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BUSINESS MEETING

BEFORE THE

CALIFORNIA ENERGY COMMISSION

In the Matter of:  

Business Meeting  

18-BUSMTG-01

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CALIFORNIA ENERGY COMMISSION

THE WARREN-ALQUIST STATE ENERGY BUILDING
ART ROSENFEELD HEARING ROOM - FIRST FLOOR
1516 NINTH STREET
SACRAMENTO, CALIFORNIA 95814

WEDNESDAY, JULY 11, 2018
10:00 A.M.

Reported by:  
Peter Petty
APPEARANCES

Commissioners

Robert Weisenmiller, Chair
David Hochschild
Janea Scott
Andrew McAllister

Staff Present: (* Via WebEx)

Drew Bohan, Executive Director
Kourtney Vaccaro, Chief Counsel
Rosemary Avalos, Public Adviser's Office
Cody Goldthrite, Secretariat

Agenda Item

Bruce Helft 3
Carlos Baez 4
Linda Barrera 4
Ingrid Neumann 5, 6
Katharina Snyder 7
David Erne 8

Others Present (* Via WebEx)

Interested Parties

Daniel C. Kim, Director, Department of 2
General Services, DGS
Nancy Jenkins Ander, DGS 2

Public Comment(* Via WebEx)

Kevin Messner, Association of Home Appliance 4
Manufacturers, AHAM 4
Laura Petrillo-Groh, Air-Conditioning, Heating, 4
and Refrigeration Institute, AHRI
*Marian C. Hwang, Miles & Stockbridge PC 4
on behalf of Atlas Copco
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11. Chief Counsel's Report

a. Pursuant to Government Code section 11126(e), the Energy Commission may adjourn to closed session with its legal counsel to discuss any of the following matters to which the Energy Commission is a party:


ii. Communities for a Better Environment and Center for Biological Diversity v. Energy Resources Conservation and Development Commission, and California State Controller, (Alameda County Superior Court, Case No. RG13681262)

iii. Energy Commission v. Electricore, Inc. and ZeroTruck (Sacramento County Superior Court #34-2016-00204586)

iv. Energy Commission v. United States Department of Energy (Federal District Court, Northern District of California, #17-cv-03404)

v. City of Los Angeles, acting by and through, its Department of Water and Power v. Energy Commission (Los Angeles Superior Court, Case No. BS171477).

11. Chief Counsel's Report (Cont.)

  b. Pursuant to Government Code section 11126(e), the Energy Commission may also discuss any judicial or administrative proceeding that was formally initiated after this agenda was published; or determine whether facts and circumstances exist that warrant the initiation of litigation, or that constitute a significant exposure to litigation against the Commission, which might include:

  i. The licensing process for a nuclear waste storage repository at Yucca Mountain, Nevada.

  ii. Alternative and Renewable Fuel and Vehicle Technology Program grant ARV-14-011 with HyGen Industries, Inc.

12. Executive Director's Report

13. Public Adviser's Report

14. Public Comment

Adjournment

Reporter's Certificate

Transcriber's Certificate
CHAIRMAN WEISENMILLER: Let's start the Business Meeting with the Pledge of Allegiance.

(Whereupon the Pledge is recited)

COMMISSIONER MCALLISTER: So, I guess we should note that Commissioner Douglas is not here today. And then I'm -- as Commissioner McAllister I'm going to recues myself from Items 1a and b on the Consent Calendar since I'm actually on the Board of NASEO, which is the subject of both of those items. So I'll remove myself on the dais and the vote can happen on the other items or on those items and I'll come back.

CHAIRMAN WEISENMILLER: Great.

(Commissioner McAllister recuses himself.)

CHAIRMAN WEISENMILLER: So let's take up the Consent items a and b.

COMMISSIONER HOCHSCHILD: I move the Consent Calendar.

CHAIRMAN WEISENMILLER: For items a and b?

COMMISSIONER HOCHSCHILD: Items a and b.

COMMISSIONER SCOTT: Second

CHAIRMAN WEISENMILLER: All those in favor?

(Ayes.)

CHAIRMAN WEISENMILLER: So that item passes 3-0.
We have Commissioner McAllister recusing himself and Commissioner Douglas is not here.

So let's go on to Consent Calendar's items c and d.

COMMISSIONER HOCHSCHILD: I move the Consent Calendar items c and d.

COMMISSIONER SCOTT: Second

CHAIRMAN WEISENMILLER: All those in favor?

(Ayes.)

CHAIRMAN WEISENMILLER: So this item passes 4-0.

Let's go on to Item 2.

MR. BOHAN: Great. Thank you, Chair.

I have the great pleasure of introducing Dan Kim. He is the Director of the Department of General Services where he has served since May of 2015 when Governor Brown appointed him to that slot. He had been a public servant for better than a decade prior to that. And at DGS he has led our state efforts to add renewable energy to our state consumption. And so we've asked him this morning to provide a brief overview to you about these efforts to lead.

Dan?

MR. KIM: Thank you, Executive Director Bohan.

Good morning, Commissioners. Again, I'm Dan Kim, Director of DGS. I want to thank you for giving me this
opportunity, this morning.

First I want to say that the CEC has been making some amazing strides, with respect to state energy policy and initiatives. So I want to be able to share with you some of the ways that DGS and CEC are walking the talk and making sure that we as a state lead by example, especially with our own facilities.

So first, let me speak to what we're doing with respect to our state buildings. As you know, the Executive Order B-1812 established an aggressive zero net energy goal for state buildings. With respect to new constructions, 50 percent of new buildings were to be ZNE after 2020 and 100 percent by 2025. It's very ambitious. It's really daunting, given the additional costs associated with ZNE-related construction. And there is no way that at our current rate we would be achieving these ZNE goals.

As of 2016, zero percent of new construction was being built to ZNE Standards in the state despite the fact that we had the Executive Order. But we've turned things around.

As of last year we issued a new statewide policy with our Management Memo 1704, which established a ZNE first approach. Essentially, we are defaulting new state construction to be ZNE. This is a first statewide policy of its kind that we are aware of, in the nation.
We built our first ZNE building for DMV in 2016. DMV has since committed to making all of its buildings ZNE. Part of the reason why is that they realize that the ongoing operating costs associated with their new building is so much lower that I think their ROI was within three years, in terms of the additional cost of construction relative to the reduction in the reduction in energy costs.

The existing buildings though, the Executive Order B-1812 had really challenging goals for our existing buildings. By 2025 the state's goal was that 50 percent of state buildings should be ZNE. Now mind you we have 18 million square feet of state buildings that we operate. As of last year, zero percent were ZNE. And that's to be understood, given that we have huge deferred maintenance challenges with respect to our buildings. Billions of dollars in deferred maintenance, so many cases we're making tradeoffs between do we do energy efficiency or do we do carpeting or other functions? That said, as of today 21 percent of our existing DGS buildings, that's about 3.8 million square feet, are ZNE. By the end of 2018, our goal is to have 25 percent of our existing buildings be ZNE. That's 4.5 million square feet.

So how have we done this? We took a two-pronged approach. One is looked at efficiency first. How can we retrofit existing buildings to be as efficient as possible?
We got legislation enacted to enable us to do S-codes, (phonetic) which are speeding up some of our energy retrofit efforts. But energy efficiency alone was not going to get us to our target goals. So we had to shift our paradigm and we really looked at renewables. How could we partner with utilities to do onsite and offsite renewables? For onsite renewables we developed power purchase agreements in buildings where the site conditions are favorable. And as a result to date we have generated 15 gigawatt hours of energy annually this way. More significantly, we've entered into power purchase agreement with SMUD for offsite community renewables. This has been even more cost effective. Through our Solar Share PPA with SMUD we're generating 39 megawatts of energy, which is powering most of the state buildings in Sacramento. This has been win-win-win as the Solar Share PPA provides SMUD with the financial security to invest in solar. It's enabled DGS to make its buildings ZNE with minimal retrofit costs. And it's going to enable DGS to generate $30 million in energy savings over the lifetime of our PPA with SMUD. Now, I mentioned our ZNE approach has been two pronged with generating energy efficiency where we can and then applying these renewable allocations to DGS buildings.
that are ZNE ready or close to being ZNE ready.

The CEC building actually falls under that group.

And I want to comment all of you for walking the talk.

You're the first building to fully operationalize a sophisticated monitoring-based commissioning system. And that's going to help lower your energy use. So thank you for your efforts in that area.

What's next for DGS? We share your goals in terms of reducing greenhouse gas emissions. That's the ultimate goal for us. And to this end we want to work closely with CEC to determine how best to operationalize that in our own facilities. We appreciate the great partnership that we have you. And we will continue to ensure that, in addition to setting great policy for California, that we lead by example with our own facilities and other functions that we have in DGS.

And just as a final note, I want to mention that we are approaching greenhouse gas reduction in multiple angles. And just a few examples include our efforts through our Division of State Architects, which actually does a plan review for all school construction. We're actually having DSA kind of nudge school districts to generate energy efficiency in their school construction efforts. We have a lot of bond funds right now, so this is an opportunity for us to really weigh in and help schools
see the value of being much more energy efficient.

We've also established a Zero Emission Vehicle and hybrid first policy for the state fleet. To our knowledge, it's the first of its kind in the nation. Last year 25 percent of our light-duty vehicle purchases were ZEVs and we're pushing that even further. We had a mandate to reduce petroleum consumption by 20 percent, by 2020. As of last year, we've reduced that consumption by 31.5 percent already.

We're also working with CEC and many partners on a procurement for electric buses. And we're doing this not for state purposes, but to actually make these electric buses available for transit districts. So we're working with AC Transit, with L.A. and a number of other transit agencies, so that we can purchase electric buses, have economies of scale, and then they can flood the market in that sense. And then after that we're going to be working on school buses to see how we can get electric buses there, as well.

We've made a lot of progress with your help, but we have much to do. Thank you.

COMMISSIONER HOCHSCHILD: Just a question for you, Director Kim. First of all, let me thank you on behalf of all of us for your dedication and Nancy's and the rest of you team. You're doing incredible work, and how
passionate and focused you are, and I think this is exactly
the right course to be on.

I had a question about the Chair and Commissioner
Scott and others have really been terrific about focusing
us on the transportation piece of the climate pollution
problem. And if you'd go a little deeper on the ways in
which we can leverage what we're doing. For example, when
you're procuring electric vehicles or electric buses is
there a way to couple that with other city governments that
are doing the same, or other private sector partners to get
costs down. And then around electric vehicle charging
infrastructure what is your thinking and your plans around
that for state facilities?

MR. KIM: Right. So as far as the buses, for
example, we notified a number of the agencies that we were
going to go ahead and do an electric bus procurement. And
as a result, I believe L.A. County stopped their
procurement efforts and said that they would partner with
us, because we really want to generate that economy of
scale. That's going to take a little more time, because
all the different transit agencies have different
requirements, so we're trying to come up with something
that meets everyone's needs. But we're really, really
excited about that opportunity.

As far as the EV charging, I think that's really
challenging. The cost for charging is significant. What we have explored, we haven't been able to delve deeper into this, but for example if we can purchase charging through some kind of scale. Maybe if we can reduce the charging costs that could help us in many ways. Nancy Ander, our Deputy Director of Sustainability might be able to speak more to that.

MS. ANDER: Sure.

Good morning, Commissioners. I'm Nancy Ander. So we're right now looking at -- we're installing Level 1s and Level 2s. We're looking at Level 3s as well. I think one of the big opportunities we're trying to leverage is the utility incentives and incentives from settlements from Electrify America as well as EVgo. So we're trying to get the most bang for our buck, but we're definitely putting those in. We're at the cutting edge, if you will, at the bleeding edge, so we're learning lessons as we go. We're not as smooth as we always want to be because we're learning as we go, but I think we've made some huge progress. We're targeting several thousand assessments just this year. And we anticipate being able to put in infrastructure, several hundred infrastructure by the end of the year.

CHAIRMAN WEISENMILLER: I was just going to follow up on the electric bus purchases. The last time I
was in Guangzhou I met with the World Bank. And one of their officials had been in charge of a program that World Bank was working with the Federal Department of Transportation on a program to encourage the purchase of electric buses. Obviously, since the change of Administration the federal government has dropped out of that program. But we can send you the name. He's actually located in Beijing. But perhaps there's a way that the World Bank can help you on some of the purchases there.

MR. KIM: That would be great. Thank you, Commissioner.

COMMISSIONER MCALLISTER: Thank you, Director Kim. I wanted to break out into applause, but nobody followed my lead, so no offense. (Laughter.) But we had Nancy over not too long ago to give a talk about all the great things you were doing. And I think it was really wonderful for staff to see that and really sort of have a tangible connection with a sister agency in seeing everything and how we work together and just how leadership's happening across the state. You know, it's not just this building it's really a broader thing.

And I also wanted to give you all kudos for the Million Lamp Challenge and starting on getting that procurement moving forward. I don't know, for those of you
who don't know there's an effort with UC and DGS to just do massive procurement along the lines we were just talking about for transportation. But using massive scale procurement to get costs down and uniform quality, move the marketplace really and what better purchaser than the state to really get that volume.

So just a couple of other examples, and then also thanks for our chargers and also helping us shepherd the building process through the LEED process, which is our next item. So I just want to say thanks on all those fronts.

MR. KIM: Thank you, Commissioner.

COMMISSIONER SCOTT: I would just add in my thanks as well. There have been lots of things that the state is leading by example and with existing buildings, with transportation, with the charging infrastructure, all of those components. It's been good to have DGS as a partner in that. We have, as you probably know, the ZEV Policy Group that's run out of the Governor's Office with GO-Biz and DGS and Energy Commission, PUC and everybody, to really kind of think through how we work well together. And with all of the state facilities that we have, leading by example is a great way to go. So I appreciate the work that you're doing in this space.

MR. KIM: Thank you, Commissioner.
COMMISSIONER HOCHSCHILD: And I concur with Commissioner McAllister, your work deserve a round of applause. Thank you. (Applause.)

MR. KIM: Thank you. Appreciate it, thank you.

CHAIRMAN WEISENMILLER: Thanks. Let's go on to Item Three.

MS. VACCARO: Just double check if there's any public comment on this item.

CHAIRMAN WEISENMILLER: Okay. Fine.

Any public comment on Item 2, either in the room or on the line?

(No audible response.)

CHAIRMAN WEISENMILLER: Nothing? So let's go to 3.

MR. HELFT: Good morning. When we meet we often take actions that improve the quality of life for Californians specifically, and ultimately many beyond California. Today we want to update you on a feel-good story that benefits each of us that work in this 36-year-old building, how by multiple efforts by many including the conscientious individual actions of staff, the sustainable operation policies of Commission management, and the long-term vision of state leadership, how such efforts have come together for a no regrets win, win. Next slide, please.

The LEED Certification Initiative is based on
Governor Brown's 2012 Executive Order that directed state agencies to take steps to reduce entity-wide greenhouse gas emissions and obtain LEED Silver Certification for state buildings.

LEED is the acronym for Leadership in Energy and Environmental Design and is a rating system devised by the United States Green Building Council, which is a nonprofit organization that promotes sustainability in building design, construction and operation. And that is used to evaluate the environmental performance of a building and to encourage sustainable design. Next slide, please.

As Director Kim just mentioned this building is one of the first state buildings to participate in a new monitoring-based continuous commissioning program. This effort allows building operators to monitor and improve the building’s equipment and energy use over time, using cutting edge technology.

The MBCx software also calculates the ENERGY STAR Portfolio score on a monthly basis, using the last 36 months' worth of data. An ENERGY STAR rating of 69 is a prerequisite for LEED and the CEC's current ENERGY STAR rating is 82 that you can see displayed on the monitor every day. It shows it there. Next slide, please.

So the LEED Green Building Rating System for existing buildings and operations and maintenance is a set
of six categories of performance standards used to certify the operations and maintenance of existing buildings. The intent is to promote high performance and healthful and environmentally-sound practices in buildings.

After four years of making process and physical improvements specifically addressing water and energy use, sustainable purchasing policies, waste stream management, ongoing indoor environmental quality checks, exterior building site maintenance and environmentally preferred products purchases and practices for cleaning and alterations, the building went through a one-month intensive auditing period last December where performance data was monitored, collected and submitted for review.

Next slide.

To earn LEED Certification for existing buildings and operations and maintenance, a building must satisfy a number of prerequisites and then qualify for a minimum number of points to attain one of the four project ratings listed on this slide.

The Warren-Alquist State Energy Building achieved LEED Gold Certification with 62 points. Here are a few example measures that helped to push our building into the gold.

In response to drought risks, water fixtures and fittings were upgraded to low flow, which result in 41
percent water savings or approximately 650,000 gallons annually, compared to the LEED baseline. That's about the size of an Olympic-sized swimming pool. In partnership with SMUD the building offsets 100 percent of electricity use with renewable energy sources. A survey of building occupants revealed that about 58 percent of Energy Commission employees commute using alternative forms of transportation like light rail, biking, walking, carpooling or driving a hybrid electric or fuel efficient vehicle.

Let's go the next slide. That's it.

LEED Certification represents 4.7 percent of commercial office buildings in the 30 largest U.S. cities. Assuming non-commercial buildings have a similar penetration we can conclude that LEED Gold or better is achieved by around 2 percent of total buildings, which is a rare and impressive achievement.

This was a project that involved the coordination of many hands from different agencies and a cross-section of staff within the Commission and could not have been accomplished at this level without the encouragement and support of -- if you're in the room if you don't mind standing -- Rob Cook, Sandra Fromm, Grant Mack, Elizabeth Huber, Liz Flores, Gabe Taylor, Keith Roberts, Sherryl Hancock, Executive Director Drew Bohan. Nancy Anders helped out at pulling us over the line and your Bob
Huggett, very helpful in this, to name but a few. So congratulations to us all. (Applause.)

CHAIRMAN WEISENMILLER: Thank you. Thanks for that effort to all of you.

Any public comment from anyone in the room or on the phone?

(No audible response.)

CHAIRMAN WEISENMILLER: Then let's go to Item 4.

MR. BAEZ: Hi, good morning Chair and Commissioners. My name is Carlos Baez. I'm from the Appliances Office within the Efficiency Division. Today, I'll be giving a short presentation regarding our amendments to the Title 20 Appliance Efficiency Regulations Rulemaking. This is essentially a cleanup of the regulations. The proposed amendments are significant in that this is the first rulemaking of this type since 2014 and cover a broad range of changes from format updates to incorporating federal rules. Next slide, please.

On January 13th, 2016 the Energy Commission ordered a rulemaking proceeding to make clarifying amendments to Title 20 that do not change underlying Efficiency Standards.

On March 30th, 2018, the Energy Commission published the Notice of Public Action, the Initial Statement of Reasons and the proposed regulatory language,
which started the 45-day comment period.

And on April 24th, 2018, CEC staff hosted a public workshop for this rulemaking.

This rulemaking covers the entire Title 20 Appliance Efficiency Regulations from Sections 1601 through 1609. The purpose is to provide clarification, improve readability and reflect current laws and effects. This rulemaking proposes no changes to the underlying Energy and Water Efficiency Standards. Next slide, please.

Now changes to reflect federal law, regarding these changes, we are adding and amending definitions, test procedures and energy performance standards in accordance with federal law current in effect. Compliance with federal requirements is mandatory regardless if they are or are not shown in Title 20. These amendments are necessary for clarification purposes.

Title 20 is intended to be a complete source of information for stakeholders regarding appliance efficiency regulations at the state level and nationally as well. Next slide.

Now some state-specific changes, for these when preempted by federal law we are removing state standards and test procedures for appliances that are now federally regulated. In some cases, we are aligning state test procedures with federal test procedures for appliances that
are not preempted. And a couple of examples are lamps and state-regulated battery charger systems. Next slide, please.

The Modernized Appliance Efficiency Database System, also called MAEDBS, is the current version of the database used to certify models of regulated appliances. After having their products tested, manufacturers are required to submit appliance model data to MAEDBS to determine compliance with the performance standards. Certification to MAEDBS is required before a regulated product can be sold or offered for sale in California. The current version of MAEDBS was introduced in 2015. 2014 was the last year that a similar cleanup rulemaking of this scale was completed.

So much of the certification language is outdated. Because of this we are updating terminology and certification procedures in the regulations. In cases where performance standards or test procedures have been updated, the data parameters required for certification have been updated as a result for that particular appliance type. Next slide, please.

Within the regulations we are now specifying that the manufacturer's designated contact person will be notified via email when data submittals to MAEDBS are approved or rejected. Contact information is already
submitted during the account creation process in MAEDBS, so no additional action will be needed on their part.

Next, notifications regarding archiving models will be conducted via email instead of registered or certified physical mail. Models are archived when a new standard or test procedure goes into effect for that appliance type. We send notifications to manufacturers to inform them that their models will be archived. It can involve hundreds or sometimes thousands of individual manufacturers, depending on the appliance type.

This is a change we have really been looking forward to. This will lead to a monetary savings on paper and postage. Sending certified mail can be very expensive and we have found communication through email to be more effective than physical mail, in terms of response rate.

Next slide, please.

In conclusion, this rulemaking will improve accuracy, update standards and procedures, improve compliance and make implementation nimble.

We received comments on our 15-day language express terms, which stated concerns over our addition over the federal test method for air compressors. The proposed amendments to the Appliance Efficiency Regulations include definitions and test procedures for compressors that are currently reflected in the Code of Federal Regulations and
that are currently in effect.

Staff would like to emphasize the following points. First, the proposed scope in Section 1601 covers federally regulated commercial and industrial air compressors. Under the definitions in Section 1602 of the Appliance Efficiency Regulations, to be considered federally-regulated commercial and industrial equipment, both a federal test method and a federal standard must exist for that appliance type. A federal test method exists for compressors. However, there are no federal standards for these products. Because of this, compressors do not meet the criteria to be considered federally regulated under the Appliance Efficiency Regulations. Therefore, there are no requirements that need to be met for this appliance type, because they are not in the scope of our regulations.

Second, staff has proposed language in Section 1606(a) and 1608(a) that make it explicit that air compressors would be exempt from the certification requirements.

Third, if DOE were to adopt federal standards for compressors then they would be federally regulated and within our scope. However, because proposed language in Section 1606(a) states that compressors are exempt from certification there would be no obligation for compressor
certification unless this language is modified in a future rulemaking.

Last, we have another docket open where Energy Commission may consider whether to adopt state standards for compressors. Docket No. 18-AAER-05 is an appropriate place to raise issues related to definitions, certifications and efficiency standards for compressors.

Staff recommends the adoption of this rulemaking. The proposed amendments will provide manufacturers and other stakeholders with an accurate and complete version of Title 20, which will assist in compliance with the various appliance efficiency standards that affect them. Next slide.

All right, thank you for your time. We would be happy to answer any questions.

CHAIRMAN WEISENMILLER: Thank you.

Let's start with public comment. I believe our first speaker is from AHAM.

MR. MESSNER: Good morning, Commissioners. Kevin Messner with AHAM. I wanted to first say just thank you. These technical updates are really helpful. I've noticed our comments are fewer than they were last time, maybe someday we won't even submit comments on these technical corrections. That would be nice.

The first issue -- I just wanted to raise two
issues. One is on the battery chargers. This is not a substantive issue and staff has explained it well. There is another rulemaking that deals with the BC marking. This doesn't have that in it. I understand it, it makes sense. The only thing I would ask is maybe in the final Statement of Reasons you put the clarification that a BC mark is not required on the federal battery chargers. I'm nervous that retailers and other might not be quite as -- in following all the multiple rulemakings that could happen, so when they see this one that shows the BC mark is on there and then the other rulemaking is lagging behind it, just a final Statement of Reason clarifying that might be helpful to avoid any confusion.

The second issue is lights and LEDs. We need to figure out a way to deal with lights, LED lights. That they don't work well on high temperature situations, so we have range hoods. So people want lighting when they're cooking. And right now the path we're on is LEDs are going to have to be used and in a range hood that's not going to work. So there are just technical issues that we have to address that it's an issue right now. So we need to find a way through that.

We wanted that to be done through these technical corrections. I realize the lighting standards, it's a big deal. But we have to figure out a way to exempt the high
temperature situations or I'm not sure how this all flushes out. So really ask for an expedited help on that either through enforcement discretion, regulatory guidance, I don't know what can be done, because it's a problem right now today.

So I appreciate any help on that. Thank you.

CHAIRMAN WEISENMILLER: Thank you.

We have another speaker with AHRI. AHRI, please come up.

MS. PETRILLO-GROH: Good morning. I'm Laura Petrillo-Groh in the Air-Conditioning, Heating and Refrigeration Institute.

First of all, we would like to commend staff on the way that this cleanup was handled. This is an incredibly complex set of regulations to go through and to update and to make applicable for California regulations. And we have been engaged in the entire process and very much appreciate all the outreach and communication that we've had with your staff. This was an excellent example of an including the public in the rulemaking process.

I apologize for missing the first part of the presentation, but AHRI did have several last-minute comments to the 15-day language issue on June 25th. Most were editorial, having to do with our change in office and changing year for applicable test methods, such as for heat
pump water heaters.

And we hope that CEC will consider further clarifications to definitions, particularly for water heaters. We've pointed out several times that repetitive definitions could be unclear in interpreting the document. And we would request that additional language be added to make clear what the differences are between consumer and commercial products, so that it aligns more closely with federal regs.

And lastly, there is another water heater question that came up regarding smaller products, storage models less than 20 gallons. And at present, there's no federal regulation on this. And we made a recommendation to update Table F-3 to make more clear that there's no minimum for that product and that there cannot be translation between the UEF and EF Standards. So I hope maybe those got taken into account.

I was across the hall at another meeting. But again, thank you very much for the careful consideration of all of our comments and working with us so well.

CHAIRMAN WEISENMILLER: Okay. Thank you.

Anyone else in the room with comments?

(No audible response.)

CHAIRMAN WEISENMILLER: Then let's go to the phone line.
MS. HWANG: Commissioner, this is Marian Hwang with Miles & Stockbridge on behalf of Atlas Copco.

CHAIRMAN WEISENMILLER: Please, go ahead.

MS. HWANG: The company would like to comment. Thank you. If I may have about three-and-a-half to four minutes of your time, Atlas Copco also thanks --

CHAIRMAN WEISENMILLER: You've got three minutes. Go.

MS. HWANG: Thank you. Then I'll read quickly. Atlas Copco also thanks the Commission for this opportunity to present three major concerns.

First, we respectfully urge the Commission to delete any requirements applicable to compressors from the proposed rules and to take a holistic approach for issuing any future compressor rules, but only after the status of all federal standards are clarified and finalized.

Second, the prior view that this proposed rule contains a temporary exception for compressors and does not require immediate testing, is not legally supported by the proposed rule.

And third, under this rule given the lack of any efficiency standard at both the federal or state level, a compressor manufacture's failure to comply with the federal test method within 12 months, still leaves the compressor
manufacturers vulnerable to third-party consumer actions, unfair trade practice claims and possible other citizen claims.

Now in support of this view that compressors are currently accepted, the Commission relies on 1602 and its definition of what a federally regulated commercial and industrial equipment is, which is defined as equipment for which there is a state test and an energy conservation standard prescribed by four expressly cited federal energy laws.

The major flaw with this conclusion and the definition, is that the compressor testing and efficiency standards are not covered under any of these cited federal laws, but are rather covered under the Energy Policy and Conservation Act of 1975, which is not sited in this definition. And thus the Commission's reliance on this definition will not support, will not legally support the exceptions from the testing of compressors, under your rules.

And most importantly, Section 1603(a) expressly provides that compressors within the scope of the rule must be tested within 12 months of the effective date, using the prescribed federal test. For Atlas Copco, such testing would involve hundreds of models. And given the number of compressor models that are individualized to meet specific
customer needs, compressor manufacturers will be unable to meet the 12 month deadline if all models must be tested.

Third, the failure of the proposed rules to include the use of alternative efficiency demonstration methods, in lieu of testing, as otherwise allowed under the Federal Regulation of 10 CFR Section 429.63(a)(2) will also have a substantial adverse effect on the industry. If AEDM is not included the compressor manufacturers will not be able to meet the 12-month deadline.

Thus in summary, the amendments in our view did not provide accurate federal requirements, did not provide clarity or certainty for the manufacturers of compressors, does not reduce manufacturer burdens and costs, but rather will result in significant burden and costs to manufacturers for compressors, as well as result in potential adverse effects to California consumers who's access to compressors could be limited.

Thank you Commissioners, for your consideration of our comments.

CHAIRMAN WEISENMILLER: Okay. Thank you. Anyone else on the phone? (No audible response.)

CHAIRMAN WEISENMILLER: Then let's start with staff. Do you have responses to any of the comments? We
need you to go to the podium. Thank you.

MR. BAEZ: Hi, thank you. Regarding the BC marking requirement that Kevin brought up, yeah as we have communicated earlier we're not including any of the BC marking requirement changes in this rulemaking. But yes, BC marking requirements are still being modified in another separate rulemaking, 18-AAER-02.

We cannot reflect any of the BC marking modifications in this rulemaking, since the other rulemaking is currently being reviewed by the Office Administrative Law. It is not yet effective. But once the other rulemaking 18-AAER becomes effective, we are expecting this to be around October 1st, 2018 then the BC marking modifications will be shown in our regulations, which is why we're not including it in this current rulemaking.

Regarding some of the compressor comments, we believe that the existing text does satisfy their concerns and does not cause any additional burden. We state in several places that certification won't be required for compressors and this will be until federal standards are adopted for compressors. And in this case we're preempted, regardless. Or the other case would be if we were to adopt state standards, but that would be done in a current rulemaking with the correct timelines and comment periods.
associated with it.

And regarding the comment regarding AEDMs for certification, that's not relevant at this point since no certification is required and since compressors are not currently included in the scope. Thank you.

CHAIRMAN WEISENMILLER: Any comment on LEDs in range hoods?

MR. BAEZ: Yeah, we understand their concerns regarding the lighting. Making these edits would change the underlying efficiency standards in the regulations, which are outside of the scope of this current rulemaking. We can address these concerns as part of an upcoming rulemaking for lighting. That's Docket No. 17-AAER-07. But again, making changes to standards would be outside of the scope of this current rulemaking, since they would be changing the underlying Efficiency Standards.

CHAIRMAN WEISENMILLER: Excuse me. Another question is obviously there were some issues raised by AHRI; any response there?

MR. BAEZ: Yeah, regarding the definition, maybe confusion, we believe that the definitions as they are listed are distinguishable. We do state that they are consumer or commercial or industrial. We don't believe any additional changes would be necessary. But we may consider in the future to maybe update organization or terminology.
if we do believe that this leads to increased confusion.

But as they're currently written we believe that the definitions are distinguishable.

CHAIRMAN WEISENMILLER: Okay. So let's transition to the Commissioners. Commissioner McAllister?

COMMISSIONER MCALLISTER: Yeah, so actually I want to thank you Carlos and Linda, also. Did you want to add something, Linda? Yeah, go ahead.

MS. BARRERA: Just for the record I just want to note that staff did perform a CEQA analysis and the resolution in the backup materials reflect that analysis. And staff's CEQA finding if that the amendments to Title 20 Appliance Efficiency Regulations will not have any direct or indirect significant effect on the environment. And staff will file a Notice of Exemption with the Office of Planning and Research to reflect this finding.

COMMISSIONER MCALLISTER: Great, thanks for that. So I appreciate the presentation and all the hard work. I've gotten multiple briefings on this during the course of it and I agree with whoever said it's definitely very detail-oriented. And I doubly appreciate Legal's input and Linda's input and her help with all this.

But I think it is fair to say it is a cleanup, as Carlos said at the beginning. And I also appreciate the presence of stakeholders, certainly the compressor
manufacturers and AHRI and AHAM and I don't want to minimize those issues. I really believe that the solution is in kind of the outreach and the messaging that we help with going forward. You know, if there's confusion about definitions we can help you get those messages out to your members. And certainly, where there's an impression that compliance is required or where there's not. You know, we certainly need to make that clear with say the compressor manufacturers or others who have that incorrect impression.

So I think the package as it is now is good. And in turn given its complexities and given the details of the cleanup, changing and developing the messaging to help get the information correctly out into the marketplace and permeate all of our stakeholder groups, I think is the next step, assuming we vote the affirmative here. But I would obviously recommend to adopt.

Okay. I'll move Item 4.

COMMISSIONER SCOTT: Second.

CHAIRMAN WEISENMILLER: All those in favor?

(Ayes.)

CHAIRMAN WEISENMILLER: This item also passes 4-0. Let's go on to Item 5.

MS. NEUMANN: Good morning, Chair Weisenmiller and Commissioners. I'm bringing two items before you today. Both are requests for approval of new local energy

CALIFORNIA REPORTING, LLC
229 Napa Street, Rodeo, California 94572 (510) 224-4476
Our office encourages and assists local jurisdictions in developing and adopting local energy standards that go beyond the mandatory Building Energy Efficiency Standards adopted by the Commission every three years. Today's ordinances will be the 17th and 18th we've brought to the Commission under the 2016 Building Energy Efficiency Standards.

Local governmental agencies wishing to enforce locally-adopted energy standards, must by statute apply to the Energy Commission for a finding that the local energy standards require buildings to obtain equal or greater energy efficiency than the current energy standards.

Staff reviewed Alameda County's application and finds that its ordinance meets the requirements for consideration by the Commission. The Alameda County Ordinance requires installation of solar photovoltaics in all new single-family and low-rise multifamily construction according to a prescriptive or performance pathway, based on climate zone. The goal is to offset 80 percent of the building's electric consumption by onsite solar power. The ordinance provides alternatives for situations where the solar isn't feasible, or the option of meeting the standards with enhanced efficiency targets.

It's worth noting, that despite the explicit PV
targets, low-rise residential buildings must still meet the 2016 Energy Standards, without implementing the currently existing PV tradeoff, against energy efficiency targets. Alameda County staff found the ordinances cost effective and has no significant negative impact on the environment.

For these reasons, staff recommends that the findings be approved and the Energy Commission resolution be signed. I'm available to answer any questions you have, as is Alan Tam, Chief Building Official of Alameda County via phone. Thank you.

CHAIRMAN WEISENMILLER: Great. Thank you.

First, is there any comments from anyone in the room? Anyone on the phone? Does Jan (phonetic) want to make a comment?

(Off mic colloquy.)

CHAIRMAN WEISENMILLER: Okay. Great, so let's transition to the Commissioners. Commissioner McAllister?

COMMISSIONER MCALLISTER: Well, I just want to -- Mr. Tam, if you are on the phone congratulations on moving this forward. And I know at the local level it's a lot of effort and work and consensus building to do that.

We believe at the Commission that working with local government is critical to our mission. And in fact what you all do on the ground at your building departments
and your city councils, county supervisors, really helps us do a better job. We learn from what you do and then we can consider those approaches as we update the statewide codes and programs and make recommendations to the Legislature and all the good stuff that we do here in Sacramento. But really, a lot of it starts with you, so thank you very much and I'm happy to approve this. Anyone else?

And thanks for moving down the road towards the 2019 Code, because that's essentially where this heads very directly, so a nice job. I'll move Item 5.

COMMISSIONER HOCHSCHILD: Second.

CHAIRMAN WEISENMILLER: All those in favor?

(Ayes.)

CHAIRMAN WEISENMILLER: This item also passes 4-0. Thank you.

Let's go on to Item 6.

MS. NEUMANN: All right. So for our second ordinance that we're seeking approval of today, staff reviewed the City of Chula Vista's application and finds that the Chula Vista Ordinance meets the requirements for consideration by the Energy Commission.

The ordinance reduces the maximum outdoor lighting power allowances from the maximum allowed wattages for the 2016 Energy Standards for non-residential building occupancies by 32 to 81 percent, depending on application.
The lighting power allowance levels are reduced to the levels in the recently adopted 2019 Building Energy Efficiency Standards and apply to both new non-residential construction, as well as to retrofits where 50 percent of the lights or more are replaced.

City of Chula Vista staff found the ordinances cost effective, is intended for protection of the environment and has no significant negative impact on the environment. For these reasons, staff recommends that the findings be approved and the Energy Commission Resolution be signed.

I'm available to answer any questions you have as is via phone, Cory Downs, Conservation Specialist with the City of Chula Vista. Thank you.

CHAIRMAN WEISENMILLER: Thank you.

First, any comments from anyone in the room or anyone on the phone? Commissioner McAllister?

COMMISSIONER MCALLISTER: Okay. This is another easy one. And I have to say that like Chula Vista has a soft spot in my heart, because I used to live down in San Diego. And they really are sort of the second city down there and they get short shrift sometimes, but it's a really innovative, well run, incredibly diverse city.

And I worked with them quite a bit when I was down there. And they have uniquely, in some of our urban
areas right, they have a lot of open area that they're looking to develop and they want to develop it right. And so I think all the things that they are doing in their local ordinances are aimed in that direction. And I want to just thank them for that, because that's just good management and we need more of that.

So if there aren't any other questions, I'll move Item 6.

COMMISSIONER SCOTT: Second.

CHAIRMAN WEISENMILLER: All those in favor?

(Ayes.)

CHAIRMAN WEISENMILLER: This item also passes 4-0. Thank you.

MS. NEUMANN: Thank you.

CHAIRMAN WEISENMILLER: Let's go to Item 7.

MS. SNYDER: Good morning Chair Weisenmiller and Commissioners. My name is Katharina Snyder and I am here with the Energy Research and Development Division.

Today, we seek your approval for the proposed agreement with the University of California Los Angeles. Our research team will develop pathways for decarbonization of the energy system in a targeted community including electrification of vehicles, electrification of natural gas appliances used in homes, integration of renewable energy generation and energy storage technologies as well as
improvement of energy efficiencies in existing residential buildings.

This research project is innovative, because for the first time they will assess ways to reduce nitrogen dioxides, particulate matter and other outdoor and indoor air pollutants associated with the appliances used in homes and electricity generated and served to the subject community.

This project will be conducted in Avocado Heights, which is a disadvantaged community in Southern California and will result in an actionable plan for this community.

Staff recommends approval of this proposed agreement. Thank you for your attention and I am happy to answer your questions as well as Felicia Federico via phone who is the Executive Director for the California Center for Sustainable Communities.

CHAIRMAN WEISENMILLER: Thank you. Let's start with if there are any comments from anyone in the room? Anyone on the phone line? So let's transition over to the Commissioners.

I think one of the things, which we are working on any EPIC areas is to really focus on disadvantaged communities and to come up with actionable items to try to move the needle there. Obviously we're trying out a bunch
of innovative projects. Hopefully some of these are going
to work and others we will learn from. So anyway, we're
looking forward to this project being part of the package
that we're doing. And again, have high hopes for it.

COMMISSIONER MCALLISTER: Great. I'll move Item
7.

COMMISSIONER SCOTT: Second.

CHAIRMAN WEISENMILLER: All those in favor?

(Ayes.)

CHAIRMAN WEISENMILLER: This item passes 4-0.

Thank you.

MS. SNYDER: Thank you.

CHAIRMAN WEISENMILLER: Let's go on to Item 8.

MR. ERNE: Good morning, Chair and Commissioners.

I'm David Erne from the R&D Division, here to request
approval to award funding for a grant for microgrid at an
anaerobic digestion facility in Rialto. You may remember
from the May Business Meeting the Rialto bioenergy facility
is a redevelopment project of a formerly mothballed
digestion facility and was the subject of -- being
supported by an ARFVTP grant in May that you awarded.

The microgrid will add to that project by
providing a microgrid controller and battery storage to
allow the anaerobic digestion facility to power the Rialto
wastewater treatment plant, shaving off 100 percent of its
peak load. As well as providing unlimited backup power in
the event of an emergency and ongoing availability of both
the food waste and the sewage sludge that will be used in
the facility, so a very strong project for the surrounding
community.

Staff has reviewed the CEQA documentation from
the city, which is the lead agency. And determined that
the microgrid is within the scope of those documents, that
there will be no new environmental impacts associated with
the microgrid, and that the mitigation measures associated
with the documentation and for the project will eliminate
or mitigate all of the significant impact with the
exception of air quality. But the staff also determined
that the benefits of the revitalizing the facility, as well
as the economic development to the local community, which
is a disadvantaged community, and the reduction in
greenhouse gas emissions outweighs the environmental
impacts, so the air quality impacts.

Staff is recommending the approval of the grant,
the CEQA findings and the Statement of Overriding
Considerations.

CHAIRMAN WEISENMILLER: Thank you.

Let's start with if there are any comments from
anyone in the room. Anyone on the line? Then again we'll
transition to the Commissioners.
As the Lead on R&D I was going to say this is obviously a strong project again following on the theme of the last one, really trying to move technology into disadvantaged communities. I know obviously there are some issues in some disadvantaged communities on anaerobic digesters, frankly. But having said that, I think the microgrid component here is a good way to really complement what's been done with the ARFVTP projects. And so I'm looking forward to the results from this one.

COMMISSIONER SCOTT: Yeah, I agree. I don't have much to add to that, but I will move approval of Item 8.

COMMISSIONER HOCHSCHILD: Second.

CHAIRMAN WEISENMILLER: All those in favor?

(Ayes.)

CHAIRMAN WEISENMILLER: This item also passes 4-0. Thanks.

Let's go on to minutes.

COMMISSIONER SCOTT: Move approval of the minutes.

COMMISSIONER MCALLISTER: Second.

CHAIRMAN WEISENMILLER: All those in favor?

(Ayes.)

CHAIRMAN WEISENMILLER: The minutes also pass 4-0.

Lead Commissioner or Presiding Member Reports,
COMMISSIONER SCOTT: Great. Well, it's been another exciting month since I saw all of you last. I had a chance with the Climate Works Foundation to take part in a visioning session about 2050 today. And really thinking forward in terms of the different type of things that we need to move from jobs, from technology, all kind of the broad spectrum to meet the climate goals that we're all trying to meet, in 2050 and what are the types of things that we ought to be working on today.

One of the things that on the job side that I thought was really interesting, is making sure when we talk about jobs, we're talking about one-to-one replacements. Many of the jobs in the petroleum industry sector are union jobs. They come with health benefits and all kinds of benefits. It's kind of a way you can work your way up the ladder. It's an honest living wage. And so to say that a solar contracting job, for example, where you may not have all those benefits associated with it it's not really a one-to-one replacement. And I thought that was an important thing for us to think about, as we're all thinking about jobs in this space.

And also the place, the place where things are. Does this require people to have to move to a new town? All kinds of things, so that we're making sure that we
really kind of talking about one-to-one replacements for people, so that it was a very broad conversation. But I thought that was one of the most interesting points for me that came out of that meeting.

I had a chance to go up to Oregon with a couple of folks from the Energy Commission as well, for the 4th Mobility Electric Vehicle Conference. That was fantastic. This is probably the biggest convening of electric vehicle enthusiasts in North America, so it was a nice opportunity. And there were folks from all around the world there from Costa Rica, from Norway, from England, other places. So we really have a chance to understand, not just what the leaders in the United States are doing, but what leaders around the world are doing for electrification, getting the charging infrastructure out there, getting hydrogen refueling infrastructure out there, what's taking place, not just in the on-road sector, but in ships and trains and other things like that. So it was a nice opportunity to listen and learn.

I got to do some closing remarks at that conference, which was great. And actually I was happy that people stayed, because it went until 4:00 o'clock. Then there was a break. And then there was me. So I thought, "Oh, no. There's not going to be anyone here." But there was a good crowd there and it was great to do some closing
I had a chance, a couple of weeks ago to speak at the National Fuel Cell Symposium here in Sacramento. That group covers both stationary fuel cells and also mobile fuel cells, like in the transportation sector. It was a good opportunity to provide some highlights about what the Energy Commission is doing in this space and also to listen and learn from fuel cell experts from around the country.

And then I just wanted to do a little shout out to Chair Weisenmiller, you and your team, for the Energy Equity Indicators, so Pam Doughman and her leadership there.

And also the Travis David, who has put together this amazing set of information; that it's really user friendly. You can click through any number of types of indicators, whether it's a health indicator, the income indicator, where the disadvantaged communities are. And just it's a really nice platform, a really great tool. So if you have not had a chance get a briefing on it or a chance to look at it, please do. But I just wanted to give a shout out to Travis David. I was really impressed and I was trying to figure out, "Well, how can I tweet about what's on here?" to help get the word out, what's there.

And it's a really nice way to take the information that the Commission has gathered over the last
few years as part of SB 350, the Low-Income Barriers Study, and put it in a way to help us make good -- well, we already make good policy decisions -- but to help us make additionally informed policy decisions as we go forward in this space. So I wanted to do a shout out for that. That was a great briefing. I loved getting a chance to really look at it. And I'm looking forward as it continues to have additional capabilities to see what's there.

And then I think that I introduced you to my interns Adriana Gomez and Claire Sugihara last time, but I also wanted to make note that Michelle Solomon, she's there in the yellow, is here as well. She's one of the Stanford interns and she's doing some work with me on electric vehicle charging infrastructure and mapping that and really putting together all of the different efforts around the state to -- and again in a tangible form to see what's going on out there. So I'm delighted to have her and delighted to have the other two interns in my office this summer, as well. So welcome.

That's my update.

COMMISSIONER McALLISTER: Awesome.

Let's see, I just have a few things. Yesterday actually I had -- no, Monday, sorry -- I had the opportunity to go down to L.A., at the invitation of the L.A. Business Council and gave them a talk, mostly focused
on the Building Standards. There's a lot of interest there on the Building Standards that we approved last Business Meeting. Lots of interest fairly broadly, in those standards, but L.A.'s a group that I certainly want to keep informed about that.

And I took advantage of the trip to go down to LACI, L.A. Innovation Center, or L.A. Cleantech Innovation Center, and I was just incredibly impressed. I don't know if you all have had the chance to tour, but boy they've got some good stuff going on. And just Fred Walti is now kind of taking that and moving that around the world trying to put together a consortium of these similar innovative centers. And I think there's just a lot of good that's going come from that, in just the education that he is providing people of like what is innovation, you know? It's not --

COMMISSIONER HOCHSCHILD: We gave them $5 million.

COMMISSIONER MCALLISTER: Exactly and they're very grateful for that. So yeah, exactly, exactly, but they have a bunch of nonprofits working down there. You know, ConRel is also there and a bunch of others or actually use the space. And DWP owns the building and has kitted it out and really has been very supportive and has an Energy Efficiency Education Center there and labs where
they're testing lighting and equipment. So really a lot of really diverse group of activities there, but I think it reflects the attitude that modern L.A. has where they're very can do and just want to move the ball forward and they've got a really cohesive set of policies and initiatives to do that, so kudos to all of them. I really enjoyed that visit.

Let's see a couple of weeks ago I went to D.C. for a few days for the Alliance to Save Energy Board Meeting. And again I'm chairing the Policy and Programs Committee. I kind of got my arm twisted into that, but it's turning out to be worthwhile, because again people are looking to California for leadership. There's sort of a lot of folks who are feeling untoward in terms of just what's going to happen next. And we provide sort of an anchor for them to show them kind of what's possible and what we're doing in our context and we're just plowing forward.

And a lot of the manufacturers that are national manufacturers or international manufacturers that are members of the alliance really depend on California to sort of get policy right. We're a landmark market for them. We're really a keystone market for them. So it helps to be part of that group, I guess is what I'm saying.

Let's see, I've been doing a lot of outreach on
the Building Efficiency Standards, just an incredible amount of interest, the vast majority positive. I think as it sinks in what we've done and if people actually look at the regs they're realizing how reasonable they are and how sort of well thought out they are and how a couple of people have even said "wise". Which, I don't know how often you hear that about regulations, but I took that as a big complement. So I think I just have to get to it for staff for all the work that went into that rulemaking.

And at the end of the day when we get to 2020, I think it's going to be just self-evident that the solar and the other measures that we've included are just going to be standard features. And that's kind of just going to be part of the ether, just like thick walls and good windows now. And so a lot of other moving parts around it, but I think the direction we're going is great.

Let's see, I gave a talk at the SEEC Forum, the State Energy Efficiency Consortium, which is marshaled by the Local Government Commission. Every year, they do a big event really focused on local governments and energy efficiency. And so a really good chance to interact with city and county government and sort of a bunch of knowledgeable stakeholders, the Leads in energy and sustainability at those agencies. So reinforcing those relationships and working with them to see what they want.
And I guess that's it. A lot of it is just --
finally, I'll say we did the Decarb workshop, which was
almost like a revival of some sort. I mean, there was a
lot of enthusiasm in the room. This was a few weeks ago
now, in the IEPR context. Commissioner Hochschild and I
were in the room, for a lot of enthusiasm and just can do.
A lot of people wanted to roll up their sleeves and help
figure out how to decarbonize our buildings. And I think
it really bodes well for the future. We have a lot of
people contributing their ideas. And when you get applause
at a workshop, you know (indiscernible) I think it means
you're on to something. So really I think a lot of people
came away pretty energized from that.

Finally, I wanted to introduce three interns that
I have in my office. And they are all in the room, I
think? Yep. So Erik Lyon is right there in the white
shirt and he comes to us from the Yale School of Forestry.
Maggie Deng from UC Berkeley, raise your hand a little bit
higher. There she is. And Bryton Moeller, who is next to
Erik there, and comes from my own alma mater, Dartmouth
College.

And so they are doing amazing work, largely, as
you might expect focusing on data and doing analysis to
help us to visualize all the things that are happening in
terms of energy use and just our buildings. If any of you
want a briefing, I mean we're getting towards the end of the summer and I think Maggie's going to leave us first, but they've really been doing some great work. And so I wanted to give them kudos and say thanks for a job well done. And it's ongoing, but I just wanted to make sure to let everybody know they're here and have that really resource for my office and the cause of energy efficiency in buildings. So thanks, you guys.

And thanks actually to Brian and Martha for helping manage and just giving them good solid work to do and overseeing and all that. It's been great.

COMMISSIONER HOCHSCHILD: Well, I also want Commissioner McAllister for the Decarbonization Workshop. It is nice to get applause, so (indiscernible) But in fact, you've been getting a lot of applause and rightly so, in fact even in absentia. I was at the Builder Show, the Pacifica Builder Show a week or two ago and I'll talk about the building regs and great support from all the constituents there.

One thing Commissioner McAllister and I are going to be doing later this month is a wrap-up ceremony for the New Solar Homes Program, which we're going to do at UC Davis West Village and just commemorate all the hard work that's gone into that from all the stakeholders and the staff as we've now closed that program last month to new
applicants. And it really was the glide path that helped us get to where we are today with the Code and it's worth commemorating. So inspired by Commissioner Scott's ten-year anniversary event for the ARFVTP we'll be doing this, this month for that, the New Solar Homes Program.

On solar costs, I said at the time of the vote when we adopted the Title 24 Code that the evidence shows there's a lot more cost reduction to happen in solar. In fact, that's exactly what's happened since the vote. The price of solar in the market has continued to fall. And in fact today, in California, last week we saw the first bids below 2 cents a kilowatt hour, 1.8 cents a kilowatt hour for utility scale PV. And there's a lot more cost reduction still to come.

So this is, I think, a real tribute to the early work again here at the Energy Commission, the Emerging Renewables Program and all the seed planting that happened to get us to where we are today.

I wanted to thank Chair Weisenmiller for working with President Picker to put together the En Banc. I thought that was a really fruitful discussion about the changing business models, the retail side of things. And it was just great to be together with our colleagues. I think there were three of us there from the Energy Commission, all five from the PUC, for a full day's
discussion and some lively speeches by Ralph Cavanaugh and others.

We're doing also, along with the IEPR we're actually doing the first IEPR video and so Katie is working on that with the media team. And I'll be able to share that soon too. That's going to be a couple of minutes' summary of the IEPR Volume I Report. I'm really excited about that.

And then finally I just want to share on the Climate Summit, you know, it's always a bit chaotic when we're going to do these big international things to begin with. And a lot of folks I talked to said, "Boy, it seems like it's really disorganized in sort of getting it together." And I said, "You know, it always comes together at the end." And that's really what I'm seeing now. The shape of the summit, I think the goals are very bold and ambitious. And there's now over 500 side bar events for the summit.

And I've gotten roped into one of them, which I wanted to extend an invitation to all of you and any of the staff who are here to join, which will be on the 11th. We have Al Gore confirmed. It'll be at Fort Mason, John Kerry and Tom Friedman from the New York Times. We're doing sort of some -- there'll be a Shark Tank type dialogue on agriculture. And actually the role of agriculture in
solving climate change and clean energy and transportation
featuring some entrepreneurs and working with Orville
Schell from the Asia Society and others on that. So that's
coming together and looking forward to that.

CHAIRMAN WEISENMILLER: That's good.

Just a few things I was going to note. I
attended three things. One was the Prime Minister of
Portugal, for the first time in 20 years, visited
California and basically met with the Governor. And then
we had an event at the Stanford Mansion and it was a pretty
emotional day for them. They had both Senate and Assembly
Resolutions. And they said that the thing that really hit
him was how many of our legislators just stood up and said,
"I'm Portuguese." I mean, there's obviously a lot of
people in the Valley whose parents or ancestors came from
Portugal. So it was a sort of reunion for many. So that
was an inspiring event.

And then the following week the Governor and I
met with the President of the Germany in the German
Consulate and had a nice dinner, but again a fascinating
conversation. He was saying how anxious he was to realize
that historically America's really been the anchor to
Germany and suddenly find themselves say closer to China on
Trade Policy than to America; even finding themselves,
believe it or not, closer to Russia than the U.S. on some
other policies, so just really that global angst at this stage.

And finally, I was going to say I went to Pat Mason's retirement party basically at CFEE. Pat is retiring after basically his whole career has been there, so obviously it's a transition. And let's see, I forgot who is the new head of that organization, but I'm sure it'll go through changes at this stage.

Sure?

COMMISSIONER HOCHSCHILD: Just a question for you, Mr. Chairman. Obviously a new Supreme Court Justice nominee has been introduced and potentially there could be some rulings in the future that might jeopardize our work. And I'm just curious, what are you most concerned about in terms of Supreme Court rulings and how it might impact California?

CHAIRMAN WEISENMILLER: Well, I mean obviously it's going to be -- you know, it could be across the board on any number of things, which we have as our basic values. You know, I think people are concerned about women's rights. They're certainly concerned about immigration. I think all of us were shocked by the travel ban ruling and also the union ruling.

So again, I think it's going to force us to think about making sure that our fundamental values, where we
need to, are safeguarded at the state level where possible.

But again, I'm sure there's going to be a pretty ferocious battle in the Senate. I think both of our Senators are taking the lead against this nomination, although we all know the vote count is not looking great. So, yeah.

Let's go to Chief Counsel's Report.

MS. VACCARO: Nothing today.

CHAIRMAN WEISENMILLER: Let's go to Executive Director's Report -- oh, I should flag that there was a misstatement on the agenda about a closed session. We're not having it, right?

MS. VACCARO: Yeah, so we have a default agenda that we typically identify in advance. And then if it comes about that we will be going into closed session we usually identify which item on the agenda. And so you're correct, even though there are things listed under Item 11 we will not be going into closed session on any of those items today.

CHAIRMAN WEISENMILLER: Right. Okay. I just want to make sure that the public was aware of that. So let's go to the Executive Director Report.

MR. BOHAN: Thank you, Chair. I'd just like to give you a couple-minute overview of the budget. A couple of months ago at a Business Meeting I presented to you
about the status of our budget and sometimes some concerns. And I want to report some good news this morning.

Governor Brown signed his last budget two weeks ago today, at the end of June. This is the 2018-2019 budget and it is by way of brief history, when he took office in 2011 he inherited a $25.4 billion deficit. He leaves office with a fully-funded rainy day fund, which is just shy of $14 billion. So it's a pretty major turnaround in just eight years.

The budget he signed a couple of weeks ago is $201 billion. We are a relatively small fraction of that. Our total budget is $535.5 million. And I'm not going to go through all of it. Obviously, I did want to highlight that the ARFVT Fund, we've gotten an infusion of an additional funds there to support infrastructure for electric vehicles, which I think is very good news.

We also got $80.5 million of Cap and Trade funds out of an overall $1.4 billion budget for that category. This has been a steady increase we've been seeing for the Energy Commission out of the Cap and Trade Fund.

And finally I just wanted to spend a minute talking about ERPA. ERPA is the Energy Resources Program Account. We've touched on this several months ago at a business meeting. It's our main source of operational revenues. And it's been a real challenge. I explained a
couple of months ago that we've been victims of our own success in that we have, since Governor Brown took office, added 66 new ERPA-funded positions and 72 non-ERPA funded positions, which is a strong indication that both the Legislature and the Governor view our work as positive and something to be added to.

But the bad news is the ERPA Account itself, while these demands have been going up, has been flat or being reduced. And the reason I say victims of our own success is major contributors to that reduction in the ERPA Account, which is based off of metered energy in the state, so as folks use --

COMMISSIONER HOCHSCHILD: Metered electricity only, there's no gas at all.

MR. BOHAN: That's right. That's right, metered electricity. Thank you.

And as metered electricity goes down in the state, so go the ERPA revenues. And the work of our -- we do on conservation, particularly on energy efficiency, puts downward pressure on that account. Similarly behind-the-meter renewable energy, particularly rooftop solar, is not metered and therefore is not part of the calculus that goes into the revenue stream that we get to run a significant amount of our operations.

I also want to say nevertheless, we've been aware
of this for the last several years and we have reduced our expenditures or excuse me, our budget by $25 million in operational expenditures. So we have been taking a lot of action to try to address this problem. Nevertheless we were still left with, despite those actions, a $15 million approximate structural deficit between the amount of revenues being brought in on an annual basis end of the year by our account, and the amount that the Legislature was appropriating from that account.

The very good news that I'm here to tell you today is that we worked closely with the Legislature and have reduced that structural deficit to a number of about $3 to $4 million. So this isn't it's been eliminated, but it's been greatly reduced. And we are continuing to look for ways to save money. Staff, throughout the organization, has done a tremendous job stepping up. It's caused pain and dislocation in some instances. But folks have stepped up and really rolled up their sleeves and worked on this.

The Legislature in this last bill, this last budget bill, said we need to provide supplemental reporting language again next year, which we will. We did this this year at the Legislature's request. We will do so again next year, but we think through some additional measures we're looking at, we'll be able to close the deficit.
altogether. Thank you.

CHAIRMAN WEISENMILLER: Yeah I just want to supplement that with a shout out to Saul Gomez and John Laird for helping us deal with these issues.

Let's go on to the Public Advisor Report.

MS. AVALOS: This is Rosemary Avalos representing the Public Adviser and at this time there is no Public Adviser Update.

CHAIRMAN WEISENMILLER: Okay. Thank you.

Any public comment?

(No audible response.)

CHAIRMAN WEISENMILLER: Okay. This meeting's adjourned.

(Adjourned the Business Meeting at 11:23 a.m.)

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REPORTER' S CERTIFICATE

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of July, 2018.

PETER PETTY
CER**D-493
Notary Public
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I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

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IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of July, 2018.

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Myra Severtson
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