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## MEMORANDUM

**TO:** Local Government Sustainable Energy Coalition Members

**FROM:** Jody London

**DATE:** August 12, 2008

**SUBJECT:** Schedule for Reviewing Utility Applications for 2009-2011 Energy Efficiency Portfolios (A.08-06-021, et al.)

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This memo provides an overview of the schedule the California Public Utilities Commission (“CPUC”) will use to review the investor-owned utilities’ applications for the 2009-2011 energy efficiency portfolios and addressing bridge funding for ongoing third-party programs and local government partnerships. At a prehearing conference yesterday to discuss scheduling issues, it became clear that the CPUC Energy Division staff do not believe the utilities have provided information required for the 2009-2011 applications. Addressing these deficiencies will take several weeks, at minimum, so the Administrative Law Judge is working quickly to issue proposed decision on bridge funding for CPUC consideration on October 2. This will require quick turnaround by the parties next week. Details are provided below.

### Problems with Utility Applications

The CPUC has issued guidance and directives in various decisions and rulings since last October that provided direction to the utilities on the content of the 2009 – 2011 energy efficiency applications. The Energy Division staff is finding problems with the applications in several areas; the magnitude of the problems differs by utility. Problems with the applications lie in three areas.

1. There are concerns about how data was entered into the E3 calculators. The staff’s initial review shows that some utilities are not rolling up measure groupings to determine if the proper DEER values have been used, how the DEER values are applied, and costs. Staff wants more information on how the utilities determined the weighted value of programs and the portfolio. Staff also has questions about how the net-to-gross energy useful life (EUL) numbers were determined. This effort is being led by Peter Lai of the Energy Division.
2. The utilities were directed to present summary tables that capture the data in the E3 calculators. There is no consistency across the tables. Energy Division staff also has questions about whether the tables incorporate savings from codes and standards and other sources, especially for PG&E and the Sempra utilities. This effort is being led by Anne Premo and Zenaida Tapawan-Conway.
3. The utilities were directed to include different values for a carbon adder (\$12.50/ton and \$30/ton) and examine how a higher carbon adder would allow them to offer additional or expanded programs in 2009-2011. They also were directed to identify strategies to minimize lost opportunities and enhance peak load reduction strategies, as well as expand on-bill financing to the residential sector. Finally, they were directed to show how the

2009-2011 applications link to the draft *Energy Efficiency Strategic Plan*. There also is some data missing in the Program Implementation Plans. This effort is being by Cathy Fogel of the Energy Division.

In addition to the problems identified by the staff, the Utility Reform Network (TURN) pointed out that the overall budgets need to be examined. The total amount requested statewide is \$3.8 billion, of which incentives are \$1.3 billion, \$1.4 billions is for overhead and general administration, and the remainder is for programmatic costs.

To gather all this data will be a process of several weeks, at minimum. When the staff has the information they need, the utilities will make a supplemental filing of some sort and there will be another scheduling meeting. The ALJ encouraged parties to send data requests to the utilities if there is information parties need. I would like to see detailed budget breakdown for the local government partnerships from SCE, at minimum. We can discuss on our call tomorrow morning other data you all would like to see.

In the meantime, the ALJ is keeping the August 28 comment date, and is asking parties to identify concerns with the policy aspects of the utility filings.

### **Bridge Funding**

There was a lengthy discussion, which included a lunch break, about the need for bridge funding and the timing of a CPUC decision on this. Because the CPUC operates under the Brown Act, to get a decision on the October 2 agenda means it must be issued by early September. I made the point that any bridge funding must cover operating expenses for local government partners; we do not want another situation where staff are without salaries and leases are cancelled.

The utilities were saying, in the discussion, that they will not provide bridge funding for any program that is not proposed to continue into 2009-2011. They also propose to continue negotiations on contracts for 2009-2011, but do not want to execute any contracts until there is a CPUC decision, which at this point will be early 2009 at the best.

The upshot is the utilities will file their proposals for bridge funding on Monday, August 18. This will include details on how the utilities propose to determine the bridge funding for each program, the source of those funds, etc. Parties will have until Friday, August 22 to file comments. I expect the LGSEC will want to file comments on this, so please stand ready to move quickly next week.

### **Next Steps**

We have a call scheduled for tomorrow morning, 8:30 – 9:30. On the call, we should discuss any issues you would like to put in for August 28 comments, whether you want to engage in the discussion next week around bridge funding, whether we want to issue any data requests, and whether we have the budget to do all this.

As always, please contact me with any questions or comments.