

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE
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August 19, 2008

Agenda ID #7862
Quasi-legislativeTO PARTIES OF RECORD IN RULEMAKING 08-07-011 AND
APPLICATION 08-06-004

This is the proposed decision of Commissioner Dian M. Grueneich. It will not appear on the Commission's agenda for at least 30 days after the date it is mailed. The Commission may act then, or it may postpone action until later.

When the Commission acts on the proposed decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Parties to the proceeding may file comments on the proposed decision as provided in Article 14 of the Commission's Rules of Practice and Procedure (Rules), accessible on the Commission's website at www.cpuc.ca.gov. Pursuant to Rule 14.3, opening comments shall not exceed 15 pages.

Comments must be filed either electronically pursuant to Resolution ALJ-188 or with the Commission's Docket Office. Comments should be served on parties to this proceeding in accordance with Rules 1.9 and 1.10. Electronic and hard copies of comments should be sent to ALJ Gamson at dmg@cpuc.ca.gov and Commissioner Grueneich's advisor Jamie Fordyce at jbf@cpuc.ca.gov. The current service list for this proceeding is available on the Commission's website at www.cpuc.ca.gov.

/s/ ANGELA K. MINKIN
Angela K. Minkin, Chief
Administrative Law Judge

ANG:rbg

Attachment

Decision **PROPOSED DECISION OF COMMISSIONER GRUENEICH**
(Mailed 8/19/2008)**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Develop the Commission's Energy Efficiency Strategic Plan.	Rulemaking 08-07-011 (Filed July 10, 2008)
Joint Application of Pacific Gas and Electric Company (U39E), Southern California Edison Company (U338E), San Diego Gas & Electric Company (U902E), and Southern California Gas Company (U904G) Submitting the California Energy Efficiency Strategic Plan.	Application 08-06-004 (Filed June 2, 2008)

**DECISION ADOPTING THE CALIFORNIA
LONG-TERM ENERGY EFFICIENCY STRATEGIC PLAN****1. Summary**

Today, we adopt the California Long-Term Energy Efficiency Strategic Plan (Plan), and require that the adopted strategies begin to be incorporated into energy efficiency programs starting in 2009. Attachment A contains a copy of the Plan.¹

Our adoption of the Plan culminates a collaborative process involving the Commission's major regulated energy utilities – Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric

¹ Materials relating to the development of the Plan, including public input and workshop materials, can be found at www.californiaenergyefficiency.com.

Company, and Southern California Gas Company -- and over 500 individuals and organizations working together over an eleven-month period. The Plan sets forth a roadmap for energy efficiency in California through 2020 and beyond, by articulating a long-term vision and goals for each economic sector and identifies specific near-term, mid-term and long-term strategies to achieve the goals.

2. Background

The 2005 Commission and California Energy Commission's (CEC) Energy Action Plan II, declared: "[The] goal is for California's energy to be adequate, affordable, technologically advanced, and environmentally-sound...[C]ost effective energy efficiency is the resource of first choice for meeting California's energy needs. Energy efficiency is the least cost, most reliable, and most environmentally sensitive resource, and minimizes our contribution to climate change."²

Pub. Util. Code § 454.5(b)(9)(C) requires utilities to first meet their "unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible." With three decades of leadership and innovation in the public and private sectors, California leads the nation and perhaps the world in developing and implementing successful energy efficiency efforts. As the CEC notes in its 2007 Integrated Energy Policy Report (IEPR): "Energy efficiency, which helped to flatten the state's per capita electricity use, will continue to be the keystone of California's energy strategy. California's building and appliance standards have saved consumers more than \$56 billion in electricity and natural gas costs since 1978 and averted building

15 large power plants. It is estimated the current standards will save an additional \$23 billion by 2013.”³

In Decision (D.) 07-10-032 (our Interim Opinion on issues relating to future savings goals and program planning for 2009-2011 energy efficiency and beyond), we required the utilities to create an energy efficiency strategic plan, with the assistance of Commission staff and consultants as necessary.

D.07-10-032 envisioned the Plan would include, at a minimum, the following major items:

- Long-Term Guidance Through 2020;
- Demand-Side Integration Strategies;
- Market Transformation;
- Programmatic Initiatives/Big, Bold Energy Efficiency Strategies (BBEES);
- Best Practices, Portfolio Diversity, and Innovation;
- Local Government Roles; and
- Low-Income Energy Efficiency.

D.07-10-032, Ordering Paragraph 5, required the final proposed strategic plan to include:

An outline of the strategies underlying design and implementation of 2009-2011 energy efficiency programs, as described in this order and with specific attention to residential new construction, commercial new construction and heating/ventilation/air conditioning programs; an outline of activities and milestones for

² “Energy Action Plan II, Implementation Roadmap for Energy Policies,” California Energy Commission and California Public Utilities Commission, September 21, 2005.

³ California Energy Commission, 2007 Integrated Energy Policy Report (2007 IEPR), adopted December 5, 2007, Energy Commission-100-2007-008-CMF.

implementing energy efficiency programs and strategies through 2020, as discussed in this order, and consistent with the Energy Efficiency Policy Manual and the policies and objectives set forth in this order. The strategic plan shall include proposals for industrial energy efficiency programs as set forth herein. In addition, the final proposed strategic plan shall include a list of all major comments received on the draft plan, and the utilities' response as to the disposition of each.

D.07-10-032 also stated that the strategic plan should reflect a balance between long-range strategies to achieve all cost-effective energy efficiency, and specific actions to achieve near-term savings goals. The strategic plan was to identify, at least generally, the program areas and associated strategic implementation activities needed through 2020 to achieve our goal of implementing all cost-effective energy efficiency. The strategic plan also was to identify specific activities and implementation milestones to carry out in the 2009-2011 program cycle, both by utilities and by other players participating in the strategic plan's preparation.

In D.07-10-032, we provided that the process for developing the strategic plan should be inclusive and promote a broad exchange of ideas and analysis. We were particularly interested in the participation of governmental stakeholders beyond our jurisdictions, including publicly-owned utilities and local governments, as well as regional energy efficiency entities such as the Northwest Energy Efficiency Alliance. We directed our staff to ensure a broad set of stakeholders would be invited to participate in this process, stretching beyond those organizations typically seen in Commission proceedings, and invited the continued collaboration with CEC staff.

The utilities served a draft of their California Energy Efficiency Strategic Plan on the Commission staff and all parties to Rulemaking (R.) 06-04-010 on

February 8, 2008.⁴ Pursuant to a Ruling⁵ a supplement was filed on March 6, 2008. In addition, the investor-owned utilities (IOUs) established a joint California Energy Efficiency Strategic Planning web portal (www.californiaenergyefficiency.com) where the utilities posted all strategic planning working meeting agendas, key reference documents and work products, draft plan and all written stakeholder comments received on the plan.

3. Application 08-06-004, R.08-07-011, and the Commission Draft Long-Term Energy Efficiency Strategic Plan

On June 2, 2008, Southern California Edison Company, Pacific Gas and Electric Company, San Diego Gas & Electric Company and Southern California Gas Company (collectively, the Utilities) jointly filed Application (A.) 08-06-004, proposing a California Energy Efficiency Strategic Plan (CEESP). In their joint filing, the Utilities proposed statewide goals, outcomes and strategies that they believe will positively affect the wide-ranging energy market decisions occurring everyday in California and beyond. As directed by D.07-10-032, the CEESP application resulted from a collaborative process among a broad set of stakeholders, a process involving dozens of workshops and hundreds of participants. The Utilities worked closely with the Commission's Energy Division in crafting the CEESP application.

⁴ D.07-10-032, OPs 1 and 2, required the joint utility Energy Efficiency Strategic Plan to be filed February 1, 2008. An assigned Commissioner's Ruling dated January 31, 2008 extended this deadline to February 8, 2008.

⁵ Assigned Commissioner's and Administrative Law Judge's Ruling Requiring Supplement of Preliminary Energy Efficiency Strategic Plan, dated February 15, 2008.

On July 10, 2008 we opened a new rulemaking (R.08-07-011) in continuation of our efforts to ensure efficient use of energy resources in California through development of a Commission-sponsored California Strategic Plan for Energy Efficiency through the year 2020 and beyond (now called the California Long-Term Energy Efficiency Strategic Plan and referred to herein as the Plan). As discussed in R.08-07-011, we appreciate the considerable efforts the Utilities and stakeholders undertook to develop the CEESP application. However, instead of approving, rejecting or modifying the joint Utilities' CEESP application, we incorporate the efforts made by all of the participants into a Commission-approved Plan, on behalf of the state of California. This process allows for development of a record and consideration of ideas above and beyond the detailed strategies and implementation plans discussed in the joint Utilities' CEESP application. Procedurally, R.08-07-011 was consolidated with A.08-06-004, including all record documents in the joint utility application and all attachments to the June 2, 2008 filing.

On July 14, 2008, a Ruling was issued seeking comments on a Commission draft Long-Term Energy Efficiency Strategic Plan (draft Plan), as anticipated by R.08-07-011. The draft Plan follows the direction given in D.07-10-032 and embraces four specific goals, known as the "Big Bold Energy Efficiency Strategies," or Programmatic Initiatives, established by the Commission in D.07-10-032 and D.07-12-051:

1. All new residential construction in California will be zero net energy by 2007;
2. All new commercial construction in California will be zero net energy by 2030;

3. Heating, ventilation and air conditioning will be transformed to ensure that its energy performance is optimal for California's climate; and
4. All eligible low-income customers will have a meaningful opportunity to participate in the Low-Income energy Efficiency program and will be provided all cost-effective energy efficiency measures in their residences by 2020.

A prehearing conference and workshop was held on July 18, 2008. In R.08-07-011 and at the prehearing conference, the issues in the proceeding were identified in the following questions for parties to address:

- What strategies encompassed in the CEESP application should be adopted in a Commission Strategic Plan?
- What strategies delineated in the CEESP application should be modified for adoption in a Commission Strategic Plan, and how?
- What strategies not discussed in the CEESP application should be added and adopted in a Commission Strategic Plan?
- What strategic roles should the Commission take in working with other governmental agencies and other non-jurisdictional stakeholders in support of a Commission Strategic Plan?
- What market transformation strategies, including new or different organizational structures, should a Commission Strategic Plan address or contemplate?
- How should a Commission Strategic Plan coordinate energy efficiency plans with demand response plans and solar programs?
- What specific low-income energy efficiency strategies should be encompassed in a Commission Strategic Plan?
- What process should be used to update the Commission Strategic Plan?

4. Positions of Parties

On July 9, 2008, the Division of Ratepayer Advocates (DRA), The Utility Reform Network (TURN) and the City and County of San Francisco (CCSF) ⁶ filed protests to the joint utility CEESP, while the Natural Resources Defense Counsel (NRDC) filed a response. On July 31, 2008, the joint utilities filed replies to the protests and response to the joint utility CEESP. Also on July 31, 2008, over a dozen additional parties filed initial comments on the Commission draft Plan. On August 7, 2008, parties filed replies to comments on the Commission draft Plan. Parties' comments and replies to the Commission's draft Plan are summarized in Appendixes 1 and 2, respectively.

On August 12, 2008, Secretary Rosario Marin of the California State and Consumer Services Agency, and chair of the Governor's Green Action Team, wrote to express support for the Commission's Strategic Plan. The United States Department of Energy, by letter dated August 5, 2008, also expressed support, noting the consistency of the California Plan with the National Action Plan for Energy Efficiency and pledging to collaborate in implementation of the Plan. On August 15, 2008, the State Department of Conservation stated its support for the Plan, and its commitment to work in particular on the local government goals and strategies described in the Plan.

5. Discussion

Because of the importance to California of developing far-sighted, robust energy efficiency programs, we want to embrace a long-term energy efficiency

⁶ The City and County of San Francisco (CCSF) incorrectly filed "Comments" in R.06-04-010 instead of this docket. The comments were subsequently refiled in the correct docket.

strategic plan as our own on behalf of the state of California. The draft Plan – which built upon the many efforts leading up to the joint Utility CEESP -- articulated our ongoing commitment to a long-lasting vision of continuous improvement, whether through utility programs we authorize, partnerships with other governmental agencies, or other important public initiatives. The draft Plan showed that we intend to lead the way to achieve the next generation of energy efficiency through all possible means at our disposal. To accomplish this, the draft Plan discussed our intent to undertake and engage actions by leaders and stakeholders both within our regulatory jurisdiction and beyond, recognizing that the various actors must work collaboratively over the long-term to leverage all of the available resources to change the way Californians use energy at home and at work.

We adopt the modified California Long-Term Energy Efficiency Strategic Plan (Plan), which is Attachment A to this decision. Based on comments of parties, a number of changes have been made from the draft Plan to the Plan we adopt today. These changes include:

- **Market Transformation:** A number of parties called for more language on the topic of market transformation. NRDC, Community Environmental Council, TURN and DRA commented that the Commission should establish a schedule for adopting definitions and metrics for evaluating progress toward the market transformation goals envisioned by the Plan. While, due to time constraints, a schedule was not developed, the discussion on market transformation in the Plan has been substantially expanded. The Plan recognizes that work remains in developing rules and guidelines for tracking market-transformation but it also presents a clear definition of the term and affirms market transformation as a unifying objective of the Plan itself.
- **Lighting:** DRA and NRDC called for greater attention to lighting measures within the Plan. In particular they suggest the Plan

should call out a holistic approach to lighting measures to maximize long-term savings, and move utility programs into step with market changes. Accordingly we have added a discussion of the lighting market, emerging lighting technologies, and have defined new strategies within both the Residential and Commercial chapters to engage the next generation of lighting programs. In addition we respond to party comments (DRA, TURN) on the importance of proper compact fluorescent light (CFL) disposal, and suggest strategies to address the management of toxics in lighting disposal.

- **California Alliance:** A number of parties, including CCSF, Community Environmental Council, DRA, and the Municipal Utilities, emphasized that the objectives of the plan would be particularly well-served in later stages by coordination under a broader alliance. A dedicated California Energy Efficiency organization with membership and mandate to match the scope of the goals presented in the Plan could be organized on a non-profit or quasi-governmental basis. While the Commission has limited authority to unilaterally implement this recommendation, we generally agree that the scope of the Plan demands a broad-based alliance which invites participation by all stakeholders. The Plan now reflects this aspiration. However, until such an entity is formed, the Commission will continue to take the lead in moving the Plan's directives forward, with increasing participation by non-Commission and non-IOU entities.
- **Demand Side Management Coordination:** Several parties suggested ways in which the chapter on Demand Side Integration and Coordination could be strengthened. We have incorporated DRA's suggestion that conservation and behavioral impacts is a critical component of demand side management. We have also recognized that new technologies associated with the advanced metering initiative and Smart Grid can and should result in energy savings due to conservation. In response to IOU comments, we have also added discussion on the need to better integrate Commission proceedings in the area of demand side management, in order to enable offerings of integrated packages and maximize savings opportunities.

- **Financing**: The IOUs and others suggest that the topic of financing receive greater emphasis within the Plan. We agree that innovative financing mechanisms will be a critical component in achieving the Plan's vision. Accordingly we have expanded discussion of financing throughout the strategies in the Plan.
- **Marketing, Education and Outreach**: DRA commented that the creation of a respected and trusted California brand providing credibility to efficiency programs was among the most important priorities within the Plan. It suggested, additionally, that this branding effort would best be managed by the State. Accordingly we have re-emphasized the urgency of single branding and outreach program to the Plan. IOUs also comment that the plan should distinguish between the functions of a single brand and specific program marketing strategies which can be tailored to regional and consumer differences. We agree that this is an important distinction to make, and do so in the Plan.
- **LIEE**: A number of parties (A W.I.S.H., CCSF, DRA, the Community Action Agency of San Mateo County, the IOUs, NRDC, the Local Government Sustainable Energy Coalition, and California Center for Sustainable Energy) filed comments on the LIEE aspects of the Plan. Comments focused on (1) the definition of "cost effective" in the LIEE context; (2) workforce training in low income communities; (3) customer segmentation for targeted outreach efforts; (4) improved IOU coordination with local government and other organizations working with low income communities; and (5) the provision of LIEE measures that improve low income customers' quality of life. The upcoming decision on the IOUs' energy efficiency programs and budget applications (A.08-05-022 et seq.) will address these issues in detail. We anticipate that as we gain experience with a LIEE program that reaches 25% of eligible customers every three years, we may have modifications to the Plan. We disagree, however, that the Plan requires significant modification with regard to LIEE issues. However, we have made several wording changes to the Plan that take into account the foregoing issues.

We now answer some of the questions we posed in the OIR:⁷

- What strategic roles should the Commission take in working with other governmental agencies and other non-jurisdictional stakeholders in support of a Commission Strategic Plan?

The Commission is committed to a lead effort in coordinating with other governmental agencies and non-jurisdictional stakeholders. We will continue to work with the California Air Resources Board (CARB) and its process as CARB develops the final Assembly Bill (AB) 32 scoping plan this year. We will work with CARB to see that the adopted Plan and the final AB 32 scoping plan are consistent and cross-referenced, and we are hopeful that CARB will explicitly adopt the Plan. We will continue to work with the CEC, especially in areas of the Plan where the CEC logically will take a lead role, such as zero net energy (ZNE) and heating/ventilating/air-conditioning. We will work with local and regional governments both on a policy basis and in ensuring that money in the utility energy efficiency programs we approve assists in implementing Plan strategies. We will also direct our Energy Division to take the steps necessary to implement the Plan, including development of a statewide energy efficiency brand and integrated marketing education and outreach (ME&O) strategy and forming the task forces and working groups identified in the Plan, in order to facilitate working with the CEC, local governments, publicly-owned utilities (POUs), other state and federal agencies, and the myriad of energy efficiency market players and organizations active in the development of this Plan. We further direct the CPUC Executive Director to consult with CEC, CARB and other

⁷ Other questions, such as those regarding the Joint Utility CEESP, are now moot. Low-income energy efficiency programs are addressed in Chapter 2 of the Plan.

agencies to identify Plan areas for which non-CPUC agencies may take a lead role.

At this time, we do not commit to setting up a California Energy Efficiency Alliance (CEEA), as suggested by several parties. Such a statewide group, which would be similar to other market transformation groups elsewhere in the country (e.g., the Northeast Energy Efficiency Partnership and the Northwest Energy Efficiency Alliance), would likely be beneficial to California. However, our first priority at this time is to review and approve energy efficiency portfolios for the energy utilities, while at the same time working with other agencies to implement the Plan. As discussed in the Plan, we will set up working groups that will pursue specific goals and sector strategies; out of that effort, a statewide CEEA may well develop. However, at this time, we are cognizant that we cannot lawfully delegate our jurisdictional responsibilities to another entity.

- How should the Commission define market transformation and what standards should be used to determine when market transformation has occurred?

As early as 1998, the Commission defined market transformation as “Long-lasting sustainable changes in the structure or functioning of a market achieved by reducing barriers to the adoption of energy efficiency measures to the point where further publicly-funded intervention is no longer appropriate in that specific market.”⁸ D.07-12-032, p. 33, directed that “a key element of the Plan would be that it articulates how energy efficiency programs are or will be designed with the goal of transitioning to either the marketplace without

⁸ D.98-04-063, Appendix A.

ratepayer subsidies, or codes and standards.” These statements continue to encompass our definition of market transformation. D.07-10-032 also stated that the forthcoming Plan would incorporate the market transformation goal described above and “develop milestones to measure progress towards that goal,” including the development of a “targeted timeframe for such market transition and the process for tracking progress so that it is clear at what point a program has made a successful transition or conversely, is having problems.”

Section 1.3 of the Plan addresses market transformation. The Plan fulfills the Commission goal from D.07-10-032 by having market transformation as the unifying objective, and seeks to move utilities, the Commission, and stakeholders beyond a focus on short-term energy efficiency activities into a more sustained long-term, market transformation strategic focus. However, the Plan does not identify the process to track progress towards defined end points, as envisioned in D.07-10-032. We will continue to make progress in this area and a key priority for the first Plan update will be to include identified timeframes, defined end points, and processes to track progress. The Plan recognizes that work remains in establishing an administrative structure for utility programs which encourages aggressive allocations of portfolio dollars to market transformational initiatives. The Plan, however, is oriented towards charting a programmatic course which embraces the goals and strategies of market transformation by seeking to achieve significant transformative progress in all sectors by 2020 or earlier.

- How should a Commission Strategic Plan coordinate energy efficiency plans with demand response plans and solar programs?

We intend to open a new smart grid Rulemaking by the end of 2008. In addition, the assigned Commissioners and Administrative Law Judges (ALJs)

tasked with handling energy efficiency, demand response and solar program proceedings will continue to coordinate the timing, filing requirements and programmatic outcomes of these proceedings. For example, on April 11, 2008, a Joint Ruling of Commissioners Grueneich and Chong in R.06-04-010 and R.07-01-041 directed the utilities to file pilot integrated demand side management programs jointly in the demand response and energy efficiency applications.

- What process should be used to update the California Strategic Plan?

We intend to update the Plan in 2010, so that it can be incorporated in utility plans for energy efficiency programs for 2012-2015. As discussed in the introduction to the Plan, along with again conducting public workshops open to all stakeholders to provide planning input and to vet planning documents as occurred with the current Plan planning cycle, the next planning cycle will include:

- Incorporating data collection efforts, including market assessment and market potential studies, more directly in this and other planning processes, such as the CEC IEPR and the utilities' long-term procurement processes.
- Aligning this planning effort with related statewide long-term resource plans, such as those associated with air quality, water, land use, and climate mitigation.
- Evaluating performance with respect to the goals and strategies established in the current Plan.
- Enrolling more key stakeholders prior to initiating the planning cycle and cooperatively developing roles and a process that increases the information resources and participation of stakeholders. Central to this expanded process will be additional state agencies, which may wish to co-sponsor various task forces --for example, in Workforce Education and Training or the Agricultural Sector.

- Discussing commitments with key participants identified as having responsibility for funding or implementing strategies.

Our adopted Plan includes a number of elements which can and should be initiated in the 2009-2011 timeframe. The utilities have filed applications seeking authorization for over \$3.7 billion worth of energy efficiency programs for that timeframe, including a number of programs consistent with the June 2, 2008 joint utility CEESP application. Because the Plan goes beyond the joint utility application in certain ways, it is important to better integrate the Plan and the 2009-2011 program applications. The Plan includes a number of ideas, programs and concepts which can be implemented starting in the 2009-2011 timeframe. We direct the utilities to file amendments to their 2009-2011 program applications to achieve closer integration with the Plan when and as directed by the assigned Commissioner and ALJ in those proceedings. We also direct the utilities to assist staff and the Commission in our development of a statewide energy efficiency brand and an integrated ME&O strategy.

6. Comments on Proposed Decision

The proposed decision of the Commissioner in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____ by _____.

7. Assignment of Proceeding

Commissioner Dian M. Grueneich is the assigned Commissioner and David M. Gamson is the assigned ALJ in this proceeding.

Findings of Fact

1. The draft California Long-Term Energy Efficiency Strategic Plan built upon the foundation of A.08-06-004 (the joint Utility-submitted California Energy Efficiency Strategic Plan) and the hundreds of individuals and organizations who participated in workshops leading to the joint Utility application.

2. The final California Long-Term Energy Efficiency Strategic Plan (Plan) is intended to engage actions to use energy more efficiently by leaders and stakeholders both within the Commission's regulatory jurisdiction and beyond, recognizing that the various actors must work collaboratively over the long-term to leverage all of the available resources to change the way Californians use energy at home and at work.

3. The Plan includes a number of strategies which can be implemented starting in the 2009-2011 timeframe.

4. The Plan will need to be updated over time to take into account technological and market developments and the evaluation of programs already implemented.

Conclusions of Law

1. The California Long-Term Energy Efficiency Strategic Plan should be adopted.

2. The Plan should be integrated into the utilities' 2009-2011 energy efficiency program applications, as applicable.

3. The Plan should be updated before the next round of utility energy efficiency program applications, regarding 2012-2015 programs, are filed in 2011.

O R D E R

IT IS ORDERED that:

1. The California Long-Term Energy Efficiency Strategic Plan, Attachment A to this decision is adopted.

2. Southern California Edison Company (SCE), Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E) and Pacific Gas and Electric Company (PG&E) shall file amendments to their 2009-2011 energy efficiency program applications (A.08-07-021, A.08-07-022, A.08-07-023, and A.08-07-031, respectively) to incorporate elements of the adopted Plan (Attachment A of this Decision), when and as directed by the assigned Commissioner and/or Administrative Law Judge in the consolidated A.08-07-021, A.08-07-022, A.08-07-023, and A.08-07-031 docket.

3. SCE, SoCalGas, SDG&E and PG&E shall assist the Energy Division and the Commission on our development of a statewide energy efficiency brand and an integrated marketing education and outreach (ME&O) strategy.

4. The Energy Division shall take the steps necessary to implement the Plan, including development of a statewide energy efficiency brand and integrated ME&O strategy, and forming the task forces and working groups identified in the adopted Plan (Attachment A of this Decision). The Executive Director shall consult with the California Energy Commission, the California Air Resources Board and other agencies to identify Plan areas for which non-CPUC agencies may take a lead role.

5. The Plan shall be updated in 2010.

6. Rulemaking 08-07-011 and Application 08-06-004 are closed.

This order is effective today.

Dated _____, at San Francisco, California.

Appendix 1

Summary of Comments on the draft California Long-Term Energy Efficiency Strategic Plan

Who	All Comments
UC Davis Western Cooling Efficiency Center	1) Add as partner to all cooling strategies, also CA Lighting Technology Center and Center for Built Environment; 2) Add strategies that include partnerships with IOUs, manufacturers and customers, in ET area; 3) Recognize peak-demand reduction as first in line power source; 4) take a different approach to assessing peak power (KW) impacts that values the cost to build and maintain a peaking power plant – in E3 calculator.
CA League of Food Processors	1) work with CEC, CARB, Regional Air Districts, State Water Resources Control board and others for unified comprehensive strategy; 2) support for pilot project; 3) Supports formation of CA Industrial Energy Efficiency Alliance (IOUs, CPUC, other agencies, private industry reps). NEEA as model
National Assoc. of Energy Service Companies	RESIDENTIAL: 1) do not defer multi-family strategies, develop them now; 2) encourage ESCOs, via pilot programs, to expand scope of services; rather than try and transform existing home improvement contractors into ESCOs: ESCOs can do real marketing and take on risk, while contractors are reactive; 3) direct IOUs to do 'formative' M&V work in first year of innovative and third party programs; 4) do not subject water-energy pilots to TRC until pilots reviewed and methodology added to E3; 5) more radical approaches to existing commercial sector may be needed:

Who	All Comments
	tiered utility rates and/or 'utility provided EE, delivered by third parties or the building owner,' a condition of electric service.
Air Conditioning Contractors of America (ACCA)	A variety of detailed HVAC comments and recommendations.
CA Building Association Industry	Add back in the two top priorities of the residential sector WG: existing res market achieve 40% reduction in energy use by 2020 (Bali Treaty high goal); all new homes meet or exceed Title 24 by 2011.
Community Action Agency of San Mateo County	Detailed LIEE comments; process was too rushed.
Ice Energy	1) Prioritize acceleration and adoption of peak-reducing EE technologies; 2) Supports TDV and TACM strategies, but notes that peak time of use rates moving in wrong direction. Changing this would have large impact on SP goals; 3) Permanent Load Shifting (PLS) should be recognized as DSM activity.
Local Gov. Sustainability Coalition	1) Coordinate with ARB, regional air resources and water quality boards; 2) engage LGs in discussion with other state agencies about best way to leverage LGs towards state energy/environment goals, outside of SF/Sacto and driven by regional/ LGs; 3) continue meetings around state and schedule periodic update meetings.

Who	All Comments
City of San Diego	<p>1) endorsed CEESP goals; 2) create CEEA that also tackles integration/coordination issues; 3) reject IOU policy proposal to allow IOU credit for actions motivated by local ordinances; 4) include consideration of comprehensive statewide rate and price design issues; 5) CPUC leadership; 6) provide LGP budget info in 2009-2011 proceeding.</p>
CC San Francisco	<p>1) CPUC retain leadership, work cooperatively with POU's, emphasize IOU LGPs, both key to SP LG goals; 2) create a NEEA-like CA Sustainable Energy Alliance; adopt standard MT definition, utilizing stakeholder input; 3) CPUC should coordinate IDSM programs, not IOUs; 4) Develop schedule and outreach program for addition of stakeholders; evaluation of pilot and other relevant programs; party opportunities for comment on results of findings. A variety of detailed comments on the plan, including DSM .</p>
TURN	<p>1) Add chapter to Plan focusing on role of customer 'pull' <i>incentives</i> and non-C&S <i>market push strategies</i> for all EE equipment and appliances (consumers, manufacturers, retailers). On phasing out CFLs, CA and CPUC should ensure that big box retailers will continue discounted CFLs as IOUs phase out buy-downs. CA should also negotiate next phase - LEDs -- with manufacturers and retailers. Learn from SERB refrigerator program, that was a huge success as 'market push' strategy. 2) says \$2.7 billion in net resource benefits claims of 06-08 EE programs is inaccurate, based on outdated net</p>

Who	All Comments
	<p>benefit methodologies; 3) objects to phrase 'rigorous' c-e analysis (p. 6), suggests adding that EE activities in Plan for IOUs will be funded by ratepayers, as part of c-e portfolios. 4) res lighting programs are not 'models,' and suggests other wording. E.g., IOUs did not use influence to require mercury min. content requirements on CFL manufacturers, whereas big box stores did; also, CA CFL programs are more costly than upstream programs elsewhere in U.S.</p>
<p>Community Environmental Council</p>	<p>1) Modify ZNE definition for med-high rise commercial buildings as achieving this with current definition is impossible; new definition should allow for offsite RE and/or other zero low carbon energy sources. See LNBL report for info (provides cite); 2) Add a section on MT, with CPUC to take active role in regulating MT and establishing a CEEA or "CIEO"; 3) strengthen LG section to make goals more explicit and remove redundancies; 4) modify Res ZNE goal to focus not on ZNE standards by 2020, but all new Res starts as ZNE by 2020, the CPUC's original goal; the same applies to Comm. ZNE goal; 5) remove 'aspirational' modifier from Comm. ZNE goal; 6) Add quantitative targets for HVAC BBEES vision: (50% improvement in EE in HVAC sector for all new installations by 2020 and 75% by 2030); take REGIONAL approach to HVAC issue; 7) IDSM should be called "one stop shop" and focus on consumer, not IOUs; IOU IDSM pilots should run 2009 and become 'real' in 2010; IDSM programs and pilots should be</p>

Who	All Comments
	<p>run by non-IOU entities, including POU's; 8) cite new green building standard as example of 'beyond code,' and indicate CPUC support for LG's that adopt beyond T-24 codes; 9) apply 'one-stop shop' term to whole house approaches- consumers understand it -- and accelerate pilot to 'real' program timeline; 10) LG chapter should add quantitative and bold goals into vision statement for LGs (suggests restating existing 'goal results' as vision/goals); also, encourage LGs to adopt Architecture 2030 challenge; 11) MT emphasis- modify definitions in Plan, and add MT as major theme to R&T chapter, identifying linkages over time; 12) 2 year update process; 13) improve use of c-e and potential studies in planning; 14) include transport (PHEVs, nat gas vehicles); 15) enforcement- urge CEC to take up its statutorily-granted duty of taking over local building depts. If enforcement doesn't meet legislative mandates.</p>
DRA	<p>1) Articulate process and timetable to set MT criteria; 2) consider lifecycle carbon footprints; water-energy and transportation issues should be included, mention Smart Grid; 3) establish task forces and sub-committees; 4) ensure state ownership of EE brand to avoid over-proliferation of rating systems; 5) manage LG partnerships at level done with state agencies, in coordination with CEC, coordinated by statewide MT agency serving interests of state; 6) whole house seal/brand cannot be managed by IOUs; 7) proper CFL disposal</p>

Who	All Comments
	<p>should be added to Plan, and statewide approach on LEDs;</p> <p>8) Plug load focus good and should consider 'golden carrot' program to incent manufacturers. Should be led by statewide MT entity, coordinated in short term by CPUC with subcommittee on plug loads;</p> <p>9) LIEE – many detailed comments provided; COMM: 10) develop GBI strategy in SP, with LA county as model (cite not included); benchmark labeling should link with branding efforts;</p> <p>11) IND- emphasize benefits of 'green'; 12) C&S- does not support lead IOU role in C&S; should be led by CEC and local govts;</p> <p>13) DSM- conservation should be in Plan; new OIR needed, c-e work needed; AMI is fulcrum; detailed suggestions on IDSM chapter;</p> <p>14) WE&T - long term, statewide MT entity should oversee; assessment should be run by Commission, guided by stakeholder task force;</p> <p>15) ME&O- fast track state-managed brand, extremely important; segmentation, technology solutions, integration of messaging, coordination with WE&T;</p> <p>16) R&T- add milestones for who will lead statewide R&T effort, and who will manage RD&D projects, and provide direction to ET program – emphasis must be on MT and resource acquisition (not feeding technologies into EE programs).</p>
<p>2030 Inc. Architecture 2030</p>	<p>1) Residential Sector interim goals: 100% of new homes and major renovations to surpass 2005 Title 24 standards by 20% by 2011, 35% 2015 and 55% by 2020. Additional details on res. Stretch</p>

Who	All Comments
	<p>goals provided.</p> <p>2) Commercial sector interim goals: 5% net zero starting in 2009; renovation goals also provided.</p> <p>3) Review existing homes goals.</p> <p>4) 2030 challenge clarification.</p>
NRDC	<p>1) Add reference to 'loading order' in Intro; 1b) Supports plan to identify MT goals and metrics and recommends CPUC lead stakeholder process on this;</p> <p>2) supports addressing multi-family in next phase; 3) strongly supports plug loads emphasis and suggests harmonizing approaches on this across sectors; make C&S language consistent across R, C, & C&S chapters; 4) supports existing comm. Building 50% ZNE stretch goal and suggests that criteria for building retrofits be strengthened to use best available EE and RE technologies, CPUC working with CEC and stakeholders on this;</p> <p>5) operational AND asset value ratings are needed, e.g., role of asset value ratings like Home Energy Rating System should be expanded in C&R real estate market; 6) CPUC should establish a timeline for review and adjustment of plan strategies as needed, identify key procedures for stakeholder participation and increased outreach, hold sector workshops to determine who will lead needed task forces and strategies, and establish metrics to determine the success and timeliness of strategies. 7) Several additional technical/word-smithing comments (water heating, vol. EE graphic, LIEE strategies.</p>
CA Center for Sustainable Energy	<p>1) Multi-party approach must be put into practice within portfolios and plans- can third parties</p>

Who	All Comments
	<p>including NGOs monitor and advise on programs as they progress?, are EM&V in-progress learnings affecting active programs? Hold meetings throughout CA; 2) Plan should state how IOU LTPP can reflect Plan goals and strategies. A more integrated, multi-party approach to EE is needed in IOUs LTPPs, and explicit demonstration of EE at top of loading order. Require EE before CSI; permit NGOs to access EE education funds; 3) set aside funds for NGO education-only programs that are precursors to MT, ensure integrated one-stop website; 4) C&S should ensure some level of uniformity between themselves and NGO/EPA energy star certification programs, POS and energy tips to renters when move in are good;</p>
<p>Women’s Energy Matters</p>	<p>1) Develop process to focus on peak demand reductions from IDSM/EE; require IOUs to reveal locations of EE reductions; 2) Investigate how EE can participate in Forward Capacity Market, as is done in New England, and qualify as peak resources. Work with Cal-ISO on this. 3) Supports one year bridge funding.</p>
<p>CA Municipal Utilities Association</p>	<p>PROCESS: 1) slow process down; 2) some goals not appropriate for all entities or areas; don’t apply work product to entities outside CPUC jurisdiction; CPUC should support immediate est. of NEEA type entity (neutral, independent), (RETI allowed better participation); ensure proper pacing and structure during implementation to allow smaller entity participation. GOALS: 1) apply cost-benefit</p>

Who	All Comments
	<p>analysis; 2) identify stretch goals; 3) water-energy nexus issue suitable for independent body; 4) caution on dispersal of grid reliability costs of self gen to all grid users; must be done by ratemaking authority for relevant utility; 5) MUNIs lack jurisdiction to advance local codes; another reason an independent body is needed.</p>
<p>Joint Committee on Energy and Environmental Policy (JCEEP)</p>	<p>1) Ensure simple and transparent means of inclusion in discussions; 2) Emphasize HVAC in existing buildings via improved incentive programs; 3) remove 20 ton limitation on HVAC issues; 4) provides guidelines for WE&T jumpstarting HVAC education; 5) mention labor management training entities in WE&T chapter.</p> <p>JCEEP = Sheet Metal and Air Conditioning National Contractors Association (SMACNA) and Ca Local Unions of Sheet Metal Workers International Association (SMWIA)</p>
<p>IOUs</p>	<p>Plan:</p> <ol style="list-style-type: none"> 1) Existing Comm. building ZNE goal is unrealistic, wasn't fully vetted, and would overwhelm all other BBES 2) Plan should expand discussion of importance of other players and potential roles 3) DSM coordination needs to be re-added, and foundational IDSM issues (metrics, avoiding LOs) must be resolved 4) Emphasize Smart Grid and AMI, including refer to ongoing RD&D, such as

Who	All Comments
	<p>the CEC’s “defining the pathway to the CA Smart Grid of 2020” project</p> <ol style="list-style-type: none"> 5) Provide direction to creating full partnerships with technology stakeholders 6) C&S- indicate that compliance is state agency responsibility, not IOUs; emphasize CA work to strengthen federal appliance and equipment standards; underscore links with ET, essential for MT 7) Add LG roles back in 8) ME&O - distinguish between general messaging (brand) and program marketing, and provide for regional & consumer differences 9) Policy requirements should be included: <ol style="list-style-type: none"> a) explicit regulatory coordination strategy is needed, with goals and timetables; b) costs/benefits of MT should be in c-e calculations, but not RRIM, but Plan should acknowledge that a fair RRIM is needed (as in EAP); c) should include process and explicit goals to support MT, including metrics to set goals and measure progress, c-e methods to value timing and benefits, and comprehensive policy statements <p>OIR:</p> <ol style="list-style-type: none"> 10) Adopt all CEESP strategies, what is needed

Who	All Comments
	<p>is details on managing process, cost-benefit review to screen and rank strategies, and determination of priority level for LIEE</p> <p>11) ZNE- a public-private partnership and targeted support is needed. LG & CEC must expedite project approval and code enforcement, financial resources needed, and enabling policies as suggested by financial sector</p> <p>12) Detailed implementation plans needed</p> <p>13) CPUC as moderator and motivator, should ensure reg. agency coordination</p> <p>14) Consider MT definitions with stakeholders on ongoing basis, on market by market basis</p> <p>15) IDSM - CPUC should address foundational issues and support technical process to address metrics/methods</p> <p>16) Add a needed LIEE strategy-- to integrate LIEE with EE programs</p> <p>17) Updating requiring data collection, analysis, substantive workshops, mapping realistic paths for individual strategies, collaboration. IOUs to file SP proposal by June 2010, vetted and then adopted by CPUC</p> <p>CEESP:</p> <p>18) don't delay programs one year</p> <p>19) Financing needs more emphasis</p>

Who	All Comments
	20) Enforcement is key, will support this, as well as C&S analysis 21) Support more c-e analysis

(END OF APPENDIX 1)

Appendix 2**Summary of Reply Comments on the draft California Long-Term Energy Efficiency Strategic Plan**

Who	Comment
CA Center for Sustainable Energy	<ol style="list-style-type: none"> 1) Need paradigm shift toward broad-based stakeholder planning model, "CA Sustainable Energy Alliance" (CEC, CARB, IOUs, POUs, EM&V experts, local govt.). 2) Explicit MT goals, c-e methods, policy statement needed. 3) ME&O branding importance-define deliverables within each program, must do much better incorporating LIEE. 4) Simply code branding to 'gold, silver, bronze' system, including for government (state) codes, and not just for homes. 5) Rate structure inconsistency impedes EE advance.
Local Govt Sustainable Energy Coalition	<ol style="list-style-type: none"> 1) Different Admin. Approach is Needed for Energy /Climate Change goals (NEEA is good model). 2) In interim, CPUC should facilitate regional sustainability offices with mission to develop and deliver EE programs, starting with existing regional LGPs or CCSE. Must be independent and address broader AB32 issues (i.e., beyond IOUs). 3) Need process more accessible to small entities, need to work with sister agencies to make neutral clearinghouse-- regional sustainability offices would help, need education on state energy/environment goals. 4) Funding beyond PGC needed. 5) Evaluate rate design, as is

Who	Comment
NAESCO	<p>currently deterrent.</p> <ol style="list-style-type: none"> 1) Supports CLFP suggestion of identification of need for a CA Industrial Energy Alliance in the Plan, composed of CPUC, IOU, other agencies, other stakeholders. NAESCO would actively participate. 2) Supports DRA, TURN comments on need to move to whole house approaches. But, current TRC incentive structure impedes this, and lack of multi-family focus in Plan is a problem. 3) IOUs need clear CPUC signal to get IOU movement on this. Suggests a CPUC 'kicker' incentive for savings produced by comprehensive residential programs, calculated to make IOUs indifferent to inherently lower TRC scores of res programs, and thus encourage more third parties to develop innovative programs.
WISH	<ol style="list-style-type: none"> 1) need to do better including LIEE perspectives 2) cost-effectiveness is unclear and needs to be remedied; EE is societally c-e, and there are many non-energy benefits around quality of life (such as equity, energy affordability, bill savings, safety, comfort). These must really be mentioned in Plan 3) CLFs should not supplant enduring measures (i.e., not just CFLs, and must do CFL disposal education) 4) Workforce Training in Low Income Communities is Vital 5) Plan must include multi-family focus, and LIEE reps must be part of this 6) Supports DRA 'whole house'

Who	Comment
	<p>emphasis, including solar, water, transport, for LIEE folks</p> <p>7) CPUC must ensure IOU LIEE segmented approach doesn't hurt whole house goals of Plan</p> <p>8) The rush for a Plan may have hurt LIEE interests</p>
DRA	<p>1) Policy issues should be assigned to a separate section of the SP only the extent they address needs of statewide coordination; IOU policy proposals properly discussed in 2009-11 portfolio context, not in SP.</p> <p>2) SP process must always be led by entity representing state of California</p> <p>3) DSM integration should be expansive in scope and result in cost savings. Scope should include option of organizational changes within the IOUs, CPUC or other agencies, new relationships, integration of DSM programs and proceedings and integration of state and federal policies</p> <p>4) AMI and Smart Grid should get greater attention in Plan, but role not overstated. Disagree with IOUs that these are 'necessary to attain the levels of EE in the Plan' AMI key DSM issue, not driver of SP. Plan should still reference Smart Grid OIR and potential with DR</p> <p>5) Ratepayers only one funding source for Plan</p>

Who	Comment
NRDC	<ol style="list-style-type: none"> 1) Strongly supports POS for residential sector in Plan, should be expanded to other sectors; SP should also include strategies to capture savings at “Time of service change’ for all appropriate sectors 2) Need for outreach to involve additional stakeholders in implementation 3) Supports ‘one-stop-shop’ approach for all sectors in Plan (info, rebates, lists of auditors & retrofit contractors, linked to statewide M&O) 4) Supports updating TAC and TDV to improve assessment of avoided cost of HVAC tech & compliance (i.e., agrees with Ice Energy) 5) Keep on schedule to avoid 09-11 delays 6) Acknowledge IOU policy issues in Plan, address at CPUC 7) Strongly supports code compliance, CEC-LG collaboration; IOUs role developing C&S is good, should continue. Plan should include non-CPUC actors list for C&S and other places where currently lacking. 8) ZNE goals are good; modify definitions to make attainable (i.e., supports CEC opening comments). Don’t require ZNE through codes. 9) Plan should include strategy to start a comprehensive review of CA lighting market, including CFL saturation levels in sockets. Supports IOU programs to ‘pull’ lighting, including reducing IOU incentives for standard CFLs, and, rather, incentivizing improved CFLs (dimnable,

Who	Comment
	<p>low mercury, better specs, etc). IOUs should have flexibility to run 'golden carrot' programs as TURN suggests, and tiered rebates, improved ET, including 'PEARL'; C&S chapter should include review of current lighting options in Title 24. Don't rely on state/fed. regulations</p> <p>10) CPUC MT effort should collaborate with many Parties. Supports CEC suggestion to delete sentence in Plan stating that AB1109 ensures MT of lighting in CA; CPUC needs to develop MT rules/guidelines actually.</p>
TURN	<p>1) MT- agrees with Party recommendations, and reiterates need for CEEA.</p> <p>2) Appended paper on 'Regional EE Market Transformation in the U.S.'</p>
Joint IOUs	<p>1) Support CEEA as a forum for collaboration and coordination (with other program administrators, other national, regional and non-CA state bodies, overseeing some of the task forces identified in the Plan where program administrators have lead role, soliciting stakeholder input on MT Programs), not as an entity to take over EE program implementation, as suggested by SD</p> <p>2) ZNE goals/ definitions need to be addressed, but should not be 'locked in' in current Plan. This includes the ambitious 50% existing commercial buildings by 2030 goal, or any unachievable pre-2030 intermediate goals for ZNE new construction or existing</p>

Who	Comment
	<p>buildings. Development/resolution of these issues should be priority for next round of work.</p> <ol style="list-style-type: none"> 3) Policy issues must be addressed by CPUC: Top priorities: a) timing/cost of benefits of long-term MT, and b) attribution issues. Another ten policy issues raised in IOU Plan (June 2). CPUC should focus on policy issues raised in 09-11 portfolios. 4) Plan should recognize critical roles of others without waiting to act. Final Plan should add emphasis, clarity and direction on importance of others' roles. 5) Do not delay 2009-11 program start. Several arguments provided. 6) IOUs should continue to contribute on C&S. Strongly support C&S enforcement emphasis and a collaborative approach with CEC, LGs to work on this. 7) Agree on importance of TOU & rate design issues, but this proceeding is inappropriate place to address these. 8) LIEE program design issues should be addressed in LIEE proceeding. LIEE outreach issues to improve LIEE folks participation in SP process should be addressed in next round of SP planning 9) Opposes JCEEP 'requirements' on WE&T, as would preclude most parties from delivering HVAC training, for instance, and would disallow existing IOU training center programs.

(END OF APPENDIX 2)

INFORMATION REGARDING SERVICE

I have provided notification of filing to the electronic mail addresses on the attached service list.

Upon confirmation of this document's acceptance for filing, I will cause a Notice of Availability of the filed document to be served upon the service list to this proceeding by U.S. mail. The service list I will use to serve the Notice of Availability of the filed document is current as of today's date.

Dated August 19, 2008, at San Francisco, California.

/s/ ROSCELLA GONZALEZ
Roscella Gonzalez