

ATTACHMENT 4

UTILITY STATEWIDE PROGRAM DESCRIPTIONS

2004 2005 UTILITY STATEWIDE PROGRAMS

1. Statewide Residential Appliance Recycling Program (RARP) – 1114-04, 1157-04, 1232-04, 1348-04

PROGRAM IMPLEMENTER(S):	SCE, SDG&E, & PG&E
PROPOSED SUBCONTRACTOR(S):	
IOU SERVICE TERRITORY:	SCE – 1232-04 SDG&E – 1348-04 PG&E – 1114-04 SCE – 1157-04 (Procurement)
GEOGRAPHIC AREA:	
TARGET MARKET:	Electric Residential customers with operating but energy inefficient primary or secondary refrigerators or freezers, with emphasis on HTR customers
BUDGET APPROVED	SCE: \$12,000,000 SDG&E: \$ 2,700,000 PG&E: \$ 3,728,782 Total: \$18,428,782
PGC PROCUREMENT	SCE: \$10,206,909

PROGRAM DESCRIPTION:

This program targets residential customers' older, energy inefficient refrigerators and freezers for recycling and offers a \$35 rebate to customers in exchange for appliances that are in working condition at the time of pick-up. The programs will operate until the funds are spent, or until the end of the calendar year 2005, whichever comes first.

PROGRAM MODIFICATIONS (PGC):

For 2004-05, utilities plan to offer \$35 cash incentive only. Utilities offered the option of \$35 or a five-pack of compact fluorescent lamps (CFLs) in 2002 and 2003. Since the offering of the CFL option, the customer demand for this option has declined dramatically. We agree with utilities' \$35 cash incentive only.

In computing energy saving, IOUs shall rely on the soon-to-be-finalized PY 2002 EM&V report by Kema-Xenergy which derives new NTG and UEC figures that result in significantly lower per-unit savings. The remaining uncertainty surrounding lab-vs. in-situ metering is expected to be resolved through the EM&V design approved for 2004-05.

To maximize program energy savings, refrigerator collection and recycling shall be limited to inefficient models manufactured prior to 1990. Federal refrigerator energy efficiency standards, which went into effect in that year, reduce the expected kWh-differential between the recycled unit, and the new refrigerator or freezer[♦] below the threshold we believe justifies collection and recycling. Ineligible models manufactured after 1989 feature stickers inside the refrigerator compartment, which list the model year for easy customer verification.

Because the majority of recent program participants do not well understand the energy efficiency rationale of this program, as partially reflected in the rather low NTG ratio of 0.35, we hereby direct the IOUs – in cooperation with the program vendors (presently ARCA & JACO) – to realign the messages conveyed in the marketing and outreach materials with the energy efficiency objectives of the program. Specifically, they shall (a) emphasize reasonable anticipated customer energy savings over the \$35 rebate; (b) substitute the phrase “turn-in” for “recycling” to minimize confusion about the fate of the relinquished refrigerators or freezers; and (c) emphasize all eligibility criteria as important to the program’s success.

We agree with IOU requests for permission to administer the portion of the statewide RARP in their respective service territories, and further grant the SDG&E request that the IOUs be given the option of issuing a new RFP for this program, if they wish to exercise that option.

PROGRAM MODIFICATIONS (PROCUREMENT):

This is a well-subscribed program. However, SCE should address in its program implementation plan how it would account or monitor the program to address the issues surrounding both saturation and age of models being picked up. With approximately 70,000 refrigerators per year recycled in SCE area alone, saturation may be achieved sooner rather than later. As with the PGC funded programs, refrigerator recycling and collection should be limited to inefficient models manufactured prior to 1990. The same size restrictions in the PGC-funded program (14-27 cubic feet) shall apply to procurement funded recycling program.

[♦] The overwhelming majority of units presently collected appear to be primary refrigerators or secondary units that are also replaced.

PROGRAM BUDGETS AND TARGETS:

	Program Budget	Energy Reduction Targets (kWh)	Demand Reduction Targets (kW)	Energy Reduction Targets (Therms)	Other Targets (# of refrigerators/# of freezers recycled)
SCE	\$12,000,000	69,871,755	10,715	0	72,188/8,020
SDG&E	\$2,700,000	12,800,766	1,937	0	13,794/1,086
PG&E	\$3,728,782	19,339,736	3,461	0	20,456/1,900
Total PGC	\$18,428,782	102,012,257	16,113	0	106,438/11,006
Procurement	\$10,206,909	60,865,018	9,332	0	62,886/6,986

**2. Statewide Single Family Energy Efficiency Rebate (SFEER)
Program – 1115-04, 1160-04, 1220-04, 1234-04, 1349-04, 1377-04**

PROGRAM IMPLEMENTER(S):	SCG, SCE, SDG&E & PG&E
PROPOSED SUBCONTRACTOR(S)	None for SCG & SDG&E No Major subcontractor for SCE TBD for PG&E
IOU SERVICE TERRITORY:	SCG – 1220-04 SCE – 1234-04 SDG&E – 1349-04 PG&E – 1115-04 SCE – 1160-04 (Procurement) SDG&E – 1377-04 (Procurement)
GEOGRAPHIC AREA:	
TARGET MARKET:	Residential (Single-family dwellings up to four units, condominiums & mobile homes)
APPROVED BUDGETS BY SERVICE TERRITORY	SCG: \$ 6,482,000 SCE: \$10,000,000 SDG&E: \$ 5,800,000 PG&E: \$38,257,722 PGC Total \$60,539,722 SCE \$24,507,380 SDG&E \$11,490,000 PROCUREMENT Total: \$35,997,380

PROGRAM DESCRIPTION:

This program targets all market actors in the residential energy efficiency retrofit and renovation products supply chain to increase market penetration of related products. It includes three components: (1) customer rebates, (2) customer information and education, and (3) marketing and outreach to manufacturers, distributors, and retailers. The rebates are provided on major home end-uses of energy, including Energy Star appliances and lighting, home improvement measures, heating, ventilation and air conditioning equipment, pool pumps and motors, and building shell measures (attic and wall insulation and windows).

PROGRAM MODIFICATIONS (PGC):

Upstream Residential Lighting Program

IOUs propose to merge SFEER and Upstream Residential Lighting Program. IOUs will offer the traditional SFEER measures as well as measures that have been previously offered in the Upstream Residential Lighting Program. IOUs state that the proposed merge will allow synergies and efficiencies in administration, materials preparation, and communications with various market actors. The proposed modification by IOUs is granted.

Incentives - IOUs propose the following incentive modifications:

Clothes Washers. IOUs propose a two-tiered incentive for clothes washers, which distinguish the highest efficient clothes with a \$75 or \$125 incentive.

Evaporative Coolers. IOUs propose a new set of incentives for advanced whole house evaporative coolers, and an additional \$100 for installations that include exhaust dampers and a programmable thermostat. Customers can now receive as much \$600 for a two-stage unit that has the dampers and thermostat installed.

Windows. IOUs propose an increased incentive for High Performance windows from \$0.50/sq. ft. to \$1.00/sq. ft.

Energy Star CFLs & Fixtures. IOUs propose offering new incentive for Energy Star CFL and fixtures based on lumens rather than wattage.

HVAC. For simplification, IOUs propose a two-tiered (instead of three-tiered level) incentive levels for HVAC and to categorize the products into split and package systems. The Tier I A/C and heat pump split systems will absorb the less popular Tier II products, which will now meet the minimum Energy Star Tier I standard in efficiency of 13 SEER/11 EER. The new Tier II split systems will start with a minimum efficiency rating of 14 SEER/12 EER, which includes the higher energy efficient units installed. The Tier I A/C and heat pump package systems will absorb the less popular Tier 2 products, which will now meet the minimum standard in efficiency from 12 SEER/10.5 EER. The new Tier 2 will start with a minimum of 13 SEER/11 EER and include the higher energy efficient units installed in this tier. This change reinforces the demand for higher efficiency products. The higher incentive level for the Tier 2 products will be

retained to continue participation at a high level. Tier 3 will be dropped from the PGC funded program.

Ceiling Fans. Based on September 2002 RLW Analytics Study, which showed energy savings are much lower than previously claimed and due to low customer demand, IOUs will discontinue incentives for ceiling fans.

The above-proposed incentive modifications are granted.

Point-of-Sale Incentive Delivery

The lighting program utilizes the point-of-sale incentive delivery method by providing discounted lighting products to customers. To increase product demand, IOUs plan to also use this method for other measures. The application of point-of-sale incentive delivery to other measures, besides lighting, is granted.

Updated Energy Savings Table

IOUs developed an updated energy savings table to reflect emerging products. IOUs propose to base savings on the Energy Star specifications for lighting on this updated energy savings table. This request is granted.

Duct Testing and Sealing and Cool Roofs

IOUs state that they (1) may include duct testing and sealing, and (2) will not offer rebates on cool roofs based upon product development and availability for a broad market retrofit market. We require IOUs to include in their implementation plans the specific conditions when duct testing/sealing and cool roof measures will be provided to customers.

Training and Certification of Contractors

PG&E proposes to train and certify contractors through the North American Technician Excellence, Inc. (NATE), which is the leading certification programs for technicians in the heating, ventilation, air conditioning, and refrigeration industry and is the only test supported by the entire industry. The proposed modification is more appropriate under statewide education/training or training/certification programs. Therefore, we are denying PG&E's proposed modification. Budget allocated for this training and certification should be reallocated specifically to customer incentives.

PROGRAM MODIFICATIONS (PROCUREMENT):

In addition to the above modifications, SCE also propose offering \$50 rebate for Energy Star qualified refrigerators while SDG&E proposes replacement of refrigerators for qualified customers. These additional offerings are granted. SCE and SDG&E should each submit a program implementation that clearly delineates the different measures that are subject to rebate under each program.

In addition, SDG&E should submit a timeline with adequate information on various activities.

PROGRAM BUDGETS AND TARGETS:

	Program Budget	Energy Reduction Target (kWh)*	Demand Reduction Target (kW)*	Energy Reduction (Therms)*
SCG	\$6,482,000	5,484,524	1,555	2,493,508
SCE	\$10,000,000	71,885,715	21,993	0
SDG&E	\$5,800,000	61,015,352	10,256	396,642
PG&E	\$38,257,722	393,419,112	69,952	4,405,591
PGC Total	\$60,539,722	531,804,703	103,756	7,295,741
SCE Procurement	\$24,507,380	438,107,968	76,743	0
SDG&E Procurement	\$11,490,000	47,423,486	7,925	1,553,679
Procurement Total	\$35,997,380	485,531,454	84,668	1,553,679

*Minimum expectations based upon reduced budget, pending program implementation.

For 2002, SCE spent more than 90% of its SFEER funds and less than 80% of its Upstream Residential Lighting fund. SCE is also requesting a sizeable amount of procurement funds for this program. We are adjusting SCE's budget from \$16,000,000 (excluding EM&V) to \$10,000,000 to reflect a budget more consistent with 2003 budget and the overall budget available in the SCE territory. Because of the savings in administration, material preparations, and communications with market actors, we expect SCE to achieve the above minimum energy savings based upon reduced budget, pending program implementation finalization.

We are also adjusting PG&E's budget from \$49,197,762 (including EM&V) to \$38,257,722. The reduced budget reflects adjustment in overhead costs, deletion of media promotions budget; it's a budget more consistent with 2003 budget level. PG&E should coordinate with Flex Your Power campaign for statewide media promotions.

3. Statewide Multifamily Energy Efficiency Rebates – 1118-04, 1176-04, 1195-04, 1236-04, 1246-04

PROGRAM IMPLEMENTER(S):	SCE SDG&E SoCalGas PG&E
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PROPOSED SUBCONTRACTOR(S):	Only PG&E proposes to use contractors for this program – they will perform the following activities: Processing Center Marketing/Promotion Advertising
IOU SERVICE TERRITORY:	SCE – 1236-04 SCE Procurement – 1176-04 SDG&E – 1195-04 SoCalGas – 1246-04 PG&E – 1118-04
GEOGRAPHIC AREA:	Service Territories of SCE, SDG&E, SoCalGas and PG&E
TARGET MARKET:	Residential – Multifamily
IOU CONTRACT ADMINISTRATOR:	NA
APPROVED BUDGET by SERVICE TERRITORY	SCE: \$ 4,000,000 SDG&E: \$ 4,000,000 SoCalGas: \$ 2,798,000 PG&E: \$ 7,709,156
PGC PROCUREMENT	Total \$ 18,507,156 SCE: \$ 8,191,126

PROGRAM DESCRIPTION (PGC and Procurement):

The Multifamily program promotes energy savings by providing cash rebates for the installation of qualified energy-efficient products in apartment dwelling units, in the common areas of apartment and condominium complexes and common areas of mobile home parks. Property owners, and property managers as authorized agents for property owners, of existing residential multifamily complexes with five or more dwelling units may qualify. The Multifamily Rebate program combines information, education, and energy management services that include targeted marketing and customer incentives to encourage property owners/managers to select energy efficient measures. The Multifamily Rebate program offers rebates for the following types of measures: apartment improvements, common area improvements, mechanical improvements and high-efficiency heating and cooling equipment.

PROGRAM MODIFICATIONS:**PGC**

This statewide program is approved as proposed with the following exception: The budgets proposed by SCE, SDG&E and PG&E were reduced to amounts that are similar to those approved for PY2003. In recommending these reductions to the Commission, staff took program results from PY2003 into account.

Adjustments to energy savings goals were made in proportion to the budget reduction. Revised per measure projections will need to be resubmitted by those three IOUs, in the form of a revised proposal, to account for those energy savings and budget adjustments.

SCE Procurement

The proposal is approved as proposed.

PROGRAM BUDGETS AND TARGETS:

The following table is a summary of some of the key objectives of this program. The proposal should be consulted for a complete description of the program design and objectives.

	Program Budget	Energy Reduction Targets* (kWh)	Demand Reduction Targets* (kW)	Energy Reduction Targets* (Therms)	Hard-to-Reach Targets
SCE*	\$ 4,000,000	11,102,737	1,981	NA	36% of Applications
SDG&E*	\$ 4,000,000	9,995,375	1,212	365,601	93% of Applications
SoCalGas	\$ 2,798,000	9,657,958	693	1,255,166	29% of Applications
PG&E*	\$ 7,709,156	5,417,193	4,513	18,850,520	30% of Applications
TOTAL PGC	\$ 18,507,156	36,173,263	8,399	20,471,287	
SCE Procurement	\$ 8,191,126	24,293,138	3,371	0	NA

*Minimum expectations based upon reduced budget, pending program implementation plan finalization

4. Statewide Residential Retrofit Home Energy Efficiency Survey Program - 1116-04, 1238-04, 1247-04, and 1359-04

PROGRAM IMPLEMENTER(S):	SoCalGas SCE SDG&E PG&E
PROPOSED SUBCONTRACTOR(S):	

IOU SERVICE TERRITORY:	SoCalGas – 1247-04 SCE – 1238-04 SDG&E – 1359-04 PG&E – 1116-04
GEOGRAPHIC AREA:	Statewide
TARGET MARKET:	Crosscutting
APPROVED BUDGETS BY SERVICE TERRITORY:	SoCalGas: \$ 548,000 SCE: \$ 3,000,000 SDG&E: \$ 814,666 PG&E \$ 1,486,788 Total: \$ 5,849,454

PROGRAM DESCRIPTION:

Each utility proposes to conduct mail and online surveys to assist consumers in improving energy use in their homes. At least 50% of the utilities' mail-in survey target will be sent to hard-to-reach customers.

PROGRAM MODIFICATIONS:

We support the utilities' efforts to assist customers in determining how they might improve the energy efficiency of their homes. Changes from the 2003 program include improving program equity by increasing customer participation and accessibility in new customer groups through the inclusion of surveys in two additional Asian languages, Vietnamese and Korean in PG&E's, SoCalGas', and SCE's service areas, and Chinese and Korean versions in SDG&E's service area. The utilities should continue to send 50% of mail-in surveys to hard to reach customers. Budgets reduced closer to previous year's budgets and to reflect available budgets in these service territories.

PROGRAM BUDGETS AND TARGETS:

	Program Budget	Energy Reduction Targets* (kWh)	Demand Reduction Targets* (kW)	Energy Reduction Targets* (Therms)	Other Targets
PG&E	\$1,486,788	0	0	0	See Plan
SCE	\$3,000,000	0	0	0	See Plan
SDG&E	\$814,666	0	0	0	See Plan
SCG	\$548,000	0	0	0	See Plan
Total	\$ 5,849,454	0	0	0	

*Minimum expectations based upon budgets, and pending program implementation plan finalization.

5. Statewide California Energy Star New Homes Program - Single Family, Multifamily 1330-04, 1128-04, 1239-04 1244-04, 1169-04

PROGRAM IMPLEMENTER(S):	PG&E; SDG&E; SCE; SCG
PROPOSED SUBCONTRACTOR(S):	PG&E: SOL-DATA; Will solicit for marketing support SCE: Will solicit for plan check and multifamily program support SDG&E: Douglas Beaman Associates/training SCG: Douglas Beaman Associates/training
IOU SERVICE TERRITORY:	SCE – 1239-04 SDG&E – 1330-04 SoCalGas – 1244-04 PG&E – 1128-04 SCE Procurement – 1169-04
GEOGRAPHIC AREA:	Statewide/Utility Service Territories
TARGET MARKET:	Single and Multifamily Builders
APPROVED BUDGET by SERVICE TERRITORY	SCE: \$ 9,000,000 SDG&E: \$ 5,200,000 SoCalGas: \$ 3,360,000 PG&E: \$ 11,219,913 Total: \$ 28,779,913
PGC PROCUREMENT	SCE: \$ 6,139,345

PROGRAM DESCRIPTION:

This program aims at influencing the design and construction of single family and multifamily residential new construction. Utilities work with single and multifamily builders, architects, energy analysts and other building industry professionals, the program to increase energy efficiency through a combination of education, design assistance and financial incentives. Single family and low rise multifamily building projects meeting the program requirements will additionally meet the requirements of the U. S. Environmental Protection Agency (EPA) Energy Star® Homes Program. The EPA does not currently recognize high rise construction with the Energy Star® label, but participating utilities are part of a national consortium outlining requirements for future application to this program.

PROGRAM MODIFICATIONS:

In 2003 the utilities requested that the two-tier level of program incentives (15 percent and 20 percent) be combined into a single 15 percent level. The Commission ordered that the 20 percent level remain in place due to the need to encourage builders to “go higher” in their energy savings efforts. This year

utilities note that they will rely on EM&V studies to determine whether the existing 20 percent incentive level is necessary, or whether builders achieve this level through minimal effort. If the latter is the case, utilities plan to ask the Commission to eliminate the 20 percent rebate level. The Commission supports the current structure for incentives in this program. Any changes to the program incentive levels will need to be submitted to the Commission for approval, per this decision.

Changes to program targets based on budget reductions are as follows:

- * SCE – 10 percent reduction in original budget and targets
- * SDG&E – 27.88 percent reduction from original budget and savings targets
- * SCG – No reductions
- * PG&E – 35.81 percent reduction in original budget and savings target.

PROGRAM BUDGETS AND TARGETS:

	Program Budget	Energy Reduction Targets* (kWh)	Demand Reduction Targets* (kW)	Energy Reduction Targets* (Therms)
SCE	\$9,000,000	7,840,629	10,353	NA
SDG&E	\$5,200,000	4,666,047	6,423	326,656
SoCalGas	\$3,360,000	2,751,236	3,787	212,152
PG&E	\$11,219,913	1,936,997	2,064	871,443
PGC Total	\$28,779,913	17,194,909	22,627	1,410,251
Procurement Total	\$ 6,139,345	7,538,720	9,235	0

*Minimum expectations based upon reduced budget, pending program implementation plan finalization

6. Statewide Standard Performance Contract – 1121-04, 1177-04, 1240-04, 1347-04

PROGRAM IMPLEMENTER(S):	PG&E, SCE, SDG&E
PROPOSED SUBCONTRACTOR(S):	
IOU SERVICE TERRITORY:	SCE – 1240-04 SDG&E – 1347-04 PG&E – 1121-04 SCE – 1177-04 (Procurement)
GEOGRAPHIC AREA:	Statewide

TARGET MARKET:	Non-residential
APPROVED BUDGET by SERVICE TERRITORY	SCE: \$ 18,000,000 SDG&E: \$ 7,520,000 PG&E: \$ 28,471,354 Total: \$ 53,991,354
PGC PROCUREMENT	SCE: \$ 33,648,396

PROGRAM DESCRIPTION:

The Standard Performance Contract is offered statewide to non-residential customers. The program offers rebates on a per therm and per kWh basis and requires energy savings measurements to qualify for the rebates. Therefore the program allows flexibility from participants with respect to the types of energy efficiency measures they choose to undertake in reaching their energy savings goals.

PROGRAM MODIFICATIONS:

The utilities propose the following changes to the 2004-2005 SPC program:

- 1) Allow prescriptive per measure rebates (identical to those available in the Express Efficiency Program) in the SPC program for 2004-2005.
- 2) Eliminate the minimum energy usage requirement for participation in this program.
- 3) Eliminate the 80-20 Rule which requires that at least 20% of energy savings per SPC site be from non-lighting measures
- 4) Eliminate 30 percent lighting budget restriction, which requires that no more than 30% of each utility's incentive budget go towards lighting savings.
- 5) Change customer project sponsor cap to 25% of utility budget, which would allow a maximum of 25% of each IOU's incentive budget to go to one customer.
- 6) Increase therm incentive from \$.60 to \$1.00.

We accept the requested modifications in 1,2, and 6. We reject the requested changes in 3, 4, and 5. The 2004-2005 program will maintain the 80-20 rule, the 30 percent lighting incentive restriction, and the maximum incentive allocation per customer will remain at \$300,000 per site and \$1,500,000 across all utilities for PGC funds. If the IOU's wish to allocate procurement funds to their SPC program they can increase the customer incentive cap to their requested level using procurement funds. The incentive funds amount, including audits, for any site with a potential incentive amount greater than \$300,000 per site or \$1,500,000 across all utilities must come, in its entirety from procurement funds.

PROGRAM BUDGETS AND TARGETS:

	Program Budget	Energy Reduction Targets (kWh)	Demand Reduction Targets (kW)	Energy Reduction Targets (Therms)	Hard-to-Reach Targets
SCE	\$ 18,000,000	109,264,648	16,477	0	
SDG&E	\$ 7,520,000	30,240,000	3,767	680,400	
PG&E	\$28,471,354	156,918,064	18,559	5,073,534	
PGC Total	\$ 53,991,354	296,422,712	38,803	5,753,934	
Procurement Total	\$ 33,648,396	251,076,592	36,833	0	

7. Statewide Nonresidential Express Efficiency PGC -1133-04, 1346-04, 1261-04, 1249-04/Procurement SCE -1178-04 Express

PROGRAM IMPLEMENTER(S):	SDG&E; SCE; PG&E; SCG
PROPOSED SUBCONTRACTOR(S):	PG&E - To be determined SDG&E – Says NA SCE – Says NA SCG – Panatec; Gravitas SCE Procurement- LA Office of Small Business; Flintridge Consulting; Installation contractors
IOU SERVICE TERRITORY:	PGC SCE – 1243-04 SDG&E – 1344-04 SoCalGas – 1251-04 PG&E – 1133-04 Procurement SCE – 1178-04
GEOGRAPHIC AREA:	Utility Service Territories
TARGET MARKET:	Nonresidential medium and small commercial businesses with loads less than 500 KW
APPROVED BUDGET by SERVICE TERRITORY	SCE: \$12,000,000 SDG&E: \$ 6,687,911 SoCalGas: \$ 6,977,858 PG&E: \$ 9,998,131 PGC Total: \$35,663,900
PGC PROCUREMENT	

	SCE	\$ 3,635,562
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PROGRAM DESCRIPTION:

Express Efficiency is a prescriptive rebate program that provides financial incentives to all small-and medium-sized nonresidential customers on a seamless statewide basis. The prescriptive incentive design provides a straightforward and customer-friendly way to encourage the smallest utility commercial customers a relatively hassle-free and reliable means to decrease their utility bill and make their business more energy efficiency. One of the program's goals is to focus on providing small and medium-sized customers access to energy efficient technologies that had previously been adopted by larger customers.

PROGRAM MODIFICATIONS:

Targets: None

Budgets: SDG&E reduced by .6 percent (\$40,089)

In 2003 (D.03-04-55) the Commission granted the utilities' request to replace the "Account Aggregation Rule, which limited chain or corporate account participation to \$25,000, to a \$25,000 incentives limit per corporation for chain account for work done on service accounts with loads of not exceeding 500 kW. The Commission understands D.03-04-055 to have had the effect of removing the corporate and chain account limitation/cap of \$25,000 and replacing it with a site limit per corporation or chain account of \$25,000. In their 2004-05 submittal, utilities propose to remove the "...\$25,000 per corporation participation cap...." The Commission understands that D.03-04-055 may have had the effect of encouraging more chain-store participation for those chains with service account of less than 500 kW, but continuing to discourage corporations with a large facilities over the 500 kW limit to participate in the program. The Commission initially placed the \$25,000 limit on corporate participation to ensure that the hardest to reach small businesses that are generally without the financial resources to make efficiency improvements became a focus of the Express program. Since that time, the Commission has approved numerous programs aimed specifically at reaching this harder to reach audience. The utilities have also made this audience a target for their efforts. We therefore concur with the utilities that the \$25,000 per corporation limit is unnecessary. Yet, we do maintain our concern that unlimited corporation access to the program may use up these funds at a rate that impacts the utilities hard-to-reach goals. We therefore strike a balance and authorize removal of the \$25,000 corporate limit and the replacement of that limit with a corporate participation cap \$200,000 per corporation for the Express program.

In their Express Efficiency proposal submittals the utilities also propose to increase incentive levels over those offered in 2003 based on a contractor study of

measure incentive levels that might best “move” the market in relationship to Express Efficiency. After review of the study and study related issues, we conclude that the proposed incentive levels are reasonable and therefore authorize these levels for the 2004-05 Express Efficiency program.

Finally, in separate program filings (1120-04; 1179-04; 1334-04), the utilities propose a “Nonresidential Retrofit Prescriptive Motors and Air Conditioning Rebate,” also called the “The Nonresidential Upstream HVAC and Motors” program. This innovative upstream approach holds great possibility to enhance utilization of the Express Efficiency rebate structure. We are, however, aware of the potential for “double counting” of savings in these two program efforts. We therefore order the utilities to establish and propose a set of clearly stated reporting mechanisms in their program implementation plans for both the Express and listed “Upstream” programs that will ensure the Commission that program savings and costs in these two program areas do not overlap i.e., are not “double-counted.”

PROGRAM BUDGETS AND TARGETS:

	Program Budget	Energy Reduction Targets (kWh)	Demand Reduction Targets (kW)	Energy Reduction Targets (Therms)
SCE	\$12,000,000	205,196,016	45,100	0
SDG&E	\$6,687,911	95,661,152	15,304	72,044
SoCalGas	\$6,977,858	4,754,429	0	4,604,671
PG&E	\$9,998,131	191,416,080	33,287	2,132,391
PGC Total	\$35,663,900	499,251,106	93,691	6,809,106
SCE Procurement	\$3,635,562	54,072,940	5,794	0

8. Statewide Nonresidential Energy Audit Program – 1122-04, 1248-04, 1358-04, 1465-04

PROGRAM IMPLEMENTER(S):	SCG, SCE, SDG&E, & PG&E
PROPOSED SUBCONTRACTOR(S):	Nexus Energy Software, Inc.
IOU SERVICE TERRITORY:	SCG – 1465-04 SCE – 1248-04 SDG&E – 1358-04 PG&E – 1122-04

GEOGRAPHIC AREA:	
TARGET MARKET:	Nonresidential
APPROVED BUDGETS By SERVICE TERRITORY	SCG: \$ 2,195,886 SCE: \$ 3,800,000 SDG&E: \$ 1,222,000 PG&E: \$ 5,100,000 Total \$12,317,886

PROGRAM DESCRIPTION:

This program offers free energy audits to nonresidential customers. The audit provides customers an assessment of their current energy use and recommendations on ways to reduce their energy consumption and save money.

PROGRAM MODIFICATIONS:

The budgets are reduced closer to previous year's budgets and to reflect the available budgets in these territories. SCG's narrative included discussion on targeting 10% HTR but the table on goals did not include HTR data; SCG needs to clearly indicate its HTR target data in its implementation plan. Targets may need to be adjusted to reflect the approved budgets but we expect utilities to adjust administrative costs rather than direct implementation costs.

PROGRAM BUDGETS AND TARGETS:

	Program Budget	Energy Reduction Targets (kWh)	Demand Reduction Targets (kW)	Energy Reduction Targets (Therms)	Targeted Number of Audits*
SCG	\$2,195,886	0	0	0	6,400(including 640 HTR)
SCE**	\$3,800,000	0	0	0	14,750 (including 6,720 HTR)
SDG&E	\$1,222,000	0	0	0	7,600 (including 4,560 HTR)
PG&E	\$5,100,000	0	0	0	20,000 (including 12,000 HTR)
Total	\$12,317,886	0	0	0	48,750 (including 23,920 HTR)

*Minimum expectations, pending program implementation plan finalization.

9. Statewide Building Operator Certification and Training Program – 1125-04, 1252-04, 1253-04, 1357-04

PROGRAM IMPLEMENTER(S):	SCG, SCE, SDG&E, & PG&E
PROPOSED SUBCONTRACTOR(S):	Northwest Energy Efficiency Council (NEEC)
IOU SERVICE TERRITORY:	SCG – 1253-04 SCE – 1252-04 SDG&E – 1357-04 PG&E – 1125-04
GEOGRAPHIC AREA:	
TARGET MARKET:	Operators of medium and large commercial buildings, including governmental and institutional building and complexes)
APPROVED BUDGETS BY SERVICE TERRITORY	SCG: \$ 331,050 SCE: \$ 1,000,000 SDG&E: \$ 300,000 PG&E: \$ 510,714 Total \$2,141,764

PROGRAM DESCRIPTION:

The training program component trains building operators to identify and implement energy savings opportunities as an integral part of their operations and maintenance activities. The training will include equipment operations, the latest methods of building operation and maintenance, and how to incorporate energy efficiency and peak reduction opportunities. All participants are tested to evaluate the amount of knowledge retained. A certification of course completion and recognition will be awarded to students that successfully complete the training program and required testing. The certification component provides a consistent benchmark of competencies for participants.

PROGRAM BUDGETS AND TARGETS:

	Program Budget	Level I BOC Courses	Level I BOC Course Attendees	Level II BOC Courses)	Level II BOC Course Attendees
SCG	\$ 331,050	2	40	2*	24*
SCE	\$1,000,000	10	200	2	30
SDG&E	\$ 300,000	2	40	1	24
PG&E	\$ 510,714	8	160	2	24
Total	\$2,141,764	22	440	8	102

*SCG's narrative included discussion on providing Level II BOC training curricula in 2004 and 2005. However, the specific table for goals did not indicate any Level II courses. We expect SCG to conduct the minimum classes stated above. If the goals are different from above, SCG should file a program implementation plan to detail the revised goals.

10. Statewide Savings By Design/PGC -1127-04, 1346-04, 1261-04, 1249-04/Procurement SCE 1183-04, SDG&E 1323-04

PROGRAM IMPLEMENTER(S):	SDG&E; SCE; PG&E; SCG
PROPOSED SUBCONTRACTOR(S):	PG&E- Determined by open bidding process SDG&E – Determined by open bidding process SCE – Determined by open bidding process SCG – Determined by open bidding process
IOU SERVICE TERRITORY:	PGC SCE – 1261-044 SDG&E – 1346-04 SoCalGas – 1249-04 PG&E – 1127-04 Procurement SCE – 1183-04 SDG&E – 1323-04
GEOGRAPHIC AREA:	Utility Service Territories
TARGET MARKET:	Nonresidential new construction building owners and design teams
APPROVED BUDGET by SERVICE TERRITORY	SCE: \$ 17,800,000 SDG&E: \$ 4,824,000 SoCalGas: \$ 4,468,000 PG&E: \$ 20,022,306 Total: \$ 47,114,306
PGC	SCE: \$ 10,443,685 SDG&E: \$ 6,596,000 Total: \$17,039,685
Procurement	

PROGRAM DESCRIPTION:

Savings By Design (SBD) is an energy efficiency program for the nonresidential, commercial new construction industry. The program provides statewide consistency and energy savings persistence to the new construction market by promoting integrated energy efficiency design at the front-end of a construction project. SBD offers building owners and their design teams a wide range of services including education, design

assistance, and owner incentives as well as design team incentives. SBD interventions avoid the missed opportunities that result when energy efficient measures and strategies are not incorporated in a project during the construction phase. Because the program is delivered before a building or process is constructed, energy savings are achieved when they create the greatest benefit and are most cost-effective for the owner.

PROGRAM MODIFICATIONS:

PG&E's administrative budget has been reduced by 7 percent

PROGRAM BUDGETS AND TARGETS:

	Program Budget	Energy Reduction Targets* (kWh)	Demand Reduction Targets* (kW)	Energy Reduction Targets* (Therms)
SCE	\$ 17,800,000	88,042,704	17,557	NA
SDG&E	\$ 4,824,000	13,448,000	2,690	230,768
SoCalGas	\$ 4,468,000	22,628,568	4,367	296,194
PG&E	\$ 20,022,306	81,960,176	19,786	605,905
TOTAL PGC	\$47,114,306	206,079,448	44,400	1,132,867
SCE	\$ 10,443,685	65,198,392	12,757	NA
SDG&E	\$ 6,596,000	20,172,000	4,034	346,152
Total Procurement	\$17,039,685	85,370,392	16,791	346,152

*Minimum expectations based upon reduced budget, pending program implementation plan finalization

11. Statewide Energy Efficiency Education and Training Program – 1123-04, 1258-04, 1264-04, and 1328-04

PROGRAM IMPLEMENTER(S):	SoCalGas SCE SDG&E PG&E
PROPOSED SUBCONTRACTOR(S):	
IOU SERVICE TERRITORY:	SoCalGas – 1258-04 SCE – 1264-04 SDG&E – 1328-04 PG&E – 1123-04
GEOGRAPHIC AREA:	Statewide
TARGET MARKET:	Crosscutting
BUDGETS APPROVED:	SoCalGas: \$ 3,583,314

	SCE:	\$ 9,580,494
	SDG&E:	\$ 2,548,514
	PG&E:	\$ 1,300,000
	Total:	\$ 17,012,322

PROGRAM DESCRIPTION:

The Statewide Energy Efficiency Education and Training program is offered by PG&E, SCE, SDG&E, and SCG. This program educates contractors, architects and designers, residential developers and builders, manufacturers, commercial users, environmental organizations, agricultural users, and others on ways to improve energy efficiency.

The program promotes energy efficiency to a variety of customer segments through energy centers and other informational forums.

PROGRAM MODIFICATIONS:

The budgets are reduced closer to previous year’s budgets and to reflect the available budgets for these territories. Targets specified in the narrative may need to be adjusted to reflect the reduced budgets. Utilities should fully discuss the changes in their program implementation plans. We expect utilities to make cost adjustments in the administrative rather than direct implementation costs.

PROGRAM BUDGETS AND TARGETS:

	Program Budget	Energy Reduction Targets (kWh)	Demand Reduction Targets (kW)	Energy Reduction Targets (Therms)	Other Targets
PG&E	\$ 1,300,000	0	0	0	See Plan
SCE	\$ 9,580,494	0	0	0	See Plan
SDG&E	\$ 2,548,514	0	0	0	See Plan
SCG	\$ 3,583,314	0	0	0	See Plan
Total	\$17,012,322	0	0	0	

12. Statewide Crosscutting Codes and Standards Advocacy Program – 1134-04, 1259-04, 1266-04, 1343-04

PROGRAM IMPLEMENTER(S):	SoCalGas SCE SDG&E PG&E
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PROPOSED SUBCONTRACTOR(S):	
IOU SERVICE TERRITORIES	SoCalGas – 1259-04 SCE – 1266-04 SDG&E – 1343-04 PG&E – 1134-04
GEOGRAPHIC AREA:	Statewide
TARGET MARKET SEGMENT(s)	Crosscutting
APPROVED BUDGETS BY SERVICE TERRITORY	SoCalGas: \$ 300,000 SCE: \$ 2,400,000 SDG&E: \$ 200,000 PG&E: \$ 2,950,657 Total: \$ 5,850,657

PROGRAM DESCRIPTION:

The Statewide Codes and Standards Advocacy Program advocate upgrades and enhancements in energy efficiency standards and codes in the Building Energy Efficiency Standards, California Code of Regulations, Title 24, Part 6, and the Appliance Energy Efficiency Standards, Title 20.

PROGRAM MODIFICATIONS:

There are no program changes proposed or adopted for 2004 and 2005.

PROGRAM BUDGETS AND TARGETS:

	Program Budget	Energy Reduction Targets* (kWh)	Demand Reduction Targets* (kW)	Energy Reduction Targets* (Therms)	Other Targets
PG&E	\$ 2,950,657	0	0	0	See Plan
SCE	\$ 2,400,000	0	0	0	See Plan
SDG&E	\$ 200,000	0	0	0	See Plan
SCG	\$ 300,000	0	0	0	See Plan
TOTAL	\$ 5,850,657	0	0	0	

13. Statewide Emerging Technologies – 1126-04, 1254-04, 1255-04, 1329-04

PROGRAM IMPLEMENTER(S):	SCE SDG&E SoCalGas PG&E
PROPOSED SUBCONTRACTOR(S):	SCE and SoCalGas – UCI – APEP Occidental College – PPERC Cal Poly SLO Foundation Some Contractors Yet to be Determined SDG&E – See Proposal – Over 20 Contractors Listed PG&E – Contractors To Be Determined for the Following Activities: Demonstration Project Technical Services ET Program Information Transfer Services
IOU SERVICE TERRITORY:	SCE – 1255-04 SDG&E – 1329-04 SoCalGas – 1254-04 PG&E – 1126-04
GEOGRAPHIC AREA:	NA
TARGET MARKET:	Crosscutting – All Market Segments
APPROVED BUDGET by SERVICE TERRITORY	SCE: \$ 3,600,000 SDG&E: \$ 410,000 SoCalGas: \$ 1,506,000 PG&E: \$ 2,382,013 Total: \$ 7,898,013

PROGRAM DESCRIPTION:

The intent of the ET program is to help accelerate a product's market acceptance through a variety of approaches, but mainly by reducing the performance uncertainties associated with new products and applications. The program forms a link between new energy efficient technologies and applications emerging from the Research & Development (R&D) cycle and their introduction into the marketplace. Once an assessment project is concluded, and the results understood, many of the demonstrated applications either become part of the portfolios of mainstream energy efficiency programs, part of the basis of future energy-related codes and standards, or adopted as standard design practice in the marketplace. The program consists of two parts: Demonstration &

Information Transfer, and the ETCC. The Demonstration & Information Transfer portion of the program focuses on the assessment of near-commercial and commercial energy efficient applications with low market penetration. Demonstration projects, conducted at either customer sites or in controlled environments, provide design, performance, and verification of novel energy efficient systems, helping to reduce the market barriers to their wider acceptance. The demonstration projects help to measure, verify, analyze, and quantify the potential demand and energy savings, and document customer acceptance of specific applications in different market segments. Information Transfer disseminates the results of the emerging technology application assessment projects, and is customized to the targeted markets.

PROGRAM MODIFICATIONS:

The following information will be required in a revised proposal and as they become available in the monthly reports that are submitted to ED:

- 1) Clarification regarding how public input is obtained and whether quarterly coordination meetings of the ETCC are open to the public.
- 2) Detailed justification as to how the 50%+ increase in program budget relative to 2003 will be utilized for the projects planned for 2004-2005.
- 3) Specific costs for projects planned to be undertaken.
- 4) PG&E will need to provide specific project details as they become available.
- 5) Progress that is being made on ongoing projects that were initiated in previous program years, and the results of those projects, including which associated products have since been incorporated into the IOUs other programs.

PG&E's budget has been reduced in order to cut back on what we consider to be excessive overhead costs. The overall goal in terms of the number of projects is to remain as proposed.

PROGRAM BUDGETS AND TARGETS:

The following table is a summary of some of the key objectives of this program. The proposal should be consulted for a complete description of the program design and objectives.

	Program Budget	# of Projects (Emerging Technology Application Assessments)
SCE	\$ 3,600,000	20
SDG&E	\$ 410,000	6
SoCalGas	\$ 1,506,000	12
PG&E	\$ 2,382,013	20
TOTAL	\$ 7,898,013	58

Summary of other program activities:

Annual updates will be made to the Emerging Technology Coordinating Council website (www.ca-etcc.com). These updates will provide information on the newly initiated Application Assessments.

At least four meetings of the Emerging Technologies Coordinating Council will be held annually.

14. Statewide Upstream HVAC and Motors Rebate Program – 1179-04, 1334-04, 1120-04

PROGRAM IMPLEMENTER(S):	SCE, SDG&E & PG&E
PROPOSED SUBCONTRACTOR(S)	Energy solutions for SCE & PG&E TBD for SDG&E
IOU SERVICE TERRITORY:	PG&E – 1120-04 SCE – 1179-04 (Procurement) SDG&E – 1334-04 (Procurement)
GEOGRAPHIC AREA:	IOU service territory
TARGET MARKET:	Commercial, industrial, agricultural customers; manufacturers and distributors of premium efficient motors and HVAC equipment
APPROVED BUDGETS BY SERVICE TERRITORY	
PGC	PG&E: \$2,692,581

PROCUREMENT	SCE: \$5,579,453
TOTAL Procurement	<u>SDG&E: \$2,807,882</u>
	\$8,387,335

PROGRAM DESCRIPTION:

This is a statewide prescriptive rebate program that provides upstream financial incentives to distributors to stock and sell qualifying high efficiency products combined with downstream customer rebates to create a push/pull strategy. The program is essentially the HVAC and motors element of the statewide Express Efficiency program, but with upstream focus. All of the investor-own utilities' commercial, industrial and agricultural customers are eligible to participate. Incentives are offered for high efficiency packaged and split system air conditioners, heat pumps, integral HVAC smart controls, package chillers, and motors. Depending on market response, additional measures may be added in the second year of the program (2005).

PROGRAM MODIFICATIONS:

Although the three utilities propose to fund this program using either PGC or procurement dollars, the program should be offered consistently statewide. SCE and PG&E indicated that both retrofit and new construction applications qualify for the program; however, SDG&E proposed that the program apply only to retrofit projects and that new construction applications qualify for benefits through the Savings By Design program. To avoid any potential customer confusion, SDG&E should revise its program to qualify both retrofit and new construction applications.

There are discrepancies in the proposed rebate levels per unit across the three IOUs for certain measures (e.g., 25 to 60 HP motors) in their respective proposal narratives and workbooks. Also, SDG&E proposed initial A/C incentive of \$100 per ton, which is not consistent with tiered rebates shown in its workbooks and in PG&E's and SCE's workbooks. The three utilities should ensure consistent rebate levels per unit for all the measures offered under the program and should submit to the Energy Division revised workbooks containing the appropriate rebates.

Although the core of the program is rebates to distributors to encourage stocking of premium efficiency equipment, both PG&E and SCE initially proposed to offer rebates to customers through the Express Efficiency program, but with all the rebate costs and savings accomplishments to be part of this upstream program. PG&E and SCE propose to split the total rebate per unit 70/30 between distributors (upstream rebate) and customers (downstream rebate). It is unclear from SDG&E's initial proposal whether it is offering similar rebate split, and if

so, how the downstream rebate costs would be funded. The utilities shall consult with each other and the Energy Division in determining the program's focus and rebate split. Each utility's revised PIP should ensure consistency across the three utilities on these program features.

All three utilities propose to provide additional marketing effort and possibly bonuses for equipment installed in transmission constrained areas. The utilities also propose to use bonuses to convince distributors to submit their first application, as part of their marketing effort. No additional details were provided in the proposals regarding how these bonuses would be implemented and how much, if any, additional rebates will be offered. The utilities should not implement these bonuses without first seeking approval of the Energy Division and should fund these bonuses out of the program's marketing budgets if they are part of the utilities' marketing efforts.

We approve the total proposed budgets of SCE and SDG&E, but reduced PG&E's proposed budget to make its overhead costs comparable to the other two utilities as discussed elsewhere in this decision. However, we noted wide discrepancies in the utilities' proposed budgets for certain cost items. For example, the proportion of administrative costs to the total proposed budget varied widely across the three utilities: SCE – 3%, SDG&E – 21%, PG&E – 17%. In addition, SCE includes \$1.47 million for subcontractor labor doing field verification, whereas SDG&E and PG&E only proposed \$57,400 and \$15,212 for field verification and site inspections, respectively. PG&E included \$400,750 marketing/advertising budget, whereas SCE included zero dollars and SDG&E only budgeted \$43,710.

All three utilities should submit revised budgets to the Energy Division that include supporting details and reallocate their budgets to address the discrepancies noted above.

PROGRAM BUDGETS AND TARGETS:

	Program Budget	Energy Reduction Targets* (kWh)	Demand Reduction Targets* (kW)	Energy Reduction Targets* (Therms)
PG&E (PGC)	\$2,692,581	5,722,867	2,902	0
SCE	\$5,579,453	23,556,304	8,611	0
SDG&E	\$2,807,882	5,495,807	3,923	0
Procurement Total	\$ 8,387,335	29,052,111	12,534	0

*Minimum expectations based upon reduced budget, pending program implementation plan finalization

(END OF ATTACHMENT 4)