

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



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Application of PACIFIC GAS AND ELECTRIC COMPANY for Approval of 2013-2014 Energy Efficiency Programs and Budget (U 39 M)

Application 12-07-001
(Filed July 2, 2012)

Application of San Diego Gas & Electric Company (U902M) for Approval of Electric and Natural Gas Energy Efficiency Programs and Budgets for Years 2013 through 2014.

Application 12-07-002
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Application of Southern California Gas Company (U904G) for Approval of Natural Gas Energy Efficiency Programs and Budgets for Years 2013 through 2014.

Application 12-07-003
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Application of Southern California Edison Company (U338E) for Approval of Energy Efficiency and Demand Response Integrated Demand Side Management Programs and Budgets for 2013-2014.

Application 12-07-004
(Filed July 2, 2012)

**RESPONSE OF
THE GREENLINING INSTITUTE, GREEN FOR ALL, AND
THE ELLA BAKER CENTER FOR HUMAN RIGHTS**

August 3, 2012

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**RESPONSE OF
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I. INTRODUCTION

In accordance with Rule 2.6, subdivision (c), the Greenlining Institute (Greenlining), Green For All (GFA), and the Ella Baker Center For Human Rights (EBC), respond to the consolidated applications of Pacific Gas and Electric Company (PG&E), Southern California

Edison Company (SCE), San Diego Gas and Electric Company (SDG&E), and Southern California Gas Company (So. Cal. Gas) (collectively, the IOUs) for their 2013-2014 energy efficiency program portfolios. The Applications were filed on July 2, 2012. According to Rule 1.12, subdivision (b), this Response is timely because it is filed within thirty days of July 2, 2012.

Greenlining is a multi-ethnic public policy, research, and advocacy institute working for racial and economic justice. Our Green Assets program seeks to position low-income communities and communities of color at the forefront of the green economy as active stakeholders. We work to ensure that low-income communities and communities of color benefit from workforce development, business contracts, and other green opportunities that are created by our statewide, ratepayer-funded energy efficiency efforts. Greenlining advocates for educational and workforce pipeline programs that prepare these constituencies for – and connect them with – jobs in the green economy.

Green For All is a national organization working to build an inclusive green economy strong enough to lift people out of poverty. We work in collaboration with business, government, labor and grassroots organizations to advance high road strategies and ensure that growth in demand for green goods and services create quality jobs for disadvantaged communities and business opportunities for Historically Underutilized Businesses (HUBs). Green For All's high road strategies are nationally recognized best practices that tie contracting and job standards to workforce training pathways, guaranteeing access to quality green industry jobs. In partnership with broad stakeholders, we advocate for, design and implement high road standards on public and private sector projects in the energy efficiency sector.

The Ella Baker Center for Human Rights organizes people-powered campaigns to transform California. Our Green Collar Jobs Campaign unites communities to build a thriving economy that puts the people and the planet before profits. The Ella Baker Center brings together vibrant, cross-sector coalitions that include leaders from unions, green businesses, social justice groups, environmental organizations, and educational institutions to advocate for climate action and a green economy recovery. The Ella Baker Center champions a green recovery in California through coalition building, policy advocacy, and electoral organizing, thereby pushing to create a healthy planet and job opportunities for those most affected by poverty and pollution.

II. BACKGROUND

The Energy Efficiency Strategic Plan (EESP) sets a goal for “individuals from the targeted communities¹... [to] successfully advance themselves into rewarding careers in the energy services fields.”² The EESP called for an in-depth formal statewide Workforce Education & Training (WE&T) needs assessment to identify strategies to support the goals outlined in the strategic plan. This assessment was a critical first step toward the Commission’s goal of “developing the human capital necessary to achieve California’s energy efficiency and demand-side management potential.”³ The California Workforce Education & Training Needs Assessment (Needs Assessment), conducted by the Donald Vial Center on Employment In the Green Economy, explained that “[a]dequate starting wages and the existence of rungs in a career ladder are critical in designing sector initiatives for jobs in energy efficiency related sectors” and

¹ The EE Strategic Plan describes the targeted communities as minority, low-income and disadvantaged.

² California Public Utilities Commission, Energy Efficiency Strategic Plan: January 2011 Update at 70.

³ Strategic Plan at 70-71.

that local, targeted, and first source hiring policies are best practices for addressing job quality and job access for disadvantaged workers.⁴

As part of its recommendation to connect job access efforts to good jobs and career pathways, the Needs Assessment suggests that “in examining current practice at the CPUC or the IOUs, it is not clear which WE&T or resource programs are currently tasked with improving the inclusion of low-income, minority, and disadvantaged workers in training programs leading to good jobs. The CPUC needs to clarify this policy goal and link it to specific ratepayer-funded programs.”⁵ The Needs Assessment also advises that “[w]hen making investments in energy efficiency that are aimed at the inclusion of low-income, minority, and disadvantaged workers and job seekers, program administrators should use the best practices outlined in this document as a set of criteria to evaluate potential programs and applications for funding ... Program design can explicitly incorporate the demand-side elements listed above, such as high-road agreements that set labor and local hire standards in retrofit programs. Oregon’s Clean Energy Works program illustrates this approach.”⁶

On October 24, 2011, the IOUs submitted a supplemental joint filing⁷ updating previously proposed program modifications based on the finding of the Needs Assessment.

In Commission Decision (D.) 12-05-015, the Commission directed the IOUs to file applications no later than July 2, 2012 to establish energy efficiency programs and budgets for 2013 and 2014. This decision established a two-year “transition” period following the 2010-2012 cycle to enable some additional research and provide time to make more fundamental

⁴ Needs Assessment at 276.

⁵ *Id.* at 280.

⁶ *Id.*

⁷ ADVICE 2260-E-B/2041-G-B (San Diego Gas & Electric Company; ID U 902-M); ADVICE 4249-B (Southern California Gas Company; ID U 904-G); ADVICE 2588-E-B (Southern California Edison Company; ID U 338-E); ADVICE 3212-G-B/3852-E-B (Pacific Gas & Electric Company; ID U 39-M)

changes to the energy efficiency programs. D.12-05-015 gives guidance to the IOUs on the 2013-2014 energy efficiency programs, with the overall direction that they should begin a transition away from short-lived energy savings and toward deeper retrofits. The decision also gives guidance on expanding energy efficiency financing by directing development of a portfolio of options at a total of \$200 million over the two-year period.

Importantly, the decision directs that IOU WE&T programs “*address any and all recommendations*” made in the Needs Assessment.⁸ Finally, the Concurrence of Commissioner Timothy Alan Simon notes that “this transition period is an opportunity for the Commission to meaningfully address *employment creation* for disadvantaged communities ...” and expressed a preference that 2013-2014 program applications contain “detailed plans to train *and hire* from diverse and historically disadvantaged communities.”⁹ The Joint Parties agree with Commissioner Simon that providing the Commission and stakeholders with explicit and sufficiently detailed plans is critical to meeting hiring goals.

III. ISSUES TO BE CONSIDERED

Broadly, the Joint Parties will review the Applications and Program Implementation Plans (PIPs) to ensure that they are reasonable and justified, consistent with the law, and in the public interest. Specifically, we will evaluate whether IOU energy efficiency programming, in both WE&T and resource programs, are being designed to meet the goals set forth in the EESP regarding job creation and providing opportunities for advancement along a career track of increasing skills and wages for the Californians most in need. The Joint Parties reserve the right to amend or supplement these issues as a result of our ongoing review and discovery.

⁸ D. 12-05-015 at 280 and OP110 (emphasis added).

⁹ D. 12-05-015, Concurrence of Commissioner Timothy Alan Simon at 2 (emphasis added).

Our initial review reveals that the applications are not compliant with D.12-05-015. The applications are deficient insofar as WE&T programs fail to “address any and all recommendations” made in the Needs Assessment, namely targeted hiring and best practices for increasing the hire of disadvantaged workers. While we have chosen to file this document as a Response, we reserve the right to re-file as a Protest should our concerns go unresolved.

It is not clear from the Applications or the associated testimony that the IOUs plan to implement high-road contracting that sets labor and targeted hire standards in resource programs as recommended in the Needs Assessment. To be consistent with these recommendations, inclusion strategies must be both “demand-pull” and “supply push.” This requires both high-road agreements on labor and hire standards and workforce training programs that prepare disadvantaged workers for sustainable career pathways. All sector strategies undertaken by the IOUs should identify entry level pipelines and career paths that are accessible to disadvantaged workers.

In fact, SDG&E’s Commercial Direct Install PIP recognizes that “[t]he Direct Install program (through its contractor delivery network) offers an opportunity for achieving one of the primary goals of Workforce Education and Training – *providing energy efficiency jobs* for low income and disadvantaged workers.”¹⁰ The Joint Parties commend SDG&E for both identifying an opportunity to link resource programs to WE&T efforts and for the recognition that contractor recruitment and selection provides an obvious opportunity to support actual job creation and pathways out of poverty for disadvantaged workers. Recognition of this opportunity, while important, is simply the first step. It is insufficient to merely reach out to disadvantaged communities for purposes of providing access to training. In order to be compliant with the

¹⁰ Application of San Diego Gas & Electric Company (U902M) for Approval of Electric and Natural Gas Energy Efficiency Programs and Budgets for Years 2013 through 2014, Program Implementation Plan: Third Party (3P) and Local Programs at 1221 (emphasis added).

spirit and letter of D.12-05-015, applications must be amended to include such detailed plans for increasing the hire of disadvantaged workers within resource programs.

The WE&T PIP is the proper forum for the IOUs to delve into greater depth about how they will carry out their sector strategies approach. To adequately address the recommendations of the Needs Assessment, the IOUs should detail their plan for developing sector strategies beyond the HVAC pilot. While the PIPs highlight some target sectors for these strategies, they do not go into any significant level of detail. The guidance in the Needs Assessment goes beyond such posturing, instead requiring significant restructuring of the IOUs WE&T portfolio. The IOUs should detail explicitly how they will explore the promotion of these skill standards through the CALCTP and HVAC sector strategies.

Additionally, the IOUs address sector strategies in the PIPs, but do not provide a line-item budget describing sector strategies work in detail. They should include a budget that clearly shows the level of funding to be directed toward meeting statewide WE&T goals, as well as identify specific funding and programs that ensure minority, low-income, and disadvantaged communities are able to meaningfully participate in energy efficiency. To this end, we request that the IOUs submit a detailed budget that breaks down expenditures by major category, stipulates whether these programs are sector strategies and whether they are directed to disadvantaged workers, and notes which programs are co-funded and by whom.

The IOUs should also include a description of the specific goals, strategies, program performance metrics (e.g., those developed by the state for similar workforce programs), individual tracking of participant outcomes, and a proposed budget for carrying out this plan. The Joint Parties request that the IOUs enhance reporting of outcomes of training, as outlined by the Needs Assessment. Following the suggestions in the Needs Assessment, the IOUs should

conduct full data collection for all WE&T participants as part of the registration process, including occupation, employment, skill level, and demographic characteristics information. This information is critical to any meaningful evaluation of the success of the expenditure, as well as a comparison of sector strategy outcomes. Confidentiality is an important concern, but the IOUs can accomplish this by following standard protocols (e.g., aggregating data and suppressing individual identification).

Additionally, the IOUs fail to address the guidance decisions concerns surrounding health and safety hazards faced by workers such as lead paint and asbestos removal. While natural gas combustion safety is important, it is not clear that the IOUs have a plan to expand their efforts to include these hazards. Certification is necessary to ensure that contractors are aware of and protect against hazards faced by workers and residents.

IV. PROCEEDING CATEGORY, NEED FOR HEARINGS, AND PROPOSED SCHEDULE.

The Joint Parties agree with the IOU's proposed categorization of the consolidated Applications as a "rate-setting" proceeding within the meaning of Rules 1.3(e) and 7.1.

At this time, the Joint Parties do not anticipate the need for evidentiary hearings. However, we reserve the right to call for a hearing if discovery warrants.

The Joint Parties do not currently object to the proposed schedules included in the Applications.

V. CONCLUSION

Regarding this Response, please communicate with the representatives of the Joint Parties indicated below.

Respectfully submitted,

/s/ Vien Truong
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Dated: August 3, 2012

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