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MEMORANDUM

TO: Local Government Sustainable Energy Coalition Members

FROM: Jody London

DATE: March 17, 2009

SUBJECT: CPUC Meetings on Utility Energy Efficiency Applications, Federal Stimulus Package

This memo summarizes yesterday's prehearing conference, or scheduling meeting, at the California Public Utilities Commission ("CPUC") on the amended utility energy efficiency applications, and the all-party meeting on the Federal Stimulus package. The upshot of the prehearing conference is the CPUC will likely delay the due date for comments on the applications to April 17, but is still committed to a final decision in August. The upshot of the meeting on the Stimulus Package is everyone knows there is a lot of money that will go directly to local government, and everyone has an opinion on how there can be better coordination between players.

Prehearing Conference Pushes Out Due Date for Comments

Commissioner Grueneich opened the prehearing conference by saying she thinks we are "in the home stretch" in terms of processing these applications. The CPUC Energy Division staff outlined some further information and clarifications they want to see to the utility applications. There may still be documents trickling in through the end of March. Southern California Edison stated it is still trying to finalize its partnership budgets (!). The utilities were all instructed to make their online postings more user-friendly and easy to search. If we find major omissions or problems, the ALJ asked everyone to contact the Energy Division and/or him right away.

There was a fair amount of discussion about the timing of comments and the overall schedule. The idea of bifurcating the proceeding and dealing with the policy issues first, as proposed by the Utility Reform Network ("TURN") and Division of Ratepayer Advocates ("DRA"), did not come up. This is because Ann Kelly, Cal Broomhead, and I had communicated with them both in writing (thanks for your e-mails) and in person beforehand, and they realized that we would not support them. The upshot is there probably will be limited comments on April 2 on some technical issues, and the broader comments will be due April 17.

There was some discussion about whether hearings will be needed. SCE indicated that it wants things on the record, which happens in hearings. I pointed out that for parties like us, workshops are cost-prohibitive. There will be another prehearing conference in April to discuss these matters, and we can determine then what our position will be.

The ALJ indicated he is inclined to hold public participation hearings around the State on these applications. TURN filed a motion requesting these last week. If that happens, it will be a good opportunity to have local elected officials come speak, as well as community members and partner groups.

I was able to suggest to the ALJ and Commissioner that they might consider approving the partnerships first, if there are going to be further delays. I get the impression they want to approve it all at one time, and in August. I also have the impression that we may be able to argue for the next cycle to be scaled back to 2 years or renamed to 2010 - 2012 to reflect reality, based on a conversation with the representative from the Natural Resources Defense Council and also a comment from the ALJ.

All-Party Meeting on Stimulus Package

Commissioner Grueneich was joined on the dais by newly appointed California Energy Commission (“CEC”) Commissioner Julia Levin, Pat Perez from the CEC, and Jason Wimberly from the California Community Services and Development Department (they handle the low income and weatherization programs). The CEC presentation should be on their web site. Of note, you may all know that guidelines for the State Energy Program were released last Thursday. There are no guidelines yet for the block grants. The amount of money flowing to weatherization is huge, as you know.

The utilities say they just want to facilitate everyone making best use of these funds. They are not here to compete for the funding. In terms of local government partnerships, they’d like to bring more local governments into the fold with these funds. Commissioner Grueneich asked what the utilities are doing to coordinate with the municipal utilities. The answer is “not much, so far.” There also was conversation about what is meant by leveraging, how EM&V will work, and whether the utilities could apply directly for all the appliance money that is coming to California. Perez from the CEC thinks no on the latter.

I spoke for the LGSEC, mainly summarizing the points in the written comments we submitted last week. I made a strong push for funding energy manager positions in local government so we can institutionalize these practices. Commissioner Levin later quoted that point. I also volunteered to serve on any CEC sub-groups on savings attribution and EM&V. Cal Broomhead made a good presentation on savings attribution and how the CPUC can help us the most by staying out of the way.

Other presenters were mainly promoting a particular idea or concept. Hank Ryan suggested using Stimulus funds to establish a revolving fund for on-bill financing. ConSol put forward an idea for community-wide energy efficiency sweeps. The Sheet Metal workers asked for a focus on identifying and rectifying duct leaks. The Energy Division staff made a proposal for how to serve moderate income customers who aren’t really reached by other residential programs. The idea is to include them in low-income programs, but pay them out of a separately established fund. The Energy Division recommends pilots on this around the State.

It sounds like the next steps on the Stimulus Package will be the working groups the CEC is setting up to look at various issues. There also is an inter-agency group of State officials that is meeting weekly to identify how the Stimulus Package funds are being allocated, etc. We will need to continue to monitor this situation. We might also consider scheduling meetings with CPUC Commissioners to talk about how local governments are anticipating using these funds, and the importance of allowing us to move with great speed. Please let me know if you would be interested in participating in meetings of that nature.

Please contact me with any questions or comments.