in the 2013 Standards proceeding,
3 we had a special day on compliance software and
4 explained in detail our plans. We can certainly
5 include that kind of documentation when we issue
6 the public release of the software in July for
7 public review, just so that everybody understands
8 what we've been working on and sort of the
9 opportunities that we see moving forward with
10 that architecture.

11 MR. SPLITT: So basically I just want to
12 be sure that somehow this is written down
13 somewhere, that the procedure -- because right
14 now when it was explained to me that you're just
15 going to adopt directly from the requirements of
16 Warren-Alquist, there are no requirements. So if
17 you're saying that, well, this program that we're
18 going to develop is going to have to meet all the
19 same ACM requirements, it would be nice to say
20 that somewhere.

21 COMMISSIONER MCALLISTER: Well, in the
22 1970's, I mean, we're in a completely different
23 technical reality today than we were in the
24 1970's when the Warren-Alquist Act was written,
25 so, I mean, the idea that there's a spec for

1 software that has some, I mean, more than cursory
2 direction in the Warren-Alquist Act, I think, is
3 kind of not tenable, that's something that we
4 create today because we're in today, but we can't
5 really -- we're not originalists in the sense
6 that we can look for that in the Warren-Alquist
7 Act.

8 MS. BROOK: Yeah, and you Commissioners
9 can decide whether or not this kind of
10 publication of what we mean by public domain is
11 something that you want to review and approve as
12 a Commission, or if you want to delegate that to
13 staff, so that's definitely your call. I would
14 and have argued the same that Pat is arguing,
15 that it is kind of confusing because public
16 domain software doesn't mean anything today. You
17 can Google that and not really find anything
18 useful because public domain is sort of an
19 antiquated term, and the best thing that we have
20 now, we believe, which meets the intent of public
21 domain, is open source software. And so that's
22 been our interpretation, we can publish that, and
23 you guys can approve it or we can discuss it,
24 anything -- basically it's your call where we go
25 from here.

1 MR. BREHLER: One aspect of that, or why
2 we approach it from that perspective, is to the
3 extent something is public domain it's available,
4 free, can be downloaded. What Martha mentioned
5 about an end use license agreement, we want to
6 make sure that it's not something that folks in
7 the regulated community could open, reverse
8 engineer, and start to change the results to
9 fabricate compliance. So we do want to have
10 restrictions on complete access to it, it
11 wouldn't be just publishing the base code and
12 saying, "Here, you take it and do what you will
13 with it."

14 MS. BROOK: We actually are going to do
15 both, to be honest with you, we're going to
16 release the source code and let people do
17 anything they want with it, that's what it means
18 by an open source license, but we can also
19 encrypt the code that we use within the
20 compliance software so that it can't be unlocked
21 and messed with. And there's lots of examples
22 where people have done that with open source
23 software, you can use a mechanism like encryption
24 to keep people from basically messing with your
25 code, but the underlying source codes can still

1 be made available and we plan to do that.

2 MR. SPLITT: Okay, well, we'll wait and
3 see what happens as it's developing.

4 CHAIRMAN WEISENMILLER: Okay, thank you.

5 COMMISSIONER HOCHSCHILD: Just one
6 reminder to everybody. Next week on the 20th, we
7 have a guest speaker. I asked the Chairman who
8 would be the best person to give a talk about the
9 birth of the Energy Commission and all the
10 dynamics around that, and he recommended Gene
11 Varanini, who was the key Aide who wrote much of
12 the Warren-Alquist Act, and is going to come
13 speak. We have over 200 people who have RSVP'd
14 to that, so get here early, it will be webcast,
15 as well. And I think we're going to have an
16 overflow room in Hearing Room B, but that's next
17 Thursday at 11:00.

18 CHAIRMAN WEISENMILLER: Yeah, I think we
19 can guarantee it will be colorful.

20 COMMISSIONER MCALLISTER: I'm really
21 glad that that doesn't conflict with the Demand
22 Response Workshop that we're putting on. I think
23 we know where the attendance would go. But, no,
24 thanks for organizing that, that's really great.

25 CHAIRMAN WEISENMILLER: Okay, this

1 meeting is adjourned.

2 (Whereupon, at 4:53 p.m., the Business
3 Meeting was adjourned.)

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