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

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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

# MOTION OF THE LOCAL GOVERNMENT SUSTAINABLE ENERGY COALITION TO AMEND BRIDGE FUNDING

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#### I. Introduction

In accordance with Rule 11.1 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), the Local Government Sustainable Energy Coalition<sup>1</sup> ("LGSEC") submits this motion to amend the bridge funding for local government partnership programs that are continuing from the 2006-2008 program cycle and are expected to be approved for the 2009 – 2011 funding cycle. In particular, LGSEC asks the Commission to:

- Remove the cap on bridge funding and direct the contracts to extend at least six months beyond the date the 2009-2011 programs are approved;
- Recognize local governments as part of the commercial category and as such, eligible for up to 100% direct installation program approaches;
- Recognize that the Total Resource Cost may not be a valid test of cost for local government programs; and
- Reduce excessive reporting and analysis to streamline programs while retaining evaluation, measurement, and verification ("EM&V").

The current situation is inhibiting the ability of local governments to respond quickly to changing and challenging economic conditions, take advantage of emergency funding opportunities, and work toward commonly held goals identified in the *Strategic Plan for Energy Efficiency*.

views on elements of these comments, which were approved by the LGSEC's Board.

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<sup>&</sup>lt;sup>1</sup> 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

### II. Need for Expedited Action

Absent timely authorization of the 2009-2011 program cycle, a variety of adverse impacts and circumstances have occurred.

- Decreased ability to leverage funds from the American Recovery and Reinvestment Act of 2009, including coordination with energy efficiency block grants, weatherization programs, job creation, and other community and economic development opportunities.
- Diminished program effectiveness. The current bridge funding is by purpose intended to extend the 2006-2008 programs for one year. The rules that apply to bridge funding are onerous and are creating additional administrative costs in the form of mandatory monthly reports and notifications, and decreased ability to move funds between a local government partner's programs to meet program demand and staffing availability (for example, the use of summer student interns). While we appreciate the opportunity to continue the programs while the Commission reviews the amended applications, we also find that both we and our utility counterparts are spending significant time on administrative reporting rather than program delivery.
- Missed opportunities to achieve goals identified in the *Energy Efficiency Strategic Plan*. The 2006-2008 programs were designed before development and adoption of the *Strategic Plan*, not to mention passage and implementation of AB 32 and a host of other sustainable legislative pieces that will require integration over the long term. Continuing these programs under bridge funding will allow the Commission to come to terms with the collaboration at the state level to avoid duplication and missed opportunities. LGSEC members would gladly incorporate further program

modifications to meet *Strategic Plan* goals in the future, but request the ability to begin <u>now</u> to move forward through an extended bridge funding cycle.

◆ Local government continues to be a reliable partner for utility programs. Local governments may be struggling financially, but we provide basic services and are here for the long term.

An additional concern of broader impact is the delay in introducing programs designed for the 2009 – 2011 cycle. In addition to local governments, this affects current third party programs that are continuing, as well new local government partnerships and third party programs that have not been able to commence. The LGSEC has tailored this motion to pertain to local government programs, but recognizes that the Commission may wish to modify the bridge funding for third party programs that are similarly situated.

## III. Background

LGSEC and various local governments have invested innumerable resources to participate in the Commission and IOU's 2009-2011 government partnership programs planning **process for the past 2 years**.<sup>2</sup> We have proposed a framework for local government programs among the various filings, as well as comments on the bridge funding cycle.<sup>3</sup>

Further, LGSEC was an active participant in the Commission's deliberations to develop the *Strategic Plan for Energy Efficiency*, that began in 2007.<sup>4</sup> Our participation

<sup>&</sup>lt;sup>2</sup> Local governments were active participants in the predecessor to this proceeding. R.06-04-010.

<sup>&</sup>lt;sup>3</sup> See Response of LGSEC to Utility Energy Efficiency Applications for 2009-2011, August 28, 2008; Letter from LGSEC to CPUC Executive Director, February 6, 2009; Comments of LGSEC on Amended Utility Applications for 2009 – 2011 Energy Efficiency Programs, April 17, 2009; Reply Comments of LGSEC on Amended Utility Applications for 2009 – 2011 Energy Efficiency Programs, May 5, 2009;

<sup>&</sup>lt;sup>4</sup> See various filings in the application to develop the *Strategic Plan for Energy Efficiency*, A.08-06-004, and predecessor proceeding R.06-04-010, including *Pre-Workshop Comments of the LGSEC on Individual Big, Bold Strategies Workshops*, May 25, 2007; *Comments of LGSEC on Energy Efficiency Programs and* 

was premised on our understanding of the Commission's intent that the *Strategic Plan* would inform the 2009-2011 program offerings and advance shared goals, serve as a living document, and compliment the IOU filings for 2009-2011, as well as advance the State's aggressive goals for carbon reduction. These goals were articulated initially in October 2007, in D.07-10-032.

The current economic crisis nationally and in California particularly, is damaging for local governments and all public entities. Between March 2, 2009, when the utilities submitted their amended applications, and now, local governments have been and continue to be forced to re-prioritize at all levels due to ongoing budget cuts, the magnitude and frequency of which are difficult to anticipate.

There does not appear to be any question that local government partnerships will continue in the next program cycle. We are aware that the latest information from Commission staff suggests the portfolio will be approved by the end of September. With all due respect, the expected approval date has been shifting for over a year. The Commission must recognize that this instability and prolonged process is hampering program delivery and creating undue lost opportunities. If the Commission timely issues a decision on the utility applications in September, approval of this motion may not be necessary. However, past experience leads us to believe additional delay is likely, and will further inhibit local government energy efficiency partnerships. Even if the programs are approved in September, it often can take more than six months for partnership contracts to be finalized, as LGSEC has explained previously.<sup>5</sup>

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Strategies, July 10, 2007; Comments of the LGSEC on the Draft Strategic Energy Efficiency Plan, July 31, 2008; Reply Comments of the LGSEC on the Draft Strategic Energy Efficiency Plan, August 7, 2008. 
<sup>5</sup> See, in particular, February 6, 2009, Letter from LGSEC to CPUC Executive Director re: A.08-07-021 et al, Request for Extension on Supplemental Filings of Energy Efficiency 2009 – 2011 Applications.

## IV. Requested Action

The Commission should adopt the recommendations below at its September 10, 2009 business meeting.

- Amend the bridge funding contracts to extend at least six months beyond the date
  the 2009 2011 applications are approved, raising monthly allocations and
  granting greater flexibility to lift the constraints on local government partnerships
  and thereby allow local governments to deploy complimentary projects and
  programs to avoid lost opportunities.
- Recognize local governments as part of the commercial category and as such, eligible for up to 100% direct installation program approaches to avoid lost opportunities.
- Recognize that the Total Resource Cost may not be a valid test of cost for local government programs, and identify this as a discussion that should be undertaken in preparation for roll-out of the next program cycle in 2012.
- Reduce excessive reporting and analysis to streamline programs while retaining EM&V to document savings that can be applied to plans, protocols, inventories and utility profits. The Commission should not delay meaningful projects because of unresolved issues.

#### V. Conclusion

We are facing unusual and extraordinary circumstances. The Commission should not delay meaningful projects because of unresolved issues. Local governments are challenged to be the local implementers and seek full cooperation between the Commission and utilities to agree to a relevant plan that reduces the paralysis that seems

to exist in the current process. The LGSEC and it extended membership have participated in various workshops and webinars across the state, and worked diligently to create a "peer to peer" network and to provide a responsive voice for local government issues throughout these proceedings. The LGSEC respectfully offers that we would like to spend our limited resources developing and delivering the 2009-2011 portfolio, rather than filing yet more comments with the Commission, although we will of course participate as required. The LGSEC remains available as a conduit to local governments for the administration and coordination of sustainable energy programs.

Dated: June 24, 2009 Respectfully submitted,

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For THE LOCAL GOVERNMENT SUSTAINABLE ENERGY COALITION

#### **CERTIFICATE OF SERVICE**

I, Jody London, certify that I have, on this date, served a copy of "Motion Of The Local Government Sustainable Energy Coalition to Amend Bridge Funding" 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 June 24, 2009 in Oakland, California.

Jody London

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