BUSINESS MEETING

BEFORE THE

CALIFORNIA ENERGY RESOURCES CONSERVATION

AND DEVELOPMENT COMMISSION

CALIFORNIA ENERGY COMMISSION

HEARING ROOM A

1516 NINTH STREET

SACRAMENTO, CALIFORNIA

WEDNESDAY, NOVEMBER 5, 2003

10:08 a.m.

Reported by

Alan Meade

Contract No. 150-01-006

COMMISSION MEMBERS PRESENT

Robert Pernell, Chairperson

James D. Boyd, Commissioner

Arthur Rosenfeld, Commissioner

STAFF PRESENT

William Chamberlain, Chief Counsel

Scott Matthews, Chief Deputy Director

Margret Kim, Public Advisor

Betty McCann, Secretariat

Bradley Meister
Nonresidential Buildings Office

Michael Martin
Nonresidential Buildings Office

Tony Rigg, Supervisor
Environmental Quality Act analysis

Bill Pennington, Manager
Buildings and Appliance Office

Mr. Ratliff, Staff Counsel

Suzanne Korosec
Technology Evaluation Office

Garret Shean, Hearing Officer
Cosumnes Power Project

Timothy Tutt, Staff Counsel

Mike Kane
PIER Renewables R&D

Allan Ward
Research and Development Office

ALSO PRESENT

Michael Hodgson, ConSol Energy Consulting
Bill Mattinson, SolData Energy Consulting
David Ware, Owens Corning
Noah Horowitz, NRDC
Charles Cottrell, NAIMA
Bruce Wilcox, Energy Consultant
Rick Chitwood, Energy Consultant
Stephen Yurek, ARI
Misti Bruceri, PG&E
Mitch Gutell, bp
Steven Arita, WSPA
Patrick Eilert, PG&E
Diane Fellman, Esq.
Steven Cohn, SMUD
Kathy Peasha, Intervenor

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1 P R O C E E D I N G S

2 10:08 a.m.

3 COMMISSIONER PERNELL: The California

4 Energy Commission meeting of November 5th will

5 come to order. Commissioner Boyd, will you lead

6 us in the pledge please.

7 (The Pledge of Allegiance was recited in unison.)

8 Good morning everyone. Commissioner

9 Keese and Commissioner Geesman won't be here, they

10 are on Commission business.

11 On the Consent Calendar we have one

12 item, item A, Gilbert Associates, Inc. Possible

13 approval of a $19,440 contract with Gilbert

14 Associates, Inc. to provide financial and

15 compliance auditing services for the Energy

16 Commission's $28 million Energy Efficiency Master

17 Trust Revenue Bond Series 2003A.

18 COMMISSIONER ROSENFELD: I move the

19 Consent Calendar.

20 (Thereupon, the motion was made.)

21 COMMISSIONER BOYD: Second.

22 (Thereupon, the motion was seconded.)

23 COMMISSIONER PERNELL: There's a move

24 and a second on the consent calendar.

25 All in favor?

1 (Ayes.)

2 Ayes have it.

3 Item two will be put over. Our

4 petitioner hasn't arrived yet, so when she shows

5 up we will go on to item two.

6 Item number three. County of Los

7 Angeles, Metropolitan Transportation Authority

8 (MTA). Possible approval of a loan to the County

9 of Los Angeles, Metropolitan Transportation

10 Authority for $306,250 to install t-8 lamps,

11 electronic ballasts, and energy saving motor

12 controllers on a total of 125 motors in various

13 MTA county facilities.

14 This project is estimated to save about

15 $71,038 annually and has a simple payback of 4.3

16 years. Staff, will you brief the board please.

17 MR. MEISTER: Good morning,

18 Commissioners. I'm Bradley Meister. I'm here

19 today to request approval of energy conservation

20 assistance to the county of a bond fund loan for

21 $306,250 to the Metropolitan Transportation

22 Authority.

23 The loan will allow the Metropolitan

24 Transportation Authority to install T-8 lamps and

25 electronic ballasts and motor controllers on 125

escalators throughout their facilities. The efficiency projects will have a simple payback of approximately 4.3 years, and the loan will have an interest rate of 3.95 percent.

This item has previously been to Policy Committee and received their support. The staff recommends that the Commission approve this loan to the Metropolitan Transportation Authority for $306,250.

COMMISSIONER PERNELL: Thank you. Any questions from the board?

COMMISSIONER BOYD: No questions. Mr. Chairman, I move adoption of the staff recommendation.

(Thereupon, the motion was made.)

COMMISSIONER ROSENFELD: Second.

(Thereupon, the motion was seconded.)

COMMISSIONER PERNELL: A move and second that we adopt staff recommendations for item number three.

All in favor?

(Ayes.)

Opposed? The ayes have it.

Item number four, residential clothes washer standards. Possible continuation of

1 previously noted adoption to allow more time for
2 submission of written comments and possible
3 publication of 15-day language; however, any
4 interested person will still be able to make
5 written or oral comments on november 5th, which is
6 today.
7 The adoption hearing will be held on
8 December 3rd. Is there anyone wants to make any
9 comments on this today, on the residential clothes
10 washer standards?
11 Seeing none, Commissioners, I'll
12 entertain a motion to adopt on December 3rd or
13 17th.
14 COMMISSIONER ROSENFELD: I so move.
15 (Thereupon, the motion was made.)
16 COMMISSIONER BOYD: I'll second.
17 (Thereupon, the motion was seconded.)
18 COMMISSIONER PERNELL: Moved and
19 seconded that we put this over for adoption on
20 December 3rd or 17th.
21 All in favor?
22 (Ayes.)
23 Opposed? Ayes have it.
24 Thank you, Mr. Martin.
25 (laughter)

1 COMMISSIONER ROSENFELD: Very
2 convincing, Michael.
3 COMMISSIONER BOYD: Your day will come.
4 COMMISSIONER PERNELL: Item number five.
5 2005 building energy efficiency standards.
6 Possible approval of an initial study and adoption
7 of a Negative Declaration for the environmental
8 analysis of the '05 building energy efficiency
9 standards. Mr. Riggs.
10 MR. RIGGS: Good morning, Commissioners,
11 members of the public. My name is Tony Rigg, I'm
12 a member of the Commission staff. I supervise the
13 preparation of the Environmental Quality Act
14 analysis for this agenda item, possible approval
15 of the 2005 building efficiency standards.
16 Staff's analysis concluded that there
17 would be no significant environmental impacts and
18 recommended that the Commission adopt a Negative
19 Declaration. Staff's analysis, conclusions, and
20 recommendations were made available for public and
21 agency review and comment.
22 We notified all these parties by the
23 usual and legally required means, state
24 clearinghouse for state agencies. All applicable
25 Commission mailing and e-mail lists for both

1 actively involved and interested parties. Legal
2 notice in several major newspapers, providing us
3 with statewide coverage. And notice for posting
4 by all county clerks.
5 To date there have been no questions
6 asked or special disagreement whatsoever. Thus,
7 staff stands by our analysis and conclusion that
8 there will be no significant impacts, and
9 recommend that the Commission certify the CEQA
10 analysis and adopt the proposed Negative
11 Declaration for possible approval of the 2005
12 building efficiency standards.
13 And I'd be glad to reply to any
14 questions.
15 COMMISSIONER PERNELL: Okay. We do have
16 two people who want to speak to this item. So
17 before I bring it back to the dais I'd like to
18 call Mike Hodgson.
19 MR. HODGSON: Commissioner Pernell, I'd
20 like to talk about item six, not item five. I
21 apologize.
22 COMMISSIONER PERNELL: Okay. And we
23 have Bill Mattinson.
24 MR. MATTINSON: Excuse me, same thing.
25 COMMISSIONER PERNELL: Okay, in that

1 case we'll bring it back to the dais.
2 Commissioners, on item five.
3 COMMISSIONER ROSENFELD: I move item
4 five, we'll have our fun on item six.
5 (Thereupon, the motion was made.)
6 COMMISSIONER PERNELL: It seems that
7 way.
8 COMMISSIONER BOYD: I'll second that.
9 (Thereupon, the motion was seconded.)
10 COMMISSIONER PERNELL: It's been moved
11 and seconded that we approve item five, which is
12 the Negative Declarations.
13 All in favor?
14 (Ayes.)
15 Opposed? The ayes have it.
16 Item number six. Thank you, Mr. Riggs.
17 2005 building energy efficiency standards.
18 Possible adoption of the '05 building energy
19 efficiency standards. Mr. Pennington, will you
20 brief the board please.
21 MR. PENNINGTON: Thank you,
22 Commissioners. My name is Bill Pennington, I'm
23 the Manager of the Buildings and Appliances
24 Office. And I wanted to give you a quick overview
25 of the proposed building standards project.

1 This is the 2005 energy efficiency
2 standards adoption hearing. If you'd go to the
3 next slide.
4 There was a number of objectives that we
5 tried to accomplish in this project. There were a
6 couple of statutory requirements that directed us.
7 This is viewed as phase two of the project that
8 was mandated by AB 970 to upgrade the building
9 energy efficiency standards.
10 So that was part of our objectives, to
11 accomplish that, to respond to that statute. This
12 is also our intention to incorporate time
13 dependent valuation, which is incorporating into
14 the performance standards approach to the
15 standards a way to take into account the time
16 value of energy.
17 We also were intending to incorporate
18 findings from public interest energy research and
19 other Energy Commission research. This was a
20 major effort to collaborate with the California
21 Utilities Codes and Standards Program, and so
22 there was a major portion of this project, the
23 technical work for this project, was funded by the
24 California utilities.
25 And there was a very close coordination

with the team that was engaged by the Codes and Standards Program with the Energy Commission's team.

We were also attempting to advance the Commission's goal of upgrading the quality of construction. And in particular using third party fuel verification in a greater sense to make sure that energy efficiency measures in buildings were installed the way they were designed. So we attacked that on both the residential standards side and the non-residential standards side.

And finally, there was direction to the Commission by Senate Bill 5X to incorporate for the first time outdoor lighting standards. So this project was attempting to meet all those objectives.

Next slide. Just briefly, AB 970 directed the Commission to adopt and implement updated and cost-effective standards that ensure the maximum feasible reduction in wasteful, uneconomic, inefficient, or unnecessary consumption of electricity, and do that at the earliest feasible date.

You may recall that we conducted a emergency proceeding where AB 970 directed us to

1 adopt standards within 120 days, and the
2 Legislature also anticipated that perhaps it would
3 be impossible to address all things, all measures,
4 that would meet this goal in the second bullet in
5 only 120 days, so there was a second portion of
6 that mandate that said that we should deal with
7 those things in the earliest feasible date.
8 And so there were a number of things in
9 the emergency proceeding that were identified as
10 followup measures that should be addressed in this
11 proceeding.
12 Next slide. The Senate Bill 5X outdoor
13 lighting mandate directed the Commission to adopt
14 lighting standards for outdoor lighting. And
15 there was a very broad definition of outdoor
16 lighting to basically being all lighting that
17 previously the Commission had not regulated.
18 And so that includes outdoor lighting,
19 it includes lighting in unconditioned buildings,
20 lighting for signs, for example. So basically --
21 we previously had been limited to lighting within
22 conditioned buildings, and SB 5X extended that
23 authority to other kinds of lighting.
24 Next slide. There was a major project
25 team that worked together on this project. A very

1 large number of people were involved. About 12
2 staff from the Commission were involved. Both the
3 Energy Commission and the Utility Codes and
4 Standards Program engaged consultants that have,
5 you know, national reputations in building design
6 and are very familiar with building codes, both
7 within California and nationally, on a team of
8 consultants.
9 The Energy Commission actually had two
10 teams under contract to us. One focused on
11 buildings and another focused on outdoor lighting.
12 PG&E also had a major consulting team that was
13 involved. We're talking about several firms here
14 with different kinds of expertise devoted to this.
15 Southern California Gas Company also
16 hired consultants to work on the project. This
17 was a major collaborative effort that really came
18 off well. We had a very good interaction of these
19 teams, these various firms, 45 people or something
20 like that worked on this together and it was a
21 very good job.
22 This is just the schedule of the
23 standards process. We started off with scoping
24 the standards in a couple of workshops. We asked
25 the public for ideas, for what changes to the

1 standards should be made. We were inundated with
2 ideas.
3 There were about 270 ideas that were
4 proposed to us, and the Commission basically
5 sorted through those and figured out how to expend
6 resources on those. We chose I think it was 33
7 to focus on, and that's what we pursued.
8 We conducted individual workshops on the
9 technical evaluations to evaluate the cost-
10 effectiveness, other issues related to the
11 measures, environmental implications perhaps,
12 practicality issues. So those were each written
13 up in individual technical reports, and then we
14 took those to workshop.
15 And we had six to eight technical issues
16 per workshop, and we ran through a series of
17 workshops last year, last summer. We had a
18 proposal for draft standards last fall. We held a
19 workshop on that. We held another workshop on a
20 second draft that was primarily lighting related a
21 couple of weeks later.
22 We held a third workshop on a third
23 draft in February, and then we took those
24 proposals and we developed specific proposals in
25 the form of strike out and underline language that

1 we would initiate a rulemaking on.

2 I should say that the scope of this is

3 broader than just the standards. There are

4 associated documents, and I'll get to that at the

5 next slide. But there were multiple documents

6 that we started the rulemaking proceedings on.

7 The Committee held a hearing on those

8 proposals in September, and the Committee decided

9 to respond to comments that were made at that

10 hearing with 15-day language, so the Commission

11 issued 15-day language, so we're here to adopt the

12 whole package, including the 15-day language.

13 After the adoption there's significant

14 amounts of work that's planned for implementing

15 these standards. The next step will be to develop

16 compliance manuals, both for residential and non-

17 residential buildings. We'll be covering all the

18 new material, there will be a chapter on outdoor

19 lighting for example.

20 And those will be coming back to the

21 Commission next spring for approval of those. The

22 whole project was intended to adopt standards and

23 then allow a substantial period of time for

24 transition for the industry to get prepared for

25 complying with the standards. So there's about a

1 two year period between the adoption date and the
2 effective date.
3 The expectation was that we would
4 continue our collaboration with the California
5 utilities, to work with them to train the industry
6 and to focus their new construction programs on
7 helping the industry transition to the new
8 standards. So that transition program is shown
9 there.
10 At this point the calendar that the
11 Building Standards Commission has put together for
12 effective dates for building codes shows an
13 effective date of October of 2005 for these
14 standards.
15 Next slide. We're adopting more than
16 just standards today. There also are associated
17 documents. The alternative calculation method
18 approval manuals are rules for how vendors of
19 compliance software that we would approve should
20 model for energy simulation purposes, the
21 different measures and the standards.
22 And also those manuals contain criteria
23 for complying with certain measures that you get
24 credit for in the performance standards. And so
25 those are very detailed manuals. There's one for

1 residential, there's also one for non-residential
2 buildings.
3 We also put into one package appendices
4 that previously had been in some sort of scattered
5 places that provide detailed information that
6 engineers and energy consultants need to
7 consistently model buildings, and so we're
8 adopting those joint appendices also.
9 We made numerous changes to all of these
10 documents to incorporate the new measures, to
11 incorporate new compliance credits, to revise the
12 way that you model particular measures, and we
13 made a variety of changes related to the
14 organization of these documents and trying to be
15 as clear as possible and to simplify where
16 possible that information.
17 Next slide. In terms of impact, the
18 impact has been estimated at over 180 megawatts
19 per year of construction activity. And that
20 particular analysis did not include all the
21 measures. So there are a few measures that kind
22 of were more difficult to analyze, so that
23 actually if anything this estimate is a little bit
24 on the conservative side.
25 These are savings that show up for each

1 year of construction. So in the first year of
2 construction to the standards you would expect 180
3 plus megawatts. In the second year you're going
4 to get the savings from those buildings again in
5 the second year, and you're going to get savings
6 from the buildings that were built in the second
7 year. So in that second year you're going to save
8 twice this.
9 And it accumulates like that. It's not
10 just sort of a savings over time, but in that
11 particular year you're going to get that megawatt
12 savings in that particular year. Five years out
13 we're talking approaching 1,000 megawatts in that
14 year, and ten years out double that.
15 So, you know, this is a very significant
16 savings in the first year, in future years it's a
17 major savings and a major part of the reliability
18 objectives of the Energy Commission for the
19 electricity system.
20 Next slide. One issue area I'd like to
21 go over a little bit is related to new
22 requirements for alterations to existing
23 residential buildings. This is an area where we
24 certainly have had requirements in the past, but
25 there are new particular measures that are

1 important that were adopted and were proposed in
2 these standards and that -- this is one of the
3 things that was earmarked as an area that, in the
4 AB 970 emergency proceeding, that we needed to
5 spend more time on and bring forward a proposal
6 that included these.
7 So there's a variety of questions about
8 these proposals for alterations to existing
9 residential buildings that I'd like to go over.
10 First off, does the Commission have the authority
11 to do requirements for alterations to existing
12 residential buildings.
13 And it's important to notice that
14 there's no prohibitions in any statute that
15 prohibits the Energy Commission from adopting
16 requirements for alterations to residential
17 buildings. We have, for many years, interpreted
18 the Energy Commission statute to cover these
19 alterations, and we've had requirements in our
20 standards since the very first standards that
21 relate to these buildings.
22 In particular, the Warren-Alquist Act
23 specifically directed the Commission to focus on
24 alterations for residential buildings in two
25 sections. Section 25910 directed the Commission

1 to have requirements for installation added to
2 existing residential buildings.
3 And in Section 25402.5, which was
4 enacted in 1993, the Commission was directed to
5 have standards for replacement lighting. One of
6 the noteworthy pieces of that legislation was a
7 legislative finding and declaration that that
8 stipulation for us to have requirements for
9 replacement lighting was declarative of existing
10 law.
11 And so basically what that was saying is
12 that the Commission already has the authority to
13 pursue these kinds of alterations. And this
14 legislation just confirmed that.
15 Next slide. Another important thing to
16 recognize is that alterations to existing
17 residential buildings is covered in model codes.
18 Federal law requires states to compare their
19 energy codes to national consensus standards. And
20 all of the nation consensus standards have
21 requirements for alterations to buildings.
22 The international energy conservation
23 code, which is a residential standard, has
24 requirements for alterations to residential
25 buildings. ASHRAE 90.1, which is a non-

1 residential standard, has such requirements.
2 State law requires agencies that adopt changes to
3 building codes to consider in their adoption
4 process provisions that are in model codes.
5 And, again, the model codes are the
6 international energy conservation code, ASHRAE
7 90.1. There's actually two competing standards
8 that are considered for code adoption. The
9 international codes reference the IECC and ASHRAE
10 90.1.
11 The Building Standards Commission
12 recently approved the NFPA 5000 as the base code
13 for state codes. And NFPA 5000 adopts ASHRAE
14 standard 90.2, which is a different residential
15 standard than was developed at the national level.
16 And 90.2 has requirements for alterations to
17 residential buildings. So basically, the model
18 codes that we're supposed to pay careful attention
19 to have this same scope.
20 Next slide. This is a slide about the
21 costs and the savings for key measures for
22 alterations to residential buildings. There's
23 basically two major ones. For replacement windows
24 the requirements would have the standards called
25 for -- whenever you replace windows you install

1 high performance windows, is our shorthand.
2 Actually, the standards have had
3 requirements for double glazed windows, upon
4 replacement, since 1992. So for about ten years
5 we've had that requirement. We're including a
6 requirement for low e-squared window products.
7 Very good shading and U factor glazing products.
8 So we're not talking about the frame
9 here, we're talking about the glazing product
10 itself. The incremental cost that we have
11 determined for that is $1.00 to $1.50 per square
12 foot. And so on an individual 15 square foot
13 typical window basis, we're talking about $15 to
14 $22 as the upgrade.
15 If you happen to change out all your
16 windows and replaced all those windows, which is
17 not what the standard requires, but if that were
18 to happen then we've estimated the cost to be $335
19 for that. And the savings of that, in present
20 value terms, of $885.
21 So this is a very cost-effective thing
22 to do, and it's a very good thing to do for
23 improving the energy efficiency of existing
24 buildings and the affordability of those
25 buildings, actually.

1 The other requirement that's significant
2 here for alterations to existing residential
3 buildings is duct sealing. So basically the
4 standards call for duct sealing when HVAC units
5 are replaced. So when air conditioners are
6 replaced or furnaces are replaced, there's an
7 expectation that the almost always excessively
8 leaking duct systems are sealed at that point in
9 time.
10 So you're not hooking up a brand new
11 energy efficient air conditioner to a full of
12 holes duct system that will just waste that energy
13 savings that you were trying to accomplish with
14 the air conditioner. Our estimate for the duct
15 ceiling cost is about $660?
16 This is based on utility program
17 experience with encouraging their customers to do
18 duct sealing, and basically it's where the HVAC
19 contractor goes out and tries to sell duct
20 sealing, and pitches duct sealing, and then if
21 they get an agreement from the homeowner then
22 they'll bring their crew out and do duct sealing.
23 So we're talking about multiple trips
24 here from the contractor, and we're talking about
25 a sales process of motivating the homeowner to do

1 this. With this requirement duct sealing would be
2 required, would be associated with installing the
3 air conditioner and furnace.
4 So this would be when the crew comes out
5 to replace the air conditioner or furnace they do
6 duct sealing at that time. And it would be a
7 requirement. It's not something that's being
8 pitched, this is an expectation that it will
9 happen. And so the expectation actually is that
10 the cost will be substantially lower than this
11 $660 estimate that we've had.
12 The potential savings is going to be
13 massive for sealing ducts. I mean, basically,
14 every one in this room should be thinking about
15 sealing their duct system at home because there's
16 really major savings possible here. And you can
17 see that the savings is several times the value of
18 the cost. So we view this as a very cost-
19 effective thing, and the standards introduce it as
20 a requirement.
21 Next slide. We recognize that it won't
22 necessarily be easy to go from a situation where
23 you don't have these requirements to a situation
24 where people are complying with them readily. And
25 we recognize that this will be somewhat of an

1 enforcement difficulty.

2 Building officials are going to have to

3 be working with the individual homeowners to make

4 them aware of the standards and working with

5 contractors to make them aware of the standards,

6 and to ge them to do it. And we recognize that

7 this is not kind of a slam dunk really easy thing

8 to do, that this is going to take an effort on

9 everyone's part.

10 And so one of the things that we wanted

11 to make clear is that the Energy Commission is

12 intending to work cooperatively to get the word

13 out on these requirements, to provide training and

14 information for contractors.

15 The utilities all run very good training

16 programs aimed at contractors -- PG&E, SoCal Gas

17 Company, SDG&E -- all run good training programs

18 aimed at contractors, and we intend to work with

19 them to get contractors trained.

20 We also have excellent working

21 relationships with the trade associations that

22 represent the contractors, and the IHACI, which is

23 a contractor's group located in southern

24 California, has a very good working relationship

25 with the Energy Commission.

1 They put out a newsletter that goes to
2 30,000 contractors. And they are regularly now
3 including information from our newsletter in their
4 newsletter, and we intend to work closely with
5 them.
6 We also intend to work with the Air
7 Conditioning Contractor's Association to get the
8 word out. We also intend to pursue working with
9 the Contractor's State Licensing Board on this.
10 We really haven't done a lot of this in the past
11 in terms of trying to work together with them to
12 get the word out to contracts, about contractor's
13 obligations. But we see a big opportunity here.
14 There's a couple of organizations that
15 have very good working relationships with
16 Contractor's State Licensing Board and getting
17 information out. CBIA and Pacific Gas and
18 Electric Company have experience working with the
19 Contractor's State Licensing Board. And we intend
20 to try to collaboratively work with them and the
21 Contractor's State Licensing Board to get the
22 information out.
23 Also, we expect to try to provide
24 information to homeowners. Homeowners understand
25 the benefit of making these improvements when

1 they're altering their house, and the Contractor's
2 State Licensing Board, again, is trying to reach
3 consumers trying to communicate what consumers
4 should look for in hiring a contractor.
5 So there's an interest there and an
6 outreach avenue there that we intend to try and
7 coordinate with. And again the utilities have
8 communication to their customers about measures
9 that are important in existing buildings.
10 And so these are things that we're
11 intending to pursue as a way to try to help with
12 getting people to wanting to comply. These
13 measures are potentially very useful to the
14 homeowners. They're potentially a extremely
15 valuable service that contractor's can provide and
16 market to their customers. And so these are
17 natural things for customers to want to know
18 about, and for us to try to pursue that way.
19 So this is a way that we intent to try
20 and augment just the normal enforcement activity
21 of a building department.
22 So basically those are the comments I
23 wanted to make related to the standards. There is
24 an errata of changes, non-substantive changes,
25 that we would like you to consider and adopt in

1 conjunction with the 45 day language and 15 day
2 language that you have.
3 At your pleasure we would like to
4 respond to any questions you might have of
5 commenters. Or if you would like us to explain
6 the standards to commenters, or react to
7 commenters' comments, we're prepared to do that
8 with either the staff that worked on the project
9 or any number of consultants that worked for the
10 Energy Commission or for PG&E on this.
11 COMMISSIONER PERNELL: All right. Thank
12 you, Mr. Pennington. Are there any questions from
13 the dais so far for Mr. Pennington? We do have a
14 number of people that want to speak on this item,
15 so it will come back up here, but are there any
16 questions right now for Mr. Pennington from the
17 dais?
18 COMMISSIONER BOYD: I'll hold my
19 questions.
20 COMMISSIONER PERNELL: All right. Is
21 there anyone on the phones? Mr. Wilcox.
22 MR. WILCOX: Yes, Commissioner, this is
23 Bruce Wilcox.
24 COMMISSIONER PERNELL: Good morning.
25 And who else? Mr. Chitwood?

1 MR. CHITWOOD: Yes, I'm here and I'd
2 like to hold my comments.
3 COMMISSIONER PERNELL: All right. There
4 might be some questions as we go through this, so
5 please be available on the phone. The way I would
6 like to proceed is that I will call your name, and
7 you will have three minutes. And the reason here
8 is because we have so many people here that want
9 to speak to this item.
10 If there are any technical questions we
11 have staff available. We will then bring it back
12 to the dais for the Commission's either questions
13 or comments, nad I will call for a motion either
14 to accept or reject the item.
15 All right, so we'll start with Mike,
16 you're up first. And then we have Mr. Mattinson
17 will be second. Please state your name for the
18 record.
19 MR. HODGSON: Mike Hodgson, Consol,
20 representing the California Building Industry
21 Association. Both Bill and I would like to thank
22 you, Commissioner Pernell, we thought we'd be at
23 the bottom of the list after making our mistake.
24 I'd like to complement staff, especially
25 Bill and Brian, for their collaborative and

1 thorough efforts in developing the 2005 standards.
2 Many of us in this room have a history of 20 years
3 of doing this and did not have grey hair when this
4 started.
5 And this has been, by far, the most
6 thorough revision, and thoughtful revision. CBI
7 supports the standards as they are proposed, but
8 has some general discussion items that we'd like
9 to just throw out that staff is aware of and is
10 paying attention to.
11 First, as always, the most important
12 part of the standards is actually the software and
13 the residential manual to the building industry.
14 We just wanted to remind staff that implementation
15 needs to be timely. We have had issues with that
16 in the past.
17 And that also, now that we are on time
18 dependent valuation, that we do not lose the
19 annual consumption data that eventually will make
20 it to the marketplace, hopefully in an energy
21 efficient mortgage that's cost-effective and
22 encourages energy savings in both existing as well
23 as new construction
24 The other issue that's probably the most
25 substantial issue is the biggest change to the

1 standards in the building industry's mind is the
2 changes in lighting. We have had numerous
3 discussions with the lighting industry about the
4 availability for product and their ability to
5 manufacture product and what product to use.
6 CBI is very nervous about these issues,
7 but has been coerced and cajoled to say that these
8 products can be made and will be available in the
9 marketplace. So what we would really want to
10 emphasize is there needs to be a credit on the
11 street as soon as possible to encourage this
12 market transformation.
13 We've had this discussion with staff. It
14 is plausible, and we're glad to hear they support
15 the approach and we're looking forward to that.
16 In addition to that we also think there
17 needs to be substantial training. I spent
18 yesterday actually walking job sites in the Tracy
19 area for fun and profit, and I noticed the
20 lighting, because it is a concern.
21 And there were numerous 13 watt
22 fixtures. There were numerous fixtures that were
23 not rapid on, and we're going to have to change
24 the way we do business. And that's going to be,
25 in the construction industry, painful, as it

always is, and we're going to need the Commission's support and help. And we're anticipating that.

There are two minor issues that we still disagree with the Commission on, and that is we think that the water heating wrap under the line to the kitchen is not cost-effective. We have a disagreement of national labs and consultants.

But we'll continue to analyze that through our building America process, which has technical support from national labs, and give the Commission staff that analysis when it's complete this summer.

The other issue that we think could be simpler is the duct efficiency or the duct credit. The duct insulation is now going to be varied between 4.2 R6 and R8. We went through that discussion at our last meeting in September that we do not think staff's analysis was cost-effective. We still stick by that.

However, to still keep it simple for the industry we suggested R6 throughout the state, and staff is maintaining 4.2 R6, and R8 depending on the climate zone. So we'd like them to visit that, but we understand that that's the issue and

1 the energy savings that staff has explained to us
2 is appropriate per their analysis. So we just
3 wanted to not go down with the ship here and make
4 that comment.
5 Lastly, my comment would be staff is
6 very concerned, and should be, about their
7 proposal of alterations. The reason Bob Raymer is
8 not here today -- and he apologizes for that -- is
9 that he's teaching a seminar to the fall training
10 workshops which are today and I believe tomorrow
11 in Ontario. The seminar happens to be on Title 24
12 -- you may want to have someone attend that, just
13 for your own safety.
14 But the building officials are very
15 concerned -- and I'm not speaking for them --
16 about this alteration issue. One of the ways that
17 we can help to resolve this issue, and the
18 building industry itself is very interested in
19 getting existing homes more efficient, is for the
20 Energy Commission to complete their HERS
21 rulemaking.
22 Something that opened I think five or
23 six years ago, we have a C-HERS process for new
24 construction, we need to continue that process for
25 existing construction so that the existing

1 homeowner gets good advice on what to install for
2 energy efficient measures that are cost-effective.
3 We look forward to resolving any issues
4 that are outstanding, which we think are minimal
5 at this time, we support the staff and the smooth
6 adoption of the 2005 building standards. We
7 appreciate the staff's time, it's been a long
8 process, and we compliment them. Thank you
9 Commissioners, I'll answer any questions.
10 COMMISSIONER PERNELL: Thank you. Any
11 questions? Thank you. Mr. Mattinson -- and then
12 we'll have Mr. Ware.
13 MR. MATTINSON: Thank you,
14 Commissioners. My name is Bill Mattinson, I'm
15 representing the California Association of
16 Building Energy Consultants. We have a long
17 history of appearing and supporting the Commission
18 on these efforts to upgrade and enhance the
19 standards, and I'm here today to congratulate
20 staff and their consultants on the work they've
21 done.
22 We've had our disagreements over the
23 details of some issues, but we're not concerned
24 enough, or we're comfortable enough, to endorse
25 the current proposal. And we expect great energy

1 savings in the future.

2 There's one issue that I must confess I

3 made an error -- I came back, did make a

4 recommendation to the staff a month or so ago

5 about some language that required energy analysts

6 to notify HERS providers if the building under

7 analysis required fuel verification measures, and

8 for a number of reasons we felt that was both

9 unnecessary and obstructive, and we cited language

10 that we thought should be changed or deleted to

11 staff, and we want to thank them for agreeing with

12 us and taking care of that.

13 But just this morning we found one

14 little sentence that still remains in there, and

15 I'd like to call that to your attention. It's

16 Section 7.8.4. It instructs the building

17 department to verify that this notification has

18 been made.

19 I know that was an oversight because

20 four other places in the document that language

21 was struck, including in the summary right at the

22 beginning of Chapter Seven on Alterations and

23 Additions, where it crossed that reference out.

24 So that's just one additional strikeout

25 that needs to be made to be consistent with the

1 language that's already in here. With that, I
2 again want to thank staff, and I also want to
3 thank my colleagues at CABAC, Gary Farber and Mike
4 Gabel, who worked consistently and diligently with
5 staff to clarify many issues, from definition to
6 intent, and I'm looking forward to the
7 implementation of these standards. If there's no
8 questions, I'll thank you.
9 COMMISSIONER PERNELL: Thank you.
10 MR. PENNINGTON: A comment on that. We
11 certainly didn't mean to leave in that reference
12 that you've found, and we'd like to add that to
13 the errata that we propose to adopt.
14 COMMISSIONER PERNELL: All right. Mr.
15 Ware, and then Mr. Horwitz.
16 MR. WARE: Good morning, Commissioners,
17 my name is David Ware. I'm the Manager of Codes
18 and Regulations for Owens Corning. Owens Corning
19 has a long history of research and development in
20 the building arena, and I personally have a long
21 history of working with this Commission and as
22 well working on behalf of Owens Corning and the
23 products that we manufacture.
24 Owens Corning supports the standards as
25 they are being readied for adoption. However, I

1 have noted in the letter that I e-mailed to the
2 Commission last night a couple of modifications
3 that I have suggested that I trust that yo will
4 honor. They are in the vein of editorial I
5 believe, and I believe making these minor changes
6 will help improve the overall integrity of the
7 standards themselves.
8 In Section 150J2 of the standards, water
9 piping, there is an exception number five that was
10 added to the 15 day language. In that exception
11 it culls out when pipe insulation is not needed,
12 when pipe insulation is in an attic covered by
13 insulation.
14 The language culls out blown attic
15 insulation, and there's no data to support the
16 thermal properties of blown insulation to be any
17 different nor greater of any other kind of
18 insulation that would be in the attic, such as
19 glass fiber bats or blankets.
20 And I believe that was just an oversight
21 by staff, by adding that semantic descriptor for
22 attic insulation, and I would ask that you delete
23 the word "blown" from that exception number five.
24 The other editorial recommendation that
25 I would suggest is in the residential ACM manual.

1 I confess I did not pick this up until just the
2 other day re-reading the final ACM manual, and I
3 should have really noted this earlier on in one of
4 the committee hearings.
5 But there is a reference in Section
6 6.2.4, controlled ventilation crawl spaces, for
7 mineral wool insulation materials. Mineral wool,
8 the term mineral wool is culled out in the title
9 and there is also a descriptor for direct contact,
10 where it mentions the term "mineral wool."
11 Mineral wool is technically the wrong
12 term to be used in the context of what's being
13 described here. What's primarily being described
14 are conditions for which insulation, like density
15 insulation, should have some controls to ensure
16 the integrity of the material.
17 ASTM defines mineral fiber as being
18 those materials, inorganic materials, made up of
19 glass fiber and slag or rock wool materials. So
20 in essence the term "mineral fiber" ought to be
21 inserted as opposed to the term mineral wool.
22 The way it's described right now the
23 mineral wool language really only refers to a
24 certain class of glass material, and not to the
25 generic term that would cover both rock wool

1 materials and fiberglass materials. So I trust
2 that that was indeed the intent, and that's just
3 an oversight to be consistent with ASTM
4 requirements.
5 Lastly, I have a couple of comments.
6 The first comment Mike Hodgson alluded to
7 regarding the proposed requirements for duct R
8 values. There's been considerable research on
9 that by staff and outside parties, and certainly
10 not all stakeholders have found common ground on
11 that particular issue.
12 The standards, as they are proposed now,
13 will indeed continue the prevalence of all kinds
14 of duct R values and material types in the
15 marketplace. There will be no standardization of
16 duct material for the foreseeable future until
17 hopefully the next cycle of potential changes.
18 That will indeed drive costs up. And so
19 I would hope that in the next cycle of standards
20 the Commission will look very deeply at
21 standardizing the R value requirement across all
22 building types, so that we can get some
23 standardization, help enforcement and the
24 marketplace, and truly show consumers the kind of
25 energy efficiency that's expected for new

1 buildings.

2 My last comment has to do with the

3 things that are lacking in the standards. One of

4 the most glaring omissions in this very thorough

5 process, a process that has not been undertaken

6 since the 1992 standards, is any improvements to

7 the thermal envelope, the building shelf. And I

8 would implore this Commission, in the next cycle,

9 to look deeply at those improvements.

10 Improvements to the building shell are

11 the most durable, the most cost-effective, and the

12 longest lasting efficiency measures that can be

13 made to buildings. And I would impress upon the

14 Commission and staff and all the stakeholder in

15 this process that we all pull this together

16 amongst ourselves prior to the next cycle.

17 We indeed strive for common ground on

18 that issue, and we work diligently to look at

19 improvements to the building shell for the future

20 buildings of this state. Thank you.

21 COMMISSIONER PERNELL: Thank you. One

22 question, David. You mentioned the R value. Is

23 there a difference in cost between the R values?

24 MR. WARE: The short answer is yes.

25 Whenever you add more material to a product, the

simple fact that there is more material in that product drives up the cost. More material also means that the processing or the manufacturing of that material may take more time, or it may require improvements into the mechanics of the manufacturing process.

The sheer bulk of the material also means that there may be more material, or less material that can be stored. On the other hand, more material, in the case of duct R value, means greater efficiency. And so there are economies of scale that can be gained by ensuring that certain product types not only move forward from the manufacturing stream but ultimately are stocked and provided to consumers.

We have mixed signals right now in the marketplace to the value of what R value is really cost-effective.

COMMISSIONER PERNELL: My understanding of your suggestion is that we go with one single R value throughout all of our sixteen climate zones?

MR. WARE: If that, that would be the best of all worlds. If clearly the analysis could show that the greater good was served by one single R value -- and we have a lot of examples

1 like that within the code right now.

2 So I think that it's quite possible that

3 we can reach that agreement by working with the

4 building industry, working with the insulation

5 manufacturers, working with representatives of the

6 consumer groups. We may find that there are minor

7 differences in, I think, re-looking at this

8 subject, than what we currently have.

9 Right now we have a big dichotomy

10 between what's required mandatorily in the non-

11 residential standards, and what's being required

12 mandatorily and from an energy budget standpoint

13 in the residential standards.

14 COMMISSIONER PERNELL: Thank you.

15 MR. PENNINGTON: One comment I'd like to

16 make. We would like to accept the recommendation

17 for editorial changes that Dave mentioned, and add

18 those to the errata also.

19 COMMISSIONER BOYD: Both for blown

20 insulation and the mineral wool?

21 MR. PENNINGTON: Yes.

22 COMMISSIONER BOYD: Okay. And Mr.

23 Chairman, my only comment would be that obviously

24 there's quite a bit of disagreement still on the

25 duct credit and the R values and the categorical

1 statement that standardization equals, or lack of
2 standardization equals increased costs didn't ring
3 too true with me just yet until folks debate this
4 a little bit more. So obviously it needs
5 additional study.
6 COMMISSIONER PERNELL: All right. Noah,
7 you're up.
8 MR. HOROWITZ: Good morning,
9 Commissioners and staff. My name is Noah
10 Horowitz, and I'm a senior scientist with NRDC,
11 the Natural Resources Defense Council. We have
12 over 500,000 national members, with over 100,000
13 residing in California alone. We've been an
14 active participant throughout this proceeding and
15 prior Title 24 proceedings, and I too am starting
16 to turn grey.
17 I'm here today to express our strong and
18 unconditional support for the recommended changes
19 to Title 24 as outlined in the 15 day language.
20 The changes are the result of an extremely open
21 and thorough public process that included over 14
22 days of public workshops, and lots of conference
23 calls and meetings in between, I can testify to
24 that as well.
25 As a result of the hard work by the CEC

1 staff and their consultants, the proposed code
2 reflects the consensus of a very wide range of
3 stakeholders, including environmentalists,
4 builders, energy compliance consultants, and
5 utilities across the state. This is a very rare
6 and significant achievement that shouldn't be
7 overlooked.
8 My guess is beyond realizing that the
9 Sacramento Kings are a better team than the
10 Warriors, that group had little agreement at the
11 beginning. To get this far is noteworthy.
12 Per the analysis of the CEC, the changes
13 will save over 180 megawatts of power demand. The
14 standards will reduce both peak and non-peak
15 electricity use, as well as natural gas usage,
16 which is becoming an increasingly costly
17 commodity.
18 Once the standard has been in effect for
19 three years the state will save more than 500
20 megawatts of demand, and that's the equivalent of
21 a large new power plant without any of the adverse
22 environmental impacts. So we applaud that.
23 I want to take a minute to talk about
24 alterations, since that seems to be one of the
25 issues that will probably be discussed more in the

1 future. The 2005 changes cover not only new
2 buildings, but also additions and alterations to
3 existing buildings.
4 Looking at some of the CEC data, the
5 alterations alone are responsible for over 70
6 megawatts of the savings, roughly 40 percent of
7 the overall total. We understand some parties may
8 challenge the Commission's ability to regulate
9 alterations to existing buildings, and since NRDC
10 was a key sponsor of the legislation at the time,
11 I thought it would be worthwhile to provide some
12 very brief legislative history on this matter.
13 Per the Warren-Alquist Act, passed in
14 1975, alteration requirements are explicitly
15 within the scope of the Commission's authority.
16 And in addition, SB 639, which Mr. Pennington
17 referenced, clarified the Commission's authority
18 related to lighting, but more importantly for
19 today, it reiterated the Legislature's intention
20 to cover alterations to existing buildings.
21 The alteration requirements included in
22 the code deal primarily with the requirement to
23 use energy efficient windows, and to ensure that
24 existing and new duct systems are tight. Both
25 these measures are extremely cost-effective, and

1 will save building owners money, as well as ensure
2 comfort for the building's occupants.
3 Recognizing the tight time frame here, a
4 couple of quick additional comments. We want to
5 commend the CEC for its leadership, for tightening
6 the residential lighting requirements and areas of
7 the code that many of us felt was long broken.
8 And we share the comments by counsel and CBIA, and
9 we too are working to ensure that more efficient
10 products are more available.
11 We also want to applaud you for making
12 cool roofs a requirement for non-residential low
13 slope buildings, for adding the daylighting
14 requirements and lighting controls for large, low-
15 rise commercial buildings, for adding the exterior
16 lighting requirements, and lastly for helping to
17 ensure that the relocatable classrooms are energy
18 efficient, as this is a big energy and money saver
19 for our cash strapped schools.
20 I wouldn't be doing my job if I didn't
21 ask for more. We recognize that this was a very
22 thorough and comprehensive change, and some
23 changes were made to the multi-family portion of
24 the code, and we think for the next rulemaking
25 that you take the time that's needed -- and

there's a lot of lead time there -- to start from the bottom up and rewrite the multi-family part of the code. We've been patching things on, and we need to do a better job there.

In closing, we urge the Commission to approve the 15 day language today, and want to commend the Commission's staff and its consultants for their open process, willingness to consider various alternatives, and for all their hard work.

I also want to thank the statewide investor-owned utility group for all their research and financial support, and to CBIA for their two-way dialogue and data exchanges throughout this process. Thank you very much.

COMMISSIONER PERNELL: Commissioner Rosenfeld?

COMMISSIONER ROSENFELD: I just didn't take notes fast enough. This figure of a fraction of 180 megawatts that comes from alterations was interesting. Can you just state that again?

MR. HOROWITZ: Sure. I took that from the CEC documents. It was 70 megawatts are due to the savings from alterations, and that's for both residential and non-residential buildings.

COMMISSIONER ROSENFELD: So it's like a

1 third of the whole thing.

2 MR. HOROWITZ: A little more than a

3 third.

4 COMMISSIONER ROSENFELD: Thank you.

5 COMMISSIONER PERNELL: Thank you. Mr.

6 Cottrell.

7 MR. COTTRELL: Good morning, I'm Charles

8 Cottrell, I'm Director of Technical Services,

9 representing the North American Insulation

10 Manufacturers Association. First I want to thank

11 staff for addressing many of NAIMA's concerns

12 throughout this process, and also including us in

13 the process of developing new standards.

14 There is one outstanding item I would

15 like the Commission to address. The residential

16 ACM contains criteria for high quality insulation

17 installations. These criteria includes things

18 such as gaps and voids and density of the

19 materials, things that we have seen are problems

20 in the field. And if remedied could give a much

21 better performance for insulation in the field.

22 On significant item that was not

23 addressed in the high quality insulation protocol

24 is that of drying times for both mineral fiber and

25 cellulose insulation products. Moisture directly

1 affects the performance of insulation. A typical
2 2,200 square foot home could have as much as 160
3 gallons of water added in the process of
4 installing insulation in the walls.
5 There is a Canadian study that states
6 "after the wet sprayed cellulose was installed,
7 the plywood sheeting moisture level increased to
8 26 percent after 30 days, decreased to near-
9 original levels, 15 percent, after 160 days, and
10 dried one percent more by the end of the test in
11 420 days."
12 "About 30 percent of the siding nails
13 examined were at least partly corroded, especially
14 where they penetrated wood, because both the
15 nail's protective coating and the amount of
16 moisture buried."
17 Then, under wood fungi it states "the
18 cellulose insulation contained a wood fungicide,
19 but traces of fungi were found in the north wall
20 between the plywood and the framing timber." It
21 goes on to say that "the drying rate was affected
22 by the air temperatures, humidity, ventilation of
23 the insulation cavity, orientation, time, time
24 allowed before installing gypsum boards and other
25 construction conditions."

1 I think it's clear that materials should
2 be dry before they're covered up, and that is one
3 thing that NAIMA has proposed, is either a flat
4 drying time or a percent moisture content for all
5 insulation materials before they're covered up.
6 And I urge the Commission to add this to the
7 requirements for the insulation protocol.
8 COMMISSIONER PERNELL: Okay. Do you
9 know what the typical drying time is for these
10 products?
11 MR. COTTRELL: Well, again, it's going
12 to vary very much with the temperature and
13 humidity. One of the things I had submitted
14 earlier in the process was a table that gave some
15 temperature and humidity conditions and times that
16 would be associated with those.
17 Those were just a proposal, I don't
18 think that that is probably a very realistic way
19 to go. But I do know that the cellulose
20 insulation manufacturers association does have a
21 requirement, or they state that most materials dry
22 within 24 to 48 hours.
23 I think that's a very, I think that's
24 probably on the short side. But it's, as far as I
25 know, for their industry the only guidance that's

1 available. And I think that something is better
2 than nothing.
3 COMMISSIONER BOYD: Mr. Cottrell, your
4 October 17th letter asked for a minimum 48 hours,
5 so you referenced to the manufacturers
6 recommendation being 24 to 48, you're opting for
7 48, as I read your letter?
8 MR. COTTRELL: I believe that, based on
9 at least some of the data I've seen, that -- you
10 know, it talks in here, on this Canadian test,
11 about as much as 180 days. So I think that two
12 days is probably one the most conservative, or
13 least conservative side.
14 COMMISSIONER BOYD: Global warming
15 hasn't caught up to Canada just yet. Mr.
16 Pennington, any staff comments on this?
17 MR. PENNINGTON: Yes, on the line are
18 our contractors that worked on this protocol, both
19 Bruce Wilcox and Rick Chitwood. And it seems like
20 it would be useful to get their reaction to this
21 if that's all right.
22 MR. WILCOX: Yes, thank you Bill, this
23 is Bruce Wilcox. I'd like to make several points
24 in response to Mr. Cottrell's comments. I think
25 the first one is that we discussed this issue in

1 our industry review committee process during the
2 development of the standards.
3 And we decided that there was no
4 significant impact from the moisture on the energy
5 performance of the insulation systems, and that we
6 were primarily concerned with the energy aspects
7 here. So the moisture doesn't seem to be an issue
8 for that.
9 The second thing is that no one, during
10 the process of the standards development, or on
11 this industry committee that worked on the
12 insulation quality, no one presented any evidence
13 of moisture problems in California housing that
14 had been caused by moisture in the insulation. So
15 as far as we know, this is not a situation that is
16 causing problems in California housing.
17 The third thing is, and a very practical
18 issue, is that as far as we know there's no method
19 to measure the moisture content. So the
20 requirement that specified that it had to be dry,
21 there's no simple, straightforward, easily
22 referencable test or approach to verify that.
23 And finally the installation standards
24 require that installers follow manufacturers
25 installation instructions. So in the case of the

1 cellulose manufacturers instructions, those are to
2 be followed by the installers, and if 48 hours is
3 required, then they're obligated to follow those
4 instructions.
5 So we don't think there's a necessity
6 for adding an additional requirement that would be
7 expensive and cumbersome to solve a problem that
8 in fact may not be even a problem in California.
9 COMMISSIONER PERNELL: Are you familiar
10 with the study that was quoted, the Canadian
11 study?
12 MR. WILCOX: Commissioner, I'm not
13 familiar with that study. This is the first time
14 I've heard that study cited or quoted, and I've
15 never had a chance to look at it.
16 COMMISSIONER PERNELL: Commissioner
17 Rosenfeld?
18 COMMISSIONER ROSENFELD: I guess I'd
19 like to ask either Bill Pennington or Mr.
20 Cottrell, I don't have a clue as to whether an
21 additional 12 hours, for example, would really be
22 a big problem and expense.
23 MR. PENNINGTON: The problem here is,
24 first off, this is not an energy issue. It
25 doesn't have a big impact on energy. It would

1 introduce potentially a complication for checking
2 for, you know, a non-energy item in the course of
3 following this protocol. And this is a fuel
4 verified protocol, basically. So in order to get
5 compliance credit you need to get a HERS rater to
6 do the verification.
7 If we were to ask the HERS rater to
8 somehow verify that the contractor had waited the
9 right amount of time for the insulation to dry
10 before the wall was closed in I don't know how
11 they would do that. I don't know what they would
12 do. They'd ask the contractor when they did the
13 job, or they'd tear down the wall and check the
14 moisture, I'm not sure what they would do.
15 This doesn't seem to be an appropriate
16 thing to include in the protocol, and as Bruce
17 said, we discussed this considerably with the
18 industry task force that was working on this
19 protocol. And there was not a consensus to
20 include this kind of requirement in that protocol.
21 COMMISSIONER ROSENFELD: I guess I would
22 ask Charles Cottrell, is there some sort of simple
23 thing you would urge Pennington to do?
24 MR. COTTRELL: Well, as I stated, the
25 minimum drying time I think is probably the most

1 practical for the construction industry to deal
2 with. And I don't think that 48 hours would be
3 considered cumbersome.
4 And simply a statement or a requirmenet
5 in the checklist that states, you know, the
6 material will be not covered up or contained
7 within the wall for a minimum of 48 hours.
8 And if i could just respond to a couple
9 of other items that I heard. The statement that
10 there's no evidence of a problem in California, I
11 don't think that there's really any difference in
12 a home built in California than in another area.
13 If there's evidence of a problem and fungi growing
14 in some walls, it would tend to happen wherever,
15 provided the climate conditions are similar.
16 The statement that there's no method
17 available, no simple method. There are meters
18 available that you can check for the moisture
19 content of the wall, I don't think that, you know,
20 that's necessarily what I'm asking for.
21 That would be the ideal thing, that, you
22 know that there's a given moisture content before
23 it's covered up, that would be the safest. And
24 the statement about following the manufacturers
25 directions.

1 The manufacturers directions are not
2 required to give a required time within them, so
3 some may, some may not have those drying times
4 contained in them,but this recommendation that I
5 have was from their manufacturer's association.
6 And it is only a recommendation, not a
7 requirement.
8 COMMISSIONER PERNELL: Okay. Mr.
9 Cottrell, can you get Ms. Kim a copy of the study,
10 or at least leave us some reference to where we
11 can find the study?
12 MR. COTTRELL: Absolutely. I have
13 copies of the study, and that's another thing I
14 was going to mention, I did submit that with my
15 earlier comments.
16 COMMISSIONER PERNELL: All right, Ms.
17 Kim, raise your hand please. So we will look at
18 that.
19 COMMISSIONER ROSENFELD: Charles, I
20 guess I have one last question, since I'm the
21 Chair of the R&D Committee. You both said,
22 Pennington and you said that there isn't any cheap
23 -- or Bruce said there wasn't any cheap, reliable
24 meter now, but there don't seem to be any
25 requirements which have stimulated that so much.

1 Would either of you opine if -- this is
2 a nationwide problem, it's not a California
3 problem. If there were a regulation that there
4 had to be a test, and there needed to be some
5 simple metric, do you guess that it would be
6 expensive to develop a meter, or that a meter
7 would appear on the market?
8 MR. COTTRELL: Absolutely not. There is
9 a meter, a Delmhorst meter, which is used
10 typically for testing the moisture content of
11 wood. It's a probe that measures the resistance
12 across, and that changes with the moisture
13 content.
14 And I have heard of adaptations to that,
15 with longer probes that could be put into the
16 material that are available. I don't know what
17 the cost of those are, or, you know, the
18 practicality of getting those out into the field.
19 But again, I'm more for having some sort
20 of way to at least give a certain level of
21 confidence that the material is dry before it's
22 covered up, and i think that probably timing is
23 maybe the simplest way of doing that.
24 COMMISSIONER ROSENFELD: Is best.
25 Thanks.

1 COMMISSIONER PERNELL: Thank you. I
2 think that's it. Mr. Yurek.
3 MR. YUREK: Stephen Yurek, general
4 counsel for the Air Conditioning and Refrigeration
5 Institute. I just have a couple of quick comments
6 on some comments we had filed related to some
7 errors or mis-references in the documents as well,
8 some technical concerns that we put forward. And
9 those are addressed in the written comments that
10 we have filed.
11 One of the things that I wanted to
12 discuss on this issue -- I'm here also
13 representing the guest appliance manufacturers,
14 the home appliance manufacturers as well as the
15 electrical manufacturer's associations -- are the
16 issue of the application of Title 24 to federally
17 covered products and equipment.
18 And before I go into my standard
19 statement that I have given, I have a question,
20 because we have been reviewing the language of
21 Title 24 and it's interaction with Title 20. And
22 I believe it was the intent of the Commission to
23 regulate the manufacturing installation of
24 federally covered products and equipment.
25 And I guess that's a question I have to

1 the staff or to the Commission, that Title 24 was
2 intended to regulate those type of products for
3 the installation or air conditioners, different
4 home appliances, as well as gas furnaces and other
5 appliances, is that correct?
6 COMMISSIONER PERNELL: Let me refer you
7 to Mr. Pennington. Or, Mr. Ratliff, who is now
8 our counsel on this.
9 MR. RATLIFF: I believe that Mr. Yurek
10 is referring to Section 110 and 111 of the
11 building standards. Am I correct about that?
12 MR. YUREK: Right.
13 MR. RATLIFF: These are existing
14 provisions in the building standards. They have
15 existed in the building standards in approximately
16 this form for probably at least 20 years. They
17 are unchanged by anything that is within the scope
18 of the rulemaking upon which you are going to take
19 action today.
20 So they are not within the scope. Those
21 sections simply are not changed from their
22 existing wording. So the issue that I think is
23 being raised is one that is not within your
24 purview today, but was I think properly within the
25 purview of the courts. And that is still being

1 played out.

2 MR. YUREK: I guess the question that I

3 have, though, is it the intent of this Commission

4 to regulate federally covered products under Title

5 24?

6 COMMISSIONER PERNELL: Well, I don't

7 think that's a proper question. You've heard Mr.

8 Ratliff say that some of this stuff is going to be

9 played out in the courts, so regardless of what

10 answer you're trying to get from the Commission

11 here, the fact of the matter is it's in the court.

12 So you're not going to get an answer.

13 Is there anything else?

14 MR. YUREK: Yes, well, the way the

15 current language, even though Title 24 has not

16 changed, Title 20 has changed, through the

17 Commission's adoption of that title.

18 And if you look at what is written in

19 Title 24 as it references and defines the products

20 that are covered by Title 24, it says "those

21 products that have California standards, as

22 adopted by Title 20."

23 Under Title 20, section 1605, it states

24 clearly that California does not set standards for

25 federally covered products. This provision was

1 also reiterated by the Commission in its filings
2 before the district court, saying it did not have
3 the authority to set the standards for federally
4 covered products and equipment.
5 Therefore, as written in Title 20, there
6 are no California standards for federally covered
7 products and equipment. And therefore, used in
8 section 100 part H, as well as in 111, those
9 federally covered products and equipment would not
10 be covered under Title 24.
11 And our concern is, if that is the case,
12 then we don't have an issue with what is being
13 proposed in Title 24. And so it's the change to
14 Title 20 that has caused a potential conflict that
15 the Commission possibly did not recognize, by not
16 having California standards for federally covered
17 products or equipment.
18 COMMISSIONER PERNELL: Okay. So we will
19 note your concern. But again, I mean, I don't
20 think you're going to get a response as long as
21 there's some litigation that is being addressed.
22 And if Mr. Ratliff wants to respond he can.
23 MR. RATLIFF: Well, Commissioner, I
24 would just, I think, again, this is a question of
25 the existing language that is unchanged by this

1 rulemaking. I think what Mr. Yurek is suggesting
2 is that if in fact the courts ultimately rule that
3 the Energy Commission may not have these kinds of
4 standards, it would be appropriate to change the
5 building standards to reflect that.
6 And I would certainly agree with that,
7 but that hasn't been determined yet. And
8 certainly that's not before you today. So --.
9 MR. YUREK: Just in conclusion then, as
10 I have stated in the past, we would recommend --
11 the four manufacturing associations that I
12 represent here -- that you do not approve the
13 Title 24 that is before you today, for the purpose
14 of as it relates to federally covered products and
15 equipment.
16 It is in violation of the district
17 court's order firmly enjoining the regulation by
18 this Commission of federally covered products and
19 equipment covered by the Energy Policy Act, as
20 well as by trying to do so through Title 24 and
21 the business codes.
22 So, because of those concerns not being
23 addressed, we would recommend that you not adopt
24 that until those concerns are addressed. Thank
25 you.

1 COMMISSIONER PERNELL: Thank you. All
2 right. I have a -- I can't read this, but it
3 looks like Misti -- Ms. Bruceri.
4 MS. BRUCERI: Good morning,
5 Commissioners. My name is Misti Bruceri, I'm with
6 Pacific Gas and Electric Company. As a major
7 contributor to the development of the 2005
8 standards, PG&E wholeheartedly supports their
9 adoption today.
10 It has been brought to our attention
11 that many people have expressed concern that,
12 because the standards contain many new
13 requirements, it will be extremely difficult to
14 implement and enforce them. We don't dispute the
15 fact that the transition to the new standards will
16 be challenging.
17 We'd also like to state today that in
18 the coming years PG&E intends to continue working
19 with the Commission to provide support to
20 facilitate that transition through not only our
21 codes and standards program but also through our
22 residential and non-residential new construction
23 program, both of which are based upon the
24 standards. And through our Energy Centers located
25 in San Francisco and Stockton, that provide

1 training to essentially all the stakeholders in
2 the industry.
3 To further that effort, PG&E will soon
4 begin an assessment to address the educational,
5 infrastructure, and process needs of contractors,
6 design professionals, builders, developers, and
7 building and planning department staff. The study
8 will be completed in early 2004, and will guide
9 our followup efforts in the educational arena.
10 In addition, PG&E plans to conduct
11 significant work on the acceptance requirements,
12 testing the implementation process prior to the
13 code effective date. This work will also help
14 identify training needs for all stakeholders, and
15 facilitate a smooth transition to the new
16 standards. Thank you.
17 COMMISSIONER PERNELL: Thank you. Any
18 questions? We appreciate PG&E's collaborative
19 effort with us on this. All right, I have Mitch
20 Gutell.
21 MR. GUTELL: Gentlemen, my name is Mitch
22 Gutell. I'm the Energy and Electrical Systems
23 Manager for BP. In California you know us as
24 Arco, the AM/PM stores. I wanted to thank the
25 staff for their openness and receptiveness to our

1 comments regarding the outdoor lighting,
2 especially in regards to gas stations and the
3 canopies and hardscape around there.
4 We were able to make our case, and I
5 believe we've reached a very fair agreement, and
6 that is reflected in the 15 day and also in some
7 of the errata that was issued. So therefore we
8 would like to simply support the staff
9 recommendations in this area, and urge you to
10 accept the standard as written. Thank you.
11 COMMISSIONER PERNELL: Thank you very
12 much. Seeing no questions, Mr. Ariba.
13 MR. ARIBA: Good morning, Commissioners.
14 My name is Steve Ariba with the Western States
15 Petroleum Association. I'll keep my comments very
16 brief. I just want to echo Mr. Gutell's comments.
17 We too support the proposed outdoor lighting
18 standards.
19 We would also like to commend and
20 acknowledge Mr. Pennington and Mr. Flamm for their
21 willingness to work and listen to our concerns and
22 address our concerns. I'm sure Gary's happy that
23 I won't need to be calling him anymore.
24 But again, we appreciate their work, and
25 their willingness to work with us. So thank you

very much.

COMMISSIONER PERNELL: And thank you.

Patrick?

MR. EILERT: Misti covered it.

COMMISSIONER PERNELL: Okay. For the record, you're representing PG&E in support. Just for the record.

COMMISSIONER BOYD: Duly noted.

COMMISSIONER PERNELL: Okay. That's all of the cards I have on item number six. And --

MR. CHITWOOD: Commissioner?

COMMISSIONER PERNELL: Yes?

MR. CHITWOOD: I'd like to add -- this is Rick Chitwood, I'd like to add a brief comment. In response to Mr. Cottrell's siting of the Canadian study, I do have that study in front of me, and I have a couple of points regarding its applicability.

It obviously may be a stretch to apply a Canadian study to California weather conditions, but there's a couple of other points. The houses tested in the study were constructed to Canada's R2000 energy efficiency standards, which means that it's much tighter for ventilation and air filtration than California houses, approximately

1 three times tighter for air filtration than a
2 typical California house, so drying times would
3 obviously be slower on the Canada house.
4 And the conclusion is just a simple one
5 sentence conclusion. It concludes that wet
6 cellulose insulation nearly saturates wood
7 framing, but within six months the framing will
8 dry almost to the level before installation, even
9 during winter. And of course that's a statement
10 pertaining to Canada winters.
11 And I have one other brief statement
12 regarding Mr. Pennington's point on alterations
13 and the requirement for duct sealing. Now I would
14 be wearing my hat as a trainer for the California
15 Building Performance Contractor's Association.
16 As we look at the existing housing
17 stock, and major duct leakage reduce the amount of
18 savings potential for duct sealing. In addition
19 to that, of course, we see that that requirement
20 will also increase the industry awareness of the
21 extent of the savings and get more contractors out
22 there understanding the importance of that.
23 COMMISSIONER PERNELL: All right. Thank
24 you for the clarification. Are there any other
25 comments from anyone on the phone? Are there any

1 other comments from anyone in the audience?
2 Seeing none, hearing none, I'll bring this back to
3 the dais.
4 Commission's comments? If none --
5 COMMISSIONER BOYD: Mr. Chairman, I just
6 wondered if staff need to summarize any of the
7 letters we received where no one testified today,
8 for the record?
9 MR. PENNINGTON: I don't think so. That
10 would be challenging for me to try to do that.
11 MR. RATLIFF: Well, Commissioners, if I
12 may, there is one provision that is not properly
13 part of the errata which I wanted just to make
14 sure did come to your attention that we are not
15 including in our adoption the amendment to Section
16 100A, which is an exception one to Section 100A,
17 pertaining to historical buildings.
18 We will not change the language of that
19 exception, based on the request of the state
20 Historic Buildings Board. And that is in your
21 adoption order that has been prepared for today.
22 I just wanted to call it to your attention so that
23 you're aware of that.
24 It's simply a no action on that item.
25 There will be no change in the existing

1 regulation.

2 COMMISSIONER PERNELL: Thank you, Mr.

3 Ratliff. Commissioner Boyd, is there some --?

4 COMMISSIONER BOYD: Well, Mr. Chairman,

5 I just wanted to offer the staff an opportunity to

6 acknowledge a letter that we all just got from the

7 California Sign Association, just so those people

8 know their letter was received, is in the record,

9 and properly reviewed by all the Commissioners

10 before making their decision today. I have no

11 further comment though.

12 COMMISSIONER ROSENFELD: I'm ready to

13 move adoption of the building standards, as

14 amended, with the handout that we have here, and

15 some verbal amendments by Bill Pennington.

16 (Thereupon, the motion was made.)

17 COMMISSIONER BOYD: Mr. Chairman?

18 COMMISSIONER PERNELL: There is a motion

19 to adopt the '05 building standards with the

20 errata. Mr. Boyd?

21 COMMISSIONER BOYD: Excuse me for being

22 premature there. I was ready to second that

23 motion with some comments, in the way of

24 compliments, to both the staff and all the

25 cooperators in this project.

1 (Thereupon, the motion was seconded.)
2 This is a very impressive, long-term,
3 hair-graying experience apparently for lots of
4 people. I have no sympathy for those of you who's
5 hair is slightly gray, look what the electricity
6 crisis did to me.
7 In any event, I just want to commend
8 everybody for the effort here, it's certainly been
9 a Herculean task, a long task, and I think they've
10 done an outstandingly good job. And to receive,
11 basically, lots of positive recommendations and
12 kudos today is quite encouraging.
13 So my commendations to all involved.
14 And I think this is a giant leap forward for the
15 state that always has to be the cutting edge state
16 in areas like this. So I'm very pleased with what
17 I've seen.
18 COMMISSIONER PERNELL: Commissioner
19 Rosenfeld?
20 COMMISSIONER ROSENFELD: Me, too.
21 COMMISSIONER PERNELL: Well, I guess I
22 would third on the comment. I also want to say
23 that I want to commend staff on their meeting with
24 the lighting industry.
25 I know that was very contentious at

1 times, but to have the commitment and the patience
2 from both the industry as well as that, to work
3 those issues out certainly makes my job a lot
4 easier. And I thank everyone up here.
5 So, Commissioners, there's a motion and
6 a second on the adoption of the '05 building
7 standards and the errata.
8 All in favor?
9 (Ayes.)
10 Opposed? Ayes have it. Thank you all
11 for coming.
12 (applause)
13 You don't have to leave, but --. We
14 have one other gentleman at the mike.
15 MR. MATTHEWS: Mr. Chairman, I'm Scott
16 Matthews, I'm Chief Deputy here at the Energy
17 Commission. I feel compelled to note the passing
18 of a colleague of ours who was fundamental in the
19 building standards over many years, and there are
20 a number of people in the audience who worked with
21 him.
22 That's Bart Gauger, he passed away a
23 couple of days ago. He was head of the Building
24 and Appliance Office during the late 70's and 80's
25 and many of us owe portions of our career to him.

1 So I just wanted to make that --
2 COMMISSIONER PERNELL: Could we have a
3 moment of silence for our fallen colleague.
4 (silence)
5 Thank you, Mr. Matthews.
6 Commissioners, we're now going to return
7 to item two. I understand that Ms. Peasha is in
8 the room. Item two, petition for reconsideration.
9 Consideration of the petition for reconsideration
10 of Intervenor Peasha in the SMUD Cosumnes
11 Application for Certification proceeding. Mr.
12 Shean, is Mr. Shean here?
13 All right. I have to apologize to the
14 consumer's team, but we don't have Mr. Shean now.
15 So we're going to move on the audience to address
16 us on number seven.
17 Item number seven, until we locate Mr.
18 Shean. Item number seven, Neo-Montauk Genco, LLC.
19 Possible approval of the following funding award
20 agreements under the New Renewable Resources
21 Account.
22 We have three awards -- Colton Genco
23 LLC, Colton Landfill Gas Project, 1.25 MW,
24 proposed conditional award $300,80909, came on-
25 line 4/18/03; Mid-Valley Genco LLC, Mid-Valley

1 Landfill Gas Project, 2.5 MW, proposed conditional
2 award $601,618.19, came online 4/18/03; Milliken
3 Genco LLC, Milliken Landfill Gas Project, 2.29 MW,
4 proposed conditional award $601,618.19, came
5 online 7/18/03.
6 MS. KOROSEC: Good morning,
7 Commissioners. I'm Suzanne Korosec, I'm with the
8 Commission's New Renewables Program. The item
9 before you today are three landfill gas projects
10 who were winners in our October 2000 auction to
11 award incentives to new renewable generating
12 facilities.
13 One of the stipulations of that auction
14 was that the Commission would not sign a formal
15 funding award with any winning project until that
16 project had met all of its CEQA obligations.
17 These three projects have done so, and in fact are
18 currently online and genrating electricity.
19 Therefore, the Renewables Committee is
20 recommending that the Commission approve and sign
21 the funding awards agreement.
22 COMMISSIONER PERNELL: All right.
23 Commissioners, you've heard the briefing from
24 staff. I understand we do have one person to
25 speak to this item. Ms. Fellman.

1 MS. FELLMAN: Good morning, I'm Diane
2 Fellman. I'm representing the project developers.
3 And I wanted to express, on behalf of the project,
4 our appreciation for the Commission's
5 implementation and commitment to the development
6 of new renewables.
7 That option was literally done during
8 the middle of the energy crisis, and these
9 projects were developed during a time when there
10 were no power purchase agreements available to
11 serve as a basis for financing the projects.
12 And it was really the Energy
13 Commission's incentive that allowed the project
14 developers to stay committed to these projects,
15 keep them going until they were able to get
16 PPA's -- they're selling to municipal utilities.
17 They are a little bit ahead of the curve
18 on the procurement process that's going on with
19 the California Public Utilities Commission. But
20 they were able to get PPA's, they were able to go
21 online. We did a site visit to the facilities,
22 Ms. Korosec and I went down with the asset
23 manager.
24 So you actually have facilities on the
25 ground that are generating electrons that are a

1 direct result of this program. So thank you very
2 much.
3 COMMISSIONER PERNELL: Thank you, and
4 thank you for being here.
5 COMMISSIONER BOYD: Mr. Chairman, I
6 would happily move adoption of staff
7 recommendation.
8 (Thereupon, the motion was made.)
9 COMMISSIONER ROSENFELD: And I will
10 happily second.
11 (Thereupon, the motion was seconded.)
12 COMMISSIONER PERNELL: A move and second
13 on staff recommendations for item number seven.
14 All in favor?
15 (Ayes.)
16 Opposed? Ayes have it.
17 Now, we're trying to get to item number
18 two. Mr. Shean, would you please brief the board
19 on item number two.
20 MR. SHEAN: Good morning, Commissioners.
21 On September the 9th the Commission adopted the
22 Presiding Members Proposed Decision, with some
23 modifications, in the SMUD-Cosumnes Application
24 for Certification. Intervenor Kathy Peasha filed a
25 timely petition for reconsideration, which is a

1 four-page handwritten petition which should be
2 before you.
3 In addition to that, the Sacramento
4 Municipal Utilities District filed a reply to her
5 petition for reconsideration. Ms. Peasha is here.
6 She could outline the five grounds upon which she
7 has appealed. SMUD representatives are here to
8 reply, as well as the Commission staff.
9 If you have any questions at the
10 conclusion of that I would be happy to answer
11 them.
12 COMMISSIONER PERNELL: I don't have any
13 questions. Why don't we hear from Ms. Peasha, and
14 then we'll hear from consumers representatives,
15 and go from there. Ms. Peasha.
16 MS. PEASHA: Good morning,
17 Commissioners. I had filed a reconsideration for
18 the Cosumnes Power Plant that is being built at
19 Rancho Seco's property that SMUD owns. My reasons
20 for the reconsideration is that I believe many of
21 the criteria that should have been met, and was
22 not met by the Applicant.
23 The air quality emissions is quite a big
24 factor. And I believe, because of the violations
25 of the 24-hour standards, is not being met because

1 it is already violated. It's not a good
2 consideration for it to be added to and approved.
3 The second item is the ammonia slip
4 level. Instead of lowering the PPM to a
5 considerable amount of half, they've let it stay
6 at the higher PPM, and I believe for the safety of
7 everyone we should use the lower standards
8 available, and that the California Energy
9 Commission should be that much more direct with
10 using lower standards.
11 The Rancho Seco towers tha exist out
12 there now, SMUD has said that they are not a
13 cumulative impact on the visual impact. I don't
14 know how that can be possible when SMUD is
15 responsible for the twin towers that are existing
16 out there now.
17 If it was a different entity or a
18 different company that had existed those out there
19 it might be different, but it's the same
20 municipality is responsible for what exists out
21 there, it has to be cumulative as a visual impact.
22 The fact that they are using the water
23 rights that were adopted for Rancho Seco when the
24 nuclear power plant was in existence, to me, when
25 there is reclaimed water that is available and is

at this point, the freshwater, the water problems that we have in California, it should not even be considered for a power plant cooling.

The location that they have picked is concerted infrastructure, existing infrastructure, while they're bearing new ground out there. They have alternative sites that have shown less impacts on all grounds.

I believe that the availability of reclaimed water is something that needs to be considered once again. We, on the second phase of the project they're saying "if available within 15 miles" they are going to use reclaimed water. That's a big if in this study. And for them to consider adding another second phase to this, and then reusing more fresh water, is ludicrous.

So I'm asking the California Energy Commission to reconsider the proposal for the Cosumnes Power Plant. I also want to mention the fact that, because of the media, I don't believe that the SMUD ratepayers have been accurately informed of everything that's going on.

I have had many local elite writers that had nothing to do with me, but I could get some national recognition in the engineering news

1 record regarding this power plant.
2 And they talk about this being a
3 infrastructure that they're re-using. On the
4 grounds that they are not using any of the
5 administration, any of the paved areas, and
6 breaking new ground, I have a problem with it.
7 And the engineering news record is not
8 affected by the locality of Sacramento or
9 California, and I believe that the article that
10 was written shows a favorable mention of my
11 points. Thank you, Commissioners.
12 COMMISSIONER PERNELL: Thank you, Ms.
13 Peasha. Any questions from the dais for Ms.
14 Peasha? We don't have any right now, so please
15 stay tuned. Okay. Cosumnes, SMUD? I know you
16 have another gentleman with you, so will you
17 introduce yourself and your team for the record.
18 MR. COHN: Yes, Commissioner Pernell,
19 Commissioners Boyd, Rosenfeld, my name is Steve
20 Cohn, Assistant General Counsel with the
21 Sacramento Municipal Utilities District. With me
22 today, at my right, is Colin Taylor, the Cosumnes
23 Power Project Director. Also with us today, the
24 Project Manager ,Kevin Hudson; Bob Nelson, the
25 Superintendent overseeing construction; as well as

1 Jane Luckhardt, our outside counsel.

2 We did file a reply, as Mr. Shean

3 indicated, and we believe there are no new issues

4 raised by the petition that were not already

5 addressed in the hearings as well as in the

6 Commission decision. And therefore there is

7 really no ground here for reconsideration.

8 We'd be happy to go through point by

9 point if you would like, or we could just be

10 available to answer questions.

11 COMMISSIONER PERNELL: All right. Thank

12 you, Mr. Cohn. Are there any questions from the

13 dais? Any questions from either staff or our

14 counsel, Mr. Ratliff?

15 All right. Commissioners, is there a

16 motion to either grant or deny the appeal?

17 COMMISSIONER ROSENFELD: I move to deny

18 the appeal.

19 (Thereupon, the motion was made.)

20 COMMISSIONER BOYD: Mr. Chairman, I'll

21 second that motion.

22 (Thereupon, the motion was seconded.)

23 And, not being a member of the committee

24 reviewing this particular project, nonetheless I'm

25 quite familiar with it, both as a member of this

1 Commission and as a long-time Sacramento resident.
2 I'm quite familiar with the proposal, having read
3 the Proposed Decision that was acted upon by this
4 Commission, and I'm very familiar with the area.
5 Other duties I carry out for the
6 Commission involve liaison with nuclear
7 activities, so I'm quite familiar with the layout
8 of Rancho Seco in the area, and the site for this
9 plant. And I'm impressed with the effort of the
10 siting committee and their reachout to the
11 community, and all the issues.
12 I want to commend Ms. Peasha's concern
13 about her community and the air quality and the
14 environment and what-have-you, and I appreciate
15 the activism. But nonetheless, I do think the
16 Commission staff, the Hearing Officer and the
17 Committee, really went the extra mile in pursuing
18 all these issues, and they've met all the rules
19 and regulations.
20 So I think that bears out my decision to
21 second the motion.
22 COMMISSIONER PERNELL: All right. Thank
23 you, Mr. Boyd. It's been moved and seconded that
24 we deny the appeal.
25 All in favor?

1 (Ayes.)

2 Opposed? The ayes have it. Thank you

3 very much for coming. Thank you, Ms. Peasha.

4 MR. COHN: Mr. Pernell, if I may, just a

5 point of privilege here. I would like to thank

6 you and Commissioner Rosenfeld, as well as the

7 team that advised you, Al Garcia and Garret Shean,

8 the Hearing Officer.

9 We didn't have a chance to say we very

10 much appreciated how you handled the proceedings.

11 Obviously there's some public interest in this,

12 but we very much appreciate the professionalism

13 with which this was handled. And the Commission

14 staff as well. Thank you.

15 COMMISSIONER PERNELL: Thank you, Mr.

16 Cohn. All right, Commissioners, we're now on item

17 eight. Clean Energy Group. Possible approval of

18 a PIER contract with the Clean Energy Group for

19 collaborative research in the Clean Energy States

20 Alliance in the amount of $240,000.

21 MR. TUTT: Thank you, Commissioners. My

22 name is Tim Tutt. I'm the Technical Director of

23 the Renewable Energy Program. The item you have

24 before you is a collaborative research agreement,

25 a three-year collaborative research agreement with

an entity called Clean Energy Group.

It's a non-profit that's been hired collaboratively by Clean Energy States Alliance to do this collaborative research agreement. The Commission will be putting in $80,000 a year, and there's a five to one match for these funds from other states that have clean energy funds similar to our renewable energy program, our renewable resource trust fund, and our PIER funds, that provide matching funds for this collaborative research agreement.

This agreement has been approved by both the R&D and the Renewables Committees. The other states involved in this would run the gamut of a variety of large states in the Northeast -- Massachusetts, New York, Connecticut, Pennsylvania, Rhode Island. And in the Midwest -- Ohio, Minnesota, Wisconsin, Illinois, as well as here in the West, California and Oregon.

The research agreement can be expanded if other states also will match funds, that would provide state funds for clean energy purposes. The collaborative research agreement will pool these state funds to look into a variety of clean energy and renewable technologies jointly.

1 The technologies and projects that we
2 will be initiating and looking at include projects
3 with photovoltaics, small wind, community energy
4 with renewables, fuel cells, distributed
5 generation, how to finance renewables, dealing
6 with a variety of approaches to renewable energy
7 credits or green tags, as they're sometimes
8 called.
9 Working on the issue of how renewable
10 technologies and electricity generation contribute
11 to the climate change issue, and looking at
12 offshore renewable development. That has not
13 happened in California yet, it may never happen in
14 California, but as you may be aware, in the
15 Northeast there are four or five large offshore
16 projects that have been proposed and are in
17 various stages of moving through the development
18 process, whereas in Europe there is a significant
19 amount of offshore wind that has already been
20 developed.
21 With that brief summary I stand ready
22 for questions, and to urge your approval of the
23 item.
24 COMMISSIONER PERNELL: All right, thank
25 you Mr. Tutt. Commissioner Rosenfeld.

1 COMMISSIONER ROSENFELD: I'm ready to
2 move the item.
3 (Thereupon, the motion was made.)
4 COMMISSIONER BOYD: And I'm ready to
5 second the item.
6 (Thereupon, the motion was seconded.)
7 As indicated, it moved through both of
8 the Committee's of the motion maker and the
9 seconder, so we're quite familiar with the topic,
10 and very supportive.
11 COMMISSIONER PERNELL: All right, thank
12 you Commissioner Boyd. It's been moved and
13 seconded that we approve staff recommendations for
14 item number eight. On the question, hearing none,
15 All in favor?
16 (Ayes.)
17 Opposed? Ayes have it. Thank you again
18 Mr. Tutt. And you have a colleague with you for
19 the record?
20 MR. KANE: I'm Mike Kane, I'm with PIER
21 Renewables R&D.
22 COMMISSIONER PERNELL: Thank you Mike.
23 Item number nine, U.S. Department of
24 Energy Sep Program Award. Possible approval to
25 accept and have PIER administer a $299,985

1 competitive grant from the USDOE's State Energy
2 Program to create the Pacific Combined Heat and
3 Power Regional Application Center Network.
4 We also have, as a sub-awardee, the
5 University of California Regional Application
6 Collaborative is UC Berkeley, UC Irvine, and San
7 Diego State University. Commissioner Rosenfeld,
8 do you want to introduce, or do we want to hear
9 from staff?
10 COMMISSIONER ROSENFELD: Let's hear from
11 staff briefly.
12 COMMISSIONER PERNELL: Mr. Ward.
13 MR. WARD: My name is Allan Ward, and I
14 work in the PIER Program. The only few things I
15 wanted to add is that this is going to be one of
16 several CHP Centers that DOE is going to fund
17 across the United States, and we're happy to have
18 one based in California.
19 This also represents an opportunity for
20 ongoing collaboration with the Department of
21 Energy, and it builds upon the current PIER
22 Programs combined heat and power initiative, and
23 provides an opportunity to protect transfer of CHP
24 technologies that we will be funding and
25 developing.

1 This was also approved by the Research
2 and Development Committee on September 18th. And
3 based on all that I would just recommend that it
4 be approved.
5 COMMISSIONER PERNELL: All right.
6 COMMISSIONER ROSENFELD: I move the
7 item.
8 (Thereupon, the motion was made.)
9 COMMISSIONER BOYD: Second.
10 (Thereupon, the motion was seconded.)
11 COMMISSIONER PERNELL: It's been moved
12 and seconded. And I would just say we're always
13 happy to receive money. So it's been moved and
14 seconded, on the question, hearing none,
15 All in favor?
16 (Ayes.)
17 Opposed? Ayes have it. Thank you very
18 much, Mr. Ward.
19 Item number ten, electricity rate
20 surcharge. Possible consideration and approval of
21 the Electricity Surcharge Rate for calendar year
22 '04. Chapter 124, Statutes of '02, authorizes the
23 Energy Commission to fix the electricity surcharge
24 rate at a public meeting each November for the
25 calendar year starting the following January.

1 This has come before numerous
2 committees, but one of them was the Budget
3 Committee, and certainly passed out of the Budget
4 Committee. If there's any questions from the dais
5 here? If there's no questions I'll entertain a
6 motion to accept staff recommendation for the
7 surcharge.
8 COMMISSIONER BOYD: So moved.
9 (Thereupon, the motion was made.)
10 COMMISSIONER ROSENFELD: Second.
11 (Thereupon, the motion was seconded.)
12 COMMISSIONER PERNELL: It's been moved
13 and seconded that we accept staff's recommendation
14 for item number ten.
15 All in favor?
16 (Ayes.)
17 Opposed? Ayes have it. Thank you,
18 Mark.
19 All right, Commissioners. We're now on
20 item number 11, the Minutes. Minutes of October
21 22nd, '03 business meeting. I'll entertain a
22 motion to approve the minutes.
23 COMMISSIONER ROSENFELD: So moved.
24 (Thereupon, the motion was made.)
25 COMMISSIONER BOYD: I'll second.

1 (Thereupon, the motion was seconded.)
2 COMMISSIONER PERNELL: It's been moved
3 and seconded that we approve the minutes of
4 October 22nd.
5 All in favor?
6 (Ayes.)
7 Opposed? Ayes have it.
8 Next will be the Commission Committee
9 and Oversight.
10 COMMISSIONER BOYD: Mr. Chairman?
11 COMMISSIONER PERNELL: Commissioner
12 Boyd.
13 COMMISSIONER BOYD: One of the items
14 that's received a fair amount of notoriety
15 recently did not come before the Commission, and
16 that was another progress report on the ability of
17 industry in California, both the petroleum
18 industry and others, to provide methanol for the
19 changeover from MTBE to methanol in time for the
20 deadline at the end of this year.
21 Mr. Perez and staff recently produced a
22 report that has been circulated in the public that
23 has received a lot of positive notoriety, and I
24 just wanted to note the good work that the staff
25 did on that, which has become fairly routine, but

1 highly sought after and expected by the affected
2 communities, so I just wanted to give notice of
3 that event.
4 It was reviewed and approved by the
5 Transportation Committee, but not felt to be a
6 major policy issue, and so it was released. And
7 it shows that we're well positioned to meet our
8 commitment of a year-end total changeover from
9 MTBE to ethanol in our gasoline without any
10 further, hopefully, glitches in the system out
11 there.
12 COMMISSIONER PERNELL: Well, thank you.
13 It's a very good report, and I'd like to thank the
14 Transportation Committee and Mr. Perez and crew
15 for working on that. Are there any others? Chief
16 Counsel's report?
17 VOICE: There's nothing to report.
18 COMMISSIONER PERNELL: Thank you.
19 Executive Director.
20 MR. MATTHEWS: I'll just report that Bob
21 Therkelson is on Commission business. We
22 delivered to Resources Agency Friday afternoon the
23 transition material that will go to the transition
24 team, and that was delivered to the team on
25 Monday.

1 Now we wait to see if there's any
2 reaction or questions that comes from the new
3 administration.
4 COMMISSIONER PERNELL: Thank you.
5 Public Advisor's Report?
6 MS. KIM: I have nothing to report.
7 COMMISSIONER PERNELL: Thank you.
8 Public comment, any public comment? Seeing none,
9 is there a -- I'll anticipate that there's an
10 Executive Session.
11 MR. MATTHEWS: No.
12 MS. KIM: No.
13 COMMISSIONER PERNELL: Okay. Is there
14 any other business to come before this Commission?
15 Seeing none, hearing none, this meeting is
16 adjourned.
17 (Thereupon the meeting ended at 12:15 p.m.)
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CERTIFICATE OF REPORTER

I, ALAN MEADE, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Business Meeting; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said workshop, nor in any way interested in outcome of said workshop.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of November, 2003.