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04-17-09
04:59 PM

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

Application of Southern California Edison Company (U338E) for Approval of its 2009-2011 Energy Efficiency Program Plans And Associated Public Goods Charge (PGC) And Procurement Funding Requests.

Application 08-07-021
(Filed July 21, 2008)

Application of Southern California Gas Company (U904G) for Approval of Natural Gas energy Efficiency Programs and Budgets for Years 2009 through 2011.

Application 08-07-022
(Filed July 21, 2008)

Application of San Diego Gas & Electric Company (U902M) for Approval of Electric and Natural Gas Energy Efficiency Programs and Budgets for Years 2009 through 2011.

Application 08-07-023
(Filed July 21, 2008)

Application of Pacific Gas and Electric Company for Approval of the 2009-2011 Energy Efficiency Programs and Budget. (U39M).

Application 08-07-031
(Filed July 21, 2008)

**WOMEN'S ENERGY MATTERS PROTEST OF
IOUS' AMENDED APPLICATIONS FOR 2009-11
ENERGY EFFICIENCY PROGRAM PLANS**

April 17, 2009

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**WOMEN'S ENERGY MATTERS PROTEST OF
IOUS' AMENDED APPLICATIONS FOR 2009-11
ENERGY EFFICIENCY PROGRAM PLANS**

WEM appreciates this opportunity to comment on California Investor-Owned Utilities' Amended Applications for Approval of the 2009-11 Energy Efficiency Program Plans and Budget. We are commenting primarily on PG&E's Application, although some of our remarks apply to all IOUs.

Procedural Background

This proceeding is nearly a year behind schedule for several reasons, including the IOUs' failure to offer compliant program plans in their original filing July 21, 2008. The Commission has taken two rounds of comments (August 28, 2008 and April 3, 2009) on certain policy issues raised by the utilities in their Applications, and is preparing an expedited decision on them.

The March 17, 2009 Ruling invited comments on two additional policy issues that were raised in utilities' amended applications. The distinction between issues appropriate for the April 3rd comments vs. the April 17th comments was not spelled out further in the ruling. Our understanding is that the "policy issues" for comments April 3rd had to do with whether or not these two specific rules or policies should be changed, and the April 17th comments should speak to the issue of whether the applications should be approved, modified or rejected, whether for policy reasons or otherwise.

WEM has identified additional issues that were not mentioned in the Ruling. At the prehearing conference (PHC), we raised questions about IOU programs potentially conflicting with federal stimulus efforts. We also mentioned our longstanding concerns in energy efficiency and procurement proceedings about the fact that energy efficiency is crippled as a resource in part because utilities refuse to reveal the location of energy savings or where the money is spent. The Administrative Law Judge stated, "That is one of the possibilities that we are going to be looking into here. And certainly you can file in your comments on the Applications your thoughts on this matter, too." (3-16-09 PHC Transcript, p. 199) Therefore we raise these and other issues today.

INTRODUCTION

PG&E's Amended Application ("Application") filed March 2, 2009 and revised March 17th and March 25th, begins with a one-page "Summary Overview" (Application, pdf p. 3) that consists of brazen self-promotion coupled with an attack on the Commission and its staff. It sets the tone for the thousand plus pages to come. The company threatens that its 09-11 programs will fail in every respect unless the CPUC allows PG&E to dictate modifications to regulatory policies.

This should be enough for the Commission to pull the plug on PG&E's energy efficiency (EE) programs for 09-11. It is clear that the company is highly resistant to working with the Commission, the ALJ, intervenors, other stakeholders and a variety of energy efficiency providers, for much needed improvements in energy efficiency.

WEM is aware that the Scoping Memo stated:

The general question of whether the Utilities should continue to be the administrators of energy efficiency programs from 2009 through 2011 is not within the scope of this proceeding. (11-25-08 Scoping Memo, p. 11)

We request the Commission to at least consider non-utility administration of some programs, if not the "general question," in view of new developments that could not be foreseen in November, which have a direct impact on the approval process for these applications. These include the federal stimulus programs running concurrently with 2009-11 programs, and at least one utility's failure to file program plans that comply with Commission directives.

At a time when scientists on the Intergovernmental Panel on Climate Change (IPCC) warn that humans need to reduce our greenhouse gas emissions (GHG) by 70% to avert climate catastrophe, the Commission must take a stand. If it is still reluctant to completely remove utilities from the administrative role, it should at a minimum remove certain sectors of the energy efficiency market from utility control, as WEM argues below.

IS THIS AN ENERGY EFFICIENCY APPLICATION OR A STICKUP?

PG&E says it needs to nearly double its spending over 2006-8 (\$942,489,547 in 06-08 to \$1,669,373,473 in 09-11), so that it can reach 141% of its MW goal, 156% of its GWh goal, and 187% of its MTh goal. It might appear that the company is setting its sights

high, if you didn't know that the Commission's independent Evaluation, Measurement & Verification (EM&V) team's final report found that PG&E missed its goals by more than ¼ in the 06-07 period. The Summary Overview seeks to obscure this fact by claiming that the company "has a proven track record of success in administering energy efficiency programs." (Application, pdf p. 3)

Is it PG&E's agenda to force ratepayers to foot an excessively large bill for 2009-11 EE programs, in order to guarantee that PG&E gets the highest level of shareholders incentives rewards?

PG&E's extreme concern with EE profits has been highlighted by company brass, who have haunted Commissioners' offices for the past two years with incessant demands for the Commission to keep lowering its standards for determining energy savings, and to reduce IOU accountability by giving them credit for what's in their applications rather than what they actually produce. The purpose of all this effort was to make it possible for IOUs to get profits on EE.

Let's put this in the context of the cost to ratepayers of PG&E's energy system as well as the 70% reductions needed in GHG emissions. The Commission's energy efficiency goals, set in 2004, sought ½ of one percent reduction in energy system *growth*; in other words, no overall reduction in the size of the system. Furthermore, in D0607029 in the 2006-07 procurement proceeding R0602013, the Commission concluded that ***there was so much uncertainty about the role of energy efficiency programs in reducing future energy demand that it could only assume 20% of the EE goals would actually offset power needs.***

Thankfully, the decision also found that PG&E had inflated its power needs by more than 100%, and that all of its demand growth could be fulfilled with renewables instead of new gas power plants, which utilities previously assumed were needed to address the "net short."

Nevertheless, previous decisions allowed PG&E to expand its fossil fuel resources, including company-built power plants that impact the rate base. Numerous transmission upgrades have also been approved, without full consideration of displacing

them or reducing their size with energy efficiency.¹ PG&E has simply refused to consider the potential for targeting energy efficiency to reduce specific supply side projects, and the Commission has postponed addressing this issue, although WEM has raised it in multiple comments in several proceedings for several years.

PG&E ratepayers have been slammed with “unforeseen” rate increases approaching 20% in the past year alone. The company’s notices to ratepayers attributed the increase to “unexpected” growth in its system and natural gas price hikes.

We could have avoided some or all of these rate increases if PG&E’s energy efficiency programs had been adequately addressing the peak instead of concentrating on compact fluorescents in order for the company to maximize its shareholders incentives.

Oblivious to the plight of Californians who are losing their homes, jobs, retirement and investments, with the economy crashing down around them, utilities were determined to sock ratepayers with more rate increases for undeserved utility profits on EE. The Commission blinked, more than once, and now utilities are becoming even more aggressive.

The Commission is trying to remedy utilities’ past omissions by insisting on more peak reductions, and attempting to mobilize additional sectors of state and local government, schools and universities, and businesses to broaden energy efficiency infrastructure. PG&E appears unable or unwilling to grasp the urgency of the situation. It focuses on quibbling over EM&V and scheming how it can profit from the achievements of others.

What PG&E has provided, nine months after the deadline, is a plan that is dependent on approval of its policy objectives. The application baldly states, over and over again throughout over 1000 pages, that the company will meet none of the Commission’s objectives if it is required to follow the rules.

While it provided a “scenario” in response to what it called the Commission’s mandate, PG&E failed to produce the necessary elements of a *plan* according to that

¹ For example, WEM and others argued that the Jefferson Martin project could be shrunk or replaced with targeted energy efficiency resources, but PG&E refused to acknowledge that that was even a possibility.

scenario. It would therefore be necessary to send the company back to the drawing boards and lose even more time unless the Commission caves in to its demands.

PG&E's has trouble even explaining where to find its mandated scenario budget documents:

PG&E's Statewide, Local and Third-Party Program budgets and projected savings are shown in Table 3-1 below, for PG&E's Proposed Portfolio and Mandated Scenario, in Appendix A, Tables 1.4 and 4.1 and Appendix C – Program Budget Workbook. The budget shown is for both the proposed and mandated scenario before rebalancing, as described in greater detail later in this chapter. (Testimony, pdf p. 133)

Appendix C lacks percentages for quick comparisons, forcing the reader to calculate these separately. Appendix A does have % columns.

A couple things jumped out at us:

Total Administrative Costs for IOU Core Programs: 12.6%, but for Third Parties: 20.6% and for Local Government Partnerships: 20.2%. (App A, Mandated Scenario, Table 4.2)

Marketing budgets are just the reverse:

IOU Core Programs: 10%, Third Parties: 5.0% and LGPs: 5.4% (Ibid)

Why would administration of non-PG&E programs cost 80% more? Why would Third Parties and LGPs need only half the marketing budget? If anything they would need more, since PG&E's core programs benefit far more from "statewide marketing" which primarily promotes IOU efforts. Furthermore, the only thing the company seems to appreciate about local governments is their potential for marketing (mostly) IOU programs:

[G]overnments have the great opportunity to promote offerings within their communities and cities. Governments can not only coordinate and integrate DSM opportunities in each sector or market they influence, but also effectively leverage and promulgate LIEE offerings and promote carbon-neutral programs like PG&E's ClimateSmart program to residents and businesses in their communities.... (Testimony, pdf p. 227)

PG&E's Plans are Still Incomplete; "Need for Rebalancing Portfolio"

PG&E complains bitterly that it "would be compelled to rebalance its portfolio" in order to "improve cost-effectiveness" if it complied with the Commission's current EM&V standards. (Testimony, pdf p. 138).

It claims that its preferred portfolio "maximizes energy efficiency and greenhouse gas (GHG) reductions" — ignoring the fact that *EM&V standards have been updated to ensure that energy savings and GHG reductions are real*, while the outdated numbers PG&E uses in its preferred portfolio are in the realm of fantasy and wishful thinking. PG&E also wants to be credited with what it *says* it will do (before the programs begin) rather than what it actually does do, as measured by the Commission's EM&V teams. The only reason for any of this is so the company can claim more undeserved profits.

There could be no clearer indication that its profits are more important than the planet, to PG&E.

PG&E submitted its latest revisions to its filing March 25, eight months after submitting its initial program plans. But it still has not created a plan that complies with Commission directives! How much longer are we going to play this game?

IOU PROGRAMS VS. FEDERAL STIMULUS PROGRAMS: POTENTIAL CONFLICT AND CONFUSION RE: TRACKING FUNDS AND GHG CREDITS

The world is experiencing an extraordinary economic crisis that is rooted in the tendency for the profit-motive to overwhelm all other values in a weak regulatory environment.²

The Obama administration is now attempting to stimulate the economy by providing tens of billions of dollars of stimulus funds from the American Recovery and Reinvestment Act (ARRA) for energy efficiency and renewables to be administered by cities and states, and billions more for competitive programs in these arenas. *Federal*

² The California energy crisis was a preview of the current disaster, but leadership and the media failed to identify the "sleeper" issue, that Enron could never have played its games with derivatives and off-shore, off-books "vehicles" without the participation of the big banks.

WEM believes that the most important lesson of both crises is that most people come equipped with a healthy sense of ethics and moral values; only a tiny number of sociopaths really want to spend their lives searching out opportunities for themselves to make a killing regardless of the consequences to others. However, if society treats this behavior as normal, even admirable — a path to career advancement and social success — it systematically trains people to ignore their values and perceptions and follow suit.

guidelines mandate that these expenditures and achievements be tracked separately from existing programs.

Continued utility administration of energy efficiency would create confusion, because utilities are fiercely motivated to blur the distinction between others' achievements and their own, in order to grab more profits. In its Application, PG&E seeks to gain more attribution of energy savings for itself, in order to maximize shareholders incentives as well as carbon credits.

For example it wants to claim credit for all EE installed as a result of financing mechanisms, whether or not utilities had any role in the financing; or more of the credit for codes and standards, which is primarily due to the Energy Commission and local governments; plus credit for the work of its partners, contractors, and customers.³

Local Governments Request Independent Administration

In its 3-11-09 comments prior to the 3/16/09 PHC and the All-Party meeting on the federal stimulus, the Local Government Sustainable Energy Coalition (LGSEC) asked the Commission to consider an independent administrator for Local Government programs:

The CPUC should consider the efficacy of having the CEC administer the local government programs during the next program cycle, when the stimulus funds will be in effect. It should be noted that the CEC will evaluate projects using the guidance provided by AB 2176, which sets a limit on administrative costs of 5%. (LGSEC 3/11/09 Comments p. 6)

WEM agrees that independent administration for these programs would be the best solution, because of the potential for conflict and confusion between the IOU system and work funded by federal stimulus dollars.

Conflict regarding the attribution of energy savings already exists, with or without the stimulus package. LGSEC raised this issue:

Credit for projects administered under a local government partnership that involve public goods charges should fall to the local government partnerships. (LGSEC 3/11/09 Comments, p. 5)

WEM's comments on the Strategic Planning process noted that subjecting local governments in IOU territories to the authority of utilities is a fundamental distortion of

³ The utilities have used the Climate Registry, led by an Edison VP, to register credits that rightfully belong to their customers by claiming full credit for energy efficiency upgrades for which customers paid most of the costs.

the concept of democracy. The Commission subsequently took charge of the Strategic Planning process, relieving utilities of this role.

For the same reason, it should reconsider the advisability of making local governments subject to utility control, via Local Government Partnerships.

The current process to fulfill the Strategic Plan is upside down. Rather than cities, counties, and state agencies being required to come hat in hand to submit their proposals to IOUs, the utilities should be required to bid in a fair process against other EE providers to serve state and local governments.

WEM appreciates the Commission's hope that utilities would assist local governments and state agencies, to bring them up to speed in energy efficiency. However, the Commission should recognize that utilities are not the only parties with expertise in EE, and we have reason to believe that they are not the best teachers.⁴

PG&E acted to undermine rather than assist, advise and mentor non-utility energy efficiency providers in 2006-08 programs. Whether inadvertently or by design, it crippled third-party programs and partnerships by refusing to sign their contracts until the last quarter of 2006, and wasted another year quibbling with them about program plans and measure lists, leaving them only one full year out of the three year cycle to implement programs. These facts are borne out in PG&E's quarterly reports, which showed it had expended only 12% of program funds by the end of 2007.

This bodes ill for the company's collaboration with the many public and private actors envisioned in the Strategic Plan.

If the Commission is unwilling to consider a system-wide independent administrator in this proceeding, WEM recommends that the Commission adopt one of the following options for local governments in 2009-11: name the CEC as administrator as LGSEC recommends; allow local governments to administer their own programs; and/or facilitate a process for LGs to utilize EE funds to collectively create an

⁴ From 2002-2005 the Commission provided 20% of EE funds for an experiment with independent administration. In their very first year of operations, 49 out of 50 independent entities delivered more energy savings per dollar than all California utilities, according to an independent review of all program reports. The Commission ended independent programs and restored control of all EE dollars to IOUs in 2006-08 programs, assuming that IOUs would access superior savings by contracting with third parties and government partners.

independent administrator for programs in the “partnership” category, including LGPs, Green Communities, and schools.⁵

IOUS SHOULD GET LIMITED PROFITS FROM FINANCING MECHANISMS

The Application requests the Commission to clarify that EE savings “will not be reduced or eliminated as free-ridership because the customer was motivated by the availability of financing.” PG&E argues that utilities should get their full shareholders incentives when customers adopt EE measures because of the availability of OBF “or other financing arrangements involving either PG&E or independent financing entities.” (Application, p. 30)

WEM opposes this utility grab for undeserved profits (and credit for GHG reductions). In addition to measures motivated by On-Bill Financing, this could apply to AB811 or “Berkeley First” programs, as well as Federal Stimulus funds from the American Recovery and Reinvestment Act (ARRA). Even loans accessed by customers could be included.

WHY TRIPLE THE EE RATE INCREASES FOR DIRECT ACCESS/ CCAs?

Exhibit C of the Application shows “Illustrative Revenue Increase.” It reveals average electric rate increases of 6.8% (4.8% for Residential) for “Direct Access Service” including Community Choice Aggregators (CCAs). There are similar percentage increases for gas.⁶ *These are more than double and triple the 2.2% rate increases for bundled customers.* The increases are discussed in the Testimony, Chapter 6, but we found no explanation for this disparity.

The Commission should not allow utilities to impose discriminatory charges on CCAs, Direct Access or Departed Load.

(Note that these increases do not reflect the entire charge for energy efficiency – only the increase above current rates, which already include bridge funding.)

⁵ WEM notes that the Community Choice law, AB117, provides statutory support for independent administration.

⁶ The rate increase for “Departed Load” is 12.2% i.e. for new public power jurisdictions. xxx

THE COMMISSION SHOULD MODIFY OR REMOVE UTILITY ADMINISTRATION OF RESIDENTIAL PROGRAMS⁷

Among its threats, PG&E's Application says it would "reduce or eliminate residential energy efficiency offerings." We saw how little PG&E cared about residential energy efficiency in 06-08 programs where it devoted only 13% of its funds to "residential" programs. (Only part of these funds went to occupants of homes. Some were sent away "upstream" to manufacturers and retailers and others went to landlords.)

In 2006-08 most of the funds were spent on CFLs, which were simply tossed to the masses with scant concern about whether they were placed in sockets or left in drawers.⁸

The Amended Testimony (pdf p. 157-158) claims that it will institute a "whole house" approach to produce more comprehensive savings.

...[T]he retrofit home energy efficiency market is underserved due to the high transaction costs of dealing with many small customers that each result in small energy savings. (Testimony, p. 157)

It certainly is high time for PG&E to tackle this underserved market. Unfortunately, PG&E's 2009-11 budget still devotes only 19% of the funds to the residential sector, even though residential customers contribute approximately 38% of EE funds. This guarantees that it will continue to be underserved.

The company says it will try some new things to improve delivery to the residential market. These include a 6-month pilot in 2009:

...to add incentives, marketing, contractor field support, and quality assurance to demonstrate the practicality of building the infrastructure and market for comprehensive home retrofits. (Ibid)

⁷ As noted above, the Scoping Memo states that the administration of energy efficiency is beyond the scope of this proceeding. The standard offer model provides the option of retaining IOUs as administrators, but changing the contracting and delivery mechanism for residential programs.

⁸ PG&E's Application claims that its policy modifications are "necessary to maximize cost-effective energy savings and to facilitate a long-term market transformation." PG&E's failure to commit to market transformation is exemplified by its continued insistence on making compact fluorescent lights the centerpiece of its programs; indeed, the company's web search page for regulatory documents shows a compact fluorescent light enshrined like a holy icon along with the company's logo. However, in-depth studies demonstrate that the CFL market has been largely transformed and it's time to move on to focus on other measures.

WEM has no doubt that PG&E can improve its residential offerings. There's no way to go but up. ***The issue we ask the Commission to consider is that almost anyone could do a better job, probably better than PG&E.***

PG&E virtually admits that it has had little to offer in the way of residential programs. Why should we expect them to do a good job? If they need to run a pilot project to figure out how to serve the largest EE market in California — one with enormous, virtually untapped potential — there's a problem!

WEM studied a system in Texas for our administrative structure proposal in 2004. That system had 40% more savings per dollar compared to California at that time, and seven times the number of contractors implementing programs (all of them using independent program designs), even though the budget was 1/5 the size of California's. CFLs were not allowed because they have less than a 10-year measure life, and Texas required a minimum Effective Useful Life (EUL) of 10 years.

The majority of the work was in the residential sector. The programs resulted in more comprehensive work than anything we've had in California, although there was nobody dictating how to deal with "comprehensiveness" or "lost opportunities." It simply made economic and practical sense for networks of small businesses to provide as many services as possible at each site.

The most significant differences that accounted for the superiority of Texas programs were that (1) utilities were not allowed to design or operate programs in Texas, (2) programs were not selected by utilities, they were "first come, first served" in a fast, fair selection process called a Standard Offer, (3) the system only paid for performance, and (4) half the work had to be completed 75 days from the date of the contract award, and 100% had to be completed in a year.

This is the direction we need to go in for residential EE in California. It would take less time than PG&E's 6-mo. pilot to set up a standard offer process. PG&E could even be the nominal administrator, like the utilities in Texas. (This involves little more than posting contract notices on a website). We wouldn't have to endure any more of PG&E's pathetic claims about how "nimble" they are, or pay for pilots, or be disappointed with how little we got for our money at the end of a three-year cycle. We

could save more GHG, provide many more jobs, and create a thriving EE infrastructure — all that, at a fraction of PG&E's costs.

Surely the folks at Real Goods or the Rocky Mtn. Institute, and the peak oil kids at California universities could do a better Zero Net demonstration home and laboratory for far less than the cost PG&E proposes, and with more widespread practical application. None of the Standard Offer or Zero Net implementers would insist on 12% profits for learning on-the-job, like PG&E does.

WEM REQUESTS HEARINGS ON THE USE OF ENERGY EFFICIENCY AS A RESOURCE

In our 8-28-08 Comment, WEM requested hearings and/or workshops (but preferably hearings) on the use of EE in relation to grid resources. We repeat that request today, and ask that the Commission make it a top priority. This is especially important now that utilities claim they will provide more peak reductions, including critical peak loads.

PG&E testimony in 2007 in the procurement proceeding R0602013 revealed that the company's procurement and energy efficiency departments did not communicate with each other and were unable to visualize the use of energy efficiency to reduce peak load. In the interest of the environment as well as energy affordability, the Commission should require sworn testimony and cross-examination as to what specific internal procedures utilities have undertaken to rectify this situation. We should not assume that mere statements of intent are sufficient to reverse decades of indifference to this issue.

Failure to project and utilize EE as grid resources causes unnecessary expenditures for power procurement, transmission and distribution, as well as unnecessary GHG emissions. There could also be reliability problems if projected savings are not delivered.

Utilization of specific energy efficiency projects to reduce and/or defer specific supply-side resources would finally set us on a course to achieve the 70% reductions in GHG emissions that scientists of the IPPC believe are essential.

Utilize New England ISO guidelines to coordinate EE with procurement

WEM has urged the Commission to coordinate energy efficiency with procurement (see WEM's 8-28-08 Comment on IOU Applications in this proceeding). To this end, we provided the Commission with the New England ISO's protocols for measurement and verification of energy efficiency to ensure compatibility with other grid resources.

PG&E and other IOUs claim that their 09-11 portfolios will reduce critical peak load. These claims should be put to the test. EM&V should be reconfigured and scheduled with enough frequency to ensure compatibility of energy efficiency with procurement purposes, per New England ISO guidelines.

SEPARATION OF PGC AND PROCUREMENT FUNDS NEEDED

We found no discussion in PG&E's application about which elements of the budget are funded by Public Goods Charge funds vs. which are funded by procurement funds. This deficiency should be corrected.

WEM proposes that the Commission allocate EM&V funding out of PGC funds. This would ensure the independence of EM&V and would also provide for both CCAs and federally-funded programs to utilize the EM&V system for their own needs.

In addition, D0501055 indicates that the Commission may modify the allocation of PGC funds in CCA territories.

Nothing in today's decision prevents the Commission from modifying the process for allocating PGC funds to Community Choice Aggregators in the future, or revisiting the question of whether CCA customers should be relieved of their responsibility for energy efficiency PGC and procurement surcharges if the CCA elects to take over these functions. (D0501055, Conclusion of Law #6)

Two CCAs are expected to begin serving customers within the timeframe of the 2009-11 program cycle. Therefore we once again request that the Commission address the question of energy efficiency under CCAs.

THIRD PARTY PROGRAMS

The Program Review Group (PRG) complained that the solicitation process is excessively time-consuming, that there was a dearth of "quality" third party program

(TPP) proposals, and questioned “whether or not this process is yielding the most innovative and effective proposals as intended by the Commission.” (PRG, p. 14)

Throughout the PRG process, it became apparent that many, if not most, of the third party proposals did not meet expected quality standards. However, as noted by PG&E, if they rejected every proposal that was incomplete or poorly written, they would have had an insufficient pool of proposals from which to choose. As noted in more detail below, this illustrates the need to more thoroughly assess the current third party bidding process for areas of improvement. (PRG, p. 9)

The ability of third parties to articulate their “innovative” ideas and spend a great deal of non-recompensed time to write complex proposals a year or more in advance of program commencement *may or may not correlate to their ability to deliver cost-effective energy savings.*

The PRG complains:

[T]he utilities did not consistently receive programs that captured the various definitions of innovation established by the PRG and IOUs...In the PRG’s view, the competitive solicitation process has become merely a complicated and time-consuming extension of the utilities’ core programs... Therefore, while the PRG believes that there may be value in continuing to seek out and utilize third parties and utilizing competition to build the market of energy efficiency implementers, the PRG is not convinced that the current process is the right one. (PRG, p. 15)

WEM believes that the requirement for third parties to be “innovative” may be misplaced. A more important question is whether TPPs could deliver *ordinary* OR *innovative* energy savings in a more user-friendly and less costly way than utilities, as independent TPP programs were able to do in the experimental era, 2002-2005.

PARTNERSHIP PROGRAMS

The question of “innovation” by Local Government Partnerships (LGPs) is interesting.

The PRG reported that in PG&E territory:

The LGP partners that the PRG conducted phone interviews with all seemed to understand that the components of their program proposal that were deemed ‘innovative’ were removed from the plan to be discussed at a later time under a separate process, although most were confused about when that would be. (PRG, p. 20)

It’s instructive that the PRG found a lack of innovation in third party proposals, but when LGs proposed innovations, PG&E removed them!

The PRG reports that LGPs were also jerked around regarding their budgets:

Furthermore, the majority of partners that the PRG spoke with noted that their budget and savings goals were reduced to a level that would only allow for a two-year program, with the possibility of extension depending on whether or not they meet their identified milestones. However, while some partners understood that this was essentially a ‘pay-for-performance’ approach and they would receive additional funds if they met goals, others were not entirely confident that there would be money for them to continue even if they were successful. (PRG, p. 21, emphasis added)

The lack of historical context in the PRG’s report is troubling. It fails to note that in the last round of programs, PG&E arbitrarily reduced LGP budgets and never restored them. (LGPs reported to WEM that PG&E also permanently removed their innovative program proposals and made LGPs essentially subcontractors to utilities.)

A bit of recent history: PG&E delayed signing LGP and TPP contracts until the last quarter of 2006, nine months after programs were supposed to start. It reportedly wasted another year quibbling over measure lists — so they had little more than a year to execute their programs.

“Success” had nothing to do with it. This was raw abuse of power, and it appears to be shaping up again in PG&E’s relationship with its 2009-11 LGPs. Unfortunately the PRG failed to fully connect the dots.

Clearly, if PG&E continues to hold back 1/3 of their budgets, the abused LGPs will be left in a state of anxiety wondering how to please the master.

Currently, many cities and counties in California are in various stages of trying to break away from PG&E to procure and manage their own power resources under “Community Choice (“CCA”).” Many of these local governments currently have LGPs (and all the others would qualify for the “Green Communities” program).

Whether or not PG&E intentionally created a process to pit LGP elected officials and staff against the interests of their communities, it created a mechanism that could be used for just that purpose, and this has not escaped the awareness of LGPs.

Many will recall that PG&E denied the application of the Yolo Co. partnership (YEPP) for 2006-08 programs, although it performed as well as other partners in 2004-05. This was clearly an act of retribution against Yolo Co. for daring to try to establish public power by annexing with SMUD.

For PG&E, which missed its goals by a mile in 2006-07, to try to justify its mean-spirited manipulation (not to say blackmail) of LGPs by posing as a responsible administrator trying to ensure that LGPs meet their goals, is disingenuous to say the least.

Bottom line, PG&E should provide three-year budgets for LGPs and provide the same continuity that the company's own mediocre programs enjoy.

PG&E'S MISUSE OF EE TO FIGHT COMMUNITIES SEEKING CLEAN ENERGY

PG&E is currently involved in major battles in communities that seek energy democracy, which are motivated largely by the desire for cleaner and more affordable energy and the urgent need to fight pollution and greenhouse gases. Environmental advocates in the leadership of these efforts in Marin are appalled at the company's failure to meet the state's renewable energy goal of 20% by 2010. (PG&E has only 12-13% renewables, *less* than it had in 2003 when the Renewable Portfolio Standard was passed.)

We shudder to consider the expanded possibilities in the lavishly funded 2009-11 EE budget for PG&E and other IOUs to foster political corruption through the process of administering LGPs and Green Communities. Both structures offer juicy opportunities for IOUs to meet with local government officials and staff, and exert influence through the IOUs' virtually unlimited discretion to use energy efficiency funds where they see fit.⁹

PG&E has deployed senior executives as well as its manager in charge of solar DG, and hired lobbyists to fight Community Choice and public power throughout northern California. Their presentations to city councils in Marin have included charts showing nuclear power as "green," false statistical comparisons based on altering the community's data, and phony claims about the "success" of the company's energy efficiency programs.

Their favorite ploy in Marin is to offer "partnerships" with the cities and/or county which claim to provide better deals than ratepayers get in other parts of their territory (an ethically questionable proposition even if it were true). Over the past 18

⁹ In comments in this and other CPUC proceedings, WEM has frequently expressed concern about the Commission's failure to require tracking or reporting of *where* EE funds are spent.

months, PG&E representatives have repeatedly promised to get approval from this Commission “in six months” for a 100% green tariff for Marin customers, and offered increased assistance for solar and energy efficiency projects in Marin.

In Novato (Marin Co.) on Feb. 10th of this year, PG&E lobbyist Joe Nation promised On-Bill Financing “or a different approach for financing” energy efficiency, and offered to “provide capital for an AB811-type program” (i.e. energy efficiency as well as solar). Chris Warner, PG&E’s general counsel confirmed that PG&E would consider being a lender: “we would look at any practical viable option.”

PG&E’s letter to Charles McGlashan, Pres. of the Marin Board of Supervisors, specifically connected its offer to increase benefits for Marin with its opposition to Community Choice:

Thank you for meeting with us on April 23rd to discuss ways that PG&E and Marin can continue to work together on energy issues. As we discussed at the meeting, while we are skeptical that the CCA Business Plan will deliver the anticipated benefits (significant reductions in greenhouse gas emissions at little or no cost), we share your vision and goals of providing more renewable energy and greenhouse gas reduction opportunities to the residents and businesses in Marin.

The letter ended:

PG&E appreciates that the county and some of Marin’s cities and towns also manage programs designed to encourage efficient energy use and production of electricity from renewable resources. These programs go beyond those currently covered by the Marin County Energy Watch, a joint project of PG&E and the County of Marin, funded by PG&E’s public goods fund. **PG&E believes that there are opportunities to help coordinate the administration of these programs with those managed by PG&E in order to improve the efficiency and effectiveness of program delivery and explore additional funding sources as well as technical and marketing support.** We look forward to discussing such opportunities with you at our next meeting.... Sincerely, Thomas E. Bottorff, Sr. Vice President, Regulatory Relations (5-15-08 PG&E letter to Sup. McGlashan, emphasis added)

NOT-SO-CLIMATE SMART

The Commission shouldn’t be misled by programs like “ClimateSmart,” where PG&E shakes down conscientious people for money and donates some of it to forest preservation. Unfortunately for the environment, the program’s most important product

is greenwashing — cleverly diverting attention from the environmental destruction and negligence of PG&E’s everyday business practices.

PG&E still refuses to offer tree-planting as part of the energy efficiency programs that are already covered in our rates. By contrast, Sacramento Municipal Utility District (SMUD) plants trees as a conservation measure — at no extra charge — and SMUD’s rates average 30% less than PG&E’s. In addition to the climate change benefits of absorbing CO₂, Sacramento’s leafy streets lower the temperature of the city several degrees, so air conditioners need less power.

There may be many caring people who work for PG&E, but that doesn’t change the fact that gross polluters like PG&E support the work of environmental and other civic organizations in order to fool people. This includes assuaging the guilt of their employees. The company gains immeasurably when caring people begin to view the company as a friend, focusing on minor benefits and failing to hold the company responsible for the larger damages it causes.

The Commission should require PG&E to plant trees for conservation, as part of its EE portfolio. It should order the company to cancel the ClimateSmart program, and all other “gifts” to non-profit organizations. If the company truly wants to “contribute to society” instead of glorifying its self-image and interfering with democratic processes and civil discourse, it should put all charitable contributions into a blind trust, to be donated *anonymously* to community foundations, or the CEC, for distribution to organizations that will never learn where it came from, and will never for one minute feel that they have to be careful what they say about PG&E to make sure the company continues to support them.

The Commission should mount an immediate investigation into what extent PG&E has used energy efficiency funds for lobbying or other political purposes.

CONCLUSION

With the poles melting and fires raging, it’s time to get serious about energy efficiency. The Commission should reject PG&E’s Application in whole or in part. It should thank utility staff for whatever good-faith efforts they have made, but move quickly to establish independent administration of energy efficiency for local governments and residential

programs as discussed in this comment, or for the whole system. California cannot afford another three years of recalcitrant utility leadership playing self-serving games at the expense of ratepayers and the environment while suppressing crucial energy savings.

Dated: April 17, 2009

Respectfully Submitted,

/s/ Barbara George

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CERTIFICATION OF SERVICE

A0807021, A0807022, A0807023, A0807031

I, Barbara George, certify that on this day April 20, 2009 I caused copies of the attached **WOMEN'S ENERGY MATTERS PROTEST OF IOUS' AMENDED APPLICATIONS FOR 2009-11 ENERGY EFFICIENCY PROGRAM PLANS** to be served on all parties by emailing a copy to all parties identified on the electronic service list provided by the California Public Utilities Commission for this proceeding, and also by efilng to the CPUC Docket office, with a paper copy to Administrative Law Judge David Gamson and Presiding Commissioner Dian Grueneich.

Dated: April 20, 2009 at Fairfax, California.

/s/ Barbara George

DECLARANT

(Electronic service List attached to original only)

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