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

Application of Southern California Edison Company (U 338-E) for Approval of its 2012-2014 California Alternate Rates for Energy and Energy Savings Assistance Programs and Budgets.	Application 11-05-017 (Filed May 16, 2011)
Application of Southern California Gas Company (U904G) for Approval of Low-Income Assistance Programs and Budgets for Program Years 2012-2014.	Application 11-05-018 (Filed May 16, 2011)
Application of Pacific Gas and Electric Company for Approval of the 2012-2014 Energy Savings Assistance and California Alternate Rates for Energy Programs and Budget (U39M).	Application 11-05-019 (Filed May 16, 2011)
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SAN DIEGO GAS & ELECTRIC COMPANY'S RESPONSES TO ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS, SET NO. 1

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I. INTRODUCTION

Pursuant to the *Administrative Law Judge's Ruling Seeking Comments Set No. 1*, filed in the above proceeding, on December 28, 2001, San Diego Gas & Electric Company ("SDG&E") provides the following responses to questions 1, 2, 3, 4, 7, 8, 9, 10, 17, 18, 19, 20, 21, 24, 25, 26, 27, 28, 38 and 39.

II. RESPONSES

1. *One of the goals of the State's Energy Efficiency Strategic Plan (Strategic Plan) is to integrate customer programs. It also provides that "program options must be offered in a unified fashion so that energy users receive complete Demand Side Management information with minimum effort."*[1] *It is not yet clear that the Energy Savings Assistance (ESA) Program is effectively working towards these goals.* ***All parties*** *are directed to respond to the following:*

   a. *How can the ESA Program be improved to provide Integrated Demand Side Management (IDSM) to the low income community?*
   b. *What IDSM activities are being pursued in the ESA Program?*
   c. *What IDSM activities can and should ESA Program pursue, in the short, medium and long term?*
   d. *Are current residential Demand Response programs (such as AC recycling) attracting low income customers? If not, what can be done to improve that?*
   e. *Could more or better targeted marketing efforts increase the number of low income customers enrolled in residential Demand Response programs? If so, how?*
   f. *Could the deployment of Smart Meters provide opportunities for this in the medium and long run? If so, how?*
   g. *Could these existing or new Demand Response programs be coordinated with ESA Program so as to provide information to customers in a unified fashion? If so, how?*
   h. *Are there aspects of the Single Family Affordable Homes (SASH), Multi-family Affordable Homes (MASH), or low income hot water heating programs that could be coordinated with ESAP? If so, what are they?*
   i. *Could this coordination start with joint ESA Program/solar marketing materials, in the short run? If so, how? If not, why?*
   j. *How should we go about developing a strategy for more complete coordination of ESAP with existing solar programs in the medium and long run?*
   k. *What is the best way to develop a long term strategy for integration of Energy Efficiency, Demand Response, solar and other distributed generation, and other programs and technologies, so as to better enable low income customers to manage their loads?*
   l. *Can Smart Meters and other Smart Grid improvements provide us with new opportunities to do this? If so how?*

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[1] Demand Side Management (DSM) programs is a general energy reference term that refers to and includes all demand-side (i.e., customer) programs. It includes all Energy Efficiency programs (including Energy Upgrade California) or other Demand Response program, as well as any kind of generation or storage technology that is on the customer side of the meter. The mandate of the Strategic Plan is to do Integrated Demand Side Management (IDSM), which means to develop programs that include two or preferable more of the different types of DSM. In other words, to transform all the different, separate DSM programs into a coordinated IDSM effort.

Responses to 1:

a. SDG&E's Energy Savings Assistance Program (ESAP) has worked closely with its counterparts in energy efficiency (EE) and demand response programs to implement integrated initiatives. However, in May 2011, the three groups: low income, energy efficiency and demand response programs where combined to form one organization within SDG&E. Through this internal reorganization, focus on improving program integration efforts for all residential customers has been heightened. Program staffs have begun working together to identify program synergies.

b. SDG&E's ESAP has worked closely with its counterparts in energy efficiency and demand response programs to implement integrated initiatives. Some examples of successful initiatives are the Mobile Home Program where ESAP and the EE group utilize the same contractor to focus efforts on mobile homes. Through this partnership, mobile home parks have the ability to be served by either ESAP or through the EE program depending on customer income eligibility. Another example is the coordination between ESAP and the EE Multi-Family Rebate Program. When a reservation for the Multi-family Rebate program is made, staff reviews the project to see if measures are proposed inside the units and may be better served by ESAP if income eligibility is met. The latest example is the integration efforts between ESAP and the Energy Upgrade California - Whole Building Performance where property owners are provided with a single point of contact to work through the program processes.

c. On July 1, 2011, SDG&E, as directed in Decision 09-09-047, submitted a Report on LIEE/EE Integration Efforts (attached as Appendix A). The report identifies integration efforts that will be pursued and reported over a one year period.

d. The SDG&E A/C Cycling program (i.e. Summer Saver) has been able to attract low income customers as program participants. The program targets all eligible residential customers with high A/C usage which includes the low income segment. The only customers excluded from participating in the program are customers enrolled in SDG&E's Medical Baseline program. Awareness about the program is made available to customer through community based organizations, the SDG&E website, outreach events, bill inserts and customer referrals

   Additionally, the 2011 Reduce Your Use Pilot campaign which was designed to encourage demand response performance among residential customers included a high percentage (15%) of low income participants. In 2012, the Reduce Your Use program will be available to nearly all 1.3 million residential customers, including all low income customers on the CARE rate (DR-LI).

e. SDG&E plans to implement a focused strategy toward integrated messaging as a critical platform to increase the level of awareness about demand response among low income customers. To accomplish this SDG&E's Energy Efficiency and ESA program staff will be working collaboratively to identify and develop appropriate messaging and related demand response offerings to appropriate low income audiences within SDG&E's service territory. Analysis of customers' usage patterns during the summer months can be used to shape the program offer to all potential residential customers including the low income segment.

f. All SDG&E customers have received their Smart Meters. Two pilots were conducted focusing on the low income segment. The two pilots are the In-Home-Display (IHD) and the Programmable Communicating Thermostat (PCT). The PCT results may provide insights into how low income customers may adapt to demand response programs. SDG&E is awaiting the results of the pilots. When the results become available, SDG&E will be able to determine the effectiveness of the two pilots.

g. As noted in response to 1-d above, SDG&E's 2011 Reduce Your Use pilot included a representative cross section of residential customers including low income participants in preparation for a full program launch in 2012. In 2012, all Reduce Your Use eligible customers, including those enrolled in ESAP, CARE, FERA, or Medical Baseline will be educated about the Reduce Your Use program and the benefits of participating. ESAP support staff will also be trained on the Reduce Your Use program and materials to provide information to customers to ensure consistency with the overall program messaging. As noted previously SDG&E ESAP and EE teams will continue to work collaboratively in developing integrated messaging, collateral materials, and leveraging customer outreach channels to better educate low income customers about demand response programs. Through these various efforts SDG&E will be better positioned to identify, and leverage cross marketing opportunities and channels to educate low income customers about demand response programs and services.

h. SDG&E works closely with Grid Alternatives to expedite ESAP services to homes that will be served by both the SASH and MASH programs. At this time, SDG&E believes the current process is effective.

i. The number of homes served by the SASH and MASH programs are driven by the funding and opportunities identified by Grid Alternatives. SDG&E would need to discuss any type of promotion of these programs with Grid Alternatives.

j. Solar programs as applicable to the low income community for either domestic hot water or photo voltaic technologies are currently coordinated outside of the utility. SDG&E sees value in these agencies working directly with the low income communities to identify and serve customers with these technologies.

SDG&E believes that the current relationship with GRID Alternatives effectively serves these communities.

k. SDG&E believes the IDSM efforts described in the response to question c above will provide a foundation to launch other initiatives going forward. By working through the integration process SDG&E will be able to more effectively leverage its resources to all residential customers. SDG&E also believes that coordination with the energy efficiency IDSM Task Force is where a long term strategy should be developed.

l. Smart Meters and other Smart Grid improvements may enable new opportunities as more technologies become part of the mainstream. However, it is too early in the development to determine what opportunities may exist to enable integration.

2. ***Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), Southern California Gas Company (SoCalGas) and San Diego Gas and Electric (SDG&E) (collectively, IOUs)*** *are directed to compare the total electric bills of the IOUs' CARE customers with the amounts that would be charged to hypothetical non-CARE customers with the same usage levels as follows: What is the median (50th percentile) effective discount of CARE bills vs. the hypothetical non-CARE bills for the same usage?*

   a. *What is the median (50th percentile) effective discount of CARE bills vs. the hypothetical non-CARE bills for the same usage?*
   b. *What is the 75th percentile CARE discount from the hypothetical non-CARE bills for the same usage (i.e., the discount which is at the 75th percentile of CARE discounts, when CARE discounts are ranked from smallest to largest)?*

   c. *What is the 90th percentile CARE discount from the hypothetical non-CARE bills for the same usage?*

Responses to 2:

The table below provides a comparison of the effective discount resulting from CARE bills compared to hypothetical non-CARE bills at the same usage level for the 50th, 75th, and 90th percentile of CARE discounts.

SDG&E CARE Electric Customers by Discount Percentile				
	Non-CARE Average Monthly Bill (\$/Month)	**CARE Average Monthly Bill (\$/Month)**	**Difference (\$/month)**	**Effective Percentage Discount (%)**
a) 50th Percentile	\$48.04	\$33.85	-\$14.20	-29.5%
b)75th Percentile	\$84.12	\$56.99	-\$27.13	-32.3%
c) 90th Percentile	\$142.84	\$90.73	-\$52.11	-36.5%

Note:
(1) Billing data based on 2010 usage and 9/01/11 effective rate.
(2) Effective discounts by Percentile may reflect customers at different usage levels because of baseline allowance differences by climate zone.

The table below shows the comparison of the Gas Non-CARE bills vs. CARE bills for the 50^{th}, 75^{th}, and 90^{th} percentile usage, based on the actual CARE volumes data for the year 2011, for SDG&E.

	Non-CARE Average Monthly Bill \$/month	CARE Average Monthly Bill \$/month	Difference CARE Discount \$/month	Percentage Discount
a) 50th Percentile SDG&E - 23 Therms	\$23.59	\$18.40	\$5.19	22.0%
b) 75^{th} Percentile SDG&E - 34 Therms	\$35.39	\$27.61	\$7.78	22.0%
c) 90^{th} Percentile SDG&E - 45 Therms	\$47.21	\$36.84	\$10.37	22.0%

Note: Average Monthly Bill amounts based on Gas rates as of January 1, 2012.

3. *Toward better aligning the size of the effective CARE discounts toward the discounts envisioned in P.U. Code § 739.1,* ***all parties*** *are directed to respond to the following:*
   a. *To better align the effective CARE discounts back to the legislated mandate, would changes be required to Commission decisions, or the P.U. Code, or both?*
   b. *If so, what changes to either Commission decisions or the P.U. Code or both would you recommend to better align the effective CARE discounts back to the legislated mandate, while minimizing rate shock to CARE customers.*

Responses to 3 (Electric):

a. As stated in P.U. Code § 739.1(b)(1), the CARE discounts are designed to provide a level of bill discount for low-income electric and gas customers that correctly reflects the level of need. Currently, the discount for all qualifying electric and gas CARE customers consists of a 20% bill discount pursuant to Decision (D.) 01-06-010 and the exemption from paying the CARE surcharge to fund the 20% CARE bill discount. CARE electric customers are also exempt from paying the current $0.00513/kWh Department of Water Resources Bond Charge (DWR Bond Charge).[2] For electric customers, the combination of these discounts result in an effective CARE discount of approximately 25%. However, as a result of prior rate design proceedings CARE electric customers with usage above 130% of baseline receive an additional benefit associated with paying lower Tier 3 rates for kWh usage above 130% of baseline that could increase the effective discount to as much as approximately 40%. This additional benefit provided to CARE electric customers with kWh usage above 130% of baseline is a result of various Commission decisions issued over the years that have reduced or prevented recovery of costs through Tier 3 CARE rates. To better align the effective discounts CARE electric customers realize back to the discount intended by the legislated mandate the Commission would need to issue a decision allowing increases to Tier 3 CARE rates.

b. As described in response to Question 3a above, the effective discount for CARE electric customers varies significantly by customer depending on the customer's monthly kWh usage. To better align the effective discount that all CARE electric customers realize back to the discount level envisioned in P.U. Code § 739.1 (i.e., 20% bill discount, exemption from the CARE surcharge and exemption from the DWR Bond Charge), the Commission would need to adopt a decision to allow recovery of costs through Tier 3 CARE rates on a going forward basis. For example, SDG&E filed testimony in it 2012 General Rate Case (GRC) Phase 2 Application (A.11-10-002) proposing to allow increases to Tier 3 CARE rates on a going forward basis (Prepared Direct Testimony of Cynthia Fang, p. CF-25, lines 16-19). If this proposal is adopted, SDG&E would be allowed to propose increases to Tier 3 CARE rates that would better align the effective discount realized by all CARE electric customers, but this would be on a going forward basis only.

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[2] Electric CARE customers are also exempt from the California Solar Initiative (CSI). However, pursuant to D.11-12-019 the CSI charge is not being collected in 2012 from SDG&E customers.

Allowing increases to Tier 3 CARE rates would not require changes to the P.U. Code because P.U. Code § 739.1 only requires that the CARE effective discount be at least 20%. P.U. Code § 739.1 (b) (4) states that "[t]ier 1, tier 2, and tier 3 CARE rates shall not exceed 80 percent of the corresponding tier 1, tier 2, and tier 3 rates charged to residential customers not participating in the CARE program, excluding any Department of Water Resources bond charge imposed pursuant to Division 27 (commencing with Section 80000) of the Water Code, the CARE surcharge portion of the public goods charge, any charge imposed pursuant to the California Solar Initiative (CSI), and any charge imposed to fund any other program that exempts CARE participants from paying the charge." Therefore, Tier 3 CARE rates can be increased as long as they do not exceed 80 percent of corresponding non-CARE rates excluding the DWR bond charge, CARE surcharge, and CSI charge. However, moving the effective CARE electric discount back to this 80 percent threshold would consequently result in bill impacts for qualified CARE customers. To minimize such bill impacts, a phased in approach would be necessary to modify the effective CARE electric discount back to the discount level envisioned in P.U. Code § 739.1.

<u>Responses to 3 (Gas):</u>

a. The discount for gas CARE participants consists of a 20% discount pursuant to Decision (D.) 01-06-010. The discount applies to all line items on the customers' bill, including transportation and gas commodity, but excluding the Public Purpose Program Surcharge. There is a separate Public Purpose Program Surcharge for CARE participants and it is not based on a 20% discount. Instead, it is based on the otherwise applicable surcharge *less* the costs of the CARE program and it results in a surcharge that is more than 20% below the non-CARE participant's surcharge. This causes the effective bill discount to be approximately 22% for CARE Customers.

   Unless this is deemed to be out of alignment with the legislated mandate; or, the legislated mandate had originally intended for the CARE participants to fund their own program, no changes are needed for natural gas utilities.

b. N/A

4. *Total CARE and ESA Programs rate surcharges vary widely as a percent of average electric rates excluding these surcharges. For industrial customers, this percentage ranges from 2.8% for SDG&E to 7.2% for PG&E, based on 2012 projected rates. Based on the foregoing,* ***<u>IOUs</u>*** *are directed to respond to the below questions:*
   a. *Does the surcharges associated with the CARE program significantly affect the IOUs' ability to remain competitive in the utility industry? If so, explain how. If not, explain*
   b. *Does the surcharges associated with the ESA Program significantly affect the IOUs' ability to remain competitive in the utility industry? If so, explain how. If not, explain.*
   c. *Would restructuring the surcharges that collect revenues to support CARE and ESA programs to equal percentages of distribution rates be more equitable*

than the current method of using equal cents / kWh charges? What are the practical impediments to doing so?

Responses to 4:

a. It is very important to the IOU's ability to remain competitive that the surcharge associated with the CARE program and the ESA program - the Public Purpose Program Surcharge (PPPS) - is non-bypassable. For electric, since CARE and ESA costs are part of the customer's total rate, the rate structure is critical in determining customers' ability to bypass. The current volumetric cent/kWh allows for bypass by net energy metering (NEM) customers. Equal percentage of distribution rates would result in the bypass by customers receiving transmission level service. If customers could avoid the surcharge by adopting solar or by changing service levels, it would create a significant competitiveness issue for the IOU's. However, the surcharges associated with the CARE program do add to electric rates in California and thus can impact SDG &E's competitiveness in its service territory compared with other alternatives (i.e. Distributive Generation).

b. Please see 4a above.

c. Cost of service associated with electric distribution cost has a specific rate design structure, i.e., customer charge and distribution demand. Costs incurred through CARE and ESA programs do not have the same structure. Recovering CARE and ESA costs through equal percentages of distribution rates would distort the price signals customers face. The Commission decided in D.09-03-024 that an allocation of natural gas public purpose program costs, including CARE and ESA programs, based on equal percentages of distribution rates would not be more equitable than the various existing allocation methods for public purpose programs including CARE and ESAP. In addition, following the reallocation proceeding decision at the Commission the Legislature enacted changes to Public Utilities Code Section 327(a)(7), specifying "For electric corporations and for public utilities that are both electric corporations and gas corporations, allocate the costs of the CARE program on an equal cents per kilowatt-hour or equal cents per therm basis to all classes of customers that were subject to this surcharge that funded the program on January 1, 2008." Furthermore, recovery of CARE and ESA as an equal percentage of current distribution rate structures would perpetuate the bypass from residential Net Energy Metering customers and create bypass from customers receiving transmission level service.

   CARE and ESA are social programs and therefore standard cost of service as a basis for revenue allocation and rate design should not apply. Cost of service means to assign costs based on how costs are incurred. For this reason, there is no justification for applying cost of service as the basis for allocating and recovering social programs such as CARE and ESA, which are intended to provide subsidies for low income customers.

   Further, SDG&E cautions against rate reform on a component by component basis since it has the potential of having unintended consequences and recommends that rate reform be done on a more comprehensive basis. In particular, when considering electric residential rates, any changes must take into consideration the AB1X/SB 695 tiered rate structure that exists.

7. *In the event that the current categorical eligibility list of programs is modified or otherwise streamlined to align the programs' income eligibility requirements to be consistent with ESA/CARE Programs income guidelines,* ***__IOUs__*** *are directed to respond to the following:*
   a. *Identify which and how many of these programs would be removed.*
   b. *Provide an estimate of the affected population caused by such removal.*
   c. *Explain and quantify, if appropriate, whether the removal of these programs from categorical eligibility translates into CARE subsidy savings.*
   d. *Provide an estimated cost of requiring income documentation for all CARE re-certifications.*
   e. *Explain how that figure is derived/estimated, including the breakdown of estimated cost.*

__Responses to 7:__

a. In SDG&E's PY2012-2014 CARE and ESA Program Application, Attachment A-13 provided a review of the eligibility criteria for the current list of categorical programs approved by the Commission. Based on SDG&E's understanding of these requirements, it appears that none of the programs fully align with the criteria for CARE program enrollment, as set in Public Utilities ("P.U.") Code 739.1 4 (b). SDG&E indentified two issues with the current list of public assistance programs: 1) the programs do not take into consideration the total household income for all persons living within the household; or, 2) the programs makes exemptions for certain types of income included in calculating household income. The CARE and ESA program income requirements count total household income, both taxable and non-taxable, for all persons residing in a household. Despite the findings, SDG&E did not request the wholesale elimination of any of the current categorical programs at this time. As directed in D.08-11-031, SDG&E requested for the Commission to conduct workshops to address how to proceed with the implementation of Categorical Eligibility in order to ensure categorical program eligibility requirements are aligned with CARE eligibility requirements set in PU Code 739.1 4 (b).

b. SDG&E has not provided a recommendation for the removal of any of the current categorical programs and therefore cannot provide an estimate.

c. While SDG&E has not requested the removal of any of the categorical programs at this time, SDG&E does believe there are potential subsidy savings that will occur if issues associated with the current implementation of Categorical Eligibility are addressed. In the Direct Testimony of Ted Reguly, SDG&E provided a table with the potential subsidy impacts based on a small sample of information received from customers who had been categorically enrolled but had also provided income information indicating their income exceeded the CARE guidelines. Since SDG&E does not require income information for categorically enrolled customers, only a small sample was available for analysis and the full extent of how modifications to categorical eligibility would impact enrollments and the associated CARE subsidy savings is unknown. The table below was included in testimony.

SDG&E	2009	2010
Total Number of Categorically Enrolled Customers	39,025	44,924
Number of CE customer w/incomes exceeding guidelines by $1-$20,000 or more	976	1,123
Average Annual Gas & Electric Subsidy Per Customer	$206.88	$212.64
Average Annual Gas & electric CARE Subsidy Per Over Income CE Customers	$201,914	$238,794

d. SDG&E estimates that approximately 25% of all CARE customers will need to provide income verification information annually. Based on current enrollment, approximately 77,000 will be providing documentation annually. The total annual cost is estimated at approximately $420,000. An additional one time charge of approximately $125,000 will be needed to make the necessary program changes to the enrollment and billing system to support this effort.

e. Below are the details for SDG&E's estimated cost to modify the renewal process to include full income documentation for all new CARE enrollees. The $6.50 cost is based on internal time studies conducted of the actual processing time to complete the verification process. Verification is extremely time consuming and often requires multiple communications with customer to complete the process.

Estimated Number of Request Annually	77,000
Estimated Response 60% (based on the average response rate from 2009-2011)	46,200
Estimated Average Processing Cost Per Verifications	$ 6.50
Estimated Cost for Processing	$ 300,300
Estimated Management Oversight Cost	$ 32,000
Estimated Office Expenses (Mail, Postage, Phones)	$ 87,610
Total Recurring Cost Estimate	**$ 419,910**
Estimated One Time Computer System Changes to Support Effort	$ 114,450

One Time Cost to Purchase Equipment for New Employees	$ 5,000
Total One Time Cost	**$ 119,450**

8. ***Division of Ratepayer Advocates (<u>DRA)</u>*** *is directed to elaborate on its proposal for "Tangible Bill Savers" and the* ***<u>IOUs and other</u>*** *parties are also directed to respond as follows:*
   a. *Explain whether DRA's proposal of installing "Tangible Bill Savers" at the initial enrollment/assessment visit can be readily implemented. If so, explain how. If it is not, then explain why not.*
   b. *Explain whether the same contractor enrolling the customers are able to also perform these installations, and if so, explain why this does not occur today.*

<u>Responses to 8:</u>

a. SDG&E's current model is set up to drive assessments and enrollments at the initial stage of customer contact and engagement. The database system that supports the Energy Savings Assistance Program is configured to be a work flow management system. One of the features of the system is to assign work to the appropriate contractors after the enrollment is completed and all, necessary documentation is on file. This approach works well in SDG&E's service territory as evidenced by both SDG&E continually exceeding enrollment goals and delivering high levels of customer satisfaction.

   SDG&E believes that the approach proposed by DRA that "IOU's should provide a measure mix which prioritizes bill savings" is counter to CPUC directives. Specifically, DRA states that IOU's should focus on measures that provide the most energy savings and that it should target households based on climate zones and household energy use. This runs counter to the Commission's directive in D.08-05-022 which ordered the IOU's to provide all feasible measures and stated that "customers should not be segmented by energy usage in the direct installation on measures."[3] It highlighted the transiency of the low income population as a rationale that supports the installation of all feasible measures and that the "high rate of transiency undermines the rationale for segmenting each household for measure installation purposes by energy usage. SDG&E believes it has built an effective model to identify, enroll, and serve all qualified low income customers with all feasible measures.

   Installing "Tangible Bill Savers" at the initial enrollment/assessment visit cannot readily be implemented. Household energy usage information is not available in the program database and this would be required in order for an Outreach Specialist to offer the appropriate measures at the time of enrollment/assessment. To add this type of data into the program database will require clearly defined requirements. In addition, the complexities of adding consumption data into the program database will require modifications to the system to accommodate consumption data and needed calculations

[3] D.08-11-031 at pg.32.

to define what is classified as a high user versus a low user. And, a thorough analysis of the new requirements would need to occur in order to determine if this enhancement is even feasible for the current system. If SDG&E is directed to implement DRA's proposal, it will need additional funding to cover costs associated with system enhancements.

b. SDG&E has four outreach contractors who are targeting either a housing type (i.e. Mobile Home) or a geographic location. One of the four contractors uses a model of enrollment and installation primarily to serve multi-family units where similar measures will likely be installed in all units. The other three contractors have made a business decision to segregate their enrollment and installation activities to more effectively serve their customers.

   SDG&E agrees that it may make sense to install certain "easy to install" measures (compact fluorescent lights, LED's) during the initial appointment. But, a higher skill level is needed for the more complex measures such as hard wired fixtures, minor home repairs, and door or window replacement. It also requires a crew that has both the materials, tools and technical skills to install these measures. In addition, some measures require special contractors licenses (i.e. HVAC) in order to perform the work. The time commitment for the customer and the crews need to be aligned to ensure customer expectations are met and crews have the time to complete the work in accordance with program guidelines and standards.

9. *The* ***<u>IOUs</u>*** *are directed to provide an annual estimated cost, broken down by service territory, for allowing the repair and/or replacement of functioning space and hot water heating equipment in tenant occupied households as approved measures.*

<u>Response to 9:</u>

In 2011, SDG&E contractors repaired and or replaced 945 space heaters and 152 hot water heaters in owner occupied units. In 2011, SDG&E enrolled approximately 22,751 homes of which 71% were rental units. Assuming a consistent ratio of homes requiring repair and/or replacement of space and hot water heating equipment, an estimated additional 778 services would be provided to rental properties at an estimated cost of $940,000 to the ESA program budget annually.

10. ***<u>With the exception of PG&E</u>*** *that has already provided this figure,* ***<u>the other IOUs</u>*** *are directed to respond to the following:*
    a. *Provide an annual estimated additional cost and quantity of replacing pre-2001 refrigerators as compared to replacing pre-1999 refrigerators in the upcoming budget cycle.*
    b. ***All IOUs:*** *Quantify an estimated delta in energy savings per dollar spent.*

<u>Responses to 10:</u>

a. SDG&E estimates the additional cost to replace pre-2001 refrigerators as compared to replacing pre-1999 refrigerators in the 2012-2014 program cycle is $1.4 million per year for installation of an additional 1,300 units per year.

b. The kwh saved per dollar spent for refrigerators is 0.65. The value reported is the same regardless of the vintage of the existing refrigerator replaced because the estimates of energy savings are taken from the 2009 Impact Evaluation, as directed by the Energy Division.

17. ***<u>IOUs</u>*** *are directed to review their 2009 through 2011 data and provide an estimate of the percentage of homes that are enrolled in ESA Program, but end up not qualifying for any services because they do not meet the current Three Measure Minimum Rule.*

<u>Response to 17:</u>

Based on 2009 through 2011 data, it is estimated that there is less than 1% of homes that were enrolled in the program who end up not qualifying for any services because they do not meet the current Three Measure Minimum Rule.

18. ***<u>IOUs</u>*** *are directed to review their 2009 through 2011 data and provide an estimate of the percentage of homes that are enrolled in ESA Program, receive services and measures, but end up not qualifying because they are later deemed ineligible, resulting in a "charge back" to the service provider.*

<u>Response to 18:</u>

The estimated percentage of homes that are enrolled in ESAP, received services and measures, but end up not qualifying because they are later deemed ineligible, resulting in a "chargeback" to the service provider is less than 1%.

19. *To the extent practicable, the* ***<u>IOUs</u>*** *are directed to identify and explain the main reasons for why those customers no longer qualify for ESAP.*

<u>Response to 19:</u>

The two main reasons why customers no longer qualify for ESAP are: 1) customer did not provide sufficient income documentation to prove their eligibility; and, 2) not meeting the Three Measure Minimum rule.

20. ***<u>IOUs</u>*** *are directed to:*

a. Examine whether the contractors can readily implement DRA's proposed 4% energy savings threshold (in lieu of the current three measure minimum *threshold) and if so how, and if not, then explain why not and describe the impediments.*

b. *Explain whether the contractors currently have access to the necessary energy usage and household characteristics information and whether they have the necessary capability today to perform the needed analysis prior to arriving at a home to do conduct an assessment and begin installations.*

<u>Responses to 20:</u>

a. Currently, the Energy Savings Assistance Program (ESAP) outreach and assessment contractors are qualifying customers via full income documentation, categorical eligibility, or by targeted self certification methods. Measures are identified during the assessment phase of the visit and once the outreach specialist identifies a minimum three measures for installation, the enrollment and assessment process is completed. The outreach specialist provides compact fluorescent lights (CFLs), LED's and energy education during the initial visit.

   The Division of Ratepayer Advocates (DRA) proposes that "IOU's should provide a measure mix which prioritizes bill savings". Specifically, DRA states that IOU's should focus on measures that provide the most energy savings and that it should target households based on climate zones and household energy use. In order to implement DRA's 4% energy savings threshold approach, a specialist would still need to qualify the customer, assess the potential measures and then perform a calculation based on the customers' consumption history and projected savings from installation of the new measures manually or by modifying the current program database to support this effort. In order to meet the 4% energy savings threshold, an average ESAP customer with a monthly consumption of 4,800 kWh and 415 therms of annual consumption would need to have savings of 192 kWh and16.6 therms per year.

   The only measures in the program with reasonable cost effectiveness are refrigerators, torchieres, attic insulation, and furnace standing pilot change out. Moving to the 4% energy savings threshold would effectively eliminate any customers with moderate to low consumption from participating in the program, unless they were eligible for a refrigerator replacement. Customers who might benefit from low cost measures and a tailored education piece would not be served.

b. Currently, enrollment/assessment contractors have limited customer information. They are provided with the name on the account, service address, contact information, and Prizm code. Energy consumption is not provided and current contracts would need to be revised to include treatment of this customer data and the secure data transfer process and requirements. Therefore, contractors are not able to perform the energy savings analysis required to implement the 4% energy savings threshold.

21. ***IOUs*** *are directed respond to the following concerning PEV:*

   a. *Several IOUs utilize a random selection probability model to direct post-enrollment verification activities. What are the pros and cons of adopting a uniform probability model across all four IOUs?*

   b. *What are the estimated costs of increasing the Post Enrollment Verification rates for non-verified CARE customers to 5%, 10%,15%, 20%, 25% annually?*

   c. *Using 2009 through 2011 data, explain and quantify, if appropriate, whether the incremental increase in PEV rates translates into CARE subsidy savings.*

Responses to 21:

a. In 2006, SDG&E and SoCalGas contracted with a vendor to create a unified verification model between the two utilities. Based on that experience and knowledge, SDG&E believes it would be difficult to implement a unified model between all four IOUs. The main issue encountered by SDG&E was that it was difficult to include all the similar data fields within the model. For example, SDG&E had home ownership flagged in their system, while SoCalGas did not. SDG&E used electric consumption and SoCalGas used gas as one of the variables in the model. Another example is the use of PRIZM codes. PRIZM is a customer segmentation tool that housed within the billing system and used by SDG&E as part of the modeling. In order to create a unified model all the utilities would likely need to use the same income modeling source. The cost to modify systems to meet this need would be significant to SDG&E.

Pros	Cons
Streamlined verification model making it less complicated to understand model components	Restrictions on model based on information available in each utility's system
Potential cost saving from using one vendor across all utilities	Dual fuel utilities vs. single fuel utilities can make it difficult to come up with a single statewide model
	Significant cost will be incurred to modify systems in order to implement a statewide model

b. Below are the estimated costs for increasing verification to 5%, 10%, 15%, 20%, and 25%. The costs were calculated using current enrollment and response rates for verification and multiplying them by the average cost of $6.50 per response. The $6.50 cost is based on internal time studies conducted of the actual processing time to complete the verification process. Additional costs include management oversight, postage and mail management of the documents.

Level of Verification	5%	10%	15%	20%	25%
Estimated Annual Cost	$96,737	$177,530	$244,463	$344,450	$419,910

c. The incremental increase in PEV would most certainly translate to CARE subsidy savings. Based on average response rates between 2009 and 2011, an average of 57% of the customers requested to certify were removed from the program. Each of those removals translates to subsidy savings. Increasing verification would therefore increase the number of customers who are removed and increase subsidy savings. However, of those customers removed SDG&E only received information determining ineligibility for 12% of customers. For the remainder of the 45% of customers, SDG&E cannot determine if the subsidy savings is due to ineligibility, language barriers, or an unwillingness to share income information with the utility.

*24. **All parties** are directed to respond to the following:*

a. If the Commission were to base the program Cost Effectiveness (CE) on the entire ESA Program portfolio, rather than the current measure-level approach, what benefit cost ratio should the portfolio be required to achieve on the Utility Cost Test and modified Participant Test?

b. Should the portfolio also be required to achieve a certain benefit cost ratio on the Total Resource Cost (TRC) test, which is currently used on for reference?

Responses to 24(a-b):

Currently, the IOUs report both the program-level and measure-level cost effectiveness results for three tests: the Modified Participant Test (MPT), the Utility Cost Test (UCT) and the Total Resource Cost Test (TRC). With any benefit cost ratio, a result of one means that the benefits equal the costs and a result greater than or less than one means that the program is generating more or less benefits than costs.

The program-level results include all the measureable benefits and costs for the program. The ESA program includes a number of measures that provide health, comfort and safety for participants without necessarily providing energy savings (e.g. gas furnaces and water heaters among others), and these have been referred to as "equity measures," distinguishing them from "resource measures" that are intended to provide energy savings to the recipients. The current program-level cost effectiveness result is understandably below what it would otherwise be without the inclusion of equity measures, since the equity measures typically have substantial delivery costs and minimal or no energy benefits.

The measure-level results of the MPT and UCT are used to determine if a new or existing measure meets the criteria to be included in the program. The current criteria are that a new measure must present an MPT and UCT result of 0.25 or greater, and that an existing measure must present this result for at least one test but not necessarily both. Both of these tests include not only the installation cost for the measure itself but also an allocation of all non-measure costs. The non-measure costs are allocated across measures according to their share of energy savings in the portfolio.

In addition, both of these tests include estimates of non-energy benefits (NEBs) which are meant to quantify additional benefits to the participant such as reduced water use, reduced illness, and reduced fire hazards; and additional benefits to the utility such as reduced customer calls and arrearages. The NEBs have traditionally been estimated at the household level and then assigned to various measures according to their share of energy savings in the portfolio. This method is not optimal since it results in measures with low energy savings being assigned a low proportion of NEBs, but it has been traditionally used due to the lack of a better methodology.

Parties have always recognized that the ESA program delivers both energy and non-energy benefits and therefore the program in general has not been required to be cost effective (i.e. to meet a benefit cost ratio of greater than one). At the recent set of public workshops, however, parties, including SDG&E, suggested that if program measures were classified into equity and resource measures, it would be possible to require resource measures to meet stricter requirements for cost effectiveness, while recognizing that equity measures, which cannot meet those requirements due to their minimal energy benefits, still provide a valuable component for the program.

SDG&E recommends that resource measures be tested separately and be required to meet a cost effectiveness result greater than the current 0.25 requirement. Equity measures would not be required to pass a cost effectiveness test; however, the cost of providing these measures could be limited to a certain percentage of the total program budget.

Another option, also mentioned during the public workshops in October, would be to analyze the cost effectiveness of ESA measures on a whole house basis. In this case, the benefit from the household treatment as a whole would be measured rather than the energy savings from any one single measure. To do this, the next impact evaluation would be required to produce estimates of energy savings at the whole house level for a variety of housing types and climate zones and for both electric and gas. When energy savings are estimated at the whole house level rather than at an individual measure level, the estimates can be more precise with tighter confidence intervals. Using whole house estimates would include the effect of both resource and equity measures as well as any interactive effects between measures.

SDG&E further suggests that the current modified LIPPT model and the MPT and UCT tests be retired. The E3 Calculator for Energy Efficiency provides a model with updated avoided costs, and the TRC and PAC tests provided within the E3 model would meet the needs for cost effectiveness testing of the ESA program. SDG&E suggests that NEBs continue to be included in the cost effectiveness tests. These could be calculated in a separate worksheet and easily added into the calculation for the benefit cost ratio in the E3 Calculator.

Some of the primary NEBs can be estimated by the utilities. For example, water savings for the customer and the marginal cost per customer call for the utility are two NEBs that could be estimated easily and at low cost with available data. The remaining NEBs could be estimated as a percentage of energy savings. The recent NEB Study[4] has some information on similar factors used by programs in other states; however, additional research would need to be done to develop the appropriate factor for the California ESA program.

It is important to note that all the recommended changes to the cost effectiveness framework would need to be developed during the PY2012 to 2014 program cycle and applied in subsequent program cycles.

25. *In looking at a resource measure vs. an equity measure schema,* ***all parties*** *are directed to respond to the following:*
    a. *Do we apply them to same cost-effectiveness test or different ones?*
    b. *If different ones, explain which, how and why?*

Responses to 25(a-b):

As described in the response to Q24, SDG&E suggests that measures identified as resource measures be required to pass a more stringent TRC with NEBs than currently required. Measures identified as equity measures should not be required to pass a cost effectiveness test, but may be limited to a certain percentage of the overall program budget.

Another option, also mentioned during the public workshops in October, would be to analyze the cost effectiveness of ESA measures on a whole house basis. As described in the response to Q24, the benefit from the household treatment as a whole would be measured rather than the energy savings from any one single measure. In this case, there would be one set of cost effectiveness tests for the whole house.

26. *Several parties have suggested that the ESA Program CE method include equity goals. Assuming such equity goals are considered,* ***all parties*** *are directed to respond to the following:*
    a. *What equity goals, if any, should be included and why?*
    b. *How should they be incorporated into the cost-effectiveness framework?*
    c. *How should they be measured?*

Responses to 26(a-c):

Equity goals have always been a fundamental part of the ESA program. However, the measures and services associated with meeting these goals should not be required to meet the same cost effectiveness requirements as resource measures.

To measure the effectiveness of the program in meeting these equity goals, comprehensive process evaluations are periodically conducted which provide information on the program's

[4] Skumatz Economic Research Associates, Inc., Non-Energy Benefits: Status, Findings, Next Steps, and Implications for Low Income Program Analyses in California, May 2010. Available on the LIOB website.

results as well as recommendations for improving results. The most recent process evaluation was completed in 2011.[5]

27. *Several parties have suggested that additional non-energy benefits (NEBs) should be included in the cost-effectiveness tests, such as societal NEBs. Assuming such NEBs are considered, **all parties** are directed to respond to the following:*
    a. *Which additional NEBs in particular should be included and why?*
    b. *Which NEBs in particular should be excluded and why?*
    c. *How should NEBs be incorporated into the CE framework?*
    d. *How should NEBs be measured?*

Responses to 27(a-d):

The recent NEB study included an extensive literature review and assessment of NEBs reported by other programs. The study reported a wide range of NEB values but no precise methods currently in use to estimate them. This led the study advisory group to the conclusion that the process of conducting the research necessary to develop more precise estimates for NEBs relevant to the ESA program would be far more expensive and time consuming than expected and would possibly still not deliver the desired results. Moreover, societal NEBs have not been well studied nor have they been included in the existing ESA cost effectiveness tests.
As described in the response to Q24, certain primary NEBs could be measured directly, and the remaining NEBs, including societal NEBs, could be estimated as a percentage of energy savings. This value could then be added to the calculation for the benefit cost ratio. SDG&E supports the inclusion of societal NEBs in the TRC for the ESA program. However, since at this time there is no established method for measuring societal NEBs, these NEBs could be included in the factor described above.

28. *Several parties suggested improvements to the current CE tests such as using qualitative adders, accounting for lost opportunities, developing a different way of allocation administration costs to individual measures, and more attention paid to the updating and accuracy of input data. Assuming such potential improvements to the current cost-effectiveness tests are considered, **all parties** are directed to respond to the following:*

    a. *Specify what improvements are needed and why.*
    b. *Describe how, exactly, such improvements can be made to the existing CE tests?*
    c. *Explain whether the improvements to the ESA Program CE methods should be made by a process headed by a working group or by an Energy Division-led workshop process.*
    d. *Explain the pros and cons of each foregoing procedural options (working group versus workshops).*

[5] Research Into Action, Final Report Low Income Energy Efficiency Program 2009-2010 Process Evaluation, June 2011.

e. *Describe any other procedural options or tools that would be suited to meaningfully explore, debate and ultimately present those findings to the record on the potential improvements to the cost-effectiveness methods.*

<u>Responses to 28(a-e):</u>

The response to Q24 provides suggested improvements to the CE tests.

SDG&E suggests that a working group be established with a limited number of individuals experienced in cost effectiveness testing to research and develop improvements to the current cost effectiveness framework used for the ESA program. Once the working group has established a framework and model they recommend, a public workshop can be held to present and discuss the framework with interested parties.

Allowing a working group to first develop a recommended framework and then present it at a public workshop would be more efficient than trying to resolve these issues in a public forum. The working group can focus on the issues at hand, solicit supplemental research and expert advice, and test various scenarios, all of which may take more time than can be afforded for a public workshop process. It would not be a good use of the public's time and expense to attend long, detail-oriented discussions of various scenarios and details related to cost effectiveness testing. However, the comments and insights of interested parties are valuable once a possible framework is under consideration.

It is important to note that all the recommended changes to the cost effectiveness framework would need to be developed during the PY2012 to 2014 program cycle and applied in subsequent program cycles.

38. *Assuming the issue of multifamily sector would be further explored beyond April of 2012,* ***<u>all parties</u>*** *are directed to respond to the following:*
    a. *Explain whether the multifamily sector issues should be explored through a process headed by a working group, by an Energy Division-led workshop process, a hearing or any combination of such.*
    b. *Explain the pros and cons of each foregoing procedural options (working group versus workshops versus hearing or combinations).*

    c. *Describe any other procedural options or tools that would be suited to meaningfully explore, debate and ultimately present those findings to the record on the multifamily sector issues.*

<u>Responses to 38:</u>

a. SDG&E believes that the multifamily sector issues should be explored through a process headed by a working group comprised of interested parties which would include representatives from each utility, the Energy Division, key stakeholders from the IOU contractor network, and consumer and industry representatives. SDG&E believes that working groups allow for more open and candid discussion which will allow the issues to be thoroughly vetted.

b. The pros and cons of each foregoing procedural option are delineated below:

- Working Group
    - Pros: Allows participants to have an open dialogue to address the various aspects of each utility's program and the multi-family sector. A working group would allow for the flexibility needed to make a concerted effort to develop a strategy aimed at attaining the following policy objectives: integrate various utility, state and local retrofitting efforts; combine multiple funding sources; offer property owners more control and flexibility; and serve all segments of multi-family.

    - Cons: Since there are a limited a number of participants in a working group, there may not be representatives from every interested party. It would be the working group's responsibility to solicit additional advice to ensure that a process is in place to ensure that all interested parties are given the opportunity to comment on the working group's work products or recommendations if they are not a participant in the working group.

- Workshops
    - Pros: Workshop presentations are informative sessions that give participants the opportunity to provide a general overview of their program policies and share any obstacles or concerns.

    - Cons: Holding workshops in a public forum allows for the opportunity for parties who lack a clear understanding about the Commission's low-income assistance program policy goals and about certain details regarding the IOUs' application proposals to intervene. Although their concerns may be legitimate, they may not necessarily be pertinent to the discussion at hand or applicable to all of the IOUs' programs. Additionally, the format of the workshops is not necessarily conducive for resolving minute details.

- Hearings
    - Pros: Since the assigned Commissioner or Administrative Law Judge presides over the proceeding, there is substantive law and existing procedure that automatically controls the proceeding whereas in a workshop or working group, there may be challenges in finding a neutral individual that can lead the workshop or working group and ensure that all scoped items are addressed without the perception of bias.

    - Cons: Hearings do not foster the free exchange of dialogue amongst the parties. In fact, in hearings, parties often take and maintain their litigation positions without necessarily trying to understand or appreciate their counterparty's positions.

c. SDG&E does not believe that any other procedural options or tools would be suited to meaningfully explore debate and ultimately present those findings to the record on the multifamily sector issues. SDG&E recommends exploring multifamily issues through a structured working group process that would include a clearly defined scope and neutral working group lead or facilitator (e.g. CPUC Energy Division Staff member). It would also permit parties to devote adequate time to discuss and formulate recommendations. A working group report outlining the issues discussed, the working group recommendations, and any dissenting opinions is essential to the effectiveness of the working group process.

*39. **<u>All parties</u>** are directed to respond to the following:*

a. Aside from cost-effectiveness issues and multifamily sector issues, what other issues require further review and exploration in the ESA and CARE programs beyond April 2012 that could streamline and otherwise add to the improved programs and application process in the budget cycle 2015-2018?

b. If there are other issues that should be reviewed or otherwise explored from now to the next set of ESA and CARE programs 2015-1018 budget applications, explain in detail what they are and how best that could occur during this budget cycle.

<u>Responses to 39:</u>

a. SDG&E has not identified any other issues that require further review.

b. SDG&E has not identified any other issues that require further review

Respectfully submitted,

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APPENDIX A

San Diego Gas and Electric Company
Coordination between
Energy Savings Assistance Program
and Energy Efficiency (EE) Programs
July 2011Report

A Sempra Energy utility®

TABLE OF CONTENTS

Introduction

The San Diego Gas and Electric Company (SDG&E) is submitting this report as directed by the California Public Utilities Commission (CPUC) in Decision D.09-09-047 which acknowledges "the need for coordination between energy efficiency and LIEE programs" and is "requiring utilities to provide a report to Energy Division detailing these coordination efforts." [1]

SDG&E Customer Programs Energy Efficiency staff has made efforts to collaborate with Customer Assistance programs staff in areas where activities may have overlapping touch points with customers. The goal of this is to: reduce duplicities of program offerings; increase program efficiencies; maximize energy efficiency opportunities for low-income customers; and improve the customer's experience resulting in increased program participation for EE, Energy Savings Assistance Program[2] as well as the other Customer Assistance programs.

Customer Assistance Programs have several elements including Energy Savings Assistance Program, California Alternate Rates for Energy (CARE), Family Electric Rate Assistance (FERA), Medical Baseline, and Third Party Notification.

In the second quarter of 2011, SDG&E realigned departments by merging Customer Programs and Customer Assistance Programs under one department. The newly aligned department will facilitate increased and improved communication to effectively serve customers through a more efficient "one stop shop" experience in accessing energy saving services.

The following are EE programs that have implemented specific activities to meet the integration objectives between EE and Energy Savings Assistance.

[1] *Decision Approving 2010 to 2012 Energy Efficiency Portfolios and Budgets*, dated September 24, 2009, pages 305-307[1]

[2] The Low Income Energy Efficiency Program name was changed to the Energy Savings Assistance Program.

IOU Core Programs

Home Energy Efficiency Rebates (HEER)

This program focuses on providing residential customers education and/or rebates for qualifying energy efficient products. The products include appliances, room air conditioners pool pumps, and insulation. These products are utilized by all segments of our SDG&E customer base including Energy Savings Assistance customers.

SDG&E has made additional efforts in 2011 to identify opportunities to more fully integrate Energy Savings Assistance Program and energy efficiency marketing, education, and outreach by leveraging our existing relationships with key retailers to include the promotion of applicable Energy Savings Assistance Program and services. For example, through ongoing retailer engagement strategy, SDG&E has been able to maintain strong working relationships with its key retail channels about the benefits of providing and educating their customers about energy efficient products. SDG&E's retailer engagement strategy includes efficiency sales training about available rebates distribution of collateral and promotional materials, program updates, and periodic on site visits at participating retailer locations within SDG&E's service territory. SDG&E have also observed many of these retail sites, particularly the big box retailers, like Best Buy, Sears, Kmart, Home Depot and Lowe's may have stores that service low income and hard to reach areas within SDG&E's service territory. Several of these major retailers have expressed an interest in working directly with SDG&E to increase the level of awareness about the Energy Savings Assistance Program and services As such, SDG&E will continue to explore opportunities to leverage retail channels to promote and educate their customers about the Energy Savings Assistance Program. Potential collaborative opportunities under consideration may include distribution of Energy Savings Assistance applications at selective locations, collaborative outreach events, and inclusion of retail staff training materials about Customer Assistance Programs.

During the past 12 months, the EE program staff developed new promotional collateral pieces that included information about Energy Savings Assistance Programs and services. These updated customer friendly materials (i.e., Programs & Services (Z-Card)" and the Your Whole House Energy-Savings Guide) include timely information about SDG&E's energy efficiency and customer assistance programs/services. These collaborative materials are distributed at all community EE and Customer Assistance outreach events. The new brochures also highlight the Home Energy & Water Savings kit which can be delivered at no cost to qualified residential customers. Each kit contains a low-flow showerhead and three faucet aerators which, when installed, can help customers save energy and water.

Energy Upgrade California (EUC)

The Energy Upgrade California program takes a comprehensive approach toward energy efficiency and promotes the "House as a System" concept. This statewide program was launched in the third quarter of 2010. The prescriptive path or basic package offers incentives up to $1,000 and includes building envelope measures such as attic insulation, air sealing, duct sealing, and combustion safety testing. The performance path or advanced package offers incentives up to $4 000 and includes all the measures in the basic package plus HVAC and hot water systems. This program will be managed by the EE program staff for the SDG&E service territory.

Additionally, the EUC program design includes a commitment in 2011 to target lower moderate income single family homeowners who may not be eligible to receive direct assistance from the Energy Savings Assistance Program for no cost home retrofit improvements. The EE program staff is now actively engaged to develop a cross marketing and outreach paradigm between Customer Assistance and EUC to help target these lower moderate income customers. SDG&E is also working closely with the City of San Diego to coordinate and leverage EECBG funding that was awarded to the City to specifically address energy efficiency improvements for the low moderate income customers who do not qualify for the SDG&E Energy Savings Assistance Program.

This proposed pilot, known as Moderate Income Direct Install (MIDI) trial will launch in July 2011 and will be coordinated with City of San Diego AARA funded programs aimed at low- moderate income homeowners. The SDG&E EE team will also collaborate and coordinate its pilot roll-out with the Energy Savings Assistance Program staff since a targeted customer area may include potentially qualified and non-qualified homeowners.

SDG&E further proposes to implement a multi-family whole building performance trial branded under the EUC label. The trial would target a maximum of 1,000 multi-family units with a target of 20% measured whole building site energy savings on average. This would include approximately 20-25 building projects with an estimated completion date of December 2012.

The multi-family whole building performance trial will ensure full integration with existing Energy Savings Assistance Program offerings. As the first step in the whole building performance trial, interested building owners will be required to submit a letter of interest that would include permission to serve all eligible Energy Savings Assistance customers within the buildings proposed to be retrofitted. The building would then be referred to our existing Energy Savings Assistance Program outreach and assessment team who will fast-track the project for treatment of all eligible units willing to be served. Once those measures have been installed, the owner would then be notified to initiate the whole building performance process for the remaining units within the complex.

Multi-family Energy Efficiency Rebates (MFEER)

The Multi-family Energy Efficiency Rebate (MFEER) program is a residential program that promotes rebates for qualified gas and electric energy-efficient improvements in apartment dwelling units, common areas of apartment and condominium complexes with two or more units and common areas of mobile home parks.

Participating multifamily property owners/managers currently receive a MFEER Welcome Packet. Inside the welcome packet is the publication "Programs & Services" that includes information that describes and promotes Energy Savings Assistance Program and services. Energy Savings Assistance Program messages are also promoted at SDG&E's training workshops with program contractors and property owners/managers.

Additionally, our MFEER and Energy Savings Assistance Program teams have developed an internal process for lead generation to fully capture all efficiency opportunities. For example, an Energy Savings Assistance Program contractor may identify tenants that are ineligible for efficiency upgrades within a property complex. This lead will in turn be provided to the EE team for follow up. A similar referral will take place for multi-family properties/complexes that may have a set of tenants that may qualify for the Energy Savings Assistance Program. Since implementing the lead generation process with the Energy Assistance Savings Program staff, SDG&E has been able to identify a small number of customers who would potentially be better served by a referral to the Energy Savings Assistance Program. SDG&E will continue to coordinate and fine-tune the referral process as needed to minimize potential "missed efficiency" treatment opportunities between the EE and Energy Savings Assistance Program multi-family campaigns.

Business Consumer Electronics (BCE)

The Business Consumer Electronics (BCE) Program focuses on providing participating retailers with direct incentives to stock higher energy efficient electronic products in their stores. These efforts, in turn, provide increased opportunities for customers to purchase more efficient products and thereby reduce their plug load energy consumption. For example, the BCE program recently added Sears Essentials in its listing of retailers. Many of its stores are located in our hard to reach zip code areas. SDG&E will also augment retailer support efforts through internal training of Energy Savings Assistance Program staff to raise the awareness about the benefits of purchasing energy efficient electronic products as part of their customer education and outreach activities in 2011. SDG&E's next step in this process will be to create informational materials about energy efficient electronic products that can be provided to community based organizations (CBO's) and nonprofits that work directly with the Energy Savings Assistance Program outreach team.

Upstream Lighting

Residential Lighting Turn-In events are held throughout the SDG&E service territory and include many hard-to-reach zip codes. As such, these exchange events may attract low-income customers, seniors, and disabled customers that live nearby. Information regarding Customer Assistance programs (i.e., CARE, Energy Savings Assistance Program, Medical Baseline) and proper disposal of compact fluorescent light bulbs (CFL) is made available to participating customers at all residential lighting turn-in and outreach event. Marketing pieces used to promote lighting turn-in events are distributed in both English and Spanish and are also promoted where possible by partnering with community based organizations, nonprofit groups and local governments.

The Lighting Exchange team will continue to work with the Energy Savings Assistance Program staff to ensure that collaborative informational materials are available at all program sponsored community events and activities. The teams will also continue to coordinate event scheduling and logistics to optimize customer participation and minimize potential overlaps within our service territory.

Home Energy Efficiency Survey (HEES)

The Home Energy Efficiency Survey (HEES) provides energy efficiency recommendations to customers who complete either an online, phone or mail in survey. The online tool has been enhanced to provide live hyperlinks to each SDG&E program related to the recommendation in the customer's report. Therefore, any customer who completes the survey will be directed to the most applicable EE program.

SDG&E Residential Customer Programs will continue to work closely with the Energy Savings Assistance Program team to encourage eligible and non-eligible income qualified customers to take the HEES survey to determine additional opportunities to manage their overall energy usage and become more energy efficient. Potential cross promotional areas to be further explored include providing information about the survey tool to program contractors, community based and non-profit organizations that work closely with and directly support the Energy Savings Assistance Program.

Integrated Demand Side Management (IDSM)

SDG&E long-term strategy for integrated messaging will be through an Integrated Demand Side Management (IDSM) approach through offering a customer audit tool. The completion of the energy management tool can help customers understand their energy usage and therefore manage their energy costs. This effort is intended to improve customers' understanding of "energy management" as a whole with regard to how EE and Customer Assistance Programs can work together. The IDSM tool is currently in development as statewide investor owned utilities are currently working to award the contract. The tool, Integrated Customer Energy Audit Tool (ICEAT), will be able to target customers based on their data inputs to provide them with the appropriate EE and/or customer assistance message.

Pilot Programs

Micro Grid Pilot

The 2010-2012 Micro Grid Pilot is designed to deliver specific single-family and multi-family energy efficiency and demand response home improvement packages engineered to drive participants to Zero Net Energy. Auditors will be instrumental in the whole-house EE and DR upgrade process. The program provides direct assistance to residential customers through progressive stages of energy efficiency planning and implementation. More importantly, the locus of customers served by the pilot includes the Low Income, Residential and Non-Residential sectors.

The Micro Grid Pilot Program recently began its customer outreach efforts in March 2011 targeted at mobile home, low income, (i.e. customers who do not qualify for the Energy Savings Assistance Program) and single family customers in late May 2011. SDG&E will be better able to provide an update related to the level of low income customers participation (i.e. customers who do not qualify for the Energy Savings Assistance Program) at the next reporting cycle given the fairly recent rollout campaign.

Third Party Programs

Comprehensive Manufactured/Mobile Home Program (CMHP)

This program provides energy efficient products and services at no cost to the customer by installing energy efficient products in the mobile home and common areas of the mobile home parks.

The program administration for the CMHP signed a contract with the Energy Assistance Savings Program in 2009 to provide services to the low income mobile homeowners and properties. Therefore, they were able to provide home efficiency improvements to mobile home parks that include both Energy Savings Assistance Program and non-income qualified participants. This has proven to be a very successful model for this particular customer segment. The program administrator was able to provide CARE collateral on site to interested customers and mobile park mangers. Further, the administrator has serviced both the unit and mobile park common areas in a timely fashion.

SDG&E will continue to monitor and evaluate this "one-stop" approach with the Energy Savings Assistance Program staff to ensure a high level of customer service and satisfaction along with economies of scale in order to optimize energy efficiency improvements for this hard to reach segment.

Residential HVAC Tune Up and Quality Installation

The Residential HVAC Tune-Up and Quality Installation Program provide air conditioning tune-ups with measures for refrigerant charge and air flow adjustments, coil cleaning, and duct test and sealing. The program also offers "early retirement" and "replacement upon burnout" incentives for customers with under performing air conditioning systems.

SDG&E has been challenged in its effort to implement a collaborative HVAC solution with the Energy Savings Assistance Program. During the past 12 months, SDG&E's EE HVAC program experienced a significantly higher than expected ramp up in program activity due to an aggressive marketing campaign last summer. This created a back log of HVAC tune-up service requirements for SDG&E's pool of participating contractors. As a result, the program was temporarily limited to these customers until all HVAC tune-up services could be fully completed. Consequently, SDG&E was not able to engage the Customer Assistance Program staff to further explore the process briefly outlined in the July 2010 report.

Furthermore, new protocols are in the process of being developed and outlined for the IOU HVAC programs and are expected to be implemented in the later part of 2011. As such, SDG&E will initiate new discussions with the Energy Savings Assistance Program staff to best determine how to coordinate and leverage HVAC tune-up services across the EE and Customer Assistance Programs.

K – 12 Education

The San Diego K-12 Energy Efficiency Education Program (E3) is a science based curriculum program designed to educate students about energy, and emphasize energy efficiency. The primary purpose of this program is to create awareness amongst families, students, and teachers of potential cost savings through behavioral efficiency changes related to energy use. The objective of the program is to influence the behavior of students who participate in the program to adopt sound conservation and efficiency practices that can be exercised at home and school.

Over the last several years, the focus of the K-12 Program administrator (San Diego County Office of Education) has been focused on the fine-tuning and successful implementation of the energy efficiency curriculum for all grade levels within San Diego County. However, SDG&E have recently initiated preliminary discussions with the K-12 program implementer to explore options to increase the awareness level about SDG&E's Energy Savings Assistance program and services particularly in those areas typically serviced by these programs. SDG&E's next steps over the next 12 months will be to obtain approval to include related customer assistance collateral along with the Energy Efficiency Activities booklets (i.e., Power Pals) that the students receive as part of K-12 program. SDG&E will also explore including a direct link added from the K-12 webpage to SDG&E's Energy Savings Assistance Program.

Partnerships

The SDG&E Local Government Partnership (LGP) programs are designed to provide integrated assistance to local governments (Partners) to achieve energy efficiency in their own facilities as well as effectively lead their communities to increase energy efficiency practices, reduce greenhouse gas emissions, increase renewable energy usage, and ensure that their communities are more livable and sustainable. The LPG programs promote and provide access to all SDG&E programs including Customer Assistance Programs to advance energy efficiency in local government facilities and their communities through energy saving actions, training, and education. The LGP's provide marketing, outreach, education, and training to connect the communities with opportunities to save energy, money, and help the environment.

The LGP partners support Energy Savings Assistance Program information dissemination and activities coordination in their communities to reduce barriers to participation. For example, Partners leverage the credibility and influence of elected officials to announce a community sweep for the Customer Assistance Program. Working together, LPG staff, SDG&E partnership staff, and SDG&E public affairs staff ensure Customer Assistance Program information is integrated into partnership community events and presentations. Whenever a potential Energy Savings Assistance Program opportunity is identified in the course of implementing partnership projects, such opportunity is referred to the Customer Assistance Program and coordination of the targeted marketing for Customer Assistance lend additional help in achieving energy savings and increased Energy Savings Assistance Program participation in the low income segment.

Marketing, Education, and Outreach

Marketing and Outreach

Through Marketing, Education, and Outreach (ME&O,) SDG&E Residential Customer Programs works with Customer Assistance Programs representatives to encourage potential and participating Energy Savings Assistance Program customers to also understand and participate in all of the various low-cost and no-cost ways to save energy. The most effective coordinated effort is through promotion of the HEES survey to Energy Savings Assistance Program customers, which determines their overall energy usage and helps them find ways to become more energy efficient. Other avenues include cross promotion of energy efficiency programs in Energy Savings Assistance Program materials, information listings on SDG&E's website and information provided via SDG&E's call center.

Residential Customer Programs also collaborates with Customer Assistance by including Energy Savings Assistance Program materials at all of our Residential outreach events, including the San Diego County Fair, numerous Lighting Exchange events and other neighborhood focused events where customers come to SDG&E for information on all programs and services. Customer confusion is eliminated at events where materials are distributed and where conversations can happen in a one on one setting about the various ways that SDG&E can help residential customers save energy and money.

Workforce Education &Training (WE&T) Taskforce

The Statewide Workforce Education & Training (WE&T) Taskforce was formed as an advisory group to the Investor-owned Utilities (IOU) on Energy Center education & training programs. The Taskforce includes stakeholders from education, industry trades and non-profits, non-IOU training and public agencies. The Taskforce also includes members from IOU Customer Assistance Programs to allow their participation in discussion and broader growth of qualified/trained participants in the Energy Efficiency sector.

Workforce Education &Training (WE&T) Connections

The SDG&E Workforce Education & Training Connections sub-program emphasis is on education curriculum and related activities that inspire interest in energy careers, new and emerging technology, as well as skills development to advance the energy initiatives and goals of the state. SDG&E's WE&T group has supported Energy Savings Assistance Program through its partnership with The Energy Coalition through its PEAK student education program. The PEAK student program goal is that 50% of program participants come from the low income and disadvantaged groups.

Conclusion

SDG&E will continue to build upon these achievements, now under one department, with collaborative efforts to present to the customer program benefits that can maximize their energy savings. SDG&E plans to further expand EE and Customer Assistance integrated delivery of information and programs that benefit customers by increasing dialogue between staff, finding synergies between similar programs, and cross promoting offerings.

More information on SDG&E Residential Customer Programs can be found at:

http://www.sdge.com/residential/rebates.shtml

More information on SDG&E Customer Assistance Programs can be found at:

http://www.sdge.com/assistance2/index.shtml