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)

REPLY COMMENTS OF THE COUNTY OF LOS ANGELES ON PROPOSED DECISION ADOPTING 2013-2014 ENERGY EFFICIENCY BUDGETS AND PROGRAMS

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For the County of Los Angeles and the Southern California Regional Energy Network

November 5, 2012

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I. INTRODUCTION

The County of Los Angeles ("County") submits these reply comments on the Proposed Decision of Administrative Law Judge ("ALJ") Julie A. Fitch approving 2013-2014 Energy Efficiency Programs and Budgets. The opening comments show strong support for the Southern California Regional Energy Network ("SoCalREN") from a range of parties. The County is pleased to provide leadership to our region, and the State, in helping governments, residents, and businesses in Southern California use energy more efficiently, reduce energy bills, and achieve climate action goals. This reply addresses several issues raised in the opening comments:

- Southern California Edison's ("SCE") requests for more time to execute REN agreements and adopt budgets are unnecessary delay tactics;
- SCE's need for additional time to implement its own financing programs should not impact the ability of the SoCalREN to proceed with its programs, which are not reliant on SCE's billing system and are ready to go;
- Southern California Gas ("SoCalGas") suggests actions that will impose additional costs and improperly insert the utility in REN operation. The Commission is the entity that oversees the statewide portfolio;
- The County supports and is working with the the California Construction Industry Labor Management Cooperation Trust.

II. Responses to Southern California Edison

A. *More Time To Execute REN Agreement Is Not Required*

Southern California Edison ("SCE") requests a delay in executing the contract with the SoCalREN so that SCE has more time to review and incorporate the final SoCalREN scope of work into a contract (Opening Comments, pp. 5-6). This should be rejected. The SoCalREN has provided hundreds of pages of filings, attachments, detailed Program Implementation Plans describing the programs, and has met with SCE staff numerous times to discuss program details.

The time needed to execute contracts with the investor-owned utilities ("IOUs") has been identified for years as a major challenge in working with IOUs and getting programs started on a timely basis. Local Government Partners, in particular, have highlighted this problem over and over. The SoCalREN is currently drafting an initial Scope of Work section for the SoCalREN/IOU agreement. We are also working internally to accept or modify general terms and conditions language in past IOU agreements that have caused lengthy discussions and delays. The SoCalREN intends to present a draft agreement to SCE and Southern California Gas in early December of this year to begin the process of quickly, and jointly, developing and executing an agreement.

The Final Decision should keep the stated deadline for execution of REN agreements and it should also state that the Commission will be closely monitoring the progress of this and expects the IOUs to make this an extremely high priority. The Commission should ask the IOUs to submit a timeline with milestone activities indicating how they will execute agreements 60 days after the approval of the Final Decision.

B. *It Is Not Necessary To Adopt The SoCalREN Budget As A Placeholder*

SCE suggests that the SoCalREN budget be adopted with as a placeholder until compliance filings are approved. This should be rejected. The County has submitted hundreds of pages documenting the SoCalREN proposed programs, sub-programs, specific activities, and budgets for each. These programs are operating now as pilots and are scoped and budgeted to scale up. Since the original LGSEC Motion to Consider Regional Energy Networks (February 2012), SCE and SCG have proposed their own programs for 2013-2014 which are similar to SoCalREC, however their own filings show little documentation, scope detail, or budget describing their new and enhanced services. They are not available now to anyone. The County recommends the SoCalREN budget be adopted as directed in the Proposed Decision. The time for explaining proposals and budgets is past; it is time to begin implementing programs.

C. *Local Government Finance Programs Are Operating Now*

SCE expresses concern that its internal billing systems will not be ready to implement On Bill Repayment ("OBR") by the first quarter of 2013 (Opening Comments, p. 7). The IOUs' inability to have OBR ready to support IOU financing pilots should not impact the availability or funding for local financing programs initiated using ARRA funding. The County's successful Matador's Credit Union residential financing program should be allowed to continue operating under 2013-2014 funding as soon as a REN agreement is executed.

That operation is currently threatened because the 2012 ARRA Continuation Funding for local financing programs terminates on December 31, 2012 (despite the fact that the Agreement to provide 2012 Continuation Funding for the County wasn't executed until October 27, 2012, and even though this was ordered by the Commission in mid-May 2012). The Matador's program and other ARRA financing programs should be allowed to use that funding until the execution of

2013-2014 IOU agreements. This was proposed in the County's Opening Comments on the Proposed Decision. According to SCE, a Commission Decision is needed to extend these agreements.

Matador's Credit Union has lowered its rates; these new rates will be available in L.A. County in 2012. Matador's Credit Union is ready now to allow financing of Flex, Basic, and Advanced Packages throughout all of the proposed SoCalREN territory. The County and Matador's are developing a program which would make this low-cost financing available for HVAC reactive measures. The Commission should allow this to happen by extending 2012 ARRA Continuation Funding and expediting the 2013-2014 IOU/REN agreements.

III. Response to Southern California Gas Company

A. *The Proposed Decision Affirms the Commission's Control of the Statewide IOU Energy Efficiency Portfolio*

SCG expresses concern that the Commission is losing control of energy efficiency programs by allowing RENs to administer their programs and because RENs are directly responsible to local governments (SCG Opening Comments, pp. 7-9). L.A. County and other local governments are directly responsible to those with whom they execute contracts - whether it be the IOUs, the U.S. Department of Energy, the California Energy Commission, the Commission, or another entity. The Commission is asserting its authority with this decision to determine the optimal use of ratepayer funds in support of energy efficiency goals.

B. *Certain Cost Caps Should Not Apply to the RENs*

SoCalGas requests that the Proposed Decision's directive lifting the hard cap on Administration and Outreach/Marketing work performed by the RENs be reversed (Opening Comments, p. 8). The County supports the rationale for lifting those caps. In its role as REN contract manager, if SoCalGas believes the SoCalREN is overspending on Administration or Outreach and Marketing, there will be a process in place in the IOU/REN agreement where these concerns may be raised with SoCalREN and brought to the Commission's attention if deemed appropriate.

C. *Managing the REN Contract Should Not Impose an Additional Cost*

SoCalGas requests funding out of the REN budgets to perform contract management duties. This is not necessary. REN programs benefit SoCalGas ratepayers and shareholders; we presume SoCalGas has appropriate administrative, overhead, and other funding to manage contracts it has been directed to execute. The idea of a contractor having to fund resources for the contracting manager seems strange. It also increases the overall cost of the contract to ratepayers, particularly because the utility will then request shareholder incentives for the staff it charges against the contract.

IV. Response to Other Parties

A. *Additional Review Entities Are Not Needed*

NRDC states on p. 8 of its comments that the IOUs should have a process for addressing underperforming REN programs and suggests utilization of the Peer Review Group ("PRG"). The County is unsure if NRDC is suggesting such a process during the 2013-2014 Transition Period or in preparation for cycle that will commence in 2015. The County agrees that regular, transparent reporting and monitoring of program results is important. That does not require a new administrative infrastructure. During the Transition Period, the IOUs' contract management role allows them to address any REN underperformance, first with the REN, then with the Commission. The County's experience with the PRG in past program cycles is that it has been ineffective in improving programs.

B. *Flexibility of Local Governments*

L.A. County agrees with Greenlining and Green For All that local governments, and the RENs in particular, have shown an ability to respond quickly and with flexibility. In addition to workforce needs, local governments have shown these characteristics in implementation of EUC programs and financing programs.

V. WORKFORCE PILOT

The County has been working with the California Construction Industry Labor Management Cooperation Trust ("CILMCT") to develop a pilot focused on Municipalities, Universities, Schools, and Hospitals ("MUSH") for the municipal sector. CILMCT described this in its Opening Comments, and recommended language to be added to the final decision. The County fully supports CILMCT when it proposes a new Ordering Paragraph:

> "SoCalREN and BayAreaREN may update their program implementation plans to include MUSH and/or commercial sector training pilots. The pilots shall explore and leverage the unique expertise and resources of the REN local governments and workforce stakeholders, which emphasize career path rather than low wage jobs, opportunities for minority, low-income and disadvantaged workers and the value of local hiring practices."

As submitted earlier in the proceeding, the SoCalREN is committed to implementing this pilot using existing, approved budget.

IV. CORRECTION TO OPENING COMMENTS

The County has identified an error in our opening comments. Our recommended modification to Ordering Paragraph 20 is as follows:

> Approval to proceed with activities related to the statewide energy efficiency financing pilot programs required by Decision 12-05-015 is delegated to the Assigned Commissioner in this proceeding, who shall issue any rulings necessary to approve the final program designs. 2012 ARRA Continuation Funding should be made available to ARRA Financing Program administrators under existing Agreements until 2013-2014 REN Agreements are executed. If 2012 Continuation Funding was made available to a non-REN program administrator, that Agreement can be amended to state the funding will be available until the 2013-2014 Program Agreement is executed.

VI. CONCLUSION

The Commission should act quickly decisively to approve the programs and budget for the 2013-2014 Transition Period. The County looks forward to continuing to work with all parties, both in local government partnership programs and through the SoCalREN.

November 5, 2012

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