BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of Energy Efficiency Rolling Portfolio Business Plan.	Application 17-01-013 (Filed January 17, 2017)
And Related Matters	Application 17-01-014 Application 17-01-015 Application 17-01-016 Application 17-01-017

RESPONSE OF THE LOCAL GOVERNMENT SUSTAINABLE ENERGY COALITION TO THE APRIL 14, 2017 SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGES

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For the Local Government Sustainable Energy Coalition (LGSEC)

Dated: May 15, 2017

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OF THE STATE OF CALIFORNIA

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Pursuant to the April 14, 2017 Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judges (Scoping Ruling) directing energy efficiency business plan proponents to file and serve responses to the request for supplemental information in Attachment A no later than May 15, 2017, the Local Government Sustainable Energy Coalition (LGSEC)[1] submits this Response in compliance. As the proponent of the LGSEC Energy Efficiency Statewide Local Government Program Administration Business Plan proposal, LGSEC must comply with the Scoping Ruling by responding to the questions found in Appendix A, Attachment A – Questions to Proponents of Business Plans to the Scoping Ruling. LGSEC's Response to the questions for all program administrators and prospective program administrators and to the specific questions for LGSEC is presented in the

[1] The LGSEC is a statewide membership organization of cities, counties, associations and councils of government, special districts, and non-profit organizations that support government entities. Each of these organizations may have different views on elements of this Application, which were approved by the LGSEC's Board. A list of LGSEC's members can be found at www.lgsec.org. LGSEC is a program of the Local Government Commission (LGC). The LGC is a 35-year old non-profit organization supporting local government leadership in land use, energy and water sustainability.

Attachment hereto and served on all parties in this consolidated proceeding in compliance with the Scoping Ruling.

Respectfully submitted,

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ATTACHMENT

LOCAL GOVERNMENT SUSTAINABLE ENERGY COALITION

RESPONSES TO APRIL 14, 2017 SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGES' QUESTIONS

(A.17-01-013, et al.)

LOCAL GOVERNMENT SUSTAINABLE ENERGY COALITION RESPONSES TO APRIL 14, 2017 SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGES' QUESTIONS

(A.17-01-013, et al.)

I. Questions applicable to all prospective Program Administrators (PAs)

A. Business plans overall

1. Present a single table summarizing by sector (for the six specified sectors) their energy efficiency market potential, annual savings targets through 2025, and key metrics. This table should enable / facilitate assessment of how (well) the business plans go after efficiency potential, and of progress toward this potential.

This question is designed principally for the investor-owned utilities' (IOUs') portfolio business plans. In the IOU portfolios, local government energy efficiency programs are included as a subset of IOU Public Sector programs within their total portfolios. However, in reality, local government programs (both Local Government Partnerships (LGPs) and other local government energy efficiency programs) are a unique variety of public/private delivery mechanisms and include activities in all sectors within the IOUs portfolios. Creating the table sought in this question would in part require an inventory of existing LGPs by sector in all IOU service territories. It is important to note that no such inventory or market potential study exists allowing for an evaluation of existing and planned local government programs, including the 67 existing LGPs, either within individual IOU service areas or across the four IOUs. (LGSEC BP Proposal, Table 5, *Statewide Program Implementation Phases at page 24).* This is precisely part of the major work products that would be included as part of the current LGP inventory and technical/information clearinghouse proposed for completion in the first phase of LGSEC's proposed Energy Efficiency Statewide Local Government Program Administration (LGSEC BP Proposal). LGSEC's business plan proposal is focused in the early years on building a statewide administration program to support all existing local government partnerships and programs across all four investor-owned utilities. Following direction from D.16-08-019, LGSEC's BP Proposal maintains the existing LGPs for their contract terms and any potential renewals. LGSEC urges the Commission to provide the necessary financial resources to support creation of the statewide LGP inventory, not only as a starting point for comparison, assessing market potential, annual savings targets through 2025, establishing baselines and key metrics, measuring success towards annual and statewide energy efficiency savings targets but also for meaningful oversight of existing programs.

Because there is no baseline for a consolidated statewide LGP administration, the forming year of 2017, and the launch year 2018 will be used to establish baselines and common metrics.

2. What evaluation studies or other research did you rely upon to inform your proposed intervention strategies and tactics for each sector, and how did those studies/research demonstrate the efficacy of the strategies and tactics in delivering the targeted savings?

The Energy Efficiency Portfolio Business Plan Guidance Decision recognized the value of statewide administration for government entity energy efficiency where the Commission remodeled public institutional partnerships into a statewide construct under a lead program administrator. D.16-08-019 at page 63. A number of studies previously funded and assessed by the Commission influenced this decision:

"Entities with distributed leadership had difficulties planning and executing projects, while entities with a centralized leadership, such as a University of California system, were highlighted for superior achievements and energy efficiency."[2]

Information presented at the CAEECC and LGSEC's members' experiences, more than 200 specific comments total, provided both negative and positive examples of LGP administration and implementation. (LGSEC BP Proposal, Table 1 - Performance Barriers and Their Consequences at page 5 and pages 14-15.) As more fully discussed in responses to LGSEC Questions 53-57 below, LGSEC heard from both member and non-member local governments that the existing relationship between local governments and the IOUs is limited in both funding eligibility and process (e.g., lack of standardization, lack of contract flexibility) and is not currently adequately leveraging local governments' expertise, resources, special abilities or policy interest in combating climate change or developing innovative strategies.

[2] SCE Summary Report: Process Evaluation of the 2006-2008 Local Government and Institutional Partnership Program Final Report, PA Consulting, 2009. See also, Program Assessments Study: Statewide Institutional Energy Efficiency Partnership Programs, Navigant Consulting, 2013.

LGSEC, along with others in the CAEECC, reviewed the Energy Efficiency Potential and Goals Study for 2015 and Beyond: Stage 1 Final Report. Navigant Consulting, 2015. LGSEC reviewed the CAEECC Public Sector Subcommittee Stage 2 Input Presentations and Post-Presentation Materials from Stakeholders, including NRDC's (AB 758) Sector Priority and Strategies Tables from Existing Buildings Energy Efficiency Action Plan (CEC-400-2015-013-F).

Additionally, the following documents have informed the LGSEC's proposal: "Global Challenges Facing All Sectors", presented by the Rural Hard to Reach Working Group, November 21, 2016. Another important CAEECC presentation was that of the California Energy Efficiency Industry Council (CEEIC) and related discussion suggesting that PAs be required to bid out a large proportion of EE funds. This led to a discussion about how local governments (PAs and Implementers such as some LGPs) would be treated. The consensus during that discussion was that local governments were unique entities (special authorities, elected and therefore accountable officials, location-specific) and therefore should not be subject to the same bidding processes. In order to best segregate and differentiate local governments from other standard bidding processes, an idea was generated to create a special, segregated pool of funds to help local governments bring to the market strategies that they are uniquely equipped to provide.

B. Management and administrative strategies

3. Please justify administrative budgets, and describe primary determinants of budget. What are the drivers of administrative and implementation (non-incentive) cost categories?

The LGSEC BP Proposal requests an administrative budget of $6.24 million or 9% of the present overall IOU LGP/Public Sector program administrative budgets for the first two years (2018/2019) to accommodate transition costs, moving to 7% per year for two years, then to 6% thereafter, as systems are in place and programs are supported by additional non-rate-payer funds. [3]

[3] These budget numbers are drawn from published IOU program documents. In 2017 the LGC will work with the Commission and the IOUs to confirm and clarify these budget numbers and in response to the detailed information presented in this proceeding.

The combined IOU LGP budgets were derived from one year estimates shown in the IOU's Annual Advice Letters filed September 1, 2016, except for SoCalGas' Updated Advice Letter filed November 8, 2016. [4] [5] See response to Q. 59 below.

This administrative budget was estimated to cover all the deliverables and tasks outlined in the LGSEC BP Proposal Table 4 at pages 7 through 10. Additional information may be broken out in the budget tables produced in response to Question 9..

As many of the parties have noted, the Commission has not required and the IOUs have not utilized a common accounting and reporting format. Currently, in response to TURN and ORA's information request, the parties agreed to a common budget template and will populate that template with the most granular reporting information filed to date. In this way, greater clarity of administrative costs that may also reside in non-energy efficiency program accounts will be achieved. The work presented in the common budget template will help to clarify what is now an opaque area of IOU cost reporting. The level of effort required to remedy this situation in this proceeding is testament to the significant expense and burden associated with creating a complete inventory of IOU administrative costs on a basis where comparison is possible. The LGSEC administrative budget estimate worked with the most recent, publicly available energy efficiency reported administrative cost information at that time. Further refinement and updating of LGSEC's budget estimates can occur once the supplemental budget information in the common template on administrative budgets is received in this proceeding.

4. How are administrative costs and implementation (non-incentive) costs expected to vary over time, either by sector or portfolio-wide?

Portfolio-wide, administrative costs will vary over time. Factors which may influence variability include:

- Number and complexity of LGP programs
- The number, scale and nature of additional non-resource (non-LGP) programs added to the overall administrative portfolio

[4] PG&E: Advice 3753-G/4901-E (U 39 M) 9/1/2016. SCE: Advice 3465-E (U 338-E) 9/1/2016. SDG&E: Advice 2951-E/2512-G (U 902-M) 9/1/2016. SoCalGas: Advice 5023-A (Updated) (U 904-G) 11/8/2016.
[5] There is an additional ~ $40K for Direct Install programs in the PG&E budget, but that is not included in this proposals budget basis.

- The number of regional staff deployed to serve as program points of contact to local governments
- The overall costs of labor and business (wages, benefits and other overhead costs)
- The costs of information and data management technologies/systems (software, security, etc.)

Sector-specific costs are not considered at this time, as these will depend on which existing LGP contracts phase in and over what timeframe.

Administrative and implementation costs associated with developing standard processes for how funding decisions are made (E.g. competitive solicitation/application/selection/award processes, eligibility criteria) will also vary portfolio-wide. LGSEC anticipates mining best practices associated with encouraging proposals that leverage other assets/funds or offer services for multiple jurisdictions or further regionalization.

5. As PAs transition to a role largely composed of administration, what are the best practices in administration the PAs will adopt (in order to maximize budgetary and administrative efficiency)? Describe any other internal approaches, metrics, or strategies that will be implemented by the PAs to ensure budgetary efficiency.

There are two objectives to be fulfilled by LGSEC's BP Proposal: budgetary and administrative efficiency and facilitation of local government and IOU success in meeting energy efficiency goals.

Program administration organization and scale should reflect the scope, and scale of EE goals. Creation of the Statewide LG organization and creation of a common pro forma agreement for all LGPs with a single point of contact for LGP administrative and regulatory activities should eliminate a significant on-going staff burden for individual local governments as well as the IOUs. Based on input from various existing LGPs, the following best practices and metrics will be priority candidates for implementation when designing the administrative systems for the LGSEC BP Proposal:

- Ratio of administrative to program spending percentages
- Percentage of administrative funding spent to date from total program spending

- Percentage of funding obligated or "committed" under contract
- Consistent contract cycles
- Alignment of program, contract and payment terms with fiscal year local government budget cycles
- Consistent and transparent budget-setting methods
- Contract terms of three or more years
- Consistent 3rd party contracting policies and programs
- Streamlined and consistent LGP reporting requirements
- Flexibility, innovation and collaboration with LGPs to design and implement the most successful programs
- Development of non-resource metrics for market transformation and other longer-term program implementation not strictly associated with short term energy savings.

6. What metrics will PAs use to determine administrative effectiveness and efficiency specifically*?*

See response to #5 above.

Administrative performance and impact indicators can be created at the start of the LGSEC BP Proposal administration and included in regular reports to the Commission. Performance and impact indicators for reporting may include:

- # of LGP contracts transitioned from IOU to LGC administration
- # of non-resource program categories, by LGP implementation.
- # of non-resource program categories initiated outside of existing LGPs
- # of energy projects completed in public and private building sectors
- Roll-ups of metrics from LGPs, which may include:
    - # of conversions (from indication of interest to completed projects)

- # of local/regional Direct Install providers
- Length of time from indication of interest to project completion
- # of local codes/standards updated to new, higher performance benchmark
- # of local incentives, collaborations, partnerships, etc. supporting EE
- Program participant survey results
- # of participants in workforce trainings

LGSEC anticipated that this material would be presented as part of a comprehensive implementation plan that includes specific, detailed administrative activities with associated effectiveness and efficiency performance matrics, if the LGSEC BP Proposal is approved. LGSEC will participate in the next phase of this proceeding dedicated to metrics as outlined in the April 16 Scoping Ruling and May 10 ALJ Ruling.

7. How often and what information will the PAs report to the Commission reflecting PA administrative spending and efficiency?

See responses to Questions 5, 6 and 7 for the type and scope of information to be reported. LGSEC anticipated that this material would be presented as part of a comprehensive implementation plan that includes specific, detailed administrative activities with associated effectiveness and efficiency performance matrics, if the LGSEC BP Proposal is approved. These reports can be tailored to the Commission's authorization guidance.

C. Proposed budgets

8. Present a single table summarizing energy savings targets, and expenditures by sector (for the six specified sectors). This table should enable / facilitate assessment of relative contributions of the sectors to savings targets, and relative cost-effectiveness.

See Response to Question 1 above.

The LGSEC BP Proposal assumes continuation of existing LGPs and proposes to measure LGPs using metrics applicable to non-resource programs. Cost effectiveness will be measured for resource programs until their existing contract terms expire. Thereafter, LGPs will drive projects to IOU core programs where resource attribution will be quantified.

The goal of this proposal is to increase efficiency by consolidating administration, creating tools for energy data and program performance reporting to facilitate improved program design and execution and by leveraging non-ratepayer funds to augment local government programs, and thus improve cost effectiveness.

9. Using a common budget template developed in consultation with interested stakeholders (hopefully agreed upon at a "meet and confer" session), display how much of each year's budget each PA anticipates spending "inhouse" (e.g., for administration, non-outsourced direct implementation, other non-incentive costs, marketing), by sector and by cross-cutting program.

Pursuant to the directive in the Scoping Memo, the PAs and prospective PAs, including LGSEC as a proposal proponent, have had several meet and confer sessions with ORA and TURN about additional budget information as well as a common budget template for all PAs and prospective PAs to use. Given the different accounting platforms and information tracked, the process has taken longer than anticipated. The group filed a Motion for Extension of Time to submit the information sought by this question to by June 12, 2017. There are no standing objections (NAESCO withdrew its initial protest). The Motion is currently pending before the ALJs.

10. Present a table akin to PG&E's Figure 1.9 (Portfolio Overview, p 37) or SDG&E's Figure 1.10 (p. 23) that not only shows anticipated solicitation schedule of "statewide programs" by calendar year and quarter, but also expected solicitation schedule of local third-party solicitations, by sector, and program area (latter to extent known, and/or by intervention strategy if that is more applicable). For both tables, and for each program entry on the calendar, give an approximate size of budget likely to be available for each solicitation (can be a range).

This is not applicable to the LGSEC proposal.

D. Proposed solicitation structure and schedule

11. How long does each PA anticipate the solicitation, contract negotiation, and mobilization period will take for third-party contracts? Describe the timetable for the entire process.

This is not applicable to the LGSEC proposal.

II. Questions applicable to Local Government Sustainable Energy Coalition (LGSEC)

53. What is the disadvantage, from an energy savings perspective, of having inconsistency among the local government partnerships throughout the State, as indicated in row 1 of Table 1.0 (page 5)?

From an energy savings perspective, the most significant consequence of a lack of consistency among LGPs is the lost energy savings due to unequal access to resources and best practices from one local jurisdiction to another. This is not only an energy savings disadvantage, it is an equity issues. Inconsistency can occur within one IOU service territory as well as within the same utility program. For example, SDG&E is the only IOU offering five year term agreements. Access to longer program funding commitments leads to stability in program implementation, recruitment and retention of skilled staff by local governments, budgeting and financing of measures and higher measure penetration through sustained community availability and visibility for LGP activities. It also allows for longer lead time projects and innovation development within existing programs. These advantages yield higher energy savings performance outcomes. Moreover, standard processes can create predictability (time frames, eligibility, minimum and maximum funding support) in turn, flexibility within known limits allows for innovative proposals. Without standard processes, local governments are treated differently based on the preferences of various IOU managers, some of whom indicate having little power to influence funding decisions even to lead to more efficient funding use. When programs are shorter, measures will be chosen for highest potential savings in the shortest time leaving high priority but longer lead or implementation time measure related savings unrealized.

Similarly, unequal access to energy use data between jurisdictions hampers the ability of local governments to target limited funding to areas with high energy savings potential, leverage funding and program design for climate initiatives related to energy savings, benchmark whole buildings and to measure and report energy reduction successes within their jurisdictions. (See LGSEC BP Proposal at page 4 and footnote 5 at page 4.)

In multi-IOU territories, it has been very difficult to have all managers in sync with one another. Each IOU has different priorities and working through compromises and new ideas is sometimes impossible because each individual manager must navigate individual internal bureaucracies to effect material changes. The emergence of multi-jurisdictional non-profits and the Regional Energy Networks (RENs) has occurred in part in response to these ongoing problems.

54. How will a statewide administration of local government partnerships address barriers resulting from disparate contracting schedules and terms as indicated in table 1.0 (page 6)?

Table 1.0 (page 6) is a reference to the barriers resulting from disparate contracting schedules and terms that can fall into at least three categories:

1. Barriers that arise when LGPs are 'shared' between more than one IOU:
    a. Each IOU may have different contract lengths and conditions and program designs that are not coordinated with one-another. The results are lost efficiencies, potential inconsistent measurement, customer confusion, and added administrative costs for local governments from redundant reporting requirements.
2. Barriers that arise when LGPs have a program start date, but the contract date or associated funding date are different:
    a. Time spent waiting for agreements to be processed is time not executing programs, yet local governments are judged on their performance based on the overall contract term, making it appear that LGPs are under-performing.
3. Barriers that arise when LGPs contracts are changed without consultation or warning to a shorter time-frame, reduced budget or significantly changed program design by annual advice letters:
    a. Short and inconsistent contract cycles mean that a lot of time is spent starting or closing program elements, including transaction time, third party contractor procurement processes.
    b. Program budgets often seem to be set subjectively and inconsistently. This leads to program planning and implementation instability due to employment uncertainty among staff and contractors.

c. Application of carry over funding from year to year also varies by IOU and often causes uncertainty for programs. If this issue arises at the end of contract negotiations, for jurisdictions with multiple IOU programs, each IOU can have different approaches, delay in execution of the contract can occur. Decisions like these should be standard based on a reasonable policy and known well ahead of time.

d. Arbitrariness and volatility in programs alienate contractors and consumers, creating marketing challenges and suppressing momentum as well as performance.

4. Barriers that arise when LGP contracts are inconsistent within the same IOU territory

   a. Disparities in funding and in the use of performance-based contracts where costs to serve are high, and other benefits are not assigned value result in the chronic under-serving of rural, hard-to-reach and disadvantaged communities.

   b. See also, response to Q. 53 above.

It is important to note that individual local governments must negotiate and execute contracts to implement LGPs. Literally, thousands of hours (and tens of thousands of dollars) of city attorney, county counsel and local government contract administration have been devoted throughout California to these transactions. In many cases, the IOUs provide scope of work limitations without the ability to negotiate changes in program design, even where local government staff is the implementer. Participation in CPUC proceedings and processes, such as the CAEECC, is resource intensive, usually very costly and takes financial resources that would otherwise go to program activities.

While reform has occurred in each IOU service territory, these reforms have been hard fought. All agreements still lack Commission oversight, transparent and specific provisions protecting local government interests such as opportunities for program design innovation, limitations by the IOUs on proposed material changes or use of committed funding without notice or prior agreement, specific, standardized accounting conventions (some of which could remedy ambiguities in the Energy Efficiency Policy Manual such as treatment of rollover of committed program funds), program timelines that mesh with fiscal year budget processes, payment schedule obligations and other terms.

The LGSEC BP Proposal can address these and other identified barriers because a statewide administration would:

- Provide a single point of contact for negotiating a pro forma contract that includes terms and conditions for all LGPs. Local jurisdictions would then be able to tailor scope of work and other program design features into LGP specific work orders or appendices to standard agreements. This would substantially reduce the transaction burden on individual governments and improve the unequal resources present in many bargaining situations, especially for smaller jurisdictions.
- Seek LGP contract terms up to five years
- Develop a standard funding award process to encourage better performance and ensure greater access to local governments not currently receiving funding the LGPs
- Set funding minimums and maximums for available funding, setting incentives for multijurisdictional or regional programs
- Collect, manage and evaluate all reporting using a standard set of reporting templates customized for different metrics
- Create an appeal, waiver or special consideration process regarding funding decisions.
- Provide a first-line single point of contact for the CPUC regarding programs under statewide jurisdiction and provide first step “ombudsman” support to local governments for program conflicts prior to seeking CPUC staff intervention.
- Make best practices from successful programs more broadly known and available statewide.
- Eliminate conflicts of coordination and implement best practices from regionalized non-profit implementers currently serving in multi-IOU LGPs

- Establish consistent and predictable program agreement terms and conditions reflecting the interests of both local governments and the IOUs, as well as start-up timeframes
- Establish consistent, objective and transparent budget and program eligibility decision-making processes
- Establish consistent impact and effectiveness metrics and reporting mechanisms to improve program performance analysis and reduce the administrative burden on local government implementers.

55. In what ways has LGSEC observed IOUs' leadership in developing programs, implementation systems, and measurement methodologies negatively impacting predictability in program administration, as indicated in row 2 of Table 1.0 (page 6)?

The ways in which LGPs' predictability of program administration is negatively impacted under IOU leadership include:

- Budgets have been changed, reduced or eliminated in Annual Advice Letter filings without prior notice or consultation. Not only are energy savings lost, but transaction and regulatory time and resources are required to participate at the Commission to restore lost resources. LGPs report difficulties with frequently changing programs, critical programs that relied on IOU funding for rebates and incentives have been eliminated during project planning. Long lead time on approvals by the IOUs for engagement in providing programs is also cited.
- Similarly, the IOUs have exercised unilateral discretion to change rules regarding when or how committed funds can or cannot be rolled over from one program year to the next. If a project experiences delays, for whatever reason, this loss of funding can also result in delayed or lost energy savings.
- Some local governments have reported IOU managers adding limitations beyond CPUC direction to meet their own financial goals (e.g., limiting eligible financing to projects that receive IOU rebates thereby dramatically reducing program performance.) Additional preapprovals of even routine or small activities clearly

eligible in contracts have been required, for example, for types of outreach strategies.

- Incentive payments have experienced significant delays. In some jurisdictions, new IOU IT systems have led to program implementation disruptions (significant disruptions). Others have noted that frequent changes in billing processes for grant reimbursement draws have disrupted timely funding support.

- Local governments are not consistently given opportunities to discuss and determine the scope or later changes to the scope of the LGP programs and activities. These experiences vary by IOU and by LGP.

- In some instances, local governments have not been able to select Direct Install providers. When the IOUs hold those contracts, local governments have been unable to ensure that providers are available to serve their communities (particularly remote locations), and have reduced opportunities to meet local economic development goals.

- Local governments may be accountable for the performance of their programs, but the Direct Install providers are not accountable directly to local governments if the IOUs hold their contracts.

- It is not clear how local governments are attributed any credit for their assistance in increasing participation in IOU programs. If attribution issues are unresolved, it can be unclear how a program will eventually be evaluated or what the key expectations are leaving a difficult path to future success.

- When IOUs determine unilaterally that programs or rebates are to be changed or discontinued, local governments are the 'face' of those programs in their communities. Additionally, they must respond by discontinuing services, eliminating jobs, and sometimes halting projects in mid-course – which negatively impacts predictability in program administration for the local government.

- There is no argument that IOUs have energy efficiency expertise and resources. However, internal hiring freezes, reorganizations and other career changes within

IOU organizations have resulted in program management with little relevant experience or significantly reduced team resources. In LGPs, the local government must often make up the difference in human resources, training of new IOU staff and other project support.

- Menu of program options is limited to IOU programs with associated, limited eligibility criteria leaving little room for longer lead and implementation measures and innovation ideas in program design, delivery or target customer processes. Local governments all report reduced ability to design measure and incentive mixes, with some measures previously available through direct install now no longer available at any incentive level. IOU definitions for incentive levels and customer requirements hamper the ability to target specific customers and measures with enhanced incentives, even as cost effectiveness with an overall program is maintained. Emerging technology and piloting, including rate programs, remain difficult engagement areas between local governments and the IOUs, even in jurisdictions where local governments have praised IOU local staff for professionalism and courteousness and highly value their ongoing relationships.

- Unresolved data access issues continue to hamper whole building benchmarking which in turn makes baseline measurement difficult and hinders realization of energy use and related GHG emissions reductions potential.

- IOU programs have not incorporated or facilitated access to non-ratepayer funded financing options, such as the Property Assessed Clean Energy (PACE) program. Under PACE, local governments can train PACE-certified contractors and finance agents in LGP program options, leading to greater energy efficiency measure adoption. Further, such investments, with less or no ratepayer financial support can often drive resulting energy reductions to IOU core programs allowing for resource program credit by the IOU.

- See also, response to Questions 53 and 54 above.

56. What specific "co-benefits" are envisioned, as referenced in Table 4 (page 18)?

"Co-benefits" in this context refers to at least two groups of benefits not currently captured in the Total Resource Cost (TRC) test: one would be partially addressed by the Societal Cost Test pending before the Commission in R.14-10-003 that would recognize benefits associated with GHG emissions reductions associated with some energy efficiency measures, and a second category of economic development benefits such as retained savings in the local economy, increased employment in energy efficiency activities, workforce training and development, and local investment stimulus**.**

57. What kind of "capacity-building in local government staff" is meant in Table 4 (page 19)?

While there are several examples of capacity-building which would have a positive impact on energy efficiency outcomes, two in particular are staff support for permitting and code enforcement staff. Many statewide energy related goals (Zero Net Energy is one example) require local governments to establish, implement and then enforce ordinances, codes and standards. These are most successfully implemented and enforced when local governments are adequately staffed, and local government staff has professional development training and skills-building.

Local governments may not always need full-time cutting edge expertise, but can benefit from support available to them on an as-needed basis. LGSEC envisions creating a pool of shared experts, able to assist with a range of local government short term capacity needs; from plan development, to permit reviews. Smaller and/or rural communities may not have market resources from either the IOU's or third party vendors. Local Governments may be well-staffed, but may lack the time or resources to keep up with needed training and skills-building. Based on local government input on what and where training and skills are needed, LGSEC envisions the new statewide administration becoming a clearinghouse (perhaps in conjunction with a more robust SEEC framework) for professional development resources suited to local government needs.

58. What is meant by "building spectrum participation" as used in Table 4 (page 19)?

When local governments can participate consistently in the design of local programs, reflecting their knowledge of local community and economy, the outcome is projected to be a wider array (an expanded spectrum) of building and sector types participating in energy efficiency programs (e.g., public, private, residential and non-residential building sectors.). The programmatic goal is to lead in innovative, crosscutting, multi-sector programs, reflecting the needs and priorities in local communities, and increasing energy efficiency activities in scope and depth.

59. What constitutes a "streamlined admin cost" as used in Table 4 (page 20), and how will it be used to measure the success of the stated desired market effects of preemptive vendor and contractor qualification, and state and local diversity as procurement standards?

The problem statement in Table 4 reflected opportunities for local governments, through a statewide administrative program, to develop and implement innovative financing and business solutions. The streamlined administrative cost of innovative programs comes through a single administration – rather than through either multiple IOU administrations or myriad LGP programs. It would be less costly for a single administrative structure to set up and manage joint procurement programs, pre-qualification of vendors or contractors which multiple jurisdictions could utilize.

See also responses to Q.s 5, 6 and 54.

The LGSEC BP Proposal presented a simplified, top-down generated budget as a percentage of IOU Local Government Partnership budgets, shown as follows:

Table 3 - Statewide Administration Budget

Budget Element	IOU LGP Budget Amounts	2017	2018 – 2019 Years 1 - 2	2020 – 2023 Years 2 – 4	2024 – 2027 Years 5 - 8
Pacific Gas & Electric LGP Budget	$35,285,899	$1.173M	$3.18M	$2.5M	$2.12M
San Diego Gas & Electric LGP Budget	$8,807,702	$.3M	$.8M	$.6M	$.5M
Southern California Edison LGP Budget	$20,340,000	$.667M	$1.8M	$1.4M	$1.2M
Southern California Gas LGP Budget	$4,846,000	$.16M	$.44M	$.34M	$.3M
IOU Total	**$69,279,601**				
	Admin budget as a percentage of IOU Total		**9%**	**7%**	**6%**
LGC Proposal		**$2.3 M**	**$6.24M**	**$4.85M**	**$4.16M**

LGSEC anticipates developing and presenting an administrative cost metric/metrics to measure and report streamlined cost results in detail in Program Implementation Plan.