BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of its 2009-2011 Energy Efficiency Program Plans and Associated Public Goods Charge (PGC) and Procurement Funding Requests.	Application 08-07-021 (Filed July 21, 2008)
And Related Matters.	Application 08-07-022 Application 08-07-023 Application 08-07-031

COMMENTS OF
THE LOCAL GOVERNMENT SUSTAINABLE ENERGY COALITION
ON AMENDED UTILITY APPLICATIONS FOR
2009-2011 ENERGY EFFICIENCY PROGRAMS

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For THE LOCAL GOVERNMENT
SUSTAINABLE ENERGY COALITION

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I. Introduction

As directed by the March 17, 2009 Administrative Law Judge Ruling, the Local Government Sustainable Energy Coalition[1] ("LGSEC") submits these comments on the utilities' amended applications for 2009-2011 energy efficiency programs. A major change between now and last summer, when the original applications were submitted, is the passage of the American Reinvestment and Recovery Act ("ARRA" or "Federal Stimulus package"), which requires local governments to undertake energy-related projects immediately.[2] The ARRA provides unprecedented amounts of funding for projects that reduce energy usage, and places great responsibility directly with local governments to achieve results. If the California Public Utilities Commission ("CPUC") wishes to leverage public goods charge funds with ARRA monies, it must ensure that there are fewer, not more, regulatory requirements and quick disbursement of funds.

In terms of program content, there does not appear to be much change from the applications submitted last summer, at least for local government partnerships. The utilities amended their applications with more descriptive terms to link elements of local government programs to broader objectives such as the *California Energy Efficiency Strategic Plan*, or demand response. However, the budgets for local government partnerships have not changed,

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[1] The Local Government Sustainable Energy Coalition includes: the Association of Bay Area Governments, the Association of Monterey Bay Area Governments, the City of Berkeley, the City of Huntington Beach, the City of Irvine, the City of Pleasanton, the City and County of San Francisco, the City of Santa Monica, the County of Los Angeles, the County of Marin, the County of Ventura, the Energy Coalition, the South Bay Cities Council of Governments. Each of these organizations may have different views on elements of these comments, which were approved by the LGSEC's Board.

[2] The LGSEC offered comment on synergies between the ARRA and programs funded through by the public goods charge in this proceeding on March 11, 2009. See *Comments of the Local Government Sustainable Energy Coalition on Synergies Between the 2009 Federal Stimulus Package and Public Goods Charge Programs.*

and it is unclear how the many activities described in the Program Implementation Plans will be performed with the identified resources.

In reviewing the amended applications, the LGSEC has the following observations.

- ♦ The LGSEC continues to have the same concerns stated in our August 28, 2008, response to the initial utility applications for 2009-2011. Those concerns are summarized, but not re-argued in detail, below.[3]
- ♦ The CPUC must ensure that utilities receive energy savings credit only for work funded by the public goods charge.
- ♦ The CPUC should recast the time period for this program cycle, as the LGSEC has suggested several times both verbally and in writing.
- ♦ The CPUC will best achieve the institutional transformation goals in the *California Energy Efficiency Strategic Plan* by directing the utilities to fund a Resource Conservation Manager position for each partnership. In addition, in order to achieve State goals, the utilities should fund Resource Conservation Managers for those government entities that are not part of a partnership, particularly school districts and other special districts. This occurs in some instances currently, and should become a permanent feature of local government programs.
- ♦ The CPUC should establish an evergreen clause for local government partnership programs.
- ♦ The utilities must supply energy usage data to local governments and other customers in electronic format.

[3] *Response of the Local Government Sustainable Energy Coalition to Utility Energy Efficiency Applications for 2009-2011*, August 28, 2008, in A.08-07-021, A.08-07-022, A.08-07-023, and A.08-07-031.

- The CPUC should sponsor a workshop to vet all ideas for and concerns about on-bill financing programs.

II. Overarching Issues

In our August 28, 2008, response to the utility applications, the LGSEC identified several concerns about the applications overall. That response remains in the record, and we will not repeat those arguments here. We do, however, summarize below the concerns we identified last summer:

- Narrow focus for local government partnerships. The text of the amended application provides more depth in terms of how local government partnerships might broaden their programs to address other program areas. However, there is no identified funding source for these more expansive activities. Additionally, the utilities do not appear to recognize the opportunity to use a local government Energy Plan or similar document as an opportunity to have a one-stop resource for all programs in which a customer might be interested. For example, a customer could contact the local government and be connected with the applicable local government programs, investor-owned utility programs,[4] and water district programs (even though they are beyond the CPUC's purview in most instances). Coordinating through the local government would make it easier to leverage all the available resources such as maintenance, capital, loan, state, federal, and public goods charge funds. The LGSEC has repeatedly emphasized in these

[4] The LGSEC suggests that there is opportunity to better offer clear, transparent, and customer-friendly access to information on core utility programs. Customers continue to find the array of programs confusing, which leads to decision paralysis. There is more that can be done to make it as clear and easy as possible for customers to get access to this program/eligibility information and make a choice to participate in the programs that make sense for them.

proceedings the need for coordination, which is more valid with the passage of time and the added opportunities of the Stimulus funds.

- Lack of utility-partner collaboration. The amended applications, particularly PG&E's, describe in writing much greater opportunity for collaboration between local governments and utilities. Some partnerships report greater satisfaction in working with utility staff since last summer, but this appears to be based on individuals, and not because of a sea-change in how utility management perceives their role vis a vis local governments. Notwithstanding these glimmers of hope for improved collaboration, the LGSEC remains concerned that there is not sufficient consultation and collaboration to allow local governments to truly leverage public goods charge funds with other sources, particularly Federal Stimulus monies. The utility applications have generally been revised without involvement of the local government partners and seemingly without acknowledgement of the ongoing economic recession.

- Utilities are not heeding call for regional collaboration. The LGSEC retains the concerns expressed on this topic last summer. We note that some of the utility partnership programs, particularly those of Southern California Edison ("SCE"), continue to focus at the city level, even when the city is part of a regional partnership. SCE's amended application lists the various local governments participating in partnership programs. The majority of them are regional partnerships that include individual cities. Rather than rank the regional entity according to SCE's proposed Energy Leader model, SCE ranks individual cities within each regional entity.[5] This implies that within a partnership, SCE will be providing different services and funding sources to individual cities. This

[5] Southern California Edison, *2009-2011 Energy Efficiency Plan*, March 2, 2009, Exhibit SCE-4 (Amended), pp. 97-100.

approach obviates the role of a regional coordinator that is supposed to, in many instances, provide the institutional memory and staff function for many small cities. It also appears to eliminate school districts and other special districts from possible participation in regional energy collaboratives.

- Budget issues. As indicated above, and as described in our comments on the original applications, the budgets do not appear to be sufficient to support the wide range of activities described in the Program Implementation Plans. Furthermore, the utilities' proposed budgets do not correspond with the budget proposals originally submitted to the utilities by local governments over a year ago.

III. Policy Concerns

The LGSEC retains our prior objections to the proposed policy changes suggested by the utilities. The LGSEC also respectfully suggests that the Commission revisit the time frame for this program cycle.

A. Utilities Should Receive Energy Savings Credit Only for Projects Funded through the Public Goods Charge

There are several issues related to energy savings credit. These include how much energy savings credit utilities should receive when public goods charge funds are combined in a project with funds from other sources, how energy savings credit is assigned for codes and standards work, and the opportunity for energy efficiency programs to participate in nascent cap and trade programs for greenhouse gas reduction.

1. Credit for Energy Savings

The bottom line on the question of who should get credit for energy savings, particularly with the new opportunity for local governments to leverage Federal Stimulus funds, is: the utilities should receive credit only for those projects funded by public goods charge monies. This provides the utilities with the same opportunity for shareholder incentives for which they have always been eligible. We provide below an example of how this might work for a municipal building retrofit.

Before the ARRA passed, the local government could not perform the retrofit because a local budget deficit put the project on hold. The incentives offered by the investor-owned utilities were not sufficient to get the project off the ground. End result: No project for the utility, which means no savings and no credit.

With the Stimulus funds, the local government can use those dollars to fill the budget gap, and use the investor-owned utility incentive program just as they would have done before. The project moves ahead, and the utility incentive is processed as normal. Without doing a thing differently, the utility gets a new project in its program and gets to count the savings (using the same rules as always). The local government is responsible for reporting on the project. It will note that project cost $ xxx, with XX coming from stimulus funds, YY coming from the utility program, and maybe ZZ from another source, for example the California Solar Initiative. The local government will say the project reduced KW and kWh by xx annually.

It is worth noting that the ARRA requires local governments to obligate the Energy Efficiency Community Block Grant funds within 18 months. If the Block Grant funds somehow get entangled in a CPUC-mandated dependency relationship with the public goods charge funds, local governments will not be able to meet their federal statutory deadline. The CPUC and other state agencies should not be entertaining any proposals that would create a dependency relationship between funding for public goods charge programs and other funds available to local governments, including Stimulus Package funds. Rather, these funds should be accessed and administered by local governments, who can leverage them to meet local needs.

This requires nothing new from the utilities and they benefit with more activity in their programs and the credit that goes along with it. The double dipping and double counting about which some parties have expressed concern should not be a problem. The utilities should get credit for the project savings because it went through their program. The local government gets credit for making a project happen by leveraging as many funding sources as possible and reporting all of the costs and all of the contributing sources that it cleverly bundled. The California Energy Commission will have the records so that it does not "double count" when it is trying to determine the overall impact in actual energy reduction statewide.

Splitting the credit is not an issue here. The local governments do not get a bonus or shareholder incentive for getting the project done after the fact. They simply are commended for using the stimulus money smartly and leveraging other funding to make projects move so people are employed and the market gets a boost. The burden is on the local government to manage these funds scrupulously. What absolutely must be avoided is that the utilities start trying to claim credit for projects that do not flow through their existing programs, for which there is a record of rebate payment.

2. Savings for Codes and Standards

As we did in our August 2008 comments, the LGSEC continues to object to the utilities claiming 100% savings from implementation of local codes and standards. While there can be a role for the utilities in helping develop and implement codes and standards, there is no question that this ultimately is a government function, whether that be local, state, or federal. In comments on the Federal Stimulus package, the LGSEC stated:

> Local governments will be designing and administering their own programs and implementing projects that combine federal stimulus funds with other sources, including public goods charge funds. Given the expedited timeframe for using the stimulus funds and the emphasis on using the funds to spur economic recovery, it is likely that there will be many more projects and fewer studies and administrative tasks. **Credit for energy savings that accrue from local government programs that do not involve public goods charges or are not part of a local government partnership should not be attributed to the utilities. Credit for projects administered under a local government partnership that involve public goods charges should fall to the local government partnerships**. Should the Commission find it necessary to adopt a methodology for attributing or proportioning savings, an equitable solution would be for the partnerships to receive credit for projects in a specific proportion to be determined by each partnership with the amount of public goods charge funds used for a given project. The partnerships themselves will be most capable of determining how the funding sources affect the savings. [6]

3. Local Governments Should Not Be Precluded from the Opportunity to Participate in Cap and Trade Programs for Carbon Reduction

State, regional, and federal regulators are just beginning to develop cap and trade programs that may govern greenhouse gas reduction programs. The LGSEC provided initial insight on this in comments on the Federal Stimulus package:

> A related policy issue of which the Commission should be aware is the ongoing discussion among those working on climate change policies about establishing a mechanism for energy efficiency programs to create greenhouse gas ("GHG") reductions that could potentially participate in a cap and trade program. The Commission must be careful to not preclude local governments from participating in a market-based system that might be established. (At this time, the California Air Resources Board is not going to regulate local governments, but it encourages local government participation in carbon reduction activities.) The Commission must preserve the opportunity for local governments to be credited for their actions as early adopters and leaders, both in terms of energy savings and GHG reductions.[7]

The LGSEC has developed a white paper on this issue, included in Attachment C.

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[6] LGSEC, *Federal Stimulus Comments*, March 11, 2009, p. 3, emphasis added.
[7] *Id.*

B. Program Cycle is Unrealistic

The Commission originally anticipated approving the 2009-2011 portfolios in the summer of 2008, so that the remainder of the year could be spent on "contracts and other implementation preparation."[8] Clearly, that schedule has not been met. The LGSEC has suggested several times in public venues[9] that the Commission revisit the timing of the 2009 - 2011 program cycle. In response to a request from the utilities in February to further delay filing the amended applications, the LGSEC stated:

> Prior history also shows us that the contract negotiation and signing process often takes six months or longer. The utilities will not execute any contract until there is a final decision from the Commission. Assuming even a best-case October decision from the Commission, the program cycle will not really begin until the second or third quarter, 2010. Program participants will be held to three year goals, with only about a year and a half to achieve them.
>
> The currently authorized bridge funding is due to expire at the end of this year. Without firm contracts in place for the next program cycle, staff members begin looking for new jobs in September. This again creates disruptions in program continuity, not to mention a loss of experienced staff.[10]

The Commission must realize that the delays in processing these applications place unfair and unrealistic expectations on all participants – utilities, utility contractors, third parties, local government partners, customers – to get done in 24 months or less what was originally scheduled

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[8] R.06-04-010, *Assigned Commissioner's Scoping Memo And Ruling On Issues Relating To Future Savings Goals, And Program Planning For 2009-2011 And Beyond*, April 13, 2007, p. 9.
[9] December 17, 2008 workshop in A.08-07-021 et al. on local government partnership issues; February 10, 2009 Prehearing Conference in A.08-07-021 et al.
[10] February 6, 2009, Letter from Jody London to Paul Clanon, CPUC Executive Director, re: A.08-07-021 et al., Request for Extension on Supplemental Filings of Energy Efficiency 2009-2011 Applications. A footnote in that letter noted that at the time the letter was sent, at least one local government partner in Southern California Edison territory still not have a signed contract for bridge funding. That contract has subsequently been signed, but the funding is about to expire, and that same local government partner is again in financial peril.

to be achieved in 36 months.[11] The Commission should either reduce the program goals to meet a realistic time frame, or extend the time frame and make the next cycle 2010 – 2012.

This issue was raised again in a round of comments in this docket earlier this month. In response to a similar suggestion to revisit the program cycle by the Santa Barbara Community Environmental Council, the utilities last Friday listed several reasons why the CPUC must retain the 2009-2011 name for the upcoming cycle.[12] The utilities' objections are based on speculation about what might happen: for example, AB 32 compliance might be hampered if the energy efficiency cycle ends that same year, or third-party contractors selected for 2009-2011 will be delayed in starting. Given the utility track record in signing new contracts, it is doubtful that any vendor will have a signed contract ready to go this year even if the CPUC decision is issued in August 2009. To maintain the next cycle as 2009 – 2011 is a façade that draws public attention to what may be perceived as yet another failed institutional process that is out of touch. The CPUC is better advised to establish program cycles and goals that can realistically be met, particularly when working with local governments that are on the front lines to support public systems and local economies.

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[11] Some local government partners are being told by utility program managers that the current bridge funding is coming from the total amount of funding allotted for 2009-2011 programs. Thus, when final 2009-2011 contracts are approved and actual implementation begins in 2010, each of the local government coffers will contain the original amount LESS what was spent during the bridge period. One can only assume, then, that any savings during the bridge period will also count towards the 2009-2011 goals. This sets up a catawampus calculation where 1/3 of the partnership's work is counted towards the savings goal, yet that work was done with fewer resources and thus probably less optimally.

[12] *Comments Of Southern California Edison Company (U 338-E), Pacific Gas And Electric Company (U 39-M), Southern California Gas Company (U 904-G), And San Diego Gas & Electric Company (U 902-M) On Policy Issues In Refiled Energy Efficiency Portfolios*, April 10, 2009, filed in A.08-07-021 et al., pp. 8-9.

IV. Suggestions for Strengthening Local Government Programs

The LGSEC below offers three ideas that, if implemented, would enhance the ability of California to achieve its energy and climate change goals. The first idea is that the utilities should invest public goods charge funds in Resource Conservation Manager positions within government organizations. The second idea is that local government partnerships should be granted an evergreen clause. The third idea is actually a request: utilities must provide local governments with energy usage data in electronic format. Finally, the LGSEC offers observations on the utility proposals for on-bill financing.

A. Resource Conservation Manager

One of the themes of the *Energy Efficiency Strategic Plan*, as well as the *AB 32 Scoping Memo* and other State policy documents, is the need for widespread attitudinal change on energy and climate change issues. Indeed, the utilities are proposing to spend hundreds of millions of dollars on marketing, education, and outreach to bring about this large-scale attitude adjustment. At the same time, these same State policy documents recognize the critical role of local government in achieving these policy objectives. And we now have the federal government asking local governments to use energy projects as a way to stimulate our flagging economy.

At the same time all local governments are facing extreme budget uncertainties. Even with federal stimulus funds, local property tax revenues are declining, creating gaping holes in city, special district, and county budgets. School districts, which rely on the State for nearly 80% of their funds, are seeing their revenues decrease precipitously. It is very hard in these circumstances to justify creating new positions that must come from the general fund, particularly when teachers and other key staff are being laid off.

What is missing for most local governments is a funded position that is responsible for energy management, is the champion for energy efficiency in an organization, and the agent for change. This is particularly true for school districts (whose governance and administrative structures are separate from cities) and small cities and counties. One of the most effective things that the utilities could do to spur local government ability to achieve energy management goals is to fund Resource Conservation Managers within local governments. Attachment A lists the many potential responsibilities of a Resource Conservation Manager.

This concept is not new. The utilities have provided funds for this type of function for several years in select local government partnerships. The Marin Energy Management Team was founded and continues as the energy manager for all the cities, school districts, and special districts in Marin County. Similarly, the Ventura County Regional Energy Alliance provides the "institutional memory" and is a shared energy management resource for the many small and medium cities in Ventura County, as well as school districts, the community college district, and other special districts.

Puget Sound Energy in the Seattle area has for several years offered Resource Conservation Manager services to school districts, public sector government agencies, and commercial or industrial customers. Puget Sound Energy helps fund the Resource Conservation Manager position within the organization. The participating entity must make a three-year commitment to keeping the position on staff. The Resource Conservation Manager concept is common in the Pacific Northwest, where universities have published papers on the efficacy of this role in achieving energy saving goals.

For the next program cycle, the investor-owned utilities should provide funding for Resource Conservation Managers in each local government partnership, as well as interested public sector agencies and school districts that are not currently in a partnership. For smaller entities, the Resource Conservation Manager should be shared across several entities, which comports with the administrative structure of the regional local government partnerships. In order to participate, the governing board of the public entity should have a track record of energy efficiency efforts and/or be ready to adopt a resource conservation and/or sustainability policy as a demonstration of its commitment to successfully implementing a resource conservation program. Funds spent on Resource Conservation Manager positions should be allocated outside the savings goals and cost-effectiveness tests of resource programs.

The Commission should ensure that ratepayer funds are directed to fill these emerging green jobs with non-utility employees. Currently, the utilities are adding staff to their own local government programs. This money would be much better spent building institutional capacity at the local government level, where knowledge and procedures will become part of the fabric of local government best practice.

B. Evergreen Provision for Partnerships

One of the challenges that local government partnerships face is the uncertainty from program cycle to program cycle about whether the partnership will continue. There also is the uncertainty, mentioned above, created when the next program cycle is not approved on schedule. This uncertainty means that key staff might look for other jobs, as indicated above, customers may lose interest, and opportunities to leverage funds from other sources may disappear. One way to diminish this effect would be for the Commission to direct the utilities to create "evergreen" clauses for local government partnerships. This clause would allow local government partnerships to continue, with modification where warranted, unless there is a documented problem with local government partner performance, or there is a change in State policy.

C. Energy Usage Data

A key gap LGSEC members have found in our management of energy programs is easy access to energy usage data. This is important for meeting the goals of public goods charge programs, and it also is required for local governments to comply with AB 32 mandates to reduce greenhouse gas emissions community wide. Local governments need an easy way to track the emissions in our communities from energy consumption. We not only need easy access to the data for our facilities (for example, as can be found with U.S. EPA Portfolio Manager), but the building owners in our communities will need the data for Portfolio Manager to comply with AB 1103. The utilities need make that process easier and more expedient for *all* their customers.

How local governments calculate where our communities are now and what improvements we make should be consistent and coordinated. Attachment B includes a list of the energy usage data that utilities should provide to local governments and other customers as a matter of routine.

D. Observations about On-Bill Financing Proposals

On bill financing is important and should be expedited - especially with ARRA possibilities and the fact that available funding might not cover all possible improvements. Now is the time to get as many mechanisms together to make financing projects attractive. Rather than propose a specific program approach, the LGSEC urges the CPUC staff to hold a workshop as soon as possible so that all of the issues and ideas can be put on the table. This will allow local governments to collaborate with regard to on-bill financing programs from the utilities that local government and school district customers actually want and need. There is tremendous opportunity for high participation with the right program design.

V. Conclusion

The amended utility applications, while making better linkage between public goods charge programs and other CPUC goals, continue to suffer from a narrow focus and inadequate funding for local government partnerships. There is much room to improve collaboration between utilities and local governments, particularly on a regional level. The CPUC must ensure that investor-owned utilities receive energy savings credit only for projects undertaken with public goods charge funds. The CPUC and other state agencies must not stand in the way of allowing local governments to carry out federal mandates relating to the expenditure of Federal Stimulus funds.

The CPUC can help strengthen local government partnerships through several actions. The CPUC should require utilities to fund Resource Conservation Manager positions for each partnership, and also to fund these positions for other local governments, including school districts. The CPUC should create evergreen clauses for local government partnerships, should require utilities to provide energy usage data electronically, and should sponsor a workshop to hammer out the best structure for utility on-bill financing programs.

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ATTACHMENT A:
Resource Conservation Manager Responsibilities

Administrative	**Technical Analysis**	**Facilities Management**
Establishing Utilities Budget	Analyzing Utility Rates	Analyzing Facility Operations from an Energy Viewpoint
Authorizing Payment of Bills	Hiring Energy Related Consultants	Operating and Maintaining Building HVAC Control Systems
Aggregating Multiple Accounts within your organization	Providing Energy Reports to Executive Mgmt. or Elected Officials	Interfacing with Building Control System Data
Verifying Accuracy of Utility Bills	Performing Facility Energy Audits	Proposing and Implementing Facility Operational Changes
Preparing Periodic Consumption and Utility Spending Reports	Performing Energy Efficiency Project Costs/Benefits Analysis	Directly Installing Energy Projects
Collecting Utility Billing Information and "Re-Billing" internal customers	Developing Energy Project Proposals	Providing Facilities Maintenance
Providing Utilities Accounts Payable/Receivable Service	**Energy Project Management**	Interacting with Facilities Maintenance organizations
Interacting with Utilities Accounts Payable/Receivable organizations	Obtaining Energy Project Funding	**Energy Policy**
Directly Collecting Utility Consumption and Billing Information	Contracting for Implementation of Energy Projects	Developing and/or Promoting a Formal Energy Policy
Automating the Collection and Use of Utility Consumption and Billing Information	Administering Energy Project Contracts and Contract Payments	Directly Interfacing with Other Public Agency Officials
Providing Energy Reports to internal organizations	Conducting Monitoring & Verification of Project Results	Participating in Energy Regulatory Proceedings (e.g. CPUC, CEC)
	Creating and/or Keeping Energy Project Cost/Savings History	Participating in Energy Legislative Proceedings
	Applying for Energy Efficiency Project Funding from 3rd Parties	Providing Energy Policy Input on New Building and Remodel Designs

ATTACHMENT B:
Energy Usage Data Required Electronically

	Item	Units	Period	Notes
1	Online access for any meter #	therms, 2 yrs	Ongoing	Password protected, speeds analysis of multi-tenant buildings, SCE allows this info
2	Online access for any meter #	kWh, 2 yrs	Ongoing	
3	Online access for any meter #	kW, 2 yrs	Ongoing	
4	All meter# for a specific account#	Meter #'s	Ongoing	
5	Past participants in IOU programs	Name	Annual	To track persistence and identify additional opportunity at sites of previous participants
6	Past participants in IOU programs	Meter address	Annual	For targeting follow up with new technology offers
7	Past participants in IOU programs	EE completed	Annual	
8	Past participants in IOU programs	Therms	Annual	
9	Past participants in IOU programs	kWh	Annual	
10	Non-participants in IOU programs	Meter address	Annual	To identify and direct-market to new participants
11	Non-participants in IOU programs	Therms	Annual	
12	Non-participants in IOU programs	kWh	Annual	
13	Addresses of Top 500 gas user meters	Therms	Annual	For annual marketing and tracking analysis
14	Addresses of Top 500 elect users meters	kWh	Annual	
15	Addresses of Top 500 elect users meters	kW	Annual	
16	Addresses of top 100 residential gas users to reduce usage	addresses and contact info	Annual	
17	Addresses of top 100 commercial gas users to reduce usage	addresses and contact info	Annual	
18	Addresses of top 10 industrial gas users to reduce usage	addresses and contact info	Annual	
19	Commercial by NAIC	Therms	Annual	
20	Commercial by NAIC	NG meters	Annual	
21	Commercial by NAIC	kWh	Annual	
22	Commercial by NAIC	Elec meters	Annual	
23	Commercial by NAIC	Avg Power factor	Annual	
24	Total city wide Commercial/Industrial	Therms	Annual	For true-up with NAIS totals and for GHG inventories
25	Total city wide Commercial/Industrial	kWh	Annual	
26	Residential by census tract	Therms	monthly	For tracking a neighborhood level campaign where participants access an interactive website
27	Residential by census tract	NG meters	monthly	
28	Residential by census tract	kWh	monthly	
29	Residential by census tract	Elec meters	monthly	
30	Total city wide Residential	Therms	monthly	For true-up with census tract level totals and for GHG inventories
31	Total city wide Residential	kWh	monthly	
32	Total city wide Residential, Commerciall, Industrial	kW	monthly	For tracking progress with peak load reductions
33	Solar PV installs	number	monthly	For tracking a citywide campaign that has an active public profile
34	Solar PV installs	kW	monthly	
35	Solar PV installs	addresses	monthly	
36	Other Distributed Generation (co-gen, fuel cell, etc.)	kW	monthly	

	Item	Units	Period	Notes
37	Other Distributed Generation (co-gen, fuel cell, etc.)	addresses	monthly	
38	Amend CPUC rulings so that local governments have access without waivers			Assumes specific account data will remain confidential. May require amendment to other current law.

In addition to providing the information above, the utilities must to support Portfolio Manager by agreeing to upload data and then maintaining the data on a monthly basis for whichever customer is on Portfolio Manager.

ATTACHMENT C:

The Set-Aside Mechanism to Incorporate Energy Efficiency and Renewable Energy into a Cap and Trade Program

The Set-Aside Mechanism to Incorporate Energy Efficiency & Renewable Energy into Cap and Trade

Policymakers should design the cap and trade program taking shape in California and throughout the western U.S to recognize and reward energy efficiency and renewable energy development.

The Local Government Sustainable Energy Coalition (LGSEC) encourages California and other states in the Western Climate Initiative (WCI) to implement the recommendation to set aside cap and trade allowances;[1] their purpose should be to serve as GHG reduction "credits" for local government energy efficiency and renewable energy (EE/RE) projects. The set-aside credits should be fungible with allowances held by capped entities and thus used for compliance purposes. This mechanism for EE/RE projects is different than a direct GHG reduction offset provision.[2]

- Creating a "set-aside" does not increase the overall level of the program cap; it consists of allowances that would otherwise be distributed to capped entities. Therefore, a set-aside mechanism for EE/RE projects preserves environmental integrity and improves the cost effectiveness of the program by boosting opportunities for GHG reductions.
- The energy efficiency and renewable energy community has deep, relevant experience designing, implementing, measuring, monitoring, and verifying the impact of projects; their skills and resources are more than sufficient to meet the high-quality standards required by cap and trade programs – i.e., to show that the GHG reductions from EE/RE projects are real, permanent, verifiable, and additional.
- Challenges involving "double counting" GHG reductions associated with EE/RE projects are solved through the set-aside mechanism, which separates indirect GHG reductions, such as from energy efficiency and renewable projects that save or displace grid-delivered electricity, and GHG reductions associated with direct offset projects (e.g., methane destruction at a dairy operation). *See figures next page*.

Why The Set-Aside Mechanism is Necessary to Support Local Government EE/RE Projects

Local governments will play a key role in the GHG reduction programs taking shape in California and regionally. This will require an examination by local governments of their own internal operations and the day-to-day activities of their residents and businesses. Energy use is implicit in all areas. Permitting access and recognition for electricity saving and clean energy projects in the emerging carbon market is essential to support local government programs that reflect new and innovative policies and objectives, which complement the goals of WCI States.

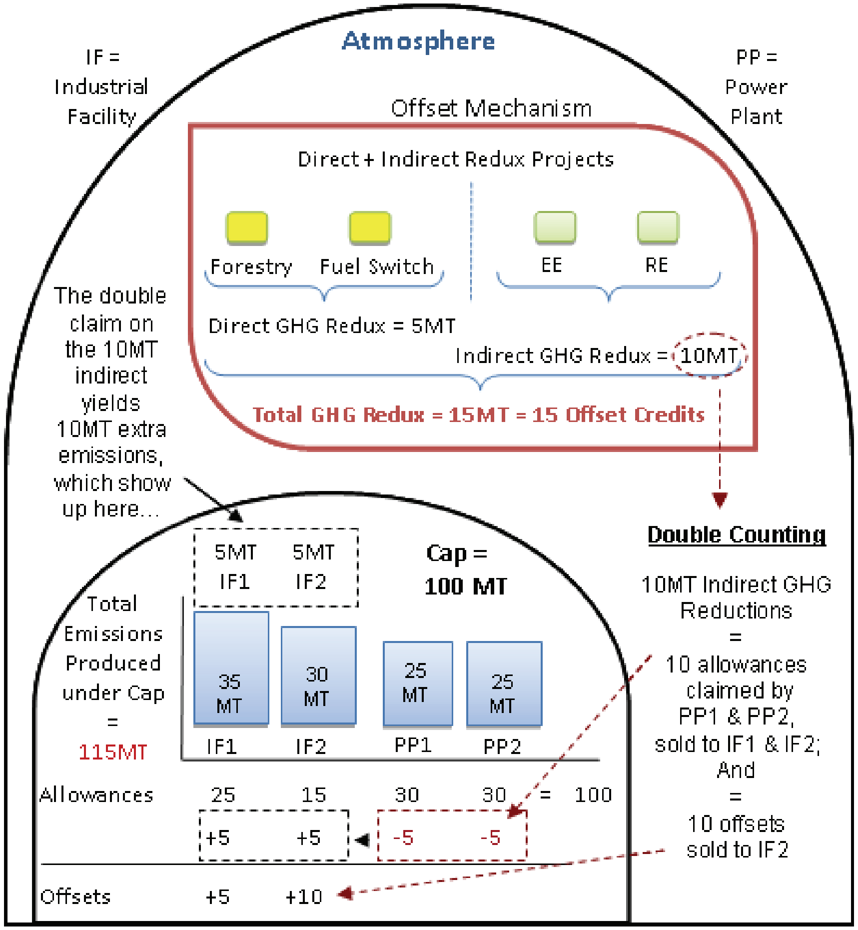
Local government sustainability programs produce significant energy savings. The initiatives comprise municipal facilities and constituent buildings and homes within their jurisdiction. Local governments administer and implement projects using a combination of resources including utility programs, funded by ratepayers through a public goods charge. However, the utility programs restrict the types of valuable activities and projects that can be undertaken by local governments. Additionally, the utility programs provide insufficient funding to support the range of EE/RE initiatives local governments are eager to make happen. The ability to access complementary funds through a set-aside mechanism in the carbon market represents a supplemental revenue stream to allow greater flexibility and enhanced results for local government sustainability programs.

LGSEC emphasizes that funding from the carbon market would produce additional energy saving and clean energy activities. That is, in conjunction with other funding programs (federal, utility/State), trading GHG reduction "credits" associated with local government EE/RE projects in the carbon market would provide incremental resources above and beyond what would have otherwise occurred. LGSEC is happy to work with policymakers to create rules that avoid layering GHG reduction credits on top of utility/State- and federally-funded programs. However, for programs outside of these initiatives, local governments should have access the carbon market.

[1] WCI Cap and Trade Design Recommendations, www.westernclimateinitiative.org.

[2] The set-aside mechanism would supplement the local government initiatives in the CARB Scoping Plan. That is, LGSEC urges the development of a market-based program to implement AB32, which incorporates a set-aside pool of allowances that could be earned by local governments, in addition to other regulatory initiatives targeted for them. LGSEC also encourages federal policymakers to design a program that enables EE/RE projects to participate in the carbon market through set-asides.

Figure 1: Double-counting occurs because indirect GHG reductions are treated the same as those from direct offset projects. The result is a double-claim on the project's reductions – by an entity outside the cap and an entity within the cap – and due to the trading feature of the program, emissions exceed the cap.

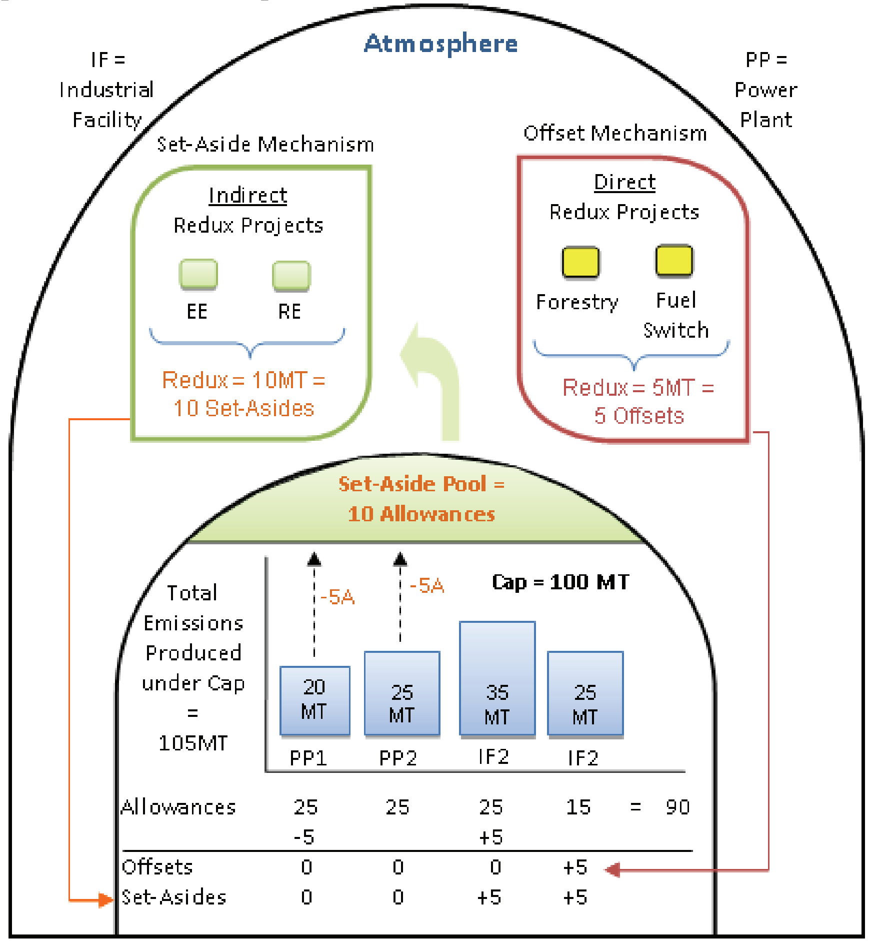


Reckoning:

Total Emissions = 115MT > 100 Allowances + 15 Offsets – 10 Indirect Redux claimed by PP1 & PP2

- Environmental integrity of cap and trade undermined
  → The 15MT in excess of the cap ***not*** balanced by the 15MT from offsets
- Double counting occurs
  → The 10MT indirect redux also claimed by PP1 & PP2; sold twice to IFs
  → The result of grouping indirect GHG redux projects with direct redux

Figure 2: Double-counting avoided and the environmental integrity of the program is preserved. The set-aside mechanism contains allowances from capped entities, which are eventually reconciled with actual emissions produced under the cap.



Reckoning:

Total Emissions = 105MT = 90 Allowances + 10 Set-Asides + 5 Offsets

- Environmental integrity of cap and trade preserved
  → The 5MT in excess of the cap balanced by the 5MT reduction from offsets
- Double counting avoided
  → Set-asides originate as allowances
  (Allowances for capped entities ↓ from 100 to 90 to create set-aside pool)
  → Set-aside mechanism separate from offset mechanism

McCormick Climate Consulting

CERTIFICATE OF SERVICE

I, Jody London, certify that I have, on this date, served a copy of "Comments Of The Local Government Sustainable Energy Coalition On Amended Utility Applications for 2009-2011 Energy Efficiency Programs" on all known parties to A.08-07-021, A.08-07-022, A.08-07-07-023, and A.08-07-031 by transmitting an e-mail message with the document attached to each party named in the official service list, and by serving a hard copy on the Administrative Law Judge.

I declare under penalty of perjury, pursuant to the laws of the State of California, that the foregoing is true and correct.

Dated April 17, 2009 in Oakland, California.

Jody London

Proceeding: A0807021 - EDISON - FOR APPROV
Filer: Southern California Edison Company
List Name: LIST
Last changed: April 16, 2009

Proceeding: A0807022 - SOCAL GAS CO - FOR A
Filer: Southern California Gas Company
List Name: LIST
Last changed: April 16, 2009

Proceeding: A0807023 - SDG&E - FOR APPROVAL
Filer: San Diego Gas & Electric Company
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Proceeding: A0807031 - PG&E - FOR APPROVAL
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