

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Southern California Edison Company (U338E) for Approval of its 2009-2011 Energy Efficiency Program Plans and Associated Public Goods Charge (PGC) and Procurement Funding Requests.	Application 08-07-021 (Filed July 21, 2008)
And Related Matters.	Application 08-07-022 Application 08-07-023 Application 08-07-031

**COMMENTS OF
THE LOCAL GOVERNMENT SUSTAINABLE ENERGY COALITION
ON PROPOSED DECISION APPROVING 2010 TO 2012 ENERGY
EFFICIENCY PORTFOLIOS AND BUDGETS**

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For THE LOCAL GOVERNMENT
SUSTAINABLE ENERGY COALITION

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Attachment A: Recommended Changes To Findings Of Fact And Conclusions Of Law

I. Introduction

In accordance with Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the Local Government Sustainable Energy Coalition¹ (“LGSEC”) submits these comments on the Proposed Decision approving 2010 – 2012 Energy Efficiency Portfolios and Budgets. The LGSEC appreciates the work and thought that the Commission and parties have put in to developing the Proposed Decision. There are several opportunities for the Commission to further strengthen the Proposed Decision to ensure that local government partnerships achieve multiple objectives, including producing both short- and long-term energy savings and building institutional capacity of local governments to address energy and environment issues. These include:

- ◆ The Commission must allocate an additional \$250 million in order to reach a greater number of local government entities;
- ◆ In order to achieve goals stated in the *Strategic Plan for Energy Efficiency (“Strategic Plan”)*, the Commission must at minimum require the utilities to develop *Strategic Plan* milestones and budgets in collaboration with local government partners and the LGSEC;
- ◆ The final Decision must mandate the use of the Portfolio Manager platform for benchmarking buildings;

¹ The Local Government Sustainable Energy Coalition includes: the Association of Bay Area Governments, the Association of Monterey Bay Area Governments, the City of Berkeley, the City of Huntington Beach, the City of Irvine, the City of Pleasanton, the City and County of San Francisco, the City of Santa Monica, the County of Los Angeles, the County of Marin, the County of Ventura, the Energy Coalition, the South Bay Cities Council of Governments. Each of these organizations may have different views on elements of these comments, which were approved by the LGSEC’s Board.

- ◆ The Commission should allocate \$200,000 to complete a process begun in the 06-08 program cycle to develop an energy use data transfer protocol. The Commission should further establish a task force that will, by September 1, 2010, develop recommendations for providing more precise energy use data to local governments;
- ◆ The Commission must state explicitly that any cuts to utility administrative costs are not to be passed on to local government partners, including third party implementers of local government programs;
- ◆ The Commission should convene a task force of local governments to better define and determine adequate funding for statewide coordination for local government partnerships, with focus on action with local governments; implementation of this function should be delegated to the Local Government Commission;
- ◆ The Commission must provide genuine opportunities for local government partners to verify that information submitted by the utilities about their programs is accurate;
- ◆ The Commission must define “meaningful” assistance in order for utilities to claim credit for work on local codes and standards;

Additionally, there are several areas where the Proposed Decision would benefit from clarification. These include:

- ◆ Acknowledging that the Southern California Edison (“SCE”) Energy Leader Model, if adopted, relies on local governments marketing utility programs to their communities, so any shift of funds away from that activity will negatively impact the program design;
- ◆ Recognizing that local governments must report to the Federal government on projects funded under the American Recovery and Reinvestment Act (“ARRA”),

even if energy savings credit accrues to the utilities because the project also used ratepayer funds;

- ◆ Confirming that bridge funding for existing contracts with local government partners and third-party implementers will continue until March 1, 2010 or 60 days after approval of the compliance advice letter;
- ◆ Providing a master calendar and time table for next steps.

II. Opportunities to Strengthen the Proposed Decision

A. *Local Government Partnership Funding*

The LGSEC is encouraged by the allocation of \$265 million in funding for energy efficiency programs that will be carried out by some 64 cities, counties, and regional agencies. This amount of funding and the number of local governments that will therefore be able to participate in meaningful efficiency programs over the next three years, however, is not nearly enough. California is home to 478 cities, 58 counties, 967 school districts, and approximately 40 councils of government, in addition to hundreds of special districts. Most of these entities will not be reached through the approved partnership program budgets. Additionally, the entities that are already a part of approved partnerships will be constrained by the utility defined program designs from developing and implementing the types of innovative, integrated, comprehensive and long-term focused programs and policies that are essential if we hope to make significant progress toward the *Strategic Plan* goals and targets. In order to close this gap, the following changes are proposed:

- ◆ Approve an additional \$250 million in funding for new local government partnerships and the expansion of existing local government partnerships. LGSEC has consistently recommended additional funding for partnerships.²
- ◆ Require that these additional funds be allocated to local governments and local government consortia that develop and implement programs and policies meeting eligibility criteria tied to innovation, integration, comprehensiveness, and long-term focus.
- ◆ Approve a different cost-effectiveness metric to evaluate the impacts from the expenditure of these additional funds that encompasses more holistic, flexible, and long-term considerations.
- ◆ Require that local governments be directly involved in applying for these additional funds, as well as in the development of program eligibility and evaluation criteria.
- ◆ Direct that the Commission's Energy Division manage and complete the process for allocation of these additional funds to local government partnerships by July 1, 2010.

B. Strategic Plan Support

Throughout these proceedings, the LGSEC has provided ideas on how local government partnerships can make meaningful contributions to the State's goals for increased energy savings and reduced greenhouse gas emissions. While many of these suggestions are acknowledged in the Proposed Decision, few are adopted in ways that will provide maximum benefits. While the Proposed Decision maintains the requested budgets for local government partnerships, at least

² *Response of the Local Government Sustainable Energy Coalition to Utility Energy Efficiency Applications for 2009-2011*, August 28, 2008, pp. 3-4, 12 – 15; *Comments of the Local Government Sustainable Energy Coalition on Amended Utility Applications for 2009-2011 Energy Efficiency Programs*, April 17, 2009, pp. 3-5; *Reply Comments of the Local Government Sustainable Energy Coalition on Amended Utility Applications for 2009-2011 Energy Efficiency Programs*, May 5, 2009, pp. 3-4.

for now, it does not modify in any meaningful way the utilities' proposed partnership programs in ways that permit local governments to work toward *Strategic Plan* goals under the utility programs.

This may be due in part to an inherent conflict between the *Strategic Plan* goals and the current shareholder incentive structure, which continues to have a short-term focus. There also is a tension with the Total Resource Cost ("TRC") test, which is designed to measure short-term goals and provides no means to account for lost opportunities and penalize cream skimming in programs. This is why local governments requested a carve out of between five and ten percent of the total program funds for innovative local government programs that would not be held to rigid, short-term cost-effectiveness metrics and would be excluded from utility shareholder incentives.³

To try to rectify this disconnect between long-term goals and current metrics for measuring progress, the Proposed Decision directs the utilities to file by February 2010 advice letters focused on how local government partnerships will participate in activities that advance *Strategic Plan* goals using ratepayer funds. The LGSEC in initial comments on the utilities' applications requested better linkage between utility budgets for all partnership activities, not just those related to *Strategic Plan* activities, including a breakdown for each item by both partner and utility.⁴ The purpose of this request was to better understand exactly which of the long lists of activities and projects listed in the Program Implementation Plans would actually be funded. LGSEC pointed out at the time that if there were better, more meaningful collaboration between

³ In A.08-07-021 et al: August 28, 2008, *LGSEC Response*, pp. 12-14; May 5, 2009, *LGESC Reply Comments*, pp. 3-4; and in R.08-07-011/A.08-06-004, *Comments of the Local Government Sustainable Energy Coalition on the Draft Energy Efficiency Strategic Plan*, July 31, 2008.

⁴ August 28, 2008, *LGSEC Response*, pp. 7, 12-14.

utilities and their local government partners, this type of clarification might not be needed.⁵

Unfortunately, the solution in the Proposed Decision does not take us any closer to true collaboration. The Proposed Decision should at minimum require the utilities to develop milestones and budgets in collaboration with local government partners and the LGSEC, as LGSEC has recommended.⁶ There also must continue to be a place for innovation beyond whatever the utilities might submit in their advice letters or what is in the *Strategic Plan*.

C. **Energy Usage Data**

The LGSEC appreciates the call in the Proposed Decision for aggressive benchmarking of municipal facilities and other types of buildings. Utilities are also encouraged, although not required, to build the capacity of local governments to use the energy data the utilities provide. The utilities are directed to “give government agencies the resources they need to perform this task [benchmarking] themselves, as LGSEC suggests, and otherwise ensure that their cost effective delivery of data coincides with format and other needs local governments might have.”⁷

The Proposed Decision contains language that appears to require the utilities to adopt the U.S. EPA Portfolio Manager platform:

"Both SCE and PG&E will use U.S. EPA's ENERGY STAR Portfolio Manager as the main driver behind their benchmarking initiative." (p. 133) and

"We expect the utilities to use Energy Star Portfolio Manager to benchmark all SBD projects that fit the criteria for Energy Star rating buildings." (p. 152)

⁵ LGSEC recognizes that each utility's approach to working with local governments differs both with respect to resource programs and the *Strategic Plan*. Each partnership's programs and experience with each utility can be quite different, as well. However, allowing each utility to define what is meant by “collaboration” has not worked well in either the current or prior funding cycles, and the utilities generally ignored local government input in their program design for the *Strategic Plan*. This does not bode well for improved “collaboration” over the next few years.

⁶ August 28, 2008, *LGSEC Response*, pp. 4-6; April 17, 2009, *LGSEC Comments*, pp. 3-5.

⁷ Proposed Decision, p. 229.

Yet there is no Ordering Paragraph to complete this direction. The Proposed Decision should be modified to direct the utilities, in consultation with local government representatives, to not just consider but rather propose specific actions to build the capacity of local governments to analyze and use energy data. Below we describe a task force proposal for facilitating this. The Proposed Decision also should direct the utilities to provide building energy use data using the EPA Portfolio Manager platform.⁸

The Proposed Decision states that local governments use data aggregated by sector (residential, commercial, industrial, etc.) to create community inventories and for use in their climate action plans and related policy documents. The Proposed Decision also states that local governments have increasingly requested more precise data, sometimes at the individual customer level, in order to better target efficiency and greenhouse gas reduction programs in their communities and meet AB 32 and other goals. The Proposed Decision, however, fails to take any substantive action to improve the quality and precision of data available to local governments. Using bridge funding, the City of Irvine, SCE, and The Gas Company have been working on utility data transfer protocol based on geographic information systems (“GIS”) which nearly every local government uses. Although the parties have agreed on the outline of a protocol, the effort has stalled due to lack of funding for the utilities to implement the protocol within their own systems. The Proposed Decision should be modified to allocate \$200,000 to Irvine, SCE, and the Gas Company to complete this effort.

As indicated above, the Proposed Decision also should direct the convening of a Benchmarking Task Force comprised of utility, local government, Energy Division, and California Energy Commission representatives to both review the protocol once the utilities and

⁸ LGSEC has commented repeatedly on the need for local government capacity building throughout this proceeding. See, for example, April 17, 2009, *Comments*, p. 14; June 29, 2009, *Comments on Workshop Issues*, pp. 11-12.

Irvine have completed their work. The Benchmarking Task Force should be directed to develop recommendations for the provision of more precise energy use data to local governments that will facilitate the implementation, measurement, and tracking of energy use related to energy and climate action plans at the local and regional level, including estimates for potential increased utility costs associated with providing the more extensive and higher quality data. The work of this Task Force should be completed by September 1, 2010.

Additionally, the Proposed Decision does not take action to provide local governments with information on aggregate energy use in buildings within our boundaries, both municipal facilities and privately owned buildings. The Proposed Decision concludes that the status quo has been working, so it should continue. The only flaw in this logic is that AB 32 changed the status quo dramatically. Utility information sharing with local governments must be modified to accommodate this new regulatory reality, but it has not. If the current system were sufficient, the LGSEC would not have raised this concern so consistently.⁹ The Proposed Decision should be modified to require electronic transfer of utility data on building energy usage upon request of the local government. Without this information, local governments are hamstrung in our work to design community-focused programs to reduce energy use.

It is worth noting that the utilities will have installed advanced metering information (“AMI”) technology for most customers during the new program cycle, creating the capacity for real-time or near-real-time energy use reporting. The Commission should also direct utilities to make this data accessible as soon as possible and support building the capacity to analyze and use this data effectively in existing and new innovative energy efficiency programs.

⁹ See, April 17, 2009 *Comments on Amended Applications*, p. 14; June 29, 2009 *Comments on Workshop Issues*, p. 11

D. *Administrative Costs*

The Proposed Decision imposes a 10% cap on total administrative costs by the utilities.¹⁰ LGSEC acknowledges this clear concern about utility administration costs, but needs to make the Commission aware that a number of local government partnerships have already been informed by utility representatives that their budgets will need to be “trimmed” to conform to the cap. It appears that utilities anticipate meeting the directive to cut their administrative costs through across-the-board cuts to the budgets for local government partnerships and their third party implementers. These actions are in conflict with the Proposed Decision, which approves Local Government Partnership budgets at their originally requested levels.^{11, 12}

The Proposed Decision states that it is difficult to scrutinize the dollar amounts and percentage levels of administrative costs proposed by the utilities, particularly as it relates to whether these costs were properly classified as administrative costs or direct implementation costs.¹³ Given this lack of budget clarity and the potential misinterpretation by the utilities of the language in the Proposed Decision, it is very important that the utilities be directed to not reduce the non-utility portions of local government partnership budgets, including the budgets for third party implementers. The Commission must ensure that funds for actual indirect as well as direct program implementation are not sacrificed, as well.

The Proposed Decision also directs the utilities to suggest by June 2010 criteria for partnership programs during a three-year program cycle, to evaluate when work is complete in a given partnership category, and when funding for that component of the partnership should end.

¹⁰ Proposed Decision, p. 5, and throughout.

¹¹ Proposed Decision, p. 7.

¹² This initiative by the utilities is even more egregious when one learns that at least one utility routinely sends six or eight staff people to monthly partnership check-in meetings, most of whom have no implementation role in the partnership program.

¹³ Proposed Decision, pp. 241-243.

LGSEC recognizes the need to spend limited funds in as many areas of the State as possible. At the same time, we see great value in the peer-to-peer networking and regional expansion of partnerships to include local governments that are not currently engaged. The Commission should be careful to not arbitrarily cut off ongoing, successful programs that can assist other local governments. As discussed below, this type of work can be leveraged with duties of the proposed statewide coordinator.

E. *Local Government Institutional Capacity*

One of the best ways to achieve the widespread, attitudinal shift that is required to mitigate climate change effects on a broad scale is through our public institutions. The LGSEC has advocated throughout this and related proceedings for opportunities to enhance the institutional capacity of local governments to develop and implement energy management programs. The *Strategic Plan* anticipated the creation of statewide liaisons for energy efficiency and climate change work related to local governments.

In this proceeding, the LGSEC recommended that California adopt the Resource Conservation Manager model used by Puget Sound Energy in Washington.¹⁴ This would be a position within a local government, and is in addition to the statewide liaisons mentioned above. Under this program, the utility helps customers cover the salary for two or three years of a staff person whose responsibilities include energy and water conservation management. LGSEC suggested the Commission should link funding such a position with the adoption by the local government entity of green building and energy and water conservation policies.

¹⁴ April 17, 2009 *Comments on Amended Applications*, pp. 11-13 and Attachment A; June 29, 2009 *Workshop Comments*, p. 9.

The Proposed Decision calls for a single Statewide Coordinator position for local government energy efficiency best practices.¹⁵ The position is to be a non-utility position that reports to ICLEI, the Local Government Commission, and the Institute for Local Government. The position is to be funded at \$200,000/year for three years. The coordinator must track progress statewide on government facility energy use, retrofits, and progress in meeting *Strategic Plan* metrics. This person will conduct at least one annual statewide meeting for local governments. The utilities are directed to cooperate with this person, providing information on individual partnerships in an easily accessible format, helping create best practices case studies, and hosting the annual meeting.

While LGSEC appreciates the acknowledgment that there is much to do to assist local governments in exchanging information and coordinating best practices, the amount of work that the Commission has defined and the varied skills needed to do the work would require more than one individual.¹⁶ LGSEC suggests a more comprehensive and segmented approach to contract for services rather than attempting to hire a single individual. The Commission should first convene a task force of local governments to develop a local government statewide coordination business plan that better defines the scope of the tasks needed, the products and services to be delivered, and the resources and funding required to accomplish the Commission's objectives. The initial funding should go toward carrying out this process within the first three to six months. The Commission should then direct the utilities to fund and implement the plan.

¹⁵ Proposed Decision, pp. 237-238

¹⁶ Tasks such as coordinating with and reporting to three non-governmental organizations; monitoring and evaluating progress on Strategic Plan strategies, market transformation, and program success; coordinating with IOUs; writing best practice case studies; and developing and maintaining a web portal require varied skills. Each task could easily require one or more full-time positions to carry out competently. "Case studies" also generally do not provide what is needed to replicate programs.

The Proposed Decision suggests a monitoring and evaluation role for local government programs as well as an implementation role in documenting and replicating programs. These functions can be carried out within the same statewide coordination initiative if the purpose of the first role is to support learning and program improvement for replication. However, the Commission must clarify that this monitoring and evaluation function is not the same as the EM&V role administered by the Energy Division and is not for the purpose of rewarding or penalizing utilities on their portfolios.

The work of statewide coordination should be centered with a single organization, for which we recommend the Local Government Commission, which is located in Sacramento. The Local Government Commission is the most capable agent to achieve a statewide presence and has ability to engage immediately with knowledge, technology (website), and networks. Currently, local governments have limited funds in our budgets for attending networking meetings, assisting the utilities in preparing reports for various regulatory bodies, and otherwise participating in the anticipated activities. The Local Government Commission provides an established network and resources familiar to local governments, state agencies, and utilities that would speed up the establishment of the statewide coordination role while minimizing the cost, time, and resources local governments would require to participate. The Local Government Commission can then assemble a team with the appropriate skills and experience (in house and/or through contracts) to implement the local government statewide coordination function.

Additionally, and with humility, we request the Commission direct the utilities to work with the LGSEC, which is the only statewide group of local governments that participates on a regular basis before the Commission on these issues. The LGSEC has a ready-made infrastructure to participate in these activities, and has the added advantage of being a known

organization with a track record on understanding local government issues related to energy and the environment.

LGSEC appreciates Conclusion of Law 74, which states that utilities cannot limit the use of partnership funds for regional coordination. This type of interaction is another important piece of capacity building.

F. Opportunities for Meaningful Input from Other Impacted Entities

To the extent the Proposed Decision orders the utilities to file advice letter reports on various cost elements and cost-effectiveness of local government partnerships, it must provide a meaningful opportunity for local governments themselves to provide input. As currently described in the Proposed Decision, the utilities will continue to file reports that impact local government programs without any requirement to collaborate with local governments as they do so. Ideally, there would be a companion analysis, submitted concurrently directly by the local government and not subject to utility review or editing, from the local government partner. Alternatively, this could come in the form of comments on the advice letter. If this is the case, the Commission must ensure that it provides the same scrutiny to those comments that it does to the advice letters.

Notwithstanding the interest of local governments in being involved in how our programs are reported to the Commission, local government partnerships will be limited in our ability to participate in the various advice letters and task forces called for in the Proposed Decision. This interest on the part of local governments to be actively engaged dovetails with the suggestion above for the statewide coordination function as one that can assist local governments in participating in state policy discussions

G. Appropriate Role for Utilities in Setting Local Codes

LGSEC has argued throughout this proceeding that if utilities wish to receive credit for savings that accrue because a local government entity has adopted aggressive codes and standards, the utilities must be able to indicate where they made meaningful contributions.¹⁷ Other parties have argued that the utilities have no role in local government standard setting and code enforcement activities,¹⁸ in part because the utilities also are regulated by these same building and permitting departments for utility projects.

The Proposed Decision approves with minor modifications the utilities' proposed Codes and Standards programs.¹⁹ The Proposed Decision cites the importance of advancing codes and standards in the *Strategic Plan*. The programs are approved as proposed at \$37 million statewide. The Proposed Decision further directs that utilities should target local code activities on those jurisdictions with low compliance with existing code. It also reminds the utilities to target their service territories for reach code work, because they will not receive credit for reach code activity outside their service territories.

LGSEC welcomes *meaningful* assistance from the utilities with developing and adopting local codes and standards. The Commission must better define "meaningful." It must be more than merely coming to a couple of meetings and sending someone to speak at the press conference. Toward this end, LGSEC supports the comments on the Proposed Decision being filed concurrently by the Association of Bay Area Governments ("ABAG"). In those comments, ABAG describes how it is working collaboratively with PG&E in the formation of a municipal

¹⁷ August 28, 2008 *LGSEC Response*, pp. 8-10; April 17, 2009 *LGSEC Comments on Amended Applications*, pp. 7-8.

¹⁸ *Protest of the City and County of San Francisco on the Amended Applications of the Investor Owned Utilities*, April 17, 2009, pp. 9-11.

¹⁹ Proposed Decision, pp. 184 – 189.

financing district, with ABAG setting the direction for the district, and PG&E indicating how its various programs can complement the program being designed and developed by this local government consortium.

III. Inconsistencies Within The Proposed Decision

In several areas, the Proposed Decision is not internally consistent, as discussed below.

A. *Local Government Marketing and Outreach Activities*

The Proposed Decision calls into question the utility practice of using local governments to market utility programs.²⁰ LGSEC raised this issue in comments on the originally filed applications, in the context of overall partnership program design.²¹ The Proposed Decision directs the utilities to report within three months on the cost-effectiveness of the 2006-2009 local government marketing and outreach efforts, including estimates of savings that can be tied to this work. If the report warrants, the utilities are directed to file in the first quarter of 2010 a proposal to shift these funds to the Government Facilities work. Possible redirection of funds used currently by local governments for marketing and outreach could have perverse effects on local government partners in the Southern California Edison service territory due to SCE's partnership model.

Under SCE's Energy Leader model, which the Proposed Decision adopts despite concerns expressed by the LGSEC,²² a local government can only move to the next "tier" in the SCE model if it is engaging more segments of the community in energy efficiency activities and marketing utility core programs. Each "tier" provides higher incentives to the local government

²⁰ Proposed Decision, pp. 243-244.

²¹ August 28, 2008, *LGSEC Response*, pp. 5-7.

²² August 28, 2008, *LGSEC Response*, pp. 11-12.

partner. To remove the ability of local governments to engage their community members, both residential and commercial, would inhibit the program design and effectiveness as put forward by its sponsor, SCE. The Commission must clarify the marketing issue for all the utilities, particularly in light of SCE's emphasis on Energy Leader Model, and make clear that local governments will not be disadvantaged if the Commission alters the partnership model due to concerns about how the utilities have chosen to secure marketing services.

B. *Accounting for ARRA Fund Expenditures*

Another inconsistency is the resolution of how ratepayer funded energy efficiency programs should interact with programs funded through ARRA. The Proposed Decision finds that the utilities can only claim savings from measures that receive ratepayer funds. Therefore, no changes are needed to the current rules. This is a position advocated by the LGSEC.

The LGSEC is concerned, however, with how the Proposed Decision interprets U.S. Department of Energy ("U.S. DOE") guidance that local governments can only report savings from the Stimulus package where the program was funded entirely by ARRA funds. (PD, pp. 87-88) The Proposed Decision states:

"In other words, if the local governments use ARRA funds to supplement ratepayer funded programs, they cannot claim any savings to US DOE from these expenditures because the savings from utility programs are in the state-wide baseline against which ARRA funded savings are measured. Where there are projects or programs that receive both ratepayer and ARRA funding, the utilities (or the third party) must allocate costs and savings carefully and ensure against double counting savings. This approach is the simplest method for avoiding double counting of savings as well as for leveraging and combining funds."

The Proposed Decision is reaching too far in its interpretation. There is a difference between reporting the activities that an entity undertakes with ARRA funds, and who gets the credit for energy savings that accrue from that activity. Local governments are required under

the Federal guidelines to report on the projects that were funded through ARRA. In this Federal reporting process, local governments will be acknowledged for leveraging funds from multiple sources.²³ To the extent that ratepayer funds also are used, energy savings credit will accrue to the ratepayers, through the utilities. There is no need to require complicated allocation formulas. The Proposed Decision must be modified to correct this.

C. *Extending Bridge Funding for Local Governments*

The Proposed Decision also contradicts itself on the question of extending bridge funding. The Proposed Decision denies the motion filed by LGSEC in June on the issue of modifying the bridge funding process. This discussion, which appears at pp. 293-294, directs the utilities to have contracts in place by 1/1/2010.

This direction is contradicted by the Proposed Decision's findings on arguments put forward by the Division of Ratepayer Advocates on bridge funding. Of particular note, Conclusion of Law 94 orders the utilities to continue contracts with current government partners and third parties into 2010. Further, Ordering Paragraph 50 states that the utilities "shall continue existing contracts with government partnerships and third-party implementers until March 1, 2010 or 60 days after the approval of the "compliance" Advice Letter required by Ordering Paragraph 15 of this decision, whichever is later." This approach is acceptable to the LGSEC.

The discussion of the LGSEC motion should be conformed in the adopted Decision to match the Conclusions of Law and Ordering Paragraphs, and be explicit that local government

²³ For example, the U.S. Department Of Energy, FEDERAL ASSISTANCE REPORTING CHECKLIST AND INSTRUCTIONS, Form DOE F 4600.2 (2/09) directs grant recipients to report, among other things, expected outcomes and benefits of plan, including: Jobs created and/or retained; Energy saved; Renewable energy capacity; GHG emissions reduced; and Funds leveraged.

contracts will be continued 60 days after approval of the compliance advice letters. The Conclusions of Law and Ordering Paragraphs on this issue should be maintained.

D. *Master Calendar for Coordination*

In order to align and address the various inconsistencies in the Proposed Decision, LGSEC recommends the Commission issue with the final Decision a calendar and time table for next steps. This will allow all parties to have a clear understanding of the component parts of the Decision required to achieve the desired outcomes by 2012.

IV. Conclusion

The Commission should adopt the Proposed Decision, with the changes and clarifications discussed above.

Dated: September 14, 2009

Respectfully submitted,

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For THE LOCAL GOVERNMENT
SUSTAINABLE ENERGY COALITION

ATTACHMENT A

RECOMMENDED CHANGES TO FINDINGS OF FACT AND CONCLUSIONS OF LAW

Findings of Fact

30. Where there are projects or programs that receive both ratepayer and ARRA funding, the utilities (or the third party) ~~must allocate costs and savings carefully and ensure against double counting savings~~ will receive energy savings credit, but the local government or third party will be required to report to the Federal government how the funds were spent.

101. U.S. EPA Portfolio Manager provides a platform for utility benchmarking activities.

102. The City of Irvine, SCE, and SoCalGas have been working to develop protocol for utilities to use in transferring building energy use data.

106. Some small business and residential direct install programs overseen or coordinated by government partnerships have high utility administration costs compared to other utility programs, and possibly could more efficiently be run under local or statewide utility commercial or residential programs.

Conclusions of Law

4. The budget for utility administrative costs should be capped at 10% at the adopted portfolio budget.

5. For local government partnerships, administrative costs should be allocated primarily to the local government partner.

20. Utilities shall not impose on local government partnerships or third party implementers any reduction in administrative costs.

50. Utilities may only claim savings from work on local codes and standards when they have made a meaningful contribution, as determined with verification from the interested local government entity.

69. Utilities, local governments, and State agencies should form a benchmarking task force to develop recommendations for ~~should benchmark a broad range of government facilities and, with local governments, should explore~~ using a single, standardized approach to benchmarking that mirrors the efforts of the commercial sector programs.

70. Utilities shall use U.S. EPA Portfolio Manager as the platform for building benchmarking activities.

71. A that includes local government representatives shall provide recommendations for the provision of more precise energy use data to local governments.

72. \$200,000 should be allocated to the City of Irvine, SCE, and SoCalGas to complete development of building energy use data transfer protocol.

73. Utilities should electronically transfer data on building energy usage upon request by a local government, including AMI data as it becomes available.

~~70. Utility and local government partner work on Strategic Plan strategies can be tracked across program cycles until it is complete. When a local government accomplishes most of the strategies in the Strategic Plan, the utility administrator should consider whether that partnership should end. Additional funding is required in order for local governments to assist in meeting Strategic Plan goals.~~

71. Assistance provided by ~~statewide nonprofit associations~~ the Local Government Commission should support the goals local governments set for the Strategic Plan strategies, as well as other strategic needs. This work should be coordinated statewide, and be a non-utility initiative.

72. A task force of local governments should develop a local government statewide coordination business plan.

CERTIFICATE OF SERVICE

I, Jody London, certify that I have, on this date, served a copy of “Comments Of The Local Government Sustainable Energy Coalition On Proposed Decision Approving 2010 To 2012 Energy Efficiency Portfolios And Budgets” on all known parties to A.08-07-021, A.08-07-022, A.08-07-07-023, and A.08-07-031 by transmitting an e-mail message with the document attached to each party named in the official service list, and by serving a hard copy on the Administrative Law Judge and Assigned Commissioner.

I declare under penalty of perjury, pursuant to the laws of the State of California, that the foregoing is true and correct.

Dated September 14, 2009, in Oakland, California.



Jody London

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