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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Examine the Commission's post-2005 Energy Efficiency Policies, Programs, Evaluation, Measurement and Verification, and Related Issues	R.06-04-010 (Filed April 13, 2006)

2008 REPORT OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 M), IN ACCORDANCE WITH ADMINISTRATIVE LAW JUDGE'S RULING ADOPTING ANNUAL REPORTING REQUIREMENTS FOR ENERGY EFFICIENCY AND ADDRESSING RELATED REPORTING ISSUES

LISE H. JORDAN
CHONDA J. NWAMU

Law Department
Pacific Gas and Electric Company
Post Office Box 7442
San Francisco, CA 94120
Telephone: (415) 973-6650
Fax: (415) 973-0516
e-mail: CJN3@pge.com

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

May 1, 2009

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Pacific Gas and Electric Company (PG&E) submits the attached 2008 Energy Efficiency Programs Annual Report in accordance with the August 8, 2007 "Administrative Law Judge's Ruling Adopting Annual Reporting Requirements For Energy Efficiency and Addressing Related Reporting Issues." PG&E prepared its report in compliance with the Annual Reporting Requirements Manual that is Attachment C to the Energy Division's July 20, 2007 *Workshop Report on Annual Reporting Requirements and Performance Basis*. The report describes the programs that make up the 2006-2008 energy efficiency portfolio and provides PG&E's energy efficiency accomplishments for 2008.

. Respectfully submitted,

LISE H. JORDAN
CHONDA J. NWAMU

By /s/
CHONDA J. NWAMU

Law Department
Pacific Gas and Electric Company
Post Office Box 7442
San Francisco, CA 94120
Telephone: (415) 973-6650
Fax: (415) 973-0516
e-mail: CJN3@pge.com

Attorneys for
PACIFIC GAS AND ELECTRIC COMPANY

Dated: May 1, 2009

CERTIFICATE OF SERVICE

I, the undersigned, state that I am a citizen of the United States and am employed in the City and County of San Francisco; that I am over the age of eighteen (18) years and not a party to the within cause; and that my business address is Pacific Gas and Electric Company, Law Department, PO Box 7442, San Francisco, CA 94120.

On the 1st of May, 2009, I caused to be served a true copy of:

2008 REPORT OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 M), IN ACCORDANCE WITH ADMINISTRATIVE LAW JUDGE'S RULING ADOPTING ANNUAL REPORTING REQUIREMENTS FOR ENERGY EFFICIENCY AND ADDRESSING RELATED REPORTING ISSUES

Via electronic mail to all parties in R.06-04-010

(See Attached Service Lists)

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

Executed on this 1st day of May, 2009, at San Francisco, California.

/s/
PATRICIA A. KOKASON

ENERGY EFFICIENCY PROGRAM PORTFOLIO ANNUAL REPORT FOR 2008

May 1, 2009

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2008 ENERGY EFFICIENCY PROGRAM PORTFOLIO SUMMARY

Summary

Pacific Gas and Electric Company (PG&E) has prepared its 2008 Annual Report for Energy Efficiency in compliance with the Annual Reporting Requirements Manual, Version 4 that is Attachment C to the "Administrative Law Judge's Ruling Adopting Annual Reporting Requirements For Energy Efficiency and Addressing Related Reporting Issues" dated August 8, 2007.[1] The report describes the programs that make up the 2006-2008 Energy Efficiency portfolio and provides PG&E's energy efficiency accomplishments for 2008.

PG&E's 2006-2008 Energy Efficiency portfolio was designed around an integrated, customer-focused set of programs. Coordination of third party offerings and partnerships with core segment programs enables PG&E to maximize energy savings and other customer benefits. Customers receive industry or measure specific information often combined with a site specific energy survey. This can include demand response options as well as self-generation information. When the focus is on the needs of the customer, the delivery channel can be PG&E, a third party implementer or a statewide or local government partnership.

The deemed savings measures of the Mass Market program continued to provide significant energy savings in 2008. Incentives to upstream manufacturers and retailers introduced many residential and small business customers to the benefits of energy efficiency through the installation of lighting and other measures. These customers could then purchase additional energy efficient measures through the Mass Market, third party or partnership promotions.

At the same time, PG&E's targeted market programs in coordination with third parties and partnerships focused on customers with larger, more complex retrofit or new construction projects that would be designed and completed over the next several years.

Throughout the year the various education and training components at the Pacific Energy Center, the Education and Training Center - Stockton and the Food Service Technology Center continued to educate customers, designers, contractors, architects, and industry specialists about the latest energy efficient products, designs and practices. These might include products or practices further developed to commercialization by the Emerging Technology program.

[1] In accordance with the "Administrative Law Judge's Ruling Adopting Annual Reporting Requirements For Energy Efficiency and Addressing Related Reporting Issues" dated August 8, 2007, the Annual Reports are generally due on May 1 of each year following the end of a given program year.

Finally, the Codes and Standards Advocacy program supported the inclusion of widely adopted technologies or practices into state code or industry standards.

Program Descriptions and Strategies

Mass Market (Residential and Commercial)

The Mass Market is comprised of single family residential retrofit, multifamily residential retrofit, commercial and residential renters, and commercial customers who have similar purchasing patterns and strategies, use the same vendors, and have similar approaches to energy efficiency. An integrated approach to these customers, historically viewed as separate segments, provides greater penetration into the commercial market while eliminating artificial boundaries and barriers thus providing easier program delivery and expanded participation.

Vendors and contractors are key delivery channels for the mass market sector, particularly for the direct install delivery channel. They integrate manufacturers, contractors, retailers and customers to maximize energy savings. PG&E coordinates customer information, provides vendor/retailer/contractor support, and encourages manufacturer/distributor participation. Third parties and partnerships are closely coordinated with the Mass Market program.

Agricultural and Food Processing Program

This program targets the full range of agriculture and food processing customers. The program addresses green-field new construction, facility expansion, and renovation as well as ongoing, daily, facility operation. Particular attention is given to key industry sub-segments identified as having high energy use and significant potential for efficiency improvements. The key sub-segments include wineries and dairies. Refrigerated warehouses, a group that cuts across many of the agriculture and food processing market segments, have also been singled out for particular attention given their significant contribution to sector energy use and their potential for electricity and demand savings.

The majority of program marketing and outreach is conducted by PG&E Service and Sales staff and industry-specific consultants under contract to PG&E. The industry-specific implementers selected through PG&E's third party solicitations also provide marketing and outreach services to well-defined groups of customers within the agriculture and food processing market segments.

Schools and Colleges Program

The program design is based on the School Resources Program that has served K-12 public schools since 2003 and the 2004-2005 UC/CSU/IOU statewide partnership. The Schools program has evolved into a model that integrates seamless delivery of utility and

state technical support and financial programs to school districts. The Division of the State Architect (DSA) and the Office of Public School Construction are tightening their procedures, but in the past many school designs slipped past energy reviews. DSA is moving towards acceptance of the Collaborative for High Performance Schools school performance standards for approval of all new school buildings. The Schools program will continue to support these efforts.

Retail Stores Program

The Retail Stores program serves the diverse retail market segment including supermarkets, restaurants, big box retail and general retail. It includes statewide elements (calculated incentives and deemed savings rebates) as well as elements specifically targeted to the energy needs of these customers (commissioning, retro-commissioning and demand response). This program directly addresses the energy needs of big box retail, chain supermarkets and restaurants regardless of size or kW demand. It uses a team of retail and restaurant industry experts made up of internal staff and external contractors and consultants. This team serves as the point of contact and will coordinate training and educational activities, marketing activities, audits if needed, design assistance, financial incentives, retro-commissioning and commissioning, information about distributed generation options and demand response efforts.

The majority of program marketing and outreach for the larger retail customers and large chain accounts will be conducted by PG&E Service and Sales staff and industry-specific consultants under contract to PG&E. PG&E's Mass Market program will still be the primary delivery channel for the small retail stores and restaurants.

Fabrication, Process and Heavy Industrial Manufacturing Program

The program addresses green-field new construction, facility expansion, and renovation as well as ongoing, daily, facility operation. Particular attention is given to key industry sub-segments identified as having high energy use and significant potential for efficiency improvement including water and wastewater treatment, oil production, and oil refining. Boiler efficiency and compressed air efficiency, activities that cut across many of the heavy industry market segments, have also been singled out for particular attention given their significant contribution to sector energy use and their potential for electricity and natural gas savings. Third party implementers focus on water and wastewater treatment, the oil industry, large boilers, and compressed air system efficiency improvements.

The majority of program marketing and outreach will be conducted by PG&E Service and Sales staff and industry-specific consultants under contract to PG&E. The industry-specific implementers selected through PG&E's third party solicitations will also provide marketing and outreach services to well-defined groups of customers within the Fabrication, Process, and Heavy Industries market segments.

High Technology Facilities Program

This program targets high technology facilities and their unique energy needs using both PG&E and third party industry specialists to deliver a range of energy efficiency services. The program addresses green-field new construction, facility expansion, and renovation as well as ongoing, daily, facility operation. The program incorporates statewide financial incentive elements as well as elements specifically targeted to and customized for the high technology customers in PG&E's service area. Many high technology facilities, particularly electronics firms in the greater Bay Area, have significant lighting loads as well as office equipment and other plug loads. Energy efficiency opportunities within these more traditional end use categories are addressed by this program in conjunction with the Mass Market and Large Commercial programs.

Program marketing and outreach are conducted by PG&E Service and Sales staff, industry-specific consultants under contract to PG&E, implementers selected through PG&E's third party solicitations, and local government partners.

Medical Facilities Program

This program targets new and existing medical facilities to facilitate delivery of a portfolio of energy efficiency, demand response and distributed generation services. This integrated program addresses the hospital segment and larger nursing home facilities that fall under the auspices of Office of Statewide Health Planning and Development (OSHPD) review, while PG&E's mass market effort serves as the primary delivery vehicle for the medical office segment. The nursing home segment is also served by the Mass Market program.

Large Commercial (Office Buildings, Government, Large Institutions) Program

The Large Commercial program primarily uses calculated energy savings incentive mechanisms. Upstream deemed or direct install measures may be used for office equipment measures. Much of the energy savings will come from retrofit projects.

The program works with the design community to make them aware of the value of integrated design strategies and the potential of high efficiency lighting, HVAC, and related technologies including the tools to determine the new strategies and technologies appropriate to their clients, the building owners and managers.

The program team continues to work directly with building owners through its direct relationships with large property management firms. This work focuses on: 1) building support for the United States Green Building Council's Leadership in Energy and Environmental Design (LEED) and green building concepts; and 2) in the case of government-owned office buildings, meeting state government mandates to reduce energy consumption.

Hospitality Facilities Program

This program targets new and existing lodging and hotel facilities to deliver a portfolio of energy efficiency services. It includes statewide elements as well as elements specifically targeted to the customers in PG&E's service area. The market integrated program addresses the energy needs of larger hotels, convention centers, and chains while PG&E's Mass Market program is the primary delivery channel for smaller hotels/motels and bed and breakfast inns.

The hospitality industry has potential opportunities for energy efficiency. Remodeling in large hotels and corporate chains occurs fairly frequently, about every three to seven years, in order to remain competitive. Growth in this market sector is occurring in the Central Valley corridor, coincident with economic and population growth, where air conditioning can be a significant load and advanced evaporative cooling could be a viable alternative to compressor based cooling.

Residential New Construction Program

The Residential New Construction program targets new residential housing using both PG&E and third party industry specialists to facilitate delivery of a portfolio of energy-efficiency services. Program elements include education and awareness of energy efficient new homes for customers and rebates/incentives to builders of new homes.

The program encourages builders to exceed minimum energy efficiency standards required by California's Title 24 building code when building new residential, single family and multifamily homes. It offers cash incentives to builders.

The program achieves long term kWh and therm savings through construction of more efficient single and multifamily dwelling units.

At this time, single family and low-rise multifamily building projects meeting the program requirements will also meet the requirements of the U.S. Environmental Protection Agency (EPA) Energy Star® Homes program.

Codes and Standards

PG&E advocates improvements to energy efficiency building codes and appliance standards through the statewide Codes and Standards program. Codes and Standards Enhancement (CASE) studies for energy efficiency improvements are developed for promising design practices and technologies and are presented to standards and code-setting bodies. While most program resources are employed to support standards development processes conducted by the California Energy Commission (CEC), in particular, Title 24 and Title 20, the program also monitors and intervenes, as appropriate, in proceedings outside California that potentially impact state standards. The U.S. Department of Energy (USDOE) conducts federal appliance standards proceedings, for example, that preempt California's state standards. PG&E participates

in and monitors development of standards and product ratings that are referenced directly or indirectly by California standards.

PG&E provides affirmative expert testimony at public workshops and hearings and conducts supporting research and analysis throughout the public rulemaking process. Following adoption, the program supports training for strategic interventions that improve compliance with new codes and standards.

Education and Training

Education and Training supports all energy efficiency programs in PG&E's 2006-2008 portfolio. The program includes on-site, telephone and Web-based audits, the Pacific Energy Center (PEC), the Energy Training Center – Stockton (ETC), the Food Service Technology Center (FSTC), and Web and telephone information services that help mass market customers with energy efficiency.

The PEC offers seminars, consultations, tool lending and information that are useful to all market segments as the first step in identifying technologies for application in their buildings. The ETC focuses on residential contractor training. The FSTC provides the commercial food service sector with impartial, reliable, and useful information that stimulates the energy efficient design and operation of commercial food service facilities.

Energenius and the Energy Patrol offer students, teachers and the students' parents the opportunity to learn about energy, energy use and ideas for using energy more efficiently.

Emerging Technologies

The statewide Emerging Technologies (ET) program accelerates the introduction of innovative energy efficient technologies, applications and analytical tools that are not widely adopted in California. Emerging technologies may include a range of products including hardware, software, design tools, strategies and services.

A daunting number of market barriers must be overcome for a new, energy efficient product to gain acceptance. The ET program accelerates a product's market acceptance through a variety of approaches, but mainly by reducing the performance uncertainties associated with new products and applications. In addition, the program managers may investigate opportunities with industry, the California Energy Commission and others to develop new, innovative and cost-effective energy efficient technology enhancements to existing products. The ET program targets all market segments.

Statewide Marketing

The investor-owned utilities (IOUs) outsourced the entire Statewide Marketing and Outreach program to three agencies: Efficiency Partnership (Flex Your Power), Runyon Saltzman & Einhorn (the Flex Your Power rural marketing campaign), and Staples Marketing (Univision Television).

The Flex Your Power

This statewide energy efficiency marketing and outreach component is designed to educate Californians on the energy, financial and environmental benefits of energy efficiency and to support the energy efficiency programs of the IOUs, third-party program providers and other organizations. The campaign does so through a full range of marketing and outreach strategies including television, radio and newspaper ads, earned media, printed educational materials, events, a Web site resource, a biweekly electronic newsletter, and cooperative marketing and outreach efforts with businesses, government and nonprofit organizations.

Flex Your Power Rural

The Flex Your Power Rural marketing campaign is a comprehensive statewide energy efficiency communications effort designed to encourage residential energy users in rural areas to make permanent upgrades to their homes and to participate in statewide gas and electric energy efficiency activities.

Univision

This statewide marketing and outreach campaign targets California's Hispanic population, which represents one-third of the state's population, to encourage them to participate in energy efficiency programs.

Third party programs and government partnerships are described in Section 3.

SECTION 1
ENERGY SAVINGS

Table 1

Table 1.
Electricity and Natural Gas Savings and Demand Reduction

Annual Results		Installed Savings	CPUC Adopted in D. 04-09-060 Goal (Year)	% of Goals (Year)	% of 3-year Goals (Portfolio)	Balance
2008 Energy Savings (GWh) – Annual	PG&E	2,838	1,053	269%	100% -	12
2008 Energy Savings (GWh) – Lifecycle	PG&E	26,625				
2008 Natural Gas Savings (MMth) – Annual	PG&E	39	17	227%	88%	5
2008 Natural Gas Savings (MMth) – Lifecycle	PG&E	643				
2008 Peak Demand savings (MW)	PG&E	458	228	201%	75%	155

A. Successful Programs and Program Strategies

The 2006-2008 portfolio began a new program cycle with new budgets and energy savings goals. PG&E's portfolio is a balance of long term strategies, usually large complex energy efficiency projects that take several years to design and implement, and energy efficient measures that customers can purchase and install within a shorter time frame. PG&E placed significant focus on the deemed savings measures of the Mass Market program while, at the same time, actively pursuing commitments for larger calculated incentive projects with longer lead times which were completed and paid in subsequent years. This approach also assisted the startup of third parties and partnerships which began implementation in 2006.

Within the Mass Market program, PG&E's upstream lighting efforts introduced many customers to the benefits of energy efficiency while expanding the number of manufacturers and retailers who produced or promoted energy efficient products. These same retailers and vendors also promoted additional energy efficient products to small commercial customers.

Simultaneously, PG&E also increased implementation of refrigerator and freezer recycling and the refrigerant charge and air flow, an HVAC component implemented by selected and specifically trained contractors.

PG&E's Mass Market program successfully combined the efforts of upstream manufacturers and retailers and midstream contractors, as well as residential and small commercial customers to provide significant energy savings in the third year of this three year cycle.

B. Programs Dropped from the Portfolio

The following third parties were selected as part of the competitive bid process, but were dropped from the portfolio when PG&E and the implementers were unable to come to agreement during contract negotiations.

- Energy Efficiency of Water and Wastewater Treatment Facilities in PG&E's Service Area—BASE
- Energy, Savings, Performance (ESP)—EDC Technologies, Inc.
- Compressed Air Management Program—SBW Consulting
- Efficient Boiler System (EBS)—SBW Consulting

The following third party programs were closed in 2007 due to changes in codes, energy savings or property ownership:

- CUWWC – Pre-rinse Spray Valves
- Energy Solutions – HeatWise
- QuEST Equity Office Properties Trust Program

C. Plans to Meet the Commission's Goals

The 2008 portfolio increased emphases on implementation of larger, more complex projects in the targeted market programs such as Heavy Industry, High Technology, and Large Commercial. These projects included significant HVAC, process and boiler energy savings from a variety of larger customer segments.

Third parties and partnerships also contributed increased energy savings during 2008.

The 2008 programs focused on achieving the Commission's goals and the transition to future incorporation of elements of the California Long Term Energy Efficiency Strategic Plan into the 2009-2011 portfolio.

SECTION 2
EMISSION REDUCTIONS

Table 2

Table 2
Environmental Impacts

Annual Results	Annual tons of CO2 avoided	Lifecycle tons of CO2 avoided	Annual tons of NOx avoided	Lifecycle tons of NOx avoided	Annual tons of SOx avoided	Lifecycle tons of SOx avoided	Annual tons of PM10 avoided	Lifecycle tons of PM10 avoided
2008 Portfolio Targets	***767,389***	***9,685,759***	***224***	***3,399***	***-***	***-***	***-***	***-***
PGE (1)	767,389	9,685,759	224	3,399				
2008 Total	**1,720,608**	**17,281,232**	**307**	**3,653**	**-**	**-**	**97**	**889**
PGE	1,720,608	17,281,232	307	3,653	N/A	N/A	97	889

PG&E Footnote (1): Environmental Impact targets are taken from Attachment 2 Table 1.1 of PG&E Compliance Filing for 2006-2008 MIDSM Portfolio, dated April 18, 2006.

Table 2 reports incremental environmental impacts of PG&E's Energy Efficiency portfolio for 2008. The E3 calculator has been updated for the calculation of CO2, NOx and PM10.

All of PG&E's resource programs that provide energy savings contribute to emissions reductions reported in the table above. The emissions reductions are directly related to the amount of kWh and therms saved, so the programs and strategies that were most successful in reducing emissions are the same ones that were most successful in reducing kWh and therms. The longer-term projects most common to the Targeted Market programs have provided increased savings in 2008.

PG&E uses the updated E3 calculator for all emissions calculations except for SOx. The SOx reductions are not calculated in the E3 calculator and are expected to be zero because none of the California IOUs use coal fueled power on the margin and the energy savings from energy efficiency programs only impact the margin.

The E3 calculator is updated as necessary per D.05-09-043, Ordering Paragraph 15. The assumptions used to calculate the emissions reductions and avoided costs were defined further in D.06-06-063 and associated workshops and were included in the E3 calculator which generated the emissions reductions reported. The gas combustions type and net-to-gross selected are consistent with the program types and end uses entered in the E3 calculator. The emissions reductions reported in the Green House Gas Proceeding are calculated on the same basis.

SECTION 3
EXPENDITURES

Table 3

Table 3
Expenditures

Summary of Portfolio Expenditures	Adopted Program Budget [1] (3 - Yr)	Cumulative Annual Expenditures	Percent of Portfolio Budget (3-yr)	Percent of Total Annual Expenditures
Total Portfolio Expenditures				
Administrative Costs	136,337,200	72,301,767	8.33%	15.01%
Marketing/ Advertising/ Outreach Costs	91,764,285	47,919,188	5.52%	9.95%
Direct Implementation Costs	639,366,758	361,533,415	41.68%	75.05%
Total Portfolio Expenditures	**867,468,243**	**481,754,370**	**55.54%**	**100.00%**
Total Competitive Bid Program Expenditures (sub-component of portfolio)				
Administrative Costs		20,176,716	2%	4%
Marketing/ Advertising/ Outreach Costs		3,167,304	0%	1%
Direct Implementation Costs		94,958,771	11%	20%
Total Competitive Bid Program Expenditures	**206,048,069**	**118,302,791**	**13.64%**	**24.56%**
Total Partnership Program Expenditures (sub-component of portfolio)				
Administrative Costs		13,511,502	2%	3%
Marketing/ Advertising/ Outreach Costs		3,638,401	0%	1%
Direct Implementation Costs		47,732,990	6%	10%
Total Partnership Program Expenditures	**123,622,330**	**64,882,893**	**7.48%**	**13.47%**
Total EM&V Expenditures (separate from portfolio)				
EMV IOU	20,593,000	4,438,665	21.55%	27%
EMV JOINT STAFF	54,428,304	12,182,142	22.38%	73%
Total EM&V Expenditures	**75,021,304**	**16,620,806**	**22.15%**	**100.00%**

[1] The Adopted Program Budget does not reflect additional approved funding:
$46.3 million - Prior-Year Program funds shifted to PY2006-2008 Programs per approved Advice Letters 2938-G/G-A/3298-E/E-A.
$ 4.2 million - Prior-Year Program funds shifted to PY2006-2008 Programs for Pilot Programs per CPUC Decision 07-12-050, approved Advice Letter 3185-E, approved Advice Letter 3257-E/E-A, approved D.08-11-057 .
$18 million - Interest funds from PY06-08 Program Cycle per approved Advice Letter 2997-G/3419-E.

A. Third Party Programs

The Commission directed the utilities to continue successful 2004-2005 third party programs selected by the Commission and to bid out at least 20 percent of 2006-2008 funds for additional third party programs with the objective to "solicit innovative ideas and proposals for improved portfolio performance" (D.05-01-055, mimeo, p. 90).

PG&E selected 11 2004-2005 third party programs deemed successful for continued implementation in its 2006-2008 portfolio. In addition, PG&E issued two solicitations for third party programs leading to 46 third party program contracts. PG&E originally awarded 99 percent of the 20 percent of the 2006-2008 funds to third party programs; however, several of the selected proposals did not complete contract negotiations. As a

result, PG&E awarded the remaining program budget ($15.7 million) to successful third party programs that delivered additional electric and/or gas savings.

PG&E's third party programs include the following:

Implementer: Air Power USA
Program: Assessment, Implementation and Monitoring (AIM) of compressed air systems

AIM helps PG&E industrial customers improve their compressed air systems and reduce their electric usage. AIM provides an incentive of 10 cents per kWh of savings, up to 65 percent of the overall project costs.

In addition, AIM provides technical services at no cost to customers, including:

1. Air system audits, which identify the costs and savings of specific projects to reduce electric use and improve air quality;
2. Design and project implementation support, which helps customers spec and bid improvement projects and oversee their implementation;
3. Savings verification, which verifies the actual savings associated with the implemented projects by measuring electric use before and after project installation;
4. Incentive processing, which handles the paperwork and documentation for collecting AIM incentives; and
5. Post-project technical support for three years, which helps customers sustain energy savings and air system efficiency by providing check-up audits and ongoing technical support for a period of three years after project installation.

Implementer: Lockheed Martin Aspen (LMA)
Program: Heavy Industry Energy Efficiency Program (HIEEP)

HIEEP identifies and facilitates the implementation of major process-oriented and other energy efficiency upgrades for PG&E's heavy industry customers. Customers that install energy efficient systems and equipment will receive incentives based on the annual kWh or therm savings achieved.

Services provided by the program include, but are not limited to:

- Identifying all opportunities (energy efficiency, demand-response, renewable energy systems) and assessing their economies;
- Performing studies and assessments to: (1) identify efficiency improvements; (2) quantify these savings and other benefits to be produced by these improvements; and (3) explain/quantify the investments needed to achieve the benefits;

- Marketing collateral design and production;
- Assisting the participant to apply for program incentives;
- Assisting the participant in vendor and contractor selection;
- Monitoring installation for quality, conformance, and participation in commissioning; and
- Processing and tracking of incentive applications.

Implementer: Building Industry Institute
Program: Builder Energy Code Training (BECT)

BECT provides training by the building industry to the building industry to improve compliance with Title 24 energy codes for residential new construction.

BECT provides fundamentals of energy efficient construction and an understanding of materials, assemblies, building systems and subsystems in the context of energy codes. In addition, in response to the major changes in the 2005 Title 24 requirements, the focus of BECT over the next few years is to improve compliance with the new mandatory lighting standards and to provide information and training to encourage use of energy efficiency measures that reduce peak consumption and load, especially the quality-construction code-elements that require 3rd party inspections and tests. These inspections and tests are not widely used by builders but provide cost-effective and verified savings.

Implementer: California Urban Water Conservation Council
Program: Rinse and Save Program – **Closed March 31, 2007**

The California Urban Water Conservation Council's (CUWCC's) Rinse and Save Program was a direct-install program that replaced high energy and water use pre-rinse spray valves with more efficient models at food service facilities.

The CUWCC Rinse and Save Program operated in the following counties: Alameda, Contra Costa, Fresno, Marin, Napa, Sacramento, San Benito, San Mateo, Santa Clara, Solano, and Sonoma.

NOTE: This program was scheduled to run through June 2007 but was cancelled as of March 31, 2007 due to an Evaluation, Measurement and Verification (EM&V) report that showed that it was no longer cost-effective.

Implementer: Cal UCONS
Program: Commercial Laundry Program (CLP)

CLP's primary goal is to promote replacement of inefficient gas and electric water-heated commercial clothes washers in high-usage laundromats and multifamily common areas with qualifying energy efficient machines.

To achieve energy savings, the CLP installs commercial front-loading washers in high-usage laundromats and multifamily common areas. In addition, the program also upgrades inefficient gas and electric water heaters and lighting in laundromats and laundry areas of multifamily residences.

Implementer: California Manufacturing Technology Consulting (CMTC)
Program: VeSM (Value and Energy Stream Mapping) Advantage Plus™ (VeSM™)

The VeSM Advantage Plus™ Program focuses on process improvements that will both improve energy efficiency and identify equipment and other energy savings opportunities. VeSM Advantage Plus™ does the following:

1. Provides both gas and electric savings using the same set of proven and standardized tools that are being implemented in 2006-2008 programs at SDG&E, SCG, and SCE; and
2. Identifies and quantifies energy efficient process improvement solutions on the shop floor through a unique VeSM™ tool.

Expected benefits include:

1. Implementation of two or more high-impact process improvements leading to substantial, measurable, and sustainable improvements in manufacturing processes; and
2. Identification of the potential for the additional implementation of more high-impact, energy efficiency improvement solution(s) that may lead to installed EE measures.

Implementer: CONSOL
Program: Duct & Cover

The goal of Duct & Cover is to mainstream the combination of tight ducts, quality installed insulation, and insulation-buried ducts into a simple, cost-effective measure for single-family production home builders. The Consol team provides builders and subcontractors technical assistance, training, and incentives to build at least 600 homes within PG&E's service area that exceed Title 24 by at least 20 percent. This program is restricted to Climate Zones 11 through 13.

Implementer: Ecology Action
Program: Lodging Savers

Lodging Savers delivers multi-measure comprehensive retrofits and retrocommissioning (RCx) to small, medium and large lodging facilities in PG&E's service area. Predominate measures include lighting, HVAC controllers, refrigeration measures, and water saving measures. Ecology Action provides audits and financial incentives to encourage measure adoption.

Implementer: Ecology Action
Program: RightLights

The 2006-2008 RightLights program is a multilingual, direct install program implemented by Ecology Action that delivers comprehensive lighting retrofits to businesses in Monterey, San Benito, Santa Clara, Santa Cruz, and San Mateo Counties with A-1, A-6, A-10 or E-19V rate schedules. RightLights' measure list includes lighting, pre-rinse spray valves, refrigeration tune-ups, refrigeration fan motor drop-in replacements, refrigeration heater door controls, strip curtains, refrigerator door gasket replacements, interactive refrigeration controls, and vending machine controls.

Implementer: ECOS CONSULTING
Program: Ecos Air

Ecos Air conducts audits and installations of compressed air systems. Participating customers receive complete compressed air system audits and incentives to install equipment that results in energy savings and demand reduction. Ecos Air also provides training designed to generate persistent energy savings while helping the customer keep its compressed air system running at optimal performance.

The Ecos Air Program is open to PG&E mid- to large-sized industrial facilities that use compressed air systems.

Implementer: Energy Solutions
Program: Cool and Light

Cool and Light - Advanced Energy Efficiency Opportunities for Large Retail - provides design assistance and incentives for innovative air conditioning and lighting technologies. In partnership with the UC Davis Western Cooling Efficiency Center (WCEC), the program promotes and provides incentives for the adoption of two innovative HVAC technologies—evaporative pre-coolers for rooftop AC units and rooftop AC unit compressor optimization controllers. Also, the program will provide control improvements and economizer repairs for existing HVAC units and state of the art energy efficient lighting design assistance and incentives, including day-lighting, controls, and the latest generation in lighting technologies. Cool and Light targets big box retail stores in Climate Zones 4, 11, 12, and 13.

Implementer: Energy Solutions
Program: Federal and State E5K Program

The Federal and State E5K (E5K) program provides design recommendations and incentives to federal and state facilities to install spectrally enhanced fluorescent lighting. Participating federal and state facilities are responsible for hiring a contractor to do the actual installation, but Energy Solutions performs a walk-through audit to identify savings opportunities and provides written lighting specifications to the participant.

Energy Solutions also offers assistance during the bid process and additional technical support during the construction phase.

Implementer: Energy Solutions
Program: HeatWise Program – **Closed August 2007**

HeatWise was a natural gas-saving program with incentives for ultra-high efficiency condensing water heaters, ultra-high efficiency condensing boilers (space heating and combination space and water heating), and innovative, low cost solar water heaters. Energy Solutions worked with trade allies and contractors and provided rebates to both the purchaser of the equipment and to the trade ally/contractor. The primary market for this program was food processing and lodging facilities, office and multifamily buildings.

Implementer: Enovity
Program: Commercial and Industrial Boiler Efficiency Program (CIBEP)

CIBEP is an incentive program that implements large commercial and industrial fuel-fired boiler system energy efficiency improvements that will result in both natural gas and electrical energy savings. This program combines boiler engineering evaluations and technical implementation assistance with financial incentives that make the projects more economically attractive to PG&E customers. Primary markets for CIBEP include:

- Small and Large Offices;
- Colleges and Universities;
- Large Hospitality;
- Hospitals and Large Medical Facilities;
- Gaming and Entertainment;
- Industrial and Manufacturing;
- Hi-tech and Laboratory;
- Laundries; and
- Food Processing.

Implementer: Enovity
Program: Monitoring-Based Persistence Commissioning (MBPCx)

The MBPCx program uses a building automation system (BAS) to track the ongoing performance of HVAC systems and facilitate the reporting and correction of deviations from optimal performance. The program initially involves a traditional retrocommissioning approach where site surveys are performed, the HVAC and BAS systems are thoroughly documented, and energy efficiency measures are identified through functional testing. Then, the program uses a Performance and Continuous Recommissioning Analysis Tool (PACRAT) as the main persistence commissioning tool. PACRAT is a comprehensive automated diagnostic tool for HVAC systems performance that automatically collects trend data from the BAS and has built-in diagnostic tools to

identify system anomalies from historical data, generating reports of system anomalies and associated energy and operational cost savings at regular user-defined intervals. Customers receive incentives for participating in the program.

This program targets large commercial buildings (office, retail, hotel, hospital, college/university, high tech office/lab/manufacturing).

Implementer: Enovity
Program: Energy Efficiency Partnership for Department of General Services State-Leased Facilities

The program focuses on buildings leased by the California Department of General Services that are 5,000 square feet or larger and offers benchmarking, energy audits, retro-commissioning, technical assistance, design advice, rebates, and direct implementation services. Measures focus mainly on HVAC and lighting.

Implementer: EnSave Inc.
Program: Dairy Energy Efficiency Program (DEEP)

DEEP offers rebates to dairy producers and dairy food processors throughout PG&E's service area--approximately 1,300 customers. Measures offered are milking vacuum pump variable speed drives, plate coolers, compressor heat recovery units, milk transfer pump variable speed drives, scroll compressors, premium efficiency motors, box fans, high-volume, low-speed fans, and lighting.

EnSave works with the manufacturers of the technologies, dairy equipment dealers, and agricultural organizations to promote the program and enroll customers.

Implementer: Build It Green
Program: Green Building Technical Support Services (GBTSS)

GBTSS promotes green building strategy to achieve greater energy efficiency in new and existing homes. The focus of the 2006–2008 program is to promote healthy, durable, energy and resource-efficient buildings in California. In order to accomplish this objective, Build It Green uses education and outreach to connect consumers and building professionals with the tools and technical expertise they need to build quality Green Buildings. Build It Green strives to foster collaboration with key stakeholder groups to accelerate the adoption of green building standards, policies, and programs. The education and outreach strategies funded through the program are currently targeted to the nine-county San Francisco Bay Area and the three-county Monterey Bay Area.

Implementer: Global Energy Partners
Program: Energy Efficiency Services for Oil Production

Global Energy Partners (GEP) provides a turnkey custom-measure incentive program targeting oil and gas producers. Oil and gas facilities served include wells, extraction

equipment, surface transport, field augmentation, water steam and gas injection, product separation and treatment, storage and distribution, and pipeline transport.

Energy efficiency measures offered to customers include, but are not limited to:

- Conversion of outdated pumping systems;
- Energy efficient motors and pump-off controllers on rod beam pumps;
- Motor controllers;
- Proper sizing and premium efficient motors and pumps;
- Variable frequency drives;
- Water reduction technologies;
- Optimizing water injection systems;
- Optimizing surface fluid transport systems; and
- Efficient gas compressors.

GEP's operations involve:

- Marketing, recruiting the program to qualifying oil producers;
- Conducting on-site surveys to identify energy efficiency opportunities; and
- Performing pre-installation and post-installation inspections to certify installations, issuing customer incentives, and producing program reports and documentation.

GEP conducted workshops/seminars to train and recruit oil and gas producers to the Energy Efficiency Services Program in association with industry organizations.

Implementer: Heschong Mahone Group (HMG)
Program: California Multifamily New Homes Program (CMFNH)

CMFNH facilitates energy efficient design and construction in multifamily housing through design assistance and cash incentives. CMFNH benefits include energy efficiency services for developers, architects, engineers, energy consultants, and owners. CMFNH offers resources for owner/developers of qualified multifamily new construction.

Implementer: Honeywell
Program: Cool Control Plus™

Offered by Honeywell Utility Solutions, Cool Control Plus is a direct install program for small to mid-sized hotels in PG&E's service area. Free measures include thermostats and occupancy sensors for qualifying package terminal air conditioners (PTAC) (in room air conditioner + heaters combo units) and vending machine controllers. Lighting measures have a fixed customer co-payment per measure.

Implementer: KEMA

Program: Enhanced Automation Initiative (EAI)

The goal of EAI is to promote investments in enhanced automation and control technologies. The EAI targets large commercial customers who want to improve their building automation systems and the functionality of their existing energy management systems (EMS). The program offers free on-site assessments, technical assistance, and incentives for EMS reprogramming and/or hardware improvements.

Implementer: KEMA
Program: Small Commercial Comprehensive Refrigeration - Cool Biz

Cool Biz is an incentive program designed to provide comprehensive refrigeration energy efficiency upgrades to small and medium sized commercial businesses in selected areas. This target market encompasses convenience stores, butcher shops/meat markets, fish markets, small independent restaurants/cafes, drugstores, liquor stores, retail bakeries, caterers, cafeterias, assisted living facilities, gas station/convenience stores, and independent grocery stores.

The program offers:

- A free facility assessment to identify energy saving equipment opportunities;
- A detailed proposal that includes a list of recommendations and estimates of energy savings, project cost, payback period and the rebate amount to be paid by Cool Biz;
- Installation of the approved energy-saving equipment by a local, approved contractor. Pre- and post-installation inspections assure quality and verify energy savings; and
- Prescriptive measures include refrigerator controls, cooler door heater controls, freezer door heater controls, EC (electronically-commutated) motors, novelty cooler controllers, custom refrigeration measures, compact fluorescents, fluorescent fixture upgrades, LED exit signs, custom lighting upgrades, HVAC system tune-ups, HVAC controls, and custom electric measures.

Implementer: KEMA
Program: Wastewater Process Efficiency Initiative (WPEI)

KEMA provides a turnkey program with a comprehensive approach to reduce energy use in wastewater treatment plants. The program provides technical support services and incentives to wastewater treatment plants that promote the installation of energy efficient equipment and better process control.

Implementer: Low Income Investment Fund (LIIF)
Program: California Preschool Energy Efficiency Program (CPEEP)

CPEEP provides energy efficiency retrofits to the largest preschool centers. The program brings together the key stakeholders in this segment to leverage additional energy efficiency funds and outreach expertise. CPEEP is a partnership with the California Department of Education and California Head Start Association. LIIF's subcontractor, Intergy Corporation, coordinates the implementation of the retrofit projects.

LIIF provides a complete energy efficiency program for the centers by identifying energy and demand reduction opportunities, providing technical assistance to identify and implement projects, completing post installation quality control procedures, and training key facility staff. The program provides direct installation of a comprehensive list of measures including lighting, HVAC refrigeration and other measures.

Implementer: Newmatic Engineering Laboratory
Program: Airflow and Fume Hood Control Systems Re-Commissioning (Lab-RCx)

Lab-RCx optimizes energy efficiency in laboratory facilities at biotech firms, pharmaceutical firms, electronics firms, and colleges and universities. Lab-RCx is a comprehensive suite of engineered options aimed at optimizing energy efficiency in laboratories through re-commissioning, controls retrofits (constant volume to variable air volume), installation of usage-based controls, air change rate reductions, static pressure set point reductions.

The program offers cash incentives for business energy projects involving the re-commissioning of facilities. Projects may consist of retrofit of existing airflow equipment/systems or upgrades to existing airflow equipment/systems to yield greater energy savings.

Implementer: Nexant, Inc.
Program: Refinery Energy Efficiency Program (REEP)

The REEP offers Nexant's refining expertise from its Petroleum and Chemical division and demand-side management program implementation experience from its Energy Management division. The REEP also fully uses the current three-year funding cycle to specifically address the long lead-time for refinery projects.

REEP provides these services to customers:

- Identify cost-effective projects, provide and apply industry-specific experience for selection and design of the EE projects;
- Use incentives to offset capital investments; and
- Project management/coordination.

Implementer: Onsite Energy Corp
Program: Industrial Cold Storage/Food Processing Energy Efficiency Program (CS/FP)

The Onsite program offers customized incentives to the refrigerated warehouse and food processing industries. The program targets energy efficiency and demand reduction projects with incentives that will meet the payback required by these companies to justify their investment. Onsite administers the incentive program and implements projects on behalf of customers. Incentives are paid to customers for actual kW and kWh reductions achieved.

Implementer: Portland Energy Conservation, Inc. (PECI)
Program: AirCare Plus

The AirCare Plus program provides incentives to maintenance service contractors for rooftop HVAC units for refrigerant charge and airflow modifications, economizer retrofits, and thermostat replacements and adjustments. The program targets light commercial customers, including high tech and restaurant businesses, and others for whom HVAC loads are high. In particular, the program provides service contractor technicians with on-site energy efficiency training and ongoing technical support, including use of a hand-held software device that uses proprietary AirCare Plus software and accepts data about the HVAC units and provides instructions on how to conduct the retrofit, including proper installation in compliance with Title 24. In addition, pre- and post-retrofit technical data and implemented measures are automatically recorded by the hand-held diagnostic tool. After completing the rooftop HVAC unit maintenance, technicians upload their activity information through a wireless connection to implementer's (PECI) website to identify savings and additional tune-up opportunities. Using energy savings estimates generated by the AirCare Plus software, these technicians are able to show building owners or managers how increased energy efficiency saves them money. Incentives are paid directly to the HVAC contractor.

Implementer: Portland Energy Conservation Inc. (PECI)
Program: Retrocommissioning Program

The Retrocommissioning Program offers financial and technical assistance for commercial building owners throughout PG&E's service area to undertake retrocommissioning (RCx) projects and implement measures that improve their buildings' operations.

This program offers the following services to building owners:

- Building screening to determine eligibility;
- Pre-qualified and trained RCx providers to conduct in-depth investigation;
- Customized investigation of building operations and assistance in choosing cost-effective measures for implementation;
- Implementation assistance for energy saving improvements with payback periods less than one year (incentives available with payback periods greater than one year); and
- Documentation and training on implemented RCx measures.

Implementer: Portland Energy Conservation Inc. (PECI)
Program: Energy Smart Grocer

Energy Smart Grocer provides grocers with energy audits, rebates and information about energy efficient technology and operations. The program promotes energy efficient lighting, HVAC, and refrigeration systems. Specific services include:

- No cost energy audit;
- Energy savings report;
- Contractor enrollment;
- Technical consultation; and
- Financial rebates and rebate application assistance.

Implementer: PowerLight
Program: Combined Approach to Solar and Efficiency (CASE)

PowerLight serves photovoltaic customers with their CASE program. PowerLight provides a wide variety of energy efficiency solutions along with incentives for both energy and demand reductions delivered from the projects.

The scope of CASE includes a comprehensive energy audit of clients' facilities, in which they identify and evaluate various demand saving measures. PowerLight creates a demand-side management feasibility study, which they review with the customer to select the most optimal measures to implement. PowerLight offers a range of options to implement these measures, in which PowerLight can act as prime contractor or alternatively can simply act as an engineering consultant, leaving the project implementation up to the customer. In either case, PowerLight manages and monitors the execution of the project from start to finish.

Implementer: Proctor Engineering Group
Program: Extended Time Delay Relay Program

The Extended Time Delay Relay program is a direct install mass market program targeting apartment complexes as well as individual homeowners in the PG&E service area. The program integrates the fan time delay relay system by running the fan at the end of the compressor cycle, thus evaporatively cooling the air returning to the building. Proctor Engineering Group recruits and trains contractors to deliver this program.

Implementer: QuEST
Program: California Wastewater Process Optimization Program/Anaerobic Digester Optimization Pilot Program (CalPOP/ADOP)

CalPOP targets wastewater treatment plants and provides facility audits, engineering assistance, project management support, and incentives based on potential energy

savings. Anaerobic Digester Optimization Pilot (ADOP) was recently added to take advantage of available gas savings at wastewater treatment facilities.

Implementer: QuEST
Program: Data Center Cooling Controls Program (DCCCP)

DCCCP targets data centers and server farms to improve the centers' energy efficiency by providing facility audits and incentives for wireless temperature-control systems for computer room air conditioning units (CRAC) and the variable frequency drives (VFD) for those units. The program focuses on the installation of advanced controls and VFDs. A self-optimizing control strategy will continually adjust the speed of the CRAC fan so that total power consumption (fan power plus cooling power) is minimized. The approach results in significant energy savings and provides data center operators with valuable information about temperature distribution in their data centers.

Implementer: QuEST
Program: Equity Office Properties (EOP) Trust Program – **Closed March 2007**

By working directly with the property management group, QuEST proposed to build on existing relationship with Equity Office Properties (EOP) to increase cost-effectiveness with the EOP Trust Program by eliminating marketing and costs associated with gaining customer commitments.

The program targeted building optimization, comprehensive training, and the implementation of measures, including the following:

- Benchmarking of all EOP buildings in PG&E's service area;
- Increased monitoring of major systems and integrating controls into existing energy management systems; and
- Comprehensive energy audits and engineering analysis to identify savings and providing incentives for implementation

Note: This program was officially terminated as of March 30, 2007 due to EOP's acquisition by a new buyer.

Implementer: QUEST
Program: Hospital Pilot Program (HPP)

HPP is a comprehensive turnkey program designed to improve the energy efficiency of large hospitals. Hospital owners are facing the prospect of significant expenditures to meet new seismic requirements. The HPP program takes advantage of planned funding by providing a program design that couples in-depth energy engineering analysis with assistance in meeting applicable regulatory requirements. The program provides engineering and rebates targeting feasible retrofits, tune-ups, and retrocommissioning as well as referrals to PG&E's Demand Response and Self-Generation programs.

Implementer: QuEST
Program: Macy's Comprehensive Energy Management Program

QuEST proposed to build on Macy's participation in the 2004-05 third party Building Tune-Up program by implementing the Macy's Comprehensive Energy Management Program (MCEMP). MCEMP features development of a training module for Macy's engineers that will result in measurable and persistent savings, piloting new technology and establishment of baselines.

The program provides building optimization, comprehensive training, and the implementation of measures, including the following:

- Benchmarking of Macy's stores;
- Increased monitoring of major systems and integrating controls into existing energy management systems;
- Comprehensive energy audits and engineering analysis to identify savings; and
- Incentives for implementation.

Implementer: QuEST
Program: Hospitality Energy Efficiency Program (HEEP)

HEEP is a comprehensive turnkey program designed to improve the energy efficiency of hotel and motel properties. It provides eligible participants with energy efficiency rebates for retrofits, tune-ups, and retrocommissioning. HEEP's primary market is large hotels.

Implementer: Resource Solutions Group (RSG)
Program: School Energy Efficiency Program (SEE)

SEE provides school facility benchmarking, audits, technical assistance (including developing and evaluating an RFP to hire a contractor to install recommended measures) and incentives to K-12 public and private schools. Customers can choose to receive incentives, technical assistance in lieu of incentives, or a combination of both. SEE may provide similar services to small government facilities such as libraries. The program focuses primarily on Central and Northern California.

Implementer: Resource Solutions Group (RSG)
Program: Campus Housing Efficiency Solutions (CHES)

CHES targets university and college campuses with student residences most suitable for energy efficiency upgrades and provides incentives in the form of either rebates and/or installation support services to ensure that cost-effective savings are achieved. Throughout the process, RSG works closely with key campus directors to help them learn about the energy efficiency upgrade process so that they can continue to identify and

implement long-term savings projects. The program also addresses the growing student plug-load by focusing on the infrastructure that influences students' energy use.

Implementer: Resource Solutions Group (RSG)
Program: Wine Industry Efficiency Solutions (WIES)

WIES addresses energy efficiency and resource management and implements a process that ensures demand and energy savings. WIES identifies efficiency improvement opportunities and provides incentives through either installation support services or rebates for customers who agree to implement the recommendations. RSG developed the Resource Management Advisor model for businesses that require more than rebates to encourage program participation. This model assists customers with the confusing and often tedious tasks involved in implementing efficiency projects such as equipment specification, bid package development, contractor selection, project financing and project management.

Implementer: Richard Heath and Associates (RHA)
Program: Energy Fitness Program (EFP)

EFP serves small and medium size nonresidential customers in the area north of Sacramento with a no-cost, direct install program. The EFP performs an audit of each facility and provides direct installation of a tailored package of energy efficiency measures such as lighting, exit signs, vending machine controllers, and occupancy sensors. Energy efficiency measures may also include installation of window film and HVAC condenser coil cleaning. Applicable recommendations for lighting, refrigeration, HVAC, motors, building envelope, and food service are given to each participant in a customized energy audit report. In addition, the EFP provides energy education and personalized technical assistance to each customer, as well as referrals to other applicable programs. All labor and material costs associated with the audit, direct installation and additional services and are fully covered by the EFP.

Implementer: Richard Heath and Associates (RHA)
Program: Mercury Vapor Yard Light Exchange Program (LCP)

LCP is a pilot that serves agricultural communities in the rural areas of Climate Zone 11. RHA replaced mercury vapor fixtures in rural areas of northern California through a direct install or exchange process. RHA coordinates and facilitates the LCP with local schools and community organizations, which encourages the voluntary, no-cost trade of the existing, older mercury vapor lights for high pressure sodium lighting. RHA offered schools and organizations an exchange incentive for each operating mercury vapor fixture brought in and exchanged for a high pressure sodium yard light. By making the LCP a "community event," RHA expanded a normal fundraiser into an activity that combined marketing, outreach, public energy awareness, and financial benefit to local organizations and schools in rural communities.

Implementer: Synergy Companies
Program: Comprehensive Manufactured/Mobile Home Program (CM/MHP)

CM/MHP provides a comprehensive energy program to an estimated 5,500 manufactured home customers in PG&E's service area. The CM/MHP initially focused on the hotter climate zones (11, 12 and 13). Through the CM/MHP, Synergy provides marketing and outreach, customer education, direct installation of a tailored package of measures, personalized assistance, quality assurance, and additional program referrals. The cost-effective energy efficiency measures and verification services directly installed at no cost to customers through the CM/MHP include:

- Verified air conditioning diagnostic and tune-up;
- Verified duct test and deal;
- Energy efficient aerator;
- Energy efficient showerhead;
- Energy Star compact fluorescent lamps (CFL) – interior and exterior;
- Energy Star hardwire fixture CFL – interior and exterior; and
- Common Area Energy Star CFL – interior and exterior.

Implementer: The Energy Alliance Association (TEAA)
Program: Energy Savers Program

The Energy Alliance Association (TEAA)/Small Business Energy Alliance (SBEA) provides incentives and comprehensive energy efficiency services to the small business sector. The focus of the program is to reduce peak demand and energy usage through short payback energy efficiency measures.

The TEAA/SBEA program operates in the counties of Marin, Sonoma, Mendocino, Lake, Napa, and Solano. The program serves small and medium size commercial customers. It offers no-cost energy surveys and 100 percent pre- and post-construction inspections by SBEA project managers. The program offers five energy efficiency measures:

- Comprehensive lighting;
- New HVAC system;
- HVAC system tune-up;
- Refrigeration tune-up; and
- Programmable thermostat replacement.

Implementer: VaCom Technologies
Program: Industrial Refrigeration Performance Plus Program (IRPP)

IRPP targets refrigerated warehouses, food processors and related cooling operations that operate year-round or seasonally in the food and beverage sector, including processing,

storage and distribution operations with industrial refrigeration systems. Under IRPP, existing facilities are retrofitted, emphasizing refrigeration system improvements as well as lighting, envelope, pumping, air handling and related process equipment. Whole-facility simulation is used to quantify savings and economics. Two years of Web-based automated performance monitoring and associated operator education is included to provide transparency and long-term permanence of savings. IRPP provides more complex, comprehensive integrated solutions, higher savings levels and institutes a continuous improvement paradigm delivered through real-time performance monitoring and training. The characteristics of these facilities include complex built-up mechanical systems, multiple expansions over time, and inefficiencies caused by over-sizing and lack of controls to manage at part-load and non-peak conditions.

B. Statewide and Local Government Partnerships

STATEWIDE PARTNERSHIPS

Statewide partnerships are collaborations between PG&E, other investor-owned utilities (IOUs) and state agencies with facilities throughout California. Three 2006-2008 Statewide Partnerships are listed below:

University of California and California State Universities (UC/CSU)

UC/CSU Partnership is designed to achieve immediate, long-term peak energy and demand savings. The Partnership establishes a sustainable framework for comprehensive energy management and is an extension of a statewide nonresidential program from the 2004-2005 program cycles. The UC and CSU systems consume vast quantities of energy and, as a combined entity, make up a significant portion of both the electric and natural gas load in California. They are large, complex organizations with a broad set of goals, stakeholders, processes and constituencies. They are diverse from a geographic, climate and operational needs standpoint. But with this size and diversity also comes a considerable opportunity to save energy and costs on a scale that is meaningful.

The Partnership currently includes five UC campuses and eleven CSU campuses. Specific objectives for the UC/CSU/IOU Partnership include:

- Improved outreach to campuses for a more effective targeting of training and education;
- Funding levels that encourage campus projects with a higher energy savings and demand reduction potential;
- Capitalizing on the infrastructure built during start-up of the 2004-2005 program to reduce administrative costs and improve cost-effectiveness; and
- Continued improvement on monitoring-based commissioning (MBCx) that PG&E can roll out to other customers in the future.

Additional desired outcomes include the sharing of best practices and educational tools, leveraging of local knowledge, and encouraging an infrastructure for the permanent adoption of processes at the campus and university system level.

California Community Colleges (CCC)

CCC/IOU Energy Efficiency Partnership is a partnership between the CCC and the four IOUs. The CCC is comprised of 109 colleges statewide organized into 72 districts.

PG&E and the other IOUs collaborate with the CCC to share energy efficiency best practices and to implement energy efficiency projects for immediate and long-term energy savings and peak demand reduction. In addition, the Partnership establishes a permanent framework for sustainable, long-term energy management for partner entities. Each campus has a master plan in place or in development. With the Partnership Program, the IOUs help develop an emphasis on energy efficiency to incorporate into the overall campus plan.

California Department of Corrections and Rehabilitation/ California Department of General Services (CDCR/CDGS)

PG&E, CDCR and the other three California IOUs collaborated on the CDCR/IOU Energy Partnership, a new energy efficiency partnership to share energy efficiency best practices and to implement energy efficiency projects for immediate and long-term energy savings and peak demand reduction. CDCR has 34 adult facilities, sixteen parole offices and eight youth facilities. In recent years, the CDCR has implemented many energy efficiency projects and encouraged energy conservation behavior in all its facilities. Despite the efforts, many of the facilities have not had the funding to implement comprehensive energy projects. Those that have completed projects in the past are due for updated technology and retrofits. In addition, most of the institutions will be expanding by approximately one million square feet per site to comply with the State mandate for additional treatment centers at each of the facilities.

INDUSTRY PARTNERSHIPS

PG&E is working with one industry partnership - Silicon Valley Leadership Group Energy Watch (SVLGEW). SVLGEW represents more than 240 Silicon Valley firms and supporting industries, including software, systems, manufacturing, financial services, accounting, transportation, health care, defense, communications, education and utilities. SVLG-EW promotes reduced energy use and energy savings targets for the SVLG members by providing energy efficiency information, commercial building energy assessments, energy efficient equipment and energy system metering and monitoring equipment to eligible PG&E customers. Eligible PG&E customers include small, medium and large business customers that are members of SVLG and Sustainable Silicon Valley (SSV).

LOCAL GOVERNMENT PARTNERSHIPS

Association of Bay Area Governments (ABAG) Energy Watch

PG&E and the Association of Bay Area Governments (ABAG) work together on the ABAG Energy Watch (ABAG-EW) to promote reduced energy use and promote energy savings for local governmental agencies (cities, counties and special districts) in the following counties: Alameda, Contra Costa, Marin (coordinated with the Marin County Energy Watch), Napa, San Mateo, Santa Clara, Solano and Sonoma (coordinated with the Sonoma County Energy Watch). The 2006-2008 ABAG-EW Partnership is designed to provide technical assistance and information services to assist cities, counties and special districts (local governments) in the ABAG membership areas. This joint partnership of ABAG and PG&E is designed to complete energy efficiency projects in public facilities and to promote energy efficiency within the communities. While some of the larger cities in Northern California have been very active in energy efficiency, most small and medium sized local governments do not have the in-house capability to tap into existing state and utility energy efficiency programs. Besides key marketing strategies, the Partnership provides municipal facility services and energy efficiency policy services.

Association of Monterey Bay Area Governments (AMBAG) Energy Watch

PG&E, the Association of Monterey Bay Area Governments (AMBAG) and Staples Marketing worked together to implement AMBAG Energy Watch (AMBAG-EW) in the counties of Santa Cruz, San Benito and Monterey. AMBAG-EW helps customers in the AMBAG region reduce energy use through various energy efficiency services and incentives, such as energy assessment reports, residential and nonresidential direct install programs and retrofit programs targeting municipalities.

Bakersfield and Kern County Energy Watch

The Bakersfield and Kern County Energy Watch (BKCEW) is a unique cooperative effort of Pacific Gas and Electric Company, Southern California Edison and Southern California Gas Company. Partnership offerings are available to residents, businesses and in municipal facilities of the City of Bakersfield and County of Kern. The Partnership is building on its prior achievements in reducing energy use by providing energy efficiency information and direct installation of energy efficient equipment to homeowners and small businesses in targeted areas while continuing to retrofit municipal facilities.

East Bay Energy Watch

The East Bay Energy Watch (EBEW) is a partnership comprised of PG&E, the Cities of Oakland and Berkeley, the Counties of Alameda, Contra Costa and Solano and QuEST. EBEW promotes reduced energy use by providing energy efficiency information and direct installation of energy efficient equipment to eligible PG&E customers.

The EBEW is a continuation of an existing PG&E partnership creating a more integrated portfolio through the addition of new elements, increased coordination with PG&E's core and third party energy efficiency offerings and more aggressive leveraging of municipal resources.

Fresno Energy Watch

The Fresno Energy Watch (FEW) is a partnership designed to provide comprehensive energy efficiency services to the City of Fresno. Richard Heath & Associates is the contractor charged with delivering cost-effective, comprehensive and persistent energy savings through the leadership of the local city government of Fresno. The goals of the partnership are to provide comprehensive and integrated energy solutions, address community needs, and capture available energy savings. Locally based energy efficiency seminars are offered to expand the audience for energy efficiency. The FEW Partnership also focuses on local energy policies that promote energy efficiency practices, codes and standards. In November 2007, the program was expanded to include the entire County of Fresno including cities outside of the City of Fresno. The partnership is referred to as the Fresno City and County Energy Watch.

Local Government Energy Action Resources Energy Watch

The Local Government Energy Action Resources (LGEAR) is designed to optimize the opportunities for jurisdictions and their communities to work toward the common goal of achieving short- and long-term energy savings. New Energy Watch partnerships have been established within LGEAR. In August 2007, LGEAR resources were used to create a new partnership with the Great Valley Center in Modesto.

Madera Energy Watch

Madera Energy Watch (MEW) offers a range of energy efficiency options for commercial, small business and residential customers, as well as municipal facilities. The MEW Partnership works with local contractors, builders, building departments and others to install energy efficient equipment to reduce energy use. Locally based training programs are offered to expand the audience for energy efficiency. The MEW Partnership also focuses on local energy policies that promote energy efficiency practices, codes and standards. Richard Heath & Associates is the contractor charged with delivering cost-effective, comprehensive and persistent energy savings among the partners in the MEW Partnership.

Marin Energy Watch

Marin County Energy Watch (MCEW) delivers cost-effective, comprehensive and persistent energy savings through an aggregation of smaller local governments, schools and other public agencies. The Partnership's overarching goal is to provide a more comprehensive and integrated solution to overcoming local market barriers, addressing each community's needs and capturing all available energy savings. MCEW brings

together five program elements to provide energy efficiency services to the residential and commercial sectors, public agencies and schools in Marin County. The Marin Energy Management Team acts as "energy manager" for public sector agencies, working with Marin County's Green Business program and Small Business Energy Alliance to provide energy audits and incentives to small businesses. It also works with: California Youth Energy Services to provide hardware installation and energy assessments to residential owners and renters; EnergyWise Realtor to provide energy efficiency training and incentives to residential sales agents, brokers and home inspectors; and Building Tune-Up to offer retrocommissioning and retrofit services and incentives to large commercial customers.

Merced/Atwater Energy Watch

The Merced/Atwater Energy Watch (MAEW) provides comprehensive energy efficiency services to the cities of Merced and Atwater. Through the leadership of both local city governments, the Partnership delivers persistent energy savings and finds integrated solutions to overcome local market barriers, address community needs, and capture available energy savings. Richard Heath & Associates is the contractor charged with delivering cost-effective, comprehensive and persistent energy savings throughout the MAEW partnership. Locally based energy efficiency seminars are offered to expand the audience for energy efficiency. The MAEW also focuses on local energy policies that promote energy efficiency practices, codes and standards. In August 2007, the contract for direct install work in the partnership was awarded to Synergy. Richard Heath & Associates remains as the program implementer.

Motherlode Energy Watch

The Motherlode Energy Watch (MLEW) is an expansion of the successful 2004-2005 El Dorado County Energy Partnership. Through its partnership with the counties of Sierra, Nevada, Placer, El Dorado, Amador and Calaveras, and the cities within, MLEW serves the vast majority of the Sierra Foothills Region. Key city partners include Auburn, Placerville, Nevada City, Grass Valley, Jackson and Angeles Camp. MLEW coordinates the strengths of the counties and cities within the foothill region to better serve the needs of rural utility customers and increase participation in PG&E's energy efficiency programs. El Dorado Management is the contractor charged with delivering cost-effective, comprehensive and persistent energy savings among the partners in the MLEW Partnership.

Redwood Coast Energy Watch

The Redwood Coast Energy Watch (RCEW) Partnership achieves energy savings through a comprehensive, locally-driven approach in Humboldt County. This partnership augments PG&E's historic efforts to deliver energy savings and achieves a higher level of market penetration by utilizing local staff expertise and resources to provide marketing, outreach, information, education and technical assistance. RCEW builds on the Redwood Coast Energy Authority's close working ties with local public agencies and

uses local delivery channels including contractors, vendors, retailers, chambers of commerce, professional and service organizations and environmental groups.

San Francisco Energy Watch

The San Francisco Energy Watch (SFEW) offers a broad spectrum of energy efficiency programs and services targeting mainly small business and multifamily PG&E customers in San Francisco. It provides small businesses in San Francisco with free energy assessments and discounted installations of energy efficient lighting and refrigeration measures; is working with larger customers on a case-by-case basis to provide free energy audits and incentives for calculated nonresidential retrofit-demand response projects; and provides multifamily building owners in San Francisco with free energy assessments and discounted installations of energy efficient lighting, refrigeration and HVAC measures.

San Joaquin Energy Watch

The 2006-2008 South San Joaquin Energy Watch (SSJEW) is comprised of San Joaquin County and the cities of Lathrop, Manteca and Tracy. The key objectives of SSJEW are to provide targeted energy efficiency information and the installation of energy efficient equipment to eligible municipal facilities, businesses and residential PG&E customers. Intergy Corporation is the contractor charged with delivering cost-effective, comprehensive and persistent energy savings among the partners in the SSJEW Partnership. Locally based energy efficiency seminars were offered to expand the audience for energy efficiency. The Partnership also focuses on local energy policies that promote energy efficiency practices, codes and standards. In August 2007, the contract for direct install work in the partnership was awarded to Synergy. Intergy Corporation remains as the program implementer.

San Luis Obispo County Energy Watch

The San Luis Obispo County Energy Watch Program began in late December 2007. Through this Partnership, PG&E and San Luis Obispo County worked together to reduce energy use and promote energy savings in county facilities and small businesses throughout San Luis Obispo County.

Santa Barbara Energy Watch

The Santa Barbara County Energy Watch (SBCEW) negotiations were completed in 2008.

Silicon Valley Energy Watch

Silicon Valley Energy Watch (SVEW) is focused on distributing comprehensive energy information throughout Santa Clara County as well as providing support for cities as they transition their communities to new energy codes and standards. The Partnership works

with all targeted parties to optimize the opportunities for the Santa Clara County local governments and their communities to work toward the common goal of achieving short- and long-term energy savings and reduced utility bills.

Sonoma County Energy Watch

The Sonoma County Energy Watch (SCEW) is a joint project of Quantum Energy Services and Technologies (QuEST) and PG&E. Working with the Climate Protection Campaign, SCEW brings together four program elements to provide energy efficiency services to Sonoma County: Building Tune-Up for large commercial customers; California Wastewater Process Optimization Program for wastewater treatment facilities; Small Business Energy Alliance (SBEA) for medium and large commercial customers; and EnergyWise Realtor for residential sales agents, brokers and home inspectors. SCEW is tailored to make available services from third parties and other partnerships. The SBEA element was added and the EnergyWise Realtor element was discontinued in the 4th quarter of 2007.

Stockton Energy Watch

The Stockton Energy Watch (SEW) offers a range of energy efficiency options for commercial, small business and residential customers, as well as municipal facilities. The Partnership works with local contractors, builders, building departments and others to install energy efficient equipment to reduce energy usage. Richard Heath & Associates is the contractor charged with delivering cost-effective, comprehensive and persistent energy savings among the partners in the SEW Partnership. Locally based energy efficiency seminars were offered to expand the audience for energy efficiency. SEW also focuses on local energy policies that promote energy efficiency practices, codes and standards.

C. Review of any issues encountered with either the partnerships or competitive bid programs during the past year

Partnerships

In 2008, local government partnerships continued to develop the partnership offering for municipal retrofits and direct install. Local government partnerships experienced some issues with coordination and funding for municipal retrofits such as obtaining city council approval, identifying the appropriate energy manager contacts, and securing funding.

Statewide partnerships had difficulty meeting the energy savings goals for 2008. The state economic crisis impacted both the California Community College (CCC) and California State University (CSU) campuses. Discretionary funds originally allocated for energy efficiency projects were redirected to higher priority projects. The CSU MBCx Express pilot project was delayed until 2009. MBCx projects were scheduled to account for 50 percent of CSU savings and the pilot was the means to accelerate the delivery of

savings. The University of California (UC) campuses were less impacted by the economic downturn. There was a delay in the identification, development and funding of the California Department of Corrections and Rehabilitation (CDCR) projects. However, multiple projects for CDCR were successfully implemented in Q3 and Q4 and projects were identified for 2009.

Third Parties

Generally, the third party programs ramped up sufficiently to be running well in 2008. There were some issues regarding integration with the other delivery channels, especially where partnership programs overlapped in service area or measures delivered. In addition, a number of third parties implemented long lead-time projects that did not provide savings early in the program year. Infrastructure for the new programs required some additional time. Three programs closed during 2007. Two of them, the California Urban Water Conservation Council's Rinse and Save and Energy Solutions' HeatWise programs closed because they were not as cost-effective as originally planned. QuEST Equity Office Properties' program closed because of a change in property ownership. Remaining funds were reallocated to existing third parties who were meeting or exceeding goals and could obtain additional energy savings with the funds.

SECTION 4
COST EFFECTIVENESS

Table 4

Table 4
Cost Effectiveness

Annual Results	Total Cost to Billpayers (TRC)	Total Savings to Billpayers (TRC)	Net Benefits to Billpayers (TRC)	TRC Ratio	Total PAC Cost	PAC Ratio	PAC Cost per kW Saved ($/kW)	PAC Cost per kWh Saved ($/kWh)	PAC Cost per therm Saved ($/therm)
PG&E (1)	$ 1,226,277,084	$ 1,978,704,354	$ 752,427,270	1.61	$ 921,802,045	2.15	N/A (2)	**3.79 cents/kWh**	**$0.36 /therm**
2006 - 2008 TARGETS									
PG&E	$ 622,884,332	$ 1,611,227,105	$ 988,342,773	2.59	$ 400,802,762	4.02	N/A	**2.65 cents/kWh**	**$0.23 /therm**
2008 TOTAL	**$ 622,884,332**	**$ 1,611,227,105**	**$ 988,342,773**	**2.59**	**$ 400,802,762**	**4.02**			

PG&E Footnote (1) Cost Effectiveness targets are taken from Attachment 2 Table 1.3 of PG&E Compliance Filing for 2006-2008 MIDSM Portfolio, dated April 18, 2006. PAC cost per kWh or per therm is levelized PAC cost per kWh or therm.

(2) The adopted avoided cost methodology does not provide information to provide a meaningful value for PAC Cost per kW. The adopted avoided cost methodology created kWh costs values that vary for each hour of the year that includes kW generation capacity costs. The current PAC Cost per kWh includes all ratepayer financial costs incurred in producing electric savings. The same costs would have to be reallocated if a PAC Cost per kW were presented. Additionally, the current approved calculator does not have the capability to calculate discounted kW, nor is it clear whether an annualized cost per kW or total cost per kW is more useful.

Table 4 shows the various cost-effectiveness values used in the Total Resource Cost (TRC) test and the Program Administrator Cost (PAC) test. The E3 calculator provides the PAC cost per kWh saved and the PAC cost per therm saved, but not the PAC cost per kW. The PAC costs per kWh or per therm provided in E3 calculator are levelized PAC costs divided by the respective discounted energy savings over the life of the energy saved. It is not particularly useful, or practical, to separate the electric PAC cost into cost per kW and cost per kWh, therefore, the E3 calculator does not separate these costs.

The TRC ratio is greater than 1.0 and the TRC net benefits are positive, as required for the portfolio, indicating that the avoided supply costs of energy exceed the energy efficiency program costs and provide a net resource benefit from a broad societal perspective. The PAC ratio is greater than 1.0, as required for the portfolio, indicating that the avoided supply costs of energy exceed the energy efficiency program costs and have a net resource benefit from a program administrator perspective. Low dollars per energy unit saved (levelized costs) for $/kWh and $/therm metrics demonstrate net resource benefits.

The energy savings and incremental costs are from the Database for Energy Efficiency Resources (DEER) database where applicable and are otherwise documented in workpapers submitted with each quarterly report and posted on PG&E's Web site at http://www.pge.com/rebates/programmevaluation. The effective useful lives (EUL) and net-to-gross values are taken from the Energy Efficiency Policy Manual, DEER where applicable and are otherwise documented in workpapers. The cost benefit calculations were performed in accordance with D.06-06-063 and D.07-09-043. The cost of the current Codes and Standards Advocacy program are included, but no energy savings from past Codes and Standards Advocacy programs are included in these calculations. Neither the cost nor the energy savings from Low Income Energy Efficiency programs are included in these calculations. Both Codes

and Standards Advocacy and Low Income Energy Efficiency energy savings are included in the total reported energy savings.

The overall portfolio cost-effectiveness calculation (TRC and PAC tests) excludes LIEE programs and energy savings associated with pre-2006 Codes and Standards Advocacy work. This is consistent with D.05-04-051 (Updated Policy Rules for Post-2005 Energy Efficiency Programs) and D.05-09-043 (Energy Efficiency Portfolio Plans and Program Funding Levels for 2006-2008 – Phase 1 Issues) respectively.

The cost-effectiveness calculations have been performed using the revised E3 calculator in compliance with D.06-06-063, the December 21, 2006 ALJ Ruling, and D.07-09-043.

SECTION 5
BILL PAYER IMPACTS

Table 5

Table 5
Ratepayer Impacts

2008	Electric Average Rate (Res and Non-Res) $/kwh	Gas Average Rate (Res and Non-Res) $/therm	Average First Year Bill Savings ($)	Average Lifecycle Bill Savings ($)
PGE	$0.1452	$1.1888	$458,812,371	$4,629,873,683
PG&E Average				
PG&E Notes: 1) 2008 weighted average bundled electric rate - $0.14516/kwh **2) 2008 weighted average bundled gas rate - $1.18882/therm**				

As agreed in the IOUs' conference call with Energy Division staff on August 17, 2007, average electric (residential and nonresidential) and gas (residential and nonresidential) rates will be included in the annual report to calculate the average first year and lifecycle bill savings. Also, it was agreed to use an average rate to calculate the average first year and average lifecycle bill savings from the participant perspective as follows:

- The average first year electric bill savings is calculated by multiplying an average (residential and nonresidential) electric rate with the first year kWh energy savings.
- The average first year gas bill savings is calculated by multiplying an average (residential and nonresidential) gas rate with the first year therm energy savings.
- The average lifecycle electric bill savings is calculated by multiplying an average (residential and nonresidential) electric rate with the lifecycle kWh energy savings.
- The average lifecycle gas bill savings is calculated by multiplying an average (residential and nonresidential) gas rate with the lifecycle therm energy savings.

SECTION 6
GREEN BUILDING INITIATIVE

Table 6

A	B	C	D	E	F	G	H	I	J	K
Table 6										
Green Building Initiative										
			GWH			**MW**			**MMth**	
2008	**Expenditures**	Goal	Annual	% of Goal	Goal	Annual	% of Goal	Goal	Annual	% of Goal
PGE	$ 81,158,128	217.06	587.75	271%	42.43	104.94	247%	1.33	5.66	425%
PG&E										
PG&E Note: The expenditures are incentive dollars to participants only.										

Table 6 shows the expenditures and energy savings in 2008 for the Governor's Green Building Initiative (GBI) to reduce energy use in state-owned office buildings. The following programs with their respective Energy Efficiency Groupware Application (EEGA) program code and description contributed to the GBI savings and achieved 271 percent of its GWh goal, 247 percent of its MW goal, and 425 percent of its therm goal in 2008.

EEGA_CODE	EEGA_DESCRIPTION
PGE2001	Ag and Food Processing (IOU)
PGE2002	Schools and Colleges (IOU)
PGE2003	Retail Stores (IOU)
PGE2004	Fab Prcss and Hvy Indl Mfg (IOU)
PGE2005	Hi-Tech Facilities (IOU)
PGE2007	Large Commercial (IOU)
PGE2008	Hospitality Facilities (IOU)
PGE2016	Association of Monterey Bay Area Governments energy Watch
PGE2017	Bakersfield and Kern County Energy Watch
PGE2018	California Community Colleges/IOU Energy Efficiency Partnership
PGE2020	East Bay Energy Watch
PGE2021	Fresno Energy Watch
PGE2024	Madera Energy Watch
PGE2025	Marin County Energy Watch
PGE2026	Merced/Atwater Energy Watch
PGE2027	Motherlode Energy Watch
PGE2030	South San Joaquin Energy Watch
PGE2032	Sonoma County Energy Watch
PGE2033	Stockton Energy Watch
PGE2035	Silicon Valley Leadership Group Energy Watch
PGE2036	UC/CSU/IOU Energy Efficiency Partnership
PGE2047	Coin Operated Laundry CAL_UCONS
PGE2051	RightLights Ecology Action

EEGA_CODE	EEGA_DESCRIPTION
PGE2054	Energy Fitness RHA
PGE2060	Cool Control Plus for the Hotel / Motel Industry Honeywell Utility
PGE2065	PGE ONSITE (Ag and Food Processing)
PGE2066	PGE Supermarket Controls (PECI)
PGE2074	Energy Savers--TEAA
PGE2080	Mass Market commercial (nonresidential)

The portfolio made significant contributions to the goals of the Green Building Initiative.

The non-resource programs in PG&E's Energy Efficiency portfolio also contribute significantly to achieving the goals of the Green Building Initiative by introducing customers to the general benefits of energy efficiency as well as to specific measures that could increase the energy efficiency of their homes and businesses.

Education and training components provided classroom teaching and hands-on training for contractors, architects, designers and customers interested in particular energy efficient measures, projects or practices.

The statewide Codes and Standards Advocacy program continues to work with stakeholders to incorporate energy efficient measures and practices into state building and appliance codes, federal guidelines and industry standards.

SECTION 7
SHAREHOLDER PERFORMANCE INCENTIVES

Summary

The 2006-2008 shareholder performance incentive was established in D.07-09-043 and modified by D.08-01-042 which authorized PG&E an interim incentive reward of $41.5 million (D.08-12-059, Ordering Paragraph 5) in 2008 for activities in 2006 and 2007.

On January 31, 2009, the Commission issued a new Order Instituting Rulemaking (OIR) to evaluate modifications to the Risk Reward Incentive Mechanism (RRIM) for energy efficiency first adopted in D.07-09-043. It is anticipated that the review of the RRIM will result in an interim payment for 2008 no later than December 2009 and final payment for 2006 – 2008 accomplishments no later than December 2010.

PG&E filed two advice letters to shift funds to the 2006-2008 program budgets:

- Advice Letter 2938-G/3298-E requested unspent, uncommitted electric and gas energy efficiency program funds from prior years to augment the program funding for 2006-2008 programs. The Commission approved this Advice Letter per Resolution G-3421 on November 6, 2008.

- Advice Letter 2997-G/3419-E requested accrued interest from the 2006-2008 energy efficiency program budget for end of year customer applications received in January 2009. The Energy Division approved the Advice Letter by letter on March 10, 2009.

Energy savings accruing from these funds will count towards the performance earnings basis (PEB), but not towards the minimum performance standard (MPS). The use of any remaining funds from these budget augmentations will be determined in the 2009-2011 Energy Efficiency Portfolio Application (A.08-07-031).

<u>Energy Savings Adjustment For MPS Calculation Resulting From Unspent, Uncommitted Expenditures</u>

Authorized 2006 - 2008 budget: $942.5 Million

Expenditures from Advice Letter 2938-G/3298-E: $46.3 Million

Expenditures from Advice Letter 2997-G/3419-E: $7 Million

Percent Reduction To 2008 Energy Savings: ($46.3 Million + $7 Million) / ($942.5 Million + $46.3 Million + $7 Million) = 5.35%

2008 Energy Savings:
454,439 kW
2,826,493,736 kWh
39,534,847 Therms

Reduction in 2008 Energy Savings at 5.35%:
24,325 kW
151,293,979 kWh
2,116,185 Therms

Total 2006 - 2008 Energy Savings Accomplishments:
895,123 kW (146% of kW Goals)
5,444,378,342 kWh (193 % of kWh Goals)
72,445,158 Therms (161% of Therm Goals)
Average Percentage Of Goals: 167%

Adjusted 2006 - 2008 Energy Savings Accomplishments Resulting From Unspent, Uncommitted Expenditures:
870,798 kW (142% of kW Goals)
5,293,084,363 kWh (187% of kWh Goals)
70,328,973 Therms (157% of Therm Goals)
Average Percentage Of Goals: 162%

Therefore, the MPS resulting from the adjusted 2006 - 2008 accomplishments does not change the earnings rate because the average percentage of CPUC goals is still above the 100% threshold.

SECTION 8
SAVINGS BY END-USE

Table 8

Table 8:
Annual Savings By End-Use

	GWH	% of Total	MW	% of Total	MMTh = 1,000,000 therms	% of Total
Residential	**1,029.64**	**36.28%**	**132.45**	**28.93%**	**4.13**	**10.47%**
Appliances	29.73	1.05%	16.46	3.60%	1.42	3.60%
Consumer Electronics	-	0.00%	-	0.00%	-	0.00%
Cooking Appliances	-	0.00%	-	0.00%	-	0.00%
HVAC	14.10	0.50%	21.03	4.59%	1.69	4.28%
Lighting	948.63	33.43%	87.09	19.02%	-	0.00%
Pool Pump	3.11	0.11%	1.20	0.26%	-	0.00%
Refrigeration	32.11	1.13%	4.96	1.08%	-	0.00%
Water Heating	0.04	0.00%	0.01	0.00%	0.36	0.92%
Other	1.92	0.07%	1.69	0.37%	0.66	1.67%
Nonresidential	**1,728.38**	**60.91%**	**305.90**	**66.82%**	**33.42**	**84.76%**
HVAC	105.01	3.70%	29.61	6.47%	1.56	3.96%
Lighting	979.58	34.52%	180.18	39.36%	0.01	0.02%
Office	17.91	0.63%	1.94	0.42%	-	0.00%
Process	296.04	10.43%	49.11	10.73%	29.36	74.47%
Refrigeration	164.50	5.80%	17.66	3.86%	0.01	0.03%
Other	165.34	5.83%	27.40	5.98%	2.47	6.27%
Low Income Energy Efficiency	**27.29**	**0.96%**	**5.48**	**1.20%**	**1.13**	**2.87%**
Codes & Standard Energy Savings	**52.50**	**1.85%**	**14.00**	**3.06%**	**0.75**	**1.90%**
PG&E ANNUAL PORTFOLIO SAVINGS	**2,837.81**	**100%**	**457.83**	**100%**	**39.43**	**100%**

Table 8 shows the 2008 annual savings of all programs by end use. The energy savings recorded by PG&E's Energy Efficiency portfolio comply with all of the Commission's policy rules in the Energy Efficiency Policy Manual, Version 3 and Version 4.0 as well as with all subsequent Commission decisions and rulings. PG&E has also made necessary adjustments based on reporting formats and calculation agreements made between the utilities and the Commission's Energy Division. Future reporting will comply with any future requirements determined by the Commission.

The Low Income Energy Efficiency (LIEE) energy savings reported above are from the LIEE Annual Report provided to the Commission in May 2009. LIEE measure savings are from Appendix B of the LIEE Measure Cost Effectiveness Final Report, Itron, June 2, 2003.

SECTION 9
COMMITMENTS

Table 9

Table 9
Commitments

	Commitments Made in the Past Year with Expected Implementation by December 2008			
	Committed Funds	Expected Energy Savings		
2008	$	GWH	MW	MMth
PG&E (1)	N/A	N/A	N/A	N/A
PG&E Total	$ -	-	-	-
	Commitments Made in the Past Year with Expected Impelmentation ***after*** December 2008			
	Committed Funds	Expected Energy Savings		
2008	$	GWH	MW	MMth
PG&E (1)	$ 29,658,175	165	23.7	21.1
PG&E Total	$ 29,658,175	164.80	23.72	21.14

Table 9 shows the commitments made in 2008 for energy efficiency projects that are expected to be completed after December 2008. All the Targeted Market Segments (PGE2001 to PGE 2008) use Nonresidential Retrofit and Nonresidential New Construction calculated applications and procedures to make long-term commitments on projects that require lead times or long construction schedules. Many of these are large commercial projects, complex industrial projects, or projects with complex administrative requirements such as schools or government buildings. The Residential New Construction program (PGE 2009) also receives long term projects such as subdivisions that will be built out over several years.

In addition, a number of third party and government partnerships serve larger customers and have program commitments for projects to be completed after 2008.

APPENDIX A
PG&E PROGRAM NUMBERS

CPUC ID	Name	Date Added (new programs)	Date Removed
PGE2000	Mass Market (residential) (IOU)		
PGE2080	Mass Market (nonresidential) (IOU)	November 2006	
PGE2001	Ag & Food Processing (IOU)		
PGE2002	Schools & Colleges (IOU)		
PGE2003	Retail Stores (IOU)		
PGE2004	Fab Prcss & Hvy Indl Mfg (IOU)		
PGE2005	Hi-Tech Facilities (IOU)		
PGE2006	Medical Facilities (IOU)		
PGE2007	Large Commercial (IOU)		
PGE2008	Hospitality Facilities (IOU)		
PGE2009	Res New Construction (IOU)		
PGE2010	Education & Training (IOU)		
PGE2011	Codes & Standard (IOU)		
PGE2012	Emerging Technologies (IOU)		
PGE2013	Statewide Marketing & Info (IOU)		
PGE2015	Association of Bay Area Governments (ABAG) Energy Watch		
PGE2016	Association of Monterey Bay Area Governments (AMBAG) energy Watch		
PGE2017	Bakersfield and Kern County Energy Watch		
PGE2018	California Community Colleges/IOU Energy Efficiency Partnership		
PGE2019	California Department of Corrections and Rehabilitations/IOU Energy Partnership		
PGE2020	East Bay Energy Watch (EBEW)		
PGE2021	Fresno Energy Watch (FEW)		
PGE2023	Local Government Energy Action Resources (LGEAR)		
PGE2024	Madera Energy Watch		
PGE2025	Marin County Energy Watch		

CPUC ID	Name	Date Added (new programs)	Date Removed
PGE2026	Merced/Atwater Energy Watch		
PGE2027	Motherlode Energy Watch		
PGE2028	Redwood Coast Energy Watch		
PGE2029	San Francisco Energy Watch (SFEW)		
PGE2030	South San Joaquin (SSJ) Energy Watch		
PGE2031	Santa Barbara County Energy Watch		
PGE2032	Sonoma County Energy Watch (SCEW)		
PGE2033	Stockton Energy Watch		
PGE2034	Silicon Valley Energy Watch (SVEW)		
PGE2035	Silicon Valley Leadership Group Energy Watch		
PGE2036	UC/CSU/IOU Energy Efficiency Partnership		
PGE2042	Heavy Industry Energy Efficiency—Lockheed Martin Aspen Systems Corporation		
PGE2044	Builder Energy Code Training (BECT)—Building Industry Institute		
PGE2045	California Multi Measure Farm Program – EnSave		
PGE2046	California Wastewater Process Optimization (CalPOP)—Quantum/Quest		
PGE2047	Coin Operated Laundry—CAL_UCONS		
PGE2048	Pre-rinse Spray Valve Installation—CUWWC		March 2007
PGE2049	Wine Industry Efficiency Solutions—D&R International		
PGE2050	Campus Housing Efficiency Solutions—D&R International		
PGE2051	RightLights—Ecology Action		
PGE2052	LodgingSavers—Ecology Action		
PGE2054	Energy Fitness—RHA		
PGE2055	Federal and State E5K Lighting—Energy Solutions		
PGE2056	Monitoring-Based Persistence Commissioning (MBPCx)—Enovity		

CPUC ID	Name	Date Added (new programs)	Date Removed
PGE2057	Green Building Technical Support Services—Frontier		
PGE2058	Energy Efficiency Services for Oil Production—Global Energy Partners		
PGE2059	California New Homes Multifamily—Heschong Mahone Group		
PGE2060	Cool Control Plus for the Hotel / Motel Industry—Honeywell Utility		
PGE2061	PGE KEMA EAI(Large Commercial)		
PGE2062	PGE KEMA WW (Fab, Prcss & Hvy Indl Mfg)		
PGE2063	PGE Small Commercial Comprehensive Refrigeration—KEMA		
PGE2064	PGE NEXANT_REEP(Fab, Prcss & Hvy Indl Mfg)		
PGE2065	PGE ONSITE (Ag & Food Processing)		
PGE2066	PGE Supermarket Controls—PECI		
PGE2067	PGE ES Grocer(Retail Stores)		December 2006 combined with PGE2066
PGE2068	PGE Air Care Plus(Retail Stores)		
PGE2069	PGE POWERLIGHT (Ag & Food Processing)		
PGE2070	PGE Quest Data Center		
PGE2071	PGE PTAC—QuEST		
PGE2072	PGE QUEST_HOSPITAL(Medical Facilities)		
PGE2074	PGE Small Business Energy Alliance (SBEA)—RLW Analytics Energy Savers		
PGE2077	PGE SEE(Schools & Colleges)		
PGE2078	PGE Comprehensive Manufactured-Mobile Home—Synergy Company		
PGE2079	PGE VACOM_IRPP (Ag & Food Processing)		
PGE2081	AIM -- Compressed Air Efficiency -Air Power USA	November 2006	
PGE2082	VeSM Advantage Plus-CMTC	November 2006	

CPUC ID	Name	Date Added (new programs)	Date Removed
PGE2083	Duct and Cover - High Performance HVAC Design-Consol	November 2006	
PGE2084	Compressed Air Program-Ecos	November 2006	
PGE2085	Big Box Cool and Light-Energy Solutions	November 2006	
PGE2086	HeatWise - -Energy Solutions	November 2006	August 2007
PGE2087	Boiler Energy Efficiency Program-Enovity	November 2006	
PGE2088	EE Partnership Pgm For CA State-Leased Facilities-Enovity	November 2006	
PGE2089	CA Preschool EE Pgm (CPEEP)-Low Income Investment Fund	November 2006	
PGE2090	Lab Airflow Control Sys Re-Commissioning - Newmatic Engineering	November 2006	
PGE2091	Retrocommissioning Program-PECI	November 2006	
PGE2092	Fan Time Delay Relay in HVAC - Proctor Engineering Group	November 2006	
PGE2093	Light exChange Pgm (LCP)-Richard Heath and Assoc	November 2006	
PGE2094	Macy's Comprehensive Energy Mgmt Pgm (MCEMP)-QuEST	November 2006	
PGE2095	San Luis Obispo Energy Watch (SLOEW)	December 2007	