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## MEMORANDUM

**TO:** Local Government Sustainable Energy Coalition  
**FROM:** Jody London  
**DATE:** March 8, 2010  
**SUBJECT:** Update on Energy Efficiency, CPUC Meeting in Los Angeles 4/22,  
Assault on AB 32

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This memo updates you on upcoming near-term activities at the California Public Utilities Commission (“CPUC”) related to energy efficiency; alerts you to an opportunity for individual meetings with CPUC Commissioners on April 21 and 22, when the CPUC will be meeting in Los Angeles; and reminds you of the need to make sure your City’s representatives to the League of California Cities are aware of the ongoing attach being launch there against implementation of AB 32, the Global Warming Solutions Act. I also provide a quick update on some issues related to net metering of solar energy.

### CPUC Opens New Energy Efficiency Docket

Last November, the CPUC opened a successor proceeding to its overarching policy docket for energy efficiency (R.09-11-014 replaces R.06-04-010). This is the proceeding where the CPUC will continue to modify requirements for evaluation, measurement, and verification (“EM&V”), look at the potential for energy savings from energy efficiency and other climate change activities, consider how community choice aggregators implement energy efficiency programs, look at budgets for current and future utility energy efficiency programs, and plan the 2012-2015 energy efficiency program cycle.

On Thursday, March 18, 10 a.m., the CPUC will hold a prehearing conference in this docket (aka scheduling meeting) to discuss (1) the process by which it will conduct a comprehensive review of its EM&V process and (2) identify and prioritize issues related to energy efficiency programs implemented by community choice aggregators. Parties have the option to file by this Thursday, March 11, comments on the following:

“First, how should the Commission’s comprehensive review of EM&V’s technical and institutional frameworks, as described above, be conducted? Second, Parties shall include an analysis that identifies and prioritizes issues related to the implementation of energy efficiency programs by Community Choice Aggregators in the document they prepare.”

Parties also can raise in their March 11 comments other topics that were identified in the rulemaking, including “issues related to the effectiveness of utility administration, third-party programs and government partnership programs,” and financing mechanisms for energy efficiency retrofits and new construction. In terms of financing mechanisms,

the rulemaking noted that this proceeding will be the venue for implementing AB 758, which requires the CPUC to investigate the ability of utilities to provide energy efficiency financing options to customers for existing buildings.<sup>1</sup>

*Recommended LGSEC Action:* Historically the LGSEC has not actively engaged in EM&V debates, which are highly technical and time-consuming. I do not at this recommend putting in any comments on EM&V. The most current issues related to community choice aggregation (“CCA”) are being taken up in the CCA docket, namely the problems with PG&E over marketing and customer enrollment. We may wish to highlight for the CPUC that it needs a clear process by which a CCA can access the PGC funds to which it is entitled, and other implementation issues of which you are aware. We may also wish to highlight the need for utility financing options to coordinate with Property Assessed Clean Energy (“PACE”) programs. **Please let me know by COB Tuesday if/what you think should be included in any comments we might submit.** I am mindful as I think about these comments of the discussion at our recent quarterly meeting about moving the LGSEC focus to more hands-on, peer networking, and away from regulatory minutiae.

I cannot attend the March 18 Prehearing Conference as I will be travelling to Washington, D.C. that day. I will coordinate with the Administrative Law Judge beforehand to let him know we are interested but have a conflict.<sup>2</sup>

### **Utilities File Proposals for Local Government “Menu” for Energy Efficiency Strategic Plan Implementation**

Comments are due March 18 on the utilities’ proposed menu of options from which local governments will engage in activities that support the goals of the *Energy Efficiency Strategic Plan*. On February 26, the utilities jointly filed an advice letter that includes the “menu” they propose to use statewide (as directed by the CPUC), their individual budgets and goals for each partner, and the scope of work for the program that is being conducted through ICLEI, the Local Government Commission, and the Institute for Local Government. This last bit also includes Pat Stoner in his new role as the Statewide Coordinator for local government best practices in energy efficiency.

Attachment 2 of the Advice Letter includes actual budget allocations and activities for each local government. If you are not aware of this then there is a problem, as this was supposed to be developed collaboratively. (I have not included the table here as it is lengthy but can send it if you need it.) My initial review of the menu is that at least for the SCE service territory it is duplicative of what you might propose to SCE in the upcoming solicitation for Strategic Plan support, and at much lower levels. It also is unclear how the budget amounts for each local government were derived. In reviewing the attachments, there is a wide disparity in the amounts awarded both within a utility service territory, and between utilities.

<sup>1</sup> AB 758 adds § 381.2 to the Public Utilities Code.

<sup>2</sup> There is a different ALJ for this next phase of the proceeding: Darwin Farrar replaces Dave Gamson.



*Recommended LGSEC Action:* I will prepare a brief comment letter (not a protest) reflecting our concerns about the disparity between recommended amounts. Depending on input from all of you, we may also question the process by which the “menu activities” were assigned.

### **CPUC Commissioners Taking Meetings in Los Angeles April 21, 22**

On Thursday, April 22, the CPUC will hold its business meeting in the Los Angeles office. This happens very rarely, and the CPUC’s Southern California Director, Denise Tyrrel, is pushing for a good in-person turnout so the Commissioners will see the value of leaving San Francisco every once in a while. Additionally, Ms. Tyrrel has arranged for four of the five Commissioners to hold office hours the day before the meeting, on Wednesday, April 21. The fifth Commissioner, Nancy Ryan, will hold office hours after the business meeting on April 22. You can contact Ms. Tyrrel at [denise.tyrrell@cpuc.ca.gov](mailto:denise.tyrrell@cpuc.ca.gov) to set up 15 minute appointments; she realizes this is brief, but it should be useful. Ms. Tyrrel is giving LGSEC members first crack at these time slots, and urges you all to enlist your elected officials for this opportunity. She also urges you to request meetings with all of them, as any issue needs support from three of them to pass.

*Recommended LGSEC Action:* Southern California members should avail yourselves of this opportunity to both hold brief meetings with CPUC Commissioners on April 21 and 22, and attend the business meeting, which will be at the CPUC’s downtown LA office, 320 West 4th Street, Ste. 500, Los Angeles, California, 90013.

### **AB 32 Under Attack**

Most of you are probably aware that there is a movement afoot to slow down California’s implementation of Assembly Bill 32, the Global Warming Solutions Act, as well as Senate Bill 375, which requires the consideration of greenhouse gas emissions of land use and transportation plans. Kate Meis, who is now the LGSEC’s administrative manager on behalf of our fiscal agent the Local Government Commission, wants to be sure you are appropriately informed. Kate notes:

“This funding will be at stake if efforts underway to suspend AB 32 law are successful. A statewide initiative, which would delay curbs on greenhouse gas emissions until the state's unemployment rate drops to 5.5% (a level not seen since 2007), will go to ballot if supporters gain enough signatures. Additionally, an initiative to take a position against the implementation of AB 32 and possibly against SB 375 has been brought to the League of California Cities Board and will be considered in April. Members can talk to their elected officials about adopting a resolution in support of AB 32 and SB 375.”

For more information contact Kate at [kmeis@lgc.org](mailto:kmeis@lgc.org).

### **Net Metering Surplus – AB 920 Implementation**

The CPUC in January directed the utilities to file by March 1 their proposed methodology for determining the rate for excess electricity generated by customers who take service under a



net metering tariff. This is the implementation of Assembly Bill 920 (Huffman). The utilities have requested and been granted an extension to file this methodology to March 15. I highlight this for you because the ability to sell excess electricity has long been a goal for many renewable on-site generation advocates.

*Recommended LGSEC Action:* At this point we do not anticipate getting involved in this issue, but we could if there is sufficient member interest.

### **Next Steps**

I will prepare the comment letters described above and circulate for input.

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

