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 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

October 29, 2012

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I. INTRODUCTION

The County of Los Angeles ("County") submits these comments on the Proposed Decision of Administrative Law Judge ("ALJ") Julie A. Fitch approving 2013-2014 Energy Efficiency Programs and Budgets. The County, on behalf of local governments which will be served under the Southern California Regional Energy Network ("SoCalREN"), thanks the ALJ and the California Public Utilities Commission ("Commission") for recognizing the increasingly valuable role that local governments have in helping the State achieve its goals under Assembly Bill 32 and within the *California Long Term Energy Efficiency Strategic Plan*.

The County and other local governments in Southern California thank the Commission for this Proposed Decision which affirms the role of Regional Energy Networks (SoCalREN and BayREN) and the Marin Energy Authority as programs distinct from existing programs administered by investor-owned utilities ("IOUs"), yet still part of the statewide energy efficiency portfolio. We support the Proposed Decision's compelling language which distinguishes and defines the RENs and justifies their autonomy. Lastly, we support the vast majority of the findings, conclusions, and orders of the Proposed Decision and offer a handful of clarifications and recommendations below.

II. REN Proposals

A. *Coordination with IOUs and Energy Efficiency Policy Manual*

The County agrees with the Commission's recommendation that the SoCalREN and IOUs must work collaboratively and that the IOUs will serve as "contract manager" in lieu of Commission "joint contract management." The County supports the examples in the Proposed Decision of what IOU contract management should and should not entail. We have already provided the Energy Division an outline indicating individual roles for SoCalREN and IOUs, joint roles, and how to resolve concerns raised during the proceedings about operation of REN and IOU programs (e.g., avoid double dipping, ensure IOU ratepayer funds not used in municipal utility territories, coordinate marketing and outreach activities, provide incentives with energy efficiency funds only for energy efficiency measures, etc.). This updated outline is provided in Attachment A.

The County also wishes to thank Southern California Edison ("SCE") and Southern California Gas ("SCG") for the collaborative work done to date in coordinating delivery of the REN programs in concert with their programs. This has already fostered a more positive working relationship and sets the stage for smooth and timely introduction of the REN programs. The County especially thanks SCE for establishing a budget for the REN within its proposed portfolio. It is this type of forward thinking that will help to establish an enduring collaborative relationship and ensure ratepayer value well into the future.

The County agrees with recommendations in the Proposed Decision for cost effectiveness determination, compliance with the Energy Efficiency Policy Manual, and fund shifting. The County looks forward to working collaboratively with Commission staff to update the Policy Manual to establish rules and requirements for the administration of RENs and Community Choice Aggregators.

B. *Other RENs*

The County supports the Commission's statement that regional networks would make sense in other parts of the State. Moving forward, the process must be simpler and less resource intensive. The SoCalREN and BayREN submitted over 1,000 pages of pleadings and data request responses (including the individual Program Implementation Plans), spent significant amounts in consultant fees (not including thousands of local government staff hours), and have dedicated resources to this effort for nearly a year. Perhaps many of these procedural challenges will have been mitigated for others through this initial, ground breaking effort. We caution that smaller regions may not have the resources to undertake a similar effort – this is more than likely why only two REN proposals were ultimately available for recommended adoption. SoCalREN and BayREN will gladly assist other regions in exploring, developing, and implementing RENs.

C. *Contracting with IOUs*

The County agrees with the Proposed Decision that the RENs are distinguished by the newly established selection process and that they should not be administered as part of the IOU portfolio. This gives the Commission more flexibility in determining how energy efficiency programs will be implemented and managed in the future, and promotes innovation in the design, development, and delivery of programs. The County applauds the Commission's decision because it clearly challenges the notion that "business as usual" will achieve the aggressive goals set out in the *California Energy Efficiency Strategic Plan*.

The County has no objection to working with the IOUs as the fiscal agent for the Commission, provided that contract-related matters and payment of invoices is done in an expeditious manner consistent with commercial contracting best practices. The County has established rigorous reporting procedures and internal systems for reporting ARRA program progress to the U.S. Department of Energy ("DOE") that can be easily adapted to satisfy Commission reporting requirements delivered through the IOUs. Because the REN is a new program model, we anticipate a number of misunderstandings, disagreements, and "growing pains" that may lead to multiple, significant delays in timely reimbursements for payments that LA County and the Association of Bay Area Governments ("ABAG") will have made to contractors and staff. In addition, the Commission may be involved in settling many time-consuming disputes over invoicing and payments.

The County recommends that an alternative model be considered where REN funding is provided to an escrow account upfront (in full or incrementally) and then "drawdowns" for expenses are made on a monthly basis. The REN would be required to submit detailed documentation and accounting for the "drawdowns" to the IOUs. The IOUs would be responsible for reviewing the funding "drawdowns" and required documentation for appropriateness, compliance with the agreement, and approval. This is how the County, and hundreds of other local governments, managed billions of dollars in ARRA funding provided by the DOE and avoided time-consuming and program-threatening delays in reimbursement of invoices. The County's fiscal accounting practices under these ARRA grants have been audited internally (by County auditors), by the DOE, and by an independent auditor hired by the DOE, and have been deemed nearly flawless. We recommend this methodology because it will more than likely mitigate the Commission from having to arbitrate many invoicing and payment disputes between IOUs and RENs which will be exacerbated by the fact that governments and their contractors will be waiting for reimbursement of past expenditures.

The County also suggests this model because future RENs, administered by smaller local governments, may not have the financial capacity to expend tens or hundreds of thousands of dollars monthly and then wait for reimbursements that may be significantly delayed.

D. *SoCalREN*

1. Re-Design of EUC Flex Path

The County will work expeditiously with the IOUs to jointly redesign the Flex Path program to include a required, third measure and to design tiered incentive structure. The County EUC team has already designed a tiered Flex Path incentive structure and shared it informally with the Energy Division. We have also participated in discussions with SCE and SCG on their proposed Performance Path. It is our intent to have a proposed program submitted for approval well before the deadline of April 2013. The County believes it can have this modified version of Flex Path (with three required measures and a tiered incentive structure) ready to launch upon execution of Agreements with the IOUs and offered in the interim period in which statewide discussions are ongoing and the modified Flex Path PIP is under development, if desired by the Commission.

2. Continuing EUC Flex Path Until A Modified Flex Path is Available

The Proposed Decision recommends that until a jointly developed, approved modified Flex Path is available, the SoCalREN should offer the current EUC Flex Path program in LA County only. As mentioned above the SoCalREN can launch either the current Flex Path or a modified Flex Path in the interim period.

Until the jointly developed program is approved, the County also recommends allowing Flex Path, in either its current iteration or the County team-revised Flex Path, be made available throughout SCE/SCG territory by SoCalREN. If the Commission adopts this recommendation in the final Decision, the County requests the entire SoCalREN Flex Path budget be approved. The County can easily expand Flex Path to these other regions and they will benefit from this enhanced exposure to EUC (statistics indicate relatively little EUC activity has occurred outside of LA County). Expanding Flex Path to other regions as early as possible will also help grow the EUC contractor workforce and more effectively bridge the gap between the end of the ARRA EUC program and the beginning of the jointly developed, modified Flex Path program in case there are delays in this rollout.

The County offered Flex Path to the entire County (including the City of Los Angeles) up until mid–October of this year when recent, significant uptake in both Advanced and Flex Path projects exhausted our ARRA funding. Recent discussions with the Los Angeles Department of Water & Power ("DWP") indicate that it is willing and able to fund the electric portion of any Flex Path incentive under the SoCalREN administered program in the City of Los Angeles. The

County will initiate similar discussions with the other municipal utilities in the proposed SoCalREN region.

The County recommends that Ordering Paragraph 8a be revised to reflect that the SCE contract with LA County will fund "Energy Upgrade California Flex Path Program" so it may not be interpreted that the funding is only for "Incentives." The same change should be made for Ordering Paragraph 9a.

3. Geographic Reach of Jointly Modified Flex Path

The Proposed Decision (Ordering Paragraph 4) states that the IOUs and the RENs shall submit revised Program Implementation Plans which shall propose the geographic areas to be covered by the IOUs and the RENs both for the EUC program and financing programs. Additionally, page 22 of the Proposed Decision (under 3.2.1.1, Flex Path Incentives) says that the Commission would like to see the IOUs and REN proponents "design a programmatic approach that covers all of the geographic areas of the IOU service territories with a seamless set of offerings. This means that the RENs would implement the modified EUC Flex Path in the geographic areas that they cover, while the IOUs would implement the program in the rest of their territory."

Because the SoCalREN proposal for EUC proposes to implement programs throughout all of the joint SCE/SoCalGas service territories, the County will assume that SoCalREN will administer the jointly modified Flex Path in the proposed SoCalREN territory unless SoCalREN, SCE, and SoCalGas propose differently in our revised program implementation plans.

4. Continuing Current EUC Flex Path as A Lower Income Program

EUC Flex Path has been shown to be widely accepted across a broad range of income levels in the County. Attachment B is a map of the location of Flex Path projects, overlaid against median income data. The SoCalREN suggests continuing the two measure Flex Path program under a maximum income threshold to ensure lower income households have access to comprehensive upgrade programs because the impact of the revised Flex Path (with three required measures) on lower income households is not known. We can easily and immediately roll this out upon direction in the final decision.

5. Local Marketing and Outreach Programs

The County supports the Commission's recommendations on the SoCalREN Local Marketing and Outreach programs. Regarding utilization of audit vouchers only where a project is undertaken with at least three energy efficiency measures, we have already developed several proposals for modifying the current ARRA voucher program to accommodate this.

6. Contractor Outreach and Training

The County supports the Commission's recommendations on SoCalREN Contractor Outreach and Training. Despite the budget reduction, the County is pleased that the Commission does see support is still necessary for contractors, especially outside of LA County, building on the success of ARRA funded programs for contractors within the County.

7. Green Building Labeling

The County supports the Proposed Decision's recommendations on SoCalREN Green Building Labeling. The County is particularly pleased that the Proposed Decision acknowledges the value of Green Building Labeling and the accomplishments realized under ARRA funded programs that support green building labels.

8. Low Income

The County supports the Proposed Decision's recommendations on SoCalREN Low Income programs and looks forward to integrating the whole home upgrade concept into existing, low-income single family rehabilitation programs through contractor outreach.

9. Multi-family

The County is especially pleased that the Commission supports the expansion of the EUCLA ARRA Multifamily program and we look forward to participating in the proposed workshops. Ordering Paragraphs 8 and 9 need to be revised to include the SoCalREN Multi-family program under that list of programs.

E. *Financing Programs*

1. Public Building Loan Loss Reserve (LLR)

The County accepts the Commission's recommendation here. This program was created using ARRA grants, is currently available to public agencies, and is anticipated to be extremely popular. We note that both SCE and SCG agreed to support this program in their 2013-2014 PIPs. We also note that both SCE and SCG chose to budget this program for both loan loss reserve ("LLR") support and program administration and promotion under 2012 ARRA Financing Program Continuation funds. The Proposed Decision would deny the full SoCalREN budget request, which included LLR and program delivery. The County is requesting that 10% of the request ($200,000) be approved for program delivery and management. And, if the program proves to be as successful with public agencies as we expect it will be, we ask that SoCalREN be allowed to request support in the future.

In addition, the County wishes to clarify that there are significant differences between this program and on-bill financing ("OBF"):

- This program has a *minimum project threshold cost of $250,000 with no limit on project maximum cost and no upfront capital required*. OBF is designed for smaller projects and is provided only on a reimbursement basis.
- This program allows a wider variety of energy measures to be financed including comprehensive, integrated demand side management projects (assuming loading order and other requirements are met). OBF is limited to utility incentive measures only.
- This program allows electric and gas measures to be financed under one program. OBF must be implemented under both SCE and SCG programs, with their inherent restrictions.

2. Single Family Loan Loss Reserve

The primary program proposed for use of Single Family LLR is the Matador's Credit Union financing program, which is administered by the County. The SoCalREN proposal would continue to provide credit enhancements in support of Advanced, Basic, and Flex Path projects through Matador's. Apparently the SoCalREN PIP inadvertently excluded a more detailed description of the Matador's program, which would explain the limited discussion in the Proposed Decision of the SoCalREN Single Family Loan Loss Reserve financing program (limited to a small pilot led by Santa Monica) under Section 3.2.2.2 and the Commission's recommendation to reserve the budget under Conclusion of Law 30.

The overwhelming majority of the SoCalREN Single Family Loan Loss Reserve financing program budget is for the Matador's program. The County points out that Table 1 under Section 3.2.4, "Authorized 2013-2014 Budgets for Southern California Regional Energy Network," indicates the entire Single Family Loan Loss Reserve budget request is authorized with no amount reserved. We request that Conclusion of Law 30 be changed to reflect that only the budget portion related to the Santa Monica financing pilot ($300,000) be reserved pending the outcome of the IOU financing pilots. We apologize for the missing information in the SoCalREN PIP which may have led to this oversight.

The County and Matador's Credit Union are also preparing a proposal to expand the financing program to include HVAC equipment reactive measure replacements. We note the Proposed Decision's highlight that 800,000 HVAC replacements occur in the State each year (Finding of Fact 31, page 104). We hope to have a reactive measure financing pilot proposal delivered to the Commission to include in the SoCalREN Single Family Loan Loss Reserve program shortly. Very generally, the proposed program would work with EUC participating contractors and non-EUC contractors, would provide attractive financing for reactive measures as an incentive for deeper energy savings in these equipment replacements, would require permitting, would encourage progression to Flex Path and Advanced Path projects, and would encourage contractors to become EUC participating contractors.

3. Continuing Single Family Financing Before the IOU Pilots

As discussed above, Conclusion of Law 30 states that both Single Family and Multifamily LLR are reserved for funding pending the outcome of the direction of the pilot financing approaches to be considered subsequent to this decision. If the SoCalREN Single Family financing program is not authorized right away, then EUC Flex Path, Basic, and Advanced loans will not be available in LA County. The County requests the current Matador's financing program remain available using ratepayer funding until the pilot financing is resolved and until the jointly modified Flex Path is approved.

4. Geographic Reach of Single Family Financing

The SoCalREN proposal includes expanding the Matador's single family residential financing program throughout the SoCalREN region because the lender is licensed to operate throughout the State, a successful program is operating now, with an established administrative model that is working well. The Matador's program can quickly and easily expand to meet the Commission's requirements. Matador's has already proposed new, lower rates and added more flexible terms in anticipation of its program growing under the 2013-2014 cycle. In addition, both the County and Matador's may have access to funding (ARRA and CAEATFA) which will provide the necessary LLR to cover municipal utility territories (like DWP) so that the financing program will continue with no regional gaps for municipal territories outside of LA County.

Similarly the County is working with Santa Barbara County to coordinate regional financing as Santa Barbara plans to expand emPower SBC financing to San Luis Obispo and Ventura Counties. The County has committed to Santa Barbara not to expand the Matador's program into Ventura or Santa Barbara. Both programs support Advanced, Basic, and Flex Path projects and both are interested in expanding to include other energy measures. Both programs agree, and have expressed to the financing consultant and to the IOUs, that at this point in time there is not enough financing demand and that immediately introducing additional lenders into our regions has no positive impacts – it would reduce demand for nascent, existing programs and it would introduce new lenders into markets with little prospect for attaining necessary initial volume absent the subsidies that ARRA provided. While the County supports the development of the Statewide financing HUB and enrollment of lenders into it, we suggest close collaboration on development of local financing programs for the reasons described above.

5. Multifamily Loan Loss Reserve

The County agrees with the Proposed Decision's recommendations on the SoCalREN Multifamily Loan Loss Reserve program.

6. Non-Residential PACE

The County agrees with the Proposed Decision's recommendations on the SoCalREN Non-Residential PACE program and reiterates that this funding will be used to promote all PACE programs within the proposed SoCalREN region and not just LA County's PACE program. We will also lead statewide collaboration efforts on PACE marketing, education, and outreach with other PACE jurisdictions that have received Commission funding for PACE.

7. Public Agency Revolving Loan Fund

The County agrees with the Proposed Decision's recommendations on the SoCalREN Public Agency Revolving Loan Fund. We continue to disagree with Harcourt, Brown and Carey that sufficient loan products exist in the Government and Institutional Sector.

To clarify, large public agencies (like LA County, the University of California, and the California State Universities) do have access to multiple financing sources. The overwhelming majority of smaller public agencies (including cities and counties) do not have the scale of projects necessary to access these funds. This is borne out in an informal interview of three Councils of Governments within LA County that included over 50 cities. Of these cities, only two have ever financed an energy project in their municipal building portfolios. OBF is a viable alternative but it is very restrictive in its use. The SoCalREN Public Building Loan Loss Reserve Program was structured to deliver large municipal building projects (minimum threshold of $250,000). It is the smaller projects and smaller jurisdictions that do not have access to viable financing products. SoCalREN will continue to seek solutions for this market segment using the marketing, education and outreach funds allocated for this under the Proposed Decision.

8. Commission Funded LLR and Non-EE Measures Financing

The County notes that the Proposed Decision is treating loan loss reserves like energy efficiency incentives in that financing using Commission funding for LLR shall not include solar PV or solar thermal projects. Given that credit enhancements for energy financing are a new concept (at least to us), we believe these new financing programs have the potential to not only drive comprehensive energy efficiency but also can drive the market towards integrated demand side management and zero net energy buildings.

The County supports the idea of these financing programs allowing renewables, distributed generation, demand reduction and green building measures on a pilot basis until other sources of credit enhancements (like CAEATFA) become readily available to do the same.

On a pilot basis, Commission-supported financing programs could be created with limitations on the levels of LLR that would be dedicated to projects that include renewables or other non-EE measures. These limitations could be implemented either on a project-by-project basis or on a portfolio-wide basis. This would ensure that IOU ratepayer funds do not become overly dedicated to these non-EE measures. At the same time, financing and the use of credit enhancements are uniquely positioned to test and drive buildings to true, integrated demand side management and zero net energy. It is not clear that using IOU ratepayer funds for financing credit enhancements (versus directly funding or paid as an incentive) is a clear violation of their stated purpose – especially on a limited basis.

9. Financing Pilot Recommendations

The County appreciates that the Assigned Commissioner will issue further guidance on the required pilot programs to be implemented by the IOUs. We will reserve our specific comments on the financing pilot recommendations for the further action to be taken by the Assigned Commissioner. The County team has experience in single family residential financing, multifamily programs, non-residential PACE, and government building financing and looks forward to helping the Commission achieve its objectives in energy financing.

F. *SoCalREC*

The County appreciates the Proposed Decision's recommendations supporting the SoCalREC and acknowledges that it has been extremely difficult to articulate the details of the proposed SoCalREC services and their integration with the IOUs' Local Government Partnership offerings. We have met several times now with staff from SCE and SCG and we believe that it is becoming much clearer to the IOUs that the SoCalREC is indeed a value-added program that fills gaps in existing offerings and provides services that were not available to local governments.

The County team and the IOUs anticipate developing an agreement and other documents which will clearly indicate roles and responsibilities and that all efforts will be closely coordinated.

G. *ARRA Financing Programs 2012 Continuation Funding*

SCE and SCG agreed to fund all of the LA County ARRA financing programs to some extent; this funding support totaled $2.35 million. The County appreciated the collaboration with the IOUs on that effort. In mid-May of 2012, Decision 12-05-015 directed the IOUs to make these funds available by August 1, 2012. An Agreement between LA County and SCE was not executed until October 26, 2012. The Agreement currently states that it will terminate on December 31, 2012 and SCE has directed that all unspent funding by the deadline will be returned to SCE. The County now has less than 2 months to spend $2.35 million. This unfortunate situation (caused only because the contracting process is so time consuming) may exist with other ARRA financing program administrators. The County recommends the Commission direct that the 2012 Continuation Funding be available to ARRA Financing Program Administrators until the 2013-2014 REN agreements are executed with the individual IOUs. Existing 2012 Continuation Funding Agreements can be amended to reflect that. If 2012 Continuation Funding was made available to a non-REN program administrator, that Agreement could be amended to state the funding would be available until the 2013-2014 Program Agreement is executed. The County recommends this language be added to Ordering Paragraph 20.

To their credit, the IOUs have attempted to somewhat mitigate the impacts of the long contracting processes by permitting the financing program administrators to be reimbursed for expenses incurred prior to the execution of the 2012 Continuation Funding Agreements. The County has not confirmed that this is legal, and it is questionable fiscal policy for the County to pay contractors with no guarantee that an executed agreement for funding this will come about.

The County assumes the purpose of the 2012 Continuation Funding was to bridge gaps in selected financing program operations until the availability of funding under the 2013-2014 programs. This recommendation accomplishes that and if the Commission agrees, it should include this language in a new Finding of Fact.

H. *Incentives and Financing*

Conclusion of Law 53 states that utilities should not be prohibited from offering both incentives and financing options for the same measure in 2013, but should pilot the appropriate balance of both while balancing cost-effectiveness considerations. RENs should be permitted to do the same as the Utilities in this situation.

I. *Utility, REN, and MEA Compliance Filings*

Section 7.2 (page 97) states that all program proponents shall submit updated and finalized PIPs and other materials in a compliance filing to be submitted by advice letter no later than 60 days after the date of this decision. Ordering Paragraph 43 says that this should be done no later than 30 days after this decision is issued. The Commission should clarify this in Ordering Paragraph 43 if 60 days was the intent.

III. CONCLUSION

Local governments are poised to make significant contributions to the State's energy goals by leveraging infrastructure and programs put in place under American Recovery and Reinvestment Act grants, developing regional and local policies that respond to climate protection legislation, and establishing practical collaborations among our peers and other stakeholders to obtain and maximize funding from the Commission and other sources. The County applauds the Commission for recognizing the contributions of local governments under previous IOU programs, the growth that local governments have exhibited under these programs, and the performance of local governments in developing, implementing and administering independent programs under ARRA funding which complemented IOU, POU and other Statewide energy programs. Local governments throughout the State will benefit from the operation of the RENs.

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

ATTACHMENT A

IOU/ REGIONAL ENERGY NETWORK
ADMINISTRATIVE ROLES AND RESPONSIBILITIES

Purpose

By harnessing the collective action of local governments, the Regional Energy Networks (RENs) offer a new and creative way to generate significant and deeper energy savings. Pursuant to D. 12-05-015, the RENs are independently accountable for delivering results outlined in their respective Program Implementation Plans (PIPs), as directed by the Commission's Final Decision. As the fiscal/budget agents serving a ministerial role for implementation of the REN PIPs, the Joint Utilities are not accountable for the RENs' accomplishments but will receive attribution for the energy savings derived thereunder. There is precedence for independent energy efficiency program implementation, and discrete, leveraged and measurable REN Programs serve key objectives identified in D. 12-05-015 for the Energy Efficiency 2013-2014 Transition Period.

While the role of the Joint Utilities is to serve as a funding mechanism and budget agent to the RENs, rather than as contractors for third-party services, this model also provides for creation of Coordinating Committees to ensure that transparency, ongoing dialog and issue resolution between the RENs and the Joint Utilities is a key component of program implementation. Joint commitment to success and ongoing communication will enable both the RENs and the Joint Utilities to achieve collective success.

IOU's Primary Responsibilities:

- Within 60 days of issuance of Final Decision, execute contracts with the RENs for scopes of work pursuant to Final Decision, as embodied in PIPs (no later than January 30, 2013)

- Act as fiscal agent/conduit for funding, per the Final Decision, to the RENs
    - o Timely advance and/or transfer of payments to the RENs for Authorized Work, as outlined in the contract

- Receive and submit to the CPUC ED Division all required documents and other pertinent program information submitted by the RENs
    - o Required documents include:
        - Monthly status reports
        - Invoices
        - Budget summaries and updates

    - o IOU level of scope oversight

    - Timely review invoices to confirm that activities identified on the invoice are activities included in the approved scope of work
    - Ensure invoices that are submitted are consistent with the approved scope of work
    - Ensure sufficient budget authority in the applicable budget categories to pay the invoices
    - Identify any potential budget issues that may arise

- Participate in the IOU/REN Coordinating Committee

- Provide recommendations on enhanced coordination between REN programs and IOU programs

- Work with the RENs, and other stakeholders, in developing a jointly approved, enhanced Flex Path Program

- Work with the RENs in developing Financing Pilots and determining the scope and geographic reach for all financing programs receiving CPUC support

- Work with the RENs in coordinating REN and IOU Local Government Partnership activities

- Identify data needed from the RENs to determine and assess overall IOU portfolio achievement of goals and cost-effectiveness criteria

- Work with the RENs to understand those changes to REN budgeted programs that are under the RENs' authority and those requiring an Advice Filing

<u>REN's Primary Responsibilities</u>

- Accountable for delivering the scope of work in the PIP, as directed by the CPUC Final Decision

- Implement the proposed governance structure

- Hire necessary subcontractors and manage subcontractors

- Provide timely invoices to IOUs on expenditures

- Providing monthly, quarterly and annual reports to IOUs
    - status of progress in achieving scope of work
    - budget status

- report actual experience and information on program accomplishments, budget expenditures, energy savings and any program design modifications and case study examples of project performance

- Ensure ongoing coordination among the RENs re: sharing of lessons learned, best practices, common program design opportunities and other implementation innovations

- Participate in REN/IOU Coordinating Committee

- Participate in the IOU/REN Coordinating Committee

- Provide recommendations on enhanced coordination between REN programs and IOU programs

- Work with the IOUs, and other stakeholders, in developing a jointly approved, enhanced Flex Path Program

- Work with the IOUs in developing Financing Pilots and determining the scope and geographic reach for all financing programs receiving CPUC support

- Work with the IOUs in coordinating REN and IOU Local Government Partnership activities

- Work with the IOUs to provide early descriptions of those changes to REN budgeted programs that are under the RENs' authority and those requiring an Advice Filing

<u>IOU/REN Joint Responsibilities</u>

- All parties agree to work collaboratively to ensure successful attainment of the program goals, targets and outcomes.

- Establish a REN/IOU Coordinating Committee in each REN region, which shall operate transparently and collaboratively to serve critical advisory and resolution purposes. More specifically, and by way of example, the Coordinating Committees shall provide a mechanism for multiple actions, including but not limited to the following:
    - Meet on a regular basis to discuss progress, potential issues;
    - Ensure roles and responsibilities are understood and appropriately implemented (i.e., no duplication of services);
    - Ensure no "double dipping" of REN or IOU incentives are occurring;
    - Ensure IOU incentives are being processed;
    - Ensure IOU ratepayer dollars are being utilized only for IOU ratepayer benefit (especially in municipal utility territories);

- Ensure only energy efficiency or approved integrated demand side management measures are being supported with EE program funding;
- Discuss appropriate transfer of data and/or other paperwork is occurring to support IOU and REN programs;
- Review potential cross-support between REN and IOU-controlled Local Government Partnership/Energy Watch Programs
- Ensure that agreements between RENs and IOUs regarding EUC and financing program delivery are being followed
- Resolve program delivery issues that have been overlooked under existing agreements (especially involving POU territories, non-joint SCE/SCG territories, joint PG&E and SCE/SCG territories)
- Serve as a forum for mutual issues, e.g., EMV, cost-effectiveness criteria, access to data, etc.

- In the event of any disputes in these or other areas, the Coordinating Committee will identify and work to resolve the issues and, if useful to speedy and equitable resolution of issues, engage a facilitation process to ensure success.

Role of Energy Division

- CPUC conducts annual and post-project EM&V through third party contractor
- Consider and approve program modifications submitted via Advice Filing (project/program improvements to realize emerging opportunities for deeper, longer-lived energy efficiencies)
- Conduct occasional site visits to evaluate/assess program progress with an "on the ground" perspective
- Host regular (quarterly, semi-annual) progress meetings at CPUC offices to review program progress, accomplishments

ATTACHMENT B

MAP OF FLEX PATH PROJECTS AND MEDIAN INCOME IN SoCalREN REGION

ATTACHMENT C

Proposed Modifications to Findings of Fact, Conclusions of Law, and Ordering Paragraphs

New Finding of Fact:
The purpose of the 2012 Continuation Funding to ARRA financing program administrators was to bridge gaps in selected financing program operations until the availability of funding under the 2013-2014 programs.

Conclusion of Law 30:
The ~~SoCalREN and~~ BayREN budget proposals for single-family and multifamily loan loss reserves should be reserved for funding pending the outcome of the direction of the pilot financing approaches that will be considered subsequent to this decision. The SoCalREN budget portion related to the Santa Monica financing pilot ($300,000) should be reserved for funding pending the outcome of the direction of the pilot financing approaches that will be considered subsequent to this decision.

New Conclusion of Law 31:
The current Matador's financing program should remain available using ratepayer funding until the pilot financing is resolved and until the jointly modified Flex Path is approved.

Conclusion of Law 53:
Utilities and RENs should not be prohibited from offering both incentives and financing options for the same measure in 2013, but should pilot the appropriate balance of both while balancing cost-effectiveness considerations so that we may learn more about customer acceptance of the products.

Ordering Paragraph 8:

Southern California Edison Company shall enter into a contract, no later than 60 days after the issuance of this decision, with the County of Los Angeles on behalf of the Southern California Regional Energy Network for a maximum of $35,578,167 to fund the following programs to be available in 2013 and 2014:

a. ~~Energy Upgrade California Flex Path Incentives~~ Energy Upgrade California Flex Path Program
b. Local Marketing and Outreach
c. Contractor Training and Outreach
d. Green Building Labeling
e. Low-Income Single-Family
f. Single Family Loan Loss Reserve (funding reserved pending further decisions on the program design)
g. Multi-Family Loan Loss Reserve (funding reserved pending further decisions on the program design)
h. Non-Residential PACE
i. Public Agency Revolving Loan

j. Southern California Regional Energy Center
k. SoCalREN Multifamily program

Ordering Paragraph 9:

Southern California Gas Company shall enter into a contract, no later than 60 days after the issuance of this decision, with the County of Los Angeles on behalf of the Southern California Regional Energy Network for a maximum of $9,022,161 to fund the following programs to be available in 2013 and 2014:

a. ~~Energy Upgrade California Flex Path Incentives~~ Energy Upgrade California Flex Path Program
b. Local Marketing and Outreach
c. Contractor Training and Outreach
d. Green Building Labeling
e. Low-Income Single-Family
f. Single Family Loan Loss Reserve (funding reserved pending further decisions on the program design)
g. Multi-Family Loan Loss Reserve (funding reserved pending further decisions on the program design)
h. Non-Residential PACE
i. Public Agency Revolving Loan
j. Southern California Regional Energy Center
k. SoCalREN Multifamily program

Ordering Paragraph 20:

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. 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.

Ordering Paragraph 43:

Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Gas Company, and Southern California Edison Company, the San Francisco Bay Area Regional Energy Network, the Southern California Regional Energy Network, and the Marin Energy Authority shall file advice letters in compliance with the directives in this decision no later than ~~30~~ 60 days after this decision is issued, unless another date is specified herein for a specific program, in the format provided by Commission staff.