

Meeting Transcript 12-11-08

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7 Electricity Advisory Committee Meeting

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12 December 11, 2008

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15 Marriott Crystal City

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17 Arlington, Virginia

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6 Electricity Delivery and Energy Reliability 3

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

2 Welcome and Opening Comments

3 MS. STUNTZ: If everyone could take

4 their seats, please, we would like to get

5 underway. Thanks, everyone, in respect of all

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6 that you have come for and made it here on time,

7 I would like to get underway.

8 We have a lot to do today, but we will

9 kick it off with Kevin Kolevar, Assistant

10 Secretary, who will have some introductory

11 remarks, and I will make a few framing remarks,

12 and we will be launched.

13 Kevin.

14 MR. KOLEVAR: Thank you, Linda.

15 I know that there is a lot of work in

16 front of everybody and I will do my best to keep

17 this very brief, so that I don't make the day any

18 longer than it has to be.

19 The first thing I want to do, I want to

20 thank everybody for all of the hard work that has

21 been put into this. I am on the e-mail streams,

22 so I see the dialogue that goes back and forth,

1 and thankfully, I don't have to comment on it, I
2 just watch it and every now and then call Linda
3 and chuckle.

4 Sincerely, I want to thank everybody for
5 the great thought and the great time and effort
6 that has been put into these products. I
7 appreciate how much work goes into them in
8 addition to your full-time jobs, and I will tell
9 you that it is appreciated by me personally, by
10 the electricity program, and I am confident it
11 will be appreciated by those who are ultimately
12 your audience for it.

13 I do think we have a lesson learned and
14 that is that next time you focus on one report at
15 a time, not three, a little bit of thought might
16 have demonstrated that that was the way to go out
17 of the box, but, of course, we had some statutory
18 responsibilities to meet.

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19 All of that said, I think that given
20 everything we are seeing now, and follow the
21 transition, and actually, Linda and I could both
22 relate some conversations we have had with some

5

1 people close to the President-Elect, last night's
2 decision, the nominee Steve Chu for Secretary,
3 all of these demonstrate that this is clearly
4 going to be at the edge of an emerging national
5 discussion.

6 Now, I know when everybody in the room
7 looks at it, we think, well, this national
8 discussion has been going on for several years
9 now, and that's true, but now it is starting to
10 pervade the public mind.

11 So, when I think of it, you know, to use

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12 a hill term, the topic is mature now, and it is
13 past just the kind of individual stakeholders and
14 policy wants who spend all their time thinking
15 about this. This is really going to be a
16 national debate. So, this is very timely.

17 Now, with respect to the reports, one of
18 the things I am really pleased to see is that the
19 areas of disagreement have been narrowed down
20 considerably and so I guess we are down to two or
21 so.

22 MS. STUNTZ: Two, only two.

6

1 MR. KOLEVAR: Two. In one respect I
2 guess it would be great if there were none.
3 There is certainly another school of thought that
4 says if there were none, it would be easy to
5 argue that there is probably little real value in

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6 the report because it would have to be at such a
7 high level to achieve that kind of consensus.

8 So, clearly, I think it's expected given
9 the broad nature of the Electricity Advisory
10 Committee, it is to be expected and I think that
11 as we confront this, and we do exactly what is
12 being done, we fully scope the problem, we
13 address it objectively, analytically, and we
14 provide in the final report a variety, two or
15 more paths forward and speak to the pros and cons
16 of each and let the policymakers make that
17 decision after reviewing the body of work.

18 So, then, I think the next big question
19 is timing, and we have had some -- Linda and I
20 have discussed this -- my own sense is we need to
21 push as hard as we can, fully appreciative of
22 everything that has gone into this already, and

1 if we slip a little bit on the original dates,
2 that's okay, but I would stress, and I speak from
3 experience on this having been on the Bush
4 transition team, the Obama transition in my
5 experience, having seen it, you know, they are
6 basically 50 feet down the hall from me, they are
7 very well organized. They are very methodical,
8 frankly, they are doing a bang-up job of getting
9 ready for their first hundred days.

10 While I haven't seen their hundred day
11 plan, I have every confidence that the way they
12 have handled this thus far, that their hundred
13 day plan is going to be fairly sophisticated and
14 aggressive.

15 This report cannot hit the press in day
16 5 of the hundred day plan, because it will be the
17 caboose on the train. It will always be chasing
18 what the policymakers are discussing.

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19 So, I feel strongly that this has got to
20 get out in a time frame where it contributes
21 positively to their timeline for implementation
22 within the first hundred days.

8

1 I will just touch briefly on the last
2 topic and that is the longevity of the Committee,
3 because I know there were some questions before,
4 given the timing of establishment of the
5 Committee, was there a feeling that this would
6 continue.

7 I have to tell you it's incomprehensible
8 to me that the next administration would not keep
9 the committee. They will. Frankly, you need no
10 further proof than to look at the nominee. Steve
11 Chu is the director of Lawrence Berkeley National

12 Laboratory. He is exceptional on the topics that
13 we are discussing, that you are discussing in
14 these reports.

15 He is very well educated on them. I
16 will tell you the electricity program does a lot
17 of work through Berkeley National Lab and has for
18 years. We keep a lot of those people there
19 gainfully employed and doing great work.

20 So, as far as I am concerned, what looks
21 to be the appointment of Steve Chu is tremendous
22 news for the Department personally, I believe

1 that having work with him. He is an excellent
2 pick. He is a particularly excellent pick for
3 the Offices of Electricity in the Office of
4 Energy Efficiency and Renewable Energy, two
5 programs that he and his closest advisers at the

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6 lab know very well.

7 My sense is that there is going to be
8 continuing work for this committee and I look
9 forward to kind of staying plugged in and
10 watching how it is going, but thank you again for
11 everything that has been done thus far. I think
12 we are really close to the finish line and I
13 truly look forward to seeing the final product.

14 Thank you.

15 MS. STUNTZ: Thank you, Kevin.

16 Let me just briefly add my thanks
17 particularly to the drafting team leaders who you
18 will be hearing from today except for one, but
19 Yakout, Mike Heyeck, Malcolm, and the staff,
20 Steve Nadel and the staff, who have supported
21 them in this effort, have been terrific.

22 Let me also recommend Brad Roberts and

1 Guido Bartels who have led their teams and their
2 reports to a form which I hope we will be able,
3 following their presentations, to adopt today.

4 I know of no reason why we cannot do
5 that, I think we definitely need to do that on
6 the storage report, because I believe it is
7 statutorily required by December 19th, and we
8 would like to help DOE be on time with that, and
9 I think thanks to Brad's leadership and the hard
10 work of his committee, we should be in a position
11 to do that.

12 We will hear first from Brad, so that we
13 can hopefully bless that report and be done. We
14 will next hear from Guido on the Smart Grid
15 report, which has taken a lot of work. There is
16 I think little more topical at the moment than
17 Smart Grid, everybody is talking about it,
18 everybody is looking for help on that.

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19 I think there is a lot of interest in
20 the report, and I would hope that we can also
21 approve, as a committee, formally that report
22 today.

11

1 With respect to the adequacy report,
2 which we will get to after lunch, where hopefully
3 your tummies are full and everyone is in a very
4 agreeable mode, we will hear from the chapter
5 leaders focusing on recommendations. We are not
6 going to do line by line edits today, folks, it
7 is not the time for that, but we will focus on
8 the recommendations, which I believe have been
9 worked over pretty thoroughly, if we can, and I
10 am confident in the spirit of the holiday season
11 and good will, we can agree on those

12 recommendations.

13 Then, my objective would be to turn the
14 final drafting in support of that over to the
15 team leaders, if they are willing to carry this
16 burden a bit further with copy editing from
17 Energetics, so that we could actually either
18 perhaps be in a position to approve that, as
19 well, if not in December, certainly in early
20 January, so this can be provided, not only in
21 final form to the transition team, my
22 understanding is that -- and David may want to

12

1 expand on this -- the transition team has already
2 expressed an interest in, has already seen drafts
3 of the report, so in a sense I would say we have
4 already accomplished some of what we set about,
5 which is to have material prepared that might be

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6 of interest and potential use I hope to the next
7 administration.

8 But I would encourage you not to forget
9 that our audience is broader than just the next
10 administration. This is a document which I hope,
11 and I am confident, will be a useful reference
12 for folks in the Congress who will I think be
13 confronted fairly quickly with not only things in
14 a stimulus package that may deal with green
15 infrastructure including energy infrastructure,
16 but Chairman Bingaman had made it very clear that
17 he expects to produce a comprehensive energy bill
18 fairly quickly.

19 I certainly expect, and he has made no
20 secret, that there will be things like the
21 renewable portfolio standard, there may or may
22 not be transmission policy reform. I suspect

1 there will be given the increasing decibel level
2 associated with that in this town, and many of
3 you are involved in that, so I would just echo
4 Kevin's comments.

5 I do feel that the work will turn out to
6 have been very well worth it, that we will have
7 produced documents, reports that are not only of
8 help to the new administration, but I think could
9 be of help to a new Congress who is going to be
10 hit fairly quickly, and interest groups, for that
11 matter, who will be hit fairly quickly with
12 sweeping proposals and will look for some ways to
13 understand what some of the issues may be that
14 are associated with these proposals.

15 Let me just on behalf of Yakout Mansour,
16 who very much my vice chairman and leader of the
17 executive summary and Chapter 1, Yakout has got a
18 serious cold. His daughter is getting married

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19 this weekend and finally I think it was Tuesday
20 night sent this e-mail that, you know, I just
21 cannot put myself through an 11-hour round trip
22 from the West Coast and back and then in good

14

1 conscience show up at my daughter's wedding half
2 dead, so I am going to stay in California and Sue
3 Kelly has volunteered to sub for Yakout today.

4 We are fortunate she has been willing to
5 do that, and I know she will do it well, and we
6 will year from you this afternoon.

7 With that, I would turn it over to Brad
8 unless David or anybody has any questions. Good.
9 Let's proceed.

10 Discussion and Approval of Final Energy
11 Storage Technologies White Paper

12 MR. ROBERTS: Linda, thank you very
13 much. It has been a very interesting experience
14 in working on this, the cooperation level has
15 been incredible, and made good friends in the
16 whole process, but with regard to the -- I didn't
17 do any slides, did you? Is that it? All right.

18 There is a couple of things that I think
19 need to be discussed. One is we are working out
20 the final details in the report for the citations
21 and some of the other things that are missing,
22 and I think we have a handle on all that.

15

1 We actually missed some of the -- some
2 of the stuff that was sent in didn't get into
3 that version, so we will deal with that, and
4 there is a couple of things. One is we need to I
5 think add reference to the other EAC documents,

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6 so that there is an awareness that somebody that
7 just looks at this, there is an awareness that
8 there is another set of documents that went with
9 the activity of this whole committee.

10 Does anybody think that is not
11 appropriate? Okay. So, basically, as you said,
12 we are going to deal with the recommendations
13 only, so this is the beginning of the
14 Recommendation Section.

15 Are there any comments on the first?
16 Ralph.

17 MR. CAVANAGH: Madam Chair, I am not
18 quite sure how you want to proceed here. Are we
19 basically going to go through the recommendations
20 and have them adopted as read? All right.

21 So, if there are issues to be raised,
22 you want them raised now?

1 MS. STUNTZ: Yes, sir.

2 MR. CAVANAGH: At the last meeting, I
3 raised the question, it's a fundamental one, I
4 therefore want to return to it before abandoning
5 it, that the Committee think hard and long about
6 recommending effectively new Federal subsidies as
7 a strategy going forward across the board.

8 I mean we can produce a report that
9 recommends dozens of Federal subsidies or we can
10 produce a report that tries to empower the
11 electricity sector to make investments itself.
12 This, it seems to me is an important moment to
13 engage the discussion because an electric
14 storage, what I like about this report is it
15 recommends electric storage as a system resource.

16 It says you should think about it that
17 way, utilities should think about it that way,
18 and we need to remove barriers to its deployment,

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19 and it adds tremendous system value.

20 Given that and given the fact that the

21 electric utility sector has substantial

22 investment capacity, the obvious question arises

17

1 why introduce financial incentives and tax

2 credits here. Why not simply encourage the

3 electric sector and all of its stakeholders with

4 DOE support to go out and mobilize that

5 investment through electricity bills, which if we

6 are to believe the industry, got 1.5- to \$2

7 trillion of investment capacity over the next 20

8 years, and the Federal Government under any

9 scenario is going to be a trivial fraction of

10 that.

11 So, why are we leading with, why are we

12 leading with a proposal for yet another set of

13 tax incentives?

14 MR. ROBERTS: Well, I personally think

15 there is a need to stimulate and get the ball

16 rolling. Had we not done it for solar and for

17 wind, we wouldn't be anywhere near where we are

18 today, and I think we are in that same category

19 that there needs to be some assistance, not

20 forever I don't think, and I would hope not

21 forever for some of the other energy sources that

22 get help today, but you have go to push it over

18

1 the edge, and I think that needs help.

2 We are not talking about the volume, in

3 my opinion, the kinds of money that are being

4 spent today on much bigger programs. This

5 program, in my opinion, energy storage is not in

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6 a kilowatt for a kilowatt or megawatt for a
7 megawatt competition with other resources.

8 It's a way to increase the benefit of
9 those resources, so in the broader sense, I think
10 it's a fairly small number, but I think it needs
11 help.

12 MR. CAVANAGH: Brad, to complete this
13 colloquy, and I think others should weigh in, I,
14 of course, am in full accord with you on the
15 value added the system by storage, so you will
16 hear not a word of disagreement from me on that,
17 and precisely because of that, I think storage
18 technologies can make their case in the
19 investment process, but if the Committee believes
20 strongly that there has to be something of the
21 sort you just described, and if the weight of
22 opinion is against me on this, I would still like

1 to find out, I still would encourage you, if you
2 think it's relatively minor, don't lead with it,
3 for heaven's sake.

4 Don't have it be the first. To lead
5 with it is a really weak move. It looks like,
6 you know, we can't make our case on the merits,
7 we need a Federal handout, and that is not what
8 you want to convey in this report, you
9 emphatically think you can make your case on the
10 merits, and then at the most what this is, is an
11 expression of a view that as you said, a kick
12 start right now might be helpful, with which I
13 still respectfully disagree, because I think we
14 should be pushing the industry -- I don't want to
15 give the industry an excuse not to do it.

16 Brad, if the Federal Government in its
17 wisdom decides that the list of supplicants for
18 new incentives is now so long that they are not

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19 prepared to add any more.

20 MR. ROBERTS: Right. Well, your point
21 about being first is clearly very valid, and we
22 should make some changes there.

20

1 MR. DELGADO: If there were a need to
2 add to whatever Ralph has said, and he said it so
3 well, and he broke the ice in the comments, I
4 want to just say that we have to make sure that
5 we identify the users of the possibilities, and
6 this is what should be highlighted in this
7 program.

8 The means and ways should be someplace
9 in there, because this is just one option. My
10 expectation is given the level of renewables that
11 we are going to have, we are going to see a

12 necessity for this coming up pretty soon. Storage
13 is an intrinsic part of making these renewals
14 work. Actually, it could be the best way of
15 doing so unless you are going to put gas servers
16 next to every --

17 MR. ROBERTS: Right.

18 MR. DELGADO: My impression is that it
19 is very likely that this thing will have, as long
20 as the technology is where it should be, in
21 capacity size and cost, that this would, in fact,
22 almost drive itself. I think if you highlight

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1 with the need and the use, I think that you can
2 almost say incentives as may be needed.

3 But my impression is that incentives
4 will not be highly necessary at all.

5 MR. ROBERTS: I think without the

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6 incentives we are going to find ourselves caught
7 in a situation where we are going to be playing
8 severe catch up.

9 MS. STUNTZ: I am going to recognize the
10 cards in the order that I have seen them, which
11 is Tom, Dave, Mike, and Jerry, but I would ask
12 maybe Tom and maybe Jeanne, I don't see Malcolm,
13 I know Diane is not here this morning, she will
14 join us later, but it seems to me the State
15 regulators have an important role to play on this
16 question in terms of what will be allowed.

17 Tom.

18 MR. SLOAN: Thank you and I am going to
19 move a little bit. I did tell Brad that after
20 reading the draft report I have included in bill
21 draft that will be introduced in January in my
22 State, a direction to our BUC to figure out how

1 we are going to do cost recovery on storage since
2 we don't do that.

3 I want to move to the third item, which
4 ties in. First, editorially, consider using is an
5 extremely weak phrase, but I am concerned more
6 about, the way I am reading that, that storage is
7 for real power production. I have never seen
8 storage for power production. I think that what
9 we want to be saying is that energy storage is a
10 primary source of frequency regulation control
11 and it can replace coal and gas-fired generation
12 assets in that capacity or in that purpose.

13 That is more editorial, but to me is a
14 big thing.

15 MR. NEVIUS: That was my same comment.
16 It looks like you were taking coal and gas-fired
17 generation out of the system, not just replacing
18 it for the energy regulation.

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19 MR. ROBERTS: Good point.

20 MS. STUNTZ: Mike.

21 MR. HEYECK: Thank you. To Ralph's
22 comments, I think the most important thing we

23

1 need to do with storage is get leadership in R&D,
2 not only storage as a system asset with the
3 utility infrastructure, but also with the plug-in
4 hybrids.

5 If there is any area that needs
6 incentives and leadership it is really the R&D
7 area. I would suggest that there be a component
8 of this. In fact, that might be the lead off of
9 what we want DOE to do to provide leadership in
10 R&D, tapping the National Labs, tapping leverage
11 from EPRI or any international entries.

12 Regarding the financial incentives, the
13 greatest financial incentives is to tackle the
14 conundrum of recovery. The argument of recovery
15 is not in here, and I know it is new to the game,
16 and I know we have 50 States in this plus markets
17 and things like that, but I do believe recovery
18 issues should not be a barrier to entry, and for
19 full disclosure, we are applying in Texas for a
20 transmission asset in this, and Barry is not here
21 today, so I can say that.

22 It is very important that we remove the

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1 recovery issue as a barrier, but, Brad, I know
2 the report cannot deal with the recovery issue,
3 so what can be said in this report as a
4 recommendation, is it maybe a case by case, that
5 the benefits of the application be brought before

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6 the Commission, and the Commission decides? I
7 would welcome any comments from the State folks.
8 Thank you.

9 MS. STUNTZ: Jeanne, I am going to put
10 you on the spot.

11 MS. FOX: I think storage is critical.
12 I remember when we came up with that topic. It
13 is something that we need to deal with because of
14 the renewable situation. So, I think these are
15 rather weak recommendations. I definitely agree
16 you shouldn't lead with number one, and I think
17 it should be modified to a degree.

18 Research and development is what we need
19 and maybe academic institutions, maybe
20 partnerships with DOE and with utilities makes
21 sense, kind of like EPRI partners with utilities
22 on projects for at least the bench scale levels

1 and the smaller projects. I think given
2 non-profits for actually building and operating
3 energy storage that is not -- that's a full-scale
4 project. I am not sure about that.

5 But on the other hand, I sometimes
6 disagree with NRDC on the rate payers paying for
7 everything, and we have other reports we are
8 going to be talking about, the rate payers paying
9 for transmission, and I have some problems with
10 how that is going to be done and the cost
11 allocations of that, and further technologies,
12 the smart grid costs, the rate payers will be
13 paying for a lot of that.

14 Probably for the next 10 years, rate
15 payers are going to have a tough time living, and
16 so in States especially where people can freeze
17 to death, I am very nervous about having the
18 utilities do everything and earning a rate of

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19 return on that in addition to the cost of
20 construction, and the rate payers pay for all
21 that.

22 So, it makes me very nervous to just

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1 have the utilities do it. On the other hand, I
2 think it's a role for DOE to lead in the research
3 and development, and partner with academic
4 institutions, nonprofits like EPRI, and that kind
5 of thing.

6 MS. STUNTZ: Okay. Gerry.

7 MR. CAULEY: Thank you, Linda. I was on
8 the team, so certainly will be supporting the
9 recommendations.

10 In terms of the first recommendation on
11 the need for incentives, I came into this project

12 really sort of not necessarily a champion of
13 storage in particular, but just sort of an
14 outside observer.

15 What I found was that to date in our
16 history as an industry, we have undervalued the
17 potential value of storage, and I think just left
18 to its own based on traditional economic
19 analysis, project decisions, it will remain
20 undervalued for some time.

21 I think it is valid to put in this
22 report a recommendation to kick start and make a

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1 broader audience understand, help a broader
2 audience understand the value through some of
3 that development.

4 I think the financial incentives are
5 appropriate, and I think I agree with the

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6 recommendation to move it down further.

7 I do -- and this may be my own naivete,
8 not knowing all the legal ramifications here --
9 but I am confused by the inclusion of the not for
10 profit entities and wonder why any sort of
11 incentives would be restricted to a particular
12 class of --

13 MS. STUNTZ: I think that is just --
14 speaking from experience, I have worked on, too
15 -- but that is just so that if you -- tax credits
16 aren't useful to an entity that doesn't pay
17 taxes, so all that says is if you are a public
18 utility or a co-op, they should get some kind of
19 comparable incentive.

20 MR. CAULEY: Oh, I see, I am sorry, I
21 misread the sentence, I am okay, thanks.

22 MS. KELLY: Absolutely correct .

1 MS. STUNTZ: Thank you, once today.

2 I just want to associate myself with
3 Gerry's remarks. It never happens, Ralph, but
4 actually, I disagree with you on this one, not on
5 the order, but I think when we are talking about
6 a trillion dollar stimulus package and green
7 investment, I don't understand why we couldn't
8 have some Federal incentive to sort of help
9 things get started here.

10 I think your point on the order is very
11 well taken, but I certainly think there is a role
12 for the Federal Government to help deploy these
13 beyond R&D, because I think there are -- my
14 understanding is there are technologies ready to
15 go out there, but we need I think some Federal
16 role to help get them deployed would be useful.

17 Bruce?

18 MR. WALKER: Thank you. I just wanted

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19 to comment and echo I think a number of the
20 things that have been said.

21 But with regard to the financial
22 incentive, if it is being used to stimulate, and

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1 I think Brad noted this, it is being used to
2 stimulate the technology, I think it is
3 absolutely critical, because one of the things
4 that, you know, as we have developed and we
5 probably need to tie it a little bit tighter back
6 into the smart grid piece, but clearly, as we
7 have developed, and we develop pilots throughout
8 the country, and we look at the ways that you
9 were going to bring smart grid technology into
10 the infrastructure, it really is predicated upon
11 utilizing storage very effectively.

12 At this point, I mean as you develop
13 these things and look at it, it almost becomes a
14 critical path item for full development of the
15 smart grid that has been envisioned in the
16 future.

17 It may be something, Guido, we may have
18 to just add a little piece in there, but it is a
19 big piece of going forward.

20 MR. MASIELLO: Two pages before Section
21 5 has got very detailed R&D demonstration and
22 applied research program recommendations for DOE,

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1 so perhaps the question is given those two pages,
2 should there be something in Section 6 or not,
3 and if there is, should it simply point to those.

4 MR. ROBERTS: That was a good point,
5 because all of Chapter 5, and what is unique

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6 about the storage report as opposed to the other
7 reports, is we are dealing with a congressional
8 act that said you need to do this, this, this,
9 and this.

10 So, you have to take this in context of
11 everything that is recommended in Chapter 5 in
12 response to the Energy Independence and Security
13 Act, where Congress said you need to do these
14 things, and attached some value to them.

15 So I think I should have mentioned that
16 earlier that to put everything in the right
17 context when you look at some of these, okay, I
18 just wanted to make that point.

19 Hunter?

20 MR. HUNT: I just was going to agree
21 with one, Ralph, and slightly disagree with the
22 other. On Chapter 5, I tend to agree that

1 frankly, I think those are some of the strongest
2 recommendations out of the entire report, because
3 they are also the most quantified or most
4 detailed.

5 It is a good point, just I would argue
6 pull that somewhere in the Recommendation
7 Section, if this gets spiked out, and going to
8 the incentives, and Ralph Cavanagh's first point,
9 a direction I completely agree actually with, and
10 one of the things that bothers me on occasion is
11 when you are incentivizing folks for doing things
12 that they already want to do.

13 In transmission, I think that is
14 problematic because it makes folks cynical. I do
15 think in storage, it's a different issue because
16 I think in this perspective, it is a very
17 fragmented business, there is a lot of risk at
18 the front end, and I do think that the incentives

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19 actually play a critical role in helping tip this

20 process forward.

21 I also want to echo Mike's comment, too,

22 about cost recovery. I think that ought to be

32

1 spiked out and discussed specifically, because I

2 think it's a huge component of seeking the

3 success of storage moving forward.

4 MR. CAVANAGH: I hope perhaps moving

5 this forward, because I think in general there

6 was a fair amount of consensus around those

7 recommendations, get the R&D recommendations into

8 the report, move the emphasis on financial

9 incentives down.

10 I do not appear to carry the day on a

11 hard line on financial incentives, and I am not

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12 all together surprised at that. I do hope that
13 the words -- my appeal to the Chair is that the
14 new light of argument in America is in the
15 context of a trillion dollar stimulus package and
16 then anything can be justified.

17 If this is the direction, I just plead
18 with us not to go there. But, look, for this
19 purpose, if we can at minimum make clear that the
20 incentives are conceived as a way of launching
21 the next generation of energy storage facilities,
22 because what I am troubled by -- I don't mind the

33

1 fact that Jeanne Fox frankly is a tough umpire on
2 expenditure of capital funds, I think that there
3 ought to be a tough test for anybody who wants
4 long-term access to the financing system that the
5 electricity industry represents.

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6 If the argument here is we need
7 something, we need a boost up-front, let's say
8 that. This makes it sound like the storage
9 industry needs to be on the Federal dole forever.
10 Look at it. I mean basically for building and
11 operating energy storage facilities, and that is
12 a weak position to be if you believe in this
13 stuff.

14 So, if what you want to say is we need a
15 boost to launch it, say that, and if I could then
16 just encourage us, Madam Chair, if that view has
17 a general acceptance around the table, rely on
18 you to move in that direction in the final
19 version, I will shut up.

20 MS. STUNTZ: Brad, is that okay with you
21 and the Committee?

22 MR. ROBERTS: I am okay with that,

1 making that change.

2 MS. STUNTZ: Sold.

3 MS. FOX: I need a clarification. You

4 are moving R&D up?

5 MS. STUNTZ: Right. We are going to --

6 there should be some way to at least cross

7 reference or if not summarize the R&D

8 recommendations in Part 5.

9 MR. ROBERTS: We have to go back and in

10 the Final Recommendation Section, go back and

11 reference everything that is in Chapter 5 because

12 that is where all those leadership issues and

13 things that were asked for by Congress get

14 reemphasized.

15 Then, the comment about launching energy

16 storage with incentives, I am happy with, I am

17 comfortable with that.

18 MR. SANTACANA: I agree with that and to

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19 reinforce what Ralph said, I think the key on
20 this discussion is the launching of new
21 generation of storage technologies because the
22 present generation is not cost effective enough

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1 to accomplish what we need to do.

2 So, the launching of new generation
3 technology is an important part.

4 MS. STUNTZ: Excellent.

5 MR. SANTACANA: More advanced generation
6 of storage uses, the language we can argue about.

7 MS. STUNTZ: Not for long.

8 Dave.

9 MR. NEVIUS: Can we move on to the
10 fourth recommendation?

11 MS. STUNTZ: Yes, I believe we can.

12 MR. NEVIUS: Okay. Do you want to click
13 that up. I think this one would read a little
14 bit better, or at least in my mind it would, we
15 talk about that all long-term planning, and when
16 we identify the different aspects of long-term
17 planning, certainly generation transmission
18 planning, I wonder if distribution planning is a
19 factor here as well since we are talking about
20 deployment of energy storage to help at the end
21 user level.

22 Then, instead of saying "energy

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1 efficiency" and limiting it to that, would we
2 say, "demand side management" a broader topic or
3 a broader umbrella? I got nods there.

4 Then, I wasn't sure what it meant by
5 "renewable portfolio standards planning." I am

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6 not sure we plan. I think that gets subsumed as
7 part of our generation planning. But if you want
8 to leave it in there, that's okay. It is just I
9 never -- when I think of the planning function,
10 being an old planner, I think of generation
11 transmission distribution and demand side
12 management planning. I don't think of renewable
13 portfolio standards planning per se.

14 MS. STUNTZ: I think for clarifications
15 and corrections, I welcome. I hope we do not get
16 too wordsmithy today. Your point is well taken.
17 I mean I read that including generation
18 transmission not to exclude other things. It is
19 not an exhaustive list. So, I just would
20 encourage you all in the spirit of the day and
21 trying to get our job done -- Sue, I saw your
22 card pop up first.

1 MS. KELLY: Yeah, and this may actually
2 enforce what you are saying. If you do add
3 distribution, then, I think you have to go back
4 and consider large scale, because when you start
5 pulling the thread on the sweater, you know, one
6 chain leads to another, so I just make that
7 observation.

8 MR. ROBERTS: What is large scale? In
9 terms of what we talk about today, from the
10 community of energy storage, large scale is
11 basically anything over a megawatt. In the terms
12 of the broader utility business, megawatt is
13 nothing, I mean it's small stuff.

14 MS. KELLY: Well, on the distribution
15 systems of some of my members, a megawatt is a
16 lot, so I would just note to you that I think we
17 should err towards making fewer changes rather
18 than more changes, just because the more changes

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19 we make, the more changes are necessary to
20 accommodate the changes that we make, and we
21 could be her all day.

22 MS. STUNTZ: Right. I mean if we do in

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1 any direction, I would encourage us to move in
2 terms of simplification and shortening to just
3 state the principle, which I think is an
4 important one, that storage should be considered
5 an integral part of all long-term system
6 planning.

7 Tom?

8 MR. SLOAN: Thank you. I am struggling
9 with who is planning? I mean are we talking
10 about a vertically integrated company, are we
11 talking about the PUC? Are you talking about the

12 RTO? Are you talking about a non-vertically
13 integrated company?

14 I don't disagree we need to plan for it,
15 but I don't know who is planning or what we want
16 the Department of Energy to do in regards to
17 that.

18 MS. STUNTZ: Well, I read this to talk
19 about anyone doing this. Brad?

20 MR. ROBERTS: That is a tough one. I
21 would agree with that statement that any planning
22 at any level should take it into account.

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1 MR. SLOAN: If we look at today's
2 renewable energy generator, they are selling
3 energy, not capacity, so if we want them to sell
4 capacity, then, they should do some planning. If
5 we are talking about the purchasers of the

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6 energy, then, they are the ones who should do the
7 planning in terms of their overall fuel mix.

8 I mean so I come back to this is a
9 recommendation to the Department of Energy, what
10 do we want them to be doing?

11 MR. WALKER: My concerns are somewhat
12 along the line, in agreement with Tom except I am
13 really a little bit more stuck on this concept of
14 consider. I am not sure what that means.

15 Consider, my utility brethren I guess will
16 obviously have some concerns, but, you know, to
17 direct a group of people, and particularly when
18 it is as broad as everything from an ISO down to
19 a utility to direct and to consider, I am not
20 sure it really has much meat.

21 I guess my concern would be if there is
22 a way for us to strengthen that, and perhaps it

1 is just a more specific directive, that may be a
2 little bit more helpful if we really want to
3 drive this consideration, I am not sure it is
4 going to really carry the day. Just what does it
5 mean, seems a little bit amorphous.

6 MS. STUNTZ: Rob.

7 MR. GRAMLICH: Thank you. I am going to
8 start with a point Ralph made earlier, that
9 storage is part of a system, it satisfies a
10 system need. Wind projects don't need storage as
11 Tom indicated.

12 With that in mind, I am going to propose
13 two specific recommendations here. Establish a
14 requirement with just the word "encourage," and
15 then insert the term, the phrase "address system
16 flexibility including storage," so that it would
17 say, "Specifically consider system flexibility
18 including storage," because storage is one type

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19 of system flexibility.

20 The wind industry is quite happy with
21 existing generators on the system which are
22 currently the means of integrating renewables,

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1 and we can get to 20 percent without new storage.

2 R&D for storage is great, and if that
3 can move down the cost curve and be a new and
4 more cost effective and cleaner source of system
5 flexibility, that's fantastic, but I don't think
6 we should put the thumb on the scale and say
7 storage is necessarily the best or cheapest
8 system flexibility option.

9 So, again, system flexibility including
10 storage.

11 MS. STUNTZ: All right. I am going to

12 recognize the others, but what I would like to
13 do, I would like to hear from the members of the
14 Committee, Brad or others, what did the Committee
15 want to say here?

16 MR. ROBERTS: I think it's more on the
17 capacity side is the issue in dealing with the
18 capacity planning and to make more capacity
19 available, new storage, and control of the
20 utilization factor, in other words, bring it up.

21 Have you got any comments, Ralph?

22 MR. MASIELLO: Yes, if you read it

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1 carefully, it doesn't say you have to build the
2 storage, it simply says consider it in the
3 planning. So, the intent here was to say that
4 planning leading to long-term resource plans in
5 the broadest sense at the wholesale level should

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6 consider storage.

7 A valid answer could be storage is not

8 economic for this particular project. It is not

9 saying every wind farm needs a battery but

10 demonstrate that it was considered in the

11 economics of the project.

12 MS. STUNTZ: Right, so what I heard was

13 Bruce thinking that was too weak, and Rob is

14 thinking that was too strong, and so maybe this

15 is the word the Committee came up with, but

16 Jeanne, would you enlighten us?

17 MS. FOX: I think you need the

18 requirement, keep the requirement, because of the

19 consideration. I think even the wind people who

20 are doing a good job need to consider it. At

21 some point in time it might be something that we

22 need.

1 I also agree with Ralph that we should
2 change energy efficiency with demand response you
3 suggested - demand side management? I think it
4 is absolutely necessary, energy efficiency is
5 only a part of that, and there is a lot more that
6 could be cost effective in demand side
7 management.

8 I do think that the new portfolio
9 standard, however, should be kept in there for
10 planning purposes, because in New Jersey,
11 actually, part of our planning is when are we
12 going to up RPS or solar based on and as part of
13 the plan. So, I think it should stay there.

14 That's it.

15 MR. DELGADO: Linda, I am not good at
16 editing, and I think I agree with a lot of stuff
17 that has been proposed, and you could never put
18 it in a sentence that makes sense.

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19 But from my perspective, there is two
20 things that come here. First of all, who
21 requires? I would like to know, DOE doesn't have
22 the authority to require a blessed thing.

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1 Also, as a planner, I would like to tell
2 you there is one thing that this document
3 sometimes seems to hint, and I would like to make
4 it very clear, costs do matter. We are not going
5 to require anything, this government should never
6 require anything, the ultimate thing, whatever
7 way to want to administer value is not the best
8 deal that the consumer can get.

9 You can add the cost of many things and
10 we can agree to it, but ultimately, it should be
11 cost based. Costs do matter. We are in an

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12 environment were we to indicate that costs do
13 matter, I don't even know what we are talking
14 about, because the American public is absolutely
15 concerned about cost.

16 I don't know where it belongs, but
17 someplace in this document there has to be some
18 concern for cost, and if you do not have a
19 concern for cost, then, let's talk about it,
20 because that is where I am willing to -- but if
21 you are willing to say that we are going to
22 require that you consider, I don't know what that

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1 means, but we are now required that you use it
2 unless there is less cost way of doing something.

3 I don't know, I am no suggesting
4 editing, I am suggesting the concept, because it
5 appears that there is a certain animosity to

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6 least cost way of doing things, and that is a way
7 that has to be done when you can turn to count
8 everything. I do not know any other way in which
9 we will satisfy the needs of the American public
10 except that we try to provide, in spite of all
11 the other things we want, the least cost way of
12 doing it.

13 If storage fits, what we want to do is
14 make sure it is developed enough that in many
15 cases, it will fit the purpose, but we are not
16 going to have a token storage facility in every
17 downtown just to say that we had it. We are into
18 utilization that is least cost, period.

19 MS. STUNTZ: I actually think this is
20 entirely consistent with that, because it says
21 you have to consider it and whatever the planning
22 regime is. Gerry.

1 MR. CAULEY: Once again, I am on the
2 task force that drafted this, so I do support the
3 intent and where this is trying to go, and I
4 think this an element that is needed in terms of
5 the planning aspect of it.

6 I think based on the conversations,
7 there is probably things we can go back and sort
8 of rework this a bit. I am not sure that fits in
9 our plans for today.

10 But I think to get to the issue of who
11 to supply to and who are we putting the lever on,
12 I am not sure it is as clear as it could be, is
13 this a requirement on the regulator or this is
14 requirement on the planners, and I think we could
15 probably land in a safer place, because who can
16 we influence here.

17 It may be is the regulator to as plans
18 come in, and before the regular consideration,

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19 you would want to have the question asked did you
20 consider these other alternatives, and show me
21 the analysis that supports there could be one
22 thing or another, so I think maybe this is not

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1 clear where the lever is being applied, but I
2 think it might be most effectively applied as a
3 recommendation to the regulatory arena.
4 On the renewable issue, I don't think
5 this recommendation was geared toward saying it
6 was needed to support renewables, I would even
7 suggest we could even delete that because it
8 sends it in a wrong direction. It's system
9 planning, and if it takes people's minds in the
10 direction of we are recommending that it be
11 planned for wind farms, that was not the intent.

12 It was a broader set of issues.

13 We could either leave it in or out, but
14 it should be clear that is not the driver for
15 this recommendation.

16 I think the recommendation actually
17 falls short on the tail end, because it just says
18 consider storage as a means of basically
19 smoothing the capacity utilization, and I think
20 the report identifies many other significant
21 benefits to transmission throughput and other
22 control and reliability benefits, and even

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1 environmental benefits in terms of displacing
2 other kinds of resources, and I think we lose
3 sight if we just focus on that one benefit from a
4 planning perspective.

5 Finally, just to reinforce that we

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6 probably need to reword this a bit. I struggle
7 with even the last phrase, what it means to get
8 capacity factors in line with other commodity
9 production. I don't think that is ever going to
10 be an achievable goal. I mean this is not loaves
11 of bread or gallons of gas. I am not sure how we
12 even get to that or what the genesis of that
13 piece of it was.

14 I understand there is significant reward
15 in doing utilization shifting to improve a
16 capacity factor, but I don't know that a target
17 is to align ourselves with other commodities. It
18 might confuse a neutral third party who doesn't
19 really know anything about this.

20 MS. STUNTZ: Hunter, please.

21 MR. HUNT: I am not a big fan of
22 wordsmithing, but the one thing I would say is I

1 don't like moving towards language like
2 encourage, or broad based, what I call feel good
3 verbiage or syntax. At least when I read this in
4 terms of long-term planning, I was thinking very
5 much like what Gerry said, regulatory level, RTO,
6 ISO level and above.

7 And I think consider -- the way that I
8 read this is basically, it is consciously
9 rejected, it is not saying you have to do it, but
10 you have to basically prove that you considered
11 it, it has been consciously rejected out of
12 whatever long term plan is put forward, and that
13 is what I think to some degree we ought to be
14 shooting for or recommendations that actually
15 have metrics you can measure whether or not you
16 have something or not, and so I like the language
17 as it is in terms of it being a requirement and
18 maybe you need to clean up the language a bit in

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19 terms of what consider means, but that is

20 certainly the way that I took the intent.

21 MS. STUNTZ: Brad, I am going to let you

22 have the last word unless you want to -- I was

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1 going to let Tom and Bruce go first.

2 MR. ROBERTS: Well, what I would like to

3 do obviously is take most of these

4 recommendations into account and remove large

5 scale as an example, add demand side management

6 in place of energy efficiency.

7 With the comment with regard to

8 renewable portfolio standards, I am involved in a

9 very large project with a major utility who sees

10 storage as a way of helping meet its RPS, and so

11 I would like to keep that in there, because I

12 think it's important.

13 Excuse me, and then say, end the
14 sentence by saying, "as a means of improving
15 electricity industry capacity utilization
16 factors," period, and delete the rest of that
17 sentence.

18 MR. CAVANAGH: That is 1 of 12 good
19 reasons for doing it, why only have that one?

20 MS. STUNTZ: I am going to let people
21 whose cards react to that, but I guess my
22 proposal would be I agree with Ralph on this, why

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1 not put a period after technology and just strike
2 the whole "as a means of."

3 That is one of the things, but you have
4 already discussed that in your report, so this is
5 just a summary, right?

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6 MR. ROBERTS: Well, okay. I think
7 improving the capacity factor, but I am happy
8 with stopping it at technology.

9 MS. STUNTZ: So, Tom, Bruce, and Paul.

10 MR. SLOAN: Thank you. I am still
11 struggling with what do we want the Department of
12 Energy to do, are they supposed to convene a
13 meeting with NARUC members and say thou shalt and
14 ISO RTOs, and say you have got to do this, are
15 they supposed to write a letter or take an
16 editorial position in The Wall Street Journal
17 saying utilities and developers, you need to do
18 this?

19 I agree with it. I don't know what the
20 DOE is supposed to do.

21 MS. STUNTZ: I will tell you what I took
22 this as being a purple lawyer [?] trained by John

1 Anderson who is here today, you know, there is a
2 long history of that which requires State utility
3 commissions to consider something, and as I think
4 Hunter properly said you don't have to do it, but
5 you have got to consider it, and your rejection
6 should be on a reasoned basis.

7 That is the context in which I read
8 that.

9 MR. SLOAN: Then, I would want that
10 explicitly stated as opposed to implicitly
11 understood, because I don't understand it.

12 MS. STUNTZ: Well, we may be able to do
13 that, on the other hand, and it's obviously --
14 your point is well taken, it's not DOE that is
15 going this planning, it is others, but whether
16 this is something that DOE would include in a
17 legislative recommendation or in its interaction
18 with Congress, suggest that Congress do in their

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19 energy bills, I mean that was again sort of the
20 way in which I took this. There are many other
21 similar recommendations in these reports, which
22 are not things that DOE would be authorized to do

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1 today, but which it could recommend or it could
2 go to NARUC and say, hey, I think you should
3 start doing this, or the RTO Council for that
4 matter.

5 MR. SLOAN: I understand that there are
6 a lot of things, and I have the same objection
7 with all of them.

8 MS. STUNTZ: We should be more explicit.

9 MR. SLOAN: I don't want DOE to say,
10 well, that's outside of our bailiwick and just
11 ignore it, I want some kind of a direction to it.

12 MS. STUNTZ: That's a good point.
13 Bruce?
14 Mr. WALKER: Thanks, Linda. I just
15 wanted to highlight, sensing a subtle conflict
16 between the first recommendation where we are
17 trying to put a box on financial incentives, and
18 then this concept of establishing a requirement
19 for long-term planning, really kind of
20 considering our discussion regarding the
21 financial incentive as really being a stimulus,
22 and also being conscious of some of the

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1 discussion that we had, particularly Jose's
2 talking about the cost-benefit analysis.
3 In the long term cost-benefit analysis,
4 we do want to consider storage, and clearly, if
5 we were looking to push it and stimulate it, some

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6 of the financial incentives that we talk about in
7 the first recommendation might influence that.

8 So, one, we are trying to put the box on
9 very shortly, a 5-year stimulus package, and then
10 here we are talking about long-term evaluation,
11 so I just wanted to highlight that as a subtle
12 and maybe it's not worth considering, but just
13 kind of seemed to pop out.

14 MS. STUNTZ: Jeanne.

15 MS. FOX: Real quick, thank you. I am
16 concerned that it isn't just utility commissions
17 that require the planning, the Federal Government
18 requires the ISOs to do things and the RTOs, so
19 like I took this to mean it's depending on where
20 you are, it's depending on what State you are in,
21 if you are in an RTO or not, and so I just don't
22 want it to be the utility commissions, because I

1 am sorry, PGM controls for us, we don't.

2 So, I think leave it that way, I took it

3 as depending on where you are. so of we deal with

4 it, we don't just way the utility commissions.

5 MS. STUNTZ: Agreed, right. Brad?

6 MR. ROBERTS: I agree. Can we go to the

7 next one?

8 MS. STUNTZ: Yes, I think.

9 MR. ROBERTS: Well, I think we need to

10 go to the next one because I think it addresses

11 everything we have been talking about.

12 MS. STUNTZ: All right. Moving along.

13 MR. ROBERTS: I think this is starting

14 to deal with all of that and maybe this should

15 get to the front. This is something very specific

16 that could come out of DOE. That should be the

17 lead. Comments?

18 MR. WEISGALL: Echoing Gerry's comments

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19 from earlier, if indeed the scope of the energy
20 storage issue is not to place it vis-a-vis
21 renewables, you just may consider deleting that
22 last sentence of the recommendation, because that

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1 goes, Gerry, I think goes right back to the issue
2 you were raising earlier, it certainly focuses
3 the eye on okay, storage related to renewables.
4 If you are broader than that, I am not sure you
5 need that last sentence.

6 MS. STUNTZ: Brad, any objection to
7 deleting that?

8 MR. ROBERTS: That whole last sentence
9 of this one?

10 MS. STUNTZ: Yes. It doesn't mean you
11 have to take it out of the report, it just means

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12 out of this recommendation.

13 MR. ROBERTS: Starting with "While the
14 benefits"?

15 MR. WEISGALL: Yes.

16 MS. STUNTZ: That is more explanatory.

17 MR. ROBERTS: Okay.

18 MS. STUNTZ: Sold. Anything else?

19 MR. SANTACANA: This is just a very
20 quick general comment to follow up on what Jose
21 said before, which I think is very important on
22 the least cost, but we have to define, on the

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1 least cost for what?

2 As an example, there is a least cost for
3 scenario where we are breathing polluted air and
4 there is a least cost for a scenario where we are
5 breathing clear air, and one least cost is higher

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6 than the other.

7 So, if we are going to talk about least
8 cost for anything that we do here, that is going
9 to require a full chapter all by itself, on what
10 least cost means, so we need to educate the
11 public, American public for this scenario. This
12 would be the last cost approach, but it is going
13 to be independent on the scenario.

14 MS. STUNTZ: Tom.

15 MR. SLOAN: As long as we tie least cost
16 to reliability, I mean that is sort of stated,
17 but we need it publicly stated.

18 MS. FOX: Clean and reliable.
19 Reliability isn't good enough, you have got to
20 deal with the environmental factors. It isn't
21 just reliability least cost, otherwise, you are
22 promoting coal for the next 2,000 years.

1 MS. STUNTZ: This is a perfect
2 illustration of why I tend to shy away from the
3 term "least cost planning," while I heartily
4 agree that cost has to be -- we all have to keep
5 that in mind, so I don't think there is any
6 disagreement on that, but there are certain
7 phrases that have become --

8 MS. FOX: I use cost benefit, which is a
9 little bit different than least cost. Least cost
10 has a meaning that I am concerned with. Cost
11 benefit is something that I feel better about,
12 because you are looking at all the benefits and
13 all the costs.

14 It is harder to do, but it is what we
15 should be doing.

16 MS. STUNTZ: Anything further, Mr.
17 Chairman? I think this one is done.

18 MR. ROBERTS: I think this one is done.

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19 Okay.

20 The last two. Comments?

21 MR. CAVANAGH: My comment is on Item 7

22 where I am puzzled to see us -- it is one thing

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1 to say incent applications, but when you talk
2 about mandating the use of energy storage and the
3 construction of new homes and commercial
4 buildings, I think we may be out further than the
5 analysis would justify.

6 I have to say as one who is not shy
7 about mandating things in Federal standards, that
8 may be a bridge too far for the Committee unless
9 you can be very specific on what you have in
10 mind.

11 I think we are all supportive of plug-in

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12 hybrids and I think that the recommendations
13 indicate that, but that wouldn't mean, Jeanne,
14 necessarily, for example, you want every house to
15 have storage in it.

16 I think even in California, and I yield
17 to no one in celebrating its achievements, it
18 would be more of a systems -- the push in this
19 whole chapter, remember, is towards system
20 solutions as opposed to assuming that every
21 house has to solve the problem, every wind farm
22 has to solve the problem.

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1 I think we are rightly emphasizing that
2 the best solutions may be systemwide. This is an
3 odd place where we act as if every house has to
4 solve the problem.

5 MR. ROBERTS: I would say that we should

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6 change that to encourage, encourage targets.

7 MR. CAVANAGH: Encourage the use of
8 energy storage, fine, as opposed to mandating
9 targets.

10 MR. ROBERTS: Right.

11 MR. CAVANAGH: Just encourage.

12 MR. ROBERTS: Okay.

13 MS. STUNTZ: Jon.

14 MR. WEISGALL: Just briefly on No. 6,
15 again going back to my earlier point of wanting
16 to de-link storage from renewables, why not just
17 say promote public communication, raise awareness
18 of the benefits of energy storage technologies,
19 period.

20 Gerry, not being on the committee, i am
21 seeing this emphasis linking it, energy storage
22 to renewables, if you want to de-link it, just

1 put a period after technologies and take out this
2 need to reach some sort of equity with public
3 awareness.

4 MS. STUNTZ: Any objection?

5 MS. FOX: Yeah, I really think that
6 storage is what we need to get to, if we are
7 going to do away with fossil fuels in 20 years or
8 something, 50 years, whatever we end up doing, we
9 are going to need storage for the renewables, and
10 so I think there should be a link, I think there
11 needs to be a link, I think that is what the
12 future is.

13 MS. STUNTZ: What if we took the link
14 word out and just say should include the benefits
15 of?

16 Next on my list is Mike.

17 MR. HEYECK: Just a couple of things.

18 Somewhere on this page of recommendations, since

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19 people just tend to read recommendations, say, we
20 are not just talking about batteries. I just
21 want to make sure that we are not just talking
22 about batteries.

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1 These two generalized comments led me to
2 another generalized comment, and that is this:
3 what do you do with it after it is retired? We
4 need to figure out what we are going to do to
5 dispose of these things, particularly batteries.

6 MR. ROBERTS: That's a real good point,
7 and, in fact, that is one of the real
8 opportunities with batteries, particularly
9 lithium ion, because once they come out of cars,
10 they have a whole other life in storage
11 applications, because the peak power requirements

12 that are needed in a car, that diminishes fairly
13 quickly after several years.

14 The remaining capacity in that battery
15 is huge and in a storage application, they can
16 live on for many years, so there is a lot of work
17 going on, because you can take a battery that has
18 already been cost depleted, in other words, its
19 cost has been recovered, and now you are taking a
20 free battery basically and giving it a whole new
21 life.

22 MR. HEYECK: And I am just looking for

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1 what's missing and that's a very good point and
2 maybe we ought to put it somewhere just to make
3 sure that we deal properly with the issue of
4 disposal. That is what I am getting at.

5 MS. STUNTZ: Okay. Gerry.

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6 MR. CAULEY: I don't think I am
7 defending keeping anything in here, because I
8 don't know what has been taken out or not, but I
9 just wanted to address a couple of prior comments
10 on Recommendation 6.

11 The reference in this case to wind and
12 solar I think is a little bit different than the
13 prior reference was. I think in the prior
14 recommendation, you imply, you know, one of the
15 needs for storage was dependent on renewables,
16 but what this recommendation is saying is that
17 the wind program and solar technologies have set
18 a good example for us in terms of communicating
19 with the public and building awareness and
20 building a desire to use technology.

21 I think it's a complementary reference
22 to renewables in this case, and I would like to

1 keep it in there, because it's a model to follow.

2 I wish everybody in the country was aware of what

3 storage was as they are of solar or wind, and

4 that is just the point of this one.

5 MS. STUNTZ: As I read it, that's the

6 point of the first sentence. I think it's the

7 second sentence that people have had some issues

8 with. My thought was if you just strike de-link

9 and substitute include, that might resolve it.

10 MR. CAULEY: I am okay with that if Brad

11 is okay with that. The other comment I had was

12 on the mandating of targets for end users. I was

13 probably one of the earlier proponents of that in

14 the discussions here, and I think it is going to

15 have to be a driver.

16 If you look at the 20-year scope of

17 where we are going, customers are going to have

18 to realize there is going to have to be some

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19 sacrifices along the way, and I think this is one
20 area where we can have a much more efficient and
21 environmentally safe, and so on, electric system,
22 but folks are going to have to make some

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1 sacrifice, and one of the ways of translating how
2 customers can contribute is through better
3 standards in use of electricity in commercial and
4 residential buildings, so I like keeping this in
5 here. I do agree that we should change
6 "mandating" to "encourage."

7 The word that came to my mind was
8 "propose," but I am okay with encourage or
9 propose, because I think what would happen is
10 somebody at DOE or the Federal level could
11 propose and put some out there for consideration,

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12 but where the targets would actually get
13 implemented and approved I think would be at the
14 State and local levels where those kinds of
15 mandates could be put in place.

16 I wouldn't support a Federal mandate for
17 residential and commercial building targets.

18 MR. BARTELS: Recommendation No. 6, also
19 in our report we have recommendations around
20 education, so here it says education around
21 storage, I think it's important and it is
22 probably more general to look at when we talk

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1 about education of the public, it is probably a
2 much broader education, so in my mind you would
3 not do education on components if we cannot call
4 it for a second the new MG -- we are not going to
5 educate components of it.

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6 I think the general public just has a
7 general lack of knowledge about how the overall
8 energy system of electricity system could
9 transform and what the overall benefits are. A
10 more general comment, I don't know immediately
11 what to do with it, but I just wanted to make
12 that comment.

13 MR. MASIELLO: I would like to come back
14 to Mike's comment, which, you know, obviously,
15 flagged something we didn't think about. If we
16 put a recommendation in that deals with standards
17 for disposal processes, correct -- that brings in
18 I would imagine EPA as well as DOE.

19 If we are going to have to write a new
20 paragraph on this, Brad, it might be good to
21 discuss it for a few minutes if that's okay with
22 the timing, so that we have a good feeling of

1 what that paragraph should say about disposal.

2 Obviously, words that make it sound as
3 though we are recommending relaxed disposal
4 requirements are not acceptable. So, we need to
5 speak to something along the lines of established
6 disposal requirements and processes that
7 recognize -- I don't know the value of electric
8 vehicle storage and new applications, as Brad
9 commented, but what else do we need to say?

10 MR. HEYECK: Zero harm would be your
11 goal.

12 MR. MASIELLO: Pardon?

13 MR. HEYECK: Zero harm would be your
14 goal, and we also, in the Transmission Section,
15 say, you know, DOE to advise FERC, so I think the
16 target would be DOE, and David could respond to
17 that.

18 MS. STUNTZ: Let me just offer a

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19 suggestion, and this is an important topic, and
20 rather than try to do something on the fly,
21 perhaps, could this be added to your
22 Recommendation No. 4, I believe it is, which

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1 talks about the study that you want DOE to do,
2 and that study should include disposal standards
3 and whatever you want to say about that, but I
4 think that would be a good recommendation, that
5 should be part of the program going forward, and
6 that would be better than trying to just maybe do
7 something now at this late date.

8 What do you think?

9 MR. ROBERTS: Some comments on that? I
10 think it falls in the nip detail category
11 personally, because automobile battery recycling

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12 is probably the most effective recycling program
13 out there today.

14 It is very well administered and the
15 numbers are huge. I mean it's in the high 90s as
16 far as recycling, and so I think there is an
17 awareness of that, that will get dealt with in
18 the process, but adding it as an item in that No.
19 4, I don't have a problem with that.

20 MR. HEYECK: I'm okay with not adding
21 another paragraph, just a tickler to remind
22 people that these other batteries might be in a

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1 different chain.

2 MS. STUNTZ: It's clearly going to be
3 bigger, I guess.

4 MR. ROBERTS: Yes, they are bigger.
5 They are still one per car, but they are bigger.

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6 MS. STUNTZ: Anything else? Brad, what
7 I would propose going forward, and I hope that
8 the group would agree, that with these changes,
9 we can approve this report with whatever
10 conforming final changes are necessary to
11 implement these recommendations and present it to
12 the Department of Energy as soon after this
13 meeting as mechanics can provide.

14 Is that acceptable to everyone? Okay.

15 Thank you. Do you want to take a 10-minute break
16 and then we will come back on.

17 [Break.]

18 MS. STUNTZ: Guido, you are on, my
19 friend.

20 Discussion and Approval of Final
21 Smart Grid White Paper

22 MR. BARTELS: Ready to go? Okay. Smart

1 Grid report. Lively debates ongoing, much of
2 that by e-mail, also face to face contact.

3 First of all, I would like to thank
4 everybody for their grades and ongoing comments,
5 of course, the ones which you are getting, let's
6 say, one day before Peggy is in our neck, not
7 always that convenient, but okay, we try to
8 accommodate as good as possible.

9 I am sure we will get suggestions here,
10 but again things everybody, thanks for also the
11 Smart Grid Subcommittee team, specifically, also,
12 the people who drafted the various part of the
13 chapters, Ralph Cavanagh, Chapter 2, Valley of
14 the Smart Grid, Tom Sloan, and Bruce Walker on
15 the Challenges and Opportunities.

16 We worked all as a team on the
17 recommendations, a lot of input from the various
18 teams, team members. I hope also Sue, and I am

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19 still learning my English, not being native
20 English, about objectives, probably pronounce it
21 completely wrong, but I hope most of those are
22 out of the report, but I am sure if they are

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1 still in there, somebody will raise his hand.
2 The other thing I want to do before we
3 go to Recommendations, is on the title, again,
4 not being native English, so far we have the
5 title Smart Grid enabling economically and
6 environmentally sustainable future. That was for
7 me already quite a struggle.
8 But on a serious tone, we are still
9 working out a little bit of steam, ask everybody
10 for input there. We really would like to
11 emphasize in the title the core and enabling role

12 we see for the Smart Grid.

13 I think you see a lot of descriptions

14 when it comes to energy topic around energy

15 efficiency, the management renewables, electric

16 cars and Smart Grid, and all as distinct topics,

17 and I think the Smart Grid Subcommittee really

18 looks at the Smart Grid as an enabling platform

19 for all these energy opportunities, if you will,

20 and we want to reflect that in the title.

21 Obama and the transition team have been

22 speaking of the new energy economy. Our current

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1 thinking is -- and if you have any strong

2 feelings about that, then, it is probably a good

3 time to speak up, to change the title into Smart

4 Grid, enabler of the new energy economy, so

5 shorter and for the chairman of the subcommittee

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6 not to stumble over those words.

7 I think the thing is to go to

8 Recommendations.

9 I think when we had our meeting in

10 September, we had more description about the

11 report itself and the adjectives, and not so much

12 about recommendations. I think everybody was

13 pretty comfortable about the recommendations, but

14 even since then, a lot has happened, so I think

15 it's good we have this discussion, and what I

16 want to do here is recommendations, talk about

17 there are some edits, there are some new

18 recommendations in there, so I want to make sure

19 I spell those out, Recommendation 6 and 7 are

20 new, to start off on that, and the Recommendation

21 No. 4 is edited, well, we will comment on what we

22 have done there. Of course, you can read the

1 various recommendations here on the chart.

2 Recommendation No. 1. We introduce here

3 the road map, concept rather than strategic plan.

4 This is slightly edited from before, and also

5 added the date December 2006 to ensure that this

6 activity gets started quickly.

7 There were some who wanted a faster

8 timetable and we compromised at a year. If

9 anyone has any particular feelings there, this

10 probably also go to comment on. The thought here

11 is to create a Smart Grid Best Practices.

12 Over the last two days, we had a Smart

13 Grid group which I chaired, gridwise lines

14 together for two days, annual member meeting, and

15 a board meeting, and there was also clear

16 discussion in the group that you can see the need

17 for this, and I have added some of the

18 recommendations also in that group. So, let me

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19 leave it to that and see whether there are any --

20 MR. CAVANAGH: So, on this first
21 recommendation, I have a clarifying suggestion
22 which I hope is not controversial, but if it is,

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1 it tells us something important.

2 I am troubled, I think a number of the
3 folks around the table are troubled by the term a
4 nationwide Smart Grid, and what I would
5 recommend, I think what you are talking about is
6 the nationwide deployment of Smart Grid
7 technology, which I have absolutely no problem
8 seeing us in support of, but the notion right now
9 of a nationwide Smart Grid implies that we have
10 reached some conclusions about both the
11 technology standard and about a kind of a vision

12 of one integrated and unified system, which is
13 not consistent I think either with what the
14 report says or what most of us have been talking
15 about. If that would be a friendly amendment,
16 then, I am perfectly comfortable with this.

17 MR. BARTELS: I am nodding while you are
18 speaking, Ralph.

19 MR. CAVANAGH: So, again, my suggestion
20 is that you say, "Develop a road map by December
21 2009 for the nationwide deployment of Smart Grid
22 technology" as opposed to a "nationwide Smart

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1 Grid."

2 MR. BARTELS: I am comfortable with
3 that. I think everybody is. I see nods.

4 MR. WALKER: I think you might want to
5 put the word "coordinated nationwide," because I

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6 think that is the whole point of having this
7 concept of a road map is today, it is not
8 coordinated.

9 MR. BARTELS: You just moved Gerry's
10 thing back up, Bruce.

11 MR. WALKER: I saw that.

12 MR. CAULEY: No, I was just going to
13 add, because that was exactly my point, it makes
14 it seem like at some definitive endpoint. It is
15 something we would have that we don't have today,
16 like we have a dumb grid today, not a smart grid.

17 MR. BARTELS: Agree.

18 Any further comments on this first one?
19 So, we will make that edit.

20 MR. KOWENSKI: What about a timetable
21 for Smart Grid investments necessary. Could we
22 add something about cost effective in there?

1 MR. CAVANAGH: For the nationwide
2 deployment of cost effective Smart Grid
3 technology?

4 MR. KOWENSKI: Timetable of cost
5 effective investments necessary by utilities.

6 MS. STUNTZ: I guess Ralph's suggestion
7 was to put it up --

8 MR. BARTELS: Oh, you want to put it up
9 at the top, that's even better.

10 MS. STUNTZ: That's what I thought you
11 might think.

12 MR. BARTELS: Okay, that's fine.

13 MR. WALKER: Does cost effective assume
14 -- and I think Jeanne brought it up before --
15 it's really cost benefit, so there is a positive
16 cost benefit analysis.

17 MR. BARTELS: Exactly.

18 MR. WALKER: So, we may want to use

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19 those.

20 MR. SLOAN: If we are going in that
21 direction, then, do we need to encourage
22 discussion of cost recovery? I mean that was not

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1 an area I really wanted to get into, but if we
2 are going to be establishing, someone is going to
3 determine cost benefit, which they should, and
4 then do we need to have a dialogue about, you
5 know, how cost is recovered -- costs are
6 recovered.

7 MS. STUNTZ: Ralph.

8 MR. CAVANAGH: I think we are getting
9 too deep. This is, of course, State regulators
10 need to make those judgments. I think we have
11 been clear from the beginning we are not trying

12 to impose a national standard.

13 I guess my recommendation here would be
14 that the effort is -- the road map is to help the
15 States do their job. I would not drill down any
16 further would be my suggestion on this. Let the
17 States figure out what they need to do.

18 MS. STUNTZ: Do you want to summarize
19 where we are with Irv's comment, or were you
20 going to suggest that Irv's comment go down
21 below?

22 MR. BARTELS: I think what Ralph was

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1 saying is have it up, and I think, Bruce, that
2 cost effective --

3 MR. CAVANAGH: Just say cost effective
4 nationwide deployment of Smart Grid technology.

5 MS. STUNTZ: I personally like that, but

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6 I don't know whether everybody else does.

7 MR. BARTELS: It depends what people
8 understand on the word "cost effective."

9 MS. STUNTZ: Well, that's okay. It's
10 broad enough.

11 MR. CAVANAGH: Get to go talk to Jose.

12 MR. WALKER: That's a common phrase.

13 MR. CAVANAGH: I'm okay with that.

14 MR. WALKER: Just one of those things
15 that has been brought up before.

16 MS. STUNTZ: Good. Sold.

17 MS. FOX: It might be cost effective for
18 the utility, but not for the rate payers. For
19 instance, one of my things is smart meters and
20 AMI for residential customers. It ain't there
21 yet for cost benefit. We might know in a couple
22 of years, it's not there yet for residential.

1 Yet, it is cost effective for the
2 utility because they eliminate IBEW jobs in
3 reading meters, so a lot of the utilities want to
4 do that and have the rate payers pay for it, but
5 it is not a cost benefit or cost effective for
6 the rate payers possibly.

7 It's an issue, it's cost effective for
8 the utilities, but not necessarily for their
9 customers.

10 MR. BARTELS: So, Jeanne, if you say
11 "cost effective," then, it covers your point,
12 right?

13 MS. FOX: Well, if you say cost
14 effective, for who? It is cost effective for the
15 utilities. They are eliminating jobs by
16 eliminating meter readers, but it is not
17 necessarily cost effective for the customers
18 because there are other ways in demand response

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19 to get residential bills and usage down.

20 MS. STUNTZ: But as I would envision the
21 road map with that term, you know, it will be DOE
22 will come forth with a road map that it thinks

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1 construing cost effective in a way that David or
2 DOE decides, and not in I think a particularly
3 narrow way.

4 It will ultimately be you folks who
5 implement it, so if you disagree with DOE's
6 judgment about cost effectiveness, then, you will
7 presumably not follow that, so I would hope we
8 can avoid getting too detailed, as Ralph
9 suggested, in sort of defining cost effective as
10 for whom, but maybe not.

11 MS. FOX: Throughout, I don't recall,

12 and I might not be right about this, a mention of
13 the discussion about cost effective for rate
14 payers for, for instance, the meters. When I was
15 reading this over for the last time, I kind of
16 thought that it doesn't say it, but it implies
17 that smart meters should be in every home, and I
18 don't think that necessarily -- it doesn't say it
19 outright, but I think that some people are trying
20 to do that even as a requirement on a national
21 level.

22 MR. BARTELS: Are you suggesting an

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1 edit, Jeanne, as we just described it, a
2 coordinated cost effective nationwide deployment
3 of Smart Grid technologies?

4 MS. FOX: Maybe not here, but probably
5 in the body.

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6 MR. BARTELS: Okay.

7 MS. FOX: Which we are not discussing
8 today. I would feel better if at least in the
9 body it talks about the rate payers.

10 MR. BARTELS: Okay.

11 MS. FOX: All right, and here it would
12 be okay for cost effective if you put something
13 into the body.

14 MR. BARTELS: I understand.

15 MS. STUNTZ: Jose.

16 MR. DELGADO: You know, having termed
17 the bottom of cost effective, I frankly always
18 think of cost effective as to the ultimate
19 consumer. My impression is that what this report
20 has to do is throw in the concept that there has
21 to be a cost concern.

22 A lot goes into it. I mean you want to

1 monetize carbon, you are going to do this, all of
2 those are costs that can be entered into the
3 calculation, and we already have entities that
4 have to judge.

5 If a utility reduces its cost, the
6 utility commission can, in fact, make sure the
7 consumer gets it back. The issue is that there
8 has to be a record here that this group is aware
9 that the American public can only take so much
10 cost, and that we have an obligation to do the
11 good things the least cost way rather than the
12 high cost way, and that having no concern for
13 cost is not acceptable.

14 You can get into the details of how to
15 make it, to whom, but ultimately, to me, it's the
16 American public and just the fact that we show
17 our concern is sufficient.

18 MR. BARTELS: Okay. So, I will look at

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19 that point in the body also. Ralph?

20 MR. MASIELLO: I hesitate to add to the
21 discussion, but I read the first recommendation
22 more in the context of transmission than AMI.

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1 The benefits of Smart Grid technologies
2 at the transmission level may require in some
3 cases a degree of uniformity for completeness,
4 that say there ought to be some kind of Federal
5 role to push it along.

6 MR. BARTELS: You read this more as -- I
7 think when we say "Smart Grid," this means that
8 is also explained in the report, right, Smart
9 Grid is not one solution, it's a continuum of
10 solutions, right? So, I think in our
11 recommendation, when we basically talk about

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12 Smart Grid as a broader set of solutions.

13 MR. MASIELLO: Right, but if the word

14 "nationwide" --

15 MR. BARTELS: Coordinated nationwide

16 deployment of Smart Grid technology, I think that

17 covers it, I hope, and you and I can discuss it a

18 bit further. Okay?

19 MS. STUNTZ: I think you should move on.

20 MR. BARTELS: Thank you for that

21 encouragement, Chairlady.

22 So, Recommendation No. 2. There was no

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1 change there from the previous time we talked in

2 September. The thought here was to direct those

3 dollars on areas that are not tested yet, and the

4 Hill appropriations team see this is a vehicle to

5 invest more in Smart Grid, and I think it also

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6 underscores the desire to build tighter

7 relationship with the transition team.

8 Any comments here on this one?

9 MR. WOOLF: By research and development,

10 do we also include deployment? I just wanted to

11 be clear, in research and development, are we

12 also talking about deployment, and should it be

13 more specific?

14 Just to put a finer point on it, MEA

15 wanted to do a deployment pilot project. We were

16 unable from the Department of Energy to do so,

17 but they were very happy to give us money to do a

18 paper study, which is useful, but then we weren't

19 able to get any money to actually put any metal

20 on the ground.

21 MR. BARTELS: Okay. Enrique?

22 MR. SANTACANA: I think that is a very

1 good point, because it has to be clear, it has to
2 leave the R&D lab and it has to be put in the
3 field and proved on the field, so that makes that
4 clear, so I agree.

5 MR. BARTELS: Okay. We will make that
6 edit.

7 Recommendation No. 3. This one no
8 change also from when we met in September. Had
9 the idea, the thought here clearly is finish what
10 was started and was authorized, and we want the
11 DOE to ask Congress to finish what was started by
12 appropriating the dollars.

13 MR. WALKER: Guido, I am wondering if we
14 should put this one in front of the last one, so
15 if we are going to recommend the funds, we should
16 put them before we --

17 MR. BARTELS: You might want to comment
18 on this one also, then, the fourth one, Bruce,

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19 because I had a similar thought about the ranking
20 and sequence here.

21 But the Recommendation No. 4, this was
22 an edited one. The change here replaced all the

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1 Smart Grid work activities under the umbrella of
2 this new organization, and changed it to a
3 program office which is that we believe the
4 correct terminology, and the Smart Grid
5 activities, we will have more focus on dollars by
6 creating such an office. The committee members,
7 if there is anything you want to add on any of
8 these, please do so.

9 Sue.

10 MS. KELLY: Can I just ask our DOE
11 people what is the implication of a program

12 office versus, you know? Frankly, your
13 organizational structure is byzantine to me, and
14 I am just seeking some clarification as to what
15 level if the program office.

16 Could you help me with what this
17 recommendation means as a practice matter?

18 MR. MEYER: At present, the Smart Grid
19 activities are one of the many elements that the
20 Office of Electricity, Delivery, and Energy
21 Reliability does. What this seems to be saying
22 is to, at a minimum, set up -- the office that I

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1 mentioned, Electricity, Delivery, and Energy
2 Reliability is divided into three parts, three
3 divisions.

4 This says set up a program office and at
5 a minimum then it would mean setting up a Smart

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6 Grid Division. Instead of just having a couple
7 of staff people working on these things, you
8 would have a larger number of people working on
9 this with more money presumably.

10 You could go bigger than that, you could
11 set up a totally separate office on this subject,
12 I don't know.

13 One suggestion that I had personally
14 would be to give the Secretary some flexibility
15 here and say something about consider creating a
16 Smart Grid program office rather than simply say
17 --

18 MS. KELLY: And am I correct, Guido,
19 that the idea is to give it a home?

20 MR. BARTELS: Yes. I think one of the
21 things I mentioned earlier, that's okay for my
22 efficacy organization, but one of the things you

1 clearly see where we have large utilities, also,
2 representing that group is that this deep need
3 for understanding about what is out there in
4 terms of best practices, what is out there in
5 terms of projects, in terms of cross benefit that
6 would go a long way if we are well organized and
7 available, and so, yes, to give it a home.

8 I agree with your comment, David, about
9 consider, I think I am fine with that, and I was
10 looking at the Smart Grid Subcommittee members.

11 MS. KELLY: I guess my only point is
12 that I am a little bit uncomfortable advocating
13 to DOE exactly how it goes about constructing its
14 internal operations. I understand your broader
15 point and support that, but I just am a little
16 nervous about using terms of art that -- you
17 know.

18 MR. BARTELS: Was David's comment about

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19 consider, is that -- I am fine with that, I think

20 it's good advice.

21 MS. GRUENEICH: I would like to propose

22 -- to me, that weakens the language.

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1 MR. BARTELS: Okay.

2 MS. GRUENEICH: I can easily live with

3 the term if -- Smart Grid program office is too

4 specific in terms of DOE language of saying it

5 means directive of where it does, but I for one

6 think we do need to create a program within DOE,

7 and I think we are, from my viewpoint, past the

8 time of saying consider doing it, it just it

9 never got funded.

10 So, my recommendation is to keep the

11 word "create ," but if we should be more

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12 sensitive about the word program office --

13 MS. KELLY: Can we just say -- I mean I
14 thought I heard -- can we just say create a Smart
15 Grid program? Like I say, I just don't want to
16 use terms of art that we may not exactly be fully
17 aware of what we are saying, I know I am not.
18 So, is that okay just to say Smart -- then,
19 that's what I would propose is just strike the
20 word "office," leave the word "program," give
21 DOE's internal processes the flexibility to
22 decide what that means, is that okay?

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1 MR. WALKER: I guess my only concern
2 would be exactly what Dian's was, do you weaken
3 it by doing that, and when you consider the
4 implications of what we are trying to do, and all
5 of the pieces that come into play for this, it

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6 really does need some accountability and
7 responsibility, and to be separately delineated
8 out. Whether that is an option, I will defer to
9 David.

10 MS. KELLY: I was okay with what she
11 said about, you know, using the word create. As
12 I say, though, I know the word office can be a
13 term of art in DOE parlance and maybe a division,
14 what do I know. I just feel like we need to
15 avoid being unduly prescriptive in terms of
16 telling DOE how to conduct its own business.

17 MR. BARTELS: Not to drag the
18 description along, but is that an outright plea
19 politically naive, but is that so sensitive here,
20 if you feel a need to organize that was in an
21 office, then, it is still a recommendation,
22 right? So, we could still say thank you very

1 much, but no. As a subcommittee, we are cleared
2 we think that that is a good way to organize that
3 way, is it?

4 MR. WALKER: I think delineating the
5 office separates out this concept of separate
6 accountability and responsibility as opposed to a
7 program. I have dozens of programs under my
8 purview, whether I pay attention to them not all
9 equally is different.

10 When you have a separate office, it
11 suggests the fact that there is specific
12 responsibility for some delineated items of which
13 I think we have tried to at least identify a few
14 here.

15 I think Guido's point may very well
16 serve us that they can say well, I don't think
17 it's an office, I think it's a program, because
18 they are not bound to this, but I am conscious of

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19 what you are saying as well.

20 MS. GRUENEICH: What is the difference
21 between an office and a division?

22 MR. MEYER: A division is the lowest

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1 level of an organizational box. This office at
2 any rate, the Office of Electricity Delivery and
3 Energy Reliability is headed by an Assistant
4 Secretary.

5 MS. GRUENEICH: So, are there just two
6 offices now in our area, the EERE and --

7 MR. MEYER: No. Well, EERE and the
8 Office of Electricity Delivery and Energy
9 Reliability, yes.

10 MS. GRUENEICH: So, if we use the term
11 "office," it is talking about creating a third

12 one equivalent to --

13 MR. MEYER: Well, not necessarily, no.

14 [Laughter.]

15 MS. GRUENEICH: You did say my point is
16 proven.

17 MR. MEYER: The Office of Electricity,
18 the Office of Energy, Efficiency, and Renewable
19 Energy, for example, which is roughly 10 times
20 the size of the office that I am in, they both
21 have an Assistant Secretary, but obviously, with
22 that much larger organization, you do need, where

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1 you have a lot of separate programs, you need to
2 have organizational units that you call offices,
3 and so they are offices within that office, if
4 you like.

5 So, there is no simple answer to what

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6 this language means. There is some latitude

7 there to interpret it.

8 MS. GRUENEICH: So, maybe that means

9 it's okay.

10 MR. MEYER: So, it could be okay.

11 MR. BARTELS: So, I think, let's say I

12 don't know whether it will be compromised, that

13 if we would say, if we would use the word

14 "consider," we would still keep it as a Smart

15 Grid office.

16 MS. KELLY: I am going to defer to our

17 Chairwoman, who is a former high-ranking DOE

18 official and who I think -- you know, I will

19 defer to your judgment.

20 MS. STUNTZ: I was prepared to take

21 office off, but in light of that explanation and

22 my triggering some memory, I think this is fine.

1 I think you are clearly making the point that we
2 need a centralized point of accountability for
3 these programs. I think people will get it and
4 will implement it in the way that they see best
5 as always. I mean these are all recommendations,
6 right, that we have no requirement, ability to
7 require.

8 MR. SANTACANA: And it should be create,
9 right?

10 MS. STUNTZ: Yeah.

11 MS. KELLY: I suggested that perhaps we
12 should have lower case office, but I am not even
13 going to go there.

14 [Laughter.]

15 MR. BARTELS: Okay. That will get you
16 that one, Sue.

17 We will move on to No. 5. There was no
18 change also from when we met before. The

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19 Subcommittee felt here today that a multi-tier
20 education plan was necessary for consumers, as
21 well as work force.

22 That goes back, Linda, to my earlier

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1 point about education when we talked about the
2 storage group. I don't know how to handle that,
3 but I think a coordinated education of these
4 topics I think is important.

5 Any comments there at this moment?

6 MR. WALKER: Guido, I thought there was
7 an opportunity in this section, and I should have
8 offered it up earlier during part of the
9 Subcommittee, but kind of thought of it on the
10 way down this morning, that in reading some of
11 the President-Elect Obama's thoughts on the

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12 energy field, and the fact that it would be very
13 much a part of stimulating the economy, perhaps
14 one way to do that would be to facilitate
15 bringing people who are coming out of high school
16 and deciding what colleges and what careers to go
17 into, that there would be some opportunity to
18 draw people into the field through lower school
19 tuition rates or something of that nature, really
20 to draw them into this whole, you know, the
21 technical aspects of the field whether it's
22 engineering or whatever it is, and with some

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1 commitment that they would participate in the
2 energy sector for a number of years when they got
3 out.

4 This is much akin to what was done in a
5 number of cities for, and it was effective in

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6 that capacity, and with regard to trying to
7 stimulate the economy it may be something that we
8 consider here.

9 MR. BARTELS: So, along that line, you
10 know, I like the idea, because we have discussed
11 it over coffee, but are there on this
12 recommendation itself, as it stands now, any
13 comments and then perhaps take that additional
14 suggestion there, Bruce.

15 MR. WEISGALL: I don't have problems
16 with the substance, it just strikes me as really
17 two separate recommendations, the first sentence
18 on an education campaign, and the end of the
19 second sentence stays with education,
20 disseminating information, but fostering a work
21 force training development program is to me
22 somewhat separate from an education campaign.

1 So, I would simply break out the first
2 part of that second sentence as a separate
3 recommendation. I think it would just be more
4 clear.

5 MR. BARTELS: I agree. Any other
6 comments?

7 MS. STUNTZ: So, the adequacy report
8 also has discussion of the manpower, person power
9 issue, and if you are going to do a separate
10 recommendation on that, we may need to at least
11 do some sort of a cross reference to the
12 discussion in an adequacy report, or either way,
13 but just be aware that we have got some parallels
14 there.

15 MR. BARTELS: I agree.

16 MR. WALKER: I think along that same
17 line, Linda, with regard to the communication,
18 Guido highlighted that earlier in the storage

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19 piece. Here, in this section, we highlight the
20 use of the land grant universities as a
21 communication vehicle. That may be something we
22 just want to standardize how we are going to

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1 communicate things out or not. We shouldn't have
2 recommendations for communication kind of
3 protocols throughout the three reports, something
4 to consider.

5 MR. BARTELS: So, we will make them,
6 some suggestions we separate them out? Any
7 comments on the other suggestion? I am sorry,
8 Gerry, yes.

9 MR. CAULEY: I had just a different
10 question. Having left academia about 30 years ago
11 as a Lilly student, the term "land grant" escapes

12 me, why that --

13 MR. THOMAS: The answer is yes, Cornell
14 is a land grant institution in New York. Every
15 State has one, and they are designated by the
16 State actually, but they do have a specific
17 outreach mission to the community.

18 We know them mostly in terms of their
19 outreach in the agricultural community, because
20 the agricultural community, when these land grant
21 institutions were started, it was a worry on the
22 part of Congress that an elite group of people

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1 were getting an education, and the rest were
2 being left behind, particularly agricultural
3 folks.

4 It does mention engineering as a part of
5 land grant mission, and that land grant mission

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6 has been downplayed over the years. It was my
7 feeling that that land grant mission can be a
8 mechanism by which the Federal Government can do
9 something.

10 It goes back to Jose's point in the
11 first meeting that we should be talking about
12 things that the Federal Government can do in this
13 report, and not about other mechanisms. So, this
14 is a specific mechanism by which the Federal
15 Government can actually do something real and
16 through the land grant mission.

17 MR. BARTELS: David.

18 MR. MEYER: You might want to put either
19 a footnote or a text box or something in the
20 report saying this is why the land grant concept
21 is important; that (a) it exists, and (b) it
22 could be built on to achieve some of these

1 objectives.

2 MR. BARTELS: I think specifically on
3 Bruce's additional idea about this, let's say,
4 incentive for students to move into this field,
5 is there any comment or suggestion? If it's,
6 let's say, too long a description, we will keep
7 it out, but any thoughts there?

8 MR. CAVANAGH: Only that the need for
9 work force development is, of course, ubiquitous
10 across everything that is covered in these three
11 reports, and it will be odd if we are calling it
12 out in some places and not in others.

13 MR. BARTELS: I agree.

14 MR. CAVANAGH: I guess, Madam Chair, my
15 suggestion is that if the group wants to make a
16 work force development recommendation, it might
17 make sense either to have a common one that is
18 threaded through the reports or put it in one

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19 place, but let's not have it in a few places, and
20 not in others.

21 MR. BARTELS: I agree.

22 MS. STUNTZ: I agree with that and I

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1 guess I would propose that we let the adequacy
2 report where I think it has been developed at
3 some length be the place that gets cross
4 referenced on that, but I don't have a problem if
5 you want to reinforce the importance of it in a
6 brief way in the other reports.

7 I think that would make sense because
8 you shouldn't assume that everyone is going to
9 read all three reports even we all have.

10 MR. BARTELS: Right.

11 MR. THOMAS: I absolutely agree with

12 that and I think there should be a strong
13 statement in all three about the work force
14 problem.

15 I would like to see the issues of --
16 what do we want to call it -- the university
17 training of engineers in areas needed for the
18 next generation of electric power systems
19 separated from the training issues, the work
20 force training issues for maintenance and that
21 sort of thing.

22 I think those are very different

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1 objectives and both very significant needs, but
2 different.

3 MR. BARTELS: Okay. So, Recommendation
4 No. 6. On this one, this is a new recommendation,
5 has a Recommendation No. 7. Here, we felt that

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6 appliances provide another general drive to
7 market, I am pretty sure that it came from one of
8 the committee members, to be honest I forget who,
9 whether it was at the end, but, okay, any
10 thoughts or comments there? Jeanne.

11 MS. FOX: My apologies because I am on
12 this group, for not bringing this up before. I
13 thought I had mentioned it at the last session or
14 meeting or call, but I really think, and maybe we
15 don't want to be that gutsy, but we should have
16 in it DOE-EPA, the appliance standards and
17 mention that, not just incentives, but I really
18 think that the Federal Government should probably
19 mandate under their appliance standard authority,
20 appliance standards for certain demand response
21 appliances, for instance, air cycling, air
22 conditioning.

1 I would be specific, but I would say
2 that they should consider doing that, using their
3 authority to do that.

4 MS. GRUENEICH: Jeanne, where would that
5 fit in? I am not certain I understand what you
6 are talking about.

7 MR. CAVANAGH: You could just say
8 incentives and standards.

9 MS. GRUENEICH: Yes.

10 MR. WEISGALL: A couple of comments. In
11 the category of consistency and hobgoblins and
12 small minds, but it really goes back to your
13 point, Linda, about work force. I actually like
14 the verbiage in 6 about working with Congress,
15 industry, State regulators, et cetera, to create
16 incentives.

17 I am reminded on energy storage our
18 recommendation was establish financial

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19 incentives. Not to go back, but really the
20 verbiage here is the better way to discuss
21 incentives. Right now on storage, we have DOE
22 establishing tax credits.

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1 I would suggest for consistency to use
2 this formula back under, well, actually, Ralph
3 Cavanagh suggested we would move these storage
4 incentive recommendation lower, but I would
5 consider just for Peggy to consider that language
6 for the financial incentives and realistically,
7 we can't have DOE offering tax credits, so that
8 is one comment.

9 MS. STUNTZ: I like that suggestion, I
10 don't know -- it is going to take these other
11 people to make this happen anyway.

12 MR. WEISGALL: Right. Secondly, I am
13 not sure, my first reading of Recommendation 7
14 was that we should insinuate ourselves into -- I
15 couldn't quite get it, it was let's take our
16 committee and do something with ourselves.

17 [Laughter.]

18 MR. WEISGALL: Could someone flesh that
19 out in a more intelligible and maybe a better
20 diplomatic language?

21 MR. BARTELS: I am getting the hang of
22 this sitting on committee, so I think let's first

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1 try to finish on No. 6 and in part No. 7. Any
2 further comments on No. 6? We will make that
3 change? Absolutely, I noted that.

4 Let's move to 7. In 7, we have a
5 description there. So it's a new recommendation.

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6 In the Obama-Biden New Energy for America
7 document, the NSHARE [ph] is the group, that has
8 a recommendation to create a Grid Modernization
9 Commission to facilitate the adoption of Smart
10 Grid practices.

11 We added this recommendation to ensure
12 that either the ESE or the Subcommittee take over
13 that role that might sound a big too strong, but
14 I think when you look at that language about the
15 Grid Modernization Commission, if that commission
16 will be installed, I think there is an overlap or
17 there might be partly doing the same, so I think
18 the main issue --

19 MR. WEISGALL: So, your point is offer
20 the services of the Electricity Advisory
21 Committee to serve that role.

22 MS. FOX: To assist.

1 MR. WEISGALL: To assist, right, yes,
2 good.

3 MR. CAVANAGH: Before we look for that
4 job, there is a Smart Grid, there is a Smart Grid
5 Work Group within DOE, right, separately, David,
6 from this one?

7 MR. MEYER: There is. DOE has staff
8 that work on Smart Grid stuff, and then there is
9 a Smart Grid Task Force that is comprised of
10 people from probably 8 or so Federal agencies
11 that have some involvement in Smart Grid to make
12 sure they are staying coordinated.

13 Peggy?

14 MR. CAVANAGH: And then you have at
15 least one advisory group.

16 MS. WEIGH: There is a third one which
17 is a stakeholder round table.

18 MR. CAVANAGH: Right. I have got to

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19 say, guys, I think maybe there is a few too many.

20 Let DOE sort it out. We are all willing

21 volunteers.

22 MS. STUNTZ: My suggestion was you have

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1 already, the group has already recommended the

2 creation of a program office which could serve

3 this function should the new administration

4 choose that, and I think has justified that, so I

5 don't believe this is necessary and maybe not

6 appropriate.

7 MR. BARTELS: That makes this one easy,

8 right? No further discussion.

9 I think, Linda, this is it for this

10 report unless there any other further comments.

11 Discussion and Approval of Final Committee

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12 Report on Electricity Supply Adequacy

13 MS. STUNTZ: Terrific. Thank you.

14 Let us proceed then to the Adequacy

15 Report, glad to be getting started early. I do

16 want to thank Peggy -- and I should have done

17 this at the outset -- Peggy, Mandy, and the

18 Energetics team,, and David Meyer, all of whom

19 have been working valiantly to try and keep up

20 with our timely and sometimes not so timely

21 comments on these drafts, and working over

22 Thanksgiving, and so forth, and I do appreciate

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1 the efforts and I think given that the tasks that

2 we have set before them, which as Kevin said I

3 do, and I have said before, I think perhaps we

4 were a little overly ambitious when we set about

5 doing these tasks, but I think we are within

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6 reach of finishing this report.

7 I think we have finished the other two.

8 We need to get this one done, as well. I believe

9 strongly this is very timely. We were not as far

10 along, I think, quite on this one, and so my plan

11 today would be not necessarily to ask for their

12 approval, but what I would like to do is focus on

13 the recommendations.

14 My hope is that if we can get the

15 recommendations nailed down on the individual

16 chapters and agreed upon, much as we have just

17 done, we would then be in a position to complete

18 an executive summary, which is exquisitely

19 difficult to finish when the recommendations and

20 the chapters are still themselves moving.

21 Whatever remaining work would need to be

22 done could be delegated to them if they are

1 willing to give us a little more time, mess up
2 yet another holiday, to finish with the chapter
3 leaders, Sue and Yakout and whoever else is
4 willing to help on the final executive summary,
5 and so forth, so that we, if not this month, but
6 certainly early in January, would be in a
7 position to release this report.

8 That is my objective and I believe it is
9 really necessary for this to be timely, and I
10 think a lot of us, many of you have worked very
11 hard. I think this is a valuable product and we
12 need to get it done.

13 So, I would just say that in the spirit
14 of as we approach the discussion today, what I
15 would like to do is turn first to Malcolm to talk
16 about the Generation Adequacy chapter. I know he
17 has had a few other things to do, too, so
18 appreciate your time and Bob's time has been --

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19 Bob has been terrific.

20 MR. WOOLF: Great. I think that is a
21 great plan going forward. Maybe what I will do,
22 I am not sure the PowerPoint is live here, I

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1 assume it just goes recommendation by
2 recommendation.

3 The first recommendation is to reduce
4 the financial risks faced by new generation
5 developers. The devil there in the detail, how
6 do we do that. So, the report lists a few more
7 specific ideas to give DOE some guidance, but we
8 didn't put that level of detail in the
9 recommendation, things such as cost recovery
10 insurance pools, continued or expanded financial
11 grants for technologies and for planning and

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12 development of new generation projects, as well
13 as loan guarantees for new energy technologies.

14 Why don't I stop it on that first
15 recommendation.

16 MS. GRUENEICH: I will be honest, and
17 this may not be that helpful, it always has
18 struck me when I open up to this report in its
19 electronic version, and sort of even in the
20 context of the Executive chapter, and this is the
21 very first one that comes out as the
22 recommendation, I don't have an alternative

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1 approach is what I am saying.

2 I guess just to think about it, that,
3 you know, this is the report that is trying to
4 say overall with a group of very knowledgeable
5 leaders around the country, what do we think

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6 needs to be done to ensure reliable, cost
7 effective, environmentally sustainable
8 electricity for the country.

9 So, the very first one us reduce the
10 financial risks faced by new generation
11 developers. It has always struck me that is a
12 narrow sliver. Now, maybe we can't do any
13 better, you know, we just say that's the narrow
14 sliver.

15 In just looking at it, I will be honest
16 it didn't look like there was another one to put
17 in there, but I wanted to throw that out, and I
18 don't have any problem with the recommendation
19 itself.

20 MR. WOOLF: Just to respond to that, I
21 share your concern. When I started this process,
22 I kind of frankly hoped our recommendations would

1 be bigger and bolder and that we would come up
2 with ideas that would move the needle more
3 dramatically.

4 I also hoped we would kind of be able to
5 lay out three or four things we wanted the
6 administration to do in the first 90 days in
7 order to make this document kind of very usable
8 and not simply collect dust on the shelf.

9 We didn't get there. These are the best
10 ideas that came through the committee process,
11 open to all other ideas, but this is where we
12 are.

13 MS. STUNTZ: May I just ask a clarifying
14 question, Dian. I mean the order of the report
15 is not set in stone as far as I am concerned,
16 that you don't kill me. Obviously, I thought we
17 should start here instead of the executive
18 summary and the introduction, which I think

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19 worked very hard as Yakout tried to connect the
20 dots in ways that don't lead people to say, well,
21 this is just the same old thing, we are going to
22 talk about generation.

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1 But we certainly could even after the
2 executive summary and the introduction, we could
3 do the Demand chapter first, Transmission, and
4 then Generation, if you think that would make
5 some difference.

6 I just throw that out, I don't know that
7 that would be a huge deal in terms of reordering
8 things.

9 MR. CAVANAGH: If I could, that would
10 help. What we are trying to resist is the notion
11 that this one more DOE study that went in knowing

12 the answer before it started, which was always
13 that we need more generating capacity.

14 In the spirit of that, to now expand it,
15 because the very first thing you say is we want
16 to reduce risks for generation developers, it
17 really does sound like the same old, same old. I
18 think what this committee is prepared to do, what
19 certainly I am prepared to do is to say, hey, we
20 are, as a committee, prepared to support more
21 investment in electric system infrastructure in
22 this country, broadly understood to be grid

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1 assets, demand side, supply side, and we think
2 the system needs more investment. We think there
3 are significant barriers to those investments
4 that need to be removed and the Federal
5 Government has a role to play.

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6 In setting, we are not going to
7 wordsmith narrative, but in setting up the
8 narrative, it is terribly important that we not
9 say one more time we know exactly what demand
10 growth over the next 10 years is going to be, it
11 is this number, 17.7 percent, and we know exactly
12 what generation additions are going to be over
13 the next 10 years, and it is this number 12.7
14 percent, and our job is to fill the gap.

15 You have a robust case for more
16 investment in energy infrastructure. The robust
17 case goes to improved environmental performance,
18 it goes to replacing aging generation and grid
19 infrastructure, and it goes to meeting expanded
20 electric power service needs with always the
21 emphasis on expanded needs for service as opposed
22 to just sounding like our job is to get more

1 kilowatt hours into the system, whatever the cost
2 of doing that might be.

3 I hope that the drafters will be open to
4 adjusting the narrative. The narrative here is
5 really important, so that it is clear how robust
6 the case is. Whether your primary concern is
7 improving environmental performance, improve
8 reliability concerned about aging infrastructure,
9 or a worry about expanding electric service
10 needs, you come to a common conclusion we need
11 more infrastructure investment.

12 Then, what this report is going to do is
13 suggest specifically in the context of demand
14 site resources, grid resources, generation
15 resources, how to do that. That is I think what
16 we have not yet succeeded in doing although a
17 number of us have been making noises, but we can
18 do it, and then in the spirit of the robust

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19 consensus, what I think you want to be doing in
20 the generation recommendations is talking about
21 removing barriers to the investment that is
22 needed.

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1 One element of that surely will be
2 measures that reduce the risk of generation
3 investment, but I think the right way to set that
4 up is to talk about reducing the risks of
5 investment as opposed to sounding like you are
6 privileging a particular class of, say, sponsors,
7 because some of those sponsors are independent,
8 some of them are the utilities.

9 What you want, you want more cost
10 effective investment, and you want to remove
11 barriers to doing it, and I think, Dian, in the

12 context of this particular section, to the extent
13 that we can look for, it is oddly enough here
14 again it comes across as one more set of new
15 Federal subsidies, at least to me.

16 Surely, one of the things we can do, a
17 comment I think I made at the very first time I
18 had an opportunity to do it, and we have talked
19 around it. Again, you have got an electric
20 sector, utility sector that is prepared to make
21 1.5- to \$2 trillion dollars of investment over
22 the next 20 years. It is odd that we don't

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1 mention that.

2 It is odd that we don't -- and we
3 certainly refer in the body of the text -- we say
4 at one point you have got to have a long-term
5 purchase commitment in order to get generation to

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6 happen.

7 Doesn't that suggest that one of things

8 we need to be attentive to is making it easier

9 for those long-term purchase commitments to be

10 made whatever your motive electric restructuring

11 is.

12 It is just surprising to me that in this

13 section where we are talking about reducing the

14 financial risk of generation investment, we don't

15 even refer to that.

16 MR. HEYECK: Actually, I just wanted to

17 -- basically, what you are doing here is you

18 don't want undue risk on the shareholder, you

19 don't want undue risk on the rate payer. We need

20 to get the rate payer in this equation here. I

21 believe this is, first and foremost, in the

22 entire section, but we need to put the rate payer

1 in here.

2 Basically, we are asking the government
3 to help to make sure that the rate payer isn't
4 harmed as well as the shareholder not harmed.

5 MS. STUNTZ: Just one moment, and it is
6 really a reaction to Ralph. Those are excellent
7 comments. I think we are at the point where we
8 do, in this report, need I think specific
9 language suggestions.

10 MR. CAVANAGH: Which I am delighted to
11 give you.

12 MS. STUNTZ: I know you are, and also,
13 to be fair to Malcolm again, remember he is
14 addressing the generation piece of that
15 infrastructure investment and there are other
16 chapters addressing the other pieces.

17 So, anyway, if you could be as specific
18 as possible in terms of where you want things to

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19 go, either now or very shortly after the meeting

20 --

21 MR. CAVANAGH: No, I want to do it, but

22 I don't want to take up the group's time, I want

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1 to see if there is a general willingness to
2 entertain a case for expanded investment that
3 picks up, in addition to demand forecasts of the
4 critical issues of improved environmental
5 performance, replacement of aging infrastructure,
6 all of the reliability and economic dimensions
7 that lead us collectively to embrace the
8 conclusion that we need more investment, so that
9 it doesn't -- again, the way that this is
10 introduced now, it is introduced by you would say
11 DOE knows how much electricity the country is

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12 going to need in 10 years and DOE knew how much
13 generation is going to be needed and there is a
14 gap, an additive gap.

15 MS. STUNTZ: I, for one, believe a lot
16 of that case is in the existing introduction and
17 executive summary, but I am certain that we can
18 have comments made on that to improve it along
19 those lines.

20 MR. CAVANAGH: And I view these as
21 tweaks, not major changes, but I am hoping there
22 is a willingness to make a more robust case than

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1 I am arguing is now present as you launch into
2 this, and I don't want this dismissed as one more
3 case where we came to it knowing the answer, and
4 then I think the points about framing the
5 generation arguments and the demand side

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6 arguments and the grid acid arguments, not just
7 in terms of the developers, but the entire system
8 and the customers is terribly important.

9 MS. STUNTZ: Mike.

10 MR. HEYECK: Specifically, I would
11 eliminate the word "financial," basically reduce
12 the risk to generation developers and rate
13 payers, and that is what I was suggesting on
14 this.

15 We all know that investors will be
16 attracted to something which they are going to
17 get return on, so somebody is going to have to
18 step in especially first movers on nuclear and
19 first movers on clean coal or whatever else we
20 have out there, but no one is going to be a first
21 mover if they are not going to be paid for their
22 investment if that investment happens to be \$8

1 billion at the end of the day.

2 So, I just take out the word "financial"
3 and balance the investor as well as the rate
4 payer.

5 MR. NEVIUS: Malcolm, you mentioned that
6 you kept these recommendations rather high level,
7 you didn't get down into the details. I don't
8 think that when you look across all the chapters
9 we have done that consistently. My preference
10 would be to add a little more detail to the
11 recommendations in this chapter and maybe even
12 cut back on a little detail in some of the ones
13 in the other chapters.

14 I have got specific wording I can offer
15 you to do that, because I think there are some
16 things in the text that follows the
17 recommendation that are worth bringing up into
18 the body of the recommendation itself.

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19 MR. WOOLF: That would be helpful. That

20 would be great.

21 Barry.

22 MR. LAWSON: I have a specific

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1 recommendation under your No. 1 here in the text

2 of that recommendation, in the first paragraph,

3 it states, "We must support policies, programs,

4 and legislation that minimize the risk of cost

5 recovery and maximize available returns."

6 I would like to see maximize available

7 returns taken out and be substituted with have

8 returns that reflect the risk, the level of risk.

9 I think it's a little too strong the way it is

10 written right now, so something along those lines

11 I would be pleased with. Thank you.

12 MR. WOOLF: Paul.

13 MR. ALLEN: Actually, I quite agree with
14 what Barry just said and slightly I guess maybe
15 disagree with Michael's suggestion. I think the
16 way that these recommendations are structured
17 now, that actually the second recommendation
18 actually does get at a form of risk, regulatory
19 risk, and perhaps we could tweak that one, but I
20 think to separate out the realities of financial
21 risk here, and then there is actually quite I
22 think a thoughtful set of recommendations that

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1 are underneath that, I think that actually,
2 probably makes a lot of sense.

3 I guess that was an argument for leaving
4 it kind of the way it is.

5 MR. WOOLF: Ralph, do you have a thought

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6 on that point?

7 MR. CAVANAGH: Paul, just so I

8 understand, was your objection to maximize

9 available return comment?

10 MR. ALLEN: No.

11 MR. CAVANAGH: I didn't think you would,

12 that's right .

13 MR. ALLEN: No, I was fine with that.

14 What I was saying is that, in No. 1, saying that

15 we need to reduce the financial risk faced by new

16 generation developers, I think that actually

17 makes sense.

18 I think we might want to think about

19 getting the words risk into Recommendation No. 2,

20 to Michael's point, that what we are really

21 trying to do is balance the risk between

22 shareholders and rate payers.

1 I also agree we ought to get rate payers
2 into Recommendation No. 1.

3 MR. WOOLF: To comment on that, if I
4 could just address myself, this recommendation
5 really was focused on financial risk. A number
6 of the others deal with other aspects of risk. I
7 thought the idea of maybe changing the order, so
8 maybe we don't start off with financial risk, but
9 we can talk about some of the others.

10 MR. CAVANAGH: But we are talking about
11 to the bulk of developers and the customers.

12 MR. WOOLF: Right.

13 MR. CAVANAGH: I repeat my long standing
14 request that we don't call them rate payer, it is
15 to me a term that converts people -- well, we
16 have a richer view of utility customers, but the
17 point is --

18 MR. WOOLF: What would you like?

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19 MR. CAVANAGH: Customers, or just
20 people, but the other thing here, the risk, we
21 sound like we must, even as we all support
22 removing barriers to investment, we mustn't sound

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1 like uncritical boosters of expenditure for any
2 purpose. I think this was Jose's point.

3 A generic criticism of all these
4 recommendations is we sound like we are for
5 everything, let's reduce risk, let's get more
6 expenditure. We have to find a way to introduce
7 the notion of investments that have passed some
8 screen.

9 Of course, we are not saying spend
10 anything, invest in any form of generation and
11 reduce the risk. What we are for is making it

12 less financially risky to invest in generation
13 and infrastructure assets that are part of an
14 integrated plan for meeting system needs, or I
15 don't insist on the terminology, but I hope you
16 are getting -- we sound like uncritical boosters
17 of expenditure for any purpose, we are too easily
18 caricatured that way.

19 We need to find a way, and I would be
20 happy over lunch to caucus with a couple of you
21 and see if we can suggest something, that makes
22 it clear that, of course, t there is a

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1 competition under which winners and losers emerge
2 on the merits that we have in mind, and then we
3 want to make sure that it is easier to invest in
4 the winners, but that we are not -- you see, if
5 you look at these recommendations right now it is

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6 like we never met an investment we didn't like.

7 This is at the moment when I look for

8 Jeanne to scream about how she can't do this, and

9 that there had better be some convincing evidence

10 that a merit screen has been applied to these

11 investments before we jump in to support this.

12 MS. STUNTZ: Let me just respond. I

13 mean I think this is a very important discussion.

14 I guess I hear what you are saying, but I also am

15 sympathetic to the situation here in PGM where

16 they are not getting the generation they need of

17 any kind. It's a problem.

18 MR. CAVANAGH: It is a problem

19 nationwide.

20 MS. STUNTZ: Well, yeah, I don't see

21 these as saying any kind of generation. I see

22 these as saying we are not going to get

1 acceptable generation unless we do some of these
2 things, acceptable by any measure, we are not
3 going to get enough.

4 I understand you are trying to draw a
5 better line and I am looking for words that do
6 that, but I guess I don't see this as quite such
7 a booster as maybe you do.

8 MR. CAVANAGH: But we still want
9 competitive procurement. We are not for
10 everything in an undifferentiated way.

11 MS. STUNTZ: Well, competitive
12 procurement doesn't exist everywhere, Ralph, I
13 mean it's not -- or it exists in different
14 flavors depending on where you are in the
15 country.

16 MR. CAVANAGH: Sure.

17 MS. GRUENEICH: One can fall back on the
18 old standby using the word needed generation and

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19 that is always in the eyes of the beholder of
20 what it is, but I wanted to -- I do endorse
21 Ralph's point of it has got to be in the context
22 of something other than just building everything,

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1 and my point really went to whenever -- and I
2 don't know Malcolm, if this is your sad task --
3 but looking at the actual text underneath it, I
4 think again has too much of the boosterism
5 because the text underneath is DOE must support
6 programs and legislation that minimize the risk
7 of cost recovery and maximize available returns.

8 Well, Jeanne is going to be sitting here
9 right next to me saying wait a minute, is that
10 what we are really all about in this report, just
11 maximizing the returns, so we have got to I think

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12 take a careful look at this section and having it
13 be that it is also producing the benefit to the
14 consumers from those projects that are needed
15 that will provide benefits and sort of all the
16 usual language that we can put around it.

17 MS. KELLY: I just wanted to note that I
18 thought we had already modified the language
19 maximize available return, Barry had suggested
20 that that instead be provide return appropriate
21 to the risk.

22 I would support that. I mean we are not

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1 about just, you know, it is not for profit
2 utilities we are sensitive to that, too, but I
3 just want to make sure you knew that change had
4 been proposed, and I thought had been adopted.

5 MS. STUNTZ: Tom.

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6 MR. SLOAN: I'm uncomfortable with just
7 talking about the financial risk to the
8 utilities, and as I read statements from the
9 President-Elect and his administration, I think
10 to be relevant we need to be talking about
11 balancing risk the utility in terms of cost
12 recovery, but also addressing health care and
13 environmental costs and the choices that are
14 being made.

15 It may well be that if we are going to
16 go with renewable energy and greater amounts,
17 consumers aren't going to be paying more for
18 energy, perhaps ultimately less for health care,
19 less emphysema or something.

20 So whether it is in the broad heading or
21 whether it's down below, I really think we need
22 to be emphasizing the Department of Energy

1 bringing stakeholders together to determine what
2 these costs are, what are the costs of our energy
3 choices.

4 To me, that would be invaluable. A
5 second point, and this may apply more to the
6 commissioners than to me directly, as a public
7 policymaker, you know, there is a Good
8 Housekeeping Seal of Approval on a whole variety
9 of projects. We have got Energy Star products
10 that have a label.

11 Do we want the Department to be not
12 choosing technologies, but saying these are good
13 things to look at and adopt, and if you do, then,
14 the risk is reduced from a regulatory and an
15 operational standpoint.

16 I go back to the first adopters are the
17 ones who assume a larger share of the risk, so
18 how do we say, okay, if you want to move to this

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19 new technology that has been developed in a lab
20 or has been tried in Europe, you know, there is
21 less risk associated with that.

22 I mean two big things, but the first one

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1 being financial risk is important, cost recovery
2 is important, but I think the administration is
3 going to be looking for more than that, it is
4 looking at what is the cost of energy in the
5 context of environmental and health care and
6 other costs.

7 MR. WOOLF: With all of these
8 recommendations of suggested language is
9 appreciated. I think all of these ideas would
10 make the report a little bit more useful, so help
11 is appreciated. Jeanne.

12 MS. FOX: I am with Ralph and Dian on
13 this, but on PGM, the problem of being a PGM
14 State who pays really high bills, and actually
15 from my commissioner's point of view, is not
16 because of the financial risk faced by
17 generators, it is because of the system that PGM
18 has established with their reliability pricing
19 model and how they do it.

20 It is having not new generation where
21 they said it would be built, but we are paying
22 billions, our customers are paying billions of

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1 dollars more than they would otherwise and were
2 not getting any generation, the money is going to
3 generation in the western part of PJM, and
4 nuclear, they are getting paid the same amount of
5 money for their electricity elsewhere, so it is

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6 not the impact, and the States agreed with this.

7 So, the financial risk, except for

8 having the rate payers pay a heck of a lot more

9 money than they need to pay, is not in my mind

10 due to these financial risks for the generators.

11 It is due to the way that PJM has structured

12 their RPN based on how they listen to the members

13 or then they listen to the States and the utility

14 commission, to be blunt about it.

15 I would like Ralph to rewrite the

16 section, I think there is 30 customers, I won't

17 call them rate payers although I consider them

18 rate payers because that is what they do mostly

19 is pay the rates.

20 MR. CAVANAGH: No, they pay the bills.

21 MS. FOX: Yeah. The issue is you really

22 need a plan how everything is, it isn't just a

1 piece of generation. The way this is structured
2 I am not thrilled with, but I know we have to get
3 something together so at least Ralph can rewrite
4 this. I will feel better about it.

5 This is saying the same old, same old,
6 this whole section, and I would like to put it at
7 the end of our report, and hopefully, people
8 won't go and get to read it.

9 MR. CAVANAGH: So, actually, if I could,
10 for the first recommendation, let me actually
11 suggest something right now just to see if it
12 works, it might move us forward.

13 I think the point was to reduce the
14 financial risk faced by not just the developers,
15 of course, but by all elements of the system
16 including the customers, and then if I could
17 suggest that the one other thing to do, I think
18 we are actually close as I look at -- and by the

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19 way, we don't have up on the screen the full text
20 of Recommendation 1. It might be useful to put
21 it there.

22 If we could put the full text of

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1 Recommendation 1, what is under, "Reduce the
2 financial risk faced by new generation," do we
3 have the capacity to do that? Oh, we don't. All
4 right .

5 Then, what I am looking at, if all of
6 you would look at page 16, because I think that a
7 lot of the discussion -- and we need to see if we
8 can move on from it and get through the rest --
9 but a lot of the discussion has been under what
10 we mean.

11 That statement by itself, of course,

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12 even if we say new generation developers and
13 electricity customers still begs the question of
14 what on earth do we mean. What on earth we mean
15 is on page 16, in four paragraphs.

16 Madam Chair, you already had the
17 suggestion to adjust the term "maximum available
18 returns." What I would suggest, before what DOE
19 must do, why don't you simply say for resources
20 that meet applicable -- I am going to say this
21 twice -- for resources that meet applicable tests
22 of environmental and economic performance -- for

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1 resources that meet applicable tests of
2 environmental and economic performance, DOE
3 should do all these things to try and reduce the
4 barriers, reduce the financing costs, reduce the
5 risks, but then, of course, what we are saying is

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6 there is a merits test here. It is different in
7 different places. Everybody has their own way of
8 doing it, but everybody has a merits test.

9 With that friendly amendment, I would
10 move the first item, recognizing I mean there are
11 elements of it which I am not enthusiastic about,
12 the notion of a cost recovery insurance pool of
13 potentially unlimited size isn't something that I
14 instantly leap to applaud, but a fair amount of
15 effort has gone into this already, and with those
16 caveats, I would be prepared to move the first
17 item.

18 MR. ALLEN: Can I offer one thought,
19 Ralph? I wonder if it wouldn't be possible to
20 somehow squeeze into this and perhaps you are
21 suggesting that with your opening language, but
22 something that kind of resembles the California

1 loading order for thinking about how these
2 tactics or mechanisms can get appropriated, so
3 that we are, I think, stating some preferences
4 directionally about what kind of new generation
5 we actually want to see coming on line.

6 MR. CAVANAGH: Jose had just muttered
7 indignantly not California, as he always does at
8 this moment in the proceedings.

9 I must say when I say for resources to
10 meet applicable tests of environmental and
11 economic performance, what I have in mind
12 obviously for each region is an implicit
13 acceptance of that principle. Not everyone has
14 that.

15 I don't know if we can get the full
16 committee to embrace the California loading order
17 even if we don't call it the California loading
18 order, and even if I could somehow strangle Jose

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19 and stuff him under the table, but I am trying to

20 get at that as far as I think we can do it here.

21 I will say that the demand side, the

22 chapter on demand side resources has a lot of

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1 wonderful material in it that I think is

2 extremely helpful in terms of a national

3 perspective on that resource.

4 MS. STUNTZ: I think as usual you have

5 crafted wonderfully flexible language that should

6 keep my friend, Sue Kelly, and Barry comfortable,

7 as well as Paul.

8 MS. KELLY: Having a little huddle here

9 about the language, I want to make sure I

10 actually have it correctly.

11 MR. CAVANAGH: "For resources that meet

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12 applicable tests of environmental and economic
13 performance," is the phrase that would begin the
14 second sentence.

15 MS. GRUENEICH: Restate the second
16 sentence.

17 MR. CAVANAGH: DOE must support
18 policies, programs, and legislation that minimize
19 the risk of cost recovery and -- then, there is
20 the phrase --

21 MS. KELLY: Provide returns appropriate
22 to risk or something like that.

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1 MR. CAVANAGH: Provide returns
2 appropriate to risk.

3 MS. GRUENEICH: And that would go as a
4 substitute for what we see as 1 up there, or are
5 you crafting the text?

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6 MR. CAVANAGH: I am sorry, Dian, I meant
7 this as a -- I am reading on page 16 of the
8 actual report, the material that explains what we
9 mean by Item 1. Item 1, as I understand Item 1,
10 it is to be reframed to refer to not just
11 developers, but also to utility system customers,
12 and then this is the text that explains what we
13 mean.

14 MS. FOX: What paragraph are you talking
15 about?

16 MR. CAVANAGH: Under No. 1 item, now
17 talking about the first paragraph. I show the
18 first paragraph, all the way from the top.

19 The recommendation is reduce the
20 financial risk faced by new generation developers
21 and electricity customers. Then, there are four
22 paragraphs of explanation of which I am only

1 speaking to the first, which is I believe the
2 first sentence alone, the most significant
3 barrier is establishing financial liability.

4 The second sentence would read, "for
5 resources t that meet applicable tests of
6 environmental and economic performance, DOE must
7 support policies" -- and then I would continue
8 with the current text except to substitute the
9 new language on returns.

10 Then, it says, "Consider the following
11 potential tactics," and we consider the following
12 potential tactics.

13 MR. WEISGALL: Really, as a point of
14 clarification, this really goes back to a point
15 that either David or Ralph made at the beginning,
16 which is I guess my question of clarification is
17 we have an executive summary. One thing that has
18 led to the tension we have had on this first

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19 recommendation is that one sentence doesn't do
20 the job, the four paragraphs do flesh out very
21 effectively especially with some of the
22 suggestions we have had here, what we really want

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1 to say.

2 I guess my question of clarification,
3 Madam Chairman, or my suggestion would be that I
4 think our executive summary, maybe it's bulky,
5 but I think our executive summary should have the
6 whole shebang, I think we should have the four
7 subparagraphs or at least a condensed version of
8 them, because it does help flesh out what we are
9 trying to say under that one sentence.

10 I think we are going to see that, we are
11 going to have that same discussion with some of

12 the other recommendations, maybe not.

13 MS. STUNTZ: That is one option. The
14 other option would be to replace the short form
15 No. 1 with basically that sentence, the Ralph
16 sentence, which would probably be my -- I do
17 worry a little bit about getting the executive
18 summary too large, because we all know in
19 Washington that that may be all that gets read,
20 but I very much appreciate the notion that we
21 need to have the recommendations that people are
22 comfortable with.

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1 MR. CAVANAGH: I would insert that
2 second sentence then as a substitute for Item 1.

3 MS. STUNTZ: Yes, that is what I was
4 thinking about, but I don't know where Sue is.
5 We need to find out.

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6 MS. KELLY: Sue is having heartburn and
7 Barry is, too. I understand the concept and I
8 think I support the concept. What I worry about
9 is what tests and who is applying them. That
10 does disturb me because -- it just disturbs me,
11 so I am wondering if there is some way we can get
12 across the concept if environmentally and
13 economically preferred resources without
14 discussing, you know that meet applicable tests.

15 So maybe one way to handle this would be
16 to say for, you know, economically and
17 environmentally preferred resources, DOE or
18 something -- you know, I just don't like this
19 test language I am concerned about.

20 MR. CAVANAGH: Sue, say just a word more
21 about why, though, because I think what I
22 meaning to simply do is to embrace whatever

1 method is used whether it's by an APPA member or
2 the State of Idaho for ranking and identifying
3 preferred resources.

4 If we simply say for economically and
5 environmentally preferred resources, that, of
6 course, equally begs the question of whose
7 preference, and the point is we all know there
8 are tests.

9 There are tests that are applied
10 everywhere in the country, they are different
11 everywhere in the country, which is why I am not
12 trying to be prescriptive, but there is in every
13 region a way of establishing a merit order or
14 resources, whereas, if you say economically and
15 environmentally preferred resources, you really
16 do sound like you are sort of completely open to
17 subjective preference without any way of
18 referring back to some kind of a test that is

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19 actually applied in the real world.

20 I mean to be referring here to the tests
21 that are actually being applied, Sue, so there is
22 no attempt to insert something new.

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1 MR. WOOLF: Ralph, what tests are you
2 thinking of in the future AM region? At least in
3 Maryland, it's a deregulated market, frankly, it
4 will take a kilowatt to keep the lights on.

5 MR. CAVANAGH: The one obviously
6 significant test is that the PGM region, for
7 example, has a carbon cap, significant parts of
8 it, too.

9 MR. WOOLF: But that is not a test, that
10 is a cost of doing business in those particular
11 States.

12 MR. CAVANAGH: Yes, but the point is you
13 have got -- that's right, but it become part of
14 the calculation of what resources are prepared to
15 go forward.

16 MR. WOOLF: A private investor of
17 business calculation.

18 MR. CAVANAGH: Sure, but there is still
19 the notion there are environmental and economic
20 tests constraints, regulations applicable
21 everywhere in the country, and resources that
22 come forward for financing have to meet them.

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1 MR. ALLEN: Malcolm, we have a renewable
2 portfolio standard in Maryland, and load serving
3 entities have to meet it, and the generators have
4 to figure that into their calculation of full
5 requirements of --

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6 MR. WOOLF: I am trying to think through
7 what is the recommendation for DOE and what do
8 want DOE to do with this. I am sympathetic to
9 the recommendation. I am just not sure how
10 practical it is going to be if there is kind of
11 amorphous business tests that somehow --

12 MR. CAVANAGH: They are not amorphous
13 business tests at least as I mean. When I am
14 talking about applicable environmental and
15 economic tests, I am talking about tests that are
16 applied by other entities to resource proposals.
17 It could be competitive procurement by a utility,
18 it could be something like a merit order that is
19 supplied by a utility regulatory commission.

20 I am not talking about individualized
21 business decisions, but I am saying in order for
22 a resource to get serious enough to need

1 financing, let's be clear, it has to meet
2 economic and environmental performance tests
3 establish by some public entity, or some publicly
4 responsible entity.

5 I don't think there is a resource that
6 you could take out of that -- Sue, what are you
7 worried about here, because in the case of a
8 publicly owned utility, the applicable tests are
9 primarily those applied by the board of a
10 publicly owned utility.

11 MS. KELLY: Because I am concerned that
12 other people will say that there are additional
13 tests that should be applied. I wish what you
14 said was right, but what you have got here is so
15 vague --

16 MR. CAVANAGH: It says applicable, which
17 means that I am --

18 MS. KELLY: Applicable in the eyes of

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19 who, to who? I am sorry, I just have issues with
20 that.

21 MR. LAWSON: This bag is really wide to
22 even include it in the recommendation. I mean a

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1 generator is going to have to face whatever
2 tests, whatever requirements it has to face. Why
3 it needs to be included in this specific
4 recommendation, I am not sure.

5 MS. STUNTZ: Tom.

6 MR. SLOAN: Thank you. I come back to
7 if we are going to be relevant to the new
8 administration, we have got to use some terms
9 that they are thinking.

10 I think that for our concerns that means
11 we have to talk about externality costs and no

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12 one knows what those are today, so that DOE can
13 convene the relevant stakeholders and say, what
14 are the costs associated with carbon levels at
15 whatever level or switching to 20 versus 25 or 30
16 percent renewable.

17 But pairing that with the reliability
18 aspect, it is fine to say we are not going to
19 have fossil fuels, but if you can't keep the
20 lights on, then, there are costs to society of
21 that.

22 What we are encouraging the DOE to do is

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1 say maybe on a regional basis, or to assist State
2 stakeholders to determine these things, I don't
3 quite have that fleshed out in my mind, but I
4 think what we want to do is drive the
5 administration to say there is no one size fits

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6 all answer, but we do have to figure out what the
7 true cost of an energy nation is.

8 MS. STUNTZ: Here is what I would like
9 to propose. I think we are close on this, and
10 would suggest that over lunch, which we will do
11 as soon as we get off of this slide, we will have
12 Ralph and Sue and Barry, and anyone else, see if
13 we can come up with some language on one that we
14 can bring back to the group, Tom.

15 I think there are valid points being
16 made. The one point I do want to address, we all
17 want to be relevant, but I would suggest that
18 given the experts that we have in this room, we
19 are going to be relevant.

20 We don't need I think to cater to
21 particular provisions in anybody's plan at this
22 point. What I hope we are all doing, and I think

1 what we are all doing is exercising our own best
2 judgment on what we think the answers are to
3 these really tough questions based on our
4 experiences.

5 That is what I am here to do, and I hope
6 -- I think if we do that job well, we will be
7 very relevant for the administration as well as I
8 hope to other audiences.

9 Anyway, let's defer on 1 for now and
10 come back on that after lunch, and see if we can
11 move to 2, 3, and 4, and then all go to lunch.

12 MR. WOOLF: Love the suggestion. I hope
13 No. 2 is less exciting. We all know that we are
14 building, this is the section on Generation,
15 generation in the last 30-plus years, but the
16 time horizon on Capitol Hill is one or two years,
17 and so the recommendation here is to promote
18 policies, processes, and legislation that will

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19 increase certainty over the life of the

20 investment.

21 Again, that is a recommendation that I

22 am not exactly sure how DOE implements or whether

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1 anyone will follow what DOE recommends, but the

2 more folks advocating for a longer time horizon,

3 the better.

4 The specifics on page 16 highlight

5 things, such as the production tax credits and

6 long-term investment contracts as mechanisms to

7 start expanding the time horizon.

8 MS. GRUENEICH: I wasn't clear what

9 certainty was referring to, and at a minimum I

10 think we need to clarify when we say "certainty,"

11 what it is that is being referred to.

12 MR. WOOLF: The intent as we drafted
13 this was we were really thinking of the
14 production tax credit, that you can't do a new,
15 whether it's more traditional or renewable
16 generation if you don't know if the tax credit is
17 going to be there when you finish construction of
18 the project, let alone over the 30-year life
19 cycle.

20 Even an extension of the solar PTC from
21 one year to 8 years was the kind of thing that we
22 were thinking of.

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1 MS. GRUENEICH: Okay. I am just saying
2 if that is what it means, I think it needs to be
3 added.

4 MR. WOOLF: Then, suggestions to make
5 that clearer are appreciated.

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6 MS. GRUENEICH: Well, it would say
7 certainty of the production tax credit if that is
8 what the intent was.

9 MR. WOOLF: That was a specific example,
10 but that is one of many tools that are out there,
11 so I didn't -- maybe there is another example
12 where we need to take some of the detail that is
13 on page 16 and add it into the one sentence, so
14 that it is still one sentence, but we included
15 such as the production tax credit and long-term
16 investment contracts through preferential grants
17 and loans, something of that, for new
18 technologies or something where we are
19 summarizing the larger piece into the
20 recommendations, because I do share Linda's fear
21 that policymakers will read only the short
22 recommendations.

1 MS. GRUENEICH: Is this basically
2 getting at financial assistance from the Federal
3 Government, because that may be again what you
4 want to have the category on?

5 MS. STUNTZ: I think it's broader than
6 that to encompass regulatory issues. I view it,
7 certainty is synonymous with predictability as I
8 read the report to have increased the ability of
9 people building long-lived assets to understand
10 what the economic and regulatory climate is going
11 to be over the life of that asset.

12 I mean this is aspirational, right? I
13 mean we all know Congress is now doing a renewal
14 every year, but I think it is important and
15 educational to say it and see if we can encourage
16 DOE to help on that.

17 MS. GRUENEICH: Then, I think we have
18 got to change the text, because the text -- and

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19 this gets back to maybe there is 1 and 2
20 combined, that is, the financial side. I mean it
21 seems to me these are both getting to the
22 financial -- removing financial barriers to

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1 investment, and then, Linda, I agree with you t
2 here is the whole part on regulatory certainty.
3 But just looking at the text on page 16
4 under No. 2, it doesn't pick up the concept of
5 regulatory certainty, and then at some point,
6 Jeanne and I will say is the obstacle always the
7 infamous regulatory uncertainty or is it perhaps
8 the regulatory is quite clear, it is what is
9 coming in is not consistent with the regulatory
10 policies, which is its own debate.
11 MR. WOOLF: So, is the suggestion to

12 kind of break this out to talk about greater
13 financial certainty is one recommendation, and
14 regulatory certainty in terms of RPS and other
15 things as another recommendation, or how do we
16 implement that?

17 MS. GRUENEICH: I personally have no
18 desire to add a regulatory certainty item,
19 because I don't have information probably that
20 tells me that it is not knowing what State energy
21 policies are, that is the problem for new
22 generation development, although others here may

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1 feel differently.

2 MR. WALKER: I guess I specifically,
3 building on that, my concern in this is that it
4 is not regulatory mandated long-term contracts.
5 I have flashbacks to the laws in New York State

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6 where we paid hundreds of millions of dollars to
7 people that never generated a kilowatt.

8 So, I just want to make sure that that
9 is not the direction this is going as well.

10 MR. SLOAN: To revisit the regulatory
11 certainty, I mean I think a lot of it is that
12 either the state of science or the state of
13 politics changes after one of these plants is
14 authorized and permitted.

15 So, to revisit the cost recovery, I mean
16 basically, we are looking for certainty you will
17 recover the cost needed to make the upgrade stay
18 in compliance with whatever is going on. I mean
19 that is where you would want the certainty. I
20 think most companies will put more scrubbers on
21 add, you know, increased efficiency to their burn
22 years, if they know they can get those costs

1 recovered in a timely manner.

2 As science and politics change, the
3 recovery has got to change.

4 MS. STUNTZ: I agree with that, the
5 problem is, of course, a low of the generation
6 now is not subject to that. I mean let's face
7 it, in the real world, I have clients, I suspect
8 you all have colleagues or entities you regulate
9 that are facing this decision right now, do I put
10 on stuff to control SOX and NOX and mercury, not
11 knowing what the carbon requirements are going to
12 be in which case that investment may get
13 stranded, and so I am sort of -- and in the
14 meanwhile, you have CARE overturned, so you are a
15 deer in the headlights.

16 To me, that is what I was. Again, as I
17 said, it is sort of aspirational because you
18 can't always predict these things, but people

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19 need to understand there is a huge problem with
20 the uncertainty that is out there in terms of
21 what are they going to build and will they be
22 able to recover it, and if it is not in a

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1 traditional regulated State, if you are in a
2 deregulated generation, you know, I don't know
3 what the answers are.

4 MS. GRUENEICH: You know, Linda, I just
5 looked, that item was picked up I think in
6 Recommendation 5.

7 MR. LAWSON: Thank you. This
8 recommendation actually struck a chord with me,
9 so I am kind of disturbed over it, kind of trying
10 to unwind it. I think it's a fundamental fact of
11 physics that basically, to build a plant takes a

12 lot of money and a lot of time.

13 You know, we are talking 1 to 10 years

14 to build some of these plants, and the real

15 recovery time is measured in decades, and I think

16 the problem that I am struggling with is what I

17 see as sort of gridlock in developing resources

18 that we need because of regulatory uncertainty.

19 I think if folks take it as that not

20 quite being on target because it is referring to

21 States, I don't think it's focused on the State

22 Commission decisionmaking process. I think it's

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1 more the winds and tides of regulatory policy

2 over time, and today we are falling in the same

3 trap ourselves.

4 We would like to do some things that

5 please the incoming transition team. Well, what

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6 is the half-life on that perspective? I mean
7 that is like measured in weeks and months, and I
8 think the difficulty of people putting money into
9 something and expecting 30- and 40-year
10 recoveries is you would like to know what the
11 scenario, what the playing field is going to look
12 like.

13 So, the playing field, the lines that
14 are painted on the field and the boundaries and
15 whether you can make money or not, is
16 environmental, it's in Recommendation 5, so I
17 think the point of Recommendation 2 and 5 are
18 related, but I don't think it is limited to
19 environmental regulation, I think it's the entire
20 regulatory framework.

21 The lines keep moving. Politicians tend
22 to come in and out on a yearly, four-yearly,

1 six-yearly cycle, so the lines keep moving on
2 that horizon, but the decisionmaking for steering
3 good investment in the long term is on a 20-year
4 perspective or 30-year perspective.

5 I like this recommendation and I support
6 it.

7 MR. WEISGALL: I like it also. I would
8 like just two small suggestions that may reflect
9 what we have heard in the room especially coming
10 from Dian - promote long-term policies,
11 processes, and legislation that increase
12 certainty -- take out the word "over" -- and
13 reflect the 30-year or greater life.

14 This is I think what we were getting at,
15 so promote long-term policies, processes, and
16 legislation that increase certainty and reflect
17 the 30-year or greater life.

18 Then, when you get to 5, you have got a

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19 little bit more on that, so maybe that captures

20 some of what has been said here.

21 MR. WOOLF: Does that work for folks?

22 MS. GRUENEICH: Please read one more

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1 time.

2 MR. WEISGALL: Under Recommendation 2,

3 promote, insert long-term policies, processes,

4 and legislation that increase certainty -- delete

5 the word "over" --

6 MS. GRUENEICH: What about the word

7 "investor," because in our text of that one here,

8 it says, "investor."

9 MR. WEISGALL: "Increase investor

10 certainty," delete the word "over" -- and insert

11 in its place, "and reflect the 30-year or greater

12 life of generation resources."

13 So, "Promote long-term policies,
14 processes, and legislation that reflect increased
15 (with a "d") investor certainty and reflect the
16 30-year or greater life of generation resources.

17 MS. KELLY: I am sorry, what you read
18 the second time was different than what you read
19 the first time. You have got to help me.

20 MR. WEISGALL: "Promote long-term
21 policies, processes, and legislation that
22 increase investor certainty and reflect the

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1 30-year or greater life of generation resources."

2 MR. WOOLF: Any concern with that?

3 MR. LAWSON: It's not on that language,
4 so if someone else has something --

5 MR. SLOAN: I don't know if it's on that

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6 language or not. I am still struggling with the
7 changing political and scientific knowledge or
8 desires or -- somehow saying today you can build
9 this and tomorrow we find out that is no longer
10 acceptable, we don't want to be decommissioning
11 more nuclear plants before they come on line.

12 MR. WOOLF: That's not how I read this.
13 I think if we say when you are designing
14 policies, do them with a 30-year-plus time
15 horizon. Of course, as events occur and science
16 gets refined, we are going to look at them again
17 in five years.

18 There is nothing we can say that would
19 stop people from doing that anyway, but the
20 continued, you know, less kind of stopgap, let's
21 extend something for a year and then next year
22 look at it again, that is not the mind-set that

1 works for the utility industry.

2 MR. SLOAN: I understand. I just don't
3 think that we are -- unless you put in a caveat
4 that says that you sort of build in the ability
5 to recover your changes that are going to be
6 mandated, I don't think we have gotten anywhere.

7 MS. FOX: I just have to jump in, in
8 defense of utility commissions, at least the ones
9 that I know of. If an environmental agency
10 requires something of an entity, it is a prudent
11 and reasonable cost.

12 So, this implication that -- I mean
13 maybe there are some crazy utility commissions
14 out there, but all the ones that I work with, if
15 it's environmentally mandated, it's a reasonable
16 cost, it will be gotten by at least in the States
17 that are not restructured.

18 In the restructured States, there is an

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19 issue, but that is not relevant to them. I mean
20 we do the same thing if it's the utility, but we
21 are now talking generation. So, maybe just when
22 everybody grasps that concept that the

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1 commissions actually do put through reasonable
2 prudent expenses, and the environmental
3 requirements are such.

4 MR. LAWSON: I am not addressing the
5 topic that has been discussed, it's another part
6 of the Recommendation No. 2.

7 On page 16 in the text, the last bullet
8 for this recommendation, it states, "Promote the
9 use of long-term investment, contracts through
10 preferential grants, loans for new technologies
11 that seek long-term generation output contracts,"

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12 I would like to strengthen that and say
13 technologies that have committed to long-term
14 generation output contracts, not just those that
15 seek it, but those that have committed to it, to
16 those contracts.

17 MR. WOOLF: I like the idea. I am just
18 thinking it through. We are talking about DOE
19 promoting investment contracts for new
20 technologies, so I am not sure if they are given
21 grants and loans to kind of start up those
22 technologies, will they, in fact have been able

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1 to commit to the contracts yet.

2 MR. LAWSON: I guess our concern was
3 that "seek" is a little bit weak here, and it
4 might not show someone who is truly committed to
5 doing so. So, we just would like to strengthen

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6 that bullet if possible.

7 MR. WEISGALL: What about "offer"?

8 MR. WOOLF: Would "offer" work?

9 MR. LAWSON: That's possible. Let me

10 think about that for a couple of minutes.

11 MR. WOOLF: I will suggest it.

12 Can we move on No. 3?

13 MR. WEISGALL: Maybe it's the village

14 idiot problem with me, but why isn't this in

15 Chapter 4's recommendation on transmission

16 adequacy? That is just a clarification question.

17 MR. WOOLF: On No. 3?

18 MR. WEISGALL: Yes. I mean it's a

19 transmission type recommendation, and we have a

20 Transmission Adequacy chapter. Maybe there is a

21 good reason for it, but it belongs -- I think it

22 is a great recommendation, I would make it the

1 lead one actually, but I would put it in Chapter
2 4 on Transmission. That was my only question.

3 MR. HEYECK: Malcolm, could I offer?

4 MR. WOOLF: Sure.

5 MR. HEYECK: The barriers to generation
6 development are both in 3 and 4. The name
7 queuing process that we have, which is 4, and
8 then in 3, it is really the inner connection.

9 You build a long extension cord from X to Y, who
10 pays for that?

11 I think these are barriers to generation
12 development and what I would ask is that they
13 specifically be relegated to the issue of the
14 inner connection cost, and then No. 3 or No. 4
15 is already appropriate with respect to queuing.

16 So, if you have narrowed this down to
17 interconnection costs, I think you might solve
18 that problem.

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19 MS. GRUENEICH: So, you would change the
20 language on 3 to advocate policies, processing,
21 and legislation that narrow the barrier to
22 interconnection costs?

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1 MR. HEYECK: So they are fairly
2 allocated.

3 MS. GRUENEICH: And fairly allocate
4 transmission.

5 MR. HEYECK: Right.

6 MS. GRUENEICH: And delete "Promote new
7 transmission" because that gets picked up in
8 Chapter 4?

9 MR. HEYECK: That's right.

10 MR. WOOLF: Do you want to read that one
11 more time?

12 MR. HEYECK: "Advocate policies,
13 processes, and legislation that promote" -- as
14 far as I am concerned, "Advocate policies,
15 processes, and legislation that fairly allocate
16 transmission interconnection costs."

17 I think in the text you need to state
18 the barrier, it's the barrier and the fact that
19 somebody has got to be the first out of the box
20 to build something out of North Dakota.

21 MR. WOOLF: The idea of new generation
22 and the transmission system is dealt with in the

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1 other chapter, so we don't need to deal with it
2 here.

3 Anyone have concerns with that?

4 MS. GRUENEICH: I guess the amendment I
5 would make is probably put this recommendation,

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6 if it's in Chapter 3, at the end of Chapter 3,
7 because then it's picking up all the generation
8 recommendations that are being discussed in 3,
9 because otherwise it seems to me it sort of drops
10 in the middle of the generation, whereas, what
11 you are using is to tie together all of the
12 generation recommendations that we put forth.

13 So, that would be my thought is if we
14 are keeping it in sort of after we deal with the
15 generation, the civic recommendations, then put
16 this one in, we have got to also deal with how we
17 are interconnecting that generation and paying
18 for that interconnection.

19 MS. STUNTZ: Three and 4 kind of go
20 together, don't they?

21 MS. GRUENEICH: I think they do.

22 MR. WOOLF: Move both of them to the end

1 of the recommendation section of this chapter.

2 MS. STUNTZ: Okay, yes.

3 MR. WOOLF: Vickie?

4 MS. VAN ZANDT: My comment was about the
5 first sub-bullet here under 3, which given what
6 we just discussed, may go away. But let me make
7 my point in case it moves. This says, "Support
8 the development and new transmission facilities
9 that enhance bulk energy flows and provide for
10 major resource interconnections across the U.S."

11 That kind of implies we are hooking the
12 three interconnections together and I don't think
13 we are doing that.

14 MS. STUNTZ: I think there was a
15 confusion in the editing of this process or in
16 the drafting of this section between
17 interconnection and transmission, and I think
18 this was an effort where I think it meant provide

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19 for the interconnection of resources across the
20 United States, not interconnection, but anyway, I
21 think your point is well taken.
22 MS. VAN ZANDT: Okay.

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1 MR. WOOLF: Barry?

2 MR. LAWSON: The second bullet under
3 this recommendation states, Advocate a fair and
4 equitable interconnection cost allocation process
5 that balances cost and benefits for both
6 transmission owners and generators, and I am not
7 sure where this stands with some of the edits
8 that we are discussing here, but what is missing
9 in my thinking is the consumer impact.

10 We are concerned that some consumers
11 might, under the way this is being talked about,

12 be paying for interconnection costs that don't

13 benefit them.

14 MR. WOOLF: Anyone object to adding

15 consumers in that list, so it will be benefits

16 for transmission owners, generators, and

17 consumers?

18 MR. LAWSON: I think that helps a whole

19 lot.

20 MR. WOOLF: You think that is an

21 important point?

22 MR. LAWSON: Yes.

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1 MS. STUNTZ: What I would suggest,

2 Malcolm, if Mike is willing, is maybe Mike or his

3 staff to give you a hand. Some of these

4 sub-bullets are going to need to be tailored into

5 the way that the recommendation has been

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6 conformed, and I just want to make sure you have
7 the resources you need on that, I volunteer if
8 you like.

9 MR. HEYECK: I guess I don't understand
10 what you volunteered me for.

11 MS. STUNTZ: Just to help him with the
12 sub-bullets under No. 3, that you have now, in
13 accordance with the language that you proposed.

14 MR. HEYECK: Okay. To me, it is
15 specific to interconnections.

16 MS. STUNTZ: Right. That's the one.

17 MR. WOOLF: Maybe we can get to lunch if
18 we can get through No. 4, our goal here.

19 It is going to the other side of it.
20 It's the interconnection study, interconnection
21 planning, so that there is better interconnection
22 and we can speed that up.

1 MR. NEVIUS: Can I just put a little tag
2 on the end of No. 3, and then I have a comment on
3 No. 4.

4 I think what you wound up with, was,
5 Advocate policies, processes, and legislation
6 that fairly allocate the cost of transmission if
7 we added, "Needed to reliably interconnect and
8 integrate renewable --

9 MS. STUNTZ: No.

10 MR. NEVIUS: No?

11 MS. STUNTZ: "Fairly allocate the cost
12 of interconnection." This is interconnection.

13 MR. NEVIUS: Oh, interconnection costs?

14 MS. STUNTZ: Yes.

15 MR. NEVIUS: Fairly allocate
16 interconnection costs. That is where it is going
17 to stop there, not just for renewables, for any
18 generation?

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19 MS. STUNTZ: For all generations, yes.

20 MR. NEVIUS: Let me go to No. 4.

21 Not the recommendation itself, which I

22 think could be expanded a little bit as I

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1 mentioned earlier, but several of the little
2 bullets or carets underneath, the second one
3 said, "Consider a national review of generation
4 planning processes in cooperation with NERC and
5 other interested agencies."

6 NERC does not get involved in generation
7 planning processes. We evaluate or assess the
8 results of those processes, but we don't get
9 involved in the planning processes themselves.

10 MS. GRUENEICH: You would delete the
11 words "With NERC."

12 MR. NEVIUS: Yes. I guess you could say
13 in cooperation with interested agencies, and
14 leave it at that, and then the next sentence that
15 doesn't have a caret by it, I don't understand at
16 all whether it's meant to be a bullet or it's
17 meant to be something else, and most of all, NERC
18 has no standards related to diversity of
19 generation sources.

20 I guess I would just delete the whole
21 thing.

22 PARTICIPANT: I would support that, as

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1 well.

2 MR. NEVIUS: Thank you.

3 MR. WOOLF: Does anyone have concerns
4 with deleting that sentence? I am trying to
5 remember who suggested it to get put in there.

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6 MS. KELLY: I am sorry, I am working in
7 real time here. My understanding is there is an
8 effort at NERC underway about how to best
9 integrate intermittent variable whatever you want
10 to call it generation.

11 Is it possible to rewrite this
12 recommendation because it seems that is kind of
13 what it is going to although I agree with you
14 there are no mandatory standards on that, but is
15 it possible to rewrite this, so that you can just
16 indicate that, you know, that DOE should take
17 into account the results or, you know, consider
18 the recommendations, if any coming from that
19 group?

20 MR. NEVIUS: That is like a whole
21 different point. The way this reads, it makes it
22 sound like NERC has standards or will on

1 diversity.

2 MS. KELLY: I am with you on all that,

3 but I am just saying that maybe there is

4 something that can be salvaged here that might be

5 actually better reflective of what was intended,

6 and of course, I have no idea who wrote it, so I

7 don't know what was intended, but I think, you

8 know, the issue is reliability as we increase

9 these kinds of resources, is that it, Malcolm?

10 MR. WOOLF: That is my understanding,

11 yes.

12 MR. NEVIUS: But No. 4 is all about the

13 interconnection process, is that right? The

14 facility studies and interconnection agreements.

15 MS. KELLY: Anyway, I just suggest it.

16 I know that that is ongoing and that perhaps it

17 might be possible to feed into this somewhere,

18 you know, some suggestion --

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19 MR. NEVIUS: I am not sure it fits under
20 this one. I mean that is a point, we are working
21 on some guidance or guidelines.

22 MS. STUNTZ: I think it would fit under

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1 No. 7 and again maybe we could task you two over
2 lunch, which we are just about to go to, to come
3 up with some modification of that which would
4 support that, because I think it's an important
5 point and maybe not just considering NERC
6 studies, but other studies to support the
7 integration of variable resources.

8 MS. KELLY: So, strike this and think
9 about putting something under No. 7?

10 MR. WOOLF: Michael, did you have
11 another thought?

12 MR. HEYECK: Yes. First, to get back to

13 No. 3, it is not just the interconnection cost,

14 it's the upgrade cost of the system. Network

15 upgrade costs.

16 On No. 4, consider generation solutions

17 for reliability. I suggest you strike that,

18 period, not that it is not considered, but it

19 should be considered with demand side and any

20 other probabilities.

21 One of the problems we have in

22 transmission is that it takes about five years to

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1 build a transmission line. Already the date of

2 one of our -- it is assuming Federal siting.

3 [Laughter.]

4 MR. HEYECK: The point I am trying to

5 make is that when you put a transmission line in

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6 the queue, and you actually develop it, load
7 growth goes down, the transmission lines date
8 moves out, some generator puts in some thought
9 process of doing something somewhere, and it
10 moves the transmission line forward or back.

11 The point I am trying to make is that
12 you have got to get the studies done including
13 all options, not just generator options, demand
14 options and everything, and once you have
15 codified, you are done.

16 I don't know what the last bullet in
17 Item No. 4 says.

18 MR. WOOLF: I am not sure I actually got
19 your recommendation.

20 MR. HEYECK: Recommendation is to drop
21 and consider generation solutions for
22 reliability.

1 MR. WOOLF: Okay.

2 MR. HEYECK: To meet your biggest
3 impediment is the queuing process and
4 establishing what you need to get done in order
5 to connect. That is your biggest obstacle.

6 The other obstacles material to
7 aggregate studies and things like that.

8 MR. WOOLF: Here is my thought process
9 if I am following. Take the specific PJM
10 example. The PJM does transmission, so every
11 problem has a transmission solution. It may make
12 a whole lot more sense if we could actually get
13 some generation located near where the people
14 are, and then we wouldn't have to build
15 generation, but nobody -- I am only going to
16 speak for Maryland -- has the authority to make
17 that happen.

18 We don't have integrated research

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19 planning, we are deregulated market. PJM only
20 has the tools over transmission lines, so there
21 is no tools in our arsenal, so the thought was
22 let's expand tools, so that if it makes sense, if

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1 the least cost solution is new generation near
2 load centers rather than a five-State
3 transmission line, that can suddenly be an option
4 to be considered.

5 MS. FOX: But Michael's point is there
6 is much more than just new generation. There is
7 demand response, there is all kinds of
8 alternatives to transmission, it isn't just
9 generation located in Maryland.

10 MR. WOOLF: No, no, of course, which is
11 why the idea is to consider generation solutions

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12 as part of that whole process you have got to do.

13 I have no problem with the California loading

14 order, but right now it's not even an option.

15 MR. SLOAN: We spent the first part of

16 our meeting today talking about storage, so add

17 storage in this. Storage needs to be

18 specifically set out, otherwise, we are not tying

19 our reports together.

20 MR. HEYECK: I would just like to drop

21 it. I am sorry. Your biggest impediment is the

22 interconnection queuing process. On the other

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1 side of this, if this is another alternative

2 recommendation, then, how do you get it built?

3 Does the Maryland Commission order that somebody

4 build it?

5 MR. WOOLF: Which is why nothing has

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6 been built for decades.

7 MR. HEYECK: Yeah, well, hey, I am an
8 advocate of States doing what the States need to
9 do, but the point is --

10 MR. WOOLF: We don't have the tools to
11 do it.

12 MR. HEYECK: But is that a separate
13 issue from the interconnection queue process,
14 which is a big barrier here.

15 MR. WOOLF: But now we are making
16 interconnection the only vehicle for the planning
17 process, and we have taken out of the planning
18 generation.

19 MR. HEYECK: I understand your issue.
20 What we have in transmission is that we do
21 interconnection-wide long term planning for East
22 and West, and that those plans consider all

1 options to come up with what the grid needs to
2 be, or what the pockets need to be.

3 To me, that is separate and apart from
4 the interconnection queue recommendation. That
5 is what I am saying.

6 MR. WOOLF: Okay.

7 MR. CAVANAGH: I assume we are all for a
8 robust planning process, which is already in the
9 text of the transmission section, and we are all
10 for reform of the interconnection queue.

11 Why don't you just separate those into
12 two recommendations and make them both?

13 MS. GRUENEICH: I had a question, not to
14 belabor this, on page 17 under 4, the fourth
15 bullet in.

16 Consider providing transmission owners
17 and RTOs in market-based deregulated regions.
18 The ability to secure new cost-based generation

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19 to maintain system reliability. That seemed to
20 me to go beyond just planning. It seemed to me
21 it was potentially a large recommendation.
22 Now, it does just say consider, but at a

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1 minimum there is a disconnect between having that
2 proposal and what is the title up here, which is
3 planning processes especially focused on
4 interconnection.

5 MR. WOOLF: I was reading this broader
6 recommendation.

7 MS. GRUENEICH: It said here that it
8 violates FERC's policy.

9 MR. WOOLF: I was looking at this as
10 promote improved planning and consider generation
11 solutions for liability, that it was kind of two

12 pieces to the puzzle.

13 MR. ALLEN: I think I might want to
14 associate myself with Commissioner Grueneich on
15 this. I think this is opening an enormous can of
16 worms and if you will go back to our initial
17 meeting, i think we kind of agreed to take
18 certain market structure issues kind of out of
19 this report and I think if we were to go down
20 this path, I think we are going to be here all
21 day.

22 MS. FOX: There are two things I wanted

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1 to comment on, and that was one of them. Fred
2 Butler, my fellow commissioner from New Jersey,
3 who is now the President of NARUC, would probably
4 kill me if I let this go. I mean this is giving
5 power to the RTOs to do stuff we are ticked off

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6 about PJM already, and it is giving them more
7 power when we need to fix the ISOs. They are
8 doing a good job, but they are not protecting in
9 my mind customers.

10 This gives them more power to do what
11 they want to do.

12 MR. WOOLF: Clear lack of consensus, I
13 will yield on this one.

14 MS. STUNTZ: I think now might be a good
15 time to break.

16 MS. FOX: I have one very minor thing, I
17 think. In I guess it's the second bullet where it
18 says -- I think it still saying in there consider
19 a national review of generation planning
20 processes in cooperation with interested
21 agencies, I guess it is, we are taking NARUC out,
22 that is still staying there, correct?

1 MR. WOOLF: Right now it is.

2 MS. FOX: Okay. I think it is important
3 to do that, and I think what Tom has been
4 suggesting all morning, I think we need to do
5 something much more with DOE getting together the
6 different stakeholders including some of the
7 States. Generation planning has to be fitted
8 with transmission planning. Right now the RTOs
9 or these PGMs tells us we just can do
10 transmission, and you go to FERC, and FERC says,
11 well, we don't have any authority to do anything
12 but transmission, so think that we really should
13 have DOE conduct a national review of generation
14 planning, how it fits into everything else,
15 transmission, et al., in cooperation with
16 interested parties including the States.

17 I think this is a very small bullet, but
18 I think it is really necessary. We are going be

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19 spending a lot of money in this country on
20 generation, we had better get it right, a lot of
21 money for transmission, we had better not build
22 what we don't need, so I really think DOE is the

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1 entity to do that, probably working to a degree
2 with FERC.

3 MR. WOOLF: Should that get broken out
4 as a separate bullet? I mean that is the kind of
5 concrete thing that DOE could start in 90 days.

6 MS. FOX: I would love that if people --

7 MR. SLOAN: Are we changing the word
8 "consider" to something more positive like
9 convene or direct or conduct?

10 MS. STUNTZ: Remember these are all
11 recommendations and the Department can always say

12 no, but so why not say conduct?

13 MR. NEVIUS: Malcolm, on that one, the
14 bullet says consider a review of generation
15 planning processes, but the paragraph that
16 precedes the bullets talk about projects that are
17 held up because facility studies that are needed
18 to identify the interconnection requirements are
19 delayed.

20 So, are we really talking about
21 generation planning processes or the process that
22 RTOs use or that folks use in developing the

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1 transmission interconnection requirements, do we
2 need facility studies?

3 MR. WOOLF: I think the Committee was
4 talking about both, you know the RTO
5 interconnection is one barrier, the lack of or

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6 poor planning on the generation and transmission
7 side was another barrier.

8 MS. KELLY: Can I just add here that it
9 is not just RTOs, that individual transmission
10 providers also maintain interconnection queues
11 and there are similar issues in areas of the
12 country without RTOs, so I just want to urge that
13 we don't always speak in terms of RTOs because
14 there are a lot of regions of the country that do
15 not have them.

16 MR. SLOAN: Some mention might want to
17 be made about transmission-dependent utilities.

18 MS. STUNTZ: I very much appreciate
19 everyone's good humor here. I think this has
20 been a very good discussion. These are very
21 important issues, and I think we sort of aired
22 them all.

1 I think it would be a good time to take
2 a break. I am hoping that when we come back at
3 no later than quarter past 1:00, Malcolm will
4 revisit these, and hopefully we will have things
5 to offer.

6 [Break.]

7 MS. STUNTZ: If everyone could please
8 take their seats. We need to get underway.

9 First, a couple housekeeping matters.
10 With respect to the Smart Grid and Storage
11 reports approved this morning, any of you who
12 feel extraordinarily, strongly about line edits,
13 you need to send them to Brad or to Guido, I
14 would say by close of business today.

15 The Storage report needs to be at the
16 printer by the 16th, which means it has to be
17 done. I leave it in the discretion of those
18 gentlemen whether to take those or not. So, if

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19 you feel terribly strongly about something and
20 they don't take them, we have to bring those to a
21 close, and that will be the process for that.

22 Where we are with Generation Adequacy,

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1 we are going to spend until 1:30. At this point,
2 I would like to elicit any other comments that
3 folks have on the remaining recommendations. We
4 had a great discussion. I think, for whatever
5 reason, maybe we didn't engage as well as we
6 should have perhaps in the drafting process with
7 Malcolm to give him and his team as much
8 guidance. I think a lot of the suggestions today
9 have been very helpful.

10 Unfortunately, Malcolm has a few things
11 to do on the State of Maryland, and so, in order

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12 to bring this chapter to close to take into
13 account the comments and suggestions that have
14 been made today -- my kids laugh at me when I
15 always that Malcolm got it to the 90-year line,
16 and in order to get the last 10 yards to the end
17 zone, Jonathan Weisgall has kindly volunteered,
18 under small duress, to pick this up, to work with
19 Energetics and the Department of Energy and any
20 of the rest of you who wish to work with him to
21 incorporate these changes, to revise the
22 recommendations in the ways that we have

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1 discussed today.

2 I have language now on Recommendation 1
3 that I understand has been signed off on or
4 agreed upon by Ralph and the others and to take
5 it upon himself, working with Energetics. We

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6 will recirculate the recommendations for the
7 Generation chapter to the broader group because
8 we have made significant changes.

9 I don't believe a lot of the text of the
10 report will need to be changed that much. I
11 think this is mostly a matter of revising the
12 recommendations to reflect the good discussion
13 that has occurred today.

14 So, if we could in the next 10 minutes
15 -- I understand the chairman had one additional
16 recommendation to table, and then any comments on
17 the next recommendations, 5, 6, and 7, however
18 many there are left, and then I am going to turn
19 to Mike.

20 MR. WOOLF: Let me use the chairman's
21 prerogative here. We have got the three
22 recommendations still to go through. Hopefully,

1 they are a little less controversial, maybe not,
2 but let me just throw it on the table, so we have
3 got time to discuss it.

4 The one additional recommendation that a
5 number of folks mentioned to me over lunch would
6 be productive, and I agree with, is one of the
7 early items that the next administration can do
8 is convene a separate process, separate from this
9 one, to look at how do we make the existing
10 market structure more effective, what are the
11 lessons learned, and what can we do.

12 If you call our very first meeting, we
13 had a variety of presentations on how there are
14 very different effects on the different regions,
15 and when we asked the question who looks at this,
16 the answer was, well, there is really nobody who
17 is doing it.

18 We took the question of market structure

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19 off the table from the scope of our
20 recommendations, but perhaps we can be
21 recommending that DOE convene a process to look
22 at market structure and how to enhance the

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1 existing market structure. So that is the
2 additional idea I wanted to throw on the table.
3 Jeanne?
4 MS. FOX: I am very supportive of that.
5 I think it is a huge issue, and as I said earlier
6 today, the RTOs are transmission entities. FERC
7 has specific statutory responsibilities. DOE has
8 responsibilities. Nobody is responsible for
9 putting it all together, and it might be in the
10 RTO process, that can happen.
11 Put that aside, though, even with the

12 current structure that we have now, the RTOs
13 don't do it differently, and I think that is
14 fine, to a degree, but my concern is the
15 customers, as Ralph likes to call them, that they
16 are the priority, and it doesn't seem to always
17 be the case how things happen.

18 So I think it would be very helpful for
19 a lot of people in this country, a lot of
20 customers, if we could do this.

21 MR. WOOLF: Anyone have concerns?

22 I will turn to you, Paul.

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1 MR. ALLEN: No particular concern. I
2 think I would want to make sure that we clarify
3 that we would be recommending that that be
4 something that happens outside of the bounds of
5 the Electricity Advisory Committee.

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6 MR. WOOLF: Absolutely.

7 MR. ALLEN: Okay. I just want to

8 clarify that.

9 MR. WOOLF: There is a recommendation

10 that DOE convene some process, be it a FACA, or

11 whatever they want to do, to address those

12 issues.

13 The next item on the list was No. 5

14 then, advocating improved and longer term

15 certainty for air quality, water quality, and

16 carbon emission requirements. Any kind of

17 wordsmithing suggestions, I suggest we kind of

18 deal with it by e-mail, but conceptually, we have

19 already talked about the need for greater

20 long-term certainty. Any discussion on this one?

21 [No response.]

22 MR. WOOLF: Moving on. Six, continue

1 supporting new technology development and
2 maintaining or improve DOE grant and loan
3 guarantee programs. Any discussion on this one?

4 Please.

5 MR. CAVANAGH: I just want to be sure.

6 On research and development, no problem from me
7 in any respect.

8 I have to acknowledge in terms of the
9 DOE loan guarantee programs, there is no reason
10 for this report to be an occasion for revisiting
11 them, but what changes does the committee have in
12 mind when it says "improved DOE loan guarantee
13 programs"? I am not as clear on that as I would
14 like to be.

15 If the committee isn't clear on it right
16 now, we should at least as a group know what we
17 think is wrong and needs to be improved.

18 MR. WOOLF: There was not an extensive

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19 discussion of this. I think other than the
20 reality that DOE hasn't gotten the loan guarantee
21 program up and running and whenever these
22 programs take so long and then a recognition that

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1 they are a powerful tool, that is likely to be
2 expanded as we go forward, we need to make sure
3 that they run effectively. It was a very general
4 concept.

5 Anybody else on No. 6?

6 MR. WEISGALL: Yes, one quick thing.
7 Under the actual text on page 17, we have got
8 enhanced support for generation research and
9 development. Again, I think we want to say
10 "research development and deployment." I think
11 that is a trend that folks agree with.

12 MR. WOOLF: Good catch.

13 Anything else on 6?

14 Tom, did you want to go back to No. 5?

15 Sure.

16 MR. SLOAN: Thanks.

17 I am still struggling with the fact that

18 we don't recognize cost factors or affordability

19 factors, and I struggle with the way this is

20 worded, the long-term certainty, when we are

21 dealing with short-term political policies and

22 changing science.

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1 I know what we are trying to say here.

2 I don't think we are saying it, so anyone is

3 going to take it seriously.

4 MR. WOOLF: Any word suggestions?

5 MR. SLOAN: I think "cost effective" or

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6 whatever euphemism you want to use has to be
7 added to that.

8 MR. CAVANAGH: This is a place, though,
9 where we are making a different point, and it is
10 an important point if we can make it together,
11 which is that there is an urgent need to resolve,
12 just to resolve the question of what the carbon
13 limits, what the air quality rules, what they are
14 going to be, because the uncertainty about what
15 they are going to be is paralyzing investment.

16 So this group is on record for prompt
17 action, and that is valuable because there are a
18 hell of a lot of people out there saying, "Oh,
19 let's just wait," and to the extent that this
20 group is prepared to say "No, let's not just
21 wait. Let's engage and do the hard work and do
22 it now," that's of value, and I think that is all

1 this recommendation is doing, but I encourage us
2 to do it if we are willing to do it, which is to
3 say, "No, we should not wait. We should engage
4 on carbon. We should engage on the end result,
5 air and water issues, and try to get them done as
6 quickly as we can."

7 MR. SLOAN: I agree with that.

8 My problem, as you and I talked, we can
9 capture all the carbon today. We can't afford
10 the electricity. Any standard we put in today or
11 three or four years from now, more realistically,
12 do we want for science to say that is not good
13 enough?

14 Never mind.

15 MR. WOOLF: The first bullet talks about
16 the adoption of long-term national policies for a
17 variety of things that support the development of
18 new generation technologies. I think we all mean

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19 cost effective, the development of cost-effective
20 new generation technologies. Would that be a way
21 to incorporate your thoughts, to some extent?
22 [No response.]

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1 MR. WOOLF: Okay. Other suggestions on
2 that are welcome.

3 Jumping then to the last one, No. 7,
4 support the development and expansion of
5 distributed and renewable energy generation, jump
6 right in.

7 MR. ROBERTS: Maybe that is the best
8 place potential for using storage, could be
9 added, because one of the things storage is going
10 to do first is take over a good chunk, if not all
11 eventually, of the ancillary services market,

12 which will free up a fair amount of generation
13 currently that is utilized for that service, and
14 that is 1 or 2 percent of the capacity out there
15 right now.

16 MR. WOOLF: Again, language welcome.

17 During the break, I did get a
18 suggestion, if you are looking on page 18, the
19 fourth bullet, picking up our prior discussion.
20 It currently says "support the development of
21 reasonable and fair interconnection standards and
22 tariffs for distributed generation." The

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1 suggestion was to be a little more precise and
2 say "support the development of standards and
3 tariffs for reliably interconnecting renewable
4 and distributed generation." I thought that made
5 sense.

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6 Enrique, you were next.

7 MR. SANTACANA: I think it is creating
8 some confusion not only here, but in several
9 other parts of the report, when we talk about
10 distributed and renewable energy generation,
11 because there is distributed renewable
12 generation, and there is centralized renewable
13 generation.

14 So there are several portions of the
15 report and other chapters that we keep saying
16 that, but what is the difference between
17 distributed and renewable when distributed can
18 also be renewable? So shouldn't we talk about
19 decentralized renewable generation and
20 centralized renewable generation?

21 MS. STUNTZ: No, because there is
22 distributed generation that is not renewable.

1 They are very different.

2 MR. SANTACANA: Yes, but we can be
3 specific on both.

4 MR. WOOLF: I think this point was
5 trying to capture renewable. So I wouldn't have
6 a problem focusing on "support the development
7 and expansion of both distributed and central
8 renewable energy generation." The non-renewable
9 distributed generation, I think we catch in other
10 places.

11 MR. SANTACANA: Okay.

12 MR. WOOLF: Michael.

13 MR. HEYECK: Just to add to Enrique's
14 point, there are interconnection standards, and
15 there are interconnection standards --
16 interconnection standards for transmission,
17 compliance, and all that, and then there is
18 interconnection standards at the distribution

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19 level. You don't want to create more barriers,
20 particularly at the distribution level, for ride-
21 through and things like that. So there may be
22 distinguishing characteristics of distributed

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1 generation, the small stuff versus what Enrique
2 is talking about, the big stuff.

3 MR. WOOLF: Jeanne?

4 MS. STUNTZ: Last work.

5 MS. FOX: On the same bullet, what we
6 just changed, "support development of reasonable
7 and fair," whatever it was, interconnection
8 standards for renewable and distributed, could we
9 add "interconnection and net metering standards"?

10 MR. WOOLF: Anybody have a problem with
11 "net metering"?

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12 [No response.]

13 MR. WOOLF: Great.

14 MS. FOX: Thank you.

15 MR. WOOLF: That was the last word on

16 this one. Thanks everybody, and a special thanks

17 to Jonathan for agreeing to take us to do the

18 touchdown.

19 MR. WEISGALL: So, for that, I will take

20 one last word. I don't want this chapter to hold

21 us up. I think we really are in very good shape

22 here.

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1 In that regard, if you are so inclined,

2 would you get comments? The little points you

3 made, Mike, you have made some very good points.

4 Obviously, we had some confusion here on

5 interconnection versus transmission. We need to

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6 iron that out.

7 If you could take 10 or 15 minutes to
8 e-mail whatever comments you might have to Peggy,
9 today or tomorrow, that would be great. We have
10 got most of this down.

11 What I hope to do is turn something
12 around by Tuesday, December 16, and get that out
13 to everyone --

14 MS. STUNTZ: Thursday is the 18th.

15 MR. WEISGALL: Then let's do it for
16 Thursday the 18th. We will do Thursday, December
17 18. So that gives us a little more time, one
18 week from today.

19 I have asked Ralph to give some input.
20 I have asked Paul Allen to help out here.
21 Really, anyone who has specific points here,
22 please get those to Peggy now because then we can

1 distribute them.

2 I think you should limit yourselves just
3 to the recommendations and those little carrot
4 points that we were talking about.

5 I think the substance of the chapters
6 and the factual material is pretty solid. We
7 will take a look at that, but for our audience,
8 our audience is going to be most concerned about
9 these recommendations. So, if you could
10 concentrate your time there, it would be great,
11 and any suggestions would be welcome.

12 MR. CAVANAGH: Mr. Chairman, my quick
13 friendly amendments, the chair asked me to work
14 with Barry and Sue on the issue of how to
15 characterize the generation resource. I believe
16 we have a satisfactory resolution which will be
17 circulated to all of you.

18 It makes clear that what we are talking

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19 about here are generation resources that have
20 passed the screens, that their State and Federal
21 regulators supply to them. They still have
22 financing troubles. These are recommendations

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1 intended to solve those problems.

2 Then there is a separate recommendation
3 from me and Tom on a comprehensive Federal
4 assessment of environmental impacts, reliability,
5 and affordability issues involved in generation
6 technology choices that I am hoping will
7 accurately reflect our discussion and not be
8 controversial.

9 Mr. Chairman, if folks would be willing
10 to look at an amendment just to the first
11 paragraph of the narrative that enriches the case

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12 -- and this is all I want to do -- for why we
13 need more generation investment, to encompass
14 also the environmental performance and the
15 retirement of obsolete infrastructure, I think it
16 will be helpful in making it clear why we all
17 collectively believe that more financial
18 incentives need to be created.

19 We all appreciate your willingness to
20 take this one.

21 MR. WOOLF: All right, done.

22 Next?

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1 MS. STUNTZ: Steve, moving to demand
2 side resources.

3 MR. NADEL: Okay. We have grouped our
4 recommendations into four, most of which have
5 been discussed before. I guess I will walk

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6 through it.

7 Number one is we need better measurement

8 and verification protocols and standards to

9 measure the savings and have everybody be

10 confident that these savings are really being

11 achieved. I think this one has not changed at

12 all from our previous discussion, but if there

13 are any additional issues people want to raise,

14 let me know now.

15 MR. CAVANAGH: Steve, I emphatically

16 don't want to raise any additional issues. All I

17 want to suggest is my own preference would be to

18 place the second recommendation first. It seems

19 odd.

20 I agree that measurement verification is

21 very important. I want to just suggest that in

22 terms of the relative potential impact to the

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1 recommendations, it may not merit the very first
2 position, but that is an editorial judgment in
3 the end for you to make.

4 MR. NADEL: Any objection to that?

5 [No response.]

6 MR. NADEL: Hearing none.

7 Going on to No. 2 --

8 MR. SLOAN: Go back to No. 1 for a
9 minute.

10 MR. NADEL: Okay.

11 MR. SLOAN: It is not about the part
12 that is in the black. It is the first sentence
13 of your supporting document, "DOE should advocate
14 the development." "Should advocate" is not
15 strong enough. "Should convene" or "should
16 coordinate" or "should help develop" or do
17 something, but it has got to be more than that.

18 MR. ALLEN: Point of order, sort of

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19 here. This is fundamentally a State-level
20 responsibility. So we can support. We can --

21 MR. SLOAN: You can facilitate the
22 discussions. You can do a lot more than just

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1 should advocate. "Should advocate" means
2 somebody from the Secretary's office sits there
3 and says, "That would be nice."

4 MR. NADEL: Right.

5 But for example, there is an effort to
6 develop common protocols among the Northeast and
7 Mid-Atlantic States.

8 I have heard similar discussions in the
9 Midwest. I know the Northwest does have some
10 common standards. California has common
11 standards. That helps, but how do we eventually

12 start bringing all of these regional ones

13 together?

14 MS. FOX: In the Northeast, Northeast

15 Energy Efficiency Partnership, is working with a

16 lot of the States on it, and it is going to cost

17 us a lot of money.

18 My personal preference is -- I am not

19 speaking for anybody else from New Jersey -- is

20 that it be done possibly at a national level,

21 certainly on a regional level. Why spend all

22 these resources developing verification standards

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1 that are different? So how are we going to do

2 comparisons across as to what works and what

3 doesn't work? One of the reasons for this is to

4 do comparisons.

5 So my personal preference is that it

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6 might very well be a national standard. At the
7 very least, it should be a model standard
8 developed by DOE that the regions can use.

9 MR. NADEL: Okay. One more.

10 MR. NEVIUS: I will make the same
11 comment I made earlier, and you may not have been
12 here at the time.

13 I think some of these recommendations
14 leave a little bit of the substance in the text
15 it follows. I will send you some of my thoughts
16 on it to see if you want to bring some of them up
17 into the body of the recommendation itself.

18 MR. NADEL: Okay, I am happy. So people
19 can e-mail me any comments you have by tomorrow.
20 My only opportunity to work on it will be over
21 the weekend.

22 No. 2, which is to place priority in

1 some of DOE's existing programs to capture energy
2 savings, we call out the appliance and equipment
3 standards, the national building codes where DOE
4 plays a substantial role in helping to propose
5 things and provide technical assistance, and
6 also, there are indeed efforts on energy-saving
7 technologies.

8 This was all in before. I don't recall
9 any of it being controversial, but again, if
10 people have comments, speak up.

11 [No response.]

12 MR. NADEL: Not seeing anything, let's
13 go on to No. 3. No. 3, we grouped together
14 several different recommendations, trying to
15 tighten it up a bit, but there is a variety of
16 policies at the Federal level that will promote
17 efficiency, and we are asking DOE to promote and
18 encourage these policies.

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19 There is a list of five of them in the
20 text. I think people have seen all of these
21 before. I know we had some committee member with
22 caveats about two of them, and that is discussed

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1 in the text, that it is not unanimous on some of
2 these.

3 Any issues people want to raise? Barry.

4 MR. LAWSON: Under the fifth bullet
5 under Recommendation 3 on page 16, basically it
6 is a mandate for enactment of energy-savings
7 target, and NRECA cannot support that in this
8 document. So we need to soften that in some way.

9 Instead of "enactment of binding," it
10 could say "development of energy-savings
11 targets," something along those lines, but I will

12 not be able to support this as it is written
13 here, and I had that in my comments that I
14 submitted as well.

15 MR. NADEL: Okay. You should look at
16 the text that goes beyond this that talks about
17 how some people feel otherwise and gives some
18 cites and so on. It is not written to say
19 everybody has 100 percent endorsed that, but look
20 at that text and see if you have suggestions.

21 MR. LAWSON: I understand that. The
22 problem is this recommendation makes it look like

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1 it is a unanimous position of the EAC, and it is
2 not.

3 The recommendations are going to get the
4 attention here. We have already acknowledged
5 several times in this room that, primarily, what

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6 is going to be read by many is the executive
7 summary, but if people are going to take it one
8 layer next, they are going to look at the
9 recommendations. They are not going to read the
10 text in that chapter, and we are not able to
11 support a recommendation that does not mention
12 that it is not unanimous.

13 So, either we have to soften it or say
14 it is not unanimous, or I won't be able to
15 support this.

16 MR. NADEL: Linda, how are we treating
17 this? I thought the general idea was we don't
18 try to bring everything down to at least a common
19 denominator but instead note where there are
20 differences.

21 MS. STUNTZ: That is right. I think,
22 simply, the issue here is to put in the body of a

1 recommendation that is not unanimous, that it has
2 to be reflected there.

3 I understand what you are saying, which
4 is that if you read back in the text, it is
5 noted, but I also understand that point which is
6 that if this is all you read is this No. 3, you
7 wouldn't know, for example, that that fourth
8 arrow is not unanimous. So there should just be
9 some way of saying a number of the EAC members
10 believe this should be done, other members
11 didn't, whatever language you used in the body of
12 this particular point, maybe just bring it up.

13 MR. NADEL: Would it be okay? Because
14 No. 3 was the other one where we had some
15 objections. Again, I can just put an asterisk
16 and say support for these are not unanimous, see
17 text.

18 MS. STUNTZ: Sounds good to me. That

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19 takes care of it.

20 MR. LAWSON: Can you repeat that?

21 MR. NADEL: For the third and last one,

22 those are two that there were objections. I put

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1 an asterisk right at the end of each of those and

2 say support for these recommendations are not

3 unanimous, see text.

4 MS. FOX: Could I ask who objects to

5 allowing demand resources to participate in

6 forward capacity markets? Why would anybody

7 object to that?

8 MR. NADEL: There were some concerns and

9 objections. I am trying to remember who it was.

10 I could look back through all my e-mails.

11 MS. KELLY: I think I can speak to that.

12 MR. NADEL: Okay.

13 MS. KELLY: I don't think that as worded

14 here, allowing demand resources to participate in

15 the forward capacity markets, by itself is

16 objectionable because it is explained on page 17

17 that some members of the EAC prefer such access

18 at the retail level and some at the wholesale

19 level.

20 MR. NADEL: Okay.

21 MS. KELLY: Having that explanatory

22 material there and having the actual statement

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1 not indicate that participate is only at the

2 wholesale level enabled me to go along with this.

3 MR. NADEL: Okay. So our wording means

4 that the initial statement doesn't have to be

5 qualified.

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6 MS. KELLY: I believe that is correct.

7 If other people share my concerns -- I felt like
8 it was adequately explained later towards the
9 back that some members prefer it directly, some
10 prefer it indirectly, and I was able to rest with
11 that, in the interest of moving the group
12 forward.

13 MR. CAVANAGH: In the same spirit,
14 Steve, if our colleagues to the right are okay
15 with the wording in the fifth bullet as
16 "development of energy-saving targets" and allow
17 the explanation of the different views to occur
18 in the text, then you could avoid having to
19 weaken the recommendations.

20 I would be fine with that. I would
21 rather not have asterisked recommendations, if we
22 can avoid it.

1 MR. NADEL: Okay. So we mentioned words
2 like "binding" and "enactment" in the body, not
3 there.

4 MR. CAVANAGH: So the recommendation
5 would be "development of energy-saving targets,"
6 as I understand it.

7 MR. NADEL: Right.

8 MR. CAVANAGH: That would be fine with
9 us.

10 MR. NADEL: Okay. Other comments on No.
11 3 and its various permutations?

12 MS. KELLY: Yes. I would just note that
13 there is a discussion about utility profits not
14 suffering, and while I am a utility -- this is
15 page 16, the second paragraph -- I just wonder if
16 that appears to be a little bit too special
17 pleading on behalf of utilities.

18 MR. CAVANAGH: Actually, the right way

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19 to say it -- it is a good catch, but it is
20 applicable to both public and private.
21 What you want to say, Steve, is
22 "utility's financial health," I think, not

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1 profits, because the issue that is being
2 addressed here has to do with fixed-cost recovery
3 that is equally applicable to public power. If
4 you would substitute the word "financial health
5 for profits," I think it would take care of this.

6 MR. NADEL: Okay. Any objections?

7 [No response.]

8 MR. NADEL: Okay. Going once, twice.

9 So there is a second "profits."

10 One comment I would make on this, I know
11 in the executive summary, it is so plain vanilla

12 in the executive summary. Just for No. 3, I
13 think you do need to put the sub-bullets, whoever
14 is doing the executive summary of the whole
15 report. We try to group things, but all the
16 particulars get lost in the executive summary.

17 MS. KELLY: I'm sorry. I do have to
18 speak then.

19 MR. NADEL: Okay.

20 MS. KELLY: Because if we are going to
21 move those bullets forward to the executive
22 summary and separate them from the explanatory

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1 material that follows, that --

2 MS. GRUENEICH: Yeah. If we are going
3 to move all the sub-bullets forward from all the
4 chapters, we are going to have a huge executive
5 summary.

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6 MS. KELLY: I think the executive
7 summary should stand as the executive summary,
8 and people can read further recommendations.

9 MR. NADEL: Okay. I mean, I
10 deliberately grouped to shorten this. There is
11 nothing saying what types of policies. It is
12 just so plain vanilla that it is basically
13 meaningless, I would submit.

14 I can work on some very short bullets to
15 go there, but --

16 MR. WOOLF: The longer discussion has
17 subheadings of recommendations. Could we move
18 those subheadings up as the recommendations, such
19 as expand Federal technical assistance to States
20 and utilities?

21 MR. NADEL: We could, but last time I
22 was told to combine things, I did it this way.

1 So that would add five recommendations.

2 I thought this combined one, but I would
3 like to see some little notice in the executive
4 summary beyond, gee, we support good policies,
5 whatever they might be.

6 MS. WELSH: Could I make a suggestion?

7 That in the executive summary, before the
8 discussion of any of the chapters, there is a
9 sentence that says a detailed discussion of these
10 recommendations is found on page 15 through 16,
11 page 23 through 27, so that the reader of the
12 executive summary would know to go to a specific
13 page. Does that make sense?

14 MR. NADEL: I hear what you are saying,
15 but at least in this case, because we shortened
16 it so much, we have much less detail than the
17 other ones, and I would like to see a little bit
18 of that, some bullet points or something, to get

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19 some of the key points. They get lost.

20 MS. GRUENEICH: Here is my suggestion
21 for compromise. When you look at the executive
22 summary -- and this is just editing and sorting

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1 it out -- under the generation and demand
2 resources, they are just the one sentence. Under
3 the transmission, I think there is more than one
4 sentence, but it is basically a paragraph each.

5 So the one thing I would say is we
6 should just be consistent. I don't actually care
7 if they are the short version or the long
8 version, but there is some inconsistency.

9 I tend to think we shouldn't actually
10 add in all the bullet points under each
11 recommendation because then we lose -- I think it

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12 is going to be hard for people to understand what

13 is the essence of it.

14 MR. NEVIUS: I think there is an easy

15 way for this one, Steve. Just go with what you

16 have and then say "such as by expanding Federal

17 technical assistance to States and utilities,

18 allowing demand resources," and so on, just

19 continue one sentence without calling them out as

20 bullets, and that was the comment I was going to

21 send to you anyway.

22 MR. NADEL: Works for me.

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1 MR. CAVANAGH: But I think it would

2 still be very valuable to cross-reference all of

3 the recommendations back to the text. I hope we

4 will do that.

5 MR. NADEL: Okay.

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6 MR. HEYECK: I just have to put this in.

7 At the start, transmission had about seven words
8 per recommendation, which looked kind of weak
9 compared to everyone else.

10 Then I was asked to move it to many more
11 words. Now it is many more words, but the many
12 more words are the green boxes, and I think we
13 have a structure now, thanks to Energetics, that
14 actually ties back to the recommendation.

15 So, if it is Recommendation 1, the
16 transmission section, all you got to do is go to
17 Section 4.4, and it says Recommendation 1. So I
18 just don't want to get too carried away with so
19 many cross-references that we take away from the
20 executive summary.

21 MR. NADEL: Okay. No. 4, we have these
22 two little hanging additional ideas out there,

1 which I grouped together under research, develop,
2 and support promising new efficiency policies.
3 These are ones that didn't rise to the level of
4 importance of No. 3, but we didn't want to
5 totally forget.

6 I would point out in the executive
7 summary, these were brought out specifically, so
8 in more detail than the primary ones. I will
9 rework the executive summary to not give it quite
10 so much importance.

11 David.

12 MR. NEVIUS: What is on the screen is
13 different than what is on my paper. In fact,
14 there are five up there and four on the paper.

15 MR. NADEL: Okay, thank you. That was
16 the editors who did that.

17 If people look at Chapter 3, the
18 recommendations, that is the way it was supposed

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19 to be. Nos. 4 and 5 are these secondary items
20 that I have now grouped together. In the
21 executive summary, they got elevated in
22 importance.

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1 MR. WALKER: Steve?

2 MR. NADEL: Yes.

3 MR. WALKER: The bullets, using the
4 printout here, the last bullet we have here talks
5 about using feedback devices --

6 MR. NADEL: Yeah.

7 MR. WALKER: -- for real-time
8 information, and I guess I am unclear as to -- I
9 haven't seen anything that advocates establishing
10 real-time pricing or scarcity pricing or anything
11 that goes forward. I am not sure how you say you

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12 can have this device, unless you've got the
13 tariffs, the regulatory backing, and the
14 commitment to do this through the entire process.
15 What is that going to do?

16 MR. NADEL: There are a number of
17 experiments. I believe we are up to about 20.
18 Some of them have real-time rates, some do not,
19 but they provide real-time information to the
20 customers, how they are using energy, how their
21 use compares to previous periods, how their use
22 compares to neighbors, and I would say the pilots

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1 show savings anywhere from 3 or 4 percent up to
2 30 percent, average probably somewhere in the 5
3 to 10 percent.

4 MR. WALKER: So this is really more
5 about just giving the information, kind of

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6 regardless of TOUs and things of that nature?

7 MR. NADEL: Right. I have to look at
8 the 30 studies. Many do not have TOUs because
9 the studies are all at the residential level.

10 Most utilities don't have TOUs at the residential
11 level.

12 MR. WALKER: Okay. So we are not taking
13 that leap. This is kind of the first step in
14 just providing people the information that allows
15 them to --

16 MR. NADEL: Right. We are leading the
17 horse to water.

18 Yes.

19 MR. WEISGALL: This is really just a
20 consistency point. I understand how your last
21 two points here, 4 and 5, have been elevated in
22 the executive summary. It really wouldn't take a

1 lot to conform at page 18, to break those out, to
2 make No. 4, develop and courage the financing
3 tools, and No. 5, the ratings for existing
4 buildings. You can just do some rearrangements.

5 That way, all of the recommendations in
6 all the chapters will track our green breakout
7 system, and if you are a reader who really does
8 want to see the details, you might get confused
9 at this point. It is there. I see it there at
10 page 18, but I would conform what is on page 18
11 to what you have got as No. 4 and 5. I think it
12 will be easier. It will not confuse the reader.

13 MR. NADEL: Okay. The comment on that,
14 though, the subcommittees -- the priorities were
15 all listed under No. 3. These are secondary.
16 So, if we do it for No. 4, we definitely have to
17 do it for No. 3, and do we want to go that far?

18 MR. WEISGALL: Well, I think it is

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19 important for the executive summary to track what
20 is in the text. That's all.

21 MR. NADEL: Right.

22 I believe the suggestion I got earlier

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1 for No. 3 is to add a sentence listing each of
2 those items, so it is actually in the green box,
3 and I would propose to do the same for No. 4, if
4 that works for you.

5 MR. WEISGALL: Yep.

6 MR. NADEL: So that way, we have four
7 recommendations, rather than 14.

8 MR. WOOLF: I had a suggestion for No.
9 4. I am not sure how it might change. Let's
10 make it slightly more general, to add my thought,
11 which was develop and encourage greater tools.

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12 Take out the word "financing," and then as
13 examples, we include energy-efficient mortgages,
14 unveiled financing for energy-saving retrofits,
15 and then I would like to highlight residential
16 and commercial disclosure of energy consumption
17 because I think that is a valuable tool to let
18 the market respond to energy efficiency, and it
19 is not highlighted in here as yet.

20 MR. NADEL: I am a little confused. The
21 second one there, energy performance ratings and
22 labels is designed to be the disclosure.

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1 MR. WOOLF: Labels in my mind is
2 something slightly different than full
3 disclosure, and it didn't get into the
4 recommendation piece, at least as we are seeing
5 it.

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6 MR. CAVANAGH: If I could, the friendly
7 amendment, I think for 4 and 5, what you would
8 want to say is performance ratings and disclosure
9 perhaps because they do fit nicely together.

10 MR. NADEL: Okay.

11 MR. CAVANAGH: I think, Steve, you don't
12 want to say create, but you want to say support
13 because, of course, there are energy performance
14 ratings out there, as you know; the resident
15 system, for example. I am not sure we are
16 suggesting that the Federal Government make it
17 all up anew, but I do think there is value in
18 saying we support energy performance ratings and
19 disclosure for existing buildings.

20 MR. NADEL: I will tell you what, both
21 of you, you are working from this version that
22 Energetics wrote. If you could work from the

1 version at the end of Chapter 3, I would be very
2 interested in your suggestions, but it is
3 difficult for me to work from this one, which is
4 a bit different from what we had written.

5 MR. CAVANAGH: Well, these are the
6 recommendations that will appear without further
7 --

8 MR. NADEL: No. For No. 4, they made a
9 mistake. They used an earlier version that they
10 had edited, making an assumption about these
11 lower priority ones, and I had edited it, based
12 on the committee's feedback.

13 So the more up-to-date version is at the
14 end of Chapter 3.

15 MR. CAVANAGH: Okay. Page 18.

16 MR. WOOLF: In that case, Steve, I would
17 kind of go with your recommendation which was to
18 at the end of what I now understand as No. 4,

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19 research, develop, and support promising new
20 energy efficiency policies, I would add a comma,
21 "such as," and capture some of the detail that
22 would otherwise be lost. That is what I think we

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1 decided to do.

2 MR. NADEL: That is what I am going to
3 do, but --

4 MR. WOOLF: You need disclosure in that
5 list, if you could.

6 MR. NADEL: Okay. Malcolm, I thought
7 you made two comments. Disclosure was one. I
8 wasn't clear what the other one was.

9 MR. WOOLF: That was the one.

10 MR. NADEL: Okay, fine. I just want to
11 capture it.

12 Ralph, did you have something to add,

13 now that you are looking at page 18?

14 MR. CAVANAGH: I want to make sure.

15 These mistakes were also repeated in the

16 executive summary draft we got. So let's be very

17 clear.

18 Steve, I know you will be watching this

19 carefully.

20 We are not proposing the Federal

21 Government create new performance labels. We are

22 proposing the Federal Government support the

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1 system that we have, and I take that to be what

2 you're -- it is not completely clear even in the

3 revised version, Steve, what your view is. Does

4 the Federal Government need to do a whole new

5 set, for example, of performance ratings, or is

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6 it enough to say support the system and expand
7 it?

8 And I am thinking in particular,
9 obviously, RESNET is the residential labeling
10 system that we have. We are trying to expand as
11 rapidly as we can. Are you suggesting we do
12 more, have a new label? Where are you on that?

13 MR. NADEL: Personally but I was trying
14 to fudge it, there is the Dingell-Boucher bill,
15 and I believe Senate Energy is also considering
16 it. That would expand the EPA Energy Star
17 labeling program to cover all buildings,
18 commercial but also something for residential,
19 something that is probably easier to use than
20 RESNET because RESNET requires a full Energy
21 audit, and the penetration has been low, but that
22 is why it says "research, develop, and support."

1 It is not trying to pick one system, but there is
2 interest in Congress establishing some type of
3 national system.

4 MR. CAVANAGH: Okay, I appreciate that.
5 Let's keep it. Since I know there is also strong
6 support for RESNET, let's not prejudge it.

7 Then when we are talking about financing
8 tools, what you are basically saying is you want
9 the Federal Government to support promising new
10 financing tools.

11 MR. NADEL: Right.

12 MR. CAVANAGH: I don't know what a
13 greater financing tool is, but I don't think
14 that's your language anyway.

15 MR. NADEL: Greater financing is up
16 there?

17 MR. CAVANAGH: Yeah.

18 MR. NADEL: Oh, okay. No.

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19 MR. CAVANAGH: Fine. Thanks.

20 MR. NADEL: Okay.

21 MR. WALKER: Steve, just one quick
22 question on the on-bill financing. I am curious

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1 as to who is actually doing the financing and
2 taking the risk on that.

3 Last I read in The Wall Street Journal,
4 there was an increase in arrears for utilities
5 going from about 3- or 400 million to like 800
6 million over a month period.

7 So I am curious who is bearing the risk
8 on this.

9 MR. NADEL: This is one of the policies
10 to research and investigate, and we weren't
11 trying to get into those details.

12 That said, I understand a lot of the
13 proposals have the utilities talking the risk.

14 MR. WALKER: Well, "on bill" sounds like
15 utility doing it. I guess it is just not clear.
16 Okay.

17 MR. SLOAN: We have got a utility that
18 is doing that, and there is some risk.

19 MR. NADEL: Right. As I recall --

20 MR. SLOAN: They are holding -- it is
21 for generally non-owner-occupied property. So,
22 ultimately, the owner of the property, the

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1 landlord is going to be responsible, not just the
2 tenant.

3 MR. NADEL: Right. As I recall, I can't
4 recall whether there is national grid or NSTAR
5 has a pilot in Massachusetts. I don't know how

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6 it is going.

7 MR. CAVANAGH: On-bill financing has
8 been happening for 30 years, and there is a
9 lively debate about it.

10 I take it that we are not taking a
11 position on any of these approaches. We are just
12 saying let's develop more innovative financing
13 tools.

14 MR. NADEL: Right. This was the second
15 tier of items that when the committee discussed
16 them, these were lower priority than No. 3, but
17 we didn't want them to be lost.

18 Not seeing any more tents back, I -- oh,
19 sorry.

20 MR. KOWENSKI: Back to the on-bill
21 financing, does this really need to be in here?
22 I don't understand what the Department of Energy

1 needs to say about this.

2 I would really recommend we take that
3 out.

4 MS. FOX: I would really like it to stay
5 in there because it is something that is
6 effective. It has worked places, and it is not
7 saying everybody has to do it, but it is
8 something that I think a lot of the States and a
9 lot of the utilities need to know more about, and
10 I would like to see more about it from my State
11 perspective.

12 MR. NADEL: And we are saying they
13 should research it. If there are some questions,
14 what better agency than DOE to research, do pros
15 and cons? They are not going to be doing the
16 on-bill financing.

17 MR. KOWENSKI: Well, I understand that.
18 I am not sure the Department of Energy has the

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19 expertise to do this kind of thing, but this is a
20 financing issues and not anything else.

21 MR. NADEL: Right. It is more than
22 financing because it makes it easier to

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1 participate.

2 MR. KOWENSKI: I understand that, but
3 who bears the risk, and how is it financed? Is
4 it going to be securitized?

5 MR. CAVANAGH: At a minimum, it would be
6 helpful to know the experience of literally three
7 decades around the country in making informed
8 decisions about where to go next, and I think,
9 like Jeanne, I don't believe that research
10 exists, at least I haven't seen it. I would be
11 glad to help set up the project, though.

12 MS. STUNTZ: All right. Steve, does

13 that complete things?

14 MR. NADEL: I believe so. I yield my

15 remaining time to the chair.

16 MS. STUNTZ: Thank you very much.

17 MS. FOX: Not on the specific

18 recommendations, but on page 11, maybe I misread

19 this, page 11 of the demand response section,

20 market predilection for supply-side solutions. I

21 like the heading, but the end of the first

22 paragraph, it says -- and I think I understand

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1 what it means, but it kind of bothers me.

2 "Interacting with a relatively small

3 number of existing supply-side participants still

4 seems easier and potentially more cost effective

5 to the electric power industry than creating new

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6 strategies to include these emerging demand-side
7 resource."

8 Now, I can understand that maybe the
9 electric power industry believes that, but I
10 certainly don't believe it, and it might be more
11 complicated to do demand side. But I think it is
12 probably more cost effective if it is done right.

13 The way this sentence reads kind of says
14 that we are kind of favoring not doing it demand
15 side. I think it is the wording. I don't think
16 that's the intent, but I don't like it.

17 MR. NADEL: Jeanne, what I suggest is
18 why don't I work with you and Chris Hann on your
19 staff who had a hand in helping to write this,
20 and I get mixed up, who wrote what, because there
21 was a fair amount of wordsmithing to get this
22 corrected.

1 MS. KELLY: I'm sorry. Could we just
2 say where this is? I would like to know what --

3 MS. FOX: Page 11, last sentence of
4 first paragraph on page 11 in my hard copy,
5 anyway.

6 MR. NADEL: Yeah, page 11, first
7 paragraph is what Jeanne is talking about, at
8 least on my version.

9 MS. FOX: It is above where it says
10 "program costs."

11 MR. NADEL: Yeah.

12 MS. FOX: But it is market predilection
13 toward supply-side solution sections.

14 MS. STUNTZ: I read this as a perceived
15 barrier, sort of context for why some of these
16 recommendations made sense.

17 I certainly didn't read this as a
18 statement of fact.

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19 MS. FOX: And I wouldn't mind if it
20 started saying some members of the electric power
21 industry believe that, dah, dah, dah, dah, but
22 the way it is worded -- or some belief.

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1 MR. NADEL: Okay. Jeanne, I will work
2 with you and Chris on this.

3 MS. FOX: Thank you.

4 MS. STUNTZ: Are we okay to move on,
5 Sue?

6 MS. KELLY: I'm still trying. I'm
7 sorry. I'm just incredibly frustrated.

8 MS. STUNTZ: Okay, okay.

9 MS. KELLY: I see a heading on page 10,
10 market --

11 MS. STUNTZ: No, no. We are on page 11,

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12 last sentence of first paragraph.

13 MR. NADEL: The paragraph begins "The
14 electric infrastructure."

15 MS. STUNTZ: Interacting. It begins
16 "Interacting."

17 MS. KELLY: Okay, thank you. I'm sorry.

18 MS. GRUENEICH: Linda, I'm sorry. I had
19 one other item.

20 MS. STUNTZ: Sure.

21 MS. GRUENEICH: Do you have anywhere in
22 as a subrecommendation, additional research on

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1 behavior, studies, and that whole area of
2 understanding changes, how to drive changes and
3 behavior?

4 MR. NADEL: We get it a little bit in
5 this whole feedback area, but we don't have an

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6 expansive recommendation.

7 MS. GRUENEICH: I have lost track of how

8 -- did you end up that you are going to keep 4

9 and then have sub-items under it, or were you

10 going with that you were going to do five, the

11 way it was up on the board, 4 and 5?

12 MR. NADEL: I believe the idea is 3 and

13 4 will each have an additional sentence, that in

14 that sentence, it specifies each of those

15 subrecommendations, if you will. So it will be

16 such as blank, comma, blank, comma, blank and

17 blank.

18 MS. GRUENEICH: Would that be any

19 objection to add under 4, which is research,

20 develop, and support promising new energy

21 efficiency policies, to have in some sub-item

22 that is -- and you know better than I do, Steve,

1 understanding -- additional research into
2 understanding how to effect behavior to drive
3 energy efficiency demand response or something
4 like that? But that's becoming a very important
5 area, and I certainly would like to see some
6 additional monies from DOE flowing in that area.

7 MR. NADEL: Any objections?

8 [No response.]

9 MS. STUNTZ: All right. Sue?

10 MS. KELLY: I just wanted to request
11 that a conforming change be made at page 17 in
12 the right-hand column at the bottom in the green
13 lettering. I'm doing this as much for myself as
14 others, that says "enact binding energy-saving
15 targets." I think we took that language out of
16 the recommendation, and it should be taken out of
17 the heading as well.

18 MS. STUNTZ: Yeah. Good catch.

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19 All right. If there are no further
20 comments on demand side, thank you very much.

21 MR. NADEL: The one that I think because
22 I see Irv here -- Irv, I need a couple of

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1 citations, some things that you added in, such as
2 "some people believe." We need to add some
3 citations. So, if you could please get that to
4 me. I have e-mailed you a few times. Thanks.

5 MS. STUNTZ: Okay. Mike?

6 MR. HEYECK: Well, in the interest of
7 time and since this has been the least
8 controversial section --

9 [Laughter.]

10 MR. HEYECK: -- I kind of move
11 adjournment on this agenda item.

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12 I think I have just one comment on the
13 recommendations, as you read them here. Some
14 policy-makers will only read the recommendations,
15 and they have got to be a little bit more than
16 seven lines or seven words.

17 Energetics has been really helpful with
18 me particularly in trying to get this to a
19 position where if you read the recommendation,
20 you know what it is, and if there is any
21 controversy, you know what the alternatives are.

22 We will start with Recommendation No. 1,

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1 which is to basically do a comprehensive study of
2 the eastern and western interconnections. The
3 issues and barriers on this side of the table is
4 what project should you build, and there is a lot
5 of problems in building projects across the seams

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6 of what we call RTOs or in between utilities that
7 are in non-RTO areas.

8 So we are encouraging a JCSP-like study
9 be done, with a little bit more teeth, because
10 even the JCSP study process is encumbered.

11 So I will submit this as Recommendation
12 No. 1.

13 MR. MEYER: Mike, there was a meeting on
14 JCSP yesterday in Dallas where the JCSP folks
15 reviewed their final stuff, and there was a
16 discussion there about next steps, and there was
17 discussion about formation of an
18 interconnection-wide electric transmission
19 analysis group or some such body. There was a
20 little bit of talk about what to call it.

21 There are people in the eastern
22 interconnection who are very uncomfortable about

1 the term "plan." They are saying it is fine to
2 study scenarios and use them as an information
3 base, but the notion of coming up with a plan
4 makes some of these people very nervous.

5 But nonetheless, there is an effort to
6 get an organization off the ground, and one of
7 the most important next steps that was discussed
8 was to come up with a charter for this new group.
9 So that is kind of -- but this is a moving
10 target, and my point in raising this is that I
11 want the -- whatever the committee here says to
12 be reasonably up to date about the state of play.

13 MR. HEYECK: It actually brings up the
14 issue of what I meant by "encumbered" because no
15 one wants to put something solidly on a piece of
16 paper, but we need to put it on a piece of paper,
17 so that we could do a cost-benefit analysis of
18 what is the future, but New York is not going to

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19 move, nor is Los Angeles going to move, and we
20 think we know where all the resources are. So it
21 is really not hard to figure out what the trunk
22 lines ought to be.

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1 I have been in the business for 32
2 years, and it used to be easier. Right now, you
3 put a line across an RTO, it will take at least
4 two years to figure out what it is. Then you go
5 through litigation process on the cost allocation
6 issue, and then maybe you will get it built in
7 that five-year time frame beyond that.

8 I am recommending strongly that this be
9 a study of real facilities, so that we could
10 fulfill the request made by made of you to do a
11 cost benefit of what this EHV overlay looks like

12 because everyone is worried about what this
13 costs, and we maintain in words that it is a
14 small part of a small part of the bill, but we
15 need to understand what it costs, and that means
16 we need a plan.

17 Anyway, I feel pretty passionately about
18 it, but this is not my report. It is the
19 committee's report. So, if you have any concerns
20 about the words up here, please let me know
21 before I go on to No. 2.

22 MS. GRUENEICH: I full support it.

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1 MR. HEYECK: Thank you.

2 MS. GRUENEICH: I think it is very good.

3 I agree with all the wording.

4 MR. HEYECK: Move on to No. 2?

5 Oh, Gerry. I'm sorry. Go ahead, Gerry.

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6 MR. CAULEY: Being from a great region
7 in the Southeastern United States where
8 integrated utilities still reign and those
9 utilities work closely with their State
10 commissions to plan the transmission system to
11 benefit their customers and citizens, I probably
12 would not survive my job position if I didn't
13 object to the first sentence, and I may be the
14 lone person on the committee to do that, but I
15 would object to that, and also the first bullet
16 that is under this recommendation.

17 Basically -- and I will try to put a
18 logic behind it, other than I am from the
19 Southeast, so national transmission planning
20 causes me problems.

21 But the logic that comes to me is really
22 the stakeholders really shift in terms of who is

1 benefitting from the transmission, whose plan is
2 it, whose going to pay for it and so on. I think
3 it really becomes challenging at the national
4 level when you're talking multi-States,
5 cross-regions, and doing interconnection-wide
6 planning, just an exponential increase in
7 difficulty of resolving the issues of who is
8 benefiting and who is paying for that.

9 Also, the second point is,
10 intellectually, as an engineer, I support adding
11 back bone-type transmission in certain parts of
12 the country. I think it is going to be
13 beneficial.

14 I appreciate particularly AAP's projects
15 and how it has reinforced the system and made the
16 system more reliable, but I think we are leading
17 here with an assumption that the solution to
18 transmission is we need a national back bone of

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19 an extra high-voltage system. Right?

20 I just can't lay down and say that is

21 the answer we have to have. I think a lot more

22 evaluation would be required before we could

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1 decide that.

2 So, in conclusion, I think if the words

3 stay here and the committee says that, I would

4 have to put a little footnote on those two

5 statements that I would object.

6 MR. CAVANAGH: My suggestion was just

7 take out the reference to "back bone EHV" and say

8 "develop high-level transmission plans."

9 MR. WEISGALL: Or, Gerry, another

10 suggestion, instead of to develop high-level back

11 bone, to assess high-level, back-bone EHV

12 transmission.

13 MR. CAULEY: I am not trying to be
14 difficult here, and I realize I am presenting
15 something that is difficult, but it is only
16 because of the constituency I have who really
17 represents a region where they are investing \$2
18 billion a year in transmission, and the current
19 model is working. This is going to be trouble
20 for them.

21 MS. STUNTZ: I know everyone wants to be
22 helpful. There has been a lot of work done. We

1 want to accommodate you. If you have a specific
2 wording to suggest, Gerry --

3 I don't read this as being inconsistent
4 with the notion that those parts of the country
5 that are doing their job -- I mean, first of all,

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6 we haven't defined "back bone" specifically.

7 That is going to be up to whoever this is. They

8 might say 500 and above, and it ends up being a

9 fairly confined thing that doesn't even get to

10 the Southeast.

11 So I don't know that this is necessarily

12 inconsistent with anything you said, and I

13 commend the drafter on that, but if there are

14 specific words that you could be comfortable with

15 this, then let's have those. I think it would be

16 probably better than us sort of trying to figure

17 out what you need.

18 MR. CAULEY: Right. I am not trying to

19 get in a tug-of-war with the rest of the group.

20 MS. STUNTZ: Vickie.

21 MR. BARTELS: Let me suggest you take

22 the word "back bone" out since we have said it

1 before. There are some words that appear to have
2 some connotations which are very conflicting. If
3 you take that out, basically you are --

4 MS. STUNTZ: Does that help you, Gerry?

5 MR. BARTELS: I think it would give you
6 at least one less flag to put in front of the
7 bull.

8 MR. CAULEY: That is one less, exactly.
9 That is one less lightning rod.

10 MS. STUNTZ: It is fine with me.

11 MS. FOX: I think with my fellow
12 commissioners from the Southeast, I get along
13 with my Southeast fellow utility commissioners,
14 and I think it would be better of "back bone" was
15 out for them too.

16 MS. VAN ZANDT: I did have a thought.
17 One phrase you used, Gerry, was EHV overlay,
18 national overlay, and I don't think it says that.

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19 I think that was explored in the development of
20 this chapter, but not concluded on.

21 So I am just looking -- well, having
22 been in transmission for 35 years or so, it is

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1 harder to do now than it used to be, and things
2 really far away from the region where you operate
3 affect you, and I have thought a number of times
4 -- I am from the north, northwest region. That
5 doesn't have RTOs too, but I have thought to
6 myself, my gosh, I wish we had an entity that
7 could do an overall plan, we need an RTO. I have
8 said that to myself a whole bunch of times.

9 So I would like to see a real plan with
10 real facilities identified and costed out, so
11 people know what is coming or at least a starting

12 point for --

13 MR. CAULEY: Just one more comment,

14 Linda, if you don't mind.

15 Intellectually, I have spent enough

16 years at NERC. I know about

17 interconnection-level things. I understand where

18 this recommendation is coming from, and as an

19 individual, I support it, but I know that the

20 region that has one-quarter of all the customers

21 and all the net energy for load in the entire

22 United States would really vehemently object to a

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1 national planning model. It implies Eastern

2 interconnection planning model -- is what I am

3 reading. They would have the same objection to

4 Eastern interconnection planning model.

5 So what I will do is offer some language

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6 which maybe doesn't do away with the
7 recommendation but allows some flexibility in
8 terms of how that is implement, and the group can
9 either accept that or not.

10 ATTENDEE: Do it today.

11 MR. CAULEY: Do it today? Okay.

12 MS. KELLY: This is Sue.

13 Oh, I am very sorry.

14 MR. GRAMLICH: Oh, so many thoughts
15 running through my head. I will just say one
16 thing.

17 One fact that has come out of the
18 Southeast power pool transmission studies is that
19 a lot of wind power would flow into the Southeast
20 and benefit Southeastern consumers, and I just
21 hope that if we are going to talk about which
22 regions benefit or don't benefit, some of the

1 common myths I think should be dispelled, and
2 that is one of them.

3 MS. KELLY: There was a motion on the
4 floor, sort of, to take out the word "back bone,"
5 and I was wondering if that might be -- would
6 that make Gerry feel like he could support or --
7 and I believe that Jose was also in favor of
8 that.

9 MR. CAULEY: No. I said that was just
10 one notch. It moves me from a 10 to a 9.

11 MS. KELLY: Oh, okay. Well, I was just
12 hoping we could find some common ground here and
13 not have to --

14 MR. CAULEY: I will try to come up with
15 some --

16 MS. KELLY: I give up.

17 MR. CAULEY: -- words that don't look
18 like this is being dictated to a quarter of the

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19 country which is something they don't want to do,
20 but leaves the recommendation in. I will try to
21 do something.

22 MS. STUNTZ: We have agreed, I believe,

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1 unless there is objection, that we will take out
2 "back bone."

3 MR. HEYECK: I want to give you where
4 the word "back bone" came from. The "back bone"
5 came from the siting compromise, that we had
6 Federal siting above 345 kV, which we defined as
7 "back bone EHV." That is where the tie is to
8 back bone.

9 So, if we eliminate "back bone" in this
10 paragraph -- but I had agreed with Rob. There is
11 not much potential for renewable energy and the

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12 wind energy in the Southeast, and the only way to
13 get it there is with transmission, but it is not
14 meant to be a prescriptive as to what will happen
15 in the Southeast.

16 But I just wanted to give you the
17 background of "back gone." That is how we
18 developed it.

19 MS. GRUENEICH: Let me also just note on
20 page 13 on the text, it refers to that DOE needs
21 to convene regional efforts with RTO State public
22 utility commissions and regional planning

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1 councils. These collaborative efforts should
2 examine system reliability and should create
3 plans and protocols for development between
4 regions.

5 That really is the spirit in which I was

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6 looking at this. So maybe we should also
7 consider adding lead expedited completion of
8 collaborative comprehensive long term because I
9 think the text does pick up a flavor that this is
10 not just something done out of an office in
11 Washington, D.C., top down, but is very much a
12 collaborative effort.

13 MR. HEYECK: Yeah. We are collaborative
14 and comprehensive.

15 Not to be demeaning there, but that was
16 the flavor of it, and thanks for picking that up,
17 Dian.

18 Can we move on to No. 2?

19 MR. NEVIUS: Can I ask you a question?

20 MR. HEYECK: Oh. Hi, Dave. Go ahead.

21 MR. NEVIUS: I will have to hold this up
22 higher next time.

1 What is your sense of what the word
2 "lead" means? If I am the Secretary of Energy,
3 how do you want me to interpret that word?

4 And I haven't been nominated yet, so
5 don't worry.

6 MR. HEYECK: Line item in the budget.

7 MR. NEVIUS: That means pay for it.

8 [Laughter.]

9 MR. NEVIUS: What does the word "lead"
10 mean?

11 MR. HEYECK: It does mean pay for it,
12 but I will tie it back to other things.

13 MR. NEVIUS: So DOE would pay for --

14 MR. HEYECK: No.

15 MR. NEVIUS: -- expedited completion?

16 MR. HEYECK: That is kind of a short
17 answer. Dave, you know. You know what this
18 means. It is really the fact that the funding is

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19 a key element, but you also have to tie this in
20 with other DOE initiatives, such as renewables
21 and things like that, to make sure that we are
22 collaborating and developing a plan for all of

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1 the energy push buttons, if you will.

2 MR. NEVIUS: I understand.

3 What I was looking for is whether there
4 might be some sympathy for words like "encourage
5 and support completion," because Gerry's
6 constituents might be a little more accepting of
7 those words than "lead," because it sounds like
8 DOE is going to run the plan.

9 MR. HEYECK: Actually, I did have
10 "encourage" or "support," and someone told me I
11 should be more forthright and put "lead."

12 MS. STUNTZ: I think we need some

13 leadership here. I do.

14 MR. HEYECK: Yeah. We have been back

15 and forth on this. Can we put "collaborative" in

16 and move on to No. 2?

17 I'm sorry.

18 MR. CAULEY: I have one more comment. I

19 thank Dian for pointing it out. My task was to

20 come up with alternative language, and what I

21 could support, and then I will put this to bed

22 from my comments, it is the statement that is

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1 actually in the text does make a lot more sense,

2 and it is a definitive action, which is the DOE

3 needs to convene regional efforts with RTOs,

4 State public utility commissions, and regional

5 planning councils to perform certain tasks.

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6 And then it is sort of neutral as to
7 whether you are going to produce an
8 interconnection-wide transmission plan and
9 whether you are going to create a high-level back
10 bone overlay of the grid.

11 It doesn't presume the outcomes ahead of
12 time. So that is my suggestion, and I will leave
13 it at that. I don't expect to persuade 30 people
14 with what I have said, but that would be my view.

15 MR. HEYECK: Are you just going to
16 rewrite the green box bullet here with those
17 words, or what would you like to do?

18 MR. CAULEY: No. To take the "convene
19 regional efforts" -- just replace the first
20 sentence in the recommendation.

21 MR. CAVANAGH: I think the point is you
22 want to replace what is in the green box now with

1 what is in the next to the right on page 13.

2 Right, Gerry?

3 MR. CAULEY: I don't have any problem
4 with anything except the first sentence.

5 MR. HEYECK: Yeah, okay. Well, I'll
6 replace the first sentence with DOE to convene
7 regional efforts with A, B, C, and D, to complete
8 a comprehensive -- is that okay?

9 MR. CAULEY: I think to complete the
10 activities that are listed there, examine,
11 reliability, congestion, interconnection, and so
12 on and so on.

13 MR. HEYECK: Gerry, if you could just
14 highlight the text you want me to replace in the
15 first sentence while we go on to No. 2, it would
16 help me out.

17 MS. GRUENEICH: I'm sorry. I think we
18 should be clear on what is the recommendation,

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19 even though it is tempting to just let us go on.

20 On page 13, under the indented bullet,

21 it reiterates what is in the text, in the box,

22 and it says establish planning efforts and

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1 incorporate broad stakeholder participation. We

2 are all on the same page with that.

3 Then it goes on to say these

4 comprehensive planning studies should be

5 undertaken to develop high-level, back-bone

6 transmission plans. Either we are going to make

7 that recommendation that that comes out of those

8 planning studies, or we are not, but let's not

9 sort of take it out of here and then leave it in

10 here and then some people think we have said we

11 are not going to the plan and some people think

12 we are.

13 Personally, despite all of my issues
14 with who permits, I think if we are moving
15 towards an effort that truly is collaboratively
16 driven, that is comprehensive, that is looking
17 equally at the demand, as well as the supply
18 side, that ends up with high-level transmission
19 plans for this country makes sense, but I guess
20 we have to flesh this out.

21 I would support us ending out of that
22 effort -- ending up with some transmission plans

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1 for the country.

2 MS. FOX: Following up on that, you are
3 suggesting we would take that one sentence and
4 replace the first sentence in the green box, but
5 down in the body of it, below that, still this

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6 language there, except I would still take out
7 "back bone," the word "back bone" in the prose,
8 in the body of it.

9 MS. GRUENEICH: I personally was happy
10 with the box, as is, taking out the word "back
11 bone" and adding in the word "comprehensive," but
12 that was my view -- or adding in the word
13 "collaborative."

14 MS. FOX: If Gerry is good with doing
15 the box change but leaving this in that bullet
16 and getting rid of "back gone," that would then
17 resolve the consensus.

18 MS. STUNTZ: I am comfortable with what
19 you proposed. Unless you want to promise
20 something now -- so why don't we move on to the
21 next one.

22 MR. HEYECK: I am going to add

1 "collaborative" and delete "back bone." If
2 somebody wants to challenge me, then I'll just
3 need more than one.

4 The second bullet, this was the least
5 controversial part of the chapter.

6 [Laughter.]

7 MR. HEYECK: But I really like the
8 dialogue. In fact, I was telling Linda or David
9 -- I forget who I was telling -- I don't even
10 know who the transmission committee is because
11 everybody has really contributed. The committee
12 as a whole has really contributed to this, and
13 this is the language we came up with.

14 Any objections?

15 MS. FOX: I think I kind of gave Dian my
16 vote here. There are just a couple of minor
17 things.

18 Where you have in the bullet itself, No.

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19 2, address siting issues by taking a strong lead
20 Federal role and you are saying -- how are we
21 defining "strong lead Federal role"?

22 MR. HEYECK: Yeah, that is the Federal

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1 land issue.

2 MS. FOX: Oh, okay. I am fine with the
3 Federal land issue, but it doesn't really say
4 that.

5 So, when I read that, I read strong lead
6 Federal role in transmission siting period, not
7 on Federal lands.

8 MR. HEYECK: So address siting issues by
9 taking a strong lead Federal role --

10 MS. STUNTZ: On Federal lands.

11 MR. HEYECK: On Federal lands.

12 MS. STUNTZ: Add those three there.

13 MS. FOX: Yeah.

14 And then the other thing -- well, maybe

15 it was good that I didn't jump into this one

16 during the discussion. Was there a vote of the

17 committee where -- not out of the box, the

18 paragraph below the box, while opinions that

19 occur in the siting process, dah, dah, dah, most

20 members of the committee advocate DOE support for

21 siting authority for 345 kV and higher?

22 MS. GRUENEICH: I thought we got rid of

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1 the "most."

2 MS. FOX: It's there. Maybe --

3 MR. HEYECK: Most members, status quo.

4 Most members of the committee.

5 MS. GRUENEICH: I thought it was

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6 supposed to be some.

7 MS. FOX: Yeah. The rest of them are

8 all some, but there's still most here.

9 MR. HEYECK: Yeah. The some, most,

10 majority, we wrestled with the words. I believe

11 it's most.

12 MS. STUNTZ: Let me propose -- I don't

13 want to take votes. So we will do whatever we

14 need to do, but I thought it was acceptable to

15 say most members don't support the status quo.

16 Okay, so that one is okay.

17 So the first one is okay. It is the

18 second one that is the problem. Right? All

19 right. Maybe we can take the most out there and

20 just say members. Good. I think that's

21 progress. So the first most would be all.

22 Right? All right, fine, although "all"

1 emphasizes it, but --

2 MR. WEISGALL: But to stick with that
3 very sentence, do you want to provide the same
4 clarification in that sentence that Jeanne just
5 pointed out on the recommendation? Because right
6 now, some members of the committee advocate the
7 DOE support for siting transmission, blah, blah,
8 blah. It is not clear if that is limited to
9 Federal lands or not.

10 MS. STUNTZ: That is not limited to
11 Federal lands.

12 MR. WEISGALL: And it is not limited.
13 Okay, okay.

14 MS. STUNTZ: I would be content with
15 "some." The first "most" goes away. We could
16 say "many."

17 MR. HEYECK: The comment we got with
18 "some" appears weak compared to what the

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19 committee is. People take "some" as a few
20 members. So that is what I got as a comment back
21 on the "some."
22 So I went to "most" instead of "many"

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1 because "many" was the first thing we had.
2 Seriously, that was the changes in the --
3 MS. STUNTZ: Maybe Hunter or Sue or
4 Barry can solve this, or Tom.
5 MR. HUNT: Well, I think the answer
6 about solving it is no, but I was just going to
7 point out on the sentence after that, I guess two
8 sentences after that, "EAC members also agree DOE
9 must" -- if we have a definitive all members
10 agree the status quo is unacceptable, I would
11 argue the next sentence -- it is kind of editing,

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12 but the next sentence, I would argue has got to

13 be the "EAC members also agree."

14 So we state the two things that all of

15 us are in agreement on and then save the sentence

16 where it is some or many or most in the last

17 sentence out of the paragraph. A small point.

18 MS. GRUENEICH: Say that one more time.

19 Okay?

20 MR. HUNT: Well, the last sentence says

21 EAC members also agree. That is unanimous.

22 MS. GRUENEICH: That is unanimous.

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1 MR. HUNT: So what I thought we would do

2 is stay with the first sentence --

3 MS. GRUENEICH: Oh.

4 MR. HUNT: -- insert the current last

5 sentence of the paragraph as the second sentence,

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6 so we state the two things that all of us
7 definitively agree on, and then save the final
8 sentence of the paragraph, the final two
9 sentences, as the one there is a dispute on.

10 MR. HEYECK: Sue?

11 MS. KELLY: I actually didn't have any
12 commentary until further down in the text. So I
13 was going to pass now on the "many/most" versus
14 "some" controversy. I was willing to go with the
15 language that was there.

16 MS. GRUENEICH: Can I just do one more
17 on the wording change? If we reorganize it, the
18 way, Hunter, you said, I think that then you have
19 -- if you go into the -- you want to move
20 whatever is going to be the "some" or "many
21 members of the committee advocate that DOE
22 support siting." Instead of that saying in that

1 paragraph, I think you move it up to the next
2 paragraph.

3 MR. HUNT: That makes sense.

4 MS. GRUENEICH: And then it can lead
5 into: However, urging passage is not a unanimous
6 recommendation.

7 MR. HUNT: Yeah. Actually, that is
8 better. So break the paragraph. The last
9 sentence would be the beginning of the following
10 paragraph.

11 MS. GRUENEICH: Did you get --

12 MR. HEYECK: Is everyone finished with
13 the first paragraph? Because I need to know what
14 everyone said.

15 So, if you can doctor up your page to
16 what you said, it might help me out because I
17 started to mark up, and we deviated from the
18 mark-ups. Okay? So can you get me that?

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19 MR. HUNT: Yeah, I will.

20 MR. HEYECK: Barry.

21 MR. LAWSON: My issues are further down
22 as well. It is not in the dialogue paragraphs

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1 there.

2 MR. SLOAN: Mike, I want to go to the
3 first sentence of the block, where it says
4 "improve siting of transmission facilities
5 including potential Federal siting authority for
6 the back-bone EHV transmission lines."

7 We are not really recommending that DOE
8 site, are we? Aren't we recommending that they
9 improve the process of siting transmission?

10 MR. HEYECK: We are asking them to
11 delegate to FERC.

12 MS. STUNTZ: This block covers both. So
13 there is the role of DOE authority over Federal
14 land, and then there is the role of potential --
15 greater Federal role of siting other kinds of
16 transmission.

17 MR. SLOAN: All right. Well, I got that
18 part, but as I read the first sentence, it is
19 improved siting of transmission facilities. I
20 thought that the overall, overarching thing was
21 they improved the siting process. I mean, there
22 is a distinction, but maybe it is only in my

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1 mind.

2 MR. HEYECK: Jon?

3 MR. WEISGALL: Just a quick -- well,
4 actually, Tom, I understand your point because
5 the way that first sentence reads, it is the DOE

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6 itself should improve the siting, and your point
7 is DOE should improve the process for siting
8 transmission facilities. Is that what you are
9 getting at? Improve the process for siting? I
10 am just trying to put words in your mouth.

11 MR. SLOAN: That is correct.

12 MR. WEISGALL: My point, Mike, is if we
13 are taking the word "back bone" out of
14 Recommendation 1, do you want to take it out of
15 that first sentence on Recommendation 2, just to
16 be consistent? Because then we are going to
17 really have Gerry who has now gone from a 10 down
18 to an 8. At least he is smiling.

19 MR. HEYECK: We had a definition for
20 "back bone" that was above 345. We're losing it.

21 MR. WEISGALL: If you have clarified
22 that, I am comfortable with "back bone." I just

1 wasn't sure where the group was.

2 You provided that clarification, but
3 there was no follow-up from the group.

4 MR. HEYECK: Well --

5 MS. FOX: Actually, I said I didn't like
6 "back bone" --

7 MR. WEISGALL: Yeah.

8 MS. FOX: -- because I know the
9 Southeast commission --

10 MR. WEISGALL: Right.

11 MS. FOX: -- uniformly would not be
12 happy with that.

13 MR. WEISGALL: All I am saying is if it
14 comes out in No. 1, it should come out in 2.

15 MS. FOX: Yes.

16 MR. WEISGALL: If it stays in, it should
17 stay in. That's all.

18 MS. STUNTZ: Well, I think Mike's point

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19 is -- and we need to address this. If you take
20 it out, then potentially, these get broader in
21 scope because, as defined, it was a limiter. It
22 meant that these all only applied above 345 kV or

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1 above.

2 MR. CAVANAGH: Why don't we just specify
3 that EHV means over 345.

4 MR. HEYECK: It actually doesn't. EHV,
5 by definition of the IIIE, is above 230 kV. So
6 we are trying to split hairs here, but what I was
7 trying to do is make a distinction between
8 planning for EHV. I am okay with removing "back
9 bone" there, and then "siting back-bone
10 transmission."

11 MR. CAVANAGH: Then just say "345 kV and

12 above." I think the problem is the word "back
13 bone" implies a certain philosophy about how to
14 organize the system that is troublesome to some
15 people.

16 If what you guys meant to say was 345
17 and above should be under Federal jurisdiction,
18 enhance Federal jurisdiction, why don't you just
19 say that?

20 MR. HEYECK: Well, that's -- yeah, we
21 have that in the text. You want us to eliminate
22 "back bone"?

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1 MR. CAVANAGH: Yeah.
2 And if, as I expect, item 2 is intended
3 to capture the difference of view, let me just --
4 I think it doesn't do that very effectively now
5 because it says -- if you read it, it says

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6 "including potential Federal siting authority
7 address siting issues by taking a strong Federal
8 role, and then in the absence for siting
9 authority" -- it is really not clear whether we
10 are recommending enhanced Federal authority or
11 not.

12 Since there is a division of view, I
13 think what you want to say with this is you want
14 to say improved siting, including potential
15 Federal siting authority for transmission lines
16 in excess of 345 kV or, in the alternative, in
17 the absence of Federal siting authority, do these
18 other things, but if -- I believe that is the
19 recommendation, and I think we should be clear on
20 it, so there is no confusion here.

21 We are saying that we support enhanced
22 -- we want to improve the siting process. One

1 option is enhanced Federal authority, and the
2 alternative, we have got this proposal for
3 strengthening the regional systems. That is the
4 recommendation.

5 What I don't want is confusion. I know
6 a lot of hard work by the chair has gone into
7 making clear that there are different views on
8 this. This recommendation, which is all that
9 many people will read, doesn't make that as clear
10 as perhaps we should.

11 MR. HEYECK: On the other hand, Ralph,
12 the green box comes forward without the remaining
13 text.

14 MR. CAVANAGH: Yeah. So what I would --
15 exactly right. So, again, what I am suggesting
16 we say is that we have it in the alternative,
17 which makes clear that the group is putting
18 forward multiple options here, and has not

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19 settled on a single one.

20 MS. STUNTZ: I have a slightly different
21 suggestion.

22 MR. CAVANAGH: Okay.

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1 MS. STUNTZ: I think what is confusing
2 this is -- all right. So address siting issues
3 by taking a strong lead, Federal role on Federal
4 lands. That, we are all agreed on.

5 MR. CAVANAGH: Sure.

6 MS. STUNTZ: Then strike that next "in
7 the absence of FERC siting authority," because I
8 think that is what is confusing people, and to
9 start and say -- because that siting of Federal
10 lands was one point. The rest of the box, I
11 believe is devoted to other kinds of siting, and

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12 if we just say support State, local, Federal best

13 practices, blah, blah, blah, I think that --

14 MR. CAVANAGH: That is fine, but then

15 you need the reference of Federal lands in the

16 box.

17 MS. STUNTZ: Yes, we do.

18 MR. CAVANAGH: And it's not there.

19 MS. STUNTZ: It is going to go right in

20 after "Federal role."

21 MR. CAVANAGH: I'm sorry. I just didn't

22 understand.

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1 MS. STUNTZ: That's okay. There's been

2 a lot going on.

3 MR. CAVANAGH: All right.

4 MS. STUNTZ: I think we are close on

5 this.

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6 MR. HEYECK: Yeah, but if you eliminate
7 "in the absence of" --

8 MS. STUNTZ: Right.

9 MR. HEYECK: -- you are getting down to
10 the NIETCs. Okay? If you have siting authority
11 for above 345 kV, you will not need the NIETCs.

12 MS. STUNTZ: Well, how about if we just
13 -- I think we can fix this too.

14 You say support State. We are going to
15 support the best practices and coordination and
16 potentially expand NIETCs and FERC, take out
17 "backstop." Potentially expand FERC authority.
18 Because to me, if you take out "backstop," that
19 means you may take FERC authority behind NIETC,
20 which is what some people would want, and then I
21 think you have covered the discussion in the
22 text.

1 MR. HEYECK: Okay.

2 MS. STUNTZ: Well, it is something to
3 think about. I know we are doing a lot of
4 editing on the fly, which is hard, but I think
5 that would do it.

6 MR. LAWSON: This is Barry.

7 The key concern I have, these two
8 paragraphs here do spell out the alternatives
9 very well, and there was a lot of work that went
10 into putting that together.

11 What I would like to see is the
12 recommendation reflect those two paragraphs, and
13 I think that is what we are trying to work
14 towards.

15 Right now, as written, it doesn't. It
16 takes a view of maybe one group of folks that
17 participated in this.

18 As far as saying above 345 Federal

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19 siting authority or in the alternative, well,
20 some of us aren't supportive of the 345 in the
21 first place. So, in my opinion, there is no in
22 the alternative. I don't support the "above 345"

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1 part."

2 So the recommendation needs to state the
3 range of solutions that have been presented or
4 indicate the level of support. Somehow it needs
5 to be reflected there because this is going to
6 get lifted from this report, and it is going to
7 look like the EAC supported above 345 Federal
8 siting authority, and that is not the case.

9 MR. CAVANAGH: I think as the chair is
10 proposing to rewrite it -- and we probably need
11 to look at it -- she is going to make that clear.

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12 So, since that was exactly my concern as well,
13 maybe we should give her a chance to show us, but
14 I thought she fixed it.

15 MR. LAWSON: I just wasn't sure because
16 it is hard to tell.

17 MR. CAVANAGH: She took out "in the
18 alternative," and she made some clarifying -- it
19 is a little disjointed.

20 MR. LAWSON: We are going in the right
21 direction.

22 MR. CAVANAGH: Yeah.

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1 MR. HEYECK: Okay. I do not know what
2 to change.

3 So, Linda, if you can give me the green
4 box, and, Hunter, what we're going to do with the
5 two paragraphs, just tell me what to do on that,

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6 and I will do it.

7 MS. STUNTZ: Let me try this one more
8 time because the edits are fairly simple. We
9 could all follow along.

10 So, in the box, the first sentence stays
11 the same. The second sentence, address siting
12 issues by taking a strong lead Federal role on
13 Federal lands.

14 And then I was striking "in the absence
15 of FERC siting authority." So the next sentence
16 would start "Support State, local, and Federal
17 best practices and coordination, and potentially
18 expand NIETCs and FERC" -- strike "backstop" --
19 "FERC authority to address reliability, as well
20 as interconnection integration of low cost of
21 common resources."

22 MR. HEYECK: Okay.

1 MS. STUNTZ: I think that covers the
2 potential rely of options here. It doesn't say
3 we are going over 345. It just -- to me, it
4 summarizes the discussion in the text.

5 MR. HEYECK: Okay.

6 MS. STUNTZ: Yes, it does. The first
7 sentence has not changed.

8 MS. KELLY: This is Sue.

9 The first sentence, as you have written
10 it, says "including potential Federal siting for
11 back-bone" -- are we taking out -- I don't know
12 if we are or not, but it seems that first
13 sentence taken alone seems to say we support
14 Federal siting of 345 and above.

15 MS. STUNTZ: It just says "improve
16 siting of." So I don't know --

17 MS. KELLY: Comma, including potential
18 Federal siting authority for back -- you know,

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19 and then it goes on.

20 MR. LAWSON: What it should say after
21 "including," if you wanted to put it in there,
22 "potential Federal siting authority," it should

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1 also say "enhancement of NIETC," et cetera, et
2 cetera, the options that we have been talking
3 about, not just "Federal siting authority."

4 MR. HEYECK: The recommendation is for
5 Federal siting authority above 345 kV. That is
6 the recommendation. The recommendation is that
7 the DOE should lead over Federal lands. In
8 absence of that, A, B, C, D, E. That is exactly
9 what the text says.

10 I would say that if we are recommending
11 a menu of options, we have recommended nothing.

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12 So my recommendation is that we stick with the
13 first two, we add the process of, we eliminate
14 back bone, but whatever we start in the absence
15 of, that is where you put the alternatives.

16 MS. KELLY: That is different than
17 saying that some people support, you know, Option
18 A and some people support Option B. That makes
19 it sound like everybody supports Option A, but if
20 Option A can't be gotten, then we support Option
21 B.

22 MR. HEYECK: That's what it says.

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1 MS. STUNTZ: That is not what it says
2 underneath there.

3 MS. KELLY: Correct.

4 But then to confuse things even further,
5 you get over to the right-hand side, the last

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6 carrot, it says support Federal siting for

7 transmission above 345.

8 ATTENDEE: [Speaking off mic.]

9 MS. KELLY: Yeah. Well, me too.

10 So, you know, this -- I think the

11 paragraphs after the green box faithfully reflect

12 where I thought we were going to go. I do not

13 think the green box does, and I do not think that

14 the carrots in the bottom right-hand side to.

15 MS. STUNTZ: So we should take the

16 paragraph and put it in the box, it sounds like,

17 since there seems to be agreement on that.

18 MS. KELLY: Some slimmed-down version of

19 that, yes.

20 I do not agree that the green box

21 accurately reflects what comes after.

22 MR. HEYECK: I think this is

1 fundamental, folks. It doesn't say anything
2 bold, and we might as well pick fish meat or
3 cheese.

4 What I am saying is the committee,
5 whether we vote or whatever, we got to recommend
6 something. I think alternative views must be put
7 there because the administration will consider
8 those alternative views.

9 MS. GRUENEICH: And that is why we -- ou
10 know, why we have put down what are the options
11 that this committee, some members support some
12 options, some members support other options. You
13 know, that's where we are.

14 MR. LAWSON: I think just to be
15 completely up front, there has been a lot of good
16 work on this language. I think these paragraphs
17 have it very, very well stated, but if the
18 recommendation starts off with above 345 Federal

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19 siting authority, then I won't be able to support
20 it, unless it includes the other options that we
21 are all talking about, and that is in the
22 following paragraphs.

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1 I am happy to work with the group on
2 trying to come up with something.

3 MS. STUNTZ: Well, look, guys, this has
4 been going on for a lot of months, and I know
5 Mike has worked very hard on this, and Dian and
6 everybody else in this room.

7 We need to come to closure on this
8 today, and I would encourage people to focus on
9 what is in the box and decide what needs to come
10 out that we can agree on, because it is
11 fundamental, and I think this is one of the most

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12 important recommendations in the whole report.

13 So I don't think -- I really don't think

14 we are that far away. If there is some

15 formulation of more words we can take out of that

16 -- we have already agreed there are some things

17 that need to be added to that.

18 I don't know. Hunter, can you help us

19 out here?

20 MR. HUNT: Actually, I was just going to

21 ask either Susan or Barry what their thoughts are

22 in your language, which I thought actually goes I

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1 think 90 percent of the way there for solving

2 your all's problem.

3 MR. LAWSON: Like I said, it was going

4 in the right direction, but it still I think has

5 -- the first is support for above 345 kV siting

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6 authority, essentially. Maybe we need to take a
7 look at it in written form, so we can work from
8 it.

9 MS. STUNTZ: All right. Well, let me
10 try one more thing then because it seems the last
11 stumbling block may be the parenthetical up
12 there, the "including potential Federal siting
13 authority for back-bone EHV transmission lines."

14 We need a simple declarative statement,
15 improve siting of transmission facilities,
16 period. We are going to address them by taking a
17 strong lead Federal role over Federal lands. We
18 are also going to i think still -- we are going
19 to support State, local, Federal best practices
20 and coordination -- and potentially expand NIETCs
21 and FERC authority to site transmission to
22 address, because that needs to be in there, the

1 rest of it.

2 MR. HEYECK: Personally, no, but for the
3 committee, I will do it.

4 Seriously, I have been doing siting of
5 transmission facilities all my life, and this is
6 the most hardest thing that you could do, and at
7 the end of the day, it is the property owner.
8 Very few times do we condemn a property. We
9 actually do it right. It is really the State
10 processes or the Federal processes that really
11 muck around with it, that give us more headaches
12 and delay transmission for years, and that is the
13 fundamental problem.

14 And then the other issue is if you don't
15 like the cost allocation, you could use siting to
16 block. So it's --

17 MS. STUNTZ: That is why I am asking us
18 all, including I am holding here too, because I

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19 think there is very good discussion in here about
20 the barrier that cost allocation is, and I want
21 to keep that, and I want -- I think it is
22 extremely meaningful to have a group of this

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1 diversity able to support this.

2 So it isn't anything that any of us
3 would want, and I know everyone has given a
4 little bit. We are not changing the underlying
5 text. What we are trying to do is come up with a
6 recommendation that captures the range of the
7 views, without I think -- I mean, your view is
8 still going to be down here below in terms of
9 whatever we decide on the "some" or the "most."
10 I don't think we have gotten there yet, so --

11 MR. HEYECK: Okay.

12 MS. STUNTZ: I think that would do
13 justice to where you are. So I don't know what
14 --

15 MR. HEYECK: Well, I'll welcome the text
16 from Sue and the movement in the first paragraph
17 from Hunter, and let's move on to No. 3.

18 This is the cost allocation issue. We
19 are recommending broad cost allocation, broad
20 cost allocation and to encourage passthrough of
21 those that have broad benefits.

22 Any comments or questions?

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1 MR. CAVANAGH: Is it your judgment that
2 FERC has the authority it needs to solve the
3 problem, or is it necessary to recommend a
4 strengthening of that authority?

5 MR. HEYECK: It is to advise FERC. FERC

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6 does have the authority.

7 MR. CAVANAGH: That is a meaningful
8 view. I know it's the chair's view. The FERC
9 chair has sometimes talked as if he didn't think
10 it was accurate, and that is why if we have any
11 -- we might want to make clear that we think FERC
12 has adequate statutory authority to resolve the
13 problem, if we do, and I think that would be a
14 contribution.

15 Otherwise, there is a ready-made excuse
16 for FERC that it would love to be helpful, but it
17 just doesn't have the authority.

18 MR. HEYECK: Could someone of legal
19 opinion give me that?

20 MS. STUNTZ: Well, I believe they do. I
21 think it gets complicated when -- and I think one
22 of Joe's hesitations is they can declare a

1 certain cost allocation, but if State regulators
2 disagree and don't allow -- A, don't site and, B,
3 don't allow passthrough in retail rates, it's
4 over. So it is a problem of the current system.

5 But I mean to the extent -- look, to the
6 extent RTOs can do it, FERC must be able to do it
7 because RTOs have no authority other than what
8 they have on the Federal Power Act, which is
9 FERC. That is the real problem. That is no
10 mechanism, and even within RTOs, to even people
11 like SPP guys who said in Dave Nevius' NERC
12 report, that they can't -- they haven't been able
13 to solve it.

14 MS. GRUENEICH: I guess picking up on
15 what Ralph said, you know, the first sentence in
16 the text says "Broad cost allocation for
17 back-bone transmission facilities approved by
18 regional and interconnection-wide planning

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19 processes must be developed and applied in
20 predictable fashion," but we don't seem to have a
21 recommendation that then carries through on that
22 statement.

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1 Oh, to develop broad -- oh, I see. I
2 apologize. Okay. Never mind. I am now catching
3 up that the first one does it. Okay.

4 MR. HEYECK: Anyone else?

5 MR. CAVANAGH: Mr. Chairman, my friendly
6 amendment is simply if -- I think it would
7 strengthen the report if you would make clear,
8 since it seems you have the approval of the
9 committee to do it, that FERC's existing
10 statutory authority is sufficient to allow for
11 that recommendation to be fully executed, if that

12 is the view of the group.

13 Rob, in your judgment, should we
14 recommend something here? If you don't think
15 this recommendation can be executed under
16 existing law, it is a little bit -- we ought to
17 at least flag that.

18 MR. GRAMLICH: How about advice for --
19 to -- well, the second part of the sentence isn't
20 -- have FERC do what it can within its existing
21 authority, but I would not say that FERC's
22 existing authority is sufficient to do the whole

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1 grid overlay that some of us believe is
2 necessary.

3 So we can say it can do what it can when
4 it's --

5 MR. CAVANAGH: You are talking about

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6 cost allocation.

7 MS. STUNTZ: Yeah. Let me just -- maybe
8 this is a question of Dave or -- who is it? Is
9 it DOE that is to engage, or is it FERC, or
10 should we recommend that FERC engage stakeholders
11 to work on this? Because that would at least get
12 FERC implicated in this. Right now, they are not
13 really in here at all.

14 MR. HEYECK: The recommendation for DOE
15 -- the original recommendations had FERC. So,
16 basically, it is really DOE that is going to
17 start the process and advise FERC as a second
18 bullet.

19 Now, you want to change the first bullet
20 to include any legislation needed? I mean, the
21 issue today is that FERC acts on what they are
22 presented, and we are saying that what they are

1 --

2 MS. STUNTZ: But they could issue --
3 they could do rulemakings. They could be a lot
4 more proactive than they have been. It is just
5 so very hard, and they are like everybody else.
6 They are shying away from it.

7 So, I mean, I'm fine with this if you
8 want to say DOE should bite the bullet and lead
9 on this. That's fine, but -- technically, FERC
10 is a part of DOE, so --

11 MR. HEYECK: Federal policymakers to me
12 is FERC. So do you want to change the first
13 bullet?

14 MS. STUNTZ: I'm fine.

15 MR. HEYECK: Okay.

16 Anyone else on Item No. 3? I am doing a
17 global and eliminate the word "back bone." Okay?

18 Item No. 4. Item No. 4 deals materially

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19 with the grid operations and controls with
20 respect to the energy or electricity future
21 including variable generation and other options.
22 Are there any other comments to this

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1 recommendation?

2 [No response.]

3 MR. HEYECK: Going once.

4 Item No. 5. What's that?

5 ATTENDEE: [Speaking off mic.]

6 MR. HEYECK: I should have left the

7 siting one for last.

8 Item No. 5 is -- this is mainly an R&D

9 section to include -- I hate to use the word

10 "incentives" -- basically to encourage

11 technologies and first movers and to have DOE

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12 fund some R&D.

13 Any questions or comments?

14 MR. WEISGALL: A reason why you have

15 "willing participants" instead of "stakeholders"?

16 I assume all the participants would be willing.

17 I don't know if there was a different terminology

18 for that.

19 MR. HEYECK: We are not mandating

20 anyone. Do you want me to scratch out the word

21 "willing"? I'll do that.

22 MR. WEISGALL: Either get rid of

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1 "willing" or just say "engaging stakeholders" or

2 something.

3 MR. HEYECK: Okay.

4 MR. WEISGALL: Yeah.

5 MR. HEYECK: Anything else?

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6 [No response.]

7 MR. HEYECK: Item No. 6. This relates
8 to being agnostic with respect to business
9 models, to break down the barriers of ownership
10 on transmission.

11 Sue, do you object to this?

12 MS. KELLY: I'm sorry. I was looking at
13 my homework. Where are you?

14 MR. HEYECK: It is actually No. 6. Any
15 comments?

16 MS. KELLY: Actually, I read that over
17 and thought you had done a beautiful job and
18 wanted to positively reinforce you.

19 MR. HEYECK: Thank you. The credit goes
20 to Hunter.

21 MS. KELLY: I'll talk to him too.

22 MR. HEYECK: Anything else?

1 [No response.]

2 MR. HEYECK: Okay. So, from my
3 perspective, I am going to do a global on "back
4 bone." There's a couple of edits, and Item No. 2
5 is being drafted to my right here.

6 MR. CAVANAGH: Just so I am clear also,
7 in the text on page 14 where we had "some," we
8 went round and round, and there is now a bullet
9 that says "support for siting authority for
10 transmission above 345 kV." What have we done
11 with that?

12 MS. STUNTZ: I gave it to Peggy, but I
13 believe that is -- let me get back here and make
14 sure I read that to you. I don't want to mess
15 this one up.

16 MS. WELSH: And I gave it to Mike.

17 MS. STUNTZ: So what I believe it is
18 going to say is improve siting of transmission

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19 facilities, period.

20 MR. HEYECK: Let me read what Sue wrote:

21 Improve siting of transmission facilities,

22 period. DOE should address siting issues by

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1 taking a strong lead Federal role on Federal

2 land. Other ways to strengthen siting include,

3 one, Federal siting authority for EHV

4 transmission lines -- or 345 kV and above or

5 above 345 kV actually, support State, local, and

6 Federal best practices and coordination of

7 multi-agency permitting activities, and expansion

8 of NIETCs and FERC authority to address

9 reliability, as well as interconnection of low

10 carbon resources.

11 MS. KELLY: Actually, there was one word

12 that was omitted from that. Between 1 and 2,
13 there is an "or."

14 MR. HEYECK: Oh.

15 MS. KELLY: So, in other words, there is
16 the -- you know, and if you want to change it to
17 345 and above, I certainly -- you know, whatever.
18 That is one option, or there is another option,
19 and then the text below explains that some people
20 support one, and some people support the other,
21 and that's the cleanest way I know how to do
22 that.

1 ATTENDEE: I support that language.

2 MR. CAVANAGH: Okay. So, in addition,
3 the box gets rewritten, and the explanatory text
4 also gets rewritten, so that there is no -- what
5 I was not -- I thought we had the box resolved

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6 too. I was concerned about the explanatory text.

7 There still is a second bullet at the bottom of

8 page 14.

9 MS. KELLY: I concur with that, that

10 that means to also --

11 MR. CAVANAGH: Okay.

12 MS. KELLY: And frankly, I don't know

13 why it needs to be kept because we -- you know,

14 we've got it in the box and --

15 MS. GRUENEICH: I would like to just add

16 one word of what you wrote which is when you say

17 FERC authority, to have FERC backstop --

18 MS. KELLY: Somebody suggested taking

19 that out at some point, which is why I took that

20 out. I'm sorry. Earlier on, there was a --

21 MS. GRUENEICH: Why did you take that

22 out?

1 MS. KELLY: I didn't take it out.

2 Someone else did.

3 MS. STUNTZ: I had a little different
4 formulation. I was trying not to do this
5 alternative thing, but just say we were going to
6 improve FERC -- it was sort of a different
7 construct from Sue. So I don't know if --

8 MS. KELLY: If you want to put
9 "backstop" back in, I was just trying to conform
10 to that.

11 MS. GRUENEICH: I would prefer it go
12 back in because --

13 MR. HEYECK: That's fine.

14 MS. KELLY: I can rest with that.

15 MS. GRUENEICH: Because what I
16 understand is it's still backstop, but it's just
17 expanding where it can be applied to, whereas if
18 you take it out, you could be not even having

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19 backstop, so --

20 MS. KELLY: I defer.

21 MR. WEISGALL: In Sue's construct, it

22 should go back in. Taking it out made more sense

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1 in Linda's. It doesn't make sense. So it should

2 to back in.

3 MS. KELLY: I agree.

4 MR. WALKER: I was just going to say

5 with regard to Sue's comments, if we are going to

6 set it up with the first piece, which I think

7 everyone agrees to, and that "or" and go down

8 through this "or" list, then the subsequent

9 information in the paragraphs and bullets can be

10 broken down, I think based on the way Hunter had

11 laid out -- laying out kind of how everyone

12 agrees.

13 So we don't lose anything in the text.

14 It just gets broken down into the component

15 parts, and that's sit.

16 MS. KELLY: Well, I think we do have to

17 lose some stuff in the text, once you get down to

18 the bottom of the right-hand column where there

19 is -- they are carrots, not bullets, whatever,

20 but that those seem to be inconsistent with

21 what's earlier at the very end.

22 MR. LAWSON: We don't really seem to

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1 need them after redrafting up front. I don't

2 think you need the three bullets at the end.

3 It's repetitive.

4 MR. HEYECK: Let me -- I'm sorry.

5 Vickie, did you have a comment?

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6 MS. VAN ZANDT: Actually, I am going to
7 move away from the recommendation. So go ahead
8 and finish.

9 MR. HEYECK: Okay. What I would like to
10 just be clear on the green box, which is probably
11 the only thing that will be read, improve siting
12 of transmission facilities, period. I think
13 everyone has agreed. DOE should address the
14 Federal lands issue. I think everyone agrees.

15 On Item 1, it says Federal siting
16 authority for EHV transmission lines, 345 and
17 above. Do you want that to say above 345 kV,
18 which is how I defined back-bone EHV? Anyone
19 object to that?

20 MS. KELLY: No.

21 MR. HEYECK: Okay. And then the rest of
22 it is I added "backstop siting authority," which,

1 Linda, you were trying to -- I had it in as a
2 parallel, which basically is expand NIETCs which
3 implies FERC backstop authority. So we will put
4 that back in.

5 And we will rework the text to put in
6 absolute transmission siting under Federal
7 authority for anything that we wish for, but I do
8 think --

9 MS. STUNTZ: Being certified by Mike
10 Heyeck.

11 [Laughter.]

12 MR. HEYECK: I will change that. Hunter
13 is going to give me a few suggestions.

14 Vickie, you had something else?

15 MS. VAN ZANDT: This is a correction, I
16 think, in the text. Is that for the whole group
17 or -- okay.

18 Page 11 in the advanced automated grid

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19 control, kind of toward the bottom of the first
20 paragraph there on the left, it says diagnostic
21 MRI for the electric grid providing continuous
22 control in the synchronized real-time data.

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1 I don't think at the moment there is any
2 control. It is just for -- so I think we need to
3 take that word out.

4 The next sentence says should be further
5 developed to provide control. We don't control
6 them yet.

7 MR. HEYECK: Okay. I will look at that.
8 Yeah.

9 ATTENDEE: Everyone will read this
10 section.

11 MS. VAN ZANDT: I know.

12 MS. STUNTZ: I am so glad that you are

13 here.

14 MS. VAN ZANDT: I'm a nerd.

15 MS. STUNTZ: No.

16 MS. VAN ZANDT: Okay. And one more

17 thing, it seems like a mistake to me. In

18 relieving grid congestion, the second paragraph

19 in that group, it says making such options

20 available.

21 MR. HEYECK: Tell me where you are

22 again.

1 MS. STUNTZ: Page 11, right-hand column.

2 MS. VAN ZANDT: Yes, 11. It's the same

3 page.

4 MR. HEYECK: Okay, I got it.

5 MS. VAN ZANDT: Okay. It says making

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6 such options available to transmission consumers.

7 They are not going to be doing variable output

8 renewable energy. Isn't that a transmission

9 operator?

10 MR. HEYECK: Yeah.

11 MS. VAN ZANDT: Okay. That's it.

12 MR. HEYECK: That's it.

13 I just want to make one last story on

14 the transmission grid. I have an example here of

15 the lake effect, and if you read the history of

16 our transmission grid, the 1965 blackout, the

17 2003 blackout, the lake effect was a contributor.

18 I got in this an example of how this

19 isn't working. We have three RTOs and one

20 independent operator that can't seem to figure

21 out what to build to solve the problem around

22 Lake Erie, and we just cannot solve that problem

1 without a grand plan and cost allocation.

2 I think siting across Lake Erie wouldn't
3 be too difficult.

4 MR. WEISGALL: Can I move from the
5 sublime to the ridiculous? Am I misreading
6 Recommendation No. 6, or is there a typo?

7 "Advising FERC to encourage expedited
8 timelines for construction of economic projects,"
9 or am I -- do we need the word "of"?

10 MR. HEYECK: Oh. "For construction of."
11 Yeah.

12 MR. WEISGALL: Sorry.

13 MR. HEYECK: You get the gold star, Jon.

14 MR. WEISGALL: There you go.

15 MR. HEYECK: As having the last word.

16 MS. STUNTZ: All right. Unless there is
17 something substantive, I do appreciate these, but
18 I am mindful of time, and I would ask any

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19 comments go to Mike by close of business tomorrow
20 on things like this, and I want to say, again,
21 how much I appreciate everyone's efforts on this
22 very difficult subject.

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1 MS. KELLY: As the person who probably
2 caused Mike the most headache, though there may
3 be others in that round, I just want to give you
4 a round of applause for getting us in.

5 [Applause.]

6 MS. STUNTZ: All right. So we have
7 saved the executive summary and the introduction
8 for last, so that Sue, having listened to all
9 this now, will be in a position to -- I mean, we
10 haven't had a chance, and this is hitting Sue a
11 little cold too, but I mean, I would hope that

12 you -- what I want to do?

13 MS. KELLY: Well, yeah. First of all,
14 you should know that I didn't see this executive
15 summary actually until yesterday. So I was a
16 member of the drafting committee for the
17 introductory chapter. I worked with Yakout on
18 certain items, but I never saw this.

19 However, having read it over, I think it
20 is pretty good, and I would just note that the
21 recommendations section, I am assuming are going
22 to be revised. I guess I would ask that when the

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1 recommendations sections of the other chapters
2 are complete, that those be sent to me. Does
3 that make sense?

4 Our chair is nodding yes.

5 MS. STUNTZ: Yes. Please do that, so

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6 that she can reflect them. We should have
7 conformity.

8 MS. KELLY: Yes. And send them in Word.
9 Do not send me a PDF. You will not be my friend
10 if you send a PDF, and a lower version of Word
11 would be helpful. Some of you people have Vista,
12 and we do not. So I would just request that if
13 you could send me your recommendations sections,
14 then I will work to replace what is there with
15 what is here, and I guess what we should probably
16 do now then is open discussion of the text of the
17 preliminary sections that come before the
18 recommendations.

19 Do you agree with that, just kind of ask
20 if people have thoughts about what is there, or
21 do you have a better suggestion?

22 MS. STUNTZ: No. I don't have a better

1 suggestion, although as I said, I am mindful of
2 the time. We need to -- well, we were going to
3 discuss our year two work plan, but I kind of
4 think that may be determined by people other than
5 us anyway. So I think it's fine to talk about
6 what -- we need to spend some time on this, and I
7 would -- again, wordsmithing is probably not that
8 useful at this point. I think there is going to
9 be some change to the executive summary based on
10 decisions and discussion we have made today, but
11 certainly, any guidance that can be offered at
12 this point to help Sue and Energetics pull this
13 all together, we would be very appreciative.

14 MS. GRUENEICH: I am actually conveying
15 from the Yakout, there was a glitch.

16 MS. KELLY: Ah, okay.

17 MS. GRUENEICH: And the one you have is
18 not the final one that he had signed off on.

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19 MS. KELLY: Oh.

20 MS. GRUENEICH: He and I e-mailed at
21 midnight last night, because he is in California.
22 That I had sent around -- it is not a big deal,

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1 but I guess I just wanted to make sure I brought
2 this up.

3 I had sent around an e-mail that said
4 that I was quite concerned that there weren't the
5 words "global warming climate change" in it, and
6 that also some recognition of the current
7 economic turmoil.

8 Linda, you and Yakout said yes, let's
9 put something in.

10 MS. STUNTZ: Yeah.

11 MS. GRUENEICH: Some version of

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12 Linda-Yakout-Kim Hubner [ph] worked on some
13 language. they sent it to me, very nicely. I
14 had a few smaller edits, and that -- I don't know
15 if it's just my edits or what had gotten from
16 Linda and Yakout didn't get reflected, but when
17 we e-mailed back and forth last night, we
18 realized that's not here.

19 MS. STUNTZ: All right. That is
20 important to know.

21 MS. GRUENEICH: So all those who are in
22 the camp of let's have more, that it recognizes

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1 climate change, are not actually -- see, I mean,
2 here is one example that I noticed -- or two
3 examples of what I am talking about. Again, I
4 don't think it's big, and I assume it can get
5 around to everybody very shortly -- is that in

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6 the first paragraph, it says, for example, EAC
7 has said it will be unable to ensure a reliable
8 and cost-effective supply.

9 I had put down -- or I can't really
10 remember whose this was, but it was "reliable,
11 cost-effective, and environmentally sustainable,"
12 so that it added sort of that flavor at the
13 beginning.

14 In the one, two, three -- fourth
15 paragraph, the part that begins on the top at the
16 other side, it was the proposed energy plan from
17 President-Elect Barack Obama targets emissions
18 from all sources and promotes expanded
19 development of energy efficiency, renewable
20 resources, and a modernized grid, sort of just a
21 little bit more.

22 And somewhere we have down -- oh, there

1 was another one that said -- well, I guess, let
2 me not take time on it, but I think either I am
3 supposed to be e-mailing this or Yakout is going
4 to e-mail it, so that it gets in the mix, but
5 there was a glitch.

6 MS. STUNTZ: All right. I don't know
7 whether maybe -- I think Kim did this for Yakout.
8 Maybe she didn't get the right -- you guys,
9 maybe, whatever, but we will endeavor to make
10 sure that you have the right one, and that the
11 right one gets circulated quickly to all members,
12 so that when they send in comments, if any, to
13 Sue, they will be working off of the correct
14 draft because I don't think it makes a lot of
15 sense for people to go over this draft.

16 MS. KELLY: Amen, sister.

17 MS. STUNTZ: Yeah.

18 So, Dian, do you have the correct draft

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19 or --

20 MS. GRUENEICH: What I have is the
21 version Yakout e-mailed to me. I made a couple
22 changes. I e-mailed it back to Yakout. Yakout

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1 e-mailed back to me that said "excellent
2 suggestions, I accept them all."

3 MS. STUNTZ: All right. Why don't we --

4 MS. GRUENEICH: I could go into that
5 now.

6 MS. STUNTZ: Let's go with that, and
7 we'll get that around to you all. Again, keep in
8 mind that we will be conforming the
9 recommendations to our discussion today, but
10 other discussion in there, let Sue know, and then
11 we will go from there.

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12 Ralph.

13 MR. CAVANAGH: The two small substantive
14 points I would make, in the second paragraph
15 where we lay out the warning signs for declining
16 electric power infrastructure, we ought to
17 include some reference to the demand side in
18 there. This is one of the many points where yo
19 don't want to look like you're a hammer walking
20 around looking for a nail, and there is a
21 straightforward way I think of doing that.

22 I would also, in the executive summary,

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1 plead as I have in the generation. When we make
2 the case for expanded generation investment, we
3 should talk about more than just DOE's view of
4 what the growth of electricity consumption will
5 be. We should talk about the aging fleet. We

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6 should talk about environmental performance. We
7 should make it clear that the case is robust,
8 whatever you think about the trajectory of
9 electricity demand.

10 I will be glad to suggest ways of doing
11 that, but I want to look. I think these have
12 been broadly accepted views around the room. It
13 really will expand the constituency for the
14 report, if we can do that effectively.

15 MS. STUNTZ: I agree and would encourage
16 you to submit comments to Sue to help bring those
17 out. I think there are points we would all agree
18 with.

19 Jon?

20 MR. WEISGALL: Dian, I don't know if it
21 was in Yakout's draft or not, but I do think that
22 somewhere in our executive summary early on, we

1 need to note, yes, that we have some long-term
2 recommendations here, but we are not ignorant of
3 the fact that right now, the economic downturn is
4 having a severe impact on infrastructure
5 investment, given both the cost of capital and
6 the unavailability of capital, and I think a
7 reflection, we may see demand decline.

8 All of that can be in the context of
9 short term, but I do think that a report coming
10 out in the December-January time frame should
11 make some appropriate reference to where the
12 economy is now and the impact of that on lots of
13 things we are recommending because the fact of
14 the matter is, utilities like mine, like AEP,
15 like others are talking -- are postponing a lot
16 of investment in many of the good things that we
17 are talking about here.

18 That is not a reason to change any of

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19 the substantive recommendations in our report,
20 but I think it makes it timely and relevant to
21 when we are putting it out.

22 MS. KELLY: Can I just try to build on

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1 that a little bit? One possible theme is while
2 we are, of course, distressed that this is taking
3 place, that we feel like we need to keep our eyes
4 on the long-term prize of making these
5 investments, despite the downturn, that --

6 MR. WEISGALL: That was my very point.

7 MS. KELLY: Okay.

8 MR. WEISGALL: Which is we want to
9 reflect the downturn. That is not a reason to
10 not deal with these issues.

11 MS. KELLY: And it's almost if you make

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12 the parallel to gas prices, you are concerned
13 because gas prices are going down and, therefore,
14 people may not make the changes that they need to
15 make in the long term in terms of transportation,
16 and we may have a similar issue here.

17 If demand goes down, then people think
18 they got no problem anymore, and you know, that
19 is not the case. It just masks the long-term
20 issues. Is that accurate?

21 MR. WEISGALL: Bingo.

22 MS. STUNTZ: We need to recognize some

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1 folks, but I know Paul Allen submitted some
2 comments a bit late, I believe, on this point.

3 MR. ALLEN: Yeah.

4 MS. STUNTZ: And they were quite good.

5 MS. KELLY: Can you send them to me?

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6 MR. ALLEN: I will, and I think they did
7 actually get to Yakout, but probably not -- so
8 there may have been some stuff kind of passing,
9 but probably not in time. So I will just forward
10 that to you.

11 MS. KELLY: Perfect.

12 MR. ALLEN: I am not whetted to any of
13 the words, but it certainly made the point that
14 Jonathan is making, that the near-term liquidity
15 crisis and freeze-up of the capital markets is
16 going to mask potentially some of the predicate
17 for our recommendations here because we are going
18 to see a decline in demand, and a bunch of people
19 are going to see what we are seeing, and you
20 ain't seen nothing yet.

21 So some people are going to say there is
22 no problem, and we don't have any money anyway.

1 MS. KELLY: Right.

2 MR. ALLEN: So I think we really have to

3 --

4 MS. KELLY: Okay.

5 MR. ALLEN: -- not be tone-deaf on that.

6 That is all I got to say.

7 MS. KELLY: I hear that, and yes, if you

8 could, that would be very helpful.

9 MR. HEYECK: On the other hand, since I

10 am a glass-half-full type o person, there is an

11 opportunity here that if you are looking for

12 infrastructure --

13 MS. KELLY: Right.

14 MR. HEYECK: -- to incent jobs, this can

15 be done without Federal dollars, but we do need

16 some easing of the credit markets to get the debt

17 costs in line.

18 MS. VAN ZANDT: I can't remember where I

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19 read it, but somewhere in these chapters, there
20 is a description of this phenomena that we are
21 experiencing right now.

22 MS. KELLY: The Wall Street Journal

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1 article reference is --

2 MS. VAN ZANDT: Okay.

3 And per history, the load comes roaring
4 back, and so maybe this is a little respite for
5 us to get our ducks in a row, so that when it
6 does come roaring back, we are ready for it. So
7 maybe something out of that could get lifted into
8 the summary.

9 MR. WEISGALL: Yeah, that's the
10 beginning. That's the very first paragraph of
11 Chapter 2. You may want to incorporate some of

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12 that.

13 MS. KELLY: Right.

14 MS. STUNTZ: It does raise the question.

15 Did we decide to reorder the chapters? Do we

16 want to put -- and how do we want to do that?

17 MS. KELLY: Yeah. Because I need to --

18 MS. STUNTZ: Demand transmission

19 generation. Is that the will?

20 MS. KELLY: I'm sorry. It was --

21 MR. ALLEN: Demand transmission

22 generation.

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1 MS. STUNTZ: DTG. All right.

2 MR. WALKER: I would like to echo what

3 Mike and Vickie said. I would also like to

4 highlight that sometimes you forget that even

5 throughout this economic downturn, utilities

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6 throughout the country will still have the
7 obligation to operate on a day-to-day basis, and
8 when you look at the budgets of these utilities
9 across the United States, a significant portion,
10 if not the majority portion of it, is not on just
11 pure load growth or increased capacity.

12 So there's still a greater portion of
13 the dollars spent will generally be towards
14 operating the system. So a number of the things
15 that we talk about here today, including smart
16 grid storage to all the pieces here, are
17 fundamental aspects of the business that we still
18 have to keep our eye on. So the opportunity
19 really still exists and presents itself.

20 MR> ROBERTS: I was just going to make
21 the comment because the administration has
22 indicated that they are going to stimulate the

1 infrastructure rework and create 2.5 million jobs
2 and fixing bridges and things, but there are
3 potholes in the electrical system that can
4 contribute to that whole infrastructure
5 improvement, and it shouldn't be -- we shouldn't
6 set a stage by saying, well, we understand that
7 things are bad, so we'll probably have to wait.
8 It shouldn't be that way.

9 MR. HUNT: I was just going to say --
10 and again, it is not a big deal, but on the
11 ordering, I think we ought to consider doing
12 transmission generation than demand, and the
13 thinking there is just simply if you look at the
14 80/20 rule with the recommendations on what is
15 out there, clearly the thing that appears to be
16 most screwed up across the country, where you
17 could have the most good done in a short amount
18 of time, is probably transmission.

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19 So I would argue transmission generation
20 demand.

21 MS. STUNTZ: I would support you on
22 that. I think we are in the minority, which is

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1 okay in more ways than one.

2 Go ahead, Dian.

3 MS. GRUENEICH: Should this report -- I
4 think it is still entitled "Keeping the Lights On
5 In the New World," or somewhere we used the term
6 "new world," and I realized in thinking about it,
7 everybody is going to think the new world is the
8 fact that we have no money and no credit, and I
9 think when we started it, we had some concept of
10 what is the new world, and I just throw that out
11 there.

12 We never do ever explain when we talk
13 about the new world, what is this new world, and
14 so -- and yet our report, because we wrote it
15 before the economic crisis, isn't really geared
16 towards what I think the reader would think it
17 is, which is how are we going to deal with all of
18 these problems, given the fact that there is no
19 credit and jobs are being lost everywhere.

20 So it seems to me, we either need to
21 define that our new world was not actually the
22 current new world or think of a different title

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1 or something, but i realize --

2 MS. KELLY: Keeping the lights on in the
3 old new world.

4 MS. GRUENEICH: Right.

5 But I realized in thinking about it,

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6 there probably is going to be a disconnect there,
7 if anybody wants to worry about it.

8 MS. STUNTZ: I actually thought the "new
9 world" was one of those lovely, vague enough
10 terms, that I think I always thought of new world
11 as being a carbon-constrained world and a world
12 with different market structures. Now it could
13 be a world with -- we could just say keeping the
14 lights on, as far as I'm concerned, but I kind of
15 liked it because just as a way -- we are not in
16 the old vertically regulated, whatever, world
17 anymore.

18 MS. GRUENEICH: I guess all I am
19 thinking is that somewhere in the executive
20 summary, somebody puts in something similar,
21 Linda, to what you said, that there have been
22 dramatic changes, and it is a new world.

1 MS. STUNTZ: Ms. Kelly, does that make
2 sense? It is going to fall to you.

3 MS. KELLY: Yadda, yadda, yadda.

4 MS. STUNTZ: Okay.

5 [Laughter.]

6 MS. STUNTZ: I think with that, have we
7 exhausted ourself?

8 Ralph.

9 MR. MASIELLO: Very quickly, since we
10 are talking about the introductory section, the
11 draft DOE Smart Grid Summary that was provided to
12 us a couple of weeks ago had a little chart that
13 showed reliability in North America declining
14 over recent years, and Guido and I were looking
15 at another chart that shows U.S. reliability
16 regionally, dramatically worse than European or
17 Asian developed economy reliability.

18 Do we want to refer to the fact that we

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19 are not -- we are moving away from being a first
20 world country in that aspect? Because it
21 motivates the investments.

22 MS. STUNTZ: I don't really know of

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1 metrics to support that. I don't know if I would
2 -- I think it would probably provoke a
3 controversy because, by all the metrics that I
4 know of from my friends at NERC, that is not
5 really accurate.

6 MR. NEVIUS: And it is distribution
7 reliability.

8 MS. STUNTZ: Is it distribution?

9 MR. NEVIUS: And that is not what we are
10 really talking about.

11 MS. STUNTZ: You've said entirely too

12 much today. So we will let you close the matter.

13 MR. THOMAS: Yeah. I have been

14 listening and learning.

15 The first chapter talks about -- or

16 tries to set the groundwork for the rest, and it

17 does talk about the human capital problem, but

18 there are no recommendations in the first

19 chapter. So that issue is not reflected in the

20 executive summary.

21 So I guess I would like to try to figure

22 out a way to get something into the executive

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1 summary, since that is the only thing anybody is

2 going to read, about that issue, and I guess it

3 can't be done through a -- well, I guess we could

4 make the recommendation, but I don't quite know

5 how to do it.

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6 Do we just write a recommendation and
7 stick it in the executive summary?

8 MS. STUNTZ: Well, it is a little tricky
9 to do that if there is no foundation for it in
10 the report. I am trying to remember what I --
11 yeah, we haven't really -- you know, DOE did a
12 study on that in 2006, and it was fairly recent.

13 MR. THOMAS: And it is referenced in
14 here and talked about, but its recommendations
15 were fairly weak, in my opinion.

16 MR. ALLEN: I think we could write
17 pretty easily some language that could be in the
18 executive summary that would indicate that
19 workforce issues pervade all of the chapters of
20 the report and all of the recommendations sort of
21 assume that there will be an adequate workforce,
22 and the EAC is very concerned about it. Maybe

1 this kind of gets to our second-year work plan.
2 I'm not sure, but I think we could probably
3 figure out a way to work it in, without making a
4 formal recommendation, because we haven't had any
5 committee process to get at what a recommendation
6 would be.

7 MS. KELLY: Could you submit me a couple
8 summary --

9 MR. THOMAS: Sure, be happy to.

10 MS. KELLY: -- paragraphs -- or
11 sentences. Not paragraphs. Sentences.

12 MR. THOMAS: I would be happy to.

13 MS. STUNTZ: We need to recognize any
14 members of the public who wish to make a
15 statement, but before that, I wanted to give
16 Peggy an opportunity to make any additional
17 closing logistical or housekeeping guidance or
18 instructions that you wish to offer or that we

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19 need to know and don't know it.

20 MS. WELSH: I am not sure that we have

21 any, but if we want to keep our self-imposed

22 deadlines for these, getting in global comments

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1 are not going to move the ball forward at this

2 point. We need actual text, actual line edits,

3 actual verbiage. Global comments are not

4 helpful.

5 We do have the charge, as Linda said, to

6 get this to the DOE transition team as fast as

7 possible, but due to the holidays, I don't think

8 we are going to have it all be put together

9 before Christmas.

10 So, as she said, we will probably be

11 completing it. The timeline did not envision

12 another round of review. At this point, there is
13 either -- the committee needs to talk about
14 whether they want to see it again or they need to
15 trust the drafting team leaders to develop the
16 final text, and you just have to see it when it's
17 done.

18 I don't know how you want to handle
19 that.

20 MS. STUNTZ: Or the alternative would be
21 to circulate the executive summary, which would
22 have the recommendations in it to everybody --

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1 MS. WELSH: Yeah.

2 MS. STUNTZ: -- one more time, but not
3 all the chapters.

4 MS. KELLY: Yeah. I guess the only
5 thing I would ask is that, you know, we have to

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6 -- if the underlying chapters are still moving
7 because people are making substantive edits while
8 the executive summary is being written, we could
9 end up with disconnects.

10 So I guess I would say that people need
11 to think really hard about submitting edits to
12 chapters which would make it inconsistent, make a
13 chapter inconsistent with what is in the
14 recommendations for that chapter and, hence, what
15 goes into the executive summary.

16 MS. WELSH: Yeah. At this point,
17 Energetics is doing copy editing only, which
18 means no substantive changes. So we are pretty
19 hard-pressed to take very many substantive
20 changes at this point.

21 MR. HEYECK: Having said all this, I
22 don't want to reopen the editing process. I'll

1 tell you, when you get 10 of these things at you,
2 it's just a problem.

3 So I really want to keep this issue for
4 me, for my chapters, end of day tomorrow, and
5 when would you like it delivered to Energetics?
6 It won't be the end of day tomorrow. Let's put
7 it that way. Because I am not even going to be
8 at a computer until sometime during the weekend.

9 MS. STUNTZ: Tuesday, next week?

10 MS. WELSH: If we could get everything
11 by Tuesday of next week, we will work on it. We
12 will have completed the Storage report and have
13 it to the printers by the 16th. Hopefully, the
14 Smart Grid will be on the same timeline. I think
15 we probably will not get this done before the
16 holidays, and it will not go to the printer until
17 the 1st of January.

18 Our budget allows for only 100 copies to

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19 be delivered. So each of you will get one hard
20 copy of the report. The rest of those copies
21 will go to DOE for their purposes.
22 If you want additional copies, come talk

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1 to me, and if your entity is interested in
2 funding further production, we will do it for
3 you, but the DOE budget only allows for 100 hard
4 copies.

5 MR. MEYER: I want to go a notch further
6 on the timing here. I want to be very clear on
7 when the chapters are going to be frozen, when
8 they're going to be fixed.

9 So that the focus then shifts only to
10 the executive summary. I haven't yet heard
11 what's the schedule for getting those chapters

12 locked down, and that would help the editing
13 process as well.

14 MS. STUNTZ: Steve is not here,
15 unfortunately, but from what I heard today, I
16 would think that Steve and Mike can be done by
17 Tuesday. I do not think there are huge changes
18 there.

19 MR. WEISGALL: And the generation
20 chapter by Thursday.

21 MS. KELLY: When can people get me the
22 revised recommendations, the chapter heads?

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1 MR. WEISGALL: A week from today,
2 Thursday, next Thursday.

3 MS. KELLY: Okay.

4 MR. WEISGALL: The 18th.

5 MS. KELLY: Well, what I need for the

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6 executive summary, I need the recommendations
7 piece from each chapter.

8 MS. STUNTZ: So Steve and Mike should be
9 able to get you those on Tuesday, and Jonathan
10 will get you his by Thursday.

11 MS. KELLY: Thursday.

12 MR. WEISGALL: Correct.

13 MS. KELLY: And Dian is going to send --
14 I am going to get from her -- okay, thank you,
15 and Paul has got some language for me and --

16 MR. CAVANAGH: And I do.

17 MS. KELLY: Okay.

18 MR. CAVANAGH: And you want that by --
19 well, I thought we were going to get one more
20 revised text. Right? Or do you -- that is, did
21 you want us to edit Dian's and Yakout's text or
22 --

1 MS. KELLY: Let me suggest that it
2 sounds like the changes between what you have got
3 and what we got are pretty -- if that is the
4 case, I am suggesting that maybe we do one. Let
5 me fix up the executive summary with the current
6 recommendations, with the recommendations as of
7 next Thursday, and the pieces that people want to
8 submit and circulate then, as opposed to
9 circulating this version or -- and then -- do you
10 agree? I am not trying to, you know, propose
11 this.

12 MS. WELSH: So let me make sure I
13 understand. We will circulate an edited version
14 that you and I will have worked on today on
15 Thursday, December the 18th, and people will have
16 --

17 MS. KELLY: I don't think that's --

18 MS. WELSH: -- through the holidays to

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19 review it?

20 MS. KELLY: I don't think that is

21 possible because I am not getting the revised

22 recommendations from at least one section until

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1 Thursday.

2 MS. WELSH: Then it will have to be

3 after the 1st of the year.

4 MS. KELLY: I think that's right.

5 MS. WELSH: Okay.

6 MR. WEISGALL: I could try to move it up

7 to Tuesday, so I am in sync with --

8 MS. KELLY: If you could, that would

9 make a huge difference.

10 MR. WEISGALL: Okay, all right. Will do

11 it.

12 MS. KELLY: If everybody who has any
13 responsibility for submitting pieces to the
14 executive summary could do that by Tuesday, then
15 you and I can work and try and get it out
16 Thursday.

17 MR. WEISGALL: Let's do that.

18 MS. KELLY: Okay.

19 MR. WEISGALL: Done.

20 MR. HEYECK: I just need to read your
21 handwriting and Gerry's handwriting, and I will
22 have it to you as soon as possible.

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1 MS. KELLY: Thank you.

2 MS> WELSH: So that means that with the
3 holidays and all, we will send it to the editors.
4 They will copy-edit it. They will make sure
5 formatting is correct. We will include the right

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6 pictures, the right titles, the right inside
7 cover pages, and our target will be to send it to
8 the printer the first week in January.

9 MS. STUNTZ: We will need some time, I
10 think in fairness to all of you. So the
11 executive summary goes out next Thursday. When
12 do people need to get back any comments if they
13 are absolutely compelled to submit any?

14 MS. WELSH: I am on vacation from the
15 19th through the 29th.

16 MS. STUNTZ: Right.

17 MS. WELSH: So you will have until the
18 29th. I can't do anything with it.

19 MS. STUNTZ: Right. Just so everybody
20 knows. So any final comments on the executive
21 summary, which will include the recommendations
22 --

1 MS. WELSH: And they should only be
2 factual in nature.

3 MS. STUNTZ: Well, I mean, I don't want
4 -- hopefully, at this point, with the day we have
5 spent, that is what they would be, but if there
6 is something that is really bothersome to someone
7 -- we have made enough changes in the generation
8 chapter, for example. I just want to make sure
9 everybody gets one last chance to look and make
10 sure they are comfortable with the
11 recommendations.

12 Gerry.

13 MR. CAULEY: Just a process question.
14 The Recommendation 1 in the transmission section,
15 I gave Mike the language, but I am not sure what
16 the process is for everyone else to see that. Is
17 that the process when they see the executive
18 summary?

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19 MS. WELSH: Yes. Yes.

20 MS. STUNTZ: If you could make separate
21 arrangements with him to look at it earlier, I
22 mean, I would encourage you all to do that, those

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1 of you who have things in play, so that you don't

2 --

3 MR. CAULEY: I have given it to him.

4 MS. STUNTZ: Okay.

5 MR. CAULEY: But the question is no one

6 else has seen it. So it is basically changing

7 Recommendation 1 --

8 MS. STUNTZ: Okay.

9 MR. CAULEY: -- to not have an

10 interconnection-wide transmission plan but to do

11 something different than that.

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12 I don't know how you want to resolve

13 that.

14 MS. STUNTZ: Well, that is fairly

15 fundamental.

16 MR. CAULEY: Maybe Mike would -- so both

17 recommendations, or is he going to just change it

18 to what I gave him? I am uncomfortable with that

19 because no one else here has heard that.

20 MR. HEYECK: Well, what you did was take

21 one of the paragraphs --

22 MR. CAULEY: And make that the

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1 recommendation.

2 MR. HEYECK: -- and make that the

3 recommendation, and in it, in that paragraph, it

4 says an interconnection-wide plan.

5 MR. CAULEY: It has language I can live

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6 with.

7 MR. HEYECK: Yeah. And it basically
8 shows the -- basically, the collaboration
9 paragraph, we are talking about --

10 MS. STUNTZ: Okay.

11 MR. HEYECK: -- to move that into the
12 text because what is written in the green box is
13 already a bullet there, but it does have
14 "interconnection-wide plan" at the end of it.

15 MS. STUNTZ: All right. Fine, then.
16 That is why I said everybody needs one last
17 opportunity to look at the executive summary.

18 MR. CAVANAGH: How is this going to be
19 presented to the transition team? May I dare to
20 hope that the chair will go in and present it
21 herself, or do we have some other plan in mind?

22 MS. STUNTZ: I would be honored to do

1 so, but I think that is up to them and DOE.

2 MR. MEYER: This is a little
3 unpredictable, frankly.

4 The word that we have is that as of
5 December 15, the transition team will have left
6 the building. They will be meeting with their
7 colleagues from other related agencies.

8 As you have noticed, these teams are
9 being thought of in terms of clusters, of
10 interlocking activities and responsibilities, and
11 so these cluster teams are going off to think
12 about strategies, I guess, for achieving the
13 administration's objectives.

14 So that means that whereas there used to
15 be, until December 15, a transition office that
16 we could go to and give things to, but I am told
17 those people won't be there.

18 So we will have to find somebody who

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19 recognizes --

20 MS. STUNTZ: Well, we know Sue Tierney

21 and Bob G. and some of those people.

22 MR. MEYER: Yeah, sure.

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1 MS. STUNTZ: We can find our --

2 MR. MEYER: Right, exactly.

3 MS. STUNTZ: But we will -- your point

4 is well taken, and we will do that. Hopefully,

5 we will hav an opportunity to -- I mean, it will

6 go on a website. There will be some --

7 MS. WELSH: And I assume that the

8 Department of Energy will put out a press release

9 on each of the reports as well.

10 MR. BARTELS: It could be in e-mail

11 form, or could it be an offer from through you,

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12 Linda, for us to present back the reports through
13 the transition team?

14 MR. MEYER: We will do the best we can
15 to engage them.

16 MR. SLOAN: If we have two of our three
17 chapters done next week, shouldn't they at least
18 be handed to the transition team before the 15th?
19 I mean, the final -- I know not going to the
20 printer, but we have agreed on stuff.

21 MS. WELSH: We don't even have chapters
22 due until the 16th.

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1 MS. STUNTZ: We will get it there,
2 honestly.

3 MR. ALLEN: I would like at least to
4 offer the thought that we shouldn't stand too
5 much on formality and getting things through a

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6 printer and so forth, when there is a real
7 possibility that if they don't receive this until
8 the second week of January, it's not as relevant
9 as if it had been given to them before the
10 holiday, and I think that the time frame that we
11 are on, it sounds to me like by the 18th, 19th,
12 sometime around there, maybe the executive
13 summary -- you know, we are still debating it a
14 little bit, but I think that some members of the
15 transition team would welcome seeing the chapters
16 as they stand.

17 MR. SLOAN: Well, particularly the
18 storage and smart grid stuff, that we have more
19 consensus on.

20 MS. WELSH: Yes. Those are always on
21 track to be delivered by the 19th.

22 MR. SLOAN: What I am suggesting is they

1 might want to get an early version on the 15th.

2 MS. STUNTZ: Well, look, they have
3 drafts already. I would encourage each of you,
4 once -- my view is they have now been approved.
5 Those of you who know members on the transition
6 team can send them the drafts as soon as they are
7 ready to go.

8 They are going to be public documents.
9 I have no -- as I said, now that they are
10 approved, I have no problem with people saying we
11 have finished our work, here it is, be happy to
12 come brief you. Let us know.

13 I don't agree with you in a sense we
14 don't need to stand on formalities.

15 MS. WELSH: I think it is a good idea to
16 try to get the Storage and Smart Grid papers in
17 electronic form or draft form before the 15th,
18 and I think we can do that.

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19 I think the Adequacy report --

20 MS. STUNTZ: It's going to be later.

21 MS. WELSH: -- needs a little more

22 massage.

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1 MS. STUNTZ: It's going to be later,

2 yeah.

3 MR. CAVANAGH: If I could, with all

4 respect to the transition team -- and we all have

5 many friends on it -- I am even more -- my guess

6 is that the Department of Energy as reconstituted

7 but happily with many of its core staff members

8 intact and still here will be interested in this

9 report, and therefore, while haste in some

10 respects is important because of everything that

11 is going on right now, I hope there will be an

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12 opportunity for the chair to address directly the
13 newly reconstituted Department of Energy, which
14 may or may not take the transition team reports
15 any more seriously than previous Departments of
16 Energy have taken transition team reports, not to
17 state an apostasy.

18 But in my mind, the value of this effort

19 --

20 MS. STUNTZ: Ralph, we are engaging in
21 reality.

22 MR. CAVANAGH: In my mind, the value of

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1 this effort, of course, goes beyond just the next
2 several weeks, and also, maybe to segue into the
3 discussion of the future role of the group, my
4 hope is DOE will want it.

5 Dave, I think you have strongly

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6 indicated it probably will continue to want
7 engagement with an advisory committee. It may
8 have some different members, but that it will
9 still be ongoing, and I am all for it.

10 I hope nobody here thinks they are done
11 in sort.

12 Discussion of Year Two Work Plan

13 MS. STUNTZ: We did have some ideas for
14 year two work plan. I know Dave has some ideas.
15 I don't know if you want to mention it now, or if
16 we can indulge anybody that has been patiently
17 waiting for five more minutes.

18 We needed to do this work today to close
19 this out, but I don't want anyone to think there
20 isn't more work to do.

21 I know David pulled some ideas together.
22 There are, of course, many recommendations of our

1 own making which a Department of Energy could
2 turn around and say, "Oh, I like this idea. Go
3 work on that." So almost any of the things that
4 we have talked about today could end up -- but,
5 David, maybe you want to address these just
6 briefly as potentials.

7 MR. MEYER: Linda, how much time do you
8 want to give to this now?

9 MS. STUNTZ: Well, do we have public
10 speakers who wish to address the group?

11 MS. WELSH: We only had one person --
12 no, we have no one, Linda.

13 [Laughter.]

14 MS. WELSH: The other gentleman, I
15 guess, left.

16 MS. STUNTZ: Well, John has been very
17 patient and has waited all day. Do you want to
18 talk now?

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19 MS. WELSH: You just need to come to a
20 microphone, John.

21 MR. ANDERSON: Do you want me to do it
22 now?

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1 MR. MEYER: Yeah, why don't we do that.

2 MS. WELSH: Yeah. Let's --

3 MS. STUNTZ: Why don't we do that.

4 MR. CAVANAGH: John, come sit next to
5 me.

6 Comments from the Audience

7 MR. ANDERSON: I would love to, but this
8 is more convenient at this time. I will come
9 down and give you a huge next.

10 I know that I am standing between you
11 and Dave's comments and then the cocktail hour.

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12 So I will be very brief, and I only have three
13 comments that I would like to make. I have tried
14 to choose my battles carefully. I raised three
15 daughters, the youngest of which is 36, and I
16 know that you choose your battles very, very
17 carefully.

18 My first point is that I want to agree,
19 first, with what Linda said earlier and then what
20 many else have. I really want to compliment
21 Energetics on the work that they have done on
22 these reports. I have followed them very

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1 carefully from the first one right on up to this
2 one, and I really think we ought to give Peggy a
3 round.

4 [Applause.]

5 MR. ANDERSON: My second point, though,

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6 is one that I doubt that I would have raised a
7 month ago, but I think it is extremely important
8 to raise it now.

9 Things are moving very, very fast. The
10 current worldwide economic conditions are
11 absolutely horrible. I appreciate, Commissioner
12 Grueneich, your comments just a few minutes ago.
13 John McDonald said something. Sue raised the
14 subject. Paul Allen raised it, and in my view at
15 least, things are probably going to get worse,
16 and your report is going to come out right in the
17 middle or right after of probably not a good
18 Christmas season, and that is going to be even
19 worse.

20 So, if you want to expand
21 constituencies, as my good friend, Ralph, said
22 just a minute ago, I have a little bit of advice

1 for you.

2 I think that you must make this report
3 as consumer friendly as possible, and I don't
4 think it is right now. I just frankly don't
5 think that it is, and I can give you examples,
6 but I won't take the time to do that.

7 There has been a lot said today, though,
8 that if incorporated into the report, if the
9 things that have been said, it would really make
10 it a lot better.

11 Jose started it by saying over and over
12 that costs do matter. He said it over and over
13 several times. Ratepayers can only stand so
14 much.

15 Commissioner Fox said that she was
16 concerned about ratepayers having to pay and
17 maybe even over a 10-year period or whatever.

18 I heard Mike Heyeck say that we must get

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19 the ratepayer into the equation -- was my quote

20 that I heard him say.

21 My good friend, Ralph, said you should

22 not look like you never have met a recommendation

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1 that you don't like, which I absolutely loved,

2 and I thought that was right, but I think in a

3 way, the report does that.

4 Tom Sloan said he still didn't recognize

5 -- still doesn't recognize enough costs that are

6 here and said that a couple of times. Others

7 made similar comments. I won't go into it.

8 I'm just not sure that these things are

9 going to find their way into the report at this

10 very last minute. Things are moving fast, but I

11 urge you to try to capture the spirit of what was

12 said today and get it in there.

13 I suggest that even if you are not
14 sympathetic to the plights of large industrial
15 customers, which some of you may or may not be,
16 small ratepayers I think do care and do care a
17 whole lot. We have seen that when rate caps have
18 come off in certain places. The rebellion is
19 great, and it could happen again here.

20 I don't think you want their opposition.
21 So I think you needed to do your best to bring
22 them on board.

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1 So I urge you to make the final report
2 consumer friendly, expand the constituency, and
3 recognize that nearly every one of the
4 recommendations you have here are going to end up
5 raising costs, raising rates. They may reduce

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6 bills for some people, but they are going to

7 increase bills for others.

8 The idea of jobs is something that is a

9 loose thing. I think what you are really going

10 to find is a loss of a lot of jobs due to rate

11 increases, and then you might make up some of

12 those jobs in the green environment. Anyway,

13 that is my second point.

14 My third point is much shorter. M&V was

15 discussed for demand-side resources. NAESB was

16 not mentioned, and in a way, NERC was not

17 mentioned, and I really believe I like the tone

18 of the discussion that it ought to be a national

19 M&V.

20 I urge you to put in the report, NAESB

21 is presently working on definitions for

22 measurement and evaluation as the first step, and

1 I think they are going to go beyond that.

2 MR. CAVANAGH: What is NAESB, John?

3 MR. ANDERSON: NAESB, the North American
4 Energy Standards Board.

5 MR. CAVANAGH: And M&V for --

6 MR. ANDERSON: M&V, they have just
7 finished a rather contentious thing on
8 definitions.

9 MR. CAVANAGH: Thanks.

10 MR. ANDERSON: But, yeah, I'll bring you
11 up to date on that, Ralph.

12 MR. CAVANAGH: Okay, thank you.

13 MS. STUNTZ: Thank you very much.

14 MR. ANDERSON: Thank you very much,
15 Madam Chair.

16 MS. STUNTZ: Thank you, John.

17 Discussion of Year Two Work Plan

18 MR. MEYER: Wow, that's a tough act to

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19 follow.

20 Well, so far as the year two work plan,
21 Peggy and I and Linda and I'm not sure who else,
22 we just jotted down some ideas. These are things

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1 just to get the discussion started. This is just
2 a possible menu. It is not inclusive yet. It
3 doesn't have anything up there on the screen
4 about demand-side questions, and I think the
5 metrics issue is one that jumps out as being
6 extremely important and, from DOE's point of
7 view, probably a fairly new idea and something
8 where I think the committee could provide some
9 useful input, focusing on, okay, what is the
10 appropriate way to push that idea forward.
11 It is up to Linda and the rest of you,

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12 how much you want to try to get done on this
13 today. I think probably we are not going to be
14 able to work through this and come to some kind
15 of product that we would want to circulate to the
16 transition people as a proposed work plan. So we
17 need to maybe figure out how are we going to
18 arrive at that in fairly near term.

19 My instinct is what you want is to go in
20 and put something in front of them as a proposal
21 and let them react to it. If you don't have a
22 proposal to put in front of them, you may not

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1 hear from them for a while, and so the way to get
2 their attention is to have some nifty
3 suggestions.

4 MS. STUNTZ: I think that is right.

5 In terms of process, do we have a next

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6 meeting scheduled?

7 MS. WELSH: No, we do not.

8 MS. STUNTZ: Do we have ideas on that or
9 when it should be? Do we have proposals or --

10 MS. WELSH: No.

11 MR. HEYECK: We're just tired of one
12 another.

13 MS. STUNTZ: We're sick of one another.

14 [Laughter.]

15 MS. STUNTZ: No, I don't think so.

16 That isn't necessarily essential. What
17 we could do is sort of take this list, circulate
18 it to you all, and get your views. I do think it
19 is a little bit of an iterative process. If we
20 sort of empower people like David to go to the
21 new administration and say here, for example, are
22 ways that you could use this advisory committee,

1 are problems that they have expressed an interest
2 in working on, it is more likely that we will --
3 they will think about, "Oh, yeah, maybe it would
4 be good."

5 I know FERC is having a technical
6 conference on January 13th on, for example, the
7 effect of the current economic crisis on the
8 electric power sector. It prompted me to think
9 about the first one, and as many of the comments
10 today, maybe we should look at that. I would say
11 just two or three things that we would say to a
12 new administration, these are things where we
13 think you could usefully engage us and where we
14 would like to work.

15 We could have a few initial reactions
16 today and then maybe ask people to submit to me
17 with copies to Peggy and David, ideas, and then
18 we will sort of come out with a final list or

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19 with rankings or something and go from there.

20 Does that make sense?

21 Bruce.

22 MR. WALKER: I think that is a good

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1 idea, but one of the things I might offer would
2 be that given the conversations we have had
3 throughout the day, as well as the ones literally
4 within the last 10 minutes, perhaps what we could
5 do is narrow these down to maybe less than five,
6 down to like two, and then really have people
7 focus on the two.

8 The first one is glaringly obvious that
9 should be included, if we can provide value, and
10 clearly, that is going to be one of the big
11 challenges. Perhaps our efforts would be better

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12 spent on really developing two of these, as
13 opposed to five. Maybe we spend the next 10
14 minutes kind of identifying which two we go
15 forward with.

16 MR. SANTACANA: I would take a different
17 approach and tell them we have the expertise in
18 the committee to working any one of these five or
19 all of them, what are your priorities, so that we
20 can go after those that you think are important
21 and let them decide what we work on. Let's get
22 them some input back to us. I would present them

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1 all. These are all important issues.

2 MS. STUNTZ: Have we missed anything,
3 though?

4 MR. SANTACANA: Demand.

5 MS. STUNTZ: The demand metrics is one

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6 that I thought of, just because it is one of the
7 things I have learned in this process.

8 MR. SANTACANA: But we have the
9 expertise on all of this, what do you want us to
10 work on or --

11 MS. STUNTZ: If we added that one, would
12 this list be comprehensive enough?

13 MR. SANTACANA: I think so.

14 MR. HEYECK: I like Enrique's approach,
15 but there may be a call for an R&D road map.
16 Basically, the Department of Energy has been
17 dabbling on what this clean coal thing is, and
18 then there is this grid modernization thing.

19 There may be a call for an R&D road map.

20 The second might be how do you execute.
21 We will probably get some inkling of where we are
22 going with energy policy, how do you execute. In

1 other words, take the report you have and take
2 relevant elements of it and give us a road map on
3 how to execute the plan, especially as it relates
4 directly to the DOE. In other words, cull out
5 the DOE should get support legislation, DOE
6 should advise, and then cull the report to what
7 DOE can actually act on, and then put it in
8 context of what we think new energy policy would
9 be.

10 So there's two road maps. One is
11 execution to get to national energy policy, and
12 the second is the R&D.

13 This support of the current economic
14 crisis, I am hoping that by the time we come up
15 with a report, we are on the other end of it. So
16 that might be a short-term item.

17 Lastly, I will mention it is good to put
18 a calendar notice or dates on our calendar, so

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19 that we don't have a problem meeting the next
20 time.

21 MR. HUNT: I was just going to add on
22 the renewable energy for No. 2. One thing that

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1 is missing -- and it may be part of No. 1, but it
2 is missing in No. 1. There is some serious amber
3 lights about the viability of some of the larger
4 projects or players in the renewable space at the
5 moment, and that is something that you may want
6 to highlight as well. There is actually a strong
7 link between 1 and 2 that I think this
8 administration would care about.

9 I would highly recommend that you
10 highlight that to them.

11 MR. WOOLF: Thanks.

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12 I, again, support Enrique's thought of
13 this phase two report is only going to be useful
14 to the extent that the new administration has
15 some buy-in and finds our input to be answering
16 the questions they are asking. So I like the
17 idea of presenting them a half-dozen ideas and
18 saying which of these would be most valuable in
19 addressing, advancing your agenda.

20 My specific suggestions to this would be
21 breaking out the green jobs workforce out of
22 renewable into its own category because, from my

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1 perspective, most of the green jobs in workforce
2 are going to be on that demand side. It is going
3 to be insulation installers, not solar
4 installers, and I think it is a big part of the
5 economic crisis response.

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6 The other thought I had was to expand
7 No. 4, DOE support for regional infrastructure
8 planning. I would just say regional planning.
9 There is a whole lot less planning even at the --
10 you know, what is forecasts? In de-regulated
11 states, we don't do one. So I have no idea how
12 to keep the lights on, and that is something that
13 kind of broader support would be helpful for.

14 MR. MEYER: Two questions. One, it
15 strikes me that it would be very useful for some
16 member to volunteer to be the -- to take the pen
17 for developing a successor to this and
18 incorporating. All the comments, markups should
19 come to that person. That person would then
20 produce a document that could be sent around one
21 more time, and then after that, it would be ready
22 to hand over to people on the transition team.

1 MR. CAVANAGH: Let's just do it right
2 now. He said pull out green jobs workforce, make
3 it a separate item, and add a demand-side item on
4 measurement.

5 MR. MEYER: We can do that.

6 MR. CAVANAGH: I think we just did it,
7 and I move the amended list.

8 MR. HUNT: That is good.

9 The one thing I would add on the first
10 one is implications on the renewable industry or
11 some wording to that effect.

12 MR. CAVANAGH: Fine.

13 MR. MEYER: If I could. I don't mean to
14 jump ahead of other people that put up their
15 flags, but let's have a little bit of
16 conversation about the composition of the group.

17 This is a marvelous group of expertise
18 and important stakeholders in the industry but

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19 far from complete. There is a lot of equity at
20 the table, but the other side of the balance
21 sheet isn't represented at all, really. When you
22 ar talking about the economic crisis and it is

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1 the freezing of the credit markets and pretty
2 much the collapse of capital, it is kind of
3 conspicuous by its absence, and I don't know that
4 we can really be particularly helpful on Item No.
5 1 if we don't have some people who have some
6 knowledge of and some skin in the game on the
7 credit side of our industry.

8 I don't know exactly how to get that,
9 but I think that we would not be as effective as
10 we could be if we had a couple of people at the
11 table with us who know that part and who can

12 represent it because I think Item No. 1, for the
13 next 12 months, that is all there is.

14 MS. STUNTZ: I think that is a good
15 suggestion, a separate one in terms of maybe who
16 should be added to the committee, that we can
17 also think about.

18 What I want to do is Guido and Gerry
19 and then Sue will get the last word.

20 MR. BARTELS: One more time, a comment
21 on that. When I made this comment earlier on,
22 somebody said are we looking for a job. So I am

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1 still not looking for a job.

2 On the Grid Modernization Commission, we
3 talked a little bit about the many different task
4 forces there are, Smart Grid, et cetera. I still
5 believe that getting the work we have done so far

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6 as early as possible in front of the transition
7 team is good. That also gives them -- it makes
8 us very transparent. They will see the result
9 and the quality of the work or not. That is for
10 them to judge, but I think my fear is always that
11 you get many different groups and you have a lot
12 of redundancy.

13 So I see no issue in presenting our work
14 and basically saying if you look at the Grid
15 Modernization Commission, for example, I think a
16 lot of what we are doing here and think we can
17 do, it will probably also be re-met at that
18 group, so better one group than two.

19 MR. CAVANAGH: It just seems to me that
20 sort of rushing to come up with a list of things
21 we can do next, without anyone giving us any
22 feedback or reaction to what we have done,

1 spending close to a year on it, it seems like
2 sort of trying to fill -- perpetuate our efforts.
3 I am not sure -- while I know that is not the
4 intent, I would ask two things.

5 Maybe that someone take on the
6 commitment -- I don't know if it is David or
7 Kevin or somebody -- to provide a fairly -- some
8 in-depth review assessment of what has been
9 delivered by the group and provide us some
10 feedback and maybe some guidance on things that
11 could be done in that direction.

12 If that is done in collaboration with
13 folks from the transition team, all the better,
14 but I think just to go create our next list
15 without any feedback at all, it doesn't seem
16 right.

17 In parallel of that, I think we could
18 start working on a "what if, what is possible"

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19 next list. I would suggest to take some time and
20 put a little more thought into it, maybe solicit
21 from the group to go back and mull it over in a
22 more relaxed environment, and have people just

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1 offer ideas that they would have. Somebody be
2 the collection point in that. Put it back out to
3 the group and say here is a list of 20 things, 30
4 things, whatever, and let's get comments from
5 folks to prioritize them, whittle them down to
6 10, and then say only three are going to go
7 forward, so of these 10, which are your three
8 most important, and kind of do a couple
9 iterations and get it down to a list.

10 So we would always then have a list of
11 20 things we could do, but maybe there is only

12 three that are the ones we focus on in the near
13 term. But I would rather do that than pick the
14 list here, or maybe this is an input into that
15 solicitation when it goes out. So here is one
16 stab at it, but give me the rest of your ideas,
17 and somebody collect those and facilitate the
18 prioritization effort.

19 MS. KELLY: Thanks.

20 I would just note that since we did
21 mention the topic of possible new members
22 representing different constituencies, that it

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1 has been remarked to me by the consumer advocate
2 community that the absence of any consumer
3 advocate-type person on this committee is a
4 fairly glaring oversight. So, if we are going to
5 be soliciting new members or some people don't

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6 want to participate anymore and we are looking
7 for replacements, then I would strongly suggest
8 that we get a consumer advocate.

9 I, of course, regard myself as a consume
10 advocate too, but I was rudely told that such was
11 quite not the case.

12 MR. MEYER: The charter has a two-year
13 duration, and we deliberately said to ourselves,
14 we want to have a kind of staggered turnover
15 arrangement. So, in a fairly randomized way, we
16 made some of the appointments one-year
17 appointments, and some are two-year appointments.

18 ATTENDEE: Do we know who's who?

19 MR. MEYER: Yeah, we know who's who.
20 Yeah. If you go back to your letter from the
21 Secretary, it will say what the term is.

22 Linda, do you want to talk about that

1 date for a next meeting?

2 MS. STUNTZ: Yes, I do. That is why I
3 was sort of hoping we would get some guidance
4 from you guys on when you think a next meeting
5 should be. Should we think February, March?
6 What do you --

7 MR. MEYER: That is a possibility.

8 MS. STUNTZ: I was thinking about that.

9 MR. MEYER: The point is that although
10 we may not see Kevin's successor appointed until
11 -- oh, it could be May, you know. Every year, it
12 seems to take longer. I doubt with this
13 administration, with their track record so far.
14 I think they will probably shorten that, but
15 nonetheless, it does take a long time for
16 assistant secretaries and their key political
17 staff people to get appointed.

18 So, in that sense, there still may not

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19 be that many people on board to talk to. At the
20 same time, we will get a lot of, I think, useful
21 signals about priorities, and that will be
22 relevant to the committee's activities.

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1 So I would say no, don't -- February or
2 March sounds just fine to me. I think by that
3 time, there will be a lot of new information
4 available, and the world will have changed in
5 ways that you folks will want to respond to and
6 feel okay, that gives us some focus that we can
7 use.

8 MS. GRUENEICH: Is there ongoing funding
9 then to keep us going?

10 MR. MEYER: Yes, yes.

11 MS. WELSH: The funding is limited, but

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12 I think if we could set an entire 2009 year
13 calendar, so that we all had dates on our
14 calendar for the whole year, we would be able to
15 get better facilities. We wouldn't be moving you
16 all over town to each different hotel.

17 So my suggestion would be that I work
18 with Linda and David to come up with a 2009
19 calendar of three meetings, like we have done in
20 2008, so that our conference people can go find
21 the facilities to do so, and that you all could
22 have those on your calendars.

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1 MS. STUNTZ: I think that is a great
2 idea.

3 My only -- I don't know how to do this,
4 how to solve this exactly, but I want to have a
5 meeting when we have work to do, we have a

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6 program, and at this point, if we had a meeting
7 in February or March, I am not quite sure what we
8 would do all day, not that I don't enjoy being
9 with all of you and we could maybe get briefings,
10 but you all are very busy, and I want to make
11 sure we have something to do.

12 So do you think we could have something
13 to do if we had a meeting as soon as February or
14 March?

15 MR. MEYER: That is why I am eager to
16 put a list of proposals forward. While I
17 appreciate the idea of putting forward a menu and
18 say here are the talents we can offer, I think
19 what you would have to say would be -- you could
20 put, say, two major tasks that you thought were
21 just going to be on this, on the agenda, no
22 matter what, and leave room for maybe a third or

1 a fourth that the administration would suggest,
2 and you could say we may have to juggle the
3 phasing of these things to be responsive to the
4 administration's priorities, but that would be a
5 way to go forward and retain the flexibility that
6 you would need.

7 MS. STUNTZ: All right. Peggy and I
8 will work on three meeting dates. We will, I
9 guess, circulate this list, as amended,
10 specifically. I heard what Gerry said. I'm not
11 quite sure what to -- I need to think about it,
12 at least myself, and ask others to think about
13 things that might want to be added to the list,
14 and then I am not quite sure where we go from
15 there in terms of -- I guess we could always
16 decide if we just weren't in a position to do
17 anything, but your suggestion essentially is to
18 sort of pick a couple things off the list, say

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19 this is -- we are either going to educate
20 ourselves or these are our tentative priorities
21 for the things we want to do next and just sort
22 of go at it?

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1 MR. MEYER: Well, I think if you look at
2 what the incoming people have said are their
3 priorities --

4 MS. STUNTZ: Right.

5 MR. MEYER: -- and you think about some
6 of the questions that need to be answered in
7 order to deliver on those things, some of those
8 things -- stuff -- personally, the one that I
9 think about, spent a lot of my time thinking
10 about is No. 3, the EHV overlay thing.

11 Personally, I think there is -- soon or

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12 later, we probably will build some kind of an
13 overlay system, but there are a huge number of
14 design questions that have not been addressed,
15 and it is necessary to think through in a way to
16 come up with a reasoned way, a map that says we
17 need to build a facility from Point A to Point B
18 and here is why in engineering terms and economic
19 terms and so on.

20 That is part of what Mike has been
21 saying, but from the way I think about these
22 things, until you have that map, there is a lot

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1 you don't know. That having that map would focus
2 the subsequent dialogue in very productive ways.
3 It would make clear what States need to be
4 talking to what States about these things. So
5 that is one of the major building blocks that we

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6 don't have, a mechanism to produce that kind of
7 well-grounded map, and it has to be a robust
8 system that would fit a wide range of possible
9 scenarios.

10 So there is a ton of work to do, and
11 that is just the thing that I think about a lot.

12 What I am getting at is find something
13 on the menu that just leaps out at you as needing
14 a lot of more detailed attention.

15 MS. STUNTZ: All right. I think I have
16 an idea.

17 Ralph, go ahead.

18 MR. CAVANAGH: It just strikes me that
19 in order to be most useful as an advisory body,
20 we have to know what the people who are advising
21 want us to do.

22 Don't you think someone, some senior

1 political appointee has to assume ownership of
2 this group? We don't yet know exactly who that
3 will be. It could be --

4 MS. STUNTZ: The orphan advisory
5 committee.

6 [Laughter.]

7 MR. CAVANAGH: Yeah. So it's a little
8 odd.

9 I think what we have to do, it would
10 probably be helpful for us to have a list of
11 things that we think we could provide value on,
12 but for us to prioritize the list, we are not --
13 the people who are acting on this and who are
14 going to -- it is not worth our time if they are
15 not interested in listening to us and telling us
16 what they particularly need help on.

17 So my suggestion on this in terms of the
18 timing is that the chair in consultation with

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19 you, who is going to assume ownership of this.
20 The chair has access to a lot of the transition
21 group and may be in a position very quickly to
22 determine who that will be. It could be the

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1 Under Secretary. It could be the Deputy. It
2 could be one of the assistants. Is it obvious to
3 you who it is?

4 MS. STUNTZ: Well, I would presume --
5 let's try this. We will work on a calendar. I
6 think this is a good start. What we could do is
7 we will try to get something in February or
8 March.

9 One of the things that I would think
10 would be in keeping with the new administrator's
11 priorities -- and it seems to be something I have

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12 heard from a lot of you -- is looking at the
13 issue Hunter identified sort of, effects of the
14 current financial crisis particularly on new
15 technology. We don't have to limit it to
16 renewables. We could talk about nuclear or clean
17 coal or anything else, but sort of looking at
18 that, and maybe not to say we are going to do a
19 big report or something, but just sort of educate
20 ourself about it, look at that, maybe that is
21 something we could generate a report or not, but
22 would look more broadly, you know.

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1 I would be interested. I mean, there is
2 a lot of anecdotal stuff out there. We are all
3 hearing different things, but maybe some more
4 organized effort to sort of look at that issue,
5 that would certainly be a timely topic to take a

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6 look at.

7 Let me know what you think.

8 MR. CAULEY: When do we think we might

9 have somebody? Understanding the Secretary

10 wouldn't be there, but when might we have

11 somebody from the new administration from DOE who

12 could come and meet with us in a room for

13 half-a-day? And we could review the 20 things

14 that we think might be helpful and get some

15 feedback and have a dialogue, kind of like when

16 we had the first meeting. It was very

17 exploratory. It wasn't an all-day thing. We

18 didn't really solve problems. I think we would

19 actually ramp up quicker because we have gotten

20 through the group dynamic part of it, and maybe

21 have that dialogue with somebody in front of us,

22 instead of doing it hypothetically.

1 MR. MEYER: Gerry, I can't answer that.
2 The closest I can come -- and it is not
3 that close, but the person who -- in our office
4 who is going to have -- be the lead person for
5 the next several weeks or more is Pat Hoffman,
6 head of the R&D -- long-time head of the R&D
7 office, and so that if you were looking for
8 guidance from her about things that she would
9 find personally quite useful, it would be stuff
10 under No. 5 or the broader R&D program that Mike
11 was talking about, but at least with No. 5, both
12 those things are very much in Pat Hoffman's
13 domain, next steps on storage and next steps on
14 smart grid, particularly in the R&D area.
15 So that stuff would certainly be very
16 useful and relevant, but then there's the broader
17 R&D menu that Mike was talking about. Yeah. So
18 that would be a useful way to go.

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19 But so far as when can I get somebody
20 here to represent the new team, it could be late
21 January, as early as late January, or it could be
22 early March. I just don't know.

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1 MS. STUNTZ: Dian.

2 MS. GRUENEICH: I guess I join in the
3 category of folks who say perhaps we should hold
4 off a bit and take our lead from are we, in fact,
5 still wanted and what would be helpful and useful
6 for whatever it's worth.

7 And then the second thing is if we do
8 embark upon work, in my mind, this has been very
9 productive because we were able to come at policy
10 recommendations from different viewpoints.

11 I frankly take it to go a step further

12 and start doing work, start saying let's lay out
13 a transmission, a national transmission grid
14 might look like. That to me is actually not the
15 role of what this committee would do. I see that
16 we would be doing policy work on some level, and
17 what is unclear to me is now that we have done
18 that policy work, where is there a need for
19 further policies. I don't actually know.

20 I will say, just having worked with Dr.
21 Chu in California, a passion of his is energy
22 efficiency and energy efficiency in buildings. I

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1 don't know if that is going to be something when
2 he comes here is a priority or not, but if you
3 are thinking of a list for our new Secretary,
4 that is not the list I would put up as what is
5 likely to catch his attention initially, though

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6 obviously, he is looking at it from the broader
7 perspective of all of the things that DOE does
8 need to look at.

9 MR. BARTELS: I know I am laboring my
10 point, also echoing what Dian says, I think all
11 individual companies here, at least from my
12 company, are being asked by the transition team,
13 questions about job creation, et cetera. If we
14 say okay, let's wait and see, we have done great
15 work, but great work is only great work if people
16 hear it and do something with it. Right?

17 So I would still want to do a plea that
18 if we can get some kind of formal feedback,
19 Linda, on the three reports back into the
20 transition team or perhaps back to Pat Hoffman,
21 if she plays a role, David, and let's take it
22 from there, but I would not be in favor of

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1 sitting and waiting.

2 MS. STUNTZ: So we will work on next
3 meeting dates, and we will continue.

4 Peggy will circulate this list. I still
5 think it's useful for people. I agree with what
6 Dian has said. I still think it is useful for
7 people.

8 Thank you.

9 [Whereupon, at 4:21 p.m., the meeting
10 concluded.]

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