

**State Energy Advisory Board
Teleconference Minutes
May 4, 2007 2 p.m. – 3 p.m. EST**

Attendees:

- William “Dub” Taylor, Director, State Energy Conservation Office, Texas (Chairman)
 - Dr. Patricia Sobrero, Professor, Agricultural and Extension Education Department, Virginia Polytechnic Institute and State University (VA Tech), Virginia (Vice-Chair)
 - Elliott Jacobson, Director, Action Energy Inc, Massachusetts (Secretary)
 - John Davies, Director, Division of Renewable Energy and Energy Efficiency, Kentucky Office of Energy Policy, Kentucky
 - Duane Hauck, Director, Extension Service, North Dakota State University, North Dakota
 - Jim Ploger, Energy Manager, Kansas Energy Office
 - Harold Smedley, Ethanol Fuels Consultant, Colorado
 - David Terry, Executive Director, ASERTTI, Virginia
 - Steve Vincent, Avista Utilities, Oregon
 - Alexander Mack, Manager, State Energy Program, Florida Energy Office
 - Peter Johnston, Manager, Technology Development, Arizona Public Service (APS)
 - Susan Brown, Deputy Administrator, Wisconsin Division of Energy
 - Chris Benson, Director, Arkansas Energy Office

 - Gary Burch, STEAB Designated Federal Officer
 - Pat Malone, TMS, Inc.
 - David Rathbun, TMS, Inc.
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Agenda Items:

- *Recap of the March 2007 Meeting (Washington, D.C.) and Discussion of Recent EERE Organizational Changes*
- *Issue Development “White Paper”—Market Transformation*
- *Discussion of Energy Northwest, SMUD, and APPA’s Appeal for Increased Funding Under the REPI Initiative (Public Forum Segment from March Meeting)*
- *Strategic Focus Areas from the March Meeting Discussions*
 - *Strategic Focus Area #1: State-Stakeholder Interface*
 - *Strategic Focus Area #2: Issue Development “White Paper” – Increased EERE Collaboration with the States*
 - *Strategic Focus Area #3: Assisting EERE with Implementing NAPEE Proposals*
- *August Meeting Update*

Introductions

Dub Taylor opened the meeting by presenting the agenda and also reintroduced several documents that the Board was supposed to review prior to the call. He made a special point to remind the Board that although those documents would be discussed, the Board would not be able to take any formal actions during the call as it was not publicly announced in the Federal Register.

Recap of the March 2007 Meeting (Washington, D.C.) and Discussion of Recent EERE Organizational Changes

Dub Taylor said that he felt that the March STEAB meeting was very productive, and that he was very pleased with the discussions and the dialogue. He also discussed EERE’s recent organizational

shift, explaining that Mr. David Rodgers, the former Acting Deputy Assistant Secretary for Technology Development, has been elevated to a new role since the Board last spoke with him. He explained that there will now be two Deputy Assistant Secretaries managing the EERE Technology Development portfolio: Deputy Assistant Secretary for Energy Efficiency (Mr. David Rodgers), and Deputy Assistant Secretary for Renewable Energy (Mr. Steven Chalk). Dub Taylor expressed his support for this shift, explaining that the “shared structure” makes directing the 10 TD programs a much more manageable situation.

Elliott Jacobson inquired about the relationships between the two new DASs, explaining that this new organizational shift would be a positive move for EERE but only if the two are able to work well together. Gary Burch gave a brief background on Mr. Chalk’s program management expertise, and explained that Mr. Chalk is well qualified and that the Assistant Secretary (Andy Karsner) continues to embrace him as being his “best-of-the-best.” He also explained that for the time being, Mr. Chalk will continue to manage the “Solar” and “Buildings” Programs in addition to his new role as the DASRE. Elliott Jacobson also inquired as to whether or not there were any other personnel changes, and inquired as to whether or not Mark Bailey was still managing the Weatherization and Intergovernmental Program Office (OWIP). Gary Burch explained that Mr. Bailey is still serving as the Acting Program Manager for the OWIP, but also explained that there is no guarantee that he will continue in this role.

Chris Benson inquired as to whether or not this restructuring will affect the EERE budget. Gary Burch stated that he is not aware of any changes due to this realignment, but informed the group that the Assistant Secretary is very committed to moving as much technology as possible out into the field, and that having two DASs will assist in this process and will help the programs to move “faster, “quicker,” and “better.”

Issue Development “White Paper”—Market Transformation

Dub Taylor explained that everyone should have received a copy of the paper and that there have been several edits reflected in the paper since the March meeting. He explained that if there was any additional feedback to be suggested, that “now is the time.” He also explained that since the Board cannot take any formal actions on this matter today, this topic will remain on upcoming agendas so that Board can further decide what to do with this document and the message and suggestions contained within.

Discussion of Energy Northwest, SMUD, and APPA’s Appeal for Increased Funding Under the REPI Initiative (Public Forum Segment from March Meeting)

Elliott Jacobson summarized the grievance that was brought forth by the three concerned parties that attended¹ the March meeting and their respective positions regarding the limited amount of funding available under the DOE’s Renewable Energy Production Incentive (REPI). He explained that at the time, he informed the concerned parties that any discussions or actions related to this topic would have to be addressed to the entire Board, and that any actions the Board considered would not be able to take place that day. He then explained that the development of any said resolution on this topic would likely be a “tight rope” exercise in order to avoid potential conflicts of interest for Board members. He did, however, explain that the REPI is a good initiative and that the more he thought about it, the more he wants to try and find a way to address the concerns of those concerned utilities. Gary Burch also provided a summary of the REPI issue posed by those concerned parties, explaining

¹ A representative of Energy Northwest attended the March meeting; APPA and SMUD submitted written explanations of their concerns related to the limited amount of funding under the REPI initiative.

that up until two years ago, the \$5 Million funding cap was sufficient to cover the expenses of all those who applied. However, there has been an increased growth/demand for renewable energy electricity generation. And as of today, the new metric needed in order to fully compensate utilities applying for REPI funding would be in the neighborhood of \$40 Million annually. In closing, he explained that the concerned parties were aware that the STEAB may not be able to influence the DOE in this regard; however, they did see the public forum segment as an opportunity to formally enter their concerns into the public record.

Dub Taylor said that the Board should make a point to secure a quorum during the next call so that this matter can be addressed. He also stated that should the STEAB take any action in this regard, the three written requests submitted by the APPA, SMUD, and Energy Northwest should be submitted along with any formal communiqué that the Board sends to the DOE. Gary Burch agreed, and reinforced the importance of the Board having a quorum during the next call. He then added that this was also something that the Board could pose to the new DASs for TD. Duane Hauck explained that there was a lot of opportunity within his state (ND) to expand renewable generations as many utilities have expressed interest in starting similar programs. However, utilities have been reluctant to move forward with such programs due to the limited amount of incentives available – “one thing to get a tax credit, but it’s another thing to get an incentive or award.”

John Davies inquired as to how the National Rural Electric Cooperative Association (NRECA) compares to the other utilities in regards to size and their potential qualifications for REPI funding. Gary Burch said that he was not aware of the answer to that, and he explained some of the differences between co-ops and munis, such as area coverage and meter density.

Peter Johnston commented that Board could advocate in support of the REPI program without specifying dollars or figures. Gary Burch agreed, and recommended that Mr. Johnston “rough out” some notes on the issue and submit them to David Rathbun (TMS, Inc.) so that he can forward them to the rest of the Board prior to the next call.

Elliott Jacobson inquired as to whether or not future Public Forum segments could be moved up in the agenda in order to better accommodate the Board. Dub Taylor suggested that during future meetings, the Public Forum segment could be moved to earlier in the program in order to increase Board participation and allow time for potential “on-the-spot” deliberations. Gary Burch agreed.

Strategic Focus Area #1: State-Stakeholder Interface

Gary Burch explained that shortly after the March Board meeting he met with David Rodgers in order to share with him what the Board was able to “take away” from his discussion hour. He explained that Mr. Rodgers suggested that the Board assist him by developing a “Roadmap” that identifies different state-stakeholders and programs. However, according to Mr. Rodgers’ discussion with Gary Burch, the Board did not quite capture what he was trying to convey, and provided the following information to Gary Burch to share with the Board: A one-page “Matrix” that identifies the different state-stakeholders and Players and their respective interests in specific programs. The “horizontal” identifiers would include the various “players” (e.g., National Association for State Energy Officials (NASEO), Western Area Power Administration (WAPA), etc.), and the “vertical” identifiers would list programs/initiatives (e.g., Building Codes, National Action Plan for Energy Efficiency (NAPEE), Renewable Energy Credit trading systems (RECs), etc.)

Gary Burch explained that his initial concern was that the Board would not have the time or the resources to engage in such a task. However, upon looking at the relative simplicity of the “Matrix” that Mr. Rodgers outlined, it would appear that this undertaking would be something that the Board

could assist in after all. He recommended that Board consider assigning a small ad-hoc sub-group to begin working on this. Dub Taylor agreed and inquired as to whom among them would perhaps have the most particular interest in focusing on this task. Pat Malone suggested that the best method to develop a complete matrix would be to engage the entire group in this exercise, and recommended that he, Dub Taylor, and Gary Burch begin sketching out the initial structure of the “Matrix” so that they could share it with the Board during the next conference call. That way, the “structure” would better assist the Board with coming up with ideas to comment and build upon.

Strategic Focus Area #2: Issue Development “White Paper” – Increased EERE Collaboration with the States

Dub Taylor reintroduced the white paper that David Terry developed which outlines suggestions for increased EERE collaboration with the States. However, since Mr. Terry was not able to join the call, Dub Taylor suggested that this agenda item be delayed and that any detailed discussions be postponed until Mr. Terry is available to join the group. John Davies recommended that no matter what actions come about regarding the document, the addition(s) of any further layers that detail additional opportunities for EERE would most likely be undesirable. Dub Taylor agreed, and stated that if anything, EERE is already adding their own “layers” through the DAS alignment within the TD Office.

Strategic Focus Area #3: Assisting EERE with Implementing NAPEE Proposals

Dub Taylor explained that the NAPEE executive summary was circulated prior to the call for the Board to review. He also summarized the plan’s background, and explained that the plan itself was released last July (2006) and there was a recent follow-up meeting in Washington, D.C. to develop the strategies to “get to the outcomes.” Gary Burch explained that the executive summary only lists five bullets that are relative to the NAPEE’s goal. He also stated that it is still not clear within the organization (EERE) as to what elements or components will evolve under the NAPEE, and that the best way to assist in this effort would be to monitor what happens – NAPEE is an ongoing exercise. He further added that there was a recent scramble with the EERE “Plus up,” and that EERE is working very diligently to get money distributed and obligated, etc. He also suggested that because of this issue, the Board may want to consider inviting Mark Bailey (OWIP) to attend a future conference call to give an update on this issue.

August Meeting Update

David Rathbun (TMS, Inc.) gave a brief summary of the dates and times for the next STEAB meeting, announcing that it will take place from August 14 -16, 2007 in Berkeley, CA. The following is the tentative meeting agenda.

Tuesday, August 14	Wednesday, August 15	Thursday, August 16
Tour of the Lawrence Berkeley National Laboratory	8:30 a.m. – 5:00 p.m. Board Meeting, Hotel Durant	8:30 a.m. – 12:00 p.m. Board Meeting, Hotel Durant

The Lab has been contacted and they are working on providing the Board with some touring options. Upon receipt, David Rathbun will forward the touring options to the Board for consideration.

Hotel:

The August meeting will take place at the Hotel Durant, which is only away blocks from the University of California at Berkeley campus. A block of hotel rooms have been reserved. Individual room reservations **MUST** be secured no later than **July 15, 2007**. If you do not book by the deadline, you will **NOT** be guaranteed the government Per Diem rate of \$111.00 per night. Please do not delay. You may cancel your reservation without penalty up until 72 hours prior to check in. There are no exceptions.

Hotel Durant:

<http://www.hoteldurant.com/>

2600 Durant Avenue

Berkeley, CA 94704

Reservations: (510) 845-8981 or 1-800-238-7268

Please reference the “State Advisory Board” group when calling. The booking code is “YA0000.”

October Meeting Update:

David Rathbun explained that he has started looking for possible hotel and conference locations for a proposed October meeting at the request of several Board members that wanted to meet in Washington, D.C. at the same time as the “Solar Decathlon” (Oct 12 -20, 2007). He explained that the IMF and World Bank will also be meeting in that time frame, and based on all initial inquiries, hotels are completely booked during much of the month of October – hotels are also not extending government rates as a result. He explained that he will keep looking, and will update the Board on his progress during the next call. Gary Burch and Dub Taylor both agreed that the IMF and World Bank’s presence in the city would potentially make an October meeting too challenging to plan.

Open Forum

Elliott Jacobson stated that he has recently heard a lot of negative feedback within the "Weatherization" community in regards to the cuts in the Weatherization Assistance Program (WAP) under the continuing resolution in the House. He expressed concern with the direction of WAP funding, and concluded by inviting the Board to think about ways in which they felt that the Weatherization Community could strengthen its relationship with DOE. Gary Burch said that he recently learned that Assistant Secretary Karsner has hired two new people that are supposed to focus on market development and outreach, but he was not sure at this time how that might impact Weatherization. Gary hopes to meet and have a discussion with these two new staff in the next couple of weeks.

Next Conference Call

The next conference call will take place on Wednesday, May 23 from 2:00 – 3:00 p.m. EDT. Starting in June 2007, conference calls will be taking place every third Wednesday from 2:00 – 3:00 p.m. EDT.