

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company for Approval of 2013-2014 Energy Efficiency Programs and Budget (U39M).	Application 12-07-001 (Filed July 2, 2012)
Application of San Diego Gas & Electric Company (U902M) for Approval of Electric and Natural Gas Energy Efficiency Programs and Budgets for Years 2013 through 2014.	Application 12-07-002 (Filed July 2, 2012)
Application of Southern California Gas Company (U904G) for Approval of Natural Gas Energy Efficiency Programs and Budgets for Years 2013 through 2014.	Application 12-07-003 (Filed July 2, 2012)
Application of Southern California Edison Company (U338E) for Approval of Energy Efficiency and Demand Response Integrated Demand Side Management Programs and Budgets for 2013-2014.	Application 12-07-004 (Filed July 2, 2012)

**COMMENTS OF THE  
SAN FRANCISCO BAY AREA REGIONAL ENERGY NETWORK  
TO SUPPLEMENTAL INFORMATION SUBMITTED IN RESPONSE TO  
ATTACHMENT A OF SCOPING MEMO**

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For THE SAN FRANCISCO BAY AREA  
REGIONAL ENERGY NETWORK

September 14, 2012

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## I. INTRODUCTION

As directed by the Scoping Memo, and the August 31, 2012 electronic mail ruling from Administration Law Judge Fitch, the Association of Bay Area Governments (“ABAG”) submits Comments to Responses by Pacific Gas and Electric (“PG&E”) to Request for Supplemental Information (Attachment A) of the August 27, 2012, *Scoping Memo* (“PG&E Response”), on behalf of the San Francisco Bay Area Regional Energy Network (“BayREN”).

The Commission established the 2013-2014 energy efficiency Transition Period as a cycle that would “signal the way toward broader changes to the energy efficiency portfolio starting in 2015”<sup>1</sup>. As part of this transition, the Commission recognized the evolution of local governments as experienced and responsible implementers of energy efficiency programs, and requested Motions to establish regional energy networks, in part to allow local governments the opportunity to develop a track record<sup>2</sup> and to define the appropriate level of local government administration of ratepayer-funded energy efficiency programs<sup>3</sup>. The BayREN and its program have been organized to fulfill those objectives, increase the effectiveness of energy efficiency funds, and to demonstrate the potential of local governments to take leadership on energy management issues.

ABAG submits these comments simultaneous with meetings it has convened among PG&E and the BayREN Executive Committee to develop a harmonious orchestration of the parties’ respective, independent and leveraged programs under a portfolio structured for performance and cost-effectiveness. ABAG and the member governments of BayREN continue to assert that its subprograms are not duplicative of PG&E’s presently-defined programs; and,

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<sup>1</sup> D.12-05-015 Decision Providing Guidance on 2013-2014 Energy Efficiency Portfolios and 2012 Marketing, Education and Outreach (“D. 12-05-015”), p. 2

<sup>2</sup> Id. at 148

<sup>3</sup> Ibid.

further, that the BayREN Application robustly serves both the spirit and intent of D. 12-05-015, to achieve deeper, long-lived energy savings, increase the capacity of future energy efficiency cycles, and accelerate the pace and success of the *Long Term Energy Efficiency Strategic Plan*.

## **II. COMMENTS TO RESPONSES BY PG&E TO QUESTIONS POSED IN ATTACHMENT A**

In the interests of simplicity and clarity, ABAG has organized these Comments according to market sector and subprograms, to avoid Questions posed in Attachment A that are not relevant to the BayREN Application.

As a preface to Comments, ABAG notes that throughout its Responses, PG&E has referred to its local and *regional* government partnerships. PG&E's new use of the term "regional government partnerships" is likely to cause confusion. The term "regional" has been used in these proceedings to refer to the newly-recognized Regional Energy Networks and to discern them from utility Local Government Partnership/Energy Watch ("LGP/Energy Watch") Programs. PG&E-administered LGP/Energy Watch Programs have generally formed as programs for single counties and, occasionally, a single city. Even among County-based LGP/Energy Watch Programs, it is common for programs and funding to be concentrated on a major city. While we are aware that some existing LGP/Energy Watch Programs serve multiple counties, with the exception of the East Bay Energy Watch program, the LGP/Energy Watch Programs in the Bay Area serve a single county.

By contrast, the BayREN uniformly provides large-scale programs to 9 counties and 101 cities (population 7.4 million), and the SoCalREN similarly serves the State's most populous county (Los Angeles, population 9.9 million) and has expanded beyond its county borders to encompass a total of 112 cities. The recent use of the term regional government partnership by PG&E is confusing, and should be avoided unless it is clear that it is referring to one of PG&E's

geographically-scaled local government partnerships, as opposed to a REN.

In its Response, PG&E claims that the BayREN program will impose duplicative administrative costs and adversely impact cost-effectiveness. We address this point in greater detail below under “Local Government Partnerships” but include here a statement that the streamlined administrative structure of the BayREN, coupled with the broad, uniform, consistent and responsible application of its Programs across the 9 counties of the San Francisco Bay Region, yields more prudent contracting and administrative costs.

### **A. Residential Programs**

ABAG and the BayREN remain uncertain (Question A2) regarding PG&E’s present and future use of and reference to its residential programs as the Whole Home Upgrade Program (“WHUP”), whether a “brand assessment” to be delivered later this year may preempt the Commission’s designation of Energy Upgrade California as the state’s flagship program for energy efficiency, and the process anticipated under the brand assessment. In its original program filing<sup>4</sup> PG&E consistently refers to WHUP as a replacement program for Energy Upgrade California. For example, “[t]hese initiatives include expansion of the residential Whole Home Upgrade Program (WHUP, previously *named* Energy Upgrade California” (emphasis added).<sup>5</sup> The PG&E Response first clarifies that WHUP is only a term for internal use, but adds that this could be standardized pending results of a brand assessment later this year. We trust that all parties to the proceedings and other interested parties will have the opportunity to participate in any brand assessment process that could or may demote the use of Energy Upgrade

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<sup>4</sup> Application of Pacific Gas and Electric Company (U 39 M) for Approval of 2013-2014 Energy Efficiency Programs and Budget, July 2, 2012

<sup>5</sup> Id. at p. 5

California as the State's flagship brand and program for energy efficiency.

ABAG and the BayREN support PG&E's future intent to increase contractor and rater sales and marketing skills (A.3.a.2<sup>6</sup>). During the 2010-2012 Energy Upgrade California cycle, BayREN member governments established contractor and rater mentoring workshops (e.g., branding and marketing, sales skills, energy co-benefits, real estate value impacts, financing options, available energy efficiency programs, and customer relationships). Contractor feedback uniformly identifies this asset as value-added to their business, and as a salient factor in consumer uptake for advanced package energy efficiency improvements. If PG&E is authorized to proceed, this is an area ripe for coordination between the Utility and BayREN, to ensure consistent messaging to contractors and budget efficiency, e.g., joint contractor participation workshops where the REN and PG&E would both be present to deliver information and answer questions.

### **1. Single Family Programs**

The supplemental/updated Residential PIP (Question A7) filed by PG&E with its Response does not incorporate any new information regarding its Whole Home Upgrade Program, Multifamily Path that would change ABAG's prior analysis and determination that the PG&E and BayREN Multifamily Programs are distinct and non-duplicative.

ABAG repeats the distinction it has previously drawn between the BayREN Home Upgrade Advisor ("HUA"), which operates as a hand-on, full-process advisor (including on-site counseling) and PG&E's Energy Advisor, which principally relies on online survey tools and consumer Energy Reports (see Question A8). ABAG also notes that the PG&E's HERS

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<sup>6</sup> Id. at p. 6

initiative is currently described as encouraging participation only in *utility* energy efficiency programs (Question A.8.a)<sup>7</sup> and reserves the potential for current discussions between PG&E and the BayREN to expand cross-promotion among programs of both entities. Also, ABAG respectfully seeks clarification of the term “enrollment” (Question A.8.c)<sup>8</sup> and what action must be taken by consumers to constitute enrollment.

The BayREN Home Upgrade Advisor Program is distinct from and not duplicative of PG&E’s Energy Advisor or Single Point of Contact (A.10.a). Although the titles may be similar, substantive differences exist in the level of technical and other assistance provided. PG&E is offering a downscaled program that focuses consumer education on available rebates and general recommendations through the availability of online survey tools. The BayREN Program model is more accessible and comprehensive, and provides detailed project-specific recommendations, supported by hands-on assistance to the property owner throughout the entire process.

ABAG adds that with regard to the contractor expectations from a statewide marketing program (Question A.10.a) lessons applied by the BayREN Motion include:

- (i) a statewide program is better positioned to create a universal campaign that stimulates awareness,
- (ii) the California Center for Sustainable Energy is a highly-effective partner to develop and implement a meaningful awareness campaign (and the BayREN recommends its independence to do so); and
- (iii) local government Marketing, Education, and Outreach (“ME&O”) is considered by contractors as a key driver to action.

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<sup>7</sup> Id. at p. 12

<sup>8</sup> Ibid.

The BayREN Application provides for working partnerships in ME&O among the local governments, contractors and, under the Financing Portfolio Subprogram, lending and financing institutions.

## **2. Multifamily Programs**

ABAG augments PG&E's response to the Commission's request for further information on the utility's Multifamily Energy Efficiency Retrofit Program ("MFEER") (Question A.11) in order to clarify the distinct and integrative relationship among the utility and BayREN Multifamily Programs. Assuming the Commission authorizes the BayREN Multifamily-Energy Upgrade California Subprogram and both of PG&E's Multifamily programs, there will be three pathways tailored to the needs of distinct multifamily building sectors: (i) the MFEER for the single measure rebate approach, (ii) the BayREN Multifamily-Energy Upgrade California bundled measure approach, which encourages multiple measures and provides a greater level of technical assistance, and (iii) the limited WHUP Multifamily pilot which targets building owners willing to undertake a comprehensive commercial audit and an advanced comprehensive upgrade.

Below, ABAG clarifies the three key areas where the Bay REN Multifamily Elements are complementary to PG&E's programs, and not a duplication of services.

- 1. The Multifamily Bundled Measure Incentive serves an unmet market need:** The BayREN proposed bundled measures incentive fills a specific gap in the market not otherwise served by existing IOU direct install single measure programs (Energy Savings Assistance Program & MFEER) or proposed whole-building performance programs (WHUP). The intent of the bundled measures incentive is to provide a "middle of the road" participation path that achieves deeper and more customized savings than a



direct install single measure program, but does not carry the up-front cost of an investment grade audit associated with a whole-building performance program.

**2. Technical Assistance is more comprehensive than PG&E's single point of contact:**

BayREN technical assistance will include making upgrade recommendations for a range of energy, water, indoor air quality, and resources conservation best practices. It will also assist owners in pursuing Low Income Housing Tax Credits, State Housing Bond Financing, HUD Green Retrofit programs, water utility incentives, and green building certification. This will enable owners to leverage multiple funding resources to undertake property upgrades. Technical assistance will refer projects to PG&E's proposed single point of contact and will screen for properties that meet the requirements for PG&E's WHUP multifamily pilot. BayREN will coordinate further with PG&E as additional program details become available.

**3. The BayREN Multifamily program is ready to deliver energy savings in 2013-14:**

Existing IOU multifamily programs are not attractive to many property owners due to issues of savings attribution between programs, overlap of the customer segments, and application of single family delivery models to multifamily properties. The proposed scale and timing of PG&E's WHUP multifamily path (only a 500-unit pilot budgeted for 2013) is inadequate to provide quality service to the multifamily sector, which constitutes approximately 40% of housing in the Bay Area. The restructuring of existing IOU programs and piloting of WHUP multifamily path should not preclude local governments from offering complementary services in the meantime. Bay REN is poised to address the underserved multifamily sector and promote deeper retrofits.

PG&E indicates (Question A18) that it would like to implement a HERS II assessment

program through its LGP/Energy Watch Programs in a number of communities, including Fresno, Madera, Kings, Tulare and Kern counties. ABAG and the BayREN respectfully request that if this initiative is considered in the future for implementation by PG&E in the Bay Region, any such expansion is preceded by coordination with the BayREN to avoid confusion in the marketplace.

***B. Commercial Programs***

The BayREN Program’s Commercial elements (captured under its Financing Portfolio Subprogram), are not duplicative of PG&E’s commercial program design, e.g., the BayREN program has a tiered system for ASHRAE II and Investment Grade Audit incentives (partially recoupable) to drive demand, while PG&E’s program offers a walk-thru audit and encourages property owners to undertake formal audits (Question A20).

ABAG notes that PG&E seeks to evaluate the savings potential of EMIS products (Question A21). The BayREN can achieve cost efficiency and avoid duplication of efforts through consultation with Los Angeles County, which has implemented EMIS under a program that extends to all Los Angeles County cities, with the County serving as a central data hub. LA County proposes to expand this program as part of the SoCalREN.

ABAG and the BayREN observe the Commission’s multiple references to data use and application, and emphasize that effective and timely access to data promotes program design and performance (Question A21). PG&E also refers to the collection and utilization of performance data (Question A26) as a “key element of PG&E’s planned WBA-based program activities . . .”<sup>9</sup> We trust that the 2013-2014 transition cycle will afford Regional Energy Networks the access to

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<sup>9</sup> Pacific Gas and Electric Company’s Response to Request for Supplemental Information in Scoping Memo and Ruling, p. 29

data necessary for optimal program implementation, analysis, and reporting.

### ***C. Financing Programs***

#### **1. The BayREN Financing Program is Unique and Ready to Implement**

The BayREN Program structure is neither static nor compartmentalized. Instead, to provide for customization, flexibility, and responsiveness to consumers, it has been developed for dynamic cross-support among subprograms and their elements<sup>10</sup>. This cross-networked approach is resilient and has the potential to drive deeper, broader, long-lived energy efficiencies. Its strength lies in the program in its entirety (the removal of any subprogram has the ability to adversely impact all other subprograms), and this is no more evident than in the Financing Portfolio Subprogram. Because the PG&E Response alleges duplication of the BayREN Financing Portfolio subprogram<sup>11</sup> in a manner that lacks detail but has sweeping implications for nearly all other BayREN subprograms, ABAG respectfully submits very detailed comments to this section.<sup>12</sup>

The BayREN Financing Portfolio Subprogram is responsible, non-duplicative, and we respectfully propose that it is better situated to serve the market and the Commission's objectives for the Transition Period. The BayREN Financing Portfolio has precedent and is well-founded. Its elements were designed based upon pilots already implemented by BayREN and SoCalREN member governments during the Energy Upgrade California 2010-2012 cycle, extensive outreach with lenders and financial partners, and demonstrable results from programs both

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<sup>10</sup>For example, residential audit rebates (which have demonstrated impacts on conversion rates) for the Single-Family EUC Subprogram; tiered, qualified and potentially recoupable commercial audit rebates (ASHRAE II and Investment Grade Audits); expanded role of the Home Upgrade Advisor to drive interest, uptake and follow-through among consumers, unique credit enhancements (the Capital Advance Program) under the Multifamily-EUC Program, and Commercial PACE partnerships under CaliforniaFIRST.

<sup>11</sup> PG&E Response, Q 58, p. 54 and Attachment A58

<sup>12</sup> PG&E Response, Attachment A 58

within California and across the United States.

The BayREN Financing Portfolio is designed to function as a high-performance, fiscally-prudent subprogram, and is conservatively scaled. For example, PG&E has committed to a new partnership with Santa Barbara County (population 426,000 representing approximately 3 percent of PG&E's consumer base) with a \$4 million loan loss reserve fund. (We commend Santa Barbara County and its programs, and support this new partnership.) By way of comparison, the BayREN Application (population 7.4 million, representing approximately 50 percent of PG&E's consumer base) includes a combined loan loss reserve request of \$7.45 million.

## **2. Statewide Financing Consultant Coordination**

The Statewide Financing Pilot Consultants have specifically reached out to BayREN and SoCalREN member governments to provide counsel on potential finance programs and elements, including but not limited to: the scale, impact, reserve ratios, and optimal structuring of loan loss reserve funds; interest rate factors; contractor engagement and participation in financing programs; receptive lenders (with a further request to speak to specific lenders cultivated by local governments); impact of assessment rebates; contractor mentoring; Commercial PACE program implementation; and piloting scenarios. It is disappointing that after local governments responded to the statewide financial consultants' requests, with several man-hours of financing recommendations, explanations, strategies, background, research, sharing of pilot outcomes, etc., the consultants' draft recommendations reflect not only the work product of local governments but entire financing programs (e.g., BayREN Multifamily Co-Funding Financing) with the direction that they should only be implemented by the utilities.

## **3. The BayREN Financing Program is Distinct from Any PG&E Financing Program**

The BayREN Financing Portfolio Subprogram is distinct from PG&E's financing

programs as proposed in key respects, including but not limited to the following:

- *Definition.* The BayREN Financing Portfolio Subprogram is fully formed and specifically defined in its Application. PG&E has referred generally to programs it will implement in partnership with CHF, with detail, operation and implementation details deferred until completion of the Statewide Financing Consultant process<sup>13</sup>. Given the lack of present detail, it is not clear how programs developed by the BayREN, positioned for implementation, are somehow “duplicative” of an *intention* to develop defined programs to be implemented at some future date.
- *Timeliness of Implementation.* PG&E’s new partnership with CHF is a positive development, but it is not clear that CHF – outside PG&E’s commitment of a \$2 million loan loss reserve – is positioned to implement PG&E’s single-family, multi-family and commercial programs on a timely basis (see more fully addressed below).
- *Ideal Financing Pilot Environment.* The BayREN is ideally positioned to serve as a pilot environment, incubator and functioning laboratory for financing programs that may have future utility as statewide programs. The Program’s scope and scale allow for meaningful demonstration of financing options within a substantial region, and ready projection or transition to statewide application.
- *Flexibility.* If the Statewide Financing Consultants recommend, and the Commission approves, changes to the BayREN Financing Portfolio Subprogram, the Program is structured to be flexible and nimble. Further, the engagement of BayREN member

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<sup>13</sup> PG&E refers to its intent to develop “a credit enhancement strategy”, “a multi-family residential market strategy”, “a credit enhancement strategy”, and “an on-bill repayment strategy” (PG&E Response, A58, p. 54), as well as a proposal to fund a \$2 million loan loss reserve with CHF – and somehow claim that defined, ready-to-implement programs are somehow “duplicative” of an *intention* to develop defined programs to be implemented at some future date.

governments by the Statewide Financing Consultants has already established a working relationship among the entities.

- *Independent Marketing Plan Implementation.* In general, consumers and contractors did not respond to the 2010-2012 statewide marketing campaign. Rather, uptake in energy efficiency upgrades coincided with implementation of the independent, local government marketing campaigns. Utility partners (CHF, LGP/Energy Watch Programs and Third Party Implementers) will not have the independence to develop dynamic campaigns and to freely innovate with the Statewide ME&O Plan to be developed and implemented by CCSE.
- *Identification.* The Regional Energy Network programs will be associated by the public with governments, which 2010-2012 surveys and reports identified as a relationship of heightened trust and confidence.

#### **4. CHF Program Should Not Be Offered in BayREN Counties**

Many aspects of PG&E's recently unveiled partnership with CHF remain undeveloped or unclear. For example: with regard to residential, CHF has not identified an equity or lending partner(s); any on-bill repayment or line item bill program through the utility has yet to be developed, adopted or tested for market uptake by partnering lenders; and it is uncertain that these elements can be in-place on a timely basis

PG&E's refers to CHF's near statewide enrollment of "Member" and "Associate" counties under its ARRA-funded program as a de facto statewide program for additional future programs. Five, perhaps six, of the BayREN counties did enroll with CHF in the 2010-2012 term, as Associate Members, in order to provide citizen access to 3% interest energy efficiency

loans that were fully funded by federal stimulus funds that have now expired.<sup>14</sup>

CHF's new program sheet identifies a 6.5% interest rate "floor" that is purely dependent upon the prevailing rates of lenders that have yet to be identified, and are in any event subject to quarterly changes. Comparatively, the streamlined infrastructure of BayREN would seem more efficient than a model that would require separate contracts with each of the region's nine counties and ABAG, potentially involve a new process between each government and CHF,<sup>15</sup> and somehow seek to implement large-scale fundamental programs (such as financing) through an inconsistent coalition of the Bay region counties, a community choice aggregator, third party implementers and at least seven Energy Watch Programs.<sup>16</sup>

ABAG and the BayREN counties applaud PG&E's emerging partnership with CHF, but based upon current information do not believe the residential, multifamily, and commercial programs under this partnership are sufficiently developed for timely implementation during a limited two-year pilot cycle that is based upon dynamic pilots and demonstrable program performance analysis and data.

#### ***D. Comments On Specific PG&E Responses***

In addition to the programmatic comments above, ABAG offers the following comments to specific PG&E Responses.

ABAG and the BayREN support PG&E's proposals (Question A56) regarding its On-Bill

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<sup>14</sup> Several Bay Region counties did not enroll for CHF's first-home loan program, which required a delegation of bonding authority. Also, the CHF lists Napa as a Member County but Napa advises there is no such agreement and it did not implement the CHF program during the 2010-2012 term.

<sup>15</sup> CHF currently has energy efficiency arrangements with 6 of the 9 ABAG counties, but these are "associate memberships" (as opposed to primary Memberships) and are subject to expiration at the discretion of the local government. In addition, Napa County is listed as a primary Member from the 2010-2012 cycle, but that County has no record of that agreement and it did not implement the CHF Program; and several of the Associate Members from 2010-2012 referred to the program in their 2010-2012 ME&O campaigns, but report that the program was more focused on enrollment of individual contractors within each county.

<sup>16</sup> There is at least 1 new Energy Watch Partnerships proposed in the Bay Region as part of PG&E's 2013-2014 Application).

Financing Program, and recognize the effectiveness of this program among institutional and governmental customers in the San Francisco Bay Region.

ABAG and the BayREN support PG&E's conservative approach to potential on-bill repayment and line item billing programs for residential customers (Question Q57). Referring to the potential structure of such programs as described in PG&E's 2013-2014 Application<sup>17</sup>, crucial details require greater analysis such as default consequences, the regulatory inability of utilities to sever service for failure to pay a non-utility service related cost, the recommendation to eliminate credit checks in reliance upon utility payment history, and the impact on lender interest from elimination of formal credit checks.

ABAG and the BayREN are particularly concerned with PG&E's responses to questions regarding duplication and/or overlap (Question A59), and we propose that this question and response also speaks to the spirit and intent of the transition cycle as one to test the capacity of new models and the growing role of local governments for independent administration of energy efficiency programs.

ABAG notes here that local government members of the BayREN, both directly and through the LGSEC, have continuously supported development of CAEATFA's program (Question A60), have provided formal review and comments, and continue to engage CAEATFA and promote its program.

ABAG urges a departure from the antiquated notion that the role of local governments

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<sup>17</sup> Application of Pacific Gas and Electric Company (U 39 M) for Approval of 2013-2014 Energy Efficiency Programs and Budget, Pacific Gas and Electric Company 2013-2014 Energy Efficiency Portfolio Prepared Testimony, Chapter 3, Attachment A, pp. 3-A-1 through 3-A-9.



and, by extension, Regional Energy Networks, is one of marketing.<sup>18</sup> Also, we believe that parallel, leveraged programs are not only capable of clarity in the marketplace, but offer the flexibility and customization that will stimulate consumer interest and action. We need only look to the lesson of the Basic Path, to demonstrate to what extent prescriptive programs can be incompatible with market realities. Notwithstanding these comments, ABAG and the BayREN remain hopeful that through the active dialogue among them and PG&E, an objective consensus can be reached with the highest purpose and best interests of the State's energy customers at its core.

#### ***E. Local Government Partnerships***

Referring back to “Terminology Used by PG&E in its Response”, ABAG repeats its assertion that PG&E's local government programs do not include “regional partnerships” as that term is used in these proceedings to refer to Regional Energy Networks.

ABAG and the BayREN do not believe that acute expansion of LGPs/Energy Watch Programs beyond their core historical programs, with a sudden focus on regionality as opposed to their well-established service to local priorities and Utility Programs, and/or the attempt to fill geographic gaps with new, to-be-contracted, undeveloped LGPs/Energy Watch relationships, is a suitable substitute for a Regional Energy Network that is structured for streamlined, consistent, uniform and accountable implementation of large-scale programs across municipal and county boundaries to saturate a region.

We applaud the LGP/Energy Watch programs implemented by our government peers,

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<sup>18</sup> “Utilizing multiple customer outreach and engagement strategies to reach customers and make them aware of the availability of financing offerings is desirable. PG&E anticipates working with third parties and local and regional governmental partnerships on effective outreach strategies to promote customer awareness.” (PG&E Response, pp. 54-55)

and emphasize that the BayREN's independent, community-facing program of broad scale and scope, coupled with the utility-facing and local priorities programs of the region's LGP/Energy Watch Programs, are a valued-added proposition for the ambitions of the 2013-2014 transition period.

ABAG and the BayREN support these efforts, and in fact have engaged the regional LGPs/Energy Watch programs in a continuing process to harmoniously orchestrate the different programs. We not only look forward to working in tandem with the Bay Region LGPs/Energy Watch Programs, but to convene a forum with them for continuously consideration of how the regional and local programs might further unite to provide innovative, productive and cost-effective EE programs and efforts.

#### ***F. Codes And Standards***

In regards to question 72, the appropriate role of IOUs in the arena of Codes and Standards ("C&S"), particularly at the local level, the BayREN addressed this question in its September 5, 2012, response to Attachment B to the Scoping Memo and repeats the key points here. PG&E is focused on advocacy activities for new codes and standards and only introduced compliance improvement and reach code activities during the 2010-12 program cycle. PG&E's combined funding proposed for 2013-14 for both reach codes and compliance represents only 15 percent of the C&S budget. The BayREN believes that more focus and resources need to be dedicated to code compliance and enforcement, especially with new and stricter codes on the horizon. Local governments, who have the legal enforcement authority, and whose staff interact with the key "market actors in the supply chain" on a daily basis, are best positioned to introduce and support improvements in code compliance. The BayREN's Program Implementation Plan spells out in detail the types of on-the-ground, face-to-face activities that could be instituted to document, measure, and drive higher compliance rates. These activities augment, rather than

overlap with PG&E's program. In addition, these activities would include local green building, water, and reach codes, in order to improve efficiencies and broaden the impact.

With respect to reach codes, local governments that have developed, passed, and implemented local reach codes are likewise best suited to promote and provide expertise to other local governments interested in adopting similar ordinances. They can communicate not only technical and legal challenges and benefits, but also share their experiences in garnering community buy-in and avoiding potential pitfalls. The IOUs have no experience in these areas, nor do they possess the credibility to provide training on these topics, which are integral to successful reach code adoption.

With respect to whether or not it is appropriate for IOUs to be engaged at the local level, particularly in the area of code compliance, there are two salient points to consider: Do the IOUs have the authority? And is there a potential conflict of interest? The answer to the first question is definitely not: local governments are responsible for enforcing code compliance. IOUs should in no way be seen as directing or interfering with local authority. As for the second point on conflict of interest, IOUs are subject to local permitting requirements and must apply for and pay fees for the issuance of numerous local building and safety and public work permits for their facilities and the public right of way. Therefore, it *is* inappropriate for IOUs to be seen as trying to influence codes they may be subject to follow.

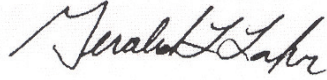
### **III. CONCLUSION**

ABAG, on behalf of the BayREN, appreciates this opportunity to provide further input to the Commission as it determines how to structure the Transition Period. The Commission must remember the guidance and policy direction established in D.12-05-015, and the key role the BayREN can provide. The BayREN program should be adopted by the Commission in its entirety. The Commission is poised to truly innovate, and must not be deterred by entities that

favor the status quo. There is room at the energy efficiency table for utilities, third parties, and local government regional energy networks, who will fill gaps and provide additional service to local governments.

Dated: September 14, 2012

Respectfully submitted.

A handwritten signature in black ink, appearing to read "Gerald L. Lahr". The signature is fluid and cursive, with the first name "Gerald" being the most prominent.

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