

Decision 03-04-055 April 17, 2003

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

Order Instituting Rulemaking to Examine the  
Commission's Future Energy Efficiency Policies,  
Administration and Programs.

Rulemaking 01-08-028  
(Filed August 23, 2001)

**INTERIM OPINION ON 2003 STATEWIDE/UTILITY LOCAL  
ENERGY EFFICIENCY PROGRAMS AND OTHER STUDIES**

**TABLE OF CONTENTS**

<b>Title</b>	<b>Page</b>
<b>INTERIM OPINION ON 2003 STATEWIDE/UTILITY LOCAL ENERGY EFFICIENCY PROGRAMS AND OTHER STUDIES .....</b>	<b>2</b>
I. Summary.....	2
II. Background.....	6
III. 2003 Utility Statewide and Local Programs.....	7
A. Criteria for Program Modifications .....	7
B. Statewide Programs .....	7
C. Local Programs .....	8
IV. PG&E and the City of San Francisco’s Pilot Program Proposal .....	9
V. Statewide Marketing and Outreach Programs.....	13
A. Proposals and Criteria for their Consideration.....	13
B. Marketing and Outreach Program Proposals .....	15
C. Program Administration of Marketing and Outreach Programs .....	18
VI. Measurement and Verification of Programs and Projects.....	20
A. 1998-2002 PGC Financial and Management Audit .....	21
B. AEAP-Related Studies.....	22
C. 2003 Utility Statewide and Local Program Evaluation, Measurement and Verification .....	22
D. Avoided Cost and Externality Update.....	23
E. Energy Efficiency Program Groupware Application .....	23
VII. Accounting and Administration.....	25
A. Cost Accountability and Budget Authority .....	25
1. Appropriateness of Claims on Funds .....	25
B. Information and Training Programs-Accountability.....	26
C. Shifting of Funds .....	26
D. Commission Cost Reimbursement .....	27
E. Increasing Dollar Incentives .....	27
VIII. Outstanding Issues in this Rulemaking.....	27
IX. Comments on Draft Decision.....	28
X. Assignment of Proceeding.....	28
<b>Findings of Fact .....</b>	<b>28</b>
<b>Conclusions of Law .....</b>	<b>29</b>
<b>INTERIM ORDER .....</b>	<b>31</b>

**ATTACHMENT 1 – Program Budgets and Energy Savings Targets**

**ATTACHMENT 2 – Program Descriptions**

**ATTACHMENT 3 – Statewide Marketing/Outreach Program Proposals  
Rejected**

**ATTACHMENT 4 – PG&E PY 2003 Proposed Budgets and Authorized  
Budgets**

**INTERIM OPINION ON 2003 STATEWIDE/UTILITY LOCAL  
ENERGY EFFICIENCY PROGRAMS AND OTHER STUDIES**

**I. Summary**

This decision approves statewide and local energy efficiency programs for investor-owned utilities to implement in 2003. It disburses \$20.51 million to several organizations to undertake statewide marketing and outreach programs in 2003. It also authorizes \$10.99 million for measurement and verification studies for the utilities' 2003 programs and other projects. These programs will be funded by “public goods charge” (PGC) funds collected in 2003 and carried over from previous years.

The funding allocated to each utility program and to the statewide marketing and outreach programs is as follows:

	<b>SDG&amp;E</b>	<b>SoCalGas</b>	<b>SCE</b>	<b>PG&amp;E</b>	<b>Total</b>
<b>Statewide Programs</b>					
Appliance Recycling	\$1,000,000		\$6,000,000	\$2,090,000	\$9,090,000
Single-Family Energy Efficiency Rebates	\$3,979,000	\$2,880,965	\$6,000,000	\$20,469,328	\$33,329,293
Multi-Family Energy Efficiency Rebates	\$1,867,000	\$1,657,310	\$2,000,000	\$3,200,000	\$8,724,310
Home Energy Efficiency Surveys	\$250,000	\$145,803	\$1,295,654	\$1,458,000	\$3,149,457
CA Energy Star New Homes Program	\$2,562,000	\$1,615,311	\$5,000,000	\$10,009,000	\$19,186,311
Standard Performance Contract	\$5,760,000		\$13,700,000	\$19,701,000	\$39,161,000
Express Efficiency	\$3,364,000	\$3,182,410	\$7,000,000	\$9,655,500	\$23,201,910
Nonresidential Energy Audit	\$871,000	\$2,665,150	\$2,200,000	\$4,390,500	\$10,126,650
Building Operator Certification and Training	\$150,000	\$142,099	\$500,000	\$263,500	\$1,055,599
Savings by Design	\$3,912,000	\$2,156,966	\$8,900,000	\$13,997,000	\$28,965,966
Education and Training	\$1,369,000	\$1,884,310	\$5,700,000	\$1,402,966	\$10,356,276
Codes & Standards Advocacy	\$100,000	\$137,061	\$1,150,000	\$1,346,000	\$2,733,061
Upstream Residential Lighting	\$1,920,000		\$2,000,000	\$9,633,000	\$13,553,000
Emerging Technologies	\$200,000	\$769,124	\$850,000	\$1,043,000	\$2,862,124
<b>IOU Statewide Programs Subtotal</b>	<b>\$27,304,000</b>	<b>\$17,236,509</b>	<b>\$62,295,654</b>	<b>\$98,658,794</b>	<b>\$205,494,957</b>
<b>Statewide Marketing and Outreach</b>					
Efficiency Partnership/IOUs	\$2,058,000	\$1,164,690	\$4,888,782	\$6,888,528	\$15,000,000
Runyon Saltzman & Einhorn	\$344,023	\$247,486	\$825,456	\$1,090,494	\$2,507,459
Univision Television Group	\$411,600	\$296,100	\$987,600	\$1,304,700	\$3,000,000
<b>Statewide Marketing Campaigns Subtotal</b>	<b>\$2,813,623</b>	<b>\$1,708,276</b>	<b>\$6,701,838</b>	<b>\$9,283,722</b>	<b>\$20,507,459</b>
<b>STATEWIDE PROGRAMS TOTAL</b>	<b>\$30,117,623</b>	<b>\$18,944,785</b>	<b>\$68,997,492</b>	<b>\$107,942,516</b>	<b>\$226,002,416</b>

<b>Local Programs</b>					
In Home Audits	\$187,000				\$187,000
Hard-to-Reach Lighting Turn In	\$539,000				\$539,000
Small Business Energy Assessments	\$519,000				\$519,000
Nonresidential EZ Turnkey	\$1,120,000				\$1,120,000
Energy Code Training Program	\$160,000				\$160,000
Nonresidential Financial Incentives		\$1,053,740			\$1,053,740
Diverse Markets Outreach		\$1,148,680			\$1,148,680
Residential In-Home Energy Survey			\$750,000		\$750,000
Small Nonresidential Hard to Reach			\$1,400,000		\$1,400,000
Pump Test And Hydraulic Services			\$1,350,000		\$1,350,000
Demonstration & Information Transfer			\$500,000		\$500,000
Local Government Initiative			\$950,000		\$950,000
Codes and Standards			\$66,700		\$66,700
Energenius				\$514,000	\$514,000
Schools Resource Program				\$1,028,000	\$1,028,000
PEC				\$3,195,000	\$3,195,000
<b>LOCAL IOU PROGRAMS TOTAL</b>	<b>\$2,525,000</b>	<b>\$2,202,420</b>	<b>\$5,016,700</b>	<b>\$4,737,000</b>	<b>\$14,481,120</b>
<b>GRAND TOTAL</b>	<b>\$32,642,623</b>	<b>\$21,147,205</b>	<b>\$74,014,192</b>	<b>\$112,679,516</b>	<b>\$240,483,536</b>

We authorize continuation of utility programs that we approved in 2002. These programs improve upon previous programs in terms of energy savings and efficiency. We selected marketing and outreach proposals that provide energy efficiency messages to consumers through mass-market advertising campaigns, capitalizing on the success of the state's Flex Your Power campaign. The funding allocated to the 2003 studies and projects is as follows:

	<b>SDG&amp;E</b>	<b>SoCalGas</b>	<b>SCE</b>	<b>PG&amp;E</b>	<b>Total</b>
<b>1998-2002 PGC Financial Audit</b>	\$411,429	\$296,286	\$987,714	\$1,304,571	<b>\$3,000,000</b>
<b>AEAP-related studies</b>	\$68,571	\$49,381	\$164,619	\$217,429	<b>\$500,000</b>
<b>2003 IOU Program Evaluation Measurement and Verification</b>	\$822,857	\$592,571	\$1,975,429	\$2,609,143	<b>\$6,000,000</b>
<b>Avoided Cost and Externality Update</b>	\$82,286	\$59,257	\$197,543	\$260,914	<b>\$600,000</b>
<b>Energy Efficiency Program Groupware Application</b>	\$82,286	\$59,257	\$197,543	\$260,914	<b>\$600,000</b>
<b>Energy Division Operating Costs</b>	\$40,046	\$28,838	\$96,138	\$126,978	<b>\$292,000</b>
<b>Total</b>	<b>\$1,507,474</b>	<b>\$1,085,591</b>	<b>\$3,618,985</b>	<b>\$4,779,950</b>	<b>\$10,992,000</b>

R.01-08-028 ALJ/KLM/sid

The following table shows an accounting of the PGC funds available and the amounts authorized for expenditure on various programs for 2003:

### Allocation of PY 2003 PGC Funds

	<b>SDG&amp;E</b>	<b>SoCalGas</b>	<b>SCE</b>	<b>PG&amp;E</b>	<b>Total</b>
<b>2003 PGC Collection</b>	\$37,500,000	\$26,995,000	\$90,000,000	*\$120,478,000	\$274,973,000
<b>Carry Over Funds and Interest</b>	\$4,253,997	(\$1,537,000)	\$4,093,177	\$26,881,966	\$33,692,140
<b>Total PGC Funds Available</b>	<b>\$41,753,997</b>	<b>\$25,458,000</b>	<b>\$94,093,177</b>	<b>\$147,359,966</b>	<b>\$308,665,140</b>
<b>Allocated to Third Party Local Programs***</b>	\$6,019,000	\$3,225,204	\$16,460,000	\$21,744,000	\$47,448,204
<b>2003 IOU Statewide Programs</b>	\$27,304,000	\$17,236,509	\$62,295,654	**\$98,658,794	\$205,494,957
<b>2003 IOU Local Programs</b>	\$2,525,000	\$2,202,420	\$5,016,700	**\$4,737,000	\$14,481,120
<b>2003 Statewide Marketing/Outreach</b>	\$2,813,623	\$1,708,276	\$6,701,838	\$9,283,722	\$20,507,459
<b>Various Projects</b>	\$1,507,474	\$1,085,591	\$3,618,985	\$4,779,950	\$10,992,000
<b>Total 2003 Programs</b>	<b>\$40,169,098</b>	<b>\$25,458,000</b>	<b>\$94,093,177</b>	<b>\$139,203,466</b>	<b>\$298,923,740</b>
<b>Balance/(Shortfall)</b>	<b>\$1,584,900</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,156,500</b>	<b>\$9,741,400</b>
<b>Allocated to CCSF for 2004</b>	n/a	n/a	n/a	\$8,156,500	\$8,156,500
<b>Unallocated PGC funds</b>	<b>\$1,584,900</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,584,900</b>

\* PG&E included estimated adjustment in 2003 PGC revenues per Public Utilities Code Section 399.8.

\*\* PG&E's budget includes over \$8 million allocated to the CCSF/PG&E Pilot Program for 2003 (see Attachment 4 to this decision).

\*\*\* The amount is less than the \$50 million allocated in D.03-01-038 since SDG&E and SCG covered the difference with unspent program funds in 2002.

As illustrated by the above table, we expect a balance of approximately \$1.5 million for SDG&E only. Within 15 days of the issuance of this decision, SDG&E should submit to the Energy Division and copy the service list with revised budgets and associated savings targets to fully utilize the available PGC funds in 2003.

## **II. Background**

Decision (D.) 03-01-038 stated our intention to allocate \$202.826 million to utilities for statewide and local programs administered in 2002 and up to \$20 million for statewide marketing and outreach programs, and \$10.5 million for evaluation, measurement and verification (EM&V) of utility programs and other studies. We further stated we would address the funding and the nature of the studies with our final approval of the utilities' 2003 programs.

D.03-01-038 continued funding for energy efficiency programs in the same categories as those set forth in D.01-11-066 for 2002: residential retrofit, residential new construction, nonresidential retrofit, nonresidential new construction, and "cross-cutting" programs (that is, those whose elements cut across other programs). The order defined statewide programs as those that would have identical terms and requirements, such as procedures and financial incentives, for all utilities. The order stated an intent to continue 2002 local programs into 2003 if those programs were demonstrably successful and in demand.

For 2003, each utility provided an estimate of PGC funds available for energy efficiency programs, that is, a forecast of future revenues plus funds left over from previous years including interest. Each utility proposed ways to allocate funds to various program categories. D.03-01-038 permitted competitive bidding for statewide marketing and outreach programs and suggested increased funding up to \$20 million, depending on the quality of proposals.

D.03-01-038 also authorized the utilities to continue funding 2002 programs through March 31, 2003. D.03-01-038 extended this bridge funding

until the Commission approves a final order on this matter, which we do here today.

### **III. 2003 Utility Statewide and Local Programs**

#### **A. Criteria for Program Modifications**

Some parties proposed modifications to some existing programs. Consistent with past orders and our duty to assure responsible use of program funds, we have adopted the modifications where doing so would improve the cost-effectiveness of the program, increase participation or promote equity. In most cases, proposed modifications would address administrative or operational shortcomings. In others, the modifications seek to incorporate new information about participant behavior or technology characteristics.

#### **B. Statewide Programs**

D.01-11-066 found that some energy efficiency programs should be uniform around the state to promote customer understanding and equitable funding across customer classes and geography.

Statewide residential retrofit programs promote energy savings in existing single-family and multi-family residences. These programs include (1) single family unit rebates for energy efficiency equipment (no lighting), (2) multi-family unit rebates for energy efficiency equipment (lighting and non-lighting), (3) residential appliance recycling, and (4) home energy efficiency surveys.

Statewide residential new construction programs fund energy efficiency products in new residential units.

Nonresidential programs fall into two general categories: retrofit and new construction. Nonresidential retrofit programs include (1) Nonresidential

Standard Performance Contract (SPC) program, (2) Express Efficiency program, (3) Nonresidential audit program, and (4) Building operator training program.

Nonresidential new construction programs, such as the “Savings By Design” program, provide architects, design teams, building owners and developers funding for energy efficiency efforts that exceed the requirements in Title 24 of the California Residential Building Code.

Statewide cross-cutting programs include (1) statewide upstream lighting program, ("upstream" segments are those that are not the product users) (2) education and training program; (3) codes and standards advocacy; and (4) emerging technologies program. They also include statewide marketing and outreach programs.

Attachment 1 summarizes the program budgets and energy savings targets for the statewide programs we approve for 2003. Attachment 2 describes in more detail each statewide program, including program-specific modifications for 2003. The statewide programs we authorize for 2003 build on those authorized for 2002 in D.02-03-056.

### **C. Local Programs**

D.02-05-046 approved funding for several utility local energy efficiency programs until the end of 2002. It also approved funding for 2002 and 2003 for certain programs to be implemented by third parties. Local programs are designed to take advantage of local conditions and contacts to improve program effectiveness.

The utilities proposed 16 local programs for 2003 that were originally approved in D.02-05-046. Attachment 1 summarizes the program budgets and energy savings targets for utility local programs we approve for 2003. These programs are essentially the continuation of the programs we authorized for

2002 in D.02-05-046. Attachment 2 describes in more detail each local program, including program-specific modifications that we approved or required the utilities to implement in 2003.

#### **IV. PG&E and the City of San Francisco's Pilot Program Proposal**

PG&E joined with the City and County of San Francisco (San Francisco) to propose a "Demand Reduction Through Energy Efficiency Pilot Program" ("Pilot Program"). PG&E describes the pilot program as addressing San Francisco's specific program needs in response to the prospect for San Francisco to experience an electricity shortage in 2004-2005 and a concern that statewide programs do not adequately address the city's unique needs. For example, San Francisco has two "peak" periods -- a daytime summer peak, driven by air conditioning and lighting loads, and a winter evening peak, driven by electric heating and lighting loads. The state's Independent System Operator has identified San Francisco as a "critical grid reliability risk area" because of limited transmission capacity into the area combined with aging energy resources within the area. San Francisco argues it requires continued funding for the infrastructure it developed using SBx1 5 funding for retrofitting lighting in 4,000 local small businesses.

The Pilot Program would set aside \$16,313,000 from PG&E's statewide program budget for San Francisco with a target savings of at least 16 megawatts (MW) by 2005 for each of San Francisco's two peak periods. In general, the program would step up existing aspects of PG&E's energy efficiency efforts, such as commercial building retrofits, marketing and education to customers with language barriers, analysis of fuel-switching applications, training San Francisco employees, and rebates for reducing on-peak usage.

PG&E and San Francisco propose to conduct a "needs assessment" in the initial months of the program and develop a plan for implementing specific program elements. PG&E proposes to divert funds from its 2003 program implementation plan for this effort. To affect this funding change, PG&E proposes the Commission delegate authority to its staff to modify 2003 plans as needed.

Women's Energy Matters (WEM) objects to funding this program. WEM observes that it is unable to comment on program elements because PG&E does not provide a budget. It comments that the program envisions preferential treatment for the customers of a single community and would shift funding from residential customers to commercial and industrial customers. WEM raises broader issues relating to PG&E's potential conflict of interest in managing energy efficiency programs and the need to empower the city to implement such programs independently.

**Discussion:** We are encouraged that PG&E and San Francisco worked together to develop a proposal that seeks to address the City's specific circumstances. We agree with San Francisco that PG&E's statewide programs may not meet the needs of specific geographic areas or consumer groups. We also concur with San Francisco that local governments may be good candidates to assist with implementation of community programs because of their pre-existing relationships with community organizations and individuals.

We have numerous concerns about the proposal, however, as it has been presented in this proceeding. Most importantly, although San Francisco proposes the focus of its efforts will be in commercial and industrial sectors, PG&E does not explain how the program will meet program goals to reduce demand by 16 MW during peak periods. Instead, it presents a list of possible

program elements without a program budget or energy savings estimates. PG&E clarifies that it still needs to undertake a needs assessment and present a more specific proposal for consideration. It does not explain, however, how much of its budget will go to additional administrative tasks such as data gathering, study preparation, program development and program coordination. Given the apparent concurrence of PG&E and San Francisco regarding the value of local involvement in energy efficiency programs and San Francisco's explicit wish to retain its energy efficiency organization, we also wonder whether PG&E's administration of this program could present unnecessary duplication of effort.

We also weigh the conceptual benefits of a more aggressive local effort in San Francisco against the lost opportunities presented by allocating such a large proportion of funding to a single city. To the extent the cost of the San Francisco program is higher than energy efficiency programs in other areas or statewide, if the Commission approved the Pilot Program, the result could be a reduction in overall cost-effectiveness of energy efficiency programs. On the other hand, the value of energy savings in San Francisco may be higher than in other areas of the state because of the prospect of energy shortages and the high cost of improving system reliability with additional transmission and energy generation facilities. Unfortunately, we have little information upon which to make these judgments using the information presented by PG&E and San Francisco.

PG&E seeks about twice the amount San Francisco customers contribute to PG&E's energy efficiency programs annually and about 15% of PG&E's total statewide program budget to be set aside for San Francisco. The funding would be authorized over two calendar years (2003 and 2004). In light of San Francisco's unique situation, we authorize PG&E to set aside the \$16.3 million for

San Francisco in 2003 and 2004, subject to certain conditions we include in this decision. For programs included in the Pilot, this funding will substitute for any other funds that San Francisco residents might otherwise be eligible for; in other words, \$16.3 million of PG&E's funds will be set aside for San Francisco only, and all program activities for programs included in the Pilot taking place in San Francisco should be paid from those funds. San Francisco residents will still qualify for programs not included in the Pilot. These funds will be set aside immediately for program implementation.<sup>1</sup> In order to justify spending these funds, PG&E and CCSF must present a needs assessment and a specific program proposal as part of a two-year program implementation plan to be submitted within 30 days of the date of this decision. We delegate to the Assigned ALJ, in consultation with the Energy Division and the Assigned Commissioner, the authority to approve the program implementation plan. The needs assessment should include an analysis comparing the costs of proposed program elements to the costs of alternative means of improving system reliability in San Francisco, if that information is publicly available, and a more traditional cost-effectiveness analysis.

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<sup>1</sup> Attachment 4 to this decision shows how PG&E proposed to fund the Pilot Program using portions of its budgets for certain statewide and local programs for 2003. PG&E should fund the program in 2004 through its unallocated funds consistent with Attachment 4.

## **V. Statewide Marketing and Outreach Programs**

### **A. Proposals and Criteria for their Consideration**

Statewide marketing and outreach programs are currently funded to any qualifying organization or business according to a process of competitive bidding. The utilities and third parties submitted a total of twenty-eight (28) proposals. We reviewed them in light of the Commission's criteria for such programs, expressed first in D.01-11-066. Specifically, D.01-11-066 found that marketing and outreach programs should inform consumers about ways to reduce their bills and energy consumption, emphasizing long-term structural improvements to buildings and equipment rather than behavioral changes that might require ongoing consumer education.

We reject some of the proposals because they failed to meet the established criteria. Some of the proposals would educate industry members, such as architects, engineers, and business owners, or promote certain technologies, which are more appropriately proposed as part of local programs. A number of proposals duplicate other efforts. Others would limit information geographically and fail to meet the requirement that these marketing efforts reach all California customers.

We also reject proposals that do not provide clear schedules, those that are relatively expensive, or do not adequately describe the proposed program and budget, or failed to describe relevant work and educational qualifications necessary for marketing and outreach of energy efficiency programs.

Twenty-one of the 28 proposals presented in this docket did not meet the criteria the Commission established for these programs and we deny funding

for them. Attachment 4 lists the proposals we reject and our reasons for disallowing them.

Seven proposals totaling more than \$30 million met the Commission's criteria. Each demonstrates the availability of qualified personnel and relevant work experience. Each would market throughout the state targeting individual consumers, and would work collaboratively with utilities and third-party implementers of local programs. The seven proposals are as follows:

- Runyon Saltzman & Einhorn, Inc. (RS&E) -- \$7.65 million to target low income and rural communities using newspaper and radio advertising in English, Spanish, Korean, Chinese and Vietnamese, supplemented by brochures, direct mail and efforts of community-based organizations;
- Efficiency Partnership/McGuire & Co., Inc. (EP) and utilities (SCE, PG&E, SDG&E & SCE) -- \$15 million to facilitate programs and providers and extend the “Flex your Power” campaign in 2003;
- Global Energy Services -- \$1.98 million for marketing and outreach in Chinese, Vietnamese and Korean languages;
- Dae Advertising/Insync -- \$.944 million for outreach to Asian communities;
- Headquarters Advertising -- \$2.45 million for marketing in Hispanic communities;
- Univision Television Group and Staples/Hutchinson and Associates (Univision) -- \$3 million for televised marketing and information to Hispanic communities.

- Pacific Gateway -- \$230,000 to promote energy efficiency programs on radio spots and during halftime breaks at professional basketball games.

Several projects that meet our criteria for funding target the same populations and we must therefore make difficult choices between worthy proposals. We have selected those three projects that presented the most efficient budgets, propose to target the broadest audiences and appear to complement each other.

### **B. Marketing and Outreach Program Proposals**

We approve funding for marketing and outreach programs on the basis of their exceptional proposals and their complementary elements, as follows:

- (1) EP/McGuire & Co, Inc. -- \$15 million for marketing and education programs that capitalize on the “Flex your Power” campaign, and which targets English and Asian-speaking audiences emphasizing structural energy savings measures rather than short term behavioral changes by consumers.
- (2) RS&E -- \$2.5 million for statewide programs directed to low income communities in rural areas, including grants to community-based organizations with strong community ties.
- (3) Univision -- \$3 million for marketing and information to Hispanic communities, using televised messages, building on its success from the previous year.

We select EP/McGuire & Co, Inc. for the most substantial program work because of its extensive experience marketing energy efficiency and knowledge of related programs. EP has products that may be used in future campaigns and valuable expertise. EP will focus on broad media campaigns in

English and Asian languages.<sup>2</sup> Consistent with its proposal and comments on the ALJ's proposed decision, EP's efforts should include coordination between energy efficiency program providers, manufacturers and recipients. The funds we authorize today should be allocated in ways that most effectively accomplish the broad marketing goals and objectives EP identifies in its proposal.

We select Univision to provide marketing and information in Spanish on the basis of its strong proposal and success in the previous year. The funding level we adopt today increases the existing level of funding.

Although RS&E had a very good proposal with elements similar to those proposed by EP, it does not have the breadth or depth of experience with such programs, suggesting it may not be as cost-effective as either EP or Univision. RS&E does, however, propose a vital program element that was not proposed by EP or Univision, namely, outreach to low income and rural communities. We therefore fund those efforts.

RS&E, EP and Univision should coordinate their efforts with each other and with the utilities and third-party implementers for consistent, coherent and timely marketing and outreach. All three providers should also file and serve,

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<sup>2</sup> Information provided by EP in this proceeding appeared to suggest that EP recommended about \$2.7 million in funding for an initial effort to create a new organization that would coordinate, plan and facilitate statewide energy programs, and provide a forum for representatives of business, nonprofit agencies and government who manage or administer energy efficiency programs. The proposal raised concerns that the Commission would be creating a new organization to administer statewide programs independently. On the basis of comments by EP and the utilities, it appears that EP is not proposing to fund a new organization or to establish itself as independent statewide administrator. Rather, EP suggests its proposal was intended only to continue the work begun in the "Flex Your Power" program to coordinate program elements between various manufacturers and providers of products and services.

within 60 days of the issuance of this decision, a program implementation plan which includes a brief description of how they intend to implement the requirements of this decision, as well as a budget detailing the activities they will undertake with the funding authorized. The requirements are detailed further in the next section. We delegate to the Assigned ALJ, in consultation with the Energy Division and Assigned Commissioner, the authority to approve the program implementation plans.

Total funding for marketing and outreach programs is \$20.5 million, about \$10.5 million more than we originally anticipated funding for these programs. We add to the original funding level because of our confidence in the success of the “Flex Your Power” campaign and the need to underscore the importance of energy efficiency in the minds of the public following the energy crisis. The additional funding for these programs will come from carry-over funds, consistent with summary tables.

**C. Program Administration of Marketing and Outreach Programs**

Each recipient of M&O program funding should engage a third party to evaluate marketing and outreach program.

Plans for this evaluation should be included in the implementation plans to be submitted no later than 60 days from the date of the decision approving the marketing and outreach proposals. Each funding recipient should also post its plans on its websites in a prominent location. In addition to the requirements in the previous section, each plan should contain the following information:

- Title of Individual Program
- Plans to implement the decision’s changes to the original proposal
- Objective measures for evaluating program success
- Hard-to-reach target and goals. The funding recipient identify them in its plan, consistent with the Commission’s order.

- Budget information in a format provided by Commission staff, which describes specifically how the funding recipient will use apply funds to various activities.
- Description of coordination plan with other providers of marketing and outreach for consistent, coherent and timely campaigns.

The Commission will monitor and evaluate the statewide marketing and outreach programs using the plan as a benchmark. The parties should not delay the program preparations or commencement while in the preparation stage or after submission of the program implementation plans.

SCE shall continue to administer the 2003 marketing and outreach programs approved in this decision. SCE should contract with RS&E, EP and Univision to ensure that funding is used only on energy efficiency messages authorized in this decision. Program payment will depend on the implementers' compliance with the contractual requirements. The other utilities shall transfer allocated PGC funds for statewide marketing and outreach to SCE so that it may compensate RS&E, EP and Univision. In all cases, the Commission will retain total ownership interest in all content developed with the funding it awards here.

2003 Statewide Marketing and Outreach Programs	Funding Source				Total Budget
	SDG&E	SCG	SCE	PG&E	
Efficiency Partnership/IOUs	\$2,058,000	\$1,164,690	\$4,888,782	\$6,888,528	\$15,000,000
Runyon Saltzman & Einhorn	\$ 344,023	\$ 247,486	\$ 825,456	\$1,090,494	\$ 2,507,459
Univision Television Group	\$ 411,600	\$ 296,100	\$ 987,600	\$1,304,700	\$ 3,000,000
<b>Total</b>	<b>\$2,813,623</b>	<b>\$1,708,276</b>	<b>\$6,701,838</b>	<b>\$9,283,722</b>	<b>\$20,507,459</b>

## **VI. Measurement and Verification of Programs and Projects**

D.03-01-038 set aside \$10.5 million for evaluation, EM&V activities for the 2003 utility programs and related studies. This decision allocates an additional \$200,000 for these activities.

D.02-05-046 authorized the utilities to carry out the statewide market assessment and evaluation (MA&E) activities for 2002, but stated our intent to reconsider this policy in the future. Because we have yet to undertake reconsideration of this policy in a systematic way, we will continue to require utilities to undertake the bulk of the MA&E activities in 2003. We recognize, however, that regardless of which entities receive or administer energy efficiency PGC funds, we need to ensure accurate and independent assessment of the effectiveness of those expenditures. We will consider the structure of MA&E activities comprehensively with our consideration of other administrative issues related to energy efficiency. However, in 2003, we will require the Energy Division to oversee certain MA&E activities which relate to utility shareholder earnings awards, financial auditing, and certain research projects that are relevant to the Commission's overall policy-setting.

The remainder of the MA&E responsibility will continue to rest with the utilities, though they should continue utilizing the California Measurement Advisory Committee (CALMAC), and other available informal mechanisms, to coordinate MA&E activities on a statewide basis, provide a public forum for discussion of MA&E issues, and involve regulatory staff (Energy Division and CEC staff) in ongoing coordination and decision-making to ensure that the studies are providing the kinds of information that is useful to continuous improvement of efficiency approaches.

We intend to fund five areas for MA&E, described in Sections A to E below. The Commission will contract directly with firms for three projects involving audit of PGC funds, independent review of shareholder incentive claims related to the annual earnings assessment proceedings (AEAPs), and an update of avoided costs. The Commission will manage all aspects of the contracts and inform utilities of amounts due to contractors. This is consistent with Section 381 directing the Commission to oversee the utilities' use of PGC funds. The Commission's Final Request for Proposals for these three projects should be issued no later than 30 days after the issuance of this decision and posted on the Commission's website; the existing RFPs already issued should be withdrawn and revised if they are not consistent with this decision.

For the projects described in Section E, the Commission will require SCE and PG&E to conduct the solicitation and enter into contracts with the entities selected to undertake the work, coordinating with Commission staff.

The specific 2003 PGC funding levels required from each utility, for all the five projects are as follows:

**A. 1998-2002 PGC Financial and Management Audit**

The Commission will contract for a comprehensive financial audit of utility PGC fund revenue collections and program expenditures from 1998 through 2002. The purpose of this audit will be to (1) verify PGC collections during the entire period, (2) verify PGC expenditures on energy efficiency-related programs and services, (3) investigate and verify the level of administrative expenditures associated with PGC-funded programs, (4) assess the effectiveness of oversight, accounting and financial funds management, and (5) make any recommendations to the Commission, as appropriate, to improve

effectiveness of PGC fund management and expenditures by the utilities. The Commission allocates up to \$3,000,000 of PGC funds to this project.

**B. AEAP-Related Studies**

This task will involve independent verification of milestone achievements associated with the Annual Earnings Assessment Proceedings earnings claims for 1999-2001 energy efficiency programs and evaluation of the utilities' achievement of 2002 program goals pursuant to D.02-03-056. The consultant will also undertake an independent review of the retention and persistence studies involved in demand-side management program earnings claims by the utilities (for programs conducted during the period prior to 1998) where there will be ongoing activities and claims by the utilities through at least 2007. The Commission allocates \$500,000 of PGC funds to this project.

**C. 2003 Utility Statewide and Local Program Evaluation, Measurement and Verification**

The utilities should continue to conduct program evaluation, measurement and verification of their 2003 utility statewide and local programs. They should conduct studies to evaluate program effectiveness as well as verify savings claims/measure installations, marketing and outreach activities, and hard to reach targets included in their 2003 program reports. The studies should also measure energy savings and demand reductions that result from these programs. The utilities should make demonstrable efforts to expand and vary the entities with which they contract to perform these duties.

The utilities have hired consultants to evaluate 2002 programs. Because 2003 programs will be substantially the same as 2002 programs, it may be appropriate for the utilities to augment ongoing activities, especially for measurement and verification. The utilities should also develop additional plans

for studies to be conducted in 2003 to gain further insight about program effectiveness or to illuminate future planning activities. Within 60 days of the issuance of this decision, the utilities should consult with the Energy Division and file and serve evaluation plans containing a description of how they will allocate the funds we authorize in this area, as well as the studies they plan to conduct. We delegate to the Assigned ALJ, in consultation with the Energy Division and the Assigned Commissioner, the authority to approve the evaluation plans. The Commission allocates up to \$6,000,000 of PGC funds to these activities.

#### **D. Avoided Cost and Externality Update**

The Commission will contract with a consultant to update the avoided costs and “externality adders” presently used in assessing the benefits of energy efficiency programs to reflect the current societal costs of energy. This study will consider impact of including additional externality adders in program effectiveness calculations. The Commission allocates a maximum of \$600,000 of PGC funds to this project.

#### **E. Energy Efficiency Program Groupware Application**

The Commission staff is overseeing implementation of multiple statewide and local energy efficiency programs. This oversight involves review of proposals, program plans, budgets, expenditures and program activity reports, as well as program monitoring, program plan modifications, and other day-to-day management assignments. The development of third-party program requires better and more consistent data from program contractors. Accordingly, we will solicit a comprehensive, groupware application to collect energy

efficiency program data and assist in monitoring energy efficiency programs.

The Commission will require SCE to hire a consultant to:

- Develop a Request for Proposal (RFP), coordinating with Commission staff, for development of a Web-based groupware application
- Manage the final contract
- Select and manage transactions with an application service provider that will host the groupware application and store the data.

Commission staff will supervise this project to ensure that it meets program needs. The Executive Director or his designee will have final authority to manage all activities associated with this project. Because the primary users of the groupware application will be Commission staff, selection of the project management consultant, issuance of the RFP for application development, selection of the application developer, any changes to the application developer's scope of work and any other multi-party agreement shall only be done with approval of the Executive Director or his designee.

This decision sets forth the following schedule for this project:

Event	
Release of RFP for Application Developer	60-90 days after release of Final Decision
Selection of Application Developer	90-120 days after release of Final Decision

The Commission allocates up to \$600,000 of PGC funds to this project.

We expect the project consultant to cost no more than \$225,000.

Remaining funds will be allocated to: (a) the application development phase of the project, and (b) fees to the application service provider.

## **VII. Accounting and Administration**

### **A. Cost Accountability and Budget Authority**

#### **1. Appropriateness of Claims on Funds**

The Commission has a duty to assure that charges to PGC accounts and funds are appropriate. Part of that responsibility is to monitor and audit those charges. The audits contemplated by this decision will facilitate this effort. We put the utilities on notice here that their charges to energy efficiency accounts will be scrutinized, just as those of third parties are currently reviewed. To that end, the IOUs should expect detailed data requests from Energy Division staff regarding the development and allocation of costs and expenditures associated with EE programs. We expect the utilities to continue to retain chronological paper and electronic accounting records for all gas and electric energy efficiency programs. Utility claims on PGC funds are not automatically appropriate. We are especially concerned with the level of overhead and administrative costs that some program budgets have included.

In an initial effort to bring down administrative costs, some programs' proposed budgets have been reduced while their proposed energy savings and other goals have been adopted as proposed. The Commission's purpose in reducing these budgets is not to diminish energy savings or other important program objectives. Instead, this action represents an attempt to bring the historically high administrative costs that have been associated with certain programs more into line with the norm. It is for this reason that program budgets have been cut while their goals are kept at higher levels.

**B. Information and Training Programs-  
Accountability**

D.01-11-066 committed us to scrutinize program results of marketing and outreach programs, and local programs that emphasize information and training. The order did not provide for a 15% holdback during the contract term. If the final quarterly reports do not demonstrate project success, the final quarterly payment may be subject to refund if the lack of success is due to the provider's failure to take reasonable steps to meet its program goals. This provision promotes additional accountability for programs that are less likely than other programs to be cost-effective.

**C. Shifting of Funds**

Utilities may shift program funds across program categories only as set forth in this section. Within the following categories, the utilities may shift no more than 10% of one program's funds into another program in the same category. A utility may only make the shift if and when it appears that, after substantial efforts, it would otherwise be unable to use the program funding for the intended purpose.

Categories:

1. Statewide Residential Retrofit
2. Statewide Residential New Construction
3. Statewide Nonresidential Retrofit
4. Statewide Nonresidential New Construction
5. Statewide Cross-Cutting (except Codes and Standards Advocacy)

The utilities shall prominently disclose any such program fund shifting in their quarterly reports. If the utilities discover that they cannot adhere to this limitation, they may make a motion to the assigned ALJ, to whom we delegate

authority to alter the 10% limitation where proven necessary for program success or to avoid program failure.

#### **D. Commission Cost Reimbursement**

Consistent with the State Budget Act, the utilities shall reimburse the Commission \$292,000 for its energy efficiency operating allocated as shown in the relevant table above.

#### **E. Increasing Dollar Incentives**

When utilities increase dollar incentive amounts, they may affect program success in unintended ways. They may unnecessarily reduce the funds available for other customers, affect the way third-party consultants may conduct their related programs, and change the portfolio of programs the Commission has ordered. Still, in some cases, increased incentives may be necessary to attract customers and increase energy savings. In the future, the utilities should inform parties and designated Commission staff in advance of their intent to increase customer dollar incentives, and receive approval from staff before increasing the incentives. This notice should include a justification for the increase that takes into account affects on the program and funding levels.

### **VIII. Outstanding Issues in this Rulemaking**

The Commission has several outstanding issues in this rulemaking:

Implementation of AB 117

Changes to the Policy Manual

Future Program Administration

Solicitation for Energy Efficiency Programs in 2004-05

The assigned Commissioner and ALJ will manage the consideration of these issues and provide more information soon about our review of them.

## **IX. Comments on Draft Decision**

The Commission mailed the draft decision of the ALJ to the parties in accordance with Pub. Util. Code § 311(g)(1) and Rule 77.7 of the Rules of Practice and Procedure. Parties filed opening comments on March 24, 2003, and reply comments on March 29, 2003. In response to comments by utilities, McGuire and Company, Inc., and the ALJ modified the order to clarify funding for marketing and outreach, and administrative matters. This decision also includes minor changes on issues relating to administration and program funding.

## **X. Assignment of Proceeding**

Loretta M. Lynch was the Assigned Commissioner in this proceeding until March 26, 2003, at which time this proceeding was reassigned to Commissioner Susan Kennedy. Kim Malcolm is the assigned Administrative Law Judge.

## **Findings of Fact**

1. The purpose of this proceeding is to allocate funds for the continuation of energy efficiency programs and evaluation of them for 2003.
2. The utilities and some parties proposed minor modifications to existing programs for 2003.
3. The proposal of PG&E and the City of San Francisco to allocate \$16.3 million to San Francisco may ultimately help address the city's specific energy requirements and circumstances.
4. Twenty-one of the 28 marketing and outreach proposals submitted in this proceeding do not meet the Commission's criteria for funding. Of the seven remaining proposals, three present exceptional proposals, present complementary proposals, and demonstrate requisite experience and skills.
5. EP and utilities propose a marketing and outreach effort that builds on past success with "Flex Your Power" and targets English and Asian-speaking

populations. EP's principal, McGuire & Co., Inc., has extensive experience marketing energy efficiency programs and coordinating program delivery between product and service providers.

6. Univision proposes a marketing and outreach effort that builds on past success in Spanish-speaking communities.

7. RS&E and remaining program proponents propose marketing and outreach efforts that would duplicate the work of program proponents with more experience and existing marketing products.

8. RS&E proposes a low-income and rural outreach program that complements the adopted marketing proposals of EP and Univision.

9. The evaluation and audit of energy efficiency programs and spending will assure funds are properly spent and programs are effective.

10. The development of software to monitor energy efficiency data will promote the efficient and effective management of energy efficiency programs and funding.

11. Limiting the ability of utilities to shift funds between programs is consistent with the Commission's duty to oversee program funding and promote cost-effective and fair programs.

12. Assigning one utility to administer certain program elements promotes consistency and efficiency in program management. Edison has assumed this role for the marketing and outreach programs discussed in this decision.

### **Conclusions of Law**

1. Energy efficiency programs should be modified to the extent those modifications would promote more cost-effective programs, increased participation, or fairness.

2. The Commission should adopt the program funding and modifications set forth in Attachments 1 and 2.

3. The Commission should allocate \$16.3 million to the City of San Francisco for energy efficiency programs tailored to its circumstances. PG&E and the City of San Francisco should file a program implementation plan within 30 days of the issuance of this decision, as set forth herein, copied to the assigned ALJ and Energy Division staff.

4. The Commission should allocate funding to those marketing and outreach proposals that are most likely to be successful, that target the broadest audience and complement each other.

5. The Commission should allocate funding for marketing and outreach programs to EP, Univision and RS&E as set forth in this decision.

6. Public Utilities Code Section 381 directs the Commission to supervise the spending of public goods charge and thereby authorizes the Commission to contract with experts to evaluate program implementation and verify spending.

7. The Commission should audit energy efficiency programs for the period 1998-2002 as set forth herein.

8. The utilities should evaluate energy efficiency programs and spending in 2003 as set forth herein.

9. The Commission should update avoided costs and assess externalities to reflect the societal costs of energy.

10. The utilities should account for energy efficiency funds and provide related data to the Commission as set forth herein.

11. The utilities' authority to shift funds between programs should be limited as set forth herein.

12. Edison should continue to administer certain program elements for all utilities, as set forth herein.

### **INTERIM ORDER**

#### **IT IS ORDERED** that:

1. We approve the statewide energy efficiency programs for 2003 as set forth in Attachments 1 and 2 to this decision. Those programs apply to Pacific Gas and Electric Company (PG&E), Southern California Edison Company (Edison), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas). Those investor-owned utilities (IOU) and third parties chosen to receive funding shall be eligible for no more than the amounts awarded. Program payments shall be contingent on reasonable program performance.

2. All statewide marketing and outreach programs receiving funding shall file and serve, within 60 days from the date the Commission approves this decision, Program Implementation Plans (Plans) for each funded program. Each party shall also post their Plans on their websites in a prominent and easy-to-find location. The Plans shall contain the information set forth in this decision.

3. No party shall delay program commencement or preparation pending submission of or Commission action on these plans.

4. Where third parties receive funding, Edison shall administer third-party contracts. Funded parties shall file and serve required Program Implementation Plans and shall not be eligible to receive funding prior to such submission.

5. Companies awarded funding for marketing and outreach efforts shall consult with utility energy efficiency program managers and each other to coordinate the timing of statewide and utility messages and programs.

6. The utilities shall work together to market their statewide programs. To the extent the utilities offer the same programs, they shall advertise them together. Program Implementation Plans and quarterly reports shall describe utility efforts to coordinate programs. Utilities shall focus all PGC-funded marketing for programs in this decision on energy efficiency messages.

7. Providers of information and training programs shall not be entitled to retain their final quarterly payments unless the Commission or the assigned Commissioner accepts their final quarterly reports. "Acceptance" requires that the Commission, assigned Commissioner or ALJ indicate satisfaction that the provider has acted reasonably in attempting to meet program goals. This requirement is in addition to any other requirement of this decision. With their final quarterly reports, program providers shall submit sufficient documentation for the Commission to determine whether the program has met its goals. Program providers, including third parties, shall prominently post all quarterly reports on their respective websites.

8. Utilities shall not shift program funds across program categories except as set forth herein. Within the following categories, the utilities may shift up to 10% of one program's funds into another program in the same category. The utility may only shift funding in cases where the IOU will be unable to use the program funding for the intended purpose.

Categories:

- a. Statewide Residential Retrofit
- b. Statewide Residential New Construction
- c. Statewide Nonresidential Retrofit

d. Statewide Nonresidential New Construction

e. Statewide Cross-Cutting (except Codes and Standards Advocacy)

9. The utilities shall prominently disclose any such program fund shifting in their quarterly reports. Utilities shall file a motion to modify the 10% limitation if necessary for program success or to avoid program failure. We herein delegate authority to the assigned ALJ to resolve such motions.

10. The utilities shall pay for costs associated with the Commission's contracts for the three program evaluation projects described herein and shall cooperate with Commission staff and consultants on all such audits and studies, as described herein.

11. Utilities shall jointly develop, file, and serve, within 60 days of the effective date of this order, in consultation with the Energy Division and through available informal mechanisms, a plan for the conduct of evaluation activities related to their statewide and local programs, including ongoing and new studies. The utilities should make demonstrable efforts to expand and vary the entities with which they contract to perform these duties. We delegate authority to the assigned ALJ, in consultation with the Energy Division and the Assigned Commissioner, to review and approve the evaluation plan.

12. PG&E and City of San Francisco shall jointly file and serve a program implementation plan within 30 days of the effective date of this order which includes a program proposal, budget, and needs assessment for energy efficiency programs in the City of San Francisco, as set forth in this decision. The plan shall include a budget for spending \$16.3 million.

13. A utility shall not increase the dollar amounts of individual customer incentives above those approved in this decision and as filed in their approved

Program Implementation Plans without securing first notifying all parties to this proceeding electronically and receiving approval from designated Commission staff, consistent with this order. A utility may lower customer incentives by notifying designated Commission staff and the service list of this proceeding. Increases to customer incentive amounts must be approved in advance by designated Commission staff following 20-day notice to staff and the service list of this proceeding.

14. Where program changes are required by this order, the utilities shall submit revised sections of their previously filed program implementation plans incorporating those changes. Those revisions shall be submitted to Energy Division staff within 45 days of this order.

15. Within 15 days of this order, SDG&E shall submit a revised budget for spending all available energy efficiency PGC funds in 2003, as well as revised energy savings targets. The remaining funds shall be allocated among existing programs. PG&E shall submit revised energy savings targets for its Single-Family Rebate Program.

This order is effective today.

Dated April 17, 2003, at San Francisco, California.

MICHAEL R. PEEVEY

President

CARL W. WOOD

LORETTA M. LYNCH

GEOFFREY F. BROWN

SUSAN P. KENNEDY

Commissioners

**ATTACHMENT 1**  
**PROGRAM BUDGETS AND ENERGY SAVINGS TARGETS**

**Table 1. Authorized Program Budgets**

	<b>SDG&amp;E</b>	<b>SoCalGas</b>	<b>SCE</b>	<b>PG&amp;E</b>	<b>Total</b>
<b>Statewide Programs</b>					
<b><i>Residential Retrofit Programs</i></b>					
Appliance Recycling	\$1,000,000	\$0	\$6,000,000	\$2,090,000	\$9,090,000
Single-Family Energy Efficiency Rebates	\$3,979,000	\$2,880,965	\$6,000,000	\$20,469,328	\$33,329,293
Multi-Family Energy Efficiency Rebates	\$1,867,000	\$1,657,310	\$2,000,000	\$3,200,000	\$8,724,310
Home Energy Efficiency Surveys	\$250,000	\$145,803	\$1,295,654	\$1,458,000	\$3,149,457
<i>Residential Retrofit Sub-Total</i>	\$7,096,000	\$4,684,078	\$15,295,654	\$27,217,328	\$54,293,060
<b>Residential New Construction Programs</b>					
CA Energy Star New Homes Program - SF, MF	\$2,562,000	\$1,615,311	\$5,000,000	\$10,009,000	\$19,186,311
<b><i>Nonresidential Retrofit Programs</i></b>					
Standard Performance Contract	\$5,760,000	\$0	\$13,700,000	\$19,701,000	\$39,161,000
Express Efficiency	\$3,364,000	\$3,182,410	\$7,000,000	\$9,655,500	\$23,201,910
Nonresidential Energy Audit	\$871,000	\$2,665,150	\$2,200,000	\$4,390,500	\$10,126,650
Building Operator Certification and Training	\$150,000	\$142,099	\$500,000	\$263,500	\$1,055,599
<i>Nonresidential Retrofit Sub-Total</i>	\$10,145,000	\$5,989,659	\$23,400,000	\$34,010,500	\$73,545,159
<b><i>Nonresidential New Construction Programs</i></b>					
Savings by Design	\$3,912,000	\$2,156,966	\$8,900,000	\$13,997,000	\$28,965,966
<b><i>Statewide Crosscutting Programs</i></b>					
Education and Training	\$1,369,000	\$1,884,310	\$5,700,000	\$1,402,966	\$10,356,276
Codes & Standards Advocacy	\$100,000	\$137,061	\$1,150,000	\$1,346,000	\$2,733,061
Upstream Residential Lighting	\$1,920,000	\$0	\$2,000,000	\$9,633,000	\$13,553,000
Emerging Technologies	\$200,000	\$769,124	\$850,000	\$1,043,000	\$2,862,124
<i>Statewide Crosscutting Sub-Total</i>	\$3,589,000	\$2,790,495	\$9,700,000	\$13,424,966	\$29,504,461
<b>IOU Statewide Programs Subtotal</b>	<b>\$27,304,000</b>	<b>\$17,236,509</b>	<b>\$62,295,654</b>	<b>\$98,658,794</b>	<b>\$205,494,957</b>
<b><i>Statewide Marketing and Outreach</i></b>					
Efficiency Partnership/IOUs	\$2,058,000	\$1,164,690	\$4,888,782	\$6,888,528	\$15,000,000
Runyon Saltzman & Einhorn	\$344,023	\$247,486	\$825,456	\$1,090,494	\$2,507,459
Univision Television Group	\$411,600	\$296,100	\$987,600	\$1,304,700	\$3,000,000
<b>Statewide Marketing Campaigns Subtotal</b>	<b>\$2,255,495</b>	<b>\$1,622,576</b>	<b>\$5,411,874</b>	<b>\$9,283,722</b>	<b>\$20,507,459</b>
<b>STATEWIDE PROGRAMS TOTAL</b>	<b>\$30,117,623</b>	<b>\$18,944,785</b>	<b>\$68,997,492</b>	<b>\$107,942,516</b>	<b>\$226,002,416</b>

<b>Local IOU Programs</b>					
<b>Residential</b>					
In Home Audits/Surveys	\$187,000		\$750,000		\$937,000
Hard-to-Reach Lighting Turn In	\$539,000				\$539,000
<b>Nonresidential</b>					
Nonresidential Financial Incentives		\$1,053,740			\$1,053,740
Small Business Energy Assessments	\$519,000				\$519,000
Nonresidential EZ Turnkey	\$1,120,000				\$1,120,000
Small Nonresidential Hard to Reach			\$1,400,000		\$1,400,000
Pump Test And Hydraulic Services			\$1,350,000		\$1,350,000
<b>Crosscutting</b>					
Diverse Markets Outreach		\$1,148,680			\$1,148,680
Demonstration & Information Transfer			\$500,000		\$500,000
Local Government Initiative			\$950,000		\$950,000
Local - Codes and Standards	\$160,000		\$66,700		\$226,700
Energenius				\$514,000	\$514,000
Schools Resource Program				\$1,028,000	\$1,028,000
PEC				\$3,195,000	\$3,195,000
<b>LOCAL IOU PROGRAMS TOTAL</b>	<b>\$2,525,000</b>	<b>\$2,202,420</b>	<b>\$5,016,700</b>	<b>\$4,737,000</b>	<b>\$14,481,120</b>
<b>GRAND TOTAL</b>	<b>\$32,642,623</b>	<b>\$21,147,205</b>	<b>\$74,014,192</b>	<b>\$112,679,516</b>	<b>\$240,483,536</b>

**Table 2a. Energy Savings Targets and Budgets for PG&E Programs**

Program	2003 Authorized Program Budget	2003 Program Targets		
		kWh	KW	Therms
<b>Statewide Programs</b>				
<b>Residential Retrofit Programs</b>				
Residential Appliance Recycling	\$2,090,000	12,880,360	2,010	n/a
Single Family Energy Efficiency Rebates	\$20,469,328	16,248,597	22,217	3,250,342
Multi Family Energy Efficiency Rebates	\$3,200,000	3,092,358	845	281,696
Home Energy Efficiency Surveys	\$1,458,000	n/a	n/a	n/a
<b>Residential New Construction Programs</b>				
CA Energy Star New Homes Program	\$10,009,000	1,811,520	1,958	997,920
<b>Nonresidential Retrofit Programs</b>				
Standard Performance Contract	\$19,701,000	64,160,286	7,694	2,685,333
Express Efficiency	\$9,655,500	137,000,000	25,000	1,600,000
Nonresidential Energy Audit	\$4,390,500	n/a	n/a	n/a
Building Operator Certification and Training	\$263,500	n/a	n/a	n/a
<b>Nonresidential New Construction Programs</b>				
Savings by Design	\$13,997,000	48,000,000	17,278	380,000
<b>Statewide Crosscutting Programs</b>				
Education and Training	\$1,402,966	n/a	n/a	n/a
Codes & Standards Advocacy	\$1,346,000	n/a	n/a	n/a
Upstream Residential Lighting	\$9,633,000	210,306,440	26,078	n/a
Emerging Technologies	1,043,000	n/a	n/a	n/a
<b>PG&amp;E Statewide Programs Total</b>	<b>\$98,658,794</b>	<b>493,499,561</b>	<b>103,080</b>	<b>9,195,291</b>
<b>Local Programs</b>				
<b>Crosscutting</b>				
Energenius	\$514,000	n/a	n/a	n/a
Schools Resource Program	\$1,028,000	n/a	n/a	n/a
PEC	\$3,195,000	n/a	n/a	n/a
<b>PG&amp;E Local Programs Total</b>	<b>\$4,737,000</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
<b>PG&amp;E Programs Total</b>	<b>\$103,395,794</b>	<b>493,499,561</b>	<b>103,080</b>	<b>9,195,291</b>

**Table 2b. Energy Savings Targets and Budgets for SCE Programs**

Program	2003 Authorized Program Budget	2003 Program Targets	
		kWh	kW
<b>Statewide Programs</b>			
<b>Residential Retrofit Programs</b>			
Appliance Recycling	\$6,000,000	38,618,794	5,987
Single Family Energy Efficiency Rebates	\$6,000,000	17,025,886	11,803
Muti Family Energy Efficiency Rebates	\$2,000,000	3,989,157	314
Home Energy Efficiency Surveys	\$1,295,654	n/a	n/a
<b>Residential New Construction Programs</b>			
CA Energy Star New Homes	\$5,000,000	4,493,600	4,789
<b>Nonresidential Retrofit Programs</b>			
Standard Performance Contract	\$13,700,000	71,656,875	14,724
Express Efficiency	\$7,000,000	71,869,000	15,000
Nonresidential Energy Audit	\$2,200,000	n/a	n/a
Building Operator Certification and Training	\$500,000	n/a	n/a
<b>Nonresidential New Construction Programs</b>			
Savings by Design	\$8,900,000	42,812,895	7,818
<b>Statewide Crosscutting Programs</b>			
Education and Training	\$5,700,000	n/a	n/a
Codes & Standards Advocacy	\$1,150,000	n/a	n/a
Upstream Residential Lighting	\$2,000,000	34,959,185	4,913
Emerging Technologies	\$850,000	n/a	n/a
<b>SCE Statewide Programs Total</b>	<b>\$62,295,654</b>	<b>285,425,391</b>	<b>65,349</b>
<b>Local Programs</b>			
<b>Residential</b>			
Residential In-Home Survey	\$750,000	n/a	n/a
<b>Nonresidential</b>			
Small Nonresidential Hard to Reach	\$1,400,000	5,216,208	1,134
Pump Test And Hydraulic Services	\$1,350,000	n/a	n/a
<b>Crosscutting</b>			
Demonstration & Information Transfer	\$500,000	n/a	n/a
Local Government Initiative	\$950,000	n/a	n/a
Codes & Standards	\$66,700	n/a	n/a
<b>SCE Local Programs Total</b>	<b>\$5,016,700</b>	<b>5,216,208</b>	<b>1,134</b>
<b>SCE Programs Total</b>	<b>\$67,312,354</b>	<b>290,641,599</b>	<b>66,483</b>

**Table 2c. Energy Savings Targets and Budgets for SDG&E Programs**

Program	2003 Authorized Program Budget	2003 Program Targets		
		kWh	kW	Therms
<b>Statewide Programs</b>				
<b>Residential Retrofit Programs</b>				
Appliance Recycling	\$1,000,000	6,044,371	920	-
Single Family Energy Efficiency Rebates	\$3,979,000	8,332,654	4,038	476,998
Muti Family Energy Efficiency Rebates	\$1,867,000	2,687,523	353	368,153
Home Energy Efficiency Surveys	\$250,000			
<b>Residential New Construction Programs</b>				
CA Energy Star New Homes Program	\$2,562,000	1,709,204	1,835	98,320
<b>Nonresidential Retrofit Programs</b>				
Standard Performance Contract	\$5,760,000	15,831,723	1,972	257,876
Express Efficiency	\$3,364,000	51,363,655	9,722	608,596
Nonresidential Energy Audit	\$871,000			
Building Operator Certification and Training	\$150,000			
<b>Nonresidential New Construction Programs</b>				
Savings by Design	\$3,912,000	14,980,303	2,891	196,083
<b>Statewide Crosscutting Programs</b>				
Education and Training	\$1,369,000			
Codes & Standards Advocacy	\$100,000			
Upstream Residential Lighting	\$1,920,000	28,149,611	3,981	-
Emerging Technologies	\$125,500			
<b>SDG&amp;E Statewide Programs Total</b>	<b>\$27,229,500</b>	<b>129,099,044</b>	<b>25,712</b>	<b>2,006,025</b>
<b>Local Programs</b>				
<b>Residential</b>				
In Home Audits	\$187,000			
Hard to Reach Lighting Turn In	\$539,000	2,850,295	448	-
<b>Nonresidential</b>				
Small Business Energy Assessments	\$519,000			
Nonresidential EZ Turnkey	\$1,120,000	3,296,099	624	-
<b>Crosscutting</b>				
Energy Code Training Program	\$160,000			
<b>SDG&amp;E Local Programs Total</b>	<b>\$2,525,000</b>	<b>6,146,394</b>	<b>1,072</b>	<b>-</b>
<b>SDG&amp;E Programs Total</b>	<b>\$29,754,500</b>	<b>135,245,438</b>	<b>26,784</b>	<b>2,006,025</b>

**Table 2d. Energy Savings Targets and Budgets for SoCalGas Programs**

Program	2003 Proposed Program Budget	2003 Proposed Program Targets		
		kWh	KW	Therms
<b>Statewide Programs</b>				
<b>Residential Retrofit Programs</b>				
Residential Appliance Recycling				
Single Family Energy Efficiency Rebates	\$2,880,965	2,675,121	758	952,328
Muti Family Energy Efficiency Rebates <sup>(1)</sup>	\$1,657,310	1,695,044	1,863	755,503
Home Energy Efficiency Surveys <sup>(1)</sup>	\$145,803			
<b>Residential New Construction Programs</b>				
CA Energy Star New Homes Program	\$1,615,311	1,036,682	1,112	145,845
<b>Nonresidential Retrofit Programs</b>				
Standard Performance Contract				
Express Efficiency	\$3,182,410	17,086	-	2,162,482
Nonresidential Energy Audit	\$2,665,150			
Building Operator Certification and Training	\$142,099			
<b>Nonresidential New Construction Programs</b>				
Savings by Design	\$2,156,966	8,554,703	1,651	111,976
<b>Statewide Crosscutting Programs</b>				
Education and Training	\$1,884,310			
Codes & Standards Advocacy	\$137,061			
Upstream Residential Lighting				
Emerging Technologies	\$769,124			
<b>SoCalGas Statewide Programs Total</b>	<b>\$17,236,509</b>	<b>13,978,635</b>	<b>5,383</b>	<b>4,128,133</b>
<b>Local Programs</b>				
<b>Residential</b>				
<b>Nonresidential</b>				
Nonresidential Financial Incentives	\$1,053,740	-	-	1,453,639
<b>Crosscutting</b>				
Local - Diverse Markets Outreach	\$1,148,680			
<b>SoCalGas Local Programs Total</b>	<b>\$2,202,420</b>	<b>-</b>	<b>-</b>	<b>1,453,639</b>
<b>SoCalGas Programs Total</b>	<b>\$19,438,929</b>	<b>13,978,635</b>	<b>5,383</b>	<b>5,581,772</b>

**(END OF ATTACHMENT 1)**

**ATTACHMENT 3**  
**STATEWIDE MARKETING/OUTREACH**  
**PROGRAM PROPOSALS REJECTED**

	<b>PROPOSER</b>	<b>TITLE</b>	<b>REASON FOR REJECTION</b>
1	ADM Associates, Inc.	Statewide Nonresidential Hard-to-Reach Mobile Energy Workshops	This is training and education program for businesses through informal workshops in strip mall shopping centers. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate business owners fit the local program category. The campaign targets only a specific customer group and does not use mass advertising.
2	ASW Engineering	SOS: Small Business Outreach Seminars	This is an education program for small businesses and contractors through seminars. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate businesses and contractors fit the local program category. The campaign targets only a specific customer group and does not use mass advertising.
3	Cohen Ventures, Inc., dba Energy Solutions	Install the Savings: Statewide Mass Market Campaign	This is training and education program for salespersons and contractors through direct mail campaign. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate business owners fit the local program category. The campaign targets limited customer groups and does not use mass advertising.
4	Electric & Gas Industries Association	A Proposal to Develop & Administer A Cooperative Advertising Program For Manufactures, Distributors, Retailers and Installers of Energy Efficient Appliances and Home Improvement Products	This is an incentive program to encourage appliance manufacturers, distributors and retailers and home improvement contractors to promote products that meet Energy Star standard. The proposal is unclear and incomplete. Electric & Gas Industries plans to provide its program features and benefits, program guidelines and participating requirements when its proposal is selected for funding The program proposal targets limited customer groups and does not propose any mass advertising.
5	EnSave Energy Performance, Inc.	California Agriculture Energy Information Program	This is an education program for farmers through direct mail campaign. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate fit the local program category. The campaign targets a specific customer group and does not use mass advertising.
6	FMG Marketing and InSync	Vertical Market Advertising Strategy for Specific Hard-to-reach Small Businesses	This is an education program for owners of hotels/motels, restaurants and grocery stores through magazines specific to industries, seminars and endorsement letters from industry leaders. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate business owners fit the local program category. The campaign targets limited customer group and does not use mass advertising.

7	FMG Marketing and InSync Inc	Vertical Market Advertising Strategy for Targeted Hard-to-reach Small Vendors	This is training and education program for vendors of lighting, HVAC, refrigeration, motors, food service and windows through magazines specific to business supplemented by direct mail and seminars. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate business owners fit the local program category. The campaign targets upstream providers instead of end user customers and does not use mass advertising.
8	Geothermal Heat Pump Consortium	California Geoexchange Mass-Marketing and Consumer Outreach Program	This is training and education program for building owners, architects and engineers through already developed brochures, research reports supplemented by newspaper, radio, workshops and training. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate businesses and to promote a specific technology fit the local program category. Besides being a duplicate of currently ongoing local program, this proposal targets a very specific customer group and promotes the use of a specific technology - geothermal heat pumps.
9	Global Energy Services, Inc.	Statewide Chinese Language Efficiency Outreach Program, under the "2003 Energy Efficiency Program Selection	This is a program is designed to target Chinese consumers through radio, TV, newspapers and workshops. This program is a duplicate of a currently ongoing local program funded through PGC funds for years 2002-2003.
10	Greenlining Institute and Latino Issues Forum	Marketing and Outreach Efforts for Statewide Energy Efficiency Programs	Greenlining does not describe any program proposal and does not indicate any budget in its submittal.
11	IW Group, Inc.	Energy Efficiency for Asian Pacific Americans in California	This is training and education program for Asian Pacific American businesses through open letter endorsements by elected officials and seminars by Asian Chamber of Commerce. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate business owners fit the local program category. The campaign targets only a specific customer group and does not use mass advertising.
12	Local Government Commission	Statewide Redevelopment Agency Outreach	This is training and education program for developers, building managers and small commercial business owners through printed brochures and technical seminars. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate business owners fit the local program category. The campaign targets very specific customer group and does not use mass advertising.
13	Local Government Commission	Statewide Local Government Outreach to Residents and Businesses	This is training and education program for redevelopment agencies of cities and counties. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate fit the local program category. The campaign targets very specific customer group and does not use mass advertising.

14	National Center for Appropriate Technology	California Farm Energy Clearinghouse	This is training and education program for Latino small farmers and growers through radio, newspaper, internet and meetings. The campaign is concentrated in the counties of Fresno, Merced, Kern, Tulare and Monterey areas. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate fit the local program category. The campaign targets a specific customer group and limited geographic areas.
15	Organizational Support Services (OSS)	Statewide Energy Efficiency Mobile Education Unit	This proposal is designed to target residential customers in four IOU territories through the use a traveling motor home with built-in Energy Star appliances and lighting. OSS plans to interact with customers on a one-to-one basis. This proposal does not meet mass marketing criteria (use of a medium or vehicle reaching mass audience at a time); this proposal fits the local program category.
16	Partnership for Environmental Progress (PEP)	Energy Efficiency Education Program	This proposal is designed to target the Hispanic community through radio ads and to distribute CFLs during community events. PEP plans to launch its campaign in Southern California only. This proposal is regional focused instead of statewide.
17	RRW Consulting	Targeting Hard-to-Reach Customers Through a Strategic Direct Marketing	This proposal is designed to target residential and nonresidential customers through direct mail campaign. Direct mail campaign is not mass marketing; this program fits the local program category.
18	Strategic Energy Innovations	The CA Multifamily Consortium - A Networked Approach to Outreach and Marketing	This is training and education program for housing managers/owners/developers, service firms, and tenant/housing associations by engaging 10 associations to conduct marketing/outreach. It is unclear how the associations will conduct marketing/outreach. It plans to distribute fact sheets, articles and conduct presentations and meetings. In Decision 02-03-056, the Commission specifically stated that program proposals designed to train and educate fit the local program category; the distribution of fact sheets and conducting presentations do not constitute mass advertising. The campaign targets a very specific customer group.
19	Target Directions, Inc.	California Energy Efficiency Center	Target Directions plans to provide toll-free phone line (24 hrs/day) with live energy efficiency advisors during regular business hours. Advisors would provide information on materials, tools, events and activities relating to energy efficiency. It assumes that IOUs will do marketing and outreach. It does not propose any marketing and outreach activities.

20	United Illuminating	eesmarts: An Energy Efficiency Education Outreach Program, Grades K to 3	This proposal is designed to distribute Dinobooks to K-3 students to increase students' awareness on energy efficiency. It is unclear how the books will educate or inform students. There is no timeline, a requirement for submitting proposals. It assumes that IOUs will do marketing activities for United. We are already funding local programs targeted at students and school districts.
21	Young Communications Group, Inc.	"SHARE THE POWER" -- Reaching the African American Residential Market	This proposal is designed to target African-Americans through development of media relations. For example, it would photograph participants and submit photo to media. It also plans to do poster/billboard campaigns wherein K-6 students may submit posters and the winning posters would travel from school to school. Providing posters and billboards to schools do not meet mass advertising; could be duplicative of local school programs already funded for 2003.

**(END OF ATTACHMENT 3)**

**ATTACHMENT 4****PG&E PY 2003 PROPOSED BUDGETS AND AUTHORIZED BUDGETS\***

	Total PG&E Proposed PY 2003 Budget	PG&E Proposed Allocation to CCSF	Net Proposed PG&E PY 2003 Budget	Authorized 2003 Budget w/o CCSF	CCSF Allocation for 2003	Authorized 2003 Budget w/ CCSF
<b>Statewide Programs</b>						
Appliance Recycling	\$2,090,000		\$2,090,000	\$2,090,000		\$2,090,000
Single-Family Energy Efficiency Rebates	\$21,386,000	\$1,000,000	\$20,386,000	\$19,969,328	\$500,000	\$20,469,328
Multi-Family Energy Efficiency Rebates	\$4,201,000	\$700,000	\$3,501,000	\$2,850,000	\$350,000	\$3,200,000
Home Energy Efficiency Surveys	\$1,508,000	\$100,000	\$1,408,000	\$1,408,000	\$50,000	\$1,458,000
CA Energy Star New Homes Program - SF, MF	\$10,259,000	\$500,000	\$9,759,000	\$9,759,000	\$250,000	\$10,009,000
Standard Performance Contract	\$22,957,000	\$6,512,000	\$16,445,000	\$16,445,000	\$3,256,000	\$19,701,000
Express Efficiency	\$12,345,000	\$5,379,000	\$6,966,000	\$6,966,000	\$2,689,500	\$9,655,500
Nonresidential Energy Audit	\$4,550,000	\$319,000	\$4,231,000	\$4,231,000	\$159,500	\$ 4,390,500
Building Operator Certification and Training	\$301,000	\$75,000	\$226,000	\$226,000	\$37,500	\$263,500
Savings by Design	\$14,296,000	\$598,000	\$13,698,000	\$13,698,000	\$299,000	\$13,997,000
Education and Training	\$1,402,966		\$1,402,966	\$1,402,966		\$1,402,966
Codes & Standards Advocacy	\$1,386,000	\$80,000	\$1,306,000	\$1,306,000	\$40,000	\$1,346,000
Upstream Residential Lighting	\$9,983,000	\$700,000	\$9,283,000	\$9,283,000	\$350,000	\$9,633,000
Emerging Technologies	\$1,143,000	\$200,000	\$943,000	\$943,000	\$100,000	\$1,043,000
<b>Statewide Programs Total</b>	<b>\$107,807,966</b>	<b>\$16,163,000</b>	<b>\$91,644,966</b>	<b>\$90,577,294</b>	<b>\$8,081,500</b>	<b>\$98,658,794</b>
<b>Local Programs</b>						
Energenius	\$514,000		\$514,000	\$514,000		\$514,000
Schools Resource Program	\$1,028,000		\$1,028,000	\$1,028,000		\$1,028,000
PEC	\$ 4,936,000	\$150,000	\$4,786,000	\$3,120,000	\$75,000	\$ 3,195,000
<b>Local Programs Total</b>	<b>\$6,478,000</b>	<b>\$150,000</b>	<b>\$6,328,000</b>	<b>\$4,662,000</b>	<b>\$75,000</b>	<b>\$4,737,000</b>
<b>GRAND TOTAL</b>	<b>\$114,285,966</b>	<b>\$16,313,000</b>	<b>\$97,972,966</b>	<b>\$95,239,294</b>	<b>\$8,156,500</b>	<b>\$103,395,794</b>

\* PG&E's proposed allocation to the CCSF Pilot Program is based on the following PG&E responses to Energy Division's data requests -- EEOIR\_DR\_ED\_017-01 sent December 20, 2002, and EnergyEfficiencyOIR\_DR\_ED\_021-01 sent on February 14, 2003.

**(END OF ATTACHMENT 4)**

R.01-08-028 ALJ/KLM/sid

[D0304055 Attachment 2 - Program Descriptions](#)