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RE: Utility Advice Letters Implementing 2010-2012 Energy Efficiency Portfolio

This letter offers comments from the Local Government Sustainable Energy Coalition (“LGSEC”) on a number of advice letters submitted by the investor-owned utilities to implement their 2010-2012 energy efficiency portfolios.¹ The LGSEC does not wish to stand in the way of approval of the programs described in the advice letters. We do, however, see a number of areas where there are opportunities for greater integration and meaningful engagement with local governments. We encourage the California Public Utilities Commission (“Commission” or “CPUC”) to adopt metrics and accountability to ensure that there is true collaboration between utilities and their local government partners. LGSEC members have observed there is a discernable difference between utilities in the quality of their interaction with local government partners; we ask the Commission’s support in holding all the utilities to a high level of meaningful collaboration with the local government partners.

This letter also offers brief comments on the recent report from PG&E that (1) finds local government involvement in direct installation programs to be beneficial and (2) recommends

¹ PG&E Innovator Pilot – Advice Letter 3081-G/3597-E; PG&E Green Communities -- AL 3082-G/3598-E; PG&E Zero Net Energy Pilot Program -- Advice Letter 3078-G/3594-E; PG&E Green Pathways Pilot – Advice Letter 3080-G/3596-E; Joint Utility Advice Letter on Integrated Demand Side Management - -SDG&E Advice Letter 2139-E/1921-G; SCE Sustainable Portfolios and Sustainable Communities – Advice Letter 2425-E; SDG&E Advice Letter 2138-E/1920-G – Energy Efficiency Pilots; SoCalGas Advice Letter 4065 – Sustainable Communities.

their continuation.² We commend PG&E for its assessment, and also for producing the report in the timeframe directed in Decision 09-09-027. No specific process has been outlined for commenting on the report, hence we take this opportunity to provide input.

PG&E Innovator Pilot – AL 3081-G/3597-E

LGSEC commends PG&E for conducting this solicitation in a timely manner, as directed in D.09-09-027. The LGSEC has actively advocated for more opportunities to undertake projects that support the *Strategic Plan* goals. As we indicated in comments on the compliance budgets, we continue to be disappointed that funds for this program have been decreased.³ We also are concerned that the final budgets have not been provided in the Advice Letter. It would be useful for the Commission to know the magnitude of the projects as proposed by the applicants, and then the amount by which PG&E would like to decrease the programs. While there is a tension between giving the utilities authority to manage their portfolios and micro-managing every decision, the Commission – and ratepayers – should receive the benefits of these innovative programs as devised by the applicants.

PG&E Green Communities -- AL 3082-G/3598-E

The LGSEC commends PG&E for working with existing, regional entities, in a manner that appears to follow closely some practices and strategies we have been recommending for many years. The LGSEC has previously made recommendations to the Commission about how building energy usage can be most usefully provided to local governments, in a manner that allows us to use the information in our community-focused programs to reduce energy use. In particular, local governments require electronic transfer of utility data on building energy usage – both municipal facilities and privately owned buildings – upon request of the local governments. The Resolution approving this advice letter should specify that energy usage data should be provided as outlined above.

PG&E Zero Net Energy Pilot Program -- Advice Letter 3078-G/3594-E

The Advice Letter is very general in terms of the program's goals and strategies. It is not clear exactly whether or how PG&E will engage local governments or regional organizations. LGSEC supports bringing together the relevant market participants, and is interested in ensuring that there is a meaningful role for local governments in this long-range planning.

PG&E Green Pathways Pilot – Advice Letter 3080-G/3596-E

Green workforce is another area of focus for local governments, particularly right now with funds from the American Recovery and Reinvestment Act. The Advice Letter does not talk

² PG&E, “Local Government Partnership Direct Install Programs: Assessment of Small Business and Residential Direct Install Programs Coordinated by PG&E Local Government Partnerships,” January 22, 2010.

³ December 11, 2009 letter from Local Government Sustainable Energy Coalition to CPUC re PG&E Advice Letter 3065-G/3562-E, SCE Advice Letter 2410-E, Compliance Advice Letters Implementing Utility 2010-2012 Energy Efficiency Portfolio Budgets and Other Directives Pursuant to Decision 09-09-047.



specifically about local government coordination. PG&E should be cognizant of opportunities to coordinate with local workforce development activities.

Joint Utility Advice Letter on Integrated Demand Side Management - -SDG&E Advice Letter 2139-E/1921-G

This program is designed to integrate and bring together various utility programs that historically have not coordinated effectively, particularly distributed renewable energy, energy efficiency, and demand response. It is disappointing that the statewide task force only includes utilities and the Commission's Energy Division. Local governments could play a role here; we are de facto integrating all these delivery channels as we develop our community-focused programs at the local level.

SCE Sustainable Portfolios and Sustainable Communities – Advice Letter 2425-E

The Advice Letter does not provide any detail on how the budget is broken out between the two programs; the actual implementation strategy for each program; roles and responsibilities within each program; and other partners with which SCE will engage.⁴ Without this information, it is difficult to evaluate the programs. LGSEC recommends the Commission require a detailed budget and workplan before approving the program. These are programs, particularly Sustainable Communities, which will necessarily interact with the Climate Action Plans that local governments either have already prepared or are the process of preparing and which will also benefit from strong local building codes and involvement from local government. There is no mention in the advice letter of this linkage.

SDG&E Advice Letter 2138-E/1920-G – Energy Efficiency Pilots

The two pilot programs both offer potential for customers to invest in energy efficiency equipment. Many local governments are launching municipal finance programs, at the urging of the CPUC and the California Energy Commission. The advice letter does not indicate how the utility pilots will coordinate with local government programs so that customers are fully informed of their options. Additionally, it is not clear why the utilities are getting into the business of owning HVAC systems in commercial facilities. Is this truly a benefit to customers who otherwise would not be able to afford the equipment, or is it a way for the utilities to increase capital costs included in rate base?

SoCalGas Advice Letter 4065 – Sustainable Communities

Same as SDG&E Energy Efficiency Pilots – see above.

PG&E Report on Local Government Partnership Direct Install Programs

As indicated above, PG&E submitted a report to the Commission in late January on the effectiveness of direct installation programs coordinated through or implemented by local governments. PG&E reports the programs add significant value and “play a vital role in program

⁴ This is a contrast with PG&E's Green Communities Advice Letter.



success.” The report recognizes the unique position of local governments in coordinating across various initiatives, such as energy efficiency, climate action planning, workforce development. The report recommends continuing these programs in 2010-2012, in both small business and residential programs.

The findings in PG&E’s report should be accorded careful consideration as the Commission considers possible modifications to the 2010-2012 portfolio. The other utilities have not submitted their reports, but those reports should be considered in the context of PG&E’s analysis when they are submitted.

The LGSEC appreciates this opportunity to provide feedback on implementation of the 2010-2012 energy efficiency portfolio. Please contact me with any questions or comments.

Sincerely,



Jody London

cc: Service List, A.08-07-021

