



Berkeley Energy Commission

BERKELEY ENERGY COMMISSION

MINUTES

Regular Meeting

Wednesday, October 24, 2007

1. Call to Order and Roll Call

The meeting was called to order by Commissioner Grimes at 6:52 PM.

Present: Abrams, Chamberlain, Grimes, Lee, Hansen, Kornbluth, Murtishaw, Sorgen

Absent: Bergen

Staff: Neal De Snoo

Presenters/Guests: Julie Gill and Tom Delaney from the CA ISO, Kirby Ducl of Navigant Consulting, Maria Sanders of CESC

Public: 3

2. Public Comments and Announcements

Harvey Sherback reported that the East Bay Times ran an article on a solar financing district proposed by Mayor Bates. He advocated that the Commission pursue solar as a way of reducing and mitigating the effect of climate change.

3. Discussion on Community Choice Aggregation and Renewable Resources

The Commission invited Julie Gill and Tom Delaney from the CA ISO and Kirby Ducl of Navigant Consulting to participate in a discussion of renewables. Commissioner Murtishaw also participated in his capacity as a CA PUC employee.

The discussion centered on three main topics: 1) will there be sufficient transmission capacity available to ensure that the CCA's planned renewable resource acquisitions (including contracted and owned generation) will not reduce the amount of renewable acquisitions that are available to other utilities in the State; 2) how might emerging State rules for carbon limits affect the CCA's ability to reduce Statewide emissions and how might these rules impact the CCA from an economic perspective; and 3) is it reasonable to assume that CCA energy procurement will result reductions in the dispatch of fossil-fueled plants rather low-carbon plants?

Transmission

Julie Gill and Tom Delaney explained that the CA ISO approved the Tehachapi and Sunrise transmission projects as part of the "bulk network." This approval, which is based on a variety of criteria including system reliability, allows the projects to be financed through the existing customers in California, rather than solely by power plant developers. This is significant because it enables large-scale projects to secure financing. As a result, two of five phases for the Tehachapi projects and the entire Sunrise project are now at the CA PUC for approval. Julia, Tom and Kirby believe that there is a very high likelihood that the projects will be completed. The complete Tehachapi project would provide 4,500 MW of transmission capacity (for reference, State peak is ~50,000 MW and CCA peak will be about 230 MW).

The ISO plans to pave the way for additional transmission capacity. It recently received FERC approval to establish "bulk network" status for location-constrained generation resources (i.e., isolated wind generation sites), which would not normally be eligible for such status.

As to whether the build out of these lines will provide sufficient capacity to ensure that the CCA's renewable procurement doesn't impinge on other utilities renewable procurement, there was no definitive answer. The problem is that wind energy (the primary source for these transmission projects) is intermittent and erratic and often does not match load. Given this uncertainty, it is unclear whether the proposed transmission improvements will be constrained if the State achieves a 33% RPS. However, it was noted that the transmission projects could be upgraded incrementally by adding conductors. As such, demand for renewables would drive investments to increase capacity. It was also noted that CCA's portion of the RPS that is greater than the State mandate need not comply with the State definition of renewables. For this voluntary portion the CCA could, for example, not discount wind energy production if it does not follow the community's load.

The panelists invited the Commission to visit the CA ISO to learn more about the system.

The Commission and panelists then discussed the potential impacts of State-mandated greenhouse gas reductions on a CCA. Commissioner Murtishaw explained that the leading option involves a cap and trade system to restrict emissions from electrical generating sources or from load-serving entities (i.e., utilities that retail power). However, there are concerns that a cap and trade system for electricity generation could be too complicated and could be gamed.

If a cap and trade system is used, the system would need to accommodate voluntary reductions, otherwise CCA efforts to exceed the mandated reduction requirements would be offset by increased emissions from other sources. An option in the Regional Greenhouse Gas Initiative (RGGI, a collaborative of Northeastern states) model rule accommodates set asides for voluntary reductions. It is unclear whether the CA Energy Commission and PUC have the power to authorize mechanisms that would exceed the goals established under AB 32.

A cap and trade system could have economic impacts on a CCA depending upon how allowances are allocated. Allowances could be allocated based on local consumption per statewide emissions rates or could be based on local consumption per PG&E emissions rates. If the CCA allocations are different than PG&E's allocations, there could be a cost or windfall to the CCA.

CPUC staff plans to issue a scoping document on these issues in February 2008 and set of recommendation in August 2008.

Finally, the panelists believed it is reasonable to assume the as a CCA assumes responsibilities to serve existing loads, these loads will be offset by reductions in generation from fossil-fueled plants rather than low-carbon sources. This is because the operating costs of fossil fuel plants are higher than other sources.

4. Report on Low-Income Programs

Staff reported that the City received a supplement to the LIHEAP grant in the amount of \$22,000.

5. Report on Solar America Grant

Staff reported that Council will be considering a contract with Build It Green to provide Phase I services for the project. Upon completion of Phase I the City will consider contracting with a program administrator. Staff also reported that the US EPA is considering a \$160,000 grant to support the Mayor Bates' energy financing district proposal.

6. Report on the East Bay Energy Watch

Staff reported that the CPUC issued a draft decision emphasizing that the efficiency programs focus more on integrated strategies and long-term, comprehensive measures. However, the Statewide 2009-2011 program has no additional resources and the goals remain the same.

Maria Sanders reported that PG&E has released an addition \$1.5 million for existing partnership programs based on performance.

7. Discussion of Measure G

Staff reported that a draft action plan would be available for discussion at the next meeting.

ACTION ITEMS

8. Approval of Minutes of July 25 and September 26

No action.

9. Items for Next Month's Agenda

Discussion of Draft Climate Change Action Plan was added in lieu of Discussion of Measure G.

It was proposed that the next meetings would be 12/5 and 1/9.

10. Adjournment

The meeting adjourned at 9:45 PM (MSC: SM, JK, 7-0-1, Chamberlain absent).

